

## Wavestone and Q\_PERIOR intend to join forces to create a European consulting champion

- An unrivalled range of capabilities, with over 5,500 employees worldwide, to meet the transformation challenges of the most global clients
- A European consulting firm with a global reach, targeting sales of €1bn by 2025
- Two players sharing similar values, who have been partners for several years

Wavestone, a French leading consultancy, and Q\_PERIOR, a consulting leader in the Germany-Switzerland-Austria (GSA) region, announce that they have signed a Memorandum of Understanding concerning the combination of the two firms to create a European champion in the consulting market.

### **The combination of two successful players who have been partners for several years and share many common values**

Since 2019, Wavestone and Q\_PERIOR have established a non-equity partnership aimed at developing business synergies by leveraging their complementarities in terms of geographical coverage, industry footprints and expertise.

Building on the success of this collaboration, shared values, and the proximity established between the teams, the two firms have been working together on a joint project to combine their strengths.

*"We strongly believe that the extraordinary combination of drivers for this combination makes it a unique opportunity for all stakeholders of Wavestone and Q\_PERIOR"* stated **Karsten Höppner, Q\_PERIOR's CEO**. *"Q\_PERIOR is undoubtedly the best partner for us to embark on such a project. Together, we can set ourselves the ambition of becoming a world-class European consulting champion, able to guide major companies in their most global transformations"* added **Pascal Imbert, Wavestone's CEO**.

Founded in 1990, Wavestone is a French consulting firm, listed on Euronext Paris, that supports major companies and organizations in their most crucial transformations by closely combining the best business, technological and sustainability capabilities.

Wavestone has 4,406 employees as of March 31, 2023, located in 9 countries, mainly in France, the UK, the USA and Asia.

Wavestone combines its industry knowledge with cutting-edge expertise in the issues at the heart of its clients' thinking, in particular, customer experience, data & artificial intelligence, cybersecurity, supply chain and sustainability. The firm has an in-depth understanding of the value chain and businesses in a wide range of industries such as financial services, manufacturing, luxury goods and energy.

Wavestone has developed historically through a mix of organic and external growth, with a proven ability to integrate new teams and areas of expertise, while maintaining a high level of profitability.

Wavestone's teammates are all united around a common set of values, *The Positive Way* (client satisfaction, employee development, responsibility & ethics, and team spirit), across disciplines and geographies.

In 2022/23<sup>1</sup>, Wavestone's consolidated revenue stood at €532.3m, up +13%, with an EBIT margin of 14.5%.

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<sup>1</sup> Last fiscal year 2022/23, ended 31 March, 2023. All the figures in this document are in IFRS, unless specified otherwise.

Q\_PERIOR is a German consulting firm owned by its founders, directors and Partners, and one of the GSA market leaders. Q\_PERIOR results of the combination of three business and IT consulting firms back in 2011 (ESPRiT Consulting AG, cofounded by Karsten Höppner in 1995, agens Consulting GmbH and Paricon AG).

Q\_PERIOR has 1,410 permanent staff as of March 31, 2023, and is present in 8 German cities and 11 countries worldwide with a strong European presence, notably in Germany, Switzerland, Austria, and the UK, as well as North America.

Q\_PERIOR supports its clients' major transformations, offering first-class business and technological expertise, with distinctive capabilities such as core processes, digitalization and SAP. The firm can combine its consulting capabilities with solutions implementation know-how, while focusing on high value-added services.

With a portfolio of blue-chip clients and large regional leaders, Q\_PERIOR holds a strategic position in the German market, Europe's largest consulting market, as well as in the Swiss market. Q\_PERIOR's clients belong to the insurance, banking, transport, automotive, manufacturing and public sectors.

Q\_PERIOR's vision is to become the most trusted alternative to the global management & IT consultancies, by putting people and values at the center of all its ambitions.

Q\_PERIOR has demonstrated a strong growth dynamic: over the last 5 years the group has grown by an average of +10% per year. In 2022<sup>2</sup>, Q\_PERIOR generated consolidated revenue of €285.0m, up +21%, with an EBIT margin of 8.1%.

### **Profound economic changes require technological breakthroughs to serve companies' business and development**

Since the successive waves of the Covid-19 pandemic and the economic and social upheavals that followed, the need for transformation within large organizations has never been so intense or so global. Across all industries, companies are facing increasingly intense competition, and their business models are being turned upside down by the acceleration of digital technology, the consequences of the energy crisis, but also by the irruption of climate and environmental emergencies. Their transformation challenges are becoming broader, more complex and more global.

The acceleration of technological disruptions (digitalization, data, artificial intelligence) and the imperative need to know how to put these technologies at the service of the businesses and strategic challenges of major companies require partners with deep expertise, critical mass and international DNA.

In a fast-evolving consulting market, the constant need for new capabilities poses a significant challenge for consulting firms in terms of human resources, as they strive to keep up with the race for talent.

By joining forces, Wavestone and Q\_PERIOR want to offer a new response to these challenges.

