Applus Services, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2023, together with Report on Limited Review

Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

Deloitte.

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Translation of a report originally issued in Spanish.
In the event of a discrepancy, the Spanish-language version prevails.

REPORT ON LIMITED REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
Applus Services, S.A. at the request of the Board of Directors,

Report on the Interim Condensed Consolidated Financial Statements

Introduction

We have performed a limited review of the accompanying interim condensed consolidated financial statements ("the interim financial statements") of Applus Services, S.A. ("the Parent") and Subsidiaries ("the Group"), which comprise the condensed consolidated statement of financial position as at 30 June 2023, and the condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and explanatory notes thereto for the six-month period then ended. The Parent's directors are responsible for preparing these interim financial statements in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed financial information, in conformity with Article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of the Review

We conducted our limited review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with the audit regulations in force in Spain and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim financial statements.

Conclusion

As a result of our limited review, which under no circumstances may be considered to be an audit of financial statements, nothing came to our attention that might cause us to believe that the accompanying interim financial statements for the six-month period ended 30 June 2023 have not been prepared, in all material respects, in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, pursuant to Article 12 of Royal Decree 1362/2007, for the preparation of interim condensed financial statements.

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

Emphasis of Matter

We draw attention to accompanying explanatory Note 2-a, which indicates that the aforementioned accompanying interim financial statements do not include all the information that would be required for a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and, therefore, the accompanying interim financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2022. Our conclusion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

The accompanying interim consolidated directors' report for the six-month period ended 30 June 2023 contains the explanations which the Parent's directors consider appropriate about the significant events that took place in this period and their effect on the interim financial statements presented, of which it does not form part, and about the information required pursuant to Article 15 of Spanish Royal Decree 1362/2007. We have checked that the accounting information in the interim consolidated directors' report is consistent with that contained in the interim financial statements for the six-month period ended 30 June 2023. Our work was confined to checking the interim consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of Applus Services, S.A. and Subsidiaries.

Other Matter

This report was prepared at the request of the Board of Directors of the Parent in relation to the publication of the half-yearly financial report required by Article 100 of Spanish Securities Market and Investments Services Law 6/2023, of 17 July, implemented by Royal Decree 1362/2007, of 19 October.

DELOITTE, S.L.

Sergi Segura Rius

24 July 2023

Applus Services, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2023 together with the Report on Limited Review

Translation of a report originally issued in Spanish and of interim condensed 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 21). In the event of a discrepancy, the Spanish-language version prevails.

Translation of interim condensed 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 21). In the event of a discrepancy, the Spanish-language version prevails.

APPLUS SERVICES, S.A.
AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

(Thousands of Euros)

ASSETS	Notes	30/06/2023 (*)	31/12/2022
NON-CURRENT ASSETS			
Goodwill	4	**843,128**	**792,897**
Other intangible assets	5	**346,791**	**374,092**
Right of use assets	13	**167,783**	**177,395**
Property, plant and equipment	7	**255,009**	**253,057**
Investments accounted for using the equity method		**3,269**	**3,403**
Non-current financial assets	8	**23,162**	**17,096**
Deferred tax assets	15.a	**59,632**	**58,163**
Total non-current assets		**1,698,774**	**1,676,103**
CURRENT ASSETS			
Non-current assets classified as held for sale		**-**	**37,497**
Inventories		**12,021**	**9,753**
Trade and other receivables-			
Trade and other receivables	9	477,030	447,422
Trade receivables from related companies	9 & 18	177	187
Other receivables	9	42,242	27,645
Corporate income tax assets		12,933	20,313
Other current assets		38,181	23,251
Other current financial assets		**10,105**	**7,423**
Cash and cash equivalents		**174,581**	**183,010**
Total current assets		**767,270**	**756,501**
TOTAL ASSETS		**2,466,044**	**2,432,604**

EQUITY AND LIABILITIES	Notes	30/06/2023 (*)	31/12/2022
EQUITY			
Share capital and reserves-			
Share capital	10.a	11,676	12,355
Share premium	10.b	449,391	449,391
Retained earnings and other reserves		136,133	153,958
Profit / (Loss) for the year attributable to the Parent	10.e	26,438	48,600
Treasury Shares	10.c	(1,030)	(14,117)
Valuation adjustments-			
Foreign currency translation reserve	10.f	(62,299)	(43,440)
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT		**560,309**	**606,747**
NON-CONTROLLING INTERESTS	**10.g**	**42,731**	**36,200**
Total Equity		**603,040**	**642,947**
NON-CURRENT LIABILITIES			
Long-term provisions		**43,714**	**37,030**
Obligations and bank borrowings	**11**	**805,545**	**808,611**
Obligations under leases	**13**	**127,399**	**136,143**
Other financial liabilities		**22,976**	**22,157**
Deferred tax liabilities	**15.b**	**98,744**	**109,077**
Other non-current liabilities		**96,137**	**90,790**
Total non-current liabilities		**1,194,515**	**1,203,808**
CURRENT LIABILITIES			
Liabilities linked to non-current assets held for sale		**-**	**16,538**
Short-term provisions		**5,458**	**7,972**
Obligations and bank borrowings	**11**	**96,588**	**27,326**
Obligations under leases	**13**	**53,138**	**55,215**
Trade and other payables		**460,150**	**425,759**
Trade payables from related companies	**18**	**1**	**1**
Corporate income tax liabilities		**18,786**	**19,354**
Other current liabilities		**34,368**	**33,684**
Total current liabilities		**668,489**	**585,849**
TOTAL EQUITY AND LIABILITIES		**2,466,044**	**2,432,604**

(*) Unaudited interim condensed consolidated statement of financial position as at 30 June 2023.

The accompanying Notes 1 to 21 are an integral part of the interim condensed consolidated statement of financial positions at 30 June 2023.

Translation of interim condensed 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 21). In the event of a discrepancy, the Spanish-language version prevails.

APPLUS SERVICES, S.A
AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE FIRST HALF OF 2023

(Thousands of Euros)

	Notes	30/06/2023 (*)	30/06/2022 (*)
CONTINUED OPERATIONS			
Revenue	16	1,000,837	918,385
Procurements		(108,784)	(90,647)
Staff costs	14.a	(549,146)	(507,198)
Other operating expenses		(176,901)	(168,779)
Operating Profit Before Depreciation, Amortization and Others		**166,006**	**151,761**
Depreciation and amortization charge	5, 7 & 13	(84,928)	(81,461)
Impairment and gains and losses on disposals of non-current assets	4	(6,138)	(6,500)
Other results		(4,567)	(1,658)
OPERATING PROFIT		**70,373**	**62,142**
Financial Result	14.b	(18,177)	(12,422)
Share of profit of companies accounted for using the equity method		(120)	(136)
Profit / (Loss) before tax		**52,076**	**49,584**
Corporate income tax		(15,979)	(15,517)
Net Profit / (Loss) from continued operations		**36,097**	**34,067**
NET PROFIT / (LOSS) FROM DISCONTINUED OPERATIONS	3.c	**(3,951)**	**(3,579)**
NET CONSOLIDATED PROFIT / (LOSS)		**32,146**	**30,488**
Profit / (Loss) attributable to non-controlling interests	10.g	5,708	8,697
NET PROFIT / (LOSS) ATTRIBUTABLE TO THE PARENT		**26,438**	**21,791**
Profit / (Loss) per share from continued operations (in euros per share)	10.e		
- Basic		**0.23**	**0.18**
- Diluted		**0.23**	**0.18**
Profit / (Loss) per share (in euros per share)			
- Basic		**0.20**	**0.16**
- Diluted		**0.20**	**0.16**

(*) Unaudited interim condensed consolidated statement of profit or loss for the first half of 2023 and of 2022.

The accompanying Notes 1 to 21 are an integral part of the interim condensed consolidated statement of profit or loss for the first half of 2023.

Translation of interim condensed 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 21). In the event of a discrepancy, the Spanish-language version prevails.

APPLUS SERVICES, S.A
AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY FOR THE FIRST HALF OF 2023
(Thousands of Euros)

	Capital	Share premium	Retained earnings and other reserves	Profit/(loss) for the period attributable to the Parent	Treasury shares	Foreign currency translation reserve	Non-controlling interests	Total
Balance at 31 December 2021	**13,070**	**449,391**	**187,671**	**32,242**	**(3,427)**	**(61,316)**	**48,715**	**666,346**
Changes in the scope of consolidation and other changes	-	-	(46)	-	-	-	195	149
Allocation of 2021 profit	-	-	32,242	(32,242)	-	-	-	-
Dividends paid	-	-	(21,453)	-	-	-	(5,719)	(27,172)
Treasury shares	-	-	555	-	(53,249)	-	-	(52,694)
Other changes	-	-	(1,042)	-	-	-	8	(1,034)
Comprehensive income for the first half of 2022	-	-	-	21,791	-	24,999	11,393	58,183
Balance at 30 June 2022 (*)	**13,070**	**449,391**	**197,927**	**21,791**	**(56,676)**	**(36,317)**	**54,592**	**643,778**

	Capital	Share premium	Retained earnings and other reserves	Profit/(loss) for the period attributable to the Parent	Treasury shares	Foreign currency translation reserve	Non-controlling interests	Total
Balance at 31 December 2022	**12,355**	**449,391**	**153,958**	**48,600**	**(14,117)**	**(43,440)**	**36,200**	**642,947**
Changes in the scope of consolidation and other changes	-	-	(406)	-	-	-	9,206	8,800
Allocation of 2022 profit	-	-	48,600	(48,600)	-	-	-	-
Dividends paid	-	-	(20,628)	-	-	-	(6,942)	(27,570)
Treasury shares	-	-	828	-	(34,526)	-	-	(33,698)
Share capital reduction	(679)	-	(46,934)	-	47,613	-	-	-
Other changes	-	-	715	-	-	-	(1)	714
Comprehensive income for the first half of 2023	-	-	-	26,438	-	(18,859)	4,268	11,847
Balance at 30 June 2023 (*)	**11,676**	**449,391**	**136,133**	**26,438**	**(1,030)**	**(62,299)**	**42,731**	**603,040**

(*) Unaudited interim condensed consolidated statement of changes in equity for the first half of 2023 and of 2022.

The accompanying Notes 1 to 21 are an integral part of the interim condensed consolidated statement of changes in equity for the first half of 2023.

Translation of interim condensed 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 21). In the event of a discrepancy, the Spanish-language version prevails.

APPLUS SERVICES, S.A
AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST HALF OF 2023
(Thousands of Euros)

	30/06/2023 (*)	30/06/2022 (*)
NET CONSOLIDATED PROFIT:	**32,146**	**30,488**
1. Other comprehensive income and expenses recognised directly in equity	**(8,465)**	**27,695**
a) Items that will not be transferred to profit or loss	-	-
b) Items that could be transferred to profit or loss:		
Exchange differences on translating foreign operations	(8,465)	27,695
2. Transfers to the statement of profit or loss:	**(11,834)**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**11,847**	**58,183**
Total comprehensive income for the year attributable to:		
- The Parent	7,579	46,790
- Non-controlling interests	4,268	11,393
TOTAL CONSOLIDATED COMPREHENSIVE INCOME FOR THE YEAR	**11,847**	**58,183**

(*) Unaudited interim condensed consolidated statement comprehensive income for the first half of 2023 and of 2022.

The accompanying Notes 1 to 21 are an integral part of the interim condensed consolidated statement of comprehensive income for the first half of 2023.

Translation of interim condensed 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 21). In the event of a discrepancy, the Spanish-language version prevails.

APPLUS SERVICES, S.A
AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST HALF OF 2023

(Thousands of Euros)

	Notes	30/06/2023 (*)	30/06/2022 (*)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit from operating activities before tax		**50,184**	**46,299**
Adjustments of items that do not give rise to operating cash flows-			
Depreciation and amortisation charge	5, 7 & 13	87,042	87,072
Changes in provisions and allowances		2,823	(5,596)
Financial result	14.b	18,335	12,668
Share of profit of companies accounted for using the equity method		120	136
Gains or losses on disposals of intangible and tangible assets		1,849	5,677
Profit from operations before changes in working capital (I)		**160,353**	**146,256**
Changes in working capital-			
Changes in trade and other receivables		(48,610)	(72,802)
Changes in inventories		(148)	(1,788)
Changes in trade and other payables		9,412	41,667
Cash generated by changes in working capital (II)		**(39,346)**	**(32,923)**
Other cash flows from operating activities			
Other payments		-	-
Cash flows from operating activities (III)		-	-
Corporate Income tax payments		(16,425)	(18,424)
Cash flows from Income Tax (IV)		**(16,425)**	**(18,424)**
NET CASH FLOW FROM OPERATING ACTIVITIES (A)= (I)+(II)+(III)+(VI)		**104,582**	**94,909**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Business combination		(9,934)	3,276
Proceeds from the sale of subsidiaries and other non-current financial assets		30,035	-
Payments due to acquisition of subsidiaries and other non-current financial assets		(60,700)	(42,809)
Payments due to acquisition of intangible and tangible assets	5 & 7	(25,222)	(23,952)
Net cash flows used in investing activities (B)		**(65,821)**	**(63,485)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Share Buyback	10.c	(36,103)	(53,642)
Interest received	14.b	1,541	440
Interest paid		(15,513)	(7,686)
Net changes in non-current financing (proceeds and payments)		(9,813)	49,487
Net changes in current financing (proceeds and payments)		61,188	(3,940)
Net payment of lease liabilities	13.c	(32,423)	(31,821)
Dividends paid by Group companies to non-controlling interests		(13,098)	(1,854)
Net cash flows used in financing activities (C)		**(44,221)**	**(49,016)**
EFFECT OF FOREIGN EXCHANGE RATE CHANGES (D)		**(2,969)**	**6,084**
NET CHANGE IN CASH AND CASH EQUIVALENTS (A + B + C + D)		**(8,429)**	**(11,508)**
Cash and cash equivalents at beginning of year		**183,010**	**176,544**
Cash and cash equivalents at end of year		**174,581**	**165,036**

(*) Unaudited interim condensed consolidated statement of cash flows for the first half of 2023 and of 2022.

