



# HALF-YEAR FINANCIAL REPORT

## JUNE 30, 2023

European company  
Share capital: 133,996,406,80 euros  
Registered Office: 10, rue Marcel Dassault – 78140 Vélizy-Villacoublay – France  
Versailles Commercial Register under No. 322 306 440

This document is the English language translation of Dassault Systèmes' Half Year Report, which was filed with the AMF (French Financial Markets Authority) on July 25, 2023 in accordance with Article L.451-1-2 III of the French Monetary and Financial Code. Only the French version of the Half Year Report is legally binding.

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# 1 RESPONSIBILITY

## 1.1 Person Responsible for the Half Year Financial Report

Bernard Charlès, Chairman & Chief Executive Officer.

## 1.2 Statement by the Person Responsible for the Half Year Financial Report

Vélizy-Villacoublay, July 25, 2023

"I hereby declare that, to the best of my knowledge, the 2023 half-year condensed financial statements have been prepared in accordance with the applicable generally accepted accounting standards and provide a true and fair view of the Company's financial position and results of operations and those of all companies included within the scope of consolidation, and that the half year activity report reflects a true view of important events which occurred during the first six months of the year and of their impact on the half year financial statements, of the principal transactions between related parties, as well as the main risks and uncertainties for the remaining six months of the year."

Bernard Charlès

Chairman & Chief Executive Officer

# 2 HALF YEAR ACTIVITY REPORT

As used herein, "Dassault Systèmes", and 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 governed by French law of the Group.

## 2.1 Profile of Dassault Systèmes, the 3DEXPERIENCE Company

The purpose of Dassault Systèmes is to provide business and people with 3DEXPERIENCE universes to imagine sustainable innovations capable of harmonizing product, nature and life. Dassault Systèmes, a global leader in sustainable innovation, provides to companies and individuals virtual twin experiences based on a unique collaborative software platform. In three main sectors of the economy (Manufacturing Industries, Life Sciences & Healthcare, Infrastructure & Cities), Dassault Systèmes develops virtual twins that allow customers to create products and services for a more sustainable and desirable world.

Dassault Systèmes is a European science based, innovation driven, business minded and long term oriented company, with a global presence and market reach. The Company's 25,000 employees in more than 130 countries all share this same mindset. This also translates into a high level of market confidence and trust among our more than 300,000 enterprise customers.

## 2.2 Risk Factors

The main risks and uncertainties to which the Group may be exposed to during the remaining six months of fiscal year 2023 are presented in Section 1.9 "Risk Factors" of the Company's 2022 Universal registration document filed with the *Autorité des marchés financiers* ("AMF", the French Financial Markets Authority) on March 17, 2023 and also available on our website [www.3ds.com](http://www.3ds.com), it being specified that certain information relating to foreign currency and interest rate risks mentioned in said Universal registration document are updated in Note 14 to the Condensed consolidated financial statements for the half-year ended June 30, 2023 "Derivatives and Currency and Interest Rate Risk Management", under Chapter 3 of this Half Year Report "Condensed Consolidated Financial Statements for the Half Year ended June 30, 2023".

## 2.3 Financial Performance Review

The executive overview in paragraph 2.3.1. "First Half 2023 Executive Overview" highlights selected aspects of Dassault Systèmes' business during the first six months of 2023. Financial Information and definitions should be read together with the Condensed consolidated financial statements and the related notes included in chapter 3 of this Half Year Report "Condensed Consolidated Financial Statements for the Half Year ended June 30, 2023", prepared in accordance with IFRS accounting rules. Unless otherwise indicated, financial information is presented in IFRS.

The supplemental non-IFRS financial information are subject to inherent limitations. They are 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. In addition, Dassault Systèmes' non-IFRS supplementary financial data may not be comparable to other data also called "non-IFRS" and used by other companies. A number of specific limitations relating to these measures are detailed in paragraph 2.3.2.2 "Supplemental Non-IFRS Financial Information".

Non-IFRS financial information definitions can be found in paragraph 2.3.2.2 "Supplemental Non-IFRS Financial Information". The reconciliation between this financial information and the IFRS framework can be found in paragraph 2.3.4 "IFRS non-IFRS reconciliation".

Unless otherwise indicated, changes in the following tables are computed using current exchange rates.

## 2.3.1 First Half 2023 Executive Overview

(in millions of euros, except per share data and percentages)	IFRS				Non-IFRS			
	H1 2023	H1 2022	Change	Change in cc*	H1 2023	H1 2022	Change	Change in cc*
Total Revenue	€ 2,883.3	€ 2,708.5	6%	8%	€ 2,883.3	€ 2,708.6	6%	8%
Software Revenue	2,597.2	2,455.6	6%	7%	2,597.2	2,455.8	6%	7%
Services Revenue	286.1	252.8	13%	14%	286.1	252.8	13%	14%
Operating Margin	19.3%	23.9%	(4.5) pts		31.0%	33.5%	(2.5) pts	
Diluted net earnings per share ("EPS")	€ 0.36	€ 0.29	23%		€ 0.56	€ 0.54	4%	7%

\* in constant currencies

## 2.3.2 Financial information definitions

### 2.3.2.1 Definitions of Key Metrics Used

#### Information in Constant Currencies

Dassault Systèmes has followed a long-standing policy of measuring its revenue performance and setting its revenue objectives exclusive of currency in order to measure in a transparent manner the underlying level of improvement in its total revenue and software revenue by activity, industry, geography and product lines. The Group believes it is helpful to evaluate its growth exclusive of currency impacts, particularly to help understand revenue trends in its business. Therefore, the Group provides percentage increases or decreases in its 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 "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, the Group believes these measures are critical to understanding its global revenue results and to compare with many of its competitors who report their financial results in U.S. dollars. Therefore, Dassault Systèmes includes this calculation for comparing IFRS revenue figures as well non-IFRS revenue figures for comparable periods. All information at constant exchange rates is 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. In order to do so, the data relating to the scope is restated excluding acquisitions, from the date of the transaction, over a period of 12 months.

#### Information on Industrial Sectors

Dassault Systèmes' Industries develop Industry Solution Experiences, offerings specifically designed to deliver value to companies and users in a particular industry. Dassault Systèmes serves twelve industries grouped into three sectors:

- **Manufacturing Industries:** Transportation & Mobility; Aerospace & Defense; Marine & Offshore; Industrial Equipment; High-Tech; Home & Lifestyle; Consumer Packaged Goods - Retail. In Manufacturing Industries, Dassault Systèmes helps customers virtualize their operations, improve data sharing and collaboration across their organization, reduce costs and time-to-market, and become more sustainable;
- **Life Sciences & Healthcare:** Life Sciences & Healthcare. In this sector, the Group aims to address the entire cycle of the patient journey to lead the way toward precision medicine. To reach the broader healthcare ecosystem from research to commercial, the Group's solutions connect all elements from molecule development to prevention to care, and combine new therapeutics, med practices, and Medtech;
- **Infrastructure & Cities:** Infrastructure, Energy & Materials; Architecture, Engineering & Construction; Business Services; Cities & Public Services. In Infrastructure & Cities, the Group supports the virtualization of the sector in making its industries more efficient and sustainable, and creating desirable living environments.

## Information on Product Lines

The Group's product lines financial reporting include the following financial information:

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

In 2022, 3DS OUTSCALE became a brand of Dassault Systèmes. As the first sovereign and sustainable operator on the cloud, 3DS OUTSCALE enables governments and corporations from all sectors to achieve digital autonomy through a Cloud experience and with a world-class cyber governance.

## GEO's

Eleven GEOs are responsible for driving the development of the Company's business and implementing its customer-centric engagement model. Teams leverage strong networks of local customers, users, partners, and influencers.

These GEOs are structured into three groups:

- the "Americas" group, made of two GEO's;
- the "Europe" group, comprising Europe, Middle East and Africa (EMEA) and made of four GEO's;
- the "Asia" group, comprising Asia and Oceania and made of five GEO's.

## 3DEXPERIENCE Licenses and Software Contribution

To measure the relative share of 3DEXPERIENCE software in its revenues, Dassault Systèmes utilizes the following ratios:

- for licenses revenue, the Group calculates the percentage contribution by comparing total 3DEXPERIENCE Licenses revenue to licenses revenue for all product lines except SOLIDWORKS on premise, MEDIDATA, CENTRIC PLM and other acquisitions (defined as "3DEXPERIENCE Eligible 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 on premise, MEDIDATA, CENTRIC PLM and other acquisitions (defined as "3DEXPERIENCE Eligible software revenue").

## Cloud revenue

Cloud revenues correspond to revenue generated through a catalog of online services to configure and run cloud solutions, 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: Dedicated cloud, Sovereign Trust cloud and International cloud, All cloud applications can be offered through perpetual licenses and maintenance or subscriptions models.

### 2.3.2.2 Supplemental Non-IFRS Financial Information

In discussing and analyzing the results of its operations, Management considers supplemental non-IFRS financial information: (i) non-IFRS revenue data excludes the effect of adjusting the carrying value of acquired companies' contract liabilities (deferred revenue) ; and non-IFRS expense data excludes, (ii) the amortization of acquired intangibles assets and of tangible assets revaluation, (iii) share-based compensation expense and related social charges, (iv) lease incentives of acquired companies, (v) and other operating income and expense, net, including acquisition, integration and restructuring expenses, and impairment of goodwill and acquired intangible assets, (vi) certain one-time items included in financial loss, net, and (vii) certain one-time tax effects and the income tax expense 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 2.3.4 "IFRS non-IFRS reconciliation".

The management uses the supplemental non-IFRS financial information, together with the IFRS financial information, for financial planning and analysis, evaluation of the operating performance, mergers and acquisition analysis and valuation, operational decision-making and for setting financial objectives for future periods. Compensation of the senior management is based in part on the performance of the business measured with the supplemental non-IFRS information. Dassault Systèmes believes that the supplemental non-IFRS data also provides meaningful information to investors and financial analysts who use the information for comparing the Group's operating performance to its historical trends and to other companies in the software industry, as well as for valuation purposes.

