adbe-2024112900000796343false2024FY11/292025-01-012040-01-
01P3YP24MP6MP24Miso4217:USDxbrli:sharesiso4217:USDxbrli:sharesutr:WKxbrli:pureadbe:numberOfPeriodadbe:purchasePeriod00007963432023-
12-022024-11-2900007963432024-05-3100007963432025-01-0300007963432024-11-2900007963432023-12-
010000796343adbe:SubscriptionRevenueMember2023-12-022024-11-290000796343adbe:SubscriptionRevenueMember2022-12-032023-12-
010000796343adbe:SubscriptionRevenueMember2021-12-042022-12-020000796343us-gaap:ProductMember2023-12-022024-11-290000796343us-
gaap:ProductMember2022-12-032023-12-010000796343us-gaap:ProductMember2021-12-042022-12-020000796343us-
gaap:ServiceOtherMember2023-12-022024-11-290000796343us-gaap:ServiceOtherMember2022-12-032023-12-010000796343us-
gaap:ServiceOtherMember2021-12-042022-12-0200007963432022-12-032023-12-0100007963432021-12-042022-12-020000796343us-
gaap:CommonStockMember2021-12-030000796343us-gaap:AdditionalPaidInCapitalMember2021-12-030000796343us-
gaap:RetainedEarningsMember2021-12-030000796343us-gaap:AccumulatedOtherComprehensiveIncomeMember2021-12-030000796343us-
gaap:TreasuryStockCommonMember2021-12-0300007963432021-12-030000796343us-gaap:RetainedEarningsMember2021-12-042022-12-
020000796343us-gaap:AccumulatedOtherComprehensiveIncomeMember2021-12-042022-12-020000796343us-
gaap:TreasuryStockCommonMember2021-12-042022-12-020000796343us-gaap:AdditionalPaidInCapitalMember2021-12-042022-12-
020000796343us-gaap:CommonStockMember2022-12-020000796343us-gaap:AdditionalPaidInCapitalMember2022-12-020000796343us-
gaap:RetainedEarningsMember2022-12-020000796343us-gaap:AccumulatedOtherComprehensiveIncomeMember2022-12-020000796343us-
gaap:TreasuryStockCommonMember2022-12-0200007963432022-12-020000796343us-gaap:RetainedEarningsMember2022-12-032023-12-
010000796343us-gaap:AccumulatedOtherComprehensiveIncomeMember2022-12-032023-12-010000796343us-
gaap:TreasuryStockCommonMember2022-12-032023-12-010000796343us-gaap:AdditionalPaidInCapitalMember2022-12-032023-12-
010000796343us-gaap:CommonStockMember2023-12-010000796343us-gaap:AdditionalPaidInCapitalMember2023-12-010000796343us-
gaap:RetainedEarningsMember2023-12-010000796343us-gaap:AccumulatedOtherComprehensiveIncomeMember2023-12-010000796343us-
gaap:TreasuryStockCommonMember2023-12-010000796343us-gaap:RetainedEarningsMember2023-12-022024-11-290000796343us-
gaap:AccumulatedOtherComprehensiveIncomeMember2023-12-022024-11-290000796343us-gaap:TreasuryStockCommonMember2023-12-022024-
11-290000796343us-gaap:AdditionalPaidInCapitalMember2023-12-022024-11-290000796343us-gaap:CommonStockMember2024-11-
290000796343us-gaap:AdditionalPaidInCapitalMember2024-11-290000796343us-gaap:RetainedEarningsMember2024-11-290000796343us-
gaap:AccumulatedOtherComprehensiveIncomeMember2024-11-290000796343us-gaap:TreasuryStockCommonMember2024-11-
290000796343srt:MinimumMember2023-12-022024-11-290000796343srt:MaximumMember2023-12-022024-11-
290000796343srt:MinimumMemberus-gaap:MachineryAndEquipmentMember2024-11-290000796343srt:MaximumMemberus-
gaap:MachineryAndEquipmentMember2024-11-290000796343us-gaap:FurnitureAndFixturesMember2024-11-290000796343us-
gaap:BuildingImprovementsMember2024-11-290000796343us-gaap:BuildingMember2024-11-290000796343adbe:DigitalMediaMember2023-12-
022024-11-290000796343adbe:DigitalExperienceMember2023-12-022024-11-290000796343adbe:PublishingAndAdvertisingMember2023-12-
022024-11-290000796343adbe:DigitalMediaMember2022-12-032023-12-010000796343adbe:DigitalExperienceMember2022-12-032023-12-
010000796343adbe:PublishingAndAdvertisingMember2022-12-032023-12-010000796343adbe:DigitalMediaMember2021-12-042022-12-
020000796343adbe:DigitalExperienceMember2021-12-042022-12-020000796343adbe:PublishingAndAdvertisingMember2021-12-042022-12-
020000796343country:US2023-12-022024-11-290000796343country:US2022-12-032023-12-010000796343country:US2021-12-042022-12-
020000796343adbe:OtherAmericasMember2023-12-022024-11-290000796343adbe:OtherAmericasMember2022-12-032023-12-
010000796343adbe:OtherAmericasMember2021-12-042022-12-020000796343srt:AmericasMember2023-12-022024-11-
290000796343srt:AmericasMember2022-12-032023-12-010000796343srt:AmericasMember2021-12-042022-12-020000796343us-
gaap:EMEAMember2023-12-022024-11-290000796343us-gaap:EMEAMember2022-12-032023-12-010000796343us-gaap:EMEAMember2021-12-
042022-12-020000796343srt:AsiaPacificMember2023-12-022024-11-290000796343srt:AsiaPacificMember2022-12-032023-12-
010000796343srt:AsiaPacificMember2021-12-042022-12-020000796343adbe:RefundableCustomerDepositsMember2024-11-
290000796343adbe:FigmaMember2022-09-150000796343adbe:FigmaMember2023-12-170000796343us-gaap:CashMember2024-11-
290000796343us-gaap:CashEquivalentsMemberus-gaap:CorporateDebtSecuritiesMember2024-11-290000796343us-
gaap:CashEquivalentsMemberus-gaap:MoneyMarketFundsMember2024-11-290000796343us-gaap:CashEquivalentsMemberus-
gaap:BankTimeDepositsMember2024-11-290000796343us-gaap:CashEquivalentsMemberus-gaap:USTreasurySecuritiesMember2024-11-
290000796343us-gaap:CashEquivalentsMember2024-11-290000796343us-gaap:CashAndCashEquivalentsMember2024-11-290000796343us-
gaap:FixedIncomeInvestmentsMemberus-gaap:AssetBackedSecuritiesMember2024-11-290000796343us-gaap:FixedIncomeInvestmentsMemberus-
gaap:CorporateDebtSecuritiesMember2024-11-290000796343us-gaap:FixedIncomeInvestmentsMemberus-
gaap:USGovernmentAgenciesDebtSecuritiesMember2024-11-290000796343us-gaap:FixedIncomeInvestmentsMemberus-
gaap:USTreasurySecuritiesMember2024-11-290000796343us-gaap:ShortTermInvestmentsMember2024-11-290000796343us-
gaap:CashMember2023-12-010000796343us-gaap:CashEquivalentsMemberus-gaap:MoneyMarketFundsMember2023-12-010000796343us-
gaap:CashEquivalentsMemberus-gaap:BankTimeDepositsMember2023-12-010000796343us-gaap:CashEquivalentsMember2023-12-
010000796343us-gaap:CashAndCashEquivalentsMember2023-12-010000796343us-gaap:FixedIncomeInvestmentsMemberus-
gaap:AssetBackedSecuritiesMember2023-12-010000796343us-gaap:FixedIncomeInvestmentsMemberus-
gaap:CorporateDebtSecuritiesMember2023-12-010000796343us-gaap:FixedIncomeInvestmentsMemberus-
gaap:USGovernmentAgenciesDebtSecuritiesMember2023-12-010000796343us-gaap:FixedIncomeInvestmentsMemberus-
gaap:USTreasurySecuritiesMember2023-12-010000796343us-gaap:ShortTermInvestmentsMember2023-12-010000796343us-
gaap:FairValueMeasurementsRecurringMemberus-gaap:CorporateDebtSecuritiesMember2024-11-290000796343us-
gaap:FairValueInputsLevel1Memberus-gaap:FairValueMeasurementsRecurringMemberus-gaap:CorporateDebtSecuritiesMember2024-11-
290000796343us-gaap:FairValueInputsLevel2Memberus-gaap:FairValueMeasurementsRecurringMemberus-
gaap:CorporateDebtSecuritiesMember2024-11-290000796343us-gaap:FairValueInputsLevel3Memberus-
gaap:FairValueMeasurementsRecurringMemberus-gaap:CorporateDebtSecuritiesMember2024-11-290000796343us-
gaap:FairValueMeasurementsRecurringMemberus-gaap:MoneyMarketFundsMember2024-11-290000796343us-
gaap:FairValueInputsLevel1Memberus-gaap:FairValueMeasurementsRecurringMemberus-gaap:MoneyMarketFundsMember2024-11-
290000796343us-gaap:FairValueInputsLevel2Memberus-gaap:FairValueMeasurementsRecurringMemberus-gaap:MoneyMarketFundsMember2024-
11-290000796343us-gaap:FairValueInputsLevel3Memberus-gaap:FairValueMeasurementsRecurringMemberus-
gaap:MoneyMarketFundsMember2024-11-290000796343us-gaap:FairValueMeasurementsRecurringMemberus-
gaap:BankTimeDepositsMember2024-11-290000796343us-gaap:FairValueInputsLevel1Memberus-
gaap:FairValueMeasurementsRecurringMemberus-gaap:BankTimeDepositsMember2024-11-290000796343us-
gaap:FairValueInputsLevel2Memberus-gaap:FairValueMeasurementsRecurringMemberus-gaap:BankTimeDepositsMember2024-11-
290000796343us-gaap:FairValueInputsLevel3Memberus-gaap:FairValueMeasurementsRecurringMemberus-gaap:BankTimeDepositsMember2024-
11-290000796343us-gaap:FairValueMeasurementsRecurringMemberus-gaap:USTreasurySecuritiesMember2024-11-290000796343us-
gaap:FairValueInputsLevel1Memberus-gaap:FairValueMeasurementsRecurringMemberus-gaap:USTreasurySecuritiesMember2024-11-
290000796343us-gaap:FairValueInputsLevel2Memberus-gaap:FairValueMeasurementsRecurringMemberus-
gaap:USTreasurySecuritiesMember2024-11-290000796343us-gaap:FairValueInputsLevel3Memberus-
gaap:FairValueMeasurementsRecurringMemberus-gaap:USTreasurySecuritiesMember2024-11-290000796343us-
gaap:FairValueMeasurementsRecurringMemberus-gaap:AssetBackedSecuritiesMember2024-11-290000796343us-
gaap:FairValueInputsLevel1Memberus-gaap:FairValueMeasurementsRecurringMemberus-gaap:AssetBackedSecuritiesMember2024-11-
290000796343us-gaap:FairValueInputsLevel2Memberus-gaap:FairValueMeasurementsRecurringMemberus-
gaap:AssetBackedSecuritiesMember2024-11-290000796343us-gaap:FairValueInputsLevel3Memberus-
gaap:FairValueMeasurementsRecurringMemberus-gaap:AssetBackedSecuritiesMember2024-11-290000796343us-
gaap:FairValueMeasurementsRecurringMemberus-gaap:USGovernmentAgenciesDebtSecuritiesMember2024-11-290000796343us-
gaap:FairValueInputsLevel1Memberus-gaap:FairValueMeasurementsRecurringMemberus-gaap:USGovernmentAgenciesDebtSecuritiesMember2024-
11-290000796343us-gaap:FairValueInputsLevel2Memberus-gaap:FairValueMeasurementsRecurringMemberus-
gaap:USGovernmentAgenciesDebtSecuritiesMember2024-11-290000796343us-gaap:FairValueInputsLevel3Memberus-
gaap:FairValueMeasurementsRecurringMemberus-gaap:USGovernmentAgenciesDebtSecuritiesMember2024-11-290000796343us-
gaap:FairValueMeasurementsRecurringMemberus-gaap:ForeignExchangeContractMember2024-11-290000796343us-
gaap:FairValueInputsLevel1Memberus-gaap:FairValueMeasurementsRecurringMemberus-gaap:ForeignExchangeContractMember2024-11-
290000796343us-gaap:FairValueInputsLevel2Memberus-gaap:FairValueMeasurementsRecurringMemberus-
gaap:ForeignExchangeContractMember2024-11-290000796343us-gaap:FairValueInputsLevel3Memberus-
gaap:FairValueMeasurementsRecurringMemberus-gaap:ForeignExchangeContractMember2024-11-290000796343us-
gaap:FairValueMeasurementsRecurringMember2024-11-290000796343us-gaap:FairValueInputsLevel1Memberus-
gaap:FairValueMeasurementsRecurringMember2024-11-290000796343us-gaap:FairValueInputsLevel2Memberus-

gaap:FairValueMeasurementsRecurringMember2024-11-290000796343us-gaap:FairValueInputsLevel3Memberus-
gaap:FairValueMeasurementsRecurringMember2024-11-290000796343us-gaap:FairValueMeasurementsRecurringMemberus-
gaap:MoneyMarketFundsMember2023-12-010000796343us-gaap:FairValueInputsLevel1Memberus-
gaap:FairValueMeasurementsRecurringMemberus-gaap:MoneyMarketFundsMember2023-12-010000796343us-
gaap:FairValueInputsLevel2Memberus-gaap:FairValueMeasurementsRecurringMemberus-gaap:MoneyMarketFundsMember2023-12-
010000796343us-gaap:FairValueInputsLevel3Memberus-gaap:FairValueMeasurementsRecurringMemberus-gaap:MoneyMarketFundsMember2023-
12-010000796343us-gaap:FairValueMeasurementsRecurringMemberus-gaap:BankTimeDepositsMember2023-12-010000796343us-
gaap:FairValueInputsLevel1Memberus-gaap:FairValueMeasurementsRecurringMemberus-gaap:BankTimeDepositsMember2023-12-
010000796343us-gaap:FairValueInputsLevel2Memberus-gaap:FairValueMeasurementsRecurringMemberus-gaap:BankTimeDepositsMember2023-
12-010000796343us-gaap:FairValueInputsLevel3Memberus-gaap:FairValueMeasurementsRecurringMemberus-
gaap:BankTimeDepositsMember2023-12-010000796343us-gaap:FairValueMeasurementsRecurringMemberus-
gaap:AssetBackedSecuritiesMember2023-12-010000796343us-gaap:FairValueInputsLevel1Memberus-
gaap:FairValueMeasurementsRecurringMemberus-gaap:AssetBackedSecuritiesMember2023-12-010000796343us-
gaap:FairValueInputsLevel2Memberus-gaap:FairValueMeasurementsRecurringMemberus-gaap:AssetBackedSecuritiesMember2023-12-
010000796343us-gaap:FairValueInputsLevel3Memberus-gaap:FairValueMeasurementsRecurringMemberus-
gaap:AssetBackedSecuritiesMember2023-12-010000796343us-gaap:FairValueMeasurementsRecurringMemberus-
gaap:CorporateDebtSecuritiesMember2023-12-010000796343us-gaap:FairValueInputsLevel1Memberus-
gaap:FairValueMeasurementsRecurringMemberus-gaap:CorporateDebtSecuritiesMember2023-12-010000796343us-
gaap:FairValueInputsLevel2Memberus-gaap:FairValueMeasurementsRecurringMemberus-gaap:CorporateDebtSecuritiesMember2023-12-
010000796343us-gaap:FairValueInputsLevel3Memberus-gaap:FairValueMeasurementsRecurringMemberus-
gaap:CorporateDebtSecuritiesMember2023-12-010000796343us-gaap:FairValueMeasurementsRecurringMemberus-
gaap:USGovernmentAgenciesDebtSecuritiesMember2023-12-010000796343us-gaap:FairValueInputsLevel1Memberus-
gaap:FairValueMeasurementsRecurringMemberus-gaap:USGovernmentAgenciesDebtSecuritiesMember2023-12-010000796343us-
gaap:FairValueInputsLevel2Memberus-gaap:FairValueMeasurementsRecurringMemberus-gaap:USGovernmentAgenciesDebtSecuritiesMember2023-
12-010000796343us-gaap:FairValueInputsLevel3Memberus-gaap:FairValueMeasurementsRecurringMemberus-
gaap:USGovernmentAgenciesDebtSecuritiesMember2023-12-010000796343us-gaap:FairValueMeasurementsRecurringMemberus-
gaap:USTreasurySecuritiesMember2023-12-010000796343us-gaap:FairValueInputsLevel1Memberus-
gaap:FairValueMeasurementsRecurringMemberus-gaap:USTreasurySecuritiesMember2023-12-010000796343us-
gaap:FairValueInputsLevel2Memberus-gaap:FairValueMeasurementsRecurringMemberus-gaap:USTreasurySecuritiesMember2023-12-
010000796343us-gaap:FairValueInputsLevel3Memberus-gaap:FairValueMeasurementsRecurringMemberus-
gaap:USTreasurySecuritiesMember2023-12-010000796343us-gaap:FairValueMeasurementsRecurringMemberus-
gaap:ForeignExchangeContractMember2023-12-010000796343us-gaap:FairValueInputsLevel1Memberus-
gaap:FairValueMeasurementsRecurringMemberus-gaap:ForeignExchangeContractMember2023-12-010000796343us-
gaap:FairValueInputsLevel2Memberus-gaap:FairValueMeasurementsRecurringMemberus-gaap:ForeignExchangeContractMember2023-12-
010000796343us-gaap:FairValueInputsLevel3Memberus-gaap:FairValueMeasurementsRecurringMemberus-
gaap:ForeignExchangeContractMember2023-12-010000796343us-gaap:FairValueMeasurementsRecurringMember2023-12-010000796343us-
gaap:FairValueInputsLevel1Memberus-gaap:FairValueMeasurementsRecurringMember2023-12-010000796343us-
gaap:FairValueInputsLevel2Memberus-gaap:FairValueMeasurementsRecurringMember2023-12-010000796343us-
gaap:FairValueInputsLevel3Memberus-gaap:FairValueMeasurementsRecurringMember2023-12-010000796343us-
gaap:FairValueInputsLevel2Memberadbe:OutstandingNotesMemberus-gaap:FairValueMeasurementsNonrecurringMember2024-11-
290000796343us-gaap:ForeignExchangeContractMemberus-gaap:CashFlowHedgingMemberus-gaap:DesignatedAsHedgingInstrumentMember2024-
11-292024-11-290000796343us-gaap:ForeignExchangeContractMemberus-gaap:CashFlowHedgingMemberus-
gaap:DesignatedAsHedgingInstrumentMember2024-11-290000796343us-gaap:ForeignExchangeContractMemberus-
gaap:CashFlowHedgingMemberus-gaap:DesignatedAsHedgingInstrumentMember2023-12-010000796343us-gaap:TreasuryLockMemberus-
gaap:CashFlowHedgingMemberus-gaap:DesignatedAsHedgingInstrumentMember2019-06-070000796343us-
gaap:ForeignExchangeContractMemberus-gaap:CashFlowHedgingMemberus-gaap:DesignatedAsHedgingInstrumentMemberus-
gaap:SalesMember2024-11-290000796343us-gaap:ForeignExchangeContractMemberus-gaap:CashFlowHedgingMemberus-
gaap:DesignatedAsHedgingInstrumentMemberus-gaap:OperatingExpenseMember2024-11-290000796343us-gaap:TreasuryLockMemberus-
gaap:CashFlowHedgingMemberus-gaap:DesignatedAsHedgingInstrumentMember2024-11-292024-11-290000796343us-
gaap:ForeignExchangeForwardMember2024-11-290000796343us-gaap:ForeignExchangeForwardMember2023-12-010000796343us-
gaap:ForeignExchangeForwardMember2023-12-012023-12-010000796343us-gaap:ForeignExchangeForwardMember2024-11-292024-11-
290000796343us-gaap:ForeignExchangeContractMemberus-gaap:DesignatedAsHedgingInstrumentMember2024-11-290000796343us-
gaap:ForeignExchangeContractMemberus-gaap:DesignatedAsHedgingInstrumentMember2023-12-010000796343us-
gaap:ForeignExchangeContractMemberus-gaap:NondesignatedMember2024-11-290000796343us-gaap:ForeignExchangeContractMemberus-
gaap:NondesignatedMember2023-12-010000796343us-gaap:ForeignExchangeContractMemberus-gaap:CashFlowHedgingMemberus-
gaap:DesignatedAsHedgingInstrumentMember2023-12-022024-11-290000796343us-gaap:ForeignExchangeContractMemberus-
gaap:CashFlowHedgingMemberus-gaap:DesignatedAsHedgingInstrumentMember2022-12-032023-12-010000796343us-
gaap:ForeignExchangeContractMemberus-gaap:CashFlowHedgingMemberus-gaap:DesignatedAsHedgingInstrumentMember2021-12-042022-12-
020000796343us-gaap:ForeignExchangeContractMemberus-gaap:CashFlowHedgingMemberus-gaap:DesignatedAsHedgingInstrumentMemberus-
gaap:SalesMember2023-12-022024-11-290000796343us-gaap:ForeignExchangeContractMemberus-gaap:CashFlowHedgingMemberus-
gaap:DesignatedAsHedgingInstrumentMemberus-gaap:SalesMember2022-12-032023-12-010000796343us-
gaap:ForeignExchangeContractMemberus-gaap:CashFlowHedgingMemberus-gaap:DesignatedAsHedgingInstrumentMemberus-
gaap:SalesMember2021-12-042022-12-020000796343us-gaap:ForeignExchangeContractMemberus-gaap:CashFlowHedgingMemberus-
gaap:DesignatedAsHedgingInstrumentMemberus-gaap:OperatingExpenseMember2023-12-022024-11-290000796343us-
gaap:ForeignExchangeContractMemberus-gaap:CashFlowHedgingMemberus-gaap:DesignatedAsHedgingInstrumentMemberus-
gaap:OperatingExpenseMember2022-12-032023-12-010000796343us-gaap:ForeignExchangeContractMemberus-gaap:CashFlowHedgingMemberus-
gaap:DesignatedAsHedgingInstrumentMemberus-gaap:OperatingExpenseMember2021-12-042022-12-020000796343us-
gaap:TreasuryLockMemberus-gaap:CashFlowHedgingMemberus-gaap:DesignatedAsHedgingInstrumentMemberus-
gaap:InterestExpenseMember2023-12-022024-11-290000796343us-gaap:TreasuryLockMemberus-gaap:CashFlowHedgingMemberus-
gaap:DesignatedAsHedgingInstrumentMemberus-gaap:InterestExpenseMember2022-12-032023-12-010000796343us-gaap:TreasuryLockMemberus-
gaap:CashFlowHedgingMemberus-gaap:DesignatedAsHedgingInstrumentMemberus-gaap:InterestExpenseMember2021-12-042022-12-
020000796343us-gaap:ForeignExchangeContractMemberus-gaap:NondesignatedMemberus-gaap:OtherNonoperatingIncomeExpenseMember2023-
12-022024-11-290000796343us-gaap:ForeignExchangeContractMemberus-gaap:NondesignatedMemberus-
gaap:OtherNonoperatingIncomeExpenseMember2022-12-032023-12-010000796343us-gaap:ForeignExchangeContractMemberus-
gaap:NondesignatedMemberus-gaap:OtherNonoperatingIncomeExpenseMember2021-12-042022-12-020000796343us-
gaap:MachineryAndEquipmentMember2024-11-290000796343us-gaap:MachineryAndEquipmentMember2023-12-010000796343us-
gaap:BuildingMember2023-12-010000796343us-gaap:BuildingImprovementsMember2023-12-010000796343us-
gaap:LeaseholdImprovementsMember2024-11-290000796343us-gaap:LeaseholdImprovementsMember2023-12-010000796343us-
gaap:FurnitureAndFixturesMember2023-12-010000796343us-gaap:LandMember2024-11-290000796343us-gaap:LandMember2023-12-
010000796343us-gaap:ConstructionInProgressMember2024-11-290000796343us-gaap:ConstructionInProgressMember2023-12-
010000796343country:US2024-11-290000796343country:US2023-12-010000796343adbe:OtherAmericasMember2024-11-
290000796343adbe:OtherAmericasMember2023-12-010000796343srt:AmericasMember2024-11-290000796343srt:AmericasMember2023-12-
010000796343us-gaap:EMEAMember2024-11-290000796343us-gaap:EMEAMember2023-12-010000796343srt:AsiaMember2024-11-
290000796343srt:AsiaMember2023-12-010000796343adbe:DigitalMediaMember2022-12-020000796343adbe:DigitalExperienceMember2022-12-
020000796343adbe:PublishingAndAdvertisingMember2022-12-020000796343adbe:DigitalMediaMember2023-12-
010000796343adbe:DigitalExperienceMember2023-12-010000796343adbe:PublishingAndAdvertisingMember2023-12-
010000796343adbe:DigitalMediaMember2024-11-290000796343adbe:DigitalExperienceMember2024-11-
290000796343adbe:PublishingAndAdvertisingMember2024-11-290000796343us-gaap:CustomerContractsMember2024-11-290000796343us-
gaap:CustomerContractsMember2023-12-022024-11-290000796343us-gaap:CustomerContractsMember2023-12-
010000796343adbe:PurchasedTechnologyMember2024-11-290000796343adbe:PurchasedTechnologyMember2023-12-022024-11-
290000796343adbe:PurchasedTechnologyMember2023-12-010000796343us-gaap:TrademarksMember2024-11-290000796343us-
gaap:TrademarksMember2023-12-022024-11-290000796343us-gaap:TrademarksMember2023-12-010000796343us-
gaap:OtherIntangibleAssetsMember2024-11-290000796343us-gaap:OtherIntangibleAssetsMember2023-12-022024-11-290000796343us-

gaap:OtherIntangibleAssetsMember2023-12-010000796343srt:MinimumMember2024-11-290000796343srt:MaximumMember2024-11-290000796343us-gaap:InternalRevenueServiceIRSMember2024-11-290000796343us-gaap:StateAndLocalJurisdictionMember2024-11-290000796343adbe:BoardOfDirectorsAndCertainExecutivesMember2023-12-022024-11-290000796343adbe:BoardOfDirectorsAndCertainExecutivesMember2024-11-290000796343adbe:BoardOfDirectorsAndCertainExecutivesMember2023-12-010000796343us-gaap:RestrictedStockUnitsRSUMember2023-12-022024-11-290000796343us-gaap:RestrictedStockUnitsRSUMember2024-11-290000796343adbe:PerformanceSharesTotalStockholderReturnMember2023-12-022024-11-290000796343adbe:PerformanceSharesRevenueBasedMetricsMember2023-12-022024-11-290000796343us-gaap:PerformanceSharesMember2023-12-022024-11-290000796343us-gaap:EmployeeStockMember2023-12-022024-11-290000796343us-gaap:EmployeeStockMember2024-11-290000796343us-gaap:RestrictedStockUnitsRSUMember2023-12-010000796343us-gaap:RestrictedStockUnitsRSUMember2022-12-032023-12-010000796343us-gaap:RestrictedStockUnitsRSUMember2021-12-042022-12-020000796343us-gaap:PerformanceSharesMember2023-12-010000796343us-gaap:PerformanceSharesMember2024-11-290000796343us-gaap:PerformanceSharesMemberadbe:Program2021Member2023-12-022024-11-290000796343us-gaap:PerformanceSharesMember2022-12-032023-12-010000796343us-gaap:PerformanceSharesMember2021-12-042022-12-020000796343us-gaap:EmployeeStockMember2022-12-032023-12-010000796343us-gaap:EmployeeStockMember2023-12-010000796343us-gaap:EmployeeStockMember2021-12-042022-12-020000796343us-gaap:EmployeeStockMember2022-12-0200007963432024-11-292024-11-290000796343us-gaap:CostOfSalesMember2023-12-022024-11-290000796343us-gaap:CostOfSalesMember2022-12-032023-12-010000796343us-gaap:CostOfSalesMember2021-12-042022-12-020000796343us-gaap:ResearchAndDevelopmentExpenseMember2023-12-022024-11-290000796343us-gaap:ResearchAndDevelopmentExpenseMember2022-12-032023-12-010000796343us-gaap:ResearchAndDevelopmentExpenseMember2021-12-042022-12-020000796343us-gaap:SellingAndMarketingExpenseMember2023-12-022024-11-290000796343us-gaap:SellingAndMarketingExpenseMember2022-12-032023-12-010000796343us-gaap:SellingAndMarketingExpenseMember2021-12-042022-12-020000796343us-gaap:GeneralAndAdministrativeExpenseMember2023-12-022024-11-290000796343us-gaap:GeneralAndAdministrativeExpenseMember2022-12-032023-12-010000796343us-gaap:GeneralAndAdministrativeExpenseMember2021-12-042022-12-0200007963432020-12-100000796343adbe:AcceleratedShareRepurchaseAgreementMember2023-12-022024-11-290000796343adbe:AcceleratedShareRepurchaseAgreementMember2022-12-032023-12-010000796343adbe:AcceleratedShareRepurchaseAgreementMember2021-12-042022-12-020000796343adbe:StructuredStockRepurchaseAgreementMember2022-12-032023-12-010000796343adbe:StructuredStockRepurchaseAgreementMember2021-12-042022-12-020000796343adbe:StructuredStockRepurchaseAgreementMember2023-12-022024-11-290000796343adbe:December2023AcceleratedShareRepurchaseAgreementMember2023-12-022024-11-290000796343adbe:March2024AcceleratedShareRepurchaseAgreementMember2023-12-022024-11-290000796343adbe:June2024AcceleratedShareRepurchaseAgreementMember2023-12-022024-11-290000796343adbe:September2024AcceleratedShareRepurchaseAgreementMember2023-12-022024-11-290000796343adbe:December2022AcceleratedShareRepurchaseAgreementMember2022-12-032023-12-010000796343adbe:December2021AcceleratedShareRepurchaseAgreementMember2021-12-042022-12-020000796343adbe:September2024AcceleratedShareRepurchaseAgreementMemberus-gaap:SubsequentEventMember2024-11-302025-01-130000796343us-gaap:SubsequentEventMember2024-11-302025-01-130000796343adbe:AcceleratedShareRepurchaseAgreementMemberus-gaap:SubsequentEventMember2024-11-302025-01-130000796343adbe:OpenMarketRepurchaseMemberus-gaap:SubsequentEventMember2024-11-302025-01-130000796343adbe:AcceleratedShareRepurchaseAgreementMemberus-gaap:SubsequentEventMember2025-01-130000796343adbe:Notes1902025Member2024-11-290000796343adbe:Notes1902025Member2023-12-010000796343adbe:Notes3252025Member2024-11-290000796343adbe:Notes3252025Member2023-12-010000796343adbe:Notes2027Member2024-11-290000796343adbe:Notes2027Member2023-12-010000796343adbe:Notes4.852027Member2024-11-290000796343adbe:Notes4.852027Member2023-12-010000796343adbe:Notes4.802029Member2024-11-290000796343adbe:Notes4.802029Member2023-12-010000796343adbe:Notes2030Member2024-11-290000796343adbe:Notes2030Member2023-12-010000796343adbe:Notes4.952034Member2024-11-290000796343adbe:Notes4.952034Member2023-12-010000796343adbe:Notes3252025Member2015-01-210000796343adbe:Notes1902025Member2020-02-030000796343adbe:Notes2027Member2020-02-030000796343adbe:Notes2030Member2020-02-030000796343adbe:Notes4.852027Member2024-04-040000796343adbe:Notes4.802029Member2024-04-040000796343adbe:Notes4.952034Member2024-04-040000796343adbe:Notes4.8520274.802029And4.952034Member2024-04-042024-04-040000796343adbe:Notes4.8520274.802029And4.952034Member2024-04-040000796343adbe:OutstandingNotesMember2024-11-290000796343us-gaap:RevolvingCreditFacilityMember2022-06-302022-06-300000796343us-gaap:RevolvingCreditFacilityMember2022-06-300000796343us-gaap:RevolvingCreditFacilityMember2018-10-172018-10-170000796343us-gaap:RevolvingCreditFacilityMember2018-10-170000796343adbe:ScenarioivMemberus-gaap:RevolvingCreditFacilityMember2022-06-300000796343us-gaap:RevolvingCreditFacilityMemberadbe:ScenarioiScenarioiiScenarioiiiMembersrt:MinimumMember2022-06-300000796343us-gaap:RevolvingCreditFacilityMemberadbe:ScenarioiScenarioiiScenarioiiiMembersrt:MaximumMember2022-06-300000796343srt:MinimumMemberus-gaap:RevolvingCreditFacilityMember2022-06-302022-06-300000796343srt:MaximumMemberus-gaap:RevolvingCreditFacilityMember2022-06-302022-06-300000796343us-gaap:RevolvingCreditFacilityMember2024-11-290000796343us-gaap:CommercialPaperMember2023-09-270000796343us-gaap:CommercialPaperMember2023-09-272023-09-270000796343us-gaap:CommercialPaperMember2024-11-290000796343adbe:TermLoanAgreementMember2023-01-190000796343adbe:TermLoanAgreementMember2023-12-1700007963432024-08-312024-11-29UNITED STATESSECURITIES AND EXCHANGE COMMISSIONWashington, D.C. 20549______________________________Â FORM 10-K (Mark One)â˜’ANNUAL REPORT PURSUANT TO SECTIONÂ 13 ORÂ 15(d)Â OFÂ THE SECURITIESÂ EXCHANGE ACT OFÂ 1934For the fiscal year ended NovemberÂ 29, 2024Â orâ˜TRANSITION REPORT PURSUANT TO SECTIONÂ 13 ORÂ 15(d)Â OFÂ THE SECURITIESÂ EXCHANGE ACT OFÂ 1934For the transition period fromÂ toÂ Commission File Number: 0-15175 ADOBE INC. (Exact name of registrant as specified in its charter)______________________________Delaware77-0019522(State or other jurisdiction ofincorporation or organization)(I.R.S. EmployerIdentification No.)345 Park Avenue, San Jose, California 95110-2704 (Address of principal executive offices)(408)Â 536-6000 (Registrantâ€™s telephone number, including area code) Securities registered pursuant to SectionÂ 12(b)Â of the Act:Title of Each ClassTrading SymbolName of Each Exchange on Which RegisteredCommon Stock, $0.0001 par value per shareADBENASDAQSecurities registered pursuant to SectionÂ 12(g)Â of the Act: None______________________________Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in RuleÂ 405 of the Securities Act.Â YesÂ â˜’Â Â NoÂ â˜Indicate by check mark if the registrant is not required to file reports pursuant to SectionÂ 13 or SectionÂ 15(d)Â of the Act. YesÂ â˜Â NoÂ â˜’Indicate by check mark whether the registrant (1)Â has filed all reports required to be filed by SectionÂ 13 or 15(d)Â of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2)Â has been subject to such filing requirements for the past 90 days. YesÂ â˜’Â Â NoÂ â˜Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (Â§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). YesÂ â˜’Â Â NoÂ â˜Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of â€œlarge accelerated filer,â€ â€œaccelerated filer,â€ â€œsmaller reporting company,â€ and â€œemerging growth companyâ€ in RuleÂ 12b-2 of the Exchange Act.Large accelerated filerâ˜’Accelerated filerâ˜Non-accelerated filerâ˜Smaller reporting companyâ˜Emerging growth companyâ˜If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. Â â˜Indicate by check mark whether the registrant has filed a report on and attestation to its managementâ€™s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. â˜’If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. â˜Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrantâ€™s executive officers during the relevant recovery period pursuant to Â§240.10D-1(b). Â â˜Indicate by check mark whether the registrant is a shell company (as defined in RuleÂ 12b-2 of the Act).Â YesÂ â˜Â NoÂ â˜’The aggregate market value of the registrantâ€™s common stock, $0.0001 par value per share, held by non-affiliates of the registrant on MayÂ 31, 2024, the last business day of the registrantâ€™s most recently completed second fiscal quarter, was $164.65 billion (based on the closing sales price of the registrantâ€™s common stock on that date). Shares of the registrantâ€™s common stock held by each officer and director and each person who owns 5% or more of the outstanding common stock of the registrant have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes. As of JanuaryÂ 3, 2025, 435.3 million shares of the registrantâ€™s common stock, $0.0001 par value per share, were issued and outstanding.DOCUMENTS INCORPORATED BY REFERENCEPortions of the Proxy Statement for the registrantâ€™s 2025 Annual Meeting of Stockholders (the â€œProxy Statementâ€), to be filed within 120 days of the end of the fiscal year ended NovemberÂ 29, 2024, are incorporated by reference in PartÂ III hereof. Except with respect to information specifically incorporated by reference in this FormÂ 10-K, the Proxy Statement is not deemed to be filed as part hereof.ADOBE INC.FORM 10-KÂ TABLE OF CONTENTSÂ Â Â Page No.Â 2Table of ContentsForward-Looking StatementsIn addition to historical information, this Annual Report on FormÂ 10-K contains â€œforward-looking statementsâ€ within the meaning of applicable securities laws, including statements related to our product development plans and new or enhanced offerings; our business, artificial intelligence and innovation momentum; our strategy, market opportunity and future growth; market trends; current macroeconomic conditions; fluctuations in foreign currency exchange rates; strategic investments; industry positioning; and customer acquisition and retention. In addition, when used in this report, the words â€œwill,â€ â€œexpects,â€ â€œcould,â€ â€œwould,â€ â€œmay,â€ â€œanticipates,â€ â€œintends,â€ â€œplans,â€ â€œbelieves,â€ â€œseeks,â€ â€œtargets,â€ â€œestimates,â€ â€œlooks for,â€ â€œlooks to,â€ â€œcontinuesâ€ and similar expressions, as well as statements regarding our focus for the future, are generally intended to identify forward-looking statements. Each of the forward-looking statements we make in this report involves risks, uncertainties and assumptions based on information available to us as of the date of this report. Such risks and uncertainties, many of which relate to matters beyond our control, could cause actual results to differ materially and adversely from these forward-looking statements. Factors that might cause or contribute to such differences include, but are not limited to, those discussed in the section titled â€œRisk Factorsâ€ in Part I, Item 1A of this report and elsewhere herein. The risks described herein and in Adobeâ€™s other filings with the U.S. Securities and Exchange Commission (the â€œSECâ€), including our Quarterly Reports on FormÂ 10-Q to be filed in fiscal 2025, should be carefully reviewed. Undue reliance should not be placed on the financial information set forth in this report, which reflects estimates based on information available as of the date of this report. Adobe assumes no obligation to, and does not currently intend to, update these forward-looking statements.PARTÂ IITEM 1.Â Â BUSINESSOVERVIEWAdobe is a global technology company with a mission to change the world through personalized digital experiences. For over four decades, Adobeâ€™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 (â€œAIâ€) 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.OFFERINGSWe 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 3Table of Contentsmarketing 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. SEGMENTSOur business is organized into three reportable segments: â€¢Digital Media; â€¢Digital Experience; and â€¢Publishing and Advertising. These segments provide Adobeâ€™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 OVERVIEWThis 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 â€œResults of Operationsâ€ in Part II, ItemÂ 7 titled â€œManagementâ€™s Discussion and Analysis of Financial Condition and Results of Operationsâ€ and Note 2 of our Notes to Consolidated Financial Statements of this report for further segment information.Digital MediaOpportunityIn todayâ€™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 companyâ€™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 (â€œAppsâ€) 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 content-first, 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 Adobeâ€™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.4Table of ContentsStrategyOur 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 customersâ€™ needs holistically to increase the value they derive from our services.We are redefining the creative process with Adobe Creative Cloud to unleash everyoneâ€™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 AI-first product that natively integrates Digital Media and Digital Experience offerings, we help enterprises to quickly create on-brand content variations and accelerate their marketing workflows. Further descriptions of our Digital Media products are included below under â€œPrincipal Products, Services and Solutions.â€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 Creditsâ€”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 webâ€™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 (â€œAPIsâ€); accelerating Document Cloud adoption through digital and 5Table of Contentsdirect 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 full-featured 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 â€œLiquid Modeâ€ 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.Digital ExperienceOpportunityConsumers today buy experiences, not just products, and they demand personalized digital experiences that are relevant, engaging, seamless and secure across an ever-expanding range of channels and surfaces. Businesses increasingly have the same expectations, driving business-to-business (â€œB2Bâ€) companies to deliver equally engaging and seamless experiences as business-to-consumer (â€œB2Câ€) companies. With AI-powered automation and personalization, people and brands will increasingly stand out through unique creative expression, and the future of experiences across industries and everyday life will become increasingly personalized. Delivering the best, personalized experience at a given moment requires the right combination of data, insights and content across multiple channels in real time and at scale. We have a strategic opportunity to provide solutions that enable real-time personalization at scale and accelerate our customersâ€™ content supply chain, with a streamlined and coordinated process from content ideation through deployment, measurement and optimization. Marketing is also increasingly evolving from a centralized discipline to a multi-practitioner, cross-functional, collaborative field, and marketing and IT teams are looking for a return on investment to demonstrate the business impact of their transformation initiatives.Adobe Experience Cloud is powering businesses by helping them provide exceptional personalized experiences to their customers via a comprehensive suite of solutions. Addressing the challenges of customer experience management is a large and growing opportunity and we are in position to help businesses and enterprises invest in solutions that aid their goals to transform how they engage with their customers and constituents digitally.StrategyOur goal is to be a leading provider of cloud-based solutions for delivering digital experiences and enabling digital transformation. Adobe Experience Cloud Apps and services are designed to manage customer journeys, enable personalized experiences at scale and deliver intelligence for businesses of any size in any industry. Adobe Experience Platform further strengthens our differentiation by offering a way to connect our comprehensive set of solutions. Further descriptions of our Digital Experience products are included below under â€œPrincipal Products, Services and Solutions.â€Adobe Experience Cloud delivers solutions for our customers across the following strategic growth pillars:â€¢Data insights and audiences. Our products deliver actionable data to our customers in real time to enable highly tailored and adaptive experiences across platforms.â€¢Content, commerce and workflows. Our products help our customers manage, deliver, personalize, and optimize content delivery; build multi-channel commerce experiences for B2B and B2C customers; strategically plan, 6Table of Contentsmanage, collaborate and execute on workflows for marketing campaigns and other projects at speed and scale; and leverage self-serve capabilities to deliver on-brand content.â€¢Customer journeys. Our products help businesses manage, test, target and personalize customer journeys delivered as campaigns across B2B and B2C use cases.Our goal is to deploy our capabilities to help enterprises generate highly engaging experiences, enable content creators to enhance creativity and scale content production, and provide marketing strategists with recommendations to improve marketing strategy and enhance the delivery of personalized customer journeys. In our Adobe Experience Cloud, we believe our innovations, natively embedded AI services, and end-to-end content supply chain solutions enhance the delivery and personalization of digital experiences by allowing our customers to gain insights and understand their data, simulate outcomes, automate tasks, generate audiences, create content, optimize marketing campaigns and enable the delivery of more relevant and personalized customer journeys. Adobe Experience Cloud offers domain-specific AI services in areas such as attribution and automated insights, customer journey management, lead management, sentiment analysis, one-click personalization, enhanced anomaly detection and more that work with Adobe Experience Platform to augment our Experience Cloud product offerings. By building on these features and capabilities, we increase the value we provide our customers and create a competitive differentiation in the market.Adobe Experience Cloud offers an open platform and ecosystem through Adobe Experience Platform. Adobe Experience Platformâ€™s open system transforms businessesâ€™ customer data from across their Adobe solutions and third-party software into robust customer profiles. These profiles are updated in real time and include AI-driven insights, allowing a brand to deliver the right customer experiences across channels and deliver true one-to-one personalization. This open architecture offers scalability with a wide variety of supporting products and services and empowers businesses to quickly develop innovative Apps to interact with their customers and enables a broad industry ecosystem.To drive growth of Adobe Experience Cloud, we focus on delivering on-brand, customer engagement, growth within existing customer accounts, product differentiation and the best customer experience management solutions for B2B and B2C buyers across enterprise and mid-market segments. We intend to pursue growth through a scaled go-to-market approach focused on C-suite partnerships, transformational accounts, continued customer acquisition, customer value realization and solution expansion. We utilize a direct sales force to market and license our Experience Cloud solutions, as well as an extensive ecosystem of partners, including marketing agencies, systems integrators and independent software vendors that help license and deploy our solutions to their customers. We also maintain several strategic partnerships with other technology companies that allow us to increase our market reach. We have made significant investments to broaden the scale and size of all these routes to market and believe these investments will result in continued growth in revenue in our Digital Experience segment in fiscal 2025 and beyond.Publishing and AdvertisingOur Publishing and Advertising segment contains legacy products and services that address diverse market opportunities including eLearning solutions, technical document publishing, web conferencing, document and forms platform, web App development, high-end printing and our Adobe Advertising offerings. Graphics professionals and professional publishers continue to require quality, reliability and efficiency in production printing, and our Adobe PostScript and Adobe PDF printing technologies provide advanced functionality to meet the sophisticated requirements of this marketplace. As high-end printing systems evolve and transition to fully digital, composite workflows, we believe we are well positioned to be a supplier of software and technology based on the Adobe PostScript and Adobe PDF standards for this industry.Adobe Advertising delivers an end-to-end, demand-side platform for managing advertising across digital formats and simplifies the delivery of video, display and search advertising across channels and screens.We generate revenue in our legacy Publishing products and services by licensing our technology to original equipment manufacturers that manufacture workflow software, printers and other output devices, and we generally generate revenue in Advertising through usage-based offerings. COMPETITIONOverview We participate in a rapidly evolving, highly competitive global environment, where our competitors vary by industry and range from large multinational enterprises to smaller entities with specialized and focused product offerings. Across our business, we recognize hundreds of competitors worldwide. The markets for our products and services are characterized by new industry standards, evolving distribution models, rapid technological innovation, frequent product introductions and short 7Table of Contentsproduct life cycles. Our future success will depend on our ability to enhance our existing products, services and solutions and introduce new ones on a timely and cost-effective basis, accurately predict and meet changing customer needs, provide best-in-class information security to build customer confidence and combat cyber-attacks, extend our core technologies into new Apps and anticipate emerging standards, business models, software delivery methods and other technological changes.A summary of the competitive environment for each of our business segments is included below. See the section titled â€œRisk Factorsâ€ contained in Part I, Item 1A of this report for additional information regarding risks related to competition.Digital MediaOur Digital Media segment faces competition from large, established companies and smaller, more recent entrants. These companies offer a variety of products, including multi-product packages, point offerings, free products, websites, downloadable Apps and other products and offerings. We compete in a rapidly evolving and growing market and face significant direct or indirect competition from:â€¢software companies and AI companies; â€¢device, hardware, mobile device and camera manufacturers, including those that integrate software and AI capabilities for digital media, such as photo and video, collaboration tools and content creation; â€¢mobile-first Apps; â€¢web-native tools and platforms; â€¢social media platforms that provide digital media offerings, including editing capabilities; â€¢providers of stock content; â€¢digital document creation, storage, collaboration and signing providers; â€¢productivity and presentation tools; â€¢operating system developers that integrate digital media document viewers and markup features with their operating systems; and â€¢proprietary and open-source web-authoring tools. We believe competitive factors in our markets include: â€¢brand, product features and functionalities; â€¢integration with related tools, third-party Apps and workflows; â€¢the intuitiveness and visual appeal of user interfaces; â€¢demonstrable cost-effective benefits to our customers; â€¢pricing; â€¢the flexibility of services to match our customersâ€™ evolving demands; â€¢the availability, usability and accessibility of our products, services and solutions; â€¢success in educating our customers in how to utilize services effectively; â€¢the ability to create and use AI models and integrate AI capabilities for digital media creation, generation, collaboration and editing; and â€¢responsible and secure data handling and storage protocols. We attract our customers and users in this segment through our broad and comprehensive array of high-quality products and services, which are powerful, standalone tools that also work well together and complement one another. With Creative Cloud, we believe we compete well with our features and functionality, AI models and capabilities, ease of use, product reliability, value and performance characteristics. For example, with Adobe Firefly, we believe we compete well by offering generative AI models designed to be safe for commercial use and AI capabilities that are natively integrated into our products, 8Table of Contentsand with Adobe Express, we believe we compete well by making our creative technologies accessible to a wide audience and enabling easy-to-use, efficient content creation, collaboration and sharing for quick projects. With Adobe Document Cloud, we believe we compete well through our PDF offerings, features and functionalities that are critical tools for millions of business communicators, and our brand.Digital ExperienceOur Digital Experience segment competes in markets that are growing and evolving rapidly and characterized by intense competition. Our Adobe Experience Cloud solutions face competition from:â€¢large, established companies, including large enterprise software, AI, internet and database management companies; â€¢point product solutions and focused companies; â€¢new companies constantly entering the digital experience markets; â€¢companies that provide Software-as-a-Service (â€œSaaSâ€) solutions to our customers, generally through the web and software that is installed by our customers directly on their servers; and â€¢Our customersâ€™ or potential customersâ€™ internally-developed Apps. We believe competitive factors in our markets include: â€¢the proven performance, security, scalability, flexibility and reliability of services; â€¢the strategic relationships and integration with third-party Apps; â€¢the intuitiveness and visual appeal of our interfaces; â€¢demonstrable cost-effective benefits to our customers; â€¢pricing; â€¢the flexibility of services to match changing business demands; â€¢enterprise-level customer service and training; â€¢brand; â€¢data governance features and functionality; â€¢product features and functionality and the usability of services; â€¢near real-time data and reporting; â€¢independence from portals and search engines; â€¢the ability to deploy the services globally; â€¢success in educating our customers in how to utilize services effectively; and â€¢the integration and customization of high-quality AI models and the ability to customize and use such AI models. We believe we compete well with our enterprise and low-cost alternatives based on many of these competitive factors, including:â€¢our strong feature set; â€¢the breadth of our offerings, which work well together and complement one another as part of Adobe Experience Cloud; â€¢our focus on global, multi-brand companies; â€¢provision of AI through Adobe Sensei AI services; â€¢our intuitive user experience; 9Table of Contentsâ€¢tools for building multi-screen; â€¢tools for managing data across Apps and geographies; â€¢cross-channel Apps; â€¢standards-based architecture; â€¢scalability; â€¢connecting content creation with digital experience delivery, personalization and optimization; and â€¢performance. Publishing and AdvertisingOur Publishing and Advertising segment faces competition from large-scale publishing systems and Extensible Markup Language-based publishing companies and smaller desktop-publishing products. Our eLearning solutions and web conferencing products face competition from a number of established products from other large software companies. Competition involves a number of factors, including product features, ease-of-use, the level of customization and integration supported, the number of hardware platforms supported, service and price. We believe we can successfully compete based upon the quality and features of our products, their complementarity with our Adobe Creative Cloud, Adobe Document Cloud and Digital Experience products and our strong brand among users.PRINCIPAL PRODUCTS, SERVICES AND SOLUTIONSDigital Media OfferingsAdobe Creative CloudAdobe Creative Cloud is a cloud-based subscription to a collection of Apps that enables creative professionals and enthusiasts alike to express themselves and collaborate with Apps and services for photography, design, video, social media, and more that connect across surfaces, platforms and geographies. Subscribers have access to cloud storage to easily sync, access, collaborate and share their work, files and assets.Creative Cloud paid plans include the Adobe Firefly web App, the premium version of Adobe Express, and AI-powered features natively integrated throughout Adobe Photoshop, Adobe Illustrator and Adobe Premiere Pro. Creative Cloud, Adobe Firefly, and Adobe Express plans include a monthly allocation of Generative Credits, which are tokens that enable subscribers to use our generative AI features to generate content using text-based prompts. All Apps listed below and many more are available through subscriptions to Creative Cloud (except Substance 3D Apps, which are sold separately through the Adobe Substance 3D Collection plan), and many of our Apps are also available as standalone subscriptions on Adobe.com. Adobe Acrobat Pro is available as part of our Creative Cloud All Apps subscription and on a standalone basis and allows users to create, convert and edit PDFs, including text and images. Additionally, certain Creative Cloud Apps, such as Adobe Express, are available in Adobe GenStudio for Performance Marketing, allowing users to quickly use assets and Creative Cloud tools to create on-brand content.Adobe Photoshop and Adobe LightroomAdobe Photoshop is the worldâ€™s most advanced digital imaging and design App, with powerful editing and effects tools to transform photos. It is available on desktop, iPad and through a web version. Features include Generative Fill, Generative Expand, Generate Similar and Generate Background, which allow our customers to use text prompts to quickly create, add to, remove, duplicate or replace images, or expand the borders of an existing image with AI-generated content without leaving Adobe Photoshop; the Adjustment Brush Tool, whichâ€¯combines the traditional workflow of selecting, masking, and applying an adjustment into one step, simplifying the way of making local adjustments; and Distraction Removal smart technology to help remove people, wires, poles and other distractions from images. Adobe Lightroom is our cloud-based photo App that allows subscribers to edit, organize, store and share photos across desktop, tablet, mobile devices and the web. Features include Lens Blur to blur the background or foreground by making a depth map of the photo using AI; the Denoise feature to remove noise in RAW photos; People Masking features to automatically select and edit facial hair and clothing; and Generative Remove, which uses Adobe Firefly to remove unwanted objects and distractions in a photo. In addition to individual subscriptions to Photoshop and Lightroom, we offer a Photography Plan, which is a more limited cloud-based offering than Creative Cloud, targeted at photographers and photo enthusiasts and includes Photoshop, Lightroom and Lightroom Classic.10Table of ContentsAdobe Illustrator and Adobe FrescoAdobe Illustrator is our industry-standard vector graphics App for desktop and iPad used worldwide by designers of all types who want to create digital graphics and illustrations for all kinds of mediaâ€”print, web, interactive, video and mobileâ€”from web and mobile graphics to product packaging to book illustrations and billboards. Features include Adobe Firefly-powered Generative Recolor, which enables users to generate different color palettes using text prompts and apply them to their illustrations; Objects on Path to empower users to quickly attach, arrange and move an object along any path of their art board; and Enhanced Image Trace to make it easier and faster to convert images to vectors. Adobe Fresco is our free illustration App, available on various surfaces, that brings together the worldâ€™s largest collection of vector and raster brushes and AI-powered Live Brushes to deliver a natural painting and drawing experience.Adobe Premiere ProAdobe Premiere Pro is a nonlinear video editing App used by filmmakers, TV editors, YouTubers and videographers. Our customers can import and combine various types of media, from video shot on a mobile device to 8K to virtual reality, and then edit in its native format without transcoding. Automated tools and workflows for color, graphics, audio and immersive 360/VR make the editing process more efficient. Premiere Pro offers Text-Based Editing, which allows our customers to review transcripts or search for keywords to find and edit the right content faster and AI-powered Enhance Speech to remove noise and improve the quality of dialogue clips.Adobe After EffectsAdobe After Effects is our industry-standard motion graphics and visual effects App used by a wide variety of animators, designers and compositors to create cinematic movie titles, add effects and create animations. With an AI-enhanced Roto Brush, users can cut out objects from footage faster and more accurately than ever. After Effects works together seamlessly with other Adobe Apps such as Adobe Premiere Pro, Adobe Photoshop, Adobe Illustrator and Adobe Audition, as well as third party software and hardware partners.Adobe InDesignAdobe InDesign is a design and layout App for print and digital media. Our customers use it to create, preflight and publish a broad range of content including books, eBooks, digital magazines, posters and interactive PDFs for print, online and tablet App delivery. Integrations with other Adobe Apps such as Adobe Photoshop, Adobe Illustrator, Adobe Acrobat, Adobe Stock, Adobe Firefly, Adobe InCopy and Adobe Experience Manager expands InDesignâ€™s capabilities and allows our customers to collaborate and share content, fonts and graphics across projects. Our customers can also access Adobeâ€™s digital publishing capabilities from within InDesign to create and publish engaging Apps for a broad range of surfaces.Adobe ExpressAdobe Express is our all-in-one AI content creation App for users of any level, such as novice content creators and communicators, to easily create video, marketing, and social content. Users can easily design high-impact design elements, engaging videos and images, resumes, PDFs, animation and content ready for Instagram, TikTok and other social channels and platforms. The App features guided tools, one-click solutions for quick projects, simple drag and drop functions, collaboration tools, thousands of templates and access to more than 20,000 fonts and the entire Adobe Stock photo collection, and allows users to easily plan, schedule, preview, and publish content all from one place. Adobe Firefly integrated into Adobe Express makes it possible to quickly generate custom images and text effects from text prompts in over 100 languages and is designed to be commercially safe. Also available in Adobe GenStudio and Adobe GenStudio for Performance Marketing, Adobe Express allows marketers to quickly resize and reformat assets to create content variations for any channel. Adobe Express is available on mobile devices and the web. With Adobe Express, Creative Cloud subscribers can easily access, edit and work with creative assets from Adobe Photoshop and Adobe Illustrator directly, or add linked files into Adobe Express that always stay in sync across Apps.Adobe Firefly, Adobe Firefly Services and Custom ModelsAdobe Firefly is our family of creative generative AI models and standalone web App for exploring AI-assisted creative expression. Fireflyâ€™s foundation generative AI models allow users to generate images, text effects, design templates, and vector graphics using a text description. Firefly AI models include a version of the Firefly Image Model that generates high-quality images from text prompts, a Firefly Vector Model that generates fully editable vector graphics, a Firefly Design Model that generates fully editable design templates, and a Firefly Video Model (public beta) that generates video from text or image prompts. Firefly supports text prompts in more than 100 languages. In addition, with Adobe Firefly for Enterprise, certain businesses are eligible to obtain an intellectual property indemnification for AI-generated content generated by most Firefly-11Table of Contentspowered workflows. Firefly-powered generative AI features are also available in a number of our products including Adobe Photoshop, Adobe Illustrator, Adobe Express, Adobe Acrobat and Adobe Stock. Firefly is available for free with a limited number of Generative Credits per month. Once that limit is reached, users and subscribers can buy additional Generative Credits through a Firefly paid subscription plan.Also available for enterprises are Adobe Firefly Services and Custom Models. Firefly Services provides enterprises with APIs, tools and services for content generation, editing and assembly, to automate the production of content while maintaining quality and control. Custom Models enable enterprises to train generative AI models based on their intellectual property, product and brand styles across a wide variety of use cases such as localization or merchandising for e-commerce, maintaining and propagating brand consistency at scale across their organizations.Adobe Firefly-generated content is designed to be commercially safe. The Firefly generative AI model is trained on data Adobe has the rights to use. Every asset created using Firefly includes Content Credentials, a digital â€œnutrition labelâ€, to indicate that generative AI was used, bringing more trust and transparency to digital content.Adobe StockAdobe Stock provides designers and businesses with access to millions of high-quality, curated, royalty-free photos, vectors, illustrations, videos, templates, audio and 3D assets, for all their creative projects. Adobe Stock is built into our Creative Cloud Apps, including Adobe Photoshop, Adobe Illustrator, Adobe InDesign and Adobe Express, enabling users to search, browse and add assets to their Creative Cloud Libraries and instantly access them across all connected surfaces. Adobe Stock assets include free and paid collections and may be licensed directly within Adobeâ€™s Apps, through stock.adobe.com or as a multi-asset subscription.Frame.ioFrame.io is our cloud-native creative collaboration platform that streamlines the production of creative assets by enabling creative professionals and key project stakeholders to collaborate with real-time upload, review and approval, frame-accurate commenting, annotations and more. Frame.io includes support for video beyond post-production workflows including casting, location scouting, footage reviews, and marketing campaign management, as well as still images, design files and PDFs. Frame.io is directly integrated with Adobe Premiere Pro, Adobe After Effects, Adobe Photoshop, Adobe