

WAVESTONE

Interim financial report  
2020/21



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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

I certify that, to the best of my knowledge,

the condensed 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 7, 2020



Pascal Imbert, CEO

# INTERIM REPORT

## 1. How we define our operating indicators

**Annual turnover** is the number of employees that leave during the last 12 months divided by the number of employees at the end of the period.

The **consultant utilization rate** is the ratio of the number of days actually billed to clients on the period to the number of billable hours worked, excluding vacations.

The average daily rate is the average price for a consulting service at a client, calculated as follows:

$$\text{Revenue from services provided} / \text{Number of days billed to clients.}$$

The **order book** is the sum of services ordered and not yet delivered on the measurement date. It is expressed in months as the ratio of the number of net production days to be performed in future months to the number of future production days, based on the projected workforce, utilization rates and planned vacation rates for the coming months.

Note that the change in EBIT corresponds to the combined change in the operating indicators presented above (3. Key events and outlook), which almost entirely explains the change in this metric as a percentage of revenue.

The methods used to calculate the order book comply with IFRS 15.

## 2. Analysis of Wavestone's results

### Analysis of the consolidated financial statements

The Group's consolidated financial statements at September 30, 2020 comprise the financial statements of Wavestone SA, Wavestone Advisors UK and its subsidiaries (Xceed Group (Holdings), Xceed Group and Wavestone Consulting UK), Wavestone Switzerland, Wavestone Advisors Morocco, Wavestone Advisors and its subsidiaries (Wavestone US and its subsidiaries WGroup and WGroup Consulting India, Wavestone Luxembourg, Wavestone Belgium and Wavestone HK), M3G and its subsidiaries (Metis Consulting and Metis Consulting HK).

The consolidated half-yearly financial statements at September 30, 2019 comprised the financial statements of Wavestone SA, Wavestone Advisors UK, Wavestone Advisors Switzerland, Wavestone Advisors Morocco, Wavestone Advisors and its subsidiaries (Wavestone US and its subsidiaries WGroup and WGroup Consulting India, Wavestone Luxembourg, Wavestone Belgium, Wavestone Consulting Switzerland, Wavestone HK), Xceed Holding (Group) and its subsidiaries: Xceed Group, Wavestone Consulting UK, Xceed 2007, M3G and its subsidiaries (Metis Consulting, Metis Consulting HK, Metis (Shanghai) Consulting).

The consolidated annual financial statements at March 31, 2020, comprised the financial statements of Wavestone SA, Wavestone Advisors UK, Wavestone Switzerland, Wavestone Advisors Morocco, Wavestone Advisors and its subsidiaries (Wavestone US and its subsidiaries WGroup and WGroup Consulting India, Wavestone Luxembourg, Wavestone Belgium, Wavestone Consulting Switzerland and Wavestone HK), M3G and its subsidiaries (Metis Consulting, Metis Consulting HK, Metis (Shanghai) Consulting), and Xceed Group (Holdings) and its subsidiaries (Xceed Group, Wavestone Consulting UK, Xceed (2007)). The financial statements at September 30, 2020, September 30, 2019 and March 31, 2020 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.

As a reminder, the WGroup perimeter is consolidated over 6 months as of September 30, 2020, compared to 2 months to September 30, 2019.

### Revenue and profitability

<i>in thousands of euros</i>	H1 2020/21	H1 2019/20	Change
Revenue	186,802	194,466	-4%
EBIT	14,325	20,702	-31%
<i>EBIT margin</i>	7.7%	10.6%	
Operating income	13,525	18,644	-27%
Group share of net income	6,953	9,304	-25%
<i>Net margin</i>	3.7%	4.8%	

Our first-half consolidated revenue decreased by 4% to €186,802k from €194,466k in the same period last year.

At €14,325k (after employee profit-sharing), EBIT was down 31% year-on-year (from €20,702k). Our EBIT margin (calculated as operating income on ordinary activities divided by revenue) is 7.7%, compared with 10.6% in H1 2019.

Operating income was also down in the first half, from €18,644k for H1 2019 to €13,525k. In particular, it includes amortization of the client relationship linked to the acquisition of Kurt Salmon's European activities in January 2016 amounting to €(747)k, the cost of vacant premises amounting to €(198)k, acquisition costs amounting to €(167)k, an adjustment to usage rights (IFRS16) for €(203)k and writebacks from depreciation provisions for furnishing premises of €139k. Other operating income and expenses at September 30, 2019 amounted to €(1,273)k, essentially comprised of the cost of acquisition.

The net cost of debt was €637k in the period, compared with €852k for H1 2019. The net cost of debt for the period is primarily made up of interest on borrowings and foreign exchange gains and losses.

Earnings before tax decreased by 31% to €12,288k from €17,764k in H1 2019.

Net income for the period came out at €6,953k, giving a net margin of 3.7% and including a tax expense of €5,335k. This represents a decrease of 25% on the same period last year (€9,304k, net margin of 4.8% after a tax expense of €8,460k).

There are no minority shareholders. Therefore, Group share of net income equates to net income: down by 25% to €6,3953k, from €0,304k in H1 2019.

## Financial structure and cash

<i>in thousands of euros</i>	<b>9/30/2020</b>	<b>3/31/2020</b>	<b>Change</b>
Non-current assets	<b>224,099</b>	<b>232,750</b>	-4%
<i>incl. goodwill</i>	161,163	166,482	-3%
Current assets (excl. cash and cash equivalents)	<b>137,303</b>	<b>151,690</b>	-9%
Cash and cash equivalents	<b>44,581</b>	<b>65,131</b>	-32%
Equity	<b>184,726</b>	<b>177,142</b>	4%
Non-current liabilities	<b>94,943</b>	<b>101,993</b>	-7%
<i>incl. financial liabilities</i>	52,088	56,076	-7%
Current liabilities	<b>126,314</b>	<b>170,435</b>	-26%
<i>incl. financial liabilities</i>	8,135	38,179	-79%
Balance sheet total	<b>406</b>	<b>450</b>	-10%

Consolidated equity amounted to €184,726k at September 30, 2020 (vs. €177,142k at March 31, 2020).

Wavestone's net debt<sup>1</sup> was €15,642k at September 30, 2020, from €29,124k at March 31, 2020 and €61,710k at September 30, 2019.

Financial liabilities (excluding lease liabilities) totaled €60,223k on September 30, 2020 vs. €94,255k on March 31, 2020. On September 30, 2020, these broke down into €60,177k in bank loans and €46k of other financial liabilities (accrued interest not yet due, bank overdrafts, security deposit received).

<sup>1</sup> Gross cash less financial liabilities (excluding lease liabilities)

## Wavestone Individual financial statements

Since the Group operating model deployed in 2017 is fully integrated, synergies between companies (multi-company, multi practice projects) increased substantially, thereby generating a constant rise in inter-company flows. Monitoring of the financial statements of Wavestone SA (the Group parent company) do not therefore reflect the reality of its specific activity. Consequently, the firm has decided to no longer comment on Wavestone SA's individual financial statements on a half-year basis.

### 3. Wavestone's interim performance

The Management Board has authorized the publication of Wavestone's provisional results for H1 2020/21. This financial data is currently being reviewed by the Statutory Auditors and the company's Supervisory Board has been convened for December 7, 2020 in order to approve the half-year consolidated financial statements to September 30, 2020, which are summarized below.

#### Downturn in revenue less pronounced in H1 2020/21

Over H1 of the 2020/21 fiscal year, Wavestone generated revenue of €186.8m, a decline of -4%.

At constant scope and exchange rates, excluding WGroup, the firm recorded a contraction of -7% over the six-month period.

#### Pressure on prices; recovery in consultant utilization rate over H1

Impacted by the public-health crisis and falling demand, the period saw a marked pressure on sales prices. Average daily rate stood at €850 in H1 2020/21: a decline of -3%, compared with the ADR of €878 recorded over 2019/20.

The company continues to expect prices to be -3% to -5% lower for the whole of this fiscal year, compared with the last.

