

WAVESTONE

Interim Financial Report 2023/24



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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.

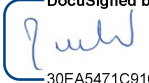
MANAGEMENT RESPONSIBILITY STATEMENT

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, 2023

DocuSigned by:

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Pascal Imbert, CEO

INTERIM REPORT

1. Operating indicators definition

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

The **consultant utilization rate** is the ratio between the number of days actually billed to clients during the period and the number of billable worked days, excluding paid leaves.

The **average daily rate** is the average price for a day of consulting service sold to the client, calculated as follows:

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

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 paid leave rates for the coming months.

Note that the change in EBIT corresponds to the combined change in the operating indicators presented above (3. Wavestone's interim activity), 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 on September 30, 2023 include the financial statements of Wavestone SA, Wavestone Advisors UK and its subsidiaries (Xceed Group (Holdings), Xceed Group, Wavestone Consulting UK, Pen Partnership, Pen Partnership GmbH, Coeus Consulting, Coeus Consulting International, Coeus Verwaltungs GmbH and Coeus Consulting GmbH & Co. KG), Wavestone US, Why Innovation! Pte, Why Academy! Pte, Wavestone Belgium SA/NV, Wavestone Luxembourg SA, Wavestone Hong Kong and its subsidiary (Why innovation!), Wavestone Advisors Morocco SARL and Wavestone Switzerland SA.

The accounts as March 31, 2023 consolidated Wavestone SA, Wavestone Advisors UK and its subsidiaries (Xceed Group (Holdings), Xceed Group, Wavestone Consulting UK, Pen Partnership (from 08/01/2022), Pen Partnership GmbH (from 08/01/2022), Coeus Consulting (from 10/01/2022), Coeus Consulting International (from 10/01/2022), Coeus Verwaltungs GmbH (from 10/01/2022) and Coeus Consulting GmbH & Co. KG (from 10/01/2022)), Wavestone Advisors (until 12/31/2022), Nomadéis (until 12/31/2022), Wavestone Switzerland SA, Wavestone Advisors Morocco, Wavestone Luxembourg, Wavestone Belgium SA/NV, Wavestone Hong Kong and its subsidiary (Why innovation!), Wavestone US and its subsidiaries (NewVantage Partners LLC and Wavestone India (until 01/12/2023)), Why innovation! Pte and Why Academy! Pte.

The consolidated half-yearly financial statements on September 30, 2022 includes the financial statements of Wavestone SA, Wavestone Advisors UK and its subsidiaries (Xceed Group (Holdings), Xceed Group, Wavestone Consulting UK, Pen Partnership (from 08/01/2022) and Pen Partnership GmbH (from 08/01/2022)), Wavestone Switzerland SA, Wavestone Advisors Morocco, Wavestone Advisors and its subsidiaries (Wavestone Luxembourg, Wavestone Belgium SA/NV, Wavestone Hong Kong and Why innovation!), Nomadéis, Wavestone US and its subsidiaries (NewVantage Partners LLC and Wavestone India), Why innovation! Pte and Why Academy! Pte.

The changes in scope between September 30, 2022 and September 30, 2023 correspond to the acquisitions of Pen Partnership and its subsidiaries (consolidated from 08/01/2022) and Coeus Consulting and its subsidiaries (consolidated from 10/01/2022)

The financial statements on September 30, 2023, March 31, 2023, and September 30, 2022 were prepared based on the International Financial Reporting Standards (IFRS). The financial statements follow Recommendation 2020-01 of March 6, 2020, issued by the French accounting standards board (ANC). The interim management balances (under French GAAP) given in these financial statements and commented in this report are the ratios defined by the ANC.

Revenue and profitability

<i>in thousands of euros</i>	H1 2023/24	H1 2022/23	Change
Revenue	276,689	237,113	17%
EBIT	36,758	29,689	24%
<i>EBIT margin</i>	13,3%	12,5%	-
Operating income	33,203	25,653	29%
Group share of net income	22,975	17,906	28%
<i>Net margin</i>	8,3%	7,6%	-

The first-half consolidated revenue increased by 17% to €276,689k from €237,113k in the same period last year.

The EBIT (after employee profit sharing) increased by 24% to €36,758k compared to €29,689k for H1 2022/23. The EBIT margin (calculated as EBIT divided by revenue) is 13.3% compared to 12.5% in H1 2022/23.

The operating result was €33,203k up from €25,653k in the first half of the previous financial year and includes: (i) €(747)k of amortization of customer relationships related to the acquisition of Kurt Salmon's European business in January 2016; (ii) €(2,641)k of acquisition and disposal fees; (iii) €(168)k of net costs related to ongoing projects to return premises. At September 30, 2022, other operating revenue and costs amounted to €(3 289)k and were essentially acquisition expenses.

The net cost of debt was €(718)k on the period, compared with €(410)k for H1 2022/23. The net cost of debt for the period is primarily made up of interests on borrowings and investments, loan issuance costs as well as fees for the non-utilization of credit lines.

Earnings before tax increased by 30% to €32,174k from €24,820k in H1 2022/23.

Net income for the period amounted to €22,975k, giving a net margin of 8.3% and including a tax expense of €(9,199)k. This represents an increase of 28% on the same period last year (€17,906k, net margin of 7.6% after a tax expense of €(6,914k)).

There are no minority shareholders. Therefore, Group share of net income is equal to net income: up by 28% to €22,975k, from €17,906k in H1 2022/23.

Financial structure and cash

<i>in thousands of euros</i>	30/09/2023	31/03/2023	Change
Non-current assets	269,807	272,820	-1%
<i>incl. goodwill</i>	237,834	235,355	1%
Current assets (excl. Cash and cash equivalents)	193,480	193,144	0%
Cash and cash equivalents	54,137	70,824	-24%
Equity	311,899	299,050	4%
Non-current liabilities	57,919	63,485	-9%
<i>incl. financial liabilities</i>	35,313	38,047	-7%
Current liabilities	147,605	174,254	-15%
<i>incl. financial liabilities</i>	5,559	5,654	-2%
Balance sheet total	517,424	536,788	-4%

Consolidated equity amounted to €311,899k at September 30, 2023 compared to €299,050k at March 31, 2023.

The net cash position¹ was €13,265k at September 30, 2023, from €27,123k at March 31, 2023 and €16,214k at September 30, 2022.

