

## Solid 2021/22 annual results: EBIT margin of 15.9% and doubling of net income

At its meeting of May 31, 2022, Wavestone's Supervisory Board approved the consolidated annual accounts for the 2021/22 fiscal year, ended March 31, 2022, which are summarized below. Auditing of the accounts is complete, and the auditors are in the process of issuing their report.

Consolidated audited data at 3/31 (in €m)	2021/22	2020/21	Change
<b>Revenue</b>	<b>470.1</b>	<b>417.6</b>	<b>+13%</b>
<b>EBIT</b> <i>EBIT margin</i>	<b>74.8</b> <i>15.9%</i>	<b>53.3</b> <i>12.8%</i>	<b>+40%</b>
Amortization of client relationships Other operating income and expenses <b>Operating income</b>	(1.5) (0.5) <b>72.8</b>	(1.5) (8.5) <b>43.3</b>	<b>+68%</b>
Cost of financial debt Other financial income and expenses Income tax expenses	(0.9) (0.0) (20.9)	(1.1) (1.5) (15.3)	
<b>Group share of net income</b> <i>Net margin</i>	<b>51.0</b> <i>10.9%</i>	<b>25.4</b> <i>6.1%</i>	<b>+101%</b>

### Revenue of €470.1m in 2021/22, an increase of +13%

Over the whole 2021/22 fiscal year, Wavestone generated revenue of €470.1m, an increase of 13%, which exceeded its target of €462m.

During the year, Wavestone acquired the consulting practice of Everest Group, as well as the firms why innovation! and NewVantage Partners. At constant exchange rates and scope, annual growth was +10%, driven by sustained demand from clients and numerous major transformation projects. To note, the firm benefited from a positive working day impact over the whole fiscal year of +1.1%.

### Nearly 1,000 new hires over the year but staff turnover high

A high rate of recruitment throughout the fiscal year enabled Wavestone to achieve nearly 1,000 gross hires in 2021/22, outperforming the objective, raised in December 2021, of 900 annual hires.

This strong momentum enabled the firm to offset the increase in staff turnover rate, which stood at 18% over the 2021/22 fiscal year, compared with a target of 15%. Wavestone's objective is to gradually bring the turnover rate back to about 15% during the 2022/23 fiscal year.

At March 31, 2022, Wavestone had 3,732 employees, compared with 3,453 at the end of the previous fiscal year.

To note, Wavestone was once again recognized as a Great Place to Work<sup>®</sup>, taking 1<sup>st</sup> place in the 2022 ranking of companies with more than 2,500 employees in France, as well as ranking 3<sup>rd</sup> in the “medium-sized companies” category in Luxembourg. 86% of the firm's employees consider Wavestone to be a *Great Place to Work*<sup>®</sup>.

### **High consultant utilization rate over the fiscal year and well-positioned sales prices**

Buoyed by a level of order intake that remained strong throughout the year, the consultant utilization rate stood at 77% at the end of the 2021/22 fiscal year, compared with 71% a year earlier. This result is significantly higher than the level of 75% targeted for the fiscal year.

Over the whole of the fiscal year, the average daily rate stood at €854, showing an increase compared with the average sales price of €842 recorded in 2020/21. The integration of Everest Group *consulting*, why innovation!, and NewVantage Partners contributed €7 to this increase.

### **Solid EBIT margin of 15.9% and doubling of group share of net income**

Driven by strong levels of business activity and well positioned operating indicators, EBIT reached €74.8m in 2021/22, a sustained increase of +40% compared with the 2020/21 fiscal year.

The EBIT margin stood at 15.9%, in line with the objective, raised at the end of the fiscal year, of a margin above 15.5%. As a reminder, the EBIT margin achieved a year earlier was 12.8%.

After taking into account the amortization of customer relations and other non-current income and expenses, linked in particular to acquisitions during the year, operating income amounted to €72.8m, a sustained increase of +68% compared with the 2020/21 fiscal year. As a reminder, to reflect the effects of the Smartworking@Wavestone project, €8.3m of provisions and depreciation were accounted for under other operating expenses in 2020/21.

After accounting for the financial result and the tax charge, of which the relative weight has decreased as a result of reduced corporate tax and CVAE (a French business tax based on corporate added value) rates, group share of net income doubled in the 2021/22 fiscal year, to reach €51.0m compared with €25.4m a year earlier.

