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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

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**FORM 10-Q**

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended October 31, 2021  
or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from      to  
Commission File Number: 0-14338

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**AUTODESK, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)  
**111 McInnis Parkway,**  
**San Rafael, California**  
(Address of principal executive offices)

**94-2819853**  
(I.R.S. employer  
Identification No.)

**94903**  
(Zip Code)

**(415) 507-5000**  
(Registrant's telephone number, including area code)

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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 (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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Large accelerated filer ☒  
Non-accelerated filer ☐

Accelerated filer ☐  
Smaller reporting company ☐  
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. ☐

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act). Yes ☐ No ☐

As of November 30, 2021, registrant had outstanding 219,973,417 shares of common stock.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

**AUTODESK, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(In millions, except per share data)  
(Unaudited)

	<b>Three Months Ended October 31,</b>		<b>Nine Months Ended October 31,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Net revenue:				
Subscription	\$ 1,070.7	\$ 884.4	\$ 3,034.9	\$ 2,528.6
Maintenance	17.6	39.8	53.6	153.1
Total subscription and maintenance revenue	1,088.3	924.2	3,088.5	2,681.7
Other	37.5	28.2	86.3	69.5
Total net revenue	1,125.8	952.4	3,174.8	2,751.2
Cost of revenue:				
Cost of subscription and maintenance revenue	74.8	60.7	219.3	176.6
Cost of other revenue	17.7	15.4	47.6	47.5
Amortization of developed technologies	14.6	7.6	38.4	22.4
Total cost of revenue	107.1	83.7	305.3	246.5
Gross profit	1,018.7	868.7	2,869.5	2,504.7
Operating expenses:				
Marketing and sales	419.4	359.3	1,195.3	1,051.5
Research and development	282.1	233.0	824.5	682.9
General and administrative	112.8	98.8	344.1	296.8
Amortization of purchased intangibles	11.1	9.6	30.4	28.8
Total operating expenses	825.4	700.7	2,394.3	2,060.0
Income from operations	193.3	168.0	475.2	444.7
Interest and other expense, net	(5.9)	(11.9)	(17.6)	(69.1)
Income before income taxes	187.4	156.1	457.6	375.6
Provision for income taxes	(50.7)	(23.9)	(49.7)	(78.7)
Net income	\$ 136.7	\$ 132.2	\$ 407.9	\$ 296.9
Basic net income per share	\$ 0.62	\$ 0.60	\$ 1.86	\$ 1.35
Diluted net income per share	\$ 0.61	\$ 0.59	\$ 1.83	\$ 1.34
Weighted average shares used in computing basic net income per share	220.0	219.6	219.8	219.4
Weighted average shares used in computing diluted net income per share	222.5	222.3	222.3	222.1

See accompanying Notes to Condensed Consolidated Financial Statements.

**AUTODESK, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(In millions)  
(Unaudited)

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2021	2020	2021	2020
Net income	\$ 136.7	\$ 132.2	\$ 407.9	\$ 296.9
Other comprehensive income (loss), net of reclassifications:				
Net gain (loss) on derivative instruments (net of tax effect of \$(3.3), \$(0.4), \$(6.7) and \$1.5, respectively)	18.8	3.9	38.3	(11.6)
Change in net unrealized (loss) gain on available-for-sale debt securities (net of tax effect of zero, zero, zero and \$0.1, respectively)	(0.7)	0.6	7.1	1.9
Change in defined benefit pension items (net of tax effect of zero for all periods presented)	0.1	0.3	0.3	—
Net change in cumulative foreign currency translation (loss) gain (net of tax effect of \$(0.3), \$0.1, \$(0.9) and \$(0.3), respectively)	(7.2)	(6.7)	(22.2)	13.6
Total other comprehensive income (loss)	11.0	(1.9)	23.5	3.9
Total comprehensive income	<u>\$ 147.7</u>	<u>\$ 130.3</u>	<u>\$ 431.4</u>	<u>\$ 300.8</u>

See accompanying Notes to Condensed Consolidated Financial Statements.

**AUTODESK, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(In millions)  
(Unaudited)

	October 31, 2021	January 31, 2021
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,748.9	\$ 1,772.2
Marketable securities	43.2	4.0
Accounts receivable, net	580.3	643.1
Prepaid expenses and other current assets	282.4	206.2
Total current assets	<u>2,654.8</u>	<u>2,625.5</u>
Long-term marketable securities	19.7	—
Computer equipment, software, furniture and leasehold improvements, net	193.6	192.8
Operating lease right-of-use assets	361.8	416.7
Intangible assets, net	498.2	199.3
Goodwill	3,579.2	2,706.5
Deferred income taxes, net	740.4	763.1
Long-term other assets	483.3	375.9
Total assets	<u>\$ 8,531.0</u>	<u>\$ 7,279.8</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 133.6	\$ 122.5
Accrued compensation	284.3	322.6
Accrued income taxes	52.6	42.6
Deferred revenue	2,563.0	2,500.9
Operating lease liabilities	89.7	71.4
Other accrued liabilities	158.3	194.7
Total current liabilities	<u>3,281.5</u>	<u>3,254.7</u>
Long-term deferred revenue	779.9	859.3
Long-term operating lease liabilities	333.0	396.0
Long-term income taxes payable	22.0	15.9
Long-term deferred income taxes	52.0	11.4
Long-term notes payable, net	2,626.8	1,637.2
Long-term other liabilities	155.9	139.8
Stockholders' equity:		
Common stock and additional paid-in capital	2,821.4	2,578.9
Accumulated other comprehensive loss	(102.4)	(125.9)
Accumulated deficit	(1,439.1)	(1,487.5)
Total stockholders' equity	<u>1,279.9</u>	<u>965.5</u>
Total liabilities and stockholders' equity	<u>\$ 8,531.0</u>	<u>\$ 7,279.8</u>

See accompanying Notes to Condensed Consolidated Financial Statements.

**AUTODESK, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In millions)  
(Unaudited)

	<b>Nine Months Ended October 31,</b>	
	<b>2021</b>	<b>2020</b>
Operating activities:		
Net income	\$ 407.9	\$ 296.9
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion	113.9	92.2
Stock-based compensation expense	409.8	291.5
Deferred income taxes	15.4	13.0
Other	13.1	48.6
Changes in operating assets and liabilities, net of business combinations:		
Accounts receivable	70.0	112.8
Prepaid expenses and other assets	(138.8)	(61.6)
Accounts payable and other liabilities	(67.4)	42.3
Deferred revenue	(28.4)	(78.3)
Accrued income taxes	13.0	22.2
Net cash provided by operating activities	808.5	779.6
Investing activities:		
Purchases of marketable securities	(56.5)	(21.0)
Sales and maturities of marketable securities	4.0	17.0
Capital expenditures	(49.5)	(67.6)
Purchases of developed technologies	(9.6)	(4.8)
Business combinations, net of cash acquired	(1,185.1)	(44.8)
Other investing activities	(2.3)	(55.5)
Net cash used in investing activities	(1,299.0)	(176.7)
Financing activities:		
Proceeds from issuance of common stock, net of issuance costs	113.3	112.9
Taxes paid related to net share settlement of equity awards	(147.8)	(105.0)
Repurchases of common stock	(482.7)	(399.4)
Proceeds from debt, net of discount	997.0	—
Repayment of debt	—	(450.0)
Other financing activities	(6.5)	(2.5)
Net cash provided by (used in) financing activities	473.3	(844.0)
Effect of exchange rate changes on cash and cash equivalents	(6.1)	3.4
Net decrease in cash and cash equivalents	(23.3)	(237.7)
Cash and cash equivalents at beginning of period	1,772.2	1,774.7
Cash and cash equivalents at end of period	\$ 1,748.9	\$ 1,537.0
Supplemental cash flow disclosure:		
Non-cash financing activities:		
Fair value of common stock issued to settle liability-classified restricted stock units	\$ 2.7	\$ 28.7
Fair value of common stock issued related to business combination (See Note 8)	\$ 2.6	\$ —

See accompanying Notes to Condensed Consolidated Financial Statements.

**AUTODESK, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
(Tables in millions, except share and per share data, or as otherwise noted)

**1. Basis of Presentation**

The accompanying unaudited Condensed Consolidated Financial Statements of Autodesk, Inc. (“Autodesk,” “we,” “us,” “our,” or the “Company”) as of October 31, 2021, and for the three and nine months ended October 31, 2021 and 2020, have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) for interim financial information along with the instructions to Form 10-Q and Article 10 of Securities and Exchange Commission (“SEC”) Regulation S-X. Accordingly, they do not include all of the information and notes required by GAAP for annual financial statements. In management’s opinion, Autodesk made all adjustments (consisting of normal, recurring and non-recurring adjustments) during the quarter that were considered necessary for the fair statement of the financial position and operating results of the Company. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates. In March 2020, the World Health Organization declared the outbreak of a disease caused by a novel strain of the coronavirus (COVID-19) to be a pandemic. This pandemic has created and may continue to create significant uncertainty in the macroeconomic environment which, in addition to other unforeseen effects of this pandemic, may adversely impact our results of operations. As the COVID-19 pandemic continues to develop, many of our estimates could require increased judgment and carry a higher degree of variability and volatility. As events continue to evolve our estimates may change materially in future periods. In addition, the results of operations for the three and nine months ended October 31, 2021, are not necessarily indicative of the results for the entire fiscal year ending January 31, 2022, or for any other period. Further, the balance sheet as of January 31, 2021, has been derived from the audited Consolidated Balance Sheet as of this date. There have been no material changes, other than what is discussed herein, to Autodesk’s significant accounting policies as compared to the significant accounting policies disclosed in the Annual Report on Form 10-K for the fiscal year ended January 31, 2021. These unaudited Condensed Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and related notes, together with management’s discussion and analysis of financial position and results of operations, contained in Autodesk’s Annual Report on Form 10-K for the fiscal year ended January 31, 2021, filed on March 19, 2021.

*Change in presentation and immaterial correction of an error*

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, Condensed Consolidated Statements of Comprehensive Income, and Condensed Consolidated Statements of Cash Flows.

The effects of the change on the Consolidated Balance Sheet as of January 31, 2021, was as follows:

	As Reported January 31, 2021		Effect of Change in Presentation		As Adjusted January 31, 2021
Intangible assets, net	\$ 88.6	\$	110.7	\$	199.3
Long-term other assets	486.6		(110.7)		375.9
Total assets	7,279.8		—		7,279.8

During the quarter ended April 30, 2021, the Company changed its presentation on the Condensed Consolidated Balance Sheets for investments in debt and equity securities that are held in a rabbi trust under non-qualified deferred compensation plans, including correcting the classification as current and non-current assets. These amounts were previously presented as current “Marketable securities” and are now presented as “Prepaid expenses and other current assets” and “Long-term other assets” on the Condensed Consolidated Balance Sheets. Accordingly, prior period amounts have been reclassified to conform to the current period presentation. These presentation and classification changes did not impact “Total assets” on the Condensed Consolidated Balance Sheets and had no impact on the Company’s Condensed Consolidated Statements of Operations, Condensed Consolidated Statements of Comprehensive Income and Condensed Consolidated Statement of Cash Flows.



The effects of the changes on the Consolidated Balance Sheets as of January 31, 2021, were as follows:

	As Reported January 31, 2021	Effect of Changes in Presentation	As Adjusted January 31, 2021
Marketable securities	\$ 85.0	\$ (81.0)	\$ 4.0
Prepaid and other current assets	198.9	7.3	206.2
Long-term other assets	412.9	73.7	486.6
Total current assets	2,699.2	(73.7)	2,625.5
Total assets	7,279.8	—	7,279.8

## 2. Recently Issued Accounting Standards

With the exception of those discussed below, there have been no recent changes in accounting pronouncements issued by the Financial Accounting Standards Board (“FASB”) or adopted by the Company during the nine months ended October 31, 2021, that are applicable to the Company.

### Recently issued accounting standards not yet adopted

In March 2020, FASB issued Accounting Standards Update (“ASU”) No. 2020-04, “Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting” (“ASU No. 2020-04”), which provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The amendments apply only to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. The amendments are effective for all entities as of March 12, 2020, through December 31, 2022. The expedients and exceptions provided by the amendments do not apply to contract modifications made and hedging relationships entered into or evaluated after December 31, 2022, except for hedging relationships existing as of December 31, 2022, that an entity has elected certain optional expedients for and that are retained through the end of the hedging relationship. Autodesk will apply the expedients in ASU No. 2020-04 through December 31, 2022. Autodesk does not believe ASU No. 2020-04 will have a material impact on its consolidated financial statements.

In November 2021, FASB issued ASU No. 2021-08, “Business Combinations (Topic 805), Accounting for Contract Assets and Contract Liabilities from Contracts with Customers” (“ASU No. 2021-08”), which requires contract assets and contract liabilities (i.e., deferred revenue) acquired in a business combination to be recognized and measured by the acquirer on the acquisition date in accordance with ASC 606 “Revenue from Contracts with Customers” (Topic 606). ASU No. 2021-08 allows an acquirer to assess how the acquiree applied Topic 606 to determine what to record for acquired revenue contracts. Historically, such amounts were recognized by the acquirer at fair value in accordance with Topic 805. The amendments are effective for Autodesk’s fiscal year beginning February 1, 2023. Early adoption is permitted, including in interim periods, for any financial statements that have not yet been issued. Autodesk is currently evaluating the impact that the adoption of ASU No. 2021-08 will have on its consolidated statements of financial condition and results of operations.

## 3. Revenue Recognition

### *Revenue Disaggregation*

Autodesk recognizes revenue from the sale of (1) product subscriptions, cloud service offerings, and enterprise business agreements (“EBAs”), (2) renewal fees for existing maintenance plan agreements that were initially purchased with a perpetual software license, and (3) consulting, training, and other goods and services. The three categories are presented as line items on Autodesk’s Condensed Consolidated Statements of Operations.

Information regarding the components of Autodesk's net revenue from contracts with customers by product family, geographic location, sales channel, and product type is as follows:

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2021	2020	2021	2020
<b>Net revenue by product family:</b>				
Architecture, Engineering and Construction	\$ 511.1	\$ 419.4	\$ 1,432.4	\$ 1,199.1
AutoCAD and AutoCAD LT	318.4	278.8	907.9	812.9
Manufacturing	225.0	194.1	630.0	562.5
Media and Entertainment	63.0	54.0	176.5	159.9
Other	8.3	6.1	28.0	16.8
<b>Total net revenue</b>	<b>\$ 1,125.8</b>	<b>\$ 952.4</b>	<b>\$ 3,174.8</b>	<b>\$ 2,751.2</b>
<b>Net revenue by geographic area:</b>				
Americas				
U.S.	\$ 383.2	\$ 328.5	\$ 1,054.5	\$ 938.6
Other Americas	78.7	64.4	221.9	188.0
<b>Total Americas</b>	<b>461.9</b>	<b>392.9</b>	<b>1,276.4</b>	<b>1,126.6</b>
Europe, Middle East and Africa	433.2	364.3	1,225.9	1,063.8
Asia Pacific	230.7	195.2	672.5	560.8
<b>Total net revenue</b>	<b>\$ 1,125.8</b>	<b>\$ 952.4</b>	<b>\$ 3,174.8</b>	<b>\$ 2,751.2</b>
<b>Net revenue by sales channel:</b>				
Indirect	\$ 729.3	\$ 656.2	\$ 2,092.8	\$ 1,918.9
Direct	396.5	296.2	1,082.0	832.3
<b>Total net revenue</b>	<b>\$ 1,125.8</b>	<b>\$ 952.4</b>	<b>\$ 3,174.8</b>	<b>\$ 2,751.2</b>
<b>Net revenue by product type:</b>				
Design	\$ 994.4	\$ 847.7	\$ 2,823.5	\$ 2,466.8
Make	93.9	76.5	265.0	214.9
Other	37.5	28.2	86.3	69.5
<b>Total net revenue</b>	<b>\$ 1,125.8</b>	<b>\$ 952.4</b>	<b>\$ 3,174.8</b>	<b>\$ 2,751.2</b>

Payments for product subscriptions, industry collections, cloud subscriptions, and maintenance subscriptions are typically due up front with payment terms of 30 to 45 days. Payments on EBAs are typically due in annual installments over the contract term, with payment terms of 30 to 60 days. Autodesk does not have any material variable consideration, such as obligations for returns, refunds, warranties, or amounts due to customers for which significant estimation or judgment is required as of the reporting date.

Remaining performance obligations consist of total short-term, long-term, and unbilled deferred revenue. As of October 31, 2021, Autodesk had remaining performance obligations of \$4.23 billion, which represents the total contract price allocated to remaining performance obligations, which are generally recognized over the next three years. We expect to recognize \$2.88 billion or 68% of our remaining performance obligations as revenue during the next 12 months. We expect to recognize the remaining \$1.35 billion or 32% of our remaining performance obligations as revenue thereafter.

The amount of remaining performance obligations may be impacted by the specific timing, duration, and size of customer subscription and support agreements, varying billing cycles of such agreements, the specific timing of customer renewals, and foreign currency fluctuations.

#### *Contract Balances*

We receive payments from customers based on a billing schedule as established in our contracts. Contract assets relate to performance completed in advance of scheduled billings. Contract assets were not material as of October 31, 2021. Deferred

revenue relates to billings in advance of performance under the contract. The primary changes in our contract assets and deferred revenues are due to our performance under the contracts and billings.

Revenue recognized during the three months ended October 31, 2021 and 2020, that was included in the deferred revenue balances at January 31, 2021 and 2020, was \$568.9 million and \$481.9 million, respectively. Revenue recognized during the nine months ended October 31, 2021 and 2020, that was included in the deferred revenue balances at January 31, 2021 and 2020, was \$2.13 billion and \$1.91 billion, respectively. The satisfaction of performance obligations typically lags behind payments received under revenue contracts from customers.

#### ***4. Concentration of Credit Risk***

Autodesk places its cash, cash equivalents, and marketable securities in highly liquid instruments with, and in the custody of, multiple diversified financial institutions globally with high credit ratings, and limits the amounts invested with any one institution, type of security, and issuer. Autodesk's primary commercial banking relationship is with Citigroup Inc. and its global affiliates. Citibank, N.A., an affiliate of Citigroup, is one of the lead lenders and an agent in the syndicate of Autodesk's \$1.5 billion revolving credit facility. See Note 14, "Borrowing Arrangements," in the Notes to Condensed Consolidated Financial Statements for further discussion.

Total sales to the Company's largest distributor Tech Data Corporation and its global affiliates ("Tech Data") accounted for 37% and 36% of Autodesk's total net revenue for the three and nine months ended October 31, 2021, respectively. Total sales to Tech Data accounted for 37% of Autodesk's total net revenue for both the three and nine months ended October 31, 2020. The majority of the net revenue from sales to Tech Data is for sales made outside of the United States. In addition, Tech Data accounted for 22% and 26% of trade accounts receivable at October 31, 2021, and January 31, 2021, respectively. Ingram Micro Inc. ("Ingram Micro") accounted for 9% of Autodesk's total net revenue during both the three and nine months ended October 31, 2021. Total sales to Ingram Micro accounted for 10% of Autodesk's total net revenue for both the three and nine months ended October 31, 2020. No other customer accounted for more than 10% of Autodesk's total net revenue or trade accounts receivable for each of the respective periods.

## 5. Financial Instruments

The following tables summarize the Company's financial instruments' amortized cost, gross unrealized gains, gross unrealized losses, and fair value by significant investment category as of October 31, 2021, and January 31, 2021:

October 31, 2021							
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Level 1	Level 2	Level 3
Cash equivalents (1):							
Money market funds	\$ 1,016.8	\$ —	\$ —	\$ 1,016.8	\$ 1,016.8	\$ —	\$ —
U.S. government securities	20.0	—	—	20.0	—	20.0	—
Commercial paper	18.2	—	—	18.2	—	18.2	—
Municipal bonds	5.0	—	—	5.0	—	5.0	—
Other (2)	3.0	—	—	3.0	1.9	1.1	—
Marketable securities:							
Short-term							
Commercial paper	28.0	—	—	28.0	—	28.0	—
Corporate debt securities	8.8	—	—	8.8	—	8.8	—
Common stock	—	6.4	—	6.4	6.4	—	—
Long-term							
Corporate debt securities	19.7	—	—	19.7	—	19.7	—
Mutual funds (3) (4)	71.7	24.6	—	96.3	96.3	—	—
Strategic investments derivative assets (4)	0.1	0.4	(0.3)	0.2	—	—	0.2
Derivative contract assets (4)	0.6	26.2	(0.1)	26.7	—	26.7	—
Derivative contract liabilities (5)	—	—	(7.8)	(7.8)	—	(7.8)	—
Total	\$ 1,191.9	\$ 57.6	\$ (8.2)	\$ 1,241.3	\$ 1,121.4	\$ 119.7	\$ 0.2

(1) Included in "Cash and cash equivalents" in the accompanying Condensed Consolidated Balance Sheets. These investments are classified as debt securities.

(2) Consists of custody cash deposits, corporate debt securities, and certificates of deposit.

(3) See Note 12, "Deferred Compensation" for more information.

(4) Included in "Prepaid expenses and other current assets" or "Long-term other assets" in the accompanying Condensed Consolidated Balance Sheets.

(5) Included in "Other accrued liabilities" in the accompanying Condensed Consolidated Balance Sheets.

January 31, 2021							
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Level 1	Level 2	Level 3
Cash equivalents (1):							
Commercial paper	\$ 36.0	\$ —	\$ —	\$ 36.0	\$ —	\$ 36.0	\$ —
Money market funds	686.9	—	—	686.9	686.9	—	—
Other (2)	4.4	—	—	4.4	4.0	0.4	—
Marketable securities:							
Short-term							
Other (3)	4.0	—	—	4.0	—	4.0	—
Mutual funds (4) (5)	64.5	16.5	—	81.0	81.0	—	—
Strategic investments derivative asset (5)	0.1	0.4	(0.3)	0.2	—	—	0.2
Derivative contract assets (5)	0.4	9.8	(0.4)	9.8	—	9.8	—
Derivative contract liabilities (6)	—	—	(17.5)	(17.5)	—	(17.5)	—
Total	\$ 796.3	\$ 26.7	\$ (18.2)	\$ 804.8	\$ 771.9	\$ 32.7	\$ 0.2

- (1) Included in "Cash and cash equivalents" in the accompanying Condensed Consolidated Balance Sheets. These investments are classified as debt securities.
- (2) Consists of custody cash deposits and certificates of deposit.
- (3) Consists of commercial paper and municipal bonds.
- (4) See Note 12, "Deferred Compensation" for more information.
- (5) Included in "Prepaid expenses and other current assets," or "Long-term other assets," in the accompanying Condensed Consolidated Balance Sheets.
- (6) Included in "Other accrued liabilities" in the accompanying Condensed Consolidated Balance Sheets.

The following table summarizes the fair values of investments classified as marketable debt securities by contractual maturity date as of October 31, 2021:

	Fair Value
Due within 1 year	\$ 36.8
Due in 1 year through 5 years	19.7
Total	\$ 56.5

Autodesk applies fair value accounting for certain financial assets and liabilities, which consist of cash equivalents, marketable securities, and other financial instruments, on a recurring basis. The Company defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

As of both October 31, 2021, and January 31, 2021, Autodesk had no material unrealized losses, individually and in the aggregate, for marketable debt securities that are in a continuous unrealized loss position for greater than 12 months. Total unrealized gains for securities with net gains in accumulated other comprehensive income were not material for the nine months ended October 31, 2021.

Autodesk monitors all marketable debt securities for potential credit losses by reviewing indicators such as, but not limited to, current credit rating, change in credit rating, credit outlook, and default risk. There were no allowances for credit losses as of both October 31, 2021, and January 31, 2021. There were no write offs of accrued interest receivables for the nine months ended October 31, 2021 and 2020.

There was no realized gain or loss for the sales or redemptions of marketable debt securities during both the nine months ended October 31, 2021 and 2020. Realized gains and losses from the sales or redemptions of marketable debt securities are recorded in "Interest and other expense, net" on the Company's Condensed Consolidated Statements of Operations.

Proceeds from the sale and maturity of marketable debt securities for the three and nine months ended October 31, 2021, were none and \$4.0 million, respectively. Proceeds from the sale and maturity of marketable debt securities for the three and nine months ended October 31, 2020, were \$6.0 million and \$17.0 million, respectively.

#### *Strategic investment equity securities*

As of October 31, 2021, and January 31, 2021, Autodesk had \$139.8 million and \$134.1 million, respectively, in direct investments in privately held companies. These strategic investment equity securities do not have readily determined fair values, and Autodesk uses the measurement alternative to account for the adjustment to these investments in a given quarter. If Autodesk determines that an impairment has occurred, Autodesk writes down the investment to its fair value.

Adjustments to the carrying value of our strategic investment equity securities with no readily determined fair values measured using the measurement alternative were as follows:

	Nine Months Ended October 31,		Cumulative Amount as of
	2021	2020	October 31, 2021
Upward adjustments (1)	\$ 7.2	\$ 3.0	\$ 23.2
Negative adjustments, including impairments (1)	(10.5)	(36.2)	(71.1)
Net adjustments	\$ (3.3)	\$ (33.2)	\$ (47.9)

(1) Included in "Interest and other expense, net" on the Company's Condensed Consolidated Statements of Operations.

