

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, DC 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported)

August 25, 2021

Autodesk, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation)

000-14338

(Commission File Number)

94-2819853

(IRS Employer
Identification No.)

111 McInnis Parkway

San Rafael,

California

94903

(Address of principal
executive offices)

(Zip Code)

(415) 507-5000

(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|--|--------------------------|--|
| Common Stock, par value \$0.01 per share | ADSK | The Nasdaq Global Select Market |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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. []

Item 2.02. Results of Operations and Financial Condition.

On August 25, 2021, Autodesk, Inc. (“Autodesk” or the “Company”) issued a press release reporting financial results for the second fiscal quarter ended July 31, 2021. The press release is furnished herewith as Exhibit 99.1 and is incorporated herein by reference.

The exhibit shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Key Performance Metrics

In order to help better understand Autodesk’s financial performance, Autodesk uses several key performance metrics including billings, recurring revenue, and net revenue retention rate (“NR3”). These metrics are key performance metrics and should be viewed independently of revenue and deferred revenue as these metrics are not intended to be combined with those items. Autodesk uses these metrics to monitor the strength of its recurring business. Autodesk believes these metrics are useful to investors because they can help in monitoring the long-term health of Autodesk’s business. Autodesk’s determination and presentation of these metrics may differ from that of other companies. The presentation of these metrics is meant to be considered in addition to, not as a substitute for or in isolation from, Autodesk financial measures prepared in accordance with GAAP.

Non-GAAP Financial Measures

To supplement Autodesk’s condensed consolidated financial statements presented on a GAAP basis, the press release furnished herewith as Exhibit 99.1 provides investors with certain non-GAAP measures, including but not limited to historical non-GAAP net earnings and historical and future non-GAAP net earnings per diluted share. For Autodesk’s internal budgeting and resource allocation process and as a means to evaluate period-to-period comparisons, Autodesk uses non-GAAP measures to supplement its condensed consolidated financial statements presented on a GAAP basis. These non-GAAP measures do not include certain items that may have a material impact upon Autodesk’s reported financial results. Autodesk uses non-GAAP measures in making operating decisions because Autodesk believes those measures provide meaningful supplemental information for management regarding the Company’s earning potential and performance by excluding certain expenses and charges that may not be indicative of the Company’s core business operating results. For the reasons set forth below, Autodesk believes that these non-GAAP financial measures are useful to investors both because (1) they allow for greater transparency with respect to key metrics used by management in its financial and operational decision-making and (2) they are used by Autodesk’s institutional investors and the analyst community to help them analyze the health of the Company’s business. This allows investors and others to better understand and evaluate Autodesk’s operating results and future prospects in the same manner as management, compare financial results across accounting periods and to those of peer companies, and to better understand the long-term performance of its core business. Autodesk also uses some of these measures for purposes of determining company-wide incentive compensation.

As described above, Autodesk may exclude the following items, as applicable, from its non-GAAP measures:

A. *Stock-based compensation expenses.* Autodesk excludes stock-based compensation expenses from its non-GAAP measures primarily because they are non-cash expenses and management finds it useful to exclude certain non-cash charges to assess the appropriate level of various operating expenses to assist in budgeting, planning, and forecasting future periods. Moreover, because of varying available valuation methodologies, subjective assumptions and the variety of award types that companies can use under FASB ASC Topic 718, Autodesk believes that excluding stock-based compensation expenses allows investors to make meaningful comparisons between its recurring core business operating results and those of other companies.

B. *Amortization of developed technologies and purchased intangibles.* Autodesk incurs amortization of acquisition-related developed technology and purchased intangibles in connection with acquisitions of certain businesses and technologies. Amortization of developed technologies and purchased intangibles is inconsistent in amount and frequency and is significantly affected by the timing and size of Autodesk’s acquisitions. Management finds it useful to exclude these variable charges from our cost of revenues to assist in budgeting, planning and forecasting future periods. Investors should note that the use of intangible assets contributed to our revenues earned during the periods presented and will contribute to Autodesk’s future period revenues as well. Amortization of developed technologies and purchased intangible assets will recur in future periods.

C. *CEO transition costs.* Autodesk excludes amounts paid to the Company’s former CEOs, upon departure under the terms of their transition agreements, including severance payments, acceleration of restricted stock units, and continued vesting of performance stock units, and legal fees incurred with the transition. Also excluded from Autodesk’s non-GAAP measures are recruiting costs

related to the search for a new CEO. These costs represent non-recurring expenses and are not indicative of Autodesk's ongoing operating expenses. Autodesk further believes that excluding the CEO transition costs from its non-GAAP results is useful to investors in that it allows for period-over-period comparability.

D. Goodwill impairment. This is a non-cash charge to write down goodwill to fair value when there was an indication that the asset was impaired. As explained above, management finds it useful to exclude certain non-cash charges to assess the appropriate level of various operating expenses to assist in budgeting, planning, and forecasting future periods.

