

This document is a free translation into English of the Board of Directors' report published in French and available on Wavestone's website.

Wavestone

A French société anonyme (public limited company) with a Board of Directors

with share capital of €504,912.30

Head office: Tour Franklin – 100-101 Terrasse Boieldieu

92042 PARIS LA DEFENSE CEDEX, FRANCE

Trade and Company Registration Number: NANTERRE 377 550 249

BOARD OF DIRECTORS' REPORT TO THE SHAREHOLDERS AT THE COMBINED GENERAL MEETING OF DECEMBER 5, 2023

To the shareholders,

We have called this Combined General Meeting in accordance with the law and the company's articles of association in order to ask you to approve the proposed combination between Wavestone and Q_PERIOR and, consequently, the draft resolutions commented on and described in detail below.

The Shareholders Meeting will have the following agenda:

Extraordinary resolutions:

- Approval of the capital contribution in kind of 1,128,195 shares in Q_PERIOR Holding AG to the Company, its valuation and its compensation (1st resolution);
- Approval and acknowledgment of the completed capital increase subsequent to the contribution to the Company of 1,128,195 shares in Q_PERIOR Holding AG, totaling 117,746 euros (€117,746) and validation of the provisions on the contribution premium and its allocation – Resulting issue of 4,709,840 ordinary shares (2nd resolution);
- Amendment to Article 6 "Share capital" in the Company's articles of association as a result of the completed capital increase, subsequent to the contribution (3rd resolution);

Ordinary resolutions:

- Appointment of Karsten Höppner as a Company Director (4th resolution);
- Appointment of Astrid Blechschmidt as a Company Director (5th resolution);
- Approval of the compensation policy for Karsten Höppner in respect of the fiscal year commencing April 1, 2023 (6th resolution);
- Powers to carry out formalities (7th resolution);

On July 25, 2023, Wavestone and Q_PERIOR, a consulting leader in the German-speaking market (Germany, Switzerland and Austria), announced, in a press release, the signature of a

Memorandum of Understanding to join forces and create a European champion in the consulting market.

In 2019, Wavestone and Q_PERIOR established a non-equity partnership to develop commercial synergies by capitalizing on their complementarity in terms of geographical coverage, sectoral presence and expertise.

Building on the success of this collaboration, the two firms now aim to develop a new player, one of Europe's leading consultancies from day one, by combining the capabilities of over 5,500 employees. Following the completion of the notification and consultation procedures with the various relevant employee representative bodies in the Wavestone Group, Wavestone and Q_PERIOR, on August 31, 2023, entered into a combination agreement amended by an amendment agreement dated October 26, 2023 (the "**Combination Agreement**"), which sets out the terms of the strategic combination between Wavestone and Q_PERIOR (the "**Transaction**").

A detailed description of Q_PERIOR and the Transaction are set out in **Appendix 1**.

In accordance with the provisions of the Combination Agreement, Wavestone (the "**Company**") will acquire 1,428,026 ordinary shares in Q_PERIOR HOLDING AG, a company incorporated under German law (*aktiengesellschaft*) with share capital of 1,448,330 euros, whose head office is at Leopoldstr. 28a, 80802 Munich, Germany and whose unique identification number is HRB 190228 ("**Q_PERIOR**"), representing 98.60% of its share capital and 100% of its voting rights (the remaining shares in Q_PERIOR representing 1.40% of its share capital being held by Q_PERIOR as treasury stock).

The Transaction will involve the contribution of 1,128,195 ordinary shares and sale of 299,831 ordinary shares to the Company.

In consideration for the contributions, the shareholders in Q_PERIOR contributing their shares will receive ordinary shares representing approximately 18.91% of the Company's share capital on a fully diluted basis on completion of the Transaction.

The structure of Wavestone's Board of Directors will also be altered as part of the Transaction, with the appointment of two new Directors on the date of completion of the Transaction and the appointment of Karsten Höppner as Chief Operating Officer with effect from January 1, 2024. As announced on July 25, 2023, it is also proposed that another independent Director be appointed. As the appointment process has not yet been completed, the independent Director will be appointed at the next Annual Shareholders Meeting to be held in 2024 to approve the financial statements for the fiscal year ending March 31, 2024.

As part of the Transaction, the majority shareholders in Wavestone and the majority shareholders in Q_PERIOR have decided to structure their dealings in relation to Wavestone in accordance with the terms set out in a shareholders' agreement constituting a concert party (the "**Shareholders' Agreement**").

The Shareholders' Agreement contains a number of undertakings by the members of the concert party aimed at putting a balanced governance structure in place at the Company.

The Shareholders' Agreement, which is to be entered into on the date of completion of the Transaction, i.e. December 5, 2023, will have a term of 10 years and will provide for:

- the establishment of an ad hoc advisory body, the purpose of which is to enable to the parties to the Shareholders' Agreement to discuss matters with a view to reaching a joint position prior to any decision being put to the Company's shareholders at a Shareholders Meeting and voting in accordance with this position at the Shareholders Meeting, it being understood that the members of the ad hoc committee shall also meet before any meeting of the Company's Board of Directors, without, however, being required to reach a joint position, as meetings of the Board of Directors will remain the forum for discussing important issues affecting the business,
- a lock-up commitment over the shares in Wavestone, with a term of four years beginning on the date of completion of the Transaction (this lock-up commitment will be subject to

tapering provisions, allowing members of the concert party to gradually transfer up to 20% of their shares in Wavestone over the four-year period, subject to limited exceptions),

- specific undertakings by the members of the concert party not to (i) act in concert vis-à-vis Wavestone with any person not party to the Shareholders' Agreement and (ii) specifically in relation to Pascal Imbert and Michel Dancoisne and their respective families, not to directly or indirectly form a sub-concert party between themselves,
- an undertaking not to acquire, agree to acquire or propose to acquire shares in Wavestone (other than the transfers authorized under the Shareholders' Agreement) and not to take any steps that may require or oblige such party (alone) or the other parties (in concert) to submit a mandatory public tender offer for the shares in Wavestone.