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 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 2022 Universal registration document.

## 2.3.3 Consolidated Information: Financial Review of First Half 2023 compared to First Half 2022

### 2.3.3.1 Revenue

<i>(in millions of euros, except percentages)</i>	IFRS				Non-IFRS			
	For the First Half Ended June 30,		Change	Change in cc*	For the First Half Ended June 30,		Change	Change in cc*
	2023	2022			2023	2022		
<b>Total Revenue</b>	<b>€ 2,883.3</b>	<b>€ 2,708.5</b>	<b>6%</b>	<b>8%</b>	<b>€ 2,883.3</b>	<b>€ 2,708.6</b>	<b>6%</b>	<b>8%</b>
<b>Revenue breakdown by activity</b>								
Software revenue	2,597.2	2,455.6	6%	7%	2,597.2	2,455.8	6%	7%
<i>of which licenses and other software revenue</i>	489.8	506.2	(3%)	(1%)	489.8	506.2	(3%)	(1%)
<i>of which subscription and support revenue</i>	2,107.4	1,949.4	8%	9%	2,107.4	1,949.5	8%	9%
Services revenue	286.1	252.8	13%	14%	286.1	252.8	13%	14%
<b>Software revenue breakdown by product line</b>								
Industrial Innovation	1,371.8	1,316.6	4%	6%	1,371.8	1,316.6	4%	6%
Life Sciences	580.1	529.1	10%	9%	580.1	529.1	10%	9%
Mainstream Innovation	645.2	609.8	6%	8%	645.2	610.0	6%	8%
<b>Software revenue breakdown by geography</b>								
Americas	1,061.6	973.0	9%	8%	1,061.6	973.1	9%	8%
Europe	935.8	859.9	9%	10%	935.8	860.0	9%	10%
Asia	599.8	622.7	(4%)	1%	599.8	622.7	(4%)	1%

\* in constant currencies

In the paragraphs below, unless otherwise indicated, financial information is in IFRS and non-IFRS and all revenue growth rates are in constant currencies.

#### Total Revenue

Total revenue increased 8% to €2.88 billion with software revenue growing 7% and services revenue growing 14%. Software revenue represented 90% and services 10% of total revenue. Currency had a slight negative impact of approximately 1 percentage point.

#### Software Revenue by Activity

Recurring software revenue grew 9% to €2.11 billion, with strong subscription performance and strengthening support revenue, and represented 81% of software revenue in the first half. Licenses and other software revenue decreased 1% to €489.8 million on a strong comparison base.

#### Software Revenue by Product Line

- Industrial Innovation software revenue rose 6% to €1.37 billion and represented 53% of software revenue. CATIA, SIMULIA and DELMIA software revenue exhibited some of the strongest performance,
- Life Sciences software revenue increased 9% to €580.1 million, representing 22% of software revenue. MEDIDATA rose double digits, benefiting from continued momentum in large enterprise accounts, partially offsetting the lower study volumes in our single study business.

- Mainstream Innovation software revenue increased 8% to €645.2 million and represented 25% of software revenue. SOLIDWORKS grew mid-to-high single-digits across the geographies while CENTRIC PLM delivered a strong, double-digit growth.

### Software Revenue by Geography

The Americas grew 8% and represented 41% of software revenue. Europe rose 10% and represented 36% of software revenue. Asia increased 1% to 23% of software revenue.

### Software Revenue by Industry

Aerospace & Defense, Life Sciences & Healthcare, Industrial Equipment, Home & Lifestyle, High-Tech, and Marine & Offshore displayed some of the strongest performance.

### Key Strategic Drivers

3DEXPERIENCE revenue increased 5% and represented 31% of 3DEXPERIENCE Eligible software revenue. Cloud software revenue grew 14% and represented 24% of software revenue.

### 2.3.3.2 Operating expenses

	IFRS			Non-IFRS		
	For the First Half Ended June 30,		Change	For the First Half Ended June 30,		Change
	2023	2022		2023	2022	
<i>(in millions of euros, except percentages)</i>						
<b>Cost of software revenue</b> (excluding amortization of acquired intangibles and of tangible assets revaluation)	€(223.8)	€(224.1)	(0%)	€(220.3)	€(220.9)	(0%)
(as % of total revenue)	(8%)	(8%)		(8%)	(8%)	
<b>Cost of services revenue</b>	€(253.0)	€(216.3)	17%	€(246.1)	€(215.7)	14%
(as % of total revenue)	(9%)	(8%)		(9%)	(8%)	
<b>Research and development expenses</b>	€(611.5)	€(518.3)	18%	€(559.9)	€(496.8)	13%
(as % of total revenue)	(21%)	(19%)		(19%)	(18%)	
<b>Marketing and sales expenses</b>	€(814.2)	€(705.6)	15%	€(772.4)	€(687.3)	12%
(as % of total revenue)	(28%)	(26%)		(27%)	(25%)	
<b>General and administrative expenses</b>	€(222.6)	€(199.5)	12%	€(190.9)	€(181.4)	5%
(as % of total revenue)	(8%)	(7%)		(7%)	(7%)	
<b>Amortization of acquired intangible assets and of tangible assets revaluation</b>	€(190.7)	€(195.5)	(2%)	€ -	€ -	N/A
<b>Other operating income and (expense), net</b>	€(9.6)	€(2.7)	252%	€ -	€ -	N/A
<b>Total Operating Expenses</b>	€(2,325.5)	€(2,062.1)	13%	€(1,989.6)	€(1,802.2)	10%

IFRS and non-IFRS cost of software revenue (excluding amortization of acquired intangibles) remained stable as reported and in constant currencies.

The increase in cost of services mostly reflected the growth of headcount and related costs to support the 13% service revenue's growth (IFRS and non-IFRS). In constant currencies, cost of services revenue increased 18% in IFRS and 15% in non-IFRS.

Costs for R&D of software are expensed in the period in which they are incurred. Dassault Systèmes does not capitalize R&D costs. For the First Half of 2023, the increase in R&D expenses mostly reflected headcount growth and related costs. In constant currencies, IFRS and non-IFRS R&D expenses grew respectively 18% and 12%.

The increase in marketing and sales expenses was mostly due to workforce growth and related costs, to higher travel costs in support of business activity and to marketing events. In constant currencies, IFRS and non-IFRS sales and marketing expenses increased respectively 16% and 13%.

The increase in general and administrative expenses mostly reflected headcount growth and related costs. In constant currencies, IFRS and non-IFRS general and administrative expenses increased, respectively by 12% and 5%.

Other operating income and (expense), net decreased in the period in relation with higher acquisition costs and with impairment losses of right-of-use assets related to vacant leasehold properties following reorganization of Medidata Solutions, Inc. (refer to Note 8 to the condensed consolidated financial statements).

### 2.3.3.3 Operating income

	IFRS			Non-IFRS		
	For the First Half Ended June 30,		Change	For the First Half Ended June 30,		Change
	2023	2022		2023	2022	
<i>(in millions of euros, except percentages)</i>						
<b>Operating income</b>	<b>€ 557.8</b>	<b>€ 646.4</b>	<b>(14%)</b>	<b>€ 893.7</b>	<b>€ 906.4</b>	<b>(1%)</b>
Operating margin (as % of total revenue)	19.3%	23.9%		31.0%	33.5%	

The decrease in IFRS and non-IFRS operating margin was largely due to higher operating expenses, reflecting the sustained strategic investments in the Group's growth with recruitments and related costs.

The decrease in IFRS operating margin also included higher share-based compensation expenses and related social charges reflecting the impact of the new employee shareholding plan "TOGETHER 2023" (refer to Note 7 to the condensed consolidated financial statements) and of the share price growth.

The IFRS and non-IFRS operating expenses growth was partially compensated by the increase in total revenue.

### 2.3.3.4 Financial income (loss), net

	IFRS			Non-IFRS		
	For the First Half Ended June 30,		Change	For the First Half Ended June 30,		Change
	2023	2022		2023	2022	
<i>(in millions of euros, except percentages)</i>						
<b>Financial income (loss), net</b>	<b>€ 35.4</b>	<b>€(9.7)</b>	<b>N/A</b>	<b>€ 36.9</b>	<b>€(9.0)</b>	<b>N/A</b>

Under IFRS and non-IFRS basis, the 2023 first half financial income is positive. The increase was mainly due to higher interests earned on the investments of cash and cash equivalents, which have been partially offset by an increase in interest expense related to the issuance of commercial papers that started in July 2022.

### 2.3.3.5 Income tax expense

	IFRS			Non-IFRS		
	For the First Half Ended June 30,		Change	For the First Half Ended June 30,		Change
	2023	2022		2023	2022	
<i>(in millions of euros, except percentages)</i>						
<b>Income tax expense</b>	<b>€(116.7)</b>	<b>€(249.1)</b>	<b>(53%)</b>	<b>€(191.3)</b>	<b>€(188.3)</b>	<b>2%</b>
Effective consolidated tax rate	19.7%	39.1%		20.6%	21.0%	

In IFRS, the income tax expense decrease was mainly due to the write-off in the first semester of 2022 of amounts previously paid in to the French tax administration, for a total €144.9 million, following the unfavorable decisions rendered by the French Supreme Court (Conseil d'Etat) on May 31, 2022, in response to an appeal lodged by the Group. This loss was not reflected in the Non-IFRS first semester 2022 tax expense (refer to Note 10 to the condensed consolidated financial statements).

