Interim Financial Report 2021/22

CONTENT

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

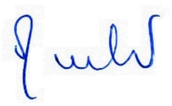
STATEMENT FROM MANAGEMENT RESPONSIBLE

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 9, 2021



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:

Revenue from services provided / 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, 2021 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 Luxembourg, Wavestone Belgium and Wavestone HK), Wavestone US and its subsidiaries (WGroup and Wavestone India), M3G and its subsidiaries (Metis Consulting and Metis Consulting HK.

The consolidated financial statements at March 31, 2021 comprised 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 Luxembourg, Wavestone Belgium, and Wavestone HK), Wavestone US and its subsidiaries (WGroup and Wavestone India), M3G and its subsidiaries (Metis Consulting, and Metis Consulting HK).

The consolidated half-yearly financial statements at September 30, 2020 comprised 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, WGroup, Wavestone India, Wavestone Luxembourg, Wavestone Belgium, Wavestone Consulting Switzerland, and Wavestone HK), M3G and its subsidiaries (Metis Consulting, and Metis Consulting HK).

The financial statements at September 30, 2021, March 31, 2021, and September 30, 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.

Revenue and profitability

in thousands of euros	H1 2021/22	H1 2020/21	Change
Revenue	217,843	186,802	17%
EBIT	31,796	14,325	122%
EBIT margin	*14.6%*	*7.7%*	
Operating income	30,124	13,525	123%
Group share of net income	20,692	6,953	198%
Net margin	*9.5%*	*3.7%*	

The first-half consolidated revenue increased by 17% to €217,843k from €186,802k in the same period last year.

At €31,796k (after employee profit-sharing), EBIT was up 122% year-on-year (from €14,325k). The EBIT margin (calculated as operating income on ordinary activities divided by revenue) is 14.6%, compared with 7.7% in H1 2020.

Operating income was €30,124k up from €13,525k in the first half of the previous fiscal year. This includes (i) the amortization of the client relationship related to the acquisition of Kurt Salmon's European activities in January 2016 for €(747)k (ii) acquisition costs in the amount of €(939)k, (iii) the impact of ongoing projects to downsize various premises (Paris, Luxembourg, New York), which led to a recorded net expense of €(37)k. As a reminder, a portion of the expenses (costs for unoccupied premises and amortization of fixtures and fittings) had been covered by reserves or impairments as of March 31, 2021. As of September 30, 2020, other operating income and expenses amounted to €(53)k and consisted mainly of costs for unoccupied premises in the amount of €(198)k, acquisition costs of €(167)k, income of €203k arising from a right-of-use adjustment (IFRS16), and a gain of €139k from reversals of depreciation on fixtures and fittings.

The net cost of debt was €(459)k in the period, compared with €(637)k for H1 2020. The net cost of debt for the period is primarily made up of interest on borrowings, loan issuance costs as well as fees for the non-utilization of credit lines.

Earnings before tax increased by 139% to €29,383k from €12,288k in H1 2020.

Net income for the period came out at €20,692k, giving a net margin of 9.5% and including a tax expense of €8,691k. This represents a increase of 198% on the same period last year (€6,953k, net margin of 3.7% after a tax expense of €5,335k).

There are no minority shareholders. Therefore, Group share of net income equates to net income: up by 198% to €20,692k, from €6,953k in H1 2020.

Financial structure and cash

in thousands of euros	9/30/2021	3/31/2021	Change
Non-current assets	**215,376**	**212,639**	1%
incl. goodwill	*168,173*	*162,035*	*4%*
Current assets (excl. Cash and cash equivalents)	**151,471**	**145,822**	4%
Cash and cash equivalents	**69,012**	**88,009**	-22%
Equity	**221,750**	**206,063**	8%
Non-current liabilities	**79,303**	**87,774**	-10%
incl. finanical liabilities	*43,904*	*48,013*	*-9%*
Current liabilities	**134,805**	**152,633**	-12%
incl. financial liabilities	*8,192*	*8,152*	*0%*
Balance sheet total	**435**	**445**	-2%

Consolidated equity amounted to €221,750k at September 30, 2021 (vs. €206,063k at March 31, 2021).

Wavestone's net cash[1] was €16,916k at September 30, 2021, from €31,844k at March 31, 2021 and a net debt of €15,642k at September 30, 2020.

Financial liabilities (excluding lease liabilities) totaled €52,096k on September 30, 2021 vs. €56,165k on March 31, 2021. On September 30, 2021, these broke down into €52,066k in bank loans and €30k of other financial liabilities (accrued interest not yet due, security deposit received).

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.

[1] Gross cash flow less financial liabilities (excluding lease liabilities)

3. Wavestone's interim performance

Revenue from organic growth up by +15% in H1 2021/22

In H1 2021/22, Wavestone generated revenue of €217.8m, up 17% year-on-year – and 12% compared with H1 2019/20, prior to the health crisis.

At constant scope and exchange rates, excluding Everest Group consulting, half-year organic growth stood at 15% – driven by sustained demand, especially from major transformation projects.

Acceleration of recruitment plan in 2021/22

At September 30, 2021, Wavestone had 3,476 employees, compared with 3,453 six months earlier.

At the same date, the staff turnover rate stood at 15% on a rolling 12-month basis. Over the whole of the fiscal year, Wavestone expects a turnover rate of between 15% and 20% – higher than its initial target of 15%.

To offset this higher-than-expected rate, and with excellent visibility on future projects, the company has accelerated recruitment activity in H2 2021/22; Wavestone is now targeting about 900 new starters over the year, compared with the 800 envisaged initially.

High consultant utilization rate and strongly positioned sales prices

The operating indicators were well positioned during the first half of the year.

The consultant utilization rate stood at 78% over the whole six-month period – a figure significantly higher than the firm's established norm (75%).

The average daily rate was €847 over the period: a modest increase compared with the end of last fiscal year (€842 in 2020/21). The integration of Everest Group consulting for five months of the six-month period made a positive contribution to sales prices: increasing the average by €5. In line with H1, Wavestone is now targeting an average daily rate for the entire fiscal year that is slightly higher than the previous year.

Six-monthly EBIT margin of 14.6%

At the end of H1 2021/22, EBIT stood at €31.8m – up 122% compared with H1 2020/21.

The EBIT margin was 14.6% in H1 2021/22, compared with 7.7% in H1 of the previous year, which suffered as a result of the health crisis.

This record operating profit for H1 reflects the good orientation of the activity but also tightly controlled operating expenses, despite higher spending on recruitment and human resources. The company has benefited, in particular, from the decision to reduce its office size – an output of the Smartworking@Wavestone project.