Against the backdrop of a public-health crisis, the consultant utilization rate was 65% in H1, compared with 71% over the previous fiscal year. Q2 saw the start of an upturn in the utilization rate; it rose to 68%, compared with 63% in Q1, as a result of the firm implementing its battle plan and more intense business development activity.

Over the whole of H1, the use of furlough measures affected about 6% of fee-earning employees. At present, the company is making minimal use of such measures: furlough arrangements now apply only to its UK operations.

### **Progressive resumption of recruitment since September**

At September 30, 2020, Wavestone had 3,324 employees, compared with 3,498 at the end of March (the end of the 2019/20 fiscal year): a decrease of -5%.

As a result of greater visibility on future projects, the firm has progressively resumed recruitment activity since September.

The staff turnover rate stood at 13% at September 30, 2020 (on a rolling-12-month basis), compared with 14% in 2019/20.

### **EBIT margin of 7.7% in H1 2020/21**

Despite an expected 12%-decline of the consulting market in Europe in 2020 (data from Source Global Research), the firm's EBIT margin proved relatively robust during the six-month period, with an outturn of 7.7%, compared with 10.6% in H1 2019/20. The use of furlough measures contributed 2.8 percentage points to this operational profitability.

EBIT stood at €14.3m in H1 2020/21, compared with €20.7m a year earlier.

Measures to reduce the firm's cost, aimed at streamlining operations in the face of the difficult economic climate, have already resulted in savings of nearly €11m during the six-month period. Over the fiscal year as a whole, the performance plan will generate economies of about €16.5m – more than the €15m initially targeted; this figure excludes the effects of furlough measures and assumes no adjustments to the workforce.

After amortization of client relationships, and in the near absence of other operating income and expenses, operating income stood at €13.5m.

The cost of financial debt fell slightly, while other financial income and expenses totaled -€0.6m, including forex effects and the cost of hedging instruments.

After taking into account taxes, reduced from the exceptionally high level seen at September 30, 2019, group share of net income stands at €7.0m, a decline of -25%. Net margin for H1 was 3.7%, compared with 4.8% a year earlier.

### **Cash flow from business activities of €18.8m in H1 2020/21**

Thanks, in particular, to the reduction in working capital requirements, Wavestone generated a cash flow of €18.8m from business activities – an increase of 48% over the period.

In the absence of M&A operations, investment activity consumed only €0.5m during H1.

Cash flows related to financing amounted to €38.7m, which includes -€34.1m in net loan repayments and -€4.1m in lease-liability repayments (under IFRS 16).

### **Net financial debt reduced to €15.6m at the end of September 2020, compared with €29.1m at March 31, 2020**

At September 30, 2020, Wavestone's consolidated equity was €184.7m.

Net financial debt (excluding lease liabilities) had been reduced to €15.6m at the end of September 2020, compared with €29.1m at the end of March 2020, and €61.7m at the end of September 2019. It should be noted that the figure benefits from the firm's decision to postpone employee profit-sharing payments in France from July to December 2020

- representing a sum of €6.3m. Available cash and cash equivalents amounted to €44.6m at the end of the semester.

As a reminder, the firm has not benefited from the financial support measures put in place by the French government to address the Covid-19 epidemic; nor has it refinanced its trade receivables position.

## 4. Post-cloture events and outlook

### A continued rise in consultant utilization rate in Q3, despite the return to lockdown

Despite a difficult business climate, Wavestone proved its resilience over H1 2020/21.

Order intake in Q2 did not reflect the slowdown feared before the summer, which resulted in the order book being maintained at 3.7 months of work at September 30, 2020 - a level similar to that of June 30, 2020.

The recent worsening of the public-health situation, and the tighter preventive measures it has triggered, have had a very limited direct impact on the company's operations.

This evolution is unlikely to destabilize the continued rise in the consultant utilization rate in Q3. Over this quarter, the firm is now targeting a utilization rate of more than 72% in the current quarter, higher than the 70% figure previously envisaged, and a significant increase on the 65% recorded in H1.

### Renewed vigilance for the start of 2021

The outlook for 2021 now appears in a less favorable light than it did at the beginning of the autumn. The early months of the year could see a degree of slowdown, as a result of clients taking a cautious approach in the face of renewed economic uncertainty.

Against this backdrop, Wavestone is being increasingly vigilant and actively preparing for the start of the year, with a view to minimizing potential disruption to workflows.

The battle plan initiated in H1 continues, with intense business development activity and new stimulus actions being targeted at practices and offices that are lagging on performance recovery.

### A progressively more bullish stance despite the uncertainties

Despite the more uncertain economic climate, the company has been adopting a progressively more bullish stance since September.

As well as almost ceasing the use of furlough measures since October 1, Wavestone is gradually expanding its recruitment activities into new offices and practices while ensuring this doesn't compromise the rising consultant utilization rate.

The firm has set itself the objective of more than 400 gross hires in the 2020/21 fiscal year; this includes a target of 300 new starters before the end of March 2021.

Given a limited decrease in staff-turnover, Wavestone expects employee numbers not to change significantly over H2 compared with the headcount at September 30, 2020 (3,324 employees). The reduction in headcount should therefore remain close to -5% over the entire 2020/21 fiscal year.

Wavestone is also resuming its external-growth activity, with priority being given to international acquisitions, without refraining from tactical operations in France.

### 2020/21 targets: revenue of more than €400m and a double-digit EBIT margin

Despite the continued rise in consultant utilization rate, the reduced level of revenue in Q3 is expected to be of the same order as that seen in H1 (as a reminder: -4%), given the expected evolution of the firm's workforce and prices.

The company is now in a position to set annual objectives.



Over the entire 2020/21 fiscal year, Wavestone is targeting a revenue for 2020/21 of over €400m and a double-digit EBIT margin.

## **5. Information on risks and uncertainties during the second half**

The Covid-19 pandemic continues to generate a particularly uncertain environment. Other than the risks and uncertainties above, there has been no marked change in the risk factors described in our universal registration document filed with the French financial markets authority, AMF, on July 23, 2020, number D.20-0700.

## **6. Main related-party transactions**

None

The Management Board

December 7, 2020

# CONSOLIDATED FINANCIAL STATEMENTS AT 9/30/2020

## Consolidated income statement

<i>in €k</i>	Note	9/30/2020	9/30/2019	3/31/2020
<b>Revenue</b>	1	<b>186,802</b>	<b>194,466</b>	<b>422,042</b>
Purchases consumed		6,511	5,563	13,007
Personnal costs	2	147,051	136,893	289,877
External expenses		11,483	24,404	46,699
Levies and taxes		2,905	2,049	6,313
Net allocation for depreciation and provisions		4,481	5,196	10,373
Other current income and expenses		46	(342)	73
<b>EBIT</b>		<b>14,325</b>	<b>20,702</b>	<b>55,700</b>
Amortization of client relationships	3	747	785	1,553
Other operating income and expenses	3	(53)	(1,273)	(627)
<b>Operating income</b>		<b>13,525</b>	<b>18,644</b>	<b>53,521</b>
Financial income	4	0	6	8
Cost of gross financial debt	4	637	858	2,185
<b>Cost of net financial debt</b>		<b>637</b>	<b>852</b>	<b>2,177</b>
Other financial income and expenses	4	(600)	(28)	(1,242)
<b>Pre-tax income</b>		<b>12,288</b>	<b>17,764</b>	<b>50,101</b>
Income tax expenses	5	5,335	8,460	18,961
<b>Net income</b>		<b>6,953</b>	<b>9,304</b>	<b>31,140</b>
Minority interests		0	0	0
<b>Group share of net income</b>		<b>6,953</b>	<b>9,304</b>	<b>31,140</b>
Group share of net income per share (€) <sup>(1)</sup>	6	0.35	0.47	1.57
Group share of diluted net income per share (€)	6	0.35	0.47	1.57

<sup>(1)</sup> Number of shares weighted over the period.

