



Pascal Imbert
CEO

EDITORIAL

"We are now at the mid-point of fiscal year 2020/21, which began on April 1st, 2020. A year obviously marked by the health crisis, linked to the coronavirus epidemic, and its economic consequences."



Madam, Sir, Shareholder,

We are now at the mid-point of fiscal year 2020/21, which began on April 1st, 2020. A year obviously marked by the health crisis, linked to the coronavirus epidemic, and its economic consequences. These events constitute a major economic shock, unprecedented in the history of Wavestone and more broadly for our consulting market, strongly impacted by the wait-and-see attitude of major groups, the multiplication of cost-cutting plans, and severe trade-offs in their investment decisions.

As early as April, Wavestone set out in order to face this crisis. We initiated a vigorous renewal of our sales efforts, by strengthening our business development teams, mobilizing additional pre-sales consultants and accelerating our prospecting pace.

Wavestone has thus mobilized its many assets, which have proven their effectiveness during previous crises: a dedicated sales force, a large portfolio of key account clients, sector agility, and the commitment and collective spirit of the firm's employees.

From the Q2 (July 1st - September 30th), the commercial measures to boost sales began to produce their first effects, resulting in a gradual increase in the consultant utilization rate. At the same time, project postponements or cancellations proved to be less numerous than anticipated.

In this context less deteriorated than we feared, and while visibility for the coming months is improving, we decided in early September to adopt a less defensive attitude and to gradually resume our recruitments, which have been frozen since mid-March.

In the stock market, after the shock in February and March, we have seen a gradual recovery in Wavestone's share price since the beginning of April, with a clear acceleration since the beginning of September, when the announcement was made that activity was finally better than expected for the Q2.

The difficult sanitary context, which remains, prevents us from organizing physical meetings, but rest assured of our willingness to maintain a dialogue with you. As we did during the lockdown, we will continue to organize videoconferences in order to keep you informed as closely as possible about Wavestone's news and to answer your questions.

Yours faithfully, Sir, Madam, Shareholder.

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NEWS

COVID-19: AN UNPRECEDENTED SHOCK FOR WAVESTONE

Unsurprisingly, Wavestone's fiscal year 2020/21, which began on April 1st, is impacted by the economic consequences of the Covid-19 epidemic. Concerning the consulting market, Source Global Research forecasts a market decline of -13% in Europe and -14% worldwide¹. Wavestone has obviously not escaped the consequences of the economic situation: in April and May, activity was down -15% to -20%, and this trend was confirmed in June.

The firm has therefore aligned itself in order to face this crisis and has taken numerous measures to manage the consequences as well as possible. A battle plan (called Battle Plan 2020), initiated in the first quarter, enables the firm to confront this disrupted environment. Several actions have been put in place: the relaunch of commercial activity, focus on business sectors and resilient service offerings, agility of client-by-client go to market to capture demand where it is, a performance plan to generate savings of around €15 million, and the alignment of all teams worldwide on a single objective: the firm's profitability.

These measures are beginning to produce their first effects, helped by a less significant deterioration in activity than anticipated. In fact, project postponements and cancellations by clients, as a result of the savings plans they have implemented, are less numerous than expected. This is why, in accordance with its communication of September 4th, the firm is now adopting a less defensive strategy, reducing the use of furlough arrangements, and gradually resuming recruitment in its most resilient practices and offices, particularly those with a predominantly technological focus.

All these measures should enable Wavestone to get through the crisis period. However, despite better than expected activity in the Q2, the firm's revenue at constant scope will be down in the first half of 2020/21. However, this decline will be less pronounced in Q2 than in Q1 (for the record: -10%). As for profitability, the EBIT margin for the first half of the year could be of the same order of magnitude as that estimated for the Q1 (for the record: 7%).

As a reminder, no financial objectives have been set for the 2020/21 fiscal year.

SHAREHOLDER DIALOGUE STRENGTHENED WITH THE CREATION OF WAVESTONE CCAI

In an ongoing effort to strengthen its ties with individual shareholders, Wavestone has created an individual shareholders advisory committee (CCAI in French).

This committee enables the firm to remain attentive to its individual shareholders by facilitating regular, high-quality dialogue, to gather the opinions of their representatives on the various aspects of shareholder communication, and to improve the communication materials specifically addressed to this audience (shareholders letters, Shareholders' Club, Annual General Meeting, etc.).

The committee is representative of the diversity of the firm's shareholder base. It is composed of 6 members, including 3 employee shareholders and 3 external individual shareholders, and respects gender parity.

We are pleased to see the first concrete results, such as the organization of more regular videoconference meetings since April with our Shareholders' Club.