After accounting for the amortization of customer relationships and other non-current charges, in particular those related to the acquisition of Everest Group's consulting practice, in the US, in May 2021, operating income stood at €30.1m. This is an increase of 123%, compared with H1 2020/21.

Net margin of 9.5%

The cost of net financial debt and other financial charges are reducing sharply. The income tax charge saw a limited increase due to a reduction in corporate tax rates and the rate of CVAE (a French business tax based on corporate added value).

Group share of net income for the six-month period stood at €20.7m. This represents an increase of +198%, compared with €7.0m in H1 2020/21. Net margin stood at 9.5% in H1 2021/22, compared with 3.7% a year earlier.

Solid increase in self-financing capacity, but a rise in working capital requirements

In H1 2021/22, self-financing capacity rose by 71% to €34.3m.

The change in WCR consumed €22.8m of cash, due to an increase in trade receivables linked to growth and the usual reduction seen in social security charges in the first half of the year. The latter was further amplified by the repayment of €2.2m of monies received under furlough arrangements during the 2020/21 fiscal year.

After payment of taxes, operating cash flow amounted to €3.5m.

Investment operations consumed €7.1m in H1, mostly applied to the acquisition of Everest Group consulting.

Financing flows consumed €15.4m; of this, €2.0m was from share buybacks, €4.6m from the resumption of dividend payments from the 2020/21 fiscal year, €4.2m for loan repayments, and €4.1m for lease-liability repayments (under IFRS 16).

Available cash and cash equivalents of €16.9m at September 30, 2021

At September 30, 2021, Wavestone's equity had increased to €221.8m.

Net cash and cash equivalents[2] amounted to €16.9m at the end of H1, compared with €31.8m at March 31, 2021.

Available cash stood at €69.0m at September 30, 2021.

4. Post-cloture events and outlook

Acquisition of why Innovation!

On October 18, 2021, Wavestone announced its acquisition of why innovation!, a consulting firm based in Singapore and Hong Kong that specializes in the agile transformation of organizations.

The team of about twenty consultants at why innovation! works with companies in the finance, transport, industrial, retail, and health sectors, especially by supporting their needs in innovation and digital transformation.

After an initial stage of development in the Asia-Pacific, concretized by the opening of its Hong Kong office in 2016, Wavestone is further strengthening its position in the area.

The two firms will capitalize on their portfolios of complementary offerings to generate more value for their clients in the region.

Over its last three fiscal years, why innovation! achieved an average revenue of over S$5.0m (~€3.2m), with an average EBITA margin of the order of 15%. For the 2020 fiscal year, which was impacted by the Covid-19 crisis, revenue amounted to S$4.4m (~€2.8m), with an EBITA margin of 9%.

Wavestone has acquired 100% of the share capital of why innovation!. The purchase price is S$5.2m (~€3.3m) in enterprise value, financed in cash from Wavestone's own funds; an additional S$2.7m (~€1.7m) could be added to this, depending on the company's performance over the next 18 months.

why innovation! will be consolidated into Wavestone's accounts from November 1, 2021, 5 months of its fiscal year.

Goodwill will be recognized in the Group's consolidated financial statements as of March 31, 2022.

[2] Excluding lease liabilities

Exclusive negotiations for the acquisition of NewVantage Partners in the United States

Wavestone announces that it is in exclusive negotiations for the acquisition of NewVantage Partners,
a consulting firm based in Boston, USA.

Founded in 2001, NewVantage Partners is a niche player, specialized in data strategy, working with blue-chip clients, including several Fortune-200 companies. NewVantage Partners is expected to realize about $2.6m (~€2.3m) in revenue, in 2021.

The acquisition price will be between $2.7m and $3.9m (~€2.4m and €3.5m), depending on the company’s results over the next 12 months.

Annual profitability objective strengthened: EBIT margin of close to 15%

Throughout H1 2021/22, Wavestone benefited from a buoyant consulting market, which saw the launch of numerous major transformation projects and increasing demand for its services. At September 30, 2021, the firm's order book stood at 3.9 months of work, a sign of excellent visibility on future projects.

This strong momentum has continued in Q3, with a consultant utilization rate that continues to be above the 75% norm, and sales prices that remain robust.

As a result, Wavestone has decided to target an EBIT margin of close to 15% for the whole of the fiscal year, compared with 13% previously. This new objective reflects robust operating indicators and operating cost control, while taking account of additional investment needs in recruitment and human resources over H2.

In addition, given the acquisition of the consulting firm why innovation!, which has been consolidated into Wavestone’s accounts since November 1, 2021, the annual revenue target has been increased to €462m, compared with €460m previously.

These objectives are calculated on a constant forex basis and include Everest Group consulting (since May 1, 2021) and why innovation! (since November 1, 2021).

A new economic cycle, marked by profound changes

The year 2021 has marked the beginning of a new economic cycle.

Businesses are pursuing major transformations against a backdrop of profound change: increasingly strong competition, an accelerating digital revolution, and urgent climate and environmental challenges.

After successfully navigating the crisis in 2020, and building on a solid track record of transformation work and a value proposition that combines business and technology, Wavestone's objective is to become the preferred partner of large companies in addressing these challenges.

Impact: Wavestone's strategic plan for 2025

The Impact strategic plan, which Wavestone has published today, is turned towards this objective. It is built on three major pillars.

- International & growth - Wavestone will make positioning itself to partner major international clients its development priority in the years to come.

  This priority will see a concrete outworking in business-development activity, the application of its skills, all geographies included, and in growth-related investment (marketing, recruitment, human resources).

  The firm also intends to accelerate external growth, particularly in its target geographies: the US, the UK, and in the medium term, Asia. Beyond the targeted acquisitions that the company typically pursues, Wavestone may consider more fundamental purchases, if the right opportunities arise.

/ Expertise & value - Wavestone intends to invest more heavily in developing the skills and expertise of its teams: its ambition is to become one of the best training grounds for consultants at all career stages.

The firm also plans to extend this investment into actions that deepens its expertise and value; this will take the form of more innovation, future-focused thinking, and thought leadership.

These investments will encompass the entirety of the company's expertise, with a particular focus on the key challenges of future years – such as cybersecurity, data, artificial intelligence, new digital business models. Wavestone also intends to develop a leading expertise in decarbonization and sustainable development.

The aim is to deepen and enrich the firm's value proposition, through a 360° view of the challenges – business, technological, and sustainable-development challenges.

The effort required may lead to a decrease in utilization rates, offset by an increase in sales prices that reflects the additional value to clients.

/ "The Positive Way" - The signature approach of "The Positive Way" will remain central to Wavestone's development plans.

Over the course of the plan, the firm will cultivate its values: customer satisfaction and support for sustainable performance, employee development and commitment, responsibility and ethics, as well as the collective, its most distinctive quality.

