



Investor Relations Contact

Steve Day
Adobe
ir@adobe.com

Public Relations Contact

Ashley Levine
Adobe
adobepr@adobe.com

FOR IMMEDIATE RELEASE

Adobe Reports Record Revenue in Q2 and Raises FY25 Revenue and EPS Targets

SAN JOSE, Calif. – June 12, 2025 – Adobe (Nasdaq:ADBE) today reported financial results for its second quarter fiscal year 2025 ended May 30, 2025.

“Our strategy to deliver ground-breaking innovation for Business Professionals and Consumers, and Creative and Marketing Professionals is delighting customers and we are pleased to raise Adobe’s FY25 revenue target,” said Shantanu Narayen, chair and CEO, Adobe. “Adobe’s AI innovation is transforming industries enabling individuals and enterprises to achieve unprecedented levels of creativity.”

“As a result of us driving strong performance in the first half of the year, we are pleased to raise Adobe’s FY25 total revenue and EPS targets,” said Dan Durn, executive vice president and CFO, Adobe. “We continue to invest in AI innovation across our customer groups to enhance value realization and expand the universe of customers we serve.”

Second Quarter Fiscal Year 2025 Financial Highlights

- Adobe achieved record revenue of \$5.87 billion in its second quarter of fiscal year 2025, which represents 11 percent year-over-year growth as reported and in constant currency. Diluted earnings per share was \$3.94 on a GAAP basis and \$5.06 on a non-GAAP basis.
- GAAP operating income in the second quarter was \$2.11 billion and non-GAAP operating income was \$2.67 billion. GAAP net income was \$1.69 billion and non-GAAP net income was \$2.17 billion.
- Cash flows from operations were \$2.19 billion.
- Exiting the quarter, Remaining Performance Obligations (“RPO”) were \$19.69 billion, and Current Remaining Performance Obligations (“cRPO”) were 67 percent.
- Adobe repurchased approximately 8.6 million shares during the quarter.

Second Quarter Fiscal Year 2025 Business Segment Highlights

- Digital Media segment revenue was \$4.35 billion, which represents 11 percent year-over-year growth, or 12 percent in constant currency. Digital Media Annualized Recurring Revenue (“ARR”) exiting the quarter was \$18.09 billion, representing 12.1 percent year-over-year growth.
- Digital Experience segment revenue was \$1.46 billion, representing 10 percent year-over-year growth as reported and in constant currency. Digital Experience subscription revenue was \$1.33 billion, representing 11 percent year-over-year growth as reported and in constant currency.

Customer Group Supplemental Disclosure

- Business Professionals and Consumers Group subscription revenue was \$1.60 billion, which represents 15 percent year-over-year growth as reported and in constant currency.
- Creative and Marketing Professionals Group subscription revenue was \$4.02 billion, which represents 10 percent year-over-year growth, or 11 percent in constant currency.

Financial Targets

The following table summarizes Adobe's third quarter fiscal year 2025 targets, which assumes current macroeconomic conditions¹:

Total revenue	\$5.875 billion to \$5.925 billion	
Digital Media segment revenue	\$4.37 billion to \$4.40 billion	
Digital Experience segment revenue	\$1.45 billion to \$1.47 billion	
Digital Experience subscription revenue	\$1.35 billion to \$1.36 billion	
Earnings per share	GAAP: \$4.00 to \$4.05	Non-GAAP: \$5.15 to \$5.20

¹ Targets assume non-GAAP operating margin of ~45.5 percent, non-GAAP tax rate of ~18.5 percent and diluted share count of ~425 million for third quarter fiscal year 2025.

The following updated table summarizes Adobe's fiscal year 2025 targets, which assumes current macroeconomic conditions²:

Total revenue	\$23.50 billion to \$23.60 billion	
Digital Media segment revenue	\$17.45 billion to \$17.50 billion	
Digital Media ending ARR growth	11.0% year over year	
Digital Experience segment revenue	\$5.80 billion to \$5.90 billion	
Digital Experience subscription revenue	\$5.375 billion to \$5.425 billion	
Earnings per share	GAAP: \$16.30 to \$16.50	Non-GAAP: \$20.50 to \$20.70

² Targets assume non-GAAP operating margin of ~46 percent, non-GAAP tax rate of ~18.5 percent and diluted share count of ~428 million for fiscal year 2025.