During the three and nine months ended October 31, 2021, Autodesk recognized gains of none and \$8.1 million on the disposition of strategic investment equity securities, respectively. There were no gains or losses recognized on the disposition of strategic investment equity securities for both the three and nine months ended October 31, 2020.

*Foreign currency contracts designated as cash flow hedges*

Autodesk uses foreign currency contracts to reduce the exchange rate impact on a portion of the net revenue or operating expense of certain anticipated transactions. These currency collars and forward contracts are designated and documented as cash flow hedges. The notional amounts of these contracts are presented net settled and were \$941.3 million at October 31, 2021, and \$1.14 billion at January 31, 2021. Outstanding contracts are recognized as either assets or liabilities on the Company's Condensed Consolidated Balance Sheet at fair value. The majority of the net gain of \$14.2 million remaining in "Accumulated other comprehensive loss" as of October 31, 2021, is expected to be recognized into earnings within the next 24 months.

The location and amount of gain or loss recognized in income on cash flow hedges together with the total amount of income or expense presented in the Company's Condensed Consolidated Statements of Operations where the effects of the hedge are recorded were as follows for the three and nine months ended October 31, 2021 and 2020:

	Three Months Ended October 31, 2021					
	Net revenue		Cost of revenue	Operating expenses		
	Subscription revenue	Maintenance revenue	Cost of subscription and maintenance revenue	Marketing and sales	Research and development	General and administrative
Total amounts of income and expense line items presented in the condensed consolidated statements of operations in which the effects of cash flow hedges are recorded	\$ 1,070.7	\$ 17.6	\$ 74.8	\$ 419.4	\$ 282.1	\$ 112.8
<i>(Loss) on cash flow hedging relationships in Subtopic ASC 815-20</i>						
<i>Foreign exchange contracts</i>						
Amount of (loss) reclassified from accumulated other comprehensive income into income	\$ (3.0)	\$ —	\$ (0.3)	\$ (1.0)	\$ (0.3)	\$ (0.5)
	Nine Months Ended October 31, 2021					
	Net revenue		Cost of revenue	Operating expenses		
	Subscription revenue	Maintenance Revenue	Cost of subscription and maintenance revenue	Marketing and sales	Research and development	General and administrative
Total amounts of income and expense line items presented in the condensed consolidated statements of operations in which the effects of cash flow hedges are recorded	\$ 3,034.9	\$ 53.6	\$ 219.3	\$ 1,195.3	\$ 824.5	\$ 344.1
<i>(Loss) on cash flow hedging relationships in Subtopic ASC 815-20</i>						
<i>Foreign exchange contracts</i>						
Amount of (loss) reclassified from accumulated other comprehensive income into income	\$ (12.4)	\$ (1.2)	\$ —	\$ (0.4)	\$ (0.5)	\$ (0.1)

	Three Months Ended October 31, 2020					
	Net Revenue		Cost of revenue		Operating expenses	
	Subscription Revenue	Maintenance Revenue	Cost of subscription and maintenance revenue	Marketing and sales	Research and development	General and administrative
Total amounts of income and expense line items presented in the condensed consolidated statements of operations in which the effects of cash flow hedges are recorded	\$ 884.4	\$ 39.8	\$ 60.7	\$ 359.3	\$ 233.0	\$ 98.8
<i>Gain (loss) on cash flow hedging relationships in Subtopic ASC 815-20</i>						
<i>Foreign exchange contracts</i>						
Amount of gain (loss) reclassified from accumulated other comprehensive income into income	\$ (0.3)	\$ 0.1	\$ 0.4	\$ 1.6	\$ 0.3	\$ 0.7
	Nine Months Ended October 31, 2020					
	Net revenue		Cost of revenue		Operating expenses	
	Subscription revenue	Maintenance Revenue	Cost of subscription and maintenance revenue	Marketing and sales	Research and development	General and administrative
Total amounts of income and expense line items presented in the condensed consolidated statements of operations in which the effects of cash flow hedges are recorded	\$ 2,528.6	\$ 153.1	\$ 176.6	\$ 1,051.5	\$ 682.9	\$ 296.8
<i>Gain (loss) on cash flow hedging relationships in Subtopic ASC 815-20</i>						
<i>Foreign exchange contracts</i>						
Amount of gain (loss) reclassified from accumulated other comprehensive income into income	\$ 3.4	\$ 0.7	\$ 0.1	\$ 0.3	\$ 0.2	\$ 0.1

*Interest rate locks designated as cash flow hedges*

During the fiscal quarter ended October 31, 2021, Autodesk entered into interest rate lock arrangements to mitigate the risk of changes in interest rates prior to completion of a debt offering. The interest rate locks hedged the cash flow risk for each of the interest payments on the planned fixed-rate debt issue. The interest rate lock hedges were terminated in October 2021 in connection with the debt offering completed in that month. See Note 14, "Borrowing Arrangements," for further discussion. The aggregate fair value of the terminated interest rate lock hedges, net of tax, in the amount of \$4.0 million have been classified as an increase to accumulated other comprehensive income and will be amortized as a reduction to interest expense over the term of the related debt issuance. The Company had cash inflows of \$4.0 million in the fiscal quarter ended October 31, 2021, associated with the termination of the interest rate lock arrangements, included in "Other financing activities" in our Condensed Consolidated Statement of Cash Flows.

*Derivatives not designated as hedging instruments*

Autodesk uses foreign currency contracts that are not designated as hedging instruments to reduce the exchange rate risk associated primarily with foreign currency denominated receivables, payables, and cash. The notional amounts of these foreign currency contracts are presented net settled and were \$71.2 million at October 31, 2021, and \$434.5 million at January 31, 2021.



## Fair Value of Derivative Instruments

The fair values of derivative instruments in Autodesk's Condensed Consolidated Balance Sheets were as follows as of October 31, 2021, and January 31, 2021:

		Fair Value at	
	Balance Sheet Location	October 31, 2021	January 31, 2021
<i>Derivative Assets</i>			
Foreign currency contracts designated as cash flow hedges	Prepaid expenses and other current assets	\$ 18.2	\$ 4.7
Derivatives not designated as hedging instruments	Prepaid expenses and other current assets and long-term other assets	8.7	5.3
Total derivative assets		<u>\$ 26.9</u>	<u>\$ 10.0</u>
<i>Derivative Liabilities</i>			
Foreign currency contracts designated as cash flow hedges	Other accrued liabilities	\$ 5.9	\$ 16.5
Derivatives not designated as hedging instruments	Other accrued liabilities	1.9	1.0
Total derivative liabilities		<u>\$ 7.8</u>	<u>\$ 17.5</u>

The effects of derivatives designated as hedging instruments on Autodesk's Condensed Consolidated Statements of Operations were as follows for the three and nine months ended October 31, 2021 and 2020 (amounts presented include any income tax effects):

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2021	2020	2021	2020
<i>Amount of gain (loss) recognized in accumulated other comprehensive income on derivatives (effective portion)</i>	<u>\$ 14.7</u>	<u>\$ 6.7</u>	<u>\$ 24.6</u>	<u>\$ (6.8)</u>
<i>Amount and location of (loss) gain reclassified from accumulated other comprehensive loss into income (effective portion)</i>				
Net revenue	\$ (3.0)	\$ (0.2)	\$ (13.6)	\$ 4.1
Cost of revenue	(0.3)	0.4	—	0.1
Operating expenses	(1.8)	2.6	(1.0)	0.6
Total	<u>\$ (5.1)</u>	<u>\$ 2.8</u>	<u>\$ (14.6)</u>	<u>\$ 4.8</u>

The effects of derivatives not designated as hedging instruments on Autodesk's Condensed Consolidated Statements of Operations were as follows for the three and nine months ended October 31, 2021 and 2020 (amounts presented include any income tax effects):

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2021	2020	2021	2020
<i>Amount and location of (loss) gain recognized on derivatives in net income</i>				
Interest and other expense, net	\$ 5.9	\$ (0.8)	\$ 11.1	\$ (6.2)

## 6. Equity Compensation

### Restricted Stock Units

A summary of restricted stock activity for the nine months ended October 31, 2021, is as follows:

	Unvested restricted stock units (in thousands)	Weighted average grant date fair value per share
Unvested restricted stock units at January 31, 2021	4,503.9	\$ 191.91
Granted	1,895.0	290.63
Vested	(1,847.8)	177.88
Canceled/Forfeited	(430.3)	221.52
Performance Adjustment (1)	(7.9)	137.02
Unvested restricted stock units at October 31, 2021	4,112.9	\$ 243.72

(1) Based on Autodesk's financial results and relative total stockholder return for the fiscal 2021 performance period. The performance stock units were attained at rates ranging from 103.0% to 108.0% of the target award.

The fair value of the shares vested during the nine months ended October 31, 2021 and 2020, was \$516.5 million and \$400.6 million, respectively.

During the nine months ended October 31, 2021, Autodesk granted 1.6 million restricted stock units. Restricted stock units are not considered outstanding stock at the time of grant, as the holders of these units are not entitled to any of the rights of a stockholder, including voting right.

Autodesk recorded stock-based compensation expense related to restricted stock units of \$109.9 million and \$74.7 million during the three months ended October 31, 2021 and 2020, respectively. Autodesk recorded stock-based compensation expense related to restricted stock units of \$314.4 million and \$222.9 million during the nine months ended October 31, 2021 and 2020, respectively.

During the nine months ended October 31, 2021 and 2020, Autodesk settled liability-classified awards in the amount of \$2.7 million and \$28.7 million, respectively. The ultimate number of shares earned was based on the Autodesk closing stock price on the vesting date. As these awards were settled in a fixed dollar amount of shares, the awards were accounted for as a liability-classified award and were expensed using the straight-line method over the vesting period.

During the nine months ended October 31, 2021, Autodesk granted 0.2 million performance stock units for which the ultimate number of shares earned is determined based on the achievement of performance criteria at the end of the stated service and performance period. The performance criteria for the performance stock units vested during the nine months ended October 31, 2021, are based on revenue and free cash flow goals adopted by the Compensation and Human Resource Committee and, as applicable, total stockholder return compared against companies in the S&P North American Technology Software Index with a market capitalization over \$2.0 billion ("Relative TSR"). The fair value of the performance stock units is expensed using the accelerated attribution method over the three-year vesting period and have the following vesting schedule:

- Up to one third of the performance stock units may vest following year one, depending upon the achievement of the performance criteria for fiscal 2022 as well as 1-year Relative TSR (covering year one).
- Up to one third of the performance stock units may vest following year two, depending upon the achievement of the performance criteria for year two as well as 2-year Relative TSR (covering years one and two).
- Up to one third of the performance stock units may vest following year three, depending upon the achievement of the performance criteria for year three as well as 3-year Relative TSR (covering years one, two and three).

Additionally, during the nine months ended October 31, 2021, Autodesk granted 0.1 million performance stock units, as part of a program offering certain employees the option to receive equity in lieu of the opportunity to receive an annual cash incentive award. The ultimate number of shares earned is determined based on the achievement of performance criteria at the end of the stated service and performance period. The performance criteria for the performance stock units are based on revenue

and Non-GAAP income from operations targets adopted by the Compensation and Human Resource Committee. The fair value of these performance stock units is expensed using the accelerated attribution method over the one-year vesting period.

Performance stock units are not considered outstanding stock at the time of grant, as the holders of these units are not entitled to any of the rights of a stockholder, including voting rights.

Autodesk recorded stock-based compensation expense related to performance stock units of \$18.1 million and \$8.7 million for the three months ended October 31, 2021 and 2020, respectively. Autodesk recorded stock-based compensation expense related to performance stock units of \$50.1 million and \$26.2 million for the nine months ended October 31, 2021 and 2020, respectively.

#### *Common Stock*

Autodesk agreed to issue a fixed amount of \$4.9 million in common stock at a future date to certain employees in connection with a fiscal 2021 acquisition. Issuance of the common stock is dependent on the respective employees' continued employment through the vesting period. The number of shares to be issued will be determined based on the closing price of Autodesk's common stock at the issuance date. During the three months ended October 31, 2021, Autodesk issued 8,300 shares at an aggregate fair value of \$2.7 million. Remaining shares to be issued are estimated to be 8,000 based on the closing price of Autodesk's common stock on October 29, 2021, the last trading day of the fiscal quarter. The awards are accounted for as liability-classified awards and are recognized as compensation expense using the straight-line method over the vesting period.

Autodesk issued 73,632 shares of restricted common stock to certain employees in connection with a fiscal 2021 acquisition. These shares of restricted common stock are subject to forfeiture by the employee if employment terminates prior to the three-year employment period. The fair value of the restricted common stock is recorded as compensation for post-acquisition services and recognized as expense using the straight-line method over the three-year repurchase period.

Autodesk issued 9,277 shares of restricted common stock to certain employees in connection with a fiscal 2022 acquisition. These shares of restricted common stock were recorded as "Prepaid expenses and other current assets" and "Long-term other assets" on our Condensed Consolidated Balance Sheets and will be amortized to stock-based compensation expense for post-acquisition services using the straight-line method over the two-year vesting period. See Note 8, "Acquisitions," for further discussion.

Autodesk agreed to issue a fixed amount of \$13.1 million in shares of common stock to certain employees in connection with a fiscal 2022 acquisition. Issuance of the common stock is dependent on the respective employees' continued employment through the vesting period. The number of shares to be issued will be determined based on the volume weighted average closing price ("VWAP") of Autodesk's common stock for the ninety consecutive trading day period ending on the release date. Shares to be issued are estimated to be 43,000 based on the VWAP of Autodesk's common stock for the ninety consecutive trading day period ending October 29, 2021, the last trading day of the fiscal quarter. The awards are accrued as liability-classified awards and are recognized as compensation expense using the straight-line method over the vesting period. See Note 8, "Acquisitions," for further discussion.

Autodesk recorded stock-based compensation expense related to common stock shares of \$4.7 million and \$11.6 million for the three and nine months ended October 31, 2021, respectively. Autodesk recorded no stock-based compensation expense related to common stock shares for both the three and nine months ended October 31, 2020.

#### *1998 Employee Qualified Stock Purchase Plan ("ESPP")*

Under Autodesk's ESPP, which was approved by stockholders in 1998, eligible employees may purchase shares of Autodesk's common stock at their discretion using up to 15% of their eligible compensation, subject to certain limitations, at 85% of the lower of Autodesk's closing price (fair market value) on the offering date or the exercise date. The offering period for ESPP awards consists of four, six-month exercise periods within a 24-month offering period.

A summary of the ESPP activity for the three and nine months ended October 31, 2021 and 2020, is as follows:

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2021	2020	2021	2020
Issued shares (in millions)	0.4	0.4	0.9	0.9
Average price of issued shares	\$ 133.00	\$ 122.93	\$ 130.13	\$ 122.73
Weighted average grant date fair value of shares granted under the ESPP (1)	\$ 83.75	\$ 78.26	\$ 84.21	\$ 55.98

(1) Calculated as of the award grant date using the Black-Scholes Merton ("BSM") option pricing model.

#### Stock-based Compensation Expense

The following table summarizes stock-based compensation expense for the three and nine months ended October 31, 2021 and 2020, respectively, as follows:

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2021	2020	2021	2020
Cost of subscription and maintenance revenue	\$ 5.5	\$ 4.5	\$ 18.3	\$ 12.3
Cost of other revenue	2.3	1.6	6.5	4.7
Marketing and sales	60.0	45.4	172.8	129.5
Research and development	56.6	35.4	163.4	103.6
General and administrative	19.3	10.5	51.7	41.4
Stock-based compensation expense related to stock awards and ESPP purchases	143.7	97.4	412.7	291.5
Tax benefit	(26.3)	(2.0)	(46.4)	(2.3)
Stock-based compensation expense related to stock awards and ESPP purchases, net of tax	\$ 117.4	\$ 95.4	\$ 366.3	\$ 289.2

#### Stock-based Compensation Expense Assumptions

Autodesk determines the grant date fair value of its share-based payment awards using a BSM option pricing model or the quoted stock price on the date of grant, unless the awards are subject to market conditions, in which case Autodesk uses a binomial-lattice model (e.g., Monte Carlo simulation model). The Monte Carlo simulation model uses multiple input variables to estimate the probability that market conditions will be achieved. Autodesk uses the following assumptions to estimate the fair value of stock-based awards:

	Three Months Ended October 31, 2021		Three Months Ended October 31, 2020	
	Performance Stock Units	ESPP	Performance Stock Units	ESPP
Range of expected volatility	N/A	29.5 - 36.6%	N/A	41.5 - 45.0%
Range of expected lives (in years)	N/A	0.5 - 2.0	N/A	0.5 - 2.0
Expected dividends	N/A	—%	N/A	—%
Range of risk-free interest rates	N/A	0.1 - 0.2%	N/A	0.1%

  

	Nine Months Ended October 31, 2021		Nine Months Ended October 31, 2020	
	Performance Stock Units	ESPP	Performance Stock Units	ESPP
Range of expected volatilities	36.9%	29.5 - 41.8%	50.7%	39.4 - 45.8%
Range of expected lives (in years)	N/A	0.5 - 2.0	N/A	0.5 - 2.0
Expected dividends	—%	—%	—%	—%
Range of risk-free interest rates	0.1%	0.1 - 0.2%	0.3%	0.1 - 0.5%

Autodesk estimates expected volatility for stock-based awards based on the average of the following two measures: (1) a measure of historical volatility in the trading market for the Company's common stock, and (2) the implied volatility of traded forward call options to purchase shares of the Company's common stock. The expected volatility for performance stock units subject to market conditions includes the expected volatility of Autodesk's peer companies within the S&P North American Technology Software Index with a market capitalization over \$2.0 billion, depending on the award type.

The range of expected lives of ESPP awards are based upon the four six-month exercise periods within a 24-month offering period.

Autodesk does not currently pay, and does not anticipate paying in the foreseeable future, any cash dividends. Consequently, an expected dividend yield of zero is used in the BSM option pricing model and the Monte Carlo simulation model.

The risk-free interest rate used in the BSM option pricing model and the Monte Carlo simulation model for stock-based awards is the historical yield on U.S. Treasury securities with equivalent remaining lives.

Autodesk recognizes expense only for the stock-based awards that ultimately vest. Autodesk accounts for forfeitures of our stock-based awards as those forfeitures occur.

## **7. Income Tax**

Autodesk had income tax expense of \$50.7 million, relative to pre-tax income of \$187.4 million for the three months ended October 31, 2021, and income tax expense of \$23.9 million, relative to pre-tax income of \$156.1 million for the three months ended October 31, 2020. Income tax expense for the three months ended October 31, 2021, reflects an increase in tax expense as a result of the jurisdictional mix of year-to-date earnings. The quarter over quarter comparison also reflects the U.S. valuation allowance release as of January 31, 2021.

Autodesk had income tax expense of \$49.7 million, relative to pre-tax income of \$457.6 million for the nine months ended October 31, 2021, and income tax expense of \$78.7 million, relative to pre-tax income of \$375.6 million for the nine months ended October 31, 2020. Income tax expense for the nine months ended October 31, 2021, reflects a decrease in tax expense due to a discrete tax benefit primarily related to a Supreme Court decision in India on the taxability of software license payments to nonresidents and the associated withholding taxes, offset by an increase in tax expense from jurisdictional mix of year-to-date earnings.

Autodesk regularly assesses the need for a valuation allowance against its deferred tax assets. In making that assessment, Autodesk considers both positive and negative evidence related to the likelihood of realization of the deferred tax assets to determine, based on the weight of available evidence, whether it is more likely than not that some or all of the deferred tax assets will not be realized. We have maintained a valuation allowance on our Netherlands, Canada, California, Michigan and U.S. capital loss deferred tax assets as it is more likely than not that some or all of the deferred tax assets will not be realized.

As of October 31, 2021, the Company had \$204.6 million of gross unrecognized tax benefits, of which \$33.5 million would reduce our valuation allowance, if recognized. The remaining \$171.1 million would impact the effective tax rate, if recognized. It is possible that the amount of unrecognized tax benefits will decrease in the next 12 months for an audit settlement of approximately \$8.0 million.

## **8. Acquisitions**

The results of operations for the following acquisitions are included in the accompanying Condensed Consolidated Statements of Operations since their respective acquisition dates. Pro forma results of operations have not been presented because the effects of these acquisitions were not material to Autodesk's Condensed Consolidated Financial Statements.

During the three months ended October 31, 2021, Autodesk completed one business combination. The acquisition-date fair value of the consideration transferred totaled \$33.5 million, which consisted of \$33.3 million of cash and \$0.2 million of assumed liabilities on behalf of the seller.

### *Upchain*

On May 11, 2021, Autodesk acquired 100% of the outstanding stock of Upchain Inc. ("Upchain"), a cloud-based provider of product lifecycle management and product data management systems, for approximately \$126.7 million in cash and Autodesk will issue a fixed amount of \$13.1 million in common stock at future dates to certain employees in connection with the acquisition for a total consideration of \$139.8 million. Of the total consideration transferred, \$123.6 million is considered purchase consideration. Of the remaining amount, \$13.1 million is accounted for as liability-classified awards and recognized as compensation expense using the straight-line method over the vesting period, and \$3.1 million was recorded as stock-based compensation expense during the fiscal quarter ended July 31, 2021. Issuance of the \$13.1 million fixed value in common

stock is dependent on the respective employees' continued employment and vests 40% and 60% on the first and second anniversaries of the closing date, respectively. The number of shares will be determined based on the VWAP of Autodesk's common stock for the ninety consecutive trading day period ending on the release date. The number of shares is estimated to be 43,000 based on the VWAP of Autodesk's common stock for the ninety consecutive trading day period ending October 29, 2021, the last trading day of the fiscal quarter. See also Note 6, "Equity Compensation".

Autodesk expects to integrate Upchain's unified cloud platform in Autodesk solutions to centralize data management and process management.

#### *Innovyze*

On March 31, 2021, Autodesk acquired all of the outstanding stock of Storm UK Holdco Limited, the parent of Innovyze, Inc. ("Innovyze"), a global leader in water infrastructure software. Innovyze is expected to provide comprehensive water modeling solutions that augment Autodesk's BIM offerings in civil engineering, and is expected to extend Autodesk's presence into operations and maintenance of water infrastructure assets.

The acquisition-date fair value of the consideration transferred totaled \$1,038.1 million, which consisted of \$1,035.5 million of cash and 9,277 shares of Autodesk's restricted common stock at an aggregate fair value of \$2.6 million. Of the total consideration transferred, \$1,035.5 million is considered purchase consideration. The remaining amount of \$2.6 million was recorded in "Prepaid expenses and other current assets" and "Long-term other assets". The 9,277 shares of restricted common stock are subject to forfeiture until the second anniversary of the acquisition closing date. 50% are released from restriction on both the first and second anniversaries subject to continued employment. See also Note 6, "Equity Compensation".

#### *Purchase Price Allocation*

The acquisitions were accounted for as business combinations, and Autodesk recorded the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values at the date of the respective acquisition. The fair values assigned to the identifiable intangible assets acquired were based on estimates and assumptions determined by management. Autodesk recorded the excess of consideration transferred over the aggregate fair values as goodwill. The goodwill recorded was primarily attributable to synergies expected to arise after the respective acquisition. Goodwill of \$86.7 million and \$376.2 million is deductible for U.S. income tax purposes for Upchain and Innovyze, respectively. The transaction costs related to the acquisitions were not material.

The following table summarizes the fair value of the assets acquired and liabilities assumed by major class for the business combinations that were completed during the three and nine months ended October 31, 2021:

	Innovyze (1)	Upchain	Other	Total
Developed technologies	\$ 93.0	\$ 17.6	\$ 9.4	\$ 120.0
Customer relationships	221.0	10.4	—	231.4
Trade name	4.0	0.4	—	4.4
Backlog	0.5	—	—	0.5
Goodwill	764.4	98.3	24.1	886.8
Deferred revenue and long-term deferred revenue	(12.3)	(2.6)	—	(14.9)
Long-term deferred income taxes	(42.4)	(0.7)	—	(43.1)
Net tangible assets	7.3	0.2	—	7.5
Total	\$ 1,035.5	\$ 123.6	\$ 33.5	\$ 1,192.6

(1) During the three and nine months ended October 31, 2021, Autodesk recorded an adjustment to the purchase price of the Innovyze acquisition. This adjustment reduced goodwill and decreased the purchase price by \$2.8 million.

For the business combinations, the allocation of purchase price consideration to certain assets and liabilities as well as the final amount of purchase consideration are not yet finalized. For the items not yet finalized, Autodesk's estimates and assumptions are subject to change within the measurement period (up to one year from the acquisition date). The primary areas of the preliminary purchase price allocation that are not yet finalized are amounts for tax assets and liabilities, deferred revenue, and residual goodwill.

## 9. Intangible Assets, Net

The following tables summarize the Company's intangible assets, net, as of October 31, 2021, and January 31, 2021:

	October 31, 2021		
	Gross Carrying Amount (1)	Accumulated Amortization	Net
Customer relationships	\$ 666.7	\$ (367.8)	\$ 298.9
Developed technologies	829.7	(647.6)	182.1
Trade names and patents	115.9	(98.7)	17.2
Other	0.3	(0.3)	—
Total intangible assets	\$ 1,612.6	\$ (1,114.4)	\$ 498.2

(1) Includes the effects of foreign currency translation.