Appendix 2 to this report contains details of the terms and conditions of the undertakings described above and, more generally, the Shareholders' Agreement.

I. EXTRAORDINARY RESOLUTIONS (RESOLUTIONS 1, 2 and 3)

1.1 CONTRIBUTION IN KIND - APPROVAL, CONSIDERATION, SHARE CAPITAL INCREASE AND RECOGNITION - AMENDMENT OF THE ARTICLES OF ASSOCIATION

As part of the proposed combination between Wavestone and Q_PERIOR, the shareholders in Q_PERIOR will contribute and transfer to the Company 98.60% of the share capital of, and 100% of the voting rights in Q_PERIOR.

The Transaction will involve the contribution of 1,128,195 ordinary shares (the "**Contribution**") and the sale of 299,831 ordinary shares (the "**Sale**") to the Company.

In consideration for the Contribution, the Company will issue 4,709,840 ordinary shares to the contributing Q_PERIOR shareholders (the "**Consideration for the Contribution**") in accordance with the terms and conditions set out in the contribution agreement entered into by the Company and the contributing Q_PERIOR shareholders on October 26, 2023 (the "**Contribution Agreement**"), the main provisions of which are set out below:

- Contribution: 1,128,195 shares in Q_PERIOR (the "**Contributed Shares**");
- Value of the Contribution: €254,331,360;
- Consideration for the Contribution: 4,709,840 ordinary shares in the Company (the "**New Shares**"), for all the 1,128,195 Contributed Shares (the "**Exchange Ratio**");
- Increase of the Company's share capital: in view of the consideration for the Contribution, the share capital will be increased by a maximum nominal amount of €117,746. The Company will need to issue 4,709,840 ordinary shares (each with a par value of €0.025), which will be fully paid up on issue, thereby increasing the Company's share capital by €504,912.30 to a new total amount of €622,658.30 (the "**Capital Increase**");
- Contribution premium: the difference between the value of the Contribution and the amount of the Capital Increase will constitute a contribution premium of a total amount of €254,213,614;
- No preferential subscription rights: as the purpose of the Capital Increase is to issue ordinary shares exclusively to the contributing Q_PERIOR shareholders in consideration for the Contributed Shares, preferential subscription rights do not apply;
- Rights attached to the New Shares: the New Shares will enjoy the same rights as the existing shares in the Company and will be subject to all provisions of the Company's articles of association. They will be admitted to trading on the same quotation line as the existing shares;

– Contribution regime: the Contribution is subject to the legal regime applicable to contributions in kind made in consideration for shares provided for in Article L. 225-147 of the French Commercial Code and its implementing texts;

– Method used to value the Contribution: the Contributed Shares are valued at their actual value.

In accordance with laws and regulations and the Autorité des Marchés Financiers' position-recommendation no. 2020-06 of April 29, 2021, Finexsi has issued two reports on the value of the Contributed Shares and the fairness of the Exchange Ratio.

Appendix 3 contains a detailed description of the effect of the Transaction on the Company, including the effect of the issue of the New Shares on the Company's shareholders' equity and the situation of the shareholders, on the distribution of the share capital and the voting rights in the Company and the situation of the shareholders.

Following the Capital Increase, you will be asked to amend Article 6 (Share Capital) of the Company's articles of association.

It should be noted that, in relation to the first and second resolutions concerning the approval of the Contribution and the consideration therefor, the voting rights of the majority group comprising Michel Dancoisne, Pascal Imbert and their family holding companies will be neutralized so that they are unable to influence the vote and so that the other shareholders can vote independently on this transaction, which involves the establishment of a new corporate governance system balanced between the current majority shareholders of Wavestone and Q_PERIOR.

II. ORDINARY RESOLUTIONS (RESOLUTIONS 4, 5, 6 and 7)

2.1 CHANGES TO THE BOARD OF DIRECTORS (RESOLUTIONS 4, 5 and 6)

In accordance with the Combination Agreement, you will be asked to approve changes to Wavestone's governance structure to represent the new balance between the shareholders. These changes were approved by the Company's Compensation and Nomination Committee at its meeting held on October 26, 2023.

In this context, the Board of Directors, based on the work and the approval of the Compensation and Nomination Committee, has decided to propose that the shareholders at the Shareholders Meeting appoint two (2) new Directors in order to reflect the new distribution of the share capital and its international dimension, with a significant proportion of independent Directors being retained:

- Karsten Höppner (resolution 4) for a term of four years, i.e. until the end of the Annual Shareholders Meeting convened to vote on the financial statements for the fiscal year ending March 31, 2027;
- Astrid Blechschmidt (resolution 5) for a term of four years, i.e. until the end of the Annual Shareholders Meeting convened to vote on the financial statements for the fiscal year ending March 31, 2027;



Karsten Höppner
German nationality
56 years old

Principal role at Q_PERIOR:

/ CEO of Q_PERIOR

Other current offices and roles outside Q_PERIOR:

/ NA

Other offices expired in the last five years:

/ NA

Professional experience:

Karsten Höppner is Partner, CEO, and co-founder of the IT and management consulting company Q_PERIOR. Since the company's founding in 1995, he has been largely responsible for developing the company to its current position. He began his career in 1992 at Andersen Consulting (today Accenture) after graduating as an engineer from the University of Applied Science in Berlin and earning his MBA from Pennsylvania State University.

Besides his general management position within Q_PERIOR, he is an experienced business consultant with a well-founded capability to manage large international transformation programs and has an in-depth expertise in Insurance. He has a passion for people and strives to give every person within Q_PERIOR the best opportunities to live up to their full potential.

Number of Wavestone shares held:

In respect of the first and second resolutions presented to this Shareholders Meeting, it is proposed that Karsten Höppner receive 810,337 Wavestone shares.



Astrid Blechschmidt
German nationality
53 years old

Principal role at Q_PERIOR:

/ Partner in Q_PERIOR

Other current offices and roles outside Q_PERIOR:

/ NA

Other offices expired in the last five years:

/ NA

Professional experience:

Graduated from University of Applied Science Munich in Business Administration, Astrid Blechschmidt has more than 25 years of experience in IT Professional Service Companies.

