

Wave letter to Shareholders

MARCH 2023



PASCAL IMBERT

CEO

"In an overall less buoyant market environment, Wavestone remains confident in continuing its growth in the months to come."

Dear Shareholder,

I am pleased to send you this new letter as we close the fiscal year 2022/23.

After a solid fiscal year 2021/22, demonstrating Wavestone's resilience in an economic environment marked by the conflict in Ukraine and inflationary pressures, our performance in 2022/23 remained well oriented.

In an overall less buoyant market context, marked by greater caution from clients faced with the economic slowdown in certain sectors, Wavestone remains confident in continuing its growth in the months to come.

To address this more challenging environment, we have stepped up our sales activity in recent months, particularly in resilient sectors such as banking, energy and luxury, and have maintained a steady pace of recruitment of new talent.

As proof of this good performance, our revenue grew by +11% at the end of the first nine months of the fiscal year, to more than €376m, with a good trend in our operational indicators and in particular in sales prices.

However, Wavestone has included a dose of caution in its 2022/23 profitability objective and is now targeting an annual EBIT margin of around 14.5%, compared to 15% initially. The target of annual consolidated revenue exceeding €525 million is confirmed.

With regard to our Impact strategic plan, the latest acquisitions in the UK, PEN Partnership and Coeus Consulting, demonstrate our desire to make Wavestone the preferred partner of large companies internationally.

In terms of CSR, the last few years have been rich in achievements, for which Wavestone has received several awards (Top 5% of the best performing companies in terms of CSR by Gaiã Research at the national level, Top 1% by EcoVadis, 1st place in the Great Place To Work ranking in France, etc.).

On the stock market, Wavestone's share price at the beginning of 2023 reflected this solid financial performance until mid-March. Since January 1, 2023, the share price has remained stable*.

Finally, we are committed to maintaining a dialogue with our shareholders, and we will continue to listen to you at the Wave Club Shareholders' meetings in order to answer your questions and keep you informed of Wavestone's latest news. I look forward to seeing you at our Annual General Meeting on July 27, to discuss with you in person.

Thank you for your confidence in Wavestone and I look forward to hearing from you.

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*At the market price on March 17, 2023



MARIE-ANGE VERDICKT

Lead Director on Wavestone's Board of Directors

Wavestone's governance changed in July 2022. Can you remind us why?

One of the objectives of *Impact*, Wavestone's strategic plan until 2025, is to lay the foundations for its future development in terms of governance.

In this context, a change in the governance structure was submitted to a shareholders vote at the 2022 Annual General Meeting, in order to move from Management and Supervisory Boards to a Board of Directors. This resolution was adopted with 99.34% of votes in favor.

Pascal Imbert thus became Chairman and CEO of the firm and Patrick Hirigoyen Chief Operating Officer, with Michel Dancoisne continuing to sit on the Board of Directors.

The Board of Directors' aim, among others, is to continue the structuring of management in the coming years in order to start a transition to a new management team as of 2025. Once this transition is complete, Wavestone plans to return to a dual governance structure, separating the functions of Chairman and Chief Executive Officer.

As Lead Director, what is your role?

In order to comply with good governance practices, I have been appointed as Lead Director on the Board of Directors. I am responsible for ensuring that this new form of governance functions properly and for improving relations with shareholders.

In concrete terms, my role is to liaise between the independent Directors and the other members of the Board and/or the firm's General Management and to ensure that these Directors are able to carry out their assignments under the best possible conditions.

I lead the process of evaluating the functioning of the Board, while ensuring compliance with its internal rules of procedure. I am responsible for preventing conflicts of interest from arising and I inform the Chairman and the Board of any identified conflicts of interest.

Finally, I also ensure that shareholders who have questions and suggestions on governance issues receive answers.

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We have already put in place good practices to ensure that Wavestone remains among the best in terms of governance.”

MARIE-ANGE VERDICKT

Lead Director on Wavestone's Board of Directors

After a few months, what do you remember from this change?

The composition of the Board of Directors is almost identical to that of the Supervisory Board, thus allowing us to capitalize on our knowledge of each other and the value contribution of each. In addition, two new Employee Directors have joined the Board, which is very useful in giving more internal insight, especially for us independent Directors.

We have already put in place good practices to ensure that Wavestone remains among the best in terms of governance. For example, we held the first Board meeting without the presence of the executive directors Pascal Imbert and Patrick Hirigoyen. During this first meeting we ensured that Wavestone's governance practices complied with the Middenext code, to which we adhere, and we made proposals to continue improving the Board's operations (continuing the training plan for directors, particularly on CSR, strengthening coordination between the Board's Committees, etc.).

We are all gradually finding our pace in good spirit, and for the time being we have not encountered any blocking factors to ensure the proper functioning of the Board.



