Third Quarter 2025 Earnings Conference Call

23 October 2025

PASCAL DALOZ, CHIEF EXECUTIVE OFFICER

Good morning to you all. It's always a pleasure to be here in London and to have a chance also to interact directly with you. So, we are going to review Dassault Systèmes' performance for Q3 2025. Let me give you my reading of the numbers.

I think this quarter is a solid results, with a healthy margin, and I think Rouven will come back on this, and with a strong EPS, and we continue continue to grow the recurring revenue part, which I think, is the important thing because this is reflecting the strength and resilience of our business model. Now if you look at the numbers, the software revenue grew 5%, thanks to a strong demand across our core industries. Our subscription business is up 16%— accounting for nearly half of the recurring part of the revenue. If you remember a few years ago, it was only a third, so this is growing extremely well.

We hit a 30.1% operating margin, which I think is reflecting our focus on running a profitable, efficient business. And finally, the earnings per share came in at €0.29, growing at 10%. So behind this number I think are certain things I would like to highlight, which are our strengths. The first one is Industrial Innovation, specially from Transportation & Mobility. We continue to expand our footprint, and despite the ongoing challenges in this sector, we have also strong momentum behind 3DEXPERIENCE and SOLIDWORKS. The second thing is our focus on accelerating SaaS adoption is starting to pay off this quarter, and you will see this is driving the significant revenue growth and strong market traction. To further support this momentum, we have established a new leadership for CENTRIC PLM to fast-track the adoption of the SaaS business model.

Lastly in the field of AI, we are shaping the future with a powerful combination of
- the industry's most comprehensive data sets,
- the scientific rigor,
- and simulation,
- combined with the real-world evidence, we call it the real-world validation.

And AI for us is really not an add-on —
it's embedded at the core of our 3DEXPERIENCE platform for a long time, because you

remember, the 3DEXPERIENCE platform, this is really how we are managing the knowledge and the know-how for many of our customers.

This quarter we are coming with A new categories of solutions and you remember : the Virtual Twin as a Service, the Generative Experiences, and the Virtual Companions, and I will say more about this.
They are really transforming the way our industry, our customers are designing, producing, and operating the lifecycle.

Now for the full year, we're confident enough to reaffirm the earnings guidance,
and we expect EPS to grow between 7% and 10%,
with total revenue rising 4% to 6% on an adjusted basis,
and it is mainly due to three main factors:

- o The first one is lower growth from Medidata, which is in line with Q3
- o The impact of the SaaS acceleration for Centric
- o and volatility impacting the timing to close

Let's dig into some of the details behind these results.

Let's zoom first on: the Manufacturing sector, As I was telling you, Transportation & Mobility has once again proven its resilience, and to give you the numbers, this quarter, we are gorwing at +18%. Why so? Because it is usually when it's a difficult time for our customers, that they have to take radical decisions. And this quarter we have some.

Ford, took the decisions to go with us to expand outside of the engineering borders, and we have signed a contract with them for the next five years to use the platform across all the different programs. I will tell you more on this probably next quarter. But there is also another very important flagship customer we signed this quarter, which is Stellantis. And I know some of you, you are expecting us to move along this way, and I will come back on this.

Why those companies are basically adopting widely the 3DEXPERIENCE platform? It is because they are using our solution first to speed up innovation. And speed is becoming really one of the key topics. You remember, a few years ago, to develop the car, it was almost 48 months. Now, we are talking about 16 months. So it's a little bit like fast-moving goods. And to master the complexity, you need a different approach, and this is where I think we are making a difference.

Sustainability is also a topic. The electrification is driving the cycle. You know it. And more and more with the SDV, we are creating a personalized experience for the

customers. And this is really the combo, if you want, of what we can provide with our solutions.

We're also seeing strong growth in Defense. It is growing double digit this quarter, where programs are becoming more complex and collaborative. And I think our

3DEXPERIENCE platform, combined with what we call model-based systems engineering, MBSE — which is now a standard—in the industry, is more and more widely adopted. And this is really opening up a new opportunity for us, not only in Europe, but also in the rest of the world.