Financial liabilities (excluding lease liabilities) amounted to €40,871k on September 30, 2023 vs. €43,702k on March 31, 2023. On September 30, 2023, these broke down into €40,749k of bank loans and €122k of interests not yet due.

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 activity

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%².

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. 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.

² Taking into account the geographical distribution of Wavestone's workforce

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.

4. Post-cloture events and outlook

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.

5. Information on risks and uncertainties during the second half

Other than the risks and uncertainties presented above, there has been no significant changes in the risk factors described in our universal registration document filed with the French financial markets authority, AMF, on July 13, 2023.

6. Main related-party transactions

Transaction type	Transaction amount	Designation of the related-party	Nature of relationship
Recruitment fees for Michael Page France and PageGroup France	(89)	Marlène Ribeiro	Member of the board of directors

The Board of Directors

December 4, 2023

CONSOLIDATED FINANCIAL STATEMENTS AT 9/30/2023

Consolidated income statement

€k	Note	9/30/23	3/31/23	9/30/22
Revenue	1	276,689	532,264	237,113
Purchases consumed		(13,298)	(21,753)	(8,037)
Personnel expenses	2	(199,414)	(373,278)	(170,901)
External expenses		(20,855)	(46,594)	(22,705)
Levies and taxes		(3,392)	(8,044)	(3,137)
Depreciation charges and provisions		(3,428)	(5,771)	(2,435)
Other current income and expenses		456	218	(209)
Current operating income		36,758	77,042	29,689
Customer relationships depreciation	3	(747)	(1,493)	(747)
Other operating income and expenses	3	(2,809)	(2,864)	(3,289)
Operating income		33,203	72,685	25,653
Financial income	4	314	10	9
Cost of gross financial debt	4	(1,031)	(1,766)	(419)
Cost of net financial debt		(718)	(1,756)	(410)
Other financial income and expenses	4	(311)	(2,348)	(423)
Pre-tax profit (loss)		32,174	68,580	24,820
Tax charge	5	(9,199)	(18,513)	(6,914)
Net income		22,975	50,068	17,906
Minority interests		0	0	0
Net earnings attributable to owners of the parent		22,975	50,068	17,906
Net earnings per share attributable to owners of the parent (€) (1)	6	1.16	2.51	0.90
Net diluted earnings per share attributable to owners of the parent (€)	6	1.16	2.51	0.90

(1) Weighted number of shares over the period.

Consolidated balance sheet

<i>in €k</i>	Note	9/30/23	3/31/23
Goodwill	7	237,834	235,355
Intangible assets	8	1,897	2,644
Tangible assets	8	8,353	8,815
Rights-of-use of properties leased	9	11,365	13,179
Financial assets - share over one year	10	1,713	1,790
Other non-current assets	10	8,645	11,038
Non-current assets		269,807	272,820
Trade receivables and related accounts	11	175,194	176,595
Other receivables	11	18,286	16,549
Cash and cash equivalents	11	54,137	70,824
Current assets		247,616	263,968
Total assets		517,424	536,788
Capital	12	505	505
Additional paid-in capital		11,218	11,218
Reserves and consolidated income		297,076	285,314
Group translation reserves		3,100	2,013
Shareholders' equity attributable to owners of the parent		311,899	299,050
Minority interests		0	0
Total shareholders' equity		311,899	299,050
Long-term provisions	13	12,722	13,316
Financial liabilities - share over one year	14	35,313	38,047
Lease liabilities - share over one year	9	8,611	11,098
Other non-current liabilities	15	1,274	1,023
Non-current liabilities		57,919	63,485
Short-term provisions	13	5,037	4,755
Financial liabilities - share under one year	14	5,559	5,654
Lease liabilities - share under one year	9	4,881	4,754
Trade payables and related accounts	15	15,117	14,731
Tax and social security liabilities	15	85,870	106,272
Other current financial liabilities	15	31,140	38,087
Current liabilities		147,605	174,254
Total liabilities		517,424	536,788

Change in consolidated cash and cash equivalents

<i>in €k</i>	Note	9/30/23	3/31/23	9/30/22
Consolidated net income		22,975	50,068	17,906
Elimination of non-cash items:				
Net depreciation and provisions ⁽¹⁾		4,886	9,907	4,104
Expenses/(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		(462)	256	(771)
Cost of net financial debt (inc. interest on lease liabilities)		1,136	1,933	503
Tax expense / (income)	5	9,199	18,513	6,914
Self-financing capacity before net financial debt and tax costs		39,738	83,764	30,115
Corporate income tax paid		(9,792)	(21,052)	(12,242)
Change in WCR		(20,286)	(21,567)	(25,420)
Net cash flow from operations		9,660	41,146	(7,548)
Acquisitions of tangible and intangible fixed assets	8	(1,069)	(3,705)	(891)
Disposals of fixed assets		24	168	109
Change in financial fixed assets		(160)	3	(22,072)
Impact of changes in scope		(5,272)	(49,196)	(29,266)
Net cash flow from investments		(6,477)	(52,731)	(52,120)
Sale (acquisition) by the company of its own shares ⁽²⁾		(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
Loan subscriptions	14	(0)	0	(0)
Repayment of loans	14	(2,821)	(4,435)	(4,147)
Repayments of lease liabilities	9	(2,638)	(5,132)	(2,451)
Net financial interest paid		(929)	(2,078)	(300)
Net interest paid on lease liabilities	4	(84)	(181)	(98)
Other flows related to financing operations	14	0	(6)	(30)
Net cash flow from financing operations		(20,048)	(25,847)	(21,095)
Net change in cash and cash equivalents		(16,864)	(37,432)	(80,762)
Impact of translation differences	14	295	(136)	453
Cash at start of period	14	70,681	108,249	108,249
Cash at end of period	14	54,112	70,681	27,939

(1) Including €2,694k for amortization of real estate rights of use (IFRS 16) at 9/30/22 (€3,393k at 9/30/21).

(2) For information, the company delivered treasury shares for an amount of €1,802k.