## Consolidated balance sheet

<i>in €k</i>	Note	9/30/2020	3/31/2020
Goodwill	7	161,163	166,482
Intangible assets	8	7,163	8,111
Tangible assets	8	13,275	14,024
Rights to use leased assets	9	27,517	30,613
Financial assets – more than one year	10	1,984	1,986
Other non-current assets	10	12,998	11,535
<b>Non-current assets</b>		<b>224,099</b>	<b>232,750</b>
Trade and related receivables	11	115,057	128,408
Other receivables	11	22,246	23,282
Cash and cash equivalents	11	44,581	65,131
<b>Current assets</b>		<b>181,884</b>	<b>216,821</b>
<b>Total assets</b>		<b>405,983</b>	<b>449,571</b>
Capital	12	505	505
Issue and merger premiums; additional paid-in capital		11,218	11,218
Consolidated reserves and earnings		174,558	166,655
Conversion-rate adjustment		(1,555)	(1,235)
<b>Total shareholders' equity, group share</b>		<b>184,726</b>	<b>177,142</b>
Minority interests		0	0
<b>Total equity</b>		<b>184,726</b>	<b>177,142</b>
Long-term provisions	13	16,527	15,343
Financial liabilities - more than one year	14	52,088	56,076
Lease liabilities – more than one year	9	25,796	29,616
Other non-current liabilities	15	532	959
<b>Non-current liabilities</b>		<b>94,943</b>	<b>101,993</b>
Short-term provisions	13	4,953	5,348
Financial liabilities - less than one year	14	8,135	38,179
Lease liabilities – less than one year	9	8,019	8,041
Trade payable	15	10,548	16,586
Tax and social security liabilities	15	78,288	80,417
Other current financial liabilities	15	16,372	21,864
<b>Current liabilities</b>		<b>126,314</b>	<b>170,435</b>
<b>Total liabilities</b>		<b>405,983</b>	<b>449,571</b>

## Change in consolidated cash and cash equivalents

<i>in €k</i>	Note	9/30/2020	Restated 3/31/2020	Published 3/31/2020	Restated 9/30/2019	Published 9/30/2019
<b>Consolidated net income</b>		<b>6,953</b>	<b>31,140</b>	<b>31,140</b>	<b>9,304</b>	<b>9,304</b>
Elimination of non-cash elements:						
Net depreciation and provisions (1)		5,835	13,204	16,837	6,034	7,879
Charges/(income) related to share-based payments		1,229	3,470	0	1,682	0
Losses/gains on disposals, net of tax		1	129	(34)	123	(36)
Other calculated income and expenses		(101)	(1,210)	(188)	98	1,425
Cost of net financial debt (inc. interest on lease liabilities)		812	2,565	1,616	1,046	818
Tax charges / (income)	5	5,335	18,961	0	8,460	0
<b>Self-financing capacity before net financial debt and tax costs</b>		<b>20,064</b>	<b>68,260</b>	<b>49,371</b>	<b>26,747</b>	<b>19,389</b>
Income tax paid		(10,475)	(19,167)	0	(10,237)	0
Change in WCR		9,226	6,205	5,927	(3,829)	(6,708)
<b>Net cash flow from operations</b>		<b>18,815</b>	<b>55,298</b>	<b>55,298</b>	<b>12,681</b>	<b>12,681</b>
Intangible and tangible fixed asset acquisitions	8	(532)	(3,062)	(3,062)	(2,388)	(2,388)
Asset disposals		0	86	86	62	62
Change in financial assets		(6)	61	61	22	22
Impact of changes in scope		0	(26,615)	(26,615)	(22,267)	(22,267)
<b>Net cash flow from investments</b>		<b>(538)</b>	<b>(29,530)</b>	<b>(29,530)</b>	<b>(24,571)</b>	<b>(24,571)</b>
Sales (acquisitions) by the company of its own shares (2)		135	(3,522)	(3,522)	(3,542)	(3,542)
Dividends paid to parent-company shareholders		0	(4,572)	(4,572)	(4,572)	(4,572)
Dividends paid to minority interests of consolidated companies		0	0	0	0	0
Loans received	14	0	118,220	118,220	23,220	23,220
Repayment of loans	14	(34,143)	(111,767)	(111,767)	(11,531)	(11,531)
Repayments of lease liabilities	9	(4,052)	(6,720)	(6,720)	(3,354)	(3,354)
Net financial interest paid		(507)	(2,487)	(2,487)	(592)	(592)
Net interest paid on lease liabilities	4	(170)	(321)	(321)	(122)	(122)
Other flows related to financing operations	14	27	0	0	0	0
<b>Net cash flow from financing operations</b>		<b>(38,710)</b>	<b>(11,168)</b>	<b>(11,168)</b>	<b>(494)</b>	<b>(494)</b>
<b>Net change in cash and cash equivalents</b>		<b>(20,433)</b>	<b>14,599</b>	<b>14,599</b>	<b>(12,384)</b>	<b>(12,384)</b>
Impact of translation differences	14	(71)	(123)	(123)	79	79
Opening cash position	14	65,068	50,592	50,592	50,592	50,592
Closing cash position	14	44,565	65,068	65,068	38,287	38,287

(1) Including €3,246k for the amortization of property usage rights (IFRS 16) in H1 2020 and €3,083k for the same in H1 2019.

(2) For information, the company has delivered treasury shares to a value of €2,518k.

The company decided to adjust the presentation of its cash flow statement to present cash flow before the cost of pre-tax net financial debt, and also to better reflect share-based payments.

Furthermore, the Group has also opted to present depreciation writebacks linked to fixed assets as net allocations to depreciation and amortization provisions, and to include financial expenses in the cost of net financial debt.

These changes impact the items mentioned previously as well as capital gains/losses on disposals, the calculation of other income and expenses, as well as changes in working capital requirement (WCR). These changes lead to the creation of items relative to (income)/expenses linked to share-based payments, (income)/expenses linked to tax and tax paid, in line with IFRS standards.

## Change in consolidated shareholders' equity

€k	Share capital	Premiums	Reserves consolidated	Result for fiscal year	Difference in conversion	Capital share
<b>Consolidated share capital at 3/31/2019</b>	<b>505</b>	<b>11,218</b>	<b>108,992</b>	<b>30,770</b>	<b>(675)</b>	<b>150,810</b>
Consolidated profit for the year	0	0	0	31,140	0	31,140
Change in fair value of hedging instruments	0	0	(2)	0	0	(2)
IAS 19 actuarial differences	0	0	119	0	0	119
<b>Overall net profit</b>	<b>0</b>	<b>0</b>	<b>117</b>	<b>31,140</b>	<b>0</b>	<b>31,257</b>
Impact minority interests	0	0	0	0	0	0
Allocation of income	0	0	30,770	(30,770)	0	0
Dividends paid out by consolidating company	0	0	(4,572)	0	0	(4,572)
Treasury shares	0	0	(2,785)	0	0	(2,785)
Provision adjusted for bonus shares	0	0	2,993	0	0	2,993
Change in translation differences	0	0	0	0	(560)	(560)
<b>Consolidated share capital at 3/31/2020</b>	<b>505</b>	<b>11,218</b>	<b>135,514</b>	<b>31,140</b>	<b>(1,235)</b>	<b>177,142</b>
Consolidated profit for the year	0	0	0	6,953	0	6,953
Change in fair value of hedging instruments	0	0	0	0	0	0
IAS 19 actuarial differences	0	0	(451)	0	0	(451)
<b>Overall net profit</b>	<b>0</b>	<b>0</b>	<b>(451)</b>	<b>6,953</b>	<b>0</b>	<b>6,503</b>
Impact minority interests	0	0	0	0	0	0
Allocation of income	0	0	31,140	(31,140)	0	0
Dividends paid out by consolidating company	0	0	0	0	0	0
Treasury shares	0	0	970	0	0	970
Provision adjusted for bonus shares	0	0	431	0	0	431
Change in translation differences	0	0	0	0	(319)	(319)
<b>Consolidated share capital at 9/30/2020</b>	<b>505</b>	<b>11,218</b>	<b>167,604</b>	<b>6,953</b>	<b>(1,555)</b>	<b>184,726</b>

Given the uncertain context of the fiscal year 2020/21, at their April 6, 2020 meeting Wavestone's Management and Supervisory boards decided not to submit the payment of a dividend for 2019/20 to the Annual General Meeting on 28 July.

