

Applus Services, S.A.

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

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

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

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

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

Barcelona, 21 February 2024

Mr. Christopher Cole

Chairman

Mr. Ernesto Gerardo Mata López

Director

Mr. Joan Amigó i Casas

Director

Mr. Nicolás Villén Jiménez

Director

Ms. Maria Cristina Henríquez de Luna Basagoiti

Director

Ms. Maria José Esteruelas Aguirre

Director

Ms. Essimari Kairisto

Director

Ms. Marie-Françoise Madeleine Damesin

Director

Mr. Brendan Wynne Derek Connolly

Director

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

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

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

Report on the Consolidated Financial Statements

Opinion

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

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

Basis for Opinion

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

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

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

Key Audit Matters

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

Impairment of goodwill and other intangible assets

Description

Notes 4 and 5 to the accompanying consolidated financial statements describe the goodwill and other intangible assets allocated to each of the cash-generating units (CGUs) identified by Group management, amounting to EUR 802.7 million and EUR 342.2 million, respectively, at 31 December 2023. Also, in 2023 the Group recognised an impairment loss on an item of goodwill amounting to EUR 25 million with a charge to the consolidated statement of profit or loss as a result of the adjustment of the recoverable amount of the CGU to which this asset is allocated.

Also, the various CGUs identified correspond to the various business units managed by the Group (Energy & Industry, Automotive, IDIADA and Laboratories) in each of the defined geographical areas in which it carries on its activity.

If there are any indications of impairment, and at least at each year-end, Group management tests the assets of the aforementioned CGUs for impairment using discounted cash flow-based valuation techniques to determine the recoverable amount of those assets.

Procedures applied in the audit

Our audit procedures to address this matter included, mainly, the evaluation of the reasonableness of the cash flow projections and of the discount rates used in the impairment tests by conducting a critical analysis of the key assumptions of the models used. In particular, we compared the revenue growth rates with the latest approved strategic plans and budgets and reviewed them for consistency with both historical information and the current market situation. Also, we evaluated management's historical accuracy in the budgeting process.

In connection with the assumptions used by the Group in the estimation process, we evaluated the reasonableness of the discount rates applied for each business and geographical area, taking into consideration the cost of capital of the Group and of comparable organisations, as well as perpetuity growth rates, among other factors.

In addition, we evaluated the sensitivity analyses, stressing those assumptions to which the impairment test is most sensitive, i.e., those with the greatest effect on the determination of the recoverable amount of the assets.

Impairment of goodwill and other intangible assets

Description

The performance of this impairment test was considered to be a key matter in our audit, given the magnitude of these assets and that management's assessment in this respect is an estimation process that includes a high level of judgements and assumptions, such as the determination of the growth rates for sales and expenses that the various CGUs are expected to show, investments in non-current and current assets, as well as other assumptions obtained from the Group's strategic plan. Also, a discount rate is determined on the basis of the economic situation in general and of that of each CGU in particular, in accordance with the risks specific to the various countries and to the business carried on.

Procedures applied in the audit

We also involved our internal business valuation experts in order to evaluate the reasonableness of the models and key assumptions used by the Applus Group.

Lastly, we evaluated whether Notes 3.d, 4, 5 and 6 to the accompanying consolidated financial statements contained the disclosures required by the applicable accounting regulations relating to the impairment tests on those assets and, in particular, the detail of the main assumptions used, and a sensitivity analysis of changes in the key assumptions used in the tests performed.

Recovery of deferred tax assets

Description

Note 20.c to the accompanying consolidated financial statements details the deferred tax assets amounting to EUR 52.6 million that are recognised in the consolidated statement of financial position at 2023 year-end, corresponding to tax losses, tax credits and temporary differences amounting to EUR 16.6 million, EUR 10.2 million and EUR 25.8 million, respectively, generated in the various tax jurisdictions in which the Group operates.

In addition, as indicated in Note 20.c, the Group has unrecognised deferred tax assets corresponding to tax losses and tax credits amounting to EUR 121.1 million and EUR 40.8 million, respectively.

At the end of each reporting period, Group management assesses the recoverability of the tax assets recognised based on the earnings projections used to estimate future taxable profits considering as reasonable a timeframe of no more than ten years, taking into account the legislation of each tax jurisdiction in which the Group operates, legislative changes and the most recent business plans approved for the various business divisions and geographical areas. We identified this matter as key in our audit, since the assessment of the recoverability of these assets requires a significant level of judgement, largely in connection with the projections of business performance.

Procedures applied in the audit

Our audit procedures to address this matter included, among others, the evaluation of the methodology and assumptions applied by the Group and verification of the consistency thereof taking into account both historical information and the market situation and the tax legislation applicable in each jurisdiction, involving internal tax experts in those geographical areas in which the Group has the most significant amounts of deferred tax assets. We also reviewed the consistency of the models with the financial information used by Group management in performing the impairment test on goodwill and other intangible assets and the sensitivity analyses, stressing those assumptions that have the greatest effect on determining the recoverable amount of the tax assets.

Also, we evaluated the historical accuracy of management in the process of preparing the earnings projections used to estimate taxable profits, comparing the actual figures for the year with the projections made in the preceding year.

Lastly, we evaluated whether the disclosures required by the applicable accounting regulations in connection with this matter had been included in Notes 3.p and 20 to the accompanying consolidated financial statements.

Provisions for tax and litigation

Description

The Group operates in multiple tax and legal jurisdictions worldwide and, therefore, is subject to a wide variety of specific, sometimes complex, laws and regulations.

Note 17 to the accompanying consolidated financial statements includes a detail of the specific provisions for taxes, legal matters, litigation and claims recognised at 31 December 2023, together with other disclosures related to these items.

At the end of each reporting period Group management assesses the need for, and sufficiency of, the aforementioned provisions, taking into consideration the available information and the circumstances prevailing at any given time. In this process, Group management has the support of external advisers engaged for this purpose, for the most significant lawsuits and claims. The determination of the amounts recognised and the disclosures included in the notes to the consolidated financial statements involve a high level of estimation, judgements and assumptions due to uncertainties about the range of possible resolutions of the litigation and claims in process and, therefore, this was considered to be a key matter in our audit.

Procedures applied in the audit

Our audit procedures to address this matter included, among others, the obtainment, through direct confirmation processes, of the assessment carried out by the Group's external advisers for each significant lawsuit or claim in process, the obtainment of the assessment by the Group's legal and tax departments and the obtainment of all available information relating to each significant lawsuit or claim. In the course of our work, we evaluated, for all significant lawsuits and claims, the reasonableness of the provisions recognised by involving our experts in each subject matter and in each applicable jurisdiction.

Lastly, we also evaluated whether the disclosures required by the applicable accounting regulations had been included in Notes 3.j, 17, 20.f and 27 to the accompanying consolidated financial statements.

Other Information: Consolidated Directors' Report

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

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

- a) Solely checking that the consolidated non-financial information statement, certain information included in the Annual Corporate Governance Report and the Annual Director's Remuneration Report, to which the Spanish Audit Law refers, have been furnished as provided for in the applicable legislation and, if this is not the case, reporting this fact.
- b) Evaluating and reporting on whether the other information included in the consolidated directors' report is consistent with the consolidated financial statements, based on the knowledge of the Group obtained in the audit of those consolidated financial statements, as well as evaluating and reporting on whether the content and presentation of this section of the consolidated directors' report are in conformity with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report that fact.

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

European Single Electronic Format

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

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

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

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

Additional Report to the Parent's Audit Committee

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

Engagement Period

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

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

DELOITTE, S.L.

Registered in ROAC under no. S0692

Sergi Segura Rius

Registered in ROAC under no. 22961

21 February 2024

Appendix I to our auditor's report

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's directors.
- Conclude on the appropriateness of the use by the Parent's directors of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Applus Services, S.A. and Subsidiaries

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

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

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

APPLUS SERVICES, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

(Thousands of Euros)

ASSETS	Notes	31/12/2023	31/12/2022	EQUITY AND LIABILITIES	Notes	31/12/2023	31/12/2022
NON-CURRENT ASSETS				EQUITY			
Goodwill	4	802,660	792,897	Share capital and reserves-			
Other intangible assets	5	342,221	374,092	Share capital	12.a	11,676	12,355
Right of use assets	26.a	179,803	177,395	Share premium	12.b	449,391	449,391
Property, plant and equipment	7	268,832	253,057	Retained earnings and other reserves		135,955	153,958
Investments accounted for using the equity method		3,176	3,403	Profit / (Loss) for the year attributable to the Parent		20,191	48,600
Non-current financial assets	8	25,754	17,096	Treasury Shares	12.c	(1,030)	(14,117)
Deferred tax assets	20.c	52,639	58,163	Valuation adjustments-			
Total non-current assets		1,675,085	1,676,103	Valuation adjustments	12.e	(75,654)	(43,440)
				EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT		540,529	606,747
				NON-CONTROLLING INTERESTS	13	48,560	36,200
				Total Equity		589,089	642,947
				NON-CURRENT LIABILITIES			
				Long-term provisions	17 & 27.b	35,870	37,030
				Obligations and bank borrowings	14	831,140	808,611
				Obligations under leases	26.a	133,947	136,143
				Other financial liabilities	15	23,000	22,157
				Deferred tax liabilities	20.d	97,115	109,077
				Other non-current liabilities	18	74,313	90,790
				Total non-current liabilities		1,195,385	1,203,808
CURRENT ASSETS				CURRENT LIABILITIES			
Non-current assets classified as held for sale	3.y	-	37,497	Liabilities linked to non-current assets held for sale	3.y	-	16,538
Inventories	9	12,603	9,753	Short-term provisions		5,538	7,972
Trade and other receivables-				Obligations and bank borrowings	14	50,025	27,326
Trade and other receivables	10	465,053	447,422	Obligations under leases	26.a	58,652	55,215
Trade receivables from related companies	10 & 28	197	187	Trade and other payables	19	495,545	425,759
Other receivables	10	41,882	27,645	Trade payables from related companies	19 & 28	1	1
Corporate income tax assets	20.b	20,116	20,313	Corporate income tax liabilities	20.b	15,047	19,354
Other current assets		18,597	23,251	Other current liabilities	18	31,405	33,684
Other current financial assets	11	3,601	7,423	Total current liabilities		656,213	585,849
Cash and cash equivalents	11	203,553	183,010	TOTAL EQUITY AND LIABILITIES		2,440,687	2,432,604
Total current assets		765,602	756,501				
TOTAL ASSETS		2,440,687	2,432,604				

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

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

APPLUS SERVICES, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR 2023

(Thousands of Euros)

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

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

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

APPLUS SERVICES, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR 2023

(Thousands of Euros)

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

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

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

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

APPLUS SERVICES, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR 2023

(Thousands of Euros)

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

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

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

APPLUS SERVICES, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR 2023

(Thousands of Euros)

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

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

Consolidated statement of financial position as at 31 December 2023

Consolidated statement of profit or loss for 2023

Consolidated statement of comprehensive income for 2023

Consolidated statement of changes in equity for 2023

Consolidated statement of cash flows for 2023

Explanatory notes to the consolidated financial statements for 2023

1. GROUP ACTIVITIES	5
2. BASIS OF PRESENTATION AND BASIS OF CONSOLIDATION	6
3. ACCOUNTING AND VALUATION POLICIES	19
4. GOODWILL	34
5. OTHER INTANGIBLE ASSETS	35
6. IMPAIRMENT OF ASSETS	41
7. PROPERTY, PLANT AND EQUIPMENT	44
8. NON-CURRENT FINANCIAL ASSETS	46
9. INVENTORIES	47
10. TRADE RECEIVABLES FOR SALES AND SERVICES, TRADE RECEIVABLES FROM RELATED COMPANIES AND OTHER RECEIVABLES	47
11. CURRENT FINANCIAL ASSETS, CASH AND CASH EQUIVALENTS	49
12. EQUITY	49
13. NON-CONTROLLING INTERESTS	52
14. OBLIGATIONS AND BANK BORROWINGS	53
15. OTHER NON-CURRENT FINANCIAL LIABILITIES	58
16. FINANCIAL RISKS AND DERIVATIVE FINANCIAL INSTRUMENTS	58
17. NON-CURRENT PROVISIONS	60
18. OTHER NON-CURRENT AND CURRENT LIABILITIES	62
19. TRADE AND OTHER PAYABLES	63

20. CORPORATE INCOME TAX.....	64
21. OPERATING INCOME AND EXPENSES	69
22. FINANCIAL RESULT.....	72
23. INFORMATION ON THE ENVIRONMENT.....	72
24. PROPOSAL OF ALLOCATION OF PROFIT/LOSS.....	73
25. SEGMENTED INFORMATION	74
26. LEASES.....	77
27. OBLIGATIONS ACQUIRED AND CONTINGENCIES	78
28. TRANSACTIONS AND BALANCES WITH RELATED PARTIES	81
29. DISCLOSURES ON THE BOARD OF DIRECTORS AND THE SENIOR EXECUTIVES.....	83
30. EVENTS AFTER THE REPORTING PERIOD	86
31. EXPLANATION ADDED FOR TRANSLATION TO ENGLISH.....	86

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

Applus Services, S.A. and Subsidiaries

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

1. Group activities

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

The Parent's Company purpose is as follows:

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

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

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

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

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

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

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

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

2. Basis of presentation and basis of consolidation

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

a) Basis of presentation

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

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

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

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

b) Comparative information

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

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

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

c) Responsibility for the information and use of estimates

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

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

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

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

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

Voluntary tender offer for shares of the Applus Group

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

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

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

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

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

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

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

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

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

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

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

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

d) Presentation and functional currency

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

e) Changes in accounting policies

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

f) Materiality

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

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

a) Subsidiaries

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

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

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

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

The share of non-controlling interests is reflected in:

- The equity of their subsidiaries, which is presented within the Group's equity under "Non-Controlling Interests" in the consolidated statement of financial position (see Note 13).
- The profit for the year of their subsidiaries, which is presented under "Profit/Loss Attributable to Non-Controlling Interests" in the consolidated statement of profit or loss (see Note 13).

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

b) Associates

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

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

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

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

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

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

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

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

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

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

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

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

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

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

e) Changes in the scope of consolidation

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

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

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

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

e.1.1. Companies acquired in 2023

- *Ripórtico Engenharia, Lda. acquisition*

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

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

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

- *Rescoll Group acquisition*

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

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

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

- *Barlovento Group acquisition*

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

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

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

- *Other acquisitions in 2023*

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

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

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

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

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

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

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

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

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

In 2023, the Group has sold the following companies:

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

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

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

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

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

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

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

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

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

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

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

e.3.1. Companies acquired in 2022

- *Lightship Security Group acquisition*

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

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

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

- *K2 Ingeniería Group acquisition*

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

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

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

- *Other acquisitions in 2022*

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

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

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

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

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

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

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

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

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

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

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

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

3. Accounting and valuation policies

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

a) Goodwill

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

The cost of a business combination is the aggregate of:

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

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

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

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

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

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

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

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

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

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

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

b) Other intangible assets

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

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

Intangible assets are measured and amortised as follows:

- Administrative concessions or similar items that have been acquired by onerous title are amortised on a straight-line basis over the concession term. The initial cost (levy) and, where applicable, the present value of the future payments which are deemed to be necessary when the assets are handed over to the grantor are included in this line item.
- The administrative authorisations relate to vehicle roadworthiness testing services in Spain which the Group manages under this name. The main administrative authorisations relate to Spain (Catalonia) and they are amortised on a straight-line basis over the authorisation term which ends in 2035 (see Note 5).
- Trademarks acquired in a business combination are initially measured on the basis of their fair value using the Relief from Royalty method. Trademarks are amortised over 5 to 25 years based on its expectancy of useful commercial life and as they are considered to have a finite useful life.
- Customer relationship portfolios acquired in a business combination are initially recognised at fair value using the Multi-Period Excess Earnings method. They are amortised over the estimated useful life (ranging from 2 to 25 years) of each portfolio based on historical statistical evidence of the average relationship length.
- Accreditations and awards are granted to the Applus companies by public institutions or companies for the purpose of performing trials on third-party services and products under nationally- or internationally-recognised standards. Those acquired in business combinations are initially recognised at fair value using the Multi-Period Excess Earnings method. They are amortised on a straight-line basis over their estimated finite useful lives (ranging from 5 to 10 years), calculated on the basis of qualitative factors.
- Asset usage rights relate to machinery and fixtures used by the Group in the performance of its business activity and are subject to reversal. They are amortised over the residual useful life of the assets to which they correspond, from the acquisition date of the right of use, based on an estimate by an independent valuer.
- Computer software is amortised on a straight-line basis. Computer system maintenance costs are charged to the consolidated statement of profit or loss in the year they are incurred.

c) Property, plant and equipment

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

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

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

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

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

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

d) Impairment of non-financial assets

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

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

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

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

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

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

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

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

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

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

e) Financial assets

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

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

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

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

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

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

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

f) Information on the environment

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

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

g) Leases

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

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

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

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

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

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

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

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

- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

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

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

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

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

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

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

h) Inventories

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

i) Government grants

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

- Non-refundable grants, donations or legacies related to assets: these are measured at the fair value of the amount or the asset received, based on whether or not they are monetary grants, and they are taken to income in proportion to the period depreciation taken on the assets for which the grants were received or, where appropriate, on disposal of the asset or on the recognition of an impairment loss, except for grants received from shareholders or owners, which are recognised directly in non-current liabilities and do not give rise to the recognition of any income.
- Refundable grants: while they are refundable, they are recognised as a non-current liability.
- Grants related to income: grants related to income are credited to income when granted, unless their purpose is to finance losses from operations in future years, in which case they are allocated to income in those years. If grants are received to finance specific expenses, they are allocated to income as the related expenses are incurred.

j) Provisions and contingent liabilities

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

- Provisions:

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

- Contingent liabilities:

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

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

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

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

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

k) *Derivative financial instruments and hedge accounting*

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

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

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

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

Defined contribution plans

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

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

Defined benefit plans

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

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

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

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

Other employee benefit obligations

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

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

m) Debts and current/non-current classification

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

n) Financial liabilities

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

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

Effective interest method

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

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

o) Transactions in currencies other than the Euro

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

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

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

- Monetary assets and liabilities denominated in foreign currencies are translated by applying the exchange rates prevailing at the closing date.
 - Any resulting gains or losses are recognised directly in the consolidated statement of profit or loss.
2. Translation to euros of the financial statements of the subsidiaries whose functional currency is not the euro:
- Assets and liabilities are translated by applying the exchange rates prevailing at the closing date.
 - Income, expenses and cash flows are translated at the average exchange rates for the year.
 - Equity is translated at the historical exchange rates.
 - Exchange differences arising as a consequence of the application of this method are presented under "Equity Attributable to Shareholders of the Parent – Valuation Adjustments" in the accompanying consolidated statement of financial position.
 - The effect of exchange rate changes on cash and cash equivalents denominated in foreign currency is presented separately in the consolidated statement of cash flows under "Effect of Foreign Exchange Rate Changes".

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Adaptation to the top-up tax

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

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

q) Revenue recognition

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

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

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

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

r) Expense recognition

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

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

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

s) Discontinued operations

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

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

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

t) Segment information

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

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

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

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

u) Consolidated statement of cash flows

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

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

v) Equity

The share capital is represented by ordinary shares.

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

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

w) Earnings per share

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

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

x) Treasury shares

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

y) Non-current assets classified as held for sale

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

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

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

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

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

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

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

4. Goodwill

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

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

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

The changes in 2023 and 2022 were as follows:

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

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

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

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

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

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

5. Other intangible assets

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

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

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

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

Identification and measurement of intangible assets in business combinations

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

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

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

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

- The Income Approach method and specifically the Multi-Period Excess Earnings method, whereby the value of the asset is the present value of the projected flows from that asset over the useful life assigned to the related contract, was used to calculate the fair value of administrative authorisations.
- The Royalty Relief method, whereby the value of the asset is the present value of future royalty income from the use of the trademarks by the licensees, was used to calculate the value of the trademarks and trademark licence agreements.
- The Royalty Relief method, whereby the value of the asset is the present the value of a specific intangible asset is estimated from the projected expenses saved due to the ownership of the software intellectual property, was used to calculate the value of the software.
- In order to measure the fair value of the accreditations and awards, the Income Approach, and more specifically the Multi-Period Excess Earnings method, was considered, and the economic benefits attributable to these intangible assets were projected over their years of estimated useful life.
- The Income Approach and specifically the Multi-Period Excess Earnings method, taking into account the useful lives of the customers and the discounted revenue they account for was used to calculate the value of the customer portfolios.
- The Income Approach and specifically the Multi-Period Excess Earnings method, whereby the value of the asset is the present value of the projected flows over the useful life assigned to the related contract, was used to calculate the fair value of administrative concessions and rights of use. The possibility of contract renewals for cash-generating units with finite lives was not considered.

The main intangible assets are as follows:

- Administrative authorisations and concessions:

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

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

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

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

- Patents, licences and trademarks:

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

- Customer portfolio:

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

- Accreditations and awards:

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

- Asset usage rights:

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

- Software:

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

Intangible assets by cash-generating unit

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

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

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

Impairment of intangible assets

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

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

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

Other matters

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

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

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

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

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

6. Impairment of assets

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

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

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

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

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

Impairment test main assumptions

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

a) Perpetuity growth rate:

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

b) Discount rate:

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

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

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

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

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

c) Income and expense projections:

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

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

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

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

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

Sensitivity analysis

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

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

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

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

7. Property, plant and equipment

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

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

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

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

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

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

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

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

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

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

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

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

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

8. Non-current financial assets

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

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

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

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

Deposits and guarantees

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

9. Inventories

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

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

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

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

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

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

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

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

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

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

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

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

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

Credit risk

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

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

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

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

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

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

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

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

11. Current financial assets, cash and cash equivalents

Current financial assets

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

Cash and cash equivalents

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

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

12. Equity

a) Share capital

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

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

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

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

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

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

b) Reserves and share premium

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

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

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

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

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

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

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

c) Treasury shares

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

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

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

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

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

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

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

d) Profit per share

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

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

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

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

e) Valuation Adjustments

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

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

f) Capital risk management

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

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

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

13. Non-controlling interests

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

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

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

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

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

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

14. Obligations and bank borrowings

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

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

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

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

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

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

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

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

a) *Syndicated loan and private placement debt*

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

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

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

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

2023

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

2022

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

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

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

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

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

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

a.2) *Guarantees given:*

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

b) Credit facilities and other loans

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

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

c) Disclosure for currency of obligations and bank borrowings

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

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

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

15. Other non-current financial liabilities

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

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

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

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

16. Financial risks and derivative financial instruments

Financial risk management policy

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

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

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

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

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

a) Foreign currency risk

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

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

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

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

b) Interest rate risk

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

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

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

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

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

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

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

c) Liquidity risk

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

The Group takes various preventative measures to manage liquidity risk:

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

d) Inflation risk:

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

e) Other risks:

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

Hedging instruments arranged

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

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

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

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

The detail of the current hedging instruments is as follows:

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

17. Non-current provisions

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

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

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

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

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

a) Long-term employee obligations:

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

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

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

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

b) *Other provisions:*

Other provisions mainly contain:

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

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

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

18. Other non-current and current liabilities

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

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

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

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

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

19. Trade and other payables

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

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

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

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

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

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

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

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

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

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

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

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

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

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

20. Corporate income tax

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

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

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

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

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

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

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

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

20.b Current corporate income tax assets and liabilities

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

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

20.c Deferred tax assets

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

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

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

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

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

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

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

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

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

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

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

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

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

20.d Deferred tax liabilities

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

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

20.e Corporate Income Tax rates applicable to the Group

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

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

20.f Years open for review and tax audits

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

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

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

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

21. Operating income and expenses

a) Revenue

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

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

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

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

b) Staff costs

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

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

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

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

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

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

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

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

c) Other results

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

d) Fees paid to auditors

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

2023

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

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

2022

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

22. Financial result

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

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

23. Information on the environment

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

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

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

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

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

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

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

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

24. Proposal of allocation of profit/loss

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

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

25. Segmented information

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

The main operating segments are as follows:

- Applus+ Energy & Industry provides non-destructive testing, quality control and accreditation services, project management, supplier inspection, facility inspection and asset certification and integrity services. It also provides qualified staff recruitment and hiring services for the oil and gas, aircraft, energy, mining, telecommunications and construction industries.
- Applus+ Laboratories offers a wide range of laboratory testing, system certification, product development services across various industries and electronic payment systems, including the aerospace and industrial sectors.
- Applus+ Automotive offers mandatory vehicle roadworthiness testing services, verifying vehicles' compliance with safety and emissions regulations in force in the various countries in which it operates.
- Applus+ IDIADA offers design, engineering, testing and certification services mainly to car manufacturers. These services are provided by Idiada Automotive Technology, S.A. and its contract ends in September 2024. As of the date of issue of these consolidated financial statements, the bidding process for the award of the new Idiada contract has not begun.

a) Financial information by segment

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

2023

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

2022

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

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

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

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

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

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

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

2023

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

2022

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

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

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

b) Financial information by geographic segment

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

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

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

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

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

26. Leases

a) Amounts recognised in the consolidated statement of financial position

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

Rights of use

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

Lease liabilities

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

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

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

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

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

c) Amounts recognised in the consolidated statement of cash flows

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

d) Leases in which the Group acts as lessee

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

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

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

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

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

27. Obligations acquired and contingencies

a) Guarantees and obligations acquired

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

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

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

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

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

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

b) Contingencies

b.1. Auto Catalonia

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

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

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

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

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

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

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

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

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

b.2. Costa Rica – Contingent Asset

The Group purchased a majority stake in the subsidiary Riteve SYC Sociedad Anónima in Costa Rica. This subsidiary claimed before administrative courts against the entity ARESEP and the Costa Rican State for breach of its obligation to adjust tariffs according to a certain approved methodology. In particular, with regards to the file 16-012267-1027-CA, upon resolution n° 79-I-2020 of 30 June 2020, the Court partially accepted Riteve's claim. Upon an appeal filed by Riteve, on 12 May 2022 the Supreme Court of Justice of Costa Rica ordered that the Estate shall cover the readjustment of 2011's tariffs according to the applicable methodology. Upon several instances, the Court's order became firm and on December 2022 Riteve filed the execution demand, including a certificate by public accountant that establishes the amount to be paid by the Costa Rican Estate amounts to 8,859,691,418 Costa Rican colones as the principal, to which legal interests shall be added. The Company estimates that the execution procedure may last between 12 and 24 months, until a final amount is confirmed and payment made, which in any case will be irrevocable and compulsory to the Estate according to applicable laws. In the same way, upon a firm order of 29 November 2022 in the file n°17-003558-1027-CA, Riteve has filed the execution proceedings in January 2023 with respect to the Court's order on the readjustments of tariffs for the year 2016 for a principal amount of 18,196,124,463 Costa Rican colones and legal interests to be determined. On 7 February 2024, the hearing for the evacuation of the expert's evidence was held.

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

b.3. Other contingencies

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

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

28. Transactions and balances with related parties

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

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

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

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

Transactions with related companies

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

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

The transactions with related companies correspond to commercial transactions.

Balances with related companies

a) Receivables from related companies:

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

b) Payables to related companies:

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

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

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

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

Remuneration and obligations to the Board of Directors

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

a) Annual remuneration:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Remuneration of and obligations to Senior Executives

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

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

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

a) Annual remuneration:

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

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

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

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

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

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

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

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

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

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

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

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

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

30. Events after the reporting period

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

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

31. Explanation added for translation to English

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

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

Applus Services, S.A. and Subsidiaries

Integrated Consolidated Directors'
Report of Consolidated Financial
Statements for the year ended 2023

Integrated Consolidated Directors' Report of Consolidated Financial Statements for the year ended 2023

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 AND
CONSOLIDATED DIRECTOR'S REPORT TOGETHER WITH INDEPENDENT AUDITOR'S REPORT
1

INTEGRATED CONSOLIDATED DIRECTORS' REPORT OF CONSOLIDATED FINANCIAL
STATEMENTS FOR THE YEAR ENDED 2023..... 1

INDEPENDENT LIMITED ASSURANCE REPORT ON THE CONSOLIDATED NON-FINANCIAL
INFORMATION STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2023..... 3

FINANCIAL AND NON-FINANCIAL REPORT (ESG) 2023 1

AUDITOR'S REPORT ON THE SYSTEM OF INTERNAL CONTROL OVER FINANCIAL REPORTING
(ICFR) OF THE APPLUS GROUP FOR 2022 233

ANNUAL CORPORATE GOVERNANCE REPORT..... 235

ANNUAL REMUNERATION REPORT..... 319

ALTERNATIVE PERFORMANCE METRICS..... 357

RESEARCH AND DEVELOPMENT ACTIVITIES 358

TREASURY SHARE TRANSACTIONS 358

EVENTS AFTER THE REPORTING PERIOD..... 358

USE OF FINANCIAL INSTRUMENTS 358

.....

Applus Services, S.A. and Subsidiaries

Independent Limited Assurance
Report on the Consolidated Non-
Financial Information Statement for
the Year ended 31 December 2023

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

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

INDEPENDENT LIMITED ASSURANCE REPORT ON THE CONSOLIDATED NON-FINANCIAL INFORMATION STATEMENT OF APPLUS SERVICES, S.A. AND SUBSIDIARIES FOR 2023

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

In accordance with Article 49 of the Spanish Commercial Code, we have performed the verification, with a scope of limited assurance, of the Financial and Non-Financial Information (ESG) Report, which contains the Non-Financial Information Statement ("NFIS") for the year ended 31 December 2023 of Applus Services, S.A. and Subsidiaries ("Applus" or "the Group"), which forms part of the Consolidated Directors' Report of Applus.

The content of the Financial and Non-Financial Information (ESG) Report includes information additional to that required by current Spanish corporate legislation relating to non-financial reporting and by the Global Reporting Initiative Standards ("GRI Standards") that was not the subject matter of our verification. In this regard, our work was confined solely to verifying the information identified in the cross-reference tables: "Content of Spanish Law 11/2018" and "European Regulation 2020/852" of the accompanying Financial and Non-Financial Information (ESG) Report.

Responsibilities of the Directors

The preparation and content of the Financial and Non-Financial Information (ESG) Report of Applus are the responsibility of the directors of Applus. The NFIS included in the Financial and Non-Financial Information (ESG) Report was prepared in accordance with the content specified in current Spanish corporate legislation and with the criteria of the selected Sustainability Reporting Standards of the Global Reporting Initiative (GRI standards), as well as other criteria described as indicated for each matter in the in the cross-reference tables: "Content of Spanish Law 11/2018" and "European Regulation 2020/852" of the Financial and Non-Financial Information (ESG) Report.

This responsibility of the directors also include the design, implementation and maintenance of such internal control as is determined to be necessary to enable the Financial and Non-Financial Information (ESG) Report and the NFIS to be free from material misstatement, whether due to fraud or error.

The directors of Applus are also responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for the preparation of the Financial and Non-Financial Information (ESG) Report and the NFIS is obtained.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management (ISQM) 1, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory provisions.

Our engagement team consisted of professionals who are experts in reviews of non-financial information and, specifically, in information on economic, social and environmental performance.

Our Responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed. We conducted our work in accordance with the requirements established in International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements other than Audits or Reviews of Historical Financial Information, currently in force, issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the guidelines published by the Spanish Institute of Certified Public Accountants on attestation engagements regarding non-financial information statements.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and, consequently, the level of assurance obtained is substantially lower.

Our work consisted of making inquiries of management and the various units of Applus that participated in the preparation of the Financial and Non-Financial Information (ESG) Report, which includes the NFIS, reviewing the processes used to compile and validate the information presented in the Financial and Non-Financial Information (ESG) Report, and carrying out the following analytical procedures and sample-based review tests:

- Meetings held with Applus personnel to ascertain the business model, policies and management approaches applied, and the main risks relating to these matters, and to obtain the information required for the external review.

- Analysis of the scope, relevance and completeness of the contents included in the 2023 NFIS based on the materiality analysis performed by Applus and described in the "Commitment to the stakeholders and materiality" section of chapter 3 of the NFIS, taking into account the contents required under current Spanish corporate legislation.
- Analysis of the processes used to compile and validate the data presented in the 2023 NFIS.
- Review of the information relating to risks and the policies and management approaches applied in relation to the material matters presented in the 2023 NFIS.
- Verification, by means of sample-based review tests, of the information relating to the contents included in the 2023 NFIS, and the appropriate compilation thereof based on the data furnished by information sources.
- Obtainment of a representation letter from the directors and management.

Emphasis of Matter

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, based on the Delegated Acts adopted in accordance with the provisions of that Regulation, establishes the obligation to disclose information on how and to what extent an undertaking's activities are associated with eligible economic activities in relation to the environmental objectives of the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control and the protection and restoration of biodiversity and ecosystems (the other environmental objectives), and in respect of certain new activities included in the climate change mitigation and climate change adaptation objectives, for the first time for 2023, in addition to the information referring to eligible and aligned activities required in 2022 in relation to the climate change mitigation and climate change adaptation objectives. Therefore, the accompanying NFIS does not include comparative information on eligibility in relation to the other environmental objectives indicated above or to the new activities included in the climate change mitigation and climate change adaptation objectives. Also, since the information relating to 2022 was not required with the same level of detail as in 2023, the information disclosed in the accompanying NFIS is not strictly comparable either. In addition, it should be noted that the directors of Applus have included information on the criteria which, in their opinion, best enables them to comply with the aforementioned obligations and which are defined in the "European taxonomy" section of chapter 8 "Financial Information" of the accompanying NFIS. Our conclusion is not modified in respect of this matter.

Conclusion

Based on the procedures performed in our verification and the evidence obtained, nothing has come to our attention that causes us to believe that the NFIS of Applus for the year ended 31 December 2023 was not prepared, in all material respects, in accordance with the content specified in current Spanish corporate legislation and with the criteria of the selected GRI Standards, as well as other criteria described as indicated for each matter in the cross-reference tables: "Content of Spanish Law 11/2018" and "European Regulation 2020/852" of the Financial and Non-Financial Information (ESG) Report.

Use and Distribution

This report has been prepared in response to the requirement established in corporate legislation in force in Spain and, therefore, it might not be appropriate for other purposes or jurisdictions.

DELOITTE, S.L.

Sergi Segura Rius

21 February 2024

**Applus Services,
S.A. and
Subsidiaries**

Financial and Non-Financial
Report (ESG) 2023

01. ABOUT APPLUS+	4
Global presence	5
Our divisions and the industries where we operate	6
02. MESSAGE FROM THE CHAIRMAN AND INTERVIEW WITH THE CEO.....	7
03. OUR COMPANY.....	11
Highlights	11
Business model and value creation	12
Sustainability approach	15
Strategic plan 2022-2024	22
Sustainability ambitions	26
Acquisitions and diversification	27
Stakeholder engagement and materiality	29
Supply chain management	33
04. VALUE FOR THE CLIENT	36
Overview and approach	36
Innovation and digitalisation	37
RESULTS IN 2023.....	37
Sustainability services.....	52
Strategic alliances	61
05. GOVERNANCE	65
Corporate governance	65
Integrity and Compliance	72
Data protection and cybersecurity	78
Risk management.....	82
06. VALUE FOR PEOPLE.....	85
Perspective and approach: culture and management.....	85
Human Rights	86
Our professionals' engagement	87
Diversity, equality and inclusion	90
Attracting Talent	95
Training and Development	99
Occupational health and safety	101

Social action	112
07. ENVIRONMENT	117
Environmental management approach	117
Commitments and targets	120
Climate change	121
Energy and emissions	127
Water	132
Waste	133
08. FINANCIAL INFORMATION	136
European taxonomy	136
Management report	144
09. ANNEX	166
About the report	166
Description of material topics	167
Methodology for calculating value to society	168
Financial contribution	170
Data related to Human Resources	173
Shareholder information	207
Environmental indicators. Methodology and results	211
Reference tables	219

01. ABOUT APPLUS+

GRI 2-6

The Applus+¹ Group is a Spanish multinational and one of the world leaders in the testing, inspection and certification (TIC) sector. We are a trusted **partner** for our clients, aiding them in enhancing the quality and safety of their assets and operations while reducing their environmental impact. Our technical proficiency, our team, comprising over 26,000 highly skilled employees, and our innovative approach, enable us to achieve operational excellence across multiple sectors in over 65 countries.

We are recognised by the primary accreditation bodies and regulators in the countries where we operate, which certify our technical capability and independence. Our business strategy aligns with the global macro trends of energy transition, electrification and connectivity. Driven by our passion for progress and technological advancement, we move forward with our clients towards a more sustainable future, a purpose reflected in our motto: *Together Beyond Standards*.



Number of employees at December 31st 2023

26,770



Total revenue (M€) at December 31st 2023

2,057.9

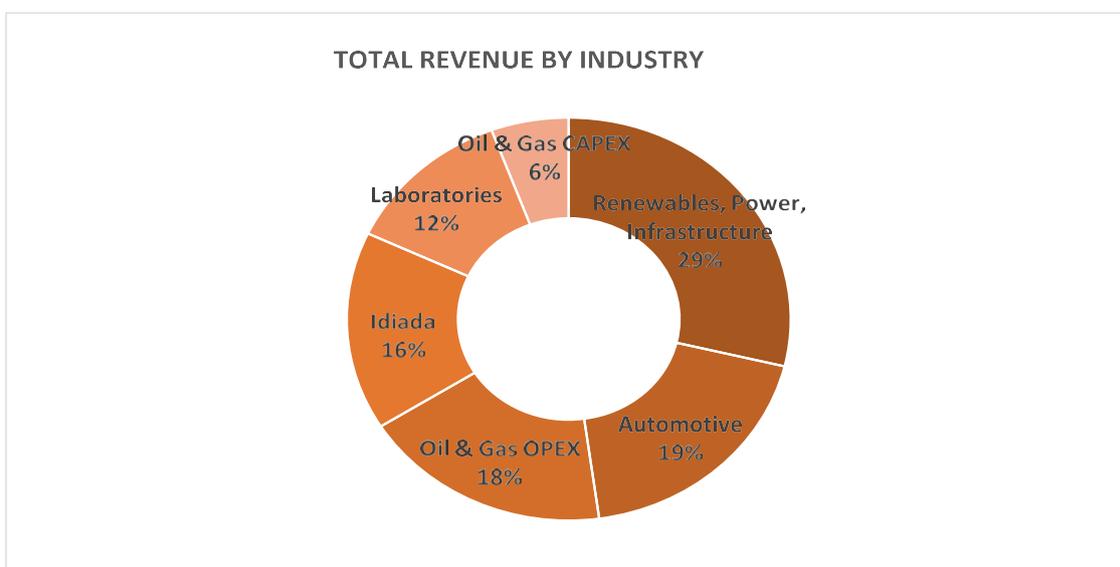


Countries across all continents at December 31st 2023

66

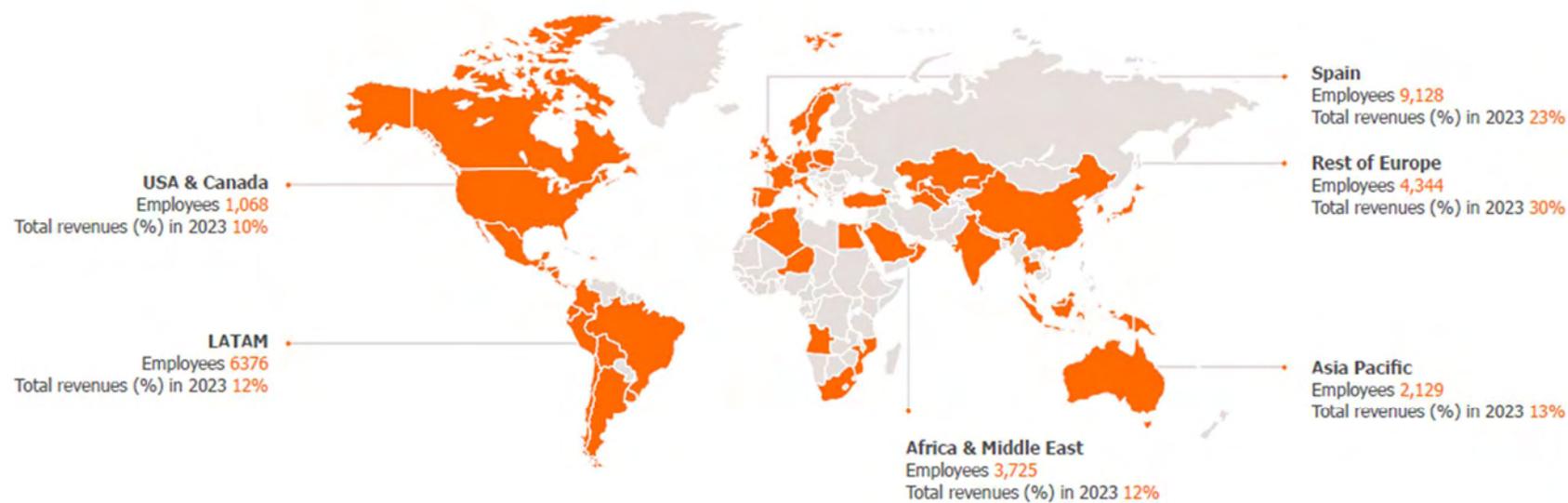


Accredited by major international organisations



¹ Sometimes, we will refer to the Applus+ Group as "the company".

Global presence



Our divisions and the industries where we operate

We are present in the main industrial sectors through our four divisions.

ENERGY & INDUSTRY DIVISION	LABORATORIES DIVISION	AUTOMOTIVE DIVISION	IDIADA DIVISION				
<p>We enhance the performance and profitability of our clients' assets and infrastructure, minimising both their operational and environmental risks while ensuring the quality of their processes. We place a strong emphasis on technological development, digitalisation and innovation, as well as on having the latest knowledge of regulatory requirements.</p>	<p>We provide testing and certification services. Our worldwide network of multidisciplinary laboratories works to strengthen client product competitiveness and innovation.</p>	<p>We deliver statutory vehicle inspection services globally in jurisdictions where transport and systems must comply with statutory technical, safety and environmental regulations. We operate 30-plus programmes in 11 countries. In 2023, the Division has carried out over 13 million vehicle inspections.</p>	<p>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 and use the assets runs until September 2024. The Catalonian government is preparing the tender for the new period.</p>				
<p>Core services:</p> <ul style="list-style-type: none"> • Inspection • Non-destructive testing • Engineering and consulting • Supervision and quality management • Testing and analysis • Vendor surveillance • Energy efficiency • Certification • Environment • Health & Safety 	<p>Core technologies:</p> <ul style="list-style-type: none"> • Materials and structures • Electrical and electronics • Cybersecurity • Non-destructive Testing (NDT) • Fire and building materials • Product certification • Global market access • Systems certification • Metrology and calibration 	<p>Core services:</p> <ul style="list-style-type: none"> • Statutory vehicle inspections for government programmes • Public service vehicle inspections • Off-leasing vehicle inspections • Vehicle condition, emission and registration inspection • Road safety education • Technical services such as Remote Data Collection and business process management 	<p>Core services:</p> <ul style="list-style-type: none"> • Testing and engineering • Worldwide homologation and product certification • Proving ground • Facility design 				
<p>Principal industries:</p>	<p>Principal industries:</p>	<p>Principal industries:</p>	<p>Principal industries:</p>				
<p>16,458 </p>	<p>€1,084.4M </p>	<p>2,648 </p>	<p>€254.3M </p>	<p>4,527 </p>	<p>€391.8M </p>	<p>3,137 </p>	<p>€327.5M </p>

02. MESSAGE FROM THE CHAIRMAN AND INTERVIEW WITH THE CEO

GRI 2-22

MESSAGE FROM THE CHAIRMAN

"I would like to highlight the role of our professionals in providing innovative solutions to address the challenges facing our society today. Thanks to their talent, innovation and commitment, we are helping our clients move towards sustainability through an increasingly wide range of services". Christopher Cole. Chairman

Welcome to the Applus+ Group's Financial and Non-financial Information Report for 2023.

This year, Applus+ remains steadfast in its commitment to combating climate change and supporting the energy transition, in line with the Sustainable Development Goals (SDGs). To achieve this, Applus+ has embraced the energy transition and we have defined ambitious GHG emission reduction goals, aiming to become a net-zero carbon company by 2050.

We have a corporate structure and governance model focused on this and an Innovation and Digitalisation Strategy to support necessary changes in our society. Our innovation projects, for instance, promote the use of hydrogen in all processes of the value chain, while breakthrough technologies have evolved our services and given rise to new business models. We actively seek alliances with other key players in the industry and participate in various initiatives to further strengthen our ESG commitment. In 2023, Applus+ has bolstered its service portfolio through strategic acquisitions and several disposals, all with a view to having a more balanced and sustainable portfolio of businesses.

Sustainability remains a highly important issue for Applus+. Our ESG Policy is underpinned by five pillars aligned with the SDGs and the United Nations' Global Compact. Our principles are communicated throughout our entire value chain. One more year, this approach has led us to receive positive ESG ratings from third party agencies in ESG rankings, maintaining or increasing our above-average scores and adding new ones.

As always, the achievements of Applus+ would not be possible without our employees, the heart of our corporate culture. We value their dedication, skills and exceptional performance through our Recognition Programme and hold regular performance evaluations. To ensure that they remain an asset to our company, we foster a safe, diverse, and inclusive work environment based on equal opportunities and promotes their wellbeing and personal development, driving our talent management and healthcare. Gender equality is one of our core values, we are committed to ensuring equal pay for women and men. Moreover, our Board of Directors is represented by 44% women, and we are actively striving to enhance female representation in leadership positions, currently at 23%, as well as in the overall workforce, where the percentage stands at 21%. This effort is particularly challenging in industries where we operate that have historically been male-dominated. We remain firmly committed to defending human rights, and our management tools in this area are aligned with the main international standards.

To conclude, I would like to highlight the importance of good governance for Applus+. We are proud to have a diverse, independent Board of Directors, clearly defined governance policies and guidelines, independent committees to ensure compliance with them and an ESG approach embedded in the Board's decision-making. Our Code of Ethics, Compliance Management System and training programmes ensure all employees and directors are familiar with the internal policies and procedures.

INTERVIEW WITH THE CEO

“Through our activity, we have a positive impact on society, especially in these times of energy transition, increased electrification, connectivity and environmental challenges, and this is, to a large extent, one of the pillars that support our *Strategic Plan*”. Joan Amigó. CEO

Q: How do you assess the progress of the *Strategic Plan* and what are the prospects for 2024?

A:

Applus+ Strategic Plan for 2022-2024 is based on three pillars: Leadership, Innovation & Technology and being a Trusted Partner. We have set goals in various metrics: financial targets like higher revenue growth, significant margin improvement, strong cash flow generation and enhanced returns to shareholders; and sustainability targets such as decarbonisation, health and safety, equality, and ethical compliance. The purpose behind the plan is “unlocking value” for the benefit of our shareholders and other stakeholders. I am pleased to say, we have made good progress in the first two years of the plan in 2022 and 2023, with most targets on track to be met or exceeded.

I am delighted to announce that, in the fiscal year of 2023, Applus+ revenue has grown well and stands at €2,058 million; we have increased our margin and our return on capital employed. We have also progressed well with our value-additive capital allocation strategy by continuing to invest in the business, both internally and externally; we have divested businesses that are no longer part of our long-term strategy, we paid an annual dividend in 2022 and 2023 and completed our second share buyback during 2023, whilst financial leverage has been reduced to the lowest level since 2019. This judicious application of our capital is due to the successful deployment of the strategy, leading to strong growth in profit and cash flow and a supportive financing structure in place from our financing partners.

I am very proud to share that the company has also achieved key sustainability and environmental milestones in 2023. In August 2023, the Science Based Targets initiative (SBTi) validated Applus+ scientific goal of zero net emissions by 2050. With this target, we aim to be a net-zero emissions company, minimising emissions across the value chain as much as possible and offsetting any residual emissions that cannot be eliminated. Furthermore, the Group raised its renewable electricity consumption to 85%, marking a significant milestone in our transition towards sustainable energy sources and reducing by 38% its Scope 1 and 2 emissions from 2019. We have already met our targets one year ahead of schedule, and we will continue working to improve our results.

Finally, the Innovation & Technology pillar of the Strategic Plan has continued to be a priority. Our development, and innovation portfolio in various technological lines and in digitalisation has 243 projects, on which 1,340 people are dedicating more than 482,000 hours. In addition to ongoing projects, Applus+ has an intellectual property portfolio holding 166 patents in force and 33 active patent families. We also collaborate with private and public external bodies in around 100 agreements, and we share our knowledge in technical forums. All of this demonstrates the good progress we are making in delivering the Strategic Plan.

Q: How has the company progressed in offering sustainability services?

A: Over the last few years, and specifically since setting the Strategic Plan for the period 2022-2024, the Group has focused on diversifying the portfolio of services to better manage the risks and opportunities that come with technological and climate change. This tilt in focus and strategic direction has the objective of generating good financial performance and ultimately, superior shareholder value. The revenue and profit directly generated through providing services that have a positive impact on either the environment or on society is increasing and in 2023, revenue was measured at €1,138 million, being 55% of the Group. This is an increase of 8% on 2022. This revenue encompasses a range of services and excludes those that although may provide a positive direct impact are in a contentious industry. The services provided to the oil & gas and nuclear industries are therefore excluded from this measurement. The services that have a direct positive impact on the environment include those to the renewables, automotive emissions, environmental surveys, energy audits, waste management surveys and innovation projects for automotive eco-engines and lightweight aerospace materials. The services that have a direct positive impact on society include periodic vehicle safety inspections, cybersecurity, product safety testing and certification including for vehicles, industrial, medical and consumer products, communications network inspection, road safety management, systems certification, metrology, and industrial calibration. Demand for services in these areas is growing strongly and this has been supplemented by acquisitions of businesses that also provide sustainability services.

Q: What is the contribution of the services provided by Applus+ to the client?

A: We have invested in increasing our capabilities in innovation and are devoting more resources to researching, learning and implementing new solutions into strategic markets. We have incorporated emerging technologies into our services, such as remote testing solutions, drones, and artificial intelligence. This helps clients to reduce personal risk and minimise downtime in energy infrastructure inspections. We contribute to reducing our clients' carbon footprint through services related to low carbon energy, sustainable mobility and direct consultancy and advisory services on improving energy efficiency.

Thanks to our efforts, we are proud to say that we have been honoured with several awards from our clients in 2023, including the prestigious PME Excellence Award, given by the Portuguese government to a total of 10 companies, and second place in the Open Innovation ranking of the annual 100 Open Start-ups in Colombia, to name just two. Finally, over the course of 2023, we have maintained a consistent Net Promoter Score (NPS) measurement across all our divisions and expanded this assessment to new territories. Based on more than 157,000 surveys received, we have achieved a score of 50, a performance rated "excellent".

Q: What is the impact of Applus+ activities on society?

A: Through the improvement in safety, efficiency and longevity of our clients' end products and infrastructures, we are directly contributing to society every day. In terms of generating employment, in 2022, we produced a new analysis relating to the Group's material issues and the strategies we deploy: the Impact Assessment. The objective for 2023 was to build a robust base year against which we can compare and make decisions. The scope of the calculation covers a total of 18 countries, which represent 90% of total revenues from the Group's consolidated turnover for the fiscal year of 2022 and 86% of the workforce. Applus+ has generated 53,163 jobs, of which 41% are direct employees. If we analyse the value added to society, we observe that this is equivalent to 1.53 times the value of the organisation's revenues (for the scope of the project) and 41.45 times the economic value retained (net profit).

Q: What is the role of Applus+ professionals in the success of the company?

A: At Applus+, our employees are our most valuable asset and our best ambassadors, which is why we strive to create a work environment where our people feel valued, motivated and empowered to reach their full potential. We have several initiatives in place to recognise our professionals for their hard work and to develop their progress and relationships with their colleagues. Alongside this, we are aware that we need to attract and retain talented people for our business to be sustainable. We have established learning programmes aimed at continuously developing our professionals, encouraging their personal and professional growth, this initiative has enabled us to fill 60% of management positions through internal promotions while maintaining a proper balance with the turnover rate that we consider necessary, which has been 12.6% in 2023.

Q: What is the strategy for meeting the challenges ahead?

A: As we move forward, the challenges posed by climate change, energy transition and technological advancements will become increasingly pressing. At the same time, the expectations of our investors and other stakeholders will grow, both in terms of financial returns and value creation.