Change in consolidated shareholders' equity

<i>in €k</i>	Share capital	Premiums	Consolidated reserves	Profit for the year	Translation gain (loss)	Shareholders' equity
Consolidated shareholders' equity at 3/31/22	505	11,218	192,107	51,032	2,122	256,984
Consolidated profit for the year	0	0	0	50,068	0	50,068
Change in fair value of hedging instruments	0	0	331	0	0	331
Translation gain (loss)	0	0	0	0	(109)	(109)
IAS 19 actuarial gain (loss)	0	0	2,456	0	0	2,456
Net comprehensive income	0	0	2,787	50,068	(109)	52,746
Impact of minority interests	0	0	0	0	0	0
Appropriation of profit	0	0	51,032	(51,032)	0	0
Dividends paid out by consolidating company	0	0	(7,612)	0	0	(7,612)
Treasury stock transactions	0	0	(6,421)	0	0	(6,421)
Share-based payments	0	0	3,354	0	0	3,354
Consolidated shareholders' equity at 3/31/23	505	11,218	235,246	50,068	2,013	299,050
Consolidated profit for the year	0	0	0	22,975	0	22,975
Change in fair value of hedging instruments	0	0	(205)	0	0	(205)
Translation gain (loss)	0	0	0	0	1,088	1,088
IAS 19 actuarial gain (loss)	0	0	642	0	0	642
Net comprehensive income	0	0	437	22,975	1,088	24,499
Impact of minority interests	0	0	0	0	0	0
Appropriation of profit	0	0	50,068	(50,068)	0	0
Dividends paid out by consolidating company	0	0	(7,593)	0	0	(7,593)
Treasury stock transactions	0	0	(6,012)	0	0	(6,012)
Share-based payments	0	0	1,956	0	0	1,956
Consolidated shareholders' equity at 9/30/23 ⁽¹⁾	505	11,218	274,101	22,975	3,100	311,899

(1) Shareholders' equity contains no taxable items. Cumulative deferred tax assets amounting to €(1,658)k 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 €0.38 per share, i.e., a total of €7,593k.

Statement of net comprehensive income

<i>in €k</i>	Note	9/30/23	9/30/22	3/31/23
Net income		22,975	17,906	50,068
Items recyclable in the income statement:				
Change in fair value of hedging instruments	16	(205)	446	331
Translation gain (loss)		1,088	2,568	(109)
Items not recyclable in the income statement:				
IAS 19 actuarial gain (loss)	13	642	2,314	2,456
Total recognized as equity		1,525	5,327	2,678
Net comprehensive income attributable to owners of the parent		24,499	23,233	52,746

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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. The Company is listed in compartment A of Euronext Paris.

The consolidated interim financial statements of Wavestone (comprising the Wavestone parent company and its subsidiaries) were approved by the Board of Directors on 12/04/2023.

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

Identification data

Name or other identifier 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 name
Headquarters	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 office	France
Legal form	Limited company (société anonyme)
Description of the nature of the entity's operations and its main activities	Wavestone is a consulting firm specializing in organizational transformation, with over 4,000 employees in Europe, the United States and Asia.
Name of the parent entity	Wavestone SA
Name of the head company	Wavestone SA

2 Main events during the half-year period

Proposed merger between Wavestone and Q_PERIOR

On July 25, Wavestone, one of France's leading consulting firms, and Q_PERIOR, one of the leading consulting firms in the German-speaking market (Germany, Switzerland, Austria), announced their plan to join forces and create a European consulting champion. In accordance with the timetable communicated in July, after informing and consulting Wavestone's employee representative bodies, the contractual documents were signed on August 31, 2023.

Approval of the transaction at the Annual General Meeting would result in its completion. This General Meeting is due to be held in the fourth quarter of 2023. Q_PERIOR's accounts would then be consolidated in Wavestone's financial statements.

Impact of business combinations

At constant scope and exchange rates, revenue amounted to €261,449k, operating income to €33,601k and net income (Group share) to €20,818k for the first half of 2023, including Q_PERIOR acquisition costs of €(2,639k), compared with revenue of €232,638k, operating income of €28,960k and net income (Group share) of €20,000k for the first half of 2022.

At constant scope and at current exchange rates, revenue came to €260,415k, operating income to €33,579k and net income, Group share to €20,880k.

On a total scope of consolidation basis, revenue totaled €276,689k, operating income €36,758k and net income, Group share €22,975k.

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 consist of the IFRS and IAS, and their interpretations, which had been adopted by the EU at September 30, 2023.

The accounting principles used to prepare these consolidated financial statements are the same as those used to prepare its consolidated financial statements at March 31, 2023.

3.1.2 Interim financial statements

The Wavestone Group's condensed interim financial statements for the six-month period ended September 30, 2023 have been prepared in accordance with IAS 34 "Interim Financial Reporting".

As these are condensed financial statements, they do not include all the information required by IFRS for the preparation of annual financial statements and should therefore be read in conjunction with the Group's consolidated financial statements prepared in accordance with IFRS as adopted by the European Union for the year ended March 31, 2023.

3.1.3 Change in accounting standards

In particular, the IFRS standards of the IASB and the interpretations of the IFRIC, as adopted by the European Union (available on the [European Commission's website](#)) for financial years commencing on or after April 1, 2023, have been applied by the Firm, and have not resulted in any material changes 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, 2023

Standards, amendments and interpretations	Date of adoption by the EU	Date of application ⁽¹⁾ : fiscal years beginning on or after
Amendments to IAS 1 "Disclosure of Accounting Policies"	03/02/22	01/01/23
Amendments to IAS 8 "Definition of an accounting estimate"	03/02/22	01/01/23
Amendments to IAS 12 "Income Taxes"	08/11/22	01/01/23

(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 September 30, 2023.

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 an investor and its associate or joint venture"	09/11/14	Undetermined
Amendments to IFRS 16 "Lease liabilities in a sale and leaseback".	09/22/22	01/01/24
Amendments to IAS 1 on classification of liabilities as current and non-current	10/31/22	01/01/24
Amendments to IAS 12 "International Tax Reform - Pillar two model rules".	05/23/23	01/01/23
Amendments to IAS 7 and IFRS 7 "Supplier Financing Arrangements"	05/25/23	01/01/24
Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates"	08/15/23	01/01/24

3.1.4 Comparability of financial statements

The financial statements for the half-year period ended September 30, 2023 are comparable to those for the financial year ended March 31, 2023, 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 September 30, 2023.

On September 30, 2023, the consolidated financial statements included all of 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 "Group translation reserves".

