

## **DASSAULT SYSTEMES**

### **Fourth Quarter & Full Year 2025 Earnings Conference Call**

#### **11 February 2026 – Full Transcript**

#### **MARIE DUMAS, INVESTOR RELATIONS DIRECTOR**

Thank you for joining our fourth-quarter and full-year 2025 earnings conference call. I am Marie DUMAS, Dassault Systèmes' Investor Relations Director, with Pascal Daloz, Chief Executive Officer, and Rouven Bergmann, Chief Financial Officer. Dassault Systèmes' results are prepared in accordance with IFRS.

The financial figures discussed on this conference call are on a non-IFRS basis with revenue growth rates on a constant currency basis unless otherwise noted. Some of the comments on this call contain forward-looking statements that could differ materially from actual results.

Please refer to today's press release and the Risk Factors section of our 2024 universal registration document. All earnings materials are available on our website, and these prepared remarks will be available shortly after this call.

I would like now to hand over to Pascal Daloz.

#### **PASCAL DALOZ, CHIEF EXECUTIVE OFFICER**

Good morning Marie. Good afternoon, everyone.

Thank you again for joining us today to review Dassault Systèmes' performance for the fourth quarter and full year 2025.

Let me start with some opening comments, At Dassault Systèmes, we don't only manage for the quarter. We build platforms for at least decades. I think if we have to qualify 2025. 2025 was a year of transition. And 2026 will be the year of

execution. So, they are foundation years. Years when we prepare the next cycle of growth, scale, and long-term value creation.

## **Transition to Execution**

Now, let's start with the facts: 2025 was a disappointing year for you, but also for us. We finished at the low end of our objectives, with 4% growth exFX. I think This performance does not meet the standards we set for ourselves as part of our long-term plan. And we own that. Now, having said, I think we have moved the company forward.

## **What Moved Forward**

First, **3DEXPERIENCE** and the cloud. We delivered significant wins this year and we did also lot of competitive displacements. In 2026, we will build on this momentum.

Second, **MEDIDATA** and **CENTRIC PLM**: they faced challenges in 2025 and they weighed on our results. I think we are seeing early signs of recovery at Centric. For **MEDIDATA**, we are investing for the long term. Because Life Sciences is undergoing a fundamental transformation— from inefficient, document-based processes to AI-powered Virtual Twins. This is a shift which is structural. And these structural change takes time.

Third element: in 2025, we introduced **3D UNIV+RSES**. It's a new environment where Virtual Twins and AI converge. Connecting the virtual and the real world together in a seamless, dynamic loop. In 2026, we want to turn this vision into concrete value. Finally, we remained disciplined on our costs – Rouven will give details on it. Why? Because we want to continue to invest in our future growth. So, execution matters. But returns as well.

**Transforming our business.** As we enter 2026, we are scaling our transformation plan, along 3 strategic pillars:

1-Product offering: We are really reshaping our portfolio, accelerating toward **3D UNIV+RSES**; and really you should keep in mind, that AI is not an extension of

what we do, it is a redefinition of the entire portfolio the same way we did almost 15 years ago with the **3DEXPERIENCE** platform

2-Go-to-market: We are strengthening go-to-market with targeted, end-to-end engagements— especially in Life Sciences (for the top largest 50 accounts) and Consumer industries, more precisely to the formulated products. We are also transforming our partner ecosystem to generate demand, not only to distribute licenses

3- As our customers accelerate their adoption to subscription and cloud, we are introducing Annual Run rate (ARR), reporting in 2026. Why do we do this? Subscription is now representing half of our recurring revenue. And this is giving a better visibility into the health and momentum of our recurring revenue base. In parallel we are also evolving beyond seat-based pricing toward value-based models for the AI-powered solutions.

Now Let's step back and look at the market realities.

In every industry we serve - Manufacturing, Life Sciences, Infrastructure & Cities - most of them are under intense pressure: supply chain volatility, rising regulation. aging infrastructure. And there is an urgent need for breakthrough innovation. These are not only constraints. They are catalysts. And this is where Dassault Systèmes steps in.

In Manufacturing, we see two realities. Traditional sectors face margin pressure and demand uncertainty. At the same time, Defense and High-tech are making bold investments— where complexity and collaboration are the new normal.

