2017 3DEXPERIENCE® ANNUAL REPORT

DASSAULT SYSTÈMES FINANCIAL REPORT

DASSAULT SYSTEMES | The 3DEXPERIENCE® Company

CONTENTS

DASSAULT SYSTEMES

The 3DEXPERIENCE® Company

ANNUAL REPORT 2017

ANNUAL FINANCIAL REPORT

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

This document is an English-language translation of Dassault Systèmes' Document de référence (Annual Report), which was filed with the AMF (French Financial Markets Authority) on March 21, 2018, in accordance with Articles 212-13 of the AMF General Regulation.

Only the French version of the *Document de référence* 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 *et seq*. of the French Commercial Code.

The index set forth on pages 253 and 254 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" or the "Group" refers 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 Group, which is governed by French law.

In compliance with Article 28 of European Regulation no. 809/2004 of the Commission, the following information is incorporated by reference in this Annual Report:

- the consolidated financial statements on pages 92 to 130 (inclusive), the parent company financial statements on pages 133 to 155 (inclusive), and the related audit reports on pages 131 to 132 and 156 to 159 (inclusive) of the Annual Report (*Document de référence*) for the year 2016 filed with the AMF on March 22, 2017, under no. D. 17.0207;
- the financial information on pages 78 to 90 (inclusive) of the Annual Report (*Document de référence*) for the year 2016 filed with the AMF on March 22, 2017, under no. D. 17.0207;
- the consolidated financial statements on pages 86 to 121 (inclusive), the parent company financial statements on pages 124 to 145 (inclusive), and the related audit reports on pages 122 to 123 and, 146 to 149 (inclusive) of the Annual Report (*Document de référence*) for the year 2015 filed with the AMF on March 23, 2016, under no. D. 16-0197;
- the financial information on pages 72 to 84 (inclusive) of the Annual Report (*Document de référence*) for the year 2015 filed with the AMF on March 23, 2016, under no. D. 16-0197.

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 21, 2018.

I hereby certify, after having taken all reasonable measures for this purpose, that the information contained in this Annual Report (*Document de référence*) 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 254, 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.

I have received a completion letter (*lettre de fin de travaux*) from the auditors stating that they have verified the information regarding the financial situation and the financial statements included in this Annual Report and that they have read this document in its entirety.

Bernard Charlès

Vice-Chairman and Chief Executive Officer

1

PRESENTATION OF THE GROUP

CONTENTS

1.1 Profile of Dassault Systèmes, the **3D**EXPERIENCE Company

After delivering many advances in software products aimed at designing in 3D and managing the resultant products across their lives, we believe there is a new world to imagine, create and build by leveraging science, engineering and art and by taking advantage of the significant technological advances to reduce the distance between the Virtual World and the Real World. This led us, in 2012 to define our new Horizon which we call **3D**EXPERIENCE with the mission to provide business and people with **3D**EXPERIENCE universes to imagine sustainable innovations capable of harmonizing product, nature and life. Our software portfolio spans a wide spectrum of domains from modelling and scientific simulation to manufacturing production and logistics optimization, and is applicable from Natural Resources to Cities, Transportation, Buildings, Smart Products, Consumer Goods, all the way to biological systems, chemistry and material sciences.

We were honored to have Dassault Systèmes ranked #1 among the 2018 Top 100 Most Sustainable Corporations by Corporate Knights for our vision and for implementing this vision in everything that we do. Empowering industry and people to create **3D**EXPERIENCE universes to imagine, invent, and deliver disruptive solutions that advance sustainability in domains as large as energy, mobility of the future, cities, life sciences and high-tech is at the core of our purpose and DNA and why people are joining Dassault Systèmes.

Dassault Systèmes is the **3D**EXPERIENCE company. What do we mean? Today, as consumers (whether a corporation, small company, individuals or government entity such as a city) we make purchase and usage decisions, not based per se on the product or service itself, but on our experience with it. Our objective is to help our clients create, test and evaluate these experiences to make sure they are rewarding for their users. And to then ensure that the product manufactured or the service provided meets expectation and taking this information back to drive further improvements in the end-user experience.

Our strategy is to focus on Social Industry Experience:

- Social is centered on online, mobile and ease of use for collaboration around innovation and for bringing 3D to consumers. For example, our Homebyme solution helps people all over the world imagine, easily create and place furniture in rooms, and experience them in a virtual reality experience;
- Industry is about creating the knowledge and know-how needed to ensure that our solutions match closely the needs of the industries we address. We see with large clients a strong focus on deep transformations to adapt to the respective challenges of their industries. Furthermore, in all these industries, new entrants have appeared with small teams focusing on sub-segments of those markets and proposing high-value experiences with products. Our solutions appeal to industry leaders and startups, both of whom are shaking up industries;
- Experiences: Being able to model experiences is truly the manner in which companies can innovate and create new categories of products and solutions that will drive new, better experiences for their consumers. Our work with Cities, with **3D**EXPERIENCity, demonstrate that we are able to do this at the most demanding level thanks to the **3D**EXPERIENCE platform enabling the modeling of city experiences to improve the lives of citizens.

Our mission and strategy reflect five major 21st century trends that are having a widespread influence on industries, governments, research and education:

- **Cities for People;**
- **Resources and Energy for the Long Term;**
- **Global and Personalized Health;**
- **Supplying Globally, Producing Locally;**
- **Inspirational Education and Research.**

What they all have in common is that boundaries of all types are blurring, we are seeing convergence and intersections. Therefore, what is critical to have is a holistic perspective and view to ensure that what a business delivers the end-customer values it.

Our mission is perhaps ambitious but we bring a long-term track record of defining new markets, innovating in our product development and delivering durable sustainable growth over our 20 plus years as a public company. We believe our long-term market leadership and financial performance reflect our Core DNA.

- **Virtualization:** We believe the virtual world can help improve the real world we live in thanks to science and engineering. Our **3D**EXPERIENCE twin represents in the digital world a physical product and its experience before they ever existed. Today, thanks to the massive acceleration in technological innovations, computational power and cloud, our dreams are no longer "What if, but "If WE", imagining altogether a better world;
- **Science and Engineering:** We are 16,140 people at Dassault Systèmes, proudly working together to shape the future. Science, engineering and technology are changing the value streams of companies – from design to engineering to manufacturing to marketing and the ownership experience. Artificial intelligence, Internet of Experiences, Generative Design, Additive Manufacturing, Virtual, Augmented and Mixed Reality, Data Analytics, Robots and Cobots, Systems of Systems, Connectivity, Computing Power are all being leveraged;
- **Long-term Horizon:** We believe that to succeed over the long term, you need to focus not just on this year or the next few, but to look forward to medium and decade long horizons. Renew our vision, strategy and addressable market and evaluate and adapt our strategic assets to deliver against new objectives;
- **Partnerships:** To succeed over the long term, we believe in partnerships, beginning first with our clients. While we are proud to be recognized for our innovation, we are proud that we work with many of the most innovative companies in the world, whether global leaders, small and medium-sized companies or start-ups. We also work with our sales, software, technology and services partners. They help us set and adapt ourselves to be more closely attuned to the evolutions within the different markets we are addressing;
- **Perseverance:** The problems we are looking to help our clients solve are not easy, and the science, engineering and math behind our software takes years of investment in people-power and life-long learning;
- **Sustainable business model:** We built a sustainable business model from the outset in 1981 and we continue to enhance it, with over 70% of our annual software revenue recurring in nature.

Every company talks about digital innovation, but for us, it did not begin in 2017, it began over 25 years ago. The importance of the virtual world's role in innovation was truly first revealed thanks to Boeing's historical decision at that time to rely on Dassault Systèmes Digital Mock-up technology to design its new Boeing 777 aircraft, paving the way for digital twins of products.

Today, companies are now seeing that data can become an invaluable asset with the potential to deliver massive benefits for users and their corporations. The roadmap to do so requires two key elements. First, it requires digital continuity and this is what we provide with the **3D**EXPERIENCE platform. And the second key element is that to turn data into a true asset companies need to be able to make sense of the data and models enable this. A model-based approach is at the core of the **3D**EXPERIENCE platform and is valuable to ensure innovation effectiveness.

3DEXPERIENCE Platform For Sustainable Innovation

Dassault Systèmes' answer for sustainable innovation begins with a platform that enables stakeholders to navigate their entire business, collaborate more easily and extract intelligence from big data. The **3D**EXPERIENCE platform is a business experience platform, leveraging knowledge and know-how, that provides software solutions for every organization in a company. It supports the value creation process in creating consumer experiences that differentiate our clients in their markets. With a single, easy-to-use interface, it is the foundation for Industry Solution Experiences that incorporate 3D design, analysis, simulation, manufacturing and information intelligence software in a collaborative, interactive environment. The platform is available on premise and on public or private cloud. Enabled with our **3D**EXPERIENCE platform: Everyone says they have a platform, but are they relevant to our clients' needs? We think ours can be a critical enabler for sustainable innovation. Key differentiating attributes of the **3D**EXPERIENCE platform include:

- **Digitally Connected:** the **3D**EXPERIENCE platform is about eliminating silos within companies, moving from a static, file-based world to a digitally connected world, where live data drives innovation, processes and business-decisions. As consumers we live in a digitally connected world – your mobile phone, service apps – and we can help our clients do the same for their businesses. Our platform provides digital continuity across all applications and propagates changes automatically;
- **Data Driven:** Data is at the heart of product innovation. However, this data sits across many disparate systems today at many companies and is not readily visible or easily available. Capabilities of the **3D**EXPERIENCE platform enable the indexation of data across different systems and create a new class of applications, in order to leverage the data of an enterprise. Further, data is not just what is generated by the enterprise; there is a lot of relevant data on the internet and with our technologies and apps, enterprises can use these applications to help them extract data from the internet and merge them with enterprise dashboards to improve their innovation, products, their brands and their consumers' experiences;
- **Model-based:** What do you do with data? Sure, you can collect it but unless you can evaluate the data IN CONTEXT, you can't leverage it. Our **3D**EXPERIENCE platform is model-based. Such an approach is at the core of the **3D**EXPERIENCE platform and is valuable to ensure innovation effectiveness. The innovation process typically calls for multiple models of varying degrees of fidelity and a variety of simulation techniques. Early in the process, a low fidelity model is employed to understand the systems interactions and behavior; while later as the product definition matures higher fidelity models are adopted to guide optimization along often-conflicting functional attributes and cost. This model-based approach is not confined to the research phase; it is employed in many activities across the enterprise. For example, planners define the process model and simulate the assembly operations to meet cycle-time constraints; service engineers define reliability models to guide maintenance planning. Thus, a model of the entire product from conception to operations is built during product development;
- **Virtual + Real:** Virtual models can replicate real world behavior and physical tests. They can be correlated with actual behavior during the operating life of the product. The knowledge gained from this correlation can be used to enhance the fidelity of the virtual models. Any enhancements required in the operating product are first simulated in the virtual model, fine-tuned and then optimized, before incorporating in the real world. In fact, the accuracy of the simulation can be significantly enhanced by connecting the virtual model to physical systems, also called Hardware in the Loop. When the physical systems are assembled, they are just a twin of the model. The real and virtual worlds reinforce each other – modelling and simulating the real world virtually and enhancing the virtual model with experiences from the real world.

Partner for Business Transformation for the 21st century Industrial Renaissance

Our **3D**EXPERIENCE software applications portfolio is designed to enable the powering of 3D realistic virtual experiences – and is comprised of our 3D modeling applications, simulation applications, manufacturing applications, social and collaborative applications, and information intelligence applications addressing our clients' value streams and are available on-premise and on the cloud.

Our ambition is to lead industry to the cloud with the most robust and productive cloud offers on the market. In other words, virtually the vast majority of our portfolio is available on the cloud today, on the single, unified architecture of the **3D**EXPERIENCE platform. Our cloud offer is a comprehensive one incorporating all levels of the service, with the application layer for software and content (SaaS), the platform layer for deployment, supervision and operation services (PaaS) and the infrastructure level for on demand and elastic compute, network and storage resources (IaaS).

Our **3D**EXPERIENCE platform and software portfolio embeds a wide array of technologies for:

- **Cognitive Augmented Experiences:** As the **3D**EXPERIENCE Platform is a truly big data platform, it elevates the power to discover, analyze, understand and experience the world we live in. With built-in state of the art as well as disruptive Artificial Intelligence technologies, it provides unique ways to capture and use scientific, industrial and value-added Knowledge and Know-How in an experiential approach. CAD is not only Computer Aided Design but Cognitive Augmented Design, revealing hidden information in companies' patrimonies and guiding the creator's hand with intelligent companions that have been fed with the industries' latest expertise and efficiency in context of the augmented New Reality. CAM is not only Computer Aided Manufacturing but Cognitive Augmented Production with automation and agile cobots monitoring, assessing, predicting and prescribing the route of actions of the entire production system. The **3D**EXPERIENCE Platform fuels all our industry solutions and our brands with a unique approach: "modeling and simulation to the power of data Artificial Intelligence" embodying a truly new approach of the 21st century with virtuous strategic dialogue between information intelligence, Artificial Intelligence, virtual twins and models;
- **Generative Design:** Function-driven design backed by multiphysics simulation-based optimization and predictive analytics, has led to a new design practice for innovation. We offer an end-to-end solution strategy for function-driven generative design that works for diverse manufacturing methods such as casting, milling and additive manufacturing. Designers can create functional specifications, generate and validate their conceptual shapes before conducting concept trade-offs using business KPIs (e.g.: material costs, buy-to-fly ratios, scrap, etc.) and decide the manufacturing process of choice;
- **Additive Manufacturing:** Long used by our clients for prototyping, thanks to innovation in material sciences and equipment, Additive Manufacturing is now an active area of major investments by companies in multiple industries. Today, Additive Manufacturing creates new opportunities in many different areas such as remote fabrication for support and maintenance, rapid prototyping for realizing new concepts and experiences and, perhaps most importantly, backed by our generative design applications, they can now develop functional parts that were heretofore impossible to fabricate. Our offer leverages our multi-discipline expertise in design, engineering, simulation and manufacturing, enabling an end to end, model-based and data-driven digital thread;
- **3DEXPERIENCE TWIN:** A digital twin is the joining of a virtual model that represents the behavior of a product with real-time Internet-of-Things sensor data from a real product operating in its native environment. A digital twin can be used to measure, assess, predict the performance of the system and help optimize operation, including maintenance cycles, downtime, and failure mitigation. The **3D**EXPERIENCE Twin is even more powerful. When the digital twin is connected to the original customer requirements and design data, then information can be used to not only predict current performance, but to improve next-generation products in an intelligent way. Not only is the connection between the Virtual World and the Real World reduced to zero, but there is digital continuity and seamless feedback between the two worlds that bring great potential advantages to our future society in all industries. This is a fast-moving, rapidly developing concept in its early stages;
- **Augmented reality (AR), virtual reality (VR) and mixed reality (MR) are covered by what we call "New Reality":** The **3D**EXPERIENCE platform is "VR ready". Our software portfolio has long utilized virtual reality across multiple applications. Looking forward, we believe that this full spectrum of technologies from augmented and virtual reality to holograms – is one of the most transformative advantages business leaders have ever received. After 50 years of being almost exclusively confined to academic,

corporate R&D and military research labs, these technologies are now available at an affordable price for use across B2B, B2C and B2B2C applications.

The newly introduced **3D**EXPERIENCE 2018 release unveils the value of the **3D**EXPERIENCE platform both as an operating system powering our industry solutions experiences with our brand applications and as a business model powering our marketplace services. Two important developments in the **3D**EXPERIENCE 2018x release include:

- The introduction of POWER'BY which will enable all customers to benefit from the **3D**EXPERIENCE 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 **3D**EXPERIENCE platform;
- We have also introduced **3D**EXPERIENCE Marketplace, an online e-commerce environment in which business innovators are able to collaborate and transact with other industrial content and service providers. **3D**EXPERIENCE Marketplace features a range of services with an ecosystem of recognized experts in their domains that delivers the knowledge and knowhow. 3D is used as a universal language to reduce the distance between the virtual and real worlds. It manages all aspects of worldwide transactions such as taxes, payments, currencies and billing with full traceability. Its first two services, Make and PartSupply, deliver on-demand manufacturing and intelligent part sourcing capabilities. Make helps businesses seamlessly collaborate with leading manufacturers worldwide across all manufacturing processes by leveraging 3D to go straight from design to parts, all while minimizing errors and risks. PartSupply enables businesses to easily search and compare in 3D millions of 3D components from hundreds of suppliers to identify and configure the right component before inserting it within their environment. Make and PartSupply are the first of many services envisioned for the **3D**EXPERIENCE Marketplace.

Supporting Innovation

SOLIDWORKS for Entrepreneurs – For Start-ups

We know that starting a business from the ground up can be tough. How do you conceive of and design a product, test it, prepare it for manufacturing and launch a business brand – all on a shoestring budget? For early stage companies that meet the eligibility criteria, the SOLIDWORKS for Entrepreneurs program offers software, training, and co-marketing resources to help your idea become a product and your product a business.

3DEXPERIENCE Lab – Fostering Start-ups

3DEXPERIENCE Lab is an open innovation laboratory and startup accelerator program dedicated to nurturing and empowering disruptive projects and transforming society. With **3D**EXPERIENCE Lab, Dassault Systèmes helps selected startups that are developing physical products capable of improving life, cities and lifestyles. Covering ideation, the Internet of Things, and up to fab lab activity, the one to two-year program gives these startups access to Dassault Systèmes' **3D**EXPERIENCE platform, technical skills and mentoring to create digital experiences to optimize and validate their product and processes. This is the same content, technology, applications and expertise that have transformed the design, engineering and manufacturing of most of the products society relies on today. In addition, Dassault Systèmes' worldwide ecosystem can help accelerate the startups' product launches and international presence.

La Fondation Dassault Systèmes

La Fondation Dassault Systèmes leverages the power of experience to transform the way we learn and discover, and ultimately stretch the limits of knowledge for the benefit of all. Big data, sensors, mobility, new materials and other technologies are disrupting all aspects of how society lives, works and interacts. Amidst this profound transformation, it is essential to provide 21st century students with the latest technological innovations, preparing them to be the thinkers, inventors, builders and leaders of future generations – and no technology offers more promise for both education and discovery than 3D. When the International Research Agency studied how students in seven countries responded to life science taught with 3D materials, the results were astounding. Compared to students taught the same information with lectures, reading and 2D imagery, students in the 3D classes learned more, remembered it longer, and applied their learnings in advanced ways their peers could not. Science was a fun experience everyone wanted to share. Businesses everywhere look to employ people with strong abilities. So the ultimate goal of La Fondation is to help make people successful in their future work lives, enabling them to contribute to a sustainable world and to the evolution of society.

3DEXPERIENCE Centers – Innovation Labs Sponsored By Dassault Systemes

Discover how to shift to a fully digital enterprise by leveraging our **3D**EXPERIENCE Center Network. An environment for advanced manufacturing and product development, the **3D**EXPERIENCE Center Network is a group of "innovation labs" that connect technology, industry, regulatory authorities and researchers to shape the future of different industries. Each **3D**EXPERIENCE Center is unique and all share a common objective: provide a dedicated environment to use the **3D**EXPERIENCE platform and solutions and Dassault Systèmes expertise to meet your objectives. You and our experts develop a statement of work to address a specific advanced product development or manufacturing challenge in a dedicated environment.

1.2 Financial Summary: A Long History of Sustainable Growth in Revenues, Cash Flow and Dividends

We have established a long history of sustainable growth in our total revenues thanks to a financial model with a strong focus on recurring software revenue, which represented over 70% of our total software revenue during 2017.

- Since our initial public offering in 1996, we have seen an acceleration in "time to next billion-euros revenue' milestone, reaching our first billion in 2006, crossing our second billion in 6 years in 2012 and our third billion in 2016, a timeframe of four years;
- Since our first full year as a public company, 1997, our cash flow from operations has increased at over 12% on a compounded annual basis during this twenty-year period;
- We have continuously paid dividends to shareholders targeting an annual pay-out ratio of about 30% of our net income. On this basis, our annual dividend has increased at a compounded annual rate of just under 10% over the last twenty years.

Our Five Year Financial Summary

We have provided below summary income statement and balance sheet information for the most recent five years. The selected financial information set forth in the table below has 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 2017 and 2016 can be found in Chapter 3, "Financial Review and prospects".

Income statements and dividends

(in millions of euros, except percentages and per share data)	Year ended December 31,				
	2017	2016	2015	2014	2013
Total revenue	€3,228.0	€3,055.6	€2,839.5	€2,294.3	€2,066.1
Software revenue	2,869.3	2,694.7	2,502.8	2,035.0	1,880.8
Operating income	729.0	672.0	633.2	430.8	503.0
As a percentage of total revenue	*22.6%*	*22.0%*	*22.3%*	*18.8%*	*24.3%*
Net income attributable to equity holders of the Company	519.4	447.2	402.2	291.3	352.3
Diluted net income per share(1)	€2.01	€1.74	€1.57	€1.14	€1.38
Dividend per share(1)	€0.58(2)	€0.53	€0.47	€0.43	€0.42
Dividend per share growth	9.4%	12.8%	9.3%	2.4%	5.0%

(1) All historical per share data reflects the two-for-one stock split effected in July 2014.
(2) To be proposed for approval at the General Meeting of Shareholders scheduled for May 22, 2018.

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".

	Year ended December 31,				
(in millions of euros, except percentages and per share data)	**2017**	2016	2015	2014	2013
Total revenue	€3,242.0	€3,065.6	€2,876.7	€2,346.7	€2,072.8
Software revenue	2,883.2	2,704.3	2,537.9	2,078.6	1,887.5
Operating income	1,037.1	957.7	884.9	699.2	652.8
As a percentage of total revenue	*32.0%*	*31.2%*	*30.8%*	*29.8%*	*31.5%*
Net income attributable to equity holders of the Company	692.9	640.3	576.6	465.5	445.5
Diluted net income per share*	€2.68	€2.49	€2.25	€1.82	€1.75

* All historical per share data reflects the two-for-one stock split effected in July 2014.

Balance sheets and net cash provided by operating activities

	Year ended December 31,				
(in millions of euros)	**2017**	2016	2015	2014*	2013
ASSETS					
Cash, cash equivalents and short-term investments	€2,460.7	€2,492.8	€2,351.3	€1,175.5	€1,803.7
Trade accounts receivable, net	895.9	820.4	739.1	627.7	472.6
Other assets	3,673.2	3,629.9	3,221.0	3,159.2	1,911.6
TOTAL ASSETS	**7,029.8**	**6,943.1**	**6,311.4**	**4,962.4**	**4,187.9**
LIABILITIES AND EQUITY					
Unearned revenue	876.4	853.1	778.0	636.8	489.0
Borrowings	1,000.0	1,000.0	1,000.0	360.1	380.0
Other liabilities	1,159.2	1,229.8	1,064.9	1,022.0	708.4
Parent shareholders' equity	3,994.2	3,860.2	3,468.5	2,943.5	2,610.5
TOTAL LIABILITIES AND EQUITY	**€7,029.8**	**€6,943.1**	**€6,311.4**	**€4,962.4**	**€4,187.9**

* The consolidated balance sheet as of December 31, 2014 has been restated to reflect the finalized purchase price allocation for prior year business combinations.

	Year ended December 31,				
(in millions of euros)	**2017**	2016	2015	2014	2013
Net cash provided by operating activities	€745.0	€621.7	€633.3	€499.5	€506.8

1.3 History

1.3.1 History and Development of the Company

1.3.1.1 Summary

Dassault Systèmes, the **3D**EXPERIENCE Company, has the mission to provide business and people with **3D**EXPERIENCE universes to imagine sustainable innovations capable of harmonizing product, nature and life. Unveiled in 2012, this purpose has given birth to a broad portfolio of Industry Solution Experiences whose key strengths are in their scientific content and deep understanding of industrial processes. Our software portfolio is applicable from Natural Resources to Cities, Transportation, Buildings, Smart Products, Consumer Goods, all the way to biological systems, chemistry and materials science. Founded in 1981, Dassault Systèmes has been developing technologies and solutions that propel innovation through business transformation in industries ranging from aerospace to life sciences. As a company, we are participating in more than 50 global initiatives dedicated to advance world-class production technologies and processes. Dassault Systèmes brings value to over 220,000 customers of all sizes, in all industries, in more than 140 countries.

In connection with the launch of **3D**EXPERIENCE, our management system is now organized along three axes with: (i) a strategy to cover customer processes through an industry-focused set of offerings, "Industry Solution Experiences" based upon the Company's underlying software applications portfolio, content and services; (ii) a domain focused portfolio of software applications organized by brand in order to ensure a strong focus on the satisfaction of end user needs; and (iii) a global local specialized organization in order to leverage our global strengths, while at the same time ensuring a strong local proximity with customers and partners and enabling a more flexible management structure responsive to local needs at the client, partner and employee level thanks to our twelve geographic management teams.

Our Industry Solutions Experiences portfolio is powered by our **3D**EXPERIENCE business platform which was designed to enable companies to bring their different departments together, in a holistic manner to drive their innovation – in products, in new business models and in customer experience successes. The **3D**EXPERIENCE platform has proven uniquely suited to help companies thanks to its ability to improve and connect processes by enabling digital continuity across the principal disciplines, from ideation, design, scientific simulation, manufacturing and operations, to marketing and sales and in service, feed them with meaningful data analytics, and ensure the automatic propagation of changes across all disciplines.

Our investments, both through expenditures internally in research and development and through acquisitions, are closely aligned with our strategic roadmap. Our internal R&D investments are the principal driver of our product innovations and enhancements. In addition, with the expanded purpose and Social Industry Experiences strategy we are growing our addressable market along multiple axes: (i) broadening our offer to cover the key disciplines of clients, from enabling the gathering of upstream consumer insights to our core markets of design, engineering, simulation and manufacturing, and extending through to business planning and operations and point of sales and end-consumer experiences; and (ii) expanding our market coverage to address industries focused on the interaction of business and people with nature (geosphere) and business and people with life sciences (biosphere) and (iii) extending the power of 3D to people with 3D for All initiatives most notably bringing 3D to consumers in an easy manner with our Homebyme solution thanks to artificial intelligence and leveraging new advanced mobile technologies. With our Homebyme solution, consumers all over the world can imagine, easily create and place furniture in rooms, and experience them in a virtual reality experience on mobile devices. We will continue to evaluate potential external investments complementing and extending the value our Company brings to industries, clients and users. See paragraphs 1.3.1.3 "Dassault Systèmes' Purpose and Strategy", 1.5.1.1 "Summary" and 1.5.1.4 "Research & Development, Technology and Science" for further information.

1.3.1.2 Our Summary Timeline

1981-1996: Formation until Initial Public Offering

- 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 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 – 2005

- 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;
- 1999 – Launch of V5 architecture designed for both Windows NT and UNIX environments;
- 1999 – Unveiling an expanded addressable market vision: 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. The Value Solutions channel becomes the Company's second indirect channel, complementing our Professional channel which is focused on SOLIDWORKS users.

2006-2011

- 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. The V6 software architecture will become the foundation of the revolutionary **3D**EXPERIENCE Industry Solutions portfolio;
- 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 PLM software (CATIA, ENOVIA and DELMIA 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.

2012 – Today

- 2012 – Expansion of the Company's strategy to **3D**EXPERIENCE and expansion of the Company's purpose. See paragraph 1.3.1.3 "Dassault Systèmes' Purpose and Strategy";
- 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 – **3D**EXPERIENCE 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 **3D**EXPERIENCE platform;
- 2013 – Broadening of the Company's manufacturing offerings to Manufacturing Operations Management with the acquisition of Apriso;
- 2014 – Introduction of **3D**EXPERIENCE R2014x, the first release of the Company's new **3D**EXPERIENCE 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, **3D**EXCITE, 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 **3D**EXPERIENCE 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 – **3D**EXPERIENCE 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. 3DPLM is already fully consolidated in Dassault Systèmes' financial statements;
- 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' **3D**EXPERIENCE 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 BV, 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 **3D**EXPERIENCE 2018x and introduction of the **3D**EXPERIENCE Marketplace.

For further information on acquisitions over the last three years, see paragraph 1.3.2 "Investments".

1.3.1.3 Dassault Systèmes' Purpose and Strategy

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

A growing number of companies in all industry verticals are evolving their innovation processes to imagine the future both with, and for, their end-consumers. To meet this challenge, it is vital to ensure collaborative work processes internally and externally to the enterprise with designers, engineers, researchers and marketing managers, as well as external participants because the innovation flow comes from many directions. Enabling this flow unleashes the innovation potential. Dassault Systèmes, with its **3D**EXPERIENCE platform leveraging its V6 architecture, provides this "linkage", enabling its clients to create the value that their ultimate consumers are seeking. The Company's **3D**EXPERIENCE portfolio is designed to support 3D realistic virtual experiences representing usage of future products, and is comprised of social and collaborative applications, 3D modeling applications, simulation applications, and information intelligence applications.

For Dassault Systèmes to be able to help its customers simulate the end-consumer experience, it is important to have a complete understanding of the most critical business needs of the industries in which its customers operate. Therefore, Dassault Systèmes has adapted its organization to provide a strong focus on the users of its software through its brands structure, while at the same time, advancing the understanding and development of the needs of its 12 target industries through the combined action of its organization by industry, sales channels and local geographic presence.

1.3.2 Investments

1.3.2.1 Overview

Our investments, both through expenditures on internal R&D efforts and externally with acquisitions and other investments, are closely aligned with our strategic roadmap. Our internal R&D investments are the principal driver of our product innovations and enhancements. Our Research and Development expenses totaled €576.6 million and €540.5 million, for 2017 and 2016, respectively. Complementing and extending the business value we bring to industries, clients and users we have and will continue to evaluate external investments. In that regard, acquisitions, net of cash acquired totaled €338.2 million and acquisition of non-controlling interests were €37.5 million in 2017. In 2016 our acquisition investments totaled €262.7 million, net of cash acquired. For further information, see paragraphs 1.3.1.3 "Dassault Systèmes' Purpose and Strategy", 1.5.1.3 "Growth Strategy" and Note 25 to the consolidated financial statements on commitments.

1.3.2.2 Acquisitions in 2016 and 2017

The principal acquisitions completed over the last two years expanded our offer in electromagnetics simulation, next generation fluids flow simulation and in manufacturing operations.

- **Electromagnetics Simulation:** in October 2016, Dassault Systèmes acquired Computer Simulation Technology AG ("CST"), a technology leader in electromagnetic simulation to offer full spectrum electromagnetic simulation of autonomous cars, connected homes, medical equipment, wearable electronics and other smart objects. Dassault Systèmes is integrating CST solutions into its portfolio of Industry Solution Experiences based on the **3D**EXPERIENCE platform to offer a new standard in multiphysics and multiscale simulation. CST STUDIO SUITE software has been used by designers and engineers at more than 2,000 leading companies in the High-Tech, Transportation and Mobility, Aerospace and Defense, and Energy industries to evaluate all types of electromagnetic effects during every stage of electronic system design processes.

- **Next Generation Fluids Flows Simulation:** on November 17, 2017, Dassault Systèmes completed the acquisition of Burlington, Massachusetts-based Exa Corporation, a global innovator in simulation software for product engineering representing a fully diluted equity value for Exa of approximately €344 million. With the addition of Exa, Dassault Systèmes' **3D**EXPERIENCE platform will provide customers with a proven, diverse portfolio of combined Lattice Boltzmann fluid simulation technologies, as well as Exa's fully industrialized solutions and nearly 350 highly experienced simulation professionals. Exa's software is used by designers and engineers at more than 150 leading companies including Transportation and Mobility, as well as Aerospace and Defense, Natural Resources, and others to evaluate highly dynamic fluid flow throughout the design process.
- **Next Generation Fluids Flow Simulation:** Dassault Systèmes completed the acquisition of Next Limit Dynamics, developer of Xflow technology, to enhance its Industry Solution Experiences for multiphysics simulation on the **3D**EXPERIENCE platform and strengthen its presence in the strategic computational fluid dynamics ("CFD") market in 2016. Next Limit Dynamics' software solutions are used by simulation analysts for accurate and robust simulation of highly dynamic fluid flows in order to solve challenging CFD problems faster than traditional methods.
- **Manufacturing Production Planning and Scheduling:** In 2016, we acquired Ortems, focused on production planning and scheduling, which is now part of our DELMIA's product line. Ortems' Agile Manufacturing and PlannerOne solutions are used in the manufacturing operations management of smart factories, where a highly synchronized manufacturing IT system supports the link between virtual design and physical production. Ortems' solutions are used by clients in Aerospace & Defense, Transportation & Mobility, Industrial Equipment, High-Tech, Life Sciences, Consumer Packaged Goods & Retail industrial companies, to schedule their daily production runs.

The Company's principal acquisitions with an individual purchase price greater than €100 million over the last three years include:

Acquisition	Year	Purchase Price
Exa Corporation	2017	€344 million
CST	2016	€295 million

1.4 Group Organization

1.4.1 Dassault Systèmes SE's Position within the Group

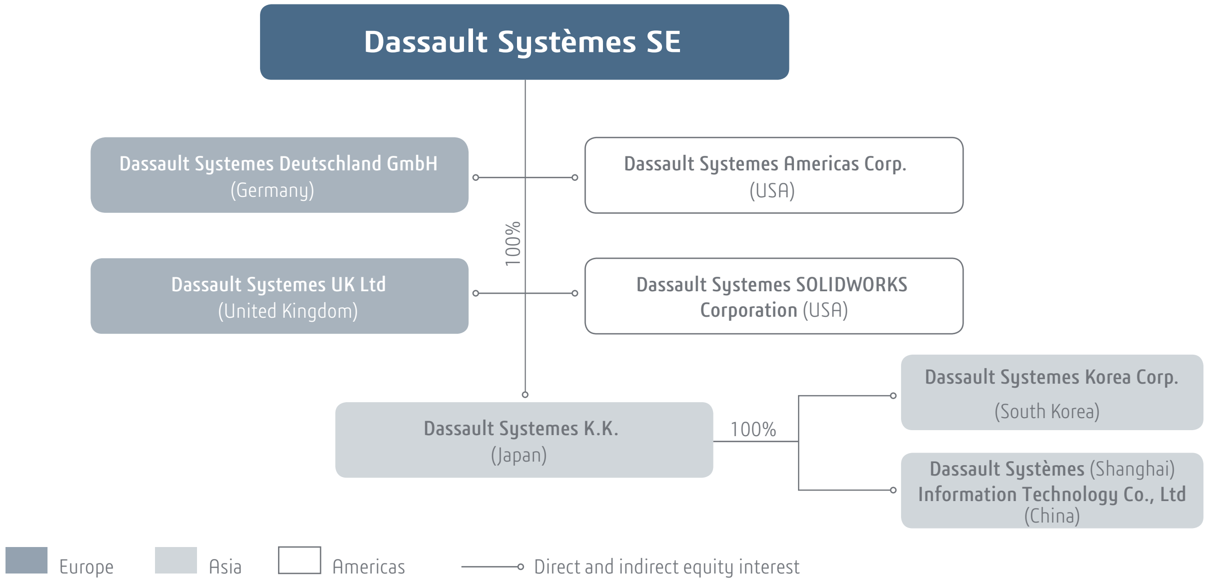
Dassault Systèmes SE, the Group's parent company, fulfills several roles: first, it is one of the Group's largest operating companies and one of its principal R&D centers, responsible for the development of a number of the Group's software solutions integrated in the **3D**EXPERIENCE platform. Dassault Systèmes SE also operates as a holding company as it owns directly or indirectly all the companies that make up the Group. Dassault Systèmes SE plays a centralizing role, defining the Group's overall strategy and the means for its deployment, as well as the marketing and sales policy through the Group's three sales channels (described in paragraph 1.5.2.5 "Sales and Marketing"). The parent company manages cash for subsidiaries whose currency is the euro, and provides support to the Group 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. Additionally, the costs of providing centralized services are charged back to the respective subsidiaries benefiting from support services and cost pooling, and it receives royalties related to the IP it holds.

1.4.2 Principal Subsidiaries of the Company

At December 31, 2017, the Company included Dassault Systèmes SE and 115 operational subsidiaries, as compared to 116 operational subsidiaries in 2016. 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 2017 acquisition effects.

The chart below sets forth the Company's 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.

1.5 Business Activities

1.5.1 Principal Activities

1.5.1.1 Summary

Dassault Systèmes, the **3D**EXPERIENCE Company, has the mission to provide business and people with **3D**EXPERIENCE universes to imagine sustainable innovations capable of harmonizing product, nature and life.

Experience Thinking is a framework for innovation, focusing on engaging consumers with product experiences that are smarter, intuitive and sustainable. Product experience thinking encourages companies to consider all aspects of the consumer experience journey – only possible when all the players in the innovation process from marketing, sales, design, engineering, manufacturing and the supply chain work collaboratively. The Company's software portfolio is applicable from Natural Resources to Cities, Transportation, Buildings, Smart Products, Consumer Goods, all the way to biological systems, chemistry and materials. Since its founding in 1981 Dassault Systèmes has been propelling business transformation across industries, ranging from aerospace and automotive to high-tech to life sciences and is participating in more than 50 global initiatives dedicated to advance world-class production technologies and processes. Dassault Systèmes brings value to over 220,000 customers of all sizes, in all industries, in more than 140 countries.

The **3D**EXPERIENCE platform and its Social Industry Experiences are purpose built to digitalize the entire customer journey and have the capabilities to analyze, design, simulate, engineer, manufacture and deliver product and services which are the experiences customers expect. The **3D**EXPERIENCE platform, with its first general availability in 2014, enables innovators to develop a deep understanding of their customer's expectations by analyzing social and usage information in a unique data-driven approach. Enterprises can then model, simulate and optimize their offerings to best suit each customer experience. During the operating lifecycle, this model can be enriched with valuable insights gleaned from the usage data, setting the stage for the next cycle of innovation. Today, the Company has the largest Industry Solution Experiences portfolio on the market.

Based upon the Company's mission, business strategy and its software portfolio, Dassault Systèmes has estimated that it has a current addressable software market of approximately $26 billion. The Company's growth drivers are centered in three main areas: Build on Value with the **3D**EXPERIENCE platform, industry focus and cloud/mobile apps; Domain Leadership through Brand Value Creation and Improve Efficiency leveraging its sales channel coverage.

Industries Served

The Company's global customer base includes companies in 12 vertical sectors: Aerospace & Defense; Transportation & Mobility; Industrial Equipment; Financial & Business Services, High-Tech; Life Sciences; Energy, Process & Utilities; Consumer Goods & Retail; Natural Resources; Architecture, Engineering & Construction; Consumer Packaged Goods & Retail; and Marine & Offshore. Commencing in 2012, the Company's go-to-market strategy moved to an industry focus from the previous brand focus.

1.5.1.2 Key Competitive Strengths of Dassault Systèmes

The solutions of Dassault Systèmes, the **3D**EXPERIENCE Company, transform the way products are designed, simulated, produced, marketed and supported, leveraging the virtual world to improve the real world.

Dassault Systèmes' focus has been on enabling digital continuity and to do so in a much broader fashion as the entire enterprise is involved in driving successful customer experiences. This digital continuity begins with Upstream Thinking, to then Design and Engineering, Manufacturing, Sales & Marketing all the way to Ownership with after-sales. The **3D**EXPERIENCE platform is a critical enabler of this digital continuity.

The Company believes its global market leadership and financial performance benefit from key characteristics of the Company.

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

The Company's DNA to model and represent as scientifically accurate as possible products, nature and life has given birth to a unique Industry Solutions Experiences portfolio based on the **3D**EXPERIENCE platform, whose key strengths are in their scientific content and deep understanding of industrial processes.

Dassault Systèmes has had a long-standing leadership position in its industry thanks to its ability to define and create new markets, expanding from 3D Design to Digital Mock-Up, to Product Lifecycle Management and now 3DEXPERIENCE. Underpinning this market leadership has been the Company's clear and strong commitment to technological innovation.

Important areas of investment in R&D include, among others, the **3D**EXPERIENCE business platform foundations and services, Modeling Technologies (3D, systems engineering, natural resources and biosystems), technologies for product, production and usage realistic simulation, intelligent information technologies (indexing, dashboarding and data science) and connectivity technologies (for social and structured collaboration and program management & compliance). Moreover, the Company's R&D efforts are centered on advancing breakthrough user experiences, and expanding the reach of its solution with native cloud and mobility and immersive solutions.

Dassault Systèmes maintains a long-term focus, well supported by its financial model with a high level of recurring software revenue.

We believe that sustainable market leadership requires a long-term vision which is characterized by investing in people and a long-term financial model. We have a diverse, highly-educated workforce which totalled 16,140 at the end of 2017, from 130 countries. The Company's long-standing financial model, with a high level of recurring software revenue, representing 70% of our total non-IFRS software revenue in 2017, has enabled us to maintain as well as increase investments in critical resources in R&D and customer support even during challenging macroeconomic environments.

Dassault Systèmes' 3DEXPERIENCE software applications, comprised of leading market brands, have been integral to our success and continue to be principal areas of investment through internal research and development as well as through selective acquisitions.

Our **3D**EXPERIENCE portfolio is comprised of 3D modeling applications, simulation applications creating virtual twins of products or production systems, social and collaborative applications, and information intelligence applications. One of our key objectives is to create a portfolio of brands, leaders within their respective markets (see paragraph 1.5.2.4 "**3D**EXPERIENCE Software Applications Portfolio – Addressing the Needs of its User Communities"). In support of our "Social Industry Experiences" strategy, brands are focused on providing value to end-users. The Company's portfolio architecture has been therefore designed to offer at three levels value creation: for the enterprise, for the organization or team, and for the user role.

We are benefiting from a sophisticated organization supporting our multiple growth drivers.

In connection with our **3D**EXPERIENCE strategy, the Group has organized itself along three axes with: (i) a strategy to cover customer processes with an industry-focused set of offerings, "Industry Solution Experiences" based upon the Company's underlying software applications portfolio, content and services; (ii) a domain-focused group of software applications organized by brand in order to ensure a strong focus on the satisfaction of end-user needs; and (iii) a global-local-specialized organization in order to leverage its global strengths, while at the same time ensuring a strong local proximity with customers and partners and enabling a more flexible management structure responsive to local needs at the client, partner and employee level thanks to our twelve geographic management teams.

We believe the structure of our sales, well-balanced between direct and indirect sales channels, has enabled us to develop a diverse customer base and to extend and deepen our global reach.

Dassault Systèmes has a diverse customer base by size, geographic origin and industry. Our clients range from the smallest companies in the world to global leaders, and includes clients in 12 vertical sectors: Transportation & Mobility; Industrial Equipment; Aerospace & Defense; Financial & Business Services; High-Tech; Life Sciences; Energy, Process & Utilities; Consumer Goods & Retail; Natural Resources; Architecture, Engineering & Construction; Consumer Packaged Goods & Retail and Marine & Offshore. For marketing and sales, the Company operates through both a direct sales force and indirectly through value-added resellers, with total sales well balanced between direct and indirect sales channels. We continue to selectively expand and extend our sales radius, deepen our industry expertise and relationships, as well as domain or discipline knowledge of our three sales channels. See paragraph 1.5.2.2 "Industries and customers" and 1.5.2.5 "Sales and Marketing".

Dassault Systèmes has had a long history of partnering, leading to the development of a resilient and dynamic ecosystem of partners, including sales and services, software development, technology, education and research and with system integrators.

Since our founding in 1981 the Company 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 system integrators with strong industry expertise and regional presence for both sales and service engagements. Moreover, the Group is engaging with its ecosystem, working with more than 400 software development partners building applications complementing its software applications as well as working with key technology partners. Looking to the future, Dassault Systèmes has had a long-standing commitment and is actively growing connections with academic, research and medical organizations around the world, working to use 3D to enable an improved learning environment for students throughout the world and to collaborate in accelerating the creation of new software dedicated to help the virtual world improve the real world.

1.5.1.3 Growth Strategy

Based upon our **3D**EXPERIENCE platform and software portfolio, we estimate that our current total addressable software market is approximately $26 billion (TAM).

Our growth drivers are centered in three main areas: Build on Value with the **3D**EXPERIENCE platform, industry focus and cloud/mobile apps; Domain Leadership through Brand Value Creation and Improve Efficiency leveraging our sales channel coverage.

- **3DEXPERIENCE Platform:** the **3D**EXPERIENCE platform has two potential opportunities. The first is focused on being an operating platform, applicable to all employees within an enterprise. The second opportunity longer term is to become a trading platform connecting customers and partners, and in that regard in early 2018 we unveiled our first Marketplace initiatives;
- **Industry Focus:** through our focus on developing specific solutions for each of the 12 vertical industries we address, including our Industry Solution Experiences, processes and roles, wesee opportunities to expand our presence in each of the industrial sectors we target including through coverage of new sub-segments within target industries. For further information, see paragraph 1.5.2.2 "Industries and customers";
- **Cloud and Mobile Applications:** with the Company's **3D**EXPERIENCE platform utilizing on line V6 architecture, we are positioned to grow through our Cloud and Mobile offerings. We believe that the cloud will become a growth driver with the progressive roll-out of our cloud services offering over the coming years, as well as with the release of mobile applications using tablets because of the quick implementation time and the reduction in total cost of ownership cloud provides to customers. For further information, see paragraph 1.5.1.4 "Research & Development, Technology and Science";
- **Brands Value Creation:** we continue to invest in expanding the coverage of each of our brands and in expanding the disciplines we address. Within a corporation, our applications now cover a large portion of the enterprise employees engaged in contributing to the end-consumer product experience, spanning from design, engineering and simulation, to manufacturing, quality assurance and compliance, and from project management, business planning & operations and service departments to marketing and point of sales. The Company's functional coverage in total more than doubled with **3D**EXPERIENCE compared to its Version 5 software application portfolio. For further information, see paragraph 1.5.2 "Dassault Systèmes' offering";
- **Sales Channel Coverage in Geographies:** we see opportunities to grow our presence in all geographic markets. In order to strengthen and broaden our global footprint, we have established 12 regional field organizations to prioritize and drive the Company's growth initiatives at a local level. See paragraph 3.1.1 "Executive Overview for 2017" for further information on growth by geographic region;
- **Acquisitions:** in 2012, we unveiled our current horizon, **3D**EXPERIENCE, representing a potential doubling of our addressable market, expanded our purpose and defined our Social Industry Experience strategy. Aligned with

this strategy, the Company is complementing its internal developments, in particular for brand value creation, with key selected acquisitions. For further information, see paragraphs 1.3.2 "Investments", 1.5.1.4 "Research & Development, Technology and Science" and 1.5.2 "Dassault Systèmes' offering".

For a description of the challenges that must be met to maintain growth, see paragraph 1.7.1 "Risks Related to the Company's Business".

1.5.1.4 Research & Development, Technology and Science

Underpinning Dassault Systèmes long-standing market leadership has been its clear and strong commitment to technological innovation, enabling it to define and create new markets, expanding from 3D Design to Digital Mock-Up, to Product Lifecycle Management and to **3D**EXPERIENCE.

Important principal areas of investment in R&D include the **3D**EXPERIENCE business platform foundations and services; Modeling Technologies (3D, systems engineering, natural resources and biosystems); technologies for product, production and usage realistic simulation; intelligent information technologies including indexing, dashboarding and data science; and connectivity technologies for social and structured collaboration. Moreover, the Company's R&D efforts are centered on advancing breakthrough user experiences, and expanding the reach of its portfolio with native cloud, mobility and immersive solutions.

***3D**EXPERIENCE business platform, based on the V6 organic architecture*

Since inception in 1981, the Company has introduced six versions of its architecture, the most recent of which is V6. The V6 software architecture is the foundation of the revolutionary **3D**EXPERIENCE Industry Solutions portfolio that offer end-to-end and integrated scientific, engineering, marketing, manufacturing and business capabilities and services. This is a unique holistic business-oriented platform.

These solutions are based upon the **3D**EXPERIENCE platform offering the following services:

- **3D Dashboarding Technologies and Services:** The **3D**EXPERIENCE platform provides capabilities to dashboard, monitor and summarize all enterprise and business activities. With semantics and 6W (why; what; where; when; who; and how) tagging technologies, the platform provides unique ways of compassing any businesses with real-time streamed media and information in a context-aware, managed and intuitively-experienced fashion;
- **Social Collaboration Technologies and Services:** The **3D**EXPERIENCE platform allows any business to become social, extending from structured program and organization to social and open communities. The technology and services allow seamless integration of communities, people, rich profiles and media with access control and best of breed practices (project management, ideation, wikis, blogs, suggestion engines, distributed open innovation);
- **Technologies and Services for Enterprise Data and Assets:** The **3D**EXPERIENCE platform integrates Dassault Systèmes' brands and industry offerings, with the semantic breadth representation and deepness to handle any kind of data and corporate Intellectual Property for any product, nature or life data sets. These dedicated technologies and services help enable unique experiences for social industries in terms of modeling, lifecycle management and data protection for all social industries; Unique Cobot (collaborative robot) and Automation technologies and services moreover enable digitized enterprises to scale up to the next level and reach a productivity/reactivity dimension at the heart of tomorrow's competitive challenges;
- **Cloud Technologies and Services:** The **3D**EXPERIENCE platform provides cloud-based workspaces services and technologies to enable secured, concurrent, and controlled online collaborative environments to share, and innovate on any IP. This technology is unique, optimized for big data and available for remote usage for a wide variety of industry practices;
- **Experiences Play Technologies and Services:** The **3D**EXPERIENCE platform aims at providing real-time, realistic 3D experiences. The Play Technologies and Services deliver unmatched visualization, execution, interactivity, and scenarios experience in heterogeneous virtual universes.

3D Modeling Technologies

The Company's DNA to model and represent as scientifically accurate as possible products, nature and life has given birth to a unique portfolio of modeling technologies and services ranging from 3D Modeling to Systems Logical and Functional Modeling. This applies to a wide spectrum of applicative domains from Smart/Connected Products to urban systems, to natural resources, to biological systems, chemistry and materials.

Virtual + Real Technologies

3DEXPERIENCE is made possible by real-time realistic simulation of virtual universes. The Company has therefore made significant investments in technologies and services, enabling simulation ranging from product's complex behaviors; factory and production systems execution; additive manufacturing; logistics operations and consumer usages in everyday life. This relies on unique assets for complexity management and distributed massive multiscale, multi-discipline simulation execution (structures, fluids, electromagnetics, acoustics, etc.) and experience run. Specifically, the integration among design, simulation and digital manufacturing makes it possible to optimize product design depending on the manufacturing process (including 3D printing) and constraints of robustness, weight and production costs that final product has to fulfil.

Intelligent Information Technologies

Thanks to the Company's EXALEAD's unique technologies, Dassault Systèmes has significantly expanded its indexing and search capabilities technology with an important search-based infrastructure for the development of information intelligence applications. The Company's search-based applications combine the sophisticated search and access typically associated with databases with the speed, scalability and simplicity of the Web. This allows the **3D**EXPERIENCE platform customers to tackle very big data challenges and benefit from next generation technologies to search, sort, filter, navigate and understand data. The real-time dashboarding technologies provided by Netvibes are in that regard a unique combination for all businesses consuming and producing massive sets of information. Finally, leveraging the ultimate new data science and machine learning technologies, the **3D**EXPERIENCE platform offers unique model based supervised data science capabilities, to understand, analyse, correlate, infer, describe, predict and prescript very complex information. The Company believes that this profound dialogue between the virtual world and intelligent information is unique to Dassault Systèmes and cannot be found elsewhere.

Connectivity Technologies

The **3D**EXPERIENCE platform is serving the Company's social industry experience strategy. With unique connectivity technologies and services, allowing people and communities to connect in a secure and controlled environment, with mobility and online hybrid environments, it enables a new era of open innovation on extended ecosystems and fosters a truly open platform innovation for all businesses. It also enables improved project management, conformity to standards, process certification for customers and next-generation value chain relationships and value networks management.

Software, Technology and Science Partners

The Company has 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. The Company's 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 its solutions. Further, Dassault Systèmes is a participant in several hundred public-private projects (for example with DARPA, U.S. National Lab, Prestigious universities such as Harvard or MIT, and world-leading instititutes such INRIA and INSERM), collaborates with renowned scientists (including Nobel Prize winners) and is engaged in technology partnerships across the 12 industries (and industry sub-segments) it serves.

Finally, the Company has software development partners working in each domain of its software solutions. The Company's global affiliate program enables developers to create and market their own applications fully integrated with and complementary to the Company's software solutions.

1.5.2 Dassault Systèmes' offering

1.5.2.1 Overview: Dassault Systemes Focused on a New World to Imagine, Create and Make

Our Horizon is **3D**EXPERIENCE with the mission to provide business and people with **3D**EXPERIENCE universes to imagine sustainable innovations capable of harmonizing product, nature and life. Working altogether we see a new world to imagine, create and make leveraging science, engineering, art and taking advantage of the significant technological advances to power and reduce the distance between the Virtual World and the Real World.

Our focus is on the five principal trends we see:

- Cities for People;
- Resources and Energy for the Long Term;
- Global and Personalized Health;
- Supplying Globally, Producing Locally;
- Inspirational Education and Research.

1.5.2.2 Industries and Customers

Our global customer base includes companies in 12 industrial sectors: Transportation & Mobility; Industrial Equipment; Aerospace & Defense; Financial & Business Services; High-Tech; Life Sciences; Energy, Process & Utilities; Consumer Goods & Retail; Natural Resources; Architecture, Engineering & Construction; Consumer Packaged Goods & Retail and Marine & Offshore. Commencing in 2012, we implemented a major evolution of our go-to-market strategy moving to an industry-approach focusing on the key business objectives and business processes of our target industries and market segments within these industries, moving from a brand go-to-market focus previously.

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

Industry	Market Segments We Address
Transportation & Mobility	Cars & Light Trucks, Racing Cars, Motorcycles, T&M Suppliers, Trucks and Buses, Trains
Industrial Equipment	Industrial Manufacturing Machinery, Heavy Mobile Machinery & Equipment, Installed Equipment, Tire Manufacturers, Industrial Equipment Products, Fabricated Metals Products
Aerospace & Defense	Airframe OEMs, Aerospace Suppliers, Propulsion, Defense
Financial & Business Services	Business services, Banking & Financial Markets, Insurance
High-Tech	Semiconductor, Technology Suppliers, Telecommunications, White Goods, OEMs & ODMs/EMS
Life Sciences	Medical Devices, Pharmaceutical & Biotech, Patient Care
Energy, Process & Utilities	Power & Utilities, Engineering Procurement & Construction, Oil & Gas, Chemical & Process
Consumer Goods & Retail	Fashion, Lifestyle, Home, Retail
Natural Resources	Mining, Water, Agriculture & Forestry, Oil & Gas
Architecture, Engineering & Construction	Buildings, Infrastructure, Cities
Consumer Packaged Goods & Retail	Food & Beverage, Beauty & Personal Care, Household Products, Packaging Suppliers, General Retailerers
Marine & Offshore	Navy Vessels, Commercial Ships, Offshore, Yachts & Workboats

The composition of our software revenue in 2017 by our twelve industries was approximately as follows: Transportation & Mobility about 31% (31% in 2016); Industrial Equipment about 16% (16% in 2016); Aerospace & Defense about 13% (13% in 2016); Business Services about 8% (9% in 2016); Diversification Industries represented about 32% of our software revenue in 2017, compared to about 31% of software revenue in 2016, about 30% in 2015 and 28% in 2014.

Today, the Company has the largest Industry Solution Experiences portfolio on the market. Our Industry Solution Experiences are designed to address key business processes of the respective individual industry and are comprised of industry process experiences and user roles matching up to those of the respective industry.

Industrial Solution Experiences – Customer Case Examples

Aerospace and Defense

Embraer

Challenge: As a leading commercial and executive jet manufacturer and the largest defense and security solutions company in Brazil, Embraer continues to evolve to achieve long-term success. The company seeks to anticipate customer needs on future programs and develop technologies for advanced production and manufacturing processes.

Solution: Embraer adopted Dassault Systèmes' **3D**EXPERIENCE platform for design, data management, simulation and analysis, manufacturing and documentation as provided through the industry solution experience 'Co-Design to Target', including **3D**EXPERIENCE and CATIA, DELMIA and ENOVIA apps.

Benefits: The **3D**EXPERIENCE platform provides engineering and manufacturing planning stakeholders with cross-site digital continuity and real-time access to accurate product and product-build information, thus accelerating development time and improving quality and design innovation.

Architecture and Engineering and Construction

Kengo Kuma & Associates

Challenge: As its projects became larger and more complex and its offices expanded around the globe, maintaining data accuracy put a strain on Kengo Kuma & Associates' previously-used 3D modeling software.

Solution: Kengo Kuma & Associates adopted the **3D**EXPERIENCE platform on the Cloud and our Design for Fabrication industry solution experience to accurately manage a wide variety of parameters during an architectural project's development in real time across multiple disciplines.

Benefits: The design creation and change process is more streamlined and revisions are stored in a single database for future reference. Kuma's design philosophy is also capitalized, helping to improve design quality and efficiency.

3DEXPERIENCity

Rennes Metropoles (City)

Challenge: Rennes Métropole wants to address the complexity of the city and involve all stakeholders through a systemic approach.

Solution: Rennes Métropole chooses the **3D**EXPERIENCE platform to implement **3D**EXPERIENCity Virtual Rennes, a collaborative solution based on the cloud.

Benefits: 3DEXPERIENCity Virtual Rennes will aim to facilitate remote data sharing in order to simulate, plan and manage the city in a transversal and collaborative way, to develop effective public policies.

Marine & Offshore

Bureau Veritas

Challenge: As energy efficiency and safety-related maritime regulations increase in number and complexity, world-leading Classification Society, Bureau Veritas, needed to improve its productivity and responsiveness to customers.

Solution: As part of its digital transformation initiative, Bureau Veritas adopted Dassault Systèmes' **3D**EXPERIENCE platform and its Designed for Sea industry solution experience for structural design, review, and collaboration.

Benefits: Bureau Veritas has reduced overall time to model a ship by 30% and time to generate the finite element model by 25%, helping customers optimize their designs and comply with new regulations.

Consumer Goods-Retail

LF Corp

Challenge: As product development cycles in the fashion industry continue to shrink in response to rapidly changing trends, LF Corp (LF) needed to efficiently collect consumer and market feedback and to share and manage its intellectual property in a sustainable way to accelerate new product development.

Solution: LF adopted Dassault Systèmes' **3D**EXPERIENCE platform and the My Collection industry solution experience, a Product Lifecycle Management (PLM) solution for fashion, to support real-time collaboration, and to manage its development processes and design data.

Benefits: LF captures all data, including designs developed using Adobe's Illustrator, on the **3D**EXPERIENCE platform, dramatically improving security and reducing data loss. New product development cycles and market response time have been considerably reduced, thanks to data re-usability.

Consumer Packaged Goods and Retail

Intermarché and Savencia

Challenge: Intermarché and Savencia needed to redefine their merchandising strategy of the self-service cheese category on shelves to present their products in a most efficient way.

Solution: To facilitate their collaboration and provide planograms to the point of sale as quickly as possible, Intermarché and Savencia are using the **3D**EXPERIENCE Platform and its Perfect Shelf solution, including ENOVIA apps, on the cloud.

Benefits: Key decisions are made very quickly and the planograms are richer benefiting from a collective experience.

Transportation & Mobility and High-Tech

Kreisel Electric

Challenge: To transform the legendary 1971 EVEX Porsche 910 combustion-powered car into an electrified supercar Kreisel Electric needed to design and build a battery pack, cooling system, gearbox and powertrain that would fit in the car's available space. To achieve this, the company needed a solution that was robust yet flexible enough to enable the different disciplines involved to collaborate while keeping costs and schedules in check.

Solution: Kreisel Electric relied on the **3D**EXPERIENCE platform and its Electro-Mobility Accelerator's integrated applications that cover the entire development lifecycle from requirements to digital concept, design, simulation, manufacturing as well as overall project management.

Benefits: Project stakeholders enjoyed real-time collaboration, centralized and secure access to geometric data, company know-how and project information thereby promoting creativity and innovation while reducing costs and overall development time. Other benefits include: Intellectual property is capitalized for future reuse; Communities facilitate sharing of information and ideas; Digital crash simulations reduce physical prototyping costs; Integration between engineering and production enables early manufacture of designed parts. As all applications are integrated in the same platform, there is no need for software conversions and interfaces that can introduce errors.

To increase our market presence within our target industries, we continue to strengthen our industry knowledge and expertise through partnerships with global and regional industry leaders, expand and deepen our coverage through internal development and by acquisition, expand our cloud offer, develop and deepen relationships with system integrators and leading consulting companies and add specialized direct sales and sales partners.

Through strategic alliances with leading IT system integrators, service providers and consulting firms with deep expertise in industry processes, the Company's Industry Solution Partnerships provide innovative solutions and services by industry or industrial segment to address clients' business challenges. Based on their strong competence in industries and application domains as well as their regional expertise, in conjunction with Dassault Systèmes' products and solutions, these partners help to deliver innovative solutions that customers need for success in their business.

See paragraph 1.3.2 "Investments".

1.5.2.3 **3D**EXPERIENCE Platform and **3D**EXPERIENCE Industry Solutions

3DEXPERIENCE Platform

The **3D**EXPERIENCE platform's purpose is to digitalize the entire customer innovation journey and value chain, with capabilities to analyze, design, simulate, engineer, manufacture and deliver product experiences as well as collaborate and transact with a qualified ecosystem of industrial actors. The platform enables innovators to develop a deep understanding of their customer's products' operating environment by analyzing social and usage information in a unique data-driven approach. Enterprises can then model, simulate and optimize their offerings to best suit each customer experience. During the product operating lifecycle, this model is enriched with valuable insights gleaned from the usage data, setting the stage for the next cycle of innovation.

A single user interface – the 3D Compass – provides easy-to-use navigation, search, and collaboration in the **3D**EXPERIENCE platform environment that is extensible to any discipline in a company – engineering, manufacturing, simulation, sales, marketing, finance, procurement, and management.

Key differentiating attributes of the **3D**EXPERIENCE platform include:

- **Digitally Connected:** the **3D**EXPERIENCE platform is about eliminating silos within companies, moving from a static, filed-based world to a digitally connected world, where live data drives innovation, processes and business-decisions. Our platform provides digital continuity across all applications and propagates changes automatically;
- **Data Driven:** data is at the heart of product innovation. However, this data sits across many disparate systems today at many companies and is not readily visible nor is the data an easily available corporate asset. Capabilities of the **3D**EXPERIENCE platform enable the indexation of data across different systems and create a new class of applications, in order to leverage the data of an enterprise. Further, data is not just what's in the enterprise; there's a lot of relevant data on the internet and with the Company's Netvibes and Exalead technologies and apps, enterprises can use these applications to help them extract data from the internet to improve their innovation, products, their brands and their consumers' experiences;
- **Model-based:** such an approach is at the core of the **3D**EXPERIENCE platform and is valuable to ensure innovation effectiveness. The innovation process typically calls for multiple models of varying degrees of fidelity and a variety of simulation techniques. Early in the process, a low fidelity model is employed to understand the systems interactions and behavior; while later as the product definition matures, higher fidelity models are adopted to guide optimization along often-conflicting functional attributes and cost. This model-based approach is not confined to the research phase; it is employed in many activities across the enterprise. For example, planners define the process model and simulate the assembly operations to meet cycle-time constraints; service engineers define reliability models to guide maintenance planning. Thus, a

model of the entire product from conception to operations is built during product development;

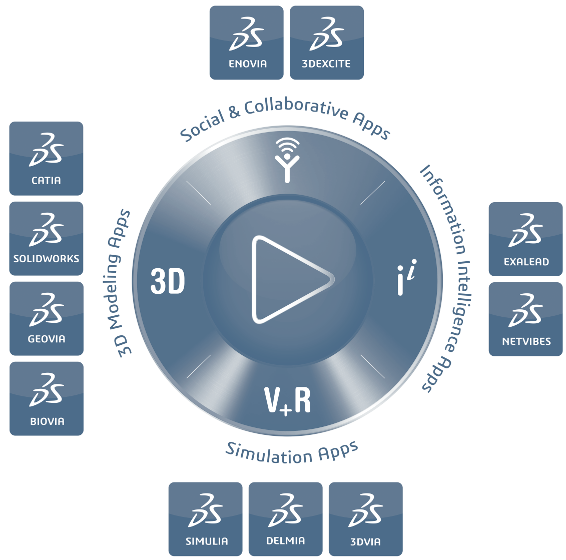
- **Virtual + Real:** Virtual models can replicate real world behavior and physical tests. They can be correlated with actual behavior during the operating life of the product. The knowledge gained from this correlation can be used to enhance the fidelity of the virtual models. Any enhancements required in the operating product are first simulated in the virtual model, fine-tuned and then optimized, before incorporating in the real world. In fact, the accuracy of the simulation can be significantly enhanced by connecting the virtual model to physical systems, also called Hardware in the Loop. When the physical systems are assembled, they are a twin of the model. The real and virtual worlds reinforce each other – modelling and simulating the real world virtually and enhancing the virtual model with experiences from the real world;
- **Qualified ecosystem of industrial actors:** the **3D**EXPERIENCE Marketplace features a range of services with an ecosystem of recognized experts in their domains that delivers the knowledge and know-how using 3D as a universal language to reduce the distance between the virtual and real worlds. The **3D**EXPERIENCE Marketplace manages all aspects of worldwide transactions such as taxes, payments, currencies and billing with full traceability.

See paragraph 1.5.1.4 "Research & Development, Technology and Science".

1.5.2.4 **3D**EXPERIENCE Software Applications Portfolio – Addressing the Needs of its User Communities

Dassault Systèmes' **3D**EXPERIENCE software applications portfolio is designed to enable the powering of 3D realistic virtual experiences and is comprised of 3D modeling applications, simulation applications, social and collaborative applications, and information intelligence applications. The Company has successively expanded its portfolio of applications and organizes them by brand internally in order to maintain a strong research and development focus on the users served by these applications.

We continue to expand the capabilities of our brands to meet the evolving needs of existing and new users across our expanded addressable market. Dassault Systèmes' investments in research and development, as well as targeted acquisitions, have enabled the Company to deepen and broaden its offerings for customers as well as to bring its significant assets to help advance innovation in other target domains and industries.



3D Modeling Applications

The Company's DNA to model and represent as scientifically accurate as possible products, nature and life has given birth to a unique portfolio of modeling technologies and services ranging from 3D Modeling to Systems Logical and Functional Modeling. This applies to a wide spectrum of applicative domains from Smart/Connected Products to urban systems, to natural resources, to biological systems and chemistry.

SOLIDWORKS – Inspiring Innovation

SOLIDWORKS design software is as simple as it is powerful – enabling any company to bring its vision to life and capture global markets. SOLIDWORKS solutions focus on the way you work every day, with an intuitive, integrated 3D design environment that covers all aspects of product development and helps maximize your design and engineering productivity. Nearly 4 million designers and engineers as well as students worldwide have used SOLIDWORKS to bring designs to life—from the coolest gadgets to innovations for a better tomorrow.

SOLIDWORKS solutions cover all aspects of your development process with a seamless, integrated workflow:

- **3D Design:** SOLIDWORKS 3D CAD solutions enable you and your team to quickly transform new ideas into great products, with 3D solid modeling; Large Assembly Design; Sheet Metal Design; Weldments; Plastic & Cast Part Design, Mold Design. Other features include design reuse and automation; interference check; Design Analysis; CAD library, 2D Drawings; 3D animations & photorealistic rendering; Design to Cost with Manufacturing Cost Estimations;
- **Electrical Design:** Improve productivity and speed time-to-market with the range of advanced capabilities in SOLIDWORKS Electrical. Our software powers efficient planning and design of embedded electrical systems, with increased collaboration between mechanical and electrical design teams. All project design data is synchronized with real-time, bi-directional updates between schematics and the 3D model. Powerful schematic design tools quickly develop embedded electrical systems for machines or products;
- **Product Data Management:** SOLIDWORKS Product Data Management (PDM) solutions help you get your design data under control and substantially improve the way your teams manage and collaborate on product development. SOLIDWORKS PDM Professional enables teams to: securely store and index design data for fast retrieval; eliminate concerns about version control and data loss; share and collaborate on designs with people inside and outside the organization in multiple locations; create an electronic workflow to formalize, manage, and optimize development, document approval, and engineering change processes.

  EXALEAD OnePart helps engineers and designers decide between design creation or design reuse. EXALEAD OnePart is a business discovery application that accelerates reuse of parts, designs, specifications, standards, test results and related data for engineering, manufacturing, and procurement activities. Leveraging the proven web semantics, analytics, and big data management technologies of EXALEAD CloudView OnePart locates information from multiple sources and makes it available instantly;
- **Simulation:** Subject your designs to real-world conditions to raise the quality of your products while you reduce your costs for live prototypes and testing. SOLIDWORKS offers a comprehensive suite of simulation applications to set up virtual real-world environments to test product designs before manufacture. Tests can be conducted against a broad range of parameters during the design process – such as durability, static and dynamic response, motion of assembly, heat transfer, fluid dynamics, and plastics injection molding;
- **SOLIDWORKS 3DEXPERIENCE solutions:** SOLIDWORKS on the **3D**EXPERIENCE platform delivers a new design experience focused on enabling its users to create innovative products in a connected and truly collaborative environment. SOLIDWORKS **3D**EXPERIENCE solutions help users easily develop, review, and select mechanical and stylized concepts before committing to detailed design and manufacturing;
- **Technical communication:** SOLIDWORKS Composer allows users to easily repurpose existing 3D design data to more rapidly create and update high quality graphical assets for product deliverables, including documentation, technical illustrations, animations, and interactive 3D experiences.

In addition to the products it offers to SOLIDWORKS users, SOLIDWORKS operates a development partnership program bringing together companies supplying complementary products that are either compatible with or tightly integrated. Through this program, over 300 compatible products have been made available to customers in many functional areas, including manufacturing, rapid prototyping and mold design.

CATIA – Shape The World We Live In

CATIA is Dassault Systèmes' pioneer brand and the world's leading solution for 3D product design and innovation based upon its total software revenue.

