Interim financial report

September 30, 2018

Contents

In case of discrepancy between the French and English versions of this interim financial report, only the French version should be deemed valid.

Statement from management responsible for preparing the financial statements

I certify that, to the best of my knowledge,

the half-year financial statements have been prepared in accordance with generally accepted accounting principles and with IAS 34 and give a true and fair view of the assets, liabilities, financial position and results of the Company and of all the companies included in the scope of consolidation, and

that the accompanying interim report gives a true and fair view of the significant events that have taken place over the first half of the year, their impact on the financial statements, the main related-party transactions, as well as a description of the main risks and uncertainties for the second half of the financial year.

Paris-La Défense, December 3, 2018

Pascal Imbert, CEO

Interim report

1. Analysis of Wavestone's results

Analysis of the consolidated financial statements

The Group's consolidated half-yearly financial statements at September 30, 2018 comprise the financial statements of Wavestone SA, Wavestone Advisors UK Limited, Wavestone Advisors Switzerland, Wavestone Advisors and its subsidiaries: Wavestone US Inc., Wavestone Luxembourg, Wavestone Belgium, Wavestone Consulting Switzerland, Wavestone Advisors Morocco and Wavestone HK, Xceed Holding (Group) and its subsidiaries: Xceed Group, Xceed Consultancy Services and Xceed 2007.

At September 30, 2017, the Group's consolidated half-yearly financial statements comprised the financial statements of Wavestone SA, Wavestone Advisors UK Limited, Wavestone Advisors Switzerland, Wavestone Advisors Morocco, Wavestone Advisors and its subsidiaries: Wavestone US Inc., Wavestone Luxembourg, Wavestone Belgium, Wavestone Consulting Switzerland and Wavestone HK.

The Group's consolidated annual financial statements at March 31, 2018, comprised the financial statements of Wavestone SA, Wavestone Advisors UK, Wavestone Advisors Switzerland, Wavestone Advisors Morocco, Wavestone Advisors and its subsidiaries: Wavestone US, Wavestone Luxembourg, Wavestone Belgium, Wavestone Consulting Switzerland, and Wavestone HK.

The financial statements at September 30, 2018, September 30, 2017 and March 31, 2018 were prepared based on International Financial Reporting Standards (IFRS). The financial statements follow Recommendation 2009-R.03 of July 2, 2009, issued by the French accounting standards board (CNC, now ANC). The interim management balances (under French GAAP) given in these financial statements and commented on in this report are the ratios defined by the CNC.

Revenue and profitability

In thousands of euros	H1 2018/19	H1 2017/18	Change
Revenue	182,564	166,524	10%
EBIT	19,886	16,426	21%
EBIT margin	*10.9%*	*9.9%*	
Operating income	18,475	15,196	22%
Group share of net income	10,649	8,012	33%
Net margin	*5.8%*	*4.8%*	

Our first-half consolidated revenue rose a solid 10% to €182,564k from €166,524k in the same period last year.

At €19,886k (after employee profit-sharing and the competitiveness and employment tax credit (CICE)), operating income on ordinary activities was up 21% year-on-year (from €16,426k). Our EBIT margin (calculated as operating income on ordinary activities divided by revenue) is 10.9%, compared with 9.9% in H1 2017 (restated).

EBIT was also up in the first half, from €15,196k for H1 2017 (restated) to €18,475k. It includes amortization of customer relations for the acquisition of the European business of Kurt Salmon in January 2016 for €1,252k, acquisition costs totaling €207k, and €32k for the cost of vacating offices in

Belgium. Other operating income and expenses at September 30, 2017 amounted to €(21)k, essentially comprised of vacating costs.

The net cost of debt was €812k in the period, compared with €951k for H1 2017. The net cost of debt for the period is primarily made up of interest on borrowings, capital gains on disposal of short-term investments and foreign exchange gains and losses.

Earnings before tax rose 32% to €18,027k from €13,614k in H1 2017.

Net income for the period came out at €10,649k, giving a net margin of 5.8% and including a tax expense of €7,378k. This represents an increase of 33% on the same period last year (€8,012k, net margin of 4.8% after a tax expense of €5,602k).

There are no minority shareholders. Therefore, Group share of net income equates to net income: up 33% to €10,649k, from €8,012k in H1 2017.

Financial structure and cash

In thousands of euros	30/09/2018	31/03/2018	Change
Non-current assets	**167,735**	**157,077**	7%
Incl. goodwill	*130,948*	*118,909*	*10%*
Current assets (excl. cash and cash equivalents)	**152,479**	**152,179**	0%
Cash and cash equivalents	**31,046**	**52,056**	-40%
Equity	**129,545**	**130,249**	-1%
Non-current liabilities	**87,226**	**83,913**	4%
incl. financial liabilities	*72,187*	*69,994*	*3%*
Current liabilities	**134,488**	**147,15**	-9%
incl. financial liabilities	*20,578*	*16,708*	*23%*
Balance sheet total	**351,26**	**361,312**	-3%

Consolidated equity amounted to €129,545k at September 30, 2018 (vs. €130,249k at March 31, 2018).

Wavestone's net debt[1] was €61,719k at September 30, 2018, from €34,646k at March 31, 2018 and €76,442k at September 30, 2017.

Financial liabilities accounted for €92,765k at September 30, 2018, versus €86,702k at March 31, 2018. Financial liabilities at September 30, 2018 comprised a bank loan of €87,688k, a €3,000k Micado bond, €1,698k in financial debt linked to restated lease contracts, and €379k in other financial liabilities (accrued interest not yet due, bank overdrafts and bond issue costs).

[1] *Gross cash minus financial liabilities.*

Analysis of Wavestone's individual financial statements

Since 2017, Wavestone has operated on a fully consolidated business model, generating a sharp increase in inter-company synergy (from cross-group or cross-practice projects) and a steady increase in inter-company flows. Drilling down into the income statement of Wavestone SA (the group's parent) income statement does not give a true picture of that company's own business. Wavestone has therefore decided that it is no longer relevant to publish Wavestone SA's individual financial statements on a half-yearly basis.

2. Wavestone’s interim performance

Half-yearly growth in line with the firm's roadmap despite a mixed second quarter

In H1 2018/19, Wavestone generated a consolidated revenue of €182.6m, an increase of +10%, +7% on a constant forex basis. To note: H1 benefited from a positive day impact of +0.6%.

The firm's growth over the six-month period is in line with its roadmap, despite a contrast between the two quarters resulting from a decline in consultant utilization rate in Q2. This decline was due to a slowdown in some projects during the summer and insufficient levels of new projects in September. At the end of September, the utilization rate stood at 76%, compared with 77% over the whole of the previous fiscal year.

The average daily rate reached €868 over the period, an increase of +2.4% at the mid-year point compared with 2017/18, and higher than the firm's forecast of +1% to +2% for the whole of the 2018/19 fiscal year.

At September 30, 2018, the firm's order book stood at 3.3 months of work, compared with 3.7 months at the end of the 2017/18 fiscal year.

Staff turnover remains a major concern, but recruitment is being accelerated

H1 was marked by significant concern about staff turnover. At the end of September, the turnover rate stood at 21%, on a full year basis, compared with 16% for the whole of the 2017/18 fiscal year. Wavestone is continuing to intensify the human-resource-related actions it is taking to address this issue.

The outworking of these has seen the firm continue to hire new employees at a steady rate. Despite a highly competitive labor market, Wavestone will be stepping up recruitment activity in H2 and is confident of exceeding its target of 600 gross hires throughout the year.

At September 30, 2018, Wavestone had 2,851 employees, compared with 2,793 at March 31, 2018 (including additional employees from the integration of Xceed).

