

WAVESTONE



A N N U A L
R E P O R T

2017/18





In accordance with Clause 212-13 of the AMF General Regulations, this Annual Report was filed with the French financial markets authority (AMF) on 07/13/18 under number D.18-0681. It may be used to support a financial transaction if accompanied by a prospectus approved by the AMF. This report was prepared by the issuer and is binding upon its signatories. It contains the financial statements and reports of Wavestone for the period ended 03/31/18.

Pursuant to Article 28 of European Commission Regulation (EC) no. 809/2004 and Clause 212-11 of the AMF General Regulations, the following information is included for reference purposes in this Annual Report:

- The Group consolidated financial statements and the Statutory Auditors' Report on consolidated financial statements for the fiscal year ended 03/31/17, as presented on pages 136 to 167 of the Annual Report filed with the AMF on 07/12/17 under number D.17-0750.
- The corporate financial statements for Wavestone and the Statutory Auditors' Report on these annual financial statements for the fiscal year ended 03/31/17, as presented on pages 168 to 185 of the Annual Report filed with the AMF on 07/12/17 under number D.17-0750.
- The review of the company's financial situation and its results for the fiscal year ended 03/31/17, as presented on pages 55 to 61 of the Annual Report filed with the AMF on 07/12/17 under number D.17-0750.
- The Group consolidated financial statements and the Statutory Auditors' Report on consolidated financial statements for the fiscal year ended 3/31/16, as presented on pages 97 to 128 of the Annual Report filed with the AMF on 9/26/16 under number D.16-0860.
- The corporate financial statements for Wavestone and the Statutory Auditors' Report on these annual financial statements for the fiscal year ended 3/31/16, as presented on pages 129 to 145 of the Annual Report filed with the AMF on 9/26/16 under number D.16-0860.
- The review of the company's financial situation and its results for the fiscal year ended 3/31/16, as presented on pages 26 to 33 of the Annual Report filed with the AMF on 9/26/16 under number D.16-0860.

This Annual Report is available at www.wavestone.com and from the company head office.

WAVESTONE



POSITIVE WAY

2017/18



- 04 WAVESTONE ON THE GLOBAL STAGE
- 05 KEY FIGURES
- 06 INTERVIEW WITH MICHEL DANCOISNE
- 08 INTERVIEW WITH PASCAL IMBERT
- 10 HIGHLIGHTS OF FISCAL 2017/18
- 12 KEY DATA FOR FISCAL 2017/18
- 14 WAVESTONE, A LEADING PLAYER
IN A MARKET BUILT ON TRUST
- 16 WAVESTONE FLEXES ITS MUSCLES
INTERNATIONALLY
-
- 18 **Enthusiasts** in our approach to consulting
- 20 GENERATING POSITIVE CHANGE
- 22 WAVESTONE PLAYS TO ITS STRENGTHS
- 24 WAVESTONE GLOBAL SURVEY
ON DEEP TECH INVESTMENTS
- 26 THE STARTUPS THAT ARE SHAPING
THE FUTURE OF MOBILITY
-
- 28 **Determined** to support our clients through
every stage of developing their greatest ideas
- 30 RENEWING THE PASSENGER EXPERIENCE
FOR EUROSTAR
- 32 LAUNCHING A NEW 100% MOBILE BANK
FOR ORANGE BANK
- 34 CLIENT SATISFACTION: OUR WATCHWORD
FOR SUSTAINABLE GROWTH
- 36 LEVERAGING OUR COLLECTIVE STRENGTH
FOR THE SUCCESS OF OUR CLIENTS
-
- 38 **United** by the bonds of team spirit
and mutual trust
- 40 ENHANCING OUR COLLECTIVE KNOWLEDGE
- 42 36 HOURS TO HACK YOUR COMPANY!
-
- 44 **Committed** to responsibility
- 46 LIVING AND DISSEMINATING OUR OWN VALUES
- 49 A NEW CSR APPROACH
-
- 50 **Enjoying** the work we do
- 52 SETTING THE BENCHMARK AS AN EMPLOYER
- 56 WAVESTONE, THE IDEAS FACTORY
- 58 THE MUSIC CLUB, OR HOW TO BRING PEOPLE
TOGETHER AROUND A SHARED PASSION
-
- 59 OPERATING & GOVERNANCE MODEL

MANIFESTO

At Wavestone, we believe that a shared sense of enthusiasm is at the core of successful change.

That's what we call the "positive way".

As we join our clients on their journey, we embrace complex challenges, enjoy creating new trails and thrive on succeeding as a team.

The "positive way" is what we do.

Generating enthusiasm is second nature to us. It's how we drive change in our clients, creating trust that gives everyone the desire to act, ensuring a smooth journey and making projects truly sustainable.

The "positive way" is who we are.

At Wavestone, we are united by a spirit of mutual trust, free from the constraints of silos and egos.

Stimulated by solving challenges and engaged in achieving results, our energy is infinite as we support our clients in accomplishing their grandest ideas.

And above all, **the positive way is our commitment to creating a positive impact.**

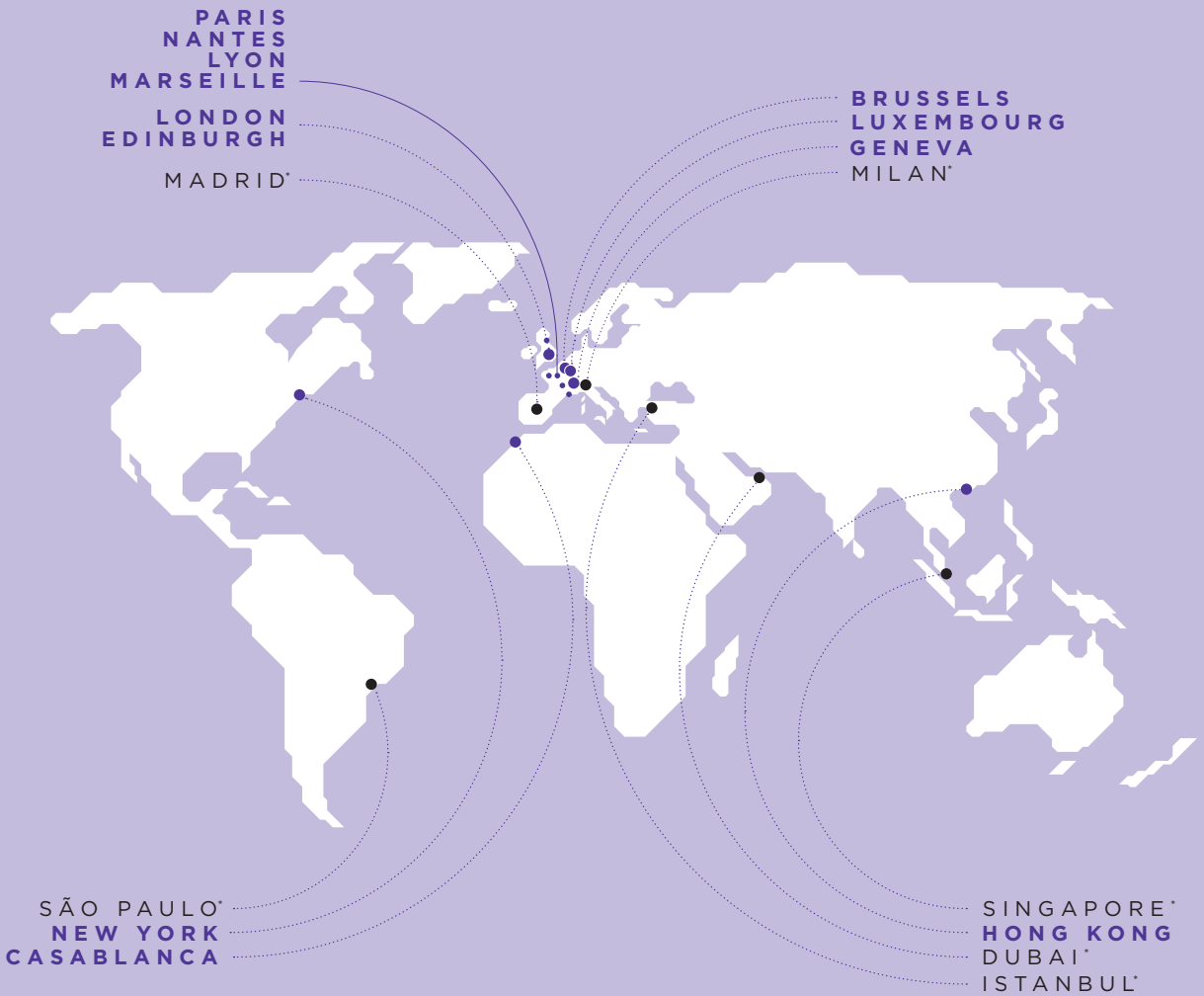
For all our stakeholders.

Wavestone, the positive way.



WAVESTONE ON THE GLOBAL STAGE

The firm operates in 14 countries & on 4 continents



via its own subsidiaries and partnerships

*Partnerships

WAVESTONE 2017/18

N° 1

independent consulting firm in France
and among the top firms in Europe

14

countries
on 4 continents

2,793

employees
worldwide

359.9

revenue
in millions of euros



INTERVIEW WITH

Michel Dancoisne

Chairman of the Supervisory Board

HOW DOES GOVERNANCE WORK AT WAVESTONE?

M.D. Ours is a shared governance structure, with separate Management and Supervisory Boards. This dual way of working simultaneously ensures operational performance and effective control. It is also characterized by the very significant presence of independent members, who account for a 57% majority and ensure that the views of all shareholders are taken into account. It is also a constructive form of governance, with the ability to challenge company strategy and support the implementation of that strategy.

HOW IS THIS GOVERNANCE STRUCTURE CHANGING?

M.D. During the fiscal year just ended, our governance structure was distinctive for the increasing importance of its Committees, the result of which has taken the work done by our Supervisory Board to an even higher professional level. We have two specialist bodies: an Audit Committee, which already existed but which became more influential during the year, and a Compensation Committee, which began work on April 1, 2018.

WHAT ROLES DO THESE COMMITTEES PLAY?

M.D. They consider and investigate issues in greater depth and prepare decisions for the Supervisory Board. The Audit Committee holds four meetings per year and meets with the Finance Department and Statutory Auditors independently of their interaction with the Management Board. These are work meetings that explore the issues surrounding company

controls, internal audit and risk management in greater detail. This represents a new and different way of working that makes it possible to develop the issues addressed much more substantively within the company. This role is important, but above all effective, because the Management Board enables a true level of transparency and ensures the continuation of mutual trust between governance bodies.

HOW IS THE AUDIT COMMITTEE CHANGING THE COMPANY ITSELF?

Risk control and internal audit are increasingly important issues for Wavestone, especially in the context of its expansion and internationalization. By virtue of its very existence, the Committee has highlighted these issues and encouraged the operational structure of Wavestone to place greater importance on them. The work it does makes it an important and proactive contributor to changing internal control processes within the company, thereby raising the awareness of people inside the company of the need for them to improve the way they deal with these issues, and then checking that they actually do so. We share a single goal, and that in itself creates a positive dynamic that facilitates effective resolution of these diverse issues.

M.D.

HOW ARE THESE COMMITTEES COMPOSED?

We wanted to retain the same demanding standards as we apply to our initial governance structures. Therefore, two-thirds of the Audit Committee are independent members, as is its Chairperson. Three-quarters of the Compensation Committee's members are independent, and that too is chaired by an independent member.

M.D.



INTERVIEW WITH

Pascal Imbert

Chief Executive Officer

WHAT IS YOUR ASSESSMENT OF THE FISCAL YEAR JUST ENDED?

P.I.

I have no hesitation in saying that its high point was the successful construction of Wavestone. In very little time, we have succeeded in turning our plans into reality, not only for our employees, who are united around shared ambitions and values, but also for our clients, who have acknowledged and approved the relevance of our positioning and placed their trust in us. We had a vision of a firm that would bring together the highest level of business and technological expertise in the context of multidisciplinary teams to successfully deliver structural transformational change for our clients. The projects gained and conducted this year have confirmed the relevance of our approach, and clearly demonstrated that we were not only credible, but also effective in addressing these challenges. We have delivered an excellent set of results of growth and profitability; results that exceeded our initial targets by some margin, and now give us a firm base of solid fundamentals.

NOW THAT THE FOUNDATIONS ARE IN PLACE, WHAT ARE THE PRIORITY DEVELOPMENT GOALS FOR WAVESTONE?

P.I.

We continue to be committed to reaching an ambitious growth target, which should take our annual revenue to €500 million within three years. And we intend to generate €100 million of that in international markets. Establishing Wavestone as a firm with a truly international culture that has the capability to deliver global

transformations for its clients is now central to our strategy. It is our intention to gradually balance the business we generate in France with that we generate outside France, and develop on the basis of a targeted value proposition which applies to all the locations we operate in. We will progress stage by stage, the first of which will focus on the financial centers of London and New York to develop our international banking client base in those cities. In doing so, we are able to rely on our expertise in financial services, IT strategy and cybersecurity to act as catalysts for change in serving this client base.

WAVESTONE IS A CONSULTING FIRM WITH PERSONALITY. WHAT IS THE “POSITIVE WAY”?

The “Positive Way” means not fearing the transformations that must be faced, but rather seeing them as opportunities to create value for all stakeholders. Transformation is difficult and often generates concerns or even frustrations. But we think it doesn't have to be that way. We want to stimulate enthusiasm around the changes to be made. This means understanding how to lead our clients' teams and act as catalysts, rather than prescribers. We believe that the most effective transformations are those that allow all teams to directly contribute to them. Our role is to inspire through transformational change and generate a positive and dynamic energy that is embraced by everyone involved. This philosophy is not only our belief, but also the outcome of our experience, because it was central to our own transformation!

P.I.

／ HIGHLIGHTS OF FISCAL 2017/18

Internally and externally, the progress of Wavestone is driven by a culture of enthusiasm and a desire to contribute to positive transformation. Transformation is a process punctuated by challenges, successes, initiatives and inspirational events.

APRIL 2017

Société Générale and Wavestone host the Banking CyberSecurity Innovation Awards

Three startups were selected as winners of the first BCSIA awards hosted during Société Générale Techweek in July 2017. The judging panel, made up of CEOs and experts from Wavestone, ANSSI (the French National CyberSecurity Agency), Télécom Paris Tech, and BFM Business, were tasked with choosing these from more than 40 entries in the *Digital Confidence for the Bank*, *Digital Confidence for Customers* and *France Special* categories.

JUNE 2017

Wavestone earns the HappyIndex®/Candidates 2017 label at its first attempt

This independent labeling scheme introduced by Meilleures-Entreprises.com rewards companies that provide the best welcome to candidates during the hiring process. In order to hire 600 new employees during the fiscal year, Wavestone implemented an ambitious people-focused HR plan run by a team of 25 people with the responsibility of coordinating the active participation of around 500 consultants. A personalized process, short timescale, goodwill and transparency right through to the feedback stage enables Wavestone to make the Positive Way a living reality from the very first meeting.

JULY 2017

New Télécom ParisTech Chair in connected cars & cybersecurity launched with the support of Nokia, Renault, Thales, Valeo and Wavestone

The goal of this five-year Chair is to develop an international level of teaching and research focusing on the challenges posed by the emergence of this new form of mobility.

5 years in which to develop a package of teaching and research

AUGUST 2017

Shake'Up: the Wavestone startup announces the winners of its call for projects

For its very first call for projects, Shake'Up selected four winning startups from the fifty submissions received. At the end of the selection process involving the consulting firm's employees, Tilkee and Tonuga have joined the program for six months, while Pitchee and Forepass received the Judges' Special Award and the Innovation Award.

50 STARTUPS responded to our call for projects

SEPT. 2017

The second Powerday

Held on September 1st at all our locations in France and internationally, the firm's second global solidarity day got more than 700 employees involved in 74 projects: with initiatives such as beach cleaning in Morocco, preparing meals for people in need in Hong Kong, promoting a national awareness day in Paris, a gardening and nature project in the Paris Region, and an introduction to surfing for young disabled people near Nantes... Great ideas and goodwill were not lacking among the volunteers!

74 projects
700 employees

NOV. 2017

Wavestone is awarded the 2017/18 HappyIndex®/Trainees label

For the fourth consecutive year, Wavestone was awarded the independent HappyIndex®/Trainees label, confirming its status in the top echelon of companies voted by students as exemplary in terms of their high-quality internship policy. In the 2017 survey, 85% of respondents recommended Wavestone on the basis of their experience.

78% of employees say the company is a **Great Place to Work®**

MARCH 2018

Wavestone is in the Top 5 Great Places to Work® in France

Enthusiasm is infectious: the collective ethos of Wavestone and its policy of systematically involving all its employees in the delivery of its corporate plan make it a Great Place to Work, as this award underlines. This year, 78% of employees voted for Wavestone as a 'Great Place to Work®', a rating that puts the firm in the leading group of French companies employing more than 500 people.

APRIL 2018

Wavestone announces its acquisition of Xceed Group to strengthen the international presence of both

Wavestone has acquired a 100% equity stake in Xceed Group, the London-based technology consultancy specializing in the IT transformation of major financial industry stakeholders. The acquisition is fully consistent with the Wavestone International development plan, and enhances the firm's proposition in Xceed's key markets of the UK and USA.

KEY DATA FOR FISCAL 2017/18

Simplified consolidated income statement

Audited consolidated figures at 03/31/2018 (in €m)	2017/18	2016/17	Variance
Revenue	359.9	338.7	+6%
Operating income on ordinary activities	50.6	38.7	+31%
<i>EBIT margin</i>	14.1%	11.4%	
Operating income	46.8	35.6	+31%
Net income, group share	26.6	20.1	+33%
<i>Net margin</i>	7.4%	5.9%	

Consolidated balance sheet at March 31, 2018 (in €m)

Audited consolidated figures at 03/31/2018 (in €m)	03/31/2018
Non-current assets	157.1
Current assets excluding cash and cash equivalents	152.2
Cash and cash equivalents	52.1
TOTAL	361.3

Audited consolidated figures at 03/31/2018 (in €m)	03/31/2018
Shareholders' equity	130.2
Non-current liabilities	144.4
Current liabilities	86.7
TOTAL	361.3

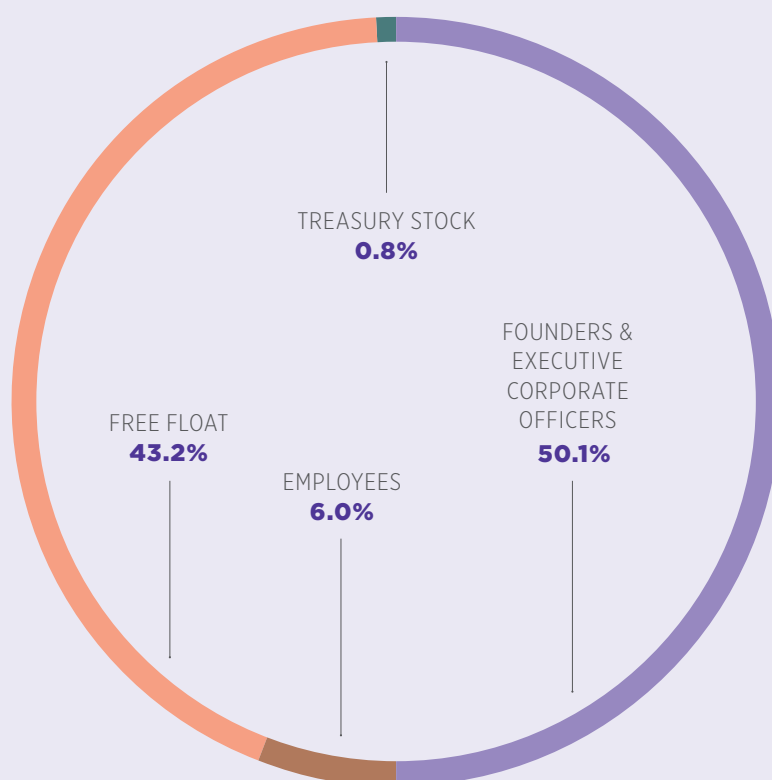
NET DEBT AT
03/31/2018:

€34.6m

compared
with €56.5m
at 03/31/2017

Breakdown of share capital at March 31, 2018

Dividend proposed to the AGM of July 26, 2018: **€0.81 per share (+33%)**



Financial calendar

07/25/2018
Q1 2018/19 REVENUE

07/26/2018
ANNUAL GENERAL MEETING

11/06/2018
H1 2018/19 REVENUE

12/04/2018
HY 2018/19 RESULTS

01/29/2019
Q3 2018/19 REVENUE

04/25/2019
FY 2018/19 REVENUE

05/28/2019
FY 2017/18 RESULTS

Stock market data

SHARE PRICE AT 06/01/2018: **€158.40**

NUMBER OF SHARES: **4,966,882**

MARKET CAPITALIZATION: **€787m**

COMPANY VALUE
(market capitalization
at 06/01/2018 net debt
at 03/31/2018): **€821m**

SHARE DATA:

Market: Euronext Paris
ISIN code: FR0004036036
ICB: 9533 IT services
Reuters: WAVE.PA Bloomberg: WAVE:FP
Wavestone is listed on the Euronext Tech40 index,
is eligible for the PEA-PME share savings plan,
and holds BPI France Innovative Company status.

WAVESTONE, A LEADING PLAYER IN A MARKET BUILT ON TRUST

In recent years, digital and innovation have become permanent features of the consulting market. Redesigning customer journeys, reinventing working methods, new ways of envisioning disruptive business models and reconsidering the role of the public sector... the types of transformation are far-reaching and multiform. In this mature market intimately linked to the good health of private-sector companies and public-sector bodies, Wavestone can rely on the strength of its business model and the relevance of its value proposition.

MULTIPLE DRIVER OF GROWTH

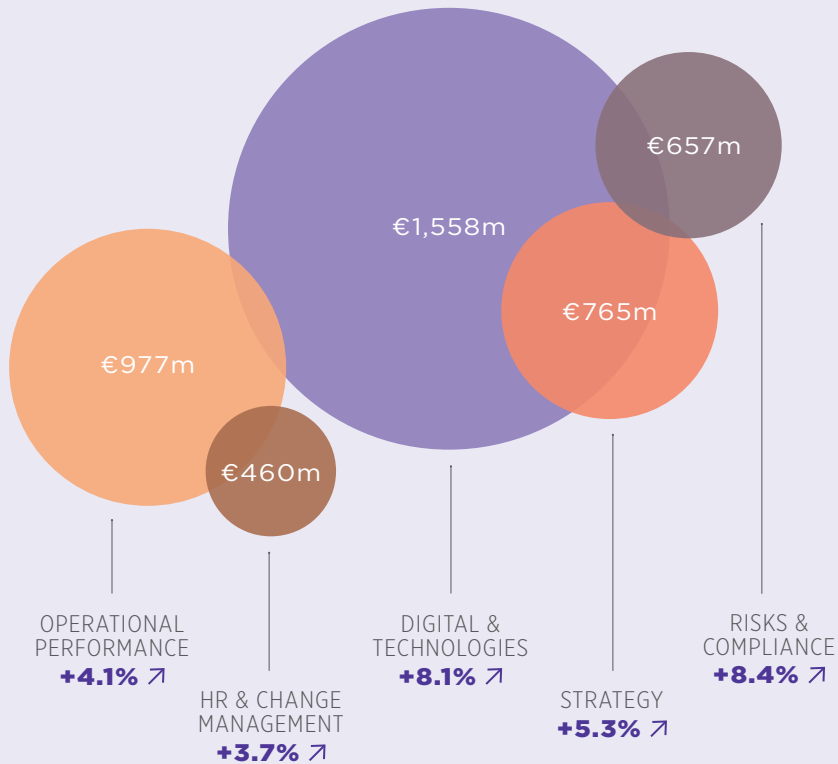
In France, where Wavestone generates 89% of its revenue, the consulting market grew by 6.2% in 2017 (Source: Global Research). This sustained pace of growth is explained primarily by long-term growth factors across all our geographic markets: the Internet of Things, cybersecurity and artificial intelligence have become the essential keys to building the business models of tomorrow. The sectors of the economy making the most use of consultancy during the year were financial services, manufacturing, energy, and the public sector. Lastly, project size is increasing as a result of the scaling up of corporate transformations, which now encompass every part of the company, and also as a result of the increase seen in mergers and acquisitions.

THE COMPETITIVE ENVIRONMENT

Wavestone has four major types of competitor:

- Independent management consultancies: BearingPoint, Eurogroup Consulting, Sia Partners, PA Consulting...
- Consulting divisions of the "Big Four" international auditing firms: EY, Deloitte, PwC, KPMG...
- The consulting divisions of major IT consultants: Accenture, Capgemini Consulting...
- Niche players (sector, function or country-specific): Argon Consulting, Altedia, Stanwell Consulting, Exton Consulting, Capco, Alsbridge, Chappuis Halder & Co, Aecus Limited, Efficio, The Network Collective...

Key growth areas



Source: Source Global Research.

Strategy consulting firms may occasionally be competitors in certain fringe activities: Bain & Company, BCG, McKinsey, Roland Berger, Oliver Wyman, etc.

In this highly competitive landscape, Wavestone holds a privileged position, especially in the French market, thanks to the combination of three factors:

- a broad spread of complementary functional, sector-specific and technological expertise that meets the expectations of clients engaged in major transformation projects;
- a depth of expertise that makes it possible to provide targeted high-value consultancy;
- a streamlined operating model that enhances the ability to be innovative, and enables the emergence of increasingly relevant responses and processes.

MARKET RELATIONSHIPS

Wavestone is an active contributor to its ecosystem and cultivates ongoing relationships with the full range of market stakeholders, including think tanks, industry associations, technology and solutions providers, facilities management providers and innovative startups.

These relationships are integral to the firm's technology and trend-monitoring commitments and help to ensure its ongoing independence.

WAVESTONE FLEXES ITS MUSCLES INTERNATIONALLY

In the context of its Wavestone 2021 strategic plan, the firm intends to intensify the density of its international presence. This commitment is a logical and crucial next step in the expansion of the firm and the accomplishment of its mission to support and facilitate the global transformations of its clients.



INTERVIEW

Reza Maghsoudnia, Strategic Development Director

WHAT STAGE IS WAVESTONE AT NOW IN ITS INTERNATIONALIZATION?

R.M. International markets remain a relatively recent development in the history of Wavestone. Their current contribution to revenue is 11%, which is generated across seven offices: New York, London, Geneva, Luxembourg, Brussels, Casablanca and Hong Kong. These bases are the result either of acquisitions or our own expansion. Our international footprint is also characterized by leading global clients, such as BNP Paribas, which we serve from all our offices. Although we have put in place the first building blocks of our development, our presence

is still at the embryonic stage, which is not completely unexpected given the fact that we are still a young stakeholder internationally.

WHAT WOULD YOU IDENTIFY AS THE CHALLENGES FOR WAVESTONE?

International markets probably represent the most strategic priority for our medium-term growth plan. To achieve our ambition of supporting the far-reaching transformations of major organizations, we must be able to support our clients with their global projects, wherever they may be based, and therefore we need the widest-possible presence to deliver that support.

R.M.

It's not just a question of geography, but also one of culture, expertise, and the ability to be on hand to help our clients address every type of local challenge. This is the world we now live in, where frontiers are increasingly unimportant, and interaction and interdependence are becoming more important all the time. Our partnership logic naturally propels us toward supporting our clients in as many regions and countries as possible.

WHAT ARE THE KEY PRIORITIES FOR THIS STRATEGY?

R.M.

We think long term: for us, it's not about opening offices everywhere, but rather about targeting those markets and sectors where we can make a difference, and where our expertise will contribute an effective competitive edge. Our approach is targeted, and sets out to combine organic growth with acquisitions by multiplying synergies between countries. It's all about hyper-focalization on multiple levels. It begins with focusing our investments on two key countries - the UK and the USA - to reach the critical size essential for effective competitiveness as quickly as possible. The next priority will be to focus on financial services, which is the key sector for boosting the growth of our offices around the world. Lastly, we intend to build on two specific areas of expertise: IT strategy and cybersecurity.

Both are crucial skills in great demand, and will therefore act as powerful levers for growth in all our offices.

XCEED FITS PERFECTLY INTO THIS STRATEGY...

Yes, Xceed aligns precisely with the goals I've just mentioned. Based in London but with a small team in New York as well, the company is working with a number of leading banks on their IT transformation programs. So in Xceed, we have a dynamic stakeholder operating in both our priority markets, whose expertise is acknowledged and recognized in our key growth areas. This alliance is a natural one, and even after just a few weeks, we've seen the first operational synergies emerge, especially in the context of a still-confidential project involving a major international bank in the context of Brexit. In an alliance of this kind, the human factor is fundamental, and we pay a great deal of attention to that. Our two companies have very similar cultures, which makes this project an ideal example of our development strategy.

R.M.

€100m

2021 target for revenue
generated outside France



Enthusiasm doesn't necessarily mean getting up every morning with a smile on your face and greeting everyone with a hug. No, at Wavestone enthusiasm means treating consulting assignments as a scope of opportunities in which limits and boundaries exist only to be questioned. It's all about the tireless appetite for blazing new trails, challenging the status quo and treating every "I don't know" as an opportunity to learn.


Kahina Nait Messaoud, Account Manager



enthusiasts

IN OUR APPROACH TO CONSULTING



／ GENERATING POSITIVE CHANGE

At the confluence of management consulting and digital and innovation consulting, Wavestone supports leading companies and organizations in delivering their most critical transformations on the basis of a single, central conviction: there can be no successful transformation without a shared culture of real enthusiasm for change.

In a world where the pace of disruptive change is accelerating, transformations are becoming an inevitability for all companies. At Wavestone, we believe that there can be no successful transformation without a shared culture of real enthusiasm for change.

We are committed to generating the enthusiasm that drives the positive transformation of our clients, which in turn ensures a smooth journey, makes projects truly sustainable, and creates an environment of trust that gives everyone the desire to act. This positive mindset which feeds off the pleasure of the challenge, the pleasure of imagining new ways forward, and the pleasure of succeeding together, is what drives our 2,800 consultants on a daily basis.

Wavestone offers its clients a broad palette of expertise spanning 18 areas of excellence of three distinct types:

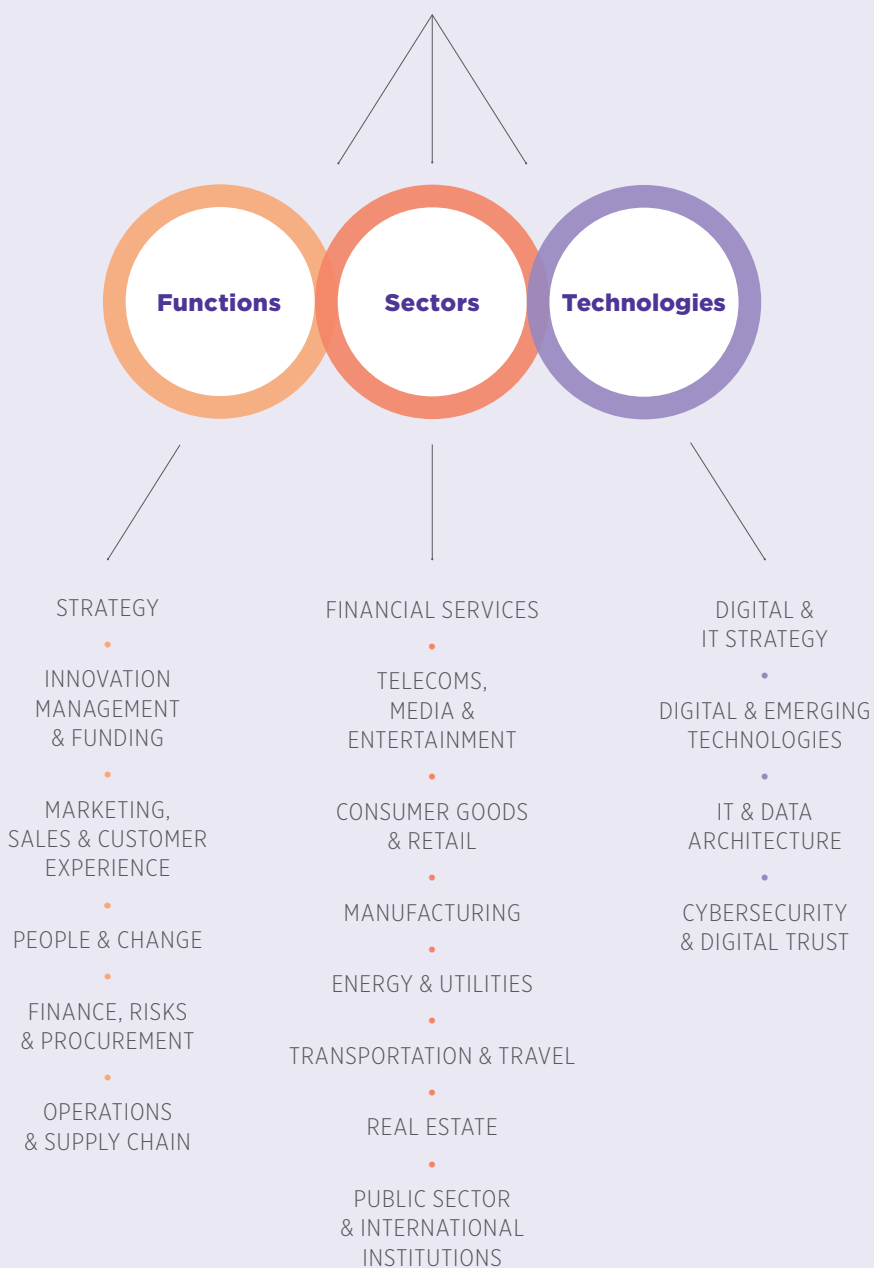
- Sector-specific excellence solutions designed to address core business challenges in many different business sectors.

- Functional excellence used by the firm to address major corporate functions, from strategy through innovation to operations.
- Technological excellence that enables the firm to provide an unparalleled range of digital, technology and cybersecurity solutions.

In each of these areas of excellence, Wavestone contributes an unrivaled depth of expertise. And because company transformations impact all corporate functions, the essence of our value proposition is our ability to combine these skills seamlessly in multidisciplinary teams that cut through the silo-management approach.

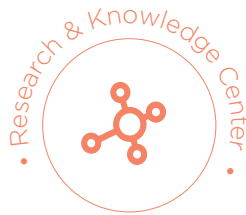
“Free from silos and egos, we are united in a bond of mutual trust that allows us to support our clients through every stage of developing their greatest ideas.”

THREE SECTOR-SPECIFIC FUNCTIONAL AND TECHNOLOGICAL EXPERTISE



WAVESTONE PLAYS TO ITS STRENGTHS

In order to offer appropriate, bold and bespoke solutions for transformational change, Wavestone relies on five key levers. Each of these assets is a lever for value creation designed to set us apart distinctively from our competitors and our clients. If our enthusiasm is what drives commitment, it is these assets that provide the momentum.



PROVIDING THE RIGHT INFORMATION FOR INFORMED DECISION-MAKING

A dedicated team of market researchers with access to a broad portfolio of databases and international expert networks.



BOOSTING CREATIVITY AND GENERATING NEW IDEAS

A dedicated workspace, methodologies and a team focused exclusively on stimulating creativity, generating innovative ideas and contributing new working methods.



BRINGING IDEAS TO LIFE

A technical platform led and coordinated by senior designers and developers who use prototyping techniques for rapid concept testing and validation.



CREATING VALUE OUT OF DATA

A team of data scientists, experts in data mining and application, apply their skills to envision new sources of value creation.



BUILDING AND COORDINATING AN OPEN INNOVATION ECOSYSTEM

An initiative that identifies and selects startups on the basis of their ability to innovatively contribute to sectors of particular interest to the firm and its clients.



WAVESTONE GLOBAL SURVEY ON DEEP TECH INVESTMENTS

Since the dawn of the 21st century, startups have established a massive presence as a new ecosystem for innovation. Slightly apart from this dense and competitive world, Deep Techs are creating new solutions that have their roots in disruptive technologies, such as artificial intelligence and big data, virtual and augmented reality, connected objects, the micro- and nanotechnologies, etc. Wavestone is monitoring this trend closely in order to understand its workings and try to assess its potential for the immediate future.

THE CHALLENGE

In 2017, the total amount of investment made in Deep Techs in Europe (€4.6 billion) exceeded that made in B2C startups (€3.7 billion) for the first time. Identified a few years ago, this underlying trend highlights a growing interest among investors worldwide for this extremely high added-value sector, which many see as a new Eldorado.

THE SURVEY

The outcome of a worldwide survey conducted by Wavestone's teams with 107 investors representing investment funds totaling €33 billion, shows very clearly that Europe in general, and France in particular, are destinations of choice for the growth in Deep Tech investment.



INSIGHTS

A series of reasons explain the appeal of Europe, particularly its concentration of talent and scientific infrastructures, state support, and access to a large market, all of which are key foundations for success in this sector. The particular success in France is due to the quality of its talented people (94% of respondents selected France in the Top 5 for talent), its strong culture of demanding standards in science and mathematics, and a growing appetite for entrepreneurship in its university-level institutions. It is also recognized for the excellence of its research centers, the rich diversity of its innovation ecosystem (business incubators, collaborative working spaces, etc.) and public-sector support that encourages company set-ups and research.

TAKEAWAYS

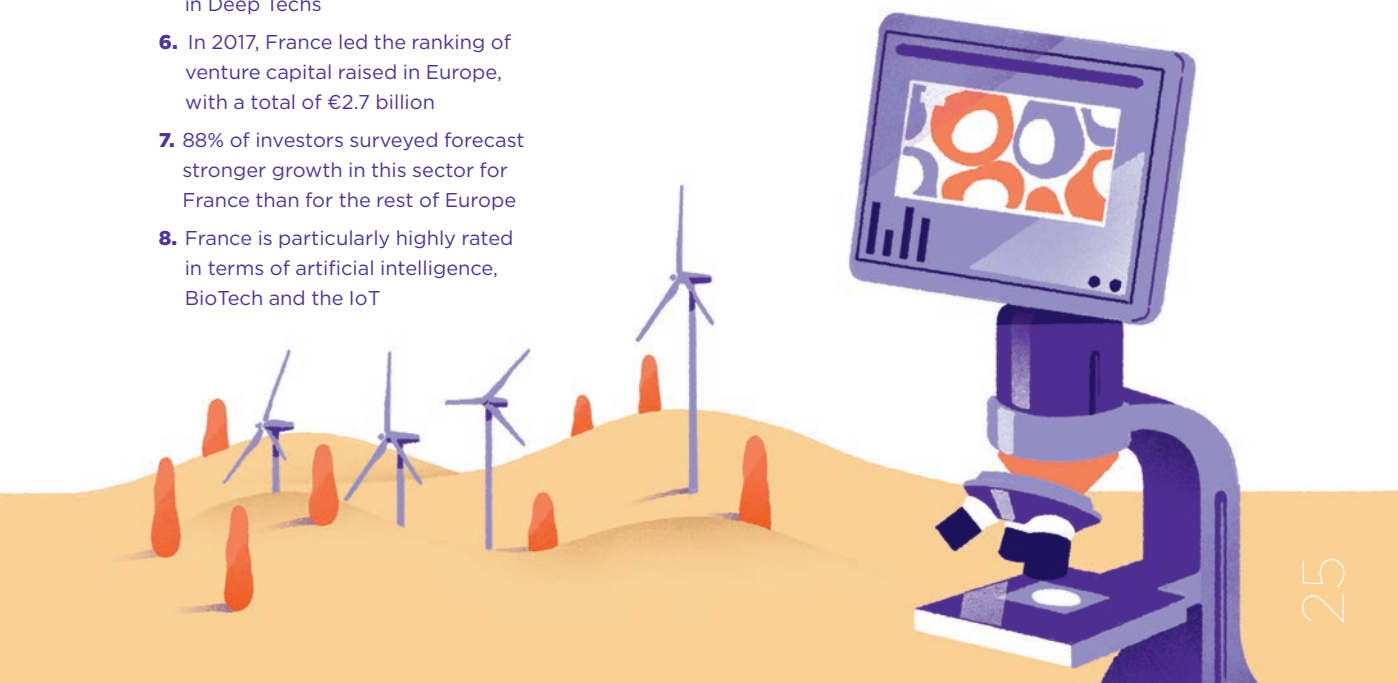
1. Since 2015, European venture capital investment in Deep Tech has grown three times faster than that in B2C technology startups
2. For investors, talent, scientific infrastructures, state support, and access to a large market are key foundations for success in Deep Techs
3. France, Israel and the USA constitute the world Top 3 in terms of talent
4. The UK tops the league of access to funding in Europe
5. 61% of investors rank France in their Top 5 destinations for investing in Deep Techs
6. In 2017, France led the ranking of venture capital raised in Europe, with a total of €2.7 billion
7. 88% of investors surveyed forecast stronger growth in this sector for France than for the rest of Europe
8. France is particularly highly rated in terms of artificial intelligence, BioTech and the IoT

VIEWPOINT



Laurent Stoupy,
Wavestone Partner
responsible for the survey

“The fact is that Deep Tech isn’t a trend or fad, but a genuine technological tidal wave with the potential to respond to many challenges faced by the world today. Europe has not perhaps played to its full strength in terms of the first wave of technology startups, but Deep Tech offers a new and historic opportunity. With its proven scientific excellence and new entrepreneurial energy, France has everything it needs to grasp and exploit this opportunity.”



／ THE STARTUPS THAT ARE SHAPING THE FUTURE OF MOBILITY

Greener, safer and smoother, tomorrow's mobility is an issue of immense interest to the startup ecosystem. No fewer than 210 startups are currently working exclusively on the issues surrounding the vehicle of tomorrow! But the challenges extend far beyond that to the point where they question our very relationship with mobility, ownership and urban interfaces. Wavestone is investigating and assessing the role played by these startups to get an overview of their impact on the future of mobility.

THE CHALLENGE

Autonomous vehicles, intermodality, service platforms, and the boom in vehicle sharing... these and other initiatives concerning tomorrow's mobility are accelerating in importance in many countries. In terms of both services and technologies, startups are playing a predominant role in the transformation of traditional market stakeholders (carmakers, equipment manufacturers and transportation operators) by overturning existing paradigms to contribute to the emergence of a new model for mobility.

THE SURVEY

To gain a clearer understanding of what is unfolding, Wavestone experts have conducted very detailed research into 421 startups working on these issues to create an up-to-date overview of the international position and the progressive recomposition of the transportation market. The survey, whose results were presented at the VivaTech 2018 show, revealed three major groups addressing distinct innovation challenges.



THE THREE GROUPS OF STARTUPS

Designing the electric, connected and autonomous vehicle of the future

This category is the largest in terms of the number of companies, and contains startups working on making the autonomous vehicle a manufacturing and commercial reality. Whether they be embedded technologies, vehicle and driver data analysis, new battery systems or the specific issues of cybersecurity, these startups focus on all the critical points of tomorrow's vehicle. More than \$6.8 billion have been invested in this category alone over the last five years.

“Established carmakers are building partnerships with, or investing in startups working at the cutting edge of artificial intelligence technologies in a bid to win the race to vehicle autonomy, thereby making up for their own lack of knowledge, while limiting the total amount of investment required.”

Mathieu Sabarly, Manager Wavestone

Interpreting mobility as a multimodal service

This second category contains around 150 startups, together representing approximately \$2.8 billion in investment. These startups offer services built around the car (ride sharing, taxi/private hire, peer-to-peer/business-to-business rental, etc.), as well as apps that optimize journeys in major urban centers by combining different modes of transportation and providing the associated booking and payment methods.

“The seamless assembly of a multi-operator journey is a steep challenge, and one that requires public authority support. The many initiatives now underway in this sector are very much in the spotlight, because they open the door to the kind of mobility that citizens absolutely want.”

Amal Boutayeb, Senior Manager Wavestone

Inventing the future of transportation and mobility

In parallel with the two preceding categories, a series of new fields of innovation are now emerging in which products and services are interdependently combined; they include:

- Autonomous shuttle services and robot taxis;
- The emergence of new passenger journey experiences (food & drink, entertainment, relaxation, etc.);
- Truly revolutionary methods of transportation, such as the flying cars presented at VivaTech (E.V.A., POP.UP, etc.).

At the moment, this category accounts for less than 15% of the startups analyzed, and represents around \$1.3 billion in terms of investment, but it seems to be the one that is most revealing in terms of the step changes we can expect to see in future. These startups will effectively establish mobility as a crucial field of innovation over the next 10 to 20 years.

“Although the vehicles of the future are now anticipated, their integration into tomorrow's mobility raises a series of profound technological, regulatory and social questions that remain to be investigated.”

Amal Boutayeb

Visit the [Insights](#) page of the Wavestone website to read the full survey report





**There are projects that captivate you.
And then there are those that challenge you
and shake up your convictions, and which appeal
to the best in you and those around you.
For all these projects, regardless of their size
or ambition, Wavestone launches itself into
the adventure as a participant, not as a wise
commentator. The word 'partner' then takes
on a heightened meaning: we are the kind of
people who support, who share and who always
find a way to make better outcomes a reality.**


Marlena Zakrzewska Millard, Senior Account Manager



determined

TO SUPPORT OUR CLIENTS THROUGH EVERY STAGE
OF DEVELOPING THEIR GREATEST IDEAS



RENEWING THE PASSENGER EXPERIENCE FOR EUROSTAR

S

ince its launch in 1994, Eurostar has carried more than 130 million passengers from London to Brussels, Lille, Paris, and beyond to more than 100 destinations across Europe. As a transnational operator, unique in the European landscape, Eurostar has progressively had to cope with ferocious competition, the majority of which has come from low-cost airlines determined to grab a bigger slice of the cake for themselves. Although these new entrants have made price their battlefield, Eurostar is able to offer travelers a high-quality, unique and interconnected experience that takes them from city center to city center, and has the ability to address the many needs and expectations of occasional leisure passengers, as well as extremely demanding business travelers.

Continuing to develop this passenger experience—not only to respond to the increasingly specific expectations of a customer base who are used to personalization and immediacy, but also to anticipate these expectations—requires the ability to rely on an efficient, modular and competitive booking system. Having used the Résarail inventory system (operated by SNCF, its majority shareholder) since its inception, Eurostar explored options to change this solution in 2017. The combined requirements of the solution were to reduce operating costs and provide a significantly higher level of agility in the creation of new commercial offerings. On completion of this first round of consultation, the S3 Passenger solution from Dutch software house Sqills emerged as the best option for responding effectively to the ambitions set by Eurostar.

Sqills is well known to Wavestone, having worked with the company on the launches of Ouibus and Ouigo, both of which are underpinned by the S3 Passenger solution. For both of these projects, Wavestone worked closely with the Dutch company to implement its solution and expand it in conjunction with far-reaching developments. Wavestone and Sqills have also worked together on the balancing act required to interface one of the Ouibus and Ouigo project components with the SNCF IS. Therefore, it was a fairly natural choice for Eurostar to choose Wavestone to conduct a more detailed study of implementation methods for the Sqills solution.

“Supporting and facilitating the far-reaching transformations of our clients, acting as the bridge between technology transformations and business practice transformations, providing day-to-day support for the operational leadership and management of international, multicultural projects... Ultimately, what we provide to Eurostar is our own DNA.”

Guillaume Durand, Partner Wavestone

Covering the current capabilities of the inventory system, the desired functions and architecture, risk analysis, migration scenarios and financial evaluation: the strategic study conducted by Wavestone enabled Eurostar to submit a substantial decision data package to its board in September 2017, and secure the board's agreement to launch the project. However, Wavestone's mission didn't end there.

This project is incredibly strategic for Eurostar, with huge risks associated with migrating such a complex booking system. The project has been in its meticulous implementation phase since March 2018, with the teams preparing the 40 project tasks identified as necessary to build the new system. Wavestone is fulfilling an important support role for the large project team, providing day-to-day support to ensure the long-term future and success of the project.

“The expert skills offered by Wavestone are pretty rare in the consulting market: the firm combines its knowledge of Sqills with its ability to work closely with the software house, its expertise in rail service distribution, its detailed understanding of systems interfacing and a multicultural approach, all of which make it an ideal and trusted partner.”

Laurent Bellan, CIO Eurostar

This is important because the implementation is much more than a simple IS project, and changing the booking system is driving a series of more profound transformational changes to business processes and the very culture of the company. In this context, the expertise of Wavestone is a major asset for Eurostar at a time when the company is outlining its own future and the future passenger experience in very concrete ways.



LAUNCHING A NEW 100% MOBILE
BANK FOR **ORANGE BANK**

Triggered in spring 2016 with the acquisition of Groupama Banque, the launch of Orange Bank was a unique event in the French and European banking landscape. As a leading provider of telecoms services, the Orange group has for several years been engaged in a strategy of diversification to increase the number of growth levers available to the group by building on its strong affinity brand. It was out of this context that the idea of a client-centric 100% mobile bank emerged.

Wavestone was appointed on the basis of its success in two phases of pitching. In addition to offering a highly relevant response to the ambitions of Orange Bank in terms both of methodology and support capability, Wavestone was seen as particularly distinctive for its culture and mindset, which align perfectly with its recent entity. This made a huge difference in this project, as the chosen consultancy had to hit the ground running, with limited time for acculturation.

The goals were ambitious: to launch a comprehensive, 100% mobile, multichannel banking service within a few months at most via twin distribution networks (online and physical via the strength of the Orange store network), not to mention the integration of more than 40 different technologies. From the get-go, Orange Bank had to succeed in the challenge of delivering an offensive launch to achieve its target of winning over two million customers within ten years while simultaneously continuing to develop its offering.

Wavestone was tasked with providing management guidance for the program, which in this case meant implementing the new bank's organizational structure, as well as the information systems required for its optimum operation. To translate the strategic plan into an operational roadmap, Wavestone put in place a multidisciplinary team of banking and technology practice experts. In a short lead time, Wavestone does not only deliver this implementation strategy, but must also drill down to the operational level of every task that requires such an attention to detail: functional specifications, test leadership and management, implementation of the base level technology and IT processes, plus the organizational structure of the IT service. The diversity of profiles and skills available to Orange Bank makes it possible to respond effectively to all these requirements. It is this ability to contribute as a team player that will make a difference: every level of the organization is involved and committed to achieving the same goal, right up to the bank's Executive Committee, which will be involved at a hands-on level.

This faultless involvement enabled Orange Bank to be launched successfully on November 2, 2017, with a rich, competitive and 100%-mobile offering of current accounts and personal loans, which integrated the latest payment technologies. In less than four months, the bank had attracted more than 100,000 customers.

The launch was a success, but Wavestone's mission isn't over yet. The firm is now working alongside Orange Bank on supervising the new versions that are regularly implemented to enhance the offering, and on its continual forward development. At the same time, the teams are supporting the process of consolidating the IS and supporting the business teams in their operational guidance and management of these evolutions. Having been intimately involved in the adventure, Wavestone is now a long-term partner engaging in an informal and frank exchange of views on the forward development path and future challenges.

“Having the opportunity to contribute as closely as this to the birth of a new bank is a unique adventure. Becoming involved at a very early stage has allowed us to apply all our expertise. It's one of the great strengths of Wavestone to be able to conceive a strategy and implement it down to the smallest operational detail.”

Nadjim Ait-Meddour, Partner Wavestone

“From their first pitch, we felt an affinity with the culture and mindset of Wavestone which has since proved to be the key component in creating an intense relationship within some very ambitious lead times. The scale of the Orange Bank ambition was such that it demanded an extraordinary level of involvement from all stakeholders in order to successfully rise to the challenge.”

André Coisne, CEO Orange Bank

／ CLIENT SATISFACTION: OUR WATCHWORD FOR SUSTAINABLE GROWTH

Wavestone is committed to delivering the highest level of client satisfaction in the consulting market. To support and achieve this goal, the firm has implemented a quality policy that is systematically applied to all its assignments.

In addition to the principles set out in the charter on the following page, the Wavestone client satisfaction policy is underpinned by the following components:

- An organization structured around a Steering Committee responsible for policy, its ongoing assessment and improvement, and a network of Quality Champions who act as the local representatives of the Steering Committee in the firm's practices and offices.
- A client satisfaction risk identification and control process that covers all the firm's management mechanisms, as well as other performance indicators.
- An annual satisfaction survey conducted among existing and previous Wavestone clients.

A STABLE NET PROMOTER SCORE

- For the second year in a row, Wavestone conducted a satisfaction survey among its French clients to collect feedback on the assignments conducted during fiscal 2017/18. As with the first survey, the response level was high at 24%, illustrating the interest of our clients in our commitment to measuring the quality of the assignments we deliver.
- Our NPS (Net Promoter Score) remains stable relative to the previous year at 29. However, the new survey reveals a decline in the satisfaction level of our clients.
- Specifically, 47% of clients said they had expressed a low level of satisfaction on the basis that the Wavestone response had not met their expectations, compared with 35% in the previous year.

To support its ambition to be a premium brand in the consulting market, Wavestone will expand the firm's dedicated quality and client satisfaction team in 2018/19. Its goals for the year ahead are to implement an ambitious campaign to involve all employees in improving the satisfaction levels, and improving the management of dissatisfactory risks as part of anticipating those risks more effectively and improving the way they are handled.

EVERY EMPLOYEE IS COMMITTED TO APPLYING THE PRINCIPLES SET OUT IN THE QUALITY CHARTER



／ LEVERAGING OUR COLLECTIVE STRENGTH FOR THE SUCCESS OF OUR CLIENTS

To successfully rise to all the challenges faced by our clients and have the ability to drive positive transformation in all business sectors, Wavestone has developed a business development model founded on the principle of client management.

Wavestone boasts a large portfolio of clients spanning a very broad spectrum, from global and local companies with leading positions in their respective markets to new entrants hungry for new business, whether in the private or public sector. The firm is therefore committed to cultivating an open-minded approach and continuous development of its expertise, while maintaining a healthy cross-sector balance in its revenues. This diversity provides resilience in times of economic fluctuation, and allows the firm to capture growth in the most dynamic sectors.

In each practice and office, client management is provided by a hybrid team of consultants (partners and senior managers) and sales executives tasked with developing the full range of the Wavestone value proposition to all the clients it manages. This collaboration provides the stimulation required to guarantee that the solutions proposed combine strategic expertise with proven implementation.

Wavestone's client management has two key missions. The first is to support the growth of Wavestone's business activities and revenue by working to expand the client portfolio, and by drawing on all the areas of excellence of the firm. The second is to maintain close long-term relationships with top-level decision-makers, and to provide proactive input across multiple business sectors in ways that benefit the entire ecosystem.

By combining profiles with expertise, Wavestone ensures that its clients receive a service that covers every aspect of the problems they face and support that is carefully tailored to their specific needs.

To learn more about assignments successfully completed by Wavestone, please visit www.uk.wavestone.com/en/capabilities/discover-our-top-client-stories/

Geographic breakdown of revenues for 2017/18



France

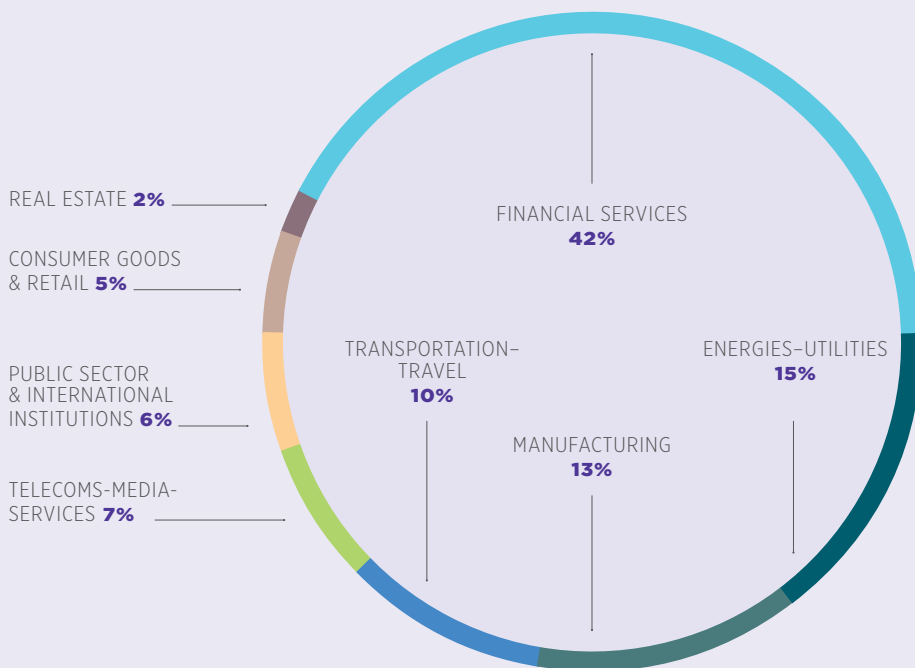


International

Our Top 20 clients of 2017/18

BNP PARIBAS	10%
SOCIÉTÉ GÉNÉRALE	9%
EDF	7%
SNCF	5%
LA POSTE	5%
CRÉDIT AGRICOLE	5%
TOTAL	3%
BPCE	3%
ALSTOM	3%
UGAP	2%
ENGIE	2%
SANOFI AVENTIS	2%
ORANGE	2%
SAINT-GOBAIN	2%
SUEZ	2%
AXA	1%
ALLIANZ	1%
AMF	1%
L'ORÉAL	1%
PSA	1%

Sector breakdown of revenues for 2017/18





A team draws on the rich diversity of its individual members to create opportunities for all. The Wavestone team is large, and collaborative working is the norm. The advice we give is the culmination of assembling many pieces of a puzzle in a process where each individual understands how to find in others the pieces needed to make a project progress. Free from silos and egos and united by mutual trust, our teams put all their energy to work to benefit the greatest ideas of their clients.

Emmanuel Henry, Senior Manager

Romain Lecomte, Senior Manager

Pauline Toledano, Account Manager



united

BY THE BONDS OF TEAM SPIRIT
AND MUTUAL TRUST



／ ENHANCING OUR COLLECTIVE KNOWLEDGE

Each one of our employees has a unique body of knowledge to be shared and passed on to others. And that is precisely the challenge of our knowledge management strategy: making the knowledge and experience of every individual a dynamic resource accessible to everyone for the benefit of our clients' plans and projects.

With 2,800 employees across eight countries, the way in which knowledge and feedback sharing is structured is all the more critical. It represents a collective asset to which everyone must be able to contribute their own experience on a daily basis. The best of Wavestone, accessible to everyone all the time.

In order to structure and simplify this permanent process of exchange, Wavestone has implemented a multilevel knowledge management process.

Every employee is able to access a database of internal personal profiles to quickly identify those of their colleagues whose experience or advanced expertise could make it possible to gain a sale or facilitate progress on a particular client project.

One person in each project team is responsible for the 'project memory' and to ensure that all the documents are correctly filed and archived (in terms of naming, indexing keywords, etc.).

Built around a secure architecture, this document management system is the key working resource for Wavestone teams.

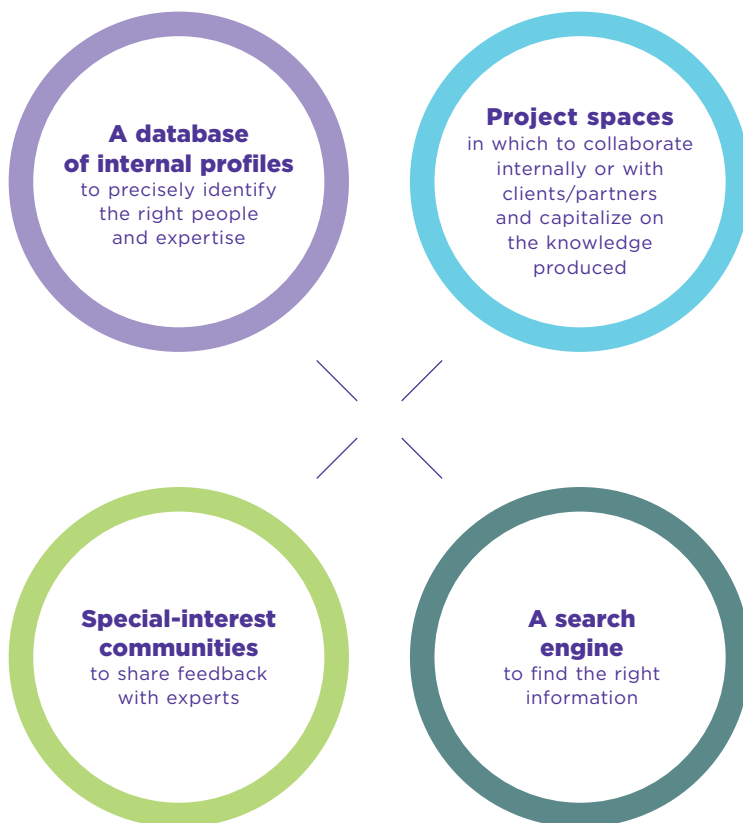
Lastly, every employee has the opportunity to create or join special-interest communities to share their experiences and convictions in the context of the issues faced by their clients.

At the same time, a search engine progressively indexes all the documents generated by every group entity so that each employee can have instant access to the entire body of collective knowledge without breaching our client confidentiality obligations.

These communities are much more than simple business tools, because they enable Wavestone to put in place a philosophy that makes knowledge sharing an unconscious reflex to ensure that each individual contributes to the rich diversity of the collective. The bottom line is that everyone is empowered and has access to the resources needed to value their own experience for the benefit of everyone, whether employee, client or partner.

A KNOWLEDGE TO BE SHARED:

KNOWLEDGE MANAGEMENT



／ 36 HOURS TO HACK YOUR COMPANY!

The second Hackathon brought with it a change of format and a focus on the increasingly high-profile subject of chatbots and their applications in the business world.

Following the success of the first event in 2016 on the topic of the IoT (Internet of Things), Wavestone once again organized this experience on February 2 and 3, 2018 to tackle the issue of chatbots, an emerging technology that is attracting interest from all types of clients.

Innovation through co-creation

Organized 100% internally, this second Hackathon needed an entire year of preparation to get this 36-hour session of intense thought and co-creation up and running. The format was reviewed for the event to return to a more compact model, more aligned with the codes of the exercise. Nevertheless, the goals remained unchanged: to energize the life of the firm and bring innovation to life internally, to upskill consultants on emerging subjects and give them the tools they need to respond to their clients' questions, and to work within the limited time available to come up with new ways of working that will develop the culture of the company.

Sixty consultants from all practices came together with around twenty students

(included for the first time) in a tailor-made environment at the heart of the French capital for an adventure that was as physical as it was mental. The idea of mixing consultants with students gave the latter an opportunity to get involved in an accelerated consultancy assignment, at the same time as finding out more about the disciplines of consultancy from a different, hands-on and more impactful perspective than they would through the traditional hiring process.

Dedicated experts

Structured around five main stages, from ideation scoping to pitching solutions to the judging panel, this Hackathon was led and facilitated by a team of coaches specially trained to help and guide the teams toward the best-possible outcome. As a key factor for success, this community of coaches was brought together at the very earliest stages of event preparation. This gave the twenty volunteers time to hone their skills on issues such as technology, user experience, pitch preparation and ideation management so that they could act as expert partners in supporting the teams and facilitating the emergence of concepts during the Hackathon.

The outcome of this second event was hugely positive: in addition to having brought innovation and technology to life internally, the format facilitated the emergence of new working methods that will add new richness to future assignments. The involvement of participants, coaches, the organizing team and the entire Wavestone community reflects the benefit of these initiatives, and the keen appetite of employees for innovation-related issues. The projects submitted to the judging panel rivaled each other for ingenuity and value, but it was the overall competitive climate of inventiveness that most impressed those who took part in this event.

Test exercise

Organizing this Hackathon gave Wavestone the opportunity to demonstrate its ability to succeed in delivering this increasingly popular form of exercise to the point where the firm can now offer this service to its clients. The in-house Hackathon is an effective skills accelerator, and the feedback from the 60 consultants involved was so positive that we now have 60 ambassadors for this type of exercise.

“With this Hackathon, Wavestone has demonstrated its ability to conceive and deliver innovative initiatives that very quickly result in practical prototypes. That’s very motivating for our teams and a differentiating factor for the firm as seen by our clients.”

[Aubin Colléaux,](#)
[Coach Hackathon Wavestone](#)

The Prizes

1ST PRIZE

Lily Bot

Lily Bot is an HR bot that facilitates access to all HR information (paid leave, salaries, parental leave, etc.). It retrieves relevant information in response to questions, regardless of user location. It frees HR staff from conducting administrative tasks to refocus on actions with a higher added value.

2ND PRIZE

Socrate

The Socrate bot finds the right person to answer a particular question on the basis of their skills, expertise, clients, etc. It’s a search engine with personality!

3RD PRIZE

REXinator

REXinator is a bot that searches for and returns assignment feedback on the basis of subject, problem or client. The consultant’s faithful friend.

THE JUDGING PANEL “PRACTICAL APPLICATION” SPECIAL AWARD

HIREBOT

HireBot facilitates management of the firm’s recruitment interviews. This truly smart assistant frees recruiters from certain administrative tasks.

THE JUDGING PANEL “TECH SPECIAL” AWARD

EARLY BIRD

Early Bird revolutionizes the welcoming of new arrivals. The team has succeeded in producing a state-of-the-art prototype by developing not one, but three, parallel bots that exploit the cognitive services of the IBM Watson AI tool.



Being committed to responsibility means looking at the world around us and asking ourselves how we can help to improve it. At Wavestone, this means a philosophy that sees consultancy as a vector for positive change, not only for companies, but also for society. But above all, it is a duty. The duty to behave as a responsible company in relation to all those who matter to us: our people, our clients, our shareholders, our suppliers, our partners and the wider society we live in.



Rémi Taniwaki, Manager
Alexia Bros, Consultant



committed

TO RESPONSIBILITY

LIVING AND DISSEMINATING OUR OWN VALUES

Having introduced its CSR approach in 2011, Wavestone injected new energy into that commitment during 2017 by including CSR as one of the four central challenges of the Wavestone 2021 strategic plan.



INTERVIEW

[Séverine Hassler, CSR Manager](#)

WHAT IS THE CONTEXT IN WHICH THE WAVESTONE CSR APPROACH OPERATES?

S.H. Over recent years, we've launched many different CSR initiatives, but they'd become too dispersed. We saw the launch of the Wavestone 2021 strategic plan as an excellent opportunity to restructure our CSR policy with the aim of putting our company in the Top 3 consulting firms by CSR rating every year. In 2017, we topped the Gaia Rating for companies in our segment. In July 2017, we decided to launch an invitation for tenders to review our CSR approach and breathe new ambition into it in ways that would be fully compatible with our strategic plan.

HOW DID THIS 2.0 CSR APPROACH COME TO BE?

We worked with two specialist consulting firms—Des Enjeux Et Des Hommes and Ékodev—to conduct a flash audit of where we were, and quickly confirm our strengths (our HR strategy), and the areas in which we need to improve (diversity, equal opportunities, disability, etc.). On the basis of those findings, our steering committee defined a series of key priorities to act as a framework for the next phase of consideration and discussion. It was absolutely essential that this new policy reflect the values of our employees so that it would integrate naturally and directly into the way we work. In January 2018, we launched a major consultation via Yammer, our company social media

S.H.

network. We didn't really expect such a level of enthusiasm: with hundreds of likes, comments, suggestions, and counter-proposals, Wavestone employees got to grips with this subject. There was so much commitment demonstrated that we organized face-to-face workshops at nine locations involving more than 300 participants to prioritize the proposals going forward.