Shareholders' equity contains no taxable items. Cumulative deferred tax assets amounting to €460k 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

€k	Note	9/30/20	9/30/2019	3/31/2020
<b>Net profit</b>		<b>6,953</b>	<b>9,304</b>	<b>31,140</b>
Change in fair value of hedging instruments	16	0	(2)	(2)
IAS 19 actuarial differences	13	(451)	(889)	119
<b>Amounts recognized in equity</b>		<b>(451)</b>	<b>(891)</b>	<b>117</b>
<b>Comprehensive net profit - Group share</b>		<b>6,503</b>	<b>8,413</b>	<b>31,257</b>

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## 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 12/7/2020.

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

## 2. Main events during the half-year period

### Impact of the Covid-19 epidemic on activity

The firm is seeing the first fruits of the measures it implemented in Q1 to revitalize business activity. In parallel, project delays and cancellations arising from cost-saving plans being implemented by clients are proving less severe than anticipated.

Given the improved situation, and with the need to avoid any windfall effect, the company made less use than expected of furlough measures in H1. In total, over the period, such measures were applied to about 6% of fee-earning employees. The firm is no longer furloughing staff in France and is making only limited use of such measures in some international entities.

Given that the possible fall-off in activity during the summer did not occur, and that visibility on work over the coming months is improving, the company is now adopting a less defensive stance.

Wavestone has therefore decided to progressively restart recruitment within its most resilient practices, especially those with a technology focus. As a reminder, the firm suspended hiring in mid-March.

In addition, Wavestone has implemented a performance plan to generate significant savings in external expenses for the current fiscal year.

Owing to persistent uncertainty about the evolution of the crisis at the time of closing accounts, we are not in a position to accurately assess all factors that could impact accounts for fiscal year 2020/21. Nevertheless, despite potential impacts, this should not jeopardize business continuity based on the information available at the time of closing of the Group's interim accounts.

### Impact of business combinations

On a like-for-like and constant forex basis, Wavestone generated revenues of €176,140k, EBIT of €13,296k, and Group share of net income of €6,531k for the first half of 2020, versus revenues of €189,117k, EBIT of €19,369k and Group share of net income of €9,326k for the first half of 2019.

On a like-for-like and current forex basis, Wavestone generated revenues of €176,166k, EBIT of €13,299k, and Group share of net income of €6,539k for the first half of 2020, versus revenues of €189,117k, EBIT of €19,369k and Group share of net income of €9,326k for the first half of 2019.

On a full-scope basis, Wavestone had revenue of €186,802k, EBIT of €14,325k and Group share of net income of €6,953k.

## 3. Accounting principles and methods

### 3.1 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, 2020.

The accounting principles used to prepare these consolidated financial statements are the same as those used to prepare its consolidated financial statements at 3/31/2020.

#### 3.1.2 Interim financial statements

Wavestone Group's condensed interim financial statements covering the six-month period ended on 9/30/20 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, 2020.

#### 3.1.3 Change in accounting standards

The firm has applied the IASB's IFRS and the IFRIC interpretations, as adopted by the European Union, for annual reporting periods beginning on or after April 1, 2020 (available on the European Commission website: [http://ec.europa.eu/internal\\_market/accounting/ias\\_fr.htm#adopted-commission](http://ec.europa.eu/internal_market/accounting/ias_fr.htm#adopted-commission)) and this did not lead to any significant change in the methods used to evaluate and present the financial statements.

IFRS standards, IFRIC interpretations and amendments applied by the Company as of April 1, 2020

Standards, amendments and interpretations	Date of adoption by the EU	Dates of application <sup>(1)</sup> : fiscal years beginning on or after
Amendments to accounting references within the conceptual framework	12/6/19	1/1/20
Amendments to IAS 1 and IAS 8 "Definition of 'material'"	12/10/19	1/1/20
Amendments to IAS 39, IFRS 7 and IFRS 9 "Reforms to benchmark interest rates"	1/16/20	1/1/20
Amendments linked to IFRS 3 "Definition of a business"	4/22/20	1/1/20
Amendments to IFRS 16 "Covid-19 rent concessions"	10/9/20	6/1/20

(1) EU application date

#### 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 9/30/2020.



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 "Sale or contribution of assets between associated companies and joint ventures"	9/11/14	Undetermined
Amendments to IFRS 4, IFRS 7, IFRS 9, IFRS 16 and IAS 39 "Reform of benchmark interest rates - Phase 2"	8/27/20	1/1/21
IFRS annual improvements (2018-2020)	5/14/20	1/1/22
Amendments to IAS 37 "Onerous contracts - Cost of fulfilling a contract"	5/14/20	1/1/22
Amendments to IFRS 3 "Business combinations"	5/14/20	1/1/22
Amendments to IAS 1 on classification of liabilities as current and non-current	1/23/20	1/1/23

The IASB has published standards and interpretations, adopted by the European Union at 9/30/2020, that are applicable to reporting periods beginning on or after 1/1/2021. The Group has chosen not to early adopt these texts.

Standards, amendments and interpretations	Date of adoption by the EU	Date of application: fiscal years beginning on or after
None		

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 September 30, 2020 and March 31, 2020 are comparable, except for changes in the scope of consolidation.

## 3.2 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 9/30/2020.

On September 30, 2020, the consolidated financial statements included all Wavestone's companies for six months.

### 3.3 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):

Currency		Closing rate		Average rate	
		9/30/2020	3/31/2020	9/30/2020	3/31/2020
Swiss franc	CHF	0.925583	0.944733	0.933474	0.913903
Chinese Yuan	CNY	0.125439	0.128561	0.125154	0.129139
British Pound	GBP	1.096071	1.128121	1.112906	1.142937
Hong Kong Dollar	HKD	0.110203	0.117723	0.112668	0.115307
Moroccan Dirham	MAD	0.092299	0.089728	0.091873	0.093042
US Dollar	USD	0.854117	0.912742	0.873286	0.901036
Indian Rupee	INR	0.011588	0.012063	0.011702	0.012597

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.

### 3.4 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. Uncertainty about the consequences of the Covid-19 epidemic makes this year's exercise more difficult. Future results may differ significantly under different assumptions or conditions.

### 3.5 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.

### 3.6 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.

### 3.7 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.

### 3.8 Change in method

None.

### 3.9 Existence of potential liabilities and potential assets

On November 26, 2019, Wavestone received a rectification proposal following a tax control for the fiscal years ending March 31, 2016, March 31, 2017 and March 31, 2018. The French tax administration estimated that three projects are not eligible for the French research tax credit and is envisaging a rectification of a total amount of €618k.

Assisted by specialized advisors, the firm considers it has the necessary arguments to justify the eligibility of these projects and intends to contest the French tax administration's position. In this respect, an observation letter was sent within the requested timeframe. As such, no related provision has been set aside in Group accounts.

