



3DEXPERIENCE®

Dassault Systèmes

Q1 2021 Earnings Presentation

Bernard Charlès,

Vice-Chairman & CEO

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COO & CFO

Forward Looking Information

Statements herein that are not historical facts but express expectations or objectives for the future, including but not limited to statements regarding the Group's non-IFRS financial performance objectives, are forward-looking statements. Such forward-looking statements are based on Dassault Systèmes management's current views and assumptions and involve known and unknown risks and uncertainties. Actual results or performances may differ materially from those in such statements due to a range of factors.

The Group's actual results or performance may be materially negatively affected by numerous risks and uncertainties, as described in the "Risk Factors" section of the 2020 Universal Registration Document (*Document d'enregistrement universel*) filed with the AMF (French Financial Markets Authority) on March 19, 2021, available on the Group's website www.3ds.com.

In particular, please refer to the risk factor "Uncertain Global Economic Environment" in section 1.9.1.1 of the 2020 Universal Registration Document set out below for ease of reference: "In light of the uncertainties regarding economic, business, social, health, climate and geopolitical conditions at the global level, Dassault Systèmes' revenue, net earnings and cash flows may grow more slowly, whether on an annual or quarterly basis, mainly due to the following factors:

- ▶ the deployment of Dassault Systèmes' solutions may represent a large portion of a customer's investments in software technology. Decisions to make such an investment are impacted by the economic environment in which the customers operate. Uncertain global geopolitical, economic and health conditions and the lack of visibility or the lack of financial resources may cause some customers, e.g. within automotive, aerospace or natural resources industries, to reduce, postpone or terminate their investments, or to reduce or not renew ongoing paid maintenance for their installed base, which impact larger customers' revenue with their respective sub-contractors;
- ▶ the sales cycle of Dassault Systèmes' products – already relatively long due to the strategic nature of such investments for customers – could further lengthen;
- ▶ the political, economic and monetary situation in certain geographic regions where Dassault Systèmes operates could become more volatile and, for example, result in stricter export compliance rules or the modification of customs tariff;
- ▶ health conditions in some geographic areas where Dassault Systèmes operates will impact the economic situation of those regions. Specifically, it is not possible to predict the impact, length and scope of damages originating from the COVID-19 pandemic as of issuance date of this document. Health conditions, including the COVID-19 pandemic, may present risks for health and ability to travel for Dassault Systèmes employees; and
- ▶ continued pressure or volatility on raw materials and energy prices could also slow down Dassault Systèmes' industry diversification efforts."

Dassault Systèmes makes every effort to take into consideration this uncertain macroeconomic outlook. Dassault Systèmes' business results, however, may not develop as anticipated. Furthermore, due to factors affecting sales of Dassault Systèmes' products and services, there may be a substantial time lag between an improvement in global economic and business conditions and an upswing in the Company's business results.

The economic context (as notably caused by the COVID-19 pandemic crisis) may also adversely impact the financial situation or financing capabilities of Dassault Systèmes' existing and potential customers, commercial and technology partners, some of whom may be forced to temporarily close sites or cease operations due to cash flow and profitability issues. Dassault Systèmes' ability to collect outstanding receivables may be affected. In addition, the economic environment could generate increased price pressure, as customers seek lower prices from various competitors, which could negatively impact Dassault Systèmes' revenue, financial performance and market position.

In preparing such forward-looking statements, the Group has in particular assumed an average US dollar to euro exchange rate of US\$1.22 per €1.00 as well as an average Japanese yen to euro exchange rate of JPY126.0 to €1.00 before hedging for the second and third quarters and US\$1.22 per €1.00 as well as an average Japanese yen to euro exchange rate of JPY126.5 to €1.00 before hedging for the full year 2021. However, currency values fluctuate, and the Group's results of operations may be significantly affected by changes in exchange rates.

Non-IFRS Information

Readers are cautioned that the supplemental non-IFRS information presented in this earnings presentation is subject to inherent limitations. This information is not based on any comprehensive set of accounting rules or principles and should not be considered as a substitute for IFRS measurements. In addition, the Group's supplemental non-IFRS financial information may not be comparable to similarly titled non-IFRS measures used by other companies. Further specific limitations for individual non-IFRS measures, and the reasons for presenting non-IFRS financial information, are set forth in the Group's 2020 Universal Registration Document filed with the AMF on March 19, 2021.

In the tables accompanying this earnings presentation, the Group sets forth its supplemental non-IFRS figures for revenue, operating income, operating margin, net income and diluted earnings per share, which exclude the effect of adjusting the carrying value of acquired companies' deferred revenue, share-based compensation expense and related social charges, the amortization of acquired intangible assets and of tangibles reevaluation, certain other operating income and expense, net, including impairment of goodwill and acquired intangibles, the effect of adjusting lease incentives of acquired companies, certain one-time items included in financial revenue and other, net, and the income tax effect of the non-IFRS adjustments and certain one-time tax effects. The tables also set forth the most comparable IFRS financial measure and reconciliations of this information with non-IFRS information.

Glossary of Definitions

Information in Constant Currencies

We have followed a long-standing policy of measuring our revenue performance and setting our revenue objectives exclusive of currency in order to measure in a transparent manner the underlying level of improvement in our total revenue and software revenue by type, industry, region and product lines. We believe it is helpful to evaluate our growth exclusive of currency impacts, particularly to help understand revenue trends in our business. Therefore, we provide percentage increases or decreases in our revenue; expenses and EPS (in both IFRS as well as non-IFRS) to eliminate the effect of changes in currency values, particularly the U.S. dollar and the Japanese yen, relative to the euro. When trend information is expressed by us "in constant currencies", the results of the "prior" period have first been recalculated using the average exchange rates of the comparable period in the current year, and then compared with the results of the comparable period in the current year.

While constant currency calculations are not considered to be an IFRS measure, we do believe these measures are critical to understanding our global revenue results and to compare with many of our competitors who report their financial results in U.S. dollars. Therefore, we are including this calculation for comparing IFRS revenue figures for comparable periods as well as for comparing non-IFRS revenue figures for comparable periods. All constant currency information is provided on an approximate basis.

Information on Growth excluding acquisitions ("organic growth")

In addition to financial indicators on the entire Group's scope, Dassault Systèmes provides growth excluding acquisitions effect, also named organic growth. The related growth rate was determined by restating the scope of activity as follows: for entities entering the consolidation scope in the current year, subtracting the contribution of the acquisition from the aggregates of the current year, and for entities entering the consolidation scope in the previous year, subtracting the contribution of the acquisition from January 1st of the current year, until the last day of the month of the current year when the acquisition was made the previous year.

Information on Industrial Sectors

Dassault Systèmes' Industries develop Solution Experiences, industry-focused offerings that deliver specific value to companies and users in a particular industry. We serve eleven industries structured into three sectors: Manufacturing Sector: Transportation & Mobility; Aerospace & Defense; Marine & Offshore; Industrial Equipment; High-Tech; Home & Lifestyle; Consumer Packaged Goods & Retail and a portion of Business Services; Life Sciences & Healthcare Sector: Life Sciences; Infrastructure & Cities Sector: Energy & Materials; Construction, Cities and Territories; Business Services.

Information on Product Lines

Commencing with the first quarter of 2020 and as previously disclosed, we have introduced a new presentation of our product lines to reflect our broader ambitions. Our new product line financial reporting includes: 1) Industrial Innovation software revenue, comprised of our CATIA, ENOVIA, SIMULIA, DELMIA, GEOVIA, NETVIBES, and 3DEXCITE brands; 2) Life Sciences software revenue, comprised of our MEDIDATA and BIOVIA brands; and 3) Mainstream Innovation software revenue, comprised of our SOLIDWORKS brand as well as CENTRIC PLM, 3DVIA and our new 3DEXPERIENCE WORKS family.

3DEXPERIENCE Licenses and Software Contribution

To measure the progressive penetration of 3DEXPERIENCE software, we utilize the following ratios: a) for Licenses revenue, we calculate the percentage contribution by comparing total 3DEXPERIENCE Licenses revenue to Licenses revenue for all product lines except SOLIDWORKS and acquisitions ("related Licenses revenue"); and, b) for software revenue, the Group calculates the percentage contribution by comparing total 3DEXPERIENCE software revenue to software revenue for all product lines except SOLIDWORKS and acquisitions ("related software revenue").