Wavestone intends to benefit from its roots to strengthen its identity and unity, to better meet the challenges of growth.

An ambitious new stage for Wavestone

Wavestone's ambition through Impact:

Replicating Wavestone's success in France on an international scale.

In this context, the company has set the following objectives, to be achieved by 2025.

/ Reach a new growth horizon and target an annual revenue of €750m

/ Include five non-French major accounts within its TOP 20 clients

/ Position the firm within the top 5% of companies in CSR terms

Maintaining profitability comparable to that targeted for the current fiscal year will provide Wavestone with the financial flexibility necessary to realize Impact.

Preparing the future

As part of Impact, Wavestone also wants to lay the foundations for its future development, in terms of governance structure.

As a first step, when his current mandate ends in July 2022, Michel Dancoisne will not seek a new mandate as Chairman of the Supervisory Board.

At the next General Meeting, Shareholders will be asked to vote on a proposal to change the governance structure: from one of a Management Board and Supervisory Board, to one of a Board of Directors. It will also be proposed that Pascal Imbert becomes CEO of the company; Patrick Hirigoyen becomes the Deputy CEO; and Michel Dancoisne continues to serve on the Board.

As it executes this strategic plan, the ongoing development of Wavestone's management structure will be key, in order to be ready to begin the transition to a new management team from 2025.

Regardless of these changes, Michel Dancoisne and Pascal Imbert intend to maintain their positions as the company's major shareholders, in the interests of Wavestone's long-term development.

5. Information on risks and uncertainties during the second half

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 15, 2021.

6. Main related-party transactions

None.

The Management Board

December 6, 2021

CONSOLIDATED FINANCIAL STATEMENTS AT 9/30/2021

Consolidated income statement

in €k	Note	9/30/2021	9/30/2020	3/31/2021
Revenue	1	**217,843**	**186,802**	**417,608**
Purchases consumed		(5,164)	(6,511)	(13,951)
Personnal costs	2	(160,925)	(147,051)	(310,168)
External expenses		(14,461)	(11,483)	(23,703)
Levies and taxes		(3,084)	(2,905)	(7,241)
Net allocation for depreciation and provisions		(2,814)	(4,481)	(9,720)
Other current income and expenses		403	(46)	450
EBIT		**31,796**	**14,325**	**53,275**
Amortization of client relationships	3	(747)	(747)	(1,493)
Other operating income and expenses	3	(926)	(53)	(8,519)
Operating income		**30,124**	**13,525**	**43,263**
Financial income	4	4	0	5
Cost of gross financial debt	4	(463)	(637)	(1,144)
Cost of net financial debt		**(459)**	**(637)**	**(1,138)**
Other financial income and expenses	4	(282)	(600)	(1,451)
Pre-tax income		**29,383**	**12,288**	**40,674**
Income tax expenses	5	(8,691)	(5,335)	(15,297)
Net income		**20,692**	**6,953**	**25,377**
Minority interests		0	0	0
Group share of net income		**20,692**	**6,953**	**25,377**
Group share of net income per share (€) (1)	6	1.03	0.35	1.27
Group share of diluted net income per share (€)	6	1.03	0.35	1.27

(1) Number of shares weighted over the period.

Consolidated balance sheet

in €k	Note	9/30/2021	3/31/2021
Goodwill	7	168,173	162,035
Intangible assets	8	5,267	6,216
Tangible assets	8	7,605	8,548
Rights to use leased assets	9	19,386	20,959
Financial assets – more than one year	10	1,888	2,091
Other non-current assets	10	13,056	12,789
Non-current assets		**215,376**	**212,639**
Trade and related receivables	11	131,395	125,710
Other receivables	11	20,075	20,112
Cash and cash equivalents	11	69,012	88,009
Current assets		**220,483**	**233,831**
Total assets		**435,858**	**446,469**
Capital	12	505	505
Issue and merger premiums; additional paid-in capital		11,218	11,218
Consolidated reserves and earnings		209,405	193,944
Conversion-rate adjustment		621	395
Total shareholders' equity, group share		**221,750**	**206,063**
Minority interests		0	0
Total equity		**221,750**	**206,063**
Long-term provisions	13	16,880	17,317
Financial liabilities - more than one year	14	43,904	48,013
Lease liabilities – more than one year	9	17,780	22,260
Other non-current liabilities	15	740	184
Non-current liabilities		**79,303**	**87,774**
Short-term provisions	13	7,145	6,567
Financial liabilities - less than one year	14	8,192	8,152
Lease liabilities – less than one year	9	7,364	8,025
Trade payable	15	11,551	11,554
Tax and social security liabilities	15	80,619	98,305
Other current financial liabilities	15	19,934	20,029
Current liabilities		**134,805**	**152,633**
Total liabilities		**435,858**	**446,469**

Change in consolidated cash and cash equivalents

in €k	Note	9/30/2021	3/31/2021	9/30/2020
Consolidated net income		**20,692**	**25,377**	**6,953**
Elimination of non-cash elements:				
Net depreciation and provisions (1)		2,929	20,680	5,835
Charges/(income) related to share-based payments		1,043	2,300	1,229
Losses/gains on disposals, net of tax		320	12	1
Other calculated income and expenses		22	1,895	(101)
Cost of net financial debt (inc. interest on lease liabilities)		600	1,470	812
Tax charges / (income)	5	8,691	15,297	5,335
Self-financing capacity before net financial debt and tax costs		**34,297**	**67,030**	**20,064**
Income tax paid		(7,992)	(17,038)	(10,475)
Change in WCR		(22,838)	20,828	9,226
Net cash flow from operations		**3,467**	**70,820**	**18,815**
Intangible and tangible fixed asset acquisitions	8	(166)	(748)	(532)
Asset disposals		134	14	0
Change in financial assets		15	(114)	(6)
Impact of changes in scope		(7,093)	(0)	0
Net cash flow from investments		**(7,109)**	**(849)**	**(538)**
Sales (acquisitions) by the company of its own shares (2)		(2,032)	137	135
Dividends paid to parent-company shareholders		(4,645)	0	0
Dividends paid to minority interests of consolidated companies		0	0	0
Loans received	14	0	0	0
Repayment of loans	14	(4,185)	(38,320)	(34,143)
Repayments of lease liabilities	9	(4,093)	(7,802)	(4,052)
Net financial interest paid		(341)	(878)	(507)
Net interest paid on lease liabilities	4	(148)	(336)	(170)
Other flows related to financing operations	14	0	27	27
Net cash flow from financing operations		**(15,444)**	**(47,173)**	**(38,710)**
Net change in cash and cash equivalents		**(19,087)**	**22,798**	**(20,433)**
Impact of translation differences	14	93	137	(71)
Opening cash position	14	88,003	65,068	65,068
Closing cash position	14	69,010	88,003	44,565

(1) Including €3,393k for the amortization of property usage rights (IFRS 16) in H1 2021 and €3,246k for the same in H1 2020.