She started her career as an IT consultant in the mobility, transport, and logistics industry. In 2010, Astrid was appointed as Director Sales Department "Travel, Transport & Logistics" of T-Systems Switzerland, a Company of Deutsche Telekom. In 2014, she became CEO of T-Systems Data Migration Consulting AG a consultancy company of Deutsche Telekom in Switzerland.

In 2016, Astrid joined Q_PERIOR AG, Munich. She is a Partner and the sector lead Travel, Transport and Logistics . She is also in charge of the Deutsche Bahn account.

Astrid's most notable competencies are in sales which she conveys to other colleagues in many places. She is active in many topics across the board: such as defining the Sales Curriculum and its execution,

she has launched the Diversity Initiative, as Ambassador she accompanies the promotion process of new Associate Partners and Partners and she is host of the so-called Q_AWARD, awarding outstanding project and sales achievements.

Number of Wavestone shares held:

In respect of the first and second resolutions presented to this Shareholders Meeting, it is proposed that Astrid Blechschmidt receive 12,520 Wavestone shares.

Karsten Höppner and Astrid Blechschmidt's appointments are conditional on the first, second and third resolutions being passed.

As part of the changes to be made to the Company's general management, Karsten Höppner will be asked to provide support to Pascal Imbert in carrying out his role as Chief Executive Officer. In this context, the Company's Board of Directors will, at its meeting to be held on December 5, 2023, following the Combined General Meeting, approve the appointment of Karsten Höppner as Wavestone's Chief Operating Officer with effect from January 1, 2024, it being specified that Patrick Hirigoyen will also continue as Chief Operating Officer.

Theoretical composition of the Board of Directors following the Combined General Meeting of December 5, 2023

Subject to the fourth and fifth resolutions being approved, the Company's Board of Directors will have 14 members. Excluding the Directors representing the employees and employee shareholders, the Board will have 5 female (45.45%) and 6 male (54.55%) members.

The Board will be balanced in terms of expertise. 54.55% (6/11) of Directors will be independent (excluding the Directors representing the employees and the Director representing the employee shareholders).

Marie-Ange Verdickt	Lead Director and independent member
Véronique Beaumont	Director and independent member
Marlène Ribeiro	Director and independent member
Florence Didier-Noaro	Director and independent member
Christophe Aulnette	Director and independent member
Raphaël Vivier	Director and independent member
FDCH, represented by Michel Dancoisne	Director
Pascal Imbert	Director and Chairman-Chief Executive Officer

Patrick Hirigoyen	Director and Chief Operating Officer
Karsten Höppner (subject to the approval of the shareholders at the Shareholders Meeting)	Director and Chief Operating Officer
Astrid Blechschmidt (subject to the approval of the shareholders at the Shareholders Meeting)	Director
Benjamin Clément	Director representing the employees
Emilie Salas	Director representing the employees
Pierre Allard	Director representing the employee shareholders

Karsten Höppner and Astrid Blechschmidt will not receive compensation for acting as Directors.

You are also reminded that, as announced on July 25, 2023, it is proposed that another independent Director be appointed. As the appointment process has not yet been completed, the independent director will be appointed at the next Annual Shareholders Meeting called to approve the financial statements for the fiscal year ending March 31, 2024.

2.2 COMPENSATION POLICY FOR KARSTEN HÖPPNER (RESOLUTION 6)

The shareholders at the Combined General Meeting to be held on December 5, 2023 are asked to approve the compensation policy for Karsten Höppner.

This policy describes all components of Karsten Höppner's compensation and explains the decision-making process followed in calculating his compensation and revising and implementing the policy.

This policy will apply to the period beginning on the date on which Karsten Höppner takes office as Chief Operating Officer, i.e. January 1, 2024 and ending on March 31, 2024, the end of Wavestone's fiscal year.

a) General principles

As for Wavestone's other Directors and corporate officers, the proposed compensation for Karsten Höppner is strictly in line with the Company's interests and the achievement of its growth plan.

In analyzing Karsten Höppner's compensation, the Board of Directors, on the recommendation of the Compensation and Nomination Committee, looks at all components of compensation, including benefits in kind, the provident scheme and healthcare costs.

The following criteria are applied in determining Karsten Höppner's compensation.

- / Comparability: the method used to calculate Karsten Höppner's compensation takes into account practices applied by groups and companies whose business activities are comparable with those of Wavestone.
- / Consistency: Karsten Höppner's compensation is consistent with the policy and the levels of compensation defined for the firm's Partners and officers in Germany, employees of

Q_PERIOR, based on a benchmarking exercise carried out by an independent body on the compensation paid to Partners and officers in major Germany consultancy firms.

- / Performance: the variable component of compensation takes Q_PERIOR's financial and non-financial performance into account.

b) Structure of overall annual compensation

It is intended that Karsten Höppner's compensation be reviewed annually, by reference to the strategic plan of the new combined business, changes to laws and good governance practices.

Karsten Höppner's proposed compensation structure comprises a fixed component and a variable component, known as a bonus.

Fixed component: on the recommendation of the Compensation and Nomination Committee, applying the principles defined in a) above, the fixed annual component is proposed to be €200,000 (gross). The amount actually paid will be prorated.

Variable component: on the recommendation of the Compensation and Nomination Committee, applying the principles defined in a) above, the proposed target annual bonus (bonus payable if targets are attained) is, for the 2023/24 year, €300,000 (gross).

Karsten Höppner's proposed compensation therefore exceeds the compensation of Pascal Imbert and Patrick Hirigoyen. The difference is due to the fact that compensation levels in the consultancy sector in Germany are higher than in France.

Karsten Höppner's proposed compensation is consistent with the compensation grid defined for the new Wavestone - Q_PERIOR combined business in relation to Germany. This compensation is slightly lower than the median compensation for "officers" in the benchmark compensation paid to Partners and officers at major Germany consultancy firms.

The bonus has two components.

- / A "performance" component, representing 80% of the target bonus, based on Q_PERIOR's annual financial performance.