Q1 2021 Highlights Non-IFRS

Q1 Financial Results

Software revenue (91% of total revenue) up **10%** ex FX (organic)
Licenses revenue up **25%** ex FX
EPS up **20%** (28% ex FX)

Catalyst for Sustainable Innovation

New cycle of innovation driven by sustainability
Transformation of **Life Sciences**
Customer experience and **retail reimaged**

A Purpose-Driven Company

Human-centric innovation (Patient / Customer / Citizen)
Mission critical in three sectors (Manufacturing Industries, Life Sciences & Healthcare, Infrastructure & Cities)
Footprint commitment - **Handprint** leverage

2021 Financial Objectives

Upgrading **2021 EPS guidance** with an objective of **+12-14%** growth (**17-18%** ex FX)

Agenda

Q1 2021 Business & Strategy Highlights

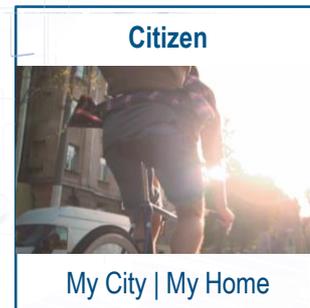
Q1 2021 Financial Highlights

Q2 & FY 2021 Financial Objectives

Financial Information Appendix

As People:

Our Daily Life is becoming
Real+Virtual Experiences



Human-centric Innovation

Real+Virtual Experiences for Healthier Lives



Personalized Food
for Health & Wellness



Prevent,
Not Treat



No Decision
About Me
Without Me



Doctors as Health
Advisors



Continuous
Monitoring



Continuous
Health Journey



Health Coverage
for All



Never the First
Time on the Patient



Next-Gen Precise
Therapies





Our Reach

#1

Market share in Life Sciences¹

50%+

of drugs & medical devices
designed with our solutions

6.4M+

patients

8,000+

Active customers

50%+

of new clinical trials
supported by our solutions

45,000+

physicians

All top 20

BioPharmas & MedTech

22,000+

Clinical trials

22,000+

Hospital facilities

All top 10 CROs

are customers

1,000+

Direct hospital connections

Active partnerships with

FDA² & IMI³

45Bn

Clinical data points

450M

Images processed annually

¹ Dassault Systèmes + Gartner's 'WW Life Sciences & Healthcare products total software market + IDC 2019 SW vendors' revenue

² FDA: Food and Drug Administration (US)

³ IMI: Food and Drug Administration (Europe)



- ▶ **3DEXPERIENCE platform with OneLab**

BioNTech Adopts 3DEXPERIENCE Platform

German biotechnology company - Utilized their mRNA technology platform to rapidly develop a COVID-19 vaccine

Business Value:

- ▶ Variant analysis for preclinical anticipation
- ▶ Faster product development
- ▶ Improved collaboration
- ▶ Standardization across laboratories
- ▶ Compliance efficiency
- ▶ R&D and Manufacturing integration





► **MEDIDATA Clinically Approved** on the Cloud

Karyopharm

Extends Multi-year Agreement with MEDIDATA

Pharmaceutical company developing novel drugs in oncology

Business Value:

1 single study in 2014 → 15+ studies in 2021

1 single solution in 2014 → 10 solutions in 2021



- Bring novel therapies to market faster
- Improved clinical trials data quality with powerful artificial intelligence and machine learning algorithms





3DEXPERIENCE platform with:

- ▶ **Smart, Safe & Connected**
- ▶ **Global Modular Architecture**
- ▶ **Efficient Multi-Energy Platform**

Half of the roles are data-centric

Jaguar Land Rover

Expands 3DEXPERIENCE Adoption

Leading luxury car manufacturer

Business Value:

Supporting new global strategy – Reimagine – under the leadership of CEO, Thierry Bolloré

- ▶ Net zero carbon business by 2039
- ▶ Jaguar all-electric luxury brand from 2025
- ▶ First all-electric Land Rover model in 2024
- ▶ Clean-hydrogen fuel-cell power development
- ▶ Collaboration with the value network



New uses - 5G - IOT



HomeByMe for Home Retailers
to enable customers to make better
and faster decisions with 3D

Gautier

Adopts HomeByMe for Home Retailers

Home furniture designer, manufacturer and retailer
with stores worldwide

Business Value:

- ▶ Personalized customer experience (new role as an interior designer)
- ▶ Seamless web-to-store omnichannel (e-commerce growth)



- ▶ Retail reimaged:
 - Shopping Experience
 - Customer Relationships





3DEXPERIENCE platform on the cloud with:

- ▶ **Integrated Built Environment**
- ▶ **Inclusive Urban Future**
- ▶ **Building Design for Fabrication**

Bouygues Construction

Expands Partnership to Reinvent the Construction Industry

Global player in construction with operations in more than 60 countries

Business Value:

- ▶ New cloud-based, mobile-enabled approaches using a virtual twin of construction to involve all stakeholders
- ▶ Anticipating the various phases of a project at the earliest possible stage
- ▶ Targeted number of users: 15,000



Quality of Life



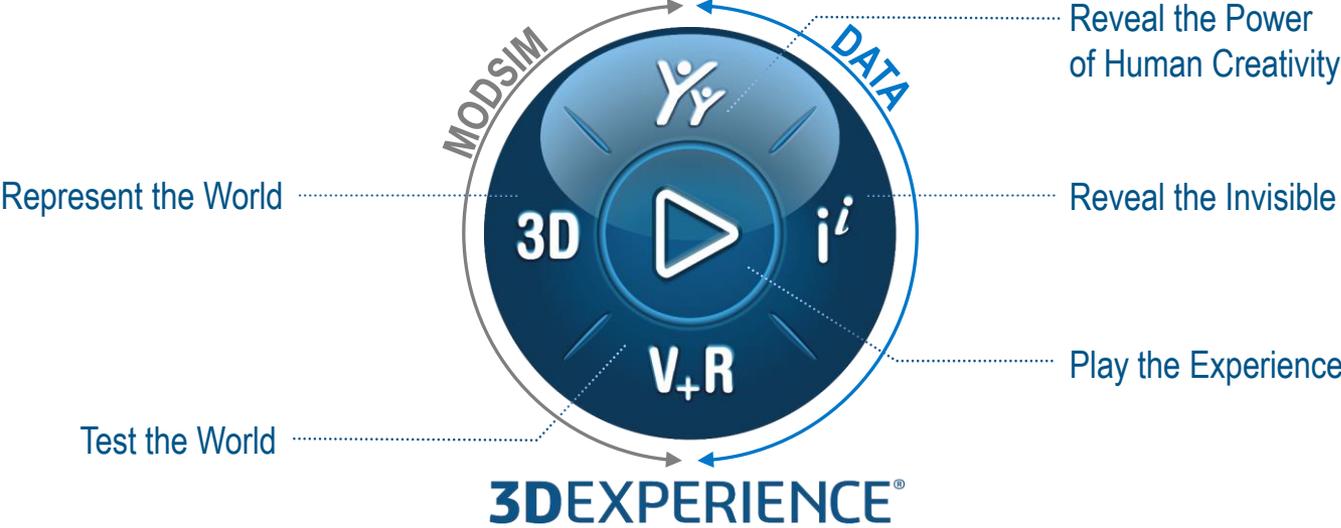
Health & Safety



Job Creation

CLOUD

3DEXPERIENCE® Platform



ENTERPRISE
PLATFORM

POWER'BY

3DEXPERIENCE Works for SOLIDWORKS Lovers

3DEXPERIENCE World 2021

20,000 attendees



8,000 Clients/Future Clients

7,000 Educators/Students

3,000 Resellers

1,000 Exhibitors/Partners

160 Countries Represented

+260% YOY





Footprint Commitment & Handprint Leverage

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FOOTPRINT

Experience the change

- ▶ **3DS** became a signatory of the UN Global Compact



World's largest corporate sustainability initiative

5t/fte carbon intensity & science-based targets for emissions



HANDPRINT

Leverage the Power of the Virtual Twin

- ▶ **3DS** was included in the global Clean200



CLEAN200™ by Corporate Knights

The largest 200 publicly traded companies ranked by green revenues

2/3 new licenses from products with sustainability impact



COLLABORATIONS

Collaborate with stakeholders

- ▶ **3DS** became a founding member of the EU green digital coalition



Select group of 26 leading EU technology companies developing green digital solutions