“This new approach to CSR has motivated Wavestone employees to get involved on a scale way beyond our expectations, and that’s something we’re particularly proud of!”

HOW IS THIS NEW APPROACH STRUCTURED?

S.H.

It is built around four priorities and seven structural commitments:

- To be a responsible employer: at Wavestone, this means facilitating the development and self-fulfillment of our people, and by implementing practical initiatives that promote diversity and equal treatment from the recruitment process onward.
- To be a trusted partner whose commitment is proven through compliance with strict rules governing transparency, business ethics and data security, and through the relationships we build with our suppliers
- To have a positive social footprint by succeeding in the challenge of limiting the environmental impact of our business activities and supporting projects that create value for the wider society
- Lastly, and a new priority introduced because we firmly believe that it is the right thing to do, we want to be a consulting firm with real and tangible commitment

.../...

INITIATIVES

Wavestone introduces its own Disability Award

The first Disability Award by Wavestone achieved all its goals, especially that of starting a conversation around the issues of disability and raising the awareness of all employees to the issues by involving them in the selection process.

Initiated by a team of employees that included consultant Alexia Bros, the adventure of the first Disability Award by Wavestone was sparked by the desire to raise the profile of disability issues within the company, and raise the profile of the firm among its student target group. The contest format, which Alexia had previously experimented with during her own time as a student, encouraged a spirit of competition that dovetails with the Wavestone philosophy of seeking out ideas and solutions wherever they may be found. Having reached out to all its target educational institutions and their non-profit associations, fifteen Disability project entries were received, and, together with their feasibility studies, were voted on by employees via Yammer, the company social media network.

“It’s an excellent employee initiative, especially since it addresses the issue of disability, which is one of our priorities for 2021 and an area where we are committed to raising employee awareness.”

Séverine Hassler

The nine nonprofits that received the most votes were then invited to present their projects at the competition final. The Disability Award of a €2,500 grant was awarded to the Trimmersion project submitted by Triathlo Audencia, a nonprofit that works to raise awareness of sports opportunities for disabled children using virtual reality headsets to deliver an immersive experience of what it is like to be a disabled athlete. The Special Judging Panel Award of a €1,500 grant went to the Handiamo project developed by Atlantique Sans Frontières, the nonprofit based at the IMT Atlantique engineering graduate school, for its project to create tourist itineraries for disabled travelers.



INITIATIVES

Wavestone For All tackles the issues of gender and diversity for the benefit of all

Brought together by a group of employees in October 2017, the Wavestone For All network seeks to address the issues around gender and diversity to drive progress on these issues within the company for all of its people.

To deliver its mission of combating discrimination and promoting diversity, the network focuses on three key challenges:

- Providing practical responses to employees on handling the everyday issues that surround respecting differences, equality and multiculturalism.
- Making diversity an effective lever for innovation and performance that benefits the firm.
- Contributing to the overall CSR approach by kick-starting initiatives and discussion around these issues.

WHAT DOES IT MEAN TO BE A COMMITTED CONSULTING FIRM?

S.H. In terms of the way we work, it means integrating CSR challenges into our consulting practice. It is essentially the logical extension of our value system. We believe in our commitments, so it seems only natural that we should make them a reality in our consulting assignments, and make our employees CSR ambassadors for our clients. It is also about our conviction: being responsible means taking action at our own level to change society and the world we live in. Our best route to action is to use our consulting expertise to disseminate these values.

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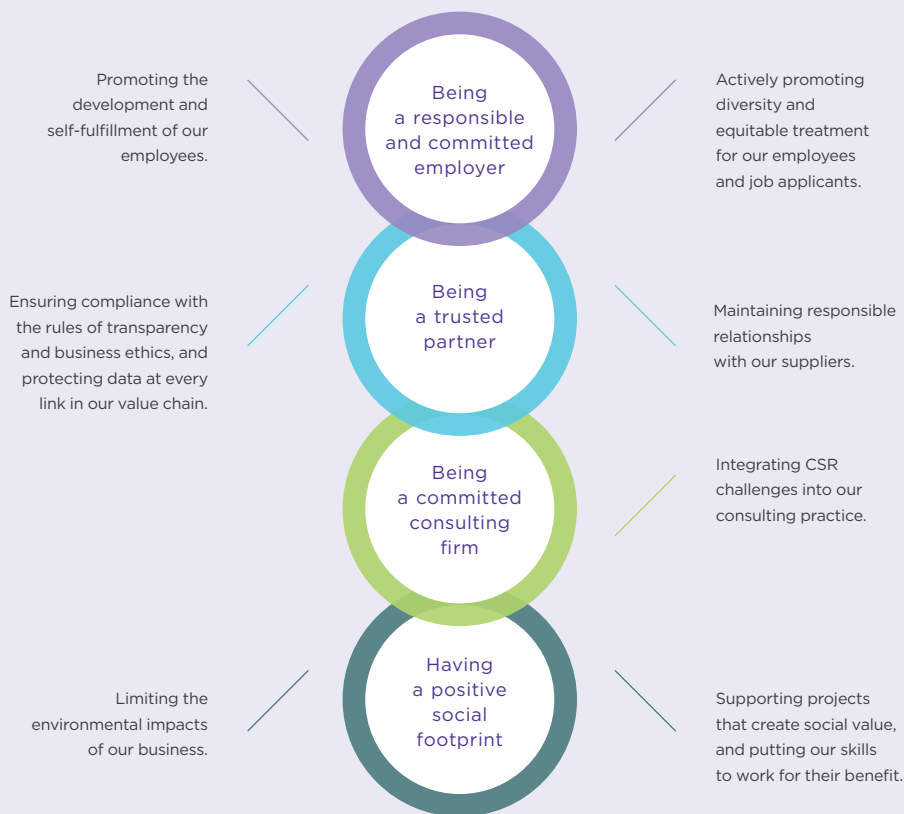
This requires us to go further than our own specific area of responsibility to have a positive impact on the individual companies we interact with through our actions. Naturally, this requires us to train 100% of our employees in what CSR means in practice, but the appetite for that is already there, the conviction is already shared and that is essential. Giving everyone the freedom and resources to change the world in modest ways enables our employees to make it happen and make their own useful contribution.

HOW IS THIS PROCESS DELIVERED?

S.H.

Following the consultation process launched in January 2018 and the clear formulation of priorities and commitments, we have set out a series of goals for 2021 that provides this process with a timeframe and tangible criteria. Each work stream is entrusted to a team of two, whose role is to ensure a successful action plan, and to guide working groups of volunteer employees to achieve all the goals and targets set. The first half of fiscal 2018/19 will be devoted to these next steps, but we already have many initiatives that make CSR a daily reality within the firm, and are driving forward the process of building momentum. We hope to see it flourish further, but I have no doubt that our employees will apply all their enthusiasm to delivering this major corporate project.

A NEW CSR APPROACH: 4 PRIORITIES & 7 COMMITMENTS



8 PRIORITY GOALS FOR THE PERIOD TO 2021:

Goal for 2021

Current performance

To have the same proportion of women in operational and line management posts as we do among our staff	30% and 36% respectively at 03/31/2018
To achieve 30% representation of women on the Executive Committee	17% at 03/31/2018
To triple the number of disabled employees	11 at 12/31/2017
To have trained 100% of employees ¹ in business ethics	No training in place
To have trained 100% of employees ¹ in data protection	70% of new recruits at 03/31/2018
To do business within the framework set out by a clear and responsible conviction governing our choices of assignment and client	No conviction in place
To prepare a responsible consulting charter and train 100% of employees ¹ in its application	No charter in place
To devote 1% of the firm's time to supporting social organizations	Approximately 0.2% at 09/01/2017

¹⁾ Employees who have worked with the firm for at least one year



Before being a consultant, every Wavestone employee is someone with a concentrated core of personal interests. We may not share the same passion for extreme sports or jazz fusion, but the people of Wavestone have a common desire to share, make new discoveries and develop on a daily basis within an environment built out of challenges and collective successes.



Benoit Darde, Partner



enjoying

THE WORK WE DO

SETTING THE BENCHMARK AS AN EMPLOYER

Wavestone is committed to being, and remaining, an employer of choice in the consulting market. This strategy is based on a proven model: recruiting the finest talent, providing personal career path management, and offering employees rich career development prospects. It's a strategy founded on respect for Wavestone values: team spirit, audacity, passion and exemplary conduct.



INTERVIEW

Fanny Rouhet, Head of HR Development

CONSULTING IS AN EXTREMELY COMPETITIVE SECTOR WHEN IT COMES TO RECRUITMENT. HOW DOES WAVESTONE ATTRACT THE MOST TALENTED PEOPLE?

F.R. Our identity is a real strength. We have a distinctive position in the market and a vision of consultancy that is imprinted with enthusiasm and inventiveness that comes through in our attitude as a recruiter, and I'm convinced that this makes a real difference at the beginning of the process. And then, we make it a point of honor to implement a robust recruitment process that respects every applicant as an individual. Wavestone begins each phase of recruitment as a special opportunity for interaction during which it pays special attention

to the quality of the experience for each applicant, regardless of the outcome of the recruitment process. Everyone involved in recruitment at Wavestone is committed to applying strict guidelines on transparency, equal opportunities and professional recruitment methods. That's how and why we have been awarded the Happy Candidates label, which assesses the candidate experience throughout the recruitment process.

WHAT CANDIDATE PROFILES DO YOU LOOK FOR, AND HOW DO YOU IDENTIFY THEM?

We recruit candidates from diverse backgrounds with varying degrees of experience; these are people with

F.R.

commitment, who already have a reputation for strong entrepreneurial drive and a sense of team spirit. The Wavestone annual recruitment plan includes a high percentage of new graduates from the most prestigious French (engineering and management) graduate schools and universities. We back up our ambitions with resources: a dedicated recruitment team of around thirty employees supported by a community of 500 consultants that conduct recruitment interviews and get involved with developing educational partnerships and all the initiatives that go with that. To identify the best candidates, the firm has built a substantial sourcing strategy around recruitment agency partners, an annual candidate referral campaign, recruitment events, a preemployment trainee scheme and other initiatives. Wavestone also maintains privileged partnerships with around thirty prestigious graduate schools and universities, working closely with faculty professors, careers departments and non-profit networks.

HOW DO YOU GO ABOUT ENSURING EMPLOYEE LOYALTY AND DEVELOPMENT?

F.R.

Wavestone has made the choice to adopt a recruitment strategy that serves its growth model. Every year, many of our employees are asked to provide leadership for projects or teams. A new training program aims to develop their management skills and, in a broader sense, to share a common culture and practices, regardless of their job profile, area of expertise or geographic location. A mobility program also helps to broaden horizons by offering Wavestone employees the opportunity to make a career

switch or gain expertise in other fields and regions. At our annual talent reviews, the management teams and HR teams get together to assess the development to date of every employee in the firm, reviewing their development outlook over the next 12 to 24 months, the associated development initiatives, their targets for the year, the possibility of promotion and the employee's compensation package. Lastly, the Wavestone salary policy is designed to promote fair competition between employees on a level playing field.

OCCUPATIONAL WELLBEING IS AN IMPORTANT COMPONENT OF LOYALTY. WHAT HAPPENS IN THAT RESPECT AT WAVESTONE?

F.R.

Our culture of enthusiasm is not just an image projected externally, it is a way of life in the workplace and a benefit for everyone that we encourage at every level of the business. That process begins with proximity management: more than 300 Career Development Managers are in place and supported by HR representatives (approximately 1 for every 150 employees) to ensure that all employees receive local-level managerial and HR support. Then comes flexibility in the way work is structured: our teleworking system is designed as an organizational facility, and our paid leave policy is based on individual autonomy and empowerment. And finally, by putting measures in place that make life simpler for employees with children—company childcare facility, three paid "Child Sick Days", flexible working hours and teleworking during pregnancy, gradual return to work after maternity leave, etc. We continue to bring forward new initiatives and are always keen to hear new ideas for further progress.

.../...

.../...

“Our culture of enthusiasm is not just an image projected externally, it is a way of life in the workplace and a benefit for everyone that we encourage at every level of the business.”

Our offices offer open-plan workspaces flooded with natural light, a wide choice of spaces designed around different working scenarios, and innovative equipment for greater flexibility, convenience, creativity and discussion about working methods. Wavestone now appears in the Top 5 of the Great Place To Work® ranking of companies employing more than 500 people. This label recognizes the quality of the measures we have implemented to ensure the wellbeing of our people.

HOW ARE EMPLOYEES INVOLVED IN THE CORPORATE PLAN?

F.R.

They are more than involved in it; they are full stakeholders in the operation and forward development of Wavestone. This year, several hundred employees contributed to defining CSR guidelines and the new CSR action plan for 2021. They also contribute to applying every aspect of Wavestone strategy (HR, recruitment, finance, communications, internal audit,

etc.) by delivering part-time or full-time internal assignments in our central services departments. In our firm, initiative is also encouraged by the management as a way of facilitating the emergence of ideas that will add value to the firm going forward. Wavestone assets such as Créadesk and Faktory have become a reality as a direct result of employee initiatives. The Idea competition launched by employees in 2017/18 provided the opportunity to experiment with co-working spaces and develop the first HR chatbot to facilitate access to information for employees. The HR teams pay extremely close attention to this ongoing competitive initiative, which empowers every employee to put forward an idea, project or discussion topic with the potential to change the company. In this way, we all work together every day to build the future of Wavestone as full stakeholders in its transformation, just as we do for our clients.

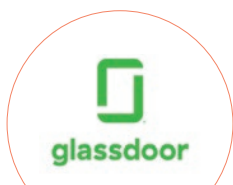
HR LABELS AND CERTIFICATIONS



HappyIndex®/Trainees
France Label 2017/18



Great Place to Work® Label 2018



#3 Best Employer in France 2018



HappyIndex®/Candidates
France Label 2017



LinkedIn Top Companies 2017



WAVESTONE THE IDEAS FACTORY

Having first emerged from Créadesk in 2015, the embryonic “Pitch my Idea” initiative has been re-envisioned as a full-blown in-house innovation competition called simply “The Idea”, which empowers every employee with the opportunity to propose and deliver projects to improve company life.

In terms of its organization, The Idea was structured into three phases. The first, “Meet the Idea”, began a month-long ideation phase in the form of a series of workshop sessions led and facilitated by the Créadesk team and members. Once formulated, 54 ideas were posted on Yammer, the company’s social media network, to be voted on by employees. The ten most popular then went forward to the next phase, “Meet My Sponsor”, during which a sponsor from The Idea circle took responsibility for one or two ideas to put their developers in contact with the right people within the firm to refine them and prepare them for the next step.

During this phase, project developers were able to spend half a day with some of the startups in the Shake’Up program to prepare for the final test of the pitch itself. Three rehearsal pitch sessions allowed

the teams to perfect their presentations and their proposition. The final was held in public and screened live via Skype: a judging panel representing all company functions and levels of seniority had to decide between the ideas on the basis of a three-minute pitch followed by a five-minute question and answer session.

In the end, three projects were voted for unanimously by the judging panel and the audience: the Wavestone Chatbot, Wavestone Coworking (a coworking spaces project) and Wavestone Nearby. The final choice was made in favor of the ideas that were most successful in the voting phase on the basis of their usefulness to employees and their potential for improving company life at Wavestone. The entire event sent a strong and significant message about the involvement of employees in their future and their everyday experience.

KEY FIGURES

5,000 likes

+900 votes cast during the final

300 dreams (potential ideas) produced during the ideation phase

600 Yammer posts throughout the competition

54 ideas submitted

FEEDBACK

Wavestone Chatbot



Thibault Carval,
Consultant

“The project involved developing a team of chatbots made up of an HR chatbot that answers questions about training, paid leave and the employee savings scheme, a sales chatbot connected to Salesforce to help the sales teams overcome barriers resulting from the complexity of the system and to keep them up to date with the latest news on their accounts, and an IT support chatbot to respond to employees encountering technical problems. The initial idea evolved very quickly after it was submitted to all company employees as part of the competition.

Everyone contributed new needs and new ideas which, once summarized, led to the emergence of the project as it is today and the Bots team that we are now in the process of building.

The Idea gave us the opportunity to reach out directly to all the firm’s employees to enrich the project in terms of its functionality. This community of employees is still with us, and is now contributing to testing and choosing chatbot names.”

Wavestone Nearby



Othmane Kharbach,
Senior consultant

“Wavestone Nearby is a networking app that allows you to locate your colleagues when you’re working on an assignment. Why is that useful to us? Because it boosts interaction and extends the mutual help community outside the walls of our offices. As consultants, we are often required to travel to meet and work with our clients, and this nomadic existence can sometimes create feelings of being distanced from others.

The idea came to me while I was on an assignment alone on a client’s premises. It took me several weeks to realize that other colleagues were also working on assignments in the same location! Although the essential DNA of the idea hasn’t changed, The Idea gave me the opportunity to receive coaching and support from the organizing team via dedicated workshop sessions, follow-up meetings and the advice of startup principals used to pitching their ideas. I was also helped along the way by our own in-house ISD, communications and HR teams, all of whom contributed to the successful outcome of my project.”

／ THE MUSIC CLUB, OR HOW TO BRING PEOPLE TOGETHER AROUND A SHARED PASSION

In 2016, Elie Abitbol made a simple observation: if the success of company clubs, mostly sports clubs, is anything to go by, then Wavestone employees enjoy coming together to share their passions. Elie believes that music is a powerful vector for sharing: whether you play or whether you listen, no one is unmoved by music, and all you have to do is look around you to find an amateur musician, a semi-pro, someone who used to be a drummer in a punk band, or maybe a karaoke champion.

Talent scout

The beginnings of her project were, Elie confesses, beset by certain 'occupational hazards': roadmap, budget, studies, etc., but there simply weren't enough people to do all of that. But there was already a community on Yammer, the in-house social media network, of solo amateur musicians looking for others to share their passion with. Elie's small team of three people then took up the challenge of reviving their dormant interest in the subject, and decided to officially launch the Music Club to coincide with World Music Day on June 21, 2016. The idea was to identify in-house groups and get them to play on stage for an audience of employees after the summer break. The first gig in a Paris bar was an immediate success. The team grew very quickly, and now contains around twenty enthusiasts working in four areas: hardware and logistics, development, community coordination and communications, and the music academy project to introduce people to playing music and improving their

skills. One of the best things about the Club is that it has reawakened vocations in people: we now have five or six established groups of musicians at Wavestone, and several pop-up music education and rehearsal projects that come and go alongside individual projects. The Yammer community now has 200 members, so as many as a practice, that the team can rely on to pass on the message and create dynamic interest.

All about the Music

In addition to the four concerts hosted every year by the Music Club, attracting audiences of around 200 each, there are now appearances at the firm's flagship events, such as induction week, Wavestone Inside and Ski Weekend, for which the team organized a giant karaoke event with 700 singers and a live band. The Club now acts as an incubator for music-related initiatives, and encourages all projects designed to promote musical expression, the sharing of music and community. There's even a rumor that a Wavestone Radio channel could soon go live...

“Music is a powerful social catalyst. In a company like Wavestone, where the culture of sharing passion is fundamental, this kind of initiative resonates with people immediately.”

Elie Abitbol, Consultant

／ THE ABILITY OF AN INTEGRATED ORGANIZATIONAL STRUCTURE TO DELIVER EFFECTIVE, AGILE AND RELEVANT RESPONSES

Wavestone has adopted an integrated organizational model that closely combines the skills required to make collaborative working and mutual trust a daily reality for everyone.

This operating model has been designed on the basis of three key principles:

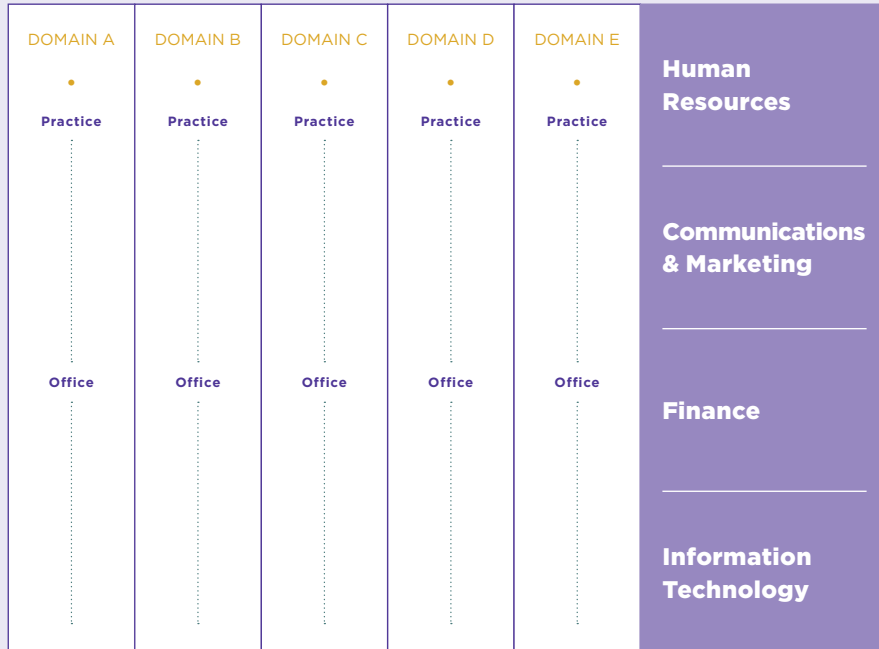


OPERATING MODEL

The key entity in the Wavestone operating model is the practice or office. A practice brings together those teams responsible for concentrating the expertise of Wavestone in one of its areas of excellence. Where critical mass has not been achieved in a given region, teams are brought together into an office, which then covers all the expertise associated with several areas of excellence. In June 2018, Wavestone had 22 practices and offices.

In addition to its mission to develop expertise in one or more areas of excellence, each practice or office is also responsible for new business development across all Wavestone services within a portfolio of clients. This business development task is carried out by client managers.

EXECUTIVE COMMITTEE



To maximize synergy development and facilitate effective operational management and control, the 22 practices and offices are grouped into five domains. Since Wavestone has designed its operations at a global scale, the practices and offices within each domain are usually spread across several countries.

22

practices and offices
in five domains

Because some skills draw on multiple areas of expertise, they are structured cross-functionally as communities of experts based in multiple practices and/or offices; examples include the Supply Chain & Operations community.

Lastly, Wavestone has chosen to invest long term in exclusive assets that will enhance its value proposition (see pages 22 and 23). The teams responsible for these assets are based either in selected practices or centrally.

CENTRAL SERVICES DEPARTMENTS

Wavestone's central services teams are responsible for managing major investments made to ensure the future growth of Wavestone and provide risk control. These teams work centrally, and in some cases contain designated representatives working within specific Wavestone domains, practices and offices.

WAVESTONE OPERATIONAL GOVERNANCE

Consistent with this principle, the governance of Wavestone is based on collegial bodies at every level of its organizational structure. Practices are guided by Practice Steering Teams led by Practice Leaders, and domains are guided by Domain Steering Teams led by Domain Leaders. The firm is managed by an Executive Committee (ExCom)

coordinated and led by the General Management team of Wavestone Management Board members.

To ensure that all teams are fully aligned with the shared goals set out in the corporate plan, the ExCom is broadly based, and includes representatives from each team. However, for maximum efficiency, the ExCom meets in smaller sessions to address topics such as operating performance checks and business development management.

THE MEMBERS OF THIS EXECUTIVE COMMITTEE ARE:

General Management (the Wavestone Management Board)

Patrick Hirigoyen
Pascal Imbert

Operational management and domain leaders

Eric Crabié
Benoît Darde
Bernard Desprez
Joël Nadjar
Philippe Pestanes
Bruno Valet

Development

Reza Maghsoudnia

Business development

Marc de Montgolfier
Anne Régnier

Key transformation projects/global projects

Laurent Bellefin

Finance

Tiphanie Bordier
Frédéric Goujon

Operations

Éric Baudin
Claude Bodeau
Loïc Carpentier
Guillaume Chassard
Philippe Dajean
Stéphane Denolle
Franck Devillaire
Guillaume Durand
Frédéric Goux
Éric Labruyère
Frédéric Lelièvre
Philippe Mirmand
Mike Newlove
Catherine Pildjian
Olivier Schmitt
Laurent Stoupy
Harold Syfrig

Human Resources

Fanny Rouhet

Communications and Marketing

Vincent Chaudel
Sarah Lamigeon

THE MANAGEMENT AND SUPERVISORY BOARDS

The members of the Management Board are:



Pascal Imbert
Chief Executive Officer



Patrick Hirigoyen
Management Board Member

At 04/01/2018, the Supervisory Board had 7 members:



Michel Dancoisne
Chairman of the Supervisory Board



Jean-François Perret
Vice-Chairman of the Supervisory Board



Marie-Ange Verdickt
Supervisory Board Member



Rafaël Vivier
Supervisory Board Member



Sarah Lamigeon
Supervisory Board Member



Jean-Noël Mermet
Supervisory Board Member



Benjamin Clément
Supervisory Board Member



WAVESTONE



**FINANCIAL
REPORT**

2017/18





Elements in the above table which are related to the annual Financial Report are identified by a pictogram

AFR

01 MANAGEMENT REPORT

- 70 MANAGEMENT BOARD REPORT PRESENTED TO THE COMBINED ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING OF 07/26/18

- 71 MANAGEMENT BOARD REPORT - GENERAL REPORT **AFR**

- 87 2017/18 MANAGEMENT BOARD REPORT - RISK FACTORS AND MANAGEMENT **AFR**

- 104 2017/18 MANAGEMENT BOARD REPORT - CORPORATE SOCIAL RESPONSIBILITY REPORT

- 141 2017/18 MANAGEMENT BOARD REPORT - ADDITIONAL NOTES

- 142 MANAGEMENT BOARD REPORT - TRENDS

02 CORPORATE GOVERNANCE REPORT

- 146 MANAGEMENT AND CONTROL OF THE COMPANY **AFR**

- 155 CORPORATE OFFICER COMPENSATION

- 166 ADDITIONAL INFORMATION **AFR**

- 170 OBSERVATIONS OF THE SUPERVISORY BOARD ON THE REPORT OF THE MANAGEMENT BOARD AND THE FINANCIAL STATEMENTS FOR THE 2017/18 FISCAL YEAR

03 FINANCIAL INFORMATION

- 174 CONSOLIDATED FINANCIAL STATEMENTS AT 03/31/18 **AFR**

- 206 COMPANY FINANCIAL STATEMENTS AT 03/31/18 **AFR**

04 LEGAL BOOK

232 GENERAL INFORMATION ON WAVESTONE AND ITS SHARE CAPITAL

244 EXCEPTIONAL EVENTS AND DISPUTES

05 2018 COMBINED ORDINARY AND EXTRAORDINARY GENERAL MEETING

248 DESCRIPTION OF THE SHARE BUYBACK PROGRAM **AFR**

250 RESOLUTIONS TO BE PROPOSED TO THE COMBINED ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING ON 07/26/18

06 ADDITIONAL INFORMATION

260 DOCUMENTS AVAILABLE TO THE PUBLIC

261 PERSONS RESPONSIBLE **AFR**

262 REGISTRATION DOCUMENT CROSS-REFERENCE TABLE

265 ANNUAL FINANCIAL REPORT CROSS-REFERENCE TABLE

266 MANAGEMENT REPORT CROSS-REFERENCE TABLE

267 CORPORATE GOVERNANCE REPORT CROSS-REFERENCE TABLE



MANAGEMENT REPORT

01

70	MANAGEMENT BOARD REPORT PRESENTED TO THE COMBINED ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING OF 07/26/18
71	MANAGEMENT BOARD REPORT - GENERAL REPORT
87	2017/18 MANAGEMENT BOARD REPORT - RISK FACTORS AND MANAGEMENT
104	2017/18 MANAGEMENT BOARD REPORT - CORPORATE SOCIAL RESPONSIBILITY REPORT
141	2017/18 MANAGEMENT BOARD REPORT - ADDITIONAL NOTES
142	MANAGEMENT BOARD REPORT - TRENDS



Management Board Report presented to the combined ordinary and extraordinary Shareholders' Meeting of 07/26/18

To the Shareholders,

We have convened this combined ordinary and extraordinary Shareholders' Meeting as required by law and our Company's Articles of Association.

The notice of Meeting and all documentation specified by the applicable regulations have been duly sent or made available to you within the legal deadlines.

The purpose of this report is to present the situation of the Wavestone group, which comprises the Wavestone company⁽¹⁾ and its subsidiaries.

The report includes the General Management Report together with:

- The "Management Board Report – *Risk factors and management*";
- The "Management Board Report – *Corporate Social Responsibility Report*";
- The "Management Board Report – *Additional notes*".

This report also constitutes the Management Report referred to in Article 222-3 of the General Regulations of the French Financial Markets Authority (AMF), which is an integral part of the annual financial report as specified in Article L.451-1-2 of the French Financial and Monetary Code.

(1) Wavestone, the parent company of the Wavestone group, is sometimes referred to as "Wavestone SA" in this document.

Management Board Report

- General Report

1. Key events and outlook

During its Meeting held on 05/28/18, the Group's Supervisory Board approved the consolidated annual financial statements of 03/31/18, a summary of which is presented below. The audit procedures for the financial statements have been finalized and the audit report is in the process of being issued by the Statutory Auditors.

Revenue growth of 6%

At end-March 2018, Wavestone reported revenue of €359.9m, well above its annual target of €350m and bringing its annual growth to 6% (7% on a constant forex basis). There were no changes in the scope of consolidation during the fiscal year.

This solid growth in activity was bolstered by an annual increase of 6% in the firm's headcount. Throughout 2017/18, Wavestone hired almost 700 new staff members, above the annual recruitment target of 600, despite an extremely competitive market.

Annual staff turnover was 16%, down slightly during the second half of the fiscal year (17% on an annual basis in the first half). Wavestone confirms that it is targeting a turnover rate of less than 15% in the medium term, while remaining cautious in the short term given the current tensions in terms of human resources.

As of 03/31/18, Wavestone's headcount had increased to 2,793 employees, compared with 2,628 employees the previous year.

Change in operating indicators during 2017/18

Despite a slight decline at the end of the fiscal year, the utilization rate increased to 77% in 2017/18, compared with 76% for the previous fiscal year.

Daily rates improved in the fourth quarter and averaged out at €848 for the year as a whole, representing a slight increase on the previous year (€845).

The Group's order book also improved during the year, and stood at 3.7 months at end-March 2018.

Group share of net income up 33%

Driven by a combination of buoyant activity and favorable operating indicators, operating income on ordinary activities soared by 31% to €50.6m.

The 2017/18 EBIT margin advanced to 14.1%, well above the target, which was raised to 11% in December 2017.

After recognition of a client-relationship depreciation expense of €2.5m and €1.3m in other operating expenses, operating income came to €46.8m, also up 31% year-on-year.

Thanks to the firm's debt reduction, the cost of financial debt was scaled back during the year to €1.9m, compared with €2.1m in 2016/17. Other financial expenses increased due to currency fluctuations.

After considering the impact on deferred taxes of the tax changes announced in France, Belgium and the United States, income tax expense amounted to €17.3m.

Group share of net income at end-March 2018 rose 33% year-on-year to €26.6m, making for a net margin of 7.4%, versus 5.9% the previous year.

Decrease of over €20m in net debt

During the 2017/18 fiscal year, Wavestone's cash flow from operations came to €30.1m, up 22% compared with the previous year. The change in working capital requirements remained stable from one year to the next, the unusual decrease in trade receivables noted during the first half of the year being fully absorbed in the third quarter.

Capital expenditure amounted to €3.0m during the year. Financial flows amounted to €13.3m, including €9.5m in loan repayments and €3.0m in dividend payments for the 2016/17 fiscal year.

At end-March 2018, the firm's consolidated Shareholders' equity stood at €130.2m and its net debt had been reduced to €34.6m, compared with €56.5m at the previous year-end.

At the next annual general Shareholders' Meeting on 07/26/18, Wavestone will propose the payment of a dividend of €0.81 per share for the 2017/18 fiscal year, which represents an increase of 33%.

To increase the Wavestone share's liquidity and to make it more accessible, the company will also propose to divide the par value of the Wavestone share by four.

**Success of Wavestone's construction and focus on Wavestone 2021**

The significant growth in results for the 2017/18 fiscal year, showing an unprecedented current operating margin of over 14%, testifies to the overall success of the construction of Wavestone.

The firm is now ready to pursue its development, in line with the ambitions of the Wavestone 2021 strategic plan.

1. Dimension: generate revenue of €500m for an EBIT of 15%;
2. Reputation: make Wavestone the no. 1 transformation consulting brand in France;
3. Commitment: achieve a top-3 CSR ranking within the firm's category;
4. International: mark up revenues of €100m abroad.

This last objective constitutes a major challenge for Wavestone, as the firm's international development and performance remains insufficient to date.

2. Group activity**2.1. Consolidated financial statements**

At end-March 2018, the Group's consolidated financial statements comprised the financial statements of Wavestone SA, Wavestone Morocco, Wavestone Advisors UK, Wavestone Advisors Switzerland, Wavestone Advisors Morocco, Wavestone Advisors and its subsidiaries: Wavestone US, Wavestone Luxembourg, Wavestone Belgium, Wavestone Consulting Switzerland, Wavestone Advisors Morocco during a 12-month period, and Wavestone HK (subsidiary of Wavestone Advisors) during a 6-month period.

(in thousands of euros)

Revenue
EBIT
Operating profit
Net income attributable to owners of the parent

	2017/18	2016/17	% change
Revenue	359,919	338,732	6%
EBIT	50,584	38,699	31%
Operating profit	46,756	35,620	31%
Net income attributable to owners of the parent	26,628	20,055	33%

At end 2017/18, consolidated revenue amounted to €359,919k, representing a 6% increase on the 2016/17 figure of €338,732k.

Operating income on ordinary activities stood at €50,584k (after employee profit-sharing), up 31% on the previous year's figure of €38,699k.

The acquisition of British consulting firm, Xceed, in early April is a first step in this process. It is intended to be followed by other acquisitions and by a step-up in organic growth outside France.

2018/19 objectives: growth of at least 8%, current operating margin of over 13%

Aside from its international growth, Wavestone's priorities in 2018/19 will be to consolidate the progress it has made in terms of both operational performance and human resources, and to launch new actions aimed at establishing the Wavestone brand on the market.

The firm also intends to continue its efforts to tackle key market transformation areas such as the bank of tomorrow, energy transition, autonomous vehicles and new mobility solutions, and modernization within the public sector.

Wavestone is targeting consolidated revenue growth of at least 8% in 2018/19, including revenue generated by Xceed, with an EBIT margin in excess of 13%. These targets are understood to be on a constant forex basis and excluding new acquisitions.

At end-March 2017, the Group's consolidated financial statements comprised the financial statements of Wavestone SA, Wavestone Morocco, Wavestone Advisors UK, Wavestone Advisors Switzerland, Wavestone Advisors and its subsidiaries: Wavestone US, Wavestone Luxembourg, Wavestone Belgium, Wavestone Consulting Switzerland and Wavestone Advisors Morocco during a 12-month period, and Wavestone HK (subsidiary of Wavestone Advisors) during a 6-month period.

Factoring in other non-recurring operating income and charges, operating income amounted to €46,756k, representing an increase of 31% compared with the 2016/17 figure of €35,620k.

Client-relationship intangible asset depreciation amounted to €2,503k.

Other non-recurring operating charges break down as follows:

- €614k in acquisition costs.
- €546k in provisions for premises not used by Wavestone US.
- €188k booked to cover the relocation of Wavestone Belgium.
- €34k booked to cover the cost of vacating Kurt Salmon's Lyon offices (partial relocation of premises).

The cost of net financial debt of €1,864k during the period comprised financial income of €4k and financial expenses of €1,868k. The cost of net debt for the previous year amounted to €2,056k. This decrease is the result of a drop in the margin applicable to the interest on the banking facility contract to

finance the acquisition of Kurt Salmon's European operations on 01/07/16.

Pre-tax income during the period rose 32% compared with the previous fiscal year, from €33,151k to €43,914k.

The income tax expense in 2017/18 amounted to €17,286k, versus €13,095k the previous year.

Net income for the period rose 33% compared with the previous year, from €20,055k to €26,628k.

Given the absence of non-controlling interests, the Group share of net income also rose 33% in 2017/18, from €20,055k to €26,628k.

(in thousands of euros)

	03/31/18	03/31/17	% change
Non-current assets	157,077	163,953	-4%
<i>o/w goodwill</i>	118,909	119,761	-1%
Current assets (excluding cash)	152,179	130,848	16%
Cash and cash equivalents	52,056	38,722	34%
Shareholders' equity	130,249	104,110	25%
Non-current liabilities	83,913	98,897	-15%
<i>o/w financial liabilities</i>	69,994	85,763	-18%
Current liabilities	147,150	130,516	13%
<i>o/w financial liabilities</i>	16,708	9,424	77%
Total statement of financial position	361,312	333,523	8%

At the consolidated level, the Group boasted net cash of €130,249k at end-March 2018, up 25% from €104,110k at end-March 2017.

Restated for bank borrowings (overdrafts and accrued interest due), net cash climbed from €38,338k at end 2016/17 to €51,995k at end-March 2018.

Financial liabilities totaled €86,702k at end-March 2018, versus €95,187k the previous year. Excluding bank overdrafts, financial

liabilities came to €86,641k, of which €84,508k in bank debt and miscellaneous financial debt, and €2,133k in borrowings attached to the restatement of leasing contracts. For the record, financial liabilities restated for bank overdrafts totaled €95,161k at end-March 2017.

Wavestone posted net debt⁽¹⁾ of (€34,646k) at end-March 2018, versus net debt of (€56,465k) in 2016/17.

(1) Gross cash minus financial liabilities.

The elements underpinning growth in net cash are outlined in the table below.

(in thousands of euros)	03/31/18	03/31/17
Gross cash flow ⁽¹⁾	32,899	27,060
Change in working capital requirements	(2,762)	(2,319)
Net cash flow from operating activities	30,137	24,741
Net cash flow from investments	(3,033)	(18,480)
Net cash flow from financing operations	(13,295)	(7,145)
Change in cash and cash equivalents	13,809	(884)

(1) After cost of net debt and current tax expenses.

These mainly include:

- a gross cash flow margin of €32,899k, plus a €2,762k increase in working capital requirements resulting in a net cash flow from operations of €30,137k during the period,
- a dividend payout of €3,007k,
- investments amounting to €2,705k,
- the change in the level of financial asset investments totaling €1,059k during the period,
- cash outlays related to scope of consolidation changes in the amount of €1,436k.

Note that the Company does not use factoring or discounting.

2.2. Company financial statements

At the parent-company level, Wavestone reported revenue of €274,228k, representing a 23% increase on the 2016/17 figure of €223,853k.

Operating income before employee profit-sharing rose 34% year-on-year from €38,239k to €51,091k, making for an operating margin of 19%, versus 17% in 2016/17.

Operating income before employee profit-sharing and provisions for free-share allocation advanced 31% year-on-year from €38,960k to €51,200k, resulting in an operating margin of 19%, versus 17% at end-March 2017.

The Company recorded a financial loss of (€843k) in 2017/18, compared with financial income of €34k at end-March 2017, which can be broken down as follows: €1,309k in income from

equity holdings, (€530k) from the write-back of provisions booked for unrealized forex losses, (€99k) in net forex losses, €162k in interest received on cash investments and capital gains, and (€1,685k) in bond-related interest and coupon payments.

Exceptional losses totaled (€685k) during the period, of which (€1,016k) corresponded to the value of treasury shares allocated definitively as part of the Company's free-share plans, €194k corresponded to net capital gains generated on the liquidity contract, and (€1,823k) corresponded to the net asset value of (tangible and intangible) fixed assets. In 2016/17, the Company recorded an exceptional loss of (€919k).

Tax on earnings in 2017/18 amounted to €12,328k, versus €9,262k the previous year.

Employee profit-sharing amounted to €6,678k in 2017/18, compared with €4,402k in 2016/17.

In the light of the above, net income came to €30,558k at the fiscal year-end, compared with €23,689k at end-March 2017.

Shareholders' equity totaled €137,003k at end-March 2018, representing an increase on the previous year's figure of €109,452k.

Factoring in the bank loan of €82,452k and bond-related debt of €3,081k, net debt at end-March 2018 stood at (€44,599k) versus a net cash position of (€60,795k) at end-March 2017.

2.3. Trade payables and receivables

In accordance with the regulatory dispositions in force since 01/01/09, the year-end balances of trade payables and receivables are presented in the table below.

These amounts are expressed in euros and exclusively concern Wavestone SA.

(in euros)	Article D.441 I.-1: invoices received unpaid on year-end date with an expired deadline						Article D.441 I.-2: invoices issued unpaid on year-end date with an expired deadline					
	0 day	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total 1 day and more	0 day	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total 1 day and more
(A) Late payment installments												
Number of invoices concerned	589					42	1,956					520
Total amount of invoices concerned, incl. tax	11,834,156	125,891	70,432	24,917	106,337	327,577	50,015,252	7,035,949	1,312,336	843,840	2,938,102	12,130,226
Percentage of total amount of purchases in the fiscal year, incl. tax	14.7%	0.2%	0.1%	0.0%	0.1%	0.4%						
Percentage of sales for the fiscal year, incl. tax							15.1%	2.1%	0.4%	0.3%	0.9%	3.7%
(B) Invoices excluded from (A) related to debt and contested or unrecognized receivables												
Number of invoices	Unavailable						Unavailable					
Total amount of invoices concerned, incl. tax	€65,222						€737,496					
(C) Benchmark payment terms used (contractual or legal terms - article L.441.6 or article L.443-1 of the French Commercial Code)												
Payment terms used to calculate payment delays	Contractual terms		60 days				Contractual terms		30 or 60 days depending on clients			
	Legal terms		60 days				Legal terms		60 days			

At end-March 2018, accrued trade payables comprised payments due to external suppliers in the amount of €11,808k and to internal suppliers in the amount of €4,754k.

At end-March 2018, unbilled receivables comprised payments owed by external suppliers in the amount of €32,640k and by internal suppliers in the amount of €7,902k.

2.4. Legal developments in 2017/18

2.4.1. Merger of Belgian subsidiaries

To pursue the simplification of its legal structure, the Group merged Solucom Belgium, a company governed by Belgian law, into the company Wavestone Belgium.

From an accounting perspective, all costs relating to the merger had been booked by the absorbing company as at 04/01/17.

After the dissolution without liquidation of the absorbed company, its assets were transferred to Wavestone Belgium.

2.4.2. Merger of Moroccan subsidiaries

To pursue the simplification of its legal structure, the Group merged Wavestone Morocco, a company governed by Moroccan law, into the company Wavestone Advisors Morocco on 09/05/17.

From an accounting perspective, all costs relating to the merger had been booked by the absorbing company, effective retroactively from 04/01/17.

After the dissolution without liquidation of the absorbed company, its assets were transferred to Wavestone Advisors Morocco.



2.4.3. End of partnership with ShiftIN Partners

Wavestone ended its partnership with ShiftIN Partners in the Middle East due to a change in the firm's strategy.

2.4.4. Eligibility of Wavestone shares for the PEA-PME plan

For the record, Wavestone set up a PEA-PME (a share-based savings plan designed to finance SMEs and mid-tier companies) in early March 2014, alongside the share-based savings plan (PEA) already in place.

Companies with a workforce of less than 5,000 employees, revenues of under €1.5bn and a statement of financial position total not exceeding €2bn are eligible for the PEA-PME plan. These eligibility criteria must take into account the fact that the Company may be part of a Group.

In a press release published on 04/18/18, Wavestone confirmed that it complied with all the PEA-PME eligibility criteria set out in French application decree no. 2014-283, dated 03/04/14.

Consequently, Wavestone shares remain eligible for incorporation into PEA-PME accounts, which benefit from the same tax benefits offered by traditional share-based savings plans (PEAs).

2.4.5. Free share allocation

For details on the free share allocation, see paragraph 3.2 below.

2.5. Post-closure events

2.5.1. Acquisition of Xceed

Established in London in 2003, Xceed Group is a technology consultancy that specializes in implementing large-scale IT transformation programs for major financial services organizations. Its main services include the planning and delivery of complex IT change programs.

Xceed Group has five main areas of expertise:

- modernizing banking platforms;
- enhancing IT infrastructures;
- customizing payment methods;
- managing digital transformation; and
- IT sourcing.

The company focuses on the financial services industry (accounting for 80% of its revenue), serving banks, insurance companies and financial data processors.

Xceed Group has 60 employees in London and New York, with the vast majority located in London.

For its last fiscal year (ended 11/30/17), the Group recorded consolidated revenue of £13.3m (approximately €15.3m), up 8%, and an adjusted EBITDA margin of over 20%. These figures do not include Xceed Group's FIMS' (Flexible Infrastructure Managed Services) activity, which is not part of the acquisition.

This acquisition accelerates the international development of Wavestone in line with the strategic plan Wavestone 2021.

Xceed Group will play a key role in enhancing Wavestone's value proposition in the UK and the US and will help to develop these markets.

For Xceed Group's teams, this acquisition is a fantastic opportunity to become part of new growth traction and benefit from a stronger strike force, with a greater international dimension.

Wavestone acquired a 100% stake in Xceed Group in April 2018. The operation involved the carve-out of the FIMS' activity, which was excluded from the scope of the acquisition and retained by the shareholders of Xceed Group.

John Casserly, current CEO of Xceed Group, and the other shareholders of the company, will support the merger during a 6- to 12-month transition phase, to ensure the successful integration of the company within Wavestone. Xceed Group's activity will continue to be driven by the current leadership team, which is composed of five managers.

2.6. Subsidiaries and equity holdings

Information on subsidiaries and equity holdings

12-month fiscal year ended 03/31/18 unless otherwise indicated.

(in thousands of euros) Companies	Country	Revenues	Real growth rate	Real growth rate fixed rates	Operating income*	Operating margin (%)*
Wavestone Advisors UK Ltd	United Kingdom	4,548	11%	17%	379	8%
Wavestone Advisors Switzerland Sàrl	Switzerland	5,398	4%	10%	335	6%
Wavestone Advisors (SAS)	France	97,889	0%	n/a	6,036	6%
Wavestone US Inc	United States	4,912	-34%	-29%	-2,061	-42%
Wavestone Luxembourg SA	Luxembourg	14,710	3%	n/a	368	2%
Wavestone Belgium SA/NV ⁽¹⁾	Belgium	1,960	n/a	n/a	-260	n/a
Wavestone Advisors Morocco (SARL) ⁽²⁾	Morocco	2,276	n/a	n/a	349	n/a
Wavestone Consulting Switzerland Sàrl	Switzerland	7,454	31%	50%	628	8%
Wavestone HK Ltd ⁽³⁾	Hong Kong	1,203	n/a	n/a	321	27%

* Excluding the impact of any free-share plans.

(1) Solucom Belgium merged with Wavestone Belgium SA/NV on 04/01/17. The comparison with 03/31/17 only corresponds to Wavestone Belgium SA/NV.

(2) Wavestone Morocco merged with Wavestone Advisors Morocco (SARL) on 09/05/17, effective retroactively from 04/01/17 for accounting purposes. The comparison with 03/31/17 only corresponds to Wavestone Advisors Morocco (SARL).

(3) 12-month fiscal year ended 03/31/18, whereas the 9-month fiscal year ended 03/31/17 given its creation on 07/15/16. Year-on-year change not applicable.

Equity acquisitions and takeovers

None.

Cross or reciprocal shareholdings

None.

Disposal of equity holdings

None.

2.7. Research & Development activity

Although the Company carries out R&D activities on a regular basis, these activities are only capitalized on an exceptional basis.

Some of these activities are eligible for French research tax credits.

As such, during the 2017/18 fiscal year, Wavestone benefited from a research tax credit relative to 2017 in the amount of €1,658k.

2.8. Debt and dividend policy

Being a growth company, Wavestone reinvests the bulk of its profits in the Company to finance its development. As part of its dividend payout policy, Wavestone distributes 15% of the Group's share of net income to its shareholders. Nevertheless, the Company reserves the right to adjust this ratio to meet its financing needs, and in accordance with its cash generation capacity, as well as the practices in its sector of activity.

On 01/07/16, Wavestone replaced its existing credit lines with a new loan of €120m, comprising a credit facility of €95m to finance the acquisition of Kurt Salmon's European activities, and a credit facility totaling €25m to finance the Company's working capital requirement and future external growth operations, neither of which had been drawn down at 03/31/18. The firm also has access to a €3m bond loan, repayable at maturity in 2018.



As required by law, the following table lists the dividends paid out in the three previous fiscal years:

Fiscal year	Number of shares receiving dividends⁽¹⁾	Dividend paid per share⁽²⁾	Portion of dividend eligible for 40% deduction⁽³⁾
03/31/17	4,929,431	€0.61	100%
03/31/16	4,912,936	€0.41	100%
03/31/15	4,911,457	€0.39	100%

(1) Wavestone's treasury shares are not eligible to receive dividends.

(2) Before tax and social security deductions.

(3) The Company did not distribute any income eligible for deduction.

3. Share capital and shareholding structure

3.1. Information concerning the share capital

3.1.1. Breakdown of the share capital

Breakdown of the share capital and voting rights

The list of Wavestone shareholders at 04/05/18 is set out in the table below:

Shareholders	Number of shares	% capital	Theoretical voting rights	% of theoretical voting rights⁽¹⁾	Exercisable voting rights	% of exercisable voting rights⁽²⁾
Executives and corporate officers	2,489,339	50.12%	4,975,623	63.71%	4,975,623	64.02%
<i>Pascal Imbert</i>	<i>1,447,284</i>	<i>29.14%</i>	<i>2,894,568</i>	<i>37.06%</i>	<i>2,894,568</i>	<i>37.24%</i>
<i>Michel Dancoisne</i>	<i>1,005,672</i>	<i>20.25%</i>	<i>2,011,344</i>	<i>25.75%</i>	<i>2,011,344</i>	<i>25.88%</i>
<i>Patrick Hirigoyen</i>	<i>24,338</i>	<i>0.49%</i>	<i>48,481</i>	<i>0.62%</i>	<i>48,481</i>	<i>0.62%</i>
<i>Other directors and corporate officers</i>	<i>12,045</i>	<i>0.24%</i>	<i>21,230</i>	<i>0.27%</i>	<i>21,230</i>	<i>0.27%</i>
Shareholders with more than 5% of Company shares	307,100	6.18%	436,700	5.59%	436,700	5.62%
<i>Delphine Chavelas</i>	<i>307,100</i>	<i>6.18%</i>	<i>436,700</i>	<i>5.59%</i>	<i>436,700</i>	<i>5.62%</i>
Employees	296,471	5.97%	413,811	5.30%	413,811	5.32%
Treasury stock	37,551	0.76%	37,551	0.48%		
Free float	1,836,421	36.97%	1,946,063	24.92%	1,946,063	25.04%
Total	4,966,882	100.00%	7,809,748	100.00%	7,772,197	100.00%

(1) Pursuant to Article 11 of the Company's Articles of Association, double voting rights are granted to holders of fully paid-up shares registered for at least two years in the name of the same shareholder. In addition, pursuant to Article 223-11 of the General Regulations of the AMF, the total number of theoretical voting rights is calculated based on the total number of shares including those without voting rights.

(2) In accordance with AMF position-recommendation no. 2014-14, the total number of voting rights exercisable at General Meetings is calculated based on the total number of shares with exercisable voting rights, but does not include those without voting rights.

Total voting rights attached to registered shares: 5,769,578 (1) for 2,926,712 shares.

Total number of shares with voting rights: 4,966,882.

Total number of bearer shares with single voting rights: 4,966,882 - 2,926,712 = 2,040,170 (2).

Total number of theoretical voting rights (1) + (2) = 7,809,748.

Number of treasury shares = 37,551 (3).

Total number of exercisable voting rights (1) + (2) - (3) = 7,772,197.

A TPI analysis conducted on 04/05/18 revealed that approximately two-thirds of the shares making up the free float on that date were held by institutional funds and a third by private shareholders.

29.14% of Wavestone's shares are held by Pascal Imbert, the Chairman of the Management Board, and 20.25% by Michel Dancoisne, the Chairman of the Supervisory Board. Working in collaboration, these shareholders jointly own 49.39% of the Company's capital.

The TPI analysis conducted on 04/05/18 also indicates that Mrs. Delphine Chavelas owns 6.18% of the Company's share capital. To the best of the Company's knowledge, no other shareholder owns 5% or more of the Company's share capital and/or voting rights.

Patrick Hirigoyen is a member of the Management Board and Chief Operating Officer (COO), in charge of operations for Wavestone.

Other executives and corporate officers include: Jean-François Perret (Vice-Chairman of the Supervisory Board), Marie-Ange Verdickt, Sarah Lamigeon, Rafaël Vivier, Jean-Noël Mermet and Benjamin Clément (all members of the Supervisory Board). Note that Marie-Ange Verdickt is also Chairman of the Audit Committee and Michel Dancoisne and Rafaël Vivier are also members of the latter.

Wavestone is managed by its two founders. The Company endeavors to respect the strict principles of corporate governance and notably adopted a two-tier corporate governance structure comprising a Management Board and a Supervisory Board, which appoints independent directors to ensure that it represents all the Company's shareholders while exercising its oversight role. As such, every year the Supervisory Board reviews subjects such as strategic issues, annual action plans and budgets, and internal-control procedures. The Supervisory Board also carries out a self-assessment of its performance and verifies the independence of its members.

Changes in the Company's shareholding structure during the last three years are detailed in the table below:

Shareholders	04/05/18 ⁽³⁾				03/31/17 ⁽³⁾			04/11/16 ⁽³⁾		
	Number of shares	% capital	% of theoretical voting rights	% of exercisable voting rights	Number of shares	% of theoretical voting rights	% of exercisable voting rights	Number of shares	% of theoretical voting rights	% of exercisable voting rights
Executive directors and corporate officers^{(1) (2)}	2,489,339	50.12%	63.71%	64.02%	2,488,561	63.63%	64.15%	2,619,509	67.72%	68.19%
<i>P. Imbert</i>	1,447,284	29.14%	37.06%	37.24%	1,447,284	37.08%	37.38%	1,447,284	37.48%	37.81%
<i>M. Dancoisne</i>	1,005,672	20.25%	25.75%	25.88%	1,005,672	25.76%	25.97%	1,135,272	29.40%	29.66%
<i>P. Hirigoyen</i>	24,338	0.49%	0.62%	0.62%	24,256	0.62%	0.62%	26,148	0.67%	0.68%
<i>Other executive directors and corporate officers</i>	12,045	0.24%	0.27%	0.27%	11,349	0.17%	0.17%	10,805	0.16%	0.05%
Shareholders owning more than 5% of the capital	307,100	6.18%	5.59%	5.62%	349,600	6.14%	6.19%	0	0.00%	0.00%
<i>D. Chavelas</i>	307,100	6.18%	5.59%	5.62%	349,600	6.14%	6.19%	0	0.00%	0.00%
Employees⁽⁴⁾	296,471	5.97%	5.30%	5.32%	255,988	4.57%	4.61%	261,009	3.75%	3.78%
Treasury stock	37,551	0.76%	0.48%		62,947	0.81%		67,120	0.87%	
Free float	1,836,421	36.97%	24.92%	25.04%	1,809,786	24.85%	25.06%	2,019,244	27.67%	28.03%
Total	4,966,882	100.00%	100.00%	100.00%	4,966,882	100.00%	100.00%	4,966,882	100.00%	100.00%

(1) Wavestone corporate officers.

(2) Messrs Dancoisne and Imbert acting in concert.

(3) Under Article 223-II of the General Regulation on of the AMF, the total number of theoretical voting rights is calculated on the basis of the total number of shares, including those with no voting rights. In accordance with AMF position-recommendation no. 2014-14, the total number of voting rights that can be exercised at Shareholders' Meetings is calculated on the basis of the total number of shares with exercisable voting rights, but does not include shares with no voting rights.

(4) In accordance with Article 2009-16 of the General Regulation of the AMF, as amended on 12/17/13, an employee subtotal was added as of 03/31/14. This employee subtotal was maintained during the fiscal year ended 03/31/18, in accordance with AMF position-recommendation no. 2014-14.

There was no significant change in the Company's shareholder structure or material disposal of Company shares by shareholding directors during the 2017/18 fiscal year.



3.1.2. Threshold crossings

None.

3.1.3. Change in share capital

There has been no change in the Company's share capital during the past five years. The last operation carried out on the share capital was the creation of 16,220 new shares on 05/26/09, subsequent to the exercise of stock options during the fiscal year ended 03/31/09.

3.1.4. Collective lock-up undertakings

During the past fiscal year, Wavestone was not informed of any collective lock-up undertakings relating to the Company's securities.

It is recalled that during the past few fiscal years, a number of collective lock-up undertakings relating to Wavestone's securities were entered into as follows:

- *Collective lock-up undertaking IV - On 01/11/17, certain shareholders concluded a collective lock-up undertaking in accordance with Article 885 I Bis of the French General Tax Code for a period of two years as of 01/12/17, the date of registration with the clearing house in the 16th district of Paris. Thereafter, it will be automatically renewed for an undetermined period, unless notice of termination is given.*
- *Collective lock-up undertaking V - On 01/11/17, certain shareholders concluded a collective lock-up undertaking in accordance with Article 885 I Bis of the French General Tax Code for a period of two years as of 01/12/17, the date of registration with the clearing house in the 16th district of Paris. Thereafter, it will be automatically renewed for an undetermined period, unless notice of termination is given.*
- *Collective lock-up undertaking VI - On 01/11/17, certain shareholders concluded a collective lock-up undertaking in accordance with Article 787 B of the French General Tax Code for a period of two years as of 01/12/17, the date of registration with the clearing house in the 16th district of Paris. Thereafter, it will be automatically renewed for an undetermined period, unless notice of termination is given.*

The signatories of the 3 collective lock-up undertakings mentioned above commit to holding the 1,128,210 shares, equivalent to 22.71% of the Company's current share capital and 29.03% of its current exercisable voting rights.

All these collective lock-up undertakings were signed by Mrs. Delphine Chavelas, who holds more than 5% of Wavestone's share capital and by the following members of the Company's Supervisory and Management Boards:

- Mr. Michel Dancoisne, Chairman of the Supervisory Board,
- Mr. Pascal Imbert, Chairman of the Management Board."

For the record, the collective lock-up undertakings (pursuant to Article 787 B and Article 885 I Bis of the French General Tax Code) concluded on 12/18/10 become null and void on 03/29/17 and were replaced by two collective lock-up undertakings concluded on 12/21/16, signed by the same signatories, i.e. Mrs. Delphine Chavelas and Messrs. Michel Dancoisne and Pascal Imbert.

One of the undertakings was terminated on 05/13/17 and the other, which concerns some 1,232,782 shares, remains in effect.

3.1.5. Trends in the Wavestone share-price performance

The Wavestone share price was €87.25 on 04/03/17 at the start of the fiscal year and rose to €134.20 on 03/29/18, representing a total increase of 54%.

All share prices mentioned in this document are the prices at closing on the trading days in question.

3.1.6. Treasury stock: share buyback program

In compliance with the authorizations mentioned in paragraph 4.1.7 - "Share buyback program" - of this report, Wavestone bought back its own shares on the open market under the conditions laid down by law and within the context of the share buyback program implemented by the Company. This program is described in full in the Registration Document filed on 07/12/17 with the AMF under number D.17-0750 pursuant to Article 241-2 of the General Regulations of the AMF.

As required under Article L.225-211 of the French Commercial Code, all related elements and information at end-March 2018 are disclosed in the notes to the Company's financial statements and summarized in paragraph 4.1.7 - "Share buyback program".

Wavestone's treasury stock is limited to the shares bought back within the context of its buyback program.

More details are provided in paragraph 4.1.7 of the "Management Board Report - General Report".

3.2. Employee shareholding

Status of employee shareholding

In accordance with Article L.225-102 of the French Commercial Code, we hereby inform you that, on 03/31/18 the current and former employees of the Wavestone company and/or of the companies it owns, as defined in Article L.225-180 of the French Commercial Code, owned 109,626 Wavestone shares (equivalent to 2.2% of the share capital at that date) within the context of a Group Savings Plan (PEG) set up by the Group in the form of an equity saving fund.



Employee profit-sharing

No employee profit-sharing agreement has been set up within the Group.

Free share plan

At end-March 2018, the Wavestone Group had several free share plans.

During the 2017/18 fiscal year, Wavestone granted the following free shares:

Definitive granting of shares under the 07/01/14 plan: "Executive Director Plan no. 9"

For the record, on 07/01/14, the Management Board exercised the authorization granted by the combined ordinary and extraordinary Shareholders' Meeting of 09/25/13 and implemented a plan to grant existing or future free shares. This plan is referred to as "Executive Director Plan no. 9".

This plan had a vesting period of thirty-six (36) months and expired on 07/01/17.

The initial number of shares granted was limited to a maximum of 8,961 shares. In accordance with the conditions of the plan, 8,961 shares were granted to 3 senior executive employees of Wavestone SA at the end of the vesting period.

The shares granted under the "Executive Director Plan no. 9" were previously acquired by the Company during a share buyback program.

Definitive granting of shares under the 07/01/15 plan: "Employee Plan no. 10"

For the record, on 07/01/15, the Management Board exercised the authorization granted by the combined ordinary and extraordinary Shareholders' Meeting of 09/25/13 and implemented a plan to grant existing or future free shares reserved for Wavestone employees, in accordance with the option chosen by them under the Group's employee savings plan. This plan is referred to as "Employee Plan no. 10".

This plan had a vesting period of twenty-four (24) months and expired on 07/01/17.

The initial number of shares granted was limited to a maximum of 15,900 shares. In accordance with the conditions of the plan, 12,712 shares were granted to 572 employees at the end of the vesting period.

The shares granted under the "Employee Plan no. 10" were previously acquired by the Company during a share buyback program.

Definitive granting of shares under the 01/28/16 plan: "OneFirm - Switzerland Plan"

For the record, on 01/28/16, the Management Board exercised the authorization granted by the combined ordinary and extraordinary Shareholders' Meeting of 07/22/15 and implemented a plan to grant existing or future free shares. This plan is referred to as the "OneFirm - Switzerland Plan".

The vesting period for the first tranche of the "OneFirm - Switzerland Plan" (concerning beneficiaries belonging to Swiss entities) ended on 06/28/17.

The initial number of shares granted was limited to a maximum of 738 shares. In accordance with the conditions of the plan, 738 shares were granted to 3 senior executive employees of Wavestone Advisors Switzerland at the end of the vesting period.

The shares granted under the "OneFirm - Switzerland Plan" were previously acquired by the Company during a share buyback program.

Initial granting of shares under the 07/03/17 plan: "Employee Plan no. 12"

On 07/03/17, the Management Board partially used the authorization granted to it under Resolution 9 of the combined ordinary and extraordinary Shareholders' Meeting of 07/20/16, and implemented a free share plan - "Employee Plan no. 12"-, within the context of the Group's employee savings plan. Employee Plan no. 12 is reserved for Wavestone employees in accordance with the option they had chosen within the context of the Group's employee savings plan.

Note that, at the initial grant date, Wavestone attributed 17,438 shares to 971 employee beneficiaries, subject to their definitive granting at the end of the 24-month vesting period as of 07/03/19.

Principle of non-interference by management in employee shareholder voting

For the record, the Management Board upholds the principle of employee shareholding. Accordingly, several years ago, it set up an employee savings plan promoting employee access to the Company's share capital.

Wavestone also strives to ensure that, within the context of the employee savings plan, employee votes remain truly independent of Management. As such, Wavestone undertakes to ensure that representatives of management do not interfere with employee shareholder voting.

4. Proposals submitted by the Management Board to the 07/26/18 combined ordinary and extraordinary Shareholders' Meeting

4.1. Ordinary Shareholders' Meeting

4.1.1. Approval of the consolidated and Company financial statements and allocation of net income

Company financial statements (1st and 3rd resolutions)

You are asked to approve Wavestone's annual financial statements, comprising the statement of financial position, the income statement and the notes to the financial statements for the fiscal year ended 03/31/18 as presented to you and which show a net profit of €30,557,857.

You are asked to approve a dividend payout in the amount of €0.81 per share.

Based on the shareholder register at 04/05/18, 4,929,331 shares are eligible to receive this dividend.

This represents a total proposed dividend payment of €3,992,758, and a payout ratio of 15% of the Group's share of net profit.

The net profit for the fiscal year ended 03/31/18 would therefore be affected as follows:

Full-year earnings	€30,557,857
Retained earnings	€26,565,099
Total distributable earnings	€3,992,758

The dividend will be paid in cash as of 08/03/18.

This distribution is eligible, for those shareholders who may benefit from it, in its entirety to the single flat-rate withholding tax of 30% (12.8% corresponding to a flat-rate tax on income and 17.2% for social security contributions) referred to in Article 117.4 of the French General Tax Code or, at the option of the beneficiary, to the 40% reduction referred to in Article 158-3.2 of the French General Tax Code.

If, at the time of payout, the number of Company treasury shares that are not eligible to receive dividends has changed, the subsequent difference corresponding to the amount of dividends not paid, or to be paid because of this difference shall, depending on the case, be credited or charged to the "Retained earnings" account.

Details of dividends distributed by the Company in the past three fiscal years are given in paragraph 2.8 above.

In addition, pursuant to Article 223.4 of the French General Tax Code, non-deductible expenses as defined in Article 39-4 of this Code amounted to €20,529 making for a tax charge of €7,069.

A table presenting the Company's financial income during the past five fiscal years is attached to this report.

Consolidated financial statements (2nd resolution)

You are asked to approve Wavestone's consolidated financial statements, for the fiscal year ended 03/31/18 as presented to you and which show a consolidated net profit of €26,627,869.

4.1.2. Related-party agreements and commitments (4th and 5th resolutions)

Pursuant to Articles L.225-86, L.225-79-1 and L.225-90-1 of the French Commercial Code, you are asked to:

1/ approve the agreement entered into during the past fiscal year and authorized by your Supervisory Board at its Meeting of 05/30/17, pursuant to which it was agreed that the period of suspension of the employment contract of Mr. Patrick Hirigoyen would be considered for the calculation of the number of years of service acquired under his employment contract (for the record, Mr. Hirigoyen's contract was suspended as of 04/01/17),

2/ take note of the information relating to the agreement previously approved and which continued to apply during the fiscal year ended 03/31/18,

3/ acknowledge the absence of any prior related-party commitments entered into by the Company.

Note that, in accordance with Article L.225-88-1 of the French Commercial Code, the Supervisory Board is required to examine all approved agreements and decide whether or not their authorization should be maintained.

Pursuant to Article R.225-57 of the French Commercial Code, your Statutory Auditors were duly advised of the related-party agreements cited in paragraphs 1/ and 2/ above and which they describe in their special report.

4.1.3. Change in Supervisory Board mandates (6th and 7th resolutions)

Under the 6th resolution, the Management Board requests your approval to renew Mr. Michel Dancoisne's mandate as a member of the Supervisory Board for a period of four years, i.e. until the close of the annual General Meeting called to approve the financial statements for the fiscal year ending 03/31/22.

Under the 7th resolution, the Management Board also requests your approval to renew Mr. Jean-François Perret's mandate as a member of the Supervisory Board for a period of four years, i.e. until the close of the annual General Meeting called to approve the financial statements for the fiscal year ending 03/31/22.

4.1.4. Approval of the implementation of the compensation policy approved for the 2017/18 fiscal year (8th, 9th and 10th resolutions)

In accordance with the French law of 12/09/16 on transparency, the fight against corruption and the modernization of the economy (known as the "Sapin 2" law), a post-statement of financial position verification procedure has been established for the compensation paid to the Chairman of the Supervisory Board and the members of the Management Board, applicable for the first time at the end of the General Meeting called to approve the financial statements for the fiscal year ending 03/31/18 (ex-post vote).