	January 31, 2021		
	Gross Carrying Amount (1)	Accumulated Amortization	Net
Customer relationships	\$ 437.3	\$ (345.1)	\$ 92.2
Developed technologies	698.4	(609.8)	88.6
Trade names and patents	111.5	(93.0)	18.5
Total intangible assets	\$ 1,247.2	\$ (1,047.9)	\$ 199.3

(1) Includes the effects of foreign currency translation.

## 10. Cloud Computing Arrangements

Autodesk enters into certain cloud-based software hosting arrangements that are accounted for as service contracts. Costs incurred for these arrangements are capitalized for application development activities, if material, and immediately expensed for preliminary project activities and post-implementation activities. Autodesk amortizes the capitalized development costs straight-line over the fixed, non-cancellable term of the associated hosting arrangement plus any reasonably certain renewal periods. The capitalized costs are included in "Prepaid expenses and other current assets" and "Long-term other assets" on our Condensed Consolidated Balance Sheets. Capitalized costs were \$116.5 million and \$72.2 million at October 31, 2021, and January 31, 2021, respectively. Accumulated amortization was \$11.4 million and \$4.9 million at October 31, 2021, and January 31, 2021, respectively. Amortization expense for the three months ended October 31, 2021 and 2020, was \$3.7 million and \$1.0 million, respectively. Amortization expense for the nine months ended October 31, 2021 and 2020, was \$6.5 million and \$2.7 million, respectively.

## 11. Goodwill

Goodwill consists of the excess of the consideration transferred over the fair value of net assets acquired in business combinations. The following table summarizes the changes in the carrying amount of goodwill for the nine months ended October 31, 2021, (in millions):

Balance as of January 31, 2021	\$ 2,855.7
Less: accumulated impairment losses as of January 31, 2021	(149.2)
Net balance as of January 31, 2021	2,706.5
Additions arising from acquisitions during the period	886.8
Effect of foreign currency translation and measurement period adjustments (1)	(14.1)
Balance as of October 31, 2021	\$ 3,579.2

(1) Measurement period adjustments reflect revisions made to the Company's preliminary determination of estimated fair value of assets and liabilities assumed and adjustments to the acquisition purchase price.

Autodesk operates as a single operating segment and single reporting unit. As such, when Autodesk tests goodwill for impairment annually in its fourth fiscal quarter, it is performed on the Company's single reporting unit. Autodesk performs impairment testing more often if circumstances indicate a potential impairment may exist, or if events have affected the composition of reporting units.

When goodwill is assessed for impairment, Autodesk has the option to perform an assessment of qualitative factors of impairment ("optional assessment") prior to necessitating a quantitative impairment test. Should the optional assessment be used for any given fiscal year, qualitative factors to consider include cost factors; financial performance; legal, regulatory, contractual, political, business, or other factors; entity specific factors; industry and market considerations, macroeconomic conditions, and other relevant events and factors affecting the reporting unit. If, after assessing the totality of events or circumstances, it is more likely than not that the fair value of the reporting unit is greater than its carrying value, then performing the quantitative impairment test is unnecessary.

The quantitative impairment test is necessary when either Autodesk does not use the optional assessment or, as a result of the optional assessment, it is not more likely than not that the fair value of the reporting unit is greater than its carrying value. In situations in which an entity's reporting unit is publicly traded, the fair value of the company may be approximated by its market capitalization in performing the quantitative impairment test.

Goodwill impairment exists when the estimated fair value of goodwill is less than its carrying value. If impairment exists, the carrying value of the goodwill is reduced to fair value through an impairment charge recorded in our Condensed Consolidated Statements of Operations. The process of evaluating the potential impairment of goodwill is subjective and requires significant judgment at many points during the analysis. The value of Autodesk's goodwill could also be impacted by future adverse changes such as: (i) declines in Autodesk's actual financial results, (ii) a sustained decline in Autodesk's market capitalization, (iii) a significant slowdown in the worldwide economy or the industries Autodesk serves, or (iv) changes in Autodesk's business strategy.

There was no goodwill impairment during both the three and nine months ended October 31, 2021 and 2020.

## ***12. Deferred Compensation***

At October 31, 2021, Autodesk had investments in debt and equity securities that are held in a rabbi trust under non-qualified deferred compensation plans and a corresponding deferred compensation liability totaling \$96.3 million. Of this amount, \$7.9 million was classified as current and \$88.4 million was classified as non-current in the Condensed Consolidated Balance Sheets. Of the \$81.0 million related to the investments in a rabbi trust as of January 31, 2021, \$7.3 million was classified as current and \$73.7 million was classified as non-current. The current and non-current asset portions of the investments in debt and equity securities that are held in a rabbi trust under non-qualified deferred compensation plans are recorded in the Condensed Consolidated Balance Sheets under "Prepaid expenses and other current assets" and "Long-term other assets," respectively. The current and non-current portions of the liability are recorded in the Condensed Consolidated Balance Sheets under "Accrued compensation" and "Long-term other liabilities," respectively. See Note 1 "Basis of Presentation" for a change in the presentation and immaterial correction of an error on the Condensed Consolidated Balance Sheets for investments in debt and equity securities that are held in a rabbi trust.

### *Costs to obtain a contract with a customer*

Sales commissions earned by our internal sales personnel and our reseller partners are considered incremental and recoverable costs of obtaining a contract with a customer. The ending balance of assets recognized from costs to obtain a contract with a customer was \$110.8 million as of October 31, 2021, and \$120.9 million as of January 31, 2021. These assets are recorded in "Prepaid expenses and other current assets" and "Long-term other assets" in the Condensed Consolidated Balance Sheets. Amortization expense related to assets recognized from costs to obtain a contract with a customer was \$29.6 million and \$83.6 million during the three and nine months ended October 31, 2021, respectively. Amortization expense related to assets recognized from costs to obtain a contract with a customer was \$23.8 million and \$70.2 million during the three and nine months ended October 31, 2020, respectively. Autodesk did not recognize any contract cost impairment losses during the three and nine months ended October 31, 2021 and 2020.



### 13. Computer Equipment, Software, Leasehold Improvements, and Furniture, Net

Computer equipment, software, leasehold improvements, and furniture and equipment and the related accumulated depreciation were as follows:

	October 31, 2021	January 31, 2021
Computer hardware, at cost	\$ 133.1	\$ 153.3
Computer software, at cost	55.1	57.9
Leasehold improvements, land and buildings, at cost	343.7	335.9
Furniture and equipment, at cost	98.8	88.4
	630.7	635.5
Less: Accumulated depreciation	(437.1)	(442.7)
Computer hardware, software, leasehold improvements, and furniture and equipment, net	\$ 193.6	\$ 192.8

### 14. Borrowing Arrangements

In October 2021, Autodesk issued \$1.0 billion aggregate principal amount of 2.4% notes due December 15, 2031 ("2021 Notes"). Net of a discount of \$3.0 million and issuance costs of \$9.2 million, Autodesk received net proceeds of \$987.8 million from issuance of the 2021 Notes. Both the discount and issuance costs are being amortized to interest expense over the term of the 2021 Notes using the effective interest method. The 2021 Notes were designated as sustainability bonds, the net proceeds of which are used to fund environmentally and socially responsible projects in the following areas: eco-efficient products, production technologies, and processes, sustainable water and wastewater management, renewable energy & energy efficiency, green buildings, pollution prevention and control, and socioeconomic advancement and empowerment.

In September 2021, the Company entered into an Amended and Restated Credit Agreement (the "Credit Agreement") by and among the Company, the lenders party thereto and Citibank, N.A. ("Citibank"), as administrative agent, which provides for an unsecured revolving loan facility in the aggregate principal amount of \$1.5 billion, with an option to be increased up to \$2.0 billion. The Credit Agreement replaced and terminated the Company's existing \$650.0 million Amended and Restated Credit Agreement, with an option to be increased up to \$1.0 billion, dated as of December 17, 2018, among the Company, the lenders party thereto and Citibank, N.A., as administrative agent. The revolving credit facility is available for working capital or other business needs. The Credit Agreement contains customary covenants that could, among other things, restrict the imposition of liens on Autodesk's assets, and restrict Autodesk's ability to incur additional indebtedness or make dispositions of assets if Autodesk fails to maintain compliance with the financial covenants. The Credit Agreement requires the Company to maintain a maximum leverage ratio of Consolidated Covenant Debt to Consolidated EBITDA (each as defined in the Credit Agreement) no greater than 3.50:1.00 during the term of the credit facility, subject to adjustment following the consummation of certain acquisitions up to 4.00:1.00 for up to four consecutive fiscal quarters. At October 31, 2021, Autodesk was in compliance with the Credit Agreement covenants. Revolving loans under the Credit Agreement will bear interest, at the Company's option, at either (i) a per annum rate equal to the Base Rate (as defined in the Credit Agreement) plus a margin of between 0.000% and 0.375%, depending on the Company's Public Debt Rating (as defined in the Credit Agreement), or (ii) a per annum rate equal to the rate at which dollar deposits are offered in the London interbank market, plus a margin of between 0.785% and 1.375%, depending on Company's Public Debt Rating. The Credit Agreement includes customary provisions to provide for the eventual replacement of LIBOR as a benchmark interest rate. The interest rates for the revolving credit facility are subject to upward or downward adjustments, on an annual basis, if the Company achieves, or fails to achieve, certain sustainability-linked targets based on two key performance indicator metrics: (i) the amount of scope 1 and 2 greenhouse gas emissions from the global operations of the Company and its subsidiaries during a fiscal year less qualified emissions reduction instruments and (ii) the percentage of employees of the Company and its subsidiaries identifying as female working in technical roles. The maturity date on the Credit Agreement is September 30, 2026. At October 31, 2021, Autodesk had no outstanding borrowings under the Credit Agreement.

In January 2020, Autodesk issued \$500.0 million aggregate principal amount of 2.85% notes due January 15, 2030 ("2020 Notes"). Net of a discount of \$1.1 million and issuance costs of \$4.8 million, Autodesk received net proceeds of \$494.1 million from issuance of the 2020 Notes. Both the discount and issuance costs are being amortized to interest expense over the term of the 2020 Notes using the effective interest method. The proceeds of the 2020 Notes were used for the repayment of the \$450.0 million 2015 Notes, as defined below, and the remainder is available for general corporate purposes.

In June 2017, Autodesk issued \$500.0 million aggregate principal amount of 3.5% notes due June 15, 2027 (the “2017 Notes”). Net of a discount of \$3.1 million and issuance costs of \$4.9 million, Autodesk received net proceeds of \$492.0 million from issuance of the 2017 Notes. Both the discount and issuance costs are being amortized to interest expense over the term of the 2017 Notes using the effective interest method. The proceeds of the 2017 Notes have been used for the repayment of \$400.0 million of debt due December 15, 2017, and the remainder is available for general corporate purposes.

In June 2015, Autodesk issued \$300.0 million aggregate principal amount of 4.375% notes due June 15, 2025 (“2015 Notes”). Net of a discount of \$1.1 million, and issuance costs of \$2.5 million, Autodesk received net proceeds of \$296.4 million from issuance of the 2015 Notes. Both the discount and issuance costs are being amortized to interest expense over the respective term of the 2015 Notes using the effective interest method. The proceeds of the 2015 Notes are available for general corporate purposes.

In December 2012, Autodesk issued \$350.0 million aggregate principal amount of 3.6% notes due December 15, 2022 (“2012 Notes”). Autodesk received net proceeds of \$346.7 million from issuance of the 2012 Notes, net of a discount of \$0.5 million and issuance costs of \$2.8 million. Both the discount and issuance costs are being amortized to interest expense over the respective terms of the 2012 Notes using the effective interest method. The proceeds of the 2012 Notes are available for general corporate purposes.

The 2021 Notes, 2020 Notes, 2017 Notes, 2015 Notes and the 2012 Notes may all be redeemed at any time, subject to a make whole premium. In addition, upon the occurrence of certain change of control triggering events, Autodesk may be required to repurchase all the aforementioned notes, at a price equal to 101% of their principal amount, plus accrued and unpaid interest to the date of repurchase. All notes contain restrictive covenants that limit Autodesk’s ability to create certain liens, to enter into certain sale and leaseback transactions and to consolidate or merge with, or convey, transfer, or lease all or substantially all of its assets, subject to important qualifications and exceptions.

Based on the quoted market prices, the approximate fair value of the notes as of October 31, 2021, were as follows:

	Aggregate Principal Amount	Fair value
2012 Notes	\$ 350.0	\$ 358.4
2015 Notes	300.0	329.4
2017 Notes	500.0	546.8
2020 Notes	500.0	519.6
2021 Notes	1,000.0	987.1

The expected future principal payments for all borrowings as of October 31, 2021, were as follows (in millions):

Fiscal year ending	
2022 (remainder)	\$ —
2023	350.0
2024	—
2025	—
2026	300.0
Thereafter	2,000.0
Total principal outstanding	<u>\$ 2,650.0</u>

## 15. Leases

Autodesk has operating leases for real estate, vehicles, and certain equipment. Leases have remaining lease terms of less than 1 year to 68 years, some of which include options to extend the lease with renewal terms from 1 year to 10 years and some of which include options to terminate the leases from less than 1 year to 9 years. Options to extend or terminate the lease are considered in determining the lease term when it is reasonably certain that the option will be exercised. Payments under our lease arrangements are primarily fixed; however, certain lease agreements contain variable payments, which are expensed as incurred and not included in the operating lease assets and liabilities. These amounts include payments affected by the Consumer Price Index, payments for common area maintenance that are subject to annual reconciliation, and payments for

maintenance and utilities. The Company's leases do not contain residual value guarantees or material restrictive covenants. Short-term leases are recognized in the Condensed Consolidated Statements of Operations on a straight-line basis over the lease term. Short-term lease expense was not material for the periods presented. Changes in operating lease right-of-use assets and operating lease liabilities are presented net in the "accounts payable and other liabilities" line in the Condensed Consolidated Statements of Cash Flows.

The components of lease cost were as follows:

Three Months Ended October 31, 2021						
	Cost of subscription and maintenance revenue	Cost of other revenue	Marketing and sales	Research and development	General and administrative	Total
Operating lease cost	\$ 2.1	\$ 0.6	\$ 11.0	\$ 7.4	\$ 3.7	\$ 24.8
Variable lease cost	0.5	0.1	3.0	2.1	1.0	6.7

  

Nine Months Ended October 31, 2021						
	Cost of subscription and maintenance revenue	Cost of other revenue	Marketing and sales	Research and development	General and administrative	Total
Operating lease cost	\$ 6.1	\$ 1.6	\$ 32.5	\$ 23.1	\$ 11.0	\$ 74.3
Variable lease cost	1.3	0.4	7.2	5.2	2.4	16.5

  

Three Months Ended October 31, 2020						
	Cost of subscription and maintenance revenue	Cost of other revenue	Marketing and sales	Research and development	General and administrative	Total
Operating lease cost	\$ 1.9	\$ 0.6	\$ 11.9	\$ 8.6	\$ 2.9	\$ 25.9
Variable lease cost	0.2	0.1	1.5	1.0	0.4	3.2

  

Nine Months Ended October 31, 2020						
	Cost of subscription and maintenance revenue	Cost of other revenue	Marketing and sales	Research and development	General and administrative	Total
Operating lease cost	\$ 5.6	\$ 1.7	\$ 34.0	\$ 24.3	\$ 10.5	\$ 76.1
Variable lease cost	0.6	0.2	4.0	2.8	1.3	8.9

Supplemental operating cash flow information related to leases is as follows:

Nine Months Ended October 31,		
	2021	2020
Cash paid for operating leases included in operating cash flows (1)	\$ 84.4	\$ 74.7
Non-cash operating lease liabilities arising from obtaining operating lease right-of-use assets	12.2	50.8

(1) Includes \$16.5 million and \$8.9 million in variable lease payments for the nine months ended October 31, 2021 and 2020, respectively, not included in "Operating lease liabilities" and "Long-term operating lease liabilities" on the Condensed Consolidated Balance Sheets.

The weighted average remaining lease term for operating leases is 6.9 and 7.3 years at October 31, 2021, and January 31, 2021, respectively. The weighted average discount rate was 2.59% and 2.69% at October 31, 2021, and January 31, 2021, respectively.

Maturities of operating lease liabilities were as follows:

Fiscal year ending		
2022 (remainder)	\$	21.8
2023		99.1
2024		81.6
2025		60.7
2026		45.9
Thereafter		148.2
		457.3
Less imputed interest		34.6
Present value of operating lease liabilities	\$	422.7

As of October 31, 2021, Autodesk had additional operating lease minimum lease payments of \$21.4 million for executed leases that have not yet commenced, primarily for office locations.

## 16. Commitments and Contingencies

### *Guarantees and Indemnifications*

In the normal course of business, Autodesk provides indemnifications of varying scopes, including limited product warranties and indemnification of customers against claims of intellectual property infringement made by third parties arising from the use of its products or services. Autodesk accrues for known indemnification issues if a loss is probable and can be reasonably estimated. Historically, costs related to these indemnifications have not been significant, and because potential future costs are highly variable, Autodesk is unable to estimate the maximum potential impact of these indemnifications on its future results of operations.

In connection with the purchase, sale, or license of assets or businesses with third parties, Autodesk has entered into or assumed customary indemnification agreements related to the assets or businesses purchased, sold, or licensed. Historically, costs related to these indemnifications have not been significant, and because potential future costs are highly variable, Autodesk is unable to estimate the maximum potential impact of these indemnifications on its future results of operations.

As permitted under Delaware law, Autodesk has agreements whereby it indemnifies its officers and directors for certain events or occurrences while the officer or director is, or was, serving at Autodesk's request in such capacity. The maximum potential amount of future payments Autodesk could be required to make under these indemnification agreements is unlimited; however, Autodesk has directors' and officers' liability insurance coverage that is intended to reduce its financial exposure and may enable Autodesk to recover a portion of any future amounts paid. Autodesk believes the estimated fair value of these indemnification agreements in excess of applicable insurance coverage is minimal.

### *Legal Proceedings*

Autodesk is involved in a variety of claims, suits, investigations, inquiries, and proceedings in the normal course of business including claims of alleged infringement of intellectual property rights, commercial, employment, tax, prosecution of unauthorized use, business practices, and other matters. Autodesk routinely reviews the status of each significant matter and assesses its potential financial exposure. If the potential loss from any matter is considered probable and the amount can be reasonably estimated, Autodesk records a liability for the estimated loss. Because of inherent uncertainties related to these legal matters, Autodesk bases its loss accruals on the best information available at the time. As additional information becomes available, Autodesk reassesses its potential liability and may revise its estimates. In the Company's opinion, resolution of pending matters is not expected to have a material adverse impact on its consolidated results of operations, cash flows, or its financial position. Given the unpredictable nature of legal proceedings, there is a reasonable possibility that an unfavorable resolution of one or more such proceedings could in the future materially affect the Company's results of operations, cash flows, or financial position in a particular period, however, based on the information known by the Company as of the date of this filing and the rules and regulations applicable to the preparation of the Company's financial statements, any such amount is either immaterial or it is not possible to provide an estimated amount of any such potential loss.

## 17. Stockholders' Equity

Changes in stockholders' equity by component, net of tax, as of October 31, 2021, are as follows:

	Common stock and additional paid-in capital		Accumulated other comprehensive loss	Accumulated deficit	Total stockholders' equity
	Shares	Amount			
Balances, January 31, 2021	219.6	\$ 2,578.9	\$ (125.9)	\$ (1,487.5)	\$ 965.5
Common shares issued under stock plans	0.9	9.0			9.0
Stock-based compensation expense		114.1			114.1
Post-combination expense related to equity awards assumed		0.1			0.1
Shares issued related to business combination		2.6			2.6
Net income				155.6	155.6
Other comprehensive income			24.2		24.2
Repurchase and retirement of common shares (1)	(0.5)	(65.3)		(77.4)	(142.7)
Balances, April 30, 2021	220.0	2,639.4	(101.7)	(1,409.3)	1,128.4
Common shares issued under stock plans	0.1	(6.5)			(6.5)
Stock-based compensation expense		148.2			148.2
Post-combination expense related to equity awards assumed		0.1			0.1
Net income				115.6	115.6
Other comprehensive loss			(11.7)		(11.7)
Repurchase and retirement of common shares (1)	(0.2)	(0.5)		(45.8)	(46.3)
Balances, July 31, 2021	219.9	2,780.7	(113.4)	(1,339.5)	1,327.8
Common shares issued under stock plans	1.3	(51.4)			(51.4)
Stock-based compensation expense		140.2			140.2
Post-combination expense related to equity awards assumed		(0.1)			(0.1)
Settlement of liability-classified restricted stock units		2.7			2.7
Net income				136.7	136.7
Other comprehensive income			11.0		11.0
Repurchase and retirement of common shares (1)	(1.0)	(50.7)		(236.3)	(287.0)
Balances, October 31, 2021	220.2	\$ 2,821.4	\$ (102.4)	\$ (1,439.1)	\$ 1,279.9

(1) During the three and nine months ended October 31, 2021, Autodesk repurchased 1.0 million and 1.7 million shares at an average repurchase price of \$292.91 and \$286.95 per share, respectively. At October 31, 2021, 10.4 million shares remained available for repurchase under the repurchase program approved by the Board of Directors.

Changes in stockholders' equity (deficit) by component, net of tax, as of October 31, 2020, are as follows:

	Common stock and additional paid-in capital		Accumulated other comprehensive loss	Accumulated deficit	Total stockholders' equity (deficit)
	Shares	Amount			
Balances, January 31, 2020	219.4	\$ 2,317.0	\$ (160.3)	\$ (2,295.8)	\$ (139.1)
Common shares issued under stock plans	1.0	24.3	—	—	24.3
Stock-based compensation expense	—	88.2	—	—	88.2
Settlement of liability-classified restricted stock units	—	28.7	—	—	28.7
Post-combination expense related to equity awards assumed	—	0.1	—	—	0.1
Net income	—	—	—	66.5	66.5
Other comprehensive loss	—	—	(18.8)	—	(18.8)
Repurchase and retirement of common shares (1)	(1.2)	(57.0)	—	(132.0)	(189.0)
Balances, April 30, 2020	219.2	2,401.3	(179.1)	(2,361.3)	(139.1)
Common shares issued under stock plans	0.2	(4.6)	—	—	(4.6)
Stock-based compensation expense	—	95.9	—	—	95.9
Post combination expense related to equity awards assumed	—	0.1	—	—	0.1
Net income	—	—	—	98.2	98.2
Other comprehensive income	—	—	24.6	—	24.6
Repurchase and retirement of common shares (1)	(0.1)	—	—	(7.8)	(7.8)
Balances, July 31, 2020	219.3	2,492.7	(154.5)	(2,270.9)	67.3
Common shares issued under stock plans	1.2	(29.3)	—	—	(29.3)
Stock-based compensation expense	—	97.0	—	—	97.0
Post combination expense related to equity awards assumed	—	0.1	—	—	0.1
Net income	—	—	—	132.2	132.2
Other comprehensive loss	—	—	(1.9)	—	(1.9)
Repurchase and retirement of common shares (1)	(0.8)	(53.4)	—	(142.7)	(196.1)
Balances, October 31, 2020	219.7	\$ 2,507.1	\$ (156.4)	\$ (2,281.4)	\$ 69.3

- (1) During the three and nine months ended October 31, 2020, Autodesk repurchased 0.8 million and 2.1 million shares at an average repurchase price of \$231.26 and \$185.69 per share, respectively. At October 31, 2020, 12.6 million shares remained available for repurchase under the repurchase program approved by the Board of Directors.

## 18. Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss, net of taxes, consisted of the following at October 31, 2021:

	Net Unrealized Gains (Losses) on Derivative Instruments	Net Unrealized Gains on Available-for- Sale Debt Securities	Defined Benefit Pension Components	Foreign Currency Translation Adjustments	Total
Balances, January 31, 2021	\$ (24.1)	\$ 6.4	\$ (21.3)	\$ (86.9)	\$ (125.9)
Other comprehensive income (loss) before reclassifications	30.4	7.1	—	(21.3)	16.2
Pre-tax losses reclassified from accumulated other comprehensive loss	14.6	—	0.3	—	14.9
Tax effects	(6.7)	—	—	(0.9)	(7.6)
Net current period other comprehensive income (loss)	38.3	7.1	0.3	(22.2)	23.5
Balances, October 31, 2021	<u>\$ 14.2</u>	<u>\$ 13.5</u>	<u>\$ (21.0)</u>	<u>\$ (109.1)</u>	<u>\$ (102.4)</u>

Accumulated other comprehensive loss, net of taxes, consisted of the following at October 31, 2020:

	Net Unrealized Gains (Losses) on Derivative Instruments	Net Unrealized Gains on Available-for- Sale Debt Securities	Defined Benefit Pension Components	Foreign Currency Translation Adjustments	Total
Balances, January 31, 2020	\$ 8.4	\$ 4.7	\$ (22.8)	\$ (150.6)	\$ (160.3)
Other comprehensive (loss) income before reclassifications	(8.3)	1.7	—	13.9	7.3
Pre-tax (gains) losses reclassified from accumulated other comprehensive loss	(4.8)	0.1	—	—	(4.7)
Tax effects	1.5	0.1	—	(0.3)	1.3
Net current period other comprehensive (loss) income	(11.6)	1.9	—	13.6	3.9
Balances, October 31, 2020	<u>\$ (3.2)</u>	<u>\$ 6.6</u>	<u>\$ (22.8)</u>	<u>\$ (137.0)</u>	<u>\$ (156.4)</u>

Reclassifications related to gains and losses on available-for-sale debt securities are included in “Interest and other expense, net.” Refer to Note 5, “Financial Instruments,” for the amount and location of reclassifications related to derivative instruments. Reclassifications of the defined benefit pension components of net periodic benefit cost are included in “Interest and other expense, net.”