### 3.10 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**. Wavestone n’a pas d’autres engagements à long terme ni d’indemnités de fin de contrat. The discount rate for the measurement of entitlements is 0.60% in France and 0.50% in Switzerland.
- / The Group has 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, Wavestone contracted interest rate hedges (cap) to cover the risk of an increase in the interest rate on the loans contracted to finance external growth operations.
- / 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:

Entities	Head office	Siret	Legal form	% holding	Nationality	No. of months consolidated
Wavestone	Tour Franklin 100-101 Terrasse Boieldieu 92042 La Défense Cedex	37755024900041	SA	Sté mère	France	6
Wavestone Advisors UK	Warnford Court 29-30 (4th Floor) Cornhill London, EC3V 3NF	5896422	Limited company	100%	UK	6
Wavestone Switzerland	1 Place de Pont-Rouge 1212 Grand-Lancy, Genève	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	Incorporated company	100%	USA	6
Wavestone Luxembourg	10 rue du Château d'Eau 3364 Leudelange	B114630	SA	100%	Luxembourg	6
Wavestone Belgium	6 Avenue des arts Immeuble The Artist 1210 Bruxelles	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 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	Warnford Court 29-30 Cornhill London, EC3V 3NF	10468064	Limited company	100%	UK	6
Xceed Group Limited	Warnford Court 29-30 Cornhill London, EC3V 3NF	6526750	Limited company	100%	UK	6
Wavestone Consulting UK	Warnford Court 29-30 Cornhill London, EC3V 3NF	4965100	Limited company	100%	UK	6
M3G	Tour Franklin 100-101 Terrasse Boieldieu 92042 La Défense Cedex	79120544600028	SASU	100%	France	6
Metis Consulting	Tour Franklin 100-101 Terrasse Boieldieu 92042 La Défense Cedex	50299920400030	SASU	100%	France	6
Metis Consulting Hong Kong	Flat 7107B, 1 Austin Road West, Kowloon, Hong Kong	2381018	Private company	100%	Hong-Kong	6
WGroup	150 N. Radnor Chester Road, Suite A230 Radnor, PA 19087, USA	3191624	Incorporated company	100%	USA	6
UpGrow	150 N. Radnor Chester Road, Suite A230 Radnor, PA 19087, USA	6360853	Incorporated company	100%	USA	6
WGroup Consulting India Project	4th Floor, WeWork The Galaxy Hotel Sector 15 Gurugram HR 122001, India	U74999HR2019FT C079593	Private limited company	100%	India	6

All these companies have been fully consolidated.

#### Transfer of business from Wavestone Consulting UK to Wavestone Advisors UK

The transfer of business from Wavestone Consulting UK to Wavestone Advisors UK was implemented pursuant to the Business Transfer Agreement of September 18, 2020, with an effective date as of end-September 2020.

This transfer, which involves the distribution of a dividend in kind, with the transfer of assets and liabilities from Wavestone Consulting UK to Wavestone Advisors UK, has no impact on consolidated accounts.

## 5 Notes relative to certain income statement and balance sheet items

### Note 1 Revenues

The bulk of our revenue is generated in France.

<b>Revenue</b>	<b>9/30/2020</b>	<b>9/30/2019</b>
France	157,736	168,454
International	29,066	26,012
<b>Total</b>	<b>186,802</b>	<b>194,466</b>

Revenue is composed of 56% fixed-price contracts and 44% time-spent contracts.

The order book is 3.7 months.

<b>Headcount average</b>	<b>9/30/2020</b>	<b>9/30/2019</b>
France	2,906	2,700
International	404	344
<b>Total</b>	<b>3,310</b>	<b>3,044</b>

### Note 2 Payroll expenses

<b>Personnel expenses</b>	<b>9/30/2020</b>	<b>9/30/2019</b>
Wages and salaries	105,953	97,767
Payroll on-costs	41,098	39,126
<b>Total</b>	<b>147,051</b>	<b>136,893</b>

In the context of the Covid-19 health crisis, Wavestone has benefited from support measures offered by several countries, including France. Indemnification measures relative to partial unemployment are booked as deductions to payroll costs. Over the six-month period, partial unemployment generated total savings of €5,170k on payroll costs.

<b>Average headcount FTE</b>	<b>9/30/2020</b>	<b>9/30/2019</b>
Engineers and executive-level staff	3,254	2,989
Employees	55	55
<b>Total</b>	<b>3,310</b>	<b>3,044</b>

### 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.

	<b>9/30/2020</b>	<b>9/30/2019</b>
Various	379	311
<b>Other operating income</b>	<b>379</b>	<b>311</b>
Securities and goodwill acquisition costs	(167)	(1,276)
Various	(265)	(308)
<b>Other operating expense</b>	<b>(433)</b>	<b>(1,584)</b>
<b>Net total</b>	<b>(53)</b>	<b>(1,273)</b>

Other various operating expenses are notably composed at 9/30/20 of unoccupied premises costs for €198k.

Various other operating income items mainly include writebacks from depreciation provisions for office furnishings amounting to €139k and adjustments to usage rights amounting to €203k.

### Note 4 Financial income (loss)

	<b>9/30/2020</b>	<b>9/30/2019</b>
Net income from disposals of cash and cash equivalents	0	6
Interest on loans	(637)	(858)
<b>Cost of net debt</b>	<b>(637)</b>	<b>(852)</b>
Other financial income and expense	(600)	(28)
<b>Financial income</b>	<b>(1,236)</b>	<b>(880)</b>

Interest on loans is mainly made up of interest on the 2020 Refinancing loan for an amount of €418k and on the 2020 Revolving credit facility amounting to €120k.

Other financial income and expenses specifically includes hedging instruments for €(337)k.

### Note 5 Tax charge

#### Net impact of taxes on income:

	<b>9/30/2020</b>	<b>9/30/2019</b>
Current tax	6,288	8,272
Deferred tax	(953)	188
<b>Total</b>	<b>5,335</b>	<b>8,460</b>

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 €2,465k.

## Note 6 Earnings per share

	9/30/2020	9/30/2019	3/31/2020
<b>Earnings per share</b>			
Net profit from companies - Group share	6,953	9,304	31,140
Weighted average number of shares in circulation <sup>(1)</sup>	19,939,522	19,870,888	19,872,524
<b>Net profit - Group share per share undiluted (euros)</b>	<b>0.35</b>	<b>0.47</b>	<b>1.57</b>
No. of shares issued on September 30 <sup>(1)</sup>	19,939,522	19,870,888	19,872,524
<b>Net profit - Group share per share diluted (euros)</b>	<b>0.35</b>	<b>0.47</b>	<b>1.57</b>

<sup>(1)</sup>excluding treasury stock

## Note 7 Goodwill on the assets side of the balance sheet

	Net carrying amount on 3/31/2020	Change in scope	Decrease in fiscal year	Trans. diff.	Net carrying amount on 9/30/2020
Wavestone SA	45,200	0	0	0	45,200
Wavestone Advisors UK	2,423	0	0	(69)	2,354
Wavestone Advisors SZ	2,890	0	0	(59)	2,831
Kurt Salmon	69,093	0	0	(253)	68,840
Xceed	11,776	0	0	(335)	11,441
Metis	9,968	0	0	0	9,968
WGroup	25,131	0	(3,057)	(1,547)	20,528
<b>Total</b>	<b>166,482</b>	<b>0</b>	<b>(3,057)</b>	<b>(2,262)</b>	<b>161,163</b>

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

The company observed a lag in the operating forecasts for WGroup. It is now clear that the second additional consideration provided for as part of the acquisition of this company will not have to be paid.

The consolidated financial statements were adjusted accordingly.

### Impairment test

In line with IAS 36, and given the current economic backdrop, it was observed that the market value of Wavestone, considered as its market capitalization as of end-September 2020 minus 2% for theoretical disposal costs, was higher than the book value of the sole CGU (cash generating unit) recorded in the consolidated financial statements. This approach confirms that there is no need to book goodwill impairments.



