

Dassault Systèmes: Raising 2022 EPS Objectives on Good First Quarter Performance

[Dassault Systèmes](#) (Euronext Paris: FR0014003TT8, DSY.PA), today announced IFRS unaudited financial results for the first quarter ended March 31, 2022. The Group's Board of Directors approved these results on April 26, 2022. This press release also includes financial information on a non-IFRS basis and reconciliations with IFRS figures in the Appendix to this communication.

Summary Highlights

(unaudited, all revenue growth rates in constant currencies)

- 1Q22 IFRS diluted EPS increased 51% to €0.20, as reported; non-IFRS diluted EPS grew 20% to €0.27, as reported
- 1Q22 total revenue and software revenue increased 8%, with licenses & other software revenue up 10% and subscription & support up 8% (non-IFRS)
- 1Q22 **3DEXPERIENCE** software revenue rose 21% (non-IFRS). Cloud software revenue also increased 21% (non-IFRS)
- 1Q22 cash flow from operations of €630 million (IFRS); set to achieve deleveraging well ahead of schedule
- FY2022 non-IFRS objectives: reaffirming total revenue growth of 9%-10%, in constant currencies. Raising non-IFRS diluted EPS target to 9%-11% growth to €1.04 - €1.06. Increasing non-IFRS operating margin target to 33.4%-33.7%

Bernard Charlès, Dassault Systèmes' Vice Chairman of the Board and Chief Executive Officer commented:

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

Science-based virtual twin experiences are perfectly designed to support these transformations and the resiliency and sustainability required for today and tomorrow's leadership. By combining a multi-scale, multi-physics approach with embedded analytics and real world evidence, virtual twin experiences are a catalyst for sustainable innovation – to imagine and test new materials, new processes, new solutions and new usages.

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

It's clear we walk the talk: this new solution is a major advancement towards our purpose to harmonize product, nature and life. By leveraging the virtual worlds to extend and improve the real world, together we can drive meaningful progress towards a more sustainable and harmonious future.

Our next frontier will be to make the power of virtual twin experiences accessible to everyone on the planet – to take them mainstream.”

Financial Summary

In millions of Euros, except per share data and percentages	IFRS				Non-IFRS			
	Q1 2022	Q1 2021	Change	Change in constant currencies	Q1 2022	Q1 2021	Change	Change in constant currencies
Total Revenue	1,324.5	1,172.9	13%	8%	1,324.6	1,173.6	13%	8%
Software Revenue	1,205.5	1,067.8	13%	8%	1,205.6	1,068.4	13%	8%
Operating Margin	25.3%	19.7%	+5.6pts		35.0%	33.9%	+1.2pt	
Diluted EPS *	0.20	0.13	51%		0.27	0.23	20%	15%

* 2021 figures have been restated in order to reflect the five-for-one share split on Dassault Systèmes' share effected on July 7, 2021

First Quarter 2022 Versus 2021 Financial Comparisons

(unaudited, all revenue growth rates in constant currencies)

- **Total Revenue:** Total revenue grew 8%, IFRS and non-IFRS, to €1.32 billion. Software revenue increased 8%, IFRS and non-IFRS to €1.21 billion. Non-IFRS support & subscription revenue rose 8%; recurring revenue represented 81% of total software revenue. Licenses and other software revenue increased 10% (IFRS and non-IFRS) to €234.7 million. Services revenue increased 9%, IFRS and non-IFRS.
- **Software Revenue by Geography (non-IFRS):** The Americas grew 7% and represented 40% of software revenue. Europe rose 6% to 35% of software revenue. Asia increased 13% to 25% of software revenue, with China up 20% and India up 35%.
- **Software Revenue by Product Line:**
 - **Industrial Innovation** IFRS and non-IFRS software revenue rose 5% to €654.4 million, representing 54% of software revenue. CATIA demonstrated very strong performance, driven by double-digit license and subscription software revenue growth and punctuated by cyber systems, showing the strength of these innovative and differentiated offerings. ENOVIA also showed high, double-digit growth in both license and subscription software revenue.
 - **Life Sciences** software revenue totaled €254.0 million (IFRS and non-IFRS), an increase of 13%, representing 21% of software revenue. MEDIDATA delivered strong performance, growing double-digits again this quarter. MEDIDATA continues to experience strong momentum across its product

portfolio including MEDIDATA Rave, MEDIDATA AI and MEDIDATA Patient Cloud, as well as across end markets including pharmaceutical and biotechnology companies and contract research organizations (CROs). BIOVIA also performed well, achieving double-digit growth during the period.