Here is really where the **3DEXPERIENCE** platform is becoming the *de facto* standard. Reducing program timelines to under 18 months in Transportation & Mobility. Delivering 25 to 40% efficiency gains in Aerospace & Defense. And cutting errors by more than one-third to one-half in High-Tech through pre-built simulation.

In Life Sciences, the pressure is also intense: tighter regulations, rising R&D costs, and the shift toward precision medicine. So, the customers they need a new operating model. With our lab-to-manufacturing solutions, we help them to reduce operating costs by over 30% while we turn compliance into a competitive advantage.

In Infrastructure & Cities, the demand for new, autonomous, and resilient, and sustainable systems is accelerating. So, data center demand will double by 2030. Nuclear infrastructure requires safe decommissioning in many countries. Cities need resilience by design.

## **Proof, Not Promises**

Across every sector, our customers prove one thing: we don't just talk about AI. We deliver it. **Valeo** is a great example in Transportation and Mobility.

A global leader in automotive technology, from ADAS to electrification systems. Together, we are pushing the boundaries with Generative Experiences. Here, AI doesn't assist. It co-creates. By training Virtual Twins on synthetic data, we generate thousands of design alternatives - optimized for performance, cost, and compliance. And we do this before a single prototype is built.

In Life Sciences, our partnership with **Catalyst** shows how an industry can be reinvented. By moving from static documents to data-driven Virtual Twins, Catalyst is really redefining the CRO model, with clinical trials become more agile, patient-centric and continuously optimized.

In Infrastructure, with **Technicatome**, we are really redefining how next-generation nuclear systems are designed and operated, using Virtual Twins to connect the entire ecosystem - ensuring traceability, and compliance by design.

## **3D UNIV+RSES and Industrial AI**

Remember: last year, we introduced 3D UNIV+RSES. But what does that mean in practice? 3D UNIV+RSES are not applications the way you know Dassault Systèmes is doing. They are Knowledge Factories, where knowledge could be enriched, know-how is scaled and where results can be trusted. And AI is the engine.

## **Industry World Model**

But it is not an LLM story. This is not about Large Language Models. Why? Because LLMs don't know how to build drones. They don't design humanoids.

They don't know how to discover cell therapies. This is precisely what our customers do. And we help them to certify them. We are building Industry World Models. Models that understand how the real world works, and also how you build it, and why. Because it is built on physics, trained on decades of industrial knowledge. Continuously validated by Virtual Twins. The result is explainable, certifiable, trusted.

## **NVIDIA Partnership**

This is why our partnership with NVIDIA matters. Together, we are combining Virtual Twins with AI factories and accelerated computing. Please launch the video. I hope you had a chance to see the video. The video was presenting the purpose of the partnership with the voice of Jensen Huang. Jensen was with me on stage in Houston.

We are building the foundation of industrial AI. This enables three things:

**First: Research and Innovation.** Models that simulate causality, not just correlation.

**Second: Factories of the Future.** Factories that are software-defined, autonomous, and continuously optimized through simulation.

**Last but not least, for the designers, the engineers.** Skilled virtual companions—not chatbots— but experts trained on industry knowledge. That is what we do

## **Three New Solution Categories**

In 2026, we are turning this into reality with our new categories of solutions.

First. **Virtual Companions.** Not assistants. Experts. They scale knowledge. They democratize expertise. They turn complexity into productivity.

Second. **Generative Experiences. This is really where** AI encodes best practices, whatever the best practices, it is coming from the science, the manufacturing, the engineering and more importantly we are compliance by default.

**Virtual Twin as a Service.** We don't sell software. We deliver outcomes.

## **A New Business Model.**

So, in parallel with the new categories ... we are also evolving our business model—from seat-based licensing to **value-based monetization**. Why? Because we want to use these new generative solutions to unlock three powerful levers of value creation: 1) Expanding the adoption with Virtual Companions – usage-based. 2) **We want to** monetize the know-how with Generative Experiences. 3) We want to sell the outcomes with Virtual Twin as a Service – outcome-based.

Now, I want to leave you with one message: Dassault Systèmes is really undergoing a profound transformation of its business model.

The shift is powered not only by the acceleration of the cloud strategy, but also 3D UNIV+RSES, the virtual companions, generative experiences and Virtual Twins as a Service. This transformation is not incremental, it is a fundamental one. But it is also highlighting the resilience of our business models, because we continue to grow, at a moderate pace, yes, but with sustained momentum. You should remember in our industry, many of our peers, they were struggling in such a transition. We are executing, we are innovating and we are advancing.