### **A new consulting player to realize substantial growth opportunities**

The joint ambition of Wavestone and Q\_PERIOR is to build a new player, which would be, right from the beginning, a leader among European consulting firms, with a large footprint in three of continental Europe's main markets (France, Germany and Switzerland). This well-established and solid base would enable the firm to pursue its development in key geographies for its major clients: the UK, North America, and, in the longer term, Asia.

This new player would boast a particularly rich range of capabilities, the fruit of the complementary expertise of the two firms, both technological and industry-specific. With further key cross-industry domains such as cybersecurity or sustainability, the new entity would be able to provide comprehensive solutions covering the most critical themes of future companies' transformations.

With a unique position on the European market and a key alternative to large UK- and US-based players, this new firm would be the alliance of two benchmark employers in each of their respective markets, a "best place to work" with values in line with the aspirations and expectations of high-performing talent, helping to attract new employees and strengthen their loyalty.

The union of Q\_PERIOR and Wavestone would result in an ethical and civic-minded firm, at the forefront of best practices in social, societal and environmental responsibility.

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<sup>2</sup> Last fiscal year 2022, ended 31 December, 2022, in German HGB.

## **A new dimension to conquer new playgrounds**

The combination of Q\_PERIOR and Wavestone would bring together the capabilities of over 5,500 employees, mainly based in Europe, North America and Asia.

The new entity would operate across almost all industries: Banking would account for 21% of the new firm's revenue breakdown, Insurance 18%, Energy 14%, Automotive & Industry 13%, Transportation, Travel & Logistics 13%, Public Sector 10%, and Consumer Goods, Retail & Luxury 6%. Among its major clients, the new firm would serve BMW, BSH, Crédit Agricole, Deutsche Bahn, EDF, EnBW, L'Oréal, LVMH, SNCF, Société Générale, Swiss RE and TotalEnergies<sup>3</sup>.

The new player's footprint would be centered on continental Europe (France 52%, Germany 23%, Switzerland 11%, other countries 3%), the UK (5%), North America (5%) and Asia (1%).

As of March 31, 2023<sup>4</sup>, the new entity thus formed would generate combined annual revenue of €818.4m with an EBIT margin of 12.4%.

## **A development model driven by growth, combining profitability and extra-financial performance: €1 billion revenue target and significant EBIT increase by 2025**

The project co-built by the management teams of 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.

In terms of external growth, the union of Wavestone and Q\_PERIOR would thus position itself as an attractive platform for future acquisitions. Priority would be given to two geographical areas, the United Kingdom and the United States, as well as on consolidating the positions already established in Asia.

By 2025, the new firm would aim to reach, without new acquisitions, around €1 billion revenue, with an EBIT of at least €130 million in FY 2024/25 representing significant growth of over 70%<sup>5</sup>. These objectives are calculated on a constant forex basis.

In the longer term, the new entity would aim to sustain a 15% revenue growth rate, considering both organic and inorganic, and will target a normative EBIT margin of around 15%.

As a benchmark employer, the new firm would accompany its financial ambitions with a particular focus on human capital across all geographies, in order to enhance its appeal in attracting and retaining the best talent. In particular, the new entity would aim to rank in the top of the Great Place to Work<sup>®</sup> rankings in each of the major countries in which it operates.

As a growth model is inconceivable without sustainable development, the new firm would strive to be at the forefront of social, societal and environmental responsibility issues. On this extra-financial level, the new firm's objective would be to rank in the top 5% of companies in terms of CSR performance.

## **Terms of the combination**

Q\_PERIOR's share capital is held by its founders, directors and *Partners*.

The transaction would result in Wavestone acquiring 100% of the share capital of Q\_PERIOR's parent holding (the "Transaction"), based on an enterprise value of €330.0 million<sup>6</sup>, including an equity value of €321.9 million (the "Base price") and an adjusted<sup>7</sup> net debt of €8.1 million.

In addition to this Base price, the sellers would be entitled to an earn-out of up to €35.0 million, conditioned by the EBIT of Q\_PERIOR at March 31, 2024.

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<sup>3</sup> Ranked by alphabetical order.

<sup>4</sup> Based on the combined 12-month IFRS figures at March 31, 2023 for Wavestone (audited) and at December 31, 2022 for Q\_PERIOR (unaudited).

<sup>5</sup> Compared with Wavestone's EBIT 2022/23 of €77.0m

<sup>6</sup> Excluding any potential earn-out.

<sup>7</sup> Including financial net debt, debt-like items, and approximately €8 million corresponding to the value of some minority stakes owned by managers involved in the development of some Q\_PERIOR's subsidiaries.

This operation would be financed for 79.0% of the Base price by the issuance of new Wavestone shares on the basis of a reference price of €54 per new share, i.e., a total of 4,709,840 new shares. These new Wavestone shares would be acquired and held by Q\_PERIOR shareholders, who would thus become Wavestone shareholders. The remaining balance of the Base price, i.e. €67.6 million, and if applicable the earn-out up to a maximum of €35.0 million, would be financed in cash from Wavestone's available funds.

On this basis, earnings per share (EPS) for the new entity would increase by March 31, 2024, and the Transaction is expected to be accretive from fiscal year 2024/25 (ending March 31, 2025), the 1<sup>st</sup> full year of consolidation of the two firms.