Last year, the General Meeting voted on the principles and criteria used to determine and allocate the fixed, variable and exceptional components of the total compensation and benefits of any kind attributable to the members of the Supervisory Board and of the Management Board in respect of their duties.

This year, the Shareholders must decide on the fixed, variable and exceptional items comprising the total compensation and benefits of any kind paid or granted to the Chairman of the Supervisory Board and members of the Management Board in respect of the previous fiscal year.

Accordingly, 3 resolutions will be proposed by your Supervisory Board concerning the Chairman of the Board (8th resolution), the second member of the Management Board and COO (9th resolution), and the Chairman of the Supervisory Board (10th resolution).

Variable or exceptional compensation items allocated during the past financial year to the Chairman of the Supervisory Board and members of the Management Board may only be paid after approval of the compensation by the General Meeting.

In the event of a negative ex post vote, fixed compensation elements shall remain payable to the Chairman of the Supervisory Board and the members of the Management Board, but variable and exceptional compensation elements, if any, cannot be paid to them.

The 8th and 9th resolutions submit for your approval the compensation and benefits of any kind paid or granted in

respect of the fiscal year ending 03/31/18 to Mr. Pascal Imbert, Chairman of the Management Board, and Mr. Patrick Hirigoyen, member of the Management Board and COO. The elements of their respective compensation are explained in the Supervisory Board Report on corporate governance.

The 10th resolution submits for your approval the compensation and benefits of any kind paid or granted in respect of the fiscal year ending 03/31/18 to Mr. Michel Dancoisne in his capacity as Chairman of the Supervisory Board. The elements of his respective compensation are explained in the Supervisory Board Report on corporate governance.

4.1.5. Approval of the principles and criteria for determining Company director compensation for the 2018/19 fiscal year (11th, 12th and 13th resolutions)

In accordance with the French law of 12/09/16 on transparency, the fight against corruption and the modernization of the economy (known as the "Sapin 2" law) stipulates that every year, shareholders must vote on the principles and criteria used to determine and allocate the fixed, variable and exceptional components of the total compensation and benefits of any kind attributable to the members of the Supervisory Board and of the Management Board in respect of their duties.

In light of this, and in keeping with the previous year, the Supervisory Board submits three resolutions concerning the Chairman of the Management Board (11th resolution), the second member of the Management Board and COO (12th resolution), and the Chairman and members of the Supervisory Board (13th resolution).

If the annual General Meeting does not approve these resolutions, compensation will be determined on the basis of the compensation attributed for the previous year, or, in the absence of compensation granted in respect of the previous year, in compliance with current practices within the Company.

It is specified that the payment in 2019 of the variable components of the 2018/19 compensation is subject to the approval by the 2019 ordinary Shareholders' Meeting of the compensation components determined in accordance with the conditions set out in Article L.225-100 of the French Commercial Code.

The 11th and 12th resolutions submit for your approval the principles and criteria used to determine the compensation of Mr. Pascal Imbert, Chairman of the Management Board, and Mr. Patrick Hirigoyen, member of the Management Board and COO. The elements of their respective compensation are explained in the Supervisory Board Report on corporate governance.

The 13th resolution submits for your approval:

- the principles and criteria used to determine the compensation of Mr. Michel Dancoisne in his capacity as Chairman of the Supervisory Board,
- as well as the principles and criteria applicable to the attendance fees to be attributed for the 2018/19 fiscal year to members of the Supervisory Board. Attendance fees may comprise a fixed component and a variable component as described in the Supervisory Board's report on corporate governance.

More details concerning the elements of the compensation attributable to the members and Chairman of the Supervisory Board are given in the Supervisory Board's report on corporate governance.

4.1.6. Attendance fees (14th resolution)

We propose you fix the overall annual amount of attendance fees to be awarded to members of the Supervisory Board at €136,000 for the fiscal year starting on 04/01/18 and the following years until such time as a new decision is made by the General Meeting. This new budget was set taking into account the creation of the Compensation Committee and the payment of attendance fees to the Chairman of the Supervisory Board.

In accordance with market recommendations, the Supervisory Board has so far allocated attendance fees to the members of the Supervisory Board, taking into account the actual attendance of members at Supervisory Board and Audit Committee Meetings and the time devoted to their duties.

The information related to the objectives of this buyback program is summarized in the table below:

	Total (market)	External growth	Shares granted to employees	Exercise of rights attached to securities
Situation at 03/31/17	9,663	0	53,284	0
Purchases	68,943	0	0	0
Sales	-71,261	0	-22,473	0
Reallocations		0	0	0
Redemptions				0
Situation at 03/31/18	7,345	0	30,811	0
Gross carrying value ⁽¹⁾ (€)	982,386	0	2,087,869	0
% of share capital at 03/31/18	0.15%	0.00%	0.62%	0

(1) The gross book value of shares is calculated based on acquisition cost.

4.1.7. Share buyback program (15th resolution)

Share buyback program underway

The combined ordinary and extraordinary Shareholders' Meeting of 07/27/17 authorized the Management Board under the 10th resolution to implement a new share buyback program in accordance with the legal and regulatory provisions in force. This program succeeded the program authorized by the combined ordinary and extraordinary Shareholders' Meeting of 07/20/16.

In accordance with statutory requirements, we inform you that, at 03/31/18, the key features pertaining to the two programs launched successively in 2017/18 were as follows:

- 68,943 treasury shares were purchased in 2017/18 at a total acquisition cost of €7,729,660.62, representing an average purchase price of €112.12 per share;
- 71,261 treasury shares were sold in 2017/18 at a total price of €7,770,416.97, representing an average selling price of €109.04 per share;
- the Company did not pay any trading charges;
- 22,473 free shares were granted to employees in 2017/18 worth a total of €1,016,317.49, valued at the purchase price, representing an average exit price of €45.22 per share;
- 38,156 treasury shares were written to the statement of financial position at 03/31/18 for a total market value of €5,120,535.20 calculated on the basis of the end-March 2018 closing price of €134.20; their par value was €0.10 per share.

Treasury shares represented 0.76% of the share capital.

New share buyback proposal

The Management Board requests you grant a new authorization in principle, based on the main conditions described below. The key features of the new program are as follows:

Objectives

- to stimulate the market for Wavestone shares via a liquidity contract concluded with an independent investment services provider in accordance with an ethics charter recognized by the AMF;
- to honor obligations related to the issue of shares and other securities giving access to the Company's share capital;
- to allocate or, as the case may be, sell shares to employees and/or corporate officers of the Company or companies within the Group, in accordance with the conditions and formalities provided by law, notably in the case of profit-sharing and shareholding plans, as well as the setting up of company and inter-company savings plans, and the implementation and coverage of all stock-option and free share plans;
- to cancel all or some of the acquired shares for the purposes of reducing the capital, within the context of, and subject to, a valid authorization granted by the extraordinary Shareholders' Meeting;
- to implement all market practices and objectives permitted by law or current regulations or by the AMF concerning share repurchase programs and, more generally, to carry out all operations conforming to the regulations in force regarding these programs.

Limit

10% of the share capital, minus the amount of treasury shares already held.

Financial terms of purchase

Maximum purchase price: €264 per share (excluding trading fees) for transactions carried out to stimulate trading on the secondary market and ensure the liquidity of Wavestone shares, and €198 per share (excluding trading fees) for other transactions.

Cancellation of shares

The combined ordinary and extraordinary General Meeting of 07/26/18 will be asked to approve an authorization granting the Management Board the power to reduce the share capital by canceling treasury shares (see Resolution 16).

Period of validity

Valid as of the combined ordinary and extraordinary General Meeting of 07/26/18 until the next annual General Meeting called to approve the financial statements for fiscal year ending 03/31/19 and for up to a maximum of 18 months, it being understood that the combined ordinary and extraordinary General Meeting of 07/26/18 will be asked to cancel and replace the previous authorization and program, without interruption, with the new authorization.

Public offer

For the record, since the adoption of the Florange Law on 03/29/14, which eliminated the principle of Management Board neutrality in the event of a public offer, the Board can now make use of authorizations (particularly of a financial nature) granted by General Meetings under such circumstances.

Wavestone has nonetheless confirmed its commitment to the principal of Management Board neutrality during public offer periods.

Accordingly, the proposed authorization concerning the share buyback program to be granted to the Management Board by the combined ordinary and extraordinary General Meeting on 07/26/18, will be suspended during tender offer periods. This new share buyback program could therefore not be used by the Management Board during such periods.

Details of this share buyback program are provided in the 2017/18 registration document.

4.2. extraordinary Shareholders' Meeting

The following points are submitted for your approval within the context of the extraordinary Shareholders' Meeting. You are being asked to:

- grant the Management Board the power to reduce the share capital by canceling treasury shares;
- authorize the four-for-one split of the Company's shares and the exchange of each existing share for four new shares in the Company.

4.2.1. Authorization to be granted to the Management Board to reduce the share capital by canceling treasury shares (16th resolution)

As a result of the proposed cancellation of the 15th resolution, we ask you to grant the Management Board the power, with the right of sub-delegation under the conditions fixed by law and the Articles of Association, to reduce the share capital, on one or several occasions, by canceling all quantities of treasury shares within the limits authorized by law.



Wavestone may use treasury stock cancellation for the purposes of financing operations such as implementing an active capital management strategy or statement of financial position optimization or as compensation for any share dilution resulting from an increase in capital.

The number of Company shares, which may be canceled will be subject to the ceiling indicated below. At the date of cancellation, the maximum number of shares canceled by the Company during the twenty-four-month period preceding the said cancellation date and including the number of shares to be canceled on that date, is capped at 10% of the Company share capital on that date.

This authorization is requested for a period of eighteen months. Until present, no operation to reduce the share capital has been carried out.

4.2.2. Amendment to Wavestone's Articles of Association (17th resolution)

Four-for-one split of the Company's shares and exchange of each existing share for four new shares in the Company; Delegation of powers to the Management Board

To increase the Wavestone share's liquidity and to make it more accessible, we propose to divide the par value of the Wavestone share by four and consequently to exchange each existing share for four new shares in the Company and to give full powers to the Management Board to implement and carry out the par value split of the shares. The Company's share capital will remain unchanged.

If you approve this proposal, we will therefore ask you to delegate all powers to the Management Board, with the possibility of sub-delegation within the limits set by applicable legal and regulatory provisions, to:

- implement and carry out the par value split of the shares, and set the effective date, which may not however be later than 12/31/18;
- determine the exact number of new Company shares to be issued based on the number of existing shares on the date of the par value split and perform the exchange of the new shares for the old shares;
- make any adjustments rendered necessary by this split, in particular the adjustment of the number of free shares granted, in accordance with the provisions of Articles L.225-197-1 *et seq.* of the French Commercial Code, prior to the par value split;

- sign any deeds and complete any legal formalities or subsequent declarations;
- amend Article 6 (Share capital) of the Company's Articles of Association accordingly with respect to the total number of shares comprising the share capital; and
- more generally, do all that is useful or necessary for the implementation of this resolution.

4.2.3. Powers for formalities (18th resolution)

Standard resolution granting the necessary powers to carry out all publication and legal formalities.

The Management Board recommends you adopt the resolutions submitted for your approval at the ordinary Shareholders' Meeting, followed immediately by the extraordinary Shareholders' Meeting.

5. Social report and observations of the Works Council

5.1. Social report

As required by law, Wavestone drew up a social report, in accordance with the provisions of Article L.2323-74 of the French Labor Code, and which was reviewed by the Works Council on 05/25/18.

The social report and the observations of the Works Council are made available to the shareholders. Certain elements in the social report pertaining to the Statutory Auditors' assignment are reviewed in the Statutory Auditors report.

5.2. Observations of the Works Council on the economic and social situation of the Company, in accordance with the provisions of Article L.2323-8 of the French Labor Code

None.

The Management Board

05/25/18

2017/18 Management Board Report - Risk Factors and management

Wavestone has reviewed its risks and considers that there are no significant risks other than those presented below.

1. Market risk

Liquidity risk

The Company conducted a specific review of its liquidity risk and believes it will be able to meet its future maturities.

At 03/31/18, the Group had gross cash, net of overdrafts, of €52.1 million. Wavestone's policy is to invest its surplus cash exclusively in risk-free money-market instruments which are booked as cash equivalents in the Company's consolidated financial statements. Wavestone does not use factoring or discounting.

The Company issued a €3.0 million bullet bond in October 2012 via the Micado France 2018 mutual fund.

On 01/07/16, Wavestone also took out a bank loan with its bankers in the amount of €120.0 million, comprising:

- A €95.0 million acquisition and refinancing loan to finance the Kurt Salmon acquisition;
 - 40% of this loan will be repaid on maturity in January 2022,
- An undrawn €15.0 million credit line to finance future external growth transactions;
- An undrawn €10.0 million credit line to finance working capital requirements, if necessary.

At 03/31/18, Wavestone's financial liabilities comprised:

- €86.6 million in bank loans and other financial debt excluding overdrafts, corresponding mainly to:
 - the bank loan contracted on 01/07/16 in the amount of €81.2 million, net of borrowing costs booked in the consolidated financial statements as a deduction from the value of the loan;
 - the Micado bond in the amount of €3.0 million;
 - €2.1 million for leasing contracts.

At 03/31/18, the Company posted net debt⁽¹⁾ of €34.6 million.

Wavestone's gross cash flow margin (€32.9 million at 03/31/18) gives the Company ample means to cover its annual financing needs excluding acquisitions (particularly, changes in working capital requirements and ongoing capital expenditure) as well as its bank loan and bond repayment commitments.

In addition, with readily available cash totaling €86.6 million at 03/31/18, the firm has significant financial flexibility.

Readily available cash at 03/31/18 breaks down as follows:

- €52.1 million in cash (cash and cash equivalents and marketable securities, net of overdrafts);
- €25.0 million in available cash in the form of lines of credit (none of which have been drawn down to date);
- €9.5 million in potential overdraft facilities.

(1) Gross cash position reduced by financial liabilities.

**Breakdown of the Company's financial debt**

Number	Characteristics of the borrowings	Rate	Amount at 03/31/18	Maturity	Hedges
1	€3.0m six-year bullet bond, with semi-annual coupon payments	Fixed (5.50%)	€3m	10/02/18	n/a
2	€95.0m acquisition/refinancing loan in two tranches (A & B) repayable semi-annually over 5 years (Tranche A of €57.0m) and at maturity in January 2022 (Tranche B of €38.0m)	Variable (3-month EURIBOR-Telerate plus a margin of 1% to 2.15% depending on the tranche and leverage ratio)	€82.2m	Tranche A 01/20/21 Tranche B 01/20/22	0.05% interest rate guarantee over 3 years covering a notional equal to 80% of the outstanding loan
	€15.0m external growth credit line with a repayment schedule running to 2021		Unused	n/a	
	Revolving €10.0m credit line with a repayment schedule running to 2021		Unused	n/a	

The second loan is subject to compliance with a leverage ratio (net financial debt/consolidated EBITDA) calculated every six months and requiring annual certification by the Group's auditors for each March 31 year-end. At 03/31/18, the Group was in full compliance with this ratio.

Interest rate risk

Interest rate risk is managed by the Company's Finance Department in conjunction with its main banks. Company policy is to hedge against any increase in future repayments through the use of derivatives contracted with top-tier banks.

On 03/31/18, the Company took out a forward rate agreement with BNP Paribas for the bank loan contracted on 01/07/16. This agreement (a cap) guarantees an interest rate of 0.05% over a period of three years, covering a notional equal to 80% of the outstanding loan.

Wavestone has not contracted any hedges for the €10.0 million and €15.0 million credit line components of the second loan. If the Company were to draw on these lines of credit, it would then consider whether or not it makes economic sense to set up an interest rate hedge.



The following table lists the maturities of the Group's financial assets and liabilities:

At 03/31/18 (in thousands of euros)	Rate	Total	< 1 year	1-5 years	> 5 years
Financial assets ⁽¹⁾	Fixed	52,056	52,056	0	0
	Variable	0	0	0	0
Financial liabilities ⁽²⁾	Fixed	5,628	3,995	1,273	0
	Variable	81,434	12,713	68,721	0
Net position before hedging	Fixed	46,788	48,061	(1,273)	0
	Variable	(81,434)	(12,713)	(68,721)	0
Hedging instruments ⁽³⁾	Fixed	(54)	0	(54)	0
	Variable	0	0	0	0
Net position after hedging	Fixed	46,734	48,061	(1,327)	0
	Variable	(81,434)	(12,713)	(68,721)	0

(1) Cash and cash equivalents.

(2) Fixed-rate bond (no. 1), variable-rate bank loan (no. 2).

(3) Hedging instrument (cap at 0.05%) not exercised at 03/31/18.

The Company's sensitivity to a +/-1% swing in short-term interest rates is estimated at +/-€353k.

This figure is calculated based on the net position of debt maturing in less than one year, assuming that all the financial assets and liabilities making up this net position mature in one year.

Wavestone's debt and cash positions are monitored by the Finance Department and are subject to monthly reporting. To that end, the Finance Department uses cash management software that is connected directly to its partner banks' data transmission systems.

Currency risk

For the most part, Wavestone invoices its services to clients located in France or the euro zone.

The sales contributions from non-euro zone foreign subsidiaries (Wavestone Advisors Morocco, Wavestone Advisors UK, Wavestone Advisors Switzerland, Wavestone Consulting Switzerland, Wavestone US and Wavestone HK) represented 11% of revenues at 03/31/18, versus 8% at 03/31/17. Accordingly, Wavestone has implemented a currency hedging policy to cover the risks involved in foreign-currency sales of services and in intra-Group current account advances denominated in foreign currencies.

The Finance Department is in charge of setting up the appropriate financial instruments as soon as a currency transaction shows signs of being a potential source of risk for the firm. In 2017/18, Wavestone therefore contracted forward currency sales (Swiss francs, pound sterling, US dollar and UAE Dirham) and set up a currency swap.

Equity risk

The only securities owned by the Company are Wavestone treasury shares held under the share buyback program.

At 03/31/18, the Company owned 38,156 Wavestone shares, representing a market value of €5,121k calculated on the basis of the 03/29/18 closing price of €134.20.

The average cost price of all treasury shares in fiscal year 2017/18 was €80.47.

In the firm's IFRS consolidated financial statements, Wavestone treasury shares are carried as a deduction from shareholders' equity. Fluctuations in their value have no impact on consolidated income.

With the exception of the above, the Company's policy is to invest its cash and cash equivalents only in risk-free money-market instruments.

As regards sensitivity, a 10% increase (or decrease) in the Wavestone share price would boost (or reduce) shareholders' equity by €512k.

2. Legal risks

Third-party liability risk

The firm is exposed to the risk of civil liability for injury to a third-party in the context of its professional relationships.

The firm uses a range of methods and tools to provide high-quality services. Project managers also receive specific training to help them develop the most advanced skills in their respective fields. These project managers ensure strict compliance with the specifications approved by the client and are responsible for steering the project, in direct collaboration with the client's operational contacts.



Nevertheless, it cannot be ruled out that failures may occur in the provision of Wavestone's services. Furthermore, Wavestone cannot guarantee that all the contractual commitments agreed with its clients, suppliers and partners will systematically be fulfilled. Wavestone could be held liable for damage caused by any such failures or breaches of its contractual commitments.

Accordingly, the Company is covered by a professional liability insurance policy (see section 5 "Insurance and protection against risks").

Labor relations risk

Given the nature of its activity, Wavestone is exposed to the risk of complaints from employees that could lead to proceedings before the labor courts. To protect itself against such risk, the Company makes sure to define internal procedures relating to labor law by enlisting the services of specialist external consultancy firms and to harmonize its human resources practices across all Group companies.

All known disputes are reviewed at the balance sheet date, and any provisions deemed necessary are written to cover the risks estimated by Wavestone and its legal partners.

The total amount of provisions written for disputes is given in Note 16 to the consolidated financial statements.

Regulatory risk

As a player in the management consulting and digital and technological innovation consulting sector, the firm is subject to a variety of constantly changing laws and regulations, which exposes it to the risk of non-compliance with applicable regulations.

Wavestone has implemented procedures designed to ensure as far as possible that the Company complies with all applicable regulatory provisions and meets all its obligations, particularly with regard to labor law.

3. Industrial and environmental risks

As Wavestone's activities consist exclusively of intellectual services, its impact on the environment is limited. In particular, the use of the firm's assets has a low impact on the environment.

For more details concerning Wavestone's environmental responsibility, see the attached "Corporate Social Responsibility Report".

4. Operating risks

The risks detailed below are relevant to or significant for Wavestone's activity.

Risk related to the economic context

The existence of economic cycles, which may reverse sharply, can create uncertainty for Wavestone's activities. This could prompt clients to tighten their budgets and/or suspend projects and, more generally, lead to a decline in demand accompanied by an increase in competition.

In situations such as these, Wavestone has always been able to take measures to minimize the impact of such difficulties. In 2012/13, in light of market conditions, Wavestone focused on strengthening its sales resources to mitigate the decline in client demand, and targeted its sales efforts at the sectors and clients with the strongest potential.

More broadly, Wavestone implemented a system enabling it to continuously adapt its sales strategy to respond to trends in demand among its clients and potential clients. The firm has also implemented a continuous monitoring approach to identify macroeconomic events that could have an impact on the Group and to anticipate the adjustments it needs to make.

To date, these measures have proved effective, as the Group has grown every year since its founding. Year after year it has also generated a broadly positive operating margin that has never been less than 8% of revenues in the last 18 years.

Nevertheless, Wavestone cannot guarantee that, in the future, it will be able to successfully deal with all the impacts of any economic downturns that may arise.

Client credit risk

Given that most of Wavestone's clients are large accounts, the risk of client payment default or bankruptcy is limited.

This risk is greater, however, when dealing with SMEs and companies outside the European Union (which account for less than 10% of revenues). In such cases, it is up to management at the relevant Group entity, in conjunction with the Finance Department, to do everything in its power to obtain reasonable assurance of payment.

Moreover, the Company continuously monitors accounts receivable and has implemented processes to ensure their recovery. This involves producing several accounts receivable monitoring indicators and identifying all at-risk trade receivables presented every month to the steering committee. In addition, outstanding past-due receivables are reviewed on a quarterly basis by the Finance Department and Senior Management.

Accordingly, at 03/31/18, impaired trade receivables represented 1.8% of gross trade receivables (see Note 14 to the 2017/18 consolidated financial statements).

Client dependency risk

At 03/31/18, the Company's top five and top ten clients accounted for 36% and 51%, respectively, of revenues, which represents a fairly significant concentration of the firm's revenues with its main clients. This level of concentration has increased slightly from the previous fiscal year, as the acquisition of Kurt Salmon's European activities helped diversify the client portfolio.

It should be noted that the firm's client portfolio is diversified by sector, which minimizes the risk associated with Wavestone's dependency on its main clients. At 03/31/18, the banking and insurance sector accounted for 42% of Company's revenues, the energy and utilities sub-sector within industry for 15% and the manufacturing sub-sector within industry for 13%.

Despite this sector diversity, the loss of one of Wavestone's main clients could entail a significant loss in revenue for the Company.

Seasonality risk

The impact of seasonality is limited to the concentration of vacation time taken in July and August as well as in May. This affects the first half of Wavestone's fiscal year (April to September) but does not represent a major risk as the effect is predictable (similar impact from year to year).

Fixed-price project invoicing risk

This year, fixed-price services accounted for around 50% of Wavestone SA's revenues.

Wavestone has implemented a rigorous project monitoring system, which is supported by the management tools used within the Group. Projects are tracked on an order-by-order basis then split into separate batches (including the fixed-price batch) with a project manager routinely assigned to each order received.

Project managers are responsible for managing the contracted services for all the batches in an order and for monitoring the players involved.

Once a month, the project manager analyzes the costs incurred by each player involved in a batch and prepares a new forecast for the services still to be delivered. This enables the manager, in the case of a fixed-price batch, to determine the percentage of completion, the amount of revenues recognized over the month and any budgeted cost overrun days.

These analyses are automatically communicated to management at the start of every month. In this way, any excesses can be rapidly identified, and the necessary corrective actions implemented.

In recent years, average overruns (excluding Wavestone Advisors) have never exceeded 1% of the total number of productive team working days, excluding vacations. The average overrun in 2017/18 was in fact negative at -0.7%.

Subcontracting risk

Wavestone rarely acts as a subcontractor. Most large account projects are managed directly by the Group, a strategy which ensures its ability to build client loyalty.

Occasionally, however, Wavestone may call on specialized service providers with complementary skills so that it can fully meet its clients' needs on certain projects. As a rule, when Wavestone assumes responsibility for delivering the services rendered by these other companies to its end client, it enters into a subcontracting agreement.

**Competition risk**

Wavestone operates in a highly competitive market with a host of players at the local and international levels. Some of these other companies are strongly positioned alongside the Group, which makes for particularly fierce competition on service quality and price.

Quality risk

The firm uses a range of methods to provide high-quality services. Project managers also receive specific training to help them develop the most advanced skills in their respective fields. These project managers ensure strict compliance with the specifications approved by the client and are responsible for steering the project, in direct collaboration with line personnel on the client side.

The firm has set up a system to monitor quality risk that allows it to track, on a monthly basis, suspected and actual incidents and their resolution through specific action plans.

Nevertheless, some services could prove more difficult to provide than initially estimated and/or certain factors might not have been clearly defined in the specifications. If they are not identified in time, problems such as these, together with major budget overruns on certain projects and the subsequent damage for which the Company may be held liable, could harm Wavestone's reputation.

Client and supplier contract risk

When signing contracts, Wavestone is exposed to the possibility of disagreements resulting from failure to comply with confidentiality and/or contractual commitments. The firm has thus created a client and supplier contract review checklist, to ensure that all contractual clauses meet the Group's standards. In addition, the firm regularly carries out campaigns to raise employee awareness about respecting confidentiality. Wavestone is also covered by professional liability insurance (see below for further details) and retains a lawyer in the event of a suspected dispute.

Information system-related risk

As a result of Wavestone's development, the information system is becoming an increasingly important asset for the Company. This system is used to manage business and operations, produce financial statements and communicate internally and externally, and to strengthen and organize the management of the knowledge databases used by all the firm's employees.

An IT disaster recovery plan has been implemented to ensure that all the essential services of the system can be restored promptly regardless of the cause. This plan is reviewed every year. In 2017, the Information System (IS) team added the scenario of a full compromise of the IS due to NotPetya-type malware. Tests, simulated under real disaster conditions, are run periodically.

Cybersecurity risk

Protecting data entrusted by clients is Wavestone's top cybersecurity priority. Failure to respect the confidential nature of these data is liable to have a significant impact on the clients concerned as well as on the firm, which is contractually committed to protect the information entrusted to it. In this respect, a major security incident involving client data could represent a substantial financial risk for Wavestone and lead to the loss of the client.

A number of additional objectives are being pursued to safeguard information systems, notably the protection of Wavestone's expertise and the image of the firm, compliance with laws and regulations, and the preservation of financial and strategic information.

Wavestone recognizes that the threats are mounting, and has an internal security organization that benefits on a daily basis from the expertise of its Cybersecurity and Digital Trust practice, which relies in particular on:

- Wavestone's incident response teams' ability to handle cybersecurity alerts;
- regular IS security audit campaigns to ensure compliance with IS regulations (concerning personal data management, for example), and with the contractual commitments to its clients. These teams have obtained PASSI RGS/LPM certification (an IS security auditing services qualification delivered/granted by the National Cybersecurity Agency of France, relating specifically to the French general security database (RGS) and military planning law (LPM)) for the five audit activities, as well as ISO 27001 accreditation for security audits and incident response.

This security organization is responsible for implementing, in conjunction with the various Information System Division (ISD) entities, the organizational and technical protection, detection and control measures to ensure the security of the Wavestone client data hosted on its information system. Wavestone's Chief Information Security Officer, who is a member of the Risk Steering Committee, reports directly to Company management.

Following the merger with Wavestone Advisors, the Company adopted new use and security policies. The creation of a new Company-wide information system also led to the strengthening of tools and the implementation of security measures. Wavestone undertook a specific project in 2017/18 concerning compliance with the European personal data protection regulation.

Despite all these measures, and given the wide variety and fast-changing nature of these threats, Wavestone cannot rule out the possibility of falling victim to cybersecurity incidents.

Risk related to human resources

Wavestone's development inextricably depends on recruiting and retaining high-potential employees. The Company's recruitment strategy focuses on young graduates from the most prestigious schools and universities.

Recruitment is a major challenge for Wavestone, given the intense structural competition for the recruits the firm seeks to attract.

To ensure success on this important front, Wavestone invests heavily in recruitment every year. As such, the Company exceeded its 2017/18 objective of recruiting more than 600 employees.

Personnel turnover is another challenge for the Company given that the profiles of its experienced consultants are highly sought after on the market. Wavestone considers its standard turnover rate to be under 15%.

Managing turnover is the joint responsibility of management and the firm's human resources managers. Wavestone has implemented several measures designed to reduce turnover rates, and has notably defined a long-term career development program for all its employees to help unlock their potential. A turnover monitoring system has also been implemented to identify risks of personnel departures so that

appropriate measures may be taken to keep them to a minimum.

Wavestone also incorporates, as far as possible, non-solicitation clauses into contracts signed with its clients, suppliers and partners and does everything it can to ensure that these clauses are properly applied.

Wavestone's personnel turnover rate decreased from 17% in 2016/17 to 16% in 2017/18.

Employee retention will also be the top priority of the firm's HR department in 2018/19. These actions, together with the standardization of HR processes, should help optimize personnel turnover management. Nevertheless, Wavestone remains cautious as to when the impact of these measures will be felt.

To guard against serious cases of suffering in the workplace, such as burnout, excessive stress and serious harassment, the Company has set up a personnel support unit and taken other actions to identify and monitor at-risk employees and to train management on psychosocial risk prevention and treatment.

Risks related to acquisitions

Wavestone's external growth strategy involves the regular integration of newly acquired companies. This process may take longer or be more difficult than anticipated, especially in terms of human resources, sales, information systems, and internal procedures.

For each acquisition, Wavestone systematically strives to ensure that the management of the acquired company is included in the joint industrial project. This upstream approach facilitates the integration process and reduces the risk of key people leaving.

In addition, throughout the integration process, Wavestone makes sure that:

- its management tools are rapidly rolled out to the new entity so that the Company can have a clear picture of its operations as quickly as possible;
- revenue synergies are implemented, notably by focusing on applying the acquired company's expertise to Wavestone's existing clients;
- operating processes are standardized to enhance efficiency, and pooling possibilities are identified to reduce costs;

- the teams of the acquired companies are integrated into the Group and adopt Wavestone's values and ambitions in their day-to-day activities;
- directors and key employees of the integrated companies play a leading role within the Group.

Risks related to strategic acquisitions

For Wavestone, the purchase of Kurt Salmon's European activities represented a new risk related to strategic acquisitions.

In addition to the normal procedures carried out for all acquisitions, a number of special measures were implemented to control this additional risk. In the case of Kurt Salmon, these measures involved:

- a significant amount of work with the target's management team before the acquisition;
- close collaboration with the Supervisory Board during the pre-acquisition decision-making process;
- the drafting of a merger plan (launched immediately after the acquisition), with a particular focus on change management and the management of risks related to this kind of merger (loss of key personnel members, increase in turnover on the target teams, deterioration in performance at the target or at Wavestone).

The merger plan was managed by a dedicated team, led on a full-time basis by an Associate Director. The new entity's teams were closely involved in the process via the corporate social network, the Intranet, online chats, workshops and informational Meetings.

Nevertheless, Wavestone cannot guarantee complete control of the risks inherent in a merger of this kind in the consulting sector.

Goodwill impairment risk

At 03/31/18, impairment tests were conducted on Wavestone's goodwill.

These impairment tests confirmed the value of goodwill on the basis of the nominal assumptions used.

Sensitivity tests were also conducted, the results of which are disclosed in Note 10 to the consolidated financial statements.

These tests did not lead to any impairment of goodwill in the financial statements at 03/31/18.

Wavestone cannot, however, rule out the possibility that future business or operational difficulties could lead to the impairment of goodwill on the Company's balance sheet.

Dependency on third-party licensed software and products

Dependency on patents and licenses is limited.

5. Insurance and protection against risks

General policy on insurance

The Company's general policy on insurance is an extension of its significant efforts to prevent and protect itself against risks to its activities.

Wavestone's activity is purely intellectual and comprises consulting and technical expertise services delivered to large accounts. Accordingly, all Group companies are insured by top-tier insurance companies that provide an appropriate level of coverage for their specific activity:

- business interruption and property damage;
- damage caused to clients or third-parties in the performance of the services;
- damage associated with occupational risks, notably accidents occurring during consultant business trips.

Premiums and coverage

Wavestone has taken out the following types of policies:

- premises and equipment insurance;
- employee transport and repatriation insurance;
- operations and professional third-party liability;
- directors' and officers' liability.

There are no major risks that are not covered by external or internal insurance.

The annual coverage ceilings are as follows:

Type of coverage	Guaranteed amount
Operations third-party liability	
• Personal injury	€30.0m per year
• Consequential property/indirect damage	€30.0m per claim
Professional liability	
• Consequential or non-consequential property/indirect damage	€40.0m per year
• Directors' and officers' liability	€50.0m per year
Comprehensive premises and equipment insurance	
• Contents of the premises	€5.9m per claim
• IT equipment	€2.7m per year

The premiums per risk category paid by the Group in 2017/18 are as follows:

Type of coverage	Premiums (in €k)
Third-party liability	€411k
Officer's liability	€58k
Comprehensive premises and equipment insurance	€99k
Transport insurance	€91k
Repatriation insurance	€8k
Retirement capital insurance	€6k
Death insurance	€6k
Workers' compensation insurance	€160k

6. Risks related to climate change and actions taken

Please refer to the Management Board Report – *Corporate Social Responsibility* section.

7. Internal control and risk management

7.1. General framework

In accordance with the requirements under the French Commercial Code for publicly traded companies, in 2007, the AMF published a reference framework for internal control, applicable to fiscal years starting on or after 01/01/07.

This reference framework specifies that all companies are responsible for their own organization and consequently their own internal controls. As such, the framework is not intended to be binding on companies but rather to serve as a guide to help them monitor and, if necessary, develop their internal control procedures without imposing any directives as to how they should be organized.

In January 2008, the AMF, having decided that this reference framework should take greater account of the specific characteristics of small- and mid-cap companies, drafted an implementation guide specifically for SMEs.

In July 2010, the AMF updated its reference framework on internal control for SMEs, notably to include a section on risk management, following the transposition into French law of European directives imposing new requirements on listed companies, particularly regarding the duties of Audit Committees.

In January 2015, the AMF published recommendation no. 2015-01 on the presentation of the Chairman's report, the description of internal control procedures and objectives, risks and risk factors.

AMF recommendation no. 2015-01 was withdrawn as of 10/26/16 and is taken up in the guide to periodic information for companies listed on a regulated market (DOC-2016-05).

This report was drafted on the basis of this reference framework and implementation guide as applicable to Wavestone, as well as interviews with the Chairman of the Management Board and the Chief Financial Officer, a review of the Company's internal documents, and Meetings with the Auditors. This report was approved by the Supervisory Board at its Meeting on 05/28/18.

7.2. Principles

Risk management and internal control procedures play a complementary role in the management of the Company's activities.

By helping to prevent and control the risk of not achieving the objectives set by the Company, these risk management and internal control procedures are key factors in the conduct and oversight of Wavestone's various operations. Nevertheless, neither risk management nor internal control can offer an absolute guarantee that these objectives will be achieved.

Risk management

Risk management is the responsibility of everyone at the Company. It should be comprehensive and cover all the Company's activities, processes and assets.

Risk management is a dynamic system, defined and implemented under the Company's responsibility.

Risk management consists of a set of measures, behaviors, procedures and actions that are adapted to the specific characteristics of each company enabling management to keep risks at an acceptable level for the Company.

Risk represents the possibility of an event occurring, which could have an adverse impact on the Company's personnel, assets, environment, objectives or reputation.

Risk management is a lever that helps Wavestone to:

- create and preserve the Company's value, assets and reputation;
- secure the Company's decision-making and processes to help it achieve its goals;
- ensure that the Company's actions are consistent with its values;
- mobilize employees around a shared vision of the key risks and raise their awareness of the risks inherent in their activities.

Internal control

Wavestone's comprehensive internal control system, defined and implemented under the responsibility of each company within the Group, consists of a set of measures, procedures and actions which:

- contribute to control over the Company's activities, the efficiency of its operations and efficient use of its resources;
- enable the Company to control the significant risks it faces, at the operating, financial and legal levels.

Wavestone's internal control system is notably designed to ensure:

- compliance with the various applicable regulations;
- the proper implementation of the instructions and guidelines established by the Management Board;
- the proper functioning of Wavestone's internal processes, notably those relating to the protection of its assets;
- the reliability of financial information.

7.3. Scope

The Wavestone group comprises Wavestone SA, the parent company, and the following subsidiaries:

- Directly controlled subsidiaries:
 - Wavestone Advisors UK (governed by English law),
 - Wavestone Advisors Switzerland (governed by Swiss law),
 - Wavestone Advisors.
- Indirectly controlled subsidiaries:
 - Wavestone US (governed by US law, wholly owned by Wavestone Advisors),
 - Wavestone Luxembourg (governed by Luxembourg law, wholly owned by Wavestone Advisors),
 - Wavestone Belgium (governed by Belgian law, 99.84% owned by Wavestone Advisors and 0.16% owned by Wavestone SA),
 - Wavestone Advisors Morocco (governed by Moroccan law, 95.5% owned by Wavestone SA and 4.5% owned by Wavestone Advisors),
 - Wavestone Consulting Switzerland (governed by Swiss law, wholly owned by Wavestone Advisors),
 - Wavestone HK (governed by Hong Kong law, wholly owned by Wavestone Advisors).
 - > At the operating level, the entire firm is structured around a set of practices representing the Company's areas of expertise.

The Company has implemented an internal control and risk management system adapted to its circumstances.

- The procedures used to prepare and process accounting and financial information are standardized throughout the Group, taking into consideration the characteristics and

legal constraints specific to each country. For Wavestone Advisors and its subsidiaries acquired on 01/07/16, the procedures for preparing and processing the firm's accounting and financial information were harmonized in fiscal year 2017/18.

- The risk management procedures, notably concerning control of the operating activities, have also now been extended across the firm insofar as this control is monitored uniformly at the practice level.
 - In practice, for recently acquired subsidiaries, Wavestone's risk management procedures are rolled out and standardized gradually, since risk management remains the direct responsibility of senior management at each company;
 - During the transition period, Wavestone senior management ensures effective risk management at these subsidiaries.

7.4. Components of the system

Wavestone's risk management processes include:

- Risk identification
 - Individual interviews conducted by the internal auditor with the owners of the Company's most significant risks;
 - Proposed changes to the risk map submitted to the Operational Committee (OPCOM) by the internal auditor;
 - Annual updates to the risk map approved by OPCOM and the Audit Committee.
- Risk analysis
 - Review of potential impacts of the main risks and assessment of their probability of occurrence.
- Risk treatment
 - Selection of the most appropriate risk prevention and/or treatment approach for the Company.

The structure implemented within the Group and the regular monitoring of internal control and risk management procedures should allow for continuous improvements to the system. The objective is to identify and analyze the main risks and to learn from the risks that have occurred in the past.

Wavestone's Management Board defines the key principles of the Group's internal control procedures. OPCOM then approves the associated rules of conduct and determines their scope.

Once approved, these procedures are appropriately communicated to the teams responsible for their implementation.

A "Risk Steering Committee" was established in 2017 and meets on a monthly basis. It comprises the Chairman of the Management Board, the CFO, the Chief Internal Control Officer and a member of his/her team, the Internal Auditor, the Chief Information Security Officer and two Associate Directors. The Committee is tasked with supervising the internal control and risk management procedures with a focus on three key areas:

- Internal control (remediation plans resulting from internal audits, Company procedures, establishment of permanent controls, incident tracking, etc.);
- Internal audit (implementation of audit campaigns, approval of remediation plans, risk reassessment, etc.);
- Information systems security (IS-specific remediation plans, IT incident tracking, etc.).

Internal control and risk management procedures are adapted to the characteristics of each company and provide:

- A structure that has clearly defined responsibilities and relies on the appropriate information systems, tools and practices;
- The internal distribution of relevant and reliable information, primarily via an enterprise repository for the formalized procedures designed to detect and prevent the major operating and financial risks;
- An inventory of the main identifiable risks.

Internal audits are conducted at the Company level to verify that its internal control procedures are relevant and are being properly implemented by all the entities.

They also help in the risk identification and treatment process.

A three-year internal audit plan was rolled out in 2015 and was updated in January 2017 to incorporate the Wavestone Advisors' scope into the audit campaigns. It is reviewed every year under the responsibility of the Risk Steering Committee and the Audit Committee.

The scope of the internal audit extends to the Company's entire structure and to all its subsidiaries in France and abroad.

It covers all administrative, accounting, financial, business and operational areas and processes.

A process audit involves:

- Identifying the key stages of the process and analyzing how they function;
- Identifying the potential risks or malfunctions associated with each stage;



- Identifying the controls in place for each stage;
- Performing an audit of the controls;
- Developing remediation plans that incorporate recommendations and corrective actions to address the internal control failures that have been identified.

The remediation plans are then monitored by the Internal Control Department, which ensures that the recommendations and corrective actions are properly implemented within the deadlines set for the departments concerned. If need be, the Internal Control Department helps the other departments implement the recommendations and corrective actions and draw up procedures to add to the enterprise repository.

7.5. The players

The Supervisory Board

Every year, the Management Board reports to the Supervisory Board on the key characteristics of the Company's internal control procedures and risk management system.

The Supervisory Board's risk monitoring scope is extensive, covering strategic, operational, accounting and financial risks. For the latter, it relies on the work of the Audit Committee.

The Supervisory Board may use its general powers as needed to carry out the checks and verifications it considers appropriate or take any other actions it deems necessary.

The Audit Committee

The Supervisory Board may decide to create an ad hoc Audit Committee from among its members or to have the entire Board serve as the Audit Committee. On 07/20/16, the Supervisory Board chose the first option and set up an ad hoc Audit Committee.

As defined by law, the main purpose of the Audit Committee is to monitor issues relating to the preparation and verification of accounting and financial information.

Thereafter, as defined by law, the Audit Committee is responsible for monitoring:

- The process of preparing financial information;
- The effectiveness of the internal control and risk management procedures;
- The independent auditing of the annual and, where applicable, consolidated financial statements by the Statutory Auditors;
- The independence of the Group's Statutory Auditors.

The Audit Committee must include at least one independent member having specific skills in accounting or finance.

The Audit Committee meets at least twice a year to review the Group's consolidated interim and annual financial statements, and as many times as necessary, notably for events deemed important to the Company.

To fulfill its duties, the Audit Committee may meet with the Statutory Auditors and with the managers and directors responsible for the preparation of the financial statements, for cash management and for internal control, outside the presence of corporate officers.

A report on the work carried out at each Meeting of the Audit Committee is drawn up and appended to the minutes of the Supervisory Board Meetings held to review the Audit Committee report.

The Management Board and the Executive Committee/Operational Committee

The role of the Management Board is to define, implement and monitor the system that is best suited to Wavestone's circumstances and activity. The Management Board is regularly informed of any inadequacies in the system and, if necessary, refers them to the Supervisory Board.

The Executive Committee (EXCOM) comprises the members of the Company's Management Board, as well as all the directors of Wavestone and its French and foreign subsidiaries, including Wavestone Advisors. The Executive Committee sets the objectives for the Company's operational activities, monitors their progress and delivers monthly reports on the status of ongoing projects.

For the sake of efficiency, however, EXCOM meets in smaller groups to address certain topics such as operating performance controls and business development oversight. One of these subcommittees, the Operational Committee (OPCOM), meets once a month to analyze and monitor:

- Performance
- Key events
- Implementation of the action plan
- Risks in each domain.

The Risk Steering Committee - Internal Audit

The Risk Steering Committee monitors the implementation of the Company's internal audit procedures. Its mission is to:

- Supervise the implementation of the internal audit plan;
- Approve remediation plans (recommendations and corrective actions);
- Approve quarterly audit reports;
- Propose audits on request;
- Propose annual risk map updates.

Internal audit functions are carried out by the internal auditor who reports to the Risk Steering Committee, which is, among others, in charge of monitoring the internal audit plan and updating the risk map.

More specifically, the role of the internal auditor is to:

- Propose risk map updates to the Risk Steering Committee based on interviews with the owners of the Company's main risks;
- Organize and carry out internal audit activities;
- Present the results of audits, as well as recommendations and corrective actions, to the Risk Steering Committee.

The Risk Steering Committee - Internal control

The Risk Steering Committee supervises the Company's internal control procedures. Accordingly, its mission is to:

- Monitor the implementation of remediation plans resulting from internal audits and verify their effectiveness;
- Oversee the production of and updates to the Company procedures to be added to the enterprise repository;
- Monitor the rollout of new procedures;
- Monitor the implementation of permanent controls;
- Track incidents and their remediation.

The Risk Steering Committee - Information Systems Security

The Risk Steering Committee supervises the Company's information systems security procedures. Accordingly, its mission is to:

- Approve the security department's roadmap by ensuring that appropriate organizational and technical security measures are implemented in light of the regulations, the risk map and cybersecurity challenges, particularly with respect to the protection of client data;
- Monitor the status of the different IT projects and their impact on the Company's risks;
- Monitor the results of the security audits of the information system;
- Track cybersecurity incidents and their remediation.

The Finance Department

The Finance Department supervises the production of the accounting and financial data for Wavestone and each of its entities.

It oversees the preparation of the management data and indicators provided to the line managers and to the firm's OPCOM and EXCOM.

Accounting functions are performed by the Group's accounting department, with additional support from an external accounting agency. This agency verifies the consistency of the company financial statements, which it does not produce itself.

In addition, the Finance Department is responsible for formalizing all internal procedures in force within Wavestone.

This internal control function is overseen by the Chief Internal Control Officer who reports to the Finance Department, which is, among others, in charge of supervising implementation of the internal control process as defined by the Risk Steering Committee.

More specifically, the role of the Chief Internal Control Officer is to:

- Implement the remediation plans resulting from internal audits and verify their effectiveness;
- Oversee the production of and updates to the Company procedures to be added to the enterprise repository;
- Ensure the rollout of new procedures;
- Implement permanent controls.

The risk owner

All generic risks identified in the risk map have a designated risk owner at the management level.

The risk owner is responsible for:

- Understanding the risk in its entirety, at all levels of the organization;
- Supplementing the description of the generic risk with specific risks and metrics;
- Approving the implementation of actions to treat the risk;
- Designating appropriate agents to treat the risk;
- Assessing the net probability of the risk, taking into account the controls in place;
- Assessing the net financial, legal, HR and other impacts of the risk;
- Defending the risk's position on the risk map to OPCOM.

Internal audit challenges the risk owner and reports on the changes to the risk map to the Risk Steering Committee and to the Audit Committee.

The process owner

Every process has an owner who is responsible for:

- Ensuring the proper implementation of the process and its effectiveness;
- Formalizing the process;
- Implementing the corrective actions resulting from the internal audit.

Internal control challenges the process owner and reports on the status of the actions to the Risk Steering Committee.

Company employees

Wavestone's enterprise repository containing all applicable procedures is accessible to all the firm's employees via the Waveplace intranet portal.

This platform also provides the employees concerned with the information they need to put the internal control and risk management procedures into practice at their particular level, based on their assigned objectives.

They are not, however, responsible for monitoring the actual implementation of these procedures.

Within the context of internal audit activities, internal resources may be mobilized on a case-by-case basis to conduct audits.

The Statutory Auditors

The Statutory Auditors' legal duties do not include participation in internal control and risk management procedures. They learn about these procedures, rely on internal audits, if carried out, to gain a better understanding of these procedures, and formulate an opinion as to their appropriateness completely independently.

They certify the financial statements, a process which may reveal material risks and major internal control weaknesses that could have a significant impact on the accounting and financial information. The Statutory Auditors submit their observations on the Management Board Report - *Risk Factors and management*, as they relate to the internal control procedures for the preparation and processing of accounting and financial information, and certify the preparation of the other information required by law.

7.6. Procedures for the preparation and processing of accounting and financial information

The internal control and risk management procedures related to accounting and financial aspects cover the entire Company.

The formalized processes and procedures are available in the enterprise repository and excerpts are posted on the Company's intranet portal.

Preparation of provisional budgets

Full-year and monthly budgets are drawn up for each Group scope and at the consolidated level at the start of each fiscal year. Budget reviews are conducted in November, upon approval of the interim financial statements. Once completed, the budget is submitted to the Supervisory Board.

Business management

In Wavestone's industry, enterprise management is essential for monitoring activity. A new enterprise management software product (Wavekeeper), an open source ERP tool, was rolled out on 04/01/17.

This software program includes the following functionalities:

- Enterprise and order intake management;
- Monthly tracking of time spent;
- Revised monthly project estimates (provisional expenses and schedules determined by the project manager);
- Invoicing.

This software program is accessible to all personnel members, to varying degrees based on their levels of responsibility, via intranet and extranet. Project follow-up is therefore carried out by the software program, which gives a consolidated real-time view of all information related to a given project, notably concerning:

- Sales and contractual data;
- The number of business days devoted to the project, provisional expenses, the provisional schedule and project overruns;
- Invoicing and what is still to be invoiced, unbilled receivables and deferred income.

Monthly budget tracking and reporting

Data produced by ActiveSys (purchasing, for Wavestone SA only), Wavekeeper (sales) and Salesforce (sales data), via a decision-making tool, enable management control to monitor and update the provisional budget on a monthly basis to take into account the latest known budget-related information and business projections.

Data summarized in a monthly dashboard at the individual practice level, and for Wavestone as a whole, provide the following management indicators that incorporate budget actuals and forecasts for the following items:

- Revenues;
- Operating income on ordinary activities;

- Consultant productivity;
- Headcount;
- Order intake;
- Sales price;
- Order book;
- Cash and cash equivalents;
- Accounts receivable (tracking of overdue invoices and unbilled receivables).

The dashboards are reviewed on a monthly basis by the head of each practice and on a consolidated basis by the Management Board and the Finance Department, so that a decision can be made on the corrective measures to be taken, if any.

In addition, a quarterly report on Wavestone's activity is prepared and submitted by the Management Board to the Supervisory Board.

Financial reporting periods

For internal purposes, unaudited accounts are prepared in the first and third quarters so a reconciliation can be performed between accounting and management data. In addition, interim and annual financial statements are audited by the Statutory Auditors, reviewed by the Audit Committee, approved by the Supervisory Board, and published in accordance with applicable legislation and regulations. Wavestone's Statutory Auditors attend the Audit Committee and Supervisory Board Meetings called to approve the interim and annual Company and consolidated financial statements.

The members of the Audit Committee and Supervisory Board can thus speak directly with the Auditors about:

- The accounting principles applied;
- The Auditors' ability to access all the information needed to fulfill their responsibilities, especially regarding consolidated subsidiaries;
- The state of progress of their work, with the knowledge that by the time the financial statements are reviewed by the Supervisory Board, the Statutory Auditors are in the process of finalizing their audits.

The same accounting principles are applied to the preparation of these financial statements throughout the Group (recognition of revenue, provisioning rules, cost-price calculation, rules on cut-off dates, profit-share calculation and tax calculation).

At Supervisory Board Meetings held to approve the interim and annual financial statements, the Management Board presents and comments on the following points:

- The income statement;
- A table presenting the management analysis of the income statement;

- The operating indicators underlying the income statement;
- The statement of financial position;
- The cash flow statement.

Methods for provisioning risks and disputes

At the close of every interim and annual period, the management control unit reviews all ongoing projects to identify any overruns compared with the provisional budget that may require provisioning.

These provisions are determined based on the project manager's latest monthly revision of the total estimated project budget.

The Finance Department is also informed of any events likely to require provisioning as soon as they occur, namely:

- Risk of client bankruptcy (unlikely given that the Company's clients are mostly large accounts);
- Unusual recovery difficulties (monthly tracking of aging schedule);
- Third-party disputes, particularly with clients, using a quality incident detection system rolled out to all Group entities.

Risks involving quality, invoicing and recovery are reviewed at the close of every quarter by the accounting manager, sales administration manager, and recovery manager, with the help of management control. The findings of this review are submitted to the Chief Financial Officer and Wavestone's Management Board to decide what provisions, if any, should be recorded.

Financial statement consolidation

The structure and procedures in place (as described above) enable the parent company to verify its subsidiaries' financial statements.

This includes:

- The Finance Department, which supervises the production of the accounting and financial data for Wavestone and each of its entities;
- EXCOM, which uses the monthly dashboard produced by management control to monitor the achievement of the objectives set for the Company and each of its entities;
- A reconciliation between the accounting and management data of each of the Group's entities at the close of every quarter or interim period, under the responsibility of management control.

The financial statement consolidation process is carried out by an external accounting firm, in conjunction with the Finance Department, and covers the following controls and checks related to:

- The reciprocity of inter-company balances to be eliminated;
- The consistency of the accounting practices used for the Company financial statements;
- Transmission of the financial statements by each of the companies in the format defined by the Group;
- The review of the provisions for pension obligations estimated by an independent actuary;
- The justification for and analysis of all consolidation adjustments, in accordance with applicable accounting rules.

Cash and cash equivalents

Wavestone's centralized cash management structure was set up with a banking partner to:

- Optimize the management of the Group's surplus cash;
- Provide a centralized real-time view of the cash positions of every company in the Group.

The Supervisory Board receives quarterly reports from the Management Board on the Company's cash position.

Monitoring of off-balance sheet commitments

At the close of every accounting period, the Finance Department compiles the off-balance sheet commitments of every company in the firm.

Quality control of the financial and accounting information disclosed

All financial disclosures are prepared under the direct control of Wavestone's Management Board.

The Finance Department is also responsible for identifying changes in financial disclosure requirements that could affect Wavestone's disclosure obligations.

The requirements related to periodic accounting and financial disclosures to the market are explained in the enterprise repository.

7.7. Procedures related to operating activities

Wavestone's risk prevention procedures related to operating activities specifically cover the key processes used in the Company's business. These notably include:

- Project management and monitoring, and service quality;

- Human resources management;
- Sales monitoring and accounts receivable management;
- Information systems security;
- Supplier network management.

The Management Board is responsible for keeping the map of the main risks identified up to date.

This analysis is presented once a year to the Audit Committee at the Meeting convened to review internal control and risk management provisions. Procedures include the following:

Procedures involved in project management and monitoring and in-service quality

The management teams of all the Company's practices and entities meet once a month to ensure the operational monitoring of:

- Projects (overruns);
- Personnel downtime;
- Difficulties related to invoicing and to obtaining the documents needed for invoicing (orders or acceptance forms);
- Sales price per project.

This monthly meeting enable the implementation of corrective actions if any operational problems are identified.

Fixed-price project management procedure

This procedure defines the principles for managing a fixed-price project, and in particular the operating rules for each major stage of the life cycle of the project in question, as well as the responsibilities involved in managing operations.

Quality Charter

Wavestone's Quality Charter defines:

- The quality of services rendered to the client;
- The gauge used to measure client satisfaction;
- The principles and methods of the Group's quality policy.

In addition, a system has been set up to transmit quality issues as well as expressions of client satisfaction to the Quality Manager. A set of indicators, drawn up on the basis of this information and a periodic review of the general quality of Wavestone's client relationships, is presented to Group employees to heighten their awareness.

Human resources management procedures

Integration

This procedure covers all the stages involved in Wavestone's new recruits' integration process.

In particular, it defines the actions or work required to ensure the smooth integration of new employees into the Group and identifies the persons in charge of the integration process.

Annual personnel interviews and appraisals

This procedure defines how each employee is monitored by the Career Development Managers (CDMs), using a standard form and an individual interview matrix.

Recruitment and retention

These procedures describe all the actions taken by the Group to achieve its personnel recruitment and retention objectives.

They also define monthly recruitment and personnel turnover tracking dashboards.

Business activity tracking procedures

Business activity tracking is facilitated by the establishment of leading indicators produced by the Salesforce business information system.

Business proposals

Business proposals are developed using a pre-defined format incorporating standard terms and conditions (confidentiality, invoicing and payment terms, travel expenses, non-solicitation of personnel, insurance/liability, etc.) to guarantee the commitments made therein.

Contracts (only applicable to Wavestone SA)

Contracts are negotiated and signed based on adherence to internal compliance criteria, which are summarized in a contract review form.

Invoicing

Invoicing is managed by the Sales Administration Department, which works closely with the sales teams and project managers throughout the lifecycle of the project.

Collections

A dedicated collections team oversees the firm's inflows and manages all payment recovery problems. It works closely with the Sales Administration Department, the sales teams and the project managers.

Information systems security procedures

Security Charter

This charter sets out certain principles and rules designed to ensure an effective and uniform level of protection that is adapted to the sensitivity of information across the Group's information system.

Information systems protection

The measures implemented concern, for example, data confidentiality, protection against intrusions and viruses, system redundancy and data backup.

This is supplemented by an IT disaster recovery plan, implemented within the context of a broader business continuity plan.

Supplier network management procedures (only applicable to Wavestone SA)

Supplier network management was digitized with the rollout of the ActiveSys purchasing module.

Expenses incurred

Each expense incurred must be accompanied by a purchase order issued in the standard Group format by the relevant budget manager or any other authorized person.

A list of persons authorized to approve purchase orders is circulated by internal memo.

Invoice approval

Every invoice is matched against the corresponding purchase order and approved by the relevant budget manager or any other authorized person. Invoices are recognized only when they have been matched with their corresponding purchase order and if both these documents have been previously approved.

A list of persons authorized to approve invoices is circulated by internal memo.

Payment

All invoice payments, regardless of the means of payment, must be approved beforehand by the cash management team. In particular, the team verifies the amount and the supplier's banking details and makes sure the invoice has not already been paid.

A list of authorized signatories for payments is circulated internally and to the firm's partner banks.

2017/18 Management Board Report - Corporate Social Responsibility Report

This report describes Wavestone's Corporate Social Responsibility (CSR) approach, strategy and actions. It forms an integral part of the Management Board Report and comprises five sections:

1. Presentation of the Company's general CSR strategy;
2. Information concerning Wavestone's social, societal and environmental performance in accordance with Article 225 of the French law no. 2010-788 dated 07/12/10 (known as the "Grenelle II" law) and its implementing decree;
3. Other CSR information (economic responsibility);
4. The methodology note regarding Wavestone's 2017/18 non-financial reporting;
5. The independent auditor's certificate of presence and report on the Company's social, societal and environmental information.

Additional information concerning the Company's CSR information is presented in the corporate section of Wavestone's Registration Document, and on the "Corporate Social Responsibility" page of the Company's website under the "About us" section: www.wavestone.com

Wavestone was created following the merger between Solucom and the European activities of Kurt Salmon in January 2016. The 2017/18 fiscal year was Wavestone's second year of non-financial reporting, in accordance with the "Grenelle II" regulatory framework. Unless indicated otherwise, this report traces the comparability of quantitative data for the past fiscal year. Changes in the scope of consolidation are detailed at the end of the methodology

note. Since 2013/14, Wavestone's published CSR information has been verified by an external independent body.

1. Wavestone's general CSR approach and strategy

Launched in 2011, Wavestone's CSR approach is based on three main objectives:

- to conduct itself as a responsible business in its environment and sphere of influence;
- to contribute towards enhancing the quality of its relationships with stakeholders;
- to ensure the compliance of the Company with applicable legal and regulatory obligations.

Corporate Social Responsibility is one of the 4 key challenges defined in the "Wavestone 2021" strategic plan drawn up in December 2016. The firm has set an objective to achieve a top-3 CSR ranking (in its category) in the Gaïa-Index every year over the period.

Given the strategic nature of this challenge, during the 2017/18 fiscal year, the firm carried out an audit of its CSR approach which led it to redefine its CSR strategy based on 4 key areas and 7 commitments. Wavestone is strongly committed to involving its personnel in the firm's development and, in January 2018, consulted its employees to validate the proposed areas of focus and develop the related action plan. This survey involved over 25% of the firm's employees worldwide.

The first half of the 2018/19 fiscal year will be dedicated to implementing this new approach.

A new CSR approach: 4 key areas and 7 commitments



Be a responsible employer

Foster the development and personal fulfillment of our employees

Promote diversity and equal treatment among our employees and candidates



Be a trustworthy partner

Ensure compliance with ethical transparency rules and protect data across our value chain

Maintain responsible relations with our suppliers



Be a committed Company

Integrate CSR challenges into our consultancy approach



Have a socially positive impact

Limit the environmental impact of our activity

Support projects that create social value and use our skills to help them progress

Alongside the “Wavestone 2021” strategic plan, the Company has decided to base its action plan on 8 main objectives:

2021 objectives	Current performance
Have the same proportion of women in positions of responsibility (operational or hierarchical management) as in the workforce	30% and 36% respectively at 03/31/18
Achieve 30% representation of women on the Executive Committee	17% at 03/31/18
Triple the number of employees with disabilities	11 at 12/31/17
Have trained 100% of employees ⁽¹⁾ in business ethics	No training
Have trained 100% of employees ⁽¹⁾ in data protection	70% of new recruits at 03/31/18
Conduct our activities based on a clear and responsible policy regarding the choice of our missions and our clients	No policy
Draw up a responsible charter of advice and train all employees ⁽¹⁾ in its application	No charter
Devote 1% of the firm's time to supporting organizations with a civic mission	Approximately 0.2% at 09/01/17

(1) Employees who have been with the Company for at least 1 year.

N.B.: As the 2017/18 fiscal year was mainly devoted to defining the new CSR strategy, Wavestone carried out priority actions consistent with its initial areas of commitment: to be a responsible and committed employer; to guarantee our stakeholders compliance with strict rules in terms of governance, transparency and ethics; to promote equal opportunities and non-discrimination; and limit the Company's carbon footprint.

(For more details, see Chapter 1 of Wavestone's Registration Document).

1.1. CSR governance approach

CSR implementation and steering

Wavestone's CSR approach and strategy are defined and implemented by a multidisciplinary steering committee, which represents the Company's key challenges in terms of CSR. This committee comprises the Chairman of the Management Board, the CEO of Wavestone SA, the CEO of Wavestone Advisors, the Director of Human Resources, the Director of Communications and Treasurer of the Wavestone Corporate Foundation, as well as the Head of Recruitment, the Head of CSR and the CSR Sponsor (Partner).

This Committee is in charge of defining Wavestone's CSR policy and monitoring the Company's social, societal, environmental and economic performance.

Operational organization

At the operational level, Wavestone's CSR strategy is implemented by a CSR manager who reports to the HR Department. The manager is in charge of coordinating the projects in the various fields concerned (social, societal, environmental, economic), as well as employee awareness actions, and the consolidation of non-financial reporting.

For each project, the manager has access to an internal support network of specialists within the various entities or departments concerned.

CSR strategy monitoring

Once a year, the Company's CSR strategy is presented to, and debated by the Supervisory Board.

1.2. CSR awards and labels

In 2017/18, Wavestone received several awards for its actions in terms of CSR.

- **Gaïa Index:** this SRI reference index for small and mid-caps assesses and classifies 230 French SMEs and mid-tier companies based on their level of implication in terms of non-financial transparency and sustainable development performance (CSR policy, HR management, management of environmental impact, etc.). In 2017, Wavestone came first in its category (firms with revenues of between €150m and €500m).



- **Ecovadis:** an independent non-financial rating agency specialized in four aspects of CSR performance assessment (social, environmental, business ethics and responsible purchasing). In 2017, Wavestone obtained a “Silver” level rating from Ecovadis, with a score of 60/100.
- **Great Place to Work®** label awarded by the Great Place to Work France Institute. Based on an internal survey involving all of the Company’s employees and an assessment of its HR practices, this label recognizes companies that create a positive work environment. For its second year taking part, Wavestone ranked among the top 5 best companies in France with more than 500 employees. 78% of its employees considered it was a Great Place to Work®.
- **Happy Trainees** label awarded by Meilleures-Entreprises.com. Based on an anonymous satisfaction questionnaire addressed to the interns of the companies being assessed, this independent label rewards firms for how they welcome, accompany and monitor their trainees. In 2017, Wavestone was awarded the label in the category of companies who recruit more than 100 interns a year.
- **Happy Candidates** label awarded by Meilleures-Entreprises.com. This independent label values those companies that provide the best welcome to candidates during their recruitment process. Based exclusively on the candidates’ opinions, this label rewards the quality of the application process based on 4 criteria: the quality of the recruitment process, the reputation of the company, the accessibility of information concerning the company, and the quality of the welcome received. Wavestone was awarded the label for the first time in 2017/18.
- **Employees’ Choice Award** presented by Glassdoor. This award recognizes companies and “outstanding leaders” in every corner of the world. The Glassdoor Employee Choice Awards are entirely based on anonymous employee feedback and recognizes the best employers and most valued CEOs. Wavestone ranks third among companies employing 1,000 or more employees with a score of 4.3 out of 5 in 2018. Wavestone’s Chairman Pascal Imbert ranked third in Glassdoor’s list of Top CEOs for 2017 in France.
- **LinkedIn’s list of Top Companies:** this unique list is based on LinkedIn data, which is used to select the 25 most attractive employers in France. It is based on 3 main factors: job offers, members’ commitment to the content distributed by the company and the employee retention rate. In 2017, Wavestone made the list for the first time, coming in among the Top 20.
- **Corporate Governance Grand Prix:** the Corporate Governance Grand Prix Awards are presented each year to issuers that meet the level of excellence demanded by investors, both in terms of transparency and the effective implementation of best practices. A jury of specialists draws up several lists of nominees based on major governance criteria and then submits them to a vote by approximately 100 professionals with recognized expertise in the field. In 2017, Wavestone was awarded the Silver Governance award in the Mid-Cap Corporate Governance category.
- **ISO 27001 Certification** Information security management system. Obtained in September 2014 for a period of 3 years, and renewed in September 2017 as part of security audit and digital investigation services for information systems at the Paris and Nantes sites.

1.3. CSR commitments

- **Global Compact:** In 2017/18, Wavestone renewed its membership with the UN Global Compact and, as such, its commitment to align its operations and strategy with the ten universal principals applying to human rights, labor standards, the environment and the fight against corruption.
- **Corporate Parenthood Charter:** As a signatory of the Charter since 2013, Wavestone is committed to promoting parenthood-related representation within the Company, creating a working environment that is conducive to working mothers and fathers, and respecting the principle of non-discrimination in the professional development of parents in the workplace.
- **The “Elles Bougent” Association:** Since 2016, Wavestone has been a partner of the “Elles Bougent” association to promote professional equality between men and women. The association’s main mission is to encourage women from middle school to university to pursue scientific and technological careers and to foster the exchange of experience and ideas on career-related topics between students and engineers within the association.
- **The Villebon Institute:** Wavestone has been a sponsor of the Villebon-Georges Charpak Training Institute since 2012. This socially-responsible initiative is supported by the ParisTech Foundation, higher education bodies (business schools and universities) and socio-economic players. This undergraduate training institute issues Bachelor degrees in “Science and Technology”. Students can then pursue a Master’s degree or enter an engineering school.

2. Information relative to Wavestone's social, societal and environmental performance, in accordance with the Grenelle II Law (Article 225)

Forward

This section complies with the provisions in Articles L.225-102-1 and from R.225-104 to R.225-105-2 of the French Commercial Code relating to corporate transparency obligations regarding social, societal and environmental challenges. The information presented below covers the 42 topics included in the decree of application dated 04/24/12 and updated in August 2016.