Half-yearly EBIT margin up, at 10.9%

Driven by an increase in sales prices and a positive working day impact, the EBIT margin increased to 10.9%, compared with 9.9% a year earlier. As a result, H1 EBIT increased by +21% compared with last year—to €19.9 million.

After accounting for €1.3m in amortization of customer relationships, and with other operating income and expenses very limited (-€0.2m over the half-year), operating income stood at €18.5m, an increase of +22% year-on-year.

The cost of financial debt fell slightly to €0.8m. Other financial income and expenses benefited from foreign exchange gains and stood at €0.4 million.

At the end of H1 2018/19, group share of net income rose by 33% to €10.6m, compared with €8.0m in the previous year. Net margin for H1 stands at 5.8%, compared with 4.8% a year earlier.

Well-controlled levels of financial debt

During H1 2018/19, Wavestone generated a gross cash flow margin of €15.9m, up +41%, year-on-year.

Investment operations amounted to €20.8m and included the acquisition of the UK consulting firm Xceed for €12.5m and share buybacks totaling €4.8m.

At September 30, 2018, net financial debt stood at €61.7m, compared with €76.4m a year earlier, and €34.6m at the end of March 2018. Removing the effects of the Xceed acquisition, the change in H1 net financial debt is in line with the typical seasonal pattern experienced by the firm.

A focus on execution in H2

Although order taking in October and November was in line with Wavestone's roadmap, disappointing levels of activity in the previous months, and greater economic uncertainty, mean the firm is monitoring this area even more closely.

Against such a backdrop, Wavestone is placing particular emphasis on the quality of execution of its activities—both in terms of human resources and raising the consultant utilization rate.

Acquisition of Metis Consulting, consolidated as of November 1, 2018

In mid-November, Wavestone announced the acquisition of the French consulting firm Metis Consulting, a supply chain specialist, with the ambition of positioning itself as a leader in this field.

More broadly, the firm will continue to develop in line with the ambitions set out in its roadmap, in particular key market transformations: the bank of the future, energy transition, autonomous vehicles and new forms of mobility, and public-sector modernization.

Confirmation of the 2018/19 objectives

At the end of H1, Wavestone is in a position to confirm its 2018/19 annual objectives: revenue growth of over 8%, with an EBIT margin above 13%, including the figures for Xceed's acquisition and excluding those for Metis Consulting. These objectives are calculated on a constant forex basis and exclude new acquisitions.

3. Post-cloture events

Funding transaction

On 10/30/18, Wavestone agreed an additional clause to the loan agreement dated 01/07/16 to draw down a new acquisitions credit line for €50,000k, under the same commercial conditions as the original agreement. The new line of funding will be drawn in two tranches: a first redeemable €15,000k tranche maturing in January 2022 and a second for €35,000k repayable in full at the end of the term in January 2022.

Acquisition of Metis Consulting

Wavestone acquired all of the capital of Metis Consulting on 11/13/2018.

Established in 2007 and based in Paris, Metis Consulting advises clients on supply chain transformation management. The firm is active across the value spectrum, from defining strategy to steering realization in terms of organization, process, equipment and underlying technologies.

For the fiscal year ended March 31, 2018, Metis Consulting reported €8,700k in revenue. Its EBITDA margin topped 15% for the past three fiscal years. It employs 40 people.

This acquisition was an all-cash deal, financed through Wavestone's credit lines.

The company will be consolidated in Wavestone's financial statements as from 11/1/2018.

4. Information on risks and uncertainties during the second half

Other than the risks and uncertainties below, there has been no marked change in the risk factors described in our registration document filed with the French financial markets authority, AMF, on July 13, 2018, number D.18-0681.

5. Main related-party transactions

Nature of the transaction	Amount of the transaction	Designation of the related party	Nature of the relationship
Expertise in financial policy, development and external growth	0	Michel Dancoisne	President of the Supervisory Board
Fees paid to Frenger for international development	225	Jean-Noël Mermet	Member of the Supervisory Board (1)

(1) Resignation in June 2018

Please see note 17 to the consolidated interim financial statements.

The Management Board

December 3, 2018

Consolidated financial statements at 9/30/2018

Consolidated income statement

In thousands of euros	Note	09/30/2018	30/09/17	31/03/18
Revenue	1	**182,564**	**166,524**	**359,919**
Purchases		6,212	7,735	13,078
Payroll expenses	2	125,838	117,449	247,553
External expenses		25,913	20,651	40,914
Taxes and duties		2,674	2,808	5,784
Net amortization expense and provisions		2,114	1,159	369
Other operating income and expenses		(73)	297	2
EBIT		**19,886**	**16,426**	**50,584**
Amortization of customer relations	3	1,252	1,252	2,503
Other operating income (expense)	3	(159)	21	(1,325)
Operating income		**18,475**	**15,196**	**46,756**
Investment income	4	7	0	4
Cost of gross debt	4	819	951	1,868
Cost of net debt		**812**	**951**	**1,864**
Other financial income and expenses	4	363	(630)	(978)
Pre-tax earnings		**18,027**	**13,614**	**43,914**
Tax charge	5	7,378	5,602	17,286
Net income		**10,649**	**8,012**	**26,628**
Non-controlling interests		0	0	0
Group share of net income		**10,649**	**8,012**	**26,628**
Group share of net earnings per share (euros) (1) (2)	6	0.53	0.40	1.33
Group share of net diluted earnings per share (euros)	6	0.53	0.40	1.33

(1) Weighted number of shares in the period

(2) Following the increase in the number of shares outstanding (issue of bonus shares and share splits) and in accordance with IAS 33, we have retrospectively restated the calculation of net earnings per share at 09/30/17 and at 03/31/18, based on the number of shares at 09/30/18.

Consolidated balance sheet

In thousands of euros	Note	09/30/2018	31/03/18
Goodwill	7	130,948	118,909
Intangible assets	8	11,419	12,881
Tangible assets	8	15,936	17,083
Financial assets - share > 1 year	9	2,005	1,566
Other non-current assets	9	7,427	6,638
Non-current assets		**167,735**	**157,077**
Trade and accounts receivable	10	126,188	123,920
Other receivables	10	26,290	28,258
Cash and cash equivalents	10	31,046	52,056
Current assets		**183,525**	**204,235**
Total assets		**351,260**	**361,312**
Capital	11	505	497
Discounts, merger and share premiums		11,218	11,218
Reserves and consolidated income		119,038	119,386
Group translation reserves		(1,216)	(852)
Equity - Group share		**129,545**	**130,249**
Non-controlling interests		0	0
Total equity		**129,545**	**130,249**
Long-term provisions	12	14,569	13,758
Financial liabilities - share > 1 year	13	72,187	69,994
Other non-current liabilities	14	470	162
Non-current liabilities		**87,226**	**83,913**
Short-term provisions	12	4,710	4,521
Financial liabilities - share < 1 year	13	20,578	16,708
Trade and other payables	14	19,392	18,380
Tax and social security liabilities	14	68,771	89,664
Other current liabilities	14	21,038	17,876
Current liabilities		**134,488**	**147,150**
Total liabilities		**351,260**	**361,312**