CATIA addresses the complete development and innovation process, from early concept definition to delivering interactive virtual product experiences. Providing innovators with "state of the art" user experiences, the complete Brand portfolio covers from design to engineering, and from styling to systems modeling, within a single integrated platform. CATIA shifts traditional 3D CAD (Computer Aided Design) expectations, delivering high-end solutions adapted to imagine and shape a human centric connected world. In alignment with its mission, CATIA proposes the capacity to design products in context of their intrinsic usage, ultimately enabling innovator communities to virtually experience and share their vision. So by being able to model all disciplines as well as behaviors, designers have the power to create the next generation of connected experiences.

Generative Multi-Physics driven design, unifies modeling, simulation and optimization in a single environment. This is a step-change in product engineering efficiency, removing bottlenecks which in the past made it cost-prohibitive to explore optimized parts. Now, a streamlined and intuitive workflow allows non-expert designers to achieve expert results at the push of a button with the automatic generation of function-driven conceptual shapes and previously unimaginable organic shapes.

This is all achieved in a single environment and creates fully usable 3D geometry which can be directly refined and shared on the **3D**EXPERIENCE platform by all disciplines, enabling seamless collaboration between design, simulation and manufacturing engineers.

3DEXPERIENCE CATIA delivers:

- a social design environment driving product experience innovation, providing real collaborative features;
- an instinctive user experience, powered by state of the art and intuitive 3D modeling functionalities;
- an inclusive experience development platform, easily integrated with both modern and legacy tools, enabling all relevant communities to participate to the design process.

CATIA Design: Delivering Advantage by Design

Successful product designs evoke positive emotional responses from their consumers. Creative designers need software solutions that enable them to easily craft such products, while collaborating with engineering on the same functional scope. CATIA addresses the entire shape design, styling, and surfacing workflow, from Creative & Industrial Design to Class-A surfacing and Creative Experience. Intuitive shape design solutions deliver flexibility to simplify the design of any kind of complex shape, with advanced functionality like reverse engineering, real-time diagnostics, unified surface modeling, rapid propagation of design changes, and ultra high-end realtime visualization. CATIA enables creative designers, design studios, and engineering departments to easily and concurrently collaborate and optimize both product aesthetics and engineering.

CATIA Engineering: Engineering Excellence

CATIA Engineering enables the creation of any type of 3D components and assemblies for all engineering processes. It addresses the requirements of a complete range of industries and processes, covering from cast and forged parts, to plastic injection & molding operations, up to composites part design and manufacturing, sheet metal parts design or even advanced fastening operations. Engineers rely on CATIA 3D Modeling capabilities to define complete mechanical products, including functional tolerances, 3D annotations as well as kinematics. Highly adapted roles in CATIA empower engineers to deliver greatly improved productivity, not only during mechanical design completion, but also when performing design changes for new releases.

CATIA Systems Engineering: Creating the internet of Experiences

Within an increasingly connected world, the complexity of embedded systems continues to grow. The definition, modelling and simulation of individual systems, as well as their interaction with other systems, are becoming strategic. Systems Engineering is essential to avoid detecting unexpected system interactions during the validation and verification phases of the product development process. CATIA Systems Engineering delivers a complete portfolio, fully supporting cross-discipline systems engineering including Electrical and Fluidic systems, covering from systems definition up to modeling, simulation, and verification. Within this solution, CATIA provides a unified and integrated approach to systems engineering that manages the overall development process of cross discipline definition of the many relationships existing between different systems artifacts that are defining today's complex products.

GEOVIA – Virtual Planet

GEOVIA provides business, government and individuals with **3D**EXPERIENCE universes to model and simulate the Earth from the vast expanse of the geosphere to the smallest details of urban settlements.

The dramatic increase of the world's urban population affects the entire planet, causing a rapid change in the geosphere, and a limited availability of global resources.

GEOVIA supports the sustainable capture, use and re-use of natural resources across the planet, including minerals, fresh water, air, oil and gas, and various other forms of energy. From mining to urbanization, GEOVIA delivers innovations to improve people's life.

Mining

In mining, GEOVIA's customers are increasing productivity, efficiency, and safety during the identification and extraction of natural resources. At the same time, they are also achieving a greater level of production predictability and sustainability. With GEOVIA, geologists, mining engineers, operations managers, and executives improve how they model, plan, optimize and understand mining performance to increase profitability.

GEOVIA's software spans all mining phases, including: exploration and evaluation; mine planning; optimization; and mine production. Its applications include:

- **Geology and Mine Planning:** GEOVIA Surpac, GEOVIA GEMS, and GEOVIA Minex enable mineral deposits to be modeled and their extraction to be designed and planned in 3D. GEOVIA PCBC provides specific solutions for modeling and planning underground block cave deposits;

- **Optimization and Scheduling:** GEOVIA Whittle links business strategy to mine optimization by examining the viability of mineral deposits in consideration of mine designs, mining equipment, and economic factors for strategic mine planning. GEOVIA MineSched further refines the mine planning & scheduling cycle by developing tactical medium term and short term plans for practical execution;
- **Secure, Remote Collaboration:** the **3D**EXPERIENCE platform connects mining users with role-based applications on the cloud to run the GEOVIA applications;
- **Mine Production Management:** GEOVIA InSite increases the confidence in a company's operations' ability to meet production targets, manage costs, and improve efficiencies to deliver expected results to stakeholders.

Cities

GEOVIA **3D**EXPERIENCity helps potential clients improve the quality of life for the citizens by creating better urban environments for today and tomorrow. With **3D**EXPERIENCity, urban planners work in a virtual world to model and simulate the cityscapes and all components making up a city to improve its functions.

GEOVIA **3D**EXPERIENCity creates unique user experiences that holistically model and analyze all parts and processes constituent to urban life in the geosphere.

Within the geosphere, human activities continuously relocate resources. In particular, urban settlements are aggregations and condensation points capturing, using, and reusing the planet's natural resources. Consequently, the effects of urbanization are not limited to the city, but rather affect the entire geosphere, the entire planet.

Through 3D simulation, the future can be displayed, by actively involving government, business, and individuals to facilitate critical decision-making processes with the aim to harmonize product, nature and life.

BIOVIA – Virtual Biosphere and Materials

BIOVIA provides a scientific collaborative environment for biological, formulated products and advanced materials to help science- and process-driven companies develop better products faster and more cost-effectively in regulated and non-regulated environments.

The industry-leading BIOVIA portfolio is focused on integrating the diversity of science, experimental processes, and information requirements across research, development, QA/QC, and manufacturing. Capabilities cover scientific data management; small molecule, biological, and materials modeling and simulation; chem- and bioinformatics; systems biology and integrative therapeutics; collaborative network research; scientific pipelining; enterprise laboratory management; regulatory and quality management; process knowledge and collaboration; and chemical inventory management.

The following BIOVIA solution areas integrate the diversity of scientific and experimental processes, information and compliance requirements across research, development, QA/QC (Quality Assurance and Quality Control) and manufacturing domains:

- **Collaborative Science** – faster discovery and innovation by leveraging multi-disciplinary collaboration and knowledge-based understanding, as well as modelling/simulation and predictive science;
- **Unified Lab Management** – optimized lab operations by managing all laboratory workflows and resources as well as supporting information sharing and collaboration within and between laboratories, internally and externally;
- **Process Production Operations** – providing real-time, on-demand data access, analysis and reporting of quality and process data to optimize manufacturing processes and outcomes globally and throughout the wider ecosystem;
- **Quality and Regulatory Management** – supporting regulatory and quality operations to ensure compliance and reduce operational risk in life sciences and other highly regulated industries.

BIOVIA's vision is to allow organizations to collaborate more effectively by managing and sharing scientific information across the value chain from research to commercialization, internally and externally, with the supply chain and partners. By managing and sharing information down to the molecular level, scientists can better understand chemical, biological and new material substances.

Content and Simulation Applications

SIMULIA – Simulation for Product, Nature and Life

SIMULIA provides capabilities to simulate virtual worlds constructed as physically realistic mirror images of the real world. When the distance between these virtual worlds and the real world is reduced to zero through realistic simulation, customers can reliably discover, learn about, test, improve, and optimize the real world, all within virtual environments that are inexpensive, efficient, instantly accessible, and always available.

From Products such as simple parts to entire airplanes, to Nature such as volcano magma chambers and oil reservoir geomechanics, to Life such as Dassault Systèmes' Living Heart Project and Virtual Human initiative, Simulation generates the Knowledge and Know-How to power sustainable innovation and improve society.SIMULIA helps engineers and designers perform realistic virtual testing to provide simulation for product, nature, and life – from Products such as simple parts to entire airplanes, to Nature such as volcano magma chambers and oil reservoir geomechanics, to Life such as Dassault Systèmes' Living Heart Project and Virtual Human initiative.

As an integral part of the Dassault Systèmes **3D**EXPERIENCE platform, SIMULIA's applications accelerate the process of evaluating the performance, reliability, and safety of materials and products before committing to physical prototypes. The Company's global team of simulation experts helps customers meet their education, research, and development needs.

SIMULIA has expanded its technology applications through recent acquisitions to include multiphysics simulation; multiscale simulation; optimization; and simulation process, data and lifecycle management. SIMULIA's technology portfolio includes Abaqus, CST, fe-safe, Isight, Simpack, Simpoe-Mold, Tosca, Wave 6 and XFlow product lines.

Multiphysics Simulation

- **Structural Analysis (Finite Element Analysis):** Create a virtual structural model to predict and analyze the performance of components, sub-systems or systems for any Industry applications. In addition, two or more interacting physical phenomena within a virtual prototype such as fluid-structure interaction, structural-acoustics, thermal-electric, and thermal-fluid-mechanical, among others can be simulated as well.
- **Electromagnetic Analysis:** Realistic multiphysics-multiscale simulation technology portfolio to include full spectrum electromagnetic design simulation, from static and low frequency to high frequency microwave and radio frequency.
- **Computational Fluid Dynamics (CFD) Analysis:** Gain deeper understanding of how fluids and gasses flow through or around products or systems, such as piping, valves, and human blood vessels. SIMULIA has traditional mainstream steady-state or mildly transient flow simulation capability on the **3D**EXPERIENCE Platform. SIMULIA has expanded its portfolio to include highly dynamic fluid flow simulation, including industry-specific end-to-end workflows for Aerospace and Defense, Transportation & Mobility, Natural Resources and other industries.
- **Plastic Injection Simulation:** Predict and avoid manufacturing defects during the earliest stages of part and mold design. Simulate the filling and packing phases, clamping forces for tools, and cooling of molds and parts, as well as many others.
- **Durability and Fatigue:** Analyze structural failure and life expectancy because of repeated or random loading cycles. Also analyze fatigue life and crack locations in metals, elastomers, and welded joints.
- **Acoustics:** Model noise and vibration across a broad frequency range, including noise arising from unsteady fluid flow, for large complex systems using random and deterministic analysis methods.

Multiscale Simulation

- **Multibody Dynamics:** Generate and solve virtual 3D models to predict and visualize motion, forces, and stresses, including high-frequency transient analysesfor complex nonlinear models with flexible bodies and harsh shock contact.

Optimization

- **Parametric Optimization:** Manipulate and map parametric data between process steps and automate multiple simulations to greatly improve efficiency, reduce manual errors, and accelerate the evaluation of product design alternatives.
- **Topology Optimization:** Create lightweight, ready-to-manufacture product designs and reduce time-to-market, physical tests, and prototype builds for applications like Additive Manufacturing.

Simulation Data Science

Simulation Data Science allows users to simplify the creation, capture, management, publication, and democratization (re-use) of approved simulation methods. This capability allows customers to automate standard simulation processes, collaborate on performance-based decisions, analyze large sets of simulation data to explore an entire design space, and manage and secure simulation-generated intellectual property.

DELMIA – Global Industrial Operations

An integral part of the Dassault Systèmes **3D**EXPERIENCE platform is the connection between the virtual and real worlds. Operational excellence requires harmony across 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 factories to meet objectives; and to operate the factories, warehouses and distribution to manage and fulfill customer demand.

- **DELMIA engineering:** Operational excellence begins with engineering. Today, engineering is best done in the digital realm. Manufacturers use DELMIA to create digital models that virtually simulate products, processes, and factory operations. Manufacturers can better modify processes to quickly respond to the competition or take advantage of the next market opportunity. Improve your planning across a range of operations to accelerate new product introduction or operational expansion. DELMIA engineering solutions are the first step in creating a Digital Thread of intelligence – extending from the virtual world of design to the real world of production. You can connect these activities to your extended value chain and customers while ensuring that every product specification is available to view and manage for business success.

DELMIA engineering capabilities include:

- Collaborative manufacturing – Connect manufacturing stakeholders;
- Process planning – Design and validate manufacturing processes;
- Robotics – Program and simulate industrial robots;
- Fabrication – Program and simulate machining and additive manufacturing;
- Ergonomics – Design human-centered production and workplace environments.

- **DELMIA operations:** Digital engineering is the beginning. Next, every plan must be operated with precision execution on every plant floor across your extended enterprise. A common platform helps ensure unified visibility and control of operations in an Internet of Things (IoT) world while adapting easily to local and regional requirements. This is how DELMIA MOM solutions excel, providing a continuum of visibility, control, and synchronization of operational activities – driven from the digital realm of design to the physical world of production. Achieve full process and material synchronization to drive new levels of operational excellence; Leverage extensive traceability and genealogy data for quality and regulatory requirements; Manage all aspects of the operations from Industrial Internet of Things (IIoT) aware equipment utilization to factory worker coordination for improving efficiencies; Tightly coordinate and execute corporate functions across your distributed manufacturing enterprise – and monitor progress via user-defined dashboards to efficiently manage progress.

DELMIA operations capabilities include:

- Center of Excellence – Create, deploy, manage, and improve global best practices;
- Production – Improve visibility, control, and synchronization of global production processes, schedules, and resources from workers to IIoT equipment;
- Quality – Unify and enhance quality across manufacturing operations while extracting the data for regulatory compliance and continuous improvement;
- Warehouse – Synchronize manufacturing, inventory, and logistics, just in time;
- Maintenance – Maximize asset performance and uptime; avoid unplanned disruptions and service disruptions;
- Labor – Increase labor efficiency and productivity;
- Traceability – Contain product and compliance issues quickly, across locations;
- Intelligence – Drive global decision support with real-time visibility and predictive analysis.

- **DELMIA optimization:** Continuous improvement of manufacturing systems, processes and operations is not a goal, it's a mindset, a commitment, and a challenge that never ends. Manufacturers can meet this challenge through the digitization of design through production and beyond. The virtual world of planning and the physical world of manufacturing are best integrated through a closed loop of advancement and continuous optimization. The Fourth Industrial Revolution will usher new levels of collaboration to the production process – do your systems have the flexibility and agility to unlock these opportunities. Big data analytics are increasingly relied upon to best leverage manufacturing data across the enterprise. Data-driven decision support can reveal new opportunities for process improvement, but change only occurs within agile systems.

DELMIA optimizing capabilities include:

- Sales and operations planning – Advanced modeling and optimization capabilities to simulate any scenario in a Sales & Operations Planning cycle, to deliver the most value every time;
- Master planning – Drive global decision support with real-time visibility and predictive analysis for Master Planning and Scheduling and Material Requirements Planning;
- Detailed production scheduling – Reduce lead time and inventory by optimizing production within and across production lines, work cells, and assembly operations, while improving asset utilization and throughput.

3DVIA – The Consumer Brand Experience

3DVIA provides enterprises and consumers, smart 3D space planning solutions that enable new ways to engage, consider, and make the best choice. For enterprises, 3DVIA Home offers home improvement retailers and brand manufacturers a cloud-based, omnichannel space planning solution to engage consumers, generate high quality sales leads, and shorten sales cycle. For individuals, Homebyme enables consumers to design and plan home projects in a social way providing an online space-planning service. Consumers can find inspiration from thousands of other projects, build their own concepts or simply visualize ideas quickly using dedicated room configurators.

Social and Collaborative Applications

ENOVIA – The Place to Plan Your Definition of Success

ENOVIA enables companies to bring together people, processes, content and systems involved in planning, governance, product creation, development, introduction and maintenance.

ENOVIA offers a rich portfolio of collaborative enterprise business process applications that leverage the **3D**EXPERIENCE platform and facilitate business processes orchestration.

ENOVIA applications by business themes include:

- **Product Planning and Programs:** ENOVIA's applications for Program and Project Management, Contract Management, and Design History File Management for regulatory compliance processes address the need for informing and monitoring enterprise-wide critical business processes leveraging invisible governance;
- **Strategic Customer Relationships:** ENOVIA's customer relationship portfolio enables users to manage and leverage requirements, manage the product to be delivered, understand customer needs, and define point of sale experience using 3DMerchandising. These products enable companies to transform from designing products to creating customer experiences;
- **Global Product Development:** ENOVIA's applications eliminate costly product development errors by enhancing collaborative innovation among the product development stakeholders. Designers, product engineers, manufacturing professionals and others collaborating on product development are able to innovate leveraging bill of materials, enterprise change management, design in configured context and digital mock-up (DMU);
- **Strategic Supplier Relationships:** ENOVIA's users in supplier management, supplier quality, procurement, sourcing and sampling are able to leverage applications that reduce the latency typically found in supply chain innovation processes. Its solutions help buyer agents, supplier relationship managers and supplier representatives manage their most critical business processes and increase the value addition of the development supply chain;
- **Quality and Compliance:** ENOVIA's applications support users in material compliance, auditing, document, and records management. These applications help companies pro-actively manage regulatory compliance as part of the product development process;
- **IP Classification and Security:** ENOVIA's applications for IP Classification and Security provide users with the flexibility to collaborate on a global scale while maintaining the security required for operating their businesses. This provides teams with the confidence to innovate while optimizing the product catalog and reducing the carrying cost of non-value added design inventory.

3DEXCITE – Marketing in the Age of Experience

Consumer expectations have become viable and valuable currency in the Experience economy. **3D**EXCITE is a purveyor of sophisticated software, premium content and game-changing Sales & Marketing solutions that enhance and elevate campaign relevance and effectiveness. Our automated, customizable and scalable tools are empowering global marketing teams from world-class brands across multiple industries. The impact for our clients is immediate and tangible. Our software, services and business solutions are closing the gap between Design & Engineering and Sales & Marketing while diminishing the time-to-market. Intrepid business relies on the procurement and analysis of relevant client data in a world where we're always on and always connected. The **3D**EXCITE portfolio supports Digital transformation – the enabler of fundamental marketplace innovation and disruption. As the specialized marketing arm of Dassault Systèmes, **3D**EXCITE completes the holistic approach of the **3D**EXPERIENCE platformby extending the end-to-end value structure with a strong set of integrated marketing tools.

3DEXCITE 3DEXPERIENCE® Platform

With the **3D**EXPERIENCE platform, **3D**EXCITE creates real-time content for powerful product experiences for high-impact storytelling across all media channels. Leveraging source data, **3D**EXCITE opens up creative freedom to deliver emotional assets for digital, interactive marketing and sales experiences. With the launch of 2018X, **3D**EXCITE debuts powerful tools for content creation & experience staging. These disciplines will continue to evolve with upcoming releases of the **3D**EXPERIENCE Platform to create a comprehensive Marketing ecosystem including; analytics; content management; campaign planning; experience creation and deployment.

3DEXCITE Software

DELTAGEN MARKETING SUITE – Product visualization meets streamlined optimization. In the world of ever-changing channels and devices, an asset production pipeline must remain reliable, flexible and efficient. This sophisticated approach to product visualization supports automated functions and reduces the process incrementally from data conversion and optimization to experience creation and deployment. The flexibility of the pipeline supports output for game-engines, POS, **3D**EXPERIENCE Platform and traditional CGI (computer generated imagery) campaigns – print, web and mobile.

3DEXCITE Solutions & Services

3DEXCITE Marketing Solutions & Services are the tools required to realize breathtaking product experiences – whether at the point-of-sale or online. These significantly reduce sales cycles by supporting customer requirements from 'try to buy' bolstered by personalization. **3D**EXCITE marketing solutions allow brands to plan a launch even before the product is built – thanks to cross-channel CGI productions based on 3D data from the development stage onwards. Interactive marketing tools offer compelling, memorable experiences that keep customers engaged, creating tangible and measurable sales success.

Information Intelligence Applications

EXALEAD – Data In Business

EXALEAD helps organizations access, analyze and reveal any enterprise digital intellectual properties or external information, thus transforming Big Data into data discovery and analytics applications. EXALEAD enables organizations to gather, align and enrich Big Data – whether internal or external, structured or unstructured, simple or complex – and to deliver that information the way users want to receive it. Our solutions transform large volumes of heterogeneous, multi-source data into meaningful, real-time information intelligence to help users improve business processes and gain competitive advantage.

EXALEAD is focusing on three areas:

- **Sourcing & Standardization Intelligence** – to drive full reuse, make or buy processes and enforce standardization;

  EXALEAD offers a full set of roles to classify company assets, identify master parts for reuse, develop standard part initiatives and ensure Engineering selects the preferred part, while monitoring over time the execution of company policy. Even more, Sourcing and Procurement will leverage these applications to optimize ordering by grouping orders or selecting the right price of technically viable alternative solutions.

- **PLM Analytics** – to reveal, measure and analyse PLM Data;

  Dassault Systèmes has developed analytics and made it applicable to PLM. EXALEAD PLM Analytics allows customers to fully manage product programs, from design to traceability of changes, cost, quality, and issue intelligence. It provides leading edge self-service analytics capabilities for managers to collaborate on their dashboards.

- **Customer Support & Service Analytics** – to reinvent customer support and services through data;

  Companies are able to compile, analyze and uncover the value of "product-generated" data, combined with customer information and data found in any business or on the web systems, creating new services and enhancing competiveness and customer satisfaction. With a 360-degree view of customers and analytics capabilities, OneCall unlocks the value of data and information, improving customer interaction, recommendations, and engagement. Product Intelligence is a range of collaborative search-based solutions developed for collecting, analyzing and capitalizing on information about product and machine use. Organizations can manage in real time after-sales, maintenance, and customer interactions. Processes are optimized while new, innovative products and services are created. Located in the Information Intelligence quadrant of the **3D**EXPERIENCE platform, with the launch of 2018x EXALEAD Business Analytics roles help customers across all industries make informed decisions. New Sourcing & Standardization Intelligence roles allow complexity managers to identify similar parts, group them by criteria and classify them to improve procurement efficiency; in addition, designers can easily find and potentially reuse existing parts. Innovative new PLM Analytics roles are for gaining valuable program insights to facilitate shifting from a task-driven to a performance-driven enterprise.

NETVIBES – Dashboard Intelligence

Netvibes' insights-driven decision-making enables enterprises to listen, learn and act on all the information that matters to their business. Aggregate content from across the social web alongside enterprise data. Analyze business metrics in their social context. Automate alerts and actions to drive faster decision-making, 24/7/365.

NETVIBES dashboard intelligence helps enterprises identify and manage everything on real-time, personalized dashboards designed to enable better, faster decision-making. All employees can understand everything that matters across all internal systems and across the social web, anywhere, anytime, on any device – all in one place. NETVIBES also goes beyond business intelligence with real-time, industry-specific social analytics and SmartTagging for gathering expert human opinions, and it helps users save time with automated reporting and intelligent alerts on what matters. NETVIBES includes a Dashboard of Things which enables users to program their business logic by automating digital activities and customizing individualized real-time alerts from the dashboard. By creating a "Potion" with specific Trigger(s) and Action(s), anyone can easily program automatic interactions between data, apps and connected devices. Through a customer-facing, programmable dashboard, enterprises can also empower consumers to design their own custom product experiences.

New in NETVIBES 2018x:

New Potion ingredients: 3DSwYm, 3DDrive and Twitter: Automate decision-making by selecting the Trigger(s) and Action(s) you want to take place. You can now publish charts and articles to 3DSwYm, upload files to 3DDrive, and publish content to Twitter automatically from the dashboard.

Pushmail: Keep everyone informed with custom email reports sent automatically, using the charts and articles you want to share. Pushmails can be scheduled to be sent automatically at regular intervals (daily/weekly/monthly) or in response to Potion Triggers (e.g., When this chart trends upward for 5 days in a row, instantly send a Pushmail report).

Industry Libraries: Monitor and analyze content relevant to your industry. Libraries of curated sources are available for multiple industries.

Library App update: Facebook Public Profiles: Continually monitor public content on Facebook directly from your dashboard. You can now search Facebook for public profiles and add them to your custom Library of sources.

Twitter update: The dashboard now supports multiple Twitter accounts.

1.5.2.5 Sales and Marketing

Our customers range from startups, small and mid-sized companies to the largest companies in the world as well as educational institutions and government departments. To ensure sales and marketing coverage of all our customers, we have developed three sales and distribution channels, with approximately 57% of our total revenue generated through direct sales and 43% through the Company's two indirect sales channels in 2017. No single customer or sales channel partner represented more than 5% of the Company's total revenue in 2017 and 2016.

- ***3DS Business Transformation channel:*** sales to large companies and government entities are generally conducted through the Company's direct sales channel, the 3DS Business Transformation channel. Direct sales, including both software and services revenue, represented 57% and 59% of the Company's total revenue in 2017 and 2016, respectively;
- ***3DS Value Solutions channel:*** sales to small and mid-sized companies are conducted indirectly generally through the Company's Value Solutions channel, a global network of value-added resellers with Industry specialization. This channel represented 21% of the Company's total revenue in both 2017 and 2016;
- ***3DS Professional channel:*** the 3DS Professional channel is an indirect channel focused on the volume market. It is comprised of a network of value-added resellers and distributors worldwide providing sales, local training, services and support to customers. Sales through this channel represented 22% and 20%, of the Company's total revenue in 2017 and 2016, respectively.

In addition to its sales channels, the Company continues to actively develop and expand relationships with system integrators with industry and domain expertise.

1.5.2.6 Our Estimated Addressable Market Size, Market Position and Competitors

We have sized our current software Total Addressable Market (TAM) at approximately $26 billion. 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 addressable 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 the world's leading provider in the PLM market, defined as 3D Design, simulation, digital manufacturing and collaboration software. We are also the world's leading 3D Design and Engineering Simulation software provider with our CATIA, SOLIDWORKS and SIMULIA brands. (Based upon internal analysis and external information). In the **3D**EXPERIENCE market simulating the user experience encompasses a larger definition of simulation beyond that of the individual physics or multi-physics capabilities of competitors.

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.

Several years ago we changed our go-to-market strategy, moving from brands to industry solution experiences. Therefore, 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 size of the customers, and the needs and requirements of users serving certain functions that we categorize internally by brand.

The Company's competitors generally compete with it in specific areas of its portfolio or in a specific set of industries, but due to the breadth of the Company's activities, no single company competes with it across its entire scope. We compete on the basis of offer, capabilities, industry knowledge, service support, and pricing and bundling strategies. Competition includes long-standing competitors including Siemens, Autodesk and PTC as well as Oracle and SAP with respect to our collaborative enterprise business processes and industrial operations software offer, and Altair Engineering, ANSYS, and MSC Software (owned by Hexagon), with respect to our structural, fluid, electromagnetic and multi-physics software offer. Additional companies, principally software developers who compete occasionally directly or indirectly with us include, among others, Adobe, ARAS, Aveva Group, Bentley Systems, Centric Software, Intergraph (owned by Hexagon AB), JDA, Microsoft, Nemetschek, Onshape, Salesforce.com, and other software companies in the mining sector or offering information intelligence and social enterprise innovation and collaboration software capabilities, and developers in all areas of molecular chemistry or biology, optimizing processes or digital marketing.

1.5.2.7 Educational Initiatives

Our mission is to help transform the education system, from primary school to university to the professional world, with innovative, holistic and interdisciplinary curricula based on Dassault Systèmes solutions and technologies, thus preparing the talents for now and the future together with Society, Industry and Research. Dassault Systèmes sees Education as a lifelong learning process. It begins at the school level, where our focus is partnering with academia to help develop the 21st century global skill sets needed by industries. Education has been a long-term focus for us, SOLIDWORKS is a Global Leader in 3D Design education, surpassing more than 3 million seats to date. The robustness of SIMULIA's solver technology is well evidenced by its wide-spread usage in academic research at the post-graduate level. In total, an estimated 6,700,000 students have used our software solutions. Today, 42,000 schools use our software in their educational programs.

Working together with universities, we are helping to enable a virtual curriculum development – crowdsourced – with teachers and professors from multiple schools and universities as well as industry participants, thanks to the **3D**EXPERIENCE platform. Dassault Systèmes has also invented a very innovative pedagogical approach named the Peer Learning Experience. It consists of gathering teachers from various universities together and to have them co-develop very comprehensive multi-disciplinary and very flexible curricula which then become available, free of charge, for any new school joining the **3D**EXPERIENCE for Academia community. To do so, they use a methodology, templates, data and data models provided by the Company which also does the overall project management.

As the **3D**EXPERIENCE leader Dassault Systèmes not only participates in the industry digital revolution, but is also committed to helping transform the world of education and preparing the talents of today and for the future. The Company works hand-in-hand with teachers all over the world to develop innovative pedagogical curriculum and learning experiences through enhanced teaching methods and 3D experiences, which will contribute to the training for the engineers of tomorrow.

Our Certification programs are unique in our focus on enabling students to document their knowledge and proficiency through certification level programs. Dassault Systèmes' Certification Program which aims at certifying students trained on the Company's solutions to ensure that they master them at a good enough level compatible with employers' expectations thus maximizing employment and careers perspectives. That program is mostly based on proctored practice workbenches run on the cloud. At the end of 2017, there were approximately 80 Certification Centers in operation all over the world with a majority of them located on universities' campuses.

Dassault Systèmes is one of the founders of key academic associations such as the Global & European Engineering Deans Councils, the International Federation of Engineering Education Societies or the Cartagena Network of Engineering.

1.5.3 Material Contracts

Other than contracts entered into in the ordinary course of business, the Company's material contracts are principally the distribution agreements with its value-added resellers and system integrators, as described in paragraph 1.5.2.5 "Sales and Marketing", and the strategic partnership contracts described in paragraph 1.5.1.4 "Research & Development, Technology and Science" (see "Software, Technology and Science Partners").

Cloud and business contracts

Commencing in 2011 Dassault Systèmes has been engaged with Outscale to provide Cloud computing infrastructure services to the Company's clients. The Company initially had a minority investment in Outscale which became a majority shareholding in 2017.

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 Boeing's Commercial Aviation, Space and Defense programs to include Dassault Systèmes' **3D**EXPERIENCE platform.

Boeing is aiming at modernizing systems to maximize economic benefit to Boeing 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 **3D**EXPERIENCE platform worldwide for the end to end product development and production of all Boeing's 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 of Boeing 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

In June 2013, Dassault Systèmes SE entered into a term loan facility agreement for €350 million, which will be repaid in July 2019. In October 2015, the Company entered into a new five-year term loan facility agreement, which maturity can be extended by two additional years, for €650 million. The facility was immediately fully drawn down and bears interest at Euribor 1 month plus 0.50% *per annum*. In October 2016 and October 2017, the Company exercised the option extension for one year, which extends the termination date to its new maturity in October 2022. See paragraph 3.1.4 "Capital Resources" and Note 20 to the consolidated financial statements.

Leases

The Company signed long-term leases (for 12 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, the Company entered into a new lease for its headquarters facilities for a non-cancelable initial term of 10 years as from the fourth quarter of 2016 on the date an additional building was delivered. Close to that site, the Company also leases approximately 11,000 square meters more in a building located in Meudon-La-Forêt, since October 2010. In September 2016, the 3DS Boston Campus lease was extended for 25 months and will end June 30, 2026. See paragraph 1.7.2.3 "Liquidity Risk" and Note 25 to the consolidated financial statements.

1.6 Research and Development

1.6.1 Overview

At December 31, 2017, the Company's R&D teams included 6,670 personnel, compared to 6,375 at year-end 2016, representing approximately 41% of the Company's total headcount. The Company increased its total R&D headcount by 4.6% in 2017, reflecting principally new recruitments and growth in R&D resources through acquisitions and by 8.9% in 2016 principally reflecting growth in R&D resources through acquisitions.

The Group 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 and Poland), the Americas (United States and Canada) and Asia-Pacific (mainly India, Malaysia and Australia).

R&D expenses totaled €576.6 million for 2017, compared to €540.5 million for 2016, increasing 6.7%. R&D costs benefited from government grants and other governmental programs supporting R&D of €36.1 million in 2017 and €29.9 million in 2016. These government grants principally include research and development tax credits received in France.

The Company's R&D is conducted 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.

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 to ISO 9001:2015 – the latest version of the standard focusing on operational excellence and performance.

1.6.2 Intellectual Property

The Company 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 the Company's 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 the Company's 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. The Company 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, the Company's 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, the Company generally files patent applications in countries where many of its main customers and competitors are located. At year-end 2017, the Company's portfolio comprised 507 protected inventions, including 38 new inventions in 2017. Patents have been granted in one or more countries for more than 60% 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. The Company also has a cross-license policy for patents with major players in its industry.

See paragraph 1.7.1 "Risks Related to the Company's Business", and particularly paragraph 1.7.1.3 "Protection of the Company's Intellectual Property Rights and Assets" for the difficulties in ensuring adequate protection for the Company's own intellectual property, and paragraph 1.7.1.14 "Infringement of Third-Party Intellectual Property Rights and of Third-Party Technology's Licenses" for risks concerning possible third-party allegations of unauthorized use of their intellectual property.

1.7 Risk factors

The Risk Factors are set out hereafter in two main categories: risks related to the Group's Business (1.7.1) and financial and market risks (1.7.2). These are the main risks identified as being material, relevant and likely to have a negative impact on the Company's business and financial position as of the date on which this Annual Report (*Document de référence*) was filed with the AMF. However, other risks not mentioned or not yet identified can affect the Company, its financial position, its reputation, its outlook or the share price of Dassault Systèmes.

1.7.1 Risks Related to the Company's Business

1.7.1.1 Uncertain Global Economic Environment

In light of the uncertainties regarding economic, business, social and geopolitical conditions at the global level, the Company's 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 the Company's 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 conditions and the lack of visibility or the lack of financial resources may cause some customers to reduce, postpone or terminate their investments, or to reduce or not renew ongoing paid maintenance for their installed base. Such situations may impact the Company's revenues;
- continued pressure or volatility on raw materials and energy prices could also slow down the Company's diversification efforts in new industries;
- the sales cycle of the Company's products – already relatively long due to the strategic nature of such investments for customers – could further lengthen; and
- the economic and monetary situation in certain geographic regions where the Company operates could become more volatile as political uncertainties increase.

The Company makes every effort to take into consideration this uncertain macroeconomic outlook. The Company's business results, however, may not develop as anticipated. Furthermore, due to factors affecting sales of the Company's products and services as described above, 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 may also adversely impact the financial situation or financing capabilities of the Company's potential and existing customers, reseller network and technology partners, some of whom may be forced to cease operations due to cash flow and profitability issues. The Company's 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 the Company's revenue, financial performance and market position.

Finally, an increased uncertainty on trade relationships could result in stricter export compliance rules or the modification of current tarriffs regimes, which could have a negative effect on the Company's business results.

To limit the impact of the economic environment on its business and financial results, the Company continues to further diversify its customer base through expanding its presence in new business sectors and new geographic markets (see paragraph 3.1.2 "Consolidated Information: 2017 Compared to 2016" for the breakdown of consolidated Group revenue by geographic region). It also continues to ensure that its costs are controlled for the entire organization.

1.7.1.2 Security of Internal Systems and Facilities

The Company's R&D facilities are computer-based and rely entirely 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. In a context of increased Cyber-attacks or Cyber-intrusion, the invasion of the Company's computer-based systems by computer hackers, industrial pirates, Cyber terrorists or foreign governments could interfere with their proper functioning and cause substantial damage, loss of data or delays in ongoing R&D activities. It could also lead to damage to or loss of data hosted by the Company or its third party service providers on behalf of its customers as part of its cloud offerings, or to increased liability with respect to interrupted access to online service. Computer viruses, whether deliberately or unintentionally introduced, could also cause damage, loss or delays. The increasing use of mobile devices (cellular telephones, tablets and portable computers) linked to certain of the Company's computer systems tends to increase the risk of unauthorized access.

In addition, because the Company's 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 the Company sites, by natural causes or by terrorist attack or local violence, could materially reduce its ability to continue its normal business operations.

In order to reduce this risk, the Company maintains an IT security framework, including intrusion protection, data storage back-up and restricted access to critical and sensitive information, and also subscribes to insurance policies covering these risks (see paragraph 1.7.3 "Insurance").

Access to sites and security of employees traveling to specific countries is also monitored.

1.7.1.3 Protection of the Company's Intellectual Property Rights and Assets

The Company's success is heavily dependent upon its proprietary software technology. The Company relies on a combination of copyright, patent, trademark, trade secret law and contractual restrictions to protect the proprietary aspects of its technology. These legal protections don't provide a full coverage of the Company's products and can be breached by third parties. In addition, effective copyright, patent, trademark and trade secret protection may be unavailable or limited in certain countries where IP rights are less protected than in the United States or Western Europe. If, despite the Company's strategies for protecting its IP, certain third-parties are able to develop similar technology, or to successfully challenge the Company's IP rights, a reduction in the Company's software revenues may result. Furthermore, although the Company 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 misappropriation or unauthorized disclosure of confidential information or prevent independent third-party development of the Company's technology.

In addition, like most of its competitors, the Company faces a significant level of piracy of its leading products, by both individuals and groups acting worldwide, which could potentially affect the Company's growth in specific markets.

Litigation may be necessary to enforce the Company's 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 Company resources and could seriously harm the Company's operating results. The Company may not prevail in any such litigation and its IP rights may be found invalid or unenforceable.

In order to protect its IP, the Company regularly registers patents for its most advanced innovations and systematically registers copyrights. The Company continues to maintain licence compliance programs, which are proving effective.

1.7.1.4 Deployment Delays, Product Errors and Defects

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

Sophisticated software also often contains errors, defects or other performance problems when first introduced or when new versions or enhancements are released. If the Company is not able to correct in a timely manner errors or defects discovered in its current or future products or provide an adequate response to its customers, the Company may need to expend significant financial, technical and management resources, or divert some of its development resources, to resolve or work around those defects. The Company may also incur an increase in its service and warranty costs.

Errors, defects or other performance problems in the Company's products may also result in the loss of, or delay in, the market acceptance of its products or postponement of customer deployment. Such difficulties could also cause the Company to lose customers and, particularly in the case of its largest customers, the potentially substantial associated revenues which would have been generated by its sales to companies participating in the customer's supply chain. Technical problems, or the loss of a customer with a particularly important global reputation, could also damage the Company's own business reputation and cause the loss of new business opportunities.

Because deployment delays, product errors and defects could result in significant financial or other damage to its customers, 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 the Company's marketing efforts. To reduce the risk of product errors or defects, the Company carries out advanced testing of its new products, releases, and versions prior to market launch. The Company also works as closely as possible with its customers to ensure successful product installation.

The Company has also subscribed to an "Errors & Omissions" insurance policy covering possible defects in its products, although insurance carried by the Company may only partially offset the cost of correcting significant errors (see paragraph 1.7.3 "Insurance").

1.7.1.5 Currency Fluctuations

The Company's results of operations 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 the British pound, the Korean won and the Chinese yuan relative to the euro, can impact revenues and expenses recorded in the Company's statement of income upon translation of other currencies into euro.

The Company bills its customers in major currencies, principally euros, U.S. dollars and Japanese yen. The Company also incurs expenses in different currencies, principally euros, U.S. dollars and Japanese yen, depending on the Company's employees and supplier's location in different countries. Moreover, the Company 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 the Company currently benefits from a natural coverage of most of its exposure to U.S. dollars from an operating margin perspective, exchange rate fluctuation of the U.S. dollar relative to the euro may impact the Company's revenue and consequently its operating income, net income and earnings per share. In addition, the Company's revenues denominated in Japanese yen, Korean won and British pound substantially outweigh its expenditures in these currencies. As a result, the Company's financial results are exposed to a potential depreciation in the value of these currencies – in particular the Japanese yen, and the British Pound to a lesser degree – relative to the Euro, which could adversely affect the Company's revenue, as well as its operating income, operating margin, net income and earnings per share.

The Company's net financial revenue can also be significantly affected by changes in exchange rates between the time the revenue is recognized and when cash 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" caption of the Company's 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 the Company receives or makes the payment; and
- the revaluation of monetary assets and liabilities denominated in foreign currencies.

To address the risks created by currency fluctuations, the Company carries out hedging operations on a case-by-case basis (see Note 21 to the consolidated financial statements).

Since market growth rates for the Company's 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 the Company's euro-computed revenue growth rates for the same periods.

Finally, the Company continues to maintain a strengthened review of the quality of its investments and remains vigilant as to the liquidity of its assets (see paragraphs 1.7.2.3 "Liquidity Risk" and 1.7.2.4 "Credit or Counterparty Risk").

1.7.1.6 Complex International Regulatory and Compliance Environment – Legal Proceedings

Establishing or strengthening the Company's 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 (particularly individuals), have added to the complexity of the regulatory environment in which the Company operates. The Company is subject to complex and rapidly evolving laws, regulations and requirements. The complex laws and regulations to which the Company is subject apply to many different fields, such as general business practices, competitive practices, anti-corruption, handling of personal data, consumer protection, financial reporting standards, corporate governance, employment laws, internal controls, local and international tax regulations and export compliance for high-tech products. New regulations introduced in France and in Europe regarding business practices, anti-corruption, changes in the applicable regulations related to management of personal data have also reinforced the Company's obligations in this ever increasing field. Being listed on the French stock exchange, the Company is also subject to specific requirements and reporting standards.

The Company seeks to conduct its business in a wholly ethical manner and requires all of its employees, subsidiaries, indirect sales channels and third party intermediaries to comply with all applicable laws and regulations. The failure or suspected failure to comply with any of these laws and regulations may result in increased regulatory scrutiny through inquiries or investigations, adverse media attention and fines and sanctions, as well as an increase in the Company's litigation risk or negative impact on the Company's business operations, revenues or reputation. A number of these adverse consequences could occur even if it is ultimately determined that there has been no failure to comply. There can be no assurance that additional regulation in any of the jurisdictions in which the Company currently operates, or may operate in the future, would not significantly increase the cost of regulatory compliance. As further described in paragraph 1.7.1.9 "Relationships with Extended Enterprise Partners", the Company broadly relies on a large number of distributors and value-added resellers to support the licensing of its software products and the deployment of its solutions. Although the Company has implemented a program to ensure that these third parties fully comply with all applicable rules and regulations and apply the highest ethical standards, the Company's business and reputation could be negatively impacted in the event such third parties were to breach any local or international laws.

The Company's risk of litigation and administrative proceedings also increases as it expands its activities, enhances its position and visibility on the software market, and develops new approaches to its business, including product distribution and online services. Litigation can be lengthy, expensive, and disruptive to the management of Company operations. Results cannot be predicted with certainty, and adverse outcomes in some or all of the claims pending against the Company may result in significant monetary damages or injunctive relief against the Company that could adversely affect its ability to conduct business. Actual outcomes of litigation and other claims may differ from management expectations, which could result in a material adverse impact on the Company's financial position and results of operations.

In order to reduce this risk, the Company continues to reinforce its Ethics & Compliance program (as further described in paragraph 2.1.5 "Business Ethics, Social Dialogue and Personal Safety") which in particular requires all employees to perform online Ethics & Compliance trainings. Moreover, the Company audits its subsidiaries around the world on a regular basis and consults outside experts to validate the compliance of various aspects of its practices with applicable regulations. The Company's Legal department, assisted by technical experts, also monitors on a regular basis all outstanding claims and litigation (see also paragraph 4.3 "Legal and Arbitration Proceedings" and Note 25 to the consolidated financial statements), some of which may be covered by insurance (see paragraph 1.7.3 "Insurance").

1.7.1.7 Competition and Pricing Pressure

In the past few years, there have been fewer competitors in the Company's historical software markets. As the various players compete for market share, adoption by competitors of business models different from Dassault Systèmes' could lead to substantial declines in pricing, which could require the Company to adapt to a substantially different commercial environment. These competitive pricing pressures could cause competitive wins by competitors and could negatively impact the Company's 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, the Company encounters new competitors. Such competitors could have, as a result of their size or prior presence in these markets, financial, human or technological resources not readily available to the Company. The development of cloud computing offers may also lead to new participants entering the market. The Company's ability to expand its competitive position may thus be reduced.

In the event the Company has difficulties setting up the organization needed to manage its businesses and the new competitive context, the revenues, results of operations, competitive position and reputation of Dassault Systèmes could be negatively impacted.

1.7.1.8 Market introduction of a New Services Offering for Cloud Computing

Dassault Systèmes is developing and distributing a services offering for the online use of certain of its products (SaaS) based on a cloud computing infrastructure. It continues to grow its portfolio of software solutions and processes available on the cloud. An inability to introduce such solutions at the desired speed, with the appropriate pricing model and with the right level of quality could impact the Company's growth and future results, and give rise to technical and legal challenges:

- the progressive roll-out of these services and their distribution also involves the deployment of new support and management processes (for example, processing orders and billing);
- the Company will also become exposed to a complex legal environment and could have increased risk regarding regulatory compliance in the countries where it has operations, in particular with respect to data privacy, consumer laws and data confidentiality;
- In case of difficulties in providing its clients with online services under appropriate conditions, potentially leading to interruption of services or loss of data, the Company's revenues, results of operations and competitive position, as well as the reputation of Dassault Systèmes, could be negatively affected.

The Company is seeking to minimize these risks by developing alliances with partners with recognized technical capabilities, by setting up the appropriate internal processes to master the required cloud enabling technologies and by simulating and controlling, to the extent possible, the technical, legal and financial consequences of processes put in place to serve its customers.

1.7.1.9 Relationships with Extended Enterprise Partners

The Company's **3D**EXPERIENCE 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. To implement its **3D**EXPERIENCE strategy, Dassault Systèmes has continued to develop an extended enterprise model and partners 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 services, to support and assist customers as needed to deploy Industry Solution Experiences on the **3D**EXPERIENCE platform.

The Company believes that its partnering strategy allows it to benefit from complementary resources and skills, and to reduce costs while achieving broader market coverage. The Company's broad partnering strategy nevertheless creates a degree of dependency on such partners.

In addition to its own sales force, the Company 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, could impact the Company's ability to sell and deploy its product and service offerings.

The Company's ability to establish partner relationships for the development, sale and deployment of its **3D**EXPERIENCE platform is an important element of its strategy.

Serious difficulties in the Company's relationships with its partners, or an unfavorable change of control of these partners, may adversely affect the Company's product and business development, and could cause it to lose the contribution of the employees or contractors of the Company's partners, particularly in the area of R&D. In addition, any failure by the Company's partners to deliver products of quality or according to the expected timing may cause delays in the delivery of, or deficiencies in, the Company's 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. As the Company strives to expand its coverage and network of distributors and partners, it applies thorough processes in evaluating each potential distributor or partners' technical and financial viability, whenever entering into a new relationship.

1.7.1.10 Organizational and Operational Challenges Arising from the Evolution of the Company

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 the Company's strategy to reach a broader market.

The Company 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.

As its organization evolves, the Company must also ensure the profiles and competencies of its employee are constantly upgraded and adapted.

If the Company does not address these issues effectively and on a timely basis, the Company's product development, internal processes, 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.

In addition, in order to realize acquisitions or investments, the Company may need to allocate significant financial resources, make potentially dilutive issuances of equity securities or incur debt.

Moreover, these operations may require the Company to recognize amortization of acquired intangible assets and/or depreciation of goodwill in case of impairment (see Note 2 to the consolidated financial statements). Minority interests in unaffiliated partners or other investments may also have to be written down in the Company accounts as a result of impairment. Acquired companies may also carry risks related to off-balance sheet commitments, including litigation risk related to pre-acquisition events (such as IP or tax claims). Each of these potential consequences of an investment or acquisition could reduce the Company's operating margin, net income or cash.

The Company seeks to adjust on a regular basis its organization and management model to support its current level of growth by enhancing its geographic-based organization and providing a consistent client experience around the globe. It has also put in place a dedicated integration process to establish a clear path to convergence for its acquisitions.

1.7.1.11 Variability in Quarterly Operating Results

The Company's quarterly operating results may vary significantly in the future, depending on factors such as:

- the timing, the seasonality and cyclical nature of revenues received due to the signing of important new customer orders, the completion of major service contracts or customer deployments;
- the timing of any significant acquisition or divestiture;
- fluctuations in foreign currency exchange rates;
- the Company's 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 the Company develops or that are released by its competitors;
- general conditions in the Company's software markets (as a whole or on a regional basis) and the software industry generally; and
- the increased complexity in planning and forecasting as new business models are introduced alongside the traditional licensing model of the industry.

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

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

1.7.1.12 Rapidly Changing and Complex Technologies

The Company's software solutions are characterized by the use of rapidly changing technologies and frequent new product introductions or enhancements. These solutions must address complex engineering needs in various areas of product design, simulation and manufacturing, and must also meet sophisticated process requirements in the areas of change management, industrial collaboration and cross-enterprise work.

As a result, the Company's success is highly dependent upon its ability to:

- understand its customers' complex needs in different business sectors, and support them in reengineering key product lifecycle processes, managing the migration of substantial amounts of data in the process;
- 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.

The Company 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 limitations on the options for interfacing with third-party systems installed at the customer. In addition, if the Company 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 the Company's results of operations and financial condition could be negatively affected.

To reduce this risk and keep abreast or ahead of technological developments which may affect its products, the Company commits substantial resources to the development of new offerings. It also maintains close and regular contacts with its key customers to identify and capture their emerging needs and to offer the most adapted solutions. In addition, the Company provides training courses to its R&D teams on new technologies. Complementing its internal R&D, the Company seeks to maintain an active monitoring of third-party technologies that it might acquire to improve its technology offerings where appropriate.

1.7.1.13 Retention of Key Personnel and Executives

The Company's success depends to a significant extent upon the continued service of its key managers and highly qualified personnel, in particular in R&D, technical support and sales management, and on its ability to continue to attract, retain and motivate qualified personnel, as well as keep their skills continuously up to date in line with the organizational needs. In particular, if the Company fails to hire on a timely basis and retain highly skilled sales forces, revenue could be negatively impacted. The competition for such employees is intense, and if the Company 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 results. The Company does not maintain insurance with respect to the loss of key personnel.

In order to limit this risk, the Company has put in place training, career development and long-term compensation incentives to attract and retain key personnel and executives, and has also diversified its R&D resources in different regions of the world. The identification of key personnel also constitutes an important step in the process of integrating newly acquired companies into the Company.

1.7.1.14 Infringement of Third-Party Intellectual Property Rights and of Third-Party Technology's Licenses

Third-parties, including the Company's competitors, may own or obtain copyrights, patents or other proprietary rights that could restrict the Company's ability to further develop, use or sell its own product portfolio. 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 the Company to incur substantial costs to defend itself in any litigation which may be brought, regardless of its merits. If the Company fails to prevail in IP litigation, it may be required to:

- cease making, licensing or using the products or services that incorporate the challenged IP;
- 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 the Company to interrupt product licensing and product releases, or which may not be feasible at all.

In addition, the Company embeds in its products an increasing number of third-party components selected either by the Company itself or by companies which it acquires over time. 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 the Company's products generates exposure to the risk that a third-party will claim that these components infringe their IP rights. Also, due to the use of third-party components, there is also a risk that such license(s) might expire or terminate without renewal, thereby affecting certain Company 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 results of operations.

The Company seeks to limit this risk through a process for certifying the origins of its products with respect to IP before making them available for sale.

1.7.1.15 Technology Stock Volatility

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

1.7.1.16 Shareholder Base

Groupe Industriel Marcel Dassault SAS ("GIMD"), main Group shareholder, owned 40.87% of the Company's outstanding shares, representing 55.30% of the exercisable voting rights (54.61% of theoretical rights) as of December 31, 2017. 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 substantially all of the Company's assets.

1.7.2 Financial and Market Risks

The Company's 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. The Company's 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. The Company's 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.

The Company generates positive cash flows from operations and has financial obligations (e.g., bank loans, loan facilities, employee profit-sharing), but the Company's cash position net of debt is positive throughout the year.

1.7.2.1 Interest Rate Risk

The Company's cash surplus generally earns interest at fixed or floating market rates, while the Company's debt carries interest at floating rates. Therefore, the Company's interest rate risk is primarily related to a reduction of financial revenue. See Notes 20 and 21 to the consolidated financial statements.

1.7.2.2 Foreign Currency Risk

See paragraph 1.7.1.5 "Currency Fluctuations" above and Note 21 to the consolidated financial statements.

1.7.2.3 Liquidity Risk

The Company has a low liquidity risk. As of December 31, 2017, the Company's cash, cash equivalents and short-term investments totaled €2.46 billion. See Note 12 to the consolidated financial statements.

The Company has analyzed the amounts it will be required to pay under its contractual commitments at December 31, 2017. The Company believes that it will be able to meet such obligations.

The following table summarizes the Company's principal contractual obligations to make future payments as of December 31, 2017.

CONTRACTUAL OBLIGATIONS

		Payments due by period			
(in thousands of euros)	**Total**	Less than 1 year	1-3 years	3-5 years	More than 5 years
Operating lease obligations(1)	502,724	84,733	145,021	106,347	166,623
Loan facilities(2)	1,035,579	13,466	366,254	655,859	-
Employee profit-sharing	61,991	61,991	-	-	-
TOTAL	**1,600,294**	**160,190**	**511,275**	**762,206**	**166,623**

(1) Including €226.7 million of future minimum rental payments for the Company's headquarters facilities in France (3DS Paris Campus) and €117.4 million of future minimum rental payments for the American subsidiaries' facilities located in Waltham near Boston, United States (see Note 25 to the consolidated financial statements).
(2) Including interests on the €350 million and €650 million term loan facilities (see Note 20 to the consolidated financial statements). The variable component of the future cash flows from loan interests was calculated using the spot Euribor rate 1 month on December 31, 2017.

1.7.2.4 Credit or Counterparty Risk

The financial instruments which could expose the Company 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. The Company 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.

1.7.2.5 Equity Risk

For cash management purposes, the Company 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.

1.7.3 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 the whole Group, 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 Group's companies are protected by a policy covering professional and product liability as well as civil liability for operations for a total insured value of €100 million for 2017.

In 2017, the Group renewed its Directors and Officer's Liability Policy for Dassault Systèmes SE and its subsidiaries for a total insured amount of €50 million.

The Company also carries insurance to cover computer risks in an amount equal to the value of its computer equipment and coverage for damage to goods, in the Company's various locations.

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, computer risks, loss of business and operational civil liability and professional liability. In connection with this insurance, the Company also has coverage for work-related accidents 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 Group.

Dassault Systèmes has not established captive insurance coverage.

2

SOCIAL, SOCIETAL AND ENVIRONMENTAL RESPONSIBILITY

CONTENTS

Dassault Systèmes, "the **3D**EXPERIENCE Company", constantly strives to provide businesses and individuals with 3D universes that allow them to imagine sustainable innovations capable of harmonizing products, nature and life. Through this ambition, we contribute to the improvement of society and the quality of the environment.

By their very nature, virtual universes and the experimentation they allow provide possible answers to society's major challenges, in areas such as the environment, health and education. Virtual universes are essential for better planning, better collaboration and better learning. The **3D**EXPERIENCE platform thus enables our customers to envision new ways of imagining, creating and producing.

The Group's 16,140 employees are driven by this ambition.

In January 2018, we have been ranked first among the 2018 Top 100 Most Sustainable Corporations by Corporate Knights for our vision and for implementing this vision in everything that we do. We have also been recognized in various sustainable development indexes and rankings, including the FTSE 4Good and the Carbon Disclosure Project.

2.1 Social and Societal Responsibility

Our employees are the Group's most precious assets. They are at the heart of our ambition (harmonizing product, nature and life), 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 work together and grow.

In light of our rapid growth, the innovative environment in which we operate, and the growing number of markets we reach, our main social and societal challenges are as follows:

Developing knowledge, know-how and leadership with the 3DEXPERIENCE platform

The **3D**EXPERIENCE platform is the catalyst for the continuous development of knowledge, know-how and leadership of our employees and ecosystem. This strategy is based on three pillars:

- A major challenge for our constantly growing Group is to integrate and train new employees. We have an employee onboarding and support program provided from the very first day through the 3DS University and online communities, offering instant access to information concerning the Company, the organizations and the projects, and allowing for faster skill acquisition;
- Through certification programs, employees can continually upgrade their skills and expertise in order to progress in their jobs and within the Company;
- A new performance review model was introduced in 2017. It takes into account the employees' know-how and attitude, thereby setting the Company on a course of exemplary employee behavior in order to build solid long-term relationships within our internal network and our ecosystem of customers and partners.

Preparing the "workforce of the future"

The **3D**EXPERIENCE platform makes use of our technologies and our talents to address a major challenge in our society: preparing the "workforce of the future" for tomorrow's jobs and economic models.

The Dassault Systèmes Foundation – set up in 2015 in France, in 2016 in the United States, and in 2017 in India – provides support to the world of education, research centers, and general-interest organizations (non-profit organizations, museums, etc.) by transforming the learning experience. By placing powerful 3D technologies at the heart of education and research methods, it aims to develop environments that stimulate creativity in order to harmonize products, nature and life.

Our Global Academia Workforce of the Future 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.

The **3D**EXPERIENCE Lab, an innovation laboratory opened within the Company in 2015, helps innovative external startups to develop. This initiative gives our employees the opportunity to get involved in new projects, enabling them to share their knowledge and gain new skills.

In 2017, Dassault Systèmes set up two **3D**EXPERIENCE centers – one in Hamburg, Germany, and the other in Wichita in the United States. Providing an advanced product creation and development environment, the **3D**EXPERIENCE Center Network is a group of innovation laboratories which connects technology, industry, regulatory authorities and researchers to shape the future of aviation and other industries. Through these centers, we offer our customers our expertise, in combination with our solutions, to help them reinvent their ways of designing their products.

The different indicators related to these challenges and, more broadly, the human resources initiatives implemented within the Group are presented below:

- Group Organization and Workforce (2.1.1);
- Attracting and developing talented individuals (2.1.2);
- Welcoming employees who have joined the Group via recently acquired companies (2.1.3);
- Rewarding performance and recognizing employees (2.1.4);
- Business ethics, social dialogue and personal safety (2.1.5).

The methodology is described in paragraph 2.1.6 "Methodology for Employee Reporting" and additional information is presented in paragraph 2.1.7 "Appendices regarding the Group's Employee Headcount".

2.1.1 Group Organization and Workforce

Our Group is organized into major fields of activity: R&D; Sales, Marketing and Services; Administration and Other Functions. They cover our main markets (see paragraph 1.5.2 "Dassault Systèmes' offering") across three large geographic regions (Europe, Americas and Asia). The Total Workforce is made up of employees and service providers of subsidiaries in which the Group has more than a 50% shareholding.

The data related to the workforce presented in this report is expressed in Full Time Equivalents according to the methodology defined in paragraph 2.1.6 "Methodology for Employee Reporting". The other indicators used are also explained in this paragraph.

Overview and growth of Total Workforce

As of December 31, 2017, the Total Workforce was 16,140 up 6.7% compared to December 31, 2016. The change in Total Workforce over the last three years is set forth below:

Year ended December 31	Employees	Service Providers	**3D** PLM	Total Workforce	Percentage change
2017	15,229*	911	-**	16,140	6.7%
2016	12,100	779	2,254	15,133	8.3%
2015	11,422	405	2,147	13,974	5.0%

* Indicator verified by the independent verifier.

** The employees of 3DPLM Software Solutions Limited and 3DPLM Global Services Private Limited ("3DPLM") were included in the Employee Headcount in 2017, following the full acquisition of 3DPLM.

Overview and growth of Employee Headcount

Growth of Employee Headcount

As of December 31, 2017, the Employee Headcount increased 26% year over year to 15,229 full-time equivalent employees, located in 41 countries and originating from 130 different countries. This growth is due to recruitments and acquisitions carried out in 2017, in particular the integration of 3DPLM employees, which significantly changed the proportions shown in the Employee Headcount indicators reported below.

For more details, see paragraph 2.1.2.1. "Attracting talented individuals – Movements in Employee Headcount over the period".

Distribution by geographic region

	Europe		Americas		Asia		Total	
Year ended December 31	Employees	%	Employees	%	Employees	%	Employees	%
2017	6,810	45%	3,721	24%	4,698**	31%	15,229*	100%
2016	6,469	53%	3,571	30%	2,060	17%	12,100	100%

* Indicator verified by the independent verifier.
** The employees of 3DPLM were included in the Employee Headcount in 2017, following the full acquisition of 3DPLM.

Distribution by activity

	Europe		Americas		Asia		Total		Total	
Year ended December 31	Employees 2017	%	Employees 2017	%	Employees 2017	%	Employees 2017	%	Employees 2016	%
R&D	2,611	38%	1,144	31%	2,122	45%	5,877	39%	4,021	33%
Sales, Marketing and Services	3,310	49%	2,139	57%	2,063	44%	7,512	49%	6,582	55%
Administration and other	889	13%	438	12%	513	11%	1,840	12%	1,497	12%
TOTAL	**6,810**	**100%**	**3,721**	**100%**	**4,698****	**100%**	**15,229***	**100%**	**12,100**	**100%**

* Indicator verified by the independent verifier.
** The employees of 3DPLM were included in the Employee Headcount in 2017, following the full acquisition of 3DPLM.

Distribution by gender

The proportion of women in the Group is 23%, which is representative of parity in universities and in High Tech work environment.

	Europe		Americas		Asia		Total		Total	
Year ended December 31	Employees 2017	%	Employees 2017	%	Employees 2017	%	Employees 2017	%	Employees 2016	%
Women	1,560	23%	869	23%	1,091	23%	3,520	23%	2,880	24%
Men	5,250	77%	2,852	77%	3,607	77%	11,709	77%	9,220	76%
TOTAL	**6,810**	**100%**	**3,721**	**100%**	**4,698****	**100%**	**15,229***	**100%**	**12,100**	**100%**

* Indicator verified by the independent verifier.
** The employees of 3DPLM were included in the Employee Headcount in 2017, following the full acquisition of 3DPLM.

Other characteristics of Employee Headcount

As of December 31, 2017, the key figures to note are as follows (indicator verified by the independent verifier in 2017):

- 99% of Employees worked under permanent contracts;
- Managers account for 19% of the headcount;
- 14% of Dassault Systèmes' 3,520 female employees and 21% of its 11,709 male employees are Managers;
- out of the 2,898 Managers, 17% are women.

These figures remained stable versus 2016. The breakdown of this information and additional information with regard to the distribution by age and seniority are presented in paragraph 2.1.7 "Appendices regarding the Group's Employee Headcount".

2

Outside service providers and sub-contracting

Dassault Systèmes regularly calls on outside service providers when it requires resources with specific know-how or for projects with a limited duration.

The cost of using outside service providers in 2017 amounted to €107.6 million compared to €101.6 million in 2016 representing a small amount in relation to Dassault Systèmes' operating expenses (€2.50 billion in 2017 and €2.38 billion in 2016).

On December 31, 2017, 911 outside service providers (data expressed in full-time equivalents) worked for the Group. Major projects conducted in 2017 required higher use of outside service providers than in previous year.

	Europe		Americas		Asia		Total	
Year ended December 31	Employees	%	Employees	%	Employees	%	Employees	%
2017	422	46%	216	24%	273	30%	911	100%
2016	283	36%	258	33%	238	31%	779	100%

We only establish contractual relationships with sub-contractors that respect the fundamental laws and regulations concerning labor rights and environmental protection (see "Principles of Enterprise Social Responsibility and commitments to ensuring respect for basic rights" in paragraph 2.1.5 "Business ethics, social dialogue and personal safety").

Work organization

Work time

In each country where our Group has operations, the length of the workweek is determined according to local legal requirements.

For example, in France, work time is determined according to whether an employee is under the system of annual working days (forfait jours) or the hourly system (régime horaire). Employees under the system of annual working days work a predefined number of days per calendar year and other employees work a certain number of hours as defined by local labor agreements in force within each company.

In most of the other countries where we operate, the workweek is set at 40 hours. This is the case in Germany, the United Kingdom, the Netherlands, Poland, the United States, Canada, Japan, Malaysia, China, South Korea and India. In Australia, the workweek is 38 hours.

Full-time and part-time

98% of the Employee Headcount works on a full-time basis. 5% of women and 1% of men work on a part-time basis. These figures are stable versus 2016. Full details on the information pertaining to this indicator are presented in paragraph 2.1.7 "Appendices regarding the Group's Employee Headcount".

Absenteeism

Absenteeism is tracked locally in accordance with regulations applicable in the different countries where Dassault Systèmes operates (indicator verified by the independent verifier in 2017). Our Group does not have a harmonized system for managing absenteeism throughout its subsidiaries.

While remaining at a relatively low level in numerous countries, absenteeism rose between 2016 and 2017:

Absenteeism (%)	**2017**	2016
France	2.4%	2.3%
Germany	4.7%	4.3%
United Kingdom	1.8%	0.6%
Netherlands	1.3%	2.7%
Poland	3.4%*	-
United States	2.5%	2.0%
Canada	3.8%	2.5%
India	0.7%**	Less than 0.5%
Malaysia	3.7%	3.9%
Australia	2.9%	1.6%
China	1.6%	0.8%
South Korea	Less than 0.5%	Less than 0.5%
Japan	Less than 0.5%	Less than 0.5%

* Country added to the reporting *scope* in 2017.
** The employees of 3DPLM were included in the Employee Headcount in 2017, following the full acquisition of 3DPLM.

In France, in 2017, the reasons for employees not reporting for work, excluding annual leave, were as follows: illness for 13,310 days, maternity and paternity leaves for 5,944 days, workplace and commuting accidents for 242 days. The total number of authorized absences (such as parental leave and leave for family events excluding paid leave) was 2,996.5 days at the end of 2017, or 0.4% of the number of days theoretically worked, compared to 0.5% in 2016.

The absenteeism rate remains very low in South Korea and India (less than 0.75%), where absenteeism for reasons of short-term illness is difficult to ascertain as it is included in paid leaves.

2.1.2 Attracting and Developing Talented Individuals

2.1.2.1 Attracting talented individuals

To work for Dassault Systèmes, it is important to have a passion for technological innovation, a desire to work in a collaborative manner and constantly learn, as well as have an appetite for challenge; a mindset which upholds our Group's values.

Employees are mainly recruited locally under permanent contracts, thus contributing to economic growth in each of the 41 countries in which we operate. As of December 31, 2017, three-quarters of our Group's employees were based outside France and we had employees from 130 different countries.

In general, all available positions are first published internally, then externally and priority is given to internal promotion over external recruitment when the skills level is equal.

Recruitment is a priority for Dassault Systèmes, in order to meet the requirements generated by our growth. We aim to be recognized as an exemplary employer that contributes to the development of all of its people (permanent employees, apprentices and interns); we build relationships with educational establishments and universities in the major countries in which we operate. Initiatives are undertaken in the vast majority of the countries where we have facilities (see also paragraph 2.1.2.3 "Developing relations with the social, regional and community environment").

Moreover, we offer our employees an attractive working environment. Many of our facilities boast excellent green ratings, with infrastructures conducive to teamwork.

Movements in Employee Headcount over the period

Arrivals (Full-time Equivalent)

The employee arrivals carried out in 2017 stem from acquisitions, in particular the integration of 3DPLM employees, and direct recruiting efforts.

	Europe		Americas		Asia**		Total		Total	
Year ended December 31	Employees 2017	%	Employees 2017	%	Employees 2017	%	Employees 2017	%	Employees 2016	%
Permanent contracts	920	88%	469	98%	3,103	99%	4,492	95%	1,775	93%
Temporary contracts	130	12%	10	2%	39	1%	179	5%	141	7%
TOTAL	**1,050**	**100%**	**479**	**100%**	**3,142****	**100%**	**4,671***	**100%**	**1,916**	**100%**

* Indicator verified by the independent verifier.
** The employees of 3DPLM were included in the Employee Headcount in 2017, following the full acquisition of 3DPLM.

	Europe		Americas		Asia**		Total		Total	
Year ended December 31	Employees 2017	%	Employees 2017	%	Employees 2017	%	Employees 2017	%	Employees 2016	%
Women	303	29%	93	19%	704	22%	1,100	24%	519	27%
Men	747	71%	386	81%	2,438	78%	3,571	76%	1,397	73%
TOTAL	**1,050**	**100%**	**479**	**100%**	**3,142****	**100%**	**4,671***	**100%**	**1,916**	**100%**

* Indicator verified by the independent verifier.
** The employees of 3DPLM were included in the Employee Headcount in 2017, following the full acquisition of 3DPLM.

The breakdown of employees recruited by type of activity is as follows: 38% in Sales, Marketing and Services, 50% in R&D, 12% in Administration and other.

Additional Information with regard to the age pyramid is presented in paragraph 2.1.7 "Appendices regarding the Group's Employee Headcount".

Departures (Full-Time Equivalent)

In 2017, 1,553 employees left the Company. Departures were broken down as follows:

	Europe		Americas		Asia**		Total		Total	
Year ended December 31	Employees 2017	%	Employees 2017	%	Employees 2017	%	Employees 2017	%	Employees 2016	%
Permanent contracts	512	76%	324	98%	526	96%	1,362	88%	1,072	88%
Temporary contracts	162	24%	5	2%	24	4%	191	12%	140	12%
TOTAL	**674**	**100%**	**329**	**100%**	**550****	**100%**	**1,553***	**100%**	**1,212***	**100%**

* Indicator verified by the independent verifier.
** The employees of 3DPLM were included in the Employee Headcount in 2017, following the full acquisition of 3DPLM.

On average, the attrition rate was 9.6% in 2017 versus 9.4% in 2016 excluding temporary contracts.

2.1.2.2 Developing, training and recognizing expertise, managing the careers of Dassault Systèmes employees

3DS University

"Passion to Learn" is one of Dassault Systèmes' core values. This core value is driven by the mission of the 3DS University, which is to offer development initiatives in line with our activities. Via its application, the 3DS University offers all our employees and partners a full range of training services (online, classroom, e-classes) in areas of expertise focused on our solutions and business lines.

Knowledge and Know-How

The knowledge and understanding of our values, and sharing a common language through the **3D**EXPERIENCE platform are essential for our employees to adopt and engage with our corporate culture and ecosystem.