At Applus+, we will continue to be laser-focused on our core strengths and where we deliver most value. We will drive our services aligned with the megatrends we have identified and that we benefit from: energy transition, electrification, and connectivity. We will continue to expand our portfolio of sustainable services and their weight in the company. We will continue to reduce our carbon footprint, striving to meet our targets and aiming to achieve net zero carbon emissions by 2050.

And we can only do these by attracting and retaining the best people, fostering a performance culture in a safe and supportive work environment that promotes a good work-life balance and nurturing the professionals of the future.

Finally, we will endeavour to maintain a fluid dialogue with all our stakeholders to understand and adapt to their needs and expectations. I am honoured to serve as CEO and proud to lead a committed management team that will ensure our success and guide Applus+ towards a sustainable future.

Q: Finally, given the current private equity bid situation, if the bid process to take Applus+ private succeeds, what could this mean for Applus+, its customers and other stakeholders?

A: We have been owned by private equity in the past and the experience was positive with significant investments made to internationalise the Group and increase the service offerings. So, we are familiar with this type of ownership structure and we are certain that we can continue to add value to the company and its stakeholders with good organic growth coming from the world-class services we offer in growth industries and geographies and continued investment in acquisitions that enjoy strong synergies with Applus+.

03. OUR COMPANY

Highlights

Economic/Business	Environment	Social	Governance
<p>8% Revenue increase</p> <p>6 Acquisitions in companies with high technological and renewable component</p> <p>24 New patents</p> <p>Agreement with Alerion for the use of its technology for the inspection of wind turbines</p>	<p>SBTi² validation Long-term targets validated by SBTi</p> <p>85% Electricity from renewable sources</p> <p>11% Reduction of the energy intensity rate by revenues compared to last year</p> <p>38% Reduction of GHG (Scope 1 and 2) emissions compared to the base year</p>	<p>87% Local employees</p> <p>60% Internal promotion</p> <p>1,340 People involved in innovation (not full-time dedicated)</p> <p>31% Reduction in the lost time incident rate compared to 2021</p>	<p>44% Females on the Board of Directors</p> <p>98% Compliance with CNMV recommendations</p> <p>99% Employees trained and committed to the <i>Code of Ethics</i></p> <p>ESG Indices New recognitions: IBEX ESG A-List CDP</p>

ESG means "Environment, Social and Governance"

² SBTi. Science Based Target initiative <https://sciencebasedtargets.org/>

Business model and value creation

GRI 2-23 GRI 2-24

	OUR INPUTS	OUR BUSINESS MODEL	OUR OUTPUTS	OUR VALUES FOR SOCIETY
Economic	Total Assets €2,440.7M Adjusted Free Cash Flow €238,1 M in 2022	<ul style="list-style-type: none"> Our mission is to help society to mitigate risk, evaluating the quality and safety of products, assets and operations. We aim to become a world leader in our chosen markets, giving our customers the best technical solutions and service. Our values are integrity, transparency, impartiality and independence, and responsibility. 	€ 2,057.9M of total income € 211.7M of adjusted operating profit € 285.6M adjusted cash flow from operations € 96.6M in acquisitions €20.6M distributed to shareholders	We are a financially-sound company holding strong stakeholder confidence.
Business	750+ offices and laboratories €79.3M CAPEX +44.000 suppliers	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> Testing </div> <div style="text-align: center;"> Certification </div> <div style="text-align: center;"> Inspection </div> </div> <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="text-align: center;"> Innovation </div> <div style="text-align: center;"> Technical Assistance </div> </div> <div style="text-align: center; margin-top: 10px;"> <p>4 divisions</p> <p>15+ industrial sectors</p> <p>65+ countries across all continents</p> <p>ESG Approach</p> <div style="display: flex; justify-content: space-around; margin-top: 5px;"> </div> </div>	482,921 hours invested in innovation 166 patents +84% our operations accredited or certified by third parties 55% sustainability services	Our projects contribute to the technological advancement, environmental protection and social development in many countries.
Environment	922,070GJ of energy consumed, 27% from renewable sources 1,029ML water consumed Targets of emissions reduction validated by SBTi		GHG emissions intensity (scope 1 and 2) of 1.79tCO2eq/employee 38% reduction in emissions (scope 1 and 2) compared to 2019	We are committed to reducing environmental impacts, to the energy transition, and the fight against climate change.
Social	26,632 employees 11 Golden Safety Rules		60% internal promotion 87% of employees are local staff 31% reduction in total recordable cases frequency since 2017 €64,953 donations	We are firmly committed to diversity, inclusion and equal opportunities. We support disadvantaged groups around the world through different initiatives.
Governance	9 directors 78% independent directors 44% female directors	99% professionals trained in the <i>Code of Ethics</i> 98% compliance with CNMV recommendations	We adhere to the Declaration of Business Leaders promoted by the UN to renew international cooperation, strengthen security and peace, human rights and development, and achieve the SDGs.	



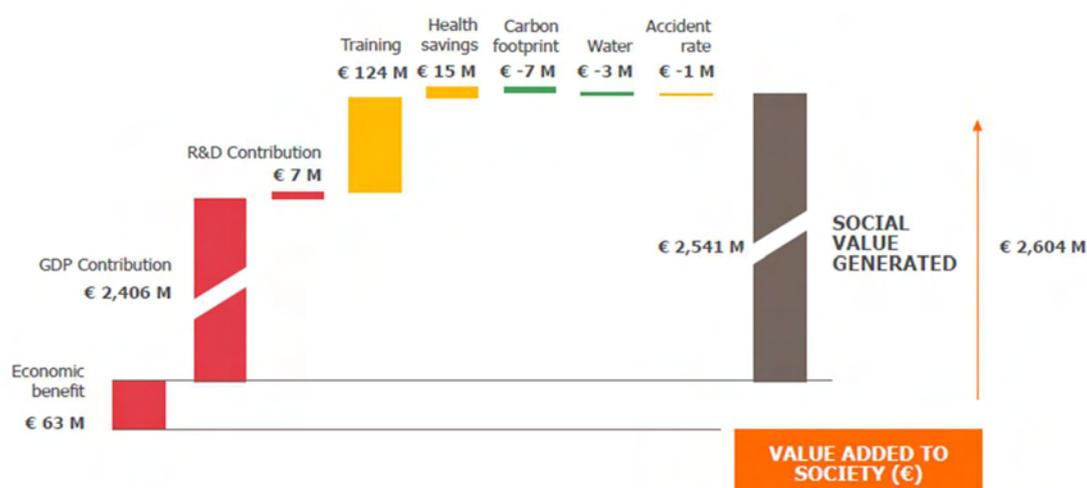
IMPACT ASSESSMENT

GRI 203-2

The objective this year was to build a robust 2022 base year for comparison and decision-making. This is why nine more countries³ have been added to the analysis in order of relevance, according to their total revenues (amount of turnover), the granularity of some proxies has been improved, and those for which more recent data was available have been updated, maintaining 2022 as the year of analysis. This has caused the data to vary substantially from those provided last year.

The scope of the calculation covers the following countries: Canada, Sweden, China, United States, United Kingdom, United Arab Emirates, Indonesia, Denmark, Czech Republic, Spain, Ireland, Netherlands, Australia, Germany, Saudi Arabia, Chile, Colombia and Brazil. They represent 90% of the Group's total consolidated revenues for the fiscal year 2022, excluding divestments, and 86% of the workforce⁴.

The following chart summarises the financial and non-financial balance sheet and the added value for the resulting company (or real impact) of Arplus+⁵.



As can be seen in the chart, the revitalising effect on society and the economy, which is associated with the distribution of wealth to suppliers, employees and public administrations, as well as the indirect and induced effect, generate a positive impact of € 2,406 million. If we add the other impacts and the net profit, we obtain the value added to society, which totals € 2,604million.

To the monetary result we must also add 53,163 **jobs generated**, of which 41% are direct employment.

When analysing the value added to society, we observe that this is equivalent to 1.53 times the organization income (for the scope of the project) and 41.15 times the economic value retained (net profit).

³ All Arplus+ companies in these countries at the end of 2022 are taken into account by removing divestments in 2023.

⁴ As of 31 December 2022, excluding divestments in 2023.

⁵ For the previously defined scope

Global Impact Arplus+

€ 2,604 M
53,163 workplaces

FINANCIAL			SOCIAL		
+	Net profit	€ 63 M	€ 124 M	Training	+
ENVIRONMENTAL			€ 7 M	R&D Investment	+
-	Carbon Footprint	€ -7 M	€ 7 M	Direct health savings	+
-	Water	€ -3 M	€ 8 M	Indirect health savings	+
			€ -1 M	Accident rate	-
SOCIOECONOMIC					
...Impact on GDP			...Impact on employment generation (people)		
+	Direct	€ 1.297 M	21,872	Direct	+
+	Indirect	€ 538 M	20,333	Indirect	+
+	Induced	€ 570 M	5,652	Secondary Indirect	+
			5,305	Induced	+

Regarding the values provided last year, some changes have occurred, such as an increase in the economic impact of the carbon footprint, primarily caused by the update of the carbon price. The decrease in the impact of health savings, caused by an adjustment of the individually used factor for each country. Finally, the decrease in the added value to society in relation to the retained economic value is due to a lower multiplier effect of the incorporated countries.

Sustainability approach

GRI 2-23

BUSINESS CONTEXT

The TIC sector has continued to experience steady growth in 2023 for several reasons: the increase in regulation at international level, which leads to an increase in the outsourcing of these activities as opposed to their performance by the different industries; the increase in digital services and products on the market, which involves the implementation of new TIC sector services applied to new areas and which can also be carried out digitally; finally, among others, the developments in the areas of infrastructure and renewable energy generation, in which TIC sector activities are fundamental.

In the Strategic Plan that Applus+ has developed for the period 2022-2024, there is the will to accelerate the company's growth in line with the megatrends that affect our sector worldwide:

- Energy transition
- Electrification
- Connectivity

The formula Applus+ chooses for this is based on 3 strategic pillars:

- Leadership
- Innovation and technology
- Trusted partner

In order to materialise this strategy, and aware of the human and business potential we have to contribute to the transition that society is demanding, the Group allocates the necessary human and material resources **to orientate our services to the new global needs.**

FINANCIAL MANAGEMENT

GRI 207-1 GRI 207-2

Our financial success allows us to make a positive contribution to society in all the countries where we operate. We generate jobs, both directly and indirectly, meet our tax obligations and foster the development of our people's skills and competencies. We invest in research and innovation to keep up with the needs and expectations of our clients and ensure that our services are at the forefront.

Through a strong corporate governance structure, we are able to ensure that all our business areas meet or exceed their annual revenue and margin targets. However, growth must not compromise the sustainability, profitability, quality or integrity of our operations.

At Applus+ we understand that economic value creation is essential for sustainability. For this reason, we implement a financial management that brings resilience to our company and optimises benefits for all our stakeholders.

Our allocation of responsibilities ensures an effective financial management.

The management of the Group’s financial performance is the responsibility of the Board of Directors, the Chief Executive Officer (CEO), the Chief Financial Officer (CFO) and the divisional vice-chairs.

The Executive Committee conducts regular reviews of divisional financial reporting and performance, as well as the level of compliance with our Strategic Plan.



In a timely and transparent manner, we provide our **stakeholders** with high quality and **reliable financial information** on our financial performance and significant events.

We prepare our **consolidated financial statements** following the **International Financial Reporting Standards** approved by the European Union (IFRS-EU) and in accordance with Regulation EC 1606/2002 of the European Parliament and the European Council. We have an **IFRS Manual** for the uniform application of accounting principles and standards and their valuation criteria across all our companies, and a **single reporting package** with a homogeneous system of accounts applicable to all of them.

Our **Internal Control over Financial Reporting System (ICFR), which is the responsibility of the Board of Directors** through the Audit Committee, **ensures the quality and reliability** of the information published.

The model implemented by the Applus+ Group is detailed in Section F of the **Annual Corporate Governance Report**. As a voluntary measure, the external auditor has been verifying the correct implementation of ICFR since we became a public company in 2014.

We are aware of the positive impact of our tax policy on a local level. We are committed to applying best practices and control mechanisms in terms of **tax governance**, which allows us to **contribute to society** and ensure **responsible compliance with the tax** laws in force in all countries where we operate.

Paying taxes in all countries where we operate is part of our corporate social responsibility

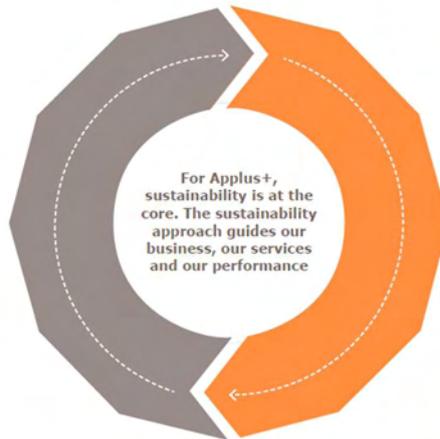
ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE (ESG) APPROACH

GRI 2-23 GRI 2-24

At Applus+, we understand sustainability as a global concept that, on the one hand, determines our business strategy and helps us to improve our performance, and on the other, helps others to improve theirs.

Through our services we contribute to the sustainability of our clients and the transformation of society.

Both traditional and innovative services contribute to reducing carbon footprint, promoting sustainable performance and protecting people.



Our ESG policy is underpinned by five pillars that are aligned with the SDGs and the United Nations' Global Compact:

- Corporate governance and business ethics
- Our people
- Stakeholder engagement
- Innovation
- Sustainable performance

OUR PEOPLE

- We promote appropriate working conditions based on effective occupational health and safety programmes, principles of non-discrimination, and human and workforce rights.
- We strive to create a fair and competitive environment throughout our human rights policy that provides opportunities for professional development and growth while retaining and attracting talented professionals.
- We value diversity among our employees, as outlined in our *Global Anti-Discrimination Policy* and *Diversity and Equality Policy*.
- We train our professionals to develop their competencies and acquire new skills.
- We work tirelessly to increase their level of satisfaction and commitment.

CORPORATE GOVERNANCE AND BUSINESS ETHICS

- Our operations are governed by corporate rules, policies and processes that define our corporate governance model.
- We ensure compliance with our corporate governance model through our Board of Directors, ESG Committee and Chief Compliance Officer.
- We promote the adoption of our *Code of Ethics* and we work to ensure its compliance through our partners and suppliers.
- We manage internal risks through anti-corruption policies and mechanisms to prevent malpractice, controlled by our Internal Audit department.

STAKEHOLDER ENGAGEMENT

- We strive to provide our stakeholders with the best results by operating ethically and responsibly at all times.
- We foster close communication with our clients to enable us to understand and anticipate their needs and exceed their expectations.
- We develop a transparent investor relations strategy, managing their expectations and maintaining an open and two-way dialogue on their concerns.
- We forge strategic partnerships that enhance both our financial and non-financial performance, extending our principles throughout our supply chain.
- We actively engage with local communities in all the countries where we operate, supporting their development and improving their opportunities.
- We work tirelessly to improve our communication channels and provide faster and more effective responses to our stakeholders.

STAKEHOLDER ENGAGEMENT



INNOVATION



- We foster innovation by incorporating ESG principles into the technical knowledge of our employees and the services we develop.
- We create a working environment that fosters innovation, incorporating digitalisation as an essential part of any new project and providing the resources required for its development.
- We implement innovation programmes into each of our business units, encouraging and coordinating initiatives to promote innovative thinking among our employees

SUSTAINABLE PERFORMANCE



- We are firmly committed to preserving our environment and dedicated to combating climate change.
- We implement policies and procedures to manage our operations with a focus on preventing potential environmental impacts, applying the precautionary principle.
- We set goals and strategies that reflect our medium- and long-term environmental commitment.
- We establish rigorous controls to ensure compliance with environmental regulations in the countries where we operate.
- We develop innovative services that contribute to reducing the potential environmental impacts of our clients around the world.

Annually, we commemorate relevant **international days** to highlight our commitment and raise awareness of key issues, in line with our sustainability strategy and actions.



To illustrate the actions, we take to commemorate these important days, we can mention the event at our Port Moresby office on 8th March to celebrate **International Women's Day**.



This day is an opportunity to recognise and value the achievements and contributions of women in our workplace. A variety of activities are organised, including panel discussions, guest speaker presentations and workshops focusing on women's empowerment, gender equality and related topics. Our team, made up of both men and women, actively participates, contributing to an inclusive and supportive work environment.

This celebration allows us to highlight and appreciate the critical roles women play in our organisation and promote diversity and equality, fostering a work environment where every voice is valued and respected.



ESG ALLIANCES



GRI 2-28

Through collaboration with entities and participation in various initiatives, we are taking our ESG commitment further.

INSTITUTION/ PROGRAMME	PURPOSE	Arplus+ PARTICIPATION
CITA (International Motor Vehicle Inspection Committee)	Promotes programmes and policies to make vehicles safer and cleaner.	Member of the Board. We hold the general secretariat and participate in numerous committees, working groups and expert groups
AECA-ITV (Spanish Association of Entities Collaborating with the Administration in the Technical Inspection of Vehicles)	Through regular checks, they help to save lives, directly reducing the number of road accidents, improving environmental quality, controlling noise, particles and harmful gases and helping to remove vehicles from circulation that pose an immediate risk to road safety and the environment.	We hold the vice-presidency and participate in technical committees and working groups.
UNECE (United Nations Economic Commission for Europe)	The UNECE World Forum for Harmonization of Vehicle Regulations (WP.29) is a unique regulatory forum within the institutional framework of the UNECE inland transport committee.	Member of WG2 Environmental Protection Systems
ACERA (Chilean Association of Renewable Energies and Storage)	Seeks to protect the environment and encourage sustainable development in Chile through the promotion of renewable energies and energy storage, its best complement.	Member

FISITA	Provides a global platform for knowledge exchange between industry, society and the academic world, helping to guide the future direction of automotive mobility engineering.	We hold the vice-presidency and participate in numerous technical groups.
United Nations' Global Compact	Seeks to align organisations' strategies with 10 universal principles concerning human rights, labour, the environment and anti-corruption.	Signatory
FORETICA	Leading ESG association, focused on businesses and professionals in Spain and Latin America interested in the certification of their schemes.	Partner
San Luis Orione Cottolengo Charity Foundation, Prodis, Down's Syndrome, Aura, Fademga, Asindown, Aspanri, Matamoros Corporation of Colombia and ONCE	Foundations and associations that promote the talent of people with disabilities.	Partner
Portaento and Incorpora	Employment platforms for workers with disabilities to help them find work at companies.	Partner
"Sin Límites" (Without Limits) Programme	Works to help people with intellectual disabilities to find jobs.	Partner
European Commission Diversity Charter	European Charter of principles signed by organisations to showcase their commitment to diversity and inclusion in the workplace.	Member (renewed until 2024)
"More Women, Better Businesses"	A Spanish Ministry of the Presidency initiative to encourage equal participation of women and men in decision-making in business and the economy.	Participant in the "Promociona" Programme and in the Talentia 360º Women Executives Master's Degree
Women's Empowerment Principles defined by the United Nations	Promotes equal opportunities, integration and non-discrimination within an organisation.	Observer
Broad-Based Black Economic Empowerment (BBBE-E)	South African Government initiative to redress the legacy of social and economic exclusion from the days of racial segregation.	Level IV in BBBE-E certification
Northeastern Alberta Aboriginal Business Association (NAABA). Canadian Council for Aboriginal Business	Association to promote Aboriginal recruitment in Canada.	Member
MAKHOS INC	Provides staffing, training, consultancy and construction services to Canada's indigenous population.	Partner

NEW INCREASE IN OUR ESG RATINGS



This year, we have maintained our ESG ratings and rankings recognitions improving the scoring from previous year in most of them and we have added new ones,

- IBEX Gender Equality
- FTSE4Good Ibex Index
- IBEX ESG
- Sustainalytics
- MSCI ESG Ratings
- CDP
- Gaia Rating
- S&P Global CSA
- SE Mid Spanish Index (Standard Ethics)



A-List (leadership)



54/100 Top 19%

EE+ very strong
Highest rating
SER in the index

70/100 Above
average

13.3 low risk

ENGAGEMENT WITH CANADA'S INDIGENOUS COMMUNITY

As part of the Applus+ initiative to engage with Canada's indigenous community, we have established a partnership with a company that provides staffing, training, consultancy and construction services to indigenous people.

Our joint goal is to create opportunities for indigenous communities to develop prosperous careers in the construction industry.

Applus+ provides a specific programme to incorporate indigenous people to non-destructive testing (NDT) quality control work on projects in Ontario.



Cultural Awareness Training



**Northeastern Alberta
Aboriginal Business Association**

We are also a member of the non-profit Northeastern Alberta Aboriginal Business Association (NAABA), based in the municipality of Buffalo and comprised of a growing number of Aboriginal businesses dedicated to creating an environment that promotes business, recruitment and training for the benefit of all Aboriginal people in the region.

Strategic plan 2022-2024

GRI 2-23

Our strategy is established within the framework of responsible and sustainable business management that contributes to create value to society.

The strategy is built upon three pillars:

1.	2.	3.
Leadership	Innovation & Technology	Trusted Partner
We look for a leadership position in our key end markets, as this is critical in our industry. It provides investment capacity, regional or global coverage that attracts the best talent and supports the reputation and trust that we enjoy. We provide mission critical services to our clients who have a desire to work with only the most reliable companies.	We must be able to offer the best technical solutions, always, to our clients looking for ways to improve accuracy and information, reduce down-time and costs and improve the safety of the testing process. This pillar supports our leadership position.	In the business of providing quality and technical assurance and reducing risk in operations of our clients, they must trust us. Integrity is therefore central to our business, supporting the ability to constantly provide a good service and value. These aspects of service confidence have helped the Group to build and maintain long-term relationships with our customers.



These three pillars combined with market leading Environmental, Social and Governance (ESG) practices and aligning our services to some sustainability megatrends will ensure our long-term relevance to our customers driving good financial performance and sustainable value creation

OUR THREE-YEAR STRATEGY PLAN 2022-2024

A new three-year plan including financial targets was communicated to the market on the 30th November 2021. This relates to actions to take and targets to meet over the three-year period including 2022, 2023 and 2024.

The purpose behind the plan is “Unlocking Value” for the benefit of our shareholders and other stakeholders.

The key tenets to the Plan are:



The plan targets superior shareholder return generation through the winning formula of the three strategic pillars whilst evolving the portfolio of businesses towards higher growth end markets to mitigate business risks through both active portfolio management and accelerating growth in structurally attractive segments aligning to the global megatrends of Energy Transition, Electrification and Connectivity. The long-term testing, inspection and certification drivers of increasing regulations, increasing complexity of products and increasing levels of outsourcing from industry to specialised providers like Applus+ support the growth in these markets. And by linking the focus on ESG to management remuneration ensures the full commitment by all to the benefit of the business and all stakeholders. Shareholder returns will be enhanced through these actions and including annual dividend distributions and share buybacks.

The Energy Transition global megatrend is driving many parts of Applus+ portfolio of businesses from growth in testing and inspection required in the Renewables and Infrastructure sectors to testing and inspection of green vehicles. Electrification and Connectivity are also powerful global drivers of all things electrical from personal transportation and batteries to the cybersecurity risks that ensue from this. All four divisions of the Applus+ Group have significant portions of their businesses aligned to these megatrends and marketing, resources and investment is being directed to those areas that are most likely to benefit.

The active portfolio management includes a target spend of €300 to €400 million for acquisitions of companies over the plan period of 2022 to 2024 whilst also making some divestments. This will result in a more balanced and valuable business.

FINANCIAL TARGETS

The three-year financial targets that result from the strategic plan are as follows:

<p>FINANCIAL TARGETS</p>	Revenue growth 2021-24 CAGR above 10%*
	<ul style="list-style-type: none"> • Mid to high single digit organic • M&A
	Adjusted operating profit margin to improve to 12%**
	Adjusted EPS CAGR 21-24 above 13% pre buyback
	Average cash conversion rate above 70%
ROCE 2024: >12%	

*Continuing operations

** Excluding IDIADA accelerated depreciation (~80bps in 2024)

CAPITAL ALLOCATION POLICY

The capital allocation objective is to optimise returns to shareholders by maintaining strong cash flow generation and following a value-additive capital allocation strategy that includes:



PROGRESS IN 2023

The Group made good progress in 2023, the second year of the Plan. The following table shows the key financial targets, the results achieved in 2022 and 2023 and how the Group is progressing to date.

	METRIC	TARGET 2024	FY 2022 & 2023	PROGRESS TO DATE
Higher Revenue Growth	Organic revenue growth	Mid to high	Average 8.9%	<input checked="" type="checkbox"/>
Significant Margin Improvement	AOP Margin ^{1,2}	12%	2023: 10.8% up 70 bps	<input checked="" type="checkbox"/>
Strong cash-flow generation	Average cash conversion rate	>70%	Average: 81%	<input checked="" type="checkbox"/>
Accretive Investments for the company	ROCE	>12%	11.8% up 30 bps	<input checked="" type="checkbox"/>
Enhance Shareholders' value	EPS Growth (CAGR) ³	>13% ³	CAGR (2021-2023): 16.1%	<input checked="" type="checkbox"/>

¹ Adjusted for Other Results and amortisation of acquisition intangibles

² Excluding IDIADA Accelerated Depreciation (AD)

³ CAGR target of >13% is excluding share buybacks. Including share buybacks was >15%

Of the five listed financial targets, only the Adjusted Operating Profit (AOP) Margin has not progressed in 2022 and 2023 as well as originally expected. This is due to the unexpected ending in July of 2022 of the large Automotive Division contract in Costa Rica and the net impact of inflation over the last two years. Nevertheless, the Group is still confident of increasing the margin again in 2024 and is guiding to an increase in the margin of at least 70 basis points to around 11.5% which is slightly below the target margin of 12%.

The New Capital Allocation Policy that was designed to optimise returns to shareholders by maintaining strong cash flow generation and following a value-additive capital allocation strategy has been successfully complied with. The company has in fact gone further, by announcing a second 5% share buyback programme following the completion of the first programme in the first half of 2022, whilst managing to reduce leverage from 2.7x in 2021 to 2.4x of net debt to EBITDA by the end of 2023 as a result of the strong growth in profit and cash flow. The company has continued to invest in both organic assets, in 2022 spending €66 million plus a further €66 million on external acquisitions and in 2023 invested €79 million in organic assets and a further €64 million on acquisitions, net of the divestments.

“We have made good progress towards meeting the 2024 strategic plan targets and we are well positioned for future profitable growth”. Joan Amigó. CEO

ESG TARGETS

The Group also set out Sustainability Ambitions with specific targets relating to this to be achieved by 2024. Progress in this respect has also been good with all the targets already completed in 2023.

Sustainability ambitions

GRI 3-3

The results in 2023 endorse our ESG performance, successfully meeting the most of ambitions defined for 2024.

	VISION	2024 TARGETS	2023 PERFORMANCE*
ENVIRONMENT	Contribute to the environment by improvements in our operations and assisting our clients, and mitigate the negative impact of climate change on the Group's businesses.	30% reduction in Scope 1 and 2 emissions relative to 2019 results.	Completed
		Be carbon neutral in Scope 1 and 2 by 2023	Completed
		Plan to be net zero by 2050 according to SBTi	Completed
SOCIAL	Attract diverse, engaged and talented people and empower our professionals to reach their full potential in a safe and fulfilling work environment.	> 40% of management positions and positions in Group Corporate Services filled by women	Completed
		10% reduction in Lost Time Injury Frequency	Completed
GOVERNANCE	Respect our principles of good governance and operate ethically and responsibly, with the highest integrity that our stakeholders expect and deserve.	> 90% compliance with applicable CNMV recommendations	Completed
		> 98% of professionals completing the course and signing the <i>Code of Ethics</i> commitment	Completed

* For further improvement /In progress/Completed

ACKNOWLEDGEMENTS	MSCI ESG Index (AA) CDP (B) – A-List (leadership) Sustainalytics – 13.3 Low risk FTSE4Good IBEX – Inclusion SE Mid Spanish Index – Inclusion IBEX ESG IBEX Gender Equality	Gaia (70/100) – Top quintile of its category Standard Ethics – “Sustainable” with a rate of EE+, described as “very strong”. The highest rating SER in the index S&P Global CSA (54/100 Top 19%)
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Acquisitions and diversification

In 2023, Applus+ has strengthened its service portfolio through several acquisitions. It now offers a broader range of metrological and mechanical testing, accreditation, chemical analysis, materials and process engineering. We have also expanded our presence in the infrastructure and public works sector with inspection and engineering services. Our acquisitions allow us to respond more effectively to market needs.

Riportico Engenharia	Cámara Laboratorios Metrología (CLM)
	
<p>Riportico is an inspection and engineering company in the Portuguese infrastructure and public works sector, including road and rail networks, metro stations, airports, buildings, water treatment and renewable energy plants.</p>	<p>CLM is specialised in legal metrology and precious metal testing. It has an extensive range of accreditations and in Spain acts as a Metrological Verification Authority for measuring equipment in various metrological areas.</p>
<p>Location: Portugal</p>	<p>Location: Spain</p>
<p>Division: Energy & Industry</p>	<p>Division: Laboratories</p>
<p>Acquisition date: February 2023</p>	<p>Acquisition date: March 2023</p>
Suzhou Chunfen Test Technology Services Co. Ltd. (CFI)	Rescoll
	
<p>CFI is a benchmark laboratory for international manufacturers in the automotive industry, focusing on component testing for quality control and R&D.</p>	<p>Rescoll specialises in chemical analysis, mechanical testing and materials and process engineering, with extensive experience in adhesives and coatings. It is widely recognised in France for its extensive and accredited testing offer and unique qualifications that support the development of the medical, aerospace, industrial and energy sectors.</p>
<p>Location: China</p>	<p>Location: France</p>

Division: Laboratories	Division: Laboratories
Acquisition date: June 2023	Acquisition date: June 2023
AFC Ingenieros	Barlovento Recursos Naturales
	
<p>With a history of nearly 40 years, the AFC Ingenieros laboratory is accredited by <i>Entidad Nacional de Acreditación</i> (ENAC) in several areas of metrology: DC and Low Frequency Electricity, Time and Frequency, Gas Flow (fluids) and in Chemistry, Gas Concentration.</p>	<p>Barlovento Recursos Naturales offers a wide range of services including wind resource and production studies; wind turbine power curve measurement; testing and technical inspection, including measurement campaigns and accredited tests at its laboratories, such as measuring mechanical loads; and engineering and technical consultancy services.</p>
Location: Spain	Location: Spain
Division: Laboratories	Division: Energy & Industry
Acquisition date: November 2023	Acquisition date: December 2023

Stakeholder engagement and materiality

GRI 2-29 GRI 3-2 GRI 3-3 GRI 203-2 GRI 207-2

STAKEHOLDER RELATIONS MODEL

At Applus+, active interaction with our stakeholders is a high priority in the formulation and execution of our business strategy.



We maintain a network of effective communication channels that foster continuous dialogue, enabling us to understand their needs and expectations and ensuring transparent accountability for our results and performance.

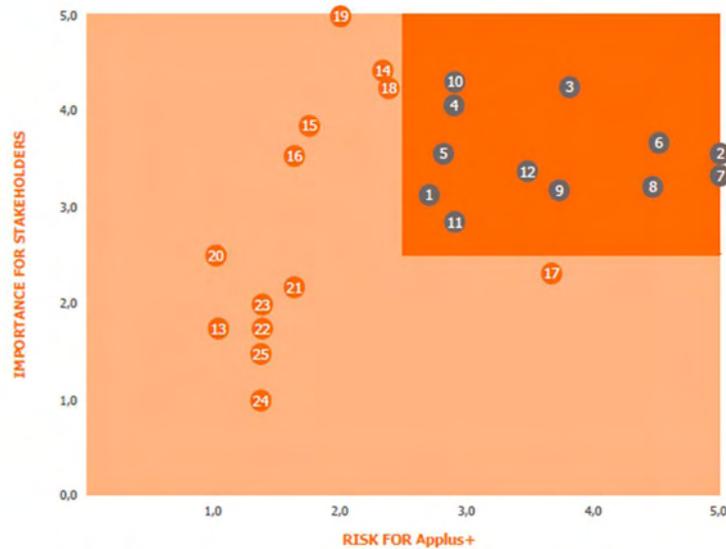
We classify our stakeholder relationships into three levels, considering their relevance to our company. The central pillars of our communication strategy focus on our clients, employees, and shareholders, whom we regard as fundamental stakeholders in our strategic approach.

MATERIALITY ANALYSIS

In 2022, Applus+ carried out a careful selection of the material topics that underpin our business strategy. This choice was based on a comparative analysis of competitors within the sector, the evolution of TIC sector context and the results of the assessment of inherent risks to our company.

An integral part of this process was the creation of a materiality matrix representing the importance of these topics from the perspective of our stakeholders, in parallel to the company's risk assessment, an evaluation that is periodically renewed. To achieve this, we used surveys directed at all company directors, including divisional and corporate functions, as well as regional managers across all our geographical areas. This methodology allowed us to thoroughly assess each topic, considering both the perspective of Applus+ and that of our key stakeholders.

The outcome of this process was as follows:



The most relevant topics

- 1 Risk management
- 2 Sustainable business model and strategy
- 3 Energy transition and climate change
- 4 Economic performance
- 5 Corporate Governance
- 6 Diversity, inclusion and equality
- 7 Sustainable services
- 8 Talent management
- 9 Respect for human rights
- 10 Health and safety
- 11 Privacy and data security
- 12 Cybersecurity

Other material topics

- 13 Sustainable supply chain management
- 14 Stakeholder's engagement
- 15 Competitiveness
- 16 Innovation and digital transformation
- 17 Wellbeing and employee engagement
- 18 Compliance and reputation
- 19 Service quality and relationships with customer
- 20 Local impact and socio-economic contribution
- 21 Brand
- 22 Biodiversity and natural areas protection
- 23 Waste management
- 24 Water footprint
- 25 Eco-Efficiency and circularity

Following the new European regulation, this year we are designing a double materiality approach that we intend to implement soon. This entails thoroughly reviewing our practices and processes in detail to ensure that we are fully prepared to meet the expected requirements in the coming years.

Double materiality will enable us to more fully and holistically address the needs and expectations of our stakeholders and the implications of our operations on society and the environment.

This process of adaptation and continuous improvement reflects our commitment to consistently progress towards a more sustainable future in our business performance.

DIALOGUE WITH OUR STAKEHOLDERS

We identify the main **topics of concern**, selecting the seven most relevant topics per stakeholder group. In order to provide the best response to these issues, we provide them with specific communication channels.

TOPICS OF CONCERN								
1. Risk management			+		+		+	
2. Sustainable business model and strategy					+	+		+
3. Energy transition and climate change						+		+
4. Economic performance			+		+		+	
5. Corporate Governance		+		+	+			
6. Diversity, inclusion and equality		+				+		
7. Sustainable services		+						
8. Talent management								+
9. Respect for human rights						+		+
10. Health and safety	+					+		
11. Privacy and data security	+	+		+				
12. Cybersecurity	+							
13. Sustainable supply chain management								
14. Stakeholder's engagement			+	+	+			
15. Competitiveness			+				+	
16. Innovation and digital transformation	+							
17. Wellbeing and employee engagement		+						
18. Compliance and reputation	+	+		+				+
19. Service quality and relationships with customer	+	+	+			+	+	
20. Local impact and socio-economic contribution				+			+	+
21. Brand								+
22. Biodiversity and natural areas protection								
23. Waste management								
24. Water footprint								
25. Eco-Efficiency and circularity								

 Clients
  Employees
  Financial markets
  Suppliers
  Partners
 Investors
  Government and regulatory bodies
  Society
  Competitors

COMMUNICATION CHANNELS									
Associations and other forums	+					+		+	+
Benchmarking and market studies									+
Arplus+ Ethics and Compliance Communication Channel	+	+				+	+	+	
Specific channel for suppliers							+		
Official channels indicated by the authorities				+					
Conferences and forums	+								
Client satisfaction survey	+								
Employee satisfaction survey		+							
Local HR teams		+							
Trade fairs and exhibitions							+	+	+
Informative annual roadshow for institutional investors and voting advisors			+						
Market and economic indices					+				
Official reports				+					
Open days and periodic meetings	+								
Annual General Meeting (AGM)			+						
Financial and Non-Financial Information Report	+	+	+	+	+	+			
Stock markets					+				
Our intranet		+							
Arplus+ web page and email	+	+	+	+	+	+	+	+	+
Arplus+ social networking sites			+			+		+	
Trade union organisations		+							
Suppliers' Portal							+		
Client complaints	+								
Project meetings	+							+	
Vice-President in Investor Relations			+		+				

Supply chain management

GRI 2-6 GRI 204-1 GRI 308-1 GRI 414-1

Our purchasing management focuses on improving efficiency, reducing risk and driving sustainability in the supply chain. To do this, we encourage the building of collaborative relationships with our suppliers, most of whom are local, and we seek to ensure that they comply with ethical labour standards and make an environmental commitment.

PURCHASING STRATEGY

This year, we have focused our purchasing and sourcing strategy on ensuring the efficient procurement of goods and services essential to our operations, maintaining high standards of quality and sustainability at a difficult time globally due, in particular, to high inflation rates. Despite this challenging macroeconomic environment, we have sought to strengthen relationships with suppliers committed to **ethical and responsible practices**, renewing contracts and signing new ones.

During the year, we have reviewed and improved our supplier selection process, prioritising those suppliers that share our values of **sustainability, integrity and quality**, and we have increased our controls on data protection and cybersecurity.

We continue to give special priority to sourcing from **local suppliers**, in order to drive economic development in the communities where we operate.

Our strategy is reflected in our **purchasing policies**, as well as in the definition of mechanisms for the initial evaluation and monitoring of suppliers.

RISK MANAGEMENT

This year, we have strengthened our focus on the proactive management of supply chain risks, identifying critical areas and developing **contingency plans**. Supplier diversification and the constant evaluation of supply chain resilience have been key priorities.

We have implemented a comprehensive risk assessment, both in the purchasing process and in the supply chain. This assessment covers external and internal factors, such as fluctuations in raw material prices, regulatory changes, weather events and potential disruptions in the logistics chain.

For example, we purchase significant quantities of film for x-rays, which is subject to the price of silver, and we constantly review the evolution of this price to decide whether we should stock more or less film; in relation to energy, we keep an eye on geopolitical issues, futures markets for both electricity and gas, weather events that may affect prices, etc.

To mitigate risks associated with dependence on a single supplier, we have developed strong diversification strategies. This strategic move not only strengthens our supply chain, but also prepares us to address potential changes in supplier availability or reliability.

To manage risks effectively, we have developed a plan to ensure that supplier companies meet our ethical, social and environmental standards. We have been working on the development of questionnaires and the segmentation of our supplier database to allow us to survey the most important suppliers and identify possible weaknesses in these areas, with the aim of working together towards full compliance.

SUPPLIER EVALUATION

We want to convey our sustainability criteria throughout our supply chain and thus contribute to generating a global change. To do this, we incorporate these criteria into our supplier evaluation process.

Our **initial approval process** ensures that all Group suppliers accept and align themselves with our environmental, social responsibility and ethical business conduct practices. Before working with us, they undergo an objective evaluation process that includes compliance with human rights, labour and environmental standards, business ethics and anti-corruption.

Once approved, suppliers must comply with the commitments contained in our **Code of Ethics**, our **Anti-Corruption Policy** and our **Environmental and Health and Safety requirements**. This initial qualification is valid for three years, during which time we monitor and require additional data if new requirements are added. Once this time has elapsed, we launch the re-qualification process.

We prioritise collaboration with suppliers who share our commitment to **environmental sustainability**. Selection is based on criteria that evaluate responsible practices, such as environmental certifications, waste management policies and an efficient use of natural resources.

OPERATIONAL EFFICIENCY

This year, we have implemented significant initiatives to optimise operational efficiency throughout the supply chain, initiating a **strategic collaboration** with our suppliers. This association has been primarily aimed at reducing delivery times, while seeking to increase the overall efficiency of logistics processes.

We have also implemented a strategic approach to simplify and streamline our purchasing processes. Internal procedures have been reviewed and optimised, reducing bureaucracy and improving the speed of decision-making for the procurement of goods and services, especially in the area of CAPEX.

Digitalisation, which we have been working on for years, has been key to improving efficiency in the management of purchase orders. The implementation of automated systems has enabled greater visibility and real-time tracking, reducing potential delays and improving transparency in all transactions. The implementation of our procurement and supplier management system, Ariba, has now reached 60% of the countries where we are present, and 70% of all our purchases are already integrated into the platform.

We have strengthened collaboration with our suppliers, establishing **effective communication channels** and sharing relevant information to anticipate potential challenges. This active collaboration has facilitated the joint identification of improvement opportunities and the implementation of efficient solutions.

VEHICLE FLEET MANAGEMENT

We are aware of the environmental impact arising from the use of our vehicle fleet. We are continuing to promote their electrification, in line with recent years, and, in 2023 we have introduced new measures to reduce their footprint.

A MORE SUSTAINABLE VEHICLE FLEET



The management of our vehicle fleet prioritises the replacement of the fleet with efficient, lower-emission models as the rental contracts are renewed. Our fleet has 101 **eco-efficient vehicles**⁶.

We are continuing to expand our network of **electric vehicle chargers**. As of 2023, we have 39 chargers at our facilities in Spain. By increasing the charging infrastructure, we not only facilitate the transition of our fleet to cleaner vehicles, but also encourage the adoption of electric/plug-in hybrid vehicles among our employees.

This year, we have launched a strategic project to equip our entire fleet with **telemetry**. This technological advance will allow for real-time monitoring of the location, status and performance of our vehicles, helping us to optimise our routes, reducing downtime and improving operational efficiency and safety. The planning of eco-efficient routes will lead to a reduction in fuel consumption and, consequently, a reduction in CO₂ emissions, thus contributing to our environmental objectives. The pilot phase of the project will last six months. Based on the findings of the pilot, the implementation is planned to take place over the next three years.

“The implementation of telemetry into our fleet marks a significant milestone in our ongoing quest for operational excellence. Advanced technologies allow us to optimise logistics efficiency and take a firm step towards sustainability and environmental responsibility. This initiative reflects our commitment to innovation and caring for the environment, ensuring a more efficient and environmentally friendly future for our global fleet”. Luisa Amate, Corporate Fleet Manager.

KPI	2022	2023
Total expenditure with suppliers (M€)	649	642
% of products and services purchased locally	94%	94%
Total number of worldwide suppliers	43,868	44,984
% of new strategic suppliers approved using environmental and social criteria	100%	100%
Relevant incidents related with supplier management	0	0

Data related to countries with SAP, which covers the 60% of the Group revenues.
Relevant incidents are those that have an impact on the Group's operations.

⁶ This data covers the following countries: Australia, Belgium, Brazil, Canada, Chile, Colombia, Czech Republic, France, Germany, Guatemala, Italy, Ireland, Mexico, Netherlands, Peru, Portugal, Spain, Turkey, United Arab Emirates, United Kingdom and United States.

04. VALUE FOR THE CLIENT

Overview and approach

At Applus+, we strive to integrate the expertise of our professionals and the most innovative technologies to provide our clients with solid solutions in a constantly changing environment. Our services are designed to boost **productivity and efficiency** in their organisations, accompanying them on their path to **sustainability** and ensuring the protection of their personnel, assets and infrastructures.

Technology-based innovation drives our business progress. We recognise the value of close collaboration with **clients, partners and suppliers** to generate **synergies** and achieve optimal results.

Our **business strategy** is based on full **client satisfaction and continuous improvement** which emanates from our **Global Quality, Prevention and Environment Policy** and is deployed through a **management system** that meets rigorous international standards.

Certification of our management systems according to ISO 9001 and compliance with accreditation standards such as ISO/IEC 17020, ISO/IEC 17025, ISO/IEC 17021, ISO/IEC 17065 cover a significant part of our operations (84%), validating our technical competence in the TIC sector. Our **Code of Ethics** is a fundamental pillar of our conduct. **Impartiality, confidentiality, integrity and truthfulness** are fundamental principles in all our services.

Applus+ has joined the celebration of **World Quality Week** to make our commitment visible. With the slogan '*Quality: realising your competitive potential*', this year we wanted to commemorate the commitment and responsibility to quality of all those who form part of Applus+ through a wallpaper on all the company's computers.





Innovation and digitalisation

Innovation is key in an environment that is evolving rapidly due to digital transformation and the growing demand for sustainability in all the sectors in which we operate. We have invested in increasing our capabilities and are devoting more resources to researching, learning and implementing new solutions into strategic markets.

Our innovation system seeks to strike a balance between internal resources and external sources to generate knowledge in new disciplines and implement new technologies, fostering cross-divisional interactions and relying on the knowledge contributed by smaller companies developing emerging technologies.

- **Hydrogen** is emerging as one of the key vectors in **the energy transition and decarbonisation**. At Applus+, we are involved in projects that rely on hydrogen to define the mobility of the future in fields such as aeronautics and other forms of transport.
- The growing production of electricity from **renewable sources** requires the support of a range of services to ensure its smooth operation. Applus+ has specialists worldwide in the field of **solar and wind energy** who implement innovative methods and procedures for all processes in this industry.
- We have developed a set of services to support **automotive electrification and autonomous driving** as new mobility models. We research technologies and device testing methods to provide safety for the automotive industry and have equipped our laboratories with facilities, equipment and test benches to meet the rapid increase in the number of electric vehicles.
- **Digitalisation** and its breakthrough technologies have evolved our services and, in some cases, given rise to **new business models**.

RESULTS IN 2023

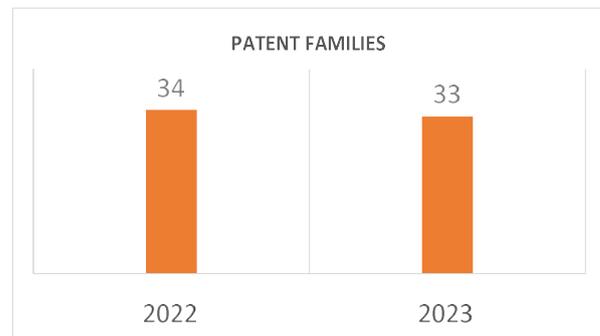
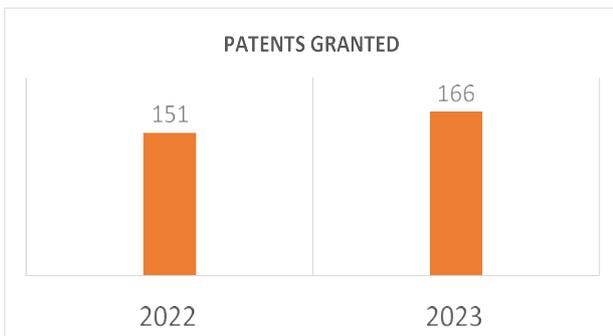
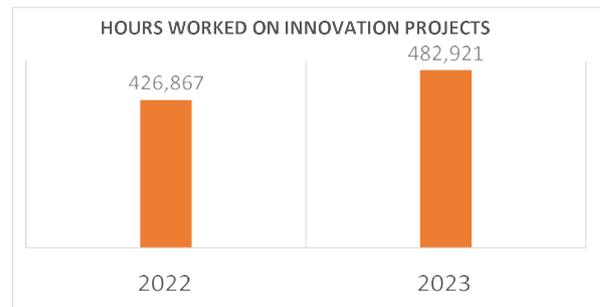
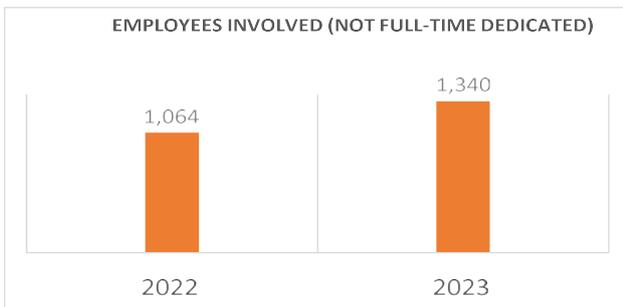
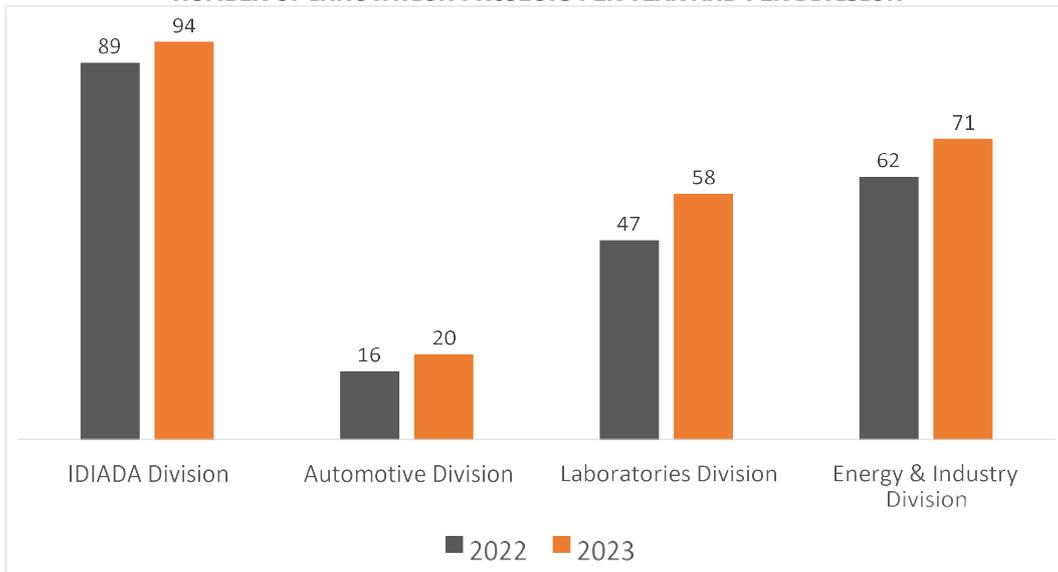
“Innovation and technology” is one of the three pillars of our 2022-2024 Strategic Plan. Our leadership is based on offering our clients the best technical solutions. To this end, we have an extensive research, development and innovation portfolio in various technological lines and in digitalisation, with 243 projects, on which 1,340 people are dedicating 482,921 hours.

In addition to ongoing projects, Applus+ has an intellectual property portfolio holding 166 patents in force and 33 active patent families⁷. In 2023 we increased the number of patents by 24 from 7 different families.

We collaborate with private and public external bodies in 100 agreements, and we share our knowledge in technical forums. This year we completed 111 oral contributions to technical events, 27 technical publications, and 74 training sessions.

⁷ Collection of patent applications covering a single invention.

NUMBER OF INNOVATION PROJECTS PER YEAR AND PER DIVISION



BOOSTING HYDROGEN AS AN ALTERNATIVE ENERGY

Our innovation projects contribute to promoting the use of hydrogen in all processes of the value chain. Promoting the study of solutions and developing services that facilitate its use as an alternative fuel, as well as its storage and distribution, is one of the challenges facing innovation at Arplus+.

One of the fields in which hydrogen has a very important potential is aeronautics. As part of the European *Clean Aviation* programme, we participate in the major European projects **FASTER H2 and H2ELIOS**, focused on the design and implementation of **liquid hydrogen tanks in aircraft**. We work on the characterisation of materials, functional tests and the validation of solutions for integrating the tank into the aircraft structure.

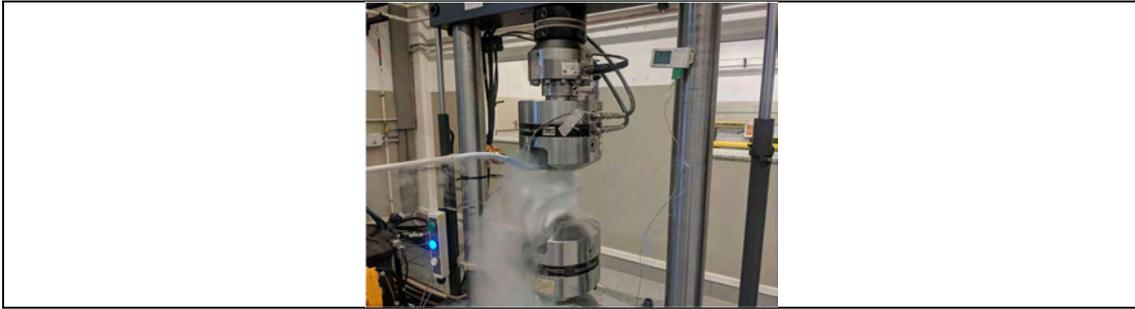
Other projects focus on the development and validation of **high-pressure hydrogen gas tanks** incorporating composite materials and SHM (Structural Health Monitoring) systems. Some examples are **SelbsttragenderLiner, K2H2 and Swat**, developed in Germany and funded by the BMWK (*the German Ministry of Economics and Climate Action*).