Engage 5,000 stakeholders on sustainability



Virtual Twins for Sustainable Innovation

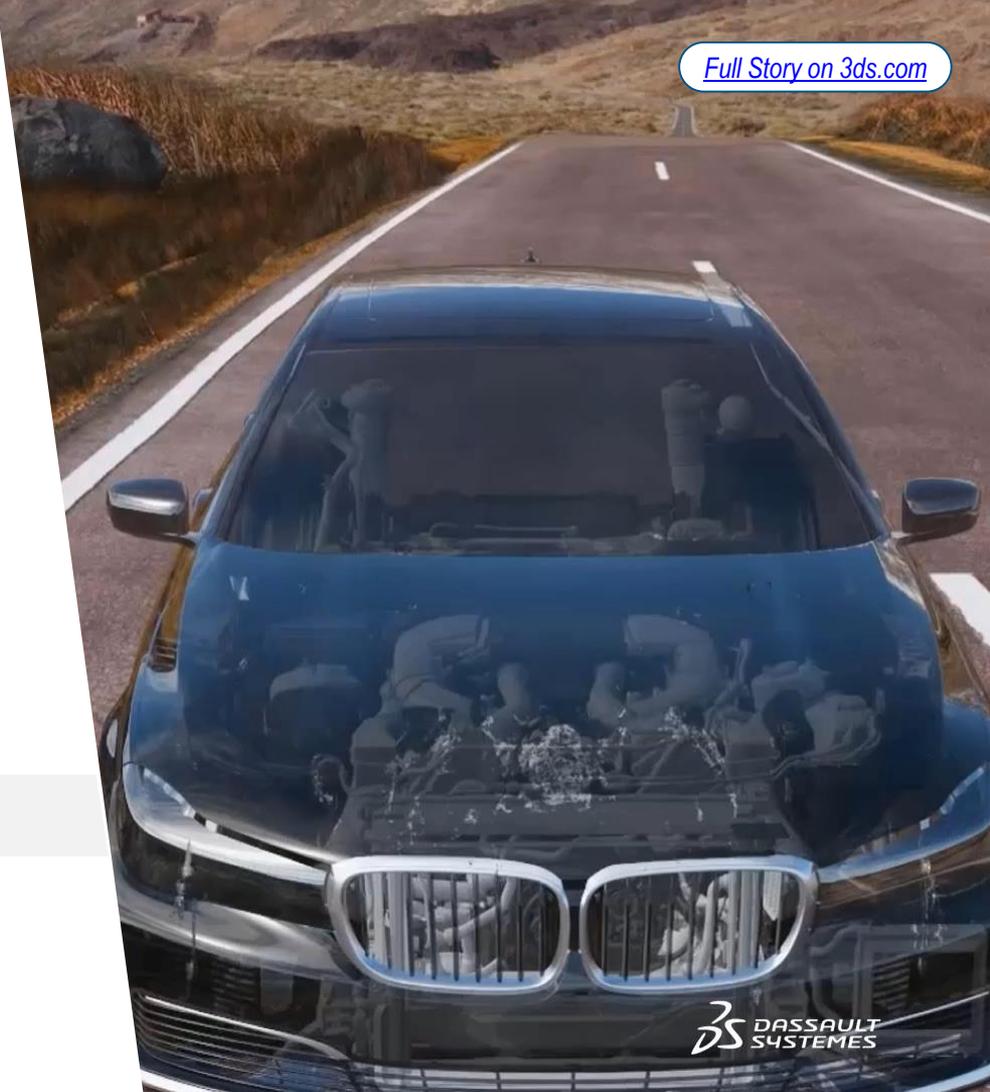
[Full Story on 3ds.com](https://www.3ds.com)

BMW EXPANDS WITH SIMULIA FOR EVs AND HYBRIDS

- ▶ Trade off between range and comfort
- ▶ Compliance with regulations

90-95% of work is simulation-based¹

¹ Measurement performed for Acoustics



A Purpose-Driven Company

“

Dassault Systèmes provides business & people with **3DEXPERIENCE** universes to imagine sustainable innovations capable of harmonizing product, nature and life.

”



Agenda

Q1 2021 Business & Strategy Highlights

Q1 2021 Financial Highlights

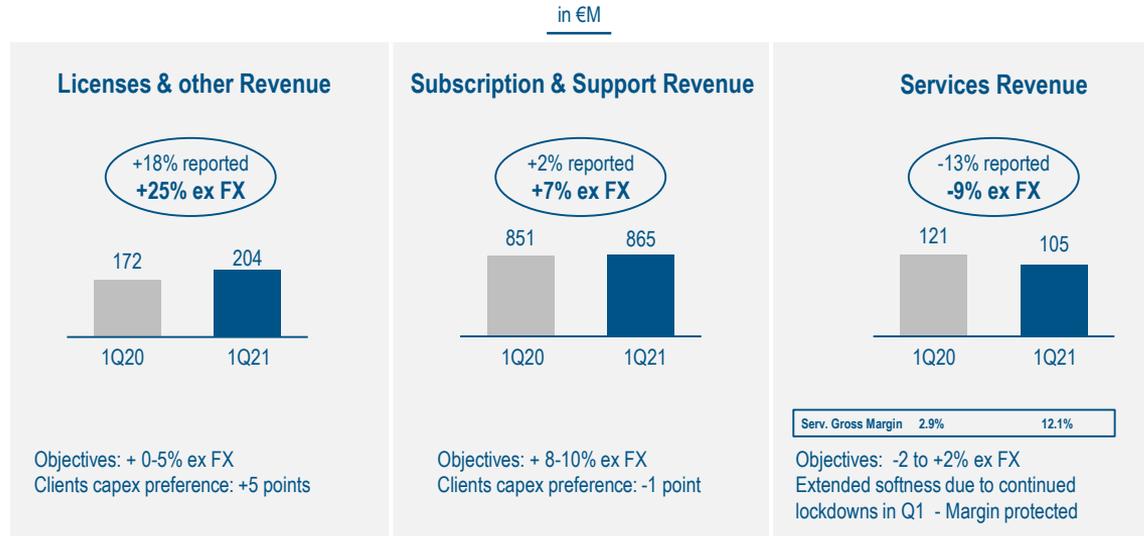
Q2 & FY 2021 Financial Objectives

Financial Information Appendix

Q1 2021 Performance* at a Glance

Non - IFRS

€M	1Q21	Objectives
Revenue	1,174	
Total Revenue Growth	+3%	
Total Revenue Growth ex FX	+8%	6-8%
Software Revenue Growth ex FX	+10%	7-9%
Operating Margin	33.9%	30.4-31.1%
EPS (€)	1.14	0.98-1.03
EPS Evolution	+20%	+3-8%



* Q1 2021 performance all organic

Software Revenue by Region Non-IFRS

EUROPE

Q1: **+6%*** | Share **37%****

Double-digit growth in **Northern** and **Southern Europe**

ASIA

Q1: **+10%***
Share **24%****

Excellent performance in **China**, recovery in **Korea**, still difficult environment in **India**

AMERICAS

Q1: **+14%***
Share **39%****

Strong performance in **Life Sciences & Healthcare** and in **Transportation & Mobility**

* YOY Growth ex FX
** Q1 2021 share

Software Revenue by Product Line Non-IFRS

% Growth ex FX	1Q21	
Industrial Innovation software revenue	+4%	<ul style="list-style-type: none"> Strong momentum for NETVIBES, SIMULIA, ENOVIA, DELMIA CATIA (-1% ex FX) CATIA 3DEXPERIENCE up 12% ex FX
Life Sciences software revenue	+16%	<ul style="list-style-type: none"> MEDIDATA up 20% ex FX
Mainstream Innovation software revenue	+20%	<ul style="list-style-type: none"> SOLIDWORKS up 18% ex FX Strong CENTRIC PLM
Total software revenue	+10%	