From the very first day, the 3DS University strives to impart to each employee the fundamentals of our values, processes and strategy. Everyone then registers for the certification program(s) linked to their role in order to develop specific skills:

- The salesforce programs enable employees to develop skills that will ensure a long-term partnership with our customers revolving around our solutions;
- The managerial programs focus on cultural integration to the **3D**EXPERIENCE Company, our values and our management system;
- The technology programs aim to ensure that innovation and creativity increase the added value – especially from an industry standpoint – that we provide to our customers and to our users;
- The programs relating to channels and brands increase knowledge and understanding of the technological and environmental challenges facing companies in the various industrial and consumer goods sectors, ensuring the capitalization and inspiration of new experiences in line with their sustainable development objectives.

The 3DS University fits into a long-term model for managing and developing knowledge and skills by connecting experts through communities and getting them to contribute to the definition of certification programs, in compliance with Dassault Systèmes' quality standards. Their effectiveness is measured through exams which certify the acquisition of knowledge and skill levels achieved.

In 2017, these programs represented 339,251 hours of training and certification, covering 89% of employees worldwide.

Promoting diversity and gender balance

The Code of Business Conduct demonstrates the extent to which the Dassault Systèmes culture is based on mutual respect, fairness, and the diversity of its employees. Within this context, recruitment, training, promotion, assignment and more generally, all work-related decisions are based on competencies, talent, achievements and employee motivation, without any form of discrimination, harassment or bullying.

Professional equality between men and women

Dassault Systèmes promotes gender equality within the Company by spearheading initiatives for women's recruitment and career advancement.

On December 31, 2017, 23% of our employees were women, accounting for 17% of Managers.

Among the employees having joined the Group during the year, 24% were women, broken down as follows: 38% in Sales, Marketing and Services, 20% in Administration and other, and 42% in R&D, being specified that our ability to hire more female engineers is very limited as they are under-represented in engineering schools.

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. In 2017, numerous initiatives were set up locally, such as participation in various events like the Women's Forum Global Meeting in France and the Simmons Leadership Conference in the United States. In addition, a 3DS WIN Summit was organized in Italy with the aim of promoting and reinforcing female leadership.

On December 31, 2017, Dassault Systèmes' Executive Committee was comprised of two women and eight men. In 2018, it is made up of two women and seven men. The Board of Directors comprises five women and seven men.

We endeavor to comply with applicable regulations regarding professional equality and non-discrimination in the different countries where we have employees. Our French, German, English, Dutch, American, Canadian, Japanese, Chinese, South Korean and Australian companies, which account for 72% of the Employee Headcount, are subject to specific employment anti-discrimination and gender-equality laws.

For example, in France, the agreement regarding gender balance and professional equality between men and women at Dassault Systèmes SE was renewed and signed on July 9, 2015 for a three-year period.

It covers the following themes: hiring and developing professional gender balance, equal compensation and pay equity policy between men and women, promotions and career development, work-life balance, awareness and communication campaigns to change mindsets and behavior.

In addition, in order to analyze the positioning of men and women at Dassault Systèmes SE and to define actions to be undertaken to eliminate possible inequities, a report on the situation comparing general employment conditions and training for men and women is prepared each year in accordance with the law. It has been available on the Company's internal platform since 2010.

Some French subsidiaries have also implemented agreements on equality or the promotion of diversity (Dassault Systèmes Provence SAS, Dassault Data Services SAS).

In the United States, the subsidiaries ensure compliance with regulations regarding equality in the workplace (hiring, training, promotions, compensation, dismissals and any other decision related to work), in particular Title VII of the Civil Rights Act. Every year, compliance reports (EEO1, Vet100 and Affirmative Action) regarding these regulations are submitted to the American authorities.

People with disabilities

Our Group's French, German, English, Dutch, American, Canadian, Japanese, South Korean and Australian companies, which account for 69% of the Employee Headcount, are subject to specific laws in this regard.

In France, since the first agreement implemented in 2003 within Dassault Systèmes SE to promote the employment of workers with disabilities, which created conditions favorable for their integration, several agreements have been renewed, the last of which was signed on December 7, 2015 (Insertion and Employment of people with disabilities within the Dassault Systèmes Group 2016-2017-2018).

These agreements reflect Dassault Systèmes SE's commitment to make the hiring, training and continued employment of workers with disabilities a major component of its policy. Dassault Systèmes SE committed to train and hire at least 35 people with disabilities under all types of contracts (permanent, temporary, interns, work-study) over three years, including at least 12 permanent contracts, for all types of qualifications.

On December 31, 2017, 74 people with disabilities were employed by Dassault Systèmes SE compared to 66 in 2016.

Furthermore, a large number of initiatives concerning employee support, internal communication and training have been launched: improving workstations, conferences, videos, sessions aimed at raising awareness with regard to welcoming and integrating disabled employees, etc. Actions with external service providers have also been carried out, including partnerships with establishments in the sheltered employment sector and services on the 3DS Paris Campus.

Access to 3DS Paris Campus for people with disabilities was specifically considered during construction (such as floor quality, doors, furniture, Eo-guidage signaling, magnetic loops, accessible meeting rooms, parking lot entrances, etc.)

Since 2011, Dassault Data Services SAS has made a yearly commitment to adopt measures supporting the integration and employment of people with disabilities. In 2017, the following efforts were continued: initiatives in favor of recruitment, adapting workstations, training and awareness initiatives, financial aid for interns and apprentices with disabilities, actions in partnership with sheltered employment sectors.

In the United States, the regulations regarding job equality (see the paragraph above "Professional equality between men and women") apply in cases of discrimination against disabled employees. It is, however, not permissible to inquire about an employee's disability. As a result, no data is provided.

Intergenerational agreements

Pursuant to French law, an intergenerational agreement was signed at Dassault Systèmes SE on December 7, 2016 for a three-year period.

This agreement consolidates the efforts undertaken by Dassault Systèmes SE since 2010 by building on the measures initiated to anticipate career changes, develop and transfer skills, manage the transition between working life and retirement, and facilitate the recruitment and integration of young people within the Company.

Within the scope of this new agreement, Dassault Systèmes SE renewed its commitment to making all new employees feel welcome and supported.

An intergenerational agreement was also signed at Dassault Data Services SAS and Dassault Systèmes Provence SAS for a three-year period. Moreover, there are corporate action plans at Netvibes SAS and Dassault Systèmes Biovia SARL.

2.1.2.3 Developing relations with the social, regional and community environment

The Dassault Systèmes Foundation

The purpose of the Dassault Systèmes Foundation is to contribute to transforming education and research by building on the learning opportunities offered by 3D technology and virtual universes. The Foundation wants to support the creation of conditions conducive to developing creative thinking in order to harmonize product, nature and life. Its ambition is to:

- actively support the transformation of teaching and educational innovation particularly through 3D experience imaging and content;
- generate interest from young people for careers in engineering, sciences and digital technologies;
- broaden access for schools and universities to 3D technologies and content, as well as simulation;
- encourage scientific and technological research;
- contribute to the preservation, conservation and enhancement of humanity's intellectual heritage.

The Dassault Systèmes Foundation makes donations and provides virtual technology expertise to education and research projects led by universities, research institutes or other general-interest organizations. This support promotes access to 3D technologies that had long ago proven their worth in industry, thereby improving the employability of young generations.

Since August 15, 2015, 40 projects have been supported in Europe.

In 2017, 18 projects were selected. All are innovative educational projects covering a wide variety of fields: industry of the future, geology, health, introduction to engineering professions, robotics and environment. In Europe, the Dassault Systèmes Foundation thus continued to support the creation of a network of 11 Spanish universities, coordinated by the Polytechnic University of Madrid, with the aim of facilitating and accelerating study programs in the Industry of the Future. Working as a network, the teachers strive to transform teaching methods through a collaborative, multidisciplinary approach by creating new educational content. In Germany, the Dassault Systèmes Foundation supports an initiative to create a national "Fraunhofer IEM" ecosystem to promote continuous training in Smart Factory techniques. In France, the Foundation actively promotes the discovery of engineering professions and strives to inspire young people. For this purpose, it relies on the passion and commitment of employees, within the framework of the new skills sponsorship policy launched on October 16, 2017. The Dassault Systèmes Foundation has also entered into a partnership with the *La Main à la pâte* foundation to roll out the *3Défi* project, enabling junior high-school students to create a fictitious start-up and work as a team to design an innovative product and print it in 3D. The goal is to promote the students' innovative and creative potential, and introduce them to innovation professions, the "maker" culture and the world of start-ups.

In 2016, Dassault Systèmes set up the Dassault Systèmes U.S. Foundation.

In 2017, 13 projects were selected in the United States. On May 10, 2017, the Dassault Systèmes U.S. Foundation and Base 11, a non-profit organization announced an educational development initiative focused on training a new generation of engineers on the skills that are the most sought after by the aerospace, high-tech and transport industries. Students thus receive training in collaborative engineering and 3D design solutions used by numerous employers in the industry. The Dassault Systèmes U.S. Foundation also offered high-potential low-income students from New Orleans' 1881 Institute hands-on experience in Science, Technology, Engineering and Mathematics (STEM) through an immersion camp, an apprenticeship program, an engineering camp and a robotics program. Moreover, in partnership with the New York Hall of Science, the Foundation supports the Queens 20/20 Community STEM Engagement, which provides a high-quality STEM program focused on 3D design and modeling. Its goal is to give various local communities (families, schools and local non-profit organizations) interactive means to learn about 3D design and modeling. The Lycée International de Boston has received funding to establish a 3D Design & Conception Center. This program aims to introduce students to innovative experimentation methods and the creation of content.

Building on its know-how in Europe and the United States, and driven by the desire to expand the scope of its social action, on November 21, 2017, Dassault Systèmes set up the Dassault Systèmes India Foundation. It relies on our employees' experience to roll out educational projects aiming to promote the inclusive economic development of India.

Company relations with high school and higher education

Dassault Systèmes' relations with the world of education are aimed at constantly updating teaching methods and fostering the skills and talents expected by its clients. In 2017, this effort focused on lifelong learning.

Training the engineers and technicians required by Dassault Systèmes' customers

At the end of 2017, around 7 million pupils and students were using one or more of our Group's technologies in an educational context, mainly in high school and higher education. Our Company's efforts have led to the overall broadening of the user community as well as developing and modernizing their uses. To date, they include over 46,000 institutions worldwide.

SOLIDWORKS continued its expansion, reaching a total of 3 million licenses. Through several "Campus" contracts, the solution was extended to entire schools and universities. These institutions include the University of Nottingham in England, the Pittsburgh and Iowa State Universities in the United Sates, the École Polytechnique Fédérale de Lausanne in Switzerland and the Ministry of Economy, Science and Digital Society of Thuringia in Germany. Under a similar approach, the Norwegian University of Science and Technology (NTNU) jointly launched the implementation of SOLIDWORKS for

20,000 users and the **3D**EXPERIENCE to teach the industry of the future practices.

To enable professionals, as well as students, to demonstrate their skills in Dassault Systèmes tools throughout their professional paths, we have intensified our certification center recruitment campaigns on our academic partners' sites and on university campuses. These centers allow learners to undergo certification tests, mainly based on practical exercises. In addition to the large number of centers dedicated to SOLIDWORKS, over 160 sites have been accredited across the world, making it possible to hold thousands of exams on different CATIA versions, for which the average success rate is 66%, confirming the difficulty of the exams. Holding a Dassault Systèmes certification is a guarantee of immediate employability for recent graduates, as well as for people already in a job, changing careers or looking for a job. In 2017, some 250,000 students took the SOLIDWORKS certification exams across the world.

The "PLMCC" program for the creation of educational expertise centers, involving Dassault Systèmes in association with the French ministries of Education and Research, was extended to two new sites in Côte d'Ivoire and Kenya. The goal of these centers is to step up the teaching of good industrial practices through the use of our solutions. Since their creation, they have trained hundreds of teachers in South America, Africa and Asia.

In order to encourage greater interest in the sciences and technology, and contribute towards reversing the trend of disinterest among young people for these disciplines in France, the multidiscipline *Course en Cours* competition has maintained its level of participation across France and French high schools abroad, with 11,000 secondary and high school students taking part. This program has seen the first institutions adopting the **3D**EXPERIENCE on the cloud, to introduce their students to the use of collaborative, social innovation methods.

Facilitating educational innovation

The development of new educational practices based on our solutions has taken on a new dimension since 2015 with the creation of a "Learning Lab" on the 3DS Paris Campus in Vélizy-Villacoublay. In 2017, 1,200 directors of academic institutions worldwide visited this lab to discover new learning experiences that replicate real life experiences that students can apply to their future work environment.

This Learning Lab, – set up to imagine and document new ways for digital technology to be used in education – continued to develop its two main activities, dissemination and innovation.

The 2017 Innovations continued with a focus on the teaching of new practices for the industry of the future, such as the internet of industrial things, the virtual twin concept, additive manufacturing, the digital factory, as well as project-based teaching methods. Innovative educational activities were tested, documented and released online, in particular for the teaching of the virtual twin concept in the context of smart buildings, and the concepts of self-learning robots, with the Tokyo Institute of Technology and the Politecnico di Milan. Capitalizing on the expertise it has accumulated over the past ten years in the innovative educational use of our solutions, the University of Lorraine's "DITEX" start-up continued, with our support, to disseminate good educational practices on the **3D**EXPERIENCE platform by developing the virtualization of flexible manufacturing cells and teaching collaborative robotics. We actively collaborate with our academic partners to build innovative educational projects in the prospect of their funding by agencies which support research and innovation (European Union, National Research Agency, etc.). This activity continued in 2017 with:

- the European collaborative robotics project, "EURLAB", headed by *Lycée Louis Armand* (Louis Armand High School) in Nogent-sur-Marne, France, involving high school students in Germany and Italy in a first phase;
- the "EXAPP_3D" project headed by the Paris *Institut Supérieur de Mécanique* (Higher Institute for Mechanics) to promote the spirit of system engineering and make its practices accessible to high school students;
- the "DEFI&CO" project headed by CESI, aimed in particular at producing, for remote educational purposes, virtual twins for demonstrators of factories of the future and buildings of the future;
- the "EOLE" project headed by the University of Strasbourg, in which the virtual twin concept will be used to create new types of practical exercises in connection with the skills required for the industry of the future;
- launch of the "PERF Henri-Fabre" project. This partnership between the private and public sectors is centered on lifelong learning. It should allow partners (large companies, mid-caps, SMEs, very small businesses, research and training organizations, institutions, economic development players, etc.) to pool their expertise, share resources/skills/projects, and focus on networking, aiming to boost the economic development of the various industrial sectors of the Provence-Alpes-Côte d'Azur Region. These sectors include aerospace, energy, photonics, the naval industry, the biomedical industry, and any other industry interested in the skills that the project initiator – the "TEAM Henri-Fabre" consortium – is able to provide.

Furthermore, the crowd learning platform Peer Learning EXPERIENCE® saw 140 teachers from 10 different countries contribute to its crowd sourcing of educational content. Access to this platform has been integrated into the **3D**EXPERIENCE platform to provide all learners from the academic world with customized e-learning paths. These courses interconnect learners in order to digitally reproduce the mutual help and peer learning mechanisms observed in classrooms.

Research on content and dissemination methods has made full use of the new possibilities offered by the latest cloud-based version of the **3D**EXPERIENCE solutions. The roll-out of these solutions has significantly accelerated in most of the countries in which we operate.

All of these activities have been supported by our active collaboration with a number of scientific associations including the American Society for Engineering Education (ASEE), the *Société Européenne pour la Formation des Ingénieurs* (European Society for Engineer Training (SEFI), the International Federation of Engineering Education Societies (IFEES), the Global Engineering Deans Council (GEDC), the Indian Society for Technical Education (ISTE), the U.S. National Academy of Engineering and the Conceive Design Implement Operate (CDIO) consortium. We also cooperated with the ICEE (Indo-U.S. Collaboration on Engineering Education) which works towards modernizing technical educational practices in India.

Supporting lifelong learning

Our increased support for lifelong learning was materialized in two ways: firstly, through the extension of our certification program aimed at guaranteeing the recognition of the skills gained by a professional, and secondly, through the set-up within partner establishments of new programs aimed at introducing innovative practices in the local industrial context, as well as training.

We thus entered into a partnership with the Wichita State University in the United States, where we set up a joint innovation center – the **3D**EXPERIENCE Center – dedicated to new aerospace materials and processes. This center is focused on both innovation and teaching, thus perfectly illustrating the concept of lifelong learning.

Based on a similar model, with the support of the government of the Indian state of Karnataka, and in partnership with the Visvesvaraya Technological University, we inaugurated the Centre of Excellence in Aerospace & Defense aiming to accelerate digital use in these sectors, through initial and continuous training programs.

Facilitating open innovation, collective intelligence

The **3D**EXPERIENCE Lab is Dassault Systèmes' open innovation laboratory. Its objective is to support breakthrough products and services by tapping collective intelligence and combining different sectors, 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 incubate projects in partnership with players including start-ups, and research or innovation laboratories. This implies a new dynamic which will give these projects greater scope, as well as encompassing the idea of societal transformation.

The **3D**EXPERIENCE Lab 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. Only two years after its launch, over twenty projects have already been driven forward on a variety of topics: autonomous solar drone, robotics to help autistic children, assistance for foot surgery, 3D printing of organs, personalization of musical instruments, energy from sea currents, etc.

The **3D**EXPERIENCE Lab program provides start-ups with the most advanced professional software on the market, as well as a dedicated collaborative cloud area, and a user community. These advanced technological facilities will be supplemented with a high-level mentoring program where each Dassault Systèmes employee can contribute their skills and assist the start-ups in their digital projects.

The unique market positioning of the **3D**EXPERIENCELab program is also reflected in the possibility of giving these start-ups access to the networks and connections within Dassault Systèmes' extended ecosystem at an international level. These possibilities must be orchestrated using a new methodology, new management and new tools, but most importantly a platform-based approach allowing digital continuity and the development of cross-organizational networks. This primarily relies on the necessity to manage the life-cycle process, from the idea to the seed phase through to industrialization phases, while capitalizing on knowledge and players. An open and social innovation practice has thus been set up and will be available to industrialists seeking to deploy this approach in their own companies. Over 250 ideas have been processed by 500 innovators working in the community.

Major highlights of 2017 included the opening, in close collaboration with the Massachusetts Institute of Technology (MIT), of the **3D**EXPERIENCE Lab on the 3DS Boston Campus, as well as the launch of partnerships with local incubators such as X-UP Polytechnique, Creative Valley in France and the InnoDesign program in South Korea. This programm will be rolled out across all innovation areas in the upcoming years.

(For more information, http://**3d**experiencelab.3ds.com).

Company commitment to associations

As a European company, Dassault Systèmes is involved with associations to support the virtual economy and encourage sustainable innovation. To promote the development of the digital economy in France and across Europe, Dassault Systèmes is a founding member of "Tech in France" (formerly *Association Française des Éditeurs de Logiciels*). The goal of this association is to promote the software industry as an industry that contributes to sustainable growth. Dassault Systèmes also co-chairs the Alliance for the Industry of the Future in France, of which "Tech in France" is a founding member. This Alliance helps promote the transformation of French and European production tools and support companies in transforming their business models, organizations, design modes and marketing. Our Group also supports the "Villette Universcience Company" in France, whose goal is to promote and encourage the spread of scientific and technical culture to young people and to the general public. Throughout the world, our brands are also involved in local community efforts.

Social activities

In France, Dassault Systèmes SE subsidizes its Works Council in the amount of 5.2% of total gross annual payroll, with 5.0% for social and cultural activities and 0.2% for the operating budget. In 2017, the Works Council thus received €12.2 million, compared to slightly more than €10.7 million in 2016 and €10.5 million in 2015.

This yearly allocation by Dassault Systèmes SE allows employees, as well as their spouses and children, to be offered a large range of social and cultural activities with many sections dedicated to specific domains from sports to art, as well as financial support, such as for vacations, children's education, and membership in clubs.

Dassault Data Services SAS subsidizes its Works Council at a level of 1.5% of its total gross annual payroll, with 1.3% for social and cultural activities and 0.2% for the operating budget.

Dassault Systèmes Provence SAS subsidizes its Works Council in the amount of 2.1% of total gross annual payroll, with 1.9% for social and cultural activities and 0.2% for the operating budget.

2.1.3 Welcoming employees who have joined the Group via recently acquired companies

In a context of strong growth, the rapid onboarding of new employees having joined us through mergers or acquisitions, is of major importance for our Group.

The integration of recently acquired companies involves the following:

- defining a common product strategy using the **3D**EXPERIENCE platform as a basis;
- aligning operational processes with the contractual framework;
- merging the legal entities located in the same geographic region;
- sharing the Company's values and culture.

Integration activities thus provide a cohesive experience to all our customers and partners. They also give each new employee the opportunity to develop their skills and subsequently benefit from the same social schemes and policies as our other employees in each country where we operate.

The integration method, implemented by a dedicated project team, is rolled out in three main stages:

- a preparation phase before the finalization of the acquisition, which defines the integration strategy;
- a phase focused on onboarding new employees, sharing and planning out integration activities;
- a transformation phase to gradually align organizations, processes and IT systems under a common framework.

This process, which is tailored to the specific environment of each newly acquired company, is thoroughly managed via solutions from the **3D**EXPERIENCE platform, used as project management tools, as well as collective tools for change management.

The goal is to motivate talented new employees and gain their loyalty. Their successful integration is essential to be able to eventually offer them broader career opportunities within the Group.

2.1.4 Rewarding Performance and Recognizing Employees

As part of the performance appraisal process, each employee meets his or her manager on a formal basis at least twice a year, to define goals for the year and to assess the results against the set objectives. A mid-year review is also recommended. These discussions relate to rewards and recognition attributed to the employees for their performance and contribution to Dassault Systèmes' development.

We also value initiatives with particular attention paid to taste for innovation as well as collective and social actions:

- innovations developed within the Group by the teams, in all organizations, are showcased in the 3DS INNOVATION Forwards, that, each year, reward the most innovative projects put forth by employees worldwide;
- programs and initiatives are put into place to recognize the employees' hard work and enhance the work environment;
- we also value initiatives that promote the sustainable development of our ecosystem through participation in social and community-based actions.

Performance and compensation

Compensation

Our compensation policy seeks to ensure that each employee receives compensation consistent with market practices in the advanced technology industry in each country where we have operations. Compensation is differentiated according to the individual performance of each employee as appraised by his or her Manager during an annual interview reviewing goals and performance.

Increases take place for the entire Company in April each year. All the employees who were with the Company on October 1 of the preceding year are eligible for an annual salary increase.

In 2017, the salary increases granted by Dassault Systèmes depended on individual performance and market changes in each country where we have activities.

Total gross annual payroll paid by the Group amounted to €1,146.2 million in 2017 compared to €1,072.1 million in 2016, representing an increase of 7% for the year.

Payroll taxes for the Group amounted to €298.5 million in 2017 compared to €263.9 million in 2016. It includes employers' contribution on performance shares effects.

Profit-sharing (pursuant to Titles I and II of Book III, Section III of the Labor Code)

Employee profit-sharing (*l'intéressement*) and regulatory profit-sharing (*la participation*) are two employee savings vehicles established by law in France. Employee profit-sharing is optional, while regulatory profit-sharing is required for all companies with more than 50 employees.

The employee profit-sharing and derogatory profit-sharing agreements renegotiated by Dassault Systèmes SE with the labor unions in 2017 are applicable for three years (2017, 2018 and 2019).

Employee profit-sharing in respect of 2016, paid out in 2017 at Dassault Systèmes SE, amounted to €23.5 million (€21.2 million in 2015). The total amount of the contribution by Dassault Systèmes SE for regulatory profit-sharing in respect of 2016, paid out in 2017, was €23.5 million (€21.2 million in 2015).

The Board of Directors of Dassault Systèmes SE, meeting on March 16, 2017, decided to grant extra optional employee profit-sharing and regulated employee profit-sharing for an amount of €1,015,771 each. The addition of optional employee profit-sharing and regulated employee profit-sharing related to 2016 was €46,915,455. The results of operations recorded by Dassault Systèmes SE for the year 2016, and which were submitted for approval at the General Shareholders' Meeting on May 23, 2017 have therefore permitted the distribution of employee profit-sharing and regulatory profit-sharing of €23.5 million each (extra profit sharing included).

The table below sets forth the amounts of employee profit-sharing and regulatory profit-sharing at Dassault Systèmes SE over the past three years:

	2017		2016		2015	
(in thousands of euros)	**Amount**	**% payroll**	Amount[(1)]	% payroll	Amount	% payroll
Contractual employee profit-sharing (intéressement)	24,464	10.8%	23,458	11.5%	21,163	11.0%
Regulatory profit-sharing (participation)	24,440	11.0%	23,458	11.5%	21,163	11.1%
TOTAL	**48,904**	**21.8%**	**46,916**	**23.0%**	**42,326**	**22.1%**

(1) including extra profit-sharing as decided by the Board of Directors of Dassault Systèmes SE, meeting on March 16, 2017.

Payroll percentages are calculated on a capped payroll base as per the current profit sharing agreements.

The amounts attributed individually to employee beneficiaries are, at the employee's option either directly received, contributed to one of the Company's savings or group retirement plans, or deposited (only possible for regulatory profit-sharing) in a blocked bank account bearing interest at 110% of the average interest rate on private bonds (*Taux de Rendement Moyen des Obligations Privées*).

At Dassault Data Services SAS and Dassault Systèmes Provence SAS, the amount of contractual employee profit-sharing paid in 2017 in respect of year 2016 represented 10.4% and 3.4% of the payroll respectively, and the regulatory profit-sharing represented 1.7% and 21.7%. A contractual employee profit-sharing agreement was signed at Netvibes SAS in 2017. The agreement represented 18% of this company's payroll.

More than 89% of the employees of the French subsidiaries held directly by Dassault Systèmes SE thus benefited from profit-sharing agreements.

Other plans

In Canada, there is a "Deferred Profit-Sharing Plan" (DPSP), i.e. a discretionary employee profit-sharing scheme. Employees may benefit from the scheme after one year of service.

Recognizing the flair for innovation and showcasing collective initiatives advocated by the values of Dassault Systèmes

3DS INNOVATION Forwards

Every year, the *3DS INNOVATION Forwards* reward the most innovative projects led by Dassault Systèmes' teams worldwide. Launched in 2004, the initiative encourages a spirit of innovation and collaboration within our Group. It partakes in employee recognition and deepens their understanding of the corporate strategy. To this end, the projects submitted must address one of the Company's strategic priorities: providing solutions to industry challenges, creating new user experiences, creating value for customers, partners or employees, enhancing the use of the **3D**EXPERIENCE platform, developing the Group's activities, etc.

All our employees are invited to submit their projects through a dedicated application. The projects can be seen by everyone and the winners are selected through the votes of employees and by a jury made up of members of the Executive Committee. In the 2017 edition of the 3DS INNOVATION Forwards 230 projects were submitted, representing 1,835 employees. A total of 30 projects were rewarded, i.e. 385 people.

Initiatives to reward work and improve the lives of employees

Since 2010, an internal satisfaction survey has been open to all our employees worldwide. This survey enables employees to give their opinions on various topics such as the meaning of their work, the quality of the management, the competitiveness of the work environment, the community of people, and pride in working for Dassault Systèmes. This survey makes it possible to identify watchpoints and the required priority actions for each team and each country.

The action plans are presented to employees and shared within the Life@3DS community, which is accessible to all employees. A catalog of 40 good practices is updated every year. It focuses on the following:

1) recognition and celebrations;

2) the learning company;

3) the working environment; and

4) managerial practices.

Collective company and social initiatives

Most of our subsidiaries organize or take part in local initiatives within their communities.

Initiatives are thus conducted in the fields of education and employment. In the UK, we support the "Prince's Trust" to help young people between the ages of 13 and 30. To this effect, in 2017, employee volunteers led training workshops, particularly in public speaking and job interviews. In Canada, Dassault Systèmes sponsors the "FIRST" Robotics Competition (For Inspiration and Recognition of Science and Technology) to help students familiarize themselves with scientific disciplines (Science, Technology, Engineering and Mathematics) through tutoring programs. This initiative enables them to discover new career perspectives and gain skills that will be sought after by future employees.

Initiatives aimed at children are also conducted, such as the toy donation drive organized in the United States, and volunteering days with non-profit organizations dedicated to holidays and access to culture. In Canada, employee teams took part in the "48-HOUR RIDE", a cycle event organized by the charity "Make-A-Wish". In France, we partnered on the *Rêves de Gosse* "Tour" 2017 initiative which allowed "extraordinary" children (children with illnesses) to experience their first flight with amateur and professional pilots. In Germany, gifts for disadvantaged children were collected during a Christmas event. In South Korea, a donation drive was conducted to help children coming out of hospitals get back into Science, Technology, Engineering and Mathematics schooling programs. In India, Dassault Systèmes is the sponsor for five non-governmental organizations working in various fields: education for deprived, sick or disabled children, and skills and career development for women.

We also took part in initiatives in favor of people with disabilities. In South Korea, we conducted an internship program in favor of students with disabilities in partnership with the Korea National University of Welfare over a period of three months. In France, in partnership with the "Kiplin" start-up, Dassault Systèmes organized a connected challenge to increase occupational wellbeing and awareness around disabilities, through the participation of employee volunteers in a physical challenge and awareness-raising questionnaires. In addition, innovative projects were continued in partnership with CERHEM and the *Étoile de Martin* association. They included the "New Wheel To Run" project (study and prototype to optimize a one-wheeled chair and urban mobility equipment).

Sustainable development actions are also conducted. For example, in France and the United States, IT and electronic equipment are collected by employees for recycling; new furniture made of recycled plastic was bought to equip the 3DS Paris Campus; and a "Clean Desk" operation was organized. In Canada, a wellness program launched in 2016 to promote healthier living was continued in 2017 through conferences, workshops and sporting activities.

2.1.5 Business ethics, social dialogue and personal safety

Business ethics

Since its creation, Dassault Systèmes has developed its culture and built its reputation on different fundamental principles, particularly the creation of long-term relationships with its employees, customers, partners and shareholders, 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 innovation and growth.

The Company's commitment to professional ethics and corporate citizenship is formalized through policies and procedures regarding corporate governance, in particular the "Code of Business Conduct" distributed to all the Company's employees since 2004 (see paragraph 5.1 "The Board's Corporate Governance Report") and the "DS Principles of Social Responsibility" both available on the Company's internet site. The Code of Business Conduct, which is backed up by specific policies, recommendations and procedures, is intended to serve as the reference for all Company employees to guide their behavior and interactions when performing their activities.

This commitment is also demonstrated through awareness around ethics and compliance being raised among new employees and by offering targeted training courses, online and/or in-house, to employees most exposed to ethical risks in their daily duties.

The online ethics and compliance training course (created in 2013) is now an integral part of the onboarding program for all new employees. This course comprises 14 modules, each of which is broken down into a theory section followed by practical applications in a question/answer format. The topics dealt with include the fight against corruption, the protection of intellectual property, respect for confidentiality, ethics in the workplace, competition law, strict monitoring of exportations, information systems security, personal data protection, and conflicts of interest etc. As of December 31, 2017, almost 13,000 employees had attended this general training course.

The fight against corruption

The Code of Business Conduct prohibits Group employees from:

- exchanging gifts or invitations in order to favor or influence a business decision, whether it be taken by a customer, partner, supplier or employees of the Group;
- using Dassault Systèmes' funds or assets to pay bribes or kickbacks or make payments of a similar nature liable directly or indirectly to benefit third parties, including shareholders or companies, whether they are partners, customers, suppliers, service or other companies or organizations, with the goal of benefiting from preferential treatment; and
- using Group funds to make a contribution of any kind to political candidates or parties.

These principles are supplemented by an "anti-corruption policy", which applies to each Dassault Systèmes company, and incorporates, in France, an annex of employee handbook since 2011, and by a specific training program.

In order to achieve continuous improvement, the company renewed in 2017 its commitment to pursue a zero tolerance policy against corruption and influence peddling by adjusting its anti-corruption policy and its internal reporting procedure, implemented originaly in 2004 to the law of December 9, 2016 relative to transparency, the fight against corruption and the modernization of economic life ("Sapin II Act") and by increasing employee awareness, on the one hand on the way to lead negotiations with intermediaries (such as the reminder on the measures adopted by the company in terms of partner selection and integrated within its operational processes), and on the other hand, on the identification and treatment of a conflict of interest situation, so as to be protected from thoses scenarios and protect the company.

The company's program for corruption prevention is based not only on these policies, guidelines, alert procedure, communication and employee awareness and training programs (at December 31, 2017, 9,501 employees were trained to fight against corruption) but also on:

- a Compliance organization related to the general secretary, since 2018;

- a mapping of non-compliance risks on topics discussed in the Code of Business Conduct and, since 2017, a mapping of corruption and influence peddling risks;
- an internal control and audit system;
- and rigorous operational processes. Thus, the due diligence process regarding intermediaries, whether or not they are retailers, agents or consultants, take many variables into account: the nature of the activity, local environment, type of relationship, type and scope of the mission the third party will have to achieve for the company. This Due Dilingence process is completed by intermediaries' statements and commitments.

The processing and follow-up of the reporting received under the internal reporting procedure are systematically managed by the Compliance department and supervized by the ethics committee.

Principles of Enterprise Social Responsibility and commitments to ensuring respect for basic rights

The Code of Business Conduct requires Dassault Systèmes' employees to comply with international standards, such as the Universal Declaration of Human Rights of the United Nations and the various Basic Conventions of the International Labor Organization. With respect to the Group's activities, the risk of these basic standards being violated is very low. In 2017, pursuant to the law of March 27, 2017 relative to the duty of vigilance of parent companies and contracting undertakings, the Group worked on a vigilance plan concerning human rights and fundamental freedoms, personal health and safety, and the environment (see paragraph 2.3 "Vigilance Plan"). Moreover, as required by the UK Modern Slavery Act, the Group published a Modern Slavery Transparency Statement (available on the Group's website).

The Group also promotes corporate responsibility with respect to its ecosystem, based on the acknowledgment of and compliance with basic laws on social rights and environmental protection; the general terms and conditions of the sub-contracting and purchase agreements of Dassault Systèmes' major companies include specific commitments:

- the Dassault Systèmes SE standard contracts oblige service providers to follow the social and environmental responsibility principles which Dassault Systèmes upholds. They are available at the following link:

  http://www.3ds.com/fileadmin/COMPANY/Ethics-and-compliance/Principes-de-Responsabilite-Sociale.pdf;
- the agreements between Group entities in France, Germany, the United Kingdom, the Netherlands, the United States, Canada, Japan, China, South Korea, India, Australia (which account for 90% of the Group's Employee Headcount) and their service providers contain clauses regarding respect for employees' rights.

Dassault Systèmes requests that its suppliers and partners comply with the provisions of the basic conventions of the International Labor Organization, in particular the principles of eradicating child labor by banning the employment of school-aged children (and in any event under 15 years of age), eliminating forced labor and other forms of modern slavery, ensuring working conditions sufficient to provide for employee health and safety, respecting applicable minimum legal or regulatory levels of pay, freedom to unionize and the protection of labor union rights, and the freedom to collectively negotiate labor contracts. The Company also asks them to commit to ban all forms of discrimination (with respect to recruitment, professional development and the end of labor relations), to fight against corruption, and to respect applicable law on the protection of the environment.

Impact of products and services on the health and safety of the Group's customers

The direct impact of our products and services on the health and safety of our customers is very limited given the non-material nature of these products and services. The impact is therefore not specifically reported on.

Social dialogue and collective agreements

The quality of the social dialogue is based on the numerous exchanges between the Company's management and the employees and employee representatives.

In France, numerous meetings were organized by the relevant French companies of the Group. Collective agreements, concerning one or several subjects in connection with working and employment conditions, were negotiated and signed each year:

	Number of collective agreements in effect on 12/31/2017*	Number of collective agreements signed in 2017*
Dassault Systèmes SE	43	9
Dassault Data Services SAS	29	3
Dassault Systèmes Provence SAS	18	7
Netvibes SAS	2	1
Dassault Systèmes Biovia SARL	1	0
CST Eurl	1	0
Euroxa SARL	0	0
Outscale SAS	4	0

* These agreements may cover several topics such as the Mandatory Annual Negotiations, equality and professional gender balance, organizing working time, contractual employee profit-sharing and regulatory profit-sharing, and the inclusion and employment of people with disabilities.

A Group agreement *Gestion Prévisionnelle des Emplois, des Compétences et de Transformation Sociale* was signed in June 2016 for a three-year period. In 2017, agreement provisions have been implemented with regards to skills planning, internal mobility, career opportunities within our ecosystem, as well as end-of-career management.

In Germany, collective agreements are negotiated and signed with the Group Council and the Workers' Council of each Company site (Stuttgart, Hanover, Aix-la-Chapelle, Berlin and Simpack). On December 31, 2017, there were 9 agreements in effect in Stuttgart, 27 in Hanover and 24 with the Group Council. In 2017, 11 agreements were signed with mixed works councils.

In the Group's other main countries of operation – the United Kingdom, the United States, Canada, Japan, Malaysia, China, India and Australia – there are no employee representatives or trade unions. In South Korea, as in all companies with over 30 people, an employee representative Committee is elected each year. Its role is to participate in organizing the Company's social activities. Employee representatives were elected in the Netherlands.

Moreover, the European Works Council, the *Comité de la Société Européenne* – set up in 2016 – held five meetings in 2017, either in plenary or restricted sessions. In 2017, this Council was made up of 21 representatives from 16 European countries falling within its scope.

Health and safety

In accordance with the provisions of our Code of Business Conduct, we undertake to comply with all applicable laws and regulations on health and safety in the workplace.

Coverage of healthcare costs

We ensure that each of our employees has medical coverage in compliance with local practices in the countries where we have activities. Moreover, we provide supplementary health coverage, for example in France, the United Kingdom, the United States, Canada, South Korea, Japan and India.

Health and medical checkup

We apply the provisions laid down by the countries where we have activities.

For example, in France, our employees undergo regular medical checkups. On the 3DS Paris Campus, a medical team composed of two physicians and four nurses looks after the health and well-being of all on-site employees. In certain other countries (the United States, Japan and South Korea), annual individual medical checkups are offered. This service is included in the health coverage plan. There are no specific provisions in Germany, the United Kingdom, Canada, Malaysia, or Australia.

Work accidents

Given the nature of Dassault Systèmes' activity, few work accidents are recorded. In France, in 2017, eighteen work or travel accidents resulted in absence from work for more than one day. There was one in the United States, and none in Germany, Japan, the United Kingdom, the Netherlands, Canada, Malaysia, South Korea, India, or Australia.

Health, Safety and Working Conditions Committee and specific actions

In France, three Group companies have a Health, Safety and Working Conditions Committee (CHSCT in French), which meets several times during the year in each entity.

Since 2009, Dassault Systèmes SE has launched a series of initiatives to promote well-being in the workplace for all of its employees. Information and documents are available to them on this topic (specific processes, training for the prevention of stressful situations, consultation with a psychologist or social worker, etc.).

At Dassault Systèmes Provence SAS, the occupational risk prevention plan for 2017 focused on the following actions: studies to be continued or undertaken concerning workplace ergonomics, ongoing efforts focused on safety training and the analysis of psychosocial risks, and the set-up of prevention measures, in particular following the recommendations of the working groups focused on "well-being in the workplace".

In addition, in Germany, employee representatives are responsible for communicating with the management of the relevant legal entities on employee health and safety.

2.1.6 Methodology for Employee Reporting

Scope

In general, employee reporting covers all Dassault Systèmes companies at year end. Nevertheless, as indicated below, the scope covered for certain indicators may be more limited.

Key employee indicators

For employee reporting requirements, we chose the key indicators set out in paragraphs 2.1.1 "Group Organization and Workforce" and 2.1.7 "Appendices regarding the Group's Employee Headcount". They were chosen on the basis of the indicators in article R. 225-105-1 of the French Commercial Code and the specific indicators regarding our Human Resources policy.

In this respect, we have defined the following concepts:

- "Employee Headcount", which means employees of Dassault Systèmes SE and subsidiaries in which it has at least a 50% shareholding; and
- "Total Workforce" which includes the Employee Headcount, employees of companies in which it has less than a 50% shareholding and outside service providers who have worked more than a full month on the reporting dates on these companies.

Data related to employees is calculated on the basis of "full-time equivalents", which corresponds to the proportion of "hours worked per standard full-time work hours" and which was jointly defined and shared by both Human Resources and Finance teams. Hiring and departure data are also determined using this rule.

To make the reporting process more reliable, an internal methodological guide including definitions and rules for calculating each indicator 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.

Limits of the social report

We operate in numerous countries with local regulations and practices which are not always harmonized or consolidated. For example, as the notions generally used in France to define socio-professional categories (*cadre* and *non-cadre*) are not used outside France, and three quarters of our employees work abroad, we have decided to use the following categories: Managers who are in charge of teams, and "Non-Managers" who do not manage a team and are specialized in a specific field.

Due to these local differences, we are not able to provide consolidated data for overtime, the severity of work accidents and occupational illnesses.

Gathering and consolidating employee data

The following points should be taken into consideration:

- the data pertaining to employees and movements are taken from human resources and financial management software, both of which are deployed across all Group entities, except Outscale SAS, and represent 99% of the reporting scope;
- the information pertaining to the compensation policy relates to Employee Headcount;
- the data relating to employees from and the amount of the payments made to outside service providers concern services referred to as "Times and Material", supporting one of our activities, corresponding to its core business and in respect of which the employees are present for at least one month, paid on an hourly, daily or monthly basis;
- the information pertaining to policies on business ethics, fighting corruption, the Company's social responsibility principles and commitments ensuring basic rights and the impacts of products and services on the health and safety of our customers is provided by the Ethics and Compliance department and covers 100% of the reporting scope;
- the data relating to the main policies concerning industrial relations, health and safety, anti-discrimination initiatives, discretionary and mandatory profit-sharing and other reward systems, work time, absenteeism, fostering diversity and gender balance, and social projects result from additional discussions held with the Human Resources managers in our major countries with over 150 employees (excluding companies acquired during the year), namely: France, Germany, the United Kingdom, the Netherlands, the United States, Canada, Japan, Malaysia, China, South Korea, India, Australia and Poland. These countries represented 87% of the Group's Employee Headcount in 2016 and 94% in 2017;
- absenteeism data covers sick leave, maternity and paternity leave, as well as work-related accidents. Employees absent for a period exceeding two years are no longer included in the absenteeism ratio. It should be noted that this data is strongly influenced by local regulations; indeed, in certain countries, sick leave is counted as paid holiday leave. As such, absenteeism should be considered on a country-by-country basis as it cannot be disclosed on a consolidated basis;

- the data relating to training for the countries with over 150 employees mentioned above is extracted from the 3DS University solution, excluding companies acquired in 2017, and covers 89% of the Group's Employee Headcount (average basis). Data recorded through the on-line training platform is also taken into account for the same companies;
- lastly, the scope is specified in the body of the text for the other data not previously disclosed: Company relations with high schools and higher education, Company commitment to non-profit organizations, 3DS INNOVATION Forwards, initiatives to reward work and improve the lives of employees.

2.1.7 Appendices regarding the Group's Employee Headcount

DISTRIBUTION BY AGE

	Europe		Americas		Asia		Total		Total	
Year ended December 31	Employees 2017	%	Employees 2017	%	Employees 2017	%	Employees 2017	%	Employees 2016	%
≤ 30 years old	1,301	19%	399	11%	1,918	41%	3,618	24%	2,045	17%
31 to 40 years old	2,240	33%	963	26%	1,776	38%	4,979	33%	3,970	33%
41 to 50 years old	1,941	29%	1,119	30%	762	16%	3,822	25%	3,512	29%
≥ 51 years old	1,328	19%	1,240	33%	242	5%	2,810	18%	2,573	21%
TOTAL	**6,810**	**100%**	**3,721**	**100%**	**4,698****	**100%**	**15,229***	**100%**	**12,100**	**100%**

* Indicator verified by the independent verifier.
** The employees of 3DPLM were included in the Employee Headcount in 2017, following the full acquisition of 3DPLM.

EMPLOYEE TENURE

	Europe		Americas		Asia		Total		Total	
Year ended December 31	Employees 2017	%	Employees 2017	%	Employees 2017	%	Employees 2017	%	Employees 2016	%
Temporary contract	147	2%	12	0%	35	1%	194	1%	185	2%
≤ 5 years	3,012	44%	1,547	42%	3,075	65%	7,634	50%	5,781	48%
6 to 15 years	2,159	32%	1,356	36%	1,404	30%	4,919	32%	3,942	32%
≥ 16 years	1,492	22%	806	22%	184	4%	2,482	17%	2,192	18%
TOTAL	**6,810**	**100%**	**3,721**	**100%**	**4,698****	**100%**	**15,229***	**100%**	**12,100**	**100%**

* Indicator verified by the independent verifier.
** The employees of 3DPLM were included in the Employee Headcount in 2017, following the full acquisition of 3DPLM.

DISTRIBUTION BY SOCIO-PROFESSIONAL CATEGORY

	Europe		Americas		Asia		Total		Total	
Year ended December 31	Employees 2017	%	Employees 2017	%	Employees 2017	%	Employees 2017	%	Employees 2016	%
Women										
Managers	237	15%	142	16%	112	10%	491	14%	408	14%
Non-Managers	1,323	85%	727	84%	979	90%	3,029	86%	2,472	86%
TOTAL WOMEN	**1,560**	**100%**	**869**	**100%**	**1,091**	**100%**	**3,520**	**100%**	**2,880**	**100%**
Men										
Managers	1,107	21%	591	21%	709	20%	2,407	21%	1,892	21%
Non-Managers	4,143	79%	2,261	79%	2,898	80%	9,302	79%	7,328	79%
TOTAL MEN	**5,250**	**100%**	**2,852**	**100%**	**3,607**	**100%**	**11,709**	**100%**	**9,220**	**100%**
Socio-professional category										
Managers	1,344	20%	733	20%	821	17%	2,898	19%	2,300	19%
Non-Managers	5,466	80%	2,988	80%	3,877	83%	12,331	81%	9,800	81%
TOTAL	**6,810**	**100%**	**3,721**	**100%**	**4,698****	**100%**	**15,229***	**100%**	**12,100**	**100%**

* Indicator verified by the independent verifier.
** The employees of 3DPLM were included in the Employee Headcount in 2017, following the full acquisition of 3DPLM.

FULL-TIME AND PART-TIME

	Europe		Americas		Asia		Total		Total	
Year ended December 31	Employees 2017	%	Employees 2017	%	Employees 2017	%	Employees 2017	%	Employees 2016	%
Women										
Full-time	1,388	89%	859	99%	1,080	99%	3,327	95%	2,689	93%
Part-time	172	11%	10	1%	11	1%	193	5%	191	7%
TOTAL WOMEN	**1,560**	**100%**	**869**	**100%**	**1,091**	**100%**	**3,520**	**100%**	**2,880**	**100%**
Men										
Full-time	5,140	98%	2,846	100%	3,604	100%	11,590	99%	9,114	99%
Part-time	110	2%	6	0%	3	0%	119	1%	106	1%
TOTAL MEN	**5,250**	**100%**	**2,852**	**100%**	**3,607**	**100%**	**11,709**	**100%**	**9,220**	**100%**
Full-time	6,528	96%	3,705	100%	4,684	100%	14,917	98%	11,803	98%
Part-time	282	4%	16	0%	14	0%	312	2%	297	2%
TOTAL	**6,810**	**100%**	**3,721**	**100%**	**4,698****	**100%**	**15,229***	**100%**	**12,100**	**100%**

* Indicator verified by the independent verifier.
** The employees of 3DPLM were included in the Employee Headcount in 2017, following the full acquisition of 3DPLM.

AGE DISTRIBUTION OF NEW ARRIVALS

	Europe		Americas		Asia		Total		Total	
Year ended December 31	Employees 2017	%	Employees 2017	%	Employees 2017	%	Employees 2017	%	Employees 2016	%
≤ 30 years old	474	45%	133	28%	1,939	62%	2,546	55%	767	40%
31 to 40 years old	333	32%	148	31%	990	31%	1,471	31%	641	33%
41 to 50 years old	190	18%	105	22%	178	6%	473	10%	357	19%
≥ 51 years old	53	5%	93	19%	35	1%	181	4%	151	8%
TOTAL	**1,050**	**100%**	**479**	**100%**	**3,142****	**100%**	**4,671***	**100%**	**1,916**	**100%**

* Indicator verified by the independent verifier.
** The employees of 3DPLM were included in the Employee Headcount in 2017, following the full acquisition of 3DPLM.

2.2 Environmental Responsibility

Since 2010, our environmental responsibility strategy has been structured in stages around the following main areas of focus:

- establishment of a global measurement process and collection of our environmental information;
- establishment of a global network of employees called Sustainability Leaders or Green Team, responsible for implementing our environmental strategy;
- establishment of an approach involving our employees through voluntary participation in initiatives aiming to limit the impact of our operations and embody our purpose harmonizing product, nature and life.

Our environmental responsibility is characterized by positive and negative indirect impacts on our customers and by a direct negative impact on the environment due to our operations:

- our software solutions allow our customers to reduce the environmental impact of their products from the design stage. They can help reduce the consumption of raw materials through digital modeling, optimize energy consumption and working processes and manage the products compliance to environmental standards. This is the positive impact of our products on the environment;
- the use of our solutions by our customers generates indirect energy consumption for the Group. This consumption is the potential indirect negative impact of our products on the environment;
- all of our operations are located in offices (see paragraph 2.2.2 "Responsible Company") and in data centers. For our activities, we use computer hardware and employees are required to regularly travel to our various sites, and to visit our customers and partners. Our environmental impact is therefore mainly generated by the energy consumption of buildings and data centers, the greenhouse gas emissions produced by employees' travel, and electrical and electronic waste.

In the light of these various contributions, we continue to work on the development of a model to define our impact on the environment.

2.2.1 The Group's vision for environmental responsibility

Dassault Systèmes' corporate purpose is to provide businesses and people with **3D**EXPERIENCE universes to imagine sustainable innovations capable of harmonizing product, nature and life (see paragraph 1.3.1.3 "Dassault Systèmes' Purpose and Strategy"). Sustainable development is thus at the heart of our corporate purpose. In this context we integrate environmental protection in our operations.

2.2.1.1 An environmental strategy built on three pillars

In 2015, we defined the environmental strategy of our operations for the next three years based on the following three pillars:

- Responsible Company: we help our customers to reduce their environmental impact using our applications while limiting our own impact (see paragraph 2.2.2 "Responsible Company");
- Responsible Employee: we involve our employees in our environmental strategy through awareness-raising efforts at all of our sites (see paragraph 2.2.3 "Responsible Employees);
- Responsible Partner: we strive to choose responsible suppliers through the integration of corporate and environmental commitments, and to increase recycling and local actions (see paragraph 2.2.4 "Responsible Partner").

2.2.1.2 Environmental Management: Integration of environmental responsibility into the Group's real estate strategy

In light of this vision, environmental strategy and annual reporting management was entrusted to the Group's Real Estate, General Resources and Environment Management department in 2015, in conjunction with the Public Affairs and Sustainable Development department, which remains responsible for partnerships' development to assess our positive net impact on the environment through our software applications portfolio.

2.2.2 Responsible Company

2.2.2.1 The **3D**EXPERIENCE platform at the heart of breakthrough innovations

Dassault Systèmes' solutions make it possible to imagine breakthrough innovations for sustainable development.

Energy transition

We collaborate with the world's renewable energy producers and help to accelerate the development of hydraulic, wind and solar energy. One of our customers a global leader in the manufacturing of wind turbines thus considerably reduced its development and production time through the Sustainable Wind Turbine solution.

In addition, we support innovative solar energy projects such as the Solar Impulse project, whose aircraft was designed using the modeling applications of the **3D**EXPERIENCE platform.

Sustainable mobility

Our solutions are essential for the growth of the autonomous vehicle, which allows greater energy efficiency. The design of this new type of vehicle must combine mechanical, electronic and systemic functionalities. We work with all of the global leaders who design and test these vehicles. We also foster start-ups' innovation in areas such as two-seater electric airplanes and high speed public transport systems.

Sustainable city

The 3DEXPERIENCity strategy based on the **3D**EXPERIENCE platform addresses urban planning issues by allowing holistic and sustainable management of cities and territories. Thus, new modes of transport, constructions, infrastructures, as well as services, can be simulated on a single platform, for the benefit of inhabitants, companies and public decision-makers.

Industry of the Future

We are at the heart of the world's industrial policies and programs. All of the technologies allowing the redefinition of production models such as cobotics, additive manufacturing, and augmented reality are available on the **3D**EXPERIENCE platform. These technologies allow considerable gains in terms of raw materials and resources. For example, in the aerospace industry, the additive manufacturing of certain parts allows reduction of up to 80% of their weight.

2.2.2.2 **3D**EXPERIENCE Platform for Sustainability: Apps and solutions for sustainable development

Companies today face a series of technological and ecological challenges. The **3D**EXPERIENCE platform helps customers to achieve their sustainability and business goals, through a portfolio of dedicated sustainability applications, enriching our Industry Solutions Experiences, based on:

3D Modeling Technologies

Our portfolio of 3D modeling applications technologies makes it possible to create scientifically accurate representations of the environmental impacts of products. These technologies also offer techniques to reduce these impacts, such as eco-design for predictive environmental assessment and virtual prototyping, which improve the carbon footprint, energy consumption, human health impacts, and overall sustainability of products and systems. For example, SOLIDWORKS Sustainability features an integrated Life Cycle Assessment (LCA) dashboard that estimates the environmental implications of each design decision using several environmental indicators. One of our clients the global leader in door-opening solutions uses SOLIDWORKS Sustainability to reduce product environmental impact and material usage while cutting their product material and energy costs by 15%.

Virtual+Real Technologies

Technologies that enable real-time realistic simulation can help optimize the physical world in virtual universes, leading to reduce environmental impacts. For complex products, our simulation technologies improve performance and weight testing, allowing engineers to verify their functionality and conformity. Industrial and production systems can be executed with minimal material and energy expenditure to enable "green" manufacturing. Ultimately, end consumer usage can be simulated to examine and reduce environmental impacts over the entire life cycle. For example, one of the leaders in packaging design is using SIMULIA to simulate complex interactions, resulting in a 27% reduction of carbon footprint and plastic resin usage while maintaining product integrity.

Intelligent Information Technologies

Searching, sorting, filtering, navigating, real-time analysis and understanding of large amounts of environmental data are essential for sustainable innovation. Data requirements become key for the entire value chain, not only for companies. This expanded producer responsibility requires both sophisticated and flexible access to large volumes of data to be able to use information intelligence applications that can generate an environmental impact dashboard across the extended enterprises. For example, the EXALEAD search-based infrastructure allows the management of structured and unstructured environmental data, providing decision support to execute corporate sustainability and environmental impact-reduction strategies. Attentiveness to public opinion is crucial for the success of these sustainable development strategies: NETVIBES enables our customers to assess public sensitivity to sustainable development campaigns and trends.

Connectivity Technologies

Connecting data and people, by breaking down silos in organizations, contributes to sustainability strategies. Connectivity technologies allow companies to build internal and external communities to manage sustainability efficiently. They also make it possible to connect product data with governmental data to proactively manage compliance with government and industry environmental regulations and standards, such as the Restriction of Hazardous Substances (RoHS) directive and the management of minerals which fuel conflicts.

Our solution for environmental compliance and materials intelligence help maintain a proactive risk minimization strategy, and make it possible to engage the people and communities that are critical to the success of sustainability strategies. For example, one of our customers a leader in test and measurement systems in electronics and bio-analytic instruments uses ENOVIA Materials Compliance Management (MCM), an automated, enterprise-wide materials compliance data tracking system, to demonstrate compliance with strict environmental regulations for more than 1,800 products and 160,000 parts from more than 7,000 suppliers.

We are a forerunner in creating **3D**EXPERIENCE for sustainable innovation to help customers achieve a positive environmental impact on the planet and grow their businesses sustainably. The **3D**EXPERIENCE platform enables innovators to truly understand the impact of their ideas and processes on people and the environment, to achieve the vision of a more sustainable world.

2.2.2.3 Inclusion of environmental considerations in the Company's operational locations

We choose our site locations based on the objectives of supporting our business growth and providing our employees with a pleasant working environment while integrating sustainable development strategies such as promoting synergies and collaboration, reducing the environmental footprint of our operations, and improving employee working conditions. We also seek to be close to our customers, our research partners and the leading schools and universities, which are major sources of recruitment for our Group.

The siting of our facilities is designed to foster collaboration among employees and with partners and customers by grouping together sites, subsidiaries and operations in a particular region or country. This process has, in particular, led to an audit of the facilities and their usage conditions, during external growth transactions, in order to determine steps to be taken in connection with the Group's strategy (maintaining the lease, facilities rehabilitation or consolidation).

Since 2008, we have implemented a policy of setting up our activities in offices certified under local environmental standards such as *Haute Qualité Environnementale* (High Environmental Quality) in France and LEED in the United States, or on sites applying an environmental management system such as ISO 14001. In 2017, 56% of the Employee Headcount worked in certified offices compared to 70% in 2016. This impact is due to the fully consolidation of 3DPLM in 2017, as its premises, which are located in Pune and Bangalore (India), have no certification. 3DPLM's workforce accounts for 17% of the Group's total employee headcount.

Sustainable development is now integrated in real estate projects right from the inception of any plan to move or open up a new site.

Principal Sites

With the exception of facilities totaling 21,000 square meters belonging to 3DPLM Software Solutions Limited ("3DPLM Ltd") located in Pune (India), the Company does not own the offices it occupies and does not have full ownership rights over any real estate or building, either directly or through a lease (see Notes 14 and 25 to the consolidated financial statements).

At December 31, 2017, the principal sites occupied by Group companies in its three geographic regions were as set forth in the table below (sites > 4,500 sq.m.).

Geographic region	Principal Sites	Area *(in m²)*	Activities on the site
Europe	3DS Paris Campus, France(1)	81,000	Headquarters, R&D, Marketing and Sales
	3DS Munich Rosenheimer, Germany	7,800	R&D, Marketing and Sales
	3DS Bois-Le-Duc, The Netherlands	6,600	R&D, Marketing and Sales
	3DS Darmstadt, Germany	6,400	R&D, Marketing and Sales
Americas	3DS Boston Campus Waltham, Massachussetts, United States(2)	29,800	R&D, Marketing and Sales
	3DS Providence, Rhode Island, United States	8,800	R&D, Marketing and Sales
	3DS San Diego, California, United States	5,700	R&D, Marketing and Sales
	3DS Auburn Hills, Michigan, United States	4,600	R&D, Marketing and Sales
Asia	3DPLM Pune, India(3)	20,900	R&D, Marketing and Sales
	3DS Tokyo, Japan	6,000	Marketing and Sales
	3DS Bangalore Nanda, India	6,000	R&D, Marketing and Sales
	3DS Selangor, Malaysia	5,900	R&D, Marketing and Sales

(1) Dassault Systèmes occupies in Vélizy-Villacoublay a facility covering 57,000 square meters built in 2008 in accordance with the Group's specifications. Since 2011, Dassault Systèmes has rented 11,000 additional square meters in a building located in Meudon-La-Forêt and has benefited from the 3DS Paris Campus facilities. The extension of the Group's headquarters was completed in December 2016, providing 13,000 square meters of additional office space.
(2) The extension of the 3DS Boston Campus continued in 2017 with the completion of some 2,800 square meters of additional office space.
(3) The surface area of the 3DPLM sites have been included, following the full acquisition of 3DPLM in 2017.

Europe

Our global headquarters located at the 3DS Paris Campus in Vélizy-Villacoublay (France) are certified as NF Service Sector Buildings HQE under the HQE (High Environmental Quality) system. We have implemented real-time monitoring of operation and maintenance incidents related to the energy consumption of its buildings. The construction of an extension to the 3DS Paris Campus started in 2015 and was completed in December 2016. In line with the procedure used for the four other buildings, this extension obtained the NF certification for high environmental quality service-sector buildings.

Sites located in Cambridge (United Kingdom) and in Stockholm (Sweden) are SKA certified. The site located in Bois-le-Duc (Netherlands) is certified BREEAM-In-Use.

In 2017, the Munich J Wild site (Germany) obtained the "SKA" certification for its interior design.

Americas

In the United States, the 3DS Boston Campus is certified LEED Gold for its external construction, and LEED Platinum for its interior design. LEED is an American certification awarded to buildings designed with the goal of optimizing environmental performance. To optimize its energy consumption, this site is equipped with condensation boilers and high-yield air conditioning. The 3DS Providence Campus received two certifications LEED Gold for its external construction, and LEED Gold for its interior design.

The site of San Diego is Energy Star certified, while the site of Seattle has the LEED Operation and Maintenance certification.

In Latin America, the site of Sao Paulo (Brazil) obtained the LEED for Core and Shell certification.

Environmental certification is either obtained at our own initiative or that of the lessor.

Asia

The buildings in Singapore, those in Shanghai and Beijing (China), and those in Tokyo (Japan) are certified according to local or international environmental standards.

2.2.2.4 Use of the **3D**EXPERIENCE platform for Dassault Systèmes' environmental reporting

Since 2016, we have been using the Group's solutions to monitor and manage our environmental impact.

We have thus fully integrated the monitoring and visualization of the environmental data in a dashboard using the **3D**EXPERIENCE platform. Through this dashboard, available to all contributors, the environmental data collection, monitoring and validation process has been simplified.

Contributors and the Real Estate, General Resources and Environment Management department can thus view the progress of the environmental data collection, along with potential changes over a three-year period. They can also share comments.

The digitization of our sites' environmental reporting continued in 2017, in particular through the automation of the calculation of scope 2 greenhouse gas emissions.

2.2.2.5 Monitoring and control of the Group's environmental impacts

The Group carried out a project to analyze the material nature of its indicators, focusing, in particular, on the key "primary" indicators related to its operations. These primary indicators are the following: electricity consumption, greenhouse gas emissions, and waste electronic and electrical equipment (WEEE). The remaining indicators are deemed "secondary" and include paper consumption, water consumption and treatment of waste. (See paragraph 2.2.5 "Methodology for Environmental Reporting").

Data presented in the environmental report covers Dassault Systèmes SE and all companies in respect of which it has a shareholding exceeding 50% (see paragraph 2.2.5 "Methodology for Environmental Reporting"). Since 2017, the following consumptions concern the six buildings of the 3DS Paris Campus and the buildings of 3DPLM.

Energy consumption

The Real Estate, General Resources and Environment Management department implements actions within the buildings to measure and optimize the sites' energy consumption. The information below concerns electricity and natural gas consumption on our sites and data centers. Natural gas consumption represents 5% of total energy consumption.

Electricity consumption (in mWh)	**2017**	2016
Europe	38,088	34,406
of which 3DS Paris Campus	*23,663*	*19,490*
Americas	18,708	18,160
Asia	12,298**	3,130
TOTAL	**69,094***	**55,696**

* Indicator verified by the independent verifier.
** The energy consumption of 3DPLM was included in 2017, following the full acquisition of 3DPLM.

In 2017, the energy consumption of 3DLPM accounted for 13% of the Group's total consumption.

Electricity consumption of the 3DS Paris Campus increased by 21.4% between 2016 and 2017 due to the inclusion of the energy consumption of the building located in Meudon-La-Forêt and that of the headquarters extension.

We use renewable energy at our 3DS Paris Campus headquarters, and have also included, in some of our energy contracts, the purchase of electricity produced by renewable resources for certain sites (3DS Paris Campus in France, 3DS Stuttgart, and 3DS Munich J Wild in Germany). As a result, the consumption of electricity from renewable energy represents 36% of total electricity consumption.

In 2017, we launched an energy audit on all of our UK sites.

Data centers

Dassault Systèmes has located part of its servers at several data centers throughout the world. Energy consumption in these centers is included in the total electricity consumption reported above.

In our main data center, the servers are installed in contained cold corridors, optimizing their energy consumption.

In 2010, we introduced a process to virtualize our servers. This virtualization leads to better use of the equipment, saves space at the data center, and reduces the power consumed by the infrastructure, reducing inherent greenhouse gas emissions.

Moreover, in 2014, we initiated a transition to Flash storage, a technology which allows the replacement of physical discs with "Flash" memory. After virtualizing the majority of our computing needs, we replaced in 2017 our main disk storage arrays with this technology, enabling substantial gains in space and energy consumption through data reduction, while improving the performance of hosted applications.

In order to limit our carbon footprint, we opt for products with internationally recognized certifications, such as the "Energy Star" energy efficiency label, when purchasing IT equipment.

Greenhouse Gas Emissions

Since 2012, our Group monitors and reports on its scope 1 and 2 emissions, as well as some of its scope 3 emissions related to business travel.

Following the publication of the implementing decree of Article 173 of the French Energy Transition Act of August 19, 2016 (*Article 173 de la loi de transition énergétique pour la croissance verte*), we continued our efforts to identify and analyze our main significant sources of greenhouse gas emissions along the value chain.

Greenhouse gas emissions, scopes 1 and 2

To analyze our global carbon footprint, we use the "GHG Protocol" (Greenhouse Gas Protocol: www.ghgprotocol.org).

Emissions in Metric Tons of CO_2 equivalent (tCO_2)	**2017**	2016
SCOPE 1:		
Emissions due to on-site natural gas consumption	**600**	**600**
Emissions due to the on-site fuel consumption of generators	**30**	**-**
Total emissions due to the use of company vehicles	**3,560**	**3,970**
Emissions due to the use of company vehicles in Europe	3,420	3,870
Emissions due to the use of company vehicles in the Americas	-	–
Emissions due to the use of company vehicles in Asia	140**	100
Emissions due to the use of refrigerants	**710**	**370**
TOTAL SCOPE 1	**4,900**	**4,940**
SCOPE 2		
Total emissions due to purchases of electricity and district heating	20,335	12,330
Total emissions due to purchases of electricity and district heating in Europe	4,835	4,060
Emissions due to purchases of electricity and district heating in the Americas region	6,210	6,170
Emissions due to purchases of electricity and district heating in Asia	9,290**	2,100
TOTAL SCOPE 2	**20,335**	**12,330**
TOTAL GREENHOUSE GAS EMISSIONS (SCOPES 1 +2)	**25,235***	**17,270**

* Indicator verified by the independent verifier.
** The greenhouse gas emissions of the 3DPLM site were included in in 2017 following the full acquisition of 3DPLM.

The share of emissions related to 3DPLM account for 30% of the Group's total emissions.

Greenhouse gas emissions increased by 46% between 2016 and 2017 due to Group's organic growth across all regions.

In terms of carbon intensity per employee, scope 1 and 2 greenhouse gas emissions increased between 2016 and 2017, from 1,8 tCO_2 per employee to 2 tCO_2.

Greenhouse gas emissions, scope 3

To assess scope 3 greenhouse gas emissions, we used the Greenhouse Gas Protocol methodology, which includes 15 categories of greenhouse gas emissions. In light of Dassault Systèmes' objective of providing companies and individuals with 3D experience universes, five categories have been identified as sources of impacts under scope 3 greenhouse gas emissions.

As the 3D experience universes make it possible to imagine sustainable innovations harmonizing product, nature and life (see paragraph 1.3.1.3 "Dassault Systèmes' Purpose and Strategy") through a portfolio of software solutions, Category 11 "Use of sold products" has been identified as the most significant source of positive and negative impacts under scope 3 greenhouse gas emissions. In the absence of an international standard and with regards to the diversity of our portfolio of solutions, this category could not be quantified in 2017. In 2018, we will develop a negative impact estimation methodology application-based, which we will roll out gradually to cover our entire portfolio.

We identified four other categories relevant to the Group: categories 1 "Purchased goods and services", 6 "Business travel", 7 "Employee commuting" and 2 "Capital goods". In 2018, we will continue our efforts on developing a model for estimating our negative impact and deploying our environmental strategy in our operations in order to extend our geographic reporting scope.

In light of our targeted acquisition and growth strategy, which affects the reporting scope, year-to-year comparison of estimated data is difficult. Despite the Group's best efforts, the indicators and the actions are likely to change in order to ensure the continued development, quality and availability of the Group's solutions and services.

Use of sold products (Category 11)

Positive impact

The **3D**EXPERIENCE platform is composed of an applications portfolio which enables Dassault Systèmes' customers to imagine breakthrough innovations and reduce their greenhouse gas emissions (see paragraph 2.2.2.1 "The **3D**EXPERIENCE platform at the heart of breakthrough innovations"). Each of the applications has a unique value and a distinctive positive impact on greenhouse gas emissions:

- CATIA applications can optimize the aerodynamics of vehicle models, thereby reducing the vehicles' greenhouse gas emissions in the utilization phase;
- using the SOLIDWORKS Sustainability application, designers can reduce greenhouse gas emissions by choosing lower-impact materials in the design phase;
- DELMIA applications used for the planning, simulation and modeling of manufacturing processes make it possible to optimize material consumption, energy consumption and transport during the logistics phase, thereby reducing greenhouse gas emissions;
- SIMULIA applications used for virtual tests and to assess the performance, reliability and safety of materials and products make it possible to optimize the use of materials and energy, thereby reducing greenhouse gas emissions.

Dassault Systèmes' applications have different impacts, depending on industry segments, customers and users. Thus, the impact of design optimization in the automotive industry will be different to the impact generated in high-tech or consumer goods sectors. Moreover, the impact will not be the same in a large corporation as in a small or medium-sized company.

The overall assessment of the reduction in greenhouse gas emissions from the use of the **3D**EXPERIENCE platform will therefore involve a high degree of uncertainty. Only a case-by-case assessment would be relevant such as the one conducted by Dassault Systèmes in December 2015 with Harvard's Sustainability and Health Initiative for NetPositive Enterprise (SHINE) concerning automotive modeling and simulation applications.

http://hwpi.harvard.edu/files/chge/files/handprints_of_product_innovation.pdf

Therefore, to assess the overall positive impacts of the use of the **3D**EXPERIENCE platform, the Group will base its methodology on a per-application study.

Negative impact

The use of Dassault Systèmes' software solutions involves energy consumption by our customers. This energy consumption depends on the computing power required by the applications which varies according to the application used and their utilization time.

As most of our solutions are installed in the IT infrastructure of our customers, a so-called on premise installation, it is not possible for the Group to know with certainty the nature and time of use. Besides, such data constitutes strategic confidential information for our customers.

Therefore, the methodology used to assess the negative impacts of the use of our software solutions will also be based on a per-application study.

Moreover, as our solutions become increasingly cloud-based, the energy consumption related to the use of our applications will be included in the energy consumption of our servers, and therfore included in our scope 2 reporting.