### 2.3.3.6 Net income and net income per diluted share

	IFRS			Non-IFRS		
	For the First Half Ended June 30,		Change	For the First Half Ended June 30,		Change
	2023	2022		2023	2022	
<i>(in millions of euros, except per share data and percentages)</i>						
<b>Net Income attributable to Equity holders of the Group</b>	<b>€ 477.5</b>	<b>€ 388.3</b>	<b>23%</b>	<b>€ 739.4</b>	<b>€ 709.3</b>	<b>4%</b>
<b>Diluted earnings per share</b>	<b>€ 0.36</b>	<b>€ 0.29</b>	<b>23%</b>	<b>€ 0.56</b>	<b>€ 0.54</b>	<b>4%</b>
Diluted weighted average number of shares outstanding (in millions)	1,327.9	1,324.3	-	1,327.9	1,324.3	-

The First Half 2023 Non-IFRS diluted earnings per share improved to €0.56, and grew 4% at constant exchange rates and 7% in constant currencies.

## 2.3.4 IFRS non-IFRS reconciliation

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The following tables set 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.

For the First Half Ended June 30,							Change	
(in millions of euros, except per share data and percentages)	2023 IFRS	Adjustment <sup>(1)</sup>	2023 Non-IFRS	2022 IFRS	Adjustment <sup>(1)</sup>	2022 Non-IFRS	IFRS	Non-IFRS <sup>(2)</sup>
<b>Total Revenue</b>	<b>€ 2,883.3</b>	<b>€ -</b>	<b>€ 2,883.3</b>	<b>€ 2,708.5</b>	<b>€ 0.1</b>	<b>€ 2,708.6</b>	<b>6%</b>	<b>6%</b>
<b>Revenue breakdown by activity</b>								
Software revenue	2,597.2	-	2,597.2	2,455.6	0.1	2,455.8	6%	6%
Licenses and other software revenue	489.8	-	489.8	506.2	-	506.2	(3%)	(3%)
Subscription and Support revenue	2,107.4	-	2,107.4	1,949.4	0.1	1,949.5	8%	8%
Recurring portion of Software revenue	81%		81%	79%		79%		
Services revenue	286.1	-	286.1	252.8	-	252.8	13%	13%
<b>Software revenue breakdown by product line</b>								
Industrial Innovation	1,371.8	-	1,371.8	1,316.6	-	1,316.6	4%	4%
Life Sciences	580.1	-	580.1	529.1	-	529.1	10%	10%
Mainstream Innovation	645.2	-	645.2	609.8	0.1	610.0	6%	6%
<b>Software revenue breakdown by geography</b>								
Americas	1,061.6	-	1,061.6	973.0	0.1	973.1	9%	9%
Europe	935.8	-	935.8	859.9	0.1	860.0	9%	9%
Asia	599.8	-	599.8	622.7	-	622.7	(4%)	(4%)
<b>Total Operating Expenses</b>	<b>(2,325.5)</b>	<b>335.9</b>	<b>(1,989.6)</b>	<b>(2,062.1)</b>	<b>259.9</b>	<b>(1,802.2)</b>	<b>13%</b>	<b>10%</b>
Share-based compensation expense and related social charges	(134.3)	134.3	-	(60.2)	60.2	-		
Amortization of acquired intangible assets and of tangible assets revaluation	(190.7)	190.7	-	(195.5)	195.5	-		
Lease incentives of acquired companies	(1.4)	1.4	-	(1.5)	1.5	-		
Other operating income and expense, net	(9.6)	9.6	-	(2.7)	2.7	-		
<b>Operating Income</b>	<b>557.8</b>	<b>335.9</b>	<b>893.7</b>	<b>646.4</b>	<b>260.0</b>	<b>906.4</b>	<b>(14%)</b>	<b>(1%)</b>
<b>Operating Margin</b>	<b>19.3%</b>		<b>31.0%</b>	<b>23.9%</b>		<b>33.5%</b>		
Financial [income] (loss), net	35.4	1.5	36.9	(9.7)	0.7	(9.0)	N/A	N/A
<b>Income before income taxes</b>	<b>593.3</b>	<b>337.4</b>	<b>930.6</b>	<b>636.7</b>	<b>260.8</b>	<b>897.4</b>	<b>(7%)</b>	<b>4%</b>
Income tax expense	(116.7)	(74.7)	(191.3)	(249.1)	60.8	(188.3)	(53%)	2%
Non-controlling interest	0.9	(0.8)	0.1	0.7	(0.6)	0.2	20%	(46%)
<b>Net Income attributable to shareholders</b>	<b>€ 477.5</b>	<b>€ 261.9</b>	<b>€ 739.4</b>	<b>€ 388.3</b>	<b>€ 321.0</b>	<b>€ 709.3</b>	<b>23%</b>	<b>4%</b>
<b>Diluted net income per share<sup>(3)</sup></b>	<b>€ 0.36</b>	<b>€ 0.20</b>	<b>€ 0.56</b>	<b>€ 0.29</b>	<b>€ 0.24</b>	<b>€ 0.54</b>	<b>23%</b>	<b>4%</b>

(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 assets and of tangible assets revaluation, share-based compensation expense and related social charges, the effect of adjusting the 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 and (iv) all adjustments to IFRS net income data reflect the combined effect of these adjustments, plus with respect to net income and diluted net income per share, certain one-time tax effects and the income tax effect of the non-IFRS adjustments.

(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 1,327.9 million diluted shares for the 2023 First Half and 1,324.3 million diluted shares for the 2022 First Half.

### For the First Half Ended June 30,

	2023 IFRS	Share-based compensation expense and related social charges	Lease incentives of acquired companies	2023 non-IFRS	2022 IFRS	Share-based compensation expense and related social charges	Lease incentives of acquired companies	2022 non-IFRS
<i>(in millions of euros)</i>								
Cost of revenue	(476.9)	10.1	0.4	(466.4)	€(440.4)	€ 3.3	€ 0.5	€(436.6)
Research and development expenses	(611.5)	51.0	0.6	(559.9)	(518.3)	20.9	0.6	(496.8)
Marketing and sales expenses	(814.2)	41.5	0.2	(772.4)	(705.6)	18.0	0.2	(687.3)
General and administrative expenses	(222.6)	31.7	0.1	(190.9)	(199.5)	17.9	0.2	(181.4)
<b>Total</b>		<b>134.3</b>	<b>1.4</b>			<b>€ 60.2</b>	<b>€ 1.5</b>	

## 2.3.5 Variability in Quarterly Financial Results

Dassault Systèmes' quarterly licenses revenue growth may have varied significantly in the past and may vary significantly in the future. Quarterly licensing revenue growth reflects business seasonality, clients' decision processes, licenses and subscription licensing mix and timing and mix of multi-year on-premise software contracts. Services revenue activity also vary significantly by quarter reflecting clients' decision processes as well as decisions regarding service engagements to be performed by us or by system integrators the Company works with.

Total software revenue growth has generally been less sensitive to quarterly variation due to the significant level of recurring software revenue, which comprises subscription revenue and support revenue. IFRS and non-IFRS Recurring software revenue represented 81% and 79% of total software revenue for the First Half of 2023 and 2022, respectively but could be subject to renewal delays. With the implementation of IFRS 15 effective as of January 1, 2018, sequential comparisons of recurring software revenue growth need, however, to take into account the fact that a high proportion of on-premise, subscription software contracts renew for an annual period as of January 1<sup>st</sup>. Therefore, under IFRS 15 Dassault Systèmes records a higher percentage of the annual amount of on-premise subscription in the first quarter. In addition, year-over-year growth comparisons may be impacted by changes in the timing of on premise subscription renewals.

<i>(in millions of euros, except percentages)</i>	IFRS						Non-IFRS					
	1Q	2Q	3Q	4Q	1Q	2Q	1Q	2Q	3Q	4Q	1Q	2Q
	2022	2022	2022	2022	2023	2023	2022	2022	2022	2022	2023	2023
Licenses and Other Software	234.7	271.6	221.3	378.7	211.0	278.9	234.7	271.6	221.3	378.7	211.0	278.9
Subscription & Support	970.9	978.5	1,008.5	1,049.9	1,077.2	1,030.2	970.9	978.6	1,008.6	1,050.0	1,077.2	1,030.2
<b>Software Revenue</b>	<b>€1,205.5</b>	<b>€1,250.1</b>	<b>€1,229.8</b>	<b>€1,428.6</b>	<b>€1,288.2</b>	<b>€1,309.0</b>	<b>€1,205.6</b>	<b>€1,250.2</b>	<b>€1,229.9</b>	<b>€1,428.6</b>	<b>€1,288.2</b>	<b>€1,309.0</b>

Dassault Systèmes normally experiences its highest licenses sales for the fourth calendar quarter. Therefore, software revenue, total revenue, operating income, operating margin and net income have generally been higher in the fourth quarter of each year.

Acquisitions and divestitures can also cause the different elements of revenue to vary from quarter to quarter. Rapid changes in currency exchange rates can also cause reported revenue, operating income and diluted net income per share and their respective reported growth rates to vary from quarter to quarter.

Therefore, it is possible that quarterly total revenue vary significantly and that net income vary significantly, reflecting the change in revenues, together with the effects of the Company's investment plans. Refer to paragraphs 1.9.1.1 "Uncertain Global Economic Environment" and 1.9.1.11 "Variability in Dassault Systèmes' Quarterly Operating Income" in Risk Factors in 2022 Universal registration document.

## 2.3.6 Capital Resources

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Dassault Systèmes has a significant financial flexibility thanks to its available cash and short-term investments position and strong level of cash flow generation. The main uses of cash are for acquisitions, repayment of debt, cash dividends and for the repurchase of treasury stocks, to be delivered as part of performance share plans granted.

The Company's net financial position improved to €0.35 billion on June 30, 2023, compared to €(0.23) billion on December 31, 2022, with an increase in cash and cash equivalents and short-term investments of €0.58 billion to €3.35 billion from €2.77 billion. Debt related to borrowings remained stable to €3.00 billion.

