

# ADOBE INC.

Equity Research | ADBE | Creative, document and experience software | 23 September 2026

|                                        |                                             |                                          |
|----------------------------------------|---------------------------------------------|------------------------------------------|
| <b>BUY</b><br>RECOMMENDATION           | <b>UNCHANGED</b><br>RATING CHANGE           | <b>77 / 100</b><br>INVESTMENT SCORE      |
| <b>\$238.25</b><br>Close, 22 September | <b>\$235 - \$250</b><br>Published buy range | <b>1.65x</b><br>Reward to risk, target 1 |

Adobe has fallen 4.3% since the last report and now trades at the lower edge of the published buy range. Nothing in the business has changed to justify the move, the cut-loss is intact, and the reward-to-risk on the first target has improved from 0.9 times to 1.65 times. The rating stays at Buy.

## Where the published levels stand

The last report set an ideal buy range of \$235 to \$250, a cut-loss at \$210, and targets of \$285 and \$320 against a completed close of \$248.83. At \$238.25 the stock sits inside that range, roughly \$3 above its floor. No level has been invalidated and none is reset here. What has changed is the distance to each one: the first target is now 19.6% away rather than 14.5%, and the stop is 11.9% below rather than 15.6%. That is a materially better trade than the one published twelve days ago, and it arrived without any deterioration in the reported business.

The fall was not linear. The stock held between \$248 and \$266 for eight sessions after the fiscal third-quarter release, then dropped 4.5% on 22 September on 7.3 million shares against a 20-day average of 5.7 million. Adobe filed its Form 10-Q the same day. No company announcement, regulatory action or analyst move published by a primary source or an established outlet accounts for the size of that single session, and none is asserted here.

## What has moved since the last report

| Input                               | Then (11 September)                                       | Now (23 September)                                 | Read                                                               |
|-------------------------------------|-----------------------------------------------------------|----------------------------------------------------|--------------------------------------------------------------------|
| Price of record                     | \$248.83                                                  | \$238.25                                           | Down 4.3%; inside the buy range, near its floor.                   |
| Multiple on guided FY26 EPS         | 10.2x                                                     | 9.7x                                               | Cheaper on an unchanged earnings base.                             |
| Consensus target                    | Range \$195 to \$315                                      | Average \$276.40, 39 analysts, consensus Hold      | Dispersion is unusually wide and has widened further.              |
| Fiscal Q3 results and FY26 guidance | Revenue \$6.76 B, EPS \$6.13, FY26 EPS \$24.45 to \$24.50 | Unchanged; restated in the 10-Q filed 22 September | No revision to the earnings base.                                  |
| Ten-year Treasury                   | 4.95%                                                     | 4.94%                                              | Effectively unchanged; the discount rate is not the new variable.  |
| Federal funds target                | 3.50% to 3.75%, hike widely expected                      | 3.75% to 4.00% after the 16 September decision     | The move was anticipated and is already reflected in the long end. |
| Technical posture                   | Below the 20-day and 50-day, above the 100-day            | Below all four major averages                      | The 100-day at \$244.54 gave way. Entry timing, not thesis.        |

Price of record from Alpha Vantage GLOBAL\_QUOTE, 22 September close. Multiples computed against the midpoint of management's guided FY26 non-GAAP EPS range.

## Company developments

Nothing in the period rises to a level that changes the investment case. The two substantive announcements both extend existing paid products rather than opening a new revenue line, and neither carries disclosed pricing or revenue effects. The leadership transition announced earlier in September remains the one dated item ahead.

| Development                          | Status and date                          | What is known                                                                                                                                                                                                                                                                                                                                                                                      | What is forecast (and by whom)                                                                                     | Impact |
|--------------------------------------|------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|--------|
| Acrobat Productivity Agent expansion | Announced and shipping, 9 September 2026 | Acrobat gains interactive reports, audio summaries and podcasts, a Knowledge Base across document collections, an Analyzer for structured extraction, and Student Spaces. Delivered inside Acrobat Studio, Acrobat Express and Acrobat AI Assistant Plus. Adobe cites more than 400 billion PDFs opened in Acrobat a year and more than 1 million monthly active users in the Student Spaces beta. | Adobe has published no pricing change, no incremental revenue figure and no attach-rate target for these features. | Medium |
| Jet2 partnership, Experience Cloud   | Announced, September 2026                | Jet2 adopts Adobe's agentic personalisation stack for its holiday customers.                                                                                                                                                                                                                                                                                                                       | No contract value disclosed by either party.                                                                       | Low    |
| Chief executive transition           | Announced, effective 1 December 2026     | Anil Chakravarthy becomes President and CEO; Shantanu Narayen becomes Executive Chair.                                                                                                                                                                                                                                                                                                             | Management has not published a change of strategy alongside the transition.                                        | Medium |

The Acrobat expansion is the more interesting of the two product items because Document Cloud is a large, high-margin franchise and the features ship into plans customers already pay for. That is also why it is not rated higher: it defends and deepens an installed base rather than creating a new one, and Adobe has quantified none of it. Rated as it is, it moves no factor score and no price level. The verdict would be the same without it.