The **automotive** industry is developing the use of **hydrogen in fuel cells (FCEV - Fuel Cell Electric Vehicles)** to reduce emissions. Applus+ is contributing to this through various projects. One of these is the **European ZEFES project**, which addresses the environmental sustainability of long-distance freight transport. Within the framework of this project, we organised a **conference open to the sector's stakeholders** to analyse the challenges and opportunities of this emerging technology, in which 40 experts from companies around the world participated.

In order to increase its capabilities in this field, Applus+, through the IDIADA Division, has signed **an agreement with Intelligent Energy (IEL)** to collaborate in **hydrogen cell development** projects (see 'Alliances' chapter), has equipped itself with a **hydrogen refuelling** station, and participates in the **VEH2DEM** project, which is developing a hydrogen vehicle demonstrator (see 'Sustainable Services' chapter). It has also received an **award at the FISITA Congress** for a publication on a methodology to create a virtual hydrogen vehicle model from real data.

Another critical factor is the infrastructures for hydrogen production and distribution, which present new challenges due to the characteristics of this gas. Thanks to our knowledge and experience, we have adapted our inspection and monitoring services to **help ensure the safety of the facilities**. For example, Applus+ in Australia has carried out **a comprehensive inspection of hydrogen pipelines** with long-range ultrasound (LRUT) at a refinery that is converting to renewable fuels.

<p>INDUSTRIAL TEST METHODS FOR THE HYDROGEN SECTOR</p>	 
<p>One of the key vectors for decarbonising the economy is the use of hydrogen as a fuel, which is currently a major challenge due to its characteristics and risks. Progress still needs to be made in the development and testing necessary to obtain products suitable for transport, storage and use.</p> <p>Applus+ is committed to developing new industrial-scale testing methods to validate and certify the new systems involved in the use of hydrogen. Within this framework, we are working on several R&D projects in which we are developing tests for both high-pressure gaseous hydrogen systems and liquid hydrogen under cryogenic conditions.</p> <p>For example, we are developing mechanical tests under cryogenic conditions for materials and components, as well as hydrogen flame resistance and reaction tests, which will allow the industry to access product validation and certification under time and cost conditions suitable for the industrial environment.</p> <p>With these new services, Applus+ contributes to facilitating the development and implementation of technologies that use the hydrogen energy vector to achieve a more environmentally friendly economy.</p>	



SERVICES FOR THE RENEWABLE ENERGY INDUSTRY

We deliver turnkey projects for the renewable energy industry, both wind and solar. Our specialists provide support to this industry, which is expanding rapidly throughout the world, participating in all its processes: manufacturing, transport, installation, commissioning, and operation of the facilities.

In recent years, we have developed a wide range of new services to support the **wind industry**, for example the testing of wind turbines, which is a prerequisite for approving their use in a wind farm. Our mechanical laboratories have developed procedures for, among others, high-load **structural testing** of the blade segment on large wind turbines. We have improved our laboratory facilities to determine the properties of the materials comprising the windmills by determining their mechanical characteristics and **simulating real temperature conditions**. The safety and correct operation of wind turbines also requires **electromagnetic compatibility tests** to verify that, with their internal electronics, they do not exceed the emission limits for their surroundings. These verifications are carried out on-site, with the wind turbine in operation and using a **receiving antenna**.

Another challenge for the wind industry is the maintenance of wind turbines (increasingly higher) to ensure that they are in proper working order, identifying any defects that could affect energy production and turbine performance. Drone inspection has been one of our most innovative services in recent years. This has required working with **specialist pilots**, obtaining **state-of-the-art imaging equipment**, and using **reliable data processing systems** through **artificial intelligence algorithms**, with subsequent verification of the defects found by qualified experts (known as Human-in-the-Loop). The agreement between Applus+ and the start-up Alerion has been decisive in allowing us to offer this service.

Our engineering teams provide a **comprehensive service to wind farms**, such as the series of services provided by Applus+ to its client Global Power Generation (GPG), including the management and supervision of civil works and health, safety and environmental support during the construction and commissioning of the Hawkesdale wind farm, which will generate energy to supply 67,000 homes with a saving of 181,784 tons of CO₂ emission yearly.

In April 2023, our company participated in the 6th LATAM Renewables Meeting and Fair as a bronze sponsor. Our experts gave a technical talk on the use of technology applied to the monitoring and quality control of critical components in renewable energy generation projects.



"At Applus+, we are committed to driving the transition towards a more sustainable economy, and renewable energy plays a key role in that transformation. We are delighted to participate in this event and share our ideas and experience with other industry experts". Juan Alfonso Poyatos. Applus+ Country Manager in Colombia.

Applus+ has provided quality control services at several **photovoltaic plants** owned by Repsol, with a total capacity of more than 2 GWp. As part of the services provided for these facilities, located in Spain, Chile and the United States, essential independent technical consultancy work has been carried out, auditing the traceability of the components supply chain. Auditing the factories and supervising the production processes ensures that the photovoltaic modules have been manufactured in compliance with the required quality standards and technical specifications.

With the aim of continuing to be a global benchmark in the provision of innovative services, Applus+ carries out **research projects** such as **PVBifacial**, financed in Spain by the Centro de Desarrollo Tecnológico Industrial (CDTI), which seeks to comprehensively study bifacial module technologies in order to identify the best options and develop new inspection and measurement systems.

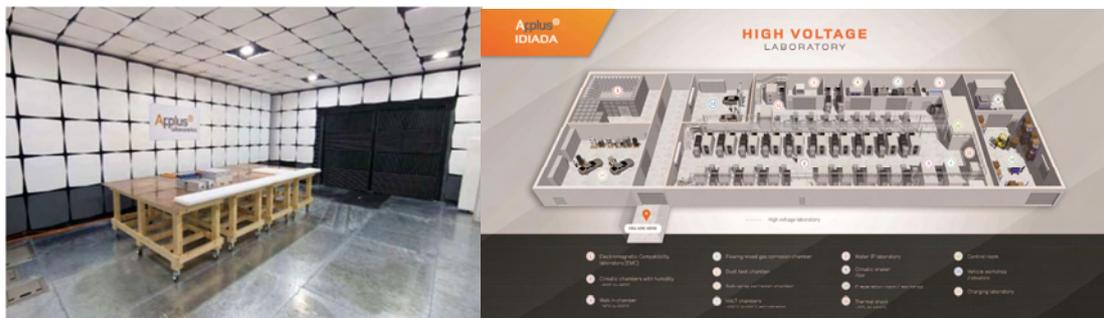
<p>PHOTOVOLTAIC MANAGEMENT WITH IA-BASED TOOLS</p>	
<p>The management of a photovoltaic plant involves carrying out proper maintenance of on-site equipment to maximise energy production. This task can be a major challenge, as there can be thousands of modules and hundreds of inverters in a single PV project. Until a few years ago, these processes were manual and time-consuming. Advances in digital technologies have provided solutions through a combination of drone flights with infrared (IR) cameras and artificial intelligence (AI) models.</p> <p>For example, the Smart PV Inspection Tool (SPI), developed by Applus+, brings speed and accuracy to this type of inspection. The tool is capable of processing thousands of images collected on flights, looking for multiple types of defects that can affect an asset's performance, automatically classifying their criticality.</p> <p>The analysis of asset performance is another focal point where AI is helping to gain more insight from the data recorded by Supervisory Control and Data Acquisition (SCADA) systems, through a combination of advanced data science tools and machine learning (ML) models. In this regard, the Advanced Performance Application Tool (A-PAA), developed by Applus+, calculates key metrics such as the real evolution of the production of each component, how much energy has been lost during periods of inactivity and the optimal performance of different types of devices based on their historical data.</p> <p>AI applications are already playing a key role in the transformation of the solar PV industry, helping to improve project efficiency and safety.</p> <div data-bbox="539 1637 1056 1982" data-label="Image"> </div>	

SERVICES CONTRIBUTING TO THE NEW MOBILITY

In recent decades, we have provided technological support to the automotive industry in the roll-out of the electric and connected vehicle. We are investing and transforming our facilities to meet this new demand and accompany the industry in its drive towards electrification.

Thanks to our advances in innovation, we can provide testing, inspection and certification services to meet their major challenges: better designs, new materials, motor and battery efficiency, adapted infrastructure and speed of charging systems, communication and connectivity technologies, ADAS safety and cybersecurity, as well as regulation and certification.

Around the world, our laboratories have increased their testing capabilities with new test chambers and equipment for testing **electric vehicle components and systems**. These products require testing facilities prepared to simulate more complex conditions than traditional components: **external cooling** to avoid the overheating of test specimens, **higher power** supplies, **climatic chambers** with high heat dissipation capacity, **larger** EMC chambers for large components such as batteries or engines, and complex set-ups to simulate communications with the other systems. At our facilities in l'Albornar (Tarragona), a large laboratory has been built to carry out high-voltage tests.



We are collaborating in **research projects** such as **HUB-dCO2**, financed by the PERTE VEC programme with Next Generation Funds, for the creation of battery testing laboratories, supporting companies in the electric vehicle value chain that require their own testing facilities. We also participate in the **NEXBAT** project of the **Horizon Europe Transport** programme, together with 11 other partners, leading the testing, validation and certification works for standardising the **new generation of batteries** that are more efficient, lighter and have a longer useful life.

As for our automotive inspection services, we are a leading member of CITA (International Motor Vehicle Inspection Committee) and we are evaluating, together with this international organisation, the regulations that will cover **electric vehicle inspections**. We have worked on a proposal for a risk study of system vulnerabilities and an inspection protocol. Our experts have participated in various events focused on the electrification of mobility, highlighting the role of vehicle inspection for safety and respect for the environment.

Our automotive engineering division is involved in several research projects related to improving the technology of electric vehicle charging systems, for example, the European H2020 **eCharge4Drivers** project, which studies systems that **improve the charging experience** and optimise the time spent by drivers.

The manufacture of electric cars also has to overcome challenges linked to the **design of their structure** and the **materials they are made of**, so that they have a reduced environmental impact. The use of eco-design principles to rethink vehicle architecture, extend their useful life and minimise the waste and pollution they generate is being studied in the European H2020 **ALMA** project, in which Applus+ is participating together with eight partners. From the laboratory in Bordeaux, research is being carried out on **systems for joining multi-material structures**, which, while meeting mechanical and durability requirements, will allow for easy disassembly and recycling at the end of their useful life.

Another challenge of electric mobility is its implementation in logistics transport and urban-sized commercial vehicles; to this end, through the European H2020 **URBANIZED** Project, our engineers in Spain are designing the next generation of **modular architectures for electric vehicles**, studying three aspects: high-performance power train, interchangeable charging modules and integrated energy and fleet management strategies through techniques using data, connectivity and learning algorithms.

Applus+ continues to invest in the development of **automation technologies** for autonomous and connected mobility, testing infrastructure development, connectivity, safety and warning systems. It has around 20 projects in its R&D portfolio, one of which is the recently completed **SHOW**. This initiative has been led by the Union Internationale des Transports Publics to promote sustainability and assess the future transformation of today's urban traffic environment and ecosystem, driven by automation, electrification, cooperation and inclusion. The project has been developed with the global vision of transport organisations, technology centres, automotive and component manufacturers, transport operators and engineering and service companies, as well as experts from the academic field. With 69 partners and the twinning of 11 global organisations for **demonstrations in 20 European cities**, this is arguably the largest and most holistic real-life urban Centre for Connected and Autonomous Vehicles (CCAV) demonstration initiative.

In 2023, work has started on phase 2 of the connected vehicle and automotive test tracks (CAV 2 phase 2) at our Tarragona facilities.

SAFE-UP, proactive SAFETy systems and tools for a constantly UPgrading road environment



Road safety is the top priority in the development of connected and autonomous vehicles. The IDIADA Division has been the coordinator of the European H2020 **SAFE-UP** project, in which 20 partners have been working on understanding the **impact of mixed traffic environments** (autonomous vehicles, human behaviour, two-wheeled vehicles, cyclists and pedestrians), in which various actors coexist. In this project, we have evaluated **occupant safety** and worked from different development fields, such as electronics, connectivity, active and passive safety and various human body models. We have also generated training materials to **raise public awareness** of new technologies and advanced driving assistance functions before the deployment of autonomous vehicles.

The results of the project, completed in 2023, will have a considerable impact on the automotive sector, especially in the implementation of new technologies such as connectivity, Advanced Driver Assistance Systems (ADAS) and passive safety-based solutions for future EuroNCAP scenarios, improving the safety of all road users.



CYBERSECURITY EVALUATION SERVICES

Connectivity has become a universal element in the products around us, from consumer electronics to vehicles to industrial equipment. More connectivity also means higher risks of cyber-attacks, which is why many countries and sectors are introducing regulations to ensure high levels of protection against potential attackers.

The European Union is developing a new regulatory framework that will affect all connected products. One of the first steps has been the incorporation of cybersecurity requirements through the European Radio Equipment Directive (RED), with the aim of improving network protection, enhancing privacy and personal data protection, and reducing the risk of fraud. These requirements, now voluntary, will become mandatory in 2025 for any equipment with a wireless connection. In early 2023, the Applus+ Laboratories Division's LGAI Technological Center S.A. became the first European Notified Body accredited to certify these cybersecurity requirements.

For products requiring more critical levels of protection, a number of certification schemes are being defined and will start to be implemented in 2024. These schemes will be based on the Common Criteria certification, which is the most comprehensive and internationally recognised certification in the TIC products sector.

Applus+, with its accredited laboratories in Spain, the United States and Canada, is a leading provider of Common Criteria evaluations, ranking in the top 3 TIC companies by number of projects completed, both in 2022 and 2023.

CYBERSECURITY ACROSS THE VEHICLE SUPPLY CHAIN



In the automotive field, **UNECE** member countries, such as the European Union, Japan and South Korea, introduced new regulations in 2021 to **integrate cybersecurity into the homologation of new vehicles**. These regulations became mandatory in EU Countries in 2022 for new vehicle models, and in 2024 they will be extended to all registered vehicles sold in these countries in 2024.

As a technical vehicle homologation service, our IDIADA Division is accredited to assess that manufacturers comply with the technical and administrative requirements of UN ECE R155 and R156 regulations. Manufacturers, in turn, extend these safety requirements to all vehicle components and the companies that manufacture them. The supply chain, in turn, must demonstrate that it has assessment and risk management in place for its components using ISO/SAE 21434 or equivalent processes.

Our Laboratories Division collaborates with Tier 1, Tier 2 and Tier 3 to support their risk assessments, thanks to its knowledge and experience in security evaluations and penetration attacks.



ADVANCED DIGITALISATION

In recent years, all our businesses have undergone a major digital transformation. We have applied advances in technology to optimise our processes and become more competitive, bringing more value to our clients with more comprehensive and interactive services. Our processes have been transformed through the adoption of artificial intelligence (AI) technologies and other solutions, such as the use of drones, advanced robotics, the internet of things and digital platforms.

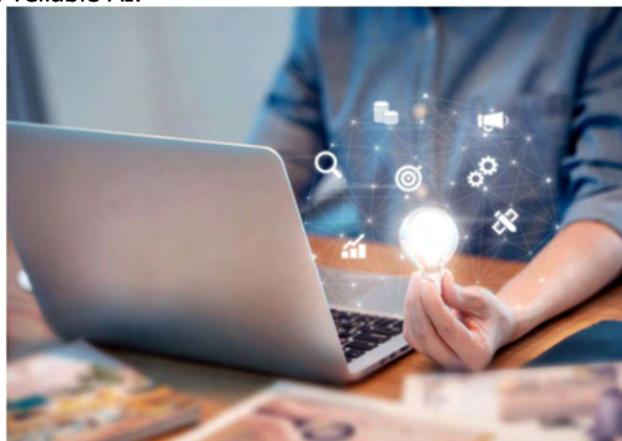
Artificial intelligence continues to be an increasingly important part of our digitalisation projects in all areas. Combined with **other digital or test and inspection technologies, in many cases**, it brings significant improvements to our productivity, improving efficiency in the performance of inspections, data analysis and extraction of results. The benefits not only translate into savings, but often provide more valuable answers to our clients and streamline our internal processes.

Some examples of the **increased value** achieved in inspections through **artificial intelligence** include:

- Digital industrial radiography services, such as those provided to a major client in the petrochemical industry in Brazil, in which we combine **state-of-the-art digital radiography** with artificial intelligence solutions, ensuring reliable and high-quality results in the detection and evaluation of possible discontinuities in the inspected components. Moreover, reports are generated at high speed, allowing **immediate corrective actions to be taken**, contributing to greater efficiency and productivity in inspection and maintenance processes. Applus+ is positioned as a pioneer in Brazil, as this is the first time these technological developments have been carried out in the country.

“This contract is a recognition of the quality and experience of Applus+ in the inspection industry. We are committed to providing comprehensive and reliable solutions to our clients, contributing to the improvement of safety and quality in various industrial sectors”. Carlos Cabrera. Applus+ Country Manager in Brazil.

- In the field of technical vehicle inspection, the incorporation of artificial intelligence into an **inspection system supported by artificial vision** is a ground-breaking technological development that makes it possible to increase the quality of the inspection, helping the inspector to do their job better and resulting in a better service for the client. Artificial intelligence has also helped us to **optimise the supply of slots for inspection appointments**, maximising our options for clients.
- Other examples of the application of these technologies that make us more efficient and reliable are the services we offer with the help of SW tools incorporating AI for drone-based management and inspection of photovoltaic plants or wind turbines, supported by artificial intelligence algorithms.
- Our automotive engineering continues to investigate Cooperative, Connected & Automated Mobility (CCAM) solutions enabled by AI, which can be trained with huge amounts of data to produce driving functions that perform better than humans under certain conditions. However, AI remains largely unexplored in terms of certain characteristics that determine its reliability. Together with 15 partners, we are collaborating on the European H2020 **ALTHENA** project, which aims to lay the foundations for reliable AI.



We have incorporated digitalisation into our services through emerging technologies, developing **remote inspection** solutions using **drones**, generation of **3D models and digital twins**. This service helps us to reduce personal risk and minimise downtime in energy infrastructure inspections (both renewable energy facilities and oil and gas assets). Some inspections are essential to help ensure the environmental safety of these facilities.

- We are using drones equipped with advanced sensors to conduct inspections of wind turbines and photovoltaic plants. With this technology, **real-time** assessments can be carried out, allowing the **early detection** of signs of wear, defects or any other problems that may affect the performance of the asset.
- The Applus+ team in Brazil performs state-of-the-art inspections using drones equipped with the latest technology, such as DJI Matrice drones. These **visual and thermographic inspections** are carried out on a variety of structures and equipment, including operational flares at offshore plants, which must be inspected on a regular basis to ensure their proper functioning, safety, and compliance with environmental regulations. Our innovative technology and its focus on safety and inspection accuracy has had a positive impact on the industry, providing faster and more accurate results that **improve the efficiency and safety of equipment**.
- Recently, we have provided a **3D laser scanning** service for the dimensional verification of a ring beam at a steel fabricator in Indonesia. This has allowed us to complete the inspection quickly **without invasive procedures** or dismantling equipment, with minimal downtime and smooth operations throughout the digitalisation process.

Focusing on the **client experience**, we continue to implement communication and improvement tools, such as the e-Delivery solution implemented at our testing laboratories to share reports, certifications, project tracking, offers and invoicing with our clients, with functionalities such as interactive chat and notifications, which centralise all information and speed up its delivery. We have also added new functionalities to our **e-Witness** tool so that, in addition to viewing test parameters remotely during the test, the client can view their sample and test in real time using virtual reality glasses worn by the tester on site.

The **e-commerce** portal, launched at the end of 2022 for automotive testing, has experienced significant growth and product diversification. The number of users has reached 87,000. After targeting campaigns to a specific market segment, a balance between Original Equipment Manufacturers (OEMs) and Tier 1 suppliers has been achieved, with products such as IRIS, TCT, Drag & DTV, Dynasoft, Hyundai iONIQ 5 - Power Electronics and Tesla Model S Plaid - Vehicle Dynamics Reports, gaining traction. The results indicate that there has been a shift from quantity of leads to quality, which emphasises the importance of refining strategies to better serve the target market.

The benefit of automation is exemplified in the vehicle inspection business. In this activity, Applus+ is one of the **leaders in digitalisation and automation**, as we have implemented solutions that improve both operational efficiency and the client experience, helping, for example, to streamline access to lines, minimise the time spent in offices, and make the entire process, from arrival to departure, as smooth as possible. These developments are supported by digital tools such as **data management and analytics, artificial intelligence** applied to various processes, etc.

In order to facilitate a faster evolution and develop more appropriate solutions, we promote internal initiatives to **share our knowledge and experience**, such as the **Digital Tech Community**, which this year held its first event sharing digitalisation projects with the company's key executives and managers, or the **Applus+ Knowledge Map**.

GENERATING VALUE AND SERVICES FROM DATA



One of the key assets to improve and expand digitalisation-based services is data management and analysis. This is why the IDIADA Division is creating a **Centre of Excellence (CoE) for data related to testing, approval and certification in the mobility sector**. The project aims to develop a state-of-the-art centre focused on the development of data-based services that can be offered to various industry players.

With rapid advances in technology and the increasing complexity of vehicles and mobility ecosystem players, there is a growing need to leverage data science, encompassing data collection, data mining and analytics, artificial intelligence and machine learning (ML), to revolutionise the current testing, approval and certification services for the automotive industry.

The Centre will serve as an **incubator and accelerator of ideas** to be transformed into **new services and products in a very short time to market**. Leveraging a vast matrix of real data collected from various sources (sensor networks, simulation platforms, vehicle fleets, technical inspection services, governmental organisations, etc.), vehicle performance data and our **experts' in-depth knowledge of functionality and regulations**, the project aims to redefine the rules of design, development and validation and **improve the safety, performance and efficiency of vehicles** in a more appropriate and faster way.



CORPORATE VENTURING

Applus+ Ventures, our corporate venturing programme, seeks collaboration opportunities with start-ups linked to the energy transition, connectivity, electrification and disruptive technologies, such as artificial intelligence, data analytics, blockchain, internet of things and robotics, among others.

As part of Applus+ Ventures, in 2023, we signed a commercial agreement with the start-up Alerion for the use of its **technology for the inspection of wind turbines**, as well as a framework agreement for the joint development of solutions in other areas.

We are also continuing to work on the **search for start-up solutions** for the management of the company's assets and the inspection of pathologies and the inventory of road elements with light hardware and artificial intelligence.

Other topics explored during 2023, which are expected to be extended over time, are bridge inspection with drones and artificial intelligence, Driver Monitoring System testing of vehicles with technology that helps to understand the driver's cognitive state, thermal runaway estimation in lithium-ion batteries in electric vehicles to prevent explosions, and solutions for the estimation and reduction of scope 1, 2 and 3 CO₂ emissions, as well as solutions related to certification in the field of sustainability.

Combining cutting-edge technology with the international scope of our company, this programme allows us to extend developments from start-ups and have an impact on the industry. Collaboration with companies with multidisciplinary profiles, such as technology companies, universities, start-ups and innovation centres, allows us to anticipate market demands and help create a more sustainable world thanks to new technologies and business models.

AGREEMENT WITH ALERION TO INSPECT WIND TURBINES THROUGH AI



In 2023, we entered into an agreement with the start-up Alerion to **inspect wind turbines using artificial intelligence**. Autonomous drones equipped with infrared or LiDAR (Laser Imaging Detection and Ranging) cameras are used to provide this service.

The solution allows technicians to have access to the captured information, stored in the cloud, in order to carry out improvement and maintenance tasks. Furthermore, it minimises infrastructure downtime during inspection, helping to improve the reliability and profitability of onshore and offshore wind farms.

Alerion has already conducted more than 1,000 inspections of onshore and offshore wind farms in more than 14 different countries, all successfully, including both annual recurring maintenance inspection campaigns and end-of-warranty studies.



Relationship with clients

GRI 2-24

At Applus+, we cultivate close relationships with our clients, enabling us to understand their **expectations** and ensure they are met. We place great value on **active listening** as a cornerstone for developing and refining our services, tailoring them to their individual needs.

Our approach focuses on **personal contact** through regular meetings covering the entire service design and development process. We also offer a variety of **communication channels**, from face-to-face events, such as open days, forums and conferences, to digital alternatives, such as e-mail, our website and social media.

To handle client **complaints**, we have dedicated local channels. Each complaint is thoroughly analysed to understand its origin and take action with transparency and direct communication with the client. We view these instances as opportunities for improvement. During 2023, we received a total of 619 complaints⁸, 557 of which have been closed, while the remainder are in the process of being analysed and resolved.

We are proud of the recognitions awarded for our services, as they support our commitment. This year, we have been honoured with several awards, including:

- The Applus+ team in Brazil has been awarded the **Innovative Workplaces Brazil2023** seal by *MIT Technology Review*, the renowned journal of the **Massachusetts Institute of Technology** (MIT).
- In Australia, we have achieved the extension of our Lloyd's Register certificate of approval to provide **remote inspection techniques**. With this extension, we are able to offer our clients a wider choice of remote inspection techniques, enabling them to make well-informed decisions.
- In Colombia, Applus+ has been selected to rank 33rd in the **TOP Open Corps Ranking** thanks to its focus on technological and innovative solutions for the management of environmental components in projects of Latin American recognition, integrating environmental consultancy, technology and software.
- The **100 Open Start-ups Ranking** annually highlights the most attractive start-ups for the corporate market and recognises the leading companies in Open Innovation and in establishing strong relationships with start-ups in Colombia. Applus+ has been awarded second place in the Open Innovation ranking.
- We have been awarded the prestigious **PME Excellence Award**, given by the Portuguese government to a total of 10 companies. This is the fourth consecutive year in which Applus+ has been distinguished, with this recognition, as one of the best companies in Portugal.
- The Production Department and the North Ghawar Inspection Department of **Saudi Aramco** presented Applus+ with an award in honour of its innovative technologies. This award is due to our company's exceptional ability to inspect untraceable pipes with a 1D radius of curvature.

⁸ This represents 47% of the company.

- Our U-MOB LIFE project, which aims to create a network of universities to exchange experience and knowledge on best practice in sustainable mobility at European level, was a finalist in the European Commission's **LIFE Awards** in the LIFE Citizens category.



Over the course of 2023, we have maintained a consistent Net Promoter Score (NPS) measurement across all our divisions and expanded this assessment to new territories, including some countries in Latin America like Mexico and Chile. Based on more than 157,721 surveys received⁹, we have achieved a score of 50, a performance rated "excellent" on the rating scale.

⁹ Representing 59% of the company.

Sustainability services

In recent years, we have complemented traditional services with new services, diversifying our portfolio and taking advantage of the opportunities offered by new regulatory frameworks and industry needs in the field of sustainability. We help our clients move towards sustainability through a set of solutions aligned with the United Nations Sustainable Development Goals, a wide range of sustainable services that we classify into six pillars.



Sustainable use of natural resources



We provide engineering, supervision, consultancy, testing and inspection and QA/QC¹⁰ services in order to use natural resources in a way that is sustainable and respectful of society and the environment.

Services aimed at preserving water and soil, forestry and mining resources

- Water distribution projects
- Safe and sustainable mining
- Environmental monitoring and surveillance
- Topographical surveys and geotechnical instrumentation
- Materials testing, NDT, pipeline inspections, welding, CCTV
- Water footprint reduction
- Use of clean technologies
- Environmental restoration plans
- Remediation of contaminated soils
- Analysis and monitoring of the quality of water bodies
- Circularity of waste



Sustainable energy



energy
transitio



We provide studies, designs, testing, field supervision and inspection services aimed at improving energy efficiency and creating, transporting and maintaining sustainable energy production.

Services related to wind, solar, hydro and green H₂ energy

- Mechanical testing in the renewable energy sector
- Characterisation of foundation materials, mortars and pulp
- Certification of electronic components and calibration
- Climate change mitigation plans
- Validation and verification of Clean Development Mechanism projects
- Energy efficiency and management services
- Design, implementation and monitoring of renewable energies **NEW**
- Design and implementation of green hydrogen **NEW**

¹⁰ Quality assurance and quality control



Sustainable production



Services aimed at ensuring integration and safety for users of industrial or end-consumer products or processes, ensuring that they are environmentally friendly.

Services relating to industrial products or installations¹¹.

- Product safety, quality, performance and purpose tests (EMC, environmental and climatic, vibration, wireless, household appliances, lighting, electronic equipment)
- Cybersecurity of products, components and systems
- New services related to the new Cyber Security Act **NEW**
- Testing of medical devices (materials, components and complete devices) **NEW**
- Payment and identification systems
- Life Sciences: clean rooms, air quality **NEW**
- Supplier and supply chain assessment system
- Measurement of air, soil and wastewater emissions
- Waste characterisation
- Waste management and reduction plans
- Environmental risk analysis
- Life cycle analysis of products and services
- Environmental Impact Studies and other studies aimed at environmental protection
- CE Marking, ATEX
- Agro product certification, (IFS, BRC, PI)
- Calibration
- Regulatory equipment inspections
- Safety audits, external prevention services
- Traceability of the supply chain and responsible products



Sustainable buildings and infrastructures



connectivity



Services to ensure, from design to operation and maintenance, the integrity, safety, efficiency and environmental sustainability of infrastructure and buildings.

Services related to buildings, roads, ports, railways and infrastructure for clean propulsion vehicles.

- Laboratories for construction materials and products (mechanical, fire, acoustic, thermal, climatic)
- Quality marks (cement, concrete, glass and partitions, physical safety)
- Testing of water pipes, heating and air conditioning, gas and sanitary systems in buildings
- District and geothermal heating, gas supply and disposal, drinking water, sewage and cable ducts
- Structural and mechanical testing
- Cybersecurity of systems and components
- Ground engineering and construction
- Consultancy and engineering for sustainable building
- Testing of construction materials and NDTs
- Environmental impact studies, environmental monitoring of infrastructures and landscape integration studies

¹¹ Not related to the use of fossil fuels or highly polluting processes.

- Engineering, technical consultancy, labour, testing and inspection and QA/QC
- Water distribution and pipeline repair projects
- Deployment, operation and maintenance of telecommunications networks for telephone companies, infrastructure managers, equipment manufacturers, engineering firms and public bodies
- Regulatory equipment inspections
- Road management



Sustainable mobility

Services for the design, testing, approval and control of vehicles for the transportation of goods and people, ensuring the safety and environmental sustainability of their materials, components and technologies.

Services related to clean propulsion vehicles, drones, personal mobility vehicles, transport by rail and aerospace.

- Road education and safety
- Technical safety and environmental inspection of vehicles
- Battery testing and approval **NEW**
- Electrical, electronic and EMC testing of components and vehicles
- Testing of structures, components and materials (fire, mechanical, environmental)
- Cybersecurity of systems and components
- Characterisation and UAS/UAM certification **NEW**
- Structural testing of bogies, wagons and subcomponents, fire, EMC and environmental testing of on-board electronics, calibration, characterisation of materials
- QA/QC of land transport infrastructures
- Sustainable mobility plans
- Asset integrity (NDT)
- Engineering and testing of electric and hybrid vehicles and other vehicles
- Homologation of electric and hybrid vehicles
- Passive Body and Safety Tests
- Chassis, active safety and durability (ADAS), brake testing, vehicle dynamics, chassis design, electronics, driving simulation, durability testing



electrification



Sustainable business practices

Services aimed at the improvement, control, verification, validation and certification associated with responsible and sustainable practices within organisations.

Services related to the deployment of ESG strategies in organisations and training.

- ESG assurance **NEW**
- Sustainability reports **NEW**
- DNSH¹² validation **NEW**
- Verification of carbon footprint, CDM, GS
- Spanish National Security Scheme, information security
- Quality management, health and safety and environmental management systems
- Food safety
- Compliance and crime prevention systems



¹² Do Not Significantly Harm

- Verification of energy reduction **NEW**
- Occupational risk assessment
- Emergency and self-protection plans
- Safety audits
- Environmental and health and safety legislation diagnostics
- Development of equality policies and plans, codes of conduct and good governance, and CSR management systems
- Diagnostics and action plans aligned with the SDGs
- Information security systems
- Training and awareness-raising

CONTRIBUTION OF OUR SERVICES TO THE SDGS

1. PROMOTING SUSTAINABLE PERFORMANCE

At Applus+, we are aligned with the United Nations 2030 Agenda for Sustainable Development to encourage countries to embark on a path that improves the lives of everyone, leaving nobody behind.



ENVIRONMENTAL MONITORING

Environmental air monitoring centre at El Dorado Airport, Colombia



Applus+ is leading the operation of the real-time airborne environmental monitoring centre at El Dorado International Airport in Bogota. Using advanced software and hardware technology, we monitor key parameters such as noise, air pollutants and socio-economic aspects. Our aim is to ensure the continuity of the facilities and make the necessary adjustments to comply with the requirements of the environmental licence.

Low Emission Zone monitoring system in Valencia



In Valencia, Spain, we are overseeing the implementation of the management and control system for the Low Emission Zone (LEZ). This two-year contract includes the preparation of the necessary technical documentation, quality guarantee and regulatory compliance of supplies and developments. Moreover, consultancy and technical assistance services are offered to support additional aspects related to the LEZ, such as the handling of personal data and the communication campaign.



SUSTAINABLE DEVELOPMENT GOALS

Technological solution to measure the contribution of organisations to the SDGs



We have created ODSPlus, a self-assessment website tool that helps companies set targets for a more sustainable and inclusive future.

This application is suitable for all organisations and sectors, integrates into existing management models and allows companies to measure the impact of their activities on the SDGs and identify areas for improvement.

Contribution to the future SDG Management Systems standard, ISO 52001



Arplus+ has joined the UNE 343 Committee, which brings together 70 representatives from various sectors, including associations, companies, SMEs, consultancies, certification bodies, laboratories, technology centres, government agencies and universities. This provides an opportunity to collaborate with other professionals in the development of the ISO 52001 standard.



ENVIRONMENTAL TRAINING

Environmental training for European project managers

Arplus+ coordinates the SUSTAIN E+ project, which aims to establish guidelines to help ERASMUS+ project managers to design and implement the different project activities applying sustainability criteria. The consortium partners have developed online training material that provides, in a visual and interactive way, the knowledge that a manager should have to reduce the environmental impact of these projects during their implementation.



Co-funded by
the European Union

Environmental educational experience



Over the next two years, we are going to offer educational services to visitors to the industrial facilities of the Galician Environmental Society (Sogama). For this purpose, we have created a virtual reality video and an interactive game called TRASH&FURIOUS to enhance the educational experience and highlight the importance of the environment.

The video provides an immersive view of Sogama’s facilities and promotes environmental awareness, while the game offers a competitive and fun way to learn about recycling.



2. PROTECTION OF PEOPLE

We contribute to health and wellbeing through services that ensure the marketing of safe products and reduce the consequences of traffic accidents in the communities where we operate.



SAFE VEHICLES

Study of occupant behaviour in pre-crash scenarios



We have validated a set of procedures to better understand how vehicle occupants behave before an accident and to assess the impact of ADAS functions on their protection. We conduct tests on driving simulators and tracks, as well as human body model (HBM) simulations, which are key to understanding how active safety systems influence the performance of restraint systems and develop effective countermeasures for safer vehicles.

New regulation to improve child safety on buses



We have led a United Nations international sub-working group to develop a proposal for a regulation to improve the safety of child restraint systems on buses. The regulation establishes the technical and administrative requirements that three-point restraint systems on coaches must comply with in order to improve child restraint in the event of an accident, contributing to child safety on public transport.

Technical vehicle inspection in Sysseleback (Sweden)



In the small municipality of Sysseleback, we have taken the initiative to keep in operation an inspection station that our state competitor decided to close. Thanks to our commitment and the support of the municipality, the station is operational several days a week, saving residents from travelling 60 km to the nearest station. By providing this service locally, we ensure vehicle safety, save residents time and money, and avoid emissions of nearly 9 tonnes of CO₂.

SAFE PRODUCTS

Compliance with European UAS regulations



The increasing use of drones in high-risk environments such as cities has led to the regulation of drone operations in several countries. In the European Union, the new regulatory framework for drones will become mandatory in January 2024. Applus+ is accredited to test and certify drones in accordance with the new European regulation and has facilities in Spain and China to perform all the required tests, whether in the laboratory or with the drone in flight. During 2023, several drone models have been certified for leading manufacturers in the sector.



3. CLIMATE ACTION

We contribute to reducing our clients' carbon footprint through services related to renewable energy, energy efficiency and sustainable mobility.



RENEWABLE ENERGIES

Property engineering for a wind farm in Brazil



Applus+ carries out property engineering for a 193.5 MW wind farm located between the cities of Umburanas and Ouroândia, in the state of Bahia, Brazil. We also provide surveying services using drones and topographic stations with RTK (Real Time Kinematic) technology, which allows us to reduce the margin of error in millimetres, and specialised software for technical drawings and image processing. The development of this project will contribute to the saving of 477,488 tonnes of CO2 per year in relation to the generation of electricity from non-renewable sources.

Environmental studies for a photovoltaic park in Colombia



In the project for a 200 MW photovoltaic park, as well as its connection to the 220-kV substation in Colombia, Applus+ provides consultancy services for preparing the environmental studies, which include the Environmental Impact Study and the Environmental Diagnosis of Alternatives. In this way, we contribute to reducing carbon emissions and promoting sustainable development.



ELECTRIC AND HYDROGEN VEHICLE

Hydrogen-powered urban waste collection vehicle



The VeH2Dem project, in which Applus+ participates, contemplates the transformation of a diesel municipal waste collection truck into a prototype electric truck powered by an FCEV (Fuel Cell Electric Vehicle) fuel cell system. This project is financed by the Institute for Diversification and Saving of Energy (IDAE), within the framework of the European Next Generation EU funds.



CARBON CAPTURE

Non-destructive testing in the first carbon capture project in Europe



We performed non-destructive testing on the Norwegian government's Northern Lights project, which will be the first open source, cross-border CO₂ storage and transport infrastructure and will enable safe and permanent underground storage for industries across Europe.

The project involves using Applus+ RTD Rotoscan, our system to inspect girth welds by ultrasonic non-destructive testing during the installation of long-distance pipelines.

Strategic alliances

GRI 2-28

Relationships with other companies provide us with new opportunities and complement our competencies. Our experts support the various sectoral and standardisation organisations by contributing to the development of documents and guidelines in the framework of their working groups, as well as organising events and presentations.

AUTOMOTIVE-ORGANISATIONS

ASSOCIATION	POSITION	2023 HIGHLIGHTS
	<p>Applus+ holds the Vice-Chairmanship of Society Committee. We joined FISITA to share knowledge and best practices at an international level. Our engineers participate in the Intelligent Safety, Digitalisation, Brake and Friction technology working groups.</p>	<p>We participated in organising the 39th edition of the FISITA World Congress, held in Barcelona. This event was also organised by the Society of Automotive Technicians (STA), of which Applus+ holds Chairmanship.</p>
	<p>Since September 2023, Applus+ has been the Secretary General of CITA. We lead the R&D vehicle compliance thematic area and participate in the Environmental Protection Systems thematic area. We are also in the ADAS, brakes, electric vehicles, emissions, micro-mobility, type approval, vehicle data and connected vehicles working groups.</p>	<p>We have been speakers at the event "Electric vehicles and statutory automotive inspection. A practical approach", held in Brussels.</p> <p>Applus+ represented CITA at the "Rethinking Mobility" event in Uruguay.</p>
	<p>"At CITA we are actively carrying out programs and policies so as vehicles to be safe. The recommendations of the Global Plan indicate the possibility of establishing mechanisms for the periodic evaluation of vehicles to guarantee that all vehicles comply with the relevant basic safety standards. In Uruguay, applying a mandatory periodic technical review could save almost 200 lives and prevent more than 10,000 injuries per year." Marcelo Martínez. Applus+ Country Manager in Argentina and Chairperson of CITA RAG Central and South America</p>	



AUTOMOTIVE-OTHER EVENTS

The Applus+ IDIADA and Laboratories divisions were the chosen venues for the 40th meeting of the **United Nations Informal Working Group on Electromagnetic Compatibility (IWG EMC)** to conduct research tests related to emergency call systems in vehicles (AECSSs). This meeting, organised by both divisions of the Group, was attended by community representatives from several countries, as well as vehicle manufacturers of the **International Organisation of Motor Vehicle Manufacturers (OICA)**.



As a result of this meeting, it is expected to agree on regulatory changes to United Nations Regulation 10 to take into account the complexity of electronic systems and components, creating a specific procedure applicable in the approval process of vehicles and these systems, in relation to electromagnetic compatibility.

AUTOMOTIVE-OTHER ALLIANCES

We have been a partner of **Greenway Automotive (Georgia)** since its creation in 2018, offering extensive international expertise and support in the technical areas of quality and training. In November, **Greenway Automotive** signed a collaboration agreement with **USAID**, the United States Agency for International Development, to develop a **training programme for Georgia's vehicle inspectors** and align their procedures with European standards.

We maintain cooperative alliances with Jaguar Land Rover (JLR) that materialised in 2023 with the opening of a custom-built workshop for JLR at the IDIADA Division's main Technical Centre in Spain.

ENERGY TRANSITION-COLLABORATIONS WITH COMPANIES

Intelligent Energy (IEL), a UK-based company specialising in fuel cells, is collaborating with Applus+ to develop predictive hydrogen fuel cell and balance of plant models. IEL will use these models to support the future development and optimisation of fuel cell systems based on digital twin simulation, and Applus+ will use the model in full vehicle simulation platforms.

TECHNOLOGY-COLLABORATIONS WITH COMPANIES

We have signed an agreement with American company **Cypress** for the acquisition of **ultra-high definition (UHD) MFL (magnetic flux leakage) technology**, applied in pipeline inspections to identify and address potential problems and make timely decisions. The agreement includes the purchase of the equipment and a data analysis alliance.

This new technology will allow us to increase the range of services offered in pipeline inspections in the transport and distribution networks of the oil, gas and water end markets, and will complement the services we currently offer using ultrasonic technology (UT).

CYBERSECURITY-ORGANISATIONS

Our cybersecurity experts represent Applus+ in the regulatory activities of CEN-CENELEC (European Committee for Standardisation - European Committee for Electrotechnical Standardisation) by participating in working groups that aim to develop high quality standards for products and services that incorporate quality, safety, environmental, interoperability and accessibility requirements.

ASSOCIATION	POSITION	2023 HIGHLIGHTS
	We are part of the working groups derived from the standardisation request generated by the European Commission in CEN/CENELEC with regard to cybersecurity and data protection (CLC/JTC13): WG 6 Product security; WG 8 Special working group RED Standardisation Request; WG 8 Specific sub-group on risk assessment; WG 9 Special Working Group on the Cyber Resilience Act.	Our experts have contributed, through their participation in WG 6 and WG 8, to the generation of the new cybersecurity standards for the European radio equipment directive (RED), under the European Commission's standardisation request M585.

WIRELESS AND ELECTROMAGNETIC COMPATIBILITY (EMC) CERTIFICATIONS-ORGANISATIONS

We attend meetings of the bodies that host certification schemes around the world, for which we are recognised or accredited: **MIC**, in Japan (Registered Certification Body [RCB] 220); **FCC**, in the United States (Telecommunication Certification Body [TCB] ES0002); **ISED**, in Canada (Foreign Certification Body [FCB] ES0001), **UKRER and EMCR**, in the United Kingdom (Approved Body [AB]-8508) and **REDCA**, in the European Union (Notified Body [NB] 0370). Participation in these meetings keeps us up to date on regulatory and policy changes, while helping to lead and revitalise their discussion forums.

2023 HIGHLIGHTS:

As part of the **FCC/ISED** scheme working meetings, the Applus+ Wireless and EMC Certification Technical Manager has collaborated in proposing improvements and drafting procedures in the RF (Radio Frequency) Module Discussion Committee, Rules and Policies Committee and the Surveillance Committee.

This same manager was appointed Deputy Chairperson of the **REDCA** Association and represented this organisation at the meeting of the expert group on the Radio Equipment Directive (EG RED), organised by the European Commission in Brussels in June 2023, and in remote format on 30 November and 1 December 2023.

Finally, together with the **ETSI** working group ERMWGRM TR 103 879 Risk Assessment, we are preparing a technical report to develop a guide on risk analysis, assessment and mitigation in radio equipment, in accordance with the essential requirements of the Radio Equipment Directive 2014/53/EU - article 3.1b (EMC) and article 3.2 (radio).

FISITA WORLD CONGRESS 2023



In September 2023, the FISITA World Congress 2023 - Technology of Mobility Conference & Exhibition was held in Barcelona, the world’s largest automotive congress where executives from leading international companies and more than 2,100 automotive experts **exchanged knowledge and experiences over three days**.

Applus+ was a sponsor of the event and participated in the organisation **together with the Society of Automotive Technicians (STA)**. The services provided by Applus+ for the automotive sector attracted the interest of the attendees, receiving numerous visits to our stand.

In the plenary sessions, **our CEO, Joan Amigó**, gave a speech in which he highlighted the importance of the European projects DOMUS and HEADSTART, led by Applus+ in collaboration with OEMs, component manufacturers and leading technology and academic centres. **Jose Manuel Barrios**, from the IDIADA Division, participated in the opening conference as Chairman of the STA.

We led several round tables. Our engineers gave 29 papers at FISITA and at EuroBrake, the major brake event held at the same Congress. The publications covered electric vehicles, autonomous and connected vehicles, driving safety, connectivity, regulation and cybersecurity, among other technical disciplines presented in concurrent thematic sessions. The IDIADA Division power train team’s technical paper, “Innovative methodology to generate a virtual model of an FCEV using only experimental test data from a real vehicle”, received an award.

The meeting was an excellent opportunity to present and discuss the different points of view of industry experts in a **pre-competitive** manner.



05. GOVERNANCE



Corporate governance

GRI 2-09 GRI 2-10 GRI 2-11 GRI 2-12 GRI 2-13 GRI 2-17 GRI 2-18 GRI 2-19 GRI 2-20 GRI 2-27
GRI 405-1

At Applus+, we consider our corporate governance, the 'G' component of ESG, to be of crucial importance and place it at the heart of our strategic decisions. In this way, we assure our stakeholders that our management model works effectively.

Since our listing on the Spanish stock exchange, we have maintained an independent Chairman of the Board, separated from the company's CEO. The percentage of independent directors this year remains at 78%, as does the number of women on the Board, standing at 44%. These figures support our commitment to good governance.

The Environmental, Social and Corporate Governance Responsibility Committee, or ESG Committee, has been in place since 2015. Although it remains voluntary, this Committee has enabled us to be at the forefront in the perception and regulation of non-financial risks. It has played a crucial role in implementing a culture of compliance, driving environmental initiatives and actions aimed at our more than 26,000 employees and society as a whole.

As evidence of the relevance we assign to good governance, and in line with our continuous improvement objectives, in 2023 we reached an **effective compliance rate of 98%** of the CNMV's good governance recommendations for listed companies. Of the 55 (out of 64) recommendations, applicable to Applus+, 54 are fully complied with and 1 are partially complied with.

All these details are fully described in the **Annual Corporate Governance Report (ACGR)** and the **Annual Report on Directors' Remuneration**, which are available on the Applus+ website.

HIGHLIGHTS IN 2022

1. Annual corporate governance communication with key investors and proxy advisors, led by the Chair of the Appointments and Remuneration Committee (CNR) and senior executives of the company. Meetings were held with those investors who so requested following receipt of the letter sent to them.
2. Holding of the General Shareholders' Meeting electronically and with a streaming broadcast, maintaining a notable participation and very high level of support for the agreements proposed.
3. Re-election of Mr Joan Amigó as Executive Director.
4. Re-election of Ms Essimari Kairisto as independent director.
5. Re-election of Ms M^a José Esteruelas as independent director.
6. Appointment of a new auditor for the fiscal years 2024, 2025 and 2026.
7. Approval of the amendment of the *Directors' Remuneration Policy* to include, in particular, the conditions of the executive director, and aimed at promoting the long-term profitability, interests and sustainability of the company.

8. Holding of 15 Board of Directors meetings, seven face-to-face and six on line. Holding of Four meeting of the Audit Committee, four meeting of the ESG Committee, and three meetings of the Appointments and Remuneration Committee.
9. Management of the current interest of certain investors in privatising the company.

During the fiscal year 2023, the Board of Directors received non-binding and unsolicited expressions of interest in the potential acquisition of the Company from certain investors, requesting access to a review of information, which was granted. This process continued with the submission of a bid by an investor on 30 June, as well as a competing bid on 14 September. The Board of Directors continues to manage this process, always seeking the best interests of its shareholders.

The Spanish Association of Accounting and Business Administration (AECA in Spanish) awarded Applus+ second prize in its **22nd AECA Corporate Transparency Awards** (for companies listed on the IBEX Medium and Small Cap indices), a prestigious corporate award that aims to recognise the efforts and results of Spanish companies in terms of transparency and disclosure of financial information, good governance and sustainability.

GOVERNING BODIES

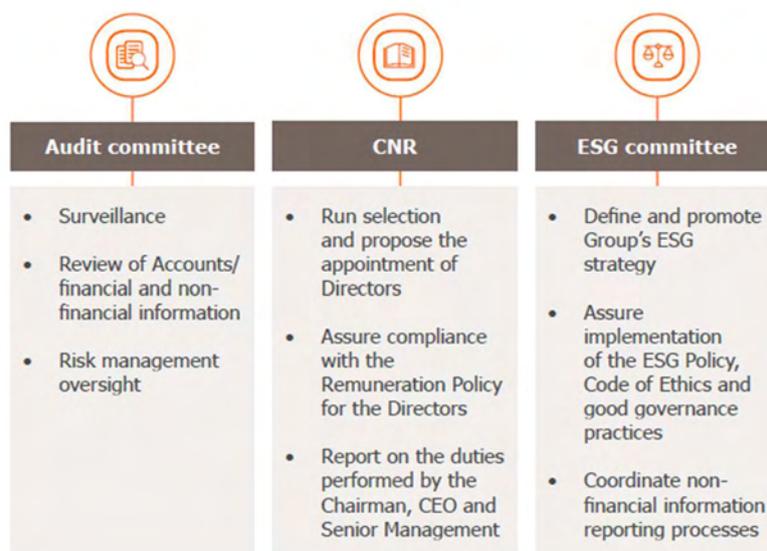
The **Board of Directors** is the highest governance body at Applus+, together with the General Shareholders’ Meeting, which is the supreme body.

The Board of Directors has **three specialised committees**: The Audit Committee (mandatory), the Appointments and Remuneration Committee (mandatory, although, in the case of Applus+, merged into a single committee) and the ESG Committee (voluntary). Each committee focuses on relevant and specific areas to assist the Board’s oversight, particularly in managing the impacts of Applus+ on the economy, the environment and people.

The three committees report to the Board of Directors at least quarterly and provide an annual report on their progress. Reports from the Audit Committee and the CNR are also published at the General Shareholders’ Meeting.

The most important actions of the Board, the Audit Committee and the CNR are detailed in the ACGR.





BOARD OF DIRECTORS

Independence

The presence of a majority of independent directors on the Board of Directors is essential for the good governance of the Applus+ Group:

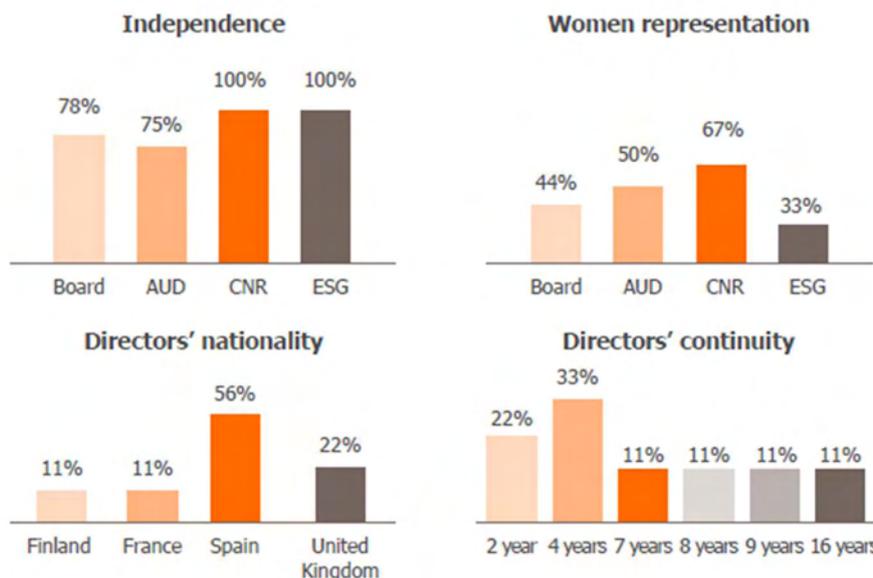
- The Board is made up of nine members.
- Seven of its members are independent, one executive and one under the “other external” category.
- An independent Chairman leads the Board, separate from the CEO function.
- All committees are chaired by independent directors and are entirely made up of non-executive directors. The ESG and Appointments and Remuneration Committees are made up solely of independent directors.

