

Wavestone letter to Shareholders



PASCAL IMBERT
CEO,
WAVESTONE

Dear Shareholder,

As our 2023/24 fiscal year comes to a close, I am pleased to share with you the new Letter to Shareholders, which highlights our latest news and perspectives within an economic climate of great uncertainty and many opportunities.

The first nine months of the fiscal year were solid. Due to our intense commercial activity, we experienced a revenue growth of 20%, of which 12% was organic. Order intake was strong at the end of the calendar year, with the order book at end-December 2023 representing 4.2 months of work.

However, the economic slowdown, reflected by the increased hesitancy of decision-makers to proceed with projects, is encouraging us to remain vigilant and focus our business efforts on the most promising sectors, such as insurance, energy, luxury and transport.

Although the company is likely to see a decrease in growth at the beginning of the 2024 calendar year, this is not expected to jeopardize our organic growth target in 2023/24, being at least equal to the previous fiscal year (7%). We remain confident in our ability to overcome these challenges and to pursue our development in the months ahead.

Following the closing of the combination with the German consulting firm Q_PERIOR at the General Meeting in December 2023, the 2023/24 fiscal year also marks the beginning of a new era for Wavestone, with the creation of a new player in the category of major international consultancies.

With nearly 6,000 employees and an unrivaled range of capabilities, the new firm aims to create a European consulting champion with global reach and achieve revenue of around €1 billion by 2025, excluding new acquisitions. But our ambition does not stop there, as demonstrated by our recent acquisition of Aspirant Consulting in the United States. This deal is fully in line with our desire to expand internationally and establish a lasting presence with leading global companies in almost every business sector.

Finally, dear shareholders, I would like to remind you that we remain fully committed to maintaining a transparent and constructive dialogue. We believe that this communication is essential to address your questions and meet your expectations. If you have any questions, please do not hesitate to contact our Shareholder Relations team by e-mail at action@wavestone.com or via our dedicated telephone line at 01 49 03 28 28.

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

1	Edito
2	Integration of Q_PERIOR
4	CSR News
6	International
8	Expertise
9	Shareholders relation
10	Financial results

INTERVIEW

All about Q_PERIOR's integration



Marion Couturier

PMI Senior Manager, Wavestone



Annegret Fuhg

PMI Senior Manager, Q_PERIOR

The combination between Wavestone and Q_PERIOR, a consulting leader in the Germany-Switzerland-Austria (GSA) region, was approved by Wavestone's shareholders on December 5, 2023. It creates a new player in the category of top international consulting firms, enabling the support of major accounts in their global transformations.

The project co-built by the two firms aims at continuing the development of the new group at a sustained rate of growth over the next few years, through a mix of organic growth and acquisitions. The new entity also aims to rank in the top of the Great Place to Work® rankings in each of the major countries in which it operates, and in the top 5% of companies in terms of CSR performance.

WHAT ARE THE OBJECTIVES OF Q_PERIOR'S INTEGRATION?

Marion Couturier: Right now, our goal is to focus on creating value for our clients, by quickly developing synergies in terms of business and deliveries. This is why we developed a "loose integration" post-merger approach, minimizing changes to allocate most of our resources to accelerating growth rate and maximizing value creation.

Annegret Fuhg: Indeed, the goal is to direct efforts towards three main objectives during the initial two-year phase.

The first objective is to strengthen business thanks to our combination. This means building the new company's success by fostering growth/profitability,

in a more challenging business environment, and creating success together which we can later build on.

The second objective is to make people enthusiastic. The combined strengths will lead to a brighter future with new opportunities, synergies, career opportunities and a successful cultural integration.

Our last objective is to secure the foundations of the new company by unlocking our ability to sell and deliver projects together, position the new company on the market, fulfil mandatory requirements (e.g., steering, financial communication, and risk control) and of course express our values.

WHAT WILL BE THE PRIORITIES OVER THE COMING MONTHS?