Given the net cash positions of the two firms, their solid cash flow generations and the structure of the Transaction, the new entity would retain its financial flexibility to meet its development ambitions.

### Extended and strengthened corporate governance

On the basis of these terms and the capital structure of Wavestone at June 30, 2023, the breakdown of shareholders at the date of the Transaction would be as follows:

Shareholders	Number of shares	% of total share capital	Number of voting rights	% of total voting rights
Imbert Family – Wavestone's founder	5,789,136	23.24%	11,578,272	31.33%
Dancoisne – Chavelas Family – Wavestone's founder	5,211,088	20.92%	10,422,176	28.20%
Majority shareholders of Q_PERIOR	3,989,956	16.02%	3,989,956	10.80%
<b>Controlling shareholders acting in concert</b>	<b>14,990,180</b>	<b>60.19%</b>	<b>25,990,404</b>	<b>70.32%</b>
Other Wavestone executives and Directors	105,699	0.42%	198,291	0.54%
Wavestone employees	1,549,281	6.22%	2,442,456	6.61%
Other Q_PERIOR executives and employees	719,884	2.89%	719,884	1.95%
Free float	7,296,861	29.30%	7,609,807	20.59%
Treasury stock	244,427	0.98%	-	-
<b>Total</b>	<b>24,906,332</b>	<b>100.00%</b>	<b>36,960,842</b>	<b>100.00%</b>

The main shareholders of the new entity, comprising Pascal Imbert, Chairman and CEO of Wavestone, the Dancoisne - Chavelas family and the majority shareholders of Q\_PERIOR, would act in concert and become the new controlling shareholders of Wavestone. This action in concert would operate under a joint control governance and be underpinned by a 10-year shareholders' agreement, which would testify to the strong and lasting alignment of all the controlling shareholders of the new entity.

The controlling shareholders' commitment to the new group's growth strategy would be further strengthened by a lock-up mechanism for their Wavestone shares. This would be implemented on a degressive basis for a period of 4 years for the shareholders acting in concert (60.19% of the capital). Q\_PERIOR's minority shareholders (2.89% of the capital) would be subject to a degressive 2-year lock-up.

The Board of Directors of the new entity, whose appointment of 3 new members, including 1 independent, would be submitted to shareholders at the Annual General Meeting called to approve the Transaction, would also reflect the new capital structure and international dimension, with a significant proportion of independent directors. It would be proposed to appoint Pascal Imbert as Chairman and Chief Executive Officer of Wavestone, and Karsten Höppner and Patrick Hirigoyen as Chief Operating Officers.

Q\_PERIOR's key executives would join Wavestone's management team, so that the new firm's operational governance bodies would accurately represent the newly formed entity.

Following the Transaction, both companies agreed that the new entity would operate under the Wavestone name.

## Indicative timetable and next steps of the combination

The contractual documents relating to this combination project could be signed in the coming weeks, once the information and consultation process with Wavestone's employee representatives has been completed.

Finalization of the Transaction would then be preceded by the following steps:

- Authorization of the Transaction by the Direction Générale du Trésor, in charge of controlling foreign investments in France;
- Contribution appraisers' reports on the value and consideration of the contribution;
- Obtaining from the Autorité des marchés financiers (AMF) a waiver from the obligation to file a mandatory public offer for Wavestone by the members acting in concert;
- Public release of the Prospectus exemption document ;
- Approval of the Transaction by the Wavestone shareholders' Extraordinary General Meeting (EGM).

Given the new action in concert controlling the firm, Wavestone's founders and their family holdings would undertake to neutralize their voting rights when the General Meeting would consider the resolutions to approve the contribution and its consideration.

Approval of the Transaction at the Extraordinary General Meeting would result in its completion. This EGM would take place in the fourth quarter of 2023. Q\_PERIOR's accounts would then be integrated into Wavestone's consolidated financial accounts.

### Wavestone's advisors:

DC Advisory, BNP Paribas, Dentons, Grant Thornton, Hoche Avocats  
Arsene Taxand, Willis Tower Watson

### Q\_PERIOR's advisors:

Rotschild & co, Taylor Wessing

## About Q\_PERIOR

*Q\_PERIOR - the Q stands for "quality" and PERIOR comes from "superior" - is an international and independent business and IT consultancy. Core industries are automotive, banking, energy, industry, public services, travel, transport & logistics, and insurance. The company advises clients in a solution-oriented manner with industry-specific and cross-industry expertise as well as a deep understanding of business and IT requirements. This results in new approaches for innovative business models and digital solutions. Q\_PERIOR offers the complete range of services from strategy development and business conception to technical implementation and operational rollout.*

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## About Wavestone

*In a world where knowing how to drive transformation is key to success, Wavestone's mission is to inform and guide large organizations in their most critical transformations, with the aim of a positive outcome for all stakeholders. This is anchored in the firm's DNA and embodied in our overarching values, known as "The Positive Way."*

*Wavestone draws on more than 4,400 employees across Europe, Asia, and the United States, and is a leading global consultancy.*

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

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