Thank you for joining us on our first quarter 2022 earnings conference call, with Bernard Charles, Vice Chairman and CEO, Pascal Daloz, Chief Operating Officer and Rouven Bergmann, Chief Financial Officer.

- Dassault Systèmes’ results are prepared in accordance with IFRS.
- Most of the financial figures discussed on this conference call are on a non-IFRS basis, with revenue growth rates in constant currencies unless otherwise noted.
- Some of our 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 2021 Universal Registration Document.

All earnings materials are available on our website and these prepared remarks will be available shortly after this call.

I would now like to introduce Bernard Charles.
BERNARD CHARLES
VICE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Thank you, François-José. Good morning and good afternoon to all of you. Thank you for joining us. It is a pleasure to be with you today.

FIRST QUARTER 2022 HIGHLIGHTS

We delivered a very good start to the year with broad-based growth across regions, product lines and sectors, despite the complex geopolitical and macroeconomic backdrop. For the first quarter of 2022:

- **Total revenue** grew 8% with both licenses and subscription revenue up double-digits, and this follows a high 2021 comparison base.
- **Earnings per share** increased 20%, driven by operating leverage, thanks to our strong business model.
- **Our strategic growth drivers** performed well. 3DEXPERIENCE and cloud revenue both increased 21%.
  - Our platform and cloud have been critical for enabling resiliency and for helping clients to scale rapidly – both the new entrants and the incumbents transforming.
- **For 2022**, we have increased our EPS objective to 9% -11% growth driven by our improved operating performance.

It’s clear from our results this quarter, the team we have established is executing very well and capitalizing on our sustainable growth drivers. The investments we’ve made in innovation are paying off for our clients across all sectors of the economy.
Pascal and Rouven will discuss our operational and financial performance in more detail. Now, I’d like to share some perspectives on our strategy and the business environment.

VIRTUAL TWIN EXPERIENCES: WALK THE TALK WITH NEW LIFE CYCLE ASSESSMENT SOLUTION

The world, economy and society are transforming at an unprecedented pace: with science-based virtual twin experiences, we are playing a critical role in these transformations and empowering our clients to solve their greatest challenges – from resiliency to sustainability.

By combining a multi-scale, multi-physics approach with embedded analytics and real world evidence, virtual twin experiences are a catalyst for sustainable innovation – to imagine, create and test new materials, new processes, new solutions and new usages.

We have recently introduced the Life Cycle Assessment Solution on the 3DEXPERIENCE Platform to transform the sustainable innovation process. Combining virtual twin technology and life cycle assessment capabilities offers new ways to establish sustainability requirements early on, and measure the sustainability of decisions before implementing them.

You may remember, our science-based targets for greenhouse gas emissions reductions were approved by the Science Based Targets initiative last July, 2021.

It’s clear we walk the talk: this new solution is a major advancement towards our purpose to harmonize product, nature and life. By leveraging the virtual worlds to elevate and improve the real world, together we can drive meaningful progress towards a more sustainable and harmonious future.
Our next frontier will be to make the power of virtual twin experiences accessible to everyone on the planet – to take them mainstream.

**V+R: ELIMINATING THE GAP BETWEEN VIRTUAL AND REAL–PROOF POINTS**

To see the implications, let me now share a couple of proof points.

Today, I want to focus on Life Sciences.

Our teams are delivering incredible innovation and execution to advance clinical trials and new treatments for patients. Virtualization and AI are changing the game.

**LIFE SCIENCES: MEDIDATA SYNTHETIC CONTROL ARM**

MEDIDATA SYNTHETIC CONTROL ARM leverages AI and our unique data assets from 28,000 clinical trials. With SCA, we can virtualize the patients for the clinical trial control arm.

This accelerates innovation, reduces costs and most importantly, fosters a more compassionate approach.

For some diseases, it’s very difficult to recruit and maintain a control group; MEDIDATA SYNTHETIC CONTROL ARM can enable these trials to move forward and advance treatments.

Our recent announcements with Celsion and Plus Therapeutics highlight the potential for this truly revolutionary innovation.

Of course, we work in conjunction with the FDA to provide this unmatched capability, and ultimately achieve better outcomes for patients.