A.F: There will be a key milestone on May 24th, 2024, as the two entities will be unified under the same brand: Wavestone. At that time, the challenge will be to work on developing the footprints of the brand in the Germany-Switzerland-Austria region.

M.C: We will also have to take advantage of this momentum in our legacy markets to have our clients realize the new scale of Wavestone.

Defining common values with Fanny Rouhet, HR Director at Wavestone, and Klara Hess, Team Lead and Talent Management at Q_PERIOR.

IN THE PMI PLAN, VALUES ARE ONE OF THE VERY FIRST SUBJECTS TACKLED WITHIN THE HUMAN RESOURCE TOPICS. WHY IS THAT?

Fanny Rouhet: Both Wavestone and Q_PERIOR have very strong values, lived out by their respective teams. They are a glue that binds people within a company. It's also the reason behind our actions and the way we carry them out, a unique way of behaving and acting in each organization. It is what makes the company unique in the eyes of its clients, employees, candidates, and stakeholders. As a result, values are a key component of our combination and the foundation on which we will build further. That is why we made values one of the very first PMI projects.

Klara Hess: And the good news is that both companies have a lot in common: we both are people-centric and proactively take responsibility, thriving to create a positive workplace, a company committed to its clients' success and social responsibility, willing to act together seamlessly as one team.

WHAT ARE THE OBJECTIVES OF THIS VALUES PROJECT AND HOW WILL IT BE DONE?

FR: We share the same values; they are just expressed in a different way, so the objective of the project is to re-express a common set of values.

We already decided we wanted to keep "The Positive Way" to name our common framework and that it would express the "why" of our business and the "how" we do things.

KH: We are currently co-constructing how to express it during workshops involving about a hundred employees, representing the different populations of our new company, who are the ones experiencing the culture in their daily working life.

The last step will be to communicate these values, so they start to become part of our professional identity.

Strengthening Wavestone's position in the United States



Reza Maghsoudnia

Director of Strategic Development, Wavestone

Following its combination with Q_PERIOR at the end of 2023, Wavestone continued its external growth with the acquisition of Aspirant Consulting in the United States in January 2024. We invite you to find out more about this company, specialised in the digital transformation of businesses, in this interview with Reza Maghsoudnia, Director of Strategic Development at Wavestone.

CAN YOU TELL US A BIT ABOUT ASPIRANT CONSULTING?

Founded in 2003, Aspirant Consulting is a Pittsburgh-based consultancy specialising in the digital transformation of businesses. Aspirant Consulting's mission is to improve its clients' performance by delivering concrete, sustainable solutions to their most critical challenges.

Aspirant Consulting clients include Global 500 companies as well as large US enterprises, in several sectors, with a strong footprint in Life Sciences. Key clients are leading companies such as Novartis, GSK, or Haleon.

Aspirant Consulting headcount is circa a hundred permanent employees, including approximately 80 consultants.

Over its last fiscal year (ending December 31, 2023), Aspirant Consulting estimated consolidated revenue is \$26.1m (€23.8m), with an adjusted EBITDA margin expected to be over 10%.

ASPIRANT IN A NUTSHELL

~100
employees

~80
consultants

\$26,1m
revenue



~

This acquisition further strengthens Wavestone's position in the United States, a key geography for our international development.

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WHAT WAS THE REASON FOR THE ACQUISITION OF THIS COMPANY?

This acquisition further strengthens Wavestone's position in the United States, a key geography for our international development, and creates deeper connections in a market where size is often seen as a determinant of success.

Our discussions in the last months have confirmed a strong cultural fit at all levels. We were impressed by their track record and their ability to develop a lasting footing in very large enterprise. These factors, combined with the quality of the management team, will enable us to build a solid foundation in the United States, the world's largest consulting market.

WHAT IS OUR COMMON AMBITION IN THE UNITED STATES?

By joining forces, we are now in a position to create significant synergies, achieve our goals more quickly and pursue an ambitious entrepreneurial project.