Our guidance for 2026 reflects not just the condition we have, but also the confidence we have. Now it is time for me to hand over to Rouven

## **ROUVEN BERGMANN, CHIEF FINANCIAL OFFICER**

Thanks, Pascal -- and welcome from my side have a good afternoon and a good morning depending on where you are. Thank you for joining us.

Before reviewing the numbers in more detail, I would like to highlight three key themes that defined 2025.

First, our core industrial business was resilient in 2025, with strategic client wins. However, we faced a backdrop of tough comps and a complex macro environment in the fourth quarter. We are focused on strengthening our growth model and operational excellence. We have identified the challenges and will now execute to deliver.

Second is centered on the business model evolution: the **3DEXPERIENCE** platform continues to drive the transition toward cloud subscriptions and recurring revenue. As AI adoption accelerates, business models are evolving beyond traditional seat-based pricing toward usage- and value-based models. To better reflect this shift, we will begin reporting an Annual Run Rate, or ARR, and I will talk about this in more detail later.

Third, as Pascal said, 2026 will be a year of execution where we will strengthen our foundation. Our FY guidance for total revenue growth of 3-5% provides us the room to navigate current challenges as well as to prepare the organization for a new era of growth.

With this in mind, let's review the financials for the quarter and full year in more detail.

In Q4, total revenue rose 1% ex-FX, to €1.682bn, with Software revenue up slightly (+0.3%). We navigated a complex macro environment, with weakness in France and Germany, mainly in the auto sector, plus headwinds at MEDIDATA and CENTRIC. We have taken the actions to address these issues, which also I will discuss shortly. Recurring revenue rose 3% in Q4, with 4% subscription growth. Services revenue was up 11%.

Operating profit for the quarter was €622m, with a healthy operating margin of 37%, up 90 basis points ex-FX, thanks to productivity gains across the group which we had initiated entering in the year. EPS was €0.40, up 9% ex-FX.

For FY2025, we saw Total revenue of €6.240 bn, along with Software growing at 4%. Recurring revenue grew 6%, and it is making up 82% of software revenue, and Subscriptions was up 11%. We delivered good profitability in FY25, with operating profit of nearly €2 bn and an operating margin of 32.0%, achieving 40 basis points of improvement vs. last year. The Diluted EPS of €1.31 and it was up 7%.

**Now Turning to our growth drivers...**

The 3DEXPERIENCE platform is at the core of our growth strategy and the foundation to reveal the power of AI for Industry. **3DEXPERIENCE** revenue grew 10% for the full year, and it is making up almost 41% of eligible software.

As expected, the fourth quarter was impacted by the strong year-on-year comparison. On top, we faced a weak auto sector in Europe. However, important to highlight, we signed several strategic **3DEXPERIENCE** deals that have the potential to further expand over the course of 2026 and 2027. This will generate future revenue and it helps to build the momentum in ARR which I will come back to shortly.

Cloud revenue at the group level grew 9% in Q4 and 8% for the FY, with **3DEXPERIENCE** Cloud growing as strong as 38% and 32% respectively. This strong growth highlights the value of the platform for clients, where transformation is critical, as is the need to leverage AI.

### **Looking at our geographies and product lines:**

The Americas rose 3% in Q4, For the FY25 was up 5% with weakness in Life Sciences and Home & Lifestyle. We saw good performance in High-Tech and Transportation & Mobility. Americas. The core industries were up 10%.

Europe declined -5% in Q4, but was up 2% for the FY. The weakness in the quarter was against a strong base of comparison, with softness in France and Germany which as mentioned before mainly driven by the challenges in the automotive sector.

Meanwhile, Southern Europe was resilient and Northern Europe gained momentum with strong performance in High Tech.

Asia was robust, up 6% in the quarter and 5% for the FY. Growth was driven by Transportation & Mobility and High Tech, with strong momentum in Korea and India, while Japan delivered solid growth. China had a softer quarter on a backdrop of tough comparables.

**Next, we review our performance by PRODUCT LINE.**

**Industrial Innovation** was up 1% in Q4 and 6% for the full year. As noted, the quarter was impacted by the lower growth in 3DEXPERIENCE and the particular challenges in Europe - but overall, the full year saw good momentum, led by solid traction with our brands SIMULIA and ENOVIA and continued solid growth with CATIA. We are confident on the resilience of our core business, which is led by the cycle of 3DEXPERIENCE adoption, while at the same point preparing for the next wave of growth with AI-based Virtual Twins and Companions.

