



Annual report prepared by the Audit Committee of the Board of Directors of Applus Services, S.A. on its functioning during year 2022

I. Introduction

This report is drafted by the Audit Committee (the “**Committee**”) of the Board of Directors of Applus Services, S.A. (hereinafter, “**Applus**” or the “**Company**”) in compliance with the provisions of article 38.15 of the Regulations of Applus' Board of Directors (hereinafter, the “**Board Regulations**”), and articles 18.3 and 19.3 of the Committee's Regulations, in order to inform about the work performed by the Committee during year 2022.

This report shall be submitted to the Board of Directors of the Company, which is the body in charge of evaluating the work performed by the Committee during year 2022, in accordance with the provisions of article 36 of the Board Regulations.

II. Regulation of the Committee

The Committee is regulated by the provisions of article 529 quaterdecies and concordant articles of the Spanish Companies Act (*Ley de Sociedades de Capital*). The basic rules of organisation and functioning are contained in article 38 of the Board Regulations, and are developed in the Committee Regulations approved by the Board of Directors at its meeting of 15 December 2020.

In addition, the Committee follows the recommendations contained in the Spanish Good Governance Code of Listed Companies and in Technical Guide 3/2017, on audit committees of public interest entities approved by the National Securities Market Commission (CNMV) on 27 June 2017.

III. Composition of the Committee

The Committee has been composed by the following four members during year 2022:

- (i) Mr. Nicolás Villén Jiménez: Independent Director. He was appointed Director for the first time on 27 October 2015 and re-elected at the General Shareholders'

Meeting held on 29 May 2020. He holds the position of Chairman of the Committee since 31 May 2018.

- (ii) Mr. Ernesto Gerardo Mata López: Director with the category of "Other External". He was appointed Director for the first time on 29 November 2007 and re-elected for the last time at the General Shareholders' Meeting held on 28 June 2022.
- (iii) Mrs. María Cristina Henríquez de Luna Basagoiti: Independent Director. She was appointed as Director for the first time on 21 July 2016 and re-elected at the General Shareholders' Meeting held on 28 May 2021.
- (iv) Mrs. Essimari Kairisto: Independent Director. She was appointed as Director on 9 April 2019.

The personal and professional profile of each of them can be found in the "Board members" section of the "Investors" heading in the Company's website (www.applus.com).

IV. Meetings

During year 2022, the Committee held four meetings, corresponding to the regular quarterly meetings (23 February, 4 May, 21 July and 25 October), and further passed a resolution by written procedure in lieu of a meeting on 9 December. All of the members of the Committee attended each of said quarterly meetings either in person or duly represented, and also supported the written procedure in lieu of a meeting of 9 December.

Additionally, Mr. Christopher Cole (Chairman of the Board of Directors), Mr. Joan Amigó (former CFO and current CEO of Applus) and Mr. Aleix Ribas (Internal Auditor) also attended to all of such quarterly meetings, by express invitation of the Chairman of the Committee.

The Committee considers that it has met with the frequency required to perform its functions, and in any event with the minimum frequency of meetings established under article 38.10 of the Board Regulations.

V. Actions carried out during year 2022

The Committee, in the performance of the functions attributed to it under article 529 quaterdecies of the Spanish Companies Act, article 31 of the Company's by-laws, and article 38 of the Board Regulations, has mainly focused its meetings during year 2022 on the following actions:

A. Review of periodic financial information

The Committee has reviewed all the quarterly, biannual and annual financial information of the Company, both individual and consolidated. The annual and biannual information must be submitted to the National Securities Market Commission (CNMV) due to the Company's publicly listed status.

Furthermore, the Committee has ensured its compliance with the legal requirements for the preparation of the financial statements, as well as the accuracy and reliability of such financial statements.

B. Review of the process for the preparation of the annual accounts

The Committee has reviewed the process for the preparation of the annual accounts corresponding to year 2021 prior to their approval by the Board of Directors. In this regard, the Committee has completed the following actions:

- (i) Verified the compliance with, and the correct application of accounting principles.
- (ii) Maintained a continuous communication with the external auditor of the Company in order to identify any significant weakness of the internal control systems that

may be detected, as well as any other relevant risk that may affect the development of the audit process.

- (iii) Supervised and reviewed the processing of financial information, the internal systems of control and risks management of the Company, and monitored its complete adequacy and integrity.