Change in consolidated cash and cash equivalents

In thousands of euros	Note	30/09/18	30/09/17	31/03/18
Consolidated net income		**10,649**	**8,012**	**26,628**
Elimination of non-monetary items				
Net amortization expense and provisions		4,878	4,008	7,544
Gain (loss) on disposals, net of tax		(15)	19	33
Other calculated income and expenses		(196)	(1,449)	(2,787)
Cost of net debt		634	756	1,481
Gross cash flow (1)		**15,949**	**11,346**	**32,899**
Change in working capital requirement		(17,611)	(25,717)	(2,762)
Net cash flow from operating activities		**(1,662)**	**(14,372)**	**30,137**
Acquisitions of tangible and intangible assets	8	(766)	(1,161)	(2,705)
Asset disposals		21	22	49
Change in financial assets		(4,938)	1,111	1,059
Impact of changes in consolidation scope (2)		(15,155)	(1,436)	(1,436)
Net cash flow from investment activities		**(20,838)**	**(1,464)**	**(3,033)**
Dividends paid to shareholders of parent company		(4,054)	(3,007)	(3,007)
Dividends paid to consolidated non-controlling interests		0	0	0
Borrowings	13	12,000	276	690
Repayment of borrowings	13	(6,130)	(4,728)	(9,477)
Net interest paid		(565)	(677)	(1,501)
Other cash flow from financing activities		0	0	0
Net cash flow from financing activities		**1,251**	**(8,136)**	**(13,295)**
Change in net cash		**(21,248)**	**(23,971)**	**13,809**
Impact of changes in exchange rates	13	204	(313)	(470)
Cash and cash equivalent at start of period	13	51,996	38,657	38,657
Cash and cash equivalent at end of period	13	30,951	14,373	51,996

(1) Gross cash flow is calculated after tax.

Tax paid totaled €14,699 K in H1 2018 and €13,136 K in H1 2017.

(2) The impact of changes in the scope of consolidation line shows outflows related to the acquisition of the scopes of Xceed and Kurt Salmon.

Change in consolidated shareholders' equity

In thousands of euros	Equity	Primes	Reserves Consolidated	Profit/(loss) for the period	Translation gain/(loss)	Shareholders' equity
Consolidated shareholders' equity at 03/31/17	**497**	**11,218**	**72,978**	**20,055**	**(639)**	**104,110**
Consolidated profit/(loss) for the period	0	0	0	26,628	0	26,628
Fair value adjustment of hedging instruments	0	0	19	0	0	19
IAS 19 actuarial gain/(losses)	0	0	(84)	0	0	(84)
Net comprehensive income	**0**	**0**	**(64)**	**26,628**	**0**	**26,564**
Impact of non-controlling interests	0	0	0	0	0	0
Appropriation of profit	0	0	20,055	(20,055)	0	0
Change in capital of the consolidating company	0	0	0	0	0	0
Dividends paid out by the consolidating company	0	0	(3,007)	0	0	(3,007)
Treasury shares	0	0	324	0	0	324
Restatement of provision for bonus shares	0	0	2,472	0	0	2,472
Translation gain/(loss)	0	0	0	0	(214)	(214)
Consolidated shareholders' equity at 3/31/2018	**497**	**11,218**	**92,758**	**26,628**	**(852)**	**130,249**
Consolidated profit/(loss) for the period	0	0	0	10,649	0	10,649
Fair value adjustment of hedging instruments	0	0	(27)	0	0	(27)
IAS 19 actuarial gain/(losses)	0	0	(101)	0	0	(101)
Net comprehensive income	**0**	**0**	**(128)**	**10,649**	**0**	**10,521**
Impact of non-controlling interests	0	0	0	0	0	0
Allocation of profit or loss	0	0	26,628	(26,628)	0	0
Change in capital of the consolidating company	8	0	(8)	0	0	0
Dividends paid out by the consolidating company	0	0	(4,054)	0	0	(4,054)
Treasury shares	0	0	(5,877)	0	0	(5,877)
Restatement of provision for bonus shares	0	0	(930)	0	0	(930)
Translation gain/(loss)	0	0	0	0	(364)	(364)
Consolidated shareholders' equity at 09/30/2018	**505**	**11,218**	**108,389**	**10,649**	**(1,216)**	**129,545**

Wavestone paid a dividend of €0.20 per new share (see Key events of the first half) during the period, for a total payout of €4,054k.

Shareholders' equity contains no taxable items. Cumulative deferred tax assets amounting to €587k relate to items booked under shareholders' equity since the Company was founded. They are generated by actuarial gains and losses arising from the application of IAS 19 and by the fair value remeasurement of hedging instruments.

Statement of net comprehensive income

In thousands of euros	Note	09/30/2018	30/09/17	31/03/18
Net income		**10,649**	**8,012**	**26,628**
Fair value adjustment of hedging instruments	15	(27)	21	19
IAS 19 actuarial gain/(losses)	12	(101)	661	(84)
Total recognized in equity		**(128)**	**682**	**(64)**
Group share of net comprehensive income		**10,521**	**8,694**	**26,564**

Notes to the consolidated financial statements

Contents

1 Overview

Wavestone is a public limited company (*société anonyme*) incorporated in France and subject to all laws and regulations governing commercial companies in France and notably the provisions of the French Commercial Code. Its headquarters are located at Tour Franklin, 100-101 Terrasse Boieldieu, 92042 Paris-La Défense cedex. The Company is listed in compartment B of Euronext Paris.

The consolidated interim financial statements of Wavestone (comprising the Wavestone parent company and its subsidiaries) were approved by the Management Board on 12/3/2018.

All amounts presented in the notes are expressed in thousands of euros (k€).

2 Key events of the first half

Acquisition of Xceed Group excluding the FIMS (Flexible Infrastructure Managed Services) activity

On April 6, 2018, Wavestone acquired all of the capital of Xceed Group Holdings Limited, a holding company with no operational activities, which itself wholly owns Xceed Consultancy Services Limited and Xceed (2007) Inc.

Established in London in 2003, Xceed Group is a consultancy that specializes in implementing IT transformation programs for major financial services players. Its primary activities include the planning and delivery of complex IT change programs.

In the fiscal year ended November 30, 2017, Xceed Group recorded consolidated revenues of €15,285k (£13,346k) and an adjusted EBITDA margin of more than 20%. These figures do not include Xceed Group's FIMS activity. The firm has 60 employees in London and New York, with the vast majority located in London.

This acquisition was financed entirely in cash, through the use of credit lines already available to Wavestone.

The company will be consolidated in Wavestone's financial statements as from April 1, 2018, i.e., for its entire fiscal year.

Goodwill is recognized in the consolidated financial statements, including a potential 8% additional premium on the booked acquisition price.

Wavestone share split

In accordance with the 17th resolution put to the combined general meeting on 7/26/18, the shareholders voted to approve a 4-for-1 stock split, effective as of the trading session on September 4, 2018.

The previous 5,049,123 shares with a €0.10 par value are replaced by 20,196,492 new shares, with a par value of €0.025.

Capital increases

Wavestone's capital increased by €7k through the creation of 284,832 new shares, charged to the reserves and effective as of June 29, 2018.

A second €1k capital increase was also completed with the creation of 44,132 new shares, charged to the reserves and effective as of July 20, 2018.

The capital increases were for the purpose of bonus share grants to the beneficiaries of the two share plans that matured during the period.

Impact of business combinations

On a like-for-like and constant exchange rate basis, Wavestone generated revenues of €177,918k, operating income on ordinary activities of €20,216k, and €11,049k for the Group share of net income in the first six months of the year. This compares with revenues totaling €166,791k, operating income on ordinary activities amounting to €16,425k and €8,008k for the Group share of net income in the first half of 2017.

On a like-for-like and current exchange rate basis, Wavestone generated revenues of €177,721k, operating income on ordinary activities of €20,269k, and €11,091k for the Group share of net income in the first six months of the year. The figures for comparison with the same period in the prior year were €166,524k in revenues, operating income on ordinary activities of €16,426k and Group share of net income of €8,012k.