Details of the Company's CSR reporting method are provided in paragraph 4. In accordance with the methodological principals defined in 2012/13, non-financial reporting does not cover acquisitions completed during the fiscal year⁽¹⁾. Wavestone's 2017/18 reporting scope therefore includes all of the Company's subsidiaries.

2.1. Social information

At the social level, Wavestone is committed to being a responsible and invested employer. This involves attaining the six key objectives mentioned above, which fall under the responsibility of the Director of HR development. To achieve these objectives, Wavestone has mobilized a considerable amount of resources, since the Company's success essentially hinges on its ability to attract the best talent on the market, develop their potential, and retain them.

HR Development Department organization

Wavestone's HR Development Department is responsible for defining and implementing the Company's human resources strategy. To achieve this, the department is assisted by:

- a central HR development team;
- decentralized HR teams within each of the firm's domains;
- a recruitment team in charge of carrying out the firm's recruitment strategy;
- a personnel management team, in charge of pay and administrative management operations; and
- a team focused on facility management and conditions in the workplace.

For the record, Wavestone's HR strategy is presented in Chapter 1 of the Company's Registration Document.

2.1.1. Employment

1) Total workforce

At 03/31/18, Wavestone's total workforce stood at 2,793 employees, up 6.3% on the previous year (2,628).

The Company's workforce at 03/31/18 breaks down as follows:

- 61.5% of employees are under 30 years of age;
- 36.4% of employees are women;
- 90.5% of employees are based in France;
- 82.7% of employees are based in the Paris region (Wavestone head office);
- 2,727 permanent employment contracts, accounting for 97.6% of the total workforce;
- 66 non-permanent employment contracts, of which 59 are apprenticeship contracts;
- 3 job categories - consulting; sales; back office.

2) Breakdown of workforce by gender, age, geographic region and job category

Breakdown by gender

(% of total workforce)	At 03/31/18	At 03/31/17	At 03/31/16
Men	63.6%	64.0%	65.9%
Women	36.4%	36.0%	34.1%
Consultants			
Men	67.4%	68.4%	70.3%
Women	32.6%	31.6%	29.7%

The Company has implemented measures to ensure the strict application of gender equality.

For more details, see paragraph 2.1.7 "Equal opportunities" of this report.

Breakdown by age

The average age of Wavestone's workforce at 03/31/18 remained unchanged at 32 years. The following table gives a breakdown of the Company's workforce by age:

(% of total workforce)	At 03/31/18	At 03/31/17	At 03/31/16
18-25 years	13.5%	13.7%	15.3%
25-30 years	48.0%	45.5%	48.7%
30-50 years	32.1%	34.5%	30.0%
> 50 years	6.4%	6.3%	6.0%
<i>o/w less than > 55 years</i>	<i>2.7%</i>	<i>2.5%</i>	<i>2.3%</i>

(1) Acquisitions were completed in 2017/18.



Average length of service

The average length of service at 03/31/18 for all job positions remained unchanged year-on-year at **4.5 years**.

	2017/18	2016/17	2015/16
Total Group	4.5 years	4.5 years	5.3 years
Consultants	4.2 years	4.2 years	5.1 years

Breakdown by geographic region

Since July 2016, all the Company's Parisian teams work at the Paris La Défense site. Wavestone has 3 other French offices - in Lyon, Marseille and Nantes - and 7 offices abroad: Casablanca (Morocco), London (UK), Brussels (Belgium), Geneva (Switzerland), Luxembourg (Luxembourg), New York (USA) and Hong Kong.

(% of total workforce)	At 03/31/18	At 03/31/17	At 03/31/16
Paris region	82.7%	82.6%	91.8%
Regional offices	7.8%	7.8%	6.4%
International	9.5%	9.5%	1.9%

Breakdown by job category

The breakdown by job category (consulting, sales and back office) of the Company's workforce is given in the table below:

(% of total workforce)	At 03/31/18	At 03/31/17	At 03/31/16
Consultants	89.0%	88.0%	86.9%
Sales teams	3.0%	3.0%	3.7%
Back office personnel	8.0%	9.0%	9.4% ⁽¹⁾

(1) The firm's support function staff includes 12 employees with work-study contracts who work on consulting missions.

At 03/31/18, Wavestone employs 2,482 consultants, of which 29 on skills-acquisition or work-study contracts.

3) Recruits and departures

Recruitment policy

The firm's recruitment policy prioritizes the recruitment of young graduates, recruited mainly from the most prestigious engineering and business schools and universities. In addition, as part of its pre-employment strategy, the Company takes on over 250 trainees every year (in the form of sabbaticals, end-of-studies internships, apprenticeships and work/study programs). For example, in 2017/18, over 50% of the Company's end-of-studies trainees seeking employment received permanent employment contracts at the end of their training period. Trainees undergo a recruitment process that is as demanding and selective as the process for all new employees, and benefit from the same integration and support program.

Wavestone regularly hosts "Wavestone Connect soirées" in prestigious venues in the heart of Paris to give selected candidates the chance to get to know the firm first hand. There they can meet the firm's top executives and managers in a warm, friendly atmosphere and talk to Wavestone employees about their missions, the values of the firm and its growth prospects. Ten "Wavestone Connect" soirées were held throughout 2017/18.

Breakdown of consultant hiring by type of diploma

	2017/18	2016/17	2015/16
Business schools (%)	43.3%	42.0%	32.0%
Engineering schools (%)	31.2%	38.0%	53.0%
Universities (%)	25.5%	20.0%	15.0%

(1) Employees recruited at our international offices are all indicated under "universities" because there is no equivalent of business or engineering schools. In France, 44.7% of the consultants recruited come from business schools, 33.8% from engineering schools and 21.5% from universities.

Details of personnel recruits and departures (excluding internships)

Personnel recruits and departures during the 2017/18 fiscal year are shown below:

	2017/18		2016/17	
	Number	%	Number	%
Recruitment				
Total external recruitment (excluding internal mobility transfers)	785	100%	736	100%
<i>o/w permanent employment contracts</i>	722	92.0%	689	93.6%
<i>o/w temporary employment contracts:</i>	63	8.0%	47	6.4%
- of which long term	14		8	
- o/w skills-acquisition and work-study contracts	49		39	
Staff departures				
Departures (excluding internal mobility)	620	100%	619	100%
<i>o/w resignations</i>	455	73.4%	459	74.2%
<i>o/w end of temporary contracts (work/study programs and apprenticeships)</i>	46	7.4%	40	6.5%
<i>o/w suspension of trial periods</i>	90 ⁽¹⁾	14.5%	74	11.9%
<i>o/w redundancies</i>	23	4.2%	26	4.2%
<i>o/w employment-contract termination by mutual consent</i>	1	0.2%	10	1.6%
<i>o/w retirement</i>	3	0.5%	8	1.3%
<i>o/w deaths</i>	2	0.3%	2	0.3%
Departures of permanent employees	573		578	

(1) Of which end of trial period for an apprenticeship contract.

During the 2017/18 fiscal year, Wavestone recruited 633 permanent employees (excluding end of trial period and internal mobility transfers) and 26 part-time employees were taken on by the Company in France.

Staff turnover

Wavestone's yearly personnel turnover rate (the number of resignations divided by the total workforce at year end) was 16.3% for the 2017/18 period.

	2017/18	2016/17	2015/16
Staff turnover (%)	16.3%	17.5%	10.3%

4) Compensation and salary trends

Pay policy

As part of the creation of Wavestone, the Company's pay policy in France was reviewed during the 2016/17 fiscal year and became applicable as of 04/01/17.

Structuring principles of the new pay policy

Wavestone's pay policy is based on three principles:

- **One wage grid for all consulting activities**

Wavestone has chosen to adopt the same wage grid for every consulting activity. For each grade within "Wavestone Horizon" (Wavestone's professional development tool), there is an associated wage package.

- **A competitive pay policy**

In a competitive market, having a competitive pay policy is essential for the Group to attract and retain the best talent. This policy is based on management consulting market practices (annual benchmark).

- **Commitment to ethics and transparency**

In France, all of the rules regarding pay policy (starting salary, packages per grade, bonus calculation, etc.) are published on the Wavestone corporate website.

Wavestone has implemented a standardized salary framework for all its employees, including experienced new recruits, and notably commits to applying a coherent pay policy for personnel members with similar career paths.

Employee profit-sharing

Employee profit sharing, calculated on the basis of the statutory formula, totaled €5,946k in the 2017/18 fiscal year, compared with €4,402k in 2016/17.

For 10 years, Wavestone employees have been able to acquire a stake in the Company in the form of bonus shares granted by the firm when profit sharing is paid out. As such, employees choosing to invest all or part of their share will receive bonus shares two years later, if they are still an employee of the Company and have not sold their Wavestone Actions Fund units.

For the past 3 years, over 50% of employees have chosen to invest all or part of their share in the Wavestone Actions Fund.

Not only does employee shareholding provide bonus shares, it also gives employees a sense of pride in their company.

2.1.3. Social relations

1) Organization of social dialogue

In France, Wavestone is made up of the parent-company, Wavestone SA, and Wavestone Advisors. Their employee representative bodies are summed up in the table below:

Companies	Works Council (WC)	Staff Representatives (SR)	Union Representatives
Wavestone SA	X	X	
Wavestone Advisors	X	X	X

Social actions are managed by the Group's Works Councils (WCs), and mainly consist of sports and cultural activities.

For example, the Group's WCs organized a 3-day skiing weekend open to all employees in January 2018 at Alpe d'Huez, in France. 720 employees attended, 33% more than in 2016/17. Another weekend was due to be organized in Nice in June 2018. The WCs also set up numerous clubs where employees can play a sport or carry out some form of cultural activity (photography, massage, cooking, music, etc.) in a relaxed and enjoyable atmosphere.

2.1.2. Organization of work

1) Organization of working time

Since 07/01/17, all of Wavestone's employees in France fall into one of the following three working-hour categories: category 1 - 37 hours/week, with 10 paid days off per year (ATTs⁽¹⁾); category 2 - a fixed number of 166hrs 42mn per month and 218 days a year, including "Solidarity day"; and category 3 - a fixed number of 218 days per year, including "Solidarity day".

2) Absenteeism

Wavestone's absenteeism rate in France was 2.3% for the 2017/18 fiscal year, mainly due to sick-leave. Maternity and paternity leave, as well as unpaid leave (including full-time parental leave) are not factored into the absenteeism rate.

The employee representative bodies are currently organized into four separate groups. Starting from the next professional elections in May-June 2018, all Wavestone employees in France will elect the members of the future SEC: Social and Economic Committee. This SEC will replace the three employee representative bodies that previously existed: the Works Council⁽²⁾, the Hygiene, Safety and Working Conditions Committee (HSWCC), and the Staff Representatives.

(1) Organization of Working Time.

(2) The WCs of the Wavestone SA and Wavestone Advisors.

Meetings between management and employee representative bodies held in 2017/18 by scope

Wavestone SA	Meetings with the WC	Meetings with the SR	Wavestone Advisors	Meetings with the WC	Meetings with the SR
Number of meetings	15 <i>o/w 4 exceptional</i>	7	Number of meetings	15 <i>o/w 4 exceptional</i>	7

Examples of subjects on the agenda (for information or consultation)

- Consultation on the Group's policy concerning the recruitment of disabled people
- Consultation on the commercial sector's benchmark packages

2) Review of collective agreements signed

Agreements presented in 2017/18, plus date of signature:

- within Wavestone SA:

2017/20 three-year agreement on gender equality and quality of life in the workplace	07/28/17
Addendum to the Group profit-sharing agreement: inclusion of Wavestone Advisors in the Wavestone Group's profit-sharing agreement	06/26/17
Agreement on the implementation of a Social and Economic Committee	02/22/18

- within Wavestone Advisors:

Agreement on working hours	03/24/17
Addendum to the Group profit-sharing agreement: inclusion of Wavestone Advisors in the Wavestone Group's profit-sharing agreement	06/26/17
Addenda relating to the inclusion of Wavestone Advisors in the Group's Savings Plan (PEG) and its retirement savings plan (PERCO)	07/04/17
Agreement on the implementation of a Social and Economic Committee	02/22/18
Addendum to the PEG rules: collective transfer of employee savings	03/07/18
Agreement on the adoption of the electronic vote	03/21/18
Agreement on the Mandatory Annual Negotiations (MAN)	03/26/18

2.1.4. Health and Safety

1) Health and safety conditions in the workplace

The Hygiene, Safety and Working Conditions Committee (HSWCC)

Wavestone SA and Wavestone Advisors each have a Hygiene, Safety and Working Conditions Committee, which each held 4 ordinary meetings and 2 exceptional meetings in 2017/18.

The HSWCC is involved in actions to prevent occupational risks and improve working conditions. In accordance with Articles L.4611-8 and L.4612 of the French Labor Code, the Committee draws up an annual review of the actions carried out and implemented during the year.

Other health and safety actions

- First aid
- Road safety
- Office remodeling
- Ergonomics in the workplace and prevention of musculoskeletal disorders
- Prevention of psycho-social disorders

For more than four years, Wavestone has also employed an occupational nurse on a full-time basis (from Monday through Friday) at the Company's head office, who works alongside the occupational doctor.

2) Occupational health and safety agreements

No occupational health and safety agreements have been signed by Wavestone.

However, in October 2016, after completing trials and securing an agreement between the WCs and HSWCC of Wavestone SA and Wavestone Advisors, teleworking was rolled out in all the Group's offices in France

All Wavestone employees with at least 6 months' seniority are entitled to work remotely, either on a regular basis (up to 2 days per week) or occasionally (up to 3 days per month), provided their jobs are compatible. Occasional teleworking does not require managerial approval but must be declared on a dedicated platform. To take special situations into account, some employees may benefit from a regular

3) Occupational accidents and illness

France

	2017/18	2016/17	2015/16
Number of occupational accidents	25	23	20
<i>o/w commuting accidents</i>	11	15	11
Number of occupational illness declared	1	0	0
Rate and frequency of occupational accidents ⁽¹⁾	2.3	2.7	4.6
Severity rate of occupational accidents ⁽²⁾	0.02	0.05	0.094

(1) Number of accidents with leave per 1 million hours worked.

(2) Number of days lost due to an occupational accident per 1 thousand hours worked.

Out of 25 occupational accidents reported in 2017/18, 10 resulted in time off work on medical grounds.

2.1.5. Wellness in the workplace

Ensuring a high-quality working environment and work-life balance for its employees is an integral part of Wavestone's human resources policy.

The Company strives to ensure that its employees benefit from a daily working environment that is both pleasant and conducive to their professional development.

1) Working environment and work-life balance

Office premises: the AIR project

To enhance the quality of the working environment for its employees and to strengthen relationships between teams at all levels, Wavestone developed a new design concept for its offices in 2015. The "AIR" project as it is known has been implemented in the offices in Paris, Nantes, Lyon, Marseille,

teleworking arrangement of more than 2 days per week. This principle applies in particular to pregnant women and individuals with disabilities.

In France, the review conducted one year after its implementation shows positive results:

- employees are aware of the teleworking system and make use of it; almost 1,200 employees (50% of Wavestone's headcount) have benefited from occasional teleworking;
- it improves the work-life balance;
- it reduces the firm's environmental footprint by reducing the number of trips made by employees.

Teleworking is very common in London and Geneva.

A teleworking system equivalent to that in France has also been set up in Luxembourg since early 2018.

London, Luxembourg and New York, and is set to be rolled out to all of the Group's offices.

It aims to inject more flexibility, comfort, creativity and exchange into the way we work.

The main features of the "AIR" project are:

- standardized workstations allocated to all employees (no free seating);
- open-plan work areas featuring glass walls to ensure a constant flow of natural sunlight;
- a noise-canceling environment thanks to the choice of fittings at the start of the project (suspended, sound-proofed ceiling tiles, specific furniture, etc.), service centers for printers and similar equipment, and dedicated spaces for employees seeking a quiet, isolated place to work (the Quiet Room, My Boxes, etc.);
- a wide range of working areas: 8 types of meeting rooms for as many types of group sessions in France (meeting rooms for 4 to 16 people, My Box, Teambuzzer, Project and Visio rooms, etc.);

- special facilities on each floor of the head office: IT Bar, "CreaPlace" creativity center, video studio, etc.;
- new technologies are central to the project: digital signage screens, meeting room touch-screen booking terminals, video-conferencing equipment, etc.

In addition, employees at the Paris offices have access to concierge services and a private sports club.

Flexible working arrangements

• Teleworking

All Wavestone employees in France with at least 6 months' seniority are entitled to work remotely, either on a regular basis (up to 2 days per week) or occasionally (up to 3 days per month), provided their jobs are compatible. Occasional teleworking does not require managerial approval but must be declared on a dedicated platform. To take special situations into account, some employees may benefit from a regular teleworking arrangement of more than 2 days per week. This principle applies in particular to pregnant women and individuals with disabilities.

A similar teleworking system has also been set up in Luxembourg since early 2018.

• Flexible leave

Seniority is not a prerequisite for taking time off, and no vacation periods are imposed (outside heavy workload periods).

Wavestone pays particular attention to its employees' remaining vacation and ATT days and sends them an individual email indicating the amounts of days left.

• Meeting schedules

The Company raises employee awareness of the importance of scheduling regular Meetings during standard working hours, namely between 9.30 a.m. and 6.30 p.m.

• Right to switch off

Employees are entitled to switch off the remote communication devices provided by their company.

There is no obligation to reply to emails and calls received on non-working days (weekends, paid leave, ATT days, public holidays, sick-leave days) and outside normal working hours.

Emails sent or calls made on a non-working day or outside normal working hours must only be sent in emergency situations, and therefore be exceptional.

Wavestone's management and HR teams ensure that employees' right to switch off is respected by the various teams and endeavor to demonstrate exemplary behavior in this respect.

2) Specific measures for expectant parents

Wavestone is committed to helping female and male employees achieve a healthy work-life balance.

To implement this commitment, the Company has taken several measures, outlined below and presented in Wavestone's Parenthood Guide for Employee Parents in France⁽¹⁾:

Corporate nursery service

In 2008, Wavestone SA France launched a nursery service designed to help its employees with children/expecting a child to find creche places via the Babilou network (more than 400 creches in France) and its partner network, "1001 Crèches" (over 1,500 creches). In 2017/18, Wavestone financed 74 cribs for its employees' children. The Company did not turn down any requests.

Childcare leave

Personnel members with one or more children aged 12 years and under may take up to 3 paid days of leave per child each year. These days may be taken individually, or together.

Parenting conferences and workshops

As of June 2017, Wavestone will be proposing a series of workshops at its Paris-based offices and remote conferences, conducted in-house by a parenting coach. These 2-hour sessions will be based on specific topics such as "How to get your children to obey right away", "Homework: How to help your children while working" or "How to peel your children away from the screen". Six workshops and one conference were held during the 2017/18 fiscal year in Paris, and were accessible by videoconference for employees in the regional offices or not present at headquarters.

Paid maternity, paternity and adoption leave

Full pay is maintained throughout maternity, paternity and adoption leave, irrespective of the employee's length of service within the Company. In addition, Wavestone has implemented a subrogation scheme for its employees to ensure that they do not have to bear a shortfall in cash flow while awaiting the payment of their social security benefits.

(1) Practices implemented by Wavestone SA since 2012/13. Wavestone Advisors France employees have access to all of these services since 07/01/17.



Phased return to work after maternity, adoption or parental leave

To ensure a smooth return to work, full-time employees may work part-time (4 out of 5 days) with full-time pay during their first two weeks back.

Flexible working hours during pregnancy

Pregnant personnel members may benefit from up to 3 teleworking days a week, and are given a second computer to work with at home to avoid carrying heavy loads.

Corporate Parenthood Charter

Wavestone will pursue its commitment to changing the perception of parenthood in the workplace and advocates the principle of non-discrimination of parent employees. Wavestone has been a signatory of the Corporate Parenthood Charter since 2013.

3) Communication and in-house actions

Wavestone's is committed to maintaining strong cohesion within its teams and to rallying its employees around the company's mission. The Company has adopted an operating approach that involves management regularly asking all teams for their ideas and opinions and taking them into account in its decisions. This process allows new initiatives to emerge regularly, creating value for the firm and its employees. It is within this framework, for example, that some of Wavestone's assets (Creadesk, The Faktory, Machine Learning & Data Lab, Shake'Up) were developed.

Collective exchange of views

The Group's employees were involved in the various stages of the creation of Wavestone's CSR strategic plan. Over a three-week period, a major survey was conducted via an internal network among all employees to gather ideas for CSR actions. This survey yielded over 200 ideas and involved 25% of the Company's employees. Twelve workshops were subsequently held in nine offices abroad. More than 300 employees were called upon to identify and develop the ideas proposed (in France and abroad) during the consultation phase.

In addition to these construction projects, several initiatives proposed by employees were launched in 2017/18.

They included:

- the Company's first intrapreneurship competition, "The Idea", was launched in September 2017. The concept is simple: to help reveal our employees' best ideas and then help them to become a reality. In total, the competition

gathered over 2,600 votes on the Company's social network. Following the initial selection, 10 finalists were invited to pitch their idea to a jury. Three of them were then selected to launch a pilot of their project in 2018.

- The second edition of the Wavestone Hackathon was organized in February 2018, aimed at testing chatbot technology and prototyping innovative solutions to transform tomorrow's professional experience. Roughly 60 Wavestone employees and 15 students had 36 hours to transform their idea into a functional prototype, helped by about thirty coaches and experts in various fields. The winning team designed a chatbot designed to facilitate access to all the Company's HR information. It is set to be developed for the summer of 2018. This innovative approach is also used by Wavestone's consultants during client assignments.

Convivial social events

Numerous opportunities are organized for employees to meet and exchange ideas with their colleagues: integration seminars, team meetings, practice forums, etc.

Several social events are also held throughout the year: free breakfast offered every Friday to Group employees, drinks after work, team diner parties, annual gala for all personnel members and their partners, new employee get-togethers, etc.

4) Prevention and treatment of psychosocial risks (PSR)

- All managers (career development managers, assignment managers, sales and back-office managers) are systematically trained in the prevention and treatment of psychosocial risks as part of the new managerial program rolled out as of September 2018 for all Wavestone's management. This training course includes an e-learning module and a full day of face-to-face training focused on real-life examples and practical cases.
- A special intranet page lists the solutions available within the Company in the event of difficulties and the people to contact in each country.
- Wavestone's in-house training institute also offers two personnel training programs designed to help employees concerned maintain efficiency during stressful situations.
- Wavestone has adopted a personnel proximity management policy whereby groups of 10 to 15 employees are monitored by a career development manager who, in turn, is backed by a HR contact, delegated to their team. This approach ensures that personnel stress problems can be detected well in advance.

As such, in 2017/18, the following psychosocial risks were detected and monitored:

	2017/18	2016/17
Number of support calls made by employees	7	6
Number of new PSR cases declared between 04/01/17 and 03/31/18	48	49
<i>Being processed</i>	31	15
<i>Cases resolved between 04/01/17 and 03/31/18</i>	32	47

5) Assessment of quality of life in the workplace

Wavestone participates in 2 annual surveys to assess the quality of its working environment and in line with its continuous improvement strategy.

- **Great Place to Work®**

In November 2017, Wavestone renewed its participation in the Great Place to Work® survey. By way of an anonymous satisfaction questionnaire, employees at all of the Company's sites⁽¹⁾ were able to express themselves on the quality of life within the Company. The survey assesses the Company on five levels: credibility, respect, fairness, employee pride and conviviality.

In March 2018, the results of the 2018 edition were announced: the Wavestone Group was taking part for just the second year running and ranked among the Top 5 best companies to work for in France out of a total of 64 French companies with more than 500 employees. Overall, 78% of the Group's employees completed the questionnaire, (up from 76% in 2017) and 78% of them considered Wavestone to be a good place to work.

Following the publication of the results, 3 working groups were created. All of Wavestone's employees were invited to suggest areas for improvement which will be implemented as part of the 2018/19 HR action plan.

- **Happy Trainees**

In 2017, Wavestone took part in the Happy-trainees survey, conducted by Meilleures-Entreprises.com. Based on an anonymous satisfaction survey addressed to the interns of the companies being assessed, this independent label rewards firms for the quality of the welcome and guidance they offer trainees.

Other anonymous internal surveys by practice can be proposed.

(1) Excluding the U.S. whose fiscal year is different.

This approach allows new ideas to emerge and creates a culture of exchange and transparency while fostering team spirit.

2.1.6. Integration and development of skills

1) Integration program

As of September 2016, all Wavestone recruits follow the same four-stage integration program comprising a welcome session, an integration seminar, a training program and HR and management support.

Welcome session

All recruits joining the firm spend the first two days attending an integration program: informal exchange of ideas, topical presentations (on the Group's HR policy, management tools, recruitment and communication strategy), assignment of a mentor and the "Delivering in Wavestone" training program, designed to help personnel master the office-based tools required to produce deliverables in line with Wavestone standards.

For new recruits based in France, this two-day program takes place in Wavestone's Paris offices. For those based outside of France, the welcome session, topical presentations and "Delivering in Wavestone" training program are all conducted within the office where the new recruits are to be based.

Since September 2017, a new welcome program has been rolled out on a pilot basis and will be deployed for all new arrivals in 2018/19. It includes access to an onboarding application (in partnership with the "Helloteam" start-up). Thanks to this application, new recruits can access all the information they need before they even arrive in the Company and throughout their first year, helping them to understand Wavestone and become an integral part of the Company.

The "Wavestone Inside" integration seminar

This one-day integration seminar brings together all new recruits, regardless of their entity, job, level of experience and regional site. Its two-fold aim is to enable new recruits to connect with the Wavestone identity (Group markets, positioning, values, etc.) and to build-up their internal network. The day is organized around plenary presentations (strategic objectives, presentation of Group assets and areas of excellence, etc.), and themed workshops, followed by a gala evening. Five "Wavestone Inside" seminars were organized during the 2017/18 fiscal year.

As of June 2018, the seminar will take place over two days with an overnight stay, and will cater for 350 new Wavestone employees.

Training program

Young graduates follow a 5-day training program days during their first year in the Company. The dual objective of the program is to enable recruits to obtain the initial skills required to do their job in the best conditions, and to develop their internal network by bringing them into contact with employees from various backgrounds (practices, jobs, offices, etc.).

Training modules vary based on the employee's role and are spread out over the year to allow them to become acquainted with the Company.

Each new recruit follows at least three training sessions during their first year.

Close employee monitoring



Integration of newly acquired companies

Wavestone's external growth strategy requires the regular integration of newly acquired companies. The integration process is led by a dedicated task force, comprising the directors of the acquired company and members of the Wavestone Executive Committee representing the different operational and support functions involved.

As soon as the acquisition of Kurt Salmon's European operations was announced in January 2016, a dedicated "Boosting Wavestone" team was formed to oversee and steer the transformation, leading to the creation of Wavestone. Although the creation of Wavestone became effective in September 2017, this team continues its efforts to complete the final harmonization projects and to ensure the smooth merger of future acquisitions.

2) Skills development

Given the nature of the consulting business, developing employee potential is a key priority for the Wavestone Group. The rapid acquisition of skills and responsibility is a major challenge for the Company, particularly since its HR model is founded on the recruitment of young graduates (more than 70% of new recruits in 2017/18). To this end, the Group has implemented additional measures, as described below.

The "Wavestone Horizon" professional development tool

During the 2017/18 fiscal year, new career programs were developed for the consulting and business functions. These programs are made known to all of Wavestone's employees, irrespective of their geographical zone. The "Wavestone Horizon" tool provides a guide to the professional career of the Company's employees, enabling them to visualize their development over the long term. It provides employees and their managers with points of reference to understand what is expected at each grade and helps them to identify the skills they need to develop to progress and successfully reach new milestones. By choosing their training programs, each employee is actively involved in the development of their career within Wavestone.

In-house training institute and external training program

Skills development at Wavestone is underpinned by:

- digital training courses (e-learning platforms, MOOCs, etc.);
- a common training program for all young recruits;
- local training programs.

Digital training programs

The purpose of Wavestone's training program is to foster the continuous development of its employees' skills. Following the merger, the training catalog was expanded to include integration courses and the rollout of the My Mooc, Vodeclit and Sequoia programs.

- Wavestone's training catalog offers employees a variety of learning programs to choose from:
 - Vodeclis: tuition in professional office tools used by Wavestone and its clients.
 - > 5-minute e-learning training sessions on over 300 professional office tools, such as Office Suite, LinkedIn, Photoshop, Trello, Android and iOS (available in French and English).
 - > Assessment tests (to determine the employee's level), as well as skills acquisition programs and exercises.
- My Mooc: a monthly catalog of around ten MOOCs emailed to all personnel members.
- Sequoia: on-line educational training courses in a game-based format developed by the Group's practices to transmit Wavestone's expertise to employees. Each training program takes the form of several episodes, delivered in an offbeat tone, and result in trainees being awarded badges and certificates on completion. These training sessions are developed by and for Wavestone's employees to meet the specific needs and skills required by the Company's various practices.

All the training programs are developed abroad and have a cross-functional approach (multi-practice and multi-function). In addition, to enhance the training options available, each office is encouraged to contribute to the program. The New York and London offices are thus driving the development of the internal platform, Sequoia.

Attendance-based training and blended learning courses⁽¹⁾

Wavestone's training institute proposes over thirty attendance-based programs designed to develop key job-related skills (business development, delivery, communication, project management, etc.) and/or aspects of personal development. Several of these programs award certificates upon completion. These include ITIL (Information Technology Infrastructure Library) Foundation V3, Lean Six Sigma - Green Belt, etc.

These training sessions also provide employees the opportunity to extend their internal network by mixing with colleagues from other practices, offices and divisions.

To meet training requirements in areas that are not covered by the Wavestone training institute, the Group also resorts to external training solutions.

Time allocated to training

The table below gives an overview of the figures relative to external training programs, as well as in-house courses provided by the Company's training institute (excluding digital-based courses) for 99.7% of Wavestone employees (excluding Hong Kong).

Fiscal year	Calendar year		
	2017/18	2016/17 ⁽¹⁾	2015
Number of employees receiving at least one training course during fiscal year	1,766	1,891	1,095
Percentage of employees receiving at least one training course during the fiscal year	63%	73.1%	63.8%
Number of training days given in the year	4,611	4,118	3,292
Number of training hours given in the year	32,275	31,711	23,048
Average number of training hours per employee given in the year	18	16	21

(1) Data missing for Wavestone Morocco and Wavestone Advisors Switzerland (98.4% of the headcount is represented).

The number of employees that attended at least one training course during the year is lower in 2017/18 due to the implementation of new training programs during the period. Some training courses were also revised and will be rolled out during the next fiscal year.

Assignments and on-the-job training

For all Company employees, the professional consulting assignments they conduct also provide the opportunity for them to develop and enhance their individual skills. This hands-on learning approach is an essential growth driver within the Group. As such, at the start of every assignment, the project manager informs the consultants of the objectives involved. Once the assignment has been completed (or at

regular intervals in the case of long-term assignments), the project manager conducts an evaluation to assess the consultant's work. This feedback highlights the progress achieved and pinpoints areas for improvement. Individual goals concerning the development of new skills are also taken into account during the consultant staffing process (weekly placement of consultants on assignments).

In addition, as part of the process to acquire the consulting skills they need to progress, consultants contribute to the Company's development activities. Each year, a number of consultants complete 6-to-12-month assignments within the firm's back-office departments (recruitment, communication, finance, etc.).

(1) Blended learning: combination of several forms of learning (e.g. attendance-based, e-learning and phone-based modules).



Internal mobility

Internal mobility is one of several HR mechanisms that enable employees to enrich their career and benefit from diversified career prospects.

All positions open under the annual recruitment plan are eligible. Wavestone commits to reviewing all job applications,

whatever the level of experience of the employee and the job applied for, even when a position is not open. As in the case of external recruitment, internal mobility is a formalized process monitored by the Company's HR teams. All Wavestone employee applicants receive a reply within a maximum of three months.

Breakdown of internal transfers by type

	2017/18		2016/17		2015/16	
Regional transfers	25	39%	16	33%	8	27%
Occupational transfers	14	22%	13	27%	10	33%
Inter-practice transfers	25	39%	19	40%	12	40%
Total	64	100%	48	100%	30	100%

Performance reviews and annual assessments

Every year, across all of the Group's business lines, each employee's performance is discussed as part of a review involving their superiors and the career development managers and HR teams within the entity concerned. The topics addressed include: the employee's current position in respect of their career path; their career prospects within 12-24 months and the associated development plan; possible changes in their salary and/or bonuses; promotion prospects.

In addition, all employees meet their team manager for an annual assessment to discuss their annual evaluation, career prospects, compensation and work-life balance.

The purpose of the Company's career development managers is to help employees achieve their full potential. The annual performance review is a key moment for discussion in which the Group's career development managers receive special training.

2.1.7. Equal opportunities and non-discrimination

The Company is deploying a number of equal-opportunity action plans, in accordance with its commitment to adhere strictly to the principles of ethics and fairness. Wavestone's social and societal policy is reflected in its program to promote diversity and non-discrimination.

As of 2018/19 and in keeping with the Wavestone 2021 strategic plan, the Company has decided to base its action plan on 3 main objectives:

2021 objectives

Have the same proportion of women in positions of responsibility (operational or hierarchical management) as in the workforce

Achieve 30% representation of women on the Executive Committee

Triple the number of employees with disabilities

Current performance

30% and 36% respectively at 03/31/18

17% at 03/31/18

11 at 12/31/17

In this respect, in October 2017 a group of employees committed to the values of gender equality and diversity created the "Wavestone For All" network. This network aims to work towards the implementation of initiatives to combat discrimination and promote diversity.

The network has three main objectives:

- provide concrete answers to employees in everyday situations, within Wavestone and on assignment with clients. Key aspects include: respecting differences,

ensuring equality, protecting diversity, addressing the different cultures of a multinational company, the societal approach, etc;

- make diversity a strong innovation and performance driver for the firm;
- contribute to Wavestone's CSR strategy by focusing on clients' social responsibility.

1) Gender equality in the workplace

Percentage of female employees in the Group

	At 03/31/18	At 03/31/17 ⁽¹⁾	At 03/31/16 ⁽¹⁾
% of total workforce	36.4%	36.0%	33.4%
% of consultants	32.6%	31.6%	29.3%

(1) Excluding Arthus Technologies and the European activities of Kurt Salmon.

The percentage of female employees in the Group continued to increase and came to 36.4% at 03/31/18.

During the 2017/18 fiscal year, Wavestone continued its commitment in the following areas:

- **Recruitment:** apply a strict gender non-discrimination policy to ensure that the number of female consultants is proportionally in line with the number of female students in the Company's target schools.
- **Career development:** gradually achieve a balance between the percentage of women in roles of responsibility (operational or top management) and their percentage of the total workforce.
- **Compensation:** maintain a strict equal pay policy for men and women.
- **Work-life balance:** promote a healthy work-life balance for women and men alike, notably by implementing specific measures aimed at facilitating this balance for employees with children (see paragraph 2.1.5.2 "Specific measures for expectant parents").

Wavestone is also involved with a number of organizations working for professional equality between women and men:

- Wavestone has been a partner of "Elles Bougent", an association that promotes professional gender diversity, since February 2016. The association aims to encourage more women to pursue scientific and technological careers. For Wavestone, the main goal of this partnership is to share best practices with other companies. Female graduates from engineering schools seeking to exchange their points of view and share their career experience can become sponsors of the association. At end-March 2018, "Elles Bougent" had roughly 30 Wavestone sponsors.
- In February 2018, Wavestone also sponsored the Global Startup Weekend Women event, which aims to encourage diversified entrepreneurial actions and the emergence of start-ups. Wavestone lent its support to the teams taking part in Paris and Hong Kong thanks to the involvement and contribution of the "Shake'Up" and "Wavestone for All" teams. This event provided the chance for 2,000 women from five continents to create, inspire and confirm the role of women in entrepreneurship.

In April 2018, Wavestone paired up with **Foundation Femmes@Numérique**, an initiative that aims to bring together for the first time a strong group of economic, social and public players to focus on increasing the number of women in the digital professions.

2) Employment and integration of people with disabilities

At 03/31/18, Wavestone France employed 11 people with disabilities based on the definition provided in the mandatory declaration of employment of people with disabilities (DOETH form). Wavestone France's employer contribution to the AGEFIPH fund for the professional integration of people with disabilities amounted to €714k⁽¹⁾ in 2017. The Group is aware that it is well behind on this challenge. As a result, it has pledged to triple the number of employees with disabilities within the Group as part of its 2021 strategic plan.

During the 2017/18 fiscal year, Wavestone continued to show its commitment at the social and societal level:

Social action

- Wavestone France continued its partnership with the company "Made in TH", which offers personalized support to employees who are directly or indirectly concerned by disability. This partnership, which was created in June 2017, involves organizing an on-call service twice a month, either by phone or in Wavestone's Paris offices. Personnel members can thus benefit from personal and strictly confidential support with the administrative tasks associated with disability challenges. These on-call sessions are conducted by a Made in TH ambassador who is specialized in this area.
- The Company also carries out awareness-raising actions to highlight disabilities, which include:
 - the organization of a conference held on 12/20/17. Guests included quadruple paralympic medalist Mickaël Jeremiasz, Wavestone's Made in TH Ambassador, and over 90 Group employees;
 - the creation of a video presenting the activities of Made in TH;
 - the planning of several events to highlight disabilities (themed breakfasts, quizzes, etc.).

(1) It should be noted that Wavestone has made the choice not to introduce a disability reporting incentive policy.

- The Group's HR and recruitment teams follow training courses on how to recruit and ensure the integration of employees with disabilities, both organized by CED, a French communications agency promoting the recruitment of people with disabilities.
- Wavestone France calls on the services of the ESAT, a vocational rehabilitation center for the disabled, mainly for printing documents for in-house training courses, taking orders for tray-meals, fruit baskets and event buffets, collecting and recycling used paper, and recycling IT equipment (printers, ink cartridges, toners, etc.).

Wavestone is pursuing its partnership with the Grenoble Ecole de Management to promote the "Management and Disabilities" certificate. Student applicants are required to submit a "study journal" illustrating their views on the subject of disabilities. As a member of the selection panel, Wavestone is required to read and assess these journals to discern which 30 students should be admitted to the course.

During the 2018/19 fiscal year, in addition to pursuing actions already under way, Wavestone plans to conduct an in-depth analysis in partnership with AGEFIPH, with the aim of creating an appropriate and sustainable employment policy.

Societal actions

- In January 2018, Wavestone launched the first edition of the "Prix Handi Cap by Wavestone", a competition to reward the best initiatives by student associations working in favor of people with disabilities. This project, which is sponsored by Axel Allétru (12 times French champion and European vice-champion in para swimming), aims to increase visibility of disabilities while dispelling popular stereotypes. In total, 15 associations from various schools took part to try to win one of the two prizes on offer: the Prix Handi Cap by Wavestone, worth €2,500, and the Prix Coup de Cœur, worth €1,500. The Group's employees were then invited to vote for the project of their choice, before the top contenders attended the final at Wavestone's premises on 05/17/18.
- Since 2012, Wavestone has sponsored the Villebon - Georges Charpak Training Institute, a social project co-sponsored by the ParisTech Foundation, as well as further education establishments (business schools and universities), and socio-economic players. This undergraduate training institute issues Bachelor degrees in "Science and Technology". After graduating, students may pursue their university studies by enrolling on a Master's program or in an engineering school. The institute guarantees the social, cultural and intellectual diversity of its students, 20% of whom have disabilities.

For more information on the Institute, see paragraph 2.3.2.

- The Wavestone Foundation participates in humanitarian projects, by supporting or developing initiatives to benefit

children worldwide. Some of the projects chosen offer support to people with disabilities. In 2018, for instance, the Foundation selected the "Professional integration of mothers of children with disabilities in Rwanda" project, aimed at building a bakery run by these women.

- On Powerday, Wavestone's global corporate solidarity day, 700 Company employees lent their support to various associations by taking part in skill-based sponsorship or in-the-field projects. During the second edition in 2017, 18% of the projects supported were related to disabilities, including a project designed to promote surfing among youths with disabilities in Nantes.

3) Anti-discrimination policy

In addition to the aforementioned commitments in favor of female employees and people with disabilities, Wavestone is also committed to ensuring job security for employees over the age of 50.

At end-March 2018, employees aged 50 and over accounted for 6.4% of the total workforce, on a par with the figure for the previous year.

Specific actions have been implemented to meet the expectations of employees aged 50 and over in France, and to optimize the expertise they have gained while adapting to their individual situations:

- Close monitoring by the HR team at key end-of-career milestones, notably at the ages of 50 and 60, and during the year employees retire;
- Full medical check-up: 100% financed;
- Individual retirement review, designed to verify the rights acquired by employees and determine the age required for them to qualify for a full pension, and to estimate the amount of their pension: 100% financed;
- Possibility of switching from full- to part-time (3-day week), during which time old-age insurance and supplementary pension contributions are maintained at a full-time rate, with the Company bearing the cost difference.

Wavestone also commits to ensuring long-term employment for young employees. Within the context of its pre-employment strategy, every year Wavestone recruits more than 250 trainees, including on work/study contracts. The firm commits to providing all trainees with an environment that promotes learning and personal fulfillment. Trainees receive regular guidance from a manager, an internship advisor and a HR representative, participate in the day-to-day running of the Company and benefit from training modules adapted to their profession. Every year, more than 70% of the firm's new permanent contracts concern young recruits under 26 years old.

More details on some anti-discrimination initiatives carried out by the firm are given in paragraph 2.3 of this report.

2.1.8. Promote and respect core ILO agreements

In accordance with commitments specified in the Global Compact, Wavestone is opposed to all forms of child labor and forced labor, in line with the core conventions of the International Labor Organization (ILO). Given the nature of the firm's consulting activities and the location of its offices, Wavestone is not directly exposed to the challenges related to eliminating forced or compulsory labor, and the effective abolition of child labor.

Wavestone also respects the conventions of the International Labor Organization relative to the freedom of association, the right to collective bargaining and the elimination of discrimination related to employment and occupation, as described in paragraph 2.1.7 of this report.

2.2. Environmental information

Since Wavestone's activities are purely intellectual, the Company's impact on the environment is limited. Nevertheless, for the past six years, Wavestone has been committed to the active monitoring and reduction of its environmental footprint.

To measure its main areas of impact and identify its priority actions, the Company carries out a carbon audit (Bilan Carbone®) for each fiscal year. Based on previous audits, Wavestone's main environmental challenges are: business travel, the environmental footprint of the Company's premises, paper consumption and IT management. While the Company's reporting process and actions focus on these areas in particular, Wavestone also examines other areas for improvement.

To support its various actions, the Company has implemented an environmental reporting procedure in compliance with Articles 75 and 225 of the Grenelle II Law. This initiative has made it possible to: identify the key benchmarks and contacts for obtaining data; implement a feedback system; and provide the data necessary to produce key annual indicators.

Details concerning Wavestone's environmental reporting methodology

While Wavestone still uses the same environmental reporting methodology defined in 2012/13, certain regulatory reporting points that are not considered relevant to the Company's activities⁽¹⁾ have been excluded from the reporting scope.

During the previous fiscal year, the reporting scope under review underwent significant changes following the merger between Solucom and the European activities of Kurt Salmon, which resulted in the creation of Wavestone in July 2016.

The number of employees increased by 6.3% compared with the previous year. It should also be noted when interpreting the data that the office space used is 38% less than in 2016/17. Indeed, during the previous fiscal year, there were several different premises in certain cities (for example, the Tour Franklin and Neuilly-sur-Seine offices in Paris). The Group's employees are now based in the same premises in each city where Wavestone is based.

For this report, all of Wavestone's offices have been taken into account with the exception of those in New York and Hong Kong, which represented less than 2% of the Group's headcount at end-March 2018:

Offices	Headcount at 03/31/18	Breakdown (% of total workforce)
Paris (Head office)	2,310	82.7%
Regional offices	219	7.8%
Lyon	131	4.7%
Nantes	69	2.5%
Marseille	19	0.7%
International	265	9.5%
Casablanca	12	0.4%
London	36	1.3%
Brussels	12	0.4%
Luxembourg	101	3.6%
Geneva	70	2.5%
New York	27	1.0%
Hong Kong	7	0.3%
Total	2,793⁽¹⁾	100.0%

(1) The total number of employees at each of the sites is 2,794, but the total number of employees is 2,793 since one employee is employed at both the Paris and Geneva sites.

Certain information that could not be gathered at the Lyon, Marseille, Nantes, Luxembourg, Casablanca, Geneva and London sites was extrapolated from the Paris-site ratios. Moreover, when data pertaining to the 2017/18 fiscal year were not readily available, total results were based on the 2017 calendar year.

To ensure a good understanding of the information reported, the definitions and calculation methods specific to certain indicators are explained in footnotes to this document.

(1) Please refer to the cross-reference table in the Appendices (1).

2.2.1. Global environmental policy

1) Wavestone organization's concerning environmental challenges

Wavestone has set up an organizational structure focused on CSR and the treatment of environmental challenges (see paragraph 1.1 of this report).

2) Employee environment training and information initiatives

Wavestone raises personnel awareness of environmental challenges by briefing its employees on key environmental actions carried out relating to the implementation of new practices (using Ecolabel paper, environmentally-responsible printing methods, etc.). For example:

- An employee survey on CSR was conducted in January 2018. It sparked a lot of interest in environmental challenges, with over 200 contributions being submitted on this topic.
- CSR workshops were held in January and February 2018, one of which focused on environmental challenges. These included: mobility, waste management and energy consumption, which were addressed in the workshops to generate positive ideas that were then proposed to a specialized committee for further study and implementation (e.g. setting up a bicycle fleet for employees).
- A guide on environmentally-friendly practices is being finalized for publication in 2018/19.

The results of the carbon audits, together with the main lessons learned from Wavestone's environmental continuous improvement strategy, are communicated to all personnel members via the Company Intranet site.

3) Wavestone office remodeling and renovation

In 2015/16, Wavestone began to roll out "AIR", its new office layout project. This project notably includes:

- the installation of "Canibal" beverage-packaging recycling machines in the break rooms at the Paris offices;
- the removal of individual rubbish baskets to encourage a reduction in paper waste;
- the installation of presence detectors to limit electric lighting consumption;

- the roll out of IT solutions (video-conferencing equipment in conference rooms) designed to limit personnel travel.

This layout project has been deployed in the Paris, Nantes, Casablanca, Lyon, Marseille, Luxembourg, London and New York offices.

2.2.2. Pollution and waste management

Waste generated by Wavestone is mainly office waste and end-of-service IT equipment (computers and mobile phones). Electrical and electronic waste (WEEE), which accounts for less than 1% of the total waste generated by Wavestone's activities, is either recycled or sent to new processing channels. Nevertheless, waste represents a major challenge for the Company. This type of equipment has a high ecological footprint throughout its entire life-span (use of water, metal and energy resources at all stages from product design through to recycling).

1) Office waste

During 2017/18, Wavestone collected some 56.7 tons of waste⁽¹⁾, equivalent to roughly 20.5kg per employee. This breaks down as follows:

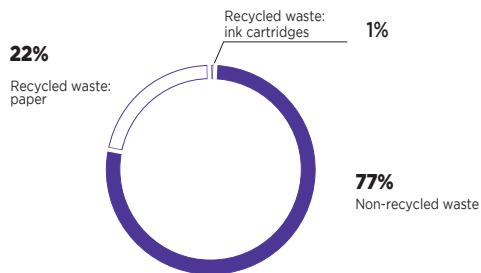
- Non-recycled waste: 43.5 tons of non-hazardous⁽²⁾ office waste.
- Recycled waste:
 - 12.7 tons of paper waste, including 9.8 tons from the Paris offices, were recycled by the association ANRH (Association for the Professional and Respectful Integration and Reintegration of People with Disabilities);
 - 0.43 tons of ink cartridges⁽³⁾, including 0.36 tons from the Paris offices. In Paris, all ink cartridges are collected by the company Conibi, transported by Geodis, and recycled by Clodloop, a company specialized in ink-cartridge recycling. Information is not available concerning the recycling of cartridges in the Group's other offices.

(1) These data come from a real weigh-in for the Paris offices (132kg/day). Estimations were conducted by the directors of the general services departments for the Marseille, Geneva and Luxembourg offices. Extrapolations were conducted based on the Parisian ratio for the Villeurbanne, Brussels, Nantes, Casablanca and London offices. This methodology has been the same since 2012.

(2) Classic office waste (packaging, office supplies, etc.) classified as non-hazardous.

(3) Recycled ink cartridge data for the Company's French premises is underestimated since cartridge order tracking is not automatic. As a lots of the photocopiers are leased, the cartridges are ordered automatically by the photocopier and are already included in the cost of the lease.

■ Office waste (2017/18)



(kg/employee)	2017/18	2016/17	2015/16	2014/15	2013/14
Office waste	20.5	22.2	28.7	27.8	29.5

Over the past five years, the average weight of waste generated per employee within the Company’s CSR reporting scope has been reduced by around 30%. Year-on-year, the amount of waste generated has been reduced by roughly 7%.

The quantity of paper waste decreased from 14.5 tons in 2016/17 to 12.7 ton in 2017/18, representing a decrease of 12%.

To assist this reduction in paper waste, since May 2018 Wavestone has digitized pay slips for all Wavestone employees in France.

For the record, as part of the renovation of the Company’s Tour Franklin offices, Wavestone installed beverage packaging recycling machines for cans, plastic cups and plastic bottles. The waste-management company, Canibal, installed 12 waste recycling machines in 2017:

- Wavestone collected a total of 87,762 beverage packaging items (including 83,746 plastic cups) equivalent to 538 kg;
- Recycling allowed Wavestone to save 1.44 ton of CO₂eq and produced 90,017 kWh.

2) Computer waste

To ensure the smooth running of its business, Wavestone makes sure that its employees are equipped with the best high-tech IT equipment, a strategy that requires the regular replacement of IT equipment, especially laptops (4-year life-span).

In 2017/18, 1,183 machines reached the end of their service life (mainly computers and mobile phones), making for about 594 kg in computer waste. The difference in the number of machines replaced in 2016/17 (471 in total) stems from the purchasing cycles of this type of equipment.

To prolong the life-span of IT equipment (particularly computers) that has reached the end of their service period, personnel members may buy these devices for their own personal use. Equipment that is not bought back by employees is either stored or recycled.

Wavestone implemented a procedure for the systematic recycling of end-of-service IT equipment at all of its sites. The cooperative company “Les Ateliers du Bocage”⁽¹⁾ was chosen to treat electrical and electronic waste (WEEE) for Paris and Marseille, through the clean disposal of toxic components and the recycling of recyclable materials.

3) Food waste

Article 4 of the 2016-138 law dated 02/11/16 specifies that food waste be integrated into corporate environmental reports. The implementing decree for this law was published on 08/19/16.

Wavestone does not handle the canteen spaces used by its employees, and is thus not directly concerned by this challenge. Consequently, Wavestone has not defined an indicator to follow this challenge.

Nevertheless, Wavestone offers skills-based sponsorship to SOLAAL (a public interest association), which acts against food waste. This association collects unsold crops from farmers and farm cooperatives and distributes them to 20 national associations specializing in food aid. Since its creation in 2013, SOLAAL has collected 13,785 tons of agricultural products and contributed to the equivalent of 27 million meals (at end-2017).

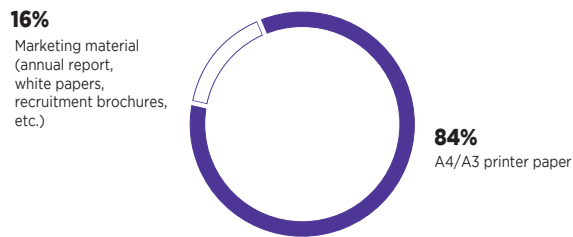
2.2.3. Sustainable use of resources

Since Wavestone has no manufacturing activities, its use of resources is limited to office consumables and shared resources used to operate the buildings in which its offices are located.

(1) <https://ateliers-du-bocage.fr/>.

1) Consumption of raw materials⁽¹⁾

■ Paper consumption (2017/18)



The main raw material consumed by the Company is paper (for printers, photocopiers and marketing materials). In 2017/18, Wavestone consumed 16 tons of paper, equivalent to 5.8 kg per employee.

(kg/employee)	2017/18	2016/17	2015/16	2014/15	2013/14
Paper consumption	5.8	5.8	8.7	9.6	10.1

There was a significant increase in the amount of paper purchased (+48%) compared with the previous year. This is due to a significant increase in A3 printing paper purchases (multiplied by 11) and a 40% increase in paper used for marketing publications.

Paper consumption is estimated on the basis of paper orders placed during the year. However, a major A3 paper order was placed to cover the firm's consumption for several years. After adjustment to take account of the fact that A3 paper consumption is no longer estimated on the basis of paper orders, but on the basis of an average annual consumption of approximately 0.7 ton⁽²⁾ of A3 paper, paper consumption is estimated at 5.8 kg/employee. This ratio is on a par with the previous year and shows a significant decrease compared with the 2015/16 fiscal year.

On the other hand, consumption of A4 paper fell by 2%.

For example, photocopier settings are automatically set to "Green print", a black & white, recto-verso printing mode. In addition, the Company's meeting rooms are equipped with wall screens to project documents and avoid having to print copies for each participant.

During 2017/18, Wavestone continued to implement its paperless solutions for annual General Meeting notices and preparatory documents. In this context, a partnership forged with Reforest'Action helped bring about the planting of 363 trees in Haiti.

For the record, Wavestone recycles all of its paper (see paragraph 2.2.2) and only uses PEFC- and FSC-certified paper (see paragraph 2.2.5).

Envelopes are labeled "GPV Green" and/or "NF Environment" and/or "Recycled PEFC". All notebooks bear the "PEFC recycled" eco-label, post-its are labeled "100% recycled" and "PEFC", and folders are labeled "PEFC" and are recyclable.

2) Energy consumption

Wavestone's direct power consumption is related to its heating, air conditioning, ventilation, lighting and office equipment needs for its offices.

In 2017/18, the Group's final power consumption (electricity, heating and air-conditioning) came to 4.33 GWh, representing a decrease compared with the previous year.

Converted into primary power (the power needed to produce this final power), this corresponds to 11.16 GWh EP, or 823 kWh EP/sq. m.

Thus, final energy consumption per employee also fell by 26%, from 2,110 kWh/employee/year to 1,569 kWh/employee/year. This decrease can be partly attributed to the merger of the teams in our various offices.

(kWh/employee)	2017/18	2016/17	2015/16	2014/15	2013/14
Final energy consumption	1,569.16	2,110.00	1,702.00	1,942.00	2,151.00

Wavestone is constantly improving its energy consumption per employee. Awareness-raising campaigns and the installation of modern technical devices on the company's premises (motion detectors for lighting, timers, LED bulbs, etc.) have helped to streamline consumption. Similarly, Wavestone's practices are now applied at all sites and for all employees.

Wavestone's head office (comprising 82.7% of its workforce) occupies 10,345 sq. m. of the Tour Franklin in the La Défense business district of Paris. This tower is connected to urban heating and cooling networks that provide heating and air

(1) Excluding the London office (data not available).

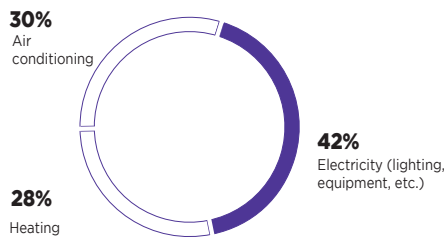
(2) 0.63 ton in 2016/17. Taking into account the increase in personnel over the 2017/18 fiscal year, it would appear consistent to estimate actual consumption of A3 paper at 0.7 ton/year.

conditioning for the offices. Offices are equipped with individual systems to regulate the temperature by bench (block of 4 to 6 people). An environmental policy specific to the Tour Franklin (recycling, waste reduction, environmental communication) was implemented in 2015/16 within the framework of the AIR office-layout project

Engie, Wavestone’s new energy supplier for the Tour Franklin, provides electricity generated exclusively from renewable energies.

The energy consumption of this site breaks down as follows:

■ Total energy consumption at the Paris site by type (2017/18)



Wavestone’s renovated “Air” offices in Paris are equipped with presence and daylight detectors that result in the lighting systems turning off automatically when a space has been unoccupied for 15 minutes. In Paris, the offices are lit between 8:00 am and 8:00 pm, Monday through Friday, to save energy. Switches are also installed to control lighting outside of office hours.

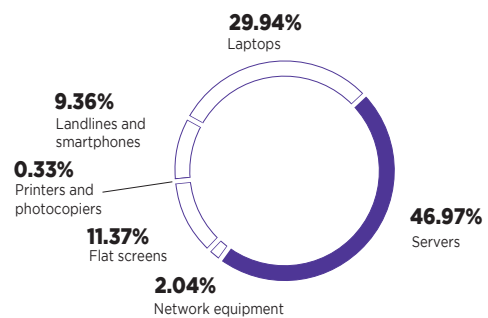
Focus on computer and telecommunications equipment

Wavestone’s IT equipment consumes a considerable amount of electricity. In total, this is estimated⁽¹⁾ at 0.32 GWh per year, based on the average number of working hours in use and average consumption data. A significant decrease in the number of physical servers was observed in 2016/17, dropping from 59 to 26. In 2017/18, 43 servers were listed, in addition to 32 items of network equipment. It would appear that the number of IT servers listed in 2016/17 was incorrect. Factoring in certain usages outside of Wavestone premises⁽²⁾, total

energy consumed by IT equipment represented 17% of the Group’s total electricity consumption.

Wavestone’s energy consumption breaks down as follows:

■ Energy consumption estimates – Computer and telecommunications equipment (2017/18)



All Company laptops are EPEAT⁽³⁾ labeled; 42% of all IT equipment carry the “Silver” label, and 58% the “Gold” label. Among other things, this label guarantees the precautionary use of natural resources in the manufacturing of the products, as well as their recyclable nature and compliance with the Energy Star standard for energy consumption while in use. Labeling is now included in the selection criterion used by the Company in its procurement process.

3) Water consumption

The main source of water consumption at Wavestone is used for sanitary purposes. Information related to the Group’s water consumption below mainly concerns the domestic water supply used for sanitary and cleaning purposes, and by air conditioning systems. Wavestone’s total annual water consumption⁽⁴⁾ was around 9,326 m³ in 2017/18, equivalent to 3.38 m³ per employee. Water consumption at all sites has been significantly reduced (29%). During the previous fiscal year, employees were not necessarily grouped on a single site for each office. The reduction in water consumption is also facilitated by the following technical measures implemented by Wavestone: tap aerators inserts to reduce the flow of the taps, and specific automatic detection for the restroom washbasin taps as part of the AIR project.

(1) The methodology used remains unchanged: the estimate was based on the number of devices used by Wavestone and the average utilization rate and performance of said equipment in France (source IDATE). Utilization rate estimates are based on the following assumptions: laptops, screens and mobile phones are used 1,760 hours a year on average and servers, 8,760 hours. The assumption used for photocopiers and printers is based on 10,000 copies per device per year.

(2) Estimated at 30% for laptops and smartphones.

(3) The Electronic Product Environmental Assessment Tool (EPEAT) label requires, among other things, the limited use of dangerous substances, guaranteed recycling and sustainability, low power consumption and low environmental impact packaging (<http://www.epeat.net/>).

(4) Water consumption for the Tour Franklin offices is based on the consumption for the building as a whole and a ratio per floor. The consumption for the Casablanca and Brussels offices was provided by the owner. For the Group’s other offices (Lyon, Marseille, Nantes, Luxembourg, Geneva and London), the water consumption was extrapolated from the Parisian offices (m³/employee ratio). The significant decrease in water consumption at the Tour Franklin is mainly due to the change in scope compared to the previous year.

(m ³ /employee)	2017/18	2016/17	2015/16	2014/15	2013/14
Water consumption	3.38	4.73	7.34	7.09	9.40

All of Wavestone's offices are located outside water stress areas (areas with a water supply of less than 1,700m³ per capita per year for all uses combined)⁽¹⁾. As such, there is no need to study the pressure exerted by Wavestone on local water resources.

2.2.4. Climate change: greenhouse gas emissions⁽²⁾

1) Summary table

The scope of this analysis is limited to four sources of emissions, namely:

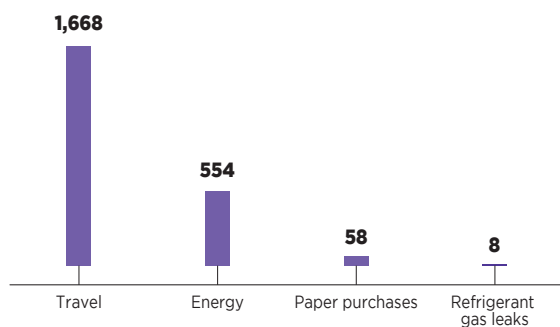
- energy consumption of buildings;
- refrigerant gas leaks in air conditioning systems;
- paper purchases;
- business travel and commuting.

Wavestone's greenhouse gas emissions created by these four sources in 2017/18 amounted to 2,288 tons of CO₂ equivalent, or 0.8 ton of CO₂ equivalent per employee.

(tons of CO ₂ equivalent/employee)	2017/18	2016/17	2015/16	2014/15	2013/14
Greenhouse gas emissions	0.8	0.9	1.1	0.9	0.9

The Company's greenhouse gas emissions break down as follows:

Greenhouse gas emissions (tons of CO₂ equivalent) of defined scope



Travel

Employee transport is the main source of Wavestone's greenhouse gas emissions (72.9%). To gain a better understanding of these emissions, Wavestone analyzed the volume and different means of transport used on business trips and in personnel commuting.

Business trips

Business trips⁽³⁾ account for approximately 10.2 million km per year, all transport methods combined, or approximately **3,686 km per year per employee**. This is due to the high level of mobility of Wavestone's employees, which is a characteristic feature of the consulting sector, amplified by the Group's international expansion.

(km/year/employee)	2017/18	2016/17	2015/16	2014/15	2013/14
Business trips	3,686	3,231	4,716	4,752	4,655

N.B.: The methodology used to measure the number of rental car kilometers is the same as in 2016/17. The number of actual kilometers communicated by Egencia and recorded in employee expense reports is now taken into account for the estimation of business trips made using rental vehicles.

The data gathered during the previous year was hampered by the disparity of the various information systems due to the merger. Consequently, the number of business trips in 2016/7 was more than likely underestimated. A comparison of reliable data for 2017/18 and 2015/16 shows a significant reduction in mileage per employee. This can be explained by the continued implementation of the firm's travel policy.

Breakdown of business trips by type of transport in 2017/18:

(km/year)	2017/18	2016/17	2015/16	2014/15	2013/14
Plane	28.5%	40%	37%	18%	22%
Train	41.5%	42%	44%	51%	53%
Public transportation	13.1%	3% ⁽⁴⁾	9%	17%	19%
Cars	16.9%	14%	10%	14%	6%
o/w employee cars	13.3%	8.5%	9.4%	11%	4%
o/w rental cars	0.7%	0.1%	0.2%	1%	0.3%
o/w taxis	2.9%	5.9%	1.4%	2%	1.7%

(1) For more information on water stress areas, visit: <http://www.un.org/waterforlifedecade/scarcity.shtml>

(2) The methodology used is in line with requirements specified in Article 75 of the Grenelle II Law. The emission sources taken into account are those required by Article 75 (scope 1 and 2), as well as paper purchases and travel which have been identified as major emission sources with regard to Wavestone's activity.

(3) Data concerning journeys by train, plane and short-term car rental were supplied mainly by the Egencia Travel Agency and the SNCF. The methodology used was slightly altered: the calculation of air and train journeys include data issued in the Wavestone Carbon Emissions Report (Egencia and BCD Travel); the journeys made now take into account the estimated mileage of the journeys recorded in expense reports, based on Egencia mileage. The data concerning journeys by public transportation, taxis and private vehicles were obtained from the accounting department. The amounts collected (in €) were converted into distances covered (km).

(4) This percentage is underestimated because we are lacking data from the European activities of Kurt Salmon: the ERP used does not allow for sufficiently detailed information. In the future, precise starting and end points will need to be put into the management tool to account for all covered distances.

Wavestone has adopted a two-pronged strategy to reduce the environmental impact of business trips within the context of its international expansion strategy, namely by:

1. Limiting business trips by using audio and video conferencing systems: Wavestone's meeting rooms are equipped with remote conferencing systems used mainly for in-house discussions between the firm's various sites.

2. Choosing the least polluting means of transportation for short-distance trips: Wavestone employees are highly encouraged to use public transportation for business trips in accordance with the current travel policy. Some examples of the measures implemented include:

- air travel is authorized only if the train would take more than three hours;
- Wavestone pays 50% of employee subscriptions to public bike-rental schemes (Vélib, Vélov, Bicloo, etc);
- car travel is authorized only when there is no access to public transportation.

Commuting to work

Commuting⁽¹⁾ to and from work represents approximately 14.5 million km per year, or approximately 24.1km per employee per day worked.

Wavestone's employees are encouraged to use public transportation to commute to work. The means of transportation chosen by employees breaks down as follows:

Percentage of commuting trips by mode of transport :

(% km)	2017/18	2016/17	2015/16	2014/15	2013/14
Public transportation	92%	92%	86%	86%	85%
Own vehicles (car & motorbike)	8%	8%	14%	14%	15%

Exceptionally, taxis and VTCs are reimbursed for employees traveling home after 10 pm.

Since 10/01/16, teleworking has been available to employees in all the Group's French offices to reduce commuting. This policy was continued in 2017/18. Teleworking is also very common in London and Geneva.

2.2.5. Protection of biodiversity

None of Wavestone's sites are situated in protected or high biodiversity areas. The Company's activities have no direct or significant impact on biodiversity. However, Wavestone has a limited indirect impact through the amount of paper consumed in its activities. To minimize this impact, the firm only uses paper made from pulp from sustainably-managed forests (**FSC or PEFC certified**) or **100% recycled paper**. Since 2012, this requirement has been incorporated into printing-services specifications, as well as printing paper purchases.

(1) To calculate the distance traveled by employees using their own vehicles, the analysis is based on the postal codes declared by employees with a car or motorbike parking space. The distance traveled by employees using public transportation is calculated on the basis of the transportation ticket declared. For public transportation in the Paris area, the calculation method has changed since the regional travel pass system is no longer divided into transportation zones. This means that estimates are less precise than in previous years.



Appendices

1. Summary of Wavestone's environmental performance indicators over the past 5 years

Theme-based indicators	2017/18	2016/17	2015/16	2014/15	2013/14	Unit	% change yr-on-yr	% change over 5 years
Office waste	20.5	22.2	28.7	27.8	29.5	kg/headcount	-7%	-30%
Final energy consumption (per sq. m)	319.4	251.3	250.9	300.0	322.8	kWh/sq. m	+27%	-1%
Final energy consumption per employee	1,569	2,110	1,702	1,942	2,151	kWh/headcount	-26%	-27%
Water consumption	3.38	4.73	7.34	7.09	9.40	m ³ /headcount	-29%	-64%
Paper consumption	5.8	5.8	8.7	9.6	10.1	kg/headcount	0%	-43%
Greenhouse gas emissions (for the reporting scope)	0.8	0.9	1.1	0.9	0.9	tons of CO ₂ equivalent/headcount	-8%	-8%
Total distance traveled for business trips	3,686	3,231	4,716	4,752	4,655	km/headcount	+14%	-21%
Business flights as a percentage of business trips	28%	40%	37%	18%	22%	% of total km traveled	-29%	32%
% of employees commuting by public transportation	92%	92%	86%	86%	85%	% of total km traveled	0%	8%

2. Environmental reporting appendix - Cross-reference table between Wavestone data and Article 225 of the Grenelle II Law

The following table shows the cross-reference between the information presented in this report and implementing decree no. 2012-557 dated 04/24/12 relative to the obligation concerning corporate, social and environmental transparency. Certain information (in gray below) was considered irrelevant given Wavestone's activities (See details in the "Actions taken by Wavestone" column).