Wavestone completes its energy efficiency plan

In the context of the energy crisis in France and Europe, the French government has requested that economic actors reduce their energy consumption by 10% by 2024 compared to 2019, with the first actions starting this winter.

As a socially responsible company, Wavestone has mobilized by launching an energy sobriety plan in October 2022 that targets measures implemented in the very short term, in order to avoid power cuts, and also a more medium-term overlook. This plan includes all the measures put in place by Wavestone some of which are common to all the firm's offices:

- / Raising awareness among employees and their ecosystems through a communication campaign

- / Further optimize our digital uses

- / Acting for thought sponsorship

Local action plans are defined by each office, depending on their local context, for instance reducing the energy footprint of the premises or relaying Wavestone's commitments to local initiatives.

These efforts complement the actions already undertaken in terms of carbon sobriety, as part of our SBTi trajectory which consists of reducing its greenhouse gas emissions to achieve a near zero carbon footprint by 2050.

The Wavestone Foundation

Created in 2009, the Wavestone Foundation acts in favor of disadvantaged children through financial support to partner associations.

The next call for projects of the Foundation will take place from June to September 2023. All information on this subject will be shared on [the Foundation's website](#).

The Foundation also provides emergency aid:

- / In the context of the earthquake and the subsequent humanitarian crisis in Turkey and Syria, the Wavestone Foundation's Board of Directors decided to support its partner NGOs in their disaster management efforts and decided to allocate a maximum budget of €150,000 for this emergency need. The Foundation has already granted financial support to World Vision International and to Solidarités International and continues to examine other projects.

- / The Wavestone Foundation continues to be mobilized in the context of the war in Ukraine. Thanks to the financial support granted, the NGO PLAY International offers, for example, psychological and educational support through sports games to Ukrainian refugees in Poland, with the general objective of promoting their integration and inclusion. In total, 8 projects are funded for a total amount of more than €130,000.



Skills sponsorship: Solidarités International improves the tools and processes at the heart of its humanitarian missions

The NGO Solidarités International works with populations affected by the most severe crises (conflicts, violence, epidemics, natural and climatic disasters, economic collapse). To date, nearly 4.26 million people have been helped.

As part of its CSR approach, Wavestone has been supporting the NGO as a skills sponsor since 2019, with the aim of creating a long-term partnership: **in 3 years, nearly 50 consultants have been involved in more than twenty projects.**

Wavestone assisted Solidarités International with a high-impact mission: the restructuring of the organization and of the technical support processes provided to the field teams in contact with the NGO's beneficiaries.

The latter mainly carry out two types of task: the provision of water, hygiene and sanitation, and the provision of food security. Solidarités International had several pain points related to their technical support: a lack of harmonization of processes and associated tools, roles and responsibilities, and a lack of capitalization on past experiences and associated good practices. In a complex context (international, Covid, non-alignment of numerous stakeholders), Wavestone played a facilitating role with the Solidarités International teams, while providing the association with its expertise in a project to transform organizations through digital technology.

The firm was involved from start to finish for a year and a half, from the strategic framework to the implementation of the solution (Microsoft PowerApps) and the change management. This mission was an opportunity to work with the various business lines at headquarters and in the field in 15 countries.

The technical support provided to the field teams is now easier and faster, and the quality of the recommendations made has greatly improved. The PowerApps solution has also been chosen to automate other processes at Solidarités International (finance, HR, etc.), during other projects also supported by Wavestone.

This project is a good example of the value-added consultancy that Wavestone delivers via complex missions, mobilizing business, technological and sustainability skills through an experienced team.



2022/23: another fiscal year with **many acquisitions**

Wavestone has accelerated its external growth by making three new acquisitions in 2022. We invite you to (re)discover the expertise of these companies that joined the firm during the year.

Nomadéis: consulting firm specialized in environmental and social responsibility

Headquarters: Paris, France

Expertise: Nomadéis supports its clients in their energetic, ecological and social transitions.

Clients: Companies and public institutions

Sectors of activity: All sectors of activity

Revenue: €1.9m in 2021/22

Purpose of the merger: To become a major player in sustainable development consulting.

PEN Partnership: consulting firm specialized in financial services and life sciences

Headquarters: London, UK

Expertise: Pen supports its clients' transformation projects through four main specialties: Customer Experience & Digital, Operations & Automation, Data & Technology, and Change Management.

Clients: Large companies

Sectors of activity: Financial services and life sciences

Revenue: £19.6m (-€23.4m) for the year ending March 2022

Purpose of the merger: To enrich Wavestone's value proposition in the UK with management consulting skills.

