

## Buoyant start to the 2023/24 fiscal year: Q1 revenue up +17%

Revenue In €m - unaudited consolidated data	2023/24	2022/23	Change at constant scope* and on a constant forex basis	Total change
Q1	143.3	122.0	+11%	+17%

\* Excluding PEN Partnership, consolidated since 8/1/2022; and Coeus Consulting, consolidated since 10/1/2022.

### Quarterly revenue shows +11% organic growth

In Q1 of the 2023/24 fiscal year (April 1 to June 30, 2023), Wavestone generated a consolidated revenue of €143.3m, a strong increase of +17%.

As a reminder, Wavestone continued to benefit in Q1 2023/24 from the consolidation of the UK consulting firms PEN Partnership and Coeus Consulting – consolidated, respectively, since August 1 and October 1, 2022.

Despite a very unfavorable working day impact over the quarter (-2.9%), Wavestone's organic growth stood at a solid level of +11% (at constant scope and exchange rates), supported by the increase in the firm's headcount at the end of the 2022/23 fiscal year.

### Staff turnover rate returns to its normative level, and slowdown in recruitment activity

At June 30, 2023, Wavestone had 4,348 employees, compared with 4,406 at the end of March – the end of the 2022/23 fiscal year, showing a decrease typical of this period of the year. This progression also reflects the firm's decision to reduce recruitment over 2023/24, due to a more uncertain business environment and the fall in staff turnover rate.

At June 30, 2023, staff turnover, on a rolling 12-month basis, stood at 15%, compared with 16% over the whole of the 2022/23 fiscal year.

### Recovery in the consultant utilization rate in Q1 at 73%; average sales prices up by +1%

During Q1 2023/24, the firm began to progressively restore its consultant utilization rate, which had experienced a significant drop during the previous quarter. As anticipated, it stood at 73% over the period, compared with 71% in the previous quarter and 73% for the whole of the 2022/23 fiscal year.

The average daily rate reached €896 over the quarter – an increase of +0.7% compared with the average sales price for the whole of the 2022/23 fiscal year (€890). At constant exchange rates, the average daily rate increased by +1.0%, to €899.

The order book increased slightly to 4.2 months at the end of June 2023, compared with 4.0 months at March 31, 2023.

## **Start to the year that exceeded expectations; prudent approach maintained for the rest of the year**

Wavestone saw a buoyant start to the 2023/24 fiscal year – slightly ahead of its business plan. The period just ended reflects the recovery in the consultant utilization rate and a fall in staff turnover rate. Prices remain strongly positioned.

The economic slowdown is marked by increased volatility and a wait-and-see attitude from decision makers on committing expenditure to consulting projects. The firm expects this trend to continue and remains vigilant for potential signs of a slowdown in demand, sector by sector. Against this backdrop, Wavestone is maintaining the intensity of its business development activity, while confirming a more cautious approach than last year in terms of recruitment.

## **Confirmation of the 2023/24 annual objectives**

At the end of the first three months of the fiscal year, Wavestone confirms its financial objectives for the 2023/24 fiscal year: to achieve organic growth at least equal to that of the 2022/23 fiscal year (+7%), despite an unfavorable working day impact (-1.6% over the whole of the fiscal year).

By integrating the effect of the full-year consolidation of PEN Partnership and Coeus Consulting, Wavestone is targeting a revenue of over €580m, which represents total growth of +9% for an EBIT margin of about 15%.

As announced at the end of May, it should be noted that profitability over H1 of the fiscal year will be penalized by an unfavorable working day impact of -2.4% compared with H1 of the previous fiscal year.

These objectives are calculated on a constant forex basis and exclude new acquisitions.

The firm is also pursuing its activity on external growth, giving priority to the UK and the US, but without ruling out tactical purchases in other geographies.

## **Project to combine Wavestone and Q\_PERIOR to create a European consulting champion**

On July 25, 2023, Wavestone and Q\_PERIOR, a consulting leader in the German-speaking market (Germany, Switzerland, Austria), announced the signature of a Memorandum of Understanding to join forces and create a European champion in the consulting market.

Present in 8 German cities and 11 countries worldwide, with a strong European presence (Germany, Switzerland, Austria and the UK), as well as in North America, Q\_PERIOR has 1,410 employees (as of March 31, 2023).

Since 2019, Wavestone and Q\_PERIOR had established a partnership to develop commercial synergies by capitalizing on their complementarities (geographical, sectoral presence and expertise). Building on the success of this collaboration, the two firms now aim to build a new player, one of Europe's leading consultancies from day one, by combining the capabilities of over 5,500 employees. By March 31, 2023<sup>1</sup>, the new group would represent combined annual revenue of €818.4m, with an EBIT margin of 12.4%.

By 2025, the new group would target revenue, excluding new acquisitions, of around €1 billion for the 2024/25 financial year, and EBIT of at least €130 million, an increase of over 70%<sup>2</sup>.

In the longer term, the new group would aim to develop at an average annual growth rate of 15%, combining organic and external growth, and would target a normative EBIT margin of around 15%.

For more information on this combination project and its terms and conditions, read the press release dated July 25, 2023: **Wavestone and Q PERIOR intend to join forces to create a European consulting champion**.

**Next events:** Combined Ordinary and Extraordinary Annual General Meeting: Thursday, July 27, 2023, at 9am; and H1 2023/24 revenue: Monday, October 30, 2023, after Euronext market closing.

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<sup>1</sup> based on combined IFRS 12-month figures to March 31, 2023 for Wavestone (audited) and December 31, 2022 (unaudited) for Q\_PERIOR.

<sup>2</sup> compared with Wavestone's EBIT in 2022/23, which stood at €77.0 million.

## **About Wavestone**

*In a world where knowing how to drive transformation is the key to success, Wavestone's mission is to inform and guide large organizations in their most critical transformations, with the ambition of a positive outcome for all stakeholders. This ambition is anchored in the firm's DNA and summarized in its signature approach – "The Positive Way."*

*Wavestone brings together more than 4,000 employees in Europe, the United States, and Asia.*

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

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