E. Restructuring and other exit costs, net. These expenses are associated with realigning Autodesk's business strategies based on current economic conditions. In connection with these restructuring actions or other exit actions, Autodesk recognizes costs related to termination benefits for former employees whose positions were eliminated, the closure of facilities, and cancellation of certain contracts. Autodesk excludes these charges because these expenses are not reflective of ongoing business and operating results. Autodesk believes it is useful for investors to understand the effects of these items on its total operating expenses.

F. Acquisition-related costs. Autodesk excludes certain acquisition-related costs, including due diligence costs, professional fees in connection with an acquisition, certain financing costs, and certain integration-related expenses. These expenses are unpredictable, and dependent on factors that may be outside of Autodesk's control and unrelated to the continuing operations of the acquired business or Autodesk. In addition, the size and complexity of an acquisition, which often drives the magnitude of acquisition-related costs, may not be indicative of such future costs. Autodesk believes excluding acquisition-related costs facilitates the comparison of its financial results to the Autodesk's historical operating results and to other companies in its industry.

G. Loss (gain) on strategic investments and dispositions. Autodesk excludes gains and losses related to its strategic investments and dispositions of strategic investments, purchased intangibles, and businesses from its non-GAAP measures primarily because management finds it useful to exclude these variable gains and losses on these investments and dispositions in assessing Autodesk's financial results. Included in these amounts are non-cash unrealized gains and losses on the derivative components, dividends received, realized gains and losses on the sales or losses on the impairment of these investments, and gain and loss on dispositions. Autodesk believes excluding these items is useful to investors because these excluded items do not correlate to the underlying performance of its business and these losses or gains were incurred in connection with strategic investments and dispositions which do not occur regularly.

H. Discrete tax provision items. Autodesk excludes the GAAP tax provision, including discrete items, from the non-GAAP measure of net income (loss), and includes a non-GAAP tax provision based upon the projected annual non-GAAP effective tax rate. Discrete tax items include income tax expenses or benefits that do not relate to ordinary income from continuing operations in the current fiscal year, unusual or infrequently occurring items, or the tax impact of certain stock-based compensation. Examples of discrete tax items include, but are not limited to, certain changes in judgment and changes in estimates of tax matters related to prior fiscal years, certain costs related to business combinations, certain changes in the realizability of deferred tax assets, or changes in tax law. Management believes this approach assists investors in understanding the tax provision and the effective tax rate related to ongoing operations. Autodesk believes the exclusion of these discrete tax items provides investors with useful supplemental information about the Company's operational performance.

I. Establishment (release) of a valuation allowance on certain net deferred tax assets. This is a non-cash charge to record or to release a valuation allowance on certain deferred tax assets. As explained above, management finds it useful to exclude certain non-cash charges to assess the appropriate level of various cash expenses to assist in budgeting, planning, and forecasting future periods.

J. Income tax effects on the difference between GAAP and non-GAAP costs and expenses. The income tax effects that are excluded from the non-GAAP measures relate to the tax impact on the difference between GAAP and non-GAAP expenses, primarily due to stock-based compensation, amortization of purchased intangibles, and restructuring charges and other exit costs (benefits) for GAAP and non-GAAP measures.

There are limitations in using non-GAAP financial measures because non-GAAP financial measures are not prepared in accordance with GAAP and may be different from non-GAAP financial measures used by other companies. The non-GAAP financial measures are limited in value because they exclude certain items that may have a material impact upon our reported financial results. In addition, they are subject to inherent limitations as they reflect the exercise of judgments by management about which charges are excluded from the non-GAAP financial measures. Autodesk compensates for these limitations by analyzing current and future results on a GAAP basis as well as a non-GAAP basis and also by providing GAAP measures in our public disclosures. The presentation of non-GAAP financial information is meant to be considered in addition to, not as a substitute for or in isolation from, the directly comparable financial measures prepared in accordance with GAAP. Autodesk urges investors to review the reconciliation of its non-

GAAP financial measures to the comparable GAAP financial measures included in Exhibit 99.1 and not to rely on any single financial measure to evaluate its business.

Item 7.01. Regulation FD Disclosures.

On August 25, 2021, Autodesk posted supplemental investor materials on its investors.autodesk.com website. Autodesk uses its investors.autodesk.com website as a means of disclosing material non-public information, announcing upcoming investor conferences and for complying with its disclosure obligations under Regulation FD. Accordingly, investors should monitor Autodesk’s investor relations website in addition to following Autodesk’s press releases, SEC filings and public conference calls and webcasts.

The information in this current report on Form 8-K and the exhibit attached hereto shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, regardless of any general incorporation language in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

| <u>Exhibit No.</u> | <u>Description</u> |
|---------------------------|---|
| 99.1 | Press release dated as of August 25, 2021 |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document) |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AUTODESK, INC.

By: /s/ STEPHEN W. HOPE

Stephen W. Hope
Vice President and Chief Accounting Officer (Principal Accounting Officer)

Date: August 25, 2021

AUTODESK, INC. ANNOUNCES FISCAL 2022 SECOND QUARTER RESULTS

- Revenue and Current Remaining Performance Obligations Accelerate, Increasing 16% to \$1,060 million and 24% to \$2,854 million, Respectively, Driven by Strength in New Business and Resilient Subscription Model

SAN FRANCISCO, Calif., AUGUST 25, 2021-- Autodesk, Inc. (NASDAQ: ADSK) today reported financial results for the second quarter of fiscal 2022.

