



**Report prepared by the Board of Directors of Applus Services, S.A. in relation to the proposed resolution to delist the shares of Applus Services, S.A. and the takeover bid to be subsequently launched by Amber EquityCo, S.L.U. for the delisting of the shares.**



## **I. Purpose of the Report**

1. The Board of Directors of Applus Services, S.A. (the "**Company**" or "**Applus**"), at its meeting held on 17 June 2024, has resolved to submit for the consideration and approval, if applicable, of the extraordinary general shareholders' meeting of the Company, to be convened on the 18 and 19 July 2024, at first and second call, respectively, among others, the following resolutions:
  - a. the delisting from trading on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges (the "**Spanish Stock Exchanges**") and, consequently, from trading through the Spanish Stock Exchange Interconnection System ("**SIBE**"), of all the shares representing the share capital of the Company; and
  - b. the approval, for the purposes of the foregoing, of the majority shareholder of the Company, i.e. Amber EquityCo, S.L.U. ("**Amber EquityCo**" or the "**Offeror**") launching a takeover bid for the shares of the Company, pursuant to the provisions of article 65 of Act 6/2023, of 17 March, on the Securities Markets and Investment Services (the "**Securities Market Act**") and article 10 of Royal Decree 1066/2007, of 27 July, on the takeover bid regime ("**Royal Decree 1066/2007**"), for the delisting of all of the Company's shares from the Spanish Stock Exchanges and, consequently, from trading through the SIBE (the "**Offer**") under the terms and conditions set out below.
2. Pursuant to the provisions of article 65.3 of the Securities Market Act, the Board of Directors of the Company has resolved to draft this report, providing detailed justification on the proposed delisting and the price of the aforementioned takeover bid (the "**Report**").

## **II. Justification of the proposal to delist the Company's shares from trading**

1. Request for delisting from trading

On the date of this Report, Amber EquityCo has approached the Board of Directors of the Company to (i) inform the Company of the decision of Amber EquityCo to promote a takeover bid over the shares of the Company for their delisting, subject to approval by the General Shareholders' Meeting of the Company of the corresponding resolutions related to the delisting and the Offer, and (ii) formally request the Company's Board of Directors to carry out the necessary actions for the convening and holding of an extraordinary general shareholders' meeting of the Company whose agenda shall include the resolutions related to the delisting of the Company's shares and the Offer, as well as for the issuance by the Company's Board of Directors of the corresponding directors' report in relation to those resolutions and the price of the Offer in accordance with article 65.3 of the Securities Market Law.

In view of the foregoing, the Board of Directors of the Company proposes to submit to the general shareholders' meeting of the Company, among other resolutions, the delisting of all the shares representing the share capital of the Company from trading on the Spanish Stock Exchanges and the SIBE, the launch by Amber EquityCo of a takeover bid for these shares for their delisting and the approval of the price of the aforementioned Offer, on the understanding that there are circumstances and reasons that make it advisable to carry out the delisting as described below.

## 2. Justification for the delisting

The share capital of Applus is 12,907,413.30 euros, divided into 129,074,133 shares, each with a par value of 0.10 euros, belonging to a single class and series, with identical voting and dividend rights, fully subscribed, paid up and represented by book entries, which are listed for trading on the Spanish Stock Exchanges.

The Company has not issued subscription rights, convertible or exchangeable bonds, warrants or any other similar instruments that may directly or indirectly entitle the holder to acquire or subscribe Applus shares, nor are there any non-voting or special class shares.

As at today, after the settlement on 13 June 2024 of the takeover bid launched by Amber EquityCo, this company is the majority shareholder of the Company as it holds 91,188,306 shares in the Company, representing 70.65% of its share capital. As stated in the prospectus of the said takeover bid, its intention in the event that a stake of at least a 75% in the share capital of Applus was not obtained as a result of such offer, was to promote the delisting of Applus; which is customary for this type of transactions called “public to private” and corresponds to the investment philosophy of Amber EquityCo’s indirect shareholders (I Squared Capital and TDR Capital) as private equity funds. Therefore, Amber EquityCo, as the new controlling shareholder, has decided to promote the delisting of the Company.

In this case, and as a consequence of the abovementioned takeover bid, the free float that is currently distributed among the public represents approximately 7.5% of the share capital of Applus. This limited percentage of free float prevents reaching adequate shareholder diffusion levels for the trading of the shares on the Spanish Stock Exchanges, and the negotiation of the Shares in the Stock Exchanges has, consequently, a low volume of trading and liquidity.

