

WE
ARE
THERE

2018/2019/2020
Universal Registration Document



CONTENTS

General	2		
Person Responsible	3		
1 Presentation of the Company	5	4 Financial statements	105
2020 Performance and Strategy	6	4.1 Consolidated Financial Statements	106
1.1 Key data	8	4.2 Parent company financial statements	153
1.2 Profile of Dassault Systèmes & Our Purpose	10	4.3 Legal and Arbitration Proceedings	184
1.3 History and Development of the Company	13		
1.4 Business Activities	18	5 Corporate governance	185
1.5 Research and development	31	5.1 The Board's Corporate Governance Report	186
1.6 Company Organization	34	5.2 Internal Control Procedures and Risk Management	229
1.7 Financial Summary: five-year historical information	36	5.3 Transactions in Dassault Systèmes shares by the Management of Dassault Systèmes	233
1.8 Extra-financial performance	38	5.4 Information on the Statutory Auditors	237
1.9 Risk Factors	39	5.5 Declarations regarding the administrative and management bodies	237
2 Social, societal and environmental responsibility	47		
2.1 Sustainability Governance	49	6 Information about Dassault Systèmes SE, the share capital and the ownership structure	239
2.2 Social, societal and environmental risks	49	6.1 Information about Dassault Systèmes SE	240
2.3 Social responsibility	50	6.2 Information about the Share Capital	244
2.4 Societal responsibility	56	6.3 Information about the Shareholders	247
2.5 Environmental responsibility	61	6.4 Stock Market Information	253
2.6 Business Ethics and Vigilance Plan	67		
2.7 Environmental, Social and Governance metrics	74	7 General Meeting	255
2.8 Reporting Methodology	77	7.1 Presentation of the Resolutions Proposed by the Board of Directors to the General Meeting of May 26, 2021	256
2.9 Independent verifier's report on Consolidated Non-financial Statement Presented in the management report	80	7.2 Text of the Draft Resolutions Proposed by the Board of Directors to the General Meeting of May 26, 2021	264
2.10 Statutory Auditors' Attestation on the information relating to the Dassault Systèmes SE's total amount paid for sponsorship	83		
3 Financial review and prospects	85	Cross-reference tables	276
3.1 Operating and Financial Review	86		
3.2 Financial Objectives	102		
3.3 Interim and Other Financial Information	103		



The **3DEXPERIENCE**® Company

UNIVERSAL
REGISTRATION DOCUMENT **2020**
ANNUAL FINANCIAL REPORT



This document is an English-language translation of Dassault Systèmes' *Document d'enregistrement universel* (Annual Report), which was filled with the AMF (French Financial Markets Authority) on March 19, 2021, under regulation (UE) 2017/1129 without prior approval in accordance with Article 9 of such regulation. Only the French version of the *Document d'enregistrement universel* is legally binding.

GENERAL

This Annual Report also includes:

- the annual financial report to be prepared and published by every listed company within four months of the end of its fiscal year, pursuant to Article L. 451-1-2 of the Monetary and Financial Code and Article 222-3 of the French Financial Markets Authority ("AMF") General Regulation; and
- the annual management report of Dassault Systèmes SE's Board of Directors, which must be provided to the General Meeting of Shareholders approving the financial statements for each completed fiscal year, pursuant to Articles L. 225-100 and L. 22-10-34 *et seq.* of the French Commercial Code.

The index set forth on pages 276 and 277 provides cross-references to the relevant portions of these two reports.

All references to "euro" or to the symbol "€" refer to the legal currency of the French Republic and certain countries of the European Union. All references to the "U.S. dollar" or to the symbol "\$" refer to the legal currency of the United States.

As used herein, "Dassault Systèmes", the "Company", the "Group" "we refer to Dassault Systèmes SE and all the companies included in the scope of consolidation.

"Dassault Systèmes SE" refers only to the European parent company of the Company, which is governed by French law.

In compliance with Article 19 of European Regulation no. 2017/1129 of the European Parliament and of the European Council, the following information is incorporated by reference in this Annual Report:

- the consolidated financial statements on pages 94 to 137 (inclusive), the parent company financial statements on pages 143 to 166 (inclusive), and the related audit reports on pages 138 to 142 and 168 to 172 (inclusive) of the Annual Report for the year 2019 filed with the AMF on March 19, 2020, under no. D. 20-0144;
- the financial information on pages 73 to 91 (inclusive) of the Annual Report for the year 2019 filed with the AMF on March 19, 2020, under no. D. 20-0144.
- the consolidated financial statements on pages 88 to 129 (inclusive), the parent company financial statements on pages 135 to 157 (inclusive), and the related audit reports on pages 130 to 134 and 159 to 163 (inclusive) of the Annual Report (*Document de référence*) for the year 2018 filed with the AMF on March 26, 2019, under no. D. 19-0202;
- the financial information on pages 69 to 86 (inclusive) of the Annual Report (*Document de référence*) for the year 2018 filed with the AMF on March 26, 2019, under no. D. 19-0202.

The portions of these documents which are not incorporated herein are either not relevant for current investors, or are covered in another section of this Annual Report.

PERSON RESPONSIBLE

Person Responsible for the Annual Report

Bernard Charlès – Vice-Chairman and Chief Executive Officer.

Certification by the Person Responsible for the Annual Report

Vélizy-Villacoublay, March 19, 2021.

I hereby certify that the information contained in this Annual Report (*Document d'enregistrement universel*) is, to my knowledge, in accordance with the facts and that no information liable to affect its significance has been omitted.

I certify that, to my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and give a faithful representation of the assets, financial situation and results of Dassault Systèmes SE and all the companies included in the scope of consolidation, and that the "management report", the content of which is cross-

referenced in a table at page 277, included in this Annual Report, presents a faithful representation of the business trends, results and financial situation of Dassault Systèmes SE and all the companies included in the scope of consolidation as well as a description of the principal risks and uncertainties which they face.

Bernard Charlès

Vice-Chairman of the Board of Directors
and Chief Executive Officer

1

PRESENTATION OF THE COMPANY

CONTENTS

2020 Performance and Strategy	6	1.5 Research and development	31
1.1 Key data	8	1.5.1 Overview	31
1.2 Profile of Dassault Systèmes & Our Purpose	10	1.5.2 Cloud and Services	31
Our Purpose	11	1.5.3 Intellectual Property	32
1.3 History and Development of the Company	13	1.5.4 Investments	32
1.3.1 Summary	13	1.6 Company Organization	34
1.3.2 Our Summary Timeline	14	1.6.1 Dassault Systèmes SE's Position within the Company	34
1.4 Business Activities	18	1.6.2 Principal Subsidiaries of the Company	35
Stakeholder Value Creation Model for Dassault Systèmes	18	1.7 Financial Summary: five-year historical information	36
1.4.1 Dassault Systèmes	20	1.8 Extra-financial performance	38
1.4.2 Dassault Systèmes' Offering	23	1.9 Risk Factors	39
1.4.3 Material Contracts	30	1.9.1 Risks Related to the Dassault Systèmes' Business	39
		1.9.2 Financial and Market Risks	45
		1.9.3 Insurance	46

2020 Performance and Strategy

By Bernard Charlès, Vice-Chairman of the Board and CEO, and Charles Edelstenne, Chairman of the Board

(All figures are non-IFRS and in constant currencies)

How would you describe the way Dassault Systèmes went through 2020?

This unprecedented period has been a challenging, learning and revealing experience, all at the same time. We overcame the challenge with all our employees, by learning new working methods of course, but also by paying close attention to all the situations created by the crisis among our customers, our distributors, our suppliers and our employees. This crisis has also played a revealing role and accelerated a number of trends. It revealed the critical importance of collaborative innovation across the three sectors we serve as a strategic partner in value creation. Through close engagement, we have helped our clients in running their operations during the pandemic – especially for businesses in the manufacturing industries. At the same time, our innovation platform also enabled our clients to prepare for the future and advance their next generation portfolios for sustainable development.

Summarizing our performance during 2020, it was about delivering on our objectives, as revised in April due to the pandemic, with revenue increasing 12% to €4.5 billion. Our financial results underscored our recurring revenue resiliency, representing 80% of our total software revenue. We delivered 2020 diluted net earnings per share (“EPS”) of €3.77, up 5%. Finally, cash flow from operations increased 5% to €1.24 billion.

We enter 2021 with significant momentum in Life Sciences anchored by MEDIDATA, which enters this year with 94% coverage of its annual target revenue thanks to significant progress achieved in 2020: MEDIDATA expanded its customer base by 16%, signed record multi-year renewals for Rave EDC in clinical trials, expanded product line attach rates, and experienced significant traction with Patient Cloud. Underscoring our platform offer for Life Sciences, we signed our first large transaction, combining engagement using on the one hand, MyMedidata and Rave with manufacturing operations and, on the other hand, supply chain process optimization provided by other Dassault Systèmes’ brands.

For small and medium-sized enterprises, we are expanding our levers of growth with SOLIDWORKS, 3DEXPERIENCE WORKS, and CENTRIC PLM. During 2020, SOLIDWORKS welcomed over 20,000 new customers, reached 230,000 paid subscription Draftsight users and saw progressive traction with 3DEXPERIENCE WORKS. Centric PLM delivered a

strong recovery in the fourth quarter, underscoring its market leadership in PLM for Home & Lifestyle.

Finally, with big industrial companies, we delivered in 2020 a significant number of 3DEXPERIENCE go lives, which in most cases, were performed remotely. We also signed a number of significant transactions, demonstrating our market leadership and positioning us for improved performance in 2021.

What are Dassault Systèmes strategic prospects?

Our strategy consists in helping in the transformation of the three major sectors of the economy: Manufacturing Industries, Life Sciences and Healthcare, and Infrastructure & Cities. As we look to the next five years, we believe we are poised to accelerate Dassault Systèmes’ contribution to those three sectors, leveraging industry platformization and data intelligence. The Manufacturing Industries sector is accelerating its sustainable innovation initiatives thus creating demand for data modeling simulation, and eco-design, a sweet spot for Dassault Systèmes. For example, we are working with clients to redefine the future of Mobility, enabling an end-to-end perspective of the customer experience from conception to engineering to new mobility services. For our clients, our solutions are critical to enable them to be the first to market responding to changing consumer behaviors across many aspects of their lives. In the Life Sciences & Healthcare sector, we are working with industry participants to move toward a patient-centric perspective. Finally, we are advancing initiatives with multiple industries, government entities and new emerging disruptors to reinvent Infrastructure & Cities to create a sustainable future.

Overall, we believe that market opportunities for Dassault Systèmes are significant. Our underlying five-year plan includes revenue growth of about 10%, with an operating margin improvement, together leading to a circa 13% four-year CAGR for EPS. Our revenue initiatives will likely drive our Cloud footprint up significantly, representing about €2 billion in potential cloud software revenue by 2025. Thus, we are positioned to achieve another doubling of our EPS to about €6 per share in 2024, driven by 3DEXPERIENCE adoption by our installed base and the expansion of our customers’ base.

At the outset of 2020, we expanded Dassault Systèmes' multi-decade ambition – challenging ourselves to help enable the virtual twin experience of Humans. Adding to our current capabilities to serve three sectors, with a leading market position in two of them – Manufacturing Industries and Life Sciences & Healthcare, we believe that this represents a potential available market of \$100 billion, which we are addressing with our Research & Development initiatives.

How are the Company's strategic developments structured around environmental, social and governance issues?

If the year 2020 has taught us anything, it is of the importance of building a more sustainable, resilient world. To that end, we announced the launch of Dassault Systèmes' sustainability strategy for 2025 and beyond. This is an important milestone in our journey to become the world's #1 partner for sustainable innovation.

As a purpose driven company, we are convinced that Dassault Systèmes can be a tremendous lever for sustainable innovation to meet contemporary challenges. To create a better world, you need to offer solutions enabling to explore what might be possible and to imagine not just enable the methods of yesterday or even today. With Accenture, we have co-authored a study, revealing the critical role of Dassault Systèmes' virtual twins bringing 1.3 Trillion dollars of economic value and an estimated 7.5 Gt CO2 emissions reductions between now and 2030 for five use cases selected in the study. Our handprint is of essence and, if we are a digital transformation enabler, we are also critical for energy transition thanks to our ability to manage the end-to-end lifecycle of products.

At the company-level, we have been committed to reducing our footprint and operate our activities in a more sustainable manner. We have therefore set an ambitious target for reducing our CO2 emissions to 5 tons per employee by 2025, and are going to announce our reduction target this year as part of the Science Based Targets initiative (SBTi). We are members of the United Nations Global Compact and the European Union's Green Digital Coalition. Within the company, a leadership team directing our environmental initiatives is comprised

of a dedicated Board Director, a member of the Operations Executive Committee, and a Chief Sustainability Officer.

Looking at social issues, we committed to maintaining our global people resources, with no outside governmental support throughout the crisis, as we had done previously in 2009 during the global economic downturn. Moreover, we continued to invest in expanding our Research & Development teams, adding critical resources around our data science initiatives, as our Research and Development is about supporting our clients' next generation of innovation.

What is Dassault Systèmes' outlook for 2021?

Assuming a gradual recovery in the business environment in 2021, we are targeting a revenue growth of 9 to 10% for 2021 and anticipate recurring software revenue to increase by 8 to 9%, with double-digit licenses revenue growth. We are very progressively transitioning to a cloud and subscription model, but not at the expense of growth.

In 2020, our operating initiatives enabled us to sustain a stable organic operating margin, only the dilution related to the acquisition of MEDIDATA explaining the decrease of our margin to 30.2%. In 2021, we are aiming for a 60 basis points improvement, to reach a margin of 30.8%. Our EPS range is 4.10 to 4.15 euros, growing 13 to 14% excluding currency headwinds.

Hence, we see a year of good organic revenue growth in 2021 and are confident in our mid-term growth drivers thanks to our Industry Solutions, to our talented teams and to our partners' ecosystem across the globe

In closing, none of us could have imagined 2020 in advance, but despite the difficulties, we became closer as a company. We sincerely want to extend our thanks to our colleagues, partners and our customers. Moreover, we will not forget the trust and support we received from financial analysts and investors.

1.1 Key data

A Global Company



19,789 employees from **133** countries

290,000 enterprise customers in 11 industries

#33 Forbes World's Best Employers (2020)

188 sites worldwide



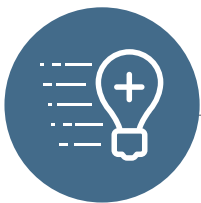
12 Brands

An Innovative Company



+7.7% R&D headcount in 2020

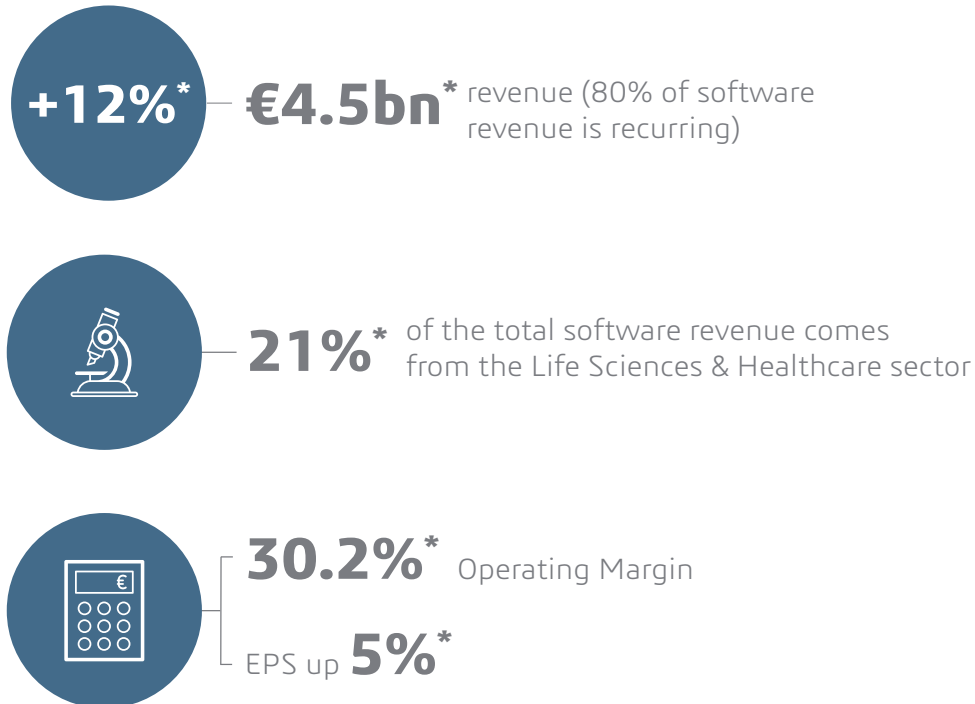
41% of total employees in R&D



#48 Forbes World's Most Innovative Companies (2020)

#35 Fortune Future 50 (2020)
"companies with the strongest long-term growth potential"

A Growing & High-Performance Company



A Sustainable Company



* Non-IFRS, growth rates in constant currencies, including end of 2019 Medidata's acquisition

1.2 Profile of Dassault Systèmes & Our Purpose

The purpose of Dassault Systèmes is to provide business and people with 3DEXPERIENCE universes to imagine sustainable innovations capable of harmonizing product, nature and life.



Dassault Systèmes is a global leader in sustainable innovation. We provide a virtual experience platform that allows customers to create innovative new products and services, and ultimately address the major challenges facing the world today: cities (how to create cities that are great places to live in?); resources (how to use them in a sustainable way?); healthcare (how can it be both globally managed and personalized?); how to supply and produce; and education and research (how to empower the workforce of the future?). We stand at the threshold of a new world, where industry will need to create new landscapes in terms of what we offer, decide between use case scenarios and transform the art of how we produce. We believe that there is a new world to imagine, create and build by combining science, art and technology. This led us, in 2012, to define our new horizon which we call **3DEXPERIENCE**.

Indeed, achieving a more sustainable future is only possible by leveraging the virtual world. At Dassault Systèmes we believe that virtual worlds extend and improve the real world.

The solutions of Dassault Systèmes transform the way products are designed, simulated, produced, marketed and supported, leveraging the virtual world to improve the real world. We have helped industrials disrupt how products are designed and produced - with 3D design, with 3D digital mock-up (DMU), with 3D Product Lifecycle Management (PLM) and now with **3DEXPERIENCE**.

We want to be the catalyst and enabler of the real Industry Renaissance of the 21st century. Combining the real and the virtual leads to new ways of inventing, learning, producing and doing business.

We are a purpose-driven company. Our purpose is at the core of who we are and why people are joining Dassault Systèmes.

Dassault Systèmes is a science-based, innovation-driven, business-minded and long-term-oriented company. The Company's 20,000 employees are driven by this ambition. This also translates into a high level of market confidence and trust among our 290,000 enterprise customers in almost 140 countries. We are a European company with a global presence and market reach.

To fulfill this ambition, our strategy is to focus on Human Industry Experiences. These three words encapsulate the conditions to create sustainable innovations.

"Human" means that our ultimate ambition is the human being. We build on imagination, knowledge and know-how to make a lasting contribution for the benefit of all. "Industry" means that we want to offer customers what they value the most - a sustainable outcome. "Experiences" mean that we aim to help businesses and people build and live in today's new "New World".

To achieve this strategy, Dassault Systèmes will focus on developing solutions in Life Sciences & Healthcare alongside two other strategic sectors of the economy: Manufacturing Industries and Infrastructure & Cities.

We roll out our strategy by calling on our Strategic Operational Elements: Brands, Industries and Geos.

Dassault Systèmes' Brands create great user experiences and build vibrant user communities. Our Industries develop Solution Experiences, industry-focused offerings which deliver specific value to companies and users in a particular industry. Our twelve Geographies (GEOs) have the responsibility to make GEOs the driving force for the development of our business and drive the implementation of our customer-centric engagement model.

What we sell is Dassault Systèmes' 3DEXPERIENCE platform. It is a platform for knowledge and know-how. It aims to catalyze and enable innovation by allowing businesses to connect the dots within and outside a company, from upstream thinking, to design, engineering, manufacturing, sales & marketing all the way to ownership.

The 3DEXPERIENCE platform is a game-changer in value creation for organizations because it is the only platform that's both a system of operations to run their business and a business model to transform their business. As a system of operations, the 3DEXPERIENCE platform enables businesses to improve their operational excellence. As a business model, it allows businesses to set up the most innovative value networks.

The 3DEXPERIENCE platform is structured in four quadrants encompassing our twelve brands. Our 3DEXPERIENCE portfolio is comprised of 3D modeling applications, simulation applications, social and collaborative applications, and information intelligence applications.

Our Purpose

Dassault Systèmes' purpose is to provide business and people with 3DEXPERIENCE universes to imagine sustainable innovations capable of harmonizing product, nature and life.

Through this ambition, we contribute to the improvement of society and the quality of the environment. "Harmonizing product, nature and life" is how we define sustainable innovation. It is based on the premise that, in the 21st century, with a global population of more than seven billion, we cannot produce and consume in the same way that we did in the 20th century when the population was just 2.5 billion. A product cannot be sustainable if its impact on the environment and on society has not been thought through. And conversely, product design can be improved by observing nature and other living creatures.

We believe that we should think about progress in terms of balance. As we create products, what are we taking from and

giving back to our planet? "Harmonizing product, nature and life" lies at the heart of the industry of the 21st century – the primary driver of innovation and the key to sustainable enterprise in all sectors of the economy and to progress in society.

At Dassault Systèmes we believe that virtual worlds extend and improve the real world. Indeed, achieving a more sustainable future is only possible by leveraging the virtual world. This led us, in 2012, to define our new horizon which we call 3DEXPERIENCE.

When we formulated our company purpose in 2012 and defined ourselves as the 3DEXPERIENCE Company, we anticipated that the world would shift from a product economy to an experience economy that values the usage over the product.

The experience economy is not just about “user experience”. It is about the overall balance and impact of any service we provide to society. This means seeing industry as a value creation process for people, rather than the “means of production”. The industry of the 21st century is a network of creation, production and exchange of experiences.

In 2012 we also dared to imagine that the 3DEXPERIENCE platform would become the most powerful vehicle for sustainable innovation. Our platform clearly met the challenge.

The platform phenomenon redefines the industry. Far more than simply a powerhouse of technology, these platforms provide a holistic approach to innovation and an inspiration for imagining new offerings.

As it is adopted by new categories of innovators, the 3DEXPERIENCE platform has become the catalyst and enabler of the Industry Renaissance, today’s global transformation that brings new ways of inventing, learning, producing and trading.

Through virtual experiences, augmented reality and realistic simulation, the virtual revolutionizes our relationship with knowledge, just like the printing press did in 15th century Europe. The new book is the experience! Indeed, the virtual experience adds knowledge and know-how while eliminating the gap between experimentation and learning. Through the virtual world, that is today’s library and workshop, new categories of industrial firms create new categories of experiences for new categories of customers

Now we extend our focus from things to life.

Since 1981, we have been instrumental in sustainable innovation for products. In parallel, our ambition to harmonize product, nature and life has led us to develop a new understanding of life and nature. Today, we are capable of applying the knowledge and know-how we acquired in the non-organic world to the organic – living – world.

With 3D design, we represented the surface of simple objects. With the 3D digital mock-up (DMU), we represented the

surface and inside of complex systems. With 3D product lifecycle management (PLM), we represented time. With 3DEXPERIENCE, we represent emotion.

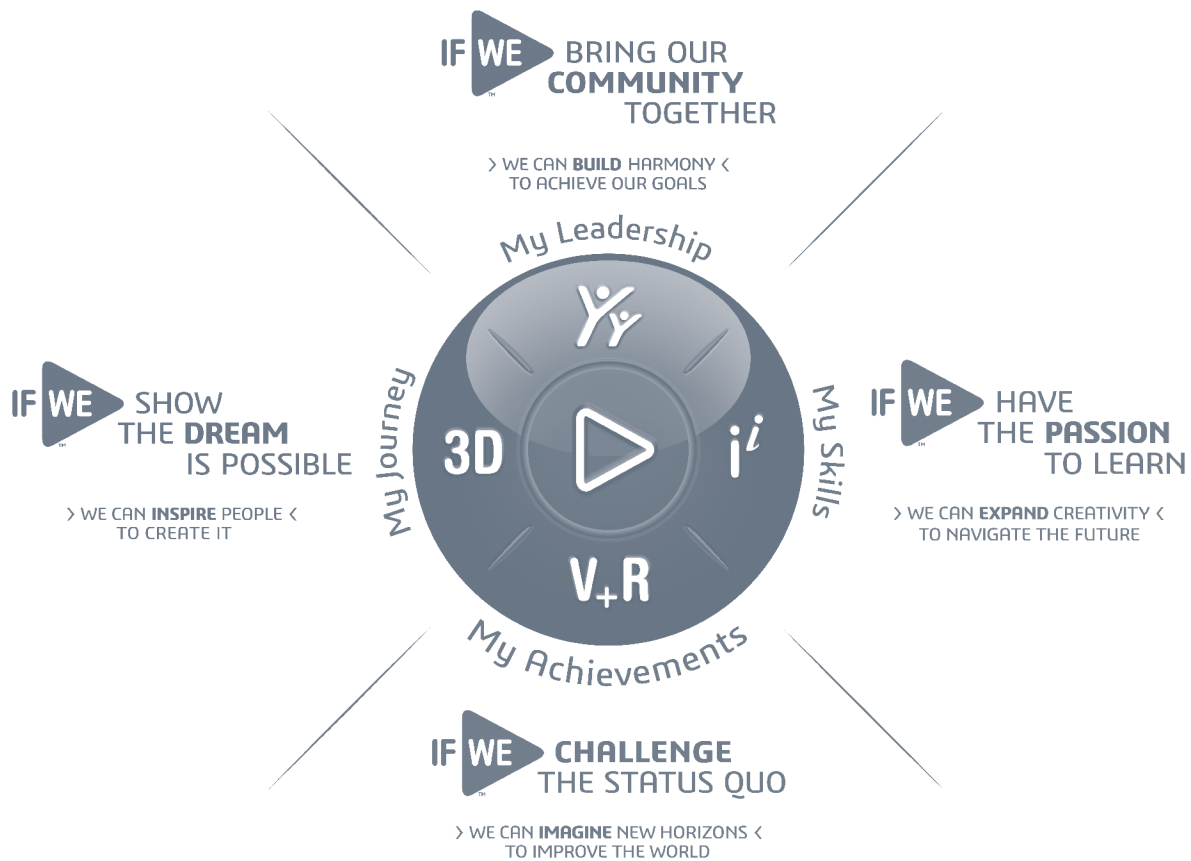
In 2020, Dassault Systèmes announced its ambition to create the virtual twin experience of the human body. A virtual twin experience of the human body integrates modeling, simulation, information intelligence and collaboration. It brings together biosciences, material sciences and information sciences to project the data from an object into a complete living virtual model that can be fully configured and simulated. Industry, researchers, physicians and even patients can visualize, test, understand and predict what cannot be seen – from the way drugs affect a disease to surgical outcomes – before a patient is treated.

There was a before and an after 1989, the year we created the first virtual twin of the Boeing 777. There was a before and an after February 9, 2012, when we shifted the center of gravity of the industry from product to experience. There will be a before and an after the virtual twin experience of the human body.

Our purpose is at the core of who we are and a motivation for all our employees.

Dassault Systèmes is a science-based, innovation-driven, business-minded and long-term-oriented company. The Company’s 20,000 employees are driven by this ambition. This also translates into a high level of market confidence and trust among our 290,000 enterprise customers in almost 140 countries. We are a European company with a global presence and market reach.

Everything we do is geared to the future and to progress. As a result, we have among our customers many companies who are pioneers in their field (robotics, energy, mobility and more). Our values are the core conditions to create sustainable innovation and are set to build a questioning mindset, that we call the IFWE mindset. “IF” refers to our passion to explore new possibilities and “WE” to our belief that, by connecting people we can bring about meaningful change.



1.3 History and Development of the Company

1.3.1 Summary

Dassault Systèmes was established in 1981 through the spin-off of a small team of engineers from Dassault Aviation, which was developing 3D surfacing modeling software to design wind tunnel models and reduce cycle times for wind tunnel testing. We entered into a distribution agreement with IBM the same year and started to sell our software under the CATIA brand. With the introduction of our Version 3 (“V3”) architecture in 1986, we laid the foundations of 3D modeling for product design. Through our work with large industrial customers, we learned how important it was for them to have a software solution that would support the design of highly

diversified parts in 3D. The growing adoption of 3D design for all components of complex products, such as airplanes and cars, triggered the vision for transforming the 3D part design process into a systematic integrated product design. The Version 4 (“V4”) architecture was thus created, opening new possibilities to realize full digital mockups (DMU) of any product. V4-architected software solutions helped customers reduce the number of physical prototypes and substantially shorten product development cycle times, while making global engineering a reality as engineers were able to share their work across the globe virtually.

In 1999, we introduced our new Version 5 (“V5”) software architecture, which served as the foundation for a robust 3D product lifecycle management (PLM) solution. In conjunction with our strategy and product portfolio development plans, we undertook a series of targeted acquisitions to expand our software applications offering to include digital manufacturing, realistic simulation, product data management and enterprise business process collaboration.

Building on our work in 3D, 3D DMU and 3D PLM, we unveiled in 2012 our **3DEXPERIENCE** platform, designed to support our customers’ innovation processes and deliver truly new and rewarding experiences for their end-users.

In 2020, we announced the extension of **3DEXPERIENCE** from things to life, with the ambition to invent the dynamic virtual twin of the human body.

1.3.2 Our Summary Timeline

3D Design and 3D Digital mock-up

- ▶ 1981 – Creation of Dassault Systèmes to design products in 3D through the spin-off of a team of engineers from Dassault Aviation;
- ▶ 1981 – The Company’s flagship brand, CATIA, is launched;
- ▶ 1981 – Worldwide marketing, sales and support agreement with IBM, beginning of a long-standing partnership;
- ▶ 1981 – Initial industry focus: automotive and aerospace;
- ▶ 1986 – V3 software introduced for 3D Design;
- ▶ 1994 – V4 architecture introduced offering a new technology enabling the full 3D Digital Mock-Up (“DMU”) of a product, enabling customers to significantly reduce the number of physical prototypes and to have a complete understanding of the virtual product;
- ▶ 1994 – Expansion of the Company’s industry focus to seven industries, adding fabrication and assembly, consumer goods, high-tech, shipbuilding and energy;
- ▶ 1996 – Initial public offering in June;
- ▶ 1997 – Broadening of our 3D Design offer to the entry 3D market, with the acquisition of the start-up SOLIDWORKS, with Windows-native architecture, targeting principally the 2D to 3D market migration opportunity;
- ▶ 1997 – Formation of the Company’s Professional channel, focused on marketing, sales and support of SOLIDWORKS;
- ▶ 1998 – Creation of the ENOVIA brand, focused initially on management of CATIA product data for larger clients with the acquisition of IBM’s Product Manager software.

Expanding to 3D product lifecycle management

- ▶ 1999 – Launch of V5 architecture designed for both Windows NT and UNIX environments;
- ▶ 1999 – Unveiling an expanded addressable market vision: 3D Product Lifecycle Management (PLM) for 3D design, simulation analysis, digital manufacturing and product data management;

- ▶ 1999 – ENOVIA’s portfolio expanded to product data management for the small and mid-sized companies (“SMB”) market with the SmarTeam acquisition;
- ▶ 2000 – Creation of the DELMIA brand, initially addressing the digital manufacturing domain (digital process planning, robotic simulation and human modeling technology);
- ▶ 2005 – Creation of the SIMULIA brand, addressing realistic simulation, representing a significant expansion of the Company’s simulation capabilities, leveraging the acquisition of Abaqus;
- ▶ 2005 – Creation of the Company’s Value Solutions sales channel, an indirect channel specifically focused on supporting SMB companies, including suppliers to OEMs. This channel complemented Dassault Systèmes’ other indirect channel, Professional channel, which is focused on SOLIDWORKS users ;
- ▶ 2006 – Expansion of the ENOVIA portfolio with the acquisition of MatrixOne, a global provider of collaborative PDM software and services;
- ▶ 2007 – Amendment of the IBM partnership agreement, outlining the Company’s progressive assumption of full responsibility for the Value Solutions channel;
- ▶ 2007 – Creation of the 3DVIA brand, to bring 3D technology to new users to imagine, communicate and experience in 3D;
- ▶ 2007 – CATIA offer extended with ICEM acquisition, a company well-known in the automotive industry for its styling and high-quality surface modeling and rendering solutions;
- ▶ 2008 – Unveiling of the Company’s V6 architecture;
- ▶ 2010 – We acquired full control of our distribution sales channels with the acquisition of IBM PLM, the IBM business unit dedicated exclusively to the marketing, sale and support of the Company’s CATIA, ENOVIA and DELMIA brands principally;

- ▶ 2010 – Acquisition of EXALEAD, as part of long-term objective around data analytics with search-based applications;
- ▶ 2011 – DELMIA's offering expands with the acquisition of Intercim, offering manufacturing and production management software for advanced and highly regulated industries;
- ▶ 2011 – 100% of the Company's total revenues are derived from its wholly-directed three sales channels, completing the transition from IBM begun in 2005.

Expanding to 3DEXPERIENCE

- ▶ 2012 – Expansion of the Company's strategy to 3DEXPERIENCE and expansion of the Company's purpose, harmonize product, nature and life. See paragraph 1.2 "Profile of Dassault Systèmes & Our Purpose";
- ▶ 2012 – Creation of a new brand, GEOVIA, dedicated to model the planet, focus on a new industrial sector, Natural Resources, with the acquisition of Gemcom in the mining sector;
- ▶ 2012 – Acquisitions of Netvibes, bringing intelligent dashboarding capabilities, and SquareClock, providing cloud-based 3D space planning solutions;
- ▶ 2012 – 3DEXPERIENCE launch announcement and introduction of the Company's first Industry Solution Experiences;
- ▶ 2013 – Unveiling of V6 Release 2014, available to select customers, on premise as well as Software as a Service (SaaS), featuring the controlled availability of existing and new industry-focused and user-focused offerings and the introduction of a new navigational user interface, the 3DEXPERIENCE platform;
- ▶ 2013 – Broadening of the Company's manufacturing offerings to Manufacturing Operations Management with the acquisition of Apriso;
- ▶ 2014 – Introduction of 3DEXPERIENCE R2014x, the first release of the Company's new 3DEXPERIENCE platform, offering end-to-end and integrated scientific, engineering, manufacturing and business capabilities and services, with the V6 architecture as its foundation;
- ▶ 2014 – Creation of a new brand, 3DEXCITE, with the acquisition of Realtime Technology AG ("RTT") providing professional high-end 3D visualization software, marketing solutions and computer generated imagery services to extend the Company's offerings to marketing professionals;
- ▶ 2014 – Creation of a new brand, BIOVIA, addressing science-based industries principally, combining the acquisition of Accelrys and the Company's internal developments;
- ▶ 2014 – Quintiq acquisition in operations planning and optimization;
- ▶ 2015 – Introduction of 3DEXPERIENCE R2015x, offering a simplified and improved user experience, with powerful enhancements that significantly increase productivity on premise as well as on public or private cloud. In addition, R2015x introduces groupings of applications called "roles", to cover industry-specific user needs;
- ▶ 2015 – Legal transformation of Dassault Systèmes from a French public limited company (*société anonyme*) to a European company (*Societas Europaea*, SE). The adoption of the status of European company well reflected the international dimension of the Company and its growing presence throughout Europe;
- ▶ 2015 – CATIA's capabilities were expanded to further enhance its coverage of complex mechatronics systems engineering, with the acquisition of Modelon GmbH, an expert in "ready-to-experience" content for systems modeling and simulation which are strategic to transform the Transportation & Mobility industry;
- ▶ 2016 – 3DEXPERIENCE 2016x general availability;
- ▶ 2016 – Extension of SIMULIA's multi-physics, multi-scale offer with the acquisition of CST, a technology leader in electromagnetic simulation, and the addition of Next Limit Dynamics, bringing capabilities in computational fluid dynamics simulation;
- ▶ 2016 – Expansion of the Company's DELMIA's manufacturing portfolio with the acquisition of Ortems, focused on production planning and scheduling;
- ▶ 2016 – Acquisition of full ownership of 3D PLM Software Solutions Ltd (3DPLM), our joint venture in India with Geometric Ltd;
- ▶ 2017 – We entered into a new, extended partnership with The Boeing Corporation. Boeing will expand its deployment of our products across its commercial aircraft, space and defense programs. Boeing will be adopting Dassault Systèmes' 3DEXPERIENCE platform for Manufacturing Operations Management and for Product Lifecycle Management and extending its usage of our design, engineering simulation and digital manufacturing software;
- ▶ 2017 – Extension of our simulation capabilities with the acquisition of Exa Corporation for highly dynamic fluid flow analysis, a complex simulation critical to designers and engineers at more than 150 leading companies including Transportation and Mobility, as well as Aerospace and Defense, Natural Resources, and other industries to evaluate highly dynamic fluid flow throughout the design process;
- ▶ 2017 – Extension of CATIA's Marine and Offshore industry capabilities with the acquisition of AITAC B.V., where its "Smart Drawings" software application is used to automate the creation of drawings;
- ▶ 2017 – Strengthening the management of our cloud resources and services, increasing our interest in Outscale to a majority stake, a global provider of enterprise-class cloud services. Founded in France in 2010, Outscale is an ISO/IEC 27001:2013 security certified company that provides enterprise-class cloud computing infrastructure services (IaaS) to customers through its ten data centers in Europe, North America and Asia. With this investment, Dassault

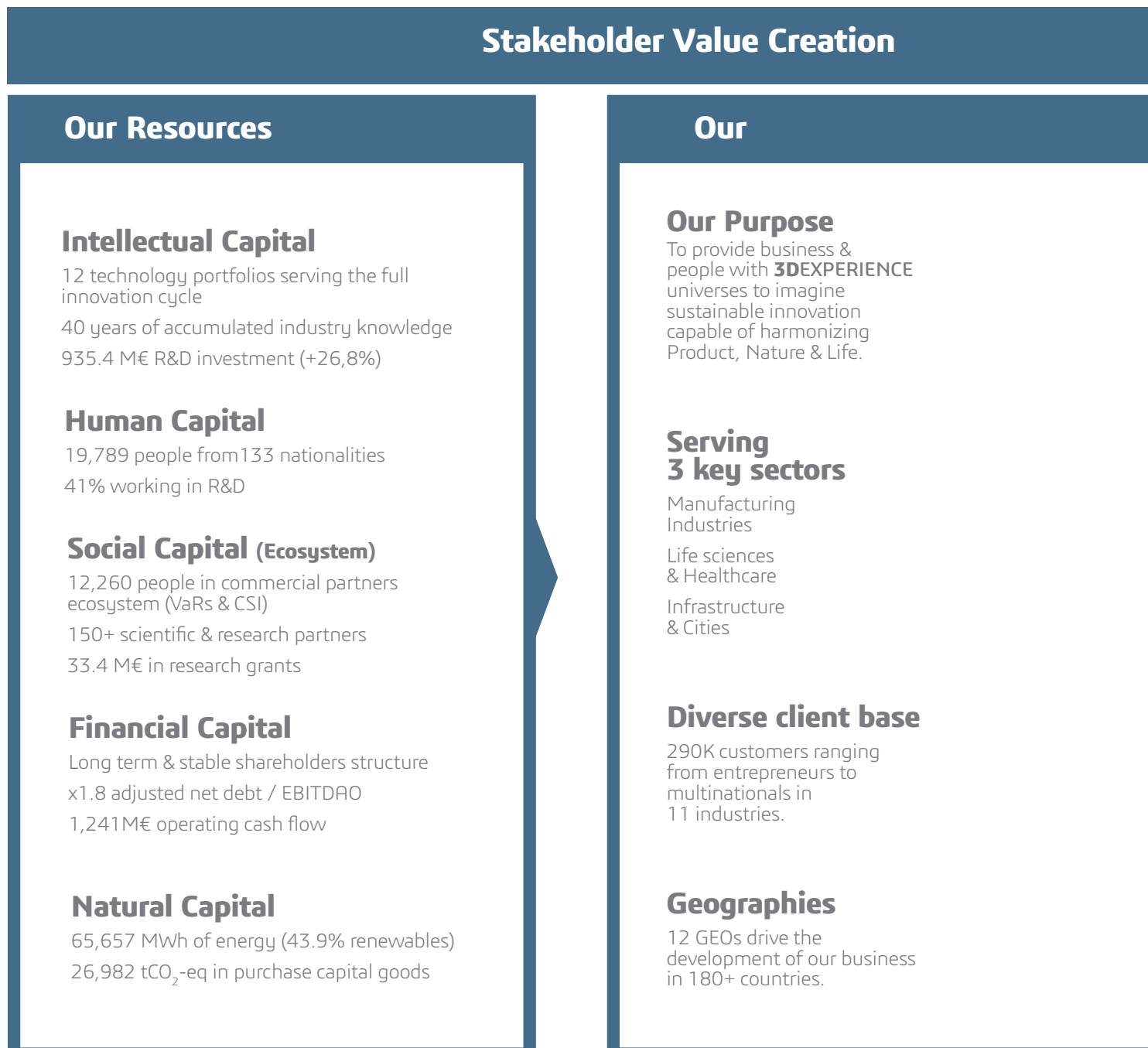
Systèmes is now able to adjust and control its cloud resources and services to manage peaks in activity, further diversify its industry segments, deploy new features, and provide advanced on premise, private and hybrid cloud solutions for its customers;

- ▶ 2018 – Power'By launch as part of **3DEXPERIENCE R2018x** and introduction of the **3DEXPERIENCE Marketplace**. The objective of Power'By is to enable all customers to benefit from the **3DEXPERIENCE** platform's value immediately without any need for migration of legacy data. There are three levels: to enable social collaboration; to leverage hybrid data for product configuration and bill of materials; or to use the full capabilities of the **3DEXPERIENCE** platform;
- ▶ 2018 – Acquisition of majority ownership of Centric Software, a privately-owned company present in the domain of PLM for the fashion, apparel, luxury and retail sectors. With this investment, Dassault Systèmes aims to accelerate the digital transformation of companies seeking solutions for the increasingly complex development of collections that respond to on-trend and on-demand consumers;
- ▶ 2018 – Acquisition of No Magic - a global solutions company focused on model-based systems engineering, architecture modeling for software, system of systems and enterprise business processes modeling - reinforcing CATIA applications. This provides a "single source of truth" allowing any user within a company to implement continuous 3D digital processes and to address all lifecycle aspects of an experience ;
- ▶ 2018 – Acquisition of Cosmologic, a developer of fluid phase modeling software;
- ▶ 2019 – Acquisition of IQMS, a leading manufacturing ERP software company. Dassault Systèmes extends the **3DEXPERIENCE** platform to small and midsized manufacturing companies seeking to digitally transform their business operations. IQMS provides all-in-one solutions to optimize engineering, manufacturing and business processes;
- ▶ 2019 – The acquisition of Argosim strengthens Dassault Systèmes' simulation and modeling portfolio for embedded systems;
- ▶ 2019 – Acquisition of Elecworks, the suite of CAD software developed by Trace Software, to better respond to the challenges posed by electrical product design and in particular to develop smart products for the high-tech, equipment and energy industries;
- ▶ 2019 – Acquisition of a non-controlling interest in BioSerenity, a firm specializing in the development of connected medical devices and remote-monitoring solutions for patients with cardiac, neurological and sleep disorders;
- ▶ 2019 – Acquisition of Medidata Solutions, Inc., the world leader in clinical testing. Medidata's clinical expertise and cloud solutions enable development and marketing of smarter therapies. With this acquisition, the life and health sciences industry is now the second largest source of revenue for Dassault Systèmes, placing it in the forefront of the virtual transformation of life sciences for the era of personalized medicine and patient-centered care;
- ▶ 2019 – Acquisition of Distene, the developer of market-leading meshing software;
- ▶ 2019 – Launch of the **3DEXPERIENCE WORKS** family of applications aimed at small and midsized companies, bundling together **SOLIDWORKS**, **DELMIAWORKS**, **ENOVIAWORKS** and **SIMULIAWORKS**.
- ▶ 2020 – Acquisition of PROXEM, a firm specialized in semantics software and services bases on artificial intelligence, to strengthen the collaborative data science capabilities of the **3DEXPERIENCE** platform.
- ▶ 2020 – Acquisition of NuoDB, a cloud-native distributed SQL database leader, to advance Dassault Systèmes' **3DEXPERIENCE** platform cloud and data science strategy.

For further information on acquisitions over the last three years, see paragraph 1.5.4 "Investments" below.

1.4 Business Activities

Stakeholder Value Creation Model for Dassault Systèmes



Model for Dassault Systèmes

Business



3DEXPERIENCE®

Human Industry Experiences

Dassault Systèmes is a scientific company serving science and technology for a sustainable society.

Flexible solutions

Delivering roles, processes, & solutions on public/private cloud or on premise, via license or subscription, and accompanied by consulting and services.

Multi-channel engagement

Reaching clients and new markets via direct, indirect and online through our channels.

Our Shared Value (Impact)

Intellectual Capital & Customer Relationships

44 filed patents

53 granted patents

25 years average length collaboration with our TOP 20 clients

Human Capital (Employees)

87.6% employees trained

82.5% level of employee pride & satisfaction

99% of employees under permanent contracts

Social Capital (Society)

161 M€ in income tax expenses (24.9% ETR)

38 projects supported via our foundations

6 million students using **3DEXPERIENCE** Edu solutions

Financial Capital (Shareholders)

3.77 € earnings per share (Non-IFRS)

Natural Capital (Environment)

39% CO₂ emissions reduction (incl. COVID-19 impacts)

88.3% of main sites offering recycling ordinary waste (+5% versus 2019)

1.4.1 Dassault Systèmes

1.4.1.1 Our Strategy: Human Industry Experiences

To fulfill this ambition toward sustainable innovation encapsulated in our corporate purpose, our strategy is to focus on Human Industry Experiences.

In 2020, we evolved our strategy from Social Industry Experiences to Human Industry Experiences.

“Human” means that our ultimate ambition and primary resource are one and the same, the human being.

We build on imagination, knowledge and know-how to make a lasting contribution for the benefit of all. We firmly believe that the greatest value of virtual worlds lies in the potential it offers for imagining the future, much more than exponential computing capability. We are also convinced that tomorrow’s leaders will not be those with the most automated production systems, but those with the best-developed legacy of knowledge and know-how, whose business environments involve suppliers as full-fledged partners in value creation.

Industry is about offering what customers value the most, that is to say creating the knowledge and know-how needed to match closely the needs of the industries we address.

To succeed in the experience economy, it is no longer enough to be an expert in a specific technology or production method. You need to be an expert in experience, in other words have a deep understanding of usages. The “customer’s world” is what, at Dassault Systèmes, we call “Industry”. Our customers do not expect us to provide them with a technology but rather that this technology helps their organization grow and move forward. To meet those challenges, we offer Industry Solutions on the 3DEXPERIENCE platform that are tailored for each of the industries we serve.

“Experiences” mean that we aim to help businesses and people build and live in today’s new “New World”.

The 20th century was the century of products; today, we have entered the experience economy. The usage holds more value than the object itself. This phenomenon is poised to touch all sectors of the economy- from the very nature of offerings to the buying decision- and all areas of our everyday lives, both at home and in the workplace.

To achieve this Human Industry Experiences strategy, Dassault Systèmes will focus on developing its leadership in Life Sciences & Healthcare alongside two other strategic sectors of the economy: Manufacturing Industries and Infrastructure & Cities.

These sectors share similar development processes and sustainability needs in their efforts to improve quality of life, whether through more affordable and precise therapies, optimized infrastructures, or better use of the environment.

1.4.1.2 Strategic operational elements

We roll out our strategy by calling on our Strategic Operational Elements: Brands, Industries and Geos.

Brands

Dassault Systèmes’ Brands create great user experiences and build vibrant user communities. With our twelve brands, powered by the 3DEXPERIENCE platform, we have the broadest portfolio of software applications in the market. Our brands are organized into four quadrants around the compass that symbolizes our platform:

- social and collaborative applications: 3DEXCITE, CENTRIC PLM, ENOVIA;
- 3D modeling applications: SOLIDWORKS, CATIA, GEOVIA, BIOVIA;
- simulation applications: SIMULIA, DELMIA, 3DVIA;
- information intelligence applications: NETVIBES, MEDIDATA.

Industries

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

Geos

Our twelve GEOs have the responsibility to drive the development of our business and the implementation of our customer-centric engagement model. To do so, they will also leverage our strong network of local customers, users, partners, and influencers.

1.4.1.3 Key Competitive Strengths of Dassault Systèmes

Dassault Systèmes is a World leader in industry transformation. The company benefits from unique assets, allowing it to engage in the new ambition announced in February 2020: achieve the virtual twin experience of Human. After accompanying the economy transition from product to experience, Dassault Systèmes will thus serve the new transition “from things to life”.

Dassault Systèmes is a scientific company. It is positioned at the heart of Industry Renaissance by combining art, science and technology for a sustainable society.

The company defines itself by its purpose of “harmonizing products, nature and life”. Its distinctive DNA gives it the ability to scientifically model and accurately represent the world through a multidiscipline and multiscale approach. Built on the notion of “virtual twin experience”, our Industry Solutions Experiences portfolio relies on a deep understanding of industrial processes.

Dassault Systèmes has acquired its longstanding leadership position through its ability to define new markets and create new offers, expanding from 3D design and 3D digital mock-ups to product lifecycle management and now 3DEXPERIENCE. This market leadership is underpinned by a clear and strong commitment to innovation in all its forms, either internally at Dassault Systèmes or with our customers and their ecosystems.

Dassault Systèmes therefore strongly invests in R&D, with a long-term view. Important areas of investment in R&D include the 3DEXPERIENCE business platform architecture, modeling technologies (3D, systems engineering, natural resources and biosystems), technologies for realistic simulation of products, production processes and usage, technologies for intelligence information (artificial intelligence, optimization, big data analytics, with a notable focus on healthcare) and connectivity technologies (for social or structured collaboration and program management & compliance). The Company’s R&D efforts aim at always advancing breakthrough user experiences and expanding the usage domain through immersive experiences, native cloud and mobility solutions.

Dassault Systèmes’ long-term vision is supported by a solid financial model with a high level of recurring software revenue.

We believe that sustainable market leadership requires such a long-term vision realized by investing in people and maintaining a long-term financial model. We have a diverse, highly educated workforce, which as of the end of 2020 totaled 19,789 employees from 133 countries. The Company’s financial model, with a high level of recurring software revenue representing 80% of our total non-IFRS

software revenue in 2020, has enabled us to maintain and indeed increase investments in R&D and customer support. The significant level of diversification of Dassault Systèmes revenue across eleven industries and twelve geos supports a robust and sustained growth even through unsteady macroeconomic context.

Dassault Systèmes’ 3DEXPERIENCE software applications have been integral to our success and continue to be the principal areas of investment through internal research and development and selective acquisitions.

Our 3DEXPERIENCE portfolio is comprised of 3D modeling, simulation, social and collaborative applications, and information intelligence applications. One of our key objectives is to create a portfolio of brands that are leaders in their respective markets (see paragraph 1.4.2.3 “Our Software Applications Portfolio”). In support of our “Human Industry Experiences” strategy, our portfolio architecture is designed to create value at three levels: Solutions for the company, Processes for the organization or team, and Roles & Apps for each user. **Dassault Systèmes thus contributes to transform industries by creating the new jobs for the workforce of the future, notably around its “3DEXPERIENCE EDU” initiatives.**

Dassault Systèmes has a diverse customer base in terms of size and geographic origin. Our clients range from the smallest companies in the world to global leaders and the disruptors who redefine their industry in the 21st century. We distribute our products through direct and indirect sales channels, working with our commercial partners. And we are continuing to pursue our strategy of customer and market diversification.

Dassault Systèmes has forged a strong and vibrant ecosystem of commercial and software development partners, technology and education institutes, research bodies and systems integrators. Dassault Systèmes also supports a wide ecosystem of start-ups around its “3DEXPERIENCE LAB” initiative.

Since its inception in 1981, Dassault Systèmes has worked in close partnership with other professionals in software development and technology, in sales and marketing, in services and in education and research. More recently, we have extended our relationships with systems integrators offering strong industry expertise and regional presence for both sales and services. The Company has a strong ecosystem of more than 400 software development partners building applications to complement its software portfolio. The 3DEXPERIENCE Marketplace gathers around 300 partners providing “make” or “engineering” services or sharing data on parts (PartSupply). With its sights on the future, Dassault Systèmes is working closely with academic, research and medical organizations around the world to equip students with a learning environment augmented by virtual technologies.

1.4.1.4 Growth Strategy

Based on our 3DEXPERIENCE platform and software portfolio, we estimate that our current total addressable market (TAM) in the software domain is approximately \$41 billion, based on external data as of end 2019. Dassault Systèmes benefits from large levers for further growth with a potentially accessible market (PAM) amounting to \$100 billion. This addressable market is split across the three main economic sectors served by Dassault Systèmes: manufacturing industries (\$24 billion TAM), lifesciences and healthcare (\$8 billion TAM), infrastructures and cities (\$9 billion TAM).

Dassault Systèmes is developing its business through several growth drivers, notably:

- **3DEXPERIENCE platform:** this platform offers two complementary opportunities. First, it is a system of operations enabling users to achieve business excellence; second, it provides a business model to connect clients and partners through a global network including marketplace services. The platform is also the favorite channel for relationship between Dassault Systèmes and its clients, allowing to capitalize and accelerate customer experience;
- **Industry diversification:** Dassault Systèmes provides tailored solutions for eleven vertical industry sectors. These solutions are structured within a broad portfolio of Industry Solution Experiences, Industry Process Experiences and roles. We therefore have many opportunities to expand our presence in each of our target industrial sectors, notably through coverage of new sub-segments. For further information, see paragraph 1.4.2.1 "Industries and Customers";
- **Cloud and mobile applications bringing new users and usages:** The 3DEXPERIENCE platform is built around an online architecture. With our portfolio now increasingly accessible in the cloud, we have new opportunities to develop our cloud and mobile offerings to reach new users and usages. For further information, see paragraph 1.5 "Research and Development";
- **Domain diversification:** We continue to invest in expanding the coverage of each of our brands and in broadening their respective bases. Within a company or ecosystem, our applications now cover a large portion of employees working to create the product experience for the end-user, from design, engineering and simulation to production, quality assurance and compliance, operations planning, marketing and points of sale. For further information, see paragraph 1.4.2 "Dassault Systèmes' offering";
- **Geographic diversification:** We have identified opportunities to step up our presence and strengthen and expand our global footprint, through twelve regional field organizations designed to drive the Company's growth initiatives at local level and stay closely aligned with our customers' needs;
- **Acquisitions expanding our addressable market:** Acquisitions are consistent with our purpose and strategy. We review potential acquisitions that expand the domain expertise of our brands, enhance our industry offering and address our customers' growing needs. To execute this strategy and create brand value, we complement our internal developments through key selected acquisitions. For further information, see paragraphs 1.4.2 "Dassault Systèmes' offering", 1.5 "Research and Development" and 1.5.4 "Investments";
- **Sustainable innovation for industry:** Through its ambition to assist its customers in developing sustainable innovations, Dassault Systèmes is meeting the sustainable development challenges of the 21st century head on and thus nurturing significant commercial opportunities through the transformation of global industries.

For a description of the challenges that must be met to maintain growth, see paragraph 1.9.1 "Risks Related to the Dassault Systèmes' Business".

1.4.2 Dassault Systèmes' Offering

1.4.2.1 Industries and Customers

Every day our customers turn industry challenges into business opportunities and deliver value to their customers. The 3DEXPERIENCE platform combines applications, content and services to help them conceive innovative solutions.

Our customer base is comprised of global leaders, mid-market companies, small companies and startups, and also includes government and educational institutions.

Our market strategy is industry-based. Commencing in 2012, we undertook a significant shift in this strategy, moving to a multiyear industry-focused approach aligned with the key business objectives and processes of our target industries and market segments.

For 2020, we have grouped the eleven industries we serve into three main sectors of the economy: Manufacturing Industries, Life Sciences & Healthcare, and Infrastructures & Cities.

Each of our eleven industries is divided into market segments.

Sector/Industry	Market Segments We Address
MANUFACTURING INDUSTRIES	
Transportation & Mobility	Cars & Light Trucks OEMs, Racing Cars, Motorcycles, Transportation and Mobility Industry Suppliers, Trucks and Buses, Trains
Aerospace & Defense	Airframe OEMs, Aerospace Industry Suppliers, Propulsion, Defense, Airlines, Space
Marine & Offshore	Naval Shipyards, Commercial Shipyards, Offshore, Yachts & Workboats, Marine Suppliers, Marine & Offshore Specialists
Industrial Equipment	Industrial Robots, Machine Tools & 3D printers, Specialized Manufacturing Machinery, Heavy Mobile Machinery & Equipment, Building Equipment, Power & Fluidic Equipment, Fabricated Metal & Plastics Products, Tire Manufacturers, Professional Services
High-Tech	Consumer Electronics, Security, Control & Instrumentation, Computing, Software & Communications, Contract Manufacturing Services, Technology Suppliers, Semiconductors, Telecom & Media Operators
Home & Lifestyle	Furniture & Home Goods, Sports & Leisure Goods, Fashion & Luxury Goods, Specialist Retailers
Consumer Packaged Goods & Retail	Food & Beverage, Beauty & Personal Care, Household Products, Packaging, General Retailers
LIFE SCIENCES & HEALTHCARE	
Life Sciences	Pharmaceuticals & Biotech, Medical Devices & Equipment, Patient Care
INFRASTRUCTURE & CITIES	
Energy & Materials	Mining, Metals & Materials, Oil & Gas, Chemicals, Power
Construction, Cities & Territories	Cities & Territorial Authorities, Utilities, Transportation Infrastructure, Buildings & Facilities, Construction Products & Services, Agriculture and Forestry
Business Services	Banking & Financial Markets, Insurance, Logistics Solutions, Education

The composition of our non-IFRS software revenue in 2020 by our main industries was approximately as follows: Transportation & Mobility about 24% (29% in 2019); Life Sciences: about 21% (8% in 2019) Industrial Equipment about 18% (16% in 2019); Aerospace & Defense about 13% (14% in 2019).

1.4.2.2 3DEXPERIENCE platform

Dassault Systèmes' 3DEXPERIENCE platform catalyzes and fuels innovation, enabling businesses to connect the dots within and outside a Company, from upstream thinking to design, engineering, manufacturing and sales & marketing, all the way to ownership.

Virtual experience platforms for industry, urban development and healthcare will become the infrastructures of the 21st century.

Today, the sustainable innovation model is predicated on creating holistic experiences. Only by connecting all the dots between people, ideas, and data can a business create differentiating customer experiences and drive consumer loyalty, engagement, and value.

The 3DEXPERIENCE platform is a game-changer in delivering value to businesses because it is the only platform that is both a system of operations to run their business and a business model to transform it. As a system of operations, the 3DEXPERIENCE platform enables businesses to enhance

their operational excellence; and as a business model, it helps them to create the most innovative value networks.

Our platform offers both a fresh approach to innovation by connecting R&D, engineering, production, marketing and end-users, and an innovative business model directly linking sellers and buyers, purchasers and subcontractors, service providers and end-customers.

The **3DEXPERIENCE** platform powers by enriching them the twelve Dassault Systèmes brands and addresses the needs of the eleven industries we serve. It connects all Dassault Systèmes applications, as well as those deployed by our customers. It allows everyone involved in an innovation project—from the research lab to the consumer—to work together, while giving them unified access to all the necessary data.

The 3DEXPERIENCE platform as a system of operations

Our platform provides all organizations with a holistic real-time vision of their own business and ecosystem, unifying all of their activities from engineering, manufacturing and marketing to value networks and end-customers in a single collaborative and interactive environment.

It thus empowers them to test consumer experiences holistically before actually producing them.

As a system of operations, the **3DEXPERIENCE** platform delivers value to 3 audiences:

- for companies looking to transform their business: **Industry Solution Experiences;**

- for efficient teams: **Industry Process Experiences;**
- for Champion users: **Roles & Apps.**

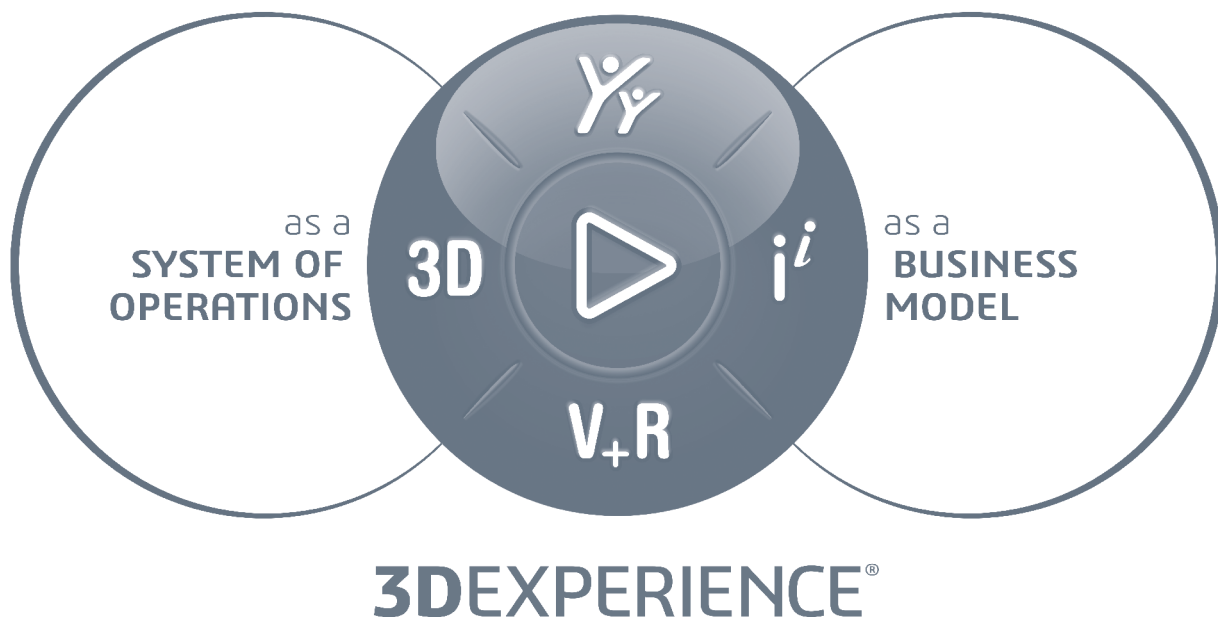
The 3DEXPERIENCE platform as a business model

The **3DEXPERIENCE** platform is meant to be a catalyst fueling innovation for companies looking to adopt a platform-based business model.

This is why the platform also acts as a marketplace, connecting service providers (3D printing, design, etc.) and buyers. Through our **3DEXPERIENCE** Marketplace, we offer a seamless way to connect companies and providers, giving them a single unified environment to manage the entire value network. The **3DEXPERIENCE** Marketplace spans the full design, engineering and virtual manufacturing processes. The first two services are Make, for on-demand manufacturing, and Part Supply, for intelligent part sourcing.

The Marketplace offers two categories of services:

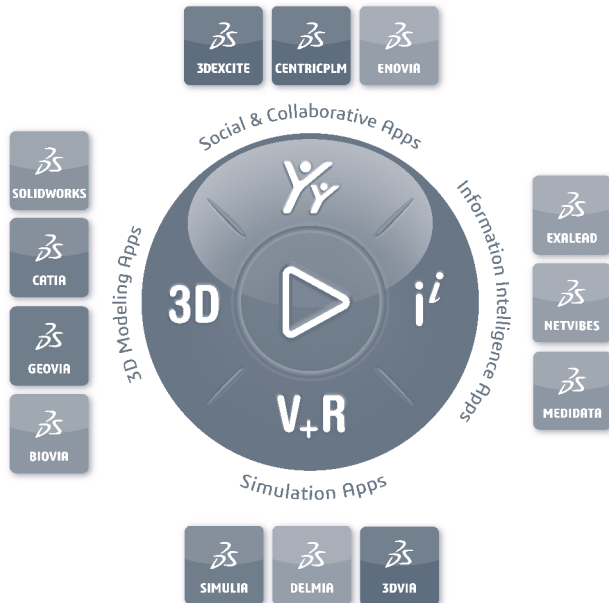
- community services are available to everyone. All users in our installed base have access to our **3DEXPERIENCE** Cloud platform and can buy or sell on the Marketplace. They can also select partners according to specific criteria, and we process the actual transactions;
- enterprise services give companies the ability to have their own private Marketplace. We check their credentials to qualify for more advanced dynamic services, and also conduct transactions.



1.4.2.3 Our Software Applications Portfolio

3DS Brands by quadrants of the Compass

Symbolized by the Compass, the 3DEXPERIENCE platform is structured in four quadrants encompassing our twelve Brands.



3D Modeling Applications

SOLIDWORKS – Authentic Design Experience

SOLIDWORKS is focused on providing design solutions that are simple to use and deploy, yet very powerful and accurate.

SOLIDWORKS solutions are multi-disciplinary and cover 3D design, electrical and printed circuit board design, product data management, simulation, manufacturing and technical communication. All SOLIDWORKS solutions are integrated in the 3DEXPERIENCE platform. SOLIDWORKS is also defining the future of design with a new lineage of 3DEXPERIENCE applications—“X” Apps—that run on any device with an internet browser and offer an innovative design guidance approach.

Industry leaders, SOLIDWORKS programs also have great success with early adopters, for example in the field of education, where we are present in more than 80% of the world’s top engineering schools, and in fablabs, maker spaces and innovation accelerators.

CATIA – Shape the World We Live in

CATIA is the leading solution spanning the complete development and innovation process, from early concept definition to experience delivery.

CATIA shifts traditional 3D CAD (computer-aided design) expectations to cognitive augmented design, which fuses simulation and modeling. Leveraging knowledge, know-how and proven technology to automate design and systems engineering, CATIA is helping to shape a connected world by offering all the features for design of connected objects and experiences powered by cyber-systems.

CATIA affords an intuitive user experience, powered by 3D, Web services, and mobile and augmented reality technologies. CATIA ultimately allows innovator social communities to collaborate virtually and co-design experiences.

Lastly, through its cyber-physical systems modeling and simulation capabilities, CATIA is integral to 3DEXPERIENCE-based industry solutions for model-based systems engineering, enterprise architecture, concept modeling, and ontologies. These solutions enable global industry leaders to develop the “internet of Experiences”—the smart and autonomous virtual experiences that digitally connect products, nature and life in the real world.

GEOVIA – Model the Planet

GEOVIA combines Earth sciences and engineering to connect the natural and built environments and ultimately drive sustained safety, predictability and productivity. Leveraging the 3DEXPERIENCE platform, GEOVIA provides a single source of truth to a community of geoscientists and engineers, helping them to discover, model and harness the planet’s resources fairly for the benefit of people, businesses and governments.

GEOVIA’s solutions allow our customers to optimize their business processes through a unique and powerful combination of scientific applications and collaborative capabilities enabling data transparency.

In recent years, GEOVIA has helped its mining customers to return to growth thanks to the increasing uptake of 3DEXPERIENCE and to its fit-for-purpose portfolio of geology and mine planning applications. At the same time, GEOVIA has initiated a diversification strategy aimed at delivering value for civil engineering by informing the design and engineering of heavy infrastructures.

BIOVIA – Model the Biosphere

BIOVIA provides the scientific community with advanced biological, chemical and materials science experiences to create a healthier, more livable and sustainable world. BIOVIA spurs scientific collaboration by making science accessible through democratizing knowledge and know-how, driving scientific innovation to achieve sustainable development by creating new materials and identifying and developing targeted life-saving therapeutics.

BIOVIA is uniquely positioned to provide high value to science-driven companies, giving them the means to model, simulate, organize, analyze and share data in unprecedented ways. It offers solutions for research, formulation, development processes, manufacturing and quality. BIOVIA connects the virtual world of scientific modeling and simulation with the real world of scientific physical laboratory experimentation through data science and artificial intelligence. Partnerships leveraging BIOVIA's deep long-term scientific expertise are advancing innovation and increasing productivity while assuring regulatory compliance, reducing costs and shortening time to market.

Simulation Applications

The 3DEXPERIENCE platform lets you test possible scenarios against reality.

3DEXPERIENCE is made possible by real-time realistic simulation. Dassault Systèmes has made big investments in technologies and services to simulate complex behaviors, production system execution, additive manufacturing processes, logistics operations and consumer usages in everyday life. It has unique assets for complexity management and multiscale, multidiscipline simulation (structures, fluids, electromagnetics, acoustics, etc.). Building simulation into the design and virtual manufacturing process makes it possible to optimize product design in accordance with the manufacturing process and with robustness, weight, and cost constraints.

SIMULIA – Reveal the World We Live in

SIMULIA helps the scientific and engineering communities reveal the world we live in through realistic simulation of products, nature and life. We provide robust, high-added-value, end-to-end industry processes for virtual engineering that employ state-of-the-art connected multidisciplinary-multiscale simulation applications. Using SIMULIA applications to simulate behavior in the fields of electromagnetics, fluids, structures and vibroacoustics, product development teams are able to reduce testing, increase reliability and quality, and get to market faster.

As an integral part of the 3DEXPERIENCE platform, SIMULIA applications power sustainable innovation at all stages of the product lifecycle from product requirements to design and manufacturing data and in-use scenarios.

DELMIA – MAKE It Happen

A key feature of Dassault Systèmes' 3DEXPERIENCE platform is the connection between the virtual and real worlds. Operational excellence requires harmonized design, production, distribution, human resources management and processes. DELMIA enables global industrial operations to design and test the manufacturability of products in a simulated, virtual environment; optimize the supply chain; and operate factories, warehouses and distribution to manage and fulfill customer demand.

3DVIA – Shape Your Dream

3DVIA helps consumers make important buying decisions in their daily lives by delivering a fast, rich and visually stunning 3D experience for 3D space planning. The brand is driving growth and proliferation of 3D among consumers via two separate target audiences.

For consumers and interior designers, the HomeByMe application offers a free tool for consumers and is currently used by over 2.3 million people to create images online every 40 seconds. Our professional subscriptions enable interior designers to offer their customers a game-changing level of speed, responsiveness, ease of use and visual impact with 360° virtual reality and augmented reality. For retailers, 3DVIA offers two products that support a virtual omnichannel buying experience: HomeByMe for Kitchen Retailers and HomeByMe for Home Retailers. These products afford an interactive 3D room-planning experience dedicated to furniture retailers and their customers.

Information Intelligence Applications

The 3DEXPERIENCE platform allows you to calibrate and contextualize experiences considering all the information within and outside the Company.

The 3DEXPERIENCE platform provides unique intelligent information, artificial intelligence, semantic indexing and search capabilities. Leveraging the ultimate new data science, machine learning technologies and modeling, the 3DEXPERIENCE platform makes it possible to understand, analyze, correlate, infer, describe, predict and prescribe very complex information. This profound dialogue between the virtual model and data is unique to Dassault Systèmes and cannot be found elsewhere.

NETVIBES – Reveal Information Intelligence

In 2020, Netvibes, Exalead and PROXEM solutions have been brought under one single and powerful brand, NETVIBES.

- NETVIBES transforms massive information flows into actionable insight, providing industry perspective (including customers, industry & market trends or competition).
- NETVIBES transforms intuition into real world evidence, augmenting the virtual twin experience with contextualized real world data.
- NETVIBES elevates any individual experience to reusable knowledge and knowhow, transforming all historical actions, documents, interactions into an enterprise patrimony.

MEDIDATA - Power Smarter Treatments for Healthier People

MEDIDATA is leading the digital transformation of life sciences. MEDIDATA, is dedicated to improving the way clinical research is designed, conducted, analyzed, and utilized. Its ultimate goals is to bring the right therapy to the right patient at the right time and transform patient experience.

An enormous amount of safety and effectiveness information is needed to gain regulatory approval for a new therapeutic or diagnostic. Today, billions of data points exist in silos, in different formats, across medical centers around the world. MEDIDATA collects, cleans, standardizes, manages, and analyzes numerous data types to support clinical development and commercialization in more than 120 countries. Discovering and modeling clinical insights helps pharmaceutical, biotech, medical device and diagnostic companies, and academic researchers accelerate value, minimize risk, and optimize outcomes from their research programs.

MEDIDATA, comprising nearly 22,000 trials and nearly six million patients, is always exploring new concepts and techniques to introduce the next generation of solutions; ones that can make precision medicine a reality across the entire continuum of clinical development. ACORN AI, by MEDIDATA, uses advanced analytics to uncover actionable insights that accelerate breakthrough clinical innovations, and optimize study execution and commercial success. Powered by the 3DEXPERIENCE platform, MEDIDATA provides offers end-to-end capabilities (including discovery, development, insight generation, modeling, and manufacturing) and opens up tremendous possibilities for life sciences and health care innovation.

More than 1,700 customer and partner organizations access the world's largest, cloud-based platform of solutions for clinical development, commercial, and real-world data. On average, 40 percent of drugs approved by the US Food and Drug Administration (FDA) during 2017 - 2019 were powered by MEDIDATA's technology. Globally, all of the top 20 pharmaceutical companies, ranked by revenue, use MEDIDATA technology.

Social and Collaborative Applications

The 3DEXPERIENCE platform allows you to bring together and catalyze a diversity of talents.

The 3DEXPERIENCE platform allows any business to become social, extending from structured program and organization to social and open communities. The platform connects people, ideas, data and solutions into a social innovation approach.

ENOVIA – Plan your Definition of Success

Innovation means global teams collaborating with clarity, confidence and consistency. ENOVIA, powered by the 3DEXPERIENCE platform, enables to plan and track the definition of success for your customer. With a broad portfolio of technical and business applications, ENOVIA enables stakeholders across the enterprise to contribute to sustainable innovation.

Intelligent Business Modeling and Planning allows to create a virtual twin of the enterprise to more effectively identify market opportunities and plan products and services to capitalize on these opportunities. Intelligent business models deliver information in context, assisting the user in making more effective plans aligned with business strategy and corporate standards. Intelligent Product Configurations delivers capabilities to develop transformational innovations through multi-discipline collaboration, real-time operational assessments and business intelligence.

Centric PLM – Plan your Collection's Success

Centric PLM innovations drive digital transformation for the most prestigious companies in fashion, retail, luxury, footwear, outdoor and consumer goods. Centric's flagship Product Lifecycle Management (PLM) solution, Centric 8, includes 15 mobile apps and delivers enterprise-class merchandise planning, product development, sourcing, business planning, quality and collection management functionality tailored for constantly moving consumer industries. Centric SMB, tailored for emerging brands, packages innovative technology with key industry learnings. Centric Visual Innovation Platform (Centric VIP) is a touch-screen based family of Boards that transforms group decision making and automates execution to truly collapse time to market and distance to market trend while optimizing collections.

3DEXCITE – Engineer the Excitement

3DEXCITE drives marketing transformation by game-changing software solutions based on the 3DEXPERIENCE platform. We call this transformation Marketing in the Age of Experience.

In the experience economy, the product alone is no longer enough to guarantee success. Customer expectations for personalization at all stages of the selection, buying and ownership process. Marketers are transforming how they think, operate and collaborate with their ecosystems to dramatically improve customer experience and reduce time to market. In parallel, the rise of the consumer is providing huge opportunities for business to make the voice of the consumers a source of innovation. In this context, 3DEXCITE provides major assets. First, to reduce to zero the time required to reach the customer by an industrialized automated mass personal content pipeline. Second, to leverage all semantic and context from the data integrated in the virtual twin of the product and thus provide product facing intelligence that is always up to date, consistent and impactful. Third, to quickly assemble and orchestrate value networks across disparate organizations and drive breakthrough innovation.

1.4.2.4 3DEXPERIENCE WORKS

In 2019, Dassault Systèmes introduced 3DEXPERIENCE WORKS, a new family of specialized business applications on the 3DEXPERIENCE platform for small and medium-sized companies that want to expand their business. Small and mid-sized firms worldwide need digital solutions to grow but have long been challenged to find ones that are right for their size. By introducing 3DEXPERIENCE WORKS, Dassault Systèmes brings the platform benefits to them. 3DEXPERIENCE WORKS extends the ease of use and simplicity that have been hallmarks of SOLIDWORKS applications to a new category of solutions composed of fine-tuned and simplified applications. 3DEXPERIENCE WORKS uniquely combines social collaboration with design, simulation, manufacturing and manufacturing ERP capabilities in a single virtual collaborative environment to help growing businesses become more inventive, efficient and responsive. The 3DEXPERIENCE WORKS family includes SOLIDWORKS, DELMIAWORKS, ENOVIAWORKS and SIMULIAWORKS.

1.4.2.5 Industry Solution Experiences

3DS teams engage with their customers based on a portfolio of Industry Solution Experiences and Industry Process Experiences that are meaningful combination of roles developed by brands.

3DS portfolio is structured as followed:

- Industry Solution Experiences answer the challenges of an industry: for example Engineered to Fly in aerospace and defense industry allows aerospace & defense suppliers to accelerate production and go-to-market lifecycles from bid to delivery while improving margins;

- Industry process experience correspond to the business process used by a team in the context of the solution: let's take the example of Aerospace Composite Engineering in Engineered to Fly: this industry process experience aims at helping to design, optimize and produce composites parts with process-oriented applications;
- Roles correspond to the work of one individual in the context of the industry process - for example Composites Braiding & Forming Engineer in the context of Aerospace Composite Engineering correspond to the job of an engineer.

3DS industry portfolio is forward looking. It is carefully crafted by industry segment based on "what my industry values the most" – its most important challenges. 3DS portfolio aims at helping to answer to these challenges and ensure 3DS customers that they become innovation and sustainability front-runners.

Each Industry Solution and Industry Process Experiences has a set of Key Value Indicators to explain the value to customers and allow them to monitor it – these key value indicators can be as broad as acceleration of innovation lifecycle, operational efficiencies, reduction of time loss, reduction of CO2 emissions or increase of revenues.

While crafting this portfolio, a specific attention is taken to ensure that 3DS industry portfolio also helps their customers become even more sustainable, by limiting footprint and increasing handprint – for example: limiting physical test and increase virtual tests; optimizing factory operations; simulating the impact of a product or a process on the environment, etc.

Such a structuration of portfolio allows companies to embark on significant digital transformation while being clear on the impact and desired outcomes for the organizations, but also the jobs and the skills of their teams. Both C-level and operational teams can understand and monitor at their own level the results of the transformation project.

Each industry solution & industry process experience also encompass Dassault Systèmes' knowledge and the know-how in the eleven industries we serve, which allow our customers to be quickly up to speed and mind the gap with the competition.

By December 31, 2020, 3DS has a total of 88 Industry Solution Experiences, 521 Industry Process Experiences and 437 roles.

1.4.2.6 How we engage with customers

Our customers range from startups, small and mid-sized companies to the largest companies in the world and include educational institutions and government departments. To engage with all customers in a seamless experience, Dassault Systèmes builds on the **3DEXPERIENCE** platform.

Together with our partners, we have developed four ways to engage with our customers and provide them with the right value at the right time:

- Customer Solution Experiences: for companies that are under transformation and are looking for the best outcome;
- Customer Process Experiences: for organizations and departments that seek the highest operational performance;
- Customer Role Experiences: for users who want to reach excellence and need to be provided knowledge and know-how to perform their job;
- Customer Online Experience: for users who expect an end-to-end full online engagement, based on Cloud fundamental roles. This continuous relationship with users helps growing businesses become more inventive, efficient and responsive.

1.4.2.7 Estimated Addressable Market Size, Market Position and Competitors

We have sized our current software Total Addressable Market (TAM) at approximately \$41 billion based upon end of year 2019 third-party data. Our total addressable market sizing uses third party estimates of software domains which we analyze and compare to our software capabilities to assess whether such markets are part of what we can address currently. The third party estimates we use do not take into account internally developed software by companies but only commercially sold software.

We are one of the world's leading providers in the 3D Product Lifecycle Management (PLM) market, comprising 3D software for design, simulation, digital manufacturing, product data management and collaboration. Based upon external and internal analysis, we are also one of the world's leading 3D design and engineering simulation software providers with our CATIA, SOLIDWORKS and SIMULIA brands. Through **3DEXPERIENCE**, we simulate the user experience of which we have a larger definition as that of our competitors' as we go beyond the simulation of the individual physics or multi-physics capabilities. Based upon third-party information, we also believe we are a global leader in the Life Sciences industry.

We operate in a highly-competitive marketplace. As we continue to broaden our addressable market, by expanding our current product portfolio, diversifying our client base, and developing new applications and markets, we face an increasing level of competition, from new competitors ranging from technology start-ups to the largest technology and industrial companies in the world.

We evaluate our competitive position from multiple perspectives, assessing our industry solution experiences and how well they address the key needs of the industries and the segments within industries that we are targeting, the profile of the customers, and the needs and requirements of users serving certain functions that we categorize internally by brand.

Competition includes long-standing competitors in the PLM market (as defined above) including Siemens, Autodesk and PTC; simulation vendors including ANSYS, Altair Engineering, MSC Software (owned by Hexagon), with respect to our structural, fluid, electromagnetic and multi-physics simulation software. With respect to our collaborative enterprise business processes and industrial operations software offer, we also compete with Oracle and SAP.

Following the acquisition of Medidata, and combined with our other brands, Life Sciences is now our second largest industry. At present, this is a highly fragmented market with the three largest players including ourselves, representing less than 30% of our defined addressable market. There is a wide range of competitors across the key business areas, including, among others, in research and discovery (Schrödinger and Benchling), in preclinical development (Labware and Thermo Fisher Scientific), in Clinical Testing (Oracle and Veeva), in Manufacturing (SAP, SAS and Tibco) and in commercialization (Veeva, and Model N).

Among other actors (mostly software developers) that occasionally compete directly or indirectly with us include Adobe, ARAS, Aveva Group (owned by Schneider Electric), Bentley Systems, Epicor, Infor, Intergraph (owned by Hexagon), JDA Software, Microsoft, Nemetschek, Palantir Technologies, Plex, Salesforce.com, and other software companies in the mining sector or offering information intelligence, social enterprise innovation, collaboration software capabilities or digital marketing.

1.4.3 Material Contracts

Other than contracts entered into by the Company in the ordinary course of business, the Dassault Systèmes' material contracts are principally the distribution agreements with its value-added retailers and system integrators, as described in paragraph 1.4.2.6 "How we engage with customers", and the strategic partnership contracts described in paragraph 1.5 "Research and development" (see in particular paragraph 1.5.1 "Overview").

Business contracts

The Boeing Corporation

In 2017, The Boeing Corporation and Dassault Systèmes entered into a new, extended strategic partnership agreement pursuant to which Boeing will expand its deployment of Dassault Systèmes' software across its commercial aviation, space and defense programs to include Dassault Systèmes' **3DEXPERIENCE** platform.

Boeing is aiming at modernizing its systems to maximize economic benefit to the company and its shareholders. By improving product quality, reducing production costs and developing new innovative products, more value will be delivered to Boeing's customers.

Boeing will deploy the **3DEXPERIENCE** platform worldwide for the end-to-end product development and production of all its new and existing commercial aviation, space and defense programs. After an extensive and profound evaluation process, Dassault Systèmes was selected as the only technological partner for the entire scope of Boeing's digitalization of end-to-end processes: product lifecycle management (PLM), all related authoring tools and manufacturing operations management.

Financing

Bond

In September 2019, Dassault Systèmes SE issued its four-tranche fixed rate bond for a total of €3.65 billion. This issuance was part of the financing of the acquisition of Medidata completed in October 2019. See paragraph 3.1.4 "Capital Resources" and Note 20 to the consolidated financial statements.

Term loans and Line of credit

To finance the balance of the acquisition price of Medidata, Dassault Systèmes SE subscribed two loans on October 28, 2019 with maturities on October 28, 2024 for respective amounts of €500 million and \$530 million. On October 28, 2020, Dassault Systèmes SE proceeded to early repayments of these loans in the amount of €200 million and \$230 million respectively.

In connection with the acquisition of Medidata, Dassault Systèmes SE also received a financing commitment in the form of a revolving line of credit of €750 million for a period of 5 years from October 28, 2019. In May 2020, Dassault Systèmes SE extended its maturity for an additional year, bringing the maturity date of this credit facility to October 28, 2025. As of December 31, 2020, the line of credit was not drawn down.

See paragraph 3.1.4 "Capital Resources" and Note 20 to the consolidated financial statements.

Leases

Dassault Systèmes signed long-term leases (for twelve years) for its corporate headquarters in Vélizy-Villacoublay, France (the "3DS Paris Campus") in 2008 and for its offices, technology lab and data center in Waltham, outside Boston, United States (the "3DS Boston Campus") in 2010. In February 2013, Dassault Systèmes SE entered into a new lease for its headquarters facilities for a non-cancelable initial term of 10 years as from the delivery date of an additional building of approximately 13,000 square meters which took place in the fourth quarter of 2016. Close to that site, Dassault Systèmes SE also leases since October 2010 approximately 11,000 square meters in a building located in Meudon-La-Forêt. In September 2016, the 3DS Boston Campus lease was extended for 25 months. The initial lease contract provided for a period of 12 years and will therefore end on June 30, 2026.

In December 2019, Dassault Systèmes SE signed a new lease contract for a fixed term of 10 years from the delivery of an additional building of approximately 28,000 square meters of office space within the 3DS Paris Campus, which shall take place during the second quarter of 2023. The minimum future lease payments over the lease term amount to approximately €81.1 million. In this context, lease contracts of existing buildings have been renegotiated, notably to extend their term from 2026 to 2032.

Medidata signed in October and December 2018 two new lease contracts for additional office space scheduled to be delivered during 2021. The minimum future lease payments amount to approximately \$66.4 million.

On February 14, 2020, Dassault Systèmes acquired the leasehold rights, for a period of 75 years, for two buildings located near the Dassault Systèmes offices in Pune, India (the "3DS Pune Campus"), for an amount equivalent to €42.8 million, as part of the expansion plan for this campus. The first phase of this extension of the 3DS Pune Campus is scheduled to be delivered in 2021.

See paragraph 1.9.2.1 "Liquidity Risk" and Notes 19 and 25 to the consolidated financial statements.

1.5 Research and development

1.5.1 Overview

Principal areas of investment in R&D are related to the **3DEXPERIENCE** business platform foundations and services.

Moreover, the Company's R&D effort mainly aims at providing major breakthrough on user experiences and on the expansion of the reach of its portfolio with immersive, mobile and native cloud solutions.

As of December 31, 2020, the Group's R&D teams included 8,093 personnel, compared to 7,517 at year-end 2019, representing approximately 41% of the total headcount. The Group increased its total R&D headcount by 7.7% in 2020, after a 26.4% increase in 2019, reflecting principally new recruitments and growth in R&D resources through acquisitions, notably Medidata.

The Company has R&D facilities in the countries where its clients and high-talent employees are located: in Europe (mainly France, Germany, the United Kingdom, the Netherlands, Poland, and Lithuania), the Americas (mainly United States) and Asia-Pacific (mainly India, Malaysia and Australia).

R&D expenses totaled €935.4 million for 2020, compared to €737.9 million for 2019, increasing 26.8%. Dassault Systèmes benefited from government grants and other governmental programs supporting R&D of €33.4 million in 2020 and €28.3 million in 2019. These government grants principally include research and development tax credits received in France.

The Company conducts its R&D in close cooperation with customers and users in their respective industries to develop a deeper understanding of the unique business processes of these industries as well as the future product directions and requirements of these industries, customers and users.

We have established long-standing, scientific and technical collaborations with key partners in order to maximize the benefits from available technology and increase the value for shared customers. Our research and technology alliances are established with three objectives: to cover end-to-end solutions with holistic offerings; to participate to the future structure of industries; and to integrate the most advanced features of these technologies into our solutions. Further, Dassault Systèmes is a participant in several hundred public-private projects (for example under the aegis of the FDA, prestigious universities such as Harvard or MIT, and world leading institutes such INRIA and INSERM), collaborates with renowned scientists (including Nobel Prize winners) and is engaged in technology partnerships across the eleven industries (and industry sub-segments) it serves.

We have software development partners working in each domain of our software solutions. Our global affiliate program enables developers to create and market their own applications fully integrated with and complementary to our software solutions.

Dassault Systèmes is deeply committed to creating quality solutions that allow its customers to meet the critical business requirements of the industries in which they operate. This commitment to quality is evidenced by its well-established Quality Management System certified ISO9001:2015 – the latest version of the standard focusing on operational excellence and performance.

1.5.2 Cloud and Services

The **3DEXPERIENCE** platform provides cloud-based technologies and services to enable secured and controlled online collaborative environments to share and innovate on any computer. This technology is unique, optimized for big data and available for remote usage for a wide variety of industry uses.

Since 2010, our cloud subsidiary Outscale SAS (3DS OUTSCALE) has been providing companies and public organizations with reliable, secure and customized IaaS-type Cloud Computing services, deployed on trusted industrial infrastructures. The 3DS

OUTSCALE's multi-local cloud provides a complete governance in terms of security and digital sovereignty. Compatible with market standards, this cloud allows 3DS OUTSCALE clients to deploy their applications with a genuine mastering of the performance.

On December 4, 2019, 3DS OUTSCALE announced that it had obtained from the ANSSI (French National Agency for the Security of Information Systems) the SecNumCloud qualification of its entire "Public Sector Cloud" offering, aimed at public and para-public organizations and Vital Importance

Operators (OIV): a premiere for a Cloud infrastructure services provider. Obtaining this Security Visa demonstrates the highest level of commitment and compliance with security regulations.

3DS OUTSCALE is fully certified to the highest standards ISO27001:2013 (certification relating to the information security management system), ISO27017 (specific to security in the Cloud), ISO27018 (specific to the protection of data

privacy in the Cloud) and Health Data Hosting (by ASIP Santé), 3DS OUTSCALE is the Cloud of hyper-confidence and has been awarded the LUCIE ISO26000 label for its sustainable, responsible and inclusive actions..

Finally, 3DS OUTSCALE acts for strategic digital sovereignty in Europe as a founding member of Gaia-X, the European Cloud services federation project.

1.5.3 Intellectual Property

Dassault Systèmes protects its technology by applying a combination of IP rights including copyrights, patents, trademarks and trade secrets. The Company distributes its software products to its customers under licenses that grant software utilization rights without transfer of ownership. The contracts contain various provisions protecting the Company's IP rights over its technology, as well as related confidentiality rights.

The source code (set of instructions under an intelligible form, and used, once compiled, to generate the object code licensed to clients and partners) of Dassault Systèmes' products is protected both as a copyrighted work and as a trade secret. In addition, some of the key capabilities of its software products are protected through patents whenever possible.

However, no assurance can be given that others will not copy or otherwise obtain and/or use Dassault Systèmes' products or technology without authorization. In addition, effective copyright, trade secret, trademark and patent protection or enforcement may be unavailable or limited in certain countries.

Dassault Systèmes is nevertheless engaged in an active policy against piracy and takes systematic measures to prevent the illegal use and distribution of its products, ranging from regularizing illegal use to initiating legal proceedings.

With regard to trademarks, Dassault Systèmes' policy is to register trademarks for its principal products and services in the countries where it does business. Protection through the trademark law is a combination of international trademark, European Community trademarks and/or national registrations.

In order to protect its technology and key product capabilities, Dassault Systèmes generally files patent applications in countries where many of its main customers and competitors are located. At year-end 2020, Dassault Systèmes' portfolio comprised around 700 protected inventions, including 44 new inventions in 2020. Patents have been granted in one or more countries for more than 70% of these inventions, and patents for the others are pending. When a patent protection is deemed unsuitable, certain inventions are kept secret, with the proof of creation being saved. Dassault Systèmes also has a cross-license policy for patents with major players in its industry.

See paragraph 1.9.1 "Risks Related to the Dassault Systèmes' Business", and particularly paragraph 1.9.1.3 "Protection of Dassault Systèmes' Intellectual Property Rights and Assets" for the difficulties in ensuring adequate protection for Dassault Systèmes' own intellectual property, and paragraph 1.9.1.13 "Infringement of Third-Party Intellectual Property Rights and of Third-Party Technology's Licenses" for risks concerning the alleged unauthorized use of third-party's intellectual property.

1.5.4 Investments

1.5.4.1 Overview

Dassault Systèmes is focused on three strategic sectors of the economy: (i) Manufacturing Industries, where it has had a long-standing leadership position; (ii) Life Sciences

& Healthcare; and (iii) Infrastructure & Cities. Critical to its success has been its ability to define and penetrate new markets, underpinned by a clear and strong commitment to technological and business innovation.

Our investments, both through expenditures internally in research and development and through acquisitions, are closely aligned with our strategic roadmap and are the principal driver of our product innovations and enhancements.

Our research and development expenses totaled €935.4 million and €737.9 million, for 2020 and 2019, respectively. We continue to evaluate external investments, complementing and extending the business value we bring to industries, clients and users we address. In that regard, acquisitions, net of cash acquired, and non-controlling interests totaled €89.5 million in 2020 and €5,211.7 million in 2019.

Reflecting our Purpose and Human Industry Experiences strategy we are growing our addressable market along multiple axes: (i) broadening our offer to cover the key disciplines of clients, from upstream consumer insights to design, engineering, simulation and manufacturing, to business planning and operations and point of sales and end-consumer experiences; (ii) expanding our market coverage of the three sectors of the global economy we address, and (iii) extending the power of the platform as a system of operations with our Marketplace and other initiatives.

For further information, see paragraphs 1.2 "Profile of Dassault Systèmes", 1.4.1.1 "Our Strategy: Human Industry Experiences" and 1.4.1.2 "Strategic operational elements".

1.5.4.2 Acquisitions in 2019 and 2020

Our principal acquisitions (including majority ownership investments) completed over the last two years were undertaken in the following areas: (i) Life Sciences & Healthcare, with the acquisition of Medidata Solutions, Inc., a leader of the digital transformation of the Life Sciences industry for clinical development, commercial, and real-world data intelligence; (ii) Manufacturing ERP for small to mid-sized companies, with the acquisition of IQMS, extending the market coverage of our DELMIA brand; (iii) cloud and data science strategy, with the acquisition of NuoDB that develops the most advanced distributed elastic database for cloud environments; and (iv) data science, with the acquisition of France-based PROXEM, a specialist in AI-powered (artificial intelligence-powered) semantic processing software and services that transform text data into actionable content and insights.

○ **Clinical Software Leader in Life Sciences:** On October 28, 2019, Dassault Systèmes completed the acquisition of Medidata Solutions, Inc., opening up a new world of Virtual Twin Experiences for Healthcare. The 3DEXPERIENCE platform combines modeling, simulation, data science, artificial intelligence, and collaboration in the virtual world to achieve sustainable innovation in Life Sciences. Connecting

the 3DEXPERIENCE platform with Medidata's Clinical Trial platform will connect the dots between research, development, manufacturing, clinical trials and commercial deployment throughout the entire healthcare ecosystem and positions Dassault Systèmes to be a leading partner to the digital transformation of Life Sciences in the age of personalized medicine and patient-centric experience. More than 50% of drugs and medical devices are designed with Medidata's technology and more than 50% of new clinical trials are supported by Medidata's solutions. All of the top 20 Biopharmaceutical and MedTech companies and all top 10 CROs are among Medidata customers.

○ **Integrated Manufacturing ERP Solution:** On January 3, 2019, we completed the acquisition of IQMS, a California-based manufacturing ERP software company, with a view to extend the 3DEXPERIENCE platform to small and mid-sized manufacturing companies seeking to digitally transform their business operations. IQMS' software – on premise EnterpriseIQ and software as a service WebIQ – delivers an all-in-one solution to mid-market manufacturers for managing engineering, manufacturing and business ecosystems by digitally connecting order processing, scheduling, production and shipping processes in real time. IQMS' solutions are used by customers based primarily in the United States with manufacturing facilities in 20 countries, producing for the automotive, industrial equipment, medical device, consumer goods, and consumer packaged goods industries.

○ **Advanced 3DEXPERIENCE platform cloud and data science strategy:** On December 10, 2020 we completed the acquisition of NuoDB. Founded in 2010 and headquartered in Cambridge, Massachusetts, NuoDB provides a cloud-native distributed SQL database that capitalizes on the competitive advantages of the cloud, with on demand scalability, continuous availability and transactional consistency, and is built for mission critical applications. We began our investment and partnership with NuoDB in 2013.