Diversity

The ARC and the Board of Directors, following our Director *Selection Policy*, strive to **promote and ensure diversity** among its members (including gender, age, experience, skills and geography), in order to continue to lead the company’s strategy and meet the expectations of our stakeholders.

In 2023, we have made no changes to our Board of Directors. From a gender balance perspective, 44% is represented by women. The current composition of the Board and its diversity is a highly valued aspect, both by directors in annual evaluations (who highlight the richness it brings to discussions and decisions) and by our institutional investors and proxy advisors in the context of the corporate governance meetings we hold.

“I am privileged to have this highly qualified and competent Board of Directors. We are a strong and diverse group, and I am very pleased with the contributions they have made at all our meetings throughout the year”. Aston Swift. Investor Relations.



7/9 Directors are independent

4 /9 Directors are women

4 /9 Directors come from outside Spain

THE POSITIONS OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER (CEO) ARE SEPARATE

Conflicts of interest

The Board of Directors Regulations strictly designates the duties of the Directors with respect to potential **conflict of interest** situations, and if applicable, how to address and mitigate any. Under the applicable regulations, Directors provide information in the Group’s annual accounts regarding possible situations of conflict of interest.

Applus+ has a **Conflict of Interest Policy** within the framework of our compliance model, which applies to all company employees.

Independent evaluation

In 2023, the Board of Directors conducted an annual evaluation of its functioning, as well as that of its committees, Chairman and Chief Executive Officer, taking into account the conclusions of the previous external evaluation.

As a result of this evaluation, the Board confirmed its good dynamics in relation to the work environment, professionalism, dedication and commitment, and agreed to continue to increase its dedication to the areas of succession, talent management, strategy (with a particular focus on ESG), cybersecurity and digitalisation, increasing information sharing and including a specific report from the group’s new CIO at its October meeting.

ESG approach

Climate change presents both opportunities and risks for our business. Therefore, the main objective of Applus+ is to mitigate risks and identify potential opportunities to maximise our value to society through responsible business management that takes into account the needs and expectations of stakeholders.

The **2022-2024 Strategic Plan**, approved by the Board of Directors at the end of 2021, focuses on the area of ESG, addressing it from various perspectives and aligning with the Environmental, Social and Governance Responsibility Policy approved by the Board in December 2020.

For its part, the **ESG Committee supports the Board's mission** in overseeing the implementation of the ESG Policy. This Committee has the support and collaboration of the corporate area leaders, and all Applus+ executives are involved in its execution and in the management of environmental impacts.

The Internal Audit Department oversees and controls the monitoring of environmental, social and governance policies and processes, reporting its findings to the Audit Committee. All this is finally reflected in the Financial and Non-Financial Information Report which, as part of the annual accounts, is approved and drawn up by the Board of Directors.

Remuneration

In 2022, the General Shareholders' Meeting approved the new Directors' Remuneration Policy for the period of **2022-2024**. This policy regulates the remuneration received by members of the Board of Directors, as well as the specific remuneration and contractual elements that apply to directors performing executive functions, in line with market practice and following international standards. The new Directors' Remuneration Policy formally incorporates **ESG criteria**, in line with the best market recommendations and expectations.

The new 2022-2024 plan was approved following a constructive consultation process with major shareholders led by the Chair of the Appointments and Remuneration Committee, after which changes were made to the incentive plan that was finally approved at the General Shareholders' Meeting.

DIRECTORS	POSITION	CATEGORY	Applus+ COMMISSIONS			OTHER POSITIONS IN LISTED COMPANIES		
			AUD	ACC	ESG			
Christopher Cole	Chairman	Independent			C	Tracsis	WSP Global	
Joan Amigó	CEO	Executive						
María José Esteruelas	Director	Independent	M	M				
María Cristina Henríquez de Luna	Director	Independent	M			Meliá	Viscofan	
Marie Françoise Damesin	Director	Independent			C			
Essimari Kairisto	Director	Independent	M			Fortum	Iveco Group	
Ernesto Mata	Director	Others	M					
Brendan Connolly	Director	Independent		M	M	Synthomer	Victrex	Pepco Group
Nicolás Villén	Director	Independent	C					
TOTAL	9	9	4	3	3			

1. Vicente Conde
Spain
Legal | University
Lawyer
Spain and Chile

2. Cristina Henríquez de Luna
Spain
Consumer | Pharmaceutical
President and Managing Director |
Chief Financial Officer
Europe, Latin America and Israel

3. Nicolás Vilén
Spain
Infrastructure | Pharmaceutical
Chief Executive Officer | Chief
Financial Officer
Worldwide

4. Christopher Cole
United Kingdom
Engineering
Chief Executive Officer
Worldwide

5. Marie-Françoise Damesin
France
Automotive
Human Resources Vice-President
| Executive Committee | Board of
Directors
Worldwide

6. María José Esteruelas
Spain
Energy | Infrastructure
Executive Vice-President | Chief
Executive Officer
North America, Latin America
and Spain

7. Joan Amigó
Spain
Chief Executive Officer | Chief
Financial Officer |
Vice-President
Worldwide

8. Ernesto Mata
Spain
Energy | Infrastructure Consultancy
| Finance
President | Vice-President
Spain and Latin America

9. Brendan Connolly
United Kingdom
Chemical | Engineering |
Vice-President
Worldwide

10. Essimari Kairisto
Finland | Germany
Technology | Energy
Managing Director | Chief Financial
Officer
Worldwide



Christopher Cole
Independent Director.
Chairman of the Board and
Chairman of the ESG Committee

Board Member:
2014 onwards

Educational qualifications: Holds a degree in Environmental Engineering from South Bank University, London.

Previous experience: Mr. Cole founded WSP Group Plc, a professional services engineering company that was listed on the London Stock Exchange in 1987 and held the post of Chief Executive Officer of the company until it merged with Genivar, Inc. in 2012. He was Non-Executive Chairman at Ashtead for 12 years.

Currently, Chairman of WSP Global Inc., whose shares are listed on the Toronto Stock Exchange. He is also non-executive Chairman of Tracsis Plc.



Joan Amigó
Chief Executive Officer (CEO)
and Executive Director

Board Member:
2019 onwards

Educational qualifications: Holds a degree in Economics from the Autonomous University of Barcelona. PDD at IESE (Barcelona). AMP at ESADE (Barcelona) and Wharton (Pennsylvania).

Previous experience: He began his professional career at Price Waterhouse Coopers in 1991 as an external auditor. In 1994, he joined Bimbo (Sara Lee), where he held several management positions. From 2006, Vice-President of Financial Planning and Control of the European division of Sara Lee Bakery.



Essimari Kairisto
Independent Director and Member
of the Audit Committee

Board Member:
2019 onwards

Educational qualifications: Holds a degree in Business Administration and Management from the University of Fachhochschule Bielefeld (Germany)

Previous experience: Financial Director and member of the Board of Hochtief Solutions AG until 2016. Before joining Hochtief Solutions, she held management positions at Sasol, RWE and Schlumberger.

Member of the Freudenberg Supervisory Body, Independent Director and President of the Audit and Risk Committee of Fortum Oyj, TenneT B.V. and Iveco Group N.V.



Ernesto Mata
Director and Member of the
Audit Committee

Board Member:
2007 onwards

Educational qualifications: Holds a degree in Economics from the University of Geneva. MBA from the IESE Business School of Barcelona.

Previous experience: Director of Unión Fenosa (Gas Natural), Unión Fenosa Soluziona, SA and Abertis Infraestructuras, SA, where he was also Chairman of the Audit Committee.

Chairman of the Advisory Board of KPMG in Spain and of Quironsalud. He forms part of the advisory boards or committees of other organisations and private companies in Spain.



Cristina Henríquez de Luna
Independent Director and Member
of the Audit Committee

Board Member:
2016 onwards

Educational qualifications: Bachelor of Science Economic and Business by ICADE (Madrid)

Previous experience: Head of GSK. Previously, she worked at Procter & Gamble Europe, at their headquarters in Switzerland.

Chair and Managing Director in Spain and Head of Iberia and Israel at GlaxoSmithKline. Independent director of Meliá Hotels International and Viscofan.



Brendan Connolly
Independent Director, Member of the Appointments and Remuneration Committee and the ESG Committee

Board Member:
2021 onwards

Educational qualifications: Holds a degree in Business Economics and Sociology from the University of Southampton.

Previous experience: 24 years in various senior positions for Schlumberger in Europe, Latin America, the US, Africa, Asia and the Middle East. CEO of Atos Origin UK, America and Asia and of Moody International. Vice President of the Middle East, Europe, Russia and Eastern Europe at Intertek.

Non-Executive Chairman of Synthomer PLC, NES Global Talent, Victrex Plc and PEPCO GROUP NV.



María José Esteruelas
Independent Director, Member of the Appointments and Remuneration Committee and the ESG Committee

Board Member:
2019 onwards

Educational qualifications: Industrial Electrical Engineer from the ICAI (Madrid). Master's Degree in Operations Management from the Instituto de Empresa (Madrid). PDG of the IESE (Madrid)

Previous experience: She has undertaken most of her career at Abengoa since 1997, going through different companies and senior positions as Director of Operations and Concessions.

Board member of Atlántica Yield from July 2014 to December 2017. Director of Energy at Ferrovial Construcción since 2021.



Nicolás Villén
Independent Director and Chairman of the Audit Committee

Board Member:
2015 onwards

Educational qualifications: Industrial Engineer from the Polytechnic University of Madrid. Master's degree in Electrical Engineering from the University of Florida. MBA from Columbia University.

Previous experience: Chief Executive Officer at Ferrovial Airports and as Chief Financial Officer at Ferrovial. Chief Executive Officer of Midland Montagu Ventures and Smith Kline & French, while performing other duties at Abbott Laboratories and Corning Glass Works.

Member of the boards of FCC Aqualia. External advisor to IFM Investors.



Marie-Françoise Damesin
Independent Director and Chairman of the Appointments and Remuneration Committee

Board Member:
2021 onwards

Educational qualifications: Licenciada en Economía por la Universidad Paris Dauphine, MBA del ESSEC. Board Director Diploma del IMD Lausanne.

Previous experience: Member of the management team in the Latin America Committee at Renault, the CSR committee and the Board of Directors of Renault Spain. Vice President Human Resources and General Affairs for Europe at Nissan. Between 2011 and 2018, Executive Vice President Human Resources and member of the Executive Committee of Renault. Director of Urbanis, Energie Jeunes, Adelaide Group and Senior Advisor and Executive Coach of Boston Consulting Group.



Vicente Conde
Secretary of the Board

Board Member:
2016 onwards

Educational qualifications: Holds a degree awarded by the Autonomous University of Madrid. Postgraduate degree in European Law from the Free University of Brussels.

Previous experience: Specialist in Company Law, Commercial Law and Securities Market. Partner in the Madrid office of Osborne Clarke.

Previously, he was a partner at Pérez-Llorca Abogados and worked at Uria Menéndez in Spain and Chile. Professor at several universities and regular speaker at conferences.

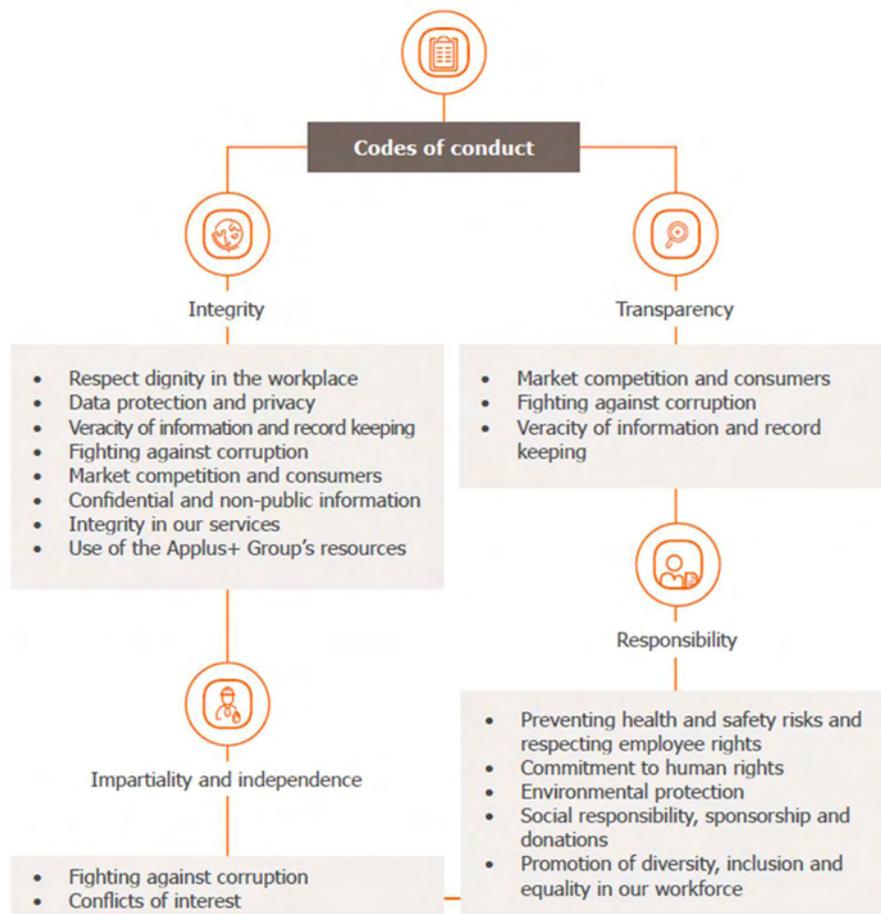
More information regarding the profiles of the Board of Directors can be consulted at Arplus+ website

Integrity and Compliance

GRI 2-15 GRI 2-16 GRI 2-26 GRI 205-1 GRI 205-2 GRI 205-3 GRI 206-1 GRI 412-1 GRI 412-2 GRI 412-3

At Applus+, we believe in the value of integrity as a guiding principle of our behaviour, beyond strict compliance with current legislation. We encourage honesty in all our relationships.

We believe that **integrity** should be the cornerstone of all our professional activities. Together with **responsibility, transparency, impartiality** and **independence**, these values form the basis of our *Code of Ethics*, the cornerstone of our Compliance Management System (CMS).



The Group’s commitment to business ethics is the responsibility of the Board of Directors, the ESG Committee and the Chief Compliance Officer, who seek to ensure the ethical behaviour of all our business units, regions and operations through our Code of Ethics and the other policies comprising the Applus+ Compliance Management System.



ETHICS & COMPLIANCE COMMUNICATION CHANNEL SYSTEM

In line with the provisions of the Group's *Code of Ethics*, all Applus+ Professionals¹³ and other third parties with whom we have a relationship can and must report, confidentially, any indication or reasonable suspicion of non-compliance with the law or with the Applus+ internal regulations.

To this end, we have a single Internal Information System, under the name of the **Ethics & Compliance (E&C) Communication Channel System**, to which all the Group's subsidiaries have formally adhered.

Independence, confidentiality, personal data protection and secrecy of communications, as well as **impartiality** and **whistleblower protection** to prevent retaliation, are its core principles.

The implementation of a single Ethics & Compliance Communication Channel System at Group level is in the interest of all Applus+ companies, its Professionals and business partners, as a centralised approach ensures the effectiveness of the system and facilitates the communication of non-compliance by whistleblowers. The Group's Chief Compliance Officer is ultimately responsible for the System.

During 2023 we have carried out an in-depth **review and update of the existing Internal Reporting System** in order to adapt it to the requirements established in:

- Directive (EU) 2019/1937 or "Whistleblowing Directive".
- Spanish Law 2/2023, regulating the protection of persons who report regulatory violations and the fight against corruption.
- The local laws transposing the "Whistleblowing Directive" applicable in the other European Union countries in which Applus+ operates.

¹³ Our *Code of Ethics* and other policies define Professionals (with a capital letter) as all persons providing services to Applus+, regardless of the type of contractual relationship with the Group. This includes Applus+ employees, independent and self-employed professionals, directors, managers and officers, as well as persons employed by subcontracted companies who provide services on a permanent basis to Applus+ (implants).

The Ethics & Compliance Communication Channel should preferably be used to channel the communication of non-compliances. It is accessible in 17 languages 24 hours a day and allows both written and oral reports of non-compliance.

The Channel can also be used to raise any queries or questions regarding the interpretation of the company's internal rules.

"I would like to highlight the good collaboration between our Human Resources team at Besikta and the Corporate Compliance department to implement the whistleblowing channel, in compliance with Swedish law. This collaboration has been key to meeting local legal requirements and continuing to foster an ethical and transparent culture at our organisation. We look forward to continuing to work together on future compliance initiatives". Liza Flemme Gärdsell. Interim HR-chef Besikta

The Ethics & Compliance Communication Channel is hosted on a platform designed to provide technical guarantees of security and confidentiality for whistleblowers. Its design also complies with the different regulatory requirements of the different European legislations on whistleblowing.

The reports received through the Channel are carefully analysed and, if they have sufficient grounds, an internal investigation procedure is initiated, in accordance with the provisions of the policy governing the Channel System.



All matters relating to the Applus+ Ethics & Compliance Communication Channel System are regulated in the new ***Ethics & Compliance Channel System and Whistleblower Protection Policy***, which replaces the previous regulation governing the operation of the Communication Channel.

The purpose of this *Policy*, and of the Ethics & Compliance Communication Channel System as a whole, is to ensure that any breach brought to the attention of Applus+ is handled in the most appropriate way possible to protect the Whistleblower, Applus+ and all other Professionals and third parties.

Number of notifications reported in 2023 149	Number of investigations initiated ¹ 90	Number of investigations resolved in 2023 ² 75	Breaches of the <i>Code of Ethics</i> 30	Correction or disciplinary action 24
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¹ We pursue those notifications that have enough information to develop the investigation.

² The rest of the investigations are underway.

ORIGIN OF THE NOTIFICATIONS		RECEPTION CHANNELS		
Internal sources of the Group	External sources	Formal channels	Management team	Audit processes
118	31	76%	20%	4%

TRAINING OF OUR PROFESSIONALS

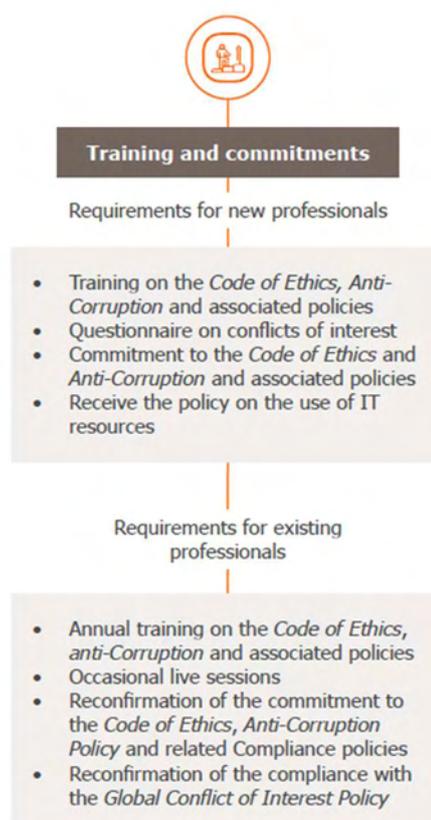
For Applus+, it is essential to ensure that the *Code of Ethics*, the *Global Anti-Corruption Policy and Procedure* and the policies associated with the compliance model are known and embraced by all Group Professionals, in all divisions and geographies.

Every year, we provide training on these documents to Applus+ Group Professionals in 17 languages and explore different topics, with the aim of constantly reinforcing our ethical culture in all our activities.

The contents must be understood by all Professionals, who sign a commitment to comply with the Code of Ethics and compliance model policies, as well as an express declaration of strict compliance with the *Global Conflict of Interest Policy*.

Moreover, in 2023, we carried out a refresher training activity on the ***Conflict of Interest Policy***, aimed at all Professionals of the Energy & Industry Division in Latin America, followed by work sessions and consolidation of measures with the various Human Resources teams in the countries of the region.

As an integral part of the induction process, **new Professionals** joining the company receive training on the *Code of Ethics*, *Anti-Corruption* and associated policies of the compliance model, and sign a commitment to the *Code of Ethics* and related policies linked to their employment contract.



Topics included in the 2023 training

1. Creating a culture of speaking up
2. Human rights: Diversity, equality and inclusion
3. Conflicts of interest
4. Bribes and other improper payments
5. Confidential and recorded information
6. Fair competition
7. Accurate books and records
8. The power of one voice

DEPLOYMENT TO OUR PARTNERS

At Applus+, we ensure that the **third parties we work with** know, understand and comply with the principles included in our *Code of Ethics*.

Everyone who acts on behalf of Applus+ undergoes a strict approval process, which includes knowing and agreeing to comply with our *Code of Ethics* and *Global Anti-Corruption Policy and Procedure*, as well as undergoing reputation and integrity testing, before entering into any type of relationship with us.

Our suppliers, as well as our partners in any consortium coordinated by us, must sign a certificate of compliance stating their commitment to the *Code of Ethics* and its associated policies.

The monitoring of the implementation of the requirements arising from the different policies and procedures, and the possible challenges associated with them, is carried out through regular meetings with the managers of the different functional areas of all our businesses.

COMPLIANCE MANAGEMENT SYSTEM

Our **Compliance Management System** (CMS) is developed based on the Spanish *Criminal Code*, the UK *Bribery Act* and the US *Foreign Corrupt Practices Act*. It comprises the principles of risk analysis, standards and controls, resources and dependence, as well as the whistleblowing systems and the regular review and continuous updating of the model.

The **Chief Compliance Officer** (CCO), overseen by the **ESG Committee**, is responsible for the course of action devised to raise awareness among all Applus+ professionals and for monitoring compliance with our CMS. Certain CMS issues are also within the scope of the periodic controls carried out by the Internal Audit Department.

During 2023, we have continued to roll out the ***Compliance and Internal Control Guide*** in all acquired businesses through a work plan established with them and together with the division in which they are integrated. We carried out a first briefing session, aimed at the directors of the new companies, and then worked on implementing the various policies and procedures directly with the functional areas. We have also continued working to consolidate some CMS policies and procedures at Group companies where these requirements had not been established.

"From my position as manager of the Integration Plan for the new companies in the Laboratories Division, we work with Compliance on this matter in a joint, coordinated and efficient manner. We look for synergies and complement each other to get the messages across and help companies to integrate the requirements of corporate policies into their day-to-day work and operations, supporting them in the challenges they may face and facilitating their task".

Marcos Briseño, Corporate Services Director of the Laboratories Division.

The **Compliance and Internal Control Guide** is an essential Applus+ CMS document and includes **key policies** such as the Code of Ethics, the Global Anti-Corruption Policy and Procedure, the Global Conflict of Interest Policy, the Procurement Policy, the Suppliers Policy and the Policy on the Use of the Company's Resources, as well as other policies and procedures such as the Global Employee Expense Claim Policy, the Group Treasury Policy, the Anti-Money Laundering Policy, the Sanctions and Export Control Policy and the Competition Policy, among others.

The Global Expense Claim Policy, issued in 2023, aims to ensure that all expenses are reasonable, necessary and comply with company policy, applicable laws and other regulations. To this end, it outlines the requirements for expense submission and approval, as well as those for advance claims.

Like every year, compliance monitoring by all Group companies is carried out through the **compliance control model**, with the submission of control assessments through a global corporate tool. Compliance controls include all those defined in the Group's internal policies and procedures that form part of our CMS.

Looking ahead to 2024, we are working on a Global Harassment Prevention and Action Procedure that complements the various existing policies and protocols within the Group and reinforces our commitment to action and rejection of any form or type of harassment. Moreover, in January 2024, the new version of the Code of Ethics will come into force, in which we reinforce its role as the cornerstone of the Applus+ CMS and add two new sections: "Prevention of Fraud and Other Irregularities" and "Trade Compliance and Economic Sanctions", among other changes.

The main elements of the CMS form part of the scope of review and control of the **Group's internal audit** team, which reports and informs the Chief Compliance Officer and the Audit Committee of its findings. Directors are also required to sign, on an annual basis, a declaration of responsibility to demonstrate that the CMS is being properly implemented.

Every year, our compliance model is **audited by an independent external company**, which issues a certificate of compliance with the requirements of the TIC Council industry association. Each year, the Chief Compliance Officer reports the result of the audit and the certificate to the ESG Committee.

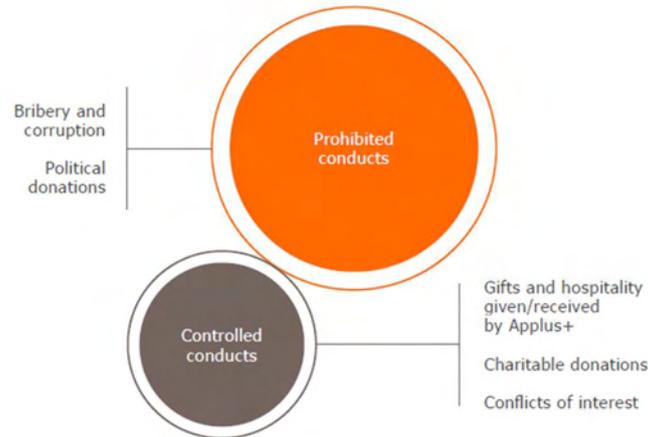
Concerns which are considered critical because of an actual or potential negative impact on a stakeholder are reported to the Board of Directors through the ESG Committee. No such concerns were detected during the reporting period.

CORRUPTION AND BRIBERY

Our **Global Anti-Corruption Policy and Procedure** define how to prevent, detect, investigate and remedy any acts of corruption within the Group. Those documents are based on our main **commitments**:

- To do business legally, ethically and professionally worldwide by complying with the anti-corruption laws relevant in the countries where the Group carries out business; and to ensure that all professionals at Applus+ and other third parties carry out business in the same way.
- To fight against bribery (including commercial bribery), improper or illegal payments, gifts or contributions, and any other improper method of seeking favourable treatment.

The *Global Anti-Corruption Policy and Procedure* regulates both our professionals' behaviour and relations with third parties, as well as any mergers and acquisitions.



In 2023 we have contributed to foundations and non-profit organisations amounting to €64,953, always in accordance with our *Global Anti-Corruption Policy and Procedure*. In line with this document, no donations were made to any political party.

MARKET COMPETITION

GRI 206-1

Through our *Code of Ethics*, our *Competition Policy* and our *Bids and Tenders Policy*, we ensure compliance with competition and anti-trust laws.

We roll out specific lines of review and approval for public **bidding processes**, participation in **consortiums** and **trade association membership**, ensuring the involvement of the Applus+ Group's Legal Department as required.

In 2023, no legal proceedings were initiated against the Applus+ Group, nor has it been served with **any claim for anti-competitive or unfair practices**. No penalties, pecuniary or otherwise, have been imposed due to the practices described above.

Data protection and cybersecurity

At Applus+, cybersecurity and data protection are key strategic priorities, fundamental to the company's success. The organisation has implemented a proactive approach to managing these risks, investing in advanced technology and process optimisation to strengthen its resilience.

Applus+ is responsible for maintaining, implementing and monitoring the effectiveness of the Data Protection Policy, the Data Security Breach Policy and the Individual Rights Management Policy and Protocol. This set of policies enables us to ensure that we comply with the strict requirements of the European Union's General Data Protection Regulation (GDPR).

The Group has continued with its international project to review and, where necessary, adapt the processing of personal data carried out by the various Group companies to ensure compliance with the applicable data protection regulations. Indeed, in general, the Group's companies in the European Economic Area (EEA) and the United Kingdom implemented the GDPR in 2018, once the Regulation entered into force in the case of EEA companies, and the UK General Data Protection Regulation (UK GDPR) in the case of the United Kingdom, and, in both cases, the local standards that complement each.

We are aware of the evolution of data protection rules since then and have undertaken a review process to include the latest developments in this area. The Group also has a global presence, and many countries have developed or are in the process of developing data protection standards. As such, Applus+ continues to monitor its compliance with the data processing of companies in the aforementioned countries, as set out in these standards.

In 2023, the training action on the **Code of Ethics**, in which 34,483 members of the company participated, included a section focused on confidentiality, privacy and data protection to help detect situations of potential risk.

The Applus+ Group has a data protection coordination team, which includes a divisional or country manager, which is responsible for ensuring the implementation and compliance with the GDPR and the handling of any GDPR-related queries. This team holds regular meetings with the Corporate Legal Department, which coordinates the responsible managers and draws up appropriate action plans.

With regard to the management of the risk associated with this issue, it has been included in the Risk Map as a **priority risk**. The Group continues to monitor and assess this risk as part of the programme of regular internal audits carried out on the various subsidiaries and businesses.

In 2023, we have not experienced **any material disclosure, theft or loss of personal data information**. During this year, there have been **approximately 55,000 enquiries on exercising data-privacy rights in Spain**. These were again mostly related to our technical vehicle inspection clients. The numbers have increased, particularly those relating to the automatic exercising of rights by the end client through the corresponding websites.

During 2023, Applus+ has made ongoing investments in improving its cybersecurity. The goal of this initiative is to ensure the effective safeguarding of its IT systems and the security of the data managed, protecting them against potential attacks. The measures taken include the implementation of advanced technologies and improved security processes, as well as cybersecurity training for its staff. It has also focused on strengthening its cyber security relationships with clients.

At this organisation, cybersecurity not only plays a role in protecting Applus+ own data assets, but also represents a distinguishing factor in the services offered to our clients. In many cases, cybersecurity becomes an **essential requirement to access to certain businesses**.

Cybersecurity management at Applus+ is the responsibility of the **CTO/CSO** (Chief Technology Officer/Chief Security Officer), who reports directly to the **CIO** (Chief Information Officer). The CIO is responsible for developing the Group's information technology strategy and he reports regularly to the Board of Directors on the progress and initiatives in this area.

We have made adjustments to the management of our information systems and processes to ensure compliance with **current cybersecurity standards** and data protection regulations applicable in the countries where we operate. We also hold the **ISO 27001** certification in Information Security Management at various Applus+ divisions. We are aiming to progressively expand the scope of these certifications to more businesses within the Group.

In 2023 Applus+ established a comprehensive cybersecurity framework, known as the **Applus+ Cybersecurity Framework**. This framework incorporates key components such as cybersecurity policies and management, organisational structure, and a set of specialised cybersecurity tools. These elements are strategically aligned with the principles and objectives that support the company's business strategy. The **Applus+ Cybersecurity Framework** is also based on globally recognised cybersecurity best practices, aimed at:

- **Identification:** We focus on developing an understanding of the organisation to manage risk to systems, assets, data and capabilities. This includes understanding the business, the environment in which it operates, the resources that support critical functions, and related priorities and restrictions.
- **Protection:** We develop and implement appropriate safeguards to ensure the delivery of critical services. This encompasses access control, security awareness, maintenance of security policies and protection of sensitive information.
- **Detection:** We implement the appropriate activities to identify the occurrence of a cybersecurity event. This involves continuously monitoring the network and systems for anomalies and events and assessing the impacts these may have.
- **Response:** We implement actions in response to detected cybersecurity events. This includes responses such as notifications, analysis of the event, mitigation to limit damage and improvements to prevent future events.
- **Recovery:** We implement activities to maintain resilience plans and to restore any capabilities or services that have been affected due to a cybersecurity incident. This includes recovery plans, improvements and communications with stakeholders and external parties.

The **Applus+ Cybersecurity Framework** incorporates a continuous review plan that establishes a systematic process of **regular audits** in cybersecurity for all regions and business units. This approach facilitates the early identification and effective resolution of security gaps or deficiencies. In this way, we affirm our commitment to our clients and strengthen our position as a trusted partner.

Applus+ considers the **cybersecurity awareness of its staff** essential to ensure the adoption of best practices to minimise risk. During 2023, in line with our staff awareness programme, more than 25,000 of the company's staff members participated in mandatory **annual cybersecurity training**.

This training is reinforced by conducting **simulated phishing campaigns** and regular distribution of cybersecurity newsletters to all Applus+ staff via email.

In 2023, two major projects have been implemented:

- A new **Security Operations Centre (SOC)** has been implemented, using systems that are well recognised in the market. This project has been carried out in collaboration with a supplier that has proven experience in managing these types of services. The implementation has extended our detection and protection capabilities, including threat intelligence feeds, which are managed by our collaborating partner.
- The implementation of a leading **privileged account management system** has been completed. This system ensures an audited and secure management of administration accounts, thus strengthening our security infrastructure.

Phishing Simulation Exercise



At Applus+, we perform constant assessments of our cybersecurity health.

One of the aspects that allows us to understand our resilience to cyber-attacks is the simulation of a mass phishing cyber-attack campaign (capturing sensitive data through fraudulent communications), which we conduct twice a year.

The November 2023 simulation report, sent to 70% of employees in all countries with corporate mail, showed a click rate of 10.8% (down 6.2% on the previous fiscal year) and a submitted data rate of 0.4% (down 3.1% on the previous fiscal year), comparable to the best in our sector. These figures are the result of the awareness campaigns carried out among the entire Applus+ Group workforce.

On the other hand, the analysis of the results allows us to fine-tune specific actions to further reduce these values, in our continuous improvement approach against cyber-attack threats.



“At Applus+, we understand that cybersecurity starts with the employee. With the launch of our cybersecurity awareness programme, we want to educate Applus+ staff on secure practices, thereby reducing the risk of attacks, strengthening security and safeguarding the integrity of the company in an increasingly complex digital environment”. Jordi Francés. Chief Information Officer

Risk management

GRI 201-2 GRI 205-1 GRI 207-2

At Applus+, we systematically identify and analyse risks to determine their likelihood and take the appropriate precautionary measures.

By identifying and effectively managing financial and non-financial risks, we can implement effective measures to minimise the adverse effects of any identified risk, and ultimately achieve the defined strategic objectives.

The **Risk Map** is the Group’s tool for identifying and quantifying the main risks that could impact the Group’s strategic objectives and follows the ***Risk Management Policy and Procedure***. Based on its results, we deploy our action plans.

Our analysis includes all factors considered critical to our business activities from a **strategic perspective** including those related to **sustainability and climate change** as well as from an **operational, financial, legal and compliance perspective**.

The Group’s risk management **responsibilities** are clearly defined.

<p>Board of Directors Audit Committee</p>	<p>Approve the Group's <i>Risk Management Policy</i>.</p> <p>Determine tolerance thresholds.</p> <p>Oversee the effectiveness of the Risk Management System (ensure the Group has appropriate strategies and indicators in place to mitigate the negative impact of risk).</p>	<p>The Risk Map and associated action plans are reviewed twice a year by the Audit Committee and annually by the Board of Directors</p>
<p>Head of Risk and Internal control</p>	<p>Identify risks and drive the implementation of established mitigating measures throughout the Group.</p> <p>The functional members provide the more specialist view and the divisional vice-presidents provide the knowledge from each geographical region.</p> <p>Regularly update the Risk Map to align with any changes in the internal and external context.</p>	
<p>ESG Committee</p>	<p>Oversee management of risks related to Environmental, Social and Governance Responsibility, including climate change.</p>	
<p>Remuneration and Appointments Committee</p>	<p>Oversee the management of risks related to people management, such as talent retention.</p>	

Applus+ has implemented an **effective risk management model**.



The Group’s risk management model allows us to identify and effectively manage **emerging risks** such as climate change, natural disasters, cybersecurity attacks, or the unexpected impact of macroeconomic conditions on our business through business continuity plans.

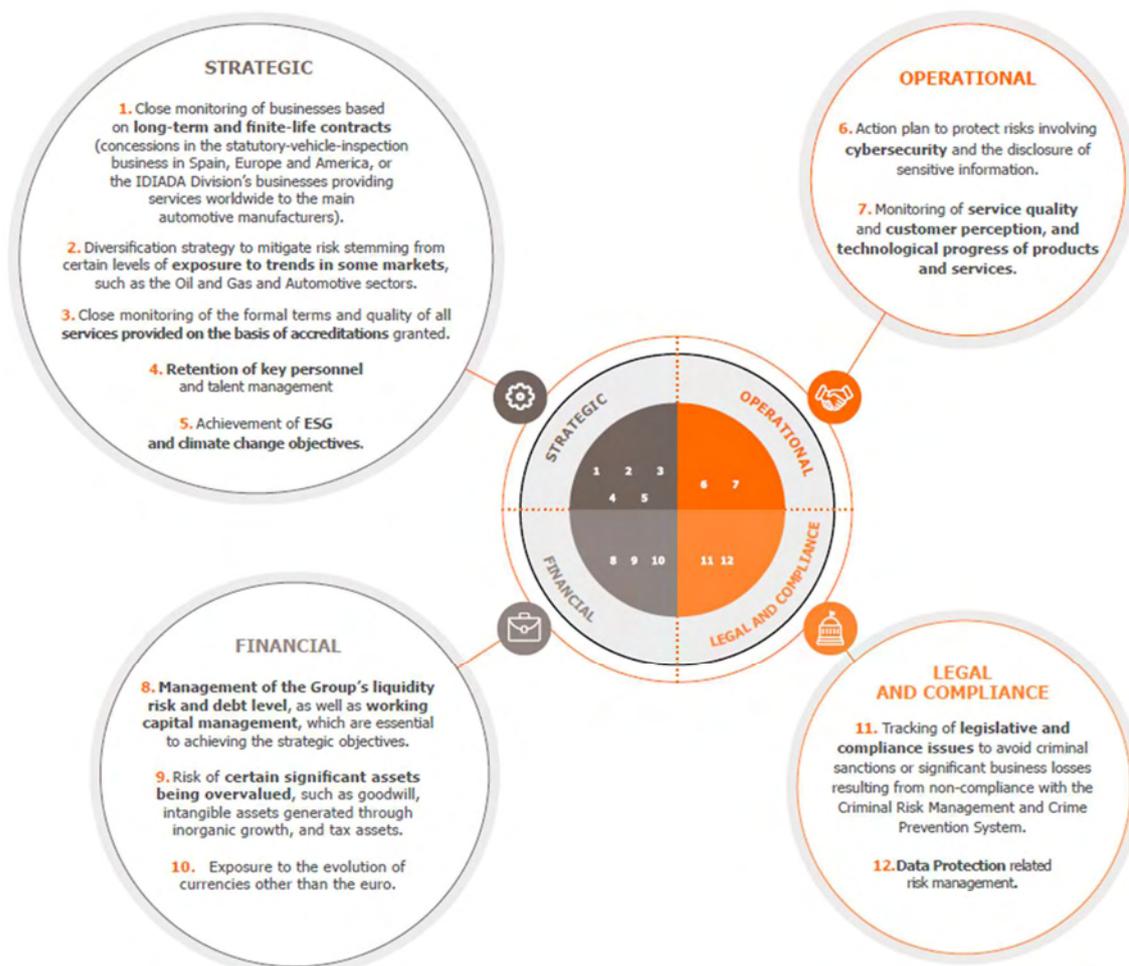
We consider climate risk as one of the most important non-financial risks to manage. To mitigate this risk, we are adopting the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Applus+ also protects our business against legal and compliance risks through the **Criminal Risk Map**, the **Criminal Risk Management and Crime Prevention System Manual**, and the **Compliance Management System (CMS)**.

In 2023, we updated the Risk Map and focused on managing the most relevant or significant risks resulting from the year’s assessment. We have identified 38 risks, of which 11 have been determined as high level, nine as medium level and 18 as low-level risks. We identify and assess risks by applying “Impact and Likelihood” criteria, that is, the probability of risk occurrence and its impact should it materialise.

Acceptable risk is considered to be any risk not exceeding the **low-risk level**. For medium- and high-level risks, we define **risk indicators** and design **action plans** to mitigate any effects.

The **lines of action** from previous years to mitigate the main **strategic, operational, financial and legal/compliance risks** are still in place.



The main risk in the management of finite life contracts is that associated with the IDIADA Division, whose contract expires in 2024. In this regard, in 2023, new contracts or extensions of technical vehicle inspection services (finite life) were concluded in Saudi Arabia, India, Argentina and the Basque Country (Spain), and new markets such as China were entered.

We continue to focus on **making all our operations more efficient**, both through a direct reduction in costs and an increase in tariffs where possible, and by incorporating digital technologies in all business processes.

The Group's objective remains to **diversify and improve the quality of our service portfolio** further through divestments in non-strategic businesses and acquisitions with high-growth prospects and good margins.

06. VALUE FOR PEOPLE

Perspective and approach: culture and management

People are at the core of our corporate culture. We foster a diverse and inclusive work environment based on equal opportunities that promotes wellbeing and personal development, talent management and health care. **Respect for human rights** is an essential requirement in our business activities, but we go far beyond, as we are aware of our ability to transform society by conveying our values.

We are committed to **attracting, training and retaining the best talent**. We establish learning programmes aimed at the continuous development of our professionals, encouraging their personal growth, while contributing to society by offering sustainable services. We promote actions aimed at our present employees and the students who will be the professionals of the future.

We strive to create a work environment based on **respect, ethics and equal opportunities** for all members of our team. We implement policies and procedures that ensure a consistent management approach across all divisions and countries where we operate. These inclusion policies go beyond mere diversity and focus on the real integration of individuals from different backgrounds and with different perspectives.

We encourage dialogue with workers' representatives and social partners through **collective bargaining**, helping to define agreements that regulate working conditions to create a work environment conducive to understanding and harmony.

Our **remuneration policy** takes into account the dedication and responsibility assumed by our staff and aligns with the long-term interests of the Group and its shareholders. We comply with current legal provisions in each country and involve employee representatives when local legislation or culture requires. **Gender equality** is a fundamental pillar of our corporate culture, and we are committed to ensuring equal pay for women and men. We actively participate in a number of initiatives to make progress in this area.

Our wellbeing goals focus on providing our staff with social and financial benefit programmes and promoting, to the extent possible, a balance between work and personal life.

This approach to people management has allowed us to keep **absenteeism**¹⁴ at exceptionally low rates: 2.1% in 2023 reflecting our ability to create a working environment that promotes satisfaction and commitment. The human capital of Applus+ is our most valuable asset. It is our professionals who drive innovation, respond to the needs of our clients and uphold the prestigious excellence in the services we offer.

¹⁴ Percentage of the absences from work caused by a work-related or a non-work-related illness or injury. The absence of an employee on maternity or paternity leave is not included.

Human Rights

At Applus+, we are firmly committed to upholding human rights. We have equipped ourselves with a set of management tools aimed at preventing, mitigating and addressing any negative impacts that may exist in this area, ensuring the protection of individuals.

Our management tools align with the main **international standards**. We comply with the United Nations Guiding Principles on Business and Human Rights (UNGPs), the OECD Guidelines for Multinational Enterprises and the Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy, among others.

Our human rights policy encompasses non-negotiable principles for all professionals within the Group based on the following **commitments**:

- To respect human and labour rights recognised in national legislation and international standards in countries where legislation may be insufficiently developed.
- To reject child labour, forced labour or any other form of modern slavery and respect freedom of association and collective bargaining.
- To uphold non-discrimination, the right to free movement within each country and the rights of ethnic minorities and indigenous peoples in the locations where we operate.
- To promote a culture of respect for human rights and raise awareness among all our professionals.
- To convey to all our stakeholders the importance of respecting the human and labour rights recognised in national and international legislation and demand the same commitment from all our business partners.

We communicate our policy to all levels of the company and in every country where we operate through **training and awareness** activities launched annually. Any non-compliance with the policy is reported through the **Ethics & Compliance Communication Channel**. In 2022 and 2023 the Group received 0 complaints related to the violation of human rights.

Our professionals' engagement

People are the driving force behind our success, which is why we strive to create a work environment where our professionals feel valued, motivated and empowered to reach their full potential.

Actively listening to the opinions, ideas and contributions of our workforce is crucial for the company and is channelled through surveys and forums where employees can express themselves freely.

In 2023, we have implemented across our operations in different regions around the world various **initiatives** that reflect our commitment to the wellbeing and development of our teams.

INITIATIVES TO RECOGNISE PERFORMANCE

In Chile, we have launched initiatives focused on performance evaluation and recognition to cultivate a work environment that promotes both professional and personal growth for our people.

Through regular **performance evaluation** meetings, we provide our workforce with clear and constructive feedback about their performance. During these assessments, our professionals receive detailed feedback that highlights both their strengths and areas for improvement. This process not only helps them understand their own progress, but also contributes to their alignment with the Group's goals and values.

We value the dedication, competence and outstanding performance of our team through the **Recognition Programme**, which highlights not only individual successes, but also contributions to fostering values and skills essential for success at Applus+. This programme covers all professional levels, ensuring inclusive recognition.

"I am deeply grateful for this recognition and I will continue to improve and give my best every day. I also want to thank my colleagues for their support; without their help, I could not have done a good job". María Andrea Monares. Information Executive in Chile.



INITIATIVES TO FACILITATE INTEGRATION

Our integration strategy for new recruits focuses on welcoming new professionals, promoting their understanding of the company's divisions and business areas. Examples of such initiatives are implemented in Latin America, Europe and the Middle East.

We have defined a three-stage **integration process** designed to support and ease the adaptation to company policies and their new role.

1. Upon joining Applus+, new hires promptly receive a welcome email that provides them with initial information about the company, its policies and employee benefits.



2. On their first day, new professionals receive a broader introduction to the company. They are introduced to their team members and see the facilities and available resources. In some locations, they are shown an informative video.

3. Every new professional is assigned an experienced mentor who offers guidance and ongoing support, facilitating their effective integration into Applus+.

INITIATIVES TO ENCOURAGE DIALOGUE AND TEAM BUILDING

We organise activities to enhance mutual understanding, improve the work environment and strengthen the cohesion of our teams. Through these initiatives, we foster talent retention, create welcoming work environments and stimulate professional and personal development.



Teambuilding: paella competition in Spain

Breakfast meetings with executives in Spain



Through monthly gatherings in an informal setting, IDIADA Division professionals have had the opportunity to address doubts, express concerns and propose ideas, both business-related and daily operational, to company executives.

The goal of these meetings is to maintain direct and close contact and encourage the management to know first-hand the perspective of the division's professionals.

In 2023, nine editions of these breakfast meetings were conducted, bringing together a total of 61 people. Topics discussed included business opportunities, the evolution of the company, the future of the industry and mobility, Arplus+ commitment to innovation, and professional development opportunities.

"I appreciate the casual conversation and the opportunity to share the strategic vision and business insights of the IDIADA Division. It helps guide us and inform us on where we should focus our attention. In summary, breaking the routine with such relaxed and close breakfasts leaves a positive impression". Alejandro Longton, Passive Safety





Diversity, equality and inclusion

All individuals within Applus+ are unique, and we encourage them to bring their best selves to the table. We are committed to fostering a diverse and inclusive work environment that enhances the success and development of each individual.

We recognise that managing **talent diversity** in an inclusive way and in line with our corporate values allows us to attract and retain top professionals and achieve sustainable results. We firmly believe that inclusion is not only an ethical principle but also a source of strength and creativity for our company. We actively commit to going beyond equal opportunities, ensuring that all people, regardless of their abilities, have access to fair and appealing job opportunities.

Training is key to achieving inclusion. Through company-wide training, we communicate our policies and protocols to prevent and address workplace harassment, including awareness measures and confidential reporting channels. Unconscious bias training is an essential tool for the development of our human resources management teams, as biases can influence decision-making, from hiring to performance evaluations. With this annual training activity, we aim to raise awareness and provide the necessary tools to mitigate biases, contributing to the building of diverse teams.

In 2023, we have launched various initiatives to promote diversity, equality and inclusion, some of which are detailed below.

PARTNERSHIPS FOR INCLUSION



Collaboration with organisations that promote the integration of people with disabilities is one of our main lines of work. Events aimed at enhancing understanding among all parties and exploring new avenues of cooperation are essential for materialising specific actions that improve the training and employability of those people.

INSERTA EMPLEO/ONCE FOUNDATION #TALENTOSINFINITOS (#INFINITE Talents) DAY

Thanks to this initiative in collaboration with the ONCE Foundation, we have gained insights into the benefits of hiring people with disabilities to create an environment where diversity is integrated into daily work practices.

This day reinforced our conviction that each person, with their skills, contributes uniquely to the collective success of our team.

At Applus+, we take pride in being part of initiatives like *#TalentoInfinito* that inspire us to continue building an inclusive and enriching workplace for all.



VISIT TO ADCOR AND ASPRONAGA

The recent visit to the workshops and facilities of the Adcor and Aspronaga Foundations has been an enriching experience for Applus+. We explored the spaces where the people involved in these organisations carry out their daily activities, gaining insights into their work processes, training methods for entering the labour market and their expectations from a job.

After touring their work and training spaces, we collectively discussed the possibility of these individuals undertaking internships within our Group. This firsthand exposure to the foundations' activities has deepened our ties with institutions that promote inclusion. The knowledge acquired will allow us to improve our efforts to incorporate people with disabilities into our workforce.

Through these experiences, we aim not only to comprehend the realities and challenges faced by people with disabilities, but also to actively contribute to building a more equitable and accessible future for all.

"BE DEIFFERENT, DEI COMO ACELERADOR DE LA ESTRATEGIA" (DEI AS A STRATEGY ACCELERATOR) EVENT

We participated in an event organised by the Swedish consultancy BTS, where professionals Pilar Chaparro and Paulina López shared a GIVE (Generosity, Intention, Vulnerability and Empathy) leadership model to boost Diversity, Equity and Inclusion (DEI) initiatives in our Group. This experience inspired us to renew our efforts to promote DEI in the company and encourage a more inclusive environment at Applus+.



SUPPORTING THE PRODIS FOUNDATION

We participate annually in the training of people with disabilities through the Promotor master's programme of the Prodis Foundation. This initiative aims to train individuals with disabilities to enable them to enter the job market, and thus promote a more inclusive work environment.



"X TALENTO CHALLENGE" COMPETITION

We participated in the X Talento Challenge competition, an initiative by ONCE Foundation/Inserta that promotes the development of projects with a positive social impact and aims to encourage entrepreneurship among people aged 14 to 18.

To materialise our commitment to inclusion, our team worked on a project involving the creation of a personalised story featuring people with intellectual disabilities and ASD (Autism Spectrum Disorder), who share their stories and experiences in the narrative.

There is a lack of awareness about intellectual disabilities and autism, and this initiative helps raise awareness about both. The illustrated story format facilitates reading for people with cognitive challenges, thereby increasing the reach of the initiative.



COLLABORATION WITH SENADIS

In Chile, we work closely with the country's National Disability Service (SENADIS). Through our active participation in the National Employment Bank, we promote job opportunities specifically designed for people with disabilities. This commitment reflects our determination to support effective inclusion in the workplace, recognising the value and unique skills that each person brings.

This strategic partnership with SENADIS allows us to contribute directly to the creation of a more diverse and accessible work environment. By disseminating job opportunities in an inclusive manner, we aim to break down barriers and encourage the equitable participation of people with disabilities in the Chilean labour market.

<p>Engaging with aboriginal culture in Australia</p>	<p>10 REDUCED INEQUALITIES</p> 
<p>In 2023, we joined the celebration of NAIDOC Week to learn about the history, culture and achievements of Aboriginal and Torres Strait Islander people. This initiative is dedicated to diversity, inclusion and promoting a workplace that is aware of other cultures. NAIDOC Week is an annual event held in Australia every July.</p> <div data-bbox="379 645 1206 869" data-label="Image"> </div> <p>Our team in Australia voted to rename the rooms at the Training Centre in Bibra Lake with names from the Nyoongar culture, the Aboriginal people residing in the southwest of Australia.</p> <div data-bbox="347 981 833 1249" data-label="Image"> </div> <p>As a sign of our commitment to Aboriginal culture, we have signed the Reconciliation Action Plan, a strategic document that outlines an organisation's commitment to reconciliation between Aboriginal and Torres Strait Islander people with non-Indigenous Australians. This initiative is led by Reconciliation Australia, an independent organisation promoting reconciliation in the country.</p>	

INITIATIVES FOR GENDER EQUALITY



We drive various initiatives to promote gender equality within our company and in our business environment, ultimately aiming to highlight female talent and bring about mindset changes in society.