In Life Sciences, the market remains unstable and challenging. I think Rouven will say more about this. We will still see the new clinical trial starts being contracted.

Nevertheless, we landed some big contracts this quarter. And more importantly, I think we are also being encouraged by some large win backs, AbbVie is one of them. You remember, it was one of the flagship customers of Veeva a few years ago. They signed a contract for the next five years. And I think this is proof of what do is extremely critical. And I think this is also proof that what we have built as a foundation is also critical for them also for the foundation for AI-based programs. And I will come back on this.

In Infrastructure & Cities, demand keeps growing for autonomous and sovereign infrastructure, you remember, especially in the Energy space. But we are more and more seeing new use cases or new opportunities emerging.

One of them is nuclear decommissioning. As you know it is a big topic, because you have many reactors worldwide are aging, and we are using our solution to do 'Virtual Twin as a Service' to manage the safely and efficiently of this process and to manage the end-of-life processes of those nuclear reactors.

So this space is really, again, a way for us to establish leadership in a domain where we are the challenger, because in this space we do not have the same footprint as the others.

Now, let me share a few key wins from the quarter.

Stellantis, you know the company, I mean, and you remember, we had a significant footprint with PSA, but the rest of Stellantis was much more in the hands of the competition. So they took the decision to standardize on our the 3DEXPERIENCE platform on the cloud, which I think is, important for their system engineering backbone.

And this is extremely important because, as you know, the system engineering is the foundation to do the SDV. And all the car players are moving along this way, and they are using our system approach, system-to-system approach, as a way to standardize across all the domains to unify the bill of materials

But more importantly, again, they are building the foundation for their AI initiatives. Because one way to reduce the cycle of time to develop the car is to be much more generative, and you need an infrastructure to do this, and that's what the 3DEXPERIENCE platform is ready for. So we are extremely proud to support this transformation, and it's a significant one because it's a ramp-up at the end with more than 20,000 users we need to equip with the systems.

Moving to Life Sciences, I have already said a few words. So AbbVie, is a global biopharma leader. It's one of the top 10 global pharma, and it's a win-back, and it's a win-back of a win-back. Let's say it this way. Because a few years ago, they took the decision to open some clinical trials with Veeva, and now they are back with us. And there are a few reasons for that.

One of theme is time. They were sharing with us that we are 10 times faster to run the processes and the clinical operations. It is also a big cost savings, which is an interesting takeaway because you remember the argument which was used was this EDC is becoming a commodity and it is price sensitive. And the reality is the price is one thing, the savings and efficiency is another one, and here you have the proof.

And the last argument is in the Pharma sector, a little bit like the Auto sector, they are building their AI programs in order to automate, in order to use in a better way the data set they have, and they have seen through our platform the ability to develop their own program on top of what we do. So those are the reasons, if you want, behind these win-backs

Finally, from a customer standpoint, this is an interesting case also: Korea Hydro & Nuclear Power, is the largest energy public enterprise in Korea, and they have launched the digital transformation to manage, I was telling you, the decommissioning of 26 reactors. So the reactors are first generations, they are progressively replacing it with the new generation. And to do this, it's a complex process: they have to decommission this large installed base.

 They showcased this in Korea's 3DEXPERIENCE Korean Forum, a few weeks ago, and I was having the chance to participate in this. And frankly speaking, you should really look at it. It's amazing what they have been able to do because it's a very complex process: safety is at stake, compliance is at stake,
It is a very sensitive process because you have to manipulate the reactor when the

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reactor is still working. At the same time, you need to do it in a very precise manner. And to manage the complexity of the process, to prevent the risk, to keep track of everything because you have to be compliant.

Why so? Because behind all of them, there is a clear pattern: We are not only the partner for them, we're the ones allowing them to accelerate their industrial transformation, whether it is the Mobility, Life Sciences or the energy sector.

Now, let's talk about 3D UNIV+RSES—So you remember we announced in Feb this year, and I was making this statement, 3D UNIV+RSES is not just an extension of what we do. it's really a leap forward. And here are a few things I want you to keep in mind.
At What are our differentiations? The first one is we are building our AI engine on the large and the more structured industry corpuses. And it's the result of 40 years, having 400 -- almost 400,000 customers worldwide in very different sectors, building the Virtual Twin, all the objects you can see on the slides, and this is a unique corpus to train our systems. And remember, AI without having high-quality data is just only a noise. But if you have the right data, it's becoming a game changer.