## Note 8 Intangible and tangible assets

<b>Gross value</b>	<b>3/31/2020</b>	<b>Change in the scope of consolidation</b>	<b>Increase</b>	<b>Decrease</b>	<b>Trans. diff.</b>	<b>9/30/2020</b>
Software	5,047	0	0	0	(64)	4,982
Customers	16,546	0	0	0	0	16,546
Intangible assets in progress	0	0	0	0	0	0
<b>Total intangible assets</b>	<b>21,592</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(64)</b>	<b>21,528</b>
Other tangible assets	24,406	0	619	(175)	(66)	24,785
Tangible assets in progress	27	0	106	(131)	0	2
<b>Total tangible assets</b>	<b>24,434</b>	<b>0</b>	<b>726</b>	<b>(307)</b>	<b>(66)</b>	<b>24,787</b>

  

<b>Depreciation and amortization</b>	<b>3/31/2020</b>	<b>Change in the scope of consolidation</b>	<b>Increase</b>	<b>Decrease</b>	<b>Trans. diff.</b>	<b>9/30/2020</b>
Software	3,493	0	409	0	(49)	3,853
Customers	9,424	0	747	0	0	10,170
<b>Total intangible assets</b>	<b>12,917</b>	<b>0</b>	<b>1,155</b>	<b>0</b>	<b>(49)</b>	<b>14,023</b>
Other tangible assets	10,215	0	1,389	(174)	(37)	11,393
<b>Total tangible assets</b>	<b>10,215</b>	<b>0</b>	<b>1,389</b>	<b>(174)</b>	<b>(37)</b>	<b>11,393</b>

  

<b>Impairments</b>	<b>3/31/2020</b>	<b>Change in the scope of consolidation</b>	<b>Increase</b>	<b>Decrease</b>	<b>Trans. diff.</b>	<b>9/30/2020</b>
Software	564	0	0	(207)	(15)	342
<b>Total intangible assets</b>	<b>564</b>	<b>0</b>	<b>0</b>	<b>(207)</b>	<b>(15)</b>	<b>342</b>
Other tangible assets	195	0	0	(74)	(1)	119
<b>Total tangible assets</b>	<b>195</b>	<b>0</b>	<b>0</b>	<b>(74)</b>	<b>(1)</b>	<b>119</b>

  

<b>Net total intangible assets</b>	<b>8,111</b>	<b>0</b>	<b>(1,155)</b>	<b>207</b>	<b>0</b>	<b>7,163</b>
<b>Net total tangible assets</b>	<b>14,024</b>	<b>0</b>	<b>(664)</b>	<b>(59)</b>	<b>(27)</b>	<b>13,275</b>

None of Wavestone's intangible or tangible assets are subject to ownership restrictions.

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

The change in "Liabilities on capital assets" was €62k at 9/30/20, compared with €(1,979)k at 3/31/20.

## Note 9 Leases

### Right-of-use

<b>Gross value</b>	<b>3/31/2020</b>	<b>Change in the scope of consolidation</b>	<b>Increase</b>	<b>Decrease</b>	<b>Trans. diff.</b>	<b>9/30/2020</b>
<b>Operating lease</b>	<b>36,654</b>	<b>0</b>	<b>587</b>	<b>(204)</b>	<b>(181)</b>	<b>36,857</b>
Property lease	36,654	0	587	(204)	(181)	36,857
<b>Financial lease</b>	<b>3,997</b>	<b>0</b>	<b>0</b>	<b>(5)</b>	<b>(2)</b>	<b>3,990</b>
IT and office equipment	3,887	0	0	(5)	0	3,882
Transport equipment	110	0	0	0	(2)	108
<b>Total rights-of-use</b>	<b>40,651</b>	<b>0</b>	<b>587</b>	<b>(209)</b>	<b>(183)</b>	<b>40,846</b>

  

<b>Depreciation and amortization</b>	<b>3/31/2020</b>	<b>Change in the scope of consolidation</b>	<b>Increase</b>	<b>Decrease</b>	<b>Trans. diff.</b>	<b>9/30/2020</b>
<b>Operating lease</b>	<b>6,291</b>	<b>0</b>	<b>3,246</b>	<b>(197)</b>	<b>(45)</b>	<b>9,295</b>
Property lease	6,291	0	3,246	(197)	(45)	9,295
<b>Financial lease</b>	<b>3,493</b>	<b>0</b>	<b>257</b>	<b>0</b>	<b>(2)</b>	<b>3,748</b>
IT and office equipment	3,420	0	247	0	0	3,667
Transport equipment	73	0	11	0	(2)	82
<b>Total rights-of-use</b>	<b>9,784</b>	<b>0</b>	<b>3,503</b>	<b>(197)</b>	<b>(46)</b>	<b>13</b>

  

<b>Impairments</b>	<b>3/31/2020</b>	<b>Change in the scope of consolidation</b>	<b>Increase</b>	<b>Decrease</b>	<b>Trans. diff.</b>	<b>9/30/2020</b>
<b>Operating lease</b>	<b>255</b>	<b>0</b>	<b>98</b>	<b>(64)</b>	<b>(2)</b>	<b>287</b>
Property lease	255	0	98	(64)	(2)	287
<b>Financial lease</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
IT and office equipment	0	0	0	0	0	0
Cars	0	0	0	0	0	0
<b>Total rights-of-use</b>	<b>255</b>	<b>0</b>	<b>98</b>	<b>(64)</b>	<b>(2)</b>	<b>287</b>

  

<b>Total net rights-of-use</b>	<b>30,613</b>	<b>0</b>	<b>(3,013)</b>	<b>52</b>	<b>(135)</b>	<b>27,517</b>
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## Lease liability

	3/31/2020	Change in the scope of consolidation	Change	Trans. diff.	9/30/2020
<b>Debts over five years</b>	<b>4,899</b>	<b>0</b>	<b>(1,526)</b>	<b>(10)</b>	<b>3,363</b>
Rental debts	4,899	0	(1,526)	(10)	3,363
Financial lease debts	0	0	0	0	0
<b>Debts from one to five years</b>	<b>24,717</b>	<b>0</b>	<b>(2,183)</b>	<b>(100)</b>	<b>22,433</b>
Rental debts	24,628	0	(2,115)	(100)	22,412
Financial lease debts	89	0	(68)	0	21
<b>Total non-current lease liabilities</b>	<b>29,616</b>	<b>0</b>	<b>(3,709)</b>	<b>(110)</b>	<b>25,796</b>
Rental debts	7,639	0	222	(57)	7,804
Financial lease debts	402	0	(187)	(1)	214
<b>Total current (less than one year) lease liabilities</b>	<b>8,041</b>	<b>0</b>	<b>35</b>	<b>(57)</b>	<b>8,019</b>
<b>Total lease liabilities</b>	<b>37,657</b>	<b>0</b>	<b>(3,675)</b>	<b>(167)</b>	<b>33,815</b>

Guarantees pledged as collateral against these lease liabilities are described in note 17 below.

## Note 10 Other assets

Financial assets consist exclusively of deposits and guarantees.

Other non-current assets consist mainly of deferred tax assets in the amount of €10,950k (€10,097k at 3/31/2020).

## Note 11 Current assets

	3/31/2020	Change in the scope of consolidation	Change	Trans. diff.	9/30/2020
<b>Trade and other receivables</b>					
Receivables	86,544	0	(10,902)	(597)	75,044
Invoices to send	43,000	0	(1,969)	(23)	41,008
<b>Gross value</b>	<b>129,544</b>	<b>0</b>	<b>(12,871)</b>	<b>(621)</b>	<b>116,052</b>
<b>Depreciation and amortization</b>	<b>(1,135)</b>	<b>0</b>	<b>143</b>	<b>(2)</b>	<b>(995)</b>
<b>Net book value</b>	<b>128,408</b>	<b>0</b>	<b>(12,729)</b>	<b>(623)</b>	<b>115,057</b>

With regard to the quality of the firm's clients, no global first-level risk has been identified. However, 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.

<b>Other receivables</b>	<b>3/31/2020</b>	<b>Change in the scope of consolidation</b>	<b>Change</b>	<b>Trans. diff.</b>	<b>9/30/2020</b>
Advances and down-payments	1,309	0	(824)	(4)	482
Tax receivables	15,110	0	(1,174)	(32)	13,904
Various debtors	1,261	0	2,378	(14)	3,625
Prepaid expenses	5,655	0	(1,342)	(24)	4,289
<b>Gross value</b>	<b>23,335</b>	<b>0</b>	<b>(961)</b>	<b>(74)</b>	<b>22,300</b>
Trade and other receivables	(53)	0	0	0	(53)
<b>Depreciation and amortization</b>	<b>(53)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(53)</b>
<b>Net book value</b>	<b>23,282</b>	<b>0</b>	<b>(962)</b>	<b>(74)</b>	<b>22,246</b>

<b>Cash and cash equivalents</b>	<b>3/31/2020</b>	<b>Change in the scope of consolidation</b>	<b>Change</b>	<b>Trans. diff.</b>	<b>9/30/2020</b>
Cash on hand and bank balances	65,131	0	(20,476)	(74)	44,581
<b>Gross value</b>	<b>65,131</b>	<b>0</b>	<b>(20,476)</b>	<b>(74)</b>	<b>44,581</b>
<b>Depreciation and amortization</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net book value</b>	<b>65,131</b>	<b>0</b>	<b>(20,476)</b>	<b>(74)</b>	<b>44,581</b>

## Note 12 Capital

At 9/30/2020, the capital of the Wavestone parent company comprised 20,196,492 fully paid-up shares at €0.025 per unit.