CAMPAIGN FOR GENDER EQUALITY

This year, the gender equality campaign we launched globally has focused on highlighting women who have advanced to leadership positions within the Group. To achieve this, we have gathered and shared their testimonials to underscore their value, set an example and promote female empowerment.

	<p><i>"Tras evaluar mis méritos profesionales, se me ofreció esta gran oportunidad. Reconocer las fortalezas de cada uno es un valor intrínseco de la compañía, que tiene en cuenta las mismas oportunidades de crecimiento para todos".</i></p> <p>Mónica Fernanda Socías - LATAM Chief Financial Officer, E&I.</p>
	<p><i>"Este cambio de posición ha supuesto una oportunidad única. Animo a las mujeres de la compañía a usar su voz siempre en beneficio del desarrollo de nuestra corporación. Cada día somos más mujeres y compartimos los mismos objetivos en igualdad de oportunidades".</i></p> <p>María Serra - España Team Leader Ciberseguridad, Laboratories.</p>
	<p><i>"Este nuevo reconocimiento proviene de mi manera de afrontar las relaciones con los demás al tratar de asegurar un trato justo y equitativo para todos. Applus+ recompensa el mérito y los resultados de sus trabajadores".</i></p> <p>Chelina Bathum - Dinamarca HR Manager, Automotive.</p>
	<p><i>"Esta promoción ha supuesto un peso muy importante en mi desarrollo profesional. Hombres y mujeres tenemos características complementarias que dan una visión íntegra a los ámbitos del desarrollo de nuestra compañía".</i></p> <p>Kerri Li - China Manager Passive Safety Integration, IDIADA.</p>

"JO INGENIERA" PROGRAMME

In Spain, through the "Jo, Enginyera" (I, Engineer) Programme, we want to encourage more women to pursue university degrees in Science, Technology, Engineering and Mathematics (STEM) fields, in order to promote female talent in key areas for economic and social development, thereby reducing existing inequalities.

Més de 300 noies estudiants del Penedès han conegut IDIADA i la seva aposta per la igualtat a través del 'Jo, Enginyera'



Attracting Talent

At Applus+, we are aware that we need to attract and retain talented individuals for our business to be sustainable. We work to have the best professionals by driving various initiatives.

FACILITY VISITS

In Spain, we invite students from our partner high schools, colleges and universities to visit our facilities to see where and how we work, providing a real insight into our activities. These visits contribute to building a strong employer brand.

By opening our doors to students, we offer them with a transparent and authentic view of our organisational culture and operations. This strengthens our image as a committed and innovative employer willing to share knowledge. Additionally, by exposing students to our work environment, we contribute to the recruitment of future professionals who could become valuable assets to the company. The firsthand experience at our facilities enables them to understand the practical application of their studies and potentially sparks interest in careers related to our fields.

These interactions also foster collaboration between our company and educational institutions. By establishing closer ties with them, we can actively participate in the education of the next generation of professionals, aligning our practices with the expectations and emerging skills in the job market.



In the United Kingdom, we engage in cultural exchanges with engineering universities from various countries. For instance, this year, we invited engineering students from Haram, Norway, to visit our facilities specialised in non-destructive testing (NDT).



SUPPORTING TRAINING AND PROFESSIONAL DEVELOPMENT

At Applus+, we support training and professional development as an integral part of our business vision. Our active collaboration in various educational and training projects reflects our commitment to the growth of people and the dissemination of the expertise that we need in the short- and long-term.

This year, we highlight the following initiatives:

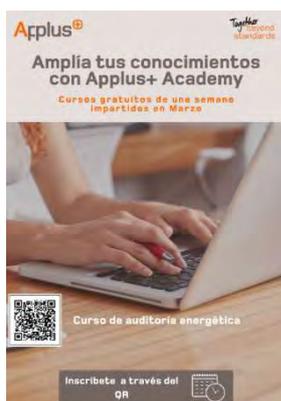
We have collaborated in the **Open Circuit – Alumni Experiences** project driven by the Salesian University School of Sarrià in Barcelona, in which the testimonies of former students from the centre are shared from the perspective of their professional performance in different companies. This initiative not only benefits students by offering valuable professional insights, but also provides us with the opportunity to strengthen our connection with the educational community.

In the academic field, we have actively contributed with a master class entitled "*Contexto energético y ambiental de las energías renovables: una visión a 2050*" (Energy and Environmental Context of Renewable Energies: A Vision to 2050) in the **Master's Degree in Renewable Energies at UNIR** (University of La Rioja).

We have also conducted informative talks in other educational centres in Spain, addressing crucial topics such as job searching, recruitment sources, resume writing and job interviews. Direct participation in the training of future professionals reinforces our position in the industry and promotes excellence in talent development.



As an integral part of our **Academy Programme**, we continue to offer free courses to promote continuous training and attract talent. This initiative not only contributes to the acquisition of relevant skills, but also allows us to identify and nurture emerging talent, ensuring a steady flow of professionals.



PARTICIPATION IN JOB FAIRS

In 2023, we had a noteworthy participation in various **job fairs** in Europe and Latin America, with the primary goal of attracting emerging talent, strengthening our presence in the job market and fostering direct contact with candidates at the local level.



UC3M Employment Forum at the Leganés Campus by UCLM3E and the University of A Coruña (Spain)



Job fair organised by the Peruvian College of Engineers



Job fair organised by the Ministry of Competitiveness and Productivity of Santander – Bucaramanga (Colombia)

INCORPORATION OF STUDENTS IN INTERNSHIPS

We believe that internship experiences are not only beneficial for students and professionals in training, but also serve as a comprehensive strategy to prepare and nurture future talents for our teams.

We have implemented several internship programmes in different countries, designed to provide participants with a complete immersion in the work environment. These programmes offer them the opportunity to apply their academic knowledge in real-world situations and help us meet the recruitment needs that arise at the company, streamlining the integration process and ensuring that we have well-prepared and committed professionals.

Training and Development

Understanding training needs is essential for designing effective programmes. At Applus+, we conduct a **skills analysis** to identify gaps and areas for improvement at all levels of the organisation. We integrate performance reviews to identify opportunities for individualised training and consult with leaders to understand the specific needs of their teams.

In 2023, our employees completed 496,126 hours of training, averaging 19 hours per employee. Through our training programmes and activities, we aim to strengthen the skills of our professionals, promote leadership and foster a culture of continuous learning across all regions where we operate.

DEVELOP CURRENT AND FUTURE LEADERS

We continue to promote the training of leaders who, through dialogue and active listening, foster the development of motivated teams that perform their work with high standards of quality and a strong commitment.

The Leaders in Training programme in Mexico, aimed at middle management such as project or department heads, aims to enhance the competencies that define an Applus+ leader. Leaders' skills are assessed in order to customise the programme and address areas for improvement at both individual and group levels.

NEW PLATFORM FOR TRAINING MANAGEMENT

At Applus+, we continue to work on equipping ourselves with tools that improve training management.

In 2023, we have taken a step further in the digitalisation and automation of learning, in the design of individual training paths and in obtaining indicators and follow-up reports that help us improve.

Applus+ Learning HUB

The IDIADA Division has successfully implemented a comprehensive Learning Management System (LMS) that redefines the way the division approaches the development of its teams. Its key features include:

- - **Comprehensive centralisation:** consolidates all training, whether internal or external, providing users with a single access point. This dramatically simplifies the user experience and ensures more efficient management.
 - **Global visibility:** provides a complete overview of all training initiatives in real time. This allows training managers and leaders to have a clearer perspective of training activities throughout the organisation.
 - **Automated processes:** optimises course administration, progress tracking and performance evaluation. This not only saves time, but also reduces the administrative burden associated with training management.
 - **Information and reporting:** features robust reporting capabilities that provide detailed data on participation, performance and course effectiveness. This facilitates informed decision-making and the continuous evaluation of the training impact.
 - **Internal training digitalisation:** drives the transition to internal digital training, enabling staff to access training resources from any location, at any time. This flexibility supports adaptation to dynamic work environments.
 - **Personalised learning paths:** ensures that each employee receives training tailored to their specific professional development needs. This customisation enhances the relevance and effectiveness of the training.
 - **Development and engagement:** not only focuses on the development of technical skills, but also fosters deeper engagement. This contributes to talent retention and strengthens the organisational culture.



Occupational health and safety

MANAGEMENT SYSTEM

Occupational risk management is fundamental to Applus+, especially as a significant part of our services is carried out at client sites. We strive to achieve the goal of zero accidents with our comprehensive health and safety strategy.

As the main tools of our strategy, we have an integrated **policy** that includes our health and safety commitments, a **global occupational health and safety management system** and the Applus+ **Golden Safety Rules**. The global management system covers 100% of Applus+ employees and is complemented by local management systems adapted to the needs of each legal entity, country and division. These systems are aligned with the standard on occupational health and safety management systems, ISO 45001. Currently, third-party certified ISO 45001 systems cover 48% of our operations.

The Applus+ **Golden Safety Rules** are a set of fundamental guidelines to ensure the health and safety of our employees against the most relevant risks identified across our operations.

H&S ENGAGEMENT PROGRAMME

At Applus+, we monitor and promote the preventive culture through the **H&S Engagement Programme**, which integrates six preventive activities and elements of our health and safety management system.

Activity	Progress in 2023
<p>1. Reporting incidents and safety observations</p> <p>Employees report safety incidents and observations in order to identify, investigate and control or eliminate their causes.</p> <p>The importance of these communications lies in their preventive nature, which also allows us to identify cases with high potential that we then analyse in greater depth. Every reported case involved performing the necessary corrective actions to avoid their possible recurrence.</p>	<p>A total of 3,054 incidents and 28,967 observations were reported.</p> <p>58 Incidents and 551 observations per million hours worked.</p> <p>An increase of 1.20% compared to the previous year.</p>

2. Conducting inspections and audits

We perform monitoring and control activities through three levels of inspection:

A total of 466,150 inspections were carried out

Health and safety checks and verifications on-site carried out by employees.

8.9 inspections per one thousand hours worked.

Safety supervisions carried out by middle management or line management.

Safety audits and inspections carried out by safety officers or qualified staff.

An increase of 130% compared to the previous year.

3. Publication of lessons learned

In the lessons learned, we collect and disseminate what we have learned from the investigation of all accidents and incidents, the causes of the events and how to prevent their recurrence. These lessons learned, from all Applus+ divisions, are shared within the organisation through our global intranet.

98 lessons learned have been shared.

4. Corporate internal audits

The 2022-2023 Internal Safety Audit Plan, carried out by the Corporate Health and Safety Area, covers management systems, accident and incident management and investigation, the training programme, improvement projects and good practices.

During 2023, the established programme has been completed, which has meant 29 audits covering 92% % of the workforce

5. Employee recognition

The **Global Ace Award** Programme recognises employees for their contribution to health and safety and involves all divisions.

See Global Ace Safety Award case study

6. Health and safety training

The initial health and safety training programme through the Applus+ e-learning platforms involves 100% of new employees.

In 2023, 8,977 new employees underwent initial training.

Its objective is to train and raise awareness among our employees of the risks to which they will be exposed, and the measures defined for their elimination or control. This training is complemented by local programmes defined according to the specific needs of the position held and its associated risks.

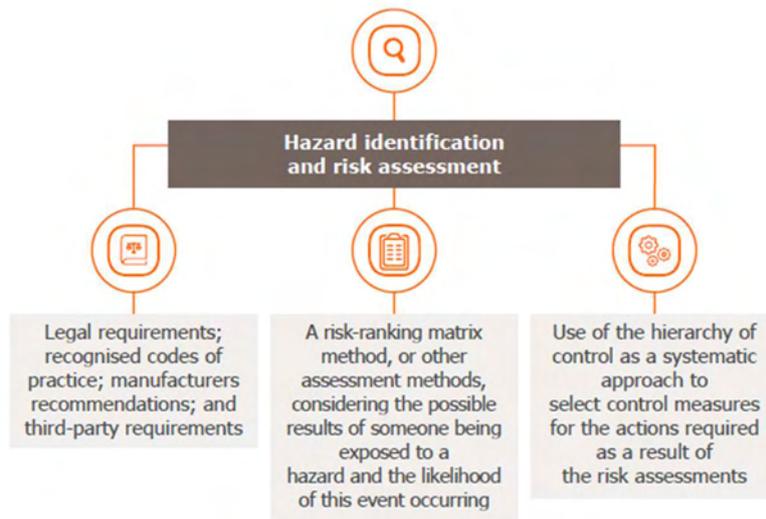
Global Ace Safety Award



Mohammed Qutbuddin from Saudi Arabia was the winner of the Global Ace Safety Award 2022, awarded by Applus+ in May 2023 for his high commitment to safety, which he demonstrates on a daily basis by reporting incidents and unsafe conditions, some with a high potential risk. His safety performance earned him recognition from a client in September 2022.

HAZARD IDENTIFICATION AND RISK ASSESSMENT

Before starting any activity or project, we carry out a hazard identification and risk assessment. We then establish the necessary risk control and risk elimination measures in accordance with our internal risk management procedures.



Periodically, or in the event of any changes in working conditions or incidents, we review the risk assessments to keep them up to date and ensure continuous risk control.

Health and safety in the design phase



1. Teamwork: A working group carries out the review of safety procedures for electric vehicles, installations and training, with the aim of maintaining and updating safety measures and ensuring continuous improvement.



2. Risk analysis in the design phase: Applus+ IDIADA has implemented an action plan to integrate safety, health and wellbeing considerations into the design of new facilities and processes, which includes performing a risk assessment, as well as establishing preventive measures in this design phase. The adaptation for hydrogen vehicles and the construction of the HV lab in 2023 are highlighted.

3. Coordination of activities with suppliers and clients: Regular meetings, auditing and benchmarking activities have been held with suppliers and clients to ensure that the activities carried out do not have an impact on the safety, health and wellbeing of all users of the facility.



Control of psychosocial health and operational risks. CMAS



Noticias

Protocolo de Vigilancia de Riesgos Psicosociales en Applus+

Comprometidos con la salud de nuestros colaboradores y colaboradoras, en agosto comenzó la implementación del Protocolo de Vigilancia de Riesgos Psicosociales en el Trabajo, requerimiento legal que tiene por objetivo medir y vigilar la existencia y exposición a factores de riesgo psicosocial en las organizaciones de nuestro país.

La implementación de este Protocolo se realizará por etapas, comenzando con su aplicación en Oficina Central y proyectos de la Región Metropolitana. Posteriormente se implementará en los proyectos de regiones y las actividades serán lideradas por los respectivos Comités de Aplicación.

Integrantes del Comité de Aplicación de Ingellog

Rodrigo Pizarro	Yazmin San Martín	Janett Vargas	Carlos Vera

Integrantes del Comité de Aplicación de Norcontrol

Karla Cepeda	Enzo Sáez	Constanza Moraga	José Luis Molina

Los invitamos a informarse y participar en las distintas actividades de difusión que realizarán los Comités de Aplicación en Oficina Central y Proyectos.

Applus+

Psychosocial Protocol, "Your health matters to us"

At Applus+, we have a protocol for the control of psychosocial risks, with the aim of assessing the state of our organisation and improving quality of life.

This protocol is carried out with the support of the prevention service and the CMAS tool. During 2023, it has allowed us to apply it at Applus+ offices in Chile and Bolivia to improve risk control, the delivery of talks and the downloading of information online.

The effective implementation of the protocol has allowed us to support employees to improve their health and prevent accidents, both environmental and in occupational health and safety.

"By implementing the Psychosocial Risks in the Workplace Surveillance Protocol, we are able to identify and address these risks proactively, implementing preventive measures and offering the necessary support to protect the mental and emotional health of our workers, thus leading to a healthy working life". Karla Cepeda Pérez. H&S Manager in Chile.

IAEA Mission at Applus+ Netherlands



The International Atomic Energy Agency (IAEA), which aims to advance and expand the use of nuclear energy to promote global peace, health and prosperity, conducts regular physical protection reviews of the nuclear industry in its member countries.

In 2023, the Netherlands hosted the International Physical Protection Advisory Service (IPPAS) mission, which was the 101st mission in the history of the IAEA. This mission was carried out by a team of independent experts from IAEA member states, with expertise in physical protection, cybersecurity and the legal and regulatory framework, and was coordinated by the Dutch Authority for Nuclear Safety and Radiation Protection (ANVS).

Applus+ in the Netherlands, with a radiation permit since 1973, participated in the mission by giving a presentation on the evolution of its safety system, from the discovery of ionising radiation in the 20th century to its current state, and by showing its facilities and the safety measures implemented.

During the visit to our facilities, the ten safety experts reviewed the safety system and, although there is always room for improvement, the team of experts agreed that all necessary safety measures had been implemented.

The IPPAS mission in the Netherlands concluded with a formal presentation of the results, confirming the country's continued commitment and efforts to build a strong nuclear safety regime. The mission results indicate that the country's nuclear safety regime is well established and aligned with IAEA nuclear safety guidelines.



PROMOTING HEALTH AND WELLBEING

At Applus+, we implement health surveillance programmes to guarantee the health and safety of our staff and we carry out health promotion campaigns to raise awareness of illnesses and healthy habits among the entire workforce.

Through health surveillance programmes, **specific medical examinations** are carried out in relation to each job, ensuring that employees are physically and mentally fit to perform their duties safely, both at the time of joining and on a regular basis. In some countries, these programmes include **epidemiological studies**, through which we monitor the evolution of the health of our staff and analyse the health impacts observed in relation to working conditions.

To implement these programmes, we rely on specialised external medical services to ensure that the healthcare activity provided is objective, specialised and meets the highest standards of quality and professional ethics. This approach reflects the commitment of Applus+ to the comprehensive health and wellbeing of its workforce.

Health campaigns in Latin America



During 2023, Applus+ carried out or participated in various campaigns to promote health and healthy habits. For example, in October, breast cancer awareness month, the entire Applus+ team in Chile was invited to a symbolic event. At this event, each team member was asked to wear pink and have their picture taken, as a way of showing their awareness of the importance of early detection measures for the disease.

Other health campaigns addressed diseases such as cancer (Panama), diabetes, kidney failure and hypertension (in the Caribbean region), and the promotion of sport (in Colombia and Panama).



8 reglas de oro para cuidar tus riñones

La enfermedad renal crónica se puede prevenir adoptando hábitos saludables como mantener una alimentación variada, realizar actividad física, no fumar, tomar líquidos y estar atentos en caso de contar antecedentes familiares.

Los controles médicos regulares son esenciales para conocer nuestro estado de salud ya que se trata de una enfermedad silenciosa.

Together beyond standards

HIPERTENSIÓN ARTERIAL

¿Por qué aumenta la tensión arterial?

Síntomas

Prevención

Applus+ presente en el mes de la conciencia sobre el cáncer de mama

Agradecemos a todos los equipos que participaron en la convocatoria que realizamos con motivo del mes de la concientización sobre el cáncer de mama. Este acto simbólico que organizamos, nos permite apoyar esta importante causa.

Les compartimos las fotos que recibimos.

Safety Day 2023

3 GOOD HEALTH AND WELL-BEING

In 2023 we celebrated the tenth edition of Safety Day, an event organised worldwide in which 100% of the countries where we operate participate (the materials were translated into 12 languages) and to which, in addition to our employees, we also invited clients and contractors.

This year we worked on the concept of “active care” in health and safety, that is, taking a proactive and conscious approach to accident prevention and health promotion on an individual level. It is about taking deliberate and conscious steps to contributing towards a safe and healthy working environment. The event and its activities have been very well appreciated by our workforce, as reflected in the satisfaction survey, where 93% of the participants said that the activities were of interest and 80% considered their participation to be active or very active.

In terms of what they learned; participants consider that the Safety Day has helped them with:

- Raise awareness that I can contribute to the safety of my colleagues.
- Understand how I can contribute to the sense of community and achieve a safer work environment.
- See the importance of working as a team and how it influences safety.
- All the above.

PHYSICAL HEALTH AND WELLBEING

We promote physical activity and health with exercise classes, yoga sessions, healthy eating programmes and sporting events. In this way, we strengthen the health of our employees, reduce stress and fatigue, and foster camaraderie through group activities.

The table tennis tournament and rumba therapy in Colombia, the active breaks in Chile, the solidarity race in Spain and the mixed corporate football league organised by the City of Knowledge in Panama are some of the initiatives developed in 2023.



Yoga for our workforce in Spain



At our facilities in Bellaterra (Barcelona), we carry out weekly yoga practices with three goals. We want our professionals:

- To feel better physically. Yoga favours the correct alignment of the spine, tones muscles and prevents injuries, cramps, headaches and back pain.
- To feel better emotionally. We all know that eliminating stress is complicated, but yoga reduces nervousness and insomnia and facilitates self-management.
- To concentrate better. Thanks to yoga, you learn to empty your mind, increasing your attention span and memory.



EMOTIONAL AND MENTAL SUPPORT

We have different programmes that focus on taking care of the mental and emotional health of our workforce. We offer counselling sessions and workshops that address stress, emotion management and mindfulness techniques.

We provide online resources and access to professionals to ensure an emotionally healthy work environment, with the aim of improving resilience, managing stress and reducing anxiety and mental fatigue, as well as fostering a supportive and caring work environment.

R U OK? Initiative in Australia



At Applus+, we recognise the positive impact of raising awareness of mental health issues. In Australia, for the past three years, we have celebrated Mental Health Day with a range of activities. In 2023, we launched an initiative to raise awareness of mental health issues, encouraging the workforce to seek help if they are struggling in any area.

Encouraging our colleagues to start a simple conversation with a “hey, are you okay?” can work wonders, transforming our workplace into a safer, more supportive and uplifting space.

“As an organiser of Here to Hear Day at a major LNG plant in Australia, I was able to see first-hand the profound impact the event had in raising awareness of mental health and supporting our team at a time of significant organisational change. We launched conversation topics and encouraged attendees to discover new things about their colleagues. This initiative not only sparked conversations, but also promoted team wellbeing, in line with the Applus+ commitment to social responsibility and sustainable practices”. Julianne Kininjjew. HSQE Senior Advisor. Karratha Gas Plant



FOLLOW-UP AND RESULTS

At Applus+, we monitor health and safety performance on an ongoing basis.

The internal health and safety reporting procedure has a monthly frequency, so that, month by month, once the information has been analysed by the H&S Corporate Area, the updated information is sent to the management team and the Board of Directors. In the report, we include the accident rate data for the calculation of lagging indicators and leading indicators coming from the different activities included in our H&S Management Programme, with which we monitor our safety culture.

The collection of Applus+ data is carried out by legal entity through the corporate BPC tool, and we have a person designated by each division to be responsible for reporting in each country. To ensure the quality of the information reported, we check the origin of the data during the internal audit process.

Our **accident indicators**¹⁵ show the evolution of the last two years.

¹⁵ GRI 403-9 and GRI 403-10

HEALTH AND SAFETY INDICATORS	2022	2023
Working hours (in thousands)	52,168	52,593
Fatalities	0	1
Fatality rate	0.00	0.02
Number of high-consequence work-related injuries	0	1
Rate of high-consequence work-related injuries	0.00	0.02
Recordable cases	250	212
Total recordable cases frequency (TRCF)	0.96	0.81
Total recordable cases frequency (TRCF) Female rate	0.15	0.07
Total recordable cases frequency (TRCF) Male rate	0.81	0.74
Lost time injury frequency (LTIF)	0.66	0.63
Lost working days	5,626	6,668
Severity	0.11	0.13
Severity Female rate	0.01	0.01
Severity Male rate	0.10	0.12
Professional illness	0	0
Professional illness Female	0	0
Professional illness Male	0	0

In some countries where we operate, musculoskeletal disorders are classified as accidents as opposed to professional illnesses. As a consequence, we adopted this criterion globally for data consistency. Therefore, any cases of musculoskeletal disorders have been included as accidents in the calculations.

With regard to accident rates, the frequency of recordable accidents and accidents with lost working days continue to fall, especially the recordable accident rate, which this year is down by more than 15% compared to the previous year, while the severity rate has increased by two hundredths of a percentage point.

The main causes of the accidents at Arplus+ during 2023 were slips and trips and overexertion. However, the most serious accidents were caused by the electrical risk.

In the analysis, for the contribution-by-gender to the accident rates in relation to the proportion of our employees, no bias or significant differences regarding the exposure to hazards and their consequences are observed.

Social action

At Applus+, we know that we are an integral component of the local communities where we provide our services and that we play a crucial role in promoting sustainable development in all its forms: economic, social and environmental.

Through our social action initiatives, we look to support the most disadvantaged groups, those who suffer from poverty, illness or discrimination, and we spread our values of diversity, equality and inclusion.

FOOD DONATIONS

The contribution of companies through food donations is essential in our society. At Applus+, we are convinced that this action not only combats hunger and malnutrition among those most in need, but also fosters a culture of solidarity in our company.

<p>“Paper for food” campaign from the Food Bank of Portugal</p>	
<p>The “Paper for Food” campaign, promoted by the Portuguese Federation of Food Banks, turns the paper collected into food for those most in need. With the proceeds from the sale of the paper to authorised waste managers, food is purchased and distributed locally.</p>	
<p>We have joined this challenge and have made two donations, led by our environmental inspection department. The process is simple: we collect the paper and take it to the nearest Food Bank. There is no minimum amount for donations and all types of paper are accepted, including newspapers, magazines, textbooks, written or blank sheets of paper, even cardboard. We also make an additional donation of plastic, as the waste company collaborating with the Food Bank also accepts this material.</p>	
<p>This campaign is an excellent opportunity to contribute to the fight against hunger and to protecting the environment. Together, we can make a difference.</p>	

KILO-CLOTHING PROJECT IN SPAIN

Once again, this year, we have kept clothing collection bins at all our statutory-vehicle-inspection stations in Galicia, Spain, thanks to an agreement with Insertega, a clothing recycling company.

KILO-ropa
 por cada diez kilos de ropa
 se donará un kilo de comida
 a una entidad social de nuestro entorno

Each year, the company Insertega provides one kilogramme of food for every 10 kilogrammes of clothing collected. With this initiative, our aim is threefold:



- We collaborate with a company that promotes the employment of the most disadvantaged groups in our community.
- We donate food to organisations whose aim is to help people in greatest need.
- We collaborate in the process of recovering textile waste.

In 2023, we have donated 781 kilogrammes of food through the collection of clothes from the containers. The organisation that has received the donation is the Food Bank in Lugo.



“Every year I clean out my wardrobes and, as I have children, I generate several bags of clothes to throw away. Thanks to this project, these clothes have a second life and food is provided to the people who need it most. I think this is a great initiative, both socially and environmentally. Congratulations!”. Carmen Fernández. Manager of a statutory-vehicle-inspection station.

DONATIONS OF EDUCATIONAL MATERIALS

The donation of educational material contributes to the learning of many children, helping to overcome barriers due to lack of resources and promoting equal opportunities. This type of initiative also fosters a spirit of solidarity among our staff.

COMPUTERS FOR A SCHOOL IN SPAIN

We have donated a set of computers to a school in Madrid to materialise our commitment to education and equal opportunities.



School supplies collection campaign in Panama



In 2023, we carried out an internal initiative in which we asked our employees to donate school supplies and uniforms that were new or in good condition. We set up collection points at all our facilities in Panama.

We delivered these school supplies to the El Portugués de Veraguas community to help the young students of the El Portugués-Barnisal school prepare for the new school year.



Our Activities Committee, with the support of other Applus+ employees, travelled to the El Portugués-Barnisal community to make the delivery. In addition to providing school supplies, we also shared meals with the students and strengthened our bonds of friendship with the community.

OTHER CHARITABLE INITIATIVES

At Applus+, we carry out other charitable actions as part of our commitment to society. This includes, for example, collaborating with associations and foundations that support groups in need in fundraising, donations and sponsoring initiatives aimed at raising awareness of health and wellbeing issues. With all these actions, we aim to make a positive impact on society.

CHARITY MARKET IN SPAIN

Once again, within the framework of the collaboration agreement with the Down Syndrome and other Intellectual Disabilities Foundations of the Basque Country, Adcor and Aspanri Down, we have held charity Christmas markets at several offices in Spain.

The proceeds from the sale of various products made by young people with intellectual disabilities are used for their training and integration in the workplace. This action is in line with our goal of promoting an inclusive work environment and strengthening the inclusion of people with disabilities worldwide.



SOLIDARITY RACE IN SPAIN

Applus+ is proud of its sixth annual collaboration with the UAB *cursa solidària*, a solidarity race organised by the Autonomous University of Barcelona and the Cerdanyola del Vallès Municipal Council, with the collaboration and sponsorship of the University of Barcelona and our company. This year, the *cursa solidària* focused on sexual and reproductive health.

The proceeds from this event go to the TV3 *La Marató* Foundation, which promotes outstanding scientific research and raises social awareness of various diseases. In 2023, *La Marató* wanted to pay special attention to the need to consider the gender perspective in all areas of medicine and research. Specifically, it addresses how research into sexuality and reproduction will affect the prevention, diagnosis and treatment of diseases, especially in women, the most affected group.

The *cursa solidària* offers several ways to participate, including races of different distances, walks and options for people with reduced mobility. In addition to participating in the race, it is also possible to contribute through donations or volunteering. Those registered had the chance to win a sustainable lunch box, made from organic material instead of plastic.



We at Applus+ have encouraged our employees to take part in the race and have given a commemorative t-shirt to all participants and their families.



BLOOD DONATION IN SPAIN

On 2 and 3 May 2023, a mobile electric unit from the Blood and Tissue Bank of Catalonia travelled to the IDIADA Division's facilities in Tarragona.

One blood donation can save up to three lives, and that is what the 84 members of the Applus+ workforce who came to donate during those days kept in mind.



SPONSORSHIP OF YOUTH BASKETBALL IN ANGOLA

The **Angola Champions** programme aims to create a positive impact on the local community. As part of this programme, we sponsored the youth basketball team at a children's home in one of the most disadvantaged areas of Luanda.

Through basketball, a sport that unites and has deep cultural significance in Angola, we seek to enrich the lives of young people in foster care.



FINANCIAL DONATIONS

As we do every year, in 2023 we made financial donations to organisations that support people with some type of dependency. Every year, we donate 30,000 euros to the Adcor Foundation and 3,000 euros to the Prodis Foundation.

07. ENVIRONMENT

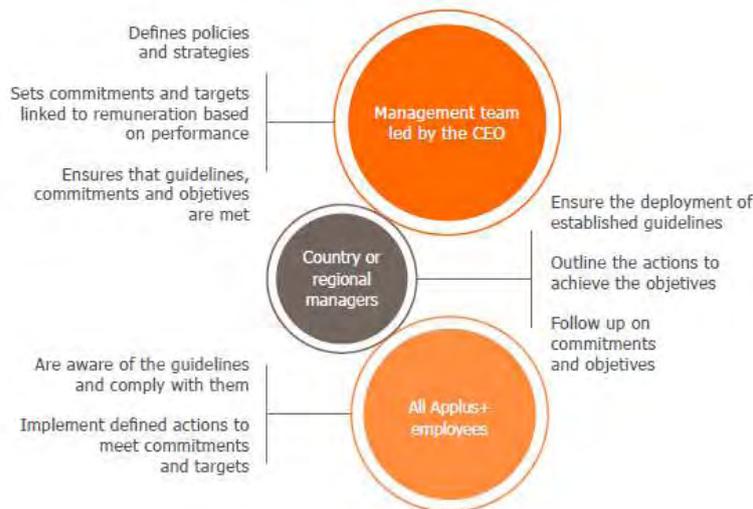
Environmental management approach

GRI 2-23, GRI 2-24, GRI 201-2, GRI 302-1, GRI 302-2, GRI 302-3, GRI 302-4, GRI 302-5, GRI 303-1, GRI 303-2, GRI 303-3, GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-4, GRI 305-5, GRI 306-1, GRI 306-2, GRI 306-3, GRI 306-4, GRI 306-5, GRI 308-1, GRI 308-2

Our motto, Together Beyond Standards, reflects our determination to go beyond established requirements, demonstrating our commitment to sustainability. Within this framework, we are aware that the climate emergency is a challenge that requires urgent action, and we are determined to reduce our carbon footprint to zero net emissions.

GOVERNANCE

We formalise this commitment through our **Corporate Quality, Prevention and Environment Policy**, which is based on continuous improvement and aims to create a safe, healthy and sustainable environment. It is defined by our CEO and applied by all Group professionals.



Our **Good Environmental Practices Guidelines** provides precise guidelines to significantly reduce energy consumption at all our facilities and addresses effective waste management strategies to minimise the environmental impact of our operations. The guide actively contributes to our mission to promote sustainability and environmental responsibility in all our activities.

ENVIRONMENTAL MANAGEMENT SYSTEMS

We deploy our policy through the implementation of Environmental Management Systems (EMS), based primarily on ISO 14001, but also on the European EMAS Regulation at some sites. Energy efficiency certification according to the ISO 50001 standard at some sites further reinforces our environmental standards.

57%

Calculated as the percentage of revenue generated by third-party certified legal entities

“Our certifications and accreditations support our credibility, demonstrating our strong commitment to professionalism and industry standards, aspects highly appreciated by our clients”. Liju Abdussalam. Middle East and Africa Regional QHSE Manager.

ENVIRONMENTAL ASPECTS

In carrying out our activities, the most significant factors that can impact the environment are energy consumption, greenhouse gas (GHG) emissions, water use and waste generation.

<p>Energy consumption</p> <p>Our activities require the use of electricity and different types of fuels, such as petrol, diesel and natural gas. Lighting, air conditioning, operation of equipment at our facilities and the use of fleet vehicles (owned and mostly rented) are major contributors to our energy consumption.</p> <p>In accordance with our management strategy, we focus on improving energy efficiency in order to reduce our energy consumption.</p>
<p>GHG emissions</p> <p>Energy consumption leads to the generation of greenhouse gas emissions, both direct emissions from sources we can control, and indirect emissions from electricity consumption on the one hand, and from sources outside our organisation related to our value chain on the other.</p> <p>Indirect emissions from our value chain are the most significant, comprising activities both upstream and downstream of our company. These include, for example, those generated by the daily commuting of our staff to the workplace, as well as those derived from the purchase of goods and services.</p>
<p>Water consumption</p> <p>At our sites, the main use of water is for sanitation activities. Only a small number of locations have closed-circuit vehicle testing tracks that require more intensive consumption; these facilities have water reuse systems to mitigate their environmental impact.</p> <p>The responsible use of resources, and in particular water management, is one of the key commitments of our policy.</p>
<p>Waste generation</p> <p>Waste generation is mainly an inherent consequence of the development of our testing activities.</p> <p>Our main target is to minimise any harmful impact associated with waste and promote its recovery. To do this, we have procedures in place to ensure its effective management. Our constant attention to the defined guidelines reflects our commitment to environmental responsibility and sustainability in all our operations.</p>

The location of our facilities and the nature of the operations we carry out do not generate adverse impacts that could be directly detrimental to natural areas or biodiversity.

RECOGNITIONS

We are very pleased with the recognitions we have received for our environmental commitment, and they serve as a stimulus for us to continue improving.

Applus+ joins the prestigious CDP A List

Once again this year, we at Applus+ reaffirmed our commitment to the fight against climate change by transparently disclosing our progress through the CDP (formerly the Carbon Disclosure Project) questionnaire. CDP employs a rigorous methodology, scoring companies from A to D, based on their disclosure practices, risk management and environmental leadership.

Out of 21,000 qualified companies, Applus+ is among the elite that earned an A grade in the 2023 climate change questionnaire. As a TCFD-aligned entity, CDP has the world's largest environmental database, influencing investment decisions for a sustainable economy without carbon emissions.

The Financial Times and Statista again select Applus+ as one of Europe's climate leaders

Applus+ has once again been included in the "Europe's Climate Leaders 2023" list jointly created by *The Financial Times* and Statista, which recognises companies that have made significant efforts to reduce their carbon footprint and promote sustainability.

The list, which is published annually, aims to highlight European companies that are leading the fight against climate change by reducing their greenhouse gas (GHG) emissions. This list is based on a number of criteria, such as reducing emissions, intensity of GHG emissions, transparency and the assessment of CDP and SBTi (Science Based Targets initiative).

This inclusion confirms the success of the Applus+ climate strategy and encourages us to move forward in our commitment to a more sustainable future.

The Applus+ success story in the Climate Ambition Accelerator programme

In the third edition of the United Nations Climate Ambition Accelerator programme in Spain, Applus+ took a leading role as a success story participant in the second edition of the programme. During the event, we had the privilege of sharing our experiences and the progress we have made after our participation in the programme. The main focus of our presentation was the deployment of the SBTi targets in the Group and the action plans we defined to achieve them.

Our participation in the programme is a recognition of our commitment to the environment and encourages us to continue to move forward in leading sustainability initiatives.

World leader in emissions verification

In the twenty-first monitoring report issued in August 2023 by the United Nations, the performance of the **Designated Operational Entities (DOE)** was evaluated for the period from September to December 2022. Applus+ played an outstanding role by issuing a total of 52 verification reports, making it the leading entity in the field.

DOEs are organisations accredited by the Executive Board of the **Clean Development Mechanism (CDM)** to carry out the validation and verification of emission reduction projects. This programme allows developed countries to invest in emission mitigation projects in developing nations as part of their greenhouse gas reduction commitments, thus contributing to combating climate change and promoting sustainable development.

"We have received recognition from leading environmental institutions, which demonstrates our ongoing commitment to adopting sustainable and environmentally friendly practices". Elena Aranguren. Energy & Industry Spain Quality & ESG Manager.

Commitments and targets

SCIENCE BASED TARGETS INITIATIVE (SBTi)

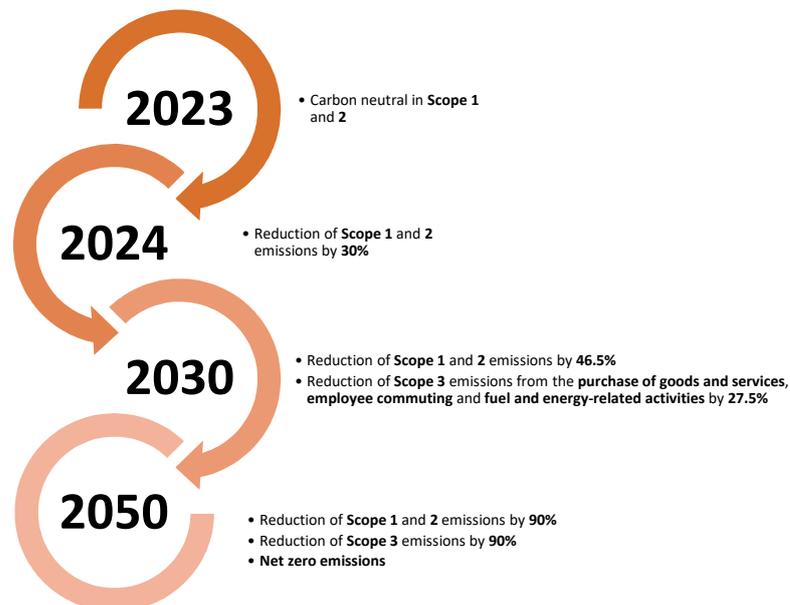
In February 2022, Applus+ joined the **Science Based Targets (SBTi) initiative**, which already involves more than 6,000 companies worldwide. This collaboration with leading organisations in the field aims to reduce greenhouse gas (GHG) emissions by defining science based targets.

By joining SBTi, we set short-term reduction targets for 2030, in line with the ambition to limit the global temperature increase to 1.5°C. These targets have been validated by SBTi. We have also set a long-term goal to achieve net-zero emissions across our value chain by 2050, following the SBTi Net-Zero standard. With this goal we aim to be a net-zero emissions company, minimising emissions across the value chain as much as possible and offsetting any residual emissions that cannot be eliminated. In August 2023, the SBTi initiative validated Applus+ scientific goal of zero net emissions by 2050. SBTi is the first science-based standard to help set such targets for companies, in line with the Paris Agreement to limit global warming to 1.5°C.

These commitments allowed us to be part of the Business Ambition for 1.5°C campaign and the UNFCCC Race to Zero campaign, which brings together entities from all over the world to completely eliminate emissions by 2050.

TARGETS

Reducing GHG emissions is fundamental in the fight against climate change. We therefore set specific and ambitious targets to minimise our carbon footprint and contribute to the wellbeing of future generations.



16

The reductions indicated are relative to the base year (2019).

KEY MILESTONES IN 2023

This year, our company has made significant progress. From implementing sustainable practices to reducing our carbon footprint, we have achieved key milestones.

¹⁶ The carbon neutrality target for 2023 is not validated by SBTi.

<ul style="list-style-type: none"> • The Science Based Targets (SBTi) initiative has supported and validated our long-term emissions reduction commitments, as well as our goal of achieving net zero emissions.
<ul style="list-style-type: none"> • In the area of waste management, we have extended data collection compared to previous years, reaching 47% of all Group operations.
<ul style="list-style-type: none"> • The Group raised its renewable electricity consumption to 85%, marking a significant milestone in our transition towards sustainable energy sources.
<ul style="list-style-type: none"> • We reduced our scope 1 and 2 emissions by 38% two years ahead of the strategic plan targets.

Climate change

Supported by ambitious science-based targets, our commitment is to achieve **net zero carbon emissions by 2050**. Furthermore, aligned with the Task Force on Climate-related Financial Disclosures (TCFD) guidelines, we are committed to transparently communicating our progress. This includes disclosing our risks and opportunities, as well as our strategy and financial planning linked to the comprehensive decarbonisation of our operations.

Our plan covers the entire Group’s operations, extending to its subsidiaries and facilities in various countries. This comprehensive approach reflects our global commitment to environmental sustainability and the transparent management of our transition towards more sustainable business behaviours.

GOVERNANCE

OVERSIGHT OF THE BOARD OF DIRECTORS

Climate change issues are a non-transferable responsibility of the Board of Directors, but in order to provide effective oversight, the Board established the ESG Committee, comprised of three Board members, the Chairman and two independent directors. This committee meets quarterly to address ESG-related issues.

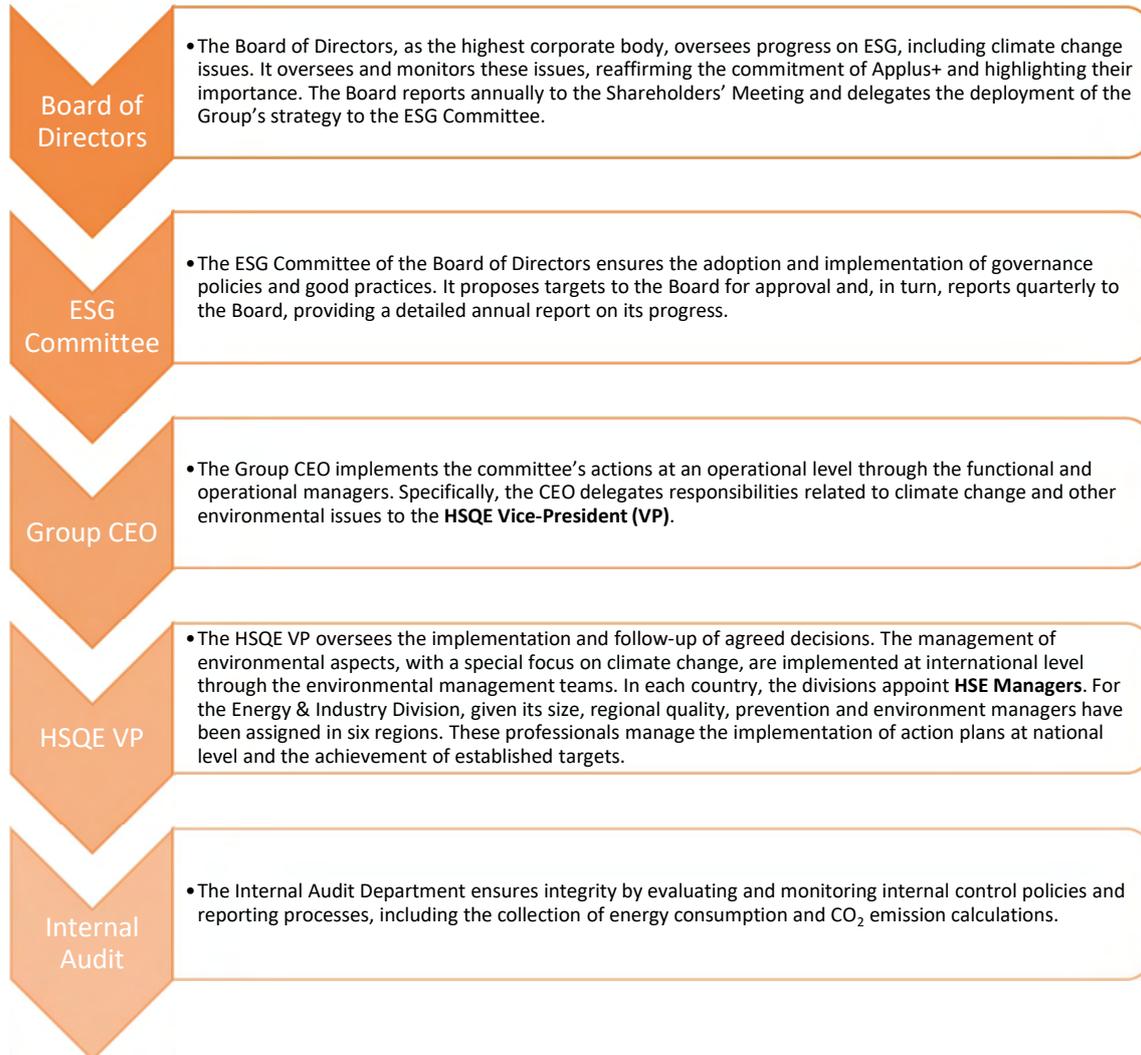
The ESG Committee is responsible for defining and promoting the Group’s ESG strategy. It focuses on ensuring the effective implementation and execution of sustainability policies throughout the organisation. These policies cover key elements such as climate change, compliance with the Code of Ethics and good environmental practices. This Committee also reviews the non-financial information report for subsequent approval by the Board of Directors and the Shareholders’ Meeting, thereby consolidating our commitment to transparency and environmental responsibility.

During 2023, we continued to make progress in the deployment of the strategy defined for the 2022-2024 period, which addresses the challenges of climate change. This strategic deployment is led by the management team, supported by internal teams responsible for the effective implementation and achievement of the targets set.

The oversight of the implementation of this strategy rests with the Board, specifically through the ESG Committee. This committee evaluates progress against specific indicators and pre-defined targets, making relevant decisions to strengthen performance and ensure that our environmental goals are met.

MANAGEMENT ROLES

The Applus+ organisational structure is designed to ensure the effective oversight, control and management of climate-related aspects within the framework of environmental sustainability. Each member of the team has clearly defined roles and responsibilities, ensuring the effective implementation of short-, medium- and long-term strategies and actions to promote sustainability.



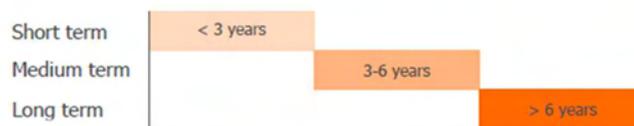
Environmental performance is evaluated on a quarterly basis using the **ASM** (Applus+ Site Management) tool. Data is consolidated at Group level and key indicators are monitored to measure performance against defined targets. This provides a holistic view that is presented to the **ESG Committee**.

The Board of Directors has implemented metrics aligned with the sustainability targets, addressing key aspects such as integrity, diversity, safety, health and decarbonisation. Since 2022, these ESG metrics have been incorporated into the Group's remuneration system.

STRATEGY

ASSESSMENT OF RISKS AND OPPORTUNITIES

The assessment of risks and opportunities is analysed from three time frames:



The materiality range established coincides with that defined in the financial risk framework, amounting to a figure of €10M.

The risk assessment is an input in our financial strategy and planning. This is reflected not only in the action plans aimed at reducing our emissions and combating climate change, but also in the configuration of our service portfolio, the strategic location of our facilities and possible future acquisitions.

Risk / Opportunity	Description	Time frame	Impact	Level of impact	Action
Physical risks					
Acute risks	Increase in extreme weather events	Present	Disruptions in activities, impact on the health and safety of our employees, absenteeism and reduction in revenues due to project delays or cancellations affecting our clients and their facilities.	Medium	Business continuity planning.
Chronic risks	Increased temperatures	Present	Increasing energy consumption and costs, as well as higher emission levels.	Medium	Operational and energy efficiency programmes at our facilities to mitigate impacts.
Transition risks					
Market risk	Change in user behaviour, reducing fossil fuel consumption, towards a decarbonised economy	Long-term	Potential impact on the services the Group provides to the oil and gas sector and other sectors identified as unsustainable.	High	Diversification plan, which has reduced the Group's level of exposure to this sector from 50% in 2014 to the current 24%.
Opportunity	Greater demand for sustainability-related services. Development of services in the renewable energy and sustainable mobility sector	Present	Increased revenues from services in the renewable energy sector. Increased sustainable mobility-related services, mainly for electric and hybrid vehicles. New services linked to the sustainability assessment of our clients' supply chain, processes and products.	High	Investment in new business and development of services in the renewable energy sector. Expansion plan in countries where our presence in this sector is more limited. Activities related to electric ¹⁷ or hybrid vehicles have continued to increase in 2023. Development of new products linked to marking, inspection or certification of sustainable products or processes.
Opportunity	Choice of more sustainable products by users	Present	Brands need to demonstrate the sustainability of their products, so requests for services in this context are increasing.	High	Applus+ offers solutions such as product certifications or traceability at source, which provide guarantees in this respect.

¹⁷ Engineering, testing and approval services for the automotive sector

Regulatory risk	New legal requirements associated with the reduction of combustion vehicles	Long-term	Reduced revenues associated with the environmental control of emissions in the vehicle inspection business. This is a partial impact as emissions inspection is a residual activity compared to vehicle safety aspects.	High	Development and investment in new testing activities associated with electric/green and connected vehicles.
Regulatory risk	Increase in the price of coal	Present	We aim to be carbon neutral from 2023, which increases our costs.	Medium	Reduced energy consumption through internal efficiency plans. The Group's renewable electricity consumption has also been increased to 85% by 2023, in line with the established strategy.
Regulatory risk	Increased and improved reporting obligations	Short-term	Increased operational costs to comply with legislation.	Medium	Monitoring of legislative changes, accompanied by the deployment of reporting and internal control tools.
Opportunity	Design and development of services to help our clients comply with new regulations	Present	Promotion of the following tests: emissions and homologation. 'clean' and connected vehicles. insulating and construction materials. Increase in revenue associated with testing, engineering and homologation, of both complete green vehicles and components. Increased certification and verification services in several of the activities included in the European Taxonomy Regulation, and in other initiatives related to the European Green Deal.	High	Innovation plan with priority lines of action in each line of business. Monitoring of legislative changes, accompanied by the development of new services.
Reputation risk	Unsuitable management of climate change	Present	Lack of brand credibility and negative stakeholder coverage, stigmatising activities in sectors viewed as unsustainable.	High	Monitoring of legislative changes, accompanied by the deployment of reporting and internal control tools to ensure compliance and management focus.
Technology risk	Failure to adopt new low-carbon technologies in internal management and to create/adapt more sustainable services	Short-term	Failure to implement actions such as the use of efficient vehicles, digitalisation of processes and services, energy efficiency measures in buildings or the generation of renewable energy could affect our competitiveness and reputation.	Medium	

Technology opportunity	Boosting the internal efficiency of processes and the generation of sustainable services	Short-term	Although it may represent a short-term investment with limited return, it offers intangible aspects that will provide competitive and reputational advantages in the medium- and long-term.	Medium	Innovation and digitalisation strategy for the development of services and the improvement of processes, as well as the implementation of energy efficiency plans and self-generation of energy.
Technology opportunity	New, cheaper and more sustainable technologies	Short-term	The growth of new technologies in the market will allow us to develop new sustainable services more quickly and cost-effectively. It will also help us implement our climate change mitigation strategy, saving on energy and carbon costs.	Medium	

We identify and manage risks appropriately, ensuring appropriate management to minimise the likelihood of significant impacts. We also implement strategic plans to capitalise on the opportunities that climate change brings, more than counteracting any impacts, however limited, that may arise.