**Mainstream Innovation** Q4 was up 1% and 2% for the full year. Growth was again driven by the strong momentum of SOLIDWORKS, which was up high single digits in Q4 and for the FY. As expected, CENTRIC was down double digits in Q4 on a high comparison base. Two effects played a role: we had some shifted renewals and 2<sup>nd</sup> the accelerated move to Cloud. We expect a marked recovery this year in 2026, with new management in place and a robust pipeline that is building going forward.

**For Life Sciences**, the growth was lower than expected, down -4% in Q4 and -2% in FY, as we faced continued headwinds for MEDIDATA, which I will cover in more detail shortly.

Outside of this, MEDIDATA signed several strategic account win-backs over the course of the year. This included the likes of Novartis, Merck KG, AbbVie and Gilead. It highlights our competitive advantage as we build a strong foundation and expand our footprint within the large pharma.

Now, as we look ahead, we believe and we are convinced that the time has come to transform the Biopharma industry from a document-based to Virtual Twins based operations. It is our Life Sciences vision for the long term.

Therefore, let's take a holistic view on our Life Sciences Industry Software Revenue as it is today.

This first includes besides MEDIDATA, also the **3DEXPERIENCE** portfolio adopted by Pharma and Med-Tech, and in order to better highlight the growth dynamics, we are differentiating the Direct and the Indirect GTM-Model.

The DIRECT Enterprise business accounts for about 70% of our total LS revenue and this business grew 3% in 2025. Within that direct enterprise business, the Medidata Enterprise grew 1%. However, this growth was impacted by Moderna, one specific client, which was adjusting its run-rate to reflect lower study volumes. If we excluding this, the adjustment on Moderna adjustment, our Medidata Enterprise business was up 6%. Meanwhile, 3DEXPERIENCE business grew 7% in the enterprise segment.

Now to the Indirect business: Selling through CROs, this accounts for 30% of the Life Sciences business and this one was declining by -5% year over year. Our market saw lower study starts volume of -7% YOY in 2025. Now ... the revenue was down -5% on a reduction study starts of 7%. Now Importantly, we continued to expand market share in Phase II/III by 1-2 points. So what actions are we taking to reinvigorate growth?

To address the enterprise, we are setting in motion dedicated account teams to focus on pharma transformation with platform and AI. These teams are formed and in action across all geos.

For the indirect volume business, the goal is to reduce our exposure to volatility in the volume business. To this end, we are evolving our pricing model and T&Cs to monetize continued data access. This is necessary to leverage AI models when you want to optimize the design of clinical trials.

### **Turning now to cash flow and balance sheet IFRS items:**

Let's start with the operating cash flow: we generated €1.630 billion in Operating Cash Flow year-to-date, up 1% compared to last year on a constant currency basis

Indeed, despite a challenging environment marked by FX headwinds and new tax regulations, we saw resilience in cash generation. As previously discussed, we absorbed approximately €41 million in 2025, driven equally by the hike in employer contributions on share-based compensation, and the new exceptional tax contribution for large companies in France. Excluding this, operating cash flow grew 3% ex-FX.

In the first half of 2026, we expect working capital to be positively impacted by the collection from large subscription deals that we signed last year.

**Free Cash Flow** was up 2% exFx, capex investments were lower by approx. €30m due to lower investments in leasehold improvements versus 2024 while investments in Cloud and IT Infrastructure were stable.

**Cash conversion remains a top priority:** We reached 82% for FY 2025 vs 84% last year in 2024. This is ahead of our previous estimates (of 78-80% from Q3 and), mainly due to higher collections. In 2026, we expect the cash conversion rate to improve driven by cash collections and better alignment of billing to revenue.

Now to complete the picture, **Cash and cash equivalents** totaled €4.125 billion at the end of 2025, which compared to €3.953 billion at the end of 2024. This increase of €173 million includes a negative full year currency impact of €263 million, which is mainly due to the weakening of the USD to EUR over the period. The **net cash position** reached €1.530 million at the end of 4Q25.

For any additional information you will find the Operating Cash Flow reconciliation in our presentation published this morning.