EXTENDED WAVESTONE SHARE COVERAGE

Already covered by the analyses of Portzamparc, Oddo BHF and Kepler Cheuvreux, Wavestone's stock has been followed by the brokerage firm Midcap Partners since September 2020.

¹ Source : [Source Global Research, September 4](#)

HUMAN RESOURCES



Fanny Rouhet
Human Resources
Director of
Wavestone

Despite the physical distancing measures, the employees have doubled their imagination and multiplied initiatives to maintain the link and animate the life of the firm.

AN ADAPTATION OF OUR WAYS OF WORKING TO FIGHT AGAINST COVID-19

How was the implementation of telecommuting at Wavestone?

From the beginning of the health crisis, in mid-March, and a few days before the lockdown, we decided to put all the firm's teams into remote working, with the aim of protecting our employees as much as possible and actively contributing to the fight against the spread of the virus. Remote working was already a widespread practice at Wavestone (we allowed our employees to telecommute up to 3 days per month). Moreover, we were able to test the efficiency of our remote working practices during the strikes that occurred last December, and we did not see any impact on our operating efficiency. The latest HR survey, conducted during the lockdown, also indicates that our employees felt well equipped over the period. And if in general they are very agile, they still showed great agility on this occasion!

How to maintain the cohesion of teams remotely?

Despite the physical distancing measures, the employees have doubled their imagination and multiplied initiatives to maintain the link and animate the life of the firm.

The collaborative tools at our disposal allow us to keep in touch and organize various moments of cohesion: e-coffee, online music festivals, blind test, photo contest, virtual sports classes... I am amazed by what our teams have managed to do to create human contact replacement. Of course, management also played a role. Our managers have been able to mobilize all employees around the business and the entrepreneurial adventure: getting teams involved in internal projects, such as strengthening our sales activity or our IT infrastructures, and developing their skills through various training programs to bring more value to our customers.

What do you retain from this period?

First of all, I would like to say that I am proud to see that, despite these difficult times, Wavestone's values - team spirit, boldness, passion and exemplarity - are still shared by our employees.

And I would remember two things: the agility of our teams, in all our offices, and the innovation that they have shown in staying close and maintaining the link with our customers at a distance.

EXPERTISE



Gérôme Billois
Partner,
Cybersecurity &
Digital Trust

Our teams have been able to adapt to carry out ongoing projects remotely, although some missions have been interrupted for reasons of confidentiality.

CYBERSECURITY, AN OFFER IN LINE WITH THE CHALLENGES OF THE PERIOD

What are the key cybersecurity issues for organizations?

There are three main cybersecurity issues for companies and institutions. Firstly, one key issue is business continuity. We see many attacks blocking companies' information systems (IS), preventing them from being operational. Then, there is the issue of data confidentiality. Some companies are facing combined attacks: cybercriminals block companies' IS and steal confidential data in order to demand ransoms not to reveal them. Finally, the regulatory context is very active about cybersecurity: the General Data Protection Regulation (GDPR), the European NIS Directive, and the California Consumer Privacy Act (CCPA) in the United States are just a few examples.

It is important to note that these threats are the same internationally and across all economic sectors.

What is Wavestone offering on this topic and for what type of clients?

Wavestone's clients on cyber matters are Cyber Security Officers and Data Protection Officers ("DPOs"). The firm offers an end-to-end solution to deal with the above-mentioned subjects. We can intervene in four phases:

/ the upstream phase of a cyber-attack, in order to identify the

risks and define the strategy, budget and governance to be adopted;

/ the construction phase, to ensure the proper implementation of cybersecurity mechanisms. This involves raising employee awareness, changing practices in business processes (for example, the electronic signature of documents or the security of products sold by companies such as trains or cars), or selecting suppliers of products and services. On this point, Wavestone's independence is an asset;

/ the audit and control phase, with a dedicated team of around 50 people. We are qualified as a cybersecurity audit provider, acting as "ethical hackers" to carry out intrusion tests and attack simulations;

/ a transverse activity in response to incidents by the "CERT - Wavestone" team. We can be contacted either by the victim company of the attack (for example Altran or M6), or by cyber-insurers. Our team is capable of intervening in an emergency, carrying out an inventory and mobilizing to help the company cope with the attack and limit the impact.

Has the health crisis impacted client needs?

Indeed, in terms of cybersecurity, the impact has been harsh and felt by all organizations, whatever their size. Even if parameters such as the degree of use of the Cloud

or the habit of telecommuting enabled some of them to better manage the crisis, companies had to take immediate action to maintain a minimum level of security.

In the context of massive telecommuting, companies have faced new needs: raising employee awareness of good security practices, strengthening infrastructures and the need to make systems accessible, with traceability of security waivers, etc.