Based on the total scope of consolidation, revenue came out at €182,564k, operating income on ordinary activities at €19,886k and Group share of net income was €10,649k.

3 Accounting principles and methods

1. Consolidation principles

3.1.1 Reporting framework

Since April 1, 2005, Wavestone's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, and EU regulation no. 1606/02 dated July 19, 2002. These standards are IFRS, IAS, and their interpretations, adopted by the European Union at September 30, 2018.

The accounting principles used to prepare these consolidated financial statements are the same as those used to prepare its consolidated financial statements at 3/31/2018.

3.1.2 Interim financial statements

Wavestone Group's condensed interim financial statements covering the six-month period ended on 9/30/18 have been prepared in accordance with IAS 34 - Interim Financial Reporting.

These are condensed financial statements and accordingly do not include all the information required by IFRS for the preparation of the annual financial statements. They should therefore be read in conjunction with the Group's consolidated financial statements prepared in accordance with IFRS as adopted in the European Union for the year ended March 31, 2018.

3.1.3 Changes in accounting standards

The Group has notably applied the IASB's IFRS and the IFRIC interpretations, as adopted by the European Union, for annual reporting periods beginning on or after 4/1/2018 (available on the European Commission website: http://ec.europa.eu/internal_market/accounting/ias_fr.htm#adopted-commission). Application of these standards and interpretations had no material impact on the measurement methods or on the presentation of the financial statements.

IFRS standards, IFRIC interpretations and amendments applied by the Company as of 4/1/2018

Standards, amendments and interpretations	Date of adoption by the EU	Date of application (1): fiscal years beginning on or after:
IFRS 15 "Revenue from Contracts with Customers"	10/29/2016	1/1/2018
IFRS 9 "Financial Instruments – Phase 1: Classification and Measurement"	11/29/2016	1/1/2018
Amendments: "Clarifications to IFRS 15" (2)	11/9/2017	1/1/2018
IFRS annual improvements (2014-2016) – IFRS 1 and IAS 28	2/8/2018	1/1/2018
Narrow-scope amendments to IFRS 2 "Classification and Measurement of Share-based Payments"	2/27/2018	1/1/2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	4/3/2018	1/1/2018

(1) Date of EU application

Application of IFRS 15

IFRS 15 "Revenue from Contracts with Customers" is mandatory as of the fiscal year commencing on April 1, 2018. This standard provides for revenue recognition that reflects the consideration expected in return for the service rendered.

The firm has analyzed the various types of contracts involved. It seems that application of the new standard will have no impact on the consolidated financial statements.

Application of IFRS 9

IFRS 9 "Financial instruments" is also mandatory as of the fiscal year commencing April 1, 2018.

IFRS 9 has no impact on the recognition methods for hedging instruments.

Application of the new standard has led to a change in how note 15 on financial instruments is presented to include the three instrument categories defined by the standard. The new asset categories replace those defined by IAS 39.

The history of the depreciations recognized by the Group had been analyzed.

Since the impact is not material, no restatements amounting to calculating an additional provision were made, based on this history.

Accounting standards and interpretations that the Company will apply in the future

The Company has chosen not to apply the following standards and interpretations published by the IASB but not yet adopted by the European Union at 9/30/2018.

Standards, amendments and interpretations	Date published by the IASB	Date of application: fiscal years beginning on or after:
Amendments to IAS 28 and IFRS 10	9/11/2014	Undetermined
Amendments to IAS 28 "Investments in Associates and Joint Ventures"	10/12/2017	1/1/2019
IFRS annual improvements (2015-2017)	12/12/2017	1/1/2019
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	2/7/2018	1/1/2019

The IASB has published standards and interpretations, adopted by the European Union at 9/30/2018, that are applicable to reporting periods beginning on or after 1/1/2019. The Group has chosen not to early adopt these texts.

Standards, amendments and interpretations

Standards, amendments and interpretations	Date of adoption by the EU	Date of application (1): fiscal years beginning on or after:
IFRS 16 "Leases"	11/9/2017	1/1/2019
Amendments to IFRS 9 "Prepayment Features with Negative Compensation"	3/26/2018	1/1/2019
IFRIC 23 "Uncertainty over Income Tax Treatments" (1)	10/23/2018	1/1/2019

(1) Published by the IFRS Foundation

Application of IFRS 16

IFRS 16 "Leases" is mandatory for reporting periods beginning on or after 4/1/2019. The standard provides a single accounting model for all leases on the lessee's balance sheet.

The analysis of lease contracts and the assessment of the impacts of application of this standard are currently ongoing.

The impact of draft standards and interpretations currently being reviewed by the IASB has not been taken into account in these consolidated financial statements and cannot reasonably be estimated at this time.

3.1.4 Comparability of financial statements

The financial statements for the fiscal years ended 9/30/2018 and 3/31/2018 are comparable, except for changes in the scope of consolidation.

3.1 Consolidation methods

Wavestone is the consolidating company.

The financial statements of the companies placed under its exclusive control are fully consolidated.

Wavestone does not exert significant influence or joint control over any company. It does not directly or indirectly control any special purpose vehicle.

The financial statements of the consolidated companies are, if necessary, restated to ensure the uniform application of accounting and measurement rules.

The financial statements of the consolidated companies were all prepared as at 9/30/2018.

On 9/30/2018, the consolidated financial statements included all of Wavestone's companies for six months.

3.2 Currency translation methods

Translation of financial statements denominated in foreign currencies

The balance sheets of foreign companies are translated into euros at the prevailing exchange rate at the end of the period. The income and cash flow statements are translated at the average exchange rate for the period and the Group's share of the resulting translation differences is recognized in shareholders' equity under "Translation adjustments."

The closing and average exchange rates are listed in the table below (Currency/Euro):

		Closing rate		Average rate	
Currency		**9/30/2018**	**3/31/2018**	**9/30/2018**	**3/31/2018**
Swiss Franc	CHF	0.883704	0.848969	0.866401	0.876732
Pound Sterling	GBP	1.127015	1.142988	1.127957	1.134518
Hong Kong Dollar	HKD	0.110401	0.103417	0.108650	0.108642
Moroccan Dirham	MAD	0.091428	0.088320	0.090446	0.089727
US Dollar	USD	0.863856	0.811622	0.852285	0.848698

Source: Banque de France

The average exchange rate is determined by calculating the average monthly closing rate over the period.

Recognition of foreign currency transactions

Transactions denominated in foreign currencies are translated into euros at the exchange rate on the transaction date.

3.3 Use of estimates

The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions concerning the measurement of certain amounts in the financial statements, notably with regard to:

- Duration of asset depreciation,
- Measurement of provisions and pension obligations,
- Measurements used for impairment testing,
- Fair value measurement of financial instruments,

- Estimates of accrued income and expenses,
- Measurement of share-based payments,
- Performance estimates for additional premiums on the acquisition price of subsidiaries,
- Recognition of deferred tax assets,
- Recognition of revenue from fixed-price contracts.

Management reviews these estimates and assessments on a regular basis to take into account past experience and other factors deemed reasonable which serve as the basis for these assessments. Future results may differ significantly under different assumptions or conditions.

3.4 Business combinations and goodwill

The integrated operating model rolled out in July 2016 across the Group has enabled Wavestone to develop synergies between all of its units, regardless of the legal form of their affiliation with the Group, to establish individual commercial interfaces with all of its clients, and to efficiently form project teams on a daily basis comprising consultants from its different units. These units are not identified by business sector, region or legal structure. This operating model will be regularly updated to better meet market needs.

Implementation of this operating model, the organization of which transcends the scopes of the companies and activities that Wavestone SA has acquired as it has grown, makes it impossible to track the individual goodwill initially associated with the different companies or activities concerned. For this reason, the Wavestone firm constitutes a single Cash Generating Unit (CGU).