Adobe to Host Conference Call

Adobe will webcast its second quarter fiscal year 2025 earnings conference call today at 2:00 p.m. Pacific Time from its investor relations website: <http://www.adobe.com/ADBE>. Earnings documents, including Adobe management's prepared conference call remarks with slides and an investor datasheet are posted to Adobe's Investor Relations Website in advance of the conference call for reference.

Forward-Looking Statements, Non-GAAP and Other Disclosures

In addition to historical information, this press release contains "forward-looking statements" within the meaning of applicable securities laws, including statements related to our business, strategy, artificial intelligence ("AI") and innovation momentum; our market and AI opportunity and future growth; market and AI trends; current macroeconomic conditions; fluctuations in foreign currency exchange rates; strategic investments; customer success and groups; revenue; operating margin; operating efficiencies; annualized recurring revenue; tax rate; earnings per share; and share count. Each of the forward-looking statements we make in this press release involves risks, uncertainties and assumptions based on information available to us as of the date of this press release. Such risks and uncertainties, many of which relate to matters beyond our control, could cause actual results to differ materially from these forward-looking statements. Factors that might cause or contribute to such differences include, but are not limited to: failure to innovate effectively and meet customer needs; issues relating to development and use of AI; failure to compete effectively; damage to our reputation or brands; failure to realize the anticipated benefits of investments or acquisitions; service interruptions or failures in information technology systems by us or third parties; security incidents; failure to effectively develop, manage and maintain critical third-party business relationships; risks associated with being a multinational corporation and adverse macroeconomic conditions; complex sales cycles; failure to recruit and retain key personnel; litigation, regulatory inquiries and intellectual property infringement claims; changes in, and compliance with, global laws and regulations, including those related to information security and privacy; failure to protect our intellectual property; changes in tax regulations; complex government procurement processes; risks related to fluctuations in or the timing of revenue recognition from our subscription offerings; fluctuations in foreign currency exchange rates; impairment charges; our existing and future debt obligations; catastrophic events; and fluctuations in our stock price. Further information on these and other factors are discussed in the section titled "Risk Factors" in Adobe's most recently filed Annual Report on Form 10-K and Adobe's most recently filed Quarterly Reports on Form 10-Q. The risks described in this press release and in Adobe's filings with the U.S. Securities and Exchange Commission should be carefully reviewed.

Undue reliance should not be placed on the financial information set forth in this press release, which reflects estimates based on information available at this time. These amounts could differ from actual reported amounts stated in Adobe's Quarterly Report on Form 10-Q for our fiscal quarter ended May 30, 2025, which Adobe expects to file in June 2025. Adobe assumes no obligation to, and does not currently intend to, update these forward-looking statements.

A reconciliation between GAAP and non-GAAP earnings results and financial targets and a statement regarding use of non-GAAP financial information are provided at the end of this press release and on Adobe's investor relations website.

About Adobe

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

###

©2025 Adobe. All rights reserved. Adobe, Creative Cloud, Document Cloud and the Adobe logo are either registered trademarks or trademarks of Adobe (or one of its subsidiaries) in the United States and/or other countries. All other trademarks are the property of their respective owners.

Condensed Consolidated Statements of Income
(In millions, except per share data; unaudited)

	Three Months Ended		Six Months Ended	
	May 30, 2025	May 31, 2024	May 30, 2025	May 31, 2024
Revenue:				
Subscription	\$ 5,641	\$ 5,060	\$ 11,124	\$ 9,976
Product	88	104	183	223
Services and other	144	145	280	292
Total revenue	5,873	5,309	11,587	10,491
Cost of revenue:				
Subscription	505	456	995	911
Product	6	8	12	13
Services and other	127	134	253	264
Total cost of revenue	638	598	1,260	1,188
Gross profit	5,235	4,711	10,327	9,303
Operating expenses:				
Research and development	1,082	984	2,108	1,923
Sales and marketing	1,626	1,445	3,121	2,797
General and administrative	377	355	744	707
Acquisition termination fee	—	—	—	1,000
Amortization of intangibles	41	42	82	84
Total operating expenses	3,126	2,826	6,055	6,511
Operating income	2,109	1,885	4,272	2,792
Non-operating income (expense):				
Interest expense	(68)	(41)	(130)	(68)
Investment gains (losses), net	2	4	8	22
Other income (expense), net	58	82	133	152
Total non-operating income (expense), net	(8)	45	11	106
Income before income taxes	2,101	1,930	4,283	2,898
Provision for income taxes	410	357	781	705
Net income	\$ 1,691	\$ 1,573	\$ 3,502	\$ 2,193
Basic net income per share	\$ 3.95	\$ 3.50	\$ 8.10	\$ 4.86
Shares used to compute basic net income per share	428	449	432	451
Diluted net income per share	\$ 3.94	\$ 3.49	\$ 8.08	\$ 4.83
Shares used to compute diluted net income per share	429	451	433	454