(2) For information, the company has delivered treasury shares to a value of €4,273k.

Change in consolidated shareholders' equity

€k	Share capital	Premiums	Reserves consolidated	Result for fiscal year	Difference in conversion	Capital share
Consolidated share capital at 3/31/2020	**505**	**11,218**	**135,514**	**31,140**	**(1,235)**	**177,142**
Consolidated profit for the year	0	0	0	25,377	0	25,377
Change in fair value of hedging instruments	0	0	7	0	0	7
Change in translation differences	0	0	0	0	1,630	1,630
IAS 19 actuarial differences	0	0	(477)	0	0	(477)
Overall net profit	**0**	**0**	**(470)**	**25,377**	**1,630**	**26,537**
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
Transactions in treasury shares	0	0	882	0	0	882
Share-based payments	0	0	1,501	0	0	1,501
Consolidated share capital at 3/31/2021	**505**	**11,218**	**168,567**	**25,377**	**395**	**206,063**
Consolidated profit for the year	0	0	0	20,692	0	20,692
Change in fair value of hedging instruments	0	0	0	0	0	0
Change in translation differences	0	0	0	0	226	226
IAS 19 actuarial differences	0	0	456	0	0	456
Overall net profit	**0**	**0**	**456**	**20,692**	**226**	**21,374**
Impact minority interests	0	0	0	0	0	0
Allocation of income	0	0	25,377	(25,377)	0	0
Dividends paid out by consolidating company	0	0	(4,645)	0	0	(4,645)
Transactions in treasury shares	0	0	(2,100)	0	0	(2,100)
Share-based payments	0	0	1,059	0	0	1,059
Consolidated share capital at 9/30/2021 (1)	**505**	**11,218**	**188,713**	**20,692**	**621**	**221,750**

(1) Shareholders' equity contains no taxable items. Cumulative deferred tax assets amounting to €276k 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.

The dividend distributed during the year amounted to €0.23 per share, i.e., a total of €4,645k.

Statement of net comprehensive income

€k	Note	9/30/2021	Restated 9/30/2020	Published 9/30/2020
Net profit		**20,692**	**6,953**	**6,953**
Elements recyclable in the income statement:				
Change in fair value of hedging instruments	16	0	0	0
Variation des écarts de conversion		226	(319)	0
Elements not recyclable in the income statement:				
IAS 19 actuarial differences	13	456	(451)	(451)
Amounts recognized in equity		**682**	**(770)**	**(451)**
Comprehensive net profit - Group share		**21,374**	**6,183**	**6,503**

Notes to the consolidated financial statements

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. 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 12/6/2021.

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

Identification data

Name or other identification of the reporting entity	Wavestone
Explanation of changes in the name or other identification of the reporting entity since the end of the previous reporting period	No change in the name
Address of the head office of the entity	Tour Franklin, 100-101 Terrasse Boieldieu, 92042 La Défense Cedex, France
Country of incorporation	France
Address of the entity	Tour Franklin, 100-101 Terrasse Boieldieu, 92042 La Défense Cedex, France
Main establishment	France
Legal form of the entity	Société anonyme
Description of the nature of the entity's operations and its principal activities	Wavestone is a consulting firm specializing in the transformation of organizations, with more than 3,000 employees in 9 countries.
Name of the parent entity	Wavestone SA
Name of the head company	Wavestone SA

2 Main events during the half-year period

Acquisition of the Consulting Practice of Everest Group in the US

On May 7, 2021, Wavestone announces the acquisition of all the assets of Everest Group *Consulting*, Everest Group's consulting division, in the US.

Founded in 1991 and headquartered in Dallas, Texas, Everest Group is a research and consulting firm, made of two practices: Consulting and Research– the former being acquired by Wavestone.

Everest Group *Consulting* has focused on delivering high value-added consulting services on business process optimization, sourcing, and transformation to corporate and IT leaders. Everest Group *Consulting* also advices service providers on how to effectively deliver and monetize services to their targeted markets.

During the last three fiscal years, Everest Group *Consulting* average revenue stood at approximately $11m (~€9.1m). It recorded a 2020 revenue of more than $15m (~€12.3m) due to exceptional contracts delivered throughout the year. The profitability of Everest Group *Consulting* is similar to that of Wavestone. The team consists of about 20 employees, and also relies on a number of contractors.

The acquisition has been paid in cash and has been financed out of Wavestone's own funds. Everest Group's Consulting division will be integrated in Wavestone's accounts as of May 1, 2021, 11 months of its fiscal year.

A provisional goodwill is recorded in the consolidated accounts of the group as of September 30, 2021.

Credit contract: integration of environmental, social and societal criteria

As part of its corporate social responsibility (CSR) strategy, Wavestone has decided to link its financing to its ESG (Environmental, Social and Governance) performance, by including environmental, social and societal criteria to the March 26, 2020 loan agreement.

Wavestone has appointed the extra-financial analysis agency EthiFinance to certify the progress of the objectives set out in this contract through an annual review based on the Extra-Financial Performance Declaration. Wavestone will report annually on the progress of its approach in its Universal Registration Document.

Four areas of progress for Wavestone in terms of CSR have been identified, and annual objectives have been set for each of them.

- To increase the representation of women in management positions;
- To be an increasingly welcoming company with a growing population of employees with disabilities;
- To deploy Wavestone’s responsible consulting approach on an increasing number of assignments;
- To reduce the firm's environmental footprint using an avoid-reduce-compensate approach.

Wavestone will receive a margin bonus applicable to all of its credit lines, depending on whether or not the objectives are met. In the case that this bonus actually materializes, Wavestone commits to pay the entire amount saved to the Wavestone Foundation. The Wavestone Foundation supports associations working for disadvantaged children around the world.

Impact of business combinations

On a like-for-like and constant forex basis, Wavestone generated revenues of €215,317k, EBIT of €31,604k, and Group share of net income of €21,228k for the first half of 2021, versus revenues of €186,802k, EBIT of €14,325k and Group share of net income of €6,953k for the first half of 2020.

On a like-for-like and current forex basis, Wavestone generated revenues of €214,993k, EBIT of €31,688k, and Group share of net income of €21,305k.

On a full-scope basis, Wavestone had revenue of €217,843k, EBIT of €31,796k and Group share of net income of €20,692k.

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, 2021.