Decree 2012-557, Article 1, para. 2	Actions taken by Wavestone
a) General policy	Organization of the Company to take environmental challenges into account and, where necessary, environmental assessment and certification initiatives
	Measures carried out to ensure employee access to environmental training and protection
	Measures employed to prevent environmental risks and pollution
	The amount of provisions and guarantees for environmental risks, provided that such information is unlikely to cause any serious damage to the Company in the context of an ongoing dispute
b) Pollution and waste management	Measures taken to prevent, reduce or remedy releases into the air, water or soil that seriously harm the environment
	Measures being carried out to prevent, recycle and eliminate waste
	Management of noise pollution and any other kind of pollution specific to the Group's activity
c) Sustainable use of resources	Water consumption and supply in accordance with local restrictions
	Consumption of raw materials and measures taken to optimize their use
	Energy consumption measures taken to improve energy efficiency, and recourse to renewable energy
	Land use
d) Climate change	Greenhouse gas emissions
	Adaptation to the consequences of climate change
e) Protection of biodiversity	Measures taken to preserve and/or develop biodiversity

2.3. Information concerning societal commitments

In the area of social responsibility, Wavestone's approach aims to promote equal opportunities and non-discrimination. This commitment mainly concerns three areas of action: education, access to higher education, professional integration and employment.

2.3.1. Regional, economic and social impact of the Company's activities

Wavestone has decided to prioritize initiatives related to its social and civil footprint. These initiatives are structured around the following challenges and fields of action: employment and professional integration, access to further education, the promotion of diversity and equal opportunities.

Given the nature of Wavestone's consulting business, the regional and economic impact of its activities is relatively limited.

However, several examples of consulting services delivered in 2017/18 should be noted.

Wavestone provided its services to various clients in the energy sector, in particular:

- with the development of their industrial offerings, particularly those relating to energy efficiency with a view to reducing their carbon footprint;
- with the creation of an industrial system roadmap to facilitate the integration of renewable energies and the development of electric mobility;
- with the recommendation of alternative transport solutions to reduce greenhouse gas emissions.

Wavestone also supported a social housing developer in the Provence-Alpes-Côte d'Azur region, in the south-east of France, with the implementation of the "Smart Nudge

Currency", a nationwide solution that can be adapted to each region according to its priorities. Backed by a global energy renovation project, it relies on connected objects and a horizontal IoT platform to boost change in individual behavior, focusing on 5 major themes: energy and resources, cleanliness and waste, mobility and travel, the sharing and collaborative economy, and lastly, health, wellness, food and sport. The "Smart Nudge Currency" helps individuals to change their daily behavior: encouraged by nudges, individuals carry out environmental actions that are then measured and rewarded to increase loyalty. These digital currency points can then be used to access environmentally-responsible products and services.

Wavestone has been offering its clients a range of products and services over the past five years that contribute to improving the quality of life at work and to human development. A complete diagnosis of the quality of life at work within the company is carried out, and improvement drivers are proposed and then implemented. These drivers implement techniques that allow managerial relations to improve significantly. Among other things, these solutions help make it possible to respond to the major changes companies are faced with today (change in their legal framework, digital transformation, new regulations, etc.). These changes can only be permanently integrated by taking into account the human aspect of the transformation process at all levels, thus ensuring a positive work environment in the long term. To date, these services have helped to improve the work environment in some thirty private-sector companies and some twenty public-sector entities.

Wavestone wishes to take this process one step further and has chosen to integrate CSR challenges into its consulting practice by setting itself two main objectives in this area:

2021 objectives

Current performance

Conduct our activities based on a clear and responsible policy regarding the choice of our missions and our clients

No policy

Draw up a responsible charter of advice and train all employees⁽¹⁾ in its application

No charter

(1) Employees who have been with the Company for at least 1 year.

For more details, see paragraph 2.3.2 and paragraph 3 ("Economic responsibility") of this report.

2.3.2. Relations between persons or organizations with an interest in the Company's activities

1) Actions taken with respect to employment and professional integration

As a responsible employer, Wavestone pays particular attention to its social footprint

For the record, at 03/31/18, Wavestone's workforce totaled 2,793 employees, for the most part comprising young executives (60% of employees under 30 years of age), working at the Group's sites in France (90.5%).

As a growth company, Wavestone has been a net creator of jobs every year since its founding in 1990. In addition, the Group has always strived to provide job security for all of its employees. More than 700 employees were recruited in

2017/18, including 94% on a permanent contract. In addition, as part of its pre-employment strategy, the Company takes on over 250 trainees every year (in the form of short-term internships, sabbaticals, end-of-studies internships and work/study programs).

In 2017/18, nearly than 7,000 candidates from various sourcing channels (relationships with educational establishments, candidate-referral campaigns, recruitment events and spontaneous applications) were interviewed by Wavestone in France.

2) Partnership and sponsorship actions to promote equal opportunities

As of 2018/19 and in keeping with the Wavestone 2021 strategic plan, the Company has decided to dedicate more time to supporting organizations with a civic mission:

2021 objectives

Devote 1% of the firm's time to supporting organizations with a civic mission

Current performance

Approximately 0.2% at 09/01/17

During the 2017/18 fiscal year, the Company undertook numerous partnership and sponsorship actions to promote equal opportunities:

Wavestone Company Foundation

The Wavestone Corporate Foundation was created in 2009, and extended in 2014 for a period of 5 years, for the purposes of carrying out humanitarian actions in France and abroad by lending support to, or developing, actions aimed at combating child poverty and extreme deprivation.

The Foundation is focused on developing long-term development projects.

Since its creation, the Foundation has backed and financed more than 113 youth-work projects, for the most part in Africa and Asia. Every project monitored by Wavestone is sponsored by an employee of the Company. At end-March 2018, roughly 40 sponsors had contributed to the Wavestone Foundation's projects by continuing to lend their support.

In 2017, 12 projects were financed by the Foundation. In March 2018, 13 new projects were selected by the Foundation's Board of Directors following a new call for projects.

The Charter of the Foundation and all previous-year activity reports are available on the Foundation's website: www.fondation-wavestone.fr

Villebon - Georges Charpak Institute

Since 2012, Wavestone has sponsored the Villebon - Georges Charpak Training Institute, a social project co-sponsored by the ParisTech Foundation, as well as further education establishments (business schools and universities) and socio-economic players.

Launched in September 2013, the Institute currently has three classes. Each class is limited to around forty students and leads to a Bachelor degree in Science and Technology.

The Villebon Institute, a new leader in educational innovation, wishes to offer access to the highest forms of education and long scientific studies:

- by promoting social, cultural and intellectual diversity for students. All the students show promise but do not excel in the mainstream educational system. 70% of these are on scholarships and 20% have some form of disability;
- by deploying an experimental and interdisciplinary approach fostering team work in project mode;
- by spreading best practices and innovative teaching methods in the university environment.

The success of this educational approach, awarded the Excellence in Innovative Education (IDEF) label in 2012, was confirmed by the graduation, in 2016 and 2017, of the first two classes of students.



87% of the first class of graduates and 93% of the second class of graduates went on to study a Master's or enroll in an engineering school. This is all the more impressive given their often poor academic performance in high school. The courses and establishments they enrolled in are extremely varied, in keeping with the students' profiles: AgroParisTech, CNAM, ESIEE, EPITA, Arts et métiers, Polytech, EDHEC, ENSTA ParisTech, ESIFE, ESPCI, Mines, Telecom Bretagne, University of Marne la Vallée/Civil Engineering Master's, etc.

As founder of the Villebon Institute, Wavestone lends its support at various levels: student-sponsorship, vocational integration by way of conferences, career workshops, company visits (around 6 events a year), student selection, raising the profile of the Institute and participation on its governing bodies.

In 2017/18, around 60 Wavestone employees sponsored students from the Institute throughout their 3-year Bachelor's program and gave them guidance on building their professional projects.

In 2017, Wavestone decided to renew its partnership with the Institute until 2021.

For more information, visit: www.villebon-charpak.fr

Powerday

"Powerday" is Wavestone's global solidarity day organized once a year enabling employees to devote one day of their working week to a charitable project of their choice.

Personnel members wishing to volunteer can lend their support to the charitable association of their choice either by taking part in skills-based sponsorship programs or manual projects. Powerday helps to sponsor several associations committed to a variety of causes, such as the environment, health and disabilities, child welfare, social and professional integration, education and citizenship, sports & culture.

All the associations supported by Wavestone are required to respect the Company's CSR commitments and notably conduct an audit and/or control ensuring the ethics, financial transparency and quality of their governance.

More than 700 employees across all Wavestone's offices worldwide participated in the second edition of Powerday, held on 09/01/17. Around sixty associations, foundations and international NGOs in Asia, North America, Europe and Northern Africa benefited from Wavestone's support, which saw 74 projects brought to life.

Some of the 2017 "Powerday" projects include:

- Cleaning up beaches in Morocco
- Preparing meals for families in need in Hong Kong
- Promoting an awareness-raising day in Paris
- Gardening/Nature projects in the Paris region
- Initiation to surfing for young people with disabilities in the Nantes region.

Following the success of the first two editions of "Powerday", Wavestone has decided to make the event an annual occurrence. The next edition will take place on 08/31/18 and will aim to mobilize 1,000 employees.

Alter'Actions

In early 2017, Wavestone partnered up with the Alter'Actions association, the founder of an innovative educational program that aims to foster civic commitment among third-level students (in business schools and universities). Selected based on their motivation, Alter'Actions offers students the possibility to complete voluntary consulting assignments for associations with a major social impact. These assignments, which are overseen by corporate partner executives, favor hands-on training schemes and offer students practical experience that is central to current social and environmental challenges.

Since the implementation of this partnership, Wavestone has completed 3 assignments with the association. In October 2017, for example, one of Wavestone's employees took part in a project led by the social and solidarity economy (ESS) company, Somanyways. It aimed at facilitating young people's entry into the workforce and supporting them during periods of transition. To achieve this, two actions were carried out: free coaching was provided to young student volunteers and consulting assignments were completed to raise companies' awareness of youth recruitment challenges. To fulfill this assignment, the students had to assess Somanyways, a benchmark of competitors' activities and best practices, and provide recommendations on the development strategy.

"Vestiaire solidaire": voluntary clothes collection and donation program

In April 2017, Wavestone organized the "Vestiaire solidaire" initiative in partnership with the "La Cravate Solidaire" association at its Paris-based offices. For 8 days, all employees were invited to donate their used working clothes (suits, jackets, blouses, shirts, shoes, accessories, etc). More than 130 kg of clothing were collected and distributed to people seeking to re-enter the workplace. On the back of the success of this operation, the Company decided to organize another clothes collection/donation event through May and June 2018.

Shake'Up: start-up acceleration program

At end-2015, Wavestone launched its "Shake'Up" initiative designed to build a value creating ecosystem for the Group, its clients and start-ups.

The program covers several areas:

- Segment-specific monitoring (SmartEnergy, Fintech, Cybersecurity, etc.) in a bid to identify and decipher the positioning of start-ups. The objective is to gain a better understanding of how start-ups are transforming the sectors of activity of the Company's clients.
- The organization of events, exchange of views and sharing of best practices on current, cross-functional or sector-specific themes, with the aim of connecting start-ups with Wavestone's employees and clients. In 2017, three theme-based events were organized in Wavestone's premises (Fintech, Assurtech and IA). The Company also attended the Vivatechnology trade fair, where it sponsored the press area and organized personalized tours for 20 of its VIP clients. Employees who expressed an interest received invitations to this event, allowing them to catch a glimpse of tomorrow's innovation.
- Start-ups benefiting from Wavestone's assistance are set up in the Group's offices in Paris and sometimes in other Group offices worldwide. There they receive personalized support based on the knowledge and expertise of the Company's teams (marketing approach, recruitment, security audits, etc.).

Since March 2016, Wavestone has hosted 16 start-ups. For Wavestone, these partnerships are aimed at reinforcing the collaborative culture, flexibility and open innovation of the Company. The program also contributes to instilling an entrepreneurial spirit throughout the Company. The 2018 call for projects made it possible to select 3 new start-ups, including Isahit, which helps women in developing countries to learn about digital technology and sell their services, and was awarded a "*coup de cœur*" (jury's favorite) prize.

Ashoka

In 2017, Wavestone began a trial partnership with international NGO, Ashoka, as part of the latter's ShareIT program. This program, which combines technology, entrepreneurship and social commitment, was launched in 2017 with the objective of encouraging the development of innovative digital projects with a positive social impact (Tech for Good). Over the course of the year, 11 Wavestone employees were involved in 6 projects by leading half-day workshops. Based on the success of this trial period, Wavestone intends to strengthen this partnership over the 2018/19 fiscal year and plans to develop

its skill-based sponsorship by offering one of its employees the opportunity to join the program full-time for 7 months. In addition, Wavestone employees with expertise in a particular field will be able to support these ESS companies.

Apprentis d'Auteuil

Since February 2018, Wavestone has lent its support to the "*L'Ouvre Boite Paris*" project organized by the "Apprentis d'Auteuil" association. *L'Ouvre Boite* is a project designed to support young entrepreneurs aged 18 to 25 who show innovation, initiative, creativity and courage in setting up their business, but who are faced with specific cases of social and professional exclusion (long-term unemployment, lack of qualifications, residence in a sensitive urban area, etc.).

In this instance, one Wavestone employee and a member of the Shake'Up initiative were chosen to be mentors for two years. Their objective is to provide support to a young entrepreneur so that their project can become a reality.

Cybersecurity challenge for start-ups: Banking Cybersecurity Innovation Awards

In 2017, Wavestone teamed up with Société Générale to launch a challenge for innovative start-ups and SMEs in the Cybersecurity sector. The Banking Cybersecurity Innovation Awards is an initiative designed to encourage innovative European start-ups and SMEs to propose and showcase their cybersecurity solutions, particularly in the area of banking. For this first edition, 42 start-ups submitted their application. On 07/05/17, three winners were announced on the occasion of Société Générale's TechWeek Cybersecurity Day:

- Alsid in the "Digital Trust for Banks" category, for its solution that continuously analyzes the security features of Active-Directory (AD) infrastructure to detect the appearance of attack vectors and produces action plans to remedy them.
- Skeyecode in the "Digital Trust for Clients" category. Skeyecode reconciles safety performance and ease of use with its strong, software-only, authentication solution, which draws on the latest advances in cryptography.
- Sqreen in the "Special France" category, which rewards start-ups whose head office is located in France and whose share capital is mainly held by French individuals or companies. Sqreen enhances the security of web applications against attacks, in a transparent and continuous manner.

The winning start-ups will have the opportunity to test their solutions within Société Générale, and will be invited to join Shake'Up, Wavestone's start-up accelerator program, in addition to presenting their ideas on BFM Business.

3) Relationships with higher education institutions

As part of its Human Resources strategy, and to meet its recruitment and talent-diversification objectives, Wavestone is developing a schools-relations policy based on forging close links with higher education establishments. As such, with young graduates accounting for over 60% of recruits, Wavestone has for many years been building close-knit and lasting relationships underpinned by trust with around thirty schools and universities in France.

The objective of this proactive partnership policy is to lend support to students in their personal and professional development throughout their studies:

- professional, via the transmission of knowledge and expertise inherent in consulting jobs (project management, client relationship management); and
- personal, by providing a variety of career coaching programs.

In 2017/18, over 150 on-campus actions were carried out: CV/cover-letter workshops; talks by members of the Company's alumni; attendance at educational Meetings; organization of conferences, roundtables and course modules, etc.

In addition, in 2018, Wavestone took part in the fourth edition of HEC's Business Game. This event challenges students to tackle real-life case studies in specific management areas, coached by representatives from leading companies in their field. For this year's edition, Wavestone organized an innovative challenge on cyber crisis management. For three hours, the participants played the role of members of a company's executive committee in a crisis situation and had to make critical decisions, receiving unexpected instructions and information as they went along. More than 200 international students from 79 schools took part in the event.

On an educational level, the Company also maintains strong relations with the careers services and faculty bodies of its target schools. In this regard, Wavestone invited the Directors

and Corporate Relations Managers of its partner schools to its La Défense offices in January, to meet with members of Management and HR. This provided an opportunity to discuss the Group's current events and to explore new avenues for collaboration in the years to come.

Wavestone also continues its policy in relation to integrating employees on work/study contracts, initially launched in 2012/13. In 2017/18, the number of youths on work-study contracts within the Company increased from 44 to 52.

4) Raising awareness of IT security challenges

Wavestone's core business is to assist its clients in the definition and implementation of their most important projects. As a result, the Company handles a lot of data entrusted by its clients on a daily basis. As a trusted partner, Wavestone has made data protection its priority. That is why, in recent years, the Group has reviewed and strengthened its information system protection measures to ensure maximum protection against the growing number of cyber threats. To prevent any incident that could have a significant impact on the brand image, operations and financial health of its clients but also Wavestone itself, a series of functional and technical measures have been implemented Group-wide. Each information system user thus has a key role to play in this prevention.

To raise awareness among its employees, Wavestone has implemented a certain number of measures:

- creation of a user guide distributed to all new employees and available on the Company Intranet;
- creation of a series of animated awareness videos;
- dedicated page on the Intranet;
- confidentiality agreement signed by new recruits, e-learning modules for new employees recalling Wavestone's ISS best practices; etc.

The Company has decided to strengthen its action plan by setting a priority objective in Wavestone's CSR strategic plan:

2021 objectives

Have trained 100% of employees⁽¹⁾ in data protection

(1) Employees who have been with the Company for at least 1 year.

Current performance

70% of new recruits at 03/31/18

Via its partnership with the Hack Academy Foundation, Wavestone is also committed to raising awareness of cybersecurity in society.

In November 2017, the Company took part in the campaign launched by the French Information Systems Security Association (ISSA France) to create a digital security holiday activity book. The aim is to transmit digital safety rules to both children and parents, but also to establish an intergenerational dialogue on this subject.

2.3.3. Subcontracting and suppliers

Social and environmental challenges considered in the firm's procurement policy

During the 2017/18 fiscal year, Wavestone started working on a new procurement policy for the entire Group, which takes account of key CSR challenges. This new responsible procurement policy focuses on two main areas:

- the integration of CSR criteria when choosing suppliers;
- the creation of a procurement code of ethics for internal buyers.

Until now, sustainable development criteria (environmental, social and/or societal) were integrated into certain specific purchasing processes, but were not implemented and standardized at Group level. For example:

- Recycling of printing supplies, printing services and paper purchases (100% recycled or eco-label) (see paragraph 2.2.5).
- IT equipment: all company laptops are EPEAT⁽¹⁾ labeled (gold or silver level). Among other things, this label requires the limited use of dangerous substances, guaranteed recycling and sustainability, low power consumption and low environmental impact packaging (see paragraph 2.2.3).
- Recourse to the protected workers sector for certain services, in particular for the organization of internal and external events (catering, printing) (see paragraph 2.1.7). Wavestone has also implemented a procedure for the systematic recycling of end-of-service IT equipment at all its sites. The cooperative company *Les Ateliers du Bocage*⁽²⁾ was chosen to treat electrical and electronic waste (WEEE) for Paris and Marseille, through the clean disposal of toxic components and the recycling of recyclable materials.

Moreover, as part of the AIR office layout project, Wavestone has:

- installed waste-sorting bins (organic/cardboard/paper) and removed individual bins;
- installed "Canibal" beverage-packaging recycling machines for cans, plastic cups and plastic bottles;
- installed LED-only lighting throughout its offices and presence detectors for 80% of its lighting installations, and fitted taps with sensors in the restrooms;
- laid a false floor with an access ramp for people with reduced mobility;

- fitted out its offices with furniture, of which 90% was made in France.

From 2018/19, Wavestone's new procurement policy will incorporate CSR criteria into the overall supplier evaluation process.

Furthermore, to maintain a responsible relationship with its suppliers, all buyers must adhere to the Company's Code of Ethics. Furthermore, Wavestone undertakes to be fair to all its suppliers, from the consultation phase to the sharing of information and unfolding of negotiations. Invitations to tender will be systematic to ensure fair competition.

In addition, as a signatory of the United Nations Global Compact since 2012 (see 2.3.4), Wavestone is committed to meeting international ethics standards and, as part of its continuous improvement initiative, to pursuing efforts that promote social progress and economic development.

Lastly, it should be noted that the bulk of Wavestone's partners and suppliers are based in France and subject to French laws and obligations relating to human rights, labor law, etc.

Outsourcing

As part of its consulting services to large companies, Wavestone may occasionally be called on to subcontract part of its services to other specialist firms, particularly when a specific skill that does fall within its own area of expertise, is necessary to complete the project.

2.3.4. Fair trade practices

Wavestone launched a campaign to raise personnel awareness of this ethical approach. Aside from raising awareness through real-life experiences, the aim is to enable employees to identify and report similar cases to an Ethics Officer appointed in 2017/18 to encourage discussion.

Actions taken to prevent corruption

Wavestone is committed to the prevention of, and the fight against corruption.

To this end, and in accordance with its basic principles, Wavestone has been a signatory of the United Nations Global Compact since the end of 2012. This underlines the Company's long-term commitment to pursuing all of its actions in a

(1) Label Electronic Product Environmental Assessment Tool.

(2) <https://ateliers-du-bocage.fr/>.



responsible and transparent manner. Accordingly, Wavestone supports and undertakes to promote the 10 principles of the UN Compact (human rights, labor rights, protection of the environment, anti-corruption measures) in its sphere of influence (clients, employees, shareholders, clients and suppliers, and civil society).

In 2017/18, the Company published its fifth “Communication on Progress” (COP) report for its stakeholders detailing the initiatives it has launched and the work it is doing related to the principles of the UN Compact.

During the past year, in compliance with the Sapin 2 Law, Wavestone undertook several new measures, including the adoption of the MiddleNext anti-corruption code of conduct, published in December 2017. This Code is designed to help companies adopt the right behavior to ensure the prevention and detection of corruption. It sets out the principles that employees must respect in their professional activities and is addressed to all employees regardless of their profession or geographic location, as well as to all persons acting on behalf of the Company. Wavestone will ensure that its partners share the same values.

The MiddleNext anti-corruption code of conduct defines the fundamental principles and rules on corruption and influence peddling concerning the following areas:

- Rules applying specifically to public officials
- Gifts and invitations
- Gifts to charitable or political organizations
- Patronage, sponsoring
- Facilitation payments
- Monitoring of third-parties
- Conflicts of interest
- Accounting records/Internal controls.

As this Code cannot address all the cases of corruption and influence peddling that may arise in the course of the Company's activities, Wavestone recommends that each of its employees exercise their own judgment and common sense. To enable its application within Wavestone, a special guide for employees has been drawn up based on real-life situation identified during workshops to illustrate the main principles of the Code.

In addition, an internal whistle-blowing system has been implemented to report any behavior contrary to the Code of Conduct. Wavestone has also appointed Ethics Officers to represent all departments; they may be approached by employees in the event of uncertainty.

Measures taken to promote consumer health and safety

Since Wavestone provides corporate services, it is not concerned by consumer health and safety challenges.

It should be noted, however, that the Group contributes towards raising awareness of the challenge posed by cybersecurity (see 2.3.2.4).

3. Other information related to Wavestone's corporate responsibility: economic responsibility

Wavestone aims to conduct itself as a responsible player in its environment. As such, the firm guarantees all its financial, economic, civic and social stakeholders its adherence to the principles of good governance, transparency and ethics.

Governance

Wavestone has adopted a two-tier management structure comprising a Management Board and a Supervisory Board to ensure a clear separation between the Management and control functions of the Company.

Wavestone complies unreservedly with the MiddleNext Corporate Governance Code.

The Supervisory Board is composed of 7 members (2 women and 5 men), of which 5 are independent. As Wavestone is an equity-controlled company, the composition of the Supervisory Board ensures that the interests of the minority shareholders are respected.

On the recommendation of the Audit Committee, internal controls were tightened during the 2017/18 fiscal year to secure processes and manage risk. As such, IS, operational and financial incidents are monitored every quarter and, more than a hundred procedures have been drawn up and published.

In addition, an internal audit charter was drawn up together with an internal audit code of ethics.

During the 2017/18 fiscal year, a new risk-monitoring committee (COFIL) was set up to gather monthly reports from the three existing risk-monitoring committees devoted to IS-risk, internal control and internal audits.

Transparency

In addition to ensuring its compliance with regulatory obligations regarding financial communication, Wavestone strives to achieve greater transparency and ensure frequent and regular communication, regardless of the economic context or the Company's performance.

This approach is reflected in Wavestone's decision to maintain its quarterly financial reporting despite the suppression of this obligation on 12/31/14 upon the publication of measures to transpose the revised transparency directive (2013/50/EU) included in the "DDADUE" Law bringing a number of provisions in line with European Union economic and financial law. Pursuant to AMF recommendations (DOC-2015-03), Wavestone has chosen to adopt a clear and steady approach over the long term.

Moreover, the Company makes every effort to ensure and maintain solid communications with analysts, institutional investors and individual shareholders by systematically organizing six meetings for its French-speaking investors and two for its English-speaking investors every year. In addition, Wavestone has created a Shareholders' club to strengthen relations with individual investors, and regularly participates in trade fairs.

These initiatives were rewarded at the "Corporate Governance Grand Prix Awards", presented each year to issuers that meet the level of excellence demanded by investors, both in terms of transparency and the effective implementation of best

practices. A jury of specialists draws up several lists of nominees based on major governance criteria and then submits them to a vote by approximately 100 professionals with recognized expertise in the field. In 2017, Wavestone was awarded the Silver Governance award in the Mid-Cap Corporate Governance category.

Ethical approach

Ethics are of the utmost importance to the Group which is, committed to respecting the strictest ethical standards and to conducting its activities with the greatest integrity.

Wavestone launched a campaign to raise personnel awareness of the Group's ethical approach in 2017/18. In addition to raising awareness through real-life experiences, the aim is to enable employees to identify and report similar cases to the Ethics Officers appointed in 2017/18.

The aim of this approach is to formalize a code of ethics for several underlying subjects (corruption, anti-competitive practices, data security, etc.).

A controlling body will be set up to ensure these commitments are respected across the Company, as well as to advise employees and adopt a continuous improvement approach.

The purpose of this code is to serve as a professional behavior guide for all personnel members, irrespective of their position and level of responsibility.

The Company has also made a 3-year commitment in this area as part of its CSR strategic plan:

2021 objectives

Have trained 100% of employees⁽¹⁾ in business ethics

(1) Employees who have been with the Company for at least 1 year.

Current performance

No training

More details about the measures implemented by Wavestone to ensure the quality of services and the Group's ethical behavior are provided in the "Quality" section of Chapter 1 of Wavestone's Registration Document.

Client satisfaction

Client satisfaction is at the heart of Wavestone's value proposition, which is why Wavestone has defined and deployed a quality approach applicable to all its missions.

This approach is underpinned by the implementation of a dedicated organizational structure and a quality risk detection and control process, as well as by the conducting of an annual satisfaction survey. As part of this survey, in April 2017, Wavestone sought the opinion of its French clients (based on

a sample of 1,428 clients) on the assignments it completed during 2016.

The response rate for this survey was 23%, and highlighted several findings:

- 95% of respondents stated that they were generally satisfied with the quality of our assignments.
- Between 85% and 90% of respondents considered that the quality of the assignments was satisfactory in terms of the following criteria:
 - Quality of the relationship, transparency and listening skills
 - Commitment and involvement of the teams
 - Flexibility and responsiveness.

- The two criteria considered most important by the Company's clients when assessing the quality of an engagement are "Proactive thinking and ability to challenge objectives" and "Compliance with commitments, ability to achieve or exceed expected results". Based on these two criteria, the level of satisfaction stood at 71% and 79% respectively.
 - 15% of respondents stated that they had reported some dissatisfaction; of these, around two thirds considered that it had been dealt with either in line with or beyond their expectations.
 - Finally, in answer to the question "On a scale of 1 to 10, would you be prepared to recommend Wavestone?", 76% of respondents gave our firm a score of more than 8.

This survey is intended to be conducted each year in all the countries where the Group is present.

4. Methodology note regarding Wavestone's 2017/18 non-financial reporting

4.1. Scope of consolidation

Unless stated otherwise, the **social and societal information** by default covers Wavestone's entire scope of consolidation.

Wavestone 2017/18 reporting scope therefore includes Wavestone SA (parent company) and its subsidiaries:

- Wavestone Advisors (French offices);
- Wavestone Advisors UK (UK office);
- Wavestone Advisors Morocco (Moroccan office);
- Wavestone Advisors Switzerland and Wavestone Consulting Switzerland (offices in Switzerland);
- Wavestone Belgium (office in Belgium);
- Wavestone Luxembourg (office in Luxembourg);
- Wavestone Hong Kong (office in Hong Kong);
- Wavestone US (Office in the U.S.).

A different methodology, detailed in the environmental report (see 2.2), is used for **environmental data**. The environmental reporting scope covers all entities within the Group's scope of consolidation in France, excluding any new acquisitions finalized during the fiscal year. Our operations in New York and Hong Kong, which represent less than 2% of the Group's workforce, have not been included in the environmental reporting data.

All **economic data** is solely qualitative.

4.2. Reporting period

Most of the data provided in this report covers the 2017/18 fiscal year ended 03/31/18. In exceptional cases that are explicitly mentioned, the information covers the 2017 calendar year.

4.3. Non-financial data collection sources and method

Wavestone's non-financial data is collected and consolidated at the Company's head office. Data collection and consolidation is the responsibility of the Head of HR Development, under the supervision of the Chief Financial Officer.

1) Data collection and consolidation

Social data

Given the nature of Wavestone's consulting activity, the social aspect of sustainable development is a major challenge and key priority for the Company.

Wavestone's HR Development Department is responsible for defining and implementing the Company's human resources strategy. The department is assisted mainly by a central team and decentralized HR development teams.

Social reporting and the monitoring of associated indicators fall under the responsibility of a single dedicated contact within Wavestone's HR Development Department, who is in charge of data consolidation at Group level.

Environmental data

At the environmental level, Wavestone has worked with the firm, I Care & Consult, since 2013. Wavestone SA conducted its first carbon audit during the 2012/13 fiscal year, using the Bilan Carbone® approach developed by the French Environment and Energy Management Agency, ADEME. An environmental reporting procedure, in accordance with Articles 75 and 225 of Grenelle II, was also set up in 2012/13.

The processing and analysis of environmental data is supervised by I Care & Consult. Data collection is monitored by a contact within Wavestone, in charge of gathering and consolidating all information from contributors identified in the departments concerned (IT, Pay, etc.).

Societal data

Societal reporting is mainly qualitative. It is overseen by Wavestone's HR Development Department, working in tandem with the specific contributors in the various departments.

Exclusions

In this report, Wavestone publishes qualitative and quantitative data on all the social, environmental and societal themes required by the implementing decree of Article 225 of the Grenelle II Law.

Note, however, that in accordance with the “comply or explain” rule provided by law, information considered not relevant and therefore not applicable to the Company because of its exclusively intellectual activity, is not included in this report. These exclusions mainly concern environmental information (see the “Cross-reference table: pursuant to decree 2012-557 of 04/24/12 Grenelle II” in the Appendices) and societal information on topics relating to consumer health and safety, as well as actions to promote human rights.

4.4. Control methods

Internal control

Data is initially assessed by the CSR manager who reports to the HR Department.

Once data consolidation has been completed, data consistency checks are performed by the departments concerned. These checks include comparative analysis with data from previous years, and significant differences are systematically analyzed.

External control

Under the new regulatory provisions of the Grenelle II Law, its implementing decree, and the order of 05/13/13, Wavestone commissioned the firm, Finexfi, a designated independent third-party, to audit its social, environmental and societal information for the 2017/18 fiscal year. The subsequent audit report is presented below.

5. Independent auditor's certificate of presence and limited assurance report on the Company's social, societal and environmental information

To the Shareholders,

Following the request made to us by Wavestone and in our capacity as an independent third-party organization accredited by COFRAC under no. 3-1081 (scope available at www.cofrac.fr), we submit our report on the consolidated corporate social responsibility information presented in the annual report for the period ending 03/31/18, pursuant to Article L.225-102-1 of the French Commercial Code.

Management responsibility

It is the duty of the Board of Directors to prepare a management report including the consolidated corporate social responsibility information referred to in Article R.225-105-1 of the French Commercial Code (hereinafter the “CSR Information”) and prepared in accordance with the guidelines (the “Guidelines”) used by the Company and available on request at Wavestone’s registered office, a summary of which appears in the methodological note available on the Group’s website.

Independence and quality control

Our independence is defined by regulatory requirements, our profession’s Code of Ethics, and the provisions of Article L.822-11 of the French Commercial Code. Furthermore, we have implemented a quality control system including documented policies and procedures to ensure compliance with ethical rules, professional standards and applicable laws and regulations.

Third-party assurance report

It is our role, based on our work:

- To attest whether the required CSR Information is present in the annual report or, in the case of its omission, that an appropriate explanation has been provided in accordance with paragraph three of Article R.225-105 of the French Commercial Code and Decree no. 2012-557 of 04/24/12 (Attestation of presence of CSR information);
- To express a limited assurance on whether the CSR information is presented, in all material aspects, in a fair manner in accordance with the reporting standards (limited assurance report).

Attestation of presence of CSR Information

We conducted the following procedures in accordance with professional standards applicable in France:

- we compared the CSR Information presented in the Management Report with the list as provided for in Article R.225-105-1 of the French Commercial Code;
- we verified that the CSR Information covers the consolidated scope, namely the Company and its subsidiaries within the meaning of Article L.233-1 and the entities which it controls within the meaning of Article L.233-3 of the French Commercial Code;
- in the absence of certain consolidated information, we have verified that explanations were provided in accordance with the provisions of Decree no. 2012-557 of 04/24/12.



Based on this work, we confirm the presence in the annual report of the required CSR Information.

Opinion based on the accuracy and fairness of the CSR Information

Nature and scope of our work

Our work was completed between 05/09/18 and 05/17/18 for a period of roughly six man-days.

We conducted our work in accordance with the standards of professional practice applicable in France, with ISAE 3000, and with the Decree of 05/13/13 outlining how independent organizations are to conduct their assignments.

We conducted three interviews with the persons responsible for preparing the CSR Information in the departments in charge of the information collection process and, where applicable, those responsible for internal control and risk management procedures, in order to:

- assess the appropriateness of the guidelines in place, with respect to their relevance, completeness, neutrality, comprehensibility and reliability, taking into consideration best practices, if any, in the sector;
- verify the implementation within the Group of a process for collecting, compiling, processing and checking the CSR Information as regards its completeness and consistency. We reviewed the internal control and risk management procedures relating to the preparation of the CSR Information.

We identified the consolidated information to be tested and determined the nature and extent of the tests, taking into account the importance of the information in question in relation to the social, societal and environmental consequences of the activity and the characteristics of the Group, its CSR objectives and best practices in its sector.

For the CSR Information we judged to be most important at the level of the consolidating entity:

- we consulted the documentary sources and conducted interviews to verify the qualitative information (organization, policies, actions, etc.);
- we conducted analytical procedures on the quantitative information and, based on sampling, verified the calculations and the consolidation of the data;
- we completed detailed tests based on sampling that consisted of verifying the calculations made and comparing them with the data in the supporting documents, and we verified their consistency with the other information contained in the management report.

For the other consolidated CSR Information, we judged its consistency in light of our knowledge of the Company.

Finally, we judged the validity of any explanations given as to the total or partial absence of certain information.

We believe that the sampling methods and sample sizes we have selected using our professional judgment allow us to provide limited assurance. A higher level of assurance would have required a more extensive review.

Our work covered over 50% of the consolidated value of the quantifiable indicators relating to employment and over 50% of the consolidated value of the quantifiable indicators relating to the environment.

Due to the use of sampling techniques and to other limitations inherent in the operation of any information and internal control system, the risk of not detecting a material misstatement in the CSR Information cannot be completely ruled out.

Comments on the CSR Information

Social quantitative information is mainly derived from a single group database that is subject to strong internal control.

Conclusion

Based on our work, we have not identified any significant misstatements that would cause us to believe that the CSR Information, in all material respects, has not been presented fairly, in accordance with the reporting standards.

Lyon, May 18, 2018

FINEXFI
Isabelle Lhoste

Partner

2017/18 Management Board Report - Additional notes

Company results and other items in the last five years

(in thousands of euros)	03/31/14	03/31/15	03/31/16	03/31/17	03/31/18
Capital at end of period					
Share capital	497	497	497	497	497
Number of ordinary shares	4,966,882	4,966,882	4,966,882	4,966,882	4,966,882
Operations and profit/loss					
Revenue (excl. tax)	130,227	152,910	192,103	223,853	274,228
Profit/loss before tax, profit-sharing, depreciation, amortization and provisions	17,108	19,196	24,683	37,768	53,193
Income tax	3,740	3,954	4,637	9,262	12,328
Employee profit-sharing	1,830	1,993	2,514	4,402	6,678
Profit/loss after tax, profit-sharing, depreciation, amortization and provisions	10,841	12,069	13,518	23,689	30,558
Distributed earnings	1,620	1,908	2,009	3,040	3,993
Earnings per share					
Profit/loss after tax and profit-sharing, before depreciation, amortization and provisions	2.32	2.67	3.53	4.85	6.88
Profit/loss after tax, profit-sharing, depreciation, amortization and provisions	2.18	2.43	2.72	4.77	6.15
Distributed earnings	0.33	0.39	0.41	0.61	0.81
Personnel					
Average headcount	1,093	1,266	1,535	1,685	1,796
Total payroll	58,641	70,422	87,272	94,566	101,423
Amount paid in social welfare contributions	28,481	34,159	42,829	44,955	47,597



Management Board Report - Trends

For a description of recent trends and the outlook for the Company, please refer to the "Management Report - *General Report*" in section 1 of this document.



REGISTRATION DOCUMENT 2017/18

CORPORATE GOVERNANCE REPORT

02

146	MANAGEMENT AND CONTROL OF THE COMPANY
155	CORPORATE OFFICER COMPENSATION
166	ADDITIONAL INFORMATION
170	OBSERVATIONS OF THE SUPERVISORY BOARD ON THE REPORT OF THE MANAGEMENT BOARD AND THE FINANCIAL STATEMENTS FOR THE 2017/18 FISCAL YEAR



In accordance with Article L.225-68 of the French Commercial Code, the Supervisory Board will present its report on corporate governance to the combined ordinary and extraordinary General Meeting of 07/26/18, which includes the information referred to in Articles L.225-37-3 to L.225-37-5 of the French Commercial Code, as well as the observations of the Supervisory Board on the report of the Management Board and on the financial statements for the fiscal year.

For your information, the corporate governance report was approved by the Supervisory Board at its Meeting on 05/28/18.

Management and control of the Company

1. Presentation of the governance bodies

Wavestone is a French public limited company (*société anonyme*) governed by a Management Board and a Supervisory Board.

The composition of the governing bodies for the fiscal year ended 03/31/18 is as follows:

Management Board

- Mr. Pascal Imbert Chairman of the Management Board
- Mr. Patrick Hirigoyen Member of the Management Board

Supervisory Board

- Mr. Michel Dancoisne Chairman of the Supervisory Board
- Mr. Jean-François Perret Vice-Chairman of the Supervisory Board
- Mrs. Marie-Ange Verdickt Member of the Supervisory Board
- Mrs. Sarah Lamigeon Member of the Supervisory Board
- Mr. Rafaël Vivier Member of the Supervisory Board
- Mr. Jean-Noël Mermet Member of the Supervisory Board
- Mr. Benjamin Clément Employee representative member of the Supervisory Board

Audit Committee

- Mrs. Marie-Ange Verdickt Chairwoman of the Audit Committee
- Mr. Michel Dancoisne Member of the Audit Committee
- Mr. Rafaël Vivier Member of the Audit Committee

2. Terms of office and positions exercised by Wavestone's corporate officers during the fiscal year ended and over the past five years

Name	Date of first appointment and date of renewal	Date of end of term of office	Main position held within the Company	Main position held outside the Company	Other terms of office and positions held in other companies	Other terms of office held over the past five years
Pascal Imbert	09/30/02 09/26/08 07/28/14 (effective as of 09/26/14)	09/26/20	Chairman of the Management Board		Axway Director Wavestone Consulting Switzerland Chairman and CEO Wavestone Belgium Director Wavestone Advisors Morocco CEO Wavestone US Inc. Chairman	MiddleNext Chairman
Patrick Hirigoyen	09/30/02 09/26/08 07/28/14 (effective as of 09/26/14)	09/26/20	Member of the Management Board		Wavestone CEO Wavestone Belgium Director	
Michel Dancoisne	09/30/02 09/26/08 07/11/14 (Member of the SB) SB 07/28/14 (Chairman of the SB) 07/20/16 (member of the Audit Committee)	Annual General Meeting called to approve the financial statements for the fiscal year ended 03/31/18	Chairman of the Supervisory Board Member of the Audit Committee		Wavestone Executive position III providing expertise in the field of financial policy, development and external growth	
Jean-François Perret	09/26/08 07/11/14 (Member of the SB) SB 07/28/14 (Vice-Chairman of the SB)	Annual General Meeting called to approve the financial statements for the fiscal year ended 03/31/18	Vice-Chairman of the Supervisory Board	CXP Group Director and Chairman of the Strategic Committee	CVMP Conseil CEO WHOZ Board Member	Pierre Audoin Consultants Vice-Chairman of the Supervisory Board
Marie-Ange Verdickt	09/26/12 07/20/16 (Member of the SB) 07/20/16 (Chairwoman of the Audit Committee)	Annual General Meeting called to approve the financial statements for the fiscal year ended 03/31/20	Member of the Supervisory Board Chairwoman of the Audit Committee	Independent consultant	ABC Arbitrage Director Caphorn Invest Member of the Supervisory Board Interparfums Director Bonduelle Member of the Supervisory Board	



Name	Date of first appointment and date of renewal	Date of end of term of office	Main position held within the Company	Main position held outside the Company	Other terms of office and positions held in other companies	Other terms of office held over the past five years
Sarah Lamigeon	07/22/15	Annual General Meeting called to approve the financial statements for the fiscal year ended 03/31/19	Member of the Supervisory Board Communications Director			Wavestone Non-voting member of the Supervisory Board (resigned on 07/22/15)
Rafaël Vivier	07/22/15 07/20/16 (Member of the Audit Committee)	Annual General Meeting called to approve the financial statements for the fiscal year ended 03/31/19	Member of the Supervisory Board Member of the Audit Committee	Wit Associés Founding Partner Consultor CEO		
Jean-Noël Mermet	07/27/17	Annual General Meeting called to approve the financial statements for the fiscal year ended 03/31/21	Member of the Supervisory Board	Frenger International Ltd. Managing Director Frenger SAS Chairman and CEO		Frenger Corporate Finance Ltd. Managing Director Frenger Business Services Ltd. Managing Director Frenger Consulting Services Ltd. Managing Director Cross-Border IT Ltd. Director
Benjamin Clément	01/10/18	Annual General Meeting called to approve the financial statements for the fiscal year ended 03/31/22	Member of the Supervisory Board and employee representative Head of Communications		Private business owned by individual (“ <i>auto-entrepreneur</i> ” status)	

It should be noted that Benjamin Clément was appointed as employee representative member of the Supervisory Board by Wavestone SA's Works Council on 01/10/18.

All corporate officers confirmed that in the past five years they have not been:

- convicted of fraud;
- involved in bankruptcy, receivership or liquidation proceedings in which the corporate officers acting in their capacity as members of the administrative, management and supervisory bodies, were convicted;
- incriminated and/or subject to sanctions by an official public statutory or regulatory authority.

The corporate officers declared that, to the best of their knowledge, there are:

- no potential conflicts of interest between the Board members' duties and their private interests and/or other obligations;
- no family ties between any of the Company's corporate officers.

3. Conditions governing the preparation and organization of the work carried out by the Supervisory Board

3.1. General organization and composition of the management and control bodies

First of all, it is important to note that Wavestone adopted a two-tier corporate governance structure comprising a Management Board and a Supervisory Board at the combined ordinary and extraordinary General Meeting of 09/30/02. The Board of Directors, which submitted this change in corporate governance for the shareholders' approval, considered it was in the best interests of Wavestone to separate the Company's management and its control functions. Past experience showed that a dual-board structure (comprising a Management Board and a Supervisory Board) was, by far, the best way to achieve this.

The separation of the Company's management and control functions, together with the appointment of independent members to sit on the Supervisory Board also underscored Wavestone's resolve to comply with best corporate governance practices.

Composition of the Supervisory Board

The Supervisory Board is comprised of the following members:

- Michel Dancoisne: Chairman;
- Jean-François Perret: Vice-Chairman;
- Marie-Ange Verdickt: Member;
- Sarah Lamigeon: Member;
- Rafaël Vivier: Member;
- Jean-Noël Mermet: Member;
- Benjamin Clément: Employee representative member.

The members of the Supervisory Board were chosen for their multidisciplinary skills and expertise, as shown in their biographies presented below.

Biographies of the members of the Supervisory Board

Michel Dancoisne



Born on 03/13/47, Michel Dancoisne graduated from the *Institut Supérieur d'Electronique du Nord*, France (Higher Institute for Electronics) and obtained an Executive MBA from the HEC business school. In 1971, he joined Télésystèmes, a subsidiary of France Telecom, as a technical and sales engineer, before going on to become a sales engineer at CII-Honeywell Bull in 1974. In 1979, he participated in the creation of the Questel database server business at Télésystèmes, initially in charge of commercial operations and then becoming head of general management. In 1985, Michel Dancoisne was promoted to Director of the Networks Division and was appointed to the Télésystèmes Executive Committee. In 1990, he co-founded Solucom (now Wavestone), which he co-chaired until his appointment as Chairman of the Supervisory Board in 2002.

Jean-François Perret



Born on 06/05/42, Jean-François Perret graduated from the Higher National School for Electronics, Computer Science, Telecommunications, Mathematics and Mechanics of Toulouse (*Ecole Nationale Supérieure d'Electronique, Electrotechnique, Informatique, Hydraulique et Télécommunications* - ENSEIHT) and from the Business Administration Institute (IAE) in Paris. In 1967, he joined SAT (*Société Anonyme de Télécommunications*) as a Design Engineer, before becoming a business engineer at ELECMA (the electronics division of SNECMA) just two years later.

In 1970, he was appointed head of Information Technology Development attached to the French Prime Minister's office and participated in a research group conducting studies related to the emergence of the software industry and strategic planning aimed at creating a European information technology industry (UNIDATA). In 1974, he became Director of Economic and Financial Affairs of the Department of Electronic and Information Technology Industries (DIELI) at the Ministry of Industry.

In 1977, he joined Pierre Audoin Consultants (PAC) where he pursued his career as Deputy CEO, then CEO and ultimately Chairman of the Management Board. During his term of office, he helped establish PAC as a recognized leader in the consulting sector, as well as the strategic and marketing research segments of the software and IT services markets. He also played a key role in PAC's international development and in the merger between PAC and CXP in June 2014. Jean-François Perret is currently Director and Chairman of the Supervisory Board of the CXP Group, the European leader in analysis and consulting in the field of digital software and services. He is also very active in the engineering community, particularly via the IESF (French Association of Engineers and Scientists), the G9+ Institute, and the ENSEIHT association of engineers.

Marie-Ange Verdickt



Born on 10/24/62, Marie-Ange Verdickt graduated from the *Ecole Supérieure de Commerce de Bordeaux* and is a member of the French Society of Financial Analysts (SFAF). After starting out as an auditor at Deloitte-Touche in 1984, she became a management controller for the Wang computer group in 1987. She joined Euronext in 1990, initially as a financial analyst before becoming head of financial analysis, working notably on IPOs and financial transactions involving listed companies. In 1998, she joined *Financière de l'Échiquier* as an equity fund manager specialized in French and European mid-cap stocks. She then became Director of Research and SRI (Socially Responsible

Investment) in 2008. Marie-Ange Verdickt currently serves as a Director on the Board of Directors of ABC Arbitrage and Interparfums, and is a member of the Supervisory Boards of the CapHorn Invest private equity fund and the Bonduelle Group. In addition, she participates in the Investment Committee of the *Fondation des Petits Frères des Pauvres*.

Sarah Lamigeon



Born on 05/08/72, Sarah Lamigeon holds a degree in Economic Sciences and a Master's degree in European Studies from the College of Europe in Belgium. She began her professional career in 1997 as a Project Manager for the Erasmus Technical Assistance Office at the European Commission in Brussels. In 2000, she moved to Bath (UK) to join the communications department of Future PLC, a media group listed on the London Stock Exchange. A year later, she joined Wavestone to develop the Company's communications strategy. Today, as Director of Communications, she is responsible for developing Wavestone's image and reputation. Sarah Lamigeon and her teams are also in charge of Wavestone's financial reporting, as well as the Company's recruitment and internal communication strategy. She is also Treasurer of the Wavestone Foundation for underprivileged children.

Rafaël Vivier



Born on 08/27/75, Rafaël Vivier graduated from the EDHEC business school and is an HEC-certified coach. He began his career in 1999 working as a consulting partner for the recruitment agency, Michael Page in Paris. In 2001, he moved to the strategic consulting firm, Achats Masāi, to take up the position of consultant and then Manager. In 2006, Rafaël Vivier joined the Roland Berger agency as a manager specialized in general management consulting. In 2008, after gaining experience on the Management Board of Adecco France, he founded and has since become partner in Wit Associés, a Human Resources consulting firm specialized in high-growth sectors, mainly in the professional services sector and for large listed groups. In addition, in 2011, he set up and became the CEO of consultor.fr, an on-line media network specialized in strategy consulting. This site offers visitors free access to high-profile advice and is financed via communication partnerships.

Jean-Noël Mermet



Born on 12/09/60, Jean-Noël Mermet, holds a European Business Administration degree from CESEM (Neoma Business School) and a degree from Middlesex University in London. In 1983, he set up Frenger International Limited in the UK to support the expansion of French companies in the British and German markets. He took part in the creation of Frenger GmbH in Reutlingen (Germany) in 1986, before setting up Frenger SAS in Lille (France) in 1992. At present, Jean-Noël Mermet devotes most of his time to Frenger Corporate Finance activities and managing international external-growth operations for French, British, German and American groups. Jean-Noël Mermet has negotiated over 70 acquisitions on behalf of his clients in ten different countries. He played a major role in the expansion of automotive supplier, Delfingen in the US thanks to the acquisition of ten companies, thus enabling the listed French group to generate more than 50% of its revenue in America. Jean-Noël Mermet has been a member of the Board of Directors of Delfingen for 5 years. In addition, he manages the economic development consulting activities of Frenger Consulting Services as well as the business set-up support services of Frenger Business Services in the UK.

Benjamin Clément



Born on 02/24/89, Benjamin Clément is a graduate of *Télécom Ecole de Management*. He joined Wavestone as a consultant in 2012, a position he held for four years, during which time he carried out most of his assignments in the transport sector in Paris, Brussels and London. In 2016, he joined the Group's communications team and now dedicates most of his time to improving Wavestone's image and reputation. He is also involved in financial communication and employer-brand communication. He was appointed employee representative member of the Supervisory Board in January 2018. Benjamin Clément also runs his own corporate and sports event management company.

Terms of office and positions of the members of the Supervisory Board

Details of the terms of office and positions held, as well as the dates of appointment and renewal of terms of office, are provided in section 2 "Terms of office and positions held by corporate officers during the past five years" of this report. It should be noted that Mr. Jean-Noël Mermet resigned from his duties as Member of the Supervisory Board, effective 06/13/18.

Duration of terms of office

Members of the Supervisory Board are appointed for a duration of four years.

Obligation to hold Wavestone shares

Supervisory Board members are legally obliged to own at least 150 registered Wavestone shares each, which must be acquired within the twelve-month period following the date on which they take up their functions.

The result of this review is given in the table below:

MiddleNext independence criteria	Not an employee or a corporate officer (either past or present)	Not a major client, supplier or banker	Not a reference shareholder	No family ties with another corporate officer or reference shareholder	Not a former auditor
Michel Dancoisne	O	X	O	X	X
Jean-François Perret	X	X	X	X	X
Marie-Ange Verdickt	X	X	X	X	X
Sarah Lamigeon	O	X	X	X	X
Rafaël Vivier	X	X	X	X	X
Jean-Noël Mermet	X	X	X	X	X
Benjamin Clément	O	X	X	X	X

O: Independence criterion not respected

X: Independence criterion respected

The Supervisory Board concluded that four of its seven members (equivalent to 57% of its members) can be considered independent, namely: Jean-François Perret, Marie-Ange Verdickt, Rafaël Vivier and Jean-Noël Mermet.

Balanced gender representation on the Supervisory Board

The Supervisory Board currently comprises five men and two women, it being specified that the employee representative member of the Board must not be taken into account for the calculation of the gender balance. As the difference between the number of members of each sex - four men and two women - is not greater than two, the Board is thus in compliance with its statutory obligations.

Composition of the Management Board

The Management Board is comprised of the following members:

- Pascal Imbert: Chairman;
- Patrick Hirigoyen: Member.

Independent members of the Supervisory Board

At the Meeting convened on 03/05/18, the Supervisory Board reviewed the independence of all of its members on the basis of the criteria defined by the MiddleNext Corporate Governance Code published in September 2016. The director-independence qualification criteria given in this Code stipulate the absence of any significant financial, contractual or family relationships likely to impair the independence of board members' judgment.

Biographies of the members of the Management Board

Pascal Imbert

Born on 08/12/58, Pascal Imbert is a graduate of the *Ecole Polytechnique* and Télécom ParisTech (the Paris Institute of Science and Technology). He began his career with the R&D division of digital services company, Télé systèmes (now part of the Atos Group) in 1980, where he worked on a variety of R&D projects, before joining Cirel Systems, a manufacturer of telecoms products, in 1988.

In 1990, he co-founded Wavestone with Michel Dancoisne, with whom he oversaw the development of the Company for a period of 12 years. In 2002, he became Chairman of the Company's Management Board and Michel Dancoisne, the Chairman of the Supervisory Board.

From 2010 to 2014, Pascal Imbert served as Chairman of MiddleNext, the French association representing listed midcaps, and has been a Director of the software developer, Axway, since 2011.

Patrick Hirigoyen

Born on 08/06/63, Patrick Hirigoyen holds an engineering degree from the *Ecole Nationale Supérieure des Télécoms de Bretagne* (Higher National School of Telecommunications) and has extensive experience in the field of consulting. He began his career working as a business engineer with INFI, a software and computing services company specialized in new technologies. He joined Wavestone in 1993 where, as Director of Sales, he developed the sales division before being appointed Chief Operating Officer and member of the Management Board in September 2002.

Terms of office and positions of the members of the Management Board

Details of the terms of office and positions held are provided in section 2 “Terms of office and positions held by corporate officers during the past five years” of this report.

3.2. Preparation and organization of work

Functioning and work carried out by the Supervisory Board

The Supervisory Board ensures the permanent monitoring of the management of the Company by the Management Board.

The Supervisory Board may conduct as many audits and controls it deems appropriate, at any time of the year, and may ask the Management Board to provide the documents it considers necessary to carry out its mission. Moreover, at any time during the course of business between its Meetings, the Supervisory Board may request any information considered pertinent or vital, notably in the form of financial analysis reports.

During the fiscal year ended 03/31/18, the Supervisory Board met eight times (05/30/17, 07/27/17, 09/12/17, 11/13/17, 12/04/17, 12/20/17, 01/31/18, 03/05/18) with an attendance rate of 94%. The Supervisory Board Meeting schedule is determined at each Supervisory Board Meeting; dates are set for at least the next two Meetings over a maximum period of 12 months.

Meetings are convened by electronic mail and by post approximately one week ahead of the scheduled date. The Supervisory Board agenda is always sent with the notice of Meeting. In addition, interim and full-year financial statements are communicated to Board members for review approximately one week before the date of the Supervisory Board Meeting. Works Council representatives on the Supervisory Board are invited to attend all Supervisory Board Meetings.

The Statutory Auditors are invited to Management Board and Supervisory Board Meetings called to approve the Company's interim and annual financial statements. The items dealt with by the Supervisory Board during the fiscal year ended 03/31/18 included:

- the review, verification and audit of full-year Company and consolidated financial statements and the report of the Management Board;
- the review, verification and audit of interim Company and consolidated financial statements and the report of the Management Board;
- management forecasts presented by the Management Board;
- the review of external growth and international development reports;
- reviews of Management Board quarterly reports;
- corporate officer compensation;
- the review of the eligibility of Supervisory Board members' independent status;
- the review of potential conflicts of interest;
- monitor the succession of executive directors;
- compliance with the MiddleNext Corporate Governance Code (recommendations and points requiring vigilance);
- the amendment of the internal rules for the Supervisory Board;
- the Company's gender equality policy on careers and pay;
- the Company's Corporate Social Responsibility (CSR) strategy;
- the association of management regarding capital and compensation;
- the analysis of internal control and risk management procedures in force within the Company;
- self-assessment of the functioning and work of the Supervisory Board;
- the review of the impact of the Sapin 2 law.

The members of the Management Board, the CFO, or any other person depending on the subject matter may attend all or a part of the Supervisory Board Meetings, at the discretion of the members of this Supervisory Board.

Management Board representatives do not participate in corporate officer compensation reviews.

Draft minutes of Supervisory Board Meetings are sent to all members for approval before signature, which is generally given at the next Supervisory Board Meeting.

Assessment of the functioning and work of the Supervisory Board

Every year, the Supervisory Board conducts a self-assessment survey to assess its functioning and the work it carries out. A formal assessment is carried out every three years. The last formal assessment was carried out by the Supervisory Board on 03/07/16.

At its Meeting held on 03/05/18, the Supervisory Board reviewed the minutes of its Meeting held on 03/07/16 (including the formal assessment) and of its Meeting held on 03/06/17 (including the previous assessment of the Board's functioning and work) to ensure the proper application of the measures adopted.

Committees

Audit Committee

The Supervisory Board as a whole also functioned as the Audit Committee until 07/20/16 when the Supervisory Board decided to create an ad hoc Audit Committee separate from the Supervisory Board.

The Committee has three members: Marie-Ange Verdickt, Michel Dancoisne and Rafaël Vivier.

It was formally noted that, given their professional experience, Marie-Ange Verdickt and Rafaël Vivier meet the criteria of independence and competence in accounting and/or financial matters.

Regarding its functioning and the work it carries out, the Audit Committee follows the AMF working group recommendations for audit committees.

Without prejudice to the powers of the Board, the Audit Committee is responsible in particular for the following tasks:

- monitoring the process of preparing financial information and, where appropriate, making recommendations to ensure its integrity;
- monitoring the effectiveness of the internal control and risk management systems and, where applicable, the internal audit, as regards the procedures relating to the preparation and processing of accounting and financial information, without prejudice to its independence;
- issuing its recommendation on the Statutory Auditors proposed for appointment by the annual General Meeting. This recommendation is addressed to the Supervisory Board and is drawn up in accordance with the regulations; it also issues a recommendation to the Supervisory Board when the renewal of the term of office of the Statutory Auditor(s) is envisaged under the conditions defined by the regulations;
- monitoring the performance by the Statutory Auditor of its engagement and taking into account the findings and

conclusions of the French High Council of Statutory Auditors (*Haut conseil du commissariat aux comptes*) following the audits conducted in compliance with applicable regulations;

- ensuring that the Statutory Auditor complies with the conditions of independence in accordance with the terms and conditions laid down by the regulations;
- approving the provision of services other than the certification of accounts in compliance with applicable regulations;
- reporting regularly to the Board on the performance of its duties. It also reports on the results of the engagement to certify the accounts, how that engagement has contributed to the integrity of financial reporting and the role it has played in that process. It also informs the Board of any difficulties encountered as soon as possible.

Audit Committee's Meetings are held separately from Supervisory Board Meetings and are chaired by Marie-Ange Verdickt, Chairwoman of the Audit Committee and independent member of the Supervisory Board.

The members of the Management Board, the CFO, or any other person depending on the subject matter may attend all or a part of the Audit Committee's Meetings, at the discretion of the members of this Audit Committee.

Statutory Auditors' reports on the interim and annual Company and consolidated financial statements, as well as reviews of Statutory-Auditor independence and proposals for the renewal of their mandate are discussed without the presence of the members of the Management Board.

Minutes of each Audit Committee Meeting are drawn up and appended to the minutes of the Supervisory Board Meeting, the Supervisory Board being tasked with examining their content.

During the fiscal year ended 03/31/18, the Audit Committee's workload increased as result of the audit reform. The Committee met four times on 05/29/17, 09/20/17, 12/01/17 and 01/26/18, and recorded an attendance rate of 100%.

During these Meetings, the main points dealt with by the Audit Committee included:

- the review and verification of the Company and consolidated financial statements for the fiscal year ended 03/31/18 presented and approved by the Management Board; examination of the Chief Financial Officer and Statutory Auditors' reports; review of additional reports and documents drafted by the Management Board for the annual General Meeting; review, verification and audit of the annual financial report prepared by the Management Board;
- the review of the report of the Chairman of the Supervisory Board on internal control and risk management procedures;
- the review of Statutory Auditors' independence. It should be noted that the Statutory Auditors provided a service in



- addition to the certification of the financial statements, which consisted of certifying the leverage ratio attestation as part of the financing contract implemented on 01/07/16;
- the review and verification of the interim financial statements approved by the Management Board; review, verification and audit of the interim financial report prepared by the Management Board; examination of the Chief Financial Officer and Statutory Auditors' reports;
 - the review and monitoring of the internal multi-year audit plan and the internal control and risk management procedures in force within the Company. The general framework of these procedures is reviewed every year to ensure their effectiveness. This is notably achieved by way of risk mapping, as well as by conducting an in-depth review of the procedures concerning one or more risks in particular, and by checking to ensure that the appropriate procedures and control measures are in place. In the event of failure or malfunction, the Audit Committee asks the Company to take the necessary corrective measures.

The Supervisory Board, in its various Meetings, followed the recommendations of the Audit Committee.

Compensation Committee

At its Meeting on 03/05/18, the Supervisory Board decided to create a Compensation Committee, effective from 04/01/18.

Internal rules

Wavestone's internal rules governing the Supervisory Board's operating procedures cover the following aspects as comprehensively as possible:

Role of the Supervisory Board

- to perform its general role of exercising continuous controls;
- to verify the proper exercise of executive powers;
- to limit the powers of the Management Board;
- to analyze the voting results from the annual General Meetings;
- to ensure the replacement of executive directors;
- to review areas requiring careful monitoring.

Composition of the Supervisory Board and independence criteria of its members

- conditions for appointment of members to the Supervisory Board;
- employee representative member of the Supervisory Board;
- independence of Supervisory Board members.

Duties of the members of the Supervisory Board

- loyalty and compliance with laws and Articles of Association;
- secrecy;
- diligence;
- compliance with rules concerning trading in Company securities, including insider information;
- disclosure of conflicts of interest and duty to abstain.

Functioning of the Supervisory Board and of the Audit Committee

- frequency of Board Meetings;
- convocation of Board members;
- information concerning Board members;
- recourse to video-conferencing or other means of telecommunication;
- deliberations of the Supervisory Board;
- assessment of the work of the Supervisory Board;
- the Audit Committee.

The Supervisory Board internal rules are available in full on the Company's website: www.wavestone.com.

Terms and conditions of shareholder participation at General Meetings

The terms and conditions of shareholder participation at General Meetings are outlined in Articles 24 to 33 of the Articles of Association.

4. Application of the MiddleNext Corporate Governance Code

For its Corporate Governance Code, the Supervisory Board adopted the MiddleNext Corporate Governance Code for Small and Mid-cap Companies published in December 2009 and updated in September 2016. This Code is available on the MiddleNext website: www.middlenext.com.

This Code offers recommendations that companies choosing to adopt the Code must comply with, and provides a list of due diligence factors that the Supervisory Board has reviewed.

In addition, the Supervisory Board has confirmed that Wavestone has implemented all the recommendations of the MiddleNext Corporate Governance Code.

Corporate officer compensation

1. Summary of compensation paid to corporate officers for fiscal years 2017/18 and 2016/17

This section presents the total compensation, including elements of compensation of any kind, paid during the past fiscal year to each of the Company's corporate officers.

The table below details the compensation and benefits of all kinds received by Wavestone's corporate officers from all the companies belonging to the Group.

This table shows both the compensation due in respect of the fiscal year, and the compensation actually paid during the fiscal year. In effect, part of the compensation due for one fiscal year is paid during the first months of the following fiscal year.

(in euros)		2017/18 Gross annual compensation				2016/17 Gross annual compensation			
		Fixed	Variable	Attendance fees	Total	Fixed	Variable	Attendance fees	Total
Management Board									
Pascal Imbert	Due	169,020	63,894		232,914	169,020	48,017		217,037
	Paid	169,020	48,017		217,037	169,020	76,211		245,231
Patrick Hirigoyen		Compensation	168,408	63,674	232,082	202,067	43,696		245,763
	Due	Benefits-in-kids	nd		0	0			0
		Total	168,408	63,674	232,082	202,067	43,696		245,763
		Compensation ⁽¹⁾	168,408	46,132	214,540	202,067	69,253		271,321
	Paid	Benefits-in-kids ⁽²⁾	2,893		2,893	0			0
	Total	171,301	46,132	217,433	202,067	69,253		271,321	
Supervisory Board and Audit Committee									
Michel Dancoisne	Due	67,503			67,503	59,428	0		59,428
	Paid	67,503			67,503	59,428	0		59,428
Jean-François Perret	Due			11,000	11,000			11,000	11,000
	Paid			11,000	11,000			10,000	10,000
Marie-Ange Verdickt	Due			22,000	22,000			18,685	18,685
	Paid			18,685	18,685			10,000	10,000
Nathalie Wright	Due				0			8,082	8,082
	Paid			8,082	8,082			7,750	7,750
Sarah Lamigeon	Due	82,562	10,362	11,000	103,924	69,321	18,273	11,000	98,594
	Paid	82,562	9,537	11,000	103,098	69,321	23,616	6,350	99,288
Rafaël Vivier	Due			17,233	17,233			16,123	16,123
	Paid			16,123	16,123			6,940	6,940
Jean-Noël Mermet	Due			6,551	6,551				0
	Paid				0				0
Benjamin Clément	Due	51,055		2,411	53,466				0
	Paid	51,055			51,055				0

(1) Note that during the 2016/17 fiscal year, the fixed salary of Patrick Hirigoyen included €44,651 for vacation days unused by 03/31/17.

(2) Patrick Hirigoyen also benefits from an unemployment insurance plan for company directors and managers. The charges related to this plan are borne by the Company and reintegrated into Patrick Hirigoyen's compensation package in the form of benefits-in-kind.



- Compensation adjustments between 2016/17 and 2017/18

Corporate-officer compensation was adjusted in 2017/18 to bring it in line with the pay policy applied to all of the Company's employees.

- Fixed compensation

The fixed compensation component is determined by taking into account the level and difficulty of the officers' responsibilities, their experience in the function and their seniority in the Company, as well as trends in compensation policies applied by groups and companies with similar business activities.

