



# A Letter From Our Chair & CEO



To our stockholders, customers, employees and partners,

Over the past four decades, Adobe has consistently expanded its aspirations in executing its vision to deliver transformational technologies that propel the industry and the company forward. Our innovations have shaped every era – from the web and mobile to cloud computing and artificial intelligence (AI) – extending our product line to serve a growing universe of customers and drive revenue growth. Today, Adobe's mission to change the world through personalized digital experiences is more critical than ever as digital continues to rapidly transform work, life and play. Adobe Creative Cloud, Document Cloud and Experience Cloud are vital to the success of creators, communicators, students and entrepreneurs and mission-critical to businesses of all sizes. Our 29,000+ employees take pride in the tremendous impact we are driving across creativity, productivity and digital experiences while being one of the most inventive, diversified and profitable technology companies in the world.

## A MOMENTOUS 2023

Fiscal year 2023 was another record year for Adobe, achieving \$19.41 billion in revenue, which represents 10% year-over-year growth, and marking our first-ever \$5-billion revenue quarter in Q4. GAAP diluted earnings per share was \$11.82, representing 17% year-over-year growth. We achieved Digital Media revenue of \$14.22 billion, which represents 11% year-over-year growth. Digital Experience segment revenue was \$4.89 billion, representing 11% year-over-year growth. We exited the year with \$17.22 billion in remaining performance obligations.

In August, we lost our beloved co-founder John Warnock. Widely regarded as one of the greatest inventors of our generation, John's brilliance and innovations changed the

world, transforming how we communicate in words, images and videos. While we miss him tremendously, it gives me great comfort knowing how proud John was of all of the innovation Adobe continues to deliver across our three clouds to delight customers.

## Digital Media

Digital content creation and consumption are exploding across every creative category, customer segment and media type. Adobe Creative Cloud has always focused on **unleashing creativity** for all and this past year we reached more creators than ever through the power of AI. The launch of the Adobe Firefly family of creative generative AI models and their integrations across Creative Cloud drove tremendous customer excitement with over 4.5 billion generations since launch, making Firefly the most popular AI image generation model designed for safe commercial use. Our rapid pace of product and AI model innovation is empowering a wide and growing base of individuals, students, creative professionals, small-business owners and enterprises to create and monetize amazing content more quickly and easily. Integrating these innovations natively into our flagship applications including Photoshop, Lightroom, Illustrator, Premiere Pro and After Effects is extending our leadership in core creative categories such as imaging, design, video, illustration, animation and 3D. Our all-new AI-first, all-in-one Adobe Express and Express for Enterprise creativity applications make it fast, easy and fun for any user to design and share standout content. The combination of Adobe Express and Firefly is enabling everyone from creative pros to beginners to quickly move from ideation to task-based workflows in Express, dramatically expanding our reach and widening our top of funnel. Our expanded community engagement and accelerating product-led growth motions are bringing tens of millions of users into our digital media ecosystem.

Digital documents are essential enablers of our personal and professional lives. Adobe Document Cloud is **accelerating document productivity** and automation across web, desktop and mobile by powering all common document actions including editing, sharing, reviewing, scanning and signing. Thirty years after the introduction of Acrobat, Acrobat Web continues to be an incredible source of customer acquisition, with monthly active users up over 70% year-over-year. PDF has become the de facto standard for the world's unstructured data and continues to transform the world of digital documents, powering communication and productivity for billions of people every day. This year, we delivered a completely redesigned PDF viewing experience, making it easier than ever to discover and use Acrobat to manage PDFs and document workflows. We are making tremendous progress making PDF conversational as well as an authoring and collaboration surface through generative AI. PDF collaboration services like Adobe Sign and Share for Review are both increasing product use among existing users and creating a growth loop to bring new users into the Acrobat ecosystem. New workflows between Acrobat and Express allow users to easily import, edit and enhance documents to create visually stunning PDFs.