The accounting principles used to prepare these consolidated financial statements are the same as those used to prepare its consolidated financial statements at 3/31/2021.

3.1.2 Interim financial statements

Wavestone Group's condensed interim financial statements covering the six-month period ended on 9/30/21 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, 2021.

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, 2021 (available on the European Commission website) 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, 2021

Standards, amendments and interpretations	Date of adoption by the EU	Dates of application (1): fiscal years beginning on or after
Amendments to IFRS 4, IFRS 7, IFRS 9, IFRS 16 and IAS 39 "Interest Rate Benchmark Reform - Phase 2"	1/13/21	1/1/21

(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 9/30/2021.

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 IAS 1 on classification of liabilities as current and non-current	1/23/20	1/1/23
Amendments to IAS 1 "Disclosure of Accounting Policies"	2/12/21	1/1/23
Amendments to IAS 8 "Definition of an accounting estimate"	2/12/21	1/1/23
Amendments to IAS 12 "Income Taxes"	5/7/21	1/1/23

The IASB has published standards and interpretations, adopted by the European Union at 9/30/2021, that are applicable to reporting periods beginning on or after 1/1/2022. 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
Annual IFRS improvements (2018-2020)	6/28/21	1/1/22
Amendments to IFRS 3 "Business Combinations"	6/28/21	1/1/22
Amendments to IAS 16 "Property, Plant, and Equipment - Proceeds before intended use"	6/28/21	1/1/22
Amendments to IAS 37 "Onerous contracts - costs of performing the contract"	6/28/21	1/1/22

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, 2021 and March 31, 2021 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 9/30/2021.

On September 30, 2021, 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):

		Closing rate		Average rate	
Currency		**9/30/2021**	**3/31/2021**	**9/30/2021**	**3/31/2021**
Swiss franc	CHF	0.923361	0.903342	0.917993	0.926863
Chinese Yuan	CNY	0.133606	0.130188	0.130223	0.126338
British Pound	GBP	1.162075	1.173585	1.163357	1.121778
Hong Kong Dollar	HKD	0.110884	0.109706	0.108007	0.110041
Indian Rupee	INR	0.011618	0.011653	0.011381	0.011516
Moroccan Dirham	MAD	0.095323	0.094051	0.094037	0.092228
US Dollar	USD	0.863632	0.852878	0.839501	0.853261

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. 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. If necessary, the five-year horizon may be shortened, but only if that simplification has no impact on the outcome of the impairment test.

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 0.90% in France and 0.40% 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 on 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	SA	100%	Switerzerland	6
Wavestone Advisors	Tour Franklin 100-101 Terrasse Boieldieu 92042 La Défense Cedex	43322484700114	SAS	100%	France	6
Wavestone US	130 West 42nd Street New York, NY10036	5905389	Incorpo-rated 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 Maroc	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	Incorpo-rated company	100%	USA	6
UpGrow	150 N. Radnor Chester Road, Suite A230 Radnor, PA 19087, USA	6360853	Incorpo-rated company	100%	USA	6
Wavestone India	2nd Floor, WeWork Behind 32nd Milestone The Galaxy Hotel Sector 15 Gurgaon HR 122001, India	U74999HR2019FT C079593	Private limited company	100%	India	6

All these companies have been fully consolidated.

5 Notes sur certains postes du compte de résultat et du bilan

Note 1 Revenues

84% of the firm's consolidated turnover is generated in France.

Revenue	**9/30/2021**	**9/30/2020**
France	183,042	157,736
International	34,800	29,066
Total	**217,843**	**186,802**

Revenue is composed of 57% fixed-price contracts and 43% time-spent contracts.

The order book is 3.9 months as of September 30, 2021.

Headcount average	**9/30/2021**	**9/30/2020**
France	2,985	2,906
International	398	404
Total	**3,383**	**3,310**

Note 2 Payroll expenses

Personnel expenses	**9/30/2021**	**9/30/2020**
Wages and salaries	(115,729)	(105,953)
Payroll on-costs	(45,197)	(41,098)
Total	**(160,925)**	**(147,051)**

Average headcount FTE	**9/30/2021**	**9/30/2020**
Engineers and executive-level staff	3,327	3,254
Employees	56	55
Total	**3,383**	**3,310**

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.

	9/30/2021	9/30/2020
Various	6,499	379
Other operating income	**6,499**	**379**
Securities and goodwill acquisition costs	(939)	(167)
Various	(6,486)	(265)
Other operating expense	**(7,425)**	**(433)**
Net total	**(926)**	**(53)**

Other miscellaneous operating expenses include, as of September 30, 2021, €2,359k in costs for unoccupied premises, as well as €4,064k in costs related to ongoing projects aimed at returning premises to their owners.

Other miscellaneous operating income consists mainly of reversals of impairment losses on rights of use and provisions for charges on unoccupied premises amounting to €4,620k, as well as income of €1,549k from the cancellation of rental debts remaining at the date of return of the premises.

As such, the costs of unoccupied premises and the cost of returning premises of €6,423k are covered by reversals of depreciation and reserves for €6,169k.

Note 4 Financial income

	9/30/2021	9/30/2020
Net income from disposals of cash and cash equivalents	4	0
Interest on loans	(463)	(637)
Cost of net debt	**(459)**	**(637)**
Other financial income and expense	(282)	(600)
Financial income	**(741)**	**(1,236)**

Interest on loans is mainly made up of interest on the 2020 Refinancing loan for an amount of €(351)k and on the 2020 External growth credit facility amounting to €(93)k.

Other financial income and expenses specifically includes hedging instruments for €(177)k as of September 30,2021, and €(337)k as of September 30, 2020.

Note 5 Tax charge

Net impact of taxes on income:

	9/30/2021	9/30/2020
Current tax	(7,042)	(6,288)
Deferred tax	(1,648)	953
Total	**(8,691)**	**(5,335)**

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 €(1,304)k.