**LIFE SCIENCES: BIOVIA - GILEAD**
Another groundbreaking innovation is BIOVIA’s Generative Therapeutic Design. By combining AI, chemistry and structure-based modeling we can accelerate drug discovery with virtual creation, testing and selection of novel candidates.

We are delivering on a promise to ‘bring new science’ and new opportunity to increase the pipeline of potential therapeutics.

Gilead has selected BIOVIA’s technologies to advance its discovery of new drugs, and its commitment to a patient-first approach to medicines.

Innovation is about progress. Ultimately, all progress is human. With these technologies, we are extending our handprint, having a real, positive impact on society – improving people’s lives.

And now, I will hand the presentation over to Pascal to continue the discussion.

PASCAL DALOZ, CHIEF OPERATING OFFICER

Thank you, Bernard.

Hello to everyone. It’s a pleasure to be with you today.

GAME CHANGER IN THREE SECTORS

As Bernard said, all progress is human; relationships are essential in driving and realizing the value of innovation. This underpins our strategy, across all sectors of the economy.

Our objective is to be a trusted partner, to support our clients – both the incumbents and new entrants – with game-changing innovation - and to maintain our relationships over a long time horizon. Of course we have many historical examples, but let’s look at some current proof points.
LIFE SCIENCES: CROs

Having supported 28,000 clinical trials globally, MEDIDATA is the trusted partner of top CROs – including ICON, Labcorp, Parexel, IQVIA and many others.

Our world-leading technologies are the industry standard to not only support but also operate the execution of clinical trials across all phases. The largest CROs are standardizing on MEDIDATA RAVE as it’s the only integrated platform that combines AI, patient engagement and clinical data management, and at scale.

The value we provide to our CRO partners is a competitive advantage in their ability to help sponsors deliver drugs to market faster and more efficiently, ultimately advancing our collective mission.

LIFE SCIENCES: BOEHRINGER INGELHEIM

Also in life sciences, we’ve been building a relationship of trust with Boehringer Ingelheim over the last decade. So, it’s a pleasure to announce BI has renewed, and broadened, its important work with MEDIDATA – including MEDIDATA Rave, MEDIDATA AI, and MEDIDATA Patient Cloud - to accelerate decentralized clinical trials.

Our partnership has enabled Boehringer Ingelheim to double the number of imaging studies each year since 2018. It also supports ongoing trials with thousands of patients and hundreds of global sites.

We look forward to continuing to support BI’s mission throughout the next decade.

MANUFACTURING - CONSUMER: SHISEIDO

Turning now to the manufacturing sector, to deliver sustainable product experiences, consumer companies need an integrated approach to product development – one that
includes modeling for rapid formulation, compliance, manufacturing and sustainability. To manage this tremendous complexity requires our science-based 3DEXPERIENCE platform with its multi-scale and multi-physics approach.

We are seeing significant momentum with consumer packaged goods companies like L’Oréal, L’occitane and Shiseido.

Shiseido, has announced a business transformation in order to extend its leadership position and meet rising demand. The company is producing over 100 million SKU’s annually and introducing new product experiences daily.

We’re pleased to support Shiseido’s initiatives with our manufacturing solutions – including Perfect Production on 3DEXPERIENCE - to streamline manufacturing across Asia, Europe and the US, to increase resiliency, boost productivity and accelerate product launches.

**INFRASTRUCTURE & CITIES: NAAREA**

In infrastructure and cities, energy is at the core of current resilience and sustainability challenges. We are seeing new entrants bringing truly disruptive innovation – similarly to what we saw play out in Transportation & Mobility and Aerospace. These newcomers are adopting our technologies on 3DEXPERIENCE and on the cloud.

To advance sustainability, NAAREA is developing nuclear reactors that are small, modular and utilize industrial waste to produce energy. To support its ambitions, the company has selected Virtual Twin Experiences on 3DEXPERIENCE and on the cloud for design, simulation and validation with end-to-end traceability.

We’re looking forward to following NAAREA’s progress as it makes nuclear energy safer, more reliable and sustainable.
As you can see, the investments we made a decade ago are paying off for our clients and are testimony to the value we bring to our relationships.