Together, we aim to build a strong presence with Global 500 companies, particularly in the life sciences sector, and leverage our complementary expertise to deliver greater value to our clients.

We will be able to build on our shared values (collective, team spirit, integrated approach, client satisfaction) to remain a great place to work in the United States, recognised for its values and commitment to corporate social responsibility.

To learn more [click here](#) or scan



Skills sponsorship: the conclusion of a new 3-year sponsorship program, in partnership with the Make.org Foundation

Launched in 2017, the Make.org Foundation is a civic engagement endowment fund that relies on civil society and the power of engaged citizens to accelerate and incubate projects with critical impact across the country.

The actions carried out are part of national programs called "Great Causes", which respond to major social issues. Each Great Cause begins with a forum of ideas that brings together hundreds of thousands of French people to identify the ideas and proposals on which there is consensus around the chosen cause. This is followed by a consultation phase with associations, companies, and citizens to identify the actions to be taken in response to the citizens' proposals.

As part of its CSR policy to devote 1% of employee time to social engagement, Wavestone regularly collaborates with this foundation, which builds real coalitions around social issues, and has supported one of the most recent major causes, in favour of child protection.

After consulting 71,000 people on the subject of "How to protect children from all forms of violence", the Make.org Foundation has drawn up an action plan that responds to the expectations and priorities expressed by citizens on this topic, with the support of the French Secretary of State for Children and Families.

In total, 15 Wavestone employees from a wide range of teams have been mobilized over the past three years to deliver the 10 actions that make up this plan. This commitment echoes that of the Wavestone Corporate Foundation, which funds projects each year to help disadvantaged children.

After 3 years of partnership with the Make.org Foundation, Wavestone, numerous organizations, and other sponsors, the 10 child protection initiatives have been successfully launched. These actions have led to the creation of online awareness and training platforms to better identify and combat violence (premieresfois.fr, [e-learning santé](#), [App 3018](#)), the development of national victim support networks ([UAPED](#), [Centres Relier](#)), and an animated series ([Tu dis, tu stoppes](#)) to be broadcast on all major French television channels in 2024.



THE 10 ACTIONS AGAINST VIOLENCE:

Awareness, Prevention

- **Clépsy**
Helping 2 million parents better understand their children's disorders.
- **Premières Fois**
A website offering resources and an online discussion space on friendships and family relationships for young teenagers experiencing difficulty.
- **Tu dis, tu stoppes**
Raising awareness among 80% of 6-8 year-olds about the violence they can be victim to through an animated series.

Spotting, Reporting

- **Health E-learning**
An e-learning awareness program for 200,000 healthcare professionals on detecting and reporting violence against children.
- **E-learning encadrants**
A second online training course dedicated to all supervisors (teachers, educators, civic services, etc.).
- **Violences, parlons**
A function on digital workspaces for reporting and informing about incidents of violence.

Support

- **Accompagner la parole**
Creation and renewal of hearing rooms enabling children to testify in a safe environment of trust.
- **App 3018**
App 3018 + toll-free number providing advice and assistance in situations of cyberbullying and the dissemination of unwanted content on networks.
- **Se reconstruire ensemble**
Set up of online discussion groups between child victims, supervised by psychologists.
- **Ecoute parentalités**
Setting up a portal dedicated to parenthood, run by a group of associations.

Wavestone once again rewarded for CSR activities

The CDP (formerly the Carbon Disclosure Project) has published its 2023 report, which measures the level of commitment of companies with a score ranging from A to D-. The CDP is an international not-for-profit organization that sets the benchmark for assessing corporate environmental performance.

Wavestone was awarded a score of B, placing it in the management category and above its industry average of C (IT & software development sector). Wavestone is aware of its impact on the environment, deforestation, and water security and has taken action to reduce it. It is one of 27% of companies in its industry group to achieve this level.