This quantitative component is based on the extent to which the Q_PERIOR group's budgetary targets are attained, and is adjusted either upwards or downwards by reference to differences between the targets set and the results actually achieved.

The relevant budgetary target is the Q_PERIOR group's EBIT on a like-for-like basis over the period from April 1, 2023 to March 31, 2024.

The terms of variation of this component are consistent with the terms used for the bonuses of the other Q_PERIOR Partners. If the target is attained, the "performance" component is paid in full. This component may range from 0% to 150%, i.e. from 0% to 120% of the target bonus.

For reasons of confidentiality, the target and the variation formula are not disclosed. They will, however, be disclosed on an ex-post basis, together with the results achieved, in the 2023/24 universal registration document.

- / A "CSR" component, representing 20% of the target bonus, based on Q_PERIOR's CSR performance.

This qualitative component is based on an assessment of the Q_PERIOR group's performance in terms of employee engagement and well-being, diversity and inclusion, and environmental issues, in line with the targets set out in Q_PERIOR's CSR action plan.

In terms of employee engagement and well-being, performance is measured by the turnover rate and by the employee engagement index. In relation to turnover, the target will be attained where the rate is 10% or less (with the target partially attained between 10% and 15%, and not attained above 15%). In terms of employee engagement, the target will be attained if the index is 74 or higher (Wavestone's target).

In terms of diversity and inclusion, the objective is to draw up a quantified action plan aimed at increasing the proportion of women on Q_PERIOR's management team in the coming years.

In terms of the environmental issues, the objective is to carry out a carbon audit covering scope 3 emissions and use it to develop a plan for reducing Q_PERIOR's carbon footprint in the 2024/25 and subsequent fiscal years.

The bonus actually paid will be prorated, based on the bonus calculated for a whole year.

Pursuant to Article L. 22-10-34 of the French Commercial Code, the annual variable compensation in respect of the fiscal year ending March 31, 2024 will be paid after the Annual Shareholders Meeting to be held in 2024 to approve the financial statements for the year ending March 31, 2024 and will be subject to approval by the shareholders at that meeting.

It should be noted that, in terms of transition, the criteria used to calculate Karsten Höppner's variable compensation for fiscal 2023/24 only apply to the Q_PERIOR scope.

For future years, it is intended that these criteria will become increasingly aligned with the criteria applicable to Pascal Imbert and Patrick Hirigoyen's variable compensation, and will cover the entire Wavestone scope.

In the next two years, it is also proposed that the fixed and variable components of Karsten Höppner's compensation be rebalanced, so that his target bonus is equal to the fixed component.

c) Other components of compensation

Karsten Höppner receives benefits in kind in the form of a vehicle and transport costs with a maximum annual value of €25,000, in accordance with the policy for all Q_PERIOR Partners in Germany.

Karsten Höppner benefits from the same provident and healthcare cost reimbursement schemes as Q_PERIOR's other employees in Germany.

Karsten Höppner has an employment contract with Q_PERIOR, which was suspended on August 23, 2001. His employment contract contains the following terms.

- / Contract term: permanent contract.
- / Notice period: 6 months.
- / Termination conditions: termination conditions authorized under current laws.
- / This contract contains no commitments or benefits that go beyond the statutory conditions in force in Germany. It does not provide for any benefits to be paid on retirement.

Karsten Höppner is not in receipt of any other benefit, commitment or compensation from Wavestone or another company in its group.

It is reiterated that, as part of the Transaction, Karsten Höppner will become a significant shareholder in Wavestone, with a shareholding of approximately 3.3%, naturally aligning him with the Company's long-term performance objectives.

d) Clawback

For fiscal 2023/24, the Board of Directors is proposing a "clawback" clause, under which some or all of the annual variable compensation paid to Karsten Höppner will be repayable under serious and exceptional circumstances.

As a result, if, during the five years following the payment of annual variable compensation, it is observed that:

- / the data used to measure performance was clearly and intentionally falsified,
- / or if Karsten Höppner is guilty of serious and willful misconduct,

the Board of Directors may require Karsten Höppner, Chief Operating Officer, to reimburse all or part of the variable compensation paid.

2.3 POWERS (RESOLUTION 7)

This resolution is proposed to grant the powers to carry out the formalities required following the Shareholders Meeting.

III. DIALOGUE WITH SHAREHOLDERS

Following the announcement of the transaction on July 25, 2023, Pascal Imbert, Laurent Stoupy and Karsten Höppner organized a number of meetings with different groups: institutional investors and analysts, individual shareholders, Wavestone's employees and management team and Q_PERIOR's employees and management team, in which they gave a presentation on the transaction.

They also held a large number of meetings with the Company's main shareholders on the objectives of the transaction and its terms, with a view to responding to their questions.

Lastly, they held specific meetings with certain of these shareholders and voting advisory agencies, in preparation for the Combined General Meeting to be held on December 5, 2023, before finalizing the documentation for this meeting.

Additional events and meetings have been scheduled to be held after the Shareholders Meeting is convened.

IV. BUSINESS ACTIVITY SINCE APRIL 1, 2023 AND TRENDS OBSERVED

Wavestone generated revenue of €143.3m in the first quarter of 2023/24 fiscal year, significantly up (+17%) on the same period of the previous fiscal year. This growth was underpinned by organic growth of 11%, despite an unfavorable working-day impact.

The consolidation of the UK consultancy firms, PEN Partnership and Coeus Consulting, also contributed to this performance. In addition, the utilization rate improved to 73%, up from the previous quarter, and the average sale price rose 1%.

In terms of human resources, Wavestone had 4,348 employees as of June 30, 2023, compared with 4,406 at end-March. This slight fall is usual during this period of the year, and also demonstrates the slowdown in recruitment efforts implemented by the firm. The turnover rate, on a rolling 12-month basis, was 15%, slightly lower than in the previous fiscal year (16%).

Despite a less certain market environment and higher levels of volatility, Wavestone remains confident that it will be able to achieve its financial targets for 2023/24 fiscal year. These targets include organic growth at least equal to that of the previous fiscal year (7%) and revenue of above €580m, i.e. total growth of 9%. The target for the annual EBIT margin is around 15%.