○ **Enhanced Collaborative Data Science:** On June 9, 2020 we completed the acquisition of PROXEM, a specialist in artificial intelligence-based semantic processing software and services, and provider of consumer experience analysis solutions. With this acquisition, Dassault Systèmes extends information intelligence on the 3DEXPERIENCE platform to semantics with natural language processing technologies. Customers can automate the interpretation of unstructured text data to become more innovative, agile and sustainable. PROXEM customers include Air France, Air Liquide and Total among others.

Our principal acquisitions with an individual purchase price greater than €100 million over the last three years include:

Acquisition	Year	Purchase Price
Medidata Solutions, Inc.	2019	€5.1 billion (\$5.8 billion)
IQMS	2019	€379 million
Centric Software (majority ownership acquired in 2018)	2018/2020	€228 million

1.6 Company Organization

1.6.1 Dassault Systèmes SE's Position within the Company

Dassault Systèmes SE, Dassault Systèmes' parent company, fulfills several roles: first, it is one of the Company's largest operating entities and one of its principal R&D centers, responsible for the development of a number of the Company's software solutions integrated in the **3DEXPERIENCE** platform. Dassault Systèmes SE is also the holding company that owns directly or indirectly all the companies that make up the Company. Dassault Systèmes SE plays a centralizing role, defining the Company's overall strategy and the means for its deployment, as well as the marketing and sales policy and the three engagement models (described in paragraph 1.4.2.6

"How we engage with customers"). The parent company generally manages cash for subsidiaries whose currency is the euro, and provides support to the Company for a number of activities, including finance, communication, marketing, legal affairs (including management and protection of IP), human resources and IT, and pools certain costs for its subsidiaries.

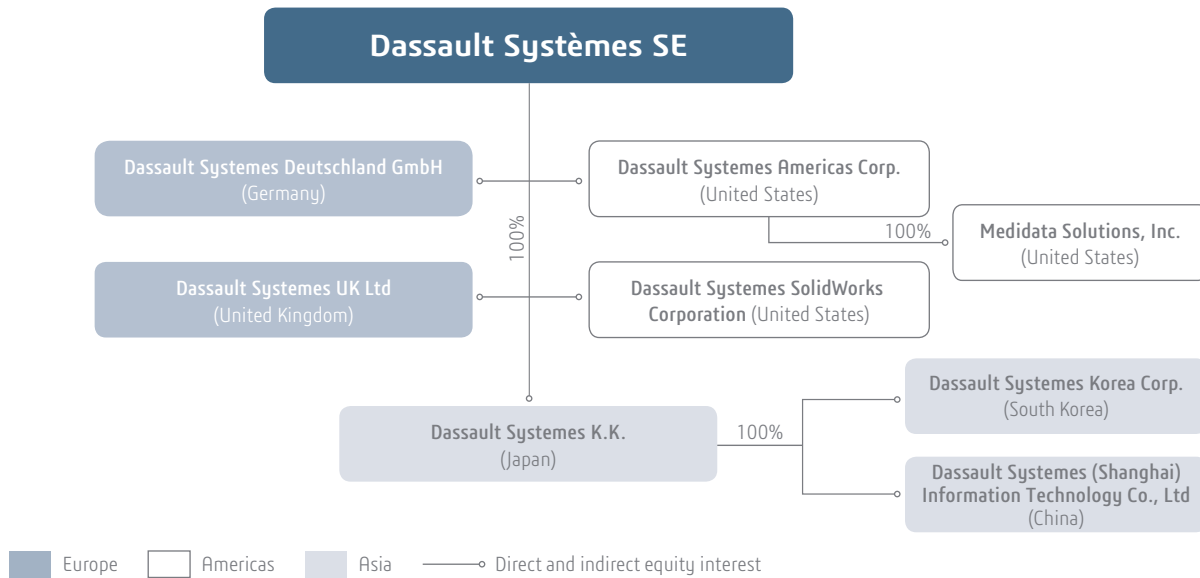
Dassault Systèmes SE receives dividends paid by its subsidiaries. It receives royalties related to the IP it holds and separately charges centralized services to the subsidiaries benefiting from support services and cost pooling.

1.6.2 Principal Subsidiaries of the Company

As at December 31, 2020, the Company included Dassault Systèmes SE and 98 operational subsidiaries, as compared to 100 operational subsidiaries as of December 31, 2019. The decrease was due principally to the effort of the Company

to simplify the organization of its legal entities throughout the world, partly offset by the entities acquired in 2020.

The chart below sets forth Dassault Systèmes' main subsidiaries:



See also Note 28 to the consolidated financial statements and the table of subsidiaries and shareholdings under Note 24 to the parent company financial statements.

1.7 Financial Summary: five-year historical information

Sustaining Growth over the Long-term

Dassault Systèmes' performance historically relies on a financial model with a strong focus on recurring software revenue, which represented over 80% of the total software revenue during 2020.

Five-year Financial Summary

We have provided below summary income statement and balance sheet information for the last five years. The selected

financial data in the table below have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted in the European Union, unless otherwise indicated.

A financial review including a comparison of 2019 and 2020 can be found in Chapter 3, "Financial Review and Prospects".

Income statements and dividends

<i>(in millions of euros, except percentages and per share data)</i>	Year ended December 31,				
	2020	2019 ⁽³⁾	2018 ⁽²⁾⁽³⁾	2017 ⁽²⁾⁽³⁾	2016 ⁽²⁾⁽³⁾
Total revenue	€4,452.2	€4,018.2	€3,477.4	€3,228.0	€3,055.6
Software revenue	4,012.6	3,539.4	3,081.8	2,869.3	2,694.7
Operating income	669.7	812.8	768.2	729.0	672.0
<i>As a percentage of total revenue</i>	15.0%	20.2%	22.1%	22.6%	22.0%
Net income attributable to equity holders of the Company	491.0	615.3	569.4	519.4	447.2
Diluted net income per share	€1.86	€2.34	€2.18	€2.01	€1.74
Dividend per share	€0.56 ⁽¹⁾	€0.70	€0.65	€0.58	€0.53
Dividend per share growth	(20.0%)	7.7%	12.1%	9.4%	12.8%

(1) To be proposed for approval at the General Meeting of Shareholders scheduled for May 26, 2021.

(2) The Group adopted IFRS 15 effective January 1, 2018 using the modified retrospective transition method (also called the cumulative effect method). Under this method, the transition effect is accounted for within the consolidated equity at the date of initial application, i.e. January 1, 2018, without any adjustment to the prior year comparative information.

(3) The Group adopted IFRS 16 for the fiscal year beginning January 1, 2019 using the simplified retrospective approach. Under this method, the transition effect is accounted for within the consolidated equity at the date of initial application, January 1, 2019, without any adjustment to the prior year comparative information. See Note 2 to the consolidated financial statements.

Supplemental non-IFRS financial information

Readers are cautioned that the supplemental non-IFRS financial information presented below is subject to inherent limitations. It is not based on any comprehensive set of accounting rules or principles and should not be considered in isolation from or as a substitute for IFRS measurements. The supplemental non-IFRS financial information should be read only in conjunction with the Company's consolidated

financial statements prepared in accordance with IFRS. Furthermore, the supplemental non-IFRS financial information may not be comparable to similarly titled adjusted measures used by other companies. For a reconciliation of this non-IFRS financial information with the Company's audited financial statements, see paragraph 3.1.1.2 "Supplemental Non-IFRS Financial Information".

<i>(in millions of euros, except percentages and per share data)</i>	Year ended December 31,				
	2020	2019 ⁽²⁾	2018 ⁽¹⁾⁽²⁾	2017 ⁽¹⁾⁽²⁾	2016 ⁽¹⁾⁽²⁾
Total revenue	€4,464.8	€4,055.6	€3,491.1	€3,242.0	€3,065.6
Software revenue	4,024.0	3,573.6	3,093.9	2,883.2	2,704.3
Operating income	1,349.8	1,297.4	1,112.5	1,037.1	957.7
<i>As a percentage of total revenue</i>	30.2%	32.0%	31.9%	32.0%	31.2%
Net income attributable to equity holders of the Company	994.7	959.6	812.5	692.9	640.3
Diluted net income per share	€3.77	€3.65	€3.12	€2.68	€2.49

(1) The Group adopted IFRS 15 effective January 1, 2018 using the modified retrospective transition method, without any adjustment to the prior year comparative information.

(2) The Group adopted IFRS 16 for the fiscal year beginning January 1, 2019 using the simplified retrospective approach. Under this method, the transition effect is accounted for within the consolidated equity at the date of initial application, January 1, 2019, without any adjustment to the prior year comparative information. See Note 2 to the consolidated financial statements.

Balance sheets and net cash provided by operating activities

<i>(in millions of euros)</i>	Year ended December 31,				
	2020	2019 ⁽²⁾	2018 ⁽¹⁾⁽²⁾	2017 ⁽¹⁾⁽²⁾	2016 ⁽¹⁾⁽²⁾
ASSETS					
Cash, cash equivalents and short-term investments	€2,148.9	€1,945.6	€2,809.9	€2,460.7	€2,492.8
Trade accounts receivable, net	1,229.1	1,319.2	1,044.1	895.9	820.4
Goodwill and intangible assets, net	7,937.3	8,917.0	3,262.3	2,990.1	2,926.5
Other assets	1,648.9	1,690.8	857.7	683.1	703.4
TOTAL ASSETS	12,964.2	13,872.6	7,974.0	7,029.8	6,943.1
LIABILITIES AND EQUITY					
Contract liabilities	1,169.1	1,093.5	907.5	876.4	853.1
Borrowings	4,190.4	4,601.2	1,000.0	1,000.0	1,000.0
Other liabilities	2,543.4	2,969.2	1,504.6	1,159.2	1,229.8
Parent shareholders' equity	5,061.3	5,208.7	4,561.9	3,994.2	3,860.2
TOTAL LIABILITIES AND EQUITY	€12,964.2	€13,872.6	€7,974.0	€7,029.8	€6,943.1

(1) The Group adopted IFRS 15 effective January 1, 2018 using the modified retrospective transition method, without any adjustment to the prior year comparative information.

(2) The Group adopted IFRS 16 for the fiscal year beginning January 1, 2019 using the simplified retrospective approach. Under this method, the transition effect is accounted for within the consolidated equity at the date of initial application, January 1, 2019, without any adjustment to the prior year comparative information. See Note 2 to the consolidated financial statements.

<i>(in millions of euros)</i>	Year ended December 31,				
	2020	2019	2018	2017	2016
Net cash provided by operating activities	€1,241.3	€1,186.1	€898.6	€745.0	€621.7

1.8 Extra-financial performance

The Environmental, Social and Governance strategy is defined in the Sustainability Compass of the Company and will guide our actions for sustainability over the coming years. It includes the 2025 objectives summarized in the following table:

	2020		2019		2018		Objective 2025
	Workforce in-scope ⁽¹⁾	Values	Workforce in-scope ⁽¹⁾	Values	Workforce in-scope ⁽¹⁾	Values	
Environment							
Carbon intensity - in tCO ₂ -e _q per FTE ⁽²⁾	18,713	4.1	15,846	6.7	13,292	8.1	5
Social							
% of women People Managers	19,789	20.7%	19,361	18.8%	16,055	17.0%	30%
% of employees trained on ethics and compliance ⁽³⁾	16,746	98.2%	16,684	96.9%	15,618	89.3%	95%
% of pride and satisfaction ⁽⁴⁾	19,143	82.5%	16,251	78.0%	15,701	76.9%	85%
Governance							
% of women on the Executive team	19,789	38.5%	19,361	22.2%	16,055	22.2%	40%

(1) The scope refers to total headcount excluding companies or countries as detailed in paragraph "2.8 Reporting methodology".

(2) Carbon intensity includes scope 1, 2 and 3 greenhouse gas emissions excluding emissions related to the use of our solutions by our customers as well as emissions related to purchased goods and services, in relation to the average headcount in scope.

(3) Percentage of employees that completed mandatory training on Business Ethics, Personal Data Protection and Anti-Corruption.

(4) Pride and satisfaction rate of employees measured by an internal annual survey.

Dassault Systèmes is committed to reduce the carbon intensity per employee by 38% by end 2025 compared to base year 2018, for which the intensity was 8.1 tCO₂-eq, corresponding to a 5 tCO₂-eq target for 2025..

In 2020, our carbon intensity per employee decreased by 39% compared to 2019.

Due to the COVID-19 pandemic, we have indeed:

- significantly limited business travel, leading to a 57% reduction in travel-related emissions and nearly 40% reduction of emissions related to company cars;
- temporarily closed our sites during lock-down periods or adjusted on-site presence in compliance with sanitary recommendations, leading to a reduction of more than 62% of employee commuting-related emissions and nearly 27% of emissions related to electricity consumption.

The Sustainability Compass of the Company also includes the following objectives:

- define a science-based target for greenhouse gas emissions: on December 2, 2020, we announced our commitment to Science Based Target initiative, confirming our intention to set an ambitious series of targets to reduce our greenhouse gas emissions, in order to achieve the objectives of the Paris Agreement;
- two thirds of new licenses having a positive impact on sustainable development: our solutions portfolio already supports our customers to be more efficient in the use of resources and to reduce their environmental footprint. Today, we place this value at the center of our offers;
- engage 5,000 stakeholders: we are rolling out various programs to mobilize our ecosystem, including our employees, our suppliers, our customers, students as well as non-profits around sustainable development issues, because we believe that our success hinges on a collective effort.

1.9 Risk Factors

The risk factors are set out hereafter in two main categories: risks related to the Dassault Systèmes' business (1.9.1) and financial and market risks (1.9.2). These are the main risks identified as being material, specific to the Company and likely to have a negative impact on its business and financial position as of the date on which this Annual Report (*Document d'enregistrement universel*) was filed with the AMF.

The presentation of the risks is the result of regular analysis as part of the risk management policy contained in paragraph 5.2.3 "Internal Control and Risk Management

Procedures". In each category, the risk factors are classified in descending order of importance taking into account the probability of seeing them materialize and the estimated scale of their negative impact, and after taking into account the alleviation measures put in place by Dassault Systèmes. However, other risks not mentioned or not yet identified can affect Dassault Systèmes, its financial position, its reputation, its outlook or the share price of Dassault Systèmes.

1.9.1 Risks Related to the Dassault Systèmes' Business

Once alleviation measures taken into consideration, Dassault Systèmes considers risks 1 to 9 to be of great importance, risks 10 to 13 of medium importance and risks 14 to 15 of low importance.

1.9.1.1 Uncertain Global Economic Environment

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 the 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;

- phenomena such as climate change or health conditions may also impact the economic situation on a global scale or in some geographic areas where Dassault Systèmes operates. Specifically, as of issuance date of the document, it remains difficult to predict the impact, length and scope of future damages originating from the COVID-19 pandemic, including health conditions of Dassault Systèmes' employees; and
- continued pressure or volatility on raw materials and energy prices could also slow down Dassault Systèmes' diversification efforts in new industries.

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 health crisis) may also adversely impact the financial situation or financing capabilities of the 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.

1.9.1.2 Security of Systems and Facilities

As Dassault Systèmes' R&D is totally computer-based, its effectiveness is dependent on the proper functioning of complex software and integrated hardware systems. It is not possible to guarantee the uninterrupted operation and complete security of these systems. Computer viruses, whether deliberately or unintentionally introduced, could cause damage, loss or delays. Moreover, in a context of increased cyber-attacks and the emergence of cyber-terrorism, Dassault Systèmes may be subject to computer attacks or intrusions that could interfere with the proper functioning of its systems and cause substantial delays or damage to its activities, not to mention data disclosures. Such attacks or intrusions, potentially targeted, could also cause damage to, losses or disclosures of customer data, hosted by Dassault Systèmes or some of its service providers as part of its cloud offerings, or interruptions to the online service, for which it may be held liable. The increasing use of mobile devices (cellular telephones, tablets and laptops) linked to certain of Dassault Systèmes information systems tends to increase the risk of unauthorized access.

Likewise, some transactions require the use of off-the-shelves interconnection systems, for example with most of the banking partners of Dassault Systèmes. Dassault Systèmes requires from these services and partners a high level of security and control so as to protect the messages' integrity and prevent attacks and intrusions in Dassault Systèmes' systems. However, these controls do not eliminate all risks of indirect impact from cyber-attacks affecting our partners.

In addition, because Dassault Systèmes' key facilities are located in a limited number of sites, including Japan and California, which may be exposed to earthquakes, substantial physical damage to any one of Dassault Systèmes' sites, by natural causes or by terrorist attacks or local violence, could materially reduce its ability to continue its normal business operations.

1.9.1.3 Protection of Dassault Systèmes' Intellectual Property Rights and Assets

Dassault Systèmes' success is heavily dependent upon its proprietary software technology. Dassault Systèmes relies on a combination of copyright, patent, trademark, trade secret law and contractual restrictions to protect its technology. These legal protections may not provide a full coverage of the Company's products and can be breached by third parties. In addition, some countries do not have effective protection against infringements of copyright, trademarks, trade secrets or patents, or they may be limited in comparison to what exists in Western Europe or the United States. If, despite Dassault

Systèmes' strategies for protecting its IP, certain third parties are able to develop similar technology, or to successfully challenge the Company' IP rights, a reduction in the Company's software revenue may ensue. Furthermore, although Dassault Systèmes enters into confidentiality agreements with its employees, distributors, customers and potential customers and limits access to and carefully controls the distribution of its software, documentation and other proprietary information, the measures taken may be inappropriate to deter misuse of its technology, the unauthorized disclosure of confidential information or prevent its utilization by third parties.

In addition, like most of its competitors, Dassault Systèmes faces a significant level of piracy of its leading products, both by individuals and companies operating worldwide, which could potentially affect Dassault Systèmes' growth in specific markets.

Litigation may be necessary to enforce Dassault Systèmes' IP rights and determine the validity and scope of the proprietary rights of third parties. Any litigation could result in substantial costs and diversion of the Company resources and could significantly harm Dassault Systèmes' operating income. Dassault Systèmes may not prevail in all such litigation and its IP rights may be found invalid or unenforceable.

1.9.1.4 Complex Regulatory and Compliance Environment – Legal Proceedings

Establishing or strengthening Dassault Systèmes' presence in countries where it previously had not been located or had been present only marginally until now, and increasing the breadth of its business and the diversity of its customers and users (particularly individuals), have added to the complexity of the regulatory environment in which Dassault Systèmes operates. These regulations, which are complex and fast moving, apply to many different fields, such as general business practices, competitive practices, anti-corruption, processing of personal data, including health data, consumer protection, financial reporting standards, securities law and corporate governance, internal controls, employment laws, local and international tax regulations and export compliance for high-tech products. Besides, the introduction of newly created or stricter regulations in countries where Dassault Systèmes operates or will operate could materially increase compliance costs. Enforcement of digital economy or climate change-specific taxes could also negatively impact the net result of Dassault Systèmes.

In order to conduct its business in a wholly ethical manner, the Company requires all of its employees, subsidiaries, resellers and intermediaries to comply with all applicable laws and regulations. The failure or suspected failure to comply with these regulations may result in inquiries or investigations by the relevant authorities, or even fines and sanctions, as well

as an increase in Dassault Systèmes' litigation risk or negative impact on its business operations, revenue or reputation. A number of these adverse consequences could occur even if it is ultimately determined that there has been no failure to comply. Dassault Systèmes broadly relies on a large number of distributors and resellers to support the licensing of its software products and the deployment of its solutions (as described in paragraph 1.9.1.8 "Relationships with Extended Enterprise Partners"). Although Dassault Systèmes has implemented a program to ensure that these third parties fully comply with all applicable rules and regulations, especially the highest ethical standards, export control regulations or competition law, Dassault Systèmes' business and reputation could be negatively impacted in the event such third parties were to breach local or international laws.

Dassault Systèmes' risk of inquiries, litigation and administrative proceedings also increases as it expands its activities (including product distribution and online services) or economic sectors exposure (in particular in health and infrastructure businesses), enhances its position and visibility on the market and develops new approaches to its business. Litigation can be lengthy and expensive and disrupt the management of the Company operations. Its outcome is uncertain and may differ from management expectations, which could result in an adverse impact on its financial position and operating income, or even the conduct of its business.

1.9.1.5 Deployment Delays, Product Errors and Defects

Deploying sophisticated software solutions becomes increasingly complex. Such projects need to take into account Dassault Systèmes' customer's infrastructure and diverse software environment. Appropriate project and change management controls are also critical to the success of deploying complex software solutions that affect a large number of users across multiple organizations and processes. If Dassault Systèmes is not able to carefully plan and execute these projects in a timely manner, it might need to commit additional resources, which could adversely impact its operating income.

Sophisticated software can contain errors, defects or other performance problems when first introduced or when updates or new versions are released. Dassault Systèmes may not be able to correct such errors or defects in a timely manner and may need to expend additional resources.

Such difficulties may also lead to the loss of customers, or even in the case of the largest customers the potentially significant loss of revenue with their subcontractors. Technical problems, or the loss of a customer with a particularly important global reputation, could also damage Dassault Systèmes own business reputation and cause the loss of new business opportunities.

Were customers to suffer financial or other damage because of product errors, defects or deployment delays, such customers could pursue claims against the Company. Any resulting claim brought against Dassault Systèmes, even if not successful, would likely be time consuming for its management and costly to defend and could adversely affect Dassault Systèmes' marketing efforts.

1.9.1.6 Organizational and Operational Challenges Arising from the Evolution of Dassault Systèmes

Dassault Systèmes has continued to expand through acquisitions and internal development and has substantially increased its addressable market through launching 3D EXPERIENCE.

The Company's management policies and internal systems must be adapted on an on-going basis to meet the needs of a larger, more complex structure and implement Dassault Systèmes' strategy to reach a broader market. Dassault Systèmes must continue to reorganize itself to maintain efficiency and operational excellence while ensuring customer retention and the integration of newly acquired companies. It must also continue to focus on quality of execution while maintaining innovation.

Dassault Systèmes must also ensure that the profile and skill sets of its employees are continually updated to reflect the Company's development and retain employees notably from newly acquired companies.

If Dassault Systèmes does not address these issues effectively and on a timely basis, Dassault Systèmes product development, cost management and commercial operations could be impacted or fail to satisfy adequately market or customer demands, which could negatively impact its financial or operational performance.

Moreover, integration of acquisitions remains a challenge, in particular for Medidata, due to its specific activity and size. Newly-acquired companies may also carry risks (such as litigation or events related to pre-acquisition practices potentially unknown at the date of acquisition and sometimes identified post-acquisition, e.g. tax or intellectual property claims).

Acquired companies, including of non-controlling interests, may also require Dassault Systèmes to recognize amortization of acquired intangible assets and/or depreciation of goodwill in case of impairment (see Note 2 to the consolidated financial statements). When making new acquisitions or investments, Dassault Systèmes may need to allocate significant financial resources, make potentially dilutive issuances of equity securities or incur debt.

1.9.1.7 Business Model Transformation and Competition

In the past few years, there have been fewer competitors in Dassault Systèmes' historical software markets. As the various players compete for market share, adoption by competitors of business models different from Dassault Systèmes', in particular through the exclusive promotion of cloud solutions, could lead to substantial declines in pricing, which could require Dassault Systèmes to adapt to a substantially different commercial environment. These competitive pressures on pricing and the nature of the offer could lead to competitors winning contracts, negatively impacting Dassault Systèmes' revenue, financial performance and market position.

At the same time, by regularly expanding its product portfolio, entering new geographic markets, diversifying its client base in new sectors of activity and developing new applications for its products, Dassault Systèmes encounters new competitors. Because of their size or prior presence in these markets, such competitors could have financial, human or technological resources not readily available to Dassault Systèmes.

The development of cloud offers may also lead to new participants entering the market. Dassault Systèmes' ability to expand its competitive position may thus be impaired. Indeed, Dassault Systèmes is developing and distributing a cloud offering (Software as a Service - SaaS). It continues to grow and promote its portfolio of software solutions and processes available on the cloud. The introduction of such solutions with the appropriate pricing model and with the right level of quality could affect the Company's growth and future results. The progressive rollout of these services and their distribution also requires the deployment of new sales, support and management processes and expertise in those areas, in particular to support changes of subscription methods for some customers.

In the event the Company has difficulties setting up the organization needed to manage its businesses and the new competitive context, its revenue, financial performance, competitive position and reputation could be negatively impacted.

1.9.1.8 Relationships with Extended Enterprise Partners

Dassault Systèmes' 3DEXPERIENCE strategy requires a fully integrated platform with access to computer-aided design ("CAD"), simulation, collaboration, manufacturing and data management products, which are increasingly complex and for which customer installations represent significant enterprise projects. Dassault Systèmes has continued to develop an

extended enterprise model and implement its 3DEXPERIENCE model in partnership with other companies in areas such as:

- computer hardware and technology, to maximize benefits from available technology;
- product development, to enable software developers to create and market their own software applications using Dassault Systèmes' open product architecture; and
- consulting and professional services, to support and assist customers as needed to deploy Industry Solution Experiences on the 3DEXPERIENCE platform.

Dassault Systèmes believes that its partnering strategy allows it to benefit from complementary resources and skills and to reduce costs while achieving broader market coverage, especially in diversification industries or emerging markets. Dassault Systèmes' broad partnering strategy nevertheless creates a degree of dependency on such partners.

In addition to its own sales force, Dassault Systèmes also relies on an international network of distributors and value-added resellers. The type of relationship that the Company has with its distributors and value-added resellers, as well as their financial and technical reliability and their ability to invest, especially in diversification industries, could impact Dassault Systèmes' ability to sell and deploy its product and service offerings.

Lastly, Dassault Systèmes' ability to establish partner relationships for the development, distribution and deployment of its 3DEXPERIENCE platform is an important element of its strategy.

Serious difficulties in Dassault Systèmes' relationships with its partners, or an unfavorable change of control of these partners, may adversely affect Dassault Systèmes' product and business development and could cause it to lose the contribution of the employees or contractors of Dassault Systèmes' partners, particularly in the area of R&D. In addition, any failure by Dassault Systèmes' partners to deliver products of quality or according to the expected timing may cause delays in the delivery of, or deficiencies in, Dassault Systèmes' own products.

Due to the rapid evolution of the software development and distribution sectors, it is difficult to ensure the long-term success of the Company's relationship with any particular partner.

1.9.1.9 Retention of Key Profiles and Executives

Dassault Systèmes' success depends to a significant extent upon the continued service of its key managers and highly qualified employees, in particular in R&D, technical support and sales management, and on its ability to continue to attract and

motivate qualified employees, keep their skills continuously up to date and in line with the organizational needs, as well as retaining employees from newly-acquired companies.

The competition for such employees is high and if Dassault Systèmes loses the ability to hire and retain key employees and executives with a diverse and high level of skills in appropriate domains (such as R&D, strategy, marketing and sales), it could have a material adverse impact on its business activities and operating income. In particular, if the Company fails to hire on a timely basis and retain highly skilled sales forces, revenue could be negatively impacted. The Company does not maintain insurance with respect to the loss of key personnel.

1.9.1.10 Currency Fluctuations

Dassault Systèmes' operating income can be affected by changes and high volatility in exchange rates. In particular, exchange rate fluctuation of the Japanese yen, the U.S. dollar and to a lesser extent of the British pound, the South Korean won and the Chinese yuan relative to the euro, can affect revenue and expenses recorded in Dassault Systèmes' statement of income upon translation of other currencies into euro.

Dassault Systèmes bills its customers in major currencies, principally euros, U.S. dollars and Japanese yen. Dassault Systèmes also incurs expenses in different currencies, principally euros, U.S. dollars and Japanese yen, depending on Dassault Systèmes' employees and suppliers' location in different countries. Moreover, Dassault Systèmes engages in mergers and acquisitions, particularly outside the euro zone and may lend money in different currencies to its wholly- or partially-owned subsidiaries or affiliates.

Although Dassault Systèmes currently benefits from a natural coverage of most of its exposure to the U.S. dollar from an operating margin perspective, exchange rate fluctuation of the U.S. dollar relative to the euro may impact its' revenue and consequently its operating income, net income and earnings per share. In addition, Dassault Systèmes' revenues denominated in Japanese yen, Korean won and British pound substantially outweigh its expenditures in these currencies. As a result, any depreciation in the value of these currencies – in particular the Japanese yen, and to a lesser degree the British Pound and South Korean Won – relative to the euro, would affect the revenue, operating income and margin, net income and earnings per share.

Dassault Systèmes' net financial income can also be significantly affected by changes in exchange rates between the time the income is recognized and when payments are received and between the time an expense is recorded and when it is paid. Any such differences are accounted for in the "Foreign exchange gain/loss, net" caption of Dassault Systèmes' financial statements.

The main items of financial income subject to fluctuations linked to exchange rates are:

- the difference between the exchange rate used to record invoices in foreign currencies and the exchange rate when Dassault Systèmes receives or makes the payment; and
- the revaluation of monetary assets and liabilities denominated in foreign currencies.

Since market growth rates for Dassault Systèmes' software applications and the revenue growth rates of its significant competitors are computed in U.S. dollars, such growth rates from period to period may not be comparable to Dassault Systèmes' euro-computed revenue growth rates for the same periods.

1.9.1.11 Variability in Dassault Systèmes' Quarterly Operating Income

Dassault Systèmes' quarterly operating income may vary significantly in the future, depending on factors such as:

- the timing, the cyclical nature of revenue received due to the signing of important new customer orders, the completion of service contracts and customer deployments;
- the timing of any significant acquisition or divestiture;
- fluctuations in foreign currency exchange rates;
- Dassault Systèmes' ability to develop, introduce and market new and enhanced versions of its products and customer order deferrals in anticipation of these new or enhanced products;
- the number, timing and significance of product enhancements or new products that Dassault Systèmes develops or that are released by its competitors;
- general conditions in Dassault Systèmes' software markets (as a whole or on a regional basis) and the software industry generally; and
- the growing difficulty in planning and forecasting as new business models are introduced alongside the traditional licensing model of the industry.

A substantial portion of Dassault Systèmes' orders and shipments typically occur in the last month of each quarter, and, therefore, if any delay occurs in the timing of significant orders, Dassault Systèmes may experience quarterly fluctuations in its operating income. Additionally, as is typical in the software industry, Dassault Systèmes has historically experienced its highest licensing activity for the year during the last quarter of the year, in particular the last month. Delays in orders and shipments can also affect Dassault Systèmes' revenue and income.

The trading price of the Dassault Systèmes' shares may be subject to wide fluctuations in response to quarterly variations in Dassault Systèmes' operating income and the operating income of other software application developers in Dassault Systèmes' markets.

1.9.1.12 Rapidly Changing and Complex Technologies

Dassault Systèmes' software solutions are characterized by the use of rapidly changing technologies and through upgrades to existing products or frequent new product introductions. These solutions must address complex engineering needs in various areas of product design, simulation and manufacturing and must also meet sophisticated process requirements amongst others in the areas of change management, industrial collaboration and cross-enterprise work.

As a result, Dassault Systèmes' success is highly dependent upon its ability to:

- understand its customers' complex needs in different business sectors;
- support customers with their efforts to improve key product lifecycle processes;
- enhance its existing solutions by developing more advanced technologies;
- anticipate and take timely advantage of quickly evolving technologies and standards; and
- introduce new solutions in a cost-competitive and timely manner.

Dassault Systèmes also continues to face the challenge of the increasingly complex integration of its products' different functionalities to address customers' requirements. As a result, more difficult industrialization work is required for new releases and offerings, with technical limitations, for example in managing data migration or the options for interfacing with third-party systems used by customers. In addition, if Dassault Systèmes is not successful in anticipating technological leaps and developing new solutions and services that address its customers' increasingly sophisticated expectations, demand for its products could decline and Dassault Systèmes' operating income and financial condition could be negatively affected.

1.9.1.13 Infringement of Third-Party Intellectual Property Rights and of Third-Party Technology Licenses

Third parties, including Dassault Systèmes' competitors, may own or obtain copyrights, patents or other proprietary rights that could restrict Dassault Systèmes' ability to further

develop, use or sell its own product portfolio, potentially inherited from acquisitions. Dassault Systèmes has received, and may in the future receive, letters of complaint alleging that its products infringe the patents and other IP rights of others. Such claims could cause Dassault Systèmes to incur substantial costs to defend itself in any litigation that may be brought, regardless of its merits. If Dassault Systèmes fails to prevail in IP litigation, it may be required to:

- obtain and pay for licenses from the holder of the infringed IP right, which might not be available on acceptable terms for Dassault Systèmes, if at all; or
- redesign its products, which could involve substantial costs and require Dassault Systèmes to interrupt product licensing and product releases and which may not be feasible at all and may require ongoing development to be put on hold.

In addition, Dassault Systèmes embeds in its products third-party components selected either by Dassault Systèmes itself or by companies it has acquired. Although Dassault Systèmes has implemented strict approval processes to certify the originality of third-party components and verify any corresponding licensing terms, the same approval processes may not have been adopted by companies acquired by Dassault Systèmes before their acquisition. As a result, the use of third-party embedded components in Dassault Systèmes' products generates exposure to the risk that a third party will claim that these components infringe their IP rights. There is also a risk that such license(s) might expire or terminate without renewal, thereby affecting certain Dassault Systèmes products.

If any of the above situations were to occur for a significant product, it could have a material adverse impact on the Company's financial condition and operating income.

1.9.1.14 Technology Stock Volatility

Under conditions of increased market uncertainty, the trading price of Dassault Systèmes SE shares could be volatile. The market for shares of technology companies has in the past been more volatile than the stock market overall.

1.9.1.15 Shareholder Base

Groupe Industriel Marcel Dassault SAS ("GIMD"), main Group shareholder, owned 40.39% of the Dassault Systèmes SE's outstanding shares, representing 54.45% of the exercisable voting rights (53.90% of theoretical rights) as of December 31, 2020. As more fully described in paragraph 6.3 "Information about the shareholders", GIMD plays a decisive role with respect to matters submitted to shareholders, including the election and removal of directors and the approval of any merger, consolidation or sale of all or a portion of the Group's assets.

1.9.2 Financial and Market Risks

Dassault Systèmes overall risk management policy is based upon the prudent management of the Company's market risks, primarily foreign currency exchange risk and interest rate risk. Dassault Systèmes programs with respect to the management of these risks, including the use of hedging instruments, are discussed in Note 21 to the consolidated financial statements. Dassault Systèmes' exposure to these risks may change over time and there can be no assurance that the benefits of the Company's risk management policies will exceed the related costs. Such changes could have a materially adverse impact on the Company's financial results.

Dassault Systèmes generates positive cash flows from operations and has financial obligations (e.g., bonds, bank loans, loan facilities, employee profit-sharing).

After the mitigation measures implemented, the Group considers risk 1 to be of high importance, risk 2 of medium importance and risks 3 to 5 of low importance (all five risks discussed below herein).

1.9.2.1 Liquidity Risk

Dassault Systèmes' liquidity risk corresponds to the risk of not being able to meet its monetary needs thanks to its financial resources. It depends in particular on the level of Dassault Systèmes exposure to changes in the main market parameters, which could lead to higher credit costs, or even temporary limitation of access to external sources of financing.

Dassault Systèmes manages this risk by anticipating its liquidity needs and ensures its coverage with short and long-term financial resources.

On August 27, 2019, Standard & Poors Global Ratings assigned to Dassault Systèmes SE and to its long-term credit a rating of "A-" with a Stable outlook. See Note 20 to the consolidated financial statements.

As of December 31, 2020, Dassault Systèmes' cash, cash equivalents and short-term investments totaled €2.15 billion. See Note 12 to the consolidated financial statements.

Dassault Systèmes has analyzed the amounts it will be required to pay under its contractual commitments as of December 31, 2020 and believes that it will be able to meet such obligations.

The following table summarizes Dassault Systèmes' principal contractual obligations to make future payments as of December 31, 2020:

CONTRACTUAL OBLIGATIONS

(in millions of euros)	Total	Payments due by period			
		Less than 1 year	1-3 years	3-5 years	More than 5 years
Operating lease obligations ⁽¹⁾	802.1	103.8	187.2	139.2	371.9
Loan facilities ⁽²⁾	4,254.8	9.6	919.1	1,259.3	2,066.8
Employee profit-sharing	67.6	67.6	-	-	-
TOTAL	5,124.5	181.0	1,106.3	1,398.5	2,438.7

(1) Including €704.9 million of undiscounted lease liabilities payments (See Note 19 to the consolidated financial statements) and €97.2 million of future lease commitments (See Note 25 to the consolidated financial statements)

(2) Including financial interest on bank financing of 300.0 million euros and 300.0 million U.S. dollars, interest on bond stocks as well as interest on the revolving line of 750.0 million euros (see Note 20 to the consolidated financial statements). The variable portion of future interest flows on borrowings is calculated on the basis of the Euribor 3-month and Libor USD 3-month spot rate as of December 31, 2020.

1.9.2.2 Foreign Currency Risk

See paragraph 1.9.1.10 "Currency Fluctuations" above and Note 21 to the consolidated financial statements.

1.9.2.3 Interest Rate Risk

Dassault Systèmes' interest rate risk would primarily translate into a reduction of its financial revenue. See Notes 20 and 21 to the consolidated financial statements.

1.9.2.4 Credit or Counterparty Risk

The financial instruments which could expose Dassault Systèmes to credit risk include principally its cash equivalents, short-term investments and customer receivables. The hedging agreements entered into with financial institutions pursuant to its policy for managing currency and interest rate risks also expose the Company to credit and counterparty risk. See Notes 12, 13 and 21 to the consolidated financial statements. Dassault Systèmes uses a rigorous selection

process for its counterparts according to credit quality, based on several criteria including agency ratings and depending on the maturity dates of the transactions.

1.9.2.5 Equity Risk

For cash management purposes, Dassault Systèmes does not directly invest in listed shares, or any material amounts in funds invested primarily in or indexed to stocks. The Company's financial results are therefore not significantly and directly linked to stock market variations.

1.9.3 Insurance

Dassault Systèmes is insured by several insurance companies for all significant risks. Most of these risks are covered either by insurance policies underwritten in France for all the entities of Dassault Systèmes, or by a North American policy that covers all the North American subsidiaries and their own subsidiaries and branches around the world. In addition, the Company subscribes to specific coverage and/or local policies to comply with applicable local regulations or to meet the specific needs of certain activities or projects.

All of the Company's entities are protected by a policy covering professional and product liability as well as civil liability for operations for a total insured value of €150 million for 2020. This policy was renewed for three years in 2019.

Dassault Systèmes has also taken out other insurance policies covering, in particular, for damage to goods in the Company's various locations, equipment and computer goods.

Based on the legal requirements applicable in each country, the North American companies and most of their subsidiaries have specific insurance cover. This insurance includes in particular coverage for damage to goods and professional civil liability. In connection with this insurance, the Company also has coverage for work-related accidents in the United States (other countries being covered by State programs) and automobile accidents. As additional coverage for the various insurance policies covering the North American companies and their subsidiaries, Dassault Systèmes carries an "umbrella" policy for a maximum amount of \$25 million.

The insurance policies are regularly reviewed and may be modified to reflect changes in the revenue, the integration of newly acquired companies, activities and risks of the different companies within the Company.

Dassault Systèmes has not established captive insurance coverage.

2

SOCIAL, SOCIETAL AND ENVIRONMENTAL RESPONSIBILITY

CONTENTS

2.1	Sustainability Governance	49	2.6	Business Ethics and Vigilance Plan	67
			2.6.1	Promoting Strong Business Ethics	67
2.2	Social, societal and environmental risks	49	2.6.2	Striving for Transparent Business Relations	69
			2.6.3	Fiscal transparency and policy	70
2.3	Social responsibility	50	2.6.4	Commitment to Ensure Respect for Human Rights	71
2.3.1	Company organization and workforce	50	2.6.5	Maintaining an Appropriate Vigilance Plan	72
2.3.2	Attracting talented individuals	51	2.7	Environmental, Social and Governance metrics	74
2.3.3	Developing knowledge and know-how	52			
2.3.4	Developing employee engagement	53	2.8	Reporting Methodology	77
2.3.5	Preserving health and safety	54	2.8.1	Methodology for social and societal reporting	77
2.3.6	Retaining our talents	55	2.8.2	Methodology for environmental reporting	78
2.4	Societal responsibility	56	2.9	Independent verifier's report on Consolidated Non- financial Statement Presented in the management report	80
2.4.1	Digital responsibility	56			
2.4.2	Facilitating innovation and collective intelligence	59	2.10	Statutory Auditors' Attestation on the information relating to the Dassault Systèmes SE's total amount paid for sponsorship	83
2.5	Environmental responsibility	61			
2.5.1	Climate governance	61			
2.5.2	Climate strategy: solutions	61			
2.5.3	Climate strategy: operations	63			
2.5.4	Climate risks management	65			
2.5.5	Measurement system and targets	66			

2 Social, societal and environmental responsibility

Dassault Systèmes provides business and people with **3DEXPERIENCE** universes to imagine sustainable innovations capable of harmonizing product, nature and life. The **3DEXPERIENCE** platform has become the catalyst of sustainable innovation through the capacity to leverage and impart knowledge and know-how for the benefit of the workforce of the future. Virtual worlds are spaces of representation and experimentation of the imaginary. They connect the imaginary, the useful and the sustainable. Thus, they allow innovators, professionals, consumers and citizens to consider value creation in a holistic approach of impact for the planet.

Therefore, sustainability issues are core to Dassault Systèmes' strategy and are managed at the highest level of corporate governance. Dassault Systèmes is committed, alongside other private, public and non-profit actors, to promote and build a low carbon economy together. In 2020, Dassault Systèmes joined global initiatives to promote sustainable development, such as the Science Based Target initiative (SBTi), the Task Force on Climate-Related Financial Disclosures (TCFD) supporters' network, Global Enabling Sustainability Initiative (GeSI), Business for Social Responsibility (BSR) as well as the Ellen MacArthur Foundation network. We are ranked in the Corporate Knights 2021 Top 100 Most Sustainable Corporations in the World as well as Clean200, the annual list of publicly traded companies offering sustainable energy transition solutions. In 2020, our MSCI rating for the Environmental, Social and Governance (ESG) index is "AA" and we are ranked thirty-third in Forbes The World's Best Employer, a ranking of 750 companies in 45 countries. In 1st quarter 2021, we will join the European Green Digital Coalition and the United Nations Global Compact

Our employees are the Company's most precious asset. They are at the heart of our mission and long-term development. Sharing a common culture and the same values is of capital importance as they underpin the employees' daily interactions within the Company, with its customers and more broadly in its ecosystem. They are Dassault Systèmes' distinctive feature, making everyone eager to join us, to work together and grow. In March 2020, Dassault Systèmes made a commitment to preserve the jobs of its employees by guaranteeing a stable workforce for the year 2020. We have also maintained our annual compensation policy and implemented measures to protect the health and safety of our employees.

We have rolled out a number of initiatives to support our customers, partners and communities around the world during the COVID-19 pandemic. Thus, the availability of the cloud-based **3DEXPERIENCE** platform allowed for remote working to ensure the continuity of sustainable innovation projects and programs.

Our **3DEXPERIENCE** Edu organization collaborates with a global network of partners to transform the education system, from primary school to university, to meet business needs. Through innovative, holistic and interdisciplinary programs based on our solutions and our technologies, we help to prepare the talents of the future. In 2020, we deployed various programs to ensure pedagogical continuity in educational institutions, such as the "My Virtual Classroom" campaign, as well as for the benefit of lifelong learning with a new portfolio of learning experiences, the transformation of our certification offer and the introduction of **3DEXPERIENCE** Edu digital badges.

La Fondation Dassault Systèmes provides support to the world of education and research by transforming the learning experience through powerful 3D technologies supporting education and research methods.

The **3DEXPERIENCE** Lab, an innovation laboratory set up within the Company in 2015, helps develop *innovative* external startups. This initiative gives our employees the opportunity to get involved in new projects, enabling them to share their knowledge and gain new skills. In 2020, operational support for startups continued seamlessly and in an inclusive manner thanks to the 3D EXPERIENCE platform and the opening of the virtual 3D EXPERIENCE Lab in December 2019.

The **3DEXPERIENCE** platform combined with the power of virtual twins contributed to redefine the manufacturing industry and also infrastructure and cities, moving from product to experience. We are now applying to life sciences and healthcare the knowledge and know-how we acquired in the domain of things. By fostering sustainable innovation, we improve quality of life for the people. This means that we make a larger contribution to progress in society and to creating a more sustainable world as defined by the United Nations Sustainable Development Goals.

A recent report produced by Accenture on our virtual twins' solutions highlighted a potential of 7.5 GtCO₂-eq emissions reduction if these solutions were more widely adopted in 5 key industries (see paragraph 2.5.2 "Climate strategy: solutions").

2.1 Sustainability Governance

Sustainability issues are core to Dassault Systèmes' strategy and are managed at the highest level of corporate governance:

- within the Board of Directors, Dassault Systèmes appointed an independent director – Ms. Toshiko Mori, an architect committed to sustainable future thinking – as lead director for sustainable development matters and its presentation to the Board of Directors. The Board of Directors has also included environmental, social and governance (ESG) criteria in the performance criteria triggering payment of the variable compensation of M. Bernard Charlès, Vice-Chairman of the Board and Chief Executive Officer (see paragraph 5.1.4 "Summary of the Compensation and Benefits due to Corporate Officers (*mandataires sociaux*)");
- at Operational Executive Committee level, Florence Verzelen, Executive Vice President, Industry, Marketing & Sustainability, is responsible for the Dassault Systèmes sustainable development roadmap in terms of environmental footprint and product development strategy to help customers become more sustainable (handprint);
- the Sustainable Development Committee brings together, every month, all the key functions of the Company to discuss action plans and the progress made on cross-functional matters. This committee is co-chaired by Florence Verzelen and Thibault de Tersant, General Secretary of Dassault Systèmes. The Chief Sustainability Officer of Dassault Systèmes is secretary of the committee.
- from an operational perspective, the sustainable development team coordinates a community of contacts across business functions, geographies, brands and industries on a quarterly basis to ensure in particular the implementation of sustainable development action plans and the reporting of our environmental footprint.

2

2.2 Social, societal and environmental risks

In 2018, a working group was set up to identify the social, societal and environmental challenges associated with our business model (see Chapter 1 "Presentation of the Company"). Further to this analysis stage, 18 potential risks were submitted to over 35 experts, directors and department managers, in order to assess the probability of occurrence, severity and preventable nature.

Based on the results of this assessment, the main contributors, meeting in Committee, drew up a mapping of social, societal and environmental challenges, thus identifying nine categories of risks specific to the Company and that could have a strategic, operational, legal, financial, reputation impact or affect our ability to innovate. After taking into account the policies implemented, none of these categories are considered high or significant risk. These categories cover the sustainable development topics included in the materiality map defined by the Sustainability Accounting Standards Board (SASB) for the Software and IT Services industry:

- Human Capital including our ability to promote diversity and equal treatment, to attract the talented individuals on the global employment market, to support the development of knowledge and know-how, to develop employee engagement, to preserve their health and safety, and to retain our talents (see paragraph 2.3 "Social responsibility");
- Social capital including personal data protection (see paragraph 2.4.1 "Digital responsibility");
- Environment including the management and reduction of our greenhouse gas emissions, the management of our energy consumption, the treatment and recycling of our waste electrical and electronic equipment, including our actions in favor of circular economy. (see paragraph 2.5 "Environmental responsibility");
- Leadership and Governance including our ability to:
 - promote strong Business Ethics. The impacts of our business with regard to Human Rights were assessed as part of the Vigilance Plan. The impacts of our business with regards to the fight against corruption are subject to a specific mapping dedicated to the risk of corruption, updated periodically. Including the fight against tax evasion, they do not represent main risks and are covered under our Code of Business Conduct (see paragraph 2.6 "Business Ethics and Vigilance Plan");
 - manage the impact of digital technology on people and society in collaboration with players from civil, economic and scientific society;
 - support breakthrough innovation product and service projects initiated by startups communities of innovators and research laboratories (see paragraph 2.4.2 "Facilitating open innovation and collective intelligence").

These categories are the basis of our non-financial performance statement and are documented in view of associated policies and procedures, upcoming measures and the definition of key performance indicators.

Given the nature of our activities, we consider that the areas relating to food waste, the fight against food poverty, respect

for animal wellbeing, responsible, balanced and sustainable food choices, and collective agreements and their impact on the Company's economic performance do not represent main risks and do not require development in this chapter.

2.3 Social responsibility

Our social responsibility approach is entrusted to the Human Resources and Information Systems department, including the Real Estate and Facilities Management department. The definition and implementation of related policies is based on a global network of employees composed of experts and operational staff, at global and local level. Projects and

indicators are monitored and managed, through dashboards in the **3DEXPERIENCE** platform, facilitating collaboration between all contributors, decision-making and implementation of relevant action plans.

2.3.1 Company organization and workforce

Dassault Systèmes is organized around large business areas: R&D; Sales, Marketing and Services; Company's Global Administration; on our main markets within three large geographical regions.

As of December 31, 2020, the workforce was 19,789 employees, covering subsidiaries in which Dassault Systèmes has more than a 50% shareholding, representing an increase of 2.2% compared to December 31, 2019. Reflecting our international dimension, 39% of our employees are located in Europe, 30% are located in the Americas and 31% are located in Asia, representing 42 different countries and employees originating from 133 different countries.

In 2020, 2,196 new employees joined Dassault Systèmes, including 91.4% through recruitment and 8.6% through newly acquired companies. This growth in the number of employees brings our breakdown by activity to:

- 41% in R&D;
- 46% in Sales, Marketing and Services;
- 13% in Company's Global Administration.

In line with our aim to be recognized as an exemplary employer that contributes to employability, 99% of our employees are under permanent contracts and are recruited locally, thus contributing to the economic development of each country in which we operate.

Our corporate culture is based on mutual respect, fairness, and valuing the diversity of our workforce. Hiring, training,

promotion, assignment, and other employment decisions are based on qualifications, talent, achievements and other business motives. We are committed to providing a work environment free from discrimination, harassment, or intimidation of any nature.

At December 31, 2020, the Board of Directors was composed of five women and five men, excluding the employees' representatives, and the Executive team had 13 members, including five women. The proportion of women in the Executive team is 38.5% in 2020, significantly increasing compared to 22% in 2019 (see section 5.1.2 "Executives of Dassault Systèmes").

Nearly 19% of employees have management responsibilities, of which 21% are women. A community of 3,771 women and men manage our human capital throughout their career development within Dassault Systèmes.

735 women joined Dassault Systèmes in 2020, representing 33.5% of new hires. The proportion of women in the Company is 26.8%, in constant progression notably through the attention we pay from recruitment phase. Under the Index de l'égalité Femmes-Hommes (Gender Equality Index) in 2020 for 2019, Dassault Systèmes SE obtained an overall score of 95 points out of 100.

In 2020, we are ranked thirty-third in Forbes The World's Best Employer, a ranking of 750 companies in 45 countries and we were awarded the *Top Employeur de France 2021* (2021 Top French Employer) label.

2.3.2 Attracting talented individuals

Since the very beginning, we have demonstrated our unique ability in the field of **3DEXPERIENCE** universes, enabling our clients to accelerate their transformation and imagine innovative solutions. Our sustainable growth is based in particular on our ability to attract talented individuals motivated by our ambition, thus reinforcing the expertise and complementarity of our employees.

On the global employment market, competition for high-tech skills is increasingly stiff. Our value proposition is founded on our Purpose, which contributes to sustainability in many fields, as well as our passion for breakthrough innovations, in an international and multicultural context. We aim to be acknowledged as a leading employer who attracts and engages talent to develop them and ensure sustainable employability in all its forms.

To achieve our objectives, we implement consistent and diverse candidates' sourcing and selection solutions. In 2020, in the context of the COVID-19 pandemic, we adapted our recruitment and onboarding process and have continued our programs and action plans initiated since 2018 under the most appropriate conditions. In order to promote our career opportunities worldwide, we continued to capitalize on our referral program and received 4,644 applications under this recruitment process.

In order to enable future talents to complement their academic studies with a work experience in an innovative environment, we have stepped-up our efforts to foster education by increasing our global internship and apprenticeship offers by 10.6%. Our aim is to offer them career opportunities by joining Dassault Systèmes after graduation. To this end, we conducted 227 actions, programs or contributions of different types in partnership with targeted higher education establishments and universities, covering 27 countries worldwide.

Candidate and student experience is central to our recruitment processes, both face-to-face and remote. Our commitment

is recognized through different rankings or labels. In 2020, we are accredited with the World and Europe Choose My Company - Happy Trainees and Choose My Company - Happy Candidates labels, which has also been awarded to nine countries. We have also maintained our ranking in the *Universum France* ranking of engineering school students in eleventh place across all business sectors.

In 2020:

- we filled a total of 1,729 job offers, of which 95% under permanent contracts;
- we filled 24.3% of offers through referrals, a rate that we aim to maintain at around 20% per year by end of 2021;
- we onboarded 84 interns or apprentices on permanent or fixed-term contracts. This number of new hires represents a 9.8% conversion rate of the total number of interns and apprentices, whether they are continuing their studies or are at the end of their training, down from 2019 due to the constraints and impacts of the COVID-19 pandemic. In order to contribute to the employment of younger people, we have also hired more than 1,000 employees starting their professional career, 92% of whom have permanent contracts, representing around 46% of the people who have joined Dassault Systèmes in 2020.

In 2021, we will continue to work on our priority actions:

- the development of internship pool in our main countries of operation;
- the development and enhancement of our privileged relationships with targeted higher-education establishments and universities;
- the identification of relevant and suitable target positions to be offered to our interns and apprentices;
- the development of initiatives to promote diversity, in particular gender diversity within the Company.

2.3.3 Developing knowledge and know-how

Throughout the major transformations brought by Dassault Systèmes with 3D, digital mock-up (DMU), 3D product lifecycle management and now the **3DEXPERIENCE** platform, we have demonstrated our ability to learn and master new technologies and to assemble and develop skills to innovate. This individual and collective capacity is at the root of our success and growth. “*Passion to Learn*” is one of our values and is part of our DNA. Our training and certification process is driven by the 3DS University, which aims to offer development initiatives in line with our activities. Through the **3DEXPERIENCE** University application, it offers all our employees a portfolio of training and knowledge acquisition experiences in areas related to our solutions and business expertise. In general, their effectiveness is measured through exams.

In 2020, we rolled out 52 new programs and delivered 13,525 certifications. A total of 75 certification programs for the main roles filled by our employees are available. They enable to certify 71 roles of our 2020 referential representing 79.2% of the workforce at December 31, 2020. In addition, we offer 80 programs linked to our brands and 60 programs linked to industry segments.

This process is supplemented with a portfolio of over 9,000 training courses, enabling employees to undertake specific skills training, with the support of their manager.

In order to strengthen our approach to career development and the Company’s agility, we have developed a standardized skills referential covering knowledge and know-how. The defined skills are progressively deployed within the roles that make up our model and will enable us to reinforce certification programs aimed at specialization, expertise and social on-the-job learning.

Our approach to human capital development is also based on our mobility policy, which aims to provide our employees with opportunities to increase their expertise and know-how on our solutions and the industry segments we address.

We have a broad approach of mobility, starting by enriching the employee’s current role by enlarging the scope of responsibilities or adding a project. It then extends to role change in the same role family and can go as far as professional retraining. It thus allows each employee to develop professionally in order to achieve personal fulfillment and maximize motivation and sense of pride.

To support this commitment, we make sure that our employees and managers are provided with the required resources. The *My Journey* application enables each employee to define a career development project, whether it concerns an evolution in the current role or a role change within the same or a different organization. All employees can also connect to our *My Job Opportunities* application, available on the **3DEXPERIENCE** platform, giving real-time access to available jobs, enabling them to apply online and follow the progress of their applications.

As of December 31, 2020:

- 87.6% of employees have received training;
- 355,053 hours of training were provided, including actions relating to the knowledge and the values of the Company as well as managerial skills (see paragraph 2.3.4 “Developing employee engagement”), corresponding to an average of 23.5 hours per employee trained during the year, compared to an average of 20.6 hours per employee in 2019;
- 36.9% of available job offers requiring at least three years of professional experience were filled by internal applications. We aim to maintain this rate at around 30% of job offers by end of 2021.

2.3.4 Developing employee engagement

Employee engagement is of major importance for the fulfillment of our ambition. Our employees embody Dassault Systèmes values and culture and are the key players in the implementation of our strategy.

Since 2010, an internal satisfaction survey has been open to all our employees worldwide. This survey enables employees to give their opinions on five dimensions including the meaning of their work, the quality of the management, the competitiveness of the work environment, the collective quality of life and the pride in working for Dassault Systèmes. This survey makes it possible to identify for each team and each country watch points and the required priority actions presented to employees and shared within the *3DS People* community.

Knowledge of the Company and sharing our values

As part of the certification process (see paragraph 2.3.3 “Developing knowledge and know-how”), 3DS University strives to impart to each employee the fundamental knowledge concerning our purpose, our values, our brands and the adoption of the **3DEXPERIENCE** platform, the acquisition of which is validated by successfully passing two exams. For employees joining Dassault Systèmes, this certification program includes participation to two onboarding sessions, named DAY1 and DAY90.

We are also committed to creating quality solutions that enable our clients to meet the critical requirements of the industry segments in which they operate. Our commitment to quality is confirmed by our ISO9001 certified quality management system. A specific training module is dedicated to this process.

As of December 31, 2020, the proportion of certified employees is 72.4%, increasing by 12.5 percentage points compared to 2019.

In line with the Company’s commitment concerning business ethics and corporate social responsibility (see paragraph 2.6 “Business Ethics and Vigilance Plan”), our onboarding program includes mandatory trainings relating to ethics, compliance, personal data protection, the fight against corruption and the safety of people and property.

Managerial skills

Managers play a key role in the commitment, motivation and development of our human capital through the collective management of the teams, as well as through the individual support they provide to employees throughout their careers within Dassault Systèmes, along with the Human Resources teams.

Our *People Manager* certification program provides managers with a common base of managerial skills and allows them to

develop their leadership skills. The aim of this training is to acquire in-depth knowledge of our human capital development processes and communication methods, thus allowing them to bond and motivate their teams around common goals and steer individual and collective performance.

Managerial performance is monitored annually allowing us to identify specific support needs. Development plans are implemented locally and are subject to quarterly monitoring to assess their effectiveness. The concerned managers benefit from different types of actions, in particular mentoring by volunteer managers thus promoting peer-to-peer sharing of managerial know-how and experience.

As of December 31, 2020, the proportion of certified *People Managers* is 75.8%, increasing by 10.4 percentage points compared to 2019.

Work environment

Each site reflects the Company’s spirit and identity. It hosts and contributes to the well-being of our employees, potential talents, our clients and our partners. The physical environment is thus core to our real estate strategy. The Real Estate and Facilities Management department has defined guidelines for the design, layout and identity of our workspaces. It ensures that these guidelines are complied with and implemented by local teams in order to ensure the global consistency of our sites and abide by our commitment of providing comfortable and collaborative workspaces, based on two focus areas:

- the provision of on-sites services to our employees;
- the maintenance, renovation and works to extend our premises.

In 2020, all of our actions focused on the implementation of health rules and protocols related to the COVID-19 pandemic. Our sites were managed according to a shared nomenclature, with five pre-established phases implemented according to local recommendations, ranging from site closure to a physical presence of between less than 25% and 100%. In order to adapt to the exceptional sanitary situation, we used the **3DEXPERIENCE** platform taking into consideration three main dimensions:

- the sanitary and capacity dimension to protect our employees in constant compliance with the rules of physical distancing;
- the human dimension to engage our employees while taking into account their personal organization constraints;
- the technological dimension to visualize in 3D the workspaces and necessary adjustments.

In order to maintain the relationship with our employees, we rolled out experience and satisfaction surveys to:

- understand remote working conditions, where applicable, and provide solutions to any difficulties encountered;
- anticipate personal, family, health and logistical constraints, such as travel conditions, to prepare for a gradual return to the site;
- assess the operating conditions on site with a view to making the necessary adjustments and meeting the needs expressed.

Based on the information collected, the Company's managers were able to adapt and manage the individual on-site presence schedules with each member of the team in accordance with health measures and personal situations.

Each year, our internal survey measures employee satisfaction with their work environment. In 2020, the work environment satisfaction rate reached 80%, up by seven percentage points compared to 2019. This progression can be attributed to the quality of measures implemented, as evidenced by the satisfaction rate of nearly 83% on the question relating to the Company's ability to adapt and the effectiveness of the actions taken to support employees during the COVID-19 pandemic.

In order to increase employee engagement, our objectives for the end of 2021 are the following:

- about 75% of employees benefiting from certification related to our purpose and values;
- about 80% of People Managers certified, by continuing our management development program;
- about 75% satisfaction concerning the work environment.

2.3.5 Preserving health and safety

Our commitments, which are included in our Code of Business Conduct and in our Corporate Social Responsibility principles, aim to provide all employees with working conditions that guarantee their health and safety, in compliance with the applicable laws and regulations. We are working on formalizing and implementing measures and procedures to ensure the protection of people in the context of our operational activities. In 2020, our actions were dedicated to managing the COVID-19 pandemic and its consequences on the health, working and living conditions of employees.

Personal safety

Four major policies lay down the scope of application, the measures and the procedures, as well as the responsibilities of all contributors, in particular the Security and Safety department, the Real Estate and Facilities Management department, the Human Resources department and the Legal department. These policies cover our employees in their business activities, on our sites and during their business travels. They also cover our stakeholders, in particular our clients, our partners and our service providers during their presence on our sites or at events organized on behalf of Dassault Systèmes. This portfolio of policies stems from the strengthening of procedures since 2015.

A specific governance for the management of the health situation and its consequences has been defined and implemented, notably a Committee including members of the Operational Executive Committee that meets twice a week, a crisis management Committee which meets on a daily basis,

as well as specific multidisciplinary teams covering all the countries where we operate to monitor local situations and implement the necessary measures.

General recommendations have been drawn up as part of a health and safety protocol, defining a global management system to be adapted on a local basis, in order to ensure compliance with local regulations. A five-phase procedure, including standard guidelines, was drawn up, to manage the on-site presence capacity plan, compliance with health rules and the continuity of the Company's business. This system has made it possible to harmonize the procurement and implementation of personal health protection equipment. The international business travel policy has been adapted and a specific authorization and supervision process has been deployed with a view to limiting them solely to critical situations. Events organized on behalf of Dassault Systèmes have been suspended, or adapted to be held through videoconference.

In order to assess the situation of our sites and enable decision-making, management indicators have been defined on the basis of the public health data communicated as well as the local medical monitoring systems put in place and made available to key contributors in dashboards integrated into the 3DEXPERIENCE platform. These operations were carried out in compliance with the personal data protection and other applicable national legislation.

A communication system through the communities within the 3DEXPERIENCE platform was deployed to targeted audiences to ensure that information could be shared at all times in order

to adjust the measures implemented. This system has also made it possible to regularly inform all employees of changes in the health situation as well as the protocols and measures to be followed, clearly explained thanks to the indicators implemented within the Company.

In accordance with local regulations and where operational conditions allow, we have deployed additional support measures at certain sites. For example, in France, employees can get RT-PCR virology tests at the 3DS Paris Campus, and have their seasonal flu shot at all our sites in France, as part of a campaign organized on a voluntary basis, in addition to public health recommendations.

Employee benefit plans

In 2020, we rolled out various measures for employees, both through our social protection partners and through Company initiatives, with the aim of supporting them in managing working conditions and the impact on their personal lives.

For example, in France, employees were able to benefit from the *À vos côtés* program, provided by our supplementary pension organization, offering personal services, psychological support and financial aid solutions. On the 3DS Paris Campus,

employees were also able to benefit from on-site or remote medical assistance. In the United States and Canada, employees have benefited from various programs on health, stress management, financial counseling and family support such as the provision of online courses for children.

In India, we have opened a dedicated helpdesk, which can be accessed via a hotline available during and outside working hours, to provide assistance to employees and their families. Thus, the services offered have enabled employees and their families to benefit from remote consultation services, referrals to testing centers or public health services, and assistance with their healthcare coverage and administrative procedures with local authorities.

We aim to maintain the absenteeism rate below 4%. In 2020, the absenteeism rate was 2.3% and the number of occupational accidents was 19.

In light of the uncertain health outlook, we will continue to roll out the initiative in 2021 and to maintain the programs already in place. As soon as possible and in accordance with the rules that will be defined in each country, we will make sure to propose a vaccination campaign for employees on a voluntary basis.

2.3.6 Retaining our talents

The achievement of our ambition and our long-term development depends in particular on our ability to retain our key talents. The experience and value proposition that we offer to our employees is based on all of our policies presented in this chapter as well as our capacity to value performance and employee recognition.

Our compensation policy aims to ensure that each employee's compensation is in line with high-tech market practices in each of the countries in which we operate, and varies according to individual performance. In 2020, we maintained the annual compensation policy under the usual conditions and schedule. With regard to employee savings schemes in France, the amounts from profit-sharing and incentive schemes were paid out to eligible employees in accordance with the defined timetable and were not deferred, despite this possibility having been made available by the French *ordonnance n°2020-322* of March 25, 2020.

In March 2020, Dassault Systèmes made a commitment to preserve the jobs of its employees by guaranteeing a stable workforce for the year 2020. Thus, on December 31, 2020, the workforce was up 1.2% compared to the workforce as of March 31, 2020.

At the heart of our relationship with our employees, we believe that our purpose, which contributes to sustainability in numerous fields, also gives meaning to the professional lives of our employees. It is also for this reason that they decide to join Dassault Systèmes, and we develop different initiatives to express and develop pride in their achievements and contributions.

While compliance with the health constraints related to COVID-19 has led us to cancel many initiatives, we have maintained the *3DS INNOVATION Forwards*. Indeed, as innovation is an integral part of our DNA, each year we reward the most innovative projects carried out by Dassault Systèmes teams around the world, thus encouraging collaboration and understanding of the Company's strategy. The projects submitted are selected through a vote by employees and by a jury, composed of members of the Executive team. The 2020 edition of the *3DS INNOVATION Forwards* registered 315 candidate projects, representing 2,411 employees, and rewarded 89 projects, involving 523 people.

In 2020, the average length of service was 8.2 years and the average rate of employees leaving at their own initiative was 5.3%, compared to 7.6% in 2019. We aim to maintain this rate below 10% over the next three years.

2.4 Societal responsibility

As a global leader in 3D and engineering technology, we strive to transform the world of education and prepare the workforce of the future. In addition, in the age of digital economy, and in a context of ever stiffer regulations, the protection of personal data is a major issue for our clients and partners.

2.4.1 Digital responsibility

Preparing the “Workforce of the Future”

As part of the Industry, Marketing and Sustainability department, our **3DEXPERIENCE Edu** (formerly Workforce of the Future) organization is responsible for defining and implementing policies and initiatives to prepare the workforce of tomorrow. To this end, it relies on an international team of employees in charge of developing our global network of partners, particularly academic partners, and deploying appropriate programs for initial and lifelong learning, whose activities and indicators are monitored on a quarterly basis.

Our organization **3DEXPERIENCE Edu** aims to help students, educational institutions, companies and individuals acquire the skills sought by the industrial sector to build and design sustainable innovations. Every year, our team provides unique learning experiences to millions of learners:

- lifelong learning, thus promoting employability;
- increasing the attractiveness of engineering and science to young people;
- educational innovation in teaching and the development of future skills.

In 2020, the COVID-19 pandemic profoundly impacted the field of education, with blended learning (face-to-face and online) becoming the new standard in education. The **3DEXPERIENCE Edu** team has developed various programs to ensure educational continuity in schools. With the *My Virtual Classroom* campaign, we provided the cloud-based **3DEXPERIENCE** platform as a comprehensive solution allowing teachers to carry out their educational activities and interact with their students remotely, and we gave students access to our online 3D design solutions.

We have rolled out the **3DEXPERIENCE** platform in many institutions around the world to encourage experiential learning as well as multidisciplinary projects and programs. Many education industry customers were able to ensure educational continuity and conduct their projects remotely

with no interruption, while maintaining student engagement through experiential learning. As most engineering schools and university laboratories were closed during the lockdown periods, our customers were able to continue their practical work activities thanks to our virtual laboratory offer. For individuals, we provided many online learning, training and certification experiences to help them develop their skills in a context of remote work.

In 2020, we introduced a new portfolio of learning experiences for businesses, thereby enabling their employees to effectively develop their **3DEXPERIENCE** skills and discover Dassault Systèmes’ new solutions. These experiences offer step-by-step learning paths starting with short interactive lessons before providing learners more in-depth technical expertise on the applications and carrying out practical work activities. We have also transformed our certification offer and introduced digital **3DEXPERIENCE Edu** badges so that users can promote their skills acquisition on social networks.

We have brought to market new learning experiences for professional transformation with leading partners such as: Add-up for additive manufacturing, and the National Composite Center or *INSEAD* for digital transformation. To support the global industrial renaissance, our clients must support the transformation of their employees’ skills, which means adjusting the learning content rapidly to changing business processes and working methods. To meet the objectives of content relevance and equipment accessibility, Dassault Systèmes has developed a new collaborative model for **3DEXPERIENCE Edu** Centers. This model is based on partnerships established with the CampusFab consortium or the Advanced Manufacturing Research Center from the University of Sheffield in the United Kingdom. In 2020, we extended this network by collaborating with Purdue University, the Illinois Institute of Technology and Long Island University in the United States, Shiv Nadar University and the Government Tool Room & Training Center in India.

We are continuing our collaboration with various governments in the area of education. In India, our apprenticeship program with the State of Andhra Pradesh continued to develop. In France, we worked with regional training centers to obtain the new *Campus d'excellence* label from the French *Campus des Métiers et des Qualifications* (CMQ) program. Dassault Systèmes' cooperation with the French State also led to the opening of the French-South African Competency Center based at Durban University of Technology and Cape Peninsula University of Technology in South Africa.

To deepen our knowledge of educational practices and share our experiences with educators, we remained very active in a number of scientific associations, including the American Society for Engineering Education (ASEE), the *Société Européenne pour la Formation des Ingénieurs* (SEFI), the International Federation of Engineering Education Societies (IFEES), the Global Engineering Deans Council (GEDC), the US National Academy of Engineering and the and the UNESCO Center of Problem Based Learning, and also in the initiative of the World Economic Forum for shaping the future of advanced manufacturing and production.

Dassault Systèmes also strives to engage younger generations in science, technology and sustainable innovation to anticipate and match future skills needs, and enhance employability. To this end, we organized and supported over 40 competitions for science and technology students worldwide. Following the success of our first student competition, aimed at reducing plastic waste, we launched the second edition to allow them to submit projects supporting one of the four United Nations Sustainable Development Goals, namely: renewable energy, sustainable cities and communities, responsible production and consumption and aquatic life.

Our **3DEXPERIENCE** Edu Hub continued to promote experiential learning with specific projects dedicated, for example, to the design of a bridge or an underwater drone, as well as a digital twin of the breathing system co-developed with the Illinois Institute of Technology in the United States.

We have been committed to the academic world since 1997. In 2020, we estimate that nearly 10.2 million learners are using or have used one or more of our Company's technologies in initial or lifelong training, compared to 8.6 million learners in 2019.

La Fondation Dassault Systèmes

La Fondation Dassault Systèmes places virtual universes at the service of a more sustainable society in order to contribute to transformation in the following fields:

- education, to support the development of new innovative learning methods in scientific and technical subjects, to facilitate and share the creation of 3D educational

content and its dissemination, and thus contribute to the growth of innovation and sustainable development at all educational levels;

- research, which is the main provider of solutions for economic, social and environmental challenges, by enabling researchers to push back the limits of knowledge;
- heritage, by enabling scientists to find better ways of protecting it and enhancing it for future generations.

Through three legal entities based in Europe, India and the United States, *La Fondation Dassault Systèmes* provides grants and digital resources and skills in the field of virtual technology to projects conducted by universities, research institutes and other general-interest organizations.

In 2020, *La Fondation Dassault Systèmes* supported 38 projects, including 17 in Europe, 11 in India and 10 in the United States.

In order to anticipate the social and political impacts of the in-depth changes taking place in our world, and to meet our society's economic and environmental challenges, we need to invent solutions to make the transition towards a sustainable society, through the transmission of knowledge, the acquisition of skills and a spirit of innovation. To this end, *La Fondation Dassault Systèmes* has chosen to provide support to entities including:

- DT Alliance for the creation of Innotech Lab, an innovation and training center in Cameroon to promote the arrival of a new generation of Cameroonian engineers who will help to accelerate the development of digital technologies and the national economy. Innotech Lab also aims to promote innovation on the African continent;
- Vigyan Ashram in India, for the modeling of its initiative for a village that aims to be self-sufficient in energy, water, food and waste treatment. The objective of this program is to reduce dependency on the electricity grid by at least 10% each year. Accordingly, it includes effective and environmental friendly systems and best practices, in particular through the reuse of 100% of wastewater for agriculture and certain sanitary systems;
- Base 11, in the United States, which is dedicated to the education of low-income students with a high potential, with special attention to female students from Afro-American and Hispanic communities. In 2020, Base 11 strengthened its activities through its skills-based Next Frontier Initiative targeting industries such as life sciences, aerospace and advanced technologies. The goal is to enable high school pupils and students to acquire the required skills to find a job in a rapidly developing industry and alleviate the current talent shortages in technology and engineering in the United States;

La Fondation Dassault Systèmes has been supporting the *La Main à la Pâte* program in France for over four years. It aims to introduce students, in 46 middle and high school classes, to the culture of innovation and entrepreneurship. In 2020, in India, *La Fondation Dassault Systèmes* rolled out this program to 10 Indian schools, adapting it to the local school system, thus initiating a twinning program named Made in 3D. It offers Indian and French teenagers the opportunity to engage in a cultural exchange and collaboration around technical learning.

In the context of the COVID-19 pandemic, and in order to help students during the lockdown period in India, *La Fondation Dassault Systèmes* launched the Connect Next initiative, with the aim of strengthening links between the academic world and industry. During 15 weeks, industrials presented, in a series of virtual seminars, the upcoming trends and technologies in their respective areas as well as future skills needs. A virtual platform enabled the various players to meet at a conference and discover the top 100 projects of engineering school students. These students thus benefited from a unique opportunity to present their work to potential future employers and enhance their employability through an eight-week remote learning internship program. 16,000 people took part in the various events offered as part of this initiative. In France, *La Fondation Dassault Systèmes* made a donation towards the purchase of computers for students of the *Fondation Apprentis d'Auteuil* in order to improve the conditions for remote learning.

To recognize the contribution of *La Fondation Dassault Systèmes* towards academic transformation and its impact, the Indo-French Chamber of Commerce and Industry awarded "Best CSR Project" to our Indian foundation in the category "Education and Skill Development". *La Fondation Dassault Systèmes* won this award for the third year in a row.

On June 8, 2019, *La Fondation Dassault Systèmes* announced the development of the Mission Ocean project aimed at supporting the preservation of the oceans, which plays a key role in climate change. This project aims to develop curricula of scientific and technical culture through various disciplines involved in the preservation of the oceans, and promote the acquisition of new skills for future jobs and support research. This will make it possible to prepare the relevant educational resources for the next decade, designated by the United Nations as the "Decade of Ocean Science for sustainable development".

In that context, *La Fondation Dassault Systèmes* launched an ambitious project aimed at high-school students to support the development of innovative educational resources focused on the major challenges linked to the oceans. The pupils will be able to learn through modeling techniques, digital simulation and virtual reality experiences and thus anticipate the future. For this project, *La Fondation Dassault Systèmes* is backed by key partners in France, including *le Ministère de l'Éducation Nationale*, the network of educational support and

resource creation *Canopé*, the *ONISEP* and *l'Institut Français de Recherche pour l'Exploitation de la Mer (IFREMER)*. For a period of three years, an interdisciplinary group of teachers of science and technology, engineering sciences, life and earth sciences, physics, chemistry, mathematics, history and geography will work together. *Mission Ocean* thus fulfills the requirements of Article 9 of the French law, *loi pour la confiance dans l'économie numérique*, encouraging pupils to play an active role in sustainable development. In 2020, an interdisciplinary group of twelve teachers worked together to create educational content dedicated to middle school students.

In the field of research, the support provided by *La Fondation Dassault Systèmes* in 2020 notably concerned:

- the work of the Olin College of Engineering in partnership with the Monterey Bay Aquarium and Research Center in the United States for the creation of a cockpit using virtual reality to drive an autonomous operations vehicle seabed exploration. Pilots and researchers will thereby benefit from an unprecedented display of difficult-to-access underwater environments;
- the work of the *MINES ParisTech* school on the modeling of the lung cell and its therapeutic applications to better understand the pathophysiology of respiratory diseases and to identify new therapeutic strategies for diseases caused by exposure to pollutants and certain genetic diseases such as cystic fibrosis, or viral infections such as flu or the SARS-CoV2 virus.

La Fondation Dassault Systèmes also made a special donation to the *Institut Gustave Roussy* in France for its work towards determining the prevalence and incidence of COVID-19 on people with cancer.

Moreover, *La Fondation Dassault Systèmes* continues to encourage and promote the commitment of Dassault Systèmes employees who wish to pass on their knowledge and know-how with passion. More than 250 volunteers are involved in educational or research support initiatives. In 2020, a new system was implemented in France enabling employees benefiting from early retirement leave to devote part of their time to a general interest organization to which they provide their expertise during a one-year period.

Protecting personal data

We have always considered the protection of personal data as a major issue for our clients and partners and are conscious of the responsibility in the processing of personal data. Since the introduction of the European Union's General Data Protection Regulation (GDPR), we have reasserted our data protection commitment by improving our solutions through new capacities that enable our clients and partners to manage their GDPR compliance programs.

Designation of a person or an entity as a data controller or data processor has different obligations under the GDPR. Thus, customers that have licensed Dassault Systèmes solutions are considered as being responsible for the processing of personal data they are required to use in this context. When Dassault Systèmes offers a company its cloud solutions, such as the **3DEXPERIENCE** platform, we act as a data processor for the personal data we are requested to process and store, and are considered as data controller when processing personal data within the use of our internal applications.

Our solutions are designed according to the concept of Privacy by Design, which aims to ensure that privacy is integrated into applications from the design stage.

Outscale SAS (3DS OUTSCALE), a provider of Cloud Computing infrastructure services, is certified Hébergeur de Données de Santé (Health Data Hosting) issued by ASIP Santé and was awarded SecNumCloud qualification by the Agence Nationale de la Sécurité des Systèmes d'Information (ANSSI). 3DS OUTSCALE, Dassault Systèmes Global Services Private Ltd, Medidata Solutions, Inc. (MEDIDATA), our BIOVIA Cloud Sciences solutions and our DELMIA Quintiq Hosted Services benefit from ISO27001:2013 (certification relating to the information security management system). In addition, 3DS OUTSCALE and MEDIDATA are certified ISO27018, related to personal data protection in public Cloud. MEDIDATA also produces a SOC2+ report covering in particular security aspects, including physical and logical, IT hosting operations, such as system monitoring and disaster recovery, as well as data integrity, with electronic registration and electronic signatures for example. In addition, 3DS OUTSCALE, in its capacity as a cloud operator in France focused on trust issues, is involved

in the Franco-German GAIA-X project, which aims to federate an offer with all stakeholders, mainly cloud-based, in Europe. Our portfolio of personal data protection policies is structured in three parts and covers the websites and activities of our companies (customers, partners, visitors, etc.), employees and job applicants. These personal data protection policies and our internal processes have been updated in the light of regulatory developments, in particular with consideration for data protection laws applicable in the State of California in the United States, and Japan. The annual review process to ensure continued compliance has been put in place. Our personal data processing register has been reviewed and we have improved our processes for requesting personal data and notifying data breaches through the platform **3DEXPERIENCE**.

Training is a key requirement for all employees of Dassault Systèmes. In 2020, beyond the mandatory training to allow everyone to gain the required knowledge in terms of personal data protection, we continued our training actions tailored to specific roles.

In 2020, all requests relating to personal data were processed within the legal timeframe. 1,260 employees completed the online training, bringing the total number of trained employees to 16,436, representing 98.4% of permanent employees, compared to 16,140 employees in 2019.

In order to ensure our long-term compliance, we are continuing to implement the actions and procedures defined: we will step up our approach in the light of our new activities and newly acquired companies, particularly in the healthcare industry, and will continue the updating process of our personal data protection policies, particularly in light of the changes in national regulatory frameworks.

2.4.2 Facilitating innovation and collective intelligence

The **3DEXPERIENCE** Lab is Dassault Systèmes' collective innovation laboratory. Its objective is to support breakthrough products and services stemming from various industries, by tapping collective intelligence in order to drive society forward.

This system is based on the strong conviction that breakthrough projects are born out of collective intelligence. Its mission is to accelerate projects in the *prototype* phase initiated by startups, innovator communities and research or innovation laboratories and enable to market their products or services on a large scale.

The **3DEXPERIENCE** Lab supports projects that transform society in a positive way and thus help to achieve the United Nations' Sustainable Development Goals. It aims to be a

strategic partner for breakthrough innovations that help to change the world while reducing the ecological footprint. The **3DEXPERIENCE** Lab thus supports projects based on themes from everyday life, i.e. cities, lifestyles or life sciences, calling on various innovation levers such as additive manufacturing, big data or virtual reality. This approach is based on a community of innovators, including:

- the **3DEXPERIENCE** Lab core team, which manages governance and implements the required technical and legal tools;
- innovation correspondents, employees of various Dassault Systèmes' organizations, who participate in the sourcing and qualification of projects;

- a community of participants that provides strategic guidance and key ideas on specific topics and in which decision-makers are responsible for arbitrations.

This community of innovators meets quarterly in project presentation sessions where members and the jury express their opinions.

The **3DEXPERIENCE** Lab program offers each supported startup the means to achieve its development by giving them access to:

- the **3DEXPERIENCE** platform allowing digital continuity and the development of cross-organizational networks, to capitalize on knowledge and know-how;
- a technical and commercial tutoring program in which each Dassault Systèmes employee can provide their skills to support startups in their digital project;
- Dassault Systèmes' international ecosystem to accelerate startups' product launches and international footprint;
- events to increase their visibility.

In 2020, operational support for startups continued seamlessly and in an inclusive manner thanks to the **3DEXPERIENCE** platform. A series of online conferences, particularly on technical topics, also helped to maintain relationships and give an impulse to each project. Two idea submission sessions were organized and allowed for the selection of new projects. Thus, since the creation of the **3DEXPERIENCE** Lab in 2015, more than 630 ideas were processed by 1,200 innovators from the community. 36 projects stemming from the United States, India or European countries are currently supported, including:

- *Lucid Implants*: offering medical devices, including virtual planning by pre-surgical simulation in 3D and personalized anatomical models allowing a perfect adaptation of the surgical implants, thereby improving the quality of life of patients;

- *Dynocardia*: developing portable blood pressure monitoring technology;

- *NeuroServo*: offering a miniaturized and non-invasive tool to analyze and diagnose the first signs of post-operative delirium in real time;

- *Splashelec*: on the construction of a new type of more inclusive boat allowing people with disabilities to practice a physical activity through a water sport.

Following the announcement of the opening of the virtual **3DEXPERIENCE** Lab in December 2019, we set up remote visits of our innovation lab through immersive sessions allowing the general public as well as professionals to discover the projects supported by the program. Live sessions were broadcasted on digital platforms such as YouTube and Facebook, attracting more than 50,000 visitors. The interaction between visitors and the **3DEXPERIENCE** Lab initiated new experiences, democratizing new immersive technologies in virtual reality.

In March 2020, we opened a dedicated *Open COVID-19* community to help coordinate numerous global initiatives to identify, design and manufacture quick solutions during the pandemic. This community brought together multidisciplinary players (researchers, engineers, designers, doctors, etc.) sharing their knowledge and know-how. It constitutes a unique reference framework to support the design and production thanks to the Marketplace or the local Fab labs of the MIT Fab Foundation. In just a few weeks, more than 150 projects were shared: emergency ventilators were created in India in eight days, in Mexico, 3D simulation calculations of the spread of the virus revealed the measures to be implemented in hospitals and companies, and 3D models of protective equipment (masks, face shields, etc.) were designed and then produced in prototyping areas.

In 2021, the **3DEXPERIENCE** Lab will continue its international expansion with new locations in Germany and China, including prototyping areas to host startups, designers and innovators.

2.5 Environmental responsibility

Since 1981, our contribution to collaborative innovation has been instrumental by connecting knowledge and know-how and the creation of the virtual twin, through the 3DEXPERIENCE platform. Today, this technology is identified as having significant potential to accelerate sustainable transformation.

In order to present our approach to environmental responsibility, and in particular climate action, we have chosen to structure this section according to the recommendations of the Task Force for Climate-related Financial Disclosures (TCFD) and to cover the main issues defined therein.

2

2.5.1 Climate governance

Dassault Systèmes provides business and people with 3DEXPERIENCE universes to imagine sustainable innovations capable of harmonizing product, nature and life. Sustainability issues, including climate challenges, are core to Dassault Systèmes' strategy and are managed at the highest level of corporate governance (see paragraph 2.1 "Sustainability Governance"). Dassault Systèmes appointed an independent director as lead director for sustainable development and its presentation to the Board of Directors. The Executive Vice President, Industry, Marketing & Sustainability, is responsible for the Dassault Systèmes sustainable development roadmap in terms of environmental footprint, and thus for the mitigation of climate impacts within strategic decisions of the company, as well as product development strategy to help customers become more sustainable. The Chief Sustainability Officer of Dassault Systèmes is responsible for the definition and implementation of our sustainability strategy.

The Sustainable Development Committee brings together, every month, all the key functions of the Company to discuss actions plans and the progress made on cross-functional matters. This committee is co-chaired by the Executive Vice-President, Industry, Marketing & Sustainability and the General Secretary of Dassault Systèmes. The Chief Sustainability Officer is secretary of the committee.

From an operational perspective, the sustainable development team coordinates a community of contacts across business functions, geographies, brands, and industries, on a quarterly basis to ensure in particular the implementation of sustainable development action plans and the reporting of our environmental footprint. Since 2016, we have been using Dassault Systèmes' solutions to monitor and manage our environmental impact through a dashboard in the 3DEXPERIENCE Platform, thereby facilitating collaboration among all contributors.

2.5.2 Climate strategy: solutions

Climate change and increasing demand on natural resources represent major challenges (see paragraph 2.5.4 "Climate change issues") to which Dassault Systèmes can make a significant contribution by supporting the sustainable transformation of the economy. Indeed, there is an urgent need to catalyze transformational change in all industries in order to achieve the United Nations Sustainable Development Goals by 2030. This will require radically more sustainable ways of managing products and services over their entire lifecycle, from design to end-of-life. Virtual twins are part of the solution as they are real time virtual representations of a products, processes, or whole systems that are used to model, visualize, predict and provide feedback on properties and performance, and are based on an underlying digital thread. Our virtual twins solutions can help companies significantly reduce their resource use and carbon footprint. They are also crucial to support our customer's disruptive and sustainable innovation processes, as well as more circular business models

that would be prohibitively expensive, risky, and complex to develop and test in the physical world.

In fact, in a recent report produced in partnership with Accenture ("Designing Disruption: The Critical Role of Virtual Twins in Accelerating Sustainability"), we examined the potential of virtual twins for environmental sustainability impact and greenhouse gas emissions reduction that they could have on 5 key industries by 2030 if they were to be more widely adopted. We found that utilizing the power of virtual twin technologies across the construction, transport and mobility, consumer packaged goods, life sciences and High Tech industries could unlock combined additional benefits of US\$1.3 Trillion of economic value and 7.5 GtCO₂-eq emissions reductions between now and 2030. Global greenhouse gas emissions are currently projected to reach around twice the 25-30 GtCO₂-eq target range recommended by the Intergovernmental Panel on Climate Change (IPCC).

This target, which needs to be reached by 2030, would support keeping global temperature increase within the 1.5°C range by the end of the century. This makes virtual twins a non-negligible opportunity to contribute to reach the global carbon budget for limiting global warming to 1.5°C.

Our virtual twin solutions specifically contribute to the design of lighter products, the reduction of the quantity of materials used, the extension of products' lifetimes and recyclability, as well as helping to reduce the energy consumption and associated greenhouse gas emissions of our customers' activities. By working on a single platform, designers and engineers collaborate efficiently across the world, having access to a considerable source of accumulated intellectual property.

Manufacturing Industries

One of the major challenges of the consumer packaged goods industry consists in reducing the quantity of materials used for making packaging, as well as its re-use and recycling. Our simulation solutions make it possible to identify potential weak points and deformation areas in packaging, in order to obtain light, raw material-optimized designs, while reducing waste associated with defective products and facilitating recycling and disposal. One of our customer makes an estimated 20 billion packaging for thousands of consumer goods, including food and beverage, healthcare, home and personal products each year. While its level of production is increasing, its environmental impact is decreasing. The use of virtual twins since 2006 has enabled this company to gain in terms of capacity to virtually improve the design of packaging without producing physical prototypes for testing purpose, thus reducing the amount of plastic used, the demand for polyethylene terephthalate resin of more than 45,000 tons per year as well as the weight of its bottles by 35% to 50% while improving the performance of the containers produced. By reducing weight, these designs also reduce the energy required to transport. This project is part of the customer's commitment to develop all its packaging recyclable and reusable by 2025 and to considerably increase the use of recycled resin.

A European car manufacturer uses our solutions to perform virtual crash tests on its vehicles to predict crashworthiness and occupant safety. This application of simulation technologies reduces development cycles and avoids the manufacturing, disposal and recycling of costly and resource-intensive physical prototypes, while meeting industrial safety and environmental requirements.

In other areas, the **3DEXPERIENCE** platform contributes to developing energy-efficient and lighter agricultural equipment by supporting mechanical design as well as data rationalization and tracking, thus reducing the impact on the

natural ecosystem and greenhouse gas emissions, protecting soils and preventing their depletion. One of the world leaders in transport and logistic optimized delivery routes and vehicle loading, reducing travelled distance and associated greenhouse gas emissions by around 15%, as part of its objective of improving its carbon footprint by 50% by 2025.

Infrastructure & Cities

In the field of real estate and facilities management, the application of virtual twins contributes to the optimization of the construction and buildings management. Creating a virtual twin from the conception phase of a project allows to define, optimize and maintain efficient and productive operations and systems by accurately simulating the impact on energy consumption and maintenance productivity for the whole life of the building. Virtual twin analysis as well as facility management on the **3DEXPERIENCE** platform can reduce building energy consumption by 20% to 80% and water consumption by similar amount. The **3DEXPERIENCE** platform enables our customers to benefit from a holistic and 360° vision of buildings, a source of value creation, particularly in terms of asset performance, space management and user comfort.

Steel and iron production in the world is essential in all economic sectors, including with the scope of energy transition, and accounts for around 5% of global greenhouse gas emissions, related in particular to heating and reheating phase during the manufacturing process. The **DELMI** Quintiq solutions allow to optimize the programming process, from fusion to end product, in a single heating cycle, while guaranteeing the quality of these products. In addition, the precise planning of production helps our customers in the modeling of their circular economy by mapping and tracing all inputs. Thus, one of customers improved the re-use of its own materials by around 30%.

Petrochemicals are also used in numerous parts of modern energy production systems such as in the production of solar panels, wind turbine blades, batteries, building insulation and electric vehicle parts. This industry accounts for around 28% of final energy consumption. Through the modeling, simulation and prediction of polymer processes, our **BIOVIA** solutions allow the development of new catalytic properties that reduce the associated energy footprint, which accounts for 50% of the operating costs.

Life Sciences & Healthcare

In the highly regulated pharmaceutical industry, it is essential to ensure that the manufactured equipment complies with technical specifications and regulations established to protect human health and deliver positive and predictable outcomes for patients.

A pharmaceutical company had to commission a new machine allowing the automatic filling of syringes with a precise amount of medicine, taking into account the drug formulation process, fast filling, robotized control stations, in atmosphere-controlled areas. Using digital twins made it possible to validate the testing and calibration of the machines throughout their manufacturing process and to validate that production would run correctly in different scenarios. In addition, the teams gained valuable knowledge and experience in operating and controlling through the information revealed during the test phases, accelerating their readiness for production by two-thirds of what is typical for such complex, high-precision equipment.

Virtual twins are also crucial in the development of disruptive medical innovation such as cost-efficient personalized prosthetics. Their design represents a challenge to ensure biocompatibility and manufacturability, and prevent wear. The SIMULIA Abaqus solution provides our customers with a comprehensive platform for simulating joint assembly,

providing the industry with the information they need to improve their designs and help secure regulatory approval.

Our solutions are also currently used in the ambitious Living Heart project, which aims to develop and validate high-precision personalized digital models of the human heart. These models will revolutionize medical care overall by helping guarantee the safety and efficiency of medical devices, the design of new products in order to improve the efficiency of clinical trials and reduce the number of trials on animals, or the number of patients required, while reducing costs and associated lead times.

Our solutions have already demonstrated their potential to improve resource and carbon efficiency in manufacturing and operations, as well as accelerate disruptive innovation in high social impact disciplines such as medicine. Our goal now is to take our sustainability ambitions further. Between this year and 2025, as part of our wider commitment to sustainable innovation, we will aim for two thirds of all new customer licenses to be focused on solutions with an explicit and measurable impact on sustainability.

2.5.3 Climate strategy: operations

As of December 31, 2020, the Company's employees are spread out across 188 sites in the three geographic regions in which we operate. The data presented in the environmental report covers Dassault Systèmes SE and all companies in which it has a shareholding exceeding 50%. The majority of our indicators cover the 60 main sites, representing 85.1% of the workforce as at December 31, 2020 (see paragraph 2.8.2 "Methodology for environmental reporting"). With the exception of the office facilities belonging to Dassault Systèmes Solutions Lab Private Ltd. located in Pune (India) and the office facilities located in Paso Robles (California, United States of America) following the acquisition of IQMS, the Company does not own the offices it occupies and does not have full ownership rights over any land or building, either directly or through a lease.

We choose our site locations with the objectives of supporting our business growth, promoting synergies and collaboration and improving working conditions for our employees while controlling the environmental footprint of our operations. Since 2008, we have implemented a policy of setting up our activities in premises certified under environmental standards such as *Haute Qualité Environnementale*, LEED or BREEAM, or on sites applying an environmental management system such as ISO14001. Sustainable development is now part of real estate projects right from the inception of any plan to move or open up a new site. In 2020, we strengthened the environmental criteria, as well as the associated weighting, within the reference framework for selecting new premises.

In France, the architecture and infrastructure of the 3DS Paris Campus reflect our long-term commitment and our resolve to leave future generations an environment that is conducive to fulfillment and the acquisition of knowledge. The buildings' open-plan layout is designed to promote collaboration and innovation. It bears the certification *NF Haute Qualité Environnementale (HQE) Bâtiments Tertiaires*, which corresponds to the highest level of ecological construction and ecological management in France. The Campus is equipped with solar panels and uses renewable energy provided under our electricity supply contract. It has a waste management and sorting system, which quality was rated "compliant" or "optimal" in all buildings in 2018, as well as a composting facility for restaurant food waste. The parking lots are equipped with electric charging stations, the number of which was increased to more than 60.

The 3DS Boston Campus was designed with sustainable innovation in mind. Our energy efficiency actions and our ecological construction efforts have made it possible to reduce the site's negative impacts on the environment and improve the satisfaction of employees by providing them with working premises that are sustainably responsible and healthy, having received the LEED Gold Construction certification and the Team Massachusetts Economic Impact Award from the Massachusetts Alliance for Economic Development (*MassEcon*). The new interior facilities are equipped with Massachusetts' Eversource Energy Performance lighting and employees are provided with car-sharing shuttles allowing to use public transport for their daily commuting.

Following the completion of the energy audits of 25 sites in 2019, we launched an ISO50001 Energy Management certification process covering around 25 sites in Europe by the end of 2021. In addition, we plan to equip our buildings with connected meters to monitor the level and sources of energy consumption in real time, as well as any variations. The aim of these systems is to help define plans to optimize and reduce our consumption, in particular electricity, and thus reduce the associated greenhouse gas emissions. In 2021, we plan to equip around 15 sites in Europe. At the end of this first stage, we will specify the deployment plan for the sites located in the Americas and Asia.

As of December 31, 2020, 32 sites are certified, including 13 in Europe, 11 in the Americas and 8 in Asia. The energy consumption of our facilities amounted to 65,657 MWh, of which 87.3% are electricity related. 21 sites operate with low carbon electricity, representing 43.9% of consumption.