C. Relationship with the external auditor

The Committee has supervised the relations with the Company's external auditor, Deloitte, S.L. (the "**Auditor**"), as well as the compliance with the audit agreement currently in force, and has ensured that the opinion about the annual accounts and the content of the audit report were drafted in a clear and precise manner.

The Committee maintained during year 2022 appropriate contacts with the Auditor, from which it received punctual and detailed information regarding the auditing services and those non-audit services provided to the Company or its group of companies, in accordance with the provisions of article 38.7.c of the Board Regulations and the Spanish accounting and audit regulations. In this sense, the Committee has concluded that there were no objective reasons to question the independence of the Auditor of the Company during year 2021 and that it had respected the rules governing the audit process in the framework of the elaboration of the financial information of the Company.

Furthermore, it is expressly noted that the Committee has facilitated the attendance of the Auditor at three of the four quarterly meetings held during 2022 to provide support and make clarifications to the Board members. In particular, the Auditor attended the February and July meetings to review the financial statements for the financial year 2021 and the first semester of 2022, respectively, and the October meeting to present the work plan for the financial year 2022 and to propose its fees.

D. Internal Audit

During year 2022, the Committee has complied with its functions relating to the internal audit function of the Company. To that end, the Committee has granted access to all of its meetings to the responsible person of the Company's internal audit department, Mr. Aleix Ribas, who has provided support and information to the Committee when needed, and has duly provided any clarifications he considered appropriate or that were necessary.

In particular, the Committee has supervised the implementation and the correct execution of the Internal Audit Plan for year 2022, which introduces a novelty from previous years consisting in the extensive capability to perform remote audits by means of the full implementation of the SAP GRC (Governance, Risk and Compliance) tool.

In addition, the Committee has approved the variable remuneration of Mr. Aleix Ribas for the performance of his position as Head of the Internal Audit Department.

E. Internal control systems of financial information (ICFR)

In relation with the Internal Control Systems of Financial Information ("ICFR"), the Committee hereby states that:

- (i) the internal control and risk management have been periodically reviewed so that the main risks are identified, managed, and adequately understood;
- (ii) the Auditor has confirmed that no indications of fraud or significant deficiencies in the Company's internal control have been detected;
- (iii) for group companies using SAP, a series of automatic controls were launched as a result of the implementation of the SAP GRC tool; and

- (iv) the external Auditor issued a verification report on the system of internal control over financial reporting (ICFR).

F. Systems for the management of corporate risks

The Committee dedicated two of its meetings (held in the months of May and October), among other matters, to follow-up on the Risk Map of the Company. This follow-up was basically focused on the reassessment of existing risks, the inclusion of new risks, the evolution of the action plans for each of the risks, and the update of the Key Risk Indicators (KRIs).

Furthermore, the Committee:

- (i) has reviewed the main aspects of the taxation of Applus, including in particular the analysis of the corporate income tax of 2021, the budget forecast for 2022, the Company's deferred tax assets (net operating losses, other deductions and temporary differences), and the main tax challenges in 2022; and
- (ii) has supervised the performance of the cybersecurity control systems of the Company, analysing the incidents in this area, the main actions in course, and the main cybersecurity initiatives for 2022. In the context of the Ukraine crisis, Applus' security systems have detected abnormal network scanning activity from multiple IP addresses based in Russia, and in order to prevent any potential attacks, all IPs associated with Russia, Belarus and Ukraine have been blocked.

G. Treasury stock transactions

The Committee has been monitoring the transactions on treasury stock shares of the Company during all the meetings of the year 2022.

H. Selection of new auditor

Finally, considering that 2023 will be the last year Deloitte, S.L. can audit Applus' financial statements due to the regulatory requirement for audit firms to mandatorily rotate, the Committee has conducted the process to select a new auditor for years 2024 onwards. As a result of said process, the Committee has agreed to propose to the Board of Directors the appointment of PricewaterhouseCoopers Auditores, S.L. as new external auditor of Applus and its consolidated group for years 2024, 2025 and 2026.

VI. Evaluation of the Committee

Last year, the evaluation of the functioning of the Committee was performed by an external consultant (Spencer Stuart) in accordance with the recommendation by the Spanish Good Governance Code of Listed Companies to carry out an external evaluation at least every three years. However, the Company's Board of Directors has resolved that the evaluation for year 2022 will be made internally as in previous years.

At the time of issuance of this report such evaluation had not been completed yet. However, it is expected that the outcome of the evaluation will be satisfactory and will not suggest the need to introduce any significant changes in the organization and the procedures of the Committee.

In Madrid, on 22 February 2023