Q_PERIOR's business activity in the first quarter of fiscal 2023/24 was dynamic, enjoying double-digit growth as a result of a significant increase in its headcount at the end of 2022.

The recent significant increase in the headcount, however, has resulted in a utilization rate below normative levels, but the turnover rate is particularly low, at less than 10%.

Prices have also been robust.

Despite a difficult economic environment in Germany and Europe, Q_PERIOR remains confident in its ability to maintain sustained growth in the coming quarter, in line with its business plan.

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After you have listened to the reports of the contributions auditor, we will put the resolutions that have been read out to you successively to the vote.

October 26, 2023

The Board of Directors

Appendix 1

Presentation of Q_PERIOR and description of the Transaction

I. PRESENTATION OF Q_PERIOR

1.1 Core activities

Formed as a result of the merger between Agens Consulting GmbH, ESPRiT Consulting AG (co-founded by Karsten Höppner in 1995) and Paricon AG in 2011, Q_PERIOR is an international and independent management and information technology consultancy company.

Q_PERIOR supports its clients' transformation by drawing on leading business and technological expertise, such as core business processes, digitization and SAP. Q_PERIOR combines its consulting skills with solutions implementation know-how, while remaining focused on high value-added services.

Its main business sectors are insurance, the travel, transport and logistics, the automotive sector and industry, banking, energy and the public sector.

1.2 Principal markets

Q_PERIOR had 1,410 employees as of March 31, 2023. The firm has offices in eight German cities and 11 countries worldwide, with a strong presence in Europe, particularly in Germany, Switzerland, Austria and the United Kingdom, as well as in North America.

With a portfolio of Global 500 enterprises and regional champions, Q_PERIOR is strategically positioned on the German market, the largest consultancy market in continental Europe, as well as in Switzerland.

1.3 Corporate governance

Q_PERIOR's governance comprises a Supervisory Board and a Management Board.

(a) Supervisory Board

The current members of Q_PERIOR's Supervisory Board are:

Name	Date of birth	Position	Member since
Stephan Marchner	September 26, 1965	Director	July 3, 2020 (reappointed by the shareholders at the General Meeting held on July 3, 2023 for a one (1) year term)
Dr. Karsten Schween	May 13, 1966	Director	July 3, 2020 (reappointed by the shareholders at the General Meeting held on July 3, 2023 for a one (1) year term)

Markus Enggist	October 25, 1964	Director	July 3, 2020 (reappointed by the shareholders at the General Meeting held on July 3, 2023 for a one (1) year term)
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(b) Management Board

The current members of Q_PERIOR's Management Board are:

Name	Date of birth	Position	Member since
Klaus Leitner	July 11, 1972	Chairman of the Management Board	September 1, 2019
Robert Schneeberg	July 31, 1980	Member of the Management Board	September 1, 2019

1.4 Principal shareholders

At the date of this report, Q_PERIOR's share capital is distributed as follows:

Shareholders	Number of shares	% of share capital	No. of voting rights (exercisable)	% of voting rights (exercisable)
agens GmbH & Co KGaA	333,334	23.02%	333,334	23.34%
Höppner Familienstiftung	194,109	13.40%	194,109	13.59%
Hampton Bay Management KG	192,409	13.29%	192,409	13.47%
KeepCoolman KG	189,409	13.08%	189,409	13.26%
MaBella KG/ BussiCiao KG ¹	144,893	10.00%	144,893	10.14%
Michael Girke	81,029	5.60%	81,029	5.67%
Lars Erdmann	79,529	5.49%	79,529	5.57%
Sub-total 7B	1,214,712	83.87%	1,214,712	85.06%
Other shareholders ²	213,314	14.73%	213,314	14.94%
Q_PERIOR Holding AG	20,304	1.40%	-	0.00%
Total	1,448,330	100.00%	1,428,026	100.00%

1.5 Financial information

Q_PERIOR's *Consolidated Special Purpose Financial Statements (CSPFS)* as of March 31, 2023 drawn up in accordance with IFRS as adopted by the European Union and the limited review report issued by Q_PERIOR's independent auditor are set out in Appendix 1 to the exemption document, which will be available on Wavestone's website.

¹ Companies controlled by Stephan Marchner.

² Other shareholders, either legal entities or natural persons, who individually hold less than 2.5% of Q_PERIOR's share capital

II. DESCRIPTION OF THE TRANSACTION

In accordance with the provisions of the Combination Agreement, the parties have agreed the terms and conditions of the acquisition by Wavestone of 1,428,026 shares in Q_PERIOR, representing approximately 98.60% of its share capital and 100% of its voting rights (the remaining shares in Q_PERIOR, representing approximately 1.40% of its share capital, being held by Q_PERIOR as treasury stock).

In consideration for the Contribution and the Sale, valued at €321,922,905.50 (the "**Transaction Price**"):

- (i) the contributing Q_PERIOR shareholders (the "**Contributors**") will receive a total of 4,709,840 ordinary shares in Wavestone, each with a par value of €0.025, representing approximately 18.91% of Wavestone's share capital on a fully diluted basis on completion of the Transaction (and corresponding to 79.00% of the Transaction Price) (the "**Share Portion of the Transaction Price**");
- (ii) Wavestone will pay to the selling Q_PERIOR shareholders an amount in cash of €67,591,545.50 (corresponding to 21.00% of the Transaction Price) (the "**Cash Portion of the Transaction Price**"), which may be supplemented by the payment of earn-out consideration capped at €35,000,000, the amount of which will be calculated based on the level of normalized adjusted EBIT³, in the following proportions:

If Q_PERIOR's normalized adjusted EBIT over the previous twelve months as of March 31, 2024 is:

- (a) greater than or equal to €31,600,000, earn-out consideration of €35,000,000 will be paid by Wavestone to Q_PERIOR's shareholders;
- (b) greater than or equal to €31,200,000 (but less than €31,600,000), earn-out consideration of €31,500,000 will be paid by Wavestone to Q_PERIOR's shareholders;
- (c) greater than or equal to €30,800,000 (but less than €31,200,000), earn-out consideration of €28,000,000 will be paid by Wavestone to Q_PERIOR's shareholders;
- (d) greater than or equal to €30,400,000 (but less than €30,800,000), earn-out consideration of €24,500,000 will be paid by Wavestone to Q_PERIOR's shareholders;
- (e) greater than or equal to €30,000,000 (but less than €30,400,000), earn-out consideration of €21,000,000 will be paid by Wavestone to Q_PERIOR's shareholders;
- (f) greater than or equal to €29,600,000 (but less than €30,000,000), earn-out consideration of €17,500,000 will be paid by Wavestone to Q_PERIOR's shareholders;
- (g) less than €29,600,000, no earn-out consideration will be paid by Wavestone to Q_PERIOR's shareholders.