At the same date, the Company owned 256,970 Wavestone shares.

During the first half of the year, no new allocation of free shares was decided.

For current plans, the definitive allocation of free shares to the firm's Key People remains subject to the following conditions : the beneficiary achieves a personal shareholding in the Company shares, and he or she fulfills a performance criterion relating to the achievement of a consolidated EBIT target.

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 9/30/2020.

## Note 13 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.

	<b>3/31/2020</b>	<b>Change in the scope of consolidation</b>	<b>Increase</b>	<b>Reversals</b>		<b>Trans. diff.</b>	<b>9/30/2020</b>
				<b>Used</b>	<b>Unused</b>		
Provisions for IFC	15,343	0	1,400	(126)	(63)	(26)	16,527
<b>Total long-term provisions</b>	<b>15,343</b>	<b>0</b>	<b>1,400</b>	<b>(126)</b>	<b>(63)</b>	<b>(26)</b>	<b>16,527</b>
Provisions for contingencies	5,348	0	553	(469)	(444)	(35)	4,953
<b>Total short-term provisions</b>	<b>5,348</b>	<b>0</b>	<b>553</b>	<b>(469)</b>	<b>(444)</b>	<b>(35)</b>	<b>4,953</b>
<b>Total provisions</b>	<b>20,691</b>	<b>0</b>	<b>1,953</b>	<b>(595)</b>	<b>(508)</b>	<b>(61)</b>	<b>21,479</b>

Changes in provisions for the period had a €(278)k impact on EBIT and a €37k 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 €817k decrease in actuarial differences (recognized in shareholders' equity) while a 0.25% decrease in the discount rate would represent a €870k increase in actuarial differences.

## Note 14 Financial liabilities and net debt

	3/31/2020	Change in the scope of consolidation	Change	Trans. diff.	9/30/2020
<b>Debts over five years</b>	<b>23,559</b>	<b>0</b>	<b>(4,100)</b>	<b>0</b>	<b>19,459</b>
Bank borrowings	23,559	0	(4,100)	0	19,459
<b>Debts from one to five years</b>	<b>32,517</b>	<b>0</b>	<b>112</b>	<b>(1)</b>	<b>32,629</b>
Bank borrowings	32,517	0	85	0	32,602
Borrowings and other financial debts	0	0	27	(1)	27
<b>Total non-current financial liabilities</b>	<b>56,076</b>	<b>0</b>	<b>(3,988)</b>	<b>(1)</b>	<b>52,088</b>
Bank borrowings	38,104	0	(29,991)	0	8,114
Current used banking facilities	63	0	(43)	(3)	17
Accrued interest not yet matured	12	0	(8)	0	4
<b>Total current (less than one year) financial liabilities</b>	<b>38,179</b>	<b>0</b>	<b>(30,041)</b>	<b>(3)</b>	<b>8,135</b>
<b>Total financial liabilities excluding current banking facilities</b>	<b>94,193</b>	<b>0</b>	<b>(33,986)</b>	<b>(1)</b>	<b>60,206</b>
<b>Total financial liabilities</b>	<b>94,255</b>	<b>0</b>	<b>(34,029)</b>	<b>(3)</b>	<b>60,223</b>

## Breakdown of financial liabilities by rate

Rate	3/31/2020		9/30/2020	
	fixed	variable	fixed	variable
Non-current financial liabilities	152	55,924	178	51,909
Current financial liabilities	101	38,079	92	8,043
<b>Total financial liabilities</b>	<b>252</b>	<b>94,003</b>	<b>271</b>	<b>59,952</b>

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

Subscriptions and repayments carried out over the fiscal year are presented in the consolidated cash flow statement.

These borrowings are not backed by any guarantees.

The characteristics of the Refinancement 2020 loan are as follows:

- / Nominal: €65,000k
- / Rate: variable (Euribor + margin)
- / Maturity: 3/26/26
- / Date of issue: 3/26/20

The characteristics of the Crédit Renouvelable 2020 loan are as follows:

- / Nominal : €30,000k
- / Rate: variable (Euribor + margin)
- / Maturity: 3/26/25
- / Date of issue: 3/26/20

The characteristics of the Croissance Externe 2020 loan are as follows:

- / Nominal: €65,000k
- / Rate: variable (Euribor + margin)
- / Maturity: 3/26/27
- / Date of issue: 3/26/20

The undrawn portion of Revolving credit lines and external growth are mentioned in note 17.

The contract also provides for an unconfirmed credit line for a maximum of €60,000k for external growth transactions.

<b>Cash and cash equivalents</b>	<b>3/31/2020</b>	<b>Change in the scope of consolidation</b>	<b>Change</b>	<b>Trans. diff.</b>	<b>9/30/2020</b>
Cash equivalents with historical value	0	0	0	0	0
Cash on hand and bank balances	65,131	0	(20,476)	(74)	44,581
Current used banking facilities	(63)	0	43	3	(17)
<b>Total cash net of overdrafts</b>	<b>65,068</b>	<b>0</b>	<b>(20,433)</b>	<b>(71)</b>	<b>44,565</b>
Change in fair value of cash equivalents	0	0	0	0	0
<b>Consolidated cash</b>	<b>65,068</b>	<b>0</b>	<b>(20,433)</b>	<b>(71)</b>	<b>44,565</b>
<b>Financial liabilities excluding current banking facilities</b>	<b>94,193</b>	<b>0</b>	<b>(33,986)</b>	<b>(1)</b>	<b>60,206</b>
<b>Net financial cash/(debt)</b>	<b>(29,124)</b>	<b>0</b>	<b>13,553</b>	<b>(70)</b>	<b>(15,641)</b>

## Note 15 Other liabilities

	3/31/2020	Change in the scope of consolidation	Change	Trans. diff.	9/30/2020
<b>Other non-current liabilities</b>					
Tax and payroll liabilities	193	0	339	0	532
<i>O/w tax liabilities</i>	193	0	339	0	532
Other liabilities	766	0	(766)	0	0
<b>Total</b>	<b>959</b>	<b>0</b>	<b>(427)</b>	<b>0</b>	<b>532</b>
<b>Current liabilities</b>					
Trade and other payables	16,586	0	(5,984)	(55)	10,548
Tax and payroll liabilities	80,417	0	(1,939)	(190)	78,288
<i>O/w tax liabilities</i>	37,005	0	(6,138)	(21)	30,846
<i>O/w payroll liabilities</i>	43,411	0	4,199	(169)	47,442
Other current liabilities	21,864	0	(5,254)	(238)	16,372
<i>O/w suppliers of fixed assets</i>	8	0	62	0	70
<i>O/w other liabilities</i>	9,927	0	(3,516)	(152)	6,259
<i>O/w deferred income</i>	11,928	0	(1,800)	(86)	10,042
<b>Total</b>	<b>118,866</b>	<b>0</b>	<b>(13,176)</b>	<b>(483)</b>	<b>105,207</b>
<b>Total other liabilities</b>	<b>119,826</b>	<b>0</b>	<b>(13,603)</b>	<b>(483)</b>	<b>105,739</b>

## Note 16 Financial instruments

Wavestone's financial instrument portfolio is made up of:

- / Treasury stock;
- / Currency futures contracts;
- / Cross-currency swaps;
- / Interest rate hedges (caps).