Lightroom and Adobe Workfront to allow video creators to request and receive streamlined frame-specific comments directly in those Apps. Frame.ioâ€™s Camera to Cloud functionality allows creators to automatically upload footage from cameras and other recording devices on set directly into Frame.io for review, with integrations for still image cameras that can connect natively to the platform. Frame.io, along with Adobe Express and Adobe Firefly Services, are available in Adobe GenStudio to enable content production at scale.Adobe Substance 3D CollectionAdobe Substance 3D is an ecosystem of desktop Apps, including Substance 3D Stager, Substance 3D Painter, Substance 3D Sampler, Substance 3D Designer and Substance 3D Modeler. Our customers can build and assemble 3D scenes with Stager, use tools in Painter to texture 3D assets, from advanced brushes to Smart Materials that automatically adapt to your model and use Sampler to digitize and enrich assets. Substance 3D Assets is a 3D materials library from which users can import professional quality 3D textures into their projects and generate infinite texture variations. Substance 3D Modeler, which is available on desktop and certain VR headsets, interprets spatial input from the physical world, allowing the user to sculpt a model as if in a real workshop, using natural, fluid gestures of the artistic flow, and switch between VR and desktop, at every project stage.BehanceBehance is a social community for creators to showcase and discover creative work online and live-stream their skills and creations from Creative Cloud Apps. Adobe Portfolio allows users to quickly and simply build a fully customizable and hosted website that seamlessly syncs with Behance.Adobe Document CloudAdobe Document Cloud is a cloud-based subscription offering that enables complete, reliable and automated digital document and signature workflows across desktop, mobile, web and third-party enterprise Apps to drive business productivity for individuals, teams, small businesses and enterprises. With Document Cloud, users can create, review, approve, sign and track documents and store them in the cloud for easy access and sharing across surfaces. Document Cloud includes Adobe Acrobat, Adobe Acrobat Sign, Adobe Scan and other Apps and API services that work standalone or integrate with usersâ€™ existing productivity Apps, processes and systems.12Table of ContentsAll the Apps listed below are available through a subscription to Adobe Acrobat. With the Acrobat Standard plan, subscribers can convert, edit, request signatures, and protect PDFs. The Acrobat Pro plan, available through both our Creative Cloud and Document Cloud businesses, offers additional advanced PDF features. Acrobat AI Assistant, our generative AI-powered conversational engine, gives our users the power to work more productively with their documents with its ability to summarize and answer questions about documents, provide intelligent citations and quickly generate and format content for sharing. Acrobat AI Assistant is offered as an add-on to Acrobat Pro, Acrobat Standard and Acrobat Reader. We also offer Acrobat subscription plans for teams and enterprises. Adobe Acrobat Sign is included in Adobe Acrobat subscriptions for individuals and teams. Document Cloud for enterprise includes Acrobat, Acrobat Sign, and APIs including third-party partner integrations. Acrobat Reader and Adobe Scan are also separately available as free downloads.Adobe AcrobatAt the heart of Adobe Document Cloud is Adobe Acrobat, our comprehensive PDF solution with a full set of tools to convert, edit, share and sign PDFs across various surfaces and platforms. Acrobat enables automated, collaborative workflows with a rich set of commenting, editing and sharing tools and direct integration with Adobe Acrobat Sign. Acrobatâ€™s unified Share button combines sharing a link, sending the file by email, and sharing a file with others into one streamlined action, simplifying the sharing and review experience. Our Acrobat Chrome and Edge extensions allow users to access our Acrobat tools without leaving the web browser.Adobe Acrobat ReaderAdobe Acrobat Reader, our free software for reliable viewing, annotating and printing of PDF documents on a variety of surfaces and platforms, offers features to create, edit, export, combine, share and collaborate on PDF documents, including the â€œLiquid Modeâ€ feature that automatically reformats PDFs for quick navigation and consumption on mobile devices. Users of both Acrobat and Acrobat Reader can also access, edit and save changes to their PDF files stored in Adobe Document Cloud, or other third-party cloud storage services.Adobe ScanAdobe Scan can be used for free on mobile devices to provide scanning capabilities in the pocket of every person. It captures paper documents as images and transforms them into full-featured and versatile PDFs via Adobe Document Cloud services for instant sharing with others. Optical character recognition allows users to convert scanned documents into editable, searchable PDF files instantly. Adobe Acrobat SignOur cloud-based e-signature service, Adobe Acrobat Sign, allows users securely to send any document electronically for signature across surfaces. Through web and mobile Apps, Acrobat Sign enables users to e-sign documents and forms, send them for signature, track responses in real time and obtain instant signatures with in-person signing. Acrobat Sign also integrates with usersâ€™ enterprise systems through a comprehensive set of APIs and Adobe Experience Manager Forms and Advanced Workflows for Acrobat Sign, to create forms and provide seamless experiences to our customers across web and mobile sites.Digital Experience OfferingsAdobe Experience Cloud is a comprehensive collection of best-in-class products, services and solutions to manage the customer experience, all integrated into a cloud platform, along with service, support and an open ecosystem. Adobe Sensei uses AI and machine learning technology to analyze large amounts of data and make intelligent in-App recommendations, automate repetitive tasks, and drive real-time decisions within our products. Adobe Sensei GenAI allows customer experience and marketing teams to use natively embedded generative AI to deliver more accurate and personal customer journeys.Experience Cloud is comprised of the following sets of solutions for our customers: Adobe Experience Platform; Data Insights and Audiences; Content, Commerce and Workflows; and Customer Journeys, which are each described below.Adobe Experience PlatformAdobe Experience Platform is a purpose-built platform for customer experience management that helps businesses collect, connect and activate their known and unknown customer data from every interaction across sources and channels in real time to create unified customer profiles. Adobe Experience Platform standardizes data for intelligence and profile creation and provides an open and extensible cloud infrastructure, real-time updates, and AI-driven insights and scalability. Federated Audience Composition allows our customers of Adobe Real-Time Customer Data Platform and Adobe Journey Optimizer to use data from their data partners directly to enrich existing high-value audiences and attributes all in one system. Adobe 13Table of ContentsExperience Platform also offers Query Service and Data Science Workspace, which enable businesses to gain deeper insights from stored datasets and customer journey intelligence. These tools leverage predefined data-driven operational best practices, AI and business intelligence to enable and optimize real-time decisions, actions and business processes. Our customers can leverage Adobe Experience Platform to activate AI-driven insights across all Adobe Experience Cloud Apps in near real time. Adobe Experience Platform AI Assistant is a generative AI-powered conversational interface that answers technical questions, automates tasks, simulates outcomes and generates new audiences and journeys across applications such as Adobe Real-Time Customer Data Platform, Adobe Journey Optimizer and Adobe Customer Journey Analytics. Adobe Experience Platform AI Assistant uses a collection of experience models designed to address the context of each use case and allows for quick data navigation as needed.Data Insights and AudiencesOur Data Insights and Audiences solutions enable our customers to stitch together their data from across the consumer journey into a single view to provide insights based on every interaction in real time, easily share data and analyses across teams and organizations and use AI and machine learning to optimize personalization. The following is a brief description of our products for Data Insights and Audiences.Adobe AnalyticsAdobe Analytics helps our customers create a holistic view of their business by turning their customer interactions into actionable insights. Driven by AI and machine learning, Adobe Analytics collects, organizes and structures vast streams of data from virtually any channel, including streaming web data, to deliver real-time insights that are easy for our customers to process, analyze and share to quickly identify problems and opportunities and to drive conversion and relevant customer experiences. Our customers can use these analytics to continuously improve marketing activities and better direct their marketing spend. Our Analysis Workspace features a drag-and-drop interface that allows our customers to craft an analysis, add visualizations so they can bring data to life, curate a dataset and share and schedule projects across their organization, among other features.Adobe Customer Journey AnalyticsAdobe Customer Journey Analytics brings a powerful set of analytics tools that allow our customers to interactively explore and visualize the end-to-end customer journey across multiple channels and utilize AI-powered insights, while making such analytics more accessible across their organization, to ensure that customer journeys flow seamlessly regardless of channel.Adobe Product AnalyticsAdobe Product Analytics enables product teams to self-serve data and insights about their product experience through guided analysis workflows built on cross-channel data from Adobe Customer Journey Analytics. This cross-functional analytics suite allows product teams to partner closely with their marketing and customer experience counterparts to coordinate and deliver more personalized customer experiences across all channels using a single source of data, audience, and metrics. Adobe Product Analytics has native integrations across Adobe Experience Platform, including integrations with Adobe Journey Optimizer and Adobe Real-Time Customer Data Platform that allow product owners to act immediately by publishing real-time audiences for activation.Adobe Mix ModelerAdobe Mix Modeler is a self-serve, AI-powered solution that helps organizations measure, optimize, and plan marketing investments. Adobe Mix Modeler applies machine learning models that provide insights via cross-channel, summary datasets in Adobe Experience Platform on the historic and future impact of marketing investments on key business goals. This holistic understanding of the top-to-bottom impact of campaigns enables marketers to measure, plan, monitor, and adjust all marketing campaigns in a single App.Adobe Real-Time Customer Data PlatformAdobe Real-Time Customer Data Platform is an App service that delivers real-time personalization at scale to enable our customers to bring together and securely collaborate on their first-party customer data to activate in real-time their customer and account profiles that allow for B2B and B2C marketers to deliver timely, relevant experiences across channels. Real-Time Customer Data Platform does this by activating a businessâ€™ unified customer profiles on Adobe Experience Platform across channels to leverage intelligent decision making throughout the customer journey and deliver hyper-personalized experiences across all known channels and surfaces. Real-Time Customer Data Platform utilizes an open and extensible architecture that 14Table of Contentsallows integration with a variety of data sources and activation touchpoints and provides continuous data refreshes to keep their customer profiles updated in near real time.Content, Commerce and WorkflowsOur Content, Commerce and Workflows solutions help our customers manage, deliver, personalize and optimize on-brand content across web, mobile and App interfaces, as well as enable shopping experiences that scale from mid-market to enterprise businesses, across surfaces and channels. The following is a brief description of our products for Content, Commerce and Workflows. Adobe Experience ManagerAdobe Experience Manager combines digital asset management with a content management system and an end-to-end digital document solution. Adobe Experience Manager Sites provides a marketer and developer-friendly content management system built on a scalable, cloud-native foundation to create and deploy personalized experiences across every channel. Adobe Experience Manager Assets offers cloud-native digital asset management to create, manage, deliver and optimize personalized experiences at scale. Adobe Experience Manager is also available in GenStudio for Performance Marketing, allowing marketers to retrieve generated assets and associated metadata for generating campaign assets. Adobe Experience Manager Forms provides a cloud-native and scalable solution for personalized end-to-end digital customer onboarding and enrollment, enabling our customers to create, manage, publish and approve forms and documents.Adobe Experience Manager Screens allows our customers to connect online and in-venue experiences through digital signage. Adobe Developer App Builder provides a set of tools and services for our customersâ€™ developers to extend Experience Manager to their existing infrastructure and apply unique parameters to make the UI look and feel unique for their businesses.Adobe CommerceAdobe Commerce offers a highly customizable, end-to-end e-commerce platform to manage, personalize and optimize the commerce experience for physical and digital goods across every touchpoint by bringing together digital commerce, order management and predictive intelligence to enable engaging shopping experiences across B2B, B2C and direct-to-consumer. Based on an open-source ecosystem with thousands of third-party extensions, Adobe Commerce extends beyond the online shopping cart to shoppable experiences, with actionable data analysis and automated back-end workflows, native integrations with other Adobe products, such as Adobe Analytics, Adobe Target and Adobe Experience Manager, and the capability to be scalable and extensible.Adobe WorkfrontAdobe Workfront provides a unified work management App to enable teams to work more efficiently, with tools to strategize, plan, execute, review and deliver on complex workflows. Integrations with Adobe Creative Cloud and Adobe Experience Manager Assets allow our enterprise customers to scale content production with greater speed and efficiency. Adobe Workfront Planning, offered within Adobe Workfront, streamlines enterprise planning by delivering a comprehensive view of all marketing activities in an organization and enabling teams to be more strategic in planning and execution with full visibility into day-to-day marketing operations.Adobe GenStudio for Performance MarketingAdobe GenStudio for Performance Marketing is a generative AI-first product within Adobe GenStudio that enables marketing teams to use generative AI to quickly create on-brand advertisements and emails to deliver relevant and personalized experiences to their customers, while allowing brand and creative teams to retain oversight and strategic direction with brand guardrails. Businesses can import content performance data from third party platforms into Adobe GenStudio for Performance Marketing to understand campaign impact and optimize campaign performance. Adobe GenStudio for Performance Marketing natively integrates Digital Media and Digital Experience offerings, including Adobe Express and Adobe Experience Manager Assets, to optimize the process of planning, creating, managing, activating and measuring content for marketing campaigns and personalized customer experiences.Customer JourneysOur Customer Journeys solutions enable our customers to manage and orchestrate individual cross-channel campaigns that encourage meaningful customer experiences, personalize content and deliver optimized experiences at scale that are important to each of their customers and plan, orchestrate and measure engagement with their prospects and consumers at every stage of the customer journey. The following is a brief description of our products for Customer Journeys.15Table of ContentsAdobe Marketo EngageAdobe Marketo Engage is a customer experience management solution optimized for B2B, cross-channel campaigns by bringing together planning, engagement and measurement capabilities into an integrated marketing platform. Capabilities include lead nurturing and management; predictive account profiling for creating account-based experiences; integrated sales App; and integrations with third-party marketing Apps and Adobe Experience Cloud. Adobe Marketo Engage simplifies how companies plan, orchestrate and measure engagement at each stage of the customer experience, and allows companies to better align marketing and sales to engage high priority accounts.Adobe CampaignAdobe Campaign is optimized for managing B2C cross-channel marketing campaigns. Adobe Campaign enables businesses to orchestrate the entire customer journey and use their customer data to create, coordinate and deliver dynamic, personalized experiences that are synchronized across channels, including email, mobile and offline, and determined by their consumersâ€™ behaviors and preferences. Adobe Campaignâ€™s features also include AI-powered email management, multidimensional targeting, in-App messaging and dynamic, customizable reports to analyze success.Adobe TargetAdobe Target is an AI- and machine learning-driven personalization engine that lets our customers test, target and optimize content across channels. With Adobe Target, our customers have the tools they need to create omnichannel personalized experiences and create A/B and multivariate tests, done at scale through AI-powered automation so they can quickly discover the best experience for their customers and deliver that experience across all touchpoints.Adobe Journey OptimizerAdobe Journey Optimizer is a scalable App built on Adobe Experience Platform that allows businesses to orchestrate and deliver personalized, connected customer journeys across any App, surface, screen, or channel across B2B and B2C. With this solution, brands can manage inbound customer engagement with outbound omnichannel campaigns and offer personalized content based on real-time profiles, data-driven insights, cloud-native scalability and API extensibility, all within a single App, and, for our B2B customers, build buying groups aligned to their organizationâ€™s product portfolio. Businesses can trigger individual consumer journeys and use real-time insights to personalize that journey, as well as visually map individual journeys across systems in an intuitive, workflow-based interface. Adobe Journey Optimizer also allows our customers to track detailed performance of executed journeys and how individuals are progressing in real time, with data automatically sent to Adobe Experience Platform to allow full-funnel analysis.Other Products, Services and Solutions We also offer a broad range of other enterprise and digital media products, services and solutions. Information about other products, services and solutions not referenced here can be found on our corporate website, adobe.com.OPERATIONSMarketing and SalesWe market our products, services and solutions directly to enterprise customers through our sales force and local field offices and directly to businesses and consumers. We license our products to end-user customers through App stores and our own website at adobe.com. We offer many of our products via a SaaS model or a managed services model (both of which are referred to as hosted or cloud-based) as well as through term subscription and pay-per-use models. Our subscriptions and free plans include a monthly plan-specific number of Generative Credits for generative AI creation with Adobe Firefly. We market and distribute our products through sales channels, which include distributors, retailers, software developers, mobile App stores, systems integrators, independent software vendors and value-added resellers, as well as through original equipment manufacturers and hardware manufacturers.Our local field offices include locations in Australia, Belgium, Brazil, Canada, China, Denmark, France, Germany, Hong Kong, India, Ireland, Italy, Japan, Mexico, the Netherlands, Poland, Romania, Kingdom of Saudi Arabia, Singapore, South Africa, Republic of Korea, Spain, Sweden, Switzerland, Taiwan, Thailand, the United Kingdom and the United States.We sell most of our products through a software subscription model where our customers purchase access to a product for a specific period during which they always have rights to use the most recent version of that product. We also license perpetual versions of certain products with maintenance and support, which includes rights to upgrades, when and if available, support, updates and enhancements.16Table of ContentsServices and SupportWe provide expert consulting, customer success management, technical support and learning services across all our customer segments, which include enterprises, small and medium businesses, creative professionals and consumers. With a focus on ensuring sustained customer success and realized value, this comprehensive portfolio of services is designed to help our customers and partners maximize the return on their investments in our cloud solutions and licensed products.Consulting ServicesWe have a global professional services team dedicated to designing and implementing solutions for our largest customers. Our professional services team uses a comprehensive, customer-focused methodology that has been refined over years of capturing and analyzing best practices from numerous customer engagements across a diverse mix of solutions, industries and customer segments. Our customers continually seek to integrate across Adobeâ€™s products and cloud solutions and engage our professional services teams for their expertise in leading our customersâ€™ digital strategies, multi-solution integrations and in running our customersâ€™ platforms. Using our methodology, our professional services teams can accelerate our customersâ€™ time to value and maximize their return on investment in Adobe solutions.Another key component of Adobeâ€™s strategy is developing a large partner ecosystem to expand the availability of Adobe solutions in the global marketplace. To assist partners in building their respective digital practices, Adobe Global Services provides a comprehensive set of deliverables through Adobeâ€™s Solution Partner Program. The breadth of services offered in the program provides systems integrators, agencies and regional partners the tools required to develop core capabilities for positioning and building with Adobe technology, as well as implementing and running our customersâ€™ platforms. We believe that through these programmatic services and support, our joint customers benefit greatly from the combination of Adobe technology and the deep customer context that our partners represent.Customer Success Account Management Adobe Customer Solutions provides Customer Success Managers, who work with our enterprise and commercial customers on an ongoing basis to understand their current and future business needs, promote faster solution adoption and align product capabilities to our customersâ€™ business objectives to maximize the return on their investment in Adobeâ€™s offerings. We share innovative best practices, relevant industry and vertical knowledge and proven success strategies based on our extensive engagements with leading marketers and brands. The performance of these teams is directly associated with our customer-focused outcomes.Technical SupportAdobe provides enterprise maintenance and support services to our subscription customers as part of the subscription entitlement and to our perpetual license customers via annual fee-based maintenance and support programs. These offerings provide our customers with:â€¢technical support on the products our customers have purchased from Adobe; â€¢â€œhow toâ€ help in using our products; and â€¢product upgrades and enhancements during the term of the maintenance and support or subscription period, which is typically one to three years.We provide product support through our support organization that includes several regional and global support centers, supplemented with outsourced vendors for specific services. Our customers can seek help through multiple channels including phone, chat, web, social media and email, allowing quick and easy access to the information they need. These teams are responsible for providing timely, high-quality technical expertise on all our products.Certain consumers are eligible to receive Getting Started support, to assist with easy adoption of their products. Support for some products and in some countries may vary. For our enterprise customers with greater support needs, we offer personalized service options through premium support offerings, delivered by global support centers and technical account managers who can also provide proactive risk mitigation services and on-site support services for those with business-critical deployments.We also offer delivery assurance, technical support and enablement services to partners and developer organizations. We provide developers with high-quality tools, software development kits, information and services.17Table of ContentsDigital Learning ServicesAdobe Customer Solutions offers a comprehensive portfolio of learning and enablement services to assist our customer and partner teams in the use of our products, including those within Digital Experience, Digital Media and other legacy products, services and solutions. Our training portfolio includes a large number of free online self-service learning options on learning.adobe.com. Adobe Digital Learning Services also has an extensive portfolio of fee-based learning programs including a wide range of traditional classroom, virtual and on-demand training and certifications delivered by our team of training professionals and partners across the globe.These core offerings are complemented by our custom learning services, which support our largest enterprise customers and their unique requirements. Solution-specific skills assessments help our enterprise customers objectively assess the knowledge and competencies within their marketing teams and tailor their learning priorities accordingly.InvestmentsFrom time to time, we make direct investments in privately held companies. We enter these investments with the intent of securing financial returns as well as for strategic purposes, as they often increase our knowledge of technological developments in the industry and expand our opportunities to provide Adobe products, services, and solutions.RESEARCH & DEVELOPMENTWith the speed of innovation and technological change that characterizes the software industry, a continuous high level of investment is required for the research and development of the cutting-edge technologies that lead to the development of new products, services and solutions and the continual enhancement of existing products, services and solutions. Our Adobe Research team of research scientists, engineers, artists and designers help turn ideas into technologies that power the future of our products, services and solutions. We are investing, and intend to continue to invest, in research and development to strengthen our existing products, services and solutions, and to expand our offerings across our clouds and the next generation of AI, machine learning and deep learning-driven tools and features to solve problems in areas such as content understanding and generation, recommendations, personalization and more. In addition to our own research and development, we acquire products or technology developed by others by purchasing the stock or assets of the business entity that owns the technology. In other instances, we have licensed or purchased the intellectual property ownership rights of programs developed by others with license or technology transfer agreements that may obligate us to pay a flat license fee or royalties, typically based on a dollar amount per unit or a percentage of the revenue generated by those programs.PROTECTING AND LICENSING OUR PRODUCTSWe protect our intellectual property through a combination of patents, copyrights, trademarks and trade secrets, foreign intellectual property laws, confidentiality procedures and contractual provisions. We have U.S. and international patents and pending applications that relate to various aspects of our products and technology. Although our patents have value, no single patent is essential to any of our principal businesses. We have also registered, and applied for the registration of, U.S. and international trademarks, service marks, domain names and copyrights.We license our desktop software and mobile Apps to users and customers under â€˜click throughâ€™ or signed license agreements containing restrictions on duplication, disclosure and transfer. Similarly, cloud products and services are provided to users and customers under â€˜click throughâ€™ or signed agreements containing restrictions on access and use. Our enterprise customers license our hosted offerings as SaaS or Managed Services via agreements based on our enterprise licensing terms.Despite our efforts to protect our proprietary technology and our intellectual property rights, unauthorized parties may attempt to copy or obtain and use our technology to develop Apps with the same functionality as our Apps. Policing unauthorized use of our technology and intellectual property rights is difficult. We believe that our subscription-based business model combined with the increased focus on cloud-based computing has and may continue to improve our efforts to combat the pirating of our products.18Table of ContentsHUMAN CAPITALOur culture is built on the foundation that our people and the way we treat one another promote creativity, innovation and performance, which spur our success. We are continually investing in our global workforce to provide fair and market-competitive pay and benefits to support our employeesâ€™ wellbeing, foster their growth and development, and to further drive diversity and inclusion. As of NovemberÂ 29, 2024, we employed 30,709 people, of which 50% were in the United States and 50% were in our international locations. During fiscal 2024, our total attrition rate was 7.8%. We have not experienced work stoppages and believe our employee relations are good. Understanding employee sentiment and listening to employee feedback is important to Adobe. We utilize a variety of feedback mechanisms throughout an employee lifecycle to gather insights that help inform our decision-making regarding employee programs, talent risks, management opportunities, employee networks and more. In fiscal 2024, 81% of our employees participated in our most recent engagement survey.Digital transformation has fundamentally changed how people work, and we continue to lean into digital-first workflows, tools and resources to enable us to be productive, wherever we are. We also believe in the value of people being togetherâ€”fostering trust, relationships and collaboration and innovation. We have evolved into a hybrid model, in which employees who are assigned to an office can divide their work between the office and home about half the time. We continue to pilot, test and iterate our approach to support new ways of working and evolving the employee experience.We encourage you to visit our website for more detailed information regarding our Human Capital programs and initiatives.Compensation, Benefits and WellbeingAdobe offers fair, competitive compensation and benefits that support our employeesâ€™ overall wellbeing. To ensure alignment with our short- and long-term objectives, our compensation programs for all employees include base pay, short-term incentives and opportunities for long-term incentives. We believe this alignment, whether through equity awards issued by Adobe or participation in our employee stock purchase plan, makes employee shareholders more deeply connected to Adobe and engaged in contributing to our long-term success.Our benefit programs focus on four key wellbeing pillars: physical, emotional, financial and work and life. We offer a wide array of benefits including comprehensive health and welfare insurance, ergonomic support, employee assistance programs, wellbeing support programs, retirement, financial coaches and generous time-off and leave. In addition, we provide educational tools and resources, such as the global wellbeing speaker series, to help employees reach their personal wellbeing goals. We also strive to build community by bringing together our employees through onsite events, discussion groups, messaging forums and our Employee Networks as we believe that a sense of belonging contributes to our employeesâ€™ overall wellbeing.Growth and DevelopmentWe provide employees with opportunities to build and develop a meaningful career. The Global Talent Development team creates programs to grow leaders and continually enhance the skills of our employee base. In addition to the content and experiences created in house, employees also have access to on-demand content via several industry-leading learning platforms. Through Adobeâ€™s Learning Fund, employees are eligible to receive up to $11,000 per year toward university and short-term learning opportunities.We are committed to enabling a culture that celebrates talent sharing, career development and agility across Adobe. We post all roles internally first before sharing them externally and provide resources to make the internal job search easier for employees. We also provide forums for managers and employees to have regular conversations about their career and contributions throughout the year. Diversity and InclusionAdobe for All is our vision to advance diversity, equity and inclusion across Adobe. We recognize that when people feel respected and included, they can be more creative, innovative and successful. As of NovemberÂ 29, 2024, women represented 35.4% of our global employees, and underrepresented minorities (â€œURMs,â€ defined as those who identify as Black/African American, Hispanic/Latinx, Native American, Pacific Islander and/or two or more races) represented 11.6% of our U.S. employees. 19Table of ContentsWe have a three-pillar strategy to grow the diversity and inclusion of our workforce over time, on which we have continued to drive progress during fiscal 2024:â€¢Workforce: We take action to improve the hiring, retention and promotion of a more diverse workforce that reflects Adobeâ€™s global footprint. We invest in partnerships and events to grow our pipeline and engage candidates across underrepresented communities. We aim to give individuals from nontraditional backgrounds new skills and opportunities to enter technology and design careers through Adobe Digital Academy, in partnership with our educational partners. â€¢Workplace: We believe a sense of inclusion propels high performance resulting in creativity and innovation for Adobe. Consequently, we advance our vision of Adobe for All by building an inclusive environment that inspires a sense of belonging. Our annual Adobe for All event provides a unifying experience for employees to celebrate progress, be inspired by employee and guest speakersâ€™ stories, and have a greater appreciation for how diversity, equity and inclusion positively impacts our people, purpose, and product efforts. We offer family-friendly benefits, support our employee resource groups to create community for employees from underrepresented groups and offer employees learning opportunities to strengthen their allyship.â€¢Ecosystem: Our employees, our customers and the communities we serve care deeply about diversity, equity, and inclusion. As result, we actively align our commitments to our products, partnerships and community engagement to amplify our reach and impact. We collaborate with industry peers to advance diversity across multiple dimensions, including through product equity and accessibility, as well as efforts to address harm and bias in our products. Through the Adobe Foundation, we continue to invest in our Equity and Advancement Initiative and in our partnerships with minority-serving institutions to support their students and faculties and the communities they serve. Additional information on our diversity and inclusion programs can be found on our website at adobe.com/corporate-responsibility. AVAILABLE INFORMATIONÂ Our website address is adobe.com. Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and all amendments to those reports filed or furnished pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended, are available free of charge on our Investor Relations website at www.adobe.com/adbe as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. The information posted to our website and contents of the websites referred to above are not incorporated into this Annual Report on Form 10-K.Investors and others should note that we announce material financial information to our investors using our investor relations website (www.adobe.com/adbe), SEC filings, press releases, public conference calls and webcasts. We use these channels, including our website and social media, to communicate with our investors and the general public about us, our products, services and solutions and other issues, and to comply with our disclosure obligations under Regulation FD. It is possible that the information that we make available on our website or social media could be deemed to be material information. Therefore, we encourage investors and others interested in Adobe to review the information we make available on our website and the social media channels listed on our website.INFORMATION ABOUT OUR EXECUTIVE OFFICERSÂ Adobeâ€™s executive officers as of January 13, 2025 are as follows:NameAgePositionsShantanu Narayen61Chair and Chief Executive OfficerMr. Narayen currently serves as our Chief Executive Officer and Chair of the Board. He joined Adobe in January 1998 as Vice President and General Manager of our engineering technology group. In January 1999, he was promoted to Senior Vice President, Worldwide Products, and in March 2001, he was promoted to Executive Vice President, Worldwide Product Marketing and Development. In January 2005, Mr. Narayen was promoted to President and Chief Operating Officer, and effective December 2007, he was appointed our Chief Executive Officer and joined our Board. In January 2017, he was named our Chair of the Board. Mr. Narayen holds a B.S. in Electronics Engineering from Osmania University in India, an M.S. in Computer Science from Bowling Green State University and an M.B.A. from the Haas School of Business, University of California, Berkeley.20Table of ContentsNameAgePositionsDaniel Durn58Chief Financial Officer and Executive Vice President, Finance, Technology, Security and OperationsMr. Durn currently serves as our Chief Financial Officer and Executive Vice President, Finance, Technology, Security and Operations. Mr. Durn joined Adobe in October 2021 as our Executive Vice President and Chief Financial Officer. From August 2017 to October 2021, Mr. Durn served as a Senior Vice President and Chief Financial Officer of Applied Materials, Inc., a semiconductor equipment company. From December 2015 to August 2017, Mr. Durn served as Executive Vice President and Chief Financial Officer at NXP Semiconductors N.V., following its merger with Freescale Semiconductor Inc. ("Freescale"). From June 2014 to December 2015, Mr. Durn served as Senior Vice President of Finance and Chief Financial Officer at Freescale. Before Freescale, he served as Chief Financial Officer and Executive Vice President of Finance and Administration at GlobalFoundries, a multinational semiconductor company, and he served as Managing Director and Head of Mergers and Acquisitions and Strategy at Mubadala Technology Fund, a private equity fund. Prior to that, Mr. Durn was a Vice President of Mergers and Acquisitions in the technology practice at Goldman Sachs & Company, a global investment banking firm. Mr. Durn currently serves on the board of directors of Marvell Technology, Inc., a semiconductor equipment company. Mr. Durn received his MBA in Finance from Columbia Business School and graduated from the U.S. Naval Academy with a B.S. in Control Systems Engineering. He served in the Navy for six years, reaching the rank of lieutenant.Anil Chakravarthy57President, Digital ExperienceMr. Chakravarthy currently serves as President of Adobeâ€™s Digital Experience business. Mr. Chakravarthy joined Adobe in January 2020 as Executive Vice President and General Manager, Digital Experience and was given responsibility over Worldwide Field Operations in July 2020, when he was appointed Executive Vice President and General Manager, Digital Experience Business and Worldwide Field Operations. Prior to joining Adobe, he served as Chief Executive Officer of Informatica LLC ("Informatica"), a software company, from August 2015 to January 2020 and Executive Vice President and Chief Product Officer from September 2013 to August 2015. Prior to joining Informatica, for over nine years, Mr. Chakravarthy held multiple leadership roles at Symantec Corporation ("Symantec"), a cybersecurity software and services company, most recently serving as its Executive Vice President, Information Security from February 2013 to September 2013. Prior to Symantec, he was a Director of Product Management for enterprise security services at VeriSign Inc., a network infrastructure company. Mr. Chakravarthy began his career as an engagement manager at McKinsey & Company, a global management consulting firm. He currently serves on the board of Ansys, Inc. and also served on the board of the Silicon Valley Leadership Group until December 2021. Mr. Chakravarthy holds a Bachelor of Technology in Computer Science and Engineering from the Institute of Technology, Varanasi, India and M.S. and Ph.D. degrees from the Massachusetts Institute of Technology.David Wadhwani53President, Digital MediaMr. Wadhwani currently serves as President of Adobeâ€™s Digital Media business. Mr. Wadhwani rejoined Adobe in June 2021 to lead Adobeâ€™s global Digital Media business across Adobe Creative Cloud and Adobe Document Cloud as Chief Business Officer and Executive Vice President, Digital Media. Prior to joining Adobe, he was a Venture Partner at Greylock Partners, a venture capital firm, since October 2019. From September 2015 to October 2019, he was President and CEO of AppDynamics, a software company. Before that, Mr. Wadhwani previously worked at Adobe as Senior Vice President and General Manager of Adobeâ€™s Digital Media business, having joined Adobe in 2005 through the Companyâ€™s acquisition of Macromedia, Inc., a software company, where he had been Vice President of Developer Products. Mr. Wadhwani holds a bachelorâ€™s degree in computer science from Brown University and serves on the Brown computer science department advisory board. Mr. Wadhwani also advises early stage and growth companies and is on the board of directors of Gem Software, Inc. and on the board of trustees of StoryCorps and the Fine Arts Museums of San Francisco.21Table of ContentsNameAgePositionsLara Balazs55Chief Marketing Officer and Executive Vice President, Global MarketingMs. Balazs joined Adobe in December 2024 and currently serves as our Chief Marketing Officer and Executive Vice President, Global Marketing. From February 2021 to September 2024, Ms. Balazs served as Executive Vice President, General Manager, Strategic Partnership Group and Chief Marketing Officer of Intuit, Inc., a global financial technology platform (â€œIntuitâ€). From November 2018 to February 2021, Ms. Balazs served as Senior Vice President, Chief Marketing Officer of Intuit. From November 2017 to July 2018, Ms. Balazs served as Vice President, Worldwide Marketing, Prime, and North America, of Amazon.com, Inc., an online retailer and web service provider of consumer goods. From January 2006 to September 2017, Ms. Balazs held various leadership roles at Visa, Inc., a global payments technology company, including Senior Vice President, Head, North America Marketing; Head, Global Innovation Marketing; Head of Global Product Marketing Strategy and Planning; Head of Global and U.S. General Consumer Marketing; and Senior Director, U.S. Marketing. From 2001 to 2004, Ms. Balazs served in various marketing management roles at Nike, Inc., a global athletic footwear and apparel company, and Gap, Inc., a global apparel company. Ms. Balazs currently serves on the board of directors of Frontdoor, Inc., a home services company. Ms. Balazs holds a bachelorâ€™s degree in Society & Justice from the University of Washington, and an M.B.A. from Northwestern University.Scott Belsky44Chief Strategy Officer and Executive Vice President, Design & Emerging ProductsMr. Belsky currently serves our Chief Strategy Officer and EVP, Design & Emerging Products. From December 2017 to March 2023, he served as our Chief Product Officer and Executive Vice President, Creative Cloud. Prior to joining Adobe in December 2017, Mr. Belsky was a venture investor at Benchmark, a venture capital firm, from February 2016 to December 2017. Prior to Benchmark, Mr. Belsky led Adobe's mobile strategy for Creative Cloud from December 2012 to January 2016, having joined the Company through the acquisition of Behance, a social media platform for creative work. Mr. Belsky co-founded Behance in 2006 and served as its Chief Executive Officer for over 6 years. He was an early advisor and investor to Pinterest, Inc., a software company, Uber Technologies, Inc., a multinational ride-sharing company, and Warby Parker Inc., an online retailer, and other early-stage companies. Mr. Belsky currently serves on the board of directors of Atlassian Corporation, an enterprise software company, on the advisory board of Cornell University's Entrepreneurship Program and on the board of trustees of the Museum of Modern Art. Mr. Belsky holds a bachelorâ€™s degree from Cornell University and an MBA from Harvard Business School.Gloria Chen60Chief People Officer and Interim Executive Vice President, Legal and Government RelationsMs. Chen joined Adobe in 1997 and currently serves as our Chief People Officer and Interim EVP, Legal and Government Relations. From January 2020 to September 2024, Ms. Chen served as our Chief People Officer and Executive Vice President, Employee Experience. In her more than 25 years at Adobe, she has held senior leadership positions in worldwide sales operations, customer service and support, and strategic planning. In October 2009, Ms. Chen was appointed Vice President and Chief of Staff to the Chief Executive Officer. In March 2018, she was promoted to Senior Vice President, Strategy and Growth, in November 2019, she was elevated to Executive Vice President, Strategy and Growth and in January 2020, she was promoted to Chief People Officer and Executive Vice President, Employee Experience. Prior to joining Adobe, Ms. Chen was an engagement manager at McKinsey & Company, a global management consulting firm. Ms. Chen holds a BS in electrical engineering from the University of Washington, an M.S. in electrical and computer engineering from Carnegie Mellon University and an MBA from Harvard Business School.Jillian Forusz50Senior Vice President, Chief Accounting Officer and Corporate ControllerMs. Forusz currently serves as our Senior Vice President, Chief Accounting Officer and Corporate Controller. Ms. Forusz served as our Vice President, Corporate Controller from February 2022 to August 2024, Vice President, Accounting & Operations from November 2019 to February 2022 and Senior Director from November 2015 to November 2019. Between November 2007 and November 2015, Ms. Forusz held various finance leadership positions of increasing responsibility at Adobe. Prior to joining Adobe, Ms. Forusz worked in the Audit practice at Deloitte. Ms. Forusz holds a bachelorâ€™s degree from Penn State University.22Table of ContentsITEM 1A.Â Â RISK FACTORSAs previously discussed, our actual results could differ materially from our forward-looking statements. Below we discuss some of the factors that could cause these differences. The occurrence of these and many other factors described in this report, and factors that we do not presently know or that we currently believe to be immaterial, could materially and adversely affect our operations, performance and financial condition. Many factors affect more than one category and the factors are not in order of significance or probability of occurrence because they have been grouped by categories.Risks Related to Our Ability to Grow Our BusinessWe may be unsuccessful at innovating in response to rapid technological or industry changes to meet customer needs, which could cause our operating results to suffer. We operate in rapidly evolving industries and expect the pace of innovation to continue to accelerate. We must continually introduce new, and enhance existing, products, services and solutions to retain customers and attract new customers. Developing new products, services and solutions is complex, requires significant investment and operational costs and may not be profitable, and our investments in new technologies are speculative and may not yield the expected business or financial benefits. The commercial success of new or enhanced products, services and solutions depends on a number of factors, including timely and successful development; effective distribution and marketing; market acceptance; compatibility with existing and emerging standards, platforms, software delivery methods and technologies; accurately predicting and anticipating customer needs and expectations and the direction of technological change; identifying and innovating in the right technologies; and differentiation from other products, services and solutions. If we fail to anticipate or identify technological, creative or marketing trends or fail to devote appropriate resources to adapt to such trends, our business could be harmed. For example, generative artificial intelligence technologies enable users of all skill levels to create and provide new ways of marketing, creating content and interacting with documents, which could significantly disrupt industries in which we operate and our existing products, services and solutions and our business may be harmed if we fail to invest or adapt. While we have released new generative artificial intelligence products, such as Adobe Firefly, and are focused on enhancing the artificial intelligence (â€œAIâ€) capabilities of our products and incorporating AI across existing products, services and solutions, there can be no assurance that our new or enhanced products and AI innovations will be successful, adopted or monetizable or that we will innovate effectively to keep pace with the rapid evolution of AI across our offerings. If we do not successfully innovate, adapt to rapid technological or industry changes and meet customer needs, our business and our financial results may be harmed.Issues relating to the development and use of AI, including generative AI, in our offerings may result in reputational harm, liability and adverse financial results.Social, ethical and operational issues relating to the use of AI, including generative AI, in our offerings may result in reputational harm, liability and additional costs. We are increasingly incorporating AI technologies, developed by us and by third parties, into many of our offerings. If our AI development, deployment, content labeling or governance is ineffective or inadequate, it may result in incidents that impair the public acceptance of AI solutions or cause harm to individuals, customers or society, or result in our offerings not working as intended or producing unexpected outcomes.Jurisdictions around the world are developing and passing new regulations that apply specifically to the use of AI. For example, the EU AI Act was adopted in 2024 and will be implemented in phases through 2030, and other jurisdictions are considering similarly focused legislation. These regulations and the evolving AI regulatory environment may, among other impacts, result in inconsistencies among AI regulations and frameworks across jurisdictions, increase our compliance, governance and research and development costs, increase our exposure to claims related to our AI models and increase liability related to the use of AI by our customers or users that are beyond our control. While we have taken a responsible approach to the development and use of AI, such as in our Adobe Firefly offerings, there can be no guarantee that future AI regulations will not adversely impact us or conflict with our approach to AI, including affecting our ability to make our AI offerings available without costly changes, delaying or halting development of AI offerings, requiring us to change our AI development practices, monetization strategies and/or indemnity protections and subjecting us to additional compliance requirements, regulatory action, competitive harm, reputational harm and/or legal liability. To the extent we rely on third-party AI models in our products, services and solutions, we will face risks inherent in how those models have been developed and deployed, including situations in which the third party may lack a proper license or consent for the training data used for their model. In addition, new competition regulations on AI development and deployment could impose new requirements on our markets that could impact our business and financial results.Uncertainty around new and evolving AI uses may require significant, additional investment to develop models and proprietary datasets, responsible-use frameworks and new approaches and processes to attribute or compensate content creators. We have experienced, and may in the future experience, challenges accessing AI models, datasets or hardware. Developing, testing and deploying AI systems may also increase the cost of our offerings, including due to the nature of the computing costs 23Table of Contentsinvolved in such systems. These costs could adversely impact our margins as we continue to make significant investments in AI development, add AI capabilities to our offerings and scale our AI offerings without assurance that our customers and users will adopt them. Further, as with any new offerings based on new technologies, consumer reception and monetization pathways are uncertain, our strategies may not be successful and our business and financial results could be adversely impacted. New AI offerings and technologies could modify workforce needs, result in negative publicity about AI and decrease demand for our existing products, services and solutions, all of which could adversely impact our business.We participate in rapidly evolving and intensely competitive markets, and, if we do not compete effectively, our operating results could suffer.The markets for our products, services and solutions are rapidly evolving and intensely competitive. We expect competition to continue to intensify. Our numerous competitors range in size from diversified global companies with significant sales and research and development resources, broad brand awareness, long operating histories or access to large customer bases to small companies whose specialized focuses may allow them to more easily and effectively deploy technical, marketing and financial resources. Our competitors may develop or acquire products, services or solutions that are similar to ours or that achieve greater or faster acceptance, may undertake more far-reaching and successful product development efforts or marketing campaigns or may adopt more aggressive pricing policies. As a result, current and potential customers may select the products, services or solutions of our competitors. Further, our future success depends on our continued ability to effectively appeal to businesses and consumers. New industry standards, evolving distribution models, limited barriers to entry, short product life cycles, customer price sensitivity, global market conditions and the frequent entry of new products or competitors may increase downward pressure on pricing and gross margins and adversely affect our renewal, upsell and cross-sell rates as well as our ability to attract new customers. In addition, we expect to face more competition as AI continues to advance and be integrated into the markets in which we compete. Our competitors or other third parties may incorporate AI into their offerings more successfully and efficiently than we do and achieve greater and faster adoption, which could impair our ability to compete effectively and adversely affect our business and financial results. Other companies have, or in the future may obtain, proprietary rights that would prevent, limit or interfere with our ability to make, use or sell our AI offerings. Further, we expect AI offerings to be highly competitive and rapidly evolving. For example, we face increasing competition from companies offering generative AI capabilities, including text-to-image, text-to-video and multi-modal offerings that compete directly with our creative offerings. If we are not able to provide products, services and solutions that compete effectively, we could experience reduced sales and our business could be adversely affected. For additional information regarding our competition and the risks arising out of the competitive environment in which we operate, see the section titled â€œCompetitionâ€ contained in Part I, Item 1 of this report.If our reputation or our brands are damaged, our business and financial results may be adversely affected.We believe our reputation and brands have been, and we expect them to continue to be, important to our business and financial results. Maintaining and enhancing our brands may require us to make substantial investments and these investments may not be successful. We have experienced, and may in the future experience, reputational harm from, among other things, the introduction of new products, features, services, or terms that do not meet customer expectations; our position on or approach to new and evolving technologies, including AI; backlash from customers, the creative community, government entities or other stakeholders that disagree with our product offering decisions or public policy, ethical or political positions; significant litigation or regulatory actions that negatively reflect on our business practices; data security breaches or compliance failures; and public scrutiny or negative publicity, including being the target of media and social media campaigns, criticizing our actual or perceived actions or inactions, policies, terms, agreements, handling of user privacy, data practices or content. Further, our brands may be negatively affected by uses of our products, services or solutions, particularly our AI offerings, in ways that are out of our control, such as to create or disseminate content that is deemed to be misleading, deceptive or intended to manipulate public opinion, or for illicit, objectionable or illegal ends, or by our failure to respond appropriately and in a timely manner to such uses. Such uses may result in controversy or claims related to defamation, rights of publicity, illegal content, intellectual