³ Under the Combination Agreement, normalized adjusted EBIT means EBIT as shown in Q_PERIOR's business plan shared with Wavestone on July 25, 2023, other than (i) depreciation of goodwill (including depreciation of other intangible assets accounted for on mergers and acquisitions, including client relationships) and (ii) all costs incurred in connection with the Transaction, such as lawyers' fees, insurance premiums and costs incurred in order to comply with financial or regulatory requirements or other requirements imposed by Wavestone.

2.1 Guarantee and other undertakings

In terms of guarantees, the Combination Agreement, as amended by a first amendment agreement dated October 26, 2023 (the "**Amendment Agreement**") provides for:

- (i) the usual undertakings on managing the company during the interim period. It also contains an assets and liabilities guarantee (the "**Assets and Liabilities Guarantee**") granted by the shareholders in Q_PERIOR under terms that comply with market standards for this type of transaction. In addition to individual threshold and a deductible, the guarantee provides for a degressive cap of €30,000,000, which reduces over time subject to conditions;
- (ii) by way of security for the undertakings given by the shareholders in Q_PERIOR under the Assets and Liabilities Guarantee, the establishment by the 7 main shareholders in Q_PERIOR (the "**7B Group**") of a security trust (the "**Trust**") with IQ-EQ Management (or another trustee) (the "**Trustee**") in favor of Wavestone, into which the 7 main shareholders in Q_PERIOR (the "**Settlers**") will transfer (i) €15,000,000 and (ii) 1,388,889 newly issued shares in Wavestone.

The Trust will have a term of 4 years beginning on the date of completion of the Transaction (increased, if applicable, by the period required to settle ongoing claims, limited to 15 years beginning on the date of completion of the Transaction).

Under the terms of the Combination Agreement and the Amendment Agreement, the Trustee will release to the 7B Group, over subsequent years, a number of shares, followed by a proportion of the cash held in the Trust, as agreed by the parties, in correlation with the degressivity of the cap of the Guarantee.

The Settlers will have also the option, at any time, of replacing the Wavestone shares that they have transferred into the Trust with cash, in accordance with a ratio agreed by the parties, it being specified that, if Q_PERIOR achieves a level of normalized adjusted EBIT for the 12-month period ending on March 31, 2024 of €31,200,000 or more, resulting in the payment of the earn-out, the Settlers have undertaken to transfer 65% of the earn-out consideration they receive into the Trust to replace some or all of the Wavestone shares transferred into the Trust.

The Settlers will retain certain financial rights over the Wavestone shares transferred to the Trust, such that the income on these shares, including dividends, interim dividends, distributed reserves and other distributions of profits or capital will be distributed to them. The Trustee must also vote in accordance with the instructions of the Settlers and the Concert Party, of which the Trustee will be a member, in its capacity as a party to the Shareholders' Agreement.

In addition to the Assets and Liabilities Guarantee, Wavestone has taken out the usual warranty and indemnity insurance policy for this type of transaction (the "**Warranty and Indemnity Insurance Policy**").

The Combination Agreement also includes an undertaking from Wavestone to lock up the contributed Q_PERIOR shares for at least four years. In this respect, Wavestone has undertaken not to transfer the said shares or to wind up or liquidate Q_PERIOR. After this four-year period, and for up to seven years, Wavestone has agreed to indemnify⁴ seven shareholders from among

⁴ At €7.70 per contributed share if the transaction is carried out between the 4th and 5th years, €5.10 if the transaction is carried out between the 5th and 6th years, and €2.60 if the transaction is carried out between the 6th and 7th years.

the Contributors in the event that it decides to enter into a transaction in breach of this lock-up commitment over the Q_PERIOR shares.

The Combination Agreement also provides for a two-year lock-up commitment, entered into by all the Contributors, over the shares issued in consideration for the Contribution, subject to an exemption applicable to 5% of the shares received.

Lastly, the Combination Agreement contains the usual non-solicitation and non-compete clauses seen for this type of transaction.

2.2 Objective of the Transaction

As a result of the Transaction, the newly combined business formed by Wavestone and Q_PERIOR will create a new leading European consultancy firm with a solid foothold in the three main markets of continental Europe (France, Germany and Switzerland).

On completion of the Transaction, the newly consolidated Group (still branded as 'Wavestone') is expected to post annual revenue on March 31, 2023, of €835.2 million, representing EBIT margin of 12.1%⁵, which aims to achieve revenue – excluding new acquisitions – of approximately €1 billion, for an EBIT of at least €130 million in fiscal year 2024/25⁶, with a workforce of over 5,500 worldwide.

Wavestone and Q_PERIOR conduct complementary businesses which would significantly enhance Wavestone's offering. Together, as two consulting firms, they could harness complementary expertise in terms of technologies and sectors, but also geographically.

The new entity would therefore be positioned to operate in almost every sector (banking, insurance, energy, industry, automotive, transport and logistics, the public sector, consumer goods, luxury, etc.), with a strong foothold in continental Europe (France, Germany, Switzerland) not forgetting the UK, North America and Asia.

2.2.1 Establishment of a new consultancy with strong growth potential

- **An enhanced service offering designed for nearly all sectors**

The combination resulting from the two entities and the consolidation of Q_PERIOR will create a best-in-class consultancy firm in many sectors, and to cover almost all areas of activity.