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

Currency		Closing rate		Average rate	
		09/30/23	03/31/23	09/30/23	03/31/23
Swiss franc	CHF	1.034233	1.003210	1.030521	1.007185
Pound sterling	GBP	1.156631	1.137398	1.157800	1.155868
Hong Kong dollar	HKD	0.120541	0.117141	0.117826	0.122591
Moroccan dirham	MAD	0.092040	0.089953	0.091671	0.092458
Singapore dollar	SGD	0.692377	0.691372	0.684408	0.700374
US dollar	USD	0.943931	0.919540	0.922864	0.961007

Source: Banque de France (and Banque du Maroc for the Moroccan dirham)

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,
- / Valuations used for impairment testing,
- / Fair value measurement of financial instruments,
- / Estimates of accrued income and expenses,
- / Valuation of share-based payments,
- / The performance estimates used for the additional considerations in the subsidiary acquisition prices,
- / 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 Seasonality of interim financial statements

The main effects of seasonality result from the concentration of leave taken in certain months of the year. These are the months of July and August, as well as May. The impact of these months of significant employee leave therefore concerns the first half of Wavestone's financial year (April - September). This phenomenon has no substantial impact on Wavestone's business, especially as its effect is relatively predictable (comparable impact from one year to the next).

3.6 Change in method

None.

3.7 Contingent liabilities and contingent assets

None.

4 Scope of consolidation

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

Company	Head office	Company registration number	Legal form	Holding (%)	Nationality	No. of months consolidated
Wavestone	Tour Franklin 100-101 Terrasse Boieldieu 92042 La Défense Cedex	37755024900041	SA	Parent company	France	6
Wavestone Advisors UK	Warnford Court 29-30 (1st Floor) Cornhill London, EC3V 3NF	5896422	Limited company	100%	United Kingdom	6
Wavestone Switzerland	1 Place de Pont-Rouge 1212 Grand-Lancy, Geneva	CHE-109.688.302	SA	100%	Switzerland	6
Wavestone US	130 West 42nd Street New York, NY10036	5905389	Incorporated company	100%	United States of America	6
Wavestone Luxembourg	10 rue du Château d'Eau 3364 Leudelange	B114630	SA	100%	Luxembourg	6
Wavestone Belgium	6 Avenue des arts The Artist building 1210 Brussels	0879.426.546	SA/NV	100%	Belgium	6
Wavestone Advisors Morocco	Capital Tower Angle Main Street et Bd Mly Abdellah Bencherif 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%	United Kingdom	6
Xceed Group Limited	Warnford Court 29-30 Cornhill London, EC3V 3NF	6526750	Limited company	100%	United Kingdom	6
Wavestone Consulting UK	Warnford Court 29-30 Cornhill London, EC3V 3NF	4965100	Limited company	100%	United Kingdom	6
Why Innovation!	380 Jalan Besar #08-06/07 ARC 380 209000, Singapore	201113021K	Private limited company	100%	Singapore	6
Why Academy!	380 Jalan Besar #08-06/07 ARC 380 209000, Singapore	201932428N	Private limited company	100%	Singapore	6
Why Innovation!	21/F, On Building, 162 Queen's Road Central Central, Hong Kong	2124014	Limited company	100%	Hong Kong	6
PEN Partnership Limited	Camburg House 27 New Dover Road Canterbury Kent United Kingdom CT1 3DN	10618417	Limited company	100%	United Kingdom	6
PEN Partnership GmbH	Untermuli 3, 6300 Zug	CHE-267.105.509	Limited Liability company	100%	Switzerland	6
Coeus Consulting Limited	28-30 Cornhill London, EC3V 3NF	08360921	Limited company	100%	United Kingdom	6
Coeus Consulting International Limited	28-30 Cornhill London, EC3V 3NF	11692719	Limited company	100%	United Kingdom	6
Coeus Verwaltungs GmbH	40211 Dusseldorf, Bleichstraße 8-10, c/o RWP Rechtsanwälte	HRB 85619	SARL	100%	Germany	6
Coeus Consulting GmbH & Co. KG	40211 Dusseldorf, Bleichstraße 8-10, c/o RWP Rechtsanwälte	HRA 25293	SARL and company limited partnership	100%	Germany	6

All these companies have been fully consolidated.

5 Notes relative to certain income statement and balance sheet items

Note 1 Revenue

As Wavestone markets only one type of service (management and IT consulting), and as all these services are subject to the same risks and generate similar rates of return, no separate business segments have been defined.

At September 30, 2023, 77% of the firm's consolidated revenue were generated in France.

Revenue	09/30/23	09/30/22
France	211,762	191,930
International	64,927	45,183
Total	276,689	237,113

Revenue is 59% made up of fixed-price contracts, and 41% time-based contracts.

The order book represents 3.6 months of business as of September 30, 2023.

Average headcount	09/30/23	09/30/22
France	3,634	3,159
International	623	500
Total	4,256	3,658

Note 2 Personnel expenses

Personnel expenses	09/30/23	09/30/22
Wages and salaries	(146,293)	(124,386)
Payroll expenses	(53,121)	(46,515)
Total	(199,414)	(170,901)

With effect from the 2023/24 financial year, the company has decided to classify changes in the provision for employer contributions on free share allocation as personnel costs, in order to relate them to the benefit granted to employees under these plans, measured in accordance with IFRS 2.

These changes in provisions were previously reported under " Depreciation charges and provisions". Their net amount was €(206)k at September 30, 2023 compared with €233k at September 30, 2022. "Personnel expenses" would then have amounted to €(170,668)k at September 30, 2022.

Average headcount FTE	09/30/23	09/30/22
Engineers and managers	4,188	3,595
Employees	68	63
Total	4,256	3,658

Note 3 Non-recurring operating income and expenses

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

	09/30/23	09/30/22
Various	0	616
Other operating income	0	616
Acquisition costs for shares and businesses	(2,641)	(3,086)
Various	(168)	(820)
Other operating expenses	(2,809)	(3,906)
Net total	(2,809)	(3,289)

At September 30, 2023, other miscellaneous operating expenses included costs of €168k relating to ongoing projects to return premises.

Note 4 Financial profit (loss)

	09/30/23	09/30/22
Net income from cash and cash equivalents	314	9
Interest on loans	(1,031)	(419)
Cost of net debt	(718)	(410)
Other financial income and expenses	(311)	(423)
Financial profit (loss)	(1,029)	(833)

Interest on borrowings mainly includes interest on the Refinancing loan amounting to €(736)k, including the effect of interest-rate hedging contracts, and non-utilization fees on the External Growth Loan amounting to €(215)k.

Other financial income and expenses include the cost of hedging instruments for €(417)k at September 30, 2023.