Note 6 Earnings per share

	9/30/2021	9/30/2020	3/31/2021
Earnings per share			
Net profit from companies - Group share	20,692	6,953	25,377
Weighted average number of shares in circulation [1]	20,017,318	19,939,522	19,938,793
Net profit - Group share per share undiluted (euros)	**1.03**	**0.35**	**1.27**
No. of shares issued at closing date [1]	20,017,318	19,939,522	19,938,793
Net profit - Group share per share diluted (euros)	**1.03**	**0.35**	**1.27**

[1] excluding treasury stock

Note 7 Goodwill on the assets side of the balance sheet

	Net carrying amount on 3/31/2021	Change in scope	Increase in fiscal year	Trans. diff.	Net carrying amount on 9/30/2021
Wavestone SA	45,200	0	0	0	45,200
Wavestone Advisors UK	2,521	0	0	(25)	2,496
Wavestone Advisors SZ	2,763	0	0	61	2,824
Kurt Salmon	68,835	0	0	46	68,881
Xceed	12,250	0	0	(120)	12,130
Metis	9,968	0	0	0	9,968
WGroup	20,498	0	0	258	20,757
FDC Everest	0	5,751	0	165	5,916
Total	**162,035**	**5,751**	**0**	**387**	**168,173**

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

Calculation of goodwill on acquisition

The goodwill arising from the change in the scope of consolidation can be broken down as follows:

	FDC Everest	Total
Acquisition cost		
Acquisition price	7,093	7,093
Additional consideration	907	907
Total I	**8,000**	**8,000**

	FDC Everest	Total
Assets acquired on acquisition date		
Net fixed assets	0	0
Non-current assets	2,249	2,249
Current assets	0	0
Sub total B	**2,249**	**2,249**
Liabilities acquired on acquisition date		
Non current liabilities	0	0
Short-term provisions	0	0
Current liabilities	0	0
Sub total C	**0**	**0**
Total II - net assets acquired (B-C)	**2,249**	**2,249**

	FDC Everest	Total
Goodwill (I-II)	**5,751**	**5,751**

Impairment test

In accordance with IAS 36, in the absence of any indication of impairment, no impairment test was performed as of September 30, 2021.

Note 8 Intangible and tangible assets

Gross value	3/31/2021	Change in the scope of consolidation	Increase	Decrease	Trans. diff.	9/30/2021
Software	3,065	0	0	(71)	2	2,995
Customers	16,546	0	0	0	0	16,546
Intangible assets in progress	0	0	0	0	0	0
Total intangible assets	**19,610**	**0**	**0**	**(71)**	**2**	**19,541**
Other tangible assets	24,542	0	172	(1,586)	16	23,144
Intangible assets in progress	0	0	49	0	1	50
Total intangible assets	**24,542**	**0**	**222**	**(1,586)**	**17**	**23,194**

Amortization	3/31/2021	Change in the scope of consolidation	Increase	Decrease	Trans. diff.	9/30/2021
Software	2,429	0	218	(70)	2	2,578
Customers	10,917	0	747	0	0	11,664
Total intangible assets	**13,346**	**0**	**964**	**(70)**	**2**	**14,241**
Other tangible assets	12,362	0	1,331	(915)	3	12,780
Total tangible assets	**12,362**	**0**	**1,331**	**(915)**	**3**	**12,780**

Depreciation	3/31/2021	Change in the scope of consolidation	Increase	Decrease	Trans. diff.	9/30/2021
Software	48	0	0	(16)	0	32
Total intangible assets	**48**	**0**	**0**	**(16)**	**0**	**32**
Other tangible assets	3,632	0	0	(823)	0	2,809
Total tangible assets	**3,632**	**0**	**0**	**(823)**	**0**	**2,809**
Total intangible assets	**6,216**	**0**	**(964)**	**16**	**0**	**5,267**
Total tangible assets	**8,548**	**0**	**(1,109)**	**152**	**14**	**7,605**

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

The return of a half-floor of offices in Paris and a floor of offices in Luxembourg was accompanied by the removal of the net book values for the corresponding fixtures and fittings, in the amount of €632k. This was the subject of a depreciation of €367k which was reversed

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

The change in "Liabilities on capital assets" was €56k at 9/30/21, compared with €0k at 3/31/21.

Note 9 Leases

Right-of-use

Gross value	3/31/2021	Change in the scope of consolidation	Increase	Decrease	Trans. diff.	9/30/2021
Operating lease	**37,024**	**0**	**484,032**	**(2,866)**	**60**	**34,702**
Property lease	37,024	0	484,032	(2,866)	60	34,702
Financial lease	**3,048**	**0**	**79**	**(444)**	**2**	**2,686**
IT and office equipment	2,943	0	0	(385)	0	2,558
Transport equipment	105	0	79	(59)	2	128
Total rights-of-use	**40,072**	**0**	**563**	**(3,310)**	**62**	**37,388**

Amortization	3/31/2021	Change in the scope of consolidation	Increase	Decrease	Trans. diff.	9/30/2021
Operating lease	**12,584**	**0**	**3,394**	**(1,449)**	**20**	**14,548**
Property lease	12,584	0	3,394	(1,449)	20	14,548
Financial lease	**2,942**	**0**	**77**	**(429)**	**2**	**2,591**
IT and office equipment	2,853	0	67	(382)	0	2,538
Transport equipment	88	0	10	(47)	2	53
Total rights-of-use	**15,525**	**0**	**3,471**	**(1,878)**	**22**	**17,140**

Depreciation	3/31/2021	Change in the scope of consolidation	Increase	Decrease	Trans. diff.	9/30/2021
Operating lease	**3,588**	**0**	**0**	**(2,725)**	**0**	**863**
Property lease	3,588	0	0	(2,725)	0	863
Financial lease	**0**	**0**	**0**	**0**	**0**	**0**
IT and office equipment	0	0	0	0	0	0
Transport equipment	0	0	0	0	0	0
Total rights-of-use	**3,588**	**0**	**0**	**(2,725)**	**0**	**863**
Total net rights-of-use	**20,959**	**0**	**(2,907)**	**1,293**	**40**	**19,386**

Assets financed by a leasing contract are subject to a restriction of ownership.

The assets relating to the Paris premises have been depreciated for the unoccupied areas as of April 1, 2021.

Lease liability

	3/31/21	Change in the scope of consolidation	Change	Trans. diff.	9/30/21
Debts over five years	**2,700**	**0**	**(823)**	**(29)**	**1,848**
Rental debts	2,700	0	(823)	(29)	1,848
Financial lease debts	0	0	0	0	0
Debts from one to five years	**19,560**	**0**	**(3,694)**	**66**	**15,932**
Rental debts	19,560	0	(3,747)	66	15,879
Financial lease debts	(0)	0	53	0	53
Total non-current lease liabilities	**22,260**	**0**	**(4,516)**	**36**	**17,780**
Rental debts	7,919	0	(596)	8	7,331
Financial lease debts	106	0	(74)	1	32
Total current (less than one year) lease liabilities	**8,025**	**0**	**(670)**	**8**	**7,364**
Total lease liabilities	**30,285**	**0**	**(5,186)**	**45**	**25,144**

The return of a half-floor of offices in Paris and a floor of offices in Luxembourg resulted in the removal from the net book value for the corresponding rights of use in the amount of €1,332k, and residual rental debts in the amount of €1,549k.

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

Note 10 Other assets

Financial assets consist essentially of deposits and guarantees.