All growth rates are compared to the second quarter of fiscal 2021, unless otherwise noted. A reconciliation of GAAP to non-GAAP results is provided in the accompanying tables. For definitions, please view the Glossary of Terms later in this document.

Second Quarter Fiscal 2022 Financial Highlights

- Total revenue increased 16 percent to \$1,060 million;
- GAAP operating margin was 14 percent, down 2 percentage points;
- Non-GAAP operating margin was up 2 percentage points to 31 percent;
- GAAP diluted EPS was \$0.52; Non-GAAP diluted EPS was \$1.21;
- Cash flow from operating activities was \$202 million; free cash flow was \$186 million.

“Sustained and purposeful innovation to enable digital transformation in the industries we serve is changing our relationship with our customers from software vendor to strategic partner,” said Andrew Anagnost, Autodesk president and CEO. “And that is enabling us to create more value through end-to-end, cloud-based solutions that connect data and workflows, and power business model evolution. By helping our customers grow, we will grow too, giving us confidence in our FY 23 goals and beyond.”

“Robust growth in new product subscriptions, accelerating digital sales, and improving subscription renewal rates drove our strong second quarter results,” said Debbie Clifford, Autodesk CFO. “Our strong start to the year means we are raising our FY22 revenue and margin guidance and shifting more of our EBA customers from multi-year paid up front to annual billings, benefiting both our customers and Autodesk.”

Additional Financial Details

- Total billings increased 29 percent to \$1,015 million.
- Total revenue was \$1,060 million, an increase of 16 percent as reported, and 14 percent on a constant currency basis. Recurring revenue represents 98 percent of total.
- Design revenue was \$944 million, an increase of 15 percent as reported, and 13 percent on a constant currency basis. On a sequential basis, Design revenue increased 7 percent as reported, and 6 percent on a constant currency basis.
- Make revenue was \$90 million, an increase of 26 percent as reported, and 25 percent on a constant currency basis. On a sequential basis, Make revenue increased 10 percent as reported, and 9 percent on a constant currency basis.
- Subscription plan revenue was \$1,017 million, an increase of 21 percent as reported, and 19 percent on a constant currency basis. On a sequential basis, subscription plan revenue increased 7 percent as reported and on a constant currency basis.
- Maintenance plan revenue was \$17 million, a decrease of 67 percent as reported and on a constant currency basis. On a sequential basis, maintenance plan revenue decreased 12 percent as reported, and 13 percent on a constant currency basis.

- Net revenue retention rate was within the range of 100 to 110 percent.
- GAAP operating income was \$148 million, compared to \$146 million in the second quarter last year. GAAP operating margin was 14 percent, down 2 percentage points.
- Total non-GAAP operating income was \$331 million, compared to \$262 million in the second quarter last year. Non-GAAP operating margin was 31 percent, up 2 percentage points compared to the second quarter last year.
- GAAP diluted net income per share was \$0.52, compared to \$0.44 in the second quarter last year.
- Non-GAAP diluted net income per share was \$1.21, compared to \$0.98 in the second quarter last year.
- Deferred revenue increased 15 percent to \$3.30 billion. Unbilled deferred revenue was \$843 million, an increase of \$375 million compared to the second quarter of last year. Remaining performance obligations (RPO) increased 24 percent to \$4.14 billion. Current RPO increased 24 percent to \$2.85 billion.
- Cash flow from operating activities was \$202 million, an increase of \$111 million compared to the second quarter last year. Free cash flow was \$186 million, an increase of \$122 million compared to the second quarter last year.

Second Quarter Fiscal 2022 Business Highlights

Net Revenue by Geographic Area

| (In millions, except percentages) | Three Months Ended July 31, 2021 | Three Months Ended July 31, 2020 | Change compared to prior fiscal year | | Constant currency change compared to prior fiscal year |
|-----------------------------------|--|--|---|-------------|--|
| | | | \$ | % | % |
| Net Revenue: | | | | | |
| Americas | | | | | |
| U.S. | \$ 347.3 | \$ 309.5 | \$ 37.8 | 12 % | * |
| Other Americas | 75.5 | 62.0 | 13.5 | 22 % | * |
| Total Americas | 422.8 | 371.5 | 51.3 | 14 % | 14 % |
| EMEA | 410.2 | 354.7 | 55.5 | 16 % | 12 % |
| APAC | 226.7 | 186.9 | 39.8 | 21 % | 18 % |
| Total Net Revenue | \$ 1,059.7 | \$ 913.1 | \$ 146.6 | 16 % | 14 % |
| Emerging Economies | \$ 132.8 | \$ 113.7 | \$ 19.1 | 17 % | 16 % |

* Constant currency data not provided at this level.