On completion of the Transaction, the breakdown of activities within the new entity is expected as follows: banking (21%), insurance (18%), energy (14%), industry and automotive (13%), transport and logistics (13%), public sector (10%), and consumer goods and luxury (6%).

- **Matching a client base and regional presence**

This combination would expand the client base of Wavestone and Q_PERIOR, encompassing many key accounts such as BMW, Bausparkasse Schwäbisch Hall, Crédit Agricole, Deutsche Bahn, EDF, EnBW, L'Oréal, LVMH, SNCF, Société Générale, Swiss RE and TotalEnergies. As a result, the merged entity would benefit from a consolidated foothold in Europe (52% of their business extended to France, 5% in the UK and 3% in other European countries), and particularly German-speaking countries (23% of business in Germany, 11% in Switzerland), bolstered by expansion

⁵ Based on the pro forma financial information as of March 31, 2023 prepared after the Transaction was announced. This information differs from the combined figures included in the press release dated July 25, 2023, which, for Q_PERIOR, used the figures for the 2022 calendar year, whereas the pro forma information uses Q_PERIOR's figures for the period between April 1, 2022 and March 31, 2023. This three-month time lag results in moderate revenue growth and a decline in the margin, due to the sharp increase in Q_PERIOR's headcount over the period.

⁶ In fiscal year 2024/25, compared to Wavestone's EBIT for fiscal year 2022/23 which stood at €77.0 million.

in the rest of the world (US and Asia accounting for 5% and 1% of the firm's new business respectively).

- **Building on a unique and attractive position**

Thanks to its locations in three of continental Europe's strategic markets (France, Germany and Switzerland), the new firm would be positioned as a benchmark employer, cementing its status as a "best place to work" and an ethically and civically responsible corporate citizen, leading the way in social, societal and environmental challenges to fulfill the aspirations and expectations of young talents.

The new entity would represent an alternative to UK- and US-based players, boosting its appeal among new employees and fostering their loyalty.

Lastly, this solid client base would enable the firm to step up its development in important regions for key accounts which include the UK, North America and Asia.

2.2.2 A value-creating transaction, propelled by a growth-based model

- **A sustained growth, combining organic growth and acquisitions**

Formed from the Transaction, the new entity is expected to continue its development through a combination of organic growth and acquisitions, with the ambition of maintaining a sustained pace of growth.

As regards acquisitions, the new entity would be a particularly attractive platform longer term. Priority would be given to two geographies, namely the UK and US, as well as strengthening its market position in Asia.

The project seeks to scale up the new entity established by Wavestone and Q_PERIOR at an average annual growth rate of 15%, with targeted EBIT margin of around 15%.

- **A target combining profitability and non-financial performance**

Excluding new acquisitions, the newly-consolidated Group targets revenue of approximately €1 billion by 2025, with an EBIT of at least €130 million for fiscal year 2024/25⁷, representing an increase of more than 70%.

This large-scale expansion would also be supported by an emphasis on people, in an effort to increase the appeal of this newly-established player among first-class talent. Continuing the initiatives already kick-started by Wavestone and Q_PERIOR in this area, both parties have a laser focus on reaching the Great Place to Work[®] rankings in its main geographies.

Fully aware of these critical challenges, Wavestone and Q_PERIOR are expected to further position the new firm in the top 5% of companies at the forefront of CSR, by integrating urgent sustainable development needs and non-financial performance objectives into its growth model.

⁷ This compares with Wavestone's EBIT of €77 million for fiscal year 2022/23.

Appendix 2

Specific commitments under the Shareholders' Agreement

I. AD HOC COMMITTEE

The Shareholders' Agreement provides for the establishment, on completion of the Transaction, of an ad hoc advisory body (the "**Ad Hoc Committee**"), the purpose of which is to enable to the parties to the Shareholders' Agreement to discuss matters with a view to reaching a joint position prior to any decision being put to the Company's shareholders at a General Meeting.

The Ad Hoc Committee shall have a total of three (3) members, one representing Pascal Imbert and his family, the second representing Michel Dancoisne and his family, and the third representing the 7B Group (the "**Members of the Ad Hoc Committee**").

Under the terms of the Shareholders' Agreement, any resolution submitted to Wavestone's shareholders at a General Meeting and/or the submission of any draft agenda and/or draft resolution to the shareholders at a General Meeting requires the unanimous approval of the Members of the Ad Hoc Committee.

Once the Ad Hoc Committee has given its approval, each party undertakes to vote or arrange for any person representing it at Wavestone's General Meeting or on Wavestone's Board of Directors to vote, in all circumstances, in accordance with the agreed position.

The members of the Ad Hoc Committee must also meet before any meeting of Wavestone's Board of Directors, but are not, however, required to reach a joint position. By way of exception, any decision relating to the transfer by Wavestone of the contributed Q_PERIOR shares within seven years of the completion date of the Transaction will first need to be approved unanimously by the Members of the Ad Hoc Committee, and each party undertakes to vote or arrange for any person representing it on Wavestone's Board of Directors to vote in accordance with the agreed position.

II. LOCK-UP COMMITMENT

Pursuant to the Shareholders' Agreement, the members of the Concert Party have undertaken to continue to hold their Wavestone shares for a period of four years beginning on the completion date of the Transaction.

This lock-up commitment will not apply to transfers to a holding company. The Shareholders' Agreement also contains an exemption clause, allowing members of the Concert Party (other than the Trustee) to gradually transfer up to 20% of their Wavestone shares over the four-year period.

Security for these lock-up commitments will be provided by appointing Uptevia as escrow agent for the shares, acting in its capacity as Wavestone's share registrar.

III. SPECIFIC UNDERTAKINGS BY MEMBERS OF THE CONCERT PARTY

Under the Shareholders' Agreement, the members of the Concert Party undertake:

- not to act in concert, within the meaning of Article L. 233-10 of the French Commercial Code, vis-à-vis Wavestone with any third party (i.e. any person not party to the Shareholders' Agreement);
- specifically in relation to Wavestone's founders (Pascal Imbert and Michel Dancoisne) and their respective families, not to directly or indirectly form a sub-concert party between themselves;

- to cooperate, following the expiry of the four-year lock-up period, in the event that one or more parties (other than the Trustee) decides to sell a shareholding in Wavestone of more than 5%, with a view to conducting that sale in good faith and fully transparently vis-à-vis the other parties (other than the Trustee).