property infringement, harmful content, misinformation and disinformation, harmful bias, misappropriation, data privacy, derivative uses of third-party AI and personal injury torts. If we fail to appropriately respond to objectionable content created using our products, services or solutions or shared on our platforms, our users may lose confidence in our brands. Entry into markets with weaker protection of brands or changes in the legal systems in countries in which we operate may also impact our ability to protect our brands. If we fail to maintain, enhance or protect our brands, or if we incur excessive expenses in our efforts to do so, our usersâ€™ trust in us and purchasing decisions and our business and financial results may be adversely affected.We may not realize the anticipated benefits of investments or acquisitions, and they may disrupt our business and divert managementâ€™s attention.Investments and acquisitions involve numerous risks and uncertainties, the occurrence of which may have an adverse effect on our business. These risks and uncertainties include:â€¢inability to achieve the financial and strategic goals of the investment or acquisition; â€¢difficulty in effectively integrating the operations, technologies, products, services, solutions, culture or personnel of the acquired business; â€¢disruption of our ongoing business and distraction of our management and other personnel; â€¢challenges to completing or failure to complete an announced investment or acquisition related to the failure to obtain regulatory approval, or the need to satisfy certain conditions precedent to closing such transaction (such as divestitures, ownership or operational restrictions or other structural or behavioral remedies) that could limit the anticipated benefits of the transaction; â€¢entry into markets in which we have minimal prior experience and where competitors in such markets have stronger market positions; â€¢inability to retain personnel, key customers, distributors, vendors and other business partners of the acquired business; â€¢delay in customer and distributor purchasing decisions due to uncertainty about the direction of our product and service offerings; â€¢incurring higher than anticipated costs to effectively integrate an acquired business, to bring an acquired company into compliance with applicable laws and regulations, additional compensation issued or assumed in connection with an acquisition, to divest products, services or solutions acquired in unsuccessful investments or acquisitions, to amortize costs for acquired intangible assets or because of our inability to take advantage of anticipated tax benefits; â€¢increased collection times, elevated delinquency or bad debt write-offs related to receivables of an acquired business we assume;â€¢difficulty in maintaining controls, procedures and policies during the transition and integration and inability to conclude that our internal controls over financial reporting are effective; â€¢potential identified or unknown security vulnerabilities in acquired products that expose us to additional security risks or delay our ability to integrate the product into our offerings; â€¢exposure to litigation or other claims in connection with, or inheritance of claims or litigation risk as a result of, an acquisition; â€¢incurrence of additional debt to finance an acquisition, which will increase our interest expense and leverage, and/or issuance of equity securities to finance acquisitions, which will dilute current shareholdersâ€™ percentage ownership and earnings per share; and â€¢failure to identify significant problems, liabilities or other challenges during due diligence.Our ability to acquire other businesses or technologies, make strategic investments or integrate acquired businesses effectively may also be impaired by adverse economic and political events, including trade tensions, and increased global scrutiny and evolving regulatory expectations relating to acquisitions and strategic investments. We may not be able to complete acquisitions or other strategic transactions to realize the anticipated benefits of such acquisitions or transactions on favorable terms, or at all, including as a result of challenges in obtaining regulatory approvals, and may incur additional costs. For example, we have experienced difficulties in obtaining regulatory approvals, resulting in the termination of a previously announced acquisition and the incurrence of additional costs. Any of these factors may adversely affect our financial condition or results of operations.Risks Related to the Operation of Our BusinessService interruptions or failures of our or third-party information technology systems may impair the availability of our products, services and solutions, which may expose us to liability, damage our reputation and harm our future financial results. Much of our business, including our online store at adobe.com and our cloud solutions, relies on hardware and services that are hosted, managed and controlled directly by us or third-party service providers to be available to our customers and users without disruption. We do not have redundancy for all our systems, many of our critical applications (â€œAppsâ€) reside in only one of our data centers, and our disaster recovery planning may not account for all eventualities. If any critical third-party service provider of hosting or content delivery services is negatively affected or becomes unavailable to us for any reason, we may not be able to deliver the corresponding products, services or solutions to our customers and users. Failure of our systems or those of our third-party service providers could cause large, system-wide failures, disrupt our business operations and those of our customers, subject us to reputational harm, require costly and time-intensive notifications, and cause us to lose customers, users and future business. Occasionally, we migrate data among data centers and to third-party hosted environments. If a transition among data centers or to third-party service providers encounters unexpected interruptions, unforeseen complexity or unplanned disruptions despite precautions undertaken during the process, this may impair our delivery of products, services and solutions to customers and result in increased costs and liabilities, which may harm our operating results, reputation and our business.It is also possible that hardware or software failures or errors in our systems (or those of our third-party service providers) could result in data loss or corruption, cause the information that we collect or maintain to be incomplete or contain inaccuracies that our customers regard as significant, or cause us to fail to meet committed service levels or comply with applicable notification requirements or other relevant contractual obligations to our customers. Furthermore, our ability to collect and report data may be delayed or interrupted by a number of factors, including access to the internet, the failure of our network or software systems, security breaches or significant variability in visitor traffic on customer websites. We may also find, on occasion, that we cannot deliver data and reports to our customers in near real-time due to factors such as significant spikes in customer activity on their websites or failures of our network or software (or that of a third-party service provider). If we fail to plan infrastructure capacity appropriately and expand it proportionally with the needs of our customer and user base, and we experience a rapid and significant demand on the capacity of our data centers or those of third parties, service outages or performance issues could occur, which may impact our customers. Such a strain on our infrastructure capacity may subject us to regulatory and customer notification requirements, violations of service level agreement commitments or financial liabilities and result in customer dissatisfaction or harm our business. If we supply materially inaccurate information or experience significant interruptions in our systems, our reputation could be harmed, we could lose customers and we could be found liable for damages or incur other losses.Security incidents, improper access to or disclosure of our customersâ€™ data or other cybersecurity incidents may harm our reputation and materially and adversely affect our business.Our products, services and solutions collect, store, manage and otherwise process third-party data, including our customersâ€™ data and our own data. Such products, services and solutions as well as our technologies, systems and networks have been subject to, and may in the future be subject to, cyberattacks, computer viruses, ransomware or other malware, fraud, worms, social engineering, denial-of-service attacks, malicious software programs, insider threats and other cybersecurity incidents that have in the past, and may in the future, result in the unauthorized access, disclosure, acquisition, use, loss or destruction of sensitive personal or business data belonging to us, our employees and our customers.Cybersecurity incidents can be caused by human error from our workforce or that of our third-party service providers, by malicious third parties, acting alone or in groups, or by more sophisticated organizations, including nation-states and state-sponsored organizations. Such risks may be elevated in connection with geopolitical tensions, including the Russia-Ukraine war and the conflict in the Middle East. Certain unauthorized parties have in the past managed, and may in the future manage, to overcome our security measures and those of our third-party service providers to access and misuse systems and software by exploiting defects in design or manufacture, including bugs, vulnerabilities and other problems that unexpectedly compromise the security or operation of a product or system. Further, unauthorized parties may also gain physical access to our facilities and infiltrate our information systems or attempt to gain logical access to our products, services or information systems to access content and data and may result in computer viruses, worms, ransomware or other malware. Malicious third parties have in the past, and may in the future, fraudulently induce our employees or users of our products, services or solutions to disclose sensitive, personal or confidential information via illegal electronic spamming, phishing, social engineering or other tactics, and this risk is heightened in our current hybrid model working environment. Malicious actors may also engage in fraudulent or abusive activities through our products, services and solutions, including unauthorized use of accounts through stolen credentials, use of stolen credit cards or other payment vehicles, failure to pay for services accessed, or other activities that violate our terms of service. While we actively combat such fraudulent activities, we have experienced, and may in the future experience, impacts to our revenue from such activities.Maintaining the security of our products, services and solutions is a critical issue for us and our customers. We devote significant resources to address security vulnerabilities through various methods, including, but not limited to, engineering more secure products, enhancing security and reliability features in our products and systems, regularly reviewing our service providersâ€™ security controls, and continually assessing and improving, as appropriate, our incident response process. However, it is impossible to accurately predict the extent, frequency or impact cybersecurity issues may have on us, and our security measures do not provide full effective protection from all such events. The costs to prevent, eliminate, mitigate or remediate cybersecurity or other security problems and vulnerabilities are significant and may reduce our margins. Breaches of our security measures and the accidental loss, inadvertent disclosure or unauthorized dissemination of proprietary information or sensitive, personal or confidential data about us, our employees, our customers or their end users, including the potential loss or disclosure of such information or data have in the past, and could in the future, expose us, our employees, our customers or other individuals affected to a risk of loss or misuse of this information. Further, our efforts to address these problems, including notifying affected third parties when appropriate, have in the past been, and may in the future be, unsuccessful or delayed, which could result in business interruptions, cessation of service, loss of existing or potential customers and reputational harm. Actual or perceived security vulnerabilities or incidents have resulted in, and may result in additional, claims or litigation and liability or fines, costly and time-intensive notice requirements, governmental inquiry or oversight or a loss of customer confidence, any of which could harm our business and damage our brand and reputation. Our customers may also adopt security measures to protect their computer systems and their instances of our software from attack and may suffer a cybersecurity breach on their own systems, unrelated to our systems. Even if such breach is unrelated to our security systems, solutions or programs, such breach could cause us reputational harm and require us to incur significant economic and operational consequences to adequately assess and respond to their breach, and to implement additional safeguards designed to protect against future breaches.While we maintain insurance to cover operational risks, such as cybersecurity risk and technology outages, our insurance may not be sufficient to cover all liability described herein. These risks will likely increase as we expand our hosted offerings, integrate our products, services and solutions and store and process more data. Moreover, delayed sales, lower margins or lost customers resulting from disruptions caused by cyberattacks, overly burdensome preventative security measures or failure to fully meet information security control certification requirements could materially and adversely affect our financial results, stock price and reputation.If we are unable to develop, manage and maintain critical third-party relationships, such as our sales, partner and distribution channels, suppliers and service providers, our revenue and business may be adversely affected.We rely on a number of third-party distributors and sales partners to distribute our products, services and solutions. The successful management of such third-party relationships is a complex, global process. If an agreement with one of our distributors or partners was terminated, any prolonged delay in securing a replacement distributor or partner could have a negative impact on our results of operations. We also face legal risk and potential reputational harm from the activities of these independent third parties including, but not limited to, export control violations, workplace conditions, corruption and anti-competitive behavior.If our partner and distribution channels are not effective or if we stop or change our partner or distribution channels, we may lose sales opportunities, customers and revenue. We rely on third-party distribution platforms and are subject to changes in pricing structure, terms of service, privacy practices and other policies at the discretion of the platform provider. Any adverse changes to the terms with such third-party distribution platforms which we rely on to distribute our products, services and solutions may adversely affect our financial results. Additionally, our distribution channels may not continue to market or sell our products, services and solutions effectively and may favor products, services and solutions of other companies.We sell many products, services and solutions through our direct sales force. Risks associated with this sales channel include challenges related to hiring, retaining and motivating our direct sales force, and substantial amounts of ongoing training for sales representatives. Our business could be harmed if our direct sales expansion efforts do not generate the corresponding efficiencies and revenue we anticipated from such investment. In addition, the loss of key sales employees could impact our customer relationships and future ability to sell to certain accounts covered by such employees.We rely on third-party service providers and technologies to deliver our products, services and business operations and to operate critical business systems, such as cloud-based infrastructure, data center facilities, generative AI, encryption and authentication technology, company email and communications with customers. If such third parties are negatively affected, if we fail to effectively develop, manage and maintain our relationships with such third parties, or if we are unable to renew our agreements with them on favorable terms or at all, our expenses could significantly increase, and we and our customers may 27Table of Contentsexperience service interruptions. Any disruption or damage to, or failure of our systems generally, including the systems of our third-party platform providers, could result in interruptions in our services and harm our business. Further, interruptions in our services caused by us or our third-party service providers may cause us to issue credits or pay penalties, cause customers to make warranty or other claims against us or to terminate their subscriptions or contracts, and adversely affect our attrition rates and our ability to attract new customers, all of which may adversely affect our financial results. Our business and reputation would also be harmed if our customers and potential customers believe our services are unreliable.We face various risks associated with our operating as a multinational corporation, and global adverse economic conditions may harm our business and financial condition.We derive a large portion of our total revenue from, and have significant operations, outside of the United States. As a multinational corporation, we are subject to a number of risks, including from global adverse economic conditions, that are uncertain and beyond our control and that make forecasting operating results and decisions about future investments difficult, such as:â€¢inflation and actions taken by central banks to counter inflation, including increasing interest rates; â€¢international and regional economic, political and labor conditions, including any instability or security concerns abroad, such as uncertainty caused by economic sanctions, downturns and recessions, trade disputes, armed conflicts and wars; â€¢tax laws (including U.S. taxes on foreign subsidiaries); â€¢increased financial accounting and reporting burdens and complexities; â€¢changes in, or impositions of, legislative or regulatory requirements, including antitrust and competition regulations; â€¢changes in laws governing the free flow of data across international borders; â€¢inadequate local infrastructure and difficulties in managing and staffing international operations; â€¢costs, potential liability, delays or loss of sales resulting from trade restrictions imposed by the United States and other countries, as well as trade laws, including but not limited to economic sanctions and export controls; â€¢costs and delays associated with developing products in multiple languages; and â€¢operating in locations with a higher rate of corruption and fraudulent business practices.Additionally, third parties we do business with and our customers have international operations and are also subject to the above risks. Adverse changes in global economic conditions have in the past resulted and may in the future result in our customersâ€™ and business partnersâ€™ insolvency, inability to obtain credit to finance or purchase our products, services and solutions, or a delay in paying or an inability to pay their obligations to us. Other third parties, such as our service providers, suppliers and distributors, may be unable to deliver or be delayed in delivering critical services, products or technologies that we rely on, and our business and reputation may be harmed. Our customersâ€™ spending rate and demand for our products, services and solutions may also be adversely affected by the above risks. If our global sales are reduced, delayed or canceled because of any of the above risks, our revenue may decline.Further, a disruption in global financial markets could impair our banking partners, on which we rely for operating cash management, capital market transactions and derivative programs. Such disruption could also negatively impact our customersâ€™ ability to pay us due to delays or inability to access their existing cash.As of NovemberÂ 29, 2024, our investment portfolio consisted of money market funds, corporate debt securities, U.S. Treasury securities, time deposits, U.S. agency securities and asset-backed securities. These investments are subject to credit, liquidity, market, and interest rate risks as well as economic downturns or events that affect global or regional financial markets that may cause the value of our investments to decline, requiring impairment charges, which could adversely affect our financial condition. Some of our enterprise offerings have extended and complex sales cycles, which may increase our costs and make our sales cycles unpredictable.As we continue to target enterprise customers for certain of our offerings, including Adobe Experience Cloud in our Digital Experience business and our Enterprise Term License Agreements in our Digital Media business, we may face increased costs, longer sales cycles, greater competition and less predictability in completing our sales. For our enterprise customers, the 28Table of Contentsevaluation process may be longer and more involved, and require us to invest more in educating our customers about our products, services and solutions, particularly because the decision to use our products, services and solutions is often an enterprise-wide decision. We are increasingly offering end-to-end solutions that include cross-cloud and generative AI capabilities, which have in the past, and may in the future, increase the complexity of technical or contractual assurances or requirements that we or our customers require as part of the contracting process, leading to extended sales cycles. We may be required to submit more robust proposals, participate in extended proof-of-concept evaluation cycles and engage in more extensive contract negotiations. In addition, our enterprise customers often demand more complex configurations and additional integration services and product features. Adverse macroeconomic conditions have caused, and may continue to cause, additional spend scrutiny and delays in our enterprise customersâ€™ purchasing decisions. Due to these factors, we often must devote greater sales support to certain enterprise customers, which increases our costs and time required to complete a sale, without assurance that potential customers will ultimately purchase our solutions. We also may be required to devote more services resources to implementation, which increases our costs, without assurance that customers receiving these services will renew or renew at the same level. Since the sales cycles for our enterprise offerings are multi-phased and complex, it is often unpredictable when a given sales cycle will close. Our revenue from enterprise customers may be affected by longer-than-expected sales, contract negotiation and implementation cycles, extended collection cycles, potential deferral of revenue and alternative licensing arrangements. Additionally, our enterprise sales pattern has historically been, and is expected to remain, uneven, where a higher percentage of a quarterâ€™s total sales occur during the final weeks of each quarter, which is common in our industry.If we are unable to recruit and retain key personnel, our business may be harmed, and our hybrid work model may present challenges, which could adversely impact our business.Much of our future success depends on the continued service, availability and performance of our senior management and highly skilled personnel across all levels of our organization. Our senior management has acquired specialized knowledge and skills with respect to our business, and the loss of any of these individuals could harm our business, especially if we are not successful in developing adequate succession plans. Our efforts to attract, develop, integrate and retain highly skilled employees may be compounded by intensified restrictions on immigration or the availability of work visas. The technology industry has been and may continue to be subject to substantial and continuous competition for talent, particularly with AI and cybersecurity backgrounds, and demand for cutting-edge or unique skill sets may continue to be highly competitive, both of which are heightened with hybrid or remote working arrangements. Our hybrid work environment may also present operational, security and workplace culture challenges, which could negatively affect our ability to execute against our business objectives and retain and recruit personnel. We have experienced, and may continue to experience, higher compensation costs to retain and recruit senior management or highly skilled personnel that may not be offset by innovation, improved productivity or increased sales. We continue to hire personnel in countries where exceptional technical knowledge and other expertise are offered at lower costs, which increases the efficiency of our global workforce structure and reduces our personnel-related expenditures. Nonetheless, as globalization continues, competition for talent in those countries has increased, which may impact our ability to retain these employees and increase our compensation-related expenses.Risks Related to Laws and RegulationsWe are, and may in the future become, subject to litigation, regulatory inquiries and other claims, which could result in an unfavorable outcome and have an adverse effect on our business, financial condition, results of operation and cash flows.We are, and may in the future become, subject to various legal proceedings (including class action lawsuits), claims, negotiations and regulatory inquiries and additional claims, enforcement actions and inquiries may arise in the future, such as those relating to antitrust, data privacy and security, consumer protection, product liability and the validity or alleged infringement of third-party intellectual property rights, including patent rights, among others. Such activity has increased over time with evolving regulatory landscapes and as our products, services and solutions have become more available to, and used by, more enterprises and consumers. For example, there is an increase in enforcement activity in connection with federal and state consumer protection laws, including some suits which seek civil penalties. Any proceedings, actions, claims or inquiries initiated by or against us, whether successful or not, may be highly time consuming; result in costly litigation, damage awards, consent decrees, injunctive relief or increased costs of business; require us to change our business practices or products; result in negative publicity; require significant amounts of management time; result in the diversion of significant operational resources; or otherwise harm our business and financial results.Disputes and litigation can be complex and are typically costly and can be disruptive to our business operations by diverting the attention of management and key personnel. For example, third-party intellectual property disputes, including those initiated by patent assertion entities, could subject us to significant liabilities, require us to enter into royalty and licensing arrangements on unfavorable terms, prevent us from offering certain products, services or solutions, subject us to injunctions restricting our sales, cause severe disruptions to our operations or the markets in which we compete, or require us to satisfy 29Table of Contentsindemnification commitments with our customers, including contractual provisions under various license arrangements and service agreements. In addition, we have incurred, and may in the future incur, significant costs in acquiring the necessary third-party intellectual property rights for use in our products, in some cases to fulfill contractual obligations with our customers. Any of these occurrences could significantly harm our business.We have not prevailed, and may not in the future prevail, in every lawsuit or dispute. For further information about specific litigation and proceedings, see the section titled â€œLegal Proceedingsâ€ contained in Part II, Item 8, Note 16 of our Notes to Consolidated Financial Statements of this report.We are subject to risks associated with compliance with laws and regulations globally, which may harm our business.We are a global company subject to varied and complex laws, regulations and customs, both domestically and internationally. These local, state, federal and international laws and regulations relate to a number of aspects of our business, including trade laws such as import and export controls, anti-boycott, economic sanctions and embargoes, data and transaction processing security, payment card industry data security standards, consumer protection, records management, user-generated content hosted on websites we operate, privacy practices, data residency, AI regulations, corporate governance, antitrust and competition, employee and third-party complaints, anti-corruption, conflicts of interest, securities regulations and other regulatory requirements affecting trade and investment. The application of these laws and regulations to our business is often unclear and evolving, and may at times conflict. Further, we are subject to the U.S. Foreign Corrupt Practices Act and other anti-corruption and anti-bribery laws, which may conflict with local customs and practices in other foreign countries, particularly those with developing economies where it is common to engage in practices that would be prohibited under such laws. We cannot provide assurance that our employees, contractors, agents, business partners and vendors will not take actions in violation of our internal policies, U.S. laws or other applicable international laws. Compliance with the above laws and regulations may involve significant costs or require additional changes to our business practices that result in reduced revenue and profitability. Non-compliance could also result in fines, damages, criminal sanctions against us, our officers or our employees, prohibitions on the conduct of our business and damage to our reputation. In addition, approximately 50% of our employees are located outside the United States. Accordingly, we are exposed to changes in laws governing our employee relationships in various U.S. and foreign jurisdictions, including laws and regulations regarding wage and hour requirements, fair labor standards, employee data privacy, unemployment tax rates, workersâ€™ compensation rates, citizenship requirements and payroll and other taxes, which likely would have a direct impact on our operating costs.Increasing regulatory focus on privacy and security issues and expanding laws and regulatory requirements could impact our business models and expose us to increased liability.We are subject to global data protection, privacy and security laws, regulations and codes of conduct that relate to our various business units and data processing activities, which may include sensitive, confidential, and personal information. These laws, regulations and codes are inconsistent across jurisdictions and are subject to evolving and differing (sometimes conflicting) interpretations. Government officials and regulators, privacy advocates and class action attorneys are increasingly scrutinizing how companies collect, process, use, store, share and transmit personal data, including the transferring of personal information across international borders. This scrutiny can result in new and shifting interpretations of existing laws, thereby further impacting our business. For example, European data transfers outside the European Economic Area are highly regulated and litigated. The mechanisms that we and many other companies rely upon for European data transfers (for example, Standard Contractual Clauses and the EU - US Data Privacy Framework) are the subject of legal challenge, regulatory interpretation and judicial decisions by the Court of Justice of the European Union. Several other countries, including but not limited to the United States, China, Australia, New Zealand, Brazil, Kingdom of Saudi Arabia, Hong Kong and Japan, have also established specific legal requirements for cross-border transfers of personal information and certain countries have also established specific legal requirements for data localization (such as where personal data must remain stored in the country). If other countries implement more restrictive regulations for cross-border data transfers or do not permit data to leave the country of origin, such developments could adversely impact our business and our enterprise customersâ€™ business, our financial condition and our results of operations in those jurisdictions. Additionally, the General Data Protection Regulation in the European Economic Area and the United Kingdom continues to be interpreted by European and UK courts in novel ways leading to shifting requirements, country-specific differences in application and uncertain enforcement priorities. Laws in Asia, such as the Personal Information Protection Law in China and developing laws in India, as well as state laws in the United States on privacy, data and related technologies, such as the California Consumer Privacy Act, the California Privacy Rights Act, the Colorado Privacy Act and the Virginia Consumer Data Protection Act, as well as industry self-regulatory codes and regulatory requirements, create additional privacy and security compliance obligations and expand the scope of potential liability, either jointly or severally with our customers and suppliers. Further, the U.S. Securities and Exchange Commissionâ€™s Rules on Cybersecurity Risk Management, Strategy, Governance, and Incident Disclosure requires us to make certain disclosures related 30Table of Contentsto material cybersecurity incidents and the reasonably likely impact of such an incident on Form 8-K. Determining whether a cybersecurity incident is notifiable or reportable may not be straightforward and any such mandatory disclosures could be costly and lead to negative publicity, loss of customer confidence in the effectiveness of our security measures, diversion of managementâ€™s attention and governmental investigations.While we have invested in readiness to comply with applicable requirements, the dynamic and evolving nature of these laws, regulations and codes, as well as their interpretation by regulators and courts, may affect our ability (and our enterprise customersâ€™ ability) to reach current and prospective customers, to respond to both enterprise and individual customer requests under the laws (such as individual rights of access, correction and deletion of their personal information), to implement our business models effectively and to adequately address disclosure requirements. These laws, regulations and codes may also impact our innovation and business drivers in developing new and emerging technologies (for example, AI and machine learning) and may impact demand for our offerings and force us to bear the burden of more onerous obligations in our contracts. Perception of our practices, products, services or solutions, even if unfounded, as a violation of individual privacy, data protection rights or cybersecurity requirements, subjects us to public criticism, lawsuits, investigations, claims and other proceedings by regulators, industry groups or other third parties, all of which could disrupt or adversely impact our business and reputation and expose us to increased liability, fines and other punitive measures including prohibition on sales of our products, services or solutions, restrictive judicial orders and disgorgement of data. Additionally, we collect and store information on behalf of our business customers and if our customers fail to comply with contractual obligations or applicable laws, it could result in litigation or reputational harm to us.Our intellectual property portfolio is a valuable asset and we may not be able to protect our intellectual property rights, including our source code, from infringement or unauthorized copying, use or disclosure.Our patents, trademarks, trade secrets, copyrights and other intellectual property are valuable assets to us. Infringement or misappropriation of such intellectual property could result in lost revenues and ultimately reduce their value. We protect our intellectual property by relying on federal, state and common law rights in the United States and internationally, as well as a variety of administrative procedures and contractual restrictions. Despite our efforts, protecting our intellectual property rights and preventing unauthorized use of our intellectual property are inherently difficult. For instance, we actively combat software piracy, but we continue to lose revenue due to illegal use of our software. Third parties may illegally copy and sell counterfeit versions of our products. To the extent counterfeit installations and sales replace otherwise legitimate ones, our operating results could be adversely affected. We apply for patents in the United States and in foreign countries, but we are not always successful in obtaining patent protection or in obtaining such protection timely to meet our business needs. Our patents may be invalidated or circumvented. Moreover, due to challenges in detecting patent infringement pertaining to generative AI technologies, it may be more difficult to protect our generative AI and related innovations with patents. Additionally, if we use generative AI in the creation of our source code, we may not be able to rely on copyright to protect such intellectual property. Further, the laws of some foreign countries do not provide the same level of intellectual property protection as U.S. laws and courts and could fail to adequately protect our intellectual property rights. If unauthorized disclosure of our source code occurs through security breach, cyber-attack or otherwise, we could lose future trade secret protection for that source code. Such loss could make it easier for third parties to compete with our products by copying functionality, which could cause us to lose customers and could adversely affect our revenue and operating margins. If we cannot protect our intellectual property against unauthorized copying, use, or other misappropriation, our business could be harmed.Changes in tax rules and regulations or interpretations thereof may adversely affect our effective tax rates.We are a U.S.-based multinational company subject to tax in multiple domestic and foreign tax jurisdictions. Significant judgment is required in determining our current provision for income taxes and deferred tax assets or liabilities. Tax laws in the United States as well as other countries and jurisdictions in which we conduct business are subject to change as new laws are passed and/or new interpretations are made available, which may have a material impact on our business. These countries, governmental bodies, such as the European Commission of the European Union, and intergovernmental economic organizations, such as the Organization for Economic Cooperation and Development, have made or could make unprecedented assertions about how taxation is determined and, in some cases, have proposed or enacted new laws that are contrary to the way in which rules and regulations have historically been interpreted and applied. Changes in our operating landscape, such as changes in laws or interpretations of tax rules, could adversely affect our effective tax rates and/or cause us to respond by making changes to our business structure, which could adversely affect our operations and financial results. Our future effective tax rates are likely to be unfavorably affected by changes in the tax rates in jurisdictions where our income is earned, changes in jurisdictions in which our profits are determined to be earned and taxed, changes in the valuation of our deferred tax assets and liabilities, changes in or interpretation of tax rules and regulations in the jurisdictions in which we do business, or unexpected negative changes in business and market conditions that could reduce certain tax benefits. An increase in our effective tax rate would reduce our profitability. 31Table of ContentsMoreover, we are subject to the examination of our income tax returns by domestic and foreign tax authorities. We regularly assess the likelihood of outcomes resulting from these examinations to determine the adequacy of our provision for income taxes and have reserved for potential adjustments that may result from these examinations. While we believe our tax estimates are reasonable, we cannot provide assurance that the final determination of any of these examinations will not have an adverse effect on our financial position and results of operations.Contracting with government entities exposes us to additional risks inherent in the government procurement process. We provide products, services and solutions, directly and indirectly, to a variety of domestic and foreign government entities, which introduces certain risks and challenges not present in private commercial agreements, including varying governmental budgeting processes, fluctuations due to government spending cuts and shutdowns, highly competitive and lengthy bidding process that may be subject to political influence and adherence to complex procurement regulations and other government-specific contractual requirements. We incur significant up-front time and costs without any assurance that we will win a contract. Operating within a highly regulated industry, we have been and may in the future be subject to audits and investigations relating to our government contracts and any violations could result in termination of contracts and various civil and criminal penalties and administrative sanctions, including payment of fines and suspension or debarment from future government business, as well as harm to our reputation and financial results. We have made, and may continue to make, significant investments to support future sales opportunities in various government sectors, including to obtain various security authorizations and certifications. Such processes are complex, lengthy and can often be delayed. Furthermore, requirements may change, or we may be unable to achieve or sustain one or more government authorizations or certifications, which could affect our ability to sell to government entities until we meet any new or revised requirements. Risks Related to Financial PerformanceIf there is a change in subscriptions or renewals in a reporting period, this could cause our financial results to suffer and may not be immediately reflected in our revenue and financial results for that period because we recognize revenue over the subscription term.Our offerings are typically subscription-based, pursuant to product and service agreements. We generally recognize revenue from our subscription offerings ratably over the terms of their subscription agreements, which typically range from 1 to 36 months. As a result, most of the subscription revenue we report each quarter is the result of subscription agreements entered into during previous quarters. Lower sales and subscriptions, reduced demand for our products, services and solutions, and increases in our attrition rate in any given period may not be fully reflected in our results of operations until future periods. Our subscription model could also make it difficult for us to rapidly increase our revenue from subscription-based or hosted services through additional sales in any period, as revenue from new customers will be recognized over the applicable subscription term. Our renewal rates may decline or fluctuate as a result of a number of factors, including our customersâ€™ level of satisfaction, our ability to continue enhancing features and functionality, reliability of our offerings, prices of ours and competitorsâ€™ offerings, the actual or perceived information security of our systems and services, decreases in the size of our customer base, changes as a result of regulatory or legal requirements, changes in the composition of our customer base and reductions in our customersâ€™ spending levels or declines in customer activity. If our customers do not renew their subscriptions or if they renew on terms less favorable to us, our revenue may decline. Further, such impact on our revenue may not be immediately reflected in our financial results in the period in which our renewal rates changed and may adversely affect our financial results in future periods. If any of our assumptions about revenue from our subscription-based offerings prove incorrect, our actual results may suffer and vary from those anticipated.We are subject to fluctuations in foreign currency exchange rates and may not be able to effectively hedge our exposure.Our operating results and performance metrics are subject to fluctuations in foreign currency exchange rates due to the global scope of our business. Geopolitical and economic events, including war, trade disputes, economic sanctions and emerging market volatility, and associated uncertainty have caused, and may in the future cause, currencies to fluctuate. Accordingly, amounts reported as annualized recurring revenue, a performance metric which we measure at currency rates that are set at the beginning of each fiscal year and held constant throughout the year, may vary from actual revenue recognized in accordance with generally accepted accounting principles in the United States.We attempt to mitigate a portion of these foreign currency exchange risks to our operating results through foreign currency hedging based on our judgment of the appropriate trade-offs among risk, opportunity and expense. We regularly review our hedging program and make adjustments that we believe are appropriate. Our hedging activities have not, and may not in the future, offset more than a portion of the adverse financial impact, including on our actual revenue recognized, resulting from unfavorable movement in foreign currency exchange rates, which could adversely affect our financial condition, business performance or results of operations.32Table of ContentsIf our goodwill or intangible assets become impaired, then we could be required to record a significant charge to earnings.We test goodwill for impairment at least annually. We review our goodwill and intangible assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable, including declines in stock price, market capitalization or reduced future cash flow estimates and slower growth rates in our industry. Depending on the results of our review, we may be required to record a significant charge to earnings in our consolidated financial statements during the period in which any impairment of our goodwill or intangible assets was determined, negatively impacting our results of operations.Our existing and future debt obligations may adversely affect our financial condition and future financial results.As of NovemberÂ 29, 2024, we had $5.65 billion in senior unsecured notes outstanding and a $3 billion commercial paper program with no amounts outstanding. We also had a $1.5 billion senior unsecured revolving credit agreement, which was undrawn. This debt or future additional indebtedness may adversely affect our financial condition and future financial results by, among other things:â€¢requiring the dedication of a portion of our expected cash flows from operations to service our debt, thereby reducing the amount of expected cash flows available for other purposes, including capital expenditures and acquisitions; â€¢increasing our vulnerability to adverse changes in our business and general economic and industry conditions; and â€¢limiting our ability to obtain future financing for working capital, capital expenditures, future acquisitions, general corporate or other purposes, which may also impact our ability to service and repay outstanding indebtedness as it becomes due.Our senior unsecured notes, commercial paper program and revolving credit agreement impose restrictions on us and require us to maintain compliance with specified covenants. Our ability to comply with these covenants may be affected by events beyond our control. If we breach any of the covenants and do not obtain a waiver from the noteholders or lenders, then, subject to applicable cure periods, any outstanding debt may be declared immediately due and payable.In addition, changes by any rating agency to our credit rating may negatively impact the value and liquidity of both our debt and equity securities, as well as the potential costs associated with a refinancing of our debt. Under certain circumstances, if our credit ratings are downgraded or other negative action is taken, the interest rate payable by us under our revolving credit agreement could increase. Downgrades in our credit ratings could also restrict our ability to obtain additional financing in the future and affect the terms of any such financing.General Risk FactorsCatastrophic events, including events associated with climate change, may disrupt our business and adversely affect our financial condition and results of operations.Our business relies on our network infrastructure and enterprise Apps, internal technology systems and websites. A disruption, infiltration or failure of our systems, data centers or operations, or those of our third-party service providers due to a major earthquake, other natural disasters, including climate-related events (such as drought, water security, heat waves, cold waves, wildfires and poor air quality), power shutoff or loss, telecommunications failure, epidemic, pandemic, war, terrorist attack or other catastrophic event, could cause interruptions to our systems and business operations, damage to critical infrastructure, loss of intellectual property, data security breaches and data loss. Our corporate headquarters, significant research and development activity, certain of our data centers and other critical business operations are in the San Francisco Bay Area and the Salt Lake Valley Area, both of which are near major earthquake faults. Climate-related catastrophic events that may harm our business are also increasing in frequency and severity. A catastrophic event, particularly one that may disrupt our data centers or our critical activities, could prevent us from conducting normal business operations and providing our products, services and solutions, which could adversely affect our business. A catastrophic event could negatively impact a country or region in which we sell and, in turn, decrease demand for our products, services and solutions, which could negatively impact our business.Laws, regulations and policies relating to environmental, social, and governance are expanding globally. We may be subject to additional climate-related regulations and reporting requirements in the future, as well as changing market dynamics and stakeholder expectations regarding climate change and our environmental impacts. Compliance with such regulations, investments in our environmental, social and governance commitments, may involve significant costs and negatively impact our business, financial condition and results of operations. Additionally, we may experience reputational harm from our actual or perceived failure to meet our environmental, social and governance commitments.33Table of ContentsThe occurrence of an epidemic or a pandemic, such as the COVID-19 pandemic, has had, and may in the future, have an adverse effect on our operating results. The extent to which epidemics and pandemics impact our financial condition or results of operations will depend on many factors outside of our control and whether there is a material impact on the businesses or productivity of our customers, employees, suppliers and other partners. A global pandemic may also intensify the other risks described in this Part I, Item 1A of this report.Our stock price may be volatile and your investment could lose value.Our stock price has been and may continue to be volatile and subject to fluctuations. All factors described in this Part I, Item 1A of this report, some of which are beyond our control, may affect our stock price, including:â€¢shortfalls in our results or shortfalls, changes to estimates, recommendations or expectations in guidance we provide or provided by financial analysts about our revenue, margins, earnings, annualized recurring revenue, growth rates or other key performance metrics; â€¢changes in investor and analyst valuation models for our stock; â€¢changes in unearned revenue, remaining performance obligations and revenue recognized at a point in time, all of which may impact implied growth rates; â€¢developments related to products or services, technological advancements, strategic alliances, acquisitions or significant transactions by us or our competitors; â€¢changes in the amounts or frequency of stock repurchases; â€¢the loss of large customers or our inability to retain or increase sales to existing customers or attract new customers; â€¢changes to our management team, including recruitment or departure of key personnel; â€¢variations in our or our competitorsâ€™ results of operations, changes in the competitive landscape generally and developments in our industry; â€¢general economic, political or market conditions; and â€¢other events, such as significant litigation and regulatory actions and media and social media scrutiny.In addition, the market for technology stocks or the stock market in general has experienced, and may in the future experience, extreme fluctuations, which has caused, and may in the future cause, our stock price to decline for reasons unrelated to our financial performance. Volatility in our stock price has increased, and may continue to increase, our susceptibility to securities class action litigation, which could result in substantial costs and divert managementâ€™s attention and resources, which may adversely affect our business.ITEM 1B.Â Â UNRESOLVED STAFF COMMENTSNone.34Table of ContentsITEM 1C.Â Â CYBERSECURITYRisk Management and Strategy Adobe has certain security processes, infrastructure, systems, policies and practices for assessing, identifying and managing risks from cybersecurity threats. We maintain an information security risk management framework for managing cybersecurity risks, priorities and projects for our products, services, infrastructure and corporate resources. As part of our framework, a cybersecurity risk steering committee meets regularly to review newly identified risks and progress on remediating existing risks.We conduct regular security reviews, simulations and testing, including internal and external penetration testing, vulnerability assessments and regular scans on our hosts and network devices. We review available threat intelligence, including information from industry groups and our security vendor. We consult with third parties, including cybersecurity consultants, as part of our cybersecurity threat and risk management strategy.Depending on the environment, our risk mitigation strategies include a variety of technical, physical and operational measures designed to manage and mitigate material risks from cybersecurity threats to our systems and data. We require employees annually to complete a general security awareness training, and additional engineering and security specific training may also be required for certain positions. Further, we maintain a vendor security review program, which is designed to provide an assessment of the security practices of those third-party vendors that process Adobe non-public data or connect to our networks. We maintain an information security incident response plan designed to monitor, analyze, address, escalate and report cybersecurity incidents, and escalate certain cybersecurity incidents to members of management depending on the circumstances, including our Chief Security Officer (â€œCSOâ€), Chief Cybersecurity Legal and Privacy Officer (â€œCCPOâ€), Chief Financial Officer, Chief People Officer, President of Digital Media, President of Digital Experience, General Counsel and Chief Executive Officer.For a description of the risks from cybersecurity threats that may materially affect us, see the risks described in the section titled â€œRisk Factorsâ€ contained in Part I, Item IA of this report, including under the headings â€œSecurity incidents, improper access to or disclosure of our customersâ€™ data or other cybersecurity incidents may harm our reputation and materially and adversely affect our business.â€Governance Our Board of Directors (the â€œBoardâ€) addresses cybersecurity risk management as part of its general oversight function. The Audit Committee of the Board (the â€œAudit Committeeâ€) has oversight of enterprise risks, including risks related to cybersecurity. In this regard, the Audit Committee reviews and discusses with management the adequacy and effectiveness of our information security, technology and privacy policies and the internal controls regarding these areas. Our Audit Committee receives regular cybersecurity updates about general cybersecurity risks from our CSO and updates about the prevention, detection, mitigation and remediation of cybersecurity incidents from our CSO and CCPO. Cybersecurity updates presented to the Audit Committee are reported to the Board by the Audit Committee Chair. We also have a Cyber Disclosure Committee, comprised of cross-functional leaders including finance, risk, operations and investor relations and led by the CSO and CCPO, that meets to assess certain incidents and makes determinations regarding materiality. Additionally, our CSO and CCPO identify certain cybersecurity risks that are reviewed as part of the enterprise risk management framework and presented to the Board and the Audit Committee on an annual basis.Our cybersecurity risk assessment and management processes are implemented and maintained by certain management members, including our CSO and CCPO, whom each has extensive cybersecurity experience in their respective areas of responsibility and expertise. Our CSO, who reports to the Chief Financial Officer, has primary responsibility for hiring appropriate information security personnel and managing workloads of information security personnel, engaging and overseeing third-party cybersecurity consultants, approving budgets and cybersecurity processes, preparing for incident response, reviewing security assessments and other security-related reports, communicating key priorities to relevant personnel, including the security incident response team, assessing and managing Adobeâ€™s overall cybersecurity strategy, standards, risk management (in consultation with the cybersecurity risk steering committee) and processes. Our CCPO, who reports to the General Counsel, has primary responsibility for the legal aspects of the cybersecurity program, including assessing and providing advice on our cybersecurity strategy, standards, risk management, policies, processes and legal obligations. Our CSO and CCPO are supported by a cybersecurity team comprised of cybersecurity, information security, information technology, operations and legal executives and professionals.35Table of ContentsITEM 2.