The second take away is the data set is not enough for what we do. You need to build on science—And this is extremely importation because if you
are only relying on pattern matching, and recognition, it's not enough for what we do. The AI needs to be built on physics, biology, materials science, and engineering principles. And Why so?
Because when life is at stake, whenever it's -- when you develop a drug, when you fly on objects, when you are driving an autonomous car, you cannot take risks. The system should not guess, should not hallucinate. You need to understand how the parts fit together, how the materials behave. And this is really what we have been able to build, which is an AI which is rooted in sciences.

The third element is we are coming today -- I mean, today, a few weeks ago, on the market with the new category of solutions. So you remember, we presented it during the Capital Markets Day. And now, I'm really pleased to introduce you to our Virtual Companions. And it is a family of three for the time being.

- You have Aura which is our business strategist,
  focusing on the outcomes and efficiency.
- You have Leo for engineering experts, and Leo is driving
  diving deep into design and simulations.
- And you have Marie who is our scientific authority,
  handling probably the most advanced research questions.

The interesting thing is if you ask them the same question to all of them,
and you have three different answers. So more than a long explanation, let's look at the video
So you see, this isn't just about AI—
it's about having an AI which is behaving like your team. And if you try to converge too rapidly the solutions, at the end you are letting some opportunities untapped. And this is basically what we are doing with the Virtual Companions, which are the way to complement and enrich the roles we have developed.

Now, this is also an interesting thing because you can use AI as a way to take smarter decisions and faster. And here is again a concrete example. It's Aura. And Aura is widely used by many industries currently to deal with the tariff, with the trade policies, the supply chain issues, because this is changing so much that you need almost every day to reactualize your what-if scenario

Aura, in this case, is not only anticipating but reacting. She anticipates the turnaround, the uncertainty. She tries to manage with data-driven insights the consequences. And this is important because for many industries, the margin is at stake. So to keep it in your head, the system, if you want, is helping you to collaborate, is bringing you the right expertise, is telling you what are the different avenues you have in front of you in order to fix the problems at the right time.

And now, let's talk SOLIDWORKS.

This is an interesting -- this is a very important year for us. It's a milestone because we are celebrating the 30th anniversary of Solidworks. And why is this important? Because if we step back after 30 years,no one will debate, that SOLIDWORKS is the undisputed leader in 3D CAD,

And I wil put some numbers on the slide just to give you some proof: 8 million users, it is by far the largest design community on the planet. 1.5 million commercial licenses, which is truly addressing the large companies, but also the start-ups and the shakers. It is almost 300,000 clients, worldwide and again covering the spectrum of all the different industries we serve. A legacy of innovation that keeps pushing product development forward. And I think now with SOLIDWORKS, we are also introducing the artificial intelligence to build the next phase to make it faster, smarter, easier to use, in fact. And the topic for us is not only to automate tasks but, more importantly, to give more time for the creativity. And we have some features we are introducing and some functionalities. The first one is obviously the generative design. The second one is what we call assistive features, which is an intelligent and pattern recognition when you do, for example, an assembly. And all those kind of things are really helping the users to work smarter, but not harder.

Behind this, I think if there is one message I want you to keep in mind is this AI approach is a way to do the docking to bridge with the 3DEXPERIENCE platform. As you know, this topic is at stake for several years. And I think now, I believe we have found the roots to connect the SOLIDWORKS large installed base we have with the 3DEXPERIENCE platform. It's a way, if you want, to turn the SOLIDWORKS users into the lifelong experience partner. So I think, and Rouven will come back on this, but you will see the performance of SOLIDWORKS this quarter is really extremely good. It's growing at double digits.

Now, to conclude, I think why everything I share with you matters, there are a few things. I should not anticipate your presentation, Rouven. The first one is 3D UNIV+RSES is giving few and large advantages. The first one is you remember, we are helping our customer not only to manage the full lifecycle of their products, but more and more to manage the lifecycle of the intellectual property.