Our Purchasing policy integrates sustainable development and social responsibility criteria into its principles and recommendations, to ensure that the best practices are applied. As part of our continuous improvement approach, in 2019 we defined a "3DS Sustainable Charter with Suppliers", available in two languages on the Company's website, detailing our expectations and commitments. It is now included by reference in our calls for tenders and will be extended to all our contracts. In 2020, it was signed by more than 60 suppliers. The environmental criteria, included in our specifications submitted as part of calls for tenders, have been strengthened and are subject to a weighting in the supplier evaluation grid of up to 20%. To support our suppliers, this new approach is implemented gradually. We also continued to raise awareness among our buyers in order to define objectives and action plans by geographic area and by procurement category in 2021.

Our efforts to limit the environmental impact of business travel continued. Thus, our Travel Policy gives preference to meetings by conference call or video conference rather than by physical travel, train journeys rather than air travel for trips under three hours in length, and use of economy class for air travel. In 2020, this policy was subject to specific adjustments due to the COVID-19 pandemic (see paragraph 2.3.5 "Preserving health and safety"), which translated into a significant reduction in the number of trips during the period.

Since 2019, the review of our catalog of company vehicles led to the integration of an increased number of models with lower greenhouse gas emissions (hybrid and electric vehicles). In France, these alternative powertrains accounted for 32% of new orders during the year.

We place great importance on the environmental management of our computer equipment. Our IT equipment management policy lays down standards in terms of equipment allocation to employees, thus ensuring that they are provided with the required equipment while avoiding excessive use of electrical and electronic equipment. The purchase of this equipment is subject to calls for tenders including a social and environmental aspect. Thus, we require that the companies taking part in the tender provide the carbon footprint of the relevant products and services, as well as the recycling measures for end-of-life equipment. Technological improvements, in particular the use of SSD-type hard drives and deduplication, give an advantage of 31:1 in terms of energy consumption for data storage, compared to the use of mechanical hard drives. We also favor the pooling of services and IT applications on virtualized servers, instead of physical servers, up to 90%. The extension of our suppliers' maintenance period, the life cycle of our servers was gradually increased from three to five years. Where servers are de-commissioned from data centers, we strive to re-use them for other purposes within Dassault Systèmes. In addition, we aim to extend the length of use of computers provided to employees from three to four years.

In 2020, our recycling policy was extended to network and audiovisual equipment in France, Spain, Russia and the United States, which are gradually being integrated into our waste electronic and electrical equipment monitoring program.

Since 2015, all electronic waste has been disposed of in accordance with environmental standards. In 2020, 18.35 metric tons of waste electrical and electronic equipment were collected, 99.9% of which was recycled. In Europe, the refurbishment and recycling of this equipment is entrusted to sheltered-sector companies employing people with disabilities. One of these companies recycles plastic materials, in particular in order to produce urban furniture. In 2021, we aim to standardize recycling in Europe through a single service provider able to collect, process and recycle all IT, audiovisual and electronic equipment at all of our sites. In parallel with these various actions, we are continuing to promote eco-friendly behavior among our employees and to encourage a variety of local initiatives to reduce our environmental footprint. In 2020, a solidarity-based collection was organized in partnership with the WEEE Forum on the international e-waste day at the 3DS Paris Campus and 3DS Boston Campus sites. On this occasion, employees were invited to drop off their obsolete or defective electrical and electronic equipment. In France, the recycling was managed by a company in the sheltered-sector, employing people with disabilities, as well as by a State collection company, which will make a financial donation, proportional to the weight of the equipment collected, to a non-profit organization.

In 2021, in order to control the environmental impact of our facilities:

- we will implement our ISO50001 energy management certification process, which aims to cover around 25 sites in Europe;
- we will equip around 15 sites in Europe with connected energy meters;
- we will continue our efforts to use low-carbon electricity for new sites, the number of which will depend on the offers available in each of our countries of operation.

2.5.4 Climate risks management

From 2016 to 2018, the share of sustainable investments increased by an average of 34% in most financial markets. In this context, the Environmental, Social and Governance (ESG) performance of companies, assessed by rating agencies and specialized rankings, has an impact on investment decisions. It can therefore result in a risk of exclusion from investor portfolios, a risk of losing customers, who are themselves committed to maintaining relationships with sustainable partners and a reputational risk for companies.

From an economic standpoint, the cost of inaction on climate change increases over the years and could reach around 5.5% of GDP by 2050 (source OECD: "Climate change: Consequences of inaction"), implying for companies, across all industries, macro-economic risks (recession), financial risks (insurance, investment impairment) and business continuity risks (supplier and customer bankruptcies).

The frequency and associated costs of natural disasters and damage caused by humans are increasing worldwide. These serious events have significant consequences for companies, such as the risk on human life, business continuity and insurance costs.

Within this broad context, we recognize the important challenge of climate change and sustainable development issues. Sustainability issues being core to Dassault Systèmes' strategy, it opens up opportunities for Dassault Systèmes to provide business and people with **3DEXPERIENCE** universes to imagine sustainable innovations capable of harmonizing product, nature and life (see paragraph 2.5.2 "Climate strategy: solutions").

The Company has therefore set up a dedicated governance structure and regularly assesses its performance compared to other global players. Dassault Systèmes is committed to the Science Based Target initiative and is developing an approach aimed at achieving carbon neutrality in the long term. This objective requires the implementation of an ambitious action plan including, in particular, an approach to our policy of responsible purchasing of goods and services, business travel and the purchase of low-carbon electricity combined with energy efficiency measures (see paragraph 2.5.3 "Climate strategy: operations").

Dassault Systèmes is committed, alongside of private and public sector players, as well as non-profits, to promote and build collectively a low carbon economy. Dassault Systèmes joined global initiatives to promote sustainable development, such as the Science Based Target (SBT), Task Force on Climate-Related Financial Disclosures (TCFD) supporters' network, Global Enabling Sustainability Initiative (GeSI), Business for Social Responsibility (BSR) as well as the Ellen MacArthur Foundation. We are ranked in the Corporate Knights 2021 Top 100 Most Sustainable Corporations in the World as well as Clean200, the annual list of publicly traded companies offering sustainable energy transition solutions. In 1st quarter 2021, we will join the European Green Digital Coalition and the United Nations Global Compact.

2.5.5 Measurement system and targets

To analyze our carbon intensity, we use the "GHG Protocol" (Greenhouse Gas Protocol: www.ghgprotocol.org). The assessment of greenhouse gas emissions, which make up our carbon intensity per employee, includes direct emissions of scope 1, related to natural gas, use of refrigerants, fuel for generators and company cars, indirect emissions from energy consumption of scope 2, related to electricity and urban heating and cooling network, and some other indirect emissions (scope 3) related to:

- business travels required to maintain our relations with our customers and partners;
- employee commuting;
- capital goods mainly consisting of desktop and laptop computers, servers and office furniture;
- recycling of electric and electronic waste.

We also assess indirect emissions related to the purchased goods and services, mainly consisting in fees for consulting and

other intellectual services, subcontracting, communications, insurance services, bank charges and other services required for our activities.

The use of our solutions involves energy consumption by our customers, which varies according to the application and utilization time. We have defined a methodology to estimate associated greenhouse gas emissions based on the number of users, the average consumption per user and the application of energy emission factors. Moreover, Dassault Systèmes' applications have different impacts, depending on industry segments, customers and users. Only a case-by-case assessment of the reduction in greenhouse gas emissions from the use of the **3DEXPERIENCE** platform would be relevant (see paragraph 2.5.2 "Climate strategy: solutions").

The uncertainty factor is very high, mainly due to the use of monetary ratios, energy emission factors, estimated distances travelled, number of users and associated average consumption. Thus, these estimates must be considered as an order of magnitude.

Values in tCO ₂ -eq	2020		2019		2018	
	Workforce in-scope ⁽¹⁾	Values	Workforce in-scope ⁽¹⁾	Values	Workforce in-scope ⁽¹⁾	Values
Scope 1	16,842	4,629	14,144	5,403	12,895	7,501
Scope 2	16,842	15,331	14,144	17,576	12,895	20,353
Scope 3 ⁽²⁾	18,956 ⁽³⁾	57,294	16,409 ⁽³⁾	83,248	13,736 ⁽³⁾	79,494
Carbon intensity per employee Scope 1, 2 and 3⁽⁴⁾		4.1		6.7		8.1
Scope 3 – Purchased Goods and Services	19,555	77,601	16,441	67,703	15,021	51,478
Scope 3 - Use of our solutions by our customer		483,625		551,656		511,950

(1) The scope refers to total headcount excluding companies or countries as detailed in paragraph "2.8 Reporting methodology".

(2) The indirect emissions from Scope 3 exclude emissions related to the use of solutions by our customers and emissions related to purchased goods and services.

(3) The headcount in-scope shown corresponds to the average headcount in-scope for the sources of emissions included in reported Scope 3.

(4) Carbon intensity includes scope 1, 2 and 3 greenhouse gas emissions excluding emissions related to the use of our solutions by our customers as well as emissions related to purchased goods and services, in relation to the average headcount in scope.

Dassault Systèmes is committed to reducing the carbon intensity per employee by 38% by end 2025 compared to base year 2018, for which the intensity was 8.1 tCO₂-eq, corresponding to a 5 tCO₂-eq target for 2025.

In 2020, our carbon intensity per employee has decreased by 39% compared to 2019. Due to the COVID-19 pandemic, we have indeed:

- significantly limited business travels, leading to a 57% reduction in travel-related emissions and nearly 40% of emissions related to company cars;

- temporarily closed our sites during lock-down periods or adjusted on-site presence in compliance with sanitary recommendations, leading to a reduction of more than 62% of employee commuting-related emissions and nearly 27% in emissions related to electricity consumption.

Environmental indicators are detailed in paragraph 2.7 "Environmental, Social and Governance metrics".

2.6 Business Ethics and Vigilance Plan

2.6.1 Promoting Strong Business Ethics

Compliance with the rules of ethics and international standards is an integral part of the purpose of Dassault Systèmes, which is “to imagine sustainable innovations capable of harmonizing products, nature and life”.

Since its creation, the Company has developed its culture and built its reputation on different fundamental principles, particularly the creation of long-term relationships with its stakeholder – employees, customers, partners, shareholders, regulatory bodies and government agencies – as well as high-quality products with high added-value. Confidence and integrity, supported by rigorous ethics and regulatory compliance, are at the heart of Dassault Systèmes’ commitments for sustainable and ethical growth.

The Company’s commitment concerning business ethics and corporate social responsibility is asserted through:

- rules applicable to all Dassault Systèmes employees;
- an ethics and compliance governance system;
- employee awareness-raising and training.

Rules of ethics and compliance applicable within Dassault Systèmes

Dassault Systèmes’ business ethics rules are formalized in corporate governance policies and procedures, in particular through its Code of Business Conduct, introduced in 2004, and its Corporate Social Responsibility Principles.

Code of Business Conduct

This Code describes the manner in which the Company expects its business to be conducted. It addresses issues including: (i) compliance with regulations applicable to Dassault Systèmes’ businesses; (ii) individual interactions within the Company and with its ecosystem and; (iii) protecting the Company’s assets (in particular, Dassault Systèmes’ intellectual property and that of its customers and partners). The Code also includes specific policies on the fight against corruption and influence-peddling, personal data protection, conflicts of interest and insider trading (see paragraph 2.6.2 “Striving for Transparent Business Relations”).

In 2020, the new version of the Code of Business Conduct was rolled out within the Company following the review and modernization process carried out in 2019 to take account

of the new rules regarding the fight against corruption (French Sapin 2 Law) and personal data protection (GDPR). This Code also includes references to the Company’s policies, in particular concerning competition law and export controls.

Corporate Social Responsibility Principles

The Corporate Social Responsibility Principles are based upon international standards – also referred to in the new version of the Code of Business Conduct – relative to human and social rights and the protection of the environment, as laid down in the United Nations International Bill of Human Rights, the International Convention on the Rights of the Child, the OECD Guidelines for Multinational Enterprises and the Fundamental Conventions of the International Labor Organization.

These Principles provide for the following:

- prohibiting the employment of school-aged children (and in any event those under 15 years of age), banning forced labor and other forms of modern slavery as well as all forms of discrimination (in recruitment as well as career development and employment termination);
- providing satisfactory working conditions guarantees to preserve employee health and safety;
- complying with minimum legal and regulatory requirements concerning pay, freedom of association and the protection of labor union rights and the right to collective bargaining;
- ensuring zero tolerance for corruption and influence peddling;
- complying with regulations relating to the protection of personal data and the protection of the environment.

The Code of Business Conduct and the Corporate Social Responsibility Principles are available on the Company’s website (<https://www.3ds.com/about-3ds/what-drives-us/ethics-compliance>) and on its internal platform.

They serve as a reference for Dassault Systèmes employees, to guide their behavior and interactions in their daily business activities. They also strive to inspire the Company’s partners and suppliers (see paragraph 2.6.4 “Commitment to Ensure Respect for Human Rights”).

Dassault Systèmes' ethics and compliance governance system

Dassault Systèmes' ethics and compliance governance system relies on an Ethics Committee and a Business Ethics and Compliance department.

They deal with all investigations relating to ethics and compliance, including in connection with the protection of intellectual property, confidentiality, the fight against corruption and fraud, compliance with rules regarding competition and the control of exports, the protection of personal data, IT security, ethics in work relations, in particular the fight against discrimination and harassment, the use of social media and networks and the monitoring of potential conflicts of interest.

The Ethics Committee

The Company's Ethics Committee meets once a month. Its members are: the Company's General Secretary, the Executive Vice President, Chief People & Information Officer, the General Counsel, the Internal Audit Director, the CEO's Chief of Staff and the Director of the Business Ethics and Compliance department.

The Committee ensures that employees comply with the rules laid down in the Code of Business Conduct. It is thus tasked with investigating any alleged breaches brought to its attention, in particular through the Company's whistleblowing procedure.

In 2020, the Ethics Committee examined 43 cases opened due to suspected non-compliance. Inquiries were conducted into all of these cases. 44% of them were found to have involved breaches of Dassault Systèmes' Code of Business Conduct. The Ethics Committee took remediation and disciplinary actions – including dismissals – in all cases concerned.

The Business Ethics and Compliance department

This department reports to the Company's General Secretary. It is responsible for ensuring the implementation and respect of the Code of Business Conduct of Dassault Systèmes, as well as the specific Dassault Systèmes policies, recommendations and procedures regarding ethics and compliance.

Its role is to define and implement Dassault Systèmes' ethics and compliance program in coordination with the Ethics Committee. It is tasked with the following, in coordination with other Company's departments:

- promoting a culture of integrity within the Group, in particular by ensuring that employees are adequately trained and informed;

- assessing Dassault Systèmes' ethics and compliance risks and preventing them;
- conducting investigations in order to deal with the breaches that arise, or help the local teams to do so;
- assessing the ethics and compliance procedures and putting forward proposals to the Ethics Committee concerning any upgrade to Dassault Systèmes' ethics and compliance program.

The Business Ethics and Compliance department assesses and investigates all the alerts it receives, in particular through the whistleblowing procedure. This gives rise to the opening of formal investigations by the Business Ethics and Compliance department, which are then submitted to the Ethics Committee.

Employee awareness-raising and training

Employee awareness-raising and training, especially concerning corruption, are an essential pillar of the Company's commitment in terms of ethics and compliance.

A mandatory online training course on ethics and compliance is thus an integral part of the onboarding program for all new employees. This course, available in 11 languages, comprises 13 modules, each of which is broken down into a theory section followed by practical applications in a question/answer format. The topics covered include:

- the fight against corruption;
- protection of intellectual property;
- personal data protection;
- respect for confidentiality;
- ethics in the workplace with a focus on potential harassment and discrimination situations;
- compliance with competition law;
- strict monitoring of exports;
- IT security;
- prevention of conflicts of interest, etc. .

As of December 31, 2020, a total of 16,434 employees representing 98.4% of the base workforce had attended this general training course, compared to 16,173 on December 31, 2019.

2.6.2 Striving for Transparent Business Relations

In addition to promoting strong business ethics, Dassault Systèmes asserts its commitment to sustainable, ethical growth through its anti-corruption program.

The fight against corruption

The Code of Business Conduct is the main pillar of the Company's anti-corruption program. It reiterates the Company's zero-tolerance policy regarding corruption and influence peddling, including bribes and facilitation payments, irrespective of local customs or commercial pressure, even if this results in the loss of business opportunities.

Accordingly, 3DS employees must remain vigilant and comply with applicable laws and regulations. They must never, either directly or indirectly, encourage, offer, attempt to offer, authorize, promise or accept any form of advantage (e.g. payments, gifts, bribes or kickbacks) to obtain or retain a contract or to secure any improper advantage, even if they think they are acting in the best interest of 3DS.

Examples:

- gifts and invitations must be of reasonable amounts, as defined in the Anti-Corruption Policy. They must be compatible with local customs and practices and comply with applicable laws. They must be appropriate and must not include items that are likely to be embarrassing for the Company in the event of their public disclosure;
- Dassault Systèmes makes no political contributions and provides no advantages in the aim of promoting or supporting a particular political party or public official. The Company's employees are prohibited from using any Company resources to provide any advantage to political parties or public officials.

The provisions of the Code of Business Conduct relating to the fight against corruption are supplemented with the following policies and procedures:

- a "Dassault Systèmes Anti-corruption Policy" (updated in December 2017 and July 2019);
- the "Dassault Systèmes Guidelines for dealing with Intermediaries" (June 2017);
- the "Dassault Systèmes Guidelines on Conflicts of Interests" (April 2017);
- a "Dassault Systèmes Internal Whistleblowing Procedure" (updated in December 2017).

At December 31, 2020, a total of 16,317 employees representing 97.7% of the base workforce, compared to 15,956 on December 31, 2019, had received training via a module dedicated to the fight against corruption "Understanding anti-corruption principles".

The Company's program for corruption prevention is based not only on these policies, guidelines, whistleblowing procedure, communications and employee awareness/training programs, but also on:

- the Business Ethics and Compliance department;
- a specific corruption and influence peddling risks mapping, periodically updated, in line with the Company's activities;
- an internal control and audit system;
- stringent operational processes;
- a community of Compliance Ambassadors composed of legal, financial and operational experts who provide support to the Business Ethics and Compliance department in the Company's local entities.

The risks of corruption and influence peddling arising from the Company's business model include the following:

- its reliance on intermediaries (distributors, agents and system integrators). Such intermediaries are independent third parties and are fully liable for their actions, but the Company could, in certain circumstances (negligence or willful blindness), be held liable in the event such intermediaries were to make illicit payments to generate revenue;
- trading directly or indirectly with clients deemed in "higher risk countries" and/or qualified as "public officials".

Dassault Systèmes systematically manages these risks through the policies, procedures and training courses described above. In particular, the Company has strengthened its policy of applying reasonable diligence in the selection of intermediaries, through additional processes including a self-administered questionnaire, reputational checks via compliance databases, the verification of the services performed by the agents and the approval of the Business Ethics and Compliance department. Accounting controls are also carried out by the dedicated teams. Moreover, the Internal Audit department may include specific checks as part of the evaluation of Internal Control or ad hoc audits in order to prevent or detect possible cases of fraud or non-compliance with the Company's rules and procedures.

The Company's anti-corruption training course includes raising the awareness of its employees on the risks of dealing with public officials. For example, the Company's rules concerning gifts and invitations are stricter for public officials.

Moreover, in certain countries with higher risks of corruption, Dassault Systèmes' distributors are specifically made aware of the Company's policies and "zero tolerance" rules concerning corruption through on-sites training.

Lastly, Dassault Systèmes measures the performance of its anti-corruption program through key performance indicators

that cover its mandatory training courses' implementation rate (see above).

2.6.3 Fiscal transparency and policy

Dassault Systèmes's commitment to ethical and sustainable growth is supported by a transparent and responsible tax policy in all countries where the Company operates. In line with this commitment, the Company's tax policy relies on three key principles: tax compliance, tax transparency, and tax responsibility.

2.6.3.1 Tax policy

Dassault Systèmes tax policy is defined according to applicable regulations, notably the principles found in European directives and OECD recommendations, and it is implemented in accordance with the Company's business and operational objectives.

Tax Compliance - Dassault Systèmes complies with tax regulations

The Company prepares and files all required tax returns and pays all taxes accordingly. It also provides accurate and timely disclosures to all relevant tax authorities.

Dassault Systèmes applies the arm's length principle consistently across the business (contingent on local laws), defining prices in line with guidelines issued by the OECD.

The Company ensures that it complies with local tax regulations wherever it operates, by monitoring regulatory changes and the possible technical divergences that may arise from their interpretation. It also complies with its Annual Reporting obligations on a country-by-country basis. It also ensures that all taxes are properly assessed and paid in all the countries where they are due.

The Company benefits from tax incentives offered by Government authorities to support investment including in R&D, employment and economic development. They are implemented according to the relevant legislations and regulations, and are aligned with Dassault Systèmes' business and operational objectives.

Tax Transparency - Dassault Systèmes is open and transparent with tax authorities

The Company seeks, whenever possible, to develop cooperative relationships with tax authorities, based on mutual respect, transparency and trust. On occasion, local tax authorities may challenge the Company's positions in the course of tax audits, particularly in instances where there is divergent interpretation of local or international tax provisions. In such cases, Dassault Systèmes may opt for litigation when that approach is considered to be justified.

In case of doubt about an applicable tax treatment, the Company may seek rulings from tax authorities. Hence, Dassault Systèmes can request Advance Price Arrangements on an appropriate transfer pricing methodology.

On a voluntary basis, Dassault Systèmes recently entered into the International Compliance Assurance Programme (ICAP), an OECD pilot program in which taxpayers and tax administrations work cooperatively and multilaterally to review international tax practices of participating companies in order to assess their level of tax risk.

Furthermore, the Company participates in some of the OECD working groups or national and international initiatives that promote and encourage tax transparency.

Tax Responsibility - Dassault Systèmes is committed to having a responsible tax policy

The Company uses business structures which are driven by business considerations and which have genuine substance.

Dassault Systèmes is committed to having no non-operational legal entities in Non-Cooperative Countries and Territories (tax heavens) as defined by French and European Union tax laws.

In the context of its external growth, the Company performs thorough tax due diligence and might seek to change practices that are not aligned with the tax policy outlined herein.

Finally, Dassault Systèmes neither encourages nor promotes tax evasion.

2.6.3.2 Tax organization and governance

A dedicated team of skilled tax professionals with extensive knowledge and expertise of international tax matters (the "Tax department") has the mission to support all Company's entities and functions from a tax standpoint in all matters that could have a tax impact. The head of Tax reports to the Executive Vice President Finance and supervise directly all Tax team members.

Dassault Systèmes Tax department aims to develop close relationships with its businesses partners to provide clear, relevant and timely guidance on tax matters, including identification of tax risks and opportunities, if any. It also relies on external tax advice if needed. The Tax department is involved in strategic operations, including acquisitions, from planning to implementation to ensure that appropriate tax treatment is consistently applied and tax exposure are managed. The Tax department also establishes all necessary processes and controls to ensure the proper implementation of Dassault Systèmes Tax policy.

2.6.4 Commitment to Ensure Respect for Human Rights

Dassault Systèmes' commitment to sustainable and ethical growth rests on the fundamental value of respect for Human Rights.

Dassault Systèmes' commitments in this regard are formalized in the Corporate Social Responsibility (CSR) Principles, available on the Dassault Systèmes website (<https://www.3ds.com/fileadmin/COMPANY/Ethics-and-compliance/CSR-Principles-ENG-27-11-2018.pdf>). They were strengthened in the new version of the Code of Business Conduct. This Code reasserts that Dassault Systèmes is committed to providing a work environment which is free from any form of discrimination, harassment or intimidation and to ensuring that its employees, clients and partners are treated in a respectful way at all times. Moreover, in 2020, Dassault Systèmes published a statement of the measures it has taken to combat modern slavery and human trafficking, as required by the UK's Modern Slavery Act.

Dassault Systèmes also promotes corporate social responsibility within its ecosystem, as its suppliers and partners are required to abide by these CSR Principles. Most Dassault Systèmes companies' standard contracts and general purchasing terms and conditions thus provide for the right to immediately terminate the contract in the event of a supplier's breach of any of these Principles. Furthermore, the Company is committed to "Responsible Purchasing" characterized in particular by the implementation of 3DS Sustainable Charter with Suppliers which includes these Principles. In 2020, more than 60 suppliers signed this charter (see sections 2.5.3 "Climate Strategy: operations" and 2.6.5 "Maintaining an Appropriate Vigilance Plan").

In order to manage and mitigate risks of non-compliance regarding Human Rights and fundamental freedoms throughout the Company, Dassault Systèmes relies on its

mandatory online training course *Understanding ethics and compliance rules*, as well as its internal whistleblowing procedure, introduced within the scope of the French law relative to the duty of vigilance of parent companies. The procedure enables Dassault Systèmes employees to report any risk of serious violation of Human Rights or fundamental freedoms.

At Dassault Systèmes, the goal is to prevent risks of discrimination or harassment and to ensure working conditions that preserve people's health and safety (see paragraph 2.3.5 "Preserving health and safety"). In 2020, a review was carried out in all countries where Dassault Systèmes operates to verify the compliance of its practices with local legislation for combating discrimination and harassment. This permitted to check the need for a specific policy and training on these issues, as well as a local whistleblowing procedure and governance. In addition, the banning of discrimination is part of the Company's internal policies and procedures, particularly concerning recruitment processes and managerial training. The new version of the Code of Business Conduct includes clear definitions of harassment and discrimination, along with examples. Furthermore, the Company implements a policy of inclusion for persons with disabilities and pays special attention to gender equality issues (see paragraph "5.1.7.5 Gender Equality within the Executive Team and Top Positions of Responsibility").

Dassault Systèmes measures its Human Rights performance through key performance indicators including the rate of participation in its mandatory online training course "Understanding ethics and compliance rules", as well as the percentage of cases examined by the Ethics Committee in this regard.

2.6.5 Maintaining an Appropriate Vigilance Plan

As stated above, Dassault Systèmes is committed to conducting its activities in compliance with the laws of the countries in which it operates and in accordance with international standards.

In accordance with the French Law of March 27, 2017 relative to the duty of vigilance of parent companies and contracting undertakings, Dassault Systèmes has set up a vigilance plan (the "Plan") covering the following three areas: human rights and fundamental freedoms, the health and safety of persons and the environment (the "Areas").

The Plan is implemented by the Company's various stakeholders, i.e. mainly the Procurement department, Internal Audit department and Human Resources department. It is monitored by a Steering Committee composed of members of these departments and of the Business Ethics and Compliance department, which are also responsible for the assessment of these procedures.

Report on the implementation of the 2020 Plan

For 2020, the Plan consisted of some twenty measures to be implemented on the short and medium terms within a structured process, of which the year's major accomplishments are the following:

- the continued deployment of the Company's Corporate Social Responsibility Principles and the updated whistleblowing procedure to include aspects relating to the duty of vigilance. As of December 31, 2020, these policies and procedures have been rolled out in 15 and 14 languages respectively; the whistleblowing procedure was also subject to a specific review in the newly-acquired companies by Dassault Systèmes;
- the updating of the risk mapping in the three areas of duty of vigilance within the Group, through a risk assessment process conducted with contributors in different entities and functions of the Company. This assessment revealed a high level of risk control, in line with Dassault Systèmes' standards in terms of governance. No risk was deemed to require priority actions;
- the completion of the analysis of the risks of the Company's sites in terms of "Employee Health and Safety", which made it possible to analyze all the Dassault Systèmes sites; this procedure is usually buttressed by the regular occurrence of crisis management exercises to train teams and inform them of risks and the provision of online crisis management training; in 2020, the health crisis led to the establishment of a crisis management organization at the central level of

the Company to manage day-to-day challenges, relying on both the Geographies and the site managers of the Group (see paragraph 2.3.5 "Preserving health and safety");

- the Company-wide audit of applicable local laws in terms of medical teams and duty of care of the employer, as well as an audit of insurance coverage in the event of workplace accidents;
- raising employee awareness on issues surrounding duty of vigilance, in particular the Dassault Systèmes internal whistleblowing procedure, through actions for rolling out the new version of the Code of Business Conduct throughout the year (deployment, presentations, training);
- the deployment of the 3DS Sustainable Charter with Suppliers for the Company's suppliers. More than 60 suppliers signed this charter in 2020 (see section 2.5.3 "Climate Strategy: operations"); In addition, in response to the requirements of Duty of Care and Sapin 2 laws, the Procurement department strengthened its supplier monitoring in 2020. A real-time monitoring of adverse media and sanction lists is made on our risky suppliers. The volume of suppliers monitored represents more than 50% of our spend. Based on weak signals analyzed in 2020, no on-site audit was carried out at our suppliers;
- the revised and updated standardization of a procedure for monitoring and assessing the Plan's measures to include the qualitative and quantitative indicators used to manage the vigilance plan. The system also includes meetings of its Steering Committee, on a multi-year basis, and the use of dedicated tools. In 2020, the Vigilance Plan Steering Committee met four times.

The initiatives introduced in the area of environment continued (see Sections 2.1 "Sustainability Governance" and 2.5.3 "Climate Strategy: operations").

2021 Vigilance Plan

For 2021, the Plan is based on the Company's internal whistleblowing procedure, the mapping of Dassault Systèmes and supplier risks and the related assessments, risk prevention and mitigation measures and a procedure to monitor the measures.

The risk assessment, and more specifically the assessment conducted in 2020, revealed the limited nature of the risks of serious harm in the three Areas of the duty of vigilance, which could be the result of the Company's activities or business model (see chapter 1 "Presentation of the Company") or those of its suppliers or subcontractors. Indeed, due to their

almost intangible nature, software publishing activities involve almost no assembly of products from a supply chain. However, Dassault Systèmes uses this mapping to strengthen its approach to “responsible procurement” (see section 2.5.3 “Climate Strategy: operations”).

In 2020, the Company also accelerated its efforts on sustainable development issues, particularly in the area of environment, for example: the hiring of a Chief Sustainability Officer, the creation of a Sustainability Committee, the publication of a “3DS Environmental Statement”, Membership in the SBTi (Science-Based Targets initiative). These actions, which are part of the Company’s overall approach to sustainable development, help to strengthen its commitments in terms of environmental protection (see paragraphs 2.1 “Sustainability Governance” and 2.5.3 “Climate Strategy: operations”).

For 2021, the Plan thus includes appropriate, proportionate to the Company’s risk profile, vigilance measures to be implemented on the short or medium terms to prevent or mitigate risks in the Areas covered by the law. Some of these measures consist in the continuation or monitoring of the actions initiated under the 2020 Plan, while others are new.

For 2021, Dassault Systèmes has chosen to focus on the following work-related themes:

- health: this remains a major focus of the Plan, especially as a result of current health crisis; the Plan for 2021 provides in particular for the development of a health policy at Company level and a Company commitment charter on that subject, as well as the implementation of recommendations concerning vaccination against COVID-19 in the workplace;

- Dassault Systèmes’ internal whistleblowing procedure: it will be reviewed to verify its compliance with Directive (EU) 2019/1937 on the protection of persons who report breaches of Union law (whistleblowers) coming into force end-2021; the Plan also provides for an audit on the deployment of the whistleblowing procedure;
- the fight against discrimination and moral and/or sexual harassment: in 2021 Dassault Systèmes will continue to roll out training in this area in around ten countries where the Company operates.

Other measures of the 2021 Plan include the continuation of initiatives begun in 2020 such as:

- in the area of personal health and safety: the addition of a “health” section to the Dassault Systèmes site safety and security assessment tool and raising awareness among site managers on these topics at the Company’s sites;
- regarding purchasing: continued deployment of the 3DS Sustainable Charter with Suppliers;
- in the area of Human Rights: the finalization of the deployment of the updated Corporate Social Responsibility Principles.

Dassault Systèmes exercises vigilance through recurring actions to deepen the knowledge of its employees, such as (i) monitoring and updating online training courses pertaining to ethics, compliance and security, crisis management, environmental responsibility and (ii) posts published on its internal platform.

Finally, the Company’s whistleblowing procedure, the software for preventing non-compliance issues and the control points put in place by internal audit in its audit model are also tools for exercising vigilance.

2.7 Environmental, Social and Governance metrics

Environmental, social and governance (esg) performance metrics

The Environmental, Social and Governance strategy is defined in the Sustainability Compass of the Company and will guide our actions for sustainability over the coming years. It includes the 2025 objectives summarized in the following table:

	2020		2019		2018		Objective 2025
	Workforce in-scope ⁽¹⁾	Values	Workforce in-scope ⁽¹⁾	Values	Workforce in-scope ⁽¹⁾	Values	
Environment							
Carbon intensity - in tCO ₂ -eq per FTE ⁽²⁾	18,713	4.1	15,846	6.7	13,292	8.1	5
Social							
% of women <i>People Managers</i>	19,789	20.7%	19,361	18.8%	16,055	17.0%	30%
% of employees trained on ethics and compliance ⁽³⁾	16,746	98.2%	16,684	96.9%	15,618	89.3%	95%
% of pride and satisfaction ⁽⁴⁾	19,413	82.5%	16,251	78.0%	15,701	76.9%	85%
Governance							
% of women on the Executive team	19,789	38.5%	19,361	22.2%	16,055	22.2%	40%

(1) The scope refers to total headcount excluding companies or countries as detailed in paragraph "2.8 Reporting methodology".

(2) Carbon intensity includes scope 1, 2 and 3 greenhouse gas emissions excluding emissions related to the use of our solutions by our customers as well as emissions related to purchased goods and services, in relation to the average headcount in scope.

(3) Percentage of employees that completed mandatory training on Business Ethics, Personal Data Protection and Anti-Corruption.

(4) Pride and satisfaction rate of employees measured by an internal annual survey.

Dassault Systèmes is committed to reduce the carbon intensity per employee by 38% by end 2025 compared to base year 2018, for which the intensity was 8.1 tCO₂-eq, corresponding to a 5 tCO₂-eq target for 2025.

In 2020, our carbon intensity per employee decreased by 39% compared to 2019.

Due to the COVID-19 epidemic, we have indeed:

- significantly limited business travel, leading to a 57% reduction in travel-related emissions and nearly 40% reduction of emissions related to company cars;
- temporarily closed our sites during lock-down periods or adjusted on-site presence in compliance with sanitary recommendations, leading to a reduction of more than 62% of employee commuting-related emissions and nearly 27% of emissions related to electricity consumption.

The Sustainability Compass of the Company also includes the following objectives:

- define a science-based target for greenhouse gas emissions: on December 2, 2020, we announced our commitment to the Science Based Target initiative, confirming our intention to set an ambitious series of targets to reduce our greenhouse gas emissions, in order to achieve the objectives of the Paris Agreement;
- two thirds of new licenses having a positive impact on sustainable development: our solutions portfolio already supports our customers to be more efficient in the use of resources and to reduce their environmental footprint. Today, we place this value at the center of our offers;
- engage 5,000 stakeholders: we are rolling out various programs to mobilize our ecosystem, including our employees, our suppliers, our customers, students as well as non-profits around sustainable development issues, because we believe that our success hinges on a collective effort.

Other social, societal and environmental indicators

	2020		2019		2018	
	Workforce in-scope ⁽¹⁾	Values	Workforce in-scope ⁽¹⁾	Values	Workforce in-scope ⁽¹⁾	Values
Human Capital (Sustainability Accounting Standards Board)						
2.3.1 Company Organization and Workforce						
% headcount growth	19,789	2.2%	19,361	20.6%	16,055	5.4%
% of permanent contracts	19,789	99.1%	19,361	98.9%	16,055	98.7%
% of women in the Company	19,789	26.8%	19,361	26.2%	16,055	23.7%
Gender Equality Index ⁽²⁾	3,618	95/100	3,593	86/100	-	-
2.3.2 Attracting talented individuals						
% of job offers filled by referral	16,746	24.3%	16,684	22.5%	15,618	14.5%
% conversion of interns and apprentices ⁽³⁾	16,746	9.8%	16,684	23.8%	-	-
2.3.3 Developing knowledge and know-how						
% of employees who received training	16,746	87.6%	-	-	-	-
Average number of training hours per employee	16,746	23.5 hours	16,684	20.6 hours	-	-
% of job offers filled by internal applications ⁽⁴⁾	16,746	36.9%	16,684	31.2%	15,618	31.7%
2.3.4 Developing employee engagement						
Knowledge of the Company and sharing our values						
% of certified employees	16,746	72.4%	16,684	59.9%	15,618	37.0%
Managerial skills						
% of certified managers	16,746	75.8%	16,684	65.4%	15,618	61.1%
Work Environment						
% Satisfaction	140 sites	80%	134 sites	73%	131 sites	72%
2.3.5 Preserving health and safety						
Absenteeism rate	15,866	2.3%	15,761	1.8%	14,931	1.9%
Number of occupational accidents	15,866	19	15,761	18	14,931	15
2.3.6 Retaining our talents						
Average rate of employees leaving at their own initiative	19,789	5.3%	19,361	7.6%	16,055	7.8%
Social Capital (Sustainability Accounting Standards Board)						
2.4.1 Digital responsibility						
Protection of personal data						
% of employees trained	16,746	98.4%	16,684	97.3%	15,618	82.2%

(1) The scope refers to total headcount excluding companies or countries as detailed in paragraph "2.8 Reporting methodology".

(2) The Gender Equality Index (Index Egalité Femmes-Hommes) reported covers Dassault Systèmes SE. It is calculated each year in respect of the previous year.

(3) Rate of conversion, under permanent or fixed-term contracts, of the total number of interns and apprentices, whether they continue their educational training or they are graduated.

(4) Rate of job offers requiring at least three years professional experience filled by internal candidates.

	2020		2019		2018	
	Workforce in-scope ⁽¹⁾	Values	Workforce in-scope ⁽¹⁾	Values	Workforce in-scope ⁽¹⁾	Values
Environment (Sustainability Accounting Standards Board)						
2.5.2 Climate strategy: solutions						
Scope 3 - Use of our solutions by our customers - tCO ₂ -eq		483,625		551,656		511,950
2.5.3 Climate strategy: operations						
Scope 1 - in tCO ₂ -eq		4,629		5,403		7,501
Natural gas	16,842	978	14,144	825	12,895	652
Fuel	16,842	210	14,144	0	12,895	0
Refrigerants	16,842	392	14,144	315	12,895	2,340
Company cars	16,842	3,049	14,144	4,263	12,895	4,509
Scope 2 - in tCO ₂ -eq		15,331		17,576		20,353
Electricity	16,842	14,835	14,144	17,034	12,895	19,507
% of low-carbon electricity		43.9%		44.2%	-	-
Urban steam and cooling network	16,842	497	14,144	542	12,895	846
Scope 3 - in tCO ₂ -eq		134,895		150,951		130,972
Business travels	19,719	18,132	16,323	34,410	15,350	31,993
Employee commuting	19,709	12,181	16,535	27,199	10,836	26,031
Capital goods	19,555	26,982	16,441	21,639	15,021	21,470
Purchased goods and services	19,555	77,601	16,441	67,703	15,021	51,478
Waste Electrical and Electronic Equipment	16,842	0	-	-	-	-
% of sites with certification ⁽²⁾	16,842	53.3%	14,144	52.9%	12,895	52.2%
% of sites with a recycling facilities (ordinary waste) ⁽²⁾	16,842	88.3%	14,144	84.3%	12,895	76.1%
Weight of Waste Electrical and Electronic Equipment – in metric ton	16,842	18.4	14,144	38.9	12,895	23.9
% of recycled Waste Electrical and Electronic Equipment	16,842	99.9%	14,144	99.3%	12,895	93.6%
Leadership and Governance (Sustainability Accounting Standards Board)						
2.4.1 Digital responsibility						
Millions of learners using or having used one or more technologies ⁽³⁾	-	10.6	-	8.6	-	7.6
2.6 Business ethics and Vigilance plan						
Business ethics						
% of employees trained	16,746	98.4%	16,684	97.5%	15,618	95.1%
Anti-corruption						
% of employees trained	16,746	97.7%	16,684	96.1%	15,618	90.5%

(1) The scope refers to total headcount excluding companies or countries as detailed in paragraph "2.8 Reporting methodology".

(2) Percentage calculated based on our 60 main sites.

(3) Number of learners using or having used one or more of our technologies in an initial or lifelong training context.

2.8 Reporting Methodology

The methodology of our social, societal and environmental reporting is summarized in the “Social, societal and environmental Reporting Protocol”, which defines the methodology for collecting and calculating information and the scope for collecting data. To make the reporting process more reliable, this internal protocol guide includes definitions and rules for calculating each indicator and is updated each year. Data reliability checks are carried out at the time of accounting consolidation as well as throughout the year in connection with analyzing changes from the preceding periods.

The environmental reporting scope includes Dassault Systèmes SE and all the companies in respect of which it has a shareholding exceeding 50%. However, for some indicators, the scope of coverage may be more limited, in particular are excluded from the environmental reporting the companies acquired during the period. The reporting covers three large geographical regions in which we operate, being specified that Russia is included in the Europe zone. The indicators were selected from the mapping of social, societal and environmental risks.

2

2.8.1 Methodology for social and societal reporting

Data related to employees is calculated on the basis of “full-time equivalents”, which correspond to the proportion of “hours worked per standard full-time work hours” and which were jointly defined and shared by both Human Resources and Finance teams.

In 2020, the indicators were based on the following:

- the number of employees or workforce refers to the number of employees, including permanent and temporary (apprenticeship included);
- data related to new joiners and departures is also determined using this rule; the data is extracted from HR and financial management software applications, both of which are deployed in all Dassault Systèmes’ entities;
- data relating to managers includes all managers when referring to employees with management responsibilities and refer to 74.6% of managers when referring to People Managers;
- data relating to paragraph 2.3.2 “Attracting talented individuals” as well as data related to job offers filled with internal candidates (see paragraphs 2.3.3 “Developing knowledge and know-how”) covers all Dassault Systèmes’ entities except Centric Software, Outscale, DISTENE, PROXEM, Medidata and NuoDB. The scope represents 84.6% of the workforce. The recruitment of employees starting their professional career refers to the recruitment of employees having a professional experience up to 5 years;
- data relating to certification and training hours (see paragraphs 2.3.3 “Developing knowledge and know-how” and 2.3.4 “Developing employee engagement”) covers Dassault Systèmes’ workforce as of December 31,

2020, excluding Centric Software, Outscale, DISTENE, PROXEM, Medidata and NuoDB, calculated on the basis of number of employees. The scope represents 84.6% of the workforce. For the calculation of the training hours, hours included are related to classroom, virtual or face-to-face training sessions, interactive distance learning meetings lasting at least 30 minutes and eLearning modules lasting more than 15 minutes. This new methodology, defined in 2020, has been applied to the number of training hours delivered in 2019 and published in this document to allow comparability of information;

- data relating to training on personal data protection (see paragraph 2.4.1 “Digital responsibility”) covers Dassault Systèmes’ workforce on permanent contracts, calculated on the basis of number of employees, excluding Centric Software, Outscale, DISTENE, PROXEM, Medidata and NuoDB. The scope represents 84.6% of the workforce;
- figures presented in section 2.3.4 “Developing employee engagement”, in section related to work environment, are based on the survey conducted by Great Place To Work. The scope includes the Company’s employees on permanent contracts as of September 1, 2020, excluding Centric Software, Outscale, PROXEM and NuoDB. In 2020, this survey covers 166 physical sites, 140 of which obtained a satisfaction rate concerning the working environment;
- absenteeism data includes absences due to illness as well as those resulting from an accident at work and exclude absences related to maternity and paternity as well as other types of absence of an exceptional nature. Data relating to absenteeism and the number of work-related accidents are calculated on the number of employees in

countries with more than 150 employees, namely France, Germany, the United Kingdom, the Netherlands, the United States, Canada, Japan, Malaysia, China, South Korea, India, Australia, Poland and Italy, excluding Centric Software, DISTENE, PROXEM, Medidata and NuoDB. This scope represents 80.2% of Dassault Systèmes' workforce in 2020 versus 81.4% in 2019;

- attrition rate is calculated by taking into account only employee-initiated leaves for employees under permanent contracts, compared to the monthly average for employees under permanent contracts;
- data related to commitment to preserve jobs in 2020 are calculated by comparing headcount on March 31 and on December 31, 2020 and covers all Dassault Systèmes' companies including newly acquired companies during this period (PROXEM and NuoDB);
- data related to length of services is calculated on the basis of the total number of months of length of services divided by the total number of employees regardless of the time worked. These data cover all Dassault Systèmes' employees;
- data relating to paragraph 2.4.1 "Digital Responsibility", in the section "Preparing the Workforce of the Future", is estimated by taking into account the number of our main

academic licenses to which we apply a coefficient of number of users resulting from our experience and exchanges with our customers. The data represents the cumulative number of learners' year after year and are derived from our financial management software;

- data relating to paragraphs 2.3.5 "Preserving health and safety" and 2.4 "Societal responsibility" comes from additional interviews conducted within Dassault Systèmes;
- the data in section 2.6 "Business Ethics and Vigilance Plan" pertaining to policies on business ethics, fighting corruption, the Company's Social Responsibility principles and commitments ensuring human rights and data pertaining to the Vigilance Plan are provided by the Business Ethics and Compliance department. Data related to mandatory trainings covers Dassault Systèmes' workforce on permanent contracts, calculated on the basis of number of employees, excluding Centric Software, Outscale, DISTENE, PROXEM, Medidata and NuoDB employees. The scope represents 84.6% of the workforce.

2.8.2 Methodology for environmental reporting

Methodology and scope of environmental reporting

For the scope of environmental reporting as well as for calculating carbon intensities, data related to employees is calculated on the basis of "full-time equivalents", which correspond to the proportion of "hours worked per standard full-time work hours" and which were jointly defined and shared by both Human Resources and Finance teams.

The environmental reporting scope fits to the published indicators. Most of our environmental indicators are calculated on the basis of the physical sites' operating data: buildings' energy consumption, quantities of waste produced, etc. Conversely, greenhouse gas emissions from business travel are measured through the tracking of purchases of transport services (train and airline tickets, car rentals, etc.) by each of Dassault Systèmes' legal entities.

These characteristics explain the co-existence of two reporting scopes for environmental data:

- for indicators relating to energy consumption, total greenhouse gas emissions scope 1 and 2, general waste treatment, waste electrical and electronic equipment and offices certification, the data presented in the environmental report concerns the impacts measured at Dassault Systèmes' main sites. For these indicators, the environmental reporting scope covers the sites that have at least 50 employees. In

2020, the reporting scope thus covers 85.1% of Dassault Systèmes' employees versus 73.1% in 2019;

- for greenhouse gas emissions included in Dassault Systèmes' scope 3, the data presented in the environmental reporting covers greenhouse gas emissions as follows:
 - for indicators relating to the use of sold solutions, the data presented covers emissions relating to all active licenses as of January 1, 2021, covering all available solutions and resulting from financial reporting tools,
 - for indicators relating to the purchase of goods and services and capital goods, the data presented covers emissions relating to all annual invoices in euros recorded between January 1 and December 31, 2020. The scope covers 98.8% of the Company's employees versus 84.9% in 2019;
 - for indicators concerning business travel, the data presented covers emissions produced by employees at Dassault Systèmes' main legal entities. For these indicators, the data presented in the environmental report covers the emissions produced by the employees of legal entities comprising a site with at least 50 employees. In 2020, the reporting scope thus covers 99.7% of Dassault Systèmes' employees versus 84.3% in 2019,

- for indicators relating to employee commuting, the data presented covers the emissions relating to daily commuting by employees of all legal entities by estimating the distances travelled between the declared personal address and their workplace. In 2020, these estimates cover a worldwide scope representing 99.6% of Dassault Systèmes' employees versus 85.4% in 2019.

Our environmental reporting may evolve as part of our ongoing improvement process, or to take account of changes in applicable regulations.

Collecting and consolidating environmental data

The environmental data was collected by the Sustainability Leaders and Sustainability Contributors and then consolidated by our Real Estate and Facilities Management department, based on the Social, Societal and Environmental Reporting Protocol. For selected questions, such as business travel and data concerning electronic waste, external service providers were also consulted.

To simplify the consolidation of environmental data, a dedicated software application was rolled out. This new solution facilitates the structuring and standardization of environmental data (regarding all parameters but scope 3 data related to greenhouse gas emissions), calculation of indicators and an increase in the frequency of information collection from annual to quarterly.

The indicators relating to energy consumption and greenhouse gas emissions as well as waste electrical and electronic

equipment are collected quarterly by the Sustainability Leaders and Sustainability Contributors and are reviewed and reported quarterly by our Real Estate and Facilities Management department.

Indicators for the treatment of common waste and other greenhouse gas emissions are collected annually by the Sustainability Leaders and Sustainability Contributors.

Limitations on environmental reporting

In certain cases, the information produced cannot be based on actual consumption, for example, for certain foreign subsidiaries that represent low contribution or for sites where some expenses are included in the rent. In these cases, the Social, Societal and Environmental Reporting Protocol specifies the procedure to follow in order to make the estimations required.

Regarding waste treatment, collections are handled for most subsidiaries by local government, which does not provide any information on collected waste. It is therefore not possible to provide any information on the amount of waste generated. We have nevertheless queried all of our subsidiaries included in the 2020 reporting scope, as to whether they sorted their waste. Dassault Systèmes produces information on the percentage of sites that perform this type of sorting, not on the quantities of waste.

2.9 Independent verifier's report on Consolidated Non-financial Statement Presented in the management report

This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the General Assembly,

In our quality as an independent verifier, accredited by the COFRAC under the number n° 3-1681 (scope of accreditation available on the website www.cofrac.fr), and as a member of the network of one of the statutory auditors of your entity (hereafter "entity"), we present our report on the consolidated non-financial statement established for the year ended on the 31 December 2020 (hereafter referred to as the "Statement"), included in the management report pursuant to the requirements of articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (Code de commerce).

The entity's responsibility

The Board of Directors is responsible for preparing the Statement, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement.

Independence and quality control

Our independence is defined by the requirements of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (Code de déontologie) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with applicable legal and regulatory requirements, the ethical requirements and French professional guidance.

Responsibility of the independent third party

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the requirements of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R. 225 105 I, 3° and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on the entity's compliance with other applicable legal and regulatory requirements, in particular the French duty of care law and anti-corruption and tax avoidance legislation nor on the compliance of products and services with the applicable regulations.

Nature and scope of the work

The work described below was performed in accordance with the provisions of articles A. 225-1 et seq. of the French Commercial Code, as well as with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements and with ISAE 3000⁽¹⁾.

- we obtained an understanding of all the consolidated entities' activities and the description of the principal risks associated;
- we assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in article L. 225 102 1 III of the French Commercial Code as well as information set out in the second paragraph of article L. 22-10-36 regarding compliance with human rights and anti-corruption and tax avoidance legislation;

(1) ISAE 3000 - Assurance engagements other than audits or reviews of historical financial information

- we verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code;
- we verified that the Statement presents the business model and a description of principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as its their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- we referred to documentary sources and conducted interviews to:
 - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and
 - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix 1; concerning certain risks (digital responsibility, facilitating open innovation and collective intelligence, retaining our talents, developing knowledge and know-how, developing employee commitment), our work was carried out on the consolidating entity, for the others risks, our work was carried out on the consolidating entity and on a selection of entities: DS Deutschland GmbH, DS Americas Corp.;
- we verified that the Statement covers the scope of consolidation, i.e. all the consolidated entities in accordance with article L. 233-16 of the French Commercial Code within the limitations set out in the Statement;
- we obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix 1, we implemented:
 - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data,
 - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities and covers between 16% and 19% of the consolidated data relating to the key performance indicators and outcomes selected for these tests (respectively the headcount and greenhouse gas emissions on Scope 1 and Scope 2);
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

Means and resources

Our verification work mobilized the skills of five people and took place between November 2020 and February 2021 on a total duration of intervention of about fourteen weeks.

We conducted eleven interviews with the persons responsible for the preparation of the Statement including in particular the Human Resources and Information Systems Management, Real Estate and Accommodation Management, Compliance, Learning Experience and Purchasing.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the consolidated non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

Paris-La Défense, the 18th March 2021

French original signed by

Independent third party
EY & Associés,

Jean-François Bélorgey
Partner

Éric Mugnier
Partner, Sustainable Development

Appendix 1: The most important information

Social Information

<i>Quantitative Information (including key performance indicators)</i>	<i>Qualitative Information (actions or results)</i>
Rate of job offers filled by cooptation (%)	The results of the policy in terms of attracting and retaining talent, developing employee commitment, and developing knowledge and know-how
Conversion rate of trainees and apprentices (%)	
Rate of job offers requiring at least 3 years of experience filled by internal applications (%)	The results of the gender equality policy
Absenteeism rate (%)	The results of the policy in terms of preserving health and safety
Number of accidents in the workplace	

Environmental Information

<i>Quantitative Information (including key performance indicators)</i>	<i>Qualitative Information (actions or results)</i>
Carbon intensity (tCO ₂ -eq per FTE)	The results of the climate policy and strategy, both in terms of solutions and operations
Greenhouse gas emissions from operations - Scope 1 (tCO ₂ -eq)	
Greenhouse gas emissions from operations - Scope 2 (tCO ₂ -eq)	
Greenhouse gas emissions from operations - Scope 3 (tCO ₂ -eq)	
Weight of electrical and electronic waste (kg)	
Share of electrical and electronic waste recycled (kg)	

Societal Information

<i>Quantitative Information (including key performance indicators)</i>	<i>Qualitative Information (actions or results)</i>
	The results of the digital responsibility policy, in particular on the protection of personal data
	The results of the policy on facilitating innovation and collective intelligence

2.10 Statutory Auditors' Attestation on the information relating to the Dassault Systèmes SE's total amount paid for sponsorship

2

This is a translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users. This attestation should be read in conjunction with and construed in accordance with French law and professional standards applicable in France.

Statutory auditors' attestation on the information communicated in accordance with the requirements of Article L. 225-115 5° of the French Commercial Code (*Code de commerce*) relating to the total amount of payments made in compliance with paragraphs 1 to 5 of Article 238 bis of the French Tax Code (*Code général des impôts*) for the year ended December 31, 2020

To the Annual General Meeting of Dassault Systèmes,

In our capacity as statutory auditors of your Company and in accordance with the requirements Article L. 225-115 5° of the French Commercial Code (*Code de commerce*), we have prepared this attestation on the information relating to the total amount of payments made in compliance with paragraphs 1 to 5 of Article 238 bis of the French Tax Code (*Code général des impôts*) for the year ended December 31, 2020, contained in the attached document.

This information was prepared under your Board of Directors' responsibility. Our role is to attest this information.

In the context of our role as statutory auditors (*Commissaires aux comptes*), we have audited your Company's annual financial statements for the year ended December 31, 2020. Our audit was conducted in accordance with professional standards applicable in France, and was planned and performed for the purpose of forming an opinion on the annual financial statements taken as a whole and not on any individual component of the accounts used to determine the total amount of payments made in compliance with paragraphs 1 to 5 of Article 238 bis of the French Tax Code (*Code général des impôts*). Accordingly, our audit tests and samples were not carried out with this objective and we do not express any opinion on any components of the accounts taken individually.

We performed those procedures which we considered necessary to comply with professional guidance issued by the by the French Institute of statutory auditors (*Compagnie nationale des commissaires aux comptes*). These procedures, which constitute neither an audit nor a review, consisted in performing the necessary reconciliations between the total amount of payments made in compliance with paragraphs 1 to 5 of Article 238 bis of the French Tax Code (*Code général des impôts*) and the accounting records from which it derived, and verifying that it is consistent with the data used to prepare the annual financial statements for the year ended December 31, 2020.

On the basis of our works, we have no matters to report on the reconciliation of the total amount of payments made in compliance with paragraphs 1 to 5 of Article 238 bis of the French Tax Code (*Code général des impôts*), contained in the attached document and amounting to €1.802.297 with the accounting records used to prepare the annual financial statements for the year ended December 31, 2020.

This attestation shall constitute certification as accurate of the total amount of payments made in compliance with paragraphs 1 to 5 of Article 238 bis of the French Tax Code (*Code général des impôts*), within the meaning of Article L. 225-115 5° of the French Commercial Code (*Code de commerce*).

This attestation has been prepared solely for your attention within the context described above and may not be used, distributed or referred to for any other purpose.

Neuilly-sur-Seine and Paris-la Défense, March 18, 2021

The Statutory Auditors
French original signed by

PricewaterhouseCoopers Audit
Thierry Leroux

Ernst & Young et Autres
Nour-Eddine Zanouada

Vélizy-Villacoublay, March 18, 2021

**Certification relating to the global amount
of sums paid for sponsorship on 2020**

The global amount of sums paid for sponsorship, which are referred to at Article 238 bis of the General Tax Code is €1,802,297 for 2020.

The global amount giving rise to fiscal deductions in 2020, is €1,802,297.

Pascal DALOZ

Chief Operating Officer and Chief Financial Officer

3

FINANCIAL REVIEW AND PROSPECTS

CONTENTS

3.1 Operating and Financial Review	86	3.2 Financial Objectives	102
3.1.1 Executive Overview for 2020	86		
3.1.2 Consolidated Information: Financial Review of 2020 Compared to 2019	95	3.3 Interim and Other Financial Information	103
3.1.3 Variability in Quarterly Financial Results	100		
3.1.4 Capital Resources	101		

3.1 Operating and Financial Review

The executive overview in paragraph 3.1.1. "Executive Overview for 2020" highlights selected aspects of our business during 2020. The Executive Overview of 2020, including the Summary Overview, Summary of our Non-IFRS Results, Definitions of Key Metrics We Use, Supplemental non-IFRS Financial Information, and the more detailed discussion that follows in paragraph 3.1.2 "Consolidated Information: Financial Review of 2020 compared to 2019" should be read

together with our consolidated financial statements and the related Notes included in paragraph 4.1.1 "Consolidated Financial Statements".

Between the end of the 2020 fiscal year and the filing date of this Annual Report, there was no material change in the financial position or financial performance of Dassault Systèmes.

3.1.1 Executive Overview for 2020

3.1.1.1 Summary Overview

(in millions of euros, except percentages and per share data)	IFRS				Non-IFRS			
	2020	2019	Change	Change in cc*	2020	2019	Change	Change in cc*
Total Revenue	€4,452.2	€4,018.2	11%	12%	€4,464.8	€4,055.6	10%	12%
Software Revenue	4,012.6	3,539.4	13%	15%	4,024.0	3,573.6	13%	14%
Services Revenue	439.6	478.8	(8%)	(7%)	440.8	482.0	(9%)	(7%)
Operating Margin	15.0%	20.2%	(5.2)pts		30.2%	32.0%	(1.8)pts	
Diluted net earnings per share ("EPS")	€1.86	€2.34	(20%)		€3.77	€3.65	3%	5%

Software Revenue (in millions of euros)	IFRS				Non-IFRS			
	2020	2019	Change	Change in cc*	2020	2019	Change	Change in cc*
Americas	1,527.0	1,108.7	38%	41%	1,537.6	1,140.1	35%	38%
Europe	1,482.6	1,469.7	1%	2%	1,483.1	1,471.6	1%	2%
Asia	1,003.0	961.0	4%	6%	1,003.3	961.9	4%	5%

* In constant currencies.

Strategic Direction – Extending Our Ambitions

In February 2020, we unveiled our strategic direction for the coming decades, extending our ambition from Things to Life, reflecting our belief that we have the capabilities of applying the knowledge and know-how we have acquired in the non-organic world to the living world. We have reasons to believe that we will eventually help our clients create the complete virtual twin of humans, just as we did for airplanes, vehicles or buildings. This opens up new perspectives for the Healthcare industry, transforming how people are cured and helping them live a better life. To support our new multi-decade ambition, we will focus on developing our leadership in Life

Sciences & Healthcare, continuing to extend our investments and leadership in Manufacturing Industries and advancing forward in the promising Infrastructure & Cities sector.

New Product Line Revenue Reporting

In conjunction with our new ambitions and reflecting the integration of Medidata, which we acquired in October 2019, we introduced in 2020 a new product line financial reporting, with Industrial Innovation software revenue, Life Sciences software revenue and Mainstream Innovation software revenue.

Our new product line revenue reporting, with our three product lines encompassing our brands, is as follows:

- **Industrial Innovation** software revenue is comprised of our CATIA, ENOVIA, SIMULIA, DELMIA, GEOVIA, NETVIBES, and 3DEXCITE brands. In 2020, Netvibes, Exalead and PROXEM solutions were all gathered into one single NETVIBES brand. For the year ended December 31, 2020, Industrial Innovation software revenue totaled €2.29 billion and represented 57% of total IFRS software revenue;
- **Life Sciences** software revenue is comprised of our MEDIDATA and BIOVIA brands. Under this new presentation, ENOVIA Life Sciences Compliance and Quality Management is included in Life Sciences software revenue. For the year ended December 31, 2020, Life Sciences software revenue totaled €787.3 million and represented 20% of total IFRS software revenue;
- **Mainstream Innovation** software revenue is comprised of our SOLIDWORKS brand as well as CENTRIC PLM, 3DVIA and related revenue from our new 3DEXPERIENCE WORKS software products family. For the year ended December 31, 2020, Mainstream Innovation software revenue totaled €937.6 million and accounted for 23% of total IFRS software revenue.

New Industry Sectors

In addition to our new product line reporting, we have changed our Industry groupings in 2020 to reflect our increased focus on three large economic segments: *Manufacturing Industries* (Transportation & Mobility; Aerospace & Defense; Marine & Offshore; Industrial Equipment; High Tech; Home & Lifestyle; Consumer Packaged Goods & Retail and part of Business Services); *Life Sciences & Healthcare* (Life Sciences); and *Infrastructure & Cities* (Energy & Materials; Construction, Cities & Territories; Business Services).

2020 Review in Brief

The global pandemic, which unfolded over the course of the first quarter of 2020, underscored the power of our 3DEXPERIENCE platform to run our business from anywhere and to engage digitally with our customers as well as our partners. While our business has not been immune, our strategic assets: our brands, industries and global/local orientation combined with our financial model have enabled us to demonstrate significant resilience in 2020:

- as part of our purpose, we committed to maintaining our global people resources and we did;
- we continued to invest in expanding our R&D teams, internally and externally, including critical resources around

our data science initiatives. Our R&D supports our clients' next generation of innovation;

- we put in place a saving plan to enable us to mitigate the impact of the pandemic, aiming at a stable non-IFRS EPS in 2020 compared to 2019;
- in October 2019, Medidata represented our largest acquisition ever and we were very pleased to report its strong 2020 performance: Medidata expanded its customer base by 16%, signed record multi-year deals and renewals for *RAVE EDC* in clinical trials and experienced significant traction with *Patient Cloud*. Both its revenue growth and operating margin expansion are in line with the acquisition business plan;
- in Mainstream Innovation, our levers of growth have expanded with SOLIDWORKS, 3DEXPERIENCE WORKS and CENTRIC PLM;
- in Industrial Innovation, we signed a number of important transactions, demonstrating our market leadership, and we delivered a significant number of 3DEXPERIENCE go lives during 2020;
- recurring software revenue increased 26.2% to €3.21 billion, representing 80% of total software revenue;
- IFRS EPS was €1.86 and non-IFRS EPS reached €3.77, up 3.3% as reported and 5% in constant currencies over 2019;
- cash flow from operations increased 4.7% to €1.24 billion.

Group Revenue by Type

IFRS total revenue was €4.45 billion in 2020, representing an increase of 10.8% as reported and 12% in constant currencies. IFRS software revenue increased 13.4% as reported, and 15% in constant currencies to €4.01 billion. IFRS software revenue growth reflected recurring software revenue growth of 28% in constant currencies with the addition of Medidata and organic growth of 7% in constant currencies, while licenses and other software revenue decreased 18% in constant currencies on COVID-19 related demand erosion.

IFRS recurring software revenue represented 80% of total software and totaled €3.21 billion for 2020.

Software Revenue by Region

Software revenue was well-balanced on a geographical basis, with Europe, Americas and Asia representing 37%, 38% and 25% of software revenue, respectively. As a demonstration of our successful geographical diversification strategy, Asia now joins the Americas and Europe regions reaching the 1 billion euro milestone for annual software revenue in 2020.

- in the Americas, IFRS software revenue increased 37.7% as reported and 41% in constant currencies, led by the addition of Medidata with a large proportion of its software revenue in North America and growth in Aerospace & Defense;
- in Asia, IFRS software revenue increased 4.4% as reported and 6% in constant currencies: China showed a strong recurring revenue performance in addition to Medidata; Japan showed a good resilience and Asia Pacific South software revenue increased on large deal activity. These results were offset in part by weaknesses in India and, to a lesser extent in South Korea;
- in Europe, IFRS software revenue increased 0.9% as reported and 2% in constant currencies, with double digit growth in Northern Europe, a good resistance in Western and Central Europe and weakness in Southern Europe;
- non-IFRS recurring software revenue grew year over year across the three regions with all geos performing well in line with business goals;
- on an organic basis and in constant currencies, IFRS software revenue increased by 6% in the Americas, and was lower by 1% in Asia and by 4% in Europe.

Software Revenue by Industry sector

On a non-IFRS basis and in constant currencies, Manufacturing Industries software revenue decreased 3% in total and represented 69% of total software.

Transportation & Mobility strengthened in the second half of 2020 over the first half resulting in a single digit decrease for the full year.

Aerospace & Defense, High-Tech and Home & Lifestyle grew year over year in 2020.

Reflecting the addition of Medidata, Life Sciences & Healthcare software revenue increased significantly and represented 21% of total non-IFRS software revenue in 2020.

Infrastructure & Cities software revenue increased 2% in constant currencies and represented 10% of total non-IFRS software revenue.

Ranked by total software, our top five industries in 2020 were Transportation & Mobility (24%), Life Sciences (21%, reflecting the addition of Medidata), Industrial Equipment (18%), Aerospace & Defense (13%) and High Tech (8%). In 2019, our top five industries were Transportation & Mobility (29%), Industrial Equipment (16%), Aerospace & Defense (14%), High Tech (9%) and Life Sciences (8%).

3DEXPERIENCE Software Revenue

In 2020, 3DEXPERIENCE non-IFRS software revenue represented 27% (27% in 2019) of related non-IFRS software revenue and was driven by business in Aerospace & Defense, Transportation & Mobility, High Tech, Energy & Materials, Industrial Equipment and Marine & Offshore. The 3DEXPERIENCE non-IFRS software revenue decreased 4% in constant currencies for the full year, with a strong recovery in the second half over the first half of 2020.

Acquisitions and Investments

While our primary focus in 2020 was to ensure a successful first year post-acquisition of Medidata we continued to invest in the specific domains:

- with respect to Data Science, we acquired PROXEM in July 2020, bringing strong artificial intelligence capabilities to complement our NETVIBES brand;
- in December 2020, we completed the acquisition of NuoDB, a cloud-native distributed SQL database leader, where we previously held a minority investment. NuoDB's technology has been a part of our cloud infrastructure and data science strategy for a number of years. We consider their technology as critical and unique on the market.

In January 2021, we took an equity position in AVSimulation, a provider of ultra-realistic virtual environments for virtual driving simulation. This will enrich our offering towards assisted driving certification, a critical domain in view of enhanced regulations.

Cash Flow and Balance Sheet Highlights

Net operating cash flow grew by 4.7% from €1,186.1 billion in 2019 to €1,241.3 billion for 2020. During 2020, cash obtained from operations was used principally for repayment

of short- and long-term debt of €400.9 million (including in particular prepaid debt related to the Medidata acquisition); distribution of cash dividends of €182.5 million; repurchase of shares in the amount of €166.2 million; capital expenditures, net of €127.0 million, payment for lease obligations of €93.3 million and payment for acquisitions of €89.5 million (net of cash acquired). We also received cash from exercise of stock options of €87.7 million.

Our deferred revenue increased 14% on an organic basis and in constant currencies, and totaled €1.17 billion on December 31, 2020. With recurring software revenue of €3.21 billion in 2020, and representing 80% of our total software revenue, we have a significant level of visibility on our software revenue growth on a full year basis.

Our net financial cash/(debt) positioned totaled €(2.04) billion on December 31, 2020, compared to €(2.66) billion on December 31, 2019, with cash, cash equivalents and short-term investments of €2.15 billion and debt via borrowings of €4.19 billion.

As of December 31, 2020, Dassault Systèmes' Adjusted Net Debt/IFRS EBITDAO ratio stood at 1.8 compared to 2.5 in 2019, based on an adjusted net debt (including the lease liabilities reported under IFRS 16) of €2,684.8 million (€3,351.4 million in 2019) and an IFRS EBITDAO (IFRS EBITDA adjusted for share-based payments) of €1,452.5 million (€1,325.4 million in 2019).

IFRS EBITDAO and Adjusted net debt are computed as follows for 2019 and 2020:

<i>(in millions of euros)</i>	Year ended December 31,	
	2020	2019
Reported Financial Net Debt	2,041.4	2,655.6
Operating leases liabilities (IFRS 16)	643.3	695.8
Adjusted Net Debt	€2,684.8	€3,351.4
Operating income (IFRS)	669.7	812.8
Amortization and impairment on intangible assets	414.9	253.8
Amortization and depreciation of tangible assets and right of use (IFRS 16)	189.6	142.2
Reported EBITDA	€1,274.2	€1,208.9
Share-based payments, excluding related social charges	178.3	116.5
EBITDAO	€1,452.5	€1,325.4
Adjusted Net Debt/EBITDAO	1.8 x	2.5 x

2021 Financial Objectives

For a discussion of our 2021 business outlook, see paragraph 3.2 "Financial Objectives". For further information regarding risks facing the Group, see paragraph 1.9.1 "Risks Related to the Dassault Systèmes' Business".

Summary of our Non-IFRS Financial Results

In discussing and analyzing our results of operations, our Management considers supplemental non-IFRS financial information: (i) non-IFRS revenue data excludes the effect of adjusting the carrying value of acquired companies' contract liabilities (deferred revenue); and non-IFRS expense data excludes (ii) the amortization of acquired intangibles assets and of tangible assets revaluation, (iii) share-based compensation expense and related social charges, (iv) lease incentives of acquired companies, (v) and other operating income and expense, net, including acquisition, integration and restructuring expenses, and impairment of goodwill and acquired intangible assets (vi) certain one-time items included

in financial income (loss), net, and (vii) certain one-time tax effects and the income tax effects of the above adjustments. A reconciliation of this supplemental non-IFRS financial information with information set forth in our consolidated financial statements and the Notes thereto is presented below under paragraph 3.1.1.2 "Supplemental non-IFRS Financial Information".

Our Management uses the supplemental non-IFRS financial information, together with the IFRS financial information, for financial planning and analysis, evaluation of our operating performance, mergers and acquisition analysis and valuation, operational decision-making and for setting financial objectives for future periods. Compensation of our senior management is based in part on the performance of our business measured with the supplemental non-IFRS information. We believe that the supplemental non-IFRS data also provides meaningful information to investors and financial analysts who use the information for comparing the Group's operating performance to its historical trends and to other companies in the software industry, as well as for valuation purposes.

- Total non-IFRS Revenue:** Total non-IFRS revenue increased 12% to €4.46 billion on software growth of 14% offset in part by a decrease of 7% in services revenue. Software revenue represented 90% of total revenue and services 10%. Financial results reflected the inclusion of Medidata, for twelve months in 2020 and two months in 2019 following the completion of its acquisition on October 28, 2019. On an organic basis and in constant currencies, non-IFRS total revenue decreased 3%.
- Non-IFRS software Revenue:** Non-IFRS software revenue increased 14% in constant currencies, driven by non-IFRS recurring software revenue growth of 27% with the addition of Medidata and organic growth of 6%. Non-IFRS recurring software revenue totaled €3.22 billion and represented 80% of non-IFRS software revenue. Licenses and other software non-IFRS revenue decreased 18% in constant currencies.
- Non-IFRS operating income and margin:** On a non-IFRS basis, operating income increased 4% to €1.35 billion. The non-IFRS operating margin was 30.2% compared to 32.0% for 2019, largely reflecting acquisition dilution of about 210 basis points offset in part by underlying organic improvement of about 40 basis points.
- Non-IFRS net income per share:** Non-IFRS diluted net income per share totaled €3.77, increasing 3% as reported or 5% in constant currencies.

Definitions of Key Metrics We Use

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 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 currencies 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 currencies information is provided on an approximate basis. Unless otherwise indicated, the impact of exchange rate fluctuations is approximately the same for both the Group's IFRS and supplemental non-IFRS financial data.

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 announced, we 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. In 2020, Netvibes, Exalead and PROXEM solutions were all gathered into one single NETVIBES brand; 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 related revenue from 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”).

Adjusted Net Debt

The Adjusted Net Debt corresponds to the net financial debt position (borrowings net of cash, cash equivalent and short-term investments) adjusted of IFRS 16 lease liabilities.

IFRS EBITDAO (Earnings Before Interest, Taxes and Amortization Operating)

The IFRS EBITDAO corresponds to the IFRS operating income adjusted of amortization, depreciation and impairment expense of intangible and tangible assets and of non-cash share-based payment expense (excluding related social charges).

3.1.1.2 Supplemental Non-IFRS Financial Information

Readers are cautioned that the supplemental non-IFRS financial information is subject to inherent limitations. It is not based on any comprehensive set of accounting rules or principles and should not be considered in isolation from or as a substitute for IFRS measurements. The supplemental non-IFRS financial information should be read only in conjunction with the Company’s consolidated financial statements prepared in accordance with IFRS. Furthermore, the Group’s supplemental non-IFRS financial information may not be comparable to similarly titled non-IFRS measures used by other companies. Specific limitations for individual non-IFRS measures are set forth below.

In evaluating and communicating our results of operations, we supplement our financial results reported on an IFRS basis with non-IFRS financial data. As further explained below, the supplemental non-IFRS financial information excludes the effects of: contract liabilities (deferred revenue) adjustments for acquired companies, amortization of acquired intangibles and of tangible assets revaluation, lease incentives of acquired companies, share-based compensation expense and related social charges, other operating income and expense, net including acquisition, integration and restructuring expenses, and impairment of goodwill and acquired intangible assets,

certain one-time items included in financial income (loss), net, and the income tax effect of the non-IFRS adjustments and certain one-time tax effects. Subject to the limitations set forth above and below, we believe that the supplemental non-IFRS financial information provides a consistent basis for period-to-period comparisons which can improve investors’ understanding of our financial performance.

Our management uses the supplemental non-IFRS financial information, together with our IFRS financial information, for financial planning and analysis, evaluation of our operating performance, mergers and acquisition analysis and valuation, operational decision-making and for setting financial objectives for future periods. Compensation of our senior management is based in part on the performance of our business measured with the supplemental non-IFRS information. We believe that the supplemental non-IFRS data also provides meaningful information to investors and financial analysts who use the information for comparing the Company’s operating performance to its historical trends and to other companies in its industry, as well as for valuation purposes.

The supplemental non-IFRS financial information adjusts the Company’s IFRS financial information to exclude:

• **contract liabilities write-downs:** under IFRS, deferred revenue of an acquired company must be adjusted by writing it down to account for the fair value of obligations assumed under contracts acquired through the acquisition of the Company. As a result, in the case of a typical one-year contract, the Company’s IFRS revenues for the one-year period subsequent to an acquisition do not reflect the full amount of revenue on assumed contracts that would have otherwise been recorded by the acquired entity in the absence of the acquisition.

In our supplemental non-IFRS financial information, we have excluded this write-down to the carrying value of the contract liabilities, and reflect instead the full amount of such revenue. We believe that this non-IFRS measure of revenue is useful to investors and management because it reflects a level of revenue and operational results that corresponds to the combined business activities of Dassault Systèmes and the acquired company. In addition, the non-IFRS financial information provides a consistent basis for comparing its future operating performance, when no further adjustments to deferred revenue are required, against recent results.

However, by excluding the deferred revenue adjustment, the supplemental non-IFRS financial information reflects the total revenue that would have been recorded by the acquired entity but may not reflect the total cost associated with generating the non-IFRS revenue;

- amortization of acquired intangibles assets, including amortization of acquired technology, and amortization of acquired tangible assets revaluation arising from a business combination:** under IFRS, the cost of acquired intangible and tangible assets, whether acquired through acquisitions of companies or of technology or certain other intangible assets, must be recognized according to the assets' fair value and amortized over their useful life.

In its supplemental non-IFRS financial information, the Company has excluded the amortization related to acquired intangibles assets and of acquired tangible assets revaluation arising from a business combination in order to provide a consistent basis for comparing its historical results. Costs related to internally developed technology are typically expensed as incurred. For example, because it typically incurs most of its R&D costs prior to reaching technical feasibility, its R&D costs are expensed in the period in which they are incurred. By excluding the amortization expenses related to acquired intangibles, the supplemental non-IFRS financial information provides a uniform approach for evaluating the development cost of all the Company's technology, whether developed internally or acquired externally. As a result, the Company believes that the supplemental non-IFRS financial information offers investors a useful basis for comparing its historical results.

However, the acquired intangible assets and tangible assets revaluation arising from a business combination, which amortization costs are excluded contributed to revenue earned during the period, and it may not have been possible to earn such revenue without such assets. In addition, the annual amortization of acquired intangibles assets and tangible assets revaluation arising from a business combination is a recurring expense until they are fully amortized;

- share-based compensation expense and related social charges:** under IFRS, the Company is required to recognize in its income statement all share-based compensation to employees, including grants of employee stock options and performance shares, based on their fair values over the period that an employee provides service in exchange for the award.

The Company excludes this expense in its supplemental non-IFRS financial information as financial analysts and investors use a valuation model that may not take into account its share-based compensation expense. The exclusion of share-based compensation expense in the Company's supplemental non-IFRS financial information therefore helps them ensure the consistency of their valuation metrics. The Company's

management considers the supplemental non-IFRS information that excludes share-based compensation expense when reviewing the Company's operating performance, since share-based compensation expenses can fluctuate due to factors other than the level of its business activity or operating performance.

However, share-based compensation is one component of employee compensation. By excluding share-based compensation expense, the supplemental non-IFRS financial information does not reflect the Company's full cost of attracting, motivating and retaining its personnel. Share-based compensation expense is a recurring expense;

- lease incentives of acquired companies:** under IFRS, the right-of-use on the company acquired leased assets has to be adjusted by the buyer when the business combination is accounted for, in order to recognize the fair value of their future lease payments. Lease incentives received, such as rent-free periods, are not included in the right-of-use evaluation. Therefore, under IFRS, amortization of right-of-use assets during the lease period does not take into account the amortization savings related to these incentives, which would have been recognized by the company acquired if it continued to operate on a standalone basis.

In its supplemental non-IFRS financial information, the Company excludes lease incentives of acquired companies such as rent-free periods. As a result, the Company believes that its supplemental non-IFRS financial information is useful for investors and the Company's management because amortization expense and operating income presented as such reflect the combined activities of both the Company and the acquired company;

- other operating income and expense, net:** under IFRS, the Company has recognized certain other operating income and expense comprised of the impact of costs incurred in connection with the voluntary early retirement plan, restructuring activities, gains or losses on sale of subsidiaries, impairment of goodwill or acquired intangible assets, costs directly related to acquisitions and costs related to site closings and reorganization of the Company's premises.

In its supplemental non-IFRS financial information, the Company excludes other operating income and expense effects because of their unusual, infrequent or generally non-recurring nature. As a result, the Company believes that its supplemental non-IFRS financial information helps investors better understand the current trends in its operating performance.

However, other operating income and expense are components of the Company's income and expense and by excluding them the supplemental non-IFRS financial information excludes their impact to its net income;

• **certain one-time items included in financial income (loss), net:**

In its supplemental non-IFRS financial information, the Company excludes certain one-time items included in financial income (loss), net because of their unusual, infrequent or generally non-recurring nature. As a result, the Company believes that its supplemental non-IFRS financial information helps investors better understand the current trends in its operating performance.

However, these one-time items included in financial income (loss), net are components of the Company's income and expense and by excluding them the supplemental non-IFRS financial information excludes their impact to its net income;

• **certain one-time tax effects:** The Company's IFRS financial statements reflect the impact of one-time tax effects, such as restructurings of activities or tax remeasurement effects, which may result in immediate adjustment of the income tax provision.

In its supplemental non-IFRS financial information, the Company has excluded these one-time tax effects because of their unusual nature in qualitative terms. The Company does not expect such tax effects to occur as part of its normal business on a regular basis. As a result, the Company believes that by excluding these one-time tax impacts, its supplemental non-IFRS financial information helps investors understand the current trends in its operating performance. The Company also believes that the exclusion of certain one-time tax effects facilitates a comparison of its effective tax rate between different periods.

However, these one-time tax effects are a component of the Company's income tax expense. By excluding these effects, the supplemental non-IFRS financial information understates or overstates the Company's income tax expense. These one-time tax effects are not a recurring expense.

The following table sets forth the Company's supplemental non-IFRS financial information together with the comparable IFRS financial measure and a reconciliation of the IFRS and non-IFRS information.

(in millions of euros, except percentages and per share data)	Year ended December 31,						Variation	
	2020 IFRS	Adjustment ⁽¹⁾	2020 non-IFRS	2019 IFRS	Adjustment ⁽¹⁾	2019 non-IFRS	IFRS	Non-IFRS ⁽²⁾
Total Revenue	€4,452.2	€12.6	€4,464.8	€4,018.2	€37.4	€4,055.6	11%	10%
Total revenue by activity								
Software revenue	4,012.6	11.4	4,024.0	3,539.4	34.2	3,573.6	13%	13%
Licenses and other software revenue	807.5	-	807.5	999.6	-	999.6	(19%)	(19%)
Subscription and Support revenue	3,205.2	11.4	3,216.5	2,539.8	34.2	2,574.0	26%	25%
Recurring portion of software revenue	80%		80%	72%		72%		
Services revenue	439.6	1.2	440.8	478.8	3.2	482.0	(8%)	(9%)
Total software revenue by product line⁽³⁾								
Industrial Innovation	2,287.6	0.8	2,288.5	2,391.6	-	2,391.6	(4%)	(4%)
o/w CATIA	1,065.8	0.8	1,066.6	1,100.2	-	1,100.2	(3%)	(3%)
o/w ENOVIA ⁽⁴⁾	345.7	-	345.7	368.7	-	368.7	(6%)	(6%)
Life Sciences ⁽⁵⁾	787.3	9.9	797.3	236.9	27.3	264.2	232%	202%
Mainstream Innovation	937.6	0.6	938.3	910.9	6.9	917.8	3%	2%
o/w SOLIDWORKS	841.4	-	841.4	823.5	-	823.5	2%	2%
Total revenue by geography								
Europe	1,675.2	0.4	1,675.6	1,671.8	2.5	1,674.3	0%	0%
Americas	1,688.6	11.8	1,700.4	1,298.6	34.0	1,332.7	30%	28%
Asia	1,088.4	0.4	1,088.8	1,047.7	0.9	1,048.6	4%	4%
Total Operating Expenses	(3,782.5)	667.5	(3,115.0)	(3,205.4)	447.1	(2,758.3)	18%	13%
Share-based compensation expense and related social charges	(214.1)	214.1	-	(168.5)	168.5	-		
Amortization of acquired intangibles assets and of tangible assets revaluation	(394.5)	394.5	-	(244.0)	244.0	-		
Lease incentives of acquired companies	(2.9)	2.9	-	(0.5)	0.5	-		
Other operating income and expense, net	(56.0)	56.0	-	(34.1)	34.1	-		
Operating Income	669.7	680.1	1,349.8	812.8	484.5	1,297.4	(18%)	4%
Operating Margin	15.0%		30.2%	20.2%		32.0%		
Financial income (loss), net	(23.4)	1.1	(22.3)	3.1	0.1	3.2	N/A	N/A
Income before Income Taxes	646.3	681.2	1,327.5	815.9	484.7	1,300.6	(21%)	2%
Income tax expense	(160.8)	(172.0)	(332.8)	(209.6)	(134.4)	(344.0)	(23%)	(3%)
Non-controlling interest	5.5	(5.5)	-	9.0	(5.9)	3.0	(39%)	(100%)
Net Income attributable to shareholders	€491.0	€503.7	€994.7	€615.3	€344.3	€959.6	(20%)	4%
Diluted Net Income Per Share⁽⁶⁾	€1.86	€1.91	€3.77	€2.34	€1.31	€3.65	(20%)	3%

(1) In the reconciliation schedule above, (i) all adjustments to IFRS revenue data reflect the exclusion of the deferred revenue adjustment of acquired companies; (ii) adjustments to IFRS operating expense data reflect the exclusion of the amortization of acquired intangibles assets and of tangible assets revaluation, share-based compensation expense and related social charges, and the effect of adjusting the lease incentives of acquired companies, as detailed below, and other operating income and expense, net including acquisition, integration and restructuring expenses, and impairment of goodwill and acquired intangible assets (iii) adjustments to IFRS financial income (loss), net reflect the exclusion of certain one-time items included in financial income (loss), net, and (iv) all adjustments to IFRS income data reflect the combined effect of these adjustments, plus with respect to net income and diluted net income per share, certain one-time tax effects and the income tax effect of the non-IFRS adjustments.

(2) The non-IFRS percentage change compares non-IFRS measures for the two different periods. In the event there is an adjustment to the relevant measure for only one of the periods under comparison, the non-IFRS change compares the non-IFRS measure to the relevant IFRS measure.

(3) Commencing with the first quarter of 2020, the Group introduced a new presentation of revenue by product lines as presented in paragraph 3.1.1 "Executive Overview for 2020" – "New Product Line Revenue Reporting". Under the new presentation, ENOVIA Life Sciences Compliance and Quality Management is included in Life Sciences software revenue.

(4) Excluding ENOVIA Life Sciences Compliance and Quality Management in 2020 (FY 2019: €15.0 million)

(5) Including ENOVIA Life Sciences Compliance and Quality Management in 2020 (FY 2019: €15.0 million)

(6) Based on a weighted average of 264.2 million diluted shares for 2020 and 263.2 million diluted shares for 2019.

<i>(in millions of euros)</i>	Year ended December 31,							
	2020 IFRS	Share-based compensation expense and relates social charges	Lease incentives of acquired companies	2020 non-IFRS	2019 IFRS	Share-based compensation expense and relates social charges	Lease incentives of acquired companies	2019 non-IFRS
Cost of revenue	€(749.7)	€13.1	€0.8	€(735.8)	€(633.6)	€9.1	€0.2	€(624.2)
Research and development	(935.4)	75.7	1.3	(858.4)	(737.9)	69.5	0.3	(668.2)
Marketing and sales	(1,256.3)	62.3	0.4	(1,193.6)	(1,226.3)	49.9	0.1	(1,176.3)
General and administrative	(390.7)	63.1	0.4	(327.2)	(329.5)	39.9	-	(289.6)
TOTAL		€214.1	€2.9			€168.5	€0.5	

3.1.1.3 Critical Accounting Principles

Our consolidated financial statements have been prepared in accordance with IFRS. The preparation of these financial statements requires us to make certain assumptions and estimates. Actual results may differ from these estimates under different assumptions or conditions. We believe the following critical accounting policies, among others, involve the more significant assumptions and estimates used in the preparation

of its consolidated financial statements: revenue recognition, share-based compensation, purchase price allocation for business combinations, goodwill and other intangible assets, income taxes and reasonable estimates about the ultimate resolution of the Company's tax uncertainties. See Note 2 to the consolidated financial statements for a description of these accounting policies.

3.1.2 Consolidated Information: Financial Review of 2020 Compared to 2019

Revenue

Our total revenue is comprised of (i) software revenue, which is our primary source of revenue, and (ii) services revenue. For the year ended December 31, 2020 software revenue represented 90.1% (88.1% in FY 2019) and services revenue represented 9.9% (11.9% in FY 2019) of our IFRS total revenue.

<i>(in millions of euros except percentages)</i>	Year ended December 31,			
	2020	2019	Change	Change in cc
Total Revenue*	€4,452.2	€4,018.2	11%	12%
Total Software Revenue	€4,012.6	€3,539.4	13%	15%
• Licenses and Other software	807.5	999.6	(19%)	(18%)
• Subscription and Support revenue	3,205.2	2,539.8	26%	28%
Americas total software	1,527.0	1,108.7	38%	41%
Europe total software	1,482.6	1,469.7	1%	2%
Asia total software	1,003.0	961.0	4%	6%
Services Revenue	€439.6	€478.8	(8%)	(7%)

* Our largest national markets as measured by total revenue were the United States, Japan, Germany, France and China for the years ended December 31, 2020 and 2019.

IFRS total revenue increased 10.8% or €434.0 million, reflecting software revenue growth of €473.2 million partly offset by services revenue decrease of €39.2 million. Currency had a negative impact of approximately 1 percentage point on IFRS total revenue growth.

On a non-IFRS basis, total revenue of €4.46 billion (FY 2019 €4.06 billion) increased 10.1% as reported and 12% in constant currencies. On an organic basis and in constant currencies, non-IFRS total revenue decreased 3% reflecting the impact of the COVID-19 on license software and services activities.

Software revenue is comprised of subscription and support revenue and licenses revenue and other software revenue. Subscription and support revenue are referred to together as "recurring revenue".

Our software applications are licensed principally pursuant to one of two payment structures: (i) licenses, for which the customer pays an initial or one-time fee for a perpetual license or (ii) subscription revenue for which the customer pays periodic fees to keep the license active. Support revenue represents periodic fees associated with the sale of unspecified product updates on a when-and-if-available basis and technical support. Subscription licenses entitle the customer to product updates without additional charge and to technical support. Product updates include improvements to existing products but do not cover new products. Subscription revenue also is derived from multi-year cloud arrangements, including access to cloud solution, hosting and support services. Other software revenue is comprised of the Company's product development revenue relating to the development of additional functionalities of standard products requested by customers and reinstated maintenance.

<i>(in millions of euros, except percentages)</i>	Year ended December 31,	
	2020	2019
Software revenue by type:		
Licenses and Other software revenue	807.5	999.6
Subscription and Support revenue	3,205.2	2,539.8
TOTAL SOFTWARE REVENUE	€4,012.6	€3,539.4
<i>(as % of total revenue)</i>	90.1%	88.1%

IFRS software revenue increased 13.4% or €473.2 million, reflecting subscription and support revenue growth, offset in part by a decrease in new licenses and other software. Subscription and support revenue increased 26.2%, or €665.4 million with the addition of Medidata and organic growth of 7% in constant currencies. Licenses and other software revenue decreased 18% in constant currencies on COVID-19 related demand erosion. Recurring software revenue represented 80% of software revenue compared to 72% in 2019. On an organic basis and in constant currencies, software revenue remained stable, with subscription and support revenue organic growth offset by lower licenses and other software.

On a non-IFRS basis, software revenue of €4.02 billion increased 12.6% or 14% in constant currencies, driven by the same factors. Non-IFRS subscription and support revenue of €3.22 billion increased 25.0% or 27% in constant currencies. Licenses and other software revenue of €807.5 million decreased 19.2% or 18% in constant currencies. On an organic

basis and in constant currencies, non-IFRS software revenue decreased 1%.

Services revenue is principally comprised of revenue from consulting services in methodology for design, simulation, deployment and support, training services and engineering services. In addition, services and other revenue also include content production for use in 3D visualization, advertising, sales and marketing.

<i>(in millions of euros, except percentages)</i>	Year ended December 31,	
	2020	2019
Services revenue	€439.6	€478.8
<i>(as % of total revenue)</i>	9.9%	11.9%

Services revenue decreased 8.2% (8.5% on a non-IFRS basis) and 7% in constant currencies (IFRS and non-IFRS), reflecting COVID-19 related disruptions to new business and to service engagements partially offset by the addition of services from Medidata.

Non-IFRS services revenue gross margin decreased from 10.5% in 2019 to 9.0% in 2020, on lower than expected activities, offset in part by a positive mix effect and lower sub-contracting costs.

Operating Expenses

<i>(in millions of euros)</i>	Year ended December 31,	
	2020	2019
IFRS Operating expenses	€(3,782.5)	€(3,205.4)
Non-IFRS adjustments:	€667.5	€447.1
• Amortization of acquired intangible assets and of tangible assets revaluation	394.5	244.0
• Share-based compensation expense and related social charges	214.1	168.5
• Lease incentives of acquired companies	2.9	0.5
• Other operating income and expense, net	56.0	34.1
Non-IFRS Operating expenses	€(3,115.0)	€(2,758.3)

IFRS operating expenses increased 18.0% in total, reflecting in particular external growth from acquisitions of 23 percentage points offset in part by favorable currency effects of 2 percentage points. On an organic basis and in constant currencies, IFRS and non-IFRS operating expenses decreased 3%.

Specifically, IFRS operating expenses increased €577.1 million to €3,782.5 million, reflecting higher expenses for R&D of €197.4 million, for amortization of acquired intangible assets and of tangible assets revaluation of €150.5 million, and for cost of services of €145.4 million.

Non-IFRS operating expenses increased 12.9% or €356.7 million to €3,115.0 million, reflecting higher expenses for R&D of €190.2 million and for cost of services of €141.8 million. Non-IFRS operating expenses increased 15% in constant currencies due to external growth from acquisitions.

The adjustments and non-IFRS operating expenses in the table above reflect adjustments to the Company's financial information prepared in accordance with IFRS by excluding (i) the amortization of acquired intangibles assets and of

tangible assets revaluation, (ii) share-based compensation expense and related social charges, (iii) lease incentives of acquired companies and (iv) other operating income and (expense), net including acquisition, integration and restructuring expenses, and impairment of goodwill and acquired intangible assets. With respect to share-based compensation expense and related social charges the increase of €45.6 million in 2020 compared to 2019 principally reflects the full year effect of rights granted at the end of 2019 and related to Medidata acquisition and changes in previous plans.

For the reconciliation of this non-IFRS financial information with information set forth in our financial statements and the Notes thereto, see paragraph 3.1.1.2 "Supplemental Non-IFRS Financial Information" further above and the discussion of Amortization of acquired intangibles and Other operating income and expense, net below herein.

Cost of Software Revenue

The cost of software revenue includes principally software personnel costs, licensing fees paid for third-party components integrated into the Company's own products, hosting and other cloud-related costs and other expenses.

<i>(in millions of euros, except percentages)</i>	Year ended December 31,	
	2020	2019
Cost of software revenue (excluding amortization of acquired intangibles and of tangible assets revaluation)	€(341.5)	€(196.2)
(as% of total revenue)	7.7%	4.9%

IFRS cost of software revenue (excluding amortization of acquired intangibles and of tangible assets revaluation) increased 74.1% or €145.3 million, principally due to the addition of the Medidata acquisition for 58 percentage points. On an organic basis cost of software increased 19 percentage points, reflecting in particular costs related to headcount growth. Currency had a positive effect of about 2.9 percentage points.

Non-IFRS cost of software revenue increased 73.5% to €334.7 million from €192.9 million in 2019 due to the same factors with 56 percentage points of growth from acquisitions and a 20 percentage points increase from organic growth. Currency had a positive effect of about 2.5 percentage points.

Cost of Services Revenue

The cost of services revenue includes principally personnel and other costs related to organizing and providing services revenue.

<i>(in millions of euros, except percentages)</i>	Year ended December 31,	
	2020	2019
Cost of services revenue	€(408.1)	€(437.4)
(as% of total revenue)	9.2%	10.9%

IFRS cost of services revenue decreased 6.7% or €29.3 million on lower costs and currency effects, offset in part by the addition of Medidata for 9 percentage points. Specifically, on an organic basis and in constant currencies, IFRS cost of services decreased 14%, reflecting lower travel and services subcontracting. Currency had a 1.7 percentage points positive currency impact.

Non-IFRS cost of services decreased 7.0% or €30.2 million to €401.1 million due to the same factors.

Research and development expenses

Expenses for R&D include primarily personnel costs as well as the rental, depreciation and maintenance expenses for computer hardware used in R&D including cloud infrastructure, development tools, computer networking and communication expenses.

Costs for R&D of software are expensed in the period in which they are incurred. We do not capitalize any R&D costs. A small percentage of R&D personnel pursue R&D activities in the context of providing clients with software maintenance, and their cost is thus included under cost of software revenue.

Expenses for R&D are recorded net of grants received from various governmental authorities to fund certain R&D projects as well as R&D tax credits received mostly in France.

<i>(in millions of euros, except percentages)</i>	Year ended December 31,	
	2020	2019
Research and development expenses	€(935.4)	€(737.9)
(as% of total revenue)	21.0%	18.4%

IFRS research and development expenses increased 26.8% or €197.4 million, reflecting change in perimeter from acquisitions of 24 percentage points as well as higher organic personnel cost growth. Thus, on an organic basis, IFRS R&D increased 4 percentage points in total and currency had a positive impact of 1.2 percentage points.

Non-IFRS research and development expenses increased 28.5% to €858.4 million, principally due to change in perimeter from acquisitions and organic growth. Specifically, on an organic basis, non-IFRS research and development expenses increased 5%. Currency had a positive impact of 1.5 percentage points.