- **Mainstream Innovation** software revenue was €297.2 million in IFRS and non-IFRS, an increase of 12%, and representing 25% of software revenue. SOLIDWORKS continued to perform well, growing double-digits, and on the back of a strong comparison base, thanks to broad-based demand and larger deal sizes. Our **3DEXPERIENCE WORKS** offering continued to see good adoption as clients increasingly recognize the value of leveraging the WORKS family technologies via the cloud. At CENTRIC PLM, strong momentum was accompanied by gains in diversification in food and beverage.
- **Software Revenue by Industries:** Many end markets grew double-digits again this quarter. Aerospace & Defense, Marine & Offshore, Industrial Equipment, and Home & Life Style displayed some of the strongest performance.
- **Key Strategic Drivers (non-IFRS):** **3DEXPERIENCE** revenue increased 21% to 29.7% of software revenue. The strong value proposition of the **3DEXPERIENCE** platform continues to be a key factor in driving large client wins. Cloud software revenue grew 21%, and represents 20.9% of software revenue. Cloud and **3DEXPERIENCE** have been critical for enabling clients to scale rapidly – both new entrants and incumbents transforming.
- **Operating Income and Margin:** IFRS operating income increased 45.3%, as reported. Non-IFRS operating income rose 16.8% to €464.0 million, as reported. Non-IFRS operating margin increased 117 basis points to 35.0%. In the quarter, we recognized no revenue for Russia and €5.0 million of expenses, including provisions.
- **Earnings per Share:** IFRS diluted earnings per share increased 51% to €0.20. Non-IFRS diluted EPS grew 20% to €0.27, as reported.
- **Cash Flow from Operations (IFRS):** Cash flow from operations was €630 million, a decrease of 2% relative to last year. This was driven by several factors: a higher decrease in accrued compensation; a one-time withholding tax reimbursement received in the first quarter of 2021; and a lower decrease in trade accounts receivable, in line with activity growth, combined with an improved cash collection. Cash from operations was principally used for treasury stock repurchases of €328 million (net of the impact of employee shareholding plan) as well as loan repayments of €235 million.
- **Balance Sheet (IFRS):** Dassault Systèmes' net financial debt at March 31, 2022 decreased by €257 million to €632 million, compared to €889 million at December 31, 2021, reflecting cash, cash equivalents and short-term investments of €3.009 billion and debt related to borrowings of €3.641 billion at March 31, 2022. Dassault Systèmes is well ahead of schedule on its deleveraging objective.

Dassault Systèmes' Chief Operating Officer Commentary

(revenue growth rates in constant currencies, data on a non-IFRS basis)

Pascal Daloz, Dassault Systèmes' Chief Operating Officer, commented:

“The positive business momentum we experienced last year continued into the first quarter. We delivered strong results and on the back of a relatively high 2021 comparison base. Revenue growth was broad-based across geographies, product lines and sectors, demonstrating the diversification we have achieved in our addressable markets as well as the quality of our execution.

In Industrial Innovation, CATIA and ENOVIA delivered excellent, double-digit license and subscription revenue growth, underscoring the strength of our differentiated offering. In Mainstream Innovation, strong SOLIDWORKS momentum continued into the first quarter with revenue increasing double-digits. In Life Sciences, MEDIDATA and BIOVIA grew revenue double-digits. In MEDIDATA AI Synthetic Control Arm, our recent announcements with Celsion and Plus Therapeutics highlight the potential for this revolutionary innovation. Our new business with Gilead reflects the strength of BIOVIA's groundbreaking generative therapeutic design technology.

Our customer adoption is a strong proof point; the investments we made a decade ago are paying off for our clients. In today's ever-changing environment, our clients face a number of challenges from raw materials, to workforces, supply chain disruptions and inflation. This is accelerating the need to adapt and evolve rapidly and at scale. With our **3DEXPERIENCE** platform and industry solutions, we are uniquely well positioned to enable these transformations and empower our clients to adopt new business models, increase resiliency, scale and embrace sustainability.

We appreciate our clients' trust and look forward to continuing our fruitful partnerships.”

Dassault Systèmes' Chief Financial Officer Commentary

(revenue growth rates in constant currencies, data on a non-IFRS basis, cash flow IFRS)

Rouven Bergmann, Dassault Systèmes' Chief Financial Officer, commented:

“We're pleased with our first quarter 2022 performance. Revenue results were well aligned with our objectives. License and other software revenue grew double digits, during the period. At the same time, we delivered strong profitability, demonstrating the strength of our business model and excellent performance by our team. This supports our confidence to raise our 2022 EPS objective to 9-11% year-over-year growth.