Coeus Consulting: consulting firm specialized in IT strategy

Headquarters: London, UK

Expertise: Coeus supports IT, operational and purchasing executives in optimizing their performance. Its value proposition is based on four main offerings: IT Strategy, IT Sourcing, Change Management, and Architecture.

Clients: Global 500 companies and leading public organizations

Sectors of activity: Industry, energy & utilities, retail and consumer goods

Revenue: Estimated at ~£9m (-€10.4m) as of 9/30/2022

Purpose of the merger: To significantly expand Wavestone's scope of activity in the UK and create new development opportunities.



MIKE NEWLOVE

Partner in Wavestone's London office

How is the business in the UK?

The UK has recovered well from the Covid-19 crisis and is now in a strong commercial position. At the end of March 2022, the London office closed the year with a revenue of £14m, with a high profitability (higher than that of the group), and with a staff of about 100 people.

This good performance confirmed one of the main objectives of the Impact strategic plan, that the UK is a key region for Wavestone's international development.

What is Wavestone's current footprint in the UK today?

Thanks to the acquisitions of PEN Partnership and Coeus Consulting, Wavestone UK has tripled in size. It now has 250 employees in the UK and generates revenues of approximately £45m.

The combined value proposition of the three companies, Wavestone, PEN and Coeus, covers a wide range of expertise: together, we are now able to combine business, digital & technology and cybersecurity expertise and thus respond on a larger scale to our clients' transformation challenges.

Coeus Consulting's presence in the energy & utilities, manufacturing, and retail sectors, combined with PEN Partnership's deep expertise in the financial services and life sciences sectors and our historical footprint in financial services, creates a solid foundation to support top tier companies in their major transformation challenges.

What are the next steps for the office?

The business in the UK is still growing. We have a strong order book, sales are above budget, and our team is growing.

However, 2023 remains an uncertain year in the UK, given the economic outlook. The UK is now in recession, with inflation at 11%.

I am cautiously optimistic about our prospects. Our size, diversity of skills, and client base together make us more resilient to the economic climate.

We are already making the full range of our expertise available to our common clients, and synergies are rapidly being established between our three firms.

The integration project is well underway. We are aiming for a complete merger of teams and a value proposition established for October 1, 2023.

Wavestone publishes its 2023 consumer barometer

To guide decision-makers, Wavestone has published documented insights in France every year since 2018. Since 2022, Wavestone has completed its analysis by including four new countries: the United States, China, the United Kingdom, and Germany.

We interviewed Julien Miniconi, Digital Customer Director, to find out more about the new consumer trends revealed in this 6th edition of the barometer.

What does global consumption look like in 2023?

In 2023, a slowdown in global consumption is expected due to the inflationary environment. **60 to 70% of respondents plan to reduce their spending**, and up to 80% for the French. This trend does not spare any spending sector or socio-professional category (CSP). A slowdown in responsible consumption is also expected in Europe due to a rise in product prices.

There is still a great deal of interest in **responsible consumption**, but for consumers, it must be affordable. 56% of consumers do not want to pay more to consume more responsibly, which is 5 points more than in 2022! The trend is even more apparent in the CSP+ category, which is usually more sensitive to responsible consumption, with a drop of 10 points compared to 2022.

2023 therefore represents an opportunity to launch affordable services with a positive impact on the environment, such as **slow delivery**. The majority of respondents are willing to wait longer for a product to be delivered in return for a lower cost (84%).

Even if consumers anticipate difficulties in consuming more responsibly, they are increasingly expecting brands to be involved in social issues. Brands must be particularly attentive to **animal welfare and human rights**, which are cited as the primary considerations by respondents in addressing societal issues.

Inflation should also contribute to the **rise of second-hand goods**, a practice that has been evolving for several years, the main reason for second-hand purchases being budgetary constraints (51%). Conversely, a buyer does not

necessarily become a seller, as second-hand sales are made mainly to save space (65%).

Regarding the **shopping experience**, advice given by a salesperson in a shop is favored by 44% of the French, whereas it is considered less relevant in the US (18%). In addition, **inadequate promotions are the main factor degrading the shopping experience** in all the countries surveyed, both online and in shop.

I invite you to take a look at the barometer to see the details we give on the customer profile and consumption habits of young people (18-24 years old), seniors (+65 years old) and luxury buyers.

Speaking of which, what are the characteristics of luxury consumers in France and worldwide?

In France, the over 65s are the largest group of luxury consumers, whereas they represent less than 10% of luxury consumers in the rest of the world. In the United States and China, buyers are mainly young people aged 18 to 34. The proportion of luxury consumers aged 18 to 24 is twice as high in the US and the UK as in France.