### **Digital Experience**

Businesses of all sizes and industries around the world are increasingly relying on digital channels to engage and transact with customers. Adobe Experience Cloud is **powering digital businesses** and enabling them to drive profitable growth by improving customer acquisition, engagement, retention and operational efficiency. Experience Cloud offers a comprehensive portfolio of products that span the entire experience life cycle from marketing planning and workflows to data insights and audiences to content and commerce and customer journeys. Built natively on Adobe Experience platform, our Real-Time Customer Data Platform provides businesses with actionable customer profiles, leveraging data from online and off-line channels to deliver personalized experiences at scale. We launched Adobe Product Analytics which combines customer journey insights with product analytics to drive a new level of product-led growth and Adobe Mix Modeler arms marketers with an AI-powered, self-service solution to accurately measure campaigns across paid, owned and earned channels. With generative AI, we're bringing content and data for every brand as never before through Adobe GenStudio, integrating high-velocity creative expression with the complex enterprise activation enabled by Adobe Workfront and Experience Manager to deliver a modern content supply chain and realize the promise of personalization at scale.

### **Accelerating Pace of Innovation**

In fiscal year 2023, our teams delivered incredible innovations at an accelerated pace. We built on our decade-plus of AI leadership with a robust, multi-faceted generative AI strategy that focuses on all three layers of the technology stack: data, models and interfaces. Our rich data sets draw upon our investments across creativity, documents and customer experiences and enable us to train our AI models on high-quality assets which are designed to generate commercially viable, professional quality content. We are building foundation models in the categories where we have deep domain expertise, including imaging, vector, video, documents and marketing. We are bringing generative AI to life across our incredible array of industry-leading product interfaces to accelerate ideation, exploration, insights and end-to-end production, delivering magic and productivity gains for a broader set of customers.

In October, we built on the success of our first Adobe Firefly model with the release of three new models—Firefly Image 2 model, Firefly Vector model and Firefly Design model—offering highly differentiated levels of control with Effects, Photo Settings and Generative Match. We also announced the Firefly Audio, Firefly Video and Firefly 3-D Models -- to supercharge every creative workflow with additional power, precision, speed and ease. With these innovations, Adobe aims to have the most comprehensive set of generative AI models for creative content and to set new industry standards for output quality and user control through integrations across our industry-leading applications in Creative Cloud, Document Cloud and Experience Cloud. Across our portfolio, our people-centered approach to AI is making the world more creative, productive and personalized with AI assisting and amplifying human ingenuity.

Generative AI is fundamentally transforming how brands connect with their customers and reshaping every aspect of marketing. With AI, we are empowering companies across industries to anticipate and meet the expectations of their customers in a way that is more engaging and personalized to the individual while simultaneously driving growth and profitability. We debuted Adobe GenStudio to tackle one of the most complex and costly aspects of customer engagement: the content supply chain—the process of producing and delivering the content that fuels effective customer experiences. Adobe Firefly for Enterprise enables both creative teams and knowledge workers to confidently deploy commercially viable, AI-generated content. We are equipping brands to tackle their unprecedented content velocity needs through workflow automation by enabling

them to train custom model extensions on their proprietary assets to generate branded content. We're helping customers embed the power of Firefly into their own content creation and automation workflows through Firefly APIs. We're marrying our generative AI advances with the innovations across our predictive Sensei AI framework to reimagine the work marketers do and how they do it. Sensei GenAI services bring customer data and content together at scale, applying generative AI to an organization's data unified in Adobe Experience Platform to create hyper-personalized experiences that are campaign and channel specific. Conversational, natural language interfaces powered by Sensei GenAI services make it significantly easier for any marketer to derive insights from customer journey analytics and apply these insights in real time to optimize their campaigns.

Our multilateral approach to innovation, which underpins the enduring value and impact of technologies like PostScript, Photoshop and PDF, is an important differentiator in the era of generative AI. In addition to building foundational platforms, we are advancing collaboration with customers, partners and community members and developing industry standards that drive broad impact across the digital ecosystem, adding value at multiple points in the marketplace. Our AI technologies are developed and implemented according to our AI ethics principles of accountability, responsibility and transparency. We continually enhance the AI ethics processes we built over the past decade to test our models for bias, harm and safety and train our models to avoid copyright issues and respect the concerns of our creative customers. We are driving global solutions and standards through industry-wide efforts such as the Content Authenticity Initiative which we founded in 2019 and technologies like Content Credentials, dedicated to building trust and transparency in digital content.