Net Revenue by Product Family

Our product offerings are focused in four primary product families: Architecture, Engineering and Construction ("AEC"), AutoCAD and AutoCAD LT, Manufacturing ("MFG"), and Media and Entertainment ("M&E").

| (In millions, except percentages) | Three Months Ended July 31, 2021 | Three Months Ended July 31, 2020 | Change compared to prior fiscal year | |
|-----------------------------------|--|--|---|-------------|
| | | | \$ | % |
| AEC | \$ 478.7 | \$ 397.0 | \$ 81.7 | 21 % |
| AutoCAD and AutoCAD LT | 304.4 | 271.9 | 32.5 | 12 % |
| MFG | 207.7 | 185.5 | 22.2 | 12 % |
| M&E | 58.5 | 53.3 | 5.2 | 10 % |
| Other | 10.4 | 5.4 | 5.0 | 93 % |
| | \$ 1,059.7 | \$ 913.1 | \$ 146.6 | 16 % |

Business Outlook

The following are forward-looking statements based on current expectations and assumptions, and involve risks and uncertainties, some of which are set forth below under "Safe Harbor Statement." Autodesk's business outlook for the third quarter and full-year fiscal 2022 takes into consideration the current economic environment and foreign exchange currency rate environment. A reconciliation between the fiscal 2022 GAAP and non-GAAP estimates is provided below or in the tables following this press release.

Third Quarter Fiscal 2022

| Q3 FY22 Guidance Metrics | Q3 FY22 (ending October 31, 2021) |
|--------------------------|--------------------------------------|
| Revenue (in millions) | \$1,110 - \$1,125 |
| EPS GAAP | \$0.50 - \$0.56 |
| EPS non-GAAP (1) | \$1.22 - \$1.28 |

(1) Non-GAAP earnings per diluted share excludes \$0.64 related to stock-based compensation expense, \$0.10 for the amortization of purchased intangibles, \$0.02 for acquisition-related costs, partially offset by (\$0.04) related to GAAP-only tax benefit.

Full Year Fiscal 2022

| FY22 Guidance Metrics | FY22 (ending January 31, 2022) |
|----------------------------------|-----------------------------------|
| Billings (in millions) (1) | \$4,875 - \$4,975 Up 18% - 20% |
| Revenue (in millions) (2) | \$4,345 - \$4,385 Up 15% - 16% |
| GAAP operating margin | Approx. 15% |
| Non-GAAP operating margin (3) | Approx. 31% |
| EPS GAAP | \$2.43 - \$2.58 |
| EPS non-GAAP (4) | \$4.91 - \$5.06 |
| Free cash flow (in millions) (5) | \$1,500 - \$1,575 |

(1) Excluding the approximately \$50 million impact of foreign currency exchange rates and hedge gains/losses, billings guidance would be \$4,825 - \$4,925 million.

(2) Excluding the approximately \$55 million impact of foreign currency exchange rates and hedge gains/losses, revenue guidance would be \$4,290 - \$4,330 million.

(3) Non-GAAP operating margin excludes approximately 13% related to stock-based compensation expense, approximately 2% for the amortization of purchased intangibles, and 1% related to acquisition-related costs.

(4) Non-GAAP earnings per diluted share excludes \$2.49 related to stock-based compensation expense, \$0.40 for the amortization of purchased intangibles, \$0.10 related to acquisition-related costs, partially offset by (\$0.03) related to gains on strategic investments and dispositions, and (\$0.48) related to a GAAP-only tax benefit.

(5) Free cash flow is cash flow from operating activities less approximately \$75 million of capital expenditures.

The third quarter and full-year fiscal 2022 outlook assume a projected annual effective tax rate of 16 percent for GAAP and non-GAAP results, respectively. Shifts in geographic profitability continue to impact the annual effective tax rate due to significant differences in tax rates in various jurisdictions. Therefore, assumptions for the annual effective tax rate are evaluated regularly and may change based on the projected geographic mix of earnings.

Earnings Conference Call and Webcast

Autodesk will host its second quarter conference call today at 5 p.m. ET. The live broadcast can be accessed at autodesk.com/investor. A transcript of the opening commentary will also be available following the conference call.

A replay of the broadcast will be available at 7 p.m. ET at autodesk.com/investor. This replay will be maintained on Autodesk's website for at least 12 months.

Investor Presentation Details

An investor presentation, excel financials and other supplemental materials providing additional information can be found at autodesk.com/investor.

Contacts

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To help better understand our financial performance, we use several key performance metrics including billings, recurring revenue and net revenue retention rate ("NR3"). These metrics are key performance metrics and should be viewed independently of revenue and deferred revenue. These metrics are not intended to be combined with those items. We use these metrics to monitor the strength of our recurring business. We believe these metrics are useful to investors because they can help in monitoring the long-term health of our business. Our determination and presentation of these metrics may differ from that of other companies. The presentation of these metrics is meant to be considered in addition to, not as a substitute for or in isolation from, our financial measures prepared in accordance with GAAP.

Glossary of Terms

Billings: Total revenue plus the net change in deferred revenue from the beginning to the end of the period.