The accompanying Notes 1 to 21 are an integral part of the interim condensed consolidated statement of cash flows for the first half of 2023.

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Applus Services, S.A.
and Subsidiaries

Explanatory Notes to the Interim Condensed Consolidated Financial Statements for the first half of 2023

1. Group activities

Applus Services, S.A. (formerly Applus Technologies Holding, S.L., "the Parent") 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.

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 organisation 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 organisation 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 organisation 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 Parent 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 Parent 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.

In view of the business activities carried out on 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. The environmental activities carried out by the Group are detailed in the Note 23 to the consolidated financial statements for 2022.

2. Basis of presentation and basis of consolidation

a) Basis of presentation

These interim condensed consolidated financial statements for the first half ended 30 June 2023 were prepared in accordance with IAS 34, Interim Financial Reporting, which forms part of the International Financial Reporting Standards as adopted by the European Union (EU-IFRSs). These interim condensed consolidated financial statements must be read in conjunction with the consolidated financial statements for the year ended 31 December 2022, which were prepared in accordance with EU-IFRSs. Accordingly, it was not necessary to repeat or update certain notes or estimates included in those consolidated financial statements. Therefore, the accompanying selected explanatory notes include an explanation of the events and changes that are significant to an understanding of the changes in consolidated statement of financial position, consolidated statement of profit and loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Applus Group in the period from 31 December 2022, the date of the aforementioned consolidated financial statements, to 30 June 2023.

These interim condensed consolidated financial statements were approved by the Parent's Directors at the Board of Directors meeting held on 21 July 2023.

The interim condensed consolidated financial statements of the Applus Group were prepared on the basis of the financial statements of the Parent and the Group companies in accordance with EU-IFRS.

b) *Comparative information*

In accordance to IAS 34, in order to obtain comparative information, these interim condensed consolidated financial statements include the interim condensed consolidated statement of financial position as at 30 June 2023 and the consolidated statement of financial position as at 31 December 2022, the interim condensed consolidated statements of profit or loss for the six-month periods ended 30 June 2023 and 2022, the interim condensed consolidated statements of comprehensive income for the six-month periods ended 30 June 2023 and 2022, the interim condensed consolidated statements of changes in equity for the six-month periods ended 30 June 2023 and 2022, the interim condensed consolidated statements of cash flows for the six-month periods ended 30 June 2023 and 2022, and the explanatory notes to the interim condensed consolidated financial statements for the six-month period ended 30 June 2023.

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 EUR 26.6 million, 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 interim period was restated to reflect this modification (see Note 16).

Also, as a result of the divestments indicated in Note 3.c, the Group shows the profit or loss of the transferred components as discontinued operations in the interim condensed consolidated statements of profit or loss for the six-month period ended 30 June 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 3.c).

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

The Parent's Directors are responsible for the information contained in these interim condensed consolidated financial statements with the applicable regulatory financial reporting framework (see section 2.a) above) and for such internal control measures that they consider necessary to ensure the interim condensed consolidated financial statements do not have any material misstatement.

In the Group's interim condensed consolidated financial statements at 30 June 2023 estimates were made by the Group Management, later ratified by the Directors, in order to quantify certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates relate basically to the following:

- The measurement of goodwill (see Notes 3.c. and 4).
- The impairment losses on certain assets (see Note 6).
- The recoverability of the deferred tax assets recognised (see Note 15.a).
- The right-of-use assets and obligations under leases (see Note 13).
- The useful life of the property, plant and equipment and intangible assets.
- The assumptions used in measuring the recoverable amount of the financial instruments and the assets and liabilities in the business combinations.
- Income from pending to be billed services.
- Provisions and contingent liabilities (see Note 17).
- Corporate income tax and deferred tax assets and liabilities (see Note 15).

Although these estimates were made on the basis of the best information available as of 30 June 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, 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.

Considering the economic projections in the markets in which the Group operates, the three year Strategic Plan announced in November 2021 and the liquidity position, that at 30 June 2023 amounts EUR 419 million at closing exchange rate (see Note 11), the Group's Directors consider that the conclusion on the application of the going concern basis of accounting remains valid.

3. Accounting policies and measurement bases

The accounting policies and measurement bases used in these interim condensed consolidated financial statements as at 30 June 2023 are the same as those used to prepare the consolidated financial statements for the year ended 31 December 2022, with the following exceptions:

a) *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 interim condensed consolidated financial statements. The following standards were applied in these interim condensed 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 and Amendments to IFRS 17 (IFRS issued in May 2017 and the amendments in June 2020)	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** (issued in February 2021)	Amendments that enable entities to appropriately identify the information on material accounting policies that should be disclosed in the financial statements.	1 January 2023
Amendments to IAS 8 **Definition of Accounting Estimates** (issued in February 2021)	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** (issued in May 2021)	Clarifications regarding how entities shall recognise deferred tax arising in transactions 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 (issued in December 2021)	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

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

At the date of preparation of these interim condensed 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 interim condensed 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:**
Not yet approved for use in the European Union		
Amendments and/or interpretations:		
Amendments to IAS 12 **International Tax Reform—Pillar Two Model Rules** (issued in May 2023)	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
Amendments to IAS 1 **Classification of Liabilities as Current or Non-current, and Non-current Liabilities with Covenants** (issued in January 2020)	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
Amendments to IFRS 16 **Lease Liability in a Sale and Leaseback** (issued in September 2022)	These amendments clarify the subsequent accounting for lease liabilities arising in a sale and leaseback.	1 January 2024
Amendments to IAS 7 and IFRS 7 **Supplier Finance Arrangements** (issued in May 2023)	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

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 interim condensed consolidated financial statements.

c) *Changes in the scope of consolidation*

The companies included in the scope of consolidation in the first half of 2023 are:

- Companies acquired in the first half of 2023:
  - Riportico 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.

- Companies sold in the first half of 2023:
  - 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.

- Companies formed in the first half of 2023:
  - Applus Inspection Technology (China) Co., Ltd.

On 10 January 2023, the Applus Group acquired Riportico 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 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 19.3 million. The company has been integrated into the Applus+ Energy & Industry division.

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 1.0 million. Additionally, an agreement whereby a mechanism implemented through call and put options was established for the potential acquisition of the remaining 20% of the company from 16 March 2027. The Applus Group recognised a liability for this option of EUR 0.4 million, in accordance with IAS 32.23. The company has been integrated into the Applus+ Laboratories division.

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.

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 acquirees 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 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 34.5 million. The companies have been integrated into the Applus+ Laboratories division.

At the date of preparation of the interim condensed 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.

According to IFRS 3, in the first half of 2023 the accounting process of certain acquisitions made in 2022, which are detailed in Note 2.b.e.1.1. of the consolidated financial statements of the year ended 31 December 2022, has been completed.

On 14 February 2023, the Group sold Applus Technologies, Inc. for USD 33.5 million (EUR 31.6 million). This company was included in the Applus+ Automotive division.

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 interim condensed consolidated statements of profit or loss for the six-month periods ended 2023 and 2022, as indicated in Note 2.b.

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

	Thousands of Euro	
	30/06/2023	30/06/2022
Operating Revenue	39,801	68,316
Operating Expense	(41,634)	(68,959)
Adjusted Operating Profit from discontinued operations	**(1,833)**	**(643)**
Other results	(1,869)	(511)
Profit / (Loss) from discontinued operations before tax	**(3,702)**	**(1,154)**
Corporate income tax	(898)	(294)
Profit / (Loss) from discontinued operations net of tax	**(4,600)**	**(1,448)**
Profit / (Loss) from the asset disposal of discontinued operations before tax	**1,811**	**(2,131)**
Corporate income tax	(1,162)	-
Net Profit / (Loss) from the asset disposal of discontinued operations	**649**	**(2,131)**
Net Profit / (Loss) from discontinued operations	**(3,951)**	**(3,579)**

The cash flows related to these discontinued operations included in the interim condensed consolidated statement of cash flows for the first half of 2023 amounted to EUR 8.3 million positive recognised in cash flows from operating activities, EUR 10.3 million negative recognised in cash flows from investing activities and EUR 1.6 million negative recognised in cash flows from financing activities.

d) *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". The main average and closing rates used in the translation to euros of the balances held in foreign currency at 30 June 2023 and 31 December 2022 were as follows:

Euro	Currency:	30/06/2023		31/12/2022	
		Average rate	Closing rate	Average rate	Closing rate
Danish Krone	DKK	7.45	7.45	7.44	7.44
Swedish Krona	SEK	11.31	11.66	10.62	11.09
Omani Riyal	OMR	0.41	0.42	0.40	0.41
Czech Koruna	CZK	23.67	23.62	24.56	24.20
Canadian Dollar	CAD	1.46	1.44	1.37	1.45
Singapore Dollar	SGD	1.44	1.47	1.45	1.43
US Dollar	USD	1.08	1.09	1.05	1.06
Papua New Guinean Kina	PGK	3.72	3.88	3.62	3.62
Pound Sterling	GBP	0.88	0.86	0.85	0.88
Argentine Peso	ARS	n/a	275.51	n/a	184.88
Chilean Peso	CLP	870.40	877.05	916.63	921.36
Colombian Peso	COP	4,966.77	4,558.68	4,453.84	5,040.00
Mexican Peso	MXN	19.64	18.66	21.17	20.70
Brazilian Real	BRL	5.48	5.21	5.43	5.47
Qatari Riyal	QAR	3.94	3.97	3.84	3.87
Malaysian Ringgit	MYR	4.81	5.09	4.62	4.68
Saudi Riyal	SAR	4.05	4.08	3.95	3.98
Indonesian Rupiah	IDR	16,247.45	16,355.00	15,601.43	16,534.00
Australian Dollar	AUD	1.60	1.63	1.52	1.59
Peruvian Nuevo Sol	PEN	4.05	3.94	4.02	4.02
Kuwait Dinars	KWD	0.33	0.33	0.32	0.32
Chinese Yuan Renminbi	CNY	7.47	7.81	7.07	7.40
Dirhams	AED	3.97	4.00	3.87	3.89
Panamanian Balboa	PAB	1.08	1.09	1.05	1.06
Angolan Kwanza	AOA	575.16	841.18	478.43	533.48
Indian Rupee	INR	88.73	89.21	82.49	87.86
Uruguayan Peso	UYU	42.09	41.13	43.40	40.61
Nigerian Naira	NGN	514.29	827.56	444.23	472.59
Egyptian Pound	EGP	32.72	33.46	19.91	26.14

4. Goodwill

The detail, by Cash-Generating Unit, of the Group's goodwill at 30 June 2023 and 2022 year-end is as follows:

Cash-Generating Unit	Thousands of Euros	
	30/06/2023	31/12/2022
Auto Spain (*)	189,065	189,065
Energy & Industry Northern Europe	83,690	83,601
Energy & Industry North America	46,064	74,043
IDIADA	13,392	17,807
Energy & Industry Seameap	62,044	62,989
Laboratories	263,345	198,007
Auto Finisterre (*)	16,136	17,929
Energy & Industry Latin America	34,627	33,954
Energy & Industry Spain	49,921	30,652
Auto Denmark	6,843	6,843
Auto Sweden	76,754	76,754
Other	1,247	1,253
Total goodwill	**843,128**	**792,897**

(*) Includes the aggregate business of various concessions and administrative authorisations.

Due to the reorganization and divestments indicated in note 2.b, the Energy & Industry North America Cash-Generating Unit includes mainly operations in Canada.

The changes in the first half of 2023 and in 2022 were as follows:

	Thousands of Euros
Balance at 1 January 2022	**725,789**
Changes in the scope of consolidation	71,607
Other Changes	(12,145)
Translation differences	7,646
Balance at 31 December 2022	**792,897**
Changes in the scope of consolidation	57,949
Other Changes	(6,138)
Translation differences	(1,580)
Balance at 30 June 2023	**843,128**

Since the Group has various concessions with a finite useful life and according to the business plan, in order to ensure that at the end of the concession term the carrying amount of the assets is zero, in the first half of 2023 the Group recognised a write-down of EUR 6,138 thousand on goodwill under "Impairment and gains and losses on disposals of non-current assets" in the accompanying interim condensed consolidated statement of profit or loss in relation to the goodwill of the IDIADA and Auto Finisterre Cash-Generating Units, as shown under “Other Changes” in the foregoing table.

The changes in the scope of consolidation relate to the goodwill arising from the difference between the fair value of the assets acquired and the liabilities assumed and the cost of the business combinations effected in the first half of 2023 amounting to EUR 57,949 thousand, the accounting for which was provisional at the date of authorisation for issue of these interim condensed consolidated financial statements (see Note 3.c).

5. Other intangible assets

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

	30 June 2023 – Thousands of Euros						
	Balance at 1 January 2023	Changes in the scope of consolidation	Additions or charge for the year	Disposals or reductions	Transfers	Change in exchange rates and other	Balance at 30 June 2023
Cost:							
Administrative concessions	205,110	-	72	(8,262)	205	1	197,126
Patents, licenses and trademarks	290,377	(27,896)	4	-	-	(61)	262,424
Administrative authorisations	176,805	-	15	-	-	(207)	176,613
Customer portfolio	214,303	(48,330)	-	-	-	(620)	165,353
Computer software	80,989	133	1,286	(144)	(116)	(486)	81,662
Goodwill acquired	19,653	533	-	-	-	4	20,190
Asset usage rights	74,439	-	-	-	-	-	74,439
Accreditations	67,469	-	-	-	-	313	67,782
Advances and intangible assets in progress	-	-	2,014	-	966	(1)	2,979
Other	56,296	124	1,209	-	(2,371)	(64)	55,194
Total cost	**1,185,441**	**(75,436)**	**4,600**	**(8,406)**	**(1,316)**	**(1,121)**	**1,103,762**
Accumulated amortisation							
Administrative concessions	(179,336)	-	(7,523)	8,118	(60)	-	(178,801)
Patents, licenses and trademarks	(161,665)	13,935	(3,249)	-	-	53	(150,926)
Administrative authorisations	(75,847)	-	(4,187)	-	-	60	(79,974)
Customer portfolio	(126,462)	28,631	(5,109)	-	-	295	(102,645)
Computer software	(65,211)	(929)	(3,482)	144	1,475	445	(67,558)
Goodwill acquired	(78)	-	-	-	-	-	(78)
Asset usage rights	(58,822)	-	(2,282)	-	-	285	(60,819)
Accreditations	(14,697)	-	(4,097)	-	-	(94)	(18,888)
Other	(38,342)	(84)	(1,708)	-	(1)	32	(40,103)
Total accumlated amortisation	**(720,460)**	**41,553**	**(31,637)**	**8,262**	**1,414**	**1,076**	**(699,792)**
Total impairment	**(90,889)**	**33,710**	-	-	-	-	**(57,179)**
Total net value	**374,092**	**(173)**	**(27,037)**	**(144)**	**98**	**(45)**	**346,791**

In the first half of 2023, the amortization charge of intangible assets recognised in the accompanying interim condensed consolidated financial statements amounted to EUR 31,637 thousand, from which EUR 31,385 thousand correspond to continued operations and EUR 252 thousand, to discontinued operations.

