Applus Services, S.A.

Consolidated Financial Statements for the year ended 31 December 2023 and Consolidated Directors' Report, together with Independent Auditor's Report

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 31). In the event of a discrepancy, the Spanish-language version prevails

Declaration of Responsibility of the Directors of Applus Services, S.A. for the content of the annual financial report for 2023

This declaration is a translation for informative purposes only of the original document issued in Spanish, which has been approved by every Board member. In the event of discrepancy, the Spanish-language version prevails.

The members of the Board of Directors of Applus Services, S.A. declare that, to the best of their knowledge, the consolidated financial statements of Applus Services, S.A. and subsidiaries (comprising consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and explanatory notes) for the year ended at 31 December 2023, prepared in accordance with applicable accounting policies and approved by the Board of Directors at its meeting on 21 February 2024, present fairly the equity, financial position and results of Applus Services, S.A. and the subsidiaries included in the scope of consolidation, taken as a whole, and that the management report accompanying such consolidated financial statements includes a fair analysis of the business' evolution, results and the financial position of Applus Services, S.A and the subsidiaries included in the scope of consolidation, taken as a whole, as well as a description of the principal risks and uncertainties they face. All the Directors have signed to certify the financial statements except for Mrs. Cristina Henríquez de Luna Basagoiti and Mrs. Essimari Kairisto who both attended the meeting by video-conference and gave their approval verbally.

Barcelona, 21 February 2024

Mr. Christopher Cole

Chairman

Mr. Ernesto Gerardo Mata López

Director

Mr. Joan Amigó i Casas

Director

Mr. Nicolás Villén Jiménez

Director

Ms. Maria Cristina Henríquez de Luna Basagoiti

Director

Ms. Maria José Esteruelas Aguirre

Director

Ms. Essimari Kairisto

Director

Ms. Marie-Françoise Madeleine Damesin

Director

Mr. Brendan Wynne Derek Connolly

Director

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Applus Services, S.A.,

Report on the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Applus Services, S.A. (the Parent) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated equity and consolidated financial position of the Group as at 31 December 2023, and its consolidated results and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain.

Basis for Opinion

We conducted our audit in accordance with the audit regulations in force in Spain. Our responsibilities under those regulations are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those pertaining to independence, that are relevant to our audit of the consolidated financial statements in Spain pursuant to the audit regulations in force. In this regard, we have not provided any services other than those relating to the audit of financial statements and there have not been any situations or circumstances that, in accordance with the aforementioned audit regulations, might have affected the requisite independence in such a way as to compromise our independence.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of goodwill and other intangible assets	
Description	**Procedures applied in the audit**
Notes 4 and 5 to the accompanying consolidated financial statements describe the goodwill and other intangible assets allocated to each of the cash-generating units (CGUs) identified by Group management, amounting to EUR 802.7 million and EUR 342.2 million, respectively, at 31 December 2023. Also, in 2023 the Group recognised an impairment loss on an item of goodwill amounting to EUR 25 million with a charge to the consolidated statement of profit or loss as a result of the adjustment of the recoverable amount of the CGU to which this asset is allocated. Also, the various CGUs identified correspond to the various business units managed by the Group (Energy & Industry, Automotive, IDIADA and Laboratories) in each of the defined geographical areas in which it carries on its activity. If there are any indications of impairment, and at least at each year-end, Group management tests the assets of the aforementioned CGUs for impairment using discounted cash flow-based valuation techniques to determine the recoverable amount of those assets.	Our audit procedures to address this matter included, mainly, the evaluation of the reasonableness of the cash flow projections and of the discount rates used in the impairment tests by conducting a critical analysis of the key assumptions of the models used. In particular, we compared the revenue growth rates with the latest approved strategic plans and budgets and reviewed them for consistency with both historical information and the current market situation. Also, we evaluated management's historical accuracy in the budgeting process. In connection with the assumptions used by the Group in the estimation process, we evaluated the reasonableness of the discount rates applied for each business and geographical area, taking into consideration the cost of capital of the Group and of comparable organisations, as well as perpetuity growth rates, among other factors. In addition, we evaluated the sensitivity analyses, stressing those assumptions to which the impairment test is most sensitive, i.e., those with the greatest effect on the determination of the recoverable amount of the assets.

Impairment of goodwill and other intangible assets	
Description	**Procedures applied in the audit**
The performance of this impairment test was considered to be a key matter in our audit, given the magnitude of these assets and that management's assessment in this respect is an estimation process that includes a high level of judgements and assumptions, such as the determination of the growth rates for sales and expenses that the various CGUs are expected to show, investments in non-current and current assets, as well as other assumptions obtained from the Group's strategic plan. Also, a discount rate is determined on the basis of the economic situation in general and of that of each CGU in particular, in accordance with the risks specific to the various countries and to the business carried on.	We also involved our internal business valuation experts in order to evaluate the reasonableness of the models and key assumptions used by the Applus Group. Lastly, we evaluated whether Notes 3.d, 4, 5 and 6 to the accompanying consolidated financial statements contained the disclosures required by the applicable accounting regulations relating to the impairment tests on those assets and, in particular, the detail of the main assumptions used, and a sensitivity analysis of changes in the key assumptions used in the tests performed.

Recovery of deferred tax assets

Description	Procedures applied in the audit
Note 20.c to the accompanying consolidated financial statements details the deferred tax assets amounting to EUR 52.6 million that are recognised in the consolidated statement of financial position at 2023 year-end, corresponding to tax losses, tax credits and temporary differences amounting to EUR 16.6 million, EUR 10.2 million and EUR 25.8 million, respectively, generated in the various tax jurisdictions in which the Group operates. In addition, as indicated in Note 20.c, the Group has unrecognised deferred tax assets corresponding to tax losses and tax credits amounting to EUR 121.1 million and EUR 40.8 million, respectively. At the end of each reporting period, Group management assesses the recoverability of the tax assets recognised based on the earnings projections used to estimate future taxable profits considering as reasonable a timeframe of no more than ten years, taking into account the legislation of each tax jurisdiction in which the Group operates, legislative changes and the most recent business plans approved for the various business divisions and geographical areas. We identified this matter as key in our audit, since the assessment of the recoverability of these assets requires a significant level of judgement, largely in connection with the projections of business performance.	Our audit procedures to address this matter included, among others, the evaluation of the methodology and assumptions applied by the Group and verification of the consistency thereof taking into account both historical information and the market situation and the tax legislation applicable in each jurisdiction, involving internal tax experts in those geographical areas in which the Group has the most significant amounts of deferred tax assets. We also reviewed the consistency of the models with the financial information used by Group management in performing the impairment test on goodwill and other intangible assets and the sensitivity analyses, stressing those assumptions that have the greatest effect on determining the recoverable amount of the tax assets. Also, we evaluated the historical accuracy of management in the process of preparing the earnings projections used to estimate taxable profits, comparing the actual figures for the year with the projections made in the preceding year. Lastly, we evaluated whether the disclosures required by the applicable accounting regulations in connection with this matter had been included in Notes 3.p and 20 to the accompanying consolidated financial statements.

Provisions for tax and litigation	
Description	**Procedures applied in the audit**
The Group operates in multiple tax and legal jurisdictions worldwide and, therefore, is subject to a wide variety of specific, sometimes complex, laws and regulations. Note 17 to the accompanying consolidated financial statements includes a detail of the specific provisions for taxes, legal matters, litigation and claims recognised at 31 December 2023, together with other disclosures related to these items. At the end of each reporting period Group management assesses the need for, and sufficiency of, the aforementioned provisions, taking into consideration the available information and the circumstances prevailing at any given time. In this process, Group management has the support of external advisers engaged for this purpose, for the most significant lawsuits and claims. The determination of the amounts recognised and the disclosures included in the notes to the consolidated financial statements involve a high level of estimation, judgements and assumptions due to uncertainties about the range of possible resolutions of the litigation and claims in process and, therefore, this was considered to be a key matter in our audit.	Our audit procedures to address this matter included, among others, the obtainment, through direct confirmation processes, of the assessment carried out by the Group's external advisers for each significant lawsuit or claim in process, the obtainment of the assessment by the Group's legal and tax departments and the obtainment of all available information relating to each significant lawsuit or claim. In the course of our work, we evaluated, for all significant lawsuits and claims, the reasonableness of the provisions recognised by involving our experts in each subject matter and in each applicable jurisdiction. Lastly, we also evaluated whether the disclosures required by the applicable accounting regulations had been included in Notes 3.j, 17, 20.f and 27 to the accompanying consolidated financial statements.

Other Information: Consolidated Directors' Report

The other information comprises only the consolidated directors' report for 2023, the preparation of which is the responsibility of the Parent's directors and which does not form part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated directors' report. Our responsibility relating to the consolidated directors' report, in accordance with the audit regulations in force, consists of:

a) Solely checking that the consolidated non-financial information statement, certain information included in the Annual Corporate Governance Report and the Annual Director's Remuneration Report, to which the Spanish Audit Law refers, have been furnished as provided for in the applicable legislation and, if this is not the case, reporting this fact.

b) Evaluating and reporting on whether the other information included in the consolidated directors' report is consistent with the consolidated financial statements, based on the knowledge of the Group obtained in the audit of those consolidated financial statements, as well as evaluating and reporting on whether the content and presentation of this section of the consolidated directors' report are in conformity with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report that fact.

Based on the work performed, as described above, we observed that the information described in section a) above had been furnished as provided for in the applicable legislation and that the other information in the consolidated directors' report was consistent with that contained in the consolidated financial statements for 2023 and its content and presentation were in conformity with the applicable regulations.

Responsibilities of the Directors and Audit Committee of the Parent for the Consolidated Financial Statements

The Parent's directors are responsible for preparing the accompanying consolidated financial statements so that they present fairly the Group's consolidated equity, consolidated financial position and consolidated results in accordance with EU-IFRSs and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Parent's directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Parent's audit committee is responsible for overseeing the process involved in the preparation and presentation of the consolidated financial statements.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the audit regulations in force in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is included in Appendix I to this auditor's report. This description, which is on pages 9 and 10 of this document, forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

European Single Electronic Format

We have examined the digital files in European Single Electronic Format (ESEF) of Applus Services, S.A. and subsidiaries for 2023, which comprise the XHTML file including the consolidated financial statements for 2023 and the XBRL files with the tagging performed by the entity, which will form part of the annual financial report.

The directors of Applus Services, S.A. are responsible for presenting the annual financial report for 2023 in accordance with the format and markup requirements established in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 (“ESEF Regulation”).

Our responsibility is to examine the digital files prepared by the Parent’s directors, in accordance with the audit regulations in force in Spain. Those regulations require that we plan and perform our audit procedures in order to ascertain whether the content of the consolidated financial statements included in the aforementioned digital files corresponds in full to that of the consolidated financial statements that we have audited, and whether those consolidated financial statements and the aforementioned files were formatted and marked up, in all material respects, in accordance with the requirements established in the ESEF Regulation.

In our opinion, the digital files examined correspond in full to the audited consolidated financial statements, and these are presented and have been marked up, in all material respects, in accordance with the requirements established in the ESEF Regulation.

Additional Report to the Parent's Audit Committee

The opinion expressed in this report is consistent with the content of our additional report to the Parent's audit committee dated 21 February 2024.

Engagement Period

The Annual General Meeting held on 8 June 2023 appointed us as the Group's auditors for a period of one year from the year ended 31 December 2022, i.e., for 2023.

Previously, we were designated pursuant to a resolution of the General Meeting for the period of one year and have been auditing the financial statements uninterruptedly since the year ended 31 December 2007 and, therefore, since the year ended 31 December 2014, the year in which the Parent became a Public Interest Entity.

DELOITTE, S.L.
Registered in ROAC under no. S0692

Sergi Segura Rius
Registered in ROAC under no. 22961

21 February 2024

Appendix I to our auditor’s report

Further to the information contained in our auditor’s report, in this Appendix we include our responsibilities in relation to the audit of the consolidated financial statements.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

As part of an audit in accordance with the audit regulations in force in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's directors.

- Conclude on the appropriateness of the use by the Parent's directors of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Parent's audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Parent's audit committee with a statement that we have complied with relevant ethical requirements, including those regarding independence, and we have communicated with it to report on all matters that may reasonably be thought to jeopardise our independence, and where applicable, on the related safeguards.

From the matters communicated with the Parent's audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Applus Services, S.A. and Subsidiaries

Consolidated Financial Statements for the year ended 31 December 2023 and Consolidated Director's Report together with Independent Auditor's Report

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 31). This translation has been prepared by the Company for informative purposes only, has not been approved by the Board of Directors and has not the consideration of official or regulated information. In the event of a discrepancy, the Spanish-language version prevails.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 31). In the event of a discrepancy, the Spanish-language version prevails.

APPLUS SERVICES, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

(Thousands of Euros)

ASSETS	Notes	31/12/2023	31/12/2022
NON-CURRENT ASSETS			
Goodwill	**4**	**802,660**	**792,897**
Other intangible assets	**5**	**342,221**	**374,092**
Right of use assets	**26.a**	**179,803**	**177,395**
Property, plant and equipment	**7**	**268,832**	**253,057**
Investments accounted for using the equity method		**3,176**	**3,403**
Non-current financial assets	**8**	**25,754**	**17,096**
Deferred tax assets	**20.c**	**52,639**	**58,163**
Total non-current assets		**1,675,085**	**1,676,103**
CURRENT ASSETS			
Non-current assets classified as held for sale	**3.y**	**-**	**37,497**
Inventories	**9**	**12,603**	**9,753**
Trade and other receivables-			
Trade and other receivables	10	465,053	447,422
Trade receivables from related companies	10 & 28	197	187
Other receivables	10	41,882	27,645
Corporate income tax assets	20.b	20,116	20,313
Other current assets		18,597	23,251
Other current financial assets	**11**	**3,601**	**7,423**
Cash and cash equivalents	**11**	**203,553**	**183,010**
Total current assets		**765,602**	**756,501**
TOTAL ASSETS		**2,440,687**	**2,432,604**

EQUITY AND LIABILITIES	Notes	31/12/2023	31/12/2022
EQUITY			
Share capital and reserves-			
Share capital	12.a	11,676	12,355
Share premium	12.b	449,391	449,391
Retained earnings and other reserves		135,955	153,958
Profit / (Loss) for the year attributable to the Parent		20,191	48,600
Treasury Shares	12.c	(1,030)	(14,117)
Valuation adjustments-			
Valuation adjustments	12.e	(75,654)	(43,440)
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT		**540,529**	**606,747**
NON-CONTROLLING INTERESTS	**13**	**48,560**	**36,200**
Total Equity		**589,089**	**642,947**
NON-CURRENT LIABILITIES			
Long-term provisions	**17 & 27.b**	**35,870**	**37,030**
Obligations and bank borrowings	**14**	**831,140**	**808,611**
Obligations under leases	**26.a**	**133,947**	**136,143**
Other financial liabilities	**15**	**23,000**	**22,157**
Deferred tax liabilities	**20.d**	**97,115**	**109,077**
Other non-current liabilities	**18**	**74,313**	**90,790**
Total non-current liabilities		**1,195,385**	**1,203,808**
CURRENT LIABILITIES			
Liabilities linked to non-current assets held for sale	**3.y**	**-**	**16,538**
Short-term provisions		**5,538**	**7,972**
Obligations and bank borrowings	**14**	**50,025**	**27,326**
Obligations under leases	**26.a**	**58,652**	**55,215**
Trade and other payables	**19**	**495,545**	**425,759**
Trade payables from related companies	**19 & 28**	**1**	**1**
Corporate income tax liabilities	**20.b**	**15,047**	**19,354**
Other current liabilities	**18**	**31,405**	**33,684**
Total current liabilities		**656,213**	**585,849**
TOTAL EQUITY AND LIABILITIES		**2,440,687**	**2,432,604**

The accompanying Notes 1 to 31 and Appendices I and II are an integral part of the consolidated statement of financial position as at 31 December 2023.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 31). In the event of a discrepancy, the Spanish-language version prevails.

APPLUS SERVICES, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR 2023

(Thousands of Euros)

	Notes	2023	2022
CONTINUING OPERATIONS			
Revenue	21.a	2,057,916	1,898,514
Procurements		(223,205)	(198,164)
Staff costs	21.b	(1,115,339)	(1,035,844)
Other operating expenses		(383,247)	(347,161)
Operating Profit Before Depreciation, Amortization and Others		**336,125**	**317,345**
Depreciation and amortization charge	5, 7 & 26.b	(179,376)	(170,253)
Impairment and gains and losses on disposals of non-current assets	4	(37,277)	(6,004)
Other results	21.c	(9,419)	(5,823)
OPERATING PROFIT		**110,053**	**135,265**
Financial Result	22 & 26.b	(41,665)	(33,084)
Share of profit of companies accounted for using the equity method		(218)	(153)
Profit / (Loss) before tax		**68,170**	**102,028**
Corporate income tax	20	(28,718)	(29,117)
Net Profit / (Loss) from continuing operations		**39,452**	**72,911**
PROFIT / (LOSS) FROM DISCONTINUED OPERATIONS NET OF TAX		(5,914)	(10,997)
NET CONSOLIDATED PROFIT / (LOSS)		**33,538**	**61,914**
Profit / (Loss) attributable to non-controlling interests	13	13,347	13,314
NET PROFIT / (LOSS) ATTRIBUTABLE TO THE PARENT		**20,191**	**48,600**
Profit / (Loss) per share from continuing operations (in euros per share)	12.d		
- Basic		**0.20**	**0.44**
- Diluted		**0.20**	**0.44**
Profit / (Loss) per share (in euros per share)			
- Basic		**0.16**	**0.36**
- Diluted		**0.16**	**0.36**

The accompanying Notes 1 to 31 and Appendices I and II are an integral part of the consolidated statement of profit or loss for 2023.

APPLUS SERVICES, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR 2023
(Thousands of Euros)

	Share capital	Share premium	Retained earnings and other reserves	Profit / (loss) for the year attributable to the Parent	Treasury shares	-	Non-controlling interests	Total equity
Balance at 31/12/2021	**13,070**	**449,391**	**187,671**	**32,242**	**(3,427)**	**(61,316)**	**48,715**	**666,346**
Changes in the scope of consolidation	-	-	6,941	-	-	-	(6,194)	**747**
Allocation of 2021 profit	-	-	32,242	(32,242)	-	-	-	**-**
Dividends paid	-	-	(20,321)	-	-	-	(21,641)	**(41,962)**
Treasury shares	-	-	560	-	(10,690)	-	-	**(10,130)**
Share capital reduction	(715)	-	(52,988)	-	-	-	-	**(53,703)**
Other changes	-	-	(147)	-	-	-	9	**(138)**
2022 comprehensive income	-	-	-	48,600	-	17,876	15,311	**81,787**
Balance at 31/12/2022	**12,355**	**449,391**	**153,958**	**48,600**	**(14,117)**	**(43,440)**	**36,200**	**642,947**
Changes in the scope of consolidation	-	-	(406)	-	-	-	5,174	**4,768**
Allocation of 2022 profit	-	-	48,600	(48,600)	-	-	-	**-**
Dividends paid (*)	-	-	(20,628)	-	-	-	(6,659)	**(27,287)**
Treasury shares	-	-	825	-	13,087	-	-	**13,912**
Share capital reduction	(679)	-	(46,934)	-	-	-	-	**(47,613)**
Other changes	-	-	540	-	-	-	45	**585**
2023 comprehensive income	-	-	-	20,191	-	(32,214)	13,800	**1,777**
Balance at 31/12/2023	**11,676**	**449,391**	**135,955**	**20,191**	**(1,030)**	**(75,654)**	**48,560**	**589,089**

(*) The amount finally paid was EUR 20,628 thousand, corresponding to the number of outstanding shares entitled to receive a dividend on the date on which the payment occurs (excluding treasury stock)

The accompanying Notes 1 to 31 and Appendices I and II are an integral part of the consolidated statement of changes in equity as at 31 December 2023.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 31). In the event of a discrepancy, the Spanish-language version prevails.

APPLUS SERVICES, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR 2023

(Thousands of Euros)

	2023	2022
NET CONSOLIDATED PROFIT:	**33,538**	**61,914**
1. Other comprehensive income:		
a) Items that will not be transferred to profit or loss		
Others	(606)	-
b) Items that could be transferred to profit or loss:		
Exchange differences on translating foreign operations	(19,321)	19,873
2. Transfers to the statement of profit or loss:		
Exchange differences on translating foreign operations	(11,834)	-
Other comprehensive result	**(31,761)**	**19,873**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**1,777**	**81,787**
Total comprehensive income for the year attributable to:		
- The Parent	(12,023)	66,476
- Non-controlling interests	13,800	15,311
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**1,777**	**81,787**

The accompanying Notes 1 to 31 and Appendices I and II are an integral part of the consolidated statement of comprehensive income for 2023.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 31). In the event of a discrepancy, the Spanish-language version prevails.

APPLUS SERVICES, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR 2023

(Thousands of Euros)

	Notes	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit from operating activities before tax		**64,292**	**91,463**
Adjustments of items that do not give rise to operating cash flows			
Depreciation and amortisation charge	5 & 7	181,491	185,666
Changes in provisions and allowances		4,818	(4,938)
Financial result	22	41,842	33,580
Share of profit of companies accounted for using the equity method		218	153
Gains or losses on disposals of intangible and tangible assets		27,342	(7,369)
Profit from operations before changes in working capital (I)		**320,003**	**298,555**
Changes in working capital			
Changes in trade and other receivables		(16,953)	(58,232)
Changes in inventories	9	(730)	1,487
Changes in trade and other payables		60,214	47,214
Cash generated by changes in working capital (II)		**42,531**	**(9,531)**
Other cash flows from operating activities			
Corporate Income tax payments		(38,740)	(40,049)
Cash flows from operating activities (III)		**(38,740)**	**(40,049)**
NET CASH FLOW FROM OPERATING ACTIVITIES (A)= (I)+(II)+(III)		**323,794**	**248,975**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Business combination		(12,154)	3,387
Proceeds due to disposals of subsidiaries and other non-current financial assets		32,393	-
Payments due to acquisition of subsidiaries and other non-current financial assets		(96,564)	(66,183)
Payments due to acquisition of tangible and intangible assets	5 & 7	(79,270)	(66,077)
Net cash flows used in investing activities (B)		**(155,595)**	**(128,873)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Share Buyback		(36,103)	(64,786)
Interest received		3,457	923
Interest paid		(34,622)	(17,968)
Net changes in non-current financing (proceeds and payments)		15,441	82,937
Net changes in current financing (proceeds and payments)		13,656	(22,739)
Net payment of lease liabilities	26.c	(65,524)	(66,933)
Dividends	12.b	(20,628)	(20,321)
Dividends paid by Group companies to non-controlling interests		(17,410)	(9,191)
Net cash flows used in financing activities (C)		**(141,733)**	**(118,078)**
EFFECT OF FOREIGN EXCHANGE RATE CHANGES (D)		**(5,923)**	**4,442**
NET CHANGE IN CASH AND CASH EQUIVALENTS (A + B + C + D)		**20,543**	**6,466**
Cash and cash equivalents at beginning of year		**183,010**	**176,544**
Cash and cash equivalents at end of year	**11**	**203,553**	**183,010**

The accompanying Notes 1 to 31 and Appendices I and II are an integral part of the consolidated statement of cash flows for 2023.

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Applus Services, S.A.
and Subsidiaries

Notes to the Consolidated Financial Statements
for the year ended 31 December 2023

1. Group activities

Applus Services, S.A. (formerly Applus Technologies Holding, S.L. hereinafter -"the Parent" or "the Company"-) has been the Parent of the Applus Group ("Applus Group" or "the Group") since 29 November 2007. The Parent Company has its registered office in calle Campezo 1, edificio 3, Parque Empresarial Las Mercedes, in Madrid (Spain).

The Parent's Company purpose is as follows:

- To provide services in relation to the transport sector and vehicle and highway safety (engineering processes, design, testing, approval and certification of used cars), as well as technical inspections in sectors other than the automotive sector, with a blanket exclusion of activities that are covered by special legislation.
- The technical audits of all types of installations for technical inspection or control of vehicles located anywhere in Spain or abroad, as well as any other type of technical inspection other than vehicles.
- The production and execution of studies and projects in relation to the previously mentioned activities: economic, industrial, property, information technology, market surveys and research, as well as the supervision, direction and provision of services and advice in the execution thereof. Provision of services, advice, administration, operation and management, whether technical, fiscal, legal or commercial.
- Business intermediation services, both locally and abroad.
- To provide all types of inspection services and quality and quantity control, regulatory inspection, collaboration with administration, consultancy, audit, certification, approval, personnel training and qualification, and technical assistance in general in order to improve the organization and management of quality, safety and environmental aspects.
- To carry out studies, works, measurements, tests, analyses and controls, in laboratories or in situ, and such other professional methods and actions considered necessary or advisable, in particular those related to manufacturing materials, equipment, products and installations, in the fields of mechanics, electricity, electronics and information technology, transport and communications, administrative organization and office automation, mining, food, environment, construction and civil works, performed during the stages of design, planning, manufacturing, construction and assembly and commissioning, maintenance and production for all types of companies and entities, both public and private, as well as before the Central State Administration, the Administrations of Autonomous Communities, Provinces and Municipalities, and all types of agencies, institutions and users, whether within the country or abroad.

- The purchase, holding and administration, whether direct or indirect, of shares, corporate interests, quota shares and any other form of holding or interest in the capital and/or securities granting right to the obtaining of shares, corporate interests, quota shares, or other holdings or interests in companies of any type, with or without legal personality, established in accordance with Spanish law or any other applicable legislation, in accordance with Article 108 of the Law 27/2014, of 27 November 2014, on Corporate Income Tax, or by such legislation as may replace it, as well as the administration, management and guidance of such companies and entities, whether directly or indirectly, by means of the membership, attendance and holding of positions on any governing and management bodies of such companies or entities, carrying out the described advisory, management and guidance services making use of the corresponding organization of material and personnel means. An exception is made for those activities expressly reserved by law for Collective Investment Institutions, as well as for that expressly reserved by the Securities Market Act for investment service companies.

The activities may be carried out either directly by the Company or through the ownership of shares or equity interest in other companies with an identical or related purpose, including the carrying out of all its activities in an indirect manner, therefore acting solely as a holding company.

All activities for which the law establishes special requirements that cannot be carried out by the Company are excluded from the corporate purpose. Should legal provisions require a professional qualification, administrative authorization, or registration with a public registry to be able to perform any of the activities included in the corporate purpose, such activities must be performed by persons who hold such professional qualifications, and such tasks shall not be able to commence until the administrative requirements have been met.

The Parent's shares have been listed on the stock market since 9 May 2014.

The subsidiaries and associates directly or indirectly owned by the Parent included in the scope of consolidation are shown in Appendix I.

The subsidiaries and associates directly or indirectly owned by the Parent excluded from the scope of consolidation either because they are dormant companies or because effective control over them is not exercised by the shareholders of the Applus Group are shown in Appendix II.

In view of the business activities carried out by the Parent Company and its subsidiaries, they do not have any environmental liability, expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position or results. Therefore, no specific disclosures relating to environmental issues are included in the notes to the consolidated financial statements (see Note 23).

2. Basis of presentation and basis of consolidation

2.a. Basis of presentation of the consolidated financial statements

a) Basis of presentation

These consolidated financial statements for 2023 were issued by the Parent's Directors at the Board of Directors Meeting held on 21 February 2024. The 2023 consolidated financial statements of the Group and the 2023 financial statements of the Group companies have not yet been approved by their shareholders at the respective Annual General Meetings. The Parent's Board of Directors considers that these financial statements will be approved without any changes. The Group's consolidated financial statements for 2022 were approved by the shareholders at the Parent’s Annual General Meeting of 8 June 2023 and were filed at the Madrid Mercantile Register.

The Parent’s Directors have prepared the Applus Group’s consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS), in conformity with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council, taking into account all the mandatory accounting principles and rules and measurement bases and the Spanish Commercial Code, the Spanish Companies Act and other Spanish corporate law applicable to the Group.

These consolidated financial statements for 2023 were prepared from the separate accounting records of the Parent and of each of the subsidiaries (detailed in Appendix I) and, accordingly, they present fairly the consolidated equity, the consolidated financial position, the consolidated results of the Group, the changes in consolidated equity and the consolidated cash flows under EU-IFRSs and the other rules contained in the regulatory financial reporting framework applicable to the Group.

The accounting policies used to prepare these consolidated financial statements comply with all the EU-IFRSs in force at the date of their preparation. The EU-IFRSs provide for certain alternatives regarding their application. The alternatives applied by the Group are described in Notes 2 and 3.

b) *Comparative information*

The information relating to 2023 contained in these notes to the consolidated financial statements is presented, for comparison purposes, with information relating to 2022.

On 1 January 2023, the Group modified its organisation and financial reporting structure so that the testing business for the aerospace industry in the US and Canada, which had been included in the Applus+ Energy & Industry division, was transferred to the Applus+ Laboratories division. Consequently, the Group reclassified the goodwill assigned to the mention business amounting to USD 25.3 million and CAD 4.9 million (approximately EUR 26.3 million at year-end) taking into account its measurement in the business combinations effected in 2015 and 2018 in which the transferred business was acquired. It is considered that the result of applying this criteria does not differ significantly from the relative value of the goodwill of the transferred business in relation to the valuation of the CGU in which it had been included (see Note 4). Additionally, and in accordance with IFRS 8, Operating Segments, the segment data corresponding to the previous year was restated to reflect this modification (see Note 25).

Also, as a result of the divestments indicated in Note 2.b.e.2, the Group shows the profit or loss of the transferred components as discontinued operations in the consolidated statements of profit or loss for 2023 and 2022 to the extent that the presentation criteria established in IFRS 5, Non-current Assets Held for Sale and Discontinued Operations are met, thus facilitating greater comparability and monitoring of the Group's results (see Note 2.b.e.2).

c) *Responsibility for the information and use of estimates*

The Parent’s Directors are responsible for the information included in these consolidated financial statements in accordance with the applicable regulatory financial reporting framework (see section a) above) and for the internal control measures that they consider necessary to ensure the consolidated financial statements do not have any material misstatement.

In the Group's consolidated financial statements for 2023 estimates were made by the Group Management, later ratified by their Directors, in order to quantify certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates relate mainly to the following:

- The measurement of goodwill (see Notes 3.a and 4).
- The impairment losses on certain assets (see Notes 3.d and 6).
- The recovery of deferred tax assets (see Note 20).
- The right-of-use assets and obligations under leases (see Note 26).
- The useful life of the property, plant and equipment and intangible assets (see Notes 3.b and 3.c).
- The assumptions used in measuring the recoverable amount of the financial instruments and the assets and liabilities in the business combinations (see Notes 3.e and 3.k).
- Income from pending to be billed services (see Note 3.q).
- Provisions and contingent liabilities (see Notes 3.j, 17 and 27).
- Corporate income tax and deferred tax assets and liabilities (see Note 20).

- The identification and measurement of the assets and liabilities included in business combinations (see Notes 2.b.e and 5).

Although these estimates were made on the basis of the best information available as of 31 December 2023 on the events analysed, events that may take place in the future might make it necessary to change these estimates (upwards or downwards) in the coming years. Changes in accounting estimates would be applied prospectively in accordance with the requirements of IAS 8, recognising the effects of the change in the related consolidated statement of profit or loss or consolidated statement of changes in equity, as appropriate.

Voluntary tender offer for shares of the Applus Group

On 30 June 2023, Manzana Spain Bidco, S.L.U., a company indirectly owned by funds managed by indirect subsidiaries of Apollo Global Management, INC. (“Apollo”) submitted an application for authorisation of a voluntary tender offer for all the shares of the Parent Company. The Spanish National Securities Market Commission (CNMV) admitted Apollo's tender offer for consideration on 17 July 2023 and the foreign investment was authorised without any conditions by the Spanish Cabinet on 27 December 2023.

The terms and conditions of Apollo's tender offer were initially detailed in the prospectus authorised by the CNMV on 17 January 2024 in which Apollo articulated its offer in the form of a purchase and sale. The consideration was EUR 9.5 per Applus share, subject to, among others, the acceptance of the tender offer by the holders of at least 75% of the share capital of Applus (“Minimum Acceptance Condition”).

Subsequently, on 26 January 2024 Apollo announced that it had submitted an application for authorisation to the CNMV in order to modify its offer by increasing the consideration offered to EUR 10.65 per share, as a result of the execution of share purchase agreements representing 21.85% of the share capital of Applus announced on 24 January 2024. The addendum to the offer prospectus containing the terms and conditions modifying the tender offer was approved by the CNMV on 2 February 2024 and the Minimum Acceptance Condition was eliminated, along with some other pending conditions.

In parallel, on 14 September 2023, Amber EquityCo, S.L.U., a company wholly owned indirectly by private equity funds managed by indirectly-owned subsidiaries of ISQ Holdings, L.L.C. and TDR Capital L.L.P. (“ISQ and TDR”) (Amber EquityCo, S.L.U. is owned 50% by funds managed by subsidiaries of ISQ and 50% by funds managed by TDR), submitted an application for authorisation of a voluntary tender offer for all the shares of the Parent Company with an initial offer price of EUR 9.75 per Applus share. On 2 February 2024, ISQ and TDR announced their decision to increase the price of their offer to EUR 11 and reduce the Minimum Acceptance Condition to 50%. The Spanish Cabinet authorised the foreign investment without any conditions on 30 January 2024 and it was admitted for processing of the application for authorisation by the CNMV on February 16, 2024. However, at the date of issue of these consolidated financial statements, the prospectus has not been published and therefore the terms are still not known.

The period for the acceptance of Apollo’s tender offer will not commence until the tender offer submitted by ISQ and TDR have been authorised or rejected by the CNMV.

In summary, at the end of 2023 and at the date of formal preparation of these consolidated financial statements there are two tender offer bids (one authorised and one pending authorisation by CNMV) the execution and potential outcome of which may eventually arise in the coming months of 2024.

The tender offer processes indicated above could have an impact on the financial situation and profit or loss of the Company and the Group in 2024 as a result of the change of control that could occur if either of the two tender offers were successful.

In this regard, the Group has certain debt, fundamentally, the syndicated loan and private debt placed with US investors (see Note 14), which at 31 December 2023 amounted to EUR 800.6 million, which contractual conditions include a change of control clause that the lenders could activate, accelerating the repayment of the debt.

In accordance with the regulatory financial reporting framework applicable to the Group, the financial debt is presented as a non-current liability in the attached consolidated statement of financial position on the basis of its contractual maturity at the end of 2023. The Directors, together with their legal counsel, consider that the change of control clause might carry the right to accelerate the repayment of the financing granted if there is a change of control, which can only be exercised, as the case may be, when such change of control occurs. Consequently, at 2023 year-end the lenders were not entitled to accelerate the repayment of the debt.

At the reporting date and at the date of formal preparation of the consolidated financial statements, taking into account the Group's current circumstances, it is not considered probable the demand for repayment would materialise in the future considering that a debt refinancing would immediately take place as explained in Apollo's (Manzana Spain Bidco, S.L.U.) prospectus and that this is common practice in these types of transactions.

Also, certain long-term share-based incentive plans of the Group's management team and key employees provide, in the event of a change of control, for the early vesting of the plans and their settlement in cash at the price of the Applus shares on the date on which the change of control occurs.

The Group has therefore recognised a provision for the long-term incentive plans at 31 December 2023, and it is considered that the early vesting of the incentive plans will not have a significant impact on the amount recognised in 2023 or in relation to such shortfall in the related provision that might arise in 2024 in the event of the early vesting of the plans.

d) Presentation and functional currency

These consolidated financial statements are presented in thousands of euros, since this is the currency of the Parent and of the main economic area in which the Group operates. Foreign operations are recognised in accordance with the policies described in Note 3.o.

e) Changes in accounting policies

In preparing the accompanying consolidated financial statements no changes in accounting policies were identified that would have made it necessary to restate the amounts included in the consolidated financial statements for 2022.

f) Materiality

When determining the information to be disclosed in these notes to the consolidated financial statements on the various line items in the consolidated financial statements or on other matters, the Group took into account the materiality principle.

2.b. Basis of consolidation and changes in the scope of consolidation

a) Subsidiaries

Subsidiaries are those entities over which the Applus Group directly or indirectly controls the financial and operating policies, exercises power over the relevant activities, maintains exposure, or rights, to variable returns from involvement with the investee; and the ability to use power over the investee to affect the amount of the investor's returns. The subsidiaries are consolidated from the date on which control is transferred to the Applus Group and are excluded from consolidation on the date that control ceases to exist. Appendix I discloses the most significant information about these entities.

The financial statements of the subsidiaries are fully consolidated with those of the Parent following the full consolidation method. Accordingly, all balances and effects of the transactions between consolidated companies are eliminated on consolidation.

Where necessary, adjustments are made to the financial statements of the subsidiaries to adapt the accounting policies used to those applied by the Group.

The businesses acquired are recognised using the acquisition method so that the assets, liabilities and contingent liabilities of a subsidiary are measured at their acquisition-date fair values. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill (see Notes 3.a and 4). Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired is credited to profit or loss on the acquisition date. The interest of non-controlling shareholders is stated at their proportion of the net assets and liabilities recognised of the acquired company.

The share of non-controlling interests is reflected in:

- The equity of their subsidiaries, which is presented within the Group's equity under “Non-Controlling Interests” in the consolidated statement of financial position (see Note 13).

- The profit for the year of their subsidiaries, which is presented under “Profit/Loss Attributable to Non-Controlling Interests” in the consolidated statement of profit or loss (see Note 13).

Also, in accordance with standard practice, the accompanying consolidated financial statements do not include the tax effects that might arise as a result of the inclusion of the results and reserves of the consolidated companies in those of the Parent, since it is considered that no transfers of reserves will be made that are not taxed at source and that such reserves will be used as means of financing at each company.

b) Associates

Associates are companies over which the Parent is in a position to exercise significant influence, but not control or joint control. Normally this capacity exists because the Group holds -directly or indirectly- between 20% and 50% of the voting power of the subsidiary.

At 31 December 2023, the Group held as an associate an ownership interest of 30% in the investee Velosi (B) Sdn Bhd, domiciled in Brunei and 30% in the investee Indoor Climate Management S.L, domiciled in Spain. The assets, liabilities, revenue and profit or loss of both companies were not significant.

In the consolidated financial statements, investments in associates are accounted for using the equity method, i.e. at the Group's share of net assets of the subsidiary, after taking into account the dividends received therefrom and other equity eliminations. In the case of transactions with an associate, the related profits and losses are eliminated to the extent of the Group's interest in the associate.

If as a result of losses incurred by an associate its equity was negative, the investment should be presented in the Group's consolidated statement of financial position with a zero value, unless the Group is obliged to give it financial support.

c) Changes in accounting policies and in disclosures of information effective in 2023

In 2023 new accounting standards came into force and were therefore taken into account when preparing the accompanying consolidated financial statements. The following standards were applied in these consolidated financial statements but did not have a significant impact on the presentation hereof or the disclosures herein:

New standards, amendments and interpretations		**Obligatory application in annual reporting periods beginning on or after:**
Approved for use in the European Union		
New standards:		
IFRS 17, Insurance Contracts	IFRS 17 supersedes IFRS 4 and establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued to ensure that entities provide relevant and reliable information that gives a basis for users of the financial information to assess the effect that insurance contracts have on the financial statements.	1 January 2023
Amendments and/or interpretations:		

Amendments to IAS 1 **Disclosure of Accounting Policies**	Amendments that enable entities to adequately identify material accounting policy information that must be disclosed in the financial statements.	1 January 2023
Amendments to IAS 8 **Definition of Accounting Estimate**s	Amendments and clarifications regarding the definition of a change in an accounting estimate.	1 January 2023
Amendments to IAS 12 **Deferred Tax related to Assets and Liabilities arising from a Single Transaction**	Clarifications regarding how entities shall recognise deferred tax related to assets and liabilities arising from a single transaction such as leases and decommissioning obligations.	1 January 2023
Amendments to IFRS 17 **Insurance Contracts - Initial Application of IFRS 17 and IFRS 9 Comparative information**	Amendments to the transition requirements of IFRS 17 for insurers that first apply IFRS 17 and IFRS 9 at the same time.	1 January 2023
Amendments to IAS 12 **International Tax Reform-Pillar Two Model Rules**	These amendments introduce a mandatory temporary exemption from the recognition of deferred tax assets and liabilities under IAS 12 in relation to the entry into force of the international Pillar Two tax rules. They also include additional disclosure requirements.	1 January 2023

d) Accounting policies issued but not yet in force in 2023

At the date of preparation of these consolidated financial statements, the following standards and interpretations had been published by the International Accounting Standards Board (IASB) but had not yet come into force, either because their effective date is subsequent to the date of these consolidated financial statements or because they had not yet been adopted by the European Union (EU-IFRS):

New standards, amendments and interpretations		**Obligatory application in annual reporting periods beginning on or after:**
Approved for use in the European Union		
Amendments and/or interpretations:		
Amendments to IFRS 16 **Lease Liability in a Sale and Leaseback**	These amendments clarify the subsequent accounting for lease liabilities arising in a sale and leaseback.	1 January 2024
Amendments to IAS 1 **Classification of Liabilities as Current or Non-current, and Non-current Liabilities with Covenants**	Clarifications relating to the presentation of liabilities as current or non-current, and in particular of liabilities with maturities subject to compliance with covenants.	1 January 2024
Not yet approved for use in the European Union		
Amendments and/or interpretations:		

Amendments to IAS 7 and IFRS 7 **Supplier Finance Arrangements**	These amendments introduce specific disclosure requirements regarding supplier finance arrangements and the effects of those arrangements on the entity's liabilities and cash flows, including its exposure to liquidity risk and the associated risk management.	1 January 2024
Amendments to IAS 21 **Lack of Exchangeability**	These amendments establish an approach that specifies when a currency is exchangeable and, if it is not, how to determine the spot exchange rate to be applied.	1 January 2025

The Parent's Directors have not considered the early application of the standards and interpretations detailed above and, in any event, application thereof will be considered by the Group once they have been approved, as the case may be, by the European Union.

In any case, the Parent's Directors are assessing the potential impact of applying these standards in the future and consider that their entry into force will not have a material effect on the Group's consolidated financial statements.

e) *Changes in the scope of consolidation*

e.1. Inclusions in the scope of consolidation in 2023:

The companies included in the scope of consolidation in 2023 are as follows:

- Companies acquired in 2023:
  - Ripórtico Engenharia, Lda.
  - Cámara Laboratorios y Metrología, S.L.
  - Suzhou Chunfen Test Technology Services Co., Ltd (CFI)
  - Rescoll, S.A.
  - Rescoll Manufacturing, S.L.
  - Rescoll Production, S.L.
  - AFC Ingenieros, S.L.
  - Barlovento Recursos Naturales, S.L.
  - Barlovento Recursos Naturales S.A.S.
  - Barlovento Renovables Latinoamérica S.A.C.
  - Barlovento Brasil Energías Renováveis Ltda.
  - Barlovento Chile Limitada
  - E2Q de México, S.A. de C.V.
  - Barlovento Dacia, S.R.L.
  - Energy to Quality, S.L.
  - Ingepower, S.L.

- Companies incorporated during 2023:
  - Applus Inspection Technology (China) CO, Ltd.
  - Applus Koins Corporation
  - NTPT – Consultores Portugal, Lda
  - Applus Regional Headquarters Company

e.1.1. Companies acquired in 2023

- *Ripórtico Engenharia, Lda. acquisition*

On 10 January 2023, the Applus Group acquired Ripórtico Engenharia, Lda., for an initial cost of EUR 18.3 million. Additionally, the agreement includes an earn-out tied to certain financial targets, which the acquiree would have to achieve in the period 2022-2024. The Group considers that the conditions will be met for the earn-out amount to EUR 3.6 million and, accordingly, this amount was considered when determining the acquisition cost. The companies have been integrated into the Applus+ Energy & Industry division.

In the provisional amounts recognised in accounting for this business combination, the intangible assets identified relating to trademark and customer portfolio amounting to EUR 7.7 million were measured at fair value in line with the projections used when they were acquired and a goodwill of EUR 14.1 million. The Group made a provisional allocation with the help of an independent expert (see Note 5).

The revenue attributable to Ripórtico Engenharia, Lda. amounts to EUR 8 million per year. The revenue attributable to the business combination from the date of acquisition to 2023 year-end amounted to EUR 8.4 million.

- *Rescoll Group acquisition*

On 7 June 2023, the Applus Group acquired Rescoll, S.A., Rescoll Manufacturing, S.L. and Rescoll Production, S.L. for an initial cost of EUR 40.4 million. Additionally, the agreement includes an earn-out tied to certain financial targets, which the acquiree would have to achieve in the period 2022-2024. The Group considers that the conditions will be met for the earn-out amount to EUR 9.6 million and, accordingly, this amount was considered when determining the acquisition cost. The companies have been integrated into the Applus+ Laboratories division.

In the provisional amounts recognised in accounting for this business combination, the intangible assets identified relating to trademark, accreditations and customer portfolio amounting to EUR 17 million were measured at fair value in line with the projections used when they were acquired and a goodwill of EUR 22.9 million. The Group made a provisional allocation with the help of an independent expert (see Note 5).

The revenue attributable to Rescoll Group amounts to EUR 21 million per year. The revenue attributable to the business combination from the date of acquisition to 2023 year-end amounted to EUR 13.1 million.

- *Barlovento Group acquisition*

On 21 December 2023, the Applus Group acquired Barlovento Recursos Naturales, S.L., Barlovento Recursos Naturales S.A.S., Barlovento Renovables Lationamérica S.A.C., Barlovento Brasil Energías Renováveis, Ltda., Barlovento Chile Limitada, E2Q de México, S.A. de C.V., Barlovento Dacia, S.R.L., Energy to Quality, S.L. and Ingepower, S.L. for an initial cost of EUR 19.5 million. The companies have been integrated into the Applus+ Energy & Industry division.

In the provisional accounting of this business combination, the goodwill recognised amounts to EUR 14.4 million.

The revenue attributable to Barlovento Group amounts to EUR 13 million per year. The revenue attributable to the business combination from the date of acquisition to 2023 year-end amounted to EUR 0.6 million.

- *Other acquisitions in 2023*

On 16 March 2023, the Applus Group acquired 80% of the share capital of Cámara Laboratorios y Metrología, S.L., for an initial cost of EUR 1.7 million. The goodwill resulting from the difference between the fair value of the assets and liabilities assumed, and the cost of the business combination amounts, provisionally, to EUR 1 million. Additionally, the agreement includes a mechanism through call and put options for the potential acquisition of the remaining 20% of the company starting from 16 March 2027. The Applus Group has recorded a liability for the amount of such option in accordance with IAS 32.23, in the amount of 0.4 million euros. The company has been integrated into the Applus+ Laboratories division. The revenue attributable to Cámara Laboratorios y Metrología, S.L. amounts to EUR 2.6 million per year. The revenue attributable to the business combination from the date of acquisition to 2023 year-end amounted to EUR 2.1 million.

On 8 May 2023, the Applus Group acquired Suzhou Chunfen Test Technology Services Co., Ltd., for an initial cost of CNY 52 million (EUR 6.9 million at the acquisition date). The goodwill resulting from the difference between the fair value of the assets and liabilities assumed, and the cost of the business combination amounts, provisionally, to EUR 1.9 million. The company has been integrated into the Applus+ Laboratories division. The revenue attributable to Suzhou Chunfen Test Technology Services Co., Ltd. amounts to EUR 6.8 million per year. The revenue attributable to the business combination from the date of acquisition to 2023 year-end amounted to EUR 3.7 million.

On 23 November 2023 the Applus Group acquired AFC Ingenieros, S.L.U., for an initial cost of EUR 0.8 million. The company has been integrated into the Applus+ Laboratories division. The revenue attributable to AFC Ingenieros, S.L.U. amounts to EUR 1.6 million per year. The revenue attributable to the business combination from the date of acquisition to 2023 year-end amounted to EUR 0.1 million.

The provisional registration of these acquisitions includes a detail of the acquired net assets and of the provisional goodwill at the acquisition date (in thousands of euros):

	Ripórtico Engenharia, Lda.	**Cámara Laboratorios y Metrologia, S.L.U.**	**Suzhou Chunfen Test Technology Services Co, Ltd. (CFI)**	**Rescoll, S.A. (Group)**	**AFC Ingenieros, S.L.U.**	**Barlovento Recursos Naturales, S.L. (Group)**	**Total**
Non- current assets	9,140	453	2,124	27,864	304	2,608	42,493
Inventories	-	-	-	1,351	12	1,035	2,398
Trade and other receivables	411	799	1,779	3,801	816	3,987	11,593
Cash and cash equivalents	4,577	81	1,931	15,291	145	1,691	23,716
Non- current liabilities	(188)	(89)	(26)	(353)	(189)	(260)	(1,105)
Current liabilities	(4,360)	(363)	(842)	(5,003)	(285)	(3,030)	(13,883)
Non-controlling interest	-	(176)	-	-	-	-	(176)
Value of assets and liabilities net of minorities	**9,580**	**705**	**4,966**	**42,951**	**803**	**6,031**	**65,036**
% of ownership	100%	80%	100%	100%	100%	100%	
Acquisition cost	23,678	1,716	6,862	65,848	803	20,421	**119,328**
Goodwill (Note 4)	**14,098**	**1,011**	**1,896**	**22,897**	**-**	**14,390**	**54,292**

At the date of authorisation for issue of these consolidated financial statements, the process to measure at fair value the assets and liabilities related to these acquisitions had not been completed and, accordingly, the value of the related goodwill is provisional. The Parent's Directors consider that the process to measure the assets and liabilities and to allocate the goodwill will be completed in 2023, and that any adjustment will be applied retrospectively in accordance with IFRS 3, Business Combinations.

e.2. Exclusions from the scope of consolidation in 2023:

In 2023, the following companies have been liquidated without generating any significant impacts on the consolidated statement of profit or loss:

- QA Management Services Pty Ltd
- Applus Velosi Kenya Limited
- Inspecciones y Avalúos SYC, S.A.
- RTD Slovakia s.r.o.
- SAST International Limited

In 2023, the Group has sold the following companies:

- Applus Technologies, Inc.
- Janx Holding, Inc.
- Janx Integrity Group, Inc.
- Jan X-RAY Services, Inc.
- Libertytown USA 1, Inc.
- Libertytown USA 2, Inc.
- Applus RTD USA, Inc.
- Kiefner & Associates Inc.
- Applus RTD USA Services, Inc.
- Applus Management Services, Inc.

On 14 February 2023, the Group has sold Applus Technologies, Inc. for an amount of USD 33.5 million (EUR 31.6 million). The company was included in the Applus+ Automotive division (Note 3.y).

On 9 June 2023, the Group sold its entire non-destructive testing and inspection business in the US. The companies engaging in that business activity were: Janx Holding, Inc., Janx Integrity Group, Inc., Jan X-RAY Services, Inc., Libertytown USA 1, Inc., Libertytown USA 2, Inc., Applus RTD USA, Inc., Kiefner & Associates Inc., Applus RTD USA Services, Inc. and Applus Management Services, Inc., as well as part of the business performed by the company Applus Velosi America LLC. The transaction price was not significant. Those companies were included in the Applus+ Energy & Industry division.

The result obtained on these divestments have been included under "Discontinued Operations" in the profit and loss statement for the periods 2023 and 2022, as indicated in Note 2.a.b.

The impact of discontinued operations in the condensed consolidated statement of profit or loss for 2023 and 2022 is as follows:

	Thousands of Euro	
	31/12/2023 (*)	31/12/2022
Operating Revenue	39,818	151,429
Operating Expense	(42,514)	(153,798)
Adjusted Operating Profit from discontinued operations	**(2,696)**	**(2,369)**
Other results	(2,193)	(1,619)
Profit / (Loss) from discontinued operations before tax	**(4,889)**	**(3,988)**
Corporate income tax	**(877)**	**(1,267)**
Profit / (Loss) from discontinued operations net of tax	**(5,766)**	**(5,255)**
Profit / (Loss) from the asset disposal of discontinued operations before tax	**1,014**	**(6,579)**
Corporate income tax	(1,162)	837
Net Profit / (Loss) from the asset disposal of discontinued operations	**(148)**	**(5,742)**
Net Profit / (Loss) from discontinued operations	**(5,914)**	**(10,997)**

(*) Includes revenues and expenses from 1 January 2023 to 9 June 2023.

The cash flows related to these discontinued operations included in the interim condensed consolidated statement of cash flows for 2023 amounted to EUR 8.4 million positive recognised in cash flows from operating activities, EUR 12.6 million negative recognised in cash flows from investing activities and EUR 1.6 million negative recognised in cash flows from financing activities.

e.3. Inclusions in the scope of consolidation in 2022:

The companies included in the scope of consolidation in 2022 were as follows:

- Companies acquired in 2022:
  - Lightship Security, Inc.
  - Lightship Security USA, Inc.
  - Alpe Metrología Industrial, S.L.
  - Entidad IDV Madrid, S.L.U.
  - jtsec Beyond IT Security, S.L.
  - K2 Ingeniería S.A.S.
  - AITE Solutions S.A.S.
- Investment using the equity method in 2022:
  - Indoor Climate Management, S.L.
- Companies incorporated during 2022:
  - Applus Certification IDI, S.L.

e.3.1. Companies acquired in 2022

- *Lightship Security Group acquisition*

On 27 January 2022, the Applus Group acquired Lightship Security, Inc. and Lightship Security USA, Inc., for an initial cost of CAD 30.3 million (EUR 20.9 million at the acquisition date). Additionally, the agreement includes an earn-out tied to certain financial targets, which the acquiree would have to achieve in the period 2022-2026. The Group considers that the conditions will be met for the earn-out amount to CAD 22.5 million (EUR 15.5 million at the acquisition date) and, accordingly, this amount was considered when determining the acquisition cost. The companies have been integrated into the Applus+ Laboratories division.

In the provisional amounts recognised in accounting for this business combination, the intangible assets identified relating to accreditations amounting to EUR 9.4 million were measured at fair value in line with the projections used when they were acquired and a goodwill of EUR 29.1 million. The Group made a provisional allocation with the help of an independent expert (see Note 5). In the first semester of 2023 the Group completed the accounting for the assets acquired and no significant changes were met (see Note 4).

The revenue attributable to the business combination from the date of acquisition to 2022 year-end amounted to EUR 6.4 million.

- *K2 Ingeniería Group acquisition*

On 6 September 2022, the Applus Group acquired K2 Ingeniería S.A.S. and AITE Solutions S.A.S., for an initial cost of COP 72.7 billion (EUR 16.5 million at the acquisition date). Additionally, the agreement includes an earn-out tied to certain financial targets, which the acquiree would have to achieve in the period 2022-2024. The Group considers that the conditions will be met for the earn-out amount to COP 66.7 billion (EUR 15.2 million at the acquisition date) and, accordingly, this amount was considered when determining the acquisition cost. The companies have been integrated into the Applus+ Energy & Industry division.

In the provisional amounts recognised in accounting for this business combination, the intangible assets identified relating to customer portfolio and software amounting to EUR 11 million were measured at fair value in line with the projections used when they were acquired and a goodwill of EUR 20.2 million. The Group made a provisional allocation with the help of an independent expert (see Note 5). In the first semester of 2023 the Group completed the accounting for the assets acquired and no significant changes were met (see Note 4).

The revenue attributable to the business combination from the date of acquisition to 2022 year-end amounted to EUR 9.7 million.

- *Other acquisitions in 2022*

On 1 April 2022, the Applus Group acquired Alpe Metrología Industrial, S.L, for an initial cost of EUR 4 million. Additionally, the agreement includes an earn-out tied to certain financial targets, which the acquiree would have to achieve in 2022 and 2023. The Group considers that the conditions will be met for the earn-out amount to EUR 0.2 million and, accordingly, this amount was considered when determining the acquisition cost. The goodwill resulting from the difference between the fair value of the assets and liabilities assumed, and the cost of the business combination amounts, provisionally, to EUR 2.4 million. In the first semester of 2023 the Group completed the accounting for the assets acquired and no significant changes were met (see Note 4). The company has been integrated into the Applus+ Laboratories division.

On 20 April 2022, the Applus Group acquired Entidad IDV Madrid, S.L.U., for an initial cost of EUR 14.2 million. The goodwill resulting from the difference between the fair value of the assets and liabilities assumed, and the cost of the business combination amounts, provisionally, to EUR 9.7 million. In the first semester of 2023 the Group completed the accounting for the assets acquired and no significant changes were met (see Note 4). This company has been integrated into the Applus+ Automotive division.

On 6 July 2022, the Applus Group acquired jtsec Beyond IT Security, S.L., for an initial cost of EUR 7 million. Additionally, the agreement includes an earn-out tied to certain financial targets, which the acquiree would have to achieve in 2022 and 2023. The Group considers that the conditions will be met for the earn-out amount to EUR 3.5 million and, accordingly, this amount was considered when determining the acquisition cost. The goodwill resulting from the difference between the fair value of the assets and liabilities assumed, and the cost of the business combination amounts, provisionally, to EUR 10 million. In the first semester of 2023 the Group completed the accounting for the assets acquired and no significant changes were met (see Note 4). The company has been integrated into the Applus+ Laboratories division.

On 8 April 2022, the Applus Group acquired 30% of Indoor Climate Management S.L. for an initial price of EUR 3 million. This company was included in the Applus+ Energy & Industry division. The company was accounted for using the equity method in the consolidated financial statements.

The detail of the net assets and goodwill generated by the aforementioned acquisitions at the acquisition date was as follows (in thousands of euros):

	Lightship Security, Inc. (Group)	**Alpe Metrología Industrial, S.L.**	**IDV Madrid, S.L.U.**	**jtsec Beyond IT Security, S.L.**	**K2 Ingeniería, S.A.S. (Group)**	**Total**
Non- current assets	9,878	244	9,912	190	14,466	34,690
Inventories	-	-	-	-	2,142	2,142
Trade and other receivables	(1,578)	855	398	336	223	234
Cash and cash equivalents	489	998	1,783	690	1,579	5,539
Non- current liabilities	(223)	(36)	(6,054)	-	(1,324)	(7,637)
Current liabilities	(1,070)	(269)	(1,230)	(338)	(5,110)	(8,017)
Value of assets and liabilities acquired	**7,496**	**1,792**	**4,809**	**878**	**11,976**	**26,951**
% of ownership	100%	100%	100%	100%	100%	
Value of assets and liabilities net of minorities	**7,496**	**1,792**	**4,809**	**878**	**11,976**	**26,951**
Acquisition cost	36,592	4,177	14,500	10,846	32,171	**98,286**
Goodwill (Note 4)	**29,096**	**2,385**	**9,691**	**9,968**	**20,195**	**71,335**

According to IFRS 3, the accounting process for acquisitions made in the previous financial year has been completed in 2023.

e.4. Exclusions from the scope of consolidation in 2022:

In 2022 the following companies were liquidated without generating any significant impacts on the consolidated statement of profit or loss:

- Datapointlabs India, Inc.
- Velosi Australia Pty Ltd
- Velosi Cameroun Sarl
- Applus Steel Test Secunda (Pty)

- MxV Engineering Inc.
- RTD UK Holding Limited
- Midstream Technical Inspection Services, LLC.
- Liuzhou Reliable Auto Analysis Testing Ltd

In December 2022, the company K1 Kasastajat, OY has been disposed for an amount of EUR 4.6 million, which did not give rise to any significant impact on the consolidated statement of profit or loss.

3. Accounting and valuation policies

The principal accounting policies used in preparing the Group's consolidated financial statements, in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, were as follows:

a) Goodwill

Goodwill represents the excess of the cost of the combination over the fair value of the interest in the net identifiable assets of a subsidiary, jointly controlled entity or acquired associate at the acquisition date. Goodwill relating to the acquisition of subsidiaries or jointly controlled entities is included in intangible assets and goodwill relating to the acquisition of associates is included in investments accounted for using the equity method.

The cost of a business combination is the aggregate of:

- The acquisition-date fair value of the assets acquired, the liabilities incurred or assumed and the equity instruments issued; and
- The fair value of any contingent consideration that depends on future events or on the fulfilment of certain specified conditions.

The costs incurred to issue equity or debt securities given up in exchange for the items acquired are not included in the cost of a business combination.

In addition, the cost of a business combination does not include the fees paid to legal advisers and other professionals involved in the combination or, clearly, any costs incurred internally in this connection. Such amounts are charged directly to the consolidated statement of profit or loss.

If the business combination is achieved in stages and, therefore, the acquirer already held an equity interest in the acquiree immediately before the acquisition date (the date on which control is obtained), the goodwill or gain on a bargain purchase is the difference between:

- The cost of the business combination, plus the acquisition-date fair value of any equity interest previously held by the acquirer in the acquiree.
- The fair value of the identifiable assets acquired less the fair value of the liabilities assumed, determined as indicated above.

Any gain or loss resulting from the remeasurement at fair value of the previously held equity interest in the acquiree on the date control is obtained, is recognised in the consolidated statement of profit or loss. If the investment in this investee had previously been measured at fair value, any valuation adjustments not yet recognised in profit or loss will be transferred to the consolidated statement of profit or loss. Also, the cost of a business combination is presumed to be the best reference for estimating the acquisition-date fair value of any previously held equity interest.

Goodwill arising on the acquisition of companies with a functional currency other than the euro is measured in the functional currency of the acquiree and is translated to euros at the exchange rates prevailing at the consolidated statement of financial position date.

If, exceptionally, a gain on a bargain purchase arises from the business combination, it is recognised as income in the consolidated statement of profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete and the provisional amounts may be adjusted in the period required to obtain the necessary information. However, the measurement period shall not exceed one year from the acquisition date. The effects of the adjustments made in that period are recognised retrospectively and comparative information for prior periods must be revised as needed.

Subsequent changes in the fair value of the contingent consideration are recognised in profit or loss, unless the consideration has been classified as equity, in which case subsequent changes in its fair value are not recognised.

If, subsequent to obtaining control, there are transactions to sell or purchase the shares of a subsidiary without losing control thereof, the impacts of these transactions not leading to a change in control are recognised in equity and the amount of goodwill arising on consolidation is not adjusted.

b) Other intangible assets

The other intangible assets are identifiable assets without physical substance which arise as a result of a legal transaction or which are developed internally by the consolidated companies. Only assets whose cost can be estimated reasonably objectively and from which the consolidated companies consider it probable that future economic benefits will be generated are recognised.

Intangible assets are recognised initially at acquisition or production cost, which includes the allocation of the value of goodwill as a result of the business combinations, where applicable, and are subsequently measured at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets are measured and amortised as follows:

- Administrative concessions or similar items that have been acquired by onerous title are amortised on a straight-line basis over the concession term. The initial cost (levy) and, where applicable, the present value of the future payments which are deemed to be necessary when the assets are handed over to the grantor are included in this line item.

- The administrative authorisations relate to vehicle roadworthiness testing services in Spain which the Group manages under this name. The main administrative authorisations relate to Spain (Catalonia) and they are amortised on a straight-line basis over the authorisation term which ends in 2035 (see Note 5).

- Trademarks acquired in a business combination are initially measured on the basis of their fair value using the Relief from Royalty method. Trademarks are amortised over 5 to 25 years based on its expectancy of useful commercial life and as they are considered to have a finite useful life.

- Customer relationship portfolios acquired in a business combination are initially recognised at fair value using the Multi-Period Excess Earnings method. They are amortised over the estimated useful life (ranging from 2 to 25 years) of each portfolio based on historical statistical evidence of the average relationship length.

- Accreditations and awards are granted to the Applus companies by public institutions or companies for the purpose of performing trials on third-party services and products under nationally- or internationally-recognised standards. Those acquired in business combinations are initially recognised at fair value using the Multi-Period Excess Earnings method. They are amortised on a straight-line basis over their estimated finite useful lives (ranging from 5 to 10 years), calculated on the basis of qualitative factors.

- Asset usage rights relate to machinery and fixtures used by the Group in the performance of its business activity and are subject to reversal. They are amortised over the residual useful life of the assets to which they correspond, from the acquisition date of the right of use, based on an estimate by an independent valuer.

- Computer software is amortised on a straight-line basis. Computer system maintenance costs are charged to the consolidated statement of profit or loss in the year they are incurred.

c) Property, plant and equipment

Property, plant and equipment are recognised at acquisition or production cost.

The companies depreciate their property, plant and equipment using the straight-line method on the basis of the remaining years of estimated useful life of the various items, the detail being as follows:

	Years of estimated useful life
Buildings	20 to 40
Plant	3 to 12
Machinery and tools	3 to 10
Furniture	2 to 10
Computer hardware	4
Transport equipment	3 to 10

The assets that have to be handed over to the Government at the end of the concession term will have been fully depreciated by this date.

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment losses.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of profit or loss as other results.

d) Impairment of non-financial assets

Goodwill, intangible assets with an indefinite useful life or intangible assets that cannot be used and are not amortised or depreciated, are tested for impairment annually (or more frequently, where there is an indication of a potential impairment loss). Assets that are amortised or depreciated are tested for impairment whenever an event or a change in circumstances indicates that their carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount.

Recoverable amount is the higher of fair value less costs to sell and value in use.

For the purpose of impairment loss assessment, assets are grouped at the lowest levels for which there are largely independent separately identifiable cash inflows (cash-generating units (CGUs)). The cash-generating units defined by the Group are detailed in Notes 4, 5 and 6.

Pursuant to paragraph 81 of IAS 36, when goodwill cannot be allocated to an individual cash-generating unit, it is allocated to groups of cash-generating units that are expected to benefit from the synergies of the combination and that correspond to the lowest level at which the goodwill can be monitored by the Directors for internal management purposes. In these cases, as established in paragraphs 88 and 89 of IAS 36, the individual cash-generating units are tested for impairment whenever there is an indication that the unit may be impaired, or at least annually, when they include intangible assets with indefinite useful lives specifically allocated to them (see Note 6).

In these circumstances, impairment losses could arise on these intangible assets even though the related goodwill associated with a group of CGUs is not impaired.

In order to calculate the impairment test, the future cash flows of the asset analysed (or of the cash-generating unit to which it belongs) are discounted to their present value using a discount rate that reflects market conditions and the risk specific to the asset. Where the recoverable amount of an asset is estimated to be less than its carrying amount, an impairment loss is recognised for the amount of the difference with a charge to the consolidated statement of profit or loss.

The impairment losses on non-financial assets recognised previously (other than goodwill) are reviewed for possible reversal at each reporting date. When an impairment loss subsequently reverses, the carrying amount of the asset could increase to the revised estimate of its recoverable amount, without exceeding the carrying amount existing prior to the recognition of the impairment loss, less any depreciation or amortisation that should have been recognised. The reversal of an impairment loss on an asset is credited to the consolidated statement of profit or loss.

The method used by the Group to test impairment distinguishes between businesses with indefinite and definite lives. Five-year projections and a perpetuity rate of return from the sixth year are used for businesses with indefinite lives. Projections based on the actual term of the related contract are used for assets with finite lives relating to the rendering of services or concessions, considering the probability of renewal, if applicable, in the cash flow projections.

In both cases, the projections are based on reasonable and well-founded assumptions and were prepared in accordance with the Group's Strategic Plan prepared by the Directors and Group's Management and presented in November 2021 for the next three years and with the Group's strategy for the following years based on past experience and the best estimates available at the date on which the related impairment tests were carried out using the market information available. The projections envisage the evolution of organic revenue and margins of the business that the Group Executive Committee expects for the coming years. Consequently, the possible changes in the scope of consolidation that might take place in the future were not taken into account in the projections or in the impairment tests performed.

Together with the impairment test on the various cash-generating units carried out at least at each year-end, the Group also performs a sensitivity analysis of the main assumptions affecting the calculation. The main assumptions used by the Group in testing for impairment and the results of the sensitivity analysis are described in Note 6.

e) Financial assets

Following the entry into force of IFRS 9, financial assets are classified into the following categories: financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income (equity) and financial assets at amortised cost.

The classification depends on the nature and purpose of the financial assets and is determined when they are initially recognised.

The Group holds financial assets measured at amortised cost, which give rise on specified dates to cash flows that are solely payments of principal and interest. Any financial assets from which the Group expects to collect both contractual cash flows and cash flows from their sale (such as those which are factored, see Note 14.b) are measured at fair value through other comprehensive income (equity). All other financial assets are measured at fair value through profit or loss.

The effective interest method is used to measure the amortised cost of a financial instrument. The effective interest rate is the discount rate applied to the estimated future cash receipts over the expected life of the financial instrument. However, due to the nature of the assets classified under this heading, they are generally recognised on the basis of original acquisition cost because they mature in less than one year.

The Group derecognises a financial asset when the rights to the cash flows from the financial asset expire or have been transferred and substantially all the risks and rewards of ownership of the financial asset have also been transferred, such as in the case of firm asset sales and non-recourse factoring of trade receivables in which the Group does not retain any credit or interest rate risk.

However, the Group does not derecognise financial assets, and recognises a financial liability for an amount equal to the consideration received, in transfers of financial assets in which substantially all the risks and rewards of ownership are retained, such as in the case of note and bill discounting and recourse factoring.

The Group recognises impairment losses in accordance with an expected credit loss model, according to IFRS 9, for financial assets measured at amortised cost, trade receivables, or financial assets at fair value through other comprehensive income (equity). The measurement of expected credit losses is based on the probability of default, the loss given default (i.e. the magnitude of the loss if there is a predetermined value) and the exposure in the predetermined value. The Group made this estimate taking into consideration, among other matters, the diversity of its customers by type or segment grouping them by country or geographical region, distinguishing them by sector or industry and selecting an appropriate credit spread curve for each of the financial assets, as well as a historical default analysis of the Group.

f) Information on the environment

Environmental assets are considered to be assets used on a lasting basis in the operations of the Group companies whose main purpose is to minimise adverse environmental effects and to protect and enhance the environment, including the reduction or elimination of the pollution caused in the future by the Applus Group's operations.

In view of the Group's business activity, at 31 December 2023 and 2022 it did not have any significant assets of this nature.

g) Leases

The Group assesses whether a contract is or contains a lease, at inception of it. The Group recognises a right-of-use asset and a lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less), leases of low value assets (less than USD 5 thousand) and variable rents. For these exceptions, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the payments that are not executed at the commencement date, discounted by using the implicit rate. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 3.d. Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line “Other expenses” in the consolidated statement of profit or loss.

Additionally, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement.

h) Inventories

Inventories are stated at weighted average cost, which comprises materials and, where applicable, direct labour costs and other costs that have been incurred in bringing the inventories to their present location and condition.

i) Government grants

Government grants related to property, plant and equipment are treated as deferred income and are taken to income over the expected useful lives of the assets concerned. In addition, the Group accounts for other grants, donations and legacies received as follows:

- Non-refundable grants, donations or legacies related to assets: these are measured at the fair value of the amount or the asset received, based on whether or not they are monetary grants, and they are taken to income in proportion to the period depreciation taken on the assets for which the grants were received or, where appropriate, on disposal of the asset or on the recognition of an impairment loss, except for grants received from shareholders or owners, which are recognised directly in non-current liabilities and do not give rise to the recognition of any income.

- Refundable grants: while they are refundable, they are recognised as a non-current liability.

- Grants related to income: grants related to income are credited to income when granted, unless their purpose is to finance losses from operations in future years, in which case they are allocated to income in those years. If grants are received to finance specific expenses, they are allocated to income as the related expenses are incurred.

j) Provisions and contingent liabilities

When preparing the consolidated financial statements the Parent’s Directors make a distinction between:

- Provisions:

  The Group recognises a provision where it has an obligation or liability to a third party arising from past events the settlement of which will give rise to an outflow of economic benefits whose amount and/or timing are not known with certainty but can be reasonably reliably estimated. Provisions are quantified on the basis of the best information available on the event and the consequences of the event and are reviewed and adjusted at the end of each reporting period. The provisions made are used to face the specific risks for which they were originally recognised, and are fully or partially reversed when such risks cease to exist or are reduced.

- Contingent liabilities:

  Contingent liabilities are all the possible obligations that arise from past events and whose future existence and associated loss are estimated to be unlikely. In accordance with IFRS, the Group does not recognise any provision in this connection. However, as required, the contingent liabilities are disclosed in Note 27.b.

The Group's legal advisers and Directors consider that the outcome of litigation and claims will not have a material effect on the accompanying consolidated financial statements. Provisions are recognised when the Group has a present obligation, whether legal or constructive, as a result of past events with respect to which it is more likely than not to entail an outflow of resources to settle the obligation and when the amount thereof has been estimated reliably.

Provisions are recognised when the unavoidable costs of meeting the obligations under onerous contracts exceed the benefits expected to be received thereunder.

Provisions are measured at the present value of the amount necessary to settle the obligation at the consolidated statement of financial position date based on the best estimate available.

When it is expected that a portion of the disbursement necessary to settle the provision will be reimbursed by a third party, the reimbursed amount is recognised as an independent asset, provided that receipt thereof is virtually assured.

k) Derivative financial instruments and hedge accounting

The Group has previously used to use financial derivatives to eliminate or significantly reduce interest rate and foreign currency risks relating to its assets. The Group does not use derivative financial instruments for speculative purposes.

The Group's use of financial derivatives is governed by and envisaged in its policies, which provide guidelines for their use (see Note 16).

In 2023, the Group has not arranged new foreign currency derivatives. In 2022 the Group arranged foreign currency derivatives with Spanish banks with a high credit rating.

l) Pension obligations, post-employment benefits and other employee benefit obligations

Defined contribution plans

Under defined contribution plans, the Group pays fixed contributions into a separate entity (a fund) and the Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all the benefits to employees.

The Group recognises the contributions to be made to the defined contribution plans as the employees render the related services. The contributions made were recognised under "Staff Costs" in the consolidated statement of profit or loss. The defined contribution liability is recognised as current.

Defined benefit plans

All the post-employment benefit plans that may not be considered as defined contribution plans are benefit plans. These plans may be unfunded or wholly or partially funded by a specific fund.

The defined benefit liability recognised in the consolidated statement of financial position relates to the present value of the defined benefit obligations at the end of the reporting period which are measured annually based on the best estimate possible.

The expense or income relating to the defined benefit plans is recognised under "Staff Costs” in the enclosed consolidated statement of profit or loss. The defined benefit liability is recognised as current or non-current based on the vesting period of the related benefits.

However, the defined benefit obligations are not material (see Note 17.a).

Other employee benefit obligations

The Group has established, with its key personnel, specific remuneration plans based on the following characteristics:

1. Annual variable remuneration subject to the achievement of certain financial targets in 2023.
2. Annual variable remuneration plan granted to the Chief Executive Officer, certain executives and employees of the Group consisting of the delivery of RSUs (convertible into Parent’s shares). This remuneration plan is approved and granted annually and is convertible to shares three years after the date on which they are granted, 30% the first two years and the remaining 40% in the third year. At 2023 year-end three plans have been approved and ratified (see Notes 19 and 29).
3. “Long-term Incentive” plan granted to the Chief Executive Officer and certain Senior Executives of the Group, that consists of the delivery of Performance Stock Units (PSU’s) convertible into Parent’s shares within three years of the grant date based on the achievement of certain targets (see Notes 19 and 29).
4. “Long-term Incentive” plan granted to the Chief Executive Officer and certain Senior Executives of the Group, that consists of the delivery of Performance Stock Units (PSU’s) convertibles into shares with the schedule of 17%, 17% and 66%, for Senior Executives of the Group, and within three years for the CEO and subjected to the accomplishment of certain objectives (Earning per share, Return on capital employed and Environmental, Social and Governance), see Note 29.

m) Debts and current/non-current classification

Debts are recognised at their present value and are classified on the basis of their maturity at the reporting date, i.e. debts due to be settled within twelve months are classified as current liabilities and those due to be settled within more than twelve months are classified as non-current liabilities.

n) Financial liabilities

Financial liabilities are classified into the following categories: financial liabilities at fair value through profit or loss and other financial liabilities.

Other financial liabilities (including loans and trade and other payables) are recognised at amortised cost using the effective interest method. It is considered that the fair value of the financial liabilities does not differ significantly from their carrying amount.

Effective interest method

The effective interest method is used to measure the amortised cost of a financial instrument. The effective interest rate is the discount rate applied to the estimated future cash payments over the expected life of the financial instrument. The Group recognises trade payables at their nominal value without explicitly accruing any interest, since they are due in less than one year.

The Group only derecognises financial liabilities when the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the derecognised financial liabilities and the payment made is recognised in the consolidated statement of profit or loss.

o) Transactions in currencies other than the Euro

The Group's presentation currency is the Euro. Therefore, all balances and transactions in currencies other than the Euro are deemed to be “foreign currency transactions”.

Balances in foreign currencies are translated to euros in two phases:

1. Translation of balances in foreign currencies to the subsidiaries' functional currencies:

- Monetary assets and liabilities denominated in foreign currencies are translated by applying the exchange rates prevailing at the closing date.

- Any resulting gains or losses are recognised directly in the consolidated statement of profit or loss.

2. Translation to euros of the financial statements of the subsidiaries whose functional currency is not the euro:

    - Assets and liabilities are translated by applying the exchange rates prevailing at the closing date.

    - Income, expenses and cash flows are translated at the average exchange rates for the year.

    - Equity is translated at the historical exchange rates.

    - Exchange differences arising as a consequence of the application of this method are presented under "Equity Attributable to Shareholders of the Parent – Valuation Adjustments" in the accompanying consolidated statement of financial position.

    - The effect of exchange rate changes on cash and cash equivalents denominated in foreign currency is presented separately in the consolidated statement of cash flows under “Effect of Foreign Exchange Rate Changes”.

The detail of the equivalent euro value of the main assets in foreign currency held by the Group at 31 December 2023 and 2022 is as follows (in thousands of euros):

Balances held in:	Foreign currency:	31/12/2023	31/12/2022
Canadian Dollar	CAD	188,933	198,860
Chinese Yuan	CNY	138,081	65,247
US Dollar	USD	123,818	416,256
Swedish Krona	SEK	120,565	24,284
Saudi Riyal	SAR	109,552	102,687
Colombian Peso	COP	79,101	37,030
Danish Krone	DKK	69,691	63,473
Chilean Peso	CLP	60,664	65,082
Pound Sterling	GBP	48,095	49,532
Australian Dollar	AUD	45,858	52,688
Brazilian Real	BRL	24,532	21,050
Qatari Riyal	QAR	21,830	19,629
Mexican Peso	MXN	20,220	19,307
United Arab Emirates Dirham	AED	19,582	15,829
Czech Koruna	CZK	18,375	18,426
Omani Riyal	OMR	14,866	12,848
Peruvian Nuevo sol	PEN	11,939	5,649
Malaysian Ringgit	MYR	10,526	5,414
Papua New Guinean Kina	PGK	7,651	15,679
Panamanian Balboa	PAB	7,510	8,984
Indonesian Rupiah	IDR	6,939	7,394
Indian Rupee	INR	6,667	6,883
Costa Rican Colon	CRC	5,076	7,332
Singapore Dollar	SGD	3,874	5,291
Angolan Kwanza	AOA	3,596	7,943
Uruguayan Peso	UYU	3,513	3,692
Argentine Peso	ARS	3,484	5,869
Nigerian Naira	NGN	2,914	3,461
Egyptian Pound	EGP	1,874	2,491
Others		12,539	15,238
Total		**1,191,865**	**1,283,548**

The average and closing rates used in the translation to euros of the balances held in foreign currency for years 2023 and 2022 are as follows:

Euro	Foreign currency:	2023		2022	
		Average rate	Closing rate	Average rate	Closing rate
Danish Krone	DKK	7.45	7.45	7.44	7.44
Swedish Krona	SEK	11.47	11.02	10.62	11.09
Omani Riyal	OMR	0.42	0.42	0.40	0.41
Czech Koruna	CZK	23.97	24.57	24.56	24.20
Canadian Dollar	CAD	1.46	1.46	1.37	1.45
Singapore Dollar	SGD	1.45	1.46	1.45	1.43
US Dollar	USD	1.08	1.10	1.05	1.06
Papua New Guinean Kina	PGK	3.78	3.98	3.62	3.62
Pound Sterling	GBP	0.87	0.87	0.85	0.88
Argentine Peso	ARS	n/a	885.79	n/a	184.88
Chilean Peso	CLP	906.75	981.77	916.63	921.36
Colombian Peso	COP	4,675.71	4,287.60	4,453.84	5,040.00
Mexican Peso	MXN	19.16	18.71	21.17	20.70
Brazilian Real	BRL	5.40	5.35	5.43	5.47
Qatari Riyal	QAR	3.94	4.01	3.84	3.87
Malaysian Ringgit	MYR	4.93	5.10	4.62	4.68
Saudi Riyal	SAR	4.05	4.13	3.95	3.98
Indonesian Rupiah	IDR	16,454.84	17,050.00	15,601.43	16,534.00
Australian Dollar	AUD	1.63	1.62	1.52	1.59
Peruvian Nuevo Sol	PEN	4.03	4.04	4.02	4.02
Kuwait Dinars	KWD	0.33	0.34	0.32	0.32
Costa Rican Colon	CRC	584.17	573.19	678.66	614.76
Chinese Yuan	CNY	7.65	7.85	7.07	7.40
United Arab Emirates Dirham	AED	3.97	4.04	3.87	3.89
Panamanian Balboa	PAB	1.08	1.10	1.05	1.06
Angolan Kwanza	AOA	739.75	927.34	478.43	533.48
Indian Rupee	INR	89.18	91.52	82.49	87.86
Uruguayan Peso	UYU	41.96	43.34	43.40	40.61
Nigerian Naira	NGN	683.68	996.56	444.23	472.59
Egyptian Pound	EGP	32.99	33.92	19.91	26.14

Since 2018 to the present day, the Argentine economy was deemed to be hyperinflationary in the terms defined in IAS 29 and, therefore, the financial statements of those companies whose functional currency is the currency of a hyperinflationary economy had to be restated and updated according to local price indices, and presented in terms of the measuring unit current at the end of the reporting period. This standard was applied from 1 January 2018. Likewise, the Turkish economy is also considered to be hyperinflationary but it does not have a significant impact on the Group's consolidated financial statements as at 31 December 2023.

Also, in accordance with IAS 21.42, the results and financial position (i.e. assets, liabilities, equity items, income and expenses) of the Argentine subsidiaries are translated into the Group's presentation currency (euro) at the closing rate.

In 2023 the impact against reserves that has arisen from the difference between the value of the equity reported at the end of the previous year and the restated value for the same year of the Argentine subsidiaries amounted to approximately 1,036 thousand positive (2022: EUR 2,446 thousand positive).

As per the application of IAS 29 and IAS 21, the statement of profit or loss has been impacted by a higher financial expense in 2023 of EUR 373 thousand (2022: EUR 983 thousand) under “Financial Profit / (Loss) - Gains or Losses on the Net Monetary Position” (see Note 22).

p) Corporate income tax, deferred tax assets and deferred tax liabilities

Tax expense (tax income) comprises current tax expense (current tax income) and deferred tax expense (deferred tax income).

The current corporate income tax expense is the amount payable by the Group as a result of corporate income tax settlements for a given year. Tax credits and other tax benefits, excluding tax withholdings and pre-payments, and tax loss carryforwards from prior years effectively offset in the current year reduce the current corporate income tax expense.

The deferred tax expense or income relates to the recognition and derecognition of deferred tax assets and liabilities. These include temporary differences measured at the amount expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and their tax bases, and tax loss and tax credit carryforwards. These amounts are measured at the corporate tax rates that are expected to apply in the period when the asset is realised or the liability is settled.

Deferred tax liabilities are recognised for all taxable temporary differences, except for those associated with investments in subsidiaries, branches and associates, or with a share in a joint venture, when the Group can control when to revert the temporary difference and it is considered probable that it will not be reverted in the foreseeable future. At the end of 2023 and 2022, no deferred tax liabilities had been recognised in accordance with IAS 12.39, since the Group controls the timing of the reversal of such temporary differences and the temporary difference is unlikely to be reversed in the foreseeable future, or because these liabilities are not significant due to the Group's policy of repatriating the dividends of subsidiaries, branches and associates.

Deferred tax assets for temporary differences, tax credits for tax losses carry forwards and other tax credits, are only recognised if it is considered probable that the consolidated companies will have sufficient future taxable profits against which they can be utilised.

The deferred tax assets recognised are analysed at the end of each reporting period and the appropriate adjustments are made to the extent that there are doubts as to their future recoverability. Also, unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that they will be recovered through future taxable profits.

Certain Group companies with registered office in Spain file consolidated tax returns as part of Income Tax group 238/08 and VAT group 0036/11 of which Applus Services, S.A. is the Parent.

The Group also files consolidated tax returns in other countries such as the Netherlands, Australia, the US and Germany.

The new top-up tax arising from the transposition of Pillar Two in Spanish legislation

As a large multinational group, the Applus Group is subject to the Pillar Two anti-base erosion model rules (also known as the GloBE Rules) approved by the Organisation for Economic Cooperation and Development (OECD)/G20 Inclusive Framework on BEPS (Base Erosion and Profit Shifting) on 14 December 2021 to which, among many others, the EU Member States have adhered.

From 2024 onwards the Group must assume a payment corresponding to a top-up tax that will be levied on the profits obtained in any jurisdiction in which it operates in which the effective tax rate, calculated at a jurisdictional level, is lower than the minimum tax rate of 15%.

Pillar Two legislation is currently in the process of being approved in Spain and is expected to come into force at the beginning of 2024 with retrospective effect from 1 January 2024 and, therefore, at 31 December 2023, the Group's income tax expense for 2023 and, accordingly, its consolidated financial statements as at 31 December 2023 are not affected by the Pillar Two rules.

Also, the Group applies the exception for recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes provided for in the amendments to IAS 12 issued in May 2023.

Adaptation to the top-up tax

The Applus Group has explicitly undertaken to ally the OECD Pillar Two rules. The Group is aligned with the principles and actions advocated by the OECD and is working on an analysis of the impact of the new Pillar Two in order to establish a compliance and control and management system that will permit it to adapt to the new rules in due time and form.

In this regard, although the Group's analysis was still in progress at the date of formal preparation of these consolidated financial statements, taking into account the existing regulatory framework, an estimated calculation of the top-up tax arising from the application of Pillar Two was performed on the basis of the most recent tax returns, the country-by-country report and the financial statements of the constituent entities of the Group, and based on this calculation and subject to unforeseen events, the application of the model rules is not expected to have a significant impact on equity, since in all the jurisdictions in which the Group operates the effective tax rate is at least 15% and/or the Group has sufficient employees and tangible assets to trigger the substance-based income exclusion.

q) Revenue recognition

In general, the Group recognises revenue to represent the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Certain contracts such as non-destructive testing or engineering and consultancy contracts are performed as projects that envisage the use of labour and/or materials to provide one or more services requested by the customer and give rise to one or more performance obligations. To the extent that these performance obligations can be distinguished in accordance with the criteria defined in IFRS 15, revenue is recognised when (or as) each performance obligation is satisfied on the basis of the costs incurred relative to total costs (input method) through the recognition of "projects in progress to be billed" (contract assets) to the extent that there is an enforceable right to payment for performance completed to date. Also, these contracts may include billings for milestones based on the satisfaction of the performance obligations, although no significant differences were identified between the price determined for each milestone and its fair value.

Additionally, revenue relating to supplier inspections, vehicle roadworthiness testing services and certifications, inter alia, is identified as arising from services provided for which there is a single performance obligation that is satisfied at a specific point in time, the price of which is determined in the contracts with customers. In general, therefore, the recognition of revenue from these activities is not complex and occurs when the aforementioned performance obligation is satisfied.

No costs incurred in winning contracts with customers were capitalised in 2023 and 2022 as the related amounts were not material.

r) Expense recognition

An expense is recognised in the consolidated statement of profit or loss when there is a decrease in the future economic benefit related to a reduction of an asset or an increase in a liability, which can be measured reliably. This means that an expense is recognised simultaneously to the increase of a liability or the reduction of an asset.

An expense is recognised immediately when a disbursement does not give rise to future economic benefits or when the requirements for recognition as an asset are not met.

Also, an expense is recognised when a liability is incurred and no asset is recognised, as in the case of a liability relating to a guarantee.

s) Discontinued operations

A discontinued operation is a business segment that has been decided to be abandoned and/or disposed of in full whose assets, liabilities and net profit or loss can be distinguished physically, operationally and for financial reporting purposes.

Pursuant to IFRS 5, the revenue and expenses of discontinued operations are presented separately in the consolidated statement of profit or loss and the net assets and net liabilities are presented separately in consolidated current assets and consolidated current liabilities, respectively, for the current period only.

In 2023, the Group sold its entire non-destructive testing, inspection and automotive business in the US. The result obtained on these divestments have been included under "Discontinued Operations" in the profit and loss statement, see Note 2.b.e.2.

t) Segment information

The Parent's Directors considered the following four operating segments and one Holding in these consolidated financial statements of the Applus Group: Applus+ Energy & Industry, Applus+ Laboratories, Applus+ Automotive, Applus+ IDIADA and Other.

The Parent's Directors identified the operating segments of the Applus Group based on the following criteria:

- They engage in business activities from which they may earn revenue and incur expenses (including revenue and expenses relating to transactions with other components of the same group),
- Their operating results are regularly reviewed by Senior Executives, which takes the operating and management decisions relating to the group in order to decide about resources to be allocated to the segment and to assess its performance; and
- Separate financial information is available.

The considerations used to identify the operating segments comply with IFRS 8.

u) Consolidated statement of cash flows

The following terms are used in the consolidated statements of cash flows:

- Cash flows: inflows and outflows of cash and equivalent financial assets, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.
- Operating activities: the Group's principal revenue-producing activities and other activities that are not investing or financing activities.
- Investing activities: the acquisition and disposal of non-current assets and other investments not included in cash and cash equivalents.
- Financing activities: activities that result in changes in the size and composition of the equity and borrowings of the Group companies that are not operating activities.
- Effect of foreign exchange rate changes: effect of foreign exchange rate changes on cash and cash equivalents.

v) Equity

The share capital is represented by ordinary shares.

The costs relating to the issuance of new shares or options, net of taxes, are recognised directly in equity as a reduction of reserves.

Dividends on ordinary shares are recognised as a decrease in equity when approved by the shareholders of the Parent.

w) *Earnings per share*

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to the Parent by the weighted average number of ordinary shares outstanding in the year, excluding the number of shares held by the Parent.

Diluted earnings per share are calculated by dividing net profit or loss attributable to ordinary shareholders adjusted by the effect attributable to the dilutive potential ordinary shares by the weighted average number of ordinary shares outstanding during the year, adjusted by the weighted average number of ordinary shares that would have been outstanding assuming the conversion of all the potential ordinary shares into ordinary shares of the Parent. For these purposes, it is considered that the shares are converted at the beginning of the year or at the date of issue of the potential ordinary shares, if the latter were issued during the current year.

x) *Treasury shares*

Acquisitions of treasury shares are recognised at acquisition cost, reducing equity until they are sold or cancelled. The gains and losses obtained on the disposal of treasury shares are recognised in “Consolidated reserves” in the accompanying consolidated statement of financial position.

y) *Non-current assets classified as held for sale*

The Group classifies a non-current asset or a disposal group as held for sale as held for sale when it has made the decision to sell it and it is estimated likely that it will be made the next 12 months.

These assets or disposed of groups are valued at book value or fair value less the costs necessary for the sale, whichever is lower.

Assets classified as non-current assets held for sale are not amortized, but at the date of each balance sheet corresponding valuation adjustments are made so that the book value does not exceed fair value less costs to sell.

Income and expenses generated by non-current assets and disposable groups held for sale that do not qualify as discontinued transactions are recognized under the appropriate income statement item according to their nature.

As of 31 December 2022, the Applus Group has assets and liabilities associated with assets held for sale.

The non-current assets and liabilities held for sale corresponded to the Auto United States Cash Generating Unit. As of 31 December 2022, the aforementioned assets and liabilities were classified under the headings " Non-current assets classified as held for sale " and " Liabilities linked to non-current assets held for sale " of the attached consolidated balance sheet for an amount of 37,497 and 16,538 thousand euros, respectively. The aforementioned assets mainly comprised land, buildings and accounts receivable in amounts of 7,191, 9,794, 3,620 thousand euros, respectively. On the other hand, the liabilities associated with these assets corresponded mainly to accounts payable and lease liabilities amounting to 5,577 and 2,474 thousand euros, respectively. On 14 February 2023, the Group disposed these net assets and liabilities for an amount of USD 33.5 million (EUR 31.6 million).

As of 31 December 2023, the Applus Group did not have assets and liabilities associated with assets held for sale.

4. Goodwill

The detail, by cash-generating unit, of the goodwill at the end of 2023 and 2022 is as follows:

Cash-generating unit	Thousands of Euros	
	31/12/2023	31/12/2022
Auto Spain (*)	189,065	189,065
Energy & Industry Northern Europe	83,643	83,601
Energy & Industry North America	21,819	74,043
IDIADA	8,975	17,807
Energy & Industry Seameap	61,742	62,989
Laboratories	250,221	198,007
Auto Finisterre (*)	14,343	17,929
Energy & Industry Latin America	33,773	33,954
Energy & Industry Spain	59,140	30,652
Auto Denmark	6,843	6,843
Auto Sweden	71,819	76,754
Other	1,277	1,253
Total goodwill	**802,660**	**792,897**

(*) Includes the aggregate business of various concessions and administrative authorisations (see Notes 3.b and 5).

The changes in 2023 and 2022 were as follows:

	Thousands of Euros
Balance at 1 January 2022	**725,789**
Changes in the scope of consolidation (Note 2.b.e.3.)	71,607
Impairment	-
Other changes	(12,145)
Translation differences	7,646
Balance at 31 December 2022	**792,897**
Changes in the scope of consolidation (Note 2.b.e.1.)	54,292
Impairment	(25,000)
Other changes	(10,954)
Translation differences	(8,575)
Balance at 31 December 2023	**802,660**

The main changes in the scope of consolidation in 2023 relate to the acquisition of the companies Ripórtico Engenharia, Lda., Rescoll, S.A. (Group), Barlovento Recursos Naturales, S.L. (Group) y Suzhou Chunfen Test Technology Services Co., Ltd (CFI) (see Note 2.b.e.1.1.).

The main changes in the scope of consolidation in 2022 related to the acquisition of the companies Lightship Security, Inc., Lightship Security USA, Inc., Alpe Metrología Industrial, S.L., Entidad IDV Madrid, S.L., jtsec Beyond IT Security, S.L., K2 Ingeniería S.A.S. and AITE Solutions S.A.S. (see Note 2.b.e.3.1.).

In accordance with the information provided in Note 2.a.b the Group reevaluated the recoverable value of non-current assets of the Cash Generating Units (CGUs) that include associated goodwill in 2023. The Group's Management updated impairment tests for each of the Cash Generating Units (CGUs) at the close of the 2023 financial year, identifying the need to recognize an impairment in the CGU Energy & Industry North America.

As a consequence, the Group recorded an impairment loss of EUR 25,000 thousand in the "Impairment and result from disposals of fixed assets" item of the consolidated income statement corresponding to the Cash Generating Unit of Energy & Industry North America, that as a result of the divestments made in the United States, this loss primarily relates to the business in Canada. The main assumptions of the impairment tests conducted are detailed in Note 6.

As part of other variations, the Group recorded a reduction in goodwill in the "Impairment and result from disposals of fixed assets" item of the attached consolidated income statement for the year 2023. This reduction corresponds to the goodwill of the Cash Generating Units IDIADA and Auto Finisterre, amounting to EUR 12,277 thousand. This impairment is associated to the concessions with finite useful life and it is registered in order to ensure the net value of the assets is zero at the end of their lives.

5. Other intangible assets

The changes in 2023 and 2022 in intangible asset accounts and in the related accumulated amortisation and impairment losses were as follows:

	2023 - Thousands of Euros						
	Balance at 1 January 2023	Changes in the scope of consolidation (Note 2.b.e.1.)	Additions or charge for the year	Disposals or reductions	Transfers	Changes in exchange rates and other	Balance at 31 December 2023
Cost:							
Administrative concessions	205,110	-	286	(8,339)	205	-	197,262
Patents, licences and trademarks	290,377	(23,995)	48	-	-	(2,125)	264,305
Administrative authorisations	176,805	-	82	-	15	(558)	176,344
Customer portfolio	214,303	(40,479)	-	-	-	(1,946)	171,878
Computer software	80,989	(605)	3,188	(978)	590	127	83,311
Goodwill acquired	19,653	1,472	-	-	-	(127)	20,998
Asset usage rights	74,439	-	-	-	-	-	74,439
Accreditations	67,469	13,090	-	-	-	431	80,990
Advances of intangible assets in progress	-	-	4,262	-	531	-	4,793
Other	56,296	92	2,535	(119)	(2,063)	(48)	56,693
Total cost	**1,185,441**	**(50,425)**	**10,401**	**(9,436)**	**(722)**	**(4,246)**	**1,131,013**
Accumulated amortisation:							
Administrative concessions	(179,336)	-	(15,051)	8,191	(60)	-	(186,256)
Patents, licences and trademarks	(161,665)	13,953	(6,858)	-	-	140	(154,430)
Administrative authorisations	(75,847)	-	(8,280)	-	-	271	(83,856)
Customer portfolio	(126,462)	28,631	(12,266)	-	-	1,053	(109,044)
Computer software	(65,211)	(288)	(6,199)	962	1,321	(165)	(69,580)
Goodwill acquired	(78)	-	-	-	-	-	(78)
Asset usage rights	(58,822)	-	(4,954)	-	-	966	(62,810)
Accreditations	(14,697)	-	(9,092)	-	-	(47)	(23,836)
Other	(38,342)	(51)	(3,410)	72	-	8	(41,723)
Total accumulated amortisation	**(720,460)**	**42,245**	**(66,110)**	**9,225**	**1,261**	**2,226**	**(731,613)**
Total impairment losses	**(90,889)**	**33,710**	**-**	**-**	**-**	**-**	**(57,179)**
Total net value	**374,092**	**25,530**	**(55,709)**	**(211)**	**539**	**(2,020)**	**342,221**

In 2023 the amortization charge of intangible assets recognised in the accompanying consolidated financial statements amounted to EUR 66,110 thousand, from which EUR 65,858 thousand correspond to continued operations and EUR 252 thousand to discontinued operations.

	2022 - Thousands of Euros						
	Balance at 1 January 2022	Changes in the scope of consolidation (Notes 2.b.e.3. and 2.b.e.4.)	Additions or charge for the year	Disposals or reductions	Transfers	Changes in exchange rates and other	Balance at 31 December 2022
Cost:							
Administrative concessions	262,412	(17,881)	284	(43,391)	74	3,612	205,110
Patents, licences and trademarks	307,082	(16,615)	12	(46)	(4)	(52)	290,377
Administrative authorisations	269,223	(93,924)	70	-	-	1,436	176,805
Customer portfolio	202,381	8,953	-	-	-	2,969	214,303
Computer software	102,048	(9,873)	3,047	(16,095)	1,454	408	80,989
Goodwill acquired	20,454	(379)	-	-	-	(422)	19,653
Asset usage rights	74,442	-	-	(3)	-	-	74,439
Accreditations	58,002	9,961	-	-	-	(494)	67,469
Other	53,440	(2,294)	6,353	(502)	(814)	113	56,296
Total cost	**1,349,484**	**(122,052)**	**9,766**	**(60,037)**	**710**	**7,570**	**1,185,441**
Accumulated amortisation:							
Administrative concessions	(212,104)	11,909	(17,918)	41,197	1	(2,421)	(179,336)
Patents, licences and trademarks	(160,013)	13,050	(14,757)	30	(10)	35	(161,665)
Administrative authorisations	(154,009)	87,090	(8,364)	-	-	(564)	(75,847)
Customer portfolio	(115,185)	-	(10,404)	-	-	(873)	(126,462)
Computer software	(83,958)	11,019	(8,174)	16,083	(4)	(177)	(65,211)
Goodwill acquired	(78)	-	-	-	-	-	(78)
Asset usage rights	(54,812)	-	(4,006)	9	(13)	-	(58,822)
Accreditations	(6,783)	-	(8,152)	-	-	238	(14,697)
Other	(37,767)	1,836	(3,319)	502	471	(65)	(38,342)
Total accumulated amortisation	**(824,709)**	**124,904**	**(75,094)**	**57,821**	**445**	**(3,827)**	**(720,460)**
Total impairment losses	**(104,808)**	**14,087**	**-**	**-**	**-**	**(168)**	**(90,889)**
Total net value	**419,967**	**16,939**	**(65,328)**	**(2,216)**	**1,155**	**3,575**	**374,092**

Identification and measurement of intangible assets in business combinations

The initial fair value of the intangible assets identified in the different business combinations of Applus Group are as follows:

	Thousands of Euros	
	31/12/2023	31/12/2022
Administrative authorisations	165,986	165,986
Trademarks	244,991	271,650
Administrative concessions	156,446	156,446
Customer portfolio	171,344	213,748
Rights of use	57,516	57,516
Trademark licence agreement	16,939	16,939
Accreditations	80,990	67,469
Software	2,148	2,094
Databases	273	273
Total allocation of goodwill to assets	**896,633**	**952,121**

In 2023, the amortisation charge associated with these revalued assets recognised in the accompanying consolidated statement of profit or loss amounted to EUR 53,692 thousand (2022: EUR 57,269 thousand).

The calculation methods used to measure at fair value the assets identified in the business combinations were as follows:

- The Income Approach method and specifically the Multi-Period Excess Earnings method, whereby the value of the asset is the present value of the projected flows from that asset over the useful life assigned to the related contract, was used to calculate the fair value of administrative authorisations.

- The Royalty Relief method, whereby the value of the asset is the present value of future royalty income from the use of the trademarks by the licensees, was used to calculate the value of the trademarks and trademark licence agreements.

- The Royalty Relief method, whereby the value of the asset is the present the value of a specific intangible asset is estimated from the projected expenses saved due to the ownership of the software intellectual property, was used to calculate the value of the software.

- In order to measure the fair value of the accreditations and awards, the Income Approach, and more specifically the Multi-Period Excess Earnings method, was considered, and the economic benefits attributable to these intangible assets were projected over their years of estimated useful life.

- The Income Approach and specifically the Multi-Period Excess Earnings method, taking into account the useful lives of the customers and the discounted revenue they account for was used to calculate the value of the customer portfolios.

- The Income Approach and specifically the Multi-Period Excess Earnings method, whereby the value of the asset is the present value of the projected flows over the useful life assigned to the related contract, was used to calculate the fair value of administrative concessions and rights of use. The possibility of contract renewals for cash-generating units with finite lives was not considered.

The main intangible assets are as follows:

- Administrative authorisations and concessions:

The administrative authorisations relate to vehicle roadworthiness testing services managed solely by the Group mainly in Spain (Catalonia), as well as in Ecuador and Uruguay. In the case of Catalonia, the cost of the authorisation is depreciated over its useful life until 2035 (see Note 27.b).

Administrative concessions include mainly the operating rights for vehicle roadworthiness testing facilities for a specified period of time. At 31 December 2023 the Applus Group was managing various administrative concessions relating to vehicle roadworthiness testing services, mainly in Spain (Aragon, Galicia and the Basque Country), Ireland, Argentina and Chile. These administrative concessions, which are amortised on the basis of their useful life, expire on various dates until 2030.

Each concession or authorisation is granted through tender specifications or a regulatory agreement. A tender specification or agreement is commonly used for each Autonomous Community in the case of Spain.

For the specific case of the CGUs of Auto Spain even though intangible assets classified, on an individual basis, as concessions and administrative authorisations subject to impairment tests measured individually (based on Autonomous Community in Spain), the business synergies relating to the different concessions and authorisations in both countries are also taken into account. The goodwill is allocated to the smallest identifiable group of assets that generates cash inflows that are independent of the cash inflows from other assets since, in the Applus+ Automotive segment, geographical location is taken into account as the main factor for determining CGUs, since geographical areas involve the same applicable legislation and regulations in a regulated industry, a common currency and macroeconomic variables that are closely linked to the capacity to generate economic flows and, therefore, to growth capacity. In addition, all of the authorisations and concessions managed in the various countries are unified under one single management. The purpose of this unified management is, inter alia, to manage the various risks and relationships with regulators more efficiently and in a more coordinated manner.

- Patents, licences and trademarks:

Patents, licences and trademarks" includes the Applus, RTD, Besikta, IMA, Ripórtico and Rescoll trademarks. The four trademarks are considered to have a finite useful life. The first two are being amortised over 25 years, the IMA trademark is being amortised over 10 years, the Besikta trademark over 20 years Ripórtico and Rescoll trademarks are being amortised over 5 years.

- Customer portfolio:

The customer portfolio relates to the value of the various contracts entered into by the various Group companies or to customer relationships whose useful life is defined based on historical statistical evidence of the average relationship length. The most relevant ones belong to new companies acquired in 2022 and 2023. The contracts are being amortised over the estimated useful life between 2 and 25 years.

- Accreditations and awards:

The accreditations relate to QPS Group, granted by various US, Canadian and European public institutions for the purpose of performing trials in accordance with the pertinent standards, to IMA Group, related to the railway and aerospace industries, to Lightship Security Group, related to hardware, software, and cryptography certification industries and to Rescoll Group associated to the aerospace industry. The awards relate to the Reliable Analysis business that was acquired and were granted by various car manufacturers to a small group of companies authorised to test the quality of the components of the suppliers of those manufacturers. They are amortised over a period between 5 and 10 years, based on the years of estimated useful life of each accreditation or award.

- Asset usage rights:

These include mainly the carrying amounts of the usage rights transferred by Laboratori General d'Assaig i Investigació (now the Catalonia Autonomous Community Government) on the incorporation of LGAI Technological Center, S.A. and the carrying amount of the assets assigned by Institut d'Investigació Aplicada de l'Automòbil (now the Catalonia Autonomous Community Government) to IDIADA Automotive Technology, S.A., relating basically to machinery and other fixtures. These usage rights are amortised considering the useful life of the assets and the estimated useful life of the licensing agreements.

- Software:

  The software corresponds to the technology developed by the acquired company AITE Solutions, which merged with K2 Ingeniería S.A.S in 2023 and is focused on the field of real-time monitoring of air quality and noise level for different industries. It is amortized in 5 years.

Intangible assets by cash-generating unit

The detail, by cash-generating unit, of the intangible assets at year-end 2023 and 2022 are as follows:

	2023 – Thousands of Euros												
	Auto Spain	Energy & Industry Northern Europe	Energy & Industry Seameap	Energy & Industry North America	IDIADA	Energy & Industry Spain	Laboratories	Energy & Industry Latin America	Auto Denmark	Auto Finisterre	Auto Sweden	Others	**Total**
Cost:													
Administrative concessions	84,542	-	-	-	-	182	-	-	-	112,538	-	-	**197,262**
Patents, licences and trademarks	18,602	89,400	58,565	-	12,304	41,389	13,385	-	-	-	30,518	142	**264,305**
Administrative authorisations	165,986	-	-	-	-	-	-	-	-	-	-	10,358	**176,344**
Customer portfolio and other	-	41,532	46,356	-	-	34,970	29,132	16,349	-	-	3,539	-	**171,878**
Computer software	5,902	14,080	4,759	1,113	8,068	7,429	7,567	5,835	2,479	372	10,507	15,200	**83,311**
Goodwill acquired	-	8,298	-	3,535	3,763	1,381	1,988	-	2,033	-	-	-	**20,998**
Asset usage rights	723	-	-	-	36,729	-	34,987	-	-	-	-	2,000	**74,439**
Accreditations	-	-	-	-	-	-	80,990	-	-	-	-	-	**80,990**
Anticipos e inmovilizaciones immateriales en curso	-	3,065	9	-	1,186	-	-	20	-	513	-	-	**4,793**
Other	688	18,212	430	-	26,958	6,911	2,548	7	939	-	-	-	**56,693**
Total cost	**276,443**	**174,587**	**110,119**	**4,648**	**89,008**	**92,262**	**170,597**	**22,211**	**5,451**	**113,423**	**44,564**	**27,700**	**1,131,013**
Accumulated amortisation:													
Administrative concessions	(77,068)	-	-	-	-	(182)	-	-	-	(109,006)	-	-	**(186,256)**
Patents, licences and trademarks	(11,971)	(39,272)	(53,057)	-	(11,298)	(26,090)	(6,707)	-	-	-	(5,893)	(142)	**(154,430)**
Administrative authorisations	(78,822)	-	-	-	-	-	-	-	-	-	-	(5,034)	**(83,856)**
Customer portfolio and other	-	(26,719)	(33,707)	-	-	(23,059)	(17,607)	(5,685)	-	-	(2,267)	-	**(109,044)**
Computer software	(5,362)	(10,350)	(4,059)	(801)	(7,613)	(6,744)	(6,277)	(3,602)	(2,398)	(361)	(10,447)	(11,566)	**(69,580)**
Goodwill acquired	-	-	-	-	-	(71)	(7)	-	-	-	-	-	**(78)**
Asset usage rights	(723)	-	-	-	(34,499)	-	(26,880)	-	-	-	-	(708)	**(62,810)**
Accreditations	-	-	-	-	-	-	(23,836)	-	-	-	-	-	**(23,836)**
Other	(557)	(12,491)	(272)	-	(21,470)	(4,614)	(2,319)	-	-	-	-	-	**(41,723)**
Total accumulated amortisation	**(174,503)**	**(88,832)**	**(91,095)**	**(801)**	**(74,880)**	**(60,760)**	**(83,633)**	**(9,287)**	**(2,398)**	**(109,367)**	**(18,607)**	**(17,450)**	**(731,613)**
Total impairment (Note 6)	**(7,051)**	**(50,128)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(57,179)**
Total net value	**94,889**	**35,627**	**19,024**	**3,847**	**14,128**	**31,502**	**86,964**	**12,924**	**3,053**	**4,056**	**25,957**	**10,250**	**342,221**

	2022 – Thousands of Euros												
	Auto Spain	Energy & Industry Northern Europe	Energy & Industry Seameap	Energy & Industry North America	IDIADA	Energy & Industry Spain	Laboratories	Energy & Industry Latin America	Auto Denmark	Auto Finisterre	Auto Sweden	Others	**Total**
Cost:													
Administrative concessions	92,659	-	-	-	-	182	-	-	-	112,269	-	-	**205,110**
Patents, licences and trademarks	18,602	89,400	58,565	28,210	12,304	40,113	10,380	-	-	-	32,661	142	**290,377**
Administrative authorisations	165,986	-	-	-	-	-	-	-	-	-	-	10,819	**176,805**
Customer portfolio and other	-	41,532	47,061	72,879	-	28,344	4,142	16,545	-	-	3,800	-	**214,303**
Computer software	5,298	12,718	4,403	3,999	8,701	6,937	5,614	5,277	2,436	1,046	10,434	14,126	**80,989**
Goodwill acquired	-	8,180	-	3,750	3,776	1,381	1,806	-	760	-	-	-	**19,653**
Asset usage rights	723	-	-	-	36,729	-	34,987	-	-	-	-	2,000	**74,439**
Accreditations	-	-	-	-	-	-	67,469	-	-	-	-	-	**67,469**
Other	665	19,932	492	216	24,930	6,555	2,333	25	941	207	-	-	**56,296**
Total cost	**283,933**	**171,762**	**110,521**	**109,054**	**86,440**	**83,512**	**126,731**	**21,847**	**4,137**	**113,522**	**46,895**	**27,087**	**1,185,441**
Accumulated amortisation:													
Administrative concessions	(82,641)	-	-	-	-	(182)	-	-	-	(96,513)	-	-	**(179,336)**
Patents, licences and trademarks	(11,227)	(39,272)	(52,439)	(14,201)	(9,962)	(24,300)	(5,587)	-	-	-	(4,535)	(142)	**(161,665)**
Administrative authorisations	(71,557)	-	-	-	-	-	-	-	-	-	-	(4,290)	**(75,847)**
Customer portfolio and other	-	(25,057)	(30,322)	(41,587)	-	(20,115)	(3,160)	(4,551)	-	-	(1,670)	-	**(126,462)**
Computer software	(4,914)	(9,169)	(4,004)	(2,017)	(8,146)	(6,273)	(4,769)	(2,705)	(2,293)	(1,007)	(9,646)	(10,268)	**(65,211)**
Goodwill acquired	-	-	-	-	-	(71)	(7)	-	-	-	-	-	**(78)**
Asset usage rights	(723)	-	-	-	(31,519)	-	(26,059)	-	-	-	-	(521)	**(58,822)**
Accreditations	-	-	-	-	-	-	(14,697)	-	-	-	-	-	**(14,697)**
Other	(545)	(11,072)	(233)	(207)	(19,848)	(4,348)	(2,089)	-	-	-	-	-	**(38,342)**
Total accumulated amortisation	**(171,607)**	**(84,570)**	**(86,998)**	**(58,012)**	**(69,475)**	**(55,289)**	**(56,368)**	**(7,256)**	**(2,293)**	**(97,520)**	**(15,851)**	**(15,221)**	**(720,460)**
Total impairment (Note 6)	**(7,051)**	**(50,128)**	**-**	**(33,710)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(90,889)**
Total net value	**105,275**	**37,064**	**23,523**	**17,332**	**16,965**	**28,223**	**70,363**	**14,591**	**1,844**	**16,002**	**31,044**	**11,866**	**374,092**

Impairment of intangible assets

As a result of the impairment test on non-current assets performed at 2023 year-end, it has not been necessary to record an impairment of intangible assets. Even though, as a result of the mentioned test, an asset impairment loss amounting to EUR 25,000 thousand associated to the Energy & Industry North America cash-generating unit has been recognized to part of the goodwill (see Notes 4 and 6).

There has been no reversal of the impairment recorded on intangible assets as they correspond to assets identified in business combinations carried out in previous years that lost their value.

The main assumptions used in the impairment tests are detailed in Note 6.

Other matters

At 31 December 2023, fully amortised intangible assets in use amounted to EUR 92,942 thousand (31 December 2022: EUR 91,395 thousand). The Group did not have any temporarily idle items at 31 December 2023 or 2022.

At 31 December 2023 and 2022, the Group had no material intangible asset purchase commitments.

Certain Group companies have intangible assets that must be handed over to the Government at the end of the related concession terms or at the end of the existing contract, without considering those arisen from the business combination. The detail of the carrying amount of the assets subject to reversion at 31 December 2023 and 2022 is as follows:

	2023 – Thousands of Euros		
	Gross cost	Accumulated amortisation/ provisions	Net cost
Applus Iteuve Technology, S.L.U.	-	-	-
Applus Iteuve Euskadi, S.A.U.	478	(478)	-
LGAI Technological Center, S.A.	14,200	(14,021)	179
Applus Uruguay, S.A.	5,542	(3,780)	1,762
Revisiones Técnicas Applus del Ecuador ApplusIteuve, S.A.	4,816	(1,255)	3,561
Supervisión y Control, S.A.U.	40,530	(37,002)	3,528
Total	**65,566**	**(56,536)**	**9,030**

	2022 – Thousands of Euros		
	Gross cost	Accumulated amortisation/ provisions	Net cost
Applus Iteuve Technology, S.L.U.	15	(15)	-
Applus Iteuve Euskadi, S.A.U.	478	(478)	-
LGAI Technological Center, S.A.	14,200	(14,000)	200
Applus Uruguay, S.A.	5,891	(3,269)	2,622
Revisiones Técnicas Applus del Ecuador ApplusIteuve, S.A.	4,928	(1,020)	3,908
Supervisión y Control, S.A.U.	40,261	(36,186)	4,075
Total	**65,773**	**(54,968)**	**10,805**

6. Impairment of assets

The method used by the Group to test impairment makes a distinction between assets/cash-generating units (CGUs) with indefinite and finite lives. Projections with a five-year horizon and a perpetual return from the sixth year onwards are mainly used for businesses with indefinite lives. Projections adjusted to the actual duration of the arrangement are used for assets related to the performance of services or concessions with a finite useful life.

In both cases, the projections are based on reasonable and well-founded assumptions, which were prepared in accordance with the Applus+ Group's business plan on the basis of past experience and of the best estimates available at the date of the related impairment tests based on the evolution of organic revenue and occasionally improvements in margins that the Management of the Parent projects for the coming years. As a result, the projections and impairment tests do not take into account possible acquisitions or mergers that might occur in the future.

In accordance with IAS 36, the Recoverable Amount of the Group's CGUs was estimated based on the Value in Use.

The Value in Use by CGU has been determined based on the present value of the cash flows that will foreseeably be generated in the future. For this purpose, the discounted free cash flow ("DCF") method was applied based on the projections expressed in the currency in which each CGU operates.

The DCF method discounts the present value of the future free cash flows at a discount rate (weighted average cost of capital or "WACC") which reflects the time value of money and the risks associated with the aforementioned expected cash flows.

Impairment test main assumptions

The key assumptions to determine fair value that were used to test for impairment in 2023 and 2022 were as follows:

a) Perpetuity growth rate:

To calculate the terminal value, the value of the CGU must be estimated using the going concern basis of accounting. For this purpose, the Group applies the "Gordon-Shapiro" model, which estimates the residual value as a sustainable, perpetual return with a constant growth rate. The growth envisaged in each industry in the geographical area in which the Group operates will foreseeably be very similar to the expected growth rate in that geographical area, given that the industries in which it operates correspond to the base industries that are most representative of each geographical area and which largely determine the area's performance. The data were obtained from the long-term inflation forecasts.

b) Discount rate:

The WACC method was used to calculate the discount rates, based on the following assumptions:

- The time value of money or risk-free rate of each country or geographical area (weighted average of the main countries in which the Group operates in those geographical areas), which is based on the yield of ten-year sovereign bonds in the respective country (or the weighted average of the geographical area).
- The estimated risk premium, considering the estimated betas of comparable companies in the industries and a market risk premium for each country, which are observable variables both after taxes.
- The average financing structures and conditions of comparable companies in the industry.

The detail of the discount rate (“WACC”) and of the perpetuity growth rate in 2023 and 2022 by business and geographical area is as follows:

Business	2023		2022	
	Discount rate before tax ("WACC")	Discount rate considered in calculating the terminal value (“g”)	Discount rate before tax ("WACC")	Discount rate considered in calculating the terminal value (“g”)
Auto	9.4%-11.5%	1.7%-2.0%	9.2%-11.2%	1.6%-2.0%
Energy & Industry	9.9%-17.6%	1.9%-3.1%	10.2%-15.9%	1.8%-3.1%
Laboratories	11.5%	1.9%	11.0%	1.8%
IDIADA	11.7%	1.9%	12.3%	1.8%

Country/geographical area	2023		2022	
	Discount rate before tax ("WACC")	Discount rate considered in calculating the terminal value (“g”)	Discount rate before tax ("WACC")	Discount rate considered in calculating the terminal value (“g”)
Spain	11.5%-12.7%	1.9%	11.0%-12.3%	1.9%
Rest of Europe	9.4%-11.3%	1.7%-2.0%	9.2%-10.7%	1.6%-2.0%
US and Canada	9.9%	2.1%	10.2%	2.4%
Latin America	17.6%	3.1%	15.9%	3.1%

c) Income and expense projections:

The Group’s Management prepares and updates a Business Plan by geography and line of business. The main components of this plan are projections on operating income and expenses, investments and working capital. The Business Plan includes the 2024 budget approved by the Board of Directors of the Parent Company and the expectations for the following years.

In order to calculate the recoverable amount of each asset the present value of its cash flows was determined using the budget for 2024, together with the projections for the coming years.

The Business Plan has been prepared on the basis of past experience and on the best estimates available. Consequently, revenue and margins reflect best estimates available on the expected trends in the industries in which the Applus Group is present.

As indicated in Note 4, the Group has reviewed the projections for each of the Cash Generating Units (CGUs) over a 5-year period based on the best estimates available. The need to recognize an impairment in the UGE Energy & Industry North America has been identified. As a result, the Group recorded an impairment loss of EUR 25,000 thousand on the associated goodwill in the year 2023. In determining the recoverable value of the relevant CGU, the Management has considered that, although future projections maintain a reasonable growth trend in line with historical data, the profit margins have suffered a decline and the impact experienced in 2023 on the profit margins, mainly due to the expenses from extraordinary supervened projects, is expected to have a slow recovery.

In 2022, the Group did not consider necessary to recognize any impairment.

Sensitivity analysis

The maximum buffer of the key assumptions (percentage decrease in EBITDA, increase in WACC before tax and changes in the perpetuity growth rate) that would make the carrying amount equal to the recoverable amount, based on the impairment tests performed at the end of 2023 for the indefinite live cash-generating units, is as follows:

Cash-generating unit	Cash Flows reduction	WACC before taxes	Discount Rate (g)
Auto Spain	21.4%	13.7%	<0%
Auto Denmark	59.5%	25.0%	<0%
Auto Sweden	49.7%	16.2%	<0%
Energy & Industry Northern Europe	13.5%	12.8%	<0%
Energy & Industry North America	33.4%	8.1%	<0%
Energy & Industry Seameap	36.5%	23.8%	<0%
Energy & Industry Spain	41.9%	21.4%	<0%
Energy & Industry Latin America	27.3%	22.5%	<0%
Laboratories	14.6%	13.3%	<0%

The goodwill and assets identified in the business combinations associated with the cash-generating unit of Idiada and Auto Finisterre are deteriorating based on the useful life of their arrangements and concessions.

The Parent's Directors consider that, in view of the existing buffers in 2023, a possible future negative impact on the Group's activities would not significantly affect the impairment of the net assets associated with the CGUs.

7. Property, plant and equipment

The changes in 2023 and 2022 in the various property, plant and equipment accounts and in the related accumulated depreciation and provision were as follows:

	2023 – Thousands of Euros						
	Balance at 1 January 2023	Changes in the scope of consolidation (Notes 2.b.e.1., 2.b.e.2. and 3.y)	Additions or charge for the year	Disposals or reductions	Transfers	Changes in exchange rates and other	Balance at 31 December 2023
Cost:							
Land and buildings	168,992	11,407	4,190	(2,973)	11,335	(2,425)	190,526
Plant and machinery	463,198	(10,006)	28,860	(10,814)	16,570	(7,701)	480,107
Other fixtures, tools and furniture	75,344	(1,139)	4,336	(1,335)	(354)	(415)	76,437
Other items of property, plant and equipment	65,866	1,730	4,429	(3,058)	(2,647)	(1,881)	64,439
Advances and property, plant and equipment in progress	18,389	1,295	27,052	(256)	(14,502)	(392)	31,586
Grants	(3,115)	(4,896)	-	399	(14,665)	(30)	(22,307)
Total cost	**788,674**	**(1,609)**	**68,867**	**(18,037)**	**(4,263)**	**(12,844)**	**820,788**
Accumulated depreciation:							
Land and buildings	(84,585)	(2,342)	(9,534)	1,237	1,125	1,486	(92,613)
Plant and machinery	(332,967)	17,376	(37,518)	7,863	90	5,585	(339,571)
Other fixtures, tools and furniture	(52,437)	1,170	(3,886)	1,217	211	316	(53,409)
Other items of property, plant and equipment	(63,440)	(1,161)	(3,901)	3,770	2,298	1,459	(60,975)
Total accumulated depreciation	**(533,429)**	**15,043**	**(54,839)**	**14,087**	**3,724**	**8,846**	**(546,568)**
Total impairment	**(2,188)**	**(1,241)**	**(2,600)**	**633**	**-**	**8**	**(5,388)**
Total net value	**253,057**	**12,193**	**11,428**	**(3,317)**	**(539)**	**(3,990)**	**268,832**

	2022 – Thousands of Euros						
	Balance at 1 January 2022	Changes in the scope of consolidation (Notes 2.b.e.3. and 2.b.e.4.)	Additions or charge for the year	Disposals or reductions	Transfers	Changes in exchange rates and other	Balance at 31 December 2022
Cost:							
Land and buildings	173,335	(17,540)	4,904	(1,996)	6,032	4,257	168,992
Plant and machinery	437,796	(1,607)	25,103	(16,947)	14,007	4,846	463,198
Other fixtures, tools and furniture	90,352	(288)	1,952	(19,628)	2,609	347	75,344
Other items of property, plant and equipment	67,502	(2,529)	5,016	(5,054)	(1,094)	2,025	65,866
Advances and property, plant and equipment in progress	21,384	-	19,336	(149)	(22,618)	436	18,389
Grants	(3,341)	16	-	159	-	51	(3,115)
Total cost	**787,028**	**(21,948)**	**56,311**	**(43,615)**	**(1,064)**	**11,962**	**788,674**
Accumulated depreciation:							
Land and buildings	(80,746)	4,658	(8,052)	1,118	-	(1,563)	(84,585)
Plant and machinery	(315,937)	2,733	(32,367)	16,620	(234)	(3,782)	(332,967)
Other fixtures, tools and furniture	(67,413)	449	(3,833)	19,524	(886)	(278)	(52,437)
Other items of property, plant and equipment	(64,318)	2,207	(5,323)	4,739	1,029	(1,774)	(63,440)
Total accumulated depreciation	**(528,414)**	**10,047**	**(49,575)**	**42,001**	**(91)**	**(7,397)**	**(533,429)**
Total impairment	**(4,840)**	**1,214**	**(1,750)**	**3,267**	**-**	**(79)**	**(2,188)**
Total net value	**253,774**	**(10,687)**	**4,986**	**1,653**	**(1,155)**	**4,486**	**253,057**

In 2023 the amortization and impairment charge of property, plant and equipment recognised in the accompanying consolidated financial statements amounted to EUR 57,439 thousand, from which EUR 56,767 thousand correspond to continued operations and EUR 672 to discontinued operations.

In 2023 the additions are related to the Group's normal course of operations.

The gross value of fully depreciated items of property, plant and equipment in use at 31 December 2023 amounted to EUR 263,564 thousand (31 December 2022: EUR 273,527 thousand). The Group did not have any temporarily idle items at 31 December 2023 nor 2022.

The Group has taken out insurance policies to cover the possible risks to which its property, plant and equipment are subject and the claims that might be filed against it for carrying on its business activities. These policies are considered to adequately cover the related risks.

At 31 December 2023 and 2022, the Group did not have any significant firm property, plant and equipment purchase commitments.

No borrowing costs had been capitalised to property, plant and equipment at the end of 2023 and 2022 and no disbursements made or advances granted at 31 December 2023 or 2022.

Certain Group companies have property, plant and equipment that must be handed over to the Government at the end of the related concession term or at the end of the applicable agreement pursuant to the terms and conditions thereof. The detail of the net cost of the assets subject to this reversion at 31 December 2023 and 2022 is as follows:

	2023 - Thousands of Euros		
	Gross cost	Accumulated depreciation/ Impairment	Net Cost
IDIADA Automotive Technology, S.A.	116,099	(85,091)	31,008
Applus Iteuve Technology, S.L.U.	42,215	(36,568)	5,647
Applus Iteuve Euskadi, S.A.U.	2,667	(2,465)	202
Total	**160,981**	**(124,124)**	**36,857**

	2022 - Thousands of Euros		
	Gross cost	Accumulated depreciation/ Impairment	Net Cost
IDIADA Automotive Technology, S.A.	102,155	(69,065)	33,090
Applus Iteuve Technology, S.L.U.	44,949	(39,870)	5,079
Applus Iteuve Euskadi, S.A.U.	2,662	(2,487)	175
Total	**149,766**	**(111,422)**	**38,344**

At 31 December 2023 and 2022, no significant property, plant and equipment were subject to restrictions or pledged as security for liabilities.

8. Non-current financial assets

The changes in the various non-current financial asset accounts in 2023 and 2022 have been as follows:

	2023 – Thousands of Euros				
	Balance at 1 January 2023	Additions or charge for the year	Disposals, transfers or dividend distribution	Change in exchange rate	Balance at 31 December 2023
Non-current receivables	24,470	8,729	(5,600)	(424)	27,175
Deposits and guarantees	11,561	9,250	(3,937)	(30)	16,844
Impairment	(18,935)	(42)	-	712	(18,265)
Total	**17,096**	**17,937**	**(9,537)**	**258**	**25,754**

	2022 – Thousands of Euros				
	Balance at 1 January 2022	Additions or charge for the year	Disposals, transfers or dividend distribution	Change in exchange rate	Balance at 31 December 2022
Non-current receivables	23,863	908	(2,065)	1,764	24,470
Deposits and guarantees	11,540	2,070	(2,423)	374	11,561
Impairment	(17,710)	-	3	(1,228)	(18,935)
Total	**17,693**	**2,978**	**(4,485)**	**910**	**17,096**

The aforementioned financial assets are measured at amortised cost as indicated in Note 3.e.

Deposits and guarantees

At 31 December 2023, “Deposits and Guarantees” included EUR 3.4 million (EUR 3.4 million in 2022) relating to restricted cash deposits to secure certain contracts entered into.

9. Inventories

The detail of the Group's inventories at 31 December 2023 and 2022 is as follows:

	Thousands of Euros	
	31/12/2023	31/12/2022
Goods held for resale	12,222	9,388
Raw materials and other supplies	381	365
Total inventories	**12,603**	**9,753**

These inventories relate mainly to X-Ray material used in non-destructive testing by the Energy & Industry division and reagents, fungibles and chemical compounds used in laboratory or field tests by the Laboratories division.

The Group estimates that the inventories will be realised in less than twelve months.

The Group does not recognise any inventory write-downs since inventories are derecognised when they are defective or obsolete.

10. Trade receivables for sales and services, trade receivables from related companies and other receivables

The detail of these current asset headings in the accompanying consolidated statement of financial position as at 31 December 2023 and 2022 is as follows:

	Thousands of Euros	
	31/12/2023	31/12/2022
Trade receivables for sales and services	338,402	337,966
Work in progress	146,898	132,716
Provision for doubtful debts	(20,247)	(23,260)
Trade receivables for sales and services	**465,053**	**447,422**
Trade receivables from related companies (Note 28)	197	187
Other receivables	27,859	19,894
Other accounts receivable from public authorities	14,023	7,751
Total trade and other receivables	**507,132**	**475,254**

The Group’s average collection period for services rendered is 53 days in 2023 (2022: 56 days).

The Group does not charge interest on receivables maturing within one year. The fair value and the nominal value of these assets do not differ significantly.

The detail of the age of the debt under "Trade receivables for sales and services" is as follows:

	Thousands of Euros	
	31/12/2023	31/12/2022
Not due	237,104	232,281
0-30 days	46,534	46,849
31-90 days	23,469	25,322
91-180 days	11,188	10,933
181-360 days	8,527	8,958
More than 360 days	11,580	13,623
Total trade receivables for sales and services	**338,402**	**337,966**
Provision for doubtful debts	**(20,247)**	**(23,260)**
Total trade receivables for sales and services, net	**318,155**	**314,706**

As indicated in Note 3.q in relation to the recognition of revenue from contracts with customers (IFRS 15), for contracts in which performance obligations are measured over time, the difference between the revenue recognised for services rendered and the amounts actually billed to the customer is analysed systematically on a contract-by-contract basis. If the amount billed is lower than the revenue recognised, the difference is recognised as an asset under “Trade receivables for sales and services - Amounts to be billed for projects in progress” for amounts which the Parent's Directors consider are reasonably certain to be ultimately billed, whereas if the amount of revenue recognised is lower than the amount billed, a liability is recognised under “Trade and other payables” (see Note 19). In 2023 there were no significant changes in the aforementioned line items as a result of business combinations or significant adjustments to the measurement of the stage of completion, transaction prices or the contracts that would have a significant impact on the revenue recognised in the year.

Credit risk

The Group's main financial assets are cash and cash equivalents, trade and other receivables and investments, which represent the Group's maximum exposure to credit risk in relation to its financial assets.

The Group's credit risk is therefore mainly attributable to its trade receivables. The amounts presented in the consolidated statement of financial position are net of allowances for doubtful debts, estimated by Group’s Management based on prior experience and its assessment of the current economic environment.

The Group does not have a significant concentration of credit risk, with exposure spread over a large number of customers, divisions, markets and geographical areas.

However, the Group’s Finance Management considers credit risk to be key to day-to-day management of the business and focuses its efforts on controlling and supervising receivables and doubtful debts.

The Group has established a customer acceptance policy based on the periodic evaluation of liquidity and solvency risks and the establishment of credit limits for its debtors. The Group also periodically analyses the age of its trade receivables in order to cover possible bad debts.

The changes in “Allowance for Doubtful Debts”, in accordance with the expected credit loss model, in 2023 and 2022 were as follows:

	Thousands of Euros
Balance at 1 January 2022	**18,249**
Additions	9,403
Amounts used	(3,648)
Disposals	(2,133)
Effect of exchange rate changes	1,389
Balance at 31 December 2022	**23,260**
Additions	6,605
Amounts used	(4,400)
Disposals	(5,336)
Effect of exchange rate changes	118
Balance at 31 December 2023	**20,247**

In 2023, the additions and amounts used recognised in the consolidated financial statements amounted to EUR 2,205 thousand, from which EUR 2,249 thousand correspond to continued operations and EUR (44) thousand to discontinued operations.

11. Current financial assets, cash and cash equivalents

Current financial assets

At 31 December 2023 the amount included as short-term deposits and guarantees amounting to EUR 3,221 thousand (31 December 2022: EUR 3,561 thousand) and other financial assets of EUR 380 thousand (31 December 2022: EUR 3,862 thousand), whose conversion to cash is expected to be within 12 months.

Cash and cash equivalents

At 31 December 2023 and 2022, the amount classified as "Cash and Cash Equivalents" in the accompanying consolidated statement of financial position related in full to cash for a total amount of EUR 193 million (31 December 2022: EUR 172 million) and to financial assets readily convertible into EUR 11 million of cash (31 December 2022: EUR 11 million) subject to a minimal risk of change in value and maturity of less than 3 months.

The aforementioned financial assets are measured at amortised cost as indicated in Note 3.e.

12. Equity

a) Share capital

At 31 December 2022, the share capital of the Parent Company was represented by 135,867,508 fully subscribed and paid up ordinary shares of EUR 0.10 per value each.

On 8 June 2023, the General Shareholders' Meeting approved the capital reduction through the redemption of 6,793,375 treasury shares, which represent the 5% of the share capital of the Parent Company. This capital reduction was duly registered in the Mercantile Registry of Madrid and has led to a reduction in the share capital of the Parent Company by EUR 679 thousand (with a nominal value of EUR 0.10 per share), a decrease in the value of own shares (see Note 12.c) for an amount of EUR 47,613 thousand (at an average price of EUR 7.01) and a reduction in reserves (see Note 12.b) for an amount of EUR 46,934 thousand.

Consequently, as at 31 December 2023, the share capital of the Parent Company is represented by 129,074,133 ordinary shares of EUR 0.10 par value each, fully subscribed and paid.

As per the notifications submitted to the Spanish National Securities Market (CNMV), the shareholders owning significant direct or indirect interests in the share capital of the Parent representing more than 3% of the total share capital as of 31 December 2023, were as follows:

	% Voting rights attached to shares	% Voting rights through financial instruments	% Total voting rights
Morgan Stanley	4.634%	6.652%	11.286%
Barclays Plc	0.041%	8.562%	8.603%
JP Morgan Chase & Co	6.625%	1.286%	7.911%
Davies, Simon (Sand Grove)	-	6.926%	6.926%
The Goldman Sachs Group Inc	5.858%	0.014%	5.872%
Samson Rock Capital Llp	-	5.859%	5.859%
DWS Investment Gmbh	3.840%	-	3.840%
Santander Asset Management, S.A., SGIIC	3.771%	-	3.771%
Jefferies Financial Group Inc	-	3.043%	3.043%

The Parent's Directors are not aware of any other ownership interests of 3% or more of the share capital or voting rights of the Parents, or of any lower ownership interests that might permit the holder to exercise a significant influence over the Parent.

b) *Reserves and share premium*

Under the Spanish Companies Act, 10% of net profit for each year must be allocated to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount, except for that, and until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

At the end of 2023 the balance of the legal reserve amounts to EUR 2,860 thousand and it had reached the legally required minimum (same amount at the end of 2022).

At 31 December 2023 and 2022, the share premium reserves amounted to EUR 449,391 thousand and it is fully available.

The Spanish Companies Act allows the use of the share premium reserves balance to increase capital and it does not establish specific restrictions on the availability of that balance.

At the closing of the financial years 2023 and 2022, the Group owns reserves that add up to EUR 135,955 and 153,958 thousand, respectively.

During 2023, reserves decreased by EUR 46,934 thousand as a result of the capital reduction mentioned in Note 12.a

On 8 June 2023, the General Shareholders' Meeting of the Parent Company approved the allocation of the profit of the Parent Company for the year 2022 amounting to EUR 22,581 thousand, to dividends for an amount of EUR 0.16 per share for all the outstanding shares entitled to receive a dividend, which represented EUR 20,628 thousand, and the remaining to voluntary reserves of free disposal. The dividend was paid on 6 July 2023.

c) *Treasury shares*

At 31 December 2023, the Group held a total of 146,997 treasury shares at an average cost of EUR 7.01 per share. The value of these treasury shares totalled EUR 1,030 thousand, which is recognised under "Treasury Shares" in the accompanying consolidated statement of financial position as at 31 December 2023 (see Note 3.x).

The Board of Directors of the Parent Company approved on 26 January 2022 to launch a programme to buyback the Company's shares, pursuant to the authorization granted by the General Meeting of Shareholders of the Company held on 29 May 2020, under item Seventh of its agenda. The share buyback programme started on 1 February 2022 and finalized on 13 May 2022. Further details of the terms and conditions of the programme can be found on the CNMV Inside Information dated 27 January 2022.

On 28 June 2022, the Annual General Shareholders Meeting approved the capital reduction by the redemption of 7,150,922 treasury shares, representing the 5% of the Parent's Company share capital (see Note 12.a).

The Board of Directors of the Parent Company agreed on 7 November 2022 to launch a second buyback program, under the authorization granted by the General Shareholders' Meeting of the Parent Company held on 28 June 2022, under item 10 of its agenda. The maximum net investment of the Buyback Program may amount up to EUR 50 million. The maximum number of shares of the Company that may be acquired under the Buyback Program was set at 6,793,375 shares, representing 5% of the share capital at this date. The Share Buyback began on 9 November 2022 and finished on 17 May 2023.

On 8 June 2023, the Annual General Shareholders Meeting approved the capital reduction by the redemption of 6,793,375 treasury shares, representing 5% of the Parent's Company share capital (see Note 10.a).

At 31 December 2022, the Group held a total of 2,227,423 treasury shares at an average cost of EUR 6.34 per share. The value of these treasury shares totalled EUR 14,117 thousand, which is recognised under "Treasury Shares" in the accompanying consolidated statement of financial position as at December 2022 (see Note 3.x).

In February and March 2023 the Group delivered to the Chief Executive Officer, Senior Executives and certain executives a total of 248,598 shares (212,503 shares during 2022) in accordance with the new incentive plan granted (see Note 29).

d) Profit per share

The profit per share is calculated on the basis of the profit attributable to the shareholders of the Parent divided by the average number of ordinary shares outstanding in the year.

At 31 December 2023 and 2022 the profit per share is as follows:

	2023	2022
Number of shares at year end	129,074,133	135,867,508
Average number of shares during the year	129,836,606	136,888,259
Net consolidated profit attributable to the Parent (thousands of euros)	20,191	48,600
Number of treasury shares	146,997	2,227,423
Number of shares in circulation	128,927,136	133,640,085
Total number of shares	129,074,133	135,867,508
Profit / (Loss) per share from continuing operations (in euros per share)		
- Basic	0.20	0.44
- Diluted	0.20	0.44
Profit per share (in euros per share)		
- Basic	0.16	0.36
- Diluted	0.16	0.36

There are no financial instruments that could significantly dilute the profit per share.

e) Valuation Adjustments

The amount classified under “Valuation adjustments" in the consolidated statement of financial position is composed mainly by foreign currency translation reserves. The detail of the foreign currency translation at 31 December 2023 and 2022 is as follows:

	Thousands of Euros	
	31/12/2023	31/12/2022
Applus+ Energy & Industry	(37,236)	(13,381)
Applus+ Laboratories	(2,731)	1,091
Applus+ Automotive	(34,675)	(36,301)
Applus+ IDIADA	(557)	463
Other	151	4,688
Total	**(75,048)**	**(43,440)**

f) Capital risk management

The Group manages its capital to ensure that its subsidiaries can continue operating in accordance with the going-concern principle of accounting. The Group is also committed to maintain leverage levels that are consistent with its growth, solvency and profitability objectives.

The data relating to the financial leverage ratios at the end of 2023 and 2022 are as follows:

	Thousands of Euros	
	31/12/2023	31/12/2022
Bank borrowings (Note 14)	881,165	835,937
Other financial liabilities (Note 15)	23,000	22,157
Current financial assets (Note 11)	(3,601)	(7,423)
Cash and cash equivalents (Note 11)	(203,553)	(183,010)
Net financial debt	**697,011**	**667,661**
Total equity attributable to the shareholders of the Parent	**540,529**	**606,747**
Leverage (Net financial debt / Net debt + Equity attributable to the shareholders of the Parent)	**56%**	**52%**

13. Non-controlling interests

“Non-controlling interests” in the accompanying consolidated statement of financial position reflects the equity of the non-controlling shareholders in the consolidated companies. Also, the balance of "Profit Attributable to Non-Controlling Interests" in the accompanying consolidated statement of profit or loss reflects the share of these non-controlling interests in the consolidated profit or loss for the year.

The detail of the non-controlling interests of the fully consolidated companies in which ownership is shared with third parties in 2023 and 2022 is as follows:

	2023 - Thousands of Euros		
	Share capital and reserves	Profit (Loss)	Total
LGAI Technological Center, S.A. subgroup	24,869	4,212	29,081
IDIADA Automotive Technology, S.A. subgroup	10,408	5,375	15,783
Arctosa Holding B.V. subgroup	874	18	892
Velosi S.à r.l subgroup	6,407	3,258	9,665
Applus Iteuve Technology, S.L.U. subgroup	(7,345)	484	(6,861)
Total non-controlling interests	**35,213**	**13,347**	**48,560**

	2022 - Thousands of Euros		
	Share capital and reserves	Profit (Loss)	Total
LGAI Technological Center, S.A. subgroup	18,913	1,629	20,542
IDIADA Automotive Technology, S.A. subgroup	10,258	4,407	14,665
Arctosa Holding B.V. subgroup	645	265	910
Velosi S.à r.l subgroup	5,370	2,939	8,309
Applus Iteuve Technology, S.L.U. subgroup	(12,300)	4,074	(8,226)
Total non-controlling interests	**22,886**	**13,314**	**36,200**

The changes in “Non-Controlling Interests” in 2023 and 2022 are summarised as follows:

	Thousands of Euros	
	2023	2022
Beginning balance	**36,200**	**48,715**
Changes in the scope of consolidation (Note 2.b.e.)	5,174	(6,194)
Dividends	(6,659)	(21,641)
Translation differences	453	1,997
Other changes	45	9
Profit for the year	13,347	13,314
Ending balance	**48,560**	**36,200**

14. Obligations and bank borrowings

The detail, by maturity, of the obligations and bank borrowings at 31 December 2023 and 2022 in the consolidated statement of financial position is as follows:

	2023 - Thousands of Euros						
	Limit	Short Term Drawn	Long Term Drawn				Total
			2025	2026	2027	2028 onwards	
Facility A “Term Loan”	**200,000**	-	200,000	-	-	-	**200,000**
Facility B “Revolving Credit Facility”	**400,000**	-	270,600	-	-	-	**270,600**
US Private Placement lenders	**330,000**	-	150,000	-	-	180,000	**330,000**
CaixaBank credit facility	**100,000**	30,000	-	-	-	-	**30,000**
Sabadell Loan	**-**	3,348	3,509	3,677	3,854	1,996	**16,384**
Accrued interests	**-**	3,350	-	-	-	-	**3,350**
Debt Arrangement fees	**-**	(131)	(82)	(36)	(36)	(16)	**(301)**
Other loans	**-**	1,185	577	97	24	122	**2,005**
Credit facilities	**97,892**	12,160	16,807	-	-	-	**28,967**
Obligations under finance leases	**-**	124	38	9	-	-	**171**
Hedging instruments	**-**	(11)	-	-	-	-	**(11)**
Total	**1,127,892**	**50,025**	**641,449**	**3,747**	**3,842**	**182,102**	**881,165**

	2022 - Thousands of Euros						
	Limit	Short Term Drawn	Long Term Drawn				Total
			2024	2025	2026	2027 onwards	
Facility A “Term Loan”	**200,000**	-	-	200,000	-	-	**200,000**
Facility B “Revolving Credit Facility”	**400,000**	-	-	194,486	-	-	**194,486**
US Private Placement lenders	**330,000**	-	-	150,000	-	180,000	**330,000**
Bilateral facilities	**16,667**	16,667	-	-	-	-	**16,667**
CaixaBank credit facility	**100,000**	-	65,000	-	-	-	**65,000**
Accrued interests	**-**	3,260	-	-	-	-	**3,260**
Debt Arrangement fees	**-**	(539)	(131)	(82)	(36)	(53)	**(841)**
Other loans	**-**	1,409	1,027	446	98	218	**3,198**
Credit facilities	**93,145**	6,383	17,443	-	-	-	**23,826**
Obligations under finance leases	**-**	145	90	23	22	60	**340**
Hedging instruments	-	1	-	-	-	-	**1**
Total	**1,139,812**	**27,326**	**83,429**	**544,873**	**84**	**180,225**	**835,937**

At 31 December 2023, the consolidated Group’s debt structure is mainly composed of a portion of syndicated bank borrowings and placed private debt borrowings with US institutional investors. The bank borrowings consist of a multi-currency syndicated loan of EUR 600 million, which comprises a Facility A “Term Loan” of EUR 200 million and a Facility B “Revolving Credit Facility” of EUR 400 million. The total amount of the US private placement debt is EUR 330 million and includes the private placement debt of EUR 100 million carried out in 2021, bearing interest at a fixed rate and with final maturity in June 2036.

On 15 April 2021, the Applus Group entered a sustainability linked credit facility with CaixaBank limited to EUR 100 million maturing in 2023, with a one-year extension option that has been effective in 2022 of which EUR 30 million were drawn down at 31 December 2023.

On 2 May 2023, a loan agreement was signed with Banco Sabadell for an amount of EUR 18 million, with the first repayment scheduled for June 2023 and the final payment expected in June 2028. This loan accrues interest at the market rate.

The Group had liquidity of EUR 472 million at 31 December 2023, taking into account cash and cash equivalents reflected in the accompanying consolidated statement of financial position and the undrawn balances of the financing lines detailed previously (2022 year-end: EUR 493 million).

The aforementioned borrowings include change of control covenants that entitle the financial creditors to demand repayment of the amounts drawn down. The Parent's Directors estimate that, in the event of a change of control, this debt will be refinanced (see Note 2.c).

a) Syndicated loan and private placement debt

The syndicated loan bears interest at Euribor for tranches in euros and at SOFR for tranches in foreign currency (CAD 84 million drawn down at 2023 year-end) plus a spread based on a leverage grid for each Facility.

All the tranches had an initial single maturity at 27 June 2023, which may be extended for a total of two additional years at the end of the first and second years. On 27 June 2019 all tranches were extended to 27 June 2024 and, on 16 June 2020, they were extended to 27 June 2025.

The initial private placement debt was placed from two US institutional investors. The structure includes a tranche of EUR 150 million maturing on 11 July 2025 and a tranche of EUR 80 million maturing on 11 July 2028. On 10 June 2021 a new private debt placement with one US institutional investor has been added with two tranches, each one of EUR 50 million, the first tranche maturing on 10 June 2031 and the second one on 10 June 2036.

The detail of syndicated loan and the private placement debt in 2023 and 2022 is as follows:

2023

Tranche	Thousands of Euros		Maturity
	Limit	Amount drawn + interest added to principal	
Facility A "Term Loan"	200,000	200,000	27/06/2025
Facility B "Revolving Credit Facility"	400,000	270,600	27/06/2025
US Private Placement lenders - 7 years	150,000	150,000	11/07/2025
US Private Placement lenders - 10 years	80,000	80,000	11/07/2028
US Private Placement lenders - 10 years	50,000	50,000	10/06/2031
US Private Placement lenders - 15 years	50,000	50,000	10/06/2036
Accrued Interests	-	2,733	
Debt arrangement expenses	-	(301)	
Total	**930,000**	**803,032**	

2022

Tranche	Thousands of Euros		Maturity
	Limit	Amount drawn + interest added to principal	
Facility A "Term Loan"	200,000	200,000	27/06/2025
Facility B "Revolving Credit Facility"	400,000	194,486	27/06/2025
US Private Placement lenders - 7 years	150,000	150,000	11/07/2025
US Private Placement lenders - 10 years	80,000	80,000	11/07/2028
US Private Placement lenders - 10 years	50,000	50,000	10/06/2031
US Private Placement lenders - 15 years	50,000	50,000	10/06/2036
Accrued Interests	-	2,659	
Debt arrangement expenses	-	(841)	
Total	**930,000**	**726,304**	

a.1.) Obligations and restrictions relating to the syndicated loan and private debt

Both the syndicated loan and the private placement debt are subject to the achievement of certain financial ratios. The main one is defined as consolidated Net Debt to consolidated EBITDA of the last twelve months, which should be lower than 4.0x and tested every six months, at 30 June and 31 December.

At 31 December 2023, the ratio, calculated on the basis of the contractually established definitions of net consolidated debt and consolidated EBITDA, was 2.4x.

In accordance with the established terms and conditions, the Parent's Directors expect the financial leverage ratio covenant to be met in the following years.

The Group also has to fulfil certain obligations under the syndicated loan and the private placement agreement which relate mainly to disclosure requirements concerning its consolidated financial statements and negative undertakings to not perform certain transactions without the lender's and investor's consent, such as certain mergers or changes of business activity (see Note 27.a).

a.2) Guarantees given:

None of Applus Group subsidiaries have their shares or other assets pledged to secure the financial debt.

b) Credit facilities and other loans

The interest rates on the credit facilities and loans are tied to Euribor and SOFR, plus a market spread.

The Group entered into non-recourse factoring agreements to sell outstanding receivables from customers for up to a maximum of EUR 33 million bearing interest at the market rate, of which EUR 10,495 thousand had been used at 2023 year-end (2022 year-end: EUR 10,250 thousand).

c) Disclosure for currency of obligations and bank borrowings

The detail of the main current and non-current obligations and bank borrowings at 31 December 2023 and 2022, by currency, is as follows:

	2023 - Thousands of Euros						
	Euro	US dollar	Canadian dollar	Colombian Peso	Chilean peso	Others	Total
Syndicated loan	415,375	-	57,657	-	-	-	**473,032**
US Private Placement	330,000	-	-	-	-	-	**330,000**
CaixaBank credit facility	30,559	-	-	-	-	-	**30,559**
Sabadell Loan	16,384	-	-	-	-	-	**16,384**
Others loans	1,804	-	-	201	-	-	**2,005**
Credit facilities	11,789	16,705	11	384	16	120	**29,025**
Finance leases	98	-	12	-	47	14	**171**
Hedging instruments	(11)	-	-	-	-	-	**(11)**
Total	**805,998**	**16,705**	**57,680**	**585**	**63**	**134**	**881,165**

	2022 - Thousands of Euros						
	Euro	US dollar	Canadian dollar	Colombian Peso	Chilean peso	Others	Total
Syndicated loan	334,753	-	61,551	-	-	-	**396,304**
US Private Placement	330,000	-	-	-	-	-	**330,000**
Bilateral facilities	16,801	-	-	-	-	-	**16,801**
CaixaBank credit facility	65,467	-	-	-	-	-	**65,467**
Others loans	2,705	-	-	493	-	-	**3,198**
Credit facilities	4,195	17,540	17	1,954	(16)	136	**23,826**
Finance leases	67	-	-	152	99	22	**340**
Hedging instruments	1	-	-	-	-	-	**1**
Total	**753,989**	**17,540**	**61,568**	**2,599**	**83**	**158**	**835,937**

15. Other non-current financial liabilities

The detail at 31 December 2023 and 2022 is as follows:

	Thousands of Euros	
	31/12/2023	31/12/2022
Payable due to reversion	20,441	19,426
Other non-current financial liabilities	2,559	2,731
Total other non-current financial liabilities	**23,000**	**22,157**

"Payable due to reversion" for 2023 and 2022 essentially includes the provisions for the guarantees covering the reversion of land on which certain vehicle roadworthiness testing centres (see Note 27.b). The payment period relating to these guarantees will not be known until the process described in Note 27.b has been completed.

"Other financial liabilities" includes mainly various loans with favourable terms and conditions that the subsidiaries have been granted by various public bodies. These loans mature between 2024 and 2027.

16. Financial risks and derivative financial instruments

Financial risk management policy

The main purpose of the Group's financial risk management activity is to assure the availability of funds for the timely fulfilment of financial obligations and to protect the value in euros of the Group's economic flows and assets and liabilities.

This management activity is based on the identification of risks, the determination of tolerance to each risk, the analysis of the suitability of the hedging of financial risks, and the control of the hedging relationships established.

The Group's policy consists on hedging all significant and intolerable risk exposures as long as there are adequate instruments for this purpose and the hedging cost is reasonable.

The Group's financial risks are managed on a single and integrated basis, which enables it to identify the existence of natural hedges between and within the various lines of business and to thus optimise the arrangement of hedges in markets. All external hedges, including those relating to subsidiaries and those arranged on their behalf, must be authorised and arranged on a centralised basis at Group level.

Following is a description of the main financial risks to which the Group is exposed and the practices established:

a) Foreign currency risk

Group's Management, based on activity in countries outside the eurozone, monitors the changes in the various currencies in which it operates and assesses the foreign currency risk that could affect its financial statements. Normally, the operations in each of the countries where the Group operates, both income and expenses are in local currency so foreign currency risk only impacts equity.

To manage foreign currency risk, the Group takes the following measures:

- If the financial market of the country in which the investment is made allows for adequate financing to be obtained in terms of timing and cost, hedging is naturally obtained through financing taken in the same currency as that of the investment.
- If the above is not possible, the Group determines asset and liability sensitivity to exchange rate fluctuations on the basis of the extent and severity (volatility) of the risk exposure.

In relation to foreign currency risk, the estimated sensitivity in the Group's consolidated statements of profit or loss for 2023 and 2022 to a change of +/-5% in the exchange rates against the euro of the main currency in which the Group operates, US dollar, would entail approximately a +/-1% variation of the Group's revenues.

b) Interest rate risk

Interest rate risk relates to the effect on profit or loss of rises in interest rates that increase borrowing costs. Exposure to this risk is mitigated by the natural hedging offered by businesses in which inflation and/or interest rates are factors which are part of the periodical tariff and price revision process. The other exposure is assessed periodically and, taking into consideration the projected interest rate fluctuations in the main borrowing currencies, the desirable fixed-rate protection levels and periods are determined. The structure thus established is achieved by means of new financing and/or the use of interest rate derivatives.

Net debt at floating rates is generally tied to Euribor for the debt in euros and to SOFR for the debt in canadian dollars.

As part of the debt refinancing process in 2018, a private debt placement was taken at a fixed rate of interest rate. In the year 2021, another operation of this type was carried out. Private Placement Debt represented 38% of total drawn debt at 31 December 2023 (2022: 40% of total drawn debt).

The detail of the average interest rate and of the average financial debt drawn is as follows:

	2023	2022
Average interest rate	3.41%	2.19%
Average financial debt drawn (thousands of euros)	873,849	832,198

On the basis of the financial debt drawn, the impact on borrowing costs of a change of half a point in the average interest rate would be as follows:

	2023		2022	
Change in interest rate	0.50%	-0.50%	0.50%	-0.50%
Change in borrowing costs (thousands of euros)	2,719	(2,719)	2,511	(2,511)

c) Liquidity risk

Liquidity risk relates to the possibility of adverse situations in the capital markets preventing the Group from financing, at reasonable market prices, its obligations relating to both non-current financial assets and working capital requirements, or of the Group being unable to implement its business plans using stable financing sources.

The Group takes various preventative measures to manage liquidity risk:

- The capital structure of each company is established taking into account the degree of volatility of the cash generated by it.
- Debt repayment periods and schedules are established on the basis of the nature of the needs being financed.
- The Group diversifies its sources of financing through continued access to financing and capital markets.
- The Group secures committed credit facilities for sufficient amounts and with sufficient flexibility.

d) Inflation risk:

Despite the long period of historically low inflation, in 2022 inflation in the euro zone rose sharply, remaining stable in 2023. The great majority of the Group's expense contracts are indexed to inflation, being the main ones those related to leased infrastructures. Likewise, the great majority of the contracts between the Group and its clients are indexed to inflation, meaning that much of this risk is naturally mitigated.

e) Other risks:

The Group continues to observe closely the geopolitical and macroeconomic situation in the markets in which it operates and it monitors the degree of achievement of its strategic plan presented in November 2021. In 2023 special attention was paid to the possible impacts of the war between Russia and Ukraine and the geopolitical and financial risks in the markets in which the Group operates and obtains its financing. In addition, special attention is paid to technology-related risks and those derived from cyberattacks, as well as to environmental, regulatory and labour-related risks. In no case were any significant impacts detected for the Group. The Group's liquidity at year-end amounted to EUR 472 million (see Note 14).

Hedging instruments arranged

In 2022 the Group arranged foreign currency derivatives with Spanish banks with a high credit rating.

The Group opted to apply hedge accounting, as permitted by IFRSs, and appropriately designated the hedging relationships in which the derivatives are fair value hedges, thereby neutralising the exchange rate gains or losses on the hedged items.

At 31 December 2023, the balance of "Current Liabilities – Obligations and Bank Borrowings" reflecting the fair value of the derivatives at that date amounted to EUR 11 thousand (see Note 14).

The fair value hedging relationships designated using these instruments are considered to be highly effective.

The detail of the current hedging instruments is as follows:

- Exchange rate hedging forward amounting to USD 355 thousand. The maturity of this instrument is on 13 February 2024.
- Exchange rate hedging forward amounting to USD 721 thousand. The maturity of this instrument is on 13 February 2024.

17. Non-current provisions

The detail of "Non-Current Provisions" in 2023 and 2022 year-end is as follows (in thousands of euros):

	31/12/2023	31/12/2022
Long-term employee obligations	22,742	20,837
Other provisions	13,128	16,193
Non-Current provisions	**35,870**	**37,030**

The changes in “Non-Current Provisions” in 2023 and 2022 are as follows:

	Thousands of Euros
Balance at 1 January 2022	**34,265**
Changes in the scope of consolidation (Note 2.b.e)	1,400
Additions	4,753
Amounts used	(4,225)
Effect of exchange rate changes	837
Balance at 31 December 2022	**37,030**
Changes in the scope of consolidation (Note 2.b.e)	2,000
Additions	3,322
Amounts used	(5,826)
Effect of exchange rate changes	(656)
Balance at 31 December 2023	**35,870**

The recognised provisions constitute a fair and reasonable estimate of the effect on the Group's equity that could arise from the resolution of the lawsuits, claims or potential obligations that they cover. They were quantified by the Group's Management and the Management of the subsidiaries, with the assistance of their advisers, considering the specific circumstances to each case.

a) *Long-term employee obligations:*

Long-term employee obligations contain, mainly, benefits to certain employees in the Middle East amounting to EUR 16,474 thousand (2022: EUR 14,694 thousand), Europe amounting to EUR 1,743 thousand (2022: EUR 1,741 thousand) and Spain amounting to EUR 3,865 thousand (2022: EUR 3,707 thousand).

The long-term employee obligations in the Middle East relate to benefits that employees receive at the end of their employment at Applus Group. These benefits are defined by local laws and are very similar between each other. The accrual is updated based on an actuarial valuation basis made by an independent expert, based on discount rate, expected salary increase, death rate and turnover staff rate.

The benefits in Europe relate, mainly, to the companies located in the Netherlands. These plans include the provision to pay one monthly salary payment to current employees upon completing 25 years of service and two monthly salaries payments upon completing 40 years of service.

The benefits in Spain relate to benefits that the employees from Galicia Automotive business receive at the end of their employment at Applus Group. These benefits are determined by Collective Agreement that the employees of auto stations are subjected, where some compromises from the Company to the employees are established, when some conditions related to seniority and date of termination of employment relation are met.

b) Other provisions:

Other provisions mainly contain:

	Thousands of Euros	
	31/12/2023	31/12/2022
Tax risks	3,150	2,846
Legal contingencies	2,026	2,455
Other provisions	7,952	10,892
Total	**13,128**	**16,193**

"Other provisions" includes provisions related to contingent liabilities assumed in business combinations at the date of acquisition of new companies by the Group, detailed in Note 2.b.e.3.

Since, at 31 December 2023 no changes had occurred in the estimates made by the Management, these provisions were not re-estimated, and neither were they re-estimated as a result of the adoption of IFRIC 23.

18. Other non-current and current liabilities

The detail of "Other non-current liabilities" and "Other current liabilities" in 2023 and 2022 is as follows (in thousands of euros):

	31/12/2023	31/12/2022
Variable price of the acquisition of ownership interest payable at long term	63,758	73,532
Other non-current liabilities	10,555	17,258
Other non-current liabilities	**74,313**	**90,790**
Variable price of the acquisition of ownership interest payable at short term	27,730	2,756
Other current liabilities	3,675	30,928
Other current liabilities	**31,405**	**33,684**
Total other liabilities	**105,718**	**124,474**

"Variable price of the acquisition of ownership interest payable" includes the amounts payable for business combinations performed in 2023 and prior years in relation to contingency pay-outs and variable pay-outs (earn outs), which the Parent's Directors consider will comply with the related payment terms and conditions and should therefore be paid. The variations registered under "Variable price of the acquisition of ownership interest payable at long term" are mainly due to the additions of new business combinations described in Note 2.b.e.1, recalculations of value based on updates of the business plans or the reversions done due to the payments effected within the period established at the date of its initial recognition.

In 2022, this section included the financial liability corresponding to the acquisition of the remaining 20% of the Finisterre Group. In December 2022, this liability was updated as a consequence of the purchase agreement for the remaining 20% for an amount of EUR 18 million, from which 15 million were pending to be paid as of 31 December 2022 and were recorded under "Other current liabilities" in the above table together with the dividend distributed on account of 2022 result, payable to the previous shareholders of Inversiones Finisterre. In 2023, the whole amount has been paid.

The classification between current and non-current at 2023 and 2022 year-end is conducted according to its payment due date.

19. Trade and other payables

The detail of trade and other payables in 2023 and 2022 is as follows:

	Thousands of Euros	
	31/12/2023	31/12/2022
Trade and other payables	294,912	251,580
Trade and other payables with related companies (Note 28.b)	1	1
Remuneration payable	109,039	98,744
Tax payable	91,594	75,435
Total	**495,546**	**425,760**

The difference between the reasonable and nominal value does not differ significantly.

“Remuneration payable” mainly relate to ordinary remuneration payable which includes the annual bonus, incentives in RSUs and other remunerations payable such as extra-pay and holidays accruals.

In “Tax payable” the Group recognised the amounts payable of value added taxes, social security taxes and personal income tax withholdings (or equivalent taxes in each country).

Disclosures on the payment periods to suppliers. Additional Provision Three. "Disclosure obligation" provided for in Law 15/2010, of 5 July.

The Group companies with tax residence in Spain adapted their payment periods in line with Additional Provision Three “Disclosure Obligation” of Law 15/2010, of 5 July (amended by Final Provision Two of Law 31/2014, of 3 December). Detailed below are the disclosures required by the Spanish Accounting and Audit Institute (ICAC) Resolution of 29 January 2016 to be included in notes to the financial statements in relation to average payment periods to suppliers in commercial transactions.

	2023	2022
	Days	
Average payment period to suppliers	56	58
Ratio of transactions settled	56	58
Ratio of transactions not yet settled	52	56
	Thousands of Euros	
Total payments made	233,442	193,178
Total payments outstanding	33,690	22,512

The data shown in the table above relates exclusively to the Spanish companies. The data referred to payments to suppliers relate, pursuant to the ICAC Resolution, to commercial transactions relating to goods supplied and services provided since the entry into force of Law 31/2014, of 3 December 2014.

Suppliers, solely for the purpose of disclosing the information provided for in this Resolution, are considered to be trade creditors for the supply of goods and services and are included under "Current liabilities - Trade and other payables" in the accompanying consolidated statement of financial position.

"Average payment period to suppliers" is understood to be the period between the supply of the goods or the provision of the services on the supplier's account and the effective payment of the transaction.

The maximum payment period applicable to the Spanish consolidated companies under Law 3/2004, of 29 December 2004, on combating late payment in commercial transactions, is 30 days. This period may be extended by an agreement between the parties, but under no circumstances should be superior to 60 natural days (same legal period in 2022).

However, most of the payments outstanding by the Spanish consolidated companies at year end have been paid during the first two months of the year 2024.

In accordance with the requirements established in Law 18/2022 of 28 September 2022, which modified Law 3/2004, of 29 December 2004, the Management has proceeded to calculate the number of invoices paid in a period lower than the maximum established in the regulations. As of 31 December 2023, 74,923 invoices were paid for a total of EUR 122,835 thousand. These invoices represent 54% of all the invoices paid during the fiscal year and 53% of the total amount in euros.

20. Corporate income tax

20.a Corporate income tax expense recognised in the consolidated statement of profit or loss

The detail of the corporate income tax expense recognised in 2023 and 2022 is as follows (in thousands of euros):

	2023	2022
Current tax:		
For the year	41,955	38,986
	41,955	**38,986**
Deferred tax:		
For the year	(13,237)	(9,869)
	(13,237)	**(9,869)**
Corporate Income tax expense/(benefit)	**28,718**	**29,117**

The detail of the changes in deferred taxes, recognised as corporate income tax expense/(benefit) in the consolidated statement of profit or loss in 2023 and 2022, is as follows (in thousands of euros):

	2023	2022
Tax credits for tax loss carry forwards	2,052	4,306
Withholding taxes and other unused tax credits	5,732	(3,082)
Temporary differences:		
Amortisation of intangible assets	(13,422)	(14,463)
Others	(7,599)	3,370
Deferred corporate income tax expense/(benefit)	**(13,237)**	**(9,869)**

The corporate income tax expense is calculated in 2023 and 2022 as follows (in thousands of euros):

	2023	2022
Profit before tax	**68,170**	**102,028**
Consolidated corporate income tax rate at 25%	**17,043**	**22,866**
Tax effect of:		
Others	8,297	10,264
Deduction of unrecognised tax assets and others	3,378	(4,013)
Corporate income tax expense/(benefit)	**28,718**	**29,117**

“Others” include the differences due to corporate income tax rates in different countries and the impact for unrecognized tax losses generated during the year.

20.b Current corporate income tax assets and liabilities

The detail of the current corporate income tax receivables and payables at the end of 2023 and 2022 is as follows (in thousands of euros):

	31/12/2023	31/12/2022
Current corporate income tax assets	20,116	20,313
Corporate income tax prepayments	**20,116**	**20,313**
Current corporate income tax liabilities	15,047	19,354
Corporate income tax payables	**15,047**	**19,354**

20.c Deferred tax assets

The detail of Deferred tax assets at the end of 2023 and 2022 is as follows:

	Thousands of Euros	
	31/12/2023	31/12/2022
Tax losses of Spanish companies	10,312	14,809
Tax losses of other foreign companies	6,308	3,863
Tax credits for tax loss carry forwards	**16,620**	**18,672**
Tax credits of Spanish companies	5,367	5,019
Tax credits and Withholding taxes of foreign companies	4,848	10,928
Withholding taxes and other tax credits	**10,215**	**15,947**
Other temporary differences - Spanish companies	7,336	7,728
Temporary differences - foreign companies	14,827	11,985
Temporary differences – IFRS 16	3,641	3,831
Total temporary differences	**25,804**	**23,544**
Total deferred tax assets	**52,639**	**58,163**

The deferred tax assets indicated above were recognised because the Parent’s Directors considered that, based on their best estimate of the Group’s future earnings, including certain tax planning measures, it is probable that these assets will be recovered.

At the end of each year the Parent's Directors analyse the recoverability of the deferred tax assets and only recognise those that they consider will probably be recovered.

The factors taken into consideration by the Parent’s Directors to recognise as a deferred tax asset, including tax credit for tax loss carry forwards, withholding taxes, and tax credits for temporary differences at 31 December 2023, which support their future recoverability, are as follows:

- In 2023 and 2022 the consolidated tax group in Spain obtained taxable income of EUR 65,360 and EUR 69,582 thousand (according to the final corporate income tax return of 2022 fiscal year), respectively, which did not enable to use any unrecognised tax losses from prior years in the consolidated statement of financial position in 2023 and 2022.

The prior years' tax loss carryforwards of the companies at the end of 2023 and 2022 are as follows:

Year incurred	Thousands of Euros			
	2023		2022	
	Recognised	Not recognised	Recognised	Not recognised
2005	-	9,856	-	9,856
2007	-	17,420	805	17,345
2008	-	-	474	-
2009	-	-	2,586	-
2010	3,157	6	18,550	7
2011	38,096	118	38,562	132
2012	-	932	-	961
2013	-	873	-	41
2014	-	1,371	-	1,497
2015	-	1,255	28	7,720
2016	9,615	8,896	28	12,594
2017	-	12,861	121	19,081
2018	-	13,452	107	15,448
2019	839	3,988	1,756	10,194
2020	6,089	6,404	5,980	11,684
2021	6,133	28,088	6,213	23,348
2022	2,476	15,627	1,746	-
2023	1,039	-	-	-
Total	**67,444**	**121,147**	**76,956**	**129,908**

The recognised tax losses from the Spanish consolidated tax group are EUR 41,255 thousand recognised and EUR 28,112 thousand not recognised.

The detail of the Spanish companies' unused tax credits at the end of 2023 and 2022 is as follows:

Year	Thousands of Euros			
	2023		2022	
	Recognised	Not recognised	Recognised	Not recognised
2006	-	-	-	-
2007	-	2	-	5
2008	-	-	-	-
2009	-	-	-	-
2010	-	810	-	810
2011	-	741	-	741
2012	-	1,204	-	1,204
2013	-	1,374	3,555	1,705
2014	2,010	451	825	4,236
2015	2,370	2,009	-	4,665
2016	-	4,094	-	4,479
2017	-	5,071	166	5,640
2018	396	4,837	454	4,986
2019	-	5,959	19	6,069
2020	-	5,026	-	5,270
2021	1	3,821	-	3,935
2022	-	5,445	-	5,193
2023	-	-	-	-
Total	**5,363**	**40,844**	**5,019**	**48,938**

Of the total recognised and unrecognised tax credits at 31 December 2023, EUR 7,021 thousand relate to incentives for certain activities (mainly investment in R&D+i expenditure), EUR 36,407 thousand relate to double taxation credits, EUR 2,017 thousand relate to donations to non-profit entities tax credits and EUR 762 thousand to the reinvestment of gains. Of the total recognised and unrecognised tax credits at 31 December 2022, EUR 8,888 thousand related to incentives for certain activities (mainly investment in R&D+i expenditure), EUR 42,302 thousand related to double taxation credits, EUR 2,005 thousand relate to donations to non-profit entities tax credits and EUR 762 thousand to the reinvestment of gains.

The foreign companies' unused tax credits not recognised in the accompanying consolidated statement of financial position are not significant.

20.d Deferred tax liabilities

“Deferred tax liabilities” on the liability side of the accompanying consolidated statement of financial position as at 31 December 2023 and 2022, includes mainly the following:

	Thousands of Euros	
	31/12/2023	31/12/2022
Temporary differences associated with:		
Recognition at fair value of the identifiable assets in acquisitions of business combinations	70,266	77,497
Depreciation and amortisation and measurement of assets and goodwill	9,747	12,624
Amortisation of goodwill paid in the acquisition of foreign companies by Spanish companies	7,196	7,152
Other deferred tax liabilities	9,906	11,804
Total deferred tax liabilities	**97,115**	**109,077**

20.e Corporate Income Tax rates applicable to the Group

Each company calculates its corporate income tax expense in accordance with its respective legislation. The main corporate income tax rates applicable to the Group are as follows:

Country	Tax rate	Country	Tax rate	Country	Tax rate
Spain	25%	UK	25%	Angola	30%
US	21%	Germany	30%	United Arab Emirates	-
China	15% - 25%	Australia	30%	Luxembourg	25%
Ireland	12.5%	Italy	24%	Kuwait	15%
Canada	26.5%	Brazil	34%	Malaysia	24%
Sweden	21%	Argentina	35%	Singapore	17%
Denmark	22%	Chile	27%	Qatar	10%
Netherlands	26%	Colombia	35%	Saudi Arabia	15%
Mexico	30%	Oman	15%		

20.f Years open for review and tax audits

At 2023 year-end, the Spanish companies which belong to Spanish tax group have 2018-2022 years open for review by the tax authorities for the corporate income tax and those fiscal years in which four years have not elapsed from the deadline for filing the corresponding returns for VAT and the rest of applicable taxes.

The foreign companies have the last few years open for review in accordance with the legislation in force in each of their respective countries and all those ongoing tax audits. The Parent's Directors do not expect any additional significant liabilities to arise in the event of a tax audit.

These notes to the financial statements do not include the information referred to in Article 42 bis of Royal Decree 1065/2007 in relation to persons resident in Spain, whether legal entities that are beneficiaries or holders of accounts abroad or individuals from the Group who are authorised representatives for accounts abroad held by a Group subsidiary non-resident in Spain, since such information is duly recorded and detailed in the Group's accounting records pursuant to Article 42 bis 4.b of Royal Decree 1065/2007.

On 18 January 2024, the Spanish Constitutional Court issued a ruling declaring unconstitutional certain income tax-related measures introduced by Royal Decree-Law 3/2016, of 2 December, in Spain, relating to the establishment of more severe limits for the offset of tax losses, the introduction of a limit on the deduction of double taxation tax credits and the obligation to automatically include in the tax base the impairment losses on equity interests that have been deducted in prior years. In this context, the Parent's Directors, together with their legal counsel and tax advisers, considered that, in this connection amounting to EUR 23 million, there are no grounds for their recognition in the accompanying consolidated statement of financial position because it is not considered that there is a significant probability of such claims being resolved in favour of the Group (virtually certain contingent asset). Also, in relation to the calculation of the income tax for 2023 and the estimate at the reporting date of the tax losses and deferred tax assets that may be recoverable in the future, it was considered that the impact of this ruling was not material with respect to the Group's consolidated financial statements taken as a whole.

21. Operating income and expenses

a) Revenue

The Group obtains its income from contracts with customers in which it transfers goods or services according to the following categories, as per Group's managerial structure, and according to the criteria detailed in Note 3.q.

	Thousands of Euros	
	2023	2022
Applus+ Energy & Industry	1,084,370	993,448
Applus+ Laboratories	254,277	215,824
Applus+ Automotive	391,790	411,257
Applus+ IDIADA	327,466	277,960
Others	13	25
Total	**2,057,916**	**1,898,514**

Substantially all of the Group's revenue relates to contracts with customers which generally include set prices. The revenue of the Automotive division of Applus+ includes mainly revenue from contracts with customers in which the performance obligations are satisfied at a specific point in time (when the inspections of the vehicles are conducted), while the revenue of the Applus+ Energy & Industry, Applus+ Laboratories and Applus+ IDIADA divisions also includes contracts in which revenue is recognised over time in relation to the satisfaction of the performance obligations of the various projects performed.

At year-end, there are no significant amounts of outstanding performance obligations since, as a general rule, contracts with customers have an expected initial duration of one year or less.

b) Staff costs

The detail of "Staff costs" in the accompanying consolidated statement of profit or loss in 2023 and 2022, is as follows:

	Thousands of Euros	
	2023	2022
Wages, salaries and similar expenses	877,807	820,355
Severances	4,806	4,966
Employee benefit costs	130,652	118,696
Other staff costs	102,074	91,827
Total	**1,115,339**	**1,035,844**

The average number of employees at the Group, by professional category and gender in 2023 and 2022, is as follows:

Professional category	Average number of employees 2023		
	Men	Women	Total
Top management	77	19	**96**
Middle management	276	79	**355**
Supervisors	876	208	**1,084**
Operational employees & others	19,156	4,953	**24,109**
Total	**20,385**	**5,259**	**25,644**

Professional category	Average number of employees 2022		
	Men	Women	Total
Top management	75	21	**96**
Middle management	295	86	**381**
Supervisors	985	210	**1,195**
Operational employees & others	18,779	4,829	**23,608**
Total	**20,134**	**5,146**	**25,280**

Also, the distribution of the workforce, by gender and category, at the end of 2023 and 2022, is as follows:

Professional category	No. of employees end of year 2023		
	Men	Women	Total
Top management	77	19	**96**
Middle management	276	80	**356**
Supervisors	881	212	**1,093**
Operational employees & others	19,877	5,348	**25,225**
Total	**21,111**	**5,659**	**26,770**

Professional category	No. of employees end of year		
	2022		
	Men	Women	Total
Top management	75	21	**96**
Middle management	290	89	**379**
Supervisors	960	199	**1,159**
Operational employees & others	19,575	5,205	**24,780**
Total	**20,900**	**5,514**	**26,414**

c) Other results

The detail of the other results for 2023 and 2022 corresponds mainly to extraordinary termination benefits due to restructuring for an amount of EUR 3.6 million (EUR 7.6 million in 2022), costs related to inorganic operations for a total of EUR 2.1 million (EUR 1.7 million in 2022) and other results including the results on disposals of assets, impacts related to the final payment of variable prices on acquisitions and others, that amount to EUR 3.7 million (EUR 3.5 million income in 2022).

d) Fees paid to auditors

In 2023 and 2022 the fees billed for financial audit and other services provided by the auditor of the Group's consolidated financial statements, Deloitte, S.L., and by firms in the Deloitte organisation, and the fees billed by the auditors of the separate financial statements of the consolidated companies, and by companies related to these auditors as a result of a relationship of control, common ownership or common management, were as follows (in thousands of euros):

2023

Description	Fees for services provided by the principal auditor	Fees charged by other audit firms
Audit services	1,600	743
Other attest services required by the applicable regulation	82	-
Other attest services	207	-
Total audit and related services	**1,889**	**743**
Tax counselling services	268	
Other services	17	
Total professional services	**2,174**	

"Other attest services" in the above table, amounting to EUR 207 thousand, include mainly the services provided in the limited review of the interim financial information of the Applus Group amounting to EUR 160 thousand, reports on agreed procedures and the auditor's report on the information related to the system of internal control over financial reporting (ICFR). Said services, together with professional services, for the purposes of section C.1.32 of the Annual Corporate Governance Report are considered work other than audit services.

2022

Description	Fees for services provided by the principal auditor	Fees charged by other audit firms
Audit services	1,994	408
Other attest services required by the applicable regulation	71	-
Other attest services	200	-
Total audit and related services	**2,265**	**408**
Tax counselling services	190	
Other services	15	
Total professional services	**2,470**	

22. Financial result

The detail by nature of the financial result in 2023 and 2022 is as follows:

	Thousands of Euros	
	2023	2022
Finance Income:		
Other finance income by third parties	3,457	918
Total finance income	**3,457**	**918**
Finance costs:		
Borrowing costs relating to syndicated loan and US Private Placement	(27,869)	(15,392)
Other finance costs paid to third parties	(8,572)	(9,138)
Interest expense on lease liabilities (Note 26.b)	(7,363)	(6,348)
Exchange differences	(944)	(2,141)
Total finance costs	**(44,748)**	**(33,019)**
Gains or losses on the net monetary position (Note 3.o)	(373)	(983)
Financial result	**(41,664)**	**(33,084)**

23. Information on the environment

Applus looks after the sustainability of its business and feels accountable for acting against climate change and supporting the transition to a low-carbon emissions economy through the services it provides and the management of its processes. Thus, the continuous improvement of a safety, healthy and sustainable environment constitutes the centre of the Group’s environmental policy, reinforcing its commitment. Although the activities of the Group do not have a significant environmental impact, the consumption of energy in its facilities and the consumption of fuel to provide the services on clients’ site generate the main impact of its operations. The Group works to reduce the carbon footprint by means of specific programs related to energy efficiency and the use of renewables.

Climate change offers us opportunities which can result in different types of risk in our business. The Group's fundamental objective is to mitigate such risks and identify any potential opportunities to maximise our value to society, through responsible management of the business, incorporating the interests and expectations of the Parent's stakeholders.

As in prior years, in 2023 the Group has assessed qualitatively the risks and opportunities arising from climate change, following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) (see Climate Change in section 7 from the Financial and non-financial Report (ESG)), is working to introduce the analysis of scenarios. According to that, the Group has identified the potential impact of the risks and the probability of their occurrence, considering the substantial impacts, based on the following key elements: Governance, Strategy, Risk management, Metrics and objectives, classifying the impact as low, medium and high and defined in three time horizons, short, medium and long term. Following the impact assessment, the probability of the risk occurring should be evaluated. Likewise, we rolled out plans to make the best possible use of the opportunities that climate change may offer us, which will more than compensate for any potential impacts, albeit limited, that may arise.

In August 2023, SBTi (Science Based Targets Initiative) validated the long-term target of Applus+ to become net-zero by 2050. This environmental objective is aligned with the 1.5º scenario according to the COP of Paris. This objective complements the Group's short-term environmental targets (2030) validated by SBTi in 2022.

The commitment to net-zero emissions has allowed the Group to be part of the "Business Ambition for 1.5 ºC" campaign and the UNFCCC "Race to Zero" Campaign, which brings together entities from over the world to completely eliminate emissions by 2050.

It is worth mentioning that since 2019, when the Group established its baseline year for emissions, its emissions have been consistently reduced in line with the commitments we have made.

In view of the business activities carried out by the Group, it does not have any environmental liability, expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position or results. Therefore, no specific disclosures relating to environmental issues are included in these notes to the accompanying consolidated financial statements.

The Group considers that it complies with applicable environmental protection legislation and has procedures designed to ensure such compliance. In 2023 and 2022, the Group did not recognise any provisions to address potential environmental risks as it considered that there were no significant contingencies associated with potential lawsuits, compensation or other items. Lastly, the potential contingencies, compensation and other environmental risks that could be incurred by the Group are sufficiently covered by its third-party liability insurance policies.

24. Proposal of allocation of profit/loss

The proposed allocation of the Parent's net profit, formulated by the Board of Directors that will be presented at the next Parent's Annual General Meeting of the Shareholders, for 2023 is as follows:

	Thousands of Euros
Basis of allocation:	
Profit for the year	22,141
	22,141
Allocation:	
To unrestricted reserves	22,141
Total	**22,141**

25. Segmented information

At 31 December 2023, the Group operates through four operating divisions and a holding division, each of which is considered to be a segment for financial reporting purposes.

The main operating segments are as follows:

- Applus+ Energy & Industry provides non-destructive testing, quality control and accreditation services, project management, supplier inspection, facility inspection and asset certification and integrity services. It also provides qualified staff recruitment and hiring services for the oil and gas, aircraft, energy, mining, telecommunications and construction industries.

- Applus+ Laboratories offers a wide range of laboratory testing, system certification, product development services across various industries and electronic payment systems, including the aerospace and industrial sectors.

- Applus+ Automotive offers mandatory vehicle roadworthiness testing services, verifying vehicles' compliance with safety and emissions regulations in force in the various countries in which it operates.

- Applus+ IDIADA offers design, engineering, testing and certification services mainly to car manufacturers. These services are provided by Idiada Automotive Technology, S.A. and its contract ends in September 2024. As of the date of issue of these consolidated financial statements, the bidding process for the award of the new Idiada contract has not begun.

a) Financial information by segment

The financial information, by segment, in the consolidated statement of profit or loss for 2023 and 2022 is as follows (in thousands of euros):

2023

	Applus+ Energy & Industry	Applus+ Laboratories	Applus+ Automotive	Applus+ IDIADA	Other	Total
Revenue	1,084,370	254,277	391,790	327,466	13	**2,057,916**
Operating expenses	(998,958)	(214,835)	(310,059)	(289,481)	(33,124)	**(1,846,457)**
Adjusted Operating Profit	**85,412**	**39,442**	**81,731**	**37,985**	**(33,111)**	**211,459**
Amortisation of non-current assets identified in business combinations (Note 5)	(12,403)	(12,665)	(24,309)	(13,006)	8,691	**(53,692)**
Other results						**(47,714)**
Operating Profit						**110,053**

2022

	Applus+ Energy & Industry	Applus+ Laboratories	Applus+ Automotive	Applus+ IDIADA	Other	Total
Revenue	993,448	215,824	411,257	277,960	25	**1,898,514**
Operating expenses	(912,687)	(184,825)	(318,896)	(248,047)	(29,698)	**(1,694,153)**
Adjusted Operating Profit	**80,761**	**30,999**	**92,361**	**29,913**	**(29,673)**	**204,361**
Amortisation of non-current assets identified in business combinations (Note 5)	(14,378)	(11,363)	(27,213)	(4,315)	-	**(57,269)**
Other results						**(11,827)**
Operating Profit						**135,265**

The segment data corresponding to the previous year has been restated (see Note 2.b) including the Aerospace business in Applus+ Laboratories division.

The Adjusted Operating Profit is the operating profit before the amortisation charge of the intangible assets allocated in the business combinations (PPA) for an amount of EUR 53,692 thousand in 2023 (EUR 57,269 thousand in 2022) (see Note 5), other results amounting to EUR 9,419 thousand in 2023 (EUR 5,823 thousand in 2022) (see Note 21.c), an impairment loss of EUR 25,000 thousand (see Notes 4 and 5) corresponding to the Cash Generating Unit of Energy & Industry North America, mainly related to the business in Canada, the write-down on the goodwill of IDIADA and Auto Finisterre cash-generating unit amounting to EUR 12,277 thousand (EUR 6,004 thousand in 2022) (see Note 4) and the provision of the reversion fund of the Cash Generating Unit of Laboratories in the amount of 1,018 thousand euros included in the section "Depreciation and amortization charge" of the consolidated statement of profit and loss for 2023.

The "Other results" are included under "Impairment and gains or losses on disposal of non-current assets" (see Note 4) and "Other results" in the consolidated statement of profit or loss.

The "Other" segment includes the financial information corresponding to the Applus Group's holding activity.

The finance costs were allocated mainly to the "Other" segment as it is the Holding division who manages bank borrowings (see Note 14).

The current, non-current assets and liabilities, by business segment, at the end of 2023 and 2022 are as follows (in thousands of euros):

2023

	Applus+ Energy & Industry	Applus+ Laboratories	Applus+ Automotive	Applus+ IDIADA	Other	Total
Goodwill	260,117	250,221	282,070	8,975	1,277	**802,660**
Other intangible assets	102,924	86,964	127,955	14,128	10,250	**342,221**
Rights of use	33,810	31,886	72,514	41,055	538	**179,803**
Property, plant and equipment	72,160	88,021	84,213	23,951	487	**268,832**
Investments accounted for using the equity method	3,176	-	-	-	-	**3,176**
Non-current financial assets	14,255	1,140	2,819	694	6,846	**25,754**
Deferred tax assets	22,811	3,628	6,311	4,099	15,790	**52,639**
Total non-current assets	**509,253**	**461,860**	**575,882**	**92,902**	**35,188**	**1,675,085**
Total current assets	**443,515**	**96,715**	**37,365**	**167,584**	**20,423**	**765,602**
Total liabilities	**330,017**	**149,483**	**208,682**	**170,182**	**993,234**	**1,851,598**

2022

	Applus+ Energy & Industry	Applus+ Laboratories	Applus+ Automotive	Applus+ IDIADA	Other	Total
Goodwill	258,061	225,185	290,591	17,807	1,253	**792,897**
Other intangible assets	108,590	82,506	154,165	16,965	11,866	**374,092**
Rights of use	41,533	32,616	76,369	26,287	590	**177,395**
Property, plant and equipment	69,026	70,591	78,896	33,999	545	**253,057**
Investments accounted for using the equity method	3,403	-	-	-	-	**3,403**
Non-current financial assets	10,829	346	4,318	1,021	582	**17,096**
Deferred tax assets	26,674	2,342	4,589	4,271	20,287	**58,163**
Total non-current assets	**518,116**	**413,586**	**608,928**	**100,350**	**35,123**	**1,676,103**
Total current assets	**447,788**	**88,278**	**67,744**	**138,296**	**14,395**	**756,501**
Total liabilities	**337,470**	**140,893**	**261,696**	**142,102**	**907,496**	**1,789,657**

The additions to intangible assets and also to property, plant and equipment, by business segment, in 2023 and 2022 are as follows (in thousands of euros):

	Applus+ Energy &Industry	Applus+ Laboratories	Applus+ Automotive	Applus+ IDIADA	Other	**Total**
Capex 2023	25,801	24,109	12,715	14,804	1,841	**79,270**
Capex 2022	17,605	21,612	12,383	12,957	1,520	**66,077**

b) Financial information by geographic segment

Since the Group has presence in several countries, the financial information has been grouped geographically.

The sales, by geographical area, in 2023 and 2022, were as follows:

	Thousands of Euros	
	2023	2022
Spain	467,867	449,757
Rest of Europe	608,624	539,027
US and Canada	213,117	206,359
Asia and Pacific	269,385	258,580
Middle East and Africa	255,356	239,529
Latin America	243,567	205,262
Total	**2,057,916**	**1,898,514**

The non-current assets, by geographical area, in 2023 and 2022, are as follows (in thousands of euros):

Total non-current assets	Spain	Rest of Europe	US and Canada	Asia Pacific	Latin America	Middle East and Africa	Total
31 December 2023	852,413	411,890	130,285	144,174	101,470	34,853	**1,675,085**
31 December 2022	826,377	393,782	179,309	143,273	107,827	25,535	**1,676,103**

26. Leases

a) Amounts recognised in the consolidated statement of financial position

The amounts related to operating leases recognised in the consolidated statement of financial position as at 31 December 2023 and 2022 are as follows:

Rights of use

	Thousands of Euros	
	Net value	
	31/12/2023	31/12/2022
Rights of use		
Offices	118,174	106,531
Rights of use of facilities (fixed levies)	16,959	22,627
Vehicles	25,106	27,094
Machinery	8,000	8,105
Land	11,412	12,766
Hardware	152	272
Total	**179,803**	**177,395**

Lease liabilities

	Thousands of Euros	
	31/12/2023	31/12/2022
Maturity analysis - lease-related cash flows (not discounted)		
Within one year	59,646	55,538
Between one and five years	111,484	102,744
More than five years	42,159	47,514
Total lease-related cash flows (not discounted)	**213,289**	**205,796**

	Thousands of Euros	
	31/12/2023	31/12/2022
Lease liabilities		
Current	58,652	55,215
Non-current	133,947	136,143
Total	**192,599**	**191,358**

b) Amounts recognised in the consolidated statement of profit or loss

At 31 December 2023, the amounts related to leases recognised in the consolidated statement of profit or loss are as follows: amortisation of the right-of-use assets for an amount of EUR 57,942 thousand (EUR 56,751 thousand corresponding to continued operations and EUR 1,191 thousand); (2022: EUR 59,247 thousand, EUR 52,743 thousand corresponding to continued operations and EUR 6,504 thousand, to discontinued operations), basically offices and vehicles; finance costs on lease liabilities for an amount of EUR 7,363 thousand (2022: EUR 6,348 thousand) (see Note 22); operating expenses related to leases of low-value assets not considered in a short-term, short-term leases and, variable lease payments not included in the measurement of lease liabilities, for an amount of EUR 67,585 thousand (2022: EUR 67,671 thousand), which correspond, basically, to auto stations' variable rent levies of the Automotive division for an amount of EUR 34,535 thousand (2022: EUR 37,839 thousand); and income amounting to EUR 54 thousand (EUR 3 thousand in 2022) arising from contract modifications, basically as a result of terminations of leases which caused the de-recognition of the related right-of-use asset and lease liability.

In 2023, the consolidated EBITDA impact corresponds to minor operating lease expenses amounting EUR 65,524 thousand, EUR 63,960 thousand corresponding to continued operations and EUR 1,564 thousand, to discontinued operations (2022: EUR 66,933 thousand).

c) Amounts recognised in the consolidated statement of cash flows

In the period ended at 31 December 2023, the total amount of cash outflows relating to leases amounted to EUR 65,524 thousand, EUR 63,960 thousand corresponding to continued operations and EUR 1,564 thousand, to discontinued operations (2022: EUR 66,933 thousand).

d) Leases in which the Group acts as lessee

All amounts recognised in the consolidated statement of financial position relate to leases in which the Group acts as lessee.

The main rights of use assets of the Group include two levies of surface rights of Applus+ Laboratories in Bellaterra and Applus+ IDIADA in L'Albornar (Catalonia, Spain) with maturities 2033 and 2024 respectively.

In 2023 and 2022, the Group has not recognised gains or losses arising from sale and leaseback transactions.

Additionally, new lease contracts were registered as additions amounting to EUR 50 million relate mainly to new laboratories, vehicle inspection stations and formalizations and extensions of vehicle's, office's and machinery contracts.

Lastly, it should be noted that no renegotiations were held that have led to reductions or forgiveness of rent or other economic incentives resulting in a significant positive effect on the consolidated statement of profit or loss.

27. Obligations acquired and contingencies

a) Guarantees and obligations acquired

The Group has guarantees required by the business activities of the Group companies amounting to EUR 137.1 million (31 December 2022: EUR 140.6 million), as shown in the following detail by segment (in millions of euros):

Guarantees provided	Applus+ Energy & Industry	Applus+ Laboratories	Applus+ Automotive	Applus+ IDIADA	Other	Total
31 de diciembre de 2023	90.6	8.5	23.1	9.0	5.9	**137.1**
31 de diciembre de 2022	86.8	8.6	31.5	9.2	4.5	**140.6**

There are guarantees included in Applus+ Laboratories, Applus Automotive and Applus+ IDIADA divisions amounting to EUR 18.2 million (31 December 2022: EUR 18.2 million) provided to the Catalonia Autonomous Community Government in connection with the incorporation of the subsidiaries IDIADA Automotive Technology, S.A. and LGAI Technological Center, S.A. and with the management of vehicle roadworthiness testing service.

The guarantees provided by Applus+ Energy & Industry relate mainly to guarantees provided to companies or public-sector agencies as provisional or final guarantees to submit bids or to assume liability for contracts awarded.

The Group also has certain obligations and guarantees under the financing agreement (see Notes 14.a.1 and 14.a.2). These obligations include reporting obligations relating to the Group's financial statements and business plans; the obligation to take certain measures such as guaranteeing accounting closes, refrain from performing certain transactions without the consent of the lender, such as certain mergers, changes of business activity, share redemptions, and the financial obligation to achieve certain financial ratios, among others.

The Parent's Directors do not expect any material liabilities as a result of the transactions described in this Note and in addition to those recognised in the accompanying consolidated statement of financial position.

b) Contingencies

b.1. Auto Catalonia

Current legislation on access to the provision of the vehicle roadworthiness testing activities (ITV) stipulates a quota-bound administrative authorisation system, which was challenged by certain operators on the basis that the Services Directive should be applicable and hence, a free market be set.

In line with the Judgment given by the European Court of Justice (in the Reference for preliminary ruling from the Spanish Supreme Court), which concluded that the Services Directive does not apply to roadworthiness testing activities as those are part of "services in the field of transport" falling within the scope of Title VI of the EU Treaty, the Supreme Court confirmed in its judgments of 21 April and 6 May 2016 that the Catalan ITV regime and the authorisations granted in 2010 to the Group until 2035, were in conformity with applicable law and additionally that restrictions on the maximum market share and minimum distance between roadworthiness testing centres of a single operator were void (as these restrictions to the freedom of establishment were not justified).

By judgment of 25 April 2016, the Supreme Court declared null the call for tender to access the authorisation of new roadworthiness testing centres provided as established under the territorial plan, as it included the restrictions of maximum market share and minimum distance between vehicle roadworthiness testing centres licensed to the same operator, which had been declared void.

In addition, in the referred judgment of 6 May 2016, the Supreme Court declared void the "Disposición Adicional Segunda" of the Decree 30/2010 that provided for the right to use the assets and rights owned by the Administration by those operators who had been originally concessionaires, as well as the Order regulating the economic consideration for the use of such assets (in a judgment of 4 May 2016). As a result, in another litigation opened before the High Court of Justice of Catalonia (TSJC), the latter has issued a judgment on 24 April 2017, declaring void the Instruction of the General Director of Energy, Mines and Industrial Safety defining the criteria set to define the economic consideration for the use of said public assets; this decision was finally upheld by the Supreme Court. The Parent's Directors believe that the 2016 judgments of the Supreme Court confirmed the validity of the roadworthiness testing activities' regime in Catalonia - quota authorization- as well as the titles upon which Applus operates in that territory, however the Generalitat de Catalunya (Autonomous Government of Catalonia) shall implement the appropriate measures to comply with the Supreme Court judgments referred to above.

As of 10 November 2020, the Catalan Government approved a preliminary report for a draft bill on the automotive inspection services in Catalonia. On 17 November 2020, the Government approved a law-decree 45/2020 on the transitory and extraordinary authorisation to continue the automotive inspection services, which however was finally repealed by the Catalan Parliament on 3 December. The process for the approval of a draft bill was started, with a public consultation period open and consultation with operators and stakeholders from 30 November 2020 to 21 February 2021. A few months later, the Catalan Parliament passed a Law 2/2021, of 29 December, of fiscal, financial, administrative and public sector measures (published on DOGC the 31 of December 2021) which incorporates an exceptional and transitory allowance for current authorized auto inspection operators so they continue rendering the service in the same conditions, until the reversion processes end and until a new law is passed by the Parliament, whilst potential new authorizations' requests are suspended. Additionally, the law included a requirement to the Government so that it presents a draft bill in twelve months from the application of the law.

On 17 January 2023, the Department of Business and Work of the Catalonia Autonomous Community Government initiated the preliminary phase of the participatory citizen consultation process that ran until 2 March 2023 on the "Preliminary report of the draft law regulating the legal regime applicable to the provision of vehicle roadworthiness testing services", during which the Company submitted its contributions in due time and form. Once the various contributions from the interested parties had been received, the aforementioned prior consultation process was formally closed on 19 June 2023.

On 12 February 2024, and in accordance with Article 69 of Law 19/2014 on transparency, access to public information and good governance, the Catalonia Autonomous Community Government published the initial version of the draft law regulating the provision of vehicle roadworthiness testing services and supplementary documentation, and a public consultation process spanning the period from 19 February to 8 March 2024 was initiated so that all potential natural and legal person stakeholders could present the submissions they deemed appropriate. The Company is currently analysing the documentation published and plans to present its submissions in a timely manner during that period.

From the standpoint of the formal processing of the future regulation, it should be noted that, in addition to the aforementioned procedure, the "General Report relating to the draft law regulating the legal regime applicable to the provision of vehicle roadworthiness testing services" states, inter alia, that various entities must be afforded the right to make a prior inspection in this connection and that certain mandatory reports must be obtained (from 13 bodies), together with opinions, and the European Commission must be notified. Therefore, the text ultimately proposed as the draft law will foreseeably not be submitted to the Catalan Parliament for legislative processing for several months. The current legislature in Catalonia runs from 2021 to 2025 and, accordingly, taking into account all the relevant circumstances, the text ultimately submitted for parliamentary processing (during which, clearly, amendments will be tabled) may not be approved during the current legislature. It should also be noted that, in any case, certain provisions of the law will have to be implemented in the form of the appropriate regulations, orders, protocols or instructions from the competent authorities.

At the date of authorisation for issue of these consolidated financial statements, and to the best of their knowledge and belief, the Parent's Directors did not consider that the aforementioned draft law would have a significant impact on these consolidated financial statements or any impact in the short term.

b.2. Costa Rica – Contingent Asset

The Group purchased a majority stake in the subsidiary Riteve SYC Sociedad Anónima in Costa Rica. This subsidiary claimed before administrative courts against the entity ARESEP and the Costa Rican State for breach of its obligation to adjust tariffs according to a certain approved methodology. In particular, with regards to the file 16-012267-1027-CA, upon resolution nº 79-I-2020 of 30 June 2020, the Court partially accepted Riteve's claim. Upon an appeal filed by Riteve, on 12 May 2022 the Supreme Court of Justice of Costa Rica ordered that the Estate shall cover the readjustment of 2011's tariffs according to the applicable methodology. Upon several instances, the Court's order became firm and on December 2022 Riteve filed the execution demand, including a certificate by public accountant that establishes the amount to be paid by the Costa Rican Estate amounts to 8,859,691,418 Costa Rican colones as the principal, to which legal interests shall be added. The Company estimates that the execution procedure may last between 12 and 24 months, until a final amount is confirmed and payment made, which in any case will be irrevocable and compulsory to the Estate according to applicable laws. In the same way, upon a firm order of 29 November 2022 in the file nº17-003558-1027-CA, Riteve has filed the execution proceedings in January 2023 with respect to the Court's order on the readjustments of tariffs for the year 2016 for a principal amount of 18,196,124,463 Costa Rican colones and legal interests to be determined. On 7 February 2024, the hearing for the evacuation of the expert's evidence was held.

At the date of the preparation of these consolidated financial statements, the procedure for the enforcement of judgment and the establishment of the final amount, which should be subsequently included in the Costa Rican government's budget, are still ongoing. Consequently, the Parent's Directors have not recognised this amount as an asset, or the liability corresponding to the minority, in the accompanying consolidated financial statements.

b.3. Other contingencies

Two of the Group's subsidiaries are facing claims from former employees for alleged improper compensation of certain hours worked. In any case, with the current available information, the impact of such claims would not be material to the accompanying consolidated financial statements. The Parent's Directors estimate that the resolution of these proceedings will not result in additional liabilities to those included in the consolidated financial statements as of 31 December 2023.

At 2023 year-end, the Parent's Directors were not aware of any significant claims brought by third parties or of any ongoing legal proceedings against the Group that, in their opinion, could have a material impact on these consolidated financial statements.

28. Transactions and balances with related parties

For the purposes of the information in this section, related parties are considered to be:

- The significant shareholders of Applus Services, S.A., are understood to be shareholders holding directly or indirectly 3% or more of the shares, and shareholders which, without being significant, have exercised the power to propose the appointment of a member of the Parent's Board of Directors.
- The Directors and Senior Executive, as well close members of those persons' family. "Director" means a member of the Board of Directors and "Senior Executive" means persons reporting directly to the Board or to the Chief Executive Officer (CEO) of the Group.
- Associates of the Group.

The transactions between the Parent and its subsidiaries were eliminated on consolidation and are not disclosed in this Note.

The transactions between the Group and its related companies disclosed below, are performed at arm's length and in line with market conditions.

Transactions with related companies

In 2023 and 2022 the Parent and its subsidiaries performed the following transactions with related companies:

	Thousands of Euros					
	2023			2022		
	Operating revenue	Procurements	Other expenses	Operating revenue	Procurements	Other expenses
Velosi (B) Sdn Bhd	-	-	-	-	-	-
Indoor Climate Management, S.L.	6	-	16	-	-	-
Total	**6**	**-**	**16**	**-**	**-**	**-**

The transactions with related companies correspond to commercial transactions.

Balances with related companies

a) Receivables from related companies:

	Thousands of Euros	
	Trade receivables from related companies	
	31/12/2023	31/12/2022
Velosi (B) Sdn Bhd	178	187
Indoor Climate Management, S.L.	19	-
Total	**197**	**187**

b) Payables to related companies:

	Thousands of Euros	
	Trade and other payables to related companies	
	31/12/2023	31/12/2022
Velosi (B) Sdn Bhd	1	1
Total	**1**	**1**

The transactions and balances between the Applus Group and related parties (Directors and Senior Executives) are detailed in Note 29.

During 2023 and 2022 there have been no transactions and there are no significant amounts outstanding at year end with significant shareholders.

29. Disclosures on the Board of Directors and the Senior Executives

Remuneration and obligations to the Board of Directors

The detail of the remuneration (social benefits included) earned by the Executive Director and by the different members of the Parent's Board of Directors at 2023 and 2022 year-end is as follows:

a) Annual remuneration:

	Thousands of Euros					
	31/12/2023			31/12/2022		
	Chief Executive Officer	Members of the Board of Directors	Total	Executive Directors	Members of the Board of Directors	Total
Fixed remuneration	600	-	**600**	909	-	**909**
Variable remuneration	480	-	**480**	663	-	**663**
Other items	90	-	**90**	105	-	**105**
Non Executive Chairman and Independent Directors	-	737	**737**	-	727	**727**
Corporate Social Security Committee	-	70	**70**	-	70	**70**
Appointments & Compensation Committee	-	70	**70**	-	65	**65**
Audit Committee	-	90	**90**	-	90	**90**
Total	**1,170**	**967**	**2,137**	**1,677**	**952**	**2,629**

In 2023, Executive Director include the Chief Executive Officer, being the sole Executive Director (CEO). In 2022, Executive Directors include the Chief Executive Officer and the Chief Financial Officer.

The fixed remuneration of the Executive Director during his position as Chief Financial Officer included a portion in the form of RSUs amounting to EUR 37 thousand per year at the date on which they were granted. According to the plans in force, at the end of the fiscal year of the fixed RSUs granted in the month of February are from the years in which he held the position of Chief Financial Officer 2021 and 2022 for 6,649 and 7,100 RSUs, respectively. The RSUs granted in 2021 will be convertible to shares three years after the date on which they were granted. The RSUs granted in 2022 will be convertible to shares three years after the date on which they are granted, 30% of which are granted in each of the first two years and the remaining 40% are granted in the third year. In February 2023 the Group effected delivery of 3,947 net shares relating to the plan granted in February 2020 and the 30% relating to the plan granted in February 2022.

Since 2022, 62.5% of the Executive Director' variable remuneration is given in cash (50% previously), with the rest comprising RSUs convertible to shares three years after the date on which they are granted, 30% of which are granted in each of the first two years and the remaining 40% are granted in the third year. These RSUs amounted to EUR 95 thousand in the year. At 2023 year-end, three RSU plans were in force, having been granted in February 2021, 2022 and 2023 for 5,206, 11,820 and 25,116 RSUs, respectively. In February 2023 the Group effected delivery of 4,878 net shares relating to 40% of RSUs bonus granted in 2020, 30% of RSUs bonus granted in 2021 and 30% of RSUs bonus granted in 2022.

The plans in force at the end of the year in relation to the RSUs granted in 2021, 2022 and 2023 can be consulted in the Remuneration Report.

“Other items” include the total of benefits that, according to the Remuneration Policy, accounts for 15% of the Fixed Remuneration without fixed RSUs. The table above does not include pension plans, as they are included afterwards.

b) Ordinary long-term incentive (“LTI”):

According to remuneration policy in force, the CEO shall annually receive PSUs (Performance Stock Units) that are convertible into shares of the Parent three years after the date on which they are granted and according to the accomplishment of specific objectives. The expense recognised in 2023 relating to the three plans in force amounted to EUR 383 thousand as a result of the fulfilment of the variables established for them.

At 2023 year-end, three PSU plans were in force, having been granted in 2021, 2022 and 2023 for 6,649, 76,932 and 82,679 PSUs, respectively. The detail of the PSU plans in force can be consulted in the Remuneration Report. In February 2023 the Group effected the delivery of 3,382 net shares related to the plan granted in February 2020.

Regarding the previous CEO, who left the Group in 2022, there are 2 PSUs plans in force corresponding to the years 2021 and 2022 for 51,291 and 54,770 PSUs respectively. In the month of February 2023, 26,449 net shares were received under the plan granted in February 2020.

c) Extraordinary long-term incentive plan (one-off):

According to remuneration policy in force, with effect from 1 January 2022, the Executive Director participated in an incentive plan through which he receives a number of PSUs (Performance Stock Units) convertible into shares of the Parent Company based on compliance of certain objectives, which will be carried out within a period of three years after the date on which they are granted. The expense recognised in 2023 relating to the plan in force amounted to EUR 400 thousand as a result of the temporary pro rata since its validity (1 January 2022), assuming 100% compliance with the established objectives.

In 2023, the CEO and the members of the Board of Directors did not earn or receive any termination benefits.

The pension plan benefits earned by the CEO in 2023 amounted to EUR 2 thousand.

At 31 December 2023, no loans or advances had been granted to the members of the Parent’s Board of Directors.

Applus Services, S.A. took out a third-party liability insurance policy. The insured persons under this policy are the Directors and Executives of the Group companies the Parent of which is Applus Services, S.A. The Parent’s Directors are included among the insured persons of this policy. The premium paid in 2023 for this insurance policy amounted to EUR 171 thousand (2022: EUR 171 thousand).

The Parent's Board of Directors at 31 December 2023 is made up of 5 men and 4 women (5 men and 4 women at 31 December 2022).

Information relating to conflicts of interest on the part of the Parent’s Directors

It is hereby stated that the Parent’s Directors, their individual representatives and the persons related thereto do not hold any investments in the share capital of companies engaging in identical, similar or complementary activities to those of the Group or hold positions or discharge duties thereat, other than those held or discharged at the Applus Group companies, that could give rise to a conflict of interest as established in Article 229 of the Spanish Companies Act.

Remuneration of and obligations to Senior Executives

Since 2022, Senior Executives are the ones who report directly to the Group's Chief Executive Officer (CEO).

In relation to remuneration information, the internal auditor is also included, as defined in the current accounting legislation and in the Report of the Special Working Group on the Good Governance of Listed Companies published by the Spanish National Securities Market Commission (CNMV) on 16 May 2006.

The breakdown of the remuneration earned in 2023 and 2022 by the Group’s Senior Executives, during the period in which every Senior Executive reported directly to the Group’s Chief Executive Officer and the internal auditor, is as follows:

a) Annual remuneration:

	Thousands of Euros	
	2023	2022
Fixed remuneration	2,903	2,328
Variable remuneration	1,351	1,190
Other items	426	446
Termination benefits	-	481
Pension plans	12	17
Total	**4,692**	**4,462**

At 31 December 2023, the Parent's Senior Executives without considering the internal auditor is made up of 8 men and 4 women (7 men and 4 women at 31 December 2022).

The fixed remuneration of certain Senior Executives includes a portion in fixed RSUs amounting to EUR 37 thousand in those cases in which the Senior Executive reported to the CEO in the date on which they were granted. These fixed RSU will be convertible into shares in the third year of the date of concession those granted in 2021 and in a period of three years from the day of their granting, being 30% in each of the first two years and 40% in the third year those granted in 2022 and 2023. The amount accrued in the year for this concept is EUR 254 thousand. The plans in force at the end of the year 2023 correspond to the shares granted in the month of February 2021, 2022 and 2023 for 20,554, 28,648 and 63,162 RSUs respectively (these amounts include the RSUs of all Senior Executives who have plans in force at the end of the year and remain active in the company). In the month of February 2023, the Group effected delivery of 12,910 net shares corresponding to the plan granted in February 2020 and 30% of the plan granted in February 2022 to the Senior Executives who at that time reported to the CEO.

With regards to the fixed RSUs, are pending on vesting 1,646 RSUs from Senior Executives who ceased in their position in 2022 and previous years.

62.5% of the Senior Executives' variable remuneration is given in cash, with the rest comprising RSUs convertible to shares three years after the date on which they are granted, 30% of which are granted in each of the first two years and the remaining 40% are granted in the third year. The RSU plans in force at the end of 2023 relate to the RSUs granted in February 2021, 2022 and 2023 for 44,924, 73,893 and 71,947 RSUs, respectively for the Senior Executives that reported to the CEO at 2023 year-end. In February 2023 the Group effected delivery of 32,836 net shares relating to the plans granted in 2020, 2021 and 2022 to the Senior Executives that reported to the CEO. EUR 487 thousand were charged to the consolidated statement of profit or loss for 2023 in this connection.

In 2023, the Senior Executives did not earn or receive any termination benefits.

b) Multiannual remuneration and long-term incentive in PSUs:

According to remuneration policy in force, certain members of the Group's Senior Executives annually receive PSUs (Performance Stock Units) that are convertible into shares of the Parent’s Company three years after the date on which they are granted. The expense recognised for the three plans in force amounted to EUR 384 thousand in 2023 as a result of the achievement of the variables established for them. The PSU plans in force at the end of 2023 relate to the PSUs granted in February 2021, 2022 and 2023 for 24,827, 47,534 and 83,250 PSUs, respectively, to the Senior Executives that reported to the CEO at 2023 year-end. In February 2023 the Group effected the delivery of 15,796 net shares relating to the plan granted in February 2020.

With regards to the fixed PSUs, are pending on vesting 1,646 PSUs from Senior Executives who ceased in their position in 2022 and previous years.

c) Extraordinary long-term incentive plan (one-off):

According to remuneration policy in force, with effect from 1 January 2022, some Senior Executives participated in an incentive plan through which they received a number of PSUs (Performance Stock Units) convertible into shares of the Parent Company based on the fulfilment of certain objectives, which will be carried out over a period of three years from the day of their grant to be received according to the vesting calendar of each one during 2023, 2024 and 2025. In the case of 10 Senior Executives, this calendar consists of the vesting of 1/6 of PSUs in each of the first two years and 4/6 in the third. In the case of 1 Senior Executive, it consists of the vesting of 1/4 of the PSUs during the first year 2024 and the rest in 2025, since he joined the plan at a later time. The expense recognised in 2023 relating to the plan in force amounted to EUR 1,876 thousand as a result of the compliance with the variables defined for them, which includes the additional incentive given to another Senior Executive.

With this extraordinary plan, a total of 673,998 PSUs was delivered at the time of granting to the Senior Executives who reported at that time to the Chief Executive Officer. In the month of February 2023, 61,783 net shares were delivered for the plan granted in 2022.

Also, the Group has life insurance obligations to certain Senior Executives; the related expense is included under "Other Items" in the tables above.

30. Events after the reporting period

On 5 January 2024, the Group sold the company SKC Engineering, Ltd. The transaction price was not significant. This company was included in the Applus+ Energy & Industry division.

After 31 December 2023 until the date of issue of these consolidated financial statements, no relevant event has occurred, in addition to those already included in these explanatory notes and, in particular, in relation to the OPA procedures indicated in Note 2.c, that must be included or that modifies or affects significantly these consolidated financial statements as of 31 December 2023.

31. Explanation added for translation to English

These consolidated financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Group (see Note 2.a). Certain accounting practices applied by the Group that conform to that regulatory framework may not conform to other generally accepted accounting principles and rules.

These consolidated financial statements are a translation of the financial statements originally issued in Spanish. In the event of a discrepancy, the Spanish language version prevails.

Appendix I - Companies included in the scope of consolidation

Name	Registered office	Line of business	Active / Inactive	Ownership interest held by Group companies: Direct	Indirect	Method used to account the investment
Applus Servicios Tecnológicos, S.L.U.	Calle Campezo 1, edificio 3, Parque Empresarial Las Mercedes, Madrid (Spain)	Holding company	Active	100%	-	Full consolidation
Libertytown RE, SA	23 avenue Monterey, L-2163 (Luxemburg)	Captive reinsurance company	Active	-	100%	Full consolidation
Applus Iteuve Argentina, S.A.	Reconquista 661 – Piso 2, C 1003 Ciudad de Buenos Aires (Argentina)	Vehicle roadworthiness testing	Active	-	100%	Full consolidation
Applus Santa Maria del Buen Ayre, S.A.	Reconquista 661 – Piso 2, C 1003 Ciudad de Buenos Aires (Argentina)	Right and compliance of the obligations corresponding to public services concessions relating to the obligatory Technical Verification of Vehicles	Active	-	100%	Full consolidation
Applus Uruguay, S.A.	Guayabos nº 1718, escritorio 505 Montevideo (Uruguay)	Vehicle roadworthiness testing	Active	-	100%	Full consolidation
Revisiones Técnicas Applus del Ecuador Applusiteuve, S.A.	Avda Patria nºE4-41 Intersección Avda Amazonas edificio Patria Piso 10 Oficina 01, Pichincha, Quito (Ecuador)	Vehicle roadworthiness testing	Active	-	100%	Full consolidation
Applus Iteuve Brasil Serviços LTDA	Avenida Paulista 726, Cj. 1207, 12ª andar, Sala 36, Sao Paulo (Brazil)	Holding company	Active	-	100%	Full consolidation
Libertytown USA Finco, Inc.	615, Dupont Highway, Kent County Dover, State of Delaware (USA)	Holding company	Active	-	100%	Full consolidation
Applus Iteuve Technology, S.L.U	Calle Campezo 1, edificio 3, Parque Empresarial Las Mercedes, Madrid (Spain)	Vehicle roadworthiness testing	Active	-	100%	Full consolidation
IDIADA Automotive Technology, S.A	L'Albornar, s/n PO BOX 20,43710 Sta Oliva. Tarragona (Spain)	Engineering, testing, proving ground services and homologation	Active	-	80%	Full consolidation
Applus Argentina, S.A.	Reconquista 661 – Piso 2, C 1003 Ciudad de Buenos Aires (Argentina)	Investments, investment property and provision of engineering services	Active	-	100%	Full consolidation
IDIADA Fahrzeugtechnik, GmbH.	Manchinger Straße 97, 85053 Ingolstadt (German)	Engineering, testing and homologation	Active	-	80%	Full consolidation
CTAG-Idiada Safety Technology, S.L.	Polígono A Granxa, Parcelas 249-250. 36410 Porriño, Pontevedra (Spain)	Engineering, testing and homologation	Active	-	40%	Full consolidation
Applus Chile, S.A.	Avenida Departamental 390, San Joaquin, Santiago de Chile (Chile)	Vehicle roadworthiness testing	Active	-	100%	Full consolidation
Applus Iteuve Euskadi, S.A., Sociedad Unipersonal	Polígono Ugaldeguren I Parcela 8, 48710 Zamudio, Vizcaya (Spain)	Vehicle roadworthiness testing	Active	-	100%	Full consolidation
Applus Revisiones Técnicas de Chile, S.A.	Avenida Departamental 390, San Joaquin, Santiago de Chile (Chile)	Vehicle roadworthiness testing	Active	-	100%	Full consolidation
Applus Danmark, A/S	Høje Taastrup Boulevard 23, 2th, 2630 Taastrup (Denmark)	Vehicle roadworthiness testing	Active	-	100%	Full consolidation
IDIADA CZ, A.S.	Prazska 320/8,500 04, Hradec Králové (Czech Republic)	Engineering, testing and homologation	Active	-	80%	Full consolidation
Inspecció Tècnica de vehicles i serveis, S.A.	Ctra de Bixessarri s/n, Aixovall AD600 (Andorra)	Vehicle roadworthiness testing	Active	-	50%	Full consolidation
Idiada Automotive Technology India PVT, ltd	Unit No. 304, 'B' Wing, 3rd Floor, Sai Radhe Building, 100-101, Raja Bahadur Mill Road, Off Kennedy Road, Pune 411001 (India)	Engineering, testing and homologation	Active	-	80%	Full consolidation
Shanghai IDIADA Automotive Technology Services Co., Ltd	Jucheng Pioneer Park, Building 23, 3999 Xiu Pu Road, Nan Hui 201315 Shanghai (Pudong District) (China)	Engineering, testing and homologation	Active	-	80%	Full consolidation
Applus Euskadi Holding, S.L.U.	Polígono Ugaldeguren, 1 parcela 8, Zamudio, Vizcaya (Spain)	Holding company	Active	-	100%	Full consolidation

Name	Registered office	Line of business	Active / Inactive	Ownership interest held by Group companies: Direct	Indirect	Method used to account the investment
Applus Car Testing Service, Ltd.	3026 Lakedrive, Citywest Business Campus, Naas Road, Dublin 24 (Ireland)	Vehicle roadworthiness testing	Active	-	100%	Full consolidation
Idiada Tecnologia Automotiva, Ltda.	Av. Senador Vergueiro, 2123 – Marco Zero Tower – 22nd. Floor, Sao Bernardo do Campo, 09750-001 (Brazil)	Engineering, testing and homologation	Active	-	80%	Full consolidation
Idiada Automotive Technology UK, Ltd.	St Georges Way Bermuda Industrial Estate, Nuneaton, Warwickshire CV10 7JS (UK)	Engineering, testing and homologation	Active	-	80%	Full consolidation
Shangdong Idiada Automotive and tire proving ground Co, Ltd	No.1, Jingang Road, Xinzhuang Town, Zhaoyuan 265400, Shandong Province, China 265400 Zhaoyuan	Engineering, testing and homologation	Active	-	80%	Full consolidation
Supervisión y Control, S.A.U.	Estación I.T.V. de O Espíritu Santo.Ctra. N-VI, Km. 582 - 15168 Espiritu Santo - Sada, A Coruña (Spain)	Vehicle roadworthiness testing	Active	-	100%	Full consolidation
RITEVE SyC, S.A.	Alajuela, Avenida Central, Calles 8 y 10, frente a Mundo Mágico, puerta metálica, segunda planta (Costa Rica)	Vehicle roadworthiness testing	Active	-	55%	Full consolidation
Idiada Automotive Technology Rus, LLC.	Russian Federation, 603004, Nijniy Novgorod, prospect Lenina, 115 (Russia).	Engineering, testing and homologation	Inactive	-	80%	Full consolidation
Applus Idiada Karco Engineering, LLC	9270 Holly Road. 92301 Adelanto. California (USA)	Engineering, testing and homologation	Active	-	67%	Full consolidation
Idiada Homologation Technical Service, S.L.U.	L'Albornar s/n 43710 Santa Oliva - Tarragona (Spain).	Homologation	Inactive	-	80%	Full consolidation
IDIADA Automotive Technology USA, LLC	9270 Holly Road, Adelanto, CA 92301 (USA).	Engineering, testing and homologation	Active	-	80%	Full consolidation
Inversiones y Certificaciones Integrales SyC, S.A.	Alajuela, Avenida Central, Calles ocho y diez, frente a Mundo Mágico, puerta metálica, segunda planta. (Costa Rica)	Business and management services advice	Active	-	100%	Full consolidation
Applus Inspection Services Ireland, Ltd.	3026 Lake drive, Citiwest business campus, Naas Road, Dublin 24 (Ireland)	Vehicle roadworthiness testing	Active	-	100%	Full consolidation
Idiada Automotive Technology Mexico S de RL de CV	Carretera Lateral Mexico Puebla, 7534, 72110, Puebla (Mexico)	Engineering, testing and homologation	Active	-	80%	Full consolidation
Iteuve Canarias, S.L.	Los Rodeos, Camino de San Lázaro, 166, 38206 San Cristobal de la Laguna, Santa Cruz de Tenerife (Spain)	Vehicle roadworthiness testing	Active	-	100%	Full consolidation
Iteuve Canarias Aeropuerto el Matorral, S.L.	C/ Concejal Garcia Feo, número 30, Las Palmas de Gran Canaria, Las Palmas (Spain)	Vehicle roadworthiness testing	Active	-	50%	Full consolidation
Iteuve India Private Limited	1 & 2 Upper Ground Floor, Kanchenjunga Building 18, Barakhamba Road, Connaught Place New Delhi 110001 (India)	Vehicle roadworthiness testing	Active	-	100%	Full consolidation
Besikta Bilprovning i Sverige Holding AB	Källvattengatan 7, SE- 212 23 MALMÖ (Sweden)	Vehicle roadworthiness testing	Active	-	100%	Full consolidation
Besikta Bilprovning i Sverige AB	Källvattengatan 7, SE- 212 23 MALMÖ (Sweden)	Vehicle roadworthiness testing	Active	-	100%	Full consolidation
CRpplus Services Costa Rica S.A.	Alajuela, Avenida Central, Calles ocho y diez, frente a Mundo Mágico, puerta metálica, segunda planta. (Costa Rica)	General trading activity	Active	-	100%	Full consolidation

Name	Registered office	Line of business	Active / Inactive	Ownership interest held by Group companies: Direct	Indirect	Method used to account the investment
WIAM GmbH	Wilhelmine-Reichard-Ring 4, 01109 Dresden (Germany)	Development and commercialization of software technology and software products. Commercialization of licenses of rights of use of software technologies.	Active	-	100%	Full consolidation
SWM Struktur - und Werkstoffmechanikforschung Dresden gemeinnützige GmbH	Wilhelmine-Reichard-Ring 4, 01109 Dresden (Germany)	Conducts research in the area of technical mechanics, especially structural and mechanics of material.	Active	-	100%	Full consolidation
Enertis Solar, S.L.U.	Calle Campezo 1, edificio 3, Parque Empresarial Las Mercedes, Madrid (Spain)	Engineering, consulting, testing and inspection services company for the provision of quality control and assurance for the solar photovoltaic industry	Active	-	100%	Full consolidation
Enertis UK Limited	6th Floor 9 Appold Street, EC2A 2AP, London (UK)	Engineering, consulting, testing and inspection services company for the provision of quality control and assurance for the solar photovoltaic industry	Active	-	100%	Full consolidation
Enertis Solar, Inc	230 California Street, Suite 508, 94111, San Francisco, California (US)	Engineering, consulting, testing and inspection services company for the provision of quality control and assurance for the solar photovoltaic industry	Active	-	100%	Full consolidation
Enertis Mexico S.A. de C.V.	Hamburgo 213-15 Despacho C, 06600, Ciudad de Mexico (Mexico)	Engineering, consulting, testing and inspection services company for the provision of quality control and assurance for the solar photovoltaic industry	Active	-	100%	Full consolidation
Enertis Colombia S.A.S.	Calle 98 # 10- 32 Oficina 302, Bogotá D.C (Colombia)	Engineering, consulting, testing and inspection services company for the provision of quality control and assurance for the solar photovoltaic industry	Active	-	100%	Full consolidation
Enertis Chile, SpA	Nueva de Lyon 145 oficina 503, Providencia, Santiago de Chile (Chile)	Engineering, consulting, testing and inspection services company for the provision of quality control and assurance for the solar photovoltaic industry	Active	-	100%	Full consolidation
Enertis S.A.S.	Uruguay 469 10º C 1015, Buenos Aires (Argentina)	Engineering, consulting, testing and inspection services company for the provision of quality control and assurance for the solar photovoltaic industry	Active	-	100%	Full consolidation
Enertis South Africa (PTY) Ltd	1st floor convention towers - CNR Heerengracht & walter sisulu streets - 8001 - Ciudad del Cabo (Republic of South Africa)	Engineering, consulting, testing and inspection services company for the provision of quality control and assurance for the solar photovoltaic industry	Active	-	100%	Full consolidation
Enertis AM Chile, SpA	Nueva de Lyon 145 oficina 503, Providencia, Santiago de Chile (Chile)	Engineering, consulting, testing and inspection services company for the provision of quality control and assurance for the solar photovoltaic industry	Active	-	100%	Full consolidation
Applus Organismo de Control, S.L.U.	Carretera Nacional N-VI, Km. 582,6, 15168 – Sada, A Coruña (Spain)	Inspection, quality and quantity control and regulatory inspection	Active	-	95%	Full consolidation
Lightship Security, Inc	150 Isabella Street, suite 1101. Ottawa, Ontario, K2S 1V7 (Canada)	Certification and cybersecurity testing	Active	-	100%	Full consolidation
Lightship Security USA, INC	251 Little Falls Drive, Wilmington, New Castle Delaware, 19808 (USA)	Certification and cybersecurity testing	Active	-	100%	Full consolidation

Name	Registered office	Line of business	Active / Inactive	Ownership interest held by Group companies: Direct	Indirect	Method used to account the investment
Alpe Metrología Industrial, S.L.U.	Avenida de los Donantes de Navarra, número 8, Bajo,31195 Berriozar, Navarra (Spain)	Industrial calibration	Active	-	95%	Full consolidation
Indoor Climate Management S.L.	Avenida Vía Augusta, número 15-25, 08174 Sant Cugat del Vallés, Barcelona (Spain)	Provision of energy efficiency and consultancy services	Active	-	30%	Equity method
Applus Certificación IDI, S.L.U.	Calle Campezo 1, Polígono Industrial Las Mercedes, Madrid (Spain)	Evaluation and certification	Active	-	100%	Full consolidation
JTSEC Beyond IT Security, S.L.	Av. de la Constitución, 20, Oficina 208, 18012 Granada (Spain)	Certification and cybersecurity testing	Active	-	100%	Full consolidation
K2 Ingeniería S.A.S.	Carrera 36 No. 36-26/28, Bucaramanga, Santander (Colombia)	Engineering and other consulting activities	Active	-	100%	Full consolidation
Ripórtico Engenharia, Lda	Rua Viriato 161, 3430 649 Carregai do Sal (Portugal)	Implementation and supervision of projects in the fields of engineering, architecture and construction, including topography, safety and quality control services as well as direction and coordination in construction sites. Additionally, carries out testing, technical analysis and consulting activities related to civil engineering and expertise	Active	-	100%	Full consolidation
Cámara Laboratorios y Metrología, S.L.	Plaza de la Victoria 1, Alcalá de Henares, Madrid (Spain)	Metrology activities	Active	-	80%	Full consolidation
Suzhou Chunfen Test Technology Services Co., Ltd (CFI)	No. 15 Laoliuhe Road, Chengxiang Town, Taicang City (China)	Analysis and tests on durability and performance of car components such as airbags, pipes and seats.	Active	-	100%	Full consolidation
Rescoll, S.A.	8 Allée Geoffroy Saint-Hilaire, CS 30021, 33600 Pressac (France)	Research and development in the physical and natural sciences. Manufacture, design and assembly fo analysis and processes of control equipment	Active	-	100%	Full consolidation
Rescoll Manufacturing, S.L.	4 Chemin du Solarium, 33170 Gradignan (France)	Provision of industrial services, research and development, manufacturing and subcontracting for the materials industry	Active	-	100%	Full consolidation
Rescoll Production, S.L.	Rue du Bac Chezelles, 86530 Naintré (France)	Manufacture and marketing of all chemical, synthetic and dye products for trade and industry	Active	-	100%	Full consolidation
NTPT – Consultores Portugal, Lda	Avenida 5 de Outubro, nº 85, 5º. Distrito de Lisboa, Concelho: Lisboa Freguesia, Avenida Novas 1050 050 Lisboa (Portugal)	Advising, consulting, execution, direction, training and inspection services in any of the productive phases in the sectors of engineering, IT, civil, industrial, electric, energetic and environmental industries; including the provision, installation and assembly of machinery and equipment, either for public or private companies.	Active	-	100%	Full consolidation
AFC Ingenieros, S.L.	Paseo Imperial, 6, 2 D1, 28005, Madrid (Spain)	Performing analysis, tests, technical control, studies and reports related to the environment and the meteorology, as well as the commercialization, assembling and calibration of measuring instruments.	Active	-	100%	Full consolidation

Name	Registered office	Line of business	Active / Inactive	Ownership interest held by Group companies: Direct	Indirect	Method used to account the investment
Barlovento Recursos Naturales, S.L.	Calle Pintor Sorolla 8, 1ºA, Logroño 26, La Rioja (Spain)	Provision of engineering, consulting, testing and R&D&I services for the renewables energies sector, particularly in the wind and solar industries	Active	-	100%	Full consolidation
Barlovento Recursos Naturales S.A.S. (Colombia)	Calle 6 Sur 43 A 200, Ofifinca 510, Medellín, Antioquia (Colombia)	Provision of engineering, consulting, testing and R&D&I services for the renewables energies sector, particularly in the wind and solar industries	Active	-	100%	Full consolidation
Barlovento Renovables Latinoamérica S.A.C. (Perú)	Calle Bolognesi nº 125, 1304 Miraflores, Lima (Peru)	Provision of engineering, consulting, testing and R&D&I services for the renewables energies sector, particularly in the wind and solar industries	Active	-	100%	Full consolidation
Barlovento Brasil Energías Renováveis Ltda. (Brazil)	Avenida Presidente Wilson, 210, 13º andar, Centro, Rio de Janeiro – RJ, 20.030-021 (Brazil)	Provision of engineering, consulting, testing and R&D&I services for the renewables energies sector, particularly in the wind and solar industries	Active	-	100%	Full consolidation
Barlovento Chile Limitada (Chile)	Lo Fontecilla 101, Oficina 909-910 Las Condes, Santiago de Chile Región Metropolitana (Chile)	Provision of engineering, consulting, testing and R&D&I services for the renewables energies sector, particularly in the wind and solar industries	Active	-	100%	Full consolidation
E2Q de México, S.A. de C.V. (México)	Avenida Hidalgo 2380, colonia Vallarta Norte, C.P. 44690, Guadalajara, Jalisco (Mexico)	Provision of engineering, consulting, testing and R&D&I services for the renewables energies sector, particularly in the wind and solar industries	Active	-	100%	Full consolidation
Barlovento Dacia, S.R.L. (Rumania)	6 Topolovăţ St, Bloc Td19, 6th fllor, Apartment 40, room 1, Sector 6, Bucharest (Romania)	Provision of engineering, consulting, testing and R&D&I services for the renewables energies sector, particularly in the wind and solar industries	Active	-	100%	Full consolidation
Energy to Quality, S.L. (Spain)	Calle Doctor Esquerdo 39, semisótano B. Madrid, 28, Madrid (Spain)	Provision of engineering, consulting, testing and R&D&I services for the renewables energies sector, particularly in the wind and solar industries	Active	-	100%	Full consolidation
Ingepower, S.L. (Spain)	Calle Doctor Esquerdo 39, semisótano B. Madrid, 28, Madrid (Spain)	Provision of engineering, consulting, testing and R&D&I services for the renewables energies sector, particularly in the wind and solar industries	Active	-	100%	Full consolidation
LGAI Technological, Center, S.A.	Campus de la UAB,Ronda de la Font del Carme, s/n, 08193 Bellaterra-Cerdanyola del Vallès. Barcelona (Spain)	Certification	Active	-	95%	Full consolidation
Applus México, S.A. de C.V.	Blvd. Manuel Avila Camacho 184, Piso 4-A, Col. Reforma Social, C.P. 11650 México D.F. (Mexico)	Quality system audit and certification	Active	-	95%	Full consolidation
LGAI Chile, S.A.	Alberto Henckel 2317, Providencia, Santiago de Chile (Chile)	Quality system audit and certification	Active	-	95%	Full consolidation
Applus Costa Rica, S.A.	Oficentro Ejecutivo La Sabana, Edificio 6, 4 piso, San José (Costa Rica)	Quality system audit and certification	Active	-	95%	Full consolidation
Applus Norcontrol, S.L., Sociedad Unipersonal	Crta. Nacional VI-Km 582, 15168, Sada, A Coruña (Spain)	Inspection, quality control and consultancy services	Active	-	95%	Full consolidation

Name	Registered office	Line of business	Active / Inactive	Ownership interest held by Group companies: Direct	Indirect	Method used to account the investment
Novotec Consultores, S.A., Sociedad Unipersonal	Calle Campezo 1, edificio 3, Parque Empresarial Las Mercedes, Madrid (Spain)	Services related to quality and safety in industrial plants, buildings, etc.	Active	-	100%	Full consolidation
Applus Panamá, S.A.	Calle Jacinto Palacios Cobos, Edificio 223, piso 3, locales A y C, Ciudad del Saber; Clayton, Ciudad de Panamá (Panama)	Certification	Inactive	-	95%	Full consolidation
Applus Norcontrol Panamá, S.A.	Calle Jacinto Palacios Cobos, Edificio 223, piso 3, locales A y C, Ciudad del Saber; Clayton, Ciudad de Panamá (Panama)	Inspection, quality control and consultancy services	Active	-	95%	Full consolidation
Norcontrol Chile, S.A.	Agustinas Nº 640, Piso 9, Santiago de Chile (Chile)	Inspection, quality control and consultancy services	Active	-	95%	Full consolidation
Norcontrol Inspección, S.A. de C.V. – México	Blvd. Manuel Avila Camacho 184, Piso 4-B, Col. Reforma Social, C.P. 11650 México, D.F (Mexico)	Inspection, quality control and consultancy services	Active	-	95%	Full consolidation
Applus Norcontrol Guatemala, S.A.	Km 14,5 Carretera a El Salvador, Santa Catarina Pínula (Guatemala)	Inspection, quality control and consultancy services	Active	-	95%	Full consolidation
Applus Norcontrol Colombia, Ltda	Calle 17, núm. 69-46 Bogotá (Colombia)	Inspection, quality control and consultancy services	Active	-	96%	Full consolidation
Norcontrol Nicaragua, S.A.	Colonia Los Robles, Km. 6,500 Carretera Masaya, Managua (Nicaragua)	Inspection, quality control and consultancy services	Active	-	95%	Full consolidation
Röntgen Technische Dienst Holding BV	Delftweg 144, 3046 NC Rotterdam (The Netherlands)	Holding company	Active	-	100%	Full consolidation
Applus Centro de Capacitación, S.A.	Agustinas Nº640, Piso 9, Santiago de Chile (Chile)	Provision of training services	Inactive	-	95%	Full consolidation
Applus Czech Republic, s.r.o.	U Stadionu 89, 530 02 Pardubice (Czech Republic)	Certification services through non-destructive testing	Active	-	100%	Full consolidation
Applus RTD Deutschland inspektions-Gesellschaft, Gmbh	Industriestraße 34b, D-44894 Bochum (Germany)	Certification services through non-destructive testing	Active	-	100%	Full consolidation
Röntgen Technische Dienst B.V.	Delftweg 144, 3046 NC Rotterdam (The Netherlands)	Certification services through non-destructive testing	Active	-	100%	Full consolidation
RTD Quality Services, Inc (Canada)	5504 36 St NW, Edmonton, AB T6B 3P3 (Canada)	Certification services through non-destructive testing	Active	-	100%	Full consolidation
RTD Quality Services Nigeria Ltd.	Warri Boat Yard, 28 Warri/Sapele Road, Warri, Delta State (Nigeria)	Certification services through non-destructive testing	Active	-	49%	Full consolidation
RTD Holding Deutschland, Gmbh	Industriestraße 34b, D-44894 Bochum (Germany)	Holding company	Active	-	100%	Full consolidation
Applus RTD PTE, Ltd (Singapore)	521 BUKIT BATOK STREET 23, 05 - 0E, 659544, Singapore	Certification services through non-destructive testing	Active	-	100%	Full consolidation
Applus Colombia, Ltda.	Calle 17, núm 69-46, Bogotá (Colombia)	Certification	Active	-	95%	Full consolidation
Applus (Shangai) Quality inspection Co, Ltd	Jucheng Industrial Park, Building 23, 3999 Xiu Pu Rd, Nan Hui, Shanghai 201315 (China)	Inspection services in quality processes, production processes, technical assistance and consultancy	Active	-	95%	Full consolidation
Applus PTY, Ltd (Australia)	C/- Prime Company Compliance, Level 1, 162 Grand Boulevard, Joondalup WA 6027 (Australia)	Certification services through non-destructive testing	Active	-	100%	Full consolidation
Arctosa Holding, B.V.	Delftweg 144, 3046 NC Rotterdam (The Netherlands)	Holding company	Active	-	100%	Full consolidation
Libertytown Australia, PTY, Ltd.	C/- Prime Company Compliance, Level 1, 162 Grand Boulevard, Joondalup WA 6027 (Australia)	Holding company	Active	-	100%	Full consolidation

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Applus UK, Ltd	Block 2, Units C and D, West Mains Industrial Estate, Stirlingshire, FK3 8YE, Scotland (UK)	Certification services through non-destructive testing	Active	-	100%	Full consolidation
Applus RTD Certification, B.V.	Delftweg 144, 3046 NC Rotterdam (The Netherlands)	Certification services	Inactive	-	100%	Full consolidation
Applus RTD SP, z.o.o.	Ul. Klodnicka 97/210, 41-706 Ruda Śląska, Poland	Certification services through non-destructive testing	Active	-	100%	Full consolidation
Applus Energy, S.L.U.	Calle Campezo 1, edificio 3, Parque Empresarial Las Mercedes, Madrid (Spain)	Provision of advisory services and auditing in the energy sector	Active	-	100%	Full consolidation
APP Management, S. de R.L. de C.V.	Blvd. Manuel Avila Camacho 184, Piso 4-A, Col. Reforma Social, C.P. 11650 México D.F. (Mexico)	Provision of professional, technical, administrative and human resources services	Inactive	-	100%	Full consolidation
Libertytown Applus RTD Germany Gmbh	Industrie Strasse 34 b, D-44894 Bochum (Germany)	Holding company	Active	-	100%	Full consolidation
Applus Norcontrol Maroc, Sarl	INDUSPARC Module N°11BD AHL LOGHLAM Route de Tit Mellil Chemin Tertiaire 1015 Sidi Moumen 20400, Casablanca (Morocco)	Inspection, quality control and consultancy services	Active	-	95%	Full consolidation
Applus RTD Gulf DMCC.	Unit No. 15-PF-130, Detailed Retail 15, JLT-PH1-RET-15, Jumeirah Lakes Towers, Dubai (United Arab Emirates)	Certification services through non-destructive testing	Active	-	100%	Full consolidation
Applus Qualitec Serviços de Engenharia, Ltda.	Cidade de Ibirité, Estado de Minas Gerais, na Rua Petrovale, quadra 01, lote 10, integrante da área B, nª450, Bairro Distrito Industrial Marsil, CEP 32.400-000 (Brazil)	Certification services through non-destructive testing	Active	-	100%	Full consolidation
Applus Lgai Germany, Gmbh	Zur Aumundswiede 2, 28279 Bremen (Germany)	Certification	Active	-	95%	Full consolidation
BK Werstofftechnik-Prufstelle Für Werkstoffe, Gmbh	Zur Aumundswiede 2, 28279 Bremen (Germany)	Certification	Active	-	95%	Full consolidation
Ringal Brasil Investimentos, Ltda.	Cidade de Ibirité, Estado de Minas Gerais, na Rua Petrovale, quadra 01, lote 10, integrante da área B, nª450, Bairro Distrito Industrial Marsil, CEP 32.400-000 (Brazil)	Holding company	Active	-	100%	Full consolidation
Applus Norcontrol Perú, S.A.C.	Avenida el Derby, 254, Piso 12 OF 1202. Surco. Lima (Peru)	Inspection, quality control and consultancy services	Active	-	96%	Full consolidation
John Davidson & Associates PTY, Ltd	C/- Prime Company Compliance, Level 1, 162 Grand Boulevard, Joondalup WA 6027 (Australia)	Provision of executive recruitment services	Active	-	100%	Full consolidation
Applus PNG Limited	Unit 11, Section 53, Allotment 15 & 16, Ume Street, Gordons, Port Moresby, National Capital District, (Papua New Guinea)	Provision of executive recruitment services	Active	-	100%	Full consolidation
PT Applus Energi dan Industri	Gedung Pondok Indah Office Tower 2, Lantai 16, Suite 1602, Jalan Sultan Iskandar Muda Kav. VTA RT 004 RW 003 Pondok Pinang Kebayoran Lama, Jakarta Selatan 12310 (Indonesia)	Provision of technical engineering and planning, conservation and operational services, technical training and human resource development	Active	-	0%	Full consolidation
Applus Norcontrol Consultoría e Ingeniería, SAS	Calle 17, núm. 69-46 Bogotá (Colombia)	Inspection, quality control and consultancy services in the industry and services sector	Active	-	94%	Full consolidation

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Applus Mongolia, LLC	The Landmark, 7th Floor, Chinggis Avenue – 13, Sukhbaatar District, Ulaanbaatar (Mongolia)	Provision of human resources consultancy in the area of recruitment, placement candidates and related services	Active	-	100%	Full consolidation
Applus Laboratories, AS.	Langmyra 11, 4344 Bryne (Norway)	Certification	Active	-	95%	Full consolidation
Applus Arabia L.L.C	Building No. 3215, Secondary No. 8367, Postal Code 13522, Anas Bin Malik Road - Al Malqa, Riyadh, Saudi Arabia	Certification	Active	-	75%	Full consolidation
Applus Portugal, Lda	Complexo Petroquímico, Monte Feio, 7520-954 Sines (Portugal)	Inspection, quality control and consultancy services	Active	-	95%	Full consolidation
Ringal Invest, S.L.U.	Calle Campezo 1, edificio 3, Parque Empresarial Las Mercedes, Madrid (Spain)	Holding company	Active	-	100%	Full consolidation
Applus Velosi DRC, Sarl.	Lubumbashi, Avenue Lumumba, N. 1163, Quartier Industriel, Commune Kampemba (Congo)	Provision of permanent contract services	Active	-	100%	Full consolidation
Ingelog Consultores de Ingeniería y Sistemas, S.A.	Agustinas Nº 640, Piso 9, Santiago de Chile (Chile)	Counselling and consulting services in the areas of engineering, infrastructure, environment, etc.	Active	-	100%	Full consolidation
Ingeandina Consultores de Ingeniería, S.A.S.	Calle 17, núm. 69-46 Bogotá (Colombia)	Counselling and consulting services in the areas of engineering, infrastructure, environment, etc.	Active	-	100%	Full consolidation
Ingelog Costa Rica S.A.	Mata Redonda, Sabana Sur, Oficentro Ejecutivo la Sabana, torre 6, piso 4, oficinas T&L Consultores, San José (Costa Rica)	Counselling and consulting services in the areas of engineering, infrastructure, environment, etc.	Active	-	98%	Full consolidation
NRAY Services, Inc.	56A Head Street, Dundas, ON L9H 3H7 (Canada)	Inspection of the based neutron radiation services	Active	-	100%	Full consolidation
Applus Technical Services USA, Inc.	7337 Empire Central Drive, Houston, TX 77040 (USA)	Holding company	Active	-	100%	Full consolidation
X-RAY Industries, Inc.	5700 Crooks, Rd. Suite 450, Troy, MI 48089 (USA)	X-ray metallurgical, management, retail equipment, equipment manufacturing, non-destructive; testing services	Active	-	100%	Full consolidation
Applus Laboratories USA, Inc.	615 S. DuPont Highway, Kent County, Dover, Delaware 19901 (USA)	Holding company	Active	-	95%	Full consolidation
Arcadia Aerospace Industries, Llc.	28000 Mooney Avenue, Building #110, Punta Gorda Florida 33982 (USA)	Industrial contract and inspection services	Active	-	86%	Full consolidation
Libertytown USA 3, Inc.	7337 Empire Central Drive, Houston, TX 77040 (USA)	Any lawful act or activity in order for companies to organize themselves under the Delaware General Corporation Law	Active	-	100%	Full consolidation
SKC Engineering Ltd	19165 94TH Avenue, Surrey BC, V4N 3S4 (Canada)	Ensure quality, training, inspection, proof and design and welding engineering services.	Active	-	100%	Full consolidation
Applus Norcontrol República Dominicana, S.R.L.	Plaza El Avellano, Calle Dr. Jacinto Ignacio Mañón No. 5 Local No. 08 Primer Piso. Ensanche Paraíso, Santo Domingo (República Dominicana)	Inspection and technical assistance services	Active	-	95%	Full consolidation

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Emilab, SRL	Via F.lli Solari 5/A 33020 Amaro (UD) (Italy)	Research in the areas of engineering, electromagnetic compatibility and electrical safety.	Active	-	95%	Full consolidation
AC6 Metrología, S.L.U.	Polígono Comarca I, Edificio Pasarela. 31160, ORKOIEN, Navarra (Spain)	Research, development and advisory services for metrology and industrial calibration activities.	Active	-	95%	Full consolidation
Applus RVIS, B.V.	Delftweg 144, NC 3046 Rotterdam (The Netherlands)	Remote Non-destructive Inspection and Testing	Active	-	51%	Full consolidation
Applus Servicios Integrales, S.A.S.	Calle 17 # 69 - 46, Bogotá (Colombia)	Inspection, quality control and consultancy services	Active	-	95%	Full consolidation
Tunnel Safety Testing, S.A.	LG Centro Experimental San Pedro de Anes s/n, Siero 33189, Asturias (Spain)	Fire testing in tunnels, fire suppression product testing and fire training.	Active	-	89%	Full consolidation
3C Test Limited	Silverstone Technology Park, Silverstone Circuit, Silverstone, Towcester, Northamptonshire, NN12 8GX (UK)	Electromagnetic compatibility (EMC) and electrical tests, especially for the automotive sector.	Active	-	95%	Full consolidation
DatapointLabs LLC	23 Dutch Mill Rd, Ithaca, New York 14850 (USA)	Materials characterization laboratory specialized in providing properties for numerical simulation.	Active	-	95%	Full consolidation
Matereality, LLC.	23 Dutch Mill Rd, Ithaca, New York 14850 (USA)	Development of IT solutions for the properties of materials, management and storage.	Active	-	95%	Full consolidation
Applus Middle East Engineering Consultancy, LLC	Office 201, Abu Dhabi Business Hub, Building B, Mussafah (United Arab Emirates)	Industrial support and consulting	Active	-	47%	Full consolidation
SARL Apcontrol Energie et Industrie Algerie	Rue 05 N°53 Paradou Commune de Hydra Alger (Algeria)	Production of technical control devices and appliances for the calibration of machinery, mechanical testing and measurement, oil services, management consulting, hydrocarbon analysis, environmental prevention and cleaning programs	Active	-	47%	Full consolidation
Talon Test Laboratories (Phoenix) Inc.	5700 Crooks, Rd. Suite 450, Troy, MI 48089 (USA)	Non-destructive testing services	Active	-	100%	Full consolidation
Talon Test Laboratories Incorporated	5700 Crooks, Rd. Suite 450, Troy, MI 48089 (USA)	Non-destructive testing services	Active	-	100%	Full consolidation
Laboratorio de Ensayos Metrológicos, S.L.U.	Avenida Can Sucarrats, 110, nave 11, Rubí (Spain)	Laboratory of metrological tests and calibration of measuring instruments	Active	-	95%	Full consolidation
A2M Industrie, SAS (A2MI)	ZA du Parc - Secteur, Rue de la Gampille, 42490 Fraisses (France)	Mechanical and material tests.	Active	-	95%	Full consolidation
Applus Tanzania Limited	Kimwery Avenue, Msasani, Tirdo Complex, Dar Es Salaam (Tanzania)	Provision of services, training and consulting, including though not limited to inspection, testing, verification, NDT services, maintenance and technical assistance for the industrial and construction sectors and related areas, as well as the consulting activities for business and management.	Inactive	-	75%	Full consolidation
Applus and Partner Engineering Consultancy	Building No. 3215, Secondary No. 8367, Postal Code 13522, Anas Bin Malik Road - Al Malqa, Riyadh, Saudi Arabia	Engineering consultancy services	Active	-	48%	Full consolidation
Applus Fomento de Control, S.A.	11, rue El Wahda, Résidence Imam Ali, Apt 2, Casablanca (Morocco)	The provision of verification services for industrial products imported into the Kingdom of Morocco (Law No. 24-09, Morocco)	Active	-	85%	Full consolidation

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Servicios SEFF S.A. Chile	Ciudad de Calama, Región de Antofagasta (Chile)	Formulation and management of projects' budgets, research and development activities, innovation, consulting and assessment of quality control in the construction industry including materials, processes and the methodology implemented. Conduction of engineering and topography studies and the provision of services in any area of the industrial production	Inactive	-	100%	Full consolidation
Sociedad LEM Laboratorios y Asistencia Técnica Limitada	Avenida Huaytiquina N°1601, ciudad de Calama (Chile)	Development of projects, consultancies and technical quality control consultants for construction, referring to the quality of materials and industrial elements used for construction and its condition of application of building works.	Active	-	100%	Full consolidation
TIC Investments Chile SpA	Avenida Huaytiquina N°1601, ciudad de Calama (Chile)	Holding company	Active	-	100%	Full consolidation
Applus Brasil Investimentos, Ltda	Rua Dom José de Barros, nº 177, 6ª andar, conjunto 601, sala 602, Vila Buarque, CEP 01038-100, Sao Paulo (Brazil)	Holding company	Active	-	100%	Full consolidation
Velosi S.à r.l.	7, rue Robert Stümper | L-2557-Luxembourg, Grand Duchy of Luxembourg, L-1653 Luxembourg (Luxembourg).	Holding company	Active	100%	-	Full consolidation
Velosi Poland Sp z.o.o.	Ul. Inflancka 4 00-189 Warszawa (Poland)	Publishing of other programmes	Active	-	100%	Full consolidation
Velosi Europe Ltd	Unit 18 Dawkins Road Poole BH15 4JY (UK)	Provision of technical, engineering and industrial services	Active	-	100%	Full consolidation
Velosi Certification Bureau LTD	Unit 18 Dawkins Road Poole BH15 4JY (UK)	Holding company	Active	-	100%	Full consolidation
Applus International Italy, Srl	23807 Merate (LC), via De Gasperi, 113, Merate (Italy)	Provision of technical, engineering and industrial services	Active	-	80%	Full consolidation
Applus Italy, SRL	Via Cinquantenario, 8 - 24044 Dalmine, Bergamo (BG) (Italy)	Quality control, maintenance and inspection	Active	-	80%	Full consolidation
Applus Norway A/S	Sveiogata 40, 5514 Haugesund (Norway)	Quality control, maintenance and inspection	Active	-	60%	Full consolidation
Applus Turkey Gozetim Hizmetleri Limited Sirketi	1042. Cadde 1319.Sokak No.9/5 Ovecler, Ankara (Turkey)	Quality control, maintenance and inspection	Active	-	80%	Full consolidation
Velosi LLC	Azadlig Avenue 189, Apt 61, AZ1130 Baku (Azerbaijan)	Provision of auxiliary services for oil and gas companies	Active	-	100%	Full consolidation
Velosi Malta I Ltd	The Bastions, Office No. 2 Emvim Cremona Street, Floriana, FRN 1281 (Malta)	Holding company	Active	-	100%	Full consolidation
Velosi Malta II Ltd	The Bastions, Office No. 2 Emvim Cremona Street, Floriana, FRN 1281 (Malta)	Holding company	Active	-	100%	Full consolidation
Velosi Industries Sdn Bhd	No. 152-3-18A, Kompleks Maluri, Jalan Jejaka, Taman Maluri, 55100 Kuala Lumpur (Malaysia)	Investments, investment property and provision of engineering services	Active	-	100%	Full consolidation
Applus Malaysia, Sdn Bhd	No. 152-3-18A, Kompleks Maluri, Jalan Jejaka, Taman Maluri, 55100 Kuala Lumpur (Malaysia)	Provision of engineering and inspection services	Active	-	100%	Full consolidation

Name	Registered office	Line of business	Active / Inactive	Ownership interest held by Group companies: Direct	Indirect	Method used to account the investment
Velosi Plant Design Engineers Sdn Bhd	No. 152-3-18A, Kompleks Maluri, Jalan Jejaka, Taman Maluri, 55100 Kuala Lumpur (Malaysia)	Provision of consultancy and engineering services for the design of plants, construction and engineering and the investment that they possess	Inactive	-	100%	Full consolidation
Applus Singapore Pte Ltd	1 Corporation Drive #04-10, Singapore 619775 (Singapore)	Provision of specialized services in the area of repair of ships, tankers and other high sea vessels, and provision of rope access, testing and technical analyses for the oil and gas industries	Active	-	100%	Full consolidation
Velosi Energy Consultants Sdn Bhd	No. 152-3-18A, Kompleks Maluri, Jalan Jejaka, Taman Maluri, 55100 Kuala Lumpur (Malaysia)	Provision of consultancy services for all engineering activities and the supply of local and foreign experts for the generation of oil and gas energy, marine, energy conservation, mining and all other industries, together with the engineering and maintenance of refining vessels, oil platforms, platforms, petrochemical plants and the supply of qualified labor	Inactive	-	100%	Full consolidation
Velosi (HK) Ltd	11/F, Lee Garden Two, 28 Yun Ping Road, Causeway Bay, Hong	Provision of management services, sales support, advisory and business development services to related companies	Active	-	100%	Full consolidation
Velosi Saudi Arabia Co Ltd	Buld No-7031, Additional No-2958, Sub of Amir Mohammed Bin Fahd Rd, Al-Qusur Dist, Dhahran-34247 (Arabia Saudí)	Provision of maintenance testing, fixing, examination of the welding and quality control for the pipes, machinery, equipment and other buildings in oil, gas and petrochemical facilities and to issue related certificates	Active	-	60%	Full consolidation
Applus China Co., Ltd	Room 1304, Shengkang LiaoShi Building No. 738 Shang Cheng Road Pudong, Shanghai PRC, 200120 (China)	Provision of consulting of Petroleum Engineering, technical consultation of mechanical engineering and consulting of business management	Active	-	100%	Full consolidation
Velosi Siam Co Ltd	412, Sukhumvit 95, Bang Chak, Phra Khanong, Bangkok 10260 (Thailand)	Holding company	Inactive	-	100%	Full consolidation
Applus (Thailand) Company Limited	412, Sukhumvit 95, Bang Chak, Phra Khanong, Bangkok 10260 (Thailand)	Provision of engineering and technical services	Active	-	100%	Full consolidation
Velosi Corporate Services Sdn Bhd	No. 152-3-18A, Kompleks Maluri, Jalan Jejaka, Taman Maluri, 55100 Kuala Lumpur (Malaysia).	Provision of general management, business planning, coordination, corporate finance advisory, training and personnel management services	Active	-	100%	Full consolidation
Velosi International Holding Company BSC (c)	Office No. 9089, Building No. 15 Road 3801, Block 338, AlQudaybiyah Area Kingdom of Bahrain	Holding company of a group of commercial, industrial and service companies	Active	-	100%	Full consolidation
Applus Technical Services L.L.C.	# 201, Block B, Abu Dhabi Business Hub, ICAD-1, Mussafah, PO Box 427 Abu Dhabi (United Arab Emirates)	Provision of construction project quality management services, management system certification, quality management of the maintenance of existing facilities and equipment and mandatory inspection services	Active	-	49%	Full consolidation
Velosi Certification for Consulting CO. W.L.L.	Yaal Mall, Al Fahaheel, Al Dabbous Street, Block# 11, Building# 11, 11th Floor, Office# 12 (Kuwait)	Provision of industrial consultancy	Active	-	24%	Full consolidation

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PT Java Velosi Mandiri	Gedung Pondok Indah Office Tower 2, Lantai 16, Suite 1602, Jalan Sultan Iskandar Muda Kav. VTA RT 004 RW 003 Pondok Pinang Kebayoran Lama, Jakarta Selatan 12310 (Indonesia)	Provision of engineering consultancy services, such as quality control and non-destructive testing (NDT) inspection services, provision of skilled labor with vocational training	Active	-	0%	Full consolidation
Velosi Certification LLC	Building No 121340, First Floor New Salata, C Ring Road, P.O. Box 3408, Doha (Qatar)	Provision of inspection and analysis and technical services in the area of qualified technical jobs	Active	-	24%	Full consolidation
Velosi PromService LLC	Russian Federation, 125130, Moscow, Staropetrovsky proezd, 7A, bld. 19, office 7 (Russia)	Provision of quality assurance and control, general inspection, corrosion control and services for the supply of labor for the oil and gas industries	Active	-	100%	Full consolidation
Velosi LLC	Kurilskaya Str., 38, 693000 Yuzhno-Sakhalinsk, Sakhalin Region, (Russia)	Holding Company	Active	-	100%	Full consolidation
Velosi Bahrain WLL	Flat 11, Building 1033, Road 3721, Block 337, Menama / UMM Alhassam (Bahrain).	Provision of quality control and standardization services, industrial inspection services and general services	Active	-	100%	Full consolidation
Velosi LLC	Block no 227 Stella Building, Post Box 231 Hamriya. Way no 2748 (Oman)	Provision of certification, engineering and inspection services	Active	-	50%	Full consolidation
Velosi Quality Management International LLC	Unit 201, 2nd floor, Emaar Business Park 4, Sheikh Zayed Road, The Greens, PO Box 337201, Dubai (United Arab Emirates)	Provision of certification, engineering and inspection, onshore and/or offshore services	Active	-	49%	Full consolidation
Velosi CBL (M) Sdn Bhd	C/o AGL Management Associates Sdn Bhd, No. 152-3-18A, Kompleks Maluri, Jalan Jejaka, Taman Maluri, 55100 Kuala Lumpur (Malaysia).	Provision of equipment inspection services	Inactive	-	100%	Full consolidation
Applus Kazakhstan LLC	Building #31A, Akzhal lane, Atyrau, Atyrau Oblast, 060002 (Kazakshtan)	Provision of services in the area of industrial safety	Active	-	80%	Full consolidation
Velosi (B) Sdn Bhd	Lot 5211, Spg. 357, Jln Maulana, KA 2931 Kuala Belait, Negara Brunei Darussalam (Brunei).	Provision of quality control and engineering services for the oil and gas industries	Active	-	30%	Equity method
Velosi Certification Services LLC	17, Chimkent Street, Mirobod District, 100029 Tashkent (Uzbekistan)	Provision of inspection, certification, monitoring and other types of business activity	Active	-	80%	Full consolidation
Velosi Philippines Inc	1004, 10F, Pagibig WT Tower, Cebu Business Park, Ayala, Cebu City (Philippines	Provision of inspection, quality control, certification and business process outsourcing	Active	-	100%	Full consolidation
Dijla & Furat Quality Assurance, LLC.	Ramadan Area, District 623-S, No.1, Baghdad (Iraq).	Provision of quality control and training services	Inactive	-	100%	Full consolidation
Applus Korea Co, Ltd.	194, Myeongbonggeonam-ro, Onsan-eup, Ulju-gun, Ulsan (Republic of Korea)	Provision of training and consulting for services related to technical engineering, hiring-out of manpower and materials and leasing of properties.	Active	-	100%	Full consolidation
Oman Inspection and Certification Services	P.O. Box 15, South Alkhuawir, Bawshar, Muscat Governorate (Oman)	Provision of non-destructive testing services (NDT), environmental and safety services (HSE), quality control and engineering services.	Active	-	50%	Full consolidation

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Applus Japan KK	Yamauchi Building 3F 3-24-8 Nishi Shimbashi, Minato-ku, Tokyo (Japan).	Provision of quality and inspection services, man power, NDT tests and industrial consulting	Active	-	100%	Full consolidation
Applus Senegal SURL	Almadies, route de Ngor, immeuble SIA, 14er étage, Dakar (Senegal)	Provide quality assurance and quality control services to the oil and gas industry in Senegal and in the CDEAO	Active	-	100%	Full consolidation
Precision for Engineering Services, Project Management, Vocational Training and Importation of Man Power, LLC.	Al-Shamasiyah District Section No. 316 Street 15 house 37|1, Basra (Iraq)	Buy, lease, ownership of personal property, intellectual property and the sale of said goods	Inactive	-	100%	Full consolidation
Soil and Foundation Company Limited	Jeddah. Al Faisalliyah District. Sari Street. Building Number 2969 (Saudi Arabiaí)	Soil investigation, material testing, dewatering, environmental testing, hydrology studies, marine studies, probing and grouting, structural evaluation and geophysical study	Active	-	75%	Full consolidation
Applus Arabia for Geotechnical and Environmental Works Co. Ltd	Building No. 6783, Prince Turki Bin Abdulaziz Al Awwal Street, 2997 Al Muhammadiyah District, 12362 Riyadh (Saudi Arabia)	Soil investigation, material testing, dewatering, environmental testing, hydrology studies, marine studies, probing and grouting, structural evaluation and geophysical study	Active	-	75%	Full consolidation
Soil and Foundation Company Limited Egypt	Villa7, Block8, Street9, Al Tijarien City, Mokattam, Cairo (Egypt)	Soil investigation, material testing, dewatering, environmental testing, hydrology studies, marine studies, probing and grouting, structural evaluation and geophysical study	Active	-	100%	Full consolidation
Applus Koins Corporation	215, Yulchonsandan 3-ro, Yulchon-myeon, Yeosu-si, Jeollanam-do, Republic of Korea	Provision of inspection, repair and maintenance including cleaning services and training in the oil and gas and petrochemical sectors.	Active	-	51%	Full consolidation
Applus Regional Headquarters Company	Building No. 6783, Price Turki Bin Abdulaziz Al Awwal, 2997 Al Muhammadiyah, 12362 Riyadh (Saudi Arabia)	Holding company and provision of management services to affiliates within Middle East region	Active	-	100%	Full consolidation
Applus Steel Test (Pty) Ltd	28 Senator Rood Road, 1939 Vereeniging (Republic of South Africa).	Pipe and steel thickener testing	Active	-	75%	Full consolidation
Applus Velosi (Ghana) Ltd	2nd Floor, Design House, Ring Road East, Accra (Ghana).	Provision of inspection, quality control and certification services	Active	-	49%	Full consolidation
Velosi Superintendend Nigeria Ltd	3A Alabi Street, Off Toyin Street, Ikeja - Lagos (Nigeria).	Provision of services (quality assurance and control, general inspection, corrosion control and supply of labor) for the oil and gas industries	Active	-	30%	Full consolidation
Velosi Uganda LTD	3rd Floor, Rwenzori House, Plot 1, Lumumba Avenue, PO Box 10314 Kampala (Uganda).	Provision of business consulting and management services	Inactive	-	100%	Full consolidation
Applus Velosi SA (Pty) Ltd	28 Senator Rood Road, 1939 Vereeniging (Republic of South Africa).	Provision of services related with the quality of the oil and gas industries	Active	-	100%	Full consolidation
Velosi Gabon (SARL)	Cité Shell, Port-Gentil in Gabon, BP: 2 267 (Gabon).	Provision of security and environmental services (HSE), quality control and engineering in the oil and gas sector.	Inactive	-	75%	Full consolidation

Name	Registered office	Line of business	Active / Inactive	Ownership interest held by Group companies: Direct	Indirect	Method used to account the investment
Velosi Mozambique LDA	Avenida Kim Il Sung, 961 - Bairro Sommershield - Distrito Urbano 1, Maputo Cidade (Mozambique)	Provision of consultancy services and technical assistance in the oil and gas industries, such as labor force services, and other specialized services in non-destructive trials, controls, quality inspections and asset integrity	Inactive	-	74%	Full consolidation
Applus Velosi Egypt, LLC	9, El-Batrawy St., Entrance 2, Genana Mall Building, Al Manteqah Al Oula, Nasr City, Cairo (Egypt)	Provision of engineering consultancy in the oil sector, the maritime business, power generation and mining, as well as management consulting	Active	-	100%	Full consolidation
Applus Velosi Angola, Lda.	Condominio Mirantes de Talatona, Rua das Acácias, casa B13, Luanda (Angola)	Provision of quality assurance and control, inspection, supply of technical manpower, certification and specialized services in NDT and engineering.	Active	-	49%	Full consolidation
Applus India Private Limited	#402, Vijaysri Nivas, Prakash Nagar, Begumpet, Hyderabad – 500 016. Telenagana (India)	Provision of labor supply services for the oil and gas industries	Active	-	100%	Full consolidation
Applus Mozambique Limitada	Paulo Samuel Kankhomba Avenue, number 3,371, Maputo City (Mozambique)	Provision of consulting and technical assistance services in the oil and gas industry, man power services, NDT specialized tests, controls and quality inspections and provision of asset integrity services	Active	-	49%	Full consolidation
K2 Do Brasil Services Ltda	Avenida Nossa Senhora da Gloria, 2.643, Cavaleiros, Macae - RJ, CEP27920-360, Macae (Brazil)	Provision of updating, repair, modification and control of onshore and offshore oil facilities, inspection and development of design services, manufacture of components and machinery structures and supply of qualified labor	Active	-	100%	Full consolidation
Applus Velosi America LLC	7337 Empire Central Drive, Houston, TX 77040 (USA)	Provision of labor supply services for the oil and gas industries	Active	-	100%	Full consolidation
Applus Velosi Canada Ltd	2600 Manulife Place 10180 - 101st Street, Edmonton, AB T5J 3Y2 (Canada)	Provision of labor supply services for the oil and gas industries	Active	-	100%	Full consolidation
Applus K2 America, LLC	7337 Empire Central Drive, Houston, TX 77040 (USA)	Providing solutions for owners and operators of drilling rigs and FPSO in America, including inspection services, repair and maintenance, structural design and analysis and training services	Active	-	100%	Full consolidation

Note: the % of ownership of the Group companies reported corresponds to the legal interest that, in some cases, may differ from the effective percentage

Appendix II - Out of the scope of consolidation

Name	Registered office	Line of business	Active / Inactive	Ownership interest held by Group companies:	
				Direct	Indirect
Ingelog Guatemala Consultores de Ingeniería y Sistemas, S.A.	Ciudad de Guatemala (Guatemala)	Counselling and consulting services in the areas of engineering, infrastructure, environment, etc.	Inactive	-	100%
CTAG - Idiada Safety Technology Germany, GmbH	Manfred-Hochstatter-Straße 2, 85055 Ingolstadt (Germany)	Engineering, testing and homologation	Inactive	-	40%
Velosi Turkmenistan	Ashgabat City, Kopetdag District, Turkmenbashy, Avenue, No. 54 (Turkmenistan)	No line of business	Inactive	-	100%
Velosi Ukraine LLC	5A Piterska Street, 03087 Kyiv (Ukraine)	Provision of auxiliary services in the oil and natural gas industries	Inactive	-	100%
Velosi Services L.L.C. (Russia)	Kommunistichesky prospect, 32, suite 610, Yuzhno-Sakhalinsk, Sakhalin Region (Russia)	No line of business	Inactive	-	100%
Velosi Do Brasil Ltda	Praia Do Flamengo 312, 9 Andar Parte Flamengo, Rio De Janeiro (Brazil)	No line of business	Inactive	-	98%
Velosi Asia Kish (Iran)	No. 7, Second Floor, Block B28, Pars Commercial Complex, South-West of the Port Area (Iran)	No line of business	Inactive	-	97%
Velosi Jorson Sdn Bhd (Brunei)	LOT 5211. Simpang 357, Jalan Maulana, Kuala Belait KA2931, Brunei Darussalam (Brunei)	Provision of non-destructive testing services (NDT), technological development, transformation and technical consulting.	Active	-	15%

Note: the % of ownership of the Group companies reported corresponds to the legal interest that, in some cases, may differ from the effective percentage

This declaration is a translation for informative purposes only of the original document issued in Spanish, which has been approved by every Board member. In the event of discrepancy, the Spanish-language version prevails.

The Board of Directors of Applus Services, S.A., in compliance with the current mercantile legislation, have authorised for issue on 21 February 2024 the Consolidated Financial Statements and Consolidated Director's Report, which include the non-financial information statement and the Annual Corporate Governance Report for 2023, in accordance with the formatting and markup established Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 ("ESEF Regulation"). The aforementioned Financial Statements and Director's Report are integrated in the digital file with the 9E1CD1E07BD835C6C290E948540FB41B1C5981293386D9DB0242E81692E551D9 hash code included in the ZIP file with number 213800M9XCA6NR98E873-2023-12-31-es (3).

The members of the Board of Directors declare signed, through this Diligence, the aforementioned Consolidated Financial Statements and Consolidated Directors' Report for 2023. They have been authorised for issue unanimously, awaiting on the auditors' verification and subsequent approval by the Parent's Annual General Meeting.

Note that Mrs. Cristina Henríquez de Luna Basagoiti and Mrs. Essimari Kairisto authorized the Financial Statements to be issued, although could not physically sign them, as they attended the meeting by video-conference.

Barcelona, 21 February 2024

Mr. Christopher Cole

Chairman

Mr. Ernesto Gerardo Mata López

Director

Mr. Joan Amigó i Casas

Director

Mr. Nicolás Villén Jiménez

Director

Ms. Maria Cristina Henríquez de Luna Basagoiti

Director

Ms. Maria José Esteruelas Aguirre

Director

Ms. Essimari Kairisto

Director

Ms. Marie-Françoise Madeleine Damesin

Director

Mr. Brendan Wynne Derek Connolly

Director