Cloud Service Offerings: Represents individual term-based offerings deployed through web browser technologies or in a hybrid software and cloud configuration. Cloud service offerings that are bundled with other product offerings are not captured as a separate cloud service offering.

Constant Currency (CC) Growth Rates: We attempt to represent the changes in the underlying business operations by eliminating fluctuations caused by changes in foreign currency exchange rates as well as eliminating hedge gains or losses recorded within the current and comparative periods. We calculate constant currency growth rates by (i) applying the applicable prior period exchange rates to current period results and (ii) excluding any gains or losses from foreign currency hedge contracts that are reported in the current and comparative periods.

Design Business: Represents the combination of maintenance, product subscriptions, and all EBAs. Main products include, but are not limited to, AutoCAD, AutoCAD LT, Industry Collections, Revit, Inventor, Maya and 3ds Max. Certain products, such as our computer aided manufacturing solutions, incorporate both Design and Make functionality and are classified as Design.

Enterprise Business Agreements (EBAs): Represents programs providing enterprise customers with token-based access to a broad pool of Autodesk products over a defined contract term.

Free Cash Flow: Cash flow from operating activities minus capital expenditures.

Industry Collections: Autodesk Industry Collections are a combination of products and services that target a specific user objective and support a set of workflows for that objective. Our Industry Collections consist of: Autodesk Architecture, Engineering and Construction Collection, Autodesk Product Design & Manufacturing Collection, and Autodesk Media and Entertainment Collection.

Maintenance Plan: Our maintenance plans provide our customers with a cost effective and predictable budgetary option to obtain the productivity benefits of our new releases and enhancements when and if released during the term of their contracts. Under our maintenance plans, customers are eligible to receive unspecified upgrades when and if available, and technical support. We recognize maintenance revenue over the term of the agreements, generally one year.

Make Business: Represents certain cloud-based product subscriptions. Main products include, but are not limited to, Assemble, Autodesk Build, BuildingConnected, Fusion 360 and Shotgrid. Certain products, such as Fusion 360, incorporate both Design and Make functionality and are classified as Make.

Net Revenue Retention Rate (NR3): Measures the year-over-year change in subscription and maintenance revenue for the population of customers that existed one year ago ("base customers"). Net revenue retention rate is calculated by dividing the current quarter subscription and maintenance revenue related to base customers by the total corresponding quarter subscription and maintenance revenue from one year ago. Subscription and maintenance revenue is based on USD reported revenue, and fluctuations caused by changes in foreign currency exchange rates and hedge gains or losses have not been eliminated. Subscription and maintenance revenue related to acquired companies, one year after acquisition, has been captured as existing customers until such data conforms to the calculation methodology. This may cause variability in the comparison.

Other Revenue: Consists of revenue from consulting, training, and other products and services, and is recognized as the products are delivered and services are performed.

Product Subscription: Provides customers a flexible, cost-effective way to access and manage 3D design, engineering, and entertainment software tools. Our product subscriptions currently represent a hybrid of desktop and cloud functionality, which provides a device-independent, collaborative design workflow for designers and their stakeholders.

Recurring Revenue: Consists of the revenue for the period from our traditional maintenance plans and revenue from our subscription plan offerings. It excludes subscription revenue related to consumer product offerings, select Creative Finishing product offerings, and third-party products. Recurring revenue acquired with the acquisition of a business is captured when total subscriptions are captured in our systems and may cause variability in the comparison of this calculation.

Remaining Performance Obligations (RPO): The sum of total short-term, long-term, and unbilled deferred revenue. Current remaining performance obligations is the amount of revenue we expect to recognize in the next twelve months.

Spend: The sum of cost of revenue and operating expenses.

Subscription Plan: Comprises our term-based product subscriptions, cloud service offerings, and EBAs. Subscriptions represent a combined hybrid offering of desktop software and cloud functionality which provides a device-independent, collaborative design workflow for designers and their stakeholders. With subscription, customers can use our software anytime, anywhere, and get access to the latest updates to previous versions.

Subscription Revenue: Includes our term-based product subscriptions, cloud service offerings, and flexible EBAs.

Unbilled Deferred Revenue: Unbilled deferred revenue represents contractually stated or committed orders under early renewal and multi-year billing plans for subscription, services, and maintenance for which the associated deferred revenue has not been recognized. Under FASB Accounting Standards Codification ("ASC") Topic 606, unbilled deferred revenue is not included as a receivable or deferred revenue on our Condensed Consolidated Balance Sheet.