Condensed Consolidated Balance Sheets
(In millions; unaudited)

	May 30, 2025	November 29, 2024
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,931	\$ 7,613
Short-term investments	782	273
Trade receivables, net of allowances for doubtful accounts of \$16 and \$14, respectively	1,735	2,072
Prepaid expenses and other current assets	1,530	1,274
Total current assets	8,978	11,232
Property and equipment, net	1,890	1,936
Operating lease right-of-use assets, net	259	281
Goodwill	12,830	12,788
Other intangibles, net	631	782
Deferred income taxes	1,984	1,657
Other assets	1,535	1,554
Total assets	\$ 28,107	\$ 30,230
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Trade payables	\$ 360	\$ 361
Accrued expenses and other current liabilities	2,256	2,336
Debt	—	1,499
Deferred revenue	6,220	6,131
Income taxes payable	129	119
Operating lease liabilities	74	75
Total current liabilities	9,039	10,521
Long-term liabilities:		
Debt	6,166	4,129
Deferred revenue	114	128
Income taxes payable	477	548
Operating lease liabilities	323	353
Other liabilities	540	446
Total liabilities	16,659	16,125
Stockholders' equity:		
Preferred stock	—	—
Common stock	—	—
Additional paid-in capital	14,375	13,419
Retained earnings	41,744	38,470
Accumulated other comprehensive income (loss)	(333)	(201)
Treasury stock, at cost	(44,338)	(37,583)
Total stockholders' equity	11,448	14,105
Total liabilities and stockholders' equity	\$ 28,107	\$ 30,230

Condensed Consolidated Statements of Cash Flows
(In millions; unaudited)

	Three Months Ended	
	May 30, 2025	May 31, 2024
Cash flows from operating activities:		
Net income	\$ 1,691	\$ 1,573
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion	209	214
Stock-based compensation	481	467
Other non-cash adjustments	(101)	(99)
Changes in deferred revenue	(156)	(424)
Changes in other operating assets and liabilities	67	209
Net cash provided by operating activities	<u>2,191</u>	<u>1,940</u>
Cash flows from investing activities:		
Purchases, sales and maturities of short-term investments, net	(96)	163
Purchases of property and equipment	(47)	(41)
Purchases and sales of long-term investments, intangibles and other assets, net	(135)	(11)
Net cash provided by (used for) investing activities	<u>(278)</u>	<u>111</u>
Cash flows from financing activities:		
Repurchases of common stock	(3,500)	(2,500)
Taxes paid related to net share settlement of equity awards, net of proceeds from treasury stock re-issuances	(112)	(135)
Proceeds from issuance of debt	—	1,997
Other financing activities, net	(176)	(4)
Net cash used for financing activities	<u>(3,788)</u>	<u>(642)</u>
Effect of exchange rate changes on cash and cash equivalents	48	(3)
Net change in cash and cash equivalents	(1,827)	1,406
Cash and cash equivalents at beginning of period	6,758	6,254
Cash and cash equivalents at end of period	<u>\$ 4,931</u>	<u>\$ 7,660</u>

Non-GAAP Results

The following table shows Adobe's GAAP results reconciled to non-GAAP results included in this release.

(In millions, except per share data)

	Three Months Ended		
	May 30, 2025	May 31, 2024	February 28, 2025
Operating income:			
GAAP operating income	\$ 2,109	\$ 1,885	\$ 2,163
Stock-based and deferred compensation expense	482	472	469
Amortization of intangibles	83	84	83
Non-GAAP operating income	<u>\$ 2,674</u>	<u>\$ 2,441</u>	<u>\$ 2,715</u>
Net income:			
GAAP net income	\$ 1,691	\$ 1,573	\$ 1,811
Stock-based and deferred compensation expense	482	472	469
Amortization of intangibles	83	84	83
Investment (gains) losses, net	(2)	(4)	(6)
Income tax adjustments	(83)	(102)	(133)
Non-GAAP net income	<u>\$ 2,171</u>	<u>\$ 2,023</u>	<u>\$ 2,224</u>
Diluted net income per share:			
GAAP diluted net income per share	\$ 3.94	\$ 3.49	\$ 4.14
Stock-based and deferred compensation expense	1.12	1.04	1.07
Amortization of intangibles	0.19	0.19	0.19
Investment (gains) losses, net	—	(0.01)	(0.01)
Income tax adjustments	(0.19)	(0.23)	(0.31)
Non-GAAP diluted net income per share	<u>\$ 5.06</u>	<u>\$ 4.48</u>	<u>\$ 5.08</u>
Shares used to compute diluted net income per share	429	451	438

The following table shows Adobe's second quarter fiscal year 2025 GAAP tax rate reconciled to the non-GAAP tax rate included in this release.