- Variable compensation

For Pascal Imbert, Chairman of the Management Board, the variable compensation component is based on the differences between the targets budgeted at the start of the fiscal year and the corresponding results actually achieved over the period. This performance criterion applies to EBIT and net attributable income to owners of the Parent measured on a like-for-like basis (i.e. excluding any scope of consolidation changes carried out during the period). The value of the performance-related variable component totaled €56,330 in 2017/18 (no change on 2016/17). The variable component can range between 50% and 200% of this amount.

For Patrick Hirigoyen, member of the Management Board, the variable compensation component is based on the differences between the targets budgeted at the start of the fiscal year and the corresponding results actually achieved over the period. This performance criterion applies to EBIT and net income attributable to owners of the Parent measured on a like-for-like basis (i.e. excluding any scope of consolidation changes carried out during the period). The value of the performance-related variable component totaled €56,136 in 2017/18 (vs. €51,260 in 2016/17). The variable component can range between 50% and 200% of this amount.

- Other information

Note that, because Wavestone is not controlled by another company, its executives and corporate officers do not receive compensation from any such company.

None of Wavestone's executive directors or corporate officers received any compensation other than that listed in the summary table above. This includes compensation benefits referred to in Article L.225-102-1, paragraph 1 of the French Commercial Code (relating to controlled companies).

The Company has not implemented a severance or arrival bonus mechanism or deferred compensation relating to the termination or change in duties for Wavestone corporate officers as defined under Article L.225-90-1 of the French Commercial Code.

In addition, corporate officers do not benefit from any form of supplementary retirement plan as defined under Article L.225-79-1 of the French Commercial Code.

None of Wavestone's executives or corporate officers receive any benefits-in-kind, with the exception of Patrick Hirigoyen who benefits from an unemployment insurance plan for company directors and managers representing a gross amount of €2,893 (see table above).

The following tables, prepared in accordance with AMF recommendations, give all the information required by regulations in force.

Compensation, options and shares granted to executive corporate officers (Table 1 of AMF recommendations)

(in euros)	2017/18		2016/17	
	Gross annual compensation		Gross annual compensation	
	Amounts due		Amounts due	
Pascal Imbert, Chairman of the Board				
Compensation due for the fiscal year		232,914		217,037
Value of multi-year variable compensation granted during the fiscal year		n/a		n/a
Value of options granted during the fiscal year		n/a		n/a
Value of free shares granted during the fiscal year		n/a		n/a
Total		232,914		217,037
Patrick Hirigoyen, Member of the Board				
Compensation due for the fiscal year		232,082		245,763
Value of options granted during the fiscal year		n/a		n/a
Value of free shares granted during the fiscal year		n/a		n/a
Total		232,082		245,763

Compensation paid to each executive corporate officer (Table 2 of AMF recommendations)

(in euros)	2017/18		2016/17	
	Gross annual compensation		Gross annual compensation	
	Amounts paid	Amounts due	Amounts paid	Amounts due
Pascal Imbert, Chairman of the Board				
Fixed compensation	169,020	169,020	169,020	169,020
Variable compensation	48,017	63,894	76,211	48,017
Multi-year variable compensation	n/a	n/a	n/a	n/a
Exceptional compensation	n/a	n/a	n/a	n/a
Attendance fees	n/a	n/a	n/a	n/a
Benefits-in-kind	n/a	n/a	n/a	n/a
Total	217,037	232,914	245,231	217,037
Patrick Hirigoyen, Member of the Board				
Fixed compensation ⁽¹⁾	168,408	168,408	202,067	202,067
Variable compensation	46,132	63,674	69,253	43,696
Multi-year variable compensation	n/a	n/a	n/a	n/a
Exceptional compensation	n/a	n/a	n/a	n/a
Attendance fees	n/a	n/a	n/a	n/a
Benefits-in-kind	2,893	nd	n/a	n/a
Total	217,433	232,082	271,321	245,763

(1) During the 2016/17 fiscal year, the fixed salary of Patrick Hirigoyen included €44,651 for vacation days unused by 03/31/17.

Attendance fees and other compensation received by non-executive corporate officers (Table 3 of AMF recommendations)

	2017/18 Amounts paid for the fiscal year	2016/17 Amounts paid for the fiscal year
Michel Dancoisne		
Attendance fees	n/a	n/a
Other compensation	67,503	59,428
Jean-François Perret		
Attendance fees	11,000	10,000
Other compensation	n/a	n/a
Marie-Ange Verdickt		
Attendance fees	18,685	10,000
Other compensation	n/a	n/a
Nathalie Wright		
Attendance fees	8,082	7,750
Other compensation	n/a	n/a
Sarah Lamigeon		
Attendance fees	11,000	6,350
Other compensation	92,098	99,288
Rafaël Vivier		
Attendance fees	16,123	6,940
Other compensation	n/a	n/a
Jean-Noël Mermet		
Attendance fees	0	n/a
Other compensation	n/a	n/a
Benjamin Clément		
Attendance fees	0	n/a
Other compensation	51,055	n/a
Total	224,491	193,406

Record of free share allocations (Table 10 of the AMF recommendations)

Information concerning free shares allocated	09/15/06 plan	Director plan no. 5	Director plan no. 7	Director plan no. 10	OneFirm Share Plan
Date of General Meeting	09/30/05	09/25/09	09/28/11	09/25/13	07/22/15
Date of Management Board Meeting	09/15/06	10/15/10	07/02/12	07/01/15	01/28/16
Number of free shares granted o/w the number of free shares granted to:	27,840	45,540	7,499	13,160	111,136
Patrick Hirigoyen	9,280	7,590	0	2,632	736
Sarah Lamigeon	0	0	7,499	0	736
Vesting date of shares	09/15/09	07/15/13	07/02/15	07/01/18	06/28/18
End of lock-in period	09/15/11	07/15/15	07/02/17	07/01/20	06/28/18
Number of shares vested at 03/31/18	27,840	37,950	7,499	0	0
Number of cancelled or forfeited shares	0	7,590	0	0	0
Number of shares available for subscription or allocation at 03/31/18	0	0	0	13,160	111,136

Non-accumulation of mandates (Table 11 of the AMF recommendations)

Executive corporate officers	Employment contract		Supplementary pension scheme		Compensation or benefits due or liable to fall due owing to severance or change in function		Non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
	Pascal Imbert Chairman of the Management Board		X		X		X	
Patrick Hirigoyen Member of the Management Board		X		X		X		X

In accordance with AMF recommendations, the following information is not applicable to Wavestone for the 2017/18 fiscal year:

- subscription or purchase options granted during the year to executive corporate officers by the issuer and by any company in the Group (Table 4 of the AMF recommendations);
- subscription or purchase options exercised during the year by executive corporate officers (Table 5 of the AMF recommendations);
- free shares allocated to corporate officers (Table 6 of the AMF recommendations);
- table showing the allocation of vested shares (Table 7 of the AMF recommendations);
- record of past allocations of subscription or purchase options - Information related to subscription and purchase options (Table 8 of the AMF recommendations);
- subscription or purchase options granted to the ten highest-paid employees or corporate officers and options exercised by them (Table 9 of the AMF recommendations).

2. Other information relative to executive directors and corporate officers**2.1. Restrictions on executive directors and corporate officers**

Pursuant to Articles L.225-185 and L.225-97 II, paragraph 4 of the French Commercial Code, at its Meeting on 06/18/07, the Supervisory Board decided to fix at 25% the proportion of registered shares that corporate officers of Wavestone and the companies it controls are obliged to hold until termination of their functions, within the context of each plan implemented by Wavestone in which these corporate officers would qualify as beneficiaries as result of their mandate.

Note that this provision only applies to plans set up for the benefit of these corporate officers after the entry into force of the Law of 12/30/06.

2.2. Transactions on Company shares by executive directors and their relatives

In accordance with legal and regulatory provisions in force, the following table lists the transactions carried out on Company shares by executive directors, senior managers, and persons closely related to them, during the past fiscal year.

Executive directors	Date of transaction	Type of transaction	no. of shares	Transaction share price
Madame Marie-Ange Verdickt	12/15/17	Acquisition	500	€123.90

3. Consultation among shareholders on the compensation of executives and corporate officers

3.1. Consultation on the compensation items paid or allocated during the 2017/18 fiscal year (“say on pay” ex-post vote – Resolutions 8 to 10 of the AGM on 07/26/18)

The fixed, variable and exceptional items making up the total compensation and benefits of any kind paid or granted in respect of the 2017-2018 fiscal year, and presented below, will be submitted to the vote of the combined ordinary and extraordinary General Meeting of 07/26/18, in resolutions 8 (for Pascal Imbert), 9 (for Patrick Hirigoyen) and 10 (for Michel Dancoisne).

Items of compensation paid or granted to Pascal Imbert, Chairman of the Management Board in respect of the 2017/18 fiscal year, subject to the vote of the combined ordinary and extraordinary General Meeting of 07/26/18

Items of compensation due or granted in respect of the fiscal year ended	Amounts or book value submitted to the vote	Presentation
Fixed compensation	€169,020	The fixed compensation component is determined by taking into account the level and difficulty of the officers’ responsibilities, their experience in the function and their seniority in the Company, as well as trends in compensation policies applied by groups and companies with similar business activities.
Variable annual compensation paid	€63,894	The variable compensation component is based on the differences between the targets budgeted at the start of the fiscal year and the corresponding results actually achieved over the period. This performance criterion applies to EBIT and net attributable income to owners of the parent measured on a like-for-like basis (i.e. excluding any scope of consolidation changes carried out during the period). The value of the performance-related variable component totaled €56,330 in 2017/18 (vs. €56,330 in 2016/17). The variable component can range between 50% and 200% of this amount.
Multi-year variable compensation not yet paid	n/a	n/a
Stock options, performance shares or other grants of securities	n/a	n/a
Non-recurring compensation	n/a	n/a
Attendance fees	n/a	n/a
Value of benefits of all kinds	n/a	n/a

Items of compensation paid or granted to Patrick Hirigoyen, member of the Management Board and CEO, in respect of the 2017/18 fiscal year, subject to the vote of the combined ordinary and extraordinary General Meeting of 07/26/18

Items of compensation due or granted in respect of the fiscal year ended	Amounts or book value submitted to the vote	Description
Fixed compensation	€168,408	The fixed compensation component is determined by taking into account the level and difficulty of the officers' responsibilities, their experience in the function and their seniority in the Company, as well as trends in compensation policies applied by groups and companies with similar business activities.
Variable annual compensation paid	€63,674	The variable compensation component is based on the differences between the targets budgeted at the start of the fiscal year and the corresponding results actually achieved over the period. This performance criterion applies to EBIT and net attributable income to owners of the parent measured on a like-for-like basis (i.e. excluding any scope of consolidation changes carried out during the period). The value of the performance-related variable component totaled €56,136 in 2017/18 (vs. €51,260 in 2016/17). The variable component can range between 50% and 200% of this amount.
Multi-year variable compensation not yet paid	n/a	n/a
Stock options, performance shares or other grants of securities	n/a	n/a
Non-recurring compensation	n/a	n/a
Attendance fees	n/a	n/a
Value of benefits of all kinds	€2,893	Unemployment insurance plan for company directors and managers, the charges for which are borne by the Company. The charges related to this unemployment insurance plan are borne by the Company and reintegrated into Patrick Hirigoyen's compensation package in the form of benefits-in-kind.

Items of compensation paid or granted to Michel Dancoisne, Chairman of the Management Board in respect of the 2017/18 fiscal year, subject to the vote of the combined ordinary and extraordinary General Meeting of 07/26/18

Items of compensation due or granted in respect of the fiscal year ended	Amounts or book value submitted to the vote	Description
Fixed compensation	€67,503	In respect of the fiscal year ended 03/31/18, Mr. Michel Dancoisne was paid a gross amount of €32,775 under his employment contract, including €6,175 in respect of his contractual retirement allowance and €1,900 in respect of his account balance for the 13 th month of the 2017/18 fiscal year (the 13 th month of the 2016/17 fiscal year was paid to him in June 2018 in the amount of €1,900). He also received compensation of €34,728 for his duties as Chairman of the Supervisory Board.
Variable annual compensation paid	n/a	n/a
Multi-year variable compensation not yet paid	n/a	n/a
Stock options, performance shares or other grants of securities	n/a	n/a
Non-recurring compensation	n/a	n/a
Attendance fees	n/a	n/a
Value of benefits of all kinds	n/a	n/a

3.2. Consultation on the principles and criteria used to determine the compensation of executives and corporate officers (“say on pay” ex-post vote – Resolutions 11 to 13 of the AGM on 07/26/18)

This section outlines the principles and criteria used to determine and allocate the fixed, variable and exceptional components of the total compensation and benefits of any kind attributable to the members of the Supervisory Board and of the Management Board in respect of their duties.

In accordance with Article L.225-82-2 of the French Commercial Code, these principles and criteria will be submitted to the vote of the combined ordinary and extraordinary General Meeting of 07/26/18.

Compensation policy applicable to members of the Management Board

a) General principles

The items taken into account by the Supervisory Board in the analysis of Management Board member compensation are as follows:

- Short-term items (comprising a fixed and a variable component).

- If necessary, a long-term incentive item in the form of the allocation of free shares contingent upon fulfilling a predetermined set of performance targets.
- Other items: welfare insurance, health cover, and unemployment insurance for Company directors and managers.

The principles applied by the Supervisory Board to determine Management Board member compensation are as follows:

- Comparability: the method used to determine compensation takes into account practices applied by groups and companies whose business activities are comparable with those of Wavestone.
- Consistency: trends in Management Board member compensation are pegged to the level of difficulty of their responsibilities and are consistent with the Group’s standardized pay policy applied for all of its personnel. It respects the framework set for the level of compensation of the Company’s French partners.

b) Structure of global annual compensation

The Supervisory Board proposes, on the recommendation of the Compensation Committee, to change the compensation structure of the members of the Management Board for the 2018/19 fiscal year, in accordance with the changes in the compensation policy more widely implemented within the Group. The fixed portion would now include 50% of the

previously guaranteed variable portion. This would also impact the variable component which would vary between 0% and 130% of the target bonus compared with between 50% and 200% for previous years.

On this basis, the compensation structure of the members of the Management Board would be as follows:

- A fixed component.
- A variable component, referred to as a bonus. The target bonus (target bonus level achieved) for 2018/19 represents 39% of fixed compensation. The bonus paid may vary between 0% and 130% of the target bonus amount.

The bonus structure for annual compensation was set as follows by the Supervisory Board:

- As regards the bonus, it will be determined according to the target bonus, to which two performance indicators apply, multiplied by each other:
 - A collective performance indicator: it is based on the achievement of budgetary objectives (operating income on ordinary activities and net income) and is affected upwards or downwards by the differences between the objectives set at the start of the fiscal year and the corresponding results actually achieved; the terms of variation are set for the year by the Supervisory Board.
 - An individual performance indicator, reviewed by the Supervisory Board on the recommendation of the Compensation Committee.

c) Determination of the 2018/19 compensation of Pascal Imbert for exercising his mandate as Chairman of the Management Board

In accordance with the principles defined in points a) and b) above, the criteria used to determine, distribute and allocate the components of the total compensation package of Pascal Imbert in 2018/19 are as follows:

i) Fixed component

In light of the above, Pascal Imbert will receive fixed gross compensation of €197,185.

ii) Variable component

The target bonus is set at a gross amount of €76,902, representing 39% of the fixed portion, in implementation of the process outlined in this document.

In accordance with Article L.225-82-2 of the French Commercial Code, the payment of the annual variable compensation due for the fiscal year ending 03/31/19 will take place after the annual General Meeting to be held in 2019 to approve the financial statements for the fiscal year ending 03/31/19, and is subject to approval by that Meeting.

iii) Other items of compensation

Pascal Imbert benefits from the same welfare insurance and health cover plan as Wavestone's employees.

d) Determination of the 2018/19 compensation of Patrick Hirigoyen for exercising his mandate as member of the Management Board and COO

In accordance with the principles defined in points a) and b) above, the criteria used to determine, distribute and allocate the components of the total compensation package of Patrick Hirigoyen in 2018/19 are as follows.

It should be noted that the Supervisory Board proposed, for the members of the Management Board, the alignment of the two compensation packages (fixed and variable components).

i) Fixed component

In light of the above, Patrick Hirigoyen will receive fixed gross compensation of €197,185.

ii) Variable component

The target bonus is set at a gross amount of €76,902, representing 39% of the fixed portion, in implementation of the process outlined in this document.

In accordance with Article L.225-82-2 of the French Commercial Code, the payment of the annual variable compensation due for the fiscal year ending 03/31/19 will take place after the annual General Meeting to be held in 2019 to approve the financial statements for the fiscal year ending 03/31/19, and is subject to approval by that Meeting.

iii) Long-term compensation items

For the record, Patrick Hirigoyen was awarded free shares within the context of the 09/15/06, 10/15/10, 07/01/15 and 01/28/16 plans.

Given that the 2015 and 2016 free share plans are still ongoing, the number of shares related to these plans have yet to be acquired. Share acquisition is contingent upon fulfilling the following set of criteria:

• 01/07/15 free share plan

- Presence within the Company at 06/30/18
- Personal investment in Wavestone shares
- Performance condition relative to the Group's 03/31/18 operating income on ordinary activities target. This performance condition is measured on a like-for-like basis, based on the Company's scope as of 04/01/15.

- **01/28/16 free share plan**

- First tranche: 33% of shares
 - > Presence within the Company at 03/31/17
 - > Performance condition relative to the Group's 03/31/17 operating income on ordinary activities target. This performance condition is measured on a like-for-like basis, based on the Company's scope as of 04/01/16.
- Second tranche: 67% of shares
 - > Presence within the Company at 03/31/18
 - > Performance condition relative to the Group's 03/31/2018 operating income on ordinary activities target. This performance condition is measured on a like-for-like basis, based on the Company's scope as of 04/01/16.

It is proposed that Patrick Hirigoyen be granted free shares representing a volume of shares with a value of €500,000 on the grant date and for which the acquisition criteria would be as follows:

- Presence within the Company on the 3rd anniversary of the date of allocation of the shares.
- Performance condition relative to the Group's 03/31/21 operating income on ordinary activities target. This performance condition is measured on a like-for-like basis, based on the Company's scope as of 04/01/18 (including Xceed Group).
- Personal investment in Wavestone shares to be completed at the latest on the 2nd anniversary of the allocation of the free shares, for a number of shares representing an amount of €100,000 on the basis of the last market price of the Wavestone share on the date of the allocation of the shares.
- Retention of the Wavestone shares held as mentioned above until the date of the 3rd anniversary of the allocation of the shares.

iv) Other items of compensation

Patrick Hirigoyen benefits from the same welfare insurance and health cover plan as Wavestone's employees.

Patrick Hirigoyen also benefits an unemployment insurance plan for company directors and managers, the charges for which are borne by the Company. The charges related to this unemployment insurance plan are borne by the Company and reintegrated into Patrick Hirigoyen's compensation package in the form of benefits-in-kind.

Compensation policy reserved for the members and the Chairman of the Supervisory Board

a) Compensation paid to the members of the Supervisory Board

Subject to the conditions specified in point b) below concerning the Chairman of the Supervisory Board, compensation of members of the Supervisory Board allocated for exercising their mandates is restricted to the amount of attendance fees paid by the Company, for up to the maximum amount voted by the Annual General Meeting, and distributed in the portions decided upon by the Supervisory Board.

The overall annual budget set by the Combined Extraordinary and Ordinary General Meeting of 07/27/17 was €85,000, to take into account the appointment of a new employee representative member of the Supervisory Board. For the 2018/19 fiscal year, the Board will propose to the Combined Extraordinary and Ordinary General Meeting of 07/26/18 to set this ceiling at €136,000 to take into consideration the creation of the Compensation Committee as of 04/01/18.

The rules for allocating attendance fees provide for a fixed component and a larger variable component, calculated on the basis of actual attendance at Supervisory Board, Audit Committee and Compensation Committee Meetings, and the number of Meetings held.

Payment of attendance fees is made once the variable component for each Supervisory Board member has been determined.

The amount of attendance fees for members of the Supervisory Board rose from €11,000 to €12,000; this amount was not increased during the past fiscal year.

- **Proportional increase in attendance fees for the Audit Committee**

Following the creation of the Compensation Committee, a budget of €20,000 was allocated for the 2018/19 fiscal year.

It should be noted that the attendance fees of Committee Chairpersons will increase to twice the amount of attendance fees of Committee members, instead of 1.5 times as in the previous fiscal year.

Finally, attendance fees are now paid to Michel Dancoisne as a member of the Board and Committees, instead of the compensation under his employment contract (which expired on 03/31/18).

Pursuant to the compensation policy for members of the Supervisory Board described above, the Supervisory Board has decided to allocate attendance fees as follows:

Supervisory Board

Name	Maximum annual amount	Fixed component (40%)	Variable component (60%)
Michel Dancoisne	12,000	4,800	7,200
Jean-François Perret	12,000	4,800	7,200
Marie-Ange Verdickt	12,000	4,800	7,200
Sarah Lamigeon	12,000	4,800	7,200
Rafaël Vivier	12,000	4,800	7,200
Jean-Noël Mermet	12,000	4,800	7,200
Benjamin Clément	12,000	4,800	7,200

Audit Committee

Name	Maximum annual amount	Fixed component (40%)	Variable component (60%)
Marie-Ange Verdickt	16,000	6,400	9,600
Michel Dancoisne	8,000	3,200	4,800
Rafaël Vivier	8,000	3,200	4,800

Compensation Committee

Name	Maximum annual amount	Fixed component (40%)	Variable component (60%)
Jean-François Perret	4,000	1,600	2,400
Marie-Ange Verdickt	4,000	1,600	2,400
Michel Dancoisne	4,000	1,600	2,400
Rafaël Vivier	8,000	3,200	4,800

In addition to receiving attendance fees and in accordance with the provisions of Article L.225-84 of the French Commercial Code, Supervisory Board members may receive compensation for carrying out exceptional assignments.

b) Compensation allocated to the Chairman of the Supervisory Board

i) General principles

The compensation allocated to the Chairman of the Supervisory Board factors in:

- his degree of involvement in defining and developing the Group's strategy;
- practices applied by groups and companies whose business activities are comparable with those of Wavestone.

ii) Implementation of the method used to determine Michel Dancoisne's compensation for the 2018/19 fiscal year

In accordance with the principles defined in point i) above, for exercising his mandate as Chairman of the Supervisory Board during the 2018/19 fiscal year, Michel Dancoisne will receive a gross sum of €35,428 to be paid in two installments: July 2018 and January 2019.

For the record, Michel Dancoisne's employment contract expired on 03/31/18.



Additional information

1. Terms and conditions of shareholder participation at General Meetings

The terms and conditions of shareholder participation at General Meetings are described in Articles 24 to 33 of the Articles of Association.

2. Agreements entered into between a representative or a significant shareholder and a subsidiary

No agreement falling within the scope of Article L.225-37-4, paragraph 2 of the French Commercial Code (upon reference of Article L.225-68), took place during the 2017/18 fiscal year (i.e. agreements other than those relating to ordinary transactions and entered into under normal terms and conditions, concluded directly or through an intermediary, between, on the one hand, one of the corporate officers or one of the shareholders holding more than 10% of the voting rights of Wavestone, and, on the other, a direct or indirect subsidiary of Wavestone).

For all information concerning related-party agreements, please refer to the “Financial Information” chapter.

3. Table of currently valid authorizations to increase Company share capital

Following the 07/20/16 combined extraordinary and ordinary General Meeting

Resolution	Purpose	Duration	Maximum par value	Utilization
9 th	Free allocation of existing shares or shares to be issued to employees of the Company and related companies	38 months	5% of the share capital on the day of implementation of the resolution	Employee plan no. 11 of 07/20/16: initial allocation of 13,872 shares, representing 0.28% of the share capital Employee plan no. 12 of 07/03/17: initial allocation of 14,438 shares, representing 0.35% of the share capital For information on prior utilizations relative to delegations granted by previous AGMs, please refer to previous registration documents
10 th	Free allocation of existing shares or shares to be issued to corporate officers of the Company and related companies	38 months	0.5% of the share capital on the day of implementation of the resolution	None.

Following the 07/27/17 combined extraordinary and ordinary General Meeting

Resolution	Purpose	Duration	Maximum par value	Utilization
12 th	Issue of ordinary shares and financial securities giving access to the Company's share capital, with shareholders' preferential subscription rights (PSR) maintained	26 months	Marketable securities: €248,344.10 Debt securities: €40,000,000	None
13 th	Issue of ordinary shares and financial securities giving access to the Company's share capital, without PSR maintained, by way of a public offering (priority granted to existing shareholders for a minimum period of five days)	26 months	Marketable securities offered to the public: €99,337.64 Debt securities: €15,000,000	None
14 th	Issue of ordinary shares and financial securities giving access to the Company's share capital, without PSR maintained, within the framework of a private placement	26 months	10% of the Company's share capital as of 07/27/17 Debt securities: €15,000,000 Within the limit of the specific ceiling provided for in the 13 th resolution and the overall ceiling set in the 19 th resolution	None
15 th	In the event of a capital increase authorized under resolutions 12, 13 and 14 (with or without PSR) being oversubscribed, the power to increase the number of ordinary shares and/or financial securities to be issued in accordance with the provisions of Article L.225-135-1 of the French Commercial Code, at the same price as the initial issue and within thirty days of the end of the subscription period	26 months	15% of the initial issue subject to the ceiling specified in the resolution in question and within the limits of the overall ceiling set in the 19 th resolution	None
16 th	Issue of ordinary shares and financial securities giving access to share capital, without PSR maintained, for the purposes of remunerating contributions in kind granted to the Company and comprising shares or financial securities giving access to third-party share capital when the specifications under Article L.225-148 of the French Commercial Code do not apply (not including IPOs)	26 months	10% of the Company's share capital as of 07/27/17 Debt securities: €15,000,000 Within the limit of the specific ceiling provided for in the 13 th resolution and the overall ceiling set in the 19 th resolution	None



Resolution	Purpose	Duration	Maximum par value	Utilization
17 th	Issue of ordinary shares and financial securities giving access to share capital, without PSR, for the purposes of remunerating contributions in kind granted to the Company and comprising shares or financial securities giving access to third-party share capital within the framework of an IPO	26 months	10% of the Company's share capital as of 07/27/17 Debt securities: €15,000,000 Within the limit of the specific ceiling provided for in the 13 th resolution and the overall ceiling set in the 19 th resolution	None
18 th	Issue of ordinary shares and financial securities giving access to the Company's share capital, without PSR maintained and reserved for personnel members who are subscribers to an employee savings plan	26 months	5% of the share capital on the day of implementation of the resolution With the limit of the overall ceiling set in the 19 th resolution	None
19 th	Overall ceiling for issuances carried out under resolutions 12 to 18 of the combined extraordinary and ordinary General Meeting of 07/27/17 and resolutions 9 and 10 of the combined extraordinary and ordinary General Meeting of 07/20/16	-	Marketable securities: €248,344.10 Debt securities: €40,000,000	None
20 th	Incorporation of reserves or profits, issue premiums or contribution premiums by the creation and free allocation of ordinary shares or by increasing the par value of shares, or by a combination of these two methods	26 months	€400,000 This ceiling is independent	None

4. Information likely to have an impact in the event of a public offering

Pursuant to the provisions of Article L.225-37-5 of the French Commercial Code (on referral from Article L.225-68), we draw your attention to the following points:

- The capital structure of Wavestone, as well as the direct and indirect holdings of which the Company is aware and all related information are described under section 4 of the Management Board Report;
- To the Company's knowledge, there are no shareholder pacts or any other agreements concluded between its shareholders other than the collective lock-up undertakings described in point 3.1.4 "Collective lock-up undertakings" under section 3.1 "Information concerning share capital" of the Management Board Report;
- There are no securities with special controlling rights, with the exception of the double voting rights under Article 11-4 of the Articles of Association and in accordance with regulations;
- There are no statutory restrictions regarding the exercise of the right to vote or the transfer of shares;
- The voting rights attached to Wavestone shares, within the context of the Group's employee savings plan mentioned in section 3.2 "Employee shareholding" of the Management Board Report, are exercised by the Wavestone Actions Fund;
- The appointment and revoking of Management Board members are governed by the applicable laws;
- Current delegations related to the powers of the Management Board are described in point 4.1.7 "Share buyback program" of the Management Board Report and in the "Table of currently valid authorizations to increase Company share capital" in the "Additional information" section of this report;
- Amendments to Wavestone's Articles of Association are made in accordance with legal and regulatory provisions;
- There is no agreement that entitles Management Board members to receive severance compensation upon termination of their functions;
- Within the context of the loan contracted by Wavestone on 01/07/16, in the event of a change in company control, the lending parties may choose whether or not to request the immediate payment of their share in the sums drawn down and the payment of all interest and other amounts due to them under the conditions of the loan agreement. The term "change in company control" applies under the following circumstances:
 - the key management members⁽¹⁾ (or their successors in the event of their death) cease to control the borrowing entity, pursuant to Article L.233-3 1 (paragraphs 1, 2 and 3) and section II of the French Commercial Code; or
 - the borrowing entity ceases to directly hold 100% of the capital and/or voting rights of Wavestone Advisors.

(1) Key management members refers either collectively to all three of the key Company management members (Mr. Pascal Imbert, Mr. Michel Dancoisne and Mr. Patrick Hirigoyen) or Mr. Pascal Imbert and at least one of the two other key management members.



Observations of the Supervisory Board on the report of the Management Board and the financial statements for the 2017/18 fiscal year

To the Shareholders,

In accordance with Article L.225-68 of the French Commercial Code, the Supervisory Board brings to your attention its observations on the report of the Management Board and the financial statements for the 2017/18 fiscal year.

The accounting documents relating to the company and consolidated financial statements for the 2017/18 fiscal year, on which you are called upon to vote, have been communicated to us by your Management Board within the statutory time limit.

The Supervisory Board has been kept regularly informed by the Management Board of the activity of Wavestone and of the Group and has carried out the necessary verifications and controls.

In the course of its duties, the Supervisory Board relied on the observations of the Audit Committee.

On the basis of this work, the Supervisory Board examined the financial statements presented by the Management Board and discussed them with the Statutory Auditors.

The Supervisory Board has no comments to make on the Company and consolidated financial statements for the year ended 03/31/18, or on the reports and related documents prepared by the Management Board and presented to you.

The Supervisory Board has examined the proposed resolutions submitted to the combined extraordinary and ordinary General Meeting of 07/26/18 and invites you to approve them.

The Supervisory Board would like to thank the Management Board and all Wavestone's personnel for their work and efforts over the past year.

The Supervisory Board

05/28/18



FINANCIAL INFORMATION

03

174	CONSOLIDATED FINANCIAL STATEMENTS AT 03/31/18
178	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
202	STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS - YEAR ENDED 03/31/18
206	COMPANY FINANCIAL STATEMENTS AT 03/31/18
206	WAVESTONE INCOME STATEMENT
208	NOTES TO THE COMPANY FINANCIAL STATEMENTS
225	STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS - YEAR ENDED 03/31/18
229	STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS



Consolidated financial statements at 03/31/18

Consolidated income statement

(in thousands of euros)	Note	03/31/18	03/31/17
Revenue	1	359,919	338,732
Purchases consumed	2	13,078	14,751
Personnel expenses	3 & 4	247,553	231,029
External expenses	5	40,914	45,557
Levies and taxes		5,784	5,782
Depreciation charges and provisions		369	1,445
Other current income and expenses		1,636	1,468
EBIT		50,584	38,699
Amortization of customer-relationship intangible assets	6	2,503	2,503
Other operating income and expenses	6	(1,325)	(575)
Operating profit		46,756	35,620
Financial income	7	4	44
Gross cost of financial debt	7	1,868	2,101
Net cost of financial debt		1,864	2,056
Other financial income and expenses	7	(978)	(413)
Pre-tax profit/loss		43,914	33,151
Tax expenses	8	17,286	13,095
Net income for the period		26,628	20,055
Non-controlling interests		0	0
Net attributable profit to owners of the parent		26,628	20,055
Net undiluted earnings attributable to owners of the parent (in euros) ⁽¹⁾	9	5.40	4.09
Net diluted earnings attributable to owners of the parent (in euros)	9	5.40	4.09

(1) Weighted number of shares during the period.

Consolidated statement of financial position

(in thousands of euros)	Note	03/31/18	03/31/17
Goodwill	10	118,909	119,761
Intangible assets	11	12,881	14,824
Property, plant and equipment	11 & 12	17,083	18,719
Financial assets - > 1 year	13	1,566	1,685
Other non-current assets	13	6,638	8,964
Non-current assets		157,077	163,953
Trade receivables and related accounts	14	123,920	111,179
Other receivables	14	28,258	19,668
Cash and cash equivalents	14	52,056	38,722
Current assets		204,235	169,570
Total assets		361,312	333,523
Capital	15	497	497
Additional paid-in capital		11,218	11,218
Reserves and consolidated income		119,386	93,034
Group translation reserves		(852)	(639)
Total shareholders' equity attributable to owners of the parent		130,249	104,110
Non-controlling interests		0	0
Total shareholders' equity		130,249	104,110
Long-term provisions	16	13,758	12,822
Financial liabilities - > 1 year	17	69,994	85,763
Other non-current liabilities	18	162	312
Non-current liabilities		83,913	98,897
Short-term provisions	16	4,521	6,737
Financial liabilities - < 1 year	17	16,708	9,424
Trade payables and related accounts	18	18,380	15,414
Tax and social security liabilities	18	89,664	80,324
Other current financial liabilities	18	17,876	18,615
Current liabilities		147,150	130,516
Total liabilities		361,312	333,523

Change in consolidated cash and cash equivalents

(in thousands of euros)	03/31/18	03/31/17
Consolidated net income	26,628	20,055
Elimination of non-monetary elements		
Net depreciation charges and provisions	7,544	7,015
Gain (loss) on disposals, net of tax	33	(24)
Other calculated income and expenses	(2,787)	(1,613)
Cost of net financial debt	1,481	1,625
Gross cash flow ⁽¹⁾	32,899	27,060
Change in working capital requirement	(2,762)	(2,319)
Net cash flow from operating activities	30,137	24,741
Acquisitions of tangible and intangible assets	(2,705)	(14,784)
Asset disposals	49	55
Change in financial assets	1,059	(1,778)
Impact of changes in consolidation scope ⁽²⁾	(1,436)	(1,974)
Net cash flow from investments	(3,033)	(18,480)
Dividends paid to shareholders of parent company	(3,007)	(2,014)
Dividends paid to consolidated non-controlling interests	0	0
Borrowings	690	1,745
Repayment of borrowings	(9,477)	(5,169)
Net interests paid	(1,501)	(1,706)
Other cash flow from financing activities	0	0
Net cash flow from financing activities	(13,295)	(7,145)
Change in net cash	13,809	(884)
Impact of changes in exchange rates	(470)	124
Cash and cash equivalent at start of period	38,657	39,417
Cash and cash equivalent at end of period	51,996	38,657

(1) Gross cash flow is calculated after income tax expenses.

The amount of taxes paid ended at €19,047k at 03/31/18 and €13,021k at 03/31/17.

(2) Impact of changes in consolidation scope corresponds to the outflow of items related to the acquisition of the Kurt Salmon scope.

Change in consolidated shareholders' equity

(in thousands of euros)	Capital	Premiums	Consolidated reserves	Profit for the year	Translation gain (loss)	Shareholders' equity
Consolidated shareholders' equity at 03/31/16	497	11,218	60,231	13,358	(325)	84,979
Consolidated profit for the year	0	0	0	20,055	(25)	20,030
Fair value adjustment of hedging instruments	0	0	66	0	0	66
IAS 19 actuarial gain (loss)	0	0	295	0	0	295
Net comprehensive income	0	0	362	20,055	(25)	20,392
Appropriation of profit	0	0	13,358	(13,358)	0	0
Amortization of customer-relationship intangible assets from 01/07/17 to 03/31/17	0	0	(384)	0	0	(384)
Change in capital of the consolidating company	0	0	0	0	0	0
Dividends paid out by the consolidating company	0	0	(2,014)	0	0	(2,014)
Treasury shares	0	0	(1,793)	0	0	(1,793)
Restatement of provision for free shares	0	0	3,219	0	0	3,219
Translation gain (loss)	0	0	0	0	(288)	(288)
Consolidated shareholders' equity at 03/31/17	497	11,218	72,978	20,055	(639)	104,110
Consolidated profit for the year	0	0	0	26,628	0	26,628
Fair value adjustment of hedging instruments	0	0	19	0	0	19
IAS 19 actuarial gain (loss)	0	0	(84)	0	0	(84)
Net comprehensive income	0	0	(64)	26,628	0	26,564
Impact of non-controlling interests	0	0	0	0	0	0
Appropriation of profit	0	0	20,055	(20,055)	0	0
Amortization of customer-relationship intangible assets from 01/07/18 to 03/31/18	0	0	0	0	0	0
Change in capital of the consolidating company	0	0	0	0	0	0
Dividends paid out by the consolidating company	0	0	(3,007)	0	0	(3,007)
Treasury shares	0	0	324	0	0	324
Restatement of provision for free shares	0	0	2,472	0	0	2,472
Translation gain (loss)	0	0	0	0	(214)	(214)
Consolidated shareholders' equity at 03/31/18	497	11,218	92,758	26,628	(852)	130,249

In 2017/18, Wavestone distributed a dividend of €0.61 per share for a total payout of €3,007k.

Shareholders' equity contains no taxable items. Cumulative deferred tax assets amounting to €540k 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.

Statement of net comprehensive income

(in thousands of euros)	Note	03/31/18	03/31/17
Net income		26,628	20,055
Fair value adjustment of hedging instruments	19	19	66
IAS 19 actuarial gain (loss)	16	(84)	295
Total recognized as equity		(64)	362
Net comprehensive income attributable to owners of the parent		26,564	20,417



Notes to the consolidated financial statements

Contents

1. Overview	179	5. Notes relative to certain income statement and statement of financial position items	186
2. Significant events in the fiscal year	179	Note 1. Revenue	186
3. Accounting principles and methods	179	Note 2. Consumed purchases	186
3.1. Consolidation principles	179	Note 3. Payroll expenses	186
3.2. Consolidation methods	181	Note 4. Executive directors' compensation	186
3.3. Currency translation methods	181	Note 5. External expenses	187
3.4. Use of estimates	181	Note 6. Non-recurring operating income and expenses	187
3.5. Business combinations and goodwill	181	Note 7. Financial profit (loss)	187
3.6. Intangible and tangible assets	182	Note 8. Tax charge	188
3.7. Impairment and recoverable value of non-current assets	182	Note 9. Earnings per share	189
3.8. Guarantees and deposits	182	Note 10. Goodwill on the assets side of the statement of financial position	189
3.9. Non-current financial assets	182	Note 11. Intangible assets and property, plant and equipment	190
3.10. Receivables	182	Note 12. Leases	191
3.11. Cash and cash equivalents	182	Note 13. Other assets	192
3.12. Treasury stock	183	Note 14. Current assets	192
3.13. Employee benefits	183	Note 15. Capital	193
3.14. Borrowings and financial debt	183	Note 16. Provisions	194
3.15. Financial instruments	183	Note 17. Financial liabilities and net debt	195
3.16. Contingent liabilities and contingent assets	183	Note 18. Other liabilities	196
3.17. Segment reporting	184	Note 19. Financial instruments	196
3.18. Revenue recognition	184	Note 20. Off-statement of financial position commitments	198
3.19. R&D expenses	184	Note 21. Related-party transactions	199
3.20. Deferred tax	184	Note 22. Subsequent events	200
4. Scope of consolidation	185	Note 23. Statutory Auditors' fees	201
		Note 24. Risk factors	201

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. Its headquarters are located at Tour Franklin, 100-101 terrasse Boieldieu, 92042 Paris La Défense cedex. The Company is listed in compartment B of Euronext Paris.

The consolidated financial statements of Wavestone (comprising the Wavestone parent company and its subsidiaries) were approved by the Management Board on 05/25/18.

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

2. Significant events in the fiscal year

Merger of Solucom Belgique into Wavestone Belgium

The 04/01/17, extraordinary Shareholders' Meeting voted to merge Solucom Belgique into Wavestone Belgium effective on 04/01/17.

This transaction had no impact on the consolidated financial statements.

Merger of Wavestone Morocco into Wavestone Advisors Morocco

Wavestone Morocco was merged into Wavestone Advisors Morocco by decision of the sole shareholder on 09/05/17 effective retroactively to 04/01/17.

This transaction had no impact on the consolidated financial statements, with the exception of the non-capitalization of the €173k tax loss held by the acquired company and lost due to the merger.

Impact of business combinations

On a like-for-like and constant forex basis, Wavestone generated revenue of €360,903k, operating income on ordinary activities of €50,591k, and net income attributable to owners of the parent company of €26,491k at 03/31/18 versus revenue of €228,820k, operating income on ordinary activities of €36,563k and net income attributable to owners of the parent company of €22,033k at 03/31/17.

At the consolidated level, revenue stood at €359,919k, operating income on ordinary activities at €50,584k and net income attributable to owners of the parent company at €26,628k.

3. Accounting principles and methods

3.1. Consolidation principles

3.1.1. Reporting framework

Since 04/01/05, 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 07/19/02. These standards consist of the IFRS and IAS, and their interpretations, which had been adopted by the EU at 03/31/17.

The accounting principles used to prepare Wavestone's 2017/18 consolidated financial statements are the same as those used to prepare its consolidated financial statements at 03/31/17.

3.1.2. Changes in accounting standards

The Group has notably applied the IASB's IFRS and the IFRIC interpretations, as adopted by the European Union, for annual reporting periods starting on or after 04/01/17 (available on the European Commission website: http://ec.europa.eu/internal_market/accounting/ias_fr.htm#adopted-commission). Application of these standards and interpretations had no material impact on the measurement methods or on the presentation of the financial statements.

IFRS standards, IFRIC interpretations or amendments applied by the Company as of 04/01/17

Standards, amendments or interpretations	Date of adoption by the EU	Date of application ⁽¹⁾ : fiscal years starting on or after:
Amendments to IAS 7 "Statement of cash flows" - Disclosure Initiative	11/09/17	01/01/17
Amendments to IAS 12 "Income taxes: Recognition of deferred tax assets for unrealized losses"	11/09/17	01/01/17
IFRS annual improvements (2014-2016) - IFRS 12	02/08/18	01/01/17

(1) Date of EU application.

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 03/31/18.

Standards, amendments or interpretations	Date published by the IASB	Date of application: fiscal years starting on or after:
Amendments to IAS 28 and IFRS 10	09/11/14	Undetermined
IFRIC 22 "Foreign currency transactions and advance consideration"	12/08/16	01/01/18
IFRIC 23 "Uncertainty over income tax treatments" ⁽¹⁾	06/07/17	01/01/19
Amendments to IAS 28 "long-term interests in associates and joint ventures"	10/12/17	01/01/19
IFRS annual improvements (2015-2017)	12/12/17	01/01/19
Amendments to IAS 19 "Plan amendment, curtailment or settlement"	02/07/18	01/01/19

(1) Published by the IFRS Foundation.

The IASB has published standards and interpretations, adopted by the European Union at 03/31/18, that are applicable to reporting periods starting on or after 01/01/18. The Group has chosen not to early adopt these texts.

Standards, amendments or interpretations	Date of adoption by the EU	Date of application ⁽¹⁾ : fiscal years starting on or after:
IFRS 15 "Revenue from contracts with customers"	10/29/16	01/01/18
IFRS 9 "Financial Instruments - Phase 1: Classification and measurement"	11/29/16	01/01/18
Amendments: "Clarifications to IFRS 15" ⁽²⁾	11/09/17	01/01/18
IFRS 16 "Leases"	11/09/17	01/01/19
IFRS annual improvements (2014-2016) - IFRS 1 and IAS 28	02/08/18	01/01/18
Narrow-scope amendments to IFRS 2 "Classification and measurement of share-based payments"	02/27/18	01/01/18
Amendments to IFRS 9 "Prepayment features with negative compensation"	03/26/18	01/01/19

(1) Date of EU application.

(2) Published by the IFRS Foundation.

IFRS 15 "Revenue from contracts with customers" will be mandatory as of the fiscal year running from 04/01/18 to 03/31/19. This standard provides for revenue recognition that reflects the consideration expected in return for the service rendered.

The firm has analyzed the various types of contracts involved. It seems unlikely that application of the new standard will have a material impact.

IFRS 9 "Financial Instruments" will also be mandatory as of the fiscal year running from 04/01/18 to 03/31/19.

Given the limited amount of hedging instruments currently held by the Group, it seems unlikely that application of the new standard will have a material impact.

The impact of draft standards and interpretations currently being reviewed by the IASB has not been taken into account in these consolidated financial statements and cannot reasonably be estimated at this time.

3.1.3. Comparability of financial statements

The financial statements for the fiscal years ended 03/31/18 and 03/31/17 are comparable, except for changes in the scope of consolidation.

3.2. Consolidation methods

Wavestone is the consolidating company.

The financial statements of the companies placed under its exclusive control are fully consolidated.

Wavestone does not exert significant influence or joint control over any company. It does not directly or indirectly control any special purpose vehicle.

The financial statements of the consolidated companies are, if necessary, restated to ensure the uniform application of accounting and measurement rules.

The financial statements of the consolidated companies were all prepared on 03/31/18.

On 03/31/18, the consolidated financial statements included all Wavestone's companies for 12 months.

3.3. Currency translation methods

Translation of financial statements denominated in foreign currencies

The statements of financial position of foreign companies are translated into euros at the prevailing exchange rate at the end of the period. The income and cash flow statements are translated at the average exchange rate for the period and the Group's share of the resulting translation differences is recognized in shareholders' equity under "Translation adjustments."

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

Currencies		Closing exchange rate		Average exchange rate	
		03/31/18	03/31/17	03/31/18	03/31/17
Swiss Franc	CHF	0.848969	0.934929	0.876732	0.923610
Pound Sterling	GBP	1.142988	1.168866	1.134518	1.188060
Hong Kong Dollar	HKD	0.103417	0.120375	0.108642	0.120509
Moroccan Dirham	MAD	0.088320	0.093296	0.089727	0.092431
US Dollar	USD	0.811622	0.935366	0.848698	0.914425

Source: Banque de France.

The average exchange rate is determined by calculating the average monthly closing rate during 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 as regards:

- Duration of asset depreciation,
- Measurement of provisions and pension obligations,
- Measurements used for impairment testing,
- Fair value measurement of financial instruments,
- Estimates of accrued income and expenses,
- Measurement of share-based payments,
- Recognition of deferred tax assets,
- Recognition of revenue from fixed-price contracts.

Management reviews these estimates and assessments on a regular basis to take into account past experience and other factors deemed reasonable, which serve as the basis for these assessments. Future results may differ significantly under different assumptions or conditions.

3.5. Business combinations and goodwill

The integrated operating model rolled out in July 2016 across the Group has enabled Wavestone to develop synergies between all its units, regardless of the legal form of their affiliation with the Group, to establish individual commercial interfaces with all its clients, and to efficiently form project teams on a daily basis comprising consultants from its different units. These units are not identified by business sector, region or legal structure. This operating model will be regularly updated to better meet market needs.

Implementation of this operating model, the organization of which transcends the scopes of the companies and activities that Wavestone SA has acquired as it has grown, makes it impossible to track the individual goodwill initially associated with the different companies or activities concerned. For this reason, the Wavestone firm constitutes a single Cash Generating Unit (CGU).

Impairment tests are conducted using, first, the discounted future cash flow method and, second, the market value derived from Wavestone's market capitalization.

Cash flows are determined on the basis of projections for a five-year period and a perpetual growth rate assumption thereafter. The cash flows derived from these estimates are then discounted.

These tests are based on the following key assumptions:

- A perpetual growth rate of 2%, a level deemed reasonable considering past performances observed in the management and IT services consulting sector.
- A discount rate of 9% after tax determined by an independent appraiser. This rate factors in a 10-year risk-free rate, a market risk premium, the beta observed for comparable listed companies (including Wavestone) and a Company-specific risk premium.

To establish market value, the Group's market capitalization is measured at the end of the fiscal year, less 2% for disposal costs.

3.6. Intangible and tangible assets

All Wavestone's assets, with the exception of leased property, were purchased by the Company.

Software and tangible assets are measured at their acquisition cost, less total depreciation and impairment. Financial expenses are not capitalized and are therefore booked as expenses during the period.

Identified asset components are recognized and depreciated separately.

The amortization is calculated on the basis of the straight-line method without any deduction of residual value, applied over the estimated service life of the assets. The service life of major fixed assets is reviewed at the end of every fiscal period. The initial estimated service life is extended or reduced in accordance with the actual conditions of use.

If the Company finances the purchase of a major fixed asset through a lease, the value of the asset is capitalized and depreciated using the method, and over the expected service life, described below. The corresponding debt is booked as a liability.

The depreciation periods generally applied are as follows:

- Software: 3-5 years
- Customer relationships: 3, 4 or 9 years
- Fixtures and fittings: 5-9 years, depending on the term of the leases in question
- Passenger vehicles: 4 years
- IT equipment: 3-4 years
- Office furniture: 9 years

3.7. Impairment and recoverable value of non-current assets

In certain circumstances, intangible and tangible fixed assets may be subject to impairment tests.

Assets with an indefinite useful life (see Note 3.5 – Goodwill) are tested for impairment at least once a year and whenever there is evidence of impairment.

3.8. Guarantees and deposits

In accordance with IAS 39 "Financial Instruments," non-interest-bearing deposits and guarantees with maturities of more than one year are discounted when this discount is significant.

3.9. Non-current financial assets

Non-current financial assets include loans and receivables with maturities of more than one year measured at amortized cost. Purchases and sales of financial assets are recognized on the settlement date.

3.10. Receivables

Receivables are measured at their nominal value. A provision for impairment is recognized when their recoverable value is less than their carrying value.

3.11. Cash and cash equivalents

Cash and cash equivalents booked as statement of financial position assets comprise available cash, sight deposits and cash equivalents.

Cash equivalents are marketable securities that meet IAS 7 criteria. These include short-term investments that are easily convertible into a known amount of cash and do not present any great risk of changes in value.

Marketable securities are initially recognized at acquisition cost, and then measured at fair value which, for listed securities, is the market price at the statement of financial position date. Any change in fair value is booked under financial income, as is net income and/or expenses from disposals.

3.12. Treasury stock

Wavestone owns treasury shares under the share buyback program authorized by the general Shareholders' Meeting.

In accordance with IAS 32-39, all treasury shares are deducted from consolidated shareholders' equity, regardless of why they were bought or held or how they are recognized in the individual financial statements of the companies that hold them. In addition, proceeds from the sale of treasury shares, along with any provisions written for their impairment, are also offset in shareholders' equity.

3.13. Employee benefits

In accordance with IAS 19 "Employee benefits", obligations resulting from and costs related to defined-benefit plans are measured on the basis of the projected unit-credit method by independent actuaries. Wavestone's obligations are limited to the payment of retirement indemnities (*indemnités de fin de carrière*) to its employees in France and to employer contributions within the context of the "second pillar" of the Swiss social protection system.

The Group also has a pension and insurance benefit obligation in Belgium which, at less than €1k, is immaterial.

Retirement benefits for France are based on the following assumptions:

- Application of the Syntec no. 3018 collective bargaining agreement
- Personnel turnover rate: 15%
- TGHF 2005 mortality table with extension of age brackets to take into account the longer life expectancy of younger generations
- Payroll tax rate: 45%
- Salary increases: 2.00%
- Discount rate: 1.40%
- Retirement age: 65 years
- Voluntary departure.

Retirement benefits for Switzerland are based on the following assumptions:

- BVG2015 GT mortality table
- Discount rate: 0.85% for the Wavestone Advisors Switzerland plan and 0.75% for the Wavestone Consulting Switzerland plan.

In accordance with the amendment to IAS 19 "Employee benefits" of 06/16/11, applicable to reporting periods starting on or after 01/01/13, Wavestone recognized all actuarial gains and losses directly under shareholders' equity at 03/31/18.

Certain benefits are also provided under defined-contribution plans. Contributions made to these plans are expensed when incurred.

Wavestone has no other long-term or termination benefit obligations.

3.14. Borrowings and financial debt

Financial liabilities include financial debt related to restated equipment-leasing contracts, bonds, bank borrowings and overdrafts. Financial liabilities maturing in less than one year are recognized under current financial liabilities. Financial debt is booked at amortized cost using the effective interest rate method.

3.15. Financial instruments

Wavestone has set up currency hedges (cash flow hedges) to cover the risk to which certain export sales may be exposed. The gain or loss resulting from the fair value measurement of hedging instruments is booked under "Other comprehensive income" (OCI). Unrealized gains and losses are written to the income statement when the hedged item is realized.

The Company has also set up a cross-currency swap and currency futures contracts to hedge foreign-currency loans and current accounts.

Lastly, the Company has contracted an interest rate hedge (cap) to cover the risk of an increase in the interest rate on the loan contracted to finance the Kurt Salmon acquisition.

3.16. Contingent liabilities and contingent assets

None.



3.17. Segment reporting

Wavestone specialized in the specific market segment of management and information systems consulting. Since all these services are subject to the same risks and generate similar levels of profitability, Company revenue is not broken down by business line. The breakdown between France and international is provided in note 1 to the consolidated financial statements.

3.18. Revenue recognition

Revenue is recognized according to the type of contract entered into with the client:

3.18.1. Time-based services contracts

Revenue generated on time-based services contracts is recognized as and when the service is rendered. Revenue is calculated on the basis of the contracted selling price and the number of billable hours spent. Unbilled receivables and deferred income are recognized when the invoicing does not reflect the actual progress of work.

3.18.2. Fixed-price services contracts

Revenue generated on fixed-price services contracts is recognized as the work progresses based on costs incurred and future costs. A provision for loss on completion is written on a contract-by-contract basis when a loss is expected. Unbilled receivables and deferred income are recognized when the invoicing does not reflect the actual progress of work. This method is consistent with the percentage of completion method defined in IAS 11 "Construction contracts."

3.18.3. Subscription services

Revenue from subscription services is recognized on a prorated basis over the term of the contract. Unbilled receivables and deferred income are recognized when the invoicing does not reflect the prorated amounts.

3.19. R&D expenses

The Company carries out R&D activities on a regular basis. Some of these are eligible for the French research tax credit.

These R&D activities are capitalized only on an exceptional basis (see Note 11).

3.20. Deferred tax

Deferred tax is calculated on a company-by-company basis for temporary differences between the carrying value of assets and liabilities, and their taxable value.

In accordance with IAS 12, tax assets are recognized, on a company-by-company basis, only when the estimated future profit is sufficient to cover these assets and when their maturity does not exceed 10 years.

Deferred tax assets and liabilities are measured at the expected tax rate for the fiscal year in which the asset will be realized or the liability settled.

Tax on items recognized directly in equity is booked under shareholders' equity.

4. Scope of consolidation

Changes in the Group's scope of consolidation (new companies and mergers) are described in section 2 "Significant events in the fiscal year".

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

Companies	Head office	Company registration number	Legal form	Holding (%)	Nationality	Number of months consolidated
Wavestone	Tour Franklin 100-101 terrasse Boieldieu 92042 La Défense Cedex	37755024900041	Public Limited Company (SA)	Parent company	France	12
Wavestone Morocco	Immeuble Racine d'Anfa 157 boulevard d'Anfa 20100 Casablanca	266961	Limited Liability Company (SARL)	100%	Morocco	0
Wavestone Advisors UK	Warnford Court 29-30 (4 th Floor) Cornhill London EC3V 3ND	5896422	Limited Company	100%	United Kingdom	12
Wavestone Advisors Switzerland	105 rue de Lyon 1203 Geneva	CHE-109.688.302	Limited Liability Company (SARL)	100%	Switzerland	12
Solucom Belgium	Avenue Louise 523 1050 Ixelles	0639.931.071	Public Limited Company (SA)	100%	Belgium	0
Wavestone Advisors	Tour Franklin 100-101 terrasse Boieldieu 92042 La Défense Cedex	43322484700114	Simplified Joint Stock Company (SAS)	100%	France	12
Wavestone US	1330 Avenue of the Americas 9 th floor New York NY10019	5905389	Incorporated Company	100%	United States	12
Wavestone Luxembourg	10 rue du Château d'Eau L-3364 Leudelange	B114630	Public Limited Company (SA)	100%	Luxembourg	12
Wavestone Belgium	Square Stéphanie Avenue Louise 65 1050 Brussels	0879.426.546	SA/NV	100%	Belgium	12
Wavestone Advisors Morocco	Immeuble Racine d'Anfa 157 boulevard d'Anfa 20100 Casablanca	219375	Limited Liability Company (SARL)	100%	Morocco	12
Wavestone Consulting Switzerland	105 rue de Lyon 1203 Geneva	CH-170.4.000.727-1	Limited Liability Company (SARL)	100%	Switzerland	12
Wavestone HK	21/F On Hing Building 1 On Hing Terrace Central Hong Kong	66431968-000-07-16-9	Limited Company	100%	Hong Kong	12

All these companies have been fully consolidated.



5. Notes relative to certain income statement and statement of financial position items

Note 1. Revenue

The majority of Wavestone's revenue is generated in France.

Revenue	03/31/18	03/31/17
France	321,706	301,695
International	38,213	37,037
Total	359,919	338,732

Average staff	03/31/18	03/31/17
France	2,361	2,248
International	245	247
Total	2,606	2,495

Note 2. Consumed purchases

Consumed purchases are limited exclusively to the purchase of subcontracting services.

Note 3. Payroll expenses

Payroll expenses	03/31/18	03/31/17
Salaries and benefits	176,892	163,390
Social contributions	70,661	67,639
Total	247,553	231,029

Average FTE headcount	03/31/18	03/31/17
Engineers and managers	2,565	2,456
Employees	41	39
Total	2,606	2,495

Note 4. Executive directors' compensation

Executive compensation ⁽¹⁾	03/31/18	03/31/17
Compensation paid to Management Board members	434	516
Compensation paid to Supervisory Board members	276	193
Total	710	710

(1) Excluding mandatory profit-sharing.

Note 5. External expenses

	03/31/18	03/31/17
Rent and other lease expenses	9,712	10,529
Professional fees	9,074	10,999
Travel, assignments	11,221	11,370
Other external expenses	10,908	12,659
Total	40,914	45,557

Most other external expenses are for non-stock equipment and supplies, maintenance and repair costs, and expenditure on advertising and training.

Note 6. Non-recurring operating income and expenses

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

	03/31/18	03/31/17
Other	677	-
Other operating income	677	-
Securities trading charges	(614)	(129)
Other	(1,388)	(446)
Other operating expenses	(2,002)	(575)
Total net	(1,325)	(575)

Other operating expenses at 03/31/18 included costs incurred to vacate certain premises, for the purpose of physically merging the workforce, or to optimize the occupation of office space, in the amount of €262k for Lyon, €188k for Brussels and €546k for New York, as well as to cancel the sales module of the Activesys ERP in the amount of €329k.

Other operating income consisted of reversals of provisions in the amount of €296k for the Lyon premises and write-backs of impairments in the amount of €329k for the sales module of the Activesys ERP.

Note 7. Financial profit (loss)

	03/31/18	03/31/17
Net income from sale of cash equivalents	4	50
Interest on borrowings	(1,868)	(2,101)
Change in fair value of cash and equivalents	-	(5)
Cost of net debt	(1,864)	(2,056)
Other financial income and expenses	(978)	(413)
Financial profit (loss)	(2,842)	(2,470)

Interest expense consisted mainly of €1,547k in interest on the bank loan contracted to finance the acquisition of Kurt Salmon and a €179k coupon on the Micado bond.

**Note 8. Tax charge****Net impact of profit tax**

	03/31/18	03/31/17
Current tax	18,735	15,029
Deferred tax	(1,448)	(1,934)
Total	17,286	13,095

In accordance with the French Accounting Board (CNC) circular of 01/14/10, Wavestone opted to record the Company Added-Value Contribution (CVAE) under income tax as of 2010. The CVAE booked under "Tax charge" totaled €3,519k.

Origin of deferred tax

	Statement of financial position		Income statement	
	03/31/18	03/31/17	03/31/18	03/31/17
Tax loss carryforwards capitalized	3,842	5,626	1,693	855
Temporary time differences on provisions	4,502	2,819	(1,727)	(434)
Discounting of security desposits	-	-	-	-
Consolidation entries	2,774	1,699	(1,447)	(2,355)
Total deferred tax assets	11,119	10,144	(1,481)	(1,934)
Temporary time differences on provisions	39	6	33	(0)
Consolidation entries	-	-	-	-
Total deferred tax liabilities	39	6	33	(0)
Deferred tax charge			(1,448)	(1,934)

At 03/31/18, deferred taxes due in more than one year totaled €5,356k. All deferred taxes generated by transa val to transfer them to Wavestone SA.

The losses generated by the former subsidiary Audisoft Oxéa in the amount of €1,845k have not been capitalized, pending the tax administration's response to the request for approval to transfer them to Wavestone SA.

Wavestone US's losses in the amount of €1,780k have not been capitalized due to the low likelihood they will be used within the five-year horizon considered to be reasonable.

Wavestone Belgium's losses in the amount of €60k have not been capitalized due to the low likelihood they will be used before they expire on 03/31/19.

Tax rationalization

The difference between the theoretical and the effective tax expense breaks down as follows:

	03/31/18	03/31/17
Consolidated net income	26,628	20,055
Tax expense (income)	17,286	13,095
IAS 12: CVAE and other	(3,519)	(3,475)
Tax credits	(5,308)	(3,838)
Profit before tax	35,088	25,837
Theoretical tax rate	33.33%	33.33%
Theoretical tax expense (income)	11,695	8,612
Reconciliation:		
Permanent differences	801	812
Activities taxed at a different rate	1,490	412
Tax credit	(218)	(215)
IAS 12: CVAE and other	3,519	3,475
Effective tax expense (income)	17,287	13,095

The “Activities taxed at a different rate” line notably factors in the impact of the tax reforms in France, Belgium, Luxembourg, the United States and Morocco in the amount of €1,236k.

Note 9. Earnings per share

	03/31/18	03/31/17
Net income attributable to owners of the parent	26,628	20,055
Weighted average number of shares outstanding ⁽¹⁾	4,928,726	4,903,935
Net undiluted earnings attributable to owners of the parent (in euros)	5.40	4.09
Number of shares issued at March 31 ⁽¹⁾	4,928,726	4,903,935
Net diluted earnings attributable to owners of the parent (in euros)	5.40	4.09

(1) Excluding treasury shares

Note 10. Goodwill on the assets side of the statement of financial position

	Net value at 03/31/17	Change in scope	Reduction in the fiscal year	Translation gains (losses)	Net value at 03/31/18
Wavestone SA	43,187	-	-	-	43,187
Industrial activities of PEA Consulting	70	-	-	-	70
Wavestone Advisors UK	2,511	-	-	(56)	2,455
FDC Hapsis	1,943	-	-	-	1,943
Wavestone Advisors SZ	2,860	-	-	(263)	2,597
Kurt Salmon	69,191	-	-	(534)	68,657
Total	119,762	-	-	(853)	118,909

Because of its structure, Wavestone consists of only one Cash Generating Unit (CGU) as noted in section 3.5 “Accounting principles and methods”.

**Impairment tests**

Goodwill impairment tests have confirmed the value of goodwill on the basis of the nominal assumptions used.

Sensitivity tests were also conducted and their results are presented in the table below:

	Wavestone
Difference between value in use and carrying value	> 100,000
Theoretical impairment of a 1 point reduction in growth to infinity (a)	0
Theoretical impairment of a 1 point increase in the discount rate (b)	0
Theoretical impairment of (a) + (b)	0

Based on these sensitivity tests, Management considers it reasonably unlikely that a change in the key assumptions used would require an impairment to be recognized.

As such, the conducted impairment and sensitivity tests confirmed no goodwill impairment over the period.

Note 11. Intangible assets and property, plant and equipment

Gross value	03/31/17	Other changes	Increase	Decrease	Translation gains (losses)	03/31/18
Software	2,430	-	1,099	(1,044)	(3)	2,482
Clients	16,546	-	-	-	-	16,546
Intangible assets in progress	1,088	-	926	(1,088)	-	926
Total intangible assets	20,064	-	2,025	(2,132)	(3)	19,954
Other tangible assets	19,880	-	616	(687)	(44)	19,764
Other lease assets	4,855	-	690	(525)	(10)	5,010
Tangible assets under construction	123	-	1,843	(1,509)	-	457
Total tangible assets	24,858	-	3,149	(2,722)	(54)	25,231

Depreciation	03/31/17	Other changes	Increase	Decrease	Translation gains (losses)	03/31/18
Software	1,832	-	367	(715)	(3)	1,480
Clients	3,079	-	2,503	-	-	5,583
Total intangible assets	4,911	-	2,870	(715)	(3)	7,063
Other tangible assets	3,680	-	2,200	(644)	(16)	5,221
Other lease assets	2,355	-	936	(438)	(2)	2,851
Total tangible assets	6,036	-	3,136	(1,081)	(18)	8,072

Impairment	03/31/17	Other changes	Increase	Decrease	Translation gains (losses)	03/31/18
Software	329	-	10	(329)	-	10
Total intangible assets	329	-	10	(329)	-	10
Other tangible assets	103	-	-	(27)	-	75
Other lease assets	-	-	-	-	-	-
Total tangible assets	103	-	-	(27)	-	75
Total intangible assets	14,824	-	(855)	(1,088)	-	12,881
Total tangible assets	18,719	-	13	(1,613)	(36)	17,083

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

The only tangible assets that are subject to ownership restrictions are those financed through a lease.

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

The change in "Payables to suppliers of fixed assets" was (€129k) at 03/31/18, versus €160k at 03/31/17.

Note 12. Leases

Asset class	03/31/18	03/31/17
Vehicles	69	173
Office and computer equipment	2,089	2,327
Total	2,159	2,500

Impact on income statement:

Income statement	03/31/18	03/31/17
Recognized depreciation	(936)	(791)
Financial expenses	(24)	(26)
Amount of royalties restated for the fiscal year	953	832
Total	(7)	15

**Royalties:**

Royalties	03/31/18	03/31/17
Original value of goods	5,010	4,855
Royalties paid:		
• in the previous years	1,298	1,237
• during the fiscal year	953	832
Total	2,251	2,069
Royalties outstanding		
• < 1 year	878	887
• 1 > 5 years	1,263	1,562
• > 5 years	-	-
Total royalties	2,140	2,450
<i>o/w future financial expenses</i>	28	44
Residual value at end of contract	69	71

Note 13. Other assets

Financial assets consist exclusively of deposits and guarantees.

Other non-current assets consist mainly of deferred tax assets in the amount of €5,356k, versus €6,159k at 03/31/17.

Note 14. Current assets

Trade receivables and related accounts	03/31/17	Other changes	Change	Translation gains (losses)	03/31/18
Client receivables	77,129	-	3,448	(380)	80,198
Invoices to be issued	36,025	-	9,268	(130)	45,163
Gross value	113,153	-	12,717	(510)	125,361
Impairment	(1,974)	-	521	13	(1,440)
Net book value	111,179	-	13,238	(497)	123,920

Wavestone analyzes its trade receivables on a case-by-case basis and recognizes impairment on an individual basis, taking into account the customer's specific situation and delays in payments. Overall, no impairment was recognized during the period.