Â Â PROPERTIESOur corporate headquarters is located in San Jose, California where we occupy approximately 1.7 million square feet of office space. We own all of our San Jose, California properties which we use for research, product development, sales, marketing and administrative purposes. We own and lease properties in various locations throughout the United States which we also use for research, product development, sales, marketing and administrative purposes, and data centers. Outside of the United States, we own and lease properties throughout Europe, Middle East and Africa (â€œEMEAâ€) and Asia-Pacific (â€œAPACâ€) for research, product development, sales, marketing and administrative purposes. The largest properties we occupy outside of the United States are our Bangalore, India and Noida, India offices which are approximately 0.7 million and 0.5 million square feet, respectively. We own and lease these properties in India.We operate under a hybrid work model and believe our existing facilities, both owned and leased, are in good operating condition and suitable for the conduct of our business.See Note 18 of our Notes to Consolidated Financial Statements for further information regarding our lease obligations.ITEM 3.Â Â LEGAL PROCEEDINGSÂ The material set forth in the section titled â€œLegal Proceedingsâ€ in Note 16 of our Notes to Consolidated Financial Statements is incorporated herein by reference.ITEM 4.Â Â MINE SAFETY DISCLOSURESNot applicable.36Table of ContentsPART IIITEM 5.Â Â MARKET FOR REGISTRANTâ€™S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIESÂ Market Information for Common StockOur common stock is traded on the Nasdaq Global Select Market under the symbol â€œADBE.â€ StockholdersAccording to the records of our transfer agent, there were 856 holders of record of our common stock on JanuaryÂ 3, 2025. Because many of such shares are held by brokers and other institutions on behalf of stockholders, we are unable to estimate the total number of stockholders represented by these record holders.DividendsWe do not anticipate paying any cash dividends in the foreseeable future.Issuer Purchases of Equity SecuritiesBelow is a summary of stock repurchases for the three months ended NovemberÂ 29, 2024. See Note 14 of our Notes to Consolidated Financial Statements for information regarding our stock repurchase programs.Â PeriodTotal Number of Shares RepurchasedAverage Price Paid Per ShareTotal Number of Shares Purchased as Part of Publicly Announced PlansApproximate Dollar Value that May Yet be Purchased Under the Plans (1)Â Â (in millions, except average price per share)Â Beginning repurchase authority$20,150Â August 31â€”September 27, 2024Accelerated share repurchases (2),(3)4.6Â $â€”Â 4.6Â $(2,500)(3)September 28â€”October 25, 2024Â Shares repurchasedâ€”Â $â€”Â â€”Â $â€”Â October 26â€”November 29, 2024Â Â Â Â Shares repurchasedâ€”Â $â€”Â â€”Â $â€”Â Total4.6Â Â 4.6Â $17,650Â Â _______________________________________(1)In March 2024, our Board of Directors granted authority to repurchase up toÂ $25 billionÂ in our common stock through March 14, 2028.(2)In June 2024, we entered into an accelerated share repurchase agreement (â€œASRâ€) with a large financial institution whereupon we provided them with a prepayment of $2.5 billion and received an initial delivery of shares at contract inception representing a portion of the prepayment. Upon final settlement of this ASR in September 2024, we received an incremental delivery of 1.0 million shares of our common stock. Under this ASR, we repurchased a total of 4.6Â million shares at an average price of $546.30. (3)In September 2024, we entered into an ASR with a large financial institution whereupon we provided them with a prepayment of $2.5 billion and received an initial delivery of 3.6 million shares of our common stock at contract inception, representing a portion of the prepayment. Subsequent to NovemberÂ 29, 2024, this ASR was settled which resulted in total repurchases of 5.0 million shares at an average price of $501.37.ITEM 6.Â Â [RESERVED]Â 37Table of ContentsITEM 7.Â Â MANAGEMENTâ€™S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONSÂ The following discussion should be read in conjunction with our Consolidated Financial Statements and Notes thereto. Discussion regarding our financial condition and results of operations for fiscal 2023 as compared to fiscal 2022 is included in Item 7 of our Annual Report on Form 10-K for the fiscal year ended DecemberÂ 1, 2023, filed with the SEC on January 17, 2024.CRITICAL ACCOUNTING POLICIES AND ESTIMATESIn preparing our Consolidated Financial Statements in accordance with generally accepted accounting principles in the United States (â€œGAAPâ€) and pursuant to the rules and regulations of the SEC, we make assumptions, judgments and estimates that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosures of contingent assets and liabilities. We base our assumptions, judgments and estimates on historical experience and various other factors that we believe to be reasonable under the circumstances. Actual results could differ materially from these estimates under different assumptions or conditions. We evaluate our assumptions, judgments and estimates on a regular basis. We also discuss our critical accounting policies and estimates with the Audit Committee of the Board of Directors.We believe that the assumptions, judgments and estimates involved in the accounting for revenue recognition and income taxes have the greatest potential impact on our Consolidated Financial Statements. These areas are key components of our results of operations and are based on complex rules requiring us to make judgments and estimates, and consequently, we consider these to be our critical accounting policies. Historically, our assumptions, judgments and estimates relative to our critical accounting policies have not differed materially from actual results.Revenue Recognition Our contracts with customers may include multiple goods and services. For example, some of our offerings include both on-premise and/or on-device software licenses and cloud services. Determining whether the software licenses and the cloud services are distinct from each other, and therefore performance obligations to be accounted for separately, or not distinct from each other, and therefore part of a single performance obligation, may require significant judgment. We have concluded that the on-premise/on-device software licenses and cloud services provided in our Creative Cloud and Document Cloud subscription offerings are not distinct from each other such that revenue from each offering should be recognized ratably over the subscription period for which the cloud services are provided. In reaching this conclusion, we considered the nature of our promise to Creative Cloud and Document Cloud customers, which is to provide a complete end-to-end creative designÂ or document workflow solution that operates seamlessly across multiple devices and teams. We fulfill this promise by providing access to a solution that integrates cloud-based and on-premise/on-device features that, together through their integration, provide functionalities, utility and workflow efficiencies that could not be obtained from either the on-premise/on-device software or cloud services on their own.Cloud-based features that are integral to our Creative Cloud and Document Cloud offerings and that work together with the on-premise/on-device software include, but are not limited to: Creative Cloud Libraries, which enable customers to access their work, settings, preferences and other assets seamlessly across desktop and mobile devices and collaborate across teams in real time; shared reviews which enable simultaneous editing and commenting of digital assets across desktop, mobile and web; automatic cloud rendering of a design which enables it to be worked on in multiple mediums; and Sensei, Adobeâ€™s cloud-hosted artificial intelligence and machine learning framework, which enables features such as automated photo-editing, photograph content-awareness, natural language processing, optical character recognition and automated document tagging.Accounting for Income TaxesWe use the asset and liability method of accounting for income taxes. Under this method, income tax expense is recognized for the amount of taxes payable or refundable for the current year. In addition, deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities, and for tax loss and credit carryforwards. Significant judgment is required in determining our current provision for income taxes and deferred tax assets or liabilities. We record a valuation allowance to reduce deferred tax assets to an amount for which realization is more likely than not.Our assumptions, judgments and estimates relative to the current provision for income taxes take into account our interpretation and application of current tax laws and possible outcomes of current and future examinations conducted by domestic and foreign tax authorities. We have established reserves for income taxes to address potential exposures involving tax positions that could be challenged by tax authorities. We regularly assess the likelihood of outcomes resulting from these examinations to determine the adequacy of our provision for income taxes and associated reserves. To the extent that the final 38Table of Contentsdetermination of any of these examinations is different from the amounts recorded, such differences will affect the provision for income taxes and the effective tax rate in the period in which such determination is made.Recent Accounting Pronouncements See Note 1 of our Notes to Consolidated Financial Statements for information regarding recent accounting pronouncements that are of significance or potential significance to us.RESULTS OF OPERATIONSOverview of 2024For our fiscal 2024, we experienced strong demand across our Digital Media and Digital Experience offerings, driven by our innovative product roadmap. As we execute on our long-term growth initiatives, with focus on delivering product innovation and driving adoption and usage of our AI-powered solutions, we have continued to experience growth in software-based subscription revenue across our portfolio of offerings.Digital MediaIn our Digital Media segment, we are a market leader with Creative Cloud, our subscription-based offering which provides desktop tools, mobile applications (â€œappsâ€) and cloud-based services for designing, creating and publishing rich content and immersive 3D experiences. Creative Cloud offers Adobe Acrobat Pro, our comprehensive PDF solution, integral to creative workflows and used by creators worldwide as part of our Creative Cloud All Apps subscription and on a standalone basis. In addition, Adobe Express is our web and mobile app designed to enable a broad spectrum of users, including novice content creators, communicators and creative professionals, to create, edit and customize content quickly and easily with content-first, task-based solutions. Creative Cloud also includes Adobe Firefly, a group of creative generative AI models designed to generate high quality images and text effects. Adobe Firefly-powered generative AI features are also available across Creative Cloud apps including Adobe Photoshop and Adobe Express. Creative Cloud delivers value with deep, cross-product integration, frequent product updates and feature enhancements, cloud-enabled services including storage and syncing of files across usersâ€™ devices, machine learning and artificial intelligence, access to marketplace, social and community-based features with our Adobe Stock and Behance services, app creation capabilities, tools which assist with enterprise deployments and team collaboration, and affordable pricing for cost-sensitive customers.We offer Creative Cloud for individuals, students, teams and enterprises. We expect Creative Cloud will drive sustained long-term revenue growth through a continued expansion of our customer base by attracting new users with new features and products like Adobe Express and Adobe Firefly that make creative tools accessible to first-time creators and communicators, and delivering new features and technologies to existing customers with our latest releases such as generative AI capabilities. We have also built out a marketplace for Creative Cloud subscribers to enable the delivery and purchase of stock content in our Adobe Stock service. Overall, our strategy with Creative Cloud is designed to enable us to increase our revenue with existing users, continue to attract new customers, and grow our recurring and predictable revenue stream that is recognized ratably.We continue to implement strategies that are designed to accelerate awareness, consideration and purchase of subscriptions to our Creative Cloud offerings. These strategies include increasing the value Creative Cloud users receive, such as offering new and enhanced desktop, web and mobile apps, as well as targeted promotions and offers that attract past customers and potential users to experience and ultimately subscribe to Creative Cloud. Because of the shift towards Creative Cloud subscriptions and Enterprise Term License Agreements (â€œETLAsâ€), revenue from perpetual licensing of our Creative products has been immaterial to our business.We are also a market leader with our Document Cloud offerings built around our Adobe Acrobat family of products, with a set of integrated mobile apps and cloud-based document services which enable users to create, collaborate, review, approve, sign and track documents regardless of platform or application source type. Document Cloud, which enhances the way people manage critical documents at home, in the office and across devices, includes subscriptions to Adobe Acrobat Pro and Standard, Adobe Acrobat Sign and Adobe Scan. Certain Adobe Acrobat products are also offered as perpetual licenses which are immaterial to our business. In April 2024, we introduced Acrobat AI Assistant, a generative AI-powered product designed to deliver insights and enhance productivity through interactive document experiences, which is available as an add-on subscription to our Adobe Acrobat Pro and Standard and Adobe Acrobat Reader products.As part of our Creative Cloud and Document Cloud strategies, we utilize a data-driven operating model (â€œDDOMâ€) and our Adobe Experience Cloud solutions to raise awareness of our products, drive new customer acquisition, engagement and retention, and optimize customer journeys, which continue to contribute strong product-led growth in the business.39Table of ContentsAnnualized Recurring Revenue (â€œARRâ€) is currently the key performance metric our management uses to assess the health and trajectory of our overall Digital Media segment. ARR should be viewed independently of revenue, deferred revenue and remaining performance obligations as ARR is a performance metric and is not intended to be combined with any of these items. We adjust our reported ARR on an annual basis to reflect any exchange rate changes. Our reported ARR results in the current fiscal year are based on currency rates set at the beginning of the year and held constant throughout the year for measurement purposes. We calculate ARR as follows:Creative ARRAnnual Value of Creative Cloud Subscriptions and Services+ Annual Creative ETLA Contract Value Document Cloud ARRAnnual Value of Document Cloud Subscriptions and Services +Annual Document Cloud ETLA Contract ValueDigital Media ARRCreative ARR+ Document Cloud ARRCreative ARR exiting fiscal 2024 was $13.85 billion, up from $12.49 billion at the end of fiscal 2023. Document Cloud ARR exiting fiscal 2024 was $3.48 billion, up from $2.84 billion at the end of fiscal 2023. Total Digital Media ARR grew to $17.33 billion at the end of fiscal 2024, up from $15.33 billion at the end of fiscal 2023. Revaluing our ending ARR for fiscal 2024 using currency rates determined at the beginning of fiscal 2025, our Digital Media ARR at the end of fiscal 2024 would be $17.22Â billion or approximately $117 million lower than the ARR reported above.Our success in driving growth in ARR has positively affected our revenue growth. Creative revenue in fiscal 2024 was $12.68 billion, up from $11.52 billion in fiscal 2023, representing 10% year-over-year growth. Document Cloud revenue in fiscal 2024 was $3.18 billion, up from $2.70 billion in fiscal 2023, representing 18% year-over-year growth. Total Digital Media segment revenue grew to $15.86 billion in fiscal 2024, up from $14.22 billion in fiscal 2023, representing 12% year-over-year growth.Digital ExperienceWe are a market leader in the fast-growing category addressed by our Digital Experience segment. The Adobe Experience Cloud apps and services are designed to manage customer journeys, enable personalized experiences at scale and deliver intelligence for businesses of any size in any industry. Our differentiation and competitive advantage are strengthened by our ability to use the Adobe Experience Platform to integrate our comprehensive set of solutions and our ability to embed AI into our product portfolio, such as with our new Adobe Experience Platform AI Assistant, a generative AI-powered conversational interface designed to help customers automate workflows and generate new audiences and journeys.Adobe Experience Cloud delivers solutions for our customers across the following strategic growth pillars:â€¢Data insights and audiences. Our products deliver actionable data to our customers in real time to enable highly tailored and adaptive experiences across platforms through Adobe Analytics, Adobe Customer Journey Analytics, Adobe Product Analytics, Adobe Mix Modeler, and Adobe Real-time Customer Data Platform.â€¢Content, commerce and workflows. Our products help our customers manage, deliver, personalize, and optimize content delivery through Adobe Experience Manager; build multi-channel commerce experiences for B2B and B2C customers with Adobe Commerce; strategically plan, manage, collaborate and execute on workflows for marketing campaigns and other projects at speed and scale with our enterprise work management App, Adobe Workfront; and leverage self-serve capabilities to deliver on-brand content powered by generative AI in Adobe GenStudio for Performance Marketing.â€¢Customer journeys. Our products help businesses manage, test, target and personalize customer journeys delivered as campaigns across B2B and B2C use cases, including through Adobe Marketo Engage, Adobe Campaign, Adobe Target and Adobe Journey Optimizer.In addition to chief marketing officers, chief revenue officers and digital marketers, users of our Digital Experience solutions include advertisers, campaign managers, publishers, data analysts, content managers, social marketers, marketing executives and information management and technology executives. These customers often are involved in workflows that integrate other Adobe products, such as our Digital Media offerings. By combining the creativity of our Digital Media business 40Table of Contentswith the science of our Digital Experience business, such as with our Adobe GenStudio solution, we help our customers to more efficiently and effectively make, manage, measure and monetize their content across every channel with an end-to-end workflow and feedback loop.We utilize a direct sales force to market and license our Digital Experience solutions, as well as an extensive ecosystem of partners, including marketing agencies, systems integrators and independent software vendors that help license and deploy our solutions to their customers. We have made significant investments to broaden the scale and size of all of these routes to market, and our recent financial results reflect the success of these investments and our experience-led growth strategy.Digital Experience revenue was $5.37 billion in fiscal 2024, up from $4.89 billion in fiscal 2023, representing 10% year-over-year growth. Subscription revenue grew toÂ $4.86 billionÂ in fiscalÂ 2024, upÂ fromÂ $4.33 billionÂ in fiscalÂ 2023, representingÂ 12%Â year-over-year growth.Macroeconomic ConditionsAs a corporation with an extensive global footprint, we are subject to risks and exposures from the evolving macroeconomic environment, including the effects of increased global inflationary pressures and interest rates, fluctuations in foreign currency exchange rates, potential economic slowdowns or recessions and geopolitical pressures, including the unknown impacts of current and future trade regulations. We continuously monitor the direct and indirect impacts of these circumstances on our business and financial results.While our revenue and earnings are relatively predictable as a result of our subscription-based business model, the broader implications of these macroeconomic events on our business, results of operations and overall financial position, particularly in the long term, remain uncertain. See the section titled â€œRisk Factorsâ€ in Part I, Item 1A of this report for further discussion of the possible impact of these macroeconomic issues on our business.Financial Performance Summary for Fiscal 2024â€¢Total Digital Media ARR of approximately $17.33 billion as of NovemberÂ 29, 2024 increased by $2.00 billion, or 13%, from $15.33 billion as of DecemberÂ 1, 2023.â€¢Creative revenue of $12.68 billion during fiscal 2024 increased by $1.17 billion, or 10%, from $11.52 billion in fiscal 2023. Document Cloud revenue of $3.18 billion during fiscal 2024 increased by $483 million, or 18%, from $2.70 billion in fiscal 2023.â€¢Digital Experience revenue of $5.37 billion during fiscal 2024 increased by $473 million, or 10%, from $4.89Â billion in fiscal 2023.â€¢Cost of revenue of $2.36 billion during fiscal 2024 remained relatively flat compared to fiscal 2023.â€¢Operating expenses of $12.41 billion during fiscal 2024 increased by $2.00 billion, or 19%, from $10.41 billion in fiscal 2023 primarily due to the $1 billion Figma termination fee incurred in fiscal 2024.â€¢Net income of $5.56 billion during fiscal 2024 increased by $132 million, or 2%, from $5.43 billion in fiscal 2023.â€¢Cash flows from operations of $8.06 billion during fiscal 2024 increased by $754 million, or 10%, from $7.30Â billion in fiscal 2023.â€¢Remaining performance obligations of $19.96 billion as of NovemberÂ 29, 2024 increased by $2.75 billion, or 16%, from $17.22 billion as of DecemberÂ 1, 2023.41Table of ContentsRevenue(dollars in millions)202420232022%Â Change2024-2023Subscription$20,521Â $18,284Â $16,388Â 12Â %Percentage of total revenue95Â %94Â %93Â %Â Product386Â 460Â 532Â (16)%Percentage of total revenue2Â %2Â %3Â %Â Services and other598Â 665Â 686Â (10)%Percentage of total revenue3Â %4Â %4Â %Â Total revenue$21,505Â $19,409Â $17,606Â 11Â %SubscriptionOur subscription revenue is comprised primarily of fees we charge for our subscription and hosted service offerings, and related support, including Creative Cloud and certain of our Adobe Experience Cloud and Document Cloud services. We primarily recognize subscription revenue ratably over the term of agreements with our customers, beginning with commencement of service. Subscription revenue related to certain offerings, where fees are based on a number of transactions and invoicing is aligned to the pattern of performance, customer benefit and consumption, are recognized on a usage basis.We have the following reportable segments: Digital Media, Digital Experience, and Publishing and Advertising. Subscription revenue by reportable segment for fiscal 2024, 2023 and 2022 is as follows:(dollars in millions)202420232022%Â Change2024-2023Digital Media$15,547Â $13,838Â $12,385Â 12Â %Digital Experience4,864Â 4,331Â 3,880Â 12Â %Publishing and Advertising110Â 115Â 123Â (4)%Total subscription revenue$20,521Â $18,284Â $16,388Â 12Â %ProductOur product revenue is comprised primarily of fees related to licenses for on-premise software purchased on a perpetual basis, for a fixed period of time, or based on usage for certain of our original equipment manufacturer and royalty agreements. We primarily recognize product revenue at the point in time the software is available to the customer, provided all other revenue recognition criteria are met.Services and OtherOur services and other revenue is comprised primarily of fees related to consulting, training, maintenance and support for certain on-premise licenses that are recognized at a point in time and our advertising offerings. We typically sell our consulting contracts on a time-and-materials or fixed-fee basis. These revenues are recognized as the services are performed for time-and-materials contracts and on a relative performance basis for fixed-fee contracts. Training revenues are recognized as the services are performed. Our maintenance and support offerings, which entitle customers, partners and developers to receive desktop product upgrades and enhancements or technical support, depending on the offering, are generally recognized ratably over the term of the arrangement. Transaction-based advertising revenue is recognized on a usage basis as we satisfy the performance obligations to our customers.Segments In fiscal 2024, we categorized our products into the following reportable segments:â€¢Digital Mediaâ€”Our Digital Media segment provides products and services that enable individuals, teams, businesses, and enterprises 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 creative content. Our customers include creative professionals, including photographers, video editors, graphic and experience designers and game developers; communicators, including content creators, students, marketers and knowledge workers; and consumers. â€¢Digital Experienceâ€”Our Digital Experience segment provides an integrated platform and set of products, services and solutions that enable businesses to create, manage, execute, measure, monetize and optimize customer 42Table of Contentsexperiences that span from analytics to commerce. Our customers include marketers, advertisers, agencies, publishers, merchandisers, merchants, web analysts, data scientists, developers and executives across the C-suite. â€¢Publishing and Advertisingâ€”Our Publishing and Advertising segment contains legacy products and services that address diverse market opportunities, including eLearning solutions, technical document publishing, web conferencing, document and forms platform, web app development, high-end printing and our Adobe Advertising offerings.Segment Information(dollars in millions)202420232022%Â Change2024-2023Digital Media$15,864Â $14,216Â $12,842Â 12Â %Percentage of total revenue74Â %73Â %73Â %Â Digital Experience5,366Â 4,893Â 4,422Â 10Â %Percentage of total revenue25Â %25Â %25Â %Â Publishing and Advertising275Â 300Â 342Â (8)%Percentage of total revenue1Â %2Â %2Â %Â Total revenue$21,505Â $19,409Â $17,606Â 11Â %Digital MediaRevenue by major offerings in our Digital Media reportable segment for fiscal 2024, 2023 and 2022 were as follows:(dollars in millions)202420232022%Â Change2024-2023Creative Cloud$12,682Â $11,517Â $10,459Â 10Â %Document Cloud3,182Â 2,699Â 2,383Â 18Â %Total Digital Media revenue$15,864Â $14,216Â $12,842Â 12Â %Revenue from Digital Media increased $1.65 billion during fiscal 2024 as compared to fiscal 2023, driven by increases in revenue associated with our Creative and Document Cloud subscription offerings due to continued demand amid an increasingly digital environment, strong engagement across customer segments and migrating our customers to higher valued subscription offerings with increased revenue per subscription.Digital ExperienceRevenue from Digital Experience increased $473 million during fiscal 2024 as compared to fiscal 2023 driven by subscription revenue growth across our offerings. Geographical Information(dollars in millions)202420232022%Â Change2024-2023Americas$12,891Â $11,654Â $10,251Â 11Â %Percentage of total revenue60Â %60Â %58Â %Â EMEA5,554Â 4,881Â 4,593Â 14Â %Percentage of total revenue26Â %25Â %26Â %Â APAC3,060Â 2,874Â 2,762Â 6Â %Percentage of total revenue14Â %15Â %16Â %Â Total revenue$21,505Â $19,409Â $17,606Â 11Â %Overall revenue during fiscal 2024 increased in all geographic regions as compared to fiscal 2023. Within each geographic region, the fluctuations in revenue by reportable segment were attributable to the factors noted in the segment information above. 43Table of ContentsIncluded in the overall change in revenue for fiscal 2024 as compared to fiscal 2023 were impacts associated with foreign currency and our foreign currency hedging program. During fiscal 2024, the U.S. Dollar primarily strengthened against APAC foreign currencies and weakened against EMEA foreign currencies as compared to fiscal 2023, which resulted in a net decrease in revenue in U.S. Dollar equivalents of approximately $45 million. During fiscal 2024, we had net hedging losses from our cash flow hedging program of $20 million.See Note 2 of our Notes to Consolidated Financial Statements for additional details of revenue by geography.Cost of Revenue(dollars in millions)202420232022%Â Change2024-2023Subscription$1,799Â $1,822Â $1,646Â (1)%Percentage of total revenue8Â %9Â %9Â %Â Product25Â 29Â 35Â (14)%Percentage of total revenue***Â Services and other534Â 503Â 484Â 6Â %Percentage of total revenue2Â %3Â %3Â %Â Total cost of revenue$2,358Â $2,354Â $2,165Â *____(*)Â Â Â Â Percentage is less than 1%.SubscriptionCost of subscription revenue consists of third-party hosting services and data center costs, including expenses related to operating our network infrastructure and AI inferencing costs. Cost of subscription revenue also includes compensation costs associated with network operations, implementation, account management and technical support personnel, royalty fees, software costs and amortization of certain intangible assets.Cost of subscription revenue decreased due to the following:Â Components of%Â Change2024-2023Loss contingency(5)%Amortization of intangibles(2)Hosting services and data center costs4Â Various individually insignificant items2Â Total change(1)%Cost of subscription revenue during fiscal 2024 included the reversal of a loss contingency incurred in fiscal 2023 associated with an IP litigation matter.ProductÂ Â Â Â Cost of product revenue is primarily comprised of third-party royalties, localization costs and costs associated with the manufacturing of our products.Services and OtherCost of services and other revenue is primarily comprised of compensation and contracted costs incurred to provide consulting services, training and product support, and hosting services and data center costs.Cost of services and other revenue increased during fiscal 2024 as compared to fiscal 2023 primarily due to increases in compensation costs and professional fees.44Table of ContentsOperating Expenses(dollars in millions)202420232022%Â Change2024-2023Research and development$3,944Â $3,473Â $2,987Â 14Â %Percentage of total revenue18Â %18Â %17Â %Â Sales and marketing5,764Â 5,351Â 4,968Â 8Â %Percentage of total revenue27Â %28Â %28Â %Â General and administrative1,529Â 1,413Â 1,219Â 8Â %Percentage of total revenue7Â %7Â %7Â %Â Acquisition termination fee1,000Â â€”Â â€”Â **Percentage of total revenue5Â %**Amortization of intangibles169Â 168Â 169Â 1Â %Percentage of total revenue1Â %1Â %1Â %Â Total operating expenses$12,406Â $10,405Â $9,343Â 19Â %_____________________________________(*)Â Â Â Â Percentage is less than 1%.(**)Â Â Â Â Percentage is not meaningful.Research and Development Research and development expenses consist primarily of compensation and contracted costs associated with software development, third-party hosting services and data center costs including AI training costs, related facilities costs and expenses associated with computer equipment and software used in development activities.Research and development expenses increased due to the following:Â Components of%Â Change2024-2023Compensation costs7Â %Hosting services and data center costs5Â Various individually insignificant items2Â Total change14Â %Investments in research and development, including the recruiting and hiring of software developers, are critical to remain competitive in the marketplace and are directly related to continued timely development of new and enhanced offerings and solutions. We will continue to focus on long-term opportunities available in our end markets and make significant investments in the development of our subscription and service offerings, apps and tools.Sales and MarketingSales and marketing expenses consist primarily of compensation costs, amortization of contract acquisition costs, including sales commissions, travel expenses and related facilities costs for our sales, marketing, order management and global supply chain management personnel. Sales and marketing expenses also include the costs of programs aimed at increasing revenue, such as advertising, trade shows and events, public relations and other market development programs.Sales and marketing expenses increased due to the following:Â Components of%Â Change2024-2023Compensation costs4Â %Marketing spend related to campaigns, events and overall marketing efforts2Â Various individually insignificant items2Â Total change8Â %45Table of ContentsGeneral and AdministrativeGeneral and administrative expenses consist primarily of compensation and contracted costs, travel expenses and related facilities costs for our finance, facilities, human resources, legal, information services and executive personnel. General and administrative expenses also include outside legal and accounting fees, provision for bad debts, expenses associated with computer equipment and software used in the administration of the business, charitable contributions and various forms of insurance.General and administrative expenses increased due to the following:Â Components of%Â Change2024-2023Lease-related asset impairments and other charges7Â %Compensation costs4Â Professional and consulting fees(5)Various individually insignificant items2Â Total change8Â %General and administrative expenses during fiscal 2024 included costs associated with the optimization of our leased facilities, primarily consisting of impairment charges for certain operating lease right-of-use assets and leasehold improvements.Acquisition Termination FeeDuring fiscal 2024, we incurred a $1Â billion termination fee which resulted from termination of the Figma transaction.Non-Operating Income (Expense), Net(dollars in millions)202420232022%Â Change2024-2023Interest expense(169)(113)$(112)50Â %Percentage of total revenue(1)%(1)%(1)%Investment gains (losses), net48Â 16Â (19)**Percentage of total revenue***Â Other income (expense), net311Â 246Â 41Â **Percentage of total revenue1Â %1Â %*Total non-operating income (expense), net$190Â $149Â $(90)**_____________________________________(*)Â Â Â Â Percentage is less than 1%.(**)Â Â Â Â Percentage is not meaningful.Interest ExpenseInterest expense represents interest associated with our debt instruments. Interest on our senior notes is payable semi-annually, in arrears.Interest expense increased during fiscal 2024 as compared to fiscal 2023 due to the senior notes issued in April 2024. See Note 17 for further details regarding our debt.Investment Gains (Losses), NetInvestment gains (losses), net consists principally of unrealized holding gains and losses associated with our deferred compensation plan assets.46Table of ContentsOther Income (Expense), NetÂ Other income (expense), net consists primarily of interest earned on cash, cash equivalents and short-term fixed income investments. Other income (expense), net also includes realized gains and losses on fixed income investments and foreign exchange gains and losses.Other income (expense), net increased during fiscal 2024 as compared to fiscal 2023 primarily due to increases in interest income driven by higher average cash equivalent balances and interest rates.Provision for Income Taxes (dollars in millions)202420232022%Â Change2024-2023Provision for income taxes$1,371Â $1,371Â $1,252Â *Percentage of total revenue6Â %7Â %7Â %Â Effective tax rate20Â %20Â %21Â %Â _____________________________________(*)Â Â Â Â Percentage is less than 1%.Our effective tax rate for fiscal 2024 remained relatively flat compared to fiscal 2023, as the impact of the Figma acquisition termination fee, which was not deductible for financial statement purposes, was largely offset by increases in the net tax benefits from effects of non-U.S. operations and stock-based compensation in fiscal 2024.Our effective tax rate for fiscal 2024 was lower than the U.S. federal statutory tax rate of 21% primarily due to the net tax benefits from effects of non-U.S. operations and the U.S. federal research tax credit, partially offset by the impacts of the Figma acquisition termination fee and state taxes.We recognize deferred tax assets to the extent that we believe these assets are more likely than not to be realized based on evaluation of all available positive and negative evidence. On the basis of this evaluation, we continue to maintain a valuation allowance to reduce our deferred tax assets to the amount realizable. The total valuation allowance was $725 million as of NovemberÂ 29, 2024, primarily related to certain state credits and federal capital loss carryforwards.We are a U.S.-based multinational company subject to tax in multiple domestic and foreign tax jurisdictions. The current U.S. tax law subjects the earnings of certain foreign subsidiaries to U.S. tax and generally allows an exemption from taxation for distributions from foreign subsidiaries.In the current global tax policy environment, the domestic and foreign governing bodies continue to consider, and in some cases introduce, changes in regulations applicable to corporate multinationals such as Adobe. As regulations are issued, we account for finalized regulations in the period of enactment. The provision from the U.S. Tax Act which requires us to capitalize and amortize research and development costs became effective in fiscal 2023. This requirement continues to have an adverse impact on our effective rates for income taxes paid, which is partially offset by a benefit to our effective tax rates from the increase in the foreign-derived intangible income deduction.Several countries have enacted, or have committed to enact, the Organization for Economic Cooperation and Developmentâ€™s 15% global minimum tax regime effective for our fiscal 2025. The currently enacted legislation is not expected to have a material impact on our provision for income taxes, however we continue to monitor developments and evaluate impacts, if any, of these provisions on our results of operations and cash flows.See Note 10 of our Notes to Consolidated Financial Statements for further information regarding our provision for income taxes. Accounting for Uncertainty in Income TaxesThe gross liabilities for unrecognized tax benefits excluding interest and penalties were $683 million and $501 million at the end of fiscal 2024 and 2023, respectively. If the total unrecognized tax benefits as of NovemberÂ 29, 2024 and DecemberÂ 1, 2023 were recognized, $519 million and $356 million would decrease the respective effective tax rates.As of NovemberÂ 29, 2024 and DecemberÂ 1, 2023, the combined amounts of accrued interest and penalties included in long-term income taxes payable related to tax positions taken on our tax returns were not material.47Table of ContentsThe timing of the resolution of income tax examinations is highly uncertain as are the amounts and timing of tax payments that are part of any audit settlement process. These events could cause large fluctuations in the balance sheet classification of our tax assets and liabilities. We believe that within the next 12 months, it is reasonably possible that either certain audits will conclude or statutes of limitations on certain income tax examination periods will expire, or both. Although the timing of resolution, settlement and closing of audits is not certain, it is reasonably possible that the underlying unrecognized tax benefits may decrease by up to $50 million over the next 12 months.Our future effective tax rates may be materially affected by changes in the tax rates in jurisdictions where our income is earned, changes in jurisdictions in which our profits are determined to be earned and taxed, changes in the valuation of our deferred tax assets and liabilities, changes in or interpretation of tax rules and regulations in the jurisdictions in which we do business, or unexpected changes in business and market conditions that could reduce certain tax benefits.In addition, tax laws in the United States as well as other countries and jurisdictions in which we conduct business are subject to change as new laws are passed and/or new interpretations are made available. These countries, governmental bodies, such as the European Commission of the European Union, and intergovernmental economic organizations, such as the Organization for Economic Cooperation and Development, have made or could make unprecedented assertions about how taxation is determined and, in some cases, have proposed or enacted new laws that are contrary to the way in which rules and regulations have historically been interpreted and applied. Changes in our operating landscape, such as changes in laws and/or interpretations of tax rules, could adversely affect our effective tax rates and/or cause us to respond by making changes to our business structure which could adversely affect our operations and financial results.Moreover, we are subject to the examination of our income tax returns by domestic and foreign tax authorities. We regularly assess the likelihood of outcomes resulting from these examinations to determine the adequacy of our provision for income taxes and have reserved for potential adjustments that may result from these examinations. Our policy is to record interest and penalties related to unrecognized tax benefits in income tax expense. While we believe our tax estimates are reasonable, we cannot provide assurance that the final determination of any of these examinations will not have an adverse effect on our financial position and results of operations.LIQUIDITY AND CAPITAL RESOURCESCash Flows Our primary source of cash is receipts from revenue. Other customary sources of cash include proceeds from maturities and sales of short-term investments. Our primary uses of cash are general business expenses including payroll and related benefits costs, income taxes, marketing and third-party hosting services, as well as our stock repurchase program as described below. Other customary uses of cash include purchases of property and equipment and payments for taxes related to net share settlement of equity awards.This data should be read in conjunction with our Consolidated Statements of Cash Flows.As of(in millions)November 29, 2024December 1, 2023Cash and cash equivalents$7,613Â $7,141Â Short-term investments$273Â $701Â Working capital$711Â $2,833Â Stockholdersâ€™ equity$14,105Â $16,518Â A summary of our cash flows for fiscal 2024, 2023 and 2022 is as follows:(in millions)202420232022Net cash provided by operating activities$8,056Â $7,302Â $7,838Â Net cash provided by (used for) investing activities149Â 776Â (570)Net cash used for financing activities(7,724)(5,182)(6,825)Effect of foreign currency exchange rates on cash and cash equivalents(9)9Â (51)Net change in cash and cash equivalents$472Â $2,905Â $392Â 48Table of ContentsCash Flows from Operating ActivitiesFor fiscal 2024, net cash provided by operating activities of $8.06 billion was primarily comprised of net income adjusted for the net effect of non-cash items. Payment of the $1 billion Figma termination fee during fiscal 2024 had an adverse impact on net income and cash flows from operations.Cash Flows from Investing ActivitiesFor fiscal 2024, net cash provided by investing activities of $149 million was primarily due to maturities of short-term investments, partially offset by ongoing capital expenditures and purchases of long-term and short-term investments.Cash Flows from Financing ActivitiesFor fiscal 2024, net cash used for financing activities of $7.72 billion was primarily due to payments for our common stock repurchases, partially offset by proceeds from the issuance of senior notes. See the sections titled â€œSenior Notesâ€ and â€œStock Repurchase Programâ€ below.Liquidity and Capital Resources ConsiderationsOur existing cash, cash equivalents and investment balances may fluctuate during fiscal 2025 due to changes in our planned cash outlay. Cash from operations could also be affected by various risks and uncertainties, including, but not limited to, risks detailed in the section titled â€œRisk Factorsâ€ in Part I, Item 1A of this report. Based on our current business plan and revenue prospects, we believe that our existing cash, cash equivalents and investment balances, our anticipated cash flows from operations and our available credit facility will be sufficient to meet our working capital, operating resource expenditure and capital expenditure requirements for the next twelve months and for the foreseeable future.Our cash equivalent and short-term investment portfolio as of NovemberÂ 29, 2024 consisted of money market funds, corporate debt securities, U.S. Treasury securities, time deposits, U.S. agency securities and asset-backed securities. We use professional investment management firms to manage a large portion of our invested cash.We expect to continue our investing activities, including short-term and long-term investments, purchases of computer and server hardware to operate our network infrastructure, sales and marketing, product support and administrative staff. Furthermore, cash reserves may be used to repurchase stock under our stock repurchase program and to strategically acquire companies, products or technologies that are complementary to our business.Revolving Credit AgreementWe have a $1.5 billion senior unsecured revolving credit agreement (the â€œRevolving Credit Agreementâ€) with a syndicate of lenders, providing for loans to us and certain of our subsidiaries through June 30, 2027. Subject to the agreement of lenders, we may obtain up to an additional $500 million in commitments, for a maximum aggregate commitment of $2 billion. As of NovemberÂ 29, 2024, there were no outstanding borrowings under the Revolving Credit Agreement and the entire $1.5 billion credit line remains available for borrowing. Under the terms of our Revolving Credit Agreement, we are not prohibited from paying cash dividends unless payment would trigger an event of default or if one currently exists. We do not anticipate paying any cash dividends in the foreseeable future.Commercial Paper Program We have a commercial paper program under which we may issue unsecured commercial paper up to a total of $3 billion outstanding at any time, with maturities of up to 397 days from the date of issue. The net proceeds from the issuance of commercial paper are expected to be used for general corporate purposes, which may include working capital, capital expenditures, acquisitions, stock repurchases, refinancing indebtedness or any other general corporate purposes. As of NovemberÂ 29, 2024, there were no outstanding borrowings under the commercial paper program.Senior NotesIn April 2024, we issued $500 million of senior notes due AprilÂ 4, 2027, $750 million of senior notes due AprilÂ 4, 2029 and $750 million of senior notes due AprilÂ 4, 2034. In total, we have $5.65 billion of senior notes outstanding, which rank equally with our other unsecured and unsubordinated indebtedness. As of NovemberÂ 29, 2024, the carrying value of our senior notes was $5.63 billion and our maximum commitment for interest payments was $806 million for the remaining duration of our outstanding senior notes. Interest is payable semi-annually, in arrears. Our senior notes do not contain any financial covenants. See Note 17 of our Notes to Consolidated Financial Statements for further details regarding our debt.49Table of ContentsDuring the first quarter of fiscal 2024, we reclassified the senior notes due FebruaryÂ 1, 2025 as current debt in our Consolidated Balance Sheets. As of NovemberÂ 29, 2024, the carrying value of our current debt was $1.50 billion, net of the related discount and issuance costs. Though we intend to refinance the current portion of our debt on or before the due date, the timing of the refinancing may be impacted by market conditions.Contractual ObligationsOur principal commitments consist of purchase obligations resulting from agreements to purchase goods and services in the ordinary course of business. As of NovemberÂ 29, 2024, the value of our non-cancellable unconditional purchase obligations was $5.79 billion, primarily relating to contracts with vendors for third-party hosting and data center services. See Note 16 of our Notes to Consolidated Financial Statements for additional information regarding our purchase obligations.We lease certain facilities and data centers under non-cancellable operating lease arrangements that expire at various dates throughÂ 2034. As of NovemberÂ 29, 2024, the value of our obligations under operating leases was $463 million. See Note 18 of our Notes to Consolidated Financial Statements for additional information regarding our lease obligations.Stock Repurchase ProgramTo facilitate our stock repurchase program, designed to return value to our stockholders and minimize dilution from stock issuances, we may repurchase our shares in the open market or enter into structured repurchase agreements with third parties. In December 2020, our Board of Directors granted authority to repurchase up to $15 billion in our common stock, which became fully utilized during fiscal 2024. In March 2024, our Board of Directors granted additional authority to repurchase up to $25 billion in our common stock through March 14, 2028.During fiscal 2024, we entered into accelerated share repurchase agreements (â€œASRsâ€) with large financial institutions whereupon we provided them with prepayments totaling $9.5 billion. Subsequent to NovemberÂ 29, 2024, as part of the March 2024 stock repurchase authority, we entered into stock repurchase arrangements with a large financial institution which totaled $3.25Â billion, including a $2.75Â billion ASR and a trading plan under which we may execute up to $500Â million in open market repurchases.See section titled â€œMarket for Registrantâ€™s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securitiesâ€ in Part II, Item 5 of this report for stock repurchases during the quarter ended NovemberÂ 29, 2024 and Note 14 of our Notes to Consolidated Financial Statements for further details regarding our stock repurchase program.IndemnificationsIn the ordinary course of business, we provide indemnifications of varying scope to our customers and channel partners against claims of intellectual property infringement made by third parties arising from the use of our products and from time to time, we are subject to claims by our customers under these indemnification provisions. Historically, costs related to these indemnification provisions have not been significant and we are unable to estimate the maximum potential impact of these indemnification provisions on our future results of operations.To the extent permitted under Delaware law, we have agreements whereby we indemnify our officers and directors for certain events or occurrences while the officer or director is or was serving at our request in such capacity. The indemnification period covers all pertinent events and occurrences during the officerâ€™s or directorâ€™s lifetime. The maximum potential amount of future payments we could be required to make under these indemnification agreements is unlimited; however, we have director and officer insurance coverage that reduces our exposure and enables us to recover a portion of any future amounts paid.50Table of ContentsITEM 7A.Â Â QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKAll market risk sensitive instruments were entered into for non-trading purposes.Foreign Currency RiskForeign Currency Exposures and Hedging InstrumentsIn countries outside the United States, we transact business in U.S. Dollars and various other currencies, which subject us to exposure from movements in exchange rates. We may use foreign exchange forward contracts and option contracts to hedge a portion of our forecasted foreign currency denominated revenue and expenses. Additionally, we hedge our net recognized foreign currency monetary assets and liabilities with foreign exchange forward contracts to reduce the risk that our earnings and cash flows will be adversely affected by changes in exchange rates. Our significant foreign currency revenue exposures for fiscal 2024, 2023 and 2022 were as follows:(in millions)202420232022Euroâ‚¬3,149Â â‚¬2,842Â â‚¬2,487Â Japanese YenÂ¥144,800Â Â¥129,127Â Â¥118,456Â British PoundsÂ£887Â Â£818Â Â£737Â Australian Dollars$1,064Â $973Â $876Â As of NovemberÂ 29, 2024, the total notional amounts of all outstanding foreign exchange contracts were $5.89 billion, which included the notional equivalent of $2.73 billion in Euros, $791 million in Japanese Yen, $714 million in British Pounds, $609Â million in Indian Rupees, $585 million in Australian Dollars, $386 million in Canadian dollars and $76 million in other foreign currencies. As of NovemberÂ 29, 2024, all contracts were set to expire at various dates through September 2026. The bank counterparties in these contracts could expose us to credit-related losses that would be largely mitigated with master netting arrangements with the same counterparty by permitting net settlement transactions. In addition, we enter into collateral security agreements that provide for collateral to be received or posted when the net fair value of these contracts fluctuates from contractually established thresholds.A sensitivity analysis was performed on all of our foreign exchange derivatives as of NovemberÂ 29, 2024. This sensitivity analysis measures the hypothetical market value resulting from a 10% shift in the value of exchange rates relative to the U.S. Dollar. A 10% increase in the value of the U.S. Dollar and a corresponding decrease in the value of the hedged foreign currency asset would lead to an increase in the fair value of our financial hedging instruments by $434 million. A 10% decrease in the value of the U.S. Dollar would lead to a decrease in the fair value of these financial instruments by $434 million.As a general rule, we do not use foreign exchange contracts to hedge local currency denominated operating expenses in countries where a natural hedge exists. For example, in many countries, revenue in the local currencies substantially offsets the local currency denominated operating expenses. We also have long-term investment exposures consisting of the capitalization and retained earnings in our non-U.S. Dollar functional currency foreign subsidiaries. As of NovemberÂ 29, 2024 and DecemberÂ 1, 2023, this long-term investment exposure totaled an absolute notional equivalent of $1.19 billion and $1.03 billion, respectively. At this time, we do not hedge these long-term investment exposures.We do not use foreign exchange contracts for speculative trading purposes, nor do we hedge our foreign currency exposure in a manner that entirely offsets the effects of changes in foreign exchange rates. We regularly review our hedging program and assess the need to utilize financial instruments to hedge currency exposures on an ongoing basis.Cash Flow Hedges of Forecasted Foreign Currency Revenue and ExpensesWe may use foreign exchange purchased forward contracts or option contracts to hedge foreign currency revenue denominated in Euros, Japanese Yen, British Pounds, Australian Dollars and Canadian Dollars, or foreign currency expenses in Indian Rupees. We hedge these cash flow exposures to reduce the risk that our earnings and cash flows will be adversely affected by changes in exchange rates. These foreign exchange contracts, carried at fair value, have maturities of up to 24 months. We enter into these foreign exchange contracts to hedge forecasted revenue and expenses in the normal course of business and accordingly, they are not speculative in nature.We record changes in fair value of these cash flow hedges of foreign currency denominated revenue and expenses in accumulated other comprehensive income (loss) in our Consolidated Balance Sheets, until the forecasted transaction occurs. When the forecasted transaction affects earnings, we reclassify the related gain or loss on the cash flow hedge to revenue or operating expenses, as applicable. In the event the underlying forecasted transaction does not occur, or it becomes probable that 51Table of Contentsit will not occur, we reclassify the gain or loss on the related cash flow hedge from accumulated other comprehensive income (loss) to revenue or operating expenses, as applicable. For the fiscal year ended NovemberÂ 29, 2024, there were no net gains or losses recognized in revenue or operating expenses relating to hedges of forecasted transactions that did not occur.Non-Designated Hedges of Foreign Currency Assets and LiabilitiesOur derivatives not designated as hedging instruments consist of foreign currency forward contracts that we primarily use to hedge monetary assets and liabilities denominated in non-functional currencies to reduce the risk that our earnings and cash flows will be adversely affected by changes in foreign currency exchange rates. These foreign exchange contracts are carried at fair value with changes in fair value of these contracts recorded to other income (expense), net in our Consolidated Statements of Income. These contracts reduce the impact of currency exchange rate movements on our assets and liabilities. At NovemberÂ 29, 2024, the outstanding balance sheet hedging derivatives had maturities of 180 days or less.See Note 6 of our Notes to Consolidated Financial Statements for information regarding our derivative financial instruments.Interest Rate RiskShort-Term Investments and Fixed Income SecuritiesAt NovemberÂ 29, 2024, we had debt securities classified as short-term investments of $273 million. Changes in interest rates could adversely affect the market value of these investments. A sensitivity analysis was performed on our short-term investment portfolio as of NovemberÂ 29, 2024, based on an estimate of the hypothetical changes in market value of the portfolio that would result from an immediate parallel shift in the yield curve. A 150 basis point increase in interest rates would lead to a $1 million decrease in the market value of our short-term investments. Conversely, a 150 basis point decrease in interest rates would lead to a $1 million increase in the market value of our short-term investments.Senior NotesAs of NovemberÂ 29, 2024, we had $5.65 billion of senior notes outstanding which bear interest at fixed rates, and therefore do not subject us to financial statement risk associated with changes in interest rates. As of NovemberÂ 29, 2024, the total carrying amount of our senior notes was $5.63 billion and the related fair value based on observable market prices in less active markets was $5.51 billion.See Note 17 of our Notes to Consolidated Financial Statements for information regarding our senior notes.52Table of ContentsITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATAINDEX TO CONSOLIDATED FINANCIAL STATEMENTSÂ Page No.Consolidated Balance Sheets54Consolidated Statements of Income55Consolidated Statements of Comprehensive Income56Consolidated Statements of Stockholders' Equity57Consolidated Statements of Cash Flows58Notes to Consolidated Financial Statements59Report of Independent Registered Public Accounting Firm (KPMG LLP, Santa Clara, California, PCAOB ID 185)91All financial statement schedules have been omitted, since the required information is not applicable or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the Consolidated Financial Statements and Notes thereto. 