Marketing and Sales Expenses

Marketing and Sales expenses consist primarily of personnel costs, which include sales commissions and personnel expenses for processing sales transactions; marketing and communications expenses, including advertising; travel expenses; and marketing infrastructure costs, such as information technology resources used for marketing.

<i>(in millions of euros, except percentages)</i>	Year ended December 31,	
	2020	2019
Marketing and sales expenses	€(1,256.3)	€(1,226.3)
(as% of total revenue)	28.2%	30.5%

IFRS Marketing and sales expenses increased 2.5% or €30.0 million in total, reflecting lower marketing and sales expenses on an organic basis largely offsetting by external growth from acquisitions estimated at 10 percentage points for sales expenses and at 11 percentage points for marketing expenses. Currency had a positive impact of under 2 percentage points.

Similarly, non-IFRS Marketing and sales expenses increased 1.5% to €1,193.6 million from €1,176.3 million in 2019.

On an organic basis and in constant currencies, IFRS and non-IFRS sales, respectively by 6% and 7%, and marketing expenses decreased 7% reflecting restrictions on physical events and lower travel expenses in connection with the COVID-19 health crisis.

General and Administrative Expenses

General and administrative expenses consist primarily of personnel costs of the finance, human resources, legal and general management; third-party professional fees (excluding acquisition-related fees) and other expenses; travel expenses; and infrastructure costs, including information technology resources.

<i>(in millions of euros, except percentages)</i>	Year ended December 31,	
	2020	2019
General and administrative expenses	€(390.7)	€(329.5)
(as% of total revenue)	8.8%	8.2%

IFRS general and administrative expenses increased 18.6% or €61.2 million in total, principally reflecting the effect of acquisitions.

Similarly, non-IFRS general and administrative expenses increased 13.0% or €37.6 million in total to €327.2 million from €289.6 million in 2019.

On an organic basis and in constant currencies, general and administrative expenses decreased 4% (IFRS) and 5% (non-IFRS) principally reflecting restrictions and lower travel expenses in connection with the COVID-19 health crisis.

Amortization of Acquired Intangible assets and of tangible assets revaluation

Amortization of acquired intangibles includes mainly amortization of acquired technology and acquired customer relationships.

<i>(in millions of euros)</i>	Year ended December 31,	
	2020	2019
Amortization of acquired intangible assets and of tangible assets revaluation	€(394.5)	€(244.0)

IFRS Amortization of acquired intangible assets and tangible assets revaluation increased 61.7% or €150.5 million principally reflecting the Medidata acquisition completed in the fourth quarter of 2019.

See Notes 16 and 17 to the consolidated financial statements.

Other Operating Income and Expense, net

Other operating income and (expense), net, includes the impact of events that are unusual, infrequent or generally non-recurring in nature.

<i>(in millions of euros)</i>	Year ended December 31,	
	2020	2019
Other operating income (expense), net	€(56.0)	€(34.1)

IFRS Other operating income (expense), net totaled €(56.0) million in 2020 compared to €(34.1) million in 2019.

Other operating income and (expense), net mainly includes the costs incurred in connection with a voluntary early retirement plan for €(33.5) million (€(4.2) million in 2019), the costs incurred in connection with relocation activities for €(9.6) million (€(3.7) million in 2019), the impairment of acquired intangible assets for €(7.3) million (nil in 2019) and other restructuring costs for €(4.6) million (€(2.1) million

in 2019). 2019 other operating income (expense) included acquisition costs for €(24.0) million (nil in 2020).

See Note 8 to the consolidated financial statements.

Operating Income

<i>(in millions of euros)</i>	Year ended December 31,	
	2020	2019
Operating income	€669.7	€812.8

IFRS Operating income decreased 17.6% reflecting higher total revenue of €434.0 million, up 10.8%, offset by a €577.1 million increase in operating expenses notably R&D costs, amortization of acquired intangible assets and of tangible assets revaluation and cost of software mainly due to external growth from acquisitions. IFRS Operating margin decreased from 20.2% in 2019 to 15.0% in 2020.

Non-IFRS Operating income increased 4.0%, as reported and 6% in constant currencies and totaled €1.35 billion compared to €1.30 billion in 2019. The non-IFRS operating margin was 30.2% compared to 32.0% in 2019, and principally reflected acquisition dilution of about 210 basis points offset in part by organic growth of about 40 basis points. Currency did not have an impact on the non-IFRS operating margin evolution on a full year basis.

Financial income (loss), net

Financial income (loss), net includes (i) interest income and interest expense, net; (ii) foreign exchange gains or losses, net, primarily composed of realized and unrealized exchange gains and losses on receivables and loans denominated in foreign currencies; and (iii) one-time items, net.

<i>(in millions of euros)</i>	Year ended December 31,	
	2020	2019
Financial income (loss), net	€(23.4)	€3.1

IFRS financial income (loss), net totaled €(23.4) million in 2020 compared to €3.1 million for 2019, principally reflecting a decrease in interest income from lower cash balances and higher interest expense related to an increase in debt for the financing of the acquisition of Medidata.

Non-IFRS financial income, net totaled €(22.3) million, compared to €3.2 million in 2019 with the decrease principally driven by the same factors.

See Note 9 to the consolidated financial statements.

Income tax expense

<i>(in millions of euros, except percentages)</i>	Year ended December 31,	
	2020	2019
Income tax expense	€(160.8)	€(209.6)
Effective consolidated tax rate	24.9%	25.7%

IFRS income tax expense decreased by 23.3%, reflecting primarily a 20.8% decrease in pre-tax income and, to a lesser extent, a decrease from 25.7% in 2019 to 24.9% in 2020 of the effective tax rate.

On a non-IFRS basis, income tax expense decreased 3.3% to €332.8 million compared to €344.0 million in 2019, principally due to an effective tax rate decrease. On a non-IFRS basis, the estimated effective tax rate was 25.1% compared to 26.5% in 2019.

The principal benefit driving the IFRS and non-IFRS lower effective tax rates for 2020 was the decrease of the statutory tax rate in France.

See Note 10 to the consolidated financial statements for an explanation of the differences between the effective tax rate and the French corporate income tax computed at the statutory rate of 32.02% for 2020 and 34.43% for 2019.

Net income and net income per diluted share

<i>(in millions of euros, except per share data)</i>	Year ended December 31,	
	2020	2019
Net income attributable to shareholders	€491.0	€615.3
Net income per diluted share	€1.86	€2.34
Weighted average diluted shares outstanding	264.2	263.2

IFRS net income per diluted share decreased 20.5% to €1.86, principally driven by a decrease in operating income of 17.6%, mainly on higher amortization of intangibles and higher financial net losses, partially offset by lower income tax expense.

Non-IFRS diluted net income per share increased 3.3% to €3.77 from €3.65 in 2019 mainly reflecting an increase in operating income of 4.0%, with higher financial (loss), net partially offset by a lower effective tax rate. Excluding currency effects, non-IFRS diluted net income per share grew 5%.

3.1.3 Variability in Quarterly Financial Results

Our quarterly licenses revenue growth may have varied significantly in the past and may vary significantly in the future. Over the course of 2020, we have seen the impact of the COVID-19 pandemic affecting macroeconomic conditions due to significant restrictions affecting demand as well as triggering supply constraints. In addition, quarterly licensing revenue growth reflects business seasonality, clients' decision processes, licenses and subscription licensing mix and timing and mix of multi-year on-premise software contracts. Services revenue activity also vary significantly by quarter reflecting clients' decision processes as well as our decisions regarding service engagements to be performed by us or by system integrators we work with. In addition, the COVID-19 health crisis has significantly impacted services activities during 2020 in our Manufacturing Sector, in particular, due to a lower level of new licenses activities reducing the demand for services as well as the timeline and scope of services agreements underway prior to the COVID-19 pandemic.

Our total software revenue growth has generally been less sensitive to quarterly variation due to the significant level of recurring software revenue, which is comprised of subscription revenue and support revenue. IFRS and non-IFRS Recurring

software revenue represented 80% and 72% of total software revenue in 2020 and 2019, respectively but could be subject to renewal delays. With the implementation of IFRS 15 effective as of January 1, 2018, sequential comparisons of our recurring software revenue growth need, however, to take into account the fact that a high proportion of on-premise, subscription software contracts renew for an annual period as of January 1st. Therefore, under IFRS 15 we record a higher percentage of the annual amount of the on-premise subscription in the first quarter. In addition, year-over-year growth comparisons may be impacted by changes in timing of annual on premise subscription renewals. Revenue from cloud subscriptions are generally recognized ratably over the contractual terms. Nonetheless, timing of large acquisitions could affect our quarter to quarter growth rate of recurring software revenue.

A significant portion of license sales typically occurs in the last month of each quarter, and we normally experience our highest licenses sales for the year in our fiscal fourth quarter. Therefore, total revenue, operating income, operating margin and net income have generally been higher in the fourth quarter of each year.

Acquisitions and divestitures can also cause the different elements of our revenue to vary from quarter to quarter. Rapid changes in currency exchange rates could also cause reported revenue, operating income and earnings per share and their respective reported growth rates to vary from quarter to quarter.

Therefore, it is possible that our quarterly total revenue could vary significantly and that our net income could vary significantly, reflecting the change in revenues, together with the effects of our investment plans. See paragraphs 1.9.1.1 “Uncertain Global Economic Environment” and 1.9.1.11 “Variability in Dassault Systèmes’ Quarterly Operating Income” in Risk Factors.

<i>(in millions of euros, except percentages)</i>	For the Year Ended December 31,				
	1Q 2020	2Q 2020	3Q 2020	4Q 2020	FY 2020
Licenses and Other Software	172.3	169.3	167.0	298.9	807.5
Seasonality %	21.3%	21.0%	20.7%	37.0%	100.0%
Subscription & Support Revenue	841.9	789.5	767.3	806.4	3,205.2
Seasonality %	26.3%	24.6%	23.9%	25.2%	100.0%
Software Revenue	€1,014.2	€958.8	€934.3	€1,105.3	€4,012.6
Seasonality%	25.3%	23.9%	23.3%	27.5%	100.0%

3.1.4 Capital Resources

We have a significant financial flexibility thanks to our available cash and short-term investments position and strong level of annual cash flow. Principal uses of cash are for acquisitions, repayment of debt, cash dividends and share repurchases to minimize share count dilution from performance share plans.

Our net financial position improved to €(2.04) billion at December 31, 2020, compared to €(2.66) billion at December 31, 2019, with an increase in cash and cash equivalents and short-term investments of €0.20 billion to €2.15 billion from €1.95 billion, less debt related to borrowings of €4.19 billion compared to €4.60 billion in 2019.

As of December 31, 2020, Dassault Systèmes Adjusted Net Debt/IFRS EBITDAO ratio stood at 1.8 compared to 2.5 in 2019, based on an adjusted net debt including the lease liabilities as reported under IFRS 16 of €2,684.8 million (€3,351.4 million in 2019) and an IFRS EBITDAO (EBITDA adjusted with share-based payment) of €1,452.5 million compared to €1,325.4 million in 2019.

Net operating cash flow grew by 4.7% from €1,186.1 billion in 2019 to €1,241.3 billion for 2020. During 2020, cash obtained from operations was used principally for repayment of short- and long-term debt of €400.9 million (including in particular the early repayment of loans related to Medidata’s acquisition); distribution of cash dividends of €182.5 million; repurchase of shares in the amount of €166.2 million; capital

expenditures, net of €127.0 million, payment for lease obligations of €93.3 million; and payment for acquisitions of €89.5 million (net of cash acquired). We also received cash from exercise of stock options of €87.7 million.

In 2019, net operating cash flow increased 32.0% to €1,186.1 million, compared to €898.6 million for 2018. During 2019 cash obtained from operations was used principally for payment for acquisitions, net of cash acquired, of €5.21 billion; repayment of short- and long-term debt of €1.11 billion (including Medidata’s repayment of debt for €0.08 billion); distribution of cash dividends of €168.8 million; repurchase of shares in the amount of €133.8 million capital expenditures, net of €98.3 million; and payment for lease obligations of €76.3 million. The Group also received cash from exercise of stock options of €90.4 million.

Exchange rate fluctuations had a negative translation effect, on cash and cash equivalent balances, of €87.4 million as of December 31, 2020, compared to a positive translation effect of €36.9 million as of December 31, 2019.

We follow a conservative policy for investing our cash resources, mostly relying on investment-grade short-term maturity investments from major banks and financial institutions counter-parties.

See also the Consolidated Statements of Cash Flows in paragraph 4.1.1 “Consolidated Financial Statements”.

3.2 Financial Objectives

We outlined our initial 2021 non-IFRS financial objectives on February 4, 2021 at the time of the release of our unaudited annual financial results for 2020 and are confirming them as of the date of this report. We are expecting a gradual recovery in 2021 leading to strong growth for the full year, with this growth largely organic in nature and only reflecting the current scope of operations.

Our objectives are subject to the assumptions and cautionary statements set forth below and are subject to revision, as market and business conditions as well as currency exchange rates evolve during 2021.

Our initial 2021 financial objectives are prepared and communicated only on a non-IFRS basis are as follows:

- 2021 non-IFRS revenue growth objective range of about 9% to 10% in constant currencies at €4.71 billion to €4.76 billion reflecting the principal 2021 currency exchange rate assumptions below for the U.S. dollar and Japanese yen as well as the potential impact from additional fluctuations of non-Euro currencies;
- 2021 non-IFRS operating margin of about 30.8% compared to 30.2% in 2020;
- 2021 non-IFRS diluted net earnings per share of about €4.10 to €4.15, representing a growth objective of about 8% to 10% as reported;
- the financial objectives are based upon an average exchange rate assumption of U.S. dollar 1.22 per euro for 2021 and Japanese yen of 126.0 per euro for 2021.

The 2021 financial objectives above include the following key assumptions and are on a non-IFRS basis and in constant currencies:

- software revenue growth of about 9-10% in constant currencies;
- recurring software revenue growth of about 8-9% in constant currencies;
- license revenue growth of about 13-15% in constant currencies;
- effective tax rate of about 23.7%;
- MEDIDATA total revenue growth of about 14% and an operating margin improvement like for like of about 230 basis points.

The 2021 non-IFRS financial objectives/framework set forth above do not take into account the following accounting elements and are estimated based upon the 2021 principal currency exchange rates above: contract liabilities write-downs estimated at approximately €2 million, share-based compensation expense, including related social charges, estimated at approximately €121 million and amortization of acquired intangibles and of tangibles reevaluation, estimated at approximately €348 million, largely impacted by the Medidata acquisition; and lease incentives of acquired companies at approximately €3 million. The above objectives also do not include any impact from other operating income and expenses, net principally comprised of acquisition, integration and restructuring expenses, and impairment of goodwill and acquired intangible assets; from one-time items included in financial income (loss); 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 December 31, 2020.

In conjunction with our 2020 Capital Market Day held on November 17, 2020, we issued a press release updating our 2019-2023 multi-year growth plan, initially announced in June 2018. We are targeting a 2020-2024 non-IFRS diluted EPS CAGR of about 13% to €6 per share. The one-year shift reflects the impact of the pandemic on our 2020 financial results.

The information above includes statements that express our operating framework and objectives for our future financial performance. Such forward-looking statements are based on our management's views and assumptions as of the date of this report and involve known and unknown risks and uncertainties. The main risks and uncertainties to which the Group may be exposed during fiscal year 2021 are presented paragraph 1.9 "Risk factors".

3.3 Interim and Other Financial Information

Dassault Systèmes has not published any quarterly or half-year financial information since the date of its last audited financial statements.



4

FINANCIAL STATEMENTS

CONTENTS

4.1 Consolidated Financial Statements	106	4.2.3 Statutory Auditors' Report on the parent company financial statements	178
4.1.1 Consolidated Financial Statements	106	4.2.4 Statutory Auditors' Special Report on Related Party Agreements	183
4.1.2 Statutory Auditors' Report on the Consolidated Financial Statements	148		
4.2 Parent company financial statements	153	4.3 Legal and Arbitration Proceedings	184
4.2.1 Parent company financial statements and notes	154		
4.2.2 Selected financial and other information for Dassault Systèmes SE over the last five years	177		

The consolidated and parent company financial statements below will be submitted for approval at the General Meeting of Shareholders of Dassault Systèmes scheduled for May 26, 2021.

4.1 Consolidated Financial Statements

4.1.1 Consolidated Financial Statements

Consolidated Statements of Income

<i>(in millions of euros, except per share data)</i>	Note	Year ended December 31,	
		2020	2019
Licenses and other software revenue		€807.5	€999.6
Subscription and support revenue		3,205.2	2,539.8
Software revenue	4	4,012.6	3,539.4
Services revenue		439.6	478.8
TOTAL REVENUE		4,452.2	4,018.2
Cost of software revenue		(341.5)	(196.2)
Cost of services revenue		(408.1)	(437.4)
Research and development		(935.4)	(737.9)
Marketing and sales		(1,256.3)	(1,226.3)
General and administrative		(390.7)	(329.5)
Amortization of acquired intangible assets and of tangible assets revaluation		(394.5)	(244.0)
Other operating income and expense, net	8	(56.0)	(34.1)
OPERATING INCOME		669.7	812.8
Interest income and expense, net	9	(22.9)	8.5
Other financial income and expense, net	9	(0.4)	(5.4)
INCOME BEFORE INCOME TAXES		646.3	815.9
Income tax expense	10	(160.8)	(209.6)
NET INCOME		€485.5	€606.3
Attributable to:			
Equity holders of the Group		€491.0	€615.3
Non-controlling interests		€(5.5)	€(9.0)
Earnings per share			
Basic net income per share	11	€1.89	€2.37
Diluted net income per share	11	€1.86	€2.34

Consolidated Statements of Comprehensive Income

<i>(in millions of euros)</i>	Note	Year ended December 31,	
		2020	2019
NET INCOME		€485.5	€606.3
Gain on hedging reserves	23	36.0	6.4
Income tax related to above items		(13.7)	0.1
Foreign currency translation adjustment		(664.1)	15.0
Other comprehensive income that are or may be reclassified to profit or loss in subsequent periods		(641.8)	21.5
Remeasurements of defined benefit pension plans	22	4.7	(33.9)
Remeasurements of investments in non-consolidated equities		(4.1)	-
Income tax related to above items		-	8.5
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods		0.6	(25.4)
OTHER COMPREHENSIVE INCOME, NET OF TAX		(641.2)	(3.9)
TOTAL COMPREHENSIVE INCOME		€(155.7)	€602.3
Attributable to:			
Equity holders of the Group		€(146.3)	€611.1
Non-controlling interests		€(9.4)	€(8.8)

Consolidated Balance Sheets

<i>(in millions of euros)</i>	Note	Year ended December 31,	
		2020	2019
Assets			
Cash and cash equivalents	12	€2,148.9	€1,944.9
Trade accounts receivable, net	13	1,229.1	1,319.2
Contract assets	13	27.0	26.9
Income tax receivable		152.7	115.4
Other current assets	13	202.7	262.6
TOTAL CURRENT ASSETS		3,760.3	3,669.0
Property and equipment, net	14	861.1	899.7
Other non-current assets	15	252.4	249.5
Deferred tax assets	10	153.1	137.4
Intangible assets, net	17	3,546.8	4,186.1
Goodwill	18	4,390.5	4,730.9
TOTAL NON-CURRENT ASSETS		9,203.9	10,203.7
TOTAL ASSETS		€12,964.2	€13,872.6

<i>(in millions of euros)</i>			
Liabilities and equity			
Trade accounts payable		€171.7	€220.0
Accrued compensation and other personnel costs		496.1	497.3
Contract liabilities	13	1,169.1	1,093.5
Borrowings, current	20	16.0	4.4
Income tax payable		17.2	55.4
Other current liabilities	19	216.7	263.3
TOTAL CURRENT LIABILITIES		2,086.9	2,133.8
Deferred tax liabilities	10	625.3	830.2
Borrowings, non-current	20	4,174.3	4,596.8
Other non-current liabilities	19	971.5	1,049.2
TOTAL NON-CURRENT LIABILITIES		5,771.2	6,476.2
Common stock		132.6	132.0
Share premium		954.0	863.3
Treasury stock		(442.1)	(450.2)
Retained earnings and other reserves		5,043.7	4,653.2
Other comprehensive income, net of tax		(626.9)	10.4
Total parent shareholders' equity		5,061.3	5,208.7
Non-controlling interests		44.8	53.9
TOTAL EQUITY	23	5,106.1	5,262.6
TOTAL LIABILITIES AND EQUITY		€12,964.2	€13,872.6

Consolidated Statements of Cash Flows

<i>(in millions of euros)</i>	Note	Year ended December 31,	
		2020	2019
Net income		€485.5	€606.3
Adjustments for non-cash items	24	742.5	462.8
Changes in operating assets and liabilities	24	13.3	117.0
Net cash provided by operating activities		1,241.3	1,186.1
Additions to property, equipment and intangibles	14, 17	(127.0)	(98.3)
Purchases of short-term investments		-	(0.1)
Payment for acquisition of businesses, net of cash acquired	16	(89.5)	(5,211.7)
Other		8.5	(24.7)
Net cash used in investing activities		(208.0)	(5,334.8)
Proceeds from exercise of stock options		87.7	90.4
Cash dividends paid	23	(182.5)	(168.8)
Repurchase and sale of treasury stock	23	(166.2)	(133.8)
Acquisition of non-controlling interests	24	(5.2)	-
Proceeds from borrowings	20	18.5	4,641.7
Repayment of borrowings	20	(400.9)	(1,105.8)
Repayment of lease liabilities		(93.3)	(76.3)
Net cash (used in) provided by financing activities		(741.9)	3,247.5
Effect of exchange rate changes on cash and cash equivalents		(87.4)	36.9
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		204.0	(864.4)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		1,944.9	2,809.3
CASH AND CASH EQUIVALENTS AT END OF PERIOD		€2,148.9	€1,944.9
Supplemental disclosure			
Income taxes paid		€250.4	€134.6
Cash paid for interest		€33.6	€28.5
Total cash outflow for leases		€115.1	€90.8

Consolidated Statements of Shareholders' Equity

<i>(in millions of euros)</i>	Note	Common stock	Share premium	Treasury stock	Retained earnings and other reserves	Other comprehensive income, net of tax	Total parent shareholders' equity	Non-controlling interests	Total Equity
DECEMBER 31, 2018*		€131.4	€766.3	€(353.8)	€4,003.5	€14.6	€4,561.9	€63.9	€4,625.9
Adjustment on initial application of IFRS 16 (net of tax)		-	-	-	(36.0)	-	(36.0)	-	(36.0)
JANUARY 1, 2019 ADJUSTED BALANCE		131.4	766.3	(353.8)	3,967.5	14.6	4,526.0	63.9	4,589.9
Net income		-	-	-	615.3	-	615.3	(9.0)	606.3
Other comprehensive income, net of tax		-	-	-	-	(4.1)	(4.1)	0.2	(3.9)
TOTAL COMPREHENSIVE INCOME		-	-	-	615.3	(4.1)	611.1	(8.8)	602.3
Dividends	23	-	-	-	(168.8)	-	(168.8)	-	(168.8)
Exercise of stock options		0.7	97.0	-	-	-	97.7	-	97.7
Treasury stock transactions		-	-	(96.5)	(37.3)	-	(133.8)	-	(133.8)
Share-based compensations	6, 7	-	-	-	116.3	-	116.3	0.2	116.5
Other changes**		-	-	-	160.2	-	160.2	(1.4)	158.8
DECEMBER 31, 2019		€132.0	€863.3	€(450.2)	€4,653.2	€10.4	€5,208.7	€53.9	€5,262.6
Net income		-	-	-	491.0	-	491.0	(5.5)	485.5
Other comprehensive income, net of tax		-	-	-	-	(637.3)	(637.3)	(3.9)	(641.2)
TOTAL COMPREHENSIVE INCOME		-	-	-	491.0	(637.3)	(146.3)	(9.4)	(155.7)
Dividends	23	-	-	-	(182.5)	-	(182.5)	-	(182.5)
Exercise of stock options		0.5	90.7	-	-	-	91.2	-	91.2
Treasury stock transactions		-	-	8.1	(174.3)	-	(166.2)	-	(166.2)
Share-based compensations	6, 7	-	-	-	175.7	-	175.7	0.8	176.5
Transactions with non-controlling interests		-	-	-	47.4	-	47.4	(0.6)	46.8
Other changes		-	-	-	33.2	-	33.2	0.1	33.3
DECEMBER 31, 2020		€132.6	€954.0	€(442.1)	€5,043.7	€(626.9)	€5,061.3	€44.8	€5,106.1

* The Group has initially applied IFRS 16 at January 1, 2019. In accordance with the transition method chosen, comparative information is not restated.

** Including €121.0 million related to the pre-acquisition fair value of the right to receive a replacement award for Medidata unvested share at acquisition date (see the Note 7 Share-based Compensations and the Note 16 Business Combinations).

Analysis of changes in shareholders' equity related to components of the other comprehensive income

<i>(in millions of euros)</i>	Investments in non-consolidated equities	Hedging reserves	Foreign currency translation adjustment	Actuarial gains and losses	Parent shareholders' equity	Non-controlling interests	Other comprehensive income, net of tax
DECEMBER 31, 2018	€3.4	€(2.5)	€67.9	€(54.2)	€14.6	€0.9	€15.5
Variations	-	6.5	14.8	(25.4)	(4.1)	0.2	(3.9)
DECEMBER 31, 2019	€3.4	€4.1	€82.6	€(79.6)	€10.4	€1.1	€11.6
Variations	(3.4)	22.3	(660.2)	4.0	(637.3)	(3.9)	(641.2)
DECEMBER 31, 2020	€-	€26.4	€(577.6)	€(75.6)	€(626.9)	€(2.8)	€(629.6)

Notes to the Consolidated Financial Statements

CONTENTS

Note 1	Description of Business	112	Note 14	Property and Equipment, Net	129
Note 2	Summary of Significant Accounting Policies	112	Note 15	Other Non-Current Assets	131
Note 3	Segment and Geographic Information	117	Note 16	Business Combinations	131
Note 4	Software Revenue	119	Note 17	Intangible Assets, Net	133
Note 5	Government Grants	120	Note 18	Goodwill	134
Note 6	Personnel Costs	120	Note 19	Other Liabilities	135
Note 7	Share-based Compensations	120	Note 20	Borrowings	136
Note 8	Other Operating Income and Expense, Net	124	Note 21	Derivatives and Currency and Interest Rate Risk Management	138
Note 9	Interest Income and Expense, Net and Other Financial Income and Expense, Net	125	Note 22	Post-employment Benefits	140
Note 10	Income Taxes	125	Note 23	Shareholders' Equity	143
Note 11	Earnings per Share	127	Note 24	Consolidated Statements of Cash Flows	144
Note 12	Cash and Cash Equivalents and Short-term Investments	127	Note 25	Commitments and Contingencies	144
Note 13	Trade Accounts Receivable, Net, Contract Balances and Other Current Assets	128	Note 26	Related-Party Transactions	145
			Note 27	Principal Statutory Auditors' Fees and Services	146
			Note 28	Principal Dassault Systèmes Companies	147

The accompanying notes are an integral part of these consolidated financial statements.

Note 1 Description of Business

The “Group” refers to Dassault Systèmes SE and its subsidiaries. The Group provides end-to-end software solutions and services, designed to support companies’ innovation processes, from specification and design of a new product, to its manufacturing and sale to the customer, through all stages of digital mock-up, simulation, and realistic 3D virtual experiences representing the end-user experience.

The Group serves eleven industries structured into three sectors: Manufacturing Industries (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 (Life Sciences); and Infrastructure & Cities

(Energy & Materials; Construction, Cities & Territories; Business Services). To serve its customers, the Group has developed a broad software applications portfolio, comprised of 3D modeling applications, simulation applications, social and collaborative applications, and information intelligence applications, powered by its **3DEXPERIENCE** platform.

Dassault Systèmes SE is a European company (*Societas Europaea*), incorporated under the laws of France. The Company’s registered office is located at 10, rue Marcel Dassault, in Vélizy-Villacoublay, France. The Dassault Systèmes SE shares are listed in France on Euronext Paris.

Note 2 Summary of Significant Accounting Policies

Basis of preparation and consolidation

The accompanying consolidated financial statements were prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union as of December 31, 2020. These consolidated financial statements were established by the Board of Directors on March 18, 2021.

The consolidated financial statements are presented in millions of euros except where otherwise indicated. Some total rounding difference may occur.

The consolidated financial statements include the accounts of Dassault Systèmes SE and its subsidiaries. Companies over which the Group has control are fully consolidated. The Group controls an entity when (i) it has power over this entity, (ii) is exposed to or has rights to variable returns from its involvement with that entity, and (iii) has the ability to use its power over that entity to affect the amount of those returns. Companies over which the Group exercises significant influence are accounted for under the equity method. Intercompany transactions and balances are eliminated.

Impact of significant recently issued accounting standards

New standards, interpretations or amendments effective beginning on January 1, 2020 had no impact on the Group’s consolidated financial statements. As a reminder, changes in accounting policies performed in 2019 were mainly related to the adoption of IFRS 16 standard.

The Group undertakes no early application of any standard or interpretation or associated amendments which were already published in the Official Journal of the European Union at December 31, 2020.

Standards, amendments and interpretations published by the IASB and not yet approved by the EU do not have a significant impact on the consolidated financial statements at December 31, 2020.

Summary of significant accounting policies

Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenue and expenses and disclosure of contingent assets and liabilities at the date of the financial statements.

Areas involving the use of significant estimates and assumptions mainly include: assessing product lifecycles; identifying the different elements comprising a software solution arrangement, including the distinction between upgrades/enhancements, new products and services, contract price allocation to the different elements based on their standalone selling prices and determining the revenue recognition date of those elements; determining when technological feasibility is achieved for its products; estimating the recoverable amount of goodwill; determining the nature, fair value and useful life of acquired intangible

assets in a business combination; determining assumptions to estimate the fair value of share-based compensations; assessing the recognition of deferred tax assets; and making reasonable estimates about the ultimate resolution of the Group's tax uncertainties based on current tax laws and the Group's interpretation thereof. Actual results and outcomes could differ from management's estimates and assumptions.

Foreign currency adjustments

The functional currency of the Group's foreign subsidiaries is generally the applicable local currency. Assets and liabilities with functional currencies other than the euro are translated into euro equivalents at the rate of exchange in effect on the balance sheet date. Revenues, expenses and cash flows are translated at the average exchange rates for the year unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case revenues, expenses and cash flows are translated at the rate on the dates of the transactions. Translation gains or losses are recorded in Other items in shareholders' equity.

Exchange differences on the settlement or retranslation of monetary items in a currency other than the Group's and its subsidiaries' functional currency are recorded in the statement of income.

Revenue recognition

The Group derives revenue from two primary sources: (1) licenses, other software revenue (which includes the development of additional functionalities of standard products requested by clients), subscription and support (which includes software license updates and technical support); (2) consulting and training services.

Revenues are disclosed net of taxes collected from customers and remitted to governmental authorities.

The Group accounts for a contract with a client when there is a written agreement that creates legally enforceable rights and obligations, including payment terms, when the contract has commercial substance and when collection consideration is probable. A performance obligation is a promise in a contract with a client to transfer products or services that are distinct from the other promises of the contract.

Revenue is recognized when, or as, control of a promised product or service is transferred to a client, in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those products or services.

Group's products are also sold by value-added resellers that are assessed as principal in the transaction because they generally have the primary responsibility for fulfillment to the end-customer. As a result, the Group recognizes revenue in the amount of the fee it expects to be entitled to, i.e. the

consideration paid by the distributor, assuming all other revenue recognition criteria are met.

Licenses, subscription, support and other software revenue

Software license revenue represents fees earned from granting customers licenses to use the Group's software. It includes license revenue of perpetual and periodic license sales of software products and is recognized at a point in time for an arrangement when control is transferred to the client.

Subscription contracts generally have a one-year term and contain two separate performance obligations pertaining to on premise software license and support. The revenue from such arrangements is recognized in line with revenue from arrangements with multiple performance obligations.

Subscription revenue also is derived from access to cloud solution contracts including remote access to a software solution, hosting and support services. Revenue from cloud subscription is generally recognized linearly over the contractual term.

Support revenue represents periodic fees associated with the sale of unspecified product updates on a when-and-if-available basis and technical support. Support agreements are entered into in connection with the initial software license purchase. Support may be renewed by the customer at the conclusion of each term. Revenue from support is recognized on a straight-line basis over the term of the support agreement as the Group has a standing ready obligation to provide services.

Other software revenue mainly relates to the development of additional functionalities of standard products requested by clients and is recognized when the development work is performed.

Recurring fees for subscription and support are reported within Software Revenue.

Revenue under arrangements with multiple performance obligations, which typically include software licenses, support and/or services agreements sold together is allocated to each distinct performance obligation based on their standalone selling price.

The stand-alone selling price is the price at which the Group would sell a promised product or service separately to a client. The Group generally establishes stand-alone selling price based on the observable prices of products or services sold separately in comparable circumstances to similar clients. Estimating stand-alone selling price is a formal process that includes review and approval by the Group's management.

In certain instances, e.g. perpetual software licenses only sold bundled with one year of support, the Group is not able to establish a standalone selling price range based on observable prices. The stand-alone selling price is then determined by applying the residual approach.



When a sale of a license goes along with a service essential to the software functionality, the two performance obligations (software and service) are not distinct. Therefore, the license revenue is recognized in accordance with the pattern of recognition of the service obligation.

Services Revenue

Services revenue consist primarily of fees from consulting services in process optimization and in methodology for design, deployment and support, and training services. Services generally do not require significant modification or customization of software products and are accounted for separately to the extent they are not essential to the functionality of software products.

Performance obligation from fixed price contracts are usually satisfied over the time. The revenue is recognized using percentage of completion based on the labor costs incurred to date as a percentage of the total estimated labor costs to fulfill the contract.

Service revenues derived from time and material contracts are recognized over the time on an output basis as labor hours are delivered or direct project expenses are incurred.

Incremental Costs of Obtaining a Contract

The Group generally does not capitalize the incremental costs incurred to obtain a contract (e.g. variable remuneration of the sales force), and expenses them as incurred, as contracts with customers generally have a contractual period of 12 months or less.

For other long term contracts with customers, the Group capitalizes the expenses associated with variable compensation paid to internal sales personnel that is incremental to obtaining and renewing these contracts.

Contract Assets/Liabilities and Accounts Receivable

The Group classifies the right to consideration in exchange for products or services transferred to a client as either a receivable or a contract asset. A receivable is a right to consideration that is unconditional as compared to a contract asset, which is a right to consideration that is conditional upon factors other than the passage of time.

The majority of the Group's contract assets represents unbilled amounts related to fixed price services contracts when revenue recognized exceeds the amount billed to the client, and the right to consideration is subject to milestone completion or client acceptance.

The amount of billing in excess of revenue recognized is classified as contract liabilities.

Share-based compensations

The Group recognizes compensation expense for share-based compensations awards expected to vest on a straight-line basis over the requisite service period of the entire award. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from initial estimate.

Stock options are measured at fair value on the date of the grant using an option-pricing model based on assumptions made by management on expected volatility, expected option life and distributed dividends.

Performance shares are measured at fair value based on the quoted price of the Group's common stock on the date of grant. The fair value also includes the impact of certain conditions based on an option-pricing model.

Vesting conditions excluded from the fair value measurement are taken into account to estimate the number of shares that will eventually vest. At the end of each reporting period, the Group reviews this estimate and records the impact of changes to original estimate, if any, in the statement of income.

For performance shares plan that allows the beneficiaries to acquire shares either upon satisfaction of a market condition or a non-market vesting condition, the Group estimates the fair value of the equity instrument at grant date for each possible outcome, and accounts for the share-based compensations based on the most likely outcome at the end of each reporting period.

Cost of software revenue

Cost of software revenue primarily includes software license expense for software products included in the Group's software, maintenance costs and delivery expense.

Research and development

Research costs are expensed as incurred.

Costs incurred to develop computer software products include mainly payroll and other headcount-related costs associated with development of the Group's products. They also include amortization expense, lease and maintenance costs of computer equipment used for product development, software expenditures and costs of information technology and communication.

Due to specificities in the software industry, the Group has determined that technological feasibility is the key criteria to capitalize development expenditure as it is generally the last criteria to be met. Currently the risks and uncertainties inherent in the software development process make it difficult to demonstrate technological feasibility before a working

prototype has been completed, which generally occurs shortly before the commercial release of its software products. As a consequence, costs incurred after technological feasibility is established that could potentially be capitalized are not material.

Government grants

The Group receives grants from certain governmental authorities to finance certain research and development activities, including research and development tax credits in France that are treated as government grants. Government grants are recognized as a reduction of research and development costs or cost of services and other revenue when the qualifying research and development activities have been performed and there is reasonable assurance that the grants will be received.

Other operating income and expense, net

The Group distinguishes income and expense that are unusual, infrequent or generally non-recurring in nature in the consolidated statement of income. Such income and expense include the impact of restructuring activity and other generally non-recurring events, such as gain or loss on sale of subsidiaries, impairment of goodwill or acquired intangible assets, costs directly related to acquisitions, and costs related to site closings or moving from one site to another.

Other financial income and expense, net

Other financial income and expense primarily include the interest expenses related to financing operations and lease liabilities. Are also included the impact of remeasuring financial instruments at fair value, exchange gains and losses on monetary items and change in fair value of derivative financial instruments not qualified for hedge accounting.

Income taxes

Deferred income tax is recognized using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred income tax assets are recognized

only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Allowance for doubtful accounts and loans receivable

The allowance for doubtful accounts and loans receivable reflects the Group's best estimate of probable losses inherent in the receivable balance. The Group applies the simplified approach as permitted by IFRS 9 to account for the expected losses on trade accounts receivables and establishes a statistical model based on historical experience and prospective information including financial difficulties and other currently available evidence.

Financial instruments

Fair Value – The carrying amount of cash and cash equivalents, short-term investments, accounts receivable, accounts payable and accrued expenses approximate fair value, due to the short-term maturities of such instruments. Foreign exchange options and forward contracts, which are designated and serve as hedges, are recorded at their fair market value. Fair value is measured based on the following fair value hierarchy: level 1: quoted price in active markets; level 2: inputs observable directly or indirectly, other than quoted price included in level 1; level 3: inputs not based on observable market data. Cash, cash equivalents and short-term investments are measured using the level 1 fair value. Derivative instruments are measured using the level 2 fair value. Other investments that are not equity method investments are measured using the level 3 fair value.

Cash and Cash Equivalents and Short-Term Investments –

The Group considers deposits with banks, investments in money market mutual funds and marketable debt securities with short-term maturities to be cash equivalents since they are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. Other marketable debt securities and mutual funds that do not qualify as cash equivalents are considered to be short-term investments and are generally classified as trading securities with changes in fair value recorded in interest income and expense, net.

Non-Current Financial Assets –

The Group elected the classification at fair value through Other comprehensive income for all its investments in non-consolidated equities. As such, net gains and losses related to equity securities are recognized in Other comprehensive income and are never reclassified to profit or loss.



Derivative Instruments – The Group uses derivative instruments to manage exposures to foreign currency and interest rates. Derivative instruments are measured at their fair value and changes in the fair value affect the consolidated statements of income unless specific hedge accounting criteria are met. Changes in the fair value of derivatives designated as cash flow hedges are reported as a component of shareholders' equity until the hedged item is recognized in earnings. Hedging a net investment allows the Group to hedge the exposure to adverse changes in the fair value of an investment made abroad in a currency other than the Group's operating currency (i.e. IFRS 9). For this type of hedge, the effective portion of the gain or loss on the hedging instrument is recognized in other comprehensive income, and the ineffective portion is recognized in the consolidated income statement. These gains and losses offset the translation differences recorded at the consolidation of the foreign subsidiary.

Property and equipment

Property and equipment are recorded at cost and depreciated using the straight-line method over their estimated useful lives: computer equipment, two to five years; office furniture and equipment, five to ten years; buildings, thirty years; leasehold improvements are depreciated over the shorter of the life of the assets or the remaining lease term. Repair and maintenance costs are expensed as incurred.

Leases are recorded under property, plant and equipment as a right-of-use asset. The asset is recognized at the commencement date of the contract against a lease liability, adjusted for direct costs, prepaid rents, lease incentives received and estimated costs of dismantling and restoration. These assets are amortized on a straight-line basis over the lease term, which corresponds to the non-cancellable period, together with the reasonably certain extension and termination options, taking into account the penalties that would be incurred upon termination. Under this model, the depreciation expense of assets is accounted for in operating expense, and the cost of the debt towards the lessor is accounted for under financial expense.

Intangible assets

Intangible assets primarily include acquired technology, contractual customer relationships and computer software. Costs related to intangible assets are capitalized and amortized using the straight-line method over their estimated useful lives, which range from two to nineteen years. No intangible assets have been identified with an indefinite useful life.

Business combinations and goodwill

Business combinations are accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed on the acquisition date. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the date of acquisition, irrespective of the extent of any non-controlling interest.

Goodwill is initially measured at cost being the excess of the cost of the business combination over the Group's share in the net fair value of the acquiree's net identifiable assets.

When a business combination with permanent non-controlling interest includes a put option related to these same non-controlling interests, a liability is recognized in the consolidated balance sheet along with a decrease in the consolidated reserves. Subsequent fluctuations of this put option related to potential changes in estimates or unwinding of discounts are also booked in consolidated reserves. Any further acquisition of minority interests is considered as a transaction between shareholders and is therefore not subject to re-evaluation.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units or group of cash generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Goodwill is tested whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, and at a minimum annually. For the purpose of the impairment test, the Group relies upon projections of future cash flows and takes into account assumptions regarding the evolution of the market and its ability to successfully develop and commercialize its products. Changes in market conditions could have a major impact on the valuation of assets and liabilities and could result in additional impairment losses.

Provisions

Provisions are recognized as liabilities to cover probable outflows of resources that can be estimated and that result from present obligations (legal, contractual or constructive) relating to past events. In cases where a potential obligation resulting from past events exists, but where occurrence of the outflow of resources is not probable or where the amount cannot be reliably estimated, a contingent liability is disclosed among the Group's commitments.

The amount of the provision provided is the best estimate of the outflow of resources required to extinguish this present obligation.

Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. Gains and losses on the purchase, sale, issue or cancellation of the Group's own equity instruments are credited or charged to shareholders' equity and are not recognized in the statement of income.

Lease liabilities

Lease liabilities are recognized at the commencement date of the contracts. The lease term is determined as the non-cancellable period, together with the reasonably certain extension and termination options, taking into account the penalties that would be incurred upon termination. The amount of lease liability represents the present value of lease payments over the lease term less any lease incentives receivable, adjusted by the expected penalties payable under a termination option which is reasonably certain to be exercised.

Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Any difference between the recorded amount and the redemption value is amortized into income over the period of the borrowing using the effective interest rate method.

Post-employment benefits

The Group's payments for defined contribution plans are recorded as expenses for the relevant period.

For defined benefit plans concerning post-employment benefits, the Group uses the projected unit credit method to determine the present value of its obligations. Under this method, benefits are attributed to periods of service according to the plan's benefit formula. However, if an employee's service in later years will earn a materially higher level of benefit than in earlier years, benefits are attributed to periods of service on a straight-line basis.

Actuarial gains and losses are charged or credited to equity in Other comprehensive income in the period in which they arise.

The future payments for employee benefits are measured on the basis of future salary increases, retirement age, mortality and length of employment with the Group, and are discounted at a rate determined by reference to yields on long-term high quality corporate bonds of a duration corresponding to the estimated duration of the benefit plan concerned.

The net expense for the year, corresponding to the sum of the current service costs, past service costs and net interest expense or income, is charged in full to operating income.

Note 3 Segment and Geographic Information

Operating segments are components of a Group for which discrete financial information is available and whose operating results are regularly reviewed by management to assess performance and allocate resources. Dassault Systèmes operates in a single operating segment, the sale of software solutions, which aim is to offer customers an integrated innovation process, from the development of a new concept to the realistic experience of the resultant product, through all stages of detailed design, scientific simulation and manufacturing, thanks to the **3DEXPERIENCE** platform.

The assessment of the operating segment's performance is based on the Group's supplemental non-IFRS financial information (see paragraph 3.1.1.2 "Supplemental non-IFRS Financial Information" of the Universal registration document). The accounting policies used differ from those described in Note 2 Summary of Significant Accounting Policies as follows:

- the measure of operating segment revenue and income includes the whole revenue that would have been recognized

by acquired companies had they remained stand-alone entities but which is partially excluded from Group revenue to reflect the fair value of obligations assumed;

- the measure of operating segment income excludes:
 - share-based compensations expense and associated payroll taxes (see Note 6 Personnel Costs and Note 7 Share-based Compensations),
 - amortization of acquired intangible assets and of tangible assets revaluation,
 - and other operating income and expense, net (see Note 8 Other Operating Income and Expense, Net);
- the measure of operating segment income takes into account the impact of the lease incentives, including rent-free periods, which are not recognized in the right-of-use asset under a business combination.

<i>(in millions of euros)</i>	Year ended December 31,	
	2020	2019
TOTAL REVENUE FOR OPERATING SEGMENT	€4,464.8	€4,055.6
Adjustment for unearned revenue of acquired companies	(12.6)	(37.4)
REPORTED TOTAL REVENUE	€4,452.2	€4,018.2

<i>(in millions of euros)</i>	Year ended December 31,	
	2020	2019
INCOME FOR OPERATING SEGMENT	€1,349.8	€1,297.4
Adjustment for unearned revenue of acquired companies	(12.6)	(37.4)
Share-based compensations expense and related payroll taxes	(214.1)	(168.5)
Amortization of acquired intangible assets and of tangible assets revaluation	(394.5)	(244.0)
Lease incentives of acquired companies	(2.9)	(0.5)
Other operating income and expense, net	(56.0)	(34.1)
REPORTED OPERATING INCOME	€669.7	€812.8

Data by geographic operations of the Group is established according to geographical location of the consolidated companies and is as follows:

<i>(in millions of euros)</i>	Total revenue	Total assets	Additions to property, equipment and intangibles
2020			
Europe	€1,223.9	€4,194.2	€53.2
<i>of which France</i>	631.3	2,147.2	43.1
<i>of which Germany</i>	218.0	580.0	3.5
Americas	2,335.3	8,106.7	80.8
<i>of which the United States</i>	2,292.7	7,947.0	79.1
Asia	893.0	663.3	44.3
<i>of which Japan</i>	443.0	118.4	1.5
TOTAL	€4,452.2	€12,964.2	€178.3
2019			
Europe	€1,279.1	€4,059.8	€207.8
<i>of which France</i>	624.0	2,199.0	177.8
<i>of which Germany</i>	261.3	634.7	21.7
Americas	1,839.5	9,120.6	43.8
<i>of which the United States</i>	1,785.5	8,931.8	43.5
Asia	899.6	692.2	17.5
<i>of which Japan</i>	459.9	163.0	2.5
TOTAL	€4,018.2	€13,872.6	€269.1

The Group also receives data that identifies the location of the Group's end-user customers. Using such information, revenue by geographic area would be as follows:

<i>(in millions of euros)</i>	Year ended December 31,	
	2020	2019
Europe	€1,675.2	€1,671.8
of which France	381.3	382.7
of which Germany	431.3	424.9
Americas	1,688.6	1,298.6
of which the United States	1,575.7	1,172.8
Asia	1,088.4	1,047.7
of which Japan	481.6	465.1
TOTAL REVENUE	€4,452.2	€4,018.2

Note 4 Software Revenue

Software revenue is comprised of the following:

<i>(in millions of euros)</i>	Year ended December 31,	
	2020	2019
Licenses revenue and other software revenue	€807.5	€999.6
Subscription and Support revenue ⁽¹⁾	3,205.2	2,539.8
SOFTWARE REVENUE	€4,012.6	€3,539.4

(1) In 2020, corresponds to €353.8 million at a point in time and €2,851.3 million over time, to be compared to €348.7 million and €2,191.1 million respectively in 2019.

Breakdown of software revenue by main product line is as follows:

<i>(in millions of euros)</i>	Year ended December 31,	
	2020	2019*
Industrial Innovation	€2,287.6	€2,391.6
Of which CATIA	1,065.8	1,100.2
Of which ENOVIA	345.7	368.7
Life Sciences	787.3	236.9
Mainstream Innovation	937.6	910.9
Of which SOLIDWORKS	841.4	823.5
SOFTWARE REVENUE	€4,012.6	€3,539.4

* Commencing with the first quarter of 2020, the Group introduced a new presentation of revenue by product line which includes: 1) Industrial Innovation software revenue, comprised of its CATIA, ENOVIA, SIMULIA, DELMIA, GEOVIA, NETVIBES/EXALEAD, and 3DEXCITE brands; 2) Life Sciences software revenue, comprised of its MEDIDATA and BIOVIA brands; and 3) Mainstream Innovation software revenue, comprised of its SOLIDWORKS brand as well as CENTRIC PLM, 3DVIA and its new 3DEXPERIENCE WORKS family. Under the new presentation, ENOVIA Life Sciences Compliance and Quality Management is included in Life Sciences software revenue (€15.0 million for 2019).

Note 5 Government Grants

Government grants were recorded in the consolidated statements of income as a reduction to research and development expenses and to other expenses, as follows:

<i>(in millions of euros)</i>	Year ended December 31,	
	2020	2019
Research and development	€33.4	€28.3
Other expenses	3.3	3.2
TOTAL GOVERNMENT GRANTS	€36.7	€31.6

Note 6 Personnel Costs

Personnel costs, excluding share-based compensations (€178.3 million in 2020 and €116.5 million in 2019, see Note 7 Share-based Compensations) and associated payroll taxes (€35.8 million in 2020 and €52.0 million in 2019), are presented in the following table:

<i>(in millions of euros)</i>	Year ended December 31,	
	2020	2019
Personnel costs	€(1,816.6)	€(1,548.2)
Social security costs	(390.5)	(346.2)
TOTAL	€(2,207.0)	€(1,894.4)

Average number of employees was 19,667 and 17,066 in 2020 and 2019 respectively.

Note 7 Share-based Compensations

The expense related to compensations based on performance shares and stock-options, including associated payroll taxes, is recorded in the consolidated statements of income as follows:

<i>(in millions of euros)</i>	Year ended December 31,	
	2020	2019
Research and development	€(75.7)	€(69.5)
Marketing and sales	(62.3)	(49.9)
General and administrative	(63.1)	(39.9)
Cost of revenue	(13.1)	(9.1)
TOTAL EXPENSE RELATED TO SHARE-BASED COMPENSATIONS	€(214.1)	€(168.5)

Changes during 2020 and 2019 of unvested performance shares, MEDIDATA Program and stock options were as follows:

	Number of awards			Total
	Performance shares	MEDIDATA Program	Stock options	
UNVESTED AT JANUARY 1, 2019	3,408,480	-	3,615,957	7,024,437
Granted	307,615	1,894,649	1,632,374	3,834,638
Vested	(502,500)	(11,430)	(1,654,749)	(2,168,679)
Forfeited	(19,100)	(15,756)	(294,305)	(329,161)
UNVESTED AT DECEMBER 31, 2019	3,194,495	1,867,463	3,299,277	8,361,235
Granted	1,161,687	-	2,208,503	3,370,190
Vested	(1,029,050)	(675,526)	(1,587,681)	(3,292,257)
Forfeited	(13,020)	(128,002)	(227,301)	(368,323)
UNVESTED AT DECEMBER 31, 2020	3,314,112	1,063,935	3,692,798	8,070,845

Performance shares

New plans granted in 2020

Pursuant to an authorization granted by the General Meeting of Shareholders held on May 22, 2018, the Board of Directors decided on May 26, 2020 to grant 804,966 performance shares (Plan 2020-A) to some employees and executives of the Group and 300,000 performance shares (Plan 2020-B) to Mr. Bernard Charlès, Vice-Chairman of the Board of Directors and Chief Executive Officer as part of a plan of progressively associating him with the Company's capital implemented since several years. Such shares shall be acquired as at May 26, 2024. They shall be vested subject to the condition that the beneficiary is an employee, an executive or a director of the Group at the end of a presence period ending on May 26, 2023 and subject to the achievement of a condition based on the Group's non-IFRS diluted earnings per share growth.

The weighted average grant-date fair value of 2020-A and 2020-B performance shares was €58.42. It was estimated based on the quoted price of Dassault Systèmes SE's common stock on the date of grant, assuming an expected dividend yield of 0.53%, and adjusted to include the non-vesting condition based on the non-IFRS diluted earnings per share using a Monte-Carlo model. The model simulates the performance of the non-IFRS diluted earnings per share of the Group excluding foreign currency effects, assuming an expected volatility of 8.22%.

Pursuant to an authorization granted by the General Meeting of Shareholders held on May 22, 2018, the Board of Directors decided on May 26, 2020 to grant 56,721 performance

shares (Plan 2020-M) to some employees and executives of the Group. Such shares shall be acquired as at May 26, 2023. None of the 2020-A and 2020-B beneficiaries are also a 2020-M plan beneficiary. They shall be vested subject to the condition that the beneficiary is an employee or an executive of the Group at the end of a presence period ending on May 26, 2023 and subject to the achievement of a double condition on the growth of the non-IFRS revenue and of the non-IFRS operating margin of the MEDIDATA activity.

The weighted average grant-date fair value of 2020-M performance shares was €141.26. It was estimated based on the quoted price of Dassault Systèmes SE's common stock on the date of grant, assuming an expected dividend yield of 0.53% and an expected volatility of 8.22%.

Amendments to plans

On April 22, 2020, the Board of Directors amended the rules of the 2019-A, 2019-B and 2019-A2 performance shares plans. These plans were initially granted by the Board of Directors on September 25, 2018 (2019-A and 2019-B plans) and July 1, 2019 (2019-A2 plan). The modifications were related to the condition based on the Group non-IFRS diluted earnings per share growth (non-vesting condition). As a consequence, the incremental fair value measured at the date of modification is recognized over the modified vesting period.

The incremental fair value at the date of modification was €38.68. It included the non-vesting condition based on the non-IFRS diluted earnings per share using a Monte-Carlo model, with an expected volatility of 8.22%.

A summary of the Group's performance shares plans is as follows:

Plans	2016-A	2016-B	2017-A	2017-B	2018-A	2018-B	2019-A	2019-B	2019-A2	2020-A	2020-B	2020-M
Date of General Meeting of Shareholders	09/04/2015	09/04/2015	09/04/2015	09/04/2015	09/04/2015	09/04/2015	09/04/2015	09/04/2015	05/22/2018	05/22/2018	05/22/2018	05/22/2018
Date of grant by Board of Directors	05/26/2016	05/26/2016	05/23/2017	05/23/2017	05/22/2018	05/22/2018	09/25/2018	09/25/2018	07/01/2019	05/26/2020	05/26/2020	05/26/2020
Total number of shares granted	782,950	300,000	801,700	300,000	815,730	300,000	496,700	300,000	307,615	804,966	300,000	56,721
Acquisition period (in years) ⁽¹⁾	Two or three ⁽²⁾	Two or three ⁽²⁾	Three	Three	Three	Three	Three years and eight months	Three years and eight months	Two years and eleven months	Four	Four	Three
Performance conditions	See Note ⁽³⁾	See Note ⁽³⁾	See Note ⁽⁴⁾	See Note ⁽⁴⁾	See Note ⁽⁴⁾	See Note ⁽⁴⁾	See Note ⁽⁴⁾	See Note ⁽⁴⁾	See Note ⁽⁴⁾	See Note ⁽⁴⁾	See Note ⁽⁴⁾	See Note ⁽⁵⁾
Performance conditions is reached at December 31, 2020	Yes	Yes	Yes	Yes	See Note ⁽⁶⁾	See Note ⁽⁶⁾	N/A	N/A	N/A	N/A	N/A	N/A

(1) For 2016-A, 2016-B and 2020-M plans, subject to the condition that the beneficiary be an employee or a Director of the Group at the acquisition date. For the 2017-A, 2017-B, 2018-A and 2018-B plans, the presence period was two years. The presence period is two years and eight months for 2019-A and 2019-B plans, around one year and eleven months for 2019-A2 plan and three years for 2020-A and 2020-B plans.

(2) Share acquisition divided into two tranches, the first having vested on May 26, 2018 and the second having vested on May 26, 2019.

(3) Performance condition for the first tranche will be measured based on the average performance of two criteria: the growth of the non-IFRS diluted earnings per share of the Group for the year 2017, excluding foreign currency effects, compared to the year 2015 (non-market condition), and the outperformance of the price of the Dassault Systèmes SE share compared to the performance of the CAC 40 index between February 2016 and February 2018 (market condition). Such growth and outperformance must be at least equal to a threshold established by the Board of Directors. Performance condition for the second tranche will be measured based on two cumulative criteria: the growth of the non-IFRS diluted earnings per share of the Group for the year 2018, excluding foreign currency effects, compared to the year 2015 (non-market condition), and the outperformance of the price of the Dassault Systèmes SE share compared to the performance of the CAC 40 index between February 2016 and February 2019 (market condition). Such growth and outperformance must be at least equal to a threshold established by the Board of Directors. The 2016-B shares granted to Mr. Bernard Charlès, Vice-Chairman of the Board of Directors and Chief Executive Officer, are also subject to an additional performance condition related to his variable compensation itself dependent on achieving performance criteria previously established by the Board of Directors.

(4) For the 2017, 2018, 2019 and 2020 plans (2020-M excluded): performance condition based on a targeted growth between the non-IFRS diluted earnings per share of the Group excluding foreign currency effects for the respective years 2019, 2020, 2021 and 2023, and the one achieved in the respective years 2016, 2017, 2018 and 2019 (non-vesting condition). Such growth must be at least equal to a threshold (expressed as a percentage) established by the Board of Directors granting the shares.

(5) For the 2020-M plan, performance condition based on the growth of the non-IFRS revenue and of the non-IFRS operating margin of the MEDIDATA activity. This double condition is based on targeted growths between the year 2022, excluding foreign currency effects, and the one achieved in the year 2019 (vesting condition).

(6) Performance condition will be measured by the March 18, 2021 Board of Directors.

Grant of rights to receive Dassault Systèmes SE shares in replacement of rights to receive Medidata shares

As part of the acquisition of Medidata and subject to its closing, the Board of Directors approved on June 11, 2019 the grant of rights to receive Dassault Systèmes SE shares in replacement of the rights to receive Medidata shares that had been granted to some of its employees and executives. This grant amounts to a maximum of 1,894,649 Dassault Systèmes SE shares and will be definitively vested if the beneficiaries are still employees upon the expiry of the vesting periods.

The weighted average vesting period of these shares is 1.41 year from the closing date of the acquisition of Medidata and the last vesting date of these shares is September 2023.

The weighted average grant-date fair value of the Dassault Systèmes SE shares was:

- €134.15 for equity awards which also gave right at vesting date to all dividends paid during the vesting period;
- €132.80 for other equity awards.

Stock options

The main features of the Group stock option plans granted before 2020 are as follows: options vest over various periods ranging from one to four years, subject to continued employment, options expire eight to ten years from grant date, or after termination of employment or term of office, whichever is earlier, options have generally been granted at an exercise price equal to or greater than the grant date market value of the Dassault Systèmes SE share.

New plans granted in 2020

Plan 2020-01

Pursuant to an authorization granted by the shareholders at the General Meeting of Shareholders held on May 26, 2020, the Board of Directors decided on May 26, 2020 to grant 1,490,316 options to subscribe to Dassault Systèmes SE shares to certain employees and executives of the Group, at an exercise price of €145.45 (Plan 2020-01) equal to the closing value of the Dassault Systèmes SE share the day before the grant.

Such options are divided in four tranches. They shall be vested subject to the condition that the beneficiary is an employee or an executive of the Group at the end of a presence period of respectively one year (*tranche 1*), one year and a half (*tranche 2*), two years and a half (*tranche 3*), and three years and a half (*tranche 4*), and subject to the achievement of certain performance conditions for the years 2020, 2021, 2022 and 2023 (non-market vesting condition for the *tranche 1* and non-vesting condition for the *tranches 2, 3 and 4*). The options expire ten years from grant date or in case of termination of employment before the end of the presence period.

The weighted average grant-date fair value of options granted in 2020 was €16.57. It was estimated on the date of grant using a Black-Scholes option pricing model. Assumptions used are as follows: weighted-average expected life of around 6 years, expected volatility rate of 21.13%, expected dividend yield of 0.53% and average risk-free interest rate of (0.34)%, adjusted to include the non-vesting condition (for *tranches 2, 3 and 4*) using a Monte-Carlo model. The expected volatility was determined using a combination of the historical volatility of Dassault Systèmes SE's stock and the implied volatility of the Group's exchange-traded options.

Plans 2020-M-01, 2020-M-02, 2020-M-03, 2020-M-04

The main features of the 2020-M-01, 2020-M-02, 2020-M-03, 2020-M-04 are as follows: options shall be vested at the end of an acquisition period of one to three years, subject to the condition that the beneficiary be an employee or an executive of the Group at the acquisition date and subject to the achievement of a non-market performance objective for the years 2020, 2021, and 2022. The options expire ten years from grant date or upon termination of employment, whichever is earlier, options have generally been granted at an exercise price equal to or greater than the grant date (or the day before the grant date), market value of the Group's share. The weighted average grant-date fair value of granted options was estimated on the date of grant using a Black-Scholes option

pricing model. Assumptions used are as follows: weighted-average expected life of around 6 years, expected volatility rate of 21.13%, expected dividend yield of 0.53% and average risk-free interest rate of (0.34)%. The expected volatility was determined using a combination of the historical volatility of Dassault Systèmes SE's stock and the implied volatility of the Group's exchange-traded options.

Pursuant to an authorization granted by the shareholders at the General Meeting of Shareholders held on May 23, 2019, the Board of Directors decided on March 11, 2020 to grant 13,193 options to subscribe to Dassault Systèmes SE shares to certain employees and executives of the Group, at an exercise price of €131.00 (Plan 2020-M-01). The weighted average grant-date fair value of 2020-M-01 options was €22.97.

Pursuant to an authorization granted by the shareholders at the General Meeting of Shareholders held on May 26, 2020, the Board of Directors decided on May 26, 2020 to grant 658,410 options to subscribe to Dassault Systèmes SE shares to certain employees and executives of the Group, at an exercise price of €145.45 (Plan 2020-M-02). The weighted average grant-date fair value of 2020-M-02 options was €23.80.

Pursuant to an authorization granted by the shareholders at the General Meeting of Shareholders held on May 26, 2020, the Board of Directors decided on September 23, 2020 to grant 35,175 options to subscribe to Dassault Systèmes SE shares to certain employees and executives of the Group, at an exercise price of €157.85 (Plan 2020-M-03). The weighted average grant-date fair value of 2020-M-03 options was €23.80.

Pursuant to an authorization granted by the shareholders at the General Meeting of Shareholders held on May 26, 2020, the Board of Directors decided on December 4, 2020 to grant 11,409 options to subscribe to Dassault Systèmes SE shares to certain employees and executives of the Group, at an exercise price of €152.15 (Plan 2020-M-04). The weighted average grant-date fair value of 2020-M-04 options was €23.80.

Amendments to plans

On April 22, 2020, the Board of Directors amended the rules of the 2018-01, 2019-01 and 2020-M-01 stock option plans, respectively granted by the Board of Directors on May 22, 2018 (2018-01 plan), July 1, 2019 (2019-01 plan) and March 11, 2020 (2020-M-01 plan). The modification of the non-market performance conditions (vesting conditions) did not change significantly the amount of awards expected to vest on these plans.

Other information related to the Group stock options

A summary of the Group's stock option activity is as follows:

	2020		2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
OUTSTANDING AS OF JANUARY 1,	5,707,133	€102.28	5,689,320	€85.13
Granted	2,208,503	145.60	1,632,374	140.00
Exercised	(1,098,236)	83.05	(1,305,060)	74.84
Forfeited	(226,072)	127.96	(309,501)	101.52
OUTSTANDING AS OF DECEMBER 31,	6,591,328	€119.12	5,707,133	€102.28
Exercisable	2,898,530	€94.11	2,407,856	€78.16

A summary of the remaining contractual life and the exercise price of options outstanding as of December 31, 2020 is presented below:

Stock option plan	Number of options	Remaining life (years)	Exercise price
2014-01	25,627	1.40	€45.50
2015-01	302,668	4.68	€62.00
2016-01	457,412	5.40	€69.00
2017-01	874,773	6.39	€82.00
2018-01	1,345,945	7.39	€110.00
2019-01	1,442,863	8.50	€140.00
2020-01	1,463,171	9.40	€145.45
2020-M-01	13,193	9.19	€131.00
2020-M-02	619,092	9.40	€145.45
2020-M-03	35,175	9.73	€157.85
2020-M-04	11,409	9.93	€152.15
OUTSTANDING AS OF DECEMBER 31,	6,591,328	7.87	€119.12

Note 8 Other Operating Income and Expense, Net

Other operating income and expense, net are comprised of the following:

(in millions of euros)	Year ended December 31,	
	2020	2019
Costs incurred in connection with voluntary early retirement plan ⁽¹⁾	€(33.5)	€(4.2)
Costs incurred in connection with relocation activities ⁽²⁾	(9.6)	(3.7)
Impairment of acquired intangible assets	(7.3)	-
Restructuring costs and other ⁽³⁾	(4.6)	(2.1)
Acquisition costs ⁽⁴⁾	(0.9)	(24.0)
OTHER OPERATING INCOME AND EXPENSE, NET	€(56.0)	€(34.1)

(1) The Group implemented a new voluntary early retirement plan over 3 years, effective in February 2020. This plan is accounted for as a post-employment benefit which estimated costs are based on an assumption of expected proportion of employees to enter the plan and are accrued taking into account the employees estimated residual service period.

(2) Primarily composed of right-of-use impairments for vacant leasehold properties related to the reorganization of Medidata Solutions, Inc. premises in 2020 and other Group's premises in North America in 2019.

(3) Primarily related to redundancies costs in 2020 regarding restructuring plans at Medidata Solutions, Inc. and committed in 2019 following the Company's decision to rationalize its sales organization in Europe.

(4) In 2019, primarily corresponds to the direct costs incurred during the acquisition process of Medidata Solutions, Inc.

Note 9 Interest Income and Expense, Net and Other Financial Income and Expense, Net

Interest income and expense, net and other financial income and expense, net for the years ended December 31, 2020 and 2019 are as follows:

<i>(in millions of euros)</i>	Year ended December 31,	
	2020	2019
Interest income ⁽¹⁾	€14.3	€33.7
Interest expense ⁽²⁾	(37.2)	(25.2)
INTEREST INCOME AND EXPENSE, NET	€(22.9)	€8.5
Foreign exchange losses, net	(0.8)	(1.3)
Other, net ⁽³⁾	0.4	(4.2)
OTHER FINANCIAL INCOME AND EXPENSE, NET	€(0.4)	€(5.4)

(1) Interest income is primarily composed of interests on cash, cash equivalents and short-term investments.

(2) Mainly includes:

(i) in 2020, interest expenses related to several financing operations as part of the acquisition of Medidata Solutions, Inc., including an interest expense of €8.3 million related to the bond and €11.8 million related to the borrowings from banking institutions (see Note 20 Borrowings).

(ii) in 2019, an interest expense of €8.1 million due pursuant to two borrowings entered into in October 2015 for €650 million and in June 2013 for €350 million and fully repaid in September and July 2019, respectively.

(iii) an interest expense related to lease liability for €16.1 million in 2020 and €14.8 million in 2019.

(3) In 2019, mainly includes the costs associated with the bridge loan's commitment for the acquisition of Medidata Solutions, Inc., which was not used.

Note 10 Income Taxes

Deferred tax assets and liabilities are as follows:

<i>(in millions of euros)</i>	Year ended December 31,	
	2020	2019
Provisions and other expenses	€167.8	€173.4
Profit-sharing and pension accruals	48.5	40.8
Net tax loss and tax credit carryforward assets	90.8	134.4
Amortization and basis difference	75.6	37.2
Amortization of acquired intangibles	(826.7)	(1,040.2)
Other	(28.2)	(38.3)
NET DEFERRED TAX LIABILITY	€(472.2)	€(692.7)
Deferred tax assets	153.1	137.4
Deferred tax liabilities	(625.3)	(830.2)
NET DEFERRED TAX LIABILITY	€(472.2)	€(692.7)

Change in deferred taxes can be summarized as follows:

<i>(in millions of euros)</i>	Year ended December 31,	
	2020	2019
NET DEFERRED TAX LIABILITY AS OF JANUARY 1,	€(692.7)	€(98.7)
Changes included in the income statement	95.7	88.7
Business combinations ⁽¹⁾	67.0	(727.7)
Other changes included in shareholders' equity	8.4	38.4
Currency translation adjustments	49.4	6.5
NET DEFERRED TAX LIABILITY AS OF DECEMBER 31,	€(472.2)	€(692.7)

(1) In 2020 includes the impact of the change in deferred tax rate that are expected to apply in the period in which the asset is realised or the liability is settled, mainly related to United States based acquired assets (see Note 16 Business Combinations).

The components of income before income taxes are as follows:

<i>(in millions of euros)</i>	Year ended December 31,	
	2020	2019
France	€382.4	€364.3
Foreign	263.9	451.6
INCOME BEFORE INCOME TAXES	€646.3	€815.9

The components of income tax expense are as follows:

<i>(in millions of euros)</i>	Year ended December 31,	
	2020	2019
France	€(134.9)	€(125.3)
Foreign	(121.6)	(173.1)
CURRENT TAXES	(256.6)	(298.3)
France	17.0	3.9
Foreign	78.8	84.8
CHANGE IN DEFERRED TAXES	95.7	88.7
INCOME TAX EXPENSE	€(160.8)	€(209.6)

Differences between the income tax provision and the provision computed using the statutory French income tax rate are as follows:

<i>(in millions of euros)</i>	Year ended December 31,	
	2020	2019
Taxes computed at the statutory rate of 32.02% in 2020 (34.43% in 2019)	€(207.0)	€(280.9)
Foreign tax rate differentials ⁽¹⁾	41.8	58.5
R&D tax credit and other tax credits ⁽²⁾	21.5	13.6
Income taxable at reduced rate ⁽³⁾	46.6	55.4
Other tax effects, net ⁽⁴⁾	(63.8)	(56.2)
INCOME TAX EXPENSE	€(160.8)	€(209.6)
EFFECTIVE TAX RATE	24.9%	25.7%

(1) In 2020 and 2019, mainly includes tax rate differential with the United States tax rate of 21%.

(2) R&D tax credit and other tax credits derived mainly from research tax credits in France and in the United States.

(3) In 2020 and 2019, includes the favorable effect of recent French (Art. 238) and United States (FDII) legislation changes decreasing taxation of revenue from ownership of intangibles.

(4) In 2020 and 2019, mainly includes tax impact in connection with provisions for tax risks and French Cotisation sur la valeur ajoutée des entreprises ("CVAE").

At December 31, 2020, there were unrecognized tax losses and tax credit carried forward of €122.8 million, which are scheduled to expire after 2026.

Note 11 Earnings per Share

Basic net income per share is determined by dividing net income attributable to equity holders of the Group by the weighted average number of common shares outstanding during the period. Diluted net income per share is determined

by dividing net income attributable to equity holders of the Group by the combination of the weighted average number of common shares outstanding during the period and the dilutive effect of stock options and performance shares.

The following table presents the calculation for both basic and diluted net income per share:

<i>(in millions of euros, except shares and per share data)</i>	Year ended December 31,	
	2020	2019
Net income attributable to equity holders of the Group	€491.0	€615.3
Weighted average number of shares outstanding	260,445,255	259,397,967
Dilutive effect of share-based compensations	3,728,150	3,800,928
Diluted weighted average number of shares outstanding	264,173,405	263,198,895
Basic net income per share (in euros)	€1.89	€2.37
Diluted net income per share (in euros)	€1.86	€2.34

4

Note 12 Cash and Cash Equivalents and Short-term Investments

Cash and cash equivalents are comprised of the following:

<i>(in millions of euros)</i>	Year ended December 31,	
	2020	2019
Bank accounts	€305.7	€380.5
Cash equivalents	1,843.1	1,564.4
CASH AND CASH EQUIVALENTS	€2,148.9	€1,944.9

At December 31, 2020 and 2019, approximately 46% and 36% of cash and cash equivalents were denominated in U.S. dollars respectively.

The short-term investments of €0.1 million and €0.7 million, classified as Other current assets at December 31, 2020 and 2019 respectively, were primarily comprised of mutual funds and fixed term deposits.

The investment rules are determined and controlled centrally by the Group's management. Cash, cash equivalents and short-term investments are on deposit with high credit-quality financial institutions, principally in Europe. The Group follows a conservative policy in investing its cash resources, mostly relying on short-term maturity investments.

The Group has adopted policies regarding financial ratings and spread of maturity dates in order to ensure the security and liquidity of its financial instruments. The Group's management oversees closely the quality of its investments and the credit-worthiness of its counterparts and believes that it has a minimal exposure to the risk of bankruptcy of anyone of them. The Group also closely oversees the liquidity of its financial assets held with these same counterparts. In this regard, the Group follows in particular the financial rating of each of its counterparties and, up to the present time, all of its counterparties are rated within the Investment Grade category by the rating agencies. As a result, the Group believes that it has a very low exposure to credit or counterparty risk.

Note 13 Trade Accounts Receivable, Net, Contract Balances and Other Current Assets

Trade accounts receivable and other current assets are measured at amortized cost.

Trade accounts receivable

<i>(in millions of euros)</i>	Year ended December 31,	
	2020	2019
Trade accounts receivable	€1,277.5	€1,350.9
Allowance for trade accounts receivable	(48.4)	(31.7)
TOTAL TRADE ACCOUNTS RECEIVABLE, NET	€1,229.1	€1,319.2

The maturities of trade accounts receivable, net, were as follows:

<i>(in millions of euros)</i>	Year ended December 31,	
	2020	2019
Trade accounts receivable past due at closing date:		
Less than 3 months past due	€124.8	€173.9
3 to 6 months past due	22.9	34.9
More than 6 months past due	45.9	45.6
TRADE ACCOUNTS RECEIVABLE PAST DUE	193.6	254.4
Trade accounts receivable not yet due	1,035.5	1,064.8
TOTAL TRADE ACCOUNTS RECEIVABLE, NET	€1,229.1	€1,319.2

The Group is not dependent on any of its principal clients. No single customer or sales channel partner represented more than 5% of the Group's total revenue in 2020 and 2019.

In the context of the health crisis linked to the COVID-19 and its impact on the economic environment, the Group has

updated its assessment of customer risk in the context of the signing of new contracts and of assessment for allowance of customer accounts. In particular, the Group has strengthened its comprehensive credit rating and monitoring system of its customers and distributors.

Contract balances

<i>(in millions of euros)</i>	Year ended December 31,	
	2020	2019
Contract assets	€27.0	€26.9
Contract liabilities	€(1,169.1)	€(1,093.5)

The amount of the revenue recognized during 2020 which had been deferred in the contract liabilities as at January 1, 2020 is €833.2 million. The amount of the revenue recognized during 2019 which had been deferred in the contract liabilities as at January 1, 2019 is €733.0 million.

The amount of the revenue recognized during 2020 and 2019 related to performance obligations satisfied (or partially satisfied) in previous periods is €0.2 and €0.3 million respectively.

During the reporting period the change in contract assets and contract liabilities due to business combination is €(0.8) million mainly related to the acquisitions of NuoDB, Inc. and PROXEM SAS. In 2019, this change is €(59.8) million mainly related to the acquisitions of Medidata Solutions, Inc. and IQMS, LLC.

All contract assets recorded in the balance as of December 31, 2019 have been reclassified to receivables during 2020 since the right to consideration became unconditional.

Remaining unsatisfied performance obligations

The amount of the remaining unsatisfied performance obligations, as defined by IFRS 15, is the portion of the transaction price from contracts with customers allocated to performance obligations unsatisfied or partially satisfied as of the closing date.

When applying the practical expedients permitted by IFRS 15 (right to exclude contracts with duration less than one year and time and materials contracts), the amount of the remaining unsatisfied performance obligations is €1,664.4 million as

of December 31, 2020. Due to the profile of contract terms, approximately 49% of this amount is expected to be recognized as revenue over the next year, approximately 51% thereafter. As of December 31, 2019, the amount of the remaining unsatisfied performance obligations is €1,398.3 million, of which approximately 56% of this amount was expected to be recognized as revenue over the following year and approximately 44% thereafter. The increase in 2020 in the remaining unsatisfied performance obligations is mainly in relation to Medidata Solutions, Inc.

Other current assets

Other current assets are composed of the following:

<i>(in millions of euros)</i>	Year ended December 31,	
	2020	2019
Prepaid expenses	€104.1	€122.6
Deferred sales compensation, current ⁽¹⁾	25.5	11.6
Value added tax	37.3	88.6
Derivatives, current ⁽²⁾	6.5	3.2
Other	29.3	36.5
TOTAL OTHER CURRENT ASSETS	€202.7	€262.6

(1) See Note 2. Summary of Significant Accounting Policies.

(2) See Note 21. Derivatives and Currency and Interest Rate Risk Management.

Note 14 Property and Equipment, Net

Property and equipment consist of the following:

<i>(in millions of euros)</i>	Year ended December 31, 2020			Year ended December 31, 2019		
	Gross	Accumulated depreciation and Impairment	Net	Gross	Accumulated depreciation and Impairment	Net
Right-of-use	€734.5	€(170.8)	€563.7	€697.1	€(82.0)	€615.1
Computer equipment	345.1	(228.9)	116.2	314.6	(186.0)	128.6
Office furniture and equipment	75.3	(47.5)	27.8	80.2	(46.4)	33.8
Leasehold improvements	194.8	(90.0)	104.9	189.0	(80.3)	108.7
Buildings	52.4	(3.8)	48.6	16.5	(2.9)	13.5
TOTAL	€1,402.1	€(541.0)	€861.1	€1,297.4	€(397.6)	€899.7

The change in the carrying amount of property and equipment as of December 31, 2020 is as follows:

<i>(in millions of euros)</i>	Right-of-use ⁽¹⁾	Computer equipment	Office furniture and equipment	Leasehold improvements	Buildings	Total
NET PROPERTY AND EQUIPMENT AS OF DECEMBER 31, 2019	€615.1	€128.6	€33.8	€108.7	€13.5	€899.7
Additions	53.0	50.3	6.7	22.9	27.8	160.8
Business combinations	0.8	0.1	-	0.1	-	1.0
Other changes ⁽²⁾	17.1	(1.5)	(0.8)	(0.3)	11.8	26.3
Depreciation and impairment for the period ⁽³⁾	(102.7)	(56.2)	(10.1)	(19.3)	(1.2)	(189.6)
Exchange differences	(19.6)	(5.1)	(2.0)	(7.1)	(3.4)	(37.2)
NET PROPERTY AND EQUIPMENT AS OF DECEMBER 31, 2020	€563.7	€116.2	€27.8	€104.9	€48.6	€861.1

(1) In 2020, the depreciation charge of right-of-use is €85.0 and €4.9 million for offices and vehicles respectively; as of December 31, 2020, the net book value of right-of-use is €544.7 and €8.4 million for offices and vehicles respectively.

(2) Including a reclassification of €11.8 million from Other Non-Current Assets related to the prepayment made in 2019 on buildings acquisition.

(3) Including €(10.5) million of right-of-use impairments.

The change in the carrying amount of property and equipment as of December 31, 2019 is as follows:

<i>(in millions of euros)</i>	Right-of-use ⁽²⁾	Computer equipment	Office furniture and equipment	Leasehold improvements	Buildings	Total
NET PROPERTY AND EQUIPMENT AS OF DECEMBER 31, 2018	€-	€96.8	€14.5	€62.7	€4.2	€178.2
IFRS 16 first time application ⁽¹⁾	391.8	-	-	(1.1)	-	390.7
NET PROPERTY AND EQUIPMENT ADJUSTED AS OF JANUARY 1, 2019	€391.8	€96.8	€14.5	€61.6	€4.2	€568.9
Additions	170.8	67.6	5.8	14.1	0.1	258.3
Business combinations	120.1	13.3	23.3	41.7	9.8	208.3
Other changes	4.5	(2.2)	(3.9)	4.5	-	3.0
Depreciation for the period	(74.4)	(47.6)	(5.9)	(13.7)	(0.6)	(142.2)
Exchange differences	2.3	0.6	-	0.5	0.1	3.5
NET PROPERTY AND EQUIPMENT AS OF DECEMBER 31, 2019	€615.1	€128.6	€33.8	€108.7	€13.5	€899.7

(1) The rights-of-use are related to offices for €382.4 million and vehicles for €9.4 million.

(2) In 2019, the depreciation charge of right-of-use is €67.0 and €7.4 million for offices and vehicles respectively; as of December 31, 2019, the net book value of right-of-use is €601.4 and €13.7 million for offices and vehicles respectively.

Note 15 Other Non-Current Assets

Other non-current assets consist of the following:

<i>(in millions of euros)</i>	Year ended December 31,	
	2020	2019
Tax receivable ⁽¹⁾	€144.9	€123.1
Deferred sales compensation, non-current ⁽²⁾	43.4	36.1
Investments in non-consolidated subsidiaries	28.7	54.8
Other	35.4	35.5
OTHER NON-CURRENT ASSETS	€252.4	€249.5

(1) In 2020 and 2019, tax payments following tax reassessments which are disputed by the Group with the relevant authorities (see Note 25 Commitments and Contingencies).

(2) See Note 2 Summary of Significant Accounting Policies.

Note 16 Business Combinations

2020 acquisitions

NuoDB, Inc.

On December 10, 2020, the Group completed the acquisition of NuoDB, Inc., a company in which the Group had a 16% ownership interest. Founded in 2010 and headquartered in Cambridge, Massachusetts, NuoDB, Inc. provides a cloud-native distributed SQL database that capitalizes on the competitive advantages of the cloud, with on demand scalability, continuous availability and transactional consistency, and is built for mission critical applications.

The total acquisition price, including the fraction of capital already held, amounted to €89.9 million.

The preliminary allocation of the purchase price resulted in €31.8 million of goodwill. The primary items that generated goodwill include mainly the value of the synergies between NuoDB, Inc. and the Group's activities.

PROXEM SAS

On June 9, 2020 the Group completed the acquisition of 100% of the capital of PROXEM SAS, a specialist in artificial intelligence-based semantic processing software and services, and provider of consumer experience analysis solutions.

The total acquisition price amounted to €21.2 million.

The preliminary allocation of the purchase price resulted in €10.1 million of goodwill. The primary items that generated goodwill include mainly the value of the synergies between PROXEM SAS and the Group's activities.

Purchase price allocation

The estimated fair values of assets acquired and liabilities assumed in connection with the acquisitions presented below are provisional. The Group is waiting for additional information necessary to finalize these fair values and the provisional measurements of fair value presented are subject to change. The Group expects to finalize the valuation and complete the purchase price allocation as soon as practical and no later than one year from the acquisition date.

The purchase prices of NuoDB, Inc. and PROXEM SAS have been allocated to identifiable assets acquired and liabilities assumed, based on estimated fair values at the date of the acquisition, as follows:

<i>(in millions of euros)</i>	NuoDB, Inc.	PROXEM SAS	Total
Cash and cash equivalents	€3.3	€1.3	€4.6
Other assets	2.0	1.4	3.4
Intangible assets acquired ⁽¹⁾	54.0	12.7	66.7
Other liabilities	(4.1)	(1.8)	(5.9)
Deferred taxes, net	2.9	(2.5)	0.4
TOTAL IDENTIFIABLE NET ASSETS	€58.1	€11.1	€69.2
Goodwill	31.8	10.1	41.9
TOTAL PURCHASE PRICE	€89.9	€21.2	€111.1

(1) Intangible assets acquired subject to amortization and included in the fair value of identifiable assets and liabilities are software.

The unaudited financial information presented in the table below summarizes the combined results of operations for the year ended December 31, 2020 as if the acquisitions had occurred at the beginning of the period. This financial information reflects the additional amortization expense of acquired intangible assets, with the related tax effects,

assuming the fair value adjustments had been applied from the beginning of the period and the elimination of the intercompany transactions. This information is presented for informational purposes and does not purport to be indicative of the results that will be achieved in the future.

<i>(in millions of euros)</i>	Year ended December 31, 2020 (unaudited)
Revenue	€4,455.1
Net income	€468.4

In addition, the portion of acquired companies' revenue and net income generated since the acquisition date and included in the Group's consolidated financial statements as of December 31, 2020 is as follows:

<i>(in millions of euros)</i>	Year ended December 31, 2020
Revenue	€1.6
Net income	€(0.9)

2019 acquisitions

Medidata Solutions, Inc.

In accordance with the terms of the agreement announced on June 12, 2019, the Group finalized on October 28, 2019 the acquisition of the full capital of Medidata Solutions, Inc. ("Medidata"), a leader of the digital transformation of the Life Sciences industry and Pharmaceutical industry for clinical development, commercial, and real-world data intelligence.

Medidata's clinical expertise and cloud-based solutions power the development and commercialization of smarter therapies for 1,300 customers worldwide, including pharmaceutical companies and biotechs, contract research organizations (CROs), and medical centers. These solutions enable efficiency and improve quality throughout clinical development programs by enhancing decision-making, accelerating processes execution and oversight, minimizing operational risk, reducing costs and adapting trial strategies. Thirteen of the top fifteen drugs sold in 2018 were powered by Medidata's technology. Eighteen of the top twenty-five pharmaceutical companies

and nine of the top ten CROs are Medidata customers. Founded in 1999, Medidata is headquartered in New York City, with sixteen offices across seven countries, notably in the U.S., Japan, Korea, and the U.K., and counts around 2,200 employees as at December 31, 2019.

The total consideration transferred amounted €5,060.8 million and includes (i) the payment in cash of the existing issued shares at a price of \$92.25 per share for a total amount of €5,034.9 million, (ii) the right to receive a replacement award for unvested shares at acquisition date (see the Note 7 Share-based Compensations) which pre-acquisition fair value is estimated at €121.0 million (iii) net of the gain related to the hedging of €/\$ risk for €(95.0) million.

The Group financed this acquisition notably by issuing a bond for a total amount of €3,650.0 million and entering into two term loans with banking establishment of €500.0 million and \$530.0 million (see Note 20 Borrowings).

The definitive allocation of the purchase price resulted in €2,322.8 million of Goodwill. Goodwill represents mainly

the pipeline of future products in early stage research and development at the acquisition date and the expected future synergies between Medidata and the Group's activities.

IQMS, LLC

On January 3, 2019, the Group completed the acquisition of 100% of the capital of IQMS, LLC, a manufacturing ERP software company, for a purchase price of €379.0 million.

The definitive allocation of the purchase price resulted in €213.7 million of goodwill. The primary items that generated goodwill include mainly the value of the synergies between IQMS, LLC and the Group's activities.

Other acquisitions

The Group completed its acquisition of 100% of Argosim SAS on January 9, 2019, of Trace Software International's technological activities on March 29, 2019 and of 100% of Distene SAS on December 19, 2019 for a total consideration of €28.8 million.

The definitive allocation of the purchase prices resulted in a €8.9 million goodwill.

Note 17 Intangible Assets, Net

Intangible assets consist of the following:

<i>(in millions of euros)</i>	Year ended December 31, 2020			Year ended December 31, 2019		
	Gross	Accumulated amortization and impairment	Net	Gross	Accumulated amortization and impairment	Net
Software	€3,209.5	€(1,131.2)	€2,078.2	€3,354.3	€(913.1)	€2,441.1
Customer relationships	2,218.9	(881.8)	1,337.1	2,390.0	(810.0)	1,580.0
Other intangible assets	169.7	(38.3)	131.4	186.9	(21.9)	165.0
TOTAL	€5,598.1	€(2,051.4)	€3,546.8	€5,931.2	€(1,745.1)	€4,186.1

The change in the carrying amount of intangible assets as of December 31, 2020 is as follows:

<i>(in millions of euros)</i>	Software	Customer relationships	Other intangible assets	Total intangible assets
NET INTANGIBLE ASSETS AS OF DECEMBER 31, 2019	€2,441.1	€1,580.0	€165.0	€4,186.1
Business combinations	66.7	0.2	-	66.9
Other additions	16.0	0.8	0.7	17.5
Amortization and impairment for the period*	(272.8)	(124.0)	(18.0)	(414.9)
Exchange differences and other changes	(172.8)	(119.9)	(16.1)	(308.8)
NET INTANGIBLE ASSETS AS OF DECEMBER 31, 2020	€2,078.2	€1,337.1	€131.4	€3,546.8

* Including €(7.3) million of other intangible assets impairment.

The change in the carrying amount of intangible assets as of December 31, 2019 is as follows:

<i>(in millions of euros)</i>	Software	Customer relationships	Other intangible assets	Total intangible assets
NET INTANGIBLE ASSETS AS OF DECEMBER 31, 2018	€641.5	€482.6	€13.7	€1,137.8
Business combinations	1,959.5	1,197.5	153.9	3,310.8
Other additions	9.6	0.1	1.1	10.8
Amortization and impairment for the period	(154.6)	(96.3)	(2.9)	(253.8)
Exchange differences and other changes	(14.9)	(3.9)	(0.7)	(19.5)
NET INTANGIBLE ASSETS AS OF DECEMBER 31, 2019	€2,441.1	€1,580.0	€165.0	€4,186.1

Note 18 Goodwill

The change in the carrying amount of goodwill as of December 31, 2020 and 2019 is as follows:

<i>(in millions of euros)</i>	Year ended December 31,	
	2020	2019
GOODWILL AS OF JANUARY 1,	€4,730.9	€2,124.5
Business combinations	(7.6)	2,599.6
Exchange differences	(332.9)	6.7
GOODWILL AS OF DECEMBER 31,	€4,390.5	€4,730.9

The Group performed annual impairment tests in the fourth quarter of 2020 and 2019.

For the purpose of the impairment test, the Group identified 12 cash-generating units ("CGUs") or groups of CGUs as of December 31, 2020, generally corresponding to the Group's main software product brands. Each CGU represents the

lowest level within the Group at which goodwill is monitored for internal management purposes. Goodwill tested for impairment purposes was allocated to each CGU, or groups of CGUs that were expected to benefit from the synergies of the combination.

Goodwill allocated to each CGU or groups of CGUs is as follows:

<i>(in millions of euros)</i>	December 31, 2019	NuoDB, Inc. Acquisition	PROXEM SAS Acquisition	Other changes*	Exchange differences	December 31, 2020
MEDIDATA SOLUTIONS INC.	€2,341.3	€-	€-	€(49.0)	€(193.7)	€2,098.6
SIMULIA	588.5	-	-	-	(35.1)	553.4
BIOVIA	405.7	-	-	-	(33.9)	371.9
CATIA	372.0	31.8	-	(0.5)	(8.2)	395.2
DELMIA**	266.1	-	-	-	(9.9)	256.2
ENOVIA***	225.2	-	10.1	-	(12.5)	222.8
SOLIDWORKS	249.7	-	-	-	(21.1)	228.6
CENTRIC PLM	123.3	-	-	-	(10.4)	112.9
GEOVIA	119.6	-	-	-	(7.7)	111.8
Other	39.4	-	-	-	(0.4)	39.0
TOTAL	€4,730.9	€31.8	€10.1	€(49.5)	€(332.9)	€4,390.5

* Including adjustment made during the measurement-period on Medidata Solutions Inc.

** Including QUINTIQ.

*** Including NETVIBES and EXALEAD.

The recoverable amount of each CGU or groups of CGUs has been determined based on a value in use calculation. This calculation uses cash flow projections based on financial budgets covering a five- to ten-year period. The ten-year period projections are used for activities that have longer development cycles, representing approximately 62% of the Group's total goodwill as of December 31, 2020. Key assumptions used to determine the value in use of assets are derived from management objectives for revenue growth and operating margin of each CGU. The pre-tax discount rates are between 8.1% and 8.8%. Cash flows beyond that five- to ten-year period have been extrapolated using a steady growth rate comprised between 2% and 3%, reflecting long-term growth rates in the software industry.

At December 31, 2020, based on management estimates, the Group concluded that the value in use of each CGU or groups of CGUs exceeded its carrying value. Management believes that any reasonable possible change in key assumptions described above on which recoverable amount is based would not cause each CGU or groups of CGUs' carrying amount to significantly exceed its recoverable amount. In particular, an increase of 150 basis points in the pre-tax discount rate or a decrease of 100 basis points in the long-term growth rates would not cause each CGU or groups of CGUs' carrying amount to significantly exceed its recoverable amount.

Note 19 Other Liabilities

Other liabilities are comprised of the following:

<i>(in millions of euros)</i>	Year ended December 31,	
	2020	2019
Value added tax and other taxes	€97.5	€150.8
Provisions, current ⁽¹⁾	12.1	12.0
Post-employment benefits ⁽²⁾	8.0	1.0
Derivatives, current ⁽³⁾	2.1	4.2
Lease liabilities, current	78.8	83.0
Other ⁽⁴⁾	18.2	12.4
TOTAL OTHER CURRENT LIABILITIES	€216.7	€263.3
Post-employment benefits ⁽²⁾	€197.5	€173.1
Provisions, non-current ⁽¹⁾	22.9	19.8
Employee profit sharing, non-current	-	31.5
Derivatives, non-current ⁽³⁾	0.3	0.3
Lease liabilities, non-current	564.5	612.8
Uncertainty over Income tax treatments	151.5	121.5
Other ⁽⁴⁾	34.9	90.3
TOTAL OTHER NON-CURRENT LIABILITIES	€971.5	€1,049.2

(1) See reconciliation of provisions below.

(2) See Note 22 Post-employment Benefits.

(3) See Note 21 Derivatives and Currency and Interest Rate Risk Management.

(4) In 2019 and 2020, includes the put option debt on Centric Software Inc.'s minority interests.

The change in the carrying value of provisions as of December 31, 2020 is as follows:

<i>(in millions of euros)</i>	Claims, litigation and other	Restructuring	Total provisions
PROVISIONS AS OF DECEMBER 31, 2019	€28.5	€3.3	€31.8
Additions	18.0	1.2	19.3
Utilization	(8.9)	(3.8)	(12.7)
Reversal of unused amounts	(3.6)	(0.5)	(4.2)
Business combinations	1.6	-	1.6
Exchange differences and other	(2.7)	1.9	(0.8)
PROVISIONS AS OF DECEMBER 31, 2020	€32.8	€2.1	€35.0

The maturity analysis of undiscounted lease liabilities payments as of December 31, 2020 is as follows:

<i>(in millions of euros)</i>	Payments due by period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Lease liabilities – undiscounted cash flows	704.9	102.5	184.2	128.4	289.9

The Group has chosen to apply two exemptions provided by IFRS 16 and to recognize as operating rent expense for leases with a lease term no more than 12 months and for leases with underlying asset of low value. The related rents recognized in the consolidated income statement is summarized below:

<i>(in millions of euros)</i>	Year ended December 31,	
	2020	2019
Expenses relating to short-term leases	(5.4)	(4.7)
Expenses relating to leases of low-value assets	(0.6)	(1.2)
TOTAL	(6.0)	(5.9)

Note 20 Borrowings

Borrowings are comprised of the following:

<i>(in millions of euros)</i>	Year ended December 31,	
	2020	2019
Term loans, current	€13.7	€-
Accrued interests	2.3	4.4
TOTAL BORROWINGS, CURRENT	€16.0	€4.4
Bond, non-current ⁽¹⁾	3,631.6	3,628.8
Term loans, non-current ⁽²⁾	542.7	968.0
TOTAL BORROWINGS, NON-CURRENT	€4,174.3	€4,596.8

(1) As of December 31, 2020, the fair value is €3,709.2 million (level 1 of fair value hierarchy).

(2) As of December 31, 2020, the fair value is €553.4 million (level 2 of fair value hierarchy).