Other receivables	03/31/17	Other changes	Change	Translation gains (losses)	03/31/18
Advances and downpayment	544	-	1,842	(1)	2,385
Tax receivables	13,069	-	8,312	(85)	21,296
Other debtors	2,576	-	(709)	(17)	1,849
Prepaid expenses	3,498	-	(715)	(44)	2,738
Gross value	19,686	-	8,730	(147)	28,268
Impairment of other receivables	(18)	-	8	-	(10)
Impairment	(18)	-	8	-	(10)
Net book value	19,668	-	8,738	(147)	28,258

Cash and cash equivalents	03/31/17	Other changes	Change	Translation gains (losses)	03/31/18
Money-market mutual funds (SICAVs)	14,648	-	(14,647)	-	1
Cash equivalents	24,075	-	28,450	(470)	52,055
Gross value	38,722	-	13,804	(470)	52,056
Impairment	-	-	-	-	-
Net book value	38,722	-	13,804	(470)	52,056

The value at historical cost of the Group's money-market mutual funds (SICAVs) was €1k at 03/31/18, versus €14,648k at 03/31/17.

Note 15. Capital

At 03/31/18, the capital of the Wavestone parent company comprised 4,966,882 fully paid-up shares at €0.10 per unit.

At the same date, the Company owned 38,156 Wavestone shares.

In addition, pursuant to the authorization granted to it by the general Shareholders' Meeting, the Management Board decided at its Meeting on 07/27/17 to freely allocate existing and/or newly issued shares to the Company's executive directors. These free shares vest when the following two conditions are met: the beneficiary has a personal shareholding in the Company and they fulfill a performance criterion for certain plans, relating to the achievement of a consolidated operating income on ordinary activities target. For the OneFirm Share Plan (under which free shares were allocated to partners of the new entity in January 2016), the vesting of free shares is subject to the achievement of a performance criterion based on consolidated operating income on ordinary activities.

In addition, at that same Meeting, the Wavestone Management Board decided to freely allocate existing and/or newly issued shares to salaried personnel members or certain categories of employees of the Company and the Group, within the context of the employee savings plan set up by the Company.

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 03/31/18.

Note 16. Provisions

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

	03/31/17	Other changes	Increase	Reversal		Translation gains (losses)	03/31/18
				Used	Unused		
Provision for retirement packages	12,822	-	1,677	(81)	(544)	(116)	13,758
Total long-term provisions	12,822	-	1,677	(81)	(544)	(116)	13,758
Provisions for risks	6,607	130	2,647	(1,997)	(2,829)	(36)	4,521
Provisions for contingencies	131	(130)	-	-	(1)	-	-
Total short-term provisions	6,737	-	2,647	(1,997)	(2,830)	(36)	4,521
Total provisions	19,560	-	4,324	(2,078)	(3,374)	(152)	18,279

Changes in provisions for the fiscal year had a €1,622k impact on operating income on ordinary activities and a (€434k) impact on non-recurring operating income.

Actuarial gains and losses related to the provision for termination benefits are recognized directly in shareholders' equity. An actuarial gain of €59k reported at 03/31/18 stemmed primarily from changes in assumptions (discount rate, personnel turnover rate, etc.).

This had an impact on shareholders' equity of €295k, net of deferred taxes, at 03/31/17, and of (€84k), net of deferred taxes, at 03/31/18.

The net expense recognized of €992k breaks down as follows:

- Cost of services carried out: €908k
- Interest expenses for the year: €166k
- Benefits provided: (€81k)

Sensitivity tests

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

A 0.25% increase in the discount rate would represent a €670k decrease in actuarial differences (recognized in shareholders' equity) while a 0.25% decrease in the discount rate would represent a €713k increase in actuarial differences.

Note 17. Financial liabilities and net debt

	03/31/17	Other changes	Change	Translation gains (losses)	03/31/18
Debt > 5 years	-	-	-	-	-
Bank borrowings	-	-	-	-	-
Debt 1 > 5 years	85,763	-	(15,764)	(5)	69,994
Bonds	2,978	-	(2,978)	-	-
Bank borrowings	81,219	-	(12,498)	-	68,721
Financial debt (leases)	1,565	-	(288)	(5)	1,273
Total non-current financial liabilities	85,763	-	(15,764)	(5)	69,994
Bonds	-	-	2,993	-	2,993
Bank borrowings	8,180	-	4,316	-	12,496
Other borrowing and financial debt	-	-	-	-	-
Financial debt (leases)	861	-	3	(3)	860
Bank overdrafts	65	-	(5)	-	61
Accrued interest outstanding	318	-	(20)	-	298
Total current financial liabilities (< 1 year)	9,424	-	7,287	(3)	16,708
Total financial liabilities excluding current bank overdrafts (< 1 year)	95,122	-	(8,473)	(8)	86,641
Total financial liabilities	95,187	-	(8,477)	(8)	86,702

Rate	03/31/17		03/31/18	
	Fixed	Variable	Fixed	Variable
Non-current financial liabilities	4,544	81,219	1,273	68,721
Current financial liabilities	1,007	8,417	3,995	12,713
Total financial liabilities	5,551	89,636	5,268	81,434

Assets pledged as collateral against these borrowings are described in note 20 below.

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

The characteristics of the Micado France 2018 mutual fund bond are as follows:

- Nominal: €3,000k
- Rate: 5.5%
- Maturity: 10/02/18
- Date of issue: 10/30/12

The characteristics of the acquisition/refinancing loan are as follows:

- Nominal: €95,000k
- Rate: variable (Euribor + margin)
- Maturity: 01/20/22
- Date of issue: 01/07/16

	03/31/17	Other changes	Change	Translation gains (losses)	03/31/18
Cash and cash equivalents					
Cash equivalents at historic value	14,648	-	(14,647)	-	1
Cash	24,075	-	28,450	(470)	52,055
Bank overdrafts	(65)	-	5	-	(61)
Total cash net of overdrafts	38,657	-	13,809	(470)	51,996
Fair value adjustment of cash and cash equivalents	-	-	-	-	-
Consolidated cash	38,657	-	13,808	(470)	51,996
Financial liabilities excluding bank overdrafts	95,122	-	(8,473)	(8)	86,641
Net cash/debt	(56,465)	-	22,281	(462)	(34,646)

Note 18. Other liabilities

	03/31/17	Other changes	Change	Translation gains (losses)	03/31/18
Other non-current liabilities					
Tax and social security liabilities	143	-	19	-	162
<i>o/w tax liabilities</i>	143	-	19	-	162
Other debt	169	-	(169)	-	-
Total	312	-	(150)	-	162
Current liabilities					
Trade payables and related accounts	15,414	-	3,058	(92)	18,380
Tax and social security liabilities	80,324	-	9,694	(354)	89,664
<i>o/w tax liabilities</i>	28,736	-	7,943	(86)	36,592
<i>o/w social security liabilities</i>	51,589	-	1,751	(268)	53,071
Other current financial liabilities	18,615	-	48	(787)	17,876
<i>o/w suppliers of assets</i>	451	-	(129)	-	322
<i>o/w other debt</i>	7,827	-	(689)	(734)	6,404
<i>o/w prepaid income</i>	10,338	-	866	(53)	11,150
Total	114,354	-	12,799	(1,233)	125,920
Total other liabilities	114,666	-	12,649	(1,233)	126,082

Note 19. Financial instruments

Wavestone's financial-instrument portfolio is made up of:

- Holdings in SICAV money-market funds, all of which are indexed to EONIA, and are thus risk-free;
- Term accounts of less than six months and, as such, not subject to penalties for early withdrawal;
- Treasury stock;
- Currency futures contracts;
- A cross-currency swap;
- An interest rate hedge (cap).

Classification and fair value measurement of financial instruments

At 03/31/18	Category of instrument					Fair value			Fair value
	Derivatives designated as hedging instruments	Assets at fair value	Loans and receivables	Financial liabilities amortized cost	Balance-sheet net value	Level 1	Level 2	Level 3	
						Price quoted on an active market	Internal model with observables parameters	Internal model with non-observables parameters	
Available-for-sale equity shares	-	-	-	-	-	-	-	-	-
Loans and financial claims	-	-	1,566	-	1,566	-	1,566	-	1,566
Derivative instrument assets	787	-	-	-	787	-	787	-	787
Current accounts	-	-	-	-	-	-	-	-	-
Cash equivalents	-	1	-	-	1	1	-	-	1
Liquid assets	-	52,055	-	-	52,055	52,055	-	-	52,055
Total assets	787	52,056	1,566	-	54,408	52,056	2,352	-	54,408
Bonds	-	-	-	3,074	3,074	-	3,074	-	3,074
Bank loans	-	-	-	81,434	81,434	-	81,434	-	81,434
Financial debt (including leases)	-	-	-	2,134	2,134	-	2,134	-	2,134
Bank loans and overdrafts	-	-	-	61	61	61	-	-	61
Derivative instrument liabilities	62	-	-	-	62	-	62	-	62
Current account with financial institutions	-	-	-	-	-	-	-	-	-
Total liabilities	62	-	-	86,702	86,763	61	86,703	-	86,763



At 03/31/17	Category of instrument					Fair value			Fair value
	Derivatives designated as hedging instruments	Assets at fair value	Loans and receivables	Financial liabilities amortized cost	Balance-sheet net value	Level 1	Level 2	Level 3	
						Price quoted on an active market	Internal model with observables parameters	Internal model with non observables parameters	
Available-for-sale equity shares	-	-	-	-	-	-	-	-	-
Loans and financial claims	-	-	1,720	-	1,720	-	1,720	-	1,720
Derivative instrument assets	86	-	-	-	86	-	86	-	86
Current accounts	-	-	-	-	-	-	-	-	-
Cash equivalents	-	14,648	-	-	14,648	14,648	-	-	14,648
Liquid assets	-	24,075	-	-	24,075	24,075	-	-	24,075
Total assets	86	38,722	1,720	-	40,528	38,722	1,806	-	40,528
Bonds	-	-	-	3,059	3,059	-	3,059	-	3,059
Bank loans	-	-	-	89,636	89,636	-	89,636	-	89,636
Financial debt (including leases)	-	-	-	2,426	2,426	-	2,426	-	2,426
Bank loans and overdrafts	-	-	-	65	65	65	-	-	65
Derivative instrument liabilities	105	-	-	-	105	-	105	-	105
Current account with financial institutions	-	-	-	-	-	-	-	-	-
Total liabilities	105	-	-	95,187	95,292	65	95,227	-	95,292

Note 20. Off-statement of financial position commitments

	Total amount on 03/31/18	< 1 year	1 ≥ 5 years	> 5 years
Commitments given				
Guarantees and sureties	789	662	-	127
Pledges	90,900	-	90,900	-
Finance lease agreements	31,815	5,876	18,442	7,497
Total	123,505	6,538	109,342	7,625
Commitments received				
Guarantees and sureties				
Undrawn credit lines	8,344	7,217	-	1,127
Liability guarantees ⁽¹⁾	25,000	15,000	10,000	-
Financial instruments	18,496	659	17,836	-
Total	51,840	22,876	27,836	1,127

(1) Of which €437k in bank guarantees, €400k in an escrow account and an insurance policy (Kurt Salmon transaction) in the amount of €15,000k.

The €90,900k in pledges concern Wavestone Advisors shares, intra-group debt held by Wavestone Advisors and its subsidiaries and any receivables arising from the exercise of liability guarantees related to this acquisition. These assets were pledged to the banks as collateral to cover the €82,175k loan and the initial confirmed lines of credit of €25,000k granted by these banks. These commitments mature in 2022.

As regards the property rental commitments:

- The lease in the United States is covered by an unlimited guarantee from Wavestone SA, which would substitute for Wavestone US should it fail to meet its commitments to its lessor.

- The lease in the United Kingdom is covered by an unlimited guarantee from Wavestone SA, which would substitute for Wavestone Advisors UK should it fail to meet its commitments to its lessor.
- The lease in Luxembourg is covered by a first-demand rental guarantee from a bank in the amount of €173k granted to Wavestone Luxembourg in return for a pledge agreement in the same amount, maturing in 2024.
- The lease in Belgium is covered by a €62k rental guarantee from a bank maturing in 2023.

Wavestone's liability guarantees arose from the acquisitions completed during the 2014/15 and 2015/16 fiscal years.

	Total amount on 03/31/17	< 1 year	1 ≥ 5 years	> 5 years
Commitments given				
Guarantees and sureties	963	903	-	60
Pledges	90,900	-	15,000	75,900
Finance lease agreements	33,815	4,305	18,571	10,939
Total	125,678	5,209	33,571	86,898
Commitments received				
Guarantees and sureties	9,164	9,164	-	-
Undrawn credit lines	25,187	-	25,000	187
Liability guarantees ⁽¹⁾	18,987	1,086	17,901	-
Financial instruments	-	-	-	-
Total	53,338	10,250	42,901	187

(1) Of which €443k in bank guarantees, €397k in an escrow account and an insurance policy (Kurt Salmon transaction) in the amount of €15,000k.

Note 21. Related-party transactions

Type of transaction	Transaction amount	Name of related party	Type of relationship
Expertise in financial policy, development and external growth	33	Michel Dancoisne	Chairman of the Supervisory Board
Fees with Frenger in international development	107	Jean-Noël Mermet	Member of the Supervisory Board

**Note 22. Subsequent events****Dividend payout**

Wavestone will submit a proposal for a total dividend payout of €3,992k (equivalent to €0.81 per share) for shareholder approval at the annual general Meeting called to approve the Company's financial statements for the fiscal year ended 03/31/18.

Acquisition of Xceed Group excluding the FIMS (Flexible Infrastructure Managed Services) activity

On 04/06/18, Wavestone acquired the entire capital of Xceed Group Holdings Limited, a holding company with no operational activities, which itself wholly owns Xceed Consultancy Services Limited and Xceed (2007) Inc.

Established in London in 2003, Xceed Group is a technology consultancy that specializes in implementing IT transformation programs for major financial services players. Its main services include the planning and delivery of complex IT change programs.

In the fiscal year ended 11/30/17, Xceed Group recorded consolidated revenue of €15,285k (£13,346k) and an adjusted EBITDA margin of more than 20%. These figures do not include Xceed Group's FIMS activity. The firm has 60 employees in London and New York, with the vast majority located in London.

This acquisition was financed entirely in cash, through the use of credit lines already available to Wavestone.

The company will be consolidated in Wavestone's financial statements as from 04/01/18, i.e. for its entire fiscal year.

Goodwill will be recorded in the Group's consolidated financial statements at 09/30/18.

Note 23. Statutory Auditors' fees

	Mazars				Deloitte & Associés			
	Amount	Amount	%	%	Amount	Amount	%	%
	17/18	16/17	17/18	16/17	17/18	16/17	17/18	16/17
Certification & limited review of individual and consolidated financial statements								
> Issuer	95	89	63%	49%	118	113	54%	49%
> Fully consolidated subsidiaries	55	69	37%	51%	99	104	46%	51%
Subtotal	150	158	100%	100%	217	217	100%	100%
Services other than the legal certification of financial statements ⁽¹⁾								
> Issuer	-	-	0%	0%	1	-	100%	0%
> Fully consolidated subsidiaries	-	-	0%	0%	-	4	0%	100%
Subtotal	-	-	0%	0%	1	4	100%	100%
Services other than the certification of financial statements requested by the entity ⁽²⁾								
> Issuer	2	-	100%	0%	2	-	100%	0%
> Fully consolidated subsidiaries	-	-	0%	0%	-	-	0%	0%
Subtotal	2	-	0%	0%	2	-	0%	0%
Total	152	158	100%	100%	220	221	100%	100%

(1) The services provided relate to the issue of other legal reports as part of the extraordinary Shareholders' Meeting.

(2) The services provided relate to the issue of the certification on financial ratios.

Note 24. Risk factors

Risk factors are presented in the "Risk factors" section of the Management Board Report.



Statutory Auditors' report on the consolidated financial statements - Year ended 03/31/18

This is a translation into English of the Statutory Auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This Statutory Auditors' report includes information required by European regulation and French law, such as information about the appointment of the Statutory Auditors or verification of the information concerning the Group presented in the management report.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Wavestone Shareholders' Meeting,

In compliance with the engagement entrusted to us by your Shareholders' Meeting, we have audited the accompanying consolidated financial statements of Wavestone for the year ended 03/31/18.

In our opinion, the consolidated financial statements give a true and fair view of the results of operations of the Group for the year then ended and of its financial position and of its assets and liabilities as of 03/31/18 in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

Independence

We conducted our audit in compliance with independence rules applicable to us, for the period from April 1st to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5, paragraph 1, of Regulation (EU) n°. 537/2014 or in the French Code of ethics (code de déontologie) for Statutory Auditors.

Justification of assessments - Key audit matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Measurement of goodwill (Section 3.5 "Business combinations and goodwill" in Note 3 to the consolidated financial statements "Accounting methods and principles")

Risk identified

In recent years, the Company has continued to expand through numerous targeted acquisitions, in various countries, and across all its activities.

As described in Notes 3.5 and 5.10 to the consolidated financial statements, these acquisitions resulted in the recognition of goodwill which, under IFRS 3 "Business combinations," is defined as the difference between (i) the aggregate of the consideration transferred, which can be increased by the amount of any non-controlling interest in the acquiree, and (ii) the net fair value of the identifiable assets acquired and the liabilities assumed.

Net goodwill on the reporting date represented nearly 33% of the Group's total assets. In accordance with IAS 36 "Impairment of assets," this goodwill is allocated, on acquisition, to Cash Generating Units (CGU) that should benefit from the synergies of business combinations at the lowest level within the Group at which the goodwill is monitored for internal management purposes.

- The Group's operating model cannot track individual goodwill items and therefore the Wavestone firm constitutes a single CGU.
- Impairment testing for goodwill and the CGU to which it is allocated are based on internal estimates carried out as part of the five-year business plan and the use of the market value derived from the Wavestone's market capitalization.
- Long-term business plans require management to exercise significant judgment with respect to the estimates used to determine the recoverable amount of the CGU.

We considered the goodwill impairment tests to be a key audit matter due to the high degree of management estimates and judgments, the sensitivity of recoverable amounts to changes in forecast assumptions, and the relative weight of these assets in the Group's consolidated financial statements.

Our response

We examined the work relating to the impairment tests carried out by the firm and the resulting conclusions.

Our procedures primarily consisted in:

- Assessing, with respect to the IFRS in force, the methodology used by the Firm to allocate goodwill to the CGU grouping level adopted for the goodwill impairment tests.
- Assessing the reasonableness of Management's valuation of the recoverable amount of the CGU identified for the goodwill impairment tests.
- Examining the business plan of the identified CGU. This examination consisted in discussions with Management, a review of the historical data and an assessment of the reasonableness of the assumptions used for the business plan forecasts.
- Assessing the reasonableness of the financial parameters used for the impairment tests, the model used to determine the value in use, and the method used to determine the discount rate and the terminal value used in the business plan.
- Analyzing the sensitivity of the impairment tests to changes in the assumptions adopted and the financial parameters applied.

Recognition of revenue from fixed price services (Section 3.18 "Revenue recognition" in Note 3 to the consolidated financial statements "Rules and accounting methods")

Risk identified

As described in Notes 3.18, 5.14 and 5.18 to the consolidated financial statements, the Group offers various services to its customers who operate in diverse business sectors. The services provided by the Company are contracted in three ways:

- **Time-based services contracts.** Revenues generated on time-based services contracts are recognized as and when the service is rendered. Revenue is calculated on the basis of the contracted selling price multiplied by the number of billable hours spent. Unbilled receivables and deferred income are recognized when invoicing is not in phase with the state of progress of the work.
- **Fixed-price services contracts.** Revenues generated on fixed-price services contracts are recognized as and when the various stages of the work are completed. These are calculated on the basis of the costs incurred and yet to be incurred. A provision for loss on completion is written on a

contract-per-contract basis when a contract is expected to make a loss. Unbilled receivables and deferred income are recognized when invoicing is not in phase with the state of progress of the work. This method complies with the percentage of completion method defined in IAS 11 "Construction contracts."

- **Subscription services contracts.** Revenue from subscription services is recognized on a prorata temporis basis over the term of the contract. Unbilled receivables and deferred income are recognized when invoicing is not in phase with the prorata temporis terms of the contract.

We considered the recognition of revenue from "fixed-price" contracts to be a key audit matter insofar as Management estimates and judgments are required in determining revenue and losses to completion and the financial risks expected from these contracts.

Our response

We examined the processes implemented by the Group with respect to forecast revenue and losses to completion and the percentage of completion of "fixed-price" contracts over the year. Our internal control review consisted in performing a walkthrough test, reviewing the design and implementation of key controls and verifying the operational efficiency of these controls.

For the substantive tests, the audit procedures implemented to measure revenue from fixed-price contracts consisted in selecting, based on a multi-criteria approach (business volumes or outstandings [unbilled receivables and deferred income], the age of contracts, finalization of former contracts over the year, inception of new contracts over the year, project complexity), projects for which we:

- Assessed the reasonableness of the estimates carried out by Management based on:
 - discussions held with the Projects, Sales Finance Coordination and Management Control teams, to corroborate the analysis of forecast revenue and losses to completion and the percentages of completion for projects ongoing at the year-end;
 - audit evidence collected to support the financial positions of projects (contracts, purchase orders, customer acceptance reports, data covering the tracking of time charged, payroll data).
- Implemented mathematical controls and analytical procedures to measure the revenue and net income recorded over the year.

Verification of the information pertaining to the Group presented in the management report

As required by law, we have also verified in accordance with professional standards applicable in France the information pertaining to the Group presented in the Board of Directors' management report.

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

Report on other legal and regulatory requirements

Appointment of the Statutory Auditors

We were appointed as Statutory Auditors of Wavestone by the Shareholders' Meeting held on 09/30/01 for Deloitte & Associés and on 07/11/14 for Mazars.

As of 03/31/18, Deloitte & Associés was in the 17th year of total uninterrupted engagement, taking into account previous acquisitions of firms, and Mazars was in the 4th year of total uninterrupted engagement.

Responsibilities of Management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease its operations. The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, its internal audit, regarding the accounting and financial reporting procedures.

These consolidated financial statements have been approved by the Board of Directors.

Statutory Auditors' responsibilities for the audit of the consolidated financial statements

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As specified in Article L.823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company. As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant

doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration referred to in Article 6 of Regulation (EU) no. 537-2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of ethics (*Code de déontologie*) for Statutory Auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris La Défense, June 6, 2018

The Statutory Auditors

Deloitte & Associés
Dominique Laurent

Mazars
Paul-Armel Junne



Company financial statements at 03/31/18

Wavestone income statement

(in thousands of euros)	03/31/18	03/31/17
Revenue	274,228	223,853
Operating subsidies	0	6
Reversals on provisions, impairment and transfer of expenses	1,860	3,242
Other operating income	5,002	4,319
Total operating income	281,089	231,420
Purchases consumed	38,077	14,731
Staff expenses	149,020	139,521
Other operating expenses	31,008	28,028
Levies and taxes	6,646	6,229
Depreciation allowances, impairment and provisions	5,247	4,672
Total operating expenses	229,998	193,181
Operating profit	51,091	38,239
Financial income	1,494	1,997
Financial expenses	2,337	1,963
Financial profit (loss)	(843)	34
Profit from continuing operations	50,248	38,273
Non-recurring profit (loss)	(685)	(919)
Company profit	49,564	37,354
Equity interests	6,678	4,402
Income tax	12,328	9,262
Net income	30,558	23,689

Wavestone statement of financial position

Assets

(in thousands of euros)	Gross	Depreciation/ Impairment	03/31/18	03/31/17
			Net	Net
Intangible assets	67,133	21,168	45,965	45,385
Tangible assets	18,666	4,778	13,888	15,705
Financial assets	98,572	19	98,552	98,117
Fixed assets	184,370	25,965	158,405	159,207
Trade receivables and related accounts	103,572	146	103,426	75,155
Other receivables and accruals	26,769	10	26,759	20,392
Trading securities	2,089	0	2,089	17,752
Cash and cash equivalents	38,846	0	38,846	15,536
Current assets	171,276	155	171,121	128,834
Total assets	355,646	26,120	329,526	288,041

Liabilities

(in thousands of euros)	03/31/18	03/31/17
Capital	497	497
Additional paid-in capital	11,365	11,365
Reserves and retained earnings	94,583	73,901
Profit	30,558	23,689
Shareholders' equity	137,003	109,452
Provisions	5,387	3,922
Bonds	3,081	3,081
Bank borrowings	82,452	91,001
Trade payables and related accounts	28,540	14,217
Other debt and accruals	73,061	66,367
Debt	187,135	174,667
Total liabilities	329,526	288,041



Notes to the Company financial statements

Contents

1. Overview	209	4. Notes relative to certain income statement and statement of financial position items	211
2. Key events in the fiscal year	209	Note 1. Breakdown of revenue	211
3. Accounting rules and methods	209	Note 2. Average workforce	212
3.1. Accounting standards	209	Note 3. Compensation paid to management and supervisory bodies	212
3.2. Intangible and tangible assets	209	Note 4. Non-recurring expenses and income	212
3.3. Investments, other long-term securities and marketable securities	209	Note 5. Breakdown of taxes	213
3.4. Receivables	210	Note 6. Goodwill	213
3.5. Bond redemption premiums	210	Note 7. Fixed assets	214
3.6. Foreign currency transactions	210	Note 8. Depreciation and amortization	215
3.7. Retirement benefits	210	Note 9. Treasury stock	215
3.8. Regulated provisions	211	Note 10. Maturities of trade receivables and payables	216
3.9. Financial instruments	211	Note 11. Items concerning associate companies	217
3.10. Revenue recognition and partially completed transactions at the end of the fiscal year	211	Note 12. Accrued income	217
3.11. Change in method	211	Note 13. Accrued expenses	217
		Note 14. Deferred income and prepaid expenses	218
		Note 15. Measurement differences of marketable securities	218
		Note 16. Breakdown of share capital	218
		Note 17. Change in shareholders' equity	218
		Note 18. Provisions and depreciation	219
		Note 19. Increases and decreases in future tax liabilities	220
		Note 20. Leases	220
		Note 21. Hedging instruments	221
		Note 22. Off-statement of financial position commitments	222
		Note 23. Information on subsidiaries and equity interests	223
		Note 24. Related-party transactions	223
		Note 25. Subsequent events	224

1. Overview

The fiscal year covers the 12-month period from 04/01/17 to 03/31/18.

These annual financial statements were approved by the Management Board on 05/25/18.

The financial statements are presented in thousands of euros (€k).

The following notes and tables form an integral part of the annual financial statements.

2. Key events in the fiscal year

Merger of Solucom Belgique into Wavestone Belgium

The 04/01/17, extraordinary Shareholders' Meeting voted to merge Solucom Belgique into Wavestone Belgium effective on 04/01/17.

Merger of Wavestone Morocco into Wavestone Advisors Morocco

Wavestone Morocco was merged into Wavestone Advisors Morocco by decision of the sole shareholder on 09/05/17 effective retroactively from 04/01/17.

3. Accounting rules and methods

3.1. Accounting standards

The financial statements at 03/31/18 were prepared in accordance with Regulation 2014-03 of the ANC (*Autorité des Normes Comptables*), the French accounting standards board and its subsequent opinions and recommendations.

The accounting policies have been applied fairly in accordance with the principle of prudence and with the basic assumptions of:

- going concern,
- consistency of accounting methods from one fiscal year to the next, and
- periodicity.

They have also been applied in accordance with the general rules governing the preparation and presentation of the annual financial statements.

The basic method used to value the items booked in the financial statements is the historical cost method.

3.2. Intangible and tangible assets

Intangible assets are measured at acquisition cost (purchase price plus ancillary expenses, excluding fixed-asset acquisition costs).

Tangible assets (property, plant and equipment) are measured either at acquisition cost (purchase price plus ancillary expenses, excluding fixed-asset acquisition costs) or at production cost.

The depreciation periods applied to purchases are as follows:

- Software: 3-5 years
- Fixtures and fittings: 9 years
- IT equipment: 3 years
- Office furniture: 9 years.

Depreciation is calculated using the straight-line method.

Goodwill

The goodwill valuation is monitored over time. In the event of an other-than-temporary impairment, a provision is written for loss in value.

This item also includes merger losses (*mali de fusion*), which represent the negative goodwill (or "badwill") between the net assets received from the subsidiary whose assets were all transferred and the book value of the investment.

Due to the legal and operational restructuring of various practices in recent years, merger losses and badwill can only be monitored globally and have been grouped as a single accounting entry.

The entry into force of new accounting rules introduced in Regulations 2015-06 and 2015-07 did not result in the amortization of goodwill with an indefinite useful life.

3.3. Investments, other long-term securities and marketable securities

Gross value equals acquisition cost excluding ancillary expenses. When the statement of financial position value is less than the gross value, an impairment is booked for the amount of the difference.

Equity investments

Equity investments are carried at their historical cost on the statement of financial position. Where applicable, they are written down to their value-in-use at the end of the fiscal year. Value-in-use is measured using a set of criteria, such as the equity share of the company concerned, its profitability, its cash flows and its future prospects.

Securities acquisition costs are not capitalized.

Impairment tests are conducted using the discounted future cash flow method whereby cash flows are determined on the basis of projections for a five-year period and a perpetual growth rate assumption is used thereafter. The cash flows derived from these estimates are then discounted.

These tests are based on the following key assumptions:

- A perpetual growth rate of 2%, a level deemed reasonable in light of past performances observed in the management and IT services consulting sector.
- A discount rate of 9% after tax determined by an independent appraiser. This rate factors in a 10-year risk-free rate, a market risk premium, the beta observed for comparable listed companies (including Wavestone) and a Company-specific risk premium.

Treasury stock

Treasury shares are classified as long-term securities and are used for:

- External growth operations, as payment, or for exchange purposes to finance acquisitions;
- Liquidity transactions (liquidity contracts);
- Free share allocation programs.

3.4. Receivables

Receivables are measured at their nominal value. An impairment is recognized when their statement of financial position value is less than their carrying value.

3.5. Bond redemption premiums

None.

3.6. Foreign currency transactions

Revenue

Sales denominated in foreign currencies are translated into euros at the exchange rate on the sale date. The impact of hedging is, where applicable, recognized in the same revenue account (see Note 3.9).

Trade payables and receivables, and cash and cash equivalents

Payables, receivables, and cash and cash equivalents denominated in foreign currencies are translated at the end of the fiscal year at their closing exchange rate.

Translation differences resulting from the remeasurement of receivables and payables in foreign currencies at the closing exchange rate are recorded under "Translation adjustments" on the assets side of the statement of financial position when there is an unrealized loss and under "Translation adjustments" on the liabilities side of the statement of financial position when there is an unrealized gain. A provision equal to the unhedged risk is booked for translation adjustments recorded on the assets side of the statement of financial position.

Translation adjustments resulting from the remeasurement of cash and cash equivalents are carried on the income statement unless the cash and cash equivalents are part of a hedging relationship (hedged item or hedging item). If that is the case, the translation adjustments are recorded on the statement of financial position and follow hedge accounting principles (see Note 3.9).

Translation adjustments for trade payables and receivables (provisioned or realized) are recognized under operating income. Translation adjustments for financial payables and receivables (provisioned or realized) are recognized under financial profit (loss).

3.7. Retirement benefits

Obligations resulting from defined-benefit plans are measured on the basis of the projected unit-credit method by independent actuaries.

These benefits are not recognized but are noted under off-statement of financial position commitments.

Retirement benefits are based on the following assumptions:

- Application of the collective bargaining agreement covering consulting firms (Syntec no. 3018)
- Staff turnover rate: 15%
- TGHF 2005 mortality table
- Salary increases: 2%
- Payroll tax rate: 45%
- Discount rate: 1.40%
- Retirement age: 65 years
- Voluntary departure.

3.8. Regulated provisions

None.

3.9. Financial instruments**Hedging instruments**

Hedge accounting principles are applied when a hedging relationship has been identified and documented. The impacts of the financial instruments used by Wavestone SA to hedge and manage its currency and interest rate risks are matched with those of the hedged item for the purposes of recognition in the income statement.

Income from currency derivatives that hedge sales in foreign currencies and the resulting receivables is therefore:

- partially recognized when invoiced and classified in the "Revenue" line (see 3.6),
- partially recognized when collected and classified in the "Other expenses" and "Other income" line.

Premiums/discounts on currency derivatives are recognized over the life of the hedge and classified under financial profit (loss).

Changes in the value of derivatives are not recognized on the statement of financial position, except to apply the income matching principle.

Impairments and provisions for risks relating to a hedged item factor in the impacts of hedging.

If the hedged item no longer exists, the hedging instrument is treated as an open position.

3.10. Revenue recognition and partially completed transactions at the end of the fiscal year

Revenue is recognized according to the type of contract entered into with the client:

3.10.1. Time-based services contracts

Revenue generated on time-based services contracts is recognized as and when the service is performed. Revenue is calculated on the basis of the contracted selling price and the number of billable hours spent. Unbilled receivables and deferred income are recognized when the invoicing does not reflect the actual progress of work.

3.10.2. Fixed-price services contracts

Revenue generated on fixed-price services contracts is recognized as the work progresses based on costs incurred and future costs. A provision for loss on completion is written on a contract-by-contract basis when a loss is expected. Unbilled receivables and deferred income are recognized when the invoicing does not reflect the actual progress of work.

3.10.3. Subscription services

Revenue from subscription services is recognized on a prorated basis during the term of the contract. Unbilled receivables and deferred income are recognized when the invoicing does not reflect the prorated amounts.

3.11. Change in method

The Company applied ANC Regulation no. 2015-05 on financial futures and hedging transactions for the first time. This adjustment represents a change in accounting method that must be recognized in accordance with the provisions of Article 122-2 of the *Plan comptable général* (the French general chart of accounts, or PCG). However, as permitted under ANC Regulation no. 2015-05, the Company decided to limit the retrospective changes only to transactions existing on the adoption date of 04/01/17.

The adoption of new rules had no impact on opening shareholders' equity and accordingly no pro forma information is provided.

4. Notes relative to certain income statement and statement of financial position items**Note 1. Breakdown of revenue**

Wavestone specializes in the specific market segment of management and information systems consulting. Since all these services are subject to the same risks and generate similar levels of profitability, Company revenue is not broken down by business line.

The majority of Wavestone's revenue is generated in France.

Note 2. Average workforce

	Salaried personnel
Managers	1,764
Employees, technicians and supervisors	32
Total	1,796

The average workforce is calculated on a full-time equivalent (FTE) basis.

The French Competitiveness and Employment Tax Credit (CICE) is recognized as and when the corresponding compensation expense is incurred. Given the reliability and probability conditions required to obtain the CICE, this tax credit has not been taken into account for long-term deferred compensation.

The CICE is recognized against personnel expenses.

Recognition of the CICE in the income statement led to a €2,760k reduction in personnel costs:

- CICE impact on compensation paid between April and December 2017: €2,132k.
- CICE impact on compensation paid during the first quarter of 2018: €628k.

In keeping with the legislature's objectives, Wavestone used the CICE to step up its sales efforts (hiring of business engineers and pre-sale expenses) to pursue its expansion and recruit new personnel.

Note 3. Compensation paid to management and supervisory bodies

	Compensation paid ⁽¹⁾
Management Board	434
Supervisory Board	276
Total	710

(1) Excluding mandatory profit-sharing.

The members of the above-mentioned bodies are not entitled to any pensions or similar benefits for the performance of these duties.

No loans or advances were granted by the firm's companies to the members of the Management Board or Supervisory Board.

Note 4. Non-recurring expenses and income

Non-recurring expenses	Value
Shortfall on treasury share buybacks	1,123
Other non-recurring expenses	2,018
Total	3,142

Non-recurring income	Value
Gains on treasury share buybacks	301
Other non-recurring income	2,156
Total	2,457

Other non-recurring expenses and income mainly relate to computer-hardware leaseback transactions and the costs associated with replacing the Activesys sales module with Wavekeeper.

Note 5. Breakdown of taxes

	Profit before tax	Tax	Profit after tax
Current tax, after profit-sharing	43,570	(14,721)	28,849
Non-recurring			
• of which short-term	(685)	288	(397)
• of which long-term	-	-	-
Tax credits		2,106	2,106
Net income			30,558

Tax credits mainly concern the research tax credit for 2017 in the amount of €1,658k.

Note 6. Goodwill

Items received in contribution / merger	Gross value	Net value
Goodwill	61,958	58,784
Total	61,958	58,784
Items acquired		
Goodwill	1,860	1,860

Goodwill, monitored as a whole, is subject to an impairment test conducted on the basis of the discounted future cash flow method. The conducted impairment test confirmed no impairment during the period.

Note 7. Fixed assets

	Gross value at start of period	Increase		Decrease	Gross value at end of period
		Mergers / contributions	Acquisitions		
Intangible assets					
Goodwill	63,818	-	-	-	63,818
Licenses and software	2,330	-	1,098	1,039	2,389
Intangible assets in progress	1,088	-	926	1,088	926
Total	67,236	-	2,024	2,127	67,133
Property, plant and equipment					
Fixtures and fittings	14,726	-	267	25	14,969
Vehicles	4	-	-	4	-
Office and computer equipment, furniture	3,719	-	53	83	3,690
Tangible assets under construction	123	-	1,375	1,491	7
Total	18,572	-	1,696	1,602	18,666
Financial assets					
Other investments	15,835	-	-	-	15,835
Receivables from controlled entities	80,053	-	1,309	986	80,376
Other long-term securities	829	-	7,730	7,577	982
Loans and other financial assets	1,419	-	46	87	1,378
Total	98,137	-	9,084	8,650	98,572
Total fixed assets	183,945	-	12,804	12,379	184,371

The gross value of goodwill is detailed in Note 6.

The decreases in fixed assets under construction mainly relate to the commissioning of the corresponding assets.

Equity investments, monitored as a whole, are subject to an impairment test conducted on the basis of the discounted future cash flow method. The conducted impairment test confirmed no impairment during the period.

Note 8. Depreciation and amortization

	Value at start of period	Increase		Decrease Write-backs	Value at end of period
		Mergers / contributions	Provisions		
Intangible assets					
Goodwill	3,174	-	-	-	3,174
Licenses and software	1,779	-	347	711	1,415
Total	4,953	-	347	711	4,589
Property, plant and equipment					
Fixtures and fittings	1,639	-	1,645	21	3,263
Vehicles	4	-	-	4	-
Office and computer equipment, furniture	1,122	-	401	83	1,440
Total	2,765	-	2,046	108	4,703
Total depreciation	7,718	-	2,393	819	9,292

All fixed assets are depreciated using the straight-line method.

Note 9. Treasury stock

	Number of shares				At end of fiscal year
	At start of fiscal year	Purchased during fiscal year	Sold during fiscal year	Transferred during fiscal year ⁽¹⁾	
Treasury shares	62,947	68,943	71,261	22,473	38,156

(1) Of which free share allocation for 22,473.

The gross value of treasury stock held at 03/31/18 totaled €3,070k. This breaks down into treasury shares held for:

- External growth: €0k;
- Liquidity transactions: €982k;
- Free share allocation: €2,088k.

The net value of treasury stock at 03/31/18 totaled €3,070k.

Note 10. Maturities of trade receivables and payables

Receivables	Gross value	< 1 year	> 1 year
Of fixed assets			
Other financial assets	81,754	-	81,754
Of current assets			
Trade receivables and related accounts	103,572	103,572	-
Social security receivables	599	599	-
Tax receivables	10,703	10,075	628
Firm and associates	9,324	-	9,324
Other debtors	168	168	-
Prepaid expenses	2,323	2,323	-
Total	208,442	116,736	91,706

Debt	Gross value	< 1 year	1 ≥ 5 years	> 5 years
Bond-related debt ⁽¹⁾	3,081	3,081	-	-
Bank borrowing S < 1 year when contracted ⁽¹⁾	61	61	-	-
Bank borrowing S > 1 year when contracted ⁽¹⁾	82,392	13,042	69,350	-
Other borrowings and financial debt ⁽¹⁾	-	-	-	-
Trade payables and related accounts	28,540	28,540	-	-
Social security debt	32,276	32,276	-	-
Tax liabilities	27,418	27,176	242	-
Debt on assets and related accounts	184	184	-	-
Company and associates	-	-	-	-
Other debt	5,802	5,802	-	-
Deferred income	6,535	6,535	-	-
Total	186,291	116,698	69,592	-

(1) Of which borrowings contracted during the period: €0k.

Of which borrowings repaid during the period: €8,550k.

Borrowings guaranteed by real collateral (see Note on financial commitments).

Note 11. Items concerning associate companies

	Amount concerning companies	
	related	in which the Company has a participating interest
Items from sundry balance-sheet entries		
Equity interests	15,835	-
Receivables from controlled entities	80,345	-
Trade receivables and related accounts	13,341	-
Other receivables	9,326	-
Cash and cash equivalents	-	-
Trade payables and related accounts	13,010	-
Other debt	196	-
Financial income		
Income from equity interests	-	-
Income from other financial assets	1,309	-
Other financial income	87	-
Financial expenses		
Net interest	-	-
Other financial expenses	-	-

Note 12. Accrued income

Accrued income included in the following financial position statement items	03/31/18	03/31/17
Receivables from controlled entities	51	48
Trade receivables and related accounts	40,498	24,810
Other receivables	1,425	1,123
Cash and cash equivalents	11	1
Total	41,985	25,982

Note 13. Accrued expenses

Accrued expenses included in the following financial position statement items	03/31/18	03/31/17
Bonds	81	81
Bank borrowings and debt	277	276
Trade payables and related accounts	16,478	7,641
Tax and social security liabilities	29,186	28,703
Other debt	5,326	5,000
Total	51,349	41,701

Note 14. Deferred income and prepaid expenses

Deferred income totaling €6,535k relates solely to operating income and prepaid expenses of €2,323k exclusively to operating expenses.

Note 15. Measurement differences of marketable securities

Marketable securities booked as statement of financial position assets consist exclusively of mutual funds (SICAVs). A comparison of net asset value and acquisition cost yields an unrealized capital gain of €0k.

Note 16. Breakdown of share capital

Ordinary shares	Number of shares	(in euros)	
		Nominal value	Share capital
At 03/31/17	4,966,882	0.10	496,688.20
At 03/31/18	4,966,882	0.10	496,688.20

There were no stock option plans in place at 03/31/18.

Note 17. Change in shareholders' equity

	Capital share	Premiums	Reserves and retained earnings	Profit for the year	Total
At 03/31/17	497	11,365	73,901	23,689	109,452
Retained earnings	-	-	20,698	(20,698)	-
Dividends	-	-	(16)	(2,991)	(3,007)
Profit for the fiscal year	-	-	-	30,558	30,558
At 03/31/18	497	11,365	94,583	30,558	137,003

Note 18. Provisions and depreciation

	Value at start of period	Increase Mergers / contributions	Provisions	Decrease Write-backs	Value at end of period
Regulated provisions	-	-	-	-	-
Provisions ⁽¹⁾					
Disputes	1,266	-	180	701	746
Fines and penalties	-	-	100	-	100
Other provisions ⁽²⁾	2,656	-	3,078	1,192	4,542
Total	3,922	-	3,358	1,892	5,387
Depreciation					
Intangible assets	16,898	-	10	329	16,579
Property, plant and equipment	103	-	-	27	75
Equity investments	-	-	-	-	-
Other financial assets	20	-	-	1	19
Trade receivables	19	-	131	4	146
Other depreciation	18	-	-	8	10
Total	17,057	-	141	370	16,828
Grand total	20,980	-	3,499	2,263	22,216
Of which appropriations and write-backs					
• operating			2,854	1,821	
• financial			533	3	
• non-recurring			112	439	

(1) Write-back of €1,446k provisions for risks and liabilities.

(2) Mainly concerning a provision for free share allocation.

**Note 19. Increases and decreases in future tax liabilities**

Increase in future tax liabilities	Value (basic)
Regulated provisions	-
Other	1,290
Total	1,290
<hr/>	
Relief on future tax liabilities	Value (basic)
Provisions not deductible in the year recognized	
Employee shareholding	6,678
Social welfare contributions	125
Other	
Subsidiary acquisition costs	2,499
Provisions for risks and charges	552
Impairment of receivables	14
Unrealized gains on marketable securities	-
Translation gains or losses on liabilities	845
Total	10,714
Deferred losses	386
Long-term capital losses	-

Note 20. Leases

	Value when set up	Theoretical depreciation charge		Net value theoretical	Royalties	
		Fiscal year	Cumulative		Fiscal year	Cumulative
Office and computer equipment	3,676	853	1,586	2,089	863	1,612
<hr/>						
	Royalties outstanding			Total	Residual purchase price	Effective value in fiscal year
	< 1 year	1 ≥ 5 yrs	> 5 yrs			
Office and computer equipment	859	1,247	0	2,106	32	863

The information in the above table corresponds to ongoing leases at the end of the period.

Note 21. Hedging instruments**Interest rate hedges**

The bank loan originally contracted for €95,000k is 80% hedged with a cap.

	Maturity	03/31/18	
		Nominal value	Market value
Bank borrowing			
Interest rate option	01/20/19	65,740	(54)

Currency risk hedges

Wavestone has entered into currency futures contracts to hedge against currency risk on business operations, and into currency swaps and currency futures contracts to hedge foreign-currency loans and current accounts.

The initial USD 7,000k loan granted to Wavestone US is 50% hedged with a cross-currency swap.

	Currency	Maturity	03/31/18	
			Nominal value	Market value
Business operations				
Long-term sales	AED/EUR	04/30/18	177	23
Subsidiaries' current accounts				
Long-term sales	USD/EUR	06/29/18	3,582	309
Long-term sales	GBP/EUR	06/29/18	171	(8)
Subsidiaries' loans				
Cross-currency swap	USD/EUR	01/20/22	3,255	454

At 03/31/18, Wavestone did not hold any derivatives not designated as hedges (no open positions).

Note 22. Off-statement of financial position commitments

	Total value	< 1 year	1 ≥ 5 years	> 5 years
Commitments given				
Guarantees and sureties	53,215	50,581	1,634	1,000
Pledges ⁽¹⁾	90,900	-	90,900	-
Pension commitments	7,700	-	-	7,700
Lease commitments	2,138	862	1,276	-
Finance lease agreements ⁽²⁾	26,956	4,762	15,042	7,151
Total	180,909	56,206	108,853	15,851
Commitments received				
Guarantees and sureties	8,120	7,120	-	1,000
Undrawn credit lines	25,000	15,000	10,000	-
Liability guarantees ⁽³⁾	18,496	659	17,836	-
Total	51,616	22,779	27,836	1,000

(1) Pledges relate to commitments given to banks to cover loans and the opening of lines of credit. These commitments, which mature in 2022, concern Wavestone Advisors shares, intra-group debt held by Wavestone Advisors and its subsidiaries and any receivables arising from the exercise of liability guarantees.

(2) Future payment commitments relate to rental contracts. The duration of leases taken into account is the shortest possible period to the expiry of the various lease contracts.

(3) Wavestone's liability guarantees arose from the acquisitions completed during the 2014/15 and 2015/16 fiscal years. They consisted of €437k in bank guarantees, an escrow account of €400k and an insurance policy (taken out for the Kurt Salmon transaction) worth €15,000k.

Commitments related to hedging instruments are disclosed in Note 21.

Note 23. Information on subsidiaries and equity interests

	Holding (%)	Capital	Other Shareholders' equity	Profit reported at the end of the fiscal year
Subsidiaries				
Wavestone Advisors Morocco Immeuble Racine d'Anfa 157 boulevard d'Anfa 20100 Casablanca, Morocco	95	194	(627)	187
Wavestone Advisors UK 29-30 (4TH FLOOR) CORNHILL EC3V 3NF, London, United Kingdom	100	1	999	297
Wavestone Advisors Switzerland 105 rue de Lyon 1203 Geneva, Switzerland	100	25	713	225
Wavestone Advisors Tour Franklin 100-101 terrasse Boieldieu 92042 Paris La Défense Cedex	100	1,658	(75,031)	1,933
Equity interests				
None				

Comprehensive information	Gross value of shares	Net value of shares	Advances⁽¹⁾, loans and current accounts	Dividends paid
Subsidiaries				
French	6,694	6,694	79,879	-
Foreign	9,141	9,141	214	-
Equity interests				
None				

(1) Including advances to subsidiaries within the context of the Company's centralised cash-management system.

Note 24. Related-party transactions

Type of transaction	Transaction amount	Name of related party	Type of relationship
Expertise in financial policy, development and external growth	33	Michel Dancoisne	Chairman of the Supervisory Board
Fees with Frenger in international development	107	Jean-Noël Mermet	Member of the Supervisory Board

**Note 25. Subsequent events****Dividend payout**

Wavestone will submit a proposal for a total dividend payout of €3,992k (equivalent to €0.81 per share) for shareholder approval at the annual general Meeting called to approve the Company's financial statements for the fiscal year ended 03/31/18.

Acquisition of Xceed Group excluding FIMS' (Flexible Infrastructure Managed Services) activity

On 04/06/18, Wavestone acquired the entire capital of Xceed Group Holdings Limited, a holding company with no operational activities, which itself wholly owns Xceed Consultancy Services Limited and Xceed (2007) Inc.

Established in London in 2003, Xceed Group is a technology consultancy that specializes in implementing IT transformation programs for major financial services players. Its main services include the planning and delivery of complex IT change programs.

In the fiscal year ended 11/30/17, Xceed Group recorded consolidated revenue of €15,285k (£13,346k) and an adjusted EBITDA margin of over 20%. These figures do not include Xceed Group's FIMS activity. The firm has 60 employees in London and New York, with the vast majority located in London.

This acquisition was financed entirely in cash, through the use of credit lines already available to Wavestone.

Statutory Auditors' report on the financial statements - Year ended 03/31/18

This is a translation into English of the Statutory Auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This Statutory Auditors' report includes information required by European regulation and French law, such as information about the appointment of the Statutory Auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Wavestone Shareholders' Meeting,

In compliance with the engagement entrusted to us by your Shareholders' Meeting, we have audited the accompanying financial statements of Wavestone for the year ended 03/31/18.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as of 03/31/18 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Financial Statements" section of our report.

Independence

We conducted our audit in compliance with independence rules applicable to us, for the period from April 1st to the issue date of our report and in particular we did not provide any prohibited non-audit services referred to in Article 5, paragraph 1, of Regulation (EU) no. 537/2014 or in the French Code of Ethics for Statutory Auditors.

Justification of assessments - Key audit matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period, as well as our responses to those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon and we do not provide a separate opinion on specific items of the financial statement.

Valuation of equity investments and receivables from controlled entities (Section 3.3 "Investments and other equity interests and marketable securities" of Note 3 to the Company financial statements "Rules and accounting methods")

Risk identified

In recent years, the Company has continued to expand through numerous targeted acquisitions, in various countries, and across all its activities.

As described in Notes 3.3 and 4.7 to the Company financial statements, equity investments and receivables from controlled entities recorded in assets for a net book value of €96 million represent 29% of total assets as of 03/31/18. They are initially recognized at acquisition cost, less any expenses relating to the acquisition.

As indicated, the carrying amount of equity investments corresponds to the value in use on the reporting date, which is assessed according to various criteria, including the equity share in the company concerned, its profitability, cash flows and outlook.

The determination of the value in use of equity investments and receivables from controlled entities on an individual basis relies on Management assumptions and estimates.

We considered the impairment of equity investments and receivables from controlled entities to be a key audit matter, given the weight of these items in the balance sheet, the high degree of management estimates and judgments and the sensitivity of values in use to changes in forecast assumptions.

Our response

We familiarized ourselves with the work relating to the impairment tests carried out by the Company and the resulting conclusions.

We familiarized ourselves with the work relating to the impairment tests carried out by the Company and the resulting conclusions.

Our work consisted in assessing the reasonableness of the estimated values in use of equity investments and receivables from controlled entities based on the information communicated to us. Our work primarily consisted in:

- Familiarizing ourselves with the methods used to calculate values in use, and specifically cash flow forecasts.
- Assessing and examining the reasonableness of the assumptions used for these cash flow forecasts. This examination consisted in discussions with Management, a review of the historical data and an assessment of the reasonableness of the assumptions used for the business plan forecasts.
- Verifying the reasonableness of the financial parameters used for the impairment tests, and specifically the method used to determine the discount rate and the terminal value used in the business plans, along with the market analyses and the consensus observed.
- Where this data was unavailable, ensuring that the equity retained corresponded to the accounts of the entities that were the subject of an audit or analytical procedures and verifying the mathematical calculation performed.

Recognition of revenue from fixed price services (Section 3.10 “Recognition of revenue and partially completed transactions at the end of the fiscal year” in Note 3 to the Company financial statements “Rules and accounting methods”)

Risk identified

As described in Notes 3.10, 4.10 and 4.12 to the Company financial statements, the Company offers various services to its customers who operate in diverse business sectors. The services provided by the Company are contracted in three ways:

- **Time-based services contracts.** Revenues generated on time-based services contracts are recognized as and when the service is rendered. Revenue is calculated on the basis of the contracted selling price multiplied by the number of billable hours spent. Unbilled receivables and deferred income are recognized when invoicing is not in phase with the state of progress of the work.
- **Fixed-price services contracts.** Revenues generated on fixed-price services contracts are recognized as and when the various stages of the work are completed. These are

calculated on the basis of the costs incurred and yet to be incurred. A provision for loss on completion is written on a contract-per-contract basis when a contract is expected to make a loss. Unbilled receivables and deferred income are recognized when invoicing is not in phase with the state of progress of the work.

- **Subscription services contracts.** Revenue from subscription services is recognized on a prorata temporis basis over the term of the contract. Unbilled receivables and deferred income are recognized when invoicing is not in phase with the prorata temporis terms of the contract.

We considered the recognition of revenue from “fixed-price” contracts to be a key audit matter insofar as Management estimates and judgments are required in determining revenue and losses to completion and the financial risks expected from these contracts.

Our response

We examined the processes implemented by the Company with respect to forecast revenue and losses to completion and the percentage of completion of “fixed-price” contracts over the year. Our internal control review consisted in performing a walkthrough test, reviewing the design and implementation of key controls and verifying the operational efficiency of the controls.

For the substantive tests, the audit procedures implemented to measure revenue from fixed-price contracts consisted in selecting, based on a multi-criteria approach (business volumes or outstandings [unbilled receivables and deferred income], the age of contracts, finalization of former contracts over the year, inception of new contracts over the year, project complexity), projects for which we:

- Assessed the reasonableness of the estimates carried out by Management based on:
 - discussions held with the Projects, Sales Finance Coordination and Management Control teams, to corroborate the analysis of forecast revenue and losses to completion and the percentages of completion for projects ongoing at the year-end;
 - audit evidence collected to support the financial positions of projects (contracts, purchase orders, customer acceptance reports, data covering the tracking of time charged, payroll data);
- Implemented mathematical controls and analytical procedures to measure the revenue and net income recorded over the year.

Verification of the management report and of the other documents addressed to shareholders

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

Information given in the management report and in the other documents addressed to shareholders with respect to the financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents addressed to shareholders with respect to the financial position and the financial statements.

Report on corporate governance

We attest that the Supervisory Board's report on corporate governance contains the information required by Articles L.225-37-3 and L.225-37-4 of the French Commercial Code (*Code de commerce*).

Concerning the information given in accordance with the requirements of Article L.225-37-3 of the French Commercial Code relating to remunerations and benefits received by the members of the Executive Board and of the Supervisory Board and any other commitments made in their favour, we have verified its consistency with the financial statements and, where applicable, with the information obtained by your Company from companies controlling your Company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your company considered likely to have an impact in the event of a public purchase or exchange offer, provided pursuant to Article L.225-37-5 of the French Commercial Code, we have verified their compliance with the source documents communicated to us. Based on our work, we have no observations to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on other legal and regulatory requirements

Appointment of the Statutory Auditors

We were appointed as Statutory Auditors of Wavestone by the Shareholders' Meeting held on 09/30/01 for Deloitte & Associés, and on 07/11/14 for Mazars.

As of 03/31/18, Deloitte & Associés was in the 17th year of total uninterrupted engagement, taking into account previous acquisitions of firms, and Mazars was in the 4th year of total uninterrupted engagement.

Responsibilities of Management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease its operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, its internal audit, regarding the accounting and financial reporting procedures.

These financial statements have been approved by the Board of Directors.

Statutory Auditors' responsibilities for the audit of the financial statements

Objective and audit approach

Our role is to issue a report on the financial statements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to

influence the economic decisions of users taken on the basis of these financial statements.

As specified by Article L.823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the future viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future

events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;

- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as significant audit findings. We also bring to its attention any significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) no. 537-2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*Code de déontologie*) for Statutory Auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris La Défense, June 6, 2018

The Statutory Auditors

Deloitte & Associés
Dominique Laurent

Mazars
Paul-Armel Junne

Statutory Auditors' special report on regulated agreements and commitments

Shareholders' Meeting held to approve the financial statements for the year ending 03/31/18

This is a free translation into English of the Statutory Auditors' special report on regulated agreements and commitments with third-parties issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements and commitments reported on are only those provided by the French Commercial Code and that the report does not apply to related party agreements described in IAS 24 or other equivalent accounting standards.

To the Wavestone Shareholders' Meeting

In our capacity as Statutory Auditors of your Company, we hereby report to you on regulated agreements and commitments.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements and commitments, as well as the reasons justifying their interest for the company, brought to our attention or which we may have discovered during the course of our audit, without expressing an opinion on their usefulness and appropriateness or identifying such other agreements and commitments, if any. It is your responsibility, pursuant to article R.225-58 of the French Commercial Code (*Code de commerce*), to assess the interest involved in respect of the conclusion of these agreements and commitments for the purpose of approving them.

Our role is also to provide you with the information stipulated in article R.225-58 of the French Commercial Code (*Code de commerce*) relating to the implementation during the past year of agreements and commitments previously approved by the Shareholders' Meeting, if any.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement.

These procedures consisted in agreeing the information provided to us with the relevant source documents.

Agreements and commitments submitted to the approval of the Shareholders' Meeting

Agreements and commitments authorized during the year

Pursuant to article L.225-88 of the French Commercial Code, we were advised that the following agreements and commitments have been authorized during the year by your Supervisory Board.

Authorization by the Supervisory Board, during its Meeting on 05/30/17, for the Company to take into account the period during which Mr. Patrick Hirigoyen exercised his mandate, in order to calculate his rights resulting from his employment contract.

- Person concerned: Mr. Patrick Hirigoyen
- Terms and conditions: The employment contract of Mr. Patrick Hirigoyen was suspended on 04/01/17 and the latter was paid for the fulfillment of his mandate as member of the Executive Board. In this context, it was agreed between the Company and Mr. Patrick Hirigoyen that the period during which he exercised his mandate as member of the Executive Board – Director General – would be taken into account, in order to calculate his rights resulting from his employment contract.
- Reasons justifying the Company's interest: This contractual benefit is considered as neutral for the Company, insofar as in the absence of suspension of Mr. Hirigoyen's employment contract, the seniority acquired by the latter in the calculation of his rights under his employment contract would have been calculated on the same basis.

Agreements and commitments previously approved by the Shareholders' Meeting

Agreements and commitments approved in previous financial years with continuing effect during the year

Pursuant to article R.225-57 of the French Commercial Code, we were informed that implementation of the following agreements and commitments, approved by the Shareholders' Meeting during previous financial years, continued during the previous.

Employment contract with Mr. Michel Dancoisne, Chairman of the Supervisory Board

Wavestone (ex Solucom) signed a permanent employment contract with Mr. Michel Dancoisne for financial, development and external growth consulting services on the basis of 10 hours a week. This agreement, authorized by your Supervisory Board on 09/31/02, went into effect on 10/01/02.

In return for these services, Mr. Michel Dancoisne receives a gross monthly compensation of €1,900 over 13 months, with expenses paid upon presentation of receipts.

For the year ended 03/31/18, Mr. Michel Dancoisne received a gross remuneration of €24,700.

Paris La Défense, June 6, 2018

The Statutory Auditors

Deloitte & Associés
Dominique Laurent

Mazars
Paul-Armel Junne



REGISTRATION DOCUMENT 2017/18

LEGAL BOOK

04

232 GENERAL INFORMATION ON WAVESTONE AND ITS SHARE CAPITAL

244 EXCEPTIONAL EVENTS AND DISPUTES

General information on Wavestone and its share capital

1. General information on Wavestone

1.1. Timeline: main events in Wavestone's history

1990

Michel Dancoisne and Pascal Imbert found Solucom, a consulting firm specialized in networks and telecoms consulting.

1994

Internet and telecoms deregulation boost Solucom's business.

2000

Solucom floated on the French *Marché Libre*.

2001

Solucom transfers to the French *Nouveau Marché* and raises funds on the market. Mergers with Arcome and Idesys.

2005

Takeover of Dreamsoft.

2006

Takeovers of KLC and New'Arch.

2007

Solucom completes its 2004/07 business plan. Takeover of Vistali in April 2007.

2008

Takeover of Cosmosbay-Vectis in April 2008.

2011

Solucom completes its 2007/10 business plan and puts together its new "Solucom 2015" strategic plan.

2012

Launch of the "Solucom 2015" strategic plan.

Takeovers of Alturia Consulting and Eveho in April 2012, and of Stance Partners in October 2012. Creation of SLM Consulting (Solucom's Moroccan subsidiary based in Casablanca) in September 2012.

2013

Takeover of Cabinet Lumens Consultants in December 2013.

2014

Takeover of Trend Consultants in January 2014 and acquisition of Audisoft Oxéa in November 2014. Acquisition of PEA's industrial assets in October 2014.

2015

Takeover of Hudson & Yorke in February 2015. Acquisition of the assets of Hapsis in April 2015. Acquisition of the Swiss company, Arthus Technologies, in July 2015. Formation of Belgian subsidiary in October 2015.

Solucom listed on the Tech 40 index.

Solucom completes the "Solucom 2015" strategic plan and launches its new "Up 2020" strategic plan.

2016

Acquisition of Kurt Salmon's European activities (excluding retail and consumer goods) in January 2016.

Solucom changes its legal name and creates the Wavestone brand.

2017

Wavestone finalizes operational merger with the European activities of Kurt Salmon and presents the "Wavestone 2021" strategic plan.

2018

Takeover of Xceed Group in April 2018.

1.2. Company name and registered office

Wavestone
Tour Franklin
100-101 terrasse Boieldieu
92042 Paris La Défense Cedex

1.3. Legal form

A public limited company (*société anonyme*) incorporated in France, with a Management Board and a Supervisory Board, governed by its Articles of Association and current laws and regulations, particularly the French Commercial Code.

1.4. Date of incorporation and lifetime

Wavestone was formed in February 1990 and registered on 04/02/1990.

In accordance with Article 5 of the Articles of Association, the term of the Company is 99 years from the date of registration until 04/02/2089, unless the Company is dissolved before or its life is extended beyond this date.

1.5. Corporate purpose

In accordance with Article 2 of the Articles of Association, Wavestone's direct and indirect corporate purpose, in France and abroad, is:

- provision of IT services for third-parties using custom-developed and standard programs;

- analysis, consulting, technical assistance, training, development, documentation, installation, and maintenance of IT and telecommunications systems, for information in any form and on all media, and all related services carried out by any means;
- creation, implementation and management of all networks and/or groups with a view to developing the Company's proprietary concepts and transferring expertise;
- development, ownership, management, leasing, and sale of patents and/or trademarks and the granting of licenses;
- acquisition of equity interests, by any means, in any existing or future companies and businesses that may be related, directly or indirectly, to the Company's corporate purpose;
- and, more generally, any financial, real-estate or movable property transactions that may be related, directly or indirectly, to the activities listed in the corporate purpose or which are likely to facilitate their development and expansion.

1.6. Trade and Companies Register (RCS)

Nanterre Trade and Companies Register, no. B 377 550 249

1.7. Fiscal year

Wavestone's fiscal year runs for twelve months from April 1st of every year to March 31st of the following year (Article 35 of the Articles of Association).

1.8. Specific clauses in the Articles of Association

Allocation of earnings (Article 37)

If the financial statements for the year approved by the annual Shareholders' Meeting show that the Group has booked a net distributable profit as defined by law, the Meeting must decide whether to allocate these distributable earnings to one or more reserve accounts (the use and appropriation of which it controls), to retained earnings, or to distribute such earnings in the form of a dividend payout.

The income statement, which summarizes income and expenditure for the year, shows the profit/(loss) for the period, after amortization, depreciation and provisions.

At least 5% is deducted from the profit for the period, less any prior year losses, to form the legal reserve.

This appropriation to the legal reserve ceases to be mandatory when the fund amounts to one-tenth of the share capital.

Distributable earnings consist of the net annual profit, less any prior year losses and allocations to the legal reserve (in accordance with law and the Articles of Association) plus any retained earnings brought forward.

The balance is divided among all of the shareholders in proportion to the number of shares they hold. The annual Shareholders' Meeting may decide to distribute the amounts allocated to the reserves it controls, by stating explicitly the reserve accounts from which the distribution should be made.

Except when there is a share capital reduction, no dividend can be distributed to shareholders if the amount of shareholders' equity is, or would in the event of said dividend payout, be lower than the value of the share capital plus the reserves that cannot be distributed under the law or the Articles of Association.

The revaluation surplus is not distributable and may be fully or partially incorporated into the share capital.

However, after deduction of appropriations to the legal reserve as required by law, the annual Shareholders' Meeting may draw the amounts it deems appropriate from the balance for allocation to all optional, ordinary or extraordinary reserves, or to retained earnings.

When the financial statements have been approved by the shareholders at the annual Shareholders' Meeting, any losses are carried forward against future earnings until they are fully offset.

Annual Shareholders' Meetings

Meetings are convened in accordance with current regulations.

They are held at the Company's registered office or at any other location specified in the notice of Meeting.

Admission to Meetings and proxies (Article 28 of the Articles of Association)

1. All holders of ordinary shares are entitled to attend the annual Shareholders' Meeting, regardless of the number of ordinary shares held, provided their shares are fully paid up.

The right to attend or be represented at the Meeting is conditional upon:

- for holders of directly registered shares or administered registered shares: shares must be registered as such by midnight (Paris time) of the second business day prior to the date of the Meeting;

- for holders of bearer shares: shares must be registered as such by midnight (Paris time) of the second business day prior to the date of the Meeting. The registration or accounting entry in the bearer share register held by the authorized intermediary must be evidenced by a certificate of holding issued by the latter attached to the remote or proxy voting form or to the request for an admission card issued in the name of the shareholder;
- A certificate may also be issued to shareholders who wish to attend the annual Shareholders' Meeting in person and who have not received their admission card by midnight (Paris time) of the second working day prior to the date of the Meeting.

The Management Board may also issue personal admission cards to shareholders, if appropriate.

2. All shareholders can vote by post, in accordance with current regulations. How to obtain the postal vote form is explained in the notice of Meeting.
3. All shareholders can appoint an individual or corporate body of their choice to represent them, in accordance with legal and regulatory provisions. In this case, the authorized representative must provide proof of proxy.
4. If the Management Board decides when convening the Meeting, shareholders may also participate using video-conferencing or other means of telecommunication that enable their identity to be established in accordance with current regulations.

Shareholders' right to receive information (Article 34 of the Articles of Association)

All shareholders are entitled to receive all the information they need to make informed decisions about the management and control of the Company, in accordance with the conditions and deadlines set by law. What documents, when they are sent out or made available and under which conditions are determined by law.

Quorum-Vote (Article 30 of the Articles of Association)

1. The quorum is calculated on the basis of all shares comprising the share capital, except in the case of special Shareholders' Meetings, when it is calculated on all shares of the relevant class, less the number of shares without voting rights, as required by law.