Net margin stood at 10.9%, compared with 6.1% in 2020/21.

### **Increase in self-financing capacity and cash flow from business activities of €56.3m in 2021/22**

At the end of the 2021/22 fiscal year, Wavestone had generated a cash flow of €79.0m, an increase of +18%.

After taking into account tax payments of €15.8m and an increase in working capital requirements of €6.9m, linked to the return to growth in 2021/22, Wavestone generated an operating cash flow of €56.3m, compared with €70.8m a year earlier.

Investment transactions consumed €12.5m, related in particular to the acquisitions of Everest Group's consulting practice, why innovation!, and NewVantage Partners.

Financing flows amounted to €24.0m, which includes €8.5m in net loan repayments, €4.6m in dividend payments for the 2020/21 fiscal year, and €7.6m in lease liability repayments (under IFRS 16).

### **Available cash and cash equivalents of €60.3m at March 31, 2022**

At March 31, 2022, Wavestone's equity had reached €257.0m.

The net cash position<sup>1</sup> amounted to €60.3m at the end of the 2021/22 fiscal year, compared with €31.8m at the end of March 2021.

Available cash and cash equivalents amounted to €108.3m, compared with €88m a year earlier.

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<sup>1</sup> Excluding lease liabilities

Consolidated audited data at 3/31 (in €m)	(3/31/22)	(3/31/21)	Consolidated audited data at 3/31 (in €m)	(3/31/22)	(3/31/21)
<b>Non-current assets</b>	<b>214.9</b>	<b>212.6</b>	<b>Shareholders' equity</b>	<b>257.0</b>	<b>206.1</b>
of which goodwill	178.5	162.0	<b>Financial liabilities</b>	<b>47.9</b>	<b>56.2</b>
including rights to use leased assets	14.5	21.0	of which less than one year	8.1	8.2
<b>Current assets</b>	<b>171.1</b>	<b>145.8</b>	<b>Lease liabilities</b>	<b>18.1</b>	<b>30.3</b>
of which trade receivables	147.8	125.7	<b>Non-financial liabilities</b>	<b>171.3</b>	<b>154.0</b>
<b>Cash and cash equivalents</b>	<b>108.3</b>	<b>88.0</b>	<b>Total</b>	<b>494.2</b>	<b>446.5</b>
<b>Total</b>	<b>494.2</b>	<b>446.5</b>			

At the Shareholders' Annual Meeting on July 28, 2022, Wavestone's Management and Supervisory Boards will propose a dividend payment of €0.38 per share for the 2021/22 fiscal year, an increase of +65% compared with 2021. This dividend marks a return to the usual payout rate of 15% of the group share of net income.

### A new impetus on sustainable development

During the 2021/22 fiscal year, Wavestone gave fresh impetus to its sustainable development policy.

The year was rich in achievements: the re-expression of Wavestone's CSR ambition in 5 commitments, impact credit combining ESG criteria with the firm's financing, co-construction of the *Impact* strategic plan with all employees and stakeholders, and the reinvention of ways of working as part of the Smartworking@Wavestone project.

In line with its commitments, the firm achieved or exceeded its objectives during the fiscal year in terms of deploying its responsible consulting approach, commitment from employees, gender equality, social commitments, and a reduction in its carbon footprint.

However, the firm still has room for improvement in terms of client satisfaction, with an NPS<sup>®2</sup> of 48 against a target of 50, as well as that of employee retention, with an annual staff turnover rate of 18% against a target of 15%. Wavestone has also decided to strengthen its contribution to the climate challenge and intends to submit in June to the Science Based Targets initiative (SBTi), targets for reducing its emissions by 2025 and 2050, in accordance with the *Net-Zero Standard*.

During the year, Wavestone was once again recognized for its extra-financial performance, it took 2<sup>nd</sup> place in its category in the Gaïa Research ranking and 1<sup>st</sup> place in the Technology sector of the Humpact index in terms of human resources.

### Launch of the *Impact* strategic plan in 2021/22

The 2021/22 fiscal year saw the launch of the new *Impact* strategic plan, with a 2025 horizon.

*Impact* aims to make Wavestone the privileged partner of large companies for their major transformation programs. This ambition means that Wavestone will prioritize the three strategic challenges that large groups will face in the coming years: competitiveness challenges, digitalization challenges, and sustainable development challenges.