From a profitability perspective, we outperformed our objectives during the quarter, even as we continued to invest in our business and achieved our hiring objectives. Diluted EPS grew 20% to €0.27. Operating margin increased 117 basis points to 35%. Cash flow from operations was €630 million. We remain well ahead of schedule in achieving our deleveraging objective.”

Looking to the second quarter of 2022, we are targeting total revenue growth of 9%-11%, and diluted EPS growth of 11%-16% to €0.24 to €0.25. For fiscal 2022, we are reaffirming our total revenue growth objective of 9%-10%, in constant currencies. At the same time, we are raising our diluted EPS objective to 9%-11% growth to €1.04 to €1.06, offsetting the negative impact of Russia while reflecting currency and operating performance.”

Financial Objectives for 2022

Dassault Systèmes' second quarter and full year 2022 financial objectives presented below are given on a non-IFRS basis and reflect the principal 2022 currency exchange rate assumptions for the US dollar and Japanese yen as well as the potential impact from additional non-Euro currencies:

	Q2 2022	FY 2022
Total Revenue (billion)	€1.295 to €1.320	€5.355 to €5.405
Growth	12-14%	10-11%
Growth ex FX	9-11%	9-10%
Software revenue growth *	9-11%	9-10%
<i>Of which licenses and other software revenue growth *</i>	14-19%	10-12%
<i>Of which subscription and support revenue growth *</i>	8-9%	~9%
Services revenue growth *	9-11%	8-10%
Operating Margin	31.7% – 32.4%	33.4% – 33.7%
EPS Diluted	€0.24 - €0.25	€1.04 - €1.06
Growth	11-16%	9-11%
<i>US dollar</i>	<i>\$1.15 per Euro</i>	<i>\$1.14 per Euro</i>
<i>Japanese yen (before hedging)</i>	<i>JPY 130.0 per Euro</i>	<i>JPY 130.1 per Euro</i>

* Growth in Constant Currencies

These objectives are prepared and communicated only on a non-IFRS basis and are subject to the cautionary statement set forth below.

The Russian invasion of Ukraine is above all a human tragedy. Dassault Systèmes has implemented all actions to suspend its business operations in Russia, which represent less than 0.5% of non-IFRS revenues in 2021.

The 2022 non-IFRS financial objectives set forth above do not take into account the following accounting elements below and are estimated based upon the 2022 principal currency exchange rates above: no significant contract liabilities write-downs; share-based compensation expenses, including related social charges, estimated at approximately €148.7 million (these estimates do not include any new stock option or share grants issued after March 31, 2022); amortization of acquired intangibles and of tangibles reevaluation, estimated at approximately €369.4 million, largely impacted by the acquisition of Medidata; and lease incentives of acquired companies at approximately €2.7 million. The above objectives also do not include any impact from other operating income and expenses, net principally comprised of acquisition, integration and restructuring expenses, and impairment of goodwill and acquired intangible assets; from one-time items included in financial revenue; from one-time tax effects; and from the income tax effects of these non-IFRS adjustments. Finally, these estimates do not include any new acquisitions or restructuring completed after March 31, 2022.

Corporate Announcements

- April 27, 2022 Dassault Systèmes Unveils its Future Governance
- April 26, 2022 Dassault Systèmes Upgraded To 'A' From 'A-' by S&P Global Ratings On Strengthening Business Profile And Strong Performance
- March 15, 2022 Dassault Systèmes: Amount of the Dividend Declared
- March 17, 2022 Global Beauty Company Shiseido to Implement Dassault Systèmes' Manufacturing Solutions Worldwide as Consumers Push for Skincare and Wellness
- March 9, 2022 Dassault Systèmes Suspends Business Operations in Russia
- March 9, 2022 Software République Launches its Startup Incubator to Accelerate Sustainable, Secure, and Intelligent Mobility
- February 24, 2022 Dassault Systèmes Introduces Life Cycle Assessment Solution on the 3DEXPERIENCE Platform to Transform the Sustainable Innovation Process
- February 22, 2022 Cadence and Dassault Systèmes Partner to Transform Electronic Systems Development
- February 7, 2022 Dassault Systèmes Taps Gian Paolo Bassi to Lead 3DEXPERIENCE Works; Promotes Manish Kumar to CEO SOLIDWORKS
- February 4, 2022 Parexel Extends Strategic Partnership with Medidata to Enhance Delivery of Decentralized Clinical Trials
- As a reminder, in July 2021 Dassault Systèmes committed to Science Based Target initiative (SBTi)

Today's Webcast and Conference Call Information

Today, Thursday, April 27, 2022, Dassault Systèmes will host, from London, a webcasted presentation at 9:00 AM London Time/ 10:00 AM Paris time, and will then host a conference call at 9:00 AM New York time / 2:00 PM London time / 3:00 PM Paris time. The webcasted presentation and conference calls will be available online by accessing investor.3ds.com.