Impairment tests are conducted using, first, the discounted future cash flow method and, second, the market value derived from Wavestone’s market capitalization.

Cash flows are determined on the basis of projections for a five-year period and a perpetual growth rate assumption thereafter. The cash flows derived from these estimates are then discounted.

To establish market value, the Group’s market capitalization is measured at the end of the fiscal year, less 2% for disposal costs.

3.5 Segment reporting

Wavestone specializes in the specific market segment of management and information systems consulting. Since all of these services are subject to the same risks and generate similar levels of profitability, Company revenues are not broken down by business line. The breakdown between France and international is provided in note 1 to the consolidated financial statements.

3.6 Seasonality of the interim financial statements

Seasonal impacts are limited to the concentration of vacation time during certain months of the year, in May, July and August. The impact is primarily in the first half of our fiscal year (from April to September). However, the impact on Wavestone’s business is insignificant, all the more so as these holiday periods are predictable and the impact is comparable from year to year.

3.7 Other provisions

- Wavestone owns treasury shares under the share buyback program authorized by the General Shareholders' Meeting.
- In accordance with IAS 19 "Employee benefits," obligations resulting from and costs related to defined-benefit plans are measured on the basis of the projected unit-credit method by independent actuaries. Wavestone's obligations are limited to the payment of termination benefits to its employees in France and to employer contributions under the "second pillar" of the Swiss social protection system. The Company also has a retirement and benefits commitment in Belgium, which was calculated as not material at 3/31/16 and not remeasured at 9/30/18. Wavestone has no other long-term or termination benefit obligations. The discount rate for the measurement of entitlements is 1.55% in France, 0.85% in Switzerland for Wavestone Adivsors Switzerland, and 0.75% for Wavestone Consulting Switzerland.
- Wavestone has currency hedges (cash flow hedges) to cover the risk to which export sales may be exposed. The gain or loss resulting from the fair value measurement of hedging instruments is booked under "Other comprehensive income" (OCI). Unrealized gains and losses are written to the income statement when the hedged item is realized.
- The Group has also taken out currency futures contracts and a cross-currency swap to hedge its loans and current accounts denominated in foreign currencies, as well as a portion of Xceed's securities.
- Lastly, the Company contracted an interest rate hedge (cap) to cover the risk of an increase in the interest rate on the loan contracted to finance the Kurt Salmon acquisition.
- The Company carries out R&D activities on a regular basis. Some of these are eligible for the French research tax credit. These R&D activities are capitalized only on an exceptional basis (see note 7).

4 Scope of consolidation

Wavestone's consolidated financial statements include the accounts of the following companies:

Companies	Head Office	SIRET	Legal form	Holding (%)	Nationality	Number of months consolidated
Wavestone	Tour Franklin 100-101 Terrasse Boieldieu 92042 La Défense Cedex	37755024900041	SA	Parent	France	6
Wavestone Advisors UK	Warnford Court 29-30 (4th Floor) Cornhill London, EC3V 3NF	5896422	Limited company	100%	United Kingdom	6
Wavestone Advisors Switzerland	105 rue de Lyon 1203 Geneva	CHE-109 '688.302	SARL	100%	Switzerland	6
Wavestone Advisors	Tour Franklin 100-101 Terrasse Boieldieu 92042 La Défense Cedex	43322484700114	SAS	100%	France	6
Wavestone US	1330 Avenue of the Americas New York, NY10019	5905389	Incorpo-rated company	100%	United States	6
Wavestone Luxembourg	10 rue du Château d'Eau 3364 Leudelange	B114630	SA	100%	Luxembourg	6
Wavestone Belgium	Square Stéphanie Avenue Louise 65 1050 Brussels	0879.426.546	SA/NV	100%	Belgium	6
Wavestone Advisors Morocco	Immeuble Racine d'Anfa 157 boulevard d'Anfa 20100 Casablanca	219375	SARL	100%	Morocco	6
Wavestone Consulting Switzerland	105 rue de Lyon 1203 Geneva	CH-170.4.000.727-1	SARL	100%	Switzerland	6
Wavestone HK	21/F, On Hing Building, 1 On Hing Terrace Central, Hong Kong	66431968-000-07-16-9	Limited company	100%	Hong Kong	6
Xceed Group (Holdings) Limited	1 Alie Street London, E1 8DE	10468064	Limited company	100%	United Kingdom	6
Xceed Group Limited	1 Alie Street London, E1 8DE	6526750	Limited company	100%	United Kingdom	6
Xceed Consultancy Services Limited	1 Alie Street London, E1 8DE	4965100	Limited company	100%	United Kingdom	6
Xceed (2007) Inc.	1013 Centre Road, Suite 403-B Wilmington, Delaware 19805	6173240	Incorpo-rated company	100%	United States	6

All of these companies have been fully consolidated.

5 Notes relative to certain income statement and balance sheet items

Note 1 Revenues

The bulk of our revenue is generated in France.

Revenue	**9/30/2018**	**9/30/2017**
France	158,52	148,410
International	24,044	18,114
Total	**182,564**	**166,524**

Average workforce	**9/30/2018**	**9/30/2017**
France	2,405	2,305
International	308	251
Total	**2,713**	**2,556**

Note 2 Payroll expenses

Payroll expenses	**9/30/2018**	**9/30/2017**
Wages and salaries	90,046	83,191
Social charges	35,792	34,258
Total	**125,838**	**117,449**

Average FTE headcount	**9/30/2018**	**9/30/2017**
Engineers and managers	2,667	2,507
Employees	47	49
Total	**2,713**	**2,556**

Note 3 Non-recurring operating income and expenses

The amortization of customer relationships is recognized as non-current given the non-recurring nature and the scale of the Kurt Salmon transaction.

	9/30/2018	**9/30/2017**
Miscellaneous	168	635
Other operating income	**168**	**635**
Securities trading costs	(207)	0
Miscellaneous	(119)	(613)
Other operating expenses	**(327)**	**(613)**
Net total	**(159)**	**21**

Other operating expenses comprise €70k in costs for the New York offices.

Other operating income mainly consists of reversals of €102k in provisions for the offices in New York and in Brussels.

Note 4 Financial income (loss)

	9/30/2018	9/30/2017
Net proceeds from sale of cash equivalents	7	0
Interest on borrowings	(819)	(951)
Changes in the fair value of cash and cash equivalents	0	0
Cost of net debt	**(812)**	**(951)**
Other financial income and expenses	363	(630)
Financial profit (loss)	**(448)**	**(1,582)**

Interest expense consisted mainly of €607k in interest on the bank loan contracted to finance the acquisition of Kurt Salmon and €90k coupons on the Micado bond.

Note 5 Tax charge

Net impact of income tax:

	9/30/2018	9/30/2017
Current tax	4,834	6,286
Deferred tax	2,544	(683)
Total	**7,378**	**5,602**

In accordance with the French Accounting Board (CNC) circular of January 14, 2010, Wavestone opted to record the Company Added-Value Contribution (CVAE) under income tax as of 2010. The CVAE booked under "Tax charge" totaled €2,168k.

At 9/30/2018, deferred tax assets due in more than one year totaled €6,373k, from €5,356k at 3/31/18.

