



Report drafted by the Board of Directors of Applus Services, S.A. on the proposed share capital reduction of the Company through the redemption of treasury shares, included under item Ninth of the Agenda of the Annual General Shareholders' Meeting convened for 27 and 28 June 2022 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 (“*Real Decreto Legislativo 1/2010, de 2 de Julio, por el que se aprueba el texto refundido de la Ley de Sociedades de Capital*”) (hereinafter, the “**Spanish Companies Act**”), to justify and explain the proposed Company’s share capital reduction through the redemption of own shares currently held as treasury stock (the “**Share Capital Reduction**”), that will be submitted for the approval of the Annual General Shareholders’ Meeting of the Company convened for 27 and 28 June 2022 on first and second call, respectively, under item Ninth 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 Regulation 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 26 January 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 29 May 2020, 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 was the acquisition of a maximum of 7,150,922 shares of the Company, representing 5% of its share capital, and its final aim was to reduce the share capital by redeeming the treasury shares acquired thereunder.

Last 16 May, the Company announced the completion of the Share Buyback Programme having acquired the maximum number of shares to which it was addressed. Consequently, the Share Capital Reduction is proposed in order to redeem the treasury shares acquired by the Company in execution of the Share Buyback Programme.

III. Main terms and conditions of the Share Capital Reduction

It is proposed to reduce the share capital by SEVEN HUNDRED FIFTEEN THOUSAND NINETY TWO EUROS AND TWENTY CENTS OF EURO (€715,092.20), through the redemption of 7,150,922 own shares held by the Company as treasury stock, with a par value of 0.10 Euros, representing 5% of the share capital, which were acquired by the Company within the framework of the Share Buyback Programme.

Likewise, if the Share Capital Reduction resolution is approved, the General Shareholders' Meeting shall amend article 5 of the By-Laws to reflect the new share capital, amounting to THIRTEEN MILLION FIVE HUNDRED EIGHTY-SIX THOUSAND SEVEN HUNDRED AND FIFTY EUROS WITH EIGHTY CENTS OF EURO (€13,586,750.80), as well as the new number of issued shares, which shall be 135,867,508.

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. Consequently, 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.

Also, it is proposed to delegate to the Board of Directors by the General Shareholders' Meeting, to execute the Share Capital Reduction resolution (with express power of substitution), within a period not exceeding one month from the adoption of the resolution by the General Shareholders' Meeting, 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 powers proposed to be delegated to the Board of Directors include the delegation to declare the Share Capital Reduction closed and executed in accordance with the provisions of the resolution adopted by the General Shareholders' Meeting, to establish any other circumstances required to execute it, and to perform the necessary formalities and actions so that, once the Share Capital Reduction resolution has been executed, the redeemed shares are delisted from trading on the Spanish

Stock Exchanges, and the corresponding accounting records are cancelled.

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 25 May 2022

Annex

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

RESOLUTION REGARDING ITEM NINTH OF THE AGENDA

Approval of the share capital reduction through the redemption of 7,150,922 treasury shares, representing 5% of the share capital.

1. Share capital reduction through the redemption of own shares currently held as treasury stock.

To reduce the share capital of the Company by SEVEN HUNDRED FIFTEEN THOUSAND NINETY TWO EUROS AND TWENTY CENTS OF EURO (€715,092.20), through the redemption of 7,150,922 own shares held by the Company as treasury stock, with a par value of 0.10 Euros, representing 5% of the share capital (the "**Share Capital Reduction**").

These shares have been acquired by the Company within the framework of the share buyback programme approved by the Board of Directors, on 26 January 2022, pursuant to the authorisation granted in its favour by the General Shareholders' Meeting held on 29 May 2020, and within the limits provided for in articles 146 and 509 of the Spanish Companies Act.

2. Procedure for the 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. Consequently, the Share Capital Reduction is 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 in relation to the Share Capital Reduction.

The Share Capital Reduction shall be executed within a period not exceeding one month from the adoption of this resolution by the General Shareholders' Meeting.

3. Amendment of article 5° of the By-laws

Pursuant to the foregoing, the General Shareholders' Meeting resolves to amend article 5 of the By-Laws, which shall henceforth be worded as follows:

«Article 5.- Share capital and shares

- 5.1. *The share capital is THIRTEEN MILLION FIVE HUNDRED EIGHTY-SIX THOUSAND SEVEN HUNDRED AND FIFTY EUROS WITH EIGHTY CENTS OF EURO (€13,586,750.80), divided into ONE HUNDRED THIRTY-FIVE MILLION EIGHT HUNDRED SIXTY-SEVEN THOUSAND FIVE HUNDRED AND EIGHT (135,867,508) common shares, all of the same class and series, each having a par value of TEN CENTS OF EURO (€0.10), fully subscribed and paid-up.*
- 5.2. *The shares are represented by book entries and they shall be governed by the Securities Market Act and other complementary provisions.*
- 5.3. *The register of the Company's book-entries shall be carried out by the company Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (Iberclear) and its participating entities.*
- 5.4. *The Company shall acknowledge as a shareholder any party that appears entitled thereto as owner in the entries of the corresponding book-entry registry. Likewise, if the Company provides any service to the person who appears as a shareholder according to the accounting registry, it will be released from the corresponding liability, even if that person is not the current owner of the share, provided that the Company acted in good faith.»*

4. Delegation of powers

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 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.
- (b) 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 of *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S. A.U. (Iberclear)*.

- (c) 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.