Additional investor information is available at investor.3ds.com or by calling Dassault Systèmes' Investor Relations at +33.1.61.62.69.24.

Investor Relations Events

- Annual General Meeting of Shareholders: May 19, 2022
- Capital Markets Day: June 16, 2022
- Second Quarter 2022 Earnings Release: July 26, 2022
- Third Quarter 2022 Earnings Release: October 26, 2022
- Fourth Quarter 2022 Earnings Release: February 2, 2023

Forward-looking Information

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

The Group's actual results or performance may be materially negatively affected by numerous risks and uncertainties, as described in the "Risk Factors" section 1.9 of the 2021 Universal Registration Document ('Document d'enregistrement universel') filed with the AMF (French Financial Markets Authority) on March 17, 2022, available on the Group's website www.3ds.com.

In particular, please refer to the risk factor "Uncertain Global Economic Environment" in section 1.9.1.1 of the 2021 Universal Registration Document set out below for ease of reference:

"In light of the uncertainties regarding economic, business, social, health and geopolitical conditions at the global level, Dassault Systèmes' revenue, net earnings and cash flows may grow more slowly, whether on an annual or quarterly basis, mainly due to the following factors:

- the deployment of Dassault Systèmes' solutions may represent a large portion of a customer's investments in software technology. Decisions to make such an investment are impacted by the economic environment in which the customers operate. Uncertain global geopolitical, economic and health conditions and the lack of visibility or the lack of financial resources may cause some customers, e.g. within automotive, aerospace or natural resources industries, to reduce, postpone or terminate their investments, or to reduce or not renew ongoing paid maintenance for their installed base, which impact larger customers' revenue with their respective sub-contractors;
- the political, economic and monetary situation in certain geographic regions where Dassault Systèmes operates could become more volatile and impact Dassault Systèmes' business, for example, due to stricter export compliance rules or the introduction of new customs tariffs;
- continued pressure or volatility on raw materials and energy prices could also slow down Dassault Systèmes' diversification efforts in new industries;

- current inflation forecasts, as well as uncertainties regarding the extent and duration of this trend, could adversely affect the financial condition of Dassault Systèmes; and
- the sales cycle of the Dassault Systèmes' products – already relatively long due to the strategic nature of such investments for customers – could further lengthen.

The occurrence of crises – health and geopolitical crises in particular – could have consequences for the health and safety of Dassault Systèmes' employees. It could also adversely impact the financial situation or financing capabilities of Dassault Systèmes' existing and potential customers, commercial and technology partners, some of whom may be forced to temporarily close sites or cease operations. A deteriorating economic environment could generate increased price pressure and affect the collection of receivables, which would negatively impact Dassault Systèmes' revenue, financial performance and market position.

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

In preparing such forward-looking statements, the Group has in particular assumed an average US dollar to euro exchange rate of US\$1.15 per €1.00 as well as an average Japanese yen to euro exchange rate of JPY130.0 to €1.00, before hedging for the second, third and fourth quarters 2022. The Group has in particular assumed an average US dollar to euro exchange rate of US\$1.14 per €1.00 as well as an average Japanese yen to euro exchange rate of JPY130.1 to €1.00, before hedging for the full year 2022. However, currency values fluctuate, and the Group's results may be significantly affected by changes in exchange rates.

Non-IFRS Financial Information

Readers are cautioned that the supplemental non-IFRS financial information presented in this press release is subject to inherent limitations. It is not based on any comprehensive set of accounting rules or principles and should not be considered in isolation from or as a substitute for IFRS measurements. The supplemental non-IFRS financial information should be read only in conjunction with the Company's consolidated financial statements prepared in accordance with IFRS. Furthermore, the Group's supplemental non-IFRS financial information may not be comparable to similarly titled "non-IFRS" measures used by other companies. Specific limitations for individual non-IFRS measures are set forth in the Company's 2021 Universal Registration Document filed with the AMF on March 17, 2022.

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

FOR MORE INFORMATION

Dassault Systèmes' **3DEXPERIENCE** platform, 3D design software, 3D Digital Mock Up and Product Lifecycle Management (PLM) solutions: <http://www.3ds.com>

Connect with Dassault Systèmes on



ABOUT DASSAULT SYSTÈMES

Dassault Systèmes, the **3DEXPERIENCE** Company, is a catalyst for human progress. We provide business and people with collaborative 3D virtual environments to imagine sustainable innovations. By creating virtual twin experiences of the real world with our **3DEXPERIENCE** platform and applications, our customers push the boundaries of innovation, learning and production to achieve a more sustainable world for patients, citizens, and consumers. Dassault Systèmes brings value to more than 300,000 customers of all sizes, in all industries, in more than 130 countries. For more information, visit www.3ds.com

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(Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures).