Trends by Key Strategic Sectors Non-IFRS

Manufacturing Industries



Life Sciences & Healthcare



Infrastructure & Cities



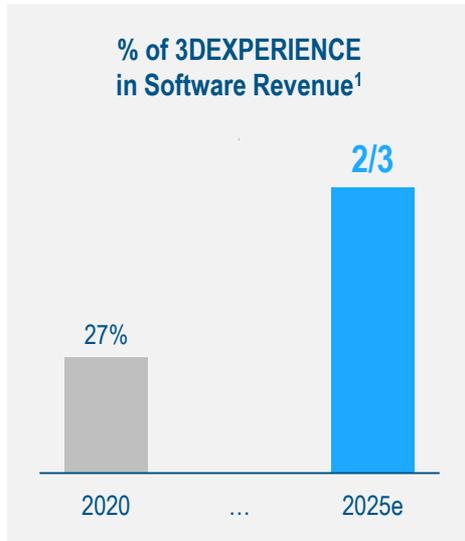
□ Double-digit software revenue growth

Growth strategy

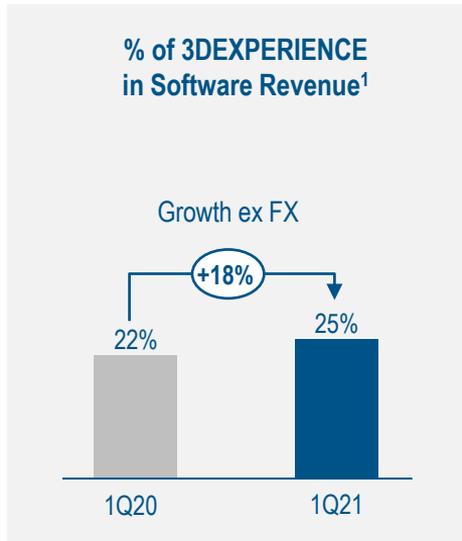


3DEXPERIENCE Performance Non-IFRS

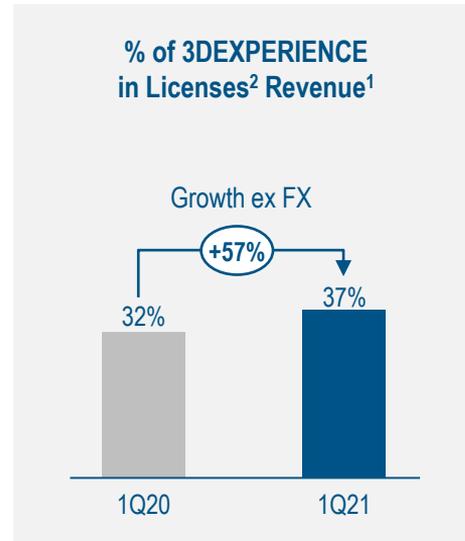
3DEXPERIENCE ADOPTION



VALUE UP



VALUE WIDE



¹ Excluding SOLIDWORKS and acquisitions

² Licenses and other software revenue

Growth strategy

Cloud

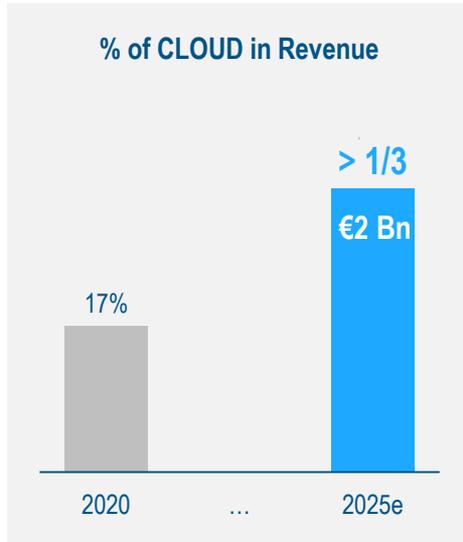


Cloud Performance

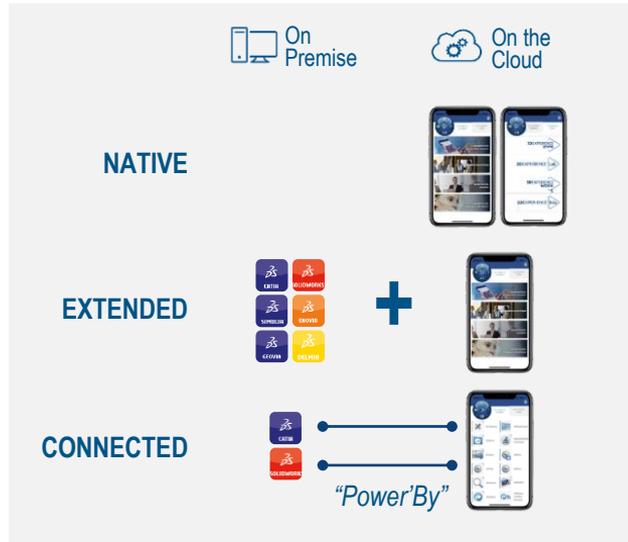
Non-IFRS

18.5%* +2 points YOY

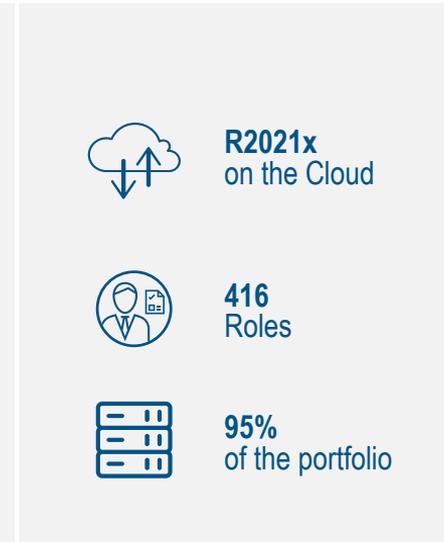
CLOUD ACCELERATION



CLOUD VALUE PATH



CLOUD OFFER



* % of software revenue



- ▶ **DELMIAworks Manufacturing ERP Solutions**
- ▶ **SOLIDWORKS customer**

Teel Adopts DELMIAworks

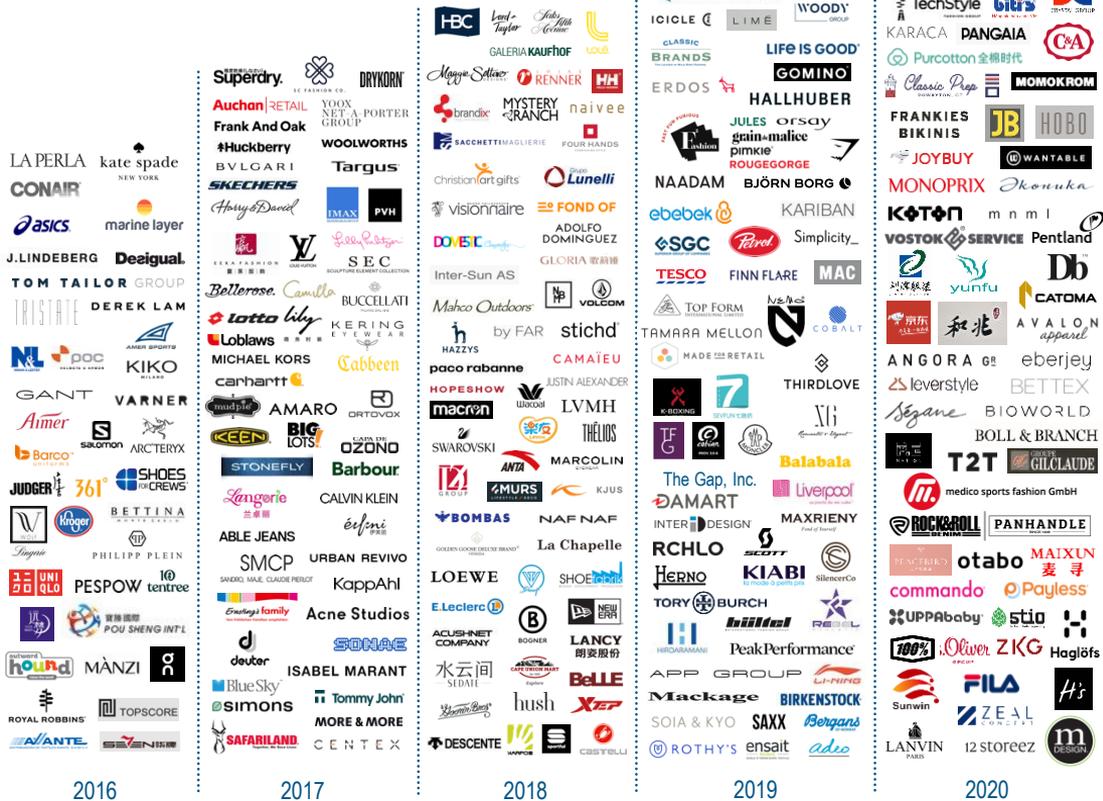
Teel Plastics extrudes high-quality close tolerance plastic tubing and profiles for many applications

Business Value:

- ▶ Quickly scale to meet growth demands (new COVID-19 testing swab program)
- ▶ Track work-in-process and production status in real-time
- ▶ Manage multiple sites for increased visibility across the entire enterprise



Centric PLM



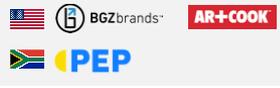
Fashion Brands



Outdoor & Lifestyle



Consumer Goods



Retail



Food & Beverage



- ▶ Strong Q1
- ▶ Customer acquisition x3 YOY
- ▶ Reaching 500 customers
- ▶ Reinforcing position in core markets
- ▶ Further diversification in Food & Beverage

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3DEXPERIENCE platform with:

- ▶ **License to Cure for BioPharma**
- ▶ **ONE Lab**

Abzena

Adopts 3DEXPERIENCE Platform

CDMO (Contract Development and Manufacturing Organization)
involved in the manufacturing of biological drugs (including COVID-19 treatments)

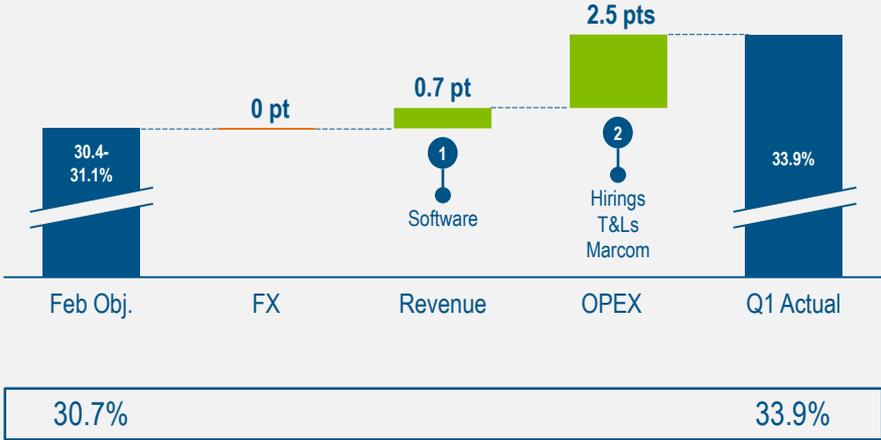
Business Value:

- ▶ Data integrity for total quality and compliance
- ▶ Collaboration for productivity
- ▶ Reduce time to market and cost of market expansion

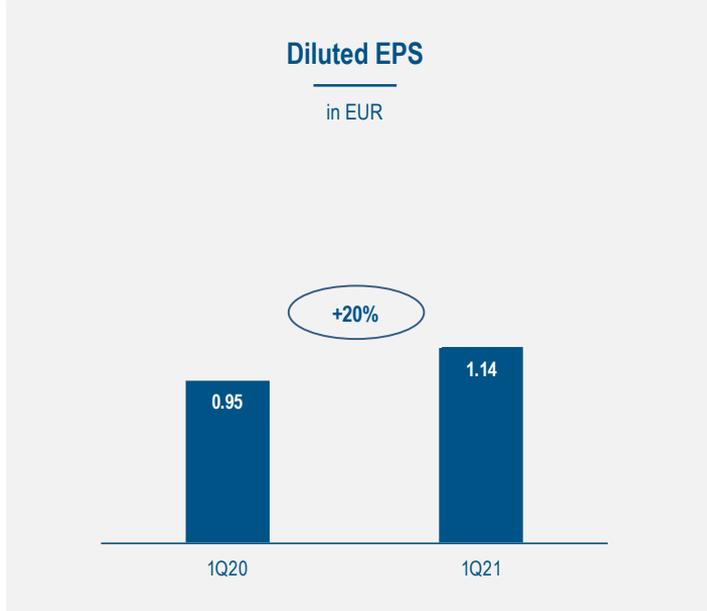


Operating Margin Evolution Non-IFRS

Q1 Operating Margin (Actual versus Guidance)