Postal votes will only be taken into account to calculate the quorum if the Company receives the voting forms, correctly completed, at least three days before the Meeting.

Shareholders attending the Meeting by video-conferencing or other means of telecommunication that enable their identity to be established in accordance with current regulations will be included when calculating the quorum if the Management Board specifies the option to use these facilities in the notice of Meeting.

2. Voting rights attached to capital shares or dividend shares are proportional to the percentage of the capital they represent. Every share entitles the holder to one vote except in application of Article 11 paragraph 4 relating to the provisions of L.225-123 et seq. of the French Commercial Code.

3. Votes are by a show of hands, roll call or secret ballot, as decided by the Meeting committee or the shareholders. Shareholders can also vote by post.

Ordinary Shareholders' Meeting (Article 31 of the Articles of Association)

Ordinary Shareholders' Meetings make all decisions, which do not amend the Articles of Association.

Ordinary Shareholders' Meetings are convened at least once a year, within six months following the close of the Company's fiscal year, to approve the financial statements for that year. Extensions may be obtained by court ruling.

Ordinary Shareholders' Meetings may only validly conduct business, on first convening, if the shareholders present, represented by proxy or voting by post hold at least one fifth of the total shares with voting rights.

Resolutions are adopted by a majority of the votes of the shareholders present, represented by proxy or voting by post.

Extraordinary Shareholders' Meeting (Article 32 of the Articles of Association)

Extraordinary Shareholders' Meetings may amend any of the clauses of the Articles of Association, and notably decide to adopt a new civil or commercial legal form for the Company. They cannot, however, increase the shareholders' commitments, except in the case of transactions resulting from a legally valid consolidation of shares.

The extraordinary Shareholders' Meeting may delegate the power to amend the Company's Articles of Association to comply with laws and regulations to the Supervisory Board, subject to ratification of such amendments by the next extraordinary Shareholders' Meeting.

Subject to legal derogations, extraordinary Shareholders' Meetings may only validly conduct business, if the shareholders present, represented by proxy or voting by post

hold at least one quarter of the total shares with voting rights, and one fifth on second convening. In the event the second quorum is not constituted, the extraordinary Shareholders' Meeting may be adjourned to a date no later than two months after that fixed in the second notice of Meeting.

Resolutions are adopted by a two-thirds majority of the votes of the shareholders present, represented by proxy or voting by post.

In extraordinary Shareholders' Meetings of a constitutive nature called to approve capital contributions in kind or to grant specific benefits, neither the contributor nor the beneficiary have the right to vote on their own behalf or on behalf of another shareholder.

Rights and obligations attached to shares (Article 11 of the Articles of Association)

1. Each share entitles the holder to a share in the profits, as well as Company assets and liquidating dividends in proportion to the number and nominal value of the existing shares held, subject to rights granted to the shares of different classes, if any.

Each share also carries a right to vote, to be represented at annual Shareholders' Meetings, to be informed about the Company's business, and to receive corporate documents at the times and under the conditions determined by law and the Articles of Association.

2. Shareholders' liabilities are limited to the amount of their capital contributions. The rights and obligations attached to the shares transfer when the share is transferred. Ownership of shares automatically binds the owner to the Company's Articles of Association and resolutions adopted by annual Shareholders' Meetings.

3. Whenever it is necessary to hold a given number of shares to be able to exercise a right, shareholders who do not own the required number of shares must make their own arrangements to form a group and, if necessary, purchase or sell the required number of shares.

4. Holders of fully paid-up shares registered in their own name for more than two years are granted double voting rights.

In addition, double voting rights are automatically granted to registered shares awarded freely to shareholders in proportion to former shares held that already enjoyed double voting rights.

Double voting rights attached to shares automatically cease when share ownership changes, subject to exceptions provided for by law.

The system of double voting rights was adopted by decision of the extraordinary Shareholders' Meeting on 12/06/99.

The existence of the double voting rights system in the Articles of Association may delay, postpone or prevent a change in control over the Company.

5. Any individual or corporate body, acting alone or in concert, that acquires a portion of the Company's existing share capital or voting rights, as specified under Article L.233-7 of the French Commercial Code, must notify the Company of the total number of the shares held, within five trading days of exceeding the statutory threshold of the total number of shares and voting rights owned.

They must also inform the French financial markets regulator (AMF) within five trading days of breaking through the statutory threshold.

The same disclosure obligations apply for shareholders crossing below the statutory thresholds defined in the first paragraph.

Parties obliged to disclose the information stated in the first paragraph must communicate the number of shares giving future access to the Company's share capital and related voting rights.

In addition, they must disclose whenever they exceed or fall below the threshold of one tenth or one fifth of the Company's share capital or voting rights, and also state their objectives for the coming twelve months.

This declaration specifies whether the purchaser is acting alone or in concert, plans to cease acquisitions, make more acquisitions, gain control of the Company and seek appointment as a member of the Management Board or the Supervisory Board for themselves, a third-party or a group of persons. This declaration is sent to the Company.

6. New preference shares may be issued based on any legal procedures, terms, conditions and limits. They are governed, converted and/or redeemed in accordance with the law.

Identifiable bearer securities (Article 9, last paragraph, of the Articles of Association)

In accordance with Article L.228-2 of the French Commercial Code, the Company may, at any time, make use of all applicable laws and regulations, notably by requesting the organization responsible for third-party payments to identify the holders of securities giving immediate or future voting rights at its own annual Shareholders' Meetings, as well as the number of securities held by these shareholders and any restrictions attached thereto. In addition, if the Company believes that

some shareholders, whose identities have been disclosed, hold shares on behalf of a third-party, it may also, in accordance with the law, request the identity of the third-party in question.

Members of the Management and Supervisory Boards

Powers of the Management Board (Article 17, paragraph 1, of the Articles of Association)

The Management Board is vested with extensive powers to act in all circumstances in the name of the Company, within the scope of the Company's corporate purpose and subject to the powers conferred by law and these Articles of Association to Shareholders' Meetings and the Supervisory Board.

No restriction of its powers will be enforceable against third-parties, who may take legal action against the Company, in the performance of commitments made on its behalf by the Chairman of the Management Board or a Chief Executive Officer, once their appointments have been duly published.

The members of the Management Board are assigned specific duties authorized by the Supervisory Board. On no account does this exempt the Management Board and either one of its members from their two-fold obligation to meet and discuss the most important issues concerning the management of the Company, or from exercising their joint responsibility.

The Management Board may charge one or more of its members or any other person to carry out special, permanent or temporary assignments which it determines, and delegate such person(s) the powers it deems suitable for one or more specific purposes, with or without the right to sub-delegate.

Powers of the Supervisory Board (Article 20 of the Articles of Association)

The Supervisory Board is responsible for permanent monitoring of how the Management Board manages the Company.

The Supervisory Board may conduct as many audits and controls it deems necessary, at any time during the year, and may ask the Management Board to provide any document it considers necessary to fulfill its duties.

At least once every quarter, the Management Board reports to the Supervisory Board on the key management activities or events and provides all the necessary information concerning the Company's business, as well as its interim and, where relevant, quarterly financial statements.

After the close of each fiscal year, and within the regulatory deadlines, the Management Board submits the annual and consolidated financial statements to the Supervisory Board for verification and control, and presents its report to the Shareholders' Meeting.

At the annual Shareholders' Meeting, the Supervisory Board presents its comments on the Management Board report and the full-year consolidated and annual financial statements.

The Chairman also reports on the conditions for preparing and organizing the work of the Supervisory Board, as well as on the Company's internal control procedures.

The Supervisory Board and its members may not, under any circumstances whatsoever, be directly or indirectly involved in the management of the Company while performing their supervisory duties.

Pursuant to Article L.225-68 of the French Commercial Code, the provision of security, as well as sureties, endorsements and guarantees require the Supervisory Board's approval.

The Supervisory Board may give the Management Board prior approval to conduct one or more of the above-mentioned transactions within the limit of the maximum amounts, conditions and time frame determined by the Board.

The Supervisory Board may set up committees made up of its own members, to examine and give their opinion on issues submitted by the Supervisory Board or its Chairman for review. The Board determines the composition and powers of these committees, which conduct their business under the Supervisory Board's responsibility.

1.9. Share buybacks

Please see the "Management Board Report - General Report" (chapter 1 herein) for information on the share buyback program effective during the fiscal year ended 03/31/18. Details of the share buyback program submitted for shareholder approval at the combined ordinary and extraordinary Shareholders' Meeting on 07/26/18 called to approve the Group's financial statements for the fiscal year ended 03/31/18 are given in Chapter 5.

2. General information on Wavestone's share capital

2.1. Share capital

The Company's capital totaled €496,688.20 at 03/31/18, for 4,966,882 fully paid-up shares of the same class (Article 6 of the Articles of Association) at a par value of €0.10 each.

2.2. Potential share capital

Since all past stock option plans expired on 12/31/08, there is no potential share capital dilution.

In the event of future grants, the Company undertakes to not issue stock options at prices that would significantly differ from its market share price.

2.4. Pledges, guarantees and sureties

Pledging of the issuer's direct registered shares current on 03/31/18

Name of direct registered shareholder	Beneficiary	Pledge start date	Pledge expiry date	Pledge release conditions	Number of issuer's shares pledged	% of issuer's capital pledged
None	None	None	None	None	None	None
Total						

Securities on the issuer's assets current at 03/31/18 (intangible, tangible and financial assets)

Type of security	Security start date	Security expiry date	Amount of pledged/assigned asset (a) (in millions of euro)	Statement of financial position total (b) (in millions of euro)	(a)/(b) %	Release conditions
On intangible assets	None	None	None	46.0	n/a	None
On tangible assets	None	None	None	13.9	n/a	None
On financial assets ⁽¹⁾	01/07/16	01/20/22	78.6 ⁽²⁾	98.6	79.7%	See notes
Total			78.6	158.4	49.6%	

(1) Pledges and assignment of receivables relates to collateral put up against lines of credit granted to the Group by its bankers. These commitments mature in 2022. They concern Wavestone Advisors' shares, intra-group receivables held by Wavestone Advisors and its subsidiaries and receivables arising from the exercise of liability guarantees.

(2) The amount in question corresponds to the pledge on Wavestone Advisors shares and the assignment of intra-group receivables. The pledge on receivables, which might be held by Wavestone on Management Consulting Group PLC under the liability guarantee cannot be measured since these pledged assets are not, at this time, considered part of Wavestone's assets.

2.5. Shareholders' agreements

Provisions related to shareholders

None.

Provisions related to issuers

None.

2.3. Authorized, unissued share capital

The financial authorizations granted to the Company by the combined ordinary and extraordinary Shareholders' Meeting on 07/27/17 remain valid. More details on these authorizations are given in the additional notes to the Management Board Report in Chapter 1 of this report.

The Company is not aware of any clause that could have an impact on the Company's assets and liabilities, business, financial situation, earnings and outlook.



3. Breakdown of share capital and voting rights

3.1. Wavestone's shareholders

The table below breaks down Wavestone's shareholders at 04/05/18:

Shareholders	Number of shares	% capital	Theoretical voting rights	% of theoretical voting rights ⁽¹⁾	Exercisable voting rights	% of exercisable voting rights ⁽²⁾
Executives and corporate officers	2,489,339	50,12%	4,975,623	63.71%	4,975,623	64.02%
<i>Pascal Imbert</i>	1,447,284	29,14%	2,894,568	37.06%	2,894,568	37.24%
<i>Michel Dancoisne</i>	1,005,672	20,25%	2,011,344	25.75%	2,011,344	25.88%
<i>Patrick Hirigoyen</i>	24,338	0,49%	48,481	0.62%	48,481	0.62%
<i>Other directors and corporate officers</i>	12,045	0,24%	21,230	0.27%	21,230	0.27%
Shareholders with more than 5% of Company shares	307,100	6,18%	436,700	5.59%	436,700	5.62%
<i>Delphine Chavelas</i>	307,100	6,18%	436,700	5.59%	436,700	5.62%
Employees	296,471	5,97%	413,811	5.30%	413,811	5.32%
Treasury stock	37,551	0,76%	37,551	0.48%		
Free float	1,836,421	36,97%	1,946,063	24.92%	1,946,063	25.04%
Total	4,966,882	100,00%	7,809,748	100.00%	7,772,197	100.00%

(1) In accordance with Article 11 of the Company's Articles of Association, holders of fully paid-up shares registered in their own name for more than two years are granted double voting rights. In addition, under Article 223-11 of the General Regulation of the AMF, the total number of theoretical voting rights is calculated on the basis of the total number of shares, including those with no voting rights.

(2) In accordance with AMF position-recommendation no. 2014-14, the total number of voting rights that can be exercised at Shareholders' Meetings is calculated on the basis of the total number of shares with exercisable voting rights, but does not include shares with no voting rights.

Total voting rights attached to registered shares: 5,769,778 (1) for 2,926,912 shares.

Total shares with voting rights: 4,966,882.

Total bearer shares with single voting rights: 4,966,882 - 2,926,712 = 2,040,170 (2).

Total theoretical voting rights: (1) + (2) = 7,809,748.

Total shares in treasury: 37,551 (3).

Total exercisable voting rights: (1) + (2) - (3) = 7,772,997.

According to a review of identifiable bearer shares on 04/05/18, approximately two-thirds of the shares were held by institutional funds and one-third by private shareholders on that date.

29.14% of Wavestone's shares are held by Mr. Pascal Imbert, the Chairman of the Management Board, and 20.25% by Mr. Michel Dancoisne, the Chairman of the Supervisory Board. Acting in concert, these two shareholders jointly own 49.39% of the Company's capital.

The analysis of identifiable bearer shares on 04/05/18 also shows that Mrs. Delphine Chavelas owns 6.18% of the share capital. To the best of the Company's knowledge, no other shareholder owns 5% or more of Wavestone's share capital and/or voting rights.

Patrick Hirigoyen is a member of the Management Board and Chief Executive Officer of Wavestone.

Other executive directors and corporate officers include Jean-François Perret (Vice-Chairman of the Supervisory

Board), Marie-Ange Verdickt, Sarah Lamigeon and Rafaël Vivier (members of the Supervisory Board). Note that Marie-Ange Verdickt is also the Chairman of the Audit Committee and that Michel Dancoisne and Rafaël Vivier are members of the Audit Committee.

Wavestone is controlled by its two founding shareholders. We are committed to strict corporate governance principles and have adopted a two-tier corporate structure with a Management Board and a Supervisory Board. The presence of independent directors on the Supervisory Board ensures that it carries out its supervisory function and represents Company shareholders. Every year, the work of the Supervisory Board includes reviewing strategy, annual action plans and budgets, as well as internal control procedures. The Supervisory Board also conducts a self-assessment survey to assess its work, and reviews the independent director status of the members.

3.2. Wavestone share capital: five-year overview

The Company's share capital has remained unchanged over the past five years. The most recent capital transaction was the creation on 05/26/09 of 16,220 new shares through the exercise of stock options granted during the fiscal year ended 03/31/09.

3.3. Wavestone shareholder structure: three-year table

The table below details the Company's shareholders for the past three years:

Shareholders	04/05/18 ⁽³⁾				03/31/17 ⁽³⁾			04/11/16 ⁽³⁾		
	Number of shares	% capital	% of theoretical voting rights	% of exercisable voting rights	Number of shares	% of theoretical voting rights	% of exercisable voting rights	Number of shares	% of theoretical voting rights	% of exercisable voting rights
Executive directors and corporate officers ^{(1) (2)}	2,489,339	50.12%	63.71%	64.02%	2,488,561	63.63%	64.15%	2,619,509	67.72%	68.19%
<i>P. Imbert</i>	1,447,284	29.14%	37.06%	37.24%	1,447,284	37.08%	37.38%	1,447,284	37.48%	37.81%
<i>M. Dancoisne</i>	1,005,672	20.25%	25.75%	25.88%	1,005,672	25.76%	25.97%	1,135,272	29.40%	29.66%
<i>P. Hirigoyen</i>	24,338	0.49%	0.62%	0.62%	24,256	0.62%	0.62%	26,148	0.67%	0.68%
<i>Other executive directors and corporate officers</i>	12,045	0.24%	0.27%	0.27%	11,349	0.17%	0.17%	10,805	0.16%	0.05%
Shareholders owning more than 5% of the capital	307,100	6.18%	5.59%	5.62%	349,600	6.14%	6.19%	0	0.00%	0.00%
<i>D. Chavelas</i>	307,100	6.18%	5.59%	5.62%	349,600	6.14%	6.19%	0	0.00%	0.00%
Employees ⁽⁴⁾	296,471	5.97%	5.30%	5.32%	255,988	4.57%	4.61%	261,009	3.75%	3.78%
Treasury stock	37,551	0.76%	0.48%		62,947	0.81%		67,120	0.87%	0.00%
Free float	1,836,421	36.97%	24.92%	25.04%	1,809,786	24.85%	25.06%	2,019,244	27.67%	28.03%
Total	4,966,882	100.00%	100.00%	100.00%	4,966,882	100.00%	100.00%	4,966,882	100.00%	100.00%

(1) Wavestone corporate officers.

(2) Messrs Dancoisne and Imbert acting in concert.

(3) Under Article 223-11 of the General Regulation of the AMF, the total number of theoretical voting rights is calculated on the basis of the total number of shares, including those with no voting rights. In accordance with AMF position-recommendation no. 2014-14, the total number of voting rights that can be exercised at Shareholders' Meetings is calculated on the basis of the total number of shares with exercisable voting rights, but does not include shares with no voting rights.

(4) In accordance with Article 2009-16 of the General Regulation of the AMF, as amended on 12/17/13, an employee subtotal was added as of 03/31/14. This employee subtotal was maintained during the fiscal year ended 03/31/18, in accordance with AMF position-recommendation no. 2014-14.

There were no significant disposals of shares by corporate officers on 03/31/18.

In accordance with laws and regulations in force, the following table lists the transactions completed on Company shares by executive directors, senior managers, and persons closely related to them, during the past fiscal year.

Executive directors	Transaction date	Type of transaction	Number of shares	Transaction share price
Mrs. Marie-Ange Verdickt	12/15/17	Acquisition	500 shares	€123.90

3.4. Threshold crossing

None.



4. Issuer as a member of a group

Wavestone does not belong to any group.

5. Dividends

5.1. Statute of limitations

Unclaimed dividends expire after five years and are paid to the French government, in accordance with the law.

5.2. Dividend distribution

Wavestone has paid a dividend since the fiscal year ended 03/31/95.

Dividends paid in the past three fiscal years:

Fiscal year	Number of shares for dividend payment ⁽¹⁾	Dividend paid per share ⁽²⁾	Portion of the dividend eligible for the 40% relief ⁽³⁾
03/31/17	4,929,431	€0.61	100%
03/31/16	4,912,936	€0.41	100%
03/31/15	4,911,457	€0.39	100%

(1) The Company's treasury shares are not eligible for the dividend.

(2) Before deduction of taxes and social charges.

(3) All of the dividends paid by the Company are eligible for the reduction.

5.3. Dividend payout in respect of the fiscal year ended 03/31/18

The annual Shareholders' Meeting convened to approve the financial statements for the year ended 03/31/18, will be asked to approve a dividend per share of €0.81 to be drawn from the Company's reported 2017/18 earnings.

Treasury shares owned by the Company as part of the share buyback program are not eligible for the dividend. The difference between the estimated amount of the above-mentioned dividend payout and the amount actually disbursed will be booked to retained earnings.

5.4. Future dividend policy

The Company's dividend policy is explained in the "Management Board Report - General Report" (see Chapter 1).

6. Market for the Wavestone share

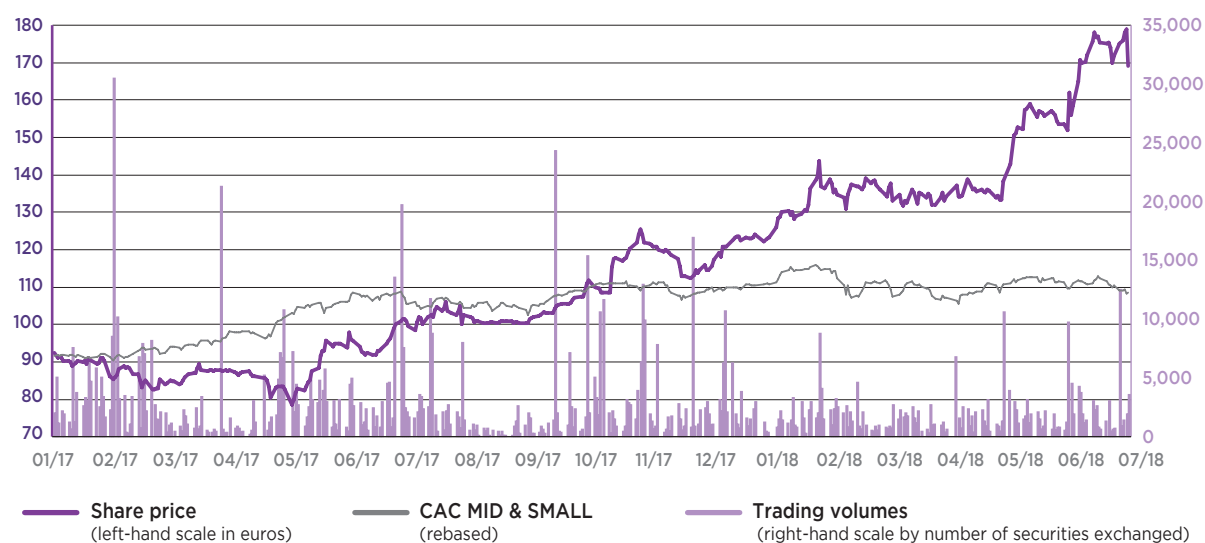
The Company is listed in compartment B of NYSE Euronext Paris.

Share price chart from 04/01/17 to 06/30/18

Date	High segmentation issue	Low segmentation issue	Last listed price	Total volume	Monthly average
04/17	87.95	80.27	82.50	48,189	85.21
05/17	98.50	78.39	97.92	64,598	89.06
06/17	102.25	91.91	99.40	83,100	95.79
07/17	106.30	98.05	101.95	61,425	102.36
08/17	102.20	100.00	101.57	16,307	100.71
09/17	125.00	101.55	111.75	66,150	105.49
10/17	125.99	107.73	121.25	87,200	116.50
11/17	121.40	112.15	115.70	52,523	116.48
12/17	125.00	115.55	123.29	50,479	121.87
01/18	143.80	124.00	135.20	47,097	132.77
02/18	139.20	125.00	136.60	29,526	136.04
03/18	138.40	129.80	134.20	29,434	133.98
04/18	146.60	133.20	142.80	45,481	136.09
05/18	174.00	143.60	156.00	43,756	155.56
06/18	180.60	156.40	169.00	50,416	172.67

Source: Euronext

Trends in the Wavestone share price from 01/01/17 to 06/30/18



Source: Euronext

7. Legal organization chart of Wavestone at 04/06/18

At 04/06/18, Wavestone was comprised of the parent, Wavestone SA, and six direct subsidiaries:

- Wavestone Advisors Morocco Sarl, 95.5% owned
- Wavestone Advisors UK Limited, wholly owned
- Wavestone Advisors Switzerland Sarl, wholly owned
- Wavestone Advisors SAS, wholly owned
- Xceed Holding (Group) Limited, wholly owned
- Xceed Consultancy Services Limited, 5.8% owned.

Wavestone SA also had indirect stakes in 11 subsidiaries at 04/06/18:

- Wavestone US Incorporated, wholly owned by Wavestone Advisors SAS
- Wavestone Luxembourg SA, wholly owned by Wavestone Advisors SAS
- Wavestone Belgium SA/NV, 99.84% owned by Wavestone Advisors SAS
- Wavestone Consulting Switzerland Sarl, wholly owned by Wavestone Advisors SAS
- Wavestone HK limited, wholly owned by Wavestone Advisors SAS
- Xceed Group Limited, wholly owned by Xceed Holding (Group) Ltd
- Xceed Consultancy Services Limited, 94.2% owned by Xceed Group Limited

- Xceed 2007 Incorporated, wholly owned by Xceed Group Limited
- Rock Sourcing Limited, wholly owned by Xceed Group Limited
- Xceed PS Limited, wholly owned by Xceed Group Limited
- Xceed investments Limited, wholly owned by Xceed Group Limited.

For more information on the key figures in each subsidiary's income statement at 03/31/18 and an account of the mergers completed during the 2017/18 fiscal year, see the Management Board Report in Chapter 1 of this registration document.

The Wavestone parent company holds most of the assets required for the firm's operations. Wavestone subsidiaries pay royalties to the parent company for the right to use its assets (premises and technical resources). In addition, while subsidiaries may own some assets considered necessary for them to carry out their own operations, they do not hold any assets that are strategic for the Company.

We have formed a number of partnerships to create synergies between Company subsidiaries, for the most part to run joint operations involving several Wavestone companies, which are conducted by way of internal subcontracting agreements. The breakdown of the Group's internal invoicing for the fiscal year ended 03/31/18 is given in the table below.

	Suppliers									
(in thousands of euros)	Wavestone SA	Wavestone Advisors UK Ltd	Wavestone Advisors Switzerland Sarl	Wavestone Advisors (SAS)	Wavestone US Inc	Wavestone Luxembourg SA	Wavestone Belgium SA/NV	Wavestone Advisors Morocco (SARL)	Wavestone Consulting Switzerland Sarl	Wavestone HK Ltd
Clients										
Wavestone SA		1,309	619	26,006	778	1,895	266	43	1,035	275
Wavestone Advisors UK Ltd	110			0						
Wavestone Advisors Switzerland Sarl	176	186		1			56			
Wavestone Advisors (SAS)	13,581	2			1,585	1,674	429	83	163	164
Wavestone US Inc	191									
Wavestone Luxembourg SA	49			-98			326		1,784	
Wavestone Belgium SA/NV	291			18		102				
Wavestone Advisors Morocco (SARL)	624			164		1				
Wavestone Consulting Switzerland Sarl						698	0			
Wavestone HK Ltd	64									

Other internal billings concern the pooling of Group-wide resources: sharing of premises and technical resources, central cash management and some support functions.

8. Investment and asset policy

Because of the nature of Wavestone's activity, investment is limited to the purchase of computer equipment, IT systems and software licenses, as well as office furniture and fittings the firm needs to carry out its day-to-day operations.

These transactions are either booked as investments, or financed with leasing contracts (hardware paid for on a lease-purchase basis is acquired at the end of the lease period).

Investments (in thousands of euros)	03/31/16	03/31/17	03/31/18
Tangible and intangible assets	9,148*	14,843**	3,379***

* of which €1,307k lease-financed.

** of which €1,432k lease-financed.

*** of which €1,367k lease-financed.

9. Offices

Head office:

Tour Franklin
100-101 terrasse Boieldieu
92042 Paris La Défense Cedex
France

Wholly-owned subsidiaries:

Belgium

Square Stéphanie
Avenue Louise 65, 1050 Brussels

United States

1330 Avenue of the Americas, 9th floor
New York, NY 10019

France

81, boulevard Stalingrad
Immeuble Park Avenue – CS 30235
69608 Villeurbanne Cedex – France

Immeuble Le Virage – Bâtiment C
3, allée Marcel Leclerc
13008 Marseille

Immeuble Le Viviani
2, rue René Viviani
Ile Beaulieu
44200 Nantes

Hong Kong

21/F On Hing Building
1 On Hing Terrace
Central
Hong Kong

Luxembourg

10 rue du Château d'Eau
L-3364 Leudelange

Morocco

157, Bd Anfa
Immeuble Racine d'Anfa
20100 Casablanca

United Kingdom

29, Cornhill
4th floor
London
EC3V 3ND

1 Alie Street
London
E1 8DE

Switzerland

105 rue de Lyon
1203 Geneva

All office premises occupied by the firm and its subsidiaries are rented from independent owners.



Exceptional events and disputes

To the Company's knowledge, there are no exceptional events or disputes liable to have a material impact on the financial situation or earnings of the Company or the Group.

With the exception of disputes arising during the normal course of the Group's business, Wavestone has not been subject to any government, legal or arbitration proceedings during the last twelve months.



2018 COMBINED ORDINARY AND EXTRAORDINARY GENERAL MEETING

05

248 DESCRIPTION OF THE SHARE BUYBACK PROGRAM

250 RESOLUTIONS TO BE PROPOSED TO THE COMBINED ORDINARY AND EXTRAORDINARY
SHAREHOLDERS' MEETING ON 07/26/18

Description of the share buyback program to be submitted for the approval of the shareholders at the combined ordinary and extraordinary Shareholders' Meeting on 07/26/18

This section describes the Company's share buyback program and outlines the purpose, as well as the terms and conditions of the program to be submitted for shareholder approval at the combined ordinary and extraordinary Shareholders' Meeting on 07/26/18, in accordance with Articles 241-1 to 241-5 of the General Regulation of the AMF (the French Financial Market Regulator), and European Regulation no. 596/2014, dated 04/16/14.

This new program cancels and replaces the program authorized by the shareholders on 07/27/17.

1. Date of the annual Shareholders' Meeting convened to authorize the share buyback program

The buyback program described here will be proposed to the combined annual Shareholders' Meeting on 07/26/18.

2. Breakdown by objectives of the equity securities held by Wavestone at 04/30/18

At 04/30/18, Wavestone owned 36,303 shares, equivalent to 0.7% of the Company's share capital. These shares were distributed in the following manner:

- 5,492 shares were allotted to promoting the secondary market or improving the liquidity of Wavestone shares, under a liquidity contract with an investment services provider in accordance with an ethics charter approved by the AMF. Note that Wavestone has a liquidity contract with the Portzamparc brokerage firm, in accordance with the law and regulations applicable to the ethics charter and to the French Financial Markets Association (AMAFI);
- 30,811 shares were allotted to Group employees and/or corporate officers in accordance with the conditions and formalities provided by law, notably with respect to stock option plans introduced under the Group's profit-sharing policy, such as employee savings schemes, free share grants or any other forms of share awards;
- No shares were held in treasury to finance acquisitions.

In accordance with current law and regulations, these shares do not carry voting rights and do not give entitlement to dividends.

No derivative instruments were used by Wavestone to implement this program.

3. Objectives of the new share buyback program

Wavestone will use the new share buyback program, authorized under resolution 15 submitted for the approval of the combined ordinary and extraordinary Shareholders' Meeting on 07/26/18, for the following purposes:

- to promote the market for the Company's share and boost liquidity, under a liquidity contract with an independent investment services provider, in accordance with an ethics charter recognized by the AMF;
- to honor obligations related to the issue of shares and other securities giving access to the Company's share capital;
- to allocate or sell shares to employees and/or corporate officers of the Company or of companies in the Group, in accordance with the terms and conditions set by law, for profit-sharing, share ownership plans, Company and inter-company savings plans, and for the purposes of implementing and satisfying stock option and free share plans;
- to cancel all or some of the shares purchased to reduce the share capital, within the context of and subject to a valid authorization granted by the extraordinary Shareholders' Meeting;
- to implement all market practices and objectives permitted by law or current regulations or by the AMF concerning share buyback programs and, more generally, to carry out all operations that comply with the regulations in force as regards these programs.

4. Maximum share of capital, maximum number and characteristics of shares that can be purchased, and maximum purchase price

Under the terms of resolution 15 submitted for the approval of the combined ordinary and extraordinary Shareholders' Meeting on 07/26/18, the maximum number of shares the Management Board will be authorized to purchase is equivalent to 10% of the share capital at 04/28/17, which is 496,688 shares. Given the shares in treasury at 04/28/17, Wavestone would be able to buy back a total of 460,385 shares, equivalent to around 9.27% of the shares making up the Company's share capital at that date.

Stock eligible for repurchase are ordinary shares all of the same category and listed on Euronext Paris, compartment B (ISIN code FR 0004036036).

The maximum purchase price is capped at:

- €264 per share (excluding expenses) when shares are purchased to promote the market for the Company's share and boost liquidity, under a liquidity contract with an independent investment services provider;
- €198 per share (excluding expenses) for all other authorizations granted to the Management Board under the 15th resolution.

For capital transactions, in particular share splits, reverse share splits or free share grants, the amounts referred to above will be adjusted in the same proportions.

The maximum under the program is:

- €121,541,640 (460,385 shares x €264) for purchases to promote the market for the Company's share and boost liquidity, under a liquidity contract with an independent investment services provider;
- €91,156,230 (460,385 shares x €198) for all other authorizations granted to the Management Board under the 15th resolution.

Shares may be purchased on one or more occasions and at the times the Management Board deems appropriate, other than during periods of public offerings on Company shares, in compliance with applicable regulations and market practices accepted by the AMF. Shares may be purchased on- or off-market, and through an over-the-counter block purchase. Your Management Board may also use derivative or options transactions, provided that these do not contribute in a significant way to increasing the volatility of the share price.

5. Duration of the new share buyback program proposal

Under the terms of the 15th resolution submitted for the approval of the shareholders at the combined ordinary and extraordinary Shareholders' Meeting on 07/26/18, the Management Board will be authorized to buy back Company shares for a period of eighteen months following the date of the combined ordinary and extraordinary annual Shareholders' Meeting on 07/26/18. This authorization cancels the authorization granted to the Management Board by the combined ordinary and extraordinary Shareholders' Meeting on 07/27/17.

Article 241-2-II of the AMF General Regulation requires any material change in the information given in sub-sections I-3, I-4 and I-5 of said Article and mentioned in this description to be made public as soon as possible, in accordance with Article 221-3 therein. This includes making such changes available at Company headquarters and on the Wavestone website.

This document is available on Wavestone's website: www.wavestone.com

Resolutions to be proposed to the combined ordinary and extraordinary Shareholders' Meeting on 07/26/18

1. Ordinary annual Shareholders' Meeting resolutions

Resolution 1:
Approval of the annual reports and financial statements for the fiscal year ended March 31, 2018

Summary

Purpose:
Approve the Company's individual financial statements at March 31, 2018 showing net income of €30,557,857.

The annual Shareholders' Meeting, deliberating under the quorum and majority conditions required for ordinary Shareholders' Meetings, having reviewed the reports of the Management Board, the Supervisory Board and the Statutory Auditors, approves the annual financial statements for the fiscal year ended March 31, 2018 showing net income of €30,557,857, as well as the transactions reflected in these financial statements and summarized in these reports.

Pursuant to Article 223 *quater* of the French General Tax Code, the annual Shareholders' Meeting approves the total non-tax deductible expenditure and charges referred to in Article 39-4 of said Code, which amounted to €20,529, as well as the theoretical tax for these expenses and charges, for a total of €7,069.

Resolution 2:
Approval of the consolidated annual reports and consolidated financial statements for the fiscal year ended March 31, 2018

Summary

Purpose:
Approve the Company's consolidated financial statements at March 31, 2018.

The annual Shareholders' Meeting, deliberating under the quorum and majority conditions required for ordinary Shareholders' Meetings, having reviewed the reports of the Management Board, the Supervisory Board and the Statutory Auditors, approves the consolidated financial statements for the fiscal year ended March 31, 2018, as well as the transactions reflected in these financial statements and summarized in these reports.

Resolution 3:
Appropriation of earnings for the fiscal year ended March 31, 2018, setting the dividend and the dividend payment date

Summary

Purpose:
Allocate income amounting to €30,557,857 and pay a dividend of €3,992,758, or €0.81 per share to eligible shareholders.

Wavestone is a growth company and we reinvest the bulk of our earnings to fund further development. Our policy is to pay out 15% of net income attributable to owners of the parent company in dividends, while reserving the right to change this percentage in line with our funding needs, cash generation and industry norms.

Dividend payment date: August 3, 2018.

The annual Shareholders' Meeting, deliberating under the quorum and majority conditions required for ordinary Shareholders' Meetings, on a proposal of the Management Board, resolves to allocate the profit for the fiscal year ended March 31, 2018, amounting to €30,557,857 as follows:

Dividend distribution: €3,992,758

Retained earnings account: €26,565,099

Accordingly, the dividend per eligible share is €0.81 (please note: on March 31, 2018, the Company held 38,156 treasury shares).

If, on the dividend payment date, the number of shares eligible for the dividend differs from the 4,966,882 shares comprising the share capital on March 31, 2018, the total dividend will be adjusted to take this difference into account. The balance credited to or debited from the retained earnings account will be calculated on the basis of the dividends actually paid.

The ex-dividend date is August 1, 2018 and dividends will be paid two days later, on August 3, 2018.

For qualifying shareholders (residents of France), the total dividend is eligible for the single flat tax rate of 30% (which breaks down as 12.8% for the flat income tax and 17.2% for social security contributions) in accordance with Article 117 *quater* of the French General Tax Code. Alternatively,

shareholders can opt for the 40% tax relief as per Article 158-3.2 of the French General Tax Code. The following table gives the dividends paid for the last three fiscal years, as required by law:

Fiscal year	Number of shares ⁽¹⁾	Dividend per share ⁽²⁾	Portion of the dividend eligible for the 40% relief ⁽³⁾
March 31, 2017	4,929,431	€0.61	100%
March 31, 2016	4,912,936	€0.41	100%
March 31, 2015	4,911,457	€0.39	100%

(1) After deduction of treasury shares.

(2) Before deduction of taxes and social charges.

(3) All the dividends paid by the Company are eligible for the reduction.

Resolution 4: Approval of a new regulated agreement

Summary

Purpose:

Approve the agreement entered into and authorized during the fiscal year ended March 31, 2018, covered in a special report of the Statutory Auditors.

The annual Shareholders' Meeting, deliberating under the quorum and majority conditions required for ordinary Shareholders' Meetings, having reviewed the Statutory Auditors' special report in accordance with Article L.225-88 of the French Commercial Code, approves the agreement concluded and authorized during the fiscal year ended March 31, 2018. Under the terms of this agreement, the period of suspension of Mr. Patrick Hirigoyen's employment contract will be taken into account when calculating length of service under his employment contract, as well as the conclusions of the Statutory Auditors' special report.

Resolution 5: Approval of the Statutory Auditors' special report on previously approved regulated agreements and commitments

Summary

Purpose:

Approve the Statutory Auditors' special report on the previously approved agreement, which was still effective during the fiscal year ended March 31, 2018 and acknowledge the information related to this agreement.

The annual Shareholders' Meeting, deliberating under the quorum and majority conditions required for ordinary Shareholders' Meetings, having reviewed the Statutory Auditors' special report, pursuant to Article L.225-88 of the French Commercial Code:

- approves the said report and acknowledges the information relating to the previously approved agreement, which was still effective during the fiscal year ended March 31, 2018;
- acknowledges that there were no previously signed regulated commitments entered into by the Company.

**Resolution 6:
Reappointment of Mr. Michel Dancoisne as a member of
the Supervisory Board**

Summary

Purpose:

Renew Mr. Michel Dancoisne's appointment to the Supervisory Board.

Term of office: 4 years, until the close of the annual Shareholders' Meeting called to approve the financial statements for the fiscal year ending March 31, 2022.

The annual Shareholders' Meeting, deliberating under the quorum and majority conditions required for ordinary Shareholders' Meetings, renews Mr. Michel Dancoisne's appointment as a member of the Supervisory Board for the statutory term of four years, until the close of the annual Shareholders' Meeting called to approve the financial statements for the fiscal year ending March 31, 2022.

**Resolution 7:
Reappointment of Mr. Jean-François Perret as a member
of the Supervisory Board**

Summary

Purpose:

Renew Mr. Jean-François Perret's appointment to the Supervisory Board.

Term of office: 4 years, until the close of the annual Shareholders' Meeting called to approve the financial statements for the fiscal year ending March 31, 2022.

The annual Shareholders' Meeting, deliberating under the quorum and majority conditions required for ordinary Shareholders' Meetings, renews Mr. Jean-François Perret's appointment as a member of the Supervisory Board for the statutory term of four years, until the close of the annual Shareholders' Meeting called to approve the financial statements for the fiscal year ending March 31, 2022.

**Resolution 8:
Vote on the compensation and benefits-in-kind awarded
or due to the Chairman of the Management Board in
respect of the fiscal year ended March 31, 2018**

Summary

Purpose:

Approve the fixed and variable components of total compensation and other benefits paid or awarded to Mr. Pascal Imbert, in his role as Chairman of the Management Board, in respect of the fiscal year ended March 31, 2018.

The annual Shareholders' Meeting, deliberating under the quorum and majority conditions required for ordinary Shareholders' Meetings, having reviewed the Supervisory Board's report on corporate governance, in accordance with Article L.225-68 of the French Commercial Code, approves, pursuant to Article 225-100 II of said Code, the components of compensation and benefits-in-kinds paid or allocated in respect of the fiscal year ended March 31, 2018 to Mr. Pascal Imbert, in his role as Chairman of the Supervisory Board, as presented in the above-mentioned report.

**Resolution 9:
Vote on the compensation and benefits-in-kind awarded
or due to the CEO and member of the Management Board
in respect of the fiscal year ended March 31, 2018**

Summary

Purpose:

Approve the fixed and variable components of total compensation and other benefits paid or awarded to Mr. Patrick Hirigoyen, in his role as CEO and member of the Management Board, in respect of the fiscal year ended March 31, 2018.

The annual Shareholders' Meeting, deliberating under the quorum and majority conditions required for ordinary Shareholders' Meetings, having reviewed the Supervisory Board's report on corporate governance, in accordance with Article L.225-68 of the French Commercial Code, approves, pursuant to Article 225-100 II of said Code, the components of compensation and benefits-in-kind paid or allocated in respect of the fiscal year ended March 31, 2018 to Mr. Patrick Hirigoyen, in his role as CEO and member of the Management Board, as presented in the above-mentioned report.

**Resolution 10:
Vote on the compensation and benefits-in-kind awarded or due to the Chairman of the Supervisory Board in respect of the fiscal year ended March 31, 2018**

Summary

Purpose:

Approve the fixed and variable components of total compensation and other benefits paid or awarded to Mr. Michel Dancoisne, in his role as Chairman of the Supervisory Board, in respect of the fiscal year ended March 31, 2018.

The annual Shareholders' Meeting, deliberating under the quorum and majority conditions required for ordinary Shareholders' Meetings, having reviewed the Supervisory Board's report on corporate governance, in accordance with Article L.225-68 of the French Commercial Code, approves, pursuant to Article 225-100 II of said Code, the components of compensation and benefits-in-kind paid or allocated in respect of the fiscal year ended March 31, 2018 to Mr. Michel Dancoisne, in his role as Chairman of the Supervisory Board, as presented in the above-mentioned report.

**Resolution 11:
Vote on compensation policy for the Chairman of the Management Board in respect of the fiscal year starting April 1, 2018**

Summary

Purpose:

Approve the principles and criteria used to determine, distribute and allocate the fixed, variable and exceptional components of total compensation and benefits-in-kind allocated to Mr. Pascal Imbert, in his role as Chairman of the Management Board, in respect of the fiscal year starting April 1, 2018.

The annual Shareholders' Meeting, deliberating under the quorum and majority conditions required for ordinary Shareholders' Meetings, having reviewed the Supervisory Board's report on corporate governance, in accordance with Article L.225-68 of the French Commercial Code, approves the principles and criteria used to determine, distribute and allocate the fixed, variable and exceptional components of total compensation and benefits-in-kind in respect of the fiscal year starting April 1, 2018, allocated to Mr. Pascal Imbert in his role as Chairman of the Management Board, as presented in the above-mentioned report.

**Resolution 12:
Vote on compensation policy for the CEO - Management Board member in respect of the fiscal year starting April 1, 2018**

Summary

Purpose:

Approve the principles and criteria used to determine, distribute and allocate the fixed, variable and exceptional components of total compensation and benefits-in-kind allocated to Mr. Patrick Hirigoyen in his role as CEO and Management Board member in respect of the fiscal year starting April 1, 2018.

The annual Shareholders' Meeting, deliberating under the quorum and majority conditions required for ordinary Shareholders' Meetings, having reviewed the Supervisory Board's report on corporate governance, in accordance with Article L.225-68 of the French Commercial Code, approves the principles and criteria used to determine, distribute and allocate the fixed, variable and exceptional components of total compensation and benefits-in-kind in respect of the fiscal year starting April 1, 2018, allocated to Mr. Patrick Hirigoyen in his role as CEO and Management Board member, as presented in the above-mentioned report.

**Resolution 13:
Vote on compensation policy for the members of the
Supervisory Board in respect of the fiscal year starting
April 1, 2018**

Summary

Purpose:

Approve the principles and criteria used to determine, distribute and allocate the fixed, variable and exceptional components of total compensation and benefits-in-kind allocated to the Chairman and members of the Supervisory Board in respect of the fiscal year starting April 1, 2018.

The annual Shareholders' Meeting, deliberating under the quorum and majority conditions required for ordinary Shareholders' Meetings, having reviewed the Supervisory Board's report on corporate governance, in accordance with Article L.225-68 of the French Commercial Code, approves the principles and criteria used to determine, distribute and allocate the fixed, variable and exceptional components of total compensation and benefits-in-kind in respect of the fiscal year starting April 1, 2018, allocated to the Chairman and members of the Supervisory Board, as presented in the above-mentioned report.

**Resolution 14:
Set attendance fees for the members of the Supervisory
Board**

Summary

Purpose:

*Review the total attendance fees payable to the Supervisory Board members as of the 2018/2019 fiscal year.
On July 27, 2017, the annual Shareholders' Meeting set the overall total at €85,000.*

The annual Shareholders' Meeting, deliberating under the quorum and majority conditions required for ordinary Shareholders' Meetings, having reviewed the Supervisory Board's report on corporate governance, in accordance with Article L.225-68 of the French Commercial Code, resolves to set the total attendance fees payable to the Supervisory Board members at €136,000, as of the fiscal year starting April 1, 2018, until such time as the annual Shareholders' Meeting resolves otherwise.

**Resolution 15:
Authorization delegating power to the Management
Board to trade in the Company's shares**

Summary

Purpose:

Authorize your Management Board to buy back the Company's shares. The maximum purchase price is capped at €264 (excluding expenses) for transactions to provide liquidity in the market for the Wavestone share and at €198 (excluding expenses) in other cases. The maximum number of shares the Company can purchase under this authorization is 10% of the share capital, less the treasury stock already owned by the Company.

The Company may buy back its shares:

- *for cancellation by way of a share capital reduction*
- *for allocation or, as relevant, sale to employees and/or Directors of the Company or of Group companies*
- *to provide liquidity in the market for Company's shares under a liquidity contract with an investment services provider, in accordance with an ethics charter recognized by the AMF*
- *to implement all market practices and objectives permitted by law.*

Shares may be purchased, sold or transferred by any means, on one or more occasions, notably on a stock exchange or over the counter, including, in whole or in part, in the form of a block purchase, sale or transfer, or using derivatives and any other financial instruments.

This authorization is valid for a period of 18 months as of the annual Shareholders' Meeting on July 26, 2018.

The annual Shareholders' Meeting, deliberating under the quorum and majority conditions required for ordinary Shareholders' Meetings, having reviewed the Management Board's report, grants authorization to the Management Board, with the power to delegate to any legally authorized person, to purchase the Company's shares, under the legal and regulatory terms and conditions applicable at the time of trading, and in particular pursuant to the terms and obligations imposed by Articles L.225-209 *et seq.* of the French Commercial Code set by the directly applicable provisions of European Commission regulation no. 596/2014 dated April 16, 2014 and the market practices accepted by the AMF.

This authorization may be used by the Management Board for the following purposes:

- to provide liquidity in the market for the Company's shares, under a liquidity contract with an independent investment services provider, in accordance with an ethics charter recognized by the AMF;
- to honor obligations related to the issue of shares and other securities giving access to the Company's share capital;
- to award or sell shares to employees and/or corporate officers of the Company or of companies within the Group, in accordance with the terms and conditions set by law, especially in respect of profit-sharing, share ownership plans, Company and inter-company savings plans, and for the purposes of implementing and satisfying stock option and free share plans;
- to cancel all or some of the shares purchased to reduce the share capital, within the context of, and subject to a valid authorization granted by the extraordinary Shareholders' Meeting;
- to implement all market practices and objectives permitted by law or current regulations or by the AMF concerning share buyback programs and, more generally, to carry out all operations that comply with the regulations in force as regards these programs.

The annual Shareholders' Meeting hereby decides that:

- the purchase, sale, exchange or transfer of shares may be done by any means, on a stock exchange or over the counter, in the form of a block purchase or sale, without limiting the portion of the buyback program that may be executed by such means, or, if necessary, by way of any form of derivative instrument or option transaction provided that these do not contribute in a significant way to increasing the volatility of the share price (it being specified that block share purchases can only be carried out with a reference shareholder if the latter offers one or more forms of compensation such as a discount to the value of the purchased shares). These transactions may take place at any time, other than during periods of public offerings on the Company's shares (unless such transactions are carried out to satisfy share delivery commitments);

- the maximum number of shares the Company may purchase under this authorization is capped at 10% of the share capital, in accordance with Article L.225-209 of the French Commercial Code. This includes treasury shares acquired under previous share buyback authorizations granted by the annual Shareholders' Meeting, it being specified that when shares are purchased under a liquidity contract, the 10% calculation mentioned above applies to the number of shares acquired, less the number sold during the term of this authorization;
- The maximum price, which may be paid for a share is (i) €264 (excluding expenses) when shares are purchased to provide liquidity in the market for the Company's share, under a liquidity contract with an independent investment services provider, and (ii) €198 (excluding expenses) for all other authorizations granted to the Management Board. Note however, that for capital transactions, (notably capital increases by incorporation of reserves and allocation of free shares), share splits and reverse splits, the price and number of shares referred to above will be adjusted by a factor equal to the ratio between the number of shares making up the capital before the transaction, and the number of shares comprising the capital after the transaction;
- the total amount of funds allocated for treasury share purchases is capped at €121,052,448, subject to available reserves;
- this authorization cancels and replaces the previous authorization granted to the Management Board by the combined ordinary and extraordinary Shareholders' Meeting on July 27, 2017 in its 10th resolution for the same purpose. It is valid for 18 months as of this date.

The annual Shareholders' Meeting grants all powers to the Management Board, including that of sub-delegation to any legally authorized person, to set up and implement a share buyback plan, and notably to:

- launch and implement this share buyback program;
- place, within the limits specified above, any trade orders on a stock exchange or over the counter, in compliance with applicable regulations;
- adjust the share purchase price to take into account the impact of transactions on the Company's share price;

- enter into any and all agreements to keep registers of share purchases and sales;
- ensure full traceability of transactions;
- make all declarations and complete all formalities with the appropriate organizations, notably the French Financial Markets Authority (AMF), and file all stock purchase/sale information (or request this be filed by the securities service) in the purchase/sale registers, as required under Articles L.225-211 and R.225-160 of the French Commercial Code;
- complete all other formalities and, in general, do all that is necessary;
- ensure the Works Council is informed that this resolution has been adopted, in accordance with the provisions of Article L.225-209 (1) of the French Commercial Code;
- ensure that Company shareholders are informed at the next annual Shareholders' Meeting of the exact allocation of the shares purchased for the specific purposes indicated.

2. Extraordinary Shareholders' Meeting resolutions

Resolution 16: Authorization delegating power to the Management Board to reduce the share capital by canceling treasury shares

Summary

Purpose:

Authorize your Management Board to cancel Company shares acquired pursuant to the authorization granted under the 15th resolution, within a limit of 10% of the share capital by twenty-four month periods, and to reduce the share capital accordingly.

The Company may cancel treasury shares as a means to achieve various financial objectives, such as implementing an active capital management strategy, statement of financial position optimization, or to offset share dilution resulting from an increase in capital.

This authorization is valid for a period of 18 months as of the Shareholders' Meeting on July 26, 2018.

The annual Shareholders' Meeting, deliberating under the quorum and majority conditions required for ordinary Shareholders' Meetings, having reviewed the Management Board's report and the Statutory Auditors' special report:

1. Authorizes the Management Board, in accordance with the provisions of Article L.225-209 of the French Commercial Code, to cancel, on one or more occasions, the treasury shares held or acquired by the Company in implementation of the 15th resolution or any other such resolution having the same purpose and which is subject to the same legal provisions, for up to 10% of the Company's share capital by twenty-four (24) month periods, and to reduce the share capital accordingly. This 10% ceiling applies to the amount of the Company's share capital which will be adjusted, as necessary, to reflect capital transactions subsequent to the annual Shareholders' Meeting.
2. Authorizes the Management Board to deduct the difference between the redemption value of the canceled shares and their par value from the available premiums and reserves.
3. Grants all powers to the Management Board, with the power to sub-delegate to persons legally authorized under applicable legal and regulatory provisions, to perform these share cancellation and capital reduction operations, notably to determine the final amount of the capital reduction, set the terms and conditions and record the completion thereof, make the corresponding amendment to the Company's Articles of Association, complete all formalities required and make all declarations to all bodies and, in general, do all that is necessary.
4. Decides that this authorization is granted for a period of eighteen (18) months from the date of this annual Shareholders' Meeting; cancels and replaces the previous authorization for the same purpose granted to the Management Board by the combined ordinary and extraordinary Shareholders' Meeting on July 27, 2017.

**Resolution 17:
4-for-1 stock split and exchange of each share in issue for four new Company shares; delegation of powers to the Management Board**

Summary

Purpose:

The Company wants to expand its shareholder base by making the share more affordable and improving its liquidity. The annual Shareholders' Meeting therefore resolved to implement a 4-for-1 stock split and to exchange each share in issue for four new Company shares. It resolved to grant all powers to the Management Board to implement this decision and carry out the stock split.

The annual Shareholders' Meeting, deliberating under the quorum and majority conditions required for ordinary Shareholders' Meetings, having reviewed the Management Board's report and having noted that the nominal value of the share is equal to the total share capital divided by the total number of Company shares in issue, resolves to split each share into four, leaving the total share capital unchanged.

Accordingly, the annual Shareholders' Meeting resolves that:

- each share comprising the share capital on the date of the share split shall be automatically exchanged for four new shares of the Company. These new shares shall have the same rights as the old shares, including, for shares held in registered form for more than two (2) years, maintenance of double voting rights;
- the number of Company shares that may be allotted to the beneficiaries of free share grants under plans where the vesting period is before the effective date of the share split will be multiplied by four.

The annual Shareholders' Meeting delegates all powers to the Management Board, with the power to sub-delegate within the limits set by applicable laws and regulations, to:

1. give effect to this resolution and split the nominal value of the shares, set the effective date, which may not be later than December 31, 2018;
2. determine the exact number of new shares of the Company to issue, based on the number of shares in issue on the date of the stock split and make the exchange of new shares for old;

3. make all adjustments required as result of the stock split, including the number of free shares granted, according to Articles L.225-197-1 et seq. of the French Commercial Code, prior to the split;
4. sign all deeds, complete all legal formalities and make all declarations;
5. as a result, amend Article 6 (share capital) of the Company's Articles of Association on the number of shares comprising the share capital; and
6. in general, do all that is necessary to implement this resolution.

**Resolution 18:
Powers for formalities**

Summary

Purpose:

This resolution is proposed to grant the powers to complete the formalities required following the Shareholders' Meeting.

The annual Shareholders' Meeting, deliberating under the quorum and majority conditions required for extraordinary Shareholders' Meetings, grants full powers to the bearer of the original or copy of the minutes of this annual Shareholders' Meeting to complete all filings and other formalities as required.



ADDITIONAL INFORMATION

06

260	DOCUMENTS AVAILABLE TO THE PUBLIC
261	PERSONS RESPONSIBLE
262	REGISTRATION DOCUMENT CROSS-REFERENCE TABLE
265	ANNUAL FINANCIAL REPORT CROSS-REFERENCE TABLE
266	MANAGEMENT REPORT CROSS-REFERENCE TABLE
267	CORPORATE GOVERNANCE REPORT CROSS-REFERENCE TABLE



Documents available to the public

The Registration Document is available at the Company's registered office:

Tour Franklin
100-101, terrasse Boieldieu
92042 Paris La Défense Cedex
France

Phone: +33 1 49 03 20 00

and on the Company's website: www.wavestone.com

During the period of validity of the present Registration Document, the following documents may be consulted at the Company's registered office:

- The Company's Articles of Association
- All reports, letters and other documents, historical financial information, assessments and declarations issued by an expert at the Group's request, some of which are included or referred to in this document
- Wavestone's historical financial information for each of the two fiscal years preceding the publication of the present Registration Document.

Persons responsible

Person responsible for the Registration Document

Pascal Imbert, CEO.

Statement by the person responsible for the Registration Document

"I hereby certify that, after taking all reasonable measures to this effect, the information contained in the present document is, to the best of my knowledge, in accordance with the facts and makes no omission likely to give a false representation.

I declare that, to the best of my knowledge, the financial statements were prepared according to generally accepted accounting principles and give a true and fair view of the assets and liabilities, the financial situation and the results of the Company and all entities in its scope of consolidation, and that the Management Report on page 70 presents a faithful summary of progress in the businesses, results and financial situation, as well as a description of the main risks and uncertainties of the Company and all entities in its scope of consolidation".

Paris, 06/30/18.

Pascal Imbert, CEO

Persons responsible for the Statutory Audit

Statutory Auditors:

Mazars, member of the Versailles Regional Statutory Auditors' Commission (*Compagnie Régionale de Versailles*), 61, rue Henri Regnault - 92075 Paris La Défense Cedex, appointed by the 07/11/14 ordinary Shareholders' Meeting; mandate due to expire at the close of the ordinary Shareholders' Meeting called to approve the financial statements for the fiscal year ending 03/31/20. Represented by Mr. Paul-Armel Junne.

Deloitte & Associés, member of the Versailles Regional Statutory Auditors' Commission (*Compagnie Régionale de Versailles*), Tour Majunga, 6, place de la Pyramide, 92908 Paris La Défense, appointed by the 09/25/13 ordinary Shareholders' Meeting; mandate due to expire at the close of the ordinary Shareholders' Meeting called to approve the financial statements for the fiscal year ending 03/31/19. Represented by Mr. Dominique Laurent.

Substitute Statutory Auditors:

Fidus, 12, rue de Ponthieu - 75008 Paris, member of the Versailles Regional Statutory Auditors' Commission (*Compagnie Régionale de Versailles*), appointed by the 07/11/14 ordinary Shareholders' Meeting; mandate due to expire at the close of the ordinary Shareholders' Meeting called to approve the financial statements for the fiscal year ending 03/31/20.

BEAS, 7, Villa Houssay - 92200 Neuilly-sur-Seine, mandate renewed by the 09/25/13 ordinary Shareholders' Meeting; mandate expires at the close of the ordinary Shareholders' Meeting called to approve the financial statements for the fiscal year ending 03/31/19.

Person responsible for financial information

Pascal Imbert, CEO.

Wavestone

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Registration Document cross-reference table

In compliance with Annex 1 of European Commission Regulation (EC) no. 809/2004

Sections	Pages	
1	Persons responsible	
1.1	Names and functions of persons responsible for the Registration Document	261
1.2	Statements by the persons responsible	261
2	Statutory Auditors	
2.1	Names and addresses of Statutory Auditors	261
2.2	Information concerning Statutory Auditors who have either resigned or whose mandates were not renewed	261
3	Selected financial information	
3.1	Historical information	12 and 71 to 76
3.2	Intermediary information	na
4	Risk factors	87 to 103
5	Information concerning the issuer	
5.1	Company background and development	
5.1.1	Company name	232
5.1.2	Place of registration and registration number	232
5.1.3	Date of incorporation and lifetime	232
5.1.4	Registered office and legal structure	232
5.1.5	Key events in the development of the Company	232
5.2	Investments, investment strategy	
5.2.1	Major investments carried out	243
5.2.2	Major ongoing investments	na
5.2.3	Major investments to be carried out	na
6	Overview of activities	
6.1	Core activities	
6.1.1	Nature of operations	20, 21, 232 and 233
6.1.2	New service launched	na
6.2	Core markets	14 and 15
6.3	Exceptional events	244
6.4	Issuer dependence	91 and 94
6.5	Competitive position	14
7	Organisational chart	
7.1	Summary description of the Group	60 to 63
7.2	Major subsidiaries	185, 223 and 242
8	Property, plant & equipment	
8.1	Tangible assets	175, 182, 207, 209, 214 and 243
8.2	Environmental issues	46 to 49 and 121 to 129
9	Financial situation and results	
9.1	Financial situation	71 to 76
9.2	Operating profit	72 and 174
9.2.1	Key elements	71 to 76

na: not applicable

Sections	Pages	
9.2.2	Important changes relative to revenues	71 to 76
9.2.3	Other factors impacting operations	na
10	Capital resources	
10.1	Issuer's capital	175, 177, 193, 207 and 218
10.2	Source and amount of cash flow	176
10.3	Borrowing requirements and financial structure	88, 89 and 195 to 199
10.4	Information concerning all restrictions on the use of capital resources that have had or could have a significant influence on the issuer's operations	88 and 89
10.5	Expected sources of financing	88
11	Research and development, patents & licences	77
12	Trends	
12.1	Major recent trends	72 and 142
12.2	Trends likely to influence the share price current accounting year	14, 15 and 72
13	Earnings forecasts and estimates	
13.1	Assumptions	na
13.2	Statutory Auditors' report	na
13.3	Forecasts and estimates	na
13.4	Previous forecasts and estimates still ongoing	na
14	Administrative, management and supervisory bodies	62, 63 and 146 to 162
14.1	Administrative, management and supervisory bodies	
14.2	Conflicts of interest of members of administrative and management bodies	148
15	Company director compensation	
15.1	Compensation and benefits-in-kind	156 to 162
15.2	Pensions, retirement and other benefits	156 to 162 and 212
16	Functions of the administrative and management bodies	
16.1	Expiry dates of current mandates	147 to 148
16.2	Service agreements binding members of administrative bodies	166 and 229
16.3	Audit and Compensation Committees	98, 153 and 154
16.4	Corporate Governance Code	146
17	Employees	
17.1	Staff	107 to 109
17.2	Employee profit-sharing and stock options	80 to 81, 110 and 141
17.3	Agreement allowing employees to invest in the issuer's capital	80 and 81
18	Main shareholders	
18.1	Names of shareholders with voting rights	78, 79 and 239
18.2	Different voting rights	235 and 238
18.3	Issuer's control	78 and 79
18.4	Agreements which could result in a change of control	na
19	Related-party transactions	242

na: not applicable



Sections	Pages	
20	Financial information concerning the issuer's assets and liabilities, financial situation and financial statements	
20.1	Historical financial information	141
20.2	Proforma financial information	na
20.3	2017/18 financial statements	174 to 177, 206 and 207
20.4	Auditing of financial information	
20.4.1	Statutory Auditors' report on historical financial information	202 to 205 and 225 to 228
20.4.2	Other information audited by the Statutory Auditors	229
20.4.3	Unaudited financial information	na
20.5	Date of most recent financial information	179
20.6	Intermediary and other financial information	
20.6.1	Post-closure quarterly and interim financial information	na
20.6.2	Post-closure intermediary financial information	na
20.7	Dividend payout policy	77, 78 and 240
20.8	Legal and arbitration proceedings	244
20.9	Significant changes in the Group's financial and commercial situation	244
21	Additional information	
21.1	Share capital	
21.1.1	Subscribed capital	80, 177 and 193
21.1.2	Non-equity shares	na
21.1.3	Treasury stock	13, 78 and 80
21.1.4	Convertible bonds	na
21.1.5	Commitments to increase the share capital	166 to 168 and 237
21.1.6	Options	237
21.1.7	Historic trends in share capital	239
21.2	Deed of incorporation and Articles of Association	
21.2.1	Corporate purpose of the issuer	232 to 236
21.2.2	Provisions concerning members of administrative bodies	236
21.2.3	Rights relative to categories of shares	235
21.2.4	Actions required to modify shareholders' rights	233 to 236
21.2.5	Conditions for calling General Meetings	233 to 235
21.2.6	Dispositions relative to a change in control	na
21.2.7	Statutory thresholds	na
21.2.8	Conditions for amending the capital	237
22	Material contracts	na
23	Third-party information, expert statements and declarations of interest	
23.1	Third-parties	na
23.2	Certification of the accurate reproduction of the information	261
24	Documents available to the public	260
25	Information on equity holdings	77 and 223

na: not applicable

Annual Financial Report cross-reference table

Sections	Pages
1. Annual financial statements	206 to 224
2. Consolidated financial statements	174 to 201
3. Management report (French Monetary and Financial Code)	
Article L.225-100 of the French Commercial Code	
• Analysis of business activity trends	71 to 74
• Analysis of Wavestone's results	71 to 74
• Analysis of Wavestone's financial situation	71 to 74
• Major risks and uncertainties	87 to 95
• Valid authorisations granted to the Management by the annual General Meeting to increase Company share capital granted	166 to 168
Article L.225-100-3 of the French Commercial Code	
• Items likely to have an impact on the Company in the event of a public offering	169
Article L.225-211 of the French Commercial Code	
• Share buybacks	248 and 249
4. Statement by the person responsible for the Annual Financial Report	261
5. Statutory Auditors' report on the annual financial statements	225 to 228
6. Statutory Auditors' report on the consolidated financial statements	202 to 205
7. Statutory Auditors' special report on regulated agreements and commitments	229
8. Statutory Auditors' fees	201
9. Report of the Chairman of the Supervisory Board on corporate governance (Article L.225-37 of the French Commercial Code)	146 to 154



Management report cross-reference table

This annual report includes all items of the Board of Directors' management report outlined in articles L.225-100 et seq. of the French Commercial Code.

Hereafter, you will find references to the extracts of this annual report that correspond with various sections of the management report as approved by Wavestone's Board of Directors.

Sections	Pages
1. Business developments / Results / Financial situation and performance indicators	72 to 74
2. Use of financial instruments by the Company, when pertinent for assessing its assets, liabilities, financial situation, profit and loss	183 and 196 to 198
3. Description of main risks and uncertainties	87 to 95
4. Main features for internal control procedures and risk management	95 to 103
5. Significant shareholdings in companies headquartered in France	77
6. Post statement of financial position events / Planned developments	76 and 142
7. Amount of dividends paid in the last three fiscal years	78
8. Information on risks involved in the event of changes in interest rates, foreign exchange rates and the share price	88 and 89
9. Purchase and sale of treasury shares	84
10. Transactions made by executive management on their securities	159
11. Company shareholding	78 and 79
12. Employee shareholding	80 and 81
13. Adjustment of rights for holders of securities granting access to capital	86
14. Social and environmental information	104 to 140
15. Financial risks related to climate change	95 and 126
16. R&D activities	77
17. Terms of payment	75
18. Vigilance plan	na
19. Corporate governance report	146 to 154
Appendices	
20. Company results table for last five fiscal years	141

na: not applicable

Corporate governance report cross-reference table

This annual report includes all items of the corporate governance report outlined in articles L.225-37 et seq. of the French Commercial Code.

Hereafter, you will find references to the extracts of this annual report that correspond with various sections of the corporate governance report as approved by Wavestone's Board of Directors.

Sections	Pages
1. Principles and criteria for determining corporate executive officers' remuneration	162 to 165
2. Corporate officers' remuneration	155 to 162
3. Corporate officers' terms and functions	147 and 148
4. Agreements made between a corporate officer or a Wavestone shareholder and a Wavestone subsidiary	166
5. Delegations follow-up table for capital increases	166 to 168
6. Executive Management operations	151 and 152
7. Composition, preparation conditions and organization of Board of Directors	149 to 154
8. Application of principle of equal representation between men and women within the Board of Directors	151
9. Executive Management power restrictions	154
10. Reference corporate governance code	154
11. Special arrangements related to shareholders' participation in the General Meeting	166
12. Arrangements that have an impact in the event of a public tender offer	169

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