Purchased goods and services (Category 1)

Purchased goods and services mainly consist of insurance premiums, bank charges, fees for consulting and other intellectual services, subcontracting, communications and other services required for the Group's business.

For the calculation of emissions, we use the Greenhouse Gas Protocol methodology. This category's carbon footprint is estimated using monetary emission factors supplied by *l'Agence de l'environnement et de la maîtrise de l'énergie* (*ADEME*) and applied to the amounts spent in 2016 in France (representing 25% of the global workforce). The uncertainty factor is very high due to the use of a monetary ratio. The estimates produced should therefore be considered as an order of magnitude.

These emissions amounted to 45,570 tCO_2 in 2016, representing a carbon intensity of 12.4 tCO_2 per employee.

In order to limit our carbon footprint, we include environmental criteria in our calls for tenders and contracts with our suppliers (see paragraph 2.2.4 "Responsible Partner").

Business travel (Category 6)

Due to our Group's global presence, and to remain in close contact with our customers and partners, our business travel is a source of greenhouse gas emissions having a negative impact on our scope 3 performance.

Emissions in Metric Tons of CO_2 equivalent (tCO_2)	**2017**	2016
Total emissions due to employee business air travel	**22,305**	**34,780**
Emissions due to employee business air travel in Europe	7,375	13,130
Emissions due to employee business air travel in the Americas	8,615	13,400
Emissions due to employee business air travel in Asia**	6,315**	8,250
Total emissions due to employee business travel by train	**1,815**	**1,730**
Emissions due to employee travel by train in Europe	300	295
Emissions due to employee travel by train in the Americas	-	–
Emissions due to employee travel by train in Asia**	1,515**	1,435
Total emissions due to employee travel by personal car in connection with work	**1,425**	**1,850**
Emissions due to employee travel using their personal vehicles in Europe	550	490
Emissions due to employee travel using their personal vehicles in the Americas	525	930
Emissions due to employee travel using their personal vehicles in Asia**	350**	430
TOTAL	**25,545***	**38,360**

* Indicator verified by the independent verifier.
** The greenhouse gas emissions of the 3DPLM site were included in in 2017 following the full acquisition of 3DPLM.

The data reported above concerning greenhouse gas emissions from business travel covers 96% of the global workforce. The emissions stemming from 3DPLM account for 2% of the above total emissions.

These emissions correspond to 25,545 tCO_2 in 2017, representing a carbon intensity of 1.8 tCO_2 per employee.

This data is estimated on the basis of the report submitted by our air/train travel operator, and staff expense records (for personal vehicles). For the calculation of emissions, we use the Greenhouse Gas Protocol methodology. The uncertainty factor is very low.

We have been engaged in a travel optimization process since 2009. The Travel policy implemented limits the environmental impact of business travel by giving preference to meetings by conference call and video conference rather than by physical travel, use train travel rather than air travel for trips under three hours in length, and use of economy class for air travel (the carbon footprint of Business class being greater than for economy class).

Employee commuting (Category 7)

Since our business is a service sector business, employee commuting is a source of greenhouse gas emissions having a negative impact on our scope 3 performance.

The emissions are calculated by estimating the distance between the homes and workplaces of employees in France (accounting for 25% of the global workforce) who are not entitled to a public transport allowance, and on the basis of the information available in 2016.

For the calculation of emissions, we use the Greenhouse Gas Protocol methodology. The uncertainty factor is high due to the use of an average greenhouse gas emissions factor. The estimates produced should therefore be considered as an order of magnitude.

These emissions amounted to 6,680 tCO_2 in 2016, representing a carbon intensity of 1.8 tCO_2 per employee.

Capital goods (Category 2)

Since our business consists in publishing software, capital goods are a source of greenhouse gas emissions having a negative impact on our scope 3 performance.

These emissions are mainly related to the production and purchase of capital goods consisting of desktop computers, laptops, data center servers and office furniture.

This category's carbon footprint is estimated using monetary emission factors supplied by *l'Agence de l'environnement et de la maîtrise de l'énergie* (*ADEME*) and applied to the amounts spent in 2016 in France (representing 25% of the global workforce). The uncertainty factor is very high due to the use of a monetary ratio. The estimates produced should therefore be considered as an order of magnitude.

These emissions amounted to 6,255 tCO_2 in 2016, representing a carbon intensity of 1.7 tCO_2 per employee.

In order to limit our carbon footprint, we include environmental criteria in our calls for tenders and contracts with our suppliers (see paragraph 2.2.4 "Responsible Partner").

Water consumption

Water consumption (in m³)	**2017**	2016
Europe	43,001	37,738
of which 3DS Paris Campus	*30,373*	*23,608*
Americas	32,323	35,489
Asia	54,569**	4,740
TOTAL	**129,893**	**77,967**

** The water consumption of 3DPLM was included in 2017, following the full acquisition of 3DPLM.

In 2017, the water consumption of 3DLPM accounted for 37% of the Group's total consumption.

The data related to water consumption presented above is mainly based on estimates and as such may differ from actual water consumption (see paragraph 2.2.5 "Methodology for Environmental Reporting – Limitations on environmental reporting").

Treatment of ordinary waste

In light of the nature of our business, we generate primarily ordinary waste such as paper, cardboard and plastic.

The table below indicates the percentage of employees with access to recycling facilities by geographic region:

Percentage of employees with access to recycling facilities at their work location	**2017**	2016
Europe	93%	94%
of which 3DS Paris Campus	*100%*	*100%*
Americas	100%	96%
Asia**	39%**	92%
% OF EMPLOYEES WITH ACCESS TO RECYCLING FACILITIES AT THEIR WORK LOCATION	**75%**	**94%**

** The data of the 3DPLM site was included in 2017 following the full acquisition of 3DPLM.

The impact on the percentage of employees having access to waste sorting facilities in Asia is due to the fact that 3DPLM does not sort its waste.

Paper consumption

Paper consumption (in metric tons)	**2017**	2016
Europe	28	29
of which 3DS Paris Campus	*18*	*15*
Americas	11	12
Asia	13**	10
TOTAL	**52**	**51**

** The paper consumption of 3DPLM was included in 2017, following the full acquisition of 3DPLM.

In 2017, the paper consumption of 3DLPM accounted for 5% of the Group's total consumption.

On the 3DS Paris Campus, total paper consumption amounted to 18 metric tons in 2017 compared with 15 metric tons in 2016. In relation to the number of employees, this consumption decreased from 6.3 kg per employee in 2016, to 5.9 kg in 2017.

2.2.3 Responsible Employee

Dassault Systèmes pursues an ongoing policy of raising employee awareness by involving them in the steps taken to save water and energy and promote waste sorting through:

- a presentation of environmental concerns to new employees joining the Group, eco-friendly habits to adopt in offices, and technologies liable to reduce the environmental impacts of its activities;
- specific events to promote recycling.

Training

In September 2016, we launched a training program via the 3DS University application to raise employee awareness of sustainable development issues. Upon their arrival in the Group, new employees are invited to take this training course (see paragraph 2.1.2.2 "Developing, training and recognizing expertise, managing the careers of Dassault Systèmes employees").

The training course is divided into three parts:

- employees are firstly made aware of the world's current sustainable development challenges;
- the course content is focused on our environmental strategy, based on three pillars (see paragraph 2.2.1.1 "An environmental strategy built on three pillars");
- the last part reminds employees of the good practices to adopt in the office concerning issues such as recycling and energy consumption.

In 2017, 450 employees were made aware of our Group's environmental challenges.

Awareness-raising actions

In June and December 2017, the initiative called *Le Bon Réflexe – Collecte Solidaire* was renewed jointly on the 3DS Paris Campus by the Dassault Systèmes SE disability taskforce and the Real Estate, General Resources and Environment Management department. Employees were asked to drop off their personal obsolete or out of order electrical and electronic equipment. The collected material was sent for recycling to a sheltered employment firm located in the Yvelines department. A total of 1,227 kg of equipment was thus recycled by a service provider employing people with disabilities.

In 2017, the "*Le bon Réflexe* – Clean Desk" initiative was once again rolled out on the 3DS Paris Campus. During this event, employees were invited to drop off their used paper archives, supplies and cardboard in dedicated collection areas. Thus, 4,348 kg of waste office supplies and paper were recycled by a service provider employing people with disabilities.

The process was enhanced across all geographic regions with the implementation of local initiatives to raise employees' awareness of environmental friendly measures. For example, on the 3DS Boston Campus, the site's Green Team runs bi-annual "Green Weeks". Throughout these weeks, various events were conducted to showcase and encourage employees to increase their awareness of sustainable development. For example, activities related to electronic waste, residential solar energy, energy efficiency, and the purchase of electric vehicles were renewed or initiated on several sites in the United States, including the 3DS Boston Campus, 3DS Providence, 3DS San Diego and 3DS Auburn Hills.

2.2.4 Responsible Partner

Our contracts include a corporate social responsibility component (see paragraph 2.1.5 "Business ethics, social dialogue and personal safety"). Since 2016, we have been strengthening our commitment to environmental protection by giving it greater importance in our calls for tenders and contracts with our suppliers and service providers.

Inclusion of environmental considerations in the Group's calls for tenders

In 2017, the Real Estate, General Resources and Environment Management department and the Purchasing Department targeted two major calls for tenders in which environmental considerations needed to be strengthened: the move to the new building and concierge services for the 3DS Paris Campus. We have focused particular attention on service providers with environmental certifications, recycling channels for office supplies and furnishings, the use of local service providers, the use of the most environment-friendly products, as well as a general policy in terms of corporate social responsibility.

Group commitments in favor of circular economy and measures for combating food waste

In 2017, we continued to promote local actions. For example, during events organized on the 3DS Paris Campus to raise employee awareness on sustainable development, we shined the spotlight on partners that also included social and ethical commitments in the recycling of their electrical and electronic waste in Europe. Companies from the social and solidarity economy are given preference wherever possible.

For example, we entrusted the refurbishing or recycling of our computer equipment in the Europe area to a company from the social and solidarity economy that employs people with disabilities near our registered office in Vélizy-Villacoublay. This company recycles plastic materials to produce urban furniture. In 2017, we purchased some of this urban furniture for our new building's green spaces.

When servers are decommissioned from the data center, we favor their re-use for other purposes on the 3DS Paris Campus.

In order to create a positive impact in all the countries in which we operate, local contributions integrating an ethical and/or socially responsible approach are promoted whenever as possible. In addition, we promote recycling activities woldwide and focus on the purchase of materials and furniture that have been recycled or certified as environmentally friendly.

Given the nature of our activities, food waste is not considered as a major issue for the Group. Nevertheless, on the 3DS Paris Campus, we have included a clause in our contract with our provider of catering services requiring the latter to sort waste at source and when cleaning the meal trays. All the organic matter collected in the company restaurant at the registered office is sent to composting/mechanization firms. In December 2017, a composting system was installed on the 3DS Paris Campus. Awareness-raising actions aimed at employees were conducted during the European Week for Waste Reduction in order to reduce the wastage of bread, paper napkins, foodstuffs, etc.

Specific waste treatment

We place great importance on the environmental management of our computer equipment both in terms of usage and recycling. The Company's computer equipment includes desktop computers, laptop computers and the servers of its data center.

	2017	2016
% of specific waste recycled according to environmental standards	**100**	**100**
Quantity of WEEE[(1)] recycled according to environmental standards (in kg)		
Europe	13,696	10,962
of which 3DS Paris Campus	*9,392*	*9,709*
Americas	2,092	4,445
Asia	6,283**	1,008
TOTAL	**22,071***	**16,415**

* Indicator verified by the independent verifier.
** The data of the 3DPLM site was included in 2017, following the full acquisition of 3DPLM.
(1) WEEE: Waste Electronic and Electrical Equipment.

The share of specific waste related to 3DPLM corresponds to 19% of the Group's total amount. Since 2015, all electronic waste has been disposed of in accordance with environmental standards.

2.2.5 Methodology for Environmental Reporting

Methodology and scope of environmental reporting

Our methodology for Environmental Reporting is summarized in the "Environmental Reporting Protocol". The protocol defines:

- the distinction between primary environmental indicators and secondary indicators;
- the methodology for collecting and consolidating environmental information;
- the scope for collecting environmental data.

Pursuant to the provisions of Article 225 of the law referred to as "Grenelle II", the environmental reporting target scope includes Dassault Systèmes SE and all the companies in respect of which it has a shareholding exceeding 50%. It should be noted that companies acquired during the period are excluded from the 2017 environmental reporting scope.

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 corresponds to the proportion of "hours worked per standard full-time work hours" and which was 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, amounts of water consumed, 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 the Group's 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, water consumption, general waste treatment, paper and packaging, specific waste and greenhouse gas emissions from the recycling of computer equipment, the data presented in the environmental report concerns the impacts measured at the Group's main sites. For these indicators, the environmental reporting scope covers the sites which have at least 50 employees, excepted for the site located in Seattle. Although this site did not reach 50 employees in 2017, we decided to keep it within the scope of reporting given the potential for development in 2018. In 2017, the reporting scope thus covered 83% of Group employees versus 80% in 2016;
- for the greenhouse gas emissions related to the scope 3 of the Group, we used two reporting scopes:
  - for indicators concerning business travel, the data presented in the environmental report concerns the emissions produced by employees at the Group's 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 2017, the reporting scope thus covered 96% of Group employees versus 95% in 2016,
  - for indicators relating to employee commuting, purchased goods and services, and capital goods (greenhouse gas emissions scope 3), the data presented in the environmental report covers the emissions produced by the employees of the French legal entities, representing 25% of Group employees in 2016, excluding acquisitions.

The environmental indicators thus determined for 2017 are presented in paragraphs 2.2.2 "Responsible Company" and 2.2.4 "Responsible Partner".

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 consolidated by our Real Estate, General Resources and Environment Management department, based on the 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), like-for-like comparisons and an increase in the frequency of information collection from annual to quarterly.

Primary indicators are collected on a quarterly basis by the Sustainability Leaders and are reviewed and published in a quarterly report issued by our Real Estate, General Resources and Environment Management department. These indicators are presented in detail in this report. They are also checked by the independent verifier and are subject to limited assurance.

Secondary indicators are collected on a yearly basis by the Sustainability Leaders.

Limitations on environmental reporting

In certain cases, the information produced cannot be based on actual consumption. For example, for certain foreign subsidiaries whose contribution is low, the data relating to travel is not available in the same format as for the rest of the scope. The same applies to sites whose water consumption and air-conditioning refrigerant recharge expenses are included in the rent. In these cases, the Environmental Reporting Protocol specifies the procedure to follow in order to make the estimations required (e.g., an estimation of water consumption is made on the basis of the averages recorded on the other sites in the geographic region based on the number of employees or square meters taken up). As a result, actual consumption may be different from estimates.

Regarding waste treatment, waste treatment and collection are handled for most subsidiaries by local government, which does not furnish 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 2017 reporting scope, as to whether they sorted their waste. Consequently, our Group produces information on the percentage of sites which sort their waste rather than on the quantity of waste treated (see paragraph 2.2.2 "Responsible Company").

2.2.6 Industrial and Environmental Risk

Our Group is not aware of any industrial risks, environmental risks or climate change related risks which may have a significant impact on its assets or operating results, and it believes that its business has a very limited environmental impact:

- a significant portion of its assets are intangible;
- none of our Company's sites produces hazardous waste or waste with an environmental impact on the ground, air or water, and none of them meets criteria set forth under the European SEVESO directive regarding sites at risk due to hazardous substances, or is classified under ICPE (Classified Installation for the Protection of the Environment);
- our Company does not believe that it is directly exposed to climate change issues in the short or medium-term;
- our activities do not have any known negative impact on biodiversity, nor do they generate noise or odors that may create a nuisance locally. In addition, our Company is not involved with soil usage matters.

The risk of serious environmental damage due to our Company's activities was assessed as part of the vigilance plan set up to comply with the French law of March 27, 2017 on the duty of vigilance of parent companies and contracting undertakings (see paragraph 2.3 "Vigilance Plan").

The only aspect for which our Company believes there exists a minor environmental risk, which would not have a significant impact on its financial condition or operating results, is the fuel storage at the 3DS Paris Campus, the 3DS Boston Campus, and the 3DPLM Pune site which would be used to produce electricity in case of an electricity shortage.

Based on the Company's limited industrial and environmental risks, costs resulting from evaluating, preventing and treating industrial and environmental risks are not significant and are included under different line items representing investments and expenses in the consolidated financial statements.

In 2017, no provisions or guarantees for environmental risks were recorded in the Group's consolidated financial statements. In addition, no expense was recognized in the financial statements related to a court judgment regarding environmental issues or actions taken to remediate any environmental damage.

To anticipate any regulatory risks related to environmental matters, Dassault Systèmes' Legal department and General Resources and Sustainable Development department closely follow environmental regulations that may have an effect on its business.

2.2.7 Financial risks linked to climate change and measures taken to reduce them through the implementation of a low-carbon strategy

Our Group has not identified any financial risks linked to the impact of climate change on its business. For further information regarding risks facing the Company, see paragraph 1.7.1 "Risks Related to the Company's Business".

2.3 Vigilance Plan

Dassault Systèmes conducts its business in accordance with the laws in force in the countries where it operates and in compliance with international standards such as the Universal Declaration of Human Rights of the United Nations and the various Fundamental Conventions of the International Labor Organization. It expressed these commitments in 2004 through group policies such as the Code of Business Conduct and the Corporate Social Responsibility Principles, that suppliers and partners are required to adhere to (see paragraph 2.1.5 "Business ethics, social dialogue and personal safety"). Regarding the prevention of environmental risks, Dassault Systèmes has structured its environmental responsibility approach since 2010 and strengthened the environmental aspect of its major tenders (see paragraph 2.2.4 "Responsible Partner").

In accordance with the new Article L. 225-102-4 of the French Commercial Code (*Code de commerce*) introduced by Law of March 27, 2017 relative to the duty of vigilance of parent companies and contracting undertakings, Dassault Systèmes is setting up a vigilance plan covering the following three areas: (i) human rights and fundamental freedoms, (ii) health and safety of persons, and (iii) the environment (hereinafter the "**Plan**").

During the initial roll-out of the Plan, the first risk assessment produced revealed the limited nature of the risks regarding severe breaches in the three areas mentioned above, stemming from the Group's activities or those of its suppliers or subcontractors. Indeed, due to their intangible nature, software publishing activities involve no assembly of products from a Supply Chain.

Nevertheless, the Group has defined about twenty adapted and adjusted vigilance measures to be implemented on the short and medium terms in order to mitigate risks in the areas covered by the Law. The Group is thus working on four main aspects:

- a "risk management" aspect: the risk assessment is due to be refined in the form of a mapping through the in-depth analysis of the Group's supplier base; this will make it possible to clarify the 2018 and 2019 measures;
- an "awareness-raising and training" for employees' aspect: we plan to review the content of existing employee training programs on ethics and compliance and to provide specific training to the Group's buyers and in the future to major purchasing officers, concerning corporate social responsibility topics and how to address them in relations with suppliers;
- a "general legal" aspect comprising:
  - a "review of existing policies" component: in 2018, the whistleblowing procedure provided for by Law of March 27, 2017 and already implemented in France in particular, will be deployed within the other Group's various legal entities,
  - a "supplier contracts" component aimed at improving the clauses concerning corporate social responsibility issues in the Group's General Purchasing Terms and Conditions and in its suppliers' contracts.
- a "processes" aspect aimed at strengthening existing procedures and their efficiency, in particular concerning the selection of new suppliers; the Group also decided to adopt a software published by a key player in this domain and designed to strengthen its actions to prevent non-compliance risks.

The Plan is implemented by the Group's various stakeholders, i.e. mainly the Purchasing Department, Legal Department, Internal Audit Department and Human Resources Department. It will be monitored by a steering committee composed of members of these departments and of Compliance, which is also responsible for the assessment of these procedures.

2.4 Independent Verifier's Report on Consolidated Social, Environmental and Societal Information 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 shareholders,

In our quality as an independent verifier accredited by the COFRAC[1] under the number n°3-1050, and as a member of the network of one of the statutory auditors of the company Dassault Systèmes, we present our report on the consolidated social, environmental and societal information established for the year ended on the December 31, 2017, presented in chapter 2 of the management report, hereafter referred to as the "CSR Information," pursuant to the provisions of the article L.225-102-1 of the French Commercial code (*Code de commerce*).

Responsibility of the company

It is the responsibility of the Board of Directors to establish a management report including CSR Information referred to in the article R.225-105-1 of the French Commercial code (*Code de commerce*), in accordance with the protocols used by the company, consisting in HR and environmental reporting protocols (hereafter referred to as the "Criteria"), and of which a summary is included in the management report, as well as available at the company's headquarters.

Independence and quality control

Our independence is defined by regulatory requirements, the Code of Ethics of our profession as well as the provisions in the article L.822-11-3 of the French Commercial code (*Code de commerce*). In addition, we have implemented a quality control system, including documented policies and procedures to ensure compliance with ethical standards, professional standards and applicable laws and regulations.

Responsibility of the independent verifier

It is our role, based on our work:

- to attest whether the required CSR Information is present in the management report or, in the case of its omission, that an appropriate explanation has been provided, in accordance with the third paragraph of R.225-105 of the French Commercial code (*Code de commerce*) (Attestation of presence of CSR Information);
- to express a limited assurance conclusion, that the CSR Information, overall, is fairly presented, in all material aspects, in according with the Criteria (Limited assurance on CSR Information).

Nonetheless, it is not our role to give an opinion on the compliance with other legal dispositions where applicable, in particular those provided for in the Article L.225-102-4 of the French Commercial Code (vigilance plan) and in the Sapin II law n°2016-1691 of December 9, 2016 (*anti-corruption*).

Our verification work was undertaken by a team of four people between October 2017 and March 2018 for an estimated duration of seven weeks.

We conducted the work described below in accordance with the professional standards applicable in France and the Order of May 13, 2013 determining the conditions under which an independent third-party verifier conducts its mission, and in relation to the opinion of fairness and the reasonable assurance report, in accordance with the international standard ISAE 3000[2].

(1) Scope available at www.cofrac.fr.

(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical information.

1. Attestation of presence of CSR Information

Nature and scope of the work

We obtained an understanding of the company's CSR issues, based on interviews with the management of relevant departments, a presentation of the company's strategy on sustainable development based on the social and environmental consequences linked to the activities of the company and its societal commitments, as well as, where appropriate, resulting actions or programmes.

We have compared the information presented in the management report with the list as provided for in the Article R.225-105-1 of the French Commercial code (*Code de commerce*).

In the absence of certain consolidated information, we have verified that the explanations were provided in accordance with the provisions in Article R.225-105, paragraph 3, of the French Commercial code (*Code de commerce*).

We verified that the information covers the consolidated perimeter, namely the entity and its subsidiaries, as aligned with the meaning of the Article L.233-1 and the entities which it controls, as aligned with the meaning of the Article L.233-3 of the French Commercial code (*Code de commerce*) with the limitations specified in the Methodological Note in sections 2.1.6 and 2.2.5 of chapter 2 of the management report.

Conclusion

Based on this work, and given the limitations mentioned above, we confirm the presence in the management report of the required CSR information.

2. Limited assurance on CSR Information

Nature and scope of the work

We undertook seven interviews with the people responsible for the preparation of the CSR Information in the different departments, including people in the Human Resources, Facilities, Purchases, Risk and Conformity, Public Affairs, who are in charge of the data collection process and, if applicable, the people responsible for internal control processes and risk management, in order to:

- Assess the suitability of the Criteria for reporting, in relation to their relevance, completeness, reliability, neutrality, and understandability, taking into consideration, if relevant, industry standards;
- Verify the implementation of the process for the collection, compilation, processing and control for completeness and consistency of the CSR Information and identify the procedures for internal control and risk management related to the preparation of the CSR Information.

We determined the nature and extent of our tests and inspections based on the nature and importance of the CSR Information, in relation to the characteristics of the Company, its social and environmental issues, its strategy in relation to sustainable development and industry best practices.

For the CSR Information which we considered the most important[(1)]:

- At the level of the consolidated entity, we consulted documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions, etc.), we implemented analytical procedures on the quantitative information and verified, on a test basis, the calculations and the compilation of the information, and also verified their coherence and consistency with the other information presented in the management report;
- At the level of the representative sample of entities that we selected[(2)] based on their activity, their contribution to the consolidated indicators, their location and a risk analysis, we undertook interviews to verify the correct application of the procedures and undertook detailed tests on the basis of samples, consisting in verifying the calculations made and linking them with supporting documentation. The sample reviewed therefore represented on average 40% of the employees and between 28% and 52% for quantitative environmental information[(3)].

For the other consolidated CSR information, we assessed their consistency in relation to our knowledge of the company.

Finally, we assessed the relevance of the explanations provided, if appropriate, in the partial or total absence of certain information.

We consider that the sample methods and sizes of the samples that we considered by exercising our professional judgment allow us to express a limited assurance conclusion; an assurance of a higher level would have required more extensive verification work. Due to the necessary use of sampling techniques and other limitations inherent in the functioning of any information and internal control system, the risk of non-detection of a significant anomaly in the CSR Information cannot be entirely eliminated.

Conclusion

Based on our work, we have not identified any significant misstatement that causes us to believe that the CSR Information, taken together, has not been fairly presented, in compliance with the Criteria.

Paris-La Défense, the 16th of March 2018

French original signed by:

Independent Verifier

ERNST & YOUNG et Associés

Eric Mugnier	Bruno Perrin
Partner, sustainable development	Partner

(1) **Social and societal information:**

Indicators (quantitative information): workforce (size and breakdown by geography, age, gender, type of contract (unlimited/limited), hiring and terminations, percentage of female managers, absenteeism, total number of training hours;

Qualitative information: employment (total headcount and breakdown, hiring and terminations, remunerations and their evolution), the organisation of working time, absenteeism, social relationships (the organisation of social dialogue, collective bargaining agreements), health and safety conditions at work, training policies, diversity and equality of treatment and opportunities (including measures undertaken for gender equality), promotion and respect of the ILO fundamental conventions , territorial, economic and social impact (impact on neighbouring or local populations), importance of sub-contracting and the consideration of environmental and social issues in purchasing policies and relations with suppliers and subcontractors, business ethics (actions undertaken to prevent bribery and corruption and to ensure personal data security).

Environmental information:

Indicators (quantitative information): energy consumption (in MWh), greenhouse gas emissions for scope 1, scope 2 and part of the scope 3 with the emissions associated with business travels (in tonnes of CO_2 equivalent), quantity of waste electrical and electronic equipment recycled according to environmental norms (in kg), share of sites with environmental certified buildings or offices (in %);

Qualitative information: general environmental policy (organisation, certification procedures, information and training of employees on environmental issues), circular economy (measures for preventing, recycling and eliminating waste, energy consumption, measures taken to improve energy efficiency and the use of renewable energy), climate change (significant post of greenhouse gas emissions due to the activity of the company, including the use of sold products and services).

(2) The entities Dassault Systèmes S.E. and Dassault Data Service (DS Paris Campus and Terre Europa sites in Vélizy, France); the entities 3DPLM Global Services Priv Ltd and 3D PLM Software (3DPLM site in Pune, India).

(3) The coverage rate of our work is 40% of the employees for the social data, 52% for the quantities of computers and servers recycled, 44% for energy consumption, and 28% for greenhouse gas emissions (scope 1, scope 2, and scope 3 for the source of emissions associated with business travels).

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

This is a free 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 disclosed under article L.225-115 5° of the French commercial code (*Code de commerce*) relating to the total amount paid in application of 1 and 4 of article 238 bis of the French tax code (*Code général des impôts*) for the year ended December 31, 2017.

To the Shareholders,

In our capacity as statutory auditors of your company and in accordance with 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 paid in application of 1 and 4 of Article 238 bis of the French tax code (*Code général des impôts*) for the year ended December 31, 2017, as set out in the attached document.

Your chairman of the board was responsible for preparing this information. Our role is to attest this information.

In the context of our role as *Commissaires aux comptes* (statutory auditors), we have audited your company's annual financial statements for the year ended December 31, 2017. Our audit was conducted in accordance with professional standards applicable in France, and was planned and performed solely 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 paid in application of 1 and 4 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 national auditing body (*Compagnie nationale des commissaires aux comptes*). These procedures, which constitute neither an audit nor a review, consisted of performing the necessary reconciliations between the total amount paid in application of 1 and 4 of article 238 bis of the French tax code (*Code général des impôts*) and the accounts from which the figure was calculated, and verifying that it was consistent with the data used to prepare the annual financial statements for the year ended December 31, 2017.

On the basis of our work, we have no matters to report on the reconciliation of the total amount paid in application of 1 and 4 of article 238 bis of the French tax code (*Code général des impôts*), set out in the attached document as €2,349,462 with the accounting records used to prepare the annual financial statements for the year ended December 31, 2017.

This attestation shall constitute certification as accurate of the total amount paid in application of 1 and 4 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 for your attention in the context set out in the first paragraph above, and must not be used, distributed or referred to for any other purposes.

Neuilly-sur-Seine and Paris-La Défense, March 16, 2018

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit
Thierry Leroux

ERNST & YOUNG et Autres
Nour-Eddine Zanouda

Vélizy-Villacoublay, March 16, 2018

CERTIFICATION RELATING TO THE GLOBAL AMOUNT OF SUMS PAID FOR SPONSORSHIP ON 2017

The global amount of sums paid for sponsorship, which are referred to at Article 238 bis of the General Tax Code is 2,349,462 euros for 2017.

The global amount of sums paid for sponsorship, which gives rise to fiscal deductions, is 1,479,462 euros.

Thibault de TERSANT

Senior Executive Vice-President, General Secretary

3

FINANCIAL REVIEW AND PROSPECTS

CONTENTS

3.1 Operating and Financial Review

The executive overview in paragraph 3.1.1. "Executive Overview for 2017" highlights selected aspects of our business during 2017. The Executive Overview, Performance Against our non-IFRS Financial Objectives, Definitions of Key Metrics We Use, the Supplemental non-IFRS Financial Information and the more detailed discussion that follows in paragraph 3.1.2 "Consolidated Information: 2017 Compared to 2016" should be read together with our consolidated financial statements and the related notes included in paragraph 4.1.1 "Consolidated Financial Statements".

3.1.1 Executive Overview for 2017

3.1.1.1 Summary Overview

Dassault Systèmes, the **3D**EXPERIENCE Company, has the mission to provide business and people with **3D**EXPERIENCE universes to imagine sustainable innovations capable of harmonizing product, nature and life.

We were honored to have Dassault Systèmes ranked first among the 2018 Top 100 Most Sustainable Corporations by Corporate Knights for our vision of harmonizing product, nature and life and for implementing this vision in everything that we do. Empowering industry and people to create **3D**EXPERIENCE universes to imagine, invent, and deliver disruptive solutions that advance sustainability in domains as large as energy, mobility of the future, cities, life sciences and high-tech is at the core of our purpose and DNA.

With **3D**EXPERIENCE Dassault Systèmes is pioneering the next generation innovation platform supporting breakthroughs for clients in products, customer experiences and new business models. We believe that the **3D**EXPERIENCE platform and our industry solutions experiences well address critical needs and requirements of our customers.

We now reach a much broader scope of our clients' departments. In turn, with **3D**EXPERIENCE Dassault Systèmes is now addressing a much larger software market scope – 26 billion in U.S. dollars, a doubling of our previous perimeter – and have a significant revenue opportunity and runway. On an individual customer basis, we have the potential to expand our relationship across multiple departments and from a revenue perspective, to double or even triple our potential sales footprint within our largest individual clients and their ecosystems.

2017 illustrated our strategy at work, our financial model at work and our growth drivers at work. We well delivered on our financial commitments (see "Performance Against Our 2017 Non-IFRS Financial Objectives" below herein). IFRS and non-IFRS software revenue increased 8%, led by new licenses and other software revenue growth of 11% (IFRS and non-IFRS). Seven of the Company's 12 industry groups reported double-digit new licenses revenue growth in 2017. (All revenue growth rates are in constant currencies.)

2017 was a very good illustration of the value of our strategy with companies adopting our Industry Solution Experiences and **3D**EXPERIENCE platform to innovate and create new categories of Customer Experiences. This new approach to innovation goes beyond digitalization, and will help enable the transformations driving new business models as part of the Industrial Renaissance of the 21st century.

On July 25, 2017, Dassault Systèmes 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' **3D**EXPERIENCE platform for Manufacturing Operations Management and for Product Lifecycle Management. Boeing will deploy the Company's **3D**EXPERIENCE platform in phases and rely on *Winning Program, Co-Design to Target, Ready for Rate, Build to Operate and License to Fly* industry solution experiences for aerospace and defense to deepen its end to end digital collaboration, manufacturing planning and shop floor execution capabilities throughout the enterprise. This decision followed a competitive process that included the rigorous analysis of technical and functional capabilities, cost and business benefits across the value chain.

3DEXPERIENCE engagements publicly announced during 2017 included the following companies: Bouygues Construction, a global player in construction; Chevron Products Group, a division of Chevron USA; Damen Shipyards Group, an international shipbuilding group; Doosan Infracore, a global construction equipment manufacturer; Electrolux, a leading producer of household appliances; McDermott International, Inc., a leading provider of engineering, procurement, construction and installation services; Scania, a world leading supplier of transport solutions; Schindler, adopting **3D**EXPERIENCE for its escalator business; The Boeing Corporation, the world's largest aerospace company; and VE Commercial Vehicles Limited, a joint venture in India between the Volvo Group and Eicher Motors Limited. From a revenue perspective, we exited the year with **3D**EXPERIENCE software revenue representing about 25% of related fourth quarter software revenue.

The newly introduced **3D**EXPERIENCE 2018 release is extending the power of the **3D**EXPERIENCE platform demonstrating its value both as an operating system powering our industry solutions experiences with our brand applications and as a business model powering our Marketplace services.

Two important developments in the **3D**EXPERIENCE 2018x release include:

- The introduction of POWER'BY which will enable all customers to benefit from the **3D**EXPERIENCE 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 **3D**EXPERIENCE platform;
- The introduction of "**3D**EXPERIENCE Marketplace" – here we are connecting buyers and sellers of design and manufacturing content as well as services. Our first two areas are: what we call "Make" where buyers can find 3D printing suppliers who are connected to the Marketplace and "Part Supply" where users can find the most comprehensive and intelligent catalog of sourceable 3D components.

Core Industries software revenue growth in 2017 was led by Industrial Equipment and Transportation & Mobility, our two largest industries. In Industrial Equipment we are continuing to extend our leadership thanks to SOLIDWORKS, with a record year on broad-based strength as well as to **3D**EXPERIENCE. Industrial Equipment software revenue increased double-digits in constant currencies during 2017. Transportation & Mobility software revenue grew high single-digits in constant currencies with double-digits new licenses revenue growth during 2017. Core Industries represented 68% of total software revenue in 2017. We had notable new business signed in Aerospace & Defense which will benefit future years.

Diversification Industries represented 32% of total software revenue in 2017, growing from 31% in 2016, with strong growth in High Tech, Consumer Goods-Retail and Consumer Packaged Good-Retail. In High Tech, software revenue increased 11% in constant currencies in 2017 thanks to multi-million euro transactions in Simulation, Manufacturing and Supply Chain Optimization. We are also expanding in semiconductors winning some key new accounts and growing our business with existing clients. As a result, High Tech now represents almost 10% of our software revenue. In Consumer Packaged Goods-Retail software revenue increased 17%. We saw good traction with QUINTIQ for supply chain planning & optimization with key wins with food & beverage companies. And we expanded in Beauty & Personal Care with DELMIA where a new client based in South America, has adopted the **3D**EXPERIENCE Platform and our Perfect Production industry solution to lower production costs and improve efficiency. In Consumer Electronics, we signed an agreement with a leading global appliance company who will use our DELMIA Manufacturing Operations Management software. (All growth rates in constant currencies).

On a regional basis, 2017 software revenue increased 10% in Europe and was driven by Southern Europe, France and Germany and high growth in Russia. In the Americas, software revenue increased 7% driven by North America. Software revenue in Asia grew by 6% with double-digit growth in South Korea, India and South-East Asia offset in part by mixed performances in Japan and China. (All growth rates in constant currencies.)

Geographic diversification was also an area of advancement of the Company's growth drivers. Our global footprint continued to expand thanks in part to the progress we are making in High Growth Countries. During 2017 High Growth countries non-IFRS software revenue grew 11% with double-digit growth in most countries. High Growth countries represented 17% of total software revenue in 2017 increasing approximately 40 basis points year over year. (All growth rates in constant currencies.)

Brand highlights of 2017 include, among others:

- SOLIDWORKS, becoming an industry standard. During 2017, SOLIDWORKS total software increased 14% at constant currency. It added over 20,000 new customers in 2017 and has sold over 800,000 commercial seats. We believe it is gaining market share given the level of activity we are seeing in different parts of the world and in terms of license seats;
- CATIA reaching a key milestone, surpassing €1 billion in software revenue during 2017;

- SIMULIA significantly enhancing our multi-physics simulation capabilities over the last two years with the acquisition of Computer Simulation Technology AG (CST) and Next Limit Dynamics in 2016 and then with Exa Corporation in 2017. We now cover more than 70% of the core physics market with leading technology in structural, electromagnetics, in particular high frequency which is so critical to enable IoT for smart products, smart mobility and smart industry, and in advanced fluids simulation with next-generation Lattice-Boltzmann technology;
- DELMIA major wins including The Boeing Corporation.

Dassault Systèmes is continuing to advance its Cloud portfolio, resources and services. We have the largest Cloud portfolio on our market. To further our Cloud resources and services, during 2017 we acquired a majority stake in in Outscale, 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 ten data centers in Europe, North America and Asia. With the increased investment in Outscale, we are now able to adjust and control better our cloud resources and services to manage peaks in activity, further diversify our industry segments, deploy new features, and provide advanced on premise, private and hybrid cloud solutions for its customers.

Net operating cash flow increased 20% to €745.0 million for the year ended December 31, 2017, compared to €621.7 million in 2016, reflecting strong growth in net income and strong improvement in working capital. The Company's uses of cash for 2017 were principally for acquisitions as well as for share repurchases and cash dividends.

At December 31, 2017, our unearned revenue totaled €876.4 million and grew 9% at constant currency and on an organic basis. With recurring software revenue in excess of €2 billion on an annual basis, we have a significant level of visibility with respect to our software revenue growth.

The Company's net financial position totaled €1.46 billion at December 31, 2017, compared to €1.49 billion at December 31, 2016, reflecting a decrease in cash, cash equivalents and short-term investments to €2.46 billion from €2.49 billion at December 31, 2016, with long-term debt of €1.00 billion unchanged.

We are implementing IFRS 15 effective January 1, 2018 on a modified retrospective basis. Therefore, we will not be restating prior years. IFRS 15 will have an effect on the timing of our quarterly recognition of rental revenue (periodic) but on a full year basis there is essentially no difference between IAS 18 and IFRS 15 except when we have multi-year agreements with customers. In conjunction with the implementation, we reviewed all the contracts signed in 2017 and had them restated on an IFRS 15 basis. The difference between the two revenue recognition standards, IFRS 15 and IAS 18, on these contracts as of December 31, 2017 was estimated at €11 million. The implementation of IFRS 15 on January 1, 2018 will also lead to not recognize in revenue the deferred portion of rental agreements concluded in prior years, and we will book the corresponding estimated amount of €110 million in stockholders' equity as of January 1, 2018. We will continue to fully expense sales commissions under the IFRS 15 standard. See Note 2 to the consolidated financial statements for a description of accounting policies. In 2018, we will report financials also under the former IAS 18 rules for comparison purposes.

For a discussion of the Company's 2018 business outlook, see paragraph 3.2 "Financial Objectives". For further information regarding risks facing the Company, see paragraph 1.7.1 "Risks Related to the Company's Business".

Performance against Our 2017 Non-IFRS Financial Objectives

In discussing and analyzing our results of operations, Management considers supplemental non-IFRS financial information: (i) non-IFRS revenue data excludes the effect of adjusting the carrying value of acquired companies' deferred revenue; and non-IFRS expense data excludes, (ii) the amortization of acquired intangibles, (iii) share-based compensation expense and related social charges, (iv) certain other operating income and expense, net, (v) certain one-time items included in financial income and other, net, and (vi) 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 the Company's 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 Company's operating performance to its historical trends and to other companies in the software industry, as well as for valuation purposes.

Summary:

Our results illustrate that we are well delivering on the commitments we have given:

- We set a 2017 non-IFRS new licenses revenue growth target of 8 to 10% at constant currency. We reported 11% growth for 2017 with 10% on an organic basis at constant currency;
- We have a continual focus on operational improvement and delivered underlying, organic non-IFRS operating margin improvement of 100 basis points, a double of our target of 50 basis points;
- At the non-IFRS EPS level, we outlined 6 to 8% growth, and came in at the high end despite strong currency headwinds. In fact, at constant currency EPS grew 10%.

Non-IFRS New Licenses and Other Revenue: Non-IFRS new licenses and other revenue rose 11% in constant currencies and totaled €855.8 million and increased 10% at constant currency on an organic basis for 2017 at the high end of our guidance of 8 to 10% growth.

Non-IFRS Recurring Revenue: Non-IFRS recurring software revenue growth increased 7% in constant currencies, led by a strong level of maintenance subscription growth in all three sales channels. Non-IFRS recurring revenue totaled €2.03 billion and represented 70% of non-IFRS total software revenue for 2017.

Non-IFRS Operating Income and Margin: Non-IFRS operating income passed the 1-billion-euro milestone, growing 8% in 2017 to €1.04 billion. The non-IFRS operating margin was 32.0% for 2017, compared to 31.2% in 2016, reflecting an underlying, organic improvement of about 100 basis points, double our goal of 50 basis points.

Non-IFRS Earnings per Share: Non-IFRS net income per diluted share increased 8% to €2.68 for 2017, compared to €2.49 in 2016, and at constant currency would have increased 10%. Our non-IFRS earnings per share results came in at the high end of our guidance despite strong currency headwinds, especially during the second half of 2017 compared to 2016.

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 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 earnings (in both IFRS as well as non-IFRS) to eliminate the effect of changes in currency values, particularly the U.S. dollar and the Japanese yen, relative to the euro. When trend information is expressed by us "in constant currencies", the results of the "prior" period have first been recalculated using the average exchange rates of the comparable period in the current year, and then compared with the results of the comparable period in the current year.

While constant currency calculations are not considered to be an IFRS measure, we do believe these measures are critical to understanding our global revenue results and to compare with many of our competitors who report their financial results in U.S. dollars. Therefore, we are including this calculation for comparing IFRS revenue figures for comparable periods as well as for comparing non-IFRS revenue figures for comparable periods. All constant currency information is provided on an approximate basis. Unless otherwise indicated, the impact of exchange rate fluctuations is approximately the same for both the Company's IFRS and supplemental non-IFRS financial data.

Since 2003, we have been using constant currency to evaluate and report on our revenue results and at that time began setting our revenue growth objectives in constant currencies and calculating a reported revenue range based upon the key currency exchange rate assumptions outlined in our quarterly earnings reports and in our half-year and annual regulatory documents. We also set our non-IFRS revenue objectives in constant currencies in order to provide transparency on our activities as compared to the impact of currency exchange rates.

Information on Growth excluding acquisitions (“organic growth”)

In addition to discussing total growth we also provide financial information where we discuss growth excluding acquisitions or growth on an organic basis as used alternatively. In both cases growth excluding acquisitions have been calculated using the following restatements of the scope of consolidation: 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 1 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

The Company’s global customer base includes companies in 12 industrial sectors: Transportation & Mobility; Industrial Equipment; Aerospace & Defense; Financial & Business Services; High-Tech; Life Sciences; Energy, Process & Utilities; Consumer Goods & Retail; Natural Resources; Architecture, Engineering & Construction; Consumer Packaged Goods & Retail and Marine & Offshore. Commencing in 2012 the Company implemented an industry go-to-market strategy with the dual objectives of broadening and deepening its presence in its largest industries as well as increasing the contribution from a diversified set of industrial sectors. “Diversification Industries” include: Architecture, Engineering & Construction; Consumer Goods & Retail; Consumer Packaged Goods & Retail; Energy, Process & Utilities; Finance Business Services; High-Tech; Life Sciences; Marine & Offshore; and Natural Resources. “Core Industries” include: Transportation & Mobility, Industrial Equipment, Aerospace & Defense and a portion of Business Services.

***3D**EXPERIENCE New Licenses Revenue and Software Revenue Contribution*

To measure the progressive penetration of **3D**EXPERIENCE software, the Company utilizes the following ratios: a) for new licenses revenue, the Company calculates the percentage contribution by comparing total **3D**EXPERIENCE new licenses revenue to new licenses revenue for all product lines except SOLIDWORKS and acquisitions (“related new licenses revenue”); and, b) for software revenue, the Company calculates the percentage contribution by comparing total **3D**EXPERIENCE software revenue to software revenue for all product lines except SOLIDWORKS and acquisitions (“related software revenue”).

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 Company’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 its 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: deferred revenue adjustments for acquired companies, amortization of acquired intangibles, share-based compensation expense and related social charges, other operating income and expense, net, certain one-time items included in financial revenue and other, net, and the income tax effect of the non-IFRS adjustments and certain one-time tax effects. Subject to the limitations set forth above and below, the Company believes that the supplemental non-IFRS financial information provides a consistent basis for period-to-period comparisons which can improve investors’ understanding of its financial performance.

Our management uses the supplemental non-IFRS financial information, together with its IFRS financial information, for financial planning and analysis, evaluation of its 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:

- **deferred revenue adjustment of acquired companies:** 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 its supplemental non-IFRS financial information, the Company has excluded this write-down to the carrying value of the deferred revenue, and reflects instead the full amount of such revenue. The Company believes that this non-IFRS measure of revenue is useful to investors and management because it reflects a level of revenue and operational results which 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, including amortization of acquired technology:** under IFRS, the cost of acquired intangible 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 in order to provide a consistent basis for comparing its historical results. Costs related to internally developped 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 financial information offers investors a useful basis for comparing its historical results.

However, the acquired intangible assets whose 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 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 payments 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 which 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 which 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;

- **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, costs directly related to acquisitions and costs related to site closings and reorganization of the Group'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 revenue and other, net:** under IFRS, the Company has recognized certain one-time items in financial revenue and other, net comprised of the impact of discontinued hedge accounting for interest rate swaps, gains and losses on disposals of non-consolidated equity investments and the expense recognized following the impairment of non-consolidated equity investments.

In its supplemental non-IFRS financial information, the Company excludes certain one-time items included in financial revenue and other, 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 revenue and other, 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 remeasurment 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,						% Change	
	2017 IFRS	**Adjustment[(1)]**	**2017 non-IFRS**	2016 IFRS	Adjustment[(1)]	2016 non-IFRS	IFRS	non-IFRS[(2)]
Total Revenue	**€3,228.0**	**€14.0**	**€3,242.0**	**€3,055.6**	**€10.0**	**€3,065.6**	**6%**	**6%**
Total revenue by activity								
Software revenue	2,869.3	13.9	2,883.2	2,694.7	9.6	2,704.3	6%	7%
Services revenue	358.7	0.1	358.8	360.9	0.4	361.3	(1%)	(1%)
Total revenue by geography								
Americas	977.3	4.8	982.1	942.4	3.5	945.9	4%	4%
Europe	1,398.5	8.0	1,406.5	1,301.9	5.7	1,307.6	7%	8%
Asia	852.2	1.2	853.4	811.3	0.8	812.1	5%	5%
Total software revenue by product line								
CATIA software revenue	1,004.9	–	1,004.9	970.8	–	970.8	4%	4%
ENOVIA software revenue	321.9	–	321.9	321.4	–	321.4	0%	0%
SOLIDWORKS software revenue	695.8	–	695.8	626.0	–	626.0	11%	11%
Other software revenue	846.7	13.9	860.6	776.5	9.6	786.1	9%	9%

(in millions of euros, except percentages and per share data)	Year ended December 31,						% Change	
	2017 IFRS	**Adjustment(1)**	**2017 non-IFRS**	2016 IFRS	Adjustment(1)	2016 non-IFRS	IFRS	non-IFRS(2)
Total Operating Expenses	**2,499.0**	**(294.1)**	**2,204.9**	**2,383.6**	**(275.7)**	**2,107.9**	**5%**	**5%**
Share-based compensation expense	(103.9)	103.9	–	(79.3)	79.3	–		
Amortization of acquired intangibles	(160.3)	160.3	–	(155.8)	155.8	–		
Other operating income and expense, net	(29.9)	29.9	–	(40.6)	40.6	–		
Operating Income	**729.0**	**308.1**	**1,037.1**	**672.0**	**285.7**	**957.7**	**8%**	**8%**
Operating Margin	**22.6%**		**32.0%**	**22.0%**		**31.2%**		
Financial revenue and other, net	22.4	(20.7)	1.7	(10.5)	5.8	(4.7)		
Income before Income Taxes	**751.4**	**287.4**	**1,038.8**	**661.5**	**291.5**	**953.0**	**14%**	**9%**
Income tax expense	(231.3)	(113.9)	(345.2)	(209.3)	(98.4)	(307.7)	11%	12%
(of which certain one-time tax restructuring effects)	*(22.8)*	*22.8*	–	*(6.6)*	*6.6*	–		
Non-controlling interest	(0.7)	–	(0.7)	(5.0)	–	(5.0)		
Net Income attributable to shareholders	**€519.4**	**€173.5**	**€692.9**	**€447.2**	**€193.1**	**€640.3**	**16%**	**8%**
Diluted Net Income per Share(3)	**€2.01**	**€0.67**	**€2.68**	**€1.74**	**€0.75**	**€2.49**	**16%**	**8%**

(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, share-based compensation expense and related social charges, as detailed below, and other operating income and expense, net (iii) adjustments to IFRS financial revenue and other, net reflect the exclusion of certain one-time items included in financial revenue and other, 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, the income tax effect of the non-IFRS adjustments and certain one-time tax effects.

	Year ended December 31,					
(in millions of euros)	**2017 IFRS**	**Adjustment**	**2017 non-IFRS**	2016 IFRS	Adjustment	2016 non-IFRS
Cost of revenue	€473.9	€(4.1)	€469.8	€463.6	€(3.2)	460.4
Research and development	576.6	(41.6)	535.0	540.5	(33.6)	506.9
Marketing and sales	1,015.0	(36.6)	978.4	952.6	(27.0)	925.6
General and administrative	243.3	(21.6)	221.7	230.5	(15.5)	215.0
Total share-based compensation expense		**(103.9)**			**(79.3)**	

(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) Based on a weighted average of 258.3 million diluted shares for 2017 and 257.4 million diluted shares for 2016.

3.1.1.3 Critical Accounting Principles

The Company's consolidated financial statements have been prepared in accordance with IFRS. The preparation of these financial statements requires the Company to make certain assumptions and estimates. Actual results may differ from these estimates under different assumptions or conditions. The Company believes 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 payments, 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: 2017 Compared to 2016

Revenue

The Company's total revenue is comprised of (i) software revenue, which is its primary source of revenue, representing 89% of total revenue in 2017, and (ii) services revenue, which represented 11% of total revenue in 2017.

(in millions of euros, except percentages)	**Year ended December 31, 2017**	% change	% change in constant currencies	Year ended December 31, 2016
Total Revenue	**€3,228.0**	**6%**	**7%**	**€3,055.6**
Software Revenue*	**2,869.3**	**6%**	**8%**	**2,694.7**
Americas software revenue	*855.4*	*5%*	*7%*	*815.5*
Europe software revenue	*1,233.5*	*8%*	*10%*	*1,139.1*
Asia software revenue	*780.4*	*5%*	*6%*	*740.1*
Services Revenue	**358.7**	**(1%)**	**1%**	**360.9**

* The Company's largest national markets as measured by total revenue are the United States, Japan, Germany, France and the United Kingdom. See Note 3 to the consolidated financial statements.

Total revenue increased 5.6% or 7% in constant currencies for 2017. On a non-IFRS basis, total revenue and software revenue increased 7% and 8%, respectively in constant currencies. 2017 financial results include several acquisitions completed during 2016, the most material of which was CST – Computer Simulation Technology AG, a technology leader in electromagnetic and electronics simulation which was acquired on September 30, 2016 and 2017 acquisitions most notably Exa Corporation which was completed on November 17, 2017. Excluding acquisitions, non-IFRS total revenue increased 5% and software revenue growth was 6% in constant currencies during 2017.

Software Revenue

Software revenue is primarily comprised of new licenses revenue, periodic licenses, maintenance and other software-related revenue. Periodic licenses subscription and maintenance subscription revenue are referred to together as "recurring revenue".

The Company's products are principally licensed pursuant to one of two payment structures: (i) new licenses, for which the customer pays an initial or one-time fee for a perpetual license or (ii) periodic (rental subscription or cloud subscription) licenses, for which the customer pays periodic fees to keep the license active. Access to maintenance and unspecified product updates or upgrades requires payment of a fee, which is recorded as maintenance revenue. Periodic (rental or subscription) licenses entitle the customer to corrective maintenance and product updates without additional charge. Product updates include improvements to existing products but do not cover new products. Other software-related revenue is principally comprised of the Company's product development revenue relating to the development of additional functionalities of standard products requested by customers and reinstated maintenance. In 2017 we regrouped Other software-related revenue with new licenses revenue from recurring software revenue for quarterly earnings reporting simply to more accurately reflect its nature.

(in millions of euros, except percentages)	Year ended December 31, 2017	2016
Software revenue by type:		
New licenses revenue	€845.5	€773.2
Recurring software revenue (periodic and maintenance revenue)	2,013.5	1,910.3
Other software-related revenue	10.3	11.2
Total software revenue	**€2,869.3**	**€2,694.7**
(as % of total revenue)	88.9%	88.2%

In constant currencies, software revenue increased 8% led by new licenses revenue growth of 11%. Similarly, on a non-IFRS basis, software revenue increased 8% in 2017 with non-IFRS new licenses revenue growth of 11%. On an organic basis, new licenses revenue (both IFRS and non-IFRS) increased 10% in 2017 in constant currencies.

Seven of the Company's 12 industry groups reported double-digit new licenses revenue growth in constant currencies in 2017. Core and Diversification Industries represented approximately 63% and 37%, respectively, of new licenses revenue during 2017. On a regional basis, new licenses revenue growth in constant currencies was strongest in the Americas and Europe, both with double-digit new licenses revenue growth on an organic basis. During 2017 results were mixed in Asia, resulting in low single-digits new licenses revenue growth in constant currencies.

Non-IFRS recurring revenue increased 7% in constant currencies and represented 70% of total software revenue in 2017. Recurring revenue is comprised of maintenance subscription and periodic revenue including rental subscription and cloud revenues. We saw an excellent performance on maintenance subscriptions across our three sales channels and across our three regions. On an organic basis, non-IFRS recurring revenue increased 5% in 2017.

Other software-related revenue totaled €10.3 million in 2017, compared to €11.2 million in 2016 and for both periods was principally comprised of reinstated maintenance revenue.

By product line and on a non-IFRS basis, CATIA software passed the one-billion-euro milestone and grew 4% with growth in Europe and the Americas offset in part by lower performance in Asia. SOLIDWORKS software revenue increased 14% to €695.8 million led by strong new licenses activity including multi-product sales and high renewal rates for maintenance subscription revenue. Other Software totaled €860.6 million and increased 11% on solid organic growth and the addition of acquisitions. ENOVIA software revenue increased 2%. (All growth comparisons are in constant currencies.)

Services Revenue

Services revenue is principally comprised of revenue from consulting services in methodology for design, deployment and support, training services and engineering services. In addition, services and other revenue also include content-related digital production for use in 3D visualization, advertising, sales and marketing.

(in millions of euros, except percentages)	Year ended December 31, 2017	2016
Services revenue	**€358.7**	**€360.9**
(as % of total revenue)	11.1%	11.8%

Services revenue decreased 0.6% but increased 1% at constant currency. Similarly, non-IFRS services revenue of €358.8 million decreased 0.7% but increased 1% in constant currencies.

Services revenue results in 2017 reflected mixed results with increased services revenue related to **3D**EXPERIENCE as well as growth in services for manufacturing software solutions and simulation offset principally by lower digital content services on contract renewal delays.

The non-IFRS services revenue gross margin decreased to 12.7% for 2017 compared to 14.7% for 2016 due to a less favorable mix and increased year-end staffing additions as we prepare for higher services activities expected in 2018.

We are continuing to focus on extending relationships with system integrators and with sales partners to expand the capacity for implementation of our software solutions and therefore we are actively reducing the pursuit of certain consulting and services engagements, while targeting to grow services revenues in total and our services organization.

Operating Expenses

(in millions of euros)	Year ended December 31, 2017	2016
IFRS Operating expenses	**€2,499.0**	**€2,383.6**
◦ Amortization of Acquired Intangibles	(160.3)	(155.8)
◦ Share-based compensation expense and related social charges	(103.9)	(79.3)
◦ Other operating income and expense, net	(29.9)	(40.6)
Non-IFRS operating expenses	**€2,204.9**	**€2,107.9**

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; (ii) share-based compensation expense and related social charges and (iii) other operating income and expense, net. For the reconciliation of this non-IFRS financial information with information set forth in the Company's 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 (excluding amortization of acquired intangibles)

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.

(in millions of euros, except percentages)	Year ended December 31, 2017	2016
Cost of software revenue (excluding amortization of acquired intangibles)	**€158.2**	**€153.8**
(as % of total revenue)	4.9%	5.0%

Cost of software revenue (excluding amortization of acquired intangibles) increased 2.9%. Non-IFRS cost of software revenue increased 2.7% to €156.4 million in 2017.

Growth in IFRS and non-IFRS cost of software revenue reflected higher royalty costs and cloud hosting costs principally offset in part by a net currency benefit of about 1 percentage point.

Cost of Services Revenue

The cost of services revenue includes principally personnel and other costs related to organizing and providing consulting, deployment services, content creation and educational services less the technical support provided to sales operations.

(in millions of euros, except percentages)	Year ended December 31, 2017	2016
Cost of services revenue	**€315.7**	**€309.8**
(as % of total revenue)	9.8%	10.1%

Cost of services revenue increased €5.9 million or 1.9%.

Non-IFRS costs of services revenue totaled €313.3 million compared to €308.1 million in 2016, representing an increase of 1.7%, with organic growth of about 2 percentage points and growth from acquisitions of about 1 percentage point offset in part by a net currency benefit of about 1 percentage point.

Research and Development Expenses

We conduct our research and development activities in Europe (mainly France, Germany, the United Kingdom, the Netherlands and Poland), the Americas (the United States and Canada) and Asia Pacific (mainly India, Malaysia and Australia).

Expenses for R&D include primarily personnel costs as well as the rental, depreciation and maintenance expenses for computers and computer hardware used in R&D, development tools, computer networking and communication expenses.

Costs for R&D of software are expensed in the period in which they were incurred. We generally 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 recognized from various governmental authorities to finance certain R&D activities (mainly R&D tax credits in France).

(in millions of euros, except percentages)	Year ended December 31, 2017	2016
Research and development expenses	**€576.6**	**€540.5**
(as % of total revenue)	17.9%	17.7%

Research and development expenses increased €36.1 million or 6.7% in 2017. Government grants included in research and development on an IFRS and non-IFRS basis totaled €36.1 million in 2017 and €29.9 million in 2016. See Note 5 of the consolidated financial statements.

On a non-IFRS basis, research and development expenses totaled €535.0 million compared to €506.9 million in 2016, increasing 5.5% in total, with organic R&D expense growth of 3% and growth of about 4% from acquisitions, offset in part by net currency benefits of about 1.5%.

Marketing and Sales Expenses

Marketing and Sales expenses consist primarily of personnel costs, which include sales commissions and personnel for processing sales transactions; marketing and communications expenses, including advertising; travel expenses; and marketing infrastructure costs, such as information technology resources used for marketing.

(in millions of euros, except percentages)	Year ended December 31,	
	2017	2016
Marketing and Sales expenses	**€1,015.0**	**€952.6**
(as % of total revenue)	31.4%	31.2%

Marketing and sales expenses increased €62.4 million or 6.6%.

On a non-IFRS basis, marketing and sales expenses were €978.4 million in 2017, compared to €925.6 million in 2016, increasing 5.7% in total, largely driven by growth in sales related expenses. Specifically, sales expenses increased 6% on an organic basis, and growth of 3% from acquisitions offset in part by a net currency benefit of about 2%. Marketing expenses increased 1.2%.

General and Administrative Expenses

General and administrative expenses consist primarily of personnel costs of the finance, human resources and other departments, including legal; third-party professional fees (excluding acquisition-related fees) and other expenses; travel expenses; related infrastructure costs, including information technology resources as well as other expenses.

(in millions of euros, except percentages)	Year ended December 31,	
	2017	2016
General and administrative expenses	**€243.3**	**€230.5**
(as % of total revenue)	7.5%	7.5%

General and administrative expenses increased €12.8 million or 5.6%.

On a non-IFRS basis, general and administrative expenses were €221.7 million in 2017 compared to €215.0 million in 2016, increasing 3.1% in total, with organic general and administrative expense growth of 3% and growth from acquisitions of 1% offset by a net currency benefit of about 1%.

Amortization of Acquired Intangibles

Amortization of acquired intangibles includes mainly amortization of acquired technology and acquired customer relationships.

	Year ended December 31,	
(in millions of euros)	**2017**	2016
Amortization of acquired intangibles	**€160.3**	**€155.8**

Amortization of acquired intangibles increased €4.5 million principally reflecting the full year impact of several acquisitions completed during the second half of 2016.

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.

	Year ended December 31,	
(in millions of euros)	**2017**	2016
Other operating income and (expense), net	**€(29.9)**	**€(40.6)**

Other operating income (expense), net decreased €(10.7) million reflecting lower early retirement plan, restructuring and relocation costs of €(12.5) million, offset in part by higher acquisition costs of €1.8 million. See Note 8 to the consolidated financial statements.

Operating Income

	Year ended December 31,	
(in millions of euros)	**2017**	2016
Operating income	**€729.0**	**€672.0**

IFRS operating income increased 8.5% or €57.0 million for 2017 principally driven by revenue growth as well as IFRS operating margin improvement of 60 basis points.

On a non-IFRS basis, operating income increased 8.3% to €1.04 billion for 2017, compared to €957.7 million for 2016. The non-IFRS operating margin expanded 80 basis points to 32.0% for 2017 on underlying organic improvement of about 100 basis points offset in part by acquisition dilution of about 20 basis points.

Currency had a net negative impact on IFRS and non-IFRS operating income growth of approximately 2 percentage points.

Financial revenue and other, net

Financial revenue and other, 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 principally composed of net gains or losses on sales of investments.

	Year ended December 31,	
(in millions of euros)	**2017**	2016
Financial revenue and other, net	**€22.4**	**€(10.5)**

Financial revenue and other, net was mainly comprised of interest income and (expense), net of €13.0 million (2016: €(7.9) million) on growth in interest income and lower interest expense compared to 2016 interest expense where it included discontinued hedge accounting treatment for interest rate swaps; net exchange losses of €(10.2) million (2016: €(9.3) million), and other income/(loss) net of €19.6 million principally related to the gain which arose from the remeasurement of the fair value of the previously held equity interest in Outscale (2016: €6.7 million gain on sale of investment). See Note 9 to the consolidated financial statements.

On a non-IFRS basis, financial revenue and other, net totaled €1.7 million compared to €(4.7) million in 2016 and reflected growth in financial net income of €6.9 million.

The principal difference between IFRS and non-IFRS financial revenue and other, net in 2017 was the exclusion on a non-IFRS basis of an accounting gain related to the re-measurement of our equity investment in Outscale following majority ownership and the principal difference in 2016 was the exclusion of the discontinued hedge accounting treatment charge on a non-IFRS basis.

Income tax expense

	Year ended December 31,	
(in millions of euros, except percentages)	**2017**	2016
Income tax expense	**€231.3**	**€209.3**
Effective consolidated tax rate	30.8%	31.6%

Income tax expense increased 10.5% in 2017 compared to 2016, reflecting principally an increase in pre-tax income of 13.6% offset in part by a decrease in the effective tax rate to 30.8% for 2017 compared to 31.6% for 2016. The 2017 effective tax rate benefited from one-time deferred tax re-measurements related to the new tax reform legislation, the U.S. Tax Cut & Jobs Act, enacted in December 2017, while the 2016 effect tax rate benefited from a tax reserve reversal.

On a non-IFRS basis, income tax expense increased 12.2% to €345.2 million for 2017, compared to €307.7 million for 2016, reflecting growth of 9.0% in non-IFRS pre-tax income to €1.04 billion as well as an increase in the non-IFRS effective tax rate to 33.2% for 2017, compared to 32.3% for 2016. On a non-IFRS basis, the one-time deferred tax re-measurements related to the new U.S. tax law was excluded from the calculation of the non-IFRS effective tax rate. In 2016 non-IFRS effective tax rate benefited from a tax reserve reversal.

See Note 10 to the consolidated financial statements for an explanation of the differences between the effective tax rates and the taxes computed at the statutory French tax rate of 34.43% for 2017 and 2016.

Net income attributable to shareholders and net income per diluted share

	Year ended December 31,	
(in millions of euros, except percentages)	**2017**	2016
Net income attributable to shareholders	**€519.4**	**€447.2**
Net income per diluted share	€2.01	€1.74
Weighted average number of diluted shares outstanding	258.3	257.4

IFRS net income per diluted share increased 15.5% to €2.01, reflecting a 13.6% increase in pre-tax income as well as benefiting from a lower effective tax rate in 2017 compared to 2016. Non-IFRS net income per diluted share totaled €2.68, increasing 7.6% or 10% excluding currency effects. On a non-IFRS basis, we excluded the estimated 8 to 9 cent one-time benefit from the new U.S. tax reform law.

In 2016, IFRS and non-IFRS net income per diluted share included a five-cent impact from a reversal of tax reserves.

3.1.3 Variability in Quarterly Financial Results

Our quarterly new licenses revenue growth has varied significantly and is likely to vary significantly in the future, reflecting business seasonality, clients' decision processes and new licenses and rental (periodic) licensing mix. Services revenue activity also vary 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.

Our total software revenue growth, however, is less sensitive to quarterly variation due to the significant level of recurring software revenue, which is comprised of maintenance subscription revenue and on-premise rental subscription revenue as well as cloud subscription revenue. In combination, recurring revenue represented 70% and 71% of total IFRS software revenue in 2017 and 2016, respectively. This significant level of recurring software revenue has served as a stabilizing factor during periods of macroeconomic softness.

We are implementing IFRS 15 effective as of January 1, 2018. While the implementation is not expected to have a material impact on overall growth rates for the full fiscal year, we expect that the implementation will cause a variation in quarterly revenue recognition, more specifically for periodic revenue within recurring software revenue. Since a higher proportion of our periodic contracts renew as of January 1 and are for an annual period, we will record a higher percentage in the first quarter, leading to a slightly different seasonality pattern for recurring software revenue.

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.

A significant portion of new license sales typically occurs in the last month of each quarter, and we normally experience our highest new licenses sales for the year in our fiscal fourth quarter ended December 31. In addition, software revenue, total revenue, operating income, operating margin and net income have generally been highest in the fourth quarter of each year.

In 2017, IFRS total revenue for the fourth, third, second and first quarters represented, respectively, 28.2% (28.8% in 2016), 23.3% (24.0% in 2016), 25.0% (24.6% in 2016) and 23.5% (22.6% in 2016) of the Company's total revenue for the year.

Nonetheless, it is possible that the Company's quarterly total revenue could vary significantly and that its net income could vary significantly, reflecting the change in revenues, together with the effects of the Company's investment plans. See paragraph 1.7.1.11 "Variability in Quarterly Operating Results" in Risk Factors.

3

3.1.4 Capital Resources

We have significant financial flexibility thanks to our strong capital position, with our key uses of cash focused on capital returns to shareholders in the form of dividends, share repurchases to minimize share dilution from stock-based employee performance programs and select acquisitions undertaken consistent with our Mission, Strategy and Addressable Market expansion objectives.

Our net financial position totaled €1.46 billion at December 31, 2017, compared to €1.49 billion at December 31, 2016, with a decrease in cash, cash equivalents and short-term investments from €2.49 billion to €2.46 billion, less long-term debt of €1.0 billion.

In 2017 our principal sources of liquidity were cash from operations of €745.0 million, and proceeds from the exercise of stock options amounting to €62.4 million. During 2017 our uses of cash were principally for payment for acquisitions, net of cash acquired of €338.2 million and for acquisition of non-controlling interests of €37.5 million; shares repurchases of €133.0 million, cash dividends of €51.3 million (based upon the shareholders electing payment of the dividend in cash), and capital expenditures, net of €84.5 million.

In 2016 our principal sources of liquidity were cash from operations of €621.7 million, and proceeds from the exercise of stock options amounting to €26.8 million. During 2016 cash obtained from operations was used principally to fund acquisitions of €262.7 million, net of cash acquired, to repurchase shares in the amount of €127.3 million, to distribute cash dividends aggregating €101.9 million (based upon the shareholders electing to receive cash), and to make additions to property, equipment and intangibles of €56.7 million, net of sales.

Exchange rate fluctuations had a negative translation effect, on cash and cash equivalent balances, of €195.4 million as of December 31, 2017, and had a positive translation effect on cash and cash equivalent balances of €35.7 million as of December 31, 2016.

We follow a conservative policy for investing its cash resources, mostly relying on short-term maturity investments. Investment rules are defined by our financial management team and controlled by the Treasury department of Dassault Systèmes SE.

See also the Consolidated Statements of Cash Flows in paragraph 4.1.1 "Consolidated Financial Statements".

3.2 Financial Objectives

We announced our initial 2018 non-IFRS financial objectives on February 1, 2018 at the time of the release of our unaudited annual financial results for 2017 and are confirming them as of the date of this report.

The Company is implementing IFRS 15 effective as of January 1, 2018. While the implementation is not expected to have a material impact on overall growth rates for the full fiscal year, the Company expects that the implementation will cause a variation in quarterly revenue recognition, more specifically for periodic revenue within recurring software revenue. To aid investors and analysts, during 2018, the first year of the implementation of IFRS 15 we will provide IFRS and non-IFRS quarterly and full year financial information in accordance with IFRS 15. We will also provide quarterly and full year IFRS and non-IFRS financial information as well as our quarterly and full year financial objectives on an IAS 18 implementation basis to provide comparability to our 2017 accounts.