Another peculiarity of the French is that they spend less on luxury goods, with an average annual shopping basket of less than €1,000, i.e., 3 to 4 times less than the Chinese or the Americans. In all countries, except Germany, the very high annual expenditure on luxury goods (over €3,000) is carried by the under-34s.

Wavestone ranked among the world's top consulting firms by Forbes



For the first edition of the World Best Consulting Firms survey launched by Forbes¹ and supported by Statista², 250 consulting firms were chosen and ranked by the clients themselves. This ranking aims to help business leaders select the best consulting firms on the market according to their needs.

The Forbes | Statista ranking recommended Wavestone as one of the top firms (4-star rating) in two categories - Digital Transformation and Change Management - in the US, UK, Switzerland and France. In the other 16 areas, Wavestone also scored three stars, particularly in the areas of Data Analysis & Big Data, Energy & Environment, and IT Strategy & Deployment.

¹ Forbes is an American business magazine founded in 1917 by Bertie Charles Forbes. The magazine is known for its many annual rankings of companies, people and places.

² Statista is an online portal offering statistics from institute data, market and opinion research as well as data from the economic sector. Within a few years, Statista has established itself as one of the leading providers of market and consumer data.



“We are pleased to be included in the Forbes | Statista ranking, which recognizes the work of our consultants worldwide. At Wavestone, our collective commitment is, and always has been, to put our clients’ needs first and to be an indispensable partner in addressing the most complex situations. Accelerating our clients’ transformation by providing them with tools for sustainable performance is our passion. We are at their side to reduce risks, optimize costs, promote operational excellence and of course support them in their development.”

REZA MAGHSOUDNIA
Wavestone Strategic Development
Director



Shareholder's corner

Watch the latest Wavestone news on video!



Q3 2022/23 revenues
January 27, 2023



Shareholders' Club Meeting
December 12, 2022
(in French)



Annual General Meeting
July 28, 2022
(in French)

Strategy, shares, human resources... Our answers to shareholders' questions.

What is your share buyback policy?

The objective of share buybacks is to cover our free share allocation plans for all our employees, in France and abroad, as well as for key employees. The share buyback programs thus make it possible to cover these plans without having any dilution in the capital.

Why does Wavestone not distribute free shares to its shareholders?

Wavestone is a growth company, and therefore reinvests a major part of its profits to finance its development.

Has the conflict in Ukraine had an impact on Wavestone?

The conflict in Ukraine has not had a direct impact on Wavestone. The indirect impact, which is minimal, is related to the effects of the conflict on some of our clients. The conflict has contributed to the deterioration of the general economic outlook.

Furthermore, we are not looking to expand in Eastern Europe. We are targeting international development, particularly in the United States and the United Kingdom, where our main clients are expanding.

What is the status of staff turnover?

We are facing a situation of tension in human resources, a difficulty shared by the entire market. As of December 31, 2022, staff turnover had begun a gradual decline, which can be explained in part by a market effect, after the highs of 2021 and the first half of 2022, which were the result of a catch-up of individual decisions that could not be implemented during the Covid period, an effect reinforced by the more uncertain global economic climate. This decrease is also the result of the actions carried out within the framework of the firm's HR action plan: increased mobilization of management and HR teams around the commitment and retention of employees since July 2022, and adjustments to our salary policy.

In figures

2022/23 half-year results

Income statement

Consolidated audited data at 09/30 (in €m)	2022/23	2021/22	Change
Revenue	237.1	217.8	+9%
EBIT <i>EBIT Margin</i>	29.7 12.5%	31.8 14.6%	-7%
Operating income	25.7	30.1	-15%
Group share of net income <i>Net margin</i>	17.9 7.6%	20.7 9.5%	-14%

Key figures

Revenue	EBIT margin	Group share of net income	Employees	Net debt
€237.1m (+9%)	12.5%	€17.9m	3,864	€16.2m

2022/23 first nine months revenue

Key figures

Q3 revenue	9-months revenue	Employees
€139.1m (+14%)	€376.2m (+11%)	4,198

Stock market data on March 17, 2023

Share price: **€42.95**

Number of shares: **20,196,492**

Market capitalization: **€867m**

Stock market information: **Euronext (Paris) /
compartment B**

Mnemonic: **WAVE**

ISIN code: **FR0013357621**

SRD: **long only**

Reuters: **WAVE.PA**

Bloomberg: **WAVE:FP**

Indices: **CAC Mid & Small, CAC Small, CAC Technology,
EnterNext®, PEA-PME 150, European Rising Tech**

Financial calendar

04/27/2023	2022/23 annual revenue
05/31/2023	2022/23 annual results
07/26/2023	2023/24 Q1 revenue
07/27/2023	Annual General Meeting
10/30/2023	2023/24 half-year revenue
12/04/2023	2023/24 half-year results