We are analysing scenarios to improve our financial reporting on climate change in future reports. This analysis will allow us to better assess the risks and opportunities associated with climate change and take action to address them.

The strategy we have pursued in recent years, focusing on investing in the clean energy and sustainable transport sector, as well as progressively decreasing our involvement in traditional sectors such as oil and gas, strengthens our resilience to possible changes in the context. In this way, our company is prepared to cover the need and demand for sustainability-related services derived from the increase in environmental requirements to combat climate change.

In this context, our global presence in more than 65 countries, coupled with the nature of our on-site inspection and certification activities, gives us exceptional flexibility to adapt to changes in the circumstances of our clients and their supply chains resulting from disruptions caused by extreme weather events. The financial impact of these events on our operations has been minimal, as the events have been brief and focused. Therefore, we do not anticipate substantial impacts on our business due to climate change-related issues. It should be noted that we are a service provider and are not involved in a sector with regulated emissions.

RISK MANAGEMENT

At Applus+, we have integrated climate change-related risks into our risk management system. This ensures a proper management to minimise potential negative impacts, while maximising opportunities. The tool we use to assess and manage risks facilitates decision-making at all levels of the organisation, from key stakeholders to the Group’s executive team. The risk associated with climate change and other sustainability issues is identified as a priority in the company’s risk map.

The stages in our risk management process are as follows:



Full details of the indicators used to measure and manage the risks and opportunities associated with climate change are provided on our website and in the specific Sustainability and Environmental Goals sections, as well as in the annexes to this report.

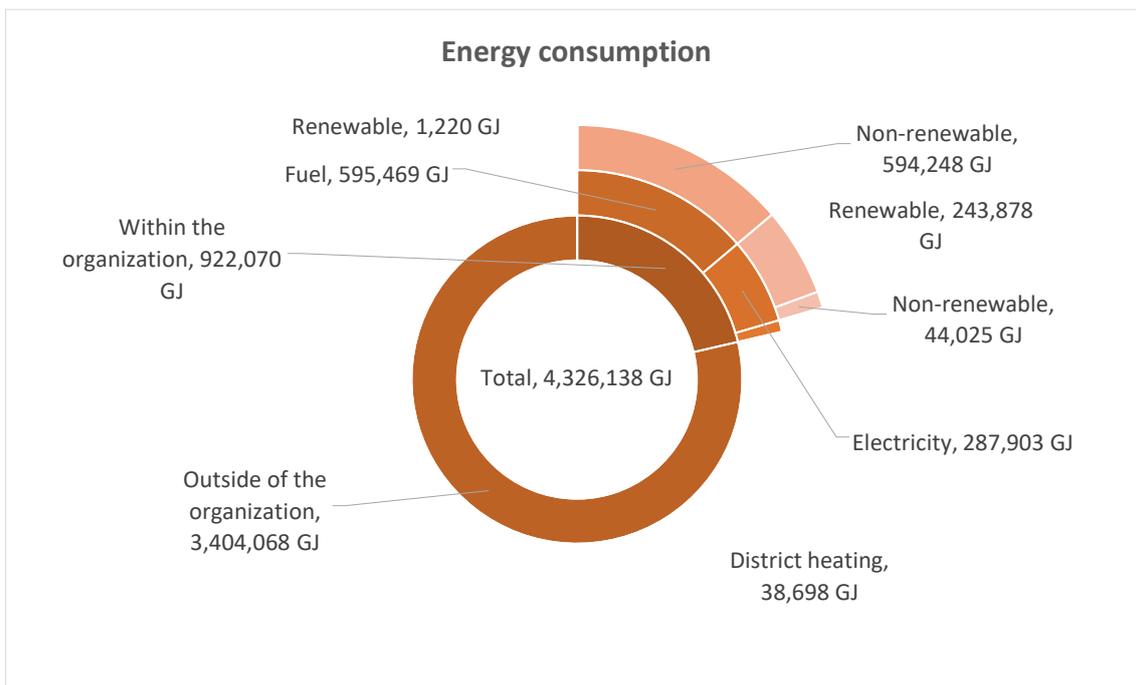
Energy and emissions



We have defined indicators to measure energy consumption in our activities and emissions throughout our value chain. The results are used to assess our progress towards decarbonisation and are the starting point for strategic decisions.

The standards, methodologies, calculation tools and sources of conversion factors used for each indicator are rigorously specified in the *Environment Basis of Reporting*.

ENERGY



In 2023, we are observing a 9.0% reduction in energy intensity per employee compared to the base year, reaching 35.38 gigajoules per employee¹⁸.

We encourage the development of initiatives aimed at optimising energy use in our activities. We seek to reduce consumption to promote environmental sustainability and improve operational efficiency, as well as to reduce GHG emissions, thereby contributing to meeting our environmental target.

New charging stations for electric vehicles		
<i>Type of energy</i>	<i>Baseline</i>	<i>Energy reduction</i>
Electricity	2022	3,250 GJ
<p>Applus+ has installed new fast charging stations for electric vehicles at our facilities in l'Albornar, Spain. This initiative is in line with our commitment to implementing the latest technologies in the automotive sector under strict safety and environmental standards.</p> <p>We currently have 23 charging points in l'Albornar, with power ranging from 50 kW to 400 kW, strategically distributed across three main stations. These stations are designed for both passenger and commercial vehicles.</p> <p>With this expansion, we are continuing our efforts to promote the implementation of sustainable mobility solutions at our facilities.</p>		

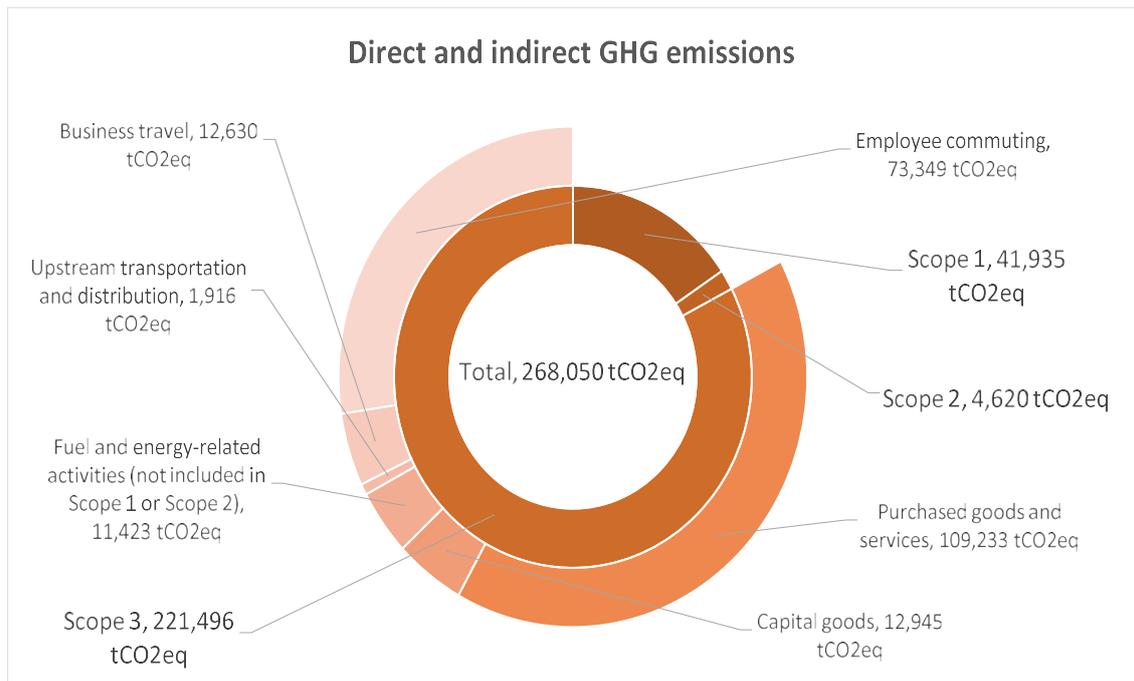
¹⁸ The energy intensity indicator covers energy consumption within the organisation and includes the energy types of fuel, electricity and district heating.



Solar energy in monitoring networks			7 ENERGÍA RENOVABLE Y NO CONTAMINANTE	13 ACCIÓN POR EL CLIMA
<i>Type of energy</i>	<i>Baseline</i>	<i>Energy reduction</i>		
Electricity	2022	15 GJ		
<p>In 2023, we have installed solar photovoltaic panels in Colombia to power the equipment comprising our air and water quality monitoring networks.</p> <p>This pioneering initiative has not only proven to be economically beneficial by reducing associated energy costs, but has also strengthened our ability to operate autonomously, increasing our resilience to potential power supply disruptions.</p> <p>The incorporation of renewable technologies into our operations plays a key role in minimising the direct and indirect impacts of our activities on the surrounding ecosystems.</p>				

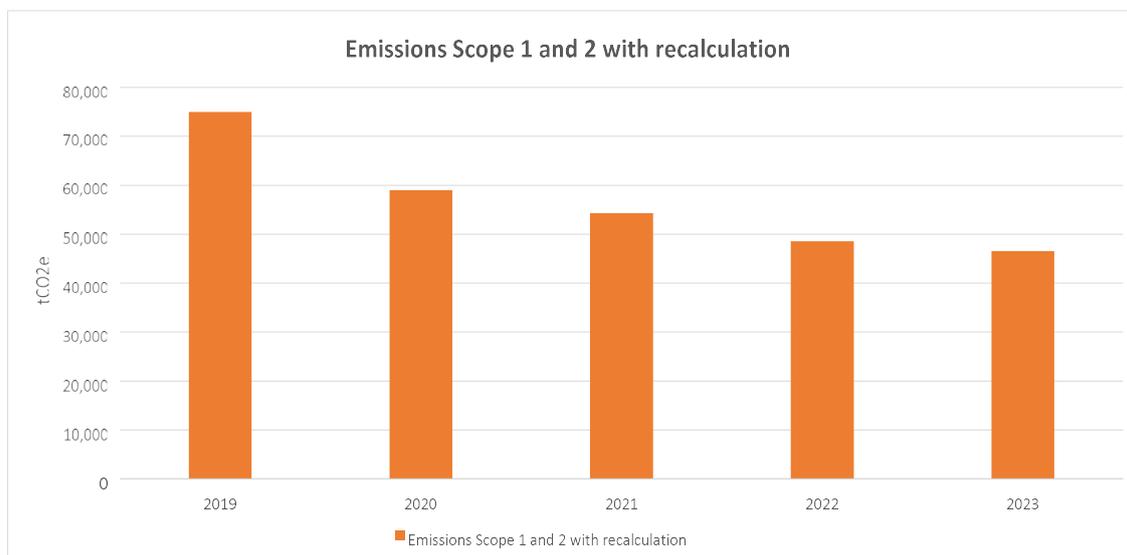
The implementation of these initiatives has resulted in energy savings of 3,265 gigajoules.

EMISSIONS¹⁹



In 2023, the emission intensity per employee²⁰ stood at 1.79 tCO₂eq/employee, reflecting a 40% decrease compared to the base year (2019).²¹

During the period from 2019 to 2023, a notable decrease in scope 1 and 2 emissions is evident, according to the recalculated data presented in the graph. This decrease demonstrates the continued commitment to sustainability and the adoption of environmentally responsible practices, highlighting efforts to reduce the carbon footprint of the entity in question.



¹⁹ Scope 2 according to market-based methodology.

²⁰ The emission intensity indicator covers direct emissions (Scope 1) and indirect emissions (Scope 2).

²¹ We have met the sustainability criteria agreed in the credit line with Caixabank.

Record emission reductions from the use of green energy		 7 ENERGÍA ASEQUIBLE Y NO CONTAMINANTE	 13 ACCIÓN POR EL CLIMA
<i>Scope type</i>	<i>Baseline</i>	<i>Emission reduction</i>	
Scope 2	2022	15,645 tCO ₂ eq	
<p>We are continuing to make progress towards the 2022 target of expanding the use of renewable electricity.</p> <p>In 2023, we have achieved 66% of the Group’s operations using electricity from renewable sources. This has led to an increase in the amount of green electricity to 68 GWh, which translates into savings of more than 15,645 tonnes of CO₂ equivalent and a 81% decrease in GHG emissions compared to a scenario without renewable energy.</p> <p>This strategic decision has a positive impact on reducing emissions related to electricity consumption in our operations and strengthens our identity as an organisation committed to environmental responsibility.</p> <p>“Green energy consumption is an effective way to reduce the environmental impact of our activities, and in turn, actively contributes to the transition towards a more sustainable energy production model. It also helps us to responsibly meet our committed targets”. Marc Alonso. Environmental Specialist and QHSE Corporate Auditor.</p>			

Investment in emission mitigation projects		 7 ENERGÍA ASEQUIBLE Y NO CONTAMINANTE	 13 ACCIÓN POR EL CLIMA
<i>Scope type</i>	<i>Baseline</i>	<i>Emission reduction</i>	
Scope 2	2022	46,555 tCO ₂ eq	
<p>In our strategic plan, we set out that we wanted to be a carbon neutral company by 2023. Therefore, our goal goes beyond meeting our emission reduction targets; we offset the emissions we cannot reduce by using carbon credits acquired through investing in sustainable projects.</p> <p>In 2023, by applying sustainability, innovation and equity criteria, we chose two projects that allow us to save 46,555 tonnes of CO₂ equivalent (tCO_{2e}) per year.</p> <p>The Jinkouba hydropower project, with a capacity of 28 MW, is located on the Baishuijiang River in Gansu Province, China. It consists of two turbines of 14 MW each, which generate a total of 127,900 MWh per year. This supply is integrated into the Electrical Grid of the Northwest Region, thus displacing power plants that operate with fossil fuels and contributing to the reduction of CO₂ equivalent emissions (tCO_{2e}). This action is estimated to result in an annual decrease of approximately 108,689 tons of carbon dioxide.</p> <p>And the project to implement a 24 MW wind farm in Tamil Nadu, India, with the purpose of reducing its dependence on fossil fuels. Consisting of 30 wind turbines, this park generates 45.20 GWh annually, which leads to a significant reduction in emissions of 41,412 tCO_{2e}, thus contributing to the mitigation of greenhouse gases.</p>			

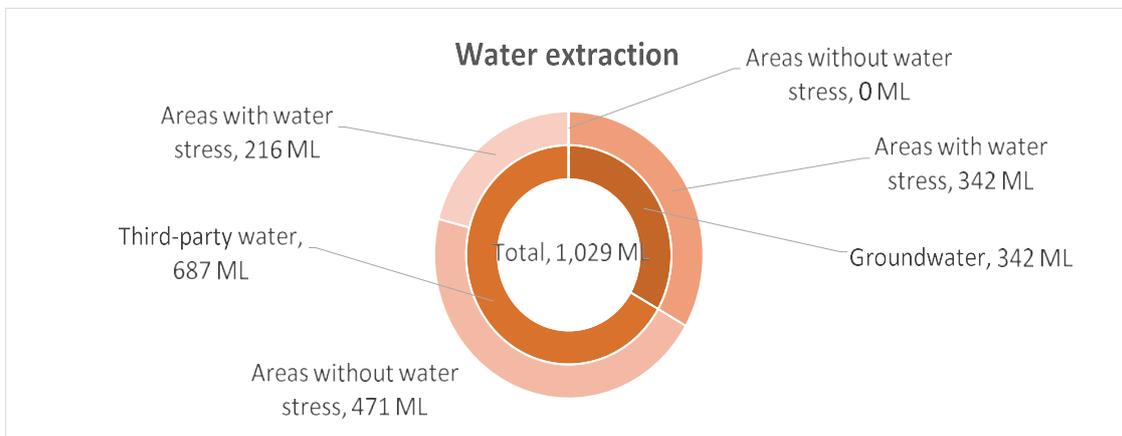
Water

The water consumed by Applus+ comes either from groundwater or is supplied by third parties, generally municipal entities. At our facilities, we use water for testing, sanitary uses, irrigation of green areas and human consumption.

Water demand is highest at our vehicle proving ground, especially at our facilities in Tarragona (Spain) and Shandong (China), which account for a significant proportion of the Group's total consumption.

At the Spanish site, the most relevant use is linked to testing on four of the 14 available tracks (two dedicated to braking tests, one for driving on wet surfaces and one for fatigue tests). In order to mitigate the environmental impact of water use, we have implemented a filtering and recirculation system, allowing it to be reused without the need for grease and hydrocarbon separators. We control water quality by measuring pH, conductivity and osmotic treatment.

The services offered by the Group's various divisions do not generate a significant impact in relation to water use, due to the very nature of these activities.



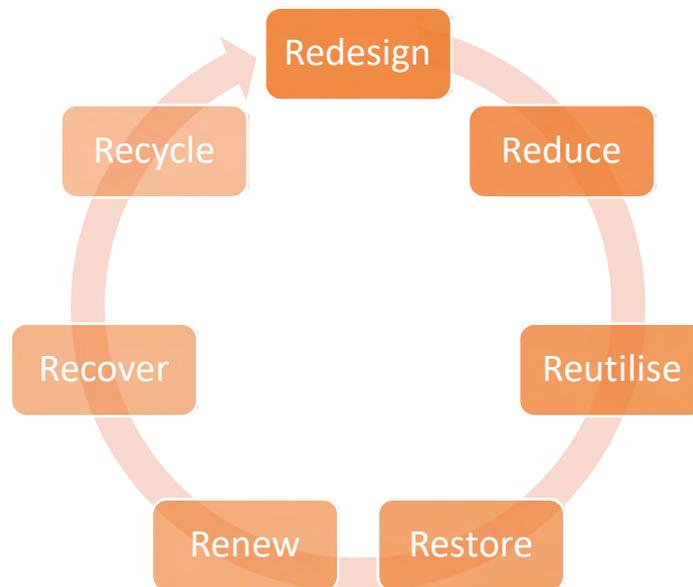
"Water is the most important natural resource on our planet and is an essential element for the existence of life on Earth. We are aware of this and have adopted conservation practices in our day-to-day operations to avoid wasting it". Deshan Fu. IDIADA China Proving Ground Facility Management Manager.

Waste

We strive to prevent waste generation, reduce waste volumes and encourage reuse wherever possible by adopting the **7R approach** and moving towards a **circular economy**.



Our **Environmental Best Practices Guidelines** establish waste management guidelines applicable to our daily operations and based on the 7R model to reduce waste production. Our professionals, as well as our employees, are responsible for implementing these guidelines, both at our sites and when providing services at our clients' facilities.



In countries where there are adequate infrastructures for recycling and selective treatment, waste segregation is carried out at Applus+ facilities. In this case, waste is managed by authorised companies, ensuring traceability with documented evidence, and site managers provide the necessary resources to comply with management policies.

Despite the diversity in the composition of waste depending on the activities carried out by the company, a significant relevance is observed in certain types of waste such as **discarded vehicles, construction and demolition and metal wastes.**

Due to their nature, the services provided by the Group's various divisions do not have a significant impact on waste management.



The waste data cover 47% of revenues in 2023

<p>Reduction in the use of plastic bottles</p>	<p>12 PRODUCCIÓN Y CONSUMO RESPONSABLES</p>	<p>17 ALIANZAS PARA LOGRAR LOS OBJETIVOS</p>
<p>In 2023, Applus+ in Galicia (Spain) launched an initiative with the aim of eradicating the use of plastic bottles at vehicle technical inspection centres, thus contributing to avoiding the generation of waste and reducing CO₂ emissions.</p> <p>This initiative, entitled "<i>- Plástico + Planeta. Pequeños cambios contra el gran cambio</i>" (- Plastic + Planet. Small changes against the big change), consisted of providing the workforce with stainless steel bottles so that they could fill them at purified water fountains.</p> <p>The use of refillable bottles avoids the generation of plastic waste. It is important to note that plastic production, dumping in the oceans and incineration have significant associated environmental impacts on the atmosphere, climate, wildlife and the food chain.</p> <p>By eliminating plastic bottles, we estimate that we will reduce CO₂ emissions by 3,800 kg per year at vehicle inspection stations, while at the same time contributing to promoting a culture of sustainability among our professionals.</p>		

SYC^{IV} | Applus⁺
 participa en la lucha para reducir las emisiones de CO₂ a la atmósfera, eliminando las botellas de plástico.

- Plástico + Planeta
PEQUEÑOS CAMBIOS CONTRA EL GRAN CAMBIO



Todos los trabajadores recibirán una botella de agua de acero para que la puedan rellenar por las instalaciones de fuentes de agua purificada.



Tips

La producción e incorporación de plásticos contribuye en gran medida al cambio climático. Los residuos plásticos también afectan nuestra vida diaria, contaminan nuestros océanos, matan la vida silvestre y se incorporan en nuestra cadena alimentaria.

Tips

Para fabricar un kg de aluminio se necesitan unos 3,5 kg de CO₂, e la aluminio reciclado que por cada kg de aluminio que fabricamos con resaca reciclada ahorramos 17 kg de CO₂.

¡Gracias por colaborar!

Recycling campaign in Chile

12 PRODUCCIÓN Y CONSUMO RESPONSABLES

17 ALIANZAS PARA LOGRAR LOS OBJETIVOS

We carry out an annual training programme for all professionals in Chile, covering the waste recycling process. This training plays a key role in the proper management of waste generated both in operational projects and at the headquarters located in Santiago de Chile.

During the programme, staff are trained in the treatment of different types of waste, including batteries, mobile devices, toner cartridges, ink cartridges and paper. They are also provided with awareness-raising material to support the dissemination of the messages, as well as containers for the correct segregation of waste.

Through this initiative, the aim is to train and raise awareness of the protocols and controls that are applied in environmental matters, especially with regard to waste management, thus reinforcing the company's commitment to sustainability and caring for the environment.

Bienvenido al
PUNTO VERDE 
 ¡Aquí puedes reciclar!



Pilas



Celulares



Tóner



Cartridge



Papel

“The proper management of the waste we generate in our activities is crucial for the environment and sustainability, which is why we prioritise reduction and promote recycling in our day-to-day operations in order to minimise our ecological footprint”. Margaret Wade. Automotive Ireland Training & Facilities Administrator.

08. FINANCIAL INFORMATION

European taxonomy

PRELIMINARY CONSIDERATIONS

In June 2020, the European Parliament approved the European Taxonomy Regulation (Regulation 2020/852), which aims to establish a classification system for economic activities that are environmentally sustainable, to facilitate the flow of capital and investment and to determine the degree of environmental sustainability of an investment.

Activities are qualified as environmentally sustainable when:

1. They meet the technical screening criteria established by the European Commission:
 - a) They contribute substantially to one or more of the environmental goals:
 - Mitigation of climate change
 - Adaptation to climate change
 - Sustainable use and protection of water and marine resources
 - Transition to a circular economy
 - Prevention and control of pollution
 - Protection and restoration of biodiversity and ecosystems
 - b) They do not cause significant harm to any of the environmental goals.
2. They are carried out in compliance with the minimum social guarantees corresponding to the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, the United Nations Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight core conventions referred to in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, and the International Bill of Human Rights.

TAXONOMY APPROACH

The Taxonomy covers a broad spectrum of sectors, which account for 93.21²²% of the European Union's Greenhouse Gas emissions; its focus is therefore on specific industrial activities, rather than on service companies such as Applus+ in the TIC (testing, inspection and certification) sector.

In 2023, the key indicators of the taxonomy should include the targets associated with climate change mitigation (Annex I), climate change adaptation (Annex II), Delegated Regulation 2021/2139, of 4 June 2021, including the subsequent amendment of Delegated Regulation 2022/1214, published on 9 March 2022, regarding economic activities in certain energy sectors, and the remaining four targets published in Delegated Regulation 2023/2486, of 27 June 2023.

TIC SECTOR REPORTING METHODOLOGY

The professional association of conformity assessment bodies, TIC Council, of which Applus+ is a member, has developed guidelines defining the criteria for the sectoral application of the European Taxonomy Regulation. The ultimate goal is to have a common document to align the disclosure of information related to the European Taxonomy Regulation of companies in the TIC sector, unifying the criteria on the activities that should be considered taxonomically eligible.

²² Source : https://ec.europa.eu/info/sites/default/files/business_economy_euro/banking_and_finance/documents/190618-sustainable-finance-teg-report-taxonomy_en.pdf

In this regard, this guide presents the eligible TIC services referenced in Annex I and II of the Regulation. The TIC services have been classified into four categories according to their level of eligibility under the Regulation.

- **Level 1:** TIC services explicitly listed in the Taxonomy Regulation
 - LEVEL 1.a: Services explicitly mentioned in the Taxonomy Regulations.
 - LEVEL 1.b: TIC services associated with activities eligible through NACE Code F71.2²³: “Technical testing and analysis” and NACE Code F71: “Architectural and engineering services; technical testing and analysis”
- **Level 2:** Services implicitly present in the taxonomy, but not eligible under the regulation.
- **Level 3:** TIC services that contribute to the environmental goal but are not listed in the Delegated Acts and therefore, despite their indirect contribution to climate change mitigation and adaptation, are not considered eligible by the Taxonomy.
- **Level 4:** TIC services that do not contribute to the environmental goals

Given the recent incorporation of this regulation and the fact that Spain is a pioneer in requiring data verification, the interpretation criteria are still under construction, and discussions are still ongoing in some sectors to homogenise these criteria at both national and European level. In order to achieve the unification of criteria, a greater maturity in implementation is required and will take some time.

The information reported in this section includes the TIC services identified for level 1 but does not include the services identified for the other levels.

Likewise, activities eligible for one of the goals could also be eligible for other goals, therefore, in order to avoid double counting, if there are activities that can count towards more than one goal, they will only be reported as eligible for one of them.

ELIGIBLE ACTIVITIES

A.- Level 1 Eligible Activities

Activities explicitly listed in the delegated acts of the Taxonomy:

LEVEL 1.a

- Renovation of water catchment, purification and distribution systems and, specifically, pipeline monitoring and rehabilitation activities. (ref. annex I EU 2021/2139 – 5.2)
- Professional services related to the energy performance of buildings: certification of energy management systems for buildings, ESCO activities, energy performance audits of buildings, and services related to sustainable building and energy efficiency improvement in buildings. (ref. annex I EU 2021/2139 – 9.3)
- Building inspection services and monitoring of electrified railway infrastructure (including material and product testing). (ref. annex I EU 2021/2139 – 6.14)

²³ Regulation EC 1893/2006 – NACE Code F71.2 and F71 as referred to in Annexes I and II of the taxonomy do not exist in EC Regulation EC 1893/2006. To be replaced by M71.2 and M71

LEVEL 1b

- Testing/inspection/certification of infrastructure enabling low-carbon road and public transport. (Ref. annex I EU 2021/2139 – 6.15).
- Sanitation services for contaminated land and sites. (Ref. annex III EU 2023/2486 – 2.4)

ALIGNED ACTIVITIES

Activities aligned according to the taxonomy must be eligible activities (Level 1) that meet the technical screening criteria established by the European Commission without causing significant harm to the other environmental goals, and the activity must be carried out in compliance with the minimum safeguards.

The assessment of the technical screening criteria is structured in two parts. On the one hand, the substantial contribution, which, in our case, is complex given the capillarity of the services included in each branch of activity. Each activity includes multiple projects distributed across numerous countries, some of them not subject to compliance with the Taxonomy, and some of them are part of small projects or are one-off services that are difficult to monitor.

In these cases, it is difficult to confirm compliance with these criteria, especially when the procurement is performed by a third party or when some of the requested data is not available to the project manager or is not monitored by the owner of the facility. To all this, it should be added that in some cases the cost of collecting this data does not justify obtaining it because, even if the information is obtained, the result in our indicators (KPIs) can be considered trivial with respect to the total volume of each Group KPI for the purposes of the Taxonomy.

In those cases where the eligibility of activities could not be assessed, we have adopted a conservative approach and considered them not to be aligned.

In cases where the substantial contribution has been assessed and these have been met, the activities performed by Applus+ have been assessed as not causing significant harm to the other environmental goals, and compliance with the minimum required safeguards has been confirmed.

QUANTIFICATION PROCESS

The information reported corresponds to the year 2023 and incorporates the same scope as that of the Group's financial information.

Denominator

The information used corresponds to that published in the Group's annual accounts, following the guidelines set out in Annex I of the Delegated Regulation, dated 6 July 2021, and Annex III of the Delegated Regulation, dated 27 June 2023:

- a) Turnover corresponds to the total balance of the Net Turnover of the Applus+ Group.
- b) In the case of CAPEX, the denominator figure is the amount of the Group's total CAPEX, which includes investments in intangible assets, investments in property, plant and equipment, investments in assets for rights of use and assets transferred without consideration.

- c) In the OPEX indicator, only non-capitalised direct costs related to research and development, short-term leases and maintenance and repairs have been considered. Due to limitations in the identification within the OPEX concepts used in the Applus+ internal accounting, other direct expenses related to the daily maintenance of tangible fixed assets, by the company or a third party to whom activities are subcontracted, and which are necessary to ensure the continuous and efficient operation of such assets, have not been included.

Numerator

- a) The schedule of eligible activities analysed in the previous fiscal year has been used, based on the Group's business segments (operating divisions used in the consolidation of financial information: Energy & Industry, Laboratories, Automotive and IDIADA), assessing new activities that could be included as a result of acquisitions or internal developments using the sectoral guidelines as a guide in the screening and identifying those that are eligible activities according to Delegated Acts and that could, according to the Taxonomy, substantially contribute to climate change mitigation and/or adaptation, to determine the potentially eligible activities of Applus+ and subsequently assess their alignment (following the criteria indicated in the "Aligned activities" section above). In those cases where activities could raise doubts regarding their eligibility and/or alignment, we have adopted a conservative approach by not including them in the calculation of the numerator.
- b) There are activities that are executed horizontally in several markets in which the Group operates and are identified in the Taxonomy for specific markets. In these cases, we have identified service verticals limited to the market concerned.
- c) In both cases, Applus+ activities have been analysed using the classification of eligible activities under the Delegated Acts and which, according to the Taxonomy, can: i) contribute substantially to climate change mitigation and/or adaptation: forestry; environmental protection and restoration activities; manufacturing; energy; water supply, sanitation, waste management and decontamination; transport; building construction and real estate development activities; information and communication; professional, scientific and technical activities; financial and insurance activities; education; human health and social work activities; arts, entertainment and recreation activities; ii) substantially contribute to the prevention and control of pollution: manufacturing; water supply, sanitation, waste management and decontamination activities.
- d) For both cases, a and b, the analysis has focused on services with some relevance, disregarding services whose turnover can be considered unimportant for the purposes of Taxonomy on the total KPIs. Of the remaining eligible and aligned services, the net turnover corresponding to the year 2023 has been identified, complying with the guidelines of Annex I of the Delegated Regulation published on 6 July 2021 and Annex III of the Delegated Regulation dated 27 June 2023.
- e) For each eligible activity, both OPEX and CAPEX costs have been identified, complying with the guidelines of Annex I and II of the Delegated Regulations. Both the OPEX and CAPEX indicators include the same costs determined in the denominator corresponding to the eligible activities and are being calculated using the same proportion as that represented by these activities in relation to the KPI of Net Turnover over the total volume of the Group's Net Turnover.

In this regard, the sum of CAPEX/OPEX/Turnover allocated to eligible activities plus that allocated to non-eligible activities totals the amount reported in the denominator of the KPI calculation and is consistent with the disclosures in the notes to the financial statements relating to movements in property, plant and equipment/operating expenses/Group turnover.

Process of consolidating information and calculating indicators (KPIs)

Continuing with the exercise that was first carried out in 2021, in which eligible activities were identified, and sheets were created by division to collect the associated revenue metrics, according to the Taxonomy, and following the criteria defined by sectors in the aforementioned TIC sector guidelines where the eligible activities are identified, the divisions provided the associated revenue metrics.

No extrapolations or estimates have been made for activity data that, due to the nature of the projects, could not be extracted from the individualised information.

REVENUES

Economic activities	Code(s)	Absolute turnover	Proportion of turnover	Substantial contribution criteria							DNSH criteria ('Does Not Significantly Harm')							Minimum safeguards	Taxonomy aligned proportion of turnover year 2023	Taxonomy aligned proportion of turnover year 2022	Category (enabling activity or)	Category (transitional activity)
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	S/N	S/N					
A- TAXONOMY ELIGIBLE ACTIVITIES																						
A.1 Environmentally sustainable activities (Taxonomy-aligned)																						
A.1 Level 1a: Explicitly quoted:																						
Professional services related to energy performance of buildings - Energy management system certification for buildings - Energy performance audits of buildings - Green building related services - Energy service companies	A 9.3	3.8	0.2%	100								S	S	S	S	S	S		0.2%	0.3%	F	
Turnover of environmentally sustainable activities / contributing activities Level 1 (Taxonomy-aligned) (A.1)		3.8	0.2%																0.2%	0.3%		
A.2 Taxonomy eligible activities that are not environmentally sustainable (Taxonomy-not aligned)																						
A.2 Level 1a: Explicitly quoted:																						
Renewal of water collection, treatment and supply systems - Pipeline Rehabilitation	A 5.2	4.9	0.2%	1000															0.5%			T
Building inspection services and surveying of electrified rail infrastructures - Regulatory technical control and safety inspections - Project management and asset management - Material and product testing	A 6.14	16.9	0.8%	1000															0.7%	F		
Remediation of contaminated sites and areas	A III 2.4	0.1	0.0%																			
A.2 Level 1b: Associated activities																						
Infrastructure enabling low-carbon road transport and public transport - Vehicle electrical charger inspections - Hydrogen fueling station inspections - Electrical urban transport infrastructure control and PMA - QA/QC	A 6.15	70.4	3.4%	1000								N	N	N	N	N	Y		2.8%	F		
Remediation of legally non-conforming landfills and abandoned or illegal waste dumps	A III 2.3	0.7	0.0%																			
Turnover of eligible activities not environmentally sustainable (Taxonomy-not aligned) (A.2)		93.0	4.5%																4.0%			
TOTAL A1+A2		96.8	4.7%																4.3%			
B- TAXONOMY NOT ELIGIBLE ACTIVITIES																						
Turnover of not eligible activities (B)		1961.1	95.3%																			
TOTAL (A+B)		2 057.92	100%																			

CAPEX

Economic activities	Code(s)	Absolute capex	Proportion of Capex	Substantial contributor criteria							DNSH criteria (‘Does Not Significantly Harm’)							Taxonomy aligned proportion of capex year 2023	Taxonomy aligned proportion of capex year 2022	Category (enabling activity or)	Category (transitional activity)
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Percent				
		M€	%	%	%	%	%	%	%	S/N	S/N	S/N	S/N	S/N	S/N	S/N					
A- TAXONOMY ELIGIBLE ACTIVITIES																					
A.1 Environmentally sustainable activities (Taxonomy-aligned)																					
A.1 Level 1a: Explicitly quoted																					
Professional services related to energy performance of buildings - Energy management system certification for buildings - Energy performance audits of buildings - Green building related services - Energy service companies	A 9.3	0.05	0.1	100							S	S	S	S	S	S	0.1	0.4%	F		
CapEx of environmentally sustainable activities / contributing activities Level 1 (Taxonomy-aligned: (A.1))		0.0	0.1														0.1	0.4%			
A.2 Taxonomy eligible activities that are not environmentally sustainable (Taxonomy-not aligned)																					
A.2 Level 1a: Explicitly quoted																					
Renewal of water collection, treatment and supply systems - Pipeline Rehabilitation	A 5.2	0.17	0.2															0.1%		T	
Building inspection services and surveying of electrical rail infrastructures - Regulatory technical control and safety inspections - Project management and asset management - Material and product testing	A 6.14	0.87	1.1															1.1%	F		
Remediation of contaminated sites and areas	A III 2.4	0.01	0.0																		
A.2 Level 1b: Associated activities																					
Infrastructure enabling low-carbon road transport and public transport - Vehicle electrical charger inspections - Hydrogen fueling station inspections - Electrical urban transport infrastructure control and PMA - QA/QC	A 6.15	1.77	2.2								N	N	N	N	N	Y		1.0%	F		
Remediation of legally non-conforming landfills and abandoned or illegal waste dumps	A III 2.3	0.01	0.0																		
CapEx of eligible activities not environmentally sustainable (Taxonomy-not aligned) (A.2)		2.82	3.6															2.2%			
TOTAL A1+A2		2.87	3.6															2.6%			
B- TAXONOMY NOT ELIGIBLE ACTIVITIES																					
CapEx of not eligible activities (B)		76.40	96.4																		
TOTAL (A+B)		79.27	100																		

OPEX

Economic activities	Code(s)	Absolute OpeX M€	Proportion of OpeX %	Substantial contribution criteria										DNSH criteria (Does Not Significantly Harm)					Taxonomy aligned proportion of OpeX year 2023 Percent	Taxonomy aligned proportion of OpeX year 2022 Percent	Category (enabling activity or)	Category (transitional activity)													
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Minimum safeguards	Minimum safeguards																	
A- TAXONOMY ELIGIBLE ACTIVITIES																																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																																			
A.1 Level 1a: Explicitly quoted																																			
Professional services related to energy performance of buildings - Energy management system certification for buildings - Energy performance audits of buildings - Green building related services - Energy service companies	AI9.3	0.1	0.11	100															S	S	S	S	S	S	S	S	S	0.11	0.04%	F					
CapEx of environmentally sustainable activities / contributing activities Level 1 (Taxonomy-aligned) (A.1)		0.1	0.11																0.11	0.04%															
0																																			
A.2 Taxonomy eligible activities that are not environmentally sustainable (Taxonomy not aligned)																																			
A.2 Level 1a: Explicitly quoted																																			
Renewal of water collection, treatment and supply systems - Pipeline Rehabilitation	AI5.2	0.2	0.2																													0.3%			T
Building inspection services and surveying of electrified rail infrastructures - Regulatory, technical control and safety inspections - Project management and asset management - Material and product testing	AI6.14	1.3	1.0																												0.7%	F			
Remediation of contaminated sites and areas	AI12.4	0.0	0.0																																
A.2 Level 1b: Associate activities																																			
Infrastructure enabling low-carbon road transport and public transport - Vehicle electrical charger inspections - Hydrogen fueling station inspections - Electrical urban transport infrastructure control and PMA - QA/QC	AI6.15	4.4	3.2																												2.9%	F			
Remediation of legally non-conforming landfills and abandoned or illegal waste dumps	AI12.3	0.0	0.0																																
CapEx of eligible activities not environmentally sustainable (Taxonomy-not aligned) (A.2)		5.9	4.4																												3.9%				
0																																			
TOTAL A1+A2		6.0	4.5																												3.9%				
B- TAXONOMY NOT ELIGIBLE ACTIVITIES																																			
CapEx of not eligible activities (B)		128.0	95.5																																
TOTAL (A+B)		134.1	100																																

Management report

FULL 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 made in 2022 and 2023. 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. The sale of the business of the Automotive division in the USA, with revenue in 2022 of €36.6 million, was announced in December 2022 and the sale completed in February 2023. The disposal of the Oil & Gas business in the USA that is held within the Energy & Industry division was announced on the 30th March of 2023 and the completion was in June of 2023. The revenue from this business was €101.8 million in 2022. Appendix 2 has a table with the revenue by quarter of these discontinued operations.

Profit and Loss Overview

	FY				
	2023	2022 Proforma ⁵	Change vs Proforma ⁵	2022 Reported	Change vs Reported
Revenue	2,057.9	1,898.5	8.4%	2,049.9	0.4%
Adj. Op. Profit ¹	221.9	210.1	5.6%	207.8	6.8%
Adj. Op. Profit margin	10.8%	11.1%		10.1%	
Accelerated depreciation	(10.4)	(5.8)		(5.8)	
Adj. Operating Profit incl. AD²	211.5	204.4	3.5%	202.0	4.7%
Adj. Op. Profit margin incl. AD²	10.3%	10.8%		9.9%	
PPA Amortisation	(67.0)	(63.3)		(67.2)	
Impairment	(25.0)	-		-	
Other results	(9.4)	(5.8)		(9.6)	
Operating Profit	110.1	135.3	(18.6)%	125.2	(12.1)%
Finance Results ³	(41.9)	(33.2)		(33.7)	
Profit before tax	68.2	102.0	(33.2)%	91.5	(25.5)%
Income taxes	(28.7)	(29.1)		(29.5)	
Net Profit	39.5	72.9	(45.9)%	61.9	(36.3)%
Minorities	(13.3)	(13.3)		(13.3)	
Net Profit Group	26.1	59.6	(56.2)%	48.6	(46.3)%
Discontinued Operations	(5.9)	(11.0)		-	
Net Profit after Disc. Op.	20.2	48.6	(58.5)%	48.6	(58.5)%
Adjusted Net Profit Group incl. AD²	114.1	115.2	(1.0)%	111.0	2.8%
EPS in € ⁴	0.20	0.44	(53.8)%	0.36	(43.4)%
Adjusted EPS in €	0.88	0.84	4.4%	0.81	8.4%
# Shares (M)	129.8	136.9		136.9	

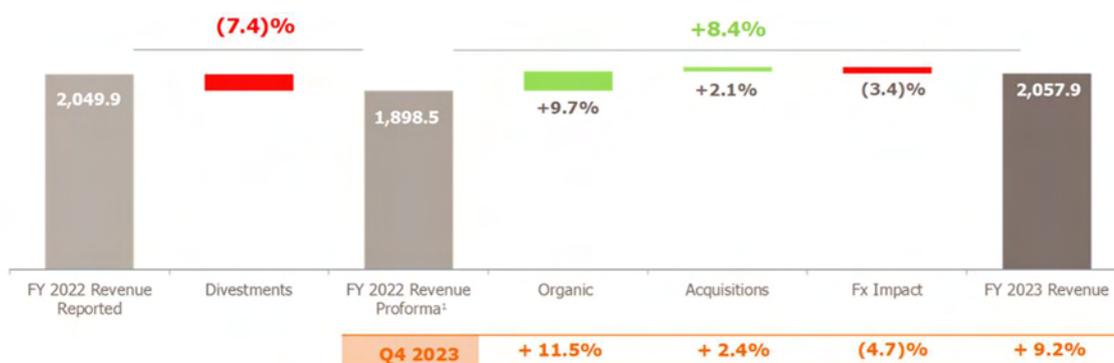
The figures shown in the table above are rounded to the nearest €0.1 million

- Adjusted Operating Profit (AOP) is excluding IDIADA Accelerated Depreciation except as indicated
- AD is IDIADA Accelerated Depreciation to adapt assets useful life to contract/concession duration
- Finance Results in 2022 includes the Put option impact related to the final price of the acquisition of the 20% minority interest not already owned in the vehicle inspection contract in Galicia
- EPS calculation is based on Net Profit from Continuing Operations
- Proforma figures for divestments

Revenue

Revenue for the year ended 31 December 2023 was €2,057.9 million which was 0.4% higher than the revenue of €2,049.9 million reported in the previous year and 8.4% higher compared to €1,898.5 million of proforma revenue for 2022.

The revenue bridge for the year in € million is shown below and the change in the percentage figures for the last quarter of 2023 are shown below the waterfall chart.



¹ Proforma amounts take account of the divestments

The 2022 Revenue Proforma was €151.4 million, or 7.4% lower than the 2022 Revenue Reported due to the discontinuation through disposal of three businesses as described above.

The total revenue increase of 8.4% for the year was made up of an increase in organic revenue at constant exchange rates of 9.7%, a contribution in revenue from acquisitions made in the previous 12 months of 2.1% and a negative currency translation impact of 3.4%.

In the last quarter of the year, total revenue was €539.3 million, up 9.2% on the Proforma basis, of which the organic component was 11.5% plus the contribution from acquisitions of 2.4% and a negative currency translation impact of 4.7%.

All four divisions had good organic revenue growth, with this being double digit in three of the four divisions and Automotive with flat organic revenue due to the ending of the contract in Costa Rica in July of 2022 and the contract in Alicante in February 2023. In the fourth quarter, all four divisions had strong organic revenue growth.

The portfolio repositioning into more structurally attractive segments aligned to the key megatrends of energy transition, electrification and connectivity and those where we offer a wider range of sustainability services, have supported growth.

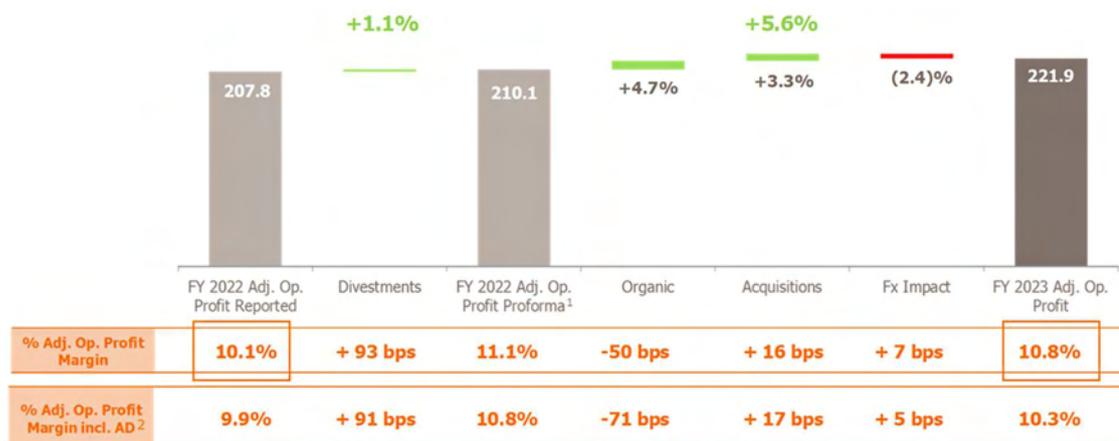
The revenue increase of 2.1% from acquisitions relates to a partial year of revenue from the five acquisitions closed in 2022 until they had been owned for twelve months plus revenue from six acquisitions closed in 2023 from the date of ownership to the end of the year. The acquisitions made in 2023 were spread across the year, in different divisions and geographies and are described below.

Of the revenue in 2023, 49% was generated in the reporting currency of the Group which is the euro and 51% in other currencies. The largest of these other currencies is the US dollar and those linked to the US dollar which in 2023 made up 15% of the revenue. The other material currencies making up more than 4% of the Group revenue were the Canadian and Australian dollars and the Swedish kroner. All these currencies and some others were weak against the euro in the year and this plus all the other currency movements, resulted in a net negative currency impact on revenue of 3.4% for the year.

Adjusted Operating Profit

Adjusted operating profit for the year ending 31 December 2023 was €221.9 million which was 6.8% higher than the adjusted operating profit of €207.8 million reported in the same period of last year and 5.6% higher compared to €210.1 million of the proforma adjusted operating profit.

The adjusted operating profit bridge, excluding the impact of the IDIADA Accelerated Depreciation, in € million for the year is shown below.



¹ Proforma amounts take account of the divestments and exclude AD

² AD is IDIADA accelerated depreciation to adapt assets useful life to contract/concession duration. The

The full year 2022 Adjusted Operating Profit Proforma was €2.3 million higher than the full year 2022 Adjusted Operating Profit Reported due to the discontinuation by disposal of three businesses which in aggregate made an operating loss of €2.3 million in 2022.

Organic adjusted operating profit was up 4.7%, incremental profit from acquisitions was 3.3% and currency translation had a negative impact of 2.4%.

Three of the four divisions had higher adjusted operating profit than the prior year on a proforma and reported basis, with the Automotive division lower due to the disposals made and contract ends in Costa Rica and Alicante.

The headline adjusted operating profit margin was 10.8%, 70 basis points above the reported margin in the prior year and this was primarily due to the active portfolio strategy combined with operational enhancements. The margin was 30 basis points lower than the equivalent proforma margin of 11.1%. After deducting the Accelerated Depreciation from IDIADA which was €10.4 million in 2023 and €5.8 million in 2022, the adjusted operating profit margin was 10.3% in 2023 compared to 9.9% reported in 2022 and 10.8% on a proforma basis.

There was good underlying margin performance, but this was offset by the Auto division which suffered from the ending of the contracts in Costa Rica in July of 2022 and Alicante in February of 2023 and every division, but especially Energy & Industry, was impacted by cost inflation.

The inorganic adjusted operating profit growth of 3.3% was higher than the equivalent revenue growth of 2.1%, showing the contribution of the acquisitions made in the current and previous year were margin accretive to the Group.

In the final quarter of the year, the total adjusted operating profit was €56.0 million, flat with the prior year's final quarter of €55.8 million as reported and 5.9% lower than the prior year proforma final quarter of €59.5 million. This decrease in the last quarter's adjusted operating profit was from a decrease in the organic component by 5.3%, the addition of 3.6% from acquisitions and a negative foreign currency impact of 4.7%. The margin in the final quarter was 10.4%, which was 10 basis points below the reported margin in the final quarter of the prior year.

Impairment

The Group conducts an impairment review annually of its cash generating units, and significant goodwill and non-current assets were initially recorded in 2008 during the Group's acquisition by a private equity firm. In 2023, the Group recognised a €25.0 million impairment charge against Goodwill in the consolidated accounts. This impairment pertains to the Canadian segment within the Energy & Industry division in the North America cash generating unit where there is a challenging market and weak outlook for new oil and gas capex projects following the ending of some large projects in 2022 and 2023. Based on current projections for future profit and cash flow, it is anticipated that the future recoverable amount will be lower than the carrying amount in the balance sheet. There is no associated deferred tax release, and the impairment does not entail any cash movement.

Other Financial Indicators

The reported operating profit was €110.1 million in the year compared to a reported operating profit of €125.2 million in the previous period. The reported operating profit is after deducting the Other results of €101.4 million from the adjusted operating profit that includes the Impairment of €25.0 million and as detailed in Appendix 1.

The net financial expense in the profit and loss for the period was €41.9 million, compared to €33.2 million proforma in the prior year. The higher expense was due to the higher cost of debt in 2023 compared to 2022 from rising interest rates and slightly higher average net debt during the period.

The effective tax charge for the year was €42.1 million which was lower than the prior year of €44.0 million on a reported basis and €42.6 million proforma. This gave an effective tax rate of 24.8%, being lower than the rate in the prior period of 26.2% on a reported basis and 24.9% on a proforma basis. On a statutory basis, the reported tax was a charge of €28.7 million versus a charge of €29.5 million in the prior year on a reported basis and €29.1 million on a proforma basis.

Non-controlling interests were the same in both years at €13.3 million. There was a decrease in the minority interest following the ending of the Auto contract in Costa Rica that was offset by an increase in growth from the other minorities including IDIADA and those in the Middle East being the most material.

The adjusted net profit was €114.1 million (2022: €111.0m reported and €115.2m proforma) and the adjusted earnings per share was 0.88 euros (or 88 cents) which in 2022 was 0.81 euros (81 cents) as reported and 0.84 euros (84 cents) proforma. The statutory or reported net position, before discontinued operations, was a net profit of €26.1 million versus a net profit of €48.6 million in the prior year on a reported basis and €59.6 million proforma, with the lower net profit in 2023 versus 2022 mainly due to the one-off impairment charge of €25.0 million in 2023. The corresponding statutory earnings per share was €0.20 euros (20 cents) versus €0.36 euros (36 cents) reported and €0.44 (44 cents) proforma in 2022.

The increase in the adjusted earnings per share was 8.4% mainly driven by the increase in the adjusted net profit change enhanced in the year from the effect of the two share buyback programmes completed in 2022 and 2023.

Share buybacks

There have been two 5% share buyback programmes in the last two years with the first programme announced in November of 2021 and completed in 2022 and the second, was announced in October of 2022 and completed in 2023.

The first share buyback programme targeted a 5% purchase of the issued share capital of Applus+ at the time and this was achieved with the purchase of 7,150,922 shares from the 1st of February 2022 and ended on the 13th of May 2022. The price paid for the share buyback ranged from €6.60 per share, being the lowest average price paid in a day, to €8.78, the highest average daily price paid. The total cost to purchase the shares for the first share buyback was €53.6 million, being at an average price of €7.50.

The second share buyback programme targeted a further 5% of the remaining issued share capital of the Group and this was achieved with the purchase of 6,793,375 shares. It commenced on the 9th November 2022 and completed on 17th May 2023. The price paid for the second share buyback ranged from €5.74 per share, being the lowest average price paid in a day, to €9.26, the highest average daily price paid. The total cost to purchase the shares for the second share buyback was €47.3 million, being at an average price of €6.95.

In aggregate, the two share buybacks of 13.9 million shares were at a total cost of €100.9 million being at an average price per share of €7.24.