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DASSAULT SYSTEMES - Glossary of Definitions

Information in Constant Currencies

Dassault Systèmes have followed a long-standing policy of measuring our revenue performance and setting our revenue objectives exclusive of currency in order to measure in a transparent manner the underlying level of improvement in our total revenue and software revenue by activity, industry, geography 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 expenses (in both IFRS as well as non-IFRS) to eliminate the effect of changes in currency values, particularly the U.S. dollar and the Japanese yen, relative to the euro. When trend information is expressed by us “in constant currencies”, the results of the “prior” period have first been recalculated using the average exchange rates of the comparable period in the current year, and then compared with the results of the comparable period in the current year.

While constant currencies calculations are not considered to be an IFRS measure, we do believe these measures are critical to understanding our global revenue results and to compare with many of our competitors who report their financial results in U.S. dollars. Therefore, we are including this calculation for comparing IFRS revenue figures for comparable periods as well as for comparing non-IFRS revenue figures for comparable periods. All information at constant exchange rates are expressed as a rounded percentage and therefore may not precisely reflect the absolute figures.

Information on Growth excluding acquisitions (“organic growth”)

In addition to financial indicators on the entire Group’s scope, Dassault Systèmes provides growth excluding acquisitions effect, also named organic growth.

The related growth rate was determined by restating the scope of activity as follows:

- for entities entering the consolidation scope in the current year, subtracting the contribution of the acquisition from the aggregates of the current year;
- for entities entering the consolidation scope in the previous year, subtracting the contribution of the acquisition from January 1st of the current year, until the last day of the month of the current year when the acquisition was made the previous year.

Information on Industrial Sectors

Dassault Systèmes’ Industries develop Solution Experiences, industry-focused offerings that deliver specific value to companies and users in a particular industry. We serve eleven industries structured into three sectors:

- Manufacturing industries Sector: Transportation & Mobility; Aerospace & Defense; Marine & Offshore; Industrial Equipment; High-Tech; Home & Lifestyle; Consumer Packaged Goods & Retail;
- Life Sciences & Healthcare Sector: Life Sciences & Healthcare;
- Infrastructure & Cities Sector: Infrastructure, Energy & Materials; Architecture, Engineering & Construction; Cities, Public & Business Services.

Information on Product Lines

Our product lines financial reporting include the following financial information:

- Industrial Innovation software revenue, which includes our CATIA, ENOVIA, SIMULIA, DELMIA, GEOVIA, NETVIBES, and 3DEXCITE brands;
- Life Sciences software revenue, which includes our MEDIDATA and BIOVIA brands;
- Mainstream Innovation software sales for SMEs (small and medium-sized enterprises), which includes our CENTRIC PLM and 3DVIA brands, as well as our **3DEXPERIENCE WORKS** family which includes the SOLIDWORKS brand.

3DEXPERIENCE Licenses and Software Contribution

To measure the progressive penetration of **3DEXPERIENCE** software, we utilize the following ratios:

- for Licenses revenue, we calculate the percentage contribution by comparing total **3DEXPERIENCE** Licenses revenue to Licenses revenue for all product lines except SOLIDWORKS and acquisitions (“related Licenses revenue”);
- for software revenue, the Group calculates the percentage contribution by comparing total **3DEXPERIENCE** software revenue to software revenue for all product lines except SOLIDWORKS and acquisitions (“related software revenue”).

Cloud Revenue

Cloud revenues correspond to revenue generated through a catalog of online services delivered by Dassault Systèmes via a cloud infrastructure hosted by Dassault Systèmes, or by third party providers of cloud computing infrastructure services. This offering is available through different deployment methods: Public cloud, Private cloud, Dedicated cloud. All cloud applications can be offered through perpetual licenses and maintenance or subscriptions models.

DASSAULT SYSTÈMES NON-IFRS FINANCIAL INFORMATION

(unaudited; in millions of Euros, except per share data, percentages, headcount and exchange rates)

Non-IFRS key figures exclude the effects of adjusting the carrying value of acquired companies' contract liabilities (deferred revenue), share-based compensation expense, including related social charges, amortization of acquired intangible assets and of tangible assets revaluation, lease incentives of acquired companies, other operating income and expense, net, including the acquisition, integration and restructuring expenses, and impairment of goodwill and acquired intangible assets, certain one-time items included in financial loss, net, certain one-time tax effects and the income tax effects of these non-IFRS adjustments.

Comparable IFRS financial information and a reconciliation of the IFRS and non-IFRS measures are set forth in the separate tables within this Attachment.