The change in borrowings as of December 31, 2020 is as follows:

<i>(in millions of euros)</i>	Bond	Term loans	Accrued interests	Total
BORROWINGS AS OF DECEMBER 31, 2019	€3,628.8	€968.0	€4.4	€4,601.2
Issuance	-	18.5	-	18.5
Business combination	-	0.1	-	0.1
Reimbursement	-	(400.9)	-	(400.9)
Exchange differences	-	(0.5)	-	(0.5)
Other changes	2.8	(28.8)	(2.1)	(28.1)
BORROWINGS AS OF DECEMBER 31, 2020	€3,631.6	€556.4	€2.3	€4,190.4

The analysis of the borrowings as of December 31, 2020 by currency and nature of rate is as follows:

<i>(in millions of euros)</i>	Total	Currency analysis and rate nature				
		Euros	Dollars	Other currencies	Fixed rate	Floating rate
Bond	€3,631.6	€3,631.6	€-	€-	€3,631.6	€-
Term loans	556.4	299.5	243.6	13.3	13.7	542.7
Accrued interests	2.3	1.9	0.4	-	1.7	0.6
TOTAL	€4,190.4	€3,933.1	€244.0	€13.3	€3,647.0	€543.3

The table below provides a breakdown of total borrowings by contractual maturity date as of December 31, 2020:

<i>(in millions of euros)</i>	Total	Payments due by period		
		Less than 1 year	1-5 years	5-10 years
Bond	€3,631.6	€-	€1,592.0	€2,039.7
Term loans	556.4	13.7	542.7	-
Accrued interests	2.3	2.3	-	-
TOTAL	€4,190.4	€16.0	€2,134.7	€2,039.7

Bond

On August 27, 2019, Standard & Poors Global Ratings assigned to Dassault Systèmes SE and to its long term credit a rating of "A-" with a stable outlook.

On September 16, 2019, the Group issued its four-tranche fixed rate bond for a total of €3,650 million. This issuance was part of the financing of the acquisition of Medidata Solutions, Inc. completed in October 2019.

The conditions of the bond issue are as follows:

Bond	Nominal amount <i>(in millions of euros)</i>	Carrying amount <i>(in millions of euros)</i>	Maturity date	Coupon
2022	€900.0	€895.5	Sep 16, 2022	0.000%
2024	700.0	696.5	Sep 16, 2024	0.000%
2026	900.0	895.5	Sep 16, 2026	0.125%
2029	€1,150.0	€1,144.2	Sep 16, 2029	0.375%

The terms and conditions of this loan are detailed in the transaction note having obtained the AMF visa n° 19-434 dated September 12, 2019.

Term loans

In connection with the acquisition of Medidata Solutions, Inc., the Group also subscribed in October 2019 a term loan for €500.0 million bearing interest at Euribor 3 months +0.50% *per annum* and a term loan for \$530.0 million bearing interest at Libor USD 3 months +0.60% *per annum*. Both loans have a 5-year term.

On October 28, 2020, the Group redeemed early, as allowed by the financing contract, part of its term loans for €200.0 million and \$230.0 million.

The Group's financing contracts do not have commitments such as "covenant ratios" linked to the change in the Group's rating. A lower credit rating would result in an increase (capped) in the margins applicable to the credit facilities; symmetrically, a higher rating would lead to a decrease in the applicable margins (with a floor).

Line of credit

The Group received a financing commitment in the form of a revolving line of credit of €750 million for a period of 5 years from October 28, 2019. In May 2020, the Group exercised its option to extend its term for one year, bringing the new termination date to October 2025. As of December 31, 2020, the line of credit was not drawn down.

Note 21 Derivatives and Currency and Interest Rate Risk Management

The fair market values of derivative instruments were determined by financial institutions using option pricing models.

All financial instruments are related to the foreign currency hedging strategy of the Group and have maturity dates of less than 2 years. Management believes that counter-party risk on financial instruments is minimal since the Group deals with major banks and financial institutions.

A description of market risks to which the Group is exposed to is provided in paragraph 1.9.2 "Financial and Market Risks" of the Universal registration document.

Foreign currency risk

The Group operates internationally and transacts in various foreign currencies, primarily U.S. dollar and Japanese yen.

In 2020, revenue denominated in U.S. dollars represented 47.8% of the Group's total revenue, compared with 40.2% in 2019. Operating expenses denominated in U.S. dollars represented 49.1% of the Group's total operating expenses in 2020, compared with 39.6% in 2019. This Group's net operating exposure to U.S. dollars amounted to €272.8 million in 2020, so 6.1% of the Group's total revenue. The average value of the U.S. dollar decreased by approximately 2%

against the euro in 2020 and increased by approximately 5% in 2019, resulting in a negative impact on the Group's revenue and operating income in 2020 and a positive impact in 2019.

In 2020, revenue denominated in Japanese yens represented 9.8% of the Group's total revenue, compared to 11.3% in 2019. Operating expenses denominated in Japanese yens represented 3.3% of the Group's total operating expenses in 2020 and 4.1% in 2019. This Group's net operating exposure to Japanese yen amounted to €311.0 million in 2020, so 7.0% of the Group's total revenue, and this exposure was in part hedged through market instruments at a level of €232.5 million, as further described below. The average value of the Japanese yen against the euro was flat in 2020, and increased by approximately 7% in 2019, resulting in a limited impact on the Group's revenue and operating income in 2020 and a positive impact in 2019.

Consequently, the Group estimates that the sensitivity on the operating income to a variation of +10% and -10% in the exchange rate of the euro against the U.S. dollar would have had an impact of €(24.8) and €30.3 million respectively. In addition, the Group estimates that the sensitivity on the operating income to a variation of +10% and -10% in the exchange rate of euro against the Japanese yen would have had an impact of €(28.3) and €34.6 million respectively.

The table below sets forth, for the year ended December 31, 2020, the value in euros of the Group's revenue, operating expenses and net position, before and after hedging, denominated in U.S. dollars, Japanese yens and other currencies (principally the euro):

<i>(in millions of euros)</i>	Year ended December 31, 2020			
	U.S. dollar	Japanese yen	Euro and other currencies	Total
Revenue	€2,129.3	€436.2	€1,886.6	€4,452.2
Operating expenses	(1,856.6)	(125.3)	(1,800.7)	(3,782.5)
NET POSITION	€272.8	€311.0	€85.9	€669.7
Hedge	(28.9)	232.5	34.5	238.2
NET POSITION AFTER HEDGE	€301.6	€78.5	€51.4	€431.5

The Group usually hedges exchange rate risk related to its revenues and expenses coming from usual and predictable economic activity arising in the normal course of operations. The Group may also cover occasional exchange rate risk arising from specific transactions, such as acquisitions paid for in foreign currencies. Hedging activities are generally carried out and managed by Dassault Systèmes SE for its own account and on behalf of its subsidiaries.

As part of the financing of the acquisition of Medidata Solutions, Inc. shares in U.S. dollars, the Group hedged the euro/U.S. dollar risk, using instruments contingent on the closing of the acquisition. These hedges were undertaken with four banks for a total of \$4.2 billion with a possible maturity date until January 13, 2020. On October 28, 2019, the date of the completion of the acquisition of Medidata Solutions, Inc., all hedges undertaken for this operation were drawn in

full and the gain was reclassified into goodwill (See Note 16 Business Combinations and Note 18 Goodwill).

To manage currency exposure, the Group generally uses foreign exchange forward contracts. Except those indicated in the table below, the derivative instruments held by the Group are designated as cash flow hedges, with high correlation with

the underlying exposure and highly effective in offsetting underlying price movements.

The effectiveness of forward contracts and currency options is measured using forward rates and the forward value of the underlying hedged transaction. During 2020 and 2019, the ineffective portion of gains or losses from hedging instruments excluded from the assessment of effectiveness portion was nil.

At December 31, 2020 and 2019, the fair value of instruments used to manage the currency exposure (excluding the net investment hedge) was as follows:

(in millions of euros)	Year ended December 31,			
	2020		2019	
	Nominal amount	Fair value	Nominal amount	Fair value
Forward exchange contract JPY/USD – sale ⁽¹⁾	€73.0	€(0.1)	€83.7	€1.9
Forward exchange contract JPY/EUR – sale ⁽¹⁾	63.8	4.7	143.0	(2.0)
Forward exchange contract EUR/INR – sale ⁽¹⁾	47.0	(1.5)	23.9	0.9
Forward exchange contract USD/INR – sale ⁽¹⁾	31.8	0.8	30.9	0.1
Forward exchange contract GBP/EUR – sale ⁽¹⁾	22.5	0.7	54.6	(1.6)
Forward exchange contract EUR/USD – sale ⁽¹⁾	9.0	-	42.0	(0.5)
Forward exchange contract CNY/EUR – sale ⁽¹⁾	3.1	-	35.2	-
Other instruments ⁽²⁾	30.4	(0.2)	35.9	-

(1) Instruments entered into by the Company to hedge the foreign currency exchange risk of forecasted royalty flows.

(2) Mainly derivatives not designated as hedging instruments. Changes in the derivatives' fair value were recorded in other financial income and expense, net in the consolidated income statement.

The Group also hedges its foreign exchange risk by designating the term loan, issued by Dassault Systèmes SE, in U.S. dollar at variable rate, as a net investment hedge for the acquisition of Medidata Solutions, Inc. in the United States. In 2019, the initial amount hedged was \$530.0 million. In 2020, part of this term loan has been redeemed early for \$230.0 million bringing back the nominal value of this term loan to \$300.0 million (See Note 20 Borrowings). Gains or losses related to the effective portion of the net investment hedge, which have been recognized directly in equity for €30.9 and €6.3 million in 2020 and 2019 respectively, will be reclassified in the income statement in the event of the disposal of the net investment. During 2020 and 2019, the ineffective portion of gains or losses from hedging instruments excluded from the assessment of effectiveness portion was nil (See Note 2 Summary of Significant Accounting Policies).

Interest rate risk

Except for their impact on the general economic environment, which is difficult to quantify, the Group believes that changes in interest rates in 2020 did not materially affect its business and earnings before financial income (loss), net and that it would be the same in the future. Therefore, the Group's

interest rate risk is primarily a risk related to a reduction of financial revenue.

In October 2015, the Group entered into interest rate swap agreements for a total amount of €650.0 million with the objective of modifying forecasted interest obligations relating to the €650.0 million French term loan facility so that the interest payable effectively becomes fixed at 0.72% from October 2015 until October 2020.

In July 2013 and October 2014, the Group entered into interest rate swap agreements for a total amount of €350.0 million that have the economic effect of modifying forecasted interest obligations relating to the €350.0 million French term loan facility so that the interest payable effectively becomes fixed at 1.48% from June 2014 until June 2018 and 1.04% from June 2018 until July 2019.

At December 31, 2019, all interest rate swaps were unwound following the repayment of the two borrowings of €650.0 and €350.0 million on September and July 2019, respectively.

As part of the financing of the acquisition of Medidata Solutions, Inc., the Group subscribed, in October 2019, a term loan for €500.0 million bearing interest rate at Euribor 3 months +0.50% *per annum* and a term loan for

\$530.0 million bearing interest rate at Libor USD 3 months +0.60% *per annum*. In October 2020, part of these term loans has been redeemed early for €200.0 million for the term loan subscribed in euros, and for \$230.0 million for the term loan subscribed in U.S. dollar (See Note 20 Borrowings). These borrowings were not subject to interest rate swaps. With all other variables held constant, an increase in interest rates of 100 basis points would have generated an annual interest expense €7.1 million higher in 2020, while a decrease in rates of 100 basis points would have lowered the annual interest expense by €2.8 million.

Financial revenue, which is composed of interest income from cash, cash equivalents and short-term investments, is sensitive to fluctuations in interest rates. As of December 31, 2020, cash and cash equivalents and short-term investments totaled €2,148.9 million, including €378.3 million sensitive to fluctuations in interest rates. With all other variables held constant, an increase in interest rates of 100 basis points would have had a positive impact in 2020 of €3.8 million on financial income and a decrease in interest rates of 100 basis points would have had a negative impact of €3.8 million.

Note 22 Post-employment Benefits

Contributions made to defined contribution plans were €39.9 and €29.0 million in 2020 and 2019 respectively.

The Group provides defined benefit retirement indemnities to the employees of its French operations. The Group also has certain defined benefit plans in other countries, mainly in Germany and in Japan.

In France, defined employee benefits include certain gratifications paid upon anniversary of employment and retirement indemnities that are based upon an individual's years of credited service and annualized salary at retirement. Retirement indemnity benefits vest and are settled as a lump sum paid to the employee upon the employee's retirement.

The Group has implemented for the main French companies a new voluntary early retirement plan over three years, effective in February 2020. This plan allows eligible employees to retire fully or partially in advance while receiving a replacement income in the form of an allowance and maintain a social protection system. This plan is accounted for as a post-employment benefit which estimated costs are based on an assumption of expected proportion of employees to enter the plan and are accrued taking into account the employees estimated residual service period.

The projected benefit obligation was determined using the prospective method, based on the following assumptions:

Assumptions

Assumptions used to determine the benefit obligation are as follows:

	Year ended December 31, 2020		Year ended December 31, 2019	
	Europe	Asia	Europe	Asia
Discount rate	0.80%*	1.00% – 2.10%	0.90%*	0.50% – 2.40%
Average rate of compensation increase	1.80% – 2.60%	2.50% – 5.00%	2.50% – 2.80%	2.50% – 5.00%

* Except for the voluntary early retirement plan implemented for French companies.

Components of net periodic benefit cost

The components of net periodic benefit cost were as follows:

<i>(in millions of euros)</i>	Year ended December 31,	
	2020	2019
Service cost ⁽¹⁾	€(43.6)	€(11.4)
Interest cost on benefit obligations	(2.0)	(3.0)
Interest income on plan assets	0.4	0.7
Other ⁽²⁾	0.2	2.9
NET PERIODIC BENEFIT COST	€(45.1)	€(10.9)

(1) In 2020 and in 2019, includes service costs related to the voluntary early retirement plan implemented for French companies for €(11.5) and €(1.6) million respectively.

(2) In 2019, includes €3.2 million related to the end of the American defined-benefit pension plan.

Obligations and funded status

Changes in benefit obligations and plan assets are as follows:

<i>(in millions of euros)</i>	Year ended December 31,	
	2020	2019
Benefit obligations at beginning of year	€213.7	€238.7
Service cost	43.6	11.4
Interest cost on benefit obligations	2.0	3.6
Remeasurement ⁽¹⁾	(5.2)	37.1
Benefits paid	(7.3)	(14.5)
Exchange rate differences and other changes ⁽²⁾	(4.0)	(62.6)
BENEFIT OBLIGATIONS AT END OF YEAR	€242.9	€213.7
Fair value of plan assets at beginning of year	39.7	91.2
Employer contribution	(1.3)	(1.3)
Interest income and return on plan assets	0.4	1.3
Benefits paid	(1.0)	(1.8)
Remeasurement	(0.3)	0.9
Exchange rate differences and other changes ⁽²⁾	-	(50.5)
FAIR VALUE OF PLAN ASSETS AT END OF YEAR	€37.4	€39.7
NET DEFINED BENEFIT LIABILITY	€(205.5)	€(174.0)

(1) Remeasurement gains and losses mainly arise from changes in financial assumptions. A decrease of 150 basis points in the discount rates would increase the obligation by €54.2 million.

(2) In 2020 and in 2019, includes the reclassification of the voluntary early retirement plans implemented for French companies in Accrued compensation and other personnel costs for €3.9 million and €15.7 million respectively. In 2019, also includes the end of the American defined-benefit pension plan for €(3.2) million.

The benefit obligation by geographical location is as follows:

	Year ended December 31,	
	2020	2019
Europe	87%	86%
Asia	13%	14%
TOTAL BENEFIT OBLIGATIONS	100%	100%

The fair value of plan assets is fully allocated in Europe.

Plan assets

The weighted average asset allocations are as follows:

	Year ended December 31,	
	2020	2019
Debt instruments	83%	84%
Equity instruments	6%	7%
Other	11%	10%
TOTAL	100%	100%

Average duration

The average duration of the main entities in each country is as follow:

<i>(in years)</i>	France	Korea	Japan	Germany
2020	10.8	7.4	7.5	15.8
2019	14.9	6.6	7.9	16.6

Cash flows

The Group does not expect to make any additional contributions to the hedge funds related to its pension plans in 2021.

The planned payments to the beneficiaries for future periods are presented in the following table:

<i>(in millions of euros)</i>	Total
2021	€16.0
2022	17.0
2023	19.3
2024	15.0
2025	12.3
2026-2030	68.4

Note 23 Shareholders' Equity

Shareholders' equity activity

As of December 31, 2020, Dassault Systèmes SE had 265,136,237 common shares issued with a nominal value of €0.50 per share.

Changes in shares outstanding are as follows:

<i>(in number of shares)</i>	Year ended December 31,	
	2020	2019
SHARES ISSUED AS OF JANUARY 1,	264,038,001	262,732,941
Exercise of stock options	1,098,236	1,305,060
SHARES ISSUED AS OF DECEMBER 31,	265,136,237	264,038,001
Treasury stock as of December 31,	(4,059,939)	(4,576,358)
SHARES OUTSTANDING AS OF DECEMBER 31,	261,076,298	259,461,643

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its capital market access and for the purpose of increasing the profitability of shareholders' equity and earnings per share. The Group manages its capital structure and adjusts it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended December 31, 2020 and 2019.

Dividend rights

Dassault Systèmes SE is required to maintain a legal reserve equal to 10% of the aggregate nominal value of its issued share capital. The legal reserve balance was €13.2 and €13.1 million as of December 31, 2020 and 2019, respectively, and represents a component of retained earnings in the consolidated balance sheet. The legal reserve is distributable only upon the liquidation of Dassault Systèmes SE.

Distributable profit, consisting of net income of the year increased by retained earnings from prior years and after deduction for legal reserve when required, is available for distribution to shareholders of the Group as dividends. Allocation of this profit is subject to approval by the General Meeting of Shareholders following recommendations by the Board of Directors.

Following the May 2020 and May 2019 Shareholders' Meetings, a cash dividend of €182.5 and €168.8 million for the year ended December 31, 2019 and 2018 respectively has been distributed in 2020 and in 2019.

Dividends per share were €0.70 and €0.65 as of December 31, 2019 and 2018, respectively.

No dividend was paid to non-controlling interest in 2020 and 2019.

Stock repurchase programs

The General Meeting of Shareholders of May 26, 2020 authorized the Board of Directors to implement a share repurchase program limited to 5,000,000 of Dassault Systèmes' shares. Under this authorization, the Company may not buy shares above a maximum annual aggregate amount of €800 million.

The Group signed a liquidity agreement for an initial period until December 31, 2015, automatically renewable for subsequent 12-month terms. On December 31, 2020, 934,946 shares were acquired, at an average price of €146.97, and 945,837 shares were sold, at an average price of €148.18.

Furthermore, the Group signed a liquidity agreement on December 11, 2020 for a period covering from December 14, 2020 to February 4, 2021. On December 31, 2020, no share was acquired.

Components of other comprehensive income

<i>(in millions of euros)</i>	Year ended December 31,	
	2020	2019
HEDGING RESERVES:		
Gains (Losses) arising during the year	€33.7	€1.1
Less: (losses) gains reclassified to the income statement	(2.3)	(5.3)
	€36.0	€6.4

Note 24 Consolidated Statements of Cash Flows

Adjustments for non-cash items consist of the following:

<i>(in millions of euros)</i>	Note	Year ended December 31,	
		2020	2019
Depreciation and impairment of property and equipment	14	€189.6	€142.2
Amortization and impairment of intangible assets	17	414.9	253.8
Non-cash share-based compensations expense	6, 7	178.3	116.5
Deferred taxes	10	(95.7)	(88.7)
Other ⁽¹⁾		55.4	39.0
ADJUSTMENTS FOR NON-CASH ITEMS		€742.5	€462.8

(1) In 2020 and 2019 includes provisions for tax risks impact (see Note 10 Income Taxes).

Changes in operating assets and liabilities consist of the following:

<i>(in millions of euros)</i>	Year ended December 31,	
	2020	2019
Decrease (increase) in trade accounts receivable and contract assets	€16.5	€(41.9)
(Decrease) increase in accounts payable	(36.4)	26.0
(Decrease) increase in accrued compensation	(24.4)	9.4
(Decrease) increase in income tax payable	(113.9)	52.9
Increase in contract liabilities	141.8	109.2
Changes in other assets and liabilities	29.7	(38.6)
CHANGES IN OPERATING ASSETS AND LIABILITIES	€13.3	€117.0

Other information:

In 2020, the acquisition of non-controlling interests corresponds to the acquisition for €5.2 million of the shares of Outscale SAS not previously held by the Group. After this transaction, the Group holds a 100% stake in this company.

Note 25 Commitments and Contingencies

Litigation and other proceedings

The Group is involved in litigation and other proceedings, such as civil, commercial and tax proceedings, incidental to normal operations.

The Group is subject to ongoing tax audits and tax reassessments in jurisdictions in which it has or had operations. Certain of these reassessments, in particular those related to acquisition financing, are being challenged by the Group which is strongly confident in the technical merits of its positions and will continue to defend them with the relevant tax authorities. In this context, the Group has made payments to the French tax authorities for a total amount of €144.9 million from 2014 to 2020, but has disputed them with the relevant authorities. In

June 2019, following the decision of the Appeal Court during the second quarter of 2019, the Group lodged an Appeal in Cassation before the High Court (or Supreme Court) in relation to this dispute. The High Court has denied the Court of Appeal decision and referred the litigation to a new Chamber of the Appeal Court.

It is not possible to determine with certainty the outcome of the dispute and notably the resulting expense for the Group, if any. The total amount paid to the tax authorities represents the current Group's maximum exposure. However, in the opinion of management, after consultation with its lawyers, the resolution of such litigation and proceedings should not have a material effect on the consolidated financial statements of the Group.

Future lease commitments

In December 2019, the Group signed a new lease contract for a fixed term of 10 years from the delivery of an additional building for its Vélizy-Villacoublay campus of approximately 28,000 square meters of office space, scheduled to be delivered during the second quarter of 2023. The minimum future lease payments over the lease term amount to approximately €81.1 million.

Medidata signed in December 2018 a new lease contracts for additional office space in Boston scheduled to be delivered during 2021. The minimum future lease payments amount to approximately \$19.7 million.

In accordance with IFRS 16, the right-of-use assets and the lease liabilities will be recognized upon the delivery of the new offices.

Bank guarantees

The Group has a central cash management operated by a banking institution. In this context, the parent company of the bank offered a guarantee to the Group in the amount of \$500 million, and at the same time the Group offered a guarantee to the bank for the same amount.

Note 26 Related-Party Transactions

4

Compensation of key management personnel

The table below summarizes compensation granted to the members of the Group's Executive team and to the Chairman of the Board of Directors in 2020 and 2019:

<i>(in millions of euros)</i>	Year ended December 31,	
	2020	2019
Short-term benefits ⁽¹⁾	€10.5	€9.4
Share-based compensation ⁽²⁾	45.2	40.9
COMPENSATION OF KEY MANAGEMENT PERSONNEL	€55.7	€50.4

(1) Including gross salaries, bonus, incentives, profit-sharing, directors' fees and fringe benefits paid.

(2) Expense recorded in the income statement for share-based compensations (stock options and performance shares). In 2020, includes the expense related to the amendment of the rules of the 2019-A, 2019-B and 2019-A2 performance shares plans (see Note 7 Share-based Compensations).

In certain circumstances, the Group Chief Executive Officer is entitled to an indemnity payment upon the termination of his functions as Chief Executive Officer. The amount of the indemnity due would be equivalent to a maximum of two years of compensation as Chief Executive Officer and would depend on satisfying the performance conditions established for calculating his variable compensation.

Other transactions with related parties

Dassault Systèmes SE has a normal parent-company relationship with its subsidiaries. The main characteristics of this relationship are presented in Dassault Systèmes SE's financial statements, in chapter 4.2.

Dassault Systèmes SE licenses its products for internal use to Dassault Aviation SA, a sister company to the Company.

The Chairman of Dassault Systèmes SE is, since May 29, 2018, the Chairman of Groupe Industriel Marcel Dassault SAS (of which he was Chief Executive Officer until that date), which controls Dassault Aviation SA. Dassault Aviation SA and its subsidiaries license the Company's products on commercial terms consistent with those granted to the Company's other customers of similar size. These licenses generated €23.5 million and €25.4 million of software revenue for the years ended December 31, 2020 and 2019, respectively.

Such activity generated service revenues of €13.3 million and €11.1 million in the years ended December 31, 2020 and 2019, respectively. The balances of trade accounts receivable with Dassault Aviation SA and its subsidiaries were €19.4 million, and €13.9 million at December 31, 2020 and 2019, respectively.

Note 27 Principal Statutory Auditors' Fees and Services

The following table presents the amount of fees paid to each of the Group's principal Statutory Auditors in 2020 and 2019:

<i>(in millions of euros, excluding VAT)</i>	PricewaterhouseCoopers Audit				EY			
	Amount		%		Amount		%	
	2020	2019	2020	2019	2020	2019	2020	2019
Certification of accounts								
Audit opinion, review of statutory and consolidated financial statements ⁽¹⁾ :								
• issuer	€0.7	€0.8	21%	23%	€0.5	€0.4	30%	34%
• other consolidated subsidiaries	1.8	1.5	53%	44%	0.8	0.6	53%	48%
SUBTOTAL	2.6	2.3	75%	67%	1.2	1.0	84%	82%
Other services								
Other audit-related services ⁽²⁾ :								
• issuer	-	-	-	-	-	-	-	-
• other consolidated subsidiaries	0.1	0.9	2%	26%	-	-	-	-
Other services (legal, tax, social) ⁽³⁾ :								
• issuer	0.1	-	2%	1%	0.1	0.1	4%	6%
• other consolidated subsidiaries	0.8	0.2	22%	6%	0.2	0.2	12%	12%
SUBTOTAL	0.9	1.1	25%	33%	0.2	0.2	16%	18%
TOTAL	€3.4	€3.4	100%	100%	€1.5	€1.3	100%	100%

(1) Audit opinion, review of statutory and consolidated financial statements for the years ended December 31, 2020 and 2019 include the Group audit, statutory audits, consents, attest services of Dassault Systèmes SE's and its subsidiaries' financial statements, and services provided in connection with documents filed with the AMF.

(2) Audit-related fees generally consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Group's financial statements and include due diligence services related to acquisitions, consultations concerning financial accounting and reporting standards, and attestation services not required by statute or regulation.

(3) Fees billed by members of the Statutory Auditors' respective networks to consolidated subsidiaries are related to the support in the execution of software licensing reviews and to local and international tax compliance services, including the review of tax returns and tax services regarding statutory, regulatory or administrative developments and expatriate tax assistance and compliance.

Note 28 Principal Dassault Systèmes Companies

The principal Dassault Systèmes SE subsidiaries included in the scope of consolidation as at December 31, 2020 are as follows:

Country	Consolidated companies	% of Interest
France	Dassault Data Services SAS	100%
France	Outscale SAS	100%
Germany	Dassault Systèmes Deutschland GmbH	100%
Germany	Dassault Systèmes 3DExcite GmbH	100%
Netherlands	Dassault Systèmes B.V.	100%
Italy	Dassault Systèmes Italia Srl	100%
Sweden	Dassault Systèmes AB	100%
United Kingdom	Dassault Systèmes UK Limited	100%
United Kingdom	MDSOL Europe Limited	100%
Switzerland	Dassault Systèmes (Suisse) SA	100%
Canada	Dassault Systèmes Canada Inc.	100%
United States	Centric Software, Inc.	63.19%
United States	Dassault Systèmes Americas Corp.	100%
United States	Dassault Systèmes Corp.	100%
United States	Dassault Systèmes Simulia Corp.	100%
United States	Dassault Systèmes SolidWorks Corporation	100%
United States	Medidata Solutions, Inc.	100%
United States	No Magic, Inc.	100%
United States	Spatial Corp.	100%
United States	DS Government Solutions Corp.	100%
China	Dassault Systèmes (Shanghai) Information Technology Co., Ltd.	100%
India	Dassault Systèmes Solutions Lab Private Limited	100%
India	Dassault Systèmes India Private Limited	100%
South Korea	Dassault Systèmes Korea Corp.	100%
Japan	Dassault Systèmes K.K.	100%
Japan	SolidWorks Japan K.K.	100%
Singapore	Dassault Systèmes Singapore Pte. Ltd.	100%
Australia	Dassault Systèmes Australia Pty Ltd	100%
Malaysia	Dassault Systèmes Innovation Technologies Malaysia Sdn.Bhd	100%

4.1.2 Statutory Auditors' Report on the Consolidated Financial Statements

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders of Dassault Systèmes SE,

Opinion

In compliance with the engagement entrusted to us by your General Meeting of Shareholders, we have audited the accompanying consolidated financial statements of Dassault Systèmes SE for the year ended December 31, 2020.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at December 31, 2020 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for Statutory Auditors for the period from January 1, 2020 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) No 537/2014.

Justification of assessments - Key audit matters

Due to the global crisis related to the Covid-19 pandemic, the consolidated financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were the most significant in our audit of the consolidated financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the consolidated financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the consolidated financial statements.

Recognition of revenue from complex contractual arrangements

Description of risk

As described in the section entitled “Revenue recognition” of Note 2 “Summary of Significant Accounting Policies” to the consolidated financial statements, the Group derives revenue from multiple sources, chief among them software licenses, subscriptions, support and services.

Where contractual arrangements include multiple elements sold as a single package, determining the date of recognition of the resulting revenue and how that revenue should be allocated between the various performance obligations can be difficult and can require a significant degree of judgment from management.

The revenue for each element of the complex contractual arrangements is allocated to each distinct performance obligation based on their stand-alone selling price. With respect to perpetual software licenses only sold bundled with one year of support, the stand-alone selling price is determined using the residual approach. Allocating revenue between the various performance obligations requires analyses by management and, potentially, adjustments, both of which can be complex.

In addition, when a software license sale is combined with a service deemed essential to the functionality of the software, the two performance obligations (software and service) are not distinct. Therefore, the license revenue is recognized as and when the service obligation is recognized. Determining whether or not a service is essential to the functionality of a product requires significant judgement from management, as does analyzing the potential future profits to be gained from the corresponding long-term contract.

Moreover, recognizing revenue from complex contractual arrangements typically requires an in-depth analysis of contractual terms and conditions, together with other relevant documentation shared with customers during negotiations, with a view to ascertaining the full scope and type of the elements the Group has committed to providing and thus recognizing the revenue for each element on the appropriate date and at the appropriate value.

For the above reasons, we deemed the recognition of revenue from complex contractual arrangements to be a key audit matter.

How our audit addressed this risk

In the course of our audit, we gained an understanding of internal control systems relating to the recognition of revenue that were implemented by the Group within its main shared services centers worldwide and tested the key controls relating to these systems that we considered to be the most relevant.

Throughout the year, we performed analyses on all complex contractual arrangements deemed material, as well as on a sample of randomly selected arrangements, with the aim of verifying that management’s judgments in terms of the allocation of revenue between each performance obligation were consistent with the Group’s accounting policies, and that revenue had been recognized for the correct amount and with respect to the appropriate reporting period. Our work consisted primarily in analyzing the contractual terms and conditions, re-calculating the stand-alone selling price of each element tested, analyzing the essentiality criteria for services associated with software sales and verifying the consistency of revenue recognition with the Group’s accounting policies and IFRS as adopted by the European Union.

We also tested all significant manual accounting entries affecting revenue from complex contractual arrangements for consistency with the Group’s accounting policies.

Lastly, we examined the related disclosures provided in Notes 2 and 4 to the consolidated financial statements.

Business combinations and impairment of goodwill and non-current intangible assets

Description of risk

Each year, the Group undertakes selected key acquisitions. In this respect, as described in the section entitled “Business combinations and goodwill” of Note 2 “Summary of Significant Accounting Policies” to the consolidated financial statements, the identifiable assets, liabilities and contingent liabilities of the newly acquired entities are recognized at their fair value. The excess of the price of the acquisition over the fair value of the net acquired assets is recorded as goodwill.

At December 31, 2020, the Group’s non-current assets included goodwill for €4,390.5 million, software for €2,078.2 million and customer relationships for €1,337.1 million. These amounts derive mainly from business combinations and primarily include the impacts of the Medidata Solutions Inc. acquisition, completed on October 28, 2019 for an acquisition price of €5,060.8 million.

In accordance with IAS 36, the aforementioned entries are tested for impairment at least annually, or whenever an indication of impairment is identified.

Given (i) the materiality of the amounts in question in the Group's financial statements and (ii) the measurement methods used in acquisitions and in annual impairment tests, which rely in particular on projected future cash flows, we deemed the measurement of non-current assets to be a key audit matter. In order to implement the aforementioned measurement methods, management must rely on assumptions and make estimates. Regarding the specific matter of recently acquired companies, the degree of judgment involved in projecting future cash flows is even more significant as projections cannot necessarily be compared with historical data from these companies.

How our audit addressed this risk

For each acquisition, we examined the methods used to identify and measure the assets acquired and liabilities assumed and to implement the annual impairment tests of the related goodwill.

Our procedures consisted in taking note of the measurement methods applied by the Group as well as the main assumptions and estimates used, particularly in terms of future cash flows, long-term growth rates and discount rates. We also compared the initial cash flow forecasts with actual cash flows.

In addition, with the assistance of our valuation experts, we carried out our own sensitivity analyses to supplement our assessment of the key assumptions and inputs used.

Lastly, we examined the related disclosures provided in Notes 2, 16 and 18 to the consolidated financial statements.

Tax risks

Description of risk

The Group carries out its business activities in many countries and must therefore abide by multiple different laws and regulations. This is particularly the case for tax regulations, which can be a source of risk for the Group in terms of how they are applied and that may involve tax disputes.

The Group assesses its tax positions and their technical justifications at the end of each reporting period. Where a risk in terms of how the local tax rules should be applied is identified, the Group measures and records a provision for tax risk if an outflow of resources appears likely. Conversely, when it makes a payment further to a disputed tax reassessment and where it deems its position in that dispute to be technically justified, the Group simultaneously records a tax credit for the refund it will likely receive.

As it relates to the ongoing tax disputes, some concern tax reassessments relating to acquisition financing. Accordingly, between 2014 and 2020, the Group made payments totaling €144.9 million to the French tax authorities further to adjustments of the tax bases for the relevant years audited, as described in Note 25 to the consolidated financial statements, and generated a tax credit for the same amount, as indicated in Note 15 to the consolidated financial statements. In this case, there is a risk that the tax credit will not be recovered.

Given (i) the materiality of the ongoing tax disputes and (ii) the complex technical analyses required for their assessment, we deemed the assessment of tax risks to be a key audit matter. These analyses are specific to each tax jurisdiction and require a significant degree of judgment from management. Moreover, they are ultimately subject to a final decision from the local tax authorities concerned.

How our audit addressed this risk

With guidance from experts in international and French tax law, we examined the main grounds for reassessment cited by the local tax authorities against the Group, as well as the judgments made by management with respect to tax risks and disputes deemed significant. We also reconciled the assumptions and estimates used to recognize tax provisions with the Group's accounting policies and IFRS as adopted by the European Union.

For the most significant disputes for which a tax credit was recognized, in particular the reassessments relating to the above-mentioned acquisition financing matter, we also analyzed the technical opinions obtained by the Group from independent tax lawyers with a view to assessing the consistency thereof with the judgments made by management and the accounting treatments applied.

Lastly, we examined the related disclosures provided in Notes 15 and 25 to the consolidated financial statements.

Specific verifications

As required by legal and regulatory provisions and in accordance with professional standards applicable in France, we have also verified the information pertaining to the Group presented in the Board of Directors' management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the information pertaining to the Group presented in the management report includes the consolidated non-financial information statement required under Article L. 225-102-1 of the French Commercial Code. However, in accordance with Article L. 823-10 of the French Commercial Code, we have not verified the fair presentation and consistency with the consolidated financial statements of the information given in that statement, which will be the subject of a report by an independent third party.

Other verifications and information pursuant to legal and regulatory requirements

Presentation of the consolidated financial statements to be included in the annual financial report

In accordance with professional standards applicable to the Statutory Auditors' procedures for annual and consolidated financial statements presented according to the single European electronic reporting format, we have verified that the presentation of the consolidated financial statements to be included in the annual financial report referred to in paragraph I of Article L. 451-1-2 of the French Monetary and Financial Code (*Code monétaire et financier*) and prepared under the Chief Executive Officer's responsibility, complies with this format, as defined by European Delegated Regulation No. 2019/815 of December 17, 2018. Regarding the consolidated financial statements, our work included verifying that the markups in the financial statements comply with the format defined by the aforementioned Regulation.

On the basis of our work, we conclude that the presentation of the consolidated financial statements to be included in the annual financial report complies, in all material respects, with the single European electronic reporting format.

It is not our responsibility to ensure that the consolidated financial statements to be included by the Company in the annual financial report filed with the AMF correspond to those on which we carried out our work.

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Dassault Systèmes SE by the General Meeting of Shareholders held on June 8, 2005 for PricewaterhouseCoopers Audit and on May 27, 2010 for Ernst & Young et Autres.

At December 31, 2020, PricewaterhouseCoopers Audit and Ernst & Young et Autres were in the sixteenth and eleventh consecutive year of their engagement, respectively.

Previously, Ernst & Young Audit was the Statutory Auditor of Dassault Systèmes SE from 1998.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for preparing consolidated financial statements giving a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually

or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit.

They also:

- identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the consolidated financial statements;
- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the consolidated financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditors are responsible for the management, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

Report to the Audit Committee

We submit a report to the Audit Committee which includes, in particular, a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were the most significant for the audit of the consolidated financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and Paris-La Défense, March 18, 2021

The Statutory Auditors

PricewaterhouseCoopers Audit

Thierry Leroux

Ernst & Young et Autres

Nour-Eddine Zanouda

4.2 Parent company financial statements

The financial statements for the year ended December 31, 2020 have been prepared in accordance with the current French accounting rules with the same principles and valuation methods as previous year.

In 2020 operating revenue decreased 2.1% to €1,728.1 million from €1,765.1 million in 2019 principally driven, on the one hand by a slight decline in royalties earned from the Group for products sold with a technology owned by Dassault Systèmes SE (“the Company”), and in revenues from new licenses, partly offset by a growth in subscription and support revenues, and on the other hand by a baseline effect as 2019 recorded €23.7 million of credit for costs to spread over in relation to the financing of Medidata Solutions, Inc. (“Medidata”) acquisition. The portion of revenue earned on export sales amounted to €1,415.0 million, or 82.4% of net sales. Software revenue decreased 0.6% to €1,280.3 million in 2020 from €1,287.6 million in 2019.

Operating expenses decreased 2.5% to €1,379.7 million in 2020, from €1,414.4 million in 2019. The main drivers of this change were as follows:

- the other purchases and external expenses decreased primarily because of savings recorded on fees and professional travels and also, a higher comparative base in 2019 related to bank charges for the funding of Medidata acquisition;
- personnel costs fell principally as a result of lower social contributions;
- depreciation, amortization and provisions decreased mainly as the amortization of the “IBM PLM” goodwill that was acquired in 2010, ended.

Operating income decreased 0.7% from €350.7 million in 2019 to €348.4 million in 2020.

2020 financial income amounted to €241.8 million, compared with €132.1 million for the prior year, showing an increase of €109.7 million. This change was principally due to the increase of the dividends received from the foreign subsidiaries of the Company.

Exceptional income and loss amounted to a loss of €67.0 million in 2020 compared to a loss of €104.1 million in 2019. The improvement is primarily explained by a comparative base effect in 2019 which included an exceptional foreign exchange loss related to the restructuring of a subsidiary’s equity interest.

In 2020, income tax expense increased to €54.0 million from €40.6 million in 2019. Income tax expense increase is principally explained by better financial and exceptional results.

Net income increased to €412.9 million in 2020 from €279.6 million in 2019.

Cash and cash equivalents and marketable securities amounted to €904.9 million, compared with €1,016.3 million at December 31, 2019.

4.2.1 Parent company financial statements and notes

Statement of income

<i>(in millions of euros)</i>	Notes	Year ended December 31,	
		2020	2019
OPERATING REVENUE	3	1,728.1	1,765.1
Revenue		1,716.4	1,727.0
Of which exports		1,415.0	1,421.2
Other revenue		11.7	38.1
OPERATING EXPENSE		(1,379.7)	(1,414.4)
Other purchases and external expenses		(524.3)	(562.7)
Taxes, duties and similar payments		(33.6)	(31.1)
Personnel Costs	4	(522.6)	(527.4)
Depreciation, amortization and provisions		(85.2)	(91.5)
Other operating expense		(214.0)	(201.7)
OPERATING INCOME		348.4	350.7
FINANCIAL INCOME/(EXPENSE), NET	5	241.8	132.1
CURRENT INCOME		590.2	482.8
EXCEPTIONAL INCOME/(LOSS), NET	6	(67.0)	(104.1)
EMPLOYEE PROFIT-SHARING		(56.3)	(58.5)
INCOME TAX EXPENSE	7	(54.0)	(40.6)
NET INCOME		412.9	279.6

Balance sheet

<i>(in millions of euros)</i>	Notes	Year ended December 31,	
		2020	2019
Assets			
NON-CURRENT ASSETS NET		7,550.7	7,400.4
Intangible Assets	10	280.0	325.4
Property and Equipment	11	54.6	56.8
Non-current Financial Assets	12	7,216.1	7,018.2
CURRENT ASSETS NET		2,064.0	2,187.4
Receivables	13	717.8	724.4
Marketable Securities	14	684.3	782.6
Treasury Shares	14	441.3	446.7
Cash and cash equivalents	14	220.6	233.7
PREPAID EXPENSES	20	75.7	75.0
DEFERRED EXPENSES, BOND ISSUE AND REDEMPTION PREMIUMS	17	23.9	30.2
FOREIGN CURRENCY TRANSLATION ADJUSTMENT		1.0	0.6
TOTAL ASSETS		9,715.3	9,693.6

<i>(in millions of euros)</i>	Notes	Year ended December 31,	
		2020	2019
Liabilities and equity			
SHAREHOLDERS' EQUITY	15	4,254.4	3,932.6
Capital		132.6	132.0
Share and contribution premiums		1,225.6	1,134.9
Legal reserve		13.3	13.2
Retained earnings		2,467.0	2,370.0
Income (loss) for the fiscal year		412.9	279.6
Regulated provisions		3.0	2.9
PROVISIONS FOR CONTINGENCIES AND LOSSES	16	556.6	592.0
FINANCIAL LIABILITIES	17	4,224.8	4,653.0
TRADE PAYABLES	19	576.6	436.0
UNEARNED REVENUE	20	76.4	73.2
FOREIGN CURRENCY TRANSLATION ADJUSTMENT		26.5	6.8
TOTAL LIABILITIES AND EQUITY		9,715.3	9,693.6

Notes to the Annual Financial Statements for Years Ended December 31, 2020 and 2019

CONTENTS

Note 1	Description of Business and Key Events of the Year	157	Note 14	Treasury	167
Note 2	Summary of Significant Accounting Policies	157	Note 15	Shareholders' Equity	168
Note 3	Operating Revenue	160	Note 16	Provisions for Contingencies and Losses	171
Note 4	Personnel Costs	161	Note 17	Financial Liabilities	172
Note 5	Financial Income and Expense, Net	162	Note 18	Elements Concerning Related Companies	173
Note 6	Exceptional Income/Loss	162	Note 19	Trade Payables	173
Note 7	Income Tax	163	Note 20	Prepaid Expenses and Unearned Revenue	174
Note 8	Performance Shares	163	Note 21	Financial Commitments	174
Note 9	Additional Information	164	Note 22	Other Commitments and Contingencies	175
Note 10	Intangible Assets	165	Note 23	Additional Information	175
Note 11	Property and Equipment	165	Note 24	Information Relating to Subsidiaries and Shareholdings	176
Note 12	Non-Current Financial Assets	166			
Note 13	Receivables	166			

Note 1 Description of Business and Key Events of the Year

Description of business

Dassault Systèmes SE (“the Company”) provides end-to-end software solutions and services, designed to support companies’ innovation processes, from specification and design of a new product, to its sale to the customer, through all stages of digital mock-up, simulation, and realistic 3D virtual experiences representing the end-user experience.

The Company serves eleven industries structured into three sectors: **Manufacturing Industries** (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** (Life Sciences); and **Infrastructure & Cities** (Energy & Materials; Construction, Cities & Territories; Business Services). To serve its customers, the Company has developed a broad software applications portfolio, comprised of 3D modeling applications, simulation applications, social and collaborative applications, and information intelligence applications, powered by its 3DEXPERIENCE platform.

Dassault Systèmes SE is a European company (*Societas Europaea*) incorporated under the laws of France. The Company’s registered office is located at 10, rue Marcel Dassault, in Vélizy-Villacoublay, France. The Dassault Systèmes SE shares are listed in France on Euronext Paris. These financial statements were established under the responsibility of the Board of Directors on March 18, 2021.

Key Events of the Year

Early repayment of two loans

In connection with the acquisition of Medidata Solutions, Inc. (“Medidata”), the Company subscribed in October 2019 a term loan for €500.0 million bearing interest rate at Euribor 3 months plus 0.50% *per annum* and a term loan for USD 530.0 million bearing interest rate at Libor USD 3 months plus 0.60% *per annum*. Both loans had a 5-year term.

On October 28, 2020, the Company redeemed early, as allowed by the financing contract, part of its term loans for €200.0 million and USD 230.0 million (see Note 17 Financial Liabilities).

4

Note 2 Summary of Significant Accounting Policies

The financial year lasts for 12 months from January 1 through December 31.

The annual financial statements for the fiscal year ended December 31, 2020 have been prepared and are presented in accordance with the rule ANC n°2014-03 related to the French General Chart of Accounts (PCG). In particular, the financial statements have been prepared in accordance with the principle of prudence, the principle of continuity of accounting methods from one year to the next, the independence of financial years, and the assumption that the business is a going concern. Assets and liabilities are initially recorded at historical cost.

Significant accounting policies applied are as follows:

Revenue

The Company derives revenue from three primary sources: (1) licenses, other software revenue (which includes the development of additional functionalities of standard products requested by clients), subscription and support (which includes software license updates and technical support); (2) consulting and training services; and (3) royalties from distribution agreements signed primarily with the Company’s subsidiaries.

Revenues are disclosed net of taxes collected from customers and remitted to governmental authorities.

The Company accounts for a contract with a client when there is a written agreement that creates legally enforceable rights and obligations, including payment terms, when the contract has commercial substance and when collection consideration is probable. A performance obligation is a promise in a contract with a client to transfer products or services that are distinct from the other promises of the contract.

Revenue is recognized when, or as, control of a promised product or service is transferred to a client, in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those products or services.

The Company’s products are also sold by value-added resellers that are assessed as principal in the transaction because they generally have the primary responsibility for fulfillment to the end-customer. As a result, the Company recognizes revenue in the amount of the fee it expects to be entitled to, i.e. the consideration paid by the distributor, assuming all other revenue recognition criteria have been met.

Licenses, subscription, support and other software revenue

Software license revenue represents fees earned from granting customers licenses to use the Company's software. It includes perpetual and periodic license sales of software products and is recognized at a point in time for an arrangement when control is transferred to the client.

Subscription contracts generally have a one-year term and contain two separate performance obligations pertaining to on premise software license and support. Subscription revenue also is derived from access to cloud solution contracts including remote access to a software solution, hosting and support services. Revenue from cloud subscription is generally recognized linearly over the contractual term.

Support revenue represents periodic fees associated with the sale of unspecified product updates on a when-and-if-available basis and technical support. Support agreements are entered into in connection with the initial software license purchase. Support may be renewed by the customer at the conclusion of each term. Revenue from support is recognized on a straight-line basis over the term of the support agreement as the Company has a continuing obligation to provide services.

Other software revenue mainly relates to the development of additional functionalities of standard products requested by clients and is recognized when the development work is performed.

Revenue under arrangements with multiple performance obligations, which typically include software licenses, support and/or services agreements sold together is allocated to each distinct performance obligation based on their standalone selling price.

The stand-alone selling price is the price at which the Company would sell a promised product or service separately to a client. The Company generally establishes stand-alone selling price based on the observable prices of products or services sold separately in comparable circumstances to similar clients. Estimating stand-alone selling price is a formal process that includes review and approval by the Company's management.

In certain instances, e.g. perpetual software licenses only sold bundled with one year of support, the Company is not able to establish a standalone selling price range based on observable prices. The stand-alone selling price is then determined by applying the residual approach.

When a sale of a license goes along with a service essential to the software functionality, the two performance obligations

(software and service) are not distinct. Therefore, the license revenue is recognized in accordance with the pattern of recognition of the service obligation.

Services Revenue

Services revenue consist primarily of fees from consulting services in process optimization and in methodology for design, deployment and support, and training services. Services generally do not require significant modification or customization of software products and are accounted for separately to the extent they are not essential to the functionality of software products.

Performance obligation from fixed price contracts are usually satisfied over the time. The revenue is recognized using percentage of completion based on the labor costs incurred to date as a percentage of the total estimated labor costs to fulfill the contract.

Service revenues derived from time and material contracts are recognized over the time on an output basis as labor hours are delivered or direct project expenses are incurred.

Research and development

Research costs are expensed as incurred. Actually, the risks and uncertainties inherent in the software development process do not allow to demonstrate technological feasibility of a product before a prototype has been completed. The time between the setting up of the prototype and the commercial release of the software products is generally very short. As a consequence, costs incurred after technological feasibility is established are not material.

Research and development tax credits are recognized as a deduction to the income tax expense.

Intangible assets, property and equipment

Intangible assets, property and equipment are recognized at cost, including ancillary expenses, when they are purchased, at their production cost when they are produced internally, and at their integration value.

Under the rule ANC n°2015-06 dated November 23, 2015, technical deficits from mergers and goodwill have been allocated to their underlying assets and amortized if necessary since January 1, 2016 except for residual goodwill considered as permanent and not amortized. All these assets are subject to yearly impairment tests.

The useful life of intangible assets, property and equipment is presented below:

Amortization using the straight-line method	Amortization period
Intangible assets	
Software	3 to 5 years
Technologies and customer assets	5 to 10 years
Tangible assets	
Computer equipment	3 to 5 years
Fixtures and fittings	Over the term of the lease
Office furniture	10 years

Non-current Financial Assets

Investments in subsidiaries are recognized at cost without revaluation of the transaction currencies. Expenses directly related to the acquisition of equity securities are included in the acquisition cost of these securities. Loans and advances to subsidiaries are valued at their net realizable value.

At least once a year, the Company reviews the net realizable value of its investments and loans to subsidiaries. The net realizable value of securities takes into account the amount of shareholders' equity, long-term profitability and strategic factors based on assumptions and estimates which may have a significant impact. An impairment loss is recognized if the net realizable value is less than the carrying value for a long period of time.

Marketable Securities

Marketable securities are initially recorded at cost and are depreciated, when applicable, by referring to their quoted price in an active market at year end.

Operating receivables and payables

Trade receivables are reported at their net receivable value and trade payables are reported at their nominal value. For trade receivables, an allowance is recorded when the net realizable value is lower than the carrying value taking into account, in particular, aging and risk of non-collectability.

Foreign currency transactions

Transactions in foreign currencies are recorded in euros in the income statement at the exchange rate of the last day of the previous month, except for significant transactions which are booked at the exchange rate of the transaction date. Receivables, payables and cash in foreign currencies are converted to euros in the balance sheet at the closing exchange rate or at the hedged rate when they are subject to exchange rate hedging. The conversion differences are recorded on the balance sheet in "Unrealized Exchange Losses/Gains". In the event of unrealized losses, a provision for contingencies (exchange loss) is recorded.

Provisions for Contingencies and losses

Provisions for contingencies and losses are recognized when liabilities to cover are probable to generate outflows of resources resulting from a present obligation. These provisions are estimated to take into account the most probable hypothesis at the closing date.

Derivatives

The Company may choose to manage exposure to foreign currency and interest rates with regards to revenue and cost generated by its ongoing and predictable activity. The Company may also mitigate a given foreign currency exposure linked to specific operations.

In order to hedge foreign currency exposure, the Company uses, as needed, foreign exchange contracts or financial instruments for which total maximum losses are known from the outset.

Hedging activities are generally carried out and managed by the Company for its own account and on behalf of its subsidiaries. In certain cases, however, the Company may authorize selected subsidiaries to enter into hedging instruments directly.

The fair market values of derivative instruments were determined by financial institutions using market prices and option pricing models.

Interest rate derivatives

Financial income and expense resulting from the use of derivatives are recorded in the income statement in the same manner as income and expense from the covered transactions when the derivatives are considered to be hedging transactions from an accounting perspective. If the instruments do not qualify as hedging, they are accounted for as follows:

- net unrealized losses are fully reserved;
- net gains are recognized in the income statement upon settlement.

Exchange rate derivatives

Exchange rate derivatives contribute to the Company currency position. Unrealized losses on these derivatives are taken into account in determining the provision for unrealized exchange losses.

Isolated open position

Any transaction that does not qualify as a hedge is classified in a category called "isolated open position". The accounting treatment is as follows:

- derivatives are recorded in the balance sheet at their fair value;
- a provision for unrealized losses derivatives is booked impacting the profit and loss account.

As a consequence, changes in the value of derivatives that do not qualify as hedge are recorded in adjustment accounts.

Notes on the Income Statement

Note 3 Operating Revenue

Revenue Breakdown

<i>(in millions of euros)</i>	Year ended December 31,	
	2020	2019
Licenses revenue	108.5	119.4
Subscription and Support revenue	460.9	436.3
Royalties	710.9	731.9
TOTAL SOFTWARE REVENUE	1,280.3	1,287.6
Services revenue	49.1	53.0
Other revenue	387.0	386.4
TOTAL REVENUE	1,716.4	1,727.0

The breakdown of software revenue by geographic area is as follows:

<i>(in millions of euros)</i>	Year ended December 31,	
	2020	2019
Europe	694.6	709.6
Asia	374.5	349.0
Americas	211.2	229.0
TOTAL SOFTWARE REVENUE	1,280.3	1,287.6

Other Revenue

Other revenue represents principally recharges of shared and central services which are performed to the benefit of the Company's subsidiaries and also, R&D revenue when the Company realizes a subcontracting activity.

Note 4 Personnel Costs

Personnel costs are comprised of the following:

<i>(in millions of euros)</i>	Year ended December 31,	
	2020	2019
Salaries and wages	355.3	354.3
Social contributions	167.3	173.1
TOTAL PERSONNEL COSTS	522.6	527.4

Average Headcount by Category

Salaried employees by category	Year ended December 31,	
	2020	2019
Managers	3,559	3,438
Supervisors and technicians	124	125
Employees	23	32
TOTAL AVERAGE HEADCOUNT (IN FULL TIME EQUIVALENTS)*	3,706	3,595

* Apprentices and professional training contractors excluded.

The Company headcount increased notably in research and development and in support functions to serve the growth of the Group.

Compensation of Executives

Total compensation granted by the group Dassault Systemes to the executive officers is paid by Dassault Systèmes SE, a company incorporated under French law. The total gross compensation paid to the executive officers by the Company in 2020 is as follows:

<i>(in thousands of euros)</i>	Year ended December 31,	
	2020	2019
Salaries	4,809	4,614
Benefits in kind	22	25
Directors' fees*	83	74
TOTAL COMPENSATION OF EXECUTIVES	4,914	4,713

* Compensation is based on payments. 2020 Directors' fees represent €100,500 paid in 2021.

Note 5 Financial Income and Expense, Net

Net financial income and expense is as follows:

<i>(in millions of euros)</i>	Year ended December 31,	
	2020	2019
Dividends received	235.6	128.7
Interest income	5.8	7.8
Interest expense	(16.7)	(18.5)
DIVIDEND & INTEREST INCOME, NET	224.7	118.0
Revenue from disposals of investment securities	4.6	8.5
Net foreign exchange income (expense), net other financial contingencies	12.5	5.4
Net reversal (additions) of provisions for impairment of investments	-	0.2
FINANCIAL INCOME, NET	241.8	132.1

The dividends received significantly increased in order principally to enable the early partial repayment of two loans subscribed in October 2019 (see Note 1 Description of Business and Key Events of the Year and Note 17 Financial Liabilities).

Note 6 Exceptional Income/Loss

Exceptional loss for the year ended December 31, 2020 is €67.0 million compared to a loss of €104.1 million for the year ended December 31, 2019. The improvement is primarily explained by a comparative base effect in 2019 which included a foreign exchange loss related to the restructuring of a subsidiary's equity interest.

A new Company agreement regarding employee competencies and positions has been implemented since February 2020 (see Note 16 Provisions for Contingencies and Losses). It deals with:

- anticipation of competencies needed to sustain the Company's development;

- training modalities for employees to acquire those competencies;
- internal and external employment evolution plan, in interaction with its ecosystem.

The costs relating to this agreement are recorded as exceptional expenses. Net exceptional expenses amounted to €30.4 million in 2020 resulting principally from initial start-up costs of the plan.

Lastly, the impact of the shares granted to Mr. Bernard Charlès, Vice-Chairman of the Board of Directors and Chief Executive Officer as part of a plan of progressively associating him with the Company's capital, is recorded as an exceptional item (see Note 8 Performance Shares).

Note 7 Income Tax

The Company is the head of a tax group, including 6 entities at the end of December 2020 compared to 5 entities at the end of December 2019.

Under the tax integration agreement, it is agreed that the income tax of tax-integrated companies will be the same as it would have been if each subsidiary had not been a member of it. As a stand-alone entity, the Company income tax would have amounted to €53.5 million in 2020.

The breakdown of income tax between current income and exceptional loss for the year ended December 31, 2020, is as follows:

<i>(in thousands of euros)</i>	Income before tax	Tax (expense) credit	Income after income tax
Current income	590.2	(101.8)	488.4
Exceptional loss	(123.3)	47.8	(75.5)
TOTAL	466.9	(54.0)	412.9

The effective income tax rate for the year ended December 31, 2020 was 11.6% against 12.7% in 2019.

4

Note 8 Performance Shares

New plans granted in 2020

Pursuant to an authorization granted by the General Meeting of Shareholders held on May 22, 2018, the Board of Directors decided on May 26, 2020 to grant 804,966 performance shares (plan 2020-A) to some employees and executives of the Group and 300,000 performance shares (plan 2020-B) to Mr. Bernard Charlès, Vice-Chairman of the Board of Directors and Chief Executive Officer as part of a plan of progressively associating him with the Company's capital implemented since several years. Such shares shall be acquired as at May 26, 2024. They shall be vested subject to the condition that the beneficiary is an employee, an executive or a director of the Group at the end of a presence period ending on May 26, 2023 and subject to the achievement of a condition based on the Group non-IFRS diluted earnings per share growth.

Pursuant to an authorization granted by the General Meeting of Shareholders held on May 22, 2018, the Board of Directors decided on May 26, 2020 to grant 56,721 performance

shares (plan 2020-M) to some employees and executives of the Group. Such shares shall be acquired as at May 26, 2023. None of the 2020-A and 2020-B beneficiaries are also a 2020-M plan beneficiary. They shall be vested subject to the condition that the beneficiary is an employee or an executive of the Group at the end of a presence period ending on May 26, 2023 and subject to the achievement of a double condition on the growth of the non-IFRS revenue and of the non-IFRS operating margin of the MEDIDATA activity.

Amendments to plans

On April 22, 2020, the Board of Directors amended the rules of the 2019-A, 2019-B and 2019-A2 performance shares plans. These plans were initially granted by the Board of Directors on September 25, 2018 (2019-A and 2019-B plans) and July 1, 2019 (2019-A2 plan). The modifications were related to the condition based on the Group non-IFRS diluted earnings per share growth (non-vesting condition).

A summary of the Group's performance shares plans is as follows:

Plans	2016-A	2016-B	2017-A	2017-B	2018-A	2018-B	2019-A	2019-B	2019-A2	2020-A	2020-B	2020-M
Date of General Meeting of Shareholders	09/04/2015	09/04/2015	09/04/2015	09/04/2015	09/04/2015	09/04/2015	09/04/2015	09/04/2015	05/22/2018	05/22/2018	05/22/2018	05/22/2018
Date of grant by Board of Directors	05/26/2016	05/26/2016	05/23/2017	05/23/2017	05/22/2018	05/22/2018	09/25/2018	09/25/2018	07/01/2019	05/26/2020	05/26/2020	05/26/2020
Total number of shares granted	782,950	300,000	801,700	300,000	815,730	300,000	496,700	300,000	307,615	804,966	300,000	56,721
Acquisition period (in years) ⁽¹⁾	Two or three ⁽²⁾	Two or three ⁽²⁾	Three	Three	Three	Three	Three years and eight months	Three years and eight months	Two years and eleven months	Four	Four	Three
Performance conditions	See Note ⁽³⁾	See Note ⁽³⁾	See Note ⁽⁴⁾	See Note ⁽⁴⁾	See Note ⁽⁴⁾	See Note ⁽⁴⁾	See Note ⁽⁴⁾	See Note ⁽⁴⁾	See Note ⁽⁴⁾	See Note ⁽⁴⁾	See Note ⁽⁴⁾	See Note ⁽⁵⁾
Performance conditions is reached at December 31, 2020	Yes	Yes	Yes	Yes	See Note ⁽⁶⁾	See Note ⁽⁶⁾	N/A	N/A	N/A	N/A	N/A	N/A

(1) For 2016-A, 2016-B and 2020-M plans, subject to the condition that the beneficiary be an employee or a Director of the Group at the acquisition date. For the 2017-A, 2017-B, 2018-A and 2018-B plans, the presence period was two years. The presence period is two years and eight months for 2019-A and 2019-B plans, around one year and eleven months for 2019-A2 plan and three years for 2020-A and 2020-B plans.

(2) Share acquisition divided into two tranches, the first having vested on May 26, 2018 and the second having vested on May 26, 2019.

(3) Performance condition for the first tranche will be measured based on the average performance of two criteria: the growth of the non-IFRS diluted earnings per share of the Group for the year 2017, excluding foreign currency effects, compared to the year 2015 (non-market condition), and the outperformance of the price of the Dassault Systèmes SE share compared to the performance of the CAC 40 index between February 2016 and February 2018 (market condition). Such growth and outperformance must be at least equal to a threshold established by the Board of Directors. Performance condition for the second tranche will be measured based on two cumulative criteria: the growth of the non-IFRS diluted earnings per share of the Group for the year 2018, excluding foreign currency effects, compared to the year 2015 (non-market condition), and the outperformance of the price of the Dassault Systèmes SE share compared to the performance of the CAC 40 index between February 2016 and February 2019 (market condition). Such growth and outperformance must be at least equal to a threshold established by the Board of Directors. The 2016-B shares granted to Mr. Bernard Charès, Vice-Chairman of the Board of Directors and Chief Executive Officer, are also subject to an additional performance condition related to his variable compensation itself dependent on achieving performance criteria previously established by the Board of Directors.

(4) For the 2017, 2018, 2019 and 2020 plans (2020-M excluded): performance condition based on a targeted growth between the non-IFRS diluted earnings per share of the Group excluding foreign currency effects for the respective years 2019, 2020, 2021 and 2023, and the one achieved in the respective years 2016, 2017, 2018 and 2019 (non-vesting condition). Such growth must be at least equal to a threshold (expressed as a percentage) established by the Board of Directors granting the shares.

(5) For the 2020-M plan, performance condition based on the growth of the non-IFRS revenue and of the non-IFRS operating margin of the MEDIDATA activity. This double condition is based on targeted growths between the year 2022, excluding foreign currency effects, and the one achieved in the year 2019 (vesting condition).

(6) Performance condition will be measured by the March 18, 2021 Board of Directors.

Grant of rights to receive Dassault Systèmes SE shares in replacement of rights to receive Medidata shares

As part of the acquisition of Medidata and subject to its closing, the Board of Directors approved on June 11, 2019 the grant of rights to receive Dassault Systèmes SE shares in replacement of the rights to receive Medidata shares that had been granted to some of its employees and executives. This grant amounts to a maximum of 1,894,649 Dassault Systèmes SE shares and will be definitively vested if the beneficiaries are still employees upon the expiry of the vesting periods.

The weighted average vesting period of these shares is 1.41 year from the closing date of the acquisition of Medidata and the last vesting date of these shares is September 2023.

Dassault Systèmes SE recorded as exceptional items an accrual for the total foreseeable costs relating to the rights to receive Dassault Systèmes SE shares since Medidata beneficiaries do not directly contribute to its activity, while an accrued income was accounted for the same amount representing the recharge to Medidata due on maturity dates of the plans.

Note 9 Additional Information

Research and development expense

In 2020, the Company recorded a total of €298.3 million of research and development expenses, representing 23.3% of software revenue. This amount reflects a full-cost basis including IT and facility costs, as well as employee profit sharing, net of recharges and grants.

Notes to the Balance Sheet

Note 10 Intangible Assets

<i>(in millions of euros)</i>	Year ended December 31,			2020
	2019	Additions	Disposals	
Goodwill	434.8	-	-	434.8
Software, technology and other	173.2	5.2	(4.6)	173.8
TOTAL GROSS VALUE	608.0	5.2	(4.6)	608.6
Goodwill	(149.9)	(33.0)	-	(182.9)
Software, technology and other	(132.7)	(15.8)	2.8	(145.7)
TOTAL AMORTIZATION AND PROVISIONS	(282.6)	(48.8)	2.8	(328.6)
Goodwill	284.9	(33.0)	-	251.9
Software, technology and other	40.5	(10.6)	(1.8)	28.1
TOTAL NET VALUE	325.4	(43.6)	(1.8)	280.0

Residual goodwill considered as permanent, amounts to €85.3 million net of provisions.

Note 11 Property and Equipment

<i>(in millions of euros)</i>	Year ended December 31,			2020
	2019	Additions	Disposals	
Machinery and equipment	113.4	15.7	(1.6)	127.5
Fixtures and fittings	42.6	2.6	(1.9)	43.3
Office furniture and equipment	13.4	0.7	(2.6)	11.5
TOTAL GROSS VALUE	169.4	19.0	(6.1)	182.3
Machinery and equipment	(80.0)	(17.9)	1.6	(96.3)
Fixtures and fittings	(23.1)	(2.2)	1.5	(23.8)
Office furniture and equipment	(9.5)	(0.7)	2.6	(7.6)
TOTAL DEPRECIATION	(112.6)	(20.8)	5.7	(127.7)
Machinery and equipment	33.4	(2.2)	-	31.2
Fixtures and fittings	19.5	0.4	(0.4)	19.5
Office furniture and equipment	3.9	-	-	3.9
TOTAL NET VALUE	56.8	(1.8)	(0.4)	54.6

The acquisitions are mainly related to hardware and IT servers.

Note 12 Non-Current Financial Assets

<i>(in millions of euros)</i>	Year ended December 31,			2020
	2019	Additions	Disposals	
Investments in subsidiaries	6,793.2	130.6	-	6,923.8
Loans and advances to subsidiaries	267.7	205.1	(137.4)	335.4
Treasury Shares	10.1	9.7	(10.1)	9.7
TOTAL GROSS VALUE	7,071.0	345.4	(147.5)	7,268.9
Provision for impairment	(52.8)	-	-	(52.8)
TOTAL PROVISION FOR IMPAIRMENT	(52.8)	-	-	(52.8)
Investments in subsidiaries	6,740.4	130.6	-	6,871.0
Loans and advances to subsidiaries	267.7	205.1	(137.4)	335.4
Treasury Shares	10.1	9.7	(10.1)	9.7
TOTAL NET VALUE	7,018.2	345.4	(147.5)	7,216.1

The increase in investments in subsidiaries is mainly related to the recapitalization of Dassault Systèmes International SAS and Dassault Systemes Deutschland GmbH in addition to the acquisition of PROXEM SAS.

Note 13 Receivables

Accounts receivable

At December 31, 2020, net accounts receivable amounts to €416.4 million compared with €471.9 million at December 31, 2019. This difference is principally due to the recharge of Medidata performance share plans that were delivered in 2020 (see Note 8 Performance Shares).

External unpaid issued invoices are split as follows:

<i>(in millions of euros)</i>	Year ended December 31, 2020					Total (1 day and over)
	0 day (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	
(A) overdue split						
Number of bills	9,182					3,504
Total amount of external invoices (VAT excluded)	103.1	4.9	1.0	0.3	2.3	8.5
Percentage of total external revenue (VAT excluded)	16.6%	0.8%	0.2%	0.0%	0.4%	1.4%
Total amount of trade receivables excluded from (A) and related to claims or not yet issued (VAT excluded)	19.2					

General payment terms applied by the Company to third parties are set out from 30 days end of the month to 60 days net.

Other receivable

Other receivable are as follows:

<i>(in millions of euros)</i>	Less than 1 year	More than 1 year	Year ended December 31,	
			2020	2019
SUPPLIER ADVANCES AND DEPOSITS	4.2	–	4.2	5.2
Current accounts with debit balances ⁽¹⁾	4.6	–	4.6	5.2
Tax and social receivable	81.9	144.9 ⁽²⁾	226.8	221.6
Other receivable	65.8	–	65.8	20.5
TOTAL OTHER RECEIVABLE	152.3	144.9	297.2	247.3

(1) See Note 18 Elements Concerning Related Companies.

(2) See Note 22 Other Commitments and Contingencies

The change in other receivable is principally explained by a treasury advance paid to a subsidiary while obtaining an administration ruling.

4

Note 14 Treasury

Marketable Securities

At December 31, 2020, marketable securities amount to €684.3 million compared with €782.6 million at December 31, 2019. They are primarily held in euro denominated monetary investments.

Adding the cash available, the level of cash decreased from €1,016.3 million at December 31, 2019 to €904.9 million at December 31, 2020 as a result principally of the partial advance repayment of term loans (see Note 17 Financial Liabilities).

Treasury Shares

Share repurchases are analyzed below as at December 31, 2020:

	Number of shares authorized and issued	Average price (in euros)	Total (in millions of euros)
Treasury shares directly managed by the Company ⁽¹⁾	3,494,237	126.30	441.3
Treasury shares managed through liquidity agreement ⁽²⁾	62,088	155.77	9.7
TREASURY SHARES AS OF DECEMBER 31, 2019	3,556,325	126.82	451.0

(1) The General Meeting of Shareholders of May 26, 2020 authorized the Board of Directors to implement a share repurchase program limited to 5,000,000 of Dassault Systèmes shares. Under this authorization, the Company may not buy shares above a maximum annual aggregate amount of €800 million.

(2) The Company signed a liquidity agreement for an initial period until December 31, 2015, automatically renewable for subsequent 12-month terms. On December 31, 2020, 934,946 shares were purchased, at an average price of €146.97, and 945,837 shares were sold, at an average price of €148.18. Furthermore, Dassault Systèmes SE signed with la Société Générale a liquidity agreement on December 11, 2020 for a period covering from December 14, 2020 to February 4, 2021. On December 31, 2020, no share was acquired under this agreement.

Note 15 Shareholders' Equity

Share Capital

Changes in share capital during the year ended December 31, 2020 are as follows:

	Number of shares authorized and issued	Par value (in euros)	Capital (in euros)
SHARES AS OF JANUARY 1	264,038,001	0.50	132,019,000
Shares issued pursuant to exercise of share subscription options	1,098,236	0.50	549,118
SHARES AS OF DECEMBER 31	265,136,237	0.50	132,568,118

Shareholder base

On December 31, the share capital of the Company is held by:

(%)	2020	2019
Public	49.76	49.64
Groupe Industriel Marcel Dassault	40.39	40.50
Charles Edelstenne ⁽¹⁾	6.00	5.99
Bernard Charlès	1.62 ⁽⁵⁾	1.51 ⁽⁵⁾
Treasury stock ⁽²⁾ and indirect treasury stock ⁽³⁾	1.53	1.73
Directors and senior management ⁽⁴⁾	0.70	0.63
TOTAL	100.00	100.00

On December 31, the voting rights in the Company are held by:

(in% of exercisable voting rights) ⁽¹⁾	2020	2019
Groupe Industriel Marcel Dassault	54.45	54.76
Public	34.55	34.55
Charles Edelstenne ⁽¹⁾	8.06	8.10
Bernard Charlès	2.07 ⁽⁵⁾	1.87 ⁽⁵⁾
Directors and senior management ⁽⁴⁾	0.87	0.72
TOTAL	100.00	100.00

(1) Including shares held in two family trusts managed by Mr. Edelstenne.

At December 31, 2020, Mr. Edelstenne held 4,278,058 shares with all ownership rights and 3,382 shares through two family companies which he manages, representing a total of 1.61% of the capital and 2.15% of the exercisable voting rights, as well as 11,616,045 shares with "usage" rights (usufruit). For the usage rights with respect to these 11,616,045 shares, representing 5.91% of the exercisable voting rights, Mr. Edelstenne can only exercise the right to vote on decisions of the General Meeting concerning the allocation of profits; the holders of the bare property rights (nue-propriété) exercise the right to vote for other resolutions in compliance with Article 11 of the by-laws.

For details related to Mr. Edelstenne's shareholding as of December 31, 2020 and December 31, 2019, see paragraph 6.3.1. of Annual Reports for 2019 and 2018 respectively.

(2) Including 62,088 shares through the liquidity agreement as of December 31, 2020. As of December 31, 2019, such number was 79,979 shares.

(3) Shares held by SW Securities LLC. This company is a subsidiary of Dassault Systèmes SE, Dassault Systèmes' shares held by it do not have voting rights.

(4) Excluding Mr. Edelstenne and Mr. Charlès, "management" includes the officers listed in paragraph 5.1.2 "Executives of the Dassault Systèmes".

(5) For further information, see Table 5 of paragraph 5.1.4 "Summary of the Compensation and Benefits due to Corporate Officers (mandataires sociaux)".

Stock Option Plan

The main features of the Group stock option plans granted before 2020 are as follows: options vest over various periods ranging from one to four years, subject to continued employment, options expire eight to ten years from grant date, or after termination of employment or term of office, whichever is earlier, options have generally been granted at an exercise price equal to or greater than the grant date market value of the Company share.

New plans granted in 2020

Plan 2020-01

Pursuant to an authorization granted by the shareholders at the General Meeting of Shareholders held on May 26, 2020, the Board of Directors decided on May 26, 2020 to grant 1,490,316 options to subscribe to Dassault Systèmes SE shares to certain employees and executives of the Group, at an exercise price of €145.45 (plan 2020-01) equal to the closing value of the Company share the day before the grant.

Such options are divided in four tranches. They shall be vested subject to the condition that the beneficiary is an employee or an executive of the Group at the end of a presence period of respectively one year (tranche 1), one year and a half (tranche 2), two years and a half (tranche 3), and three years and a half (tranche 4), and subject to the achievement of certain performance conditions for the years 2020, 2021, 2022 and 2023 (non-market vesting condition for the tranche 1 and non-vesting condition for the tranches 2, 3 and 4). The options expire ten years from grant date or at the termination of employment if earlier than the end of the presence period.

Plans 2020-M-01, 2020-M-02, 2020-M-03, 2020-M-04

The main features of the 2020-M-01, 2020-M-02, 2020-M-03, 2020-M-04 are as follows: options shall be vested at the end of an acquisition period of one to three years, subject to the condition that the beneficiary be an employee or an executive of the Group at the acquisition date and subject to the achievement of a non-market performance objective

for the years 2020, 2021, and 2022. The options expire ten years from grant date or upon termination of employment, whichever is earlier, options have generally been granted at an exercise price equal to or greater than the grant date (or the day before the grant date), market value of the Group's share.

Pursuant to an authorization granted by the shareholders at the General Meeting of Shareholders held on May 23, 2019, the Board of Directors decided on March 11, 2020 to grant 13,193 options to subscribe to Dassault Systèmes SE shares to certain employees and executives of the Group, at an exercise price of €131.00 (plan 2020-M-01).

Pursuant to an authorization granted by the shareholders at the General Meeting of Shareholders held on May 26, 2020, the Board of Directors decided on May 26, 2020 to grant 658,410 options to subscribe to Dassault Systèmes SE shares to certain employees and executives of the Group, at an exercise price of €145.45 (plan 2020-M-02).

Pursuant to an authorization granted by the shareholders at the General Meeting of Shareholders held on May 26, 2020, the Board of Directors decided on September 23, 2020 to grant 35,175 options to subscribe to Dassault Systèmes SE shares to certain employees and executives of the Group, at an exercise price of €157.85 (plan 2020-M-03).

Pursuant to an authorization granted by the shareholders at the General Meeting of Shareholders held on May 26, 2020, the Board of Directors decided on December 4, 2020 to grant 11,409 options to subscribe to Dassault Systèmes SE shares to certain employees and executives of the Group, at an exercise price of €152.15 (plan 2020-M-04).

Amendments to plans

On April 22, 2020, the Board of Directors amended the rules of the 2018-01, 2019-01 and 2020-M-01 stock option plans, respectively granted by the Board of Directors on May 22, 2018 (2018-01 plan), July 1, 2019 (2019-01 plan) and March 11, 2020 (2020-M-01 plan). The modification of the non-market performance conditions (vesting conditions) did not change significantly the amount of awards expected to vest on these plans.

Other information related to the stock options

A summary of the stock option activity is as follows:

	2020		2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
OUTSTANDING AS OF JANUARY 1,	5,707,133	€102.28	5,689,320	€85.13
Granted	2,208,503	145.60	1,632,374	140.00
Exercised	(1,098,236)	83.05	(1,305,060)	74.84
Forfeited	(226,072)	127.96	(309,501)	101.52
OUTSTANDING AS OF DECEMBER 31,	6,591,328	€119.12	5,707,133	€102.28
Exercisable	2,898,530	€94.11	2,407,856	€78.16

A summary of the remaining contractual life and the exercise price of options outstanding as of December 31, 2020 is presented below:

Stock option plan	Number of options	Remaining life (years)	Exercise price
2014-01	25,627	1.40	€45.50
2015-01	302,668	4.68	€62.00
2016-01	457,412	5.40	€69.00
2017-01	874,773	6.39	€82.00
2018-01	1,345,945	7.39	€110.00
2019-01	1,442,863	8.50	€140.00
2020-01	1,463,171	9.40	€145.45
2020-M-01	13,193	9.19	€131.00
2020-M-02	619,092	9.40	€145.45
2020-M-03	35,175	9.73	€157.85
2020-M-04	11,409	9.93	€152.15
OUTSTANDING AS OF DECEMBER 31,	6,591,328	7.87	€119.12

Movements in Shareholders' Equity

Movements in shareholders' equity for the year ended December 31, 2020 are as follows:

(in millions of euros)	2019	Appropriation of 2019 earnings	Effect of exercising options	Net income for 2020 fiscal year	2020
Share Capital	132.0	-	0.6	-	132.6
Share and contribution premiums	1,134.9	-	90.7	-	1,225.6
Legal reserve	13.2	0.1	-	-	13.3
Retained earnings	2,370.0	97.0	-	-	2,467.0
Income (loss) for the fiscal year	279.6	(279.6)	-	412.9	412.9
Regulated provisions	2.9	-	0.1	-	3.0
SHAREHOLDERS' EQUITY	3,932.6	(182.5)	91.4	412.9	4,254.4

Movements in shareholder's equity result from the issuances of new shares from stock option plans, or from the payment of dividends net of potential share capital decreases.

Dividend rights

In accordance with the decisions of the Combined General Meetings of Shareholders held in May 2020 and in May 2019 dividends of €182.5 million for 2020 and of €168.8 million for 2019 were fully paid in cash.

Note 16 Provisions for Contingencies and Losses

Movements of provisions for contingencies and losses are as follows:

<i>(in millions of euros)</i>	Year ended December 31,				2020
	2019	Additions	Utilization	Reversal of unused amounts	
Provisions for performance shares*	549.8	139.1	(206.1)	-	482.8
Provisions for exchange losses	0.6	0.9	(0.6)	-	0.9
Provisions for post-employment benefits	31.8	6.9	(1.3)	-	37.4
Other provisions for contingencies and losses	4.8	30.1	(4.0)	(0.5)	30.4
Provisions for jubilee awards	5.0	0.1	-	-	5.1
TOTAL PROVISIONS	592.0	177.1	(212.0)	(0.5)	556.6

* See Note 8 Performance Shares.

The Company recorded in 2020 an additional €28.7 million provision for contingencies and losses in respect of the Company voluntary early retirement agreement (see Note 6 Exceptional Income/Loss).

Changes in provisions for contingencies and losses impact captions of the income statement as follows:

<i>(in millions of euros)</i>	Additions	Utilization	Reversal of unused amounts
Operating income	113.0	(79.6)	(0.5)
Financial income and expense, net	0.1	-	-
Exceptional income/(loss)*	64.0	(132.4)	-
TOTAL	177.1	(212.0)	(0.5)

* See Note 8 Performance Shares.

Provisions for Post-employment Benefits

The Company commitment relating to post-employment benefits is evaluated and recognized using the prospective actuarial method based on right pro rata acquisition with the use of a corridor.

This method takes into account rights acquired by employees on the date of their retirement, computed on the basis of the employees' seniority and annual salary at the time of retirement. These rights are acquired and paid to employees when they retire as a fixed amount.

The projected benefit obligation at December 31, 2020 is determined based on the following assumptions: retirement

between 60 and 65 years of age, discount rate of 0.80%, average increase in salaries of 2.60% and a 3.00% expected return on funds. The Company has an insurance policy with Sogecap, a life insurance company affiliated with the *Société Générale*, intended to cover the retirement payment commitments. In respect of this policy, the funds amount to a total of €14.0 million at December 31, 2020. Actuarial impacts on the cost of past services are spread in profit using the corridor method. They total €20.8 million to be expensed on 20.86 years representing the length of residual employee service.

Note 17 Financial Liabilities

Financial liabilities are as follows:

<i>(in millions of euros)</i>	Less than 1 year	1 to 5 years	More than 5 years	Year ended December 31,	
				2020	2019
Bond	1.6	1,600.0	2,050.0	3,651.6	3,651.6
Bank loans and borrowings	0.7	544.5	-	545.2	974.6
Employee profit-sharing scheme	20.3	-	-	20.3	19.1
Other financial liabilities	-	7.7	-	7.7	7.7
TOTAL FINANCIAL LIABILITIES	22.6	2,152.2	2,050.0	4,224.8	4,653.0

Bond

On September 16, 2019, the Company issued a four-tranche fixed rate bond for a total of € 3,650.0 million. This issuance was in relation to the financing of the acquisition of Medidata completed in October 2019.

The conditions of the bond issue are as follows:

Bond	Nominal amount (in millions of euros)	Maturity date	Coupon
2022	900.0	September 16, 2022	0.000%
2024	700.0	September 16, 2024	0.000%
2026	900.0	September 16, 2026	0.125%
2029	1,150.0	September 16, 2029	0.375%

The terms and conditions of this loan are detailed in the transaction note having obtained the AMF visa n° 19-434 dated September 12, 2019. A €10.1 million bond issue premium was booked as an asset.

Term loans

In connection with the acquisition of Medidata, the Company also subscribed in October 2019 a loan for €500.0 million bearing interest rate at Euribor 3 months plus 0.50% *per annum* and another loan for USD 530.0 million bearing interest rate at Libor USD 3 months plus 0.60% *per annum*. Both loans have a 5-year term.

On October 28, 2020, the Company redeemed early, as allowed by the financing contract, part of its term loans for €200.0 million and USD 230.0 million.

These financing contracts do not have commitments such as "covenant ratios" linked to the change in the Group's rating.

Bond issuance costs are amortized over the underlying loan terms. The remaining deferred cost as of December 31, 2020 amount to €13.8 million.

Line of credit

Dassault Systèmes SE received a financing commitment in the form of a €750.0 million revolving line of credit for a period of 5 years from October 28, 2019. In May 2020, the Company exercised its option to extend its maturity date for one more year, bringing the new termination date to October 2025. As of December 31, 2020, the line of credit is not used.

Note 18 Elements Concerning Related Companies

<i>(in millions of euros)</i>	Year ended December 31,	
	2020	2019
Loans receivable	316.0	251.0
Trade accounts receivable and related items	311.8	366.3
Current accounts receivable	4.6	5.2
Accounts payable and related items	49.3	54.7
Current accounts with credit balances	237.3	97.6
Finance income: dividends collected and net interest received	240.3	135.8

The increase in loans receivable is related to the financing of the subsidiaries.

Current accounts with credit balances sharply fluctuated as a result of cash group management and the financing of the subsidiaries.

The significant increase in finance income is primarily explained by higher dividends received (see Note 5 Financial Income and Expense, Net).

4

Note 19 Trade Payables

Trade payables

At December 31, 2020, trade payables amount to €103.9 million compared with €135.7 million at December 31, 2019.

External unpaid invoices are broken down as follows:

<i>(in millions of euros)</i>	Year ended December 31, 2020					
	0 day (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total (1 day and over)
(A) overdue split						
Number of invoices	872					44
Total amount of external invoices (VAT excluded)	14.5	0.2	0.0	0.0	(0.0)	0.2
Percentage of total external purchases (VAT excluded)	5.7%	0.1%	0.0%	0.0%	(0.0)%	0.1%
Total amount of trade payables excluded from (A) related to invoices not yet recognized (VAT excluded)	47.1					

Reference payment terms applied by the Company with third parties are generally end of the month 45 days. In the context of the health crisis, effective payment terms were significantly reduced in 2020 (especially for small vendors of the domestic market). The strict control of the process of vendor invoice treatment was also reinforced.

Other operating liabilities

Other operating liabilities are as follows:

<i>(in millions of euros)</i>			Year ended December 31,	
	Less than 1 year	More than 1 year	2020	2019
Tax and social liabilities	169.4	3.0	172.4	179.0
Current accounts with credit balances*	237.3	-	237.3	97.6
Other liabilities	63.0	-	63.0	23.7
TOTAL OTHER LIABILITIES	469.7	3.0	472.7	300.3

* See Note 18 Elements Concerning Related Companies.

Note 20 Prepaid Expenses and Unearned Revenue

Prepaid expenses are mainly made of IT services paid in advance. Prepaid expenses amount to €75.7 million in 2020 from €75.0 million in 2019.

Unearned revenue is composed primarily of deferred software, subscription and support revenue relating to periods subsequent to year end. Unearned revenue amounts to €76.4 million in 2020 compared to €73.2 million in 2019.

Note 21 Financial Commitments

Financial Instruments

At December 31, 2020 the fair value of instruments used to manage currency and interest rate exposure is as follows:

<i>(in millions of euros)</i>	Year ended December 31,			
	2020		2019	
	Nominal amount	Fair value	Nominal amount	Fair value
Forward exchange contract Japanese yen/euros – sale ⁽¹⁾	63.8	4.7	143.0	(2.0)
Forward exchange contract British pounds/euros – sale ⁽¹⁾	22.5	0.7	54.6	(1.6)
Forward exchange contract Chinese yuan/euros ⁽¹⁾	3.1	-	35.2	-
Other instruments ⁽²⁾	4.5	-	10.2	-

(1) Instruments (hedge accounting) entered into by the Company to hedge the foreign currency exchange risk of forecasted royalty flows.

(2) Mainly derivatives designated as isolated open position.

At the end of 2020, foreign exchange contracts mentioned above have maturity dates of less than two years.

The Company also hedges its foreign exchange risk by designating the term loan in U.S. dollar at variable rate, as a net investment hedge for the acquisition of Medidata in the United States. In 2019, the initial amount hedged

was USD 530.0 million. In 2020, part of this term loan was redeemed early for USD 230.0 million reducing the nominal value of this term loan to USD 300.0 million (See Note 17 Financial Liabilities).

Increases and Reductions in Future Income Tax Payable

Increases and reductions in future income tax payable are evaluated on the basis of the standard corporate tax rate, plus extraordinary contributions when applicable.

<i>(in millions of euros)</i>	Year ended December 31,	
	2020	2019
Nature of temporary differences		
SHORT TERM (28.40% TAX RATE FOR 2020 AND 32.02% FOR 2019)	72.1	53.1
Provision for employee profit-sharing	29.7	30.1
Depreciation of receivables	13.5	13.9
Other	28.9	9.1
LONG TERM (25.83% TAX RATE FOR 2020 AND 2019)	64.0	33.8
Provision for post-employment benefits	64.0	33.8
TOTAL TEMPORARY DIFFERENCES	136.1	86.9
Net reduction of the future corporate tax debt		
28.40% tax rate for 2020 and 32.02% for 2019	20.5	17.0
25.83% tax rate for 2020 and 2019	16.5	8.7

Note 22 Other Commitments and Contingencies

Leases

The Company has leased approximately 57,000 square meters of office space for its headquarters facilities located in Vélizy-Villacoublay, outside Paris, France since June 30, 2008. In February 2013, the Company entered into a new lease agreement for its headquarters facilities for a non-cancelable initial term of 10 years as from the delivery date of an additional building of approximately 13,000 square meters which took place in the fourth quarter of 2016. Close to that site, the Company also leases since October 2010 approximately 11,000 square meters more in a building located in Meudon-La-Forêt.

In December 2019, the Company signed a new lease contract for a firm period of 10 years from the delivery of an additional building for its campus of Vélizy-Villacoublay of approximately 28,000 square meters of office space scheduled to take place during the second quarter of 2023. Minimum future lease payments until the end of the lease amount to approximately €81.1 million. In this context, lease contracts of existing buildings have been renegotiated, notably to extend their term from 2026 to 2032.

On December 31, 2020, commitments amount to €392.6 million for real estate and equipment rentals (compared with €413.6 million as of December 31, 2019) including €370.7 million relating to the lease for the headquarters in Vélizy-Villacoublay (compared with €387.3 million as of December 31, 2019); and €7.2 million (compared with €9.0 million as of December 31, 2019) related to the lease of the "Terre Europa" site, next to the headquarters, effective as from July 2011.

Litigation and other proceedings

The Company is involved in litigation and other proceedings, such as civil, commercial and tax proceedings, incidental to normal operations.

The Company is subject to ongoing tax audits and tax reassessments. Certain of these reassessments, in particular those related to acquisition financing, are being challenged by the Company which is strongly confident in the technical merits of its positions and will continue to defend them with the relevant tax authorities. In this context, the Company made payments to the French tax authorities for a total amount of €144.9 million, including €123.1 million as at December 2019, that are disputed or will be disputed with the relevant authorities. In June 2019, following the decision of the Appeal Court during the second quarter of 2019, the Company lodged an Appeal in Cassation before the High Court (or Supreme Court) in relation to this dispute. In September 2020, the High Court has denied the Court of Appeal decision and referred the litigation to a new Chamber of the Appeal Court.

It is not possible to determine with certainty the outcome of the dispute and notably the resulting expense for the Company, if any. The total amount paid to the tax authorities represents the current Company's maximum exposure. However, in the opinion of management, after consultation with its lawyers, the resolution of such litigation and proceedings should not have a material effect on the consolidated financial statements of the Company.

Guarantee pledged

The Group has a central cash management operated by a banking institution. In this context, the parent company of the bank offered a guarantee to one entity of the Group in the amount of USD 500 million, and at the same time the Company has contracted a guarantee to the bank for the same amount.

Moreover, the Company provides guarantees in the framework of contracts between subsidiaries and third parties for a total amount of €28.1 million at December 31, 2020.

4

Note 23 Additional Information

Events after the reporting period

None.

Identity of the Consolidating Company

Dassault Systèmes SE's business is included in the consolidated financial statements of Groupe Industriel Marcel Dassault SAS, whose registered office is located at 9, Rond-Point des Champs-Élysées – Marcel Dassault, 75008 Paris, France.

Note 24 Information Relating to Subsidiaries and Shareholdings

As the Company publishes consolidated accounts, information relating to subsidiaries and shareholdings are presented in aggregated form.

<i>(in millions of euros)</i>	Subsidiaries		Total
	French	Foreign	
Gross book value of shares	324.3	6,599.5	6,923.8
Net book value of shares	324.3	6,546.7	6,871.0
Loans and advances	316.0	-	316.0
Guarantees provided*	-	435.6	435.6
Dividend rights received	-	235.6	235.6

* See Note 22 Other Commitments and Contingencies.

4.2.2 Selected financial and other information for Dassault Systèmes SE over the last five years

<i>(in euros)</i>	2016	2017	2018	2019	2020
Share capital					
Share Capital	128,998,301	130,466,265	131,366,470	132,019,000	132,568,118
Number of shares authorized and issued	257,996,603	260,932,531	262,732,941	264,038,001	265,136,237
Statement of income data					
Revenue	1,350,178,886	1,468,591,921	1,589,407,627	1,726,957,134	1,716,366,015
Result before income tax, profit sharing, amortization and provisions	508,202,894	567,265,426	598,767,852	789,360,442	674,295,745
Result before income tax, profit sharing, amortization and provisions and reversals of provisions	429,982,212	463,298,523	485,909,988	695,811,645	537,496,840
Income tax	57,113,129	69,972,918	49,799,790	40,582,203	53,986,553
Regulated employee profit-sharing	23,457,774	24,439,598	28,178,726	29,500,621	28,136,994
Optional employee profit-sharing	23,457,773	24,463,855	27,919,810	29,003,135	28,136,984
Net income	269,585,830	257,812,287	331,248,341	279,583,248	412,948,808
Data per share					
Result after income tax and profit sharing and before amortization and provisions	1.26	1.32	1.45	2.26	1.61
Basic net income per share	1.04	0.99	1.26	1.06	1.56
Dividend per share	0.53	0.58	0.65	0.70	0.56 ⁽¹⁾
Personnel					
Average headcount ⁽²⁾	3,030	3,263	3,374	3,595	3,706
Personnel costs paid during the year	255,040,681	288,877,319	345,379,869	354,336,522	355,333,675
Social security contributions paid during the year	121,906,769	140,138,953	158,857,795	173,037,539	167,236,417

(1) To be proposed for approval at the General Meeting scheduled for May 26, 2021.

(2) Apprentices and professional training contractors are excluded.

4.2.3 Statutory Auditors' Report on the parent company financial statements

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders of Dassault Systèmes SE,

Opinion

In compliance with the engagement entrusted to us by your General Meeting of Shareholders, we have audited the accompanying financial statements of Dassault Systèmes SE for the year ended December 31, 2020.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at December 31, 2020 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (Code de commerce) and the French Code of Ethics (Code de déontologie) for Statutory Auditors for the period from January 1, 2020 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) No. 537/2014.

Justification of assessments – Key audit matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were the most significant in our audit of the financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the financial statements.

Recognition of revenue from complex contractual arrangements

Description of risk

As described in the section entitled "Revenue" of Note 2 "Summary of Significant Accounting Policies" to the financial statements, the Company derives revenue from multiple sources, chief among them software licenses, subscriptions, support and services.

Where contractual arrangements include multiple elements sold as a single package, determining the date of recognition of the resulting revenue and how that revenue should be allocated between the various performance obligations can be difficult and can require a significant degree of judgment from management.

The revenue for each element of the complex contractual arrangements is allocated to each distinct performance obligation based on their stand-alone selling price. With respect to perpetual software licenses only sold bundled with one year of support, the stand-alone selling price is determined using the residual approach. Allocating revenue between the various performance obligations requires analyses by management and, potentially, adjustments, both of which can be complex.

In addition, when a software license sale is combined with a service deemed essential to the functionality of the software, the two performance obligations (software and service) are not distinct. Therefore, the license revenue is recognized as and when the service obligation is recognized. Determining whether or not a service is essential to the functionality of a product requires significant judgment from management, as does analyzing the potential future profits to be gained from the corresponding long-term contract.

Moreover, recognizing revenue from complex contractual arrangements typically requires an in-depth analysis of contractual terms and conditions, together with other relevant documentation shared with customers during negotiations, with a view to ascertaining the full scope and type of the elements the Company has committed to providing and thus recognizing the revenue for each element on the appropriate date and at the appropriate value.

For the above reasons, we deemed the recognition of revenue from complex contractual arrangements to be a key audit matter.



How our audit addressed this risk

In the course of our audit, we gained an understanding of internal control systems relating to the recognition of revenue that were implemented by the Company and tested the key controls relating to these systems that we considered to be the most relevant.

Throughout the year, we performed analyses on all complex contractual arrangements deemed material, as well as on a sample of randomly selected arrangements, with the aim of verifying that management's judgments in terms of the allocation of revenue between each performance obligation were consistent with the Company's accounting policies, and that revenue had been recognized for the correct amount and with respect to the appropriate reporting period. Our work consisted primarily in analyzing the contractual terms and conditions, re-calculating the stand-alone selling price of each element tested, analyzing the essentiality criteria for services associated with software sales and verifying the consistency of revenue recognition with the Company's accounting policies and French accounting principles.

We also tested all significant manual accounting entries affecting revenue from complex contractual arrangements for consistency with the Company's accounting policies.

Lastly, we examined the related disclosures provided in Notes 2 and 3 to the financial statements.

Valuation of investments in subsidiaries and loans and advances to subsidiaries

Description of risk

As described in Note 24 to the financial statements, investments in subsidiaries and loans and advances to subsidiaries amounted to €6,871 million and €316 million respectively at December 31, 2020, therefore representing some of the largest assets on the balance sheet. Investments in subsidiaries are carried at cost and may be impaired, as applicable, based on their values in use.