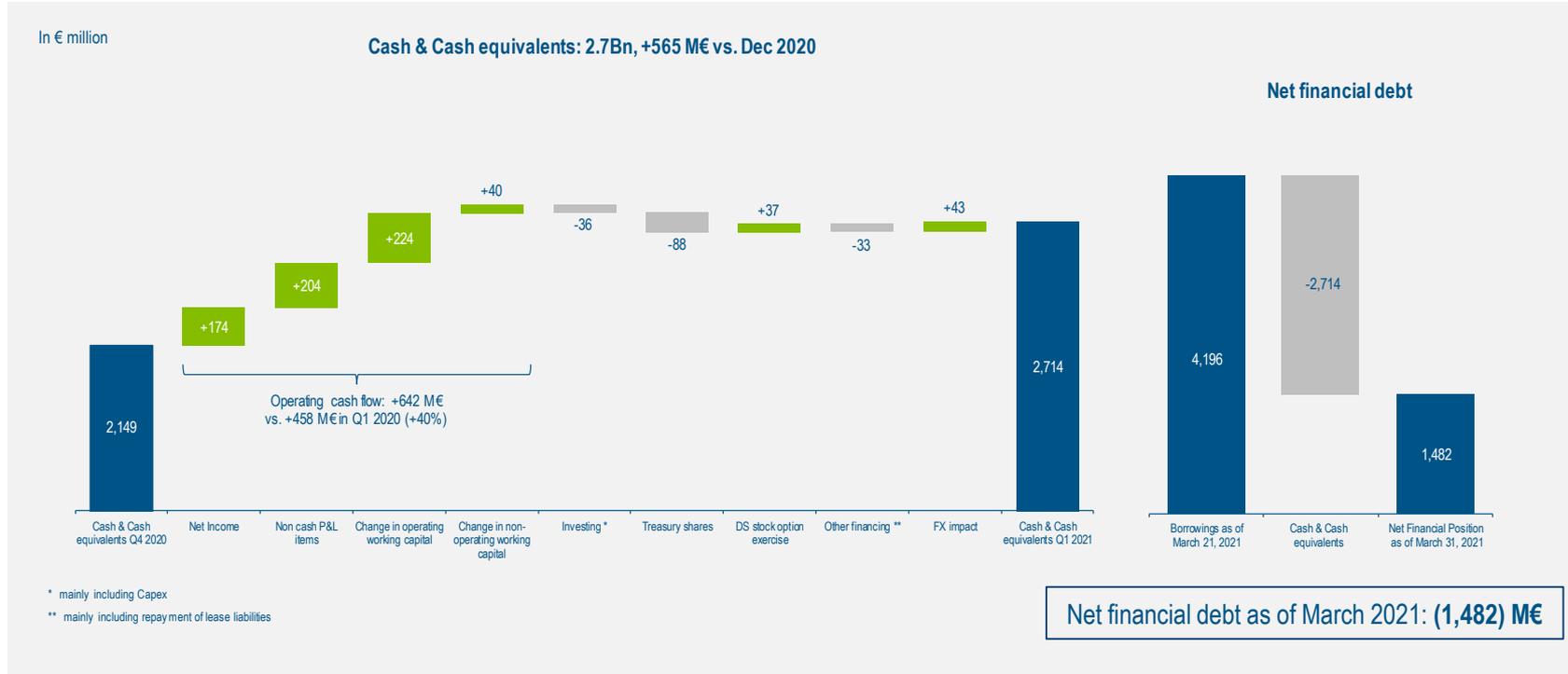
EPS Non-IFRS



- ▶ EPS 14 cents above **guidance mid-point**
EPS guidance €0.98-1.03
- ▶ EPS up **20%**, and **28%** ex FX

Change in Cash and Debt Position as of March 31, 2021

IFRS



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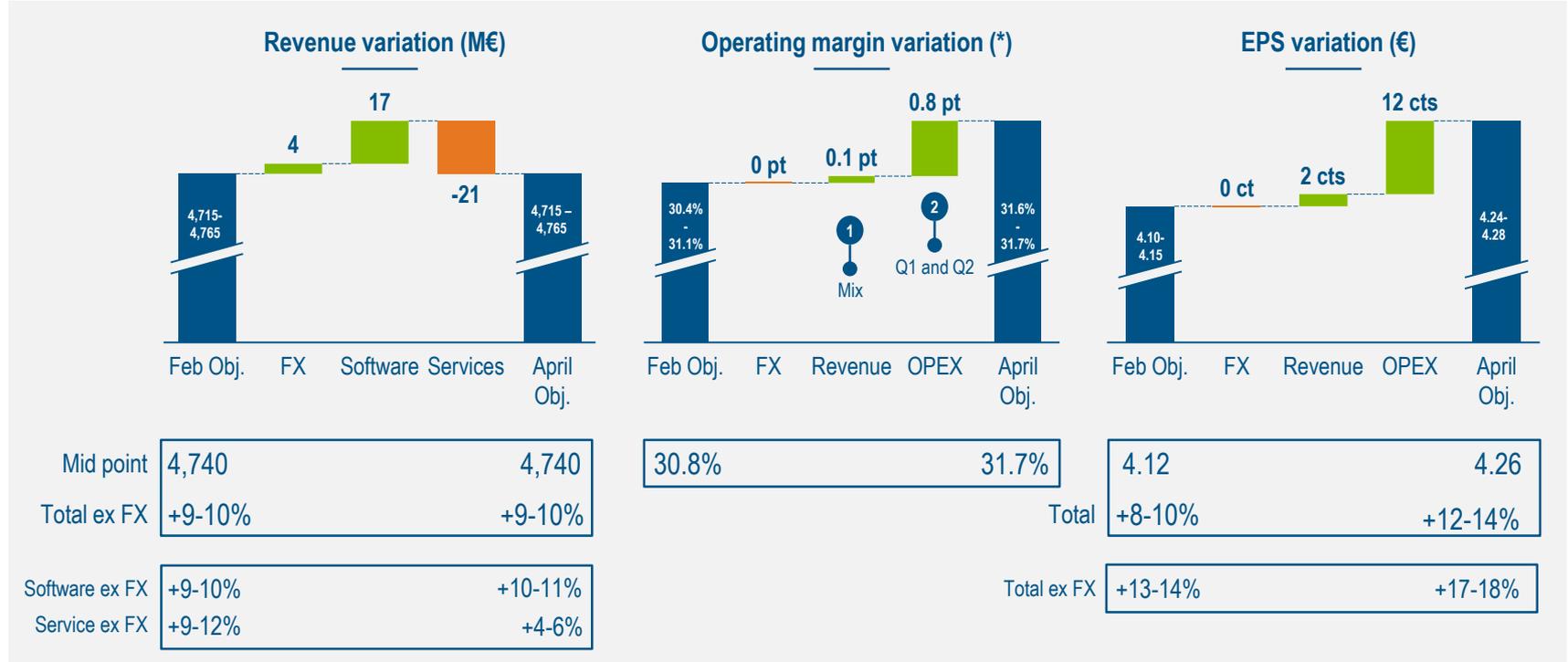
Q1 2021 Business & Strategy Highlights

Q1 2021 Financial Highlights

Q2 & FY 2021 Financial Objectives

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2021 Objectives Changes from February to April



Proposed Objectives Non-IFRS

	Ex FX	Q2 2021		FY 2021	Ex FX
Software revenue	+12-15%		Revenue (€M)		Software revenue +10-11%
<i>of which licenses</i>	<i>+29-38%</i>	1,130-1,155	Growth	4,715-4,765	<i>of which licenses</i> <i>+17-20%</i>
<i>of which recurring</i>	<i>+9-10%</i>	+6-8%	Growth ex FX	+6-7%	<i>of which recurring</i> 8%
Services revenue	+3-8%	+12-14%	Operating Margin	+9-10%	Services revenue +4-6%
		29.4-30.1%	Operating Margin Growth	31.6-31.7%	Operating margin excluding Medidata: +160 basis points ex FX
		+2.7-3.3 pts	EPS (€)	~1.4 pts	Tax rate of ~23.7%
		0.94-0.98	EPS Growth	4.24-4.28	
		+18-23%	€/\$ rates	+12-14%	
		1.22	€/¥ rates	1.22	
		126.0		126.5	

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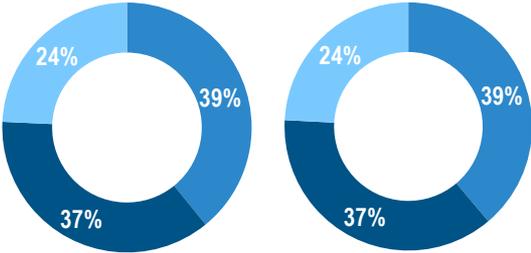
Software Revenue by Region