In millions of Euros, except per share data, percentages, headcount and exchange rates	Non-IFRS reported			
	Three months ended			
	March 31, 2022	March 31, 2021	Change	Change in constant currencies
Total Revenue	€ 1,324.6	€ 1,173.6	13%	8%
Revenue breakdown by activity				
Software revenue	1,205.6	1,068.4	13%	8%
<i>Of which licenses and other software revenue</i>	234.7	203.8	15%	10%
<i>Of which subscription and support revenue</i>	970.9	864.6	12%	8%
Services revenue	119.0	105.2	13%	9%
Software revenue breakdown by product line				
Industrial Innovation	654.4	609.2	7%	5%
Life Sciences	254.0	209.9	21%	13%
Mainstream Innovation	297.2	249.3	19%	12%
Revenue breakdown by geography				
Americas	531.3	463.3	15%	7%
Europe	471.7	435.9	8%	6%
Asia	321.6	274.5	17%	15%
Operating income	€ 464.0	€ 397.4	17%	
Operating margin	35.0%	33.9%		
Net income attributable to shareholders	€ 362.3	€ 301.2	20%	
Diluted earnings per share ⁽¹⁾	€ 0.27	€ 0.23	20%	15%
Closing headcount	22,898	21,451	7%	
Average Rate USD per Euro	1.12	1.20	(7)%	
Average Rate JPY per Euro	130.46	127.81	2%	

⁽¹⁾ 2021 figures have been restated in order to reflect the five-for-one share split on Dassault Systèmes' share effected on July 7, 2021

DASSAULT SYSTÈMES ACQUISITIONS AND FOREIGN EXCHANGE IMPACT

(unaudited; in millions of Euros)

In millions of Euros	Non-IFRS reported			o/w growth at constant rate and scope	o/w change of scope impact at current year rate	o/w FX impact on previous year figures
	March 31, 2022	March 31, 2021	Change			
Revenue QTD	1,324.6	1,173.6	151.0	100.7	0.0	50.2

DASSAULT SYSTÈMES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(unaudited; in millions of Euros, except per share data and percentages)

In millions of Euros, except per share data and percentages	IFRS reported	
	Three months ended	
	March 31, 2022	March 31, 2021
Licenses and other software revenue	234.7	203.8
Subscription and Support revenue	970.9	864.0
Software revenue	1,205.5	1,067.8
Services revenue	119.0	105.1
Total Revenue	€ 1,324.5	€ 1,172.9
Cost of software revenue ⁽¹⁾	(110.4)	(101.7)
Cost of services revenue	(100.4)	(93.9)
Research and development expenses	(244.5)	(237.0)
Marketing and sales expenses	(337.3)	(309.9)
General and administrative expenses	(96.1)	(93.5)
Amortization of acquired intangible assets and of tangible assets revaluation	(95.9)	(89.5)
Other operating income and expense, net	(4.8)	(16.9)
Total Operating Expenses	(989.4)	(942.3)
Operating Income	€ 335.1	€ 230.6
Financial loss, net	(4.9)	(2.8)
Income before income taxes	€ 330.3	€ 227.8
Income tax expense	(66.2)	(53.7)
Net Income	€ 264.0	€ 174.0
Non-controlling interest	0.3	0.3
Net Income attributable to equity holders of the parent	€ 264.3	€ 174.4
Basic earnings per share ⁽²⁾	0.20	0.13
Diluted earnings per share ⁽²⁾	€ 0.20	€ 0.13
Basic weighted average shares outstanding (in millions)	1,309.8	1,305.9
Diluted weighted average shares outstanding (in millions)	1,325.8	1,322.7

⁽¹⁾ Excluding amortization of acquired intangible assets and of tangible assets revaluation

⁽²⁾ 2021 figures have been restated in order to reflect the five-for-one share split on Dassault Systèmes' share effected on July 7, 2021

IFRS reported	Three months ended March 31, 2022	
	Change ⁽³⁾	Change in constant currencies
Revenue	13%	8%
Revenue by activity		
Software revenue	13%	8%
Services revenue	13%	9%
Software Revenue by product line		
Industrial Innovation	7%	5%
Life Sciences	21%	13%
Mainstream Innovation	19%	12%
Revenue by geography		
Americas	15%	7%
Europe	8%	6%
Asia	17%	15%

⁽³⁾ Variation compared to the same period in the prior year

DASSAULT SYSTÈMES
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited; in millions of Euros)