As indicated in the section entitled "Non-current Financial Assets" of Note 2 to the financial statements, the calculation of value in use takes into account the share of equity in the relevant subsidiaries at the reporting date, together with their long-term profitability and strategic factors. Estimating net realizable value therefore requires management to exercise judgment, relying on forecasts to define the profitability outlook.

Accordingly, due to the inherent uncertainty of certain components of the valuation, in particular the likelihood of achieving projections, we deemed the valuation of investments in subsidiaries and loans and advances to subsidiaries to be a key audit matter.

How our audit addressed this risk

In order to assess the estimated values in use of investments in subsidiaries and loans and advances to subsidiaries, based on the information provided to us, our audit work consisted primarily in examining the estimated values in use determined by management in relation to the valuation method and underlying data:

- for valuations based on historical data, we ensured that the equity values used were consistent with the financial statements of the entities concerned;

- for valuations based on forecast data, we obtained management's analyses on the profitability outlook and the strategic nature of these entities.

With the assistance of our valuation experts, we assessed the consistency of the assumptions used with the economic environment at the reporting date and at the date on which the financial statements were prepared.

Where the value in use was lower than the acquisition value of an investment, we assessed whether an appropriate impairment loss had been recorded and, where appropriate, whether a provision for contingencies had been recognized with respect to the subsidiary in question and to any loans or advances granted to that subsidiary.

Lastly, we examined the related disclosures provided in Notes 2 and 24 to the financial statements.

Tax risks

Description of risk

The Company carries out its business activities in many countries and must therefore abide by multiple different laws and regulations. This is particularly the case for tax regulations, which can be a source of risk for the Company in terms of how they are applied and that may involve tax disputes.

The Company assesses its tax positions and their technical justifications at the end of each reporting period. Where a risk in terms of how the local tax rules should be applied is identified, the Company measures and records a provision for tax risk if an outflow of resources appears likely. Conversely, when it makes a payment further to a disputed tax reassessment and where it deems its position in that dispute to be technically justified, the Company simultaneously records a tax credit for the refund it will likely receive.

As it relates to the ongoing tax disputes, some concern tax reassessments relating to acquisition financing. Accordingly, between 2014 and 2020, the Company made payments totaling €144.9 million to the French tax authorities further to adjustments of the tax bases for the relevant years audited, as described in Note 22 to the financial statements, and generated a tax credit for the same amount, as indicated in Note 13 to the financial statements. In this case, there is a risk that the tax credit will not be recovered.

Given (i) the materiality of the ongoing tax disputes and (ii) the complex technical analyses required for their assessment, we deemed the assessment of tax risks to be a key audit matter. These analyses are specific to each tax jurisdiction and require a significant degree of judgment from management. Moreover, they are ultimately subject to a final decision from the local tax authorities concerned.

How our audit addressed this risk

With guidance from experts in international and French tax law, we examined the main grounds for reassessment cited by the local tax authorities against the Company, as well as the judgments made by management with respect to tax risks and disputes deemed significant. We also reconciled the assumptions and estimates used to recognize tax provisions with the Company's accounting policies and French accounting principles.

For the most significant disputes for which a tax credit was recognized, in particular the reassessments relating to the above-mentioned acquisition financing matter, we also analyzed the technical opinions obtained by the Company from independent tax lawyers with a view to assessing the consistency thereof with the judgments made by management and the accounting treatments applied.

Lastly, we examined the related disclosures provided in Notes 13 and 22 to the financial statements.

Specific verifications

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French legal and regulatory provisions.

Information given in the management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements.

We attest to the fair presentation and the consistency with the financial statements of the information about payment terms referred to in Article D. 441-4 of the French Commercial Code.

Report on corporate governance

We attest that the Board of Directors' report on corporate governance sets out the information required by Articles L. 225-37-4, L. 22-10-10 and L. 22-10-9 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L. 22-10-9 of the French Commercial Code relating to compensation and benefits paid or awarded to corporate officers and any other commitments made in their favor, we have verified its consistency with the financial statements or with the underlying information used to prepare these financial statements, and, where applicable, with the information obtained by the Company from controlled companies within its scope of consolidation. Based on this work, we attest to the accuracy and fair presentation of this information.

Concerning the information given in accordance with the requirements of Article L. 22-10-11 of the French Commercial Code relating to those items the Company has deemed liable to have an impact in the event of a takeover bid or exchange offer, we have verified its consistency with the underlying documents that were disclosed to us. Based on this work, we have no matters to report with regard to this information.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Other verifications and information pursuant to legal and regulatory requirements

Presentation of the financial statements to be included in the annual financial report

In accordance with professional standards applicable to the Statutory Auditors' procedures for annual and consolidated financial statements presented according to the single European electronic reporting format, we have verified that the presentation of the financial statements to be included in the annual financial report referred to in paragraph I of Article L. 451-1-2 of the French Monetary and Financial Code (Code monétaire et financier) and prepared under the Chief Executive Officer's responsibility, complies with this format, as defined by European Delegated Regulation No. 2019/815 of December 17, 2018.

On the basis of our work, we conclude that the presentation of the financial statements to be included in the annual financial report complies, in all material respects, with the single European electronic reporting format.

It is not our responsibility to ensure that the financial statements to be included by the Company in the annual financial report filed with the AMF correspond to those on which we carried out our work.

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Dassault Systèmes SE by the General Meeting of Shareholders held on June 8, 2005 for PricewaterhouseCoopers Audit and on May 27, 2010 for Ernst & Young et Autres.

At December 31, 2020, PricewaterhouseCoopers Audit and Ernst & Young et Autres were in the sixteenth and eleventh consecutive year of their engagement, respectively.

Previously, Ernst & Young Audit was the Statutory Auditor of Dassault Systèmes SE from 1998.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for preparing financial statements giving a true and fair view in accordance with French accounting principles, and for implementing the internal control procedures it deems necessary for the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the financial statements

Objective and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit.

They also:

- identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the financial statements;
- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes, in particular, a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were the most significant for the audit of the financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and Paris-La Défense, March 18, 2021

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit

Thierry Leroux

Ernst & Young et Autres

Nour-Eddine Zanouda

4.2.4 Statutory Auditors' Special Report on Related Party Agreements

This is a free translation into English of the Statutory Auditors' special report on related-party agreements issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of Dassault Systèmes SE, we hereby report to you on related-party agreements.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of agreements that have been disclosed to us or that we may have identified as part of our engagement, as well as the reasons given as to why they are beneficial for the Company, without commenting on their relevance or substance or identifying any undisclosed agreements. Under the provisions of Article R. 225-31 of the French Commercial Code (Code de commerce), it is the responsibility of the shareholders to determine whether the agreements are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by Article R. 225-31 of the French Commercial Code in relation to the implementation during the year of agreements already approved by the Annual General Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

4

Agreements submitted for the approval of the Annual General Meeting

We were not informed of any agreements authorized and entered into during the year to be submitted for the approval of the Annual General Meeting pursuant to the provisions of Article L. 225-38 of the French Commercial Code.

Agreements already approved by the Annual General Meeting

Agreements approved in previous years that were implemented during the year

We were not informed of any agreements already approved by the Annual General Meeting in previous years, which were implemented during the year.

Agreements and commitments approved in previous years that were not implemented during the year

We were informed of the following agreements approved by the Annual General Meeting in previous years, which remained in force but were not implemented during the year.

With the Company's Board members, in connection with the insurance policy "Civil liability of Directors and Corporate Officers" signed with the insurance company Allianz

Advance payment to Board members of any legal fees incurred in proceedings instituted against them in the exercise of their corporate office.

At its meeting on July 24, 1996, the Board of Directors authorized the advance payment by the Company of any legal fees and financial consequences that the Board members could incur if their personal liability is sought, in the event that the insurance policy signed with Allianz does not cover these advances and financial consequences.

Payment of legal fees of Board members for any proceedings instituted in the United States.

At its meeting on September 23, 2003, the Board of Directors authorized the payment by the Company of any fees and travel expenses that the Board members of the Company and its subsidiaries have to pay to prepare their personal defense before a civil, criminal or administrative Court in the United States within the scope of an inquiry or investigations carried out against the Company.

Neuilly-sur-Seine and Paris-La Défense, March 18, 2021

The Statutory Auditors
French original signed by

PricewaterhouseCoopers Audit
Thierry Leroux

Ernst & Young et Autres
Nour-Eddine Zanouda

4.3 Legal and Arbitration Proceedings

In the ordinary course of business, Dassault Systèmes is involved from time to time in litigation, tax audits or regulatory inquiries. Dassault Systèmes is subject to ongoing tax audits and tax reassessments in jurisdictions in which it has or had operations. Certain reassessments have been contested and Dassault Systèmes is under discussion with the relevant tax authorities. To Dassault Systèmes' knowledge, there is no

outstanding, suspended or pending government proceeding, litigation or arbitration, which has had during the last twelve months preceding the publication of this Annual Report (*Document d'enregistrement universel*), or is likely to have, a significant impact on Dassault Systèmes' financial position or results of operations.

5

CORPORATE GOVERNANCE

CONTENTS

5.1	The Board's Corporate Governance Report	186	5.2.2	Internal Control Participants and Organization	229
5.1.1	Composition and Practices of the Board of Directors	187	5.2.3	Internal Control and Risk Management Procedures	230
5.1.2	Executives of Dassault Systèmes	205	5.2.4	Internal Control Procedures Relating to the Preparation and Treatment of Financial and Accounting Information	231
5.1.3	Compensation Policy for Corporate Officers	206	5.2.5	Evaluation of Internal Control	232
5.1.4	Summary of the Compensation and Benefits due to Corporate Officers (<i>mandataires sociaux</i>)	211	5.2.6	Limitations of Internal Control	232
5.1.5	Interests of executive management and employees in the share capital of Dassault Systèmes SE	219	5.3	Transactions in Dassault Systèmes shares by the Management of Dassault Systèmes	233
5.1.6	Application of the AFEP-MEDEF Code	225	5.4	Information on the Statutory Auditors	237
5.1.7	Other Information Required by Articles L. 225-37 and L. 22-10-8 <i>et seq.</i> of the French Commercial Code	225	5.5	Declarations regarding the administrative and management bodies	237
5.2	Internal Control Procedures and Risk Management	229			
5.2.1	Definition and Objectives of Internal Control	229			

5.1 The Board's Corporate Governance Report

Report of the Board of Directors to the Combined General Meeting of May 26, 2021

To the Shareholders of Dassault Systèmes,

The purpose of this report is to describe *inter alia* the composition and practices of the Board of Directors of Dassault Systèmes SE, the application thereto of the principle of balanced representation of men and women and the policy and details of the corporate officers' remuneration.

This report was drawn up in accordance with the French Commercial Code and the regulations of the Financial Markets Authority (AMF), based on work carried out by the Finance, Legal and Internal Audit departments of Dassault Systèmes. It has been reviewed by the Audit Committee and approved by the Board of Directors on March 18, 2021.

Since its IPO in 1996, Dassault Systèmes complies with the best international standards of corporate governance. Dassault Systèmes currently adheres to most of the recommendations of the AFEP-MEDEF Code (available on the MEDEF website: www.medef.com) and therefore summarizes in a table the reasons why it does not apply certain of these recommendations (see paragraph 5.1.6 "Application of the AFEP-MEDEF Code").

Dassault Systèmes would like to draw the attention of shareholders to the following points.

Purpose and consideration by the Board of social and environmental issues

In February 2012, and driven by the Chief Executive Officer, Dassault Systèmes published its purpose, which aims at contributing to sustainable development in all its components: to provide business and people with 3D experience universes (**3DEXPERIENCE**) to imagine sustainable innovations, capable of harmonizing products, nature and life.

This purpose determines not only the selection of acquisitions and product developments but also the culture and values of the Company and of each one of its organizations.

Social, societal and environmental responsibility is therefore central to Dassault Systèmes' strategy and its achievements. It is applied to all levels of the Company.

Within the Board of Directors, Dassault Systèmes appointed an independent director – Ms. Toshiko Mori, an architect committed to sustainable future thinking – as lead director for sustainable development matters and their presentation to the Board of Directors. The Board of Directors has also included Environmental, Social and Governance (ESG) criteria in the performance criteria triggering payment of the variable

compensation of Mr. Bernard Charlès, Vice-Chairman of the Board and Chief Executive Officer.

At Operational Executive Committee level, Florence Verzelen, Executive Vice President, Industry, Marketing & Sustainability, is responsible for the Dassault Systèmes sustainable development roadmap in terms of environmental footprint and product development strategy to help customers become more sustainable (handprint).

Every month, the Sustainable Development Committee brings together all the key functions of the Company to discuss action plans and the progress made on cross-functional matters. This committee is co-chaired by Florence Verzelen and Thibault de Tersant, General Secretary of Dassault Systèmes. The Chief Sustainability Officer of Dassault Systèmes is secretary of the committee.

From an operational perspective, the sustainable development team coordinates a community of contacts across business functions, geographies, brands and industries on a quarterly basis to ensure in particular the implementation of sustainability action plans and the reporting of our environmental footprint.

In 2020, Dassault Systèmes placed a special focus on the formalization of its sustainable development objectives and practices, in particular with the announcement, in February 2020, of social, societal and environmental targets for 2025 (see paragraph 1.8 "Extra-financial performance").

Social and societal responsibility during COVID-19 pandemic

Dassault Systèmes' employees are the Company's most precious asset. They are at the heart of our mission and long-term development. As soon as March 2020, Dassault Systèmes made a commitment to preserve the jobs of its employees by guaranteeing a stable workforce for the year 2020. The Company has also maintained its annual compensation policy and implemented measures to protect the health and safety of its employees.

Dassault Systèmes has rolled out a number of initiatives to support its customers, partners and communities around the world during the COVID-19 pandemic. Thus, the availability of the cloud-based **3DEXPERIENCE** platform allowed for remote working to ensure the continuity of sustainable innovation projects and programs. Other measures have been taken to support the ecosystem, in particular small and medium-sized companies: as soon as April 2020, the Company has reduced its suppliers' payment terms and extended its distributors' payment terms, in both instances to help improving their cash flow.

Shareholder dialogue

Dassault Systèmes is committed to meeting the expectations and concerns of its shareholders. Meetings were held in 2020 and 2021 between Dassault Systèmes investors and proxy advisors on one hand, and the Investor Relations Department of Dassault Systèmes, the General Secretary, and the Secretary of the Board on the other hand, to discuss issues of concern

to shareholders, including governance and social, societal and environmental responsibility. Dassault Systèmes has taken the comments submitted into consideration by changing the wording of this Annual Report, in particular the report on corporate governance, the chapter on social, societal and environmental responsibility and the resolutions put to vote at the General Shareholders' Meeting.

5.1.1 Composition and Practices of the Board of Directors

5.1.1.1 Composition of the Board of Directors

As of the date of this Annual Report, the Board of Directors of Dassault Systèmes SE comprises 12 members⁽¹⁾ whose term of office is four renewable years:

- Charles Edelstenne (Chairman);
- Bernard Charlès (Vice-Chairman);
- Pascal Daloz⁽²⁾;
- Xavier Cauchois;
- Catherine Dassault;
- Odile Desforges;
- Soumitra Dutta;
- Marie-Hélène Habert-Dassault;
- Laurence Lescourret;
- Toshiko Mori;
- Hervé Andorre (director representing employees)⁽³⁾;
- Tanneguy de Fromont de Bouaille (director representing employees)⁽³⁾.

In the composition of the Board of Directors, Dassault Systèmes seeks a balance between experienced and new directors, between independent and non-independent, between women and men, as well as a diversity of profiles, nationalities and qualifications. Dassault Systèmes monitors the evolution of the composition of the Board by making projections based on all of these criteria, which has resulted in greater diversity within the Board in recent years.

Skills in line with Dassault Systèmes' strategy

The directors of Dassault Systèmes SE have a complementary set of skills and experience that line up with the Company's strategy, and enable it to respond to the challenges it faces. Among the five independent directors, three have industrial expertise (the manufacturing industry, infrastructures and cities and new technologies) and two have accounting and financial expertise. The non-independent directors provide the Board with extensive knowledge of the Company and its industry and businesses.

In addition, social, societal and environmental responsibility being the focus of Dassault Systèmes' strategy and of its achievements, Ms. Toshiko Mori – architect and independent director – is since the beginning of 2020 lead director for sustainable development matters on the Board of Directors.

(1) The Board of Directors was composed of 11 members until May 26, 2020, date on which Mr. Hervé Andorre was appointed as a Director representing employees.

(2) Following the resignation of Mr. Thibault de Tersant from his term of office as Director, on July 22, 2020, the Board of Directors decided to co-opt Mr. Pascal Daloz for the remainder of the term of office, i.e. until the General Meeting called to approve the financial statements for the year ended December 31, 2021.

(3) The two directors representing the employees were appointed, in accordance with the Company's by-laws, by the two trade unions that obtained the highest number of votes in the first round of the Economic and Social Committee in Dassault Systèmes SE and its direct or indirect subsidiaries whose registered office is located on French territory.

The term of office of Mr. Tanneguy de Fromont de Bouaille, which expired on May 26, 2020, was renewed by the organization that appointed him.

Mr. Hervé Andorre was appointed as Director representing employees as from the General Shareholders' Meeting of May 26, 2020 which amended the Dassault Systèmes SE by-laws to allow the appointment of a second Director representing employees.

A percentage of independent directors greater than the recommendations of the AFEP-MEDEF Code

The proportion of independent directors within the Board of Directors of Dassault Systèmes SE is 50%⁽¹⁾, above the ratio of one third recommended by the AFEP-MEDEF Code for controlled companies.

To assess such independence, Dassault Systèmes SE bases its decision on the definition of the AFEP-MEDEF Code, which has been incorporated into the rules of procedure of the Board of Directors, whereby a director is independent when he or she has no relationship whatsoever with Dassault Systèmes SE, the Company or its management, which might compromise his or her free judgment. At its meeting of March 18, 2021, the Board of Directors assessed, as it does every year, the independence of its members and concluded that five directors are independent: Ms. Desforges, Ms. Lescouret, Ms. Mori, Mr. Cauchois and Mr. Dutta. This decision by the Board is based on the answers from the directors to a dedicated questionnaire.

As none of the independent directors have a business relationship with Dassault Systèmes, the Board of Directors had to express an opinion, as at present, neither on the materiality of any such relationship nor on the criteria used to assess it.

A percentage of women above the 40% threshold required by the law

Dassault Systèmes SE is also committed to ensure significant representation of women on the Board. With 50% women directors⁽¹⁾, Dassault Systèmes SE is above the 40% threshold required by law. This percentage is an increase from 42% in 2018. A woman has also been the chair of the Compensation and Nomination Committee since 2018.

Lastly, in terms of internationalization, the Board has two non-French members (a Japanese and an Indian director) and who are as well U.S. residents, accounting for 17% of the members.

The average age of the directors is 61 at the date of this Annual Report.

The above information is summarized in the table below.

(1) Excluding Directors representing employees, in accordance with the law and the AFEP-MEDEF Code.

COMPOSITION OF THE BOARD OF DIRECTORS OF DASSAULT SYSTÈMES SE*

	PERSONAL INFORMATION			EXPERIENCE		POSITION ON THE BOARD			PARTICIPATION IN BOARD COMMITTEES	
	Age	Gender	Nationality	Number of shares	Number of terms of office in listed companies ⁽¹⁾	Independence	Initial date of appointment	Expiry of the term of office		Length of service on the Board
DIRECTORS EXECUTIVE OFFICERS										
Charles Edelstenne	83	H	France	15,897,485	3		04/08/1993	2022	28 years	
Bernard Charlès	63	H	France	4,290,441	1		04/08/1993	2022	28 years	
DIRECTORS										
Pascal Daloz	52	H	France	474,859	0		07/22/2020	2022	Less than 1 year	
Xavier Cauchois	63	H	France	300	1	X	05/22/2018	2022	3 years	X
Catherine Dassault	53	F	France	2,419	1		07/20/2016	2023	5 years	
Odile Desforges	71	F	France	300	2	X	05/30/2013	2021 ⁽²⁾	8 years	X
Soumitra Dutta	57	H	India	100	0	X	05/23/2017	2021 ⁽²⁾	4 years	X
Marie-Hélène Habert-Dassault	55	F	France	566	3		07/23/2014	2024	7 years	
Laurence Lescourret	47	F	France	301	1	X	05/26/2016	2024	5 years	X
Toshiko Mori	69	F	Japan	600	0	X	05/26/2011	2023	10 years	X
DIRECTORS REPRESENTING EMPLOYEES										
Hervé Andorre	55	H	France	7,372	0		05/26/2020	2024	Less than 1 year	
Tanneguy de Fromont de Bouaille	66	H	France	13,307	0		06/24/2016	2024	5 years	

* As of the date of this Annual Report.

(1) Number excluding the term of office held within Dassault Systèmes SE.

(2) Re-appointment proposed to the General Meeting of May 26, 2021.

The roles and duties performed by the Dassault Systèmes SE corporate officers in 2020 are indicated in the table below.

CHARLES EDELSTENNE – CHAIRMAN OF THE BOARD

Biography: Charles Edelstenne is currently Chairman of the Board of Directors after having subsequently occupied the positions of Manager and then Chairman and Chief Executive Officer of Dassault Systèmes of which he is the founder.

He is also Chairman of Groupe Industriel Marcel Dassault (GIMD)⁽¹⁾.

Charles Edelstenne is as well Honorary Chairman and Director of Dassault Aviation after having occupied the positions of Vice-President responsible for economic and financial affairs (1986-2000), General Secretary (1975-1986) and Chairman and Chief Executive Officer (2000-2013).

He holds a chartered accountant qualification.

Term expires: General Meeting called to approve the financial statements for the year ending December 31, 2021

Date of first appointment: 04/08/1993

Number of Dassault Systèmes shares owned at December 31, 2020: 15,897,485 (including a majority of beneficial ownership shares)

Attendance rate at the 2020 Board meetings: 100%

Age: 83

Nationality: French

Professional address: Groupe Industriel Marcel Dassault – 9 Rond-Point des Champs-Élysées – Marcel Dassault, 75008 Paris – France

Other offices and positions:

Within the Dassault Group, in France: Chairman of GIMD; Honorary Chairman and Director of Dassault Aviation SA (listed company); Director of Thalès SA (listed company), Chairman of the Board and Chief Executive Officer of Dassault Médias SA; Chairman of Rond-Point Immobilier SAS; Chairman of Rond-Point Holding SASU; Manager of Rond-Point Investissements EURL; Manager of SCI de Maison Rouge; Chief Executive Officer of Dassault Wine Estates SASU; Chairman and member of the Board of Directors of Groupe Figaro SAS; Chairman of Société du Figaro SAS

Within the Dassault Group, outside France: Director of Dassault Falcon Jet Corporation (United States); Chairman and member of the Board of Dassault Belgique Aviation SA

Outside the Dassault Group: Director of Carrefour SA (listed company); Honorary Chairman of Gifas⁽²⁾; Manager of the Arie, Arie 2, Nili and Nili 2 partnerships

Other positions held, and expired, during the past five years:

Director of SABCA (listed company) (Belgium) until 2020; Director of Banque Lepercq de Neuflyze & Co. Inc. (USA) until 2019; Chief Executive Officer and member of the Supervisory Board of GIMD until May 28, 2018; Director of Dassault Médias SA and of Figaro Benchmark SASU until May 2018; of Sogitec Industries SA until December 2019.

(1) GIMD is the main shareholder of Dassault Systèmes SE (see paragraph 6.3.2 "Controlling Shareholder").

(2) Groupement des Industries Françaises Aéronautiques et Spatiales.

BERNARD CHARLÈS, VICE-CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER

Biography: Bernard Charlès is Vice-Chairman of the Board of Directors (since 2016) and Chief Executive Officer of Dassault Systèmes (since 2002). Since 1995, Bernard Charlès has had executive functions which he shared with Charles Edelstenne. Prior to holding this position, Bernard Charlès served as Director of the New Technology, Research and Development and Strategy Department from 1986 to 1988 and as Director of Strategy, Research and Development from 1988 to 1995.

Age: 63

Nationality: French

Professional address: Dassault Systèmes – 10 rue Marcel-Dassault, 78140 Vélizy-Villacoublay – France

Main position: Vice-Chairman of the Board of Directors and Chief Executive Officer of Dassault Systèmes

Term expires: General Meeting called to approve the financial statements for the year ending December 31, 2021

Date of first appointment: 04/08/1993

Number of Dassault Systèmes shares owned at December 31, 2020: 4,290,441

Attendance rate at the 2020 Board meetings: 100%

Main other offices and positions:

Within the Dassault Systèmes Group, outside France: Chairman of the Board of Directors of Dassault Systemes Corp. (United States) and Centric Software, Inc. (United States); Chairman of the advisory Board (statutory body) of Dassault Systemes 3DEXCITE GmbH (Germany)

Outside the Dassault Systèmes Group, in France: Independent Director of Sanofi (listed company)

Other positions held, and expired, during the past five years (all within the Dassault Systèmes Group, outside France):

Chairman of the Board of Directors of Dassault Systemes SOLIDWORKS Corp. (United States) and of Dassault Systemes SIMULIA Corp.. (United States); of BIOVIA Corp.. (United States); IQMS (United States) and Dassault Systemes Canada Software Inc. (Canada)

PASCAL DALOZ – CHIEF OPERATING OFFICER & CHIEF FINANCIAL OFFICER

Biography: Biography: Pascal Daloz is Chief Operating Officer and Chief Financial Officer since 2020. He joined Dassault Systèmes in 2001 as Vice President R&D in charge of sales development and then he has been Vice President, Strategy and Business Development (2003), Executive Vice President, Strategy and Marketing (2007), Executive Vice President, Corporate Strategy and Market Development (2010), Executive Vice President, Brands and Corporate Development (2014) and Chief Financial Officer and Corporate Strategy Officer (2018). From 1992 to 1997 he has been a consultant for technology innovation management at Arthur D. Little, and then senior analyst for the technology sector at Crédit Suisse First Boston Technology Group until 2001.

Term expires: General Meeting called to approve the financial statements for the year ending December 31, 2021

Date of provisional appointment by decision of the Board of Directors: 07/22/2020

Number of Dassault Systèmes shares owned at December 31, 2020: 474,859

Attendance rate at the 2020 Board meetings: 100%*

Age: 52

Nationality: French

Professional address: Dassault Systèmes – 10 rue Marcel-Dassault, 78140 Vélizy-Villacoublay – France

Main function: Chief Operating officer & Chief Financial Officer of Dassault Systèmes

Main other offices and positions:

Within the Dassault Systèmes Group, in France: President of Outscale SAS

Within the Dassault Systèmes Group, outside France: Chairman of the Board of Dassault Systemes Americas Corp.. (United States) and Medidata Solutions Inc. (United States); Member of the advisory Board (statutory body) of Dassault Systemes 3DEXCITE GmbH (Germany)

Outside the Dassault Systèmes Group: Director of Fondation Mines-Télécom (France) and Institut d'Études Avancées de Nantes (France); Honorary Co-Chairman of Alliance Industrie du Futur (France)

Other positions held, and expired, during the past five years (all within the Dassault Systèmes Group):

President of NETVIBES SAS (France) and 3DVIA SAS (France); Chairman of the Board of NETVIBES Inc. (United States) and Dassault Systemes 3DEXCITE Corp. (United States);

Director of Dassault Systemes SOLIDWORKS Corp. (United States), Dassault Systemes SIMULIA Corp. (United States); BIOVIA Corp. (United States) and IQMS (United States); managing director of Dassault Systemes 3DEXCITE GmbH (Germany) and Quintiq Holding B.V. (the Netherlands)

* The percentage is calculated based on the Board meetings held on or after July 22, 2020.

XAVIER CAUCHOIS – INDEPENDENT DIRECTOR

*Member of the Audit Committee since May 22, 2018
Chairman of the Audit Committee since May 23, 2019*

Biography: Xavier Cauchois has more than 30 years of experience in the audit, as a partner of PwC France in the Paris office. He had several management positions within PwC France and at the European level. He notably accompanied its clients in the technology, telecoms, medias sectors, as well as in the health sector and more generally in the industry.

He was head of PwC Europe and France in the Technology sector until 2009 and also a member of the Global Strategic Committee for the Audit from 2005 to 2008.

He was member of the Executive Committee France in charge of "Partners & Strategy" from 2013 to 2016.

Age: 63

Nationality: French

Professional address: Dassault Systèmes – 10, rue Marcel Dassault, 78140 Vélizy-Villacoublay – France

Main position: Director

Term expires: General Meeting called to approve the financial statements for the year ending December 31, 2021

Date of first appointment: 5/22/2018

Number of Dassault Systèmes shares owned at December 31, 2020: 300

Attendance rate at the 2020 Board meetings: 100%

Attendance rate at the 2020 Audit Committee meetings: 100%

Other offices and positions: Independent Director of Technicolor SA (listed company)

Other positions held, and expired, during the past five years:

Manager of PwC Business Services; Director of GIE PricewaterhouseCoopers; Partner at PwC Audit

CATHERINE DASSAULT – DIRECTOR

Biography: Catherine Dassault is a lead director of development of Institut de l'Engagement, which helps young volunteers enrolled in France's Civic Service scheme to pursue their studies, find a job or set up their own business. Before devoting her time to helping develop and fund medical research and education, Catherine Dassault studied law and psychology and worked in the advertising and communications industry.

Age: 53

Nationality: French

Professional address: Groupe Industriel Marcel Dassault – 9 Rond-Point des Champs-Élysées – Marcel Dassault, 75008 Paris – France

Main position: Active member of associations recognized to be of public interest; Lead Director of development of L'Institut de l'Engagement

Term expires: General Meeting called to approve the financial statements for the year ending December 31, 2022

Date of first appointment: 7/20/2016

Number of Dassault Systèmes shares owned at December 31, 2020: 2,419

Attendance rate at the 2020 Board meetings: 100%

Other offices and positions:

Director of Dassault Aviation SA (listed company); Manager of Green Spark Invest SARL and of TCBD & Fils (partnership); Chair of the Fonds de dotation Citadelle (since September 2020)

Other positions held, and expired, during the past five years:

Member of the Organizing Committee and the Honorary Committee of the French Alzheimer's Research Association

ODILE DESFORGES – INDEPENDENT DIRECTOR

Member of the Audit Committee

Biography: Odile Desforges graduated from the École Centrale Paris in 1973. She began her career at the Transport Research Institute, before joining Renault in 1981 as Planner and then Product Engineer. In 1986, she joined the Purchasing Department as manager for external equipment. She then became Body Equipment Purchasing General Manager for Renault/Volvo Purchasing Organization, then for Renault. In 1999, she became Executive Vice-President of Renault-VI Mack Group, before becoming in 2001 President of Volvo Group's 3P Business Unit.

In 2003, she was appointed Senior Vice-President, Purchasing, and Chairwoman and managing director of Renault Nissan Purchasing Organization (RNPO). Between March 1, 2009 and July 1, 2012, she was Executive Vice-President, Engineering and Quality, and a member of the Group Executive Committee.

Term expires: General Meeting called to approve the financial statements for the year ended December 31, 2020

Date of first appointment: 5/30/2013

Number of Dassault Systèmes shares owned at December 31, 2020: 300

Attendance rate at the 2020 Board meetings: 75%

Attendance rate at the 2020 Audit Committee meetings: 87.50%

Age: 71

Nationality: French

Professional address: 3 rue Henri Heine, 75016 Paris – France

Main position: Director

Other offices and positions:

Independent Director of Safran and Faurecia (listed companies)

Other positions held, and expired, during the past five years:

Director of Imerys (until May 2020); RNBV; RNTBCI; Renault Espana SA; Sequana and Johnson Matthey Plc (United Kingdom)

SOUMITRA DUTTA – INDEPENDENT DIRECTOR

*Member of the Compensation and Nomination Committee
Member and Chairman of the Scientific Committee*

Biography: Soumitra Dutta began his career in 1985 as a research assistant at University of California, Berkeley, USA. Between 1988 and 1990, he gained further research experience at General Electric. He then joined Insead, the international management school based in Fontainebleau (France), where he served as lecturer then Dean of Technology and E-learning. In 1999, he set up eLab@Insead, the school's research and analytics center focused on big data analytics for businesses, which he headed until 2012. In 2002, he was named Dean of Executive Education at Insead. During his tenure at Insead, Soumitra Dutta also participated in setting up and managing three strategy consultancies specialized in new technologies and innovation, which he developed before selling them. In 2012, he was appointed Dean of the Samuel Curtis Johnson Graduate School of Management at Cornell University in New York and in 2016 became the founding Dean of the Cornell College of Business, comprising Cornell's three accredited business programs: the School of Hotel Administration, the Charles H. Dyson School of Applied Economics and Management and the Samuel Curtis Johnson Graduate School of Management.

Age: 57

Nationality: Indian

Professional address: College of Business – Cornell University – Ithaca, New York (United States)

Main position: Former Dean and Professor of Operations, Technology and Information Management, SC Johnson College of Business Cornell University

Term expires: General Meeting called to approve the financial statements for the year ended December 31, 2020

Date of first appointment: 5/23/2017

Number of Dassault Systèmes shares owned at December 31, 2020: 0*

Attendance rate at the 2020 Board meetings: 100%

Attendance rate at the 2020 Scientific Committee meetings: 100%

Attendance rate at the 2020 Compensation and Nomination Committee meetings: 100%

Other offices and positions:

Chairman of the Board of *Directors of The Global Business Schools Network* (GBSN), (United States); Member of the Board of Shareholders of ZS Associates (United States)

Other positions held, and expired, during the past five years:

Director of Sodexo (listed company) (until January 2021) and Chairman of the Board of Directors of *The Association to Advance Collegiate Schools of Business* (AACSB)

* The number of Dassault Systèmes shares owned by Soumitra Dutta as of the date of this Annual Report is 100.



MARIE-HÉLÈNE HABERT-DASSAULT – DIRECTOR

Biography: Marie-Hélène Habert-Dassault has been Director of Communication and Patronage of the Dassault Group since 1998. She joined the Dassault Group in 1991 as Deputy Director of Communication after having started her career at DDB Publicité in London as a media *planning consultant*. She holds a Master's degree in Business Law and Taxation, a business law practitioner diploma (Assas, 1988) and a Master's in Strategy and Marketing (Sciences Po, 1989).

Age: 55

Nationality: French

Professional address: Groupe Industriel Marcel Dassault – 9 Rond-Point des Champs-Élysées – Marcel Dassault, 75008 Paris – France

Main position: Director of Communication and Patronage, Dassault Group

Term expires: General Meeting called to approve the financial statements for the year ending December 31, 2023

Date of first appointment: 7/23/2014

Number of Dassault Systèmes shares owned at December 31, 2020: 566*

Attendance rate at the 2020 Board meetings: 100%

Other offices and positions:

Within the Dassault Group: Member of the Supervisory Board of GIMD; Vice-Chair of the Supervisory Board of Immobilière Dassault SA (listed company); Member of the Supervisory Board of Rond-Point Immobilier SAS; Member of the Board of Directors of Dassault Aviation SA (listed company); Director and Chairman of the Serge Dassault Foundation; Director of Artcurial SA

Outside the Dassault Group: Director of Biomérieux (listed company); Member of the Strategy Committee and Vice-President of HDF; General Manager of H Investissements; General Manager of HDH; General Manager of HDH Immo; Director of Siparex Associés; Manager of SCI Duquesne; Director of Fondation Fondamental

Other positions held, and expired, during the past five years:

Chair of the Supervisory Board of GIMD; Chair of the Supervisory Board of Rond-Point Immobilier SAS

* Marie-Hélène Habert-Dassault is also a shareholder of GIMD.

LAURENCE DAURES-LESCOURRET – INDEPENDENT DIRECTOR

Member of the Audit Committee

Member and Chair of the Compensation and Nomination Committee

Biography: Laurence Daures-Lescourret has been an associate professor in the Finance department of the ESSEC Business School since 2010 and a researcher affiliated with the Centre de Recherche en Économie et Statistique (CREST).

She holds a PhD in finance from HEC Paris (2003), a Master's in management from EDHEC, a Master "104 Finance" from Paris Dauphine University, and a Master's in political economy analysis from the École d'Économie de Paris.

Between 2004 and 2011, she was first an assistant professor, co-Director and ultimately Director of the ESSEC Finance department. She also taught at ENSAE between 2000 and 2010.

As an academic researcher, she is the author of several publications on organizing and regulating capital markets and has received distinction for her work. She was the 2013 recipient of the Vega Prize from the Federation of European Securities Exchanges and received the 2015 award for best research Article on derivative products granted by the IFSID (*Montreal Institute of Structured Finance and Derivatives*).

Term expires: General Meeting called to approve the financial statements for the year ending December 31, 2023

Date of first appointment: 5/26/2016

Number of Dassault Systèmes shares owned at December 31, 2020: 115*

Attendance rate at the 2020 Board meetings: 100%

Attendance rate at the 2020 Audit Committee meetings: 100%

Attendance rate at the 2020 Compensation and Nomination Committee meetings: 100%

Age: 47

Nationality: French

Professional address: ESSEC Business School – 3 Avenue Bernard Hirsch – 95021, Cergy-Pontoise – France

Main position: Associate professor in the Finance department – ESSEC Business School

Other offices and positions:

Independent Director of LCL – Le Crédit Lyonnais SA (listed company)

Other positions held, and expired, during the past five years:

None

* The number of Dassault Systèmes shares owned by Laurence Daures-Lescourret as of the date of this Annual Report is 301.

TOSHIKO MORI – INDEPENDENT DIRECTOR AND LEAD DIRECTOR OF SUSTAINABLE DEVELOPMENT

Member of the Scientific Committee

Biography: Toshiko Mori is the Robert P. Hubbard Professor in the Practice of Architecture at Harvard University's Graduate School of Design and was the Chairman of the Department of Architecture from 2002 to 2008. She is principal of Toshiko Mori Architect, and founder of VisionArc, a think-tank promoting global dialogue for a sustainable future. She has been honored with numerous awards, most recently the Louis Auchincloss Prize in 2020, the Tau Sigma Delta National *Honor Society Gold Medal in 2016*, Architectural Record's *Women in Design Leader Award in 2019*, the OMI Arts Leadership Award in 2019, and the *AIA/ASCA Topaz Medallion for Excellence in Architectural Education in 2019*. *Nikkei Business* listed Mori as one of 50 Japanese People Changing the World; *Newsweek Japan* listed her as one of 100 Japanese People the World Respects; and *Forbes Japan* featured her as one of 100 Self-Made Women. Her project "Thread: Artists' Residency and Cultural Center" in *Sinthian, Senegal* was awarded the 2017 *AIA Honor Award for Architecture* and was one of the winners of the inaugural *FIBRA Award for Contemporary Plant Fiber-based Architecture in 2019*. Architectural Digest included Toshiko Mori Architect in their annual AD100 list in 2014, 2016, 2017, 2018, 2019, 2020, and 2021. Mori is a member of the *American Academy of Arts and Sciences*, and was inaugurated to both the *National Academy of Arts and Letters* and the *National Academy of Design* in 2020. Lastly, she is a partner of *Paracoustica*, a non-profit organization which brings music to underserved communities.

In 2020, she published two new monographs, one with *A+U* magazine for their February 2020 issue and another with *ArchiTangle Berlin* titled *Toshiko Mori Architect Observations*. In May 2020, her project "Fass School and Teachers' Residence" in *Fass, Senegal*, was listed by *The Guardian* as one of the world's top ten new architecture projects.

Term expires: General Meeting called to approve the financial statements for the year ending December 31, 2022.

Date of first appointment: 5/26/2011

Number of Dassault Systèmes shares owned at December 31, 2020: 600

Attendance rate at the 2020 Board meetings: 100%

Attendance rate at the 2020 Scientific Committee meetings: 100%

Age: 69

Nationality: Japanese

Professional address: Toshiko Mori Architect, 199 Lafayette Street, Suite 5A, New York, NY 10012 – USA

Main position: Founder of Toshiko Mori Architect PLLC

Other offices and positions:

Outside France: Member of the Advisory Committee of *A+U* Magazine; Member of the G1 Summit (Japan); Advisor to the *Isamu Noguchi Museum*; Director of *James Carpenter Design Associates Inc.* (United-States)

Other positions held, and expired, during the past five years:

President of *World Economic Forum Global Agenda Council on Design*; Member of *World Economic Forum Global Future Council on Future of Cities and Urbanism*; Member of the *World Economic Forum Global Agenda Council on Design & Innovation*; Member of the *Alvar Aalto Medal 2017 jury*

HERVE ANDORRE – DIRECTOR REPRESENTING EMPLOYEES

Biography: Hervé Andorre is a director representing employees, appointed to this position by the "Ensemble à DS" union. He has been Vice-President, Culture & Management of Dassault Systèmes since 2015. Since 2003, he was Human Resources Development Director for the Group. He was Head of Human Resources for the R&D and CATIA organizations between 2003 and 2008. He joined Dassault Systèmes in 1998 to create the Human Resources Development function within the Company. Previously, he held the positions of engineer and later of human resources manager at IBM France.

Age: 55

Nationality: French

Professional address: Dassault Systèmes – 10, rue Marcel Dassault, 78140 Vélizy-Villacoublay – France

Main position: Vice-President, Culture & Leadership, 3DS University

Term expires: General Meeting called to approve the financial statements for the year ending December 31, 2023

Date of first appointment 5/26/2020

Number of Dassault Systèmes shares owned at December 31, 2020: 7,372

Attendance rate at the 2020 Board meetings: 100%*

Other offices and positions:

None

Other positions held, and expired, during the past five years:

None

* The percentage is calculated based on the Board meetings held on or after May 26, 2020.

TANNEGUY DE FROMONT DE BOUAILLE – DIRECTOR REPRESENTING EMPLOYEES

Biography: Tanneguy de Fromont de Bouaille is the director representing employees appointed by the CFE-CGC. He has been recruited by Dassault Systèmes in 1992 and currently serves as Senior Director, Corporate Affairs after having been employed as General Manager of Dassault Data Services (between 1992 and 2004), Europe Sales Administration Director for ENOVIA (between 2004 and 2012) and Consumer Goods and Retail Industry Sales Director of Dassault Systèmes (between 2012 and 2019). He previously held technical functions and then commercial agency management functions with Cap Gemini France and Cap Gemini America. Tanneguy de Fromont de Bouaille graduated from École Centrale Lyon and *Massachusetts Institute of Technology*.

Age: 66

Nationality: French

Professional address: Dassault Systèmes – 10, rue Marcel Dassault, 78140 Vélizy-Villacoublay – France

Main position: Senior Director, Corporate Affairs of Dassault Systèmes

Term expires: General Meeting called to approve the financial statements for the year ending December 31, 2023

Date of first appointment: 06/24/2016

Number of Dassault Systèmes shares owned at December 31, 2020: 13,307

Attendance rate at the 2020 Board meetings: 87.50%

Other offices and positions:

None

Other positions held, and expired, during the past five years:

None

5.1.1.2 Practices of the Board of Directors

Separation of the offices of Chairman and Chief Executive Officer

Dassault Systèmes separated the offices of Chairman of the Board and Chief Executive Officer. In addition to the balance of powers that this offers, it enables the Chairman and the Chief Executive Officer to concentrate on their specific remits (described below) within an experienced and harmonious management team (Mr. Charles Edelstenne previously held both roles as Chairman and Chief Executive Officer of Dassault Systèmes SE).

Mr. Charles Edelstenne, Chairman of the Board, organizes and supervises the work of the Board and reports thereon at the General Shareholders' Meeting. He oversees the smooth running of the corporate bodies of Dassault Systèmes SE and compliance with best governance practices, and ensures that the directors are able to fulfill their duties.

Mr. Bernard Charlès, Vice-Chairman of the Board and Chief Executive Officer, keeps him regularly informed of significant matters concerning Dassault Systèmes and in particular its strategy, organization and investment projects. Mr. Charles Edelstenne also oversees maintaining quality relations with shareholders in close coordination with measures taken in this area by Mr. Bernard Charlès. To report on this mission, an overview of the change in shareholding in the Company and shareholder dialogue is presented and discussed each year during the Board meetings. All of these tasks of the Chairman of the Board are directed toward serving Dassault Systèmes and his actions are taken into account in reviewing and determining his compensation.

The Chief Executive Officer is vested by law with the most comprehensive powers to represent Dassault Systèmes SE, subject to the limitations of powers indicated in paragraph 5.1.1.4 "Powers of the Chief Executive Officer" below. He represents Dassault Systèmes SE in its dealings with third parties.

The Board of Directors has set up a number of special committees to help it perform its tasks: the Audit Committee (established in 1996), the Compensation and Nomination Committee and the Scientific Committee (established in 2005). The Committees report regularly to the Board as to the performance of their missions. The composition of these Committees and their practices are described in paragraph 5.1.1.3 "Composition, Practices and Activities of the Board Committees".

Main provisions of the Board's internal regulation

The Board of Directors has established an internal regulation amended on December 6, 2019 to formally consider social and environmental issues in the definition and implementation of Dassault Systèmes' strategic directions. The Audit Committee has its own charter.

The internal regulation stipulates the frequency of the Board meetings and how Board members may participate in them. It also provides rules on the information and disclosure provided to the Board members on a regular basis (e.g. information on off-balance sheet commitments and the cash position) and in case of event which might have a material impact on Dassault Systèmes' prospects, outlook or on the implementation of Dassault Systèmes' strategy.

The internal regulation requires that, each year:

- the Board reviews the independence of the directors;
- the independent directors meet on one occasion without the other directors to have a general discussion on the functioning of the Board of Directors and debate specific subjects; and
- the Board discusses its functioning. Every three years, the Board conducts a formal review.

In terms of confidentiality obligations, the Board regulation stipulates that the directors, or any persons attending meetings of the Board or one of its Committees, must keep confidential all information obtained in connection with the fulfillment of their duties.

In terms of preventing and managing conflicts of interest, all directors are required to notify the Board of any actual or potential conflicts of interest with Dassault Systèmes and, in such circumstances, to abstain from the discussion and from the vote taken on such matters. Specifically, the involvement of a director in a transaction in which Dassault Systèmes has a direct interest, or which has come to their attention in their capacity as director, must be notified to the Board prior to its conclusion.

In addition, directors are not permitted to use their title or position to obtain benefits of any kind, for themselves or third parties.

In terms of the number of positions held in other companies, each director is required to inform the Board of any other position held in another French or foreign company, including in their Committees. Moreover, the executive officers must first obtain the approval from the Board prior to accepting a new term of office in a listed company.

The internal regulation also requires them to hold, directly or indirectly, a significant number of Dassault Systèmes SE shares in view of the directors' compensation allocated in respect to their directorships (except the directors representing the employees). The Board of Directors plans to amend, in 2021, its internal regulation to set a minimum number of shares to be held by directors, expressed as a percentage of their annual compensation as director.

Lastly, the regulation requires directors to comply with the rules set up regarding the prevention of insider trading.

The Board of Directors' activities in 2020

The Board of Directors met eight times in 2020, with an attendance rate of 96.8%. It also took a decision by written consultation.

In addition to the deliberations on its agenda pursuant to the law (including notice of the General Meeting, the drafting of this report and the annual management report), the Board also discussed principally the following issues:

- the definition and review of strategic directions;
- the financial statements and the budget (approval of the annual and consolidated financial statements of 2019, the consolidated financial statements for the first half of 2020 and the provisional financial statements for 2020; review of the quarterly results for 2020 and the financial objectives for 2020 with regard to the economic impacts of the COVID-19 health crisis); the Board was kept informed of the financial position of Dassault Systèmes through the reports of the Audit Committee and the presentations made at each meeting by the Chief Operating Officer & Chief Financial Officer;
- the review of the assessment of the internal control system;
- the compensation of corporate officers and allocation of shares and share subscription options;
- the Board's composition and practices (including verification of the independent status of independent directors, assessment of the Board);
- Dassault Systèmes SE's compliance with corporate governance rules and recommendations;
- the remote meeting arrangements for the General Meeting held in 2020, in accordance with the applicable regulatory provisions;
- the policy on equal employment and pay;
- the objective of gender diversity within the governing bodies (see paragraph 5.1.2 "Executives of Dassault Systèmes");
- business ethics and compliance, in particular through the report on the implementation of the system for the prevention and detection of corruption and influence peddling, in accordance with the recommendation of the French Anti-Corruption Agency. The Board of Directors also received a report on the meetings of the Ethics Committee.

The new governance of the Company was presented to the Board of Directors in early 2020: its ambition is to prepare Dassault Systèmes for the future by supporting the new generation of managers.

Non-executive directors' session

Every year, the independent directors meet at a dedicated session. In September 2020, this session was devoted to how Dassault Systèmes adapted to the exceptional situation due

to the COVID-19 health crisis and, more specifically, to the agility with which the Company conducted its business and its critical role with regards to the various initiatives launched by its clients and partners to fight against the pandemic.

Thus, Dassault Systèmes used its virtual platform for collaboration, innovation and experience, the **3DEXPERIENCE**, to monitor the health situation in real time in all the countries in which the Company operates. The use of the platform also enabled to manage the sites' reopening at the end of the lockdown period by taking into account three main aspects: health and capacity (to protect its employees in constant compliance with the rules on social distancing), human (to mobilize them while taking into account their personal organizational constraints) and technological (to visualize in 3D the work spaces and the arrangements to be made and to provide each employee with a schedule taking into account all of these constraints).

As part of the acceleration of its interactions with its clients and users, the Company, via its **3DEXPERIENCE** Lab, has opened an "OPEN COVID19" community in March 2020, bringing together multidisciplinary stakeholders (Dassault Systèmes employees, researchers, engineers, designers, doctors...) who can play an essential role in the fight against the COVID-19 pandemic, around innovative projects. Medical equipment, such as respirators, protections and masks, were developed and manufactured in numerous Fablabs to meet the needs of the local healthcare infrastructures.

The independent directors were extremely satisfied with this presentation, which they considered to be very focused on the Company's social and societal responsibility.

Directors' training

All the directors are invited to attend a dedicated annual information day on the 3DS Paris Campus and the **3DEXPERIENCE** Forum event which Dassault Systèmes organizes every year, in particular in France to receive feedback from its clients and partners. In 2020, these events were exceptionally postponed to 2021 due to successive lockdown periods imposed by the COVID-19 pandemic in France.

In accordance with the AFEP-MEDEF Code, each director may request, if he or she considers it necessary, additional training in specific aspects of Dassault Systèmes, its business lines, business sector and social and environmental challenges.

Any director representing employees benefits from training specifically design to its directorship.

Finally, the members of the Audit Committee receive, upon appointment, information on the specific accounting, financial and operational aspects of Dassault Systèmes.

The Board's review of its practices and performance

The Board of Directors is constantly seeking to improve its composition and practices. To this end:

- it solicits the independent directors' comments on the subject. The independent directors meet every year, in a non-executive directors' session, to discuss the Board's functioning;
- it holds a debate at least once a year on its functioning; and
- it conducts a formal review every three years, in accordance with its internal regulation and the AFEP-MEDEF Code.

During the formal review that took place in 2018, the directors expressed their satisfaction with both the work and functioning of the Board and each of its committees. They made a number of proposals which have been taken into consideration, for example, by modifying the schedule for the meeting of the Board and its committees and by expanding the session of the independent directors to enable them to discuss, in addition to governance, strategic topics holistically. Moreover, scientific or financial prospects of Dassault Systèmes' strategy being described at the Scientific Committee or the Audit Committee respectively, it has been decided to allow those two committees to meet during a joint meeting, it being specified that the members of those two committees represent all the independent directors.

In 2020, as is the case every year, the independent directors met and heard a presentation on the composition and functioning of the Board, after which they held discussions without Dassault Systèmes staff in attendance and reported on the discussions to the Board.

They indicated that they had no recommendation to make regarding the improvement of the Board practices and that they were very satisfied with the way in which the management considered the requests expressed in 2018 during the formal assessment, with the organization in 2019 of a joint meeting of the Audit and Scientific Committees to discuss the details of the contemplated acquisition of Medidata Solutions, Inc. The independent directors reiterated their wish to see such a meeting organized once a year to review certain strategic development projects of the Company in view of its positioning for the next 10 years. They also suggested that, in 2021, the annual information day which is attended by all directors be devoted in particular to how the Company adapts to the cultural and industrial diversity of its clients.

The Board of Directors declared that it was satisfied with the effective contribution of each director to its work, notably on the basis of their respective skills, the attendance and the involvement in the debates of the Board and its committees. The Compensation and Nomination Committee is in charge of reviewing the effective contribution of the independent directors to the Board's work before reporting its conclusions on to the Board of Directors.

5.1.1.3 Composition, Practices and Activities of the Board Committees

Audit Committee

The Audit Committee consists solely of independent directors: Mr. Xavier Cauchois, who chairs the Committee as well as Ms. Odile Desforges and Ms. Laurence Lescourret. All have financial or accounting expertise.

It is the task of the Audit Committee to oversee:

- matters related to the preparation and the auditing of accounting and financial information, in compliance with the applicable regulations and its Charter;
- the preparation process for financial information, the effectiveness of the internal control and risk management systems, the audit by the Statutory Auditors of the annual financial statements and consolidated financial statements and the independence of the Statutory Auditors; and
- the relationship between Dassault Systèmes and its Statutory Auditors. In this regard, the Audit Committee is involved in appointing and reappointing the Statutory Auditors. It monitors the Statutory Auditors to ensure they fulfill their mission and takes account of the findings and conclusions of the Haut Conseil du Commissariat aux Comptes after audits have been conducted.

On all these matters, this Committee reports its recommendations to the Board of Directors.

The Audit Committee also provides the Board with regular reports on its activities, the results of the process of certification of the financial statements by the Statutory Auditors, how this process contributed to the integrity of the financial information and the role it played in this process. It informs the Board of Directors immediately of any difficulties it encounters.

It approves the annual plan for internal audits and gives its opinion on the department's organization. Lastly, it authorizes the Statutory Auditors to provide services other than the certification of the financial statements.

In the performance of its missions, the Audit Committee is given presentations by Dassault Systèmes' financial management, particularly regarding risks and, as the case may be, off-balance sheet commitments, and during the audit of the financial statements, a presentation from the Statutory Auditors on the results of the statutory audit and the accounting options selected. With regard to the efficiency of the internal control and risk management systems, the Statutory Auditors inform the Audit Committee of their main findings and the Internal Audit Director reports to the Audit Committee the conclusions of his/her work. In addition, the Committee may call on external experts, having assessed their expertise and independence.

In 2020, the Audit Committee met nine times, including two meetings at the head office, which were attended by the Chief Operating Officer and Chief Financial Officer, Group Chief Financial Officer, Group Controller, the financial reporting Director, the Internal Audit Director, the General Counsel and the Statutory Auditors, with which regular discussions were held without the management of Dassault Systèmes in attendance. The attendance rate for meetings of the Audit Committee in 2020 was 95.83%.

During 2020, the Audit Committee had the opportunity to discuss, or to give its opinion on, various topics brought to its attention at its regular or special meetings including:

- as part of the quarterly and annual closings, a review of Dassault Systèmes' performance, its targets and the consolidated and parent company financial statements;
- approval of services not related to the audit;
- presentation on the significant changes in accounting standards (IFRS or French) and their impacts, particularly the review of the implementation of the IFRS 15 revenue recognition policy;
- validation and follow-up of an internal audit plan for fiscal year 2020;
- validation and follow-up of the 2020 internal audit and the review of the internal control assessment system;
- drafting of the external audit plan and budget for 2020;
- review of the system for monitoring and controlling customer credit risks, particularly in the context of the economic crisis in connection with the COVID-19 pandemic;
- benchmark of financial services performance against a panel of peers and review of the relevant progress plans;
- update on compliance issues (anti-corruption, data privacy protection and export systems);
- monitoring of tax risks and of the evolution of the tax environment;
- acquisition projects.

Compensation and Nomination Committee

The Compensation and Nomination Committee is composed solely of independent directors: Ms. Laurence Lescourret, who chairs the Committee, and Mr. Soumitra Dutta.

The main duties of this Committee are:

- to propose to the Board of Directors the amounts for compensation and benefits of the executive officers, including the formulas and the rules to apply for determining variable compensation, and to verify the application of these rules;
- to propose the overall amount and the allocation of the directors' compensation in respect of their directorship;
- to propose to the Board of Directors the nomination or renewal of directors and examine the independence of those who are so identified, based on the criteria set out in the AFEP-MEDEF Code;
- to assess the effective contribution of the independent directors to the work of the Board;
- to examine Dassault Systèmes' policy for nominating and to be informed of the compensation policy for the managers, including non-executive officers;
- to discuss the employee profit-sharing and incentive plan comprised of grants of performance shares and share subscription options; and
- to propose to the Board of Directors solutions in case of vacancy of the position of Chairman of the Board and of Chief Executive Officer. In this respect, Mr. Bernard Charlès was appointed as Vice-Chairman of the Board of Directors so that he can act as Chairman of the Board in the event of absence or vacancy of the Chairman position. In addition, the Committee meets regularly the members of Dassault Systèmes Executive Committee as well as members of the management teams and oversees the preparation of the Chief Executive Officer's succession through an annual review with the Chief Executive Officer of the composition of the Executive Committee and of the short- and mid-long-term succession plan for its members.

When the Compensation and Nomination Committee carries out its nomination work, it liaises with Mr. Charles Edelstenne, Chairman of the Board and Mr. Bernard Charlès, Vice-Chairman of the Board and Chief Executive Officer.

In relation to its duties, the Committee met six times in 2020, with an attendance rate of 100%. During these meetings, it carried out all of the missions described above; it also made observations and recommendations to the Board on the following subjects:

- the governance and composition of the Board of Directors and its committees, in particular the co-option of a new director and the appointment of a second director representing employees, in accordance with the defined selection procedure (prior interviews in particular);
- the independence of directors, which was reviewed in relation to the responses of each director to a questionnaire, and the assessment of their actual contribution to the Board's work;
- the amount and distribution of the attendance compensation allocated to directors;
- the composition of the new Executive Committee in 2020, the short- and medium-long term succession plan for its members and their compensation;

- the compensation of executive officers;
- the share plans and share subscription option plans for Dassault Systèmes directors and employees;
- the compensation policy for Dassault Systèmes executives and employees in light of the health, social and economic crisis resulting from the COVID-19 pandemic.

On a general and ongoing basis, the Compensation and Nomination Committee monitors the compliance of Dassault Systèmes with the law and best practice in the area of corporate governance, particularly with regard to the composition of the Board.

Scientific Committee

Like the other Board committees, the Scientific Committee is composed solely of independent directors: Ms. Toshiko Mori and Mr. Soumitra Dutta, Chairman of the Committee. The Committee reviews the main directions of research and development, as well as Dassault Systèmes' technological achievements and makes recommendations on these matters. The persons with principal responsibility for these matters within Dassault Systèmes are invited to the Committee's meetings.

The Scientific Committee met twice in 2020, with an attendance rate of 100%. At these meetings, the Scientific Committee reviewed a number of topics central to Dassault Systèmes strategy and in particular:

- investments and research areas in science and technology for the digital twins of the environment and life;
- the inclusion of sustainable development into Dassault Systèmes solutions;
- data intelligence in key areas such as health, cities and the environment; and
- new business models linked to the rise in platform economy.

5.1.1.4 Powers of the Chief Executive Officer

Pursuant to French law, the Chief Executive Officer represents Dassault Systèmes SE in dealings with third parties within the limits set by its corporate purpose and by the powers reserved by law to the shareholders or the Board of Directors.

However, under the Dassault Systèmes SE's by-laws, certain decisions of the Chief Executive Officer are submitted to the prior approval of the Board. This concerns, in particular, the acquisition or the disposal of an entity, shareholding or asset (excluding internal transactions) or the use of external funding (bank loan or capital market issue), if the amount of the transaction exceeds a threshold set each year by the Board. This threshold, which was set by the Board on March 18, 2021, is €500 million. On March 18, 2021, the Board also authorized the Chief Executive Officer to grant guarantees, endorsements or securities in the name of Dassault Systèmes SE:

- without any limitation on the amount to guarantee any commitments made with regard to tax and customs administrations or made by companies controlled by Dassault Systèmes SE;
- up to an aggregate amount of €500 million in other cases.

5.1.2 Executives of Dassault Systèmes

Since February 6, 2020, the Executive team has been separating Dassault Systèmes' long-term strategy and operational performance. It consists of the following people:

Bernard Charlès⁽¹⁾	Vice-chairman of the Board of Directors, Chief Executive Officer
Dominique Florack	President

The Operational Executive Committee currently consists of eleven members, five of which are women:

Pascal Daloz⁽²⁾	Chief Operating Officer & Chief Financial Officer
Florence Hu-Rubigny	Executive Vice President, Research & Development
Philippe Laufer	Executive Vice President, 3DS Global Brands
Florence Verzelen⁽³⁾	Executive Vice President, Industry, Marketing & Sustainability
Olivier Ribet	Executive Vice President, EMEAR ⁽⁴⁾
Samson Khaou	Executive Vice President, Asia-Pacific
Erik Swedberg	Executive Vice President, Americas
Laurence Barthès	Executive Vice President, Chief People & Information Officer
Thibault de Tersant⁽⁵⁾	Senior Executive Vice President, General Secretary
Elisa Prisner	Vice President Business Platform Transformation
Victoire de Margerie	Vice President Corporate Equity, Marketing & Communications

(1) Mr. Bernard Charlès is an executive officer within the meaning of the AFEP-MEDEF Code.

(2) Mr. Pascal Daloz is also a Director of Dassault Systèmes SE since July 22, 2020, the date on which he was appointed to the Board.

(3) Social, societal and environmental responsibility being the focus of Dassault Systèmes' strategy and of its achievements, Florence Verzelen was appointed in 2019 responsible for sustainable development matters on the Operational Executive Committee.

(4) Europe Middle East Africa Russia.

(5) Mr. Thibault de Tersant was also a Director of Dassault Systèmes SE until July 22, 2020.

Gender equality objective within governing bodies

Upon the proposal of the executive management (*direction générale*), the Board of Directors has set the objective of maintaining a proportion of women of approximately 40% within the Executive team.

This proportion is up sharply, from 22% in 2019 to 38.5% in 2020.

Dassault Systèmes has a strong ambition in terms of gender equality and promotes the increased representation of women in top positions of responsibility with specific actions taken at the recruitment stage and a follow-up based on objectives that are assessed annually (see paragraph 5.1.7.5 "Gender Equality within the Executive Team and Top Positions of Responsibility").

5.1.3 Compensation Policy for Corporate Officers

A compensation policy in line with the corporate interest, strategy and sustainability of Dassault Systèmes

Dassault Systèmes' long-term strategy is based on its purpose, which aims at contributing to sustainable development in all its components: to provide business and people with 3D experience universes (**3DEXPERIENCE**) to imagine sustainable innovations, capable of harmonizing products, nature and life.

The Dassault Systèmes compensation policy is defined to be in the corporate interest to attract, motivate and retain highly qualified profiles, for whom competition in the market is intense, to promote the Company's success and sustainability, which depend on the achievement of its strategic, commercial and financial objectives in the medium and long term.

Any change in the compensation of the Chief Executive Officer and Chairman of the Board of Directors is based on performance, changes in Dassault Systèmes' scope and its market shares. The development during the past three years of macro-economic figures and data specific to Dassault Systèmes SE (including the employment and compensation conditions applicable to employees) is also reviewed.

Any significant change in their fixed compensation thus takes place over a long period of time, in accordance with the recommendations of the AFEP-MEDEF Code. In 2021, it is proposed to increase the compensation of Mr. Charles Edelstenne, Chairman of the Board of Directors, which was unchanged since 2014, and the Chief Executive Officer's compensation, which was unchanged since 2018.

The compensation structure of the Chief Executive Officer is the same as that of the Executive team of Dassault Systèmes. Their compensation is comprised of a fixed portion and a variable portion. The variable portion may represent a significant part of the total compensation if the annual targets are achieved or outperformed. The targets are reviewed every year in order to be consistent with Dassault Systèmes' strategic orientations. However, the Chief Executive Officer is not eligible for profit-sharing payments, intended for all Dassault Systèmes SE employees, unlike the other members of the Executive team attached to France.

Shareholder approval

The compensation policy for the executive officers is set each year in March by the Board of Directors on the recommendation of the Compensation and Nomination Committee.

The Committee exercises its missions with complete independence based on a benchmark of compensations

granted to directors, Chairmen of the Board of Directors or Supervisory Boards and CEOs of companies on the CAC 40 index mainly, and of compensation granted to CEOs, who are often also founders of international technology companies. The benchmark used by the Committee is stable.

The members of the Committee, all of whom are independent directors, discuss the subject of compensation in the absence of the persons concerned, including the Chief Executive Officer.

In accordance with Article L. 22-10-34, II of the French Commercial Code, the compensation elements due or granted for 2020 to Mr. Charles Edelstenne, Chairman of the Board of Directors, and Mr. Bernard Charlès, Vice-Chairman and CEO, will be subject to a shareholders' vote. The payment of the variable or extraordinary compensation elements for 2020, resulting from the implementation of the compensation policy applicable to Mr. Charles Edelstenne and Mr. Bernard Charlès and approved by the General Meeting held on May 26, 2020, is thus subject to shareholder approval at the next General Meeting (see paragraph 7.1 "Presentation of the Resolutions Proposed by the Board of Directors to the General Meeting on May 26, 2021").

In 2020, such resolutions relating to compensation elements due or granted for the 2019 fiscal year to Mr. Charles Edelstenne (6th resolution) and to Mr. Bernard Charlès (7th resolution) were approved by 98.85% and 83.23%, respectively.

Some of the information included in the corporate governance report will also be submitted in a resolution to a vote of the shareholders in accordance with Article L. 22-10-34, I of the French Commercial Code (see paragraph 7.1 "Presentation of the Resolutions Proposed by the Board of Directors to the General Meeting on May 26, 2021").

Furthermore, in accordance with Article L. 22-10-8 of the French Commercial Code, the compensation policy for corporate officers, as set forth in paragraph 5.1.3, will be subject to the approval of the next General Meeting (see also paragraph 7.1 "Presentation of the Resolutions Proposed by the Board of Directors to the General Meeting on May 26, 2021"). Pursuant to Article L. 22-10-34, II of the French Commercial Code, payment to Mr. Charles Edelstenne, Chairman of the Board of Directors, and Mr. Bernard Charlès, Vice-Chairman and CEO, variable or extraordinary compensation elements resulting from the implementation, for 2021, of the compensation policy will be subject to the approval of the shareholders at the General Meeting that approves the financial statements for fiscal year 2021.

5.1.3.1 Compensation of the Chairman of the Board

The annual compensation of the Chairman of the Board of Directors is a fixed compensation only, in accordance with the recommendation of the AFEP-MEDEF Code. He does not receive any multi-year or other variable compensation, any additional retirement plan, any indemnity under a non-competition clause or any benefit in kind other than a mandatory supplemental medical coverage.

All compensation paid by the Company to the Chairman of the Board of Directors is paid by Dassault Systèmes SE, a company incorporated under the laws of France and main operating company of Dassault Systèmes.

At its meeting on March 18, 2021, the Board of Directors decided to increase the annual fixed compensation of the Chairman, which was unchanged since 2014, by 4% compared to 2020, thus bringing this annual fixed compensation to €1,020,000 euros. This increase will become effective on the date on which the 2021 salary annual review for the Company's employees will become effective.

5.1.3.2 Compensation of the Chief Executive Officer

The compensation of the Chief Executive Officer consists of a fixed and a variable annual compensation as well as benefits in kind corresponding to the use of a vehicle and a mandatory supplemental medical coverage. In the event of a forced departure, he may receive compensation subject to the satisfaction of certain conditions, including a performance condition.

Mr. Bernard Charlès is also granted performance shares as part of the gradual process of associating the Chief Executive Officer with the company's capital with the aim of ultimately recognizing his entrepreneurial role for over 35 years with Dassault Systèmes and providing him with an equity interest comparable to that of founders of companies in the same sector, and more generally, of his peers in technology companies around the world.

He does not receive any multi-year variable compensation or any additional retirement plan or indemnity under a non-competition clause.

Mr. Bernard Charlès does not receive any compensation for his role as Vice-Chairman of the Board of Directors.

All compensation paid by the Company to the Chief Executive Officer is paid by Dassault Systèmes SE, a company incorporated under the laws of France and main operating company of Dassault Systèmes. Furthermore, only Dassault Systèmes SE allocates performance shares to the Chief Executive Officer, who is not granted any share subscription or purchase options.

Fixed and variable annual compensation

The Chief Executive Officer receives a target annual compensation for objectives achieved comprised of a fixed portion for 50%, paid monthly, and a variable portion for 50%, paid (subject to the approval of the General Meeting of Shareholders) annually in relation to the achievement of the performance criteria previously set by the Board of Directors.

For 2021, these criteria, as set out below by the Board of Directors, are in line with Dassault Systèmes' strategic orientations in the short, medium and long term. Therefore, they contribute to the objectives of the compensation policy of Dassault Systèmes to promote the Company's success and sustainability.

Dassault Systèmes' long-term strategy is indeed based on its purpose, which aims at contributing to sustainable development in all its components: to provide business and people with 3D experience universes (**3DEXPERIENCE**) to imagine sustainable innovations, capable of harmonizing products, nature and life. This purpose, published in February 2012 and driven by the Chief Executive Officer himself, determines not only the choice of acquisitions and product developments, each Dassault Systèmes brand carrying a promise of sustainable innovation, but also the culture and the values of the Company and each of its organizations. In other words, social and environmental responsibility is at the core of the Dassault Systèmes' strategy and its achievements, as acknowledged by the various sustainable development indexes and international rankings. Accordingly, each category of performance criteria derives from and is inextricably linked to the Dassault Systèmes purpose.

The purely qualitative portion of these criteria is limited to 20%. In order to protect Dassault Systèmes' competitive position, the Board of Directors considered that it was not appropriate to disclose further details regarding these criteria.

Performance criteria triggering the payment of variable compensation to the Chief Executive Officer	Type	Weighting	Cap
Dassault Systèmes ESG Indicator*	Quantifiable	15%	140%
Diluted net earnings per share on a non-IFRS consolidated basis (hereinafter referred to as the "EPS") in line with the objectives communicated by Dassault Systèmes for the year	Quantifiable	20%	140%
Company efficiency processes, measured by the fact that the non-IFRS operating margin is in line with the objectives announced by Dassault Systèmes for the year	Quantifiable	15%	140%
Competitive position, measured by the evolution of the increase in the revenue compared to the competitors and the increase of the weight of the diversification industries in the global software revenue	Quantifiable	15%	140%
Composition of product portfolio	Quantifiable	15%	140%
Implementation of the Dassault Systèmes' short-, medium- and long-term strategy contributing to future growth	Qualitative	20%	140%

* The indicator is based on the following environmental, social and governance criteria: employees pride and satisfaction as measured by an internal annual survey, the proportion of women on the Board of Directors and on the Operational Executive Committee, the proportion of the revenue from new licenses having a positive impact on the environment (handprint) and the CO₂ parameter (footprint).

To determine whether the above criteria are met, the Compensation and Selection Committee verifies in March of Year N+1 to what extent the targets set in March of Year N have been met. The level of achievement of the objectives determines the amount actually paid for the variable compensation, which can result in a payment below the target, or above the target up to 140% overall and per criterion. No minimum payment is guaranteed and, in the event of an outperformance, the allocated amount is capped.

There is no provision for reclaiming the variable portion of the Chief Executive Officer's compensation.

At its meeting on March 18, 2021, the Board of Directors has decided to increase the annual target compensation with targets achieved of the Chief Executive Officer, which was unchanged since 2018, by 4 % compared to 2020, bringing it to €2,890,000. This annual target compensation with targets achieved is composed of a fixed amount of €1,445,000 and a variable portion of no more than 140% of the fixed portion, the amount of which will depend upon the achievement of the targets and will be subject to the approval of the General Shareholders' Meeting called to approve the 2021 financial statements. The increase of the fixed portion of this compensation will become effective on the date on which the 2021 salary annual review for the Company's employees will become effective. This increase of the annual target compensation with targets achieved is at a level equivalent to half of the increase of Dassault Systèmes SE employees' salaries for the same period. It takes into account notably Dassault Systèmes' new ambition unveiled in 2020 – creating the virtual twin experience of the human body – and the expansion of its market, in particular following the acquisition of Medidata Solutions, Inc, which results in a doubling of the potential market.

Performance shares

It is recalled that prior to the IPO of Dassault Systèmes in 1996, Mr. Bernard Charlès had not benefited from an equity stake in the Company.

In this context and since 2005, the Board of Directors, with the authorization of the General Meeting and on the recommendation of the Compensation and Nomination Committee, grants performance shares to the Chief Executive Officer each year as part of the gradual process of associating him with the company's capital with the aim of ultimately recognizing his entrepreneurial role for over 35 years with Dassault Systèmes and providing him with an equity interest comparable to that of founders of companies in the same sector, and more generally, of his peers in technology companies around the world. The number of shares granted in this regard is 300,000 per year.⁽¹⁾

The acquisition of these shares is subject to continued employment and performance conditions set by the Board that are identical to the ones stipulated for the acquisition of shares awarded to Dassault Systèmes' employees (excluding MEDIDATA).

Therefore, at its meeting on March 18, 2021, the Board of Directors decided that 300,000⁽²⁾ performance shares will be allocated in 2021 to the Chief Executive Officer, per the authorization granted by the General Shareholders' Meeting.

Although this allocation of 300,000 shares does not aim at providing a compensation to the Chief Executive Officer but aims at gradually associating him with Dassault Systèmes' capital, it is still subject, as for all the Dassault Systèmes' employees who benefit from performance shares allocations, to rigorous financial performance criteria based on the intrinsic performance of Dassault Systèmes. In this respect, no

(1) In 2018, the Board of Directors granted performance shares to certain Dassault Systèmes' employees and the Chief Executive Officer in May and in September. The grant made in September was an anticipated grant for 2019 so that it could be subject to the legal framework for the authorization of the General Meeting of September 4, 2015, which expired on November 4, 2018. Consequently, no performance shares were allocated in 2019 to the Chief Executive Officer.

(2) Subject to potential adjustment to take into account the division of the par value of Dassault Systèmes' shares.

minimum amount is guaranteed. It therefore contributes to the objectives of the compensation policy of Dassault Systèmes to promote the Company's success and sustainability.

This performance criteria, assessed over an average period of three years, will be expressed as a non-IFRS EPS' growth rate (neutralized from currency effects) set by the Board in coherence with the growth rate included in the multi-year objectives published by Dassault Systèmes and described in the paragraph "Financial objectives" of this Universal registration document. No performance share will be acquired by the Chief Executive Officer below a certain achievement level set by the Board - generally 80 % - of the performance condition. These shares will be divided into two tranches:

- the first tranche, corresponding to 50% of the shares allocated (150,000 shares), will be acquired at the end of a 2 years vesting period, subject to the satisfaction of the continued employment condition and of a condition relating to the non-IFRS EPS' growth (neutralized from currency effects) achieved in 2022 compared to non-IFRS EPS achieved in 2020;
- the second tranche, corresponding to 50% of the shares allocated (150,000 shares), will be acquired at the end of a 4 years vesting period, subject to the satisfaction of the continued employment condition and of a condition relating to the non-IFRS EPS' growth (neutralized from currency effects) achieved in 2024 compared to non-IFRS EPS achieved in 2020.

If the continued employment condition is not met at the time of the vesting of the shares, except in the case of retirement or of disability, no shares will be acquired by the Chief Executive Officer.

There is no mandatory holding period after the vesting of these shares.

However, in accordance with the AFEP-MEDEF Code and the AMF recommendations, since 2007, the Board of Directors has, with each award, set the percentage of shares thus acquired that the Chief Executive Officer will be required to keep in registered form for as long as he holds office.

Accordingly, on March 18, 2021, the Board of Directors decided that percentage would be equal, as it has been every year since 2007, to 15% of the shares acquired. This percentage is calculated after deduction of the number of shares which would be necessary to sell to pay taxes due, social charges and expenses related to the sale of the total number of shares vested.

The Chief Executive Officer cannot enter into forward transactions that allow him to guarantee a capital gain in the event of the sale of his performance shares, he has formally agreed to this prohibition which is also stated in the Dassault Systèmes Insider Trading Rules.

Benefits in kind

The Chief Executive Officer receives benefits in kind corresponding to the use of the vehicle made available to him by Dassault Systèmes SE and a mandatory supplemental medical coverage.

Indemnity due in the event of imposed departure

The Chief Executive Officer may receive compensation for the termination of his functions whose principle and amount are subject to certain conditions, in particular performance conditions, in accordance with the French Commercial Code and the AFEP-MEDEF Code. Thus the indemnity would be due in case of a change in control or strategy duly acknowledged by the Board of Directors, which results in an imposed departure in the subsequent 12 months. The indemnity may also be paid, in compliance with the AFEP-MEDEF Code, if the imposed departure is not linked to poor results of Dassault Systèmes or to mismanagement by the Chief Executive Officer, the Board of Directors being entitled to decide to pay all or part of the indemnity.

However, the indemnity would not be due in the event the Chief Executive Officer were to leave Dassault Systèmes on his own initiative to take a new position elsewhere, or were to be assigned a new position within the Company, or if he were to receive retirement benefits shortly after leaving. Furthermore, in the event of exceptional circumstances seriously damaging the image or results of Dassault Systèmes and significantly reducing, in the opinion of the Board, the market price of Dassault Systèmes' shares or in the event of misconduct other than in connection with his corporate functions (*faute séparable de ses fonctions*) and incompatible with the normal performance of his term of office, the Board may decide that the indemnity payment is not due.

The amount of the indemnity due to Mr. Bernard Charlès, in the event of the termination of his functions will be equivalent to a maximum of two years of compensation as Chief Executive Officer and will depend on satisfying the performance conditions established for calculating his variable compensation. The amount paid would be calculated pro rata with respect to the percentage of variable compensation which was paid during the three years preceding his departure as compared to the targeted variable compensation for such years, using the following formula:

- the aggregate gross compensation (including variable compensation but excluding compensation in kind and directors' compensation) due in connection with his position for the two years ended prior to the date of departure;

- multiplied by the quotient of (i) the amount of variable compensation actually paid during the three fiscal years completed prior to the date of departure with regard to their respective years of reference (numerator), divided by (ii) the amount of target variable compensation determined for each of these years by the Board of Directors on the basis of achievement of the objectives set for Dassault Systèmes (denominator).

The indemnity is thus subject to performance conditions related to achieving targets fixed for the variable compensation.

The Chief Executive Officer does not receive any multi-year variable compensation, additional pension plan or compensation relating to a non-compete clause.

5.1.3.3 Directors Compensation

The directors of Dassault Systèmes SE, including Mr. Charles Edelstenne in his capacity as Chairman of the Board of Directors, and Mr. Bernard Charlès, in his capacity as a director, receive compensation for their activity (formerly known as "directors' fees").

The General Meeting of May 26, 2020 set the maximum annual amount of compensation granted to directors at €800,000⁽¹⁾ for the current and future fiscal years, until a further decision by the General Meeting on this issue.

With regard to the allocation criteria, Dassault Systèmes desires to attract, motivate and retain highly qualified profiles and the Board of Directors has decided, as part of the compensation policy submitted to the General Shareholders' Meeting of May 26, 2020, to amend said criteria (see paragraph 7.1.8 of the 2019 Annual Report)⁽²⁾.

Subject to the approval by the General Meeting of May 26, 2021 of the compensation policy for corporate officers for 2021, the Board of Directors, at its meeting of March 18, 2021 decided that the annual budget would be distributed among the directors, as for 2020, according to the following principles: €20,000 per director, an additional €20,000 for the Chairman of the Board, an additional €20,000 for the Chairman of the Audit Committee, and an additional €10,000 for the Chairman of the Compensation and Nomination Committee and the Chairman of the Scientific Committee (these amounts being paid in proportion to the actual term in office during the year); €4,500 per member for physical presence at Board or Committee meeting; and €2,250 per member for each Board or Committee conference call or videoconference.

In the event of the presence of the members of the Board of Directors at all the scheduled meetings of the Board of Directors, the variable part is thus structurally higher than the fixed part.

5.1.3.4 Terms of office, Employment Contracts or Service Agreements with the Company

The term of office of the corporate officers of Dassault Systèmes SE is four years. They are revocable under the conditions provided by law.

The employment contracts of Messrs. Thibault de Tersant⁽³⁾, Pascal Daloz⁽⁴⁾, Tanneguy de Fromont de Bouaille and Hervé Andorre have an indefinite term. They are subject to legal conditions, in particular with regard to notice and termination.

No contract for the provision of services has been concluded by the Company with one of its corporate officers.

(1) This increase follows the observation that the directors' compensation was below the average compensation offered in companies in the SBF 120 and the entry, in September 2018, of Dassault Systèmes SE into the CAC 40. It also takes into account the consequences of the acquisition of Medidata Solutions, Inc. in terms of complexity and increased exposure on the market. In addition, the utilization rate of the annual amount to be allocated to directors, close to 100%, left no flexibility to organize additional meetings of the Board and its Committees nor did it allow the compensation of a second director representing employees.

(2) The distribution of the compensation allocated to the directors for 2019 was based on the following principles, set by the Board of Directors on May 26, 2019: €16,500 per director, an additional €16,500 for the Chairman of the Board of Directors and an additional €4,400 per for the Chairman of the Audit Committee (these sums being paid in proportion to the actual term in office during the year); €2,200 per director for their physical presence at a Board meeting; € 4,400 per member of the Audit Committee for their physical presence at a meeting of this Committee; €2,200 per member of the Compensation and Nomination Committee or the Scientific Committee for their physical presence at a meeting of these committees; and €1,100 for each attendance by conference call or videoconference in a meeting of the Board of Directors or one of the committees.

(3) Mr. Thibault de Tersant was a member of the Board of Directors of Dassault Systèmes SE until July 22, 2020.

(4) Mr. Pascal Daloz has been a member of the Board of Directors of Dassault Systèmes SE since July 22, 2020.

5.1.4 Summary of the Compensation and Benefits due to Corporate Officers (*mandataires sociaux*)

Ratios between the compensation paid to executive corporate officers of Dassault Systèmes SE and that paid to employees who are not corporate officers

Dassault Systèmes SE publishes here after the ratios required by Article L. 22-10-9 of the French Commercial Code resulting from the Order of November 27, 2019 relating to the compensation of corporate officers of listed companies.

The equity ratio tables below take into account a correction for material error on pages 198 and 199 of the 2019 Annual Report for average and median compensation "on a full-time equivalent basis of Dassault Systèmes SE employees other than executive corporate officers" for the years 2015 to 2019.

Dassault Systèmes SE is the Company's main operating company, with its workforce representing 84.9% of the workforce in France as of December 31, 2020. Dassault Systèmes SE's equity ratios being representative, the definition of a larger scope for the purpose of presenting those ratios is not relevant

The elements included as compensation are the compensation and benefits paid in respect of fiscal year N and comprising the fixed part, the variable part paid during fiscal year N, the extraordinary compensation paid during fiscal year N, the compensation allocated to directors in respect of their directorship as soon as these elements were received by the executive officer, paid during fiscal year N, performance shares, paid during fiscal year N, and valued at their IFRS value and employee saving (profit-sharing) and benefits in kind.

This compensation is calculated on a full time equivalent basis of Dassault Systèmes SE employees present in 2019 and 2020, excluding the apprentices.

CHARLES EDELSTENNE, CHAIRMAN OF THE BOARD

	Annual trends over the past 5 years				
	2020	2019	2018	2017	2016
Ratio compared to the average compensation paid to employees of Dassault Systèmes SE	9.6	9.3	9.8	10.2	10.1
Ratio compared to the median compensation paid to employees of Dassault Systèmes SE	12.8	12.8	13.3	13.5	13.5

BERNARD CHARLÈS, VICE-CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER

	Annual trends over the past 5 years				
	2020	2019	2018	2017	2016
Ratio compared to the average compensation paid to employees of Dassault Systèmes SE	27.9	26.6	27.4	27.3	28.6
Ratio compared to the median compensation paid to employees of Dassault Systèmes SE	37.2	36.6	37.0	35.9	38.1

The compensation of the Vice-Chairman of the Board of Directors and Chief Executive Officer, Mr. Bernard Charlès, taken into account to calculate the equity ratio presented above, does not include the portion represented by the shares allocated to Mr. Bernard Charlès as part of the gradual process of associating him with the company's capital that began several years ago, with the aim of ultimately recognizing his

entrepreneurial role for over 35 years with Dassault Systèmes and providing him with an equity interest comparable to that of founders of companies in the same sector, or more generally, of his peers in technology companies around the world.

It is recalled that prior to the IPO of Dassault Systèmes in 1996, Mr. Bernard Charlès had not benefited from an equity stake in the Company.

However, the valuation of the shares allocated to Mr. Bernard Charlès within the framework of the progressive association with the capital of Dassault Systèmes SE would bring the equity ratio to the following values:

<i>Reflecting the gradual process of association to the capital of Dassault Systèmes SE</i>	Annual trends over the past 5 years				
	2020	2019	2018	2017	2016
Ratio compared to the average compensation paid to employees of Dassault Systèmes SE	191.3	223.0	218.7	156.7	122.7
Ratio compared to the median compensation paid to employees of Dassault Systèmes SE	254.6	306.5	295.3	206.3	163.8

Furthermore, Mr. Charles Edelstenne, Chairman of the Board of Directors and Mr. Bernard Charlès, Vice-Chairman of the Board of Directors and Chief Executive Officer do not receive any additional retirement plan or any indemnity under a non-competition clause.

ANNUAL TRENDS IN THE COMPENSATION OF EXECUTIVE CORPORATE OFFICERS, IN THE COMPANY'S PERFORMANCE, AND IN THE AVERAGE COMPENSATION PAID TO COMPANY EMPLOYEES OVER THE PAST 5 YEARS

<i>(in euros)</i>	Annual trends over the past 5 years				
	2020	2019	2018	2017	2016
Compensation paid to the Chairman of the Board	1,031,645	1,027,243	1,027,100	1,027,100	1,025,000
Compensation paid to the Vice-Chairman of the Board and Chief Executive Officer	2,997,377	2,942,933	2,855,716	2,742,434	2,886,876
Share price on December 31 of the reporting year	166.15	146.55	103.70	88.59	72.39
Net earnings per share	3.77	3.65	3.11	2.68	2.49
Average compensation paid to employees other than executive officers, on a full-time equivalent basis	107,267	110,644	104,300	100,465	101,074

The above compensation of Vice-Chairman of the Board of Directors and Chief Executive Officer does not include the shares allocated to Mr. Bernard Charlès as part of the gradual process of associating him with the company's capital. The evolution of the valuation of these shares is:

Value of the shares allocated to the Vice-Chairman of the Board of Directors and Chief Executive Officer as part of the gradual process of associating him with the company's capital ⁽¹⁾	17,526,600 ⁽²⁾	21,734,506 ⁽³⁾	19,950,608 ⁽⁴⁾	13,004,841	9,519,744
--	---------------------------	---------------------------	---------------------------	------------	-----------

(1) Value based on the method chosen for the consolidated financial statements before the spreading of the expense and after taking into account the performance criteria.

(2) 300,000 2020-B shares granted in 2020.

(3) 300,000 2019-B shares granted in advance in 2018.

(4) 300,000 2018-B shares granted in 2018.

The tables below provide a summary, in accordance with the recommendations of the AMF and the AFEP-MEDEF Code, of the compensation and benefits of all kind paid to the corporate officers of Dassault Systèmes SE, pursuant to Article L. 22-10-9 of the French Commercial Code (see also paragraphs 5.1.3 "Compensation Policy for Corporate Officers" and 5.1.5 "Interests of Executive Management and Employees in the Share Capital of Dassault Systèmes SE").

The total compensation of the corporate officers paid and awarded during fiscal year 2020 complies with the compensation policy adopted in 2019 and the compensation policy adopted in 2020. This compensation contributes to the long-term performance of the Company. With respect to the

Chief Executive Officer, the variable portion of his compensation is conditional on achieving demanding performance criteria and is in line with Dassault Systèmes' strategic orientations in the short, medium and long term.

For fiscal year 2020, the amount of compensation allocated to the directors of Dassault Systèmes SE in respect of their directorship amounts to €620,959, of which €292,459 are allocated on the basis of their position (fixed portion) and €328,500 on the basis of their attendance at meetings of the Board of Directors and its committees (variable portion). In accordance with the AFEP-MEDEF Code, the variable portion of the compensation allocated to the directors is thus preponderant.

TABLE 1: SUMMARY OF COMPENSATION AND OPTIONS AND SHARES GRANTED TO EACH EXECUTIVE OFFICER

(in euros)	2020	2019
Charles Edelstenne, Chairman of the Board		
Compensation due for the year (detailed in Table 2)*	1,042,395	1,031,643
Value of the multi-year variable compensation paid during the year	None	None
Value of the stock options granted during the year (detailed in Table 4)	None	None
Value of the performance shares granted during the year (detailed in Table 6)	None	None
Value of the other long-term compensation plans	None	None
Bernard Charlès, Vice-Chairman of the Board and Chief Executive Officer		
Compensation due for the year (detailed in Table 2)*	3,047,827	2,997,373
Value of the multi-year variable compensation paid during the year	None	None
Value of the stock options granted during the year (detailed in Table 4)	None	None
Value of the performance shares granted during the year (detailed in Table 6)	None	None
Value of the other long-term compensation plans	See table below	See table below

* All compensation paid by the Company to Mr. Charles Edelstenne and Mr. Bernard Charlès is paid by Dassault Systèmes SE, a company incorporated under the laws of France.

VALUE OF THE SHARES GRANTED TO BERNARD CHARLÈS, VICE-CHAIRMAN AND CHIEF EXECUTIVE OFFICER, AS PART OF THE GRADUAL PROCESS OF ASSOCIATING HIM WITH THE COMPANY'S CAPITAL

These shares are granted to Mr. Bernard Charlès, Vice-Chairman of the Board and Chief Executive Officer as part of the gradual process of associating him with the Company's capital that began several years ago, with the aim of ultimately recognizing his entrepreneurial role for over 35 years with the Company and providing him with an equity interest comparable to that of founders of companies in the same sector, and more generally, of his peers in technology companies around the world.

(in euros)	2020	2019 (granted in advance on September 25, 2018) ⁽³⁾
Bernard Charlès, Vice-Chairman of the Board and Chief Executive Officer		
Value of the shares granted ⁽¹⁾	17,526,600 ⁽²⁾	21,734,506 ⁽⁴⁾

(1) Value based on the method chosen for the consolidated financial statements before the spreading of the expense and after taking into account the performance criteria.

(2) 300,000 2020-B shares granted in 2020.

(3) In 2019, no performance shares have been granted to Mr. Bernard Charlès. Yet, as mentioned in paragraph 5.1.3.2 of the 2017 Annual Report and during the General Meeting of Shareholders of May 22, 2018, on September 25, 2018, the Board decided to allocate performance shares (plan 2019) to several managers and employees of Dassault Systèmes (including Mr. Bernard Charlès) in order to benefit from the legal regime of the authorization of the General Meeting of September 4, 2015 which was to expire on November 4, 2018. The Board thus proceeded by anticipation to the allocation considered for 2019 (performance shares are generally granted in May at the end of the General Meeting of Shareholders).

(4) 300,000 2019-B shares granted in advance in 2018.

These 300,000 shares allocated to Mr. Bernard Charlès on May 26, 2020 (2020-B shares) represent approximately 5.67% of the global allocation decided by the General Meeting of May 22, 2018⁽¹⁾.

These shares will vest on May 26, 2024, subject, in accordance with the AFEP-MEDEF Code, to the satisfaction of a presence condition and a performance condition. These conditions are identical to those provided for under the 2020-A share plan for certain Company employees. The performance condition is based on the Company's intrinsic performance measured by

the growth in EPS (neutralized from currency effects) achieved in 2023 compared to the EPS in 2019, the Board having set two limits: if non-IFRS EPS is at least equal to the upper limit, all of the shares will be vested by the Chief Executive Officer. If it is below the lower limit, no shares will be vested by the Chief Executive Officer. Between these two thresholds, the number of shares granted will vary linearly. No shares may be vested by the Chief Executive Officer if the condition of presence is not met, except in case of retirement or disability.

(1) The General Meeting of May 22, 2018 set the maximum number of shares that may be granted to executive officers to 35% of the decided global allocation amount, assessed on the date of the allocation, i.e. 1,850,998 shares on May 26, 2020.

TABLE 2: SUMMARY OF THE COMPENSATION OF EACH EXECUTIVE OFFICER

The gross compensation before tax of the executive officers (*dirigeants mandataires sociaux*) is set forth in the table below. All compensation paid by the Company to the executive officers is paid by Dassault Systèmes SE, a company incorporated under the laws of France, and main operating company of Dassault Systèmes.

The executive officers do not receive any compensation from Dassault Systèmes SE other than the fees shown in the table below.

(in euros)	2020		2019	
	Amounts due for the year	Amounts paid in 2020	Amounts due for the year	Amounts paid in 2019
Charles Edelstenne, Chairman of the Board				
Fixed compensation ⁽¹⁾	982,000	982,000	982,000	982,000
Annual variable compensation	None	None	None	None
Multi-year variable compensation	None	None	None	None
Extraordinary compensation	None	None	None	None
Compensation allocated to directors in respect of the directorship ⁽²⁾	60,250	49,500	49,500	45,100
Benefits in kind ⁽³⁾	145	145	143	143
TOTAL	1,042,395	1,031,645	1,031,643	1,027,243
Bernard Charlès, Vice-Chairman of the Board and Chief Executive Officer⁽⁴⁾				
Fixed compensation	1,390,000	1,390,000	1,390,000	1,390,000
Annual variable compensation ⁽⁵⁾	1,600,000 ⁽⁶⁾	1,556,800 ⁽⁷⁾	1,556,800 ⁽⁷⁾	1,506,760 ⁽⁸⁾
Multi-year variable compensation	None	None	None	None
Extraordinary compensation	None	None	None	None
Compensation allocated to directors in respect of the directorship	40,250	33,000	33,000	28,600
Benefits in kind ⁽⁹⁾	17,577	17,577	17,573	17,573
TOTAL	3,047,827	2,997,377	2,997,373	2,942,933

(1) GIMD paid Mr. Charles Edelstenne in 2020 and 2019 a gross compensation of €905,400 and €900,000 respectively as Chairman of GIMD.

(2) GIMD paid Mr. Charles Edelstenne €13,364 in 2019 as a member of GIMD's Supervisory Board until May 28, 2018.

(3) These benefits in kind are linked to mandatory supplemental medical coverage. Furthermore, GIMD granted in 2020 and 2019 benefits in kind relating to the use of a car for Mr. Charles Edelstenne, valued at €10,326 and €10,351 respectively.

(4) With the exception of the compensation paid in respect of his directorship, Dassault Systèmes SE has paid Mr. Bernard Charlès each of the compensation elements referred to in the table above in respect of his office as Chief Executive Officer of Dassault Systèmes. In 2020, Mr. Bernard Charlès did not receive any compensation in consideration of his office as Vice-Chairman of the Board.

(5) The rules governing the determination of variable compensation of the Chief Executive Officer are described below.

(6) Variable portion due for 2020 and paid in 2021.

(7) Variable portion due for 2019 and paid in 2020.

(8) Variable portion due for 2018 and paid in 2019.

(9) These benefits in kind are linked to mandatory supplemental medical coverage, and use of a vehicle made available to Mr. Bernard Charlès by Dassault Systèmes SE.

Conditions for determining the variable portion of the Chief Executive Officer's compensation due in respect of fiscal year 2020

At its meeting on March 18, 2021, upon the recommendation of the Compensation and Nomination Committee and further to the review of the achievement of the performance criteria set in 2020, the Board set the variable portion of the Chief Executive Officer's compensation paid in 2021 in respect of 2020, subject to the General Meeting approval, at €1,600,000, equivalent to 115.1% of the annual target variable compensation. This amount represents 115.1% of

his fixed compensation. The Chief Executive Officer's variable compensation for the 2020 fiscal year thus represents 52.5%, and his fixed compensation for the same fiscal year 45.6%, of his total compensation (for further details on the total compensation, see paragraph 5.1.4 Table 2 « Summary of the compensation of each executive officer »).

The performance criteria categories are set forth in the following table with an indication, for each of them, of their respective weight and the level of payment resulting from the level of satisfaction. The level of achievement of the objectives can result in a payment below the target, or above the target up to 140%.