## Valuation

At \$238.25 Adobe trades at 9.7 times the midpoint of management's raised fiscal 2026 non-GAAP earnings guidance of \$24.45 to \$24.50, and at roughly 8.9 times forward consensus earnings. Market capitalisation is \$94.7 billion on 397.5 million shares, against trailing twelve-month revenue of \$25.97 billion growing 12.0% and trailing net income of \$7.28 billion. A business converting revenue to cash at Adobe's rate, still compounding revenue at a double-digit pace and retiring shares every quarter, does not usually clear at single-digit forward earnings. The market is pricing a terminal problem, not a cyclical one.

That is the argument worth taking seriously rather than dismissing. The bear case is that generative tools collapse the price of ordinary creative output, that Adobe's own freemium push converts poorly, and that the recurring base erodes from the entry layer upward. The company's third-quarter disclosure gave both sides material: AI-first annual recurring revenue above \$650 million and up 150% year on year for the bulls, and a softer net-new-ARR profile with the full-year 10.2% ending-ARR growth target held rather than raised for the bears. Neither side gained new evidence in the last twelve days. The multiple fell anyway.

The macro variables that genuinely matter to this business are enterprise software budgets and the discount rate applied to a long-duration earnings stream. Both are worth watching, and neither moved much in the period. The ten-year Treasury closed at 4.94% after the September meeting, one basis point below where it sat when the last report was written, having already reached a 52-week high before it. The Federal Open Market Committee raised its target range 25 basis points to 3.75% to 4.00% on 16 September, its first increase in three years, and the accompanying projections carried at least one more before year-end. On the demand side the consumer is not the relevant gauge for Adobe, but the wider spending picture is firm: August retail sales rose 1.2% against a 0.8% forecast and payrolls added 162,000 against 58,000 expected, so a demand shock is not the story the market is telling here.

## Scenario analysis

| Scenario | Prob. | Operating path                                                                                                                                                    | Fair value |
|----------|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| Bull     | 30%   | Freemium users convert at a measurable rate, AI-first ARR keeps compounding, and enterprise adoption expands. The multiple returns toward the mid-teens.          | \$340      |
| Base     | 50%   | Revenue and EPS stay in low-double-digit growth, the 10.2% ending-ARR target is met, and buybacks keep supporting per-share value. The multiple settles near 12x. | \$285      |
| Bear     | 20%   | Net new ARR weakness persists, pricing power fades, and generative competition compresses both growth and the multiple.                                           | \$190      |

Probability-weighted fair value:  $0.30 \times \$340 + 0.50 \times \$285 + 0.20 \times \$190 = \$282.50$ , about 18.6% above the \$238.25 close. The scenarios and their probabilities are carried forward unchanged from the last report, because no evidence arrived in the period that bears on which of them is running. Only the gap to the current price has changed. The bear-case value of \$190 is the June low, which is a real level this stock has traded rather than a modelled floor.

## Sentiment

Analyst opinion is unusually split. Since the third-quarter release, targets published on the ratings feed run from Goldman Sachs at \$200 with a Sell rating to Bernstein at \$373 with a Buy, with J.P. Morgan initiating at \$315 Buy, D.A. Davidson at \$290 Buy, Evercore at \$250 Hold and Oppenheimer at Hold. The 39-analyst consensus is Hold with an average target of \$276.40. A dispersion this wide on a megacap is itself information: the disagreement is about whether generative AI expands Adobe's market or eats it, and that question will be settled by conversion data rather than by argument.

Insider activity in the period was a single large sale. Shantanu Narayen filed a Form 144 on 16 September and a Form 4 on 18 September covering common stock worth \$31.3 million. Read in context this carries little signal: he hands the chief executive role to Anil Chakravarthy on 1 December and moves to Executive Chair, and a scheduled sale around a transition of that kind is routine. It is noted rather than weighted.