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 2018.

Our initial 2018 financial objectives are given in IAS 18 on a non-IFRS basis, and are as follows:

- 2018 non-IFRS revenue growth objective range of about 8% to 9% in constant currencies at €3.355 billion to €3.385 billion reflecting the principal 2018 currency exchange rate assumptions below for the U.S. dollar and Japanese yen as well as the potential impact from additional currencies representing about 17% of our total revenue in 2017;
- 2018 non-IFRS operating margin of about 31.0% to 31.5% compared to 32% in 2017 reflecting estimated acquisition dilution and currency headwinds offset in part by moderate organic improvement at constant currency;
- 2018 non-IFRS earnings per share of about €2.83 to €2.88, representing a growth objective of about 6% to 8%, or about 11% to 13% on a constant currency basis;
- These financial objectives are based upon an average exchange rate assumption of U.S. dollar 1.25 per euro for the 2018 first half and 1.20 per euro for the 2018 second half and Japanese yen of 135.0 per euro for 2018. Based upon these currency assumptions we expect that the first half of 2018 will reflect a significant currency headwind to revenue and earnings per share growth rates as reported.

Our financial objectives are prepared and communicated only on a non-IFRS basis and are given in IAS 18. The 2018 annual non-IFRS objectives set forth above do not take into account the following accounting elements and are based upon the 2018 currency exchange rate assumptions above: deferred revenue write-downs currently estimated at approximately €5 million for 2018; share-based compensation expense, including related social charges, currently estimated at approximately €60 million for 2018 and amortization expense for acquired intangibles currently estimated at approximately €160 million for 2018. These objectives do not include any impact from other operating income and expense, net principally comprised of acquisition, integration and restructuring expenses. These estimates do not include any new stock option or share grants, or any new acquisitions or restructurings completed after February 1, 2018.

In addition to our non-IFRS financial objectives for 2018, we have had in place since June 13, 2014 a mid-term objective to grow our non-IFRS EPS to about €3.50 for 2019. This would represent a potential doubling of our non-IFRS EPS over a five-year period compared to the base year 2014. We are maintaining this goal.

The information above includes statements that express objectives for our future financial performance. Such forward-looking statements are based our management's views and assumptions as of the date of this Annual Report and involve known and unknown risks and uncertainties. Our actual results or performance may be materially negatively affected and differ materially from those in such statements due to a range of factors as described in this Annual Report. For more information regarding the risks we face, see paragraph 1.7 "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

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 22, 2018.

4.1 Consolidated Financial Statements

In compliance with article 28 of the European Regulation no. 809/2004 of the European Commission, the consolidated financial statements for 2016 and 2017 are incorporated by reference in this Annual Report as stated on page 2 hereof.

4.1.1 Consolidated Financial Statements

Consolidated Statements of Income

		Year ended December 31,	
(in thousands of euros, except per share data)	Notes	**2017**	2016
New licenses revenue and other software revenue		€855,824	€784,356
Periodic licenses and maintenance		2,013,469	1,910,316
Software revenue	4	**2,869,293**	**2,694,672**
Services revenue		358,715	360,914
TOTAL REVENUE		**3,228,008**	**3,055,586**
Cost of software revenue		(158,228)	(153,838)
Cost of services revenue		(315,743)	(309,757)
Research and development		(576,587)	(540,506)
Marketing and sales		(1,014,960)	(952,566)
General and administrative		(243,268)	(230,463)
Amortization of acquired intangibles		(160,286)	(155,830)
Other operating income and expense, net	8	(29,931)	(40,592)
OPERATING INCOME		**729,005**	**672,034**
Interest income and expense, net	9	13,030	(7,928)
Other financial income and expense, net	9	9,389	(2,607)
INCOME BEFORE INCOME TAXES		**751,424**	**661,499**
Income tax expense	10	(231,280)	(209,292)
NET INCOME		**€520,144**	**€452,207**
Attributable to:			
Equity holders of the Company		€519,410	€447,192
Non-controlling interest		€734	€5,015
Earnings per share			
Basic net income per share	11	€2.04	€1.76
Diluted net income per share	11	€2.01	€1.74

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Comprehensive Income

(in thousands of euros)	Notes	Year ended December 31, 2017	2016
NET INCOME		**€520,144**	**€452,207**
Gains on available for sale securities		4,058	-
Gains on cash flow hedges	23	6,600	17,195
Foreign currency translation adjustment		(337,830)	72,530
Income tax on items to be reclassified		(2,529)	(6,110)
Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax		**(329,701)**	**83,615**
Remeasurements of defined benefit pension plans	22	6,126	(12,506)
Income tax on items not being reclassified		(2,068)	2,885
Other comprehensive income not being reclassified to profit or loss in subsequent periods, net of tax		**4,058**	**(9,621)**
OTHER COMPREHENSIVE INCOME, NET OF TAX		**(325,643)**	**73,994**
TOTAL COMPREHENSIVE INCOME, NET OF TAX		**€194,501**	**€526,201**
Attributable to:			
Equity holders of the Company		€194,311	€520,903
Non-controlling interest		€190	€5,298

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Balance Sheets

(in thousands of euros)	Notes	Year ended December 31, 2017	2016
Assets			
Cash and cash equivalents	12	€2,459,445	€2,436,701
Short-term investments	12	1,281	56,064
Trade accounts receivable, net	13	895,900	820,442
Income tax receivable		74,548	108,230
Other current assets	13	168,333	148,999
TOTAL CURRENT ASSETS		**3,599,507**	**3,570,436**
Property and equipment, net	14	168,958	135,402
Non-current financial assets	15	162,267	174,824
Deferred tax assets	10	108,908	135,886
Intangible assets, net	17	1,066,440	1,079,076
Goodwill	18	1,923,726	1,847,442
TOTAL NON-CURRENT ASSETS		**3,430,299**	**3,372,630**
TOTAL ASSETS		**€7,029,806**	**€6,943,066**

(in thousands of euros)			
Liabilities and equity			
Trade accounts payable		€149,314	€144,860
Accrued compensation and other personnel costs		325,708	315,796
Unearned revenue		876,412	853,147
Income tax payable		18,410	27,262
Other current liabilities	19	157,614	124,575
TOTAL CURRENT LIABILITIES		**1,527,458**	**1,465,640**
Deferred tax liabilities	10	186,628	258,729
Borrowings, non-current	20	1,000,000	1,000,000
Other non-current liabilities	19	319,673	335,866
TOTAL NON-CURRENT LIABILITIES		**1,506,301**	**1,594,595**
Common stock		130,466	128,998
Share premium		645,798	500,098
Treasury stock		(312,343)	(222,933)
Retained earnings and other reserves		3,578,991	3,173,639
Other items		(48,734)	280,423
Parent shareholders' equity		**3,994,178**	**3,860,225**
Non-controlling interest		1,869	22,606
TOTAL EQUITY	23	**3,996,047**	**3,882,831**
TOTAL LIABILITIES AND EQUITY		**€7,029,806**	**€6,943,066**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows

(in thousands of euros)	Notes	Year ended December 31, 2017	2016
Net income		**€520,144**	**€452,207**
Adjustments for non-cash items	24	214,422	245,759
Changes in operating assets and liabilities	24	10,458	(76,224)
Net cash provided by operating activities		**745,024**	**621,742**
Additions to property, equipment and intangibles	14, 17	(84,538)	(56,655)
Purchases of short-term investments		(57,941)	(41,320)
Proceeds from sales and maturities of short-term investments		109,025	60,952
Payment for acquisition of businesses, net of cash acquired	16	(338,165)	(262,664)
Other		4,183	765
Net cash used in investing activities		**(367,436)**	**(298,922)**
Proceeds from exercise of stock options		62,404	26,827
Cash dividends paid	23	(51,277)	(101,944)
Repurchase of treasury stock	23	(132,994)	(127,259)
Acquisition of non-controlling interests		(37,540)	-
Net cash used in financing activities		**(159,407)**	**(202,376)**
Effect of exchange rate changes on cash and cash equivalents		(195,437)	35,723
INCREASE IN CASH AND CASH EQUIVALENTS		**22,744**	**156,167**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**2,436,701**	**2,280,534**
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**€2,459,445**	**€2,436,701**
Supplemental disclosure			
Income taxes paid		€210,110	€309,539
Cash paid for interest		€11,976	€11,257

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Shareholders' Equity

					Other items					
(in thousands of euros)	Common stock	Share premium	Treasury stock	Retained earnings and other reserves	Available-for-sale securities	Cash flow hedges	Foreign currency translation adjustment	Parent shareholders' equity	Non-controlling interest	Total Equity
JANUARY 1, 2016	**€128,357**	**€454,448**	**€(108,921)**	**€2,797,556**	**–**	**€(10,651)**	**€207,742**	**€3,468,531**	**€19,167**	**€3,487,698**
Net income	–	–	–	447,192	–	–	–	447,192	5,015	452,207
Other comprehensive income, net of tax	–	–	–	(9,621)	–	11,130	72,202	73,711	283	73,994
COMPREHENSIVE INCOME, NET OF TAX	**–**	**–**	**–**	**437,571**	**–**	**11,130**	**72,202**	**520,903**	**5,298**	**526,201**
Dividends	140	19,062	–	(119,287)	–	–	–	(100,085)	(1,859)	(101,944)
Exercise of stock options	501	26,588	–	–	–	–	–	27,089	–	27,089
Treasury stock transactions	–	–	(114,012)	(13,247)	–	–	–	(127,259)	–	(127,259)
Share-based payments	–	–	–	71,764	–	–	–	71,764	–	71,764
Other changes	–	–	–	(718)	–	–	–	(718)	–	(718)
DECEMBER 31, 2016	**€128,998**	**€500,098**	**€(222,933)**	**€3,173,639**	**–**	**€479**	**€279,944**	**€3,860,225**	**€22,606**	**€3,882,831**
Net income	–	–	–	519,410	–	–	–	519,410	734	520,144
Other comprehensive income, net of tax	–	–	–	4,058	3,368	4,761	(337,286)	(325,099)	(544)	(325,643)
COMPREHENSIVE INCOME, NET OF TAX	**–**	**–**	**–**	**523,468**	**3,368**	**4,761**	**(337,286)**	**194,311**	**190**	**194,501**
Dividends	506	82,667	–	(134,450)	–	–	–	(51,277)	–	(51,277)
Exercise of stock options	962	63,033	–	–	–	–	–	63,995	–	63,995
Treasury stock transactions	–	–	(89,410)	(43,584)	–	–	–	(132,994)	–	(132,994)
Share-based payments	–	–	–	92,520	–	–	–	92,520	–	92,520
Transactions with non-controlling interests	–	–	–	(47,880)	–	–	–	(47,880)	(20,927)	(68,807)
Other changes	–	–	–	15,278	–	–	–	15,278	–	15,278
DECEMBER 31, 2017	**€130,466**	**€645,798**	**€(312,343)**	**€3,578,991**	**€3,368**	**€5,240**	**€(57,342)**	**€3,994,178**	**€1,869**	**€3,996,047**

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements for Years Ended December 31, 2017 and 2016

CONTENTS

Note 1 Description of Business

The "Company" or the "Group" refers to Dassault Systèmes SE and its subsidiaries. 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's global customer base includes companies in 12 vertical sectors: Transportation & Mobility; Industrial Equipment; Aerospace & Defense; Financial & Business Services; High-Tech; Life Sciences; Energy, Process & Utilities; Consumer Goods & Retail; Natural Resources; Architecture, Engineering & Construction; Consumer Packaged Goods & Retail and Marine & Offshore. 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 **3D**EXPERIENCE 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 consolidated financial statements were established by The Board of Directors on March 15, 2018.

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, 2017. The consolidated financial statements are presented in thousands of euros except where otherwise indicated.

The consolidated financial statements include the accounts of Dassault Systèmes SE and its subsidiaries. Companies over which the Company 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 Company exercises significant influence are accounted for under the equity method. Intercompany transactions and balances are eliminated.

Impact of recently issued accounting standards

New standards, interpretations or amendments effective beginning on January 1, 2017 did not have a significant impact on the Company's consolidated financial statements.

The Company 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, 2017:

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 establishes the accounting principles that an entity shall apply to recognize revenue from contracts with customers. It replaces the previous standards and interpretations related to revenue recognition, notably IAS 18 "Revenue" and IAS 11 "Construction contracts" and IFRIC 13 "Customer Loyalty Programmes". The standard provides a single, principle-based, five-step model to be applied in order to define the timing and the amount of revenue arising from a contract with a customer. It includes a guide to applying the standard, notably regarding the licenses and specific provisions for how to recognize incremental costs of obtaining or fulfilling a contract, that are not addressed by other standards. The standard requires the disclosure of new qualitative and quantitative information in the notes to the consolidated accounts.

The Company is adopting IFRS 15 for the fiscal year beginning January 1, 2018. The main change impact relates to Periodic

Licence offers that bundle license and maintenance for a term generally of one year (Yearly License Charge), which revenue is recognized, until the fiscal year ended December 31, 2017, ratably over the contract period. Based on the new criteria established by IFRS 15, a bundled Periodic License is split into two performance obligations: software license and maintenance. While revenue from software license is recognized when the control of the license is transferred to the customer, the revenue from maintenance is recognized rateably over the term of the license. Therefore, a significant proportion of revenue from periodic licenses is recognized when the license is transferred to the customer for new contracts or contract renewals. In effect, the total amount of revenue recognized from bundled Periodic Licenses remains unchanged, but only the pattern of recognition over the contract period (generally one year) is modified.

The Company implements IFRS 15 using the modified-retrospective transition method (also called 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. The positive equity adjustment amounts to €110 million before income taxes or €80 million net (assuming expected tax rates as of the date of issuance of the 2017 consolidated financial statements).

In 2018, the Company will continue to update its procedures and information systems to collect the new quantitative information to be disclosed in the notes to the 2018 consolidated financial statements.

IFRS 9 – Financial Instruments

IFRS 9 "Financial Instruments" is replacing IAS 39 "Financial Instruments: Recognition and Measurement". The new Standard addresses the classification and measurement of financial instruments, the impairment of financial assets and the hedge accounting.

The Company applies IFRS 9 from January 1, 2018, retrospectively except for the new requirements related to hedge accounting. As allowed by IFRS 9 the Company will not restate its 2017 comparative information in its 2018 consolidated financial statements.

IFRS 9 introduces a new impairment model based on expected credit loss, while IAS 39 is based on an incurred credit loss model. The Company applies the simplified approach to account for the expected losses on trade accounts receivables.

The Company assessed the impact of IFRS 9 implementation and did not identify any material changes to the classification and measurement of its financial assets and liabilities.

IFRS 16 – Lease

On January 13, 2016, the IASB issued the new accounting standard IFRS 16 "Leases". IFRS 16 is a major revision in the accounting of leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Based on this model, the amortization of assets will be accounted for in operating expense, and the cost of the debt towards the lessor will be accounted for in financial expense. Under the current standard, rent expense is recorded in operating expense.

The Company will adopt IFRS 16 for the fiscal year beginning January 1, 2019 using the simplified retrospective approach.

In 2017, the Company identified its lease contracts and measured the lease liabilities of the main contributing entities and analysed available IT solutions.

The Company is currently updating its information systems and procedures to collect and process any lease data in accordance with the new provisions introduced by IFRS 16.

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 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 payments; assessing the recognition of deferred tax assets; and making reasonable estimates about the ultimate resolution of the Company's tax uncertainties based on current tax laws and the Company's interpretation thereof. Actual results and outcomes could differ from management's estimates and assumptions.

Foreign currency adjustments

The functional currency of the Company'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 Company's and its subsidiaries' functional currency are recorded in the statement of income.

Revenue recognition

The Company derives revenue from two primary sources: (1) new software licenses, periodic licenses, maintenance and other software revenue, which includes software license updates, technical support and the development of additional functionalities of standard products requested by clients; (2) consulting and training services and other revenue.

Revenues are disclosed net of taxes collected from customers and remitted to governmental authorities.

New Software Licenses, Periodic Licenses, Maintenance and Other Software Revenue –Software license revenue represents fees earned from granting customers licenses to use the Company's software. The Company's software license revenue consists of perpetual and periodic license sales of software products. Software license revenue is recognized (to the extent the Company has no remaining obligations to perform) when: evidence of an arrangement exists, delivery and acceptance has occurred, the amount of revenue and associated costs can be measured reliably, and it is probable that the economic benefits associated with the transaction will flow to the Company. In instances when any of the four criteria are not met, the Company defers recognition of software license revenue until all criteria are met. Revenue related to the licensing of software through value-added resellers (VARs) is generally recognized when evidence of a sale to an end-user customer is provided to the Company, assuming all other revenue recognition criteria have been met.

Periodic licenses generally have a one-year term and the corresponding fee is recognized ratably over the term of the license.

Maintenance revenue represents periodic fees associated with the sale of unspecified product updates on a when-and-if-available basis and technical support. Maintenance agreements are entered into in connection with the initial software license purchase. Maintenance support may be renewed by the customer at the conclusion of each term. Revenue from maintenance is recognized on a straight-line basis over the term of the maintenance agreement.

Other software revenue mainly relates to the development of additional functionalities of standard products requested by clients and is recognized as the development work is performed.

Recurring fees for periodic licenses and maintenance are reported within software revenue.

Revenue under multiple-element arrangements, which typically include new software licenses and maintenance or service agreements sold together, is allocated to each element in the arrangement primarily using the residual method based upon the fair value of the undelivered elements. Discounts, if any, are applied to the delivered elements, usually software licenses, under the residual method. For maintenance, fair value is generally determined based upon the expected renewal rate. When a sale of license goes along with a service essential to the software functionality, the revenue will be recognized on percentage of completion basis.

Services Revenue –Services revenue consists primarily of fees from consulting services 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.

Service revenues derived from time and material contracts are recognized as time is incurred. Service revenues derived from fixed price contracts are generally recognized using a percentage of completion basis. For customer support contracts, when no performance criteria is provided for, revenue is recognized ratably over the term of the contract, generally one year, on a straight-line basis.

Share-based payment

The Company recognizes compensation expense for share-based payment 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 estimates.

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 Company's common stock on the date of grant. The fair value may also include 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 share plans that allow 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 payment 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 Company'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 Company'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 Company 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 Company receives grants from various 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 Company distinguishes income and expense that is unusual, infrequent or generally non-recurring in nature in the consolidated statement of income. Such income and expense includes the impact of restructuring activity and other generally non-recurring events, such as gain or loss on sale of subsidiaries, 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 includes the impact of remeasuring financial instruments at fair value, gains and losses on disposals and the impairment of investments in non-consolidated companies, 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 Company 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 Company's best estimate of probable losses inherent in the receivable balance. The Company determines the allowance based on known troubled accounts, historical experience and other currently available evidence.

Financial instruments

Fair Value – The carrying amounts 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 Company 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 – Non-current financial assets include, principally, available-for-sale equity securities at fair value, loans, deposits and other non-current receivables at amortized cost and equity method investments. For available-for-sale equity securities, any unrealized holding gains and losses excluded from operating results are recognized in the consolidated statements of comprehensive income until realized. The Company assesses declines in the value of individual investments to determine whether such decline is other-than-temporary and thus the investment is impaired. This assessment is made by considering available evidence including changes in general market conditions, specific industry and individual company data, the length of time and the extent to which the market value has been less than cost, the financial condition and near-term prospects of the individual company, and the Company's intent and ability to hold the investment.

Derivative Instruments – The Company 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.

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 10 years; buildings, 30 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.

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 16 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 Company's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

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 Company'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 Company 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 Company'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 Company's own equity instruments are credited or charged to shareholders' equity and are not recognized in the statement of income.

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 Company's payments for defined contribution plans are recorded as expenses for the relevant period.

For defined benefit plans concerning post-employment benefits, the Company 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 Company, 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 the Company for which discrete financial information is available and whose operating results are regularly reviewed by management to assess performance and allocate resources. The Company operates in a single operating segment, the sale of software solutions, whose 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 **3D**EXPERIENCE 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"). 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 compensation expense and associated payroll taxes (see Note 6 Personnel Costs and Note 7 Share-based Payments), amortization of acquired intangibles, and other operating income and expense, net (see Note 8 Other Operating Income and Expense, Net).

(in thousands of euros)	Year ended December 31, 2017	2016
TOTAL REVENUE FOR OPERATING SEGMENT	**€3,241,982**	**€3,065,617**
Adjustment for unearned revenue of acquired companies	(13,974)	(10,031)
TOTAL REVENUE	**€3,228,008**	**€3,055,586**

(in thousands of euros)	Year ended December 31, 2017	2016
INCOME FOR OPERATING SEGMENT	**€1,037,118**	**€957,700**
Adjustment for unearned revenue of acquired companies	(13,974)	(10,031)
Share-based compensation expense and related payroll taxes	(103,922)	(79,213)
Amortization of acquired intangibles	(160,286)	(155,830)
Other operating income and expense, net	(29,931)	(40,592)
OPERATING INCOME	**€729,005**	**€672,034**

Data by geographic operations of the Company is established according to geographical location of the consolidated companies and is as follows:

(in thousands of euros)	Total revenue	Total assets	Additions to property, equipment and intangibles
2017			
Europe	€1,122,165	€4,250,466	€54,151
of which France	*547,682*	*1,580,548*	*48,423*
of which Germany	*252,108*	*699,995*	*2,291*
Americas	1,360,400	2,258,017	19,182
of which the United States	*1,314,972*	*2,063,321*	*18,756*
Asia	745,443	521,323	11,205
of which Japan	*400,018*	*133,158*	*898*
TOTAL	**€3,228,008**	**€7,029,806**	**€84,538**
2016			
Europe	€1,027,655	€4,224,578	€35,938
of which France	*496,249*	*1,959,214*	*20,457*
of which Germany	*219,556*	*720,539*	*1,967*
Americas	1,284,581	2,191,327	18,543
of which the United States	*1,234,761*	*1,982,857*	*16,414*
Asia	743,350	527,161	6,336
of which Japan	*409,094*	*155,254*	*2,192*
TOTAL	**€3,055,586**	**€6,943,066**	**€60,817**

The Company also receives data that identifies the location of the Company's end-user customers. Using such information, revenue by geographic area would be as follows:

	Year ended December 31,	
(in thousands of euros)	**2017**	2016
Europe	€1,398,478	€1,301,944
of which France	*291,324*	*273,167*
of which Germany	*387,498*	*365,961*
Americas	977,349	942,389
of which the United States	*874,186*	*828,799*
Asia	852,181	811,253
of which Japan	*404,928*	*393,118*
TOTAL REVENUE	**€3,228,008**	**€3,055,586**

Note 4 Software Revenue

Software revenue is comprised of the following:

	Year ended December 31,	
(in thousands of euros)	**2017**	2016
New licenses revenue	€845,483	€773,180
Periodic licenses and maintenance revenue	2,013,469	1,910,316
Other software revenue	10,341	11,176
SOFTWARE REVENUE	**€2,869,293**	**€2,694,672**

Breakdown of software revenue by main product line is as follows:

	Year ended December 31,	
(in thousands of euros)	**2017**	2016
CATIA software revenue	€1,004,875	€970,817
SOLIDWORKS software revenue	695,764	626,010
ENOVIA software revenue	321,887	321,441
Other	846,767	776,404
SOFTWARE REVENUE	**€2,869,293**	**€2,694,672**

Note 5 Government Grants

Government grants and other government assistance were recorded in the consolidated statements of income as a reduction to research and development expenses and to cost of services, as follows:

	Year ended December 31,	
(in thousands of euros)	**2017**	2016
Research and development	€36,102	€29,916
Costs of services	1,118	1,507
TOTAL GOVERNMENT GRANTS	**€37,220**	**€31,423**

Note 6 Personnel Costs

Personnel costs

Personnel costs, excluding share-based payments (€92.5 million in 2017 and €71.8 million in 2016, see Note 7 Share-based Payments) and associated payroll taxes (€11.4 million in 2017 and €7.4 million in 2016), are presented in the following table:

	Year ended December 31,	
(in thousands of euros)	**2017**	2016
Personnel costs	€(1,248,197)	€(1,171,951)
Social security costs	(287,096)	(262,214)
TOTAL	**€(1,535,293)**	**€(1,434,165)**

Average number of employees was 14,651 and 13,817 in 2017 and 2016 respectively.

Note 7 Share-based Payments

Compensation expense related to share-based payments, including associated payroll taxes, is recorded in the consolidated statements of income as follows:

	Year ended December 31,	
(in thousands of euros)	**2017**	2016
Research and development	€(41,548)	€(33,580)
Marketing and sales	(36,557)	(26,928)
General and administrative	(21,576)	(15,448)
Cost of revenue	(4,241)	(3,257)
TOTAL COMPENSATION EXPENSE RELATED TO SHARE-BASED PAYMENTS	**€(103,922)**	**€(79,213)**

Changes during 2017 and 2016 of unvested options and performance shares were as follows:

	Number of awards		
	Performance shares	Stock options	**Total**
UNVESTED AT JANUARY 1, 2016	**2,673,390**	**2,405,255**	**5,078,645**
Granted	1,082,950	1,947,785	3,030,735
Vested	(336,310)	(683,205)	(1,019,515)
Forfeited	(41,810)	(296,636)	(338,446)
UNVESTED AT DECEMBER 31, 2016	**3,378,220**	**3,373,199**	**6,751,419**
Granted	1,101,700	2,050,370	3,152,070
Vested	(1,021,050)	(1,221,519)	(2,242,569)
Forfeited	(24,550)	(388,693)	(413,243)
UNVESTED AT DECEMBER 31, 2017	**3,434,320**	**3,813,357**	**7,247,677**

Performance shares

Pursuant to an authorization granted by the shareholders at the General Meeting of Shareholders held on September 4, 2015, the Board of Directors at the meeting held on May 23, 2017 decided to grant 801,700 performance shares to some employees and executives (Plan 2017-A) and 300,000 shares 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 (Plan 2017-B). Such shares shall be delivered subject to the condition that the beneficiary be an employee or a director of the Company at the end of a two years presence period and subject to the achievement of a condition based on the Company non-IFRS diluted earnings per share growth. This condition is based on a targeted growth between the non-IFRS diluted earnings per share of the Group for the year 2019, excluding foreign currency effects, and the one achieved in the year 2016 (non-vesting condition).

The weighted average grant-date fair value of shares granted in 2017 was €43.35. It was estimated based on the quoted price of the Company's common stock on the date of grant, 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 Company excluding foreign currency effects. Assumptions used are an expected volatility of 9.82% and an average risk-free interest rate of (0.12)%.

A summary of the Company's performance shares plans is as follows:

Plans	2010-04	2014-A	2014-B	2015-A	2015-B	2016-A	2016-B	2017-A	2017-B
Date of General Meeting of Shareholders	05/27/2010	05/30/2013	05/30/2013	09/04/2015	09/04/2015	09/04/2015	09/04/2015	09/04/2015	09/04/2015
Date of grant by Board of Directors	09/07/2012	02/21/2014	02/21/2014	09/04/2015	09/04/2015	05/26/2016	05/26/2016	05/23/2017	05/23/2017
Total number of shares granted	539,230	529,940	150,000	734,600	300,000	782,950	300,000	801,700	300,000
Restated total number of shares granted(1)	1,078,460(2)	1,059,880	300,000	734,600	300,000	782,950	300,000	801,700	300,000
Acquisition period (in years)(3)	Three or four(4)	Four	Four	Two	Two	Two or three(7)	Two or three(7)	Three	Three
Performance conditions	See Note(5)	See Note(6)	See Note(6)	See Note(6)	See Note(6)	See Note(8)	See Note(8)	See Note(9)	See Note(9)
Performance conditions is reached at December 31, 2017	Yes	Yes	Yes	Yes	Yes	See Note(10)	See Note(10)	N/A	N/A

(1) For shares granted before July 17, 2014, total number of shares granted has been restated to reflect the two-for-one stock split effected on July 17, 2014.
(2) Including 28,000 shares granted to Mr. Bernard Charlès, Vice-Chairman of the Board of Directors and Chief Executive Officer, subject to an additional performance condition related to his variable compensation.
(3) Subject to the condition that the beneficiary be an employee or a director of the Company at the acquisition date, with the exception of 2017-A and 2017-B plans, for which the presence period is two years.
(4) Three years in France and four years outside of France.
(5) Non-market performance conditions based on actually realized non-IFRS diluted earnings per share of the Group compared to the upper limit of the non-IFRS diluted earnings per share objective during three years (2012, 2013 and 2014). The 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 variable compensation dependent on achieving performance criteria previously established by the Board of Directors.
(6) Performance condition measured based on two alternative criteria, the growth of the non-IFRS diluted earnings per share of the Group or the outperformance of the price of the Dassault Systèmes share compared to the performance of the CAC 40 index (market condition) for each of the years 2015, 2016 and 2017 for 2014-A and 2014-B Shares, and for the year 2016 for 2015-A and 2015-B Shares, compared to the year 2014. Such growth or difference must be at least equal to a threshold established by the Board of Directors. The 2015-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 variable compensation dependent on achieving performance criteria previously established by the Board of Directors.
(7) Share acquisition divided into two tranches, the first vesting in May 26, 2018 and the second in May 26, 2019.
(8) 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 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 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.
(9) Performance condition based on a targeted growth between the non-IFRS diluted earnings per share of the Group for the year 2019, excluding foreign currency effects, and the one achieved in the year 2016 (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.
(10) Tranche 1 performance condition will be measured by March 15, 2018 Board of Directors.

Performance shares granted in 2017 are measured at fair value on the quoted price of the Company's common stock on the date of grant.

Stock option

The main features of the Group stock option plans 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, 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's share.

Pursuant to an authorization granted by the shareholders at the General Meeting of Shareholders held on May 26, 2016, the Board of Directors at the meeting held on May 23, 2017 decided to grant 2,050,370 options to subscribe to Dassault Systèmes shares to certain employees, at an exercise price of €82.00 (Plan 2017-01).

Such 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 of the Company at the acquisition date and to the achievement of certain non-market performance objectives for the years 2017, 2018 and 2019. The options expire ten years from grant date or after termination of employment, whichever is earlier.

The weighted average grant-date fair value of options granted in 2017 was €10.01. 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 6 years, expected volatility rate of 19%, expected dividend yield of 0.70% and average risk-free interest rate of 0.23%. The expected volatility was determined using a combination of the historical volatility of the Company's stock and the implied volatility of the Company's exchange-traded options.

A summary of the Company's stock option activity is as follows:

	2017		2016	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
OUTSTANDING AS OF JANUARY 1,	**5,961,562**	**€49.31**	**5,312,096**	**€38.40**
Granted	2,050,370	€82.00	1,947,785	€69.00
Exercised	(1,924,838)	€33.25	(1,001,683)	€27.04
Forfeited	(391,850)	€66.86	(296,636)	€58.31
OUTSTANDING AS OF DECEMBER 31,	**5,695,244**	**€65.30**	**5,961,562**	**€49.31**
Exercisable	1,881,887	€47.89	2,588,363	€29.41

A summary of the remaining contractual life and the exercise price of options outstanding as of December 31, 2017 is presented below:

Stock option plan	Number of options	Remaining life *(years)*	Exercise price
2010-01	722,988	0.40	€23.50
2014-01	201,197	4.40	€45.50
2015-01	1,260,006	7.68	€62.00
2016-01	1,558,578	8.40	€69.00
2017-01	1,952,475	9.39	€82.00
OUTSTANDING AS OF DECEMBER 31, 2017	**5,695,244**	**7.43**	**€65.30**

Note 8 Other Operating Income and Expense, Net

Other operating income and expense, net are comprised of the following:

(in thousands of euros)	Year ended December 31, 2017	2016
Acquisition costs and other(1)	€(9,475)	€(7,737)
Costs incurred in connection with voluntary early retirement plan(2)	(8,395)	(14,137)
Costs incurred in connection with relocation activities(3)	(7,011)	(9,959)
Restructuring costs(4)	(5,050)	(8,759)
OTHER OPERATING INCOME AND EXPENSE, NET	**€(29,931)**	**€(40,592)**

(1) Transaction costs primarily relating to the acquisition of Exa in 2017 and CST in 2016.
(2) In June 2016, the Group has implemented for French subsidiaries a voluntary early retirement plan over 3 years. This plan allows eligible employees to retire early while receiving a replacement income until they can access to their full pension. This plan is treated as a post-employment benefit which estimated costs are based on an assumption of expected proportion of employees to enter the plan and accrued taking into account the employees estimated residual service period.
(3) In 2017 and 2016, primarily composed of expenses for vacant leasehold properties related to the reorganization of the Group's premises in North America.
(4) In 2017 and 2016, primarily composed of severance costs relating to the termination of employees following the Company's decision to rationalize its sales organization principally in Asia and Europe.

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, 2017 and 2016 are as follows:

(in thousands of euros)	Year ended December 31, 2017	2016
Interest income(1)	€25,450	€17,400
Interest expense(2)	(12,420)	(25,328)
INTEREST INCOME AND EXPENSE, NET	**13,030**	**(7,928)**
Foreign exchange losses, net(3)	(10,242)	(9,318)
Other, net(4)	19,631	6,711
OTHER FINANCIAL INCOME AND EXPENSE, NET	**€9,389**	**€(2,607)**

(1) Interest income is primarily composed of interests on cash, cash equivalents and short-term investments.
(2) In 2017, mainly includes interest expense of €11.8 million due pursuant to two term loan facility agreements entered into in October 2015 for €650 million and in June 2013 for €350 million (see Note 20. Borrowings). In 2016, mainly include interest expense of €11.2 million due pursuant to these two term loan facility agreements, and the impact of discontinued hedge accounting for interest rate swaps for €12.6 million given the expected trend of negative interest rates (see Note 21. Derivatives).
(3) Foreign exchange losses, net are primarily due to the depreciation of the U.S. dollar occurred in 2017 and Malaysian ringgits and British pounds in 2016.
(4) In 2017, mainly include (i) the gain on sale of an investment and, (ii) following the acquisition of Outscale during the first half of 2017, the remeasurement to fair value of equity interests of Outscale and of the convertible bond, both were previously held by the Company. In 2016, mainly includes a gain on sale of investment.

Note 10 Income Taxes

Deferred tax assets and liabilities are as follows:

	Year ended December 31,	
(in thousands of euros)	**2017**	2016
Provisions and other expenses	€70,195	€87,334
Profit-sharing and pension accruals	42,190	44,651
Net tax loss and tax credit carryforward assets	56,190	42,963
Amortization and basis difference	17,138	24,285
Amortization of acquired intangibles	(246,730)	(299,967)
Other	(16,703)	(22,109)
NET DEFERRED TAX LIABILITY	**€(77,720)**	**€(122,843)**
Deferred tax assets	108,908	135,886
Deferred tax liabilities	(186,628)	(258,729)
NET DEFERRED TAX LIABILITY	**€(77,720)**	**€(122,843)**

Change in deferred taxes can be summarized as follows:

	Year ended December 31,	
(in thousands of euros)	**2017**	2016
NET DEFERRED TAX LIABILITY AS OF JANUARY 1,	**€(122,843)**	**€(98,570)**
Changes included in the income statement	80,098	43,170
Business combinations	(39,396)	(59,337)
Other changes included in shareholders' equity	(856)	(6,013)
Currency translation adjustments	5,277	(2,093)
NET DEFERRED TAX LIABILITY AS OF DECEMBER 31,	**€(77,720)**	**€(122,843)**

The components of income before income taxes are as follows:

	Year ended December 31,	
(in thousands of euros)	**2017**	2016
France	€355,868	€290,719
Foreign	395,556	370,780
INCOME BEFORE INCOME TAXES	**€751,424**	**€661,499**

The components of income tax expense are as follows:

	Year ended December 31,	
(in thousands of euros)	**2017**	2016
France	€(137,248)	€(98,774)
Foreign	(174,130)	(153,688)
CURRENT TAXES	**(311,378)**	**(252,462)**
France	7,979	12,716
Foreign	72,119	30,454
CHANGE IN DEFERRED TAXES	**80,098**	**43,170**
INCOME TAX EXPENSE	**€(231,280)**	**€(209,292)**

Differences between the income tax provision and the provision computed using the statutory French income tax rate are as follows:

(in thousands of euros)	Year ended December 31, **2017**	2016
Taxes computed at the statutory rate of 34.43% in 2017 (34.43% in 2016)	€(258,715)	€(227,754)
Foreign tax rate differentials	(9,327)	(6,681)
R&D tax credit and other tax credits(1)	17,032	13,723
Tax exempt income	21,595	19,813
Adjustments of prior income tax provision	1,055	4,412
Other, net(2)	(2,920)	(12,805)
INCOME TAX EXPENSE	**€(231,280)**	**€(209,292)**
Effective tax rate	**30.8%**	**31.6%**

(1) R&D tax credit and other tax credits derived mainly from research tax credits in France and in the United States.
(2) In 2017, included mainly tax impact in connection with French cotisation sur la valeur ajoutée des entreprises ("CVAE"), exceptional tax contribution in France and effect of the new tax legislation in the USA on deferred taxes. In 2016, included mainly tax impact in connection with French CVAE and reversal of tax reserves.

At December 31, 2017, there were unrecognized tax losses and tax credit carried forward of €46.5 million, which are scheduled to expire after 2023.

Note 11 Earnings per Share

Basic net income per share is determined by dividing net income attributable to equity holders of the Company 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 Company 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:

(in thousands of euros, except shares and per share data)	Year ended December 31, **2017**	2016
Net income attributable to equity holders of the Company	€519,410	€447,192
Weighted average number of shares outstanding	254,938,653	253,916,266
Dilutive effect of share-based payments	3,363,318	3,483,036
Diluted weighted average number of shares outstanding	258,301,971	257,399,302
Basic net income per share	**€2.04**	**€1.76**
Diluted net income per share	**€2.01**	**€1.74**

Note 12 Cash and Cash Equivalents and Short-term Investments

Cash and cash equivalents are comprised of the following:

	Year ended December 31,	
(in thousands of euros)	**2017**	2016
Bank accounts	€142,407	€66,759
Cash equivalents	2,317,038	2,369,942
CASH AND CASH EQUIVALENTS	**€2,459,445**	**€2,436,701**

At December 31, 2017 and 2016, approximately 61% and 45% of cash and cash equivalents was denominated in U.S. dollars, respectively.

Short-term investments of €1.3 million and €56.1 million at December 31, 2017 and 2016, respectively, were primarily comprised of bank certificates of deposit, mutual funds and fixed term deposits. As at December 31, 2017, none of the short-term investments is dominated in U.S. dollars while approximately 85% of investments are denominated in U.S. dollars as at December 31, 2016.

Cash, cash equivalents and short-term investments are maintained on deposit with high credit-quality financial institutions, principally in Europe. The Company follows a conservative policy for investing its cash resources, mostly relying on short-term maturity investments. Investment rules are determined and controlled by the Treasury department of Dassault Systèmes SE.

The Company has adopted policies regarding financial ratings and the spread of maturity dates in order to ensure the security and liquidity of its financial instruments. The Company's management oversees the credit-worthiness of its counterparts and the quality of its investments closely and believes that it has minimal exposure to the risk of bankruptcy of any one of them. The Company also closely oversees the liquidity of its financial assets held at these same counterparts. In this regard, the Company follows in particular the credit rating of each of its counterparties and, up to the present time, all of its counterparties are rated in the Investment Grade category by rating agencies. As a result, the Company believes that it has very low exposure to credit or counterparty risk.

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 €417 million, and at the same time the Group offered a guarantee to the bank for the same amount.

Note 13 Trade Accounts Receivable, Net and Other Current Assets

Trade accounts receivable and other current assets are receivables measured at amortized cost.

Trade accounts receivable

	Year ended December 31,	
(in thousands of euros)	**2017**	2016
Trade accounts receivable	€920,805	€843,818
Allowance for trade accounts receivable	(24,905)	(23,376)
TRADE ACCOUNTS RECEIVABLE, NET	**€895,900**	**€820,442**

The maturities of trade accounts receivable, net, were as follows:

	Year ended December 31,	
(in thousands of euros)	**2017**	2016
Trade accounts receivable past due at closing date:		
Less than 3 months past due	€98,643	€84,805
3 to 6 months past due	9,101	18,030
More than 6 months past due	8,924	11,059
TRADE ACCOUNTS RECEIVABLE PAST DUE	**116,668**	**113,894**
Trade accounts receivable not yet due	779,232	706,548
TOTAL TRADE ACCOUNTS RECEIVABLE, NET	**€895,900**	**€820,442**

The Company is not dependent on any of its principal clients. No single customer or sales channel partner represented more than 5% of the Company's total revenue in 2017 and 2016.

Other current assets

Other current assets consist of the following:

	Year ended December 31,	
(in thousands of euros)	**2017**	2016
Prepaid expenses	€82,419	€75,704
Value added tax	57,689	49,332
Derivatives, current[(1)]	13,598	8,909
Other current assets	14,627	15,054
TOTAL OTHER CURRENT ASSETS	**€168,333**	**€148,999**

(1) See Note 21. Derivatives and Currency and Interest Rate Risk Management.

Note 14 Property and Equipment

Property and equipment consist of the following:

(in thousands of euros)	Year ended December 31, 2017 Gross	Accumulated depreciation	Net	Year ended December 31, 2016 Gross	Accumulated depreciation	Net
Computer equipment	€226,507	€(137,969)	€88,538	€177,734	€(128,278)	€49,456
Office furniture and equipment	57,979	(41,601)	16,378	58,792	(40,736)	18,056
Leasehold improvements	116,096	(56,904)	59,192	113,013	(50,560)	62,453
Buildings	6,782	(1,932)	4,850	7,140	(1,703)	5,437
TOTAL	**€407,364**	**(238,406)**	**€168,958**	**€356,679**	**€(221,277)**	**€135,402**

The change in the carrying amount of property and equipment as of December 31, 2017 is as follows:

(in thousands of euros)	Computer equipment	Office furniture and equipment	Leasehold improvements	Buildings	Total
NET PROPERTY AND EQUIPMENT AS OF JANUARY 1, 2017	**€49,456**	**€18,056**	**€62,453**	**€5,437**	**€135,402**
Additions	46,649	5,601	12,519	113	64,882
Business combinations	27,059	242	275	-	27,576
Other changes	(262)	(151)	(24)	-	(437)
Depreciation for the period	(31,385)	(6,267)	(11,510)	(356)	(49,518)
Exchange differences	(2,979)	(1,103)	(4,521)	(344)	(8,947)
NET PROPERTY AND EQUIPMENT AS OF DECEMBER 31, 2017	**€88,538**	**€16,378**	**€59,192**	**€4,850**	**€168,958**

The change in the carrying amount of property and equipment as of December 31, 2016 is as follows:

(in thousands of euros)	Computer equipment	Office furniture and equipment	Leasehold improvements	Buildings	Total
NET PROPERTY AND EQUIPMENT AS OF JANUARY 1, 2016	**€49,068**	**€19,984**	**€60,505**	**€5,769**	**€135,326**
Additions	24,526	3,376	10,344	40	38,286
Business combinations	973	722	609	-	2,304
Other changes	(1,017)	202	172	-	(643)
Depreciation for the period	(24,817)	(6,502)	(10,271)	(391)	(41,981)
Exchange differences	723	274	1,094	19	2,110
NET PROPERTY AND EQUIPMENT AS OF DECEMBER 31, 2016	**€49,456**	**€18,056**	**€62,453**	**€5,437**	**€135,402**

Note 15 Non-Current Financial Assets

Non-current financial assets consist of the following:

	Year ended December 31,	
(in thousands of euros)	**2017**	2016
Tax receivable[(1)]	€123,098	€123,098
Investments	19,219	15,498
Derivatives, non-current[(2)]	4,009	3,922
Loans receivable, non-current	-	16,164
Deposits and other non-current financial assets	15,941	16,142
NON-CURRENT FINANCIAL ASSETS	**€162,267**	**€174,824**

(1) In 2017 and 2016, tax payments following tax reassessments which are disputed by the Group with the relevant authorities (see Note 25 Commitments and Contingencies).
(2) See Note 21 Derivatives and Currency and Interest Rate Risk Management.

Note 16 Business Combinations

2017 acquisitions

Exa Corp. ("Exa")

On November 17, 2017, the Company acquired 100% of Exa, for a consideration transferred of approximately €344.2 million. Based in Burlington (Massachusetts) in the United States, Exa is a global innovator in simulation software for product engineering.

The preliminary allocation of the purchase price resulted in €176.4 million of goodwill. The primary items that generated goodwill include mainly the value of the synergies between Exa and the Company's activities.

Other acquisitions

The Company acquired a majority stake in Outscale and completed its acquisition of 100% of AITAC B.V. and Expi GmbH for total consideration transferred of approximately €62.3 million in April, June and September 2017 respectively.

These transactions resulted in €37.1 million of goodwill.

Purchase price allocation

The estimated fair values of assets acquired and liabilities assumed in connection with the acquisitions presented below are provisional. The Company is waiting for additional information necessary to finalize these fair values and the provisional measurements of fair value presented are subject to change. The Company 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 Exa and other acquisitions have been allocated to identifiable assets acquired and liabilities assumed based on estimated fair values at the date of the acquisition is as follows:

(in thousands of euros)	Exa Corp.	Other acquisitions	Total
Cash and cash equivalents	€16,718	€18,060	€34,778
Trade accounts receivable	17,776	753	18,529
Other assets	15,511	23,868	39,379
Intangible assets acquired(1)	191,607	4,521	196,128
Unearned revenue(2)	(12,092)	(335)	(12,427)
Other liabilities	(22,574)	(16,949)	(39,523)
Deferred taxes, net	(39,169)	(998)	(40,167)
TOTAL IDENTIFIABLE NET ASSETS	**€167,777**	**€28,920**	**€196,697**
Goodwill	176,419	37,054	213,473
Non-controlling interest	-	(3,703)	(3,703)
TOTAL PURCHASE PRICE	**€344,196**	**€62,271**	**€406,467**

(1) Intangible assets acquired are subject to amortization and include the following:

(in thousands of euros)	Exa Corp.	Other acquisitions	Total
Software	€106,062	€4,181	€110,243
Customer relationships	85,545	-	85,545
Other	-	340	340
TOTAL INTANGIBLE ASSETS REQUIRED	**€191,607**	**€4,521**	**€196,128**

(2) The carrying values of unearned revenue were reduced to reflect the fair value of obligations assumed. As a result, approximately €7.9 million of revenues that would have otherwise been recorded by these entities had they not been acquired by the Company will not be recognized in the Company's consolidated statements of income.

The unaudited financial information presented in the table below summarizes the combined results of operations for the year ended December 31, 2017 as if the acquisitions had occurred at the beginning of the period. This information is presented for informational purposes and does not purport to be indicative of the results that will be achieved in the future.

This financial information reflects the adjustment to reduce unearned revenue to the fair value of the associated obligation, and the additional amortization expense, assuming the fair value adjustments to deferred revenue and intangible assets had been applied from the beginning of the period, with the related tax effects.

(in thousands of euros)	Year ended December 31, 2017 *(unaudited)*
Revenue	€3,280,265
Net income	€483,346

In addition, the portion of acquired companies' revenue and net income generated since the acquisition date and included in the Company's consolidated financial statements as of December 31, 2017 is as follows:

(in thousands of euros)	Year ended December 31, 2017
Revenue	€6,104
Net income	€6,228

2016 acquisitions

Computer Simulation Technology AG ("CST")

On September 30, 2016, the Company acquired 100% of CST, for a consideration transferred of approximately €294.0 million. Based near Frankfurt, Germany, CST is the technology leader in electromagnetic and electronics simulation.

The allocation of the purchase price resulted in €126.1 million of goodwill.

Note 17 Intangible Assets

Intangible assets consist of the following:

	Year ended December 31, 2017			Year ended December 31, 2016		
(in thousands of euros)	**Gross**	**Accumulated amortization**	**Net**	Gross	Accumulated amortization	Net
Software	€1,251,159	€(645,669)	€605,490	€1,180,815	€(591,839)	€588,976
Customer relationships	1,050,153	(603,563)	446,590	1,053,573	(578,716)	474,857
Other intangible assets	32,708	(18,348)	14,360	34,809	(19,566)	15,243
TOTAL INTANGIBLE ASSETS	**€2,334,020**	**€(1,267,580)**	**€1,066,440**	**€2,269,197**	**€(1,190,121)**	**€1,079,076**

The change in the carrying amount of intangible assets as of December 31, 2017 is as follows:

(in thousands of euros)	**Software**	**Customer relationships**	**Other intangible assets**	**Total intangible assets**
NET INTANGIBLE ASSETS AS OF JANUARY 1, 2017	**€588,976**	**€474,857**	**€15,243**	**€1,079,076**
Business combinations	110,243	85,545	340	196,128
Other additions	19,391	(3,015)	3,280	19,656
Amortization for the period	(89,517)	(77,551)	(1,106)	(168,174)
Exchange differences	(23,603)	(33,246)	(3,397)	(60,246)
NET INTANGIBLE ASSETS AS OF DECEMBER 31, 2017	**€605,490**	**€446,590**	**€14,360**	**€1,066,440**

The change in the carrying amount of intangible assets as of December 31, 2016 is as follows:

(in thousands of euros)	Software	Customer relationships	Other intangible assets	Total intangible assets
NET INTANGIBLE ASSETS AS OF JANUARY 1, 2016	**€527,673**	**€490,383**	**€6,753**	**€1,024,809**
Business combinations	123,635	55,700	-	179,335
Other additions	12,296	36	10,199	22,531
Amortization for the period	(80,411)	(82,728)	(1,317)	(164,456)
Exchange differences	5,783	11,466	(392)	16,857
NET INTANGIBLE ASSETS AS OF DECEMBER 31, 2016	**€588,976**	**€474,857**	**€15,243**	**€1,079,076**

Note 18 Goodwill

The change in the carrying amount of goodwill as of December 31, 2017 and 2016 is as follows:

(in thousands of euros)	Year ended December 31, 2017	2016
GOODWILL AS OF JANUARY 1,	**€1,847,442**	**€1,662,333**
Business combinations	211,548	146,348
Exchange differences and other changes	(135,264)	38,761
GOODWILL AS OF DECEMBER 31,	**€1,923,726**	**€1,847,442**

The Company performed annual impairment tests in the fourth quarter of 2017 and 2016; no impairment of goodwill was identified as a result of these tests.

For the purpose of the impairment test, the Company identified 12 cash-generating units ("CGUs") or groups of CGUs as of December 31, 2017, generally corresponding to the Company's main software products. Each CGU represents the lowest level within the Company 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:

(in thousands of euros)	December 31, 2016	Exa Corp.	Other acquisitions	Exchange differences and other changes	December 31, 2017
SIMULIA	€394,599	€176,419	€(1,454)	€(29,509)	€540,055
BIOVIA	428,545	-	-	(51,722)	376,823
CATIA	231,738	-	36,718	(9,260)	259,196
ENOVIA	169,610	-	337	(18,207)	151,740
DELMIA	154,742	-	(472)	(15,042)	139,228
QUINTIQ	119,495	-	-	-	119,495
GEOVIA	122,943	-	-	(6,803)	116,140
3DEXCITE	113,143	-	-	-	113,143
Other	112,627	-	-	(4,721)	107,906
TOTAL	**€1,847,442**	**€176,419**	**€35,129**	**€(135,264)**	**€1,923,726**

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 35% of the Group's total goodwill as of December 31, 2017. 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 or groups of CGUs. The pre-tax discount rates are between 8.2% and 10.9%. 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, 2017, based on management estimates, the Company 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:

(in thousands of euros)	Year ended December 31, 2017	2016
Value added tax and other taxes	€96,818	€88,399
Provisions, current(1)	7,246	11,380
Post employment benefits(2)	8,042	6,497
Derivatives, current(3)	1,062	524
Other current liabilities(4)	44,446	17,775
TOTAL OTHER CURRENT LIABILITIES	**€157,614**	**€124,575**
Post-employment benefits(2)	€139,074	€141,442
Provisions, non-current(1)	73,042	78,788
Accrual for deferred lease incentives	43,913	43,385
Employee profit sharing, non-current	27,587	27,251
Derivatives, non-current(3)	11,958	24,080
Other non-current liabilities	24,099	20,920
TOTAL OTHER NON-CURRENT LIABILITIES	**€319,673**	**€335,866**

(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 2017, includes the remaining debt related to the acquisition of redeemable preference share linked to the finalization of the acquisition of 3DPLM for €27.2 million (see Note 23. Shareholders' equity). In 2016, includes the contingent consideration related to CST acquisition (see Note 16 Business Combinations).

The change in the carrying value of provisions as of December 31, 2017 is as follows:

(in thousands of euros)	Tax risks	Claims, litigation and other	Restructuring	Total provisions
PROVISIONS AS OF JANUARY 1, 2017	**€58,523**	**€13,851**	**€17,794**	**€90,168**
Additions	11,832	5,329	15,530	32,691
Utilization	-	(542)	(11,645)	(12,187)
Reversal of unused amounts	(10,408)	(9,167)	(8,578)	(28,153)
Business combinations	262	142	-	404
Exchange differences and other	(2,099)	(1)	(535)	(2,635)
PROVISIONS AS OF DECEMBER 31, 2017	**€58,110**	**€9,612**	**€12,566**	**€80,288**

Note 20 Borrowings

In June 2013, the Company entered into a term loan facility agreement for €350 million, which was immediately fully drawn down. The facility provides credit for a period of 6 years and bears interest at Euribor 1 month plus 0.55% *per annum*.

In October 2015, the Company entered into a new five-year term loan facility agreement, which maturity can be extended by two additional years, for €650 million. The facility was immediately fully drawn down and bears interest at Euribor 1 month plus 0.50% *per annum*. The Company exercised the option for a one-year extension twice, one in October 2016 and the other in October 2017, which extends the termination date to its new maturity in October 2022.

The table below provides a breakdown of total borrowings by contractual maturity date as of December 31, 2017:

		Payments due by period		
(in thousands of euros)	Total	Less than 1 year	1-3 years	3-5 years
Term loan facilities in euros	€1,000,000	€-	€350,000	€650,000

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 related to the foreign currency hedging strategy of the Company have maturity dates of less than 3 years when the maturity of interest rate swap instruments is less than 5 years. Management believes that counter-party risk on financial instruments is minimal since the Company deals with major banks and financial institutions.

A description of market risks to which the Company is exposed to is provided in paragraph 1.7.2 "Financial and Market Risks".

Foreign currency risk

The Company operates internationally and transacts in various foreign currencies, primarily U.S. dollars and Japanese yen.

In 2017, revenue denominated in U.S. dollars represented 36.4% of total revenue, compared with 36.5% in 2016. The Company's operating expenses denominated in U.S. dollars represented 33.3% of total operating expenses in 2017, compared with 34.4% in 2016.

As a result, the Company's net operating exposure to U.S. dollars amounted to €342.1 million in 2017 (10.6% of the Company's total revenue). The average value of the U.S. dollar decreased by approximately 5% against the euro in 2017 following a stability in 2016, resulting in a negative impact on the Company's revenue and operating income in 2017, and a neutral impact in 2016.

In 2017, revenue denominated in Japanese yen represented 12.0% of total revenue, compared to 13.1% in 2016. The Company's operating expenses denominated in Japanese yen represented 5.0% of total operating expenses in 2017 and 5.2% in 2016.

As a result, the Company's net operating exposure to Japanese yen amounted to €262.4 million in 2017 (8.1% of the Company's total revenue), and this exposure was in part hedged through market instruments at a level of €182.6 million, as further described below. The average value of the Japanese yen decreased by approximately 2% against the euro in 2017, after an increase in value of approximately 12% in 2016, resulting in a negative impact on the Company's revenue and operating income in 2017 and a positive impact in 2016.

The Company usually hedges exchange rate risk related to its revenues and expenses coming from usual and predictable activity arising in the normal course of operations. The Company 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. In certain cases, however, the Company can authorize selected subsidiaries to enter into hedging instruments directly.

The table below sets forth, for the year ended December 31, 2017, the euro value of the Company's revenue, operating expenses and net position, before and after hedging, denominated in U.S. dollars, Japanese yen and other currencies, principally the euro:

	Year ended December 31, 2017			
(in thousands of euros)	**U.S. dollars**	**Japanese yen**	**Euro and other currencies**	**Total**
Revenue	€1,173,437	€388,467	€1,666,104	€3,228,008
Operating expenses	(831,296)	(126,087)	(1,541,620)	(2,499,003)
NET POSITION	**€342,141**	**€262,380**	**€124,484**	**€729,005**
Hedge	€-	€182,649	€84,827	€267,476
NET POSITION AFTER HEDGE	**€342,141**	**€79,731**	**€39,657**	**€461,529**

With all other variables held constant, movements in euro/U.S. dollar exchange rates by +10% or -10% would have had an impact of (31.1) and 38.0 million on operating income, respectively. In addition, with all other variables held constant, movements in euro/Japanese yen exchange rates by +10% or -10% would have had an impact of €(23.9) and €29.2 million on operating income, respectively.

To manage currency exposure, the Company generally uses foreign exchange forward contracts. Except as indicated in the table below, the derivative instruments held by the Company are designated as accounting hedges, have high correlation with the underlying exposure and are 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 2017 and 2016, the portion of gains or losses from hedging instruments excluded from the assessment of effectiveness and the ineffective portions of hedges was nil.

At December 31, 2017 and 2016, the fair value of instruments used to manage the currency exposure was as follows:

	Year ended December 31,			
	2017		2016	
(in thousands of euros)	**Nominal amount**	**Fair value**	Nominal amount	Fair value
Forward exchange contract Japanese yen/euros – sale(1)	€71,106	€12,601	€162,391	€4,066
Forward exchange contract euros/Indian rupees – sale(1)	23,694	39	19,163	1,247
Forward exchange contract euros/U.S. dollars – sale(1)	42,500	(542)	51,500	1,581
Forward exchange contract U.S. dollars/Indian rupees – sale(1)	15,450	670	31,673	512
Forward exchange contract Japanese yen/U.S. dollars – sale(1)	-	-	57,301	4,735
Forward exchange contract British pounds/euros – sale(1)	22,542	(56)	36,019	75
Cross currency swaps Canadian dollars/euros(2)	68,648	816	72,765	(3,341)
Cross currency swaps Australian dollars/euros(2)	69,636	3,171	73,214	(1)
Other instruments(2)	51,218	(181)	70,650	(315)

(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 statement of income. Cross currency swaps mainly relate to the acquisition of Gemcom.

Interest rate risk

Except for their impact on the general economic environment, which is difficult to quantify, the Company believes that changes in interest rates in 2017 did not materially affect its revenue and earnings before financial income. Similarly, interest rates are not expected to affect its business or future operating income. Therefore, the Company's interest rate risk is primarily a risk related to a reduction of financial revenue.

In October 2015, the Company entered into interest rate swap agreements for a total amount of €650 million with the objective of modifying forecasted interest obligations relating to the €650 million new French term loan facility (see Note 20 Borrowings) so that the interest payable effectively becomes fixed at 0.72% from October 2015 until October 2020.

In July 2013 and October 2014, the Company entered into interest rate swap agreements for a total amount of €350 million that have the economic effect of modifying forecasted interest obligations relating to the €350 million French term loan facility (see Note 20 Borrowings) 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.

The effectiveness of interest rate swap agreements is measured using forward interest rates. In 2016, hedge accounting has been discontinued as interest rate swaps no longer met the effectiveness criteria for hedge accounting given the expected trend of negative interest rates. Consequently, changes in fair value of interest rate swaps are recognized in interest income and expense, net for €8.4 million in 2017 and for €(6.9) in 2016. Accumulated gains and losses on changes in fair value recognized in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (€(5.5) million in 2017 and €(5.7) million in 2016).

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, 2017, cash and cash equivalents and short-term investments totaled €2,459 million, including 848 million sensitive to fluctuations in interest rates mostly in Europe. With all other variables held constant, an increase in interest rates of 100 basis points would have had a positive impact in 2017 of €8.2 million on financial income and a decrease in interest rates of 100 basis points would have had a negative impact of €9.6 million.

At December 31, 2017 and 2016, the fair value of instruments used to manage the interest rate risk was as follows:

	Year ended December 31,			
	2017		2016	
(in thousands of euros)	**Nominal amount**	**Fair value**	Nominal amount	Fair value
Interest rate swaps in euros	€1,000,000	€(11,931)	€1,000,000	€(20,332)

Note 22 Post-employment Benefits

Contributions made to defined contribution plans were €23.8 million and €22.7 million in 2017 and 2016 respectively.

The Company provides defined benefit retirement indemnities to the employees of its French operations, and sponsors defined benefit pension plans for certain employees in the United States. The Company 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.

In June 2016, the Group has implemented for French subsidiaries a voluntary early retirement plan over 3 years. This plan allows eligible employees to retire early while receiving a replacement income until they can access to their full pension. This plan is treated as a post-employment benefit which estimated costs are based on an assumption of expected proportion of employees to enter the plan and accrued taking into account the employees estimated residual service period.

In the United States, pension benefits are based upon years of credited service and the employee's average final salary. Retirement benefits are funded by the Company's contributions to segregated pension plan assets, in an amount that is sufficient to meet or exceed the minimum annual funding requirements of the Employee Retirement Income Security Act. In 2011, the Company decided to freeze the American defined-benefit pension plan.

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, 2017			Year ended December 31, 2016		
	Europe	**Americas**	**Asia**	Europe	Americas	Asia
Discount rate	1.80%*	3.80%	0.50% – 3.50%	1.74%*	4.10%	0.40% – 2.70%
Average rate of compensation increase	2.50% – 2.80%	N/A	2.50% – 5.00%	2.50% – 2.80%	N/A	2.60% – 5.00%

* Except for the voluntary early retirement plan implemented for French subsidiaries.

Components of net periodic benefit cost

The components of net periodic benefit cost were as follows:

	Year ended December 31,	
(in thousands of euros)	**2017**	2016
Service cost*	€(15,467)	€(22,360)
Interest cost on benefit obligations	(4,521)	(4,764)
Interest income on plan assets	2,190	2,356
Other	2,078	-
NET PERIODIC BENEFIT COST	**€(15,720)**	**€(24,768)**

* In 2016, includes past service costs related to the voluntary early retirement plan implemented for French subsidiaries for €6.6 million.

Obligations and funded status

Changes in benefit obligations and plan assets as of December 31, 2017 and 2016 are as follows:

	Year ended December 31,	
(in thousands of euros)	**2017**	2016
Benefit obligations at beginning of year	€226,641	€190,983
Service cost	15,467	22,360
Interest cost on benefit obligations	4,521	4,764
Remeasurement (gains) losses*	(4,720)	10,704
Benefits paid	(7,680)	(4,343)
Settlement	-	(136)
Exchange rate differences and other changes	(6,855)	2,309
BENEFIT OBLIGATIONS AT END OF YEAR	**€227,374**	**€226,641**
Fair value of plan assets at beginning of year	78,702	€74,145
Employer contribution	3,010	4,221
Interest income on plan assets	2,190	2,356
Benefits paid	(1,795)	(1,587)
Remeasurement (losses)	3,516	(1,764)
Exchange rate differences and other changes	(5,365)	1,331
FAIR VALUE OF PLAN ASSETS AT END OF YEAR	**€80,258**	**€78,702**
NET DEFINED BENEFIT LIABILITY	**€(147,116)**	**€(147,939)**

* 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 €53.1 million.

The benefit obligation by geographical location is as follows:

	Year ended December 31,	
	2017	2016
Europe	72%	70%
Americas	18%	20%
Asia	10%	10%
TOTAL BENEFIT OBLIGATIONS	**100%**	**100%**

The fair value of plan assets by geographical location is as follows:

	Year ended December 31,	
	2017	2016
Europe	47%	48%
Americas	53%	52%
TOTAL FAIR VALUE OF PLAN ASSETS	**100%**	**100%**

Plan assets

The weighted average asset allocations are as follows:

	Year ended December 31,	
	2017	2016
Debt instruments	60%	61%
Equity instruments	34%	33%
Other	6%	6%
TOTAL	**100%**	**100%**

Cash flows

The Company does not expect to make any additional contributions to the hedge funds related to its pension plans in 2018.

The planned payments to the beneficiaries for future periods are presented in the following table:

(in thousands of euros)	Total
2018	€11,372
2019	€11,985
2020	€11,044
2021	€9,395
2022	€9,536
2023-2027	€66,893

Note 23 Shareholders' Equity

Shareholders' equity activity

As of December 31, 2017, Dassault Systèmes SE had 260,932,531 common shares issued with a nominal value of €0.50 per share.

Changes in shares outstanding as of December 31, 2017 and 2016 are as follows:

(in number of shares)	Year ended December 31, 2017	2016
SHARES ISSUED AS OF JANUARY 1,	**257,996,603**	**256,714,186**
Dividend paid in shares	1,011,090	280,734
Exercise of stock options	1,924,838	1,001,683
Cancellation of treasury stock	-	-
SHARES ISSUED AS OF DECEMBER 31,	**260,932,531**	**257,996,603**
Treasury stock as of December 31,	(4,904,227)	(4,370,051)
SHARES OUTSTANDING AS OF DECEMBER 31,	**256,028,304**	**253,626,552**

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and for the purpose of increasing the profitability of shareholders' equity and earnings per share. The Company manages its capital structure and adjusts it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company 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, 2017 and 2016.

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 €12.9 and €12.8 million as of December 31, 2017 and 2016, 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 Company as dividends. Allocation of this profit is subject to approval by the General Meeting of Shareholders following recommendations by the Board of Directors.

In 2017 and 2016, the Shareholders' Meeting approved the distribution of a dividend of €134.5 and €119.3 million for 2016 and 2015 respectively, and offered shareholders the option to receive payment of their dividend in the form of new Dassault Systèmes shares. Shareholders who opted to receive payment in whole or in part of the 2016 and 2015 dividend in the form of new Dassault Systèmes SE shares represented approximately 61% and 16% of Dassault Systèmes' shares, respectively, resulting in the issuance of 1,011,090 and 280,734 new ordinary shares in 2017 and 2016, respectively. The cash dividend was paid in 2017 and 2016 in an aggregate amount of €51.3 million and €100.1 million, respectively.

Dividends per share were €0.53 and €0.47 as of December 31, 2016 and December 31, 2015, respectively.

No dividend was paid to non-controlling interest in 2017. In 2016, €1.9 million was paid.

Stock repurchase programs

The General Meeting of Shareholders authorized the Board of Directors to implement a share repurchase program limited to 25,000,000 of Dassault Systèmes' shares. Under this authorization, the Company may not buy shares at a price exceeding €100 per share or above a maximum annual aggregate amount of €500 million.

Furthermore, the Group signed a liquidity agreement for an initial period until December 31, 2017, automatically renewable for subsequent 12-month terms. On December 31, 2017, 1,646,539 shares were purchased, at an average price of €81.40, and 1,584,571 shares were sold, at an average price of €81.18.

Components of other comprehensive income

(in thousands of euros)	Year ended December 31, 2017	2016
CASH FLOW HEDGES:		
(Losses) Gains arising during the year	€9,368	€(300)
Less: reclassification adjustments for gains or losses included in the income statement	2,768	(17,495)
	€6,600	**€17,195**

Finalization of the acquisition of 3DPLM

On March 2, 2017, the Company finalized the acquisition of 3D PLM Software Solutions Limited (3DPLM), its joint venture in India with Geometric Ltd, increasing its share in 3DPLM capital from 42% to 100%. This transaction was entered into in April 2016 with Geometric Ltd through a court-approved scheme which was subject to shareholders, High Court and other Indian statutory approvals.

In exchange for the ownership in 3DPLM, shareholders of Geometric Ltd. received one listed redeemable preference share of Indian rupees 68 in 3DPLM against every one share of Geometric Ltd., refundable for a period of 15 months and with an annual 7 percent preferential dividend. As of December 31, 2017, the remaining debt related to the acquisition of additional shares of Geometric Ltd was €27.2 million and was accounted for in other current liabilities.

3DPLM being already fully consolidated in the Company's consolidated financial statements, the transaction was treated as an equity transaction and accounted for in shareholders' equity in the consolidated financial statements ended December 31, 2017.

Note 24 Consolidated Statements of Cash Flows

Adjustments for non-cash items consist of the following:

(in thousands of euros)	Notes	Year ended December 31, 2017	2016
Depreciation of property and equipment	14	€49,518	€41,981
Amortization of intangible assets	17	168,174	164,456
Non-cash share-based payment expense	6, 7	92,520	71,764
Deferred taxes	10	(80,098)	(43,170)
Other		(15,692)	10,728
ADJUSTMENTS FOR NON-CASH ITEMS		**€214,422**	**€245,759**

Changes in operating assets and liabilities consist of the following:

(in thousands of euros)	Year ended December 31, 2017	2016
(Increase) in trade accounts receivable	€(111,243)	€(61,271)
(Decrease) Increase in accounts payable	(975)	17,866
Increase in accrued compensation	28,469	29,671
Increase (decrease) in income tax payable	22,093	(116,542)
Increase in unearned revenue	86,555	52,358
Changes in other assets and liabilities	(14,441)	1,694
CHANGES IN OPERATING ASSETS AND LIABILITIES	**€10,458**	**€(76,224)**

Note 25 Commitments and Contingencies

Leases

The Company leases computer equipment, premises and office equipment under operating leases. Rent expense under operating leases was €82.4 million for the year ended December 31, 2017 and €77.1 million for the year ended December 31, 2016.

At December 31, 2017, future minimum annual rental commitments under non-cancelable lease obligations were as follows:

(in thousands of euros)	Operating leases
2018	€84,733
2019	77,839
2020	67,182
2021	56,030
2022	50,317
2023 and thereafter	166,623
TOTAL FUTURE MINIMUM LEASE PAYMENTS	**€502,724**

3DS Paris Campus (Headquarters facilities)

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 beginning with the delivery of an additional 13,000 square meters of office space in the fourth quarter of 2016. Close to that site, the Company also leases approximately 11,000 square meters more in a building located in Meudon-La-Forêt, since October 2010. Future minimum rental payments until the end of the lease amount to approximately €226.7 million in the aggregate and have been included in the table presented above.

3DS Boston Campus

The Company leases approximately 30,000 square meters of office space for its campus located in the United States, regrouping the primary operating facilities of the Company's main American activities. The initial lease agreement signed June 1st, 2011 included a lease term of 12 years. In September 2016, the lease has been extended for 25 months and will end June 30, 2026. Future minimum rental payments amount to approximately €117.4 million in the aggregate and have been included in the table presented above.