The delisting of the Company would simplify the functioning and structure of the Company, which would allow savings of certain costs incurred by the Company as a result of its status as a listed company, both financial and administrative. Likewise, the delisting of the Company would facilitate the implementation of the Company’s long-term strategies, avoiding the impact created by the fluctuation of the trading price of listed shares and the short-term expectations of the capital markets.

Considering these circumstances, the Board of Directors of the Company considers it appropriate to submit to the consideration of the extraordinary general shareholders' meeting the corresponding resolution to delist Amber EquityCo, under the terms and in accordance with the provisions of article 65 of the Securities Market Act and article 10 of Royal Decree 1066/2007.

The delisting offer, which is necessary in this case, will also provide those shareholders who have not sold their shares in the initial offer of Amber EquityCo an opportunity to divest under conditions that have been accepted by a large majority of shareholders and, consequently, must be considered adequate, including a price that must comply with the provisions of article 10.6 of Royal Decree 1066/2007.

## 3. Delisting procedure

The delisting from public and official trading on the Spanish Stock Exchanges and the SIBE of the shares of Applus shall be carried out, if the delisting is approved by the extraordinary general shareholders' meeting, through the launching by Amber EquityCo of a takeover bid for the shares of the Company addressed at all the shares affected by the delisting.

Pursuant to the provisions of the second paragraph of article 10.4 of Royal Decree 1066/2007, the Offer would be made by the majority shareholder of the Company, i.e. Amber EquityCo. Therefore, the Offer would not imply the acquisition of own shares at the expense of the Company's corporate assets.

### **III. Price justification**

The Board of Directors of the Company considers that the price of the Offer proposed by Amber EquityCo (12.78 euros per share) will comply with the provisions of article 10.6 of Royal Decree 10662007, which will have to be confirmed by the Spanish Securities Market Commission (the "CNMV").

Particularly, it is considered that this price is not lower than the price that would result from a valuation that takes into account, jointly and by giving each of them the appropriate relevance, the methods contained in article 10.5 of Royal Decree 10662007. It must be especially emphasized that the said price:

- (i) is the same price per share paid by Amber EquityCo in its initial takeover bid, which was settled on 13 June 2024 with an acceptance higher than 70%, and
- (ii) with occasion of the first takeover bid launched over the shares of Applus on 30 June 2023, by the company Manzana Spain Bidco, S.L.U., the CNMV already determined on 17 January 2024 that a price of EUR 9.50 per share was justified for the purposes of article 10 of Royal Decree 1066/2007.

In particular, the Board of Directors considers that the valuation methodologies and ranges described in the report issued by Kroll Advisory, S.L. ("**Kroll**") on 15 March 2024 within the framework of the voluntary offer made by Amber EquityCo, continue to be fully valid and in force today, and sufficiently justify the price of 12.78 euros per share of the Company as an equitable price in accordance with, and for the purposes of, articles 10.5 and 10.6 of Royal Decree 1066/2007.

The aforementioned valuation report is available on the Company's corporate website and on the CNMV's website.

Additionally, the Board of Directors considers, as Kroll does, that the discounted cash flow methodology is the most appropriate method for the purposes of determining the value of the Company's shares, resulting from said methodology a valuation range between 8.80 and 10.40 euros per share.

For clarification purposes, it is noted that to date the Company is not aware of circumstances that could determine a significant variation in the valuation conclusions contained in said report.

The valuation ranges resulting from the methodologies provided for in article 10.5 of Royal Decree 1066/2007 are the following: (a) discounted cash flows: between 8.80 and 10.40 euros per share, (b) consideration offered in previous takeover bids: 12.78 euros per share, (c) volume-weighted average trading price of the shares (VWASP) during the six-month period prior to 17 June 2024: 11.94 euros per share, and (d) theoretical consolidated book value as of 31 December 2023: 4.19 euros per share.

Multiples of comparable listed companies and multiples of comparable transactions methodologies are not considered appropriate, and net asset value has also not been considered as it is significantly lower than the other methods.

Notwithstanding the foregoing, Amber EquityCo will file with the CNMV the corresponding valuation report justifying that EUR 12.78 price per share of the Company complies with article 10.6 of Royal Decree 1066/2007.

#### **IV. Terms and Conditions of the Delisting Offer**

As mentioned above, in accordance with the provisions of article 10.4 of Royal Decree 1066/2007, the Offer would be made by Amber EquityCo without this implying, therefore, the acquisition by the Company of its own shares against Applus' equity.