Note 5 Tax charge

Net impact of taxes on income:

	09/30/23	09/30/22
Current tax	(8,304)	(5,875)
Deferred tax	(896)	(1,039)
Total	(9,199)	(6,914)

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 €(603)k.

Tax losses generated by Wavestone US in the first half of the year for €2,527k have not been capitalized, given the low probability of their use in a reasonable timeframe.

Note 6 Earnings per share

Earnings per share

	09/30/23	09/30/22	03/31/23
Net profit from companies attributable to owners of the parent	22,975	17,906	50,068
Weighted average number of shares outstanding (1)	19,869,150	19,950,614	19,951,609
Net undiluted earnings per share attributable to owners of the parent (€)	1.16	0.90	2.51
No. of shares issued at the closing date (1)	19,869,150	19,950,614	19,951,609
Net diluted earnings per share attributable to owners of the parent (€)	1.16	0.90	2.51

(1) Excluding treasury shares

Note 7 Goodwill on balance sheet assets

The integrated operating model rolled out in July 2016 across the Company has enabled Wavestone to develop synergies between all 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 has acquired in the course of its development, 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 market value derived from Wavestone's market capitalization, and second, the discounted cash flow method.

Cash flows are determined on the basis of projections for a five-year period. A perpetual growth rate assumption is taken from the sixth year onwards. 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.

	Net value at 03/31/2023	Change in scope	Increase in the year	Translation diff.	Net value at 09/30/2023
Goodwill	235,355	0	235	2,245	237,835
incl:					
Coeus Consulting		0	235		

The provisional goodwill of Coeus Consulting has been modified in consideration of an adjustment to the tax liability.

Impairment test

In accordance with IAS 36, in the absence of any indication of impairment, no impairment test was performed as of September 30, 2023.

Financial risks associated with acquisitions

Description of the risk

Wavestone's external growth strategy involves regularly acquiring new companies or businesses, in France and internationally. In carrying out such transactions, Wavestone is exposed to a number of risks, including carrying out acquisitions that are not strategic or that do not result in the acquired company being properly integrated. In such situations, the value of the acquired company may fall significantly if a material percentage of its key employees leave the company soon after the acquisition, or if the company is unable to be efficiently integrated into Wavestone's operating model. As a result, it is important for Wavestone to consolidate its expertise, both in terms of assessing target companies, and in the resulting integration process.

Management of the risk

Wavestone engages specialist firms to screen potential targets. In order to limit the risk of a target being poorly evaluated, Wavestone's Strategic Development Department and Executive Management hold discussions with the target company's management team prior to the transaction. These discussions are aimed at determining the strategic and cultural alignment of the two companies.

At the time when the indicative offer is being prepared, Wavestone and the target company's management team co-constructs a common rationale for the proposed acquisition. The purpose of this approach is to establish, from the very outset of the process, a mutual understanding between the stakeholders, and to define shared objectives for the acquisition. The approval of the Board of Directors is needed for any acquisition that exceeds certain quantitative criteria.

After the acquisition has been completed, and to limit the risks related to the target company integration, Wavestone does the following:

- / involvement of directors and key employees in steering Wavestone's operations;
- / integration into Wavestone's business model targeted within 12 to 18 months;
- / search for revenue synergies by focusing on applying the acquired company's know-how to Wavestone's existing clients;
- / rapid deployment of Wavestone's management tools within the new entity.

Note 8 Intangible and tangible assets

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.

Gross value	03/31/23	Increase	Decrease	Translation gain (loss)	09/30/23
Software	2,849	0	0	0	2,849
Clients	16,546	0	0	0	16,546
Total intangible assets	19,394	0	0	0	19,394
Other tangible assets	19,674	1,144	(1)	53	20,870
Tangible assets in progress	156	0	(158)	2	0
Total tangible assets	19,829	1,144	(159)	55	20,870

Amortization	03/31/23	Increase	Decrease	Tranlation gain (loss)	09/30/23
Software	2,837	1	0	0	2,838
Clients	13,903	747	0	0	14,650
Total intangible assets	16,740	747	0	0	17,487
Other tangible assets	11,002	1,282	0	27	12,312
Total tangible assets	11,002	1,282	0	27	12,312

Impairment	03/31/23	Increase	Decrease	Tranlation gain (loss)	09/30/23
Software	10	0	0	0	10
Total intangible assets	10	0	0	0	10
Other tangible assets	13	193	0	0	205
Total tangible assets	13	193	0	0	205
Total intangible assets	2,644	(747)	0	0	1,897
Total tangible assets	8,815	(331)	(158)	27	8,353

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

The decreases in tangible assets in progress primarily stem from the activation of the corresponding assets.

The change in "Payables on fixed assets" relating to tangible and intangible assets amounted to €(83)k at September 30, 2023, compared with €274k at March 31, 2023.

Note 9 Leases

Rights of use

Gross value	03/31/23	Increase	Decrease	Translation gain (loss)	09/30/23
Operating lease	27,897	1,010	(808)	122	28,221
Real estate lease	27,897	1,010	(808)	122	28,221
Finance lease	2,618	0	0	3	2,622
IT and office equipment	2,508	0	0	0	2,508
Transport equipment	110	0	0	3	113
Total rights of use	30,516	1,010	(808)	126	30,843

Amortization	03/31/23	Increase	Decrease	Translation gain (loss)	09/30/23
Operating lease	14,762	2,138	(64)	57	16,893
Real estate lease	14,762	2,138	(64)	57	16,893
Finance lease	2,575	7	0	2	2,585
IT and office equipment	2,508	0	0	0	2,508
Transport equipment	67	7	0	2	76
Total rights of use	17,337	2,146	(64)	59	19,478

Impairment	03/31/23	Increase	Decrease	Translation gain (loss)	09/30/23
Operating lease	0	0	0	0	0
Real estate lease	0	0	0	0	0
Finance lease	0	0	0	0	0
IT equipment	0	0	0	0	0
Vehicles	0	0	0	0	0
Total rights of use	0	0	0	0	0

Total net rights of use	13,179	(1,136)	(745)	67	11,365
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Assets financed by a finance lease contract are subject to an ownership restriction.

Lease liabilities

	03/31/23	Change	Translation gain (loss)	09/30/23
Lease liabilities over five years	1,269	(231)	13	1,050
Lease liabilities from one to five years	9,830	(2,313)	44	7,561
Total non-current lease liabilities	11,098	(2,544)	57	8,611
Total current lease liabilities (including finance leases)	4,754	109	18	4,881
Total lease liabilities	15,852	(2,436)	75	13,492

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

Note 10 Other assets

Financial assets consist primarily of deposits and guarantees.

