

## Solid progress of H1 2023/24 results: EBIT margin of 13.3%

At its meeting of December 4, 2023, Wavestone's Board approved the consolidated half-yearly accounts as at September 30, 2023, which are summarized below. These accounts have been subject to a limited review by the statutory auditors, who are in the process of issuing their report.

Consolidated data (in €m) Limited review for data at 09/30 Audited data for the data at 03/31	H1 2023/24 (6 months)	H1 2022/23 (6 months)	Change	2022/23 fiscal year (12 months)
<b>Revenue</b>	<b>276.7</b>	<b>237.1</b>	<b>+17%</b>	<b>532.3</b>
<b>EBIT</b> <i>EBIT margin</i>	<b>36.8</b> <i>13.3%</i>	<b>29.7</b> <i>12.5%</i>	<b>+24%</b>	<b>77.0</b> <i>14.5%</i>
Amortization of client relationships	(0.7)	(0.7)		(1.5)
Other operating income and expenses	(2.8)	(3.3)		(2.9)
<b>Operating income</b>	<b>33.2</b>	<b>25.7</b>	<b>+29%</b>	<b>72.7</b>
Cost of net financial debt	(0.7)	(0.4)		(1.8)
Other financial income and expenses	(0.3)	(0.4)		(2.3)
Tax charges	(9.2)	(6.9)		(18.5)
<b>Group share of net income</b> <i>Net margin</i>	<b>23.0</b> <i>8.3%</i>	<b>17.9</b> <i>7.6%</i>	<b>+28%</b>	<b>50.1</b> <i>9.4%</i>

### Half-year revenue up +17%; equivalent to +12% organic growth

At the end of H1 2023/24, Wavestone recorded a consolidated revenue of €276.7m – a solid increase of +17% over one year.

As a reminder, H1 2023/24 benefited from the contributions of PEN Partnership and Coeus Consulting, consolidated, respectively, since August 1, 2022, and October 1, 2022. At constant scope and exchange rates, half-yearly growth amounted to +12%, despite an unfavorable working day impact of -2.2%<sup>1</sup>.

This solid progression in the half-yearly results at constant scope is the result of the intensification of business development activity over several quarters and of the headcount growth at the end of the 2022/23 fiscal year.

### Stabilization of the staff turnover rate at 14%; recruitment pace still moderate

The staff turnover rate has continued to decline, stabilizing at 14% at September 30, 2023 (on a rolling-12-month basis); this compares with 16% for the whole of the previous fiscal year.

Given the uncertain economic environment and reduced staff turnover, Wavestone is maintaining a moderate rate of recruitment compared with the previous fiscal year. At September 30, 2023, Wavestone had 4,305 employees, compared with 4,406 at March 31.

<sup>1</sup> Taking into account the geographical distribution of Wavestone's workforce

Despite more moderate recruitment activity, the firm is targeting an increase in the workforce over the whole of the 2023/24 fiscal year.

### **Consultant utilization rate of 73% at the end of H1 and an increase in sales price of +1.1%**

After the significant drop in its consultant utilization rate at the end of the 2022/23 fiscal year (71% in Q4 2022/23), the utilization rate had recovered to 73% at the end of H1 2023/24.

The average daily rate for the six months reached €900 – an increase of +1.1% compared with the average sales price for the whole of the 2022/23 fiscal year (€890). At constant exchange rates, the average daily rate stood at €902, up +1.3%.

### **+24% increase in EBIT – profitability of 13.3%**

At the end of H1 2023/24, EBIT reached €36.8m, a solid growth of +24% compared with the same period a year before.

The EBIT margin stood at 13.3% at the end of H1, up compared with the first half of the previous fiscal year (12.5%), despite an unfavorable working day impact. With an economic environment in a period of slowdown, the firm was able to take advantage of its solid growth, a good sales-price-to-salary ratio and good control of its costs.

After taking into account the amortization of client relations, and other operating income and expenses, which comprise largely expenses related to the proposed combination with Q\_PERIOR, operating income was €33.2m – showing robust growth of +29%.

### **Half-year net margin rises to 8.3%**

Due to the rise in interest rates, the cost of net financial debt rose in H1 2023/24 to reach €0.7m, compared with €0.4m a year earlier.