On April 17, 2023, Standard & Poors Global Ratings reaffirmed their "A" rating with a stable outlook for Dassault Systèmes SE and its long-term debt, acknowledging the Group capacity for a rapid deleveraging.

For the 2023 First Half, the main sources of liquidity came from the cash generated by the business, amounting to €1.03 billion (H1 2022: €1.05 billion), from a €146.1million capital increase (H1 2022: €198.6 million) as part of the employee shareholding plan "TOGETHER 2023", and from the exercise of stock options for €27.0 million (H1 2022: €25.8 million). During the 2023 First Half, cash obtained from operations was used principally for:

- cash dividends of €276.2 million (H1 2022: €223.5 million),
- repurchase of treasury shares for €167.4 million (H1 2022: €602.4 million) to neutralize the dilutive effect of the share-based compensation plans and employee shareholding plan "TOGETHER 2023",
- the reimbursement of borrowings of €27.3 million (H1 2022: anticipated reimbursement of the remaining term loans of €238.4 million),
- capital expenditures of €67.7 million (H1 2022: €62.7 million), and for payment for lease obligations of €42.0 million (H1 2022: €49.8 million).

Exchange rate fluctuations, in particular the US dollar, had a negative conversion effect on cash and cash equivalent balances of €56.0 million as of June 30, 2023, compared to a positive conversion effect of €115.7 million as of June 30, 2022.

Dassault Systèmes follows a conservative policy for investing cash resources, mostly relying on investment-grade short-term maturity investments from major banks and financial institutions.

Refer also to the Consolidated Statements of Cash Flows presented in Chapter 3 "Condensed Consolidated Financial Statements for the half-year ended June 30, 2023".

## 2.4 Related party transactions

Related party transactions were identified and described in the 2022 Universal registration document, in Chapter 4.1.1 "Consolidated Financial Statements", Note 25 "Related-Party Transactions". No new related party transaction occurred during the 2023 First Half.

The transactions entered into with Dassault Aviation, and mentioned in the 2022 Universal registration document, continued during the first six months of 2023. There was no modification which could significantly impact the financial position or the income of Dassault Systèmes during the 2023 First Half.

## 2.5 2023 First Half Significant Events

### Significant events

#### Dassault Systèmes governance plan

During its 2023 Capital Markets Day held on June 9, 2023, the Company announced that the appointment of its Deputy CEO and COO Pascal Daloz as Chief Executive Officer should become effective on January 1, 2024, at which date Bernard Charlès (currently Chairman and CEO) will continue as Chairman of the Board of Directors.

#### Global employee shareholding program

In 2023, Dassault Systèmes announced a new employee shareholding program, « TOGETHER 2023 », after the success of a first plan implemented in 2021. This plan allows employees, in most countries, to subscribe to a leveraged shareholding plan (equity settled transactions). For this offering, a capital increase reserved for the employees of 4.7 million of Dassault Systèmes shares occurred on June 15, 2023.

### Other information

On May 24, 2023, at the Annual Shareholders' Meeting, Dassault Systèmes' shareholders approved a dividend for the fiscal year 2022 equivalent to €0.21 per share. On May 31, 2023, the dividend was fully paid in cash in an aggregate amount of €276.2 million.

## 2.6 2023 Financial Objectives

Dassault Systèmes' full year 2023 financial objectives presented below are given on a non-IFRS basis and reflect the principal 2023 currency exchange rate assumptions below for the US dollar and Japanese yen as well as the potential impact from additional non-Euro currencies:

	<b>FY 2023</b>
Total revenue	€5.940 - €5.990
Growth	5 - 6%
Growth ex FX	8 - 9%
Software revenue growth *	8 - 9%
Of which licenses and other software revenue growth *	2 - 5%
Of which subscription and support revenue growth *	10 - 11%
Services revenue growth *	5 - 7%
Operating margin	32.3% - 32.6%
EPS diluted	€1.18 - €1.20
Growth at current exchange rates	4 - 6%
Growth at constant exchange rates *	8 - 10%
<i>US dollar</i>	<i>\$1.09 per Euro</i>
<i>Japanese yen (before hedging)</i>	<i>JPY 142.9 per Euro</i>

\* Growth in constant currencies: refer to paragraph 2.3.2.1 Definitions of Key Metrics We Use – Information 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 2023 non-IFRS financial objectives set forth above do not take into account the following accounting elements and are estimated based upon the 2023 principal currency exchange rates above: no significant contract liabilities write-downs; share-based compensation expenses, including related social charges, estimated at approximately €241 million; and amortization of acquired intangibles and of tangibles reevaluation, estimated at approximately €375 million, and lease incentives of acquired companies at approximately €3 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 stock option or share grants, or any new acquisitions or restructuring completed after June 30, 2023.

The information above includes statements that express the operating framework and objectives for our future financial performance. Such forward-looking statements are based on our management's views and assumptions as of the date of this Half Year Report 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 main risks and uncertainties to which the Group may be exposed during the remaining six months of fiscal year 2023 are presented in Section 1.9 "Risk Factors" of the Company's 2022 Universal registration document filed with the AMF (French Financial Markets Authority) on March 17, 2023, with the exception of foreign currency and interest rate risks which are updated in Note 14 to the Condensed consolidated financial statements for the half-year ended June 30, 2023 "Derivatives and Currency and Interest Rate Risk Management" under Chapter 3 of this Half Year Report "Condensed Consolidated Financial Statements".

## 2.7 2028 Financial Objectives

The 2023 Capital Markets Day gave Dassault Systèmes the opportunity to share its long-term view with the investor community, by announcing its new strategic and financial plan for the next five years.

The Company believes it is well positioned to capitalize on significant long-term opportunities to deliver on its ambitious plan to grow revenue double-digits and reach non-IFRS EPS of €2.20 - €2.40 in 2028.

The Capital Markets Day webcast is available for replay on the Dassault Systèmes' website, via the investor relations section: <https://investor.3ds.com/capital-markets-day-2023>.

# 3 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF- YEAR ENDED JUNE 30, 2023

## Consolidated Statements of Income

	Note	Six months ended June 30,	
		2023 (unaudited)	2022 (unaudited)
<i>(in millions of euros, except per share data)</i>			
Licenses and other software revenue		€489.8	€506.2
Subscription and support revenue		2,107.4	1,949.4
<b>Software revenue</b>	5	<b>2,597.2</b>	<b>2,455.6</b>
Services revenue		286.1	252.8
<b>TOTAL REVENUE</b>		<b>2,883.3</b>	<b>2,708.5</b>
Cost of software revenue		(223.8)	(224.1)
Cost of services revenue		(253.0)	(216.3)
Research and development expenses		(611.5)	(518.3)
Marketing and sales expenses		(814.2)	(705.6)
General and administrative expenses		(222.6)	(199.5)
Amortization of acquired intangible assets and of tangible assets revaluation		(190.7)	(195.5)
Other operating income and expense, net	8	(9.6)	(2.7)
<b>OPERATING INCOME</b>		<b>557.8</b>	<b>646.4</b>
Financial income (loss), net	9	35.4	(9.7)
<b>PROFIT BEFORE TAX</b>		<b>593.3</b>	<b>636.7</b>
Income tax expense	10	(116.7)	(249.1)
<b>NET INCOME</b>		<b>€476.6</b>	<b>€387.6</b>
<b>Attributable to:</b>			
Equity holders of the Group		€477.5	€388.3
Non-controlling interest		€(0.9)	€(0.7)
<b>Earnings per share</b>			
Basic earnings per share		€0.36	€0.30
Diluted earnings per share		€0.36	€0.29

# Consolidated Statements of Comprehensive Income

	Note	Six months, ended June 30,	
		2023 (unaudited)	2022 (unaudited)
<i>(in millions of euros)</i>			
<b>NET INCOME</b>		<b>€476.6</b>	<b>€387.6</b>
Unrealized gains on hedging reserves, net	15	24.5	16.0
Income tax related unrealized gains on hedging reserves, net		(5.2)	(4.1)
Foreign currency translation adjustment		(176.2)	698.4
<b>Other comprehensive income that are or may be reclassified to profit or loss in subsequent periods</b>		<b>(157.0)</b>	<b>710.2</b>
Remeasurement of defined benefit pension plans		0.1	41.1
Remeasurement of non-consolidated equity investments		(18.6)	(0.4)
Income tax related to items above		(2.8)	(11.3)
<b>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods</b>		<b>(21.3)</b>	<b>29.4</b>
<b>OTHER COMPREHENSIVE INCOME, NET OF TAX</b>		<b>(178.3)</b>	<b>739.7</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>€298.3</b>	<b>€1,127.3</b>
Attributable to:			
Equity holders of the Group		€299.2	€1,127.4
Non-controlling interests		€(0.9)	€(0.1)