Today, they must focus their efforts on regaining control over their safety and launching priority projects to meet the challenges of the coming months.

How did Wavestone's offer adapt?

First of all, our teams have been able to adapt to carry out ongoing projects remotely, although some missions have been interrupted for reasons of confidentiality. Wavestone's offer already covered all the themes, including the new needs that emerged during the crisis.

We have noticed a decrease in demand on medium/long term topics, such as organizational redesign, and an increase in demand on short term topics, such as the Cloud, security related to telecommuting or incident response. More concretely, for example, we supported a major bank account in managing its cybersecurity crisis unit set up in the context of the health crisis, and we also worked on cybersecurity processes and, in particular, incident response during the crisis for an insurance company.

After a long process piloted by the ANSSI (French National Agency for the Security of Information Systems), consisting of a technical audit at Wavestone's offices, skills tests (written and oral) of CERT, Wavestone's members and the observation of the attack management, the firm obtained the first PRIS qualification (Security Incident Response Service Provider) awarded by the ANSSI.

The main objective of this qualification is to provide the administration and operators of vital importance (OIV) with products and services that meet their needs in terms of information systems security.



IN FIGURES

2019/20 ANNUAL RESULTS

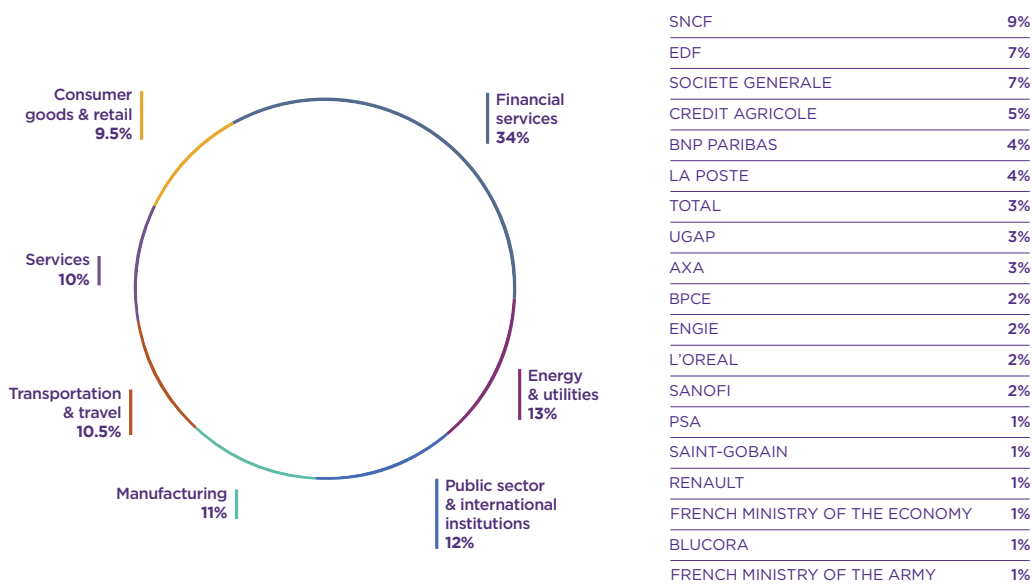
Income statement

Consolidated audited data at 03/31 (in €m)	2019/20	2018/19	Change
Revenue	422.0	391.5	+8%
EBIT	55.7	55.2	+1%
EBIT margin	13.2%	14.1%	
Operating income	53.5	52.4	+2%
Group share of net income	31.1	30.8	+1%
Net margin	7.4%	7.9%	

Key figures

Turnover	Current operating margin	Net income Group share	Employees	Net debt
€422m (up 8%)	13.2%	€31.1m	3,498	€29.1m

Breakdown of revenue



IN FIGURES

2020/21 Q1 REVENUE

Key figures

Revenue	Estimated EBIT margin	Employees	Net debt
€94.2m (-4%)	~7%	3,434	~€12m

Financial calendar

10/29/2020	2020/21 H1 revenue
12/01/2020	2020/21 H1 results
01/28/2021	2020/21 Q3 revenue
04/27/2021	2020/21 annual revenue
06/01/2021	2020/21 annual results

Stock market data at September 30th, 2020

Share price: €25.70
Number of shares: 20,196,492
Market capitalization: €519m
Stock market information:
 Euronext (Paris) / Compartment B
Mnemonic: WAVE
ISIN code: FR0013357621

SRD: long only
Reuters: WAVE.PA
Bloomberg: WAVE:FP
Indices: CAC Mid & Small, CAC Small,
 CAC Technology, EnterNext®,
 PEA-PME 150, European Rising Tech