The tax charge amounted to €9.2m, up +33% compared with H1 of the 2022/23 fiscal year.

The half-yearly group share of the net result amounted to €23.0m, a solid increase of +28%, compared with H1 2022/23. Net margin was 8.3% at the end of H1, compared with 7.6% a year earlier.

### **Increase of 31% in self-financing capacity to €39.4m**

At September 30, 2023, Wavestone's self-financing capacity amounted to €39.4m, an increase of +31%, compared with the same period last year.

Changes in working capital requirements (WCR) consumed €20.3m in cash over the period. This change is mainly due to the usual decrease in social debts in the first half of the year (leave-taking, bonus payments and profit-sharing in France).

After taking into account the payment of taxes (€9.8m), the firm generated an operating cash flow of €9.3m, compared with -€7.5m in H1 2022/23.

Investment operations consumed €6.5m in H1 2023/24, including €5.3m dedicated to the payment of the first PEN Partnership earnout, and €1.1m in current investments.

Financing flows consumed €19.7m, including €7.6m in dividends paid to shareholders for the 2022/23 fiscal year, €6.0m in share buybacks to cover all free share allocation plans to employees, €2.8m in net repayments of financial loans, and €2.6m in lease liability repayments.

## Available cash and cash equivalents of €13.3m at September 30, 2023

At September 30, 2023, Wavestone's equity had reached €311.9m.

The net cash position, excluding IFRS 16 lease liabilities, stood at €13.3m at the end of September 2023, compared with €27.1m six months earlier.

At the end of the 2023/24 fiscal year, as a result of typically higher cash generation in H2, the firm is targeting a positive net cash flow of between €55m and €60m, excluding the impact of the proposed combination with Q\_PERIOR or any other new acquisition.

Consolidated data (in €m) Limited review at 09/30 Audited data at 03/31	(09/30/2023)	(03/31/2023)	Consolidated data (in €m) Limited review at 09/30 Audited data at 03/31	(09/30/2023)	(03/31/2023)
<b>Non-current assets</b>	<b>269.8</b>	<b>272.8</b>	<b>Shareholders' equity</b>	<b>311.9</b>	<b>299.1</b>
of which goodwill	237.8	235.4	<b>Financial liabilities</b>	<b>40.9</b>	<b>43.7</b>
including rights to use leased assets	11.4	13.2	of which less than one year	5.6	5.7
<b>Current assets</b>	<b>193.5</b>	<b>193.1</b>	<b>Lease liabilities</b>	<b>13.5</b>	<b>15.9</b>
of which trade receivables	175.2	176.6	<b>Non-financial liabilities</b>	<b>151.2</b>	<b>178.2</b>
<b>Cash and cash equivalents</b>	<b>54.1</b>	<b>70.8</b>	<b>Total</b>	<b>517.4</b>	<b>536.8</b>
<b>Total</b>	<b>517.4</b>	<b>536.8</b>			

## Strong first half in 2023/24; caution maintained for the second half of the fiscal year

Wavestone saw a strong first half in 2023/24, both in terms of growth in its business activity and profitability, despite the hardening economic environment during the period.

Although this deterioration in the economic climate has significantly impacted demand in some business sectors (banking, retail, and the public sector), others, such as insurance, energy, the luxury sector, and transport remain better positioned to generate opportunities. In addition, in terms of areas of expertise, the firm is seeing strong resilience in technological areas (cybersecurity, IT strategy, Data & AI), and a growing demand for projects around Generative AI.

At September 30, 2023, the order book stood at 3.6 months of work, compared with 4.0 months at March 31, 2023, which reflects the slowdown in order intake typical of the summer as well as the degradation of the business environment.

Wavestone is approaching the second half of the fiscal year cautiously and, in particular, the start to the 2024 calendar year, which will be marked by increased economic uncertainty.

## Confirmation of the 2023/24 annual objectives

Wavestone confirms its financial objectives for 2023/24: to achieve organic growth at least equal to that of the 2022/23 fiscal year (+7%), despite an unfavorable working day impact (-1.6% over the whole of the fiscal year). This objective takes into account a less robust growth dynamic in H2 2023/24, due to the moderation in the pace of recruitment since the start of the fiscal year.