IFRS

in MEUR

	1Q21	1Q20	Growth	Growth ex FX
Americas	418	394	+6%	+16%
Europe	391	375	+4%	+6%
Asia	259	245	+6%	+10%
Software revenue	1,068	1,014	+5%	+11%

1Q21 1Q20



Software Revenue by Region

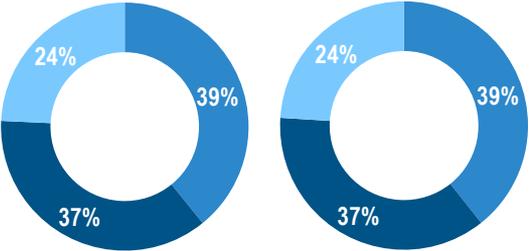
Non - IFRS

in MEUR

	1Q21	1Q20	Growth	Growth ex FX
Americas	418	402	+4%	+14%
Europe	391	375	+4%	+6%
Asia	259	246	+6%	+10%
Software revenue	1,068	1,023	+4%	+10%

1Q21 1Q20

- Americas
- Europe
- Asia



Revenue by Product Line

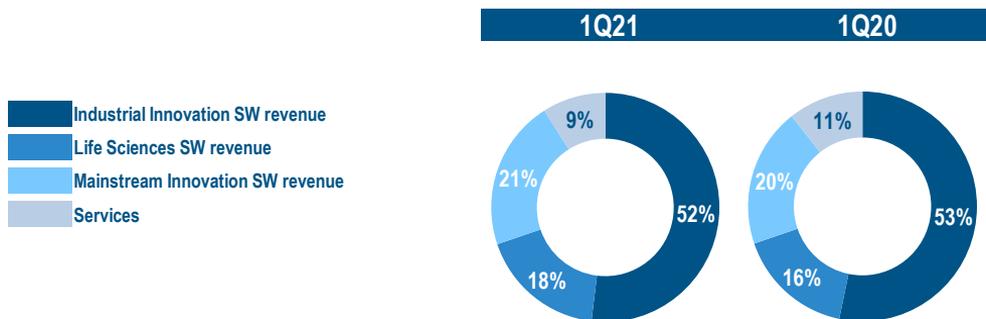
IFRS

in MEUR

	1Q21	1Q20	Growth	Growth ex FX
Industrial Innovation SW revenue *	609	604	+1%	+5%
Life Sciences SW revenue **	209	187	+12%	+21%
Mainstream Innovation SW revenue	249	223	+12%	+20%
Services	105	120	(13)%	(8)%
Total revenue	1,173	1,135	+3%	+9%

* Excluding ENOVIA Life Sciences Compliance and Quality Management

** Including ENOVIA Life Sciences Compliance and Quality Management



Revenue by Product Line

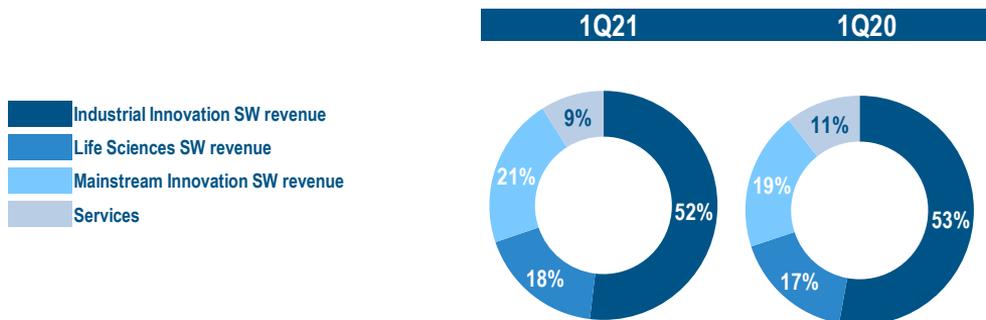
Non - IFRS

in MEUR

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* Excluding ENOVIA Life Sciences Compliance and Quality Management

** Including ENOVIA Life Sciences Compliance and Quality Management

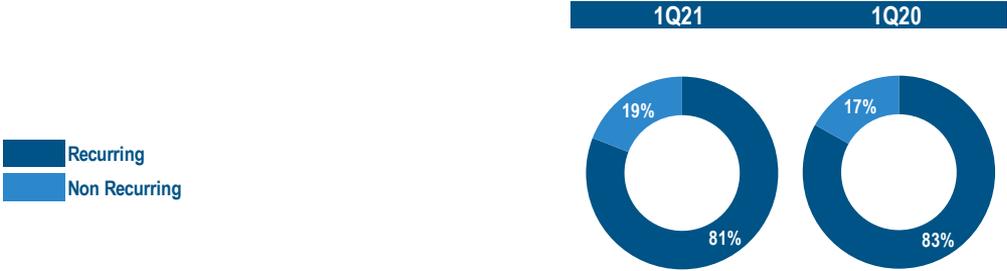


Software Revenue Evolution

Non - IFRS

in MEUR

	1Q21	1Q20	Growth	Growth ex FX
Recurring Subscription and Support revenue	865	851	+2%	+7%
Non Recurring Licenses and Other software revenue	204	172	+18%	+25%
Software revenue	1,068	1,023	+4%	+10%



IFRS P&L

	Three months ended March 31,		
	2021	2020	YoY
(In € million, except % and per share data)			
Software revenue	1,067.8	1,014.2	+5%
Licenses and Other software revenue	203.8	172.3	+18%
Subscription and Support revenue	864.0	841.9	+3%
Services revenue	105.1	120.5	(13)%
Total revenue	1,172.9	1,134.7	+3%
Cost of Software revenue	(101.7)	(76.5)	+33%
Cost of Services revenue	(93.9)	(119.9)	(22)%
Research and development expenses	(237.0)	(230.2)	+3%
Marketing and sales expenses	(309.9)	(331.3)	(6)%
General and administrative expenses	(93.5)	(97.4)	(4)%
Amortization of acquired intangible assets and of tangible assets revaluation	(89.5)	(109.4)	(18)%
Other operating income and expense, net	(16.9)	(18.9)	(11)%
Total operating expenses	(942.3)	(983.7)	(4)%
Operating income	230.6	151.0	+53%
Financial income (loss), net	(2.8)	(6.5)	(57)%
Income tax expense	(53.7)	(35.3)	+52%
Non-controlling interest	0.3	3.2	(90)%
Net Income (to equity holders of the parent)	174.4	112.4	+55%
Diluted earnings per share (EPS)	0.66	0.43	+54%
Average diluted shares (Million)	264.5	263.2	

IFRS P&L (%)

	Three months ended March 31,	
	2021	2020
	<u>% of revenue</u>	
Software revenue	+91.0%	+89.4%
Licenses and Other software revenue	+17.4%	+15.2%
Subscription and Support revenue	+73.7%	+74.2%
Services revenue	+9.0%	+10.6%
Total revenue	+100.0%	+100.0%
Cost of Software revenue	+8.7%	+6.7%
Cost of Services revenue	+8.0%	+10.6%
Research and development expenses	+20.2%	+20.3%
Marketing and sales expenses	+26.4%	+29.2%
General and administrative expenses	+8.0%	+8.6%
Amortization of acquired intangible assets and of tangible assets revaluation	+7.6%	+9.6%
Other operating income and expense, net	+1.4%	+1.7%
Total operating expenses	+80.3%	+86.7%
Operating income	+19.7%	+13.3%
Financial income (loss), net	(0.2)%	(0.6)%
Income tax rate (% of EBIT *)	+23.6%	+24.4%
Non-controlling interest	+0.0%	+0.3%
Net Income (to equity holders of the parent)	+14.9%	+9.9%

Non-IFRS P&L

	Three months ended March 31,		
	2021	2020	YoY
<small>(In € million, except % and per share data)</small>			
Software revenue	1,068.4	1,023.0	+4%
Licenses and Other software revenue	203.8	172.3	+18%
Subscription and Support revenue	864.6	850.7	+2%
Services revenue	105.2	121.4	(13)%
Total revenue	1,173.6	1,144.4	+3%
Cost of Software revenue	(98.7)	(74.4)	+33%
Cost of Services revenue	(92.5)	(117.8)	(22)%
Research and development expenses	(214.5)	(216.0)	(1)%
Marketing and sales expenses	(294.2)	(317.6)	(7)%
General and administrative expenses	(76.3)	(84.3)	(10)%
Total operating expenses	(776.2)	(810.3)	(4)%
Operating income	397.4	334.1	+19%
Financial income (loss), net	(2.5)	(6.3)	(61)%
Income tax expense	(92.7)	(79.8)	+16%
Non-controlling interest	(1.0)	1.9	(153)%
Net Income (to equity holders of the parent)	301.2	250.0	+20%
Diluted earnings per share (EPS)	1.14	0.95	+20%
Average diluted shares (Million)	264.5	263.2	

Non-IFRS P&L (%)