The terms of the Offer, which would be subject to the provisions of article 10 of Royal Decree 1066/2007, are as follows:

##### **1. Offeror**

The offeror would be Amber EquityCo, S.L.U., a limited liability company of Spanish nationality, with its registered office at Ronda de la Font del Carme s/n, 08193 Bellaterra, Barcelona with Tax Identification Number B13797311, pending to be registered in the Commercial Registry of Barcelona, where it has recently moved its registered office. Amber EquityCo directly holds 91,188,306 shares of the Company, representing approximately 70.65% of its share capital.

100% of the shares comprising the share capital of the Offeror are owned by Amber BidCo, S.L.U., which in turn is wholly owned by Amber HoldCo Limited, which in turn is wholly owned by Amber MidCo 1 Limited, which in turn is wholly owned by Amber JVCo Limited. Therefore, the Offeror is indirectly controlled by Amber JVCo Limited, which in turn is jointly and indirectly controlled by ISQ Global Infrastructure Fund III (managed and controlled by ISQ Global Fund III GP, LLC) and TDR Capital V L.P. (managed and controlled by TDR Capital General Partner V Limited).

##### **2. Securities covered by the Offer**

The Offer would be addressed to all the shares of the Company, except to those that have voted in favour of the delisting in the extraordinary general shareholders' meeting to be called on 18 and 19 July 2024, on first and second call respectively, and that, in addition, immobilise their shares in Applus until the acceptance period of the Offer referred to in article 23 of Royal Decree 1066/2007 has elapsed.

The Offeror would immobilize the total number of Applus' shares held by the Offeror at that time until the end of the acceptance period of the Offer and, therefore, such shares would be excluded from the Offer.

As there are no subscription rights, debentures convertible or exchangeable into shares, warrants or any other securities or instruments that may directly or indirectly entitle the holder to subscribe for or acquire shares in the Company, the Offer would not be made in respect of such securities or instruments.

3. Consideration

In accordance with the provisions of article 10.3 of Royal Decree 1066/2007, the Offer would be launched as a sale and purchase, the entire consideration consisting of cash, which would be paid in cash at the time of settlement of the Offer.

The Offer price would be EUR 12.78 per share.

This price is in accordance with the criteria established in articles 9, 10.5 and 10.6 of Royal Decree 1066/2007.

4. Purpose

The Offer would be launched in order to promote the delisting of the Company's shares from the Spanish Stock Exchanges and, consequently, their trading through the SIBE.

5. Absence of conditions

The effectiveness of the Offer would not be subject to any conditions. In any event, (a) the launching of the Offer requires the prior approval of the general shareholders' meeting of the Company in accordance with the terms set out in the proposed resolution that the Board of Directors of the Company submits for the consideration and approval of its shareholders, and (b) the Offer would be subject to its mandatory authorisation of the CNMV.

6. Mandatory purchase

In the event that, as a result of the Offer, on the Offer settlement date, the conditions set out in article 47.1 of Royal Decree 1066/2007 were met, Amber EquityCo would have the intention to require the holders of Applus shares affected by the Offer who have not tendered their shares to sell them mandatorily at the same price as the Offer, i.e. at a price of 12.78 euros per share. Likewise, in the event that the aforementioned circumstances were met, any of the Applus shareholders who so would wish may require Amber EquityCo to mandatorily purchase all of their Applus shares at the same Offer price indicated above.

**V. Conclusions**

The Board of Directors of Applus considers that, based on (i) the request from the new controlling shareholder of the Company (Amber EquityCo), (ii) the interest in focusing the Company's objectives without any conditioning factors related with the capital markets, (iii) criteria of economy and efficiency in the development of the activity in view of the business project that Amber EquityCo intends to promote as the majority shareholder of the Company, and (iv) the low volume of trading and liquidity that the negotiation of the Applus' shares has in the Stock Exchange due to the reduced percentage of free float (i.e., 7.5% of the share capital of Applus), the delisting is justified and reasonable.

Furthermore, the Board of Directors of Applus considers that the Offer price is justified in accordance with the provisions of articles 10.5 and 10.6 of Royal Decree 1066/2007, which should, nonetheless, be confirmed by the CNMV.

The shareholders of the Company are reminded that, in accordance with article 201.1 of the Royal Legislative Decree 1/2010, of July 2, which approves the consolidated text of the Spanish Companies Act, the approval of the delisting of the Company's shares from the Spanish Stock Exchanges requires a simple majority vote of the shares present or represented at the general shareholders' meeting. Therefore, it is foreseeable that the delisting and the launching of the Offer by Amber EquityCo will be approved.

**AND FOR THE RECORD AND** all appropriate legal purposes, this report is issued by the Board of Directors of the Company, in Madrid, on 17 June 2024.