Other non-current assets mainly comprise deferred tax assets of €8,643k (€9,588k at March 31, 2023).

Note 11 Current assets

Trade and other receivables	03/31/23	Change	Translation gain (loss)	09/30/23
Accounts receivable	113,403	5,026	507	118,937
Invoices to be issued	64,096	(7,150)	167	57,114
Gross value	177,500	(2,124)	674	176,051
Impairment	(905)	50	(2)	(857)
Net book value	176,595	(2,073)	672	175,194

Given the quality of Wavestone's clients, no overall first-level risk has been identified. Nevertheless, the Firm analyzes its trade receivables on a case-by-case basis and recognizes impairment on an individual basis, taking into account the client's specific situation and delays in payments. Expected credit losses remain at a particularly low level, and consequently the impairment of trade receivables has not been adjusted.

Other receivables	03/31/23	Change	Translation gain (loss)	09/30/23
Advances and down-payments	656	1,324	0	1,980
Tax receivables	10,719	(1,985)	70	8,804
Other debtors	1,725	784	11	2,519
Deferred expenses	3,488	1,528	4	5,020
Gross value	16,588	1,650	85	18,323
Impairment of other receivables	(39)	3	0	(37)
Impairment	(39)	3	0	(37)
Net book value	16,549	1,653	85	18,286

Cash and cash equivalents	03/31/23	Change	Translation gain (loss)	09/30/23
Liquid assets	70,824	(16,983)	295	54,137
Gross value	70,824	(16,983)	295	54,137
Impairment	0	0	0	0
Net book value	70,824	(16,983)	295	54,137

Note 12 Capital

At September 30, 2023, the capital of the parent company Wavestone is composed of 20,196,492 fully paid-up shares at €0.025 per unit.

At the same date, the Company owned 327,342 Wavestone shares.

In addition, as authorized by the General Meeting, the Wavestone Board of Directors, at its meeting of May 31, 2023, decided to allot free shares, either existing or to be issued, to the Company's Key People. The final allotment of these 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 Board of Directors decided to allocate free shares, either existing or 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.

Finally, at that same meeting the Wavestone Board of Directors decided to either allocate free shares, either existing or to be issued, to employees of the firm's foreign subsidiaries or certain categories of such employees, as part of the existing employee savings program.

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 September 30, 2023.

Free share allotment plans

At September 30, 2023, Wavestone had several free share allotment plans underway.

Beneficiaries must remain employees of the Company until the final allotment date.

Details of the free share allotment plans are set out below:

Name of plan	Initial allocation date	Final acquisition date	Initial quantity of shares	Initial number of beneficiaries	Fair value of shares allocated
Plan Key People n°15	06/07/21	06/07/24	55,499	19	2,138
Plan International n°1	15/10/21	15/10/23	6,052	96	229
Plan Tous n°16	06/07/22	06/07/24	60,322	1,521	2,217
Plan Key People n°16	06/07/22	06/07/25	57,135	15	2,363
Plan International n°2	06/07/22	06/07/24	9,036	98	332
Plan Tous n°17	05/07/23	05/07/25	57,234	1,596	2,381
Plan International n°3	05/07/23	05/07/25	9,033	104	376
Plan Key People n°17	05/07/23	05/07/26	53,856	16	2,520

During the half-year period just ended, Wavestone allotted free shares as follows:

Definitive granting of shares under the July 6, 2021 plan: (Employee Plan 15)

On July 6, 2021, a free share allocation plan (Employee Plan 15) was set up as part of the firm's employee savings scheme. Employee Plan 15 is for Wavestone's employees, depending on the employee savings plan option they have selected.

This plan had a vesting period of twenty-four (24) months and expired on July 6, 2023.

The initial allotment was up to 38,699 shares. In accordance with the conditions of the plan, 28,722 shares were fully acquired by 873 employees at the end of the vesting period.

The shares granted under the "Employee Plan 15" were previously acquired by the Company during a share buy-back program.

Initial allotment under the July 5, 2023 plan ("Employee Plan 17")

At its July 5, 2023 meeting, the Board of Directors introduced "Employee Plan 17" for the allotment of free shares as part of the firm's employee savings plan. Employee Plan 17 is for Wavestone's employees, depending on the employee savings plan option they have selected.

At initial allotment, the number of beneficiaries was 1,596 and the number of Wavestone shares to allot (to people meeting the plan's conditions by the end of the 24-month vesting period) was 57,234 or 0.28% of Wavestone equity at July 5, 2023.

Initial allotment under the July 5, 2023 plan ("Key People Plan 17")

At its July 5, 2023 meeting, the Board of Directors introduced "Key People Plan 17" for the allotment of free shares. Key People Plan 17 is for key Wavestone employees designated by the Board of Directors at the recommendation of the Remuneration Committee.

At initial allotment, the number of beneficiaries was 16 and the number of Wavestone shares to allot (to people meeting the plan's conditions by the end of the 36-month vesting period) was 53,856 or 0.27% of Wavestone equity at July 5, 2023.

Initial allotment under the July 5, 2023 plan ("International Plan 3")

At its July 5, 2023 meeting, the Board of Directors introduced "International Plan for Everyone 3" for the allotment of free shares. "International Plan for Everyone No. 3" is for the employees of Wavestone's foreign subsidiaries who have signed up to the Wavestone Shares FCPE (collective employee shareholding fund) or for registered Wavestone shares as part of the 2023 international employee shareholding program.

At initial allotment, the number of beneficiaries was 104 and the number of Wavestone shares to allot (to people meeting the plan's conditions by the end of the 24-month vesting period) was 9,033 or 0.04% of Wavestone equity at July 5, 2022.

Note 13 Provisions

In accordance with IAS 19 (Employee benefits), defined benefit program obligations and their cost are evaluated by independent actuaries on a projected unit credit basis. Wavestone's obligations are limited to the payment of termination benefits to its employees in France and to employer contributions within the context of the "second pillar" of the Swiss social protection system. There is also a retirement and welfare liability in Belgium, but this is not material. Wavestone has no other long-term or termination benefit obligations. The discount rate for rights valuation is 4.00% in France and 2.10% in Switzerland.