Other non-current assets consist mainly of deferred tax assets in the amount of €12,368k (€11,808k at 3/31/2021).

Note 11 Current assets

Trade and other receivables	3/31/2021	Change	Trans. diff.	9/30/2021
Receivables	82,925	(4,683)	117	78,359
Invoices to send	43,780	10,160	63	54,003
Gross value	**126,705**	**5,477**	**180**	**132,362**
Depreciation	**(995)**	**30**	**(3)**	**(967)**
Net book value	**125,710**	**5,507**	**177**	**131,395**

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.

Other receivables	3/31/2021	Change	Trans. diff.	9/30/2021
Advances and down-payments	376	(182)	0	194
Tax receivables	15,415	(1,522)	(3)	13,889
Various debtors	1,572	584	10	2,166
Prepaid expenses	2,813	1,074	1	3,888
Gross value	**20,177**	**(46)**	**7**	**20,138**
Trade and other receivables	(65)	2	0	(63)
Depreciation and amortization	**(65)**	**2**	**0**	**(63)**
Net book value	**20,112**	**(44)**	**7**	**20,075**

Cash and cash equivalents	3/31/2021	Change	Trans. diff.	9/30/2021
Cash on hand and bank balances	88,009	(19,090)	93	69,012
Gross value	**88,009**	**(19,090)**	**93**	**69,012**
Depreciation	**0**	**0**	**0**	**0**
Net book value	**88,009**	**(19,090)**	**93**	**69,012**

Note 12 Capital

At 9/30/2021, 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 179,174 Wavestone shares.

In addition, on the authorization of the General Meeting of Shareholders, the Wavestone Management Board, at its meeting of July 27, 2021, to make free allocations of existing shares or shares to be issued to the firm's Key People. The final allocation of those free shares is conditional on the beneficiary's personal investment in Wavestone shares, and on the achievement of a performance criterion relating to the firm's consolidated current operating income.

In addition, at the same meeting, the Wavestone Management Board decided to make free allocations of existing shares or shares to be issued to employees of Wavestone or the firm or to certain categories of employees, as part of the employee savings plan set up by Wavestone.

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 9/30/2021.

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. Provisions for contingencies also cover rental charges for unoccupied Paris premises as well as costs relating to the return of premises.

	3/31/2021	Change in the scope of consolidation	Increase	Decrease (reversals)		Trans. diff.	9/30/2021
				Used	Unused		
Provisions for IFC	16,956	0	680	(177)	(612)	32	16,880
Provisions for contingencies	361	0	0	(361)	0	0	0
Total long-term provisions	**17,317**	**0**	**680**	**(538)**	**(612)**	**32**	**16,880**
Provisions for contingencies	6,567	0	3,261	(1,686)	(989)	(8)	7,145
Total short-term provisions	**6,567**	**0**	**3,261**	**(1,686)**	**(989)**	**(8)**	**7,145**
Total provisions	**23,884**	**0**	**3,941**	**(2,224)**	**(1,601)**	**24**	**24,024**

Changes in provisions for the period had a €(198)k impact on EBIT and a €(530)k 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 €896k decrease in actuarial differences (recognized in shareholders' equity) while a 0.25% decrease in the discount rate would represent a €956k increase in actuarial differences.

Note 14 Financial liabilities and net debt

	3/31/2021	Change in the scope of consolidation	Change	Trans. diff.	9/30/2021
Debts over five years	**0**	**0**	**0**	**0**	**0**
Bank borrowings	0	0	0	0	0
Debts from one to five years	**48,013**	**0**	**(4,110)**	**0**	**43,904**
Bank borrowings	47,986	0	(4,083)	0	43,904
Financial borrowings (leases)	27	0	(27)	0	0
Total non-current financial liabilities	**48,013**	**0**	**(4,110)**	**0**	**43,904**
Bank borrowings	8,140	0	18	0	8,157
Financial borrowings (leases)	0	0	27	0	27
Current used banking facilities	6	0	(3)	0	2
Accrued interest not yet matured	7	0	(2)	0	5
Total current (less than one year) financial liabilities	**8,152**	**0**	**40**	**0**	**8,192**
Total financial liabilities excluding current banking facilities	**56,160**	**0**	**(4,067)**	**0**	**52,093**
Total financial liabilities	**56,165**	**0**	**(4,070)**	**0**	**52,095**

	3/31/2021		9/30/2021	
Rate	fixed	variable	fixed	variable
Non-current financial liabilities	128	47,885	51	43,853
Current financial liabilities	101	8,051	128	8,064
Total financial liabilities	**229**	**55,937**	**179**	**51,917**

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

Subscriptions and repayments carried out over the period 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.

Cash and cash equivalents	3/31/2021	Change in the scope of consolidation	Change	Trans. diff.	9/30/2021
Cash equivalents with historical value	0	0	0	0	0
Cash on hand and bank balances	88,009	0	(18,996)	0	69,012
Current used banking facilities	(6)	0	3	0	(2)
Total cash net of overdrafts	**88,003**	**0**	**(18,993)**	**0**	**69,010**
Change in fair value of cash equivalents	0	0	0	0	0
Consolidated cash	**88,003**	**0**	**(18,993)**	**0**	**69,010**
Financial liabilities excluding current banking facilities	**56,160**	**0**	**(4,067)**	**0**	**52,093**
Net financial cash/(debt)	**31,843**	**0**	**(14,926)**	**0**	**16,917**

Note 15 Other liabilities

	3/31/2021	Change in the scope of consolidation	Change	Trans. diff.	9/30/2021
Other non-current liabilities					
Tax and payroll liabilities	184	0	413	0	598
o/w tax liabilities	*184*	*0*	*413*	*0*	*598*
Other liabilities	0	0	143	0	143
Total	**184**	**0**	**556**	**0**	**740**
Current liabilities					
Trade and other payables	11,554	0	(13)	11	11,551
Tax and payroll liabilities	98,305	0	(17,746)	60	80,619
o/w tax liabilities	*37,802*	*0*	*(1,643)*	*8*	*36,168*
o/w payroll liabilities	*60,503*	*0*	*(16,103)*	*51*	*44,451*
Other current liabilities	20,029	0	(185)	90	19,934
o/w suppliers of fixed assets	*8*	*0*	*56*	*1*	*65*
o/w other liabilities	*8,395*	*0*	*(1,100)*	*81*	*7,377*
o/w deferred income	*11,625*	*0*	*859*	*8*	*12,493*
Total	**129,888**	**0**	**(17,944)**	**161**	**112,105**
Total other liabilities	**130,073**	**0**	**(17,388)**	**161**	**112,845**