Wavestone is also committed to reducing its greenhouse gas emissions in the short and long term in line with the Net Zero standard of the Science Based Targets (SBTi) initiative. This initiative enables companies to define a reduction path

consistent with limiting global warming to 1.5°C (the target set out in the Paris Agreement). With this in mind, Wavestone has set targets that have been validated by SBTi for 2023:

- In the short term, by 2026, Wavestone is committed to reducing its greenhouse gas emissions by 29% for scopes 1 and 2 (direct and indirect emissions mainly related to energy production in the offices), and by 40% per employee for scope 3 (indirect emissions mainly related to purchasing, business travel and digital use).
- In the long term, by 2050, Wavestone is committed to reducing its scope 1 and 2 emissions by 90% and its scope 3 emissions by 97% per employee.

Finally, for the 2023/24 fiscal year, Wavestone is once again in the top 5% of Ecovadis and Ethifinance ESG Ratings certifications, a good illustration of the company's CSR actions.

The "Mission Handicap" of Wavestone

As part of its CSR policy, Wavestone's Mission Handicap, consisting of an external expert and four employees, is committed to act on diversity and create an inclusive working environment where everyone is free to be themselves and has an equal opportunity to fulfil their potential.

To date, more than a hundred people affected by a health problem that can have an impact on their daily work (e.g. dysfunction, diabetes, mental health problems, autism, endometriosis, etc.) have been supported by Mission Handicap in collaboration with HR and management teams.

On January 1, 2023, to accelerate its action on disability, Wavestone signed a Disability Agreement for a period of three years. With this agreement, the company has made strong commitments to the recruitment, training, awareness, and retention of disabled employees.

The aim of the agreement is to support at least 90 people who are officially recognized as having a disability (e.g. Recognition as a Disabled Worker) by 2025 and to provide them with the best possible conditions to remain in employment.

SOME KEY ACHIEVEMENTS SINCE THE START OF THE AGREEMENT:

- A strengthened and more visible Mission Handicap to support the growing number of employees and candidates who request it, with the recruitment of a new Mission Handicap officer and the organization of initiatives to raise awareness of the company's disability policy among more than 1,000 employees.
- An enhanced support scheme, with an additional five days' paid leave available to employees whose health situation has been recognized, to meet certain personal needs (medical appointments, rest, etc.).

New measures are being tested to further improve the company's disability policy in response to the needs of candidates and employees.

Wavestone and France Digitale publish a guide to help companies comply with the AI Act



Chadi Hantouche
Partner, Wavestone



Florence Espitalier
Senior Consultant, Wavestone



On February 2, 2024, a political agreement was reached in Brussels on the AI Act. While this legislation addresses an important issue of transparency and ethics, it also creates a number of obligations for all companies using or developing Artificial Intelligence (AI) in Europe.

Together with France Digitale and law firm Gide, our experts have written a guide to help all organisations affected get up to speed and comply over the coming months.

We spoke to AI experts Chadi Hantouche and Florence Espitalier to find out more about this European law.



FIRST OF ALL, A FEW WORDS ON ARTIFICIAL INTELLIGENCE AND ITS DEVELOPMENT IN FRANCE.

Artificial intelligence aims to make machines intelligent, capable of learning and acting autonomously. AI uses algorithms and learning models to solve complex problems.

This technology has continued to evolve and has grown exponentially in recent years thanks to the rise of so-called “generative” AI: anyone can talk to the machine to get answers based on the analysis of data sets, or even be able to generate a written answer, an image, a video, music...

Artificial intelligence can be found in all sectors and for a wide range of applications, all over the world. France is not left behind: we are witnessing an unprecedented boom in France, particularly

in Paris, which is becoming one of the world’s leading centers in this field: [we have gone from a few dozen start-ups specialising in AI to almost 150 today](#). This technological wave, part of the French Tech movement, is due to a combination of world-class higher education and a new generation of entrepreneurs who have mastered Silicon Valley know-how. However, AI remains an innovative technology whose reliability is still being questioned.

WHAT IS THE AI ACT AND WHY IS IT NECESSARY?