## 19. Net Income Per Share

Basic net income per share is computed using the weighted average number of shares of common stock outstanding for the period. Diluted net income per share is computed using the weighted average number of shares of common stock outstanding for the period and potentially dilutive common shares, including the effect of restricted stock units, performance share awards, and stock options using the treasury stock method. The following table sets forth the computation of the numerators and denominators used in the basic and diluted net income per share amounts:

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2021	2020	2021	2020
Numerator:				
Net income	\$ 136.7	\$ 132.2	\$ 407.9	\$ 296.9
Denominator:				
Denominator for basic net income per share—weighted average shares	220.0	219.6	219.8	219.4
Effect of dilutive securities	2.5	2.7	2.5	2.7
Denominator for dilutive net income per share	222.5	222.3	222.3	222.1
Basic net income per share	\$ 0.62	\$ 0.60	\$ 1.86	\$ 1.35
Diluted net income per share	\$ 0.61	\$ 0.59	\$ 1.83	\$ 1.34

The computation of diluted net income per share does not include shares that are anti-dilutive under the treasury stock method because their exercise prices are higher than the average market value of Autodesk's stock during the periods. For the three and nine months ended October 31, 2021, there were zero and 0.1 million potentially anti-dilutive shares excluded from the computation of diluted net income per share, respectively. For the three and nine months ended October 31, 2020, there were 0.3 million and 0.2 million potentially anti-dilutive shares excluded from the computation of diluted net income per share, respectively.

## 20. Segments

Autodesk operates in one operating segment and accordingly, all required financial segment information is included in the condensed consolidated financial statements. Operating segments are defined as components of an enterprise for which separate financial information is evaluated regularly by the chief operating decision makers ("CODM") in deciding how to allocate resources and assess performance. Autodesk reports segment information based on the "management" approach. The management approach designates the internal reporting used by management for making decisions, allocating resources, and assessing performance as the source of the Company's reportable segments. The Company's CODM allocates resources and assesses the operating performance of the Company as a whole.

Information regarding Autodesk's long-lived assets by geographic area is as follows:

	October 31, 2021	January 31, 2021
Long-lived assets (1):		
Americas		
U.S.	\$ 391.5	\$ 423.6
Other Americas	26.5	29.5
Total Americas	418.0	453.1
Europe, Middle East, and Africa	100.4	109.7
Asia Pacific	37.0	46.7
Total long-lived assets	\$ 555.4	\$ 609.5

(1) Long-lived assets exclude deferred tax assets, marketable securities, goodwill, and intangible assets.



## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The discussion in our MD&A and elsewhere in this Form 10-Q contains trend analyses and other forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are any statements that look to future events and consist of, among other things, our business strategies, including those discussed in "Strategy," "Overview of the Three and Nine Months Ended October 31, 2021," and in "Results of Operations-Impacts of COVID-19 to Autodesk's Business." Examples of such forward-looking statements may relate to items such as future net revenue, operating expenses, recurring revenue, net revenue retention rate, cash flow, remaining performance obligations, and other future financial results (by product type and geography), the effectiveness of our efforts to successfully manage transitions to new markets; our ability to increase our subscription base; expected market trends, including the growth of cloud and mobile computing; the availability of credit; the effect of unemployment; the effects of global economic conditions, including from an economic downturn or recession in the United States or in other countries around the world; the effects of revenue recognition; the effects of recently issued accounting standards; expected trends in certain financial metrics, including expenses; expectations regarding our cash needs; the effects of fluctuations in exchange rates and our hedging activities on our financial results; our ability to successfully expand adoption of our products; our ability to gain market acceptance of new business and sales initiatives; the impact of past acquisitions, including our integration efforts and expected synergies; the impact of economic volatility and geopolitical activities in certain countries, particularly emerging economy countries; the timing and amount of purchases under our stock buy-back plan; and the effects of potential non-cash charges on our financial results and the resulting effect on our financial results. In addition, forward-looking statements also consist of statements involving expectations regarding product capability and acceptance, statements regarding our liquidity and short-term and long-term cash requirements, as well as statements involving trend analyses and statements including such words as "may," "believe," "could," "anticipate," "would," "might," "plan," "expect," and similar expressions or the negative of these terms or other comparable terminology. These forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q and are subject to business and economic risks. As such, our actual results could differ materially from those set forth in the forward-looking statements as a result of a number of factors, including those set forth below in Part II, Item 1A, "Risk Factors," and in our other reports filed with the U.S. Securities and Exchange Commission. We assume no obligation to update the forward-looking statements to reflect events that occur or circumstances that exist after the date on which they were made, except as required by law.*

**Note: A glossary of terms used in this Form 10-Q appears at the end of this Item 2.**

### Strategy

Autodesk is changing how the world is designed and made. Our technology spans architecture, engineering, construction, product design, manufacturing, media and entertainment, empowering innovators everywhere to solve challenges big and small. From greener buildings to smarter products to more mesmerizing blockbusters, Autodesk technology helps our customers to design and make a better world for all.

Our strategy is to build enduring relationships with customers, delivering innovative technology that provides valuable automation and insight into their design and make process. To drive execution of our strategy, we are focused on three strategic priorities: delivering on the promise of subscription, digitizing the company, and reimaging construction, manufacturing, and production.

We equip and inspire our users with the tailored tools, services, and access they need for success today and tomorrow. At every step, we help users harness the power of data to build upon their ideas and explore new ways of imagining, collaborating, and creating to achieve better outcomes for their customers, for society, and for the world. And because creativity can't flourish in silos, we connect what matters - from steps in a project to collaborators on a unified platform.

Autodesk was founded during the platform transition from mainframe computers and engineering workstations to personal computers. We have developed and sustained a compelling value proposition based upon software for the personal computer. Just as the transition from mainframes to personal computers transformed the industry over 30 years ago, the software industry has undergone a transition from developing and selling perpetual licenses and on-premises products to subscriptions and cloud-enabled technologies.

## *Product Evolution*

We offer subscriptions for individual products and Industry Collections, enterprise business arrangements (“EBAs”), and cloud service offerings (collectively referred to as “subscription plan”). Subscription plans are designed to give our customers more flexibility with how they use our offerings and to attract a broader range of customers, such as project-based users and small businesses.

Our subscription plans currently represent a hybrid of desktop software and cloud functionality, which provides a device-independent, collaborative design workflow for designers and their stakeholders. Our cloud offerings, for example, BIM 360, Fusion 360, Shotgrid (formerly Shotgun), AutoCAD web app, and AutoCAD mobile app, provide tools, including mobile and collaboration capabilities, to streamline design, collaboration, building and manufacturing, and data management processes. We believe that customer adoption of these latest offerings will continue to grow as customers across a range of industries begin to take advantage of the scalable computing power and flexibility provided through these services.

Industry Collections provide our customers with access to a broader selection of Autodesk solutions and services, simplifying the customers’ ability to benefit from a complete set of tools for their industry.

Our strategy includes improving our product functionality and expanding our product offerings through internal development as well as through the acquisition of products, technology, and businesses. Acquisitions often increase the speed at which we can deliver product functionality to our customers; however, they entail cost and integration challenges and may, in certain instances, negatively impact our operating margins. We continually review these factors in making decisions regarding acquisitions. We currently anticipate that we will continue to acquire products, technology, and businesses as compelling opportunities become available.

To support our strategic priority of re-imagining Architecture, Engineering, and Construction (“AEC”), we are strengthening the foundation of our AEC solutions with both organic and inorganic investments. In the fiscal quarter ended April 30, 2021, we acquired Storm UK Holdco Limited, the parent of Innovyze, Inc. (“Innovyze”), which provides water infrastructure software. Combining Innovyze’s hydraulic modeling, simulation, asset performance management and operational analytics solutions with Autodesk’s design and analysis solutions (including Autodesk Civil 3D, Autodesk InfraWorks, and the Autodesk Construction Cloud) enables us to deliver end-to-end, cloud-based solutions for our water infrastructure customers that drive efficiency and sustainability. In fiscal 2021, we acquired Spacemaker which uses cloud-based, artificial intelligence (AI), and generative design to help architects, urban designers, and real estate developers make faster and more informed early-stage design decisions which can help maximize the long-term sustainability and return from property investments. Other acquisitions in fiscal 2021 included solutions that use artificial intelligence and machine learning to extract and process data from project plans and specifications allowing general contractors, subcontractors, and owners to automate workflows such as submittals and project closeout.

In Manufacturing, our strategy is to combine organic and acquired software in existing and adjacent verticals to create end-to-end, cloud-based solutions for our customers that drive efficiency and sustainability. We continue to attract both global manufacturing leaders and disruptive startups with our generative design and cloud-based Fusion 360 that converges the process of design with manufacturing. A fiscal 2021 acquisition included a leading provider of post-processing and machine simulation solutions. In May 2021, we acquired Upchain, an instant-on, cloud-based data management technology that allows product design and manufacturing customers to collaborate in the cloud across their value chains and bring products to market faster.

## *Global Reach*

We sell our products and services globally, through a combination of indirect and direct channels. Our indirect channels include value added resellers, direct market resellers, distributors, computer manufacturers, and other software developers. Our direct channels include internal sales resources dedicated to selling in our largest accounts, our highly specialized solutions, and business transacted through our online Autodesk branded store. See Note 3, “Revenue Recognition” in the Notes to the Condensed Consolidated Financial Statements for further detail on the results of our indirect and direct channel sales for the three and nine months ended October 31, 2021 and 2020.

We anticipate that our channel mix will continue to change as we scale our online Autodesk branded store business and our largest accounts shift towards direct-only business models. However, we expect our indirect channel will continue to transact and support the majority of our customers and revenue. We employ a variety of incentive programs and promotions to align our direct and indirect channels with our business strategies. In addition, we have a worldwide user group organization and we have created online user communities dedicated to the exchange of information related to the use of our products.

One of our key strategies is to maintain an open-architecture design of our software products to facilitate third-party development of complementary products and industry-specific software solutions. This approach enables customers and third parties to customize solutions for a wide variety of highly specific uses. We offer several programs that provide strategic investment funding, technological platforms, user communities, technical support, forums, and events to developers who develop add-on applications for our products. For example, we have established the Autodesk Forge developer platform to support innovators that build solutions to facilitate the development of a single connected ecosystem for the future of how things are designed, made, and used as well as support ideas that push the boundaries of 3D printing.

In addition to the competitive advantages afforded by our technology, our large global network of distributors, resellers, third-party developers, customers, educators, educational institutions, learning partners, and students is a key competitive advantage which has been cultivated over an extensive period. This network of partners and relationships provides us with a broad and deep reach into volume markets around the world. Our distributor and reseller network is extensive and provides our customers with the resources to purchase, deploy, learn, and support our solutions quickly and easily. We have a significant number of registered third-party developers who create products that work well with our solutions and extend them for a variety of specialized applications.

#### *Impact at Autodesk*

Autodesk is committed to advancing a more sustainable, resilient, and equitable world. We don't believe in waiting for progress, we believe in making it. We take action as a business and to support our employees, customers, and communities in our collective opportunity to design and make a better world for all.

We focus our efforts to advance positive outcomes across three primary areas: energy and materials, health and resilience, and work and prosperity. These impact opportunity areas are derived from the UN Sustainable Development Goals ("SDGs") and have been focused through a multi-pronged process to align the top needs of our stakeholders, the important issues of our business, and the areas we are best placed to accelerate positive impact at scale.

These opportunities manifest as outcomes through how our customers leverage our technology to design and make net-zero carbon buildings, resilient infrastructure, more sustainable products, and a thriving workforce. We realize these opportunities in our business through our 100% renewable and net-zero greenhouse gas operations and inclusive culture. We advance these opportunities with industry innovators through collaboration, grants, software donations, and training.

The Autodesk Foundation (the "Foundation"), a privately funded 501(c)(3) charity organization established and solely funded by us, leads our philanthropic efforts. The purpose of the Foundation is twofold: to support employees to make a better world by matching employees' volunteer time and/or donations to nonprofit organizations; and to support organizations and individuals using design to drive positive social and environmental impact. On our behalf, the Foundation also administers a discounted software donation program to nonprofit organizations, social and environmental entrepreneurs, and others who are developing design solutions that will shape a more sustainable future.

Additional information about our environmental, social, and governance program is available in our annual impact report on our website at [www.autodesk.com](http://www.autodesk.com). Information contained on or accessible through our website is not part of or incorporated by reference into this report.

#### *Assumptions Behind Our Strategy*

Our strategy depends upon a number of assumptions, including: making our technology available to mainstream markets; leveraging our large global network of distributors, resellers, third-party developers, customers, educators, educational institutions, learning partners, and students; improving the performance and functionality of our products; and adequately protecting our intellectual property. If the outcome of any of these assumptions differs from our expectations, we may not be able to implement our strategy, which could potentially adversely affect our business. For further discussion regarding these and related risks, see Part II, Item 1A, "Risk Factors."

#### **Critical Accounting Policies and Estimates**

Our Condensed Consolidated Financial Statements are prepared in conformity with U.S. generally accepted accounting principles ("GAAP"). In preparing our Condensed Consolidated Financial Statements, we make assumptions, judgments, and estimates that can have a significant impact on amounts reported in our Condensed Consolidated Financial Statements. We evaluate our estimates and assumptions on an ongoing basis. We base our assumptions, judgments, and estimates on historical

experience and various other factors that we believe to be reasonable under the circumstances. Actual results could differ materially from these estimates under different assumptions or conditions. Our significant accounting policies are described in Note 1, “Business and Summary of Significant Accounting Policies,” in the Notes to Consolidated Financial Statements in our Form 10-K for the fiscal year ended January 31, 2021.

An accounting policy is deemed to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, if different estimates reasonably could have been used, or if changes in the estimate that are reasonably possible could materially impact the financial statements. We highlighted those policies that involve a higher degree of judgment and complexity with further discussion in Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” in our Form 10-K. There have been no material changes to our critical accounting policies and estimates during the three and nine months ended October 31, 2021, as compared to those disclosed in our Form 10-K for the fiscal year ended January 31, 2021. We believe these policies are the most critical to aid in fully understanding and evaluating our financial condition and results of operations.

#### **Overview of the Three and Nine Months Ended October 31, 2021**

- Total net revenue increased 18% and 15% to \$1,125.8 million and \$3,174.8 million for the three and nine months ended October 31, 2021, respectively, compared to the same periods in the prior fiscal year.
- Recurring revenue as a percentage of net revenue was 97% for both the three and nine months ended October 31, 2021, and remained flat as compared to both periods in the prior fiscal year.
- Net revenue retention rate (“NR3”) was within the range of 100% and 110% as of both October 31, 2021 and 2020.
- Deferred revenue was \$3.34 billion, a decrease of 0.5% compared to the fourth quarter in the prior fiscal year.
- Remaining performance obligations (short-term and long-term deferred revenue plus unbilled deferred revenue) (“RPO”) was \$4.23 billion, a decrease of 0.2% compared to the fourth quarter in the prior fiscal year.
- Current remaining performance obligations were \$2.88 billion, an increase of 5% compared to the fourth quarter in the prior fiscal year.

#### *Revenue Analysis*

Net revenue increased during the three and nine months ended October 31, 2021, as compared to the same period in the prior fiscal year, primarily due to the respective 21% and 20% increase in subscription revenue, partially offset by the respective 56% and 65% decrease in maintenance revenue.

For further discussion of the drivers of these results, see below under the heading “Results of Operations.”

We rely significantly upon major distributors and resellers in both the U.S. and international regions, including Tech Data Corporation and its global affiliates (collectively, “Tech Data”) and Ingram Micro Inc. (“Ingram Micro”). Total sales to Tech Data accounted for 37% and 36% of our total net revenue for the three and nine months ended October 31, 2021, respectively, and 37% of our total net revenue for both the three and nine months ended October 31, 2020. During both the three and nine months ended October 31, 2021, Ingram Micro accounted for 9% of Autodesk’s total net revenue. During both the three and nine months ended October 31, 2020, Ingram Micro accounted for 10% of Autodesk’s total net revenue. Our customers through Tech Data and Ingram Micro are the resellers and end users who purchase our software subscriptions and services. Should any of our agreements with Tech Data or Ingram Micro be terminated for any reason, we believe the resellers and end users who currently purchase our products through Tech Data or Ingram Micro would be able to continue to do so under substantially the same terms from one of our many other distributors without substantial disruption to our revenue. Consequently, we believe our business is not substantially dependent on Tech Data or Ingram Micro.

#### *Recurring Revenue and Net Revenue Retention Rate*

In order to help better understand our financial performance we use several key performance metrics including recurring revenue and 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. 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. Please refer to the Glossary of Terms for the definitions of these metrics.

The following table outlines our recurring revenue metric for the three and nine months ended October 31, 2021 and 2020:

(In millions, except percentage data)	Three Months Ended October 31, 2021	Change compared to prior fiscal year		Three Months Ended October 31, 2020
		\$	%	
Recurring revenue (1)	\$ 1,088.3	\$ 164.1	18 %	\$ 924.2
As a percentage of net revenue	97 %	N/A	N/A	97 %

  

	Nine Months Ended October 31, 2021	Change compared to prior fiscal year		Nine Months Ended October 31, 2020
		\$	%	
Recurring Revenue (1)	\$ 3,088.5	\$ 406.8	15 %	\$ 2,681.7
As a percentage of net revenue	97 %	N/A	N/A	97 %

(1) The acquisition of a business may cause variability in the comparison of recurring revenue in this table above and recurring revenue derived from the revenue reported in the Condensed Consolidated Statements of Operations.

NR3 was within the range of 100% and 110% as of both October 31, 2021, and 2020.

#### Foreign Currency Analysis

We generate a significant amount of our revenue in the United States, Japan, Germany, the United Kingdom and Finland.

The following table shows the impact of foreign exchange rate changes on our net revenue and total spend:

	Three Months Ended October 31, 2021			Nine Months Ended October 31, 2021		
	Percent change compared to prior fiscal year	Constant Currency percent change compared to prior fiscal year (1)	Positive/Negative/Neutral impact from foreign exchange rate changes	Percent change compared to prior fiscal year	Constant Currency percent change compared to prior fiscal year (1)	Positive/Negative/Neutral impact from foreign exchange rate changes
Net revenue	18 %	17 %	Positive	15 %	14 %	Positive
Total spend	19 %	18 %	Negative	17 %	15 %	Negative

(1) Please refer to the Glossary of Terms for the definitions of our constant currency growth rates.

Changes in the value of the U.S. dollar may have a significant effect on net revenue, total spend, and income from operations in future periods. We use foreign currency contracts to reduce the exchange rate effect on a portion of the net revenue of certain anticipated transactions but do not attempt to completely mitigate the impact of fluctuations of such foreign currency against the U.S. dollar.

#### Remaining Performance Obligations

RPO represents deferred revenue and contractually stated or committed orders under early renewal and multi-year billing plans for subscription, services, license, and maintenance for which the associated deferred revenue has not yet been recognized. Unbilled deferred revenue is not included as a receivable or deferred revenue on our Condensed Consolidated Balance Sheets. See Note 3, "Revenue Recognition," for more details on Autodesk's performance obligations.

(in millions)	October 31, 2021	January 31, 2021
Deferred revenue	\$ 3,342.9	\$ 3,360.2
Unbilled deferred revenue	888.5	880.5
RPO	\$ 4,231.4	\$ 4,240.7

RPO consisted of the following:

(in millions)

	October 31, 2021	January 31, 2021
Current RPO	\$ 2,877.0	\$ 2,738.0
Non-current RPO	1,354.4	1,502.7
RPO	\$ 4,231.4	\$ 4,240.7

We expect that the amount of RPO will change from quarter to quarter for several reasons, including the specific timing, duration, and size of customer subscription and support agreements, varying billing cycles of such agreements, the specific timing of customer renewals, and foreign currency fluctuations. Historically, we have had increased EBA sales activity in our fourth fiscal quarter and this seasonality may affect the relative value of our billings, RPO, and collections in the fourth and first fiscal quarters.

#### *Balance Sheet and Cash Flow Items*

At October 31, 2021, we had \$1,811.8 million in cash, cash equivalents, and marketable securities. Our cash flow from operations increased to \$808.5 million for the nine months ended October 31, 2021, compared to \$779.6 million for the nine months ended October 31, 2020. We repurchased 1.7 million shares of our common stock for \$476.0 million during the nine months ended October 31, 2021. Comparatively, we repurchased 2.1 million shares of our common stock for \$392.9 million during the nine months ended October 31, 2020. See further discussion regarding the balance sheet and cash flow activities under the heading "Liquidity and Capital Resources."

#### **Results of Operations**

##### *Impacts of COVID-19 to Autodesk's Business*

We are continuing to conduct business during the COVID-19 pandemic with substantial modifications to employee travel, employee work locations, and virtualization, postponement or cancellation of certain sales and marketing events, among other modifications. We will continue to invest in critical areas such as research and development, construction, and digitizing the company to ensure our future success as we come out of the pandemic. We have observed other companies, as well as many governments continuing to take precautionary measures to address COVID-19, and they may take further actions that alter their normal business operations. While government authorities in some geographies are removing or adding COVID-19 related business operations restrictions, we continue to actively monitor the situation and may take further actions that alter our business operations as may be required by federal, state, or local authorities, or that we determine are in the best interests of our employees, customers, partners, suppliers, and stockholders, including in response to outbreaks and variants.

Additionally, the COVID-19 pandemic has spurred changes in the way we work as we move to a more hybrid workforce resulting in an evaluation of our office space needs. Accordingly, we expect to reduce our facilities portfolio worldwide and expect to incur impairments to assets associated with our operating leases for real estate over the next several quarters, which we currently estimate could result in impairment charges that would range up to approximately \$180 million depending on the then-current market conditions. Optimizing our facilities costs will allow us to better deploy capital to further our strategy and drive growth. However, there is no guarantee that we will realize any anticipated benefits to our business, including any cost savings or operational efficiencies, or that our impairment charges would be limited to that amount.

We believe our investment in cloud products and a subscription business model, backed by a strong balance sheet, give us a robust foundation to successfully navigate the economic challenges of COVID-19. However, supply chain disruption and resulting inflationary pressures, a global labor shortage, and the ebb and flow of COVID, including in specific geographies, are currently impacting the pace of our recovery and our outlook. The extent of the impact on our business in fiscal 2022 and beyond will depend on several factors, including the full duration and the extent of the pandemic, including as a result of outbreaks and variants; actions taken by governments, businesses, and consumers in response to the pandemic; speed and timing of economic recovery, including in specific geographies; speed of rollout of COVID-19 vaccines, lifting of restrictions on movement, and normalization of full-time return to work and social events; our billings and renewal rates, including new business close rates, rate of multi-year contracts, pace of closing larger transactions, and new unit volume growth; and effect of the pandemic on margins and cash flow. All of these factors continue to evolve and remain uncertain at this time, and some of these factors are not within our control. Further discussion of the potential impacts of COVID-19 on our business can be found in Part II, Item 1A, "Risk Factors."

## Net Revenue

### *Net Revenue by Income Statement Presentation*

Subscription revenue consists of our term-based product subscriptions, cloud service offerings, and flexible EBAs. Revenue from these arrangements is predominately recognized ratably over the contract term commencing with the date our service is made available to customers and when all other revenue recognition criteria have been satisfied.

Maintenance revenue consists of renewal fees for existing maintenance plan agreements that were initially purchased with a perpetual software license. Under our maintenance plan, customers are eligible to receive unspecified upgrades, when and if available, and technical support. We recognize maintenance revenue ratably over the term of the agreements, which is generally one year.

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.

	Three Months Ended	Change Compared to Prior Fiscal Year			Three Months Ended	
(In millions, except percentages)	October 31, 2021	\$	%		October 31, 2020	Management comments
Net Revenue:						
Subscription	\$ 1,070.7	\$ 186.3	21 %		\$ 884.4	Increase due to growth across subscription types, led by product subscription renewal revenue. Also contributing to the growth was an incr in revenue from EBA offerings.
Maintenance (1)	17.6	(22.2)	(56) %		39.8	
Total subscription and maintenance revenue	1,088.3	164.1	18 %		924.2	
Other	37.5	9.3	33 %		28.2	
	\$ 1,125.8	\$ 173.4	18 %		\$ 952.4	
	Nine Months Ended	Change compared to prior fiscal year			Nine Months Ended	
	October 31, 2021	\$	%		October 31, 2020	Management Comments
Net Revenue:						
Subscription	\$ 3,034.9	\$ 506.3	20 %		\$ 2,528.6	Increase due to growth across subscription types, led by product subscription renewal revenue. Also contributing to the growth was an incr in revenue from EBA offerings.
Maintenance (1)	53.6	(99.5)	(65) %		153.1	
Total subscription and maintenance revenue	3,088.5	406.8	15 %		2,681.7	
Other	86.3	16.8	24 %		69.5	
	\$ 3,174.8	\$ 423.6	15 %		\$ 2,751.2	

- (1) We expect maintenance revenue will slowly decline; however, the rate of decline will vary based on the number of renewals, the renewal rate, and our ability to incentivize maintenance plan customers to transition to subscription plan offerings.