1Q22 PERFORMANCE: GEOS, PRODUCT LINES, STRATEGIC DRIVERS

Now, I want to turn to our first quarter 2022 results. Revenue growth was broad-based across geographies, product lines and sectors, demonstrating the diversification we have achieved in our addressable markets as well as the quality of our execution.

Starting with our geos, and these first quarter year-over-year growth rates are in “constant currencies”:

Software revenue performance by Geography (non-IFRS, ex FX):

- **The Americas** grew 7% during the first quarter of 2022 to 40% of software revenue. This was driven by strong performance in Life Sciences and Aerospace.
- **Europe** increased 6%, to 35% of software revenue, despite our suspension of operations in Russia. We saw good resilience throughout the region; France and Southern Europe grew double-digits led by Aerospace and Industrial Equipment.
- **Asia Pacific** rose 13% to 25% of software revenue, driven by an acceleration in Japan, Korea and India. China grew 20% during the quarter, and on a strong comparison base.

Zooming in, now, on **Product Line Performance, for the first quarter of 2022**, and these are non-IFRS year-over-year growth rates and in constant currencies:

- **Industrial Innovation** software revenue rose 5% to €654.4 million, representing 54% of software revenue.
CATIA demonstrated very strong performance, driven by double-digit license and subscription growth and punctuated by cyber systems, showing the strength of these differentiated offerings.

ENOVIA also reported high, double-digit growth in both license and subscription software revenue.

In Life Sciences, revenue grew 13% in the first quarter to €254.0 million, and representing 21% of software revenue.

MEDIDATA delivered strong performance, growing double-digits again this quarter. MEDIDATA continues to experience very good momentum across its product portfolio including MEDIDATA Rave, MEDIDATA AI and MEDIDATA Patient Cloud, as well as across end markets including pharmaceutical and biotechnology companies and contract research organizations (CROs).

BIOVIA also performed well, achieving double-digit growth during the period.

Moving to Mainstream Innovation: software revenue increased 12% to €297.2, representing 25% of software revenue.

SOLIDWORKS continued to perform well, growing double-digits, and on the back of a strong comparison base of 18% growth in 1Q21.

Our 3DEXPERIENCE WORKS family, cloud-based solutions, also showed good adoption during the period.

CENTRIC PLM delivered another quarter of high, double-digit growth, as well as gains in diversification in food and beverage.
As you can see, our growth was broad based across product lines and brands. Both CATIA and SOLIDWORKS have demonstrated strong momentum and performed very well.

In the design market, we are ranked first at more than twice the size of the second player.

Every year, we gain a remarkable 0.5% of market share. We achieve this by converting 2D users to 3D, displacing 3D competitors and expanding our footprint in our large installed base.

We therefore ask the financial analyst who has reused an industry analyst report, without checking the figures it contained, to take a critical approach before spreading wrong information. This critical approach would have revealed significant inconsistencies, in particular with one competitor’s reported figures.

**GROWTH DRIVERS - 3DEXPERIENCE, CLOUD**

Now, turning to our strategic growth drivers, and again these are year-over-year growth rates in constant currencies:

- In the first quarter of 2022, we continued to see very good 3DEXPERIENCE momentum, with revenue increasing 21%, driven by subscription growth. 3DEXPERIENCE now accounts for 30% of total software revenue, an increase of 5 points relative to last year.

- **Cloud revenue** also rose 21%, driven by continued strength in Life Sciences and 3DEXPERIENCE. Cloud now accounts for 21% of our software revenue, up 2 points versus last year.

- 3DEXPERIENCE and cloud are critical for enabling resiliency and for helping clients to scale rapidly - both the new entrants and the incumbents transforming.
• With our platform and cloud, we are increasing the value we bring to our existing customers, through broader adoption of all our domain expertise. At the same time, we are extending our reach to new customers, including the Mainstream market. With cloud adoption, we see an opportunity to bring new categories of users and new usages.

As you can see from our results, our growth drivers are well-balanced and durable.

And, now, I’ll hand the presentation over to Rouven to discuss revenue, profitability and our 2022 objectives. Rouven, the floor is yours.

**ROUVEN BERGMANN, CHIEF FINANCIAL OFFICER**

Thank you, Pascal. Hello, everyone, it’s a pleasure to be with you today.