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 in jurisdictions in which the Company has or had operations. 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 €123.1 million from 2014 to 2016, but disputed them with the relevant authorities. In March and December 2017, the Company appealed first instance judgments in relation to this dispute.

It is not possible to determine with certainty the outcome of the dispute and notably the resulting expense for the Group, if any. 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.

Other commitments

In October 2017, the Company announced the signing of a definitive agreement to acquire its partner No Magic, Incorporated, a global solutions company focused on model-based systems engineering and architecture modeling for software, and system of systems. The completion of the transaction is subject to customary conditions precedent, including foreign investment approvals by the competent authorities in the United States and in Lithuania.

Note 26 Related-Party Transactions

Compensation of key management personnel

The table below summarizes compensation granted to the members of the Group Executive Committee and to the Chairman of the Board of Directors as of December 31, 2017 and 2016:

	Year ended December 31,	
(in thousands of euros)	**2017**	2016
Short-term benefits[(1)]	€11,133	€11,230
Share-based compensation[(2)]	37,059	29,339
COMPENSATION OF KEY MANAGEMENT PERSONNEL	**€48,192**	**€40,569**

(1) Including gross salaries, bonus, incentives, profit-sharing, directors' fees and fringe benefits.
(2) Expense recorded in the income statement for share-based payments (stock options and performance shares).

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

The Company licenses its products for internal use to Dassault Aviation, a sister company to the Company. The Chairman of Dassault Systèmes SE is also the Chief Executive Officer of the Industrial Group Marcel Dassault which controls Dassault Aviation. Dassault Aviation licenses the Company's products on commercial terms consistent with those granted to the Company's other customers of similar size. These licenses generated €9.9 million and €13.4 million of software revenue for the years ended December 31, 2017 and 2016, respectively. The Company also provides service and support to Dassault Aviation. Such activity generated service revenues of €5.0 and €4.0 million in the years ended December 31, 2017 and 2016, respectively. The balances of trade accounts receivable with Dassault Aviation were €1.7 million, and €8.0 million at December 31, 2017 and 2016, respectively.

Note 27 Principal Statutory Auditors' Fees and Services

The following table presents the amount of fees paid to each of the Company's principal Statutory Auditors in 2017 and 2016:

	PricewaterhouseCoopers Audit				Ernst & Young et Autres			
	Amount		%		Amount		%	
(in thousands of euros, excluding VAT)	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
Certification of accounts								
Audit opinion, review of statutory and consolidated financial statements(1):								
issuer	€795	€1,007	29%	32%	€353	€230	25%	13%
other consolidated subsidiaries	1,575	1,851	58%	58%	519	497	37%	28%
SUBTOTAL	**2,370**	**2,858**	**87%**	**90%**	**872**	**727**	**62%**	**41%**
Other services								
Other audit related services(2):								
issuer	81	50	3%	2%	112	26	8%	1%
other consolidated subsidiaries	99	93	4%	3%	87	260	6%	15%
Other services (Legal, tax, social)(3):								
issuer	-	-	0%	0%	218	105	16%	6%
other consolidated subsidiaries	171	158	6%	5%	108	645	8%	37%
SUBTOTAL	**351**	**301**	**13%**	**10%**	**525**	**1,036**	**38%**	**59%**
TOTAL	**€2,721**	**€3,159**	**100%**	**100%**	**€1,397**	**€1,763**	**100%**	**100%**

(1) Audit fees consist of fees billed for the annual audit services engagement and other audit services for the years ended December 31, 2017 and 2016, which are those services that only the Statutory Auditor reasonably can provide, and include the Group audit, statutory audits, consents, attest services, 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 Company's financial statements or that are traditionally performed by the Statutory Auditor, and include due diligence services related to acquisitions, consultations concerning financial accounting and reporting *standards*, attestation services not required by statute or regulation, and information system reviews. In 2017 and 2016, they primarily included fees related to certain acquisitions.

(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, 2017 are as follows:

Country	Consolidated companies	% of Interest
France	Dassault Data Services SAS	100%
France	Outscale SAS	100%
Germany	Dassault Systemes Deutschland GmbH	100%
Germany	Dassault Systemes 3DExcite GmbH	100%
Germany	CST – Computer Simulation Technology GmbH	100%
Netherlands	Dassault Systemes B.V.	100%
Italy	Dassault Systemes Italia Srl	100%
Sweden	Dassault Systemes AB	100%
United Kingdom	Dassault Systemes UK Limited	100%
United Kingdom	Dassault Systemes Biovia Limited	100%
Canada	Dassault Systèmes Canada Inc.	100%
United States	Dassault Systemes Americas Corp.	100%
United States	Dassault Systemes Corp.	100%
United States	Dassault Systemes Simulia Corp.	100%
United States	Dassault Systemes SolidWorks Corporation	100%
United States	Dassault Systemes 3DExcite Corp.	100%
United States	Dassault Systemes Biovia Corp.	100%
United States	Spatial Corp.	100%
United States	Exa Corp.	100%
China	Dassault Systemes (Shanghai) Information Technology Co., Ltd	100%
India	3D PLM Software Solutions Limited	100%
India	Dassault Systemes India Private Limited	100%
South Korea	Dassault Systemes Korea Corp.	100%
Japan	Dassault Systemes K.K.	100%
Japan	SolidWorks Japan K.K.	100%
Singapore	Dassault Systemes Singapore Pte. Ltd.	100%
Australia	Dassault Systemes Australia Pty Ltd	100%
Malaysia	Dassault Systemes Innovation Technologies Malaysia Sdn.Bhd	100%

4.1.2 Statutory Auditors' Report on the Consolidated Financial Statements

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the General Meeting of Dassault Systèmes SE,

Opinion

In compliance with the engagement entrusted to us by your General Meetings, we have audited the accompanying consolidated financial statements of Dassault Systèmes SE for the year ended December 31, 2017.

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 as at December 31, 2017 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 applicable to us for the period from January 1, 2017 to the date of our report and in particular we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 or in the French Code of Ethics (Code de déontologie) for Statutory Auditors.

Justification of assessments – Key audit matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code *(Code de commerce)* 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 of most significance in our audit of the consolidated financial statements of the current period, 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 agreements

Risk identified

The Group derives revenue from multiple sources, chief among them new software licenses, periodic licenses, maintenance and services.

Where these complex 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 elements of the agreements can be difficult and require a significant degree of judgment from management.

The revenue for each element of a multiple-element agreement is not always recognized at the amount invoiced for that element under the corresponding agreement. Instead, the revenue is broken down between the elements using the residual method, based on the fair value of undelivered elements. This applies in particular to the fair value of annual maintenance services, which is determined based on the expected renewal rate of the service in question for the following year. Allocating revenue between the various elements requires making analyses and, potentially, making adjustments, both of which can be complex.

In addition, service agreements negotiated shortly after a software license sale and deemed essential to the functionality of the software product in question are accounted for with the license sale, rather than separately. In this example, the license sale is recognized on a percentage of completion basis, in line with the service provided. 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 agreements typically requires an in-depth analysis of the 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 multiple-element agreements to be a key audit matter.

Our response

In the course of our audit, we assessed and tested the internal control systems relating to the recognition of revenue and that were implemented by the Group within its main shared services centers worldwide.

Throughout the year we also performed tests on all complex multiple-element agreements deemed significant, as well as on a sample of randomly selected agreements, with the aim of verifying that the allocation of revenue between the various elements was consistent with the Group's accounting policies and that the correct amount of revenue had been recognized with respect to the appropriate reporting period. Our tests consisted primarily in analyzing the contractual terms and conditions, re-calculating the fair value of each element tested and performing the verification of the consistency of revenue assessments with the Group's accounting policies and IFRS.

We also tested all significant manual accounting entries affecting revenue from complex contractual arrangements for consistency with the Group's accounting policies.

Lastly, we considered the related disclosures provided in Notes 2 and 4 to the consolidated financial statements.

Business combinations and impairment of goodwill and non-current assets

Risk identified

Each year, the Group undertakes selected key acquisitions with a view to broadening its offering to customers. In these circumstances, the identifiable assets, liabilities and contingent liabilities of the acquired entities are recognized by the Group at their fair value, on the acquisition date. The Group uses specific procedures to measure the fair value of the transferred assets and liabilities at the date of acquisition. The excess of the price of the acquisition over the fair value of the net acquired assets is recorded as goodwill. As at December 31, 2017, the Group's non-current assets included goodwill of €1.924 million, software for €605 million and customer relationships for €447 million, deriving primarily from business combinations. The Group performs annual impairment tests.

Given (i) the materiality of the amounts in question in the Group's financial statements and (ii) the valuation 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 these techniques, management must rely on assumptions and make estimates. Moreover, as many of the Group's acquisitions concerned relatively new companies, the degree of judgment involved in projecting future cash flows is all the more significant as projections cannot necessarily be compared with historical data from these companies.

Our response

For each acquisition, we assessed the methods used to identify and measure the assets and liabilities acquired and to implement the annual impairment test of the related goodwill.

Our procedures consisted in assessing the design and accuracy of the valuation techniques employed by the Group as well as the appropriateness of 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, we carried out our own sensitivity analyses to supplement our assessment of the appropriateness of the key assumptions and inputs.

Lastly, we analyzed the related disclosures provided in Notes 2 and 18 to the consolidated financial statements.

Tax risks

Risk identified

The Group has operations in many countries and must therefore abide by multiple different laws and regulations. This is particularly the case for tax policy, which can be a source of risk for the Group in terms of how it is applied. The Group is involved in a certain number of tax disputes, chief among them a dispute brought against reassessments relating to acquisition financing. Accordingly, between 2014 and 2016, the Group made payments totaling €123.1 million to the French tax authorities further to adjustments of the tax bases for the relevant years audited.

The Group assesses its tax positions and the technical justifications therefor at the end of each quarterly reporting period.

Where a risk in terms of how the local tax rules are to be applied is identified, the Group measures and records a provision for tax risk if the occurrence of 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 was the case for the above-mentioned acquisition financing matter). 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 of management, we deemed the assessment of tax provisions 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 tax authorities concerned.

Our response

We evaluated the main grounds for reassessment cited by the local tax authorities against the Group, as well as the decisions made by management with respect to tax risks and disputes deemed significant. We also assessed the consistency of the assumptions and estimates used to account for tax provisions with the Group's accounting policies and IFRS. We conducted our work with guidance from our experts in international and French tax law.

For the more significant disputes for which a tax credit is recognized, in particular the above-mentioned acquisition financing matter, with guidance from our tax experts, we also carried out a critical assessment of the technical opinions and consultations obtained by the Group from independent tax lawyers with a view to assessing the consistency thereof with the decisions 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.

Verification of the information pertaining to the Group presented in the management report

As required by law 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.

Report on other legal and regulatory requirements

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Dassault Systèmes SE by your General Meeting held on June 8, 2005 for PricewaterhouseCoopers Audit and on May 27, 2010 for Ernst & Young et Autres.

As at December 31, 2017, PricewaterhouseCoopers Audit was in the thirteenth year of total uninterrupted engagement, and ERNST & YOUNG et Autres in the eighth year.

ERNST & YOUNG Audit previously acted as Statutory Auditor from 1998.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for preparing consolidated financial statements presenting 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 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 of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code *(Code de commerce)*, our audit does not include assurance on the viability or quality of management of the company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his 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;
- Obtains an understanding of internal control 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;
- Evaluates 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;

- Assesses 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 Auditor concludes that a material uncertainty exists, he is 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;
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtains 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 Auditor is responsible for the direction, 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 of most significance in 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 *(Code de commerce)* and in the French Code of Ethics *(Code de déonthologie)* 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 16, 2018

The Statutory Auditors

PricewaterhouseCoopers Audit	**ERNST & YOUNG et Autres**
French original signed by:	French original signed by:
Thierry Leroux	Nour-eddine Zanouda

4.2 Parent Company Financial Statements

4.2.1 Parent Company Financial Statements and Notes

The 2017 financial statements presented below are the individual parent company financial statements of Dassault Systèmes SE.

Presentation of the parent company financial statements and the valuation methods used

The financial statements for the year ended December 31, 2017 have been prepared in accordance with the French General Chart of Accounts *(Plan comptable général)*. They are presented in the same manner and prepared using the same valuation methods as the preceding year.

In 2017, operating revenue increased 9.2% to €1,487.7 million from €1,362.4 million in 2016 driven by the performance on the French and European markets. The portion of revenue earned from export sales amounted to €1,177.2 million, or 80.2% of net sales. Software revenue increased 6.3% to €1,115.5 million in 2017 from €1,049.1 million in 2016.

Operating expenses increased 10.7% to €1,160.7 million in 2017, from €1,048.2 million in 2016. The main drivers of this change were as follows:

- the *transmissions universelles de patrimoine* or TUP have impacted all expenditures items mainly from higher personnel costs following the integration of 119 new employees (apprentices and professional training contractors excluded) as at December 31, 2017;
- the other purchases and external expenses increased mainly due to higher costs related to a new building at the 3DS Campus and to higher expenses relating to distribution and IT services principally for on-line service activities;
- personnel costs grew resulting from the increase in new hiring principally in R&D, from the performance shares plans, and from salary inflation;
- depreciation, amortization and provisions increased mainly resulting from the TUP and from the delivery in May 2017 of a new building at the 3DS Campus;
- other expenses decreased by 4.9% driven by the full year impact of lower royalties from Group products sales, as a result of the acquisition in 2016 of ENOVIA-SmarTeam technology which was previously held by another Group subsidiary.

Operating income increased 4.1% to €327.0 million in 2017 compared to €314.2 million in 2016.

Financial income for 2017 amounted to €69.4 million, compared with €87.7 million for the preceding year, showing a decrease of €18.3 million. This change was principally due to net unfavorable changes in the provisions for financial contingencies and exchange losses, partly offset by higher dividends paid by Group subsidiaries.

Exceptional income and loss amounted to a loss of €19.7 million in 2017 compared to a loss of €28.3 million in 2016. This is principally explained in 2017 by a capital gain on a sale of a shareholding, and by a favorable outcome of a long-running dispute.

In 2017, income tax expense amounted to €70.0 million as compared to €57.1 million in 2016. The effective income tax rate increased from 17.5% in 2016 to 21.4% in 2017 notably driven by the 15% exceptional contribution on income tax in 2017.

Net income decreased to €257.8 million in 2017 compared with €269.6 million in 2016.

At December 31, 2017, cash and cash equivalents and marketable securities stood at €764.8 million, compared with €1,212.1 million at December 31, 2016. This decrease was mainly driven by some subsidiary recapitalization in accordance to the Group's acquisition policy.

Statement of income

(in thousands of euros)	Notes	Year ended December 31, 2017	2016
OPERATING REVENUE		**1,487,714**	**1,362,417**
Revenue	3	1,468,592	1,350,179
Of which exports		1,177,180	1,124,029
Other revenue		19,122	12,238
OPERATING EXPENSE		**(1,160,689)**	**(1,048,188)**
Other purchases and external expenses		(467,876)	(413,588)
Taxes, duties and similar payments		(28,501)	(24,233)
Personnel Costs	4	(429,016)	(376,947)
Depreciation, amortization and provisions		(70,272)	(59,971)
Other operating expense		(165,023)	(173,449)
OPERATING INCOME		**327,025**	**314,229**
FINANCIAL INCOME AND EXPENSE, NET	5	**69,372**	**87,731**
CURRENT INCOME		**396,397**	**401,960**
EXCEPTIONAL INCOME/(LOSS)	6	**(19,708)**	**(28,345)**
EMPLOYEE PROFIT-SHARING		**(48,903)**	**(46,916)**
Contractual employee profit-sharing (intéressement)		(24,464)	(23,458)
Contractual employee profit-sharing (participation)		(24,439)	(23,458)
INCOME TAX EXPENSE	7	**(69,973)**	**(57,113)**
NET INCOME		**257,812**	**269,586**

Balance sheet

(in thousands of euros)	Notes	Year ended December 31, 2017	2016
Assets			
NON-CURRENT ASSETS NET		**3,483,132**	**2,818,554**
Intangible Assets	10	345,399	313,617
Property and Equipment	11	49,432	37,420
Non-current Financial Assets	12	3,088,301	2,467,517
CURRENT ASSETS NET		**1,482,703**	**2,004,024**
Receivables	13	474,146	592,512
Marketable Securities	14	692,016	1,206,967
Treasury Shares	14	243,781	199,450
Cash and cash equivalents		72,760	5,095
PREPAID EXPENSES		**65,396**	**52,853**
FOREIGN CURRENCY TRANSLATION ADJUSTMENT		**40,495**	**19,764**
TOTAL ASSETS		**5,071,726**	**4,895,195**

(in thousands of euros)	Notes	Year ended December 31, 2017	2016
Liabilities and equity			
SHAREHOLDERS' EQUITY	15	**3,418,844**	**3,148,402**
Capital		130,466	128,998
Share and contribution premiums		917,388	771,689
Legal reserve		12,900	12,836
Retained earnings		2,100,087	1,965,014
Income (loss) for the fiscal year		257,812	269,586
Regulated provisions		191	279
PROVISIONS FOR CONTINGENCIES AND LOSSES	16	**181,736**	**155,738**
FINANCIAL LIABILITIES	17	**1,026,684**	**1,028,057**
TRADE PAYABLES	19	**390,430**	**521,210**
UNEARNED REVENUE	20	**53,595**	**39,933**
FOREIGN CURRENCY TRANSLATION ADJUSTMENT		**437**	**1,855**
TOTAL LIABILITIES AND EQUITY		**5,071,726**	**4,895,195**

Notes to the Annual Financial Statements for Years Ended December 31, 2017 and 2016

CONTENTS

4

Note 1 Description of Business and Key Events of the Year

Description of business

Dassault Systèmes SE 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, supply and sale to the customer, through all stages of digital mock-up, simulation, and realistic 3D virtual experiences representing user experience.

Dassault Systèmes SE's global customer base includes companies in 12 industrial sectors: Transportation & Mobility; Industrial Equipment; Aerospace & Defense; Financial & Business Services; High-Tech; Life Sciences; Energy, Process & Utilities; Consumer Goods & Retail; Natural Resources; Architecture, Engineering & Construction; Consumer Packaged Goods & Retail and Marine & Offshore. To serve its customers, Dassault Systèmes SE has developed a broad software applications portfolio, comprised of 3D modeling applications, simulation applications, social and collaborative applications, and information intelligence applications, all 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 15, 2018.

Key Events of the Year

As part of its program to simplify the organization of its legal entities throughout the world, Dassault Systèmes SE carried out three merger operations *(or TUP)* in 2017:

- 3DVIA SAS on January 3, 2017;
- ORTEMS SAS and QUINTIQ SAS on April 1, 2017.

Dassault Systemes SE used cash on hand to finance, via capital contributions or loans, important acquisitions made by certain subsidiaries during the year.

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, 2017 have been prepared and are presented in accordance with the accounting ANC rule n°2016-07 dated November 4, 2016 and updating the ANC rule 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 polices applied are as follows:

Revenue

Dassault Systèmes SE derives revenue from three primary sources: (1) new software licenses, periodic licenses, maintenance and other software revenue, which includes software license updates, technical support and the development of additional functionalities of standard products requested by clients; (2) consulting and training services and other revenue; and (3) royalties from distribution agreements signed primarily with the Group's subsidiaries.

Revenues are disclosed net of taxes collected from customers and remitted to governmental authorities.

New Software Licenses, Periodic Licenses, Maintenance and Other Software Revenue

Software license revenue represents fees earned from granting customers licenses to use the Company's software. The Company's software license revenue consists of perpetual and periodic license sales of software products. Software license revenue is recognized (to the extent Dassault Systèmes SE has no remaining obligations to perform) when: evidence of an arrangement exists, delivery and acceptance has occurred, the amount of revenue and associated costs can be measured reliably, and it is probable that the economic benefits associated with the transaction will flow to the Company. In instances when any of the four criteria are not met, Dassault Systèmes SE defers recognition of software license revenue until all criteria are met. Revenue related to the licensing of software through value-added resellers (VARs) is generally recognized when evidence of a sale to an end-user customer is provided to the Company, assuming all other revenue recognition criteria have been met.

Periodic licenses generally have a one-year term and the corresponding fee is recognized ratably over the term of the license.

Maintenance revenue represents periodic fees associated with the sale of unspecified product updates on a when-and-if-available basis and technical support. Maintenance agreements are entered into in connection with the initial software license purchase. Maintenance support may be renewed by the customer at the conclusion of each term. Revenue from maintenance is recognized on a straight-line basis over the term of the maintenance agreement.

Other software revenue mainly relates to the development of additional functionalities of standard products requested by clients and is recognized as the development work is performed.

Recurring fees for periodic license and maintenance are reported within software revenue; see Note 3 Revenue Breakdown.

Revenue under multiple-element arrangements, which typically include new software licenses and maintenance or service agreements sold together, is allocated to each element in the arrangement primarily using the residual method based upon the fair value of the undelivered elements. Discounts, if any, are applied to the delivered elements, usually software licenses, under the residual method. For maintenance, fair value is generally determined based upon the expected renewal rate. When a sale of license goes along with a service essential to the software functionality, the revenue will be recognized on percentage of completion basis.

Services Revenue

Services and other revenue consists primarily of fees from consulting services 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. Service revenues derived from time and material contracts are recognized as time is incurred.

Service revenues derived from fixed price contracts are generally recognized using a percentage of completion basis. For customer support contracts, when no performance criteria is provided for, revenue is recognized ratably over the term of the contract, generally one year, on a straight-line basis.

Research and development

Research costs are expensed as incurred. Technological feasibility is not demonstrated before a working prototype has been completed. Technological feasibility is generally demonstrated shortly before the commercial release of software products. As a consequence, costs incurred after technological feasibility is established and that could potentially be capitalized are not material.

Research and development tax credits are recognized as a deduction of 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 ANC rule n°2015-06 dated November 23, 2015, technical deficits from mergers *(TUP)* and goodwill have been allocated to their underlying assets and amortized if necessary since January 1, 2016. Residual goodwill considered as permanent is not amortized but 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	5 to 10 years
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

Depreciation using the declining balance method may be used for computer equipment.

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, Dassault Systèmes SE reviews the net realizable value of its investments and loans and advances to subsidiaries. In particular, the net realizable value of securities takes into account the amount of shareholders' equity, long-term profitability and strategic factors. 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.

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 monthly average exchange rate, except for significant transactions which are booked at the daily exchange rate. 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

Dassault Systèmes SE can manage exposure to foreign currency and interest rates with regards to revenue and cost generated by its ongoing and predictable activity. Dassault Systèmes SE can also mitigate a given foreign currency exposure linked to specific operations.

In order to hedge foreign currency exposure, Dassault Systèmes SE uses, as needed, foreign exchange contracts or financial instruments for which total maximum losses are known from the outset.

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 are included in Dassault Systèmes SE's 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 (as well as interest rate options are currently recorded according to the French General Chart of Accounts).

Tax credit in favor of competitiveness and employment (CICE)

Dassault Systèmes SE recognizes the tax credit in favor of competitiveness and employment (the *Crédit d'Impôt pour la Compétitivité et l'Emploi*, or CICE) as an offset to personnel costs.

Notes on the Income Statement

Note 3 Revenue Breakdown

(in thousands of euros)	Year ended December 31, 2017	2016
New licenses revenue	128,238	112,091
Periodic licenses and maintenance revenue	354,197	322,969
Royalties	633,112	614,015
TOTAL SOFTWARE REVENUE	**1,115,547**	**1,049,075**
Services	40,396	36,390
Other revenue	312,649	264,714
TOTAL REVENUE	**1,468,592**	**1,350,179**

The breakdown of software revenue by geographic area is as follows:

(in thousands of euros)	Year ended December 31, 2017	2016
Europe	656,945	582,014
Asia	280,904	287,667
Americas	177,698	179,394
TOTAL SOFTWARE REVENUE	**1,115,547**	**1,049,075**

Note 4 Personnel Costs

Personnel costs are comprised of the following:

(in thousands of euros)	Year ended December 31, 2017	2016
Salaries and wages	288,877	255,040
Social security costs	140,139	121,907
TOTAL PERSONNEL COSTS	**429,016**	**376,947**

Average Headcount by Category

Salaried employees by category	Year ended December 31, 2017	2016
Managers	3,098	2,868
Supervisors and technicians	116	109
Employees	49	53
TOTAL AVERAGE HEADCOUNT (IN FULL TIME EQUIVALENTS)*	**3,263**	**3,030**

* Apprentices and professional training contractors excluded.

The merger operations *(TUP)* carried out in 2017 increased the headcount of Dassault Systèmes SE by 119 employees.

Tax credit in favor of competitiveness and employment (CICE)

The tax credit in favor of competitiveness and employment (the *Crédit d'Impôt pour la Compétitivité et l'Emploi*, or CICE) is based on total compensation due for the current period. In 2017, an amount of €2.0 million of CICE was recognized compared to €1.7 million in 2016, and was allocated to funding working capital requirements.

Compensation of Executives

The total gross compensation paid to executive officers by Dassault Systèmes SE during 2017 was as follows:

	Year ended December 31,	
(in thousands of euros)	**2017**	2016
Salaries	4,427	4,554
Benefits	22	20
Directors' fees*	73	71
TOTAL COMPENSATION OF EXECUTIVES	**4,522**	**4,645**

* Compensation is based on payments made. 2017 directors' fees represent €73,700 paid in 2018.

Note 5 Financial Income and Expense, Net

Net financial income and expense is as follows:

	Year ended December 31,	
(in thousands of euros)	**2017**	2016
Interest income	94,528	73,606
Interest expense	(11,959)	(11,872)
INTEREST INCOME AND EXPENSE, NET	**82,569**	**61,734**
Revenue from disposals of investment securities	3,971	8,752
Net foreign exchange income (expense), net other financial contingencies	2,323	(22,587)
Net reversal (additions) of provisions for impairment	(19,491)	39,832
FINANCIAL INCOME AND EXPENSE, NET	**69,372**	**87,731**

Interest income is comprised primarily of dividends paid by Group subsidiaries for an amount of €83.2 million in 2017 compared to €62.0 million in 2016 as well as from income from treasury investments. Changes in provisions for impairment result from impairment test updates (see Note 2 Summary of Significant Accounting Policies and Note 24 Information relating to Subsidiaries and Shareholdings).

Note 6 Exceptional Income/Loss

Exceptional loss for the year ended December 31, 2017 was €19.7 million compared to a loss of €28.3 million for the year ended December 31, 2016. The evolution in 2017 is mainly driven by a favorable outcome of a dispute and a capital gain on a sale of a shareholding.

A company agreement regarding employment forecasting, competencies and social transformation (GPEC) has been signed in June 2016 for three years with no automatic renewal (see Note 16 Provisions for Contingencies and Losses). The goal of this agreement is to implement means and measures allowing Dassault Systèmes SE to reach three strategic objectives:

- 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.

This agreement applies to all employees of the French subsidiaries of the Group. It includes innovating structures which enable the sharing of competencies, the development of entrepreneurial projects, the research of new but non-rival jobs outside the Group and the facilitation of the transition between work and retirement on a voluntary basis.

The costs relating to this agreement are recorded as exceptional expenses and amounted to €7.0 million in 2017 compared to €11.1 million in 2016.

Note 7 Income Tax

The tax group included 11 entities at the end of December 2017.

Under the tax integration agreement, it is agreed that the income tax expense of tax-integrated companies will be the same as it would have been if each subsidiary had not been a member of the Group. Without the tax integration agreements, the income tax expense of Dassault Systèmes SE, the head of the tax group, would have been €70.9 million in 2017.

The breakdown of income tax between current income and exceptional income for the year ended December 31, 2017, was as follows:

(in thousands of euros)	Income before tax	Tax (expense) credit	Income after income tax
Current income	396,397	(99,050)	297,347
Exceptional income	(68,612)	29,077	(39,535)
TOTAL	**327,785**	**(69,973)**	**257,812**

The effective income tax rate for the year ended December 31, 2017 was 21.4% against 17.5% in 2016. This increase is notably driven by the exceptional contribution on income tax in 2017.

Note 8 Performance Shares

Pursuant to an authorization granted by the shareholders at the General Meeting of Shareholders held on September 4, 2015, the Board of Directors at the meeting held on May 23, 2017 decided to grant 801,700 performance shares to some employees and executives (Plan 2017-A) and 300,000 shares 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 (Plan 2017-B).

A summary of the Company's performance shares plans is as follows:

Plans	2010-04	2014-A	2014-B	2015-A	2015-B	2016-A	2016-B	2017-A	2017-B
Date of General Meeting of Shareholders	05/27/2010	05/30/2013	05/30/2013	09/04/2015	09/04/2015	09/04/2015	09/04/2015	09/04/2015	09/04/2015
Date of grant by Board of Directors	09/07/2012	02/21/2014	02/21/2014	09/04/2015	09/04/2015	05/26/2016	05/26/2016	05/23/2017	05/23/2017
Total number of shares granted	539,230	529,940	150,000	734,600	300,000	782,950	300,000	801,700	300,000
Restated total number of shares granted(1)	1,078,460(2)	1,059,880	300,000	734,600	300,000	782,950	300,000	801,700	300,000
Acquisition period (in years)(3)	Three or four(4)	Four	Four	Two	Two	Two or three(7)	Two or three(7)	Three	Three
Performance conditions	See Note(5)	See Note(6)	See Note(6)	See Note(6)	See Note(6)	See Note(8)	See Note(8)	See Note(9)	See Note(9)
Performance conditions is reached at December 31, 2017	Yes	Yes	Yes	Yes	Yes	See Note(10)	See Note(10)	N/A	N/A

(1) For shares granted before July 17, 2014, total number of shares granted has been restated to reflect the two-for-one stock split effected on July 17, 2014.
(2) Including 28,000 shares granted to Mr. Bernard Charlès, Vice-Chairman of the Board of Directors and Chief Executive Officer, subject to an additional performance condition related to his variable compensation.
(3) Subject to the condition that the beneficiary be an employee or a director of the Company at the acquisition date with the exception of 2017-A and 2017-B plans, for which the presence period is two years.
(4) Three years in France and four years outside of France.
(5) Non-market performance conditions based on actually realized non-IFRS diluted earnings per share of the Group compared to the upper limit of the non-IFRS diluted earnings per share objective during three years (2012, 2013 and 2014). The 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 variable compensation dependent on achieving performance criteria previously established by the Board of Directors.
(6) Performance condition measured based on two alternative criteria, the growth of the non-IFRS diluted earnings per share of the Group or the outperformance of the price of the Dassault Systèmes share compared to the performance of the CAC 40 index (market condition) for each of the years 2015, 2016 and 2017 for 2014-A and 2014-B Shares, and for the year 2016 for 2015-A and 2015-B Shares, compared to the year 2014. Such growth or difference must be at least equal to a threshold established by the Board of Directors. The 2015-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 variable compensation dependent on achieving performance criteria previously established by the Board of Directors.
(7) Share acquisition divided into two tranches, the first vesting in May 26, 2018 and the second in May 26, 2019.
(8) 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 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 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.
(9) Performance condition based on a targeted growth between the non-IFRS diluted earnings per share of the Group for the year 2019, excluding foreign currency effects, and the one achieved in the year 2016 (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.
(10) Tranche 1 performance condition will be measured by March 15, 2018 Board of Directors.

The expense related to performance shares plans, for personnel of subsidiaries of Dassault Systèmes SE is recharged when the shares are definitively attributed to beneficiaries. During the vesting period, Dassault Systèmes SE accrues only for the costs related to the performance shares attributed to employees contributing directly to its activity.

Note 9 Additional Information

Research and Development Expenses

In 2017, Dassault Systèmes SE recorded a total of €243.0 million of research and development expenses, which corresponds to 21.8% of software revenue.

Notes to the Balance Sheet

Note 10 Intangible Assets

	Year ended December 31			
(in thousands of euros)	2016	Additions	Disposals	**2017**
Goodwill	301,284	52,124	(64)	353,344
Software, technology and other	148,495	29,191	-	177,686
TOTAL GROSS VALUE	**449,779**	**81,315**	**(64)**	**531,030**
Goodwill	(40,712)	(32,019)	64	(72,667)
Software, technology and other	(95,450)	(17,514)	-	(112,964)
TOTAL AMORTIZATION AND PROVISIONS	**(136,162)**	**(49,533)**	**64**	**(185,631)**
Goodwill	260,572	20,105	-	280,677
Software, technology and other	53,045	11,677	-	64,722
TOTAL NET VALUE	**313,617**	**31,782**	**-**	**345,399**

Residual goodwill considered as permanent, amounted to €85.6 million net of provisions.

Increase of intangible assets was mainly driven by the TUP carried out in 2017 (see Note 1 Description of Business and Key Events of the Year).

Note 11 Property and Equipment

	Year ended December 31,			
(in thousands of euros)	2016	Additions	Disposals	**2017**
Machinery and equipment	75,015	23,346	(31)	98,330
Fixtures and fittings	27,924	6,992	-	34,916
Office furniture and equipment	18,892	2,114	(4,214)	16,792
TOTAL GROSS VALUE	**121,831**	**32,452**	**(4,245)**	**150,038**
Machinery and equipment	(57,956)	(12,666)	31	(70,591)
Fixtures and fittings	(15,050)	(2,377)	-	(17,427)
Office furniture and equipment	(11,405)	(1,183)	-	(12,588)
TOTAL DEPRECIATION	**(84,411)**	**(16,226)**	**31**	**(100,606)**
Machinery and equipment	17,059	10,680	-	27,739
Fixtures and fittings	12,874	4,615	-	17,489
Office furniture and equipment	7,487	931	(4,214)	4,204
TOTAL NET VALUE	**37,420**	**16,226**	**(4,214)**	**49,432**

The acquisitions were mainly related to the preparation of the new building extending Dassault Systèmes SE headquarter located in Vélizy-Villacoublay.

The decrease of the line item "Office furniture and equipment" resulted from an accounting reclassification in "Fixtures and fittings".

Note 12 Non-Current Financial Assets

(in thousands of euros)	Year ended December 31, 2016	Additions	Disposals	2017
Investments in subsidiaries	2,205,963	636,592	(33,032)	2,809,523
Loans and advances to subsidiaries	304,981	137,904	(147,848)	295,037
Treasury Shares	25,008	71,538	(25,008)	71,538
TOTAL GROSS VALUE	**2,535,952**	**846,034**	**(205,888)**	**3,176,098**
Provision for impairment	(68,435)	(65,362)	46,000	(87,797)
TOTAL PROVISION FOR IMPAIRMENT	**(68,435)**	**(65,362)**	**46,000**	**(87,797)**
Investments in subsidiaries	2,137,528	571,230	12,968	2,721,726
Loans and advances to subsidiaries	304,981	137,904	(147,848)	295,037
Treasury Shares	25,008	71,538	(25,008)	71,538
TOTAL NET VALUE	**2,467,517**	**780,672**	**(159,888)**	**3,088,301**

The increase in investments in subsidiaries mainly related to the recapitalization of Group entities.

Note 13 Receivables

External unpaid issued invoices are split as follows:

(in thousands of euros) (A) overdue split	Year ended December 31, 2017 0 day (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	**Total (1 day and over)**
Number of bills	7,228					2,272
Total amount of external invoices (VAT excluded)	79,417	3,208	1,322	642	2,926	8,098
Percentage of total external revenue (VAT excluded)	15.2%	0.6%	0.3%	0.1%	0.6%	1.6%
Total amount of trade receivables excluded from (A) and related to claims or not yet issued (VAT excluded)						21,607

Reference payment terms applied by Dassault Systèmes SE with third parties are contractual deadlines ranging from 30 days from the end of the month to 60 days net.

The share of overdue above one year related to other receivables is not material.

Note 14 Treasury

Marketable Securities

At December 31, 2017, marketable securities amounted to €692.0 million compared with €1,207.0 million at December 31, 2016. They are mainly held in euro denominated monetary investments. The balance as of December 31, 2017 included €(11.9) million related to treasury instruments.

The decrease in marketable securities is principally attributable to the financing of the recapitalization of Group entities.

Treasury Shares

Share repurchases are analyzed below as at December 31, in 2017:

	Number of shares authorized and issued	Average price *(in euros)*	Total *(in thousands of euros)*
Treasury shares directly managed by Dassault Systèmes SE(1)	4,267,587	71.09	303,399
Treasury shares managed through liquidity agreement(2)	133,026	89.60	11,919
TREASURY SHARES AS OF DECEMBER 31, 2017	**4,400,613**	**71.65**	**315,318**

(1) The General Meeting of Shareholders authorized the Board of Directors to implement a share repurchase program limited to 25,000,000 of Dassault Systèmes' shares. Under this authorization, the Company may not buy shares at a price exceeding €100 per share or above a maximum annual aggregate amount of €500 million. In 2017, 1,493,258 shares were purchased, at an average price of €85.46, and 1,021,050 shares were delivered to the beneficiaries of performance shares plans, at an average purchase price of €42.69.

(2) The Group signed a liquidity agreement for an initial period until December 31, 2017, automatically renewable for subsequent 12-month terms. In 2017, 1,646,539 shares were purchased, at an average price of €81.40, and 1,584,571 shares were sold, at an average price of €81.18.

4

Note 15 Shareholders' Equity

Share Capital

Changes in share capital during the year ended December 31, 2017 were as follows:

	Number of shares authorized and issued	Par value *(in euros)*	Capital *(in euros)*
SHARES AS OF JANUARY 1, 2017	**257,996,603**	**0.50**	**128,998,301**
Shares issued pursuant to exercise of share subscription options	1,924,838	0.50	962,419
Capital increase*	1,011,090	0.50	505,545
SHARES AS OF DECEMBER 31, 2017	**260,932,531**	**0.50**	**130,466,265**

* See "Dividend rights" below.

Shareholder base

On December 31, the share capital of Dassault Systèmes SE was held by:

(%)	**2017**	2016
Public	49.4	49.7
Groupe Industriel Marcel Dassault	40.9	41.1
Charles Edelstenne(1) and beneficiaries(2)	6.0	6.1
Bernard Charlès	1.3	1.1
Treasury stock(3) and indirect treasury stock(4)	1.9	1.6
Directors and senior management(5)	0.5	0.4
TOTAL	**100.0**	**100.0**

On December 31, the voting rights in Dassault Systèmes SE were held by:

(in % of exercisable voting rights)[(2)]	2017	2016
Groupe Industriel Marcel Dassault	55.3	55.6
Public	34.4	34.4
Charles Edelstenne[(1)] and beneficiaries[(2)]	8.2	8.2
Bernard Charlès	1.6	1.5
Directors and senior management[(5)]	0.5	0.3
TOTAL	**100.0**	**100.0**

(1) Including shares held in trust for the benefit of his family and managed by Mr. Edelstenne.
(2) At December 31, 2017, Mr. Edelstenne held 4,208,530 shares with all ownership rights and 3,364 shares through two family companies which he manages, representing a total of 1.61% of the capital and 2.14% of the exercisable voting rights, as well as 11,527,200 shares with "usage" rights (usufruit). For the usage rights with respect to these 11,527,200 shares, representing 6% 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.
(3) Including 131,026 shares through the liquidity agreement as of December 31, 2017. As of December 31, 2016, such number was 57,524 shares.
(4) 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.
(5) Management excluding Mr. Edelstenne and Mr. Charlès.

Stock Option Plan

A summary of the stock option activity is as follows:

	2017		2016	
(in euros)	**Number of options**	**Weighted average exercise price**	Number of options	Weighted average exercise price
OUTSTANDING AS OF JANUARY 1,	**5,961,562**	**49.31**	**5,312,096**	**38.40**
Number of options granted	2,050,370	82.00	1,947,785	69.00
Exercised	(1,924,838)	33.25	(1,001,683)	27.04
Forfeited	(391,850)	66.86	(296,636)	58.31
OUTSTANDING AS OF DECEMBER 31,	**5,695,244**	**65.30**	**5,961,562**	**49.31**
Exercisable	1,881,887	47.89	2,588,363	29.41

A summary of the remaining contractual life and the exercise price of options outstanding as of December 31, 2017 is presented below:

Stock option plan	Number of options	Remaining life *(years)*	Exercise price
2010-01	722,988	0.40	23,50
2014-01	201,197	4.40	45,50
2015-01	1,260,006	7.68	62,00
2016-01	1,558,578	8.40	69,00
2017-01	1,952,475	9.39	82,00
OUTSTANDING AS OF DECEMBER 31, 2017	**5,695,244**	**7.43**	**65,30**

Movements in Shareholders' Equity

Movements in shareholders' equity for the year ended December 31, 2017 were as follows:

	Year ended December 31,					
(in thousands of euros)	2016	Appropriation of 2016 earnings	Effect of exercising options	Net income for 2017 fiscal year	Other	**2017**
Share Capital	128,998	506	962	-	-	130,466
Share and contribution premiums	771,689	82,667	63,033	-	-	917,389
Legal reserve	12,836	64	-	-	-	12,900
Retained earnings	1,965,014	135,072	-	-	-	2,100,086
Income (loss) for the fiscal year	269,586	(269,586)	-	257,812	-	257,812
Regulated provisions	279	-	-	(88)	-	191
SHAREHOLDERS' EQUITY	**3,148,402**	**(51,277)**	**63,995**	**257,724**	**-**	**3,418,844**

Dividend rights

The Combined General Meeting of Shareholders held on May 23, 2017 approved a dividend of €134.5 million. The General Meeting approved offering shareholders the option to receive payment of their dividend for 2016 in the form of new Dassault Systèmes SE shares. As a result, 1,011,090 new ordinary shares were created. The cash dividend was paid in the total amount of €51.3 million.

Note 16 Provisions for Contingencies and Losses

Movements of provisions for contingencies and losses were as follows:

	Year ended December 31,				
(in thousands of euros)	2016	Additions	Utilization	Reversal of unused amounts	**2017**
Provisions for performance shares	73,379	62,664	(38,966)	-	97,077
Provisions for exchange losses	19,761	28,565	(19,762)	-	28,564
Provisions for post-employment benefits	22,627	4,709	(244)	-	27,092
Other provisions for contingencies and losses	34,274	7,137	(15,737)	(910)	24,764
Provisions for jubilee awards	5,697	613	(9)	(2,062)	4,239
TOTAL PROVISIONS	**155,738**	**103,688**	**(74,718)**	**(2,972)**	**181,736**

Changes in provisions for contingencies and losses impacted captions of the income statement as follows:

(in thousands of euros)	Additions	Utilization	Reversal of unused amounts
Operating income	49,444	(26,113)	(2,972)
Financial income and expense, net	28,564	(30,150)	-
Exceptional income/(loss)	25,679	(18,455)	-
TOTAL	**103,688**	**(74,718)**	**(2,972)**

Provisions for Post-employment Benefits

Dassault Systèmes SE's commitment in terms of post-employment benefits was evaluated and recognized using the prospective actuarial future rights pro rata method 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, 2017 was determined based on the following assumptions: retirement between 60 and 65 years of age, discount rate of 1.80%, average increase in salaries of 2.80% and a 3.00% expected return on plan. Dassault Systèmes SE has an insurance policy with Sogecap, a life insurance company affiliated with the Société Générale, intended to cover the retirement payment commitments. Pursuant to this policy, Dassault Systèmes SE has invested a total of €11.3 million. Actuarial gains and losses and the cost of past service is spread in profit using the corridor method. They totaled €15.3 million to be spread over an average residual employee service of 21.5 years.

Note 17 Financial Liabilities

Financial liabilities are as follows:

			Year ended December 31,	
(in thousands of euros)	Less than 1 year	1 to 5 years	**2017**	2016
Bank loans and borrowings	477	1,000,000	1,000,477	1,000,388
Mandatory employee profit-sharing scheme	3,223	14,950	18,173	19,159
Other financial liabilities	19	8,015	8,034	8,510
TOTAL FINANCIAL LIABILITIES	**3,719**	**1,022,965**	**1,026,684**	**1,028,057**

In June 2013, Dassault Systèmes SE entered into a six-year term loan facility agreement for €350 million. The facility was immediately drawn down and bears interest at Euribor 1-month plus 0.55% per annum.

In October 2015, Dassault Systèmes SE entered into a new five-year term loan facility agreement, which maturity could be extended by two additional years at the Company's option, for €650 million. The facility was immediately drawn down and bears interest at Euribor 1-month plus 0.50% per annum. In October 2016 and October 2017, the Company exercised the option extension for one year, which extends the termination date to its new maturity in October 2022.

Note 18 Elements Concerning Related Companies

	Year ended December 31,	
(in thousands of euros)	**2017**	2016
Loans receivable	288,585	297,904
Trade accounts receivable and related items	97,735	51,092
Current accounts receivable	98,104	254,193
Accounts payable and related items	26,155	–
Current accounts with credit balances	116,825	287,242
Finance income: dividends collected and net interest received	93,208	73,157

Current accounts with debit and credit balances sharply decreased as a result of the implementation of the new cash pooling structure set up within the Group for the foreign subsidiaries.

Note 19 Trade Payables

External unpaid received invoices are split as follows:

(in thousands of euros)	Year ended December 31, 2017					
(A) overdue split	0 day (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	**Total (1 day and over)**
Number of invoices	2,157					1,625
Total amount of external invoices (VAT excluded)	3,666	1,182	993	188	1,141	3,504
Percentage of total external purchases (VAT excluded)	1.4%	0.5%	0.4%	0.1%	0.4%	1.4%
Total amount of trade payables excluded from (A) related to invoices not yet recognized (VAT excluded)						44,896

Reference payment terms applied by Dassault Systèmes SE with third parties are contractual deadlines of 45 days from the end of the month. Late payments mainly result from the lack of compliance with procurement rules.

The share of overdue above one year related to other trade payables amounts to €5.4 million in 2017. It includes the loan from the employee profit-sharing fund.

Note 20 Prepaid Expenses and Unearned Revenue

Prepaid expenses are mainly made of IT services paid in advance.

Unearned revenue is composed primarily of deferred software, maintenance and support revenue relating to periods subsequent to year end. Unearned revenue amounted to €53.6 million in 2017 compared to €39.9 million in 2016.

Note 21 Financial Commitments

Financial Instruments

At December 31, 2017 and 2016, the fair value of instruments used to manage currency and interest rate exposure was as follows:

	Year ended December 31,			
	2017		2016	
(in thousands of euros)	**Nominal amount**	**Fair value**	Nominal amount	Fair value
Interest rate swaps in euros(1)(5)	1,000,000	(11,931)	1,000,000	(20,332)
Forward exchange contract Japanese yen/euros – sale(3)	71,106	12,601	162,391	4,066
Cross currency swaps Canadian dollars/euros(4)	68,648	816	72,765	(3,341)
Cross currency swaps Australian dollars/euros(4)	69,636	3,171	73,214	(1)
Forward exchange contract euros/U.S. dollars – sale(2)	42,500	(542)	51,500	1,581
Forward exchange contract euros/U.S. dollars – buy(2)	42,500	542	51,500	(1,581)
Forward exchange contract British pounds/euros – sale(3)	22,542	(56)	36,019	75
Other instruments(5)	19,208	109	28,025	189

(1) Term loan facilities obtained by Dassault Systèmes SE in June 2013 and October 2015 respectively for €350 million and €650 million (see Note 17 Financial liabilities). Transaction recorded as isolated open position (see Note 14 Treasury for the balance sheet impact).
(2) Dassault Systèmes SE has entered into hedging agreements for its subsidiaries.
(3) Instruments (hedge accounting) entered into by the Company to hedge the foreign currency exchange risk of forecasted royalty flows.
(4) Hedging contracts with regards to loans made to subsidiaries to finance acquisitions; these instruments are not designated as hedging instruments.
(5) Mainly derivatives designated as isolated open position.

The Company usually hedges exchange rate risk related to its revenues and expenses coming from usual and predictable activity arising in the normal course of operations. The Company 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. In certain cases, however, the Company can 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.

At the end of 2017, foreign exchange contracts have maturity dates of less than three years. Swaps of cross currency and interest rates have respectively a maturity less than three and five years.

Increases and Reductions in Future Income Tax Payable

Increases and reductions in future income tax payable have been evaluated on the basis of the standard corporate tax rate, plus extraordinary contributions when applicable.

	Year ended December 31,	
(in thousands of euros)	**2017**	2016
Nature of temporary differences		
SHORT TERM (34.43% TAX RATE)	**40,061**	**39,333**
Provision for mandatory profit-sharing	24,440	23,458
Depreciation of receivables	12,924	15,537
Other	2,697	338
LONG TERM (25.83% TAX RATE FOR 2017 AND 28.92% FOR 2016)	**37,118**	**32,475**
Provision for post-employment benefits	37,118	32,475
TOTAL TEMPORARY DIFFERENCES	**77,179**	**71,808**
Net reduction of the future corporate tax debt		
(34.43% tax rate)	13,793	13,542
(25.83% tax rate for 2017 and 28.92% for 2016)	9,586	9,392

Note 22 Other Commitments and Contingencies

Leases

Dassault Systèmes SE 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 beginning with the delivery of an additional 13,000 square meters of office space in the fourth quarter of 2016.

On December 31, 2017, commitments stood at €234.8 million for real estate and equipment rentals (compared with €256.8 million as of December 31, 2016) including €214.0 million relating to the lease for the headquarters in Vélizy-Villacoublay (compared with €233.6 million as of December 31, 2016); and €12.7 million (compared with €14.5 million as of December 31, 2016) related to the lease of the "Terre Europa" site, next to the headquarters, effective as from July 2011.

Litigation and other proceedings

Dassault Systèmes SE is involved in litigation and other proceedings, such as civil, commercial and tax proceedings, incidental to normal operations.

Dassault Systèmes SE is subject to ongoing tax audits and tax reassessments. Certain of these reassessments, in particular those related to acquisition financing, are being challenged by Dassault Systèmes SE 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, Dassault Systèmes SE made payments to the French tax authorities for a total amount of €123.1 million from 2014 to 2016, but disputed them with the relevant authorities. In March and December 2017, Dassault Systèmes SE appealed first instance judgments in relation to this dispute.

It is not possible to determine with certainty the outcome of the dispute and notably the resulting expense for Dassault Systèmes SE, if any. However, in the opinion of management, after consultation with counsels, the resolution of such litigation and proceedings should not have a material effect on the 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 the Group in the amount of $500 million, and at the same time Dassault Systèmes SE offered a guarantee to the bank for the same amount.

Moreover, Dassault Systèmes SE offered guarantees in the framework of contracts between subsidiaries and third parties for a total amount of €38 million.

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

(in thousands of euros)(1)	Share capital and share premiums	Equity excluding share capital and share premiums	% of interest	Net profit or loss
> 50% owned subsidiaries(2)				
Dassault Systemes Corp.(3)	1,541,146	729,905	100	27,594
Dassault Systemes UK Ltd	341,359	(493)	100	845
Dassault Systèmes International SAS	128,943	(5,626)	100	(5,545)
Dassault Systèmes Canada Software Inc.	33,577	71,912	100	(6,723)
Dassault Systemes KK	32,220	47,531	100	1,053
Dassault Systemes Israel Ltd	29,293	(8,774)	100	27,479
Dassault Systemes Deutschland GmbH	10,601	114,177	100	(18,190)

(1) The earnings of foreign subsidiaries are presented in local GAAP for the year 2016, based either on statutory accounts or, if not available, on accounts communicated in the framework of the consolidation process. The results and revenue have been converted using the 2017 average annual exchange rates for the relevant currencies, while the shareholders' equity of foreign subsidiaries have been converted using the closing rates in effect at year-end 2017.
(2) Subsidiaries with gross book values exceeding 1% of Dassault Systemes SE's capital at December 31, 2017.
(3) American holding company owning 100% of Dassault Systemes SolidWorks Corp., and Dassault Systemes Holding LLC, the latter itself holding principally 100% of Dassault Systemes Simulia Corp. and Dassault Systemes Americas Corp.

(in thousands of euros)	Subsidiaries		Participations	
	French	Foreign	French	Foreign
Gross book value of shares	273,781	2,535,723	–	–
Net book value of shares	273,781	2,447,926	–	–
Loans and advances	137,481	96,059	–	–
Guarantees received (provided)	11,000	64,930	–	–
Dividend rights received	–	83,212	–	–

4.2.2 Selected financial and other information for Dassault Systèmes SE over the last five years

(in euros)	2013	2014	2015	2016	**2017**
Share capital					
Share Capital	126,932,985	128,182,039	128,357,093	128,998,301	130,466,265
Number of shares authorized and issued[(2)]	126,932,985	256,364,077	256,714,186	257,996,603	260,932,531
Statement of income data					
Revenue	1,064,558,462	1,125,687,175	1,260,845,593	1,350,178,886	1,468,591,921
Result before income tax, profit sharing, amortization and provisions	435,033,094	359,636,561	533,131,911	508,202,894	567,265,426
Result before income tax, profit sharing, amortization and provisions and reversals of provisions	413,314,821	304,131,981	447,874,625	429,982,212	463,298,523
Income tax	68,216,039	45,164,304	76,133,045	57,113,129	69,972,918
Regulated employee profit-sharing	15,512,132	17,921,044	21,163,228	23,457,774	24,439,598
Optional employee profit-sharing	18,421,890	17,921,044	21,163,228	23,457,773	24,463,855
Net income	263,440,594	183,005,154	299,471,749	269,585,830	257,812,287
Data per share					
Result after income tax and profit sharing and before amortization and provisions	2.45	0.87	1.28	1.26	1.32
Basic net income per share	2.08	0.71	1.17	1.04	0.99
Dividend per share[(2)]	0.83	0.43	0.47	0.53	0.58[(1)]
Personnel					
Average headcount[(3)]	2,449	2,672	2,080	3,030	3,263
Personnel costs paid during the year	180,114,271	203,666,853	229,015,587	255,040,681	288,877,319
Social security contributions paid during the year	86,640,481	99,949,422	111,452,364	121,906,769	140,138,953

(1) To be proposed for approval at the General Meeting scheduled for May 22, 2018.
(2) Historical data prior to 2014 does not reflect the two-for-one stock split of Dassault Systèmes SE shares carried out on July 17, 2014.
(3) Apprentices and professional training contractors are excluded.

4.2.3 Statutory Auditors' Report on the Parent Company Financial Statements

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to the shareholders.

This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

To the General Meeting of Dassault Systèmes SE,

Opinion

In compliance with the engagement entrusted to us by your General Meetings, we have audited the accompanying financial statements of Dassault Systèmes SE for the year ended December 31, 2017.

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 as at December 31, 2017 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 applicable to us for the period from January 1, 2017 to the date of our report and in particular we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of Ethics *(Code de déontologie)* for Statutory Auditors.

Justification of assessments – Key audit matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code *(Code de commerce)* 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 of most significance in our audit of the financial statements of the current period, 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 agreements

Risk identified

The Company derives revenue from multiple sources, chief among them new software licenses, periodic licenses, maintenance and services.

Where these complex 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 elements of the agreements can be difficult and require a significant degree of judgment from management.

The revenue for each element of a multiple-element agreement is not always recognized at the amount invoiced for that element under the corresponding agreement. Instead, the revenue is broken down between the elements using the residual method, based on the fair value of undelivered elements. This applies in particular to the fair value of annual maintenance services, which is determined based on the expected renewal rate of the service in question for the following year. Allocating revenue between the various elements requires making analyses and, potentially, adjustments, both of which can be complex.

In addition, service agreements negotiated shortly after a software license sale and deemed essential to the functionality of the software product in question are accounted for with the license sale, rather than separately. In this example, the license sale is recognized on a percentage of completion basis, in line with the service provided. 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 agreements typically requires an in-depth analysis of the 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 multiple-element agreements to be a key audit matter.

Our response

In the course of our audit, we assessed and tested the internal control systems relating to the recognition of revenue and that were implemented by the Company.

Throughout the year we also performed tests on all complex multiple-element agreements deemed significant, as well as on a sample of randomly selected agreements, with the aim of verifying that the allocation of revenue between the various elements was consistent with the Company's accounting policies and that the correct amount of revenue had been recognized with respect to the appropriate reporting period. Our tests consisted primarily in analyzing the contractual terms and conditions, re-calculating the fair value of each element tested and performing the verification of the consistency of revenue assessments with the Company's accounting policies and with 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 considered the related disclosures provided in Notes 2 and 3 to the financial statements.

Valuation of investments in subsidiaries and loans and advances to subsidiaries

Risk identified

As described in Note 12 to the financial statements, investments in subsidiaries and loans and advances to subsidiaries amounted to €2.722 million and €295 million respectively at December 31, 2017, therefore representing some of the largest assets on the balance sheet. They are carried at cost and may be impaired, as applicable, based on their value in use.

As indicated in 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 the book 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.

Our response

In order to assess the reasonableness of 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 verifying that the estimated values in use determined by management were based on the appropriate valuation method and underlying data.

For valuations based on historical data, we verified 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 factors relating to these entities. We also performed the verification of 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 made sure that the appropriate provision for contingencies had been recorded relating to the subsidiary in question and to any loans or advances granted to that subsidiary.

Lastly, we considered the related disclosures provided in Notes 2 and 12 to the financial statements.

Tax risks

Risk identified

The Company is involved in a certain number of tax disputes, chief among them a dispute brought against reassessments relating to acquisition financing. Accordingly, between 2014 and 2016, the Company made payments totaling €123.1 million to the French tax authorities further to adjustments of the tax bases for the relevant years audited.

The Company assesses its tax positions and the technical justifications therefor at the end of each quarterly reporting period.

Where a risk in terms of how the tax rules are to be applied is identified, the Company measures and records a provision for tax risk if the occurrence of 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 was the case for the above-mentioned acquisition financing matter). 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 of management, we deemed the assessment of tax provisions to be a key audit matter. These analyses require a significant degree of judgment from management and are ultimately subject to a final decision from the French tax authorities.

Our response

We evaluated the main grounds for reassessment cited by the French tax authorities against the Company, as well as the decisions made by management with respect to tax risks and disputes deemed significant. We also assessed the consistency of the assumptions and estimates used to account for tax provisions with the Company's accounting policies and French accounting principles. We conducted our work with guidance from our experts in French tax law.

For the more significant disputes for which a tax credit is recognized, in particular the above-mentioned acquisition financing matter, with guidance from our tax experts, we also carried out a critical assessment of the technical opinions and consultations obtained by the Company from independent tax lawyers with a view to assessing the consistency thereof with the decisions made by management and the accounting treatments applied.

Lastly, we considered the related disclosures provided in Note 22 to the financial statements.

Verification of the management report and of the other documents provided to the shareholders

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French law.

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 financial position and the financial statements.

Report on corporate governance

We attest that the Board of Directors' report on corporate governance sets out the information required by Articles L.225-37-3 and L.225-37-4 of the French Commercial Code *(Code de commerce)*.

Concerning the information given in accordance with the requirements of Article L.225-37-3 of the French Commercial Code *(Code de commerce)* relating to remuneration and benefits received by 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 your Company from companies controlling it or controlled by it. 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.225-37-5 of the French Commercial Code (Code de commerce) relating to those items your 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, which 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 identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on other legal and regulatory requirements

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Dassault Systèmes SE by your General Meeting held on June 8, 2005 for PricewaterhouseCoopers Audit and on May 27, 2010 for ERNST & YOUNG et Autres.

As at December 31, 2017, PricewaterhouseCoopers Audit was in the thirteenth year of total uninterrupted engagement, and ERNST & YOUNG et Autres in the eighth year.

ERNST & YOUNG Audit previously acted as Statutory Auditor from 1998.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for preparing financial statements presenting 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 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 of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code *(Code de commerce)*, our audit does not include assurance on the viability or quality of management of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his 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;
- Obtains an understanding of internal control 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;
- Evaluates 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;

- Assesses 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 Auditor concludes that a material uncertainty exists, he is 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;
- Evaluates the overall presentation of the financial statements and assesses 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 of most significance in 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 *(Code de commerce)* and in the French Code of Ethics for Statutory Auditors *(Code de déontologie)*. 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 16, 2018

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit	ERNST & YOUNG et Autres
Thierry Leroux	Nour-eddine Zanouda

4.2.4 Statutory Auditors' Report on Related Party Agreements and Commitments

This is a free translation into English of a report issued in French 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 Shareholders,

In our capacity as statutory auditors of your company, we hereby report on certain related party agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms, the conditions and the reasons justifying the company's interest of those agreements and commitments indicated to us, or that we may have identified in the performance of our engagement. We are not required to comment as to whether they are beneficial or appropriate or to ascertain the existence of any such agreements and commitments. It is your responsibility, in accordance with Article R.225-31 of the French Commercial Code *(Code de commerce)*, to evaluate the benefits resulting from these agreements and commitments prior to their approval.

In addition, we are required, where applicable, to inform you in accordance with Article R.225-31 of the French Commercial Code *(Code de commerce)* concerning the implementation, during the last financial year, of the agreements and commitments already approved by the General Meeting of Shareholders.

We performed those procedures which we considered necessary to comply with professional guidance issued by the national auditing body *(Compagnie Nationale des Commissaires aux Comptes)* relating to this type of engagement. These procedures consisted in verifying that the information provided to us is consistent with the documentation from which it has been extracted.

Agreements and commitments submitted for approval by the General Meeting of Shareholders

We hereby inform you that we have not been advised of any agreements or commitments authorized in the course of the year to be submitted to the General Meeting of Shareholders for approval in accordance with Article L.225-38 of the French commercial code *(Code de Commerce)*.

Agreements and commitments approved in prior years

We hereby inform you that we have not been advised of any agreements or commitments already approved by the General Meeting of Shareholders, whose implementation continued during the year.

In addition, we have been advised that the following agreements and commitments which were approved by the General Meeting of Shareholders in prior years were not implemented during the year.

1. With Mr. Bernard Charlès, *directeur général*

Nature and purpose

Indemnity in the event of the removal of Mr. Bernard Charlès from corporate office.

Conditions

At its meeting on May 26, 2014, on the occasion of the renewal of Mr Bernard Charlès' term of office as *directeur général*, the Board of Directors authorized, upon the proposal of the Remuneration and Selection Committee, the renewal of the agreement granting Mr Bernard Charlès a compensation in case of the termination of his functions as *directeur general* according to the terms adopted by the Board of Directors at its meetings on May 27, 2010, March 28, 2008 and March 27, 2009.

At its meeting on May 26, 2014, the Board of Directors decided to make no change to the conditions, as defined by the Board of Directors at its meeting on March 27, 2009, in which this compensation would be due in view of the recommendations of the Remuneration and Selection Committee and in accordance with the recommendations integrated into the AFEP/MEDEF Consolidated Corporate Governance Code *(Code de gouvernement d'entreprise consolidé)* of December 2008.

The amount of the indemnity due would be equivalent to a maximum of two years of remuneration of the *directeur général* and would depend on meeting performance targets established for the calculation of his variable remuneration.

The amount paid would be calculated as a prorated percentage of the variable remuneration paid during the three years prior to the departure in relation to the target variable remuneration for these same years.

Thus, the amount due would be calculated according to the following formula:

- total gross remuneration (including variable remuneration but excluding benefits in kind and directors' fees) due in respect of his corporate office for the two years ended prior to the date of departure;
- multiplied by the figure resulting from the division i) of the amount of the variable remuneration paid to the *directeur général* during the three years ended prior to the date of the departure (numerator), by ii) the amount of the target variable remuneration decided for each of these same years by the Board of Directors according to the achievement of the targets fixed for the company (denominator).

The indemnity may only be paid in the event of a change of control or strategy duly established by the Board of Directors that results in a forced departure within the following twelve months. It could also be paid in a scenario of a forced departure without being related to poor results of the company or to mismanagement by the *directeur général*; the Board of Directors can then decide to grant all or part of the termination compensation.

The indemnity will not be due in a situation where the *directeur général* leaves the company on his own initiative to take up a new position, or changes position within the group, or if he is able to claim a pension within a short time period.

Besides, in the event of exceptional events that could seriously damage the group's image or income and have a significant negative impact on the stock market share price of your company, according to the assessment of the Board of Directors, or in the event of misconduct independent of his functions and incompatible with the normal performance of his office as *directeur général*, the Board of Directors may establish that the indemnity will not be due.

2. With the board members of your company, in connection with the insurance policy « Civil liability of the directors and the corporate officers « signed with the company Insurance Allianz

a. Nature and purpose

Advance to the Board Members of their expenses of possible legal defense instituted against them in the exercise of their mandate.

Conditions

In its meeting on July 24, 1996, the Board of Directors authorized the decision to have your company advance their expenses to a legal and compensations that the board members might have if their personal civil liability would be questioned, in case the insurance policy signed with the company CHARTIS Insurance *(Allianz)*, would not cover these advances and financial consequences.

b. Nature and purpose

Payment of the possible legal defense expenses of Board Members taking place in the United Sates.

Conditions

In its meeting on September 23, 2003, the Board of Directors authorized the decision to have your company pay the fees and travel expenses that board members of the company and of its subsidiaries might have to meet to prepare their personal defense before a civil, criminal or administrative jurisdiction of the United States if this defense were to be exercised within the scope of an inquiry or investigations being carried out against your company.

Payment of these expenses is ensured on the three-part condition that the board members and senior executives concerned are assisted by lawyers selected by the company, that the company remains in control of its strategic choices in terms of procedure and methods of defense and that the expenses incurred be reasonable.

Neuilly-sur-Seine and Paris-La Défense, March 16, 2018

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit	ERNST & YOUNG et Autres
Thierry Leroux	Nour-eddine Zanouda

4.3 Legal and Arbitration Proceedings

In the ordinary course of business, the Company is involved from time to time in litigation, tax audits or regulatory inquiries. The Company is subject to ongoing tax audits and tax reassessments in jurisdictions in which it has or had operations. Certain reassessments have been contested and the Company is under discussion with the relevant tax authorities. To the Company's 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 de référence)*, or is likely to have, a significant impact on the Company's financial position or results of operations.

5

CORPORATE GOVERNANCE

CONTENTS

5.1 The Board's Corporate Governance Report

Report of the Board to the Combined General Meeting of May 22, 2018

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 executives' 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 15, 2018.

Since its IPO in 1996, Dassault Systèmes has sought to implement 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 5.1.5 "Application of the AFEP-MEDEF Code").

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 whose term of office is four renewable years:

- Charles Edelstenne (Chairman);
- Bernard Charlès (Vice-Chairman);
- Thibault de Tersant;
- Jean-Pierre Chahid-Nouraï;
- Catherine Dassault;
- Arnoud De Meyer;
- Odile Desforges;
- Soumitra Dutta;
- Tanneguy de Fromont de Bouaille (director representing employees);
- Marie-Hélène Habert-Dassault;
- Laurence Lescourret;
- Toshiko Mori.

The composition of the Board of Directors of Dassault Systèmes SE reflects the particular attention the Company pays to seeking a balance between senior and new directors, between independent and non-independent directors, between women and men, as well as to the diversity of background, nationalities and competences.

As at December 31, 2017, the proportion of independent directors as per the AFEP-MEDEF Code (i.e. excluding the director representing the employees) was 55%. This is higher than the ratio recommended by the Code for controlled companies (1/3).

To assess such independence, Dassault Systèmes SE bases its decision on the definition of the AFEP-MEDEF Code, which has been incorporated into the internal regulation of the Board of Directors, whereby a director is independent when he or she has no relationship whatsoever with Dassault Systèmes SE, the Group or its management which might compromise his or her free judgment. At its meeting of March 15, 2018, the Board of Directors assessed, as it does every year, the independence of its members, and concluded that six directors are independent: Ms. Desforges, Ms. Mori, Ms. Lescourret, Messrs. Chahid-Nouraï, De Meyer and Dutta. This decision by the Board is based on the answers from the directors to a questionnaire.

As none of the independent directors have a business relationship with the Group, 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.

Dassault Systèmes SE is also committed to ensure a significant female representation on the Board, which is, with 45% of women directors (excluding the director representing the employees in accordance with law) above the minimum of 40% set forth by law.

Lastly, in terms of internationalization, the Board has three non-French members - a Belgian, a Japanese and an Indian director - accounting for 25% of the members.

The average age of the directors was 61 at the date of this Annual Report.

The above information is summarized in the table below.

COMPOSITION OF THE BOARD OF DIRECTORS OF DASSAULT SYSTÈMES SE

Director	Independence	Start of 1st term of office	Term expires in	Change in 2017	Contribution to the diversity of the Board's composition
Charles Edelstenne[(1)]		04/08/1993	2018		
Bernard Charlès[(1)]		04/08/1993	2018		
Thibault de Tersant[(1)]		04/08/1993	2018		
Jean-Pierre Chahid-Nouraï	X	04/15/2005	2019		
Catherine Dassault		07/20/2016	2019	Ratification[(2)]	Enhanced female representation
Arnoud De Meyer	X	04/15/2005	2019		Enhanced international representation
Odile Desforges	X	05/30/2013	2021	Re-appointment	Enhanced female representation
Soumitra Dutta	X	05/23/2017	2021	Appointment	Enhanced international representation
Tanneguy de Fromont de Bouaille		06/24/2016	2020		
Marie-Hélène Habert-Dassault		07/23/2014	2020		Enhanced female representation
Laurence Lescourret	X	05/26/2016	2020		
Toshiko Mori	X	05/26/2011	2019		Enhanced female and international representation

(1) Renewal proposed to the General Meeting of May 22, 2018.
(2) Cooptation decided by the Board on July 20, 2016.

The roles and duties performed by the Dassault Systèmes SE Corporate Officers *(mandataires sociaux)* in 2017 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 Chief Executive Officer of Groupe Industriel Marcel Dassault after having occupied the position of Chairman and Chief Executive Officer of Dassault Aviation from 2000 to 2013. Before that and within the same Company, he was Vice President responsible for economic and financial affairs (1986-2000) and General Secretary (1975-1986). He holds a chartered accountant qualification.	**Age:** 80 **Nationality:** French **Professional address:** Groupe Industriel Marcel Dassault – 9 Rond-Point des Champs-Élysées – Marcel Dassault, 75008 Paris – France
Term expires: General Meeting of May 22, 2018 **Date of first appointment:** 04/08/1993 **Dassault Systèmes shares owned at December 31, 2017:** 15,739,094 (including a majority of beneficial ownership shares)	**Other current positions and directorships:** **With the Dassault Group, in France:** Chief Executive Officer and member of the Supervisory Board of Groupe Industriel Marcel Dassault SAS (GIMD)(1), Honorary Chairman and Director of Dassault Aviation SA (listed company, subsidiary of GIMD), Director of Sogitec Industries SA, Dassault Médias SA, Groupe Figaro Benchmark SASU **With the Dassault Group, outside France:** Director of SABCA (listed company, subsidiary of GIMD) (Belgium), Director of Dassault Falcon Jet Corporation (United -States) **Outside the Dassault Group:** Director of Thales and Carrefour (listed companies), and Banque Lepercq de Neuflize & Co. Inc. (USA); Honorary Chairman of Gifas(2), Manager of the partnerships Arie, Arie 2, Nili and Nili 2 **Other positions held, and expired, during the past five years:** Chairman of Gifas and Cidef(3) Chairman and CEO of Dassault Aviation SA (listed company, subsidiary of GIMD), Chairman of the Board of Dassault Falcon Jet Corporation and Chairman of Dassault International, Inc.