### 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	Change compared to prior fiscal year			Three Months Ended	Management comments
	October 31, 2021	\$	%		October 31, 2020	
Net Revenue by Product Family:						
AEC	\$ 511.1	\$ 91.7	22 %		\$ 419.4	Increase due to growth in revenue from AEC Collections, EBAs, Revit and Innovyze.
AutoCAD and AutoCAD LT	318.4	39.6	14 %		278.8	Increase due to growth in revenue from both AutoCAD LT and AutoCAD.
MFG	225.0	30.9	16 %		194.1	Increase due to growth in revenue from EBAs, Fusion360, and MFG Collections.
M&E	63.0	9.0	17 %		54.0	Increase due to growth in revenue from ShotGrid, Maya, and 3DS Max.
Other	8.3	2.2	36 %		6.1	
Total Net Revenue	<u>\$ 1,125.8</u>	<u>\$ 173.4</u>	<u>18 %</u>		<u>\$ 952.4</u>	
	Nine Months Ended	Change compared to prior fiscal year			Nine Months Ended	
	October 31, 2021	\$	%		October 31, 2020	
Net Revenue by Product Family:						
AEC	\$ 1,432.4	\$ 233.3	19 %		\$ 1,199.1	Increase due to growth in revenue from AEC Collections, EBAs, Innovyze, and Revit.
AutoCAD and AutoCAD LT	907.9	95.0	12 %		812.9	Increase due to growth in revenue from both AutoCAD LT and AutoCAD.
MFG	630.0	67.5	12 %		562.5	Increase due to growth in revenue from EBAs, Fusion360, and MFG Collections.
M&E	176.5	16.6	10 %		159.9	Increase due to growth in revenue from Maya, ShotGrid, and M&E Collections.
Other	28.0	11.2	67 %		16.8	
Total Net Revenue	<u>\$ 3,174.8</u>	<u>\$ 423.6</u>	<u>15 %</u>		<u>\$ 2,751.2</u>	



Net Revenue by Geographic Area

		Change compared to prior fiscal year		Constant currency change compared to prior fiscal year		Three Months Ended October 31, 2020
(In millions, except percentages)	Three Months Ended October 31, 2021	\$	%	%		
Net Revenue:						
Americas						
U.S.	\$ 383.2	\$ 54.7	17 %	*		\$ 328.5
Other Americas	78.7	14.3	22 %	*		64.4
Total Americas	461.9	69	18 %	17 %		392.9
EMEA	433.2	68.9	19 %	16 %		364.3
APAC	230.7	35.5	18 %	17 %		195.2
Total Net Revenue	\$ 1,125.8	\$ 173.4	18 %	17 %		\$ 952.4
Emerging Economies	\$ 139.7	\$ 24.8	22 %	20 %		\$ 114.9
		Change compared to prior fiscal year		Constant currency change compared to prior fiscal year		Nine Months Ended October 31, 2020
(In millions, except percentages)	Nine Months Ended October 31, 2021	\$	%	%		
Net Revenue:						
Americas						
U.S.	\$ 1,054.5	\$ 115.9	12 %	*		\$ 938.6
Other Americas	221.9	33.9	18 %	*		188.0
Total Americas	1,276.4	149.8	13 %	13 %		1,126.6
EMEA	1,225.9	162.1	15 %	12 %		1,063.8
APAC	672.5	111.7	20 %	18 %		560.8
Total Net Revenue	\$ 3,174.8	\$ 423.6	15 %	14 %		\$ 2,751.2
Emerging Economies	\$ 393.6	\$ 53.6	16 %	15 %		\$ 340.0

\* Constant currency data not provided at this level.

We believe that international revenue will continue to comprise a majority of our net revenue. Unfavorable economic conditions in the countries that contribute a significant portion of our net revenue, including in emerging economies such as Brazil, Russia, India, and China, and including as a result of the COVID-19 pandemic, may have an adverse effect on our business in those countries and our overall financial performance. Changes in the value of the U.S. dollar relative to other currencies have significantly affected, and could continue to significantly affect, our financial results for a given period even though we hedge a portion of our current and projected revenue. Increases to the levels of political and economic unpredictability or protectionism in the global market may impact our future financial results.

### Net Revenue by Sales Channel

	Three Months Ended	Change compared to prior fiscal year		Three Months Ended	
(In millions, except percentages)	October 31, 2021	\$	%	October 31, 2020	Management Comments
Net Revenue by Sales Channel:					
Indirect	\$ 729.3	\$ 73.1	11 %	\$ 656.2	Increase due to growth in subscription revenue.
Direct	396.5	100.3	34 %	296.2	Increase due to an increase in EBAs and our online Autodesk branded store.
Total Net Revenue	<u>\$ 1,125.8</u>	<u>\$ 173.4</u>	18 %	<u>\$ 952.4</u>	
	Nine Months Ended	Change compared to prior fiscal year		Nine Months Ended	
(In millions, except percentages)	October 31, 2021	\$	%	October 31, 2020	Management Comments
Net Revenue by Sales Channel:					
Indirect	\$ 2,092.8	\$ 173.9	9 %	\$ 1,918.9	Increase due to growth in subscription revenue.
Direct	1,082.0	249.7	30 %	832.3	Increase due to an increase in EBAs and our online Autodesk branded store.
Total Net Revenue	<u>\$ 3,174.8</u>	<u>\$ 423.6</u>	15 %	<u>\$ 2,751.2</u>	

### Net Revenue by Product Type

	Three Months Ended October 31, 2021	Change compared to prior fiscal year		Three Months Ended October 31, 2020	Management Comments
(In millions, except percentages)		\$	%		
Net Revenue by Product Type:					
Design	\$ 994.4	\$ 146.7	17 %	\$ 847.7	Increase due to growth in EBA offerings, AEC & MFG collections, AutoCAD LT, and AutoCAD Family.
Make	93.9	17.4	23 %	76.5	Increase primarily due to growth in revenue from BIM Family, Fusion 360, and Plangrid products.
Other	37.5	9.3	33 %	28.2	
Total Net Revenue	<u>\$ 1,125.8</u>	<u>\$ 173.4</u>	18 %	<u>\$ 952.4</u>	
	Nine Months Ended October 31, 2021	Change compared to prior fiscal year		Nine Months Ended October 31, 2020	Management Comments
(In millions, except percentages)		\$	%		
Net Revenue:					
Design	\$ 2,823.5	\$ 356.7	14 %	\$ 2,466.8	Increase due to growth in EBA offerings, AEC & MFG collections, AutoCAD LT, and AutoCAD Family.
Make	265.0	50.1	23 %	214.9	Increase primarily due to growth in revenue from BIM Family, Fusion 360, and Plangrid products.
Other	86.3	16.8	24 %	69.5	
Total Net Revenue	<u>\$ 3,174.8</u>	<u>\$ 423.6</u>	15 %	<u>\$ 2,751.2</u>	

## Cost of Revenue and Operating Expenses

Cost of subscription and maintenance revenue includes the labor costs of providing product support to our subscription and maintenance customers, SaaS vendor costs and allocated IT costs, facilities costs, professional services fees related to operating our network and cloud infrastructure, royalties, depreciation expense and operating lease payments associated with computer equipment, data center costs, salaries, related expenses of network operations, stock-based compensation expense, and gains and losses on our operating expense cash flow hedges.

Cost of other revenue includes labor costs associated with product setup, costs of consulting and training services contracts, and collaborative project management services contracts. Cost of other revenue also includes stock-based compensation expense, overhead charges, allocated IT and facilities costs, professional services fees, and gains and losses on our operating expense cash flow hedges.

Cost of revenue, at least over the near term, is affected by labor costs, hosting costs for our cloud offerings, the volume and mix of product sales, fluctuations in consulting costs, amortization of developed technology, new customer support offerings, royalty rates for licensed technology embedded in our products, stock-based compensation expense, and gains and losses on our operating expense cash flow hedges.

Marketing and sales expenses include salaries, bonuses, benefits, and stock-based compensation expense for our marketing and sales employees, the expense of travel, entertainment, and training for such personnel, sales and dealer commissions, and the costs of programs aimed at increasing revenue, such as advertising, trade shows and expositions, and various sales and promotional programs. Marketing and sales expenses also include SaaS vendor costs and allocated IT costs, payment processing fees, the cost of supplies and equipment, gains and losses on our operating expense cash flow hedges, facilities costs, and labor costs associated with sales and order management.

Research and development expenses, which are expensed as incurred, consist primarily of salaries, bonuses, benefits, and stock-based compensation expense for research and development employees, the expense of travel, entertainment, and training for such personnel, professional services such as fees paid to software development firms and independent contractors, SaaS vendor costs and allocated IT costs, gains and losses on our operating expense cash flow hedges, and facilities costs.

General and administrative expenses include salaries, bonuses, benefits, and stock-based compensation expense for our CEO, finance, human resources, and legal employees, as well as professional fees for legal and accounting services, SaaS vendor costs and net IT costs, certain foreign business taxes, gains and losses on our operating expense cash flow hedges, expense of travel, entertainment, and training, facilities costs, acquisition-related costs, and the cost of supplies and equipment.

	Three Months Ended	Change compared to prior fiscal year			Three Months Ended	
(In millions, except percentages)	October 31, 2021	\$	%		October 31, 2020	Management comments
<b>Cost of revenue:</b>						
Subscription and maintenance	\$ 74.8	\$ 14.1	23 %		\$ 60.7	Increase primarily due to an increase in cloud hosting costs and employee-related costs driven by higher headcount as well as an increase in stock-based compensation.
Other	17.7	2.3	15 %		15.4	Increase primarily due to an increase in employee-related costs driven by higher headcount as well as an increase in stock-based compensation.
Amortization of developed technologies	14.6	7.0	92 %		7.6	Increase due to growth in amortization expense from acquired developed technologies as a result of acquisitions in the fourth quarter of fiscal 2021 and second quarter of fiscal 2022.
<b>Total cost of revenue</b>	<b>\$ 107.1</b>	<b>\$ 23.4</b>	<b>28 %</b>		<b>\$ 83.7</b>	
<b>Operating expenses:</b>						
Marketing and sales	\$ 419.4	\$ 60.1	17 %		\$ 359.3	Increase primarily due to an increase in employee-related costs driven by higher headcount, increase in advertisement and promotion costs mainly due to new company branding campaign as well as increase in stock-based compensation.
Research and development	282.1	49.1	21 %		233.0	Increase primarily due to an increase in stock-based compensation as well as an increase in employee-related costs due to higher headcount and an increase in professional fees.

General and administrative	112.8	14.0	14	%	98.8	Increase primarily due to an increase in stock-based compensation as well as an increase in cloud hosting costs and employee-related costs driven by higher headcount.
Amortization of purchased intangibles	11.1	1.5	16	%	9.6	Increase due to growth in amortization expense from acquired intangibles as a result of acquisitions in the fourth quarter of fiscal 2021 and first and second quarter of fiscal 2022.
Total operating expenses	\$ 825.4	\$ 124.7	18	%	\$ 700.7	
	<b>Nine Months Ended</b>	<b>Change compared to prior fiscal year</b>			<b>Nine Months Ended</b>	<b>Management comments</b>
	<b>October 31, 2021</b>	<b>\$</b>	<b>%</b>		<b>October 31, 2020</b>	
Cost of revenue:						
Subscription and maintenance	\$ 219.3	\$ 42.7	24	%	\$ 176.6	Increase primarily due to an increase in cloud hosting costs, employee-related costs driven by higher headcount, as well as an increase in stock-based compensation.
Other	47.6	0.1	0.2	%	47.5	Other cost of revenue remained flat as compared to the prior period.
Amortization of developed technologies	38.4	16.0	71	%	22.4	Increase due to growth in amortization expense from acquired developed technologies result of our acquisitions in the fourth quarter of fiscal 2021 and first and second quarter of fiscal 2022.
Total cost of revenue	\$ 305.3	\$ 58.8	24	%	\$ 246.5	
Operating expenses:						
Marketing and sales	\$ 1,195.3	\$ 143.8	14	%	\$ 1,051.5	Increase primarily due to an increase in employee-related costs driven by higher headcount, an increase in advertisement and promotion costs due to new company branding campaign as well as an increase in stock-based compensation, cloud hosting costs and professional fees.
Research and development	824.5	141.6	21	%	682.9	Increase primarily due to an increase in employee-related costs driven by higher headcount, an increase in stock-based compensation, as well as an increase in professional fees and cloud hosting costs.
General and administrative	344.1	47.3	16	%	296.8	Increase primarily due to an increase in employee-related costs driven by higher headcount, an increase in stock-based compensation and acquisition-related costs, as well as an increase in cloud hosting costs, and professional fees, partially offset by capitalized software costs.
Amortization of purchased intangibles	30.4	1.6	6	%	28.8	Increase due to growth in amortization expense from acquired intangibles as a result of acquisitions in the fourth quarter of fiscal 2021 and first and second quarter of fiscal 2022.
Total operating expenses	\$ 2,394.3	\$ 334.3	16	%	\$ 2,060.0	

The following table highlights our expectation for the absolute dollar change and percent of revenue change between the fourth quarter of fiscal 2022, as compared to the fourth quarter of fiscal 2021:

	<b>Absolute dollar impact</b>	<b>Percent of net revenue impact</b>
Cost of revenue	Increase	Flat
Marketing and sales	Increase	Decrease
Research and development	Increase	Flat
General and administrative	Increase	Flat
Amortization of purchased intangibles	Increase	Flat

## Interest and Other Expense, Net

The following table sets forth the components of interest and other expense, net:

(in millions)	Three Months Ended October 31,		Nine Months Ended October 31,	
	2021	2020	2021	2020
Interest and investment expense, net	\$ (15.8)	\$ (14.6)	\$ (39.2)	\$ (44.9)
Gain (loss) on foreign currency	2.5	(1.0)	3.1	1.9
Gain (loss) on strategic investments	6.5	(0.3)	12.3	(31.2)
Other income	0.9	4.0	6.2	5.1
Interest and other expense, net	<u>\$ (5.9)</u>	<u>\$ (11.9)</u>	<u>\$ (17.6)</u>	<u>\$ (69.1)</u>

Interest and other expense, net, decreased by \$6.0 million and \$51.5 million during the three and nine months ended October 31, 2021, as compared to the same periods in the prior fiscal year. The decrease in the three months ended October 31, 2021, as compared to the same period in the prior fiscal year was primarily due to strategic investment equity securities measurement alternative adjustment gains and mark-to-market gains in the current period, compared to losses in the prior period, and a decrease in other income. The decrease in the nine months ended October 31, 2021, as compared to the same period in the prior fiscal year was primarily due to disposition and mark-to-market gains and a decrease in impairments of strategic investment equity securities in the current period as compared to the prior period and an increase in mark-to-market gains on debt and equity securities held in a rabbi trust under non-qualified deferred compensation plans in the current period compared to the prior period.

Interest expense and investment income fluctuates based on average cash, marketable securities, debt balances, average maturities, and interest rates.

Gains and losses on foreign currency are primarily due to the impact of re-measuring foreign currency transactions and net monetary assets into the functional currency of the corresponding entity. The amount of the gain or loss on foreign currency is driven by the volume of foreign currency transactions and the foreign currency exchange rates for the period.

## Provision for Income Taxes

We account for income taxes and the related accounts under the liability method. Deferred tax liabilities and assets are determined based on the difference between the financial statement and tax bases of assets and liabilities, using enacted rates expected to be in effect during the year in which the basis differences reverse.

We had an income tax expense of \$50.7 million, relative to pre-tax income of \$187.4 million for the three months ended October 31, 2021, and an income tax expense of \$23.9 million, relative to pre-tax income of \$156.1 million for the three months ended October 31, 2020. Income tax expense for the three months ended October 31, 2021, reflects an increase in tax expense as a result of the jurisdictional mix of year-to-date earnings. The quarter over quarter comparison also reflects the U.S. valuation allowance release as of January 31, 2021.

We had an income tax expense of \$49.7 million, relative to pre-tax income of \$457.6 million for the nine months ended October 31, 2021, and an income tax expense of \$78.7 million, relative to pre-tax income of \$375.6 million for the nine months ended October 31, 2020. Income tax expense for the nine months ended October 31, 2021, reflects a decrease in tax expense due to a discrete tax benefit primarily related to a Supreme Court decision in India on the taxability of software license payments to nonresidents and the associated withholding taxes, offset by an increase in tax expense from jurisdictional mix of year-to-date earnings.

We regularly assess the need for a valuation allowance against our deferred tax assets. In making that assessment, we consider both positive and negative evidence related to the likelihood of realization of the deferred tax assets to determine, based on the weight of available evidence, whether it is more likely than not that some or all of the deferred tax assets will not be realized. We have maintained a valuation allowance on our Netherlands, Canada, California, Michigan and U.S. capital loss deferred tax assets as it is more likely than not that some or all of the deferred tax assets will not be realized.

As we continually strive to optimize our overall business model, tax planning strategies may become feasible and prudent allowing us to realize many of the deferred tax assets that are offset by a valuation allowance; therefore, we will continue to evaluate the ability to utilize the deferred tax assets each quarter, both in the U.S. and in foreign jurisdictions, based on all available evidence, both positive and negative.

As of October 31, 2021, we had \$204.6 million of gross unrecognized tax benefits, of which \$33.5 million would reduce our valuation allowance, if recognized. The remaining \$171.1 million would impact the effective tax rate, if recognized. It is possible that the amount of unrecognized tax benefits will decrease in the next 12 months for an audit settlement of approximately \$8.0 million.

We anticipate that the U.S. Department of Treasury will continue to interpret or issue guidance on how provisions of the U.S. Tax Cuts and Jobs Act ("Tax Act") will be applied or otherwise administered. As future guidance is issued, we may make adjustments to the amounts that we have previously recorded that may materially impact our financial statements.

Our future effective annual tax rate may be materially impacted by the amount of benefits and charges from tax amounts associated with our foreign earnings that are taxed at rates different from the federal statutory rate, changes in valuation allowances, level of profit before tax, accounting for uncertain tax positions, business combinations, closure of statute of limitations or settlement of tax audits, and changes in tax laws including impacts of the Tax Act. A significant amount of our earnings is generated by our Europe and Asia Pacific subsidiaries. Our future effective tax rates may be adversely affected to the extent earnings are lower than anticipated in countries where we have lower statutory tax rates.

On June 29, 2020, California enacted Assembly Bill No. 85, suspending utilization of net operating losses and limiting R&D credits utilization against California taxable income in excess of \$5.0 million for the remaining 2 years. The enactment of this state legislature may result in an increase in California taxes for Autodesk.

## Other Financial Information

In addition to our results determined under GAAP discussed above, we believe the following non-GAAP measures are useful to investors in evaluating our operating performance. For the three and nine months ended October 31, 2021 and 2020, our gross profit, income from operations, operating margin, net income, and diluted net income per share on a GAAP and non-GAAP basis were as follows (in millions except for operating margin and per share data):

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2021	2020	2021	2020
	(Unaudited)			
Gross profit	\$ 1,018.7	\$ 868.7	\$ 2,869.5	\$ 2,504.7
Non-GAAP gross profit	\$ 1,040.2	\$ 882.6	\$ 2,932.2	\$ 2,544.6
Income from operations	\$ 193.3	\$ 168.0	\$ 475.2	\$ 444.7
Non-GAAP income from operations	\$ 365.0	\$ 287.1	\$ 975.8	\$ 797.3
Operating margin	17 %	18 %	15 %	16 %
Non-GAAP operating margin	32 %	30 %	31 %	29 %
Net income	\$ 136.7	\$ 132.2	\$ 407.9	\$ 296.9
Non-GAAP net income	\$ 296.1	\$ 231.5	\$ 794.5	\$ 637.9
GAAP diluted net income per share	\$ 0.61	\$ 0.59	\$ 1.83	\$ 1.34
Non-GAAP diluted net income per share	\$ 1.33	\$ 1.04	\$ 3.57	\$ 2.87

For our internal budgeting and resource allocation process and as a means to provide consistency in 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 reported financial results. We also 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 benefits, credits, 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 included above 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 below, and not to rely on any single financial measure to evaluate our business.

#### Reconciliation of GAAP Financial Measures to Non-GAAP Financial Measures

(In millions except for operating margin and per share data):

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2021	2020	2021	2020
	(Unaudited)			
Gross profit	\$ 1,018.7	\$ 868.7	\$ 2,869.5	\$ 2,504.7
Stock-based compensation expense	7.8	6.1	24.8	17.0
Amortization of developed technologies	13.5	7.6	37.3	22.4
Acquisition-related costs	0.2	0.2	0.6	0.5
Non-GAAP gross profit	<u>\$ 1,040.2</u>	<u>\$ 882.6</u>	<u>\$ 2,932.2</u>	<u>\$ 2,544.6</u>
Income from operations	\$ 193.3	\$ 168.0	\$ 475.2	\$ 444.7
Stock-based compensation expense	143.7	97.4	412.7	291.5
Amortization of developed technologies	13.5	7.6	37.3	22.4
Amortization of purchased intangibles	10.8	9.6	30.1	28.8
Acquisition-related costs	3.7	4.5	20.5	9.9
Non-GAAP income from operations	<u>\$ 365.0</u>	<u>\$ 287.1</u>	<u>\$ 975.8</u>	<u>\$ 797.3</u>
Operating margin	17 %	18 %	15 %	16 %
Stock-based compensation expense	13 %	10 %	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)	<u>32 %</u>	<u>30 %</u>	<u>31 %</u>	<u>29 %</u>
Net income	\$ 136.7	\$ 132.2	\$ 407.9	\$ 296.9
Stock-based compensation expense	143.7	97.4	412.7	291.5
Amortization of developed technologies	13.5	7.6	37.3	22.4
Amortization of purchased intangibles	10.8	9.6	30.1	28.8
Acquisition-related costs	3.7	4.5	20.5	9.9
(Gain) loss on strategic investments and dispositions, net	(6.5)	0.3	(12.3)	31.2
Discrete tax (provision) benefit items	(5.4)	3.7	(61.4)	4.8
Income tax effect of non-GAAP adjustments	(0.4)	(23.8)	(40.3)	(47.6)
Non-GAAP net income	<u>\$ 296.1</u>	<u>\$ 231.5</u>	<u>\$ 794.5</u>	<u>\$ 637.9</u>

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2021	2020	2021	2020
	(Unaudited)			
Diluted net income per share	\$ 0.61	\$ 0.59	\$ 1.83	\$ 1.34
Stock-based compensation expense	0.65	0.44	1.86	1.31
Amortization of developed technologies	0.06	0.04	0.17	0.10
Amortization of purchased intangibles	0.05	0.04	0.14	0.13
Acquisition-related costs	0.01	0.02	0.09	0.04
(Gain) loss on strategic investments and dispositions, net	(0.03)	—	(0.06)	0.14
Discrete tax (provision) benefit items	(0.03)	0.02	(0.28)	0.02
Income tax effect of non-GAAP adjustments	0.01	(0.11)	(0.18)	(0.21)
Non-GAAP diluted net income per share	<u>\$ 1.33</u>	<u>\$ 1.04</u>	<u>\$ 3.57</u>	<u>\$ 2.87</u>

(1) Totals may not sum due to rounding.

Our non-GAAP financial measures may exclude the following, as applicable:

*Stock-based compensation expenses.* We exclude stock-based compensation expenses from 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, we believe excluding stock-based compensation expenses allows investors to make meaningful comparisons between our recurring core business operating results and those of other companies.

*Amortization of developed technologies and purchased intangibles.* We incur amortization of acquisition-related developed technologies 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 our 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 our future period revenues as well. Amortization of developed technologies and purchased intangible assets will recur in future periods.

*CEO transition costs.* We exclude 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 our 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 our ongoing operating expenses. We further believe that excluding the CEO transition costs from our non-GAAP results is useful to investors in that it allows for period-over-period comparability.

*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.

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

*Acquisition-related costs.* We exclude 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 our control and unrelated to the continuing operations of the acquired business or our Company. 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. We believe excluding acquisition-related costs facilitates the comparison of our financial results to the Company's historical operating results and to other companies in our industry.



*Loss (gain) on strategic investments and dispositions.* We exclude gains and losses related to our strategic investments and dispositions of strategic investments, purchased intangibles, and businesses from our non-GAAP measures primarily because management finds it useful to exclude these variable gains and losses on these investments and dispositions in assessing our 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. We believe excluding these items is useful to investors because these excluded items do not correlate to the underlying performance of our business and these losses or gains were incurred in connection with strategic investments and dispositions which do not occur regularly.

*Discrete tax provision items.* We exclude the GAAP tax provision, including discrete items, from the non-GAAP measure of net income (loss), and include 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. We believe the exclusion of these discrete tax items provides investors with useful supplemental information about our operational performance.

*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.

*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.