	Three months ended March 31,	
	2021	2020
	<u>% of revenue</u>	
Software revenue	+91.0%	+89.4%
Licenses and Other software revenue	+17.4%	+15.1%
Subscription and Support revenue	+73.7%	+74.3%
Services revenue	+9.0%	+10.6%
Total revenue	+100.0%	+100.0%
Cost of Software revenue	+8.4%	+6.5%
Cost of Services revenue	+7.9%	+10.3%
Research and development expenses	+18.3%	+18.9%
Marketing and sales expenses	+25.1%	+27.8%
General and administrative expenses	+6.5%	+7.4%
Total operating expenses	+66.1%	+70.8%
Operating income	+33.9%	+29.2%
Financial income (loss), net	(0.2)%	(0.5)%
Income tax rate (% of EBIT *)	+23.5%	+24.3%
Non-controlling interest	(0.1)%	+0.2%
Net Income (to equity holders of the parent)	<u>+25.7%</u>	<u>+21.8%</u>

* EBIT: Earnings Before Income Tax

IFRS – Non-IFRS Reconciliation QTD

Revenue and Gross Margin

(In € million, except %)

	Three months ended March 31,						Increase (Decrease)	
	2021 IFRS	Adjustment	2021 Non-IFRS	2020 IFRS	Adjustment	2020 Non-IFRS	IFRS	Non-IFRS
Total Revenue	1,172.9	0.7	1,173.6	1,134.7	9.7	1,144.4	+3%	+3%
Total Revenue breakdown by activity								
Software revenue	1,067.8	0.6	1,068.4	1,014.2	8.8	1,023.0	+5%	+4%
<i>Licenses and Other software revenue</i>	203.8		203.8	172.3		172.3	+18%	+18%
<i>Subscription and Support revenue</i>	864.0	0.6	864.6	841.9	8.8	850.7	+3%	+2%
<i>Recurring portion of Software revenue</i>	81%		81%	83%		83%		
Services revenue	105.1	0.1	105.2	120.5	0.9	121.4	(13)%	(13)%
Total Revenue breakdown by product line								
Industrial Innovation SW revenue ⁽¹⁾	609.2		609.2	604.3	0.7	605.1	+1%	+1%
Life Sciences SW revenue ⁽²⁾	209.4	0.5	209.9	187.2	7.8	195.0	+12%	+8%
Mainstream Innovation SW revenue	249.2	0.1	249.3	222.7	0.3	223.0	+12%	+12%
Services revenue	105.1	0.1	105.2	120.5	0.9	121.4	(13)%	(13)%
Total Revenue breakdown by geography								
Americas revenue	462.7	0.6	463.3	444.6	9.2	453.8	+4%	+2%
Europe revenue	435.8	0.1	435.9	421.2	0.2	421.5	+3%	+3%
Asia revenue	274.5		274.5	268.8	0.3	269.1	+2%	+2%
Gross Margin								
Cost of Software revenue	(101.7)	2.9	(98.7)	(76.5)	2.1	(74.4)	-33%	+33%
Software Gross margin ⁽³⁾	90.5%		90.8%	92.5%		92.7%		
Cost of Services revenue	(93.9)	1.4	(92.5)	(119.9)	2.1	(117.8)	(22)%	(22)%
Services Gross margin	10.6%		12.1%	0.5%		2.9%		

⁽¹⁾ Excluding ENOVIA Life Sciences Compliance and Quality Management

⁽²⁾ Including ENOVIA Life Sciences Compliance and Quality Management

⁽³⁾ No amortization of acquired intangible assets and of tangible assets revaluation is included in Software Gross margin calculation

IFRS – Non-IFRS Reconciliation QTD

Expenses & Earnings

	Three months ended March 31,						Increase (Decrease)	
	2021 IFRS	Adjustment	2021 Non-IFRS	2020 IFRS	Adjustment	2020 Non-IFRS	IFRS	Non-IFRS
<i>(In € million, except % and per share data)</i>								
Total Operating Expenses	(942.3)	166.1	(776.2)	(983.7)	173.4	(810.3)	(4)%	(4)%
Share-based compensation expense and related social charges	(59.1)	59.1		(44.4)	44.4			
Amortization of acquired intangible assets and of tangible assets revaluation	(89.5)	89.5		(109.4)	109.4			
Lease incentives of acquired companies	(0.7)	0.7		(0.7)	0.7			
Other operating income and expense, net	(16.9)	16.9		(18.9)	18.9			
Operating Income	230.6	166.8	397.4	151.0	183.1	334.1	+53%	+19%
Operating Margin	19.7%		33.9%	13.3%		29.2%		
Financial income (loss), net	(2.8)	0.3	(2.5)	(6.5)	0.3	(6.3)	(57)%	(61)%
Income tax expense	(53.7)	(39.0)	(92.7)	(35.3)	(44.5)	(79.8)	+52%	+16%
Non-controlling interest	0.3	(1.3)	(1.0)	3.2	(1.3)	1.9	(90)%	(153)%
Net Income attributable to shareholders	174.4	126.8	301.2	112.4	137.6	250.0	+55%	+20%
Diluted earnings per share, in EUR	0.66	0.48	1.14	0.43	0.52	0.95	+54%	+20%

	Three months ended March 31,							
	2021 IFRS	Share-based compensation expense and related social charges	Lease incentives of acquired companies	2021 Non-IFRS	2020 IFRS	Share-based compensation expense and related social charges	Lease incentives of acquired companies	2020 Non-IFRS
<i>(In € million)</i>								
Cost of revenue	(195.6)	4.2	0.2	(191.2)	(196.4)	3.9	0.2	(192.3)
Research and development expenses	(237.0)	22.1	0.3	(214.5)	(230.2)	13.8	0.4	(216.0)
Marketing and sales expenses	(309.9)	15.7	0.1	(294.2)	(331.3)	13.6	0.1	(317.6)
General and administrative expenses	(93.5)	17.2	0.1	(76.3)	(97.4)	13.0	-	(84.3)
Total		59.1	0.7			44.4	0.7	

Financial income (loss), net

Non - IFRS

(In € million)	Three months ended March 31,		
	2021	2020	YoY
Interest Income	2.7	4.3	(1.7)
Interest Expense	(3.5)	(6.0)	2.5
Interest Expense on cap lease (IFRS 16)	(3.2)	(4.0)	0.8
Financial net Income (loss)	(4.1)	(5.7)	1.6
Exchange Gain / (Loss)	1.9	(0.7)	2.5
Other Income / (Loss)	(0.3)	0.0	(0.3)
Total	(2.5)	(6.3)	3.8

Exchange Rate evolution

From assumptions to actual data – Non-IFRS

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Breakdown of P&L by currency for Q12021YTD		
	Revenue	Operating Expenses
USD	48.4%	45.9%
JPY	9.0%	3.6%

Average Exchange rates				
		2020	2021	% change
QTD	EUR/USD	1.10	1.20	+9%
	EUR/JPY	120.10	127.81	+6%
YTD	EUR/USD	1.10	1.20	+9%
	EUR/JPY	120.10	127.81	+6%



Comparing 1Q21 with mid-range Objectives

Non - IFRS

In € million, except %

	Revenue	Operating Expenses	Operating Profit	Operating Margin
1Q21 Guidances mid-range	1,157.5	(801.0)	356.5	30.8%
<i>Growth YoY</i>	1.1%	-1.1%	6.7%	+1.6pt
<i>USD impact</i>	5.0	-4.5	0.5	(0.1)pt
<i>JPY impact including hedging</i>	-1.0	0.5	-0.5	(0.0)pt
<i>Other currencies and other hedging impact</i>	1.6	-1.2	0.4	(0.0)pt
Total FX	5.6	(5.2)	0.4	(0.1)pt
Activity / Cost Control / Other	10.5	30.0	40.5	+3.2pts
Delta: Reported vs guidances	16.1	24.8	40.9	+3.1pts
1Q21 Reported	1,173.6	(776.2)	397.4	33.9%
<i>Growth YoY</i>	2.6%	-4.2%	18.9%	+4.7pts
1Q20 Reported	1,144.4	(810.3)	334.1	29.2%

Estimated FX impact on 1Q21 Op. Results

Non - IFRS

In € million, except %	Revenue	Expenses	Operating Income	Operating Margin
1Q20	1,144.4	(810.3)	334.1	29.2%
USD impact	(50.4)	31.4	(19.0)	(0.4)pt
JPY impact (incl hedg)	(4.3)	2.0	(2.3)	(0.1)pt
Other currencies	(3.1)	3.2	0.1	+0.1pt
Total FX effect	(57.8)	36.6	(21.2)	(0.4)pt
1Q20 ex FX	1,086.6	(773.6)	313.0	28.8%
<i>Growth exFX</i>	<i>8.0%</i>	<i>0.3%</i>	<i>27.0%</i>	<i>+5.1pts</i>
1Q21	1,173.6	(776.2)	397.4	33.9%
<i>Growth</i>	<i>2.6%</i>	<i>(4.2)%</i>	<i>18.9%</i>	<i>+4.7pts</i>