(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.
(3) Conseil des industries de défense françaises.

BERNARD CHARLÈS – VICE-CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER

Biography: Bernard Charlès has been Vice-Chairman of the Board (since 2016) and Chief Executive Officer of Dassault Systèmes since 2002. Since 1995, Mr. Charlès has had executive functions which he shared with Mr. Edelstenne. Prior to holding this position, Mr. 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: 60

Nationality: French

Professional address: Dassault Systèmes – 10 rue Marcel-Dassault, 78140 Vélizy-Villacoublay – France

Main position: Vice-Chairman of the Board and Chief Executive Officer of Dassault Systèmes

Term expires: General Meeting of May 22, 2018

Date of first appointment: 04/08/1993

Dassault Systèmes shares owned at December 31, 2017: 3,290,441

Other current positions and directorships:

With the Dassault Systèmes Group, outside France: Chairman of the Board of Dassault Systemes Corp., Dassault Systemes SolidWorks Corp., Dassault Systemes Simulia Corp. and Dassault Systemes Biovia Corp. (United- States); Chairman of the Advisory Board (corporate body) of Dassault Systemes 3DExcite GmbH (Germany)

Outside the Dassault Systèmes Group, in France: Director of Sanofi (listed company)

Other positions held, and expired, during the past five years (all inside the Dassault Systèmes Group, outside France):

Chairman of the Board of Dassault Systemes Delmia Corp., Dassault Systemes Enovia Corp. (United States), Dassault Systemes Canada Software Inc. (Canada) and Chairman of the Supervisory Board of RealTime Technology AG (Germany)

THIBAULT DE TERSANT – SENIOR EXECUTIVE VICE-PRESIDENT AND CHIEF FINANCIAL OFFICER(1)

Biography: Thibault de Tersant has been Senior Executive Vice-President and Chief Financial Officer of Dassault Systèmes since 2003. He joined Dassault Systèmes in 1988 as Executive Vice-President and Chief Financial Officer. Prior to joining Dassault Systèmes, Mr de Tersant served as a finance executive at Dassault International.

Age: 60

Nationality: French

Professional address: Dassault Systèmes – 10 rue Marcel-Dassault, 78140 Vélizy-Villacoublay – France

Main position: Senior Executive Vice-President and Chief Financial Officer of Dassault Systèmes

Term expires: General Meeting of May 22, 2018

Date of first appointment: 04/08/1993

Dassault Systèmes shares owned at December 31, 2017: 114,034

Main other current positions and directorships:

With the Dassault Systèmes Group, in France: President of Dassault Systèmes International SAS

Chairman of the Board of La Fondation Dassault Systèmes

With the Dassault Systèmes Group, outside France: Chairman of the Board of Spatial Corp., Director of Dassault Systemes Corp., Dassault Systemes SolidWorks Corp., Dassault Systemes Simulia Corp., Dassault Systèmes Biovia Corp. (United States); Member of the Advisory Board (corporate body) of Dassault Systemes 3DExcite GmbH (Germany)

Outside the Dassault Systèmes Group: Director of Temenos (listed company) (Switzerland); Director of DFCG (the French National Association of Chief Financial Officers and Financial Controllers)

Other positions held, and expired, during the past five years (all inside the Dassault Systèmes Group, outside France):

Manager of Elsys SPRL, Director of Dassault Systemes Delmia Corp., and Dassault Systemes Enovia Corp. (United States)

(1) As of February 5, 2018, Thibault de Tersant was named General Secretary of Dassault Systèmes.

JEAN-PIERRE CHAHID-NOURAÏ – INDEPENDENT DIRECTOR

Chairman of the Audit Committee
Member and Chairman of the Compensation and Nomination Committee (until the end of the Board meeting of March 15, 2018)

Biography: Jean-Pierre Chahid-Nouraï is an independent consultant. He was a managing director (administrateur délégué) of Finanval Conseil from 1992 to 2007. Former member of the Michelin management and Financial Manager, Mr. Chahid-Nouraï was also an investment banker at MM. Lazard Frères et Cie, Banque Veuve Morin-Pons, Financière Indosuez and S.G. Warburg, as well as a consultant with McKinsey & Co. Warburg, as well as a consultant with McKinsey & Co. At the same time, he taught finance at ESSEC, the Centre de Formation à l'Analyse Financière, INSEAD and CEDEP (Centre Européen d'Éducation Permanente).

Age: 79

Nationality: French

Professional address: 56 rue de Boulainvilliers, 75016 Paris – France

Main position: Director

Term expires: General Meeting called to approve the financial statements for the year ending December 31, 2018

Date of first appointment: 04/15/2005

Dassault Systèmes shares owned at December 31, 2017: 2,070

Other current positions and directorships:

None

Other positions held, and expired, during the past five years:

Director of the Fondation Stanislas pour l'Éducation

CATHERINE DASSAULT – DIRECTOR

Biography: Catherine Dassault is a member of the Organizing Committee and the Honorary Committee of the French Alzheimer's Research Association, to whose growth she has contributed decisively. Catherine Dassault also sits on the Board of the 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: 50

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

Term expires: General Meeting called to approve the financial statements for the year ending December 31, 2018

Date of first appointment: 07/20/2016

Dassault Systèmes shares owned at December 31, 2017: 1,419

Other current positions and directorships:

Director of Dassault Aviation

Director of l'Institut de l'engagement

Other positions held, and expired, during the past five years:

Manager of C'est Ainsi (SARL)

ARNOUD DE MEYER – INDEPENDENT DIRECTOR

Chairman of the Scientific Committee
Member of the Compensation and Nomination Committee (until the end of the Board meeting of March 15, 2018)

Biography: Arnoud De Meyer is President of the Singapore Management University. Mr. De Meyer is a specialist in the management of innovation and has published numerous articles and books on this subject. He was previously Management Professor and Director of Judge Business School (University of Cambridge, U.K.) and Professor of Technology Management at INSEAD and Deputy -Dean of INSEAD in France in charge of Administration and External Relations. He has also taught at Waseda University and Keio Business School in Japan and created the INSEAD Campus in Singapore.

Age: 63

Nationality: Belgian

Professional address: Singapore Management University – 81 Victoria Street, Singapore 188065 – Singapore

Main position: President of Singapore Management University

Term expires: General Meeting called to approve the financial statements for the year ending December 31, 2018

Date of first appointment: 04/15/2005

Dassault Systèmes shares owned at December 31, 2017: 1,176

Other current positions and directorships:

Outside France: Director of Temasek Management Services Pte. Ltd, Singapore International Chamber of Commerce, SMU Ventures Pte. Ltd, member of the Board of Directors of Singapore National Research Foundation, Director of the Singapore Symphony Orchestra

Other positions held, and expired, during the past five years:

Director of Kylian Technology Management Pte. Ltd.

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 equipments. 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.

Age: 68

Nationality: French

Professional address: 3, rue Henri Heine, 75016 Paris – France

Main position: Director

Term expires: General Meeting called to approve the financial statements for the year ending December 31, 2020

Date of first appointment: 05/30/2013

Dassault Systèmes shares owned at December 31, 2017: 300

Other current positions and directorships:

In France: Director of Safran, Faurecia and Imerys (listed companies)

Outside France: Director of Johnson Matthey Plc (United -Kingdom)

Other positions held, and expired, during the past five years:

Director of RNBV, RNTBCI, Renault Espana SA and Sequana

SOUMITRA DUTTA – INDEPENDENT DIRECTOR

Member of the Compensation and Nomination Committee (at the end of the Board meeting of December 8, 2017)
Member 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: 54

Nationality: Indian

Professional address: College of Business - Cornell University - Ithaca, New York (USA)

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

Dassault Systèmes shares owned at December 31, 2017: 0*

Other current positions and directorships:

Director of Sodexo (listed company) and Chairman of the Board of *The Association to Advance Collegiate Schools of Business* (AACSB), USA.

Other positions held during the past five years:

Chairman of the Board of Directors of Fisheye Analytics Ltd, Singapore.

* Soumitra Dutta acquired 100 ADRs in March 2018.

TANNEGUY DE FROMONT DE BOUAILLE – DIRECTOR REPRESENTING THE EMPLOYEES

Biography: Tanneguy de Fromont de Bouaille is the director representing the employees appointed by the CFE-CGC. He has been recruited by Dassault Systèmes in 1992 and currently serves as Consumer Goods and Retail Industry Sales Director, after having been employed as General Manager of Dassault Data Services (between 1992 and 2004), and Europe Sales Administration Director for ENOVIA (between 2004 and 2012). 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: 63

Nationality: French

Professional address: Dassault Systèmes – 10 rue Marcel-Dassault, 78140 Vélizy-Villacoublay – France

Main position: Consumer Goods and Retail Industry Sales Director of Dassault Systèmes

Term expires: General Meeting called to approve the financial statements for the year ending December 31, 2019

Date of first appointment: 06/24/2016

Dassault Systèmes shares owned at December 31, 2017: 13,257

Main other current positions and directorships:

None

Other positions held, and expired, during the past five years:

None

MARIE-HÉLÈNE HABERT-DASSAULT – DIRECTOR

Biography: Marie-Hélène Habert-Dassault has been Group Director of Communication and Patronage since 1998. She joined the Dassault Group in 1991 as Deputy Director of Communications 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: 52

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, 2019

Date of first appointment: 07/23/2014

Dassault Systèmes shares owned at December 31, 2017: 500*

Other current positions and directorships:

With the Dassault Group: member of the Supervisory Board of GIMD, permanent representative of GIMD on the Supervisory Board of Immobilière Dassault, member of the Board of Directors of Dassault Aviation (listed company), member of the Strategy Committee HDF, Director and Vice-Chairman of the Serge Dassault Foundation, Director of Artcurial

Outside the Dassault Group: Director of Biomérieux (listed company), General Manager of H Investissements, General Manager of HDH

Other positions held, and expired, during the past five years:

Member of Strategic Committee of Dassault Développement

* Marie-Hélène Habert-Dassault is a shareholder of GIMD.

LAURENCE LESCOURRET – INDEPENDENT DIRECTOR

Member of the Audit Committee
Member of the Compensation and Nomination Committee (at the end of the Board meeting of December 8, 2017)
Member of the Compensation and Nomination Committee (at the end of the Board meeting of March 15, 2018)

Biography: Laurence Lescourret has been an associate professor at the Finance department of ESSEC Business School since 2010. She is also a Director of ESSEC's "Capital Markets and Regulation" Excellence Center and an affiliate academic researcher at the Centre de Recherche en Économie et Statistique (CREST).

She holds a PhD in finance from HEC Paris (2003), a Master in management from EDHEC, a Master "104 Finance" from Paris Dauphine University, and a Master 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)*.

Age: 44

Nationality: French

Professional address: ESSEC Business School – Avenue Bernard-Hirsch – 95021 Cergy-Pontoise – France

Main position: Associate professor in the Finance department – ESSEC Business School

Term expires: General Meeting called to approve the financial statements for the year ending December 31, 2019

Date of first appointment: 05/26/2016

Dassault Systèmes shares owned at December 31, 2017: 115

Other current positions and directorships:

Independent Director of Le Crédit Lyonnais SA (listed company)

Other positions held, and expired, during the past five years:

Member of the Supervisory Board of Groupe ESSEC

TOSHIKO MORI – INDEPENDENT DIRECTOR

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: several American Institute of Architects *New-York Awards; the Academy Award in Architecture from the American Academy of Arts and Letters; the American Institute of Architects New-York Chapter* Medal of Honor; and the 2016 Tau Sigma Delta National Honor Society Gold Medal. Her project in Senegal won the Plan 2016 award in Culture, was a finalist for the Aga Khan 2014-2016 award, and won the Architizer 2016 A+ awards for Architecture + Community and Architecture + Humanitarianism. The project was also recently awarded the American Institute of Architects 2017 Institute Honor Award. Architectural Digest listed her amongst their biennial AD100 in 2014, 2016, 2017 and 2018.

She is a member of the World Economic Forum Global Future Council on The Future of Cities, jury member of the Alvar Aalto Medal 2017, and was inducted as a member of the American Academy of Arts & Sciences. Lastly she is a partner of Paracoustica, a non-profit organization which brings music to underserved communities.

Age: 66

Nationality: Japanese

Professional address: Toshiko Mori Architect, 199 Lafayette Street, New York, NY 10012 – USA

Main position: Founder of Toshiko Mori Architect PLLC

Term expires: General Meeting called to approve the financial statements for the year ending December 31, 2018

Date of first appointment: 05/26/2011

Dassault Systèmes shares owned at December 31, 2017: 600

Other current positions and directorships:

Outside France: Robert P. Hubbard Professor in Harvard Graduate School of Design, member of the American Institute of Architects College of Fellows, member of the World Economic Forum Global Future Council on Future of Cities and Urbanism, member of the Advisory Board of A + U Magazine, member of the G1 Summit (Japan) and member of the Alvar Aalto Medal 2017 jury.

Other positions held, and expired, during the past five years:

President of World Economic Forum Global Agenda Council on Design

Advisor to Isamu Noguchi Museum

Member of the World Economic Forum Global Agenda Council on Design & Innovation

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 ensures the proper functioning of the Board and the committees of Dassault Systèmes SE and their compliance with the best practices of good corporate governance, for example, by making sure in 2017, as well as over the last years, that the directors are capable of fulfilling their duties. Mr. Bernard Charlès, Vice-Chairman of the Board and Chief Executive Officer keeps him regularly informed of significant matters concerning the Company 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. All of these tasks of the Chairman of the Board are directed toward serving the Company, 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".

In the event the General Meeting of May 22, 2018 would renew Mr. Charles Edelstenne and Mr. Bernard Charlès as directors, Mr. Charles Edelstenne and Mr. Bernard Charlès would be renewed respectively as Chairman of the Board and as Vice-Chairman and Chief Executive Officer.

Main provisions of the Board's internal regulation

The Board has an internal regulation. It was amended on December 8, 2017 to strengthen the confidentiality obligation of each Director, and set out the rules for preventing and managing conflicts of interest, as recommended in the AFEP-MEDEF Code.

The Audit Committee has its own charter.

The internal regulation stipulates the frequency of the Board meetings take place 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 the Company's prospects, outlook or on the implementation of the Company's 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 practices of the Board of Directors, and if applicable, debate specific subjects; and
- the Board discusses its practices. 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 the Group and, in such circumstances, abstain in the vote taken on such matters. Specifically, the involvement of a director in a transaction in which the Group 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 *(dirigeants mandataires sociaux)* 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 relatively significant number of Dassault Systèmes SE shares (except the director representing the employees), and to comply with the Group's rules on the prevention of insider trading.

The Board of Directors' activities in 2017

The Board of Directors met eight times in 2017, with an attendance rate of 97%.

In addition to the deliberations on its agenda pursuant to the law (notice of the General Meeting, the drafting of this report and the annual management report), the Board also discussed principally the following issues:

- the Group strategy (definition and review of strategic directions, review, and approval where necessary, of partnership, acquisition and guarantee transactions);
- the financial statements and the budget (approval of the 2016 annual financial statements and consolidated financial statements, the consolidated financial statements for the first half of 2017, the 2017 forward accounts and the review of the 2017 quarterly results); the Board is kept informed as to the Group's financial position by reports from the Audit Committee and presentations made at each meeting by the Senior Executive Vice-President and Chief Financial Officer;
- the review of the assessment of the internal control system;
- the compensation of directors and allocation of shares and share subscription options;
- the payment of additional profit-sharing (profit sharing and participation) for fiscal year 2016;
- the professional equality policy;
- the amendment of the Board's internal regulation;
- the Board's composition and practices (verification of the independent status of independent directors- examination of materiality of any business relationships with the Group; appointment of a new director);
- the compliance of Dassault Systèmes SE with the rules and recommendations on corporate governance;
- modification of the composition of some of the Board's committees.

Directors' training

All the directors are invited to attend an annual information day launched in 2015 for the independent directors and a 3DEXPERIENCE Forum which the Group organizes every year, notably in France, the United States and Japan, to receive feedback from its clients and partners in these markets. In accordance with the AFEP-MEDEF Code, each director may request, if he or she considers it necessary, additional training relating to Dassault Systèmes' specific features, businesses and markets.

Tanneguy de Fromont de Bouaille benefits from training specifically designed to his office of director representing the employees.

Finally, the members of the Audit Committee receive, upon appointment, information on the specific accounting, financial and operational aspects of the Group.

The Board's review of its practices and performance

The Board of Directors is constantly seeking to improve its practices. To this end:

- it asks the independent directors for their comments on the subject. The independent directors meet every year to discuss the Board's practices. In 2017, a presentation was made to them on this topic, after which they were able to have a discussion without the presence of the Dassault Systèmes teams, before reporting on their discussion to the Board;
- it holds a debate at least once a year on its practices, and conducts a formal review every three years, in accordance with its internal regulation and the AFEP-MEDEF Code. At the debate held in 2017, the directors declared that they were very satisfied with both the work and practices of the Board and did not formulate any specific improvement recommendation.

The Board declared that it was satisfied with the effective contribution of the directors to the works of the Board, notably on the basis of the attendance and the involvement of each director.

5.1.1.3 Composition, Practices and Activities of the Board committees

Audit Committee

The Audit Committee consists solely of independent directors: Ms. Odile Desforges, Ms. Laurence Lescourret and Mr. Jean-Pierre Chahid-Nouraï, the Committee Chairman. 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 and in approving their appointment for non-audit related missions. 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 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 the Group's 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 Auditor 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 informs the Audit Committee of their main findings and the Internal Audit Director reports to the Audit Committee the conclusions of his work. In addition, the Committee may call on external experts, having assessed their expertise and independence.

In 2017, the Audit Committee met eight times, including three meetings at head office, which were attended by the Senior Executive Vice-President and Chief Financial Officer, the Company Finance Vice-President, the Group Controller, the Financial Reporting Director, the Internal Audit Director, the General Counsel and the Statutory Auditors of the Company, with which regular discussions were held without the management in attendance. The meetings preceding the disclosure of the quarterly results took place by conference call. The attendance rate for meetings of the Audit Committee in 2017 was 100%.

During 2017, in addition to reviewing the financial statements, the Audit Committee had the opportunity to express an opinion on various topics brought to its attention, including:

- approval of services not related to the audit;
- presentation on the significant changes in accounting standards (IFRS or French) and their impacts;
- validation and follow-up of an internal audit plan for fiscal year 2017;
- review and assessment of the internal control system in 2016 and validation and follow-up of the 2017 internal audit;
- drafting of the external audit plan for 2017;
- a review of the position of the insurance policies and compliance matters;
- re-appointment of a Statutory Auditor;
- possible acquisitions of target companies, as well as the Group's corporate simplification scheme.

Compensation and Nomination Committee

The Compensation and Nomination Committee is comprised solely of independent directors: until March 15,2018, the Committee was comprised of Mr. Jean-Pierre Chahid-Nouraï, Mr. Arnoud De Meyer and, since the end of the December 8, 2017 Board meeting and to ensure an efficient transition, Ms. Laurence Lescourret and Mr. Soumitra Dutta. Since March 15, 2018, the Committee is composed of Ms. Laurence Lescourret and Mr. Soumitra Dutta. Mr. Chahid-Nouraï was Chairman of the Committee until the Board meeting of March 15, 2018 and, at the end of this meeting, has been succeeded by Ms. Laurence Lescourret.

The main duties of this Committee are:

- to propose to the Board of Directors the amounts for compensation and benefits of the executive officers *(dirigeants mandataires sociaux)*, including the formulas and the rules to apply for determining variable compensation, and to verify the application of these rules;
- to evaluate the overall amount and the allocation of the directors' fees;
- to propose to the Board 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 examine the Company's 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.

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 four times in 2017, with an attendance rate of 100%. During these meetings, the Committee made recommendations to the Board in the following topics:

- the composition of the Board of Directors and its Committees;
- the independence of directors, which was reviewed in relation to the responses of each director to a questionnaire;
- the compensation of executive officers *(dirigeants mandataires sociaux)*;
- the share plans and share subscription option plans for Group directors and employees;
- the amount and allocation of the attendance fees allocated to directors.

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

Similar to the other Board Committees, the Scientific Committee is comprised solely of independent directors: Ms. Toshiko Mori and Mr. Arnoud De Meyer and Soumitra Dutta. Mr. Arnoud De Meyer was Chairman of the Committee until the Board meeting of March 15, 2018 and, at the end of the meeting, was succeeded by Mr. Soumitra Dutta. It meets at least once a year. The Committee reviews the main directions of research and development, as well as the Company's 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 2017, with an attendance rate of 100%. At these meetings, it reviewed a number of topics central to Dassault Systèmes strategy and in particular:

- multiphysics, multiscale and data-driven simulation; and
- research into, and the sciences applied to, the biosphere, geosphere and fabersphere.

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 the corporate purpose of the Company 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 15, 2018, is €500 million.

On March 15, 2018, the Board also renewed its authorization to the Chief Executive Officer to grant guarantees, endorsements or securities in the name of Dassault Systèmes SE up to an aggregate amount of €500 million.

5.1.2 The Executive Committee

Chaired by Mr. Bernard Charlès, Vice-Chairman of the Board and Chief Executive Officer, the Executive Committee gathers together the managers of the main Dassault Systèmes business areas and functions.

In 2017, the Executive Committee comprised ten members:

Bernard Charlès(1)	Vice-Chairman of the Board and Chief Executive Officer
Dominique Florack	President, Research and Development
Thibault de Tersant(2)	Senior Executive Vice-President, Chief Financial Officer
Bruno Latchague	Senior Executive Vice-President, Global Field Operations (Americas), Industry solutions and Indirect channels
Monica Menghini	Executive Vice-President, Chief Strategy Officer
Pascal Daloz	Executive Vice-President, Brands and Corporate Development
Sylvain Laurent	Executive Vice-President, Global Field Operations (Asia-Oceania), Worldwide Business Transformation
Laurent Blanchard	Executive Vice-President, Global Field Operations (EMEAR)(3), Worldwide Alliances and Services
Laurence Barthès	Executive Vice-President, Chief People and Information Officer
Philippe Forestier	Executive Vice-President, Global Affairs and Communities

(1) Mr. Bernard Charlès is an acting executive officer (dirigeant mandataire social exécutif) as defined by the AFEP-MEDEF Code.
(2) Mr. Thibault de Tersant is also a director of Dassault Systèmes SE.
(3) Europe Middle-East Africa Russia.

Since February 5, 2018, the Executive Committee has 9 members:

Bernard Charlès(1)	Vice Chairman of the Board of Directors, Chief Executive Officer
Dominique Florack	President, Research and Development
Pascal Daloz	EVP, Chief Financial Officer and Corporate Strategy Officer
Thibault de Tersant(2)	Senior EVP, General Secretary
Bruno Latchague	Senior EVP, Global Field Operations Americas, Global Brands, Indirect channels
Sylvain Laurent	EVP, Global Field Operations Asia / Oceania, Global Direct Business Transformation Sales Force
Laurent Blanchard	EVP, Global Field Operations EMEAR(3), Alliances Strategy
Laurence Barthès	EVP, Chief People & Information Officer
Florence Verzelen	EVP, Industry Solutions, Marketing, Global Affairs and Communications

(1) Mr. Bernard Charlès is an acting executive officer (dirigeant mandataire social exécutif) as defined by the AFEP-MEDEF Code.
(2) Mr. Thibault de Tersant is also a director of Dassault Systèmes SE.
(3) Europe Middle-East Africa Russia.

5.1.3 Principles established by the Board of Directors pertaining to compensation of the Executive Officers and directors

Dassault Systèmes SE's compensation policy is designed to attract, motivate and retain highly qualified individuals, with the aim of ensuring the success of Dassault Systèmes. Indeed, this success depends on the achievement of its objectives, in particular, strategic, business and financial objectives, over the medium and long term. In setting criteria for determining compensation, Dassault Systèmes seeks to strike a balance between short, medium and long-term financial objectives, in order to take into account the creation of stockholder value and recognize individual performance.

The annual compensation of the executive officers *(dirigeants mandataires sociaux)* is set by the Board on the basis of recommendations of the Compensation and Nomination Committee. Such Committee bases its recommendations on a benchmark of compensations granted to Presidents of Boards of Directors or Supervisory Boards and CEOs of French groups part of the SBF 120 index, and of compensations granted to CEOs (also founders in a majority of cases) of international technology companies.

Also, in accordance with the recommendations of the AFEP-MEDEF Code, the compensation elements due or granted for the last fiscal year to each executive officer *(dirigeant mandataire social)* within the meaning of AFEP-MEDEF Code, i.e. Charles Edelstenne, Chairman, and Bernard Charlès, Vice-Chairman and CEO, will be subject to shareholders' vote. In 2017, such resolutions relating to compensation elements due or granted for the 2016 fiscal year to Charles Edelstenne (8th resolution) and to Bernard Charlès (9th resolution) were approved by 97.93% and 91.351%, respectively.

Besides, in accordance with Article L. 225-37-2 of the French Commercial Code, the principles and criteria applicable to the determination, distribution and to the granting of the fixed, variable and, as the case may be, exceptional elements which are part of the total compensation and benefits of all kinds attributable to Mr. Charles Edelstenne, Chairman of the Board, and to Mr. Bernard Charlès, Vice-Chairman and CEO, for the purposes of their duty during 2018 and which form part of the compensation policy relating to them, will be subject to a vote in the next General Meeting (see paragraph 7.1 "Presentation of the resolutions proposed by the Board of Directors to the General Meeting on May 22, 2018"). In accordance with Article L. 225-100 of French Commercial Code, the payment of the variable or exceptional compensation elements resulting of the implementation of the compensation policy, for the 2018 fiscal year, will be subject to a vote of the shareholders during the General Meeting convened to approve the 2018 annual accounts.

Finally, in accordance with the same applicable legal provisions, payment of the variable or exceptional compensation elements for 2017, resulting of the implementation of the compensation policy applicable to Mr. Charles Edelstenne and Mr. Bernard Charlès approved by the General Meeting held on May 23, 2017, will be subject to a vote of the shareholders during the General Meeting convened to approve the 2017 annual accounts (see paragraph 7.1 "Presentation of the resolutions proposed by the Board of Directors to the General Meeting on May 22, 2018").

5.1.3.1 Fixed, variable and exceptional compensation and in-kind benefits

The annual compensation of the Chairman of the Board is a fixed amount. However, the compensation of each member of the Executive Committee of the Group 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 the Company's strategic orientations and include individual management targets.

The members of the Executive Committee within the French scope, except for Bernard Charlès, Vice-Chairman of the Board and Chief Executive Officer, are also eligible for profit-sharing payments in the same manner as other employees of Dassault Systèmes SE, as described in paragraph 2.1.4 "Valuation of the performance and recognition of the employees".

Each year, the Board of Directors sets:

- the amount of the compensation (fixed only in accordance with the recommendation of the AFEP-MEDEF Code) of Mr. Charles Edelstenne, Chairman of the Board.

At its meeting on March 15, 2018, the Board of Directors set the amount of the Chairman's 2018 fixed compensation at €982,000, unchanged since 2014.

- the annual compensation of Mr. Bernard Charlès, Vice-Chairman of the Board and CEO.

For his office as CEO, the annual target compensation with objectives achieved of Mr. Bernard Charlès is comprised of a fixed portion for 50%, paid monthly, and a variable portion for 50%, paid annually in relation to the achievement of the performance criteria previously set by the Board of Directors. 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 up to 140%. Any significant change in his fixed compensation is made over the long term and relates to the increase in the Group's scope and market footprint.

The variable portion of the CEO's compensation paid in 2018 in respect of 2017, was set by the Board at its meeting of March 15, 2018, upon recommendation of the Compensation and Nomination Committee, at at €1,417,750 after review of the achievement of the performance criteria set, representing 107% of the annual target variable compensation in 2017.

The categories of performance criteria, each equally weighted, are set forth in the following table with an indication, for each of them, of the level of payment resulting from the level of satisfaction of the quantifiable and qualitative objectives.

Performance criteria categories	Type	
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	104%
Company's 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	110%
Dassault Systèmes' competitive position, measured by the evolution of the increase in the turnover compared to the competitors and the increase of the weight of the diversification industries in the global software turnover	Quantifiable	102%
Composition of product portfolio	Qualitative	104%
Implementation of the Group's short-, medium- and long-term strategy contributing to future growth	Qualitative	115%

During its meeting held on March 15, 2018, the Board of Directors also set the foregoing performance criteria categories to assess the payment of the CEO's variable compensation for 2018. In 2018, those performance criteria categories show, as for 2017, a limit of 40% to the purely qualitative part of this variable compensation. In order to protect the Company's competitive position, the Board of Directors considered that it was not appropriate to disclose further details of the qualitative performance criteria. These qualitative and quantifiable criteria, which are discussed by the Compensation and Nomination Committee and the Board, are both internal and external in nature and depend on the Group's annual performance or its multi-year strategy (medium and long-term). In addition, they include a strong "Social and Environmental Responsibility" dimension in relation with the Group's business, each of Dassault Systèmes' brands incorporating a promise of sustainable development (see paragraphs 2.2.2.2 "3DEXPERIENCE platform for Sustainability: apps and solutions for sustainable development", 2.1.4 "Rewarding performance and recognizing employees" and 2.1.2.3 "Developing relations with the social, regional and community environment").

At its meeting of March 15, 2018, the Board of Directors set the 2018 annual target compensation (with objectives achieved) for the Chief Executive Officer at €2,780,000, composed of a fixed portion of €1,390,000 and a variable portion, the amount of which will depend upon the achievement of the objectives and will be subject to the prior approval by the General Meeting called to approve the 2018 financial statements. Accordingly, in 2018, the annual target compensation (with objectives achieved) of the Chief Executive Officer, which had remained unchanged since 2015, increased by 4.9% compared with 2017.

Mr. Bernard Charlès, as Chief Executive Officer, receives benefits in-kind in the form of the use of a vehicle provided by Dassault Systèmes SE, as indicated in paragraph 5.1.4. "Summary of Compensation and Benefits Due to Directors".

As regards his office as Vice-Chairman of the Board, Mr. Bernard Charlès has not been granted nor has received any compensation in 2017.

Finally, Mr. Charles Edelstenne, Chairman of the Board, and Mr. Bernard Charlès, Vice-Chairman of the Board and Chief Executive Officer, have not been granted in 2017 any exceptional compensation or any multi-annual compensation. They are not beneficiaries of an additional retirement plan or any indemnity under a non-competition clause.

5.1.3.2 Performance Shares and Share Subscription Options

The members of the Group's Executive Committee are given long-term incentives notably through grants of Dassault Systèmes performance shares or share subscription options to associate them with the development and performance of the Company. In general, performance shares or share subscription options may be granted to key employees of the Company, the number granted to each of them being dependent on individual performance and level of responsibility. (see paragraph 5.1.4.2 "Interests of Executive Management and Employees in the Share Capital of Dassault Systèmes SE").

Grants of share subscription options and performance shares generally occur during identical periods. However, there may have been rare exceptions to this rule, given the recent changes in the tax and legal frameworks, or on the compliance with the knowledge of inside information by the corporate officers.

The General Meeting of September 4, 2015 set the maximum number of shares which could be granted to the executive officers *(dirigeants mandataires sociaux)* at 35% of the overall amount approved, assessed on the date of allocation, which was 1,809,724 shares at May 23, 2017.

Within the framework of this authorization, the Board of Directors which met on May 23, 2017, decided, on the recommendation of the Compensation and Nomination Committee, to grant 300,000 shares ("2017-B" Shares) to the Vice-Chairman of the Board and Chief Executive Officer as part of the gradual process of making Bernard Charlès a company shareholder that began several years ago, with the aim of recognizing his entrepreneurial role during more than 30 years with the Group and providing him with an equity interest comparable to that of founders of companies in the same sector or more generally his peers in technology companies around the world. This number of 300,000 shares granted remains unchanged since 2005, which is the year of first grant to the CEO (taking into account the two-for-one share split on July 17, 2014).

These 2017-B -shares represent 5.80% of the overall amount approved by the General Meeting of September 4, 2015.

The shares allocated to the CEO will be vested on May 23, 2020 provided, per the requirements of the AFEP-MEDEF Code, the beneficiary remains with the Company and fulfills the performance condition. These conditions are identical to those of the 2017-A performance shares plan for certain employees of the Group. The performance condition is based on the Group's intrinsic performance as measured by the increase in EPS (neutralized from currency effects) between 2016 and 2019. The increase must be at least equal to a threshold (expressed as a percentage) set by the Board that allocated the shares in question. The achievement level will vary linearly subject to a threshold and a target defined by the Board on May 23, 2017.

In accordance with the AFEP-MEDEF Code and AMF recommendations, the Board meeting of May 23, 2017 resolved that the Vice-Chairman of the Board and CEO shall maintain under registered form at least 15% of the total amount of shares vested to him under the 2017-B grant, such percentage being 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.

Thus, the Vice-Chairman of the Board and CEO shall maintain under registered form, until the end of his functions as CEO, 15% of the total number of shares acquired under all grants of performance shares to his profit since 2007, 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.

Mr. Bernard Charlès also formally agreed not to use forward contracts in order to secure a capital gain in connection with the sale of performance shares or the exercise of stock options, until the expiry of the legal holding period. The Dassault Systèmes' insider trading rules already impose such restriction.

Further information concerning share subscription options and performance shares is provided in paragraph 5.1.4 "Summary of Compensation and Benefits Due to Directors".

Aside from Dassault Systèmes SE, no other Group company has granted shares or options to corporate officers *(mandataires sociaux)* in 2017.

During its review of the Group's policy regarding long term compensation, the Compensation and Nomination Committee of March 15,2018 has studied the grants which would be proposed in 2018 to the profit of some managers and employees of the Group, as it is the case each year (see paragraph 5.1.4.2 "Interests of Executive Management and Employees in the share capital of Dassault Systèmes SE"). The Compensation and Nomination Committee has specifically resolved, in the context of the examination of the gradual process of making Bernard Charlès a company shareholder, with the aim of recognizing his entrepreneurial role and providing him with an equity interest comparable to his peers to grant him 300,000 performance shares.

If the Board were to decide to grant the remaining of the envelope of performance shares authorized by the General Meeting dated September 4, 2015 in order to keep the tax regime of this authorization, it shall decide it before November 4, 2018. The Board, upon recommendation of the Compensation and Nomination Committee, would then anticipate, before such date, the 2019 grant to the benefit of the managers and employees of the Group (including 300,000 shares to Mr. Bernard Charlès' profit), it being specified, for the avoidance of doubt, that the grant which could be done in 2019 would not be made to the beneficiaries of this anticipated allocation.

5.1.3.3 Indemnities Due in the Event of the Imposed Departure *(départ contraint)* of Mr. Bernard Charlès

In accordance with the French Commercial Code and the AFEP-MEDEF Code, the principle and the amount of the indemnity paid to the Chief Executive Officer upon the termination of his functions are subject to conditions, in particular performance conditions. 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 *(départ contraint)* in the subsequent 12 months. The indemnity may also be paid if the imposed departure is not linked to poor results of the Company 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 the Company 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 the Company and significantly reducing, in the opinion of the Board, the market price of the Company's 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 mandate, the Board may decide that the indemnity payment is not due.

The amount of the indemnity due to the Chief Executive Officer 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. The amount due would be calculated by using the following formula:

- the aggregate gross compensation (including variable compensation but excluding compensation in kind and directors' fees) 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 the Group (denominator).

The indemnity is thus subject to performance conditions related to achieving targets fixed for the variable compensation.

5.1.3.4 Directors' Fees

As Chairman of the Board and director respectively, Mr. Charles Edelstenne and Mr. Bernard Charlès receive directors' fees (see paragraph 5.1.4 "Summary of the Compensation and Benefits Due to Corporate Officers *(mandataires sociaux)*").

The General Meeting of May 23, 2017, set the maximum annual amount of directors' fees at €500,000.

For 2017, the amount of the directors' fees actually granted to the Dassault Systèmes SE directors was €429,181, of which €212,481 was for their positions (fixed portion) and €216,700 was for attendance of meetings of the Board of Directors and its committees (variable portion). In accordance with the AFEP-MEDEF Code, the variable portion of the directors' fees is structurally greater.

The distribution of the fees among the directors for 2017 is based on the following principles, which were set by the Board of Directors at its meeting on May 23, 2017: €16,500 per director, an additional €16,500 for the Chairman of the Board and an extra €4,400 for the Chairman of the Audit Committee (these amounts are prorated for the actual period served in the positions during the year); €2,200 per director for actual attendance at a Board meeting; €4,400 per member of the Audit Committee for actual attendance at a meeting of that Committee; €2,200 per member of the Compensation and Nomination Committee or Scientific Committee for each meeting of these committees they physically attend; and €1,100 for each attendance via conference call or videoconference at a meeting of the Board of Directors or one of these committees.

5.1.4 Summary of the Compensation and Benefits Due to Corporate Officers *(mandataires sociaux)*

5.1.4.1 Compensation of the Corporate Officers *(mandataires sociaux)*

The tables below provide a summary, in accordance with the recommendations of the AMF and the AFEP-MEDEF Code, of the compensation and benefits paid to the corporate officers of Dassault Systèmes SE, pursuant to Article L. 225-37-3 of the French Commercial Code (see also paragraphs 5.1.3 "Principles established by the Board of Directors pertaining to compensation of the Executive Officers and directors", 5.1.4.2 "Interests of Executive Management and Employees in the Share Capital of Dassault Systèmes SE").

TABLE 1: SUMMARY OF THE COMPENSATION, OPTIONS AND SHARES AWARDED TO EACH EXECUTIVE OFFICER

(in euros)	**2017**	2016
Charles Edelstenne, Chairman of the Board		
Compensation due for the year (detailed in Table 2)	1,027,100	1,027,100
Value of the variable multi-year compensation granted during the year	N/A	N/A
Value of the stock options granted during the year (detailed in Table 4)	N/A	N/A
Value of the performance shares granted during the year (detailed in Table 6)	N/A	N/A
Value of the other long-term compensation plans	N/A	N/A
Bernard Charlès, Vice-Chairman of the Board and Chief Executive Officer		
Compensation due for the year (detailed in Table 2)	2,783,284	2,740,626
Value of the variable multi-year compensation granted during the year	N/A	N/A
Value of the stock options granted during the year (detailed in Table 4)	N/A	N/A
Value of the performance shares granted during the year (detailed in Table 6)	N/A	N/A
Value of the other long-term compensation plans	See below	See below

VALUE OF THE SHARES GRANTED TO BERNARD CHARLÈS, VICE-CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER, AS PART OF THE PLAN TO PROGRESSIVELY ASSOCIATE HIM WITH THE COMPANY'S CAPITAL

These shares are granted to 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 recognizing his entrepreneurial role during more than 30 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)	**2017**	2016
Bernard Charlès, Vice-Chairman of the Board and Chief Executive Officer		
Value of the shares granted during the year (see Table 6)(1)	13,004,841(2)	9,519,744(3)

(1) Value based on the method chosen for the consolidated financial statements before the spreading of the expense and taking into account the performance criteria.
(2) i.e. 300,000 2017-B Shares granted in 2017.
(3) i.e. 300,000 2016-B Shares granted in 2016.

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.

	2017		2016	
(in euros)	**Amounts payable for the fiscal year**	**Amounts paid in 2017**	Amounts due in respect of the year	Amounts paid in 2016
Charles Edelstenne, Chairman of the Board				
Fixed compensation(1)	982,000	982,000	982,000	982,000
Annual variable compensation	N/A	N/A	N/A	N/A
Multi-year variable compensation	N/A	N/A	N/A	N/A
Extraordinary compensation	N/A	N/A	N/A	N/A
Directors' fees(2)	45,100	45,100	45,100	43,000
Benefits in kind(3)	N/A	N/A	N/A	N/A
TOTAL	**1,027,100**	**1,027,100**	**1,027,100**	**1,025,000**
Bernard Charlès, Vice-Chairman of the Board and Chief Executive Officer(4)				
Fixed Compensation	1,325,000	1,325,000	1,325,000	1,325,000
Annual variable compensation(5)	1,417,750(6)	1,378,000(7)	1,378,000(7)	1,523,750(8)
Multi-year variable compensation	N/A	N/A	N/A	N/A
Extraordinary compensation	N/A	N/A	N/A	N/A
Directors' fees	28,600	27,500	27,500	28,000
Benefits in kind(9)	11,934	11,934	10,126	10,126
TOTAL	**2,783,284**	**2,742,434**	**2,740,626**	**2,886,876**

(1) GIMD paid Mr. Charles Edelstenne, as GIMD's Chief Executive Officer, gross fixed compensation of €804,828 in 2017 and €802,404 in 2016.
(2) GIMD paid Mr. Charles Edelstenne, for his term as a member of GIMD's Supervisory Board, directors' fees of €28,137 in 2017 and €28,740 in 2016.
(3) GIMD granted benefits in kind related to the use of a car for Mr. Charles Edelstenne equivalent to an amount of €10,411 in 2017 and €10,440 in 2016.
(4) With the exception of director's fees, Dassault Systèmes has paid to Bernard Charlès each of the compensation elements referred to in the table above with respect to his office as Chief Executive Officer of Dassault Systèmes. In 2017, Mr. Charlès did not receive any compensation in consideration of this office as Vice-Chairman.
(5) The rules governing the determination of variable compensation of the Chief Executive Officer are described in paragraph 5.1.3 "Principles established by the Board of Directors pertaining to compensation of the Executive Officers and directors".
(6) Variable portion due for 2017 and paid in 2018.
(7) Variable portion due for 2016 and paid in 2017.
(8) Variable portion due for 2015 and paid in 2016.
(9) These benefits in kind provided by Dassault Systèmes SE are related to the use of a car by Bernard Charlès.

TABLE 3: DIRECTORS' GROSS FEES AND OTHER COMPENSATION RECEIVED BY THE NON-EXECUTIVE DIRECTORS

The directors do not receive any compensation other than the fees set forth in the table below, except for Charles Edelstenne and Bernard Charlès, whose compensation is set forth in Table 2 above, Thibault de Tersant, Senior Executive Vice-President and Chief Financial Officer, and Tanneguy de Fromont de Bouaille (director representing the employees) whose compensations are set forth in Notes 1 and 4 to the table below.

(in euros)	**Directors' fees paid in 2017 for fiscal year 2016**	Directors' fees paid in 2016 for fiscal year 2015
NON-EXECUTIVE DIRECTORS (MANDATAIRES SOCIAUX NON-DIRIGEANTS)		
Thibault de Tersant*	28,600	28,000
Jean-Pierre Chahid-Nouraï	57,200	53,000
Catherine Dassault (director since July 20, 2016)	11,793	–
Nicole Dassault (director until May 27, 2016)(1)	6,627	22,000
Arnoud De Meyer	38,500	38,000
Odile Desforges	42,900	44,000
Soumitra Dutta (director since May 23, 2017)	–	–
Tanneguy de Fromont de Bouaille* (director representing the employees since June 24, 2016)	14,111	–
Marie-Hélène Habert-Dassault(2)	27,500	28,000
Laurence Lescourret (director since May 26, 2016)	25,318	–
Toshiko Mori	28,600	30,000
TOTAL	**281,149**	**243,000**

(1) In 2017 and 2016 respectively, GIMD paid Marie-Hélène Habert-Dassault directors' fees of €11,667 and €21,911 for her office as member of the Supervisory Board of GIMD.
(2) In 2017 and 2016 respectively, GIMD paid Marie-Hélène Habert-Dassault directors' fees of €28,137 and €25,325 for her role as a member of the Supervisory Board of GIMD, and compensation of €347,495 and €343,830.88 for her role as Director of Communication and Patronage, Dassault Group. GIMD also granted her a bonus in an amount of €10,000 and €5,000 and benefits in kind related to the use of a car in an amount of €3,314 and €3,323.82.
* The overall compensations received by Thibault de Tersant and Tanneguy de Fromont de Bouaille in 2017 and 2016 is set out below:

	Compensation paid in 2017	Compensation paid in 2016
Thibault de Tersant, director, Senior Executive Vice-President and Chief Financial Officer		
Fixed Compensation	490,000	480,000
Annual variable compensation	250,000(1)	240,000(2)
Multi-year variable compensation	–	–
Extraordinary compensation	2,119	3,147
Directors' fees	20,020	28,000
Benefits in kind(3)	9,867	9,867
TOTAL	**772,006**	**761,014**

(1) Variable portion due for 2016. In 2017, Thibault de Tersant also received €37,134.78 in respect of mandatory and contractual profit-sharing.
(2) Variable portion due for 2015. In 2016, Thibault de Tersant also received €35,920.68 in respect of mandatory and contractual profit-sharing.
(3) These benefits in kind are related to the use of a car provided by Dassault Systèmes SE.

	Compensation paid in 2017	Compensation paid in 2016
Tanneguy de Fromont de Bouaille, director representing the employees[1]		
Fixed Compensation	118,350	116,769
Annual variable compensation	25,376[2]	24,690[3]
Multi-year variable compensation	N/A	N/A
Extraordinary compensation	1,246	1,135
Directors' fees	N/A	N/A
Benefits in kind	N/A	N/A
TOTAL	**144,972**	**142,594**

(1) Dassault Systèmes SE has paid to Tanneguy de Fromont de Bouaille each of the compensation elements referred to in the table above with respect to his employment contract as Consumer Goods and Retail Industry Sales Director with Dassault Systèmes SE. Mr. de Fromont de Bouaille did not receive any directors' fees in respect of his office as Dassault Systèmes SE paid the directors' fees due for 2016 and 2017, directly to the CFE-CGC for the director representing employees.
(2) Variable portion due for 2016. In 2017, Tanneguy de Fromont de Bouaille also received €32,788.82 in respect of mandatory and contractual profit-sharing.
(3) Variable portion due for 2015. In 2016, Tanneguy de Fromont de Bouaille also received €34,480.83 in respect of mandatory and contractual profit-sharing.

Other elements relating to the compensation of the directors are described in paragraph 5.1.3.4 "Directors' Fees".

TABLEAU 4: SHARE SUBSCRIPTION OR PURCHASE OPTIONS GRANTED IN 2017 TO EACH EXECUTIVE OFFICER BY THE ISSUER AND BY ANY OF THE GROUP COMPANIES

(in euros)	No. and date of the plan	Type of options (purchase or subscription)	Value of the options	**Number of options granted in 2017**	Exercise price	Exercise period
Charles Edelstenne	–	–	–	–	–	–
TOTAL	**–**	**–**	**–**	**–**	**–**	**–**
Bernard Charlès	–	–	–	–	–	–
TOTAL	**–**	**–**	**–**	**–**	**–**	**–**

TABLE 5: SUBSCRIPTION OR PURCHASE OPTIONS EXERCISED DURING 2017 BY EACH EXECUTIVE OFFICER

(in euros)	No. and date of the plan	**Number of options exercised in 2017**	Exercise price
Charles Edelstenne	–	–	–
Bernard Charlès	2008-02	100,000	€19.50
TOTAL	**–**	**–**	**–**

TABLE 6: SHARES GRANTED IN 2017 TO EACH EXECUTIVE OFFICER BY THE ISSUER AND BY ANY OF THE GROUP COMPANIES

	No. and date of the plan	Number of performance shares granted in 2017	Value of the shares (in euros)(1)	Date of acquisition	Date of availability	Performance conditions
Charles Edelstenne	–	N/A	–	–	–	–
Bernard Charlès	2017-B 05/23/2017	300,000(2)	13,004,841	05/23/2020	05/23/2020	Yes
TOTAL		**300,000**				

(1) Value based on the method chosen for the consolidated financial statements before the spreading of the expense and taking into account the performance criteria.
(2) Such shares are granted to 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 recognizing his entrepreneurial role during more than thirty years with the Group 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 2017 FOR EACH EXECUTIVE OFFICER

	No. and date of the plan	Number of shares that became available in 2017	Vesting conditions
Bernard Charlès	2015-B 09/04/2015	300,000(1)	
TOTAL		**300,000**	

(1) Such shares have been granted to 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 recognizing his entrepreneurial role during more than thirty years with the Group 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 "Performance Shares and Share Subscription Options").

TABLE 8: HISTORY OF SHARE SUBSCRIPTION AND PURCHASE OPTIONS GRANTED

See paragraph 5.1.4.2 "Interests of Executive Management and Employees in the Share Capital of Dassault Systèmes SE" below.

TABLE 9: SHARE SUBSCRIPTION OPTIONS GRANTED TO THE TOP TEN EMPLOYEES WHO ARE NOT -EXECUTIVE DIRECTORS, AND OPTIONS EXERCISED BY THESE EMPLOYEES

See paragraph 5.1.4.2 "Interests of Executive Management and Employees in the Share Capital of Dassault Systèmes SE" below.

TABLE 10: HISTORY OF PERFORMANCE SHARES GRANTED

See paragraph 5.1.4.2 "Interests of Executive Management and Employees in the Share Capital of Dassault Systèmes SE" below.

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)*.

Executive officers	Employment agreement		Additional retirement plan		Indemnities or benefits due or which may become due in the event of termination of or change in present functions		Indemnities related to a non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Charles Edelstenne Chairman of the Board Director since (1st appointment): 04/08/1993 Term: until the annual General Meeting to be held in 2018		X		X		X		X
Bernard Charlès Vice-Chairman of the Board and Chief Executive Officer 1st appointment as CEO: 04/08/1993 Term: until the annual General Meeting to be held in 2018		X		X	X*			X

* The conditions for payment and the amount of the indemnities owed are described in paragraph 5.1.3.3 "Indemnities Due in the Event of the Imposed Departure (départ contraint) of Mr. Bernard Charlès".

There is no specific additional retirement plan *(régime complémentaire de retraite)* for the executive officers. The companies controlled by Dassault Systèmes SE have not paid any compensation or granted any other benefits in kind to the executive officers *(dirigeants mandataires sociaux)* mentioned above.

The Table 10 "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.

5.1.4.2 Interests of Executive Management and Employees in the Share Capital of Dassault Systèmes SE

Dassault Systèmes share subscription options

As of December 31, 2017, there were five active share subscription options plans for the benefit of certain Group managers and employees. The exercise price of share subscription options, for all the plans, was fixed without a discount.

The General Meeting of May 26, 2016 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 5% of Dassault Systèmes SE's share capital. At its meeting on May 23, 2017, the Board of Directors used this authorization to grant to 901 beneficiaries 2,050,370 share subscription options (the "2017-01 Options"), the exercise of which is subject to them remaining with the Company and performance conditions for each reference year 2017, 2018 and 2019.

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 2017.

HISTORY OF SHARE SUBSCRIPTION AND PURCHASE OPTIONS GRANTED

(Corresponding to Table 8 of the AMF Position-Recommendation No. 2009-16)

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.

Stock option plan	2008-02	2010-01	2014-01	2015-01	2016-01	2017-01	**Total**
General Meeting	05/22/2008	05/27/2010	05/30/2013	05/30/2013	05/26/2016	05/26/2016	
Board of Directors	11/27/2009	05/27/2010	05/26/2014	09/04/2015	05/26/2016	05/23/2017	
Total Number of shares to be subscribed pursuant to options exercise	3,703,000	2,480,000	624,450	1,965,555	1,947,785	2,050,370	12,771,160
○ by corporate officers (*mandataires sociaux*)	340,000	220,000	N/A	N/A	N/A	N/A	560,000
Bernard Charlès	100,000[(1)]	100,000[(1)]	N/A	N/A	N/A	N/A	200,000
Thibault de Tersant	240,000	120,000	N/A	N/A	N/A	N/A	360,000
Starting point for exercising the options	11/27/2013	05/27/2014	02/21/2016	09/04/2016	05/26/2017	05/23/2018	
Expiry date	11/26/2017	05/26/2018	05/25/2022	09/03/2025	05/25/2026	05/22/2027	
Exercise price *(in euros)*	19.50	23.50	45.50	62.00	69.00	82.00	
Terms of exercise			See note[(2)]	See note[(3)]	See note[(4)]	See note[(5)]	
Total number of shares subscribed pursuant to options exercised as of 12/31/2017	3,393,000	1,550,312	111,083	435,659	195,926	0	5,685,980
Cumulative number of options canceled or null and void as of 12/31/2017	310,000	206,700	312,170	269,890	193,281	97,895	1,389,936
Number of options outstanding as of 12/31/2017	N/A	722,988	201,197	1,260,006	1,558,578	1,952,475	5,695,244
Number of shares subscribed pursuant to options exercised between 01/01/2018 and 02/28/2018	N/A	210,074	14,334	50,572	22,132	0	297,112
Number of options canceled or null and void between 01/01/2018 and 02/28/2018	N/A	0	64,006	10,441	31,556	62,265	168,268
Number of options outstanding as of 02/28/2018	N/A	512,914	122,857	1,198,993	1,504,890	1,890,210	5,229,864
Total number of shares subscribed pursuant to options exercised as of 02/28/2018	3,393,000	1,760,386	125,417	486,231	218,058	0	5,983,092

(1) The options granted to the Chief Executive Officer are subject to performance conditions related to his variable compensation actually paid out over three years, the amount of which is itself dependent upon the satisfaction of the performance criteria defined by the Board of Directors of Dassault Systèmes SE.
(2) 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.
(3) 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.
(4) 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.
(5) 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.

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, 2018".

At December 31, 2017, the only corporate officers *(mandataires sociaux)* holding such share subscription options were Bernard Charlès and Thibault de Tersant.

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 de référence)*.

SHARE SUBSCRIPTION AND PURCHASE OPTIONS OF THE TOP TEN EMPLOYEES OF DASSAULT SYSTÈMES WHO ARE NOT -EXECUTIVE OFFICERS AND THE OPTIONS THEY EXERCISED DURING 2017

(Corresponding to Table 9 of the AMF Position-Recommendation No. 2009-16)

The following table sets forth, on a global basis, the total number and weighted average exercise price of shares subscribed by the ten Group employees who exercised the largest number of Dassault Systèmes SE stock options during 2017 and who are not corporate officers *(mandataires sociaux)* of the Dassault Systèmes SE.

	Total number of options	Average weighted price per option	Plan no. 2008-02	Plan no. 2010-01	Plan no. 2014-01	Plan no. 2015-01	Plan no. 2016-01	Plan no. 2017-01
Stock options granted in 2017 to the ten employees who received the largest number of stock options	320,250	€82.00	N/A	N/A	N/A	N/A	N/A	320,250
Stock options exercised in 2017 by the ten employees who exercised the largest number of stock options*	596,848	€42.80	377,350	172,000	18,332	14,583	14,583	N/A

* For all the grants prior to July 17, 2014, the figures in this table (options 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.

Performance shares

The General Meeting of September 4, 2015 authorized the Board of Directors to grant Dassault Systèmes shares, up to a maximum of 2% of Dassault Systèmes SE's capital at the date of granting by the Board of Directors (i.e. 5,170,641 shares as at May 23, 2017), this authorization being valid during a 38-month period.

The Board meeting of May 23, 2017 used this authorization to grant 801,700 "2017-A" performance shares to 641 beneficiaries, and 300,000 "2017-B" shares to Bernard Charlès, Vice-Chairman of the Board and Chief Executive Officer (see paragraph 5.1.3.2 "Performance Shares and Share Subscription Options"). This second grant is compliant with the resolution of the General Meeting, which limited the portion of shares that could be granted to Bernard Charlès to 35% of the overall amount of shares as of the date of the grant (i.e. 1,809,724 shares as at May 23, 2017).

HISTORY OF PERFORMANCE SHARES GRANTED

(Corresponding to Table 10 of the AMF Position-Recommendation No. 2009-16)

For all the grants prior to July 17, 2014, the figures in this table 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.

Plan Number	2010-04 – France plan	2014-A	2015-A	2016-A	2017-A	Total
General Meeting	05/27/2010	05/30/2013	09/04/2015	09/04/2015	09/04/2015	
Date of the Board meeting	09/07/2012	02/21/2014	09/04/2015	05/26/2016	05/23/2017	
Total number of shares granted, including the number granted to:	661,600(1)	1,059,880	734,600	782,950	801,700	4,040,730
◦ to corporate officers (mandataires sociaux)	62,000	40,000	40,000	40,000	40,000	222,000
Bernard Charlès	28,000(2)	–	–	–	–	28,000(2)
Thibault de Tersant	34,000	40,000	40,000	40,000	40,000	194,000
Vesting date of shares	09/07/2015	02/21/2018	09/04/2017	05/26/2018 (Tranche 1) and 05/26/2019 (Tranche 2)	05/23/2020	
Date of end of holding period	09/07/2017	N/A	N/A	N/A	N/A	
Performance conditions	Yes(3)	Yes(4)	Yes(5)	Yes(6)	Yes(7)	
Number of shares vested as at 02/28/2018	622,000	959,920	721,050	0		2,302,970
Total number of shares canceled or lapsed as at 12/31/2017	39,600	97,860	13,550	9,500	2,850	163,360
Performance shares remaining at the end of fiscal year	0	962,020	0	773,450	798,850	2,534,320

(1) In the event of international mobility, the beneficiaries of the France Plan may be transferred under certain conditions to the International Plan and vice versa during the vesting period. Therefore, the total number of vested shares under the France or International Plans may differ from the number of shares originally granted under these plans.

(2) The shares granted to the Chief Executive Officer are subject to an additional performance condition in relation to his variable compensation actually paid with respect to three fiscal years set forth in the regulations of the plan in question, the amount of which is itself dependent on achieving performance criteria previously established by the Board of Directors of Dassault Systèmes SE.

(3) The 2010-04 Shares have been definitively vested at the end of the vesting period applicable to the beneficiary, provided the beneficiary remains with the Company and satisfies a performance condition, which was measured according to the EPS actually realized compared to the high end of the range EPS as published for each of the 2012, 2013 and 2014 fiscal years.

(4) The 2014-A Shares will be fully vested at the end of the vesting period, provided that the beneficiary remains with the Company and, each year for three years, fulfills at least one of the following performance conditions: growth in the EPS compared to 2014, and such growth must be at least equal to the percentage fixed at the Board meeting at which the shares were granted, or the Dassault Systèmes share must outperform the CAC 40 index by a minimum percentage fixed at the same Board meeting.

(5) The 2015-A Shares have been definitively 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 whose achievement was measured in 2017: growth in the EPS compared to 2014, and such growth must be at least equal to the percentage fixed at the Board meeting at which the shares were granted, or the Dassault Systèmes share must outperform the CAC 40 index by a minimum percentage fixed at the same Board meeting.

(6) The 2016-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 (based on alternative or cumulative criteria depending on the tranche in question), the achievement of which will be measured in 2018 and 2019: growth in the EPS compared to 2015, and such growth must be at least equal to the percentage fixed at the Board meeting at which the shares were granted, and/or the Dassault Systèmes share must outperform the CAC 40 index by a minimum percentage fixed at the same Board meeting.

(7) 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.

HISTORY OF THE 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 "Performance Shares and Share Subscription Options")

For all the grants prior to July 17, 2014, the figures in this table 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.

Plan Details	2009	2010	2010-03	2010-05	2014-B	2015-B	2016-B	2017-B
General Meeting	06/06/2007	05/27/2010	05/27/2010	05/27/2010	05/30/2013	09/04/2015	09/04/2015	09/04/2015
Board of Directors	11/27/2009	05/27/2010	09/29/2011	09/07/2012	02/21/2014	09/04/2015	05/26/2016	05/23/2017
Total number of shares granted to Bernard Charlès	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Vesting date of shares	11/27/2011	05/27/2012	09/29/2013	09/07/2014	02/21/2018	09/04/2017	05/26/2018 (Tranche 1) and 05/26/2019 (Tranche 2)	05/23/2020
Date of end of holding period(1)	11/27/2013	05/27/2014	09/29/2015	09/07/2016	N/A	N/A	N/A	N/A
Performance conditions	See note(2)	See note(3)	See note(4)	See note(5)	See note(6)	See note(7)	See note(8)	See note(9)
Number of shares vested as at 02/28/2017	300,000	300,000	300,000	300,000	–	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 "Performance Shares and Share Subscription Options").
(2) Performance condition related to variable compensation actually paid to the Chief Executive Officer with respect to the 2009 and 2010 fiscal years, the amount of which is itself dependent on achieving performance criteria previously established by the Board.
(3) Performance condition related to variable compensation actually paid to the Chief Executive Officer with respect to the 2010 and 2011 fiscal years, the amount of which is itself dependent on achieving performance criteria previously established by the Board.
(4) Performance condition related to variable compensation actually paid to the Chief Executive Officer with respect to the 2011 and 2012 fiscal years, the amount of which is itself dependent on achieving performance criteria previously established by the Board.
(5) Performance condition related to variable compensation actually paid to the Chief Executive Officer with respect to the 2012 and 2013 fiscal years, the amount of which is itself dependent on achieving performance criteria previously established by the Board.
(6) The same performance condition as that stipulated for the 2014-A performance shares granted by the Board on the same day to certain employees of the Group.
(7) Performance condition (i) identical to the one stipulated for the 2015-A performance shares and (ii) an additional condition tied to the variable compensation actually paid to the Chief Executive Officer with respect to the 2015 and 2016 fiscal years, the amount of which is itself dependent on the achievement of performance criteria previously established by the Board.
(8) Performance condition (i) identical to the one stipulated for the 2016-A performance shares and (ii) an additional condition tied to the variable compensation actually paid to the Chief Executive Officer with respect to the 2016, 2017 and 2018 fiscal years, the amount of which is itself dependent on the achievement of performance criteria previously established by the Board (see paragraph 5.1.3.2 "Performance Shares and Share Subscription Options").
(9) Performance condition identical to the one stipulated for the 2017-A performance shares see paragraph 5.1.3.2 "Performance Shares and Share Subscription Options").

5.1.5 Application of the AFEP-MEDEF Code

Dassault Systèmes refers to the recommendations of the AFEP-MEDEF Code (revised in November 2016) 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 (dirigeants mandataires sociaux) (Article 24.3.3)	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 goal of recognizing his entrepreneurial role during more than 30 years with the Group and to provide him 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.
Appointment to the Compensation and Nomination Committee of the director representing employees (Article 17.1)	The Board of Directors did not wish to alter the composition of the Compensation and Nomination Committee and considers that its current composition – 100% independent directors – is the best guarantee of its effectiveness.
Loss of independent director status on the 12th anniversary of the director's mandate (Article 8.5.6)	Messrs. De Meyer and Chahid-Nouraï are deemed independent by the Board despite the length of their mandates as Dassault Systèmes SE directors. Their mandates were renewed on May 28, 2015 for a period of four years, while both had been company directors for ten years on the basis of the current AFEP-MEDEF Code then in force, which stipulates that a director loses independent status at the end of the mandate during which their term of office exceeds 12 years (Article 9.4, Note 10). Accordingly, Messrs. De Meyer and Chahid-Nouraï should lose their independent status at the end of their term of office following the general meeting to approve the 2019 financial statements. However, the November 2016 revision of the Code now stipulates that a director loses independent status on their 12th anniversary. Based on this version of the Code, Messrs. De Meyer and Chahid-Nouraï should have lost their independent status in 2018. The Board therefore considers it appropriate to apply the recommendation of the Code in force on the date of renewal of the two directors' mandates, whereby the loss of independence occurs at the end of the mandate during which the term of office exceeds 12 years, i.e. 2020. Nevertheless, because it is committed to the best possible corporate governance standards, the Board has decided to evolve the composition of the Compensation and Nomination Committee as follows: • at the end of the Board meeting of December 8, 2017, appointment of Ms. Lescourret and Mr. Dutta as members of the Committee; and • at the end of the Board Meeting of March 15, 2018, withdrawal of Messrs. De Meyer and Chahid-Nouraï and appointment of Ms. Laurence Lescourret as the Committee Chairman. In addition, the Board proposes to appoint Xavier Cauchois as a director, intended to join the Audit Committee (see paragraph 7 "General Meeting").
Number of shares the executive officers are required to hold in registered form (Article 22)	Due to Mr. Edelstenne's role as founder, and his shareholding (more than 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.

5.1.6 Other information required by Articles L. 225-37 *et seq.* of the French Commercial Code

5.1.6.1 Specific Conditions Related to Shareholders' Participation in the General Meeting

Shareholders participate in the General Meetings of the Company in accordance with applicable law and the Company's 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 the case of the separation of the ownership of the shares, the voting right belongs to the bare owner *(nu-propriétaire)*, except for decisions relating to the allocation of profits, where it belongs to the beneficial owner *(usufruitier)*.

5.1.6.2 Table summarizing the current delegations granted by the General Meeting in respect of capital increases

The following table summarizes the delegations and authorizations granted by the General Meeting to the Board of Directors and with effect during the 2017 fiscal year and as of the date of this Annual Report *(Document de référence)*. It includes authorizations to increase share capital and to repurchase and cancel the Company's 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		
15th resolution GM of 05/23/2017	**Authorization:** purchase Dassault Systèmes shares. **Duration:** approximately 12 months (expiring at the GM approving the financial statements for the fiscal year ended on 12/31/2017). **Cap:** 25 million shares within the limit of €500 million and a maximum price per share not exceeding €100.	See paragraph 6.2.4 "Stock repurchase programs"
16th resolution GM of 05/23/2017	**Authorization:** cancel shares purchased under the buyback program. **Duration:** approximately 12 months (expiring at the GM approving the financial statements for the fiscal year ended on 12/31/2017). **Cap:** 10% of share capital in a 24-month period.	See paragraph 6.2.4 "Stock repurchase programs"
ISSUANCE OF SECURITIES		
17th resolution GM of 05/23/2017	**Authorization:** increase the share capital by issuance of shares or securities giving right to shares of Dassault Systèmes SE and issue securities giving right to debt securities, with preemptive right of shareholders. **Duration:** 26 months, i.e. until 07/23/2019. **Cap:** For a maximum nominal amount of €12 million for shares or securities – For a maximum nominal amount of €750 million for debt securities.	None
18th resolution GM of 05/23/2017	**Authorization:** increase the share capital by issuance of shares or securities giving right to shares of Dassault Systèmes SE or giving right to receive debt securities and to issue securities giving right to equity securities to be issued, with waiver of preemptive right of shareholders, by public offering. **Duration:** 26 months, i.e. until 07/23/2019. **Cap:** For a maximum nominal amount of €12 million for shares or securities. For a maximum nominal amount of €750 million for debt securities (to be deducted from the caps set out in the 17th resolution).	None

Resolutions and General Meetings ("GM")	Description of the delegation of authority granted to the Board of Directors	Utilization in the fiscal year
19th resolution GM of 05/23/2017	**Authorization:** increase the share capital and issue securities giving right to debt securities, without preemptive rights of shareholders, under the delegation referred to in the previous line, by a private placement, under section II of the Article L. 411-2 of the French Monetary and Financial Code. **Duration:** 26 months, i.e. until 07/23/2019. **Cap:** For a maximum nominal amount of €12 million (to be deducted from the cap set out in the 17th resolution).	None
20th resolution GM of 05/23/2017	**Authorization:** increase the share capital by incorporation of reserves, profits or premiums. **Duration:** 26 months, i.e. until 07/23/2019. **Cap:** For a maximum nominal amount of €12 million (to be deducted from the cap set out in the 17th resolution).	None
21st resolution GM of 05/23/2017	**Authorization:** increase the share capital to remunerate contributions in kind of shares or equity-linked securities. **Duration:** 26 months, i.e. until 07/23/2019. **Cap:** 10% of share capital.	None
ISSUANCE FOR THE BENEFIT OF EMPLOYEES AND EXECUTIVE OFFICERS		
1st resolution GM of 09/04/2015	**Authorization:** grant free shares, existing or to be issued, for the benefit of certain employees and/or corporate officers of the Company and its affiliated entities as defined in Article L. 225-197-2 of the French Commercial Code. **Duration:** 38 months, i.e. until 11/04/2018. **Cap:** 2% of share capital.	Described in paragraph 5.1.4.2 "Interests of Executive Management and Employees in the Share Capital of Dassault Systèmes SE"
15th resolution GM of 05/26/2016	**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 07/26/2019. **Cap:** 5% of share capital.	See paragraph 5.1.4.2 "Interests of Executive Management and Employees in the Share Capital of Dassault Systèmes SE"
22nd resolution GM of 05/23/2017	**Authorization:** increase the share capital for the benefit of members of a corporate savings plan of Dassault Systèmes SE and its affiliated entities. **Duration:** 26 months, i.e. until 07/26/2018. **Cap:** For a maximum nominal amount of €5 million (to be deducted from the cap set out in the 17th resolution of the General Meeting on 05/23/2017).	None

The authorizations to purchase Dassault Systèmes shares and to cancel these purchased shares expire at the end of the General Meeting to be held on May 22, 2018. It is thus proposed to this General Meeting to renew these authorizations (see paragraph 6.2.4.2 "Description of the Share Repurchase Program Proposed to the General Meeting on May 22, 2018"). It will also be proposed to renew the delegation to issue Dassault Systèmes share subscription options (see paragraph 7.1. "Presentation of the resolutions proposed by the Board of Directors to the General Meeting on May 22, 2018").

5.1.6.3 Draft resolutions prepared by the Board pursuant to the General Meeting vote on the compensation policy

The draft resolutions in respect of the vote on the compensation policy are set out in paragraph 7.2 "Draft Resolutions Proposed by the Board of Directors to the General Meeting on May 22, 2018".

5.1.6.4 Possible Consequences in Case of a Public Tender Offer

The information required by Article L. 225-37-5 of the French Commercial Code is indicated in paragraphs 6.3 "Information about the Shareholders" (concerning control of GIMD), 5.1.6.2 "Table summarizing the current delegations granted by the General Meeting in respect of capital increases, 6.2.4 "Stock Repurchase Programs" (concerning acquisition by Dassault Systèmes SE of its treasury shares), 6.1.2.2 "General Meetings" (concerning the conditions for exercising voting rights) and 5.1.3.3 "Indemnities Due in the Event of the Imposed Departure *(départ contraint)* of Mr. Bernard Charlès" in this 2017 Annual Report *(Document de référence)*.