And you should remember what I'm telling you, in this AI period, the most important is assets, is intellectual property. Because everything you build is leveraging the intellectual property. And if you do not have a way to manage it safely, to take it as a real asset, to manage the lifecycle the same way you manage the lifecycle of the products, you take the risk to be out of the game. And this is what we are bringing to our customers: it's this ability to mix the different knowledge coming from different sources but, at the end, still tracking who belongs to what -- to who.

To conclude: So why does all this matter? 3D UNIV+RSES gives you three big advantages:

The second thing is in many domains, we are turning compliance into a competitive advantage. If you take Aerospace, if you take Healthcare, if you take Energy, those are extremely heavily regulated industries. And one of the answers to the tariff war is to put more regulations. That's the way to protect if you want certain markets. The flip side of this, if you are an industrial company, you have to manage with this complexity. And AI is a fantastic tool to read millions of documents, to extract thousands of rules. And us, what do we do with those rules? We do compliance by design, if you want. The system is checking automatically that everything you do, every design you do, every decision you do, are compliance by design.

The third element, I think, generative AI is really a game changer as soon as you can

trust it. And new AI, in many industries we serve, needs to be certifiable. If you cannot certify the output of what you have produced with AI, it is useless. And the way to do it, you remember, we are training our AI on very comprehensive data sets, which is pretty unique. And those are very high quality of datasets. And it's validated by the science, which is even more important.

And we are deploying those artificial intelligence capabilities into a secure and sovereign environment, which is what we do with 3DS Outscale.

So this combination is pretty unique on the market. It's a huge differentiation compared to many of our peers. And this is, in my view, a game changer in many, many customer engagements we have right now.

The last, but not least, I think we are coming on the market with a new category of solutions. You have seen this morning the Virtual Companions like Aura, Leo, and Marie.

But you will see more and more the Generative Experience, the Virtual Twin as a Service, and we have a roadmap for this for '26, '27. And this will accelerate the contribution of AI in our revenue streams.

With that, I'll hand things over to Rouven to give you more flavours on the numbers and probably the outlook on the rest of the year. Rouven, the floor is yours.

ROUVEN BERGMANN, CHIEF FINANCIAL OFFICER

Thanks, Pascal -- and welcome from my side to our call today. Thank you for joining us online and here in the room in London.

Let me start with 3 key messages:

FIRST: top line growth and margin expansion are our top priorities.

SECOND: The 3DEXPERIENCE platform is driving our business model shift to subscription and recurring revenue growth. This engine is working well with 16% growth of subscription this quarter.

The THIRD message is we are mission critical, as you saw in our examples, to our Clients -- In fact, in 2025 we are winning significant contracts with many of the top industrial

companies in the world, and this is laying the foundation to long term value creation with Cloud and AI. It is these powerful long-term partnerships that give us confidence in our long-term targets.

Now before I dive into the specifics of the quarter, let me summarize briefly:

Our financial results for the quarter were solid with 5% revenue growth and expanding operating margin, which is up 100 basis points and 10% EPS growth.

Industrial Innovation is driving the growth up 9% in Q3 and 8% YTD, while MEDIDATA and CENTRIC were softer than expected. As discussed previously, the repositioning of Medidata is ongoing. The change of the model to reduce the dependency on clinical trial activity will take time, as we are doubling down on the Enterprise and PLM opportunity in Life Sciences. And for CENTRIC we are accelerating the SaaS transition and to this effect we have promoted a new Leadership Team, as you have heard from Pascal.
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Now, looking at the full year, we adjust our revenue outlook to 4-6% ex-FX in line with our current trajectory of 5% topline growth year to date. At the same time, we maintain our EPS growth target of 7-10% ex-FX, and this is thanks to the strengthening of the operating margin driven by additional efficiencies we are generating in the business.

With this in mind, let me take you through the details.

3Q25 PERFORMANCE AT A GLANCE

In Q3 and Year to Date, total revenue and software revenue were both up 5%, excluding FX. Recurring revenue was strong, up 9% in the quarter and it highlights a very solid acceleration when compared with 7% YTD.