## OUR MISSION AND PURPOSE

Purpose has guided our innovation and impact since our founding. We are committed to harnessing the best of Adobe—our people, platform, resources, creativity and innovation—to create positive change in the communities where we live and work. There are three key areas where we are uniquely positioned to make an impact: Adobe for All; Creativity for All; and Technology to Transform.

**Adobe for All:** Adobe's purpose starts with our commitment to creating a workplace that reflects the diversity of the world around us, where everyone feels included, respected and empowered to make an impact. We maintained global gender pay parity and women represented 35.3% of our global employee base. We funded an additional \$10

million through the Adobe Foundation across the Equity and Advancement Initiative cohort of 11 international and U.S. nonprofits to continue to foster racial and social justice worldwide, bringing our overall investment to over \$30 million since 2021. Through the Adobe Foundation, we granted an additional \$3 million to three Historically Black Colleges and Universities and Hispanic-Serving Institutions to address educational inequities, democratize digital and creative literacy as essential 21st century skills and to advance diversity in the technology and creative talent pipeline, bringing our total multi-year grants to these schools to \$9 million.

**Creativity for All:** As the creativity company, we are uniquely committed to Creativity for All: empowering millions of creators of all ages and backgrounds to access the tools, skills and platforms they need to express themselves, reach their full potential and share their diverse perspectives with the world. From supporting underrepresented creators by providing platforms to amplify their work and benefit from the mentorship of industry leaders through our Diverse Voices program, to the hundreds of creators we have supported financially through our Adobe Creative Residency program, we are enabling people around the world to tell their stories. For this year's Creative Residency, we partnered with the Victoria and Albert Museum in London and the Museum of Modern Art in New York to offer \$4.1 million in grants from the Adobe Foundation to enable creators from underrepresented communities to work with some of the world's most renowned institutions. With India Creative Clubs, we are working to advance creative learning for 96,000 children and youth without access to creative curriculum or tools, including students ages 10 to 25 in 10,000 villages across India.

**Technology to Transform:** We take the impact of our technology as seriously as the development of the technology itself. We are committed to advancing the responsible use of technology for the good of our customers, communities, and the environment and ensuring that our innovations are developed and deployed with accountability, responsibility and transparency. In addition to our work tackling misinformation and advocating for global standards and new AI legislation, we are advancing our longstanding commitments to sustainability and climate action, underscoring our commitment to meeting our operational electricity demand with 100% renewable electricity by 2025—a decade ahead of the original goal—through a mix of local and regional solar, wind and green tariffs. We are committed to meeting our net zero targets by 2050. We

continued to optimize our AI architecture and minimize the amount of energy required for training and using generative AI by investing in code optimization, minimizing redundant steps, avoiding unnecessary content generation and implementing efficient scheduling and batching strategies.

It's been an exciting year at Adobe. I'm proud of how our employees around the world embrace our new company values to Create the Future, Own the Outcome, Raise the Bar and Be Genuine while living our purpose. Our strong culture, groundbreaking innovations and progressive workplace policies are helping us hire and retain the best talent in the industry and support our customers, partners and communities. Our employees drive our corporate giving, dedicating their time, donations and skills to maximizing our collective impact. In calendar year 2023, our employee donations and corporate grants and matches reached over \$33 million and employees completed over 200,000 hours of volunteer time, supporting over 10,500 organizations worldwide.

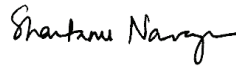
We are proud to continue to be recognized for the strength of our brand, culture and industry leadership. Content Credentials and Adobe's approach to responsible AI were recognized by *Fast Company* as one of the year's breakthrough innovations. We were again named to the Dow Jones Sustainability Index, Glassdoor listed Adobe as one of the best places to work, *The Wall Street Journal* ranked Adobe in its top 20 best managed companies of 2023 and Interbrand ranked us in the top 20 Best Global Brands as a rising brand for the eighth year in a row.

## LOOKING AHEAD

As we look to the decade ahead, Adobe continues to build on its strong foundation of transformative innovation, category and brand leadership, financial performance and profitable growth. We're accelerating our momentum, delivering Adobe Magic to an expanding set of global customers and executing on the massive market opportunity ahead. Adobe couldn't be better positioned for 2024 and beyond.

Thank you for your continued partnership and support.

Sincerely,



Shantanu Narayen  
Chair & CEO  
Adobe Inc.