At full scope, integrating the effect of the full-year consolidation of PEN Partnership and Coeus Consulting, Wavestone is targeting revenue of over €580m, which represents total growth of +9% for an EBIT margin of about 15%.

These objectives are at constant exchange rates, and exclude the impact of the proposed combination with Q\_PERIOR or any other new acquisition.

## **Combined General Meeting on December 5, 2023, with the aim of approving the proposed combination between Wavestone and Q\_PERIOR**

The Combined General Meeting required to decide on the combination and, in particular, on the contribution of Q\_PERIOR shares remunerated in newly issued Wavestone shares, will be held tomorrow, Tuesday, December 5, 2023, at 10:00am, at Pavillon Gabriel, 5 avenue Gabriel, 75008 Paris.

The meeting will also be broadcast live for shareholders who are unable to attend in person, from a link accessible on Wavestone's website.

**Next events:** Combined General Meeting: Tuesday, December 5, 2023, at 10am; and the publication of Q3 2023/24 revenue: Tuesday, January 30, 2024, after Euronext market closing.

### **About Wavestone**

*In a world where knowing how to drive transformation is the key to success, Wavestone's mission is to inform and guide large organizations in their most critical transformations, with the ambition of a positive outcome for all stakeholders. This ambition is anchored in the firm's DNA and summarized in its signature approach – "The Positive Way."*

*Wavestone brings together more than 4,000 employees in Europe, the United States, and Asia.*

*Wavestone is listed on Euronext Paris and recognized as a Great Place to Work®.*

#### **Wavestone**

**Pascal Imbert**

CEO

Tel.: +33 (0)1 49 03 20 00

**Justine Brosset**

Financial Communication

Tel.: +33 (0)1 49 03 20 00

#### **Actus**

**Mathieu Omnes**

Investor and Analyst Relations

Tel.: +33 (0)1 53 67 36 92

**Anne-Charlotte Dudicourt**

Press relations

Tel.: +33 (0)1 53 67 36 35

## Appendix 1: Consolidated income statement at 9/30/2023

<i>In €m – limited review in progress– IFRS standards</i>	<b>09/30/23</b>	<b>03/31/23</b>	<b>09/30/22</b>
<b>Revenue</b>	<b>276,689</b>	<b>532,264</b>	<b>237,113</b>
Purchases consumed	-13,298	-21,753	-8,037
Personnel costs	-199,414	-373,278	-170,901
External expenses	-20,855	-46,594	-22,705
Levies and taxes	-3,392	-8,044	-3,137
Net allocation for depreciation and provisions	-3,428	-5,771	-2,435
Other operating income and expenses	456	218	-209
<b>EBIT</b>	<b>36,758</b>	<b>77,042</b>	<b>29,689</b>
Amortization of client relationships	-747	-1,493	-747
Other operating income and expenses	-2,809	-2,864	-3,289
<b>Operating income</b>	<b>33,203</b>	<b>72,685</b>	<b>25,653</b>
Financial income	314	10	9
Cost of gross financial debt	-1,031	-1,766	-419
<b>Cost of net financial debt</b>	<b>-718</b>	<b>-1,756</b>	<b>-410</b>
Other financial income and expenses	-311	-2,348	-423
<b>Pre-tax income</b>	<b>32,174</b>	<b>68,580</b>	<b>24,820</b>
Income tax expenses	-9,199	-18,513	-6,914
<b>Net income</b>	<b>22,975</b>	<b>50,068</b>	<b>17,906</b>
Minority interests	0	0	0
<b>Group share of net income</b>	<b>22,975</b>	<b>50,068</b>	<b>17,906</b>
Group share of net income per share (€) <sup>(1)</sup>	1.16	2.51	0.90
Group share of diluted net income per share (€)	1.16	2.51	0.90