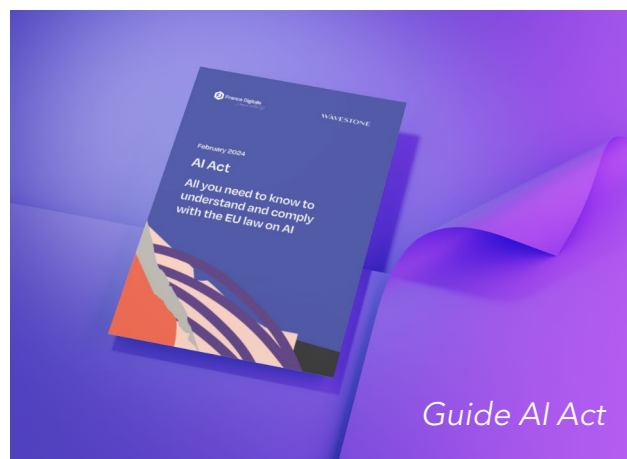
Artificial intelligence is a “probabilistic” technology whose results are not exact and whose vulnerabilities are still too numerous. The exponential growth in its use and the associated abuses have led the European Commission to establish a framework for this technology and its use, and to measure the various risks associated. On February 2, 2024, this first level of control led to the creation of the AI Act, which will be put to the vote by members of the European Parliament in April 2024.

The AI Act is the first-ever European law to ensure that AI systems and models marketed in the European Union are used ethically, safely and in a way that respects EU fundamental rights. It is also designed to boost the competitiveness and innovation of companies in the field of artificial intelligence. The AI Act will reduce the risk of misuse and increase user confidence in the use and adoption of AI.

All AI systems and models are covered by these regulations, but the level of regulation and associated obligations depends on the level of risk posed by the AI system or model. There are four levels of risk, and therefore four levels of compliance: unacceptably risky AI systems, high risk AI systems, low risk AI systems and minimal risk AI systems.

WHAT IS THE DEADLINE FOR OUR CLIENTS TO COMPLY?

Deadlines vary from 6 to 36 months, depending on the risk level of the AI systems and models. Whatever the timeframe, it is essential to be prepared and anticipate the compliance that will disrupt companies’ technology, product and legal roadmaps.



HOW CAN WAVESTONE CONTRIBUTE?

Today, the European Union has made these goals clear and is backing innovation while ensuring respect for human rights. For example, the Commission plans to invest €1 billion a year in artificial intelligence. They also aim to attract more than €20 billion of annual investment in artificial intelligence in the EU over the next decade.

This dynamic will create significant business opportunities for Wavestone as many organisations will need to comply with the AI Act and could benefit from our expertise in this area.

As this legislation is complex and demanding to understand and apply, we have worked with France Digitale, Europe’s largest association of start-ups, and Gide, an internationally renowned French law firm, to produce a [guide](#) to help our clients achieve compliance.

We have already begun the process of helping our clients with this compliance. This involves mapping their systems to identify existing and future AI projects, identifying the team and estimated budget for the project and associated compliance. We also assess the level of risk associated with the various AI systems and then implement the compliance methodology detailed in the legislation, depending on the level of risk identified. The aim is to obtain the CE mark, which allows the product to be marketed while certifying that the AI system complies with the applicable legislation.

Shareholder's corner

Economic context, strategy, international, shares, CSR, human resources... Our answers to shareholders' questions.

HOW IS THE INTEGRATION OF ASPIRANT CONSULTING GOING?

To give priority to client-facing activities, without getting caught up in internal transformations that can take up time and energy, Aspirant Consulting has adopted a loose integration approach, keeping most of its processes and tools for at least the next 12 months.

Our three North American entities (Wavestone US, Q_PERIOR North America and Aspirant Consulting) do not have any common clients or expertise. So there is no risk of overlap. On the contrary, we have many opportunities for commercial synergies.

DO YOU INTEND TO CONTINUE YOUR EXTERNAL GROWTH POLICY, OR WILL YOU TAKE A BREAK TO INTEGRATE YOUR RECENT ACQUISITIONS?