Note 6 Earnings per share

	9/30/2018	9/30/2017	3/31/2018
Earnings per share			
Group share of net income	10,649	8,012	26,628
Weighted average number of shares outstanding (1) (2)	20,004,086	20,054,416	20,043,868
Group share of net undiluted earnings per share (euros)	**0.53**	**0.40**	**1.33**
Number of shares issued at March 31 (1) (2)	20,004,086	20,054,416	20,043,868
Group share of net diluted earnings per share (euros)	**0.53**	**0.40**	**1.33**

(1) Excluding treasury shares

(2) Following the increase in the number of shares outstanding (issue of bonus shares and share splits) and in accordance with IAS 33, we have retrospectively restated the calculation of net earnings per share at 09/30/17 and at 03/31/18, based on the number of shares at 09/30/18.

Note 7 Goodwill on the assets side of the balance sheet

	Net value at 3/31/2018	Change in scope	Reduction in the period	Translation	Net value at 9/30/2018
Wavestone SA	45,200	0	0	0	45,200
Wavestone Advisors UK	2,455	0	0	(34)	2,421
Wavestone Advisors SZ	2,597	0	0	106	2,703
Kurt Salmon	68,657	0	0	225	68,882
Xceed	0	11,941	0	(200)	11,741
Total	**118,909**	**11,941**	**0**	**98**	**130,948**

Because of its structure, Wavestone consists of only one cash-generating unit (CGU) as noted in section 3.5 "Accounting principles and methods."

Calculating goodwill on newly consolidated acquisitions

Goodwill on newly consolidated acquisitions breaks down as:

	Xceed	Total
Acquisition cost		
Acquisition price	13,729	13,729
Equalization payment	1,146	1,146
Total I	**14,874**	**14,874**

	Xceed	Total
Assets acquired on acquisition date		
Net long-term assets	102	102
Non-current assets	304	304
Current assets	5,850	5,850
Sub-total B	**6,256**	**6,256**
Liabilities acquired on acquisition date		
Non-current liabilities	0	0
Short-term provisions	16	16
Current liabilities	3,307	3,307
Sub-total C	**3,323**	**3,323**
Total II - Net assets acquired (B-C)	**2,933**	**2,933**

	Xceed	Total
Goodwill (I-II)	**11,941**	**11,941**

Impairment test

Since there was no indication of impairment, no impairment test was conducted at 9/30/18, in accordance with IAS 36.

Note 8 Intangible and tangible assets

Gross amount	3/31/2018	Change in scope	Increase	Decrease	Translation gains/(losses)	9/30/2018
Software	2,482	2,000	922	0	(27)	5,377
Clients	16,546	0	0	0	0	16,546
Intangible assets in progress	926	0	50	(922)	0	54
Total intangible assets	**19,954**	**2,000**	**972**	**(922)**	**(27)**	**21,977**
Other tangible assets	19,764	218	823	(7)	11	20,810
Other leased tangible assets	5,010	0	0	(13)	4	5,001
Tangible assets in progress	457	0	520	(949)	0	28
Total tangible assets	**25,231**	**218**	**1,344**	**(969)**	**15**	**25,839**

Amortization & depreciation	3/31/2018	Change in scope	Increase	Reduction	Translation gains/(losses)	9/30/2018
Software	1,480	744	452	0	(9)	2,667
Clients	5,583	0	1,252	0	0	6,834
Total intangible assets	**7,063**	**744**	**1,704**	**0**	**(9)**	**9,501**
Other tangible assets	5,221	179	1,149	0	4	6,553
Other leased tangible assets	2,851	0	436	(4)	1	3,285
Total tangible assets	**8,072**	**179**	**1,585**	**(4)**	**6**	**9,838**

Impairment	3/31/2018	Change in scope	Increase	Reduction	Translation gains/(losses)	9/30/2018
Software	10	1,256	0	(191)	(17)	1,058
Total intangible assets	**10**	**1,256**	**0**	**(191)**	**(17)**	**1,058**
Other tangible assets	75	0	0	(11)	0	64
Other leased tangible assets	0	0	0	0	0	0
Total tangible assets	**75**	**0**	**0**	**(11)**	**0**	**64**
Net total intangible assets	**12,881**	**0**	**(732)**	**(731)**	**0**	**11,419**
Net total tangible assets	**17,083**	**39**	**(242)**	**(954)**	**10**	**15,936**

None of Wavestone’s intangible assets are subject to ownership restrictions.

The only tangible assets that are subject to ownrship restrictions are those financed through a lease.

Decreases in fixed assets under construction consist mainly of the activation of the corresponding assets.

The change in “Liabilities on capital assets” was €(322)k at 9/30/18, compared with €(129)k at 3/31/18.

Note 9 Other assets

Financial assets consist exclusively of deposits and guarantees.

Other non-current assets consist mainly of deferred tax assets in the amount of €6,373k (€5,356k at 3/31/2018).

Note 10 Current assets

Trade and accounts receivable	3/31/2018	Change in scope	Change	Translation gains/(losses)	9/30/2018
Trade receivables	80,198	1,494	4,295	123	86,110
Unbilled receivables	45,163	1,218	(4,994)	113	41,500
Gross amount	**125,361**	**2,713**	**(700)**	**236**	**127,610**
Impairment	**(1,440)**	**0**	**27**	**(8)**	**(1,421)**
Net book value	**123,920**	**2,713**	**(673)**	**229**	**126,188**

Wavestone analyzes its trade receivables on a case-by-case basis and recognizes impairment on an individual basis, taking into account the customer's specific situation and delays in payments. Overall, no impairment was recognized over the period.

Other receivables	3/31/2018	Change in scope	Change	Translation gains/(losses)	9/30/2018
Advances and downpayments paid	2,385	0	(1,801)	2	586
Tax receivables	21,296	1,214	(3,148)	5	19,367
Miscellaneous debtors	1,849	56	(160)	12	1,757
Prepaid expenses	2,738	95	1,750	9	4,592
Gross amount	**28,268**	**1,364**	**(3,360)**	**29**	**26,301**
Impairment of other receivables	(10)	0	(2)	0	(12)
Impairment	**(10)**	**0**	**(2)**	**0**	**(12)**
Net book value	**28,258**	**1,364**	**(3,362)**	**29**	**26,290**

Cash and cash equivalents	3/31/2018	Change in scope	Change	Translation gains/(losses)	9/30/2018
Money-market mutual funds (SICAVs) - cash	1	0	0	0	1
Cash	52,055	2,077	(23,279)	192	31,045
Gross amount	**52,056**	**2,077**	**(23,279)**	**192**	**31,046**
Impairment	**0**	**0**	**0**	**0**	**0**
Net book value	**52,056**	**2,077**	**(23,279)**	**192**	**31,046**

The value at historical cost of the Group's money-market mutual funds (SICAVs) was €1k at 9/30/2018, unchanged from €1k at 3/31/2018.

Note 11 Capital

At 9/30/2018, the capital of the Wavestone parent company comprised 20,196,492 fully paid-up new shares at €0.025 per unit. Please see "Key events of the first half" for information on capital increases and the 4-for-1 share split.

At the same date, the Company owned 192,406 Wavestone shares.

In addition, pursuant to the authorization granted to it by the General Shareholders' Meeting, the Management Board decided at its meeting on 7/2/2018 to freely allocate existing and/or newly issued shares to the Company's executive directors. These free shares vest when the following two conditions are met: the beneficiary has a personal shareholding in the Company and he or she fulfills a performance criterion for certain plans, relating to the achievement of a consolidated operating income on ordinary activities target. For the OneFirm Share Plan (under which free shares were allocated to partners of the new entity in January 2016), the vesting of free shares is subject to the achievement of a performance criterion based on consolidated operating income on ordinary activities.

In addition, at that same meeting, the Wavestone Management Board decided to freely allocate existing and/or newly issued shares to salaried staff members or certain categories of employees of the Company and the Group, within the context of the Employee Savings Plan set up by the Company.