I’m very pleased with our first quarter 2022 performance -- clearly, we are off to a good start. We delivered strong revenue growth, well aligned with our Q1 objectives, and on the back of a relatively high 2021 comparison base.

From a profitability perspective, we outperformed while at the same time we continued to invest in our business and achieved our ambitious hiring targets. EPS are up a strong 20% for the quarter at €0.27. These results clearly highlight the resilience and momentum of our business model.

And, we achieved these results despite the negative impact from discontinuing our operations in Russia with €5M in lower revenue and €2.5M additional expenses to cover litigation risk, when compared to our Q1 plan.

**FINANCIAL PERFORMANCE**
Now, let’s look at Q1 year-over-year comparisons for revenue -- growth rates are non-IFRS and in constant currencies:

- **Total revenue** grew 8%, to € 1.32 billion. Software revenue also grew 8% including the impact of Russia, as mentioned.

- **Licenses and other revenue** rose 10% to € 235 million and against a strong comparison base of 25% growth in 1Q21.

- **Subscription and support revenue** increased 8% to € 971 million, driven by double-digit subscription growth, reflecting strong MEDIDATA and 3DEXPERIENCE performance, as well as strengthening in our support revenue - as expected.

- **Services revenue** was up 9% and we achieved services gross margin of 16%, substantially better than 12% last year at thanks to the efforts we made to improve utilization and the share of billable hours.

Now, let’s zoom in on our Q1 **Operating Margin & EPS**:

- We delivered a strong Operating Margin of 35.0%, outperforming our target of 32.7% by 230 basis points, at the midpoint. And, on a year-over-year basis, increasing by 117 basis points.
  - This was driven by lower discretionary spend as travel, marketing & event activity were lower than planned due to continued travel restrictions in certain parts of the world. Also, we saw good improvement in operating leverage.
- The impact of discontinuing our business in Russia was offset by the revenue upside and a marginal favorable currency impact on the operating margin level.

- At the same time, we are well aligned with our hiring objectives. Total headcount grew 7% year-over-year, and within R&D we were up 9% year-over-year.

- We also saw diluted EPS above the high end of our guidance, growing a strong 20% or approximately €3.5 cents to €0.27, compared to our guidance of €0.23 - €0.24. This was driven by strong operating performance and lower expenses, contributing €2.0 cents to the over performance; in addition, FX contributed €0.8 cent, and lower taxes €0.7 cent.

- Just one comment regarding the Tax rate: The lower rate in Q1 22 is mainly the result of higher FDII tax deduction in the US resulting from the new requirement from January 1, 2022 to fully capitalize R&D expenditures (for tax purpose). At the time of the guidance, it was assumed that capitalization requirement would be cancelled.

**CASH FLOW AND BALANCE SHEET (1Q22, IFRS)**

Turning now to cash flow and balance sheet items:

Cash and Cash equivalents totaled €3.009 billion, compared to €2.979 at the end of last year, an increase of €29 million.

Our net financial debt at March 31, 2022 decreased by €257 million to € (632) million, compared to € (889) million at December 31, 2021. This puts us well ahead of schedule on our deleveraging objective.
In this context – I am sure you noted that our cash and operating performance is reflected in the improvement of our Standard & Poors credit rating, from single A minus to single A, as it has been announced yesterday.

Now let me provide some additional color on what is driving our cash position this quarter:

First, Cash from Operations was 630M which is slightly down versus last year in parts driven by one-time items and the timing of changes in Working Capital.

Second, we continue to repay our debt: loan repayments of €232 million, net of proceeds.

Third, Cash from operations was used for treasury stock repurchases of €328 million. This comprises our long-term incentive plan for 2022 and our employee shareholding plan.

This number is higher than last year as we took advantage of market fluctuations and purchased our shares at a relative discount in Q1. Also, I want to remind you that our policy regarding equity compensation is unchanged, specifically 5% of revenue as share-based compensation expense.

So, now let’s focus on cash flow from operations: €630 million, representing a slight 2% decline year-over-year. This compares to a 40% increase last year, resulting in a high comparison base. What are the major drivers of the slight decline this year?