## **Liquidity and Capital Resources**

Our primary source of cash is from the sale of our software and related services. Our primary use of cash is payment of our operating costs, which consist primarily of employee-related expenses, such as compensation and benefits, as well as general operating expenses for marketing, facilities, and overhead costs. Long-term cash requirements for items other than normal operating expenses are anticipated for the following: the acquisition of businesses, software products, or technologies complementary to our business; repayment of debt; common stock repurchases; and capital expenditures, including the purchase and implementation of internal-use software applications.

At October 31, 2021, our principal sources of liquidity were cash, cash equivalents, and marketable securities totaling \$1,811.8 million and net accounts receivable of \$580.3 million.

In September 2021, Autodesk entered into an amended and restated credit agreement (“Credit Agreement”) by and among Autodesk, the lenders party thereto, and Citibank, N.A., as agent, that provides for a revolving credit facility in the aggregate principal amount of \$1.50 billion with an option to be increased up to \$2.0 billion which increased from an aggregate principal amount of \$650.0 million, with an option to be increased up to \$1.0 billion, under our previous credit agreement. The revolving credit facility is available for working capital or other business needs. The maturity date on the Credit Agreement is September 30, 2026. At October 31, 2021, Autodesk had no outstanding borrowings under the Credit Agreement. Additionally, as of December 3, 2021, we have no amounts outstanding under the Credit Agreement. See Part I, Item 1, Note 14, “Borrowing Arrangements,” in the Notes to Condensed Consolidated Financial Statements for further discussion on our covenant requirements. If we are unable to remain in compliance with the covenants under the Credit Agreement, we will not be able to draw on our revolving credit facility.

As of October 31, 2021, we have \$2.65 billion aggregate principal amount of notes outstanding. See Part I, Item 1, Note 14, “Borrowing Arrangements,” in the Notes to Condensed Consolidated Financial Statements for further discussion.

Our cash and cash equivalents are held by diversified financial institutions globally. Our primary commercial banking relationship is with Citigroup and its global affiliates. In addition, Citibank N.A., an affiliate of Citigroup, is one of the lead lenders and agent in the syndicate of our \$1.50 billion revolving credit facility.

Our cash and cash equivalents balances are concentrated in a few locations around the world, with substantial amounts held outside of the United States. As of October 31, 2021, approximately 32% of our total cash or cash equivalents are located in foreign jurisdictions and that percentage will fluctuate subject to business needs. There are several factors that can impact our ability to utilize foreign cash balances, such as foreign exchange restrictions, foreign regulatory restrictions, or adverse tax costs. The Tax Act included a mandatory one-time tax on accumulated earnings of foreign subsidiaries and generally eliminated U.S. taxes on foreign subsidiary distributions in future periods. As a result, earnings in foreign jurisdictions are generally available for distribution to the United States with little to no incremental U.S. taxes. We regularly review our capital structure and consider a variety of potential financing alternatives and planning strategies to ensure we have the proper liquidity available in the locations in which it is needed. We expect to meet our liquidity needs through or in combination of current cash balances, ongoing cash flows, and external borrowings.

Cash from operations could also be affected by various risks and uncertainties, including, but not limited to, the risks detailed in Part II, Item 1A titled “Risk Factors.” We currently expect to have sufficient liquidity to manage through the COVID-19 pandemic but we will continue to monitor the impact of potential disruptions beyond our control. Based on our current business plan, planned acquisitions, and revenue prospects, we believe that our existing cash and cash equivalents, our anticipated cash flows from operations, and our available revolving credit facility will be sufficient to meet our working capital and operating resource expenditure requirements for at least the next 12 months.

Our revenue, earnings, cash flows, receivables, and payables are subject to fluctuations due to changes in foreign currency exchange rates, for which we have put in place foreign currency contracts as part of our risk management strategy. See Part I, Item 3, “Quantitative and Qualitative Disclosures About Market Risk” for further discussion.

(in millions)	Nine Months Ended October 31,	
	2021	2020
Net cash provided by operating activities	\$ 808.5	\$ 779.6
Net cash used in investing activities	(1,299.0)	(176.7)
Net cash provided by (used in) financing activities	473.3	(844.0)

Net cash provided by operating activities of \$808.5 million for the nine months ended October 31, 2021, primarily consisted of \$407.9 million of our net income adjusted for \$552.2 million non-cash items such as stock-based compensation expense, and depreciation, amortization, and accretion expense. The decrease in cash provided by working capital was primarily due to an increase in prepaid expenses and other assets of \$138.8 million, due to timing of prepaid operating expenses, and a decrease in accounts payable and other liabilities of \$67.4 million, due to the timing of payments related to employee compensation and related costs, offset by a decrease in accounts receivable of \$70.0 million due to the seasonality of our billings in the fourth fiscal quarter and timing of cash collections from customers.

Net cash provided by operating activities of \$779.6 million for the nine months ended October 31, 2020, primarily consisted of \$296.9 million of our net income adjusted for \$445.3 million non-cash items such as stock-based compensation expense, and depreciation, amortization, and accretion expense. The increase in cash provided by changes in working capital was due to a decrease in accounts receivable of \$112.8 million due to the seasonality of our billings in the fourth fiscal quarter and timing of cash collections from customers partially offset by a decrease in deferred revenue of \$78.3 million driven by a decrease in multi-year billings.

Net cash used in investing activities was \$1,299.0 million for the nine months ended October 31, 2021, primarily due to business combinations, net of cash acquired. Net cash used in investing activities was \$176.7 million for the nine months ended October 31, 2020, and was primarily due to purchases of capital expenditures, strategic investments equity securities, and acquisitions, net of cash acquired.

Net cash provided by financing activities was \$473.3 million for the nine months ended October 31, 2021, primarily due to the proceeds from debt issuance, net of discount. These cash inflows were offset in part by repurchases of common stock. Net cash used in financing activities was \$844.0 million for the nine months ended October 31, 2020, primary due to the repayment of debt and the repurchases of common stock. These cash outflows were offset in part by cash proceeds from the issuance of common stock.

## Issuer Purchases of Equity Securities

Autodesk's stock repurchase program provides Autodesk with the ability to offset the dilution from the issuance of stock under our employee stock plans and reduce shares outstanding over time, and has the effect of returning excess cash generated from our business to stockholders. Under the share repurchase program, Autodesk may repurchase shares from time to time in open market transactions, privately negotiated transactions, accelerated share repurchase programs, tender offers, or by other means. The share repurchase program does not have an expiration date and the pace and timing of repurchases will depend on factors such as cash generation from operations, available surplus, the volume of employee stock plan activity, remaining shares available in the authorized pool, cash requirements for acquisitions, economic and market conditions, stock price, and legal and regulatory requirements.

The following table provides information about the repurchase of common stock in open-market transactions during the three months ended October 31, 2021:

<i>(Shares in millions)</i>	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (2)
August 1 - August 31	0.2	\$ 316.51	0.2	11.2
September 1 - September 30	0.5	289.78	0.5	10.7
October 1- October 31	0.3	284.72	0.3	10.4
Total	1.0	\$ 292.91	1.0	

(1) This represents shares purchased in open-market transactions under the stock repurchase plan approved by the Board of Directors.

(2) These amounts correspond to the plan publicly announced and approved by the Board of Directors in September 2016 that authorized the repurchase of 30.0 million shares. The plan does not have a fixed expiration date. See Note 17, "Stockholders' Equity," in the Notes to the Condensed Consolidated Financial Statements for further discussion.

## Off-Balance Sheet Arrangements

As of October 31, 2021, we did not have any significant off-balance sheet arrangements, as defined in Item 303(a)(4)(ii) of Regulation S-K.

## 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.

**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK****Foreign Currency Exchange Risk**

Our revenue, earnings, cash flows, receivables, and payables are subject to fluctuations due to changes in foreign currency exchange rates. Our risk management strategy utilizes foreign currency contracts to manage our exposure to foreign currency volatility that exists as part of our ongoing business operations. We utilize cash flow hedge contracts to reduce the exchange rate impact on a portion of the net revenue or operating expense of certain anticipated transactions. In addition, we use balance sheet hedge contracts to reduce the exchange rate risk associated primarily with foreign currency denominated receivables and payables. As of October 31, 2021, and January 31, 2021, we had open cash flow and balance sheet hedge contracts with future settlements generally within one to 12 months. Contracts were primarily denominated in euros, Japanese yen, British pounds, Canadian dollars, Australian dollars, Singapore dollars, Swiss francs, Swedish krona, and Czech koruna. We do not enter into foreign exchange derivative instruments for trading or speculative purposes.

Our option and foreign exchange forward contracts outstanding as of the respective period-ends are summarized in U.S. dollar equivalents as follows (in millions):

	October 31, 2021		January 31, 2021	
	Notional Amount	Fair Value	Notional Amount	Fair Value
<b>Forward Contracts:</b>				
Purchased	\$ 669.3	\$ 0.8	\$ 686.0	\$ 3.6
Sold	1,099.5	0.3	1,172.1	2.2
<b>Option Contracts:</b>				
Purchased	1,240.1	21.7	1,044.4	5.2
Sold	1,293.7	3.9	1,092.1	(18.6)

We use foreign currency contracts to reduce the exchange rate impact on the net revenue and operating expenses of certain anticipated transactions. A sensitivity analysis performed on our hedging portfolio as of October 31, 2021, indicated that a hypothetical 10% appreciation of the U.S. dollar from its value at October 31, 2021, and January 31, 2021, would increase the fair value of our foreign currency contracts by \$175.6 million and \$118.6 million, respectively. A hypothetical 10% depreciation of the dollar from its value at October 31, 2021, and January 31, 2021, would decrease the fair value of our foreign currency contracts by \$103.9 million and \$149.2 million, respectively.

**Interest Rate Risk**

Interest rate movements affect both the interest income we earn on our short-term investments and the market value of certain longer-term securities. At October 31, 2021, we had \$1.13 billion of cash equivalents and marketable securities. If interest rates were to move up or down by 50 or 100 basis points over a 12-month period, the market value change of these securities would not have a material impact on our results of operations.

**Other Market Risk**

From time to time, we make direct investments in privately held companies. Privately held company investments generally are considered inherently risky. The technologies and products these companies have under development are typically in the early stages and may never materialize, which could result in a loss of all or a substantial part of our initial investment in these companies. The evaluation of privately held companies is based on information that we request from these companies, which is not subject to the same disclosure regulations as U.S. publicly traded companies, and as such, the basis for these evaluations is subject to the timing and accuracy of the data received from these companies. See Note 5, "Financial Instruments," for further discussion regarding these strategic investments.

#### **ITEM 4. CONTROLS AND PROCEDURES**

##### **Evaluation of Disclosure Controls and Procedures**

We maintain “disclosure controls and procedures,” as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Our disclosure controls and procedures are designed to ensure that information required to be disclosed in our Exchange Act reports is (i) recorded, processed, summarized, and reported within the time periods specified in the rules of the Securities and Exchange Commission, and (ii) accumulated and communicated to Autodesk management, including our CEO and CFO, to allow timely decisions regarding required disclosure. We conducted an evaluation, under the supervision and with the participation of our CEO and CFO, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. Based upon this evaluation, our CEO and CFO have concluded that our disclosure controls and procedures were effective to meet the objective for which they were designed and operated at the reasonable assurance level.

Our disclosure controls and procedures include components of our internal control over financial reporting. Our management, including our CEO and CFO, does not expect that our disclosure controls and procedures or our internal control over financial reporting will necessarily prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within Autodesk have been detected.

##### **Changes in Internal Control Over Financial Reporting**

During the three months ended October 31, 2021, we completed the second phase of a multi-year implementation of our new enterprise resource planning (“ERP”) system, which included a digital platform that simplifies order management, reporting, offerings, and go-to-market processes. Accordingly, we have made changes to our internal control processes relating to the new ERP system. There were no additional changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended October 31, 2021, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

We are involved in a variety of claims, suits, investigations, inquiries and proceedings in the normal course of business activities including claims of alleged infringement of intellectual property rights, commercial, employment, tax, prosecution of unauthorized use, business practices, and other matters. In our opinion, resolution of pending matters is not expected to have a material adverse impact on our consolidated results of operations, cash flows, or financial position. Given the unpredictable nature of legal proceedings, there is a reasonable possibility that an unfavorable resolution of one or more such proceedings could in the future materially affect our results of operations, cash flows, or financial position in a particular period; however, based on the information known by us as of the date of this filing and the rules and regulations applicable to the preparation of our financial statements, any such amount is either immaterial or it is not possible to provide an estimated amount of any such potential loss.

### ITEM 1A. RISK FACTORS

We operate in a rapidly changing environment that involves significant risks, a number of which are beyond our control. In addition to the other information contained in this Form 10-Q, the following discussion highlights some of these risks and the possible impact of these factors on our business, financial condition, and future results of operations. If any of the following risks actually occur, our business, financial condition, or results of operations may be adversely impacted, causing the trading price of our common stock to decline. In addition, these risks and uncertainties may impact the forward-looking statements described elsewhere in this Form 10-Q and in the documents incorporated herein by reference. They could affect our actual results of operations, causing them to differ materially from those expressed in forward-looking statements.

#### Summary of Risk Factors

Our business is subject to numerous risks and uncertainties that you should consider before investing in our securities. These risks are described more fully below and include, but are not limited to, risks relating to the following:

- 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 or volatility of the market causing the market price of our stock to decline.
- Social and ethical issues relating to the use of artificial intelligence in our offerings.
- Security 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.
- Our investment portfolio consisting of a variety of investment vehicles that are subject to interest rate trends, market volatility, and other economic factors.

#### Risks Relating to Our Business and Strategy

*Our strategy to develop and introduce new products and services exposes us to risks such as limited customer acceptance, costs related to product defects, and large expenditures, each of which may result in no additional net revenue or decreased net revenue.*

The software industry is characterized by rapid technological changes as well as changes in customer requirements and preferences. In recent years, the industry has undergone a transition from developing and selling perpetual licenses and on-premises products to subscriptions and cloud-enabled technologies. Customers are also reconsidering how they purchase software products, which requires us to constantly evaluate our business model and strategy. In response, we are focused on providing solutions to enable our customers to be more agile and collaborative on their projects. We devote significant resources to the development of new technologies. In addition, we frequently introduce new business models or methods that require a considerable investment of technical and financial resources, such as our introduction of flexible subscription and service offerings and our transition of multi-subscription plans to named-user plans. It is uncertain whether these strategies, including our product and pricing changes, will accurately reflect customer demand or be successful, or whether we will be able to develop the necessary infrastructure and business models more quickly than our competitors. We make such investments through further development and enhancement of our existing products and services, as well as through acquisitions. Such investments may not result in sufficient revenue generation to justify their costs and could result in decreased net revenue or profitability. If we are not able to meet customer requirements, either with respect to our software or the manner in which we provide such products, or if we are not able to adapt our business model to meet our customers' requirements, our business, financial condition, or results of operations may be adversely impacted.

In particular, a critical component of our growth strategy is to have customers of our AutoCAD and AutoCAD LT products, as well as other individual Autodesk products, expand their portfolios to include our other offerings and cloud-based functionality, and we are taking steps to accelerate this migration. At times, sales of our AutoCAD and AutoCAD LT or individual Autodesk flagship products have decreased without a corresponding increase in Industry Collections or cloud-based functionality revenue, or without purchases of customer seats to our Industry Collections. Should this continue, our results of operations will be adversely affected.

Our executive management team must continuously act quickly and with vision, given the rapidly changing customer expectations and technology advancements inherent in the software industry, the extensive and complex efforts required to create useful and widely accepted products, and the rapid evolution of cloud computing, mobile devices, new computing platforms, and other technologies, such as consumer products. Although we have articulated a strategy that we believe will fulfill these challenges, if we fail to execute properly on that strategy or adapt the strategy as market conditions evolve, we may fail to meet our customers' expectations, be unable to compete with our competitors' products and technology, and lose the confidence of our channel partners and employees. This in turn could adversely affect our business and financial performance.

*The effects of the COVID-19 pandemic and related public health measures have affected how we and our customers are operating our respective businesses, and the extent of the impact on our business and results of operations remains uncertain.*

We are continuing to conduct business during the COVID-19 pandemic with substantial modifications to employee travel and work locations, as well as virtualization, postponement, or cancellation of certain sales and marketing events, among other changes. We have observed other companies as well as governments taking precautionary measures to address COVID-19. While government authorities in some geographies are removing COVID-19 related business operations restrictions, we continue to actively monitor the situation and may take further actions to alter our business operations as may be required by federal, state, or local authorities, or that we determine are in the best interests of our employees, customers, partners, suppliers, and stockholders, including in response to outbreaks and variants. The extent of the impact of any such



modifications on our business, including the effects on our customers and prospects, and on our financial results, remains uncertain.

In particular, if we are not able to retain current customers and attract new business, including multi-year contracts, or if customer renewal rates decline or fluctuate, it could have a material adverse effect upon our business and results of operations. During fiscal 2021, we took a number of actions to support our customers, including extending payment terms to 60 days through the beginning of August 2020, offering free commercial use of our cloud collaboration products through June 2020, delaying the transition from multi-user licenses to named-user licenses from May to August 2020 to minimize disruption, and deferring a 20% maintenance price increase from May to August 2020. These actions have affected our cash flow, and if these actions as well as our other sales and marketing activities are not successful in retaining current customers and in closing new business, our business and results of operations could be materially adversely affected.

We will continue to invest in critical areas such as research and development, construction, and digitizing the company to support our future success as we come out of the pandemic. If we are not able to successfully manage our spending and investment, it could have a material adverse effect on our cash balances, business, and results of operations.

Although recent vaccine approvals and rollouts have raised hopes of a turnaround in the COVID-19 pandemic, renewed waves and new variants as well as delays in vaccinations pose risks to recovery and our outlook. In addition, supply chain disruption and resulting inflationary pressures, a global labor shortage, and the ebb and flow of COVID, including in specific geographies, are currently impacting the pace of our recovery and our outlook. Growth may slow if virus outbreaks (including from new variants) prove difficult to contain, infections and deaths mount rapidly before vaccines are widely available, and social distancing measures and/or lockdowns return and are more stringent than anticipated. Moreover, if economic policy support is insufficient or withdrawn before full economic recovery, bankruptcies of viable but illiquid companies could mount, leading to further or renewed employment and income losses and a more protracted recovery. Together, these uncertainties and risks could have a material adverse impact on our financial condition, business and results of operations.

*Global economic and political conditions may further impact our industries, business, and financial results.*

Our overall performance depends largely upon domestic and worldwide economic and political conditions. The United States and other countries' economies have experienced cyclical downturns, in which economic activity was impacted by falling demand for a variety of goods and services, restricted credit, poor liquidity, decreased government spending, reduced corporate profitability, volatility in credit, equity, and foreign exchange markets, bankruptcies, and overall uncertainty. These economic conditions can occur abruptly. For example, the coronavirus (COVID-19) pandemic has caused additional uncertainty in the global economy, and an economic downturn or recession in the United States or in other countries may occur or has already occurred and may continue. The extent to which COVID-19 will impact our financial condition or results of operations is still uncertain and will continue to depend on developments such as the impact on our customers, vendors, distributors, and resellers, such as the supply chain disruption and resulting inflationary pressures and global labor shortage that we have seen recently, as well as other factors, including the full duration and the extent of the pandemic, including as a result of outbreaks and variants; actions taken by governments, businesses, and consumers in response to the pandemic; speed and timing of economic recovery, including in specific geographies; speed of rollout of COVID-19 vaccines, lifting of restrictions on movement, and normalization of full-time return to work and social events; our billings and renewal rates, including new business close rates, rate of multi-year contracts, pace of closing larger transactions, and new unit volume growth; and effect of the pandemic on margins and cash flow. All of these factors continue to evolve and remain uncertain at this time, and some of these factors are not within our control. Due to our subscription-based business model, the effect of COVID-19 may not be fully reflected in our results of operations until future periods, if at all. If economic growth in countries where we do business slows or if such countries experience further economic recessions, customers may delay or reduce technology purchases, which we have seen recently in certain countries including China. Our customers include government entities, including the U.S. federal government, and if spending cuts impede the ability of governments to purchase our products and services, our revenue could decline. In addition, a number of our customers rely, directly and indirectly, on government spending.

As described elsewhere in these risk factors, we are dependent on international revenue and operations and are subject to related risks of conducting business globally. Trends toward nationalism and protectionism and the weakening or dissolution of international trade pacts may increase the cost of, or otherwise interfere with, conducting business. These trends have increased political and economic unpredictability globally and may increase the volatility of global financial markets, and the impact of such developments on the global economy remains uncertain. Political instability or adverse political developments in any of the countries in which we do business could harm our business, results of operations, and financial condition. A financial sector credit crisis could impair credit availability and the financial stability of our customers, including our distribution partners and channels. A disruption in the financial markets may also have an effect on our derivative counter-parties and could also impair our banking partners, on which we rely for operating cash management. Any of these events could harm our business, results of operations, and financial condition.

*Our business could be adversely impacted by the costs and challenges associated with strategic acquisitions and investments.*

We regularly acquire or invest in businesses, software solutions, and technologies that are complementary to our business through acquisitions, strategic alliances, or equity or debt investments, including several transactions in fiscal 2021. The risks associated with such acquisitions include the difficulty of integrating solutions, operations, and personnel; inheriting liabilities such as intellectual property infringement claims; failure to realize anticipated revenue and cost projections and expected synergies; the requirement to test and assimilate the internal control processes of the acquired business in accordance with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002; and diversion of management's time and attention. In addition, such acquisitions and investments involve other risks such as:

- the inability to retain customers, key employees, vendors, distributors, business partners, and other entities associated with the acquired business;
- the potential that due diligence of the acquired business or solution does not identify significant problems;
- exposure to litigation or other claims in connection with, or inheritance of claims or litigation risk as a result of, an acquisition, including claims from terminated employees, customers, or other third parties;
- the potential for incompatible business cultures;
- significantly higher than anticipated transaction or integration-related costs;
- potential additional exposure to economic, tax, currency, political, legal, and regulatory risks associated with specific countries; and
- the potential impact on relationships with existing customers, vendors, and distributors as business partners as a result of acquiring another business.

We may not be successful in overcoming such risks, and such acquisitions and investments may negatively impact our business. In addition, if we do not complete an announced acquisition transaction or integrate an acquired business successfully and in a timely manner, we may not realize the benefits of the acquisition to the extent anticipated. Acquisitions and investments have in the past and may in the future contribute to fluctuations in our quarterly financial results. These fluctuations could arise from transaction-related costs and charges associated with eliminating redundant expenses or write-offs of impaired assets recorded in connection with acquisitions and investments, and could negatively impact our financial results.

*We are dependent on international revenue and operations, exposing us to significant international regulatory, economic, intellectual property, collections, currency exchange rate, taxation, political, and other risks, which could adversely impact our financial results.*

International net revenue represented 67% and 66% of our net revenue for the nine months ended October 31, 2021 and 2020, respectively. Our international revenue, some of which comes from emerging economies, is subject to economic and political conditions in foreign markets, including those resulting from economic and political conditions in the United States, as well as country-specific conditions related to COVID-19, such as varied speed of recovery in different geographies. For example, we have recently seen a deceleration in growth in certain geographies including China. Our total revenue is also impacted by the relative geographical and country mix of our revenue over time. Our dependency on international revenue makes us much more exposed to global economic and political trends, which can negatively impact our financial results even if our results in the United States are strong for a particular period.

We anticipate that our international operations will continue to account for a significant portion of our net revenue and, as we expand our international development, sales, and marketing expertise, will provide significant support to our overall efforts in countries outside of the United States. Risks inherent in our international operations include:

- economic volatility;
- tariffs, quotas, and other trade barriers and restrictions;
- fluctuating currency exchange rates, including devaluations, currency controls, and inflation, and risks related to any hedging activities we undertake;
- changes in regulatory requirements and practices;
- delays resulting from difficulty in obtaining export licenses for certain technology;
- different purchase patterns as compared to the developed world;
- operating in locations with a higher incidence of corruption and fraudulent business practices, particularly in emerging economies;

- compliance with the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act, and other anti-corruption laws;
- difficulties in staffing and managing foreign sales and development operations;
- local competition;
- longer collection cycles for accounts receivable;
- U.S. and foreign tax law changes and the complexities of tax reporting;
- laws regarding the free flow of data across international borders and management of and access to data and public networks;
- possible future limitations upon foreign-owned businesses;
- increased financial accounting and reporting burdens and complexities;
- inadequate local infrastructure;
- greater difficulty in protecting intellectual property;
- software piracy; and
- other factors beyond our control, including popular uprisings, terrorism, war, natural disasters, and diseases and pandemics, such as COVID-19.

Some of our business partners also have international operations and are subject to the risks described above.

The United Kingdom's exit from the European Union ("Brexit") has exacerbated and may further exacerbate many of the risks and uncertainties described above. The application of the Trade and Cooperation Agreement between the European Union, the European Atomic Energy Community, and the United Kingdom signed in December 2020 (the "TCA"), which took effect January 1, 2021, could have adverse tax, tax treaty, banking, operational, legal, regulatory, or other impacts on our businesses in the region. The withdrawal could also, among other potential outcomes, create currency volatility; disrupt the free movement of goods, services, and people between the United Kingdom and the European Union; and significantly disrupt trade between the United Kingdom and the European Union and other parties. Uncertainty around these and related issues could lead to adverse effects on the United Kingdom economy, the European Union economies, and the other economies in which we operate.