At the Annual General Meeting of shareholders on the 28th of June 2022, the Board resolution to cancel all 7,150,922 shares purchased in the first share buyback was approved by the shareholders. At the Annual General Meeting that took place on the 8th of June 2023, the Board resolution to cancel 6,793,375 purchased shares from the second share buyback was approved by the shareholders.

In calculating the earnings per share for the year, the average number of shares used in the calculation is reduced by the shares on the day they were bought and no longer available for resale. The net impact in 2022 of this is a reduction of share count used for the calculation of earnings per share of 6.1 million shares, reducing the share count from 143.0 million to 136.9 million shares in 2022. The net impact of the buybacks in 2023 is a reduction of share count used for the calculation of earnings per share of 7.0 million shares, reducing the share count from 136.9 million to 129.8 million shares in 2023. The current actual and average share count in 2024 is 129.1 million shares.

Cash Flow

Cash flow generation was strong in the year due to the increase in EBITDA of €8.5 million or 2.6% and the reduction in working capital which resulted in an inflow of €26.2 million compared to an outflow of €22.3 million in 2022. The working capital inflow for the year was a result of a concerted effort to improve the working capital.

Net capital expenditure on expansion of existing and new facilities was €79.3 million (2022: €66.1m) which represented 3.8% (2022: 3.2%) of Group revenue being at a slightly higher rate than the average capex to revenue ratio of the last few years due to increased investments in Automotive and Laboratories divisions.

Adjusted operating cash flow (after capital expenditure) was €281.9 million being €43.8 million or 18.4% higher than for the prior year period and this corresponded to a cash conversion rate of 84% (2022: 73%).

The decrease in taxes paid of €1.4 million from €40.1 million paid in 2022 to €38.7 million paid in 2023, was due to a change in the mix of profit by country.

The increase in the cash interest paid in the year from €17.0 million in 2022 to €31.2 million in 2023 was due to the increase in interest rates and higher average net debt resulting in an increase in the rate on which interest is paid on the variable rate debt in the Group.

Summary of cash flow in € million is show below.

	FY		
	2023	2022	Change vs LY
Adjusted Ebitda	335.0	326.5	2.6%
Change in Working Capital	26.2	(22.3)	
Capex	(79.3)	(66.1)	
Adjusted Operating Cash Flow	281.9	238.1	18.4%
<i>Cash Conversion rate</i>	<i>84%</i>	<i>73%</i>	
Taxes paid	(38.7)	(40.1)	
Interest paid	(31.2)	(17.0)	
Adjusted Free Cash Flow	212.0	181.0	17.1%
Extraordinaries & Others	(8.2)	(11.3)	
Appplus+ Dividend	(20.6)	(20.3)	
Dividends to Minorities	(17.4)	(9.2)	
Operating Cash Generated	165.8	140.2	18.2%
Acquisitions	(96.6)	(68.1)	
Divestments	32.4	2.0	
Cash b/Changes in Financing & FX	101.6	74.0	
Payments of lease liabilities (IFRS 16)	(65.5)	(66.9)	
Other changes in financing	25.9	61.6	
Share buybacks	(36.1)	(64.8)	
Treasury Shares for LTIP	-	(1.4)	
Currency translations	(5.9)	4.5	
Cash Increase/ (Decrease)	20.0	7.0	

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

Adjusted Free Cash Flow was €212.0 million being €31.0 million or 17.1% higher than for the previous year.

After the adjusted free cash flow line in the table above, there are several more items of cash movements. The first is an outflow related to Extraordinaries and Others which in 2023 was €8.2 million (2022: €11.3m) and this related to several items of which the larger amounts relating to severance payments on restructuring and transaction costs relating to acquisitions and the disposals.

The external dividend distribution made in July 2023 of €20.6 million was after the second share buyback completed and so was paid on 129.1 million shares at the rate of 16 cents per share, based off the full year 2022 adjusted net profit of €111.0 million. In 2022, the dividend distribution of €20.3 million was after the first share buyback completed and so was paid on 135.9 million shares.

The dividends paid to Minority share interests increased due to the final payment of minority interest to the shareholders of Inversiones Finisterre following the acquisition of the remaining 20% investment not previously owned by Applus+.

The cash outflow for acquisitions of €96.6 million relates to six that were closed in the year, includes the amount paid for the remaining 20% minority interest in Inversiones Finisterre (Auto Galicia) not already owned, plus deferred consideration on acquisitions made in prior periods. There was also a cash inflow of €32.4 million in the year following a receipt of €2.0 million in the prior year, relating to the disposals of the three businesses in 2022 and 2023.

The resulting increase in cash before changes in financing and foreign exchange was €101.6 million. From this was the payment of lease liabilities of €65.6 million, that before the new accounting standard of IFRS 16 used to be included within operating costs, the cash outflows relating to the share buyback programmes of €36.1 million and unfavourable currency differences of €5.9 million. The resulting net increase in financing during the year was €25.9 million from the drawdown of borrowings, increasing the net cash available by €20.0 million.

Net Financial Debt & Leverage

Net Debt was €871 million at the end of the year compared to €861 million at the end of 2022. This increase of €10 million was after returning €74.1 million in share buybacks and dividends to Group and Minority shareholders and investing €79.3 million in capital expenditure and another €64.2 million net of acquisitions less disposals.

The Net Debt, as defined by the bank covenant for the syndicated debt facilities and the US Private Placement notes, was €678 million at the end of 2023 which was €8 million higher than at the end of 2022.

Taking the same covenant definition for the calculation of EBITDA, the resulting financial leverage of the Group measured as Net Debt to last twelve months Adjusted EBITDA was 2.4x, lower than the position at the end of December 2022 because of the increase in EBITDA whilst the net debt remained almost constant.

This level of leverage is considerably lower than the covenant from the lenders which is set at 4.0x to be tested twice a year at the end of June and the end of December.



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

At the end of the year, the available liquidity position was €477 million that is made up mostly of cash and undrawn loan commitments that expire in 2025.

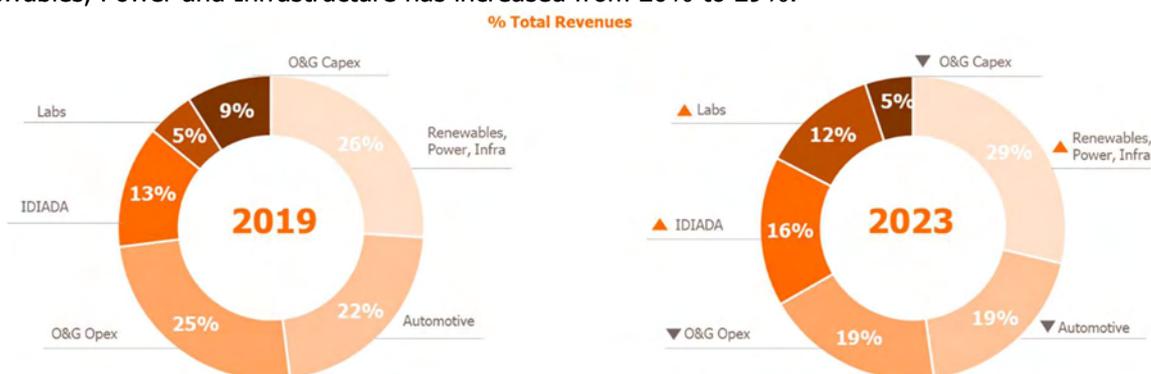
Dividend

Given the current bid situation, the Board of Directors have decided not to recommend a dividend for 2023.

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 has been 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 for the full year 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 29%.



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 eleven companies in 2022 and 2023, for upfront cash investments of €145 million and a total of €163 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 €80 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, the Group has made six acquisitions of the entire share capital of complementary companies of which four of them joined the Laboratories division and two 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.

November 2023, AFC Ingenieros was purchased, which is a metrology and calibration laboratory in Spain with close to €2 million in annual revenue.

Energy & Industry Acquisitions:

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.

December 2023, Barlovento Recursos Naturales S.L., a leading wind energy technical advisory company based in Spain with over €13 million revenue in 2023.

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 net proceeds after post-closing balancing transactions, from these two disposals was €34 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 2023 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.

Segmental reporting changes

The aerospace testing business in the US that was in the Energy & Industry division in 2022 has been transferred to Laboratories from the start of 2023. Revenue related to this business was €25.5 million in 2022 and adjusted operating profit was €4.3 million. The table below shows the revenue and adjusted operating profit relating to this business in 2022 and the results reported in 2023 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%

Sustainability

As a global testing, inspection and certification company, the purpose of the Group is to improve the safety, quality and efficiency of products and infrastructure. The strategy and core values are built around providing these services in a way that minimises the harmful impact on the environment and maximises the positive impact on the employees, third party suppliers, customers and other stakeholders. This is backed by the commitment to the UN’s Sustainability Development Goals and the Global Compact and is reflected in the Group’s training, organisation and culture and published in the various Group Policies.

Over the last few years, and specifically since setting the Strategic Plan for the period 2022-2024, the Group has focused under the three key pillars of Leadership, Innovation & Technology and Trusted Partner, on diversifying the portfolio of services to better manage the risks and opportunities that come with technological and climate change. This tilt in focus and strategic direction has the objective of generating good financial performance and ultimately, superior shareholder value.

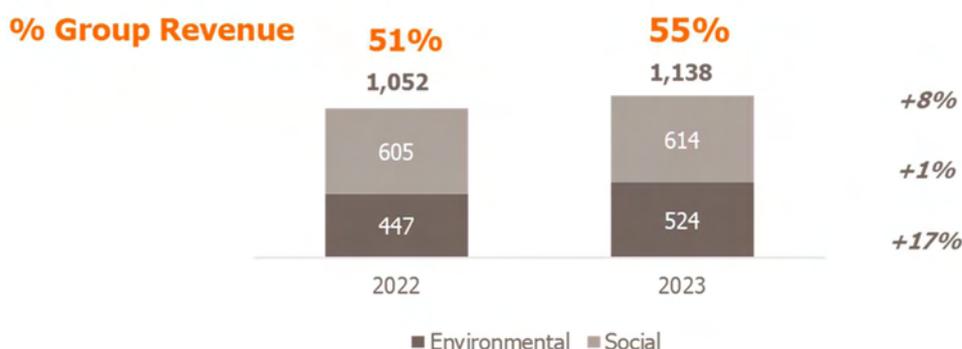
Applus+ identified three key global megatrends offering the highest opportunities. These are Energy Transition, Electrification and Connectivity. These megatrends have supported the strong growth in revenue and profit in the business over the last few years and in 2023. Furthermore, the Group has continued to actively manage the portfolio through acquisitions of companies directly aligned with these megatrends and sustainability objectives and disposals of businesses that no longer fit the long-term ambitions of the Group.

 <p>Portfolio evolution towards higher growth end markets and to mitigate business risks</p>	 <p>Accelerate growth aligned to global megatrends Energy transition, Electrification, Connectivity</p>
 <p>Continued focus on ESG 2024 targets linked to management remuneration as of 2022</p>	 <p>Enhance returns to shareholders</p> <ul style="list-style-type: none"> ▪ Continuous investment in organic and inorganic growth ▪ <u>Dividend distribution</u> and share <u>buyback</u>

Revenue from Sustainability Services

The revenue and profit directly generated through providing services that have a positive impact on either the environment or on society is increasing and in 2023 revenue was measured at €1,138 million, being 55% of the Group. This is an increase of 8% on 2022. This revenue encompasses a range of services and excludes those that although may provide a positive direct impact are in a contentious industry. The services provided to the oil & gas and nuclear industries are therefore excluded from this measurement. The services that have a direct positive impact on the environment include those to the renewables, automotive emissions, environmental surveys, energy audits, waste management surveys and innovation projects for automotive eco-engines and lightweight aerospace materials. The services that have a direct positive impact on society include periodic vehicle safety inspections, cybersecurity, product safety testing and certification including for vehicles, industrial, medical and consumer products, communications network inspection, road safety management, systems certification, metrology and industrial calibration. Demand for services in these areas is growing strongly and this has been supplemented by acquisitions of businesses that also provide sustainability services.

There were six acquisitions made in 2023 as detailed above, all of which make a positive contribution to either the environment or society.



Environmental, Social and Governance

The Group continues to make strong progress in embedding environmental and social factors within its business and operations including reducing the adverse impact of its operations on the environment and constantly striving to improve the working conditions of the 26,000 people that make up Applus+. Progress has been made in reducing the carbon footprint through emissions reductions and increasing the proportion of energy supply from zero or low carbon sources. Improvements have been measured in health and safety, equality and people welfare. More robust systems have been put in place for the identification and measurement of environmental and social data and the scope has been further widened within the Group as well as encompassing the acquisitions made.

As a trusted partner to a wide range of stakeholders, the Group has also been strengthening key areas to deliver its vision for good governance and is proud to have an industry leading governance framework.

In 2021, new targets were set for 2022, 2023 and 2024 relating to environmental, social and governance that are linked to the executive director (CEO) and senior management team’s variable remuneration accounting for 15% of the annual bonus plus 10% of the long-term incentive plan. These targets relate to the reduction of emissions, safety and diversity of the workforce and ethics. Good progress has been made in meeting these targets and for those set for 2022 and 2023, all the targets were achieved or exceeded. The targets for 2024 are also expected to be achieved.

	Metric	Target 2024	Progress to date
Environment	Reduction of Scope 1 & 2 emissions vs 2019	30% →	38% by 2023 <input checked="" type="checkbox"/>
	Be Scope 1 & 2 carbon neutral by 2023	→	Done <input checked="" type="checkbox"/>
	Plan for net zero by 2050 under SBTi	Validated by SBTi →	Done <input checked="" type="checkbox"/>
Social	Management and Corporate Services vacancies covered by women	>40% →	79% in 2023 <input checked="" type="checkbox"/>
	Reduction in Lost Time Injury Frequency (LTIF)	10% →	31% by 2023 <input checked="" type="checkbox"/>
Governance	Compliance with applicable CNMV (Spanish regulator) recommendations	>90% →	98% in 2023 <input checked="" type="checkbox"/>
	Professionals complete the training and sign up to the Code of Ethics	>98% →	99% in 2023 <input checked="" type="checkbox"/>

Applus+ became carbon neutral in 2023 for scope 1 and 2 and has committed to a goal of zero emissions by 2050 to be aligned with the 1.5°C trajectory limit of global warming above pre-industrial levels. Applus+ joined the Science Based Targets Initiative (SBTi) in 2022 and in the same year the near-term (2030) greenhouse gas emissions reduction targets were validated by the SBTi and in October 2023, the SBTi also validated the goal of zero emissions by 2050.

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. The most recent recognition has come from the CDP, which is the not-for-profit charity that is the gold standard for environmental reporting. During this month of February, the CDP significantly increased the rating from a "B" to an "A" following a rigorous review and "A" rated companies are those that show environmental leadership and are most transparent when it comes to disclosure and performance on climate change.

During 2023 Applus+ was included in the new IBEX ESG index for investors supporting sustainable companies, after being selected by the independent Swiss rating agency, Inrate, to be one of 47 listed companies included in this index and is in addition to being included in the FTSE4GoodIbex index in Spain.

In May, The Financial Times and Statista once again included Applus+ amongst 500 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.

Sustainalytics reviewed their rating on Applus+ and improved the already "low risk" score from 15.6 to 13.3 being strong recognition of the achievements in ESG.

These accomplishments are to be added to the continued strong ratings from Standard & Poor's Global Corporate Sustainability Assessment with a high score of 54 for ESG management, compared to a global average of 24 and ranks Applus+ in the top 19% of all companies analysed; the renewal of the unsolicited rating from Standard Ethics who rate Applus+ as Sustainable with a rating of EE+ (very strong) which is the highest category and rating in their list of Spanish mid cap companies in 2023; and renewed strong ratings from MSCI ESG Ratings (AA) and Gaia (70/100).



Outlook

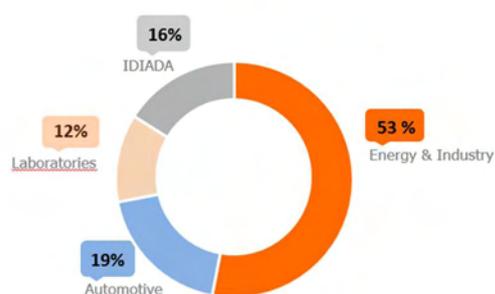
The outlook for 2024 is for mid to high single digit organic revenue growth and for the adjusted operating profit margin to increase to around 11.5% before applying the IDIADA Accelerated Depreciation. The Group will continue to focus on portfolio mix quality improvements.

Beyond 2024, the Group is confident that the business is well positioned for future profitable growth.

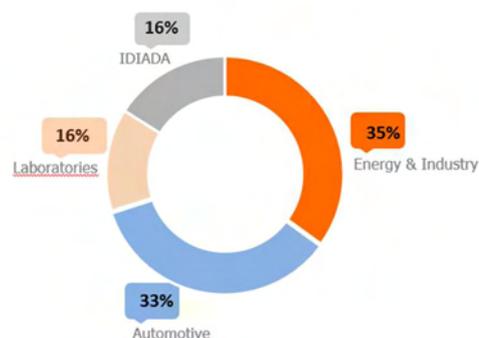
Operating review by division

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

FY 2023 revenue split



FY 2023 adjusted operating profit split



Energy & Industry

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 €1,084.4 million and the adjusted operating profit was €85.4 million in the year, giving an adjusted operating profit margin of 7.9%.

EUR Million	FY						2022 Reported	Change
	2023	2022 Proforma ¹	Change	Organic	Inorganic	FX		
Revenue	1,084.4	993.4	9.2%	10.7%	1.7%	(3.2)%	1,095.2	(1.0)%
Adj. Op. Profit	85.4	80.8	5.8%	5.3%	4.3%	(3.8)%	76.9	11.0%
% AOP Margin	7.9%	8.1%	-25 bps				7.0%	+ 85 bps

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

¹ 2022 is restated for the transfer of the Aerospace business to Labs and 2022 Proforma also excludes US O&G business sold

Revenue for the year ended 31 December 2023 was 1.0% lower than the reported revenue in the prior year (restated for the transfer of the Aerospace business to Laboratories) and was 9.2% higher on a Proforma basis. The Proforma revenue increase was made up of an increase of 10.7% in organic revenue at constant exchange rates, 1.7% from acquisitions (Inorganic) and a decrease of 3.2% due to unfavourable exchange rates.

Inorganic revenue of 1.7% from acquisitions relates to the revenue from mainly two recently made acquisitions. Contributing the most inorganic revenue in the period was Ripórtico Engenharia, that was purchased in January 2023 and is a provider of supervision and engineering design services for civil infrastructure and is based in Portugal with a meaningful contribution also from K2 Ingeniería in Colombia that was purchased in July of 2022 that provides environmental consulting & monitoring services for the infrastructure industry. The acquisition of Barlovento Recursos Naturales was right at the end of 2023 and therefore did not contribute any material revenue to the year.

Negative currency translation of 3.2% in the year was mainly due to the Canadian and Australian dollars that were weaker against the Euro.

The revenue in the fourth quarter of €287.3 million was 9.4% higher than the fourth quarter of the prior year's revenue of €262.6 million. There was strong organic revenue growth of 11.6% with the addition of 1.1% inorganic revenue growth and a decrease of 3.3% from unfavourable exchange rates.

Adjusted operating profit was 11.0% higher than the reported adjusted operating profit last year (restated for the transfer of the Aerospace business to Laboratories) and was 5.8% higher on a Proforma basis. The Proforma adjusted operating profit increase was made up of an increase of 5.3% in organic adjusted operating profit at constant exchange rates, 4.3% from acquisitions (Inorganic) and a decrease of 3.8% due to unfavourable exchange rates.

The adjusted operating profit margin of 7.9% was 85 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 decreased by 25 basis points from 8.1% to 7.9%. The margin increase of 85 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. The organic margin decrease is a result of the faster growth of the lower margin oil and gas business and the impact of inflation mitigated by improved cost efficiency and operational gearing.

The division continues to perform well with strong double-digit organic revenue growth coming from most of the regions and segments from higher demand for services and higher pricing.

Renewables, Power, Infrastructure and Diversified Industries now represents 55% 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 is around 9%.

On a proforma basis, Oil & Gas grew at a double-digit rate coming from continued strong demand in Opex exposed services in the main regions of the Middle East, Australia and Latin America and low single digit revenue growth from Capex exposed services which is now one fifth of Oil & Gas (or 10% of the division and 5% of the Group) and are more cyclical. The margin for the whole Oil & Gas segment is now around 7%.

The three recent acquisitions made by the Energy & Industry division are performing well. The most recent acquisition was that of Barlovento Recursos Naturales, specialised in wind energy technical advisory services and acquired at the end of 2023 with €13 million annual revenue. Ripórtico, the Portuguese infrastructure company, acquired in the first quarter of 2023, 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. New contracts in Saudi Arabia, China and India are 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 €391.8 million and the adjusted operating profit was €81.7 million in the year, giving an adjusted operating profit margin of 20.9%.

EUR Million	FY			Organic	Inorganic	FX	2022 Reported	Change
	2023	2022 Proforma ¹	Change					
Revenue	391.8	411.3	(4.7)%	0.2%	0.4%	(5.3)%	460.9	(15.0)%
Adj. Op. Profit	81.7	92.4	(11.5)%	(11.3)%	0.6%	(0.8)%	93.9	(12.9)%
% AOP Margin	20.9%	22.5%	-160 bps				20.4%	+ 50 bps

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

¹ Figures for 2022 are proforma for Auto US & Finland divestments

Revenue for the year ended 31 December 2023 was 15.0% lower than the reported revenue of the prior year and was 4.7% lower on a Proforma basis. The Proforma revenue decrease was made up of an increase of 0.2% in organic revenue at constant exchange rates, 0.4% from an acquisition (Inorganic) and a decrease of 5.3% due to unfavourable exchange rates. The currency impact in the year was mainly due to the significantly weaker Argentinian peso and also a weaker Swedish kroner against the euro with the revenue in these two countries accounting for around 20% of division revenue. The flat organic revenue in 2023 with a 0.2% increase, was mainly due to the ending of the contracts in Costa Rica in July of 2022 and Alicante that ended in February 2023. 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.

Inorganic revenue in the year of 0.4% from acquisitions relates to four months of revenue from IDV Madrid that performs statutory vehicle inspection services and was purchased in April 2022.

The revenue in the fourth quarter of €87.7 million was 5.6% lower than the fourth quarter revenue in the prior year of €92.9 million with the strong organic revenue increase of 6.3% being more than offset by the unfavourable currency impact of 11.9%. The currency impact in the fourth quarter was mainly as a result of the devaluation of the Argentinian peso following the election of the new President in the country.

Adjusted operating profit was 12.9% lower than the reported adjusted operating profit in the previous year and was 11.5% lower on a Proforma basis. The Proforma adjusted operating profit decrease was made up of a decrease of 11.3% in organic at constant exchange rates, an increase of 0.6% from acquisitions (Inorganic) and a decrease of 0.8% due to exchange rates. All concessions and programmes are performing well with those in Spain and Ireland contributing the highest profit growth.

The adjusted operating profit margin of 20.9% was a strong result, being 50 basis points higher than the reported margin in 2022. On a Proforma basis, the margin decreased by 160 basis points from 22.5% to 20.9% which was a good performance considering the material and high margin contracts of Costa Rica and Alicante had ended and there were ramp-up costs associated with the new contract in Saudi Arabia. The margin increase of 50 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 and ramp-up costs in Saudi Arabia, was due to the full effect of price increases being put through in some countries and contracts, part way through 2022 and in 2023, and an improvement in the profitability of the Irish contract being the largest by revenue in the division following capacity issues in 2022.

There was success with renewals during the year with both the Auto concessions in Buenos Aires in Argentina and the Basque Country in Spain being renewed for further multi-year periods and no contracts ending. There are no material contracts that end until December 2027 when the contract in Galicia is due for renewal.

A ten-year statutory vehicle inspection contract was awarded during the year in Saudi Arabia that is expected to generate revenue in the mid-teens millions of euros on an annual basis once fully ramped up. Furthermore, new contracts have been negotiated and due to begin soon in some cities in China and India.

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 3,000 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 €254.3 million and the adjusted operating profit was €39.4 million, giving an adjusted operating profit margin of 15.5%.

EUR Million	FY			Organic	Inorganic	FX
	2023	2022 Proforma ¹	Change			
Revenue	254.3	215.8	17.8%	10.5%	10.1%	(2.8)%
Adj. Op. Profit	39.4	31.0	27.2%	20.3%	11.8%	(4.9)%
% AOP Margin	15.5%	14.4%	+ 115 bps			

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

¹ Figures for 2022 are proforma including Aerospace figures

Revenue for the year ended 31 December 2023 was 17.8% higher than the Proforma revenue of the previous year (restated for the transfer of the Aerospace business from Energy & Industry). The revenue increase was made up of an increase of 10.5% in organic revenue at constant exchange rates, 10.1% from acquisitions (Inorganic) and a decrease of 2.8% due to exchange rates.

Inorganic revenue of 10.1% for the year includes revenue from the seven acquisitions made in the last two years until they are owned for 12 months with the largest of these being Rescoll, a material testing laboratory in France, that specialises in medical products and aerospace that was purchased in June of 2023.

Negative currency translation of 2.8% on revenue in the period was mainly due to the Canadian and Chinese currencies that were weaker against the Euro.

The revenue in the fourth quarter of €73.3 million was 18.6% higher than the prior fourth quarter revenue of €61.8 million due to strong organic revenue growth of 7.4%, acquisition growth of 14.5% less unfavourable exchange rates of 3.3%.

Adjusted operating profit for the year was 27.2% higher than the Proforma adjusted operating profit in the prior year (restated for the transfer of the Aerospace business from Energy & Industry). The adjusted operating profit increase was made up of an increase of 20.3% in organic, 11.8% from acquisitions (Inorganic) and a decrease of 4.9% due to unfavourable exchange rates.

The adjusted operating profit margin of 15.5% was 115 basis points higher than the margin in the prior year (restated for the transfer of the Aerospace business from Energy & Industry). The significant margin improvement was largely due to the business in China being back to normal levels after the lockdowns in the previous 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 contribution to the growth came from Electrical & Electronic and Cybersecurity services driven by the electrification and connectivity global megatrends with good growth in all the other business lines. The two main regions that are performing well are China and North America.

The four acquisitions made in 2023 of which two were metrology businesses in Spain with also France (medical devices and aerospace) and China (automotive components) are performing well with revenue synergies being generated.

Following several years of organic revenue growth and targeted investment through acquisitions, the Laboratories division is three times bigger than it was in 2019 in revenue and profit and is now a significant contributor to the Group at 16% 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 €327.5 million and the adjusted operating profit before taking account of Accelerated Depreciation, was €48.4 million in the year giving an adjusted operating profit margin of 14.8%. After taking account of Accelerated Depreciation, the margin was 11.6%.

EUR Million	FY				
	2023	2022	Change	Organic	FX
Revenue	327.5	278.0	17.8%	19.1%	(1.3)%
Adj. Op. Profit	48.4	35.7	35.7%	36.9%	(1.2)%
% AOP Margin	14.8%	12.8%	+ 195 bps		
Adj. Op. Profit incl. AD ¹	38.0	29.9	27.0%		
% AOP Margin	11.6%	10.8%	+ 84 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 year ended 31 December 2023 was 17.8% higher than the revenue in the prior year. The revenue increase was made up of an increase of 19.1% in organic revenue at constant exchange rates less 1.3% due to unfavourable exchange rates.

The revenue in the fourth quarter was €91.1 million and was 18.9% higher than the fourth quarter of 2022 revenue of €76.6 million due to continued strong organic revenue growth of 20.3% less 1.4% due to unfavourable exchange rates.

Adjusted operating profit was 35.7% higher than last year and after Accelerated Depreciation, was 27.0% higher. The adjusted operating profit increase was mostly organic with some decrease due to foreign exchange rates.

The adjusted operating profit margin of 14.8% was 195 basis points higher than the margin last year and after Accelerated Depreciation was 11.6% and 84 basis points higher. This margin increase was entirely organic due to the benefit of operational gearing and mix.

This is the second year of exceptionally high organic revenue growth due to good underlying demand and supported by the large project from an Asian manufacturer that has continued longer than expected. The strong demand is across the business lines and especially for electric and hybrid vehicles which now account for almost 70% of the division revenue. Also, testing for vehicle batteries and electrical components as well as autonomous driving features and advanced driver assistance systems is supporting the strong growth.

The significant margin improvement was even after the increase in the accelerated depreciation with all business lines and geographies contributing to this increase in margin because of positive operational gearing and the beneficial mix of business with the higher margin Proving Ground in Catalonia back to full capacity.

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 2023 was €10.4 million which was a significant increase from the charge of €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).

EUR Million	FY 2023			FY 2022 Proforma			+/- %
	Adj. Results	Other results	Statutory results	Adj. Results	Other results	Statutory results	Adj. Results
Revenue	2,057.9	0.0	2,057.9	1,898.5	0.0	1,898.5	8.4%
Ebitda	336.1	0.0	336.1	317.3	0.0	317.3	5.9%
Operating Profit	211.5	(101.4)	110.1	204.4	(69.1)	135.3	3.5%
Net Financial expenses	(41.9)	0.0	(41.9)	(33.2)	0.0	(33.2)	
Other Financial Results	0.0	0.0	0.0	0.0	0.0	0.0	
Profit Before Taxes	169.6	(101.4)	68.2	171.1	(69.1)	102.0	(0.9)%
Current Income tax	(42.1)	13.4	(28.7)	(42.6)	13.5	(29.1)	
Non controlling interests	(13.3)	0.0	(13.3)	(13.3)	0.0	(13.3)	
Net Profit	114.1	(88.0)	26.1	115.2	(55.6)	59.6	(1.0)%
Discontinued Operations	0.0	(5.9)	(5.9)	0.0	(11.0)	(11.0)	
Net Profit after Disc. Op.	114.1	(93.9)	20.2	115.2	(66.6)	48.6	
Number of Shares	129,836,606		129,836,606	136,888,259		136,888,259	
EPS, in Euros	0.88		0.20	0.84		0.44	4.4%
Income tax/PBT	(24.8)%		(42.1)%	(24.9)%		(28.6)%	

Other results of €101.4 million (2022: €76.8m as reported and €69.1m proforma) in the Operating Profit represent amortisation of acquisition intangibles of €67.0 million (2022: €67.2m as reported and €63.3m proforma); impairment of goodwill of €25.0 million (2022: Nil), severance costs on restructuring of €3.6 million (2022: €7.6m as reported and proforma); transaction costs relating to acquisitions of €2.1 million (2022: €4.9m as reported and €1.8m as proforma) and; other gains and losses that net to a charge of €3.7 million (2022: income of €2.8m as reported and income of €3.5m as proforma).

A reduction in the deferred tax liability is booked against these Other results of €13.4 million (2022: €14.5m as reported and €13.5m proforma).

Discontinued operations includes the net results of the three disposals made in 2022 and 2023.

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

Arplus' 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.

- **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

09. ANNEX

About the report

GRI 1 GRI 3-1

Our *Financial and Non-Financial Report* is a **crucial communication channel** through which we disclose, with full transparency, our commitment, management strategy and operational, economic and ESG performance.

This report, which covers the period from 1 January to 31 December 2023 is our means of communicating and sharing relevant information with our stakeholders, demonstrating our financial and non-financial performance.

The benchmarks to which we respond in this report are:

- **GRI Standards 2021:** we have drawn up the report **with reference to the GRI Standards.**
- **Spanish Law 11/2018**, amending the *Code of Commerce*, revised text of the Corporate Enterprises Act approved by Royal Legislative Decree 1/2010 and Audit Law 22/2015, of 20 July 2015, on non-financial information and diversity.
- **Sustainability Accounting Standards Board.**
- **Regulation (EU) 2020/852, of the European Parliament and the Council**, of 18 June 2020, on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (EU taxonomy).
- **Task Force on Climate-related Financial Disclosures.**
- This report is also used in the **Communication on Progress (CoP) of the Applus+ Group's Global Compact 2023.**

In creating this report, we have determined our core topics, which reflect the most relevant Applus+ impacts on the economy, the environment and people, including human rights impacts, in collaboration with stakeholders.

This report has been drawn up following the principles of accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness and verifiability.

Description of material topics

GOVERNMENT

1. Risks management: Risk assessment and management procedures.
2. Sustainable Business model and strategy: Our company's plan for operating including strategic ESG objectives & business diversification plan.
3. Brand: Services' image & marketplace.
4. Economic performance: Strategic objectives linked to growth and margins in a sustainable way.
5. Corporate Governance: Rules, practices and processes by which our company is run.
6. Compliance and reputation: Integrity and responsibility by which we make our decisions and run our operations, as well as being perceived as a trusted company.
7. Stakeholders' engagement: Dialogue and commitment with our stakeholders keeping reliable disclosure about our operations to the investors, promoting and providing internal communication channel.

OPERATION

8. Innovation & Digital transformation: Innovation projects for developing new products and services to meet market needs, through digitalisation and implementation new technologies.
9. Service quality and relationships with customer: Overall performance of our service and measured customer experience needed to build long-term relationships and become a trusted partner.
10. Competitiveness: Promotion, development and increase high value services within our portfolio mix.
11. Privacy and data security: Data protection practices for customers and employees.
12. Sustainable supply chain management: Our suppliers' practices to reduce their impact.
13. Cybersecurity: Strategy for improving our cybersecurity.
14. Sustainable Services: Strategy to develop (i) services helping our customers to reduce or mitigate their environmental impact and (ii) more sustainable markets.

SOCIETY

15. Health and Safety: Practices to protect the health, safety and wellbeing of our employees.
16. Talent Management: Practices to attract and retain talented people.
17. Employee engagement & wellbeing: Practices to ensure that employees feel satisfied and motivated to actively engage with the company.
18. Diversity, inclusion and equality: Fair opportunities, recognition, treatment and remuneration for all employees.
19. Respect for human rights: Practices to promote and protect human rights in our operations, including contractors.
20. Local impact and socioeconomic contribution: Encourage of local communities' development (employment, training, technology, etc.).

ENVIRONMENT

21. Energy transition and climate change: Commitment & practices for the reduction of energy consumption and GHG emissions.
22. Biodiversity and natural areas protection: Practices to preserve species and ecosystems.
23. Waste Management: Practices to reduce and manage waste.
24. Water footprint: Practices to reduce water consumption and reuse wastewater flows.
25. Eco-efficiency and circularity: Strategies to carry out activities with minimum environmental impact, reducing waste and conserving natural resources.

Methodology for calculating value to society

After identifying our material issues and the strategies deployed in relation to them, last year (2022) we introduced a new analysis **aimed at identifying, assessing and measuring our social, environmental and socio-economic impact, whether direct, indirect or induced, in economic terms.**

The following externalities with a significant impact on the environment have been identified and measured in economic terms (excluding jobs generated).

Type of externality	Profit (+) or Cost (-)	Details
From the input-output model Contribution to GDP	+	Payments to local suppliers, wages and salaries of employees and taxes, have a direct impact on income generation.
From the input-output model Jobs generated	+	Job creation has a direct impact on a country's wealth and on the purchasing power and consumption of society.
Water consumption	-	This compares the organisation's consumption to the environmental and social cost associated with extracting water from ecosystems according to their level of scarcity.
Carbon footprint (scope 1 and 2)	-	Emissions associated with the operation itself have a cost to society in terms of costs associated with climate change-related damages.
Accident rate	-	Accidents at facilities have associated health costs.
R&D investment	+	Investment in innovation and development has a positive social impact because it improves productivity and encourages community progress.
Health savings	+	The number of jobs generated results in health savings, as it reduces mental health-related risks.

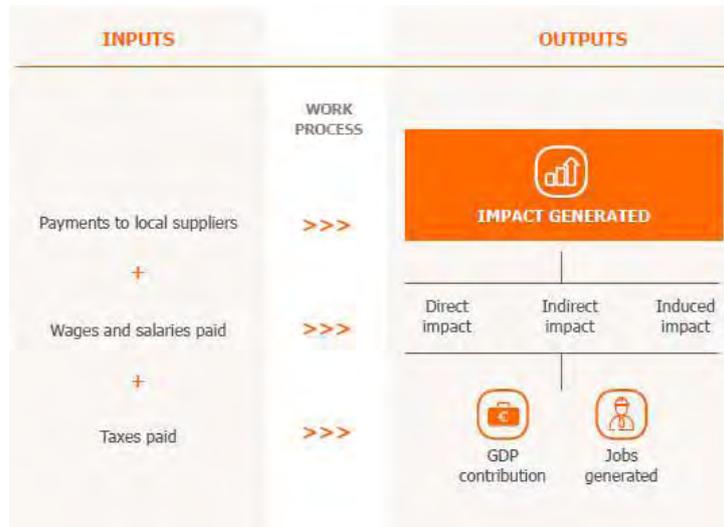
Socio-economic
Social
Environmental

This analysis complements the impact reflected in the Group's financial statements and will guide us in improving the management of our activities. We can identify positive and negative impacts:

POSITIVE IMPACTS	NEGATIVE IMPACTS
It allows us to join efforts to enhance them	It allows us to anticipate them and develop action plans to mitigate them

SOCIO-ECONOMIC IMPACT

To measure the impact generated by Applus+ in terms of contribution to GDP and employment, we have used the Leontief economic model (or input-output model). This model allows us to interrelate the inputs of our activity to the different sectors of activity (inputs) with the impact generated on other activities (outputs).



SOCIAL AND ENVIRONMENTAL IMPACT

To measure the economic value of the social and environmental impacts presented, we have used different transformation factors in economic terms (proxies)²⁴ that allow the impact measure to be transformed as an economic measure, so that:

$$\text{Value of the externality} = \text{Impact Indicator} \times \text{Proxy}$$

VALUE ADDED TO SOCIETY

After transforming each of the externalities into economic value, the value generated to society for each of the countries analysed was added to the economic sphere.

Finally, the real value generated for society and the environment, including corporate profits, has been calculated. For this purpose, specific estimates and calculation sources have been applied.

²⁴ It is worth noting that, for certain proxies, adjustments have had to be made, either due to lack of public data or to increase their accuracy. For example, for the proxy used to calculate health savings per country, an adjustment has been made to each country's GDP per capita.

Financial contribution

GRI 201-1 GRI 207-4

ECONOMIC VALUE ADDED (EVA) BREAKDOWN

EVA Breakdown	2022	2023
Economic value generated (thousands of Euros)	2,052,441	2,105,103
Revenue	2,049,943	2,097,734
Revenues equity method	-	-
Financial income	923	3,456
Results on disposals of non-current assets	1,575	3,913
Economic value distributed (thousands of Euros)	1,798,857	1,852,797
Procurements	206,877	224,995
Staff costs	1,139,837	1,153,927
Other operating expenses	376,719	402,266
Other costs	11,219	(4,664)
Financial costs	34,656	45,516
Corporate income tax	29,549	30,757
Economic value retained (thousands of Euros)	253,584	252,306

The figures in the above table do not consider the effect of the discontinued operations included in the consolidated financial statements for 2022 and 2023 financial years (which have been amended for comparison purposes).

In 2023, 88% out of the EVA generated by Arplus+ was distributed and 12% was retained by the organisation.

TAX BREAKDOWN

THOUSANDS OF EUROS IN 2022							
REGION	Number of employees	Revenues - Unrelated Party	Revenues - Related Party	Profit before Tax (individual)	Tangible Assets other than Cash and Cash Equivalents	Corporate Income Tax Paid (on a cash basis)	Corporate Income Tax Accrued
Spain	8,822	628,708	86,357	51,466	157,569	(9,104)	(13,230)
Rest of Europe	3,927	449,832	38,760	37,461	138,824	(6,476)	(7,362)
Latin America	6,162	235,327	3,819	23,836	42,218	(8,691)	(9,111)
US and Canada	2,223	352,587	12,469	4,054	70,467	(4,848)	(6,020)
Asia Pacific	2,023	200,032	24,471	8,784	31,799	(6,898)	(5,212)
Middle East and Africa	3,257	199,696	3,024	16,411	19,075	(4,033)	(4,277)
Total	26,414	2,066,183	168,900	142,011	459,952	(40,050)	(45,211)

THOUSANDS OF EUROS IN 2023							
REGION	Number of employees	Revenues - Unrelated Party	Revenues - Related Party	Profit before Tax (individual)	Tangible Assets other than Cash and Cash Equivalents	Corporate Income Tax Paid (on a cash basis)	Corporate Income Tax Accrued
Spain	8,990	680,361	93,144	28,560	156,205	(7,181)	(10,746)
Rest of Europe	4,344	482,514	41,998	28,343	150,050	(5,740)	(5,737)
Latin America	6,376	244,870	4,866	19,603	41,134	(5,823)	(7,846)
US and Canada	1,068	247,161	10,283	11,788	39,874	(6,812)	(7,854)
Asia Pacific	2,129	211,440	25,535	23,943	40,404	(7,323)	(4,009)
Middle East and Africa	3,725	234,437	4,979	21,495	24,158	(5,860)	(5,908)
Total	26,632	2,100,783	180,805	133,731	451,825	(38,740)	(42,099)

The figures provided for 2023 and 2022 are aligned with those used by the Group for the Country-by-Country Report, which has been adapted in turn to be considered admissible under the transitional safe harbours regime outlined in Directive (EU) 2022/2523, also known as the Pillar Two Directive, for which the Spanish Council of Ministers approved on 19th December 2023 the corresponding Draft Law for transposition.

In particular, financial data offered is based on that used for the Group's audited consolidated annual accounts, harmonised under IFRS but excluding consolidation adjustments and the profit before tax additionally excludes the impact of dividends and portfolio impairment losses.

Data related to Human Resources

GRI 2-7 GRI 2-21 GRI 2-30 GRI 202-1 GRI 202-2 GRI 401-1 GRI 401-2 GRI 401-3 GRI 404-3 GRI 405-1 GRI 405-2

The Human Resources information collected on the Group corresponds to a 12-month period, which runs from 1 November of the previous year to 31 October of the reporting year.

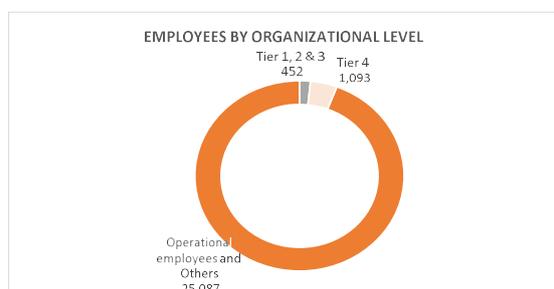
NUMBER OF EMPLOYEES

NUMBER OF EMPLOYEES	
2023	26,632
2022	26,414

Number of employees by organizational level

ORGANISATIONAL LEVEL	NUMBER OF EMPLOYEES 2023	NUMBER OF EMPLOYEES 2022
Tier 1, 2 & 3	452	475
Tier 4	1,093	1,159
Operational employees and Others	25,087	24,780
Total	26,632	26,414

Employees by organizational level



Tier1: Managers who report directly to Applus+ Group's CEO

Tier2: Managers who report directly to Tier1 (corporate area directors, regionals, business unit area managers or country managers if they report directly to Tier1)

Tier3: Managers who report directly to Tier2 (corporate area managers or country managers, key account managers, business line managers if they report directly to Tier2)

Tier4: Managers who report directly to Tier3.

Operational employees and Others: any other employee not included in the categories detailed above.

Number of employees by organizational level and gender

NUMBER OF EMPLOYEES BY TIER & GENDER	2023	2022
Overall employees	Tier4 82.83% M - 17.17% F	Tier4 81% M - 19% F
	Operational employees and Others 79% H - 21% F	Operational employees and Others 80% H - 20% F
Management	Tier 1, 2 & 3 77% M - 23% F	Tier 1, 2 & 3 76% M - 24% F

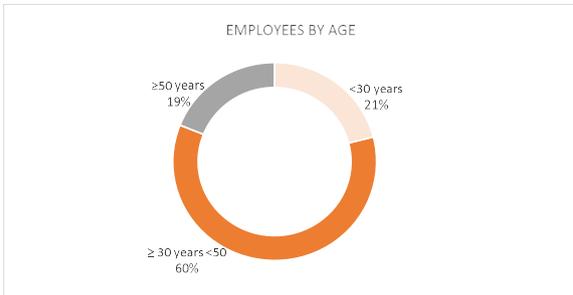
The 2023 figures cover 100% of Applus+ employees

WORKFORCE PROFILE

EMPLOYEES BY GENDER		
	Male	Female
2023	79%	21%
2022	79%	21%

EMPLOYEES BY AGE				
	<30 years	≥30 years <50	≥50 years	Total
2023	21%	60%	19%	100%
2022	21%	60%	19%	100%

LOCAL EMPLOYEES			
	Local	No Local	Total
2023	84%	16%	100%
2022	87%	13%	100%



Number of local / no local employees in 2023

LOCAL / NO LOCAL EMPLOYEES 2023							
REGION	REGION/COUNTRY	ORGANIZATIONAL LEVEL	MALE_LOCAL	FEMALE_LOCAL	MALE_NO LOCAL	FEMALE_NO LOCAL	
Asia Pacific	Australia	Tier 1, 2 & 3	4	1	1	0	
		Tier-4	10	1	3	0	
		Operational: employees & others	339	48	131	12	
	Other Countries	Tier 1, 2 & 3	22	8	8	0	
		Tier-4	145	35	11	1	
		Operational: employees & others	850	388	94	7	
Latin America	Brazil	Tier 1, 2 & 3	6	2	1	-	
		Tier-4	12	4	-	-	
		Operational: employees & others	956	142	2	-	
	Chile	Tier 1, 2 & 3	2	-	-	-	
		Tier-4	39	7	1	-	
	Colombia	Operational: employees & others	777	305	49	18	
		Tier 1, 2 & 3	3	2	1	-	
		Tier-4	9	4	1	-	
	Guatemala	Operational: employees & others	1,466	664	7	3	
		Tier 1, 2 & 3	-	-	-	-	
		Tier-4	-	-	-	-	
	Panama	Operational: employees & others	25	3	-	-	
		Tier 1, 2 & 3	-	-	1	-	
		Tier-4	2	-	4	1	
	Other Countries	Operational: employees & others	334	92	7	2	
		Tier 1, 2 & 3	10	-	1	-	
		Tier-4	32	11	-	-	
	Oriente Medio y Africa	Oman	Operational: employees & others	1,097	244	23	4
Tier 1, 2 & 3			-	-	2	-	
Tier-4			4	-	9	-	
Saudi Arabia		Operational: employees & others	102	34	311	2	
		Tier 1, 2 & 3	4	-	2	-	
		Tier-4	22	4	44	4	
Other Countries		Operational: employees & others	540	107	1,345	1	
		Tier 1, 2 & 3	1	-	11	1	
		Tier-4	5	2	23	2	
Resto de Europa		Germany	Operational: employees & others	148	31	914	50
			Tier 1, 2 & 3	8	-	-	-
			Tier-4	20	4	1	-
	Ireland	Operational: employees & others	399	65	32	3	
		Tier 1, 2 & 3	9	1	-	-	
		Tier-4	12	2	-	-	
	Netherlands	Operational: employees & others	539	99	206	23	
		Tier 1, 2 & 3	15	6	-	1	
		Tier-4	107	30	3	1	
	Other Countries	Operational: employees & others	236	29	20	2	
		Tier 1, 2 & 3	28	5	2	-	
		Tier-4	96	25	9	2	
España	Operational: employees & others	1,621	400	154	69		
	Tier 1, 2 & 3	164	64	14	3		
	Tier-4	161	42	22	4		
EEUU y Canadá	Operational: employees & others	5,935	2,101	329	151		
	Tier 1, 2 & 3	30	5	3	-		
	Tier-4	71	26	3	-		
Total	Operational: employees & others	725	181	18	6		
	Tier 1, 2 & 3	17,202	5,234	3,823	373		
	Tier-4						

The 2023 figures cover 100% of Applus+ employees.

Number of local / no local employees in 2022

LOCAL / NO LOCAL EMPLOYEES 2022								
REGION	REGION/COUNTRY	ORGANIZATIONAL LEVEL	MALE_LOCAL	FEMALE_LOCAL	MALE_NOLOCAL	FEMALE_NOLOCAL		
Asia Pacific	Australia	Tier 1, 2 & 3	10	4	0	0	0	
		Tier 4	18	4	0	0	0	
		Operational employees & others	518	55	1	1	3	
	Other Countries	Tier 1, 2 & 3	22	4	9	3	3	
		Tier 4	69	22	13	4	4	
		Operational employees & others	803	333	100	30	30	
Latin America	Brazil	Tier 1, 2 & 3	1	-	1	-	-	
		Tier 4	15	3	1	-	-	
		Operational employees & others	733	95	1	-	-	
	Chile	Tier 1, 2 & 3	2	-	-	-	-	
		Tier 4	28	4	8	-	-	
			Operational employees & others	751	290	80	22	22
	Colombia	Tier 1, 2 & 3	1	1	1	-	-	
		Tier 4	9	3	1	-	-	
			Operational employees & others	1,699	741	15	3	3
	Guatemala	Tier 1, 2 & 3	-	-	-	-	-	
		Tier 4	-	-	-	-	-	
			Operational employees & others	33	2	-	-	-
	Panama	Tier 1, 2 & 3	-	-	1	-	-	
		Tier 4	4	-	2	-	1	
			Operational employees & others	306	99	4	4	4
Other Countries	Tier 1, 2 & 3	8	-	1	-	-		
	Tier 4	24	6	2	-	-		
		Operational employees & others	971	208	15	2	2	
Oriente Medio y Africa	Oman	Tier 1, 2 & 3	-	-	1	-	-	
		Tier 4	4	-	9	-	-	
		Operational employees & others	77	15	295	-	-	
	Saudi Arabia	Tier 1, 2 & 3	-	-	2	-	-	
		Tier 4	14	1	80	-	-	
			Operational employees & others	500	102	1,180	2	2
	Other Countries	Tier 1, 2 & 3	1	-	11	-	2	
Tier 4		5	2	26	-	3		
		Operational employees & others	170	32	679	44	44	
Resto de Europa	Germany	Tier 1, 2 & 3	6	-	-	-	-	
		Tier 4	36	3	2	-	-	
		Operational employees & others	40	85	17	-	2	
	Ireland	Tier 1, 2 & 3	9	1	-	-	-	
		Tier 4	4	-	-	-	-	
			Operational employees & others	580	109	90	22	22
	Netherlands	Tier 1, 2 & 3	14	6	-	-	1	
		Tier 4	145	28	4	-	1	
			Operational employees & others	274	29	25	1	1
Other Countries	Tier 1, 2 & 3	27	5	2	-	-		
	Tier 4	81	17	6	-	1		
		Operational employees & others	1,499	260	67	19	19	
España	Spain	Tier 1, 2 & 3	166	65	16	-	2	
		Tier 4	168	43	22	-	2	
		Operational employees & others	5,840	2,083	286	-	129	
EEUU y Canadá	USA and Canada	Tier 1, 2 & 3	51	15	2	-	1	
		Tier 4	155	51	5	-	-	
		Operational employees & others	1,524	377	33	-	9	
Total			17,784	5,203	3,116	311		

Number of employees by organisational level and gender in 2023

NUMBER OF EMPLOYEES BY GENDER 2023						
REGION	REGION/COUNTRY	GENDER	TIER 1, 2 & 3	TIER 4	OPERATIONAL EMPLOYEES & OTHERS	TOTAL
Asia Pacific	Australia	M-Male	5	13	470	488
		F-Female	1	1	60	62
	Other Countries	M-Male	30	156	944	1,130
		F-Female	8	36	405	449
Latin America	Brazil	M-Male	7	12	958	977
		F-Female	2	4	142	148
	Chile	M-Male	2	40	826	868
		F-Female	-	7	323	330
	Colombia	M-Male	4	10	1,473	1,487
		F-Female	2	4	667	673
	Guatemala	M-Male	-	-	25	25
		F-Female	-	-	3	3
	Panama	M-Male	1	6	341	348
		F-Female	-	1	94	95
	Other Countries	M-Male	11	32	1,120	1,163
		F-Female	-	11	248	259
Middle East and Africa	Oman	M-Male	2	13	413	428
		F-Female	-	-	36	36
	Qatar	M-Male	1	7	559	567
		F-Female	1	-	27	28
	Saudi Arabia	M-Male	6	66	1,885	1,957
		F-Female	-	8	108	116
	Other Countries	M-Male	11	21	503	535
		F-Female	-	4	54	58
Rest of Europe	Germany	M-Male	8	21	431	460
		F-Female	-	4	68	72
	Ireland	M-Male	9	12	745	766
		F-Female	1	2	122	125
	Netherlands	M-Male	15	110	316	441
		F-Female	7	31	31	69
	Other Countries	M-Male	30	105	1,775	1,910
		F-Female	5	27	469	501
Spain	Spain	M-Male	178	183	6,264	6,625
		F-Female	67	46	2,252	2,365
USA and Canada	USA and Canada	M-Male	33	74	743	850
		F-Female	5	26	187	218
Total			452	1,093	25,087	26,632

The 2023 figures cover 100% of Applus+ employees.