First, we saw a lower decrease in trade receivables resulting from higher billings at the end of the quarter despite strong collections of Q4 receivables. The Trade balance is up reflecting strong business in Q1. Regarding the impact on cash, we expect to catch up, and this trend will reverse in the coming quarters.
Second, accrued compensation: the decrease in accrued compensation was much higher year-over-year due to the strong business results in 2021 that drove higher bonus payments in Q1 2022.

Third, we received a one-time withholding tax reimbursement in the first quarter of 2021, resulting in a higher, unfavorable, comparison base.

**OBJECTIVES: FISCAL 2022**

Now, let’s turn to our fiscal 2022 objectives.

First, **Total Revenue**: we are reaffirming our total revenue growth rate objective of 9%-10%, in constant currencies, but to a slightly higher absolute range of €5.355 to €5.405, (vs €5.300 - €5.350 previously), incorporating an update to the US Dollar rate from €1.17 to now €1.15 for the remainder of 2022. This adjustment to our currency assumptions, along with a first quarter FX benefit, has a +€67 million impact on our total revenue objective.

In addition, we are reflecting the impact of Russia (€21 million) as well as incorporating our Q1 over performance. With the FX adjustment we are more than compensating for the loss of Revenue from discontinuing our business in Russia.

Second, let me turn to the **Operating Margin**: we are increasing our full year objective to 33.4% – 33.7% (vs 32.7% – 33.1% previously) – a raise of 65 basis points at the midpoint.

This increase mainly reflects our strong operating leverage and lower travel and marketing expenses in the first half. And, importantly, it reflects continued execution against our ambitious hiring targets throughout the rest of the year. We are more than offsetting the negative effect of Russia.
Third, turning now to **EPS**: we are raising our 2022 diluted EPS objective to 9%-11% growth, as reported, reaching €1.04 to €1.06. This compares to 3%-6% growth reaching €0.98 - €1.00 previously.

The FX benefit of €1.4 cents almost offsets the negative impact from Russia. In addition, we are capturing Q1 over performance as well as reflecting the change in tax rate for the first quarter only. This results in a full-year tax rate of ~22.5% (23.2% in 2021).

As it relates to the revenue components reflected in our updated total revenue objectives, we are targeting:

- **Software** revenue growth of 9-10%
- **Licenses** and other software revenue growth of 10-12%, and
- **Recurring revenue** growth of approximately 9%
- **Services** revenue, is targeted at 8-10% growth

All at constant currencies.

**OBJECTIVES: SECOND QUARTER 2022**

Before closing, let me briefly share our objectives for the second quarter:

**Total revenue** growth of 9%-11%, with license revenue in the range of 14%-19%, recurring revenue of 8-9% and services revenue of 9-11%.

**Operating margin** of 31.7% -32.4% and diluted EPS growth of 11%-16% to a range of €0.24 to €0.25.

For additional information, and to review what we’ve discussed, I’ll refer you to today’s earnings presentation.
In conclusion, for the FY 2022 we reiterate our objectives for total and software revenue to grow 9% to 10% exFX and we confidently raise our EPS target to reach now 9% to 11% growth. We expect a solid second quarter and we look forward to keeping you apprised of our progress throughout the rest of the year.

And now, Pascal, I’ll hand the call back to you.

PASCAL DALOZ, CHIEF OPERATING OFFICER

Thank you, Rouven.

CONFERENCE CALL CONCLUSION

- The world is transforming at an unprecedented pace – sustainability and resiliency are paramount.
  - From a sustainability perspective, it’s clear we walk the talk: our new Life Cycle Assessment Solution is yet another proof point.
  - In terms of resiliency, our clients face a number of challenges from raw materials, to workforces, supply chains and inflation.
- With the investments we made a decade ago, we are uniquely well positioned to help our clients solve these challenges, to adopt new business models, increase agility, scale and embrace sustainability.
  - This has created durable competitive advantages across all sectors of the economy.
- In conclusion, we’ve had a solid start to the year, giving us the confidence to raise our full year EPS target, and putting us on a good trajectory to achieve our near and long-term objectives.
- Finally, we will be hosting our Capital Markets Day on June 16th. We look forward to seeing you, in person, in Paris.