In addition, in recent years, the United States has instituted or proposed changes to foreign trade policy, including the negotiation or termination of trade agreements, the imposition of tariffs on products imported from certain countries, economic sanctions on individuals, corporations, or countries, and other government regulations affecting trade between the United States and other countries in which we do business. New or increased tariffs and other changes in U.S. trade policy could trigger retaliatory actions by affected countries, and certain foreign governments, including the Chinese government, have instituted or considered imposing trade sanctions on certain U.S.-manufactured goods. The escalation of protectionist or retaliatory trade measures in either the United States or any other countries in which we do business, such as a change in tariff structures, export compliance, or other trade policies, may increase the cost of, or otherwise interfere with, the conduct of our business.

Even if we are able to successfully manage the risks of international operations, our business may be adversely affected if our business partners are not able to successfully manage these risks.

*We may not be able to predict subscription renewal rates and their impact on our future revenue and operating results.*

Our customers are not obligated to renew their subscriptions for our offerings, and they may elect not to renew, upgrade, or expand their subscriptions. We cannot assure renewal rates or the mix of subscriptions renewals. Customer renewal rates may decline or fluctuate due to a number of factors, including offering pricing; competitive offerings; customer satisfaction; and reductions in customer spending levels, customer activity, or number of users due to economic downturns, including as a result of the current COVID-19 pandemic, or financial markets uncertainty. If our customers do not renew their subscriptions or if they renew on less favorable terms, our revenues may decline.

*Existing and increased competition and rapidly evolving technological changes may reduce our revenue and profits.*

The software industry has limited barriers to entry, and the availability of computing devices with continually expanding performance at progressively lower prices contributes to the ease of market entry. The industry has undergone a transition from developing and selling perpetual licenses and on-premises products to subscriptions and cloud-enabled technologies. This shift further lowers barriers to entry and poses a disruptive challenge to established software companies. The markets in which we

operate are characterized by vigorous competition, both by entrants with innovative technologies and by consolidation of companies with complementary offerings and technologies. Some of our competitors have greater financial, technical, sales and marketing, and other resources. Furthermore, a reduction in the number and availability of compatible third-party applications or our inability to rapidly adapt to technological and customer preference changes, including those related to cloud computing, mobile devices, and new computing platforms, may adversely affect the sale of our solutions. Because of these and other factors, competitive conditions in the industry are likely to intensify in the future. Increased competition could result in price reductions, reduced net revenue and profit margins, and loss of market share, any of which would likely harm our business.

*Our financial results, key metrics, and other operating metrics fluctuate within each quarter and from quarter to quarter, making our future revenue and financial results difficult to predict.*

Our quarterly financial results, key metrics, and other operating metrics have fluctuated in the past and will continue to do so in the future. These fluctuations could cause our stock price to change significantly or experience declines. We also provide investors with quarterly and annual financial forward-looking guidance that could prove to be inaccurate as a result of these fluctuations. In addition to the other risks described in these risk factors, some of the factors that could cause our financial results, key metrics, and other operating metrics to fluctuate include:

- general market, economic, business, and political conditions in Europe, APAC, and emerging economies, including from an economic downturn or recession in the United States or other countries;
- failure to produce sufficient revenue, billings, subscription, profitability, and cash flow growth, including as a result of the COVID-19 pandemic;
- failure to accurately predict the impact of acquired businesses or to identify and realize the anticipated benefits of acquisitions, and successfully integrate such acquired businesses and technologies;
- potential goodwill impairment charges related to prior acquisitions;
- failure to manage spend;
- changes in billings linearity;
- changes in subscription mix, pricing pressure, or changes in subscription pricing;
- weak or negative growth in one or more of the industries we serve, including AEC, manufacturing, and digital media and entertainment markets;
- the success of new business or sales initiatives;
- security breaches, related reputational harm, and potential financial penalties to customers and government entities;
- restructuring or other accounting charges and unexpected costs or other operating expenses;
- timing of additional investments in our technologies or deployment of our services;
- changes in revenue recognition or other accounting guidelines employed by us and/or established by the Financial Accounting Standards Board, Securities and Exchange Commission, or other rulemaking bodies;
- fluctuations in foreign currency exchange rates and the effectiveness of our hedging activity;
- dependence on and timing of large transactions;
- adjustments arising from ongoing or future tax examinations;
- the ability of governments around the world to adopt fiscal policies, meet their financial and debt obligations, and finance infrastructure projects;
- failure to expand our AutoCAD and AutoCAD LT customer base to related design products and services;
- our ability to rapidly adapt to technological and customer preference changes, including those related to cloud computing, mobile devices, and new computing platforms;
- timing of the introduction of new products by us or our competitors;
- the financial and business condition of our reseller and distribution channels;
- perceived or actual technical or other problems with a product or combination of subscriptions;
- unexpected or negative outcomes of matters and expenses relating to litigation or regulatory inquiries;
- increases in cloud functionality-related expenses;

- timing of releases and retirements of offerings;
- changes in tax laws or tax or accounting rules and regulations, such as increased use of fair value measures;
- changes in sales compensation practices;
- failure to effectively implement and maintain our copyright legalization programs, especially in developing countries;
- renegotiation or termination of royalty or intellectual property arrangements;
- interruptions or terminations in the business of our consultants or third-party developers;
- timing and degree of expected investments in growth and efficiency opportunities;
- failure to achieve continued success in technology advancements;
- catastrophic events, natural disasters, or public health events, such as pandemics and epidemics, including COVID-19;
- regulatory compliance costs; and
- failure to appropriately estimate the scope of services under consulting arrangements.

We have also experienced fluctuations in financial results in interim periods in certain geographic regions due to seasonality or regional economic or political conditions. In particular, our financial results in Europe during our third quarter are usually affected by a slower summer period, and our APAC operations typically experience seasonal slowing in our third and fourth quarters.

Our operating expenses are based in part on our expectations for future revenue and are relatively fixed in the short term. Accordingly, any revenue shortfall below expectations has had, and in the future could have, an immediate and significant adverse effect on our profitability. Greater than anticipated expenses or a failure to maintain rigorous cost controls would also negatively affect profitability.

*We derive a substantial portion of our net revenue from a small number of solutions, including our AutoCAD-based software products and collections, and if these offerings are not successful, our revenue would be adversely affected.*

We derive a substantial portion of our net revenue from sales of subscriptions of a limited number of our offerings, including AutoCAD software, solutions based on AutoCAD, which include our collections that serve specific markets, and products that are interoperable with AutoCAD. Any factor adversely affecting sales of these subscriptions, including the product release cycle, market acceptance, product competition, performance and reliability, reputation, price competition, economic and market conditions, and the availability of third-party applications, would likely harm our financial results. During the nine months ended October 31, 2021 and 2020, combined revenue from our AutoCAD and AutoCAD LT family products, not including collections having AutoCAD or AutoCAD LT as a component, represented 29% and 30% of our total net revenue, respectively.

*From time to time we realign or introduce new business and sales initiatives; if we fail to successfully execute and manage these initiatives, our results of operations could be negatively impacted.*

As part of our effort to accommodate our customers' needs and demands and the rapid evolution of technology, from time to time we evolve our business and sales initiatives, such as realigning our development and marketing organizations, offering software as a service, and realigning our internal resources in an effort to improve efficiency. We may take such actions without clear indications that they will prove successful and, at times, we have been met with short-term challenges in the execution of such initiatives. Market acceptance of any new business or sales initiative is dependent on our ability to match our customers' needs at the right time and price. Often, we have limited prior experience and operating history in these new areas of emphasis. If any of our assumptions about expenses, revenue, or revenue recognition principles from these initiatives proves incorrect, or our attempts to improve efficiency are not successful, our actual results may vary materially from those anticipated, and our financial results will be negatively impacted.

*Net revenue, billings, earnings, cash flow, or subscriptions shortfalls or volatility of the market generally may cause the market price of our stock to decline.*

The market price for our common stock has experienced significant fluctuations and may continue to fluctuate significantly. The market price for our common stock may be affected by a number of factors, including the other risks described in these risk factors and the following:

- shortfalls in our expected financial results, including net revenue, billings, earnings, and cash flow or key performance metrics, such as subscriptions, including as a result of the current COVID-19 pandemic, and how those results compare to securities analyst expectations, including whether those results fail to meet, exceed, or significantly exceed securities analyst expectations;
- quarterly variations in our or our competitors' results of operations;
- general socioeconomic, political, or market conditions, including from an economic downturn or recession in the United States or in other countries;
- changes in forward-looking estimates of future results, how those estimates compare to securities analyst expectations, or changes in recommendations or confusion on the part of analysts and investors about the short- and long-term impact to our business;
- uncertainty about certain governments' abilities to repay debt or effect fiscal policy;
- announcements of new offerings or enhancements by us or our competitors;
- unusual events such as significant acquisitions, divestitures, regulatory actions, and litigation;
- changes in laws, rules, or regulations applicable to our business;
- outstanding debt service obligations; and
- other factors, including factors unrelated to our operating performance, such as instability affecting the economy or the operating performance of our competitors.

Significant changes in the price of our common stock could expose us to costly and time-consuming litigation. Historically, after periods of volatility in the market price of a company's securities, a company becomes more susceptible to securities class action litigation. This type of litigation is often expensive and diverts management's attention and resources.

*As a result of our strategy of partnering with other companies for product development, our product delivery schedules could be adversely affected if we experience difficulties with our product development partners.*

We partner with certain independent firms and contractors to perform some of our product development activities. We believe our partnering strategy allows us to achieve efficiencies in developing new products and maintaining and enhancing existing product offerings. This strategy creates a dependency on independent developers. Independent developers, including those who currently develop solutions for us in the United States and throughout the world, may not be able or willing to provide development support to us in the future. In addition, use of development resources through consulting relationships, particularly in non-U.S. jurisdictions with developing legal systems, may be adversely impacted by, and expose us to risks relating to, evolving employment, export, and intellectual property laws. These risks could, among other things, expose our intellectual property to misappropriation and result in disruptions to product delivery schedules.

*Social and ethical issues relating to the use of artificial intelligence in our offerings may result in reputational harm or liability.*

Social and ethical issues relating to the use of new and evolving technologies such as artificial intelligence ("AI") in our offerings, may result in reputational harm and liability, and may cause us to incur additional research and development costs to resolve such issues. We are increasingly building AI into many of our offerings. As with many innovations, AI presents risks and challenges that could affect its adoption, and therefore our business. AI presents emerging ethical issues and if we enable or offer solutions that draw controversy due to their perceived or actual impact on society, we may experience brand or reputational harm, competitive harm, or legal liability. Potential government regulation in the space of AI ethics may also increase the burden and cost of research and development in this area, subjecting us to brand or reputational harm, competitive harm, or legal liability. Failure to address AI ethics issues by us or others in our industry could undermine public confidence in AI and slow adoption of AI in our products and services.

#### Risks Relating to Our Operations

*Security incidents may compromise the integrity of our or our customers' offerings, services, data, or intellectual property, harm our reputation, damage our competitiveness, create additional liability, and adversely impact our financial results.*

As we digitize Autodesk and use cloud- and web-based technologies to leverage customer data to deliver the total customer experience, we are exposed to increased security risks and the potential for unauthorized access to, or improper use of, our and our customers' information. Like other software offerings and systems, ours are vulnerable to security incidents. We devote resources to maintain the security and integrity of our systems, offerings, services, and applications (online, mobile, and

desktop). We accomplish this by enhancing security features, conducting penetration tests, code hardening, releasing security vulnerability updates, and accelerating our incident response time. We also provide annual information security training to our employees. Despite these efforts, we may not prevent security incidents, and we may face delays or other difficulties in identifying, responding to, or remediating security incidents.

Hackers regularly have targeted our systems, offerings, services, and applications, and we expect them to do so in the future. Security incidents could disrupt the proper functioning of our systems, solutions, or services; cause errors in the output of our customers' work; allow unauthorized access to sensitive data or intellectual property, including proprietary or confidential information of ours or our customers; or cause other destructive outcomes. The risk of a security incident, particularly through cyber attack or cyber intrusion, including by computer hackers, foreign governments, and cyber terrorists, has increased as the number, intensity, and sophistication of attempted attacks and intrusions from around the world have increased. These threats include identity theft, unauthorized access, DNS attacks, wireless network attacks, viruses and worms, advanced persistent threat (APT), application-centric attacks, peer-to-peer attacks, phishing, malicious file uploads, backdoor trojans, and distributed denial of service (DDoS) attacks. For example, in December 2020 it was widely reported that SolarWinds, an information technology company, was the subject of a cyberattack that created security vulnerabilities for thousands of its clients. We identified a compromised SolarWinds server and promptly took steps to contain and remediate the incidents. While we believe that no customer operations or Autodesk products were disrupted as a result of this attack, other, similar attacks could have a significant negative impact on our systems and operations. In addition, third parties may attempt to fraudulently induce our employees, vendors, partners, or users to disclose information to gain access to our data or our users' data and there is the risk of employee, contractor, or vendor error or malfeasance. This existing risk is compounded given the COVID-19 pandemic and the resulting shift to work-from-home arrangements for a large population of employees and contractors. Despite efforts to create security barriers to such threats, it is impossible for us to entirely eliminate these risks.

If any of the foregoing security incidents were to occur or to be perceived to have occurred, our reputation may suffer, our competitive position may be diminished, customers may stop paying for our solutions and services, we could be required to expend significant capital and other resources to evaluate and alleviate the security incident and to try to prevent further or additional incidents, and we could face regulatory inquiry, lawsuits, and potential liability. We could incur significant costs and liabilities, including due to litigation, indemnity obligations, damages for contract breach, penalties for violation of applicable laws or regulations, and costs for remediation and other incentives offered to customers or other business partners in an effort to maintain business relationships after a breach, and our financial performance could be negatively impacted.

We cannot assure you that any limitations of liability provisions in our contracts would be enforceable or adequate or would otherwise protect us from any liabilities or damages with respect to any particular claim relating to a security breach or other security incident. We also cannot be sure that our existing insurance coverage will continue to be available on acceptable terms or will be available in sufficient amounts to cover one or more large claims related to a security breach, or that the insurer will not deny coverage as to any future claim. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have a material adverse effect on our business, including our financial condition, operating results, and reputation.

*We rely on third parties to provide us with a number of operational and technical services; third-party security incidents could expose us to liability, harm our reputation, damage our competitiveness, and adversely impact our financial results.*

We rely on third parties, such as Amazon Web Services, to provide us with operational and technical services. These third parties may have access to our systems, provide hosting services, or otherwise process data about us or our customers, employees, or partners. Any third-party security incident could compromise the integrity or availability of, or result in the theft of, data. In addition, our operations or the operations of our customers or partners could be negatively affected in the event of a security breach, and could be subject to the loss or theft of confidential or proprietary information, including source code. Unauthorized access to data and other confidential or proprietary information may be obtained through break-ins, network breaches by unauthorized parties, employee theft or misuse, or other misconduct. If any of the foregoing were to occur or to be perceived to occur, our reputation may suffer, our competitive position may be diminished, customers may buy fewer of our offerings and services, we could face lawsuits and potential liability, and our financial results could be negatively impacted.

*Delays in service from third-party service providers could expose us to liability, harm our reputation, damage our competitiveness, and adversely impact our financial results.*

From time to time, we may rely on a single or limited number of suppliers, or upon suppliers in a single country, for the provision of services and materials that we use in the operation of our business and production of our solutions. Inability of such third parties to satisfy our requirements could disrupt our operations or make it more difficult for us to implement our

strategy. If any of these situations were to occur, our reputation could be harmed, we could be subject to third-party liability, including under data protection and privacy laws in certain jurisdictions, and our financial results could be negatively impacted.

*We are investing in resources to update and improve our information technology systems to digitize Autodesk and support our customers. Should our investments not succeed, or if delays or other issues with new or existing information technology systems disrupt our operations, our business could be harmed.*

We rely on our network and data center infrastructure, technology systems, and websites for our development, marketing, operational, support, sales, accounting, and financial reporting activities. We continually invest resources to update and improve these systems to meet the evolving requirements of our business and customers. In particular, our transition to cloud-based products and a subscription-only business model involves considerable investment in the development of technologies, as well as back-office systems for technical, financial, compliance, and sales resources. Such improvements are often complex, costly, and time consuming. In addition, such improvements can be challenging to integrate with our existing technology systems, or may uncover problems with those systems. Unsuccessful implementation of hardware or software updates and improvements could result in disruption in our business operations, loss of customers, loss of revenue, errors in our accounting and financial reporting, or damage to our reputation, all of which could harm our business.

*Our software is highly complex and may contain undetected errors, defects, or vulnerabilities, each of which could harm our business and financial performance.*

The software solutions that we offer are complex and, despite extensive testing and quality control, may contain errors, defects, or vulnerabilities. Some errors, defects, or vulnerabilities in our software solutions may only be discovered after they have been released. Any errors, defects, or vulnerabilities could result in the need for corrective releases to our software solutions, damage to our reputation, loss of revenue, an increase in subscription cancellations, or lack of market acceptance of our offerings, any of which would likely harm our business and financial performance.

*If we do not maintain good relationships with the members of our distribution channel, or if our distribution channel suffers financial losses, becomes financially unstable or insolvent, or is not provided the right mix of incentives to sell our subscriptions, our ability to generate revenue will be adversely affected.*

We sell our software products both directly to end users and through a network of distributors and resellers. For the nine months ended October 31, 2021 and 2020, approximately 66% and 70%, respectively, of our revenue was derived from indirect channel sales through distributors and resellers, and we expect that the majority of our revenue will continue to be derived from indirect channel sales in the near future. Our ability to effectively distribute our solutions depends in part upon the financial and business condition of our distributor and reseller network. Computer software distributors and resellers typically are not highly capitalized, and have previously experienced difficulties during times of economic contraction as well as during the past several years. We have processes to ensure that we assess the creditworthiness of distributors and resellers prior to our sales to them. In the past we have taken steps to support them, and may take additional steps in the future, such as extending credit terms and adjusting our incentives. These steps, if taken, could harm our financial results. If our distributors and resellers were to become insolvent, they would not be able to maintain their business and sales or provide customer support services, which would negatively impact our business and revenue.

We rely significantly upon major distributors and resellers in both the U.S. and international regions, including the distributors Tech Data and Ingram Micro. Tech Data accounted for 36% and 37% of our total net revenue for the nine months ended October 31, 2021 and 2020, respectively, and Ingram Micro accounted for 9% and 10% of our total net revenue for nine months ended October 31, 2021 and 2020, respectively. Should any of our agreements with Tech Data or Ingram Micro be terminated, we believe the resellers and end users who currently purchase our products through Tech Data or Ingram Micro would be able to continue to do so under substantially the same terms from one of our many other distributors without substantial disruption to our revenue. Consequently, we believe our business is not substantially dependent on either Tech Data or Ingram Micro. However, if either distributor were to experience a significant business disruption or if our relationship with either were to significantly deteriorate, it is possible that our ability to sell to end users would, at least temporarily, be negatively impacted. This could, in turn, negatively impact our financial results. For example, in June 2020, an affiliate of funds managed by affiliates of Apollo Global Management, a global alternative investment manager, acquired Tech Data, and in July 2021, Platinum Equity, a global investment firm, acquired Ingram Micro from HNA Technology Co., Ltd. If there is any reseller or end user uncertainty caused by either acquisition, our ability to sell to these resellers and end users could, at least temporarily, be negatively impacted.

Over time, we have modified and will continue to modify aspects of our relationship with our distributors and resellers, such as their incentive programs, pricing to them, and our distribution model to motivate and reward them for aligning their



businesses with our strategy and business objectives. Changes in these relationships and underlying programs could negatively impact their business and harm our business. Further, our distributors and resellers may lose confidence in our business, move to competitive products, or not have the skills or ability to support customers. The loss of or a significant reduction in business with those distributors or resellers could harm our business. In particular, if one or more of such distributors or resellers were unable to meet their obligations with respect to accounts payable to us, we could be forced to write off such accounts and may be required to delay the recognition of revenue on future sales to these customers. These events could have a material adverse effect on our financial results.

*We rely on software from third parties, and a failure to properly manage our use of third-party software could result in increased costs or loss of revenue.*

Many of our products are designed to include software licensed from third parties. Such third-party software includes software licensed from commercial suppliers and under public open source licenses. While we have internal processes to manage our use of such third-party software, if such processes are inadequate, we may be subject to copyright infringement or other third-party claims. If we are non-compliant with a license for commercial software, we may be required to pay penalties or undergo costly audits pursuant to the license agreement. In the case of open-source software licensed under certain “copyleft” licenses, the license itself, or a court-imposed remedy for non-compliant use of the open source software, may require that proprietary portions of our own software be publicly disclosed or licensed. This could result in a loss of intellectual property rights, increased costs, re-engineering of our software, damage to our reputation, or loss of revenue.

In addition to risks related to license requirements, usage of open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties, support, indemnities, assurances of title or controls on origin of the software, or other contractual protections regarding infringement claims or the quality of the code. Likewise, some open source projects have known security and other vulnerabilities and architectural instabilities, or are otherwise subject to security attacks due to their wide availability, and are provided on an “as-is” basis.

*Our business could be adversely affected if we are unable to attract and retain key personnel.*

Our success and ability to invest and grow depend largely on our ability to attract and retain highly skilled technical, professional, managerial, sales, and marketing personnel. Historically, competition for these key personnel has been intense. The loss of services of any of our key personnel, including key personnel joining our company through acquisitions, inability to retain and attract qualified employees in the future, or delays in hiring required personnel, particularly engineering and sales personnel, could make it difficult to meet key objectives, such as timely and effective product introductions and financial goals.

*We rely on third-party technologies and if we are unable to use or integrate these technologies, our solutions and service development may be delayed and our financial results negatively impacted.*

We rely on certain software that we license from third parties, including software that is integrated with internally developed software and used in our offerings to perform key functions. These third-party software licenses may not continue to be available on commercially reasonable terms, and the software may not be appropriately supported, maintained, or enhanced by the licensors. The loss of licenses to, or inability to support, maintain, and enhance any such software could result in increased costs or delays until equivalent software can be developed, identified, licensed, and integrated, which would likely harm our business.

*Disruptions in licensing relationships and with third-party developers could adversely impact our business.*

We license certain key technologies from third parties. Licenses may be restricted in the term or the use of such technology in ways that negatively affect our business. Similarly, we may not be able to obtain or renew license agreements for key technology on favorable terms, if at all, and any failure to do so could harm our business. Our business strategy has historically depended in part on our relationships with third-party developers who provide products that expand the functionality of our design software. Some developers may elect to support other products or may experience disruption in product development and delivery cycles or financial pressure during periods of economic downturn. In particular markets, such disruptions have in the past, and would likely in the future, negatively impact these third-party developers and end users, which could harm our business.

Technology created by outsourced product development, whether outsourced to third parties or developed externally and transferred to us through business or technology acquisitions, involves additional risks such as effective integration into existing products, adequate transfer of technology know-how, and ownership and protection of transferred intellectual property.

## Risks Relating to Laws and Regulations

*Increasing regulatory focus on privacy issues and expanding laws may impact our business or expose us to increased liability.*

Our strategy to digitize Autodesk involves increasing our use of cloud- and web-based technologies and applications to leverage customer data to improve our offerings for the benefit of our customers. To accomplish this strategy, we must collect and otherwise process customer data, which may include personal data. Federal, state, and foreign privacy and data security laws apply to the treatment of personal data; the regulatory framework for data privacy and security issues is rapidly evolving and is likely to remain uncertain for the foreseeable future. Governments, regulators, plaintiffs' attorneys, privacy advocates, and customers have increased their focus on how companies collect, process, use, store, share, and transmit personal data.