### Accounting classification and fair value of financial assets and liabilities

	Instrument category						Fair value			
	Derivatives qualified as hedging	Financial assets recorded at fair value through			Assets	Liabilities	Level 1	Level 2	Level 3	Fair value
		income	capital	at cost	financial	financial	Price	Internal	Internal	
			share	amortized	at cost	at cost	listed	model	model with	
At 9/30/2020					Value	over one	with	parameters		
					net in the statement	market	parameters	not		
						assets	observable	observable		
Equity instruments	0	0	0	0	0	0	0	0	0	0
Financial assets at amortized cost and financial receivables	0	0	0	1,984	0	1,984	0	1,984	0	1,984
Derivative instrument assets	1,673	0	0	0	0	1,673	0	1,673	0	1,673
Financial current accounts	0	0	0	0	0	0	0	0	0	0
Cash equivalents	0	0	0	0	0	0	0	0	0	0
Cash on hand and bank balances	0	44,581	0	0	0	44,581	44,581	0	0	44,581
<b>Total assets</b>	<b>1,673</b>	<b>44,581</b>	<b>0</b>	<b>1,984</b>	<b>0</b>	<b>48,238</b>	<b>44,581</b>	<b>3,656</b>	<b>0</b>	<b>48,238</b>
Bond loans	0	0	0	0	0	0	0	0	0	0
Bank loans	0	0	0	0	60,179	60,179	0	60,179	0	60,179
Financial debt (including leases)	0	0	0	0	235	235	0	235	0	235
Current used banking facilities	0	0	0	0	17	17	17	0	0	17
Derivative instrument liabilities	144	0	0	0	0	144	0	144	0	144
Financial current accounts	0	0	0	0	0	0	0	0	0	0
<b>Total liabilities</b>	<b>144</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>60,431</b>	<b>60,575</b>	<b>17</b>	<b>60,558</b>	<b>0</b>	<b>60,575</b>



	Instrument category						Fair value			
	Derivatives qualified as hedging	Financial assets recorded at fair value through		Assets financial	Liabilities financial	Value net in the statement	Level 1 Price listed over one market assets	Level 2 Internal model with parameters observable	Level 3 Internal model with parameters not observable	Fair value
		income	capital share	at cost amortized	at cost amortized					
<b>At 3/31/2020</b>										
Equity instruments	0	0	0	0	0	0	0	0	0	
Financial assets at amortized cost and financial receivables	0	0	0	1,986	0	1,986	0	1,986	0	1,986
Derivative instrument assets	397	0	0	0	0	397	0	397	0	397
Financial current accounts	0	0	0	0	0	0	0	0	0	0
Cash equivalents	0	0	0	0	0	0	0	0	0	0
Cash on hand and bank balances	0	65,131	0	0	0	65,131	65,131	0	0	65,131
<b>Total assets</b>	<b>397</b>	<b>65,131</b>	<b>0</b>	<b>1,986</b>	<b>0</b>	<b>67,513</b>	<b>65,131</b>	<b>2,382</b>	<b>0</b>	<b>67,513</b>
Bond loans	0	0	0	0	0	0	0	0	0	0
Bank loans	0	0	0	0	94,192	94,192	0	94,192	0	94,192
Financial debt (including leases)	0	0	0	0	492	492	0	492	0	492
Current used banking facilities	0	0	0	0	63	63	63	0	0	63
Derivative instrument liabilities	1,033	0	0	0	0	1,033	0	1,033	0	1,033
Financial current accounts	0	0	0	0	0	0	0	0	0	0
<b>Total liabilities</b>	<b>1,033</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>94,747</b>	<b>95,780</b>	<b>63</b>	<b>95,717</b>	<b>0</b>	<b>95,780</b>

## Note 17 Off-balance sheet commitments

Commitments given	Total amount at 9/30/2020	Due 1 year or more	At more than one year and 5 years or more	More than five years
Approvals and guarantees	1,745	451	0	1,294
Pledges	0	0	0	0
Operating lease commitments	5,389	3,595	1,793	0
<b>Total</b>	<b>7,133</b>	<b>4,046</b>	<b>1,793</b>	<b>1,294</b>
<b>Commitments received</b>				
Approvals and guarantees	2,190	1,752	0	439
Unused credit lines	95,000	0	95,000	0
Liability guarantees <sup>(1)</sup>	29,204	6,568	22,637	0
<b>Total</b>	<b>126,395</b>	<b>8,320</b>	<b>117,637</b>	<b>439</b>

(1) o/w sequestered of €3,344k and insurance policy (Kurt Salmon transaction) of €15,000k.

Concerning property leases, now under lease liabilities:

- / 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.
- / Leases in Belgium are hedged through a bank rental guarantee of €60k, maturing in 2023, and of €28k maturing in 2028.
- / The lease in Switzerland is covered by a bank rental guarantee of €124k, expiring in 2030.

Wavestone's liability guarantees arose from the acquisitions carried out during the 2014/15, 2015/16, 2018/19, 2019/20 and 2020/21 fiscal years.

<b>Commitments given</b>	<b>Total amount at 3/31/2020</b>	<b>Due 1 year or more</b>	<b>At more than one year and 5 years or more</b>	<b>More than five years</b>
Approvals and guarantees	1,798	469	0	1,328
Pledges	0	0	0	0
Operating lease commitments	8,070	3,656	4,414	0
<b>Total</b>	<b>9,868</b>	<b>4,125</b>	<b>4,414</b>	<b>1,328</b>
<b>Commitments received</b>				
Approvals and guarantees	2,890	1,748	0	1,142
Unused credit lines	65,000	0	65,000	0
Liability guarantees <sup>(1)</sup>	29,711	6,760	22,951	0
<b>Total</b>	<b>97,600</b>	<b>8,508</b>	<b>87,951</b>	<b>1,142</b>

(1) o/w sequestered of €3,526k and insurance policy (Kurt Salmon transaction) of €15,000k.

## Note 18 Related-party transactions

None.

## Note 19 Subsequents events

In a difficult market context during the first half of 2020/21, which has mechanically weighed on the firm's utilization rate and increased pressure on prices, Wavestone proved its resilience, as reflected in the level of operating profitability over the period.

The recent worsening of the public-health situation, and the tighter preventive measures it has triggered, have had a very limited direct impact on the company's operations.

This evolution is unlikely to destabilize the continued rise in the consultant utilization rate in Q3. Over this quarter, the firm is now targeting a utilization rate of more than 72% in the current quarter, higher than the 70% figure previously envisaged, and a significant increase on the 65% recorded in H1.

The battle plan initiated in H1 continues, with intense business development activity and new stimulus actions being targeted at practices and offices that are lagging on performance recovery.

As well as almost ceasing the use of furlough measures since October 1, Wavestone is gradually expanding its recruitment activities into new offices and practices while ensuring this doesn't compromise the rising consultant utilization rate.

## Note 20 Risk factors

Risk factors are detailed in note 24 to the consolidated financial statements included in the “financial report at 3/31/2020” document.

# STATUTORY AUDITORS' REVIEW REPORT

Statutory Auditors' Review Report on the 2020 Half-year Financial Information Period from April 1 to September 30, 2020

*This is a free translation into English of the Statutory Auditors' review report issued in French and it is provided solely for the convenience of English-speaking users.*

*This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

To the Shareholders,

In compliance with the assignment entrusted to us by your Shareholders' Annual General Meeting 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-year consolidated financial statements of WAVESTONE, for the period from April 1 to September 30, 2020;
- / the verification of the information contained in the half-year management report.

The condensed half-year consolidated financial statements were finalized under the responsibility of the Board of Directors on 7 December 2020, based on information available at that date against the background of rapid developments in the Covid-19 crisis and difficulties assessing its impact and the resulting outlook. Our role is to express a conclusion on these financial statements based on our review.

## 1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of half-year 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-year consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – the standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Without qualifying the conclusion expressed above, we draw your attention to note 2 "Highlights of the semester - Impact of the Covid-19 crisis on activity" to the condensed half-year consolidated financial statements, exposing the impacts of the crisis related Covid-19 on the activity at the end of September 2020.

## 2. Specific verification

We have also verified the information presented in the half-year management report drawn up on December 7, 2020 on the condensed half-year 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.

Paris - La Défense, December 7, 2020

The Statutory Auditors  
French original signed by

**AUDITEURS &  
CONSEILS ASSOCIES  
ACA NEXIA**

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Sandrine GIMAT

**MAZARS**

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Bruno POUGET