Consolidated Statement of Cash Flows

IFRS

(in millions of €)	1Q21	1Q20	Variation
Net income attributable to equity holders of the parent	174.4	112.4	62.0
Non-controlling interest	(0.3)	(3.2)	2.9
Net income	174.0	109.2	64.8
Depreciation of property and equipment	43.3	48.9	(5.6)
Amortization of intangible assets	94.6	112.8	(18.2)
Adjustments for other non-cash items	65.9	49.8	16.1
Changes in working capital	263.9	137.4	126.5
Net Cash Provided by (Used in) Operating Activities (I)	641.8	458.1	183.7
Additions to property, equipment and intangibles	(27.5)	(60.3)	32.8
Purchases of short-term investments	(0.6)	-	(0.6)
Other	(7.9)	1.8	(9.8)
Net Cash Provided by (Used in) Investing Activities (II)	(36.0)	(58.4)	22.4
Proceeds from exercise of stock options	37.1	23.7	13.4
Repurchase and sale of treasury stock	(88.3)	(108.1)	19.8
Proceeds from borrowings	0.4	1.5	(1.1)
Repayment of borrowings	(8.3)	-	(8.3)
Repayment of lease liabilities	(24.3)	(25.5)	1.3
Net Cash Provided by (Used in) Financing Activities (III)	(83.5)	(108.5)	25.0
Effect of exchange rate changes on cash and cash equivalents (IV)	42.9	7.4	35.5
Increase (decrease) in cash and cash equivalents (V) = (I)+(II)+(III)+(IV)	565.2	298.6	266.6
Cash and cash equivalents at beginning of period	2,148.9	1,944.9	
Cash and cash equivalents at end of period	2,714.1	2,243.5	
Cash and cash equivalents variation	565.2	298.6	

Balance Sheet

IFRS

(in millions of €)	End of Mar-21	End of Dec-20	Variation Mar-21 / Dec-20
Cash and cash equivalents	2,714.1	2,148.9	+565.2
Trade accounts receivable, net	1,130.4	1,229.1	-98.7
Contract assets	27.1	27.0	+0.1
Other current assets	321.0	355.4	-34.4
Total current assets	4,192.5	3,760.3	+432.2
Property and equipment, net	856.4	861.1	-4.7
Goodwill and Intangible assets, net	8,170.5	7,937.2	+233.3
Other non-current assets	428.9	405.6	+23.3
Total non-current assets	9,455.9	9,203.9	+252.0
Total Assets	13,648.4	12,964.2	+684.2
Trade accounts payable	138.0	171.7	-33.7
Contract liabilities	1,345.3	1,169.1	+176.2
Borrowings, current	9.9	16.0	-6.2
Other current liabilities	701.2	730.1	-28.8
Total current liabilities	2,194.4	2,086.9	+107.5
Borrowings, non-current	4,186.5	4,174.3	+12.2
Other non-current liabilities	1,649.6	1,596.9	+52.8
Total non-current liabilities	5,836.2	5,771.2	+65.0
Non-controlling interest	46.6	44.8	+1.9
Parent Shareholders' equity	5,571.1	5,061.3	+509.8
Total Liabilities and Equity	13,648.4	12,964.2	+684.2

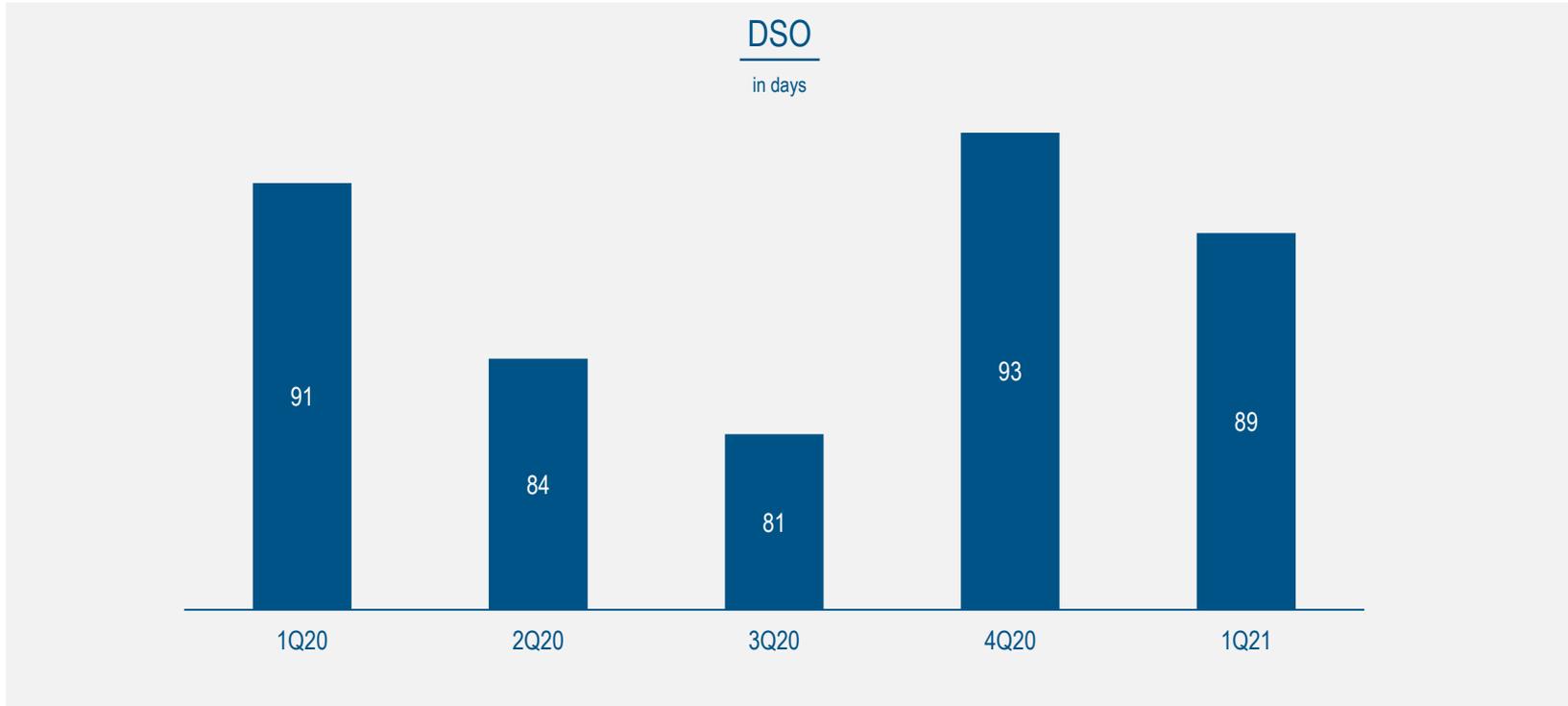
Operating Cash Flow Evolution – 1Q21

IFRS

€ million	1Q21	1Q20	Changes	
Operating Cash Flow	+642	+458	+184	Up +40% year over year
Net income adjusted for non cash items	+378	+321	+57	
Decrease in trade accounts receivable and contract assets	+137	+209	-72	Balance up 4.9% exFX at constant perimeter DSO down 2 days
Increase in contract liability	+138	+76	+62	Balance up 19% exFX, driven by activity growth, upfront billing and ratable revenue recognition at MEDIDATA
(Decrease) in accrued compensation	-13	-66	+53	Favorable payroll accrual and increase in social charges on share-based compensation vs. 2020
(Decrease) in accounts payable	-37	-55	+18	Lower purchases in 2020
Increase (decrease) in income taxes payable	+50	-50	+100	Higher profit before tax and 2020 last payment for a known tax litigation
Other	-11	+23	-34	Mainly due to early retirement plan in France in 2020

Trade Accounts Receivables - DSO

IFRS



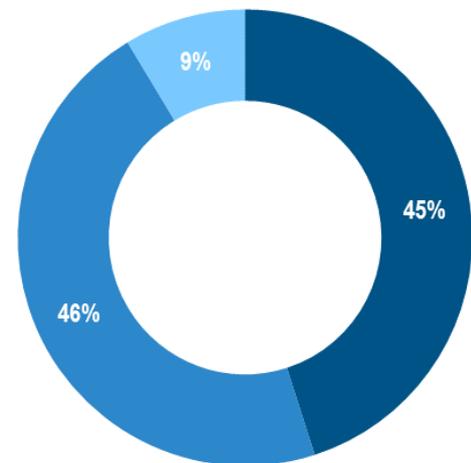
Headcount by destinations – 1Q21

Overview

At Closing - TOTAL			
	<u>1Q21</u>	<u>1Q20*</u>	<u>% growth</u>
M&S + COR Ser	9,662	10,103	(4.4)%
R&D + COR SW	9,932	9,427	+5.4%
G&A	1,856	1,908	(2.7)%
Total	21,451	21,439	+0.1%

*1Q20 Medidata subcontractor adjusted by destination type

Closing H/C - March 2021



■ M&S + COR Ser ■ R&D + COR SW ■ G&A

IFRS 2021 Financial Objectives

Accounting elements not included in the non-IFRS 2021 Objectives

- ▶ FY 2021 estimated **contract liabilities** write-down of **~€2m**
- ▶ FY 2021 estimated **share-based compensation** expenses, including related social charges: **~€137m**
- ▶ FY 2021 estimated amortization of **acquired intangible assets** and of **tangible assets revaluation: ~€353m**
- ▶ FY 2021 estimated **lease incentives of acquired companies: ~€3m**
- ▶ The non-IFRS objectives also do not include any impact from other operating income and expense, net principally comprised of acquisition, integration and restructuring expenses, and impairment of goodwill and acquired intangible assets; from one-time items included in financial revenue; from one-time tax effects; and from the income tax effects of these non-IFRS adjustments.
- ▶ Finally, these estimates do not include any new stock option or share grants, or any new acquisitions or restructurings completed after March 31, 2021.

