Report drafted by the Board of Directors of Applus Services, S.A. on the proposed share capital reduction through the acquisition of a maximum of 6,793,375 treasury shares, representing 5% of the share capital, for their subsequent redemption, included under item Tenth of the Agenda of the Annual General Shareholders' Meeting convened for 7 and 8 June 2023 on first and second call, respectively

I. Introduction and purpose of the report

This report is drafted by the Board of Directors of Applus Services, S.A. (hereinafter, "**Applus**" or the "**Company**") in accordance with articles 286 and 318 of the Spanish Companies Act, approved by Royal Legislative Decree 1/2010 of 2 July (hereinafter, the "**Spanish Companies Act**"), to justify and explain the proposed Company's share capital reduction through the acquisition of a maximum of 6,793,375 treasury shares, representing 5% of the share capital, for their subsequent redemption (the "**Share Capital Reduction**"), that will be submitted for the approval of the Annual General Shareholders' Meeting of the Company convened for 7 and 8 June 2023 on first and second call, respectively, under item Tenth of the Agenda.

Pursuant to the aforementioned articles, the Board of Directors shall draft a report justifying the proposal to be submitted for approval by the Annual General Shareholders' Meeting of the Company, insofar as the Share Capital Reduction necessarily entails the amendment of article 5 of the By-Laws, relating to the share capital.

It is hereby acknowledged that, in accordance with the provisions of articles 287 and 518 of the Spanish Companies Act, and article 8 of the Regulations of the General Shareholders' Meeting, this report will be made available to the shareholders of Applus at the Company's registered office and published uninterruptedly in the corporate website of the Company as from the date of the announcement of the calling until the holding of the above-mentioned Annual General Shareholders' Meeting.

II. Justification of the proposal

The Board of Directors of the Company approved, on 7 November 2022, a programme to buy back the Company's treasury shares, pursuant to the authorisation granted by the General Shareholders' Meeting of the Company held on 28 June 2022, and in accordance with the provisions of Regulation (EU) 596/2014 of the European Parliament and of the Council, of 16 April 2014, on market abuse, and of Commission Delegated Regulation (EU) 2016/1052, of 8 March 2016, supplementing Regulation on market abuse with regard to regulatory technical standards for the conditions applicable to buyback programmes and stabilisation measures (hereinafter, the "**Share Buyback Programme**").

The purpose of the Share Buyback Programme is the acquisition of a maximum of 6,793,375 shares of the Company, representing 5% of its share capital, and its final aim is to reduce the share capital by redeeming the treasury shares acquired under the Share Buyback Programme. It is precisely such aim that justifies the proposed Share Capital Reduction which is the subject of this report.

As of today, the Share Buyback Programme has not yet been finalised and there is no certainty as to whether it will be completed by the holding of the Annual General Shareholders' Meeting. Therefore, as of this date, there is no certainty as to the number of shares that could be subject to redemption at said General Shareholders' Meeting nor, consequently, as to the exact amount of the Share Capital Reduction. For this reason, the type of capital reduction proposed is the acquisition of treasury shares for their subsequent redemption provided for in articles 338 to 342 of the Spanish Companies Act, so that the Board of Directors, once the Share Buyback Programme has been finalised and by virtue of the delegation of powers conferred by the General Shareholders' Meeting, may set the amount of the Share Capital Reduction and the definitive number of shares to be redeemed.

III. Main terms and conditions of the Share Capital Reduction

It is proposed to reduce the share capital by the maximum amount of 679,337.50 Euros through the redemption of a maximum of 6,793,375 treasury shares with a par value of 0.10 Euros each, representing 5% of the share capital, which have been acquired or will be acquired by the Company within the framework of the Share Buyback Programme. The definitive amount of the capital reduction will be set by the Board of Directors of the Company (with express power of substitution) according to the definitive number of shares acquired within the framework of the Share Buyback Programme. The Board of Directors will also amend article 5 of the Bylaws, relating to share capital, in order to reflect the amount of the share capital and the number of shares in circulation after the execution of the Share Capital Reduction.

Consequently, it is also proposed for the General Shareholders' Meeting to delegate powers to the Board of Directors to execute the Share Capital Reduction resolution (with express power of substitution), being able to determine those points that have not been expressly established in the capital reduction resolution or that are a consequence of it, and to adopt the resolutions, publish the announcements, carry out the actions and execute the public or private documents that may be necessary or convenient for the most complete execution of the Share Capital Reduction.

In particular, and by way of illustration only, it is proposed to empower the Board of Directors to (i) set the definitive number of shares to be redeemed and, therefore, the amount by which the Company's share capital must be reduced, depending on the final number of shares that the Company acquires within the framework of the Share Buyback Programme, (ii) to amend article 5 of the Bylaws, relating to the share capital, and (iii) to declare the Share Capital Reduction closed and executed, and to appear before a Notary Public to execute the corresponding public deed of share capital reduction.

The Share Capital Reduction does not imply the return of contributions to the shareholders, as the Company itself is the owner of the shares to be redeemed. The Share Capital Reduction shall be charged to voluntary or unrestricted reserves, with the corresponding allocation of a reserve for the redeemed share capital for an amount equal to the par value of the redeemed treasury shares, which may only be drawn down subject to the same requirements as for the share capital reduction, in accordance with the provisions of article 335 c) of the Spanish Companies Act. Likewise, in accordance with the aforementioned article, the Company's creditors will not be entitled to exercise the right of opposition referred to in article 334 of the

Spanish Companies Act.