In millions of Euros	IFRS reported	
	March 31, 2022	March 31, 2021
ASSETS		
Cash and cash equivalents	3,008.1	2,979.5
Trade accounts receivable, net	1,261.0	1,366.3
Contract assets	13.4	12.7
Other current assets	379.9	360.5
Total current assets	4,662.3	4,719.0
Property and equipment, net	814.4	817.0
Goodwill and Intangible assets, net	8,233.9	8,175.0
Other non-current assets	531.9	507.7
Total non-current assets	9,580.2	9,499.7
Total Assets	€ 14,242.5	€ 14,218.7
LIABILITIES AND EQUITY		
Trade accounts payable	167.7	192.4
Contract liabilities	1,463.7	1,304.4
Borrowings, current	906.0	903.3
Other current liabilities	792.7	1,070.3
Total current liabilities	3,330.1	3,470.3
Borrowings, non-current	2,735.2	2,966.4
Other non-current liabilities	1,595.2	1,571.0
Total non-current liabilities	4,330.4	4,537.4
Non-controlling interests	14.5	13.7
Parent shareholders' equity	6,567.5	6,197.3
Total Liabilities and equity	€ 14,242.5	€ 14,218.7

DASSAULT SYSTÈMES
CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
(unaudited; in millions of Euros)

In millions of Euros	IFRS reported		
	Three months ended		
	March 31, 2022	March 31, 2021	Change
Net income attributable to equity holders of the parent	264.3	174.4	89.9
Non-controlling interest	<u>(0.3)</u>	<u>(0.3)</u>	<u>0.0</u>
Net income	264.0	174.0	90.0
Depreciation of property and equipment	45.9	43.3	2.6
Amortization of intangible assets	99.0	94.6	4.4
Adjustments for other non-cash items	31.2	65.9	(34.7)
Changes in working capital	190.3	263.9	(73.6)
Net Cash Provided by (Used in) Operating Activities	€ 630.5	€ 641.8	€ (11.3)
Additions to property, equipment and intangibles	(30.8)	(27.5)	(3.3)
Payment for acquisition of businesses, net of cash acquired	(3.5)	-	(3.5)
Other	(26.8)	(8.5)	(18.3)
Net Cash Provided by (Used in) Investing Activities	€ (61.1)	€ (36.0)	€ (25.1)
Proceeds from exercise of stock options	18.4	7.1	(18.7)
Repurchase and sale of treasury stock	(526.9)	(88.3)	(438.6)
Capital increase	198.6	-	198.6
Acquisition of non-controlling interests	(0.5)	-	(0.5)
Proceeds from borrowings	2.9	0.4	2.5
Repayment of borrowings	(235.2)	(8.3)	(226.9)
Repayment of lease liabilities	(23.1)	(24.3)	1.2
Net Cash Provided by (Used in) Financing Activities	€ (565.8)	€ (83.5)	€ (482.3)
Effect of exchange rate changes on cash and cash equivalents	25.1	42.9	(17.8)
Increase (decrease) in cash and cash equivalents	€ 28.6	€ 565.2	€ (536.6)
Cash and cash equivalents at beginning of period	€ 2,979.5	€ 2,148.9	
Cash and cash equivalents at end of period	€ 3,008.1	€ 2,714.1	

DASSAULT SYSTÈMES
SUPPLEMENTAL NON-IFRS FINANCIAL INFORMATION
IFRS – NON-IFRS RECONCILIATION

(unaudited; in millions of Euros, except per share data and percentages)

Readers are cautioned that the supplemental non-IFRS information presented in this press release is subject to inherent limitations. It is not based on any comprehensive set of accounting rules or principles and should not be considered as a substitute for IFRS measurements. Also, the Group's supplemental non-IFRS financial information may not be comparable to similarly titled "non-IFRS" measures used by other companies. Further specific limitations for individual non-IFRS measures, and the reasons for presenting non-IFRS financial information, are set forth in the Group's *Document d'Enregistrement Universel* for the year ended December 31, 2021 filed with the AMF on March 17, 2022. To compensate for these limitations, the supplemental non-IFRS financial information should be read not in isolation, but only in conjunction with the Group's consolidated financial statements prepared in accordance with IFRS.