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

At 9/30/2021	Instrument category						Fair value			
	Derivatives qualified as hedging	Financial assets recorded at fair value through income	Financial assets recorded at fair value through capital share	Assets financial at cost amortized	Liabilities financial at cost amortized	Value net in the statement	Level 1 Price listed over one market assets	Level 2 Model internal with parameters observable	Level 3 Model internal with parameters 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	2,050	0	**2,050**	0	2,050	0	**2,050**
Derivative instrument assets	689	0	0	0	0	**689**	0	689	0	**689**
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	69,012	0	0	0	**69,012**	69,012	0	0	**69,012**
Total assets	**689**	**69,012**	**0**	**2,050**	**0**	**71,751**	**69,012**	**2,738**	**0**	**71,751**
Bond loans	0	0	0	0	0	**0**	0	0	0	**0**
Bank loans	0	0	0	0	52,066	**52,066**	0	52,066	0	**52,066**
Financial debt (including leases)	0	0	0	0	86	**86**	0	86	0	**86**
Current used banking facilities	0	0	0	0	2	**2**	2	0	0	**2**
Derivative instrument liabilities	191	0	0	0	0	**191**	0	191	0	**191**
Financial current accounts	0	0	0	0	0	**0**	0	0	0	**0**
Total liabilities	**191**	**0**	**0**	**0**	**52,154**	**52,345**	**2**	**52,343**	**0**	**52,345**

At 3/31/2021	Instrument category						Fair value			
	Derivatives qualified as hedging	Financial assets recorded at fair value through income	Financial assets recorded at fair value through capital share	Assets financial at cost amortized	Liabilities financial at cost amortized	Value net in the statement	Level 1 Price listed over one market assets	Level 2 Model internal with parameters observable	Level 3 Model internal with parameters 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	2,061	0	**2,061**	0	2,061	0	**2,061**
Derivative instrument assets	946	0	0	0	0	**946**	0	946	0	**946**
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	88,009	0	0	0	**88,009**	88,009	0	0	**88,009**
Total assets	**946**	**88,009**	**0**	**2,061**	**0**	**91,016**	**88,009**	**3,008**	**0**	**91,016**
Bond loans	0	0	0	0	0	**0**	0	0	0	**0**
Bank loans	0	0	0	0	56,133	**56,133**	0	56,133	0	**56,133**
Financial debt (including leases)	0	0	0	0	106	**106**	0	106	0	**106**
Current used banking facilities	0	0	0	0	6	**6**	6	0	0	**6**
Derivative instrument liabilities	58	0	0	0	0	**58**	0	58	0	**58**
Financial current accounts	0	0	0	0	0	**0**	0	0	0	**0**
Total liabilities	**58**	**0**	**0**	**0**	**56,244**	**56,303**	**6**	**56,297**	**0**	**56,303**

Note 17 Off-balance sheet commitments

Commitments given	Total amount at 9/30/21	Due 1 year or less	At more than one year and 5 years or less	More than five years
Approvals and guarantees	1,744	391	1,064	289
Pledges	0	0	0	0
Operating lease commitments	5,445	3,529	1,916	0
Total	**7,189**	**3,920**	**2,980**	**289**
Engagements reçus				
Avals et cautions	500	61	0	439
Lignes de crédit accordées non utilisées	95,000	0	95,000	0
Garanties de passif (1)	21,540	7,382	14,158	0
Total	**117,040**	**7,443**	**109,158**	**439**

(1) o/w sequestered account of €3,135k

Concerning property leases, now under lease liabilities:

- The leases of the New York offices (US) are covered by an unlimited guarantee from Wavestone SA which would substitute for Wavestone US should it fail to meet its commitments to their lessors.
- 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.
- Lease in Belgium is hedged through a bank rental guarantee of Wavestone SA 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, 2018/19, 2019/20 and 2021/22 fiscal years.

Commitments given	Total amount at 3/31/21	Due 1 year or less	At more than one year and 5 years or less	More than five years
Approvals and guarantees	1,800	441	1,075	284
Pledges	0	0	0	0
Operating lease commitments	5,553	3,396	2,157	0
Total	**7,352**	**3,837**	**3,231**	**284**
Commitments received				
Approvals and guarantees	558	123	0	436
Unused credit lines	95,000	0	95,000	0
Liability guarantees(1)	14,968	7,935	7,032	0
Total	**110,526**	**8,058**	**102,032**	**436**

(1) o/w sequestered account of €3,685k

Note 18 Related-party transactions

None.

Note 19 Subsequents events

Acquisition of why Innovation!

On October 18, 2021, Wavestone announced its acquisition of why innovation!, a consulting firm based in Singapore and Hong Kong that specializes in the agile transformation of organizations.

The team of about twenty consultants at why innovation! works with companies in the finance, transport, industrial, retail, and health sectors, especially by supporting their needs in innovation and digital transformation.

After an initial stage of development in the Asia-Pacific, concretized by the opening of its Hong Kong office in 2016, Wavestone is further strengthening its position in the area.

The two firms will capitalize on their portfolios of complementary offerings to generate more value for their clients in the region.

Over its last three fiscal years, why innovation! achieved an average revenue of over S$5.0m (~€3.2m), with an average EBITA margin of the order of 15%. For the 2020 fiscal year, which was impacted by the Covid-19 crisis, revenue amounted to S$4.4m (~€2.8m), with an EBITA margin of 9%.

Wavestone has acquired 100% of the share capital of why innovation!. The purchase price is S$5.2m (~€3.3m) in enterprise value, financed in cash from Wavestone's own funds; an additional S$2.7m (~€1.7m) could be added to this, depending on the company's performance over the next 18 months.

why innovation! will be consolidated into Wavestone's accounts from November 1, 2021, 5 months of its fiscal year.

Goodwill will be recognized in the Group's consolidated financial statements as of March 31, 2022.

Note 20 Risk factors

Risk factors are detailed in note 24 to the consolidated financial statements included in the "Financial Report at 3/31/2021" document.

STATUTORY AUDITORS' REVIEW REPORT

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company 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, 2021;

/ 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. Our role is to express a conclusion on these financial statements based on our review.

The global crisis caused by the Covid-19 pandemic has created exceptional conditions for the preparation and limited review of the condensed consolidated interim financial statements. This crisis and the exceptional measures taken in the context of the public health emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Some of these measures, such as restrictions on movement and remote working, have also had an impact on companies' internal organisation and affected how our work is carried out.

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 IFRS as adopted by the European Union applicable to interim financial information.

Specific verification

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

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

The Statutory Auditors

Paris et Paris-La Défense, December 8, 2021

AUDITEURS & CONSEILS ASSOCIES ACA NEXIA

Sandrine GIMAT

MAZARS

Bruno POUGET