Performance criteria categories	Type	Weighting	Level of achievement
Dassault Systèmes ESG Indicator*	Quantifiable	15%	140%
Diluted net earnings per share on a non-IFRS consolidated basis (hereinafter referred to as the "EPS") in line with the objectives communicated by Dassault Systèmes for the year	Quantifiable	20%	106.6%
Company efficiency processes, measured by the fact that the non-IFRS operating margin is in line with the objectives announced by Dassault Systèmes for the year	Quantifiable	15%	114%
Competitive position, measured by the evolution of the increase in the revenue compared to the competitors and the increase of the weight of the diversification industries in the global software revenue	Quantifiable	15%	110%
Composition of product portfolio	Quantifiable	15%	108%
Implementation of Dassault Systèmes' short-, medium- and long-term strategy contributing to future growth	Qualitative	20%	115%

* The indicator is based on 5 environmental, social and governance criteria: employees pride and satisfaction as measured by an internal annual survey, the proportion of women on the Board of Directors and on the Executive team, the proportion of employees who have followed the "business ethics" training, the proportion of the revenue from new licenses having a positive impact on the environment (handprint) and the CO₂ parameter (footprint).

Additional social commitment to preserve jobs in the context of the COVID-19 crisis

In addition to the inclusion of an ESG criterion to determine the variable portion of the Chief Executive Officer's compensation, Dassault Systèmes has made, as soon as the COVID-19 crisis arises, an additional commitment to guarantee a stable headcount in 2020. Moreover, Dassault Systèmes has not taken any short-time work measures or sought any assistance from the State (State guarantee-supported loans, deferral of expenditures, etc.). Lastly, the Company has taken financial measures in favor of small and medium-sized companies, for both its partners and suppliers.

The Compensation and Nomination Committee assessed these commitments and measures and considered that the sustainable development and the social and societal responsibility of a company did not make sense without a strong commitment in terms of employment and solidarity for the local ecosystem.

TABLE 3: COMPENSATION RECEIVED BY NON-EXECUTIVE DIRECTORS

The non-executive directors do not receive any compensation from the Company other than that indicated in the table below, except for Messrs. Thibault de Tersant⁽¹⁾, Pascal Daloz⁽²⁾, Tanneguy de Fromont de Bouaille and Hervé Andorre⁽³⁾ who also receive compensation in respect of their employment contract.

All compensation paid by the Company to the non-executive directors is paid by Dassault Systèmes SE, a company incorporated under the laws of France, and main operating company of Dassault Systèmes.

The compensations presented in the table below are gross compensations.

- (1) Mr. Thibault de Tersant was a member of the Board of Directors of Dassault Systèmes SE until July 22, 2020. He is also General Secretary of Dassault Systèmes.
- (2) Mr. Pascal Daloz has been a member of the Board of Directors of Dassault Systèmes SE since July 22, 2020. He is also Chief Operating Officer and Chief Financial Officer.
- (3) Messrs. Tanneguy de Fromont de Bouaille and Hervé Andorre are directors representing employees.

(in euros)	2020		2019	
	Amounts due for the year	Amounts paid in 2020	Amounts due for the year	Amount paid in 2019
Hervé Andorre ⁽¹⁾ (Director representing employees since May 26, 2020)	23,709	-	-	-
Xavier Cauchois (Director since May 22, 2018)	82,750	57,200	57,200	25,481
Jean-Pierre Chahid-Nourai (Director until May 23, 2019)	-	25,788	25,788	59,400
Pascal Daloz ^{**} (Director since July 22, 2020)	15,602	-	-	-
Catherine Dassault	40,250	31,900	31,900	28,600
Arnoud De Meyer (Director until May 23, 2019)	-	14,164	14,164	36,300
Odile Desforgues	56,000	51,700	51,700	47,300
Soumitra Dutta	66,000	41,800	41,800	39,600
Tanneguy de Fromont de Bouaille ^{***} (2) (director representing employees)	38,000	33,000 ⁽¹⁾	33,000 ⁽¹⁾	28,600 ⁽¹⁾
Marie-Hélène Habert-Dassault ⁽³⁾	40,250	33,000	33,000	28,600
Laurence Lescourret	90,750	57,200	57,200	55,000
Toshiko Mori	42,500	38,500	38,500	33,000
Thibault de Tersant ^{****} (Director until July 22, 2020)	24,648	31,900	31,900	28,600
TOTAL	520,459	416,152	416,152	410,481

(1) The compensation due to Hervé Andorre, director representing employees, in respect of his office as director was paid to Ensemble à DS.

(2) The director compensation due to Mr. Tanneguy de Fromont de Bouaille, a director representing employees, was paid to the CFE-CGC.

(3) GIMD paid Ms. Marie-Hélène Habert-Dassault, in 2020 and 2019, a compensation of €372,592 and €366,184 respectively for her role as Director of Communication and Patronage of Groupe Dassault. GIMD granted, in 2020 and 2019, benefits in kind relating to the use of a car, valued at €1,725 and €3,755 respectively. GIMD paid Ms. Marie-Hélène Habert-Dassault, in 2020 and 2019, €20,000 and €36,864 respectively for her role as member of the Supervisory Board of GIMD. GIMD also paid her, in 2019, €20,000 for her role as Chair of the Supervisory Board of GIMD until June 20, 2019.

* Mr. Hervé Andorre also received compensation, in 2020 and 2019, under his employment contract (fixed and variable compensation, payment related to the use of a vehicle and benefits in kind related to compulsory supplementary medical coverage).

** Mr. Pascal Daloz also received compensation, in 2020 and 2019, under his employment contract (fixed and variable compensation and benefits in kind related to mandatory complementary medical coverage).

*** Mr. Tanneguy de Fromont de Bouaille also received compensation, in 2020 and 2019, under his employment contract (fixed and variable compensation and benefits in kind related to compulsory supplementary medical coverage).

**** Mr. Thibault de Tersant also received compensation, in 2020 and 2019, under his employment contract (fixed and variable compensation and benefits in kind related to compulsory supplementary medical coverage and the use of a car provided by Dassault Systèmes SE).

TABLE 4: SHARE SUBSCRIPTION OR PURCHASE OPTIONS GRANTED IN 2020 TO EACH EXECUTIVE OFFICER BY THE ISSUER AND BY ANY OF DASSAULT SYSTÈMES COMPANIES

(in euros)	No. and date of the plan	Type of options (purchase or subscription)	Value of the options	Number of options granted in 2020	Exercise price	Exercise period
Charles Edelstenne	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-
Bernard Charlès	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

TABLE 5: SHARE SUBSCRIPTION OR PURCHASE OPTIONS EXERCISED DURING 2020 BY EACH EXECUTIVE OFFICER

(in euros)	No. and date of the plan	Number of options exercised in 2020	Exercise price
Charles Edelstenne	-	-	-
Bernard Charlès	-	-	-
TOTAL	-	-	-

TABLE 6: SHARES GRANTED IN 2020 TO EACH EXECUTIVE OFFICER BY THE ISSUER AND BY ANY OF DASSAULT SYSTÈMES COMPANIES

	No. and date of the plan	Number of performance shares granted in 2020	Value of the shares (in euros) ⁽¹⁾	Date of acquisition	Date of availability	Performance conditions
Charles Edelstenne	-	-	-	-	-	-
Bernard Charlès	2020-B 5/26/2020	300,000 ⁽²⁾	17,526,600	5/26/2024	5/26/2024	Yes
TOTAL		300,000				

(1) Value based on the method chosen for the consolidated financial statements before the spreading of the expense and after taking into account the performance criteria.

(2) Such shares have been granted to Mr. Bernard Charlès, Vice-Chairman of the Board and Chief Executive Officer, as part of the gradual process of associating him with the Company's capital, with the aim of ultimately recognizing his entrepreneurial role for over 35 years with the Company and providing him with an equity interest comparable to that of founders of companies in the same sector, and more generally, of his peers in technology companies around the world.

TABLE 7: SHARES THAT BECAME AVAILABLE DURING 2020 FOR EACH EXECUTIVE OFFICER

	No. and date of the plan	Number of shares that became available in 2020
Bernard Charlès*	2017-B 5/23/2017	300,000
TOTAL		300,000

* Such shares have been granted to Mr. Bernard Charlès, Vice-Chairman of the Board and Chief Executive Officer, as part of the gradual process of associating him with the Company's capital, with the aim of ultimately recognizing his entrepreneurial role for over 35 years with the Company and providing him with an equity interest comparable to that of founders of companies in the same sector, and more generally, of his peers in technology companies around the world. In accordance with law, a portion of such shares is subject to lock-up (see paragraph 5.1.3.2 "Compensation of the Chief Executive Officer").

From a general perspective, Mr. Bernard Charlès retains the Dassault Systèmes' shares vested at the end of the vesting period for the allocated shares. Thus, in 2020, Mr. Bernard Charlès retained the 300,000 shares vested in May 2020 (2017-B allocated in 2017).

On December 31, 2019, Mr. Bernard Charlès held 3,990,441 shares, representing 1.51% of Dassault Systèmes' share capital.

On December 31, 2020, Mr. Bernard Charlès held 4,290,441 shares, representing 1.62% of Dassault Systèmes' share capital.

TABLE 8: HISTORY OF SHARE SUBSCRIPTION AND PURCHASE OPTIONS GRANTED

See paragraph 5.1.5 "Interests of Executive Management and Employees in the Share Capital of Dassault Systèmes SE" below.

TABLE 9: HISTORY OF PERFORMANCE SHARES GRANTED

See paragraph 5.1.5 "Interests of Executive Management and Employees in the Share Capital of Dassault Systèmes SE" below.

TABLE 10: MULTI-YEAR VARIABLE COMPENSATION GRANTED TO EACH EXECUTIVE OFFICER

The Table 9 "Summary of variable multi-annual compensations for each executive officer (*dirigeant mandataire social*)" recommended by the AFEP-MEDEF Code is not relevant as no such variable multi-annual compensations have been granted to any executive officer (*dirigeant mandataire social*) of Dassault Systèmes SE.

TABLE 11: MONITORING OF THE AFEP-MEDEF'S RECOMMENDATIONS

As indicated in the table below, Dassault Systèmes SE complies with the main recommendations of the AFEP-MEDEF Code regarding compensation and benefits granted to executive officers (*dirigeants mandataires sociaux*).

	Employment agreement		Additional retirement plan		Indemnities or benefits due or which may become due in the event of termination of or change in functions		Indemnities related to a non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Executive officers								
Charles Edelstenne		X		X		X		X
Chairman of the Board Director since (1 st appointment): 04/08/1993 Term: until the annual General Meeting to be held in 2022								
Bernard Charlès		X		X	X*			X
Vice-Chairman of the Board and Chief Executive Officer 1 st appointment as CEO: 04/08/1993 Term: until the annual General Meeting to be held in 2022								

* The conditions for payment and the amount of the indemnities owed are described in paragraph 5.1.3.2 "Compensation of the Chief Executive Officer".

There is no specific additional retirement plan (*régime complémentaire de retraite*) for the corporate officers (*dirigeants mandataires sociaux*). The companies controlled by Dassault Systèmes SE have not paid any compensation, nor granted any other benefit in kind nor granted shares or purchase options to the executive officers (*dirigeants mandataires sociaux*) mentioned above.

5.1.5 Interests of executive management and employees in the share capital of Dassault Systèmes SE

The Executive team of Dassault Systèmes is given long-term incentives notably through grants of Dassault Systèmes performance shares or share subscription options to be associated with the development and performance of the Company. In general, performance shares or share subscription options may be granted to key employees, the number granted to each of them being dependent on individual performance and level of responsibility.

In accordance with the AFEP-MEDEF Code, the Board shall endeavor to grant the performance shares and share subscription options during identical period, usually in May after the General Shareholders' Meeting. There may have been rare exceptions to this rule, given the recent changes in the tax and legal frameworks, or the compliance with the rules regarding knowledge of inside information by the corporate officers. This rule was complied with in 2020 with regard to executive officers, as Bernard Charlès benefited from only one performance share allocation on May 26, 2020.

Dassault Systèmes share subscription options

As of December 31, 2020, there were eleven active share subscription options plans for the benefit of certain Dassault Systèmes managers and employees. The exercise price of share subscription options was set without a discount for all the plans.

The General Meeting of May 23, 2019 authorized the Board of Directors to grant options to subscribe or to purchase Company shares for a period of 38 months, provided that the total of all outstanding stock options does not give a right to more than 3% of Dassault Systèmes SE's share capital. At its meeting of March 11, 2020, the Board of Directors used this authorization to grant to 6 beneficiaries 13,193 share subscription options (the "2020-M-01 Options"), the exercise of which is subject to them remaining with the Company and performance conditions for each reference year 2020, 2021 and 2022.

The General Meeting of May 26, 2020 authorized the Board of Directors to grant options to subscribe or to purchase Company shares for a period of 38 months, provided that the total of all outstanding stock options does not give a right to more than 4% of Dassault Systèmes SE's share capital. The Board of Directors used this authorization to grant:

- on May 26, 2020, to 1,047 beneficiaries, 1,490,316 stock options (the "2020-01 Options"), the exercise of which is subject to them remaining in the Company and performance conditions for each reference year 2020, 2021, 2022 and 2023;
- on May 26, 2020, to 467 beneficiaries, 658,410 stock options (the "2020-M-02 Options");
- on September 23, 2020, to 5 beneficiaries, 35,175 stock options (the "2020-M-03 Options");
- on December 4, 2020, to 5 beneficiaries, 11,409 stock options (the "2020-M-04 Options").

the exercise of 2020-M-02, 2020-M-03 and 2020-M-04 Options being subject to them remaining in the Company and performance conditions for each reference year 2020, 2021 and 2022.

The 2020-M-01, 2020-M-02, 2020-M-03 and 2020-M-04 were granted to MEDIDATA employees and executives, in line with the practices of this company prior to its acquisition by Dassault Systèmes.

The new shares created by the exercise of options between January 1 and the date of the Annual General Meeting deciding on the allocation of profit related to the most recently completed fiscal year are entitled to receive the dividend distributed with respect to that year. As a result, the new shares are traded on the same line as the previously existing shares.

However, the new shares created as from the day after this Annual General Meeting do not have a right to receive this dividend. Those shares are temporarily listed on a second trading line until the date the shares trade ex-dividend, i.e. without the right to receive the dividend to be distributed on Dassault Systèmes shares.

The following table provides certain information on the stock options plans in effect during 2020.

HISTORY OF SHARE SUBSCRIPTION AND PURCHASE OPTIONS GRANTED

(Corresponding to Table 8 of the AMF Position-Recommendation No. 2021-02)

For all the grants prior to July 17, 2014, the figures in this table (options, shares and exercise price) reflect the two-for-one split of the Dassault Systèmes share effective on July 17, 2014 and the correlative multiplication of the number of shares that may be exercised.

For more visibility, this table is divided into two parts: (1) plans from 2014 to 2019 exercise and (2) plans from 2020 exercise, the totals being mentioned in the second part for all the plans.

Stock option plan	2014-01	2015-01	2016-01	2017-01	2018-01	2019-01	Total
General Meeting	5/30/2013	5/30/2013	5/26/2016	5/26/2016	5/26/2016	5/23/2019	
Board of Directors	5/26/2014	9/04/2015	5/26/2016	5/23/2017	5/22/2018	7/01/2019	
Total Number of shares to be subscribed pursuant to options exercise	624,450	1,965,555	1,947,785	2,050,370	1,985,201	1,632,374	See table below.
• by corporate officers (mandataires sociaux)	N/A	N/A	N/A	N/A	N/A	N/A	
Starting point for exercising the options	2/21/2016	9/04/2016	5/26/2017	5/23/2018	5/22/2019	5/23/2020	
Expiry date	5/25/2022	9/03/2025	5/25/2026	5/22/2027	5/21/2018	5/22/2029	
Exercise price (in euros)	45.50	62.00	69.00	82.00	110.00	140.00	
Terms of exercise	See note ⁽¹⁾	See note ⁽²⁾	See note ⁽³⁾	See note ⁽⁴⁾	See note ⁽⁵⁾	See note ⁽⁶⁾	
Total number of shares subscribed pursuant to options exercised as of 12/31/2020	222,647	1,314,386	1,144,947	780,354	387,323	62,743	See table below.
Cumulative number of options canceled or lapsed as at 12/31/2020	376,176	348,501	345,426	395,243	251,933	126,768	See table below.
Number of options outstanding as of 12/31/2020	25,627	302,668	457,412	874,773	1,345,945	1,442,863	See table below.
Number of shares subscribed pursuant to options exercised between 1/1/2021 and 2/28/2021	1,500	21,074	23,152	168,896	40,474	30,931	See table below.
Number of options canceled or null and void between 1/1/2021 and 2/28/2021	-	-	-	-	4,261	12,533	See table below.
Number of options outstanding as of 2/28/2021	24,127	281,594	434,260	705,877	1,301,210	1,399,399	See table below.
Total number of shares subscribed pursuant to options exercised as of 2/28/2021	224,147	1,335,460	1,168,099	949,250	427,797	93,674	See table below.

(1) The 2014-01 options are exercisable by one-third tranches as from February 21, 2016, 2017 and 2018, respectively, provided that the beneficiary remains with the Company and fulfills the performance conditions related to the target for his or her respective brand.

(2) The 2015-01 options are exercisable by one-third tranches as from September 4, 2016, 2017 and 2018, respectively, provided that the beneficiary remains with the Company and fulfills the performance condition relating to the diluted net earnings per share on a non-IFRS consolidated basis (hereinafter referred to as the "EPS"), and/or the achievement of the target for his or her respective brand.

(3) The 2016-01 options are exercisable by one-third tranches as from May 26, 2017, 2018 and 2019, respectively, provided that the beneficiary remains with the Company and fulfills the performance condition relating to the EPS (neutralized from currency effects), and/or the achievement of the target for his or her respective brand.

(4) The 2017-01 options are exercisable by one-third tranches as from May 23, 2018, 2019 and 2020, respectively, provided that the beneficiary remains with the Company and fulfills the performance condition relating to the EPS (neutralized from currency effects), and/or the achievement of the target for his or her respective brand.

(5) The 2018-01 options are exercisable by one-third tranches as from May 22, 2019, 2020 and 2021, respectively, provided that the beneficiary remains with the Company and fulfills the performance condition relating to the EPS (neutralized from currency effects), and/or the achievement of the target for his or her respective brand.

(6) The 2019-01 options are exercisable by one-third tranches as from May 23, 2020, 2021 and 2022, respectively, provided that the beneficiary remains with the Company and fulfills the performance condition relating to the EPS (neutralized from currency effects), and/or the achievement of the target for his or her respective brand.

Stock option plan	2020-01	2020-M-01	2020-M-02	2020-M-03	2020-M-04	Total* (including the table above)
General Meeting	5/26/2020	5/23/2019	5/26/2020	5/26/2020	5/26/2020	
Board of Directors	5/26/2020	3/11/2020	5/26/2020	9/23/2020	12/04/2020	
Total number of shares to be subscribed pursuant to options exercise	1,490,316	13,193	658,410	35,175	11,409	12,414,238
• by corporate officers (mandataires sociaux)	N/A	N/A	N/A	N/A	N/A	N/A
Starting point for exercising the options	5/26/2021	3/31/2021	5/26/2021	9/23/2021	12/04/2021	
Expiry date	5/25/2030	3/10/2030	5/25/2030	9/22/2030	12/03/2030	
Exercise price (in euros)	145.45	131.00	145.45	157.85	152.15	
Terms of exercise	See note ⁽¹⁾	See note ⁽²⁾	See note ⁽³⁾	See note ⁽⁴⁾	See note ⁽⁵⁾	
Total number of shares subscribed pursuant to options exercised as of 12/31/2020	1,400	-	-	-	-	3,913,800
Cumulative number of options canceled or null and void as at 12/31/2020	25,745	-	39,318	-	-	1,909,110
Number of options outstanding as of 12/31/2020	1,463,171	13,193	619,092	35,175	11,409	6,591,328
Number of shares subscribed pursuant to options exercised between 1/1/2021 and 2/29/2021	-	-	-	-	-	286,027
Number of options canceled or null and void between 1/1/2021 and 2/28/2021	11,305	1,944	5,692	-	-	35,735
Number of options outstanding as of 2/28/2021	1,451,866	11,249	613,400	35,175	11,409	6,269,566
Total number of shares subscribed pursuant to options exercised as of 2/28/2021	1,400	-	-	-	-	4,199,827

* This table shows the totals for the 11 plans in effect during 2020.

- (1) The 2020-01 options are exercisable by one-third tranches as from May 26, 2021, 2022, 2023 and 2024, respectively, provided that the beneficiary remains with the Company and fulfills the performance condition relating to the EPS (neutralized from currency effects), and/or the achievement of the target for his or her respective brand.
- (2) The 2020-M-01 options are exercisable by one-third tranches from March 31, 2021, 2022 and 2023, respectively, provided that the beneficiary remains with the Company and fulfills the performance condition relating to the EPS (neutralized from currency effects).
- (3) The 2020-M-02 options are exercisable by one-third tranches from May 26, 2021, 2022 and 2023, respectively, provided that the beneficiary remains with the Company and fulfills the performance condition relating to the EPS (neutralized from currency effects).
- (4) The 2020-M-03 options are exercisable by one-third tranches from September 23, 2021, 2022 and 2023, respectively, provided that the beneficiary remains with the Company and fulfills the performance condition relating to the EPS (neutralized from currency effects).
- (5) The 2020-M-04 options are exercisable by one-third tranches from December 4, 2021, 2022 and 2023, respectively, provided that the beneficiary remains with the Company and fulfills the performance condition relating to the EPS (neutralized from currency effects).

For information regarding the dilutive effect on share capital by the exercise of options, see also paragraph 6.2.1 "Share Capital at February 28, 2021."

As of December 31, 2020, no director held share subscription options.

For information regarding the equity interests in Dassault Systèmes SE of the corporate officers (*mandataires sociaux*), see paragraphs 5.1.1 "Composition and Practices of the Board of Directors" and 6.3 "Information about the Shareholders" in this Annual Report (*Document d'enregistrement universel*).

SHARE SUBSCRIPTION AND PURCHASE OPTIONS OF THE TOP TEN EMPLOYEES OF DASSAULT SYSTÈMES WHO ARE NOT CORPORATE OFFICERS (MANDATAIRES SOCIAUX) AND THE OPTIONS THEY EXERCISED DURING 2020

(Corresponding to Table 9 of the AMF Position-Recommendation No. 2021-02)

The following table shows, on aggregate, the total number and weighted average exercise price of options granted to, and options exercised by, the ten Dassault Systèmes employees who obtained or exercised the largest number of Dassault Systèmes stock options during 2020 and who are not corporate officers of Dassault Systèmes SE.

	Total number of options	Weighted average price per option	Plan no. 2014-01	Plan no. 2015-01	Plan no. 2016-01	Plan no. 2017-01	Plan no. 2018-01	Plan no. 2019-01
Stock options exercised in 2020 by the ten employees who subscribed for the largest number of stock options*	362,215	€70.71	8,850	77,486	188,588	52,420	25,719	9,152

	Total number of options	Weighted average price per option	Plan no. 2020-M-01	Plan no. 2020-M-02	Plan no. 2020-M-03	Plan no. 2020-M-04	Plan no. 2020-01
Options granted in 2020 to the ten employees who got the largest number of stock options	470,755	€146.13	13,193	200,278	35,175	11,409	210,700

Performance shares

The General Meeting of May 22, 2018 authorized the Board of Directors to grant Dassault Systèmes shares for up to a maximum of 2% of Dassault Systèmes SE's capital at the date of the grant by the Board (i.e. 5,288,565 shares as at May 26, 2020). The Board, at its meeting of May 26, 2020, used this authorization to allocate (i) 804,966 "2020-A" performance shares to 846 beneficiaries, all employees of the Company

excluding MEDIDATA, and 56,721 "2020-M" shares to 11 beneficiaries, all employees of MEDIDATA, as well as (ii) 300,000 "2020-B" shares to Mr. Bernard Charlès.

None of the beneficiaries of the "2020-A" and "2020-B" plans are beneficiaries of the "2020-M" plan.

The following table provides certain information on the stock options plans in effect during 2020.

HISTORY OF PERFORMANCE SHARES GRANTED

(Corresponding to Table 10 of the AMF Position-Recommendation No. 2021-02)

Plan Number	2017-A	2018-A	2019-A	2019-A2	2020-M	2020-A	Total
General Meeting	9/04/2015	9/04/2015	9/04/2015	5/22/2018	5/22/2018	5/22/2018	
Date of the Board meeting	5/23/2017	5/22/2018	9/25/2018	7/01/2019	5/26/2020	5/26/2020	
Total number of shares granted including the number granted to:	801,700	815,730	496,700	307,615	56,721	804,966	3,283,432
<ul style="list-style-type: none"> ● to corporate officers (mandataires sociaux)⁽¹⁾ 	90,000	100,000	90,000	-	-	80,000	360,000
Thibault de Tersant	40,000	40,000	30,000	-	-	-	110,000
Pascal Daloz	50,000	60,000	60,000	-	-	80,000	250,000
Vesting date of shares	5/23/2020	5/22/2021	5/23/2022	5/23/2022	5/26/2023	5/26/2024	
Date of end of holding period	None	None	None	None	None	None	None
Performance conditions	Yes ⁽²⁾	Yes ⁽³⁾	Yes ⁽⁴⁾	Yes ⁽⁵⁾	Yes ⁽⁶⁾	Yes	⁽⁷⁾
Number of shares vested as at 02/28/2021	729,050	-	-	-	-	-	729,050
Cumulative number of shares canceled or null and void as at 12/31/2020	72,650	52,950	5,200	8,570	-	900	140,270
Performance shares remaining at the end of 2020	-	762,780	491,500	299,045	56,721	804,066	2,414,112

- (1) No 2017-A, 2018-A, 2019-A, 2019-A2, 2020-A or 2020-M performance shares were awarded to corporate officers (excluding the directors representing employees) other than Messrs. Thibault de Tersant and Pascal Daloz. For share grants to Mr. Bernard Charlès, see the table below "History of share grants to Mr. Bernard Charlès, Vice-Chairman of the Board and Chief Executive Officer, in respect of the gradual process of associating Mr. Bernard Charlès with the Company's share capital".
- (2) The 2017-A shares will be fully vested at the end of the vesting period, provided that the beneficiary remains with the Company and fulfills at least one of the following performance conditions, the achievement of which will be measured in 2020: growth in the EPS compared to 2016, and such growth must be at least equal to the percentage fixed at the Board meeting at which the shares were granted.
- (3) The 2018-A shares will be fully vested at the end of the vesting period, provided that the beneficiary remains with the Company and fulfills at least one of the following performance conditions, the achievement of which will be measured in 2021: growth in the EPS compared to 2017, and such growth must be at least equal to the percentage fixed at the Board meeting at which the shares were granted.
- (4) The 2019-A shares will be fully vested at the end of the vesting period, provided that the beneficiary remains with the Company and fulfills at least one of the following performance conditions, the achievement of which will be measured in 2022: growth in the EPS compared to 2018, and such growth must be at least equal to the percentage fixed at the Board meeting at which the shares were granted.
- (5) The 2019-A2 shares will be fully vested at the end of the vesting period, provided that the beneficiary remains with the Company and fulfills at least one of the following performance conditions, the achievement of which will be measured in 2022: growth in the EPS compared to 2018, and such growth must be at least equal to the percentage fixed at the Board meeting at which the shares were granted.
- (6) The 2020-M Shares will only vest at the end of the vesting period, provided that the beneficiary remains with the Company and fulfills the following performance condition, the achievement of which will be measured in 2023: double growth criterion for non-IFRS revenue of the MEDIDATA brand compared to that achieved in 2019 and increase in the percentage of the non-IFRS operating margin of the MEDIDATA brand compared to 2019.
- (7) The 2020-A Shares will only vest at the end of the vesting period, provided that the beneficiary remains with the Company and fulfills the following performance condition, the achievement of which will be measured in 2024: growth in EPS compared to that achieved in 2019. The Board having allocated these shares has set two limits: if the growth of the EPS is at least equal to the upper limit, all the shares will be vested. If this is below the lower limit, no shares will be vested. Between these two thresholds, the number of shares granted will vary linearly.

Grant of rights to receive Dassault Systèmes SE shares in replacement of rights to receive MEDIDATA shares

As part of the acquisition of Medidata Solutions, Inc., and subject to its closing, the Board of Directors approved on June 11, 2019 the grant of rights to receive Dassault Systèmes SE shares in replacement of the rights to receive MEDIDATA shares that had been granted to some of its employees and executives. This grant amounts to a maximum of 1,894,649 Dassault Systèmes SE shares and will be definitively vested if the beneficiaries are still employees upon the expiry of the vesting periods.

The weighted average vesting period of these shares is 1.41 year from the closing date of the acquisition of MEDIDATA and the last vesting date of these shares is September 2023.

The weighted average grant-date fair value of the Dassault Systèmes SE shares was:

- €134.15 for equity awards which also gave right at vesting date to all dividends paid during the vesting period;
- €132.80 for other equity awards.

HISTORY OF SHARE GRANTS TO BERNARD CHARLÈS, VICE-CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER, IN RESPECT OF THE GRADUAL PROCESS OF ASSOCIATING BERNARD CHARLÈS WITH THE COMPANY'S SHARE CAPITAL

(See also paragraph 5.1.3.2 "Compensation of the Chief Executive Officer")

Plan Details	2017-B	2018-B	2019-B	2020-B
General Meeting	9/04/2015	9/04/2015	9/04/2015	5/22/2018
Board of Directors	5/23/2017	5/22/2018	9/25/2018	5/26/2020
Total number of shares granted to Bernard Charlès	300,000	300,000	300,000	300,000
Vesting date of shares	5/23/2020	5/22/2021	5/23/2022	5/26/2024
Date of end of holding period ⁽¹⁾	None	None	None	None
Performance conditions	See note ⁽²⁾	See note ⁽³⁾	See note ⁽⁴⁾	See note ⁽⁵⁾
Number of shares vested by Bernard Charlès as at 2/28/2021	300,000	-	-	-

(1) Non applicable to the shares subject to the legal lock-up commitment set by the Board of Directors (see paragraph 5.1.3.2 "Compensation of the Chief Executive Officer").

(2) The same performance condition as that stipulated for the 2017-A performance shares granted by the Board on the same day to certain employees of Dassault Systèmes.

(3) Performance condition identical to the one stipulated for the 2018-A performance shares granted by the Board on the same day to certain Dassault Systèmes employees (see table above "History of performance shares granted").

(4) Performance condition identical to the one stipulated for the 2019-A performance shares granted by the Board on the same day to certain Dassault Systèmes employees (see table above "History of performance shares granted").

(5) Performance condition identical to the one stipulated for the 2020-A performance shares granted by the Board on the same day to certain Dassault Systèmes employees (see table above "History of performance shares granted").

From a general perspective, Mr. Bernard Charlès retains the Dassault Systèmes' shares vested at the end of the vesting period for the allocated shares. Thus, in 2020, Mr. Bernard Charlès retained the 300,000 shares vested in May 2020 (2017-B allocated in 2017).

On December 31, 2019, Mr. Bernard Charlès held 3,990,441 shares, representing 1.51% of Dassault Systèmes' share capital.

On December 31, 2020, Mr. Bernard Charlès held 4,290,441 shares, representing 1.62% of Dassault Systèmes' share capital.

5.1.6 Application of the AFEP-MEDEF Code

Dassault Systèmes refers to the recommendations of the AFEP-MEDEF Code revised in January 2020 and reviews its corporate governance practices on a regular basis in order to achieve continual improvement in this area.

As permitted by such Code and the law, Dassault Systèmes SE has not adopted all of the Code's recommendations, or has adopted certain provisions in modified form, in view of its particular situation or due to its compliance with other provisions of the Code. These are summarized in the table below, together with the reasons for their exclusion/modification.

Recommendations of the AFEP-MEDEF Code	Explanation
Proportion of performance shares in the compensation of executive officers (Article 25.3.3)	A significant portion of the shares granted to Mr. Bernard Charlès, Vice-Chairman of the Board and Chief Executive Officer, falls under the plan adopted several years ago to progressively make him a company shareholder, with the aim of ultimately recognizing his entrepreneurial role for over 35 years with Dassault Systèmes and to provide him an equity interest comparable to that of founders of companies in the same sector, or more generally, of his peers in technology companies around the world.
Appointment of the directors representing employees to the Compensation and Nomination Committee (Article 18.1)	The Board of Directors considers that the composition of the Compensation and Nomination Committee, as well as the composition of all the Board Committees – 100% independent directors – is the best guarantee of its effectiveness. The Compensation and Nomination Committee's discussions are carefully reported and the Committee's recommendations are debated during the Board meetings. All directors, including the directors representing employees, have the opportunity to express their opinions on the subjects dealt with by the Committee.
Number of shares that the executive officers are required to hold in registered form (Article 23)	Due to Mr. Edelstenne's role as founder and his shareholding (approximately 8% of the voting rights), the Board considered that it was unnecessary to set a minimum quantity of shares to be held in registered form.

5

5.1.7 Other Information Required by Articles L. 225-37 and L. 22-10-8 *et seq.* of the French Commercial Code

5.1.7.1 Specific Conditions Related to Shareholder Participation in the General Meeting

Shareholders participate in the General Meetings of the Dassault Systèmes SE in accordance with applicable law and Dassault Systèmes' by-laws (Articles 24 to 33). Thus, every shareholder has the right to participate in General Meetings and deliberations either personally or via a proxy, regardless of the number of shares held, according to the conditions specified by Article 27 of the by-laws of Dassault Systèmes (see paragraph 6.1.2 "Memorandum and Specific By-Laws Provisions").

In 2020, in the specific context of the COVID-19 crisis, attendance at the General Meeting of Dassault Systèmes was compliant with Order 2020-321 of March 25, 2020 and Decree 2020-418 of April 10, 2020.

In the case of the separation of the ownership of the shares, the voting right belongs to the bare owner (*nu-proprétaire*), except for decisions relating to the allocation of profits, where it belongs to the beneficial owner (*usufruitier*).

5.1.7.2 Table Summarizing the Current Delegations Granted by the General Meeting in respect of Capital Increases

The following table summarizes the delegations of authority and authorizations granted by the General Meeting to the Board of Directors and in effect during the 2020 fiscal year and as of the date of this Annual Report. It includes authorizations to increase share capital and to repurchase and cancel Dassault Systèmes' own shares.

Resolutions and General Meetings ("GM")	Description of the delegation of authority granted to the Board of Directors	Utilization in the fiscal year
SHARES BUYBACK AND CANCELLATION OF SHARES		
12 th resolution GM of 5/26/2020	<p>Authorization: purchase Dassault Systèmes shares.</p> <p>Duration: approximately 12 months (expiring at the GM approving the financial statements for the fiscal year ending December 31, 2020).</p> <p>Ceiling: 5 million shares representing up to €800 million.</p> <p>Cannot be used during a public offering period.</p>	See paragraph 6.2.4 "Share Buyback programs"
13 th resolution GM of 5/26/2020	<p>Authorization: cancel shares purchased under the buyback program.</p> <p>Duration: approximately 12 months (expiring at the GM approving the financial statements for the fiscal year ending December 31, 2020).</p> <p>Cap: 5% of share capital in a 24-month period.</p>	See paragraph 6.2.4 "Share Buyback programs"
ISSUANCE OF SECURITIES		
13 th resolution GM of 05/23/2019	<p>Authorization: increase the share capital by issuing shares or securities giving right to shares of Dassault Systèmes SE or equity securities giving right to debt securities, with the preemptive right of shareholders.</p> <p>Duration: 26 months, i.e. until 07/23/2021.</p> <p>Cap: for a maximum nominal amount of €12 million for shares or securities – for a maximum nominal amount of €1 billion for debt securities.</p> <p>Cannot be used during a public offering period.</p>	None
14 th resolution GM of 05/23/2019	<p>Authorization: increase the share capital by issuing shares or securities giving right to shares of Dassault Systèmes SE or equity securities giving right to debt securities, with a waiver of the preemptive right of shareholders and by way of a public offering.</p> <p>Duration: 26 months, i.e. until 07/23/2021.</p> <p>Cap: for a maximum nominal amount of €12 million for shares or securities – for a maximum nominal amount of €1 billion for debt securities (to be deducted from the caps set out in the 13th resolution).</p> <p>Cannot be used during a public offering period.</p>	None
15 th resolution GM of 05/23/2019	<p>Authorization: increase the share capital by issuing shares or securities giving right to shares of Dassault Systèmes SE or equity securities giving right to debt securities, under the delegation of authority referred to in the previous resolution, by a private placement pursuant to section II of the Article L. 411-2 of the French Monetary and Financial Code.</p> <p>Duration: 26 months, i.e. until 07/23/2021.</p> <p>Cap: for a maximum nominal amount of €12 million for shares or securities – for a maximum nominal amount of €1 billion for debt securities (to be deducted from the caps set out in the 13th resolution).</p> <p>Cannot be used during a public offering period.</p>	None
16 th resolution GM of 05/23/2019	<p>Authorization: increase the number of securities to issue in the case of a share capital increase with or without the preemptive right of shareholders.</p> <p>Duration: 26 months, i.e. until 07/23/2021.</p> <p>Cap: 15% of the initial issue, to be deducted from the cap provided for in the 13th resolution.</p> <p>Cannot be used during a public offering period.</p>	None
17 th resolution GM of 05/23/2019	<p>Authorization: increase the share capital by incorporation of reserves, profits or premiums.</p> <p>Duration: 26 months, i.e. until 07/23/2021.</p> <p>Cap: for a maximum nominal amount of €12 million (to be deducted from the cap set out in the 13th resolution).</p> <p>Cannot be used during a public offering period.</p>	None
18 th resolution GM of 05/23/2019	<p>Authorization: increase the share capital to remunerate contributions in kind of shares or equity-linked securities.</p> <p>Duration: 26 months, i.e. until 07/23/2021.</p> <p>Cap: 10% of the share capital.</p> <p>Cannot be used during a public offering period.</p>	None

Resolutions and General Meetings ("GM")	Description of the delegation of authority granted to the Board of Directors	Utilization in the fiscal year
ISSUANCE FOR THE BENEFIT OF EMPLOYEES AND EXECUTIVE OFFICERS		
17 th resolution GM of 5/22/2018	Authorization: grant free shares, existing or to be issued, for the benefit of certain employees and/or corporate officers of Dassault Systèmes SE and its affiliated entities as defined in Article L. 225-197-2 of the French Commercial Code. Duration: 38 months, i.e. until 7/22/2021. Cap: 2% of share capital.	Described in paragraph 5.1.5 "Interests of Executive Management and Employees in the Share Capital of Dassault Systèmes SE"
15 th resolution GM of 5/26/2020	Authorization: grant stock options giving right to subscribe to new shares or purchase existing shares for the benefit of certain employees and/or corporate officers of Dassault Systèmes SE and its affiliated entities as defined in Article L. 225-180 of the French Commercial Code. Duration: 38 months, i.e. until 7/26/2023. Cap: 4% of share capital.	Described in paragraph 5.1.5 "Interests of Executive Management and Employees in the Share Capital of Dassault Systèmes SE"
16 th resolution GM of 5/26/2020	Authorization: increase the share capital for the benefit of members of a corporate savings plan of Dassault Systèmes SE and/or its affiliated entities. Duration: 26 months, i.e. until 7/26/2022. Cap: for a maximum nominal amount of €1 million (to be deducted from the cap set out in the 13 th resolution of the General Meeting on 05/23/2019).	None

It is proposed to the General Meeting among other resolutions (see paragraph 7.1 "Presentation of the Resolutions Proposed by the Board of Directors to the General Meeting of May 26, 2021"):

- to renew the authorizations to purchase Dassault Systèmes shares and to cancel these purchased shares, which expire on May 26, 2021, (see paragraph 6.2.4.2 "Description of the Share Buyback Program Proposed to the General Meeting on May 26, 2021");
- to renew the delegations relating to the issuance of Dassault Systèmes shares under the conditions describe in paragraph 7.1.10 "Delegations of authority and powers to increase the share capital";
- to authorize again the Board of Directors to grant free Dassault Systèmes' shares.

5.1.7.3 Draft Resolutions Prepared by the Board pursuant to the General Meeting Vote on the Compensation Policy

The draft resolution in respect of the vote on the compensation policy is set out in paragraph 7.2 "Text of the Draft Resolutions Proposed by the Board of Directors to the General Meeting on May 26, 2021".

5.1.7.4 Possible Consequences in case of a Public Tender Offer

The information required by Article L. 22-10-11 of the French Commercial Code is contained in paragraphs 6.3 "Information about the Shareholders" (concerning control of GIMD), 6.1.3.2 "General Meetings" (concerning the conditions for exercising voting rights) and 5.1.3.2 "Compensation of the Chief Executive Officer" of this Annual Report.

The Annual Report (*Document d'enregistrement universel*) is available on the AMF website (www.amf-france.org) and on the Dassault Systèmes website (www.3ds.com). A press release is issued to announce when the Annual Report (*Document d'enregistrement universel*) becomes available.

Under the credit agreement executed on June 11, 2019, if a person or a group of persons acting in concert (with the exception of GIMD and/or Mr. Charles Edelstenne) takes control (within the meaning of Article L. 233-3 I 1° and 2° and II of the French Commercial Code) of Dassault Systèmes, the early repayment of the financing arranged for the acquisition of Medidata Solutions, Inc. may be requested by the lenders. Specifically, in the event of such a change of control of Dassault Systèmes, any lender participating in the €1 billion term credit facility or €750 million revolving credit facility, may request the cancellation of its entire commitment in respect of the facility and the immediate repayment of its share of all outstanding advances.

In addition, if such a change of control results in a rating downgrade, below investment grade, for the bonds issued by Dassault Systèmes on September 16, 2019 for a total of €3.65 billion, bondholders may request the redemption at par of the bonds they hold.

5.1.7.5 Gender Equality within the Executive Team and Top Positions of Responsibility

Dassault Systèmes has a strong ambition in terms of gender equality, including within the Executive team and top positions of responsibility.

Initiatives are thus spearheaded within the Company in favor of women's recruitment, the ability to hire more female engineers being however very limited as they are under-represented in engineering schools and the High-tech sector. Initiatives are also spearheaded in order to understand their specific needs and in favor of various professional experiences as well as to support women gaining responsibility in a successful manner.

The 3DS WIN (Women Initiative) internal community, launched in 2012, continues to foster a network of women and men determined to encourage, inspire and mentor women to develop their careers within Dassault Systèmes. As currently, this community has over 1,200 worldwide members. In 2020, numerous initiatives were set up with the aim of promoting and reinforcing female leadership, for instance the participation to the Cercle InterElles' conference or the organization of internal events such as the WIN Lunch & Talk and the WIN Virtual Talk. At the level of Dassault Systèmes SE, the proportion of women in the top 10% of positions with responsibility is monitored on the basis of targets assessed annually. As of today, the proportion of women in those positions equals to 30%.

Moreover, the proportion of women on the Executive team is currently 38.5%, compared with 22% in 2019 and the Board of Directors of Dassault Systèmes SE has set the objective of maintaining a proportion of women of approximately 40%. (see paragraph 5.1.2 "Executives of Dassault Systèmes").

5.1.7.6 Procedure for Evaluating Related-Party Agreements

At its meeting on March 11, 2020, the Board of Directors adopted a procedure for classifying related-party agreements, subjecting them, where appropriate, to the regulated agreements procedure and, for routine transactions entered into at arm's length, regularly assessing whether they satisfy those conditions.

The Legal Affairs Division, with the support of the Financial Division, is thus responsible for reviewing prior to its conclusion, and in the event of its amendment, renewal or extension, any agreement entered into by Dassault Systèmes SE and a related party (as provided for in Article L. 225-38 of the French Commercial Code) and conducts an annual review of standard agreements entered into at arm's length, during the last fiscal year or earlier, as long as their effects continue.

The results of the assessment of non-regulated agreements are presented to the Board's Audit Committee which decides upon it.

In early 2021, the Legal Affairs Division thus carried out a comprehensive review of related-party agreements considered to be routine transactions entered into at arm's length and concluded that all such agreements continue to satisfy both of these conditions.

5.1.7.7 Agreements with a Company Controlled by Dassault Systèmes SE

No agreement was entered into directly or by an intermediary person between, on the one hand, one of Dassault Systèmes SE's corporate officers or shareholders owning more than 10% of voting rights and, on the other hand, a company controlled by Dassault Systèmes SE.

Charles Edelstenne
Chairman of the Board

5.2 Internal Control Procedures and Risk Management

5.2.1 Definition and Objectives of Internal Control

According to the COSO accounting basis, internal control is a process implemented by the Board of Directors, managers and employees aimed at providing a reasonable guarantee with regard to achieving the following objectives: performing and optimizing operations, the reliability of financial and accounting information, and compliance with the laws and regulations in force.

The internal control procedures within Dassault Systèmes, whether at the level of Dassault Systèmes SE or its subsidiaries, are designed to:

- improve the performance and efficiency of operations through optimized use of available resources (an objective inspired by the COSO framework);
- ensure the reliability, quality and availability of financial data (an objective inspired by the COSO and AMF frameworks);
- ensure that operations comply with legislation in effect and Dassault Systèmes' internal procedures (an objective inspired by the COSO and AMF frameworks);
- guarantee the security of assets, particularly intellectual property, the human and financial resources and the image of Dassault Systèmes (an objective inspired by the AMF framework);
- prevent risks of error or fraud (an objective inspired by the COSO and AMF frameworks).

5.2.2 Internal Control Participants and Organization

All corporate governance bodies participate in the implementation of the internal control processes.

The Board of Directors, concerned with the issue of internal control, created in 1996 an Audit Committee, with the mission described above (see paragraph 5.1.1. "Composition and Practices of the Board of Directors").

The internal control is also based on the principle of giving responsibility to each of the departments and subsidiaries of Dassault Systèmes, in its respective area of expertise, and on delegations of powers to certain members of the Executive Committee Operations of Dassault Systèmes, such delegations having specific fields of application.

- The subsidiaries' local chief executive and financial officers are responsible for preparing the subsidiaries' financial statements which are included in Dassault Systèmes' consolidated financial statements and the annual financial statements and management reports for each of their respective subsidiaries, whether the accounts are prepared by their own financial teams or by shared internal financial and accounting services centers located particularly in France, the United States, Japan, and Malaysia;
- Dassault Systèmes' Financial Planning and Analysis department is responsible for directing the financial objectives of Dassault Systèmes in accordance with budget monitoring procedures and, in this respect, performs specific controls and analyzes of the quarterly accounts. It is also responsible for identifying, analyzing and warning of any differences from the previous year, the previous quarter and Dassault Systèmes' budget objectives, which are subject to a quarterly update;
- The Internal Audit department, reporting to the Dassault Systèmes Financial Officer on the one hand and to the Audit Committee on the other hand, has the main mission to evaluate the relevance of Dassault Systèmes' internal control processes, to alert the management and the Audit Committee regarding possible deficiencies or risks, and to propose measures that will limit the risks and improve the efficiency of operations. The Internal Audit department also has the responsibility for the annual assessment, on behalf of the management, of the internal control mechanisms related to financial reporting;

- The team in charge of Business Ethics and Compliance, reporting to the General Secretary, is responsible for ensuring the implementation of and respect for the principles described in the Code of Business Conduct of Dassault Systèmes (the “Code of Business Conduct”), as well as Dassault Systèmes’ specific policies, recommendations and procedures regarding ethics and compliance. This Department is supported by an Ethics Committee which meets every month and investigates any alleged non-conformities brought to its knowledge, in particular through the whistleblowing procedure.

In parallel, Dassault Systèmes’s management has established the following bodies:

- a Disclosure Committee, responsible for deciding whether an information is considered as inside information and if the publication of such information may be deferred, ensuring compliance with the conditions allowing a deferral of

publication, documenting it and informing the AMF at the time of publication;

- an Insider Committee responsible for setting and applying the rules aimed at preventing insider trading. In particular, this Committee informs all interested parties (employees, directors, consultants, etc.) of the periods in which they are prohibited from trading Dassault Systèmes securities. These blackout periods are longer than those set forth by law. In addition, as soon as they have regular access to privileged and insider information in relation to their roles, all persons must obtain the Insider Committee’s prior approval for any transactions involving Dassault Systèmes’ securities (as defined in its Insider Trading Rules). Dassault Systèmes complies with laws and regulations regarding the prevention of insider trading on a general basis.

5.2.3 Internal Control and Risk Management Procedures

The internal control mechanisms developed by Dassault Systèmes promote internal control in the following areas:

- control environment: Dassault Systèmes’ business ethics rules are formalized in particular in the Code of Business Conduct, a new version of which was rolled out in 2020. It describes the manner in which the Company expects its business to be conducted, and is intended to serve as a reference for all Dassault Systèmes employees to guide their behavior and interactions in their daily activities (see paragraph 2.6.1 “Promoting Strong Business Ethics”). The Code of Business Conduct, which applies to all employees of Dassault Systèmes and is available on Dassault Systèmes’ internet site and internal platform, addresses, in particular (i) compliance with regulations applicable to the Dassault Systèmes’s business, (ii) individual interactions within Dassault Systèmes and with its ecosystem and (iii) protecting Dassault Systèmes’ assets (in particular, its intellectual property and that of its clients and partners). The Code also includes specific policies on the fight against corruption and influence-peddling, conflicts of interest, personal data protection and insider trading. The distribution of these policies is accompanied by training, which is specifically provided to any new employee and to employees joining Dassault Systèmes as part of the integration process for such acquisitions;
- risk analysis: the main risks which may impact the performance of the company are identified, assessed and regularly reviewed by Dassault Systèmes management.

These risks, after taking into account risk management policies, are described in paragraphs 1.9.1 “Risks related Dassault Systèmes’ Business” and 1.9.2 “Financial and Market Risks”.

Operational risks are essentially managed by subsidiaries. Certain risks, particularly in the area of intellectual property protection, ethics and compliance, and legal and financial risks are specifically monitored by Dassault Systèmes SE in addition to their monitoring at local level:

- protection and monitoring activities:
 - protecting its intellectual property is an on-going concern for Dassault Systèmes. This protection is ensured by implementing and monitoring corporate processes designed to verify Dassault Systèmes rights before it markets its software products. Dassault Systèmes also protects its inventions through a reasonable and well-considered approach to filing patents in several jurisdictions. Dassault Systèmes principal brands are also registered in a large number of countries. The Company is continuing to actively develop its program designed to fight against infringement concerning its products;
 - information systems security, which is critical to ensuring the protection of the source codes for Dassault Systèmes applications and its data as well as those of its customers, is continually evaluated, tested and strengthened in the areas of network access or performance, anti-virus protection and the physical security of servers and other information system facilities;

- the implementation of internal preventive measures to continue operations and limit the impact of a major incident. As a result, several secured computer systems protect source codes and all electronic data stored on the servers, work stations and laptop computers used in the different entities of Dassault Systèmes. The computer protection systems are maintained in different sites;
- the internal control policies related to the main processes within the company (information technology security, sales administration, human resources, protection of intellectual property, closing and publication of financial statements, treasury management and client credit risk management) are formalized and updated at the level of both Dassault Systèmes SE and its main subsidiaries or the related shared services centers;
- key control points making it possible to prevent or detect risks impacting the financial information in Dassault Systèmes' significant entities are documented.
- monitoring: Dassault Systèmes has deployed processes to monitor, review and analyze on a regular basis its performance at the level of its main entities, brands, distribution channels and geographical areas (governance, budget reviews, and activity reviews). In addition, quarterly communication meetings are also held to ensure a better dissemination of Dassault Systèmes strategy to all its employees and discussions facilitating its implementation.
- audit missions: In 2020, the Internal Audit department carried out different missions within Dassault Systèmes' subsidiaries to verify compliance of the local internal control procedures with Dassault Systèmes objectives. These missions, authorized by the Audit Committee, result in the issuance of recommendations to the local management teams and the implementation of action plans when deemed necessary to reinforce the audited processes and organizations. The Internal Audit department carries out a review of the implementation of these plans.

5.2.4 Internal Control Procedures Relating to the Preparation and Treatment of Financial and Accounting Information

5

With respect to the internal control processes related to the preparation of financial and accounting information, Dassault Systèmes's focus has been to:

- **implement a quarterly control system to update budget objectives** and identify and analyze any variation from the objectives set by the Financial Department of Dassault Systèmes, and from the previous quarter and fiscal year.

Thus, each of the organizations (geographic regions, brands, functions) prepares a detailed and documented presentation of its sales activity for the past quarter and the year and performs a comparative analysis of its financial results (revenues and costs) in comparison with the budget targets of the current year and compared to the same quarter for the previous year.

Budget projections are reviewed, analyzed and updated each quarter by the teams of the Financial Department to take into account all changes in the market and the economic environment, particularly as regards exchange rates, and to present realistic objectives to shareholders and financial markets;

- **improve the reliability of its consolidation tools and processes** in order to establish and publish required financial information every quarter as soon as possible. The consolidation procedure as defined by Dassault Systèmes SE is based on:
 - giving responsibility to the chief financial officers in the subsidiaries, who are required to certify the quarterly statements transmitted to Dassault Systèmes SE and to

provide detailed business reviews and analyses before the accounts are consolidated,

- the use of consolidation tools that make data transmission and processing secure and allow the elimination of intra-group transactions,
- standardization of processes and information systems, particularly with respect to centralizing and recording most of the transactions at shared service centers,
- the implementation of an annual process to monitor off-balance sheet commitments and related-party agreements,
- a detailed review by Dassault Systèmes' Financial Division of the quarterly accounts of Dassault Systèmes SE and its subsidiaries,
- the detailed analysis by Dassault Systèmes' Accounting Department of all the material software license and/or service transactions in order to validate their correct accounting recognition;
- **systematize the processes by which the Audit Committee and the Board of Directors review financial information** prior to publication;
- **structure its financial communications** to ensure simultaneous and equivalent publication of information on its principal markets of financial results or any other information that could have an impact on the price of its shares.

5.2.5 Evaluation of Internal Control

The company's management seeks to maintain a high level of internal control within Dassault Systèmes. Detailed assessment work (particularly on key control points) was therefore carried out in 2020 by the Internal Audit department, as part of the process of achieving continuous improvement and for the purpose of preparing targeted action plans and audits. In this respect, the scope of Dassault Systèmes entities subjected to internal control evaluations, in the form of self-evaluation

questionnaires and internal control reviews conducted in the months immediately following acquisition may be expanded to entities that had previously been considered immaterial and to newly acquired companies. The results of the evaluation of the internal control are presented to the Audit Committee. In addition, internal control's efficiency is assessed by the Statutory Auditors as part of their annual mission.

5.2.6 Limitations of Internal Control

The internal control system cannot provide an absolute guarantee that Dassault Systèmes' objectives in this area will be achieved. Inherent limitations apply to all internal control

systems, related in particular to the exercise of individual judgments, or dysfunctions which may occur as a result of human failure or simple error or in the external environment.

5.3 Transactions in Dassault Systèmes shares by the Management of Dassault Systèmes

Pursuant to Article 223-26 of the AMF General Regulation, the table below shows transactions involving securities issued by Dassault Systèmes carried out in 2020 by directors or Executives of Dassault Systèmes or by persons related to them (according to Article L. 621-18-2 of the French Monetary and Financial Code) on the basis of the declarations made by the relevant parties to the AMF, available on www.amf-france.org.

Date Place	Person concerned	Nature of the transaction	Unit price (in euros)	Volume
2/11/2020 Euronext Paris	Bruno Latchague	Exercise of stock options	62.0000	46,667
2/11/2020 Euronext Paris	Bruno Latchague	Sale of shares	155.7104	46,667
2/12/2020 Euronext Paris	Thibault de Tersant	Sale of shares	155.4407	15,000
2/14/2020 OTC	Legal entity related to Charles Edelstenne (GIMD)	Assignment of put options	3.1740	10,500
2/17/2020 OTC	Legal entity related to Charles Edelstenne (GIMD)	Assignment of put options	3.6420	10,500
2/18/2020 Euronext Paris	Legal entity related to Charles Edelstenne (GIMD)	Acquisition of shares	154.6533	30,000
2/18/2020 OTC	Legal entity related to Charles Edelstenne (GIMD)	Assignment of put options	3.6120	10,500
2/12/2020 OTC	Legal entity related to Charles Edelstenne (GIMD)	Assignment of put options	3.6100	10,500
2/25/2020 OTC	Legal entity related to Charles Edelstenne (GIMD)	Assignment of put options	4.1317	10,500
2/27/2020 OTC	Legal entity related to Charles Edelstenne (GIMD)	Assignment of put options	3.8475	11,000
2/28/2020 Euronext Paris	Legal entity related to Charles Edelstenne (GIMD)	Acquisition of shares	144.2810	30,000
3/03/2020 OTC	Legal entity related to Charles Edelstenne (GIMD)	Assignment of put options	3.7130	11,000
3/04/2020 Euronext Paris	Legal entity related to Charles Edelstenne (GIMD)	Acquisition of shares	142.1990	20,000
3/05/2020 OTC	Legal entity related to Charles Edelstenne (GIMD)	Assignment of put options	3.7932	11,000
3/06/2020 Euronext Paris	Legal entity related to Charles Edelstenne (GIMD)	Acquisition of shares	139.5050	10,000
3/06/2020 Euronext Paris	Natural person related to Catherine Dassault (François Dassault)	Acquisition of shares	139.1000	100
3/06/2020 Euronext Paris	Catherine Dassault	Acquisition of shares	137.9500	1,000
3/09/2020 Euronext Paris	Person related to Catherine Dassault (Vincent Dassault)	Acquisition of shares	131.4600	1,130
3/9/2020 Euronext Paris	Charles Edelstenne	Acquisition of shares	133.0300	26,031
3/9/2020 Chix Turquoise Aquis Exchange Bate	Charles Edelstenne	Acquisition of shares	133.1655	11,539

Date Place	Person concerned	Nature of the transaction	Unit price (in euros)	Volume
3/11/2020 Euronext Paris	Legal entity related to Laurent Dassault (SAS LDRP II)	Acquisition of shares	132.9677	7,370
3/11/2020 Euronext Paris	Legal entity related to Charles Edelstenne (GIMD)	Acquisition of shares	132.9697	60,000
04/27/2020 Euronext Paris	Thibault de Tersant	Sale of shares	139.6682	15,000
5/06/2020 OTC	Legal entity related to Charles Edelstenne (GIMD)	Acquisition of put options	3.0187	11,000
5/06/2020 OTC	Legal entity related to Charles Edelstenne (GIMD)	Assignment of put options	7.7000	11,000
5/11/2020 OTC	Legal entity related to Charles Edelstenne (GIMD)	Assignment of put options	4.8750	11,000
5/13/2020 OTC	Legal entity related to Charles Edelstenne (GIMD)	Assignment of put options	6.0300	11,000
5/18/2020 OTC	Legal entity related to Charles Edelstenne (GIMD)	Assignment of put options	9.0300	10,500
5/18/2020 OTC	Legal entity related to Charles Edelstenne (GIMD)	Acquisition of put options	5.9000	10,500
5/20/2020 OTC	Legal entity related to Charles Edelstenne (GIMD)	Assignment of put options	6.8400	10,500
5/22/2020 Off-trading platform	Bruno Latchague	Exercisability of stock options	0.0000	46,666
5/22/2020 Off-trading platform	Erik Swedberg	Exercisability of stock options	0.0000	816
5/23/2020 Off-trading platform	Erik Swedberg	Exercisability of stock options	0.0000	1,226
5/23/2020 Off-trading platform	Bruno Latchague	Exercisability of stock options	0.0000	93,335
5/23/2020 Off-trading platform	Bernard Charlès	Acquisition of shares	0.0000	300,000
5/23/2020 Off-trading platform	Olivier Ribet	Acquisition of shares	0.0000	4,000
5/23/2020 Off-trading platform	Sylvain Laurent	Acquisition of shares	0.0000	26,000
5/23/2020 Off-trading platform	Pascal Daloz	Acquisition of shares	0.0000	50,000
5/23/2020 Off-trading platform	Dominique Florack	Acquisition of shares	0.0000	65,000
5/23/2020 Off-trading platform	Thibault de Tersant	Acquisition of shares	0.0000	40,000
5/23/2020 Off-trading platform	Laurence Barthès	Acquisition of shares	0.0000	18,000

Date Place	Person concerned	Nature of the transaction	Unit price (in euros)	Volume
5/23/2020 Off-trading platform	Florence Hu-Aubigny	Acquisition of shares	0.0000	20,000
5/23/2020 Off-trading platform	Samson Khaou	Acquisition of shares	0.0000	1,500
5/23/2020 Off-trading platform	Philippe Laufer	Acquisition of shares	0.0000	20,000
5/28/2020 Euronext Paris	Bruno Latchague	Exercise of stock options	69.0000	46,666
5/28/2020 Euronext Paris	Bruno Latchague	Sale of shares	148.6613	46,666
06/08/2020 Off-trading platform	Sylvain Laurent	Sale of shares	152.0500	26,000
06/09/2020 Euronext Paris	Florence Hu-Aubigny	Sale of shares	151.3789	8,000
07/24/2020 Chix Turquoise Aquis Exchange Bate	Charles Edelstenne	Acquisition of shares	144.3929	16,746
07/24/2020 Euronext Paris	Charles Edelstenne	Acquisition of shares	144.4642	11,584
07/30/2020 Euronext Paris	Thibault de Tersant	Sale of shares	152.1574	14,800
08/11/2020 Euronext Paris	Hervé Andorre	Sale of shares	152.0000	120
09/01/2020 Euronext Paris	Hervé Andorre	Sale of shares	161.0000	530
09/07/2020 Euronext Paris	Hervé Andorre	Sale of shares	156.1390	500
10/23/2020 Euronext Paris	Charles Edelstenne	Acquisition of shares	148.0000	12,000
10/26/2020 OTC	Legal entity related to Charles Edelstenne (GIMD)	Assignment of put options	3.8734	11,500
10/26/2020 Euronext Paris	Thibault de Tersant	Sale of shares	147.1892	10,000
10/27/2020 OTC	Legal entity related to Charles Edelstenne (GIMD)	Assignment of put options	3.9940	11,500
10/28/2020 OTC	Legal entity related to Charles Edelstenne (GIMD)	Assignment of put options	3.9670	11,500
10/29/2020 OTC	Legal entity related to Charles Edelstenne (GIMD)	Assignment of put options	3.8596	11,500
10/30/2020 OTC	Legal entity related to Charles Edelstenne (GIMD)	Assignment of put options	3.9250	11,500

From a general perspective, Mr. Bernard Charlès retains the Dassault Systèmes' shares acquired either, if applicable, from the exercise of share subscription options or, at the end of the vesting period for the allocated shares. Thus, in 2020, Mr. Bernard Charlès retained the 300,000 shares acquired in May 2020 (granted in 2017).

On December 31, 2019, he held 3,990,441 shares, representing 1.51% of Dassault Systèmes' share capital.

On December 31, 2020, Mr. Bernard Charlès held 4,290,441 shares, representing 1.62% of Dassault Systèmes' share capital.

TRANSACTIONS CARRIED OUT BY GIMD, A LEGAL ENTITY RELATED TO CHARLES EDELSTENNE, CHAIRMAN OF THE BOARD OF DIRECTORS, AND TO MARIE-HÉLÈNE HABERT-DASSAULT, DIRECTOR

Date Place	Nature of the transaction	Unit price (in euros)	Volume
02/14/2020 OTC	Assignment of put options	3.1740	10,500
02/17/2020 OTC	Assignment of put options	3.6420	10,500
02/18/2020 Euronext Paris	Acquisition of shares	154.6533	30,000
02/18/2020 OTC	Assignment of put options	3.6120	10,500
02/21/2020 OTC	Assignment of put options	3.6100	10,500
02/25/2020 OTC	Assignment of put options	4.1317	10,500
02/27/2020 OTC	Assignment of put options	3.8475	11,000
02/28/2020 Euronext Paris	Acquisition of shares	144.2810	30,000
03/03/2020 OTC	Assignment of put options	3.7130	11,000
03/04/2020 Euronext Paris	Acquisition of shares	142.1990	20,000
03/05/2020 OTC	Assignment of put options	3.7932	11,000
03/06/2020 Euronext Paris	Acquisition of shares	139.5050	10,000
03/11/2020 Euronext Paris	Acquisition of shares	132.9697	60,000
05/06/2020 OTC	Acquisition of put options	3.0187	11,000
05/06/2020 OTC	Assignment of put options	7.7000	11,000
05/11/2020 OTC	Assignment of put options	4.8750	11,000
05/13/2020 OTC	Assignment of put options	6.0300	11,000
05/18/2020 OTC	Assignment of put options	9.0300	10,500
05/18/2020 OTC	Acquisition of put options	5.9000	10,500
05/20/2020 OTC	Assignment of put options	6.8400	10,500
10/26/2020 OTC	Assignment of put options	3.8734	11,500
10/27/2020 OTC	Assignment of put options	3.9940	11,500
10/28/2020 OTC	Assignment of put options	3.9670	11,500
10/29/2020	Assignment of put options	3.8596	11,500
10/30/2020 OTC	Assignment of put options	3.9250	11,500

5.4 Information on the Statutory Auditors

Principal Statutory Auditors

PricewaterhouseCoopers Audit, member of the *Compagnie Régionale des Commissaires aux comptes de Versailles*, 63, rue de Villiers – 92200 Neuilly-sur-Seine, represented by Thierry Leroux, whose first mandate began on June 8, 2005 and was renewed on May 23, 2017 for a period of six fiscal years expiring at the General Meeting of Shareholders approving the financial statements for the fiscal year ending on December 31, 2022.

Ernst & Young et Autres, member of the *Compagnie Régionale des Commissaires aux comptes de Versailles*, 1/2, place des Saisons – 92400 Courbevoie – Paris La Défense 1, represented by Nour-Eddine Zanouda, whose first mandate began on May 27, 2010 and was renewed on May 26, 2016 for a

period of six fiscal years expiring at the General Meeting of Shareholders approving the financial statements for the fiscal year ending on December 31, 2021.

Deputy Statutory Auditors

The company Auditex, whose registered office is at 1/2, place des Saisons – 92400 Courbevoie – Paris La-Défense 1, whose mandate was renewed on May 26, 2016, will expire at the General Meeting of Shareholders approving the financial statements for the fiscal year ending on December 31, 2021.

Statutory Auditors' fees and services

See Note 27 to the consolidated financial statements.

5.5 Declarations regarding the administrative and management bodies

5

To Dassault Systèmes SE's knowledge:

- there is no family relationship between the directors, or between a director and an executive (see paragraph 5.1.2 above for the list of members) with the exception of Ms. Marie-Hélène Habert-Dassault and her sister-in-law Ms. Catherine Dassault;
- in the past five years, none of the directors or executives of Dassault Systèmes:
 - has been convicted of fraudulent offences,
 - has been affected by the bankruptcy, receivership, liquidations or placing under administration of a company, having been a member of an administrative management or supervisory body,
 - has been subject to an official accusation and/or sanctions by statutory or regulatory authorities (including designated professional bodies), or
- has been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer, or from acting in the management or conduct of the affairs of any issuer;
- there are no potential conflicts of interest between the duties to the Company of the executive and their private interests and/or other duties, and no director or executive of Dassault Systèmes has been named to the Board or to an administrative, management or supervisory body as a result of an agreement between the Company's main shareholders, customers, suppliers or any other persons;
- no director or executive of Dassault Systèmes is party to a service contract with Dassault Systèmes SE, or one of its subsidiaries, which provides him or her with a personal benefit.

6

INFORMATION ABOUT DASSAULT SYSTÈMES SE, THE SHARE CAPITAL AND THE OWNERSHIP STRUCTURE

CONTENTS

6.1	Information about Dassault Systèmes SE	240	6.3	Information about the shareholders	247
6.1.1	General Information	240	6.3.1	Shareholder Base and Double Voting Rights	247
6.1.2	Memorandum and Specific By-Laws Provisions	241	6.3.2	Controlling shareholder	249
			6.3.3	Shareholder Agreements	250
6.2	Information about the Share Capital	244	6.4	Stock Market Information	253
6.2.1	Share Capital as of February 28, 2021	244			
6.2.2	Potential Share Capital	244			
6.2.3	Changes in Dassault Systèmes SE Share Capital over the Past Three Years	245			
6.2.4	Share Buyback Programs	245			

6.1 Information about Dassault Systèmes SE

6.1.1 General Information

6.1.1.1 Commercial Name and Registered Office

Dassault Systèmes

10 rue Marcel Dassault, 78140 Vélizy-Villacoublay, France

Telephone: +33 (0)1 61 62 61 62

Website: www.3ds.com. It is specified that the information on Dassault Systèmes' website is not part of this Annual Report, with the exception of those expressly incorporated by reference in this Annual Report. As such, this information has not been reviewed or approved by the AMF.

6.1.1.2 Legal form – Applicable Law – Place of Registration and Registration Number – APE Code

Dassault Systèmes SE is a European company (*Societas Europaea*) incorporated and registered under French law, with a Board of Directors, governed by the provisions of Council Regulation (EC) no. 2157/2001 as well as by French legislative and regulatory provisions in force at any time (hereinafter the "Law"). It is registered with the Versailles trade and companies registry under number 322 306 440. Its APE code is 5829 C. Its LEI code is: 96950065LBWYOAPQIM86.

6.1.1.3 Date of Incorporation and Term

Dassault Systèmes SE was incorporated on June 9, 1981 as a limited liability company (*société à responsabilité limitée*) for a 99-year term starting on the date of its registration, until August 4, 2080. It was transformed into a public limited liability company (*société anonyme*) on April 8, 1993 and then into a European company (*Societas Europaea*) on June 15, 2015.

6.1.1.4 Corporate Purpose

Pursuant to Article 2 of its by-laws, Dassault Systèmes SE's corporate purpose, in France and abroad, is:

- the design, development, production, marketing, purchase, sale, brokerage, rental, maintenance and the provision of after-sale services of software, digital content and/or computer hardware;
- the supply and provision of services of data centers, including the supply of online software services as a service and the operation and supply of the corresponding infrastructures;
- the supply and provision of services to users notably in the area of training, demonstration, methodology, display and utilization; and

- the supply and sale of computer resources, together or separate from the supply or sale of software or services,

notably in the areas of 3D design, modeling, simulation, manufacturing, planning, collaboration, lifecycle management, business intelligence, marketing or consumer 3D solutions in the domains of products, nature and life.

The purpose of Dassault Systèmes SE shall also be:

- the creation, acquisition, rental and management-lease of any on-going business, signing leases, and the establishment and operation of any facilities;
- the acquisition, operation or sale of any industrial or intellectual property rights as well as any know-how in the field of computers;
- and more generally, taking an interest in any business or company created or to be created as well as in any legal, economic, financial, industrial, civil and commercial, personal or real property transactions connected directly or indirectly, in whole or in part, with the purposes above or any similar or related purposes.

6.1.1.5 Fiscal Year

The 12-month fiscal year covers the period from January 1 to December 31 of each year.

6.1.1.6 Branches, Secondary establishments

Dassault Systèmes SE has no branch. Dassault Systèmes SE has 15 secondary establishments as of February 28, 2021, located at the following addresses:

- 8 rue de Mayencin, 38400 Saint-Martin-d'Hères ;
- 5C Route de Saint-Laurent, 76480 Saint-Romain-de-Colbosc ;
- 76 Route de la Demi-Lune – Les collines de l'Arche, Le Madeleine Puteaux, 92057 Paris La Défense ;
- ZAC du Bois de Côtes – 304 Route National 6, 69760 Limonest ;
- 5 rue de l'Halbrane – Technocampus Océan – ZAC Croix Rouge, 44340 Bouguenais ;
- 15 rue Claude Chappe, bâtiment B – Zac des Champs blancs, 35510 Cesson-Sevigné ;
- Rue Evariste Galois – ZAC St-Philippe II, lot 24 – Quartier des Lucioles, 06410 Biot ;

- 10 Place de la Madeleine, 75008 Paris ;
- 20 Boulevard Eugène Deruelle, bâtiment A – Immeuble Le Britannia, 69003 Lyon ;
- 35 rue Haroun Tazieff – Immeuble Ecoparc Océanis 1 B, 54320 Maxéville ;
- 53 avenue de l'Europe, 13090 Aix-en-Provence ;
- 1-3 rue Jeanne Braconnier – Immeuble Terre Europa, 92360 Meudon ;
- 120 rue René Descartes, 29280 Plouzané ;
- 37 Chemin des Ramassiers – ZAC des Ramassiers, 31770 Colomiers ;
- 1 Allée Lavoisier, 59650 Villeneuve d'Ascq.

6.1.1.7 Documents on Display

Dassault Systèmes SE's by-laws, minutes of the General Meetings and Board of Directors' reports to the General Meetings, reports of the Statutory Auditors, financial statements for the last three years and, more generally, all documents provided or made available to shareholders pursuant to the Law may be viewed at Dassault Systèmes SE's registered office.

Some of these documents are also available on Dassault Systèmes' website (<https://investor.3ds.com/>).

6.1.2 Memorandum and Specific By-Laws Provisions

The by-laws of Dassault Systèmes SE were last amended in May 2020.

6.1.2.1 Allocation of Profits (Article 36 of the by-laws)

The profits for each year, less any losses from prior periods, where appropriate, are first allocated to the reserves as required by Law. An amount of 5% is deducted to form the legal reserve fund. This deduction ceases to be compulsory when said fund reaches one-tenth of share capital; it becomes compulsory once again when the legal reserve falls below this amount.

The distributable profit is composed of the profit from the year less any losses from prior periods as well as the amounts allocated to reserves as required by Law or the by-laws, and increased by retained profits.

The General Meeting then deducts from this distributable profit the amounts deemed appropriate to allocate to any optional, ordinary or special reserves or to the retained earnings account.

As appropriate, any remaining balance is distributed to all shares proportionately to the unredeemed paid-up value.

However, except in the event of a share capital reduction, no distribution can be made to shareholders if the equity is, or would be as a result of the distribution, less than the amount of the share capital plus the reserves that cannot be distributed under the Law or the by-laws.

The General Meeting may decide to distribute amounts taken from available reserves, either to pay or increase a dividend, or distribute a special dividend. In this case, the resolution explicitly identifies from which reserves these amounts are to be withdrawn. Nevertheless, the dividends are distributed in order of priority starting with the distributable profit of the year.

After the approval of the financial statements by the General Meeting, any losses are recorded in a special account and carried forward against the profits of future years, until they have been eliminated.

In case of stripping of the ownership of the shares, Article 11 of the by-laws reserves for beneficial owners the right to vote on decisions relating to the allocation of profits (see paragraph 6.1.2.3 "Shares and Voting Rights").

6.1.2.2 General Meetings

Notice and agenda of meeting (Articles 25 and 26 of the by-laws)

General Meetings are convened by the Board of Directors or, if the Board of Directors fails to convene a General Meeting, by the Statutory Auditor(s). One or more shareholders who together hold at least 10% of the subscribed capital may also request the Board of Directors to call such General Meetings and set the agenda thereof. The request to convene the meeting shall set out the items to be put on the agenda.

Notice of the meeting is made through an announcement placed in a journal of legal notices in the department of the registered office and in the French Bulletin of required legal notices (*Bulletin des Annonces Légales Obligatoires* – BALO). Shareholders holding registered shares for at least one month from the date of the announcement are also notified of all General Meetings by letter sent by standard mail or, at their request and expense, by registered letter. The General Meeting cannot be held less than fifteen days after the announcement is published or the letter is sent to registered holders.

One or more shareholders, representing at least the required percentage of capital, also have the possibility of requesting that items and proposed resolutions be added to the agenda in accordance with the Law.

Conditions for admission (Article 27 of the by-laws)

Every shareholder has the right to participate in General Meetings either in person or by proxy, provided his/her shares are fully paid-up and:

- for holders of registered shares, that they are held in a registered account (directly or through a financial intermediary) at 0:00 am (Paris time) on the second business day preceding the Meeting;
- for holders of shares in bearer form, that they are recorded in a bearer securities account maintained by the accredited intermediary at 0:00 am (Paris time) on the second business day preceding the Meeting.

The registration of shares in a bearer securities account maintained by the accredited intermediary shall be validated by a shareholding certificate (*attestation de participation*) issued by the accredited intermediary to the holder of the shares. This certificate must be attached to the voting or proxy form or to the request for an admission card issued in the shareholder's name. A certificate can also be issued to a shareholder who wishes to attend in person the General Meeting and who has not received an admission card by the second business day preceding the Meeting.

Shareholders may vote by mail using a form that will be sent to them under the conditions indicated by the notice of meeting. The form, duly completed and accompanied, as the case may be, by a shareholding certificate (*attestation de participation*), must be received by Dassault Systèmes SE at least three days before the date of the General Meeting, or it will not be taken into consideration.

A shareholder may be represented by any natural or legal person who has been appointed as proxy, under the conditions provided by Law. The shareholders who are legal entities are represented by the natural persons duly authorized to represent them with respect to third parties or by any person to whom the power of proxy has been transferred.

A shareholder, who is a non-French resident as defined in Article 102 of the French Civil Code, may be represented at General Meetings by an accredited intermediary registered according to the provisions of the Law. Such shareholder will be considered present in calculating the quorum and the results of voting.

If the Board of Directors so decides when convening the General Meeting, any shareholder may also participate and vote at the Meeting by videoconference or by any other means of telecommunications permitting him/her to be identified and to participate effectively. Such participation must comply with the conditions and means provided for by Law. Such shareholder will be accounted for in calculating the quorum and the results of voting.

Actions required to amend shareholders' rights (Articles 13, 31 and 32 of the by-laws)

Only an Extraordinary General Meeting can amend shareholders' rights in compliance with the provisions of the Law.

Except as may be otherwise provided for under the provisions of the Law and with the exception of reverse share splits carried out in accordance with the Law, no majority may impose on shareholders an increase in their commitments. If new classes of shares are created, only an Extraordinary General Meeting and a Special Meeting of Shareholders of the specific class of shares may approve an amendment to the rights of these classes of shares.

6.1.2.3 Shares and Voting Rights**Rights, privileges and restrictions attached to each class of shares (Articles 13, 29 and 39 of the by-laws)**

All the shares are of the same class and carry, under the Dassault Systèmes SE's by-laws, the same rights to the allocation of profits and any amounts distributed in the event of liquidation (see also paragraph 6.1.2.1 "Allocation of Profits (Article 36 of the by-Laws)"). However, a double voting right is awarded to any fully paid-up share held in registered form for at least two consecutive years in the name of the same holder (see paragraph "Double voting rights (Article 29 of the by-laws)" below).

Conditions for exercising voting rights (Articles 11 and 29 of the by-laws)

The right to vote attached to shares or dividend-right shares is proportional to the portion of capital they represent.

Voting is carried out by show of hands, by roll call or secret ballot, as decided by the secretariat of the meeting or the shareholders. Shareholders may also vote by mail, by videoconference or by any other means of communication, as indicated in the preceding paragraph. For the calculation of the majority, the votes cast shall not include votes attaching to shares in respect of which the shareholder has not taken part in the vote or has returned a blank or spoilt ballot paper.

In case of stripping of the ownership of the shares, the voting right attached to the share belongs to the bare owner (*nu-propritaire*), except for the decisions relating to the allocation of profits for which it belongs to the beneficial owner (*usufruitier*).

Double voting rights (Article 29 of the by-laws)

Each share gives the right to one vote. Nevertheless, since 2002, a double vote has been awarded to all fully paid-up shares held in registered form for at least two consecutive years in the name of the same holder. In the case of a capital increase by incorporation of reserves, profits or premiums,

this double voting right will be attached on the date of their issuance to free registered new shares allotted to a shareholder in consideration for his or her old shares giving rise to such right.

Under the Law, any share converted into a bearer share or changing hands shall lose the right to the double voting right except in the case of a transfer from a registered account to another registered account at inheritance or a gift *inter vivos* to a spouse or a relative entitled to succeed to the donor's estate. The double voting right may also be cancelled by a resolution of the shareholders at an Extraordinary General Meeting, provided the approval of the Special Meeting of Shareholders having a double voting right.

Limitations on voting rights

The by-laws contain no restrictions on the exercise of voting rights attached to Dassault Systèmes SE shares except in the event of stripping of the ownership of the shares (see paragraph "Conditions for exercising voting rights (Articles 11 and 29 of the by-laws)" above).

6.1.2.4 Declarations concerning crossing of the ownership thresholds (Article 13 of the by-laws)

In addition to the legal obligation to inform Dassault Systèmes SE and the Financial Markets Authority (AMF) in the event a shareholder's interest passes the thresholds set out in Article L. 233-7 of the French Commercial Code, any natural or legal person, acting alone or in concert with others, who acquires directly or indirectly shares representing at least 2.5% of Dassault Systèmes SE's share capital or voting rights, or a multiple thereof up to 50%, must inform Dassault Systèmes SE of the total number of shares or voting rights it holds. This information must be sent to Dassault Systèmes SE by registered letter with return receipt requested, within four trading days following the date of acquisition or disposal of the shares.

The shareholder must certify in each declaration that it includes all shares or voting rights held or owned, in accordance with Article L. 233-7 et seq. of the French Commercial Code. The declaration must also indicate the date or dates on which the acquisitions or disposals occurred.

In the event of non-compliance with this requirement, the shares exceeding the fraction of 2.5% which should have been declared will lose their voting rights, upon the request recorded in the minutes of the General Meeting of one or more shareholders holding a portion of Dassault Systèmes SE share capital or voting rights equal to at least 2.5% of the capital or voting rights. The voting rights will be lost for all general meetings held until the expiration of two years following the date on which the required declaration is made.

6.1.2.5 Terms in the by-laws, a charter or regulation of Dassault Systèmes SE which could delay, postpone or prevent a change in control

Other than the aforementioned double voting right (see paragraph 6.1.2.3 "Shares and Voting Rights") and the reporting obligation when holdings exceed 2.5% (see paragraph 6.1.2.4 "Declarations concerning crossing of the ownership thresholds (Article 13 of the by-Laws)"), Article 10 of the by-laws provides that Dassault Systèmes SE may, at any time and in compliance with the provisions of the Law, request that a central depository maintaining its share register provides it with the name (or corporate name for legal entities), the nationality, the year of birth or the year of incorporation and the postal and, where applicable, e-mail address of holders of Dassault Systèmes SE shares in bearer form which grant, immediately or over time, the right to vote at general meetings of shareholders, as well as the number of shares held by each of these shareholders and, where appropriate, any restrictions applicable to such shares.

6.1.2.6 Terms in the by-laws concerning modifications in share capital which are more restrictive than the Law

The by-laws of Dassault Systèmes SE do not contain any provisions governing changes in share capital which are more restrictive than those provided by Law.

6.1.2.7 Terms in the by-laws concerning the directors and members of the Executive Committee (Articles 14, 15 and 19 of the by-laws)

Dassault Systèmes SE is administrated by a Board of Directors established in accordance with the Law. Directors shall be appointed for four years, renewed or revoked by shareholders at an Ordinary General Meeting. The number of directors aged seventy or over cannot exceed half the members of the Board of Directors at any time. The Board of Directors also includes two directors representing employees, appointed by each of the two trade union organizations that have obtained the highest number of votes in the first round of the Social and Economic Committee members in the Company and its direct or indirect subsidiaries whose registered office is located on French territory.

From among its individual members, the Board of Directors shall elect a Chairman who may not be more than eighty-five years of age, and set his or her term of office. The Chairman shall organize and supervise the work of the Board of Directors and reports on the same at the shareholders General Meeting, and shall watch over the running of the corporate bodies of the Company. The Board of Directors may also elect a Vice-Chairman who will serve as Chairman on an interim basis, in the case of (i) a temporary incapacity or death of the Chairman or (ii) an absence or unavailability of the Chairman to preside over a meeting of the Board of Directors.

Depending on the decision of the Board of Directors, the general management of the Company shall be undertaken either by the Chairman of the Board of Directors or by another individual appointed by the Board of Directors and who shall take the title of Chief Executive Officer. The Chief Executive Officer may not be more than seventy-five years old. The Chief Executive Officer shall be vested with the broadest powers to act under any circumstance on behalf of the Company. He or she shall exercise these powers within the limits of

the corporate purpose and subject to the powers expressly attributed by Law to shareholders meetings and the Board of Directors. The Chief Executive Officer represents the Company in its relations with third parties. The Chief Executive Officer may be dismissed at any time by the Board of Directors. If dismissal is without cause, costs for damages and related interest may arise, unless the Chief Executive Officer is also Chairman of the Board of Directors.

6.2 Information about the Share Capital

6.2.1 Share Capital as of February 28, 2021

As of February 28, 2021, Dassault Systèmes SE's share capital was composed of 265,422,264 fully paid-up shares with a par value of €0.50 each. As of December 31, 2020, its share capital was €132,568,118.50, divided into 265,136,237 shares.

6.2.2 Potential Share Capital

As of February 28, 2021, outstanding share subscription options, whether or not exercisable, would, if all were exercised, result in the issuance of 6,269,566 new shares, representing 2.31% of Dassault Systèmes' share capital at that date (on a diluted basis).

On the same date, based on the closing price of its shares on February 28, 2021 (€171.90 per share), the exercise of all exercisable issued options, whose exercise price was less than that closing price, would have resulted in the issuance of 2,611,661 new shares, representing 0.97% of the Dassault Systèmes SE's share capital at that date (on a diluted basis). The dilutive effect per share at December 31, 2020 is also set forth in Note 11 to the consolidated financial statements.

In connection with the acquisition of SolidWorks in 1997, Dassault Systèmes SE issued shares to the holders of share subscription options and warrants issued by SolidWorks prior to this acquisition. These Dassault Systèmes shares have historically been held by Dassault Systèmes' wholly-owned U.S. subsidiary, SW Securities LLC. No other SolidWorks share subscription options or warrants remain outstanding at this

time. As of December 31, 2020, and as of February 28, 2021, SW Securities LLC held 503,614 shares, or approximately 0.19% of share capital on February 28, 2021. Similar to treasury shares, the shares held by SW Securities LLC do not carry voting rights and are not eligible for dividends.

Other than the share subscription options granted in connection with stock option plans and performance share grants as described in paragraph 5.1.4 "Summary of the Compensation and Benefits due to Corporate Officers (*mandataires sociaux*)" and paragraph 5.1.5 "Interests of Executive Management and Employees in the Share Capital of Dassault Systèmes SE", there are no other securities giving right to subscribe shares of Dassault Systèmes, and there is no agreement which could result in a capital increase.

Pledge of shares

To the Company's knowledge, there was no pledge of Dassault Systèmes shares in registered form and representing a significant portion of its share capital as of February 28, 2021.

6.2.3 Changes in Dassault Systèmes SE Share Capital over the Past Three Years

Date	Transaction	Nominal amount of changes in share capital (in euros)	Amount of share capital (in euros)	Number of shares created or canceled	Total number of shares
February 28, 2018	Capital increase resulting from the exercise of share subscription options	1,020,798	130,614,821.50	2,041,596	261,229,643
March 15, 2018	Share capital reduction through cancellation of treasury shares	(361,528.50)	130,253,293	(723,057)	260,506,586
June 14, 2018	Capital increase by a dividend payment in shares	517,271.50	130,770,564.50	1,034,543	261,541,129
February 28, 2019	Capital increase resulting from the exercise of share subscription options	693,419.50	131,463,984	1,386,839	262,927,968
February 29, 2020	Capital increase resulting from the exercise of share subscription options	663,175.50	132,127,159.50	1,326,351	264,254,319
February 28, 2021	Capital increase resulting from the exercise of share subscription options	583,972.50	132,711,132	1,167,945	265,422,264

The changes in equity resulting from the transaction through December 31, 2020 set forth above are included in the "Consolidated Statements of shareholders' Equity" in the consolidated financial statements.

6.2.4 Share Buyback Programs

6

6.2.4.1 Transactions carried out by Dassault Systèmes SE in 2020 and early 2021

Transactions carried out by Dassault Systèmes SE in 2020

During the 2020 fiscal year, Dassault Systèmes SE purchased, under the authorizations granted to the Board of Directors by the General Meetings of May 23, 2019, and May 26, 2020 1,199,048 of its own shares (excluding shares acquired through the liquidity agreement, a report of which is presented below).

These shares were acquired at an average price of €140.92 per share, giving a total cost of €168,974,423.23 (excluding tax), it being specified that 25,092 shares were purchased by means of blocks traded over the counter at an average price of €149.69 per share, giving a total cost of €3,756,026.50 (excluding tax). The transaction costs paid by the Company in connection with these repurchased shares amounted to €50,917.69 all taxes included to which is added the tax on financial transactions for an amount of €506,923.27.

These 1,199,048 shares were wholly allocated to the coverage of Dassault Systèmes SE obligations resulting from share attributions to the employees of Dassault Systèmes, no shares having been reallocated for the purpose of cancellation.

The shares repurchased before 2020 were allocated in 2020 to the following purposes:

- cover Dassault Systèmes SE obligations resulting from share attributions to the employees of Dassault Systèmes decided prior to 2020: 3,999,765 shares;
- liquidity agreement entered into with Oddo BHF SCA mentioned below: 72,979 shares.

Dassault Systèmes SE directly held, on December 31, 2020, 3,556,325 of its own shares (including 62,088 shares through the liquidity agreement) of a nominal value of €0.50 each, which had been repurchased at an average price of €126.82, representing approximately 1.34% of share capital at that date. Out of these 3,556,325 shares, 3,494,237 shares are at the disposal of Dassault Systèmes SE and are wholly allocated to cover the Dassault Systèmes SE's obligations resulting from share attributions to the employees of Dassault Systèmes.

On January 5, 2015, Dassault Systèmes SE entered into a liquidity agreement, in accordance with the Code of Ethics of the AFEI (French association of investment firms) recognized by the Financial Markets Authority (AMF), with Oddo BHF SCA implemented from January 7, 2015 for an initial period ending on December 31, 2015, automatically renewable for subsequent 12-month terms. This agreement has been amended on October 26, 2017, in order to, *inter alia*, increase the amount of the fees to €70,000 per year and to increase by €5,000,000 the resources assigned to the liquidity agreement. On December 13, 2018, an additional contribution of €5 million has been made, increasing the resources assigned to the liquidity agreement from €15 million to €20 million. The agreement was amended on June 18, 2019 in order to comply with the new requirements of Decision no. 2018-01 of July 2, 2018 taken by the Financial Markets Authority (AMF).

During fiscal year 2020, 934,946 shares have been purchased and 945,837 shares have been sold within the framework of the liquidity agreement. As at December 31, 2020, the following resources appeared on the liquidity account:

- 62,088 Dassault Systèmes shares; and
- €19,212,711.09 in cash.

During the fiscal year 2020, Dassault Systèmes SE has not performed any transactions on derivative securities linked to its shares nor has it purchased or sold any of its shares by exercising them or through the maturity of such derivative securities.

Transactions carried out by Dassault Systèmes SE between January 1 and February 28, 2021

Since the beginning of the fiscal year 2021 and until February 28, 2021, Dassault Systèmes SE has acquired 99,618 of its own shares within the framework of the share buyback program.

These shares were purchased at an average price of €171.78 per share, giving a total cost of €17,112,803.63 (excluding tax). The transaction costs paid by Dassault Systèmes SE in connection with these repurchased shares amounted to €5,133.84 (all taxes included) plus the tax on financial transactions for an amount of €51,338.42.

Since the beginning of the fiscal year 2021 and until February 28, 2021, Dassault Systèmes SE has acquired 123,427 and has sold 97,000 of its own shares within the framework of the liquidity agreement.

Since the beginning of the fiscal year 2021 and until February 28, 2021, Dassault Systèmes SE has not performed any transactions on derivative securities linked to its shares nor has it purchased or sold any of its shares by exercising them or through the maturity of such derivative securities.

6.2.4.2 Description of the Share Buyback Program Proposed to the General Meeting on May 26, 2021

Pursuant to Article 241-2 et seq. of the Financial Markets Authority (AMF) General Regulation and Article L. 451-3 of

the French Monetary and Financial Code, and in accordance with European Regulations, the terms and objectives of the Dassault Systèmes SE's share buyback program that will be submitted for approval at the General Meeting of May 26, 2021, are described below.

Breakdown of treasury shares by purpose as of the date of this document

As of February 28, 2021, Dassault Systèmes SE held 3,269,152 of its own shares directly and 503,614 indirectly. These 3,269,152 shares were allocated to the following objectives:

- coverage of the Dassault Systèmes SE's obligations resulting from share grants decided in 2018, 2019 and 2020: 3,180,637 shares;
- cancellation: 0 share; and
- liquidity agreement signed with Oddo BHF SCA on January 5, 2015, updated on June 18, 2019: 88,515 shares.

Purposes of the new repurchase program

- 1) Cancel shares in order to increase the return on equity and earnings per share.
- 2) Meet obligations related to stock option grants or other allocations of shares to employees or corporate officers of Dassault Systèmes SE or of an affiliated company.
- 3) Provide shares upon exercise of rights attached to equities giving right to shares of Dassault Systèmes SE.
- 4) Stimulate the market or provide liquidity for the Dassault Systèmes SE's shares through the intermediary of an investment services provider by means of a liquidity contract complying with the Decision no. 2018-01 of July 2, 2018 taken by the Financial Markets Authority (AMF).
- 5) Carry out any market practice, which may be authorized by the Law or by the Financial Markets Authority (AMF).
- 6) Deliver shares in the context of external growth transactions, in particular through mergers, demergers, partial demergers or contributions in kind.

The purposes 1 to 3 above comply with the terms of paragraph 2, Article 5 of the European Regulation no. 596/2014 dated April 16, 2014, and the purpose 4 complies with the Decision no. 2018-01 of July 2, 2018 taken by the Financial Markets Authority (AMF). The purpose 5 complies with provisions of the Article 13 of the European Regulation no. 596/2014 dated April 16, 2014. The purpose 6, unlike the other aforementioned purposes, does not benefit from a presumption of legitimacy, but it is in the interest of the Company to have such a possibility also referred to in Article L. 22-10-62 of the French Commercial Code.

The General Meeting of May 26, 2021 will also be asked to authorize the Board of Directors to cancel, as the case may be, all or part of the shares which it may repurchase in connection with the share buyback program and to carry out the corresponding reduction in share capital.

Maximum amount allocated to the share buyback program, maximum number and characteristics of the securities that Dassault Systèmes SE proposes to acquire and maximum purchase price

The Board of Directors is authorized to repurchase Dassault Systèmes shares representing up to 5 million shares (subject to potential adjustment to take into account a five-for-one stock split of the Dassault Systèmes' shares). The maximum amount of the funds used for the purpose of buying back shares is set at €800 million.

Duration of the share buyback program

The program would last about 12 months, starting on the General Meeting of May 26, 2021. This authorization should be valid until the Ordinary General Meeting approving the financial statements for the fiscal year ending December 31, 2021.

6.3 Information about the shareholders

6.3.1 Shareholder Base and Double Voting Rights

The table below sets forth certain information concerning Dassault Systèmes SE's shareholder base over the last three fiscal years. Pursuant to the Financial Markets Authority (AMF) Position/Recommendation no. 2021-02, it specifies:

- the theoretical or "gross" voting rights, taking into account the voting rights attached to the shares without voting rights, in accordance with Article 223-11 of the General Regulation of the Financial Markets Authority (AMF) and used as a denominator by shareholders to calculate their percentage of shares held and voting rights for the purposes of regulatory declarations (in particular the declarations with regards to exceeding the threshold); and

- the voting rights that can be exercised at the General Meeting or "net" voting rights, not taking into account shares without voting rights.

Double voting rights are attributed to all fully paid-up shares held in registered form for at least two consecutive years in the name of the same holder.

The major shareholders of Dassault Systèmes SE do not hold voting rights, which are different from voting rights of other shareholders (such as double voting rights).