In millions of Euros, except per share data and percentages	Three months ended March 31,						Change	
	2022 IFRS	Adjustment ⁽¹⁾	2022 Non-IFRS	2021 IFRS	Adjustment ⁽¹⁾	2021 Non-IFRS	IFRS	Non-IFRS ⁽²⁾
Total Revenue	€ 1,324.5	€ 0.1	€ 1,324.6	€ 1,172.9	€ 0.7	€ 1,173.6	13%	13%
Revenue breakdown by activity								
Software revenue	1,205.5	0.1	1,205.6	1,067.8	0.6	1,068.4	13%	13%
Licenses and other software revenue	234.7	-	234.7	203.8	-	203.8	15%	15%
Subscription and Support revenue	970.9	0.1	970.9	864.0	0.6	864.6	12%	12%
Recurring portion of Software revenue							81%	81%
Services revenue	119.0	-	119.0	105.1	0.1	105.2	13%	13%
Software Revenue breakdown by product line								
Industrial Innovation	654.4	-	654.4	609.2	-	609.2	7%	7%
Life Sciences	254.0	-	254.0	209.4	0.5	209.9	21%	21%
Mainstream Innovation	297.2	0.1	297.2	249.2	0.1	249.3	19%	19%
Revenue breakdown by geography								
Americas	531.3	-	531.3	462.7	0.6	463.3	15%	15%
Europe	471.6	0.0	471.7	435.8	0.1	435.9	8%	8%
Asia	321.6	-	321.6	274.5	-	274.5	17%	17%
Total Operating Expenses	€ (989.4)	€ 128.8	€ (860.6)	€ (942.3)	€ 166.1	€ (776.2)	5%	11%
Share-based compensation expense and related social charges	(27.5)	27.5	-	(59.1)	59.1	-		
Amortization of acquired intangible assets and of tangible assets revaluation	(95.9)	95.9	-	(89.5)	89.5	-		
Lease incentives of acquired companies	(0.7)	0.7	-	(0.7)	0.7	-		
Other operating income and expense, net	(4.8)	4.8	-	(16.9)	16.9	-		
Operating Income	€ 335.1	€ 128.9	€ 464.0	€ 230.6	€ 166.8	€ 397.4	45%	17%
Operating Margin	25.3%		35.0%	19.7%		33.9%		
Financial loss, net	(4.9)	0.4	(4.5)	(2.8)	0.3	(2.5)	73%	82%
Income tax expense	(66.2)	(31.0)	(97.2)	(53.7)	(39.0)	(92.7)	23%	5%
Non-controlling interest	0.3	(0.3)	(0.0)	0.3	(1.3)	(1.0)	(16)%	(100)%
Net Income attributable to shareholders	€ 264.3	€ 98.0	€ 362.3	€ 174.4	€ 126.8	€ 301.2	52%	20%
Diluted Earnings Per Share ⁽³⁾	€ 0.20	€ 0.07	€ 0.27	€ 0.13	€ 0.10	€ 0.23	51%	20%

(1) In the reconciliation schedule above, (i) all adjustments to IFRS revenue data reflect the exclusion of the effect of adjusting the carrying value of acquired companies' contract liabilities (deferred revenue); (ii) adjustments to IFRS operating expense data reflect the exclusion of the amortization of acquired intangible assets and of tangible assets revaluation, share-based compensation expense, including related social charges, lease incentives of acquired companies, as detailed below, and other operating income and expense, net including acquisition, integration and restructuring expenses, and impairment of goodwill and acquired intangible assets; (iii) adjustments to IFRS financial loss, net reflect the exclusion of certain one-time items included in financial loss, net, and; (iv) all adjustments to IFRS income data reflect the combined effect of these adjustments, plus with respect to net income and diluted earnings per share, certain one-time tax effects and the income tax effect of the non-IFRS adjustments.

In millions of Euros, except percentages	Three months ended March 31,							Change		
	2022 IFRS	Share-based compensation expense and related social charges	Lease incentives of acquired companies	2022 Non-IFRS	2021 IFRS	Share-based compensation expense and related social charges	Lease incentives of acquired companies	2021 Non-IFRS	IFRS	Non-IFRS
Cost of revenue	(210.7)	1.3	0.2	(209.2)	(195.6)	4.2	0.2	(191.2)	8%	9%
Research and development expenses	(244.5)	9.2	0.3	(235.0)	(237.0)	22.1	0.3	(214.5)	3%	10%
Marketing and sales expenses	(337.3)	8.1	0.1	(329.1)	(309.9)	15.7	0.1	(294.2)	9%	12%
General and administrative expenses	(96.1)	8.9	0.1	(87.2)	(93.5)	17.2	0.1	(76.3)	3%	14%
Total		€ 27.5	€ 0.7			€ 59.1	€ 0.7			

(2) The non-IFRS percentage increase (decrease) compares non-IFRS measures for the two different periods. In the event there is non-IFRS adjustment to the relevant measure for only one of the periods under comparison, the non-IFRS increase (decrease) compares the non-IFRS measure to the relevant IFRS measure.

(3) Based on a weighted average 1,325.8 million diluted shares for Q1 2022 and 1,322.7 million diluted shares for Q1 2021. 2021 figures have been restated in order to reflect the five-for-one share split on Dassault Systèmes' share effected on July 7, 2021.