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

## Appendix 2: Consolidated balance sheet at 9/30/2023

<i>In €m – limited review in progress– IFRS standards</i>	<b>9/30/23</b>	<b>03/31/23</b>
Goodwill	237,834	235,355
Intangible assets	1,897	2,644
Tangible assets	8,353	8,815
Rights to use leased assets	11,365	13,179
Financial assets – more than one year	1,713	1,790
Other non-current assets	8,645	11,038
<b>Non-current assets</b>	<b>269,807</b>	<b>272,820</b>
Trade and related receivables	175,194	176,595
Other receivables	18,286	16,549
Cash and cash equivalents	54,137	70,824
<b>Current assets</b>	<b>247,616</b>	<b>263,968</b>
<b>Total assets</b>	<b>517,424</b>	<b>536,788</b>
Capital	505	505
Issue and merger premiums; additional paid-in capital	11,218	11,218
Consolidated reserves and earnings	297,076	285,314
Conversion-rate adjustment	3,100	2,013
<b>Total shareholders' equity, group share</b>	<b>311,899</b>	<b>299,050</b>
Minority interests	0	0
<b>Total equity</b>	<b>311,899</b>	<b>299,050</b>
Long-term provisions	12,722	13,316
Financial liabilities - more than one year	35,313	38,047
Lease liabilities – more than one year	8,611	11,098
Other non-current liabilities	1,569	1,023
<b>Non-current liabilities</b>	<b>58,214</b>	<b>63,485</b>
Short-term provisions	4,075	4,755
Financial liabilities - less than one year	5,559	5,654
Lease liabilities – less than one year	4,881	4,754
Trade payable	15,117	14,731
Tax and social security liabilities	85,538	106,272
Other current financial liabilities	31,140	38,087
<b>Current liabilities</b>	<b>147,310</b>	<b>174,254</b>
<b>Total liabilities</b>	<b>517,424</b>	<b>536,788</b>

### Appendix 3: Consolidated cash flow statement at 9/30/2023

<i>In €m – limited review in progress– IFRS standards</i>	<b>09/30/23</b>	<b>03/31/23</b>	<b>09/30/22</b>
<b>Consolidated net income</b>	<b>22,975</b>	<b>50,068</b>	<b>17,906</b>
Elimination of non-cash elements:			
Net depreciation and provisions <sup>(1)</sup>	4,886	9,907	4,104
Charges/(income) related to share-based payments	2,075	3,305	1,541
Losses/(gains) on disposals, net of tax	-70	-217	-82
Other calculated income and expenses	-467	256	-771
Cost of net financial debt (inc. interest on lease liabilities)	798	1,933	503
Tax charges/(income)	9,199	18,513	6,914
<b>Self-financing capacity before net financial debt and tax costs</b>	<b>39,396</b>	<b>83,764</b>	<b>30,115</b>
Tax paid	-9,792	-21,052	-12,242
Change in WCR	-20,286	-21,567	-25,420
<b>Net cash flow from operations</b>	<b>9,317</b>	<b>41,146</b>	<b>-7,548</b>
Intangible and tangible fixed asset acquisitions	-1,069	-3,705	-891
Asset disposals	24	168	109
Change in financial assets	-160	3	-22,072
Impact of changes in scope	-5,272	-49,196	-29,266
<b>Net cash flow from investments</b>	<b>-6,477</b>	<b>-52,731</b>	<b>-52,120</b>
Sales (acquisitions) by the company of its own shares <sup>(2)</sup>	-5,983	-6,403	-6,456
Dividends paid to parent-company shareholders	-7,593	-7,612	-7,612
Dividends paid to minority interests of consolidated companies	0	0	0
Loans received	0	0	0
Repayment of loans	-2,821	-4,435	-4,147
Repayments of lease liabilities	-2,638	-5,132	-2,451
Net financial interest paid	-587	-2,078	-300
Net interest paid on lease liabilities	-84	-181	-98
Other flows related to financing operations	0	-6	-30
<b>Net cash flow from financing operations</b>	<b>-19,705</b>	<b>-25,847</b>	<b>-21,095</b>
<b>Net change in cash and cash equivalents</b>	<b>-16,864</b>	<b>-37,432</b>	<b>-80,762</b>
Impact of translation differences	295	-136	453
Opening cash position	70,681	108,249	108,249
Closing cash position	54,112	70,681	27,939

<sup>(1)</sup> Including €2,138k for the amortization of property usage rights (under IFRS 16) at 09/30/2023 and €2,694k at 09/30/2022.

<sup>(2)</sup> For information, the company has delivered treasury shares to a value of €769k over the course of H1.