IV. STANDSTILL

Under the Shareholders' Agreement, the members of the Concert Party have undertaken not to acquire, agree to acquire or propose to acquire shares, directly or indirectly, using any manner of transfer (other than the transfers authorized under the Shareholders' Agreement) or to take any steps that may require or oblige such party (alone) or the other parties (in concert) to submit a mandatory public tender offer for the shares in Wavestone.

Appendix 3
Effect of the Transaction

I. EFFECT OF THE TRANSACTION ON WAVESTONE'S SHAREHOLDERS' EQUITY AND THE SITUATION OF SHAREHOLDERS

For information purposes, the effect of the issue of the New Shares carried out as part of the Contribution on the share of consolidated shareholders' equity per share (*calculated based on consolidated shareholders' equity (Group share) as shown in the financial statements for the year ending March 31, 2023 and the number of shares comprising the issuer's share capital as of September 30, 2023 after deducting treasury stock*) is as follows:

	Share of consolidated shareholders' equity per share (in euros)	
	Non-diluted basis	Diluted basis ⁽¹⁾
Before the completion of the Capital Contributions	15.1	15.1
After the completion of the Capital Contributions⁸	22.5	22.5
(1)	Wavestone has not issued any dilutive instruments.	

By way of information, the theoretical impact of the issue of the New Shares under the Contribution on the shareholding of a shareholder with 1% of the issuer's share capital prior to the issue of the New Shares (*calculated based on the number of shares comprising the issuer's share capital at September 30, 2023*) is as follows:

	Shareholder's shareholding (as a %)	
	Non-diluted basis	Diluted basis ⁽¹⁾
Before the issue of the New Shares	1.00%	1.00%
After the issue of the New Shares	0.81%	0.81%
(1)	Wavestone has not issued any dilutive instruments.	

⁸ The shareholders' equity after the capital increase used in the calculation is obtained as follows: consolidated shareholders' equity (group share) at March 31, 2023 + capital increase + contribution premium at the target Wavestone share price of €54.0. At the October 26, 2023 share price of €42.45, the result of the calculation is €20.3 per share.

II. EFFECT OF THE TRANSACTION ON THE DISTRIBUTION OF THE SHARE CAPITAL AND THE VOTING RIGHTS IN WAVESTONE AND THE SITUATION OF THE SHAREHOLDERS

On the date of this report, the issuer's share capital is €504,912.30, divided into 20,196,492 ordinary shares, all fully subscribed for and paid up, each with a par value of €0.025. Based on the information available to Wavestone on September 30, 2023, the share capital and voting rights are distributed as follows:

Shareholders	Number of shares	% of share capital	No. of voting rights (exercisable)	% of voting rights ⁽³⁾
Imbert family ⁽¹⁾	5,789,136	28.66%	11,578,272	35.89%
Dancoisne – Chavelas family ⁽²⁾	5,211,088	25.80%	10,422,176	32.31%
Sub-total Imbert/Dancoisne - Chavelas	11,000,224	54.47%	22,000,448	68.20%
Patrick Hirigoyen	70,089	0.35%	140,158	0.43%
Other Directors	10,370	0.05%	19,483	0.06%
Employees	1,565,950	7.75%	2,562,204	7.94%
Treasury stock	327,342	1.62%	0	0.00%
Free float	7,222,517	35.76%	7,534,408	23.36%
Total	20,196,492	100.00%	32,256,701	100.00%

(1) P. Imbert directly holds 941,978 shares. FIH, the family holding company over which he exercises exclusive control, holds 4,847,158 shares.

(2) M. Dancoisne directly holds 1,195,179 shares. FDCH, the family holding company over which he exercises exclusive control, holds 2,827,509 shares. D. Chavelas, his daughter, controls 1,188,400 shares.

(3) Under AMF position/recommandation no. 2021-02, the total number of voting rights that may be exercised at a Shareholders General Meeting is calculated on the basis of the total number of shares with exercisable voting rights, and does not include shares with no voting rights.

After completion of the Transaction, the share capital and voting rights will be distributed as follows:

Shareholders	Number of shares	% of share capital	No. of voting rights (exercisable)	% of voting rights⁽³⁾
Imbert family ⁽¹⁾	5,789,136	23.24%	11,578,272	31.32%
Dancoisne – Chavelas family ⁽²⁾	5,211,088	20.92%	10,422,176	28.19%
Main Q_PERIOR shareholders	2,601,067	10.45%	2,601,067	7.04%
Trust ⁽⁴⁾	1,388,889	5.58%	1,388,889	3.76%
Sub-total concert controlling shareholders	14,990,180	60.19%	25,990,404	70.31%
Other Directors and corporate officers	80,459	0.32%	159,641	0.43%
Wavestone employees (including Patrick Hirigoyen)	1,565,950	6.29%	2,562,204	6.93%
Other Q_PERIOR shareholders	719,884	2.89%	719,884	1.95%
Treasury stock	327,342	1.31%	-	-
Free float	7,222,517	29.00%	7,534,408	20.38%
Total	24,906,332	100.00%	36,966,541	100.00%

(1) P. Imbert directly holds 941,978 shares. FIH, the family holding company over which he exercises exclusive control, holds 4,847,158 shares.

(2) M. Dancoisne directly holds 1,195,179 shares. FDCH, the family holding company over which he exercises exclusive control, holds 2,827,509 shares. D. Chavelas, his daughter, controls 1,188,400 shares.

(3) Under AMF position/recommandation no. 2021-02, the total number of voting rights that may be exercised at an Annual Shareholders Meeting is calculated on the basis of the total number of shares with exercisable voting rights, and does not include shares with no voting rights.

(4) The Trust holds the Wavestone shares that have been transferred to it by the main shareholders in Q_PERIOR.