# Consolidated Balance Sheets

<i>(in millions of euros)</i>	Note	June 30, 2023 (unaudited)	December 31, 2022 (audited)
<b>Assets</b>			
Cash and cash equivalents		€3,345.4	€2,769.0
Trade accounts receivable, net	11	1,272.2	1,661.6
Contract assets		30.8	20.3
Income tax receivable		156.8	109.7
Other current assets		283.5	283.7
<b>TOTAL CURRENT ASSETS</b>		<b>5,088.7</b>	<b>4,844.3</b>
Property and equipment, net		852.5	819.9
Other non-current assets		234.6	228.9
Deferred tax assets		109.2	94.4
Intangible assets, net	12	3,051.8	3,302.4
Goodwill	12	4,893.5	4,971.1
<b>TOTAL NON-CURRENT ASSETS</b>		<b>9,141.6</b>	<b>9,416.8</b>
<b>TOTAL ASSETS</b>		<b>€14,230.3</b>	<b>€14,261.1</b>
<i>(in millions of euros)</i>			
<b>Liabilities</b>			
Trade accounts payable		€177.3	€216.3
Accrued compensation and other personnel costs		521.2	593.5
Contract liabilities		1,540.0	1,536.6
Borrowings, current	13	254.4	258.6
Income tax payable		14.0	38.9
Other current liabilities		197.3	237.2
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,704.2</b>	<b>2,881.0</b>
Deferred tax liabilities		262.0	328.5
Borrowings, non-current	13	2,738.8	2,737.4
Other non-current liabilities		1,033.1	989.3
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>4,033.9</b>	<b>4,055.2</b>
Common stock		134.1	133.5
Share premium		1,303.7	1,128.3
Treasury stock		(722.2)	(703.7)
Retained earnings and other reserves		6,498.4	6,307.8
Other comprehensive income, net of tax		266.6	444.8
<b>Total parent shareholders' equity</b>		<b>7,480.6</b>	<b>7,310.7</b>
Non-controlling interests		11.7	14.2
<b>TOTAL EQUITY</b>	15	<b>7,492.2</b>	<b>7,324.8</b>
<b>TOTAL LIABILITIES</b>		<b>€14,230.3</b>	<b>€14,261.1</b>

# Consolidated Statements of Cash Flows

<i>(in millions of euros)</i>	Note	Six months ended June 30,	
		2023 (unaudited)	2022 (unaudited)
<b>NET INCOME</b>		<b>€476.6</b>	<b>€387.6</b>
Adjustments for non-cash items	16	344.3	491.5
Changes in operating assets and liabilities	16	204.9	168.7
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>1,025.8</b>	<b>1,047.8</b>
Additions to property, equipment and intangible assets	12	(67.7)	(62.7)
Payment for acquisition of businesses, net of cash acquired		(0.8)	(7.3)
Other		(4.9)	(29.3)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(73.4)</b>	<b>(99.4)</b>
Proceeds from exercise of stock options		27.0	25.8
Cash dividends paid	15	(276.2)	(223.5)
Repurchase and sale of treasury stock	15	(167.4)	(602.4)
Capital increase	15	146.1	198.6
Acquisition of non-controlling interests		(0.8)	(0.5)
Proceeds from borrowings		20.6	3.6
Repayment of borrowings	13	(27.3)	(238.4)
Repayment of lease liabilities		(42.0)	(49.8)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>(320.1)</b>	<b>(886.6)</b>
Effect of exchange rate changes on cash and cash equivalents		(56.0)	115.7
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>576.5</b>	<b>177.6</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>		<b>2,769.0</b>	<b>2,979.5</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		<b>€3,345.4</b>	<b>€3,157.0</b>
Supplemental disclosure			
Income taxes paid		€(197.7)	€(112.8)
Cash paid for interest		€(14.0)	€(7.7)
Total cash outflow for leases		€(55.5)	€(59.7)

## Consolidated Statements of Shareholders' Equity

<i>(in millions of euros)</i>	Note	Common stock	Share premium	Treasury stock	Retained earnings and other reserves	Other comprehensive income, net of tax	Total parent shareholders' equity	Non-controlling interest	Total Equity
<b>DECEMBER 31, 2021</b>		<b>€133.3</b>	<b>€1,108.0</b>	<b>€(730.5)</b>	<b>€5,712.6</b>	<b>€(26.0)</b>	<b>€6,197.3</b>	<b>€13.7</b>	<b>€6,211.0</b>
Net income		-	-	-	388.3	-	388.3	(0.7)	387.6
Other comprehensive income, net of tax		-	-	-	-	739.1	739.1	0.6	739.7
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>388.3</b>	<b>739.1</b>	<b>1,127.4</b>	<b>(0.1)</b>	<b>1,127.3</b>
Dividends		-	-	-	(223.5)	-	(223.5)	-	(223.5)
Capital increase		0.4	198.2	-	-	-	198.6	-	198.6
Capital decrease		(0.4)	(233.2)	233.7	-	-	-	-	-
Exercise of stock options		0.1	25.4	-	-	-	25.5	-	25.5
Treasury stock transactions		-	-	(179.3)	(184.5)	-	(363.8)	-	(363.8)
Share-based compensation		-	-	-	76.6	-	76.6	0.1	76.7
Transactions with non-controlling interests		-	-	-	(4.3)	-	(4.3)	1.0	(3.3)
Other changes		-	-	-	(37.9)	-	(37.9)	-	(37.9)
<b>JUNE 30, 2022 (UNAUDITED)</b>		<b>€133.4</b>	<b>€1,098.3</b>	<b>€(676.2)</b>	<b>€5,727.3</b>	<b>€713.0</b>	<b>€6,995.9</b>	<b>€14.6</b>	<b>€7,010.4</b>
<b>DECEMBER 31, 2022</b>		<b>€133.5</b>	<b>€1,128.3</b>	<b>€(703.7)</b>	<b>€6,307.8</b>	<b>€444.8</b>	<b>€7,310.7</b>	<b>€14.2</b>	<b>€7,324.8</b>
Net income		-	-	-	477.5	-	477.5	(0.9)	476.6
Other comprehensive income, net of tax		-	-	-	-	(178.3)	(178.3)	-	(178.3)
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>477.5</b>	<b>(178.3)</b>	<b>299.2</b>	<b>(0.9)</b>	<b>298.3</b>
Dividends	15	-	-	-	(276.2)	-	(276.2)	-	(276.2)
Capital increase	15	0.5	145.6	-	-	-	146.1	-	146.1
Exercise of stock options		0.1	29.8	-	-	-	30.0	0.2	30.2
Treasury stock transactions		-	-	(18.5)	(148.9)	-	(167.4)	-	(167.4)
Share-based compensation	7	-	-	-	101.4	-	101.4	0.1	101.6
Transactions with non-controlling interests		-	-	-	1.4	-	1.4	(2.0)	(0.5)
Other changes		-	-	-	35.4	-	35.4	-	35.4
<b>JUNE 30, 2023 (UNAUDITED)</b>		<b>€134.1</b>	<b>€1,303.7</b>	<b>€(722.2)</b>	<b>€6,498.4</b>	<b>€266.6</b>	<b>€7,480.6</b>	<b>€11.7</b>	<b>€7,492.2</b>

### Analysis of changes in shareholders' equity related to components of the other comprehensive income

<i>(in millions of euros)</i>	Non-consolidated equity investments	Hedging reserves	Foreign currency translation adjustment	Actuarial gains and losses	Total attributable to parent shareholders	Non-controlling interest	Other comprehensive income, net of tax
<b>DECEMBER 31, 2021</b>	<b>€(3.8)</b>	<b>€14.8</b>	<b>€34.7</b>	<b>€(71.7)</b>	<b>€(26.0)</b>	<b>-</b>	<b>€(26.0)</b>
Variations	-	11.9	697.8	29.4	739.1	0.6	739.7
<b>JUNE 30, 2022 (UNAUDITED)</b>	<b>€(3.8)</b>	<b>€26.7</b>	<b>€732.4</b>	<b>€(42.3)</b>	<b>€713.0</b>	<b>€0.6</b>	<b>€713.6</b>
<b>DECEMBER 31, 2022</b>	<b>€(3.2)</b>	<b>€7.1</b>	<b>€485.3</b>	<b>€(44.4)</b>	<b>€444.8</b>	<b>€0.2</b>	<b>€445.1</b>
Variations	(21.5)	19.3	(176.2)	0.1	(178.3)	-	(178.3)
<b>JUNE 30, 2023 (UNAUDITED)</b>	<b>€(24.6)</b>	<b>€26.4</b>	<b>€309.1</b>	<b>€(44.2)</b>	<b>€266.6</b>	<b>€0.2</b>	<b>€266.8</b>

# Notes to the Condensed Consolidated Financial Statements for the Half-Year Ended June 30, 2023

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The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Note 1	Description of Business	Note 10	Income tax expense
Note 2	Material accounting policy information	Note 11	Trade Accounts Receivable, Net
Note 3	Seasonality	Note 12	Intangible Assets, net and Goodwill
Note 4	Segment Information	Note 13	Borrowings
Note 5	Software Revenue	Note 14	Derivatives and Currency and Interest Rate Risk Management
Note 6	Government Grants	Note 15	Shareholders' Equity
Note 7	Share-based Compensation	Note 16	Consolidated Statements of Cash Flows
Note 8	Other Operating Income and Expense, Net	Note 17	Commitments
Note 9	Financial Income (Loss), Net		

## Note 1 Description of Business

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The Group provides broad end-to-end software solutions and services: its platform-based virtual twin experiences combine modeling, simulation, data science and collaborative innovation to support companies in the three sectors it serves, namely Manufacturing Industries, Life Sciences & Healthcare, and Infrastructure & Cities.

These three sectors comprise twelve industries:

- **Manufacturing Industries**: Transportation & Mobility; Aerospace & Defense; Marine & Offshore; Industrial Equipment; High-Tech; Home & Lifestyle; Consumer Packaged Goods - Retail. In Manufacturing Industries, Dassault Systèmes helps customers virtualize their operations, improve data sharing and collaboration across their organization, reduce costs and time-to-market, and become more sustainable;
- **Life Sciences & Healthcare**: Life Sciences & Healthcare. In this sector, the Group aims to address the entire cycle of the patient journey to lead the way toward precision medicine. To reach the broader healthcare ecosystem from research to commercial, the Group's solutions connect all elements from molecule development to prevention to care, and combine new therapeutics, med practices, and Medtech;
- **Infrastructure & Cities**: Infrastructure, Energy & Materials; Architecture, Engineering & Construction; Business Services; Cities & Public Services. In Infrastructure & Cities, the Group supports the virtualization of the sector in making its industries more efficient and sustainable, and creating desirable living environments.

Dassault Systèmes SE (LEI code: 96950065LBWY0APQIM86) is a European company (Societas Europaea), incorporated under the laws of France on June 9, 1981 for a 99-year term starting on the date of its registration, until August 4, 2080. The Company's registered office is located at 10, rue Marcel Dassault, 78140 Vélizy-Villacoublay, France.