We will be taking a break for the next few months to focus on the launch of the new group.



**WATCH THE LATEST
WAVESTONE NEWS
ON VIDEO!**

Q3 2023/24 revenue -
January 30, 2024



Interview with Pascal Imbert, by
Didier Testot of LA BOURSE ET LA VIE
TV - January 11, 2024 (in French)



Wavestone and Q_PERIOR
shareholder's meeting - November 16,
2023 (in French)





HOW DOES WAVESTONE PLAN TO MEET THE STRATEGIC BALANCE BETWEEN GROWTH AND A REDUCED CARBON FOOTPRINT, WHICH HAS BECOME ESSENTIAL IN THE FACE OF THE CLIMATE EMERGENCY?

Because a growth model is inconceivable without sustainable development, we have set ourselves the goal of being at the forefront of social, societal and environmental responsibility by positioning ourselves in the top 5% of the best performing companies in terms of CSR.

In terms of greenhouse gas emissions reduction, Wavestone has committed to a reduction trajectory aligned with the Net-Zero Standard of the Science Based Targets initiative (SBTi)¹. Achieving our ambitious goals requires the mobilization of all stakeholders in our value chain: employees, clients, suppliers and partners.

Finally, Wavestone aims to act not only on the footprint of its activities, but also with its clients, supporting them in their environmental transition challenges. We have established a sustainability practice. At the same time, we are continuing to develop our responsible consulting approach to improve the way we carry out our assignments by taking a proactive approach to informing our clients about the CSR issues involved in their transformation projects.



AREN'T YOU CONCERNED THAT WAVESTONE'S SHARE PRICE COULD BE IN FOR SOME TURBULENCE, GIVEN THE SLOWDOWN IN THE LAST QUARTER, THE UNCERTAIN MARKET ENVIRONMENT AND THE INTEGRATION OF RECENT ACQUISITIONS?

It is true that the tougher market environment continues to impact on overall demand. But Wavestone remains confident that it will continue to grow in the coming months by maintaining an intense commercial focus on the best positioned sectors.

At the same time, we have adopted a loose integration approach with our last acquisitions, wing us to focus on business development rather than spending time merging processes and tools. The acquisitions of Q_PERIOR and Aspirant Consulting have also been very well received by the market.

¹SBTi is a demanding global standard, enabling companies to define a climate strategy based on objectives defined by independent experts and validated by climate science. These targets are in line with the Paris Agreement to limit global warming to 1.5°C.

KEY FIGURES

Financial Results

2023/24 HALF-YEAR RESULTS

(period from April 1, 2023 to September 30, 2023)

Consolidated audited data at 09/30 (in €m)	2023/24	2022/23	Change
Revenue	276.7	237.1	+17%
EBIT <i>EBIT margin</i>	36.8 13.3%	29.7 12.5%	+24%
Operating income	33.2	25.7	+29%
Group share of net income <i>Net margin</i>	23.0 8.3%	17.9 7.6%	+28%

2023/24 FIRST NINE MONTHS REVENUE

(period from April 1, 2023 to December 31, 2023)

Q3
revenue

9-months
revenue

Employees

€175.6m (+26%)

€452.2m (+20%)

5,764

STOCK MARKET DATA AT MARCH 15, 2024

Share price: **€56.2**

Number of shares: **24,906,332**

Market capitalization: **€1.4bn**

Stock market: **Euronext (Paris) / compartiment A**

Mnemonic: **WAVE**

ISIN Code: **FR0013357621**

SRD eligibility: **yes**

Reuters: **WAVE.PA**

Bloomberg: **WAVE:FP**

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

FINANCIAL CALENDAR

04/29/2024	2023/24 annual revenue
06/03/2024	2023/24 annual results
07/24/2024	2024/25 Q1 revenue
07/25/2024	Annual General Meeting
10/30/2024	2024/25 half-year revenue
12/04/2024	2024/25 half-year results

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