IV. Proposal of resolution to be submitted to the General Shareholders' Meeting

The full text of the proposed resolution that the Board of Directors submits to the approval of the General Shareholders' Meeting is included in the Annex to this report.

In Madrid, on 4 May 2023

Annex

Full text of the resolution that will be submitted for the approval of the Annual General Shareholders' Meeting

RESOLUTION REGARDING ITEM TENTH OF THE AGENDA

Share capital reduction through the acquisition of a maximum of 6,793,375 treasury shares, representing 5% of the share capital, for their subsequent redemption.

1. Share capital reduction through the redemption of own shares to be acquired under a share buyback programme

To reduce the share capital by the maximum amount of €679,337.50, through the redemption of up to 6,793,375 own shares with a par value of €0.10 each, representing 5% of the share capital (the "**Share Capital Reduction**"), that the Company has acquired or will acquire in execution of the share buyback programme approved by the Board of Directors on 7 November 2022, pursuant to the authorisation granted in its favour by the General Shareholders' Meeting held on 28 June 2022, and within the limits provided for in articles 146 and 509 of the Spanish Companies Act (the "**Buyback Programme**" or the "**Programme**").

As set out below, the final amount of the Share Capital Reduction will be determined by the Board of Directors (with express power of substitution) on the basis of the final number of shares to be acquired by the Company under the Buyback Programme.

2. Purpose of the Share Capital Reduction

The purpose of the Share Capital Reduction is to redeem the treasury shares acquired by the Company in execution of the Buyback Programme, contributing to the shareholder remuneration policy by increasing the earnings per share. This operation is configured as a nominal or accounting reduction, as its execution will not entail neither a return of contributions to shareholders nor a modification of the system of availability of the Company's equity.

3. Characteristics of the Buyback Programme

Pursuant to the resolution adopted by the Board of Directors of the Company on 7 November 2022, which is hereby ratified to the extent necessary, the main characteristics of the Programme are as follows:

1. The Company shall acquire, for redemption, treasury shares for a maximum net investment of €50,000,000. For the purposes of calculating this amount, only the acquisition price of the shares shall be taken into account, thus excluding any expenses or fees that, where applicable, may be charged on the acquisition transactions.

2. The maximum number of shares to be acquired under the Programme is 6,793,375, representing 5% of the Company's share capital.

3. The acquisition of the shares shall be carried out in accordance with the price and volume conditions set forth in article 3 of the Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016.

4. The Buyback Programme will remain in force until 30 September 2023 (inclusive), notwithstanding that the Company may terminate it earlier if, prior to its expiry date, it has acquired shares under the Programme for an acquisition price reaching the amount of the maximum investment or the maximum number of shares indicated above, or if any other circumstance makes it advisable to do so.

It is noted that full details of the Buyback Programme were duly communicated to the market by means of an inside information communication published on 8 November 2022.

4. <u>Procedure for the Share Capital Reduction</u>

The Share Capital Reduction will not imply the return of contributions to the shareholders, as the Company itself is the owner of the shares to be redeemed. Consequently, the Share Capital Reduction will be charged to voluntary or unrestricted reserves, through the allocation of a reserve for the redeemed share capital, for an amount equal to the par value of the redeemed shares, which may only be drawn down subject to the same requirements as for the share capital reduction, in accordance with the provisions of article 335 c) of the Spanish Companies Act.

Likewise, in accordance with the aforementioned article, the Company's creditors will not be entitled to exercise the right of opposition referred to in article 334 of the Spanish Companies Act in relation to the Share Capital Reduction.

In accordance with the provisions of article 342 of the Spanish Companies Act, the Share Capital Reduction shall be executed within a period not exceeding one month from the end of the Buyback Programme.

5. <u>Delegation of powers</u>

To delegate to the Board of Directors, with express power of substitution, the necessary powers to execute the Share Capital Reduction, being able to determine the points that have not been expressly provided for in this resolution or that are a consequence of it, and to adopt the resolutions, publish the announcements, perform the actions and execute the public or private documents that may be necessary or convenient for the most complete execution of the Share Capital Reduction.

In particular, and for illustrative purposes only, the following powers are delegated to the Board of Directors, with express power of substitution:

(a). To set the final number of shares to be redeemed and, therefore, the amount by which the Company's share capital is to be reduced, depending on the final number of shares to be acquired by the Company under the Buyback Programme.

(b). To amend article 5 of the By-laws, in relation to the share capital, to reflect the amount of share capital and the number of outstanding shares after the execution of the Share Capital Reduction.

(c). To declare the Share Capital Reduction closed and executed, and to appear before a Notary Public to grant the relevant public deed of share capital reduction.

(d). To perform the formalities and actions that may be necessary and to submit the relevant documents to the competent bodies so that, once the redemption of the Company's own shares, the execution of the public deed corresponding to the Share Capital Reduction and its registration with the Commercial Registry have been completed, the redeemed shares may be delisted from trading on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges through the Stock Market Interconnection System (Continuous Market), and the corresponding accounting records may be cancelled.

(e). To perform as many actions as may be necessary or convenient to execute and formalise the Share Capital Reduction before any public or private entities and bodies, whether Spanish or foreign, including those corresponding to obtaining any authorisations and consents from third parties to which the Company may be obliged, as well as those of declaration, supplementation or rectification of defects or omissions that may prevent or hinder the full effectiveness of the foregoing resolutions, as well as the publication of announcements, inside information, relevant information and communications that may be necessary for such purpose.