Dassault Systèmes SE shares are listed on Euronext Paris. Groupe Industriel Marcel Dassault (GIMD) is the main shareholder; refer to paragraph 6.3.2 "Controlling Shareholder" of the 2022 Universal registration document.

## Note 2 Material accounting policy information

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The Condensed Consolidated Financial Statements for the Half-Year were prepared in accordance with the international standard IAS 34 "Interim financial reporting" as adopted by the European Union (EU) and published by the International Accounting Standards Board (IASB). These condensed interim consolidated financial statements were established under the responsibility of the Board of Directors on July 24, 2023.

The condensed interim consolidated financial statements were prepared based on the same accounting policies as those applied in the consolidated financial statements as of December 31, 2022, except for specific requirements provided by IAS 34.

New standards, interpretations or amendments effective beginning January 1, 2023 did not have a significant impact on the Group's condensed interim consolidated financial statements. New standards, interpretations or amendments effective beginning January 1, 2024 were not early adopted by the Group.

Standards, interpretations or amendments published by the IASB and not yet approved by the EU would not have a significant impact on the condensed consolidated financial statements for the first half of 2023.

Material information about the Group's accounting policies is presented in the notes to the annual consolidated financial statements for the year ended December 31, 2022.

The condensed interim consolidated financial statements are presented in millions of euros, unless otherwise specified. Some rounding differences may occur.

## Note 3 Seasonality

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The Group's business activities are influenced by certain seasonal effects. Historically, revenue, operating income and net income tend to be higher in the fourth quarter.

## Note 4 Segment Information

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Operating segments are components of a group for which discrete financial information is available and whose operating results are regularly reviewed by management to assess performance and allocate resources. Dassault Systèmes operates in a single operating segment, the sale of software solutions and services, which 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 3DEXPERIENCE platform.

The assessment of the operating segment's performance is based on the Group's supplemental non-IFRS financial information (refer to paragraph 2.3.4 "IFRS non-IFRS reconciliation" of this Half Year Report). The accounting policies used differ from those described in Note 2 Material accounting policy information as follows:

- the measures of operating segment revenue and income include all 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:
  - amortization of acquired intangible assets and of the revaluation of tangible assets,
  - share-based compensation expense and associated payroll taxes (refer to Note 7 Share-based Compensation),
  - and other operating income and expense, net (refer to Note 8 Other Operating Income and Expense, Net);
- the measure of operating segment income takes into account the impact of lease incentives, including rent-free periods, which are not recognized in the right-of-use asset under a business combination.

<i>(in millions of euros)</i>	<b>Six months ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
<b>TOTAL REVENUE FOR OPERATING SEGMENT</b>	<b>€2,883.3</b>	<b>€2,708.6</b>
Adjustment for unearned revenue of acquired companies	-	(0.1)
<b>REPORTED TOTAL REVENUE</b>	<b>€2,883.3</b>	<b>€2,708.5</b>

<i>(in millions of euros)</i>	<b>Six months ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
<b>INCOME FOR OPERATING SEGMENT</b>	<b>€893.7</b>	<b>€906.4</b>
Amortization of acquired intangible assets and of revaluation of tangible assets	(190.7)	(195.5)
Share-based compensation expense and related payroll taxes	(134.3)	(60.2)
Other operating income and expense, net	(9.6)	(2.7)
Lease incentives of acquired companies	(1.4)	(1.5)
Adjustment for unearned revenue of acquired companies	-	(0.1)
<b>REPORTED OPERATING INCOME</b>	<b>€557.8</b>	<b>€646.4</b>

## Note 5 Software Revenue

Software revenue is comprised of the following:

<i>(in millions of euros)</i>	<b>Six months ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
Licenses and other software revenue	€489.8	€506.2
Subscription and support revenue*	2,107.4	1,949.4
<b>SOFTWARE REVENUE</b>	<b>€2,597.2</b>	<b>€2,455.6</b>

\* In 2023, corresponds to €245.0 million at a point in time and €1,862.4 million over time, to be compared to €231.7 million and €1,717.7 million respectively in 2022.

The breakdown of software revenue by main product line is as follows:

<i>(in millions of euros)</i>	<b>Six months ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
Industrial Innovation	€1,371.8	€1,316.6
Life Sciences	580.1	529.1
Mainstream Innovation	645.2	609.8
<b>SOFTWARE REVENUE</b>	<b>€2,597.2</b>	<b>€2,455.6</b>

## Note 6 Government Grants

Government grants are recorded in the consolidated statements of income as a reduction to research and development expenses and to other expenses, as follows:

<i>(in millions of euros)</i>	<b>Six months ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
Research and development	€20.9	€16.3
Other expenses	4.2	2.0
<b>TOTAL GOVERNMENT GRANTS</b>	<b>€25.1</b>	<b>€18.3</b>

## Note 7 Share-based Compensation

The expense related to compensation based on performance shares and stock options, including associated payroll taxes, is recorded in the consolidated statements of income as follows:

<i>(in millions of euros)</i>	<b>Six months ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
Research and development	€(51.0)	€(20.9)
Marketing and sales	(41.5)	(18.0)
General and administrative	(31.7)	(17.9)
Cost of revenue	(10.1)	(3.3)
<b>TOTAL EXPENSE RELATED TO SHARE-BASED COMPENSATION</b>	<b>€(134.3)</b>	<b>€(60.2)</b>

Changes during the six months ended June 30, 2023 of unvested numbers of awards were as follows:

	<b>Number of awards</b>			<b>Total</b>
	<b>Performance shares</b>	<b>MEDIDATA Program</b>	<b>Stock options</b>	
<b>UNVESTED AS OF DECEMBER 31, 2022</b>	<b>17,283,376</b>	<b>290,175</b>	<b>7,332,230</b>	<b>24,905,781</b>
Granted	6,133,443	-	2,140,126	8,273,569
Vested	(3,156,860)	(253,040)	(3,382,430)	(6,792,330)
Forfeited	(106,269)	(9,595)	(131,529)	(247,393)
<b>UNVESTED AS OF JUNE 30, 2023</b>	<b>20,153,690</b>	<b>27,540</b>	<b>5,958,397</b>	<b>26,139,627</b>

## Performance shares

### New plans granted in 2023

#### *Plans 2023-A and 2023-B*

Pursuant to an authorization granted by the General Meeting of Shareholders held on May 24, 2023, the Board of Directors decided, the same day, to grant 3,707,133 performance shares (Plan 2023-A) to some employees and executives of the Group, and 1,500,000 performance shares (Plan 2023-B) to Mr. Bernard Charlès, Chairman & Chief Executive Officer, as part of a plan of progressively associating him with the Company's capital implemented several years ago.

The shares of these 2023-A and 2023-B plans shall be acquired subject to the end of a period of around three years. They shall vest, in full or in part, if some performance criteria are achieved, and the beneficiary is still an employee, an executive or a corporate officer of the Group at the end of a service period ending on November 24, 2025.

The non-vesting performance conditions will be measured based on:

- for a weight of 80%: the growth of the non-IFRS diluted earnings per share ("EPS") of the Group for the year 2025, neutralized from currency effects, compared to that of the year 2022;
- for a weight of 20%: the achievement of three environmental, social and governance criteria for the Group: the share of total IFRS revenue deemed eligible within the meaning of EU Taxonomy, the reduction in greenhouse gas emissions in line with the targets submitted to the Science-Based Targets initiative (three sub-criteria) and the diversity (three sub-criteria).

At grant date, the weighted average fair value of 2023-A and 2023-B performance shares was €29.21. It was estimated based on the quoted price of Dassault Systèmes SE's common stock on the date of grant, assuming an expected dividend yield of 0.48%, and adjusted to include the non-vesting conditions. The condition related to the non-IFRS diluted earnings per share was estimated using a Monte Carlo model. This model simulates the performance of the non-IFRS diluted earnings per share of the Group excluding foreign currency effects, assuming an expected volatility of 6.41%. The condition related to the environmental, social and governance criteria was estimated using the Management estimates of future achievements.

#### *Plan 2023-M1*

The Board of Directors also decided on May 24, 2023 to grant 926,310 performance shares (Plan 2023-M1) to some employees and executives of the Group.

At grant date, the weighted average fair value of 2023-M1 performance shares was €38.24.

Such shares shall be acquired at the end of a period of one year (tranche 1), two years (tranche 2) and three years (tranche 3) from the grant date. They shall vest, in full or in part, if the beneficiary is still an employee or an executive of the Group at the end of these periods and provided certain performance conditions are achieved. These performance conditions will be measured based on the level of achievement of the following three conditions:

- for a weight of 40%: the growth of the non-IFRS diluted EPS of the Group for the years 2023 (tranche 1), 2024 (tranche 2) and 2025 (tranche 3), neutralized from currency effects, compared to that of the year 2022 (non-market vesting condition);
- for a weight of 40%: the growth of the non-IFRS revenue and of the non-IFRS operating margin of the MEDIDATA brand (double criteria) for the years 2023 (tranche 1), 2024 (tranche 2) and 2025 (tranche 3), neutralized from currency effects, compared to that of the year 2022 (non-market vesting condition);
- for a weight of 20%: the achievement of three environmental, social and governance criteria for the Group (mainly non-market vesting conditions): the share of total IFRS revenue deemed eligible within the meaning of EU Taxonomy, the reduction in greenhouse gas emissions in line with the targets submitted to the Science-Based Targets initiative (three sub-criteria) and the diversity (three sub-criteria).

## Stock options

The main features of the Group stock option plans are as follows:

- options vest over various periods ranging from one to three years and a half, subject to continued employment;
- options expire ten years from grant date, or after termination of employment or term of office, whichever is earlier;
- options have generally been granted at an exercise price equal to or greater than the grant date market value (or the market value the day before the grant) of Dassault Systèmes SE share.