Safe Harbor Statement

This press release contains forward-looking statements that involve risks and uncertainties, including quotations from management, statements in the paragraphs under "Business Outlook" above statements about our short-term and long-term goals, statements regarding our strategies, market and product positions, performance and results, and all statements that are not historical facts. There are a significant number of factors that could cause actual results to differ materially from statements made in this press release, including: our strategy to develop and introduce new products and services, exposing us to risks such as limited customer acceptance, costs related to product defects, and large expenditures; the effects of the COVID-19 pandemic and related public health measures; global economic and political conditions; costs and challenges associated with strategic acquisitions and investments; dependency on international revenue and operations, exposing us to significant international regulatory, economic, intellectual property, collections, currency exchange rate, taxation, political, and other risks; inability to predict subscription renewal rates and their impact on our future revenue and operating results; existing and increased competition and rapidly evolving technological changes; fluctuation of our financial results, key metrics and other operating metrics; deriving a substantial portion of our net revenue from a small number of solutions, including our AutoCAD-based software products and collections; any failure to successfully execute and manage initiatives to realign or introduce new business and sales initiatives; net revenue, billings, earnings, cash flow, or subscriptions shortfalls; social and ethical issues relating to the use of artificial intelligence in our offerings; security incidents or other incidents compromising the integrity of our or our customers' offerings, services, data, or intellectual property; reliance on third parties to provide us with a number of operational and technical services as well as software; our highly complex software, which may contain undetected errors, defects, or vulnerabilities; increasing regulatory focus on privacy issues and expanding laws; governmental export and import controls that could impair our ability to compete in international markets or subject us to liability if we violate the controls; protection of our intellectual property rights and intellectual property infringement claims from others; the government procurement process; fluctuations in currency exchange rates; our debt service obligations; and our investment portfolio consisting of a variety of investment vehicles that are subject to interest rate trends, market volatility, and other economic factors. Our estimates as to tax rate are based on current tax law, including current interpretations of the Tax Cuts and Jobs Act, and could be affected by changing interpretations of that Act, as well as additional legislation and guidance around that Act.

Further information on potential factors that could affect the financial results of Autodesk are included in Autodesk's Form 10-K and subsequent forms 10-Q, which are on file with the U.S. Securities and Exchange Commission. Autodesk disclaims any obligation to update the forward-looking statements provided to reflect events that occur or circumstances that exist after the date on which they were made.

About Autodesk

Autodesk makes software for people who make things. If you've ever driven a high-performance car, admired a towering skyscraper, used a smartphone, or watched a great film, chances are you've experienced what millions of Autodesk customers are doing with our software. Autodesk gives you the power to make anything. For more information, visit autodesk.com or follow [@autodesk](https://twitter.com/autodesk).

Autodesk uses its investors.autodesk.com website as a means of disclosing material non-public information, announcing upcoming investor conferences and for complying with its disclosure obligations under Regulation FD. Accordingly, you should monitor our investor relations website in addition to following our press releases, SEC filings and public conference calls and webcasts.

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Autodesk, Inc.
Condensed Consolidated Statements of Operations

(In millions, except per share data)

| | Three Months Ended July 31, | | Six Months Ended July 31, | |
|--|-----------------------------|----------|---------------------------|------------|
| | 2021 | 2020 | 2021 | 2020 |
| | (Unaudited) | | (Unaudited) | |
| Net revenue: | | | | |
| Subscription | \$ 1,016.7 | \$ 841.2 | \$ 1,964.2 | \$ 1,644.2 |
| Maintenance | 16.9 | 51.2 | 36.0 | 113.3 |
| Total subscription and maintenance revenue | 1,033.6 | 892.4 | 2,000.2 | 1,757.5 |
| Other | 26.1 | 20.7 | 48.8 | 41.3 |
| Total net revenue | 1,059.7 | 913.1 | 2,049.0 | 1,798.8 |
| Cost of revenue: | | | | |
| Cost of subscription and maintenance revenue | 76.0 | 58.5 | 144.5 | 115.9 |
| Cost of other revenue | 15.8 | 15.0 | 29.9 | 32.1 |
| Amortization of developed technologies | 13.6 | 7.4 | 23.8 | 14.8 |
| Total cost of revenue | 105.4 | 80.9 | 198.2 | 162.8 |
| Gross profit | 954.3 | 832.2 | 1,850.8 | 1,636.0 |
| Operating expenses: | | | | |
| Marketing and sales | 398.8 | 350.9 | 775.9 | 692.2 |
| Research and development | 276.9 | 232.5 | 542.4 | 449.9 |
| General and administrative | 119.4 | 93.2 | 231.3 | 198.0 |
| Amortization of purchased intangibles | 11.1 | 9.5 | 19.3 | 19.2 |
| Total operating expenses | 806.2 | 686.1 | 1,568.9 | 1,359.3 |
| Income from operations | 148.1 | 146.1 | 281.9 | 276.7 |
| Interest and other expense, net | (9.3) | (17.1) | (11.7) | (57.2) |
| Income before income taxes | 138.8 | 129.0 | 270.2 | 219.5 |
| (Provision) benefit for income taxes | (23.2) | (30.8) | 1.0 | (54.8) |
| Net income | \$ 115.6 | \$ 98.2 | \$ 271.2 | \$ 164.7 |
| Basic net income per share | \$ 0.53 | \$ 0.45 | \$ 1.23 | \$ 0.75 |
| Diluted net income per share | \$ 0.52 | \$ 0.44 | \$ 1.22 | \$ 0.74 |
| Weighted average shares used in computing basic net income per share | 219.8 | 219.2 | 219.7 | 219.2 |
| Weighted average shares used in computing diluted net income per share | 222.5 | 222.2 | 222.2 | 222.0 |