The General Data Protection Regulation (EU) 2016/679 ("GDPR") is applicable in all European Union member states and introduced new data protection requirements in the European Union and substantial fines for non-compliance. The GDPR generally prohibits the transfer of personal data of European Economic Area ("EEA") data subjects outside of the EEA to countries whose laws do not ensure an adequate level of protection, unless a lawful data transfer solution has been implemented or an Article 49 GDPR derogation applies. We have modified our privacy practices to comply with the GDPR and make use of standard contractual clauses approved by the European Commission in relation to the transfer of personal data from the European Union to the United States. On July 16, 2020, the Court of Justice of the European Union ("CJEU") invalidated the EU-U.S. Privacy Shield as a valid data transfer mechanism (the "Schrems II Ruling"). The decision upheld the use of the European Commission standard contractual clauses ("SCCs") as a valid data transfer mechanism, but required organizations to take supplementary measures where relying on the SCCs. We do not anticipate any immediate change in our customers' ability to continue to use our services and transfer data between the EU and the United States as a result of the Schrems II Ruling. In the decision, the CJEU imposed additional obligations on companies when relying on SCCs to transfer personal data. This decision may result in European data protection regulators applying differing standards for, and requiring ad hoc verification of, transfers of personal data from Europe to the United States. In November 2020, the European Commission released a draft of revised SCCs addressing the CJEU concerns. The European Data Protection Board also issued recommendations that, together with the revised SCCs, may require us to implement additional contractual and technical safeguards for any personal data transferred out of the EEA, which may increase compliance costs, lead to increased regulatory scrutiny or liability, and adversely impact our business, financial condition, and operating results. Furthermore, on June 4, 2021, the European Commission published a new set of modular SCCs, providing for an 18-month implementation period, which became effective on June 29, 2021 and imposes on companies obligations relating to data transfers, including the obligation to conduct a transfer impact assessment and, depending on a party's role in the transfer, to implement additional security measures and to update internal privacy practices. The new SCCs also introduce the possibility of transfer of personal data from data processors in the EU to data controllers outside the EU. If we elect to rely on the new SCCs for data transfers, we may be required to incur significant time and expend significant resources to update our contractual arrangements and to comply with new obligations. If we are unable to implement a valid mechanism for personal data transfers from the EU, we will face increased exposure to regulatory actions, substantial fines and injunctions against processing personal data from the EU. In addition, the UK's exit from the EU, and ongoing developments in the UK, have created uncertainty with regard to data protection regulation in the UK. As of January 1, 2021, following the expiry of transitional arrangements agreed to between the UK and EU, data processing in the UK is now governed by the UK General Data Protection Regulation and supplemented by other domestic data protection laws, such as the UK Data Protection Act 2018. We are accordingly exposed to two regimes, each of which authorizes similar and separate fines (ranging from €10 million (£8.7 million) to €20 million (£17.5 million) or 2% to 4% of annual global revenue, whichever is higher) and potentially divergent enforcement actions for certain violations. Furthermore, the new SCCs apply only to the transfer of data outside the EEA and not the UK. Although the European Commission adopted an adequacy decision for the UK on June 28, 2021, allowing the continued flow of personal data from Europe to the UK, this decision will be regularly reviewed going forward and may be revoked if the UK diverges from its current adequate data protection laws following its exit from the European Union. The UK's Information Commissioner's Office is currently undergoing a period of public consultation on its own UK-specific international data transfer agreement. We are monitoring these developments, but we may, in addition to other impacts, experience additional costs associated with increased compliance burdens and be required to engage in new contract negotiations with third parties that aid in processing data on our behalf or localize certain data.

In the European Union and the UK, regulators are increasingly focusing on compliance with requirements in the online behavioral advertising ecosystem, and current national laws that implement the ePrivacy Directive are highly likely to be replaced by an EU regulation known as the ePrivacy Regulation, which will significantly increase fines for non-compliance. Recent guidance and case law in the European Union and the UK require opt-in, informed consent for the placement of a cookie or similar tracking technologies on a customer's device and for direct electronic marketing. The GDPR also imposes conditions on obtaining valid consent, such as a prohibition on pre-checked consents and a requirement to ensure separate consents are

sought for each type of cookie or tracking technology. While the text of the ePrivacy Regulation is still under development, recent European case law and regulators' recent guidance are driving increased attention to cookies and tracking technologies. This could lead to substantial costs, require significant system changes, limit the effectiveness of our marketing activities, divert the attention of our technology personnel, adversely affect our margins, increase costs and subject us to additional liabilities. Regulation of cookies and similar technologies, and any decline of cookies or similar online tracking technologies as a means to identify and potentially target users, may lead to broader restrictions and impairments on our marketing and personalization activities and may negatively impact our efforts to understand our customers.

In addition, in June 2018, California enacted the California Consumer Privacy Act (the "CCPA"), which took effect in January 2020. The CCPA, among other things, gives California residents expanded rights to access and delete their personal information, opt out of certain personal information sharing, and receive detailed information about how their personal information is used. In November 2020, California voters passed the California Privacy Rights Act (the "CPRA"). The CPRA, which becomes effective on January 1, 2023, significantly expands the CCPA, including by introducing additional obligations such as data minimization and storage limitations, granting additional rights to consumers such as correction of personal information and additional opt-out rights, and creates a new entity to implement and enforce the law. The CCPA and CPRA will require us to modify our data processing practices and policies and may cause us to incur substantial costs and expenses in order to comply. The final form and impact of these new laws and this new agency, and any regulations promulgated thereunder, remain unclear and may create further uncertainty and require us to incur additional costs and expenses in an effort to comply. There has also been privacy legislation proposed or enacted at the federal state levels, such as in Nevada, New Hampshire, Washington, Illinois and Nebraska, as well as in Virginia, where such legislation, the Virginia Consumer Data Protection Act ("VCDPA"), was signed into law on March 2, 2021 with an effective date of January 1, 2023 and in Colorado, where such legislation, the Colorado Privacy Act ("CPA"), was signed into law on July 8, 2021 with an effective date of July 1, 2023. Laws in all 50 states require businesses to provide notice under certain circumstances to customers whose personal information has been disclosed as a result of a data breach. Additionally, the FTC and many state attorneys general are interpreting federal, state and international consumer protection laws to impose standards for the collection, use, dissemination and security of data. In addition to government activity, privacy advocacy groups and technology and other industries are considering various new, additional or different self-regulatory standards that may place additional burdens on us. The VCDPA, the CPA, other proposed legislations, if enacted, and the interplay of federal and state laws may be subject to varying interpretations by courts and government agencies, creating complex compliance issues for us and data we receive, use and share, and have and may cause variation in requirements, increase restrictions and potential legal risk and impact strategies and the availability of previously useful data, potentially exposing us to additional expense, adverse publicity and liability. Several other countries, including Australia, New Zealand, Brazil, and Japan, have also established specific legal requirements for cross-border transfers of personal information.

The GDPR, CCPA, and other state and global laws and regulations increased our responsibility and potential liability in relation to personal data, and we have and will continue to put in place additional processes and programs to demonstrate compliance. New privacy laws and regulations are under development at the U.S. federal and state level and many international jurisdictions. Any actual or perceived failure to comply with the GDPR, the CCPA, or other data privacy laws or regulations, or related contractual or other obligations, or any perceived privacy rights violation, could lead to investigations, claims, and proceedings by governmental entities and private parties, damages for contract breach, and other significant costs, penalties, and other liabilities, as well as harm to our reputation and market position.

Additionally, we store customer information and content and if our customers fail to comply with contractual obligations or applicable laws, it could result in litigation or reputational harm to us. The GDPR, CCPA, and other laws and self-regulatory codes may affect our ability to reach current and prospective customers, understand how our offerings and services are being used, respond to customer requests allowed under the laws, and implement our new business models effectively. These new laws and regulations would similarly affect our competitors as well as our customers. These requirements could impact demand for our offerings and services and result in more onerous contract obligations.

There is also an increasing trend towards data localization policies. For example, in 2015, Russia introduced data localization laws, and other countries such as India and China are considering data localization requirements. If this trend continues and countries implement more restrictive regulations for cross-border data transfers (or do not permit data to leave the country of origin), our business, financial condition, and results of operations in those jurisdictions could be impacted.

*We are subject to 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.*

Our offerings are subject to U.S. export controls and economic sanctions laws and regulations that prohibit the delivery of certain solutions and services without the required export authorizations or export to locations, governments, and persons targeted by U.S. sanctions. While we have processes to prevent our offerings from being exported in violation of these laws,

including obtaining authorizations as appropriate and screening against U.S. government and international lists of restricted and prohibited persons, we cannot guarantee that these processes will prevent all violations of export control and sanctions laws.

If our channel partners fail to obtain appropriate import, export, or re-export licenses or permits, we may also be adversely affected, through reputational harm as well as other negative consequences including government investigations and penalties. We presently incorporate export control and sanctions compliance requirements in our channel partner agreements. Complying with export control and sanctions regulations for a particular sale may be time-consuming and may result in the delay or loss of sales opportunities. Violations of U.S. sanctions or export control laws can result in fines or penalties.

*If we are not able to adequately protect our proprietary rights, our business could be harmed.*

We rely on a combination of patent, copyright, and trademark laws, trade secret protections, confidentiality procedures, and contractual provisions to protect our proprietary rights. However, the steps we take to protect our intellectual property rights may be inadequate. While we have patent applications pending in the United States and throughout the world, we may be unable to obtain patent protection for the technology covered in our patent applications. In addition, any patents issued to us in the future may not provide us with competitive advantages or may be successfully challenged by third parties. Furthermore, legal standards relating to the validity, enforceability, and scope of protection of intellectual property rights are uncertain. Despite our efforts to protect our proprietary rights, unauthorized parties from time to time have copied or reverse engineered aspects of our software or have obtained and used information that we regard as proprietary. Policing unauthorized use of our software is time-consuming and costly. We are unable to measure the extent to which unauthorized use of our software exists and we expect that unauthorized use of software will remain a persistent problem, particularly in emerging economies.

Additionally, we actively protect the secrecy of our confidential information and trade secrets, including our source code. If unauthorized disclosure of our source code occurs, we could potentially lose future trade secret protection for that source code. Unauthorized disclosure of our source code could make it easier for third parties to compete with our offerings by copying functionality, which could adversely affect our financial performance and our reputation. We also seek to protect our confidential information and trade secrets through the use of non-disclosure agreements with our employees, customers, contractors, vendors, and partners. However, it is possible that our confidential information and trade secrets may be disclosed or published without our authorization. If this were to occur, it may be difficult and/or costly for us to enforce our rights, and our financial performance and reputation could be negatively impacted.

*We may face intellectual property infringement claims that could be costly to defend and result in the loss of significant rights.*

Our competitors, as well as a number of other entities and individuals, may own or claim to own intellectual property relating to our business. Third parties may claim that we are infringing upon or misappropriating their intellectual property rights, and we may be found to be infringing upon such rights, even if we are unaware of the intellectual property rights claimed against us. As more software patents are granted worldwide, the number of offerings and competitors in our industries grows, and the functionality of products in different industries overlaps, we expect that software developers will be increasingly subject to infringement claims. Additionally, certain patent assertion entities have become more aggressive in threatening and pursuing litigation in attempts to obtain fees for licensing the right to use patents.

Any claims or threats of infringement or misappropriation, whether with or without merit, have been and could in the future be time-consuming to defend, result in costly litigation and diversion of resources, cause product delays, require us to change our products or business practices, prevent us from offering our software and services, or require us to enter into royalty or licensing agreements. In addition, such royalty or license agreements, if required, may not be available on acceptable terms, if at all, which would likely harm our business. We may also be obligated to indemnify our customers or business partners or pay substantial settlement costs, including royalty payments, in connection with any such claim or litigation and to obtain licenses, modify applications, or refund fees, which could be costly. Furthermore, from time to time we may introduce or acquire new products, including in areas where we historically have not competed, which could increase our exposure to patent and other intellectual property claims.

*Contracting with government entities exposes us to additional risks inherent in the government procurement process.*

We provide products and services, directly and indirectly, to a variety of government entities. Risks associated with licensing and selling products and services to government entities include extended sales and collection cycles, varying governmental budgeting processes, and adherence to complex procurement regulations and other government-specific contractual requirements. We may be subject to audits and investigations relating to our government contracts and any

violations could result in civil and criminal penalties and administrative sanctions, including termination of contracts, payment of fines, and suspension or debarment from future government business, as well as harm to our reputation and financial results.

#### Risks Relating to Financial Developments

*We are exposed to fluctuations in currency exchange rates that could negatively impact our financial results and cash flows.*

Because we conduct a substantial portion of our business outside the United States, we face exposure to adverse movements in foreign currency exchange rates, which could have a material adverse impact on our financial results and cash flows. These exposures may change over time as business practices evolve and economic conditions change. We use derivative instruments to manage a portion of our cash flow exposure to fluctuations in foreign currency exchange rates. As part of our risk management strategy, we use foreign currency contracts to manage a portion of our exposures of underlying assets, liabilities, and other obligations, which exist as part of our ongoing business operations. These foreign currency instruments may have maturities that extend for one to 18 months in the future and provide us with some protection against currency exposures. However, our attempts to hedge against these risks may not be completely successful, resulting in an adverse impact on our financial results.

The fluctuations of currencies in which we conduct business can both increase and decrease our overall revenue and expenses for any given period. Although our foreign currency cash flow hedge program extends beyond the current quarter in order to reduce our exposure to foreign currency volatility, we do not attempt to completely mitigate this risk, and in any case, will incur transaction fees in adopting such hedging programs. Such volatility, even when it increases our revenues or decreases our expenses, impacts our ability to accurately predict our future results and earnings.

In addition, global events, including the sudden and unexpected effects of the COVID-19 pandemic as well as geopolitical developments, may contribute to volatility in foreign exchange markets, which we may not be able to effectively manage, and our financial results could be adversely impacted. Additionally, countries in which we operate may be classified as highly inflationary economies, requiring special accounting and financial reporting treatment for such operations, or such countries' currencies may be devalued, or both, which may adversely impact our business operations and financial results.

*Our debt service obligations may adversely affect our financial condition and cash flows from operations.*

We have \$2.65 billion of principal debt, consisting of notes due at various times from December 2022 to December 2031, as of October 31, 2021, as described in Part 1, Item 1, Note 14 Borrowing Arrangements. We also entered into a credit agreement that provides for an unsecured revolving loan facility in the aggregate principal amount of \$1.5 billion, with an option to be increased up to \$2.0 billion, as described in Part 1, Item 1. Maintenance of our indebtedness, contractual restrictions, and additional issuances of indebtedness could:

- cause us to dedicate a substantial portion of our cash flows from operations towards debt service obligations and principal repayments;
- increase our vulnerability to adverse changes in general economic, industry, and competitive conditions;
- limit our flexibility in planning for, or reacting to, changes in our business and our industry;
- impair our ability to obtain future financing for working capital, capital expenditures, acquisitions, general corporate, or other purposes; and
- due to limitations within the debt instruments, restrict our ability to grant liens on property, enter into certain mergers, dispose of all or substantially all of the assets of Autodesk and its subsidiaries, taken as a whole, materially change our business, and incur subsidiary indebtedness, subject to customary exceptions.

We are required to comply with the covenants set forth in our credit agreement. If we breach any of the covenants and do not obtain a waiver from the note holders or lenders, then, subject to applicable cure periods, we would not be able to incur additional indebtedness under the credit agreement described in Part 1, Item 1, Note 14 Borrowing Arrangements, and any outstanding indebtedness under the credit agreement may be declared immediately due and payable. In addition, changes by any rating agency to our credit rating may negatively impact the value and liquidity of our securities. Under certain circumstances, if our credit ratings are downgraded or other negative action is taken, the interest rate payable by us under our credit agreement could increase. Downgrades in our credit ratings could also restrict our ability to obtain additional financing in the future and could affect the terms of any such financing.

*Our investment portfolio consists of a variety of investment vehicles that are subject to interest rate trends, market volatility, and other economic factors. If general economic conditions decline, this could cause the credit ratings of our investments to deteriorate and illiquidity in the financial marketplace, and we may experience a decline in interest income and an inability to sell our investments, leading to impairment in the value of our investments.*

It is our policy to invest our cash, cash equivalents, and marketable securities in highly liquid instruments with, and in the custody of, financial institutions with high credit ratings and to limit the amounts invested with any one institution, type of security, or issuer. However, we are subject to general economic conditions, interest rate trends, and volatility in the financial marketplace that can affect the income that we receive from our investments, the net realizable value of our investments (including our cash, cash equivalents, and marketable securities), and our ability to sell them. Any one of these factors could reduce our investment income or result in material charges, which in turn could impact our overall net income (loss) and earnings (loss) per share.

From time to time we make direct investments in privately held companies. Investments in privately held companies are considered inherently risky. The technologies and products these companies have under development are typically in the early stages and may never materialize, which could result in a loss of all or a substantial part of our initial investment in these companies. The evaluation of privately held companies is based on information that we request from these companies, which is not subject to the same disclosure regulations as U.S. publicly traded companies and, as such, the basis for these evaluations is subject to the timing and accuracy of the data received from these companies.

A loss on any of our investments may cause us to record an other-than-temporary impairment charge. The effect of this charge could impact our overall net income (loss) and earnings (loss) per share. In any of these scenarios, our liquidity may be negatively impacted, which in turn may prohibit us from making investments in our business, taking advantage of opportunities, and potentially meeting our financial obligations as they come due.

*Changes in tax rules and regulations, and uncertainties in interpretation and application, could materially affect our tax obligations and effective tax rate.*

We are a U.S.-based multinational company subject to tax in multiple U.S. and foreign tax jurisdictions. Our effective tax rate is primarily based on our expected geographic mix of earnings; statutory rates; intercompany arrangements, including the manner we develop, value, and license our intellectual property; and enacted tax rules. Significant judgment is required in determining our effective tax rate and in evaluating our tax positions on a worldwide basis. While we believe our tax positions, including intercompany transfer pricing policies, are consistent with the tax laws in the jurisdictions in which we conduct our business, it is possible that these positions may be overturned by tax authorities and may have a significant impact on our effective tax rate and cash taxes.

Tax laws in the United States and in foreign tax jurisdictions are dynamic and subject to change as new laws are passed and new interpretations of the law are issued or applied. For example, the U.S. government enacted significant tax law changes in December 2017, the U.S. Tax Cuts and Jobs Act ("TCJA"), which impacted our tax obligations and effective tax rate beginning in our fiscal 2018 tax year, and significant tax legislation was included in the March 2020 CARES Act and subsequent Consolidated Appropriations Act in December 2020. Due to the complexity and varying interpretations of the TCJA and the CARES Act, the U.S. Department of Treasury and other standard-setting bodies have been issuing and will continue to issue regulations and interpretative guidance that could significantly impact how we will apply the law and the ultimate effect on our results of operations from both the TCJA and the CARES Act, including for our prior tax years. In addition, increases in corporate tax rates, such as have been proposed by the current U.S. administration, could increase our effective tax rate and have an adverse effect on our results of operations.

Increasingly, tax authorities are scrutinizing existing corporate tax regulatory and legal regimes. Many countries in the European Union as well as other countries and organizations such as the Organization for Economic Cooperation and Development are actively considering new taxing regimes and changes to existing tax laws that are contrary to the way we have interpreted and historically applied the rules and regulations in our tax returns for such jurisdictions. If U.S. or foreign tax authorities change applicable tax laws or successfully challenge how or where our profits are currently recognized, our overall taxes could increase, and our business, financial condition, or results of operations may be adversely impacted.

*If we were required to record an impairment charge related to the value of our long-lived assets or an additional valuation allowance against our deferred tax assets, our results of operations would be adversely affected.*

Our long-lived assets are tested for impairment if indicators of impairment exist. If impairment testing shows that the carrying value of our long-lived assets exceeds their estimated fair values, we would be required to record a non-cash

impairment charge, which would decrease the carrying value of our long-lived assets, adversely affecting our results of operations. Our deferred tax assets include net operating loss, amortizable tax assets, and tax credit carryforwards that can be used to offset taxable income and reduce income taxes payable in future periods. Each quarter, we assess the need for a valuation allowance, considering both positive and negative evidence to determine whether all or a portion of the deferred tax assets are more likely than not to be realized. We continue to have a full valuation allowance against certain U.S. and foreign deferred tax assets. Changes in the amount of the U.S. and foreign jurisdictions valuation allowance could also result in a material non-cash expense or benefit in the period in which the valuation allowance is adjusted, and our results of operations could be materially affected. We will continue to perform these tests on our worldwide deferred tax assets, and any future adjustments to the realizability of our deferred tax assets may have a material effect on our financial condition and results of operations.

#### General Risk Factors

*Our business may be significantly disrupted upon the occurrence of a catastrophic event.*

Our business is highly automated and relies extensively on the availability of our network and data center infrastructure, our internal technology systems, and our websites. We also rely on hosted computer services from third parties for services that we provide to our customers and computer operations for our internal use. The failure of our systems or hosted computer services due to a catastrophic event, such as an earthquake, fire, flood, tsunami, weather event, telecommunications failure, power failure, cyber attack, terrorism or war, or business interruption from epidemics or pandemics, or the fear of such events, could adversely impact our business, financial results, and financial condition. For example, our corporate headquarters and executive offices are located near major seismic faults in the San Francisco Bay Area and face annual periods of wildfire danger, which increase the probability of power outages and may impact employees' abilities to commute to work or to work from home. We have developed disaster recovery plans and maintain backup systems in order to reduce the potential impact of a catastrophic event; however, there can be no assurance that these plans and systems would enable us to return to normal business operations. In addition, any such event could negatively impact a country or region in which we sell our products. This could in turn decrease that country's or region's demand for our products, negatively impacting our financial results.

*We are subject to legal proceedings and regulatory inquiries, and we may be named in additional legal proceedings or become involved in regulatory inquiries in the future, all of which are costly, distracting to our core business, and could result in an unfavorable outcome or a material adverse effect on our business, financial condition, results of operations, cash flows, or the trading prices for our securities.*

We are involved in legal proceedings and receive inquiries from regulatory agencies. As the global economy has changed and our business has evolved, we have seen an increase in litigation activity and regulatory inquiries. Like many other technology companies, the number and frequency of inquiries from U.S. and foreign regulatory agencies we have received regarding our business and our business practices, as well as the business practices of others in our industry, have increased in recent years. In the event we are involved in significant disputes or are the subject of a formal action by a regulatory agency, we could be exposed to costly and time-consuming legal proceedings that could result in any number of outcomes. Any claims or regulatory actions initiated by or against us, whether successful or not, could result in high defense costs, damage awards, injunctive relief, increased costs of business, fines or orders to change certain business practices, significant dedication of management time, diversion of operational resources, or otherwise harm our business. In any such event, our financial results, results of operations, cash flows, or trading prices for our securities could be negatively impacted.

*Changes in existing financial accounting standards or practices, or taxation rules or practices may adversely affect our results of operations.*

Changes in existing accounting or taxation rules or practices, new accounting pronouncements or taxation rules, or varying interpretations of current accounting pronouncements or taxation practices could have a significant adverse effect on our results of operations or the way we conduct our business. Further, such changes could potentially affect our reporting of transactions completed before such changes are effective.

*We are required to evaluate our internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act of 2002 and any adverse results from such evaluation could result in a loss of investor confidence in our financial reports and have an adverse effect on our stock price.*

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, we are required to furnish a report by our management on our internal control over financial reporting, including an assessment of the effectiveness of our internal control over financial

reporting as of the end of our fiscal year. This assessment must include a statement as to whether or not our internal control over financial reporting is effective and disclosure of any material weaknesses in our internal control over financial reporting identified by management. If our management or independent registered public accounting firm identifies one or more material weaknesses in our internal control over financial reporting, we are unable to assert that our internal control over financial reporting is effective, or our independent registered public accounting firm is unable to express an opinion that our internal controls are effective, investors could lose confidence in the accuracy and completeness of our financial reports, which could have an adverse effect on our business and stock price.

*In preparing our financial statements we make certain assumptions, judgments, and estimates that affect amounts reported in our consolidated financial statements which, if not accurate, may significantly impact our financial results.*

We make assumptions, judgments, and estimates for a number of items, including revenue recognition for product subscriptions and enterprise business arrangements ("EBAs"), the determination of the fair value of acquired assets and liabilities, goodwill, financial instruments including strategic investments, long-lived assets, and intangible assets, the realizability of deferred tax assets, and the fair value of stock awards. We also make assumptions, judgments, and estimates in determining the accruals for uncertain tax positions, variable compensation, partner incentive programs, product returns reserves, allowances for credit losses, asset retirement obligations, legal contingencies, and operating lease liabilities. These assumptions, judgments, and estimates are drawn from historical experience and various other factors that we believe are reasonable under the circumstances as of the date of the consolidated financial statements. Actual results could differ materially from our estimates, and such differences could significantly impact our financial results.

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

There were no sales of unregistered securities during the three months ended October 31, 2021.

The information concerning issuer purchases of equity securities required by this Item is incorporated by reference herein to the section of this Report entitled "Issuer Purchases of Equity Securities" in Part I, Item 2 above.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

Not applicable.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

**ITEM 5. OTHER INFORMATION**

None.



**ITEM 6. EXHIBITS**

The Exhibits listed below are filed or incorporated by reference as part of this Form 10-Q.

<u>Exhibit No.</u>	<u>Description</u>
4.1	<a href="#">Fifth Supplemental Indenture, dated October 7, 2021, by and between Autodesk, Inc. and U.S. Bank National Association, including Form of Note for Autodesk, Inc.'s 2.400% Notes due 2031 (incorporated by reference from Exhibit 4.1 of the Form 8-K filed on October 7, 2021).</a>
10.1	<a href="#">Amended and Restated Credit Agreement, dated September 30, 2021, by and among Autodesk, Inc., the lenders from time to time party thereto and Citibank, N.A., as administrative agent, and the other parties thereto (incorporated by reference from Exhibit 10.1 of the Form 8-K filed on October 4, 2021).</a>
31.1	<a href="#">Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934</a>
31.2	<a href="#">Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934</a>
32.1 †	<a href="#">Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
101.INS ††	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH ††	XBRL Taxonomy Extension Schema
101.CAL ††	XBRL Taxonomy Extension Calculation Linkbase
101.DEF ††	XBRL Taxonomy Definition Linkbase
101.LAB ††	XBRL Taxonomy Extension Label Linkbase
101.PRE ††	XBRL Taxonomy Extension Presentation Linkbase
104 ††	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

\* Denotes a management contract or compensatory plan or arrangement.

† The certifications attached as Exhibit 32 that accompany this Quarterly Report on Form 10-Q are not deemed filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of Autodesk, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Form 10-Q, irrespective of any general incorporation language contained in such filing.

†† The financial information contained in these XBRL documents is unaudited.

## 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 thereunto duly authorized.

Dated: December 3, 2021

AUTODESK, INC.  
(Registrant)

/s/ STEPHEN W. HOPE

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