53Table of ContentsADOBE INC. CONSOLIDATED BALANCE SHEETS(In millions, except par value)Â November 29,2024December 1,2023ASSETSCurrent assets:Â Â Cash and cash equivalents$7,613Â $7,141Â Short-term investments273Â 701Â Trade receivables, net of allowances for doubtful accounts of $14 and of $16,Â respectively2,072Â 2,224Â Prepaid expenses and other current assets1,274Â 1,018Â Total current assets11,232Â 11,084Â Property and equipment, net1,936Â 2,030Â Operating lease right-of-use assets, net281Â 358Â Goodwill12,788Â 12,805Â Other intangibles, net782Â 1,088Â Deferred income taxes1,657Â 1,191Â Other assets1,554Â 1,223Â Total assets$30,230Â $29,779Â LIABILITIES AND STOCKHOLDERSâ€™ EQUITYCurrent liabilities:Â Â Trade payables$361Â $314Â Accrued expenses2,336Â 1,942Â Debt1,499Â â€"Â Deferred revenue6,131Â 5,837Â Income taxes payable119Â 85Â Operating lease liabilities75Â 73Â Total current liabilities10,521Â 8,251Â Long-term liabilities:Debt4,129Â 3,634Â Deferred revenue128Â 113Â Income taxes payable548Â 514Â Operating lease liabilities353Â 373Â Other liabilities446Â 376Â Total liabilities16,125Â 13,261Â Commitments and contingenciesStockholdersâ€™ equity:Â Â Preferred stock, $0.0001 par value; 2 shares authorized; noneÂ issuedâ€"Â â€"Â Common stock, $0.0001 par value; 900 shares authorized; 601 sharesÂ issued;Â Â Â 441 and 455 shares outstanding, respectivelyâ€"Â â€"Â Additional paid-in capital13,419Â 11,586Â Retained earnings38,470Â 33,346Â Accumulated other comprehensive income (loss)(201)(285)Treasury stock, at cost (160 and 146 shares, respectively)(37,583)(28,129)Total stockholdersâ€™ equity14,105Â 16,518Â Total liabilities and stockholdersâ€™ equity$30,230Â $29,779Â See accompanying Notes to Consolidated Financial Statements.54Table of ContentsADOBE INC.CONSOLIDATED STATEMENTS OF INCOME(In millions, except per share data)Â Years EndedÂ November 29,2024December 1,2023December 2,2022Revenue:Â Subscription$20,521Â $18,284Â $16,388Â Product386Â 460Â 532Â Services and other598Â 665Â 686Â Total revenue21,505Â 19,409Â 17,606Â Â Cost of revenue:Subscription1,799Â 1,822Â 1,646Â Product25Â 29Â 35Â Services and other534Â 503Â 484Â Total cost of revenue2,358Â 2,354Â 2,165Â Â Gross profit19,147Â 17,055Â 15,441Â Â Operating expenses:Research and development3,944Â 3,473Â 2,987Â Sales and marketing5,764Â 5,351Â 4,968Â General and administrative1,529Â 1,413Â 1,219Â Acquisition termination fee1,000Â â€"Â â€"Â Amortization of intangibles169Â 168Â 169Â Total operating expenses12,406Â 10,405Â 9,343Â Â Operating income6,741Â 6,650Â 6,098Â Â Non-operating income (expense):Interest expense(169)(113)(112)Investment gains (losses), net48Â 16Â (19)Other income (expense), net311Â 246Â 41Â Total non-operating income (expense), net190Â 149Â (90)Income before income taxes6,931Â 6,799Â 6,008Â Provision for income taxes1,371Â 1,371Â 1,252Â Net income$5,560Â $5,428Â $4,756Â Basic net income per share$12.43Â $11.87Â $10.13Â Shares used to compute basic net income per share447Â 457Â 470Â Diluted net income per share$12.36Â $11.82Â $10.10Â Shares used to compute diluted net income per share450Â 459Â 471Â See accompanying Notes to Consolidated Financial Statements.55Table of ContentsADOBE INC.CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME(In millions)Years EndedNovember 29,2024December 1,2023December 2,2022Increase/(Decrease)Net income$5,560Â $5,428Â $4,756Â Other comprehensive income (loss), net of taxes:Available-for-sale securities:Unrealized gains / losses on available-for-sale securities11Â 24Â (39)Reclassification adjustment for recognized gains / losses on available-for-sale securitiesâ€"Â 5Â â€"Â Net increase (decrease) from available-for-sale securities11Â 29Â (39)Derivatives designated as hedging instruments:Unrealized gains / losses on derivative instruments89Â (12)139Â Reclassification adjustment for realized gains / losses on derivative instruments17Â (31)(151)Net increase (decrease) from derivatives designated as hedging instruments106Â (43)(12)Foreign currency translation adjustments(33)22Â (105)Other comprehensive income (loss), net of taxes84Â 8Â (156)Total comprehensive income, net of taxes$5,644Â $5,436Â $4,600Â See accompanying Notes to Consolidated Financial Statements.56Table of ContentsADOBE INC.CONSOLIDATED STATEMENTS OF STOCKHOLDERSâ€™ EQUITY (In millions)Â CommonÂ StockAdditionalPaid-InCapitalRetainedEarningsAccumulatedOtherComprehensiveIncome (Loss)TreasuryÂ StockÂ Â SharesAmountSharesAmountTotalBalances at DecemberÂ 3, 2021601Â $â€"Â $8,428Â $23,905Â $(137)(126)$(17,399)$14,797Â Net incomeâ€"Â â€"Â â€"Â 4,756Â â€"Â â€"Â â€"Â 4,756Â Other comprehensive income (loss), net of taxesâ€"Â â€"Â â€"Â â€"Â (156)â€"Â â€"Â (156)Re-issuance of treasury stock under stock compensation plansâ€"Â â€"Â (342)â€"Â â€"Â 3Â 102Â (240)Repurchases of common stockâ€"Â â€"Â â€"Â â€"Â â€"Â (16)(6,550)(6,550)Stock-based compensationâ€"Â â€"Â 1,440Â â€"Â â€"Â â€"Â â€"Â 1,440Â Value of shares in deferred compensation planâ€"Â â€"Â â€"Â â€"Â â€"Â â€"Â 4Â 4Â Balances at DecemberÂ 2, 2022601Â $â€"Â $9,868Â $28,319Â $(293)(139)$(23,843)$14,051Â Net incomeâ€"Â â€"Â â€"Â 5,428Â â€"Â â€"Â â€"Â 5,428Â Other comprehensive income (loss), net of taxesâ€"Â â€"Â â€"Â â€"Â 8Â â€"Â â€"Â 8Â Re-issuance of treasury stock under stock compensation plansâ€"Â â€"Â â€"Â (401)â€"Â 5Â 126Â (275)Repurchases of common stockâ€"Â â€"Â â€"Â â€"Â â€"Â (12)(4,414)(4,414)Stock-based compensationâ€"Â â€"Â 1,718Â â€"Â â€"Â â€"Â â€"Â 1,718Â Value of shares in deferred compensation planâ€"Â â€"Â â€"Â â€"Â â€"Â â€"Â 2Â 2Â Balances at DecemberÂ 1, 2023601Â $â€"Â $11,586Â $33,346Â $(285)(146)$(28,129)$16,518Â Net incomeâ€"Â â€"Â â€"Â 5,560Â â€"Â â€"Â â€"Â 5,560Â Other comprehensive income (loss), net of taxesâ€"Â â€"Â â€"Â â€"Â 84Â â€"Â â€"Â 84Â Re-issuance of treasury stock under stock compensation plansâ€"Â â€"Â â€"Â (436)â€"Â 4Â 120Â (316)Repurchases of common stockâ€"Â â€"Â â€"Â â€"Â â€"Â (18)(9,574)(9,574)Stock-based compensationâ€"Â â€"Â 1,833Â â€"Â â€"Â â€"Â â€"Â 1,833Â Balances at NovemberÂ 29, 2024601Â $â€"Â $13,419Â $38,470Â $(201)(160)$(37,583)$14,105Â See accompanying Notes to Consolidated Financial Statements.57Table of ContentsADOBE INC. CONSOLIDATED STATEMENTS OF CASH FLOWS(In millions)Â Years EndedÂ November 29,2024December 1,2023December 2,2022Cash flows from operating activities:Â Â Net income$5,560Â $5,428Â $4,756Â Adjustments to reconcile net income to net cash provided by operating activities:Depreciation, amortization and accretion857Â 872Â 856Â Stock-based compensation1,833Â 1,718Â 1,440Â Reduction of operating lease right-of-use assets77Â 72Â 83Â Lease-related asset impairments78Â â€"Â â€"Â Deferred income taxes(468)(426)328Â Unrealized losses (gains) on investments, net(35)(10)29Â Other non-cash items10Â 3Â 10Â Changes in operating assets and liabilities, net of acquired assets and Â Â Â Â assumed liabilities:Trade receivables, net143Â (159)(198)Prepaid expenses and other assets(616)(818)(94)Trade payables44Â (49)66Â Accrued expenses and other liabilities196Â 146Â 7Â Income taxes payable68Â (11)19Â Deferred revenue309Â 536Â 536Â Net cash provided by operating activities8,056Â 7,302Â 7,838Â Cash flows from investing activities:Â Â Purchases of short-term investments(59)â€"Â (909)Maturities of short-term investments486Â 965Â 683Â Proceeds from sales of short-term investments11Â 223Â 270Â Acquisitions, net of cash acquiredâ€"Â â€"Â (126)Purchases of property and equipment(183)(360)(442)Purchases of long-term investments, intangibles and other assets(108)(53)(46)Proceeds from sales of long-term investments and other assets2Â 1Â â€"Â Net cash provided by (used for) investing activities149Â 776Â (570)Cash flows from financing activities:Â Â Repurchases of common stock(9,500)(4,400)(6,550)Proceeds from re-issuance of treasury stock361Â 314Â 278Â Taxes paid related to net share settlement of equity awards(677)(589)(518)Proceeds from issuance of debt1,997Â â€"Â â€"Â Repayment of debtâ€"Â (500)â€"Â Other financing activities, net95Â (7)(35)Net cash used for financing activities(7,724)(5,182)(6,825)Effect of foreign currency exchange rates on cash and cash equivalents(9)9Â (51)Net change in cash and cash equivalents472Â 2,905Â 392Â Cash and cash equivalents at beginning of year7,141Â 4,236Â 3,844Â Cash and cash equivalents at end of year$7,613Â $7,141Â $4,236Â Supplemental disclosures:Â Cash paid for income taxes, net of refunds$1,727Â $1,854Â $778Â Cash paid for interest$143Â $106Â $103Â See accompanying Notes to Consolidated Financial Statements.58Table of ContentsADOBE INC.NOTES TO CONSOLIDATED FINANCIAL STATEMENTS NOTE 1.Â Â BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIESOperationsAdobe is a global technology company with a mission to change the world through personalized digital experiences. For over four decades, Adobeâ€™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 (â€œAIâ€) 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. We have operations in the Americas; Europe, Middle East and Africa (â€œEMEAâ€); and Asia-Pacific (â€œAPACâ€).Basis of PresentationThe accompanying Consolidated Financial Statements include those of Adobe and its subsidiaries, after elimination of all intercompany accounts and transactions. We have prepared the accompanying Consolidated Financial Statements in accordance with generally accepted accounting principles in the United States (â€œGAAPâ€) and pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (the â€œSECâ€).Use of EstimatesIn preparing the Consolidated Financial Statements and related disclosures in conformity with GAAP and pursuant to the rules and regulations of the SEC, we must make estimates and judgments that affect the amounts reported in the Consolidated Financial Statements and accompanying Notes. Estimates are used for, but not limited to, sales allowances and programs, bad debts, stock-based compensation, determining the fair value of acquired assets and assumed liabilities, litigation and income taxes. Actual results may differ materially from these estimates.Fiscal YearOur fiscal year is a 52- or 53-week year that ends on the Friday closest to NovemberÂ 30. Fiscal years 2024, 2023 and 2022 were 52-week years.ReclassificationsCertain prior year amounts, which are not material, have been reclassified to conform to current year presentation in the Notes to Consolidated Financial Statements.Significant Accounting PoliciesRevenue RecognitionOur revenue is derived from the sale of cloud-enabled software subscriptions, cloud-hosted offerings, term-based, royalty, and perpetual software licenses, associated software maintenance and support plans, consulting services, training and technical support. Most of our enterprise customer arrangements involve multiple promises to our customers.Revenue is recognized when a contract exists between us and a customer and upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services. We enter into contracts that can include various combinations of products and services, which may be capable of being distinct and accounted for as separate performance obligations, or in the case of offerings such as cloud-enabled Creative Cloud and Document Cloud, accounted for as a single performance obligation. Revenue is recognized net of allowances for returns and any taxes collected from customers, which are subsequently remitted to governmental authorities.59Table of ContentsADOBE INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)Subscription, Product and Services OfferingsWe enter into revenue arrangements in which a customer may purchase a combination of our products, services and/or solutions as described above. Certain revenue arrangements provide customers with unilateral cancellation rights, or options to either renew monthly on-premise term-based licenses or use committed funds to purchase other Adobe products or services.Fully hosted subscription services (â€œSaaSâ€) allow customers to access hosted software during the contractual term without taking possession of the software. Cloud-hosted subscription services may be sold on a fee-per-subscription period basis or based on consumption or usage.We recognize revenue ratably over the contractual service term, which typically ranges from 1 to 36 months, for hosted services that are priced based on a committed number of transactions where the delivery and consumption of the benefit of the services occur evenly over time, beginning on the date the services associated with the committed transactions are first made available to the customer and continuing through the end of the contractual service term. Over-usage fees and fees based on the actual number of transactions are billed in accordance with contract terms as these fees are incurred and are included in the transaction price of an arrangement as variable consideration. Fees based on a number of transactions, where invoicing is aligned to the pattern of performance, customer benefit and consumption, are typically accounted for utilizing the â€œas-invoicedâ€ practical expedient. Revenue for subscriptions sold as a fee per period is recognized ratably over the contractual term as the customer simultaneously receives and consumes the benefit of the underlying service.When cloud-enabled services are highly integrated and interrelated with on-premise software, such as in our cloud-enabled Creative Cloud and Document Cloud offerings, the individual components are not considered distinct and revenue is recognized ratably over the subscription period for which the cloud-enabled services are provided.The subscription support plans related to those customer arrangements whose revenues we classify as subscription revenues represent stand-ready performance obligations. Revenue from these subscription support plans is recognized ratably over their respective contractual terms and classified as subscription revenue.Licenses for on-premise software may be purchased on a perpetual basis, as a subscription for a fixed period of time or based on usage for certain of our original equipment manufacturer (â€œOEMâ€) and royalty agreements. Revenue from non-cloud enabled on-premise licenses without unilateral cancellation rights or monthly renewal options is recognized at the point in time the software is available to the customer, provided all other revenue recognition criteria are met, and classified as product revenue on our Consolidated Statements of Income. Revenue from on-premise term license or term licensing arrangements with unilateral cancellation rights or monthly renewal options, and any associated maintenance and support, is classified as subscription revenue.Our services and other revenue is comprised primarily of fees related to consulting, training, maintenance and support for certain on-premise licenses that are recognized at a point in time and our advertising offerings. We typically sell our consulting contracts on a time-and-materials or fixed-fee basis. These revenues are recognized as the services are performed for time-and-materials contracts and on a relative performance basis for fixed-fee contracts. Training revenues are recognized as the services are performed. Our maintenance and support offerings, which entitle customers, partners and developers to receive desktop product upgrades and enhancements or technical support, depending on the offering, are generally recognized ratably over the term of the arrangement. Our transaction-based advertising offerings, where fees are based on a number of impressions per month and invoicing is aligned to the pattern of performance, customer benefit and consumption, are typically accounted for utilizing the â€œas-invoicedâ€ practical expedient.JudgmentsOur contracts with customers may include multiple goods and services. For example, some of our offerings include both on-premise and/or on-device software licenses and cloud services. Determining whether the software licenses and the cloud services are distinct from each other, and therefore performance obligations to be accounted for separately, or not distinct from each other, and therefore part of a single performance obligation, may require significant judgment. We have concluded that the on-premise/on-device software licenses and cloud services provided in our Creative Cloud and Document Cloud subscription offerings are not distinct from each other such that revenue from each offering should be recognized ratably over the subscription period for which the cloud services are provided. In reaching this conclusion, we considered the nature of our 60Table of ContentsADOBE INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)promise to Creative Cloud and Document Cloud customers, which is to provide a complete end-to-end creative designÂ or document workflow solution that operates seamlessly across multiple devices and teams. We fulfill this promise by providing access to a solution that integrates cloud-based and on-premise/on-device features that, together through their integration, provide functionalities, utility and workflow efficiencies that could not be obtained from either the on-premise/on-device software or cloud services on their own.Cloud-based features that are integral to our Creative Cloud and Document Cloud offerings and that work together with the on-premise/on-device software include, but are not limited to: Creative Cloud Libraries, which enable customers to access their work, settings, preferences and other assets seamlessly across desktop and mobile devices and collaborate across teams in real time; shared reviews which enable simultaneous editing and commenting of digital assets across desktop, mobile and web; automatic cloud rendering of a design which enables it to be worked on in multiple mediums; and Sensei, Adobeâ€™s cloud-hosted artificial intelligence and machine learning framework, which enables features such as automated photo-editing, photograph content-awareness, natural language processing, optical character recognition and automated document tagging.Standalone selling price is established by maximizing the amount of observable inputs, primarily actual historical selling prices for performance obligations where available, and includes consideration of factors such as go-to-market model and geography. Individual products may have multiple values for standalone selling price depending on factors such as where they are sold and what channel they are sold through. Where standalone selling price may not be directly observable (e.g., the performance obligation is not sold separately), we maximize the use of observable inputs by using information that may include reviewing pricing practices, performance obligations with similar customers and selling models.Capitalized costs to obtain a contract are amortized over the expected period of benefit, which we have determined, based on analysis, to be 5 years. We evaluated qualitative and quantitative factors to determine the period of amortization, including contract length, renewals, customer life and the useful lives of our products and acquired products. When the expected period of benefit of an asset which would be capitalized is less than one year, we expense the amount as incurred, utilizing the practical expedient. We regularly evaluate whether there have been changes in the underlying assumptions and data used to determine the amortization period. When revenue arrangements include components of third-party goods and services, for example in transactions which involve resale, fulfillment or providing advertising impressions to our end customer, we evaluate whether we are the principal, and report revenues on a gross basis, or an agent, and report revenues on a net basis. In this assessment, we consider if we obtain control of the specified goods or services before they are transferred to the customer by evaluating indicators such as which party is primarily responsible for fulfilling the promise to provide the goods or services, which party has discretion in establishing price and the underlying terms and conditions between the parties to the transaction.We offer limited rights of return, rebates and price protection of our products under various policies and programs with our distributors, resellers and/or end-user customers. We estimate and record reserves for these programs as variable consideration when estimating transaction price. Returns, rebates and other offsets to transaction price are estimated at contract inception on a portfolio basis and assessed for reasonableness each reporting period when additional information becomes available.General Contract ProvisionsWe maintain revenue reserves for rebates, rights of return and other limited price adjustments. Distributors are allowed limited rights of return of products purchased during the previous quarter. In addition, distributors are allowed to return products that have reached the end of their lives, as defined by us, and for products that are being replaced by new versions. We offer rebates to our distributors, resellers and/or end-user customers. Transaction price is reduced for these amounts based on actual performance against objectives set forth by us for a particular reporting period, such as volume and timely reporting. On a quarterly basis, the amount of revenue that is reserved is calculated based on our historical trends and data specific to each reporting period. The primary method of establishing these reserves is to review historical data from prior periods as a percent of revenue to determine a historical reserve rate. We then apply the historical rate to the current period revenue as a basis for estimating future returns. When necessary, we also provide a specific reserve in excess of portfolio-level estimated requirements. This estimate can be affected by the amount of a particular product in the channel, the rate of sell-through, product plans and other factors.61Table of ContentsADOBE INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)Although our subscription contracts are generally non-cancellable, a limited number of customers have the right to cancel their contracts by providing prior written notice to us of their intent to cancel the remainder of the contract term and consumers have a period of time to terminate certain agreements without penalty. In the event a customer cancels their contract, they are generally not entitled to a refund for prior services we have provided to them. Contracts that include termination rights without substantive penalty are accounted for as contracts only for the committed period. Periods of time after the right of termination are accounted for as optional purchases when they do not represent material rights. For certain of our usage-based license agreements, typically in our royalty and OEM businesses, reporting may be received after the end of a fiscal period. In such instances, we estimate and accrue license revenue. We base our estimates on multiple factors, including historical sales information, seasonality and other business information which may impact our estimates. We do not estimate variable consideration for our sales and usage-based license royalty agreements, consistent with the associated exception for sales and usage-based royalties for the license of intellectual property under the revenue recognition standard.Property and EquipmentWe record property and equipment at cost less accumulated depreciation and amortization. Property and equipment are depreciated using the straight-line method over their estimated useful lives, generally as follows: 3 to 20 years for computers and other equipment, which includes our corporate jet, 5 years for furniture and fixtures, 15 years for building improvements and 35 years for buildings. Leasehold improvements are amortized using the straight-line method over the lesser of the remaining respective lease term or estimated useful life of the asset.LeasesWe determine if an arrangement is or contains a lease at contract inception. In certain of our lease arrangements, primarily those related to our data center arrangements, judgment is required in determining if a contract contains a lease. For these arrangements, there is judgment in evaluating if the arrangement involves an identified asset that is physically distinct or whether we have the right to substantially all of the capacity of an identified asset that is not physically distinct. In arrangements that involve an identified asset, there is also judgment in evaluating if we have the right to direct the use of that asset. We do not have any finance leases. Operating leases are recorded in our Consolidated Balance Sheets. Right-of-use assets and lease liabilities are measured at the lease commencement date based on the present value of the remaining lease payments over the lease term, determined using the discount rate for the lease at the commencement date. Because the rate implicit in our leases is not readily determinable, we use our incremental borrowing rate as the discount rate, which approximates the interest rate at which we could borrow on a collateralized basis with similar terms and payments and in similar economic environments. Our lease terms include optional periods to extend or terminate the lease when it is reasonably certain that the option will be exercised. Operating lease expense is recognized on a straight-line basis over the lease term. We generally account for lease and non-lease components, principally common area maintenance for our facilities leases, as a single lease component for our facilities and data center leases.In accordance with accounting requirements, leases with an initial term of 12 months or less are recorded on the balance sheet, with lease expense for these leases recognized on a straight-line basis over the lease term. Goodwill, Intangibles and Other Long-Lived AssetsGoodwill is assigned to one or more reporting units on the date of acquisition. We review our goodwill for impairment annually during our second quarter of each fiscal year and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of any one of our reporting units below its respective carrying amount. In performing our goodwill impairment test, we first perform a qualitative assessment, which requires that we consider events or circumstances including macroeconomic conditions, industry and market considerations, cost factors, overall financial performance, changes in management or key personnel, changes in strategy, changes in customers, changes in the composition or carrying amount of a reporting unitâ€™s net assets and changes in our stock price. If, after assessing the totality of events or circumstances, we determine that it is more likely than not that the fair values of our reporting units are greater than the carrying amounts, then the quantitative goodwill impairment test is not performed.62Table of ContentsADOBE INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)If the qualitative assessment indicates that the quantitative analysis should be performed, we then evaluate goodwill for impairment by comparing the fair value of each of our reporting units to its carrying value, including the associated goodwill. To determine the fair values, we use the equal weighting of the market approach based on comparable publicly traded companies in similar lines of businesses and the income approach based on estimated discounted future cash flows. Our cash flow assumptions consider historical and forecasted revenue, operating costs and other relevant factors.We amortize intangible assets with finite lives over their estimated useful lives and review them for impairment whenever an impairment indicator exists. Amortization is based on the pattern in which the economic benefits of the intangible asset will be consumed or on a straight-line basis when the consumption pattern is not apparent. We continually monitor events and changes in circumstances that could indicate that the carrying amounts of our long-lived assets, including our property and equipment, leases and intangible assets, may not be recoverable. When such events or changes in circumstances occur, we assess recoverability by determining whether the carrying value of such assets will be recovered through the undiscounted expected future cash flows. If the future undiscounted cash flows are less than the carrying amount of these assets, we recognize an impairment loss based on any excess of the carrying amount over the fair value of the assets.Income TaxesWe use the asset and liability method of accounting for income taxes. Under this method, income tax expense is recognized for the amount of taxes payable or refundable for the current year. In addition, deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities, and for tax loss and credit carryforwards. Significant judgment is required in determining our current provision for income taxes and deferred tax assets or liabilities. We record a valuation allowance to reduce deferred tax assets to an amount for which realization is more likely than not.Our assumptions, judgments and estimates relative to the current provision for income taxes take into account our interpretation and application of current tax laws and possible outcomes of current and future examinations conducted by domestic and foreign tax authorities. We have established reserves for income taxes to address potential exposures involving tax positions that could be challenged by tax authorities. We regularly assess the likelihood of outcomes resulting from these examinations to determine the adequacy of our provision for income taxes and associated reserves. Our policy is to record interest and penalties related to unrecognized tax benefits in income tax expense.Taxes Collected from CustomersWe net taxes collected from customers against those remitted to government authorities in our financial statements. Accordingly, taxes collected from customers are not reported as revenue.Treasury StockPrepayments made for repurchases of our common stock are classified as treasury stock on our Consolidated Balance Sheets and only shares physically delivered to us by each period end are excluded from the computation of net income per share.We account for treasury stock under the cost method. When treasury stock is re-issued at a price higher than its cost, the difference is recorded as a component of additional paid-in capital in our Consolidated Balance Sheets. When treasury stock is re-issued at a price lower than its cost, the difference is recorded as a component of additional paid-in capital to the extent that there are previously recorded gains to offset the losses. If there are no treasury stock gains in additional paid-in capital, the losses upon re-issuance of treasury stock are recorded as a reduction of retained earnings in our Consolidated Balance Sheets.Advertising ExpensesAdvertising costs are expensed as incurred. Advertising expenses for fiscal 2024, 2023 and 2022 were $1.04 billion, $970Â million and $1.04 billion, respectively.63Table of ContentsADOBE INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)Foreign Currency TranslationWe translate assets and liabilities of foreign subsidiaries, whose functional currency is their local currency, at exchange rates in effect at the balance sheet date. We translate revenue and expenses at the monthly average exchange rates. We include accumulated net translation adjustments in stockholdersâ€™ equity as a component of accumulated other comprehensive income (loss).Derivative Financial InstrumentsIn countries outside the United States, we transact business in U.S. Dollars and in various other currencies. We may use foreign exchange forward contracts and option contracts to hedge a portion of our forecasted foreign currency denominated revenue and expenses primarily in Euros, Japanese Yen, British Pounds, Indian Rupees, Australian Dollars and Canadian Dollars. Additionally, we hedge our net recognized foreign currency monetary assets and liabilities with foreign exchange forward contracts to reduce the risk that our earnings and cash flows will be adversely affected by changes in exchange rates. We recognize all derivative instruments as either assets or liabilities in our Consolidated Balance Sheets and measure them at fair value. Gains and losses resulting from changes in fair value are accounted for depending on the use of the derivative and whether it is designated and qualifies for hedge accounting. Contracts that do not qualify for hedge accounting are adjusted to fair value through earnings. Gains and losses related to changes in the fair value of foreign exchange forward contracts which hedge certain balance sheet positions are recorded each period as a component of other income (expense), net in our Consolidated Statements of Income. Foreign exchange forward contracts and option contracts hedging forecasted foreign currency revenue and expenses and Treasury lock agreements are designated as cash flow hedges with gains and losses recorded net of tax as a component of accumulated other comprehensive income (loss) in our Consolidated Balance Sheets until the forecasted transaction occurs. When the forecasted transaction affects earnings, we reclassify the related gain or loss on the foreign currency revenue, foreign currency expense or Treasury lock cash flow hedge to revenue, operating expense or interest expense, as applicable.Concentration of RiskFinancial instruments that potentially subject us to concentrations of credit risk are short-term fixed-income investments, structured repurchase transactions, foreign currency and interest rate hedge contracts and trade receivables.Our investment portfolio consists of investment-grade securities diversified among security types, industries and issuers. Our cash and investments are held and primarily managed by recognized financial institutions that follow our investment policy. Our policy limits the amount of credit exposure to any one security issue or issuer and we believe no significant concentration of credit risk exists with respect to these investments.We enter into master netting arrangements to mitigate credit risk in derivative transactions by permitting net settlement of transactions with the same counterparty. We also enter into collateral security agreements with certain of our counterparties to exchange cash collateral when the net fair value of certain derivative instruments fluctuates from contractually established thresholds.Credit risk in receivables is limited to OEMs, dealers and distributors of hardware and software products to the retail market, customers to whom we license software directly and our SaaS offerings. A credit review is completed for our new distributors, dealers and OEMs. We also perform ongoing credit evaluations of our customersâ€™ financial condition and require letters of credit or other guarantees, whenever deemed necessary. The credit limit given to the customer is based on our risk assessment of their ability to pay, country risk and other factors and is not contingent on the resale of the product or on the collection of payments from their customers. Certain contracts with advertising agencies contain sequential liability provisions, under which the agency is not required to pay until payment is received from the agencyâ€™s customers. In these circumstances, we evaluate the credit-worthiness of the agencyâ€™s customers in addition to the agency itself. If we license our software or provide SaaS services to a customer where we have a reason to believe the customerâ€™s ability and intention to pay is not probable, the arrangement is not considered to be a revenue contract. Accordingly, we will not recognize any consideration received as revenue until termination or substantive completion of the services.64Table of ContentsADOBE INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)Recent Accounting Pronouncements Not Yet EffectiveIn November 2023, the Financial Accounting Standards Board (the â€œFASBâ€) issued Accounting Standards Update (â€œASUâ€) No. 2023-07, Segment Reporting, which expands annual and interim disclosure requirements for reportable segments, primarily through enhanced disclosures about significant segment expenses. The updated standard is effective for our annual periods beginning in fiscal 2025 and interim periods beginning in the first quarter of fiscal 2026. Early adoption is permitted. We are currently evaluating the impact that the updated standard will have on our financial statement disclosures.In December 2023, the FASB issued ASU No. 2023-09, Income Taxes, which prescribes standardized categories and disaggregation of information in the reconciliation of provision for income taxes, requires disclosure of disaggregated income taxes paid, and modifies other income tax-related disclosure requirements. The updated standard is effective for us beginning with our fiscal year 2026 annual reporting period. Early adoption is permitted. We are currently evaluating the impact that the updated standard will have on our financial statement disclosures.In November 2024, the FASB issued ASU No. 2024-03, Income Statementâ€”Reporting Comprehensive Incomeâ€”Expense Disaggregation Disclosures, which requires additional disclosure of certain costs and expenses within the notes to the financial statements. The updated standard is effective for our annual periods beginning in fiscal 2028 and interim periods beginning in the first quarter of fiscal 2029. Early adoption is permitted. We are currently evaluating the impact that the updated standard will have on our financial statement disclosures.There have been no other recent accounting pronouncements, changes in accounting pronouncements or recently adopted accounting guidance during fiscal 2024 that are of significance or potential significance to us.NOTE 2.Â Â REVENUESegment InformationWe report segment information based on the â€œmanagementâ€ approach. The management approach designates the internal reporting used by management for making decisions and assessing performance as the source of our reportable segments.Our Chief Executive Officer, the chief operating decision maker, reviews revenue and gross margin information for each of our reportable segments, but does not review operating expenses on a segment by segment basis. In addition, with the exception of goodwill, we do not identify or allocate our assets by the reportable segments.Our business is organized into the following reportable segments:â€¢Digital Mediaâ€”Our Digital Media segment provides products and services that enable individuals, teams, businesses, and enterprises 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 creative content. Our customers include creative professionals, including photographers, video editors, graphic and experience designers and game developers; communicators, including content creators, students, marketers and knowledge workers; and consumers. â€¢Digital Experienceâ€”Our Digital Experience segment provides an integrated platform and set of products, services and solutions that enable businesses to create, manage, execute, measure, monetize and optimize customer experiences that span from analytics to commerce. Our customers include marketers, advertisers, agencies, publishers, merchandisers, merchants, web analysts, data scientists, developers and executives across the C-suite. â€¢Publishing and Advertisingâ€”Our Publishing and Advertising segment contains legacy products and services that address diverse market opportunities, including eLearning solutions, technical document publishing, web conferencing, document and forms platform, web app development, high-end printing and our Adobe Advertising offerings.65Table of ContentsADOBE INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)Our segment revenue and results for fiscal 2024, 2023 and 2022 were as follows:(dollars in millions)Digital MediaDigital ExperiencePublishing and AdvertisingTotalFiscal 2024Revenue$15,864Â $5,366Â $275Â $21,505Â Cost of revenue680Â 1,589Â 89Â 2,358Â Gross profit$15,184Â $3,777Â $186Â $19,147Â Gross profit as a percentage ofÂ revenue96Â %70Â %68Â %89Â %Fiscal 2023Revenue$14,216Â $4,893Â $300Â $19,409Â Cost of revenue665Â 1,603Â 86Â 2,354Â Gross profit$13,551Â $3,290Â $214Â $17,055Â Gross profit as a percentage ofÂ revenue95Â %67Â %71Â %88Â %Fiscal 2022Revenue$12,842Â $4,422Â $342Â $17,606Â Cost of revenue561Â 1,502Â 102Â 2,165Â Gross profit$12,281Â $2,920Â $240Â $15,441Â Gross profit as a percentage ofÂ revenue96Â %66Â %70Â %88Â %We generally categorize revenue by geographic area based on where the customer manages their utilization of our offerings. Revenue by geographic area for fiscal 2024, 2023 and 2022 were as follows:(in millions)202420232022Americas:Â Â Â United States$11,499Â $10,460Â $9,217Â Other1,392Â 1,194Â 1,034Â Total Americas12,891Â 11,654Â 10,251Â EMEA5,554Â 4,881Â 4,593Â APAC3,060Â 2,874Â 2,762Â Revenue$21,505Â $19,409Â $17,606Â Revenue by major offerings in our Digital Media reportable segment for fiscal 2024, 2023 and 2022 were as follows:(in millions)202420232022Creative Cloud$12,682Â $11,517Â $10,459Â Document Cloud3,182Â 2,699Â 2,383Â Total Digital Media revenue$15,864Â $14,216Â $12,842Â Subscription revenue by segment for fiscal 2024, 2023 and 2022 were as follows:(in millions)202420232022Digital Media $15,547Â $13,838Â $12,385Â Digital Experience4,864Â 4,331Â 3,880Â Publishing and Advertising110Â 115Â 123Â Total subscription revenue$20,521Â $18,284Â $16,388Â 66Table of ContentsADOBE INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)Contract BalancesTrade ReceivablesA receivable is recorded when an unconditional right to invoice and receive payment exists, such that only the passage of time is required before payment of consideration is due. Timing of revenue recognition may differ from the timing of invoicing to customers. Certain performance obligations may require payment before delivery of the license or service to the customer. Included in trade receivables on the Consolidated Balance Sheets are unbilled receivable balances which have not yet been invoiced, and are typically related to license revenue or services which are delivered prior to invoicing. As of NovemberÂ 29, 2024, the balance of trade receivables, net of allowances for doubtful accounts, was $2.07 billion, inclusive of unbilled receivables of $66 million. As of DecemberÂ 1, 2023, the balance of trade receivables, net of allowances for doubtful accounts, was $2.22 billion, inclusive of unbilled receivables of $80 million.Allowance for Doubtful AccountsWe maintain an allowance for doubtful accounts which reflects our best estimate of potentially uncollectible trade receivables and is based on both specific and general reserves. We maintain general reserves on a collective basis by considering factors such as historical experience, credit-worthiness, the age of the trade receivable balances, current economic conditions and a reasonable and supportable forecast of future economic conditions. The allowance for doubtful accounts was $14 million and $16 million as of NovemberÂ 29, 2024 and DecemberÂ 1, 2023, respectively.Contract AssetsAÂ contract assetÂ is recognized when a conditional right to consideration exists and transfer of control has occurred.Â Contract assetsÂ are typically related to subscription and hosted service contracts where the transaction price allocated to the satisfied performance obligations exceeds the value of billings to date. Contract assetsÂ are included in prepaid expenses and other current assets for the current portion and other assets for the long-term portion on the Consolidated Balance Sheets.Â We regularly review contract asset balances for impairment, considering factors such as historical experience, credit-worthiness, age of the balance, current economic conditions and a reasonable and supportable forecast of future economic conditions. Contract asset impairments were not material in fiscal 2024 and 2023. Contract assets were $248 million and $141Â million as of NovemberÂ 29, 2024 and DecemberÂ 1, 2023, respectively.Deferred Revenue and Remaining Performance ObligationsDeferred revenue primarily consists of billings or payments received in advance of revenue recognition from subscription services, including non-cancellable and non-refundable committed funds and refundable customer deposits. Deferred revenue is recognized as revenue when transfer of control to customers has occurred. Customers are typically invoiced for these agreements in regular installments and revenue is recognized ratably over the contractual subscription period. The deferred revenue balance is influenced by several factors, including the compounding effects of renewals, invoice duration, invoice timing, size and new business linearity within the quarter. Deferred revenue does not represent the total contract value of annual or multi-year non-cancellable subscription agreements. Payment terms and conditions vary by contract type, although terms generally include a requirement of payment within 30 to 60 days. In instances where the timing of revenue recognition differs from the timing of invoicing, we have determined our contracts generally do not include a significant financing component. The primary purpose of our invoicing terms is to provide customers with simplified and predictable ways of purchasing our products and services, such as invoicing at the beginning of a subscription term with revenue recognized ratably over the contract period, and not to receive financing from our customers. Any potential financing fees are considered insignificant in the context of our contracts.As of NovemberÂ 29, 2024, the balance of deferred revenue was $6.26 billion, which includes $83 million of refundable customer deposits. Refundable customer deposits represent arrangements in which the customer has a unilateral cancellation right for which we are obligated to refund amounts paid related to products or services not yet delivered or provided at the time of cancellation on a prorated basis. Arrangements with some of our enterprise customers with non-cancellable and non-refundable committed funds provide options to either renew monthly on-premise term-based licenses or use some or all funds to purchase other Adobe products or services. Non-cancellable and non-refundable committed funds related to these agreements comprised approximately 4% of the total deferred revenue. 67Table of ContentsADOBE INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)As of DecemberÂ 1, 2023, the balance of deferred revenue was $5.95 billion. Significant movements in the deferred revenue balance during the period consisted of increases due to payments received prior to transfer of control of the underlying performance obligations to the customer, which were offset by decreases due to revenue recognized in the period. During the year ended NovemberÂ 29, 2024, approximately $5.87 billion of revenue was recognized that was included in the balance of deferred revenue as of DecemberÂ 1, 2023.Transaction price allocated to remaining performance obligations represents contracted revenue that has not yet been recognized, which includes deferred revenue and unbilled amounts that will be recognized as revenue in future periods. Transaction price allocated to remaining performance obligations is influenced by several factors, including the timing of renewals and average contract term. We applied practical expedients to exclude amounts related to performance obligations that are billed and recognized as they are delivered, optional purchases that do not represent material rights, sales and usage-based royalties not yet consumed and any estimated amounts of variable consideration that are subject to constraint. Remaining performance obligations were approximately $19.96 billion as of NovemberÂ 29, 2024. Non-cancellable and non-refundable committed funds related to some of our enterprise customer agreements referred to in the paragraph above comprised approximately 4% of the total remaining performance obligations. Approximately 67% of the remaining performance obligations, excluding the aforementioned enterprise customer agreements, are expected to be recognized over the next 12 months with the remainder recognized thereafter.Contract Acquisition CostsWe recognize an asset for the incremental costs of obtaining a contract with a customer if we expect the benefit of those costs to be longer than one year. We have determined that certain sales incentive programs meet the requirements to be capitalized. The costs capitalized are primarily sales commissions paid to our sales force personnel. Capitalized costs may also include portions of fringe benefits and payroll taxes associated with compensation for incremental costs to acquire customer contracts and incentive payments to partners.Capitalized costs to obtain a contract are amortized over the expected period of benefit, which we have determined, based on analysis, to be 5 years. Amortization of capitalized costs are included in sales and marketing expense in our Consolidated Statements of Income. During fiscal 2024, 2023 and 2022, we amortized $272 million, $254 million and $238Â million of capitalized contract acquisition costs into sales and marketing expense, respectively. We did not incur any impairment losses for all periods presented.Capitalized contract acquisition costs were $717 million and $656 million as of NovemberÂ 29, 2024 and DecemberÂ 1, 2023, of which $464 million and $422 million was long-term and included in other assets in the Consolidated Balance Sheets, respectively. The remaining balance of the capitalized costs to obtain contracts was current and included in prepaid expenses and other current assets.Refund Liabilities We record refund liabilities for amounts that may be subject to future refunds, which include sales returns reserves and customer rebates and credits. Refund liabilitiesÂ are included in accrued expenses on the Consolidated Balance Sheets.Â Refund liabilities were $141 million and $111 million as of NovemberÂ 29, 2024 and DecemberÂ 1, 2023, respectively.Significant CustomersFor all periods presented, there were no customers that represented at least 10% of net revenue or that were responsible for over 10% of our trade receivables. 68Table of ContentsADOBE INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)NOTE 3.Â Â ACQUISITIONSFigmaOn SeptemberÂ 15, 2022, we entered into a definitive merger agreement under which we intended to acquire Figma, Inc. (â€œFigmaâ€) for approximately $20 billion, comprised of approximately half cash and half stock.On December 17, 2023, we entered into a mutual termination agreement with Figma to terminate the proposed merger. In accordance with the terms of the termination agreement, we paid Figma a termination fee of $1 billion. The termination fee was recorded in operating expenses in our Consolidated Statements of Income during fiscal 2024, and was not tax-deductible for financial statement purposes.NOTE 4.Â Â CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTSCash equivalents consist of highly liquid marketable securities with remaining maturities of three months or less at the date of purchase. We classify our investments in marketable debt securities as â€œavailable-for-sale.â€ We carry these investments at fair value, based on quoted market prices or other readily available market information. Unrealized gains and unrealized non-credit-related losses of marketable debt securities are included in accumulated other comprehensive income, net of taxes, in our Consolidated Balance Sheets. Unrealized credit-related losses are recorded to other income (expense), net in our Consolidated Statements of Income with a corresponding allowance for credit-related losses in our Consolidated Balance Sheets. Gains and losses are determined using the specific identification method and recognized when realized in our Consolidated Statements of Income.Cash, cash equivalents and short-term investments consisted of the following as of NovemberÂ 29, 2024:(in millions)AmortizedCostUnrealizedGainsUnrealizedLossesEstimatedFairÂ ValueCurrent assets:Â Â Â Â Cash$787Â $â€"Â $â€"Â $787Â Cash equivalents:Corporate debt securities41Â â€"Â â€"Â 41Â Money market funds6,726Â â€"Â â€"Â 6,726Â Time deposits57Â â€"Â â€"Â 57Â U.S. Treasury securities2Â â€"Â â€"Â 2Â Total cash equivalents6,826Â â€"Â â€"Â 6,826Â Total cash and cash equivalents7,613Â â€"Â â€"Â 7,613Â Short-term fixed income securities:Asset-backed securities4Â â€"Â â€"Â 4Â Corporate debt securities120Â â€"Â â€"Â 120Â U.S. agency securities11Â â€"Â â€"Â 11Â U.S. Treasury securities139Â â€"Â (1)138Â Total short-term investments274Â â€"Â (1)273Â Total cash, cash equivalents and short-term investments$7,887Â $â€"Â (1)7,886Â 69Table of ContentsADOBE INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)Cash, cash equivalents and short-term investments consisted of the following as of DecemberÂ 1, 2023:(in millions)AmortizedCostUnrealizedGainsUnrealizedLossesEstimatedFairÂ ValueCurrent assets:Â Â Â Â Cash$618Â $â€"Â $â€"Â $618Â Cash equivalents:Â Â Money market funds6,498Â â€"Â â€"Â 6,498Â Time deposits25Â â€"Â â€"Â 25Â Total cash equivalents6,523Â â€"Â â€"Â 6,523Â Total cash and cash equivalents7,141Â â€"Â â€"Â 7,141Â Short-term fixed income securities:Â Asset-backed securities15Â â€"Â â€"Â 15Â Corporate debt securities438Â â€"Â (4)434Â U.S. agency securities13Â â€"Â (1)12Â U.S. Treasury securities247Â â€"Â (7)240Â Total short-term investments713Â â€"Â (12)701Â Total cash, cash equivalents and short-term investments$7,854Â $â€"Â (12)7,842Â See Note 5 for further information regarding the fair value of our financial instruments.The following table summarizes the estimated fair value of short-term fixed income debt securities classified as short-term investments based on stated effective maturities as of NovemberÂ 29, 2024:(in millions)EstimatedFairÂ ValueDue within one year$269Â Due between one and two years4Â Total$273Â We review our debt securities classified as short-term investments on a regular basis for impairment. For debt securities in unrealized loss positions, we determine whether any portion of the decline in fair value below the amortized cost basis is due to credit-related factors if we neither intend to sell nor anticipate that it is more likely than not that we will be required to sell prior to recovery of the amortized cost basis. We consider factors such as the extent to which the market value has been less than the cost, any noted failure of the issuer to make scheduled payments, changes to the rating of the security and other relevant credit-related factors in determining whether or not a credit loss exists. During fiscal 2024 and 2023, we did not recognize an allowance for credit-related losses on any of our investments. 70Table of ContentsADOBE INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)NOTE 5.Â Â FAIR VALUE MEASUREMENTSAssets and Liabilities Measured and Recorded at Fair Value on a Recurring BasisÂ The fair value of our financial assets and liabilities at NovemberÂ 29, 2024 was determined using the following inputs:(in millions)Fair Value Measurements at Reporting Date UsingÂ Â Quoted Pricesin ActiveMarkets forIdentical AssetsSignificantOtherObservableInputsSignificantUnobservableInputsÂ Total(LevelÂ 1)(LevelÂ 2)(LevelÂ 3)Assets:Â Â Â Â Cash equivalents:Â Â Â Â Corporate debt securities$41Â $â€"Â $41Â $â€"Â Money market funds6,726Â 6,726Â â€"Â â€"Â Time deposits57Â 57Â â€"Â â€"Â U.S. Treasury securities2Â â€"Â 2Â â€"Â Short-term investments:Asset-backed securities4Â â€"Â 4Â â€"Â Corporate debt securities120Â â€"Â 120Â â€"Â U.S. agency securities11Â â€"Â 11Â â€"Â U.S. Treasury securities138Â â€"Â 138Â â€"Â Prepaid expenses and other current assets:Â Â Â Foreign currency derivatives105Â â€"Â 105Â â€"Â Other assets:Â Â Â Deferred compensation plan assets283Â 283Â â€"Â â€"Â Foreign currency derivatives24Â â€"Â 24Â â€"Â Total assets$7,511Â $7,066Â $445Â $â€"Â Liabilities:Â Â Â Â Accrued expenses:Â Â Â Â Foreign currency derivatives$9Â $â€"Â $9Â $â€"Â Other liabilities:Foreign currency derivatives2Â â€"Â 2Â â€"Â Total liabilities$11Â $â€"Â $11Â $â€"Â 71Table of ContentsADOBE INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)The fair value of our financial assets and liabilities at DecemberÂ 1, 2023 was determined using the following inputs:(in millions)Fair Value Measurements at Reporting Date UsingÂ Â Quoted Pricesin ActiveMarkets forIdentical AssetsSignificantOtherObservableInputsSignificantUnobservableInputsÂ Total(LevelÂ 1)(LevelÂ 2)(LevelÂ 3)Assets:Â Â Â Â Cash equivalents:Â Â Â Â Money market funds$6,498Â $6,498Â $â€"Â $â€"Â Time deposits25Â 25Â â€"Â â€"Â Short-term investments:Â Asset-backed securities15Â â€"Â 15Â â€"Â Corporate debt securities434Â â€"Â 434Â â€"Â U.S. agency securities12Â â€"Â 12Â â€"Â U.S. Treasury securitiesÂ 240Â â€"Â 240Â â€"Â Prepaid expenses and other current assets:Â Â Â Â Foreign currency derivatives52Â â€"Â 52Â â€"Â Other assets:Â Â Â Â Deferred compensation plan assets206Â 206Â â€"Â â€"Â Total assets$7,482Â $6,729Â $753Â $â€"Â Liabilities:Â Â Â Â Accrued expenses:Â Â Â Â Foreign currency derivatives$4Â $â€"Â $4Â $â€"Â See Note 4 for further information regarding the fair value of our financial instruments.Â Our fixed income available-for-sale debt securities consist of high quality, investment grade securities from diverse issuers with a weighted average credit rating of AA. We value these securities based on pricing from independent pricing vendors who use matrix pricing valuation techniques including market approach methodologies that model information generated by market transactions involving identical or comparable assets, as well as discounted cash flow methodologies. Inputs include quoted prices in active markets for identical assets or inputs other than quoted prices that are observable either directly or indirectly in determining fair value, including benchmark yields, issuer spreads off benchmark yields, interest rates and U.S. Treasury or swap curves. We therefore categorize all of our fixed income available-for-sale securities as Level 2. We perform routine procedures such as comparing prices obtained from multiple independent sources to ensure that appropriate fair values are recorded. The fair values of our money market funds, time deposits and deferred compensation plan assets, which consist of money market and other mutual funds, are based on quoted prices in active markets at the measurement date.Our over-the-counter foreign currency derivatives are valued using pricing models and discounted cash flow methodologies based on observable foreign exchange and interest rate data at the measurement date. Our other current financial assets and current financial liabilities have fair values that approximate their carrying values.Assets and Liabilities Measured at Fair Value on a Nonrecurring BasisThe fair value of our senior notes was $5.51 billion as of NovemberÂ 29, 2024, based on observable market prices in less active markets and categorized as Level 2. See Note 17 for further details regarding our debt.72Table of ContentsADOBE INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)NOTE 6.Â Â DERIVATIVE FINANCIAL INSTRUMENTSWe may use derivatives to partially offset our business exposure to foreign currency and interest rate risk on expected future cash flows and certain existing assets and liabilities. We do not use any of our derivative instruments for trading purposes.We enter into master netting arrangements to mitigate credit risk in derivative transactions by permitting net settlement of transactions with the same counterparty. We do not offset fair value amounts recognized for derivative instruments under master netting arrangements. We also enter into collateral security agreements with certain of our counterparties to exchange cash collateral when the net fair value of certain derivative instruments fluctuates from contractually established thresholds. Collateral posted is included in prepaid expenses and other current assets and collateral received is included in accrued expenses on our Consolidated Balance Sheets.Cash Flow HedgesIn countries outside the United States, we transact business in U.S. Dollars and in various other currencies. We may use foreign exchange forward contracts and option contracts to hedge a portion of our forecasted foreign currency denominated revenue and expenses.