Autodesk, Inc.
Condensed Consolidated Balance Sheets

(In millions)

| | July 31, 2021 | January 31, 2021 |
|---|-------------------|-------------------|
| | (Unaudited) | |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 923.5 | \$ 1,772.2 |
| Marketable securities | 1.4 | 4.0 |
| Accounts receivable, net | 357.8 | 643.1 |
| Prepaid expenses and other current assets | 263.3 | 206.2 |
| Total current assets | 1,546.0 | 2,625.5 |
| Computer equipment, software, furniture and leasehold improvements, net | 198.3 | 192.8 |
| Operating lease right-of-use assets | 384.3 | 416.7 |
| Intangible assets, net (1) | 511.3 | 199.3 |
| Goodwill | 3,562.2 | 2,706.5 |
| Deferred income taxes, net | 739.6 | 763.1 |
| Long-term other assets (1) | 478.9 | 375.9 |
| Total assets | \$ 7,420.6 | \$ 7,279.8 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 108.4 | \$ 122.5 |
| Accrued compensation | 216.5 | 322.6 |
| Accrued income taxes | 21.9 | 42.6 |
| Deferred revenue | 2,521.0 | 2,500.9 |
| Operating lease liabilities | 87.7 | 71.4 |
| Other accrued liabilities | 131.9 | 194.7 |
| Total current liabilities | 3,087.4 | 3,254.7 |
| Long-term deferred revenue | 779.4 | 859.3 |
| Long-term operating lease liabilities | 358.9 | 396.0 |
| Long-term income taxes payable | 21.1 | 15.9 |
| Long-term deferred income taxes | 60.4 | 11.4 |
| Long-term notes payable, net | 1,638.4 | 1,637.2 |
| Long-term other liabilities | 147.2 | 139.8 |
| Stockholders' equity: | | |
| Common stock and additional paid-in capital | 2,780.7 | 2,578.9 |
| Accumulated other comprehensive loss | (113.4) | (125.9) |
| Accumulated deficit | (1,339.5) | (1,487.5) |
| Total stockholders' equity | 1,327.8 | 965.5 |
| Total liabilities and stockholders' equity | \$ 7,420.6 | \$ 7,279.8 |

(1) During the quarter ended July 31, 2021, the Company changed its presentation on the Condensed Consolidated Balance Sheet for intangible assets. These amounts were previously presented in "Developed technologies, net" and "Long-term other assets" and are now presented as "Intangible assets, net". Accordingly, prior period amounts have been reclassified to conform to the current period presentation. This presentation change did not impact "Total assets" on the Condensed Consolidated Balance Sheets and had no impact on the Company's Condensed Consolidated Statements of Operations, and Condensed Consolidated Statements of Cash Flows.

Autodesk, Inc.
Condensed Consolidated Statements of Cash Flows

(In millions)

| | Six Months Ended July 31, | |
|---|---------------------------|-------------------|
| | 2021 | 2020 |
| | (Unaudited) | |
| Operating activities: | | |
| Net income | \$ 271.2 | \$ 164.7 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation, amortization and accretion | 72.4 | 60.0 |
| Stock-based compensation expense | 266.0 | 194.1 |
| Deferred income taxes | 25.7 | 14.5 |
| Other | 7.9 | 36.0 |
| Changes in operating assets and liabilities, net of business combinations: | | |
| Accounts receivable | 292.6 | 162.7 |
| Prepaid expenses and other assets | (157.5) | (52.0) |
| Accounts payable and other liabilities | (150.8) | (42.8) |
| Deferred revenue | (70.6) | (130.0) |
| Accrued income taxes | (18.8) | 11.3 |
| Net cash provided by operating activities | <u>538.1</u> | <u>418.5</u> |
| Investing activities: | | |
| Purchases of marketable securities | — | (17.0) |
| Sales and maturities of marketable securities | 4.0 | 11.0 |
| Capital expenditures | (36.1) | (46.7) |
| Purchases of developed technologies | (7.7) | (4.8) |
| Business combinations, net of cash acquired | (1,154.6) | — |
| Other investing activities | 8.0 | (54.3) |
| Net cash used in investing activities | <u>(1,186.4)</u> | <u>(111.8)</u> |
| Financing activities: | | |
| Proceeds from issuance of common stock, net of issuance costs | 64.7 | 58.5 |
| Taxes paid related to net share settlement of equity awards | (61.9) | (39.6) |
| Repurchases of common stock | (198.7) | (209.0) |
| Repayment of debt | — | (450.0) |
| Other financing activities | — | (2.5) |
| Net cash used in financing activities | <u>(195.9)</u> | <u>(642.6)</u> |
| Effect of exchange rate changes on cash and cash equivalents | (4.5) | 1.0 |
| Net decrease in cash and cash equivalents | (848.7) | (334.9) |
| Cash and cash equivalents at beginning of period | 1,772.2 | 1,774.7 |
| Cash and cash equivalents at end of period | <u>\$ 923.5</u> | <u>\$ 1,439.8</u> |
| Supplemental cash flow disclosure: | | |
| Non-cash financing activities: | | |
| Fair value of common stock issued to settle liability-classified restricted stock units | \$ — | \$ 28.7 |
| Fair value of common stock issued related to business combination | \$ 2.6 | \$ — |

Autodesk, Inc.