Number of employees by organisational level and gender in 2022

NUMBER OF EMPLOYEES BY GENDER 2022						
REGION	REGION/COUNTRY	GENDER	TIER 1, 2 & 3	TIER 4	OPERATIONAL EMPLOYEES & OTHERS	TOTAL
Asia Pacific	Australia	M-Male	10	18	519	547
		F-Female	4	4	56	64
	Other Countries	M-Male	31	82	903	1,016
		F-Female	7	26	363	396
Latin America	Brazil	M-Male	2	16	734	752
		F-Female	-	3	95	98
	Chile	M-Male	2	36	831	869
		F-Female	-	4	312	316
	Colombia	M-Male	2	10	1,674	1,686
		F-Female	1	3	744	748
	Guatemala	M-Male	-	-	33	33
		F-Female	-	-	2	2
	Panama	M-Male	1	6	310	317
		F-Female	-	1	103	104
	Other Countries	M-Male	9	26	986	1,021
		F-Female	-	6	210	216
Middle East and Africa	Oman	M-Male	1	13	372	386
		F-Female	-	-	15	15
	Qatar	M-Male	1	7	339	347
		F-Female	1	-	25	26
	Saudi Arabia	M-Male	2	94	1,680	1,776
		F-Female	-	1	104	105
	Other Countries	M-Male	11	24	510	545
		F-Female	1	5	51	57
Rest of Europe	Germany	M-Male	6	38	466	510
		F-Female	-	3	87	90
	Ireland	M-Male	9	4	670	683
		F-Female	1	-	131	132
	Netherlands	M-Male	14	149	299	462
		F-Female	7	29	30	66
	Other Countries	M-Male	29	87	1,566	1,682
		F-Female	5	18	279	302
Spain	Spain	M-Male	182	190	6,126	6,498
		F-Female	67	45	2,212	2,324
USA and Canada	USA and Canada	M-Male	53	160	1,557	1,770
		F-Female	16	51	386	453
Total			475	1,159	24,780	26,414

Number of employees by gender and age in 2023

NUMBER OF EMPLOYEES BY GENDER & AGE 2023							
REGION	REGION/PAIS	MASCULINO <30 AÑOS	FEMENINO <30 AÑOS	MASCULINO 30 ≥ AÑOS <50	FEMENINO 30 ≥ AÑOS <50	MASCULINO ≥50 AÑOS	FEMENINO ≥50 AÑOS
Asia Pacific	Australia	26	12	332	39	130	11
	Other Countries	397	174	641	258	92	17
Latin America	Brazil	217	65	634	76	126	7
	Chile	188	53	489	219	191	58
	Colombia	286	187	997	454	204	32
	Guatemala	11	2	13	1	1	-
	Panama	186	43	141	48	21	4
	Other Countries	299	110	709	128	155	21
Middle East and Africa	Oman	71	16	255	20	102	-
	Saudi Arabia	506	58	1,181	55	270	3
	Other Countries	156	18	823	61	123	7
Rest of Europa	Germany	58	6	251	45	151	21
	Ireland	91	14	495	65	180	46
	Netherlands	24	2	238	35	179	32
	Other Countries	326	129	1,039	294	545	78
Spain	Spain	1,378	383	3,808	1,485	1,439	497
USA and Canada	USA and Canada	145	37	444	116	261	65
Total		4,365	1,309	12,490	3,399	4,170	899

The 2023 figures cover 100% of Arplus+ employees.

Number of employees by gender and age in 2022

NUMBER OF EMPLOYEES BY GENDER & AGE 2022							
REGION	REGION/PAIS	MASCULINO <30 AÑOS	FEMENINO <30 AÑOS	MASCULINO 30 ≥ AÑOS <50	FEMENINO 30 ≥ AÑOS <50	MASCULINO ≥50 AÑOS	FEMENINO ≥50 AÑOS
Asia Pacific	Australia	47	12	370	40	130	12
	Other Countries	355	154	581	230	80	12
Latin America	Brazil	168	34	507	61	77	3
	Chile	228	61	458	207	183	48
	Colombia	358	263	1,109	453	219	32
	Guatemala	14	1	18	1	1	-
	Panama	164	51	137	48	16	5
	Other Countries	293	103	594	97	134	16
Middle East and Africa	Oman	99	5	207	10	80	-
	Saudi Arabia	407	51	1,125	52	244	2
	Other Countries	142	15	644	62	106	6
Rest of Europa	Germany	49	14	285	49	176	27
	Ireland	64	11	449	71	170	50
	Netherlands	27	6	254	35	181	25
	Other Countries	267	76	906	169	509	57
Spain	Spain	1,272	354	3,852	1,523	1,374	447
USA and Canada	USA and Canada	298	85	931	229	541	139
Total		4,252	1,296	12,427	3,337	4,221	881

Number of employees by gender and contract in 2023

NUMBER OF EMPLOYEES BY GENDER & CONTRACT 2023					
REGION	REGION/COUNTRY	GENDER	PERMANENT	NON-PERMANENT	TOTAL
Asia Pacific	Australia	M-Male	350	138	488
		F-Female	49	13	62
	Other Countries	M-Male	754	376	1,130
		F-Female	332	117	449
Latin America	Brazil	M-Male	977	-	977
		F-Female	148	-	148
	Chile	M-Male	865	3	868
		F-Female	330	-	330
	Colombia	M-Male	193	1,294	1,487
		F-Female	103	570	673
	Guatemala	M-Male	25	-	25
		F-Female	3	-	3
	Panama	M-Male	335	13	348
		F-Female	86	9	95
Other Countries	M-Male	514	649	1,163	
	F-Female	144	115	259	
Middle East and Africa	Oman	M-Male	175	253	428
		F-Female	34	2	36
	Qatar	M-Male	76	491	567
		F-Female	25	3	28
	Saudi Arabia	M-Male	1,647	310	1,957
		F-Female	94	22	116
Other Countries	M-Male	238	297	535	
	F-Female	49	9	58	
Rest of Europe	Germany	M-Male	417	43	460
		F-Female	56	16	72
	Ireland	M-Male	746	20	766
		F-Female	116	9	125
	Netherlands	M-Male	437	4	441
		F-Female	68	1	69
Other Countries	M-Male	1,647	263	1,910	
	F-Female	367	134	501	
Spain	Spain	M-Male	6,037	587	6,625
		F-Female	2,191	174	2,365
USA and Canada	USA and Canada	M-Male	786	64	850
		F-Female	200	18	218
Total			20,614	6,017	26,632

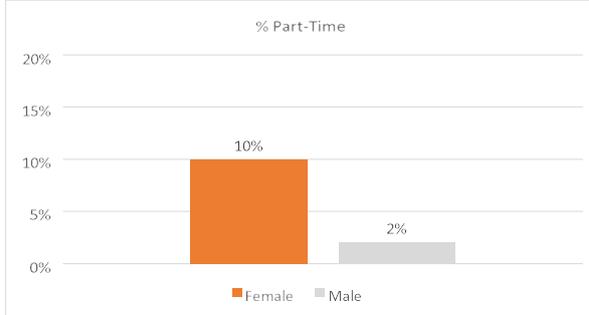
The 2023 figures cover 100% of Applus+ employees.

Number of employees by gender and contract in 2022

NUMBER OF EMPLOYEES BY GENDER & CONTRACT 2022					
REGION	REGION/COUNTRY	GENDER	PERMANENT	NON-PERMANENT	TOTAL
Asia Pacific	Australia	M-Male	351	196	547
		F-Female	43	21	64
	Other Countries	M-Male	631	385	1,016
		F-Female	263	133	396
Latin America	Brazil	M-Male	752	-	752
		F-Female	97	1	98
	Chile	M-Male	863	6	869
		F-Female	316	-	316
	Colombia	M-Male	238	1,448	1,686
		F-Female	118	630	748
	Guatemala	M-Male	33	-	33
		F-Female	2	-	2
	Panama	M-Male	313	4	317
		F-Female	89	15	104
Other Countries	M-Male	472	549	1,021	
	F-Female	102	114	216	
Middle East and Africa	Oman	M-Male	180	206	386
		F-Female	15	-	15
	Qatar	M-Male	83	264	347
		F-Female	23	3	26
	Saudi Arabia	M-Male	1,704	72	1,776
		F-Female	99	6	105
Other Countries	M-Male	242	303	545	
	F-Female	46	11	57	
Rest of Europe	Germany	M-Male	466	44	510
		F-Female	79	11	90
	Ireland	M-Male	663	20	683
		F-Female	128	4	132
	Netherlands	M-Male	459	3	462
		F-Female	65	1	66
Other Countries	M-Male	1,451	231	1,682	
	F-Female	239	63	302	
Spain	Spain	M-Male	5,570	928	6,498
		F-Female	2,060	264	2,324
USA and Canada	USA and Canada	M-Male	1,683	87	1,770
		F-Female	419	34	453
Total			20,357	6,057	26,414

ORGANISATION OF WORK

	% Part-Time	
	2023	2022
Male	2%	3%
Female	10%	11%



Number of employees by gender and dedication in 2023

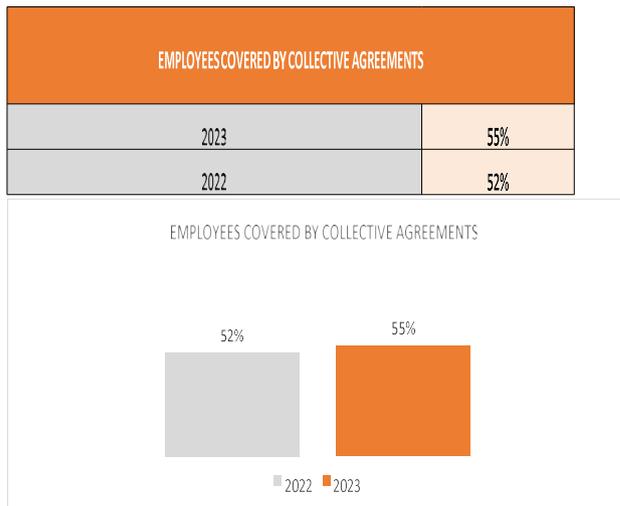
NUMBER OF EMPLOYEES BY GENDER & DEDICATION 2023					
REGION	REGION/COUNTRY	GENDER	FULL TIME	PART TIME	TOTAL
Asia Pacific	Australia	M-Male	349	139	488
		F-Female	44	18	62
	Other Countries	M-Male	1,123	7	1,130
		F-Female	440	9	449
Latin America	Brazil	M-Male	977	-	977
		F-Female	148	-	148
	Chile	M-Male	867	1	868
		F-Female	330	-	330
	Colombia	M-Male	1,487	-	1,487
		F-Female	673	-	673
	Guatemala	M-Male	25		25
		F-Female	3		3
	Panama	M-Male	348		348
		F-Female	95		95
Other Countries	M-Male	1,159	4	1,163	
	F-Female	252	7	259	
Middle East and Africa	Oman	M-Male	428		428
		F-Female	36		36
	Qatar	M-Male	567		567
		F-Female	28		28
	Saudi Arabia	M-Male	1,957		1,957
		F-Female	116		116
Other Countries	M-Male	535	-	535	
	F-Female	58	-	58	
Rest of Europe	Germany	M-Male	442	18	460
		F-Female	43	29	72
	Ireland	M-Male	739	27	766
		F-Female	63	62	125
	Netherlands	M-Male	425	16	441
		F-Female	29	40	69
Other Countries	M-Male	1,832	78	1,910	
	F-Female	450	51	501	
Spain	Spain	M-Male	6,452	173	6,625
		F-Female	2,045	320	2,365
USA and Canada	USA and Canada	M-Male	848	2	850
		F-Female	214	4	218
Total			25,627	1,005	26,632

The 2023 figures cover 100% of Applus+ employees.

Number of employees by gender and dedication in 2022

NUMBER OF EMPLOYEES BY GENDER & DEDICATION 2022					
REGION	REGION/COUNTRY	GENDER	FULL TIME	PART TIME	TOTAL
Asia Pacific	Australia	M-Male	405	142	547
		F-Female	52	12	64
	Other Countries	M-Male	1,011	5	1,016
		F-Female	385	11	396
Latin America	Brazil	M-Male	752	-	752
		F-Female	98	-	98
	Chile	M-Male	869	-	869
		F-Female	316	-	316
	Colombia	M-Male	1,678	8	1,686
		F-Female	747	1	748
	Guatemala	M-Male	33	-	33
		F-Female	2	-	2
	Panama	M-Male	317	-	317
		F-Female	104	-	104
Other Countries	M-Male	1,021	-	1,021	
	F-Female	216	-	216	
Middle East and Africa	Oman	M-Male	386	-	386
		F-Female	15	-	15
	Qatar	M-Male	347	-	347
		F-Female	26	-	26
	Saudi Arabia	M-Male	1,776	-	1,776
		F-Female	105	-	105
	Other Countries	M-Male	545	-	545
		F-Female	57	-	57
Rest of Europe	Germany	M-Male	483	27	510
		F-Female	53	37	90
	Ireland	M-Male	646	37	683
		F-Female	60	72	132
	Netherlands	M-Male	447	15	462
		F-Female	28	38	66
Other Countries	M-Male	1,620	62	1,682	
	F-Female	259	43	302	
Spain	Spain	M-Male	6,304	194	6,498
		F-Female	1,988	336	2,324
USA and Canada	USA and Canada	M-Male	1,665	105	1,770
		F-Female	420	33	453
Total			25,236	1,178	26,414

EMPLOYEES COVERED BY COLLECTIVE AGREEMENTS



Currently, there are 15 countries where the Group has collective-bargaining agreements.

NUMBER OF COUNTRIES WITH COLLECTIVE-BARGAINING AGREEMENTS	
2023	15
2022	16

The 2023 figures cover 100% of Applus+ employees.

Number of employees covered by collective agreements in 2023

NUMBER OF EMPLOYEES COVERED BY COLLECTIVE AGREEMENTS 2023			
REGION	REGION/ COUNTRY	EMPLOYEES COVERED BY COLLECTIVE AGREEMENTS	% EMPLOYEES COVERED BY COLLECTIVE AGREEMENTS
Asia Pacific	Australia	372	68%
	Other Countries	58	4%
Latin America	Brazil	1,125	100%
	Chile	340	28%
	Other Countries	300	21%
Middle East and Africa	Other Countries	-	0%
Rest of Europe	Germany	420	79%
	Ireland	867	97%
	Netherlands	504	99%
	Other Countries	1,413	59%
Spain	Spain	8,990	100%
USA and Canada	USA and Canada	337	32%
Total		14,726,00	55%

The 2022 figures cover 100% of Applus+ employees.

Number of employees covered by collective agreements in 2022

NUMBER OF EMPLOYEES COVERED BY COLLECTIVE AGREEMENTS 2022			
REGION	REGION / COUNTRY	EMPLOYEES COVERED BY COLLECTIVE AGREEMENTS	% EMPLOYEES COVERED BY COLLECTIVE AGREEMENTS
Asia Pacific	Australia	410	67%
	Other Countries	71	5%
Latin America	Brazil	850	100%
	Chile	145	12%
	Other Countries	329	27%
Middle East and Africa	Other Countries	-	0%
Rest of Europe	Germany	262	44%
	Ireland	801	98%
	Netherlands	519	98%
	Other Countries	974	49%
Spain	Spain	8,822	100%
USA and Canada	USA and Canada	624	28%
Total		13,807.00	52%

Number of dismissals by gender and organisational level

NUMBER OF DISMISSALS BY GENDER & ORGANISATIONAL LEVEL						
GENDER	MALE		FEMALE		TOTAL	
	Tier 2 & Tier 3	Others	Tier 2 & Tier 3	Others	Dismissals	%
2023	6	1,097	6	342	1,451	5.4%
2022	6	1,641	4	352	2,003	5.9%

The 2023 figures cover 100% of Arplus+ employees.

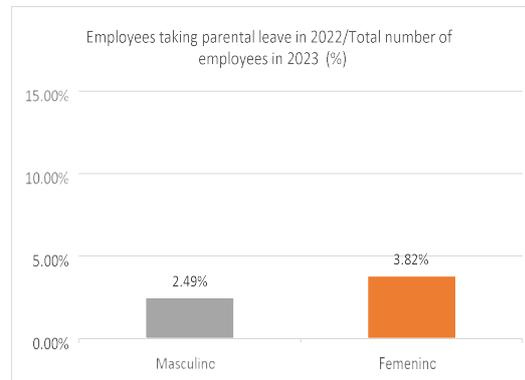
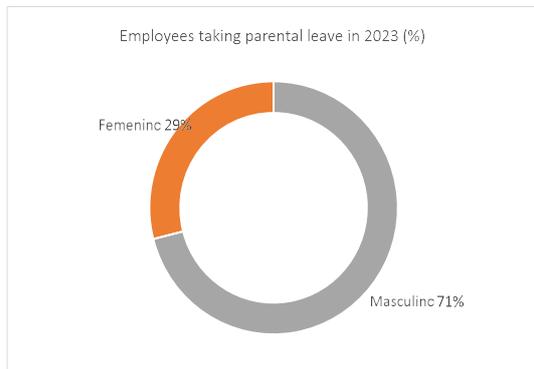
EMPLOYEES WITH FUNCTIONAL DIVERSITY

	EMPLOYEES WITH FUNCTIONAL DIVERSITY	RATIO
2023	287	1.08%
2022	293	1.11%

The 2023 figures cover 100% of Arplus+ employees.

MATERNITY AND PATERNITY LEAVE

840 employees benefited from this leave with their families in 2022, with 69.17% returning at the end of the leave period.



The 2023 figures cover 100% of Applus+ employees.

Number of employees taking parental leave

	2023	2022
Male	524	627
Female	214	213
Total	738	840

Employees taking parental leave(%)

	2023	2022
Male	71%	75%
Female	29%	25%

Employees taking parental leave/Total number of employees

	2023	2022
Male	2.49%	3.00%
Female	3.82%	3.86%

From employees entitled to parental leave, total number of employees that returned to work in the reporting period after parental leave ended

	2023	2022
% Returning	77.10%	69.17%

	Number of employees taking parental leave in 2023	Employees taking parental leave in 2023 (%)	Employees taking parental leave in 2022/Total number of employees in 2023 (%)	From employees entitled to parental leave, total number of employees that returned to work in the reporting period after parental leave ended	% Returned	From employees that returned to work in the reporting period after parental leave ended, total number of employees who are still employed 12 months after their return	% Retention
Masculino	524	71%	2.49%	433	82.63%	345	79.68%
Femenino	214	29%	3.82%	136	63.55%	97	71.32%
Total	738						

Parental leave by gender in 2023

PARENTAL LEAVE BY GENDER 2023		TOTAL NUMBER OF EMPLOYEES WHO ENJOYED PARENTAL LEAVE WITHIN THE PERIOD OF THIS REPORT		FROM THESE EMPLOYEES, TOTAL NUMBER WHO RETURNED TO WORK IN THE REPORTING PERIOD AFTER THE PARENTAL LEAVE ENDED		% RETURN	
		Male	Female	Male	Female	Male	Female
Asia Pacifico	Australia	-	4	-	-	0.00%	0.00%
	Otros países	28	11	26	4	92.86%	36.36%
America Latina	Brasil	1	2	1	-	100.00%	0.00%
	Chile	-	8	-	3	0.00%	37.50%
	Colombia	31	30	17	16	54.84%	53.33%
	Guatemala	-	-	-	-	0.00%	0.00%
	Panamá	5	15	5	9	100.00%	60.00%
	Otros países	15	10	15	6	100.00%	60.00%
Oriente Medio y África	Oman	-	-	-	-	0.00%	0.00%
	Qatar	-	1	-	1	0.00%	100.00%
	Arabia Saudí	-	1	-	1	0.00%	100.00%
	Otros países	2	2	2	2	100.00%	0.00%
Resto de Europa	Alemania	13	8	11	4	84.62%	50.00%
	Irlanda	22	5	22	5	100.00%	100.00%
	Países Bajos	26	4	8	2	30.77%	50.00%
	Otros países	59	36	38	20	64.41%	55.56%
España	España	312	74	287	63	91.99%	85.14%
EE.UU y Canadá	EE.UU y Canadá	10	3	1	-	10.00%	0.00%
Total		524	214	433	136	82.63%	63.55%

The 2022 figures cover 100% of Arplus+ employees.

Parental leave by gender in 2022

PARENTAL LEAVE BY GENDER 2022		TOTAL NUMBER OF EMPLOYEES WHO ENJOYED PARENTAL LEAVE WITHIN THE PERIOD OF THIS REPORT		FROM THESE EMPLOYEES, TOTAL NUMBER WHO RETURNED TO WORK IN THE REPORTING PERIOD AFTER THE PARENTAL LEAVE ENDED		% RETURN	
		Male	Female	Male	Female	Male	Female
Asia Pacífico	Australia	16	1	16	-	100%	0%
	Otros países	20	8	9	8	45%	100%
America Latina	Brasil	-	-	-	-	0%	0%
	Chile	-	9	-	8	0%	89%
	Colombia	38	27	38	24	100%	89%
	Guatemala	-	-	-	-	0%	0%
	Panamá	5	6	5	-	100%	0%
Oriente Medio y África	Otros países	18	4	18	4	100%	100%
	Oman	-	-	-	-	0%	0%
	Qatar	-	1	-	1	0%	100%
	Arabia Saudí	3	2	3	2	100%	100%
Resto de Europa	Otros países	-	-	-	-	0%	0%
	Alemania	5	11	13	3	260%	27%
	Irlanda	44	10	42	9	95%	90%
	Países Bajos	21	3	8	2	38%	67%
España	Otros países	113	30	38	19	34%	63%
	España	308	83	238	56	77%	67%
EE.UU y Canadá	EE.UU y Canadá	36	18	4	7	11%	39%
Total		627	213	432	143	69%	67%

TALENT MANAGEMENT

Number of new hires in 2023

HIRED PEOPLE 2023									
REGION	REGION/COUNTRY	ORGANIZATIONAL LEVEL	MALE < 30 YEARS OLD	FEMALE < 30 YEARS OLD	MALE 30 ≥ YEARS OLD < 50	FEMALE 30 ≥ YEARS OLD < 50	MALE ≥ 50 YEARS OLD	FEMALE ≥ 50 YEARS OLD	
Asia Pacific	Australia	Tier 1, 2 & 3	0	0	0	0	0	0	
		Tier 4	0	0	1	0	1	0	
		Operational employees & others	8	6	40	7	10	1	
	Other Countries	Tier 1, 2 & 3	0	0	0	1	0	0	
		Tier 4	2	0	20	3	0	0	
Latin America	Brazil	Operational employees & others	181	85	149	44	22	1	
		Tier 1, 2 & 3	-	-	-	-	-	-	
Tier 4		-	-	-	-	2	-	-	
Latin America	Chile	Operational employees & others	128	59	342	42	60	7	
		Tier 1, 2 & 3	-	-	-	-	-	-	
		Tier 4	1	-	-	1	1	-	
	Colombia	Operational employees & others	120	77	334	136	99	36	
		Tier 1, 2 & 3	-	-	-	-	-	-	
		Tier 4	-	-	1	-	1	-	
	Latin America	Guatemala	Operational employees & others	274	154	737	222	111	13
			Tier 1, 2 & 3	-	-	-	-	-	-
			Tier 4	-	-	-	-	-	-
		Panama	Operational employees & others	10	1	4	-	-	-
			Tier 1, 2 & 3	-	-	-	-	-	-
			Tier 4	-	-	1	-	1	-
Other Countries	Operational employees & others	85	14	38	14	2	-		
	Tier 1, 2 & 3	-	-	-	-	-	-		
	Tier 4	-	-	-	1	1	-		
Oriente Medio y Africa	Oman	Operational employees & others	242	70	542	79	38	6	
		Tier 1, 2 & 3	-	-	-	-	1	-	
		Tier 4	-	-	-	-	-	-	
	Saudi Arabia	Operational employees & others	26	12	84	9	25	-	
		Tier 1, 2 & 3	-	-	-	-	-	-	
		Tier 4	-	2	6	-	1	-	
	Other Countries	Operational employees & others	210	24	236	16	28	1	
		Tier 1, 2 & 3	-	-	-	-	-	-	
		Tier 4	-	-	2	-	-	-	
	Resto de Europa	Germany	Operational employees & others	99	3	467	8	41	1
			Tier 1, 2 & 3	-	-	-	-	-	-
			Tier 4	-	-	1	1	1	-
Ireland		Operational employees & others	28	3	36	13	5	1	
		Tier 1, 2 & 3	-	-	-	-	-	-	
		Tier 4	-	-	-	-	-	-	
Netherlands		Operational employees & others	73	9	121	10	17	2	
		Tier 1, 2 & 3	-	-	-	-	-	-	
		Tier 4	3	1	8	8	4	1	
Other Countries		Operational employees & others	8	1	15	1	4	1	
		Tier 1, 2 & 3	-	-	3	-	1	1	
		Tier 4	1	-	7	2	4	-	
España	Operational employees & others	174	67	252	90	113	29		
	Tier 1, 2 & 3	-	-	2	1	2	-		
	Tier 4	14	2	4	-	-	-		
EEUU y Canadá	Operational employees & others	788	222	665	275	132	32		
	Tier 1, 2 & 3	-	-	2	1	2	-		
	Tier 4	-	-	4	2	2	1		
Total	Operational employees & others	134	30	284	61	147	24		
	Tier 1, 2 & 3	-	-	-	-	-	-		
	Tier 4	-	-	-	-	-	-		

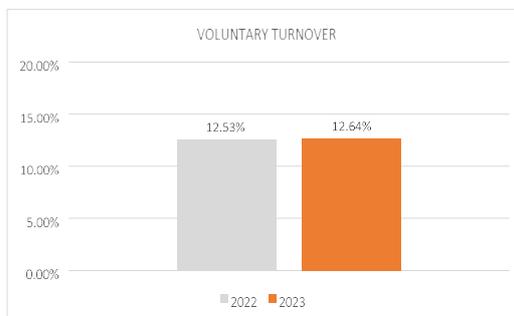
The 2023 figures cover 100% of Applus+ employees.

Number of new hires in 2022

HIRED PEOPLE 2022								
REGION	REGION/COUNTRY	ORGANIZATIONAL LEVEL	MALE<30 YEARS OLD	FEMALE<30 YEARS OLD	MALE30≥YEARS OLD<50	FEMALE30≥YEARS OLD<50	MALE≥50 YEARS OLD	FEMALE≥50 YEARS OLD
Asia Pacific	Australia	Tier 1, 2 & 3	0	0	0	0	0	0
		Tier 4	2	0	4	0	1	0
		Operational employees & others	5	6	26	9	2	2
	Other Countries	Tier 1, 2 & 3	0	0	4	2	0	0
		Tier 4	0	0	14	3	2	0
	Operational employees & others	227	80	163	63	23	7	
Latin America	Brazil	Tier 1, 2 & 3	-	-	-	-	-	-
		Tier 4	-	-	-	-	1	-
		Operational employees & others	139	33	392	40	44	4
	Chile	Tier 1, 2 & 3	-	-	-	-	-	-
		Tier 4	-	1	-	-	-	-
		Operational employees & others	232	85	337	108	136	36
	Colombia	Tier 1, 2 & 3	-	-	1	-	-	-
		Tier 4	-	-	1	1	1	-
		Operational employees & others	301	215	592	216	100	8
	Guatemala	Tier 1, 2 & 3	-	-	-	-	-	-
		Tier 4	-	-	-	-	-	-
		Operational employees & others	7	1	5	-	1	-
	Panama	Tier 1, 2 & 3	-	-	-	-	-	-
		Tier 4	-	-	1	-	-	-
		Operational employees & others	88	22	40	15	-	1
Other Countries	Tier 1, 2 & 3	-	-	1	-	-	-	
	Tier 4	-	-	1	-	-	-	
	Operational employees & others	205	62	348	34	36	1	
Oriente Medio y Africa	Oman	Tier 1, 2 & 3	-	-	-	-	-	-
		Tier 4	-	-	-	-	-	-
		Operational employees & others	48	1	44	-	17	-
	Saudi Arabia	Tier 1, 2 & 3	-	-	-	-	-	-
		Tier 4	-	-	-	-	2	-
		Operational employees & others	225	74	114	50	7	-
Other Countries	Tier 1, 2 & 3	-	-	-	-	1	-	
	Tier 4	1	-	3	1	1	-	
	Operational employees & others	152	4	425	11	51	-	
Resto de Europa	Germany	Tier 1, 2 & 3	-	-	-	-	-	-
		Tier 4	2	-	1	-	2	-
		Operational employees & others	9	3	33	9	7	2
	Ireland	Tier 1, 2 & 3	-	-	-	-	-	-
		Tier 4	-	-	-	-	-	-
		Operational employees & others	31	5	44	2	6	3
	Netherlands	Tier 1, 2 & 3	-	-	-	-	1	1
		Tier 4	3	2	11	3	2	-
	Operational employees & others	6	-	28	5	6	1	
Other Countries	Tier 1, 2 & 3	1	-	2	-	1	-	
	Tier 4	1	3	1	2	2	2	
	Operational employees & others	139	30	250	49	73	10	
España	Spain	Tier 1, 2 & 3	-	-	-	4	1	1
		Tier 4	-	1	3	-	2	-
	Operational employees & others	831	276	746	346	119	42	
EEUU y Canadá	USA and Canada	Tier 1, 2 & 3	1	-	1	-	4	-
		Tier 4	2	-	11	7	2	2
	Operational employees & others	247	70	351	133	216	57	
Total			2,905	974	4,048	1,173	870	180

Voluntary turnover

VOLUNTARY TURNOVER	
2023	12.64%
2022	12.53%



The 2023 figures cover 100% of Applus+ employees.

Voluntary turnover in 2023

VOLUNTARY TURNOVER 2023									
REGION	REGION/COUNTRY	ORGANIZATIONAL LEVEL	MALE<30 YEARS OLD	FEMALE<30 YEARS OLD	MALE30≥YEARSOLD<50	FEMALE30≥YEARSOLD<50	MALE≥50 YEARS OLD	FEMALE≥50 YEARS OLD	
AsiaPacific	Australia	Tier1,2&3	-	-	-	-	-	-	
		Tier4	-	-	-	-	-	-	
		Operational employees & others	3	1	31	1	11	3	
	Other Countries	Tier1,2&3	-	-	2	1	-	-	
		Tier4	2	1	28	2	1	-	
		Operational employees & others	56	29	99	16	2	1	
Latin America	Brazil	Tier1,2&3	-	-	-	-	-	-	
		Tier4	-	-	-	-	-	-	
		Operational employees & others	25	11	107	10	15	-	
	Chile	Tier1,2&3	-	-	-	-	-	-	
		Tier4	-	-	-	-	1	-	
		Operational employees & others	53	19	96	36	25	5	
	Colombia	Tier1,2&3	-	-	-	-	-	-	
		Tier4	-	-	-	-	-	-	
		Operational employees & others	6	6	34	13	5	1	
		Guatemala	Tier1,2&3	-	-	-	-	-	-
			Tier4	-	-	-	-	-	-
			Operational employees & others	9	-	9	-	-	-
	Panama	Tier1,2&3	-	-	-	-	-	-	
		Tier4	-	-	2	-	-	-	
		Operational employees & others	26	9	23	9	1	-	
	Other Countries	Tier1,2&3	-	-	-	-	-	-	
		Tier4	-	-	-	-	-	-	
		Operational employees & others	11	9	14	4	-	-	
Oriente Medio y Africa	Oman	Tier1,2&3	-	-	-	-	-	-	
		Tier4	-	-	-	-	-	-	
		Operational employees & others	10	3	9	-	3	-	
	Saudi Arabia	Tier1,2&3	-	-	-	-	-	-	
		Tier4	-	-	-	-	-	-	
		Operational employees & others	60	6	114	3	18	1	
	Other Countries	Tier1,2&3	-	-	-	-	-	-	
		Tier4	-	-	1	-	2	-	
		Operational employees & others	9	3	26	2	2	-	
Resto de Europa	Germany	Tier1,2&3	-	-	2	-	-	-	
		Tier4	-	-	2	1	-	-	
		Operational employees & others	8	4	41	11	32	4	
	Ireland	Tier1,2&3	-	-	-	-	-	-	
		Tier4	-	-	-	-	1	-	
		Operational employees & others	11	4	50	12	15	8	
	Netherlands	Tier1,2&3	-	-	-	1	1	-	
		Tier4	-	-	10	4	7	1	
		Operational employees & others	4	1	20	2	6	-	
	Other Countries	Tier1,2&3	-	-	2	-	-	1	
Tier4		-	-	7	-	2	-		
Operational employees & others		35	16	154	38	38	18		
España	Spain	Tier1,2&3	-	-	2	3	-	-	
		Tier4	-	-	6	2	1	-	
		Operational employees & others	186	90	331	131	66	15	
EEUU y Canadá	USA and Canada	Tier1,2&3	-	-	3	-	1	1	
		Tier4	-	-	1	2	3	1	
		Operational employees & others	25	5	41	15	12	5	
Total			539	177	1,236	318	271	65	

The 2023 figures cover 100% of Applus+ employees.

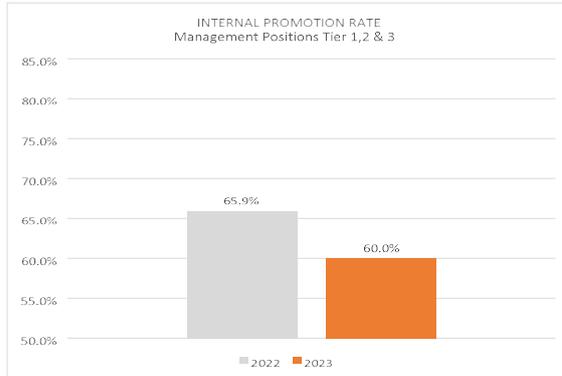
Voluntary turnover in 2022

VOLUNTARY TURNOVER 2022									
REGION	REGION/COUNTRY	ORGANIZATIONAL LEVEL	MALE<30 YEARS OLD	FEMALE<30 YEARS OLD	MALE30≥YEARS OLD<50	FEMALE30≥YEARS OLD<50	MALE≥50 YEARS OLD	FEMALE≥50 YEARS OLD	
Asia Pacific	Australia	Tier 1, 2 & 3	-	-	-	-	-	-	
		Tier 4	-	-	1	-	1	-	
		Operational employees & others	3	6	3	8	8	1	
	Other Countries	Tier 1, 2 & 3	1	-	3	-	1	-	
		Tier 4	-	-	2	2	-	-	
		Operational employees & others	44	13	58	18	1	2	
Latin America	Brazil	Tier 1, 2 & 3	-	-	-	-	-	-	
		Tier 4	-	-	-	-	-	-	
		Operational employees & others	9	6	53	10	7	1	
	Chile	Tier 1, 2 & 3	-	-	-	-	-	-	
		Tier 4	-	-	-	1	-	1	
			Operational employees & others	78	24	128	45	23	7
	Colombia	Tier 1, 2 & 3	-	-	-	-	-	-	
		Tier 4	-	-	2	-	-	-	
		Operational employees & others	5	3	24	7	5	1	
	Guatemala	Tier 1, 2 & 3	-	-	-	-	-	-	
		Tier 4	-	-	-	-	-	-	
			Operational employees & others	-	-	2	-	-	
	Panama	Tier 1, 2 & 3	-	-	-	-	-	-	
		Tier 4	-	-	-	-	-	-	
		Operational employees & others	46	6	30	10	3	-	
Other Countries	Tier 1, 2 & 3	-	-	1	-	-	-		
	Tier 4	-	-	3	-	-	-		
	Operational employees & others	5	3	12	6	1	-		
Oriente Medio y Africa	Oman	Tier 1, 2 & 3	-	-	-	-	-		
		Tier 4	-	-	-	-	-		
		Operational employees & others	17	-	16	1	-	-	
	Saudi Arabia	Tier 1, 2 & 3	-	-	-	-	-		
		Tier 4	-	-	2	-	-		
			Operational employees & others	67	4	64	3	4	
	Other Countries	Tier 1, 2 & 3	-	-	-	-	-		
Tier 4		-	-	2	-	-			
		Operational employees & others	9	3	41	6	1		
Resto de Europa	Germany	Tier 1, 2 & 3	-	-	1	-	-		
		Tier 4	-	-	-	-	-		
		Operational employees & others	7	2	57	9	8	5	
	Ireland	Tier 1, 2 & 3	-	-	-	-	-		
		Tier 4	-	-	-	-	-		
			Operational employees & others	14	4	72	13	17	2
	Netherlands	Tier 1, 2 & 3	-	-	-	-	1		
		Tier 4	4	-	22	2	4	-	
		Operational employees & others	2	1	7	1	2	1	
Other Countries	Tier 1, 2 & 3	-	-	1	-	2			
	Tier 4	-	-	6	5	2			
		Operational employees & others	32	10	105	15	40	6	
España	Spain	Tier 1, 2 & 3	-	-	4	2	-		
		Tier 4	-	-	5	2	-		
		Operational employees & others	116	39	266	88	34	5	
EEUU y Canadá	USA and Canada	Tier 1, 2 & 3	1	1	17	5	6		
		Tier 4	-	-	2	1	2		
		Operational employees & others	111	50	139	70	91	31	
Total			571	175	1,151	325	264	65	

Internal promotion

INTERNAL PROMOTION RATE Management Positions Tier 1,2 & 3	
2023	60.0%
2022	65.9%

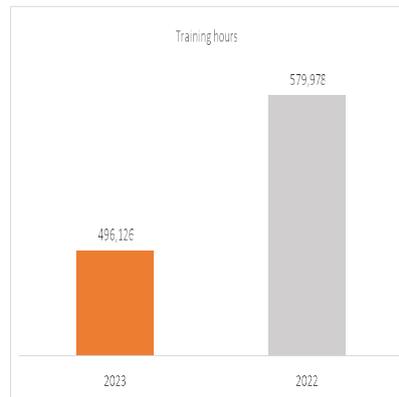
The 2022 figures cover 100% of Applus+ employees.



TRAINING

Training hours

	Training hours
2023	496,126
2022	579,978

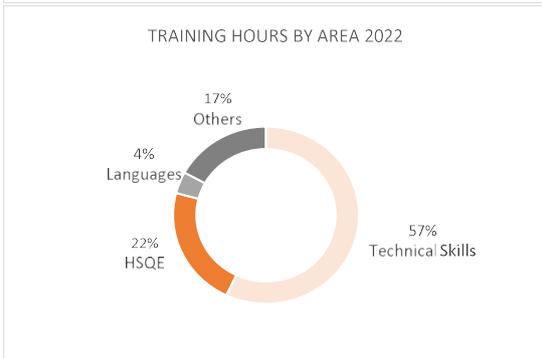
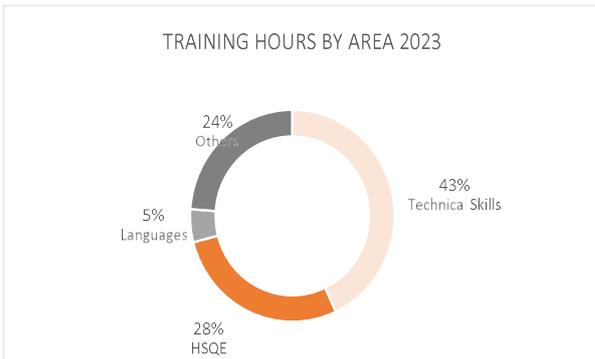


	Training hours per employee
2023	19
2022	23



The 2022 figures cover 100% of Applus+ employees.

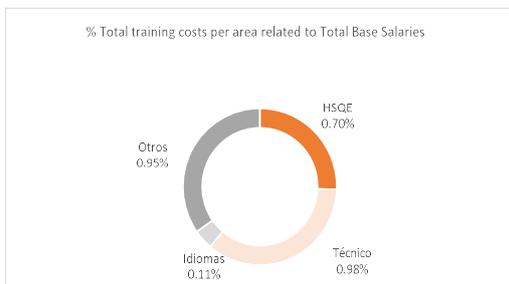
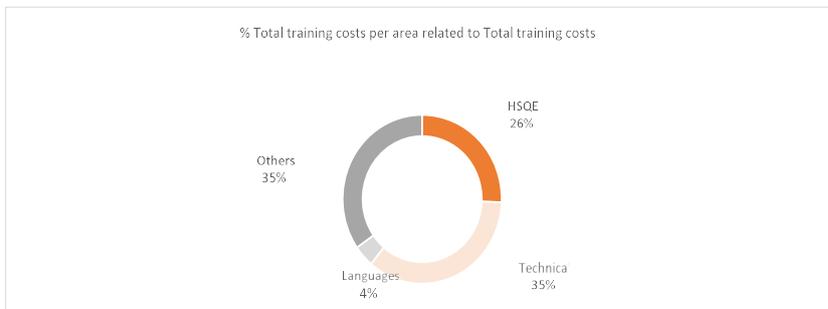
Training hours by Area



	TRAINING HOURS BY AREA			
	Technical Skills	HSQE	Languages	Others
2023	43%	28%	5%	24%
2022	57%	22%	4%	17%

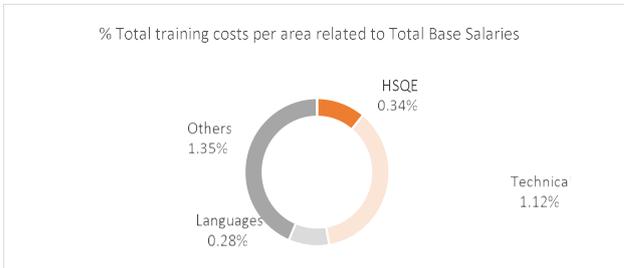
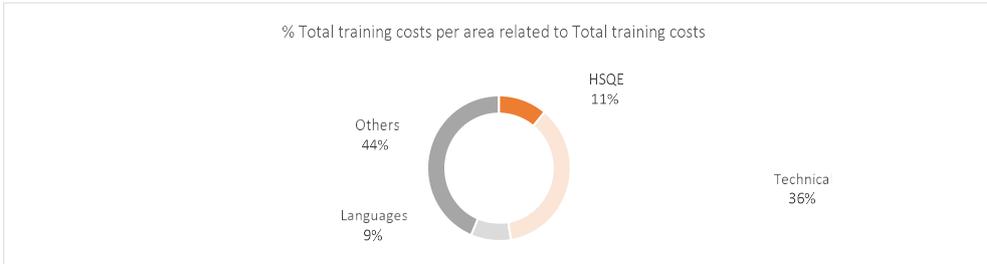
Training costs

2023	Total training costs per area (€)	% Total training costs per area related to Total training costs	% Total training costs per area related to Total Base Salaries
HSQE	5,281,019	26%	0.70%
Technical	7,334,997	36%	0.98%
Languages	860,585	4%	0.11%
Others	7,168,896	35%	0.95%
-	-	-	-
Total	20,645,497.21	100.00%	2.75%



The 2023 figures cover 100% of Applus+ employees.

2022	Total training costs per area (€)	% Total training costs per area related to Total training costs	% Total training costs per area related to Total Base Salaries
HSQE	2,723,942	11%	0.34%
Technical	9,017,985	36%	1.12%
Languages	2,253,552	9%	0.28%
Others	10,833,119	44%	1.35%
-	-	-	-
Total	24,828,597.40	100.00%	3.09%



Performance Appraisal in 2023

PERFORMANCE APPRAISAL (Number of employees evaluated)						
REGION	REGION/COUNTRY	ORGANIZATIONAL LEVEL	MALE	FEMALE	TOTAL	
Asia Pacific	Australia	Tier 1, 2 & 3			0	
		Tier 4			0	
		Operationa: employees & others			0	
	Other Countries	Tier 1, 2 & 3		9	3	12
		Tier 4		46	110	156
		Operationa: employees & others		420	123	543
Latin America	Brazil	Tier 1, 2 & 3	5	2	7	
		Tier 4	3	1	4	
		Operationa: employees & others	60	17	77	
	Chile	Tier 1, 2 & 3				0
		Tier 4				0
		Operationa: employees & others	18	1	19	
	Colombia	Tier 1, 2 & 3	1	-	1	
		Tier 4	9	4	13	
		Operationa: employees & others	141	83	224	
	Guatemala	Tier 1, 2 & 3				0
		Tier 4				0
		Operationa: employees & others				0
	Panama	Tier 1, 2 & 3		304	9	313
		Tier 4		4	1	5
		Operationa: employees & others				0
	Other Countries	Tier 1, 2 & 3				0
		Tier 4		3	2	5
		Operationa: employees & others		113	5	118
Middle East and Africa	Oman	Tier 1, 2 & 3			0	
		Tier 4			0	
		Operationa: employees & others			0	
	Saudi Arabia	Tier 1, 2 & 3				0
		Tier 4				0
		Operationa: employees & others				0
Other Countries	Tier 1, 2 & 3		20	3	23	
	Tier 4		2	1	3	
	Operationa: employees & others		21	1	22	
Rest of Europe	Germany	Tier 1, 2 & 3	5		5	
		Tier 4	5		5	
		Operationa: employees & others	56	12	68	
	Ireland	Tier 1, 2 & 3				0
		Tier 4				0
		Operationa: employees & others				0
	Netherlands	Tier 1, 2 & 3	5	3	8	
		Tier 4	2		2	
		Operationa: employees & others	49	8	57	
Other Countries	Tier 1, 2 & 3	11	4	15		
	Tier 4	34	8	42		
	Operationa: employees & others	946	151	1097		
Spain	Spain	Tier 1, 2 & 3	84	20	104	
		Tier 4	93	20	113	
		Operationa: employees & others	1,805	534	2339	
USA and Canada	USA and Canada	Tier 1, 2 & 3	27	7	34	
		Tier 4	53	21	74	
		Operationa: employees & others	316	103	419	
Total			4,670	1,257	5,927	

The 2023 figures cover 100% of Applus+ employees

Performance Appraisal in 2022

PERFORMANCE APPRAISAL (Number of employees evaluated)						
REGION	REGION/COUNTRY	ORGANIZATIONAL LEVEL	MALE	FEMALE	TOTAL	
Asia Pacific	Australia	Tier 1, 2 & 3	-	-	0	
		Tier 4	-	-	0	
		Operational employees & others	-	-	0	
	Other Countries	Tier 1, 2 & 3	12	-	12	
		Tier 4	47	9	56	
		Operational employees & others	203	61	264	
Latin America	Brazil	Tier 1, 2 & 3	-	-	0	
		Tier 4	-	-	0	
		Operational employees & others	-	-	0	
	Chile	Tier 1, 2 & 3	-	-	0	
		Tier 4	-	-	0	
			Operational employees & others	27	20	47
	Colombia	Tier 1, 2 & 3	-	-	0	
		Tier 4	8	3	11	
		Operational employees & others	60	44	104	
	Guatemala	Tier 1, 2 & 3	-	-	0	
		Tier 4	-	-	0	
		Operational employees & others	-	-	0	
	Panama	Tier 1, 2 & 3	-	-	0	
		Tier 4	6	1	7	
		Operational employees & others	239	85	324	
Other Countries	Tier 1, 2 & 3	-	-	0		
	Tier 4	5	3	8		
		Operational employees & others	59	41	100	
Middle East and Africa	Oman	Tier 1, 2 & 3	-	-	0	
		Tier 4	-	-	0	
		Operational employees & others	-	-	0	
	Saudi Arabia	Tier 1, 2 & 3	-	-	0	
		Tier 4	-	-	0	
			Operational employees & others	-	-	0
Other Countries	Tier 1, 2 & 3	1	1	2		
	Tier 4	18	-	18		
		Operational employees & others	25	3	28	
Rest of Europe	Germany	Tier 1, 2 & 3	3	-	3	
		Tier 4	16	1	17	
		Operational employees & others	57	10	67	
	Ireland	Tier 1, 2 & 3	-	-	0	
		Tier 4	-	-	0	
			Operational employees & others	-	-	0
	Netherlands	Tier 1, 2 & 3	9	4	13	
		Tier 4	96	20	116	
		Operational employees & others	188	21	209	
	Other Countries	Tier 1, 2 & 3	12	3	15	
Tier 4		27	6	33		
		Operational employees & others	907	140	1047	
Spain	Spain	Tier 1, 2 & 3	241	43	284	
		Tier 4	456	97	553	
		Operational employees & others	2,049	591	2640	
USA and Canada	USA and Canada	Tier 1, 2 & 3	26	10	36	
		Tier 4	137	44	181	
		Operational employees & others	717	200	917	
Total			5,651	1,461	7,112	

Annual comparison ratio

ANNUAL COMPARISON RATIO		RATIO 2023	RATIO 2022
Asia Pacific	Australia	1.9	3.4
	Other Countries	16.5	13.7
Latin America	Brazil	8.6	11.6
	Chile	8.6	14.4
	Colombia	3.8	10.8
	Guatemala	3.4	3.1
	Panama	8.2	5.8
	Other Countries	8.3	9.6
Middle East and Africa	Oman	7.5	9.7
	Qatar	13.6	15.5
	Saudi Arabia	16.1	8.3
	Other Countries	27.1	16.9
Resto of Europe	Germany	3.4	3.2
	Ireland	2.3	2.8
	Netherlands	3.0	3.2
	Other Countries	7.1	7.8
Spain	Spain	7.4	7.6
USA and Canada	USA and Canada	3.6	4.5

Ratio: Annual compensation of the highest paid individual compared to the AVG compensation w/o the highest paid individual.

The 2023 figures cover 100% of Applus+ employees. Executive Committee in Spain not included.

Ratio of minimum salary in 2023

RATIO OF MINIMUM SALARY AND AVG SALARY BY LAW WITHIN THE COUNTRY COMPARED TO THE LOCAL COUNTRY 2023		Minimum salary within the Region/Country by law		Minimum salary within the Region Country (Applus+)		Minimum salary gap by Gender (Applus+)	% Δ Minimum salary		% Δ Medium salary	
		Male	Female	Male	Female		Male	Female	Male	Female
Asia Pacific	Australia	29,466	29,466	29,466	29,466	0%	0%	0%	-	-
	Other Countries	1,607	1,607	11,516	8,754	-24%	617%	445%	26%	-24%
Latin America	Brazil	2,974	2,974	3,151	3,151	0%	6%	6%	142%	130%
	Chile	5,736	5,736	7,834	7,294	-7%	37%	27%	86%	20%
	Colombia	3,283	3,283	3,283	4,030	23%	0%	23%	-	-
	Guatemala	5,911	5,911	5,911	5,911	0%	0%	0%	-	-
	Panama	8,847	8,847	8,847	8,847	0%	0%	0%	-	-
	Other Countries	3,115	3,115	8,993	8,485	-6%	189%	172%	203%	147%
Middle East and Africa	Oman	7,151	7,151	6,332	8,448	33%	-11%	18%	-	-
	Qatar	-	-	3,338	10,013	200%	-	-	-	-
	Saudi Arabia	12,826	12,826	10,621	14,429	36%	-17%	13%	-	-
	Other Countries	827	827	6,093	5,369	-12%	636%	549%	1826%	2187%
Resto of Europe	Germany	23,760	24,336	30,208	28,490	-6%	27%	17%	-	-
	Ireland	22,916	22,916	28,677	28,677	0%	25%	25%	-	-
	Netherlands	23,460	23,460	23,460	39,240	67%	0%	67%	-	-
	Other Countries	8,478	8,478	20,264	24,350	20%	139%	187%	111%	125%
Spain	Spain	15,120	15,120	21,907	21,045	-4%	45%	39%	-	-
USA and Canada	USA and Canada	15,054	15,054	40,886	38,970	-5%	172%	159%	66%	41%

Minimum salary within the Region/Country by law: minimum salary by law provided by HR local teams.

Minimum salary within the Region/Country (Applus+): minimum salary received by an employee within the Region/Country.

Minimum salary gap between the minimum salary paid in Applus+ and the minimum salary by law, compared to the latter if available.

% