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### **To CNMV**

To the effects of article 227 of the Spanish Securities Markets Act, approved by Royal Legislative Decree 4/2015 dated 23 October, Applus Services, S.A. (or Applus+) hereby communicates the following

### **OTHER RELEVANT INFORMATION**

#### **Subject: Acquisition of reliable Analysis**

Information on the acquisition of Reliable Analysis is herein attached.

The foregoing is notified as other relevant information for all appropriate purposes, in Madrid, on September 30<sup>th</sup> 2020.

**Applus Services, S.A.**

## Applus+ acquires Reliable Analysis

- *Entry into the fast growing EV testing market in China and the US*
- *Significant increase in scale for the Laboratories division*
- *€67 million initial consideration financed from existing liquidity*
- *Immediately accretive to margins and earnings per share*

**Madrid, September 30 2020** - Applus+, the global testing, inspection and certification company, is pleased to announce the acquisition of the entire share capital of Reliable Analysis from the founding family for an initial consideration of c. €67 million on a cash and debt free basis. Further deferred consideration is payable in 2024 subject to the achievement of certain financial targets. The proforma leverage of the Group, as per the covenant definition, after funding this acquisition is expected to be around 2.7 times at the end of September 2020.

Reliable Analysis is a laboratory-based materials, component, electrical and electromagnetic compatibility (EMC) testing company with over 300 employees primarily serving the automotive industry. It operates from two locations in China and two in the USA and enjoys high EMC testing recognition for electric vehicle powertrains and other components from the global automotive manufacturers.

Revenue in 2019 was over €24 million, of which c. 70% was generated in China and the rest in the US. The acquisition is expected to be immediately accretive to earnings per share, with an adjusted operating profit margin above the Laboratories' Division margin in 2019.

Reliable Analysis significantly increases the Applus+ footprint in China and its exposure to the fast growth EV market. China is the largest EV market in the world and is expected to grow at a fast pace over the next years. Reliable Analysis customers include the major global and Chinese automotive companies with an increasing number of pure EV manufacturers. Over the last few years, the company has grown revenues organically at a double-digit rate. Due to the disruption caused by the Covid-19 crisis the revenue for 2020 will be lower than the prior year, however the business is recovering well this second half especially in China and is forecast to continue its growth trajectory from 2021. Demand is driven by the increased spending and the resolute focus of the automotive sector to invest in further developing intelligent electric vehicles which are more complex leading to increased safety and performance risk and therefore requirements for testing as well as outsourcing opportunities from smaller EV automotive start-ups. The acquisition will also unlock new investment opportunities to further capture market growth.

Through its Laboratories Division, Applus+ is an important provider of testing, certification and engineering services to improve product competitiveness and promote innovation to a wide range of industries including aerospace, automotive, electronics, information technology and construction.