### **Now let's transition to ARR Discussion & Slide**

As previewed at our Capital Markets Day in June 2025, we are introducing the Annual Run Rate (ARR) as a key metric to reflect our continued transition toward a subscription and Cloud-based business model. We believe that ARR provides a consistent view of the underlying run rate and the health of our recurring revenue base, while eliminating the volatility from revenue recognition.

As such, ARR is a snapshot reflecting the 12 months recurring value derived from all active contracts at period end. This includes software subscriptions, cloud/SaaS, hosting, as well as support. And it excludes future commitments. In the appendix, you will find the detailed definition of ARR and how the methodology is applied in 3 illustrative examples.

Growing at an average of 6% over the last 2 years, the ARR highlights the consistent execution in growing subscriptions and cloud, driving the growth of our recurring business. It is also more closely tied to invoicing and cash flows from those deals.

Now in Q4 2025, ARR reached €4.497 billion, with €104m of net new ARR in the quarter. This highlights the consistent performance in signing new cloud and subscription contracts, while as mentioned before the revenue is highly dependent on the timing of revenue recognition.

In 2026, we are establishing this new metric in our reporting, and plan to guide starting in 2027. During the Capital Market Day which will be scheduled for November this year, we will outline the steps in the context of our 2029 financial plan. As we look ahead, it is clear the trajectory to accelerate growth it is linked to the shift in business model.

Now let me discuss very briefly, the levers for ARR growth. First, the mix effect, which is driven by the faster growth of subscription versus maintenance ARR.

Second growth lever is the growth in **3DEXPERIENCE** and Cloud, as AI-powered Virtual Twins and Virtual Companions boost our 3D UNIV+RSES portfolio.

Third, within **Life Sciences**, we expand the footprint and we create the next generation clinical trial platform powered by AI.

And, finally with **CENTRIC** the ARR growth has a long runway ahead.

**Now with this, let me now turn to our financial objectives for 2026...**

We expect total revenue and Software revenue growth of 3-5% ex-FX for FY2026.

Importantly, this guidance marks a tipping point. In 2026, the share of subscription revenue will surpass the maintenance revenue. **Hence, we are providing also the ARR to better reflect the growth dynamics**, not yet as a guidance but to show the momentum.

Operating margin, is expected to achieve a 40-80bp improvement exFx, which takes us to the range of 32.2% to 32.6%, as we continue to balance investment and margin expansion, leveraging our operating productivity gains. We see EPS growing at 3-6 % ex-FX or €1.30-1.34.

This is all based on our FX assumptions at an average rate for the full year of \$/€ at 1.18 and yen/€ of 170.0

Now Turning to Q1: We expect 1-5% growth for both Total and Software revenue. Operating margin is expected in the range of 29.2% to 30.7% and EPS in a range of €0.28-0.31.

### **Finally, I would like to share some key assumptions underlying our guiding framework for 2026**

We expect **3DEXPERIENCE** and Cloud momentum to remain broadly in line with last year, driven by continued expansion within our installed base and ongoing market share gains. We are also focused on entering into the new markets and accelerating the monetization of Virtual Companions and Virtual Twins.

From a geographic and industry standpoint, the demand in the Americas remains healthy, while Asia continues to show resilience. In Europe, we see a solid pipeline development in Southern and Northern regions, which is partly offset by continued weakness in the automotive sector, which we mainly observe in France and Germany, could represent potentially impacting timing of decision-making within quarters. The Defense sector represents potential upside.

Now, within our Mainstream business, **SOLIDWORKS** continues to deliver mid-to-high single-digit growth in both revenues and users. For **CENTRIC**, we expect a return to low-teens growth, supported by execution against a strong pipeline and a higher mix of cloud revenues. Life Sciences is facing a transition year, with actions underway to position the business to return to growth starting 2027.

On margins, we expect continued improvement driven by productivity gains from AI initiatives and operational excellence. These initiatives are focused on increasing the flexibility and reallocating investments toward the top-line growth.

**In conclusion:**

In 2025 and 2026 we are laying the foundations for our next phase of growth.

I want you to remember three things:

- 1) First, **3DEXPERIENCE** platform is at the core of industry transformation, creating a long runway of growth
- 2) Second, on AI, we are introducing new categories of solutions. This goes beyond productivity gains, it's about creating new possibilities
- 3) We are taking actions to scale our operations, with one single goal in mind... to generate sustainable growth

Now, Pascal and I look forward to taking your questions...