<sup>2</sup> NPS<sup>®</sup> is a registered trademark of Bain & Company, Inc., Satmetrix Systems, Inc., and Fred Reichheld.

In terms of *Impact*, Wavestone has set the following objectives for 2025:

- Reaching a new growth milestone, with the aim of revenue of €750m
- Having five, non-French, major accounts within its TOP 20 clients
- Positioning the firm within the 5% of best-performing companies in CSR terms

Following the publication of this new strategic plan, Wavestone has launched several initiatives aimed at aligning its operating model with the challenges of *Impact*, globalizing some of its offers, and the strengthening of its expertise.

The acquisition in early April 2022 of Nomadéis, a French consulting firm specializing in the environment and social responsibility, falls within this framework. Nomadéis will form the backbone of the new Sustainability practice that Wavestone has launched.

### **A market that remains dynamic but a more uncertain economic outlook**

2021 was characterized by a very buoyant market and growing demand in most sectors of activity and across all the firm's geographies.

This momentum was maintained in the first months of 2022. Visibility on projects remains excellent, with an order book of 4.3 months of work at March 31, 2022.

Against a backdrop of inflationary pressures, close attention will be paid to salary levels over the fiscal year. The firm will continuously monitor the situation in terms of adjusting its salary policy to maintain competitiveness in HR terms.

At the same time, Wavestone is aiming for a further increase in sales prices in 2022/23, in order to optimally manage its price-to-salary ratio. Continuing the sustained pace of recruitment, which will limit the effects of salary inflation on average compensation, will also contribute to managing this ratio.

The evolution of the economic climate and repercussions of the conflict in Ukraine are another area to be closely monitored during the fiscal year. Wavestone is particularly vigilant in this respect and is maintaining a sustained level of business development activity to better counter a potential slowdown in demand in certain sectors.

### **2022/23 financial targets: revenue of more than €505m and an EBIT margin of the order of 15%**

For the 2022/23 fiscal year, Wavestone has set itself the objective of achieving a revenue of more than €505m.

In profitability terms, the company is targeting an EBIT margin of the order of 15%.

These objectives include Nomadéis and are calculated on a constant forex basis, excluding new acquisitions.

In parallel, the firm will continue to pursue external growth with the objective of making new acquisitions; the US and the UK remain the priorities, without ruling out tactical purchases in France.

**Next events:** Q1 2022/23 revenue, Wednesday, July 27, 2022, after Euronext market closing; and the Shareholders' Annual General Meeting, Thursday, July 28, 2022, at 9:00am.

### **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 companies and organizations in their most critical transformations, with the ambition of a positive outcome for all stakeholders. It's an ambition anchored in the firm's DNA and embodied in the signature "The Positive Way."*

*Wavestone draws on about 4,000 employees across Europe – where it is a leading independent player in consulting, the United States and Asia.*

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

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## Appendix 1: Consolidated income statement at 3/31/2022

<i>Audited consolidated data – IFRS standards (€k)</i>	<b>(3/31/2022)</b>	<b>(3/31/2021)</b>
<b>Revenue</b>	<b>470,057</b>	<b>417,608</b>
Purchases consumed	-11,190	-13,951
Personnel costs	-336,016	-310,168
External expenses	-34,432	-23,703
Levies and taxes	-7,748	-7,241
Net allocation for depreciation and provisions	-6,023	-9,720
Other operating income and expenses	157	450
<b>EBIT</b>	<b>74,805</b>	<b>53,275</b>
Amortization of client relationships	-1,493	-1,493
Other operating income and expenses	-501	-8,519
<b>Operating income</b>	<b>72,811</b>	<b>43,263</b>
Financial income	15	5
Cost of gross financial debt	-899	-1,144
<b>Cost of net financial debt</b>	<b>-884</b>	<b>-1,138</b>
Other financial income and expenses	-16	-1,451
<b>Pre-tax income</b>	<b>71,912</b>	<b>40,674</b>
Income tax expenses	-20,880	-15,297
<b>Net income</b>	<b>51,032</b>	<b>25,377</b>
Minority interests	0	0
<b>Group share of net income</b>	<b>51,032</b>	<b>25,377</b>
Group share of net income per share (€) <sup>(1)</sup>	2.55	1.27
Group share of diluted net income per share (€)	2.55	1.27