In the first half of 2023, the amortisation charge of the intangible assets arising from the process to allocate the price paid on the acquisitions recognised in the accompanying interim condensed consolidated financial statements amounted to EUR 25,217 thousand.

	31 December 2022 – Thousands of Euros						
	Balance at 1 January 2022	Changes in the scope of consolidation	Additions or charge for the year	Disposals or reductions	Transfers	Change 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, licenses 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, licenses 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 accumlated amortisation	**(824,709)**	**124,904**	**(75,094)**	**57,821**	**445**	**(3,827)**	**(720,460)**
Total impairment	**(104,808)**	**14,087**	-	-	-	**(168)**	**(90,889)**
Total net value	**419,967**	**16,939**	**(65,328)**	**(2,216)**	**1,155**	**3,575**	**374,092**

Intangible assets by cash-generating unit

The detail of intangible assets by cash-generating unit is as follows:

	30 June 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	Other	Total
Cost:													
Administrative concessions	84,542	-	-	-	-	182	-	-	-	112,402	-	-	197,126
Patents, licences and trademarks	18,602	89,400	58,565	-	12,304	40,117	10,694	-	-	-	32,600	142	262,424
Administrative authorisations	165,986	-	-	-	-	-	-	-	-	-	-	10,627	176,613
Customer portfolio and other	-	41,532	46,566	-	-	28,344	28,213	16,898	-	-	3,800	-	165,353
Computer software	5,358	13,969	4,532	1,119	8,868	7,075	7,198	5,553	2,433	1,048	9,931	14,578	81,662
Goodwill acquired	-	8,400	-	3,592	3,584	1,381	1,990	-	1,243	-	-	-	20,190
Asset usage rights	723	-	-	-	36,729	-	34,987	-	-	-	-	2,000	74,439
Accreditations	-	-	-	-	-	-	67,782	-	-	-	-	-	67,782
Advances of intangible assets in progress	-	2,221	9	9	473	-	-	20	-	247	-	-	2,979
Other	666	17,804	432	-	25,930	6,753	2,664	5	940	-	-	-	55,194
Total cost	**275,877**	**173,326**	**110,104**	**4,720**	**87,888**	**83,852**	**153,528**	**22,476**	**4,616**	**113,697**	**46,331**	**27,347**	**1,103,762**
Accumulated amortisation:													
Administrative concessions	(75,796)	-	-	-	-	(182)	-	-	-	(102,823)	-	-	(178,801)
Patents, licences and trademarks	(11,599)	(39,272)	(52,750)	-	(10,629)	(25,098)	(6,113)	-	-	-	(5,323)	(142)	(150,926)
Administrative authorisations	(75,190)	-	-	-	-	-	-	-	-	-	-	(4,784)	(79,974)
Customer portfolio and other	-	(25,888)	(31,987)	-	-	(20,546)	(16,735)	(5,439)	-	-	(2,050)	-	(102,645)
Computer software	(4,990)	(9,755)	(3,978)	(752)	(8,349)	(6,531)	(5,917)	(3,209)	(2,352)	(1,027)	(9,704)	(10,994)	(67,558)
Goodwill acquired	-	-	-	-	-	(71)	(7)	-	-	-	-	-	(78)
Asset usage rights	(723)	-	-	-	(33,009)	-	(26,479)	-	-	-	-	(608)	(60,819)
Accreditations	-	-	-	-	-	-	(18,888)	-	-	-	-	-	(18,888)
Other	(550)	(11,772)	(242)	-	(20,659)	(4,495)	(2,384)	(1)	-	-	-	-	(40,103)
Total accumulated amortisation	**(168,848)**	**(86,687)**	**(88,957)**	**(752)**	**(72,646)**	**(56,923)**	**(76,523)**	**(8,649)**	**(2,352)**	**(103,850)**	**(17,077)**	**(16,528)**	**(699,792)**
Total impairment (Note 6)	**(7,051)**	**(50,128)**	-	-	-	-	-	-	-	-	-	-	**(57,179)**
Total net value	**99,978**	**36,511**	**21,147**	**3,968**	**15,242**	**26,929**	**77,005**	**13,827**	**2,264**	**9,847**	**29,254**	**10,819**	**346,791**

	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	Other	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**

6. Impairment of assets

Note 6 to the consolidated financial statements for 2022 details the various items included under this heading.

At each annual reporting date the Group's Management team reviews the Cash-Generating units' performance based on the types of business and the various geographical areas, at least once per year, at year end or if there are indications of impairment.

At 30 June 2023, the Parent's Directors consider that there are no significant indications of impairment of any of the Cash-Generating Units and, therefore, no significant asset impairment losses were recognised or reversed in the first half of 2023.

7. Property, plant and equipment

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

	30 June 2023 - Thousands of Euros						
	Balance at 1 January 2023	Changes in the scope of consolidation	Additions or charge for the year	Disposals or reductions	Transfers	Change in exchange rate and other	Balance at 30 June 2023
Cost:							
Land and constructions	168,992	11,454	698	(1,026)	9,553	1,143	190,814
Plant and machinery	463,198	(11,170)	8,499	(6,438)	8,074	(3,978)	458,185
Other fixtures, tools and furniture	75,344	(1,134)	894	(507)	(301)	(159)	74,137
Other items of property, plant and equipment	65,866	1,277	1,499	(653)	(2,581)	(469)	64,939
Advances and property, plant and equipment in progress	18,389	1,295	9,032	(37)	(5,574)	(65)	23,040
Grants	(3,115)	(4,885)	-	23	(12,624)	(55)	(20,656)
Total cost	**788,674**	**(3,163)**	**20,622**	**(8,638)**	**(3,453)**	**(3,583)**	**790,459**
Accumulated depreciation:							
Land and constructions	(84,585)	(2,305)	(4,583)	752	1,111	(89)	(89,699)
Plant and machinery	(332,967)	17,035	(17,652)	4,402	129	2,756	(326,297)
Other fixtures, tools and furniture	(52,437)	1,155	(1,929)	496	(18)	148	(52,585)
Other items of property, plant and equipment	(63,440)	(712)	(1,692)	646	2,133	300	(62,765)
Total accumulated depreciation	**(533,429)**	**15,173**	**(25,856)**	**6,296**	**3,355**	**3,115**	**(531,346)**
Total impairment	**(2,188)**	**(1,250)**	**(875)**	**199**	-	**10**	**(4,104)**
Total net value	**253,057**	**10,760**	**(6,109)**	**(2,143)**	**(98)**	**(458)**	**255,009**

	2022 - Thousands of Euros						
	Balance at 1 January 2022	Changes in the scope of consolidation	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 the first half of 2023, the amortization and impairment charge of property, plant and equipment recognised in the accompanying interim condensed consolidated financial statements amounted to EUR 26,731 thousand, from which EUR 26,059 thousand correspond to continued operations and EUR 672 thousand to discontinued operations.

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.

8. Non-current financial assets

Note 8 to the consolidated financial statements for 2022 details the various items included under this heading.

As of June 30, 2023, "Non-Current Financial Assets" include deposits and guarantees for EUR 13.1 million (EUR 11.5 million in 2022), of which EUR 3.3 million (EUR 3.4 million in 2022) correspond to restricted cash deposits for certain signed contracts. Additionally, long-term loans for an amount of EUR 10 million (EUR 5.5 million in 2022) net of impairment.

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

The detail of these headings at 30 June 2023 and 31 December 2022 is as follows:

	Thousands of Euros	
	30/06/2023	31/12/2022
Trade receivables for sales and services	314,343	337,966
Work in progress	185,211	132,716
Provision for doubtful debts	(22,524)	(23,260)
Trade receivables for sales and services	**477,030**	**447,422**
Trade receivables from related companies	177	187
Other receivables	30,740	19,894
Other accounts receivable from public authorities	11,502	7,751
Total trade and other receivables	**519,449**	**475,254**

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 changes in "Provision for doubtful debts" in the first half of 2023 and in 2022 are 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	3,227
Amounts used	(2,069)
Disposals	(1,820)
Effect of exchange rate changes	(74)
Balance at 30 June 2023	**22,524**

In the first half of 2023, the additions and amounts used recognised in the accompanying interim condensed consolidated financial statements amounted to EUR 1,158 thousand, from which EUR 1,436 thousand correspond to continued operations and EUR (278) thousand to discontinued operations.

10. Equity

a) Share capital

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

On June 8 2023, the General Shareholders' Meeting approved the capital reduction through the redemption of 6,793,375 treasury shares, which represents 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 0.10 euros per share), a decrease in the value of own shares (see Note 10.c) for an amount of EUR 47,613 thousand (at an average price of 7.01 euros) and a reduction in reserves (see Note 10.b). for an amount of EUR 46,934 thousand.

Consequently, as at 30 June 2023, the share capital of the Parent Company is represented by 129,074,133 ordinary shares of EUR 0.10 per value each, fully subscribed and paid.

As per the notifications of the number of shares submitted to the Spanish National Securities Market Commission (CNMV), the shareholders owning significant direct and indirect interests in the share capital of the Parent representing more than 3% of the total share capital at 30 June 2023 were as follows:

	% share
Morgan Stanley (*)	6.12%
Southeastern Asset Management, Inc.	5.15%
Santander Asset Management, S.A., SGIIC	3.08%
Harris Associates L.P.	3.03%

(*) Owner of voting rights through financial instruments

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 Parent, or of any lower ownership interests that might permit the holder to exercise a significant influence over the Parent.

On 29 June 2023, Manzana Spain Bidco, S.L.U., a company wholly owned indirectly by five funds managed indirectly by subsidiaries of Apollo Global Management, INC., submitted an application for authorisation of a voluntary takeover bid for 100% of the shares of the Parent at a price of EUR 9.50 per share. On 17 July 2023, the Spanish National Securities Market Commission admitted for processing the aforementioned application.

b) Reserves and share premium

The Parent's legal reserve at 30 June 2023 amounts to EUR 2,860 thousand and it had reached the legally required minimum.

The total amount of share premium at 30 June 2023 is EUR 449,391 thousand and it is fully available.

At the closing of June 2023 and December 2022, the Group owns reserves that add up to EUR 136,133 and 153,958 thousand, respectively.

During the first semester of 2023, reserves decreased by EUR 46,934 thousand as a result of the capital reduction mentioned in Note 10.a.

c) Treasury shares

At 30 June 2023, the Group holds a total of 146,997 treasury shares at an average cost of EUR 7.01 per share. The value of these treasury shares amounts to EUR 1,030 thousand, which is recognised under "Treasury Shares" in the accompanying interim condensed consolidated statement of financial position at 30 June 2023.

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 7 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.

The Board of Directors of the Parent Company agreed on 7 November 2022 to launch a second share 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 second buyback program began on 9 November 2022 and ended on 17 May 2023. The details of the terms and conditions of the program can be found on the CNMV website, in the communication dated 8 November 2022.

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 totaled EUR 14,117 thousand.

During the months of February and March 2023 the Group delivered to the Executive Directors, Senior Executives and certain executives a total of 248,598 shares, in all cases following the calendar approved in the new incentive plan granted (see Note 19).

d) *Distribution of profit*

On 8 June 2023, the shareholders at Annual General Meeting of the Parent Company resolved to allocate the 2022 net profit of the Parent Company that amounts to EUR 22,581 thousand to dividends for a value of EUR 0.16 per share, that, multiplied by the number of shares at December 2022, results in a maximum dividend of EUR 21,739 thousand and to voluntary reserves by an amount of EUR 842 thousand. The amount finally paid will depend on the number of shares outstanding (excluding treasury stock) that are entitled to receive it on the date on which the corresponding payment occurs.