Institutional positioning is mixed and does not bear on the verdict either way. Reported holdings show a net reduction of 0.25% of reported shares over four quarters and 0.03% year on year, but the latest quarter turned to a net addition of 0.44%, with 22 managers adding and 27 cutting. Capital Group was the largest net reduction at 1.6%; Arrowstreet and Dodge & Cox were the largest net additions at about 0.9% each. Active share of the register fell from 17.8% to 12.8%, which is the more notable detail. Positioning is as of 30 June 2026, filings through 19 August 2026. Based on reported holdings filed by the cutoff. Late filers are not included, and passive, strategic and mixed holders are left out of the flow measure.

## Technical setup

| Indicator                     | Reading                          | Interpretation                                                       |
|-------------------------------|----------------------------------|----------------------------------------------------------------------|
| Close of record, 22 September | \$238.25                         | Below all four major moving averages.                                |
| SMA 20 / 50                   | \$265.77 / \$256.73              | Price is 10.4% and 7.2% below.                                       |
| SMA 100 / 200                 | \$244.54 / \$264.18              | The 100-day, which held in the last report, has given way.           |
| RSI 14                        | 37.4                             | Weak and drifting, but not oversold.                                 |
| MACD                          | -4.42; signal -0.65; hist. -3.77 | Momentum is negative and still widening.                             |
| ATR 14                        | \$10.41, or 4.4% of price        | A single average session covers a third of the distance to the stop. |
| Volume, 20-day vs 50-day      | 5.7m vs 5.3m, up 7.6%            | Participation is rising into the decline.                            |

| Indicator         | Reading                                  | Interpretation                                              |
|-------------------|------------------------------------------|-------------------------------------------------------------|
| Structural levels | August floor \$245.46; June low \$190.12 | The August floor broke. The June low anchors the bear case. |

Computed from 300 completed, split-adjusted Twelve Data sessions to 22 September 2026. Distances are measured against the \$238.25 price of record.

This is the weakest part of the case and it is scored that way. Price below every major average with a widening negative MACD is not a setup anyone would choose. It is treated here as entry timing rather than as evidence against the thesis, which is the only defensible way to use it: the fundamental inputs did not change in the period and the technical ones did. An investor unwilling to average into weakness should wait for the daily MACD histogram to stop widening before committing the full position.

## Scorecard

| Factor                  | Score                       | Weight | What moved                                                                          |
|-------------------------|-----------------------------|--------|-------------------------------------------------------------------------------------|
| Business Quality        | <div><div></div></div> 8/10 | 15%    | Unchanged. Recurring revenue and cash conversion remain elite.                      |
| Financial Strength      | <div><div></div></div> 9/10 | 15%    | Unchanged. Record cash flow and continued buybacks.                                 |
| Competitive Advantage   | <div><div></div></div> 7/10 | 12%    | Unchanged. No new competitive evidence arrived in the period.                       |
| Management              | <div><div></div></div> 7/10 | 10%    | Unchanged. The transition to a named chief executive is on schedule for 1 December. |
| Growth Potential        | <div><div></div></div> 7/10 | 13%    | Unchanged. AI-first ARR is scaling; net new ARR remains the open question.          |
| Valuation               | <div><div></div></div> 9/10 | 20%    | Up from 8. The multiple fell to 9.7x guided earnings on an unchanged earnings base. |
| Risk (10 = lowest risk) | <div><div></div></div> 7/10 | 10%    | Unchanged. The risk set is the same one; the price paid for it is lower.            |
| Technical Setup         | <div><div></div></div> 3/10 | 5%     | Down from 4. The 100-day average and the August floor both gave way.                |

Scored 1-10, where 10 is always best, including Risk. Weighted score = 77/100, up from 75. The previous report used this same direction, so no restatement was required.

## Trade plan

| Decision item     | Level                                | Basis                                                                     |
|-------------------|--------------------------------------|---------------------------------------------------------------------------|
| Recommended entry | \$234 to \$246                       | Around the current close, within the published range.                     |
| Ideal buy range   | \$235 to \$250                       | Unchanged. Prior support and a discount to weighted fair value.           |
| Cut-loss          | \$210                                | Unchanged. Between the July low of \$207.06 and the June low of \$190.12. |
| Target 1          | \$285                                | Base-case fair value; 19.6% above \$238.25.                               |
| Target 2          | \$320                                | Upper-base to lower-bull value; 34.3% above \$238.25.                     |
| Expected downside | 11.9% to \$210                       | Measured from the close of record.                                        |
| Reward to risk    | 1.65x to target 1; 2.89x to target 2 | Improved from 0.9x and 1.8x at the last report.                           |

| Decision item   | Level                           | Basis                                                                |
|-----------------|---------------------------------|----------------------------------------------------------------------|
| Holding horizon | 12 to 24 months                 | Time for conversion data and for the new chief executive to execute. |
| Position size   | Moderate; 3% to 5% of portfolio | High business quality against an unresolved AI transition.           |

## Recommendation and final verdict

Adobe stays at Buy, and the reasoning is the same reasoning as twelve days ago rather than a new one. The company beat its own third-quarter targets, raised full-year revenue and earnings guidance, resolved its chief executive question, and now trades below ten times the earnings it has guided to. Nothing published since has revised any of that. The share price is 4.3% lower and the multiple is half a turn cheaper.

The single biggest concern is unchanged and remains unquantified: Adobe has not shown at what rate free engagement becomes durable paid growth, and until it does, every fall in the multiple can be read either as an opportunity or as the market pricing in an answer the company has not given. The fiscal fourth quarter, which reports in December, carries the first real test in the maintained 10.2% ending-ARR growth target. A miss there would challenge the rating directly.

Capital can be committed inside \$235 to \$250 with a 12 to 24 month horizon and a moderate allocation. The \$210 cut-loss limits the damage if the summer base fails. The first objective is \$285, with \$320 available if AI monetisation and net new ARR improve together. Given a 4.4% average true range, position sizing should assume the stop can be reached in under three sessions.

## What would change the view

| Trigger                | Evidence required                                                                                                      |
|------------------------|------------------------------------------------------------------------------------------------------------------------|
| Strengthen the Buy     | Fiscal Q4 ending ARR reaches the 10.2% target and management quantifies freemium conversion or pricing yield.          |
| Strengthen the Buy     | AI-first ARR and enterprise adoption keep accelerating together without margin erosion.                                |
| Move back to Watchlist | A sustained price above \$285 without better ARR evidence, or a Q4 miss against the maintained 10.2% target.           |
| Move lower             | Evidence that generative alternatives are compressing retention or professional pricing, visible in net new ARR.       |
| Macro condition        | A sustained contraction in enterprise software budgets alongside a further rise in long rates would reduce fair value. |

Dated milestones ahead: the chief executive transition completes on 1 December 2026, and fiscal fourth-quarter results are due in December on Adobe's usual pattern, not yet announced.

## Sources

|                                               |                                                                                                                                                                                                                             |
|-----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Adobe Q3 FY26 results, guidance and Form 10-Q | <a href="https://news.adobe.com/news/2026/09/adobe-q3fy26-financial-results">news.adobe.com/news/2026/09/adobe-q3fy26-financial-results</a>                                                                                 |
| Adobe Productivity Agent in Acrobat           | <a href="https://news.adobe.com/news/2026/09/adobe-productivity-agent-in-acrobat-now-transforms-complex-documents">news.adobe.com/news/2026/09/adobe-productivity-agent-in-acrobat-now-transforms-complex-documents</a>     |
| Adobe chief executive transition              | <a href="https://news.adobe.com/news/2026/09/adobe-announces-anil-chakravarthy-to-become-president-and-ceo">news.adobe.com/news/2026/09/adobe-announces-anil-chakravarthy-to-become-president-and-ceo</a>                   |
| Adobe and Jet2 partnership                    | <a href="https://news.adobe.com/news/2026/09/adobe-jet2-partner-deliver-agentic-ai-powered-personalised-experiences">news.adobe.com/news/2026/09/adobe-jet2-partner-deliver-agentic-ai-powered-personalised-experiences</a> |
| Price of record, 22 September close           | <a href="https://alphavantage.co">alphavantage.co</a> , GLOBAL_QUOTE                                                                                                                                                        |

|                                                |                                                                                                   |
|------------------------------------------------|---------------------------------------------------------------------------------------------------|
| Daily price history for technical calculations | <a href="https://twelvedata.com">twelvedata.com</a>                                               |
| Key statistics, consensus rating and target    | <a href="https://stockanalysis.com/stocks/adbe/">stockanalysis.com/stocks/adbe/</a>               |
| Market news, notices and research feed         | <a href="https://ai-news-search.moomoo.com/news_search">ai-news-search.moomoo.com/news_search</a> |
| Macroeconomic context, 4 to 17 September 2026  | <a href="https://beatingthebull.com/blog/">beatingthebull.com/blog/</a>                           |

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