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

## Appendix 2: Consolidated balance sheet at 3/31/2022

<i>Audited consolidated data – IFRS standards (€k)</i>	<b>(3/31/2022)</b>	<b>(3/31/2021)</b>
Goodwill	178,512	162,035
Intangible assets	4,320	6,216
Tangible assets	6,879	8,548
Rights to use leased assets	14,468	20,959
Financial assets – more than one year	1,296	2,091
Other non-current assets	9,397	12,789
<b>Non-current assets</b>	<b>214,872</b>	<b>212,639</b>
Trade and related receivables	147,761	125,710
Other receivables	23,351	20,112
Cash and cash equivalents	108,251	88,009
<b>Current assets</b>	<b>279,363</b>	<b>233,831</b>
<b>Total assets</b>	<b>494,235</b>	<b>446,469</b>
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Capital	505	505
Issue and merger premiums; additional paid-in capital	11,218	11,218
Consolidated reserves and earnings	243,139	193,944
Conversion-rate adjustment	2,122	395
<b>Total shareholders' equity, group share</b>	<b>256,984</b>	<b>206,063</b>
Minority interests	0	0
<b>Total equity</b>	<b>256,984</b>	<b>206,063</b>
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Long-term provisions	14,287	17,317
Financial liabilities - more than one year	39,811	48,013
Lease liabilities – more than one year	13,097	22,260
Other non-current liabilities	332	184
<b>Non-current liabilities</b>	<b>67,528</b>	<b>87,774</b>
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Short-term provisions	5,253	6,567
Financial liabilities - less than one year	8,109	8,152
Lease liabilities – less than one year	4,959	8,025
Trade payable	12,590	11,554
Tax and social security liabilities	109,770	98,305
Other current financial liabilities	29,042	20,029
<b>Current liabilities</b>	<b>169,723</b>	<b>152,633</b>
<b>Total liabilities</b>	<b>494,235</b>	<b>446,469</b>

## Annex 3: Consolidated cash flow statement at 3/31/2022

<i>Audited consolidated data – IFRS standards (€k)</i>	<b>(3/31/2022)</b>	<b>(3/31/2021)</b>
<b>Consolidated net income</b>	<b>51,032</b>	<b>25,377</b>
Elimination of non-cash elements:		
Net depreciation and provisions <sup>(1)</sup>	3,051	20,680
Charges/(income) related to share-based payments	2,044	2,300
Losses/(gains) on disposals, net of tax	1,463	12
Other calculated income and expenses	-652	1,895
Cost of net financial debt (inc. interest on lease liabilities)	1,139	1,470
Tax charges / (income)	20,880	15,297
<b>Self-financing capacity before net financial debt and tax costs</b>	<b>78,956</b>	<b>67,030</b>
Tax paid	-15,768	-17,038
Change in WCR	-6,853	20,828
<b>Net cash flow from operations</b>	<b>56,335</b>	<b>70,820</b>
Intangible and tangible fixed asset acquisitions	-455	-748
Asset disposals	146	14
Change in financial assets	277	-114
Impact of changes in scope	-12,452	0
<b>Net cash flow from investments</b>	<b>-12,485</b>	<b>-849</b>
Sales (acquisitions) by the company of its own shares <sup>(2)</sup>	-2,361	137
Dividends paid to parent-company shareholders	-4,612	0
Dividends paid to minority interests of consolidated companies	0	0
Loans received	0	0
Repayment of loans	-8,472	-38,320
Repayments of lease liabilities	-7,583	-7,802
Net financial interest paid	-655	-878
Net interest paid on lease liabilities	-282	-336
Other flows related to financing operations	0	27
<b>Net cash flow from financing operations</b>	<b>-23,965</b>	<b>-47,173</b>
<b>Net change in cash and cash equivalents</b>	<b>19,885</b>	<b>22,798</b>
Impact of translation differences	360	137
Opening cash position	88,003	65,068
Closing cash position	108,249	88,003

<sup>(1)</sup> including €6,281k for the amortization of property usage rights (under IFRS 16) at 3/31/2022 and €6,491k, for the same, at 3/31/2021.

<sup>(2)</sup> for information, the company has delivered treasury shares to a value of €4,273k.