As required under the June 16, 2011 amendment of IAS 19 (Employee benefits), which applies to reporting periods beginning on or after January 1, 2013, Wavestone recognizes all actuarial gains and losses directly in equity.

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

	03/30/23	Reclassifica- tion	Increase	Reversal		Translation gain (loss)	09/30/23
				Used	Unused		
Provisions for retirement packages	13,316	0	657	(394)	(870)	13	12,722
Total long-term provisions	13,316	0	657	(394)	(870)	13	12,722
Provisions for risks and charges	4,755	(755)	153	(86)	(14)	22	4,075
Total short-term provisions	4,755	(755)	153	(86)	(14)	22	4,075
Total provisions	18,071	(755)	810	(480)	(884)	35	16,797

With effect from the 2023/24 financial year, Wavestone has decided to classify provisions for employer contributions in respect of free share allocations under "social security liabilities", in order to adopt a uniform treatment with the presentation under personnel costs (see note 2).

Changes in provisions for the fiscal year had a €(312)k impact on the current operating income and no impact on non-current operating income.

Sensitivity tests

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

A 0.25% increase in the discount rate would represent a €536k decrease in actuarial differences (recognized in shareholders' equity) while a 0.25% decrease in the discount rate would represent a €565k increase in actuarial differences.

Note 14 Financial liabilities and net debt

	03/31/23	Change	Translation gain (loss)	09/30/23
Debt over five years	16,056	(2,782)	0	13,274
Bank borrowings	16,056	(2,782)	0	13,274
Debt from one to five years	21,991	48	0	22,039
Bank borrowings	21,967	48	0	22,014
Borrowings and other financial liabilities	24	0	0	24
Total non-current financial liabilities (over one year)	38,047	(2,735)	0	35,313
Bank borrowings	5,414	23	0	5,437
Bank overdrafts	143	(118)	0	25
Accrued interests outstanding	98	0	0	97
Total current financial liabilities (under one year)	5,654	(95)	0	5,559
Total financial liabilities excluding current bank overdrafts	43,559	(2,712)	0	40,847
Total financial liabilities	43,702	(2,830)	0	40,871

Rate	03/31/23		09/30/23	
	fixed	variable	fixed	variable
Non-current financial liabilities	24	38,023	24	35,288
Current financial liabilities	0	5,654	0	5,559
Total financial liabilities	24	43,677	24	40,847

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.

Syndicated credit facilities

Characteristics of the Refinancing loan:

- / Nominal: €65,000k
- / Rate: variable (Euribor + margin)

- / Maturity: 12/14/28
- / Date of issue: 03/26/20

Characteristics of the Revolving Credit facility:

- / Nominal: €40,000k
- / Rate: variable (Euribor + margin)
- / Maturity: 12/14/27
- / Date of issue: 12/14/22

Characteristics of the External Growth Loan:

- / Nominal: €105,000k
- / Rate: variable (Euribor + margin)
- / Maturity: 12/14/29
- / Date of issue: 12/14/22

The unused portion of the Revolving Credit facility and External Growth Loan is set out in note 17.

The contract also provides an unconfirmed credit line for a maximum of €70,000k for external growth transactions.

Covenant:

The credit agreement requires compliance with a Leverage Ratio, which is the ratio of Net Financial Debt to Consolidated EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization). The commitment to maintain the Leverage Ratio below 2.5 was respected over the period.

Other credit facilities

Wavestone has a contract with an American bank for a \$15,000k "all-purpose" bilateral line.

Cash and cash equivalents	03/31/23	Change	Translation gain (loss)	09/30/23
Liquid assets	70,824	(16,983)	295	54,137
Bank overdrafts	(143)	118	0	(25)
Consolidated cash	70,681	(16,864)	295	54,112
Financial liabilities excluding bank overdrafts	43,559	(2,712)	0	40,847
Net financial cash/(debt)	27,122	(14,152)	295	13,265

Note 15 Other liabilities

	03/31/23	Reclassifica- tion	Change	Translation gain (loss)	09/30/23
Other non-current liabilities					
Tax and social security liabilities	228	501	276	0	1,005
<i>o/w tax liabilities</i>	228	0	483	0	710
<i>o/w social security liabilities</i>	0	501	(206)	0	295
Other debt	796	0	(231)	0	564
Total	1,023	501	45	0	1,569
Current liabilities					
Trade payables and related accounts	14,731	0	337	48	15,117
Tax and social security liabilities	106,272	255	(20,262)	273	86,538
<i>o/w tax liabilities</i>	39,722	0	(3,038)	71	36,754
<i>o/w social security liabilities</i>	66,551	255	(17,224)	202	49,784
Other current liabilities	38,087	0	(7,227)	280	31,140
<i>o/w suppliers of fixed assets</i>	476	0	(279)	0	197
<i>o/w other debt</i>	24,038	0	(6,089)	250	18,199
<i>o/w deferred income</i>	13,573	0	(859)	30	12,744
Total	159,091	255	(27,152)	602	132,795
Total other liabilities	160,114	755	(27,107)	601	134,364

With effect from the 2023/24 financial year, Wavestone has decided to classify provisions for employer contributions in respect of free share allotment plans under "social security liabilities", in order to adopt a uniform treatment with the presentation under personnel costs (see note 2). These amounted to €962k at September 30, 2023, compared with €755k at March 31, 2023.

The decrease in "Other current liabilities" is explained in particular by the payment of the first earn-out and a part of the price adjustment relating to the PEN Partnership acquisition for €5,199k. At 30/09/23, two earn-outs and part of the price adjustment relating to the PEN Partnership and Coeus Consulting acquisitions remained outstanding for €9,284k.

Note 16 Financial instruments

Wavestone's financial instruments portfolio is made up of:

- / Treasury shres;
- / Forward exchange contracts and cross-currency swaps;
- / Interest rate hedges (caps).

Changes in the value of derivatives qualifying as hedges are recognized in equity and then recycled to the income statement under the same heading as the hedged item. Other derivatives are recognized at fair value through profit or loss under "Other financial income and expenses".

Accounting classification and fair value of financial assets and liabilities

In accordance with IFRS 13 "Fair Value Measurement", financial assets and liabilities are classified according to the following three fair value levels:

- / Level 1: price quoted on an active market;
- / Level 2: in-house model with observable parameters;
- / Level 3: in-house model with non-observable parameters.