Subscription revenue growth of 16% and it was driven by new deals signed in the quarter, and the increasing visibility from large contracts ramping. As a result, subscription revenue now represents almost half of the recurring revenue base, it is up 3 pts from last year. Starting 2026, subscription revenue will surpass maintenance revenue in absolute terms.

3DEXPERIENCE was the growth engine behind that, up 16% in Q3. Signings at Ford and Apple contributed to strength in subscription growth.

Upfront license revenue declined 13%, as our clients continue to adopt the subscription model at an increasing rate. The best proof of this is that recurring revenue now accounts for 84% of our software revenue YTD.

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The operating margin improved 100bps yoy for the quarter, driving strong EPS growth of 10% thanks to productivity gains and cost discipline. In fact, opex was up +3.1% in the quarter, and we continue to rebalance resources to support our growth strategy.

Turning to our growth drivers...

In Q3, we saw very good 3DEXPERIENCE revenue representing now 40% of software revenue YTD. The growth was broad-based, up 16%.

Cloud revenue grew 8% in Q3 and 7% YTD. 3DEXPERIENCE Cloud grew 36% in the quarter and 29% YTD. Key wins for 3DEXPERIENCE CLOUD, such as Ford, Jamco, Dallara Automobili, and Stellantis, demonstrate the value of the platform for our clients. Transformation is critical, as is the need to leverage AI.

Now, let me review the Q3 actuals versus our objectives:

Total revenue came in at €1.461 billion in the quarter, mainly affected by currency headwinds. Excluding currency, growth was 5% at the low end.

Operating margin was 30.1% and above the objective, with 60bps from performance and a negative currency effect of 20 bps.

EPS was €0.29, driven by better operating performance against a small currency headwind.

Looking at our geographies and product lines:

The Americas were7% in Q3, with good performance in Transportation & Mobility, High-Tech and Aerospace & Defense in the quarter.

Europe was up 4% in Q3, with double digit growth in Southern Europe and solid performance in France and also Germany. This was supported by subscription momentum, especially in Aerospace & Defense.

Asia was up 4% in the quarter. India had an outstanding quarter and Korea was up double digit, here again driven by strong performace of Transportation & Mobility as well as Aerospace & Defense. China experienced softness in Q3 on a high comparison base when looking at last year's numbers.

Next, we review our performance by PRODUCT LINE..

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As mentioned previously Industrial Innovation delivered excellent results in 2025 across key domains, led by CATIA, ENOVIA and DELMIA highlighting the value the 3DEXPERIENCE is delivering to our clients. So it is broad-based across domains. We are mission critical to the transformation of our clients, with superior capabilities to generate virtual twins.

Life Sciences growth was lower than expected. It was down -3% in the quarter, with MEDIDATA impacted by continued study-start declines but importantly continuing to gain market share.

Overall, from an industry standpoint, the volume business continues to face pressure. When we entered 2025, we had assumed that volumes would stabilize helping to support our forecasted growth in the second half. Conversely, we observe a decline of high-single digits in Phase III studies and mid-single digits decline across Phase I and II since the beginning of last year. While we are expanding the market share, the impact of the decline in study starts is not yet compensated by the growth from the expansion with our Enterprise and Mid Market clients who proved resilient. [despite lower clinical trial volumes].

As you heard from Pascal, we had a major Medidata Platform win-back with a top 20 Pharma, AbbVie. After a brief period with a competitor, Abbvie decided to return to MEDIDATA for all clinical trials, leveraging "AI everywhere". This validates the trust clients place in us and the value of the MEDIDATA platform.

Additionaly, in Q3 we expanded our partnerships with Sanofi, you see in the press release and IQVIA, including Patient Cloud.

Looking at Life Sciences outside of Medidata, the opportunity to win with PLM is our clear priority. For the first 9 months, growth is up double digits highlighting the strong potential of our portfolio to address the challenges of this industry.

Table showing Industry growth by product, ex Medidata

Moving on to Mainstream Innovation – Growth in this segment was mainly driven by SOLIDWORKS, as you heard. The shift to subscription is well underway at SOLIDWORKS. CENTRIC growth was lower than expected in the quarter due to some shifted renewals. And we saw an acceleration in the share of clients adopting the SaaS model.