These foreign exchange contracts, carried at fair value, have maturities of up to 24 months. As of NovemberÂ 29, 2024 and DecemberÂ 1, 2023, total notional amounts of outstanding cash flow hedges were $5.51 billion and $2.83 billion, respectively, hedging exposures denominated in Euros, Japanese Yen, British Pounds, Indian Rupees, Australian Dollars and Canadian Dollars.In June 2019, we entered into Treasury lock agreements with large financial institutions which fixed benchmark U.S. Treasury rates for an aggregate notional amount of $1 billion of our future debt issuance. These derivative instruments hedged the impact of changes in the benchmark interest rate to future interest payments and were settled upon debt issuance in the first quarter of fiscal 2020. We incurred a loss related to the settlement of the instruments which is amortized to interest expense over the term of our debt due February 1, 2030. See Note 17 for further details regarding our debt.As of NovemberÂ 29, 2024, we had net derivative gains on our foreign currency cash flow hedges expected to be recognized within the next 36 months, of which $64 million of net gains are expected to be recognized into revenue within the next 12 months and $1 million of net losses are expected to be recognized into operating expenses within the next 12 months. We also had net derivative losses on our Treasury lock agreements, of which $3 million is expected to be recognized into interest expense within the next 12 months.To receive hedge accounting treatment, all hedging relationships are formally documented at the inception of the hedge, and the hedges must be highly effective in offsetting changes to future cash flows on hedged transactions. We record changes in fair value of these cash flow hedges in accumulated other comprehensive income (loss) in our Consolidated Balance Sheets, until the forecasted transaction occurs. When the forecasted transaction affects earnings, we reclassify the related gain or loss on the foreign currency revenue, foreign currency expense or Treasury lock cash flow hedge to revenue, operating expense or interest expense, as applicable.Â In the event the underlying forecasted transaction does not occur, or it becomes probable that it will not occur, we reclassify the gain or loss on the related cash flow hedge from accumulated other comprehensive income (loss) to the same income statement line item as the hedged item. We evaluate hedge effectiveness at the inception of the hedge prospectively, and on an ongoing basis both retrospectively and prospectively. If we do not elect hedge accounting, or the contract does not qualify for hedge accounting treatment, the changes in fair value from period to period are recorded in the same income statement line item as the hedged item.For fiscal 2024, 2023 and 2022, there were no net gains or losses recognized in income relating to hedges of forecasted transactions that did not occur. Non-Designated HedgesOur derivatives not designated as hedging instruments consist of foreign currency forward contracts that we primarily use to hedge monetary assets and liabilities denominated in non-functional currencies. The changes in fair value of these contracts are recorded to other income (expense), net in our Consolidated Statements of Income. Changes in the fair value of the underlying assets and liabilities associated with the hedged risk are generally offset by the changes in the fair value of the related contracts.73Table of ContentsADOBE INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)As of NovemberÂ 29, 2024, total notional amounts of outstanding foreign currency forward contracts hedging monetary assets and liabilities were $381 million, primarily hedging exposures denominated in Indian Rupees, Australian Dollars, British Pounds and Euros. As of DecemberÂ 1, 2023, total notional amounts of outstanding contracts were $998 million, primarily hedging exposures denominated in Euros, Indian Rupees, British Pounds and Australian Dollars. At NovemberÂ 29, 2024 and DecemberÂ 1, 2023, the outstanding balance sheet hedging derivatives had maturities of 180 days or less.Fair value asset derivatives are included in prepaid expenses and other current assets for the current portion and other assets for the long-term portion, and fair value liability derivatives are included in accrued expenses for the current portion and other liabilities for the long-term portion on our Consolidated Balance Sheets. The fair value of derivative instruments as of NovemberÂ 29, 2024 and DecemberÂ 1, 2023 were as follows:(in millions)20242023Â Fair Value AssetDerivativesFair ValueLiabilityDerivativesFair Value AssetDerivativesFair ValueLiabilityDerivativesDerivatives designated as hedging instruments:Â Â Â Â Foreign exchange contracts$128Â $10Â $43Â $â€"Â Derivatives not designated as hedging instruments:Â Foreign exchange contracts1Â 1Â 9Â 4Â Total derivatives$129Â $11Â $52Â $4Â Gains (losses) on derivative instruments, net of tax, recognized in our Consolidated Statements of Comprehensive Income for fiscal 2024, 2023 and 2022 were as follows:(in millions)202420232022Derivatives in cash flow hedging relationships:Foreign exchange contracts$89Â (12)139Â The effects of derivative instruments on our Consolidated Statements of Income for fiscal 2024, 2023 and 2022 were as follows:(in millions)Financial Statement Classification202420232022Derivatives in cash flow hedging relationships:Foreign exchange contracts Net gain (loss) reclassified from accumulated OCI into incomeRevenue(20)41Â $176Â Net gain (loss) reclassified from accumulated OCI into incomeOperating expenses$4Â (2)â€"Â Treasury lockNet gain (loss) reclassified from accumulated OCI into incomeInterest expense(5)(5)$(4)Derivatives not designated as hedging relationships:Foreign exchange contractsOther income (expense), net$3Â $12Â $(29)74Table of ContentsADOBE INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)NOTE 7.Â Â PROPERTY AND EQUIPMENTProperty and equipment, net, consisted of the following as of NovemberÂ 29, 2024 and DecemberÂ 1, 2023:(in millions)20242023Computers and other equipment$1,405Â $1,490Â Buildings1,067Â 1,069Â Building improvements561Â 591Â Leasehold improvements222Â 275Â Furniture and fixtures146Â 171Â Land163Â 163Â Capital projects in-progress27Â 2Â Total3,591Â 3,761Â Less: Accumulated depreciation and amortization(1,655)(1,731)Property and equipment, net$1,936Â $2,030Â Depreciation and amortization expense of property and equipment for fiscal 2024, 2023 and 2022 was $239 million, $235 million and $189 million, respectively.Property and equipment, net, by geographic area as of NovemberÂ 29, 2024 and DecemberÂ 1, 2023 was as follows:(in millions)20242023Americas:Â Â United States$1,651Â $1,740Â Other1Â 1Â Total Americas1,652Â 1,741Â EMEA86Â 87Â APAC198Â 202Â Property and equipment, net$1,936Â $2,030Â NOTE 8.Â Â GOODWILL AND OTHER INTANGIBLESÂ Goodwill by reportable segment and activity was as follows:(in millions)Digital MediaDigital ExperiencePublishing and AdvertisingTotal GoodwillBalances at DecemberÂ 2, 2022$3,889Â $8,500Â $398Â $12,787Â Foreign currency translation1Â 17Â â€"Â 18Â Balances at DecemberÂ 1, 2023$3,890Â $8,517Â $398Â $12,805Â Foreign currency translation(1)(16)â€"Â (17)Balances at NovemberÂ 29, 2024$3,889Â $8,501Â $398Â $12,788Â During the second quarter of fiscal 2024, we completed our annual goodwill impairment testÂ associated with our reporting units and, based on the qualitative assessment, determined there was no impairment of goodwill. We did not identify any events or changes in circumstances since the performance of our annual goodwill impairment test that would require us to perform another goodwill impairment test during the fiscal year.75Table of ContentsADOBE INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)Other intangibles, net, as of NovemberÂ 29, 2024 and DecemberÂ 1, 2023 were as follows:Â (dollars in millions)20242023Â Gross Carrying AmountAccumulated AmortizationNetWeighted AverageUseful Life (years)Gross Carrying AmountAccumulated AmortizationNetCustomer contracts and relationships$1,203Â (742)461Â 10$1,204Â (619)585Â Purchased technology877Â (704)173Â 6984Â (647)337Â Trademarks372Â (258)114Â 9376Â (217)159Â Other42Â (8)34Â 622Â (15)7Â Other intangibles, net$2,494Â $(1,712)$782Â $2,586Â $(1,498)$1,088Â Amortization expense related to other intangibles was $336 million, $375 million and $405 million for fiscal 2024, 2023 and 2022 respectively. Of these amounts, $167 million, $207 million and $236 million was included in cost of sales for fiscal 2024, 2023 and 2022 respectively. We did not recognize any intangible asset impairment charges for all periods presented.Other intangibles are amortized over their estimated useful lives of 3 to 14 years. As of NovemberÂ 29, 2024, the estimated aggregate amortization expense for each of the five succeeding fiscal years was as follows:(in millions)FiscalÂ YearOtherÂ Intangibles2025$309Â 2026158Â 2027116Â 202871Â 202967Â Thereafter61Â Total expected amortization expense$782Â NOTE 9.Â Â ACCRUED EXPENSESAccrued expenses as of NovemberÂ 29, 2024 and DecemberÂ 1, 2023 consisted of the following:(in millions)20242023Accrued compensation and benefits$646Â $535Â Accrued bonuses575Â 547Â Accrued corporate marketing176Â 132Â Derivative collateral liabilities168Â 50Â Refund liabilities141Â 111Â Sales and use taxes121Â 122Â Other509Â 445Â Accrued expenses$2,336Â $1,942Â Other primarily includes general business accruals, accrued hosting fees and royalties payable.76Table of ContentsADOBE INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)NOTE 10.Â Â INCOME TAXESIncome before income taxes for fiscal 2024, 2023 and 2022 consisted of the following:(in millions)202420232022Domestic$4,160Â $3,465Â $1,958Â Foreign2,771Â 3,334Â 4,050Â Income before income taxes$6,931Â $6,799Â $6,008Â The provision for income taxes for fiscal 2024, 2023 and 2022 consisted of the following:(in millions)202420232022Current:Â Â Â United States federal$1,292Â $1,198Â $465Â Foreign315Â 335Â 329Â State and local232Â 260Â 132Â Total current1,839Â 1,793Â 926Â Deferred:Â Â Â United States federal(580)(556)(45)Foreign179Â 227Â 360Â State and local(67)(93)11Â Total deferred(468)(422)326Â Provision for income taxes$1,371Â $1,371Â $1,252Â Reconciliation of Provision for Income Taxes Total income tax expense differed from the income tax expense computed at the U.S. federal statutory rate of 21% as a result of the following:(in millions)202420232022Tax expense computed at U.S. federal statutory rate$1,456Â $1,428Â $1,262Â Effects of non-U.S. operations(198)(116)(7)Tax credits(150)(130)(116)Tax settlements(85)(14)(14)Stock-based compensation(23)29Â â€"Â Acquisition termination fee210Â â€"Â â€"Â State tax expense, net of federal benefit139Â 132Â 113Â Other22Â 42Â 14Â Provision for income taxes$1,371Â $1,371Â $1,252Â 77Table of ContentsADOBE INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)Deferred Tax Assets and LiabilitiesThe tax effects of the temporary differences that gave rise to significant portions of the deferred tax assets and liabilities as of NovemberÂ 29, 2024 and DecemberÂ 1, 2023 were as follows:(in millions)20242023Deferred tax assets:Â Â Capitalized expenses$1,625Â $984Â Credit carryforwards343Â 366Â Net operating loss and capital loss carryforwards308Â 44Â Intangible assets117Â 320Â Reserves and accruals129Â 125Â Operating lease liabilities79Â 97Â Stock-based compensation66Â 65Â Benefits relating to tax positions64Â 68Â Other34Â 48Â Total gross deferred tax assets2,765Â 2,117Â Valuation allowance(725)(405)Total deferred tax assets2,040Â 1,712Â Deferred tax liabilities:Acquired intangible assets180Â 263Â Prepaid expenses112Â 107Â Depreciation and amortization70Â 77Â Operating lease right-of-use assets52Â 89Â Total deferred tax liabilities414Â 536Â Net deferred tax assets$1,626Â $1,176Â Deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities, and for tax loss and credit carryforwards.As of NovemberÂ 29, 2024, we had federal and state tax credit carryforwards of approximately $93 million and $308Â million, respectively, as well as state net operating loss carryforwards of approximately $408 million. We also had federal and state capital loss carryforwards of $1.15 billion mainly from the Figma acquisition termination fee which was not deductible for financial statement purposes. The majority of the state tax credits can be carried forward indefinitely, and the remaining federal and state tax loss and credit carryforwards will expire in various years from fiscal 2025 through 2040. Certain tax loss and credit carryforwards are subject to an annual limitation and/or are reduced by a valuation allowance. The net carrying amount of such assets is expected to be fully realized.In assessing the realizability of deferred tax assets, management determined that it is more likely than not that we will not fully realize certain available tax assets in domestic and foreign jurisdictions. Deferred tax assets are offset by a valuation allowance to the extent it is more likely than not that they are not expected to be realized. As of NovemberÂ 29, 2024, we continue to maintain a valuation allowance of $725 million primarily related to certain state credits and federal capital loss carryforwards. For fiscal 2024, the increase in the valuation allowance was $321 million, mainly related to the capital loss generated from the Figma acquisition termination fee.As we repatriate foreign earnings for use in the United States, the distributions will generally be exempt from federal income taxes. As of NovemberÂ 29, 2024, the cumulative amount of foreign earnings considered permanently reinvested upon which taxes have not been provided, and the corresponding unrecognized deferred tax liability, was not material.78Table of ContentsADOBE INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)Accounting for Uncertainty in Income TaxesDuring fiscal 2024 and 2023, the aggregate changes in our total gross amount of unrecognized tax benefits were as follows:(in millions)20242023Beginning balance$501Â $321Â Gross increases in unrecognized tax benefits â€“ prior year tax positions6Â 103Â Gross decreases in unrecognized tax benefits â€“ prior year tax positions(10)(9)Gross increases in unrecognized tax benefits â€“ current year tax positions269Â 108Â Lapse of statute of limitations(63)(14)Tax settlements(20)(13)Foreign exchange gains and lossesâ€”Â 5Â Ending balance$683Â $501Â Our policy is to record interest and penalties related to uncertain tax positions within the provision for income taxes. As of NovemberÂ 29, 2024 and DecemberÂ 1, 2023, the combined amounts of accrued interest and penalties included in long-term income taxes payable related to tax positions taken on our tax returns were not material.While we file federal, state and local income tax returns globally, our major tax jurisdictions are Ireland, California and the United States. We are subject to the examination of our income tax returns by various domestic and foreign tax authorities with 2020 being the earliest fiscal year open for examination in all of our major tax jurisdictions. We regularly assess the likelihood of outcomes resulting from examinations to determine the adequacy of our provision for income taxes and have reserved for potential adjustments that may result. While we believe our tax estimates are reasonable, we cannot provide assurance that the final determination of any of these examinations will not have an adverse effect on our financial position and results of operations.The timing of the resolution of income tax examinations is highly uncertain as are the amounts and timing of tax payments that are part of any audit settlement process. These events could cause large fluctuations in the balance sheet classification of our tax assets and liabilities. We believe that within the next 12 months, it is reasonably possible that either certain audits will conclude or statutes of limitations on certain income tax examination periods will expire, or both. Although the timing of resolution, settlement and closing of audits is not certain, it is reasonably possible that the underlying unrecognized tax benefits may decrease by up to $50 million over the next 12 months.NOTE 11.Â Â BENEFIT PLANSRetirement Savings PlanThe Adobe Inc. 401(k) Retirement Savings Plan, qualified under SectionÂ 401(k)Â of the Internal Revenue Code, is a retirement savings plan covering substantially all of our U.S. employees. Under the plan, eligible employees may contribute up to 65% of their pretax or after-tax salary, subject to the IRS annual contribution limits. In fiscal 2024, we matched 50% of the first 6% of the employeeâ€™s eligible compensation. We contributed $91 million, $85 million and $76 million in fiscal 2024, 2023 and 2022, respectively. We are under no obligation to continue matching future employee contributions and, at our discretion, may change our practices at any time.Deferred Compensation PlanThe Adobe Inc. Deferred Compensation Plan is an unfunded, non-qualified, deferred compensation arrangement under which certain executives are able to defer a portion of their annual compensation. Participants may elect to contribute up to 75% of their base salary and 100% of other specified compensation, including commissions and bonuses.Â Members of the Board of Directors are also eligible to participate and are able to defer their directorsâ€™ fees and elect cash benefit distributions in the same manner as executives. Additionally, members of the Board are permitted to defer equity awards. Participants are able to elect the payment of benefits to begin on a specified date at least three years after the end of the plan year in which election is made or, with respect to equity awards, vests. For cash benefit elections, distributions are made in cash in the form of a lump sum, or 79Table of ContentsADOBE INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)five, ten, or fifteen-year annual installments. For equity award elections, distributions are made in stock in the form of a lump sum payment only.Certain deferred compensation is invested in money market and other mutual funds and subsequently recorded as other assets on our Consolidated Balance Sheets, with corresponding unrealized holding gains and losses recorded as investment gains (losses) in our Consolidated Statements of Income. Undistributed deferred compensation is recorded as other liabilities on our Consolidated Balance Sheets.As of NovemberÂ 29, 2024 and DecemberÂ 1, 2023, the invested amounts under the plan totaled $283 million and $206 million, respectively. As of NovemberÂ 29, 2024 and DecemberÂ 1, 2023, undistributed deferred compensation due to participants totaled $297 million and $222 million, respectively.NOTE 12.Â Â STOCK-BASED COMPENSATIONOur stock-based compensation programs are long-term retention programs that are intended to attract, retain and provide incentives for employees, officers and directors, and to align stockholder and employee interests. We have the following stock-based compensation plans and programs:Restricted Stock Units and Performance Share ProgramsWe grant restricted stock units and performance share awards to eligible employees under our 2019 Equity Incentive Plan (â€œ2019 Planâ€). Restricted stock units generally vest over four years. Certain grants have other vesting periods approved by the Executive Compensation Committee of our Board of Directors (the â€œECCâ€).As of NovemberÂ 29, 2024, we had reserved 69.0 million shares of our common stock for issuance under our 2019 Plan and had 34.3 million shares available for grant.Our Performance Share Programs aim to help focus key employees on building stockholder value, provide significant award potential for achieving outstanding company performance and enhance our ability to attract and retain highly talented and competent individuals. The ECC approves the terms of each of our Performance Share Programs, including the award calculation methodology. In January 2024, the ECC approved the 2024 Performance Share Program.Shares outstanding under our 2024, 2023 and 2022 Performance Share Programs may be earned based on the achievement of (i) an objective relative total stockholder return measured over a three-year performance period, as well as (ii) revenue-based financial metrics measured over three one-year performance periods. Each type of performance goal is weighted 50% and achievement of each performance goal is determined independently of the other. Shares associated with each performance goal are not awarded until the corresponding performance targets are defined. Performance share awards in each of our 2024, 2023 and 2022 Performance Share Programs will cliff-vest upon the later of (i) the three-year anniversary of the earliest vesting commencement date in the respective Performance Share Program, or (ii) the ECC's certification of the level of achievement of the final performance period in the respective Performance Share Program, contingent upon the participantâ€™s continued service. Participants can earn between 0% and 200% of the target number of performance shares.As of NovemberÂ 29, 2024, the shares awarded under our 2024, 2023 and 2022 Performance Share Programs remained outstanding and unvested.Employee Stock Purchase PlanOur Employee Stock Purchase Plan (â€œESPPâ€) allows eligible employee participants to purchase shares of our common stock at a discount through payroll deductions. The ESPP consists of twenty-four-month offering periods with four six-month purchase periods in each offering period. Employees purchase shares in each purchase period at 85% of the market value of our common stock at either the beginning of the offering period or the end of the purchase period, whichever price is lower. If the market value of our common stock at the end of a purchase period is lower than the market value at the beginning of the offering period, participants are rolled over into the subsequent offering, resulting in a reset of the offering price and the twenty-four month offering period.80Table of ContentsADOBE INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)The ESPP will continue until the earlier of termination by the Board of Directors or the date on which all of the shares available for issuance under the plan have been issued.As of NovemberÂ 29, 2024, we had reserved 103.0 million shares of our common stock for issuance under the ESPP and approximately 8.4 million shares remain available for future issuance.Issuance of SharesUpon vesting of restricted stock units and performance shares or purchase of shares under the ESPP, we will issue treasury stock. If treasury stock is not available, common stock will be issued. In order to minimize the impact of ongoing dilution from issuance of shares, we instituted a stock repurchase program. See Note 14 for information regarding our stock repurchase programs.Valuation of Stock-Based CompensationStock-based compensation cost is measured at the grant date based on the fair value of the award. Our restricted stock units are valued based on the fair market value of the award on the grant date. Our performance share awards which are contingent upon achievement of relative total stockholder return are valued using a Monte Carlo Simulation model. Our performance share awards which are contingent upon achievement of revenue-based financial metrics are valued based on the fair market value of the award on the grant date. We use the Black-Scholes option pricing model to determine the fair value of ESPP purchase rights. The determination of the grant date fair value of our ESPP purchase rights is affected by our stock price as well as assumptions regarding a number of complex and subjective variables. These variables include our expected stock price volatility over the expected term of the awards, actual and projected employee stock option exercise behaviors, a risk-free interest rate and any expected dividends.Summary of Restricted Stock UnitsRestricted stock unit activity for fiscal 2024 was as follows:Number ofShares(in millions)Weighted AverageGrant Date Fair ValueAggregateFair Value (1)(in millions)Weighted AverageRemaining Contractual Life(years)Beginning outstanding balance7.8Â $418.63Â Awarded3.2Â $579.87Â Released(3.5)$451.27Â Forfeited(0.5)$451.39Â Ending outstanding balance7.0Â $473.28Â $3,591Â 1.25Expected to vest6.5Â $472.01Â $3,331Â 1.20____(1)Â Â Â Â The aggregate fair value is calculated using the closing stock price as of NovemberÂ 29, 2024 of $515.93.The weighted average grant date fair values of restricted stock units granted during fiscal 2024, 2023 and 2022 were $579.87, $376.83 and $457.96, respectively. The total fair value of restricted stock units vested during fiscal 2024, 2023 and 2022 was $1.87 billion, $1.71 billion and $1.30 billion, respectively.81Table of ContentsADOBE INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)Summary of Performance SharesÂ Performance share activity for fiscal 2024 was as follows:Â Â Number ofShares(in millions)Weighted AverageGrant Date Fair ValueAggregateFair Value (1)(in millions)Weighted AverageRemaining Contractual Life(years)Beginning outstanding balance0.5Â $465.71Â Awarded0.2Â $645.40Â Released(0.1)$455.65Â Forfeited(0.1)$505.61Â Ending outstanding balance0.5Â $537.00Â $256Â 1.11Expected to vest0.5Â $534.75Â $239Â 1.18____(1)Â Â Â Â The aggregate fair value is calculated using the closing stock price as of NovemberÂ 29, 2024 of $515.93.Shares released during fiscal 2024 resulted from 83% achievement of target for the 2021 Performance Share Program, as certified by the ECC in the first quarter of fiscal 2024.The weighted average grant date fair values of performance share awards granted during fiscal 2024, 2023 and 2022 were $645.40, $437.58 and $402.24, respectively. The total fair value of performance share awards vested during fiscal 2024, 2023 and 2022 was $63 million, $39 million and $192 million, respectively.Summary of Employee Stock Purchase Plan SharesEmployees purchased 1.2 million shares at an average price of $298.53, 1.1 million shares at an average price of $286.31, and 0.8 million shares at an average price of $333.92 for fiscal 2024, 2023 and 2022, respectively. The intrinsic value of shares purchased during fiscal 2024, 2023 and 2022 was $324 million, $185 million and $73 million, respectively. The intrinsic value is calculated as the difference between the market value on the date of purchase and the purchase price of the shares.Compensation CostsWe recognize the estimated compensation costs of restricted stock units, net of estimated forfeitures, on a straight-line basis over the requisite service period of the entire award, which is generally the vesting period. The estimated compensation cost is based on the fair value of our common stock on the date of grant. Compensation costs for our performance share awards which are contingent upon achievement of relative total stockholder return are recognized, net of estimated forfeitures, on a straight-line basis over the requisite performance period or service period of the entire award, whichever is longer. Compensation costs for our performance share awards which are contingent upon achievement of revenue-based financial metrics are recognized, net of estimated forfeitures, based upon the expected levels of achievement, which are assessed periodically until certification by the ECC.We estimate forfeitures at the time of grant and revise those estimates in subsequent periods if actual forfeitures differ from those estimates. We use historical data to estimate forfeitures and record stock-based compensation expense only for those awards that are expected to vest.As of NovemberÂ 29, 2024, there was $2.93 billion of unrecognized compensation cost, adjusted for estimated forfeitures, related to unvested stock-based awards and purchase rights which will be recognized over a weighted average period of 2.19 years. Total unrecognized compensation cost will be adjusted for future changes in estimated forfeitures.Â 82Table of ContentsADOBE INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)Total stock-based compensation costs included in our Consolidated Statements of Income for fiscal 2024, 2023 and 2022 were as follows:(in millions)202420232022Cost of revenue$117Â $115Â $97Â Research and development932Â 874Â 726Â Sales and marketing535Â 495Â 417Â General and administrative249Â 234Â 200Â Total (1)$1,833Â $1,718Â $1,440Â _______________________________________(1)During fiscal 2024, 2023 and 2022, we recorded tax benefits related to stock-based compensation costs of $372 million, $299 million and $291 million, respectively.NOTE 13.Â Â ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)The components of accumulated other comprehensive income (loss) and activity, net of related taxes, for fiscal 2024 were as follows:(in millions)December 1,2023Increase / DecreaseReclassification AdjustmentsNovember 29,2024Net unrealized gains / losses on available-for-sale securities(12)11Â $â€"Â (1)$(1)Net unrealized gains / losses on derivative instruments designated as hedging instruments(26)89Â 17Â (2)80Â Cumulative foreign currency translation adjustments(247)(33)â€"Â (280)Total accumulated other comprehensive income (loss), net of taxes(285)67Â $17Â $(201)_______________________________________(1)Â Â Â Â Reclassification adjustments for gains / losses on available-for-sale securities are classified in other income (expense), net. (2)Reclassification adjustments for gains / losses on foreign currency hedges are classified in revenue or operating expenses, depending on the nature of the underlying transaction, and reclassification adjustments for gains / losses on Treasury lock hedges are classified in interest expense. Taxes related to each component of other comprehensive income (loss) were immaterial for the fiscal years presented.NOTE 14.Â Â STOCK REPURCHASE PROGRAMTo facilitate our stock repurchase program, designed to return value to our stockholders and minimize dilution from stock issuances, we may repurchase our shares in the open market or enter into structured repurchase agreements with third parties. In December 2020, our Board of Directors granted authority to repurchase up to $15 billion in our common stock, which became fully utilized during fiscal 2024. In March 2024, our Board of Directors granted additional authority to repurchase up to $25 billion in our common stock through March 14, 2028.During fiscal 2024, 2023 and 2022, we entered into accelerated share repurchase agreements (â€œASRsâ€) with large financial institutions whereupon we provided them with prepayments totaling $9.5 billion, $1.4 billion and $2.4 billion, respectively. Under the terms of our ASRs, the financial institutions agree to deliver a portion of shares to us at contract inception and the remaining shares at settlement. The total number of shares delivered and average purchase price paid per share are determined upon settlement based on the Volume Weighted Average Price (â€œVWAPâ€) over the term of the ASR, less an agreed upon discount.83Table of ContentsADOBE INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)During fiscal 2023 and 2022, we also entered into structured stock repurchase agreements with large financial institutions whereupon we provided them with prepayments totaling $3 billion and $4.15 billion, respectively. Under the terms of these structured stock repurchase agreements, the financial institutions agree to deliver shares to us at monthly intervals during the respective contract terms, and the number of shares delivered each month are determined based on the total notional amount of the contracts, the number of trading days in the intervals and the VWAP during the intervals, less an agreed upon discount.Share repurchase activities for fiscal 2024, 2023 and 2022 were as follows:Number of Shares Delivered(in millions)Average Price Paid Per ShareFiscal 2024Structured stock repurchase agreement entered into in fiscal 20230.6Â $626.68Â ASR entered into in December 20233.5Â $578.11Â ASR entered into in March 20245.2Â $475.94Â ASR entered into in June 20244.6Â $546.30Â ASR entered into in September 20243.6Â $â€"Â (1)Total shares delivered17.5Â Fiscal 2023Structured stock repurchase agreements entered into in fiscal 2023 and 20227.5Â $429.65Â ASR entered into in December 20224.0Â $348.46Â Total shares delivered11.5Â Fiscal 2022Structured stock repurchase agreements entered into in fiscal 2022 and 202110.4Â $375.03Â ASR entered into in December 20215.3Â $451.55Â Total shares delivered15.7Â _______________________________________(1)Â Â Â Â During fiscal 2024, we received the initial delivery of shares under the ASR entered into in September 2024, which remained outstanding as of NovemberÂ 29, 2024. Subsequent to NovemberÂ 29, 2024, the outstanding ASR was settled which resulted in total repurchases of 5.0 million shares at an average price of $501.37.Prepayments for stock repurchases are classified as treasury stock, a component of stockholdersâ€™ equity on our Consolidated Balance Sheets, at the payment date, though only shares physically delivered to us by the end of the respective period are excluded from the computation of net income per share. As of NovemberÂ 29, 2024, a portion of the $2.5Â billion prepayment under the ASR entered into in September 2024 was evaluated as an unsettled forward contract indexed to our own stock, classified within stockholdersâ€™ equity.Subsequent to NovemberÂ 29, 2024, as part of the March 2024 stock repurchase authority, we entered into stock repurchase arrangements with a large financial institution which totaled $3.25Â billion, including a $2.75Â billion ASR and a trading plan under which we may execute up to $500Â million in open market repurchases. Under the ASR, we received an initial delivery of 4.5 million shares, which represents approximately 75% of our $2.75Â billion prepayment.84Table of ContentsADOBE INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)NOTE 15.Â Â NET INCOME PER SHAREBasic net income per share is computed using the weighted average number of common shares outstanding for the period, excluding unvested stock-based awards and purchase rights. Diluted net income per share is based upon the weighted average common shares outstanding for the period plus dilutive potential common shares, including unvested restricted stock units, stock purchase rights and performance share awards using the treasury stock method. Performance share awards are included based on the number of shares that would be issued as if the end of the reporting period was the end of the performance period and the result was dilutive.The following table sets forth the computation of basic and diluted net income per share for fiscal 2024, 2023 and 2022:(in millions, except per share data)202420232022Net income$5,560Â $5,428Â $4,756Â Shares used to compute basic net income per share447.1Â 457.1Â 469.5Â Dilutive potential common shares from stock plans and programs2.6Â 2.0Â 1.4Â Shares used to compute diluted net income per share449.7Â 459.1Â 470.9Â Basic net income per share$12.43Â $11.87Â $10.13Â Diluted net income per share$12.36Â $11.82Â $10.10Â Anti-dilutive potential common shares1.9Â 2.7Â 4.2Â NOTE 16.Â Â COMMITMENTS AND CONTINGENCIESUnconditional Purchase ObligationsOur principal commitments consist of purchase obligations resulting from agreements to purchase goods and services in the ordinary course of business. The following table summarizes our non-cancellable unconditional purchase obligations for each of the next five years and thereafter as of NovemberÂ 29, 2024, primarily relating to contracts with vendors for third-party hosting and data center services:(in millions)Â FiscalÂ YearPurchase Obligations2025$1,523Â 20261,227Â 20271,269Â 20281,345Â 2029416Â Thereafter9Â Total$5,789Â RoyaltiesWe have royalty commitments associated with the licensing of certain offerings and products. Royalty expense is generally based on a dollar amount per unit or a percentage of the underlying revenue. Royalty expense, which was recorded in our cost of revenue on our Consolidated Statements of Income, was approximately $259 million, $246 million and $228 million in fiscal 2024, 2023 and 2022, respectively.85Table of ContentsADOBE INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)IndemnificationsIn the ordinary course of business, we provide indemnifications of varying scope to our customers and channel partners against claims of intellectual property infringement made by third parties arising from the use of our products and from time to time, we are subject to claims by our customers under these indemnification provisions. Historically, costs related to these indemnification provisions have not been significant and we are unable to estimate the maximum potential impact of these indemnification provisions on our future results of operations.To the extent permitted under Delaware law, we have agreements whereby we indemnify our officers and directors for certain events or occurrences while the officer or director is or was serving at our request in such capacity. The indemnification period covers all pertinent events and occurrences during the officerâ€™s or directorâ€™s lifetime. The maximum potential amount of future payments we could be required to make under these indemnification agreements is unlimited; however, we have director and officer insurance coverage that reduces our exposure and enables us to recover a portion of any future amounts paid. We believe the estimated fair value of these indemnification agreements in excess of applicable insurance coverage is minimal.Legal ProceedingsWe are subject to legal proceedings, claims, including claims relating to intellectual property, commercial, employment and other matters, and investigations, including government investigations, that arise in the ordinary course of our business. Some of these disputes, legal proceedings and investigations may include speculative claims for substantial or indeterminate amounts of damages. We consider all claims on a quarterly basis in accordance with GAAP and based on known facts assess whether potential losses are considered reasonably possible or probable and estimable. Based upon this assessment, we then evaluate disclosure requirements and whether to accrue for such claims in our financial statements. This determination is then reviewed and discussed with the Audit Committee of the Board of Directors.We make a provision for a liability when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. These provisions are reviewed at least quarterly and adjusted to reflect the impacts of negotiations, settlements, rulings, advice of legal counsel and other information and events pertaining to a particular case. As of NovemberÂ 29, 2024, accrued provisions for legal proceedings were immaterial. Unless otherwise specifically disclosed in this note, we have determined that no disclosure is required related to any claim against us because: (a) there is not a reasonable possibility that a loss exceeding amounts already recognized (if any) may be incurred with respect to such claim; (b) a reasonably possible loss or range of loss cannot be estimated; or (c) such estimate is immaterial.All legal costs associated with litigation are expensed as incurred. Litigation is inherently unpredictable. However, we believe that we have valid defenses with respect to the legal matters pending against us. It is possible, nevertheless, that our consolidated financial position, results of operations or cash flows could be negatively affected by an unfavorable resolution of one or more of such proceedings, claims or investigations.Since June 2022, we have been cooperating with the Federal Trade Commission (the â€œFTCâ€) staff in response to a Civil Investigative Demand seeking information regarding our disclosure and subscription cancellation practices relative to the Restore Online Shoppersâ€™ Confidence Act (â€œROSCAâ€). In November 2023, the FTC staff asserted that they had the authority to enter into consent negotiations to determine if a settlement regarding their investigation of these issues could be reached. On March 20, 2024, we were informed that the FTC had voted to authorize a filing of the case. The FTC then referred the case to the Department of Justice (the â€œDOJâ€), and on June 17, 2024, the DOJ filed a civil complaint in the United States District Court for the Northern District of California, naming Adobe and certain of our employees as defendants. The complaint alleges that Adobe failed to clearly and conspicuously disclose material terms, failed to obtain express informed consent and failed to provide a simple cancellation mechanism regarding our disclosure and subscription cancellation practices in violation of ROSCA and the FTC Act. The DOJ is seeking injunctive relief, civil penalties, equitable monetary relief and other relief. On October 7, 2024, we filed a motion to dismiss the DOJâ€™s civil complaint, and that motion was fully briefed as of December 23, 2024. The defense or resolution of this matter could involve significant monetary costs or penalties and have a significant impact on our financial results and operations. There can be no assurance that we will be successful in negotiating a favorable settlement or in litigation. Any remedies or compliance requirements could adversely affect our ability to operate our business or have a materially adverse impact on our financial results. At this stage, we are unable to estimate a reasonably possible financial loss or range of any potential financial loss, if any, as a result of this litigation.86Table of ContentsADOBE INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)On October 20, 2023, a securities class action captioned Pembroke Pines Firefighters & Police Officers Pension Fund et al v. Adobe, Inc. et al, renamed as In Re Adobe Inc. Securities Litigation, Case No. 1:23-cv-09260, was filed in the U.S. District Court for the Southern District of New York (the â€œSecurities Actionâ€) naming Adobe and certain of our current and former officers as defendants. The Securities Action purports to be brought on behalf of purchasers of the Companyâ€™s stock between July 23, 2021 and September 22, 2022 (the â€œClass Periodâ€). The complaint, which was amended on February 23, 2024, alleges that certain public statements made by Adobe during the Class Period related to competition from Figma and the adequacy of Adobeâ€™s existing offerings to counter harms Adobe may have faced due to Figmaâ€™s growing market position were materially false and misleading. The Securities Action seeks unspecified compensatory damages, attorneysâ€™ fees and costs, and extraordinary equitable and/or injunctive relief. We filed a motion to dismiss the Securities Action, which was fully briefed as of May 23, 2024.On November 16, 2023, a shareholder derivative action captioned Shah v. Narayen et al, Case No. 1:23-cv-01315, was filed in the U.S. District Court for the District of Delaware (the â€œShah Actionâ€), purportedly on behalf of Adobe. On January 3, 2024, a second shareholder derivative action captioned Gervat v. Narayen et al, Case No. 1:24-cv-00006, was filed in the U.S. District Court for the District of Delaware (the â€œGervat Actionâ€), purportedly on behalf of Adobe. On January 24, 2024, the Court consolidated the Shah and Gervat Actions (together, the â€œConsolidated Derivative Actionâ€). On January 18, 2024, a shareholder derivative action captioned Sbriglio v. Narayen et al., Case No. 24-cv-429458, was filed in California Superior Court (the â€œSbriglio Actionâ€), purportedly on behalf of Adobe. On January 29, 2024, a shareholder derivative action captioned Roy v. Narayen et al., No. 1:24-cv-00633, was filed in the U.S. District Court for the Southern District of New York, (the â€œRoy Action,â€ and together with the Consolidated Derivative Action and the Sbriglio Action, the â€œDerivative Actionsâ€), purportedly on behalf of Adobe. The Derivative Actions are based largely on the same alleged facts and circumstances as the Securities Action, and name certain of our current and former officers and members of our Board of Directors as defendants and Adobe as a nominal defendant. The Derivative Actions together allege claims for breach of fiduciary duty and/or aiding and abetting breach of fiduciary duties, unjust enrichment, waste of corporate assets, abuse of control, and violations of Section 10(b) (and Rule 10b-5 promulgated thereunder), Section 20(a), and/or Section 21D of the Securities Exchange Act of 1934, as amended, and seek recovery of unspecified damages, restitution, and attorneyâ€™s fees and costs, as well as disgorgement of profits and certain payments and benefits, in the case of the Gervat Action, and improvements to Adobeâ€™s corporate governance and internal procedures, in the case of the Shah Action, on behalf of Adobe. The Derivative Actions are presently stayed pending the final resolution of the motion to dismiss in the Securities Action.We dispute the allegations of wrongdoing in the Securities Action and the Derivative Actions and intend to vigorously defend ourselves in these matters. In view of the complexity and ongoing and uncertain nature of the outstanding proceedings and inquiries, at this time we are unable to estimate a reasonably possible financial loss or range of financial loss, if any, that we may incur to resolve or settle the Securities Action and the Derivative Actions.In connection with disputes relating to the validity or alleged infringement of third-party intellectual property rights, including patent rights, we have been, are currently and may in the future be subject to claims, negotiations or complex, protracted litigation. Intellectual property disputes and litigation may be very costly and can be disruptive to our business operations by diverting the attention and energies of management and key technical personnel. Although we have successfully defended or resolved past litigation and disputes, we may not prevail in any ongoing or future litigation and disputes. Third-party intellectual property disputes could subject us to significant liabilities, require us to enter into royalty and licensing arrangements on unfavorable terms, prevent us from licensing certain of our products or offering certain of our services, subject us to injunctions restricting our sale of products or services, cause severe disruptions to our operations or the markets in which we compete, or require us to satisfy indemnification commitments with our customers including contractual provisions under various license arrangements and service agreements.87Table of ContentsADOBE INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)NOTE 17.Â Â DEBTThe carrying value of our borrowings as of NovemberÂ 29, 2024 and DecemberÂ 1, 2023 were as follows:(dollars in millions)Issuance DateDue DateEffective Interest Rate202420231.90% 2025 NotesFebruary 2020February 20252.07%$500Â $500Â 3.25% 2025 NotesJanuary 2015February 20253.67%1,000Â 1,000Â 2.15% 2027 NotesFebruary 2020February 20272.26%850Â 850Â 4.85% 2027 NotesApril 2024April 20275.03%500Â â€”Â 4.80% 2029 NotesApril 2024April 20294.93%750Â â€”Â 2.30% 2030 NotesFebruary 2020February 20302.69%1,300Â 1,300Â 4.95% 2034 NotesApril 2024April 20345.03%750Â â€”Â Total debt outstanding, at par$5,650Â $3,650Â Less: Current portion of debt, at par(1,500)â€”Â Unamortized discount and debt issuance costs(21)(16)Carrying value of long-term debt$4,129Â $3,634Â Current portion of debt, at par$1,500Â $â€”Â Unamortized discount and debt issuance costs(1)â€”Â Carrying value of current debt$1,499Â $â€”Â Senior NotesIn January 2015, we issued $1 billion of senior notes due FebruaryÂ 1, 2025. The related discount and issuance costs are amortized to interest expense over the term of the notes using the effective interest method. Interest is payable semi-annually, in arrears, on February 1 and August 1.In February 2020, we issued $500Â million of senior notes due FebruaryÂ 1, 2025, $850Â million of senior notes due FebruaryÂ 1, 2027 and $1.30Â billion of senior notes due FebruaryÂ 1, 2030. The related discount and issuance costs are amortized to interest expense over the respective terms of the notes using the effective interest method. Interest is payable semi-annually, in arrears, on February 1 and August 1.In April 2024, we issued $500 million of senior notes due AprilÂ 4, 2027, $750 million of senior notes due AprilÂ 4, 2029 and $750 million of senior notes due AprilÂ 4, 2034. Our total proceeds were approximately $1.99Â billion, net of an issuance discount of $3 million and total issuance costs of $9 million. The related discount and issuance costs are amortized to interest expense over the respective terms of the notes using the effective interest method. Interest is payable semi-annually, in arrears, on April 4 and October 4.During the first quarter of fiscal 2024, we reclassified the senior notes due FebruaryÂ 1, 2025 as current debt in our Consolidated Balance Sheets. As of NovemberÂ 29, 2024, the carrying value of our current debt was $1.50 billion, net of the related discount and issuance costs.Our senior notes rank equally with our other unsecured and unsubordinated indebtedness, and do not contain financial covenants. We may redeem the notes at any time, subject to a make-whole premium.For the senior notes issued in January 2015 and February 2020, upon the occurrence of certain change of control triggering events, we may be required to repurchase the notes, at a price equal to 101% of their principal amount, plus accrued and unpaid interest to the date of repurchase. In addition, these notes include covenants that limit our ability to grant liens on assets and to enter into sale and leaseback transactions, subject to significant allowances.88Table of ContentsADOBE INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)Revolving Credit AgreementIn June 2022, we entered into a credit agreement (the â€œRevolving Credit Agreementâ€), providing for a five-year $1.5 billion senior unsecured revolving credit facility, which replaced our previous five-year $1 billion senior unsecured revolving credit agreement entered into in October 2018. The Revolving Credit Agreement provides for loans to Adobe and certain of its subsidiaries that may be designated from time to time as additional borrowers. Pursuant to the terms of the Revolving Credit Agreement, we may, subject to the agreement of lenders to provide additional commitments, obtain up to an additional $500 million in commitments, for a maximum aggregate commitment of $2 billion. At our election, loans under the Revolving Credit Agreement will bear interest at either (i) term Secured Overnight Financing Rate (â€œSOFRâ€), plus a margin, (ii) adjusted daily SOFR, plus a margin, (iii) alternative currency rate, plus a margin, or (iv) base rate, which is defined as the highest of (a) the federal funds rate plus 0.50%, (b) the agentâ€™s prime rate, or (c) term SOFR plus 1.00%. The margin for term SOFR, adjusted daily SOFR and alternative currency rate loans is based on our debt ratings, and ranges from 0.460% to 0.900%. In addition, facility fees determined according to our debt ratings are payable on the aggregate commitments, regardless of usage, quarterly in an amount ranging from 0.040% to 0.100% per annum. We are permitted to permanently reduce the aggregate commitment under the Revolving Credit Agreement at any time. Subject to certain conditions stated in the Revolving Credit Agreement, Adobe and any of its subsidiaries designated as additional borrowers may borrow, prepay and re-borrow amounts at any time during the term of the Revolving Credit Agreement.The Revolving Credit Agreement contains customary representations, warranties, affirmative and negative covenants, including events of default and indemnification provisions in favor of the lenders. The negative covenants include restrictions regarding the incurrence of liens and indebtedness, certain merger transactions, dispositions and other matters, all subject to certain exceptions. The facility will terminate and all amounts owing thereunder will be due and payable on the maturity date unless (a) the commitments are terminated earlier upon the occurrence of certain events, including an event of default, or (b) the maturity date is further extended upon our request, subject to the agreement of the lenders.As of NovemberÂ 29, 2024, there were no outstanding borrowings under this Revolving Credit Agreement.Commercial Paper ProgramIn September 2023, we established a commercial paper program under which we may issue unsecured commercial paper up to a total of $3 billion outstanding at any time, with maturities of up to 397 days from the date of issue. The net proceeds from the issuance of commercial paper are expected to be used for general corporate purposes, which may include working capital, capital expenditures, acquisitions, stock repurchases, refinancing indebtedness or any other general corporate purposes. As of NovemberÂ 29, 2024, there were no outstanding borrowings under the commercial paper program.Term Loan Credit AgreementIn January 2023, we entered into a delayed draw term loan credit agreement (the â€œTerm Loan Credit Agreementâ€), providing for a senior unsecured term loan of up to $3.5 billion for the purpose of partially funding the purchase price for our intended acquisition of Figma and the related fees and expenses. During fiscal 2024, we entered into a mutual termination agreement with Figma to terminate the previously announced merger agreement. Consequently, the Term Loan Credit Agreement was terminated. There were no outstanding borrowings under the Term Loan Credit Agreement at the time of termination.NOTE 18.Â Â LEASESWe lease certain facilities and data centers under non-cancellable operating lease arrangements that expire at various dates throughÂ 2034. We also have one land lease that expires inÂ 2091. Our lease agreements do not contain any material residual value guarantees, material variable payment provisions or material restrictive covenants. Operating lease expense was $106Â million, $117Â million and $121Â million for fiscal 2024, 2023 and 2022, respectively. We recognized operating lease expense in cost of revenue and operating expenses in our Consolidated Statements of Income. Our operating lease expense includes variable lease costs and is net of sublease income, both of which are not material.89Table of ContentsADOBE INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)During fiscal 2024, we recognized impairment charges of $78 million associated with the optimization of our leased facilities, primarily for operating lease right-of-use assets and leasehold improvements, which were recorded as general and administrative expenses. There was no impairment recognized in the other periods presented.Supplemental cash flow information for fiscal 2024, 2023 and 2022 related to operating leases was as follows:(in millions)202420232022Cash paid for amounts included in the measurement of operating lease liabilities$85Â $97Â $107Â Right-of-use assets obtained in exchange for operating lease liabilities$62Â $32Â $59Â The weighted-average remaining lease term and weighted-average discount rate for our operating lease liabilities as of NovemberÂ 29, 2024 were 6 years and 2.69%, respectively. As of NovemberÂ 29, 2024, the maturities of lease liabilities under operating leases were as follows:(in millions)Fiscal YearOperating Leases2025$85Â 202683Â 202783Â 202870Â 202952Â Thereafter90Â Total lease liabilities$463Â Less: Imputed interest(35)Present value of lease liabilities$428Â NOTE 19.Â Â NON-OPERATING INCOME (EXPENSE)Non-operating income (expense) for fiscal 2024, 2023 and 2022 included the following:(in millions)202420232022Interest expense(169)(113)$(112)Investment gains (losses), net:Â Realized investment gains$12Â $6Â $11Â Realized investment lossesâ€"Â â€"Â (1)Unrealized investment gains (losses), net36Â 10Â (29)Investment gains (losses), net$48Â $16Â $(19)Other income (expense), net:Interest income$341Â $269Â $61Â Foreign exchange gains (losses)(29)(17)(21)Realized losses on fixed income investments(1)(7)â€"Â Otherâ€"Â 1Â 1Â Other income (expense), net$311Â $246Â $41Â Non-operating income (expense), net$190Â $149Â $(90)90Table of ContentsREPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRMTo the Stockholders and Board of DirectorsAdobe Inc.:Â Â Â Â Opinions on the Consolidated Financial Statements and Internal Control Over Financial ReportingWe have audited the accompanying consolidated balance sheets of Adobe Inc. and subsidiaries (the Company) as of November 29, 2024 and December 1, 2023, the related consolidated statements of income, comprehensive income, stockholdersâ€™ equity, and cash flows for each of the fiscal years in the three fiscal year period ended November 29, 2024, and the related notes (collectively, the consolidated financial statements). We also have audited the Companyâ€™s internal control over financial reporting as of November 29, 2024, based on criteria established in Internal Control â€" Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of November 29, 2024 and December 1, 2023, and the results of its operations and its cash flows for each of the fiscal years in the three fiscal year period ended November 29, 2024, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of November 29, 2024 based on criteria established in Internal Control â€" Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.Basis for OpinionsThe Companyâ€™s management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Managementâ€™s Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Companyâ€™s consolidated financial statements and an opinion on the Companyâ€™s internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.Definition and Limitations of Internal Control Over Financial Reporting A companyâ€™s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A companyâ€™s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the companyâ€™s assets that could have a material effect on the financial statements.91Table of ContentsBecause of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.Critical Audit MatterThe critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.Performance obligations in cloud-enabled software subscriptionsAs discussed in Note 1 to the consolidated financial statements, cloud-enabled services are highly integrated and interrelated with on-premise or on-device software licenses in the Companyâ€™s Creative Cloud and Document Cloud subscription offerings. Because of this, the cloud-based services and the on-premise/on-device software licenses are not considered distinct from each other and the applicable subscription is accounted for as a single performance obligation.We identified the assessment of performance obligations in these cloud-enabled software subscription offerings as a critical audit matter. A high degree of subjective auditor judgment was required to assess the nature of the Companyâ€™s Creative Cloud and Document Cloud offerings, their intended benefit to customers as an integrated offering, and the level of integration that exists between the cloud-enabled services and the on-premise/on-device licenses.The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of an internal control related to the assessment of distinct performance obligations. We read the Creative Cloud and Document Cloud subscription offering agreements to understand the contractual terms and conditions. We participated in product demonstrations and performed interviews with the Companyâ€™s product and engineering department to both understand and observe specific functionalities of the integrated offering and evaluate the nature of the promise made to the Companyâ€™s Creative Cloud and Document Cloud customers. We evaluated the features and functionalities of the Creative Cloud and Document Cloud subscription that can be accessed only when using the on-premise/on-device software while connected to the Adobe cloud to assess that customers receive the intended benefit from each solution only as an integrated offering./s/ KPMG LLPWe have served as the Companyâ€™s auditor since 1983. Santa Clara, CaliforniaJanuary 13, 202592Table of ContentsITEM 9.Â Â CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURENone.ITEM 9A.Â Â CONTROLS AND PROCEDURESDisclosure Controls and ProceduresOur management has evaluated, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures as of NovemberÂ 29, 2024. Based on their evaluation as of NovemberÂ 29, 2024, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures (as defined in RulesÂ 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) were effective at the reasonable assurance level to ensure that the information required to be disclosed by us in this Annual Report on FormÂ 10-K was (i) recorded, processed, summarized and reported within the time periods specified in the SECâ€™s rules and regulations and (ii) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within Adobe have been detected.Managementâ€™s Annual Report on Internal Control over Financial ReportingOur management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in RuleÂ 13a-15(f)Â under the Securities Exchange Act of 1934, as amended). Our management assessed the effectiveness of our internal control over financial reporting as of NovemberÂ 29, 2024. In making this assessment, our management used the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Our management has concluded that, as of NovemberÂ 29, 2024, our internal control over financial reporting is effective based on these criteria.KPMG LLP, the independent registered public accounting firm that audited our financial statements included in this Annual Report on Form 10-K, has issued an attestation report on our internal control over financial reporting, which is included herein.Changes in Internal Control over Financial ReportingThere were no changes in our internal control over financial reporting during the quarter ended NovemberÂ 29, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.Â ITEM 9B.Â Â OTHER INFORMATIONOn January 9, 2025, Brett Biggs notified the Board of Directors of the Company (the â€œBoardâ€) that he has decided not to stand for re-election at the Companyâ€™s 2025 Annual Meeting of Stockholders (the â€œAnnual Meetingâ€) but will serve out his term as a director until the Annual Meeting. The Board expresses its gratitude for Mr. Biggs, and his decision was not due to any disagreement with the Company or any refusal to stand for re-election.Trading ArrangementsNone.ITEM 9C.Â Â DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONSNot applicable.93Table of ContentsPART IIIITEM 10.Â Â DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCEThe information required by this Item 10 of Form 10-K that is found in our 2025 Proxy Statement to be filed with the SEC in connection with the solicitation of proxies for Adobeâ€™s 2025 Annual Meeting of Stockholders (â€œ2025 Proxy Statementâ€) is incorporated herein by reference to our 2025 Proxy Statement. The 2025 Proxy Statement will be filed with the SEC within 120 days after the end of the fiscal year to which this report relates.Â For information with respect to our executive officers, see the section titled â€œExecutive Officersâ€ in Part I, Item 1 of this report.Adobe has an insider trading policy governing the purchase, sale and other dispositions of Adobeâ€™s securities that applies to all personnel of Adobe and its subsidiaries, including directors, officers and employees and other covered persons, as well as Adobe itself. Adobe believes that its insider trading policy is reasonably designed to promote compliance with insider trading laws, rules and regulations, as well as applicable listing standards. A copy of Adobeâ€™s insider trading policy is filed as Exhibit 19.1 to this report.ITEM 11.Â Â EXECUTIVE COMPENSATIONThe information required by this Item 11 of Form 10-K is incorporated herein by reference to our 2025 Proxy Statement.ITEM 12.Â Â SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERSThe information required by this Item 12 of Form 10-K is incorporated herein by reference to our 2025 Proxy Statement.ITEM 13.Â Â CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCEThe information required by this Item 13 of Form 10-K is incorporated herein by reference to our 2025 Proxy Statement. ITEM 14.Â Â PRINCIPAL ACCOUNTANT FEES AND SERVICESThe information required by this Item 14 of Form 10-K is incorporated herein by reference to our 2025 Proxy Statement.94Table of ContentsPARTÂ IVITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES 1.Â Â Â Â Financial Statements. See Index to Consolidated Financial Statements in Part II, Item 8 of this Form 10-K. Â Incorporated by ReferenceExhibitNumberExhibit DescriptionFormFiling DateExhibit NumberSEC File No.FiledHerewith2.1Agreement and Plan of Merger, dated as of September 15, 2022, by and among Adobe Inc., Figma, Inc., Saratoga Merger Sub I, Inc., Saratoga Merger Sub II, LLC and Fortis Advisors LLC8-K9/15/222.1000-151753.1Restated Certificate of Incorporation of Adobe8-K4/26/113.3Â 000-151753.2Certificate of Amendment to Restated Certificate of Adobe8-K10/9/183.1Â 000-151753.3Amended and Restated Bylaws8-K1/18/223.1Â 000-151754.1Specimen Common Stock Certificate10-K1/25/194.1Â 000-151754.2Form of Indenture dated as of January 25, 2010 by and between Adobe and Wells Fargo Bank, National Association, as trusteeS-32/26/164.1Â 333-2097644.3Forms of Global Note for Adobe Inc.â€™s 1.700% Notes due 2023, 1.900% Notes due 2025, 2.150% Notes due 2027, and 2.300% Notes due 2030, together with an Officerâ€™s Certificate setting forth the terms of the Notes8-K2/3/204.1Â 000-151754.4Form of Global Note for Adobeâ€™s 3.250% Notes due 2025, together with Form of Officerâ€™s Certificate setting forth the terms of the Note8-K1/26/154.1Â 000-151754.5Forms of Global Note for Adobe Inc.