## New plan granted in 2023

Pursuant to an authorization granted by the General Meeting of Shareholders held on May 24, 2023, the Board of Directors decided, the same day, to grant 2,140,126 options to subscribe to Dassault Systèmes SE shares to certain employees and executives of the Group, at an exercise price of €39.40 (Plan 2023-01), equal to the closing value of the Dassault Systèmes SE share the day before the grant.

Such options are divided in three tranches. They shall vest if the beneficiary is an employee or an executive of the Group at the end of a service period of one year (tranche 1), one year and a half (tranche 2) and two years and a half (tranche 3), and subject to the achievement of certain performance conditions. The performance conditions will be measured based on:

- for a weight of 80%: the growth of non-IFRS diluted EPS for the years 2023 (tranche 1), 2024 (tranche 2) and 2025 (tranche 3), neutralized from currency effects, compared to that of the year 2022 (non-market vesting condition for tranche 1 and non-vesting condition for tranches 2 and 3);
- for a weight of 20%: the achievement of three environmental, social and governance criteria for the Group for the years 2023 (tranche 1), 2024 (tranche 2) and 2025 (tranche 3) (mainly non-market vesting conditions for tranche 1 and non-vesting conditions for tranches 2 and 3). These three criteria are: the share of total IFRS revenue deemed eligible within the meaning of EU Taxonomy, the reduction in greenhouse gas emissions in line with the targets submitted to the Science-Based Targets initiative (three sub-criteria) and the diversity (three sub-criteria).

At grant date, the weighted average fair value of options granted in 2023 was €8.36. 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 around six years, expected volatility rate of 28.27%, expected dividend yield of 0.48% and average risk-free interest rate of 3.17%, adjusted to include the non-vesting condition (for tranches 2 and 3) using a Monte Carlo model, and using the Management estimates of future achievements for the environmental, social and governance criteria. The expected volatility was determined using a combination of the historical volatility of Dassault Systèmes SE's stock and the implied volatility of the Group's exchange-traded options.

## Employee shareholding

In the first semester 2023, the Group offered an employee shareholding plan "TOGETHER 2023".

This new plan allows employees in most countries, to subscribe to a leveraged shareholding plan (equity settled transactions) with a discounted preferential rate of 15% compared to the arithmetic average of the price of the Dassault Systèmes share weighted by the volumes traded on the Euronext market during the 20 sessions preceding the date on which the subscription price is set. The subscription price has thus been set to €31.16 on May 17, 2023.

In countries where a leveraged vehicle is not possible, a share appreciation right mechanism is proposed (cash-settled transactions), associated with a subscription of shares without leverage (equity-settled transactions).

Once subscriptions are made, no period of service is required. The shares must be kept for a period of five years (three years in the United States), except for cases of early release covered by plan rule.

3,051,547 equity-settled instruments have been granted. Their unitary weighted average fair value was estimated at €7.82.

272,828 cash-settled instruments have been granted. Their unitary weighted average fair value was estimated at €35.71. The Group has hedged against changes in the fair value of the share appreciation rights.

The plan was implemented on June 15, 2023, with the related capital increase of Dassault Systèmes SE (see Note 15 Shareholders' Equity). In order to neutralize the dilutive effect of this plan, the Group repurchased, in April and May 2023, some treasury shares, almost all of which will be cancelled (see Note 15 Shareholders' Equity).

## Note 8 Other Operating Income and Expense, Net

Other operating income and expense, net are comprised of the following:

<i>(in millions of euros)</i>	<b>Six months ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
Costs incurred in connection with relocation activities and reorganizations of the Group's premises*	€(4.7)	€(1.6)
Acquisition costs	(3.8)	2.4
Costs incurred in connection with voluntary early retirement and end of career multi-year plan	(0.9)	(1.6)
Restructuring costs and other	(0.2)	(1.9)
<b>OTHER OPERATING INCOME AND EXPENSE, NET</b>	<b>€(9.6)</b>	<b>€(2.7)</b>

\* In 2023, primarily composed of impairment losses of right-of-use assets related to vacant leasehold properties following the reorganization of Medidata Solutions, Inc.

## Note 9 Financial Income (Loss), Net

Financial income (loss), net for the six months ended June 30, 2023 and 2022 are as follows:

<i>(in millions of euros)</i>	<b>Six months ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
Interest income <sup>(1)</sup>	€60.9	€9.1
Interest expense <sup>(2)</sup>	(18.3)	(12.3)
<b>INTEREST INCOME AND EXPENSE, NET</b>	<b>€42.7</b>	<b>€(3.3)</b>
Foreign exchange (losses), net	(7.6)	(5.2)
Other, net	0.3	(1.3)
<b>OTHER FINANCIAL INCOME AND EXPENSE, NET</b>	<b>€(7.2)</b>	<b>€(6.5)</b>
<b>FINANCIAL INCOME (LOSS), NET</b>	<b>€35.4</b>	<b>€(9.7)</b>

(1) Interest income is primarily composed of interest on cash and cash equivalents.

(2) Mainly includes:

- (i) interest expense of €4.1 million in 2023 related to bonds (€4.1 million in 2022), €0.7 million in 2023 related to borrowings from banking institutions (€1.1 million in 2022) and €3.4 million in 2023 related to the commercial papers (non incurred in the first half of 2022) (refer to Note 13 Borrowings);
- (ii) interest expense related to lease liabilities for €10.0 million in 2023 and €6.9 million in 2022.

## Note 10 Income tax expense

The Group made payments to the French tax administration for a total amount of €144.9 million from 2014 to 2020, in relation to tax audits regarding financing of acquisitions, which the Group disputed with the relevant authorities.

On May 31, 2022, the French Supreme Court (Conseil d'Etat) rendered two unfavorable decisions concerning the appeal lodged by the Group for the years 2008 to 2013. Consequently, the Group recorded a tax expense representing the loss of the amounts paid to the French tax administration, for a total of €144.9 million over the first semester of 2022 (no impact over the first semester of 2023).

## Note 11 Trade Accounts Receivable, Net

Trade accounts receivable are measured at amortized cost.

<i>(in millions of euros)</i>	<b>June 30,</b>	<b>December 31,</b>
	<b>2023</b>	<b>2022</b>
Trade accounts receivable	€1,312.0	€1,713.2
Allowance for trade accounts receivable	(39.9)	(51.6)
<b>TOTAL TRADE ACCOUNTS RECEIVABLE, NET</b>	<b>€1,272.2</b>	<b>€1,661.6</b>

The maturities of trade accounts receivable, net, were as follows:

<i>(in millions of euros)</i>	<b>June 30, 2023</b>	December 31, 2022
Trade accounts receivable past due at closing date:		
Less than 3 months past due	€155.5	€150.6
3 to 6 months past due	47.1	39.4
More than 6 months past due	28.1	38.1
<b>TRADE ACCOUNTS RECEIVABLE PAST DUE</b>	<b>230.7</b>	<b>228.0</b>
Trade accounts receivable not yet due	1,041.4	1,433.6
<b>TOTAL TRADE ACCOUNTS RECEIVABLE, NET</b>	<b>€1,272.2</b>	<b>€1,661.6</b>

## Note 12 Intangible Assets, Net and Goodwill

Intangible assets consist of the following:

<i>(in millions of euros)</i>	Six months ended June 30, 2023			Year ended December 31, 2022		
	Gross	Accumulated amortization and Impairment	Net	Gross	Accumulated amortization and Impairment	Net
Software	€3,586.2	€(1,871.0)	€1,715.3	€3,642.8	€(1,767.2)	€1,875.6
Customer relationships	2,429.5	(1,220.2)	1,209.2	2,480.4	(1,188.4)	1,292.0
Other intangible assets	183.4	(56.1)	127.3	189.0	(54.2)	134.8
<b>TOTAL</b>	<b>€6,199.1</b>	<b>€(3,147.3)</b>	<b>€3,051.8</b>	<b>€6,312.2</b>	<b>€(3,009.8)</b>	<b>€3,302.4</b>

The change in the carrying amount of intangible assets as of June 30, 2023 is as follows:

<i>(in millions of euros)</i>	Software	Customer relationships	Other intangible assets	Total intangible assets
<b>NET INTANGIBLE ASSETS AS OF DECEMBER 31, 2022</b>	<b>€1,875.6</b>	<b>€1,292.0</b>	<b>€134.8</b>	<b>€3,302.4</b>
Business combinations	-	-	0.9	0.9
Other additions	4.4	-	-	4.4
Amortization for the period	(132.5)	(57.0)	(5.5)	(195.0)
Exchange differences and other changes	(32.2)	(25.8)	(2.9)	(60.9)
<b>NET INTANGIBLE ASSETS AS OF JUNE 30, 2023</b>	<b>€1,715.3</b>	<b>€1,209.2</b>	<b>€127.3</b>	<b>€3,051.8</b>

The change in the carrying amount of goodwill as of June 30, 2023 is as follows:

<i>(in millions of euros)</i>	
<b>GOODWILL AS OF DECEMBER 31, 2022</b>	<b>€4,971.1</b>
Exchange differences and other	(77.6)
<b>GOODWILL AS OF JUNE 30, 2023</b>	<b>€4,893.5</b>

## Note 13 Borrowings

The table below provides a breakdown of total borrowings by contractual maturity date as of June 30, 2023:

<i>(in millions of euros)</i>	Payments due by period			
	Total	Less than 1 year	1-5 years	5-10 years
Bonds	€2,738.7	€-	€1,595.8	€1,142.9
Term loans	1.7	1.6	0.1	-
Commercial papers	248.5	248.5	-	-
Accrued interest	4.3	4.3	-	-
<b>TOTAL</b>	<b>€2,993.2</b>	<b>€254.4</b>	<b>€1,595.9</b>	<b>€1,142.9</b>

### Bonds

On April 17, 2023, Standard & Poors Global Ratings reaffirmed their "A" rating with a stable outlook for Dassault Systèmes SE and its long term debt.