The Annual Report *(Document de référence)* 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 de référence)* becomes available.

Charles Edelstenne

Chairman of the Board

5.2 Internal Control Procedures and Risk Management

Because Dassault Systèmes was listed on the stock market in the United States until the end of 2008, Dassault Systèmes defined and implemented an internal control procedure based mainly on the COSO (Committee of Sponsoring Organizations of the Treadway Commission) framework, as well as on the AMF's suggested reference framework regarding internal control updated on July 22, 2010.

This report on internal control procedures applies to Dassault Systèmes SE and its consolidated subsidiaries.

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 the Company, 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 the Company's 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 the Company (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 5.1.1.3 "Composition, Practices and Activities of the Board Committees".

In parallel, the Company's management has established the following bodies:

- 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 buying or selling Dassault Systèmes securities. These blackout periods are longer than those set forth by law. In addition, as they have regular access to privileged and insider information in relation to their roles, the Group managers must obtain the Insider Committee's prior approval for any transactions involving the Company's securities (as defined in the Group's Insider Trading Rules). The Company complies with laws and regulations regarding the prevention of insider trading on a general basis;
- an Internal Audit Department reporting to the General Secretary and to the Group Financial Officer on the one hand and to the Audit Committee on the other hand, one of its main missions is 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;
- an Ethics & Compliance Department reporting to the General Secretary and to the Chief Executive Officer, responsible for ensuring the implementation and respect of the Code of Business Conduct, as well as the Company's 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.

The internal control is also based on the principle of giving responsibility to each of the departments and subsidiaries of the Company in its respective area of expertise, and on delegations of powers to certain members of the Executive Committee of the Company, such delegations having specific fields of application.

Moreover, the subsidiaries' local chief executive and financial officers are responsible for preparing the subsidiaries' financial statements which are included in the Company's 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 Malaysia, Japan, the United States and France.

The Company's Financial Planning and Analysis department is responsible for directing the financial objectives of the Company 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 the Company's budget objectives, which are subject to a quarterly update.

5.2.3 Internal Control and Risk Management Procedures

The internal control mechanisms developed by the Company promote internal control in the following areas:

- control report: The professional ethics of the Company are set forth in the Code of Business Conduct, which describes the manner in which Dassault Systèmes expects its business to be conducted and which may serve as a reference tool for all Group employees to help guide their behavior and their interactions in their professional work. The Code of Business Conduct, which applies to all employees of Dassault Systèmes and is available on the Group's internet site and online community platform, addresses, in particular (i) compliance with regulations applicable to the Company's business, (ii) individual interactions within the Company and with its ecosystem, and (iii) protecting the Company's assets (in particular, the Company's 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 and insider trading. The distribution of these policies is accompanied by training, which is specifically provided to any new employee and to employees joining the Group 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 the management of the Company. These risks are described in paragraph 1.7.6.1 "Risks Related to the Company's Business". This paragraph specifies the measures taken by the Group to manage or limit these risks whenever possible.

Operational risks are essentially managed by subsidiaries. Risks in the area of IP protection, ethics and financial risks are specifically monitored by Dassault Systèmes SE as well as locally monitored;

- protection and monitoring activities:
  1) protecting its intellectual property is an on-going concern for the Group. This protection is ensured by implementing and monitoring corporate processes designed to verify the Company's rights before it markets its software products. The Company also protects its inventions through a reasonable and well-considered approach to filing patents in several jurisdictions. The Company's principal brands are also registered in a large number of countries. The Group is continuing to actively develop its program designed to fight against infringement concerning its products,
  2) information systems security, which is critical to ensuring the protection of the source codes for the Company's applications, 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,
  3) 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, 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,
  4) key control points making it possible to prevent or detect risks impacting the financial information in the significant entities of the Company are documented,
  5) tests are performed annually on these key control points to evaluate their effectiveness,
  6) the operational entities implement action plans with the goal of continuous improvement;
- monitoring: The Company 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, activity reviews). In addition, quarterly communication meetings are also held to ensure a better dissemination of the Group's strategy to all its employees and discussions facilitating its implementation;
- audit missions: In 2017, the Internal Audit department carried out different missions within the Company's subsidiaries to verify compliance of the local internal control procedures with the Company 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.

In addition, the Company has put in place internal preventive measures to continue operations and limit the impact of a major damage. 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 the Company. The computer protection systems are maintained in different sites.

5.2.4 Internal Control Procedures Relating to the Preparation and Treatment of Financial and Accounting Information

With respect to the internal control processes related to the preparation of financial and accounting information, the Company'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 the Company and from the previous quarter and fiscal year.

  Thus, each of the subsidiaries 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:

1) 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,
2) the use of consolidation tools that make data transmission and processing secure and allow the elimination of intra-group transactions,
3) standardization of processes and information systems, particularly with respect to centralizing and recording most of the transactions at shared services centers,
4) the implementation of an annual process to monitor off-balance sheet commitments, related-party agreements *(conventions réglementées)*,
5) a detailed review by the Group's financial division of the quarterly accounts of Dassault Systèmes SE and its subsidiaries,
6) the detailed analysis by the Company's accounting department of all the material software license and/or services transactions in order to validate their correct accounting recording;

- 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

Since its voluntary delisting from the NASDAQ in October 2008, Dassault Systèmes SE is no longer subject to the requirements of the U.S. Sarbanes-Oxley Act with regard to the assessment of its internal control procedures. The Company therefore evaluates the internal control procedures applicable to its principal processes and subsidiaries in accordance with European Regulations.

As the Company management aims to maintain a high level of internal control within the Company, detailed assessment work was again performed in 2017, 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 Group entities subjected to internal control evaluations, in the form of self-evaluation questionnaires and internal control reviews conducted in the months immediately following acquisition continues to expand 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.

5.2.6 Limitations on Internal Control

The internal control system cannot provide an absolute guarantee that the Company's 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 the Company

Pursuant to Article 223-26 of the AMF General Regulations, the table below shows transactions involving securities issued by Dassault Systèmes carried out in 2017 by directors or members of the Group Executive Committee, 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	Directors and Executive Officers	Nature of the transaction	Unit price *(in euros)*	Volume
02/07/2017 Euronext Paris	Monica Menghini	Sale of shares	76.0949	28,000
02/07/2017 Euronext Paris	Thibault de Tersant	Sale of shares	76.0949	15,000
02/08/2017 Euronext Paris	Philippe Forestier	Sale of shares	76.2939	24,000
02/08/2017 Euronext Paris	Philippe Forestier	Exercise of purchase option	21.8333	24,000
05/09/2017 Euronext Paris	Thibault de Tersant	Sale of shares	83.4289	15,000
05/29/2017 Euronext Paris	Pascal Daloz	Exercise of purchase option	23.5000	60,000
06/26/2017 Euronext Paris	Individual related to Charles Edelstenne	Reinvestment of dividends in shares	82.2600	37,830
06/26/2017 Euronext Paris	Legal person related to Edelstenne	Reinvestment of dividends in shares	82.2600	11
06/26/2017 Euronext Paris	Catherine Dassault	Payment of dividends in the form of shares	0.5300	10
06/26/2017 Euronext Paris	Charles Edelstenne	Reinvestment of dividends in shares	82.2600	20,706
06/26/2017 Euronext Paris	Charles Edelstenne	Reinvestment of dividends in shares	82.2600	2
06/26/2017 Euronext Paris	Jean-Pierre Chahid-Nouraï	Share subscription	82.2600	8
06/26/2017 Euronext Paris	Laurence Baucher	Share subscription	82.2600	123
06/26/2017 Euronext Paris	Legal person related to Edelstenne	Reinvestment of dividends in shares	82.2600	11
06/26/2017 Euronext Paris	Pascal Daloz	Share subscription	82.2600	294
06/26/2017 Euronext Paris	Thibault de Tersant	Share subscription	82.2600	383
08/01/2017 Euronext Paris	Individual related to Philippe Forestier	Sale of shares	83.4785	8,000
08/01/2017 Euronext Paris	Individual related to Philippe Forestier	Exercise of purchase option	19.5000	8,000
08/02/2017 Euronext Paris	Thibault de Tersant	Sale of shares	84.42724	10,000
08/17/2017 Euronext Paris	Sylvain Laurent	Sale of shares	83.5799	3,615

Date Place	Directors and Executive Officers	Nature of the transaction	Unit price *(in euros)*	Volume
09/04/2017 Euronext Paris	Bernard Charlès	Acquisition of shares	0	300,000
09/04/2017 Over the counter market	Bruno Latchague	Exercisability of stock options	0	46,667
09/04/2017 Euronext Paris	Dominique Florack	Acquisition of shares	0	65,000
09/04/2017 Euronext Paris	Laurence Baucher	Acquisition of shares	0	15,000
09/04/2017 Euronext Paris	Laurent Blanchard	Acquisition of shares	0	30,000
09/04/2017 Euronext Paris	Monica Menghini	Acquisition of shares	0	20,000
09/04/2017 Euronext Paris	Individual related to Philippe Forestier	Acquisition of shares	0	1,500
09/04/2017 Euronext Paris	Pascal Daloz	Acquisition of shares	0	36,000
09/04/2017 Euronext Paris	Philippe Forestier	Acquisition of shares	0	8,000
09/04/2017 Euronext Paris	Sylvain Laurent	Acquisition of shares	0	26,000
09/04/2017 Euronext Paris	Thibault de Tersant	Acquisition of shares	0	40,000
09/07/2017 Euronext Paris	Laurence Baucher	Sale of shares	84.2800	2,700
09/08/2017 Euronext Paris	Laurence Baucher	Sale of shares	84.7757	6,100
10/30/2017 Euronext Paris	Individual related to Philippe Forestier	Sale of shares	89.5875	4,800
10/30/2017 Euronext Paris	Individual related to Philippe Forestier	Exercise of purchase option	23.5000	4,800
10/30/2017 Euronext Paris	Philippe Forestier	Sale of shares	89.4937	10,000
10/30/2017 Euronext Paris	Philippe Forestier	Exercise of purchase option	23.5000	10,000
10/30/2017 Euronext Paris	Thibault de Tersant	Sale of shares	89.5875	10,000
10/31/2017 Euronext Paris	Bernard Charlès	Exercise of purchase option	19.5000	100,000
11/20/2017 Euronext Paris	Dominique Florack	Exercise of purchase option	19.5000	290,000
12/06/2017 Euronext Paris	Sylvain Laurent	Sale of shares	89.1300	6,447
12/07/2017 Over the counter market	Sylvain Laurent	Sale of shares	89.3700	43,938

TRANSACTIONS MADE BY GIMD, A LEGAL ENTITY RELATED TO CHARLES EDELSTENNE, CHAIRMAN OF THE BOARD, AND MARIE-HÉLÈNE HABERT-DASSAULT, DIRECTOR

Date Place	Nature of the transaction	Unit price *(in euros)*	Volume
04/28/2017 Over the counter market	Sale of other types of financial instruments	1.4728	25,000
05/02/2017 Over the counter market	Sale of other types of financial instruments	1.4982	25,000
06/26/2017 Euronext Paris	Reinvestment of dividends in shares	82.2600	682,683
08/21/2017 Over the counter market	Sale of other types of financial instruments	0.8219	25,000
08/30/2017 Over the counter market	Sale of other types of financial instruments	1.5492	25,000

5.4 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 Pierre Marty, 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 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 and will expire at the General Meeting of Shareholders approving the financial statements for the fiscal year ending on December 31, 2021.

Principal Auditors' fees and services

See Note 27 to the consolidated financial statements.

5.5 Declarations regarding the administrative Bodies and Senior Management

To Dassault Systèmes SE's knowledge:

- there is no family relationship between the directors, or between a director and a member of the Executive Committee (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 members of the Group's Executive Committee has been convicted of fraud, been declared bankrupt or their property impounded or liquidated, been subject to an official accusation and/or penalty delivered by legal or regulatory authorities, or been prohibited by a court from becoming a member of an administrative, management or supervisory body of a company, or from being involved in the management or direction of the affairs of a company;
- there are no potential conflicts of interest between the duties to the Company of the members of the Board of Directors and their private interests and/or other duties, and no director or member of the Group's Executive Committee 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 member of the Group's Executive Committee 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

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

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, governed by the provisions of Council Regulation (EC) no. 2157/2001 as well as by French provisions in force at any time (hereinafter the "Law"). The Company is registered with the Versailles trade and companies registry under number 322 306 440. The Company's APE code is 5829 C.

Dassault Systèmes SE is governed by a Board of Directors.

6.1.1.3 Date of Incorporation and Term

Dassault Systèmes SE was incorporated as a limited liability company *(société à responsabilité limitée)* on June 9, 1981 for a 99-year term starting on the date of its registration (until August 4, 2080). The Company 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 the Company's 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 providing 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 providing 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, solutions, modeling, simulation, manufacturing, operations planning, collaboration, lifecycle management, business intelligence, marketing or 3D for public at large in the domains of products, nature and life.

The purpose of the Company 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 knowhow 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 commercial, personal or real property enterprise 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

Dassault Systèmes SE has 11 branches as of February 28, 2018, located at the following addresses:

- 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 Océnais 1 B – 54320 Maxeville
- 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 the Group's website (www.3ds.com/investors/regulated-information).

6.1.2 Memorandum and Specific By-Laws Provisions

An amendment of Dassault Systèmes' By-Laws is proposed at the General Meeting dated May 22, 2018, see Chapter 7 "General Meeting" so that such By-Laws are in compliance with (i) Article L. 823-1 para. 2 of the French commercial code, as amended by law 2016-1691 dated December 9, 2016, relating to the possibility to avoid the appointment of a deputy auditor where the statutory auditor is neither a natural person nor a single-member company and (ii) Article L.225-36 of the French Commercial Code, as amended by the same law, authorizing the Board of Directors to transfer the registered office within French territory, subject to ratification of this decision by the next Ordinary General Meeting.

6.1.2.1 Allocation of Profits (Article 36 of the Company's 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 Company's 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 Company's 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 and set the agenda of such General Meetings. 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 15 days after the announcement is published or the letter is sent to registered holders.

6

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 Company's 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 a.m. (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 a.m. (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 his/her spouse or by any other 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 video-conference 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 Company's 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 and 39 of the Company's by-laws)

All the shares are of the same class and carry, under the Company'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 Company's 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 Company's by-laws)" below).

Conditions for exercising voting rights (Articles 11 and 29 of the Company's 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 video-conference 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-propriétaire)*, 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 Company's 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 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 Company's by-laws)" above).

6.1.2.4 Declarations Concerning Crossing of the Ownership Thresholds (Article 13 of the Company's 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, 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.

This declaration must be made each time the number of shares held exceeds or falls below this threshold of 2.5% (or one of its multiples), up to 50% (inclusive) of the total number of Dassault Systèmes shares or voting rights. 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 divestitures 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 depositary maintaining the Company's share register, provide 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 shares in bearer form which grant, immediately or over time, the right to vote at General Meetings, 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 Company's 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 Company's By-Laws Concerning the Directors and Members of the Executive Committee (Article 14, 15 and 19 of the Company's by-laws)

The Company shall be administrated by a Board of Directors established in accordance with the Law. Directors shall be appointed for 4 years, renewed or revoked by shareholders at an Ordinary General Meeting. The number of directors aged 70 or over cannot exceed half the members of the Board of Directors at any time. The Board of Directors also includes a director representing employees, appointed by the trade union organization that has obtained the highest number of votes in the first round of the Works Council 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 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 *Directeur général*. The *Directeur général* shall be vested with the broadest powers to act under any circumstance on behalf of the Company. He 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 *Directeur général* represents the Company in its relations with third parties. The *Directeur général* 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 *Directeur général* is also Chairman of the Board of Directors.

6.2 Information about the Share Capital

6.2.1 Share Capital at February 28, 2018

As of February 28, 2018, the Company's share capital was comprised of 261,229,643 fully paid-up shares with a par value of €0.50 each. As of December 31, 2017, the Company's share capital was €130,466,265.50, divided into 260,932,531 shares.

6.2.2 Potential Share Capital

As of February 28, 2018, outstanding share subscription options (whether or not exercisable) would, if all were exercised, result in the issuance of 5,229,864 new shares, representing 1.96% of the Company's share capital at that date (on a diluted basis).

On the same date, based on the closing price of the Company's shares on February 28, 2018 (€106.25 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 1,636,324 new shares, representing 0.63% of the Company's share capital at that date (on a diluted basis). The dilutive effect per share at December 31, 2017 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 the Group's 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, 2017, and as of February 28, 2018, SW Securities LLC held 503,614 shares, or approximately 0.19% on these dates, of the Company's share capital. Similar to treasury stock, 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 5.3.1 "Compensation of the Company's corporate officers" and paragraph 5.3.2 "Interests of Executive Management and Employees in the Share Capital of Dassault Systèmes SE", there are no other securities giving a right to subscribe shares of Dassault Systèmes SE, and there is no agreement which could result in a capital increase. Dassault Systèmes SE has not issued any securities which do not represent an interest in its share capital.

Pledges 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, 2018.

6.2.3 Changes in Dassault Systèmes SE Share Capital over the Past Three Years

Date	Operation	Nominal amount of changes in share capital *(in euros)*	Amount in share capital *(in euros)*	Number of shares created or canceled	Total number of shares
February 28, 2015	Capital increase resulting from the exercise of share subscription options	555,900	128,417,649	1,111,800	256,835,298
March 20, 2015	Share capital reduction through cancellation of treasury stock	(802,310)	127,615,339	(1,604,620)	255,230,678
June 22, 2015	Capital increase by a dividend payment in shares	92,854.50	127,708,193.50	185,709	255,416,387
February 29, 2016	Capital increase resulting from the exercise of share subscription options	716,980.50	128,425,174	1,433,961	256,850,348
June 22, 2016	Capital increase by a dividend payment in shares	140,367	128,565,541	280,734	257,131,082
February 28, 2017	Capital increase resulting from the exercise of share subscription options	522,937.50	129,088,478.50	1,045,875	258,176,957
June 26, 2017	Capital increase by a dividend payment in shares	505,545	129,594,023.50	1,011,090	259,188,047
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 stock	(361,528.50)	130,253,293	(723,057)	260,506,586

The changes in equity resulting from the operations through December 31, 2017 set forth above are included in the "Consolidated Statements of Shareholders' Equity" in the consolidated financial statements.

6.2.4 Stock Buyback Programs

6.2.4.1 Transactions carried out by Dassault Systèmes SE in 2017 and early 2018

Transactions carried out by Dassault Systèmes SE in 2017

During 2017 financial year, Dassault Systèmes SE purchased, under the authorizations granted to the Board of Directors by the General Meetings of May 26, 2016, and May 23, 2017 1,493,258 of its own shares (excluding shares acquired through the liquidity agreement a report of which is presented below).

These shares were purchased at an average price of €85.46 per share, giving a total cost of €127,611,655.16 (excluding taxes), The transaction costs paid by the Company in connection with these shares repurchased amounted to €44,571.61 all taxes included (plus the tax on financial transactions for an amount of €382,834.97).

These 1,493,258 shares were allocated to the following purposes:

- coverage of the Company's obligations: 1,050,935 shares;
- cancellation: 442,323 shares.

The shares repurchased before 2017 are allocated to the following purposes:

- cover the Company's obligations resulting from performance share grants decided prior to 2017: 3,514,645 shares;
- cancellation: 280,734 shares.

The Company directly held, on December 31, 2017, 4,398,613 (including 131,026 shares through the liquidity agreement) of its own shares of a nominal value of €0.50 each, which had been repurchased at an average price of €71.09, representing approximately 1.67% of share capital at that date. Out of these 4,398,613 shares, 4,267,587 shares are at the disposal of Dassault Systèmes SE and are allocated to cover the Company's obligations resulting from performance shares grants (for 3,544,530 shares) and to the cancellation objective (for 723,057 shares).

Pursuant to the authorization granted in 2014, 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.

During 2017, 1,653,573 shares have been purchased and 1,580,071 shares have been sold within the framework of this liquidity agreement. As at December 31, 2017, the following resources appeared on the liquidity account:

- 131,026 Dassault Systèmes shares; and
- €6,233,485.50 in cash.

Transactions carried out by Dassault Systèmes SE between early 2018 and February 28, 2018

Since the beginning of 2018 and until February 28, 2018, Dassault Systèmes SE has acquired 257,261 and sold 336,630 of its own shares. All of these acquisitions and disposals have been completed within the framework of the liquidity agreement

During fiscal year 2017 and since the start of 2018, the Company 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 Stock Buyback Program Proposed to the General Meeting on May 22, 2018

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, this description relates to the terms and objectives of the Company's stock buyback program that will be submitted for approval at the General Meeting of May 22, 2018.

Breakdown of treasury stock by purpose as of the date of this document

As of February 28, 2018, Dassault Systèmes SE held 3,059,324 of its own shares directly and 503,614 indirectly. These 3,059,324 shares were allocated to the following objectives:

- coverage of the Company's obligations resulting from share grants decided in 2016 and 2017: 2,284,610 shares;
- cancellation: 723,057 shares;
- liquidity agreement signed with Oddo BHF SCA on January 5, 2015 and renewed for the financial year 2018: 51,657 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 Company's shares through the intermediary of an investment services provider by means of a liquidity contract complying with a Code of Ethics accepted 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).

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 market practice accepted by the Financial Markets Authority (AMF) no. 2011-07.

The General Meeting of May 22, 2018 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 proportion of share capital, maximum number, characteristics of the securities that the Company proposes to acquire, and maximum purchase price

The Board of Directors may repurchase Dassault Systèmes shares representing up to 10,000,000 shares. The purchase price of the shares would be capped at €150 per share and subject to the limits stipulated by the applicable regulations. The maximum amount of the funds used for the purpose of buying back shares would be €500 million.

Duration of the stock buyback program

The program would last about 12 months, starting on the General Meeting of May 22, 2018. This authorization should be valid until the Ordinary General Meeting approving the financial statements for the financial year ending December 31, 2018.

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) recommendation no. 2009-16, 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 Regulations 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 "nets", 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).

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 31 DECEMBER 2017						
Groupe Industriel Marcel Dassault	106,640,329	40.87%	212,356,975	54.61%	212,356,975	55.30%
Charles Edelstenne(1) and beneficiaries(2)	15,739,094	6.03%	31,357,600	8.06%	31,357,600	8.17%
Bernard Charlès	3,290,441	1.26%(6)	6,180,882	1.59%(6)	6,180,882	1.61%(6)
Treasury stock(3)	4,398,613(3)	1.69%	4,398,613	1.13%	–	–
Indirect treasury stock(4)	503,614	0.19%	503,614	0.13%	–	–
Directors and senior management(5)	1,350,188	0.52%	2,004,115	0.52%	2,004,115	0.52%
Public	129,010,252	49.44%	132,089,585	33.97%	132,089,585	34.40%
TOTAL	**260,932,531**	**100%**	**388,891,384**	**100%**	**383,987,157**	**100%**
AS OF DECEMBER 31, 2016						
Groupe Industriel Marcel Dassault	105,957,646	41.07%	211,344,292	54.95%	211,344,292	55.58%
Charles Edelstenne(1) and beneficiaries(2)	15,680,534	6.08%	31,243,478	8.12%	31,243,478	8.21%
Bernard Charlès	2,890,441	1.12%(6)	5,642,265	1.47%(6)	5,642,265	1.48%(6)
Treasury stock(3)	3,852,903(3)	1.49%	3,852,903	1.00%	–	–
Indirect treasury stock(4)	503,614	0.20%	503,614	0.13%	–	–
Directors and senior management(5)	942,166	0.37%	1,214,470	0.32%	1,214,470	0.32%
Public	128,169,299	49.67%	130,838,680	34.01%	130,838,680	34.41%
TOTAL	**257,996,603**	**100%**	**384,639,702**	**100%**	**380,283,185**	**100%**
AS OF DECEMBER 31, 2015						
Groupe Industriel Marcel Dassault	105,716,646	41.18%	210,104,554	55.12%	210,104,554	55.53%
Charles Edelstenne(1) and beneficiaries(2)	15,618,506	6.08%	31,033,732	8.14%	31,033,732	8.20%
Bernard Charlès	2,890,441	1.13%(6)	5,239,723	1.37%(6)	5,239,723	1.38%(6)
Treasury stock(3)	2,359,891(3)	0.92%	2,359,891	0.62%	–	–
Indirect treasury stock(4)	503,614	0.20%	503,614	0.13%	–	–
Directors and senior management(5)	867,821	0.34%	914,765	0.24%	914,765	0.24%
Public	128,757,267	50.15%	131,042,738	34.38%	131,042,738	34.65%
TOTAL	**256,714,186**	**100%**	**381,199,017**	**100%**	**378,335,512**	**100%**

(1) Including shares held in trust for the benefit of his family and managed by Mr. Edelstenne.
(2) At December 31, 2017, Mr. Edelstenne held 4,208,530 shares with all ownership rights and 3,364 shares through two family companies which he manages, representing a total of 1.61% of the capital and 2.14% of the exercisable voting rights, as well as 11,527,200 shares with "usage" rights (usufruit). For the usage rights with respect to these 11,527,200 shares, representing 6% 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, 2015 and December 31, 2016, see paragraph 6.3.1. of Annual Reports for 2015 and 2016 respectively.
(3) Including 131,026 shares through the liquidity agreement as of December 31, 2017. As of December 31, 2016, such number was 57,524 shares.
(4) 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.
(5) Excluding Mr. Edelstenne and Mr. Charlès, "management" includes the officers listed in paragraph 5.1.2 "The Executive Committee".
(6) For further information, see Table 5 of paragraph 5.3.1 "Compensation of the Company's Corporate Officers (mandataires sociaux)".

The overall number of voting rights amounted to 388,891,384 as at December 31, 2017 (the number of exercisable voting rights was 383,987,157) and, as at February 28, 2018, 389,123,980 (with the number of exercisable voting rights amounting to 386,064,656). The difference between the number of theoretical and exercisable voting rights is explained by the treasury stock and shares controlled by the Company.

MFS Investment management (MFS) notified Dassault Systèmes SE that as of September 17, 2015 the funds managed by companies within its group (i) held more than 2.5% of the share capital of Dassault Systèmes SE and (ii) crossed downward the 2.5% threshold of the voting rights of Dassault Systèmes SE.

Based on shareholders' obligations to declare if they exceed the threshold, there are no other shareholders (except as indicated above) who held 2.5% (threshold set forth in the Company's 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, 2017.

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, 2018, there were 7,292,027 American Depositary Shares ("ADS") outstanding and the number of recorded ADS holders, holding them either for themselves or for third parties amounted to 48.

In January 2018, Dassault Systèmes SE commissioned a survey on the Company's shares from an external specialized services provider. According to this survey, institutional investors holding more than 2,000 shares each numbered 466 and held 43.1% of the Dassault Systèmes SE share capital as at December 31, 2017.

As at February 28, 2018, Dassault Systèmes SE held 51,657 shares within the framework of the liquidity agreement entered into with Oddo et Cie, and 3,007,667 treasury shares. Out of these 3,007,667 treasury shares, 2,093,925 shares have been bought during the buyback program adopted by the General Meeting of May 23, 2017 and the remaining, i.e. 913,742 shares within the framework of a program of earlier buybacks, which represents approximately 1.15% of the share capital as at February 28, 2018, with no voting rights or dividend rights being attached to these shares.

At December 31, 2017, 135,788,933 Dassault Systèmes shares (i.e. approximately 52.04% of the capital) are held in registered form; they provide entitlement to 258,976,595 exercisable voting rights (i.e. approximately 66.59% 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 entreprise)* was 935,673 shares at December 31, 2017, or approximately 0.36% of the total number of shares at that date.

6.3.2 Controlling Shareholder

GIMD *(Groupe Industriel Marcel Dassault)* is the principal shareholder of Dassault Systèmes SE with, as of December 31, 2017, 40.87% of the share capital and 55.30% of the exercisable voting rights (i.e. 54.61% of theoretical voting rights). With more than 50% of the voting rights of Dassault Systèmes SE, GIMD controls Dassault Systèmes. GIMD is wholly-owned by the members of the Dassault family.

The Board of Directors of Dassault Systèmes SE is made up of 55% of independent directors i.e. a proportion exceeding the requirement stipulated in the AFEP-MEDEF Code for controlled companies, and that all of the committees under the Board (Audit Committee, Compensation and Nomination Committee, Scientific Committee) are only 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 the Company, 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.

6.3.3 Shareholder Agreements

In 2011, 2013, 2014, 2015 and 2017, 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) recommendation no. 2009-16.

Collective undertakings concluded in 2017

System	Article 787 B of the French Tax Code
Date of signing	March 22, 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 the date of its execution)	24.52% of the share capital and 32.91% of the voting rights
Names of the signatories having the capacity of executives(1)	Mr. Charles Edelstenne Mr. Bernard Charlès
Name(s) of the signatorie(s) 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.
(2) See Note 2 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 the date of its execution)	24.85% of the share capital and 33.33% of the voting rights	24.66% of the share capital and 33.20% of the voting rights
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 signatorie(s) 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 2 under the table of paragraph 6.3.1 "Shareholder Base and Double Voting Rights".

Collective undertakings concluded in 2014		
System	Article 787 B of the French Tax Code	Article 787 B of the FrenchTax 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 the date of its execution)	25.0% of the share capital and 33.8% of the voting rights	24.7% of the share capital and 33.4% of the voting rights
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 signatorie(s) 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 2 under the table of paragraph 6.3.1 "Shareholder Base and Double Voting Rights".

	Collective undertakings concluded in 2011 still in force	Collective undertaking 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 and 41.8% of the voting rights	28.2% of the share capital and 41.7% of the voting rights
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 signatorie(s) 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 2 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 "Shareholding 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 on May 22, 2018".

Share price history and trading volumes of Dassault Systèmes shares from January 1, 2017

(in euros except for Volume of shares traded)	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 2017	4,886,391	€71.68	€73.96	€70.80
February 2017	6,066,326	€76.23	€78.02	€71.67
March 2017	5,277,170	€81.14	€81.14	€76.27
April 2017	5,410,513	€81.93	€84.65	€79.70
May 2017	6,011,890	€82.14	€83.87	€81.64
June 2017	6,370,266	€78.49	€83.72	€78.06
July 2017	7,088,253	€82.89	€83.06	€77.20
August 2017	5,332,284	€82.75	€84.20	€81.25
September 2017	4,926,539	€85.59	€85.87	€83.20
October 2017	7,419,916	€91.17	€91.17	€86.58
November 2017	6,611,096	€90.31	€91.98	€88.50
December 2017	5,152,838	€88.59	€90.45	€88.59
January 2018	6,006,684	€92.88	€94.50	€88.30
February 2018	8,703,879	€106.25	€106.25	€95.00

Person Responsible for Financial Communications

François-José Bordonado

Vice-President, Investor Relations

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Indicative Timetable for the Publication of Financial Information for 2018

- First quarter of 2018: April 25, 2018
- Second quarter of 2018: July 25, 2018
- Third quarter of 2018: October 24, 2018
- Fourth quarter of 2018: February 6, 2019

7

GENERAL MEETING

CONTENTS

7.1 Presentation of the resolutions proposed by the Board of Directors to the General Meeting on May 22, 2018

7.1.1 Annual financial statements and allocation of the results

We invite you to approve the annual financial statements of Dassault Systèmes SE (or the "Company" for the purposes of the present Chapter 7 "General Meeting") for the year ended December 31, 2017, 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 *(Document de référence)*, a profit of €(1) 257,812,286.60 has been realized for the year ended December 31, 2017, which we propose that you allocate as follows:

○ to the legal reserve	€161,652
○ to a Special Reserve Account(2)	€34,000
○ for distribution to the 261,229,643 shares forming the capital as of 02/28/2018 of a dividend of (€0.58 x 261,229,643 shares)(3)	€151,513,192.94
○ to retained earnings	€106,103,441.66
which, increased by the retained earnings from previous years of €2 100 086 860,52, brings the amount of retained earnings to	€2,206,190,302.18

(1) After allocation to the legal reserve, this profit increased by the retained earnings from previous years of €2,100,086,860.52 results in a distributable profit of €2,357,737,495.12.
(2) In compliance with Article 238 bis AB, paragraph 5, of the French Tax Code.
(3) The aggregate amount of the dividend will be increased, based on the number of new shares created between March 1, 2018 and the date of the General Meeting of May 22, 2018, 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 5,229,864, i.e. a maximum amount of a supplementary dividend of €3,033,321.12.

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 5.1.4.2 "Interests of Executive Management and Employees in the Share Capital of Dassault Systèmes SE" and 6.4 "Stock Market Information").

Therefore, we propose to the General Meeting of May 22, 2018 to approve for the year 2017 the distribution of (i) a dividend of €0.58 per share comprising the capital as of the date of this General Meeting, resulting – on the basis of the number of shares comprising the share capital as of February 28, 2018 – in an aggregate amount of €151,513,192.94 and (ii) where applicable, an additional aggregate maximum amount of €3,033,321.12, which corresponds to the maximum number of new shares which could be issued between March 1, 2018 and the date of the General Meeting (i.e. 5,229,864 shares).

Shares will be traded ex-dividend as of May 29, 2018, and dividends made payable as from June 19, 2018.

On the date of payment, the amount of the dividend corresponding to (i) the treasury shares of Dassault Systèmes SE and (ii) Dassault Systèmes SE shares held by SW Securities LLC, a company which is controlled by the Dassault Systèmes Group, will be allocated to "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 22, 2018. The amount required for payment of dividends for shares issued during this period will be taken from "retained earnings".

The amount thus distributed to shareholders will, upon exercise of an individual option of the shareholders, either be subject to the flat tax of 12.8%, or be taken into account for determining shareholders' total revenue 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).

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:

	2016	2015	2014
Dividend (in euros)	0.53	0.47	0.43
Number of shares eligible for dividends	258,532,488	257,154,032	255,644,058

7.1.2 Option to receive payment of dividends in the form of shares

It is proposed that each shareholder be granted the option to choose, in whole or in part, to receive payment of the dividend noted above, in cash or in the form of new shares of the Company. If the option to receive payment in the form of new shares is chosen, the new shares will be issued at a price equal to the average of the closing prices quoted on Euronext Paris during the 20 stock exchange sessions preceding the date of the General Meeting less the amount of the dividend and rounded up to the next one hundredth of a euro.

The option may be exercised by the shareholders between May 29, 2018 and June 8, 2018, inclusive, by sending their request to the financial intermediaries that are authorized to pay the dividend or, for shareholders listed in the direct registered share accounts held by the Company, to its authorized representative (Société Générale, Securities department, 32 rue du Champ-de-Tir, CS 30812, 44308 Nantes Cedex 3). The shareholders who have not chosen to receive payment of dividend in shares before the end of this period or who have chosen only partial payment, will receive the dividend in cash for the portion for which payment in shares was not chosen as from June 19, 2018. For shareholders who have exercised the option, the new shares will be delivered as of the same day.

If the option selected does not correspond to a whole number of shares, the shareholder may choose between receiving a number of shares rounded up to the next whole number, by paying the difference in cash on the day the option is selected, or receiving a number of shares rounded down to the next whole number, and the balance in cash.

7.1.3 Consolidated financial statements

In addition to the 2017 parent company annual financial statements, it is also proposed to approve the Dassault Systèmes consolidated financial statements for the year ended December 31, 2017, prepared in accordance with IFRS standards as described in paragraph 4.1.1 "Consolidated Financial Statements" of this Annual Report.

7.1.4 Related-party agreements *(conventions réglementées)*

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, 2017:

- the following undertakings made by the Company in connection with its "Directors & Officers" liability insurance policy entered into with Allianz (ACS):
  - 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 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);
- the agreement regarding Dassault Systèmes SE's undertakings to the benefit of Bernard Charlès, relating to indemnities which would be due upon the termination of his functions as Chief Executive Officer (approved by the Board of Directors' meeting held on May 27, 2010). It is contemplated, in case of renewal of Mr. Bernard Charlès as a director, to renew him as Chief Executive Officer of the Company. The Board of Directors, at its meeting on March 15, 2018, authorized, in accordance with the proposal of the Compensation and Nomination Committee and pursuant to Article L. 225-42-1 of the French Commercial Code, the renewal of the agreement regarding the Company's undertakings to Bernard Charlès, relating to indemnities which would be due upon the termination of his functions as Chief Executive Officer, under the terms adopted by the Board of Directors at its meeting on May 27, 2010. 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.

In accordance with Article L. 225-42-1 of the French Commercial Code, this agreement is subject to the approval of the General Meeting of Shareholders (see paragraph 5.1.3.3 "Indemnities Due in the Event of the Forced Departure of Bernard Charlès" and Table 11 of paragraph 5.1.4.1 "Compensation of the Company's Directors" – Mandataires sociaux).

These agreements were reviewed by the Board of Directors at its meeting on March 15, 2018, 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 "Special Report of the Statutory Auditors on Related-party Agreements and Commitments". The General Meeting has been requested to acknowledge this report which refers to no new agreements.

7.1.5 Compensation elements due or granted with respect to 2017 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. 225-100 of the French Commercial Code, it is proposed to the General Meeting to approve the compensation due or granted with respect to 2017 to Mr. Charles Edelstenne, Chairman of the Board of Directors, and Mr. Bernard Charlès, Vice-Chairman and Chief Executive Officer, whose compensation elements are summarized in the tables below (See also paragraph 5.1 of the "Chairman's Report on Corporate Governance"). The payment of the Chief Executive Officer's variable compensation is subject to the General Meeting's approval of his compensation elements. Since the Chairman of the Board does not receive any variable or extraordinary compensation, this condition does not apply to him.

7.1.5.1 Compensation elements due or granted with respect to 2017 to Mr. Charles Edelstenne, Chairman of the Board

Compensation elements	Amount *(in euros)*	Observations
Fixed compensation(1)	982,000	Gross fixed compensation for 2017 set by the Board of Directors on March 16, 2017, upon the proposal of the Compensation and Nomination Committee.
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.
Directors' fees(2)	45,100	Gross amount of directors' fees due for 2017.
Extraordinary compensation	N/A	Mr. Charles Edelstenne receives no extraordinary variable compensation.
Granting of share subscription options and/or performance shares	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(3)	N/A	Mr. Charles Edelstenne receives no benefits in kind.

(1) See also paragraph 5.1.3.1 "Fixed, variable and exceptional compensation and in-kind benefits". In 2017, GIMD paid Mr. Charles Edelstenne, as GIMD's Chief Executive Officer, gross fixed compensation of €804,828.

(2) In 2017, GIMD paid Mr. Charles Edelstenne €28,137 in directors' fees for his mandate as a member of the Supervisory Board of GIMD. See also paragraph 5.1.3.4 "Directors' Fees" on the conditions for distributing the directors' fees at Dassault Systèmes SE.

(3) In 2017, GIMD granted benefits in kind related to the use of a car in an amount of €10,411 to Mr. Charles Edelstenne.

7

7.1.5.2 Compensation elements due or granted with respect to 2017 to Mr. Bernard Charlès, Vice-Chairman of the Board and Chief Executive Officer

Compensation elements	Amount *(in euros)*	Observations
Fixed Compensation	1,325,000	Fixed gross compensation with respect to 2017 set by the Board of Directors on March 16, 2017[(1)].
Annual variable compensation	1,417,750	Variable gross compensation with respect to 2017 actually earned and decided by the Board of Directors on March 15, 2018[(1)].
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.
Directors' fees[(2)]	28,600	Gross amount of directors' fees due for 2017.
Extraordinary compensation	N/A	Mr. Bernard Charlès receives no extraordinary compensation.
Granting of share subscription options and/or performance shares	13,004,841 [(3)]	Mr. Bernard Charlès was granted 300,000 2017-B shares by the Board of Directors on May 23, 2017[(4)(5)].
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 the Chief Executive Officer's compensation and would depend on the satisfaction of the performance conditions for the payment of his variable compensation. In accordance with Articles L. 225-40-1 and L. 225-42-1 of the French Commercial Code, this commitment on the part of Dassault Systèmes SE was authorized by the Board of Directors on May 26, 2014 and approved by the General Meeting on May 28, 2015 (6th resolution). The Board of Directors reviewed this commitment on March 15, 2018 as it remained in effect during 2017[(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	11,934	These benefits in kind are linked to the use of a vehicle made available to Bernard Charlès by Dassault Systèmes SE.

(1) See also paragraphs 5.1.3.1 "Fixed, variable and exceptional compensation and in-kind benefits", and 5.1.4.1 Table 2 "Summary of the compensation of each Executive Officer".
(2) See also paragraph 5.1.3.4 "Directors' Fees" on the conditions for distributing the directors' fees at Dassault Systèmes SE.
(3) Value based on the method chosen for the consolidated financial statements before the spreading of the expense and taking into account the performance criteria.
(4) 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 recognizing his entrepreneurial role during more than thirty years with the Group 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.
(5) See also paragraph 5.1.3.2 "Performance Shares and Share Subscription Options".
(6) See also paragraph 5.1.3.3 "Indemnities Due in the Event of the Imposed Departure (départ contraint) of Mr. Bernard Charlès".

7.1.6 Policies and criteria used to determine, distribute and allocate the fixed, variable and exceptional components of the total compensation and benefits of all kinds granted to the Chairman of the Board and to the Vice-Chairman and Chief Executive Officer

In accordance with the provisions of Article L. 225-37-2 of the French Commercial Code, paragraph 5.1.3 "Principles established by the Board of Directors pertaining to compensation of the Executive Officers and directors" describes the policies and criteria used to determine, distribute and allocate the fixed, variable and exceptional components of the total compensation and benefits of all kinds granted to the Chairman and to the Vice-Chairman and Chief Executive Officer. These policies and criteria are submitted for your approval with separate resolutions for the Chairman and Vice-Chairman.

7.1.7 Re-appointment of three directors

The terms of office as director of Messrs. Charles Edelstenne, Bernard Charlès and Thibault de Tersant end at the General Meeting of May 22, 2018. You are invited to re-appoint them for a term of four years, i.e. until the General Meeting called to approve the financial statements for the year ending December 31, 2021 (for a presentation of these directors, see paragraph 5.1.1.1 "Composition of the Board of Directors"). If the mandates of Mr. Charles Edelstenne and Mr. Bernard Charlès are renewed, the Board of Directors of March 15, 2018 has already resolved, in accordance with the recommendation of the Compensation and Nomination Committee, to renew their mandates as Chairman of the Board of Directors for Mr. Charles Edelstenne and Vice-Chairman of the Board of Directors and CEO for Mr. Bernard Charlès, during its meeting which shall be held following the General Meeting.

7.1.8 Appointment of a new director

On the basis of the recommendation of the Compensation and Nomination Committee, it is proposed to appoint one new director, Mr Xavier Cauchois.

In compliance with Article R. 225-83 of the French Commercial Code, information regarding the director proposed for appointment by the General Meeting of Shareholders is set forth below.

XAVIER CAUCHOIS – DIRECTOR CANDIDATE

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 member of the Global Strategic Committee for the Audit from 2005 to 2008. He was member of the Executive Committee France "Partners & Strategy" from 2013 to 2016. Since 2016, he was also in charge of the animation of the directors relations for PwC.	**Age:** 60 **Nationality:** French **Professional address:** Dassault Systèmes - 10, rue Marcel Dassault, 78140 Velizy-Villacoublay - France **Main position:** Director
Term expires: General Meeting called to approve the financial statements for the year ended December 31, 2021. **Dassault Systèmes shares owned at December 31, 2017:** 0	**Other current positions and directorships*:** Former partner **Other positions held during the past five years:** Manager of PwC Business Services, director of the GIE PricewaterhouseCoopers Services

* at the date of the General Meting

Upon recommendation of the Compensation and Nomination Committee of March 15, 2018, the Board has concluded that Mr Xavier Cauchois is independent. Mr. Xavier Cauchois, despite being a former partner of PwC, statutory auditor of the Company, does not sign the financial statements of the Company since those relating to the 2010 financial year.

If this proposal and the proposals mentioned in paragraph 7.1.7 are approved, the proportions of women and independent directors will comply with law and the AFEP-MEDEF Code respectively[1].

7.1.9 Authorization to repurchase shares of the Company

The authorization to repurchase shares of the Company granted to the Board of Directors at the General Meeting on May 23, 2017 will expire at the General Meeting of May 22, 2018. Within the framework of this authorization, share buybacks were carried out in 2017 and in early 2018 (these operations are described in paragraph 6.2.4 "Share buyback programs") in order to cover the Company's obligations resulting from share grants and to animate the market and provide liquidity of the Dassault Systèmes share through the intermediary of an investment services provider by means of a liquidity agreement complying with a Code of Ethics accepted by the French Financial Markets Authority (AMF) and concluded between Dassault Systèmes SE and Oddo BHF SCA. This agreement has been automatically renewed for 2018.

Additional share buybacks may be made until the date of the General Meeting, and will be described in the Annual Report *(Document de référence)* for the year ending December 31, 2018.

You are invited to reauthorize the Board of Directors to repurchase Dassault Systèmes shares, in accordance with Articles L. 225-209 et seq. of the French Commercial Code, within a limit of 10 million shares, i.e. approximately 3.8% of the share capital, at a maximum purchase price of €150 per share and within the limits set by the applicable regulations.

(1) It is noted that the director representing the employees is not included in the calculation of the number of female and independent members of the Board, in accordance with the provisions of Article 8.3 of the AFEP-MEDEF Code and Article L. 225-27-1 of the French Commercial Code respectively.

The maximum amount of funds dedicated to repurchase shares of Dassault Systèmes may not exceed €500 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, 2018.

This authorization to buyback 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) stimulate the market or provide liquidity for the Dassault Systèmes shares through the intermediary of an investment services provider by means of a liquidity contract complying with a Code of Ethics accepted by the Financial Markets Authority (AMF);
5) implement any stock-exchange market practice which may be authorized by law or by the Financial Markets Authority (AMF).

The share buyback program is described in paragraph 6.2.4 "Share repurchase programs" of this Annual Report *(Document de référence)*, 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 10% of its amount.

7.1.10 Financial authorizations for issuances reserved to employees and corporate officers

It is proposed to renew the authorization granted to the Board of Directors by the Extraordinary General Meeting on September 4, 2015 to grant free shares to the Group's employees or executive officers.

This authorization would become effective at the expiration date of the authorization of the General Meeting of September 4, 2015, i.e. on November 4, 2018.

The shares granted under this authorization cannot entitle beneficiaries to a total number of shares greater than 2% of the Company's capital on the date of the General Meeting of May 22, 2018.

Information relating to the Board's use of the authorization granted by the General Meeting in 2017 is included in paragraph 5.3 "Summary of the Compensation and Benefits Due to Corporate Officers" and 5.1 "Report of the Chairman on Corporate Governance" of the Annual Report.

In accordance with the provisions of Article L. 225-129-6, paragraph 1, of the French Commercial Code, you are invited to authorize the Board of Directors to carry out share capital increases reserved for employees of the Company and/or affiliated companies and members of Company savings plans.

The maximum nominal amount of the capital increases that may be carried out through the issue of new shares or securities giving access to capital would be €5 million.

In the event that this resolution is adopted, this new delegation would cancel and replace that granted by the General Meeting on May 23, 2017 in its 22nd resolution.

7.1.11 Amendments of the by-laws

It is proposed that the General Meeting bring the by-laws into compliance with the provisions of:

- Article L. 823-1, paragraph 2, of the French Commercial Code, as amended by Law no. 2016-1691 of December 9, 2016, relating to the lack of appointment of a Deputy Statutory Auditor when the Principal Statutory Auditor is a legal person; and
- Article L. 225-36 of the French Commercial Code, as amended by Law no. 2016-1691 of December 9, 2016, authorizing the Board of Directors to transfer the registered office within French territory, subject to the ratification of this decision by the next Ordinary General Meeting.

7.2 Draft resolutions proposed by the Board of Directors to the General Meeting on May 22, 2018

Ordinary General Meeting

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 and the parent company annual financial statements for the year ended December 31, 2017, as they have been presented.

The General Meeting consequently approves any transactions disclosed in these financial statements or summarized in these reports.

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 the Group 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 and the consolidated financial statements for the year ended December 31, 2017, as they have been presented.

The General Meeting consequently approves any transactions disclosed by such consolidated financial statements or summarized in such reports.

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 €257,812,286.60 (1) as follows:

to the legal reserve	**€161,652**
to a Special Reserve Account (2)	€34,000
for distribution to the 261,229,643 shares forming the capital as of 02/28/2018 of a dividend of (€0.58 x 261,229,643 shares) (3)	€151,513,192.94
to retained earnings	€106,103,441.66
which, increased by the retained earnings from previous years of of €2,100,086,860.52, brings the amount of retained earnings to	€2,206,190,302.18

(1) After allocation to the legal reserve, this profit increased by the retained earnings from previous years of €2,100,086,860.52 results in a distributable profit of €2,357,737,495.12.
(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, 2018 and the date of the General Meeting of May 22, 2018, 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 5,229,864, i.e. a maximum amount of a supplementary dividend of €3,033,321.12.

Shares will be traded ex-dividend as of May 29, 2018, and dividends made payable as from June 19, 2018.

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 the Dassault Systèmes Group, will be allocated to "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, 2018 and the date of this General Meeting; the amount required for payment of dividends for shares issued during this period will be taken from "retained earnings".

The amount thus distributed to shareholders will, upon exercise of an individual option of the shareholders, either be subject to the flat tax of 12.8%, or be taken into account for determining shareholders' total revenue subject to the progressive rate of income tax for the year during which it was received (article 200A of the French General Tax Code) after application of an uncapped deduction of 40% (as provided by Article 158-3-2 of the French General 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)

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:

	2016	2015	2014
Dividend *(in euros)*	0.53	0.47	0.43
Number of shares eligible for dividends	258,532,488	257,154,032	255,644,058

Fourth resolution

Option to receive payment of dividends in the form of shares

The General Meeting, after the reading of the Board of Directors' report, and finding that the capital is fully paid up, has decided to offer each shareholder the possibility of choosing, in whole or in part, to receive payment of the dividend decided in the third resolution, and to which he is entitled, in the form of new shares in Dassault Systèmes.

Each shareholder may choose, in whole or in part, to receive payment of the dividend in cash or in shares.

If the shareholder chooses to receive payment of the dividend in the form of shares, the new shares will be issued without a discount at a price equal to the average of the closing prices quoted on the regulated market of Euronext Paris during the 20 stock exchange sessions preceding the date of the General Meeting less the net amount of the dividend decided in the third resolution rounded up to the next one hundredth of a euro. Such new shares will be eligible for dividends as from January 1, 2018, and will have all the rights and privileges as the other shares issued by Dassault Systèmes SE.

The option may be exercised between May 29, 2018 and June 8, 2018, inclusive, by sending their request to the financial intermediaries that are authorized to pay the dividend or, for shareholders listed in the direct registered share accounts held by the Company, to its authorized representative (Société Générale, Securities department, 32 rue du Champ-de-Tir, CS 30812, 44308 Nantes Cedex 3). Failing exercise of such option as at June 8, 2018 at the latest, the dividend will only be paid out in cash.

Shareholders who have not chosen payment of dividends in shares before the end of this period or who have chosen only partial payment, will receive the dividend in cash for the portion for which payment in shares was not chosen as from June 19, 2018. For shareholders having exercised the option, the new shares will be delivered as of the same day.

If the amount of dividend for which payment in the form of shares has been chosen does not correspond to a whole number of shares, the number of shares to be received by the shareholder will be rounded up to the next whole number with the shareholder paying the difference in cash on the day he/she chose to receive payment in the form of shares, or alternatively the number of shares to be received by the shareholder will be rounded down to the previous whole number and the shareholder will receive the balance in cash.

The General Meeting gives full powers to the Board of Directors, with the right of sub delegation to the Chairman of the Board under the conditions provided by law, to carry out the payment of dividends in new shares, to stipulate the terms of application and implementation, to record the number of new shares issued under this resolution, to make any necessary changes in the Company's by-laws relating to the share capital and the number of shares it contains, and, more generally, to do whatever may be appropriate or necessary.

Fifth resolution

Related-party agreements (conventions réglementées)

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.

Sixth resolution

Related-party agreement (convention réglementée) between the Company and Bernard Charlès

The General Meeting of Shareholders, 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 and in accordance with Article L. 225-42-1 of the French Commercial Code, approves the renewal of the agreement referred to in the said report relating to the commitments made by the Company to Bernard Charlès on the indemnities due upon the termination of his functions as Chief Executive Officer, according to the terms adopted by the Board of Directors at its meeting on May 26, 2014.

Seventh resolution

Policies and criteria used to determine, distribute and allocate the fixed, variable and exceptional components of the total compensation and benefits of all kinds granted to the Chairman of the Board

The General Meeting approves the policies and criteria used to determine, distribute and allocate the fixed, variable and exceptional components of the total compensation and benefits of all kinds granted to the Chairman, as indicated in the 2017 Annual Report, under Chapter 5 "Corporate Governance", paragraph 5.1.3 "Principles established by the Board of Directors pertaining to compensation of the Executive Officers and directors".

Eighth resolution

Policies and criteria used to determine, distribute and allocate the fixed, variable and exceptional components of the total compensation and benefits of all kinds granted to the Vice Chairman and Chief Executive Officer

The General Meeting approves the policies and criteria used to determine, distribute and allocate the fixed, variable and exceptional components of the total compensation and benefits of all kinds granted to the Vice-Chairman and Chief Executive Officer, as indicated in the 2017 Annual Report, under Chapter 5 "Corporate Governance", paragraph 5.1.3 "Principles established by the Board of Directors pertaining to compensation of the Executive Officers and directors".

Ninth resolution

Compensation elements due or granted with respect to 2017 to Mr. Charles Edelstenne, Chairman of the Board

The General Meeting approves the compensation elements due or granted with respect to 2017 to Mr. Charles Edelstenne, Chairman of the Board, as indicated in the 2017 Annual Report (Document de référence), under Chapter 5 "Corporate Governance", paragraph 5.1.4.1 "Compensation of the Company's Corporate Officers *(mandataires sociaux)*".

Tenth resolution

Compensation elements due or granted with respect to 2017 to Mr. Bernard Charlès, Vice-Chairman of the Board and Chief Executive Officer

The General Meeting approves the compensation elements due or granted with respect to 2017 to Mr. Bernard Charlès, Vice-Chairman and Chief Executive Officer, as indicated in the 2017 Annual Report (Document de référence), under Chapter 5 "Corporate Governance", paragraph 5.1.4.1 "Compensation of the Company's Corporate Officers *(mandataires sociaux)*".

Eleventh resolution

Re-appointment of Mr. Charles Edelstenne

The General Meeting notes that Mr. Charles Edelstenne'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, 2021.

Twelfth resolution

Re-appointment of Mr. Bernard Charlès

The General Meeting notes that Mr. Bernard Charlès' 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, 2021.

Thirteenth resolution

Re-appointment of Mr. Thibault de Tersant

The General Meeting notes that Mr. Thibault de Tersant'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, 2021.

Fourteenth resolution

Appointment of a new director

The General Meeting decides to appoint Mr. Xavier Cauchois as director of the Company for a four-year term. This term of office will expire at the General Meeting approving the financial statements for the year ending December 31, 2021.

Fifteenth resolution

Authorization to repurchase Dassault Systèmes's shares

The General Meeting, having reviewed the report of the Board of Directors, authorizes the Board of Directors to purchase a maximum of 10,000,000 Dassault Systèmes shares, in accordance with the terms and conditions stipulated in Articles L. 225-209 et seq. of the French Commercial Code.

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 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. stimulate 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 a Code of Ethics accepted by the Financial Markets Authority (AMF);
5. implement any stock-exchange market practice which may be authorized by law or by the Financial Markets Authority (AMF).

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, and at the times deemed appropriate by the Board of Directors or any person acting pursuant to a sub delegation and according to the law.

The maximum amount of funds dedicated to repurchase of Company shares may not exceed €500 million, this condition being cumulative with the cap of 10,000,000 Dassault Systèmes shares.

Dassault Systèmes SE may not purchase shares at a price per share which exceeds €150 (excluding acquisition costs), and in any case the price per share may not exceed the maximum price provided by the applicable legal rules, subject to adjustments in connection with transactions on its share capital, in particular by capitalization of reserves and free allocation of shares and/or regrouping or split of 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, 2018. 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) appear to extend or to complete the authorized objectives concerning the share repurchase 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 repurchase program authorized by the Combined General Shareholders' Meeting of May 23, 2017, in its 15th resolution.

Extraordinary General Meeting

Sixteenth 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 repurchase program

The General Meeting, after the reading 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. 225-209 of the French Commercial Code, to:

- reduce the share capital by cancellation, in one or several transactions, of all or part of the shares repurchased by the Company pursuant to its share repurchase program, up to a limit of 10% of the share capital over periods of 24 months;
- 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, 2018.

Seventeenth resolution

Authorization given to the Board of Directors to grant Company shares to corporate officers and employees of the Company and its affiliated companies, including an express waiver by the shareholders to their pre-emptive right.

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, in accordance with the provisions of Articles L. 225-197-1 et seq. of the French Commercial Code, to carry out, on one or several occasions, free allocations of existing shares or shares to be issued by the Company, to employees or certain categories of employees to be chosen from eligible employees or corporate officers of the Company or its affiliated companies pursuant to Article L. 225-197-2 of the French Commercial Code;
2. decides that the Board of Directors will decide on the identity of the beneficiaries of the allocations as well as the conditions and, where applicable, the criteria for allocating the shares;
3. decides that the total number of free shares granted cannot exceed 2% of the Company's capital on the date of the allocation decision by the Board of Directors, it being specified that this amount does not take into account any possible adjustments which may be made in accordance with the applicable laws and regulations and, where applicable, to the contractual provisions stipulating other adjustment cases, to protect the rights of the holders of securities or other rights giving access to the share capital. For this purpose, the General Meeting authorizes, where necessary, the Board of Directors to increase the share capital by incorporating reserves accordingly;
4. decides (a) that the allocation of shares to their beneficiaries shall become definitive at the end of a vesting period which shall be fixed by the Board of Directors, but which cannot be less than one year and (b) that the beneficiaries must, if the Board of Directors deems it useful or necessary, retain said shares for a term freely fixed by the Board of Directors, it being specified that the total duration of the vesting periods and where applicable the conservation period cannot be less than two years;
5. decides that the maximum number of shares that can be granted to executive officers pursuant to the AFEP-MEDEF's corporate governance code for listed companies cannot represent more than 35% of the overall amount authorized by the present Meeting;
6. also decides that, in the event of the invalidity of the beneficiary falling into the second or third categories provided 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 upon delivery;
7. notes that the present authorization automatically entails that shareholders waive, for the benefit of the beneficiaries of the free shares, their pre-emptive right to the shares which may be issued under the present resolution;
8. delegates all powers to the Board of Directors, with the option of delegation, pursuant to the applicable regulations and laws, to implement the present authorization, under the conditions set out above and within the limits authorized by the applicable legislation and in particular, to fix the terms and conditions and criteria for the share allocations performed under the

present authorization, to set the dates from which the new shares will have dividend rights, to take all measures, where deemed appropriate, to protect the rights of the beneficiaries of the free shares by making any possible adjustments, to note the completion of capital increases, to amend the by-laws accordingly, and more generally, to take all useful and necessary steps for the issue, listing and financial servicing of the securities issued under the present resolution and take all useful and necessary steps under the legislation and regulations in force;

9. decides that the present authorization shall become effective as from the expiration date of the authorization of the General Meeting dated September 4, 2015 in its first resolution, i.e. on November 4, 2018 and shall be valid for a period of 38 months as from the date of this General Meeting.

Eighteenth resolution

Authorization of the Board of Directors to increase the share capital for the benefit of members of a corporate savings plan, without pre-emptive 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 €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. decides to eliminate the pre-emptive rights of shareholders to subscribe 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. decides that the maximum nominal amount that may be issued under this authorization will be included in the maximum nominal amount for share capital increases of €12 million set under the 17th resolution of the General Meeting of May 23, 2017;
4. decides 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, where the lock-up period set by the savings plan pursuant to Article L. 3332-25 of the French Labor Code is shorter than ten years, and 70% of this average where the lock-up period is ten years or more. However, the General Meeting of Shareholders expressly authorizes the Board of Directors, if it deems it appropriate, to reduce or cancel the above-mentioned discounts, 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. decides 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% or 30%, depending on whether the lock-up period set by the plan is greater than or equal to ten years;
6. decides 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. decides 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. decides 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 supersedes 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 23, 2017 in the 22nd resolution.

The authorization thus granted to the Board of Directors is valid for 26 months from the date of this General Meeting.

Nineteenth resolution

Amendments of the by-laws

The General Meeting decides to delete paragraph 3 of Article 23, and the last three paragraphs of Article 4 of the Company's by-laws.

Ordinary and Extraordinary General Meeting

Twentieth 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 financial 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*.

	Reference Document	
Annual financial report	**Paragraphs**	**Pages**
1. Parent Company Financial Statements	4.2	153
2. Consolidated Financial Statements of the Group	4.1	108
3. Management Report	See Annual management report cross-reference table below	
4. Certification of the Person Responsible for the Reference Document	–	3
5. Statutory Auditors Report on the Parent Company Financial Statements	4.2.3	175
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 Reference Document 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.

	Reference Document	
Annual management report	Paragraphs	Pages
1. Business Trends Analysis	3.1	90
2. Analysis of Results	3.1	90
3. Financial Operations Analysis	3.1	90
4. Description of Main Risks and Uncertainties	1.7	40
5. Financial Instruments Use	4.1.1 – Notes 2, 21	114, 137
6. Risk Factors such as Pricing, Credit, Liquidity in Cash and Treasury	1.7.2	47
7. Information Required by the Article L. 225-211 of the French Commercial Code, Relating to the Shares Repurchases	6.2.4	230
8. Situation during the Fiscal year 2017	3.1, 4.1, 4.2	90, 108, 153
9. Foreseeable Trend of the Situation	3.1.1.1, 3.2	90, 104
10. Substantial Events Occurred since the End of 2017	4.2.1 – Note 23	173
11. Research and Development Activities	1.6	39
12. Existing branches	6.1.1.6	224
13. Business and Results of Operations of the Parent Company Dassault Systèmes SE	1.4, 1.5, 4.2	19, 20, 153
14. Business and Results of the Parent Company's Subsidiaries during the Fiscal Year 2017	1.4.2, 1.5	19, 20
15. Financial and non-financial key performance indicators		
16. 2017 Business Outlook	3.1.1.1, 3.2	90, 104
17. Selected Financial Information of Dassault Systèmes SE over the Last Five Fiscal Years	4.2.2	174
18. Employees' Involvement in the Capital of the Issuer the Last Day of the Fiscal Year	6.3.1	231
19. Social and Environmental Information	2	49
20. Equity Holdings or Controlled Companies, Subsidiaries with a French Head-Office	4.2.1 – Notes 1, 24	158, 173
21. Table of Transactions in the Company's Shares by the Management of the Company	5.3	218
22. Information on the Payment Cycles for Suppliers	4.2.1 – Note 19	171
23. Report on Corporate Governance	5.1	184
24. Dividends Paid over the Last Three Fiscal Years	7.1	238
25. Evolution and repartition of the shareholding (including treasury shares)	6.3.1	231
26. Financial risks linked to climate change and measures taken to reduce them through the implementation of a low-carbon strategy	2.2.7	83
27. Main characteristics of internal control procedures and risk management procedures	5.2	214
28. Vigilance plan	2.3	83

Cross-reference table including the European Directive no. 809/2004 – Annex 1 items

The cross-reference table below identifies the information included in the Reference Document, and reflects the transposition of the European Directive no. 809/2004 in its Annex 1, adopted by the European Commission of April 29, 2004.

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Cross-reference table including the European Directive no. 809/2004 – Annex 1 items

European directive – Annex 1 items		Reference Document Paragraphs	Pages
16.	**BOARD PRACTICES**	5.1	184
16.1	Date of expiration of the current term of office	5.1.1.1	184
16.2	Service contracts with the issuer	5.1.3	221
16.3	Information about the committees	5.1.1.3	194
16.4	Statement of compliance with the regime of corporate governance	5.1, 5.1.5	184, 211
17.	**EMPLOYEES**		
17.1	Number of employees	2.1.1	51
17.2	Shareholdings and stock options	5.1.1, 5.1.4.2	184, 206
17.3	Arrangement involving the employees in the issuer's capital	None	
18.	**MAJOR SHAREHOLDERS**	6.3	231
18.1	Shareholders having more than 5% of interest in the issuer's capital or of voting rights	6.3.1	231
18.2	Existence of different voting rights	6.1.2.3	226
18.3	Control of the issuer	6.3.2	233
18.4	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	234
19.	**RELATED PARTY TRANSACTIONS**	4.1.1 – Note 26, 4.2.4, 7.1.4	145, 180, 240
20.	**FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES**		
20.1	Historical Financial Information	4.1	108
20.2	Pro forma Financial Information	Not applicable	
20.3	Financial Statements	4.1, 4.2	108,153
20.4	Auditing of Historical Annual Financial Information	4.1.2, 4.2.3, 4.2.4	148, 175, 180
20.5	Date of the latest financial statements	December 31, 2017	
20.6	Interim and Other Financial Information	3.3	105
20.7	Dividend Policy	7.1	238
20.8	Legal and Arbitration Proceedings	4.3	182
20.9	Significant Change in the Issuer's Financial or Trading Position	4.1.1	108
21.	**ADDITIONAL INFORMATION**		
21.1	Share Capital	6.2, 6.3	228, 231
21.2	Memorandum and By-laws	6.1.2	225
22.	**MATERIAL CONTRACTS**	1.4.3	38
23.	**THIRD-PARTY INFORMATION, EXPERTS' STATEMENTS AND DECLARATION OF ANY INTEREST**	Not applicable	
24.	**DOCUMENTS AVAILABLE TO THE PUBLIC**	6.1.1.7	225
25.	**INFORMATION ON HOLDINGS**	1.4.2, 4.1.1 – Note 28, 4.2.1 – Note 24	19, 147, 173

NRE correspondence table

Article R. 225-105-1 of the French Commercial Code items	Reference Document Paragraphs	Reference Document Pages
EMPLOYMENT		
Total employees and distribution by gender, age and geographic location	2.1.1, 2.1.7	51,68
New hires and departures	2.1.2, 2.1.7	54,68
Compensation	2.1.4	62
ORGANIZATION OF WORKING TIME		
Organization of working time	2.1.1	51
Absenteeism	2.1.1	51
LABOR RELATIONS		
Organization of employee relations and employee communications, consultation and negotiation procedures	2.1.5	64
Summary of collective agreements	2.1.5	64
HEALTH AND SAFETY		
Health and safety conditions	2.1.5	64
Summary of agreements reached with labor unions or employee representatives regarding health and safety	2.1.5	64
Work accidents	2.1.5	64
TRAINING		
Training policies	2.1.2	54
Total training time	2.1.2	54
EQUAL TREATMENT		
Measures for the equal treatment of women and men	2.1.2	54
Measures for the employment of disabled persons	2.1.2	54
Anti-discrimination policy	2.1.2	54
PROMOTION OF AND RESPECT FOR THE PROVISIONS OF THE BASIC CONVENTIONS OF THE INTERNATIONAL LABOR ORGANIZATION ON		
Respect for the freedom of association and the right to collective negotiation	2.1.5	64
Eliminating discrimination at work	2.1.2	54
Eliminating forced labor	2.1.5	64
Eliminating child labor	2.1.5	64
INFORMATION ON SOCIETAL COMMITMENTS AND COMMITMENTS TO SUSTAINABLE DEVELOPMENT		
Regional, economic and social impact of the business of the Company in terms of employment and regional development, on nearby or local populations	2.1.2	54
Relations with individuals and organizations interested by the Company's business (job placement associations, educational establishments, environmental protection associations, etc.), process relating to the dialogue with those persons or organizations and partnership and sponsorship actions.	2.1.2	54
Sub-contractors and suppliers: social responsibility. Taking social and environmental issues into account in the purchasing policy. Importance of sub-contracting. Taking suppliers' and sub-contractors' social and environmental responsibility into account in relations with them	2.1.1	51
Good citizen practices (actions to prevent corruption and measures to protect the health and safety of consumers) and other measures to support human rights	2.1.5	64
GENERAL POLICY ON ENVIRONMENTAL ISSUES		
Organizing the Company to take into account environmental issues. If need be, environmental assessment or certification processes	2.2.1 and 2.2.2.3	70
Employee training and information actions regarding environmental protection	2.2.3	79
Resources devoted to the prevention of environmental risks and pollution	2.2.6	82

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Article R. 225-105-1 of the French Commercial Code items	Reference Document Paragraphs	Reference Document Pages
POLLUTION		
Measures for preventing, reducing or curing releases to the air, water and soil which would harm the environment	2.2.2.5 and 2.2.6	74, 82
CIRCULAR ECONOMY		
Prevention and waste management:		
• measures for prevention, recycling, reutilisation, any other form of waste recovery and disposal	2.2.2.5 and 2.2.4	74, 79
• actions against food waste	2.2.4	79
Sustainable use of resources:		
• water consumption	2.2.2.5	74
• raw materials consumption	2.2.2.5 and 2.2.4	74, 79
• measures taken to improve the efficiency of the use of raw materials	2.2.2.5	74
• energy consumption	2.2.2.5	74
• measures taken to improve energy efficiency and the use of renewable energy	2.2.2.5	74
CLIMATE CHANGE		
Significant items of issuance of greenhouse gaz due to the Company's activity, notably by reason of the usage of its production of goods and services	2.2.2.5	74

Information not published due to lack of relevancy	Explanation
Frequency/severity rate of work accidents. Professional illnesses.	Given the nature of Dassault Systèmes' activity, the number of work accidents is low and consists of only a few cases per year. This indicator is not calculated.
Consideration of noise pollution Land use Water supply in accordance with local constraints Adaptation to the consequences of climate change Biodiversity protection	Given Dassault Systèmes' activity, these topics are not covered. The Group is not aware of any noise pollution that could negatively impact the environment, nor is it aware of any impact on biodiversity. With regards to land use, the Group is only a commercial user, and the Group is not aware of any local constraints with regards to water supply. The Group does not believe that it is at risk with regards to climate change in the near-or mid-term.