â€™s 4.850% Notes due 2027, 4.800% Notes due 2029, and 4.950% Notes due 2034, together with an Officerâ€™s Certificate setting forth the terms of the Notes8-K4/4/244.1000-151754.6Description of Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 193410-K1/17/244.5Â 000-1517510.12020 Employee Stock Purchase Plan, as amended*10-K1/15/2110.1Â 000-1517510.2A2019 Equity Incentive Plan, as amended*8-K4/19/2410.1Â 000-1517510.2B2022 Performance Share Program, as amended and restated*8-K1/26/2310.4Â 000-1517510.2CForm of 2022 Performance Share Award Grant Notice and Award Agreement pursuant to 2022 Performance Share Program*8-K1/27/2210.3Â 000-1517510.2D2023 Performance Share Program*8-K1/26/2310.2Â 000-1517510.2EForm of 2023 Performance Share Award Grant Notice and Award Agreement pursuant to 2023 Performance Share Program*8-K1/26/2310.3Â 000-1517510.2F2024 Performance Share Program*8-K1/26/2410.2Â 000-1517595Table of ContentsÂ Incorporated by ReferenceExhibitNumberExhibit DescriptionFormFiling DateExhibit NumberSEC File No.FiledHerewith10.2GForm of 2024â€¯Performance Share Award Grant Notice and Award Agreement pursuant to 2024â€¯Performance Share Program*8-K1/26/2410.3Â 000-1517510.2HForm of Restricted Stock Unit Grant Notice and Award Agreement pursuant to 2019 Equity Incentive Plan, as amended*X10.2IForm of Non-Employee Director Grant Restricted Stock Unit Grant Notice and Award Agreement pursuant to 2019 Equity Incentive Plan, as amended*X10.3Retention Agreement between Adobe and Shantanu Narayen, effective December 5, 2014*8-K12/11/1410.2Â 000-1517510.4Form of Indemnity Agreement*10-K1/17/2410.5Â 000-1517510.5AAdobe Deferred Compensation Plan, as amended and restated*10-K1/20/1510.19Â 000-1517510.5BAmendment No. One to Adobe Deferred Compensation Plan, as amended and restated*10-K1/21/2010.6B000-1517510.6Credit Agreement, dated as of June 30, 2022, among the Company, certain subsidiaries of the Company party thereto, Bank of America, N.A. as Administrative Agent and the other lenders party thereto8-K7/1/2210.1Â 000-1517510.7Adobe Inc. 2023 Executive Severance Plan in the Event of a Change of Control* 8-K12/13/2310.1Â 000-1517510.82024 Executive Annual Incentive Plan*8-K1/26/2410.4000-1517510.92023 and 2024 Non-Employee Director Compensation Policy*10-K1/17/2310.11000-1517510.102025 and 2026 Non-Employee Director Compensation Policy*X10.11Form of Commercial Paper Dealer Agreement between the Company, as issuer, and the applicable Dealer party thereto.8-K9/14/2310.1000-1517510.12Termination Agreement, dated as of December 17, 2023, by and among Adobe Inc., Saratoga Merger Sub I, Inc., Saratoga Merger Sub II, LLC and Figma, Inc.8-K12/18/2310.1000-1517519.1Adobe Inc. Insider Trading PolicyX21.1Subsidiaries of the RegistrantX23.1Consent of Independent Registered Public Accounting Firm, KPMG LLPX24.1Power of Attorney (set forth on the signature page to this Annual Report on Form 10-K)X31.1Certification of Chief Executive Officer, as required by RuleÂ 13a-14(a) of the Securities Exchange Act of 1934Â Â Â X96Table of ContentsÂ Incorporated by ReferenceExhibitNumberExhibit DescriptionFormFiling DateExhibit NumberSEC File No.FiledHerewith31.2Certification of Chief Financial Officer, as required by RuleÂ 13a-14(a) of the Securities Exchange Act of 1934Â Â Â X32.1Certification of Chief Executive Officer, as required by RuleÂ 13a-14(b) of the Securities Exchange Act of 1934â€ Â Â Â X32.2Certification of Chief Financial Officer, as required by RuleÂ 13a-14(b) of the Securities Exchange Act of 1934â€ Â Â Â X97Adobe Inc. Incentive Compensation Recovery Policy*10-K1/17/2497000-15175101.INSInline XBRL Instance - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.Â Â Â X101.SCHInline XBRL Taxonomy Extension SchemaÂ Â Â X101.CALInline XBRL Taxonomy Extension CalculationÂ Â Â X101.LABInline XBRL Taxonomy Extension LabelsÂ Â Â X101.PREInline XBRL Taxonomy Extension PresentationÂ Â Â X101.DEFInline XBRL Taxonomy Extension DefinitionX104Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)_________________________*Management contract or compensatory plan or arrangement.Â â€ The certifications attached as ExhibitsÂ 32.1 and 32.2 that accompany this Annual Report on FormÂ 10-K, are not deemed filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of Adobe Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this FormÂ 10-K, irrespective of any general incorporation language contained in such filing.ITEM 16. FORM 10-K SUMMARYNone.97Table of ContentsSIGNATURESPursuant to the requirements of SectionÂ 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.Â ADOBE INC.Â Â Â By:/s/ DANIEL DURNÂ Â Daniel DurnÂ Â Chief Financial Officer andÂ Â Executive Vice President, Finance,Technology, Security and OperationsÂ Â (Principal Financial Officer)Date: January 13, 2025POWER OF ATTORNEYÂ KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Shantanu Narayen and Daniel Durn, and each or any one of them, his or her lawful attorneys-in-fact and agents, for such person in any and all capacities, to sign any and all amendments to this report and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that either of said attorneys-in-fact and agent, or substitute or substitutes, may do or cause to be done by virtue hereof.Â Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.SignatureTitleDate/s/ SHANTANU NARAYENJanuary 13, 2025Shantanu NarayenChair of the Board of Directors and Chief Executive Officer(Principal Executive Officer)/s/ DANIEL DURNJanuary 13, 2025Daniel DurnChief Financial Officer and Executive Vice President, Finance, Technology, Security and Operations(Principal Financial Officer)/s/ JILLIAN FORUSZJanuary 13, 2025Jillian ForuszSenior Vice President,Chief Accounting Officer andCorporate Controller(Principal Accounting Officer)/s/ FRANK CALDERONIJanuary 13, 2025Frank CalderoniDirector/s/ CRISTIANO AMONJanuary 13, 2025Cristiano AmonDirector98Table of ContentsSignatureTitleDate/s/ AMY BANSEJanuary 13, 2025Amy BanseDirector/s/ BRETT BIGGSJanuary 13, 2025Brett BiggsDirector/s/ MELANIE BOULDENJanuary 13, 2025Melanie BouldenDirector/s/ LAURA DESMONDJanuary 13, 2025Laura DesmondDirector/s/ SPENCER NEUMANNJanuary 13, 2025Spencer NeumannDirector/s/ KATHLEEN OBERGJanuary 13, 2025Kathleen ObergDirector/s/ DHEERAJ PANDEYJanuary 13, 2025Dheeraj PandeyDirector/s/ DAVID RICKSJanuary 13, 2025David RicksDirector/s/ DAN ROSENSWEIGJanuary 13, 2025Dan RosensweigDirector99Table of ContentsSUMMARY OF TRADEMARKSÂ Â The following trademarks of Adobe Inc. or its subsidiaries, which may be registered in the United States and/or other countries, are referenced in this FormÂ 10-K:AcrobatAcrobat AI AssistantAcrobat ReaderAcrobat SignAdobeAdobe AuditionAdobe CampaignAdobe CommerceAdobe Experience CloudAdobe ExpressAdobe FireflyAdobe FontsAdobe FrescoAdobe GenStudioAdobe Mix ModelerAdobe PremiereAdobe ScanAdobe SenseiAdobe StockAdobe TargetAfter EffectsBehanceCamera to CloudCreative CloudDocument CloudFrame.ioIllustratorInCopyInDesignJourney OptimizerLightroomMarketo EngagePhotoshopPostScriptPremiere ProReaderSenseiSubstance 3DSubstance 3D DesignerSubstance 3D ModelerSubstance 3D PainterSubstance 3D SamplerSubstance 3D StagerWorkfrontAll other trademarks are the property of their respective owners.100DocumentExhibit 10.2HADOBE INC.2019 EQUITY INCENTIVE PLAN RESTRICTED STOCK UNIT GRANT NOTICE(GLOBAL)Adobe Inc. (the â€œCompanyâ€), pursuant to its 2019 Equity Incentive Plan, as amended from time to time (the â€œPlanâ€), hereby awards to you the Restricted Stock Unit Award (the â€œAwardâ€) covering the number of Restricted Stock Units set forth below. This Award is subject to all of the terms and conditions as set forth herein and in the Restricted Stock Unit Award Agreement, including the Appendix attached thereto (the â€œAward Agreementâ€), and the Plan, each of which are incorporated herein in their entirety. Unless otherwise defined herein, capitalized terms shall have the meanings set forth in the Plan.Participant:Date of Grant:Vesting Commencement Date:Number of Restricted Stock Units:Vesting Schedule: [INSERT VESTING SCHEDULE]Delivery of Shares: Subject to the limitations contained herein and the provisions of the Plan, the Company shall settle vested Restricted Stock Units by delivering to you shares of Stock, as provided in Sections 3 and 5 of the Award Agreement.Additional Terms/Acknowledgments: You acknowledge receipt of, and understand and agree to, this Restricted Stock Unit Grant Notice (the â€œGrant Noticeâ€), the Award Agreement, and the Plan. You further acknowledge that as of the Date of Grant, this Grant Notice, the Award Agreement, and the Plan set forth the entire understanding between you, the Company and any other applicable Participating Company regarding the Award and supersede all prior oral and written agreements on that subject with the exception of any applicable change of control plan approved by the Board or a committee thereof and/or an applicable individual written retention agreement or severance provision between the Company, or a subsidiary of the Company, and you, to the extent applicable to you.ADOBE INC.Â By:Â Shantanu NarayenÂ Chief Executive OfficerAddress: 345 Park AvenueSan Jose, CA 95110-2704 USAADOBE INC.2019 EQUITY INCENTIVE PLAN RESTRICTED STOCK UNIT AWARD AGREEMENT(GLOBAL)Pursuant to the Restricted Stock Unit Grant Notice (the â€œGrant Noticeâ€) and this Restricted Stock Unit Award Agreement, including the attached Appendix (the â€œAward Agreementâ€), Adobe Inc. (the â€œCompanyâ€) has awarded you, pursuant to its 2019 Equity Incentive Plan, as amended from time to time (the â€œPlanâ€), a Restricted Stock Unit Award (the â€œAwardâ€) for the number of Restricted Stock Units as indicated in the Grant Notice. Unless otherwise defined herein or in the Grant Notice, capitalized terms shall have the meanings set forth in the Plan. Subject to adjustment and the terms and conditions as provided herein and in the Plan, each Restricted Stock Unit shall represent the right to receive one (1) share of Stock.The details of your Award, in addition to those set forth in the Grant Notice, are as follows.1.VESTING.(a)The Restricted Stock Units shall vest, if at all, as provided in the Vesting Schedule set forth in your Grant Notice, this Award Agreement and the Plan, provided that vesting shall cease upon the termination of your Service, except as otherwise set forth herein. (b)If your Service terminates due to your death or Disability, then you will be given credit for an additional twelve (12) months of continuous Service such that the number of Restricted Stock Units that otherwise would have vested had your Service continued for an additional twelve (12) months following your termination will accelerate and become vested as of the date of your Service termination; provided, however, that in no event shall such applicable vesting exceed 100% of the number of Restricted Stock Units subject to your Award. For purposes of this provision, â€œDisabilityâ€ shall mean your permanent and total disability within the meaning of Section 22(e)(3) of the U.S. Internal Revenue Code of 1986, as amended (the â€œCodeâ€), and any applicable regulations promulgated thereunder to the extent not inconsistent with the regulations under Code Section 409A. Except as set forth in this Section 1(b), any Restricted Stock Units subject to the Award that have not vested at the time of your termination of Service for any or no reason will be forfeited immediately and automatically transferred to and reacquired by the Company at no cost to the Company.(c)For purposes of the Award, your Service will be considered terminated as of the date you are no longer actively providing Service to a Participating Company (regardless of the reason for such termination and whether or not later found to be invalid or in breach of labor laws in the jurisdiction where you are employed or providing Service or the terms of your employment or service agreement, if any), and unless otherwise expressly provided in this Award Agreement or determined by the Company your right to vest in the Award under the Plan, if any, will terminate as of such date and will not be extended by any notice period (e.g., your period of Service would not include any contractual notice period or any period of â€œgarden leaveâ€ or similar period mandated under labor laws in the jurisdiction where you are employed or providing Service or the terms of your employment or service agreement, if any). The Committee shall have the exclusive discretion to determine when you are no longer actively providing Service for purposes of your Award (including whether you may still be considered to be providing Services while on a leave of absence, in accordance with the Companyâ€™s Leave of Absence Policy, as amended from time to time). Any such determination by the Committee for the purposes of this Award Agreement shall have no effect upon any determination of the rights or obligations of you or the Company (or any Participating Company, as applicable) for any other purpose.2(d)The Committee, in its discretion, may accelerate the vesting of the balance, or some lesser portion of the balance, of the unvested Restricted Stock Units at any time, subject to the terms of the Plan. If so accelerated, such Restricted Stock Units will be considered as having vested as of the date specified by the Committee. Notwithstanding Section 5 and in accordance with Section 15, the payment of shares of Stock that vest pursuant to this Section 1 shall in all cases be paid at a time or in a manner that is exempt from, or complies with, Code Section 409A.(e)The Restricted Stock Units are subject to the Companyâ€™s Leave of Absence Policy, as amended from time to time, which may provide for a pause in vesting in certain circumstances.2.NUMBER OF RESTRICTED STOCK UNITS AND UNDERLYING SHARES OF STOCK.(a)The Restricted Stock Units subject to your Award and the shares of Stock deliverable with respect to such Restricted Stock Units will be adjusted from time to time for capitalization adjustments, as provided in Section 4.2 of the Plan.(b)Any additional Restricted Stock Units, shares of Stock, cash or other property that become subject to the Award pursuant to this Section 2 shall be subject, in a manner determined by the Committee, to the same forfeiture restrictions, restrictions on transferability, and time and manner of delivery as applicable to the other Restricted Stock Units and shares of Stock covered by your Award.(c)Notwithstanding the provisions of this Section 2, no fractional Restricted Stock Units or rights for fractional shares of Stock shall be created pursuant to this Section 2, unless otherwise permitted under the Plan. The Committee shall, in its discretion, determine an equivalent benefit for any fractional Restricted Stock Units or fractional shares that might be created by the adjustments referred to in this Section 2.3.PAYMENT BY YOU. Subject to Section 11 below, and except as otherwise provided in the Grant Notice, you will not be required to make any payment to the Company with respect to your receipt of the Award, the vesting of the Restricted Stock Units, or the delivery of the shares of Stock underlying the Restricted Stock Units; provided, however, that your continued Service is required for vesting of the Restricted Stock Units as set forth in the Grant Notice and this Award Agreement.4.RIGHTS AS A STOCKHOLDER. Neither you nor any person claiming under or through you will have any of the rights or privileges of a stockholder of the Company in respect of any shares of Stock hereunder unless and until certificates representing shares of Stock (or other evidence of ownership as so designated by the Company) (either, â€œCertificatesâ€) will have been issued to you pursuant to Section 5. After such issuance, you will have all the rights of a stockholder of the Company with respect to voting such shares of Stock and receipt of dividends and other distributions on such shares of Stock.5.DELIVERY OF SHARES. (a)General. Each Restricted Stock Unit represents the right to receive one (1) share of Stock on the date that such Restricted Stock Unit vests. Unless and until the Restricted Stock Units will have vested in the manner set forth in Section 1, you will have no right to payment of any such Restricted Stock Units. Any Restricted Stock Units that vest in accordance with Section 1 will be paid to you in whole shares of Stock (unless the issuance of fractional shares is permitted under the Plan) as soon as practicable after vesting, but in each such case within the period thirty (30) days following the vesting date, subject to you satisfying any applicable tax withholding obligations as set forth in Section 11. In no event will you be permitted, directly or indirectly, to specify the taxable year of the payment of any Restricted Stock Units payable under this Award Agreement.3(b)Delivery Following Death. If you are deceased at the time that shares of Stock pursuant to Restricted Stock Units, if any, are to be delivered to you, such delivery will be made to your designated beneficiary, or if no beneficiary has survived you or been designated, or if the beneficiary designation is not enforceable and/or is not valid under the inheritance or other laws in your country (as determined by the Company in its sole discretion), to the administrator or executor of your estate. Any such transferee must furnish the Company with (i) written notice of his or her status as a transferee, and (ii) evidence satisfactory to the Company to establish the validity of the transfer and compliance with any laws or regulations pertaining to said transfer in the applicable country.6.COMPLIANCE WITH LAW. The grant of your Award and the issuance of any shares of Stock thereunder shall be subject to compliance with all applicable requirements of federal, state or foreign law with respect to such securities. You may not be issued any shares of Stock if such issuance of shares of Stock would constitute a violation of any applicable federal, state or foreign securities laws, any other governmental regulatory body, or other law or regulations or the requirements of any stock exchange or market system upon which the Stock may then be listed. You understand that the Company is under no obligation to register or qualify the shares with the United States Securities and Exchange Commission or any state or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the shares of Stock.In addition, you may not be issued any shares of Stock unless (i) a registration statement under the Securities Act shall at the time of issuance be in effect with respect to the shares of Stock or (ii) in the opinion of legal counsel to the Company, the shares of Stock may be issued in accordance with the terms of an applicable exemption from the registration requirements of the Securities Act. YOU ARE CAUTIONED THAT THE SHARES OF STOCK MAY NOT BE ISSUED UNLESS THE FOREGOING CONDITIONS ARE SATISFIED. Where the Company determines that the delivery of any shares of Stock to settle this Award would violate federal securities laws or other applicable laws or rules or regulations promulgated by any governmental agency, the Company will defer delivery until the earliest date at which the Company reasonably anticipates that delivery of shares of Stock will no longer cause such violation. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Companyâ€™s legal counsel to be necessary to the lawful issuance and sale of any shares of Stock shall relieve the Company of any liability in respect of the failure to issue or sell such shares of Stock as to which such requisite authority shall not have been obtained. As a condition to the issuance of any shares of Stock pursuant to this Award, the Company may require you to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect thereto as may be requested by the Company. Further, you agree that the Company shall have unilateral authority to amend the Plan and the Award Agreement without your consent to the extent necessary to comply with securities or other laws applicable to issuance of shares of Stock.7.RESTRICTIVE LEGENDS. The shares of Stock issued pursuant to this Award shall be endorsed with appropriate legends, if any, determined by the Company.8.TRANSFERABILITY. Except to the limited extent permitted under Section 5(b), this Award and the rights and privileges conferred hereby will not be transferred, assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and will not be subject to sale under execution, attachment, or similar process. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of this Award, or any right or privileged conferred hereby, or upon any attempted sale under any execution, attachment or similar process, this Award and the rights and privileges hereby immediately will become null and void.9.AWARD NOT A SERVICE CONTRACT. Your Award is not an employment or service contract, and nothing in your Award shall be deemed to create in any way whatsoever any obligation on 4your part to continue in the Service of a Participating Company, or on the part of a Participating Company to continue such Service. In addition, nothing in your Award shall obligate any Participating Company, its respective stockholders, boards of directors, Officers or Employees to continue any relationship that you might have as an Employee, Director or Consultant for the Participating Company.10.UNSECURED OBLIGATION. Your Award is unfunded, and even as to any Restricted Stock Units that vest, you shall be considered an unsecured creditor of the Company with respect to the Companyâ€™s obligation, if any, to issue shares of Stock pursuant to this Award Agreement. You shall not have voting or any other rights as a stockholder of the Company with respect to the shares of Stock acquired pursuant to this Award Agreement until such shares of Stock are issued to you pursuant to this Award Agreement. Upon such issuance, you will obtain full voting and other rights as a stockholder of the Company with respect to the shares of Stock so issued. Nothing contained in this Award Agreement, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind or a fiduciary relationship between you and the Company or any other person.11.TAX OBLIGATIONS.(a)General. Regardless of any action taken by the Company or any other Participating Company with respect to any or all federal, state, local and foreign income, employment, social insurance, payroll taxes, payment on account or other taxes related to your participation in the Plan and legally applicable to you or deemed by the Company to be an appropriate charge to you even if technically due by a Participating Company (â€œTax-Related Itemsâ€), you acknowledge that the ultimate liability for all Tax- Related Items is and remains your responsibility and may exceed the amount, if any, actually withheld by the Company or any other Participating Company. You further acknowledge that the Company (i) makes no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of your Award, including, but not limited to, the grant, vesting or settlement of this Award, subsequent sale of Stock acquired pursuant to this Award, or the receipt of any dividends and/or Dividend Equivalents and (ii) does not commit to and is under no obligation to structure the terms of the grant or any other aspect of your Award to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. Further, if you have become subject to tax in more than one jurisdiction, as applicable, you acknowledge that any Participating Company you are providing (or have provided) Service to may be required to withhold or account for Tax-Related Items in more than one jurisdiction.(b)Withholding Arrangements. Prior to any relevant taxable or tax withholding event, as applicable, you will pay or make adequate arrangements satisfactory to the Participating Company Group to satisfy all Tax-Related Items. In this regard, you hereby authorize the applicable Participating Company, or its respective agents, in their sole discretion and subject to any limitations under applicable law, to satisfy any applicable withholding obligations with regard to all Tax-Related Items by one or a combination of the following means:i.withholding of that number of whole vested shares of Stock otherwise deliverable to you pursuant to this Award Agreement having a Fair Market Value not in excess of the amount of the withholding obligation for Tax-Related Items determined by the Company after considering required withholding rates; to the extent permitted under the Plan, the Company may determine such amount by considering other applicable withholding rates up to the maximum rate applicable in your jurisdiction. For tax purposes, you are deemed to have been issued the full number of shares of Stock subject to the vested Award, notwithstanding that a number of the shares of Stock are held back solely for the purpose of paying the Tax-Related Items;5ii.withholding from proceeds of the sale of shares of Stock acquired upon vesting/settlement of the Award either through a voluntary sale or through a mandatory sale arranged by the Company (on your behalf pursuant to this authorization, without further consent);iii.tender by you of a payment in cash or check to the applicable Participating Company of any amount of the Tax-Related Items;iv.withholding by any Participating Company of any amount of the Tax-Related Items from your salary, wages or any other cash compensation owed to you by any Participating Company;v.in the event this Award is settled in whole or in part in cash, withholding from the cash to be distributed to you in settlement of this Award; and/orvi.any other method approved by the Company, to the extent permitted by applicable law and under the terms of the Plan. (c)Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding rates or other withholding rates, including maximum withholding rates in your jurisdiction(s). In the event of over-withholding, you may receive a refund of any over-withheld amount in cash (with no entitlement to the equivalent in shares of Stock), or, if not refunded, you may seek a refund from the applicable tax authorities. In the event of under-withholding, you may be required to pay additional Tax-Related Items directly to the applicable tax authorities or to a Participating Company.(d)You shall pay to the applicable Participating Company any amount of Tax-Related Items that the Participating Company may be required to withhold or account for as a result of your participation in the Plan that cannot be satisfied by the means previously described. The Company shall have no obligation to issue or deliver shares of Stock, cash or the proceeds of the sale of Stock until you have satisfied the obligations in connection with the Tax-Related Items as described in this Section 11.(e)Notwithstanding the foregoing, if you are subject to Section 16 of the Exchange Act, the Company will withhold using the method described under 11(b)(i) above unless the use of such withholding method is problematic under applicable laws or has materially adverse accounting consequences, in which case the Committee (as constituted to satisfy the requirements of Exchange Act Rule 16b-3) shall determine which of the other methods described in Section 11(b) above shall be used to satisfy the withholding obligation for Tax-Related Items.12.NATURE OF AWARD. In accepting your Award, you acknowledge, understand and agreethat:(a)the Plan is established voluntarily by the Company; it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan, in accordance with Section 14 of the Plan;(b)the Plan is operated and the Award is granted solely by the Company, and only the Company is a party to this Award Agreement; accordingly, any rights you may have under this Award Agreement, including related to the Award, may be raised only against the Company and not any other Subsidiary Corporation (including, but not limited to, your employer); 6(c)no Subsidiary Corporation (including, but not limited to, your employer) has any obligation to make any payment of any kind to you under this Award Agreement;(d)the grant of your Award is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of Awards, or benefits in lieu of Awards, even if Awards have been granted in the past;(e)all decisions with respect to future Awards or other grants, if any, will be at the sole discretion of the Company;(f)the Award and your participation in the Plan shall not create a right to employment or be interpreted as forming an employment or service contract with any Participating Company and shall not interfere with any ability of any applicable Participating Company to terminate your employment or service relationship (if any);(g)you are voluntarily participating in the Plan;(h)the Award and the shares of Stock subject to the Award, and the income from and value of same, are not intended to replace any pension rights or compensation;(i)the Award and the shares of Stock subject to the Award, and the income from and value of same, are not part of normal or expected compensation or salary for purposes of, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, holiday pay bonuses, long-service awards, pension or retirement or welfare benefits or similar mandatory payments;(j)the future value of the underlying shares of Stock subject to your Award is unknown, indeterminable and cannot be predicted with certainty;(k)no claim or entitlement to compensation or damages shall arise from forfeiture of the Award resulting from the termination of your Service with any Participating Company (for any reason whatsoever, whether or not later found to be invalid or in breach of labor laws in the jurisdiction where you are employed or providing Service or the terms of your employment or service agreement, if any);(l)unless otherwise provided in the Plan or by the Company in its discretion, the Award and the benefits evidenced by this Award Agreement do not create any entitlement to have the Award or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the shares of the Company;(m)unless otherwise agreed with the Company, the Award and the shares of Stock subject to the Award, and any income from and value of same, are not granted as consideration for, or in connection with, the service you may provide as a director of any Subsidiary Corporation; and(n)the Participating Company Group shall not be liable for any foreign exchange rate fluctuation between the United States Dollar and your local currency (if different) that may affect the value of the Award or of any amounts due to you pursuant to the settlement of the Award or the subsequent sale of any shares of Stock acquired upon settlement.13.DELIVERY OF DOCUMENTS AND NOTICES. Any document relating to the Award, participating in the Plan and/or notice required or permitted hereunder shall be given in writing and shall be deemed effectively given (except to the extent that this Award Agreement provides for effectiveness only upon actual receipt of such notice) upon personal delivery, electronic delivery, or upon deposit in the 7U.S. Post Office or foreign postal service, by registered or certified mail, with postage and fees prepaid, or with a nationally recognized courier designating express or expedited service with evidence of delivery, addressed to the other party at the address, including email address, if any, provided for you by the Company or a Participating Company, or at such other address as such party may designate in writing from time to time to the other party.(a)Description of Electronic Delivery. The Plan and the Award documents, which may include but do not necessarily include the Plan prospectus, the Grant Notice, this Award Agreement, Certificates, and U.S. financial reports of the Company, may be delivered to you electronically by the Company or a third party designated by the Company. Such means of delivery may include but do not necessarily include the delivery of a link to a Company intranet or the internet site of a third party involved in administering the Plan, the delivery of the document via email or such other delivery determined at the Committeeâ€™s discretion.(b)Consent to Electronic Delivery. You acknowledge that you have read Section 13 and consent to the electronic delivery of the Plan and Award documents by the Company or a third party designated by the Company and agree to participate in the Plan through any online or electronic system established and maintained by the Company or a third party designated by the Company, as described in Section 13. You acknowledge that you may receive from the Company a paper copy of any documents delivered electronically at no cost if you contact the Company by telephone, through a postal service or electronic mail at ***@adobe.com. You further acknowledge that you will be provided with a paper copy of any documents delivered electronically if electronic delivery fails; similarly, you understand that you must provide the Company or any designated third party with a paper copy of any documents delivered electronically if electronic delivery fails. Also, you understand that your consent may be revoked or changed, including any change in the electronic mail address to which documents are delivered (if you have provided an electronic mail address), at any time by notifying the Company of such revised or revoked consent by telephone, postal service or electronic mail at ***@adobe.com. Finally, you understand that you are not required to consent to electronic delivery.14.DATA PRIVACY Notice. You understand that the Participating Company Group collects, uses, processes, shares, transfers and stores (collectively, â€œprocessesâ€) certain personal information about you, including, but not limited to, your name, home address, email address and telephone number, date of birth, social insurance number (to the extent permitted under applicable law), passport or other identification number, salary or details regarding compensation, nationality, job title, any shares of Stock or directorships held in the Company, details of all Awards or any other entitlement to shares of Stock awarded, canceled, exercised, vested, unvested or outstanding in your favor (all â€œDataâ€), for the exclusive purpose of implementing, administering and managing the Plan. Adobe processes such Data in accordance with the Adobe Employee Privacy Policy or other privacy policies or successor privacy policies maintained by the Company. California residents, Adobe further processes such Data in accordance with the Adobe California Workers Supplemental Privacy Policy. The categories of personal information including sensitive personal information are identifiers, characteristics of protected classifications under California or federal law, professional or employment related information, social security, driver's license, state identification card, or passport number, and any personal information that identifies, relates to, describes, or is capable of being associated with a particular individual. The personal information is not sold or shared for cross-context behavioral advertising. The California Consumer Privacy Act Policy is available atÂ https://www.adobe.com/privacy/us-rights.html.You understand that the Data will be transferred to Morgan Stanley Smith Barney, LLC, the brokerage firm engaged by the Company to hold your shares of Stock and other amounts acquired under the Plan, and its affiliated company, E*TRADE from Morgan Stanley (collectively, â€œE*TRADEâ€), or such other stock plan service provider as may be selected by the Company in the 8future, which is assisting the Company with the implementation, administration and management of the Plan. Data may also be transferred to another brokerage firm, if you are permitted to and decide to transfer the shares of Stock received under the Plan to such other brokerage firm. You understand that the recipients of Data may be located in the United States or elsewhere, and that the recipientsâ€™ country (e.g., the United States) may have different data privacy laws and protections than your country. The Company will hold and use the Data only as long as is necessary to implement, administer and manage your participation in the Plan, or as required to comply with legal or regulatory obligations, including under tax, exchange control, labor and securities laws.Â When the Company no longer needs the Data, the Company will securely dispose of the Data in accordance with the Companyâ€™s data retention and deletion standards, which may be amended from time to time.Â If the Company keeps data longer, it would be to satisfy legal or regulatory obligations and the Companyâ€™s legal basis would be compliance with the relevant laws or regulations.You may have a number of rights under data privacy laws in your jurisdiction. Depending on where you are based, such rights may include the right to (i) request access or copies of Data the Company processes, (ii) rectification of incorrect Data, (iii) deletion of Data, (iv) restrictions on processing of Data, (v) portability of Data, (vi) lodge complaints with competent authorities in your jurisdiction, and/or (vii) receive a list with the names and addresses of any potential recipients of Data. To receive clarification regarding these rights or to exercise these rights, you can contact ***@adobe.com. If you are an employee of or providing Service to an affiliate of the Company in the European Economic Area, or Switzerland, the United Kingdom (collectively, â€œEEA+â€), or Japan, the grant of consent below is not relevant to you. The Company (and other authorized recipients of Data) process Data for the purpose of implementing, administering and managing the Plan; this is necessary in order to perform Companyâ€™s contractual obligations under this Award Agreement. If you do not provide Data required for this purpose, the Company will not be able to perform its obligations under this Award Agreement and this may affect your ability to participate in the Plan. The Company and E*TRADE have entered into standard contract clauses, in the form authorized by the European Commission, with its affiliates in the European Economic Area in order to provide adequate protection for Data. The Company is the controller responsible for Data processing described above and can be contacted at 345 Park Avenue, San Jose, California 95110 USA, or ***@adobe.com. You are entitled to complain to an EEA data protection authority in the country where you live, work, or believe any breach of data protection law has occurred. For more information regarding your rights related to the processing of your Data, please review the EU Employee Privacy Notice or other privacy policies or successor privacy policies maintained by the Company.Unless you are an employee of or providing Service to an affiliate of the Company in the EEA+ or Japan, you hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your Data by and among the members of the Participating Company Group and by E*TRADE and any other company selected by Company to assist it in administering the Plan and any brokerage firm to which you may transfer shares of Stock under the Plan, for the exclusive purpose of implementing, administering and managing your participation in the Plan. Further, you understand that you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke your consent, your employment status or Service with the applicable Participating Company will not be affected: the only consequence of refusing or withdrawing your consent is that the Company would not be able to grant Restricted Stock Units or other equity to you or administer or maintain such awards. Access to and management of previously awarded grants may also be impacted. Therefore, you understand that refusing or withdrawing your consent may affect your ability to participate in the Plan. For more information on the consequences of 9your refusal to consent or withdrawal of consent, you understand that you may contact ***@Adobe.com. All privacy policies and standards referenced in this Section are available on Inside Adobe.15.APPLICATION OF SECTION 409A (ONLY APPLICABLE TO U.S. TAXPAYERS). Absent a proper deferral election, it is intended that all of the benefits and payments provided under this Award satisfy, to the greatest extent possible, the exemptions from the application of Code Section 409A provided under the â€œshort-term deferralâ€ rule set forth in Treasury Regulation Section 1.409A-1(b)(4), and this Award will be construed to the greatest extent possible as consistent with those provisions. To the extent not so exempt, this Award and the payments and benefits to be provided hereunder are intended to, and will be construed and implemented so as to, comply in all respects with the applicable provisions of Code Section 409A, and any provisions calling for payments on a termination of employment or other service shall be read to mean a â€œseparation from serviceâ€ (as defined under Treasury Regulation Section 1.409-1(h) without reference to alternative definitions thereunder). For purposes of Code Section 409A, each payment, installment and benefit under this Award is intended to constitute a separate and distinct payment for purposes of Treasury Regulation Section 1.409A-2(b)(2). Notwithstanding any other provision of this Award Agreement, to the extent that (a) one or more of the payments or benefits received or to be received by you upon â€œseparation from serviceâ€ pursuant to this Award would constitute deferred compensation subject to the requirements of Code Section 409A, and (b) you are a â€œspecified employeeâ€ within the meaning of Code Section 409A at the time of separation from service, then to the extent delayed commencement of any portion of such payments or benefits is required in order to avoid a prohibited distribution under Code Section 409A(a)(2)(B)(i) and the related adverse taxation under Code Section 409A, such payments and benefits shall not be provided to you prior to the earliest of (i) the expiration of the six (6)-month period measured from the date of separation from service, (ii) the date of your death or (iii) such earlier date as permitted under Code Section 409A without the imposition of adverse taxation on you. Upon the first business day following the expiration of such applicable Code Section 409A(a)(2)(B)(i) period, all payments and benefits deferred pursuant to this paragraph shall be paid in a lump sum to you, and any remaining payments and benefits due shall be paid as otherwise provided herein.16.BINDING AGREEMENT. Subject to the limitation on the transferability of this Award contained herein, the Award Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.17.COMMITTEE AUTHORITY. The Committee will have the power to interpret the Plan, the Grant Notice and this Award Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any Restricted Stock Units have vested). All actions taken and all interpretations and determinations made by the Committee in good faith will be final and binding upon you, the Company and all other interested persons. No member of the Committee will be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Award Agreement.18.HEADINGS. The headings of the Sections in this Award Agreement are inserted for convenience only and shall not be deemed to constitute a part of this Award Agreement or to affect the meaning of this Award Agreement.19.MISCELLANEOUS.(a)The rights and obligations of the Company under your Award shall be transferable to any one or more persons or entities, and all covenants and agreements hereunder shall inure to the benefit of, and be enforceable by the Companyâ€™s successors and assigns.10(b)You agree upon request to execute any further documents or instruments necessary or desirable in the sole determination of the Company to carry out the purposes or intent of your Award.(c)You acknowledge and agree that you have reviewed your Award in its entirety, have had an opportunity to obtain the advice of counsel prior to executing and accepting your Award and fully understand all provisions of your Award.20.AGREEMENT SEVERABLE. The provisions of this Award Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.21.GOVERNING PLAN DOCUMENT. Your Award is subject to all the provisions of the Plan, which are hereby made a part of your Award, and is further subject to all interpretations, amendments, rules and regulations which may from time to time be promulgated and adopted pursuant to the Plan. In the event of any conflict between one or more provisions of your Award Agreement and one or more provisions of the Plan, the provisions of the Plan shall control.22.RECOUPMENT. Your Award is subject to recoupment in accordance with the terms of the Companyâ€™s clawback policies, including (a) the Companyâ€™s Incentive Compensation Recovery Policy adopted to comply with Rule 10D-1 promulgated under the Exchange Act and the listing standards of the Nasdaq Stock Market LLC and (b) any other clawback policy that the Company may adopt from time to time, all to the extent determined by the Committee to be applicable to you, the Award and/or required by applicable law. No recovery of compensation under any such clawback policy will be an event giving rise to a right to resign for â€œgood reasonâ€ or â€œconstructive terminationâ€ (or similar term) under any agreement with the Company or any other Participating Company.23.APPLICABLE LAW AND VENUE. The Award and the provisions of this Award Agreement shall be governed by, and subject to, the laws of the State of California, United States of America. For purposes of any action, lawsuit or other proceedings brought to enforce this Award Agreement, relating to it, or arising from it, the parties hereby submit to and consent to the sole and exclusive jurisdiction of Santa Clara County, California, or the federal courts of the United States for the Northern District of California, and no other courts, where this grant is made and/or to be performed.24.NO ADVICE REGARDING GRANT. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying shares of Stock. You understand and agree that you should consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.25.LANGUAGE. You acknowledge that you are sufficiently proficient in the English language, or have consulted with an advisor who is sufficiently proficient in English, so as to allow you to understand the provisions of this Award Agreement and the Plan. If you received this Award Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different from the English version, the English version will control.26.APPENDIX. Notwithstanding any provisions in this Award Agreement, the Award shall be subject to any special terms and conditions for your country set forth in the Appendix to this Award Agreementâ€ (â€œExhibit Aâ€ for Employees and â€œExhibit Bâ€ for Consultants). Moreover, if you relocate to one of the countries included in the Appendix or to a country not included in the Appendix, the special terms and conditions for such country set forth in the Appendix (or other terms and conditions) may apply to you, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Award 11Agreement. In accepting the Award, you acknowledge receipt of, understand and agree to the additional terms and conditions included in the Appendix.27.IMPOSITION OF OTHER REQUIREMENTS. The Company reserves the right to impose other requirements on your participation in the Plan, on the Award and on any shares of Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.28.WAIVER. You acknowledge that a waiver by the Company of a breach of any provision of this Award Agreement shall not operate or be construed as a waiver of any other provision of this Award Agreement, or of any subsequent breach by you or another Participant.29.INSIDER TRADING RESTRICTIONS/MARKET ABUSE LAWS. You acknowledge that you may be subject to insider-trading restrictions and/or market abuse laws in applicable jurisdictions, including the United States and your country of residence, which may affect your ability to acquire, sell or attempt to sell or otherwise dispose of shares of Stock or rights to shares of Stock (e.g., the Award) during such times as you are considered to have â€œinside informationâ€ regarding the Company as defined in the laws or regulations in applicable jurisdictions, including the United States. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. You should consult your personal legal advisor for further details regarding any insider trading restrictions and/or market-abuse laws in your country.30.FOREIGN ASSET/ACCOUNT REPORTING REQUIREMENTS AND EXCHANGE CONTROLS. Your country may have certain foreign asset and/or account reporting requirements and exchange controls which may affect your ability to acquire or hold shares of Stock under the Plan or cash received from participating in the Plan (including from any dividends received or sale proceeds arising from the sale of shares of Stock) in a brokerage or bank account outside your country. You may be required to report such accounts, assets or transactions to the tax or other authorities in your country. You also may be required to repatriate sale proceeds or other funds received as a result of your participation in the Plan to your country through a designated bank or broker and/or within a certain time after receipt. You acknowledge that it is your responsibility to be compliant with such regulations, and you should consult your personal legal advisor for any details.12DocumentExhibit 10.2IADOBE INC.2019 EQUITY INCENTIVE PLAN RESTRICTED STOCK UNIT GRANT NOTICENON-EMPLOYEE DIRECTOR GRANTAdobe Inc. (the â€œCompanyâ€), pursuant to its 2019 Equity Incentive Plan, as amended from time to time (the â€œPlanâ€), hereby awards to you the Restricted Stock Unit Award (the â€œAwardâ€) covering the number of Restricted Stock Units set forth below. This Award is subject to all of the terms and conditions as set forth herein and in the Restricted Stock Unit Award Agreement (the â€œAward Agreementâ€) and the Plan, each of which are incorporated herein in their entirety. Unless otherwise defined herein, capitalized terms shall have the meanings set forth in the Plan.Participant:Date of Grant:Vesting Commencement Date:Number of Restricted Stock Units:Vesting Schedule: This Award shall vest 100% on the date of the next Annual Meeting of Stockholders; provided, however, that, except as otherwise set forth in Section 1 of the Award Agreement, your Service has not terminated prior to such vesting date.In the event of a Change of Control, any unvested portion of this Award shall become immediately vested in full as of immediately prior to the effective date of the Change of Control, subject to the consummation of the Change of Control.Delivery of Shares: Subject to the limitations contained herein and the provisions of the Plan, the Company shall settle vested Restricted Stock Units by delivering to you shares of Stock, as provided in Sections 3 and 5 of the Award Agreement.Additional Terms/Acknowledgments: You acknowledge receipt of, and understand and agree to, this Restricted Stock Unit Grant Notice (the â€œGrant Noticeâ€), the Award Agreement, and the Plan. You further acknowledge that as of the Date of Grant, this Grant Notice, the Award Agreement, and the Plan set forth the entire understanding between you, the Company and any other applicable Participating Company regarding the Award and supersede all prior oral and written agreements on that subject, with the exception of any applicable change of control plan approved by the Board or a committee thereof and/or an applicable individual written retention agreement or severance provision between the Company, or a subsidiary of the Company, and you, to the extent applicable to you.ADOBE INC.By:Â Shantanu NarayenÂ Chief Executive OfficerAddress: 345 Park AvenueSan Jose, CA 95110-2704 USAADOBE INC.2019 EQUITY INCENTIVE PLAN RESTRICTED STOCK UNIT AWARD AGREEMENTNON-EMPLOYEE DIRECTOR GRANTPursuant to the Restricted Stock Unit Grant Notice (the â€œGrant Noticeâ€) and this Restricted Stock Unit Award Agreement (the â€œAward Agreementâ€), Adobe Inc. (the â€œCompanyâ€) has awarded you, pursuant to its 2019 Equity Incentive Plan, as amended from time to time (the â€œPlanâ€), a Restricted Stock Unit Award (the â€œAwardâ€) for the number of Restricted Stock Units as indicated in the Grant Notice. Unless otherwise defined herein or in the Grant Notice, capitalized terms shall have the meanings set forth in the Plan. Subject to adjustment and the terms and conditions as provided herein and in the Plan, each Restricted Stock Unit shall represent the right to receive one (1) share of Stock.The details of your Award, in addition to those set forth in the Grant Notice, are as follows.1.VESTING.(a)The Restricted Stock Units shall vest, if at all, as provided in the Vesting Schedule set forth in your Grant Notice, this Award Agreement and the Plan, provided that vesting shall cease upon the termination of your Service, except as otherwise set forth herein.(b)If your Service terminates due to your death or Disability, then you will be given credit for an additional twelve (12) months of continuous Service such that the number of Restricted Stock Units that otherwise would have vested had your Service continued for an additional twelve (12) months following your termination will accelerate and become vested as of the date of your Service termination; provided, however, that in no event shall such applicable vesting exceed 100% of the number of Restricted Stock Units subject to your Award. For purposes of this provision, â€œDisabilityâ€ shall mean your permanent and total disability within the meaning of Section 22(e)(3) of the U.S. Internal Revenue Code of 1986, as amended (the â€œCodeâ€), and any applicable regulations promulgated thereunder to the extent not inconsistent with the regulations under Code Section 409A. Except as set forth in this Section 1(b), any Restricted Stock Units subject to the Award that have not vested at the time of your termination of Service for any or no reason will be forfeited immediately and automatically transferred to and reacquired by the Company at no cost to the Company.(c)The Committee, in its discretion, may accelerate the vesting of the balance, or some lesser portion of the balance, of the unvested Restricted Stock Units at any time, subject to the terms of the Plan. If so accelerated, such Restricted Stock Units will be considered as having vested as of the date specified by the Committee. Notwithstanding Section 5 and in accordance with Section 16, the payment of shares of Stock that vest pursuant to this Section 1 shall in all cases be paid at a time or in a manner that is exempt from, or complies with, Code Section 409A.2.NUMBER OF RESTRICTED STOCK UNITS AND UNDERLYING SHARES OF STOCK.(a)The Restricted Stock Units subject to your Award and the shares of Stock deliverable with respect to such Restricted Stock Units will be adjusted from time to time for capitalization adjustments, as provided in Section 4.2 of the Plan.(b)Any additional Restricted Stock Units, shares of Stock, cash or other property that become subject to the Award pursuant to this Section 2 shall be subject, in a manner determined by the2Committee, to the same forfeiture

restrictions, restrictions on transferability, and time and manner of delivery as applicable to the other Restricted Stock Units and shares of Stock covered by your Award.(c)Notwithstanding the provisions of this Section 2, no fractional Restricted Stock Units or rights for fractional shares of Stock shall be created pursuant to this Section 2, unless otherwise permitted under the Plan. The Committee shall, in its discretion, determine an equivalent benefit for any fractional Restricted Stock Units or fractional shares that might be created by the adjustments referred to in this Section 2.3.PAYMENT BY YOU. Subject to Section 12 below, and except as otherwise provided in the Grant Notice, you will not be required to make any payment to the Company with respect to your receipt of the Award, the vesting of the Restricted Stock Units, or the delivery of the shares of Stock underlying the Restricted Stock Units; provided, however, that your continued Service is required for vesting of the Restricted Stock Units as set forth in the Grant Notice and this Award Agreement.4.RIGHTS AS A STOCKHOLDER. Neither you nor any person claiming under or through you will have any of the rights or privileges of a stockholder of the Company in respect of any shares of Stock hereunder unless and until certificates representing shares of Stock (or other evidence of ownership as so designated by the Company) (either, â€œCertificatesâ€) will have been issued to you pursuant to Section 5. After such issuance, you will have all the rights of a stockholder of the Company with respect to voting such shares of Stock and receipt of dividends and other distributions on such shares of Stock.5.DELIVERY OF SHARES. (a)Â Â Â Â General. Each Restricted Stock Unit represents the right to receive one (1) share of Stock on the date that such Restricted Stock Unit vests. Unless and until the Restricted Stock Units will have vested in the manner set forth in Section 1, you will have no right to payment of any such Restricted Stock Units. Except as provided in Section 6, any Restricted Stock Units that vest in accordance with Section 1 will be paid to you in whole shares of Stock (unless the issuance of fractional shares is permitted under the Plan) as soon as practicable after vesting, but in each such case within the period thirty (30) days following the vesting date, subject to you satisfying any applicable tax withholding obligations as set forth in Section 12. In no event will you be permitted, directly or indirectly, to specify the taxable year of the payment of any Restricted Stock Units payable under this Award Agreement.
(b)Â Â Â Â Deferred Shares. If you are eligible and elect to defer delivery of the shares of Stock as provided in Section 6, such shares of Stock will be issued and delivered to you on the date or dates that you elect on your deferral election form. No shares of Stock shall be issued prior to vesting of the Restricted Stock Units.(c)Â Â Â Â Delivery Following Death. If you are deceased at the time that shares of Stock pursuant to Restricted Stock Units, if any, are to be delivered to you, such delivery will be made to your designated beneficiary, or if no beneficiary has survived you or been designated, or if the beneficiary designation is not enforceable and/or is not valid under the inheritance or other laws in your country (as determined by the Company in its sole discretion), to the administrator or executor of your estate. Any such transferee must furnish the Company with (i) written notice of his or her status as a transferee, and (ii) evidence satisfactory to the Company to establish the validity of the transfer and compliance with any laws or regulations pertaining to said transfer in the applicable country.6.DEFERRAL ELECTION. If permitted by the Company to do so, you may elect to defer receipt of the shares of Stock that otherwise would be issued pursuant to the vesting of your Award in 3accordance with the terms and conditions, including the applicable eligibility requirements, of the Companyâ€™s Deferred Compensation Plan (or such other successor plan as may be adopted by the Company). The Committee will, in its sole discretion, establish the rules and procedures for such deferrals.7.COMPLIANCE WITH LAW. The grant of your Award and the issuance of any shares of Stock thereunder shall be subject to compliance with all applicable requirements of federal, state or foreign law with respect to such securities. You may not be issued any shares of Stock if such issuance of shares of Stock would constitute a violation of any applicable federal, state or foreign securities laws, any other governmental regulatory body, or other law or regulations or the requirements of any stock exchange or market system upon which the Stock may then be listed. You understand that the Company is under no obligation to register or qualify the shares with the United States Securities and Exchange Commission or any state or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the shares of Stock.In addition, you may not be issued any shares of Stock unless (i) a registration statement under the Securities Act shall at the time of issuance be in effect with respect to the shares of Stock or (ii) in the opinion of legal counsel to the Company, the shares of Stock may be issued in accordance with the terms of an applicable exemption from the registration requirements of the Securities Act. YOU ARE CAUTIONED THAT THE SHARES OF STOCK MAY NOT BE ISSUED UNLESS THE FOREGOINGCONDITIONS ARE SATISFIED. Where the Company determines that the delivery of any shares of Stock to settle this Award would violate federal securities laws or other applicable laws or rules or regulations promulgated by any governmental agency, the Company will defer delivery until the earliest date at which the Company reasonably anticipates that delivery of shares of Stock will no longer cause such violation. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Companyâ€™s legal counsel to be necessary to the lawful issuance and sale of any shares of Stock shall relieve the Company of any liability in respect of the failure to issue or sell such shares of Stock as to which such requisite authority shall not have been obtained. As a condition to the issuance of any shares of Stock pursuant to this Award, the Company may require you to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect thereto as may be requested by the Company. Further, you agree that the Company shall have unilateral authority to amend the Plan and the Award Agreement without your consent to the extent necessary to comply with securities or other laws applicable to issuance of shares of Stock.8.RESTRICTIVE LEGENDS. The shares of Stock issued pursuant to this Award shall be endorsed with appropriate legends, if any, determined by the Company.9.TRANSFERABILITY. Except to the limited extent permitted under Section 5(c), this Award and the rights and privileges conferred hereby will not be transferred, assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and will not be subject to sale under execution, attachment, or similar process. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of this grant, or any right or privileged conferred hereby, or upon any attempted sale under any execution, attachment or similar process, this Award and the rights and privileges hereby immediately will become null and void.10.AWARD NOT A SERVICE CONTRACT. Your Award is not an employment or service contract, and nothing in your Award shall be deemed to create in any way whatsoever any obligation on your part to continue in the Service of the Company, or on the part of the Company to continue such 4Service. In addition, nothing in your Award shall obligate the Company, its respective stockholders, boards of directors, Officers or Employees to continue any relationship that you might have as an Employee, Director or Consultant for the Company.11.UNSECURED OBLIGATION. Your Award is unfunded, and even as to any Restricted Stock Units that vest, you shall be considered an unsecured creditor of the Company with respect to the Companyâ€™s obligation, if any, to issue shares of Stock pursuant to this Award Agreement. You shall not have voting or any other rights as a stockholder of the Company with respect to the shares of Stock acquired pursuant to this Award Agreement until such shares of Stock are issued to you pursuant to this Award Agreement. Upon such issuance, you will obtain full voting and other rights as a stockholder of the Company with respect to the shares of Stock so issued. Nothing contained in this Award Agreement, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind or a fiduciary relationship between you and the Company or any other person.12.TAX OBLIGATIONS.(a)General. Regardless of any action taken by the Company or any other Participating Company with respect to any or all federal, state, local and foreign income, employment, social insurance, payroll taxes, payment on account or other taxes related to your participation in the Plan and legally applicable to you or deemed by the Company to be an appropriate charge to you even if technically due by the Company (â€œTax-Related Itemsâ€), you acknowledge that the ultimate liability for all Tax-Related Items is and remains your responsibility and may exceed the amount, if any, actually withheld by the Company or any other Participating Company. You further acknowledge that the Company (i) makes no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of your Award, including, but not limited to, the grant, vesting or settlement of this Award, subsequent sale of Stock acquired pursuant to this Award, or the receipt of any dividends and/or Dividend Equivalents and (ii) does not commit to and is under no obligation to structure the terms of the grant or any other aspect of your Award to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. Further, if you have become subject to tax in more than one jurisdiction, as applicable, you acknowledge that the Company or any other Participating Company may be required to withhold or account for Tax-Related Items in more than one jurisdiction.(b)Withholding Arrangements. Prior to any relevant taxable or tax withholding event, as applicable, you will pay or make adequate arrangements satisfactory to the Company to satisfy all Tax- Related Items. In this regard, you hereby authorize the Company, or its agents, in its sole discretion and subject to any limitations under applicable law, to satisfy any applicable withholding obligations with regard to all Tax-Related Items by one or a combination of the following means:i.withholding of that number of whole vested shares of Stock otherwise deliverable to you pursuant to this Award Agreement having a Fair Market Value not in excess of the amount of the withholding obligation for Tax-Related Items determined by the Company after considering required withholding rates; to the extent permitted under the Plan, the Company may determine such amount by considering other applicable withholding rates up to the maximum rate applicable in your jurisdiction. For tax purposes, you are deemed to have been issued the full number of shares of Stock subject to the vested Award, notwithstanding that a number of the shares of Stock are held back solely for the purpose of paying the Tax-Related Items;5ii.withholding from proceeds of the sale of shares of Stock acquired upon vesting/settlement of the Award either through a voluntary sale or through a mandatory sale arranged by the Company (on your behalf pursuant to this authorization, without further consent);iii.tender by you of a payment in cash or check to the Company of any amount of the Tax-Related Items;iv.withholding by the Company of any amount of the Tax-Related Items from the cash compensation owed to you by the Company;v.in the event this Award is settled in whole or in part in cash, withholding from the cash to be distributed to you in settlement of this Award; and/orvi.any other method approved by the Company, to the extent permitted by applicable law and under the terms of the Plan.