On September 16, 2019, the Group issued four tranches of fixed rate bonds for a total of €3,650 million. This issuance was part of the financing of the acquisition of Medidata Solutions, Inc. completed in October 2019. On September 16, 2022, the Group reimbursed the first tranche of bond for €900.0 million.

The terms and conditions of these bonds are detailed in the transaction note having obtained the AMF visa n° 19-434 dated September 12, 2019.

### Commercial papers

In July 2022, the Group launched a program of commercial papers (Negotiable European Commercial Paper – NEU CP) with a maximum outstanding amount, authorized by the Board, of €750.0 million. As of December 31, 2022, the commercial papers amounted to €249.5 million. During the first half of 2023, the Group issued €650.0 million with a maximum maturity of three months and reimbursed €650.0 million under this program. As of June 30, 2023, the commercial papers total €248.5 million.

### Line of credit

The Group received a financing commitment in the form of a revolving line of credit of €750 million for a period of 5 years from October 28, 2019. In May 2020 and May 2021, the Group exercised its option to extend its term for one year respectively, bringing the new termination date to October 2026. As of June 30, 2023, the line of credit was not drawn down.

The Group's financing contracts do not have commitments such as "covenant ratios" linked to the change in the Group's rating. A lower credit rating would result in an increase (capped) in the margins applicable to the line of credit; symmetrically, a higher rating would lead to a decrease in the applicable margins (with a floor).

## Note 14 Derivatives and Currency and Interest Rate Risk Management

The fair market values of derivative instruments are determined by financial institutions using option pricing models.

All financial instruments were subscribed as part of the Group's overall hedging strategy and most foreign currency hedging instruments have maturity dates of less than 2 years. Management believes that counter-party risk on financial instruments is minimal since the Group deals with major banks and financial institutions.

A description of the Group market risks exposure is provided in paragraph 1.9.2 "Financial and Market Risks" of the 2022 Universal registration document.

### Foreign currency risk

The Group operates internationally and transacts in various foreign currencies, primarily U.S. dollar and Japanese yen.

The Group usually hedges exchange rate risk related to its revenues and expenses coming from usual and predictable economic activity arising in the normal course of operations. The Group may also cover occasional exchange rate risks 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.

At June 30, 2023 and December 31, 2022, the fair value of instruments used to manage the currency exposure was as follows:

	Six months ended June 30, 2023		Year ended December 31, 2022	
	Nominal amount	Fair value	Nominal amount	Fair value
<i>(in millions of euros)</i>				
Forward exchange contract USD/JPY - sale <sup>(1)</sup>	€137.1	€10.0	€145.8	€(4.1)
Forward exchange contract JPY/EUR - sale <sup>(1)</sup>	74.8	11.3	120.6	3.6
Forward exchange contract EUR/INR - sale <sup>(1)</sup>	57.5	(1.4)	70.7	(2.1)
Forward exchange contract USD/INR - sale <sup>(1)</sup>	76.1	(0.1)	68.7	(2.0)
Forward exchange contract GBP/EUR - sale <sup>(1)</sup>	57.6	(0.6)	45.4	0.8
Forward exchange contract USD/EUR - sale <sup>(1)</sup>	-	-	41.2	-
Forward exchange contract CNH/EUR - sale <sup>(1)</sup>	15.7	0.9	31.6	(0.5)
Other instruments <sup>(2)</sup>	10.2	-	7.3	-

(1) Instruments entered into by the Group to hedge the foreign currency exchange risk of forecasted royalty flows.

(2) Mainly derivatives not designated as hedging instruments of which changes in the derivatives' fair value are recorded in other financial income and expense, net in the consolidated income statement.

## Interest rate risk

The Group believes that its business and operating income have not been significantly affected by changes in interest rates in the first half of 2023. Exposure to interest rate risk, in a context of rising rates, is mainly reflected in an improvement in interest income on cash, cash equivalents, short-term investments and consequently the financial income, given the Group's current financing structure relying mainly on fixed rates borrowings.

## Note 15 Shareholders' Equity

### Shareholders' equity activity

As of June 30, 2023, Dassault Systèmes SE had 1,340,956,012 common shares issued with a nominal value of €0.10 per share, fully paid up.

As part of the employee shareholding plan "TOGETHER 2023" launched in 2023, Dassault Systèmes SE carried out a capital increase of around 4.7 million shares on June 15, 2023, for a total of around 146.1 million euros, including share premium. In order to neutralize the dilutive effect for shareholders, a capital decrease by treasury shares cancellation is expected for the second half of 2023.

Changes in shares outstanding are as follows:

<i>(in number of shares)</i>	
<b>SHARES ISSUED AS OF DECEMBER 31, 2022</b>	<b>1,335,039,708</b>
Capital increase related to TOGETHER 2023	4,688,515
Exercise of stock options	1,227,789
<b>SHARES ISSUED AS OF JUNE 30, 2023</b>	<b>1,340,956,012</b>
Treasury stock as of June 30, 2023	(22,289,997)
<b>SHARES OUTSTANDING AS OF JUNE 30, 2023</b>	<b>1,318,666,015</b>

### Dividend rights

The total dividend distributed for the year ended December 31, 2022 amounts to €276.2 million, in accordance with the third resolution of the General Meeting of Shareholders held on May 24, 2023.

### Stock repurchase programs

The General Meeting of Shareholders of May 24, 2023 authorized the Board of Directors to implement a share repurchase program limited to 25,000,000 Dassault Systèmes SE shares. Under this authorization, the Company may not buy shares above a maximum annual aggregate amount of €1 billion.

The Group has been engaged in a liquidity agreement with broker Oddo BHF SCA since 2015. 1,016,742 shares were acquired during the half year, at an average price of €39.16 and 1,216,463 shares were sold, at an average price of €39.39, i.e a total net cash amount of €8.1m.

Furthermore, the Group also signed with Société Générale several share repurchase agreements, covering from January 2 to February 2, 2023, and from March 13 to April 17, 2023. No share has been repurchased under these agreements.

Finally, as part of the employee shareholding plan "TOGETHER 2023" (see Note 7 Share-based Compensation), the Group signed with Crédit Agricole Corporate and Investment Bank a share repurchase agreement covering a period from April 18, 2023 to May 16, 2023. 4,783,393 shares were acquired at an average price of €36.64 i.e. a total amount of €175.1 million. These shares were delivered and paid on June 15, 2023, the day of capital increase related to the TOGETHER 2023 plan (see paragraph Shareholders' equity activity above), and almost all of them are expected to be cancelled during the second half of 2023.

## Components of other comprehensive income

<i>(in millions of euros)</i>	Six months ended June 30,	
	2023	2022
<b>HEDGING RESERVES:</b>		
Gains arising during the year	€31.5	€19.3
Less: Gains reclassified to the income statement	7.0	3.4
	<b>€24.5</b>	<b>€16.0</b>

## Note 16 Consolidated Statements of Cash Flows

Adjustments for non-cash items consist of the following:

<i>(in millions of euros)</i>	Note	Six months ended June 30,	
		2023	2022
Depreciation and impairment of property and equipment		€93.3	€93.3
Amortization and impairment of intangible assets	12	195.0	201.6
Non-cash share-based compensation expense		101.5	76.7
Deferred taxes		(59.6)	(28.7)
Other		14.1	148.7
<b>ADJUSTMENTS FOR NON-CASH ITEMS</b>		<b>€344.3</b>	<b>€491.5</b>

Changes in operating assets and liabilities consist of the following:

<i>(in millions of euros)</i>	Six months ended June 30,	
	2023	2022
Decrease in trade accounts receivable and contract assets	€345.7	€195.1
(Decrease) in accounts payable	(36.4)	(17.2)
(Decrease) in accrued compensation	(66.3)	(109.9)
(Decrease) in income tax payable	(75.1)	(31.3)
Increase in contract liabilities	45.4	168.8
Changes in other assets and liabilities	(8.3)	(36.8)
<b>CHANGES IN OPERATING ASSETS AND LIABILITIES</b>	<b>€204.9</b>	<b>€168.7</b>

## Note 17 Commitments

### Future lease commitments

In December 2019, the Group signed a lease contract for an additional building for its Vélizy-Villacoublay campus of approximately 28,000 square meters of office space, for a fixed term of 10 years starting from its delivery. The premises were made available during

the second quarter of 2023 and a right-of-use asset was recognized in property and equipment, net for approximately €69.7 million as of June 30, 2023.

In November 2022, the Group signed a new lease contract for an office building in Paris, for a fixed term of 12 years, starting from its scheduled delivery in the fourth quarter of 2023. The minimum future lease payments over the lease term amount to approximately €42.4 million. In accordance with IFRS 16, the right-of-use asset and the lease liability will be recognized upon the delivery of the new building.

### **Bank guarantees**

The Group has a central cash management operated through a banking institution. In this context, the Group offered a guarantee to the bank in an amount of \$500 million. All commitments of the bank are guaranteed by its parent company.

# 4 STATUTORY AUDITORS' REVIEW REPORT ON THE 2023 HALF-YEARLY FINANCIAL INFORMATION

*This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. 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 compliance with the assignment entrusted to us by your Shareholders meetings and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code ("Code monétaire et financier"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Dassault Systèmes Group, for the period from January 1, 2023 to June 30, 2023,
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

## I. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

## II. Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

The Statutory Auditors

Paris La Défense, on July 25, 2023

Neuilly-sur-Seine, on July 25, 2023

French original signed by

KPMG SA

PricewaterhouseCoopers Audit

Jacques PIERRE

Xavier NIFFLE

Richard BEJOT

*Partner*

*Partner*

*Partner*