	Second Quarter Fiscal 2025
Effective income tax rate:	
GAAP effective income tax rate	19.5 %
Income tax adjustments	1.5
Stock-based and deferred compensation expense	(2.1)
Amortization of intangibles	(0.4)
Non-GAAP effective income tax rate ^(*)	<u>18.5 %</u>

^(*) Represents Adobe's fixed long-term non-GAAP tax rate based on projections and currently available information through fiscal 2025

Reconciliation of GAAP to Non-GAAP Financial Targets and Assumptions

The following tables show Adobe's third quarter fiscal year 2025 financial targets and assumptions reconciled to non-GAAP financial targets and assumptions included in this release.

(Shares in millions)

	Third Quarter Fiscal 2025	
	Low	High
Diluted net income per share:		
GAAP diluted net income per share	\$ 4.00	\$ 4.05
Stock-based and deferred compensation expense	1.19	1.19
Amortization of intangibles	0.19	0.19
Income tax adjustments	(0.23)	(0.23)
Non-GAAP diluted net income per share	\$ 5.15	\$ 5.20
Shares used to compute diluted net income per share	425	425

	Third Quarter Fiscal 2025
Operating margin:	
GAAP operating margin	36.0 %
Stock-based and deferred compensation expense	8.2
Amortization of intangibles	1.3
Non-GAAP operating margin	45.5 %

	Third Quarter Fiscal 2025
Effective income tax rate:	
GAAP effective income tax rate	19.0 %
Stock-based and deferred compensation expense	(1.7)
Amortization of intangibles	(0.3)
Income tax adjustments	1.5
Non-GAAP effective income tax rate ^(*)	18.5 %

^(*) Represents Adobe's fixed long-term non-GAAP tax rate based on projections and currently available information through fiscal 2025

Reconciliation of GAAP to Non-GAAP Financial Targets and Assumptions (continued)

The following tables show Adobe's updated annual fiscal year 2025 financial targets and assumptions reconciled to non-GAAP financial targets and assumptions included in this release.

(Shares in millions)

	Fiscal Year 2025	
	Low	High
Diluted net income per share:		
GAAP diluted net income per share	\$ 16.30	\$ 16.50
Stock-based and deferred compensation expense	4.56	4.56
Amortization of intangibles	0.72	0.72
Income tax adjustments	(1.08)	(1.08)
Non-GAAP diluted net income per share	\$ 20.50	\$ 20.70
Shares used to compute diluted net income per share	428	428

	Fiscal Year 2025
Operating margin:	
GAAP operating margin	36.0 %
Stock-based and deferred compensation expense	8.7
Amortization of intangibles	1.3
Non-GAAP operating margin	46.0 %

	Fiscal Year 2025
Effective income tax rate:	
GAAP effective income tax rate	18.0 %
Stock-based and deferred compensation expense	(1.7)
Amortization of intangibles	(0.3)
Income tax adjustments	2.5
Non-GAAP effective income tax rate ^(*)	18.5 %

^(*) Represents Adobe's fixed long-term non-GAAP tax rate based on projections and currently available information through fiscal 2025

Use of Non-GAAP Financial Information

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

Adobe's management believes it is useful for itself and investors to review, as applicable, both GAAP information as well as non-GAAP measures, which may exclude items such as stock-based and deferred compensation expenses, amortization of intangibles, investment gains and losses, income tax adjustments and other items that are not considered part of Adobe's ongoing operations, and the income tax effect of the non-GAAP pre-tax adjustments from the provision for income taxes. Adobe uses these non-GAAP measures in order to assess the performance of Adobe's business and for planning and forecasting in subsequent periods. Whenever such a non-GAAP measure is used, Adobe provides a reconciliation of the non-GAAP financial measure to the most closely applicable GAAP financial measure. Investors are encouraged to review the related GAAP financial measures and the reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measure as detailed above.