Recognition of the respective benefits awarded within the context of these plans, for which a specific provision was written, had an impact on shareholders' equity in the financial statements at 9/30/2018.

Note 12 Provisions

Most of the provisions relate to retirement benefits, which were measured by an independent actuary; proceedings before the labor courts, measured based on legal counsel's estimates of the most probable risk; and, if applicable, provisions for trade disputes.

	3/31/2018	Change in scope	Increase	Reversal		Translation gains/(losses)	9/30/2018
				Used	Unused		
Provision for retirement packages	13,758	0	997	0	(244)	59	14,569
Total long-term provisions	**13,758**	**0**	**997**	**0**	**(244)**	**59**	**14,569**
Provisions for risks	4,521	16	1,154	(670)	(355)	42	4,710
Contingent liabilities	0	0	0	0	0	0	0
Total short-term provisions	**4,521**	**16**	**1,154**	**(670)**	**(355)**	**42**	**4,710**
Total provisions	**18,279**	**16**	**2,151**	**(670)**	**(599)**	**102**	**19,279**

Changes in provisions for the period had a €(905)k impact on operating income on ordinary activities and a €157k impact on non-recurring operating income.

Sensitivity tests

Tests of sensitivity to the discount rate were performed on the provision for termination benefits.

A 0.25% increase in the discount rate would represent a €686k decrease in actuarial differences (recognized in shareholders' equity) while a 0.25% decrease in the discount rate would represent a €729k increase in actuarial differences.

Note 13 Financial liabilities and net debt

	3/31/2018	Change in scope	Change	Translation gains/(losses)	9/30/2018
Debt > 5 years	**0**	**0**	**0**	**0**	**0**
Bank borrowings	0	0	0	0	0
Debt 1 - 5 years	**69,994**	**0**	**2,192**	**2**	**72,187**
Bond	0	0	0	0	0
Bank borrowings	68,721	0	2,620	0	71,341
Financial debt (leases)	1,273	0	(428)	2	846
Total non-current financial liabilities	**69,994**	**0**	**2,192**	**2**	**72,187**
Bond	2,993	0	7	0	3,000
Bank borrowings	12,496	0	3,851	0	16,347
Financial debt (leases)	860	0	(10)	1	851
Current bank overdrafts	61	888	(842)	(12)	95
Accrued interest outstanding	298	0	(14)	0	284
Total current financial liabilities (< 1 year)	**16,708**	**888**	**2,992**	**(11)**	**20,578**
Total financial liabilities excluding current bank overdrafts	**86,641**	**0**	**6,026**	**3**	**92,670**
Total financial liabilities	**86,702**	**888**	**5,184**	**(9)**	**92,765**

Breakdown of financial liabilities by rate:

	3/31/2018		9/30/2018	
Rate	**Fixed**	**Floating**	**Fixed**	**Floating**
Non-current financial liabilities	1,273	68,721	846	71,341
Current financial liabilities	3,995	12,713	4,028	16,549
Total financial liabilities	**5,268**	**81,434**	**4,875**	**87,890**

Assets pledged as collateral against these borrowings are described in note 15 below.

The Group did not default on any of its debt repayment obligations during the period.

The characteristics of the Micado France 2018 mutual fund bond are as follows:

- Nominal: €3,000k
- Rate: 5.5%
- Maturity: 10/2/2018
- Date of issue: 10/30/2012

The characteristics of the acquisition/refinancing loan are as follows:

- Nominal: €95,000k
- Rate: variable (Euribor + margin)
- Maturity: 1/20/2022
- Date of issue: 1/7/2016

Features of the Acquisitions loan:

- Nominal: €12,000k
- Rate: floating (Euribor + margin)
- Maturity: 7/20/2021
- Date of issue: 4/19/2018

Change in net cash/(debt):

Cash and cash equivalents	3/31/2018	Change in scope	Change	Translation adjustment	9/30/2018
Cash equivalents at historic value	1	0	0	0	1
Cash	52,055	2,077	(23,279)	192	31,045
Bank overdrafts	(61)	(888)	842	12	(95)
Total cash net of overdrafts	**51,996**	**1,189**	**(22,438)**	**204**	**30,951**
Fair value adjustment of cash and cash equivalents	0	0	0	0	0
Consolidated cash	**51,996**	**1,189**	**(22,438)**	**204**	**30,951**
Financial liabilities excluding bank overdrafts	**86,641**	**0**	**6 026**	**3**	**92,67**
Net cash/debt	**(34,646)**	**1,189**	**(28,463)**	**201**	**(61,718)**

Note 14 Other liabilities

	3/31/2018	Change in scope	Change	Translation gains/(losses)	9/30/2018
Other non-current liabilities					
Tax and social security liabilities	162	0	308	0	470
o/w tax liabilities	*162*	*0*	*308*	*0*	*470*
Other debt	0	0	0	0	0
Total	**162**	**0**	**308**	**0**	**470**
Current liabilities					
Trade and other payables	18,380	637	355	19	19,392
Tax and social security liabilities	89,664	1,718	(22,728)	116	68,771
o/w tax liabilities	*36,592*	*325*	*(4,107)*	*39*	*32,85*
o/w social security liabilities	*53,071*	*1,394*	*(18,621)*	*77*	*35,921*
Other current liabilities	17,876	62	3,055	45	21,038
o/w suppliers of assets	*322*	*0*	*(322)*	*0*	*0*
o/w other debts	*6,404*	*62*	*1,896*	*15*	*8,377*
o/w prepaid income	*11,15*	*0*	*1,481*	*30*	*12,661*
Total	**125,920**	**2,417**	**(19,317)**	**180**	**109,201**
Total other liabilities	**126,082**	**2,417**	**(19,009)**	**180**	**109,671**

Note 15 Financial instruments

Wavestone's financial instrument portfolio is made up of:

- Holdings in SICAV money-market funds, all of which are indexed to EONIA, and are thus risk-free;

- Treasury stock;
- Currency futures contracts;
- Cross-currency swaps;
- An interest rate hedge (cap).

Accounting classification and fair value of financial assets and liabilities

	Category of instrument						Fair value			
at 9/30/2018	Derivatives classed as hedging	Financial assets measured at fair value through profit/(loss)	Financial assets measured at fair value through shareholders' equity	Financial assets at amortized cost	Financial liabilities at amortized cost	Net balance sheet value	Level 1 Price quoted on an active market	Level 2 Internal model with observable inputs	Level 3 Internal model with non-observable inputs	Fair value
Equity instruments	0	0	0	0	0	**0**	0	0	0	**0**
Financial assets at amortized cost and financial receivables	0	0	0	2,010	0	**2,010**	0	2,010	0	**2,010**
Derivative instruments - assets	356	0	0	0	0	**356**	0	356	0	**356**
Current accounts	0	0	0	0	0	**0**	0	0	0	**0**
Cash equivalents	0	1	0	0	0	**1**	1	0	0	**1**
Cash	0	31,045	0	0	0	**31,045**	31,045	0	0	**31,045**
Total assets	**356**	**31,046**	**0**	**2,010**	**0**	**33,413**	**31,046**	**2,366**	**0**	**33,413**
Bonds	0	0	0	0	3,000	**3,000**	0	3,000	0	**3,000**
Bank borrowings	0	0	0	0	87,688	**87,688**	0	87,688	0	**87,688**
Financial debt (including leases)	0	0	0	0	1,698	**1,698**	0	1,698	0	**1,698**
Bank overdrafts	0	0	0	0	95	**95**	95	0	0	**95**
Derivative instruments – liabilities	37	0	0	0	0	**37**	0	37	0	**37**
Current accounts	0	0	0	0	0	**0**	0	0	0	**0**
Total liabilities	**37**	**0**	**0**	**0**	**92,481**	**92,517**	**95**	**92,422**	**0**	**92,517**