6

Information about Dassault Systèmes SE, the share capital and the ownership structure

Information about the shareholders

Shareholders	Shares	% of capital	Theoretical voting rights	% of theoretical voting rights	Voting rights exercisable in the General Meeting	% of voting rights exercisable in the General Meeting
As of December 31, 2020						
Groupe Industriel Marcel Dassault	107,089,968	40.39%	214,019,936	53.90%	214,019,936	54.45%
Charles Edelstenne ⁽¹⁾	15,897,485	6.00%	31,692,070	7.98%	31,692,070	8.06%
Bernard Charlès	4,290,441	1.62% ⁽⁵⁾	8,130,882	2.05% ⁽⁵⁾	8,130,882	2.07% ⁽⁵⁾
Treasury shares ⁽²⁾	3,556,325 ⁽²⁾	1.34%	3,556,325	0.89%	-	-
Indirect treasury shares ⁽³⁾	503,614	0.19%	503,614	0.13%	-	-
Directors and senior management ⁽⁴⁾	1,859,013	0.70%	3,395,817	0.85%	3,395,817	0.87%
Public	131,939,391	49.76%	135,805,717	34.20%	135,805,717	34.55%
TOTAL	265,136,237	100%	397,104,361	100%	393,044,422	100%
As of December 31, 2019						
Groupe Industriel Marcel Dassault	106,929,968	40.50%	213,290,297	54.12%	213,290,297	54.76%
Charles Edelstenne ⁽¹⁾	15,819,585	5.99%	31,558,679	8.01%	31,558,679	8.10%
Bernard Charlès	3,990,441	1.51% ⁽⁵⁾	7,280,882	1.85% ⁽⁵⁾	7,280,882	1.87% ⁽⁵⁾
Treasury shares ⁽²⁾	4,072,744 ⁽²⁾	1.54%	4,072,744	1.03%	-	-
Indirect treasury shares ⁽³⁾	503,614	0.19%	503,614	0.13%	-	-
Directors and senior management ⁽⁴⁾	1,663,430	0.63%	2,796,081	0.71%	2,796,081	0.72%
Public	131,058,219	49.64%	134,589,772	34.15%	134,594,115	34.55%
TOTAL	264,038,001	100%	394,092,069	100%	389,520,054	100%
As of December 31, 2018						
Groupe Industriel Marcel Dassault	106,929,968	40.70%	212,887,614	54.44%	212,887,614	55.02%
Charles Edelstenne ⁽¹⁾	15,794,585	6.01%	31,475,119	8.05%	31,475,119	8.14%
Bernard Charlès	3,840,441	1.46% ⁽⁵⁾	6,730,882	1.72% ⁽⁵⁾	6,730,882	1.74% ⁽⁵⁾
Treasury shares ⁽²⁾	3,620,758 ⁽²⁾	1.38%	3,620,758	0.93%	-	-
Indirect treasury shares ⁽³⁾	503,614	0.19%	503,614	0.13%	-	-
Directors and senior management ⁽⁴⁾	1,617,539	0.62%	2,301,056	0.59%	2,301,056	0.59%
Public	130,426,036	49.64%	133,510,919	34.14%	133,510,919	34.51%
TOTAL	262,732,941	100%	391,029,962	100%	386,905,590	100%

(1) Including shares held in trust for the benefit of his family and managed by Mr. Edelstenne.

At December 31, 2020, Mr. Edelstenne held 4,278,058 shares with all ownership rights and 3,382 shares through two family companies which he manages, representing a total of 1.61% of the capital and 2.15% of the exercisable voting rights, as well as 11,616,045 shares with "beneficiary" rights (usufruit). For the usage rights with respect to these 11,616,045 shares, representing 5.91% of the exercisable voting rights, Mr. Edelstenne can only exercise the right to vote on decisions of the General Meeting of Shareholders concerning the allocation of profits; the holders of the bare property rights (nue-proprété) exercise the right to vote for other resolutions in compliance with Article 11 of the by-laws. For details related to Mr. Edelstenne's shareholding as of December 31, 2019 and December 31, 2018, see paragraph 6.3.1. of Annual Reports for 2019 and 2018 respectively.

(2) Including 62,088 shares through the liquidity agreement as of December 31, 2020. As of December 31, 2019, such number was 72,979 shares.

(3) SW Securities LLC. This company is a Dassault Systèmes' subsidiary, the Dassault Systèmes' shares held by it do not have voting rights.

(4) Excluding Mr. Edelstenne and Mr. Charlès, management includes the officers listed in paragraph 5.1.2 "Executives of Dassault Systèmes".

(5) For further information, see Table 5 of paragraph 5.1.4 "Summary of the Compensation and Benefits due to Corporate Officers (mandataires sociaux)".

The overall number of voting rights amounted to 397,104,361 as at December 31, 2020 (the number of exercisable voting rights was 393,044,422) and, as at February 28, 2021, to 397,252,907 (with the number of exercisable voting rights amounting to 393,555,630). The difference between the number of theoretical and exercisable voting rights is explained by the treasury shares and shares controlled.

MFS Investment Management (MFS) notified Dassault Systèmes SE that as of September 17, 2015 the funds managed by companies within its group held more than 2.5% of the share capital.

BlackRock, Inc. further advised Dassault Systèmes SE that, as of September 4, 2019, it held more than 2.5% of the Company's share capital.

No other shareholders, except as indicated above, declared holding 2.5% (threshold set forth in by-laws), directly or indirectly, alone or in agreement with other shareholders or more than 5% of the Company's share capital or voting rights at December 31, 2020, based on shareholders' obligations.

Although Dassault Systèmes SE voluntarily delisted its shares from NASDAQ in October 2008, it continues to maintain its ADR ("American Depositary Receipts") program, which are still traded on the over-the-counter market (see paragraph 6.4

“Stock Market Information”). On February 28, 2021, there were 5,744,012 American Depositary Shares (“ADS”) outstanding and the number of recorded ADS holders, holding them either for themselves or for third parties amounted to 43.

In December 2020, Dassault Systèmes SE commissioned a survey on the composition of its shareholder base from an external specialized services provider. According to this survey, institutional investors holding more than 2,000 shares each numbered 665 and held 42.7% of the Dassault Systèmes SE share capital as at December 31, 2020.

As at February 28, 2021, Dassault Systèmes SE held 88,515 shares under the liquidity agreement entered into with Oddo BHF SCA and 3,180,637 treasury shares. Of these 3,180,637 treasury shares, 531,847 shares were bought back during the buyback program adopted by the General Meeting of May 26, 2020 and the remainder, i.e. 2,648,790 shares,

under previous buybacks. These 3,180,637 shares represent approximately 1.20% of the share capital as at February 28, 2021, with no voting rights or dividend rights being attached to these shares.

At December 31, 2020, 137,718,205 Dassault Systèmes shares (i.e. approximately 51.94% of the capital) are held in registered form, providing entitlement to 265,689,368 exercisable voting rights (i.e. approximately 66.91% of the gross voting rights).

In accordance with Article L. 225-102 of the French Commercial Code, the number of Dassault Systèmes shares held by employees through the corporate savings plan (*plan d'épargne d'entreprise*) was 474,245 shares at December 31, 2020, or approximately 0.18% of the total number of shares at that date (i.e. 265,136,237 outstanding shares).

6.3.2 Controlling shareholder

Groupe Industriel Marcel Dassault (GIMD) is the principal shareholder of Dassault Systèmes SE with, as of December 31, 2020, 40.39% of the share capital and 54.45% of the exercisable voting rights (i.e. 53.90% of theoretical voting rights). With more than 50% of the voting rights of Dassault Systèmes SE, GIMD controls Dassault Systèmes. GIMD belongs to the Dassault family.

The Board of Directors of Dassault Systèmes SE has been made up of 50% of independent directors since May 26, 2020⁽¹⁾, i.e. a proportion exceeding the requirement stipulated in the AFEP-MEDEF Code for controlled companies. All the Committees under the Board (Audit Committee, Compensation and Nomination Committee and Scientific Committee) are

wholly made up of independent directors, as a guarantee of a balanced exercise of control by GIMD as prescribed by the AMF General Regulation.

As GIMD possesses more than one third but less than half of the shares and more than half of the voting rights in Dassault Systèmes SE, GIMD may not increase its stake by more than 1% of the total number of shares of the Company in a period of 12 consecutive months, unless it launches a public tender offer on all the equity securities issued by Dassault Systèmes, except for an exemption from the obligation to make an offer based on Article 234-9 (6°) of the Financial Markets Authority (AMF) General Regulation, which the latter can grant at its discretion.

(1) Directors who represent employees are not taken into account for the calculation of the number of independent directors, in compliance with the recommendations of the AFEP-MEDEF Code.

6.3.3 Shareholder Agreements

In 2011, 2013, 2014, 2015, 2017, 2018, 2019 and 2020, Dassault Systèmes was informed about collective undertakings concluded concerning the holding of shares whose characteristics are summarized in the tables hereafter in accordance with Financial Markets Authority (AMF) Position/Recommendation no. 2021-02.

Collective undertakings concluded in 2020

System	Article 787 B of the French Tax Code	Article 787 B of the French Tax Code
Date of signing	May 6, 2020	November 6, 2020
Duration of collective undertakings	At least two years	At least two years
Contractual duration of the agreement	Undetermined with cases of termination	Undetermined with cases of termination
Conditions for renewal	No specific conditions stipulated	No specific conditions stipulated
Capital and voting rights % concerned by the agreement (at its date of execution)	23.95% of the share capital	24.00% of the share capital
Names of the signatories having the capacity of executives ⁽¹⁾	Mr. Charles Edelstenne Mr. Bernard Charlès	Mr. Charles Edelstenne Mr. Bernard Charlès
Name(s) of the signatory(ies) having close links with executives	Groupe Industriel Marcel Dassault	Groupe Industriel Marcel Dassault
Names of the signatories holding at least 5% of the capital and/or voting rights of Dassault Systèmes SE	Groupe Industriel Marcel Dassault Mr. Charles Edelstenne and beneficiaries ⁽²⁾	Groupe Industriel Marcel Dassault Mr. Charles Edelstenne and beneficiaries ⁽²⁾

(1) Pursuant to Article 975 III, 1, 1° of the French Tax Code.

(2) See Note 1 under the table of paragraph 6.3.1 "Shareholder Base and Double Voting Rights".

Collective undertakings concluded in 2019

System	Article 787 B of the French Tax Code	Article 787 B of the French Tax Code	Article 787 B of the French Tax Code
Date of signing	January 21, 2019	September 2, 2019	September 2, 2019
Duration of collective undertakings	At least two years	At least two years	At least two years
Contractual duration of the agreement	Undetermined with cases of termination	Undetermined with cases of termination	Undetermined with cases of termination
Conditions for renewal	No specific conditions stipulated	No specific conditions stipulated	No specific conditions stipulated
Capital and voting rights % concerned by the agreement (at its date of execution)	24.10% of share capital	27.79% of the share capital	29.98% of the share capital
Names of the signatories having the capacity of executives ⁽¹⁾	Mr. Charles Edelstenne Mr. Bernard Charlès	Mr. Charles Edelstenne Mr. Bernard Charlès	Mr. Charles Edelstenne Mr. Bernard Charlès
Name(s) of the signatory(ies) having close links with executives	Groupe Industriel Marcel Dassault	Groupe Industriel Marcel Dassault	Groupe Industriel Marcel Dassault
Names of the signatories holding at least 5% of the capital and/or voting rights of Dassault Systèmes SE	Groupe Industriel Marcel Dassault Mr. Charles Edelstenne and beneficiaries ⁽²⁾	Groupe Industriel Marcel Dassault Mr. Charles Edelstenne and beneficiaries ⁽²⁾	Groupe Industriel Marcel Dassault Mr. Charles Edelstenne and beneficiaries ⁽²⁾

(1) Pursuant Article 975 III, 1, 1° of the French Tax Code.

(2) See Note 1 under the table of paragraph 6.3.1 "Shareholder Base and Double Voting Rights".

Collective undertaking concluded in 2018

System	Article 787 B of the French Tax Code
Date of signing	April 24, 2018
Duration of collective undertakings	At least two years
Contractual duration of the agreement	Undetermined with cases of termination
Conditions for renewal	No specific conditions stipulated
Capital and voting rights % concerned by the agreement (at its date of execution)	24.30% of the share capital
Names of the signatories having the capacity of executives ⁽¹⁾	Mr. Charles Edelstenne Mr. Bernard Charlès
Name(s) of the signatory(ies) having close links with executives	Groupe Industriel Marcel Dassault
Names of the signatories holding at least 5% of the capital and/or voting rights of Dassault Systèmes SE	Groupe Industriel Marcel Dassault Mr. Charles Edelstenne and beneficiaries ⁽²⁾

(1) Pursuant to Article 975 III, 1, 1° of the French Tax Code.

(2) See Note 1 under the table of paragraph 6.3.1 "Shareholder Base and Double Voting Rights".

Collective undertakings concluded in 2017

System	Article 787 B of the French Tax Code
Date of signing	March 30, 2017
Duration of collective undertakings	At least two years
Contractual duration of the agreement	Undetermined with cases of termination
Conditions for renewal	No specific conditions stipulated
Capital and voting rights % concerned by the agreement (at its date of execution)	24.52% of the share capital
Names of the signatories having the capacity of executives ⁽¹⁾	Mr. Charles Edelstenne Mr. Bernard Charlès
Name(s) of the signatory(ies) having close links with executives	Groupe Industriel Marcel Dassault
Names of the signatories holding at least 5% of the capital and/or voting rights of Dassault Systèmes SE	Groupe Industriel Marcel Dassault Mr. Charles Edelstenne and beneficiaries ⁽²⁾

(1) Pursuant to Article 885 O bis of the French Tax Code, now Article 975 III, 1, 1° of the French Tax Code.

(2) See Note 1 under the table of paragraph 6.3.1 "Shareholder Base and Double Voting Rights".

Collective undertakings concluded in 2015

System	Article 787 B of the French Tax Code	Article 787 B of the French Tax Code
Date of signing	December 17, 2015	December 17, 2015
Duration of collective undertakings	At least two years	At least two years
Contractual duration of the agreement	Undetermined with cases of termination	Undetermined with cases of termination
Conditions for renewal	No specific conditions stipulated	No specific conditions stipulated
Capital and voting rights % concerned by the agreement (at its date of execution)	24.85% of the share capital	24.66% of the share capital
Names of the signatories having the capacity of executives ⁽¹⁾	Mr. Charles Edelstenne Mr. Bernard Charlès	Mr. Charles Edelstenne Mr. Bernard Charlès
Name(s) of the signatory(ies) having close links with executives	Groupe Industriel Marcel Dassault	Groupe Industriel Marcel Dassault
Names of the signatories holding at least 5% of the capital and/or voting rights of Dassault Systèmes SE	Groupe Industriel Marcel Dassault Mr. Charles Edelstenne and beneficiaries ⁽²⁾	Groupe Industriel Marcel Dassault Mr. Charles Edelstenne and beneficiaries ⁽²⁾

(1) Pursuant to Article 885 O bis of the French Tax Code.

(2) See Note 1 under the table of paragraph 6.3.1 "Shareholder Base and Double Voting Rights".

6

Information about Dassault Systèmes SE, the share capital and the ownership structure

Information about the shareholders

Collective undertakings concluded in 2014

System	Article 787 B of the French Tax Code	Article 787 B of the French Tax Code
Date of signing	February 27, 2014	December 16 and 17, 2014
Duration of collective undertakings	At least two years	At least two years
Contractual duration of the agreement	Undetermined with cases of termination	Undetermined with cases of termination
Conditions for renewal	No specific conditions stipulated	No specific conditions stipulated
Capital and voting rights % concerned by the agreement (at its date of execution)	25.0% of the share capital	24.7% of the share capital
Names of the signatories having the capacity of executives ⁽¹⁾	Mr. Charles Edelstenne Mr. Bernard Charlès	Mr. Charles Edelstenne Mr. Bernard Charlès
Name(s) of the signatory(ies) having close links with executives	Groupe Industriel Marcel Dassault	Groupe Industriel Marcel Dassault
Names of the signatories holding at least 5% of the capital and/or voting rights of Dassault Systèmes SE	Groupe Industriel Marcel Dassault Mr. Charles Edelstenne and beneficiaries ⁽²⁾	Groupe Industriel Marcel Dassault Mr. Charles Edelstenne and beneficiaries ⁽²⁾

(1) Pursuant to Article 885 O bis of the French Tax Code.

(2) See Note 1 under the table of paragraph 6.3.1 "Shareholder Base and Double Voting Rights".

	Collective undertakings concluded in 2011 still in force	Collective undertakings concluded in 2013
System	Article 787 B of the French Tax Code	Article 787 B of the French Tax Code
Date of signing	July 11, 2011	October 29, 2013
Duration of collective undertakings	At least two years	At least two years
Contractual duration of the agreement	Undetermined with cases of termination	Undetermined with cases of termination
Conditions for renewal	No specific conditions stipulated	No specific conditions stipulated
Capital and voting rights % concerned by the agreement (at its date of execution)	29.6% of the share capital	28.2% of the share capital
Names of the signatories having the capacity of executives ⁽¹⁾	Mr. Charles Edelstenne Mr. Bernard Charlès	Mr. Charles Edelstenne Mr. Bernard Charlès
Name(s) of the signatory(ies) having close links with executives	Groupe Industriel Marcel Dassault	Groupe Industriel Marcel Dassault
Names of the signatories holding at least 5% of the capital and/or voting rights of Dassault Systèmes SE	Groupe Industriel Marcel Dassault Mr. Charles Edelstenne and beneficiaries ⁽²⁾	Groupe Industriel Marcel Dassault Mr. Charles Edelstenne and beneficiaries ⁽²⁾

(1) Pursuant to Article 885 O bis of the French Tax Code.

(2) See Note 1 under the table of paragraph 6.3.1 "Shareholder Base and Double Voting Rights".

The same shares can be subject to several joint lock-up agreements.

6.4 Stock Market Information

Stock Exchange

Shares of Dassault Systèmes have been listed on Compartment A of Euronext Paris (ISIN code FR0000130650) since June 28, 1996. Its shares were also listed on the NASDAQ in the form of ADS (American Depositary Shares) under the symbol DASTY until October 16, 2008. The ADS are still traded under this symbol on the U.S. over-the-counter market. One ADS represents one ordinary share (see paragraph 6.3.1 "Shareholder base and Double Voting Rights").

For dividend policy, see the paragraph 7.1 "Presentation of the Resolutions Proposed by the Board of Directors to the General Meeting of May 26, 2021".

Share price history and trading volumes of Dassault Systèmes shares from January 1, 2020

<i>(in euros except for Volume of shares traded)</i>	Volume of shares traded	Share price on last day of the month	Highest share price during the month	Lowest share price during the month
January 2020	6,842,977	€156.70	€163.95	€147.30
February 2020	9,291,184	€142.00	€159.75	€142.00
March 2020	17,251,114	€135.00	€143.70	€108.25
April 2020	6,687,154	€133.55	€141.00	€118.75
May 2020	5,376,675	€152.25	€152.25	€131.90
June 2020	6,625,161	€153.60	€153.60	€146.60
July 2020	6,761,770	€154.10	€162.40	€145.80
August 2020	4,012,750	€157.85	€158.95	€150.35
September 2020	4,715,528	€159.75	€161.55	€152.10
October 2020	6,723,474	€146.55	€162.15	€145.55
November 2020	6,963,341	€155.05	€158.55	€145.45
December 2020	5,315,861	€166.15	€167.80	€152.15
January 2021	5,074,721	€164.75	€169.15	€160.40
February 2021	6,060,805	€171.90	€190.25	€167.75

Person Responsible for Financial Communications

François-José Bordonado

Vice-President, Investor Relations

To obtain all financial information and documents published by Dassault Systèmes SE, please contact:

Investor Relations Service

10, rue Marcel Dassault – CS 40501

78946 Vélizy-Villacoublay Cedex – France

Telephone: +33 (0)1 61 62 69 24

e-mail: investors@3ds.com

Indicative Timetable for the Publication of Financial Information for 2021

- First quarter of 2021: April 28, 2021
- Second quarter of 2021: July 27, 2021
- Third quarter of 2021: October 28, 2021
- Fourth quarter of 2021: February 3, 2022

7

GENERAL MEETING

CONTENTS

7.1	Presentation of the Resolutions Proposed by the Board of Directors to the General Meeting of May 26, 2021	256	7.1.6	Compensation Policy for Corporate Officers	261
7.1.1	Annual Financial Statements and Allocation of the Results	256	7.1.7	Reappointment of two directors	261
7.1.2	Consolidated financial statements	257	7.1.8	Ratification of the appointment of a director on a temporary basis by the Board of Directors	261
7.1.3	Related-party agreements	257	7.1.9	Authorization to Repurchase Shares of Dassault Systèmes	262
7.1.4	Compensation Elements Paid in 2020 or Granted with respect to 2020 to Mr. Charles Edelstenne, Chairman of the Board, and to Mr. Bernard Charlès, Vice-Chairman of the Board and Chief Executive Officer	258	7.1.10	Delegations of authority and powers to increase the share capital	262
7.1.5	Information contained in the corporate governance report relating to the compensation of the Corporate Officers (<i>mandataires sociaux</i>) (Article L. 22-10-9, I of the French Commercial Code)	260	7.1.11	Financial authorizations for issuances reserved to employees and corporate officers (<i>mandataires sociaux</i>)	263
			7.1.12	Five-for-one stock split	264
			7.2	Text of the Draft Resolutions Proposed by the Board of Directors to the General Meeting of May 26, 2021	264

7.1 Presentation of the Resolutions Proposed by the Board of Directors to the General Meeting of May 26, 2021

7.1.1 Annual Financial Statements and Allocation of the Results

It is proposed to approve the annual financial statements of Dassault Systèmes SE (or the "Company" for the purposes of this Chapter 7 "General Meeting") for the year ended December 31, 2020, prepared on the basis of French accounting principles, as they have been presented in paragraph 4.2 "Parent company Financial Statements".

Dassault Systèmes SE has paid dividends every year since 1986. The decision to distribute dividends and their amount depends on the profits and the financial position of Dassault Systèmes SE as well as other factors. Dividends, which have been distributed but are not collected by a shareholder, revert to the French State at the end of the five-year period following the date of their payment.

Based on the financial statements and the management report of the Board of Directors included in this Annual Report, a profit of €412,948,808.25 was realized for the year ended December 31, 2020, which we propose that you allocate as follows:

• to the legal reserve	€54,911.80
• to a Special Reserve Account ⁽²⁾	€34,000.00
• for distribution to the 265,422,264 shares forming the share capital as of 02/28/2021 of a dividend of (€0.56 x 265,422,264 shares) ⁽³⁾	€148,636,467.84
• to retained earnings	€264,223,428.61
which, increased by the retained earnings from previous years of €2,466,992,838.93, brings the amount of retained earnings to	€2,731,216,267.54

(1) After allocation to the legal reserve and the Special Reserve Account, this profit increased by the retained earnings from previous years of €2,466,992,838.93 results in a distributable profit of €2,879,852,735.38.

(2) In compliance with Article 238 bis AB, paragraph 5, of the French General Tax Code.

(3) The aggregate amount of the dividend will be increased, based on the number of new shares created between March 1, 2021 and the date of the General Meeting of May 26, 2021, consecutively to the exercise of share subscription options, it being specified that the maximum number of shares which could be issued upon the exercise of subscription options is 4,224,592, i.e. a maximum supplementary dividend of €2,365,771.52.

Further new shares created by exercise of options until the date of the Annual General Meeting deciding on the allocation of profit related to the preceding year will receive the dividend distributed with respect to that year (see paragraphs 5.1.5 "Interests of Executive Management and Employees in the Share Capital of Dassault Systèmes SE" and 6.4 "Stock Market Information").

Therefore, it is proposed that the General Meeting of May 26, 2021 approves for the year 2020 the distribution of (i) a dividend of €0.56 per share comprising the share capital as of the date of this General Meeting, resulting – on the basis of the number of shares representing the share capital as of February 28, 2021 – in an aggregate amount of €148,636,467.84 and (ii) where applicable, an additional aggregate maximum amount of €2,365,771.52, which corresponds to the maximum number of new shares which could be issued between March 1, 2021 and the date of the General Meeting (i.e. 4,224,592 shares).

Shares will be traded ex-dividend as of May 28, 2021 and dividends will be made payable on June 1st, 2021.

On the date of payment, the amount of the dividend corresponding to (i) the treasury shares of Dassault Systèmes SE and (ii) the Dassault Systèmes shares held by SW Securities LLC, a company which is controlled by Dassault Systèmes, will be allocated to the "retained earnings", in accordance with the provisions of Article L. 225-210 of the French Commercial Code and the contractual provisions in force between SW Securities LLC and Dassault Systèmes SE.

In addition, prior to distribution of the dividend, the Board of Directors, or if so delegated, the Chief Executive Officer, will determine the number of additional shares issued as a result of the exercise of share subscription options between March 1 and the date of the General Meeting on May 26, 2021. The amount required for payment of dividends for shares issued during this period will be taken from "retained earnings".

The amount thus distributed to individual shareholders domiciled for tax purposes in France will, when appropriate, either be subject to the flat tax of 12.8% or, upon exercise of an individual option of the shareholders per year expressly, irrevocably and globally at their level, be taken into account for determining shareholders' total income subject to the progressive rate of income tax for the year during which

it was received (Article 200 A of the French Tax Code) after application of an uncapped deduction of 40% (as provided by Article 158-3-2 of the French Tax Code). The dividend may be subject to a non-discharging income tax withholding at a rate of 12.8% (as provided by Article 117 quater of the French Tax Code). The dividend will also be subject to social security contributions at the rate of 17.2%.

Pursuant to Article 243 bis of the French Tax Code, it is noted that dividends per share paid over the last three years have been as follows:

	2019	2018	2017
Dividend ⁽¹⁾ (in euros)	0.70	0.65	0.58
Number of shares eligible for dividends	260,681,320	259,679,976	259,243,696

(1) Dividends 100% eligible for the 40% deduction provided for in Article 158-3-2 of the French Tax Code.

7.1.2 Consolidated financial statements

In addition to the 2020 parent company annual financial statements, it is also proposed to approve the Dassault Systèmes consolidated financial statements for the year ended December 31, 2020, prepared in accordance with IFRS as described in paragraph 4.1.1 "Consolidated Financial Statements" of this Annual Report.

7.1.3 Related-party agreements

The following agreements, which were approved in accordance with Articles L. 225-38 et seq. of the French Commercial Code, were in effect during the year ended December 31, 2020. These are undertakings made by the Company in connection with its "Directors and Corporate Officers Liability Insurance Policy:

- to reimburse the cost of legal defense of directors in the event of their personal liability being sought and indemnify the directors for the financial implications of such liability and payment of the costs in relation with legal defense related thereto, to the extent they would not be covered by that insurance policy (approved by the Board of Directors' meeting held on July 24, 1996);
- to assume, under certain conditions, the cost of legal defense of Directors of Dassault Systèmes SE should they have to prepare their personal defense before a civil, criminal

or administrative court in the United States in connection with an inquiry or investigation conducted against Dassault Systèmes (approved by the Board of Directors' meeting held on September 23, 2003).

These agreements were reviewed by the Board of Directors at its meeting on March 18, 2021, in accordance with the provisions of Article L. 225-40-1 of the French Commercial Code.

The Statutory Auditors have prepared a special report pursuant to Articles L. 225-40 and L. 225-40-1 of the French Commercial Code, as set forth in paragraph 4.2.4 "Statutory Auditors' Report on Related Party Agreements and Commitments". The General Meeting has been requested to acknowledge this report which refers to no new agreements.

7.1.4 Compensation Elements Paid in 2020 or Granted with respect to 2020 to Mr. Charles Edelstenne, Chairman of the Board, and to Mr. Bernard Charlès, Vice-Chairman of the Board and Chief Executive Officer

Pursuant to the provisions of Article L. 22-10-34, II of the French Commercial Code, it is proposed that the General Meeting approves the compensation paid in 2020 or granted with respect to 2020 to Mr. Charles Edelstenne, Chairman of the Board of Directors, and Mr. Bernard Charlès, Vice-Chairman of the Board of Directors and Chief Executive Officer. These compensation elements are summarized in the tables below (see also paragraph 5.1 "The Board's corporate governance

report"). The payment of the Chief Executive Officer's variable compensation with respect to 2020 is subject to the General Meeting's approval of the compensation elements for 2020. Since the Chairman of the Board does not receive any variable or extraordinary compensation, this condition does not apply to him.

7.1.4.1 Compensation Elements Due or Granted with respect to 2020 to Mr. Charles Edelstenne, Chairman of the Board⁽¹⁾

Compensation granted with respect to 2020

Compensation elements	Amount (in euros)	Observations
Fixed compensation⁽²⁾	982,000	Gross fixed compensation for 2020 set by the Board of Directors on March 11, 2020, upon the proposal of the Compensation and Nomination Committee. This compensation was paid in 2020.
Annual variable compensation	N/A	Mr. Charles Edelstenne receives no annual variable compensation.
Deferred annual variable compensation	N/A	Mr. Charles Edelstenne receives no deferred annual variable compensation.
Multi-year variable compensation	N/A	Mr. Charles Edelstenne receives no multi-year variable compensation.
Compensation allocated to directors in respect of the directorship⁽³⁾	60,250	Gross compensation amount allocated to directors for 2020. This compensation was paid at the beginning of 2021.
Extraordinary compensation	N/A	Mr. Charles Edelstenne receives no extraordinary compensation.
Share subscription options and/or performance share awards	N/A	Mr. Charles Edelstenne does not hold any share subscription options and was not granted any performance shares.
Indemnity upon start or termination of function	N/A	Mr. Charles Edelstenne receives no indemnity upon start or termination of function.
Non-compete indemnity	N/A	Mr. Charles Edelstenne receives no non-compete indemnity.
Additional retirement plan	N/A	No additional retirement plan was implemented by Dassault Systèmes SE.
Benefits in kind⁽⁴⁾	145	This benefit in kind is linked to a mandatory supplemental medical coverage.

(1) All compensation paid by Dassault Systèmes to Mr. Charles Edelstenne is paid by Dassault Systèmes SE, a company incorporated under the laws of France.

(2) See also paragraph 5.1.3.1 "Compensation of the Chairman of the Board". In 2020, GIMD paid Mr. Charles Edelstenne gross compensation of €905,400 as Chairman of GIMD.

(3) See also paragraph 5.1.3.3 "Directors Compensation" on the conditions for distributing the annual budget allocated to Directors of Dassault Systèmes SE.

(4) In 2020, GIMD granted benefits in kind to Mr. Charles Edelstenne related to the use of a car in an amount of €10,326.

As a reminder:

Compensation granted with respect to 2019 and paid in 2020

Compensation elements	Amount (in euros)	Observations
Compensation allocated to directors in respect of the directorship	49,500	Gross compensation amount allocated to directors for 2019. This compensation was paid at the beginning of 2020.

7.1.4.2 Compensation Elements Due or Granted with respect to 2020 to Mr. Bernard Charlès, Vice-Chairman of the Board of Directors and Chief Executive Officer⁽¹⁾

Compensation granted with respect to 2020

Compensation elements	Amount (in euros)	Observations
Fixed compensation	1,390,000	Fixed gross compensation with respect to 2020 set by the Board of Directors on March 11, 2020 ⁽²⁾ , upon the proposal of the Compensation and Nomination Committee. This compensation was paid in 2020.
Annual variable compensation	1,600,000	Variable gross compensation with respect to 2020 actually earned and decided by the Board of Directors' meeting of March 18, 2021 ⁽²⁾ , upon the proposal of the Compensation and Nomination Committee. This compensation will be paid in 2021 subject to approval by the General Meeting of the compensation elements of Mr. Bernard Charlès, Vice-Chairman of the Board of Directors and Chief Executive Officer, for 2020.
Deferred annual variable compensation	N/A	Mr. Bernard Charlès receives no deferred annual variable compensation.
Multi-year variable compensation	N/A	Mr. Bernard Charlès receives no multi-year annual variable compensation.
Compensation allocated to directors in respect of the directorship⁽³⁾	40,250	Gross compensation amount allocated to directors for 2020. This compensation was paid at the beginning of 2021.
Extraordinary compensation	N/A	Mr. Bernard Charlès receives no extraordinary compensation.
Granting of share subscription options and/or performance share awards	17,526,600 ⁽⁴⁾	Mr. Bernard Charlès was granted 300,000 2020-B shares by the Board of Directors' meeting on May 26, 2020 (as part of the process of associating him with the Company's capital) ⁽⁵⁾⁽⁶⁾ .
Indemnity upon start or termination of function	N/A	Mr. Bernard Charlès receives under certain conditions an indemnity upon the termination of his functions, the amount of which would not exceed two years of compensation and would depend on the satisfaction of the performance conditions for the payment of his variable compensation. In accordance with Article L. 225-42-1 of the French Commercial Code then in force, this commitment on the part of Dassault Systèmes SE was authorized by the Board of Directors on March 15, 2018 and approved by the General Meeting on May 22, 2018 (6 th resolution) ⁽⁶⁾ .
Non-compete indemnity	N/A	Mr. Bernard Charlès receives no non-compete indemnity.
Additional retirement plan	N/A	No additional retirement plan was implemented.
Benefits in kind	15,577	These benefits in kind are linked to a mandatory supplemental medical coverage and use of a vehicle made available to Mr. Bernard Charlès by Dassault Systèmes SE.

(1) All compensation paid by the Company to Mr. Bernard Charlès is paid by Dassault Systèmes SE, an operating company incorporated under the laws of France.

(2) See also paragraphs 5.1.3.2 "Compensation of the Chief Executive Officer" and 5.1.4 Table 2 "Summary of the compensation of each Executive Officer".

(3) See also paragraph 5.1.3.3 "Directors Compensation" on the conditions for distributing the annual budget allocated to directors of Dassault Systèmes SE.

(4) Value based on the method chosen for the consolidated financial statements before the spreading of the expense and taking into account the performance criteria.

(5) Such shares are granted to Mr. Bernard Charlès as part of the gradual process of associating him with the Company's capital that began several years ago, with the aim of ultimately recognizing his entrepreneurial role for over 35 years with Dassault Systèmes and providing him with an equity interest comparable to that of founders of companies in the same sector, or more generally, of his peers in technology companies around the world.

(6) See also paragraph 5.1.3.2 "Compensation of the Chief Executive Officer".

As a reminder:

Compensation granted with respect to 2019 and paid in 2020

Compensation elements	Amount (in euros)	Observations
Annual variable compensation	1,556,800	Variable gross compensation with respect to 2019 actually earned and decided by the Board of Directors of March 11, 2020, upon the proposal of the Compensation and Nomination Committee. This compensation was paid in 2020 following approval by the General Meeting of the compensation elements of Mr. Bernard Charlès, Vice-Chairman of the Board of Directors and Chief Executive Officer, for 2019.
Compensation allocated to directors in respect of the directorship	33,000	Gross compensation amount allocated to directors for 2019. This compensation was paid at the beginning of 2020.

7.1.5 Information contained in the corporate governance report relating to the compensation of the Corporate Officers (*mandataires sociaux*) (Article L. 22-10-9, I of the French Commercial Code)

In accordance with the provisions of Article L. 22-10-34, I of the French Commercial Code, the following information is submitted for your approval:

Information referred to in Section I of Article L. 22-10-9 of the French Commercial Code.

Total compensation and benefits of any kind paid in 2020 or granted with respect to 2020 and the relative proportion of fixed and variable compensation	See paragraphs 5.1.4 and 5.1.5
Use of the option of requesting the repayment of variable compensation	N/A
Undertakings made by the Company in connection with the termination or change of office or subsequent to the performance of such office and the estimated amount liable to be paid on that basis	See paragraph 5.1.3.2, page 209
Any compensation paid or granted by a company within the scope of consolidation	N/A
"Equity" ratios	See paragraph 5.1.4, pages 211 and 212
Annual change in compensation, the Company's performance, average compensation on a full-time equivalent basis of the Company's employees (other than management) and "equity" ratios over the last five or more fiscal years	See paragraph 5.1.4, page 212
Explanation of how the total compensation reflects the compensation policy adopted, including how it contributes to the long-term performance of the Company, and how the performance criteria have been applied.	See paragraph 5.1.4 page 211
Taking into account the vote of the last Ordinary General Meeting provided for in Article L. 22-10-34, I of the French Commercial Code	N/A
Any deviation from the procedure for implementing the compensation policy and any derogation applied	N/A
Application of the provisions of the second paragraph of Article L. 225-45 of the French Commercial Code (irregular composition of the Board of Directors)	N/A

7.1.6 Compensation Policy for Corporate Officers

In accordance with the provisions of Articles L. 22-10-8, I and R. 22-10-14 of the French Commercial Code, the corporate governance report (see paragraph 5.1.3 “Compensation Policy for Corporate Officers”) describes the compensation policy for corporate officers set by the Board of Directors, submitted for your approval in accordance with Article L. 22-10-8, II of the French Commercial Code.

7.1.7 Reappointment of two directors

The terms of office of Ms. Odile Desforges and Mr. Soumitra Dutta are due to expire at the General Meeting on May 26, 2021.

It is proposed to re-elect them for a four-year term, i.e. until the General Meeting called to approve the financial statements for the year ending December 31, 2024.

The targets applicable to the Board’s composition, in particular in terms of diversity, and the full biographies of Ms. Odile Desforges and Mr. Soumitra Dutta can be found in paragraph 5.1.1.1 “Composition of the Board of Directors”.

The Board of Directors of Dassault Systèmes SE is currently made up of 50% of women and 50% of independent directors and each of the Board Committees has 100% of independent directors.

Ms. Odile Desforges has sound financial and accounting skills and significant experience in the automotive industry. As a member of the Audit Committee, she has a major role, her

skills and expertise in the manufacturing industry are also an asset for the Board.

Mr. Soumitra Dutta has a sound expertise in the field of technologies and innovation. Member of the Scientific Committee, which he chairs, and of the Compensation and Nomination Committee, his contributions are very useful to both Committees.

Ms. Odile Desforges and Mr. Soumitra Dutta are both independent directors.

If this proposal to renew their terms of office meets your approval, the Board of Directors would have 10 members, excluding directors representing employees, including 5 women and 5 independent directors. These proportions go beyond the legal requirements and recommendations of the AFEP-MEDEF Code⁽¹⁾.

7.1.8 Ratification of the appointment of a director on a temporary basis by the Board of Directors

Following the decision of Mr. Thibault de Tersant to resign from his office as Director, which he held since 1993 when he was Chief Financial Officer and then Executive Vice-President and Chief Financial Officer, the Board of Directors decided, at its meeting of July 22, 2020, in accordance with the recommendation of the Compensation and Nomination Committee, to appoint by co-option Mr. Pascal Daloz, Chief Operating Officer & Chief Financial Officer, as Director, for the remainder of Mr. Thibault de Tersant’s term of office.

The biography of Mr. Pascal Daloz can be found in paragraph 5.1.1.1 “Composition of the Board of Directors”.

It is proposed that the General Meeting ratifies the appointment of Mr. Pascal Daloz as Director for the remainder of Mr. Thibault de Tersant’s term of office, i.e. until the General Meeting called to approve the financial statements for the year ending December 31, 2021.

In addition to his financial insights as a continuation of the role previously played by Thibault de Tersant, Pascal Daloz brings to the Board of Directors an in-depth operational overview in his capacity as head of the Operations Executive Committee.

(1) As a reminder, the proportion of female representation and independent directors does not include the directors representing employees, in accordance with Articles 9.3 of the AFEP-MEDEF Code and Articles L. 225-27-1 and L. 22-10-7 of the French Commercial Code, respectively.

7.1.9 Authorization to Repurchase Shares of Dassault Systèmes

The authorization to repurchase shares of the Company granted to the Board of Directors at the General Meeting of May 26, 2020 will expire at the General Meeting called to approve the financial statements for the year ended December 31, 2020. Within the framework of this authorization, share buybacks were carried out in 2020 and in early 2021 (these transactions are described in paragraph 6.2.4 "Share Buyback Programs"). These buybacks were carried out for the purposes of covering the Company's obligations resulting from share grants, and maintaining an active market and providing liquidity for Dassault Systèmes shares. An active market is maintained by an investment services provider operating under a liquidity agreement between Dassault Systèmes SE and Oddo BHF SCA. This agreement was amended in 2019 to comply with the new requirements of Decision no. 2018-01 of July 2, 2018 of the Financial Markets Authority and was tacitly renewed for the 2021 fiscal year.

Additional share buybacks may be made until the date of the General Meeting and will be described in the Annual Report for the year ending on December 31, 2021.

It is proposed to reauthorize the Board of Directors to repurchase Dassault Systèmes shares, in accordance with Articles L. 22-10-62 et seq. of the French Commercial Code, within a limit of 5 million shares (subject to potential adjustment to take into account a five-for-one stock split of the Dassault Systèmes' shares), i.e. approximately 1.88% of the share capital as of February 28, 2021, within the limits set by the applicable regulations. The maximum amount of funds dedicated to the repurchase of Dassault Systèmes shares may not exceed €800 million.

Should you approve this proposal, the authorization will be valid until the Annual General Meeting approving the financial statements for the year ending December 31, 2021.

This authorization to buy back shares may be used for the following purposes:

- 1) cancel shares for the purpose of increasing the profitability of shareholders' equity and earnings per share, subject to adoption by the Extraordinary General Meeting of the resolution permitting shares to be canceled;
- 2) meet obligations related to stock option grants or other allocations of shares to employees or corporate officers of Dassault Systèmes SE or of an affiliated company;
- 3) provide shares upon exercise of rights attached to securities giving right to shares of Dassault Systèmes SE;
- 4) animate the market or provide liquidity for Dassault Systèmes shares through the intermediary of an investment services provider by means of a liquidity contract complying with the Financial Markets Authority (AMF)'s accepted market practice;
- 5) implement any stock-exchange market practice which may be accepted by law or by the Financial Markets Authority (AMF);
- 6) deliver shares in the context of external growth transactions, in particular through mergers, demerger, partial demerger or contributions in kind.

The acquisition, sale, transfer or exchange of such shares may be completed at any time in accordance with the applicable legal provisions and regulations except during a tender offer period.

The share buyback program is described in paragraph 6.2.4 "Share Buyback Programs" of this Annual Report, where all relevant information is presented.

In light of the possible cancellation of the repurchased shares, we propose that you also authorize the Board of Directors to cancel, as the case may be, for the same period, all or a portion of the shares which it has repurchased and to reduce in a corresponding amount the share capital, within a limit of 5% of its amount per 24-month period.

7.1.10 Delegations of authority and powers to increase the share capital

The delegations of authority and powers to increase the share capital granted to the Board of Directors by the General Meeting of May 23, 2019 are due to expire in July 2021. It is therefore proposed to the General Meeting to reauthorize the Board of Directors to increase the share capital for a period of 26 months, in order to enable the Board of Directors, at any time, to select among a wide range of securities giving access to the share capital or debt securities of the Company, with or without preferential subscription rights for shareholders,

through a public offering, the most appropriate financing for the Group's development, taking into account the market conditions at the time of the contemplated transaction.

It is also proposed to renew the delegation of authority granted to the Board of Directors to increase the share capital by incorporation of reserves, profits or premiums, as well as the delegation of powers to increase the share capital to remunerate contributions in kind of shares or equity-linked securities.

The resolutions submitted for this purpose will replace those adopted by the General Shareholders' Meeting of May 23, 2019, which the Board of Directors has not used as of the date of preparation of this Annual Report (see paragraph 5.1.7.2 "Table summarizing the current delegations granted by the General Meeting in respect of capital increases").

Should you approve these resolutions, the Board of Directors will have the opportunity to:

- carry out capital increases with or without preferential subscription rights for shareholders (in particular by using the option offered by law to launch a public offering only for portfolio managers or qualified investors) up to a maximum nominal amount of €12 million and, for debt securities giving access to the share capital, up to a maximum nominal amount of €1 billion;
- carry out capital increases by incorporation of reserves, profits or premiums up to a maximum nominal amount of €12 million;
- increase the share capital to remunerate contributions in kind of shares or equity-linked securities up to a limit of 10% of the share capital and the same maximum nominal amount of €12 million.

The Board of Directors would not be able to use these delegations in case of a tender offer on the Company's shares.

The overall cap of €12 million will count towards the overall nominal amount for capital increases that may be carried out and provided for in (i) resolutions 14 to 19, 21 and 22 submitted to the General Meeting on May 26, 2021 and (ii) resolutions 17 to 22 approved by the General Meeting of May 26, 2020 (Delegations for mergers, demergers and partial demergers, see paragraph 7.1.12 of the 2019 Annual Report).

7.1.11 Financial authorizations for issuances reserved to employees and corporate officers (*mandataires sociaux*)

The compensation policy implemented by Dassault Systèmes must serve the ability to attract, to motivate and to retain key employees and executives with the diversity of talents and the high level of skills required for the Company's various activities, the competition in the labor market for such employees being intense.

The members of the Executive team and key employees of Dassault Systèmes may be granted long-term incentives notably through grants of Dassault Systèmes performance shares or share subscription options (see paragraph 5.1.5. "Interests of Executive Management and Employees in the Share Capital of Dassault Systèmes SE").

Performance shares

It is proposed to renew the authorization to grant performance shares to employees or corporate officers (*mandataires sociaux*) of Dassault Systèmes, granted to the Board of Directors by the General Meeting of May 22, 2018 and which will expire in 2021.

This new authorization would cancel, as from May 26, 2021 and for the yet unused portion, the authorization granted to the Board of Directors by the General Meeting of May 22, 2018 (17th resolution).

This authorization would be granted for a period of two years.

The total number of free shares granted under this authorization may not exceed 1.5% of the Company's share capital, at the date of the grant by the Board of Directors.

In accordance with AFEP-MEDEF's Corporate Governance Code for listed companies, and the recommendation from the Compensation and Nomination Committee, it is proposed that the number of shares that may be granted to corporate officers (*dirigeants mandataires sociaux*) within the meaning of this Code be limited to 35% of the so authorized overall amount.

All share grants, including performance shares grants to the Chief Executive Officer as part of the process of associating him with the Company's capital, would be subject to a continued employment condition, no share may be vested if the continued employment condition is not met, and to a strict performance condition, assessed over an average period of 3 years.

The performance condition would be a growth rate of the Company's net earnings per share, defined by the Board of Directors, consistent with the growth rate included in the multi annuals objectives published by the Company and reminded in paragraph 3.2 "Financial Objectives" of the Annual Report. For some beneficiaries, the performance condition would alternatively or cumulatively be based on a specific target to their brand, if appropriate.

No performance share may therefore be vested below a certain level of achievement, defined by the Board of Directors, usually set at 80%, of the performance condition.

Information relating to the use by the Board of Directors of the authorization granted by the General Meeting of May 22, 2018 can be found in paragraph 5.1.5 "Interests of executive management and employees in the share capital of Dassault Systèmes SE".

Capital increase for members of corporate savings plans

Furthermore, in accordance with law, it is proposed that the Board of Directors be authorized to increase the share capital reserved for employees of Dassault Systèmes SE and/or its affiliated companies who are members of a corporate savings plan.

This new authorization would cancel and replace the authorization granted by the General Meeting on May 26, 2020.

It is also proposed to authorize the Board of Directors to increase the Company's share capital for the benefit of a category of beneficiaries in connection with the implementation of employee shareholding operations in order to facilitate their structuring in certain countries outside of France.

The maximum nominal global amount of the capital increases that may be carried out under these authorizations would be €1.5 million.

7.1.12 Five-for-one stock split

Given the increase in the Dassault Systèmes share price from €73.77 on December 31, 2015 to €166.15 on December 31, 2020 (i.e. an increase of 125%) and to improve the market liquidity of the share and continue to diversify its shareholder base, it is proposed to the General Meeting to vote on the five for one stock split from €0.50 to €0.10 per share. As a result, the number of shares will be multiplied by five. Your Board

of Directors will set the date on which the reduction of the par value will take effect, which will be within 12 months following the date of this General Meeting. This reduction will have no impact on the double voting rights attached to shares that have been held in registered form for at least two years (pursuant to Article 29 of the by laws).

7.2 Text of the Draft Resolutions Proposed by the Board of Directors to the General Meeting of May 26, 2021

Ordinary General Meeting

I First resolution

Approval of the parent company annual financial statements

The General Meeting, after the reading of the management report of the Board of Directors and the report of the Statutory Auditors, in addition to the explanations made orally, hereby approves the report of the Board of Directors and the parent company annual financial statements for the year ended December 31, 2020, as they have been presented.

The General Meeting consequently approves any transactions disclosed in these financial statements or summarized in these reports.

I Second resolution

Approval of the consolidated financial statements

The General Meeting, after the reading of the report of the Board of Directors with respect to management of Dassault Systèmes included in the management report and the report related to the consolidated financial statements of the Statutory Auditors, in addition to the explanations made orally, hereby approves in all respects the report of the Board of Directors and the consolidated financial statements for the year ended December 31, 2020, as they have been presented.

The General Meeting consequently approves any transactions disclosed by such consolidated financial statements or summarized in such reports.

I Third resolution

Allocation of the results

The General Meeting, upon the proposal of the Board of Directors, hereby resolves to allocate the profit of the year amounting to €412,948,808.25⁽¹⁾ as follows:

• to the legal reserve	€54,911.80
• to a special reserve account ⁽²⁾	€34,000.00
• for distribution to the 265,422,264 shares forming the share capital as of 02/28/2021 of a dividend of (€0.56 x 265,422,264 shares) ⁽³⁾	€148,636,467.84
• to retained earnings	€264,223,428.61
which, increased by the retained earnings from previous years of €2,466,992,838.93, brings the amount of retained earnings to	€2,731,216,267.54

(1) After allocation to the legal reserve and the special reserve account, this profit increased by the retained earnings from previous years of €2,466,992,838.93 results in a distributable profit of €2,879,852,735.38.

(2) In compliance with Article 238 bis AB, paragraph 5, of the French General Tax Code.

(3) The aggregate amount of the dividend will be increased, based on the number of new shares created between March 1, 2021 and the date of this General Meeting, consecutively to the exercise of share subscription options, it being specified that the maximum number of shares which could be issued upon the exercise of subscription options is 4,224,592, i.e. a maximum supplementary dividend of €2,365,771.52.

Shares will be traded ex-dividend as of May 28, 2021 and dividends will be made payable on June 1st, 2021.

On the date of payment, the amount of the dividend corresponding to (i) the treasury shares of Dassault Systèmes SE and (ii) the Dassault Systèmes shares held by SW Securities LLC, a company which is controlled by Dassault Systèmes, will be allocated to the "retained earnings", in accordance with the provisions of Article L. 225-210 of the French Commercial Code and the contractual provisions in force between SW Securities LLC and Dassault Systèmes SE.

In addition, prior to distribution of the dividend, the Board of Directors, or if so delegated, the Chief Executive Officer will determine the number of additional shares issued as a result of the exercise of share subscription options between March 1, 2021 and the date of this General Meeting. The amount required for payment of dividends for shares issued during this period will be taken from the "retained earnings".

The amount thus distributed to individual shareholders domiciled for tax purposes in France will, when appropriate, either be subject to the flat tax of 12.8%, or, upon exercise of an individual option of the shareholders per year expressly, irrevocably and globally at their level, be taken into account for determining shareholders' total income subject to the progressive rate of income tax for the year during which it was received (article 200A of the French Tax Code) after application of an uncapped deduction of 40% (as provided by Article 158-3-2 of the French Tax Code). The dividend may be subject to a non-discharging income tax withholding at a rate of 12.8% (as provided by Article 117 quater of the French Tax Code). The dividend will also be subject to social security contributions at the rate of 17.2%.

Pursuant to Article 243 bis of the French Tax Code, it is noted that dividends per share paid over the last three years have been as follows:

	2019	2018	2017
Dividend ⁽¹⁾ (in euros)	0.70	0.65	0.58
Number of shares eligible for dividends	260,681,320	259,679,976	259,243,696

(1) Dividends 100% eligible for the 40% deduction provided for in Article 158-3-2 of the French Tax Code.

I Fourth resolution

Related-party agreements

The General Meeting, having reviewed the special report of the Statutory Auditors on the agreements governed by Articles L. 225-38 et seq. of the French Commercial Code, acknowledges the report, which does not include any new agreements.

I Fifth resolution

Compensation Policy for corporate officers (mandataires sociaux)

The General Meeting, having reviewed the report drawn up in accordance with Articles L. 225-37 and L. 22-10-8 of the French Commercial Code, approves the compensation policy for corporate officers (*mandataires sociaux*) set by the Board of Directors and contained in paragraph 5.1.3 "Compensation Policy for Corporate Officers" of Chapter 5 "Corporate Governance" of the Annual Report for 2020.

I Sixth resolution

Compensation elements paid in 2020 or granted with respect to 2020 to Mr. Charles Edelstenne, Chairman of the Board of Directors

The General Meeting, having reviewed the report drawn up in accordance with Articles L. 225-37 and L. 22-10-9 of the French Commercial Code, approves the compensation elements paid in 2020 or granted with respect to 2020 to Mr. Charles Edelstenne, Chairman of the Board of Directors, as indicated in paragraph 5.1.4 "Summary of the Compensation and Benefits due to Corporate Officers (*mandataires sociaux*)" of Chapter 5 "Corporate Governance" of the Annual Report for 2020.

I Seventh resolution

Compensation elements paid in 2020 or granted with respect to 2020 to Mr. Bernard Charlès, Vice-Chairman of the Board of Directors and Chief Executive Officer

The General Meeting, having reviewed the report drawn up in accordance with Articles L. 225-37 and L. 22-10-9 of the French Commercial Code, approves the compensation elements paid in 2020 or granted with respect to 2020 to Mr. Bernard Charlès, Vice-Chairman of the Board of Directors and Chief Executive Officer, as indicated in paragraph 5.1.4 "Summary of the Compensation and Benefits due to Corporate Officers (*mandataires sociaux*)" of Chapter 5 "Corporate Governance" of the Annual Report for 2020.

I Eighth resolution

Approval of the information contained in the corporate governance report and relating to the compensation of the corporate officers (mandataires sociaux) (Article L. 22-10-9 of the French Commercial Code)

The General Meeting, having reviewed the report drawn up in accordance with Articles L. 225-37 and L. 22-10-9 of the French Commercial Code, approves the information of the corporate governance report on the compensation of the corporate officers (*mandataires sociaux*) mentioned in Article L. 22-10-9, I of the French Commercial Code and contained in paragraphs 5.1.4 "Summary of the Compensation and Benefits due to Corporate Officers (*mandataires sociaux*)" and 5.1.3.2 "Compensation of the Chief Executive Officer" of Chapter 5 "Corporate Governance" of the Annual Report for 2020.

I Ninth resolution

Reappointment of Ms. Odile Desforges

The General Meeting notes that Ms. Odile Desforges's term as director expires at this General Meeting and re-appoints her for a four-year period. This term of office will expire at the General Meeting approving the financial statements for the year ending December 31, 2024.

I Tenth resolution

Reappointment of Mr. Soumitra Dutta

The General Meeting notes that Mr. Soumitra Dutta's term as director expires at this General Meeting and re-appoints him for a four-year period. This term of office will expire at the General Meeting approving the financial statements for the year ending December 31, 2024.

I Eleventh resolution

Ratification of the appointment of Mr. Pascal Daloz as a director on a temporary basis by the Board of Directors

The General Meeting ratifies the appointment of Mr. Pascal Daloz, decided by the Board of Directors, at its meeting of July 22, 2020, as director, on a temporary basis, to replace Mr. Thibault de Tersant who resigned, for the remainder of his term of office, i.e. until the General Meeting called to approve financial statements for the year ending December 31, 2021.

I Twelfth resolution

Authorization to repurchase Dassault Systèmes shares

The General Meeting, having reviewed the report of the Board of Directors, authorizes the Board of Directors to purchase a maximum of 5 million Dassault Systèmes shares (subject to potential adjustment to take into account a five-for-one stock split of the Dassault Systèmes' shares), in accordance with the terms and conditions stipulated in Articles L. 22-10-62 et seq. of the French Commercial Code, Articles 241-1 et seq. of the Financial Markets Authority (AMF) General Regulation, Regulation (EU) no. 596/2014 of April 16, 2014 on market abuse ("MAR Regulation"), and Commission Delegated Regulation (EU) no. 2016/1052 of March 8, 2016 supplementing Regulation (EU) no. 596/2014.

This authorization may be used by the Board of Directors for the following purposes:

- 1) cancel shares for the purpose of increasing the profitability of shareholders' equity and earnings per share, subject to adoption by the Extraordinary General Meeting of the resolution permitting shares to be canceled;
- 2) meet obligations related to stock option grants or other allocations of shares to employees or corporate officers (*mandataires sociaux*) of Dassault Systèmes or of an affiliated company;
- 3) provide shares upon exercise of rights attached to securities giving right to shares of Dassault Systèmes;
- 4) animate the market or provide liquidity for Dassault Systèmes shares through the intermediary of an investment services provider by means of a liquidity contract complying with the Financial Markets Authority (AMF)'s accepted market practice;
- 5) implement any stock-exchange market practice which may be accepted by law or by the Financial Markets Authority (AMF);
- 6) deliver shares in the context of external growth transactions, in particular through mergers, demerger, partial demerger or contributions in kind.

The acquisition, sale, transfer or exchange of such shares may be effected by any means allowed on the market (whether or not the market is regulated), multilateral trade facilities (MTF)

or through a systematic internalizer or over-the counter, in particular acquisition of blocks.

The acquisition, sale, transfer or exchange of such shares may be completed at any time in accordance with the applicable legal provisions and regulations except during a tender offer period.

The maximum amount of funds dedicated to the repurchase of Company shares may not exceed €800 million, this condition being cumulative with the cap of 5 million Dassault Systèmes shares (subject to potential adjustment to take into account a five-for-one stock split of the Dassault Systèmes' shares).

This authorization can be used by the Board of Directors for all the treasury shares held by Dassault Systèmes.

This authorization will be valid commencing on the date of this General Meeting until the Annual Ordinary General Meeting approving the financial statements for the year ending December 31, 2021. The General Meeting hereby grants any and all powers to the Board of Directors with option of delegation when legally authorized, to place any stock orders or orders outside the market, enter into any agreements, prepare any documents including information documents, determine terms and conditions of Company transactions on the market, as well as terms and conditions for purchase and sale of shares, file any declarations, including those required by the Financial Markets Authority (AMF), accomplish any formalities, and more generally, carry out any necessary measures to complete such transactions.

The General Meeting also grants any and all powers to the Board of Directors, in case that the Law or the Financial Markets Authority (AMF) appears to extend or to complete the authorized objectives concerning the share buyback program, in order to inform the public, pursuant to applicable regulations and laws, about the potential changes of the program concerning the modified objectives.

In accordance with the provisions of Articles L. 225-211 and R. 225-160 of the French Commercial Code, the Company or the intermediary in charge of securities administration for the Company shall keep registers which record purchases and sales of shares pursuant to this program.

This authorization replaces and supersedes the previous share buyback program authorized by the Combined General Shareholders' Meeting of May 26, 2020, in its twelfth resolution.

Extraordinary General Meeting

I Thirteenth resolution

Authorization granted to the Board of Directors to reduce the share capital by cancellation of previously repurchased shares in the framework of the share buyback program

The General Meeting, after review of the report of the Board of Directors and the special report of the Statutory Auditors, hereby authorizes the Board of Directors, pursuant to the provisions of Article L. 22-10-62 of the French Commercial Code, to:

- reduce the share capital by canceling, in one or more transactions, some or all of the shares repurchased by the Company under its share buyback program, subject to a limit of 5% of the share capital in each 24-month period;
- deduct the difference between the repurchase value of the canceled shares and their nominal value from available premiums and reserves.

The General Meeting hereby gives, more generally, any and all powers to the Board of Directors to set the terms and conditions of such share capital reduction(s), record the completion of the share capital reduction(s) made pursuant to the cancellation transactions authorized by this resolution, amend the by-laws of the Company as may be necessary, file any declaration with the Financial Markets Authority (AMF) or other institutions, accomplish any formalities and more generally take any necessary measures for the purposes of completing this transaction.

This authorization is granted to the Board of Directors for a period ending at the end of the General Meeting called to approve the financial statements for the year ending December 31, 2021.

I Fourteenth resolution

Delegation of authority granted to the Board of Directors to increase the share capital by issuing shares or equity securities giving access to other equity securities of the Company or giving entitlement to the allocation of debt securities and to issue securities giving access to the Company's equity securities to be issued, with preferential subscription rights for shareholders

The General Meeting, after review of the report of the Board of Directors and the special report of the Statutory Auditors:

- 1) delegates to the Board of Directors, pursuant to the provisions of Articles L. 225-129 to L. 225-129-6, L. 22-10-49, L. 22-10-51, L. 228-91 and L. 228-92 of the French Commercial Code, its authority to issue, on one or several occasions, at the time or times and in the proportions it shall deem fit, both in France or abroad, ordinary shares and/or equity securities giving access to other equity securities or giving entitlement to the allocation of debt securities and/or any other securities

giving access to equity securities of the Company to be issued, it being specified that the Board of Directors may delegate to the Chief Executive Officer, or in agreement with the latter, to one or more Deputy Chief Executive Officers, under the conditions permitted by law, all the powers necessary to decide on a capital increase;

- 2) resolves that any issue of preference shares and securities giving access to preference shares is excluded;
- 3) resolves that the maximum nominal amount of the capital increases that may be performed immediately or in the future under the present authorization cannot exceed €12 million, it being specified that this overall cap is fixed not taking into account the nominal amount of the shares to be issued to preserve the rights of holders of securities or other rights giving access to the Company's share capital, in accordance with the applicable legal and regulatory provisions and, where applicable, the contractual provisions allowing other adjustments;
- 4) also resolves that the nominal amount of the securities representing the Company's debt securities, which may be issued pursuant to this delegation, may not exceed €1 billion or the equivalent value of this amount in foreign currency or in accounting units calculated by reference to several currencies;
- 5) resolves that shareholders may exercise, under the conditions provided for by law, their preferential subscription rights to shares, equity securities and other securities issued under this resolution;
- 6) resolves that if the subscriptions on an irrevocable basis (*à titre irréductible*) and, where applicable, on a revocable basis (*à titre réductible*), have not absorbed the entire shares, equity securities or other securities issue, the Board of Directors may offer to the public all or part of the unsubscribed shares;
- 7) notes that this delegation will act automatically as a waiver by shareholders, to the benefit of the holders of securities giving access to the Company's capital that may be issued, of their preferential subscription rights to equity securities to which these securities may create a right;
- 8) resolves that the amount due to the Company immediately or in the future for each of the shares issued under this delegation must be at least equal to the par value of the shares on the issuance date;
- 9) resolves that the Board of Directors may, if it sees fit, charge any expenses to the share premium(s), in particular expenses, duties and fees involved in the completion of these issuances, and if necessary, deduct from the amount, the sums required to increase the legal reserve to one-tenth of the new share capital after each issuance;

- 10)** resolves that the Board of Directors may not, unless approved by the General Meeting, use this authorization as from the submission of a tender offer on the Company's shares by a third party and until the end of the tender offer period;
- 11)** resolves that this delegation cancels the delegation of the same nature granted by the Combined General Shareholders' Meeting of May 23, 2019 in its thirteenth resolution.

The authorization thus granted to the Board of Directors is valid for twenty-six months from the date of this General Meeting.

I Fifteenth resolution

Delegation of authority granted to the Board of Directors to increase the share capital by issuing shares or equity securities giving access to other equity securities of the Company or giving entitlement to the allocation of debt securities and to issue securities giving access to equity securities to be issued, without preferential subscription rights for shareholders and by way of a public offering other than those referred to in Article L. 411-2 1° of the French Monetary and Financial Code

The General Meeting, after review of the report of the Board of Directors and the special report of the Statutory Auditors:

- 1)** delegates to the Board of Directors, pursuant to the provisions of Articles L. 225-129 to L. 225-129-6, L. 225-135, L. 225-136, L. 22-10-49, L. 22-10-51, L. 22-10-52, L. 22-10-54 and L. 228-91 to L. 228-94 of the French Commercial Code, its authority to decide, through a public offering other than those referred to in paragraph 1° of Article L. 411-2 of the French Monetary and Financial Code or, where applicable, subject to the approval of a specific resolution for this purpose by the General Meeting, through a public offering referred to in paragraph 1° of Article L. 411-2 of the French Monetary and Financial Code, on one or several occasions, at the time or times and in the proportions it shall deem fit, both in France and abroad:
 - a)** the issuance of shares and/or equity securities giving access to other equity securities or giving entitlement to the allocation of debt securities of the Company and/or any other securities giving access to equity securities of the Company to be issued,
 - b)** the issuance of shares and/or equity securities giving access to other equity securities or giving entitlement to the allocation of debt securities of the Company and/or any other securities giving access to equity securities of the Company to be issued, following the issuance by companies in which the Company directly or indirectly holds more than half of the share capital, of any equity securities or securities giving access to equity securities of the Company to be issued,
 - c)** the issuance by the Company of shares and/or equity securities and/or securities giving access to equity securities to be issued from a company in which it directly or indirectly holds more than half of the share capital,
 - d)** the issuance by the Company of securities giving access to existing equity securities or giving entitlement to the allocation of debt securities of another company in which the Company does not directly or indirectly own more than half of the share capital.
- The Board of Directors can delegate to the Chief Executive Officer, or in agreement with the latter, to one or several Deputy Chief Executive Officers, in accordance with the applicable law, all the powers required to decide upon capital increases.
- This decision will act automatically as a waiver by Company shareholders, to the benefit of the holders of securities that may be issued by subsidiaries, of their preferential subscription rights to equity securities to which these securities may create a right;
- 2)** resolves that the maximum nominal amount of the capital increases that may be performed immediately or in the future under the present authorization cannot exceed €12 million, it being specified that this cap is fixed not taking into account the nominal amount of the shares to be issued to preserve the rights of holders of securities or other rights giving access to the Company's share capital, in accordance with the applicable legal and regulatory provisions and, where applicable, the contractual provisions allowing other adjustments;
 - 3)** resolves that the maximum nominal amount that may be issued under this resolution will count towards the overall nominal amount for capital increases of €12 million set in the fourteenth resolution of this General Meeting;
 - 4)** resolves that any issue of preference shares and securities giving access to preference shares is excluded;
 - 5)** resolves that this capital increase may result from the exercise of an allocation right resulting from any securities issued by any company in which the Company holds, directly or indirectly, more than half of the share capital and with the agreement of the latter;
 - 6)** also resolves that the nominal amount of the debt securities that may be issued under this delegation may not exceed €1 billion or the equivalent value of this amount in foreign currency or in accounting units calculated by reference to several currencies, and will be deducted from the €1 billion cap set under the fourteenth resolution of this Meeting;
 - 7)** resolves to cancel shareholders' preferential subscription rights to shares, equity securities and other securities to be issued, it being understood that the Board of Directors may grant shareholders a priority subscription period for all or part of the issue, during the period and under the conditions that it will set, in accordance with the provisions of Article L. 22-10-51 of the French Commercial Code, this subscription period does not give rise to the creation of negotiable rights;

- 8) notes that this delegation will act automatically as a waiver by shareholders, to the benefit of the holders of securities giving access to the Company's capital that may be issued, of their preferential subscription rights to equity securities to which these securities may create a right;
- 9) resolves that the amount due to the Company immediately or in future for each of the shares issued or to be issued under this delegation will be at least equal to the minimum value set by the regulations applicable at the time this delegation is used, i.e. currently the weighted average of the Company's share price on the regulated market of Euronext Paris in the last three trading days preceding the start of the public offering, within the meaning of Regulation (EU) 2017/1129 of June 14, 2017, less, as the case may be, a maximum discount of 10% and after correction, if applicable, to take into account the different vesting dates;
- 10) resolves that the Board of Directors may use this delegation, in part or in full, to remunerate securities contributed to a public exchange offer initiated by the Company, within the limits and under the conditions provided for by Article L. 22-10-54 of the French Commercial Code;
- 11) resolves that the Board of Directors may, if it sees fit, charge any expenses to the share premium(s), in particular expenses, duties and fees involved in the completion of these issuances, and if necessary, deduct from the amount, the sums required to increase the legal reserve to one-tenth of the new share capital after each issuance;
- 12) resolves that the Board of Directors may not, unless approved by the General Meeting, use this authorization as from the submission of a tender offer on the Company's shares by a third party and until the end of the tender offer period.
- 13) resolves that this delegation cancels the delegation of the same nature granted by the Combined General Shareholders' Meeting of May 23, 2019 in its fourteenth resolution.

The authorization thus granted to the Board of Directors is valid for twenty-six months from the date of this General Meeting.

I Sixteenth resolution

Delegation of authority granted to the Board of Directors to increase the share capital by issuing shares or equity securities giving access to other equity securities or giving entitlement to the allocation of debt securities and to issue securities giving access to equity securities to be issued, without preferential subscription rights for shareholders, under a public offering referred to in Article L. 411-2 1° of the French Monetary and Financial Code

The General Meeting, after review of the report of the Board of Directors and the special report of the Statutory Auditors:

- 1) delegates to the Board of Directors, pursuant to the provisions of Articles L. 225-136 and L. 22-10-52 of the French Commercial Code, its authority to decide, within the framework and under the conditions set by the fifteenth resolution of this General Meeting, on the issuance of equity securities or debt securities, through a public offering referred to in paragraph 1° of Article L. 411-2 of the French Monetary and Financial Code;
- 2) resolves that the maximum nominal amount of capital increases that may be carried out, immediately or in the future under this delegation, will count towards the overall nominal amount for capital increases of €12 million set in the fourteenth resolution of this General Meeting;
- 3) resolves that the Board of Directors may not, unless approved by the General Meeting, use this authorization as from the submission of a tender offer on the Company's shares by a third party and until the end of the tender offer period;
- 4) resolves that this delegation cancels the delegation of the same nature granted by the Combined General Shareholders' Meeting of May 23, 2019 in its fifteenth resolution.

The authorization thus granted to the Board of Directors is valid for twenty-six months from the date of this General Meeting.

I Seventeenth resolution

Delegation of authority granted to the Board of Directors to increase the number of securities to be issued in the event of a share capital increase with or without preferential subscription rights

The General Meeting, after review of the report of the Board of Directors:

- 1) delegates to the Board of Directors, pursuant to the provisions of Article L. 225-135-1 of the French Commercial Code, its authority to increase the number of securities to be issued for each issuance with or without preferential subscription rights decided pursuant to the fourteenth, fifteenth and sixteenth resolutions of this Meeting, within thirty days following the end of the subscription, up to a limit of 15% of the initial issuance and at the same price as that used for the initial issuance;
- 2) resolves that the maximum nominal amount that may be issued under this delegation will count towards the overall nominal amount for capital increases of €12 million set in the fourteenth resolution of this General Meeting;
- 3) resolves that the Board of Directors may, if it sees fit, charge any expenses to the share premium(s), in particular expenses, duties and fees involved in the completion of these issuances, and if necessary, deduct from the amount, the sums required to increase the legal reserve to one-tenth of the new share capital after each issuance;
- 4) resolves that the Board of Directors may not, unless approved by the General Meeting, use this authorization as from the submission of a tender offer on the Company's shares by a third party and until the end of the tender offer period;
- 5) resolves that this delegation cancels the delegation of the same nature granted by the Combined General Shareholders' Meeting of May 23, 2019 in its sixteenth resolution.

The authorization thus granted to the Board of Directors is valid for twenty-six months from the date of this General Meeting.

I Eighteenth resolution

Delegation of authority granted to the Board of Directors to increase the share capital by incorporation of reserves, profits or premiums

The General Meeting, deliberating in accordance with the quorum and majority conditions required for Ordinary General Meetings, pursuant to the provisions of Articles L. 225-130 and L. 22-10-50 of the French Commercial Code, and having reviewed the report of the Board of Directors:

- 1) delegates to the Board of Directors its authority to increase the share capital, on one or several occasions, at

the time or times and in the proportions it shall deem fit, by incorporation of reserves, profits or premiums, or any other amounts whose incorporation is permitted, or by combining such a capital increase to a capital increase in cash carried out under the fourteenth, fifteenth, sixteenth and seventeenth resolutions of this Meeting, through the issuance and the grant of free shares or by increasing the par value of existing shares, or ultimately combining both transactions, it being specified that the Board of Directors may delegate to the Chief Executive Officer, or in agreement with the latter, to one or more Deputy Chief Executive Officers, under the conditions permitted by law, all the powers necessary to decide on a capital increase;

- 2) resolves that the maximum nominal amount of the capital increases that may be performed under the present authorization cannot exceed €12 million, it being specified that this overall cap is fixed not taking into account the nominal amount of the shares to be issued to preserve the rights of holders of securities or other rights giving access to the Company's share capital, in accordance with the applicable legal and regulatory provisions and, where applicable, the contractual provisions allowing other adjustments;
- 3) resolves that this maximum nominal amount will count towards the overall nominal amount for capital increases that may be carried out under the fourteenth resolution of this General Meeting;
- 4) resolves that rights forming odd lots shall not be negotiable and that the corresponding shares shall be sold. The amounts resulting from the sale will be allocated to the holders of such rights no later than 30 days after the date of registration of the number of whole shares allocated to their account;
- 5) resolves that the Board of Directors may, if it sees fit, charge any expenses to the share premium(s), in particular expenses, duties and fees involved in the completion of these issuances, and if necessary, deduct from the amount, the sums required to increase the legal reserve to one-tenth of the new share capital after each issuance;
- 6) resolves that the Board of Directors may not, unless approved by the General Meeting, use this authorization as from the submission of a tender offer on the Company's shares by a third party and until the end of the tender offer period;
- 7) resolves that this delegation cancels the delegation of the same nature granted by the Combined General Shareholders' Meeting of May 23, 2019 in its seventeenth resolution.

The authorization thus granted to the Board of Directors is valid for twenty-six months from the date of this General Meeting.

I Nineteenth resolution

Delegation of powers granted to the Board of Directors to increase the share capital by issuing shares or equity securities giving access to other equity securities or giving entitlement to the allocation of debt securities as well as to the securities giving access to equity securities to be issued, up to a maximum of 10%, to remunerate contributions in kind of shares or equity-linked securities

The General Meeting, after review of the report of the Board of Directors and the special report of the Statutory Auditors:

- 1) delegates to the Board of Directors, pursuant to the provisions of Article L. 22-10-53 of the French Commercial Code, the powers necessary to increase the share capital by issuing shares and/or equity securities giving access to other equity securities or securities giving entitlement to the allocation of debt securities of the Company and/or securities giving access to equity securities to be issued by the Company, up to a maximum of 10% of the share capital, based on the report by the Statutory Auditor(s) (*Commissaire(s) aux apports*), to remunerate contributions in kind granted to the Company and made up of equity securities or securities giving access to the share capital, where the provisions of Article L. 22-10-54 of the French Commercial Code are not applicable;
- 2) resolves that the Board of Directors will have full powers to implement this delegation, in particular to determine all the terms and conditions of the authorized transactions and, in particular, to evaluate the contributions and the granting, where applicable, of specific benefits, to set the number of securities to be issued to remunerate the contributions, and the dividend bearing date of the securities to be issued, to charge, if necessary, any expense against the contribution premium(s), and in particular that of the costs, resulting from the completion of the issuances, to record the completion of the capital increase and amend the by-laws accordingly, and more generally take all necessary measures and enter into any agreements, carry out all the formalities required, in particular for the admission to trading of the shares;
- 3) resolves that the maximum nominal amount that may be issued under this delegation will count towards the overall nominal amount for capital increases of €12 million set in the fourteenth resolution of this General Meeting;
- 4) notes, as necessary, that this delegation will act automatically as a waiver by shareholders of their preferential subscription rights to equity securities to which the securities that may be issued on the basis of this delegation may give entitlement;
- 5) resolves that the Board of Directors may not, unless approved by the General Meeting, use this authorization as from the submission of a tender offer on the Company's shares by a third party and until the end of the tender offer period;
- 6) resolves that this delegation cancels the delegation of the same nature granted by the Combined General Shareholders' Meeting of May 23, 2019 in its eighteenth resolution.

The authorization thus granted to the Board of Directors is valid for twenty-six months from the date of this General Meeting.

I Twentieth resolution

Authorization granted to the Board of Directors to allocate Company shares to corporate officers (mandataires sociaux) and employees of the Company and its affiliated companies, entailing automatically that shareholders waive their preferential subscription rights

The General Meeting, after review of the report of the Board of Directors and the special report of the Statutory Auditors:

- 1) authorizes the Board of Directors, pursuant to the provisions of Articles L. 225-197-1 et seq., L. 22-10-59 and L. 22-10-60 of the French Commercial Code, to carry out free share allocations, on one or several occasions, of existing Company shares or shares to be issued, for employees or certain categories of employees that it will determine from among eligible employees and corporate officers (*mandataires sociaux*) of the Company or its affiliated companies, within the meaning of Article L. 225-197-2 of the French Commercial Code;
- 2) resolves that the Board of Directors will determine the identity of the beneficiaries of the allocations as well as the conditions and criteria for allocating the shares;
- 3) resolves that the total number of free shares allocated may not exceed 1.5% of the Company's share capital on the date the allocation is decided by the Board of Directors, it being specified that this amount does not take into account any adjustments that may be made in accordance with applicable laws and regulations and, where applicable, with contractual provisions providing for other cases of adjustment, to preserve the rights of holders of securities or other rights giving access to the share capital. To this end, the General Meeting authorizes, as necessary, the Board of Directors to increase the share capital by incorporation of reserves in the appropriate amount;
- 4) resolves that the maximum number of shares that may be granted to corporate officers (*dirigeants mandataires sociaux*) pursuant to the AFEP-MEDEF's Corporate Governance Code for listed companies may not represent more than 35% of the overall amount authorized by the present Meeting;
- 5) resolves (a) that the allocation of the shares to their beneficiaries will become definitive at the end of a vesting period, the duration of which shall be determined by the Board of Directors, (b) that the vesting of the shares granted will be subject to a continued employment

condition defined by the Board of Directors, no share may be vested by the beneficiaries if the continued employment condition is not met and (c) that the beneficiaries must, if the Board of Directors deem it useful or necessary, hold said shares for a period determined at the Board of Directors' discretion, it being specified that the total duration of the vesting periods and, if applicable, the holding periods shall be set in compliance with the minimum conditions provided by law ;

- 6) resolves that the acquisition of the shares will be subject to a performance condition based on (1) a growth rate of the Company's net earnings per share, determined by the Board of Directors, consistent with the growth rate included in the multi annuals objectives published by the Company and reminded in paragraph 3.2 "Financial Objectives" of the Annual Report and/or a specific target or targets to the beneficiary's brand, if appropriate. This performance condition will be assessed over an average period of 3 years. The Board of Directors will set a minimum level of achievement below which no shares may be acquired by the beneficiaries;
- 7) also resolves that, in the event of the beneficiary's disability, as classified in the second or third of categories provided for in Article L. 341-4 of the French Social Security Code, the shares will be definitively allocated before the end of the vesting period. The shares will be freely transferable as from their delivery;
- 8) notes that this authorization will act automatically as a waiver by shareholders, to the benefit of the beneficiaries of the shares, of their preferential subscription rights to shares that may be issued under this resolution;
- 9) delegates all powers to the Board of Directors, with the right to delegate under the legal and regulatory conditions, to implement this authorization, under the above conditions and within the limits authorized by applicable texts and in particular, to set the terms, conditions and criteria (including in respect of performance) for the share allocations that would be carried out under this authorization, the vesting dates of the new shares, to take all measures, if necessary if it so decides, to carry out any adjustments to protect the rights of the beneficiaries of the free share allocations, to record the completion of the capital increases, to amend the by-laws accordingly, and more generally, complete all formalities required for the issuance, listing and financial servicing of the shares issued under this resolution and do anything that is useful and necessary within the framework of applicable laws and regulations;
- 10) resolves that this authorization cancels, as from today, for the part not yet used, the authorization of the same nature granted by the Combined General Shareholders' Meeting of May 22, 2018 in its seventeenth resolution and is valid for a period ending at the end of the General Meeting called to approve the financial statements for the year ending December 31, 2022.

I Twenty-first resolution

Authorization of the Board of Directors to increase the share capital for the benefit of members of a corporate savings plan, without preferential subscription rights

The General Meeting, having reviewed the report of the Board of Directors and the special report of the Statutory Auditors, pursuant to the provisions of Articles L. 3332-1 et seq. of the French Labor Code and Articles L. 225-138-1 and L. 225-129-6, first and second paragraphs, of the French Commercial Code:

- 1) delegates to the Board of Directors its authority to increase the share capital of the Company, in one or several transactions, at its sole discretion, by a maximum nominal amount of €1.5 million through the issue of new shares or other securities giving access to the Company's share capital under the conditions prescribed by law, reserved for members of corporate savings plans of the Company and/or its affiliated entities within the meaning of Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labor Code;
- 2) resolves to eliminate the preferential subscription rights of shareholders for the new shares to be issued or other securities giving access to share capital and securities to which these securities give entitlement under this resolution for the benefit of the members of the plans referred to in the previous paragraph and waives the rights to the shares or other securities that would be allocated through the application of this resolution;
- 3) resolves that the maximum nominal amount that may be issued under this delegation will count towards the overall nominal amount for capital increases of €12 million set in the fourteenth resolution of this General Meeting;
- 4) resolves that the subscription price for the new shares will be at least 80% of the average listed price of the Company's shares on Euronext Paris in the 20 trading days preceding the day on which subscriptions open. However, the General Shareholders' Meeting expressly authorizes the Board of Directors, if it deems it appropriate, to reduce or cancel the above-mentioned discount, within the legal and regulatory limits, in order to take account of, *inter alia*, the legal, accounting, tax and social security rules applicable locally;
- 5) resolves that the Board of Directors may also replace all or part of the discount with the free allocation of shares or other securities giving access to the Company's share capital, whether existing or to be issued, it being specified that the total benefit resulting from this allocation and, if applicable, from the discount mentioned above, cannot exceed the total benefit that members of the savings plan would have received if this difference had been 20%;
- 6) resolves that the Board of Directors may provide for, pursuant to Article L. 3332-21 of the French Labor Code, the free allocation of shares or other securities giving access to the Company's share capital to be issued or

already issued under a bonus scheme, provided that the inclusion of their monetary value, valued at the subscription price, does not result in the legal or regulatory limits being exceeded;

- 7) resolves that the characteristics of the other securities giving access to the Company's share capital will be determined by the Board of Directors according to the conditions laid down by the regulations;
- 8) resolves that the Board of Directors will have all the necessary powers, with the option for delegation or sub-delegation, in accordance with the legal and regulatory provisions, within the limits and under the conditions specified above, to determine all the terms and conditions of transactions and, in particular, to decide on the amount to be issued, the issue price and the terms of each issue, and to define the terms for the free allocation of shares or other securities giving access to the share capital, under the authorization given above, to determine the opening and closing dates for subscriptions, to set, within the maximum limit of three years, the period granted to subscribers to pay for their shares, to determine the date, which may be retroactive, from which the new shares will be eligible for dividends, to apply for their admission to listing on the stock market wherever they are advised to do so, to record the share capital increase in the amount of shares effectively subscribed for, to make all necessary arrangements to carry out the share capital increases, carry out all formalities arising therefrom and amend the by-laws accordingly, and at its sole discretion, and if it deems it appropriate, to deduct the fees involved in carrying out the share capital increases from the premiums relating to these increases as well as the sums necessary to increase the legal reserve to one tenth of the new share capital after each increase;
- 9) decides that this authorization cancels all previous authorizations relating to share capital increases reserved for members of corporate savings plans, and in particular, that granted by the General Shareholders' Meeting of May 26, 2020 in its sixteenth resolution.

The authorization thus granted to the Board of Directors is valid for twenty-six months from the date of this General Meeting.

I Twenty-second resolution

Delegation of authority granted to the Board of Directors to increase the share capital for the benefit of a category of beneficiaries, without preferential subscription rights

The General Meeting, having reviewed the report of the Board of Directors and the special report of the Statutory Auditors, pursuant to the provisions of Articles L. 225-129-2 and L. 225-138 of the French Commercial Code:

- 1) delegates to the Board of Directors its authority to increase the share capital of the Company, in one or several transactions, at its sole discretion, by a maximum nominal amount of €1.5 million through the issue of new shares or other securities giving access to the Company's share capital, reserved to the category of beneficiaries as defined below;
- 2) resolves that the maximum nominal amount that may be issued under the present delegation will count towards (a) the overall nominal amount for capital increases of €12 million fixed in the fourteenth resolution of this General Meeting and (b) the maximum nominal amount fixed in the twenty-first resolution;
- 3) resolves to cancel the preferential subscription rights of the shareholders to the shares to be issued or other securities giving access to share capital and securities to which these securities give entitlement to be issued under this resolution and to reserve the subscription rights to the category of beneficiaries having the following characteristics: (i) any entity held by a bank or any bank, which participates, at the request of the Company in the implementation of a structured offering for employees and corporate officers (*mandataires sociaux*) of companies related to the Company under the conditions set out in Articles L. 225-180 and L. 233-16 of the French Commercial Code, and having their registered office outside France; (ii) and/or employees and corporate officers (*mandataires sociaux*) of companies related to the Company under the conditions set out in Articles L. 225-180 and L. 233-16 of the French Commercial Code, and having their registered office outside France; (iii) and/or collective investment vehicles (OPCVM) or any other employee shareholding vehicle invested in the Company's securities, irrespective of whether it is a legal entity, the unitholders of which will be the persons referred to in (ii) above;
- 4) resolves that the subscription price for the new shares will be at least 80% of the average listed price of the Company's share on Euronext Paris on the 20 trading days preceding the day of the corporate decision setting the opening day of the subscription period carried out on the basis of the twenty-first resolution. However, the General Shareholders' Meeting expressly authorizes the Board of Directors, if it deems it appropriate, to reduce or cancel the above-mentioned discount, within the legal and regulatory limits, in order to take account of, inter alia, the legal, accounting, tax and social security rules applicable locally;
- 5) resolves that the characteristics of the other securities giving access to the Company's share capital will be determined by the Board of Directors according to the conditions laid down by the regulations;
- 6) resolves that the Board of Directors will have all the necessary powers, with the option for delegation or sub-delegation, in accordance with the legal and regulatory provisions, within the limits and under the conditions specified above, to determine all the terms and conditions of transactions and, in particular, to decide on the amount to be issued, the issue price and the terms of each issue, set the list of beneficiaries of the cancellation of the preferential subscription rights within the category defined above and the number of shares to be subscribed

by each of them, to determine the opening and closing dates for subscriptions, to determine the date, which may be retroactive, from which the new shares will be eligible for dividends, to apply for their admission to listing on the stock market wherever they are advised to do so, to record the share capital increase in the amount of shares effectively subscribed for, to make all necessary arrangements to carry out the share capital increases, carry out all formalities arising therefrom and amend the by-laws accordingly, and at its sole discretion, and if it deems it appropriate, to deduct the fees involved in carrying out the share capital increases from the premiums relating to these increases as well as the sums necessary to increase the legal reserve to one tenth of the new share capital after each increase.

The delegation thus granted to the Board of Directors is valid for eighteen months from the date of this General Meeting.

I Twenty-third resolution

Five-for-one stock split

The General Meeting, after the reading of the report of the Board of Directors, hereby decides to divide the par value of the Dassault Systèmes share by five. Consequently, the General Meeting:

- 1) decides that the par value of the share will be decreased from €0.50 to €0.10;
- 2) decides that the number of outstanding shares will be multiplied by five while the share capital remains unchanged;
- 3) decides that each share of a par value of €0.50 comprising the share capital on the date of the stock split will be replaced by five shares of a par value of €0.10 each, without this exchange resulting in any change in the current relationship between the Company and its shareholders and, where applicable, between the Company and any holder of rights or securities giving access to its share capital;
- 4) acknowledges that the stock split and the corresponding allotment of new shares to shareholders do not impact the rights of the shares as set forth in the Company's by-laws; the new shares will have the same rights as the former shares that they replace, particularly with respect to shares that have been held in registered form for at least two years that will keep their double voting rights;
- 5) gives any and all powers to the Board of Directors, with the right of sub delegation under the conditions provided by law, to:
 - a) set, within 12 months following the date of this General Meeting, the date of this split in par value;
 - b) determine as of such date the exact number of new shares of a par value of €0.10 to be issued in relation to the number of existing shares of a par value of €0.50 and to exchange the new shares against existing shares;
 - c) make any necessary adjustments brought about by this split, particularly with respect to (i) adjustments in the number of shares that may be delivered to the beneficiaries of subscription or purchase options awarded prior to the stock split as well as in the exercise price of these options and (ii) adjustments in the number of shares granted to certain employees and officers prior to the stock split;
 - d) amend article 6 "Share capital" of the by laws; and
 - e) carry out all formalities and more generally do everything useful or necessary, either directly or through a duly authorized agent, in order to implement this decision.

Ordinary and Extraordinary General Meeting

I Twenty-fourth resolution

Powers for formalities

The General Meeting hereby grants any and all powers to the bearer of an original, a copy or an excerpt of the minutes of these deliberations for the purpose of carrying out any legal formalities for publication.

CROSS-REFERENCE TABLES

Annual Financial Report

The cross-reference table below allows to identify the information included in the Annual Report provided by the Article L. 451-1-2 of the Monetary and Financial French Code and by the Article 222-3 of the General Regulation of the *Autorité des marchés financiers*.

Annual Financial Report	Annual Report	
	Paragraphs	Pages
1. Parent company Financial Statements	4.2.1	154
2. Consolidated Financial Statements of the Group	4.1	106
3. Management report	See Annual management report cross-reference table below	
4. Certification of the Person Responsible for the Annual Report	-	3
5. Statutory Auditors Report on the parent company Financial Statements	4.2.3	178
6. Statutory Auditors report on the Consolidated Financial Statements	4.1.2	148
7. Principal Accountants Fees and Services	4.1.1 – Note 27	146

Annual management report

The cross-reference table below identifies in the Annual Report the information included in the annual management report to be provided by the Company's Board of Directors, as required by Articles L. 225-100 *et seq.* of the French Commercial Code.

Annual management report	Annual Report	
	Paragraphs	Pages
1. Business Trends Analysis	3.1	86
2. Analysis of Results	3.1	86
3. Financial Operations Analysis	3.1	86
4. Description of Main Risks and Uncertainties	1.9	39
5. Financial Instruments Use	4.1.1 – Notes 2, 21	112, 138
6. Risk Factors such as Pricing, Credit, Liquidity in Cash and Treasury	1.9.2	45
7. Information Required by the Article L. 225-211 of the French Commercial Code, Relating to the Shares Repurchases	6.2.4	245
8. Situation during the Fiscal year 2020	3.1, 4.1, 4.2	86, 106, 153
9. Foreseeable Trend of the Situation	3.1.1.1, 3.2	86, 102
10. Substantial Events Occurred since the End of 2020	4.2.1 – Note 23	175
11. Research and development activities	1.5	31
12. Existing branches	6.1.1.6	240
13. Business and Results of Operations of the parent company Dassault Systèmes SE	1.4, 1.6, 4.2	18, 34, 153
14. Business and Results of the parent company's Subsidiaries during the Fiscal Year 2020	1.4, 1.6.2	18, 35
15. Financial and non-financial key performance indicators	1.7, 2	36, 47
16. Selected Financial Information of Dassault Systèmes SE over the Last Five Fiscal Years	4.2.2	177
17. Employees' Involvement in the Capital of the Issuer the Last Day of the Fiscal Year	6.3.1	247
18. Declaration of extra-financial performance	2	47
19. Equity Holdings or Controlled Companies, Subsidiaries with a French Head-Office	4.2.1 – Notes 1, 24	157, 176
20. Table of Transactions in the Company's Shares by the Management of the Company	5.3	233
21. Information on the Payment Cycles for Suppliers and Customers	4.2.1 – Notes 13, 19	166, 173
22. Report on Corporate Governance	5.1	186
23. Dividends Paid over the Last Three Fiscal Years	7.1.1	256
24. Evolution and repartition of the shareholding (including treasury shares)	6.3.1	247
25. Financial risks linked to climate change and measures taken to reduce them through the implementation of a low-carbon strategy	2	47
26. Main characteristics of internal control procedures and risk management procedures	5.2	229
27. Vigilance plan	2.6	67

Cross-reference table including the Delegated Regulation no. 2019/980 – Annex 1 items

The cross-reference table below identifies the information included in the Annual Report and mentioned in the Delegated Regulation no. 2019/980 dated 14 March 2019, in its Annex 1

European directive – Annex 1 items	Annual Report	
	Paragraphs	Pages
1. PERSONS RESPONSIBLE, THIRD PARTY INFORMATION, EXPERTS REPORTS AND COMPETENT AUTHORITY APPROVAL		
1.1 Name and function of the persons responsible		3
1.2 Declaration of the persons responsible		3
1.3 Persons acting as expert	Not applicable	
1.4 Declaration regarding information sourced from third party	Not applicable	
1.5 Declaration regarding the competent authority approval		1
2. STATUTORY AUDITORS	5.4	237
3. RISK FACTORS	1.9	39
4. INFORMATION ABOUT THE ISSUER		
4.1 Legal and commercial name	6.1.1	240
4.2 Place of registration, registration number and legal entity identifier	6.1.1.2	240
4.3 Date of incorporation and length of life	6.1.1.3	240
4.4 Domicile and legal form, legislation under which the issuer operates, its country of incorporation, address, telephone number of its registered office and website	6.1.1	240
5. BUSINESS OVERVIEW		
5.1 Principal activities	1.4.1	20
5.2 Principal markets	1.4.2	23
5.3 Important events in the development of the issuer's business	None	
5.4 Strategy and objectives	1.4.1	20
5.5 Information regarding the extent to which the issuer is dependent, on patents or licenses, industrial, commercial or financial contracts or new manufacturing process	1.9	39
5.6 Basis for any statements made by the issuer regarding its competitive position	1.4.1, 1.5	20, 31
5.7 Investissements	1.5.4	32
6. ORGANIZATIONAL STRUCTURE		
6.1 Brief description of the Group	1.6.1	34
6.2 List of the significant subsidiaries	1.6.2	35
7. OPERATING AND FINANCIAL REVIEW	3.1	86
8. CAPITAL RESOURCES	3.1.4	101
9. REGULATORY ENVIRONMENT	1.9.1.4	40
10. TREND INFORMATION	1.9.1.1	39
11. PROFIT FORECASTS OR ESTIMATES	3.2	102
12. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND SENIOR MANAGEMENT		
12.1 Information relating the Board of Directors and Senior Management	5.1.1, 5.1.2	187, 205
12.2 Administrative, Management and Supervisory Bodies and Senior Management Conflicts of Interests	5.5	237
13. REMUNERATION AND BENEFITS		
13.1 Amount of remuneration paid and benefits in kind	5.1.4	211
13.2 Amount set aside or accrued to provide pension, retirement or similar benefits	5.1.4 – Table 11	218

14. BOARD PRACTICES	5.1	186
14.1 Date of expiration of the current term of office	5.1.1.1	187
14.2 Service contracts with the issuer	5.5	237
14.3 Information about the Committees	5.1.1.3	202
14.4 Statement of compliance with the regime of corporate governance	5.1, 5.1.6	186, 225
14.5 Potential material impacts on the corporate governance, including future changes in the Board and Committees composition	5.1	186
15. EMPLOYEES		
15.1 Number of employees	2.3.1	50
15.2 Shareholdings and stock options	5.1.1, 5.1.5	187, 219
15.3 Arrangement involving the employees in the issuer's capital	None	
16. MAJOR SHAREHOLDERS	6.3	247
16.1 Shareholders having more than 5% of interest in the issuer's capital or of voting rights	6.3.1	247
16.2 Existence of different voting rights	6.1.2.3	242
16.3 Control of the issuer	6.3.2	249
16.4 Arrangement, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer	6.3.3	250
	4.1.1 – NOTE 26, 4.2.4,	
17. RELATED PARTY TRANSACTIONS	7.1.4	145, 183, 258
18. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES		
18.1 Historical Financial Information	4.1, 4.2	106, 153
18.2 Interim and Other Financial Information	3.3	103
18.3 Auditing of Historical Annual Financial Information	4.1.2, 4.2.3, 4.2.4	148, 178, 183
18.4 Pro forma Financial Information	Not applicable	
18.5 Dividend Policy	7.1	256
18.6 Legal and Arbitration Proceedings	4.3	184
18.7 Significant Change in the Issuer's Financial or Trading Position	3.1	86
19. ADDITIONAL INFORMATION		
19.1 Share Capital	6.2, 6.3	244, 247
19.2 Memorandum and By-laws	6.1.2	241
20. MATERIAL CONTRACTS	1.4.3	30
21. DOCUMENTS AVAILABLE	6.1.1.7	241

SASB Cross-reference table

The cross-reference table below identifies the information included in the Annual Report and related to SASB materiality map for Software & IT Services.

Dimensions	Paragraphs	Pages
Human capital		
Employee engagement, diversity & inclusion	2.3 Social responsibility	50
Social Capital		
Customer privacy	2.4.1 Digital responsibility	56
Data security	2.4.1 Digital responsibility	56
Environment		
Energy management	2.5.3 Climate strategy: operations	63
Leadership & Governance		
Competitive behavior	2.6 Business Ethics and Vigilance Plan	67
Systemic risk management	1.9 Risk factors	39



10, rue Marcel Dassault
CS 40501
78946 Vélizy-Villacoublay Cedex France
tel.: +33 (0)1 6162 6162

3DS.com