Reconciliation of GAAP financial measures to non-GAAP financial measures

(In millions, except per share data)

To supplement our condensed consolidated financial statements presented on a GAAP basis, we provide investors with certain non-GAAP measures including non-GAAP operating margin, non-GAAP income from operations, non-GAAP diluted net income per share, and free cash flow. For our internal budgeting and resource allocation process and as a means to evaluate period-to-period comparisons, we use non-GAAP measures to supplement our condensed consolidated financial statements presented on a GAAP basis. These non-GAAP measures do not include certain items that may have a material impact upon our future reported financial results. We use non-GAAP measures in making operating decisions because we believe those measures provide meaningful supplemental information regarding our earning potential and performance for management by excluding certain expenses and charges that may not be indicative of our core business operating results. For the reasons set forth below, we believe these non-GAAP financial measures are useful to investors both because (1) they allow for greater transparency with respect to key metrics used by management in its financial and operational decision-making and (2) they are used by our institutional investors and the analyst community to help them analyze the health of our business. This allows investors and others to better understand and evaluate our operating results and future prospects in the same manner as management, compare financial results across accounting periods and to those of peer companies and to better understand the long-term performance of our core business. We also use some of these measures for purposes of determining company-wide incentive compensation.

There are limitations in using non-GAAP financial measures because non-GAAP financial measures are not prepared in accordance with GAAP and may be different from non-GAAP financial measures used by other companies. The non-GAAP financial measures are limited in value because they exclude certain items that may have a material impact upon our reported financial results. In addition, they are subject to inherent limitations as they reflect the exercise of judgments by management about which charges are excluded from the non-GAAP financial measures. We compensate for these limitations by analyzing current and future results on a GAAP basis as well as a non-GAAP basis and also by providing GAAP measures in our public disclosures. The presentation of non-GAAP financial information is meant to be considered in addition to, not as a substitute for or in isolation from, the directly comparable financial measures prepared in accordance with GAAP. We urge investors to review the reconciliation of our non-GAAP financial measures to the comparable GAAP financial measures included in this presentation, and not to rely on any single financial measure to evaluate our business.

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

| | Three Months Ended July 31, | | Six Months Ended July 31, | |
|--|-----------------------------|----------|---------------------------|----------|
| | 2021 | 2020 | 2021 | 2020 |
| | (Unaudited) | | (Unaudited) | |
| GAAP operating margin | 14 % | 16 % | 14 % | 15 % |
| Stock-based compensation expense | 14 % | 11 % | 13 % | 11 % |
| Amortization of developed technologies | 1 % | 1 % | 1 % | 1 % |
| Amortization of purchased intangibles | 1 % | 1 % | 1 % | 1 % |
| Acquisition-related costs | — % | — % | 1 % | — % |
| Non-GAAP operating margin (1) | 31 % | 29 % | 30 % | 28 % |
| GAAP income from operations | \$ 148.1 | \$ 146.1 | \$ 281.9 | \$ 276.7 |
| Stock-based compensation expense | 153.2 | 95.9 | 269.0 | 194.1 |
| Amortization of developed technologies | 13.6 | 7.4 | 23.8 | 14.8 |
| Amortization of purchased intangibles | 11.1 | 9.5 | 19.3 | 19.2 |
| Acquisition-related costs | 4.8 | 3.5 | 16.8 | 5.4 |
| Non-GAAP income from operations | \$ 330.8 | \$ 262.4 | \$ 610.8 | \$ 510.2 |
| GAAP diluted net income per share | \$ 0.52 | \$ 0.44 | \$ 1.22 | \$ 0.74 |
| Stock-based compensation expense | 0.69 | 0.43 | 1.21 | 0.87 |
| Amortization of developed technologies | 0.06 | 0.03 | 0.11 | 0.07 |
| Amortization of purchased intangibles | 0.05 | 0.04 | 0.09 | 0.09 |
| Acquisition-related costs | 0.03 | 0.03 | 0.08 | 0.03 |
| (Gain) loss on strategic investments and dispositions, net | (0.01) | 0.06 | (0.03) | 0.14 |
| Discrete GAAP tax items | — | — | (0.25) | — |
| Income tax effect of non-GAAP adjustments | (0.13) | (0.05) | (0.19) | (0.11) |
| Non-GAAP diluted net income per share | \$ 1.21 | \$ 0.98 | \$ 2.24 | \$ 1.83 |
| Net cash provided by operating activities | \$ 202.0 | \$ 91.2 | \$ 538.1 | \$ 418.5 |

| | | | | |
|----------------------|----------|---------|----------|----------|
| Capital expenditures | (15.8) | (26.8) | (36.1) | (46.7) |
| Free cash flow | \$ 186.2 | \$ 64.4 | \$ 502.0 | \$ 371.8 |

(1) Totals may not sum due to rounding.