On 6 July 2023 the dividend was paid by an amount of EUR 20,628 thousand, being the amount allocated to reserves of EUR 1,953 thousand.

e) *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 30 June 2023 and 2022 the profit per share is as follows:

	30/06/2023	30/06/2022
Number of shares	129,074,133	143,018,430
Average number of shares (excluding treasury shares)	130,761,150	138,689,284
Net consolidated profit from continued operations	30,389	25,370
Net consolidated profit attributable to the Parent (thousands of euros)	26,438	21,791
Number of shares outstanding	128,927,136	135,471,913
Number of treasury shares	146,997	7,546,517
Total number of shares	129,074,133	143,018,430
Profit per share from continued operations (in euros per share)		
- Basic	0.23	0.18
- Diluted	0.23	0.18
Profit per share (in euros per share)		
- Basic	0.20	0.16
- Diluted	0.20	0.16

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

f) Foreign currency translation reserve

The detail of "Foreign currency translation reserve" in the interim condensed consolidated statement of financial position as at 30 June 2023 and the consolidated statement of financial position as at 31 December 2022 is as follows:

	Thousands of Euros	
	30/06/2023	31/12/2022
Applus+ Energy & Industry	(32,348)	(13,381)
Applus+ Laboratories	(3,364)	1,091
Applus+ Automotive	(26,520)	(36,301)
Applus+ IDIADA	(122)	463
Other	55	4,688
Total	**(62,299)**	**(43,440)**

g) *Non-controlling interests*

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

	30 June 2023 - Thousands of Euros		
	Share capital, Reserves and Others	Profit (Loss)	Total
LGAI Technological Center, S.A. subgroup	25,964	1,707	27,671
IDIADA Automotive Technology, S.A. subgroup	10,540	2,711	13,251
Arctosa Holding B.V. subgroup	972	(302)	670
Velosi S.à.r.l subgroup	6,878	1,398	8,276
Subgrupo Applus Iteuve Technology, S.L.U.	(7,331)	194	(7,137)
Total non-controlling interests	**37,023**	**5,708**	**42,731**

	2022 - Thousands of Euros		
	Share capital, Reserves and Others	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**

11. Obligations and bank borrowings

The detail, by maturity, of the obligations and bank borrowings at 30 June 2023 and 31 December 2022 in the interim condensed consolidated statement of financial position is as follows:

	30 June 2023 - 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**	-	-	242,936	-	-	**242,936**
US Private Placement lenders	**330,000**	-	-	150,000	-	180,000	**330,000**
Banco Sabadell Loan	**18,000**	3,327	1,713	3,526	3,665	5,769	**18,000**
CaixaBank credit facility	**100,000**	35,000	-	-	-	-	**35,000**
Accrued interests	-	3,361	-	-	-	-	**3,361**
Debt Arrangement fees	-	(130)	(66)	(82)	(36)	(53)	**(367)**
Other loans	-	1,087	279	446	98	216	**2,126**
Credit facilities	**93,416**	53,827	16,990	-	-	-	**70,817**
Obligations under finance leases	-	116	60	67	17	-	**260**
Total	**1,141,416**	**96,588**	**18,976**	**596,893**	**3,744**	**185,932**	**902,133**

	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 30 June 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.

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 had been effective in 2022. The amount drawn down at 30 June 2023 amounts to EUR 35 million and its new maturity date is 15 April 2024.

The Group had liquidity of EUR 419 million at 30 June 2023 at closing exchange rate, taking into account cash and cash equivalents reflected in the accompanying interim condensed consolidated statement of financial position and the undrawn balances of the financing lines detailed previously (2022 year-end: EUR 494 million).

a) Syndicated loan and private placement debt

The syndicated loan bears interest at Euribor for tranches in euros and at Libor for tranches in foreign currency (CAD 86 million drawn down at 30 June 2023) 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 at 30 June 2023 and at 31 December 2022 is as follows:

First half of 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	242,936	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	-	2,830	
Debt arrangement expenses	-	(367)	
Total	**930,000**	**775,399**	

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 related 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 lower than 4.0x, tested every six months at 30 June and 31 December.

At 30 June 2023 the ratio, calculated on the basis of the contractually established definitions of net consolidated debt and consolidated EBITDA, was 2.6x.

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 17.b).

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 Libor, plus a market spread.

The Group entered into a non-recourse factoring agreement to sell outstanding receivables from customers for up to a maximum of EUR 33 million bearing interest at the market rate, of which EUR 19,468 thousand had been used at 30 June 2023 (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 30 June 2023 and 31 December 2022, by currency, is as follows:

	30 June 2023 – Thousands of Euros						
	Euro	US dollar	Canadian dollar	Colombian Peso	Chilean Peso	Others	Total
Syndicated loan	385,416	-	59,983	-	-	-	**445,399**
US Private Placement	330,000	-	-	-	-	-	**330,000**
Banco Sabadell loan	18,000	-	-	-	-	-	**18,000**
CaixaBank credit facility	35,531	-	-	-	-	-	**35,531**
Other loans	2,123	-	-	3	-	-	**2,126**
Credit facilities	52,006	16,945	16	1,751	(16)	115	**70,817**
Finance leases	150	-	15	-	78	17	**260**
Hedging instruments	-	-	-	-	-	-	-
Total	**823,226**	**16,945**	**60,014**	**1,754**	**62**	**132**	**902,133**

	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**

12. Financial risks and derivative financial instruments

In the first half of 2023 the Group holds foreign currency derivatives contracts with Spanish banks with a high credit rating.

The Group opted to apply hedge accounting, as permitted by IFRS, 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 30 June 2023, the balance of "Current Assets – Other current financial assets" reflecting the fair value of the derivatives at that date amounted to EUR 17 thousand (EUR 1 thousand at 31 December 2022 were registered as "Current Liabilities – Obligations and Bank Borrowings" (see Note 11)).

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 1,150 thousand. The maturity of this instrument is on 17 July 2023.

- Exchange rate hedging forward amounting to USD 355 thousand. The maturity of this instrument is on 15 August 2023.

- Exchange rate hedging forward amounting to USD 721 thousand. The maturity of this instrument is on 16 October 2023.

The financial risks faced by the Group are the same as those indicated in Note 16 to the consolidated financial statements for 2022.

13. Leases

a) Amounts recognised in the interim condensed consolidated statement of financial position

The amounts related to operating leases recognised in the interim condensed consolidated statement of financial position as at 30 June 2023 are as follows:

Rights of use

	Thousands of Euros	
	Net value	
	30/06/2023	31/12/2022
Rights of use		
Offices	103,460	106,531
Rights of use of facilities (fixed levies)	19,564	22,627
Vehicles	23,582	27,094
Machinery	9,126	8,105
Land	11,974	12,766
Hardware	77	272
Total	**167,783**	**177,395**

Lease liabilities

	Thousands of Euros	
	30/06/2023	31/12/2022
Lease liabilities		
Current	53,138	55,215
Non-current	127,399	136,143
Total	**180,537**	**191,358**

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

At 30 June 2023, the amounts related to leases recognised in the interim condensed consolidated statement of profit or loss are as follows: amortisation of the right-of-use assets for an amount of EUR 27,484 thousand (first half of 2022: EUR 24,660 thousand), basically offices and vehicles; finance costs on lease liabilities for an amount of EUR 3,147 thousand (first half of 2022: EUR 3,389 thousand) (see Note 14.b); and operating expenses related to leases of low-value assets not considered short-term, short-term leases and, variable lease payments not included in the measurement of lease liabilities, for an amount of EUR 33,848 thousand (first half of 2022: EUR 33,460 thousand), which correspond, basically, to auto stations' variable rent levies of the Automotive division for an amount of EUR 18,388 (first half of 2022: EUR 19,333 thousand).

In the first half of 2023 the consolidated EBITDA impact corresponds to minor operating lease expenses amounting EUR 32,423 thousand, EUR 30,859 thousand corresponding to continued operations and EUR 1,564 thousand, to discontinued operations (first half of 2022: EUR 31,821 thousand).

c) Amounts recognised in the interim condensed consolidated statement of cash flows

In the six-month period ended 30 June 2023, the total amount of cash outflows relating to leases amounted to EUR 32,423 thousand, EUR 30,859 thousand corresponding to continued operations and EUR 1,564 thousand, to discontinued operations (first half of 2022: EUR 31,821 thousand).

d) Leases in which the Group acts as lessee

All amounts recognised in the interim condensed consolidated statement of financial position as at 30 June 2023 and 2022 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 the first half of 2023 and 2022, the Group has not recognised gains or losses in the interim condensed consolidated statement of profit or loss arising from sale and leaseback transactions.

New lease contracts additions amounting to EUR 14.5 million relate mainly to formalizations and extensions of vehicle, office and machinery contracts.

In the first half of 2022 new lease contracts were registered as additions amounting to EUR 24.5 million, corresponding mainly to the location, installation and exploitation of statutory vehicle inspection stations belonging to companies acquired in the first half of 2022 and extensions of equipment's and vehicle's 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 interim condensed consolidated statement of profit or loss.

14. Operating income and expenses

a) Staff costs

The detail of "Staff Costs" in the accompanying interim condensed consolidated statement of profit or loss is as follows:

	Thousands of Euros	
	30/06/2023	30/06/2022
Wages, salaries and similar expenses	434,001	404,508
Severances	1,533	1,955
Employee benefit costs	65,103	56,323
Other staff costs	48,509	44,412
Total	**549,146**	**507,198**

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

Professional category	Average number of employees		
	First half of 2023		
	Men	Women	Total
Top management	75	21	**96**
Middle management	295	86	**381**
Supervisors	1,003	270	**1,273**
Operational employees & others	19,200	5,037	**24,237**
Total	**20,573**	**5,414**	**25,987**

Professional category	Average number of employees		
	First half of 2022		
	Men	Women	Total
Top management	79	16	**95**
Middle management	295	95	**390**
Supervisors	944	287	**1,231**
Operational employees & others	18,602	4,645	**23,247**
Total	**19,920**	**5,043**	**24,963**

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

Professional category	Number of employees		
	First half of 2023		
	Men	Women	Total
Top management	74	21	**95**
Middle management	287	82	**369**
Supervisors	949	192	**1,141**
Operational employees & others	19,170	5,095	**24,265**
Total	**20,480**	**5,390**	**25,870**

Professional category	Number of employees		
	First half of 2022		
	Men	Women	Total
Top management	77	18	**95**
Middle management	301	92	**393**
Supervisors	940	285	**1,225**
Operational employees & others	19,214	4,829	**24,043**
Total	**20,532**	**5,224**	**25,756**

b) Financial result

The breakdown of the financial result in the first half of 2023 and 2022 is as follows:

	Thousands of Euros	
	30/06/2023	30/06/2022
Finance income:		
Other finance income from third parties	1,541	438
Total finance income	**1,541**	**438**
Finance costs:		
Borrowing costs relating to syndicated loan and US Private Placement (Note 11)	(12,540)	(6,722)
Other finance costs paid to third parties	(4,000)	(1,980)
Finance costs on leasing liabilities (Note 13)	(3,147)	(3,389)
Exchange differences	3	(140)
Total finance costs	**(19,684)**	**(12,231)**
Gains or losses on the net monetary position (Hyperinflation)	(34)	(629)
Total Financial Result	**(18,177)**	**(12,422)**

15. Corporate income tax

a) Deferred tax assets

The detail of "Deferred Tax Assets" recognised in the accompanying interim condensed consolidated statement of financial position as at 30 June 2023 and the consolidated statement of financial position as at 31 December 2022 is as follows:

	Thousands of Euros	
	30/06/2023	31/12/2022
Tax credit for tax loss carryforwards	17,368	18,672
Withholding taxes and other tax credits	18,847	15,947
Temporary differences	23,417	23,544
Total deferred tax assets	**59,632**	**58,163**

The deferred tax assets recognised in the interim condensed consolidated statement of financial position relate mainly to Spanish Group companies and amounted to EUR 27,618 thousand at 30 June 2023 (31 December 2022: EUR 30,459 thousand). Based on the expected positive results of the Spanish companies, the Group reassessed the probable recoverability of the deferred tax assets recognised in the foreseeable future over a period of time less than ten years.

b) Deferred tax liabilities

"Deferred Tax Liabilities" in the accompanying interim condensed consolidated statement of financial position as at 30 June 2023 and the consolidated statement of financial position as at 31 December 2022 includes mainly the following items:

	Thousands of euros	
	30/06/2023	31/12/2022
Temporary differences associated with:		
Recognition at fair value of the identifiable assets in acquisitions of business combinations	71,169	77,497
Depreciation and amortisation and measurement of assets and goodwill	10,419	12,624
Amortisation of goodwill paid in the acquisition of foreign companies by Spanish companies	7,174	7,152
Other deferred tax liabilities	9,982	11,804
Total deferred tax liabilities	**98,744**	**109,077**

c) Years open for review and tax audits

At 30 June 2023 the Spanish companies which belong to Spanish tax group have 2018-2021 years open for review by the tax authorities for the Corporate income tax, 2019-2022 for Value Added Tax and 2019-2022 for withholding and payments on account of Personal income tax.

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.

Note 20.f to the consolidated financial statements for 2022 details the main audit and tax contingencies the Group faces. In this connection, there have been no significant developments in the first half of 2023 with respect to the main inspection procedures in progress and the Parent's Directors do not expect significant additional liabilities to arise.

16. Segmented information

a) Financial information by business segment

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 Group operating segments are detailed in Note 25 to the consolidated financial statements for 2022. As indicated in Note 2.b, the information for the first half of 2022 was restated.

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

First half of 2023

	Applus+ Energy & Industry	Applus+ Laboratories	Applus+ Automotive	Applus+ IDIADA	Other	Total
Revenue	524,464	117,784	203,836	154,764	(11)	**1,000,837**
Operating expenses	(482,136)	(100,097)	(160,518)	(135,665)	(16,126)	**(894,542)**
Adjusted Operating Profit	**42,328**	**17,687**	**43,318**	**19,099**	**(16,137)**	**106,295**
Amortisation of non-current assets identified in business combinations (Note 5)	(5,112)	(5,670)	(12,277)	(2,158)	-	**(25,217)**
Other results						**(10,705)**
Operating profit						**70,373**

First half of 2022

	Applus+ Energy & Industry	Applus+ Laboratories	Applus+ Automotive	Applus+ IDIADA	Other	Total
Revenue	472,584	99,135	217,354	129,306	6	**918,385**
Operating expenses	(435,290)	(86,177)	(168,340)	(115,802)	(15,001)	**(820,610)**
Adjusted Operating Profit	**37,294**	**12,958**	**49,014**	**13,504**	**(14,995)**	**97,775**
Amortisation of non-current assets identified in business combinations (Note 5)	(6,906)	(4,805)	(13,606)	(2,158)	-	**(27,475)**
Other results						**(8,158)**
Operating profit						**62,142**

The Adjusted Operating Profit is the Operating Profit before the amortisation charge of the intangible assets allocated in the business combinations and other results.

The other results are included under "Impairment and gains or losses on disposal of non-current assets" and "Other results" in the interim condensed 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 11).

The current, non-current assets and liabilities, by business segment, at 30 June 2023 and 31 December 2022 are as follows (in thousands of euros):

30 June 2023

	Applus+ Energy & Industry	Applus+ Laboratories	Applus+ Automotive	Applus+ IDIADA	Other	Total
Goodwill	276,346	263,345	288,798	13,392	1,247	**843,128**
Other intangible assets	102,382	77,005	141,343	15,242	10,819	**346,791**
Rights of use	31,953	30,817	76,218	28,332	463	**167,783**
Property, plant and equipment	63,651	80,462	82,713	27,668	515	**255,009**
Investments accounted for using the equity method	3,269	-	-	-	-	**3,269**
Non-current financial assets	10,789	804	3,921	861	6,787	**23,162**
Deferred tax assets	29,806	3,372	4,416	4,385	17,653	**59,632**
Total non-current assets	**518,196**	**455,805**	**597,409**	**89,880**	**37,484**	**1,698,774**
Total current assets	**459,922**	**99,222**	**38,209**	**159,101**	**10,816**	**767,270**
Total liabilities	**318,593**	**142,124**	**217,369**	**148,776**	**1,036,142**	**1,863,004**

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 the first half of 2023 and 2022 are as follows (in thousands of euros):

	Applus+ Energy & Industry	Applus+ Laboratories	Applus+ Automotive	Applus+ IDIADA	Other	Total
Capex - first half of 2023	8,927	7,089	3,653	5,078	475	**25,222**
Capex - first half of 2022	7,487	6,745	3,770	5,607	343	**23,952**

b) Financial information by geographical segment

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

The sales by geographical area, in the first half of 2023 and 2022, are as follows:

	Thousands of Euros	
	30/06/2023	30/06/2022
Spain	224,593	218,810
Rest of Europe	296,938	273,770
US and Canada	106,510	99,003
Asia and Pacific	130,988	116,789
Latin America	121,593	115,669
Middle East and Africa	120,215	94,344
Total	**1,000,837**	**918,385**

The non-current assets, by geographical area, at 30 June 2023 and 31 December 2022 are as follows (in thousands of euros):

Total non-current assets	Spain	Rest of Europe	US and Canada	Asia and Pacific	Latin America	Middle East and Africa	Total
30 June 2023	859,490	403,766	162,780	137,403	110,612	24,723	**1,698,774**
31 December 2022	826,377	393,782	179,309	143,273	107,827	25,535	**1,676,103**

17. Non-current provisions, obligations acquired and contingencies

a) Non-current provisions

Note 17 to the consolidated financial statements for 2022 details the various items included under this heading.

In the first half of 2023 there were no significant changes with respect to 31 December 2022.

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 Executive Committee and Committee of the subsidiaries, with the assistance of their advisers, considering the specific circumstances to each case.

b) Guarantees and obligations acquired

Note 27.a to the consolidated financial statements for 2022 details the guarantees provided by the Group.

In the first half of 2023 the guarantees granted were reduced by 6.26% with respect to 31 December 2022 due to the sale of the Auto USA business. The guarantees granted in the first half of 2023 amount to EUR 131.8 million (EUR 140.6 million at 31 December 2022).

The Parent's Directors do not expect any material liabilities additional to those recognised in the accompanying interim condensed consolidated statement of financial position as at 30 June 2023 to arise as a result of the transactions described in Note 27.a to the consolidated financial statements for 2022.

c) Contingencies

Note 27.b to the consolidated financial statements for 2022 details the main contingencies the Group faces.

There were no relevant changes in this connection in the first half of 2023.

At 30 June 2023, 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 interim condensed consolidated financial statements.

18. 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. 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 one member of the Board of Directors.

- The Directors and Senior Executive, as well as 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 of Directors 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 the first half of 2023, the Parent and its subsidiaries have not performed any transactions with related companies (Velosi (B) Sdn Bhd and Indoor Climate Management S.L.).

Balances with related companies

a) Receivables from related companies:

	Thousands of Euros	
	Trade receivables from related companies	
	30/06/2023	31/12/2022
Velosi (B) Sdn Bhd	177	187
Total	**177**	**187**

b) Payables to related companies:

	Thousands of Euros	
	Trade and other payables to related companies	
	30/06/2023	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 19.

There were no transactions or significant amounts outstanding with the Group's significant shareholders in the first half of 2023 and 2022.

19. Disclosures on the Board of Directors and Senior Executives

Remuneration of and obligations to the Board of Directors

The detail of the remuneration (including social benefits) earned during the first half of 2023 and of 2022 by the Executive Directors and the rest of the members of the Parent's Board of Directors includes the following concepts:

a) Remuneration for the half-year period:

	Thousands of Euros					
	30/06/2023			30/06/2022		
	Executive Directors	Members of the Board of Directors	Total	Executive Directors	Members of the Board of Directors	Total
Fixed remuneration	300	-	**300**	550	-	**550**
Variable remuneration	240	-	**240**	616	-	**616**
Other items	44	-	**44**	67	-	**67**
Non Executive Chairman and Independent Directors	-	368	**368**	-	358	**358**
Corporate Social Security Committee	-	35	**35**	-	35	**35**
Appointments & Compensation Committee	-	35	**35**	-	30	**30**
Audit Committee	-	45	**45**	-	45	**45**
Total	**584**	**483**	**1,067**	**1,233**	**468**	**1,701**

In 2023, Executive Directors include the Chief Executive Officer, being the only Executive Director. In 2022, until the termination the 27 June 2022 of the Group's Chief Executive Officer, Executive Directors included the Chief Executive Officer and the Chief Financial Officer.

62.50% of the Executive Director 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 accounting impact of these RSUs amount to EUR 48 thousand during the first half of 2023, corresponding to the plans to be vested in 2024 (40% for the RSUs granted in 2021, 30% of the RSUs granted in 2022 and 30% of the RSUs granted in 2023).

The detail of the RSU plans in force is disclosed in Note 29 to the consolidated financial statements for 2022 and in the Remuneration Report.

In the first half of 2023 the Executive Director and the members of the Board of Directors did not earn or receive any termination benefits.

"Other items" include the total of benefits that, according to the Remuneration Policy, account for 15% of the Fixed Remuneration.

Additionally to the aforementioned concepts, the retirement plan benefits earned by the Executive Director in the first half of 2023 amounted to EUR 1 thousand, which are not included in the table above (these EUR 1 thousand plus the EUR 44 thousand as "Other items" in the above table account for the 15% of Fixed Remuneration).

b) Long-Term Incentive (LTI):

According to remuneration policy in force, the Executive Director shall annually receive PSUs (Performance Stock Units) derived from a recurrent plan 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 total expense recognised in the first half of 2023 related to the three plans in force amounted to EUR 191 thousand as a result of the achievement of the defined variables.

The detail of the PSU plans in force is disclosed in Note 29 to the consolidated financial statements for 2022 and in the Remuneration Report.

Additionally, according to the remuneration policy in force, the Executive Director participates in a long-term strategic incentive plan 22-24 by which he received PSUs (Performance Stock Units) convertible into shares of the Parent to be received in 2025 and according to the achievement of specific objectives. The total expense recognised during the first half of 2023 related to this plan amounted to EUR 200 thousand.

At 30 June 2023, no loans or advances had been granted to the members of the Parent's Board of Directors.

Executive Director has arranged life insurance detailed in the table above in "Other items". No material pension or life insurance obligations were incurred with the members of the Non-Executive Parent's Board of Directors.

The Parent's Board of Directors at 30 June 2023 is made up of 5 men and 4 women. At 30 June 2022 it was made up of 5 men and 4 women.

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 was also included, as defined in 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 the first half of 2023 and of 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 in 2023, is as follows:

a) Remuneration for the half-year period:

	Thousands of Euros	
	30/06/2023	30/06/2022
Fixed remuneration	1,455	1,032
Variable remuneration	716	489
Other items	309	144
Termination benefits	-	-
Pension plans	6	5
Total	**2,486**	**1,670**

The fixed remuneration of certain Senior Executives includes a portion in RSUs amounting to EUR 206 thousand, which are 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.

64.3% 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 detail of the plans in force is disclosed in Note 29 to the consolidated financial statements for 2022.

In the first half of 2023, no termination benefits have been accounted.

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

Under the current remuneration policy in force, certain members of the Group's Senior Executives receive annually performance stock units (PSUs) derived from a recurrent plan that are convertible into shares of the Parent three years after the date on which they are granted. The expense recognised in the first half of 2023 related to the three plans in force amounted to EUR 192 thousand as a result of the achievement of the defined variables.

The detail of the PSU plans in force is disclosed in Note 29 to the consolidated financial statements for 2022.

The Group's Senior Executives participate in a long-term strategic incentive plan 22-24 by which he received PSUs (Performance Stock Units) convertible into shares of the Parent to be received in 2023, 2024 and 2025 and according to the attainment of specific objectives. The total expense recognised during the first half of 2023 related to this plan amounted to EUR 738 thousand.

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

The Group's Senior Executives, Internal Auditor not considered, is made up of 8 men and 4 women at 30 June 2023. At 30 June 2022 it was made up of 5 men and 4 women.

20. Events after the reporting period

No significant events occurred from 30 June 2023 to the date of authorisation for issue of these interim condensed consolidated financial statements other than those already included in these explanatory notes that should be included in, or modify or significantly affect, these interim condensed consolidated financial statements for the six-month period ended 30 June 2023.

21. Explanation added for translation to English

These interim condensed consolidated financial statements are presented in accordance with 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 with other generally accepted accounting principles and rules.

Applus Services, S.A. and Subsidiaries

Management Report to the Interim Condensed Consolidated Financial Statements for the first half of 2023

MID-YEAR REPORT 2023

Discontinued operations and Proforma numbers

Revenue, adjusted operating profit, margin and other financial indicators, in 2023 are reported as required by the applicable accounting standards on a continuing basis, removing the amounts in the current year and in the comparable year for the three disposals recently made. To allow for a cleaner comparison between the periods and to reflect the business performance on a continuing basis, the comparable financial indicators in 2022 are referred to as "proforma", and where appropriate the actual reported figures in 2022 may also be shown.

Within the Automotive division, the business and operations in Finland were sold in December 2022 which had revenue of €13.0 million in 2022 of which €6.7 million was in the first half.

The sale of the business of the Automotive division in the USA, with revenue in 2022 of €36.6 million of which €16.3 million was in the first half, was announced in December last year and the sale completed in February.

The disposal of the Oil & Gas business in the USA that is held within the Energy & Industry division was announced on the 30th March this year and the completion was in June. The revenue from this business was €101.8 million in 2022 of which €45.3 million was generated in the first half of 2022.

Appendix 2 has a table with the revenue by quarter of these discontinued operations.

Profit and Loss Overview

	H1				
	2023	2022 Proforma	Change vs Proforma	2022 Reported	Change vs Reported
Revenue	1,000.8	918.4	9.0%	986.7	1.4%
Adj. Op. Profit b/AD [1]	110.6	100.3	10.2%	99.7	10.9%
Adj. Op. Profit margin b/AD [1]	*11.0%*	*10.9%*	+ 12 bps	*10.1%*	+ 94 bps
Accelerated depreciation	(4.3)	(2.6)		(2.6)	
Adj. Operating Profit	106.3	97.8	8.7%	97.1	9.4%
Adj. Op. Profit margin	*10.6%*	*10.6%*	-2 bps	*9.8%*	+ 78 bps
PPA Amortisation	(31.4)	(34.0)		(34.3)	
Other results	(4.6)	(1.7)		(3.8)	
Operating profit	70.4	62.1	13.3%	59.1	19.1%
Finance Results	(18.3)	(12.6)		(12.8)	
Profit before tax	52.1	49.6	5.0%	46.3	12.5%
Income taxes	(16.0)	(15.5)		(15.8)	
Net Profit	36.1	34.1	6.0%	30.5	18.4%
Minorities	(5.7)	(8.7)		(8.7)	
Net Profit Group	30.4	25.4	19.8%	21.8	39.5%
Discontinued operations	(4.0)	(3.6)		-	
Net Profit after Disc. Op.	26.4	21.8	21.4%	21.8	21.4%
Adjusted Net Profit Group	60.0	54.5	10.0%	53.3	12.6%
EPS in € [2]	0.23	0.18	27.0%	0.16	48.0%
Adjusted EPS in €	0.46	0.39	16.7%	0.38	19.4%
# Shares (M)	130.8	138.7		138.7	

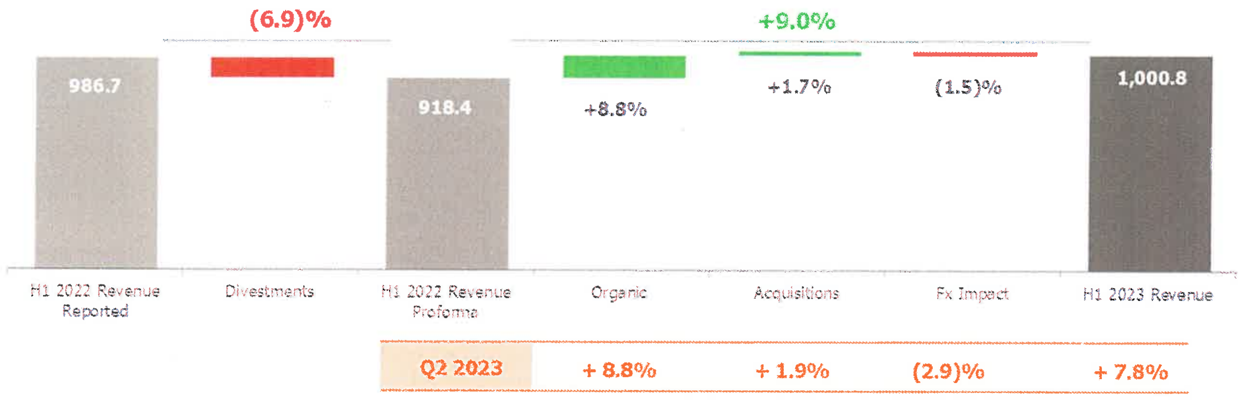
The figures shown in the table above are rounded to the nearest €0.1 million

1. AD is IDIADA accelerated depreciation to adapt assets useful life to contract/concession duration
2. EPS calculation based on Net Profit from Continuing Operations

Revenue

Revenue for the six-month period ending 30 June 2023 was €1,000.8 million which was 1.4% higher than the revenue of €986.7 million reported in the first half of last year and 9.0% higher compared to €918.4 million of proforma revenue, in the first half of last year.

The revenue bridge for the first half in € million is shown below.



The H1 2022 Revenue Proforma was €68.3 million lower than the H1 2022 Revenue Reported due to the discontinuation through disposal of three businesses.

The total revenue increase of 9.0% for the half was made up of an increase in organic revenue at constant exchange rates of 8.8%, a contribution in revenue from acquisitions made in the previous 12 months of 1.7% and a negative currency translation impact of 1.5%.

In the second quarter, the total revenue was up 7.8% with the organic component of 8.8% plus the contribution from acquisitions of 1.9% and a negative currency translation impact of 2.9%.

Demand for services continues to be strong across the board supplemented by price increases. There was strong double digit organic revenue growth in three of the four divisions with only Automotive having lower organic revenue due to the ending of the contract in Costa Rica in July last year and the contract in Alicante in February of this year.

The 1.7% acquisition revenue growth relates to nine acquisitions that closed in the previous 12 months with the most contribution coming from Riportico that closed in February of this year and K2 Ingeniería, purchased last year. The acquisition of Rescoll in France with €21 million of annual revenue, closed at the beginning of June and so only contributed one month to the first half results.

Of the revenue in the first half of 2023, half was generated in the reporting currency of the Group (euro) and the other half in other currencies of which the US dollar and other currencies linked to the US dollar are the largest at 14%. The average exchange rate of the US dollar to euro was stronger in the first half of this year compared to the first half of last year giving a positive currency benefit, but this was more than offset by the revenue generated in other currencies in the Group which were on average weaker, with the net result of a negative currency impact of 1.5% on revenue.

Adjusted Operating Profit

Adjusted operating profit for the six-month period ending 30 June 2023 was €110.6 million which was 10.9% higher than the adjusted operating profit of €99.7 million reported in the first half of last year and 10.2% higher compared to €100.3 million of proforma adjusted operating profit, in the first half of last year.

The adjusted operating profit bridge for the first half in € million is below.

% Adj. Op. Profit Margin H1 excl. AD	10.1%	+ 80 bps	10.9%	-24 bps	+ 18 bps	+ 18 bps	11.0%
% Adj. Op. Profit Margin	9.8%	+ 82 bps	10.6%	-39 bps	+ 19 bps	+ 18 bps	10.6%

AD is IDIADA accelerated depreciation to adapt assets useful life to contract/concession duration

The H1 2022 Adjusted Operating Profit Proforma was €0.6 million higher than the H1 2022 Adjusted Operating Profit Reported due to the discontinuation by disposal of three businesses which in aggregate were loss making in H1 of last year.

Organic adjusted operating profit was up 6.5%, incremental profit from acquisitions was 3.2% and currency translation had a positive impact of 0.5%.

The adjusted operating profit margin was 11.0%, 90 basis points above the reported first half margin of 2022 and is 10 basis points higher than the equivalent proforma margin of 10.9% in H1 2022.

The margin increase of 90 basis points compared to the reported first half margin in 2022 is primarily due to the disposals of the three businesses as described above. In aggregate these businesses had revenue in the first half of 2022 of €68.3 million and an adjusted operating loss of €0.6 million. The margin increase of 10 basis points compared to the proforma result in 2022 was due to the strong margin performance of three of the four divisions offset by the Automotive division which reported a lower margin due to the ending of the contract in Costa Rica in July 2022 alongside the ending of the Automotive contract in Alicante in February 2023.

The margin for the second quarter of this year was 12.0% which was 110 basis points higher than the second quarter of last year. On a proforma basis, the second quarter margin was 60 basis points higher than the second quarter of last year with three of the four divisions contributing to this increase and the impact from the lower margin in Automotive division due to the ending of the Costa Rica and Alicante contracts being less than they were in the first quarter due to stronger performance in the remainder of the division.

Other Financial Indicators

The reported operating profit was €70.4 million in the half year compared to a reported operating profit of €59.1 million in the previous period. The reported operating profit is after deducting IDIADA Accelerated Depreciation of €4.3 million (H1 2022: €2.6m), PPA Amortisation of €31.4 million (H1 2022: €34.3m) and Other results of €4.6 million (H1 2022: €3.8m) from the adjusted operating profit as detailed in Appendix 1.

The net financial expense in the profit and loss for the period was €18.3 million (H1 2022: €12.8m), higher than the prior half year due to the higher cost of debt in 2023 compared to 2022 from rising interest rates.

The statutory profit before tax was €52.1 million (H1 2022: €46.3m). The statutory profit before tax was higher than for the corresponding period last year due to the higher operating profit.

The reported tax on a statutory basis was a charge of €16.0 million versus €15.8 million (actual reported) in the first half of last year. The effective tax charge, being the tax on the adjusted profit before tax, for the first half at €22.3 million was in line with the prior year first half of €22.0 million (proforma) and €22.3 million (actual reported). This gave an effective tax rate of 25.3%, being lower than the rates in the prior period.

Non-controlling interests decreased in the half year from €8.7 million in the first half of last year to €5.7 million in the first half of 2023. The decrease of €3.0 million is mainly due to the ending of the statutory vehicle inspection contract in Costa Rica and the purchase in December of last year of the 20% minority interest not already owned in the vehicle inspection contract in Galicia.

The adjusted net profit was €60.0 million, being 12.6% higher than the Reported adjusted net profit in the comparable period. The adjusted earnings per share was 0.46 cents for the first half, being 19.4% higher than the Reported adjusted earnings per share in the comparable period with the difference of 6.8% between these growth rates being due to the reduced share count following the two recently executed share buybacks.

The statutory net profit of €26.4 million was after the charge of €4.0 million from the disposals of the businesses and this was 21.4% higher than the comparable period net profit and the statutory earnings per share of 0.23 cents was 48.0% higher than the comparable period statutory earnings per share of 0.16 cents.

Second Share Buyback Programme

Following the successful conclusion of the first 5% share buyback programme fully executed in 2022, the Group commenced a second 5% share buyback programme in November 2022 and completed in May.

In the second share buyback, a total of 6,793,375 shares were bought for a total cash outflow of €47.2 million resulting in an average cost per share of €6.95.

At the Annual General Meeting of shareholders that took place on 8 June 2023, the Board proposed a resolution to cancel the entire 5.0% of share capital purchased in this second buyback and this was approved by shareholders.

Following these two share buybacks, the total number of shares is 129,074,133.

Cash Flow and Debt

Cash flow generation remains very solid at Applus+ and alongside a comfortable level of leverage and high liquidity, supports the investment required to fulfil the Strategic Plan.

	H1		
	2023	2022 Reported	Change vs LY
Adjusted Ebitda	**164.9**	**156.4**	**5.4%**
Change in Working Capital	(38.6)	(35.3)	
Capex	(25.2)	(24.0)	
Adjusted Operating Cash Flow	**101.1**	**97.2**	**4.0%**
Taxes paid	(16.4)	(18.4)	
Interest paid	(14.0)	(7.2)	
Adjusted Free Cash Flow	**70.7**	**71.5**	**(1.2)%**
Extraordinaries & Others	(12.6)	(4.5)	
Dividends to Minorities	(13.1)	(1.9)	
Operating Cash Generated	**45.0**	**65.1**	**(30.9)%**
Acquisitions	(60.7)	(42.8)	
Divestments	30.0	-	
Cash b/Changes in Financing & FX	**14.3**	**22.3**	
Payments of lease liabilities (IFRS 16)	(32.4)	(31.8)	
Other changes in financing	48.2	46.9	
Share buybacks	(36.1)	(53.6)	
Treasury Shares for LTIP	-	(1.4)	
Currency translations	(3.0)	6.1	
Cash Increase/(Decrease)	**(9.0)**	**(11.5)**	

The figures shown in the table above are rounded to the nearest €0.1 million.

The increase in working capital of €38.6 million is a similar change to that in the comparable period which alongside the higher adjusted earnings before interest, tax, depreciation and amortisation (Adjusted Ebitda) drove an increase in the adjusted operating cash flow this first half compared to last year.

Net capital expenditure on expansion of existing and into new facilities was €25.2 million (H1 2022: €24.0m) which represented 2.5% (H1 2022: 2.4%) of Group revenue.

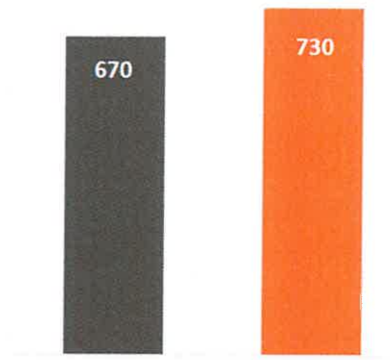
Adjusted operating cash flow (after capital expenditure) of €101.1 million was 4.0% higher than for the same period last year when it was €97.2 million. After tax and interest paid, the adjusted free cash flow was €70.7 million, which was 1.2% lower than the first half last year when it was €71.5 million.

The cash outflow of €60.7 million for Acquisitions in the first half relates to the payments made to acquire Riportico in Portugal, CLM in Spain and Rescoll in France and also includes the amount paid for the 20% minority interest in Inversiones Finisterre (Auto Galicia) not already owned.

The final net cash decrease in the period was €9.0 million. This is after the payment or lease liabilities of €32.4 million (from the accounting standard of IFRS16), the cash outflow relating to a part of the second 5.0% share buyback of the equity of the company for €36.1 million, plus a net increase in the drawdown of borrowings of €48.2 million and a negative currency translation difference of €3.0 million.

The Net Debt, as defined by the bank covenant for the syndicated debt facilities and the US Private Placement notes, was €730 million at the end of the first half period which was €60 million higher than at the end of 2022. This increase of €60 million was after returning €36 million in share buybacks and investing a net amount of €30 million in acquisitions, net of disposal proceeds.

The financial leverage of the Group has been maintained at the same level as for the previous key period end dates reflecting the strong increase in the last twelve months EBITDA offsetting the increased investments made to fulfil the inorganic strategy and share buyback programme. At the period end, measured as Net Debt to last twelve months Adjusted EBITDA, was 2.6x (as defined by the bank covenant for the syndicated debt facilities), at the same level as the position on 31 March 2023 and on 31 December 2022 and slightly lower than the position at the same time last year when it was 2.7x. This is considerably lower than the leverage covenant of 4.0x which is tested twice per year.



	FY 2022	H1 2023
NET DEBT / EBITDA[1]	2.6x	2.6x
Gross Debt	856	909
Cash	(186)	(180)
Net Debt	670	730

(1) Stated at annual average rates and excluding IFRS 16 as defined by bank covenant.

The net debt position as calculated under the IFRS16 accounting standard was €910 million at the end of the first half. This is an increase of €49 million compared to the year-end position.

At the end of the first half, the amount of cash in the Group was €180 million and the undrawn committed facilities at the end of June was €245 million giving a total liquidity position of €425 million.

The main borrowings of the Group consist of a bank facility (Term Loan and a revolving credit facility or RCF) that were placed in June 2018 of €600 million and US private placement (USPP) facilities amounting to €330 million in total placed in 2018 and 2021. The bank facility is from a syndicate of twelve banks and had an original maturity date of five years to June 2023 that has been extended by one year on two occasions as permitted under the loan agreement and so now has a maturity date of June 2025. The USPP is from two lenders and are for original terms of seven, ten and fifteen years, maturing in July 2025, July 2028, June 2031 and June 2036.

Sustainability Services

The revenue and profit generated from providing services that have a positive impact on either the environment or on society is increasing. The acquisition last year of K2 Ingeniería in Colombia is exclusively focused on services that benefit the environment and the recent acquisition of Rescoll in France that has a strong business line in testing medical devices supports society. The Laboratories and IDIADA divisions are increasing the amount of work they are performing for more energy efficient products and vehicles. The Auto division recently commenced a new vehicle emissions inspection programme in Mexico and has recently been awarded a new statutory vehicle inspection contract in Saudi Arabia that will periodically inspect the safety of vehicles as well as their contaminant emissions. One of the strongest growth areas in the Energy & Industry division is inspection and other services for the Renewable energy generation and distribution industry.

In 2022, the total revenue measured that has a positive effect on either the environment or on society was €1,052 million or 51% of the Group revenue having increased by 20%. In the first half of 2023, the sustainability services revenue is approximately half of that for the full year of 2022, giving a slightly higher proportion of the Group revenue.

Environmental, Social and Governance

The Group continues to make good progress in the ambit of environmental, social and governance (ESG).

2022 was the first year to have specific targets to be achieved relating to environmental, social and governance that are linked to the executive directors and senior management team´s variable remuneration accounting for 15% of the annual bonus plus 10% of the long-term incentive plan and targets have also been set for 2023 and 2024. These targets relate to the reduction of emissions, safety and diversity of the workforce and ethics.

The Group has furthermore committed to be neutral in 2023 for scope 1 and 2 carbon emissions and net zero by 2050 and was recently validated for its near-term targets by the Science Based Targets Initiative (SBTi).

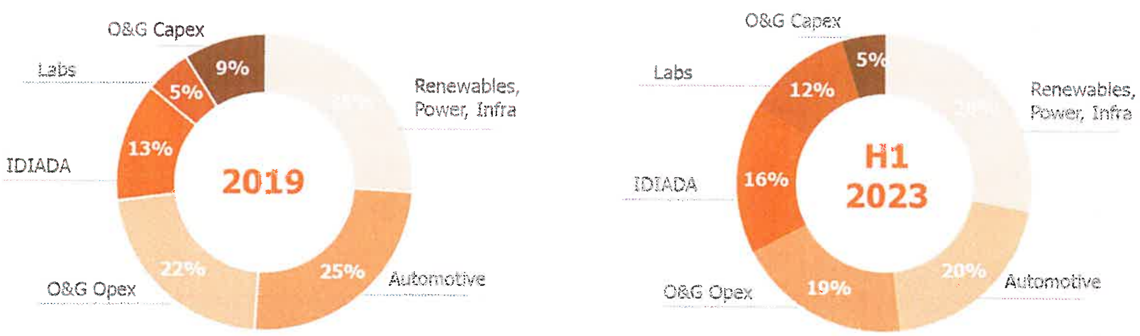
The external ESG ratings´ agencies that perform their independent analysis on the Group, taking different perspectives and approaches, have all recognised and confirmed the Group´s resilience and commitment to sustainability validating the progress made and alignment to the strategic objectives. During the first half period, no new ratings were awarded and the existing ratings were either left unchanged or re-affirmed with equally strong scores as they previously held. These recognitions are from Sustainalytics with a "low risk" rating of 13.3, MSCI ESG Ratings (AA), Standard & Poor´s Global Corporate Sustainability Assessment with a high score of 54, Gaïa (70/100), Standard Ethics (EE+ or "Very Strong"), the CDP (B) and being included in the FTSE4GoodIBEX. Furthermore, the Financial Times and Statista included Applus+ for the second year running amongst 400 companies within its list of Europe Climate Leaders 2023 that have achieved the greatest reduction in the intensity of their Scope 1 and 2 greenhouse gas emissions over a 5-year period.

Active Portfolio Management

As part of the 2022-2024 strategic objectives of portfolio evolution towards higher growth end markets and to mitigate business risks, the Group is undertaking active portfolio management to accelerate the portfolio evolution. This entails continuing to make strategic acquisitions given high market fragmentation and room for further geographic expansion and divestments of underperforming operations.

In this respect the Group has been successful in transforming the business through its active portfolio strategy as shown in the splits of revenue by the key business segments in the first half of 2023 compared to the position prior to covid, in 2019. The Laboratories division, that has higher overall growth and margins has increased from 5% of the Group revenue to 12%; likewise, Renewables, Power and Infrastructure has increased from 26% to 28%. The decreases in weight from Oil & Gas and Automotive are due to lower organic growth for these businesses and the disposals.

% Total Revenues by End Market



Divestments

Certain non-strategic businesses were identified for disposal and a process has been underway to accomplish this with the best possible outcome. Three disposals have been made of two separate businesses within the Automotive division and one in the Energy & Industry division. The first was the disposal in December 2022 of the Automotive division business and operations in Finland which generated €13 million of annual revenue in 2022. The second disposal was agreed in January 2023 and closed in February, of the Automotive division business and operations in the United States which had €36.6 million of annual revenue in 2022. The proceeds from these two disposals was €38 million. The third was the disposal from the Energy & Industry division of a non-destructive asset testing and inspection business in the USA that served the Oil & Gas industry. This last disposal was announced in March and completed in June. The business generated revenue of €101.8 million in 2022 at an operating loss trading under challenging competitive local market conditions over the last few years and the net proceeds were non-material.

Acquisitions

Applus+ has always been active in investing in companies that add complementary services and end-markets and this has continued under the 2022-2024 strategic objectives with the acquisition of nine companies in 2022 and this year to date, for upfront cash investments of €126 million and a total of €144 million when including the purchase of the 20% minority interest in the statutory vehicle inspection contract in Galicia that was not previously owned. These bring to the Group an additional €60 million in annual revenue at an average adjusted operating profit margin of over 20%. These high-quality businesses are already delivering material synergies whilst accelerating the mix in the portfolio of businesses towards markets with higher growth and margins.

In 2023 so far, the Group has made four acquisitions of the entire share capital of complementary companies of which three of them joined the Laboratories division and one the Energy & Industry division.

Laboratories Acquisitions:
February 2023, CLM was purchased. This is a metrology and calibration laboratory in Spain with close to €3 million in annual revenue.

June 2023, CFI was purchased, which is an automotive component testing company, based in China with annual revenue of approximately €7 million.

June 2023, Rescoll was purchased, which is a leading laboratory in France with a strong reputation and market presence in medical devices and aerospace. Annual revenue is currently €21 million.

Energy & Industry Acquisition:
January 2023, Riportico Engenharia, a provider of supervision and engineering design services for civil infrastructure based in Portugal with approximately €8 million revenue in 2022.

Segmental reporting changes

The aerospace testing business in the US that was in the Energy & Industry division in 2022 has been transferred to Laboratories as of the start of this year. The revenue related to this business was €25.5 million in 2022 of which €11.6 million was generated in the first half of 2022. The adjusted operating profit was €4.3 million of which €1.7 million was in the first half. The table below shows the revenue and adjusted operating profit relating to this business in 2022 by quarter and the results reported in 2023, including in this first half, are amended to reflect this change and to allow for a truer comparison from period to period.

Aerospace	2022					
	Q1	Q2	H1	Q3	Q4	FY
Revenue	5.4	6.2	11.6	6.9	7.0	25.5
Adj. Op. Profit			1.7			4.3
% Adj. Op. Profit Margin			*14.3%*			*16.8%*

Outlook

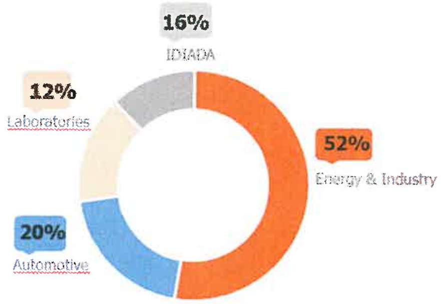
In the light of the strong performance in the first half of 2023 and the visibility for the rest of the year, it is expected that good revenue and profit growth will be delivered giving the Company the confidence to raise the guidance to high single digit organic revenue growth from the previous guidance of mid to high. Following the recent margin upgrade announced in June, the operating profit margin, before IDIADA accelerated depreciation, is expected to increase in excess of 60 basis points compared to the reported margin last year which was 10.1%.

Further out, the Group remains totally focused on continued strong execution and delivering on the strategic plan.

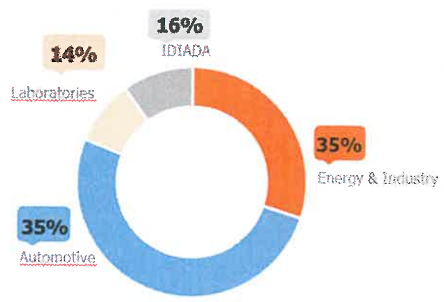
Operating review by division

The Group operates through four global business divisions: Energy & Industry Division, Automotive Division, Laboratories Division and IDIADA Division, and the respective shares of the revenue and adjusted operating profit for the first half of 2023 are shown below.

H1 2023 revenue split



H1 2023 adjusted operating profit split



Energy & Industry Division

Energy & Industry is a world leader in non-destructive testing, industrial and environmental inspection, quality assurance and quality control, engineering and consultancy, vendor surveillance, certification and asset-integrity services. The division employs approximately 16,000 people and is active in over 60 countries.

The Division designs and deploys proprietary technology and industry know-how across diverse sectors, helping clients to develop and control industry processes, protect assets and increase operational and environmental safety.

The revenue in the division was €524.5 million and the adjusted operating profit was €42.3 million in the six-month period giving an adjusted operating profit margin of 8.1%.

EUR Million	H1							
	2023	2022 Proforma *	Change	Organic	Inorganic	FX	2022 Reported *	Change
Revenue	524.5	472.6	11.0%	***10.9%***	***1.9%***	*(1.8)%*	517.9	1.3%
Adj. Op. Profit	42.3	37.2	13.7%	*9.5%*	*5.2%*	*(1.0)%*	35.8	18.0%
% AOP Margin	*8.1%*	*7.9%*	*+ 19 bps*				*6.9%*	*+ 115 bps*

The figures shown in the table above are rounded to the nearest €0.1 million

Revenue for the six-month period ended 30 June 2023 was 1.3% higher than the reported revenue in the first half of last year (restated for the transfer of the Aerospace business to Laboratories) and was 11.0% higher on a Proforma basis. The Proforma revenue increase was made up of an increase of 10.9% in organic revenue at constant exchange rates, 1.9% from acquisitions (Inorganic) and a decrease of 1.8% due to unfavourable exchange rates.

The revenue in the second quarter of €274.7 million was significantly higher than the first quarter revenue of €249.8 million due to seasonality and acquisitions with the organic revenue growth in the first and second quarters at similar rates at 11.2% in the first quarter and 10.6% in the second.

Inorganic revenue of 1.9% from acquisitions relates to two previously made acquisitions. Six months of revenue is included in inorganic from K2 Ingeniería in Colombia that was purchased in July last year and provides environmental consulting & monitoring services for the infrastructure industry and six months of revenue from Riportico Engenharia, that was purchased in January and is a provider of supervision and engineering design services for civil infrastructure and is based in Portugal.

Negative currency translation of 1.8% in the period was mainly due to the Canadian and Australian dollars that were weaker against the Euro.
Adjusted operating profit was 18.0% higher than the reported adjusted operating profit last year (restated for the transfer of the Aerospace business to Laboratories) and was 13.7% higher on a Proforma basis. The Proforma adjusted operating profit increase was made up of an increase of 9.5% in organic revenue at constant exchange rates, 5.2% from acquisitions (Inorganic) and a decrease of 1.0% due to unfavourable exchange rates.

The adjusted operating profit margin of 8.1% was 115 basis points higher than the reported margin last year (restated for the transfer of the Aerospace business to Laboratories). On a Proforma basis, the margin increased by 19 basis points from 7.9% to 8.1%. The margin increase of 115 basis points was mainly due to the disposal of the US Oil & Gas business that was loss making in the previous year and these results have now been taken out of the current year figures. They are included in the prior year Reported figures and they are excluded from the prior year Proforma figures.

The division is performing well with strong double-digit organic revenue growth and positive growth in all regions from higher demand for services and higher pricing.

Renewables, Power, Infrastructure and Diversified Industries now represents 54% of the division revenue and is growing at high single digits with Latin America, Iberia and the Middle East leading the growth. The margin for this segment is increasing and for the first half period was close to 9%.

Oil & Gas grew at a double-digit rate coming from continued strong demand in Opex exposed services, in the main regions and this more than offset the decrease in Capex exposed services which has considerably less weight now, being 20% of Oil & Gas (or 9% of the division and 5% of the Group) and are more cyclical. The margin for the whole Oil & Gas segment is now around 7%.

Recent acquisitions are performing well. Riportico, the Portuguese infrastructure company acquired in the first quarter with €8 million of annual revenue and K2 Ingeniería, an environmental consulting and monitoring business in Colombia and acquired in the second half of 2022 with €13 million annual revenue.

Automotive

Automotive is one of the global leaders for statutory-vehicle-inspection services for safety and emissions. The programmes inspect vehicles in jurisdictions where vehicles must comply with statutory technical-safety and environmental regulations.

The division employs approximately 4,000 people managing more than 20 programmes across Spain, Ireland, Sweden, Denmark, Andorra, Argentina, Georgia, Chile, Ecuador, Mexico and Uruguay. A new contract in Saudi Arabia has recently been awarded and is expected to be operational soon. The market for statutory vehicle inspection for safety and emissions is expected to continue growing well in existing and new markets.

The revenue in the division was €203.8 million and the adjusted operating profit was €43.3 million in the six-month period giving an adjusted operating profit margin of 21.3%.

EUR Million	H1							
	2023	2022 * Proforma	Change	Organic	Inorganic	FX	2022 Reported	Change
Revenue	203.8	217.4	(6.2)%	*(5.3)%*	*0.8%*	*(1.7)%*	240.3	(15.2)%
Adj. Op. Profit	43.3	49.0	(11.6)%	*(14.7)%*	*1.1%*	*2.0%*	49.8	(12.9)%
% AOP Margin	*21.3%*	*22.6%*	*-130 bps*				*20.7%*	*+ 55 bps*

The figures shown in the table above are rounded to the nearest €0.1 million

Revenue for the six-month period ended 30 June 2023 was 15.2% lower than the reported revenue in the first half of last year and was 6.2% lower on a Proforma basis. The Proforma revenue decrease was made up of a decrease of 5.3% in organic revenue at constant exchange rates, 0.8% from an acquisition (Inorganic) and a decrease of 1.7% due to unfavourable exchange rates.

The revenue in the second quarter of €103.6 million was slightly higher than the first quarter revenue of €100.3 million with organic revenue decrease in the first and second quarters at exactly the same rate of 5.3%.

Inorganic revenue of 0.8% from acquisitions relates to IDV Madrid that performs statutory vehicle inspection services and was purchased in April of last year.

Negative currency translation of 1.7% on revenue in the period was mainly due to Swedish and Latin American currencies that were weaker against the Euro.

Adjusted operating profit was 12.9% lower than the reported adjusted operating profit last year and was 11.6% lower on a Proforma basis. The Proforma adjusted operating profit decrease was made up of a decrease of 14.7% in organic at constant exchange rates, an increase of 1.1% from acquisitions (Inorganic) and an increase of 2.0% due to exchange rates.

The adjusted operating profit margin of 21.3% was a strong result, being 55 basis points higher than the reported margin last year. On a Proforma basis, the margin decreased by only 130 basis points from 22.6% to 21.3% considering the high margin contracts of Costa Rica and Alicante had ended. The margin increase of 55 basis points included the benefit following the disposals of the Auto Finland and Auto USA businesses that in aggregate had a low profit margin in the previous year and these results have now been taken out of the current year figures. The strong underlying margin performance of the division, excluding the ending of the Costa Rica and Alicante contracts, was due to the full effect of price increases being put through in some countries and contracts part way through last year and this year, and an improvement in the profitability of the Irish contract being the largest by revenue in the division following capacity issues in the first half of last year.

Revenue decrease of 6.2% was mainly due to the ending of the contracts in Costa Rica in July last year and Alicante that ended in February of this year. The underlying revenue growth excluding Costa Rica and Alicante would have been in the mid-single digits driven by higher inspection volumes and price inflation.

The decrease in margin on a proforma basis is mainly due to the Costa Rica and Alicante contracts that ended having a higher margin than the division average.

All concessions and programmes are performing well with those in Spain and Ireland contributing the highest profit growth.

A new ten-year statutory vehicle inspection contract has been awarded in Saudi Arabia that is expected to generate revenue in the mid-teens millions of euros on an annual basis once the contract is fully ramped up. Applus+ was one of four companies awarded a share of this programme in the country and was won in a competitive tender on the basis of superior technology and project management skills.

There are further opportunities for contracts in emerging markets which Applus+ is expected to benefit from and in the meantime, there are no material contracts that end until December 2027.

Laboratories

Laboratories provides testing, certification and engineering services to improve product competitiveness and promote innovation. The Division operates a network of multidisciplinary laboratories in Europe, Asia and North America, employs approximately 2,000 people and is active in 13 countries.

The division comprises six key business units: Mechanical (includes aerospace and materials testing); Electrical & Electronic (includes electrical and electromagnetic compatibility testing and product certification for the electronics and automotive sector); Cybersecurity (includes electronic payment system protocol testing and approval); Construction (includes fire and structural testing of building materials);
Metrology (includes calibration and measuring instruments) and Systems Certification.

The revenue in the division was €117.8 million and the adjusted operating profit was €17.7 million in the six-month period, giving an adjusted operating profit margin of 15.0%.

EUR Million	H1					
	2023	2022 Proforma*	Change	Organic	Inorganic	FX
Revenue	117.8	99.1	18.8%	*14.5%*	*5.5%*	*(1.2)%*
Adj. Op. Profit	17.7	13.0	35.9%	*30.7%*	*8.1%*	*(2.9)%*
% AOP Margin	*15.0%*	*13.1%*	*+ 189 bps*			

The figures shown in the table above are rounded to the nearest €0.1 million

Revenue for the six-month period ended 30 June 2023 was 18.8% higher than the Proforma revenue in the first half of last year (restated for the transfer of the Aerospace business from Energy & Industry). The revenue increase was made up of an increase of 14.5% in organic revenue at constant exchange rates, 5.5% from acquisitions (Inorganic) and a decrease of 1.2% due to unfavourable exchange rates.

The revenue in the second quarter of €62.7 million was higher than the first quarter revenue of €55.1 million due to acquisitions with the organic revenue growth in the first and second quarters at similar rates at 15.0% in the first quarter and 14.2% in the second.

Inorganic revenue of 5.5% from acquisitions relates to six made in the last 12 months including the largest of these being Rescoll which is a materials testing laboratory in France that specialises in medical products and aerospace that was purchased in June this year.

Negative currency translation of 1.2% on revenue in the period was mainly due to the the Chinese and Canadian currencies that were weaker against the Euro.

Adjusted operating profit was 35.9% higher than the Proforma adjusted operating profit last year (restated for the transfer of the Aerospace business from Energy & Industry). The adjusted operating profit increase was made up of an increase of 30.7% in organic, 8.1% from acquisitions (Inorganic) and a decrease of 2.9% due to unfavourable exchange rates.

The adjusted operating profit margin of 15.0% was 189 basis points higher than the margin last year (restated for the transfer of the Aerospace business from Energy & Industry). The significant margin improvement was due to the business in China being back to normal levels after the lockdowns last year where the costs in China remained the same and the revenue fell and was also due to good operational gearing, a better profitability mix and higher margins from the acquisitions.

By business line, the strongest growth came from Electrical & Electronic and Cybersecurity services driven by the electrification and connectivity global megatrends and also good growth in non-destructive testing for the Aerospace industry.

The three acquisitions made so far this year in Spain (metrology), France (medical devices and aerospace) and China (automotive components) are performing well and being rapidly integrated with revenue synergies being generated.

Following several years of organic revenue growth and targeted investment through acquisitions, the Laboratories division is now a significant contributor to the Group at 14% of Group Adjusted Operating Profit.

IDIADA

IDIADA A.T. (80% owned by Applus+ and 20% by the Government of Catalonia) has been operating under an exclusive contract from the 351-hectare technology centre near Barcelona (owned by the Government of Catalonia) since 1999. The contract to operate the business runs until September 2024 and it has been decided that there will be a tender for a new 20 or 25 year concession.

IDIADA A.T. provides services to the world's leading vehicle manufacturers for new product development activities in design, engineering, testing and homologation.

The division employs approximately 3,000 people and is active in 22 countries.

The revenue in the division was €154.8 million and the adjusted operating profit was €19.1 million in the six-month period giving an adjusted operating profit margin of 12.3%. Before taking account of Accelerated Depreciation, that is required to adapt assets useful life to contract or concession duration, the margin was 15.1%.

EUR Million	H1				
	2023	2022	Change	Organic	FX
Revenue	154.8	129.3	19.7%	*20.2%*	*(0.5)%*
Adj. Op. Profit	19.1	13.5	41.4%	*43.4%*	*(2.0)%*
% AOP Margin	*12.3%*	*10.4%*	*+ 190 bps*		
Adj. Op. Profit excl. AD [1]	23.4	16.1	45.4%		
% AOP Margin	*15.1%*	*12.4%*	*+ 267 bps*		

The figures shown in the table above are rounded to the nearest €0.1 million

(1) AD is IDIADA Accelerated Depreciation to adapt assets useful life to contract/concession duration

Revenue for the six-month period ended 30 June 2023 was 19.7% higher than the revenue in the first half of last year. The revenue increase was made up of an increase of 20.2% in organic revenue at constant exchange rates less 0.5% due to unfavourable exchange rates.

The revenue in the second quarter of €83.1 million was considerably higher than the first quarter revenue of €71.7 million due to seasonality and good continued sequential growth with organic revenue growth in the first and second quarters at similar rates at 19.8% in the first quarter and 20.6% in the second.

Adjusted operating profit was 41.4% higher than the adjusted operating profit last year and before Accelerated Depreciation was 45.4% higher. The adjusted operating profit increase was all organic.

The adjusted operating profit margin of 12.3% was 190 basis points higher than the margin last year and before Accelerated Depreciation was 15.1% and 267 basis points higher. This margin increase was entirely organic due to the benefit of operational gearing with the strong revenue growth as well as a positive mix with the higher margin proving ground in Catalonia back to full capacity.

The outstanding performance from this division continues, with growth across the board and especially testing and support for the development of fully electric and hybrid vehicles, but also batteries and components for these vehicles. Testing full vehicles and components for autonomous driving and advanced driver assistance systems is also providing much of the growth.

The organic revenue growth rate of 20% for the last few quarters has been exceptional, with this being materially boosted by a large one-off project from an Asian vehicle manufacturer. This project that has lasted over a year is now expected to slowdown in the revenue in the second half, despite which a positive level of organic revenue growth is still expected in the second half.

The Group continues to await news on the tender to renew the whole IDIADA concession for a further 20- or 25-years that otherwise ends in September 2024. In the meantime, the assets of the business must undergo accelerated depreciation to nil value by the end of the concession. The accelerated depreciation in the first half of 2023 was €4.3 million compared to €2.6 million in the prior year first half. The full year accelerated depreciation is expected to be around €10 million compared to €5.8 million in 2022.

Appendix 1

Reconciliation of Adjusted to Statutory results

The financial performance of the Group is presented in an "adjusted" format alongside the statutory ("reported") results. The adjustments are made in order that the underlying financial performance of the business can be viewed and compared to prior periods by removing the financial effects of other results.

Where stated, organic revenue and profit are adjusted for acquisitions or disposals (unless classified as discontinued operations), in the prior twelve-month period and are stated at constant exchange rates, taking the current year average rates used for the income statement and applying them to the results in the prior period.

In the table below, adjusted results are presented alongside the statutory results (proforma for the divestments).

	H1 2023			H1 2022 Proforma		
EUR Million	Adj. Results	Other results	Statutory results	Adj. Results	Other results	Statutory results
Revenue	1,000.8	0.0	1,000.8	918.4	0.0	918.4
Ebitda	166.0	0.0	166.0	151.7	0.0	151.7
Operating Profit	106.3	(35.9)	70.4	97.8	(35.6)	62.1
Net financial expenses	(18.3)	0.0	(18.3)	(12.6)	0.0	(12.6)
Profit Before Taxes	88.0	(35.9)	52.1	85.2	(35.6)	49.6
Current Income tax	(22.3)	6.3	(16.0)	(22.0)	6.5	(15.5)
Non controlling interests	(5.7)	0.0	(5.7)	(8.7)	0.0	(8.7)
Net Profit	60.0	(29.6)	30.4	54.5	(29.2)	25.4
Discontinued Operations	0.0	(4.0)	(4.0)	0.0	(3.6)	(3.6)
Net Profit after Disc. Op.	60.0	(33.6)	26.4	54.5	(32.8)	21.8
Number of Shares	130,761,150		130,761,150	138,689,284		138,689,284
EPS, in Euros	0.46		0.23	0.39		0.18
Income Tax/PBT	*(25.3)%*		*(30.7)%*	*(25.8)%*		*(31.3)%*

The figures shown in the table above are rounded to the nearest €0.1 million.

Other results of €35.9 million (H1 2022: €35.6m) in the Operating Profit represent amortisation of acquisition intangibles of €31.4 million (H1 2022: €34.0m) plus €4.6 million of transaction costs and other items (H1 2022: €1.7m). Tax of €6.3 million (H1 2022: €6.5m) relates to the tax impact on these Other results. The Other results also include the overall net cost for the discontinued operations.

Appendix 2

Revenue by quarter of the three discontinued operations

	2022					
	Q1	Q2	H1	Q3	Q4	FY
Revenue Reported	462.4	524.3	986.7	532.2	531.0	2,049.9
Auto USA	(7.5)	(8.8)	(16.3)	(11.3)	(9.1)	(36.6)
Auto Finland	(3.0)	(3.7)	(6.7)	(3.6)	(2.7)	(13.0)
US Oil & Gas	(19.5)	(25.8)	(45.3)	(31.1)	(25.4)	(101.8)
Revenue Proforma	432.5	485.9	918.4	486.3	493.9	1,898.5

Appendix 3

Alternative Performance Metrics

Applus' financial disclosures contain magnitudes and metrics drafted in accordance with International Financial Reporting Standards (IFRS) and others based on the Group's disclosure model referred to as Alternative Performance Metrics.

- **Acquisition**, the benefit from acquisitions made in the previous twelve months
- **AD - IDIADA accelerated depreciation**, to adapt assets useful life to contract/concession duration
- **Adjusted measures** are stated before other results
- **AOP**, Adjusted Operating Profit
- **CAGR**, Compounded Annual Growth Rate
- **Capex**, realised investments in property, plant & equipment, or intangible assets
- **Cash conversion**, calculated as the ratio of EBITDA minus capex & change in working capital over EBITDA
- **EBITDA**, measure of earnings before interest, taxes, other results and depreciation and amortisation
- **EPS**, Earnings per share
- **EV**, Electrical Vehicle
- **FX**, Foreign exchange
- **FX impact**, The impact on the prior period revenue and adjusted operating profit from the restatement to current foreign exchange rates
- **Free Cash Flow**, operating cash generated after capex investment, working capital variation and tax & interest payments and before leases
- **Inorganic**, The revenue or adjusted operating profit relating to acquisitions and disposals (unless classified as discontinued operations) made in the previous twelve months
- **Leverage**, calculated as Net Debt/LTM EBITDA as per bank covenant definition
- **LTM**, Last twelve months
- **Net Debt**, current and non-current financial debt, other institutional debt less cash. As per bank covenant definition, calculated at annual average exchange rates and pre-IFRS16
- **Net Profit**, measure of earnings operating profit after interest, taxes and minorities
- **Operating Profit**, measure of earnings before interest and taxes
- **Other results** are those impacts corrected from the relevant measures to provide a better understanding of the underlying results of the Group, for example: amortisation of acquisition intangibles, restructuring, impairment and transaction & integration costs
- **P.A.**, per annum

▪ **PPA Amortisation** corresponds to the amortisation of the Purchase Price Allocation related to acquisitions, allocated to intangible assets and Goodwill reduction for finite life concessions
▪ **Proforma**, removing the impact of discontinued operations. For the avoidance of doubt, in these first half results this relates to the Automotive division business in Finland and the USA and the Energy & Industry division Oil & Gas business in the USA
▪ **ROCE**, Net Adjusted Operating Profit After Tax/Capital Employed excluding IFRS 16 lease adjustment. Net adjusted operating profit is proforma acquisitions and disposals, excluding IDIADA Accelerated Depreciation and at 25% tax rate
▪ **Statutory results,** consolidated results of the Group under IFRS regulation, as shown in the Consolidated Financial Statements
▪ **WC**, Working Capital

Applus Services, S.A. and Subsidiaries

Authorisation for issue of the interim condensed consolidated financial statements and consolidated directors' report for the six-month period ended 30 June 2023

At their meeting of 21 July 2023, and in compliance with the requirements of Article 253 of the Spanish Companies Act and Article 42 of the Spanish Commercial Code, the directors of Applus Services, S.A. authorised for issue the Interim Condensed Consolidated Financial Statements (consisting of the interim condensed consolidated statement of financial position, interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of change in equity, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of cash flows and the explanatory notes to the interim condensed consolidated financial statements) and the consolidated directors´ report for the first half of 2023, constituted by the documents annexed which precede this sheet and which are correlatively ordered. All the Directors have signed to certify the above mentioned.

Barcelona, 21 July 2023

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

The members of the Board of Directors of Applus Services, S.A. declare that, to the best of their knowledge, the Interim Condensed Consolidated Financial Statements and the explanatory notes to the Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2023 authorised for issue by the Board of Directors at its meeting of 21 July 2023 and prepared in accordance with the applicable accounting principles provide a fair presentation of Applus Services, S.A. and of the subsidiaries included in the scope of consolidation, taken as a whole, and that the consolidated directors´ report for the first half of 2023 includes a fair analysis of the business performance and results and position of Applus Services, S.A. and of the subsidiaries included in the scope of consolidation, taken as a whole, and a description of the main risks and uncertainties they face. All the Directors have signed to certify the above mentioned.

Barcelona, 21 July 2023

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