at 3/31/2018	Category of instrument						Fair value			
	Derivatives classified as hedging	Financial assets measured at fair value through profit/(loss)	Financial assets measured at fair value through shareholders' equity	Financial assets at cost amortized	Financial liabilities at cost amortized	net value on the balance sheet	Level 1 Price quoted on market assets	Level 2 Internal model with inputs observable	Level 3 Internal model with inputs not observable	Fair value
Equity instruments	0	0	0	0	0	**0**	0	0	0	**0**
Financial assets at amortized cost and financial receivables	0	0	0	1,566	0	**1,566**	0	1,566	0	**1,566**
Derivative instruments - assets	787	0	0	0	0	**787**	0	787	0	**787**
Current accounts	0	0	0	0	0	**0**	0	0	0	**0**
Cash equivalents	0	1	0	0	0	**1**	1	0	0	**1**
Cash	0	52,055	0	0	0	**52,055**	52,055	0	0	**52,055**
Total assets	**787**	**52,056**	**0**	**1,566**	**0**	**54,408**	**52,056**	**2,352**	**0**	**54,408**
Bonds	0	0	0	0	3,074	**3,074**	0	3,074	0	**3,074**
Bank borrowings	0	0	0	0	81,434	**81,434**	0	81,434	0	**81,434**
Financial debt (including leases)	0	0	0	0	2,134	**2,134**	0	2,134	0	**2,134**
Cash credit	0	0	0	0	61	**61**	61	0	0	**61**
Derivative instruments – liabilities	62	0	0	0	0	**62**	0	62	0	**62**
Current accounts	0	0	0	0	0	**0**	0	0	0	**0**
Total liabilities	**62**	**0**	**0**	**0**	**86,702**	**86,763**	**61**	**86,703**	**0**	**86,763**

Note 16 Off-balance sheet commitments

Off-balance sheet liabilities	**Total amount at 9/30/2018**	**Less than 1 year**	**More than 1 year and less than 5 years**	**> 5 years**
Guarantees and sureties	818	626	60	133
Pledges	90,900	0	90,900	0
Operating lease commitments	36,820	7,317	22,938	6,565
Total	**128,538**	**7,943**	**113,897**	**6,698**
Off-balance sheet assets				
Guarantees and sureties	6,909	5,865	0	1,044
Undrawn credit lines (1)	13,000	3,000	10,000	0
Liability guarantees (1)	32,431	0	17,797	14,634
Total	**52,339**	**8,865**	**27,797**	**15,678**

(1) Of which €2,085 K in an escrow account and an insurance policy (Kurt Salmon transaction) in the amount of €15,000 K.

The €90,900k in pledges concern Wavestone Advisors shares, intra-group debt held by Wavestone Advisors and its subsidiaries and any receivables arising from the exercise of liability guarantees related to this acquisition. These assets were pledged to the banks as collateral to cover the €76,475k and €12,000k loans and the confirmed lines of credit of €13,000k granted by these banks. These commitments mature in 2022.

With respect to the property rental commitments:

- The lease in the United States is covered by an unlimited guarantee from Wavestone SA which would substitute for Wavestone US should it fail to meet its commitments to its lessor.
- The lease in the United Kingdom is covered by an unlimited guarantee from Wavestone SA which would substitute for Wavestone Advisors UK should it fail to meet its commitments to its lessor.
- The lease in Luxembourg is covered by a first-demand rental guarantee from a bank in the amount of €173k granted to Wavestone Luxembourg in return for a pledge agreement in the same amount, maturing in 2024.
- The lease in Belgium is covered by a €60k rental guarantee from a bank maturing in 2023.

Wavestone's liability guarantees arose from the acquisitions carried out during the 2014/15, 2015/16 and 2018/19 fiscal years.

Off-balance sheet liabilities	Total amount at 3/31/2018	Less than 1 year	More than 1 year and less than 5 years	> 5 years
Guarantees and sureties	789	662	0	127
Pledges	90,900	0	90,900	0
Operating lease commitments	31,815	5,876	18,442	7,497
Total	**123,505**	**6,538**	**109,342**	**7,625**
Off-balance sheet assets				
Guarantees and sureties	8,344	7,217	0	1,127
Undrawn credit lines (1)	25,000	15,000	10,000	0
Liability guarantees (1)	18,496	659	17,836	0
Total	**51,840**	**22,876**	**27,836**	**1,127**

(1) Of which €437 K in bank guarantees, 400 K in an escrow account and an insurance policy (Kurt Salmon transaction) in the amount of €15,000 K.

Note 17 Related-party transactions

Nature of the transaction	Amount of the transaction	Designation of the related party	Nature of the relationship
Expertise in financial policy, development and external growth	0	Michel Dancoisne	President of the Supervisory Board
Fees paid to Frenger for international development	225	Jean-Noël Mermet	Member of the Supervisory Board (1)

(1) Resignation in June 2018

Note 18 Subsequent events

Funding transaction

On 10/30/2018, Wavestone agreed an additional clause to the loan agreement dated 01/07/2016 to draw down a new acquisitions credit line for €50,000k, under the same commercial conditions as the original agreement. The new line of funding will be drawn in two tranches: a first redeemable €15,000k tranche maturing in January 2022 and a second for €35,000k repayable in full at the end of the term in January 2022.

Metis Consulting acquisition

Wavestone acquired all of the capital of Metis Consulting on 11/13/2018.

Established in 2007 and based in Paris, Metis Consulting advises clients on supply chain transformation management. The firm is active across the value spectrum, from defining strategy to steering realization in terms of organization, process, equipment and underlying technologies.

For the fiscal year ended 3/31/2018, Metis Consulting reported €8,700k in revenue. Its EBITDA margin topped 15% for the past three fiscal years. It employs 40 people.

This acquisition was an all-cash deal, financed through Wavestone's credit lines.

The company will be consolidated in Wavestone's financial statements as from 11/1/2018.

Note 19 Risk factors

Risk factors are detailed in note 24 to the consolidated financial statements included in the 2017/18 registration document.

Statutory Auditors' report

Report of the Statutory Auditors on the half-yearly financial information for the period from April 1 to September 30, 2018

To the shareholders,

In accordance with our engagement by the annual general meeting and pursuant to the French Monetary and Financial Code, Article L.451-1-2 III, our work consisted in:

- An interim review of Wavestone's consolidated half-yearly financial statements for the period April 1 to September 30, 2018, which are appended to this report;
- Auditing the information provided in the interim report.

The Board of Directors is responsible for the preparation of these consolidated condensed half-yearly financial statements. Our responsibility is to express a conclusion on this financial information based on our interim review.

1. Conclusion

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

An interim review essentially consists of discussions, primarily with managers responsible for financial and accounting matters, and applying analytical procedures. This review is narrower in scope than an audit conducted in accordance with auditing standards applicable in France and consequently, the assurance that the financial statements, taken as a whole, are free from material misstatement, obtained in the course of a review, is a limited assurance, less significant than that obtained in the course of an audit.

Based on our review, no material misstatements have come to our attention to cause us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared in all material respects in accordance with IAS 34, the IFRS adopted by the European Union applicable to interim financial information.

2. Specific verification

We have also verified the information given in the interim management report commenting 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-year consolidated financial statements.

In Neuilly-sur-Seine and Paris La Défense, December 4, 2018

The Auditors

DELOITTE & ASSOCIÉS

Dominique LAURENT

MAZARS

Paul-Armel JUNNE