	Net balance sheet value by instrument category				Fair value	
	Derivatives with headinging	Fair value through profit or loss	Fair value through equity	Amortized cost	Level	Fair value
At 09/30/23						
Non-consolidated equity interests	0	30	0	0	Level 3	30
Guarantee deposits and financial receivables	0	0	0	1,866		1,866
Trade receivables and related accounts	0	0	0	175,194		175,194
Derivative assets	523	0	0	0	Level 2	523
Liquid assets	0	54,137	0	0	Level 1	54,137
Total assets	523	54,167	0	177,060		231,750
Bank loans	0	0	0	40,822		40,822
Lease liabilities	0	0	0	13,492		13,492
Trade payables and related accounts	0	0	0	15,117		15,117
Payables on acquisition of equity interests	0	0	0	9,284		9,284
Bank overdrafts	0	25	0	0	Level 1	25
Derivative liabilities	728	0	0	0	Level 2	728
Total liabilities	728	25	0	78,714		79,467

	Net balance sheet value by instrument category				Fair value	
	Derivatives with headinging	Fair value through profit or loss	Fair value through equity	Amortized cost	Level	Fair value
At 03/31/23						
Non-consolidated equity interests	0	30	0	0	Level 3	30
Guarantee deposits and financial receivables	0	0	0	1,779		1,779
Trade receivables and related accounts	0	0	0	176,595		176,595
Derivative assets	1,673	0	0	0	Level 2	1,673
Liquid assets	0	70,824	0	0	Level 1	70,824
Total assets	1,673	70,824	0	115,182		187,679
Bank loans	0	0	0	43,534		43,534
Lease liabilities	0	0	0	15,852		15,852
Trade payables and related accounts	0	0	0	14,731		14,731
Payables on acquisition of equity interests	0	0	0	14,237		14,237
Bank overdrafts	0	143	0	0	Level 1	143
Derivative liabilities	485	0	0	0	Level 2	485
Total liabilities	485	0	0	88,498		88,983

Financial risks associated with foreign exchange rates and hedging transactions

Description of the risk

Fluctuations in foreign exchange rates may have a significant impact on the Company's financial results. This risk arises when Wavestone carries out transactions in foreign currencies, such as purchasing or selling products or services, or holds assets or liabilities denominated in a foreign currency. Hedging transactions are used to manage this risk, as they reduce the company's exposure to exchange rate fluctuations. As such, Wavestone is exposed to the risk of potentially subscribing to hedging instruments that are inadequate, ineffective or whose cost is not proportional to the risk being hedged.

Management of the risk

For the most part, Wavestone invoices its services to clients located in France or the euro zone. The revenue contributions from non-eurozone foreign subsidiaries accounted for 18% of revenue at 03/31/23.

Wavestone has a currency hedging policy in place to cover the main risks involved in foreign-currency sales of services and in intra-Group current account advances denominated in foreign currencies.

The Finance Department is responsible for putting in place the appropriate financial instruments as soon as a significant foreign currency transaction shows signs of being a potential source of risk for the firm. In view of the technical nature of the transactions to be designed, Wavestone relies on external risk, debt and treasury experts when entering into hedging and foreign exchange instruments. A risk then arises where the information required by these experts to carry out their work is not properly provided or if their instructions are misunderstood.

Note 17 Off-balance sheet commitments

Given commitments	Total amount at 09/30/23	Less than one year	More than one year and less than 5 years	More than 5 years
Guarantees and sureties	1,817	131	1,228	459
Pledges	0	0	0	0
Operating lease commitments	8,650	4,001	4,649	0
Total	10,467	4,132	5,876	459
Received commitments				
Guarantees and sureties	159	55	0	103
Undrawn credit lines	159,159	0	159,159	0
Liability guarantees ⁽¹⁾	66,781	13,359	8,419	45,003
Total	226,099	13,414	167,578	45,107

(1) Including escrow accounts of €3,774k and insurance policy of €11,566k relating to the Coeus acquisition.

Real estate leases are now reported as lease liabilities:

/ The New York (USA) lease is covered by an unlimited guarantee from Wavestone SA which would substitute for Wavestone US should it fail to meet its commitments to its 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 Luxembourg lease is covered by a rental guarantee from a bank in the amount of €92k granted to Wavestone, maturing in 2027.

/ The Belgian lease is covered by a €28k rental guarantee from Wavestone SA maturing in 2028.

/ The lease in Switzerland is covered by a €139k rental guarantee from a bank maturing in 2029.

The liability guarantees were received in connection with the acquisitions of companies carried out during the 2018/19, 2019/20, 2021/22 and 2022/23 fiscal years.

Given commitments	Total amount at 03/31/23	Less than one year	More than one year and less than 5 years	More than 5 years
Guarantees and sureties	1,730	122	1,041	566
Pledges	0	0	0	0
Operating lease commitments	10,041	4,158	5,883	0
Total	11,771	4,280	6,925	566

Received commitments				
Guarantees and sureties	454	54	0	400
Undrawn credit lines	158,793	0	158,793	0
Liability guarantees (1)	65,572	6,200	15,117	44,255
Total	224,819	6,254	173,910	44,655

(1) Including escrow accounts of €3,717k and insurance policy of €11,374k relating to the Coeus acquisition.

Note 18 Related-party transactions

Type of transaction	Transaction amount	Designation of the related-party	Nature of relationship
Recruitment fees for Michael Page France and PageGroup France	(89)	Marlène Ribeiro	Member of the Board of Directors

Note 19 Subsequent events

The Combined General Meeting, which will vote on the acquisition of Q_Perior - and particularly on the contribution of Q_PERIOR shares remunerated in newly-issued Wavestone shares - will be held on Tuesday December 5, 2023. In accordance with regulations, shareholders were convened to the Combined General Meeting and the preparatory documentation for this meeting was made available on 14/11/2023:

- / Notice of meeting
- / Board of Directors Report
- / Exemption document from the obligation to publish a prospectus
- / Contribution Agreement and reports of the Contribution Auditor

Note 20 Financial risk related to climate change

The Company, which is exclusively active in the provision of intellectual services, has not identified, at this stage, any significant financial risk related to the effects of climate change.

STATUTORY AUDITORS' REVIEW REPORT

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, 2022;
- / 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.

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 and Paris-La Défense, December 6, 2023

**AUDITEURS &
CONSEILS ASSOCIES
ACA NEXIA**

Sandrine GIMAT

MAZARS

Bruno POUGET