(c)Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding rates or other withholding rates, including maximum withholding rates in your jurisdiction(s). In the event of over-withholding, you may receive a refund of any over-withheld amount in cash (with no entitlement to the equivalent in shares of Stock) or, if not refunded, you may seek a refund from the applicable tax authorities. In the event of under-withholding, you may be required to pay additional Tax-Related Items directly to the applicable tax authorities or to the Company.(d)You shall pay to the Company any amount of Tax-Related Items that the Company may be required to withhold or account for as a result of your participation in the Plan that cannot be satisfied by the means previously described. The Company shall

have no obligation to issue or deliver shares of Stock, cash, or the proceeds of the sale of Stock until you have satisfied the obligations in connection with the Tax-Related Items as described in this Section 12.(e)Notwithstanding the foregoing, if you are subject to Section 16 of the Exchange Act, the Company will withhold using the method described under Section 12(b)(i) above unless the use of such withholding method is problematic under applicable laws or has materially adverse accounting consequences, in which case the Committee (as constituted to satisfy the requirements of Exchange ActRule 16b-3) shall determine which of the other methods described in Section 12(b) above shall be used to satisfy the withholding obligation for Tax-Related Items.13.NATURE OF AWARD. In accepting your Award, you acknowledge, understand and agreethat:(a)the Plan is established voluntarily by the Company; it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan, in accordance with Section 14 of the Plan;(b)the grant of your Award is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of Awards, or benefits in lieu of Awards, even if Awards have been granted in the past;6(c)all decisions with respect to future Awards or other grants, if any, will be at the sole discretion of the Company;(d)the Award and your participation in the Plan shall not be interpreted as forming an employment or service contract with the Company and shall not interfere with any ability of the Company to terminate your service relationship (if any);(e)you are voluntarily participating in the Plan;(f)the future value of the underlying shares of Stock subject to your Award is unknown, indeterminable and cannot be predicted with certainty;(g)no claim or entitlement to compensation or damages shall arise from forfeiture of the Award resulting from the termination of your Service with the Company for any reason whatsoever;(h)unless otherwise provided in the Plan or by the Company in its discretion, the Award and the benefits evidenced by this Award Agreement do not create any entitlement to have the Award or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the shares of the Company; and(i)the Participating Company Group shall not be liable for any foreign exchange rate fluctuation between the United States Dollar and your local currency (if different) that may affect the value of the Award or of any amounts due to you pursuant to the settlement of the Award or the subsequent sale of any shares of Stock acquired upon settlement.14.DELIVERY OF DOCUMENTS AND NOTICES. Any document relating to this Award, participating in the Plan and/or notice required or permitted hereunder shall be given in writing and shall be deemed effectively given (except to the extent that this Award Agreement provides for effectiveness only upon actual receipt of such notice) upon personal delivery, electronic delivery, or upon deposit in the U.S. Post Office or foreign postal service, by registered or certified mail, with postage and fees prepaid, or with a nationally recognized courier designating express or expedited service with evidence of delivery, addressed to the other party at the address, including email address, if any, provided for you by the Company, or at such other address as such party may designate in writing from time to time to the other party.
(a)Â Â Â Â Description of Electronic Delivery. The Plan and the Award documents, which may include but do not necessarily include the Plan prospectus, the Grant Notice, this Award Agreement, Certificates, and U.S. financial reports of the Company, may be delivered to you electronically by the Company or a third party designated by the Company. Such means of delivery may include but do not necessarily include the delivery of a link to a Company intranet or the internet site of a third party involved in administering the Plan, the delivery of the document via email or such other delivery determined at the Committeeâ€™s discretion.(b)Â Â Â Â Consent to Electronic Delivery. You acknowledge that you have read Section 14 and consent to the electronic delivery of the Plan and Award documents by the Company or a third party designated by the Company and agree to participate in the Plan through any online or electronic system established and maintained by the Company or a third party designated by the Company, as described in Section 14. You acknowledge that you may receive from the Company a paper copy of any documents delivered electronically at no cost if you contact the Company by telephone, through a postal service or 7electronic mail at ***@adobe.com. You further acknowledge that you will be provided with a paper copy of any documents delivered electronically if electronic delivery fails; similarly, you understand that you must provide the Company or any designated third party with a paper copy of any documents delivered electronically if electronic delivery fails. Also, you understand that your consent may be revoked or changed, including any change in the electronic mail address to which documents are delivered (if you have provided an electronic mail address), at any time by notifying the Company of such revised or revoked consent by telephone, postal service or electronic mail at ***@adobe.com. Finally, you understand that you are not required to consent to electronic delivery.15.DATA PRIVACY NOTICE. You understand that the Company collects, uses, processes, shares, transfers, and stores (collectively, â€œprocessesâ€) certain personal information about you, including, but not limited to, your name, home address, email address and telephone number, date of birth, social insurance number (to the extent permitted under applicable law), passport or other identification number, details regarding compensation, nationality, job title, any shares of Stock or directorships held in the Company, details of all Awards or any other entitlement to shares of Stock awarded, canceled, exercised, vested, unvested or outstanding in your favor (all â€œDataâ€), for the exclusive purpose of implementing, administering and managing the Plan. Adobe processes such Data in accordance with the Adobe Employee Privacy Policy or other privacy policies or successor privacy policies maintained by the Company. California residents, Adobe further processes such Data in accordance with the Adobe California Workers Supplemental Privacy Policy. The categories of personal information including sensitive personal information are identifiers, characteristics of protected classifications under California or federal law, professional or employment related information, social security, driver's license, state identification card, or passport number, and any personal information that identifies, relates to, describes, or is capable of being associated with a particular individual. The personal information is not sold or shared for cross-context behavioral advertising. The California Consumer Privacy Act Policy is available atÂ https://www.adobe.com/privacy/us-rights.html.You understand that the Data will be transferred to Morgan Stanley Smith Barney, LLC, the brokerage firm engaged by the Company to hold your shares of Stock and other amounts acquired under the Plan, and its affiliated company, E*TRADE Financial Corporate Services, Inc. (collectively, â€œE*TRADEâ€), or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. Data may also be transferred to another brokerage firm, if you are permitted to and decide to transfer the shares of Stock received under the Plan to such other brokerage firm. You understand that the recipients of Data may be located in the United States or elsewhere, and that the recipientsâ€™ country (e.g., the United States) may have different data privacy laws and protections than your country. The Company will hold and use the Data only as long as is necessary to implement, administer and manage your participation in the Plan, or as required to comply with legal or regulatory obligations, including under tax, exchange control, labor and securities laws.Â When the Company no longer needs the Data, the Company will securely dispose of the Data in accordance with the Company's data retention and deletion standards, which may be amended from time to time.Â If the Company keeps data longer, it would be to satisfy legal or regulatory obligations and the Companyâ€™s legal basis would be compliance with the relevant laws or regulations.You may have a number of rights under data privacy laws in your jurisdiction. Depending on where you are based, such rights may include the right to (i) request access or copies of Data the Company processes, (ii) rectification of incorrect Data, (iii) deletion of Data, (iv) restrictions on processing of Data, (v) portability of Data, (vi) lodge complaints with competent authorities in your 8jurisdiction, and/or (vii) receive a list with the names and addresses of any potential recipients of Data. To receive clarification regarding these rights or to exercise these rights, you can contact ***@adobe.com.Â Â By accepting this Award, you explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your Data by and among the Company and E*TRADE, or any other company selected by the Company to assist it in administering the Plan and any brokerage firm to which you may transfer shares of Stock under the Plan, for the exclusive purpose of implementing, administering and managing your participation in the Plan. Further, you understand that you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke your consent, your compensation from or Service relationship with the Company will not be affected: the only consequence of refusing or withdrawing your consent is that the Company would not be able to grant Restricted Stock Units or other equity to you or administer or maintain such awards. Access to and management of previously awarded grants may also be impacted. Therefore, you understand that refusing or withdrawing your consent may affect your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact ***@Adobe.com. All privacy policies and standards referenced in this Section are available on Inside Adobe.16.APPLICATION OF SECTION 409A (ONLY APPLICABLE TO U.S. TAXPAYERS). Absent a proper deferral election, it is intended that all of the benefits and payments provided under this Award satisfy, to the greatest extent possible, the exemptions from the application of Code Section 409A provided under the â€œshort-term deferralâ€ rule set forth in Treasury Regulation Section 1.409A-1(b)(4), and this Award will be construed to the greatest extent possible as consistent with those provisions. To the extent not so exempt, this Award and the payments and benefits to be provided hereunder are intended to, and will be construed and implemented so as to, comply in all respects with the applicable provisions of Code Section 409A, and any provisions calling for payments on a termination of employment or other service shall be read to mean a â€œseparation from serviceâ€ (as defined under Treasury Regulation Section 1.409-1(h) without reference to alternative definitions thereunder). For purposes of Code Section 409A, each payment, installment and benefit under this Award is intended to constitute a separate and distinct payment for purposes of Treasury Regulation Section 1.409A-2(b)(2). Notwithstanding any other provision of this Award Agreement, to the extent that (a) one or more of the payments or benefits received or to be received by you upon â€œseparation from serviceâ€ pursuant to this Award would constitute deferred compensation subject to the requirements of Code Section 409A, and (b) you are a â€œspecified employeeâ€ within the meaning of Code Section 409A at the time of separation from service, then to the extent delayed commencement of any portion of such payments or benefits is required in order to avoid a prohibited distribution under Code Section 409A(a)(2)(B)(i) and the related adverse taxation under Code Section 409A, such payments and benefits shall not be provided to you prior to the earliest of (i) the expiration of the six (6)-month period measured from the date of separation from service, (ii) the date of your death or (iii) such earlier date as permitted under Code Section 409A without the imposition of adverse taxation on you. Upon the first business day following the expiration of such applicable Code Section 409A(a)(2)(B)(i) period, all payments and benefits deferred pursuant to this paragraph shall be paid in a lump sum to you, and any remaining payments and benefits due shall be paid as otherwise provided herein.17.BINDING AGREEMENT. Subject to the limitation on the transferability of this Award contained herein, the Award

Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.918.COMMITTEE AUTHORITY. The Committee will have the power to interpret the Plan, the Grant Notice and this Award Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any Restricted Stock Units have vested). All actions taken and all interpretations and determinations made by the Committee in good faith will be final and binding upon you, the Company and all other interested persons. No member of the Committee will be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Award Agreement.19.HEADINGS. The headings of the Sections in this Award Agreement are inserted for convenience only and shall not be deemed to constitute a part of this Award Agreement or to affect the meaning of this Award Agreement.20.MISCELLANEOUS.(a)The rights and obligations of the Company under your Award shall be transferable to any one or more persons or entities, and all covenants and agreements hereunder shall inure to the benefit of, and be enforceable by, the Companyâ€™s successors and assigns.(b)You agree upon request to execute any further documents or instruments necessary or desirable in the sole determination of the Company to carry out the purposes or intent of your Award.(c)You acknowledge and agree that you have reviewed your Award in its entirety, have had an opportunity to obtain the advice of counsel prior to executing and accepting your Award and fully understand all provisions of your Award.21.AGREEMENT SEVERABLE. The provisions of this Award Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.22.GOVERNING PLAN DOCUMENT. Your Award is subject to all the provisions of the Plan, which are hereby made a part of your Award, and is further subject to all interpretations, amendments, rules and regulations which may from time to time be promulgated and adopted pursuant to the Plan. In the event of any conflict between one or more provisions of your Award Agreement and one or more provisions of the Plan, the provisions of the Plan shall control.23.APPLICABLE LAW AND VENUE. The Award and the provisions of this Award Agreement shall be governed by, and subject to, the laws of the State of California, United States of America. For purposes of any action, lawsuit or other proceedings brought to enforce this Award Agreement, relating to it, or arising from it, the parties hereby submit to and consent to the sole and exclusive jurisdiction of Santa Clara County, California, or the federal courts of the United States for the Northern District of California, and no other courts, where this grant is made and/or to be performed.24.NO ADVICE REGARDING GRANT. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying shares of Stock. You understand and agree that you should consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.1025.LANGUAGE. You acknowledge that you are sufficiently proficient in the English language, or have consulted with an advisor who is sufficiently proficient in English, so as to allow you to understand the provisions of this Award Agreement and the Plan. If you received this Award Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different from the English version, the English version will control.26.IMPOSITION OF OTHER REQUIREMENTS. The Company reserves the right to impose other requirements on your participation in the Plan, on the Award and on any shares of Stock acquiredunder the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing. Without limitation to the foregoing, if you relocate to another country, the Company may impose other requirements on your participation in the Plan, on the Award and on any shares of Stock acquired under the Plan, to the extent the Company determines that the application of such requirements is necessary or advisable for legal or administrative reasons.27.WAIVER. You acknowledge that a waiver by the Company of a breach of any provision of this Award Agreement shall not operate or be construed as a waiver of any other provision of this Award Agreement, or of any subsequent breach by you or another Participant.28.INSIDER TRADING RESTRICTIONS/MARKET ABUSE LAWS. You acknowledge that you may be subject to insider-trading restrictions and/or market abuse laws in applicable jurisdictions, including the United States, which may affect your ability to acquire, sell or attempt to sell or otherwise dispose of shares of Stock or rights to shares of Stock (e.g., the Award) during such times as you are considered to have â€œinside informationâ€ regarding the Company as defined in the laws or regulations in applicable jurisdictions, including the United States. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. You should consult your personal legal advisor for further details regarding any insider trading restrictions and/or market-abuse laws in your country.29.FOREIGN ASSET/ACCOUNT REPORTING REQUIREMENTS AND EXCHANGE CONTROLS. Certain foreign asset and/or account reporting requirements and exchange controls may affect your ability to acquire or hold shares of Stock under the Plan or cash received from participating in the Plan (including from any dividends received or sale proceeds arising from the sale of shares of Stock) in a brokerage or bank account outside your country. You may be required to report such accounts, assets or transactions to the tax or other authorities in your country. You acknowledge that it is your responsibility to be compliant with such regulations and you should consult your personal legal advisor for any details.11DocumentEXHIBIT 10.10ADOBE INC.FY 2025 AND FY 2026 NON-EMPLOYEE DIRECTOR COMPENSATION POLICY(Effective First Day of FY 2025)This policy sets forth the compensation payable to each non-employee member of the Board of Directors (the â€œBoardâ€ and each such non-employee member, a â€œDirectorâ€) of Adobe Inc. (the â€œCompanyâ€).Cash CompensationBoard Member Annual Retainerâ€¢$60,000 annual feeBoard Chair Annual Retainerâ€¢$50,000 annual fee for each ChairLead Director Annual Retainerâ€¢$60,000 annual fee to the extent the Board has a Lead DirectorCommittee Member Annual Retainersâ€¢Audit Committee - $20,000 annual feeâ€¢Executive Compensation Committee - $15,000 annual feeâ€¢Governance and Sustainability Committee - $10,000 annual feeCommittee Chair Retainersâ€¢Audit Committee - $45,000 annual feeâ€¢Executive Compensation Committee - $35,000 annual feeâ€¢Governance and Sustainability Committee - $25,000 annual feeThe annual retainers described above for Board Chair, Lead Director, Committee Member and Committee Chair service are in addition to the base $60,000 Board Member annual retainer. A Committee Chair receives the Chair retainer for the applicable Committee, but does not also receive the Committee Member annual retainer. All cash compensation is earned on a fiscal year basis, paid at the end of each fiscal quarter. Directors who commence service mid-quarter or who terminate service mid-quarter will receive pro-rated retainers to be paid at the end of the applicable fiscal quarter.Each Director may elect to defer from 5% to 100% of their retainer fees in the Adobe Deferred Compensation Plan by timely submitting an election to the Company.Equity CompensationNew Director Restricted Stock Unit AwardA restricted stock unit award automatically will be granted to each new Director on the date that the new Director is appointed to the Board, or on the following business day if that date falls on a weekend or holiday, based on the following conditions:â€¢The award will be based upon a maximum target grant value of $330,000â€¢The actual target grant value will be calculated by pro-rating the $330,000 maximum target grant value based on the number of calendar days remaining before (1) the next Annual Meeting of Shareholders, if scheduled, or (2) the date of the first anniversary of our last Annual Meeting of Shareholders, if the next Annual Meeting of Shareholders is not yet scheduledâ€¢The actual target grant value (as calculated directly above) shall be converted into the number of shares of Adobe common stock underlying the award based on the average closing stock price over the 30 calendar days ending on the day before the date of grant (rounded down to the next whole share)â€¢The award will vest 100% on the day of our next Annual Meeting of Stockholders, subject to the Directorâ€™s continued service on such date (except as provided below)â€¢If the pro-rated actual target grant value of the award is less than $10,000, no equity grant shall be made to the new DirectorAnnual Restricted Stock Unit AwardAn annual restricted stock unit award automatically will be granted to each Director on the day of our Annual Meeting of Stockholders based on the following conditions:â€¢The award shall have a target grant value of $330,000â€¢The target grant value shall be converted into the number of shares of Adobe common stock underlying the award based on the average closing stock price over the 30 calendar days ending on the day before the date of grant (rounded down to the next whole share)â€¢The award will vest 100% on the day of our next Annual Meeting of Stockholders, subject to the Directorâ€™s continued service on such date (except as provided below)If a Directorâ€™s service terminates due to death or disability, the restricted stock units granted to such Director will accelerate in vesting by an additional twelve months.In the event of a Change of Control (as defined in the Adobe Inc. 2019 Equity Incentive Plan, as amended), all restricted stock units granted to Directors will become fully vested immediately prior to the effective date of the Change of Control.Each Director may elect to defer 100% of their restricted stock unit awards in the Adobe Deferred Compensation Plan by timely submitting an election to the Company.All equity grants are subject to our Stock Ownership Guidelines.This policy will be reviewed at least biennially by the Executive Compensation Committee and the Board.Expense ReimbursementDirectors are reimbursed for reasonable travel and related expenses incurred in connection with attending Board and committee meetings, as well as costs and expenses incurred attending director education programs and other Adobe-related seminars and conferences.DocumentEXHIBIT 19.1Insider Trading Policy1. OverviewThis Insider Trading Policy (the â€œPolicyâ€ sets forth Adobe's policy with respect to transactions in the securities of Adobe Inc. (the â€œCompanyâ€ or â€œAdobeâ€) and the handling of confidential information about Adobe and the companies with which Adobe does business. Adobe has adopted this Policy to promote compliance by all Adobe employees, consultants and other service providers with federal, state, and foreign securities laws that prohibit certain persons who are aware of material, nonpublic information (â€œInsider Information,â€ further defined below) about a company from: (i) trading in securities of that company; or (ii) providing Insider Information to other persons who may trade on the basis of that information. Employees or consultants who trade on Insider Information (or tip such Insider Information to others) can be personally liable for damages totaling up to three times the profits made or the loss avoided by the individual trading with Insider Information. Insider trading is also a crime that can result in a criminal fine (no matter how small the profit) of up to five million dollars and a jail term of up to twenty years, as well as penalties described below under the heading â€œViolations.â€The Securities and Exchange Commission (â€œSECâ€) is the federal agency charged with enforcing insider trading laws in the United States. The SEC vigorously pursues insider trading violations and can detect violations using advanced technologies. The SEC's authority to initiate insider trading investigations includes the ability to obtain Adobe's employee and consultant records, to access individual's bank accounts and phone records, to obtain broker's records, etc. An SEC investigation can be triggered through a variety of actions, including by an individual's unusual trading activity, trading volume, the timing of trades that coincide with important company changes, or simply an anonymous tip to the SEC.Adobe has worked hard to establish a reputation as a leader for its ethical conduct and business practices, and violations or perceived violations of insider trading laws could subject the Company to reputational harm, as well as civil or criminal liability if it does not implement reasonable measures to prevent insider trading.Certain capitalized terms used in this Policy have the meanings set forth in section 6.2. PolicyIf you are aware of Insider Information related to Adobe, you may not directly, or indirectly through Family Members or other persons or entities:1.Engage in transactions in Adobe Securities, except as otherwise specified in this Policy under the headings â€œTransactions Under Company Plans,â€ â€œTransactions Not Involving a Purchase or Saleâ€ and â€œRules and Guidelines for Rule 10b5-1 Trading Plansâ€;2.Recommend the purchase or sale of any Adobe Securities;3.Disclose Insider Information (e.g. â€œtippingâ€) to persons within the Company whose jobs do not require them to have that information, or outside of the Company to other persons, including, but not limited to, family, friends, business associates, investors, and expert consulting firms, unless any such disclosure is made in accordance with the Company's policies regarding the protection and authorized external disclosure of information regarding the Company; or4.Assist anyone engaged in the above activities.Insider Information means information that is both material and nonpublic (as explained in section 6). These prohibitions apply even if the transaction in question was planned or initiated before you learned of Insider Information. Note that bona fide gifts of Adobe securities are considered transactions subject to the restrictions in this Policy. In addition, if in the course of working for the Company you learn of Insider Information about any company, including a customer, supplier or partner of the Company or an economically-linked company such as a competitor of the Company, you may not trade in that company's securities until the information becomes public or is no longer material.Under this Policy, Adobe cannot make exceptions even for transactions that may seem necessary or justifiable for personal reasons (such as the need to raise money for an emergency expenditure), or small transactions. Insider trading is transaction-specific, and the securities laws do not recognize any mitigating circumstances; in any event, the mere appearance of an improper transaction may harm Adobe's reputation as a company that adheres to the highest standards of conduct.2.1. ScopeThis Policy applies to All Adobe Companies.This Policy applies globally regardless of location or nationality, and applies to all officers of the Company and its subsidiaries, all members of the Company's Board of Directors, and all regular employees, Adobe-paid temporary employees, contingent workers (including agency temporary employees, independent contractors, and vendor employees), and interns of Adobe, and any Adobe group company. This Policy also applies to Family Members, other members of a person's household and entities and persons controlled by a person covered by this Policy, as described below.2.2. Responding to Outside Inquiries for InformationAdobe employees may not answer inquiries of stock analysts concerning Adobe securities or provide general market or industry observations to stock analysts or researchers, except in accordance with Adobe's Investment and Financial Community Disclosure Policy. In the event you receive an inquiry from someone outside of the Company, such as a stock analyst, you should refer the inquiry to Adobe's Investor Relations Department. The Company is required under Regulation FD (Fair Disclosure) of the U.S. federal securities laws to avoid the selective disclosure of material, nonpublic information.Violations of this regulation can subject Adobe (as well as Company personnel responsible for the violation) to SEC enforcement actions, which may result in injunctions and severe monetary penalties. The Company's procedures for releasing material information are designed to comply with this regulation. Please consult Adobe's Code of Business Conduct, Investment and Financial Community Disclosure Policy, Public and Electronic Communications Policy for additional information.2.3. Transactions by Family Members and OthersThis Policy applies to your family members who reside with you (including a spouse, a child, a child away at college, stepchildren, grandchildren, parents, stepparents, grandparents, siblings, and in-laws), anyone else who lives in your household, and any family members who do not live in your household but whose transactions in Adobe Securities are directed by you or are subject to your influence or control, such as parents or children who consult with you before they trade in Adobe Securities (collectively referred to as â€œFamily Membersâ€). This Policy also applies to other persons who are subject to your or a Family Member's influence or control, such as transactions in Adobe Securities by a third-party financial advisor or investment manager engaged by you or a Family Member. You are responsible for the transactions of your Family Members and these other persons and therefore should make them aware of the need to confer with you before they trade in Adobe Securities, and you should treat all such transactions for the purposes of this Policy and applicable securities laws as if the transactions were for your own account. For example, if you are talking to your brother-in-law about your job and mention Adobe is going to close its biggest quarter ever, your brother-in-law now has Insider Information and should not trade in Adobe Securities. If he does, you will both then be liable for insider trading violations. Therefore, it is your responsibility to inform your brother-in-law of this Policy and the consequences of violation of the Policy described in section 5.2.4. Transactions by Entities that You Influence or ControlThis Policy applies to any entities that you influence or control, including but not limited to any corporations, partnerships, limited liability companies or trusts (collectively referred to as â€œControlled Entitiesâ€), and transactions by these Controlled Entities should be treated for the purposes of this Policy and applicable securities laws as if they were for your own account.2.5. Insider Information - Other CompaniesYou may not trade in the securities of any other company while aware of material, nonpublic information concerning that company if you acquired that information in the course of your Adobe duties, as the authorities view that as â€œmisappropriatingâ€ the material, nonpublic information and therefore may hold you liable for insider trading based on that action.You may have access to material, non-public information about companies with which Adobe does business. (e.g., product enhancements, strategic alliances, etc.). Depending on your relationship to the other company, this type of information may make you an â€œinsiderâ€ of that other company and you may be subject to the trading restrictions for that other company (which may differ from Adobe's restrictions). Note that information that is not material to Adobe may be material to another company, such as a customer, supplier or partner of Adobe. Adobe's Conflict of Interest Policy also includes certain prohibitions and restrictions on investments in Adobe's business partners. When in doubt, contact the Adobe personnel described in section 3.2.6. Prohibited TransactionsBecause there is a heightened legal risk, the appearance of improper or inappropriate conduct, or both, in any of the following transactions, you may not engage in any of these:(A) Â Â Â Â Short Sales. You may not engage in short sales of Adobe Securities. Short sales of Adobe Securities (i.e., the sale of a security that the seller does not own) may evidence an expectation on the part of the seller that the securities will decline in value, and therefore have the potential to signal to the market that the seller lacks confidence in the Company's prospects. Short sales may reduce a seller's incentive to seek to improve the Company's performance. In addition, Section 16(c) of the Securities Exchange Act of 1934, as amended, prohibits officers and directors from engaging in short sales. (Short sales arising from certain types of hedging transactions are addressed by the â€œHedging Transactionsâ€ paragraph)(B) Â Â Â Â Publicly Traded Options. You may not engage in transactions in put options, call options or other Adobe derivative securities, on an exchange or in any other organized market. (Option positions arising from certain types of hedging transactions are addressed by the â€œHedging Transactionsâ€ paragraph.) Given the relatively short term of publicly traded options, transactions in options may create the appearance that you are trading based on Insider Information and may also focus your attention on short-term performance at the expense of the Company's long-term objectives.(C) Â Â Â Â Hedging Transactions. You may not engage in hedging transactions of any type involving Adobe Securities. Hedging or monetization transactions can be accomplished through a number of possible mechanisms, including through the use of financial instruments such as prepaid variable forwards, equity swaps, exchange funds, and collars. Such hedging transactions may permit you to continue to own Adobe Securities obtained through employee benefit plans or otherwise, but without the full risks and rewards of ownership. When that occurs, you may no longer have the same objectives as the Company's other stockholders.(D) Â Â Â Â Margin Accounts and Pledged Securities. You may not hold Adobe Securities in a margin account or otherwise pledge Adobe Securities as collateral for a loan, because a margin sale or foreclosure sale may occur at a time you are aware of Insider Information or otherwise are not permitted to trade in Adobe Securities. Securities held in a margin account as collateral for a margin loan might be sold by the broker without your consent if you fail to meet a margin call. Similarly, securities pledged (or hypothecated) as collateral for a loan might be sold in foreclosure if you default on the loan. (Pledges of Adobe Securities arising from certain types of hedging transactions are governed by the â€œHedging Transactionsâ€ paragraph)2.7. Placing Open Orders with BrokersWhen placing an open order with a broker you should inform the broker that you are subject to this Policy and its Trading Window procedures (and Pre-Clearance Procedures, if applicable) to assure that all open orders are cancelled prior to the closure of any Trading Window. Exercise caution when placing open orders, such as limit orders or orders that are likely to remain outstanding for an extended period of time, except in accordance with an approved 10b5-1 Plan (as discussed below). Open orders may result in the execution of a trade at a time when you are aware of Insider Information or otherwise are not permitted to trade in Adobe Securities, which may result in inadvertent insider trading violations, Section 16 violations (for officers and directors), violations of this Policy, and unfavorable publicity for you and the Company.2.8. Post-Termination TransactionsThis Policy continues to apply to transactions in Adobe Securities even after termination of your service (whether as an employee, consultant or other service provider) to the Company. If you are in possession of Insider Information when your service terminates, you may not trade in Adobe Securities until that information has become public or is no longer material. In addition, if the Trading Window is closed or you are subject to a special trading restriction under this Policy at the time you cease to be affiliated with the Company, you are expected to abide by the applicable trading restrictions until at least the end of the applicable trading restriction.2.9. Transactions by AdobeAdobe will comply with all applicable securities laws and regulations with respect to any transactions by Adobe in Adobe Securities, subject to any policies and procedures adopted by Adobe.3. ProceduresAdobe has established procedures in order to assist in the administration of this Policy, to facilitate compliance with the laws prohibiting insider trading, and to avoid the appearance of any impropriety. Additional information regarding these procedures is available on Adobe's Trading Compliance Center. All persons subject to this Policy are encouraged to routinely check the Trading Compliance Center for the latest information applicable to them. (A) Â Â Â Â Company Assistance. If you have any concerns about whether you are in possession of Insider Information or if you are in a sensitive position within Adobe, you should contact the Trading Compliance Officer (***@adobe.com) before you buy or sell Adobe Securities. This will help ensure that even employees and consultants unaware of a particular piece of information do not give the appearance of improperly trading Adobe stock. Any person who has a question about this Policy or its application to any proposed transaction may obtain additional guidance from the Trading Compliance Officer.(B) Â Â Â Â Pre-Clearance Procedures. The members of

Adobe's Board of Directors and certain executives designated by the Trading Compliance Officer as being subject to Pre-Clearance Procedures, as well as the Family Members and Controlled Entities of such persons, may not engage in any transaction in Adobe Securities without first obtaining pre-clearance of the transaction from the Trading Compliance Officer. Additional information regarding Pre-Clearance Procedures and the individuals to whom such procedures apply is available on Adobe's Trading Compliance Center. 3.1. Trading WindowYou may only conduct transactions involving Adobe Securities (other than as specified in section 3.2 or section 4) when the Company trading window is open. Whether or not the trading window is open, you are always subject to the prohibitions on trading on the basis of Insider Information and any other applicable restrictions in this Policy.(A) Â Â Â Â Company-Wide Trading Window. All employees, officers, directors, other employees, interns and agents of Adobe and contingent workers (including agency temporary employees, independent contractors, and vendor employees), as well as their Family Members and Controlled Entities, are prohibited from engaging in transactions involving Adobe Securities when the Company-wide trading window (the â€œTrading Windowâ€) is closed each quarter. The Trading Window opens each quarter at the start of the first trading day that is at least 24 hours following the date of public disclosure of the financial results for the previous fiscal quarter. The Trading Window closes four weeks prior to each quarter end. The period following the closure of the Trading Window is a particularly sensitive time for transactions involving Adobe Securities due to the fact that, during this period, individuals may often possess or have access to Insider Information relevant to the expected financial results for the quarter.â€¢For example, if in 2024, Adobe issued its earnings release for Q1 FY2024 after the stock market closed on Thursday, March 14, 2024, the Trading Window would open at the start of trading on Monday, March 18, 2024. Assuming you were not in possession of Insider Information, you can trade in Adobe Securities beginning at market open (9:30am Eastern Time) on March 18, 2024. For purposes of this hypothetical, the Trading Window would have closed on February 2, 2024 at close of market (4pm Eastern Time) -four weeks prior to Q1 FY2024 quarter end.(B) Â Â Â Â Special Trading Restrictions. From time to time, an event may occur that is material to Adobe and is known by only a few directors, officers, or employees. So long as the event remains material and nonpublic, the persons designated by the Trading Compliance Officer may not trade Adobe Securities. The existence of an event-specific trading restriction will not be announced to the Company as a whole and should not be communicated to any other individuals. Even if the Trading Compliance Officer has not explicitly designated you as a person who is prohibited from trading due to an event-specific restriction, you may not trade while aware of Insider Information.(C) Â Â Â Â No â€œSafe Harbors.â€ There are no unconditional â€œsafe harborsâ€ for trades made at particular times, and all persons subject to this Policy should exercise good judgment at all times. Even when the Trading Window is open, you may be prohibited from engaging in transactions involving Adobe Securities if you possess Insider Information, are subject to a special trading restriction, or are otherwise restricted under this Policy.3.2. Rules and Guidelines for Rule 10b5-1 Trading PlansMembers of Adobe's Board of Directors, executive officers, and certain other executives designated by the Trading Compliance Officer are eligible to establish qualified Rule 10b5-1 trading plans for transactions in Adobe Securities that meet certain conditions specified in the Rule (a â€œRule 10b5-1 Planâ€). Rule 10b5-1 provides an affirmative defense from liability for trades executed pursuant to a valid Rule 10b5-1 Plan. Among other requirements, a Rule 10b5-1 Plan must be entered into during an open trading window and when a person is not aware of Insider Information, and include a waiting period before the first trade under the Rule 10b5-1 Plan can occur that is at least 90 days after the date of adoption of the Rule 10b5-1 Plan (or later under certain circumstances). Participants must submit a written Rule 10b5-1 Plan to the Trading Compliance Officer for review and approval prior to adoption. Any modification of a Rule 10b5-1 Plan must go through the same review process as the adoption of a new Rule 10b5-1 Plan. Additional requirements and frequently asked questions regarding Rule 10b5-1 Plans, as well as additional information on eligibility, are provided in Adobe's Trading Compliance Center. 4. ExceptionsThe quarterly Trading Window closures and event-driven trading restrictions do not apply to those transactions described below. Further, the requirement for pre-clearance, the quarterly Trading Window closures and event-driven trading restrictions do not apply to transactions conducted pursuant to an approved Rule 10b5-1 Plan (although such requirements are applicable to the establishment of the plan itself).4.1. Transactions under Company PlansThe prohibitions described in this Policy do not apply in the case of the following transactions, except as specifically noted:(A) Â Â Â Â Stock Option Exercises for Cash. This Policy does not restrict the exercise for cash of an employee stock option acquired pursuant to Adobe's plans (including assumed plans of companies acquired by Adobe). It does, however, restrict any sale of stock as part of a broker- assisted cashless exercise of an option, any other market sale for the purpose of generating the cash needed to pay the exercise price of an option, or any sale of shares acquired upon the exercise of an option.(B) Â Â Â Â Restricted Stock Units and Performance Shares. This Policy does not restrict the vesting of restricted stock units (â€œRSUsâ€), performance shares, or other similar equity instruments, or the related forfeiture of shares of stock to satisfy tax withholding or other regulatory requirements upon the vesting of any such equity instruments. The Policy does, however, restrict any market sale of the shares of Adobe common stock that are issued upon the vesting of such RSUs, performance shares, or other similar equity instruments.(C) Â Â Â Â Employee Stock Purchase Plan. This Policy does not restrict purchases of stock under Adobe's Employee Stock Purchase Plan, as amended (the â€œESPPâ€), resulting from contributions of money to the ESPP pursuant to the election you make at the time of any enrollment in the plan. It does, however apply to your sales of Adobe Securities purchased pursuant to the ESPP. Additionally, you should not base your decision to participate in the ESPP, or your decision to change your election under the ESPP, on Insider Information.4.2. Transactions Not Involving a Purchase or SaleTransactions that involve merely a change in the form in which you own securities are permitted during a period when you are aware of Insider Information or during a Company-enforced Trading Window closure. For example, you may transfer shares to an inter vivos trust of which you are the sole beneficiary during your lifetime. However, for members of Adobe's Board of Directors and certain executives designated by the Trading Compliance Officer pre-clearance requirements apply to such transactions pursuant to Section 3.(B).Further, transactions in mutual funds that are invested in Adobe Securities are not transactions subject to this Policy.The trading restrictions under this Policy also do not apply to a change in the number of securities held as a result of a stock split or stock dividend applying equally to all securities of a class, or similar transactions.5. ViolationsFederal and state laws prohibit the purchase or sale of securities while aware of Insider Information, or the disclosure of Insider Information to others who then trade in Adobe Securities. The SEC, U.S. Attorneys and State authorities vigorously pursue insider trading violations. Punishment for insider trading violations is severe, and could include significant fines and imprisonment. While the regulatory authorities concentrate their efforts on the individuals who trade, or who tip inside information to others who trade, federal securities laws also impose potential liability on companies and other â€œcontrolling personsâ€ if they fail to take reasonable steps to prevent insider trading by company personnel. Tipping can result in the same civil and criminal penalties as insider trading, even if the individual who â€œtippedâ€ did not trade or benefit personally from another's trading. A violation of law, or even an SEC investigation that does not result in prosecution, can tarnish a person's reputation and irreparably damage a career.In addition, your failure to comply with this Policy may subject you to Company-imposed discipline, including termination of your services, whether or not your failure to comply results in a violation of law.5.1. Reporting ViolationsIt is your responsibility to help enforce this Policy. You should be alert to possible or unintended violations and promptly report violations or suspected violations (including self-reporting) of this Policy to the Trading Compliance Officer, either by phone or by emailing ***@adobe.com. Any report of violations or suspected violations of this Policy may also be submitted anonymously by letter to the Trading Compliance Officer or the Audit Committee of the Company's Board of Directors. You may also report any suspected violations of this Policy in the following ways:â€¢Contact the Chief Compliance Officer at ***@adobe.com.â€¢Submit a report on the Adobe Business Ethics Hotline via the online web portal or via local telephone number at https://www.adobe.com/about-adobe/integrity.html. You will have the option to remain anonymous (to the extent permitted by applicable law), and all reports will be kept in confidence to the extent appropriate or permitted by law and Adobe policies.If you make an anonymous report, please provide as much detail as possible, including any evidence that you believe may be relevant to the issue.6. DefinitionsFor purposes of this Policy, the following terms have the meanings indicated below:â€¢Adobe Securities - common stock, options for common stock, preferred stock, convertible debentures, warrants and exchange- traded options, other derivative securities, publicly-traded debt, and any other securities of the Company.â€¢Controlled Entities - any entities that you influence or control, including but not limited to any corporations, partnerships, limited liability companies, or trusts.â€¢Family Member - family members who reside with you (including a spouse, a child, a child away at college, stepchildren, grandchildren, parents, stepparents, grandparents, siblings and in-laws), anyone else who lives in your household, and any family members who do not live in your household but whose transactions in Adobe Securities are directed by you or are subject to your influence or control, such as parents or children who consult with you before they trade in Adobe Securities.â€¢Insider Information - Information that is both material and nonpublic.â—¦Material Information is considered material if a reasonable investor would consider that information important in making a decision to buy, hold or sell securities. Any information that could reasonably be expected to affect the Company's stock price, whether it is positive or negative, should be considered material. There is no bright-line standard for assessing materiality; rather, materiality is based on an assessment of all of the facts and circumstances, and is often evaluated by enforcement authorities with the benefit of hindsight. While it is not possible to define all categories of material information, some examples of information that could be regarded as material are:â–ªUnannounced quarterly or annual financial results;â–ªMajor new unannounced products or services or releases of major products or services;â–ªNegotiation and/or execution of a significant contract with a potentially significant, unannounced customer or supplier or loss of a significant customer or supplier;â–ªProjections of future earnings or losses, or other earnings targets;â–ªChanges to previously announced earnings targets, or the decision to suspend earnings targets;â–ªA pending or proposed merger, acquisition or tender offer;â–ªA pending or proposed acquisition or disposition of a significant asset;â–ªA pending or proposed joint venture;â–ªA Company restructuring;â–ªA change in dividend policy, the declaration of a stock split, or an offering of additional securities;â–ªSignificant bank borrowings or other financing transactions out of the ordinary course;â–ªThe establishment or modification of a repurchase program for Adobe Securities;â–ªA significant change in the Company's pricing or cost structure;â–ªSignificant changes in management;â–ªA change in auditors or notification that the auditor's reports may no longer be relied upon;â–ªPending or threatened significant litigation, or the resolution of such litigation;â–ªPotential proxy disputes with stockholders;â–ªImpending bankruptcy or the existence of severe liquidity problems; orâ–ªA cybersecurity risk or incident involving

Adobe's business.â—¦Nonpublic information has not been disclosed to the public and been broadly disseminated.â–ªInformation generally would be considered â€œbroadly disseminatedâ€ if it has been disclosed in a manner making it widely available to investors, such as through newswire services, the Company's corporate website, publication in a widely available news website or SEC filings that are available on the SEC's website. By contrast, information would likely not be considered broadly disseminated if it is available only to the Company's employees, or if it is only available to a select group of analysts, brokers and institutional investors.â–ªInformation will not be considered â€œpublicâ€ until the investing public has had sufficient time to absorb the information. As a general rule, information should not be considered fully absorbed (and therefore not yet â€œpublicâ€) by the marketplace until at least 24 hours have passed after the information is released. Depending on the particular circumstances, the Company may determine that a longer or shorter period should apply to the release of specific Insider Information. For example:â€¢If a Company press release is issued before the stock market opens on Tuesday, the information is nonpublic and therefore trading cannot occur until the stock market opens on Wednesday.â€¢If a Company press release is issued after the stock market closes on Tuesday, the information is nonpublic and therefore trading cannot occur until Thursday morning when the stock market opens.7. Responsibility and Related DocumentsThe groups indicated below are responsible for the following:ALL ADOBE EMPLOYEES, OFFICERS, DIRECTORS AND CONSULTANTSâ€¢You have ethical and legal obligations to maintain the confidentiality of information about the Company and to not engage in transactions in any Adobe Securities while in possession of Insider Information.â€¢You are responsible for making sure that you comply with this Policy, and that each of your Family Members, household members or Controlled Entities also comply with this Policy.â€¢In all cases, the responsibility for determining whether you are in possession of Insider Information rests with you, and any action on the part of the Company, the Trading Compliance Officer or any other employee or director does not in any way constitute legal advice or insulate you from liability under applicable securities laws.â€¢Additionally, this Policy does not replace your individual responsibility to comply with all applicable laws.TRADING COMPLIANCE OFFICERâ€¢Administer and maintain the provisions of this Policy. Adobe's Head of Corporate Legal Securities holds this position; in his or her absence, Adobe's General Counsel or another employee designated by Adobe's General Counsel shall serve as the Trading Compliance Officer.The following documents are related to this Policy:â€¢Additional information and related documents referenced herein, including Adobe's annual Trading Window Calendar and other related corporate policies, can be found in Adobe's Trading Compliance Center.DocumentEXHIBIT 21.1ADOBE INC.SUBSIDIARIES OF THE REGISTRANT(*)Subsidiary Legal NameJurisdiction of Incorporation/FormationThe Americas:Adbemx Software, S. de R.L. de C.V.MexicoAdobe Assets, LLCDelawareAdobe Canada Services CorporationCanadaAdobe Colombia SASColombiaAdobe Corporate LLCDelawareAdobe Holdings LLCDelawareAdobe Labs, Inc.DelawareAdobe Systems Brasil Limitada BrazilAdobe Systems Canada Inc.CanadaAdobe Systems Federal LLC DelawareAdobe Systems Software Chile Limitada ChileFrame.io, Inc.DelawareMagentoTech Inc.DelawareMagentoTech LLCDelawareMarketo, Inc.DelawareMilestone Holdco, LLCDelawareMilestone Intermediate Holdings, Inc.DelawareMilestone Topco, Inc.DelawareWorkfront LLCDelawareÂ Â X.commerce, Inc.DelawareEurope:Adobe Development ARM LLCArmeniaAdobe Research (Schweiz) AGSwitzerlandAdobe Software Trading Company LimitedIrelandAdobe Systems (Schweiz) GmbHSwitzerlandAdobe Systems Belgium BVBelgiumAdobe Systems Benelux B.V. The NetherlandsAdobe Systems Danmark ApSDenmarkAdobe Systems Engineering GmbHFederal Republic of GermanyAdobe Systems Europe Limited.United KingdomAdobe Systems France SASFranceAdobe Systems GmbHFederal Republic of GermanyAdobe Systems Iberica SLSpainAdobe Systems Italia SRLItalyAdobe Systems Nordic ABSwedenAdobe Systems Norge ASNorwayAdobe Systems Romania SRLRomaniaAdobe Systems s.r.o.Czech RepublicAdobe Systems Software Ireland LimitedIrelandAdobe Technologies International, S.L.SpainAllegorithmic SASFranceSubsidiary Legal NameJurisdiction of Incorporation/FormationICS â€œAdobe Systemsâ€ S.R.L.Republic of MoldovaMagento Commerce International LimitedIrelandMarketo EMEA, LimitedIrelandWorkfront, LtdUnited KingdomAfrica:Adobe Systems South Africa Proprietary LimitedSouth AfricaAsia:Adobe Software (Shanghai) Company LimitedChinaAdobe KK JapanAdobe Systems Hong Kong LimitedHong KongAdobe Systems India Private LimitedIndiaAdobe Systems Korea Ltd.Republic of KoreaAdobe Systems New Zealand LimitedNew ZealandAdobe Systems Pte. Ltd. SingaporeAdobe Systems Pty Ltd.AustraliaAdobe Systems Software (Beijing) Co., Ltd.ChinaAdobe (Thailand) Company LimitedThailandMiddle East:Adobe Regional HeadquartersKingdom of Saudi ArabiaAdobe Systems Israel Ltd.Israel_______________________________________(*)Â Â Â Â As of NovemberÂ 29, 2024 All subsidiaries of the registrant are wholly owned, directly or indirectly, by Adobe and do business under their legal names.DocumentEXHIBIT 23.1CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRMWe consent to the incorporation by reference in the registration statements (No. 33-10753, 33-18986, 33-23171, 33-30976, 33-36501, 33-38387, 33-48210, 33-63518, 33-78506, 33-83030, 33-83502, 33-83504, 33-84396, 33-86482, 33-59335, 33-63849, 33-63851, 333-28195, 333-28203, 333-28207, 333-57589, 333-81191, 333-87165, 333-39524, 333-52214, 333-57074, 333-72424, 333-90518, 333-108014, 333-130104, 333-130185, 333-144676, 333-153657, 333-158404, 333-162779, 333-167968, 333-170254, 333-171902, 333-174588, 333-175910, 333-177229, 333-178065, 333-179221, 333-180730, 333-186143, 333-189646, 333-190846, 333-197048, 333-198973, 333-202732, 333-205225, 333-212305, 333-215613, 333-219023, 333-225922, 333-230845, 333-239413, 333-257564, 333-273039 and 333-280492) on Form S-8, and registration statement (No. 333-262547) on Form S-3 of our report dated January 13, 2025, with respect to the consolidated financial statements of Adobe Inc. and the effectiveness of internal control over financial reporting./s/ KPMG LLPSanta Clara, CaliforniaJanuary 13, 2025 DocumentEXHIBIT 31.1Â CERTIFICATIONSÂ I, Shantanu Narayen, certify that:1.I have reviewed this report on FormÂ 10-K of Adobe Inc.;2.Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;3.Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;4.The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act RulesÂ 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act RulesÂ 13a-15(f) and 15d-15(f)) for the registrant and have:(a)Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;(b)Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;(c)Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and(d)Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and5.The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):(a)All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and(b)Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.Â Â Dated: January 13, 2025/s/ SHANTANU NARAYENÂ Shantanu NarayenÂ Chair and Chief Executive OfficerÂ DocumentEXHIBIT 31.2Â CERTIFICATIONSÂ I, Daniel Durn, certify that:1.I have reviewed this report on FormÂ 10-K of Adobe Inc.;2.Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;3.Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;4.The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act RulesÂ 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act RulesÂ 13a-15(f) and 15d-15(f)) for the registrant and have:(a)Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;(b)Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;(c)Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and(d)Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and5.The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):(a)All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and(b)Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.Â Â Dated: January 13, 2025/s/ DANIEL DURNÂ Daniel DurnÂ Chief Financial Officer andÂ Executive Vice President, Finance,Technology, Security and

OperationsDocumentEXHIBIT 32.1Â CERTIFICATIONS PURSUANT TORULE 13a-14(b) OF THE SECURITIES EXCHANGE ACT OFÂ 1934AND 18 U.S.C. SECTIONÂ 1350Â In connection with the Annual Report of Adobe Inc. (the â€œRegistrantâ€) on FormÂ 10-K for the annual period ended NovemberÂ 29, 2024 as filed with the Securities and Exchange Commission on the date hereof (the â€œReportâ€), I, Shantanu Narayen, certify, in accordance with RuleÂ 13a-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. SectionÂ 1350, that to the best of my knowledge:(1)The Report, to which this certification is attached as ExhibitÂ 32.1, fully complies with the requirements of sectionÂ 13(a) of the Securities Exchange Act of 1934; and(2)The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.Â Dated: January 13, 2025/s/ SHANTANU NARAYENÂ Shantanu NarayenÂ Chair and Chief Executive OfficerÂ A signed original of this written statement required by RuleÂ 13a-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. SectionÂ 1350 has been provided to the Registrant and will be retained by the Registrant and furnished to the Securities and Exchange Commission or its staff upon request.Â This certification accompanies the FormÂ 10-K to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of the Registrant under the Securities Act of 1933 or the Securities Exchange Act of 1934 (whether made before or after the date of the FormÂ 10-K), irrespective of any general incorporation language contained in such filing.DocumentEXHIBIT 32.2Â CERTIFICATIONS PURSUANT TORULE 13a-14(b) OF THE SECURITIES EXCHANGE ACT OFÂ 1934AND 18 U.S.C. SECTIONÂ 1350Â In connection with the Annual Report of Adobe Inc. (the â€œRegistrantâ€) on FormÂ 10-K for the annual period ended NovemberÂ 29, 2024 as filed with the Securities and Exchange Commission on the date hereof (the â€œReportâ€), I, Daniel Durn, certify, in accordance with RuleÂ 13a-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. SectionÂ 1350, that to the best of my knowledge:(1)The Report, to which this certification is attached as ExhibitÂ 32.2, fully complies with the requirements of sectionÂ 13(a) of the Securities Exchange Act of 1934; and(2)The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.Â Â Dated: January 13, 2025/s/ DANIEL DURNÂ Daniel DurnÂ Chief Financial Officer andÂ Executive Vice President, Finance,Technology, Security and OperationsÂ A signed original of this written statement required by RuleÂ 13a-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. SectionÂ 1350 has been provided to the Registrant and will be retained by the Registrant and furnished to the Securities and Exchange Commission or its staff upon request.Â This certification accompanies the FormÂ 10-K to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of the Registrant under the Securities Act of 1933 or the Securities Exchange Act of 1934 (whether made before or after the date of the FormÂ 10-K), irrespective of any general incorporation language contained in such filing.Â