Turning now to cash flow and balance sheet IFRS items:
Cash and cash equivalents totaled €3.910 billion as of Q3, compared to €3.953 billion at the end of 2024. The decrease of €43 million on a Euro basis was driven by a negative currency impact of €269million.

At the end of the quarter, our net cash position totaled €1.321 billion, a decrease of €138 million versus net cash of €1.459 billion as of December 31, 2024.

Now, let's look at what drove our cash position at the end of the 3Q25:
We generated €1.334 billion in Operating Cash Flow for the first 9 months versus €1.348 billion YTD last year. The cash conversion from Non-IFRS Operating Income was 97% for the first 9 months and we expect the conversion to improve going forward. Starting Q1 in 2026, we expect working capital to support Cash Conversion reaching the 2024 levels with the potential to improve further.

As discussed previously, 2025 operating cash flow is impacted by significant subscription contracts that we signed in the quarter, as well as higher payments related to tax and social charges and negative FX.

For the FY 2025, we now expect operating cash conversion, to be in the range of 78-80%.

To sum up, Operating Cash Flow YTD was mainly used for investments €581million, of which €240 million was for acquisitions, €216 million for the purchase of non-controlling interest in Centric, with the remainder for capex or €123 million, to support our Cloud growth. We paid €343 million in dividends and made a net repurchase of Treasury Shares of €186 million.

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

Now let's transition to our financial objectives for 2025...

Net net, our year to date revenue is up 5%. For the FY, we now adjust our revenue outlook to reflect this trajectory and expect growth of 4-6% ex-FX for both total revenue and software revenue versus 6-8% previously.

In absolute terms, we are adjusting the FY revenue outlook by 140 million to the mid point. This reflects an impact of 30m from Q3 and an FX impact of about 20 million.

The remaining delta can be explained by 3 factors: a) the lower growth from Medidata in line with Q3 performance, b) the impact of SaaS acceleration at Centric and last but not least we also factor in increasing macro volatility with the potential to impact the timing to close large transactions. Please also remember, we had a high comparison base in Q4 last year.

Looking forward, the change of model for Medidata is ongoing and we are confident as well in the accelerated SaaS transition of CENTRIC given its strong positioning in a very large market and clients are endorsing it. For Industrial Innovation, we have built a

strong foundation in 2025 signing significant contracts, and we expect in 2026 to expand on these partnerships transforming with Virtual Twins and Generative Experiences. And last but not least, Solidworks momentum is strong.

Recurring revenue outlook remains stable. It's at 7-8% and underscoring what I said in the beginning: We are implementing a sustainable recurring growth model with increasing visibility.

Above all, I mentioned the strengths of our operating model, highlighted by the margin improvement. As such, we are maintaining our EPS growth expectation of 7-10% ex-FX, or €1.31 to €1.35. To achieve this, we expect Q4 opex to continue to trend in the same range as Q3 delivering margin expansion of about 100 bps, which is driven by ongoing productivity initiatives, having the right people at the right place to make it simple.

So this is all based on our FX assumptions for an average rate for the year of €/$ at 1.13 and €/yen of 166.7

Briefly on Q4, as you can see the revenue range of 1-8% is fairly large. This is predicated on potential uncertainties in the timing of deal closing mainly for the Upfront License business, while subscriptions growth of 8-12% is solid on a high comparison base. Operating margin is expected in the range of 37.2% to 38.0% and EPS growth of 7-17% ex-FX to hit 41-45c EPS for the quarter reflecting the operationg leverage.

Now, as I reflect on our performance so far this year, I want to highlight that our operating model is resilient AND we apply strict financial discipline to support our long term growth.

We occupy a unique leading market position which makes us mission critical today and tomorrow for our clients.

Profitable growth and improving Cash Conversion, as mentioned, is a top priority with the clear objective to show results starting in 2026. AI and cloud are two main growth drivers; we are confident we will deliver on their ambitious growth targets.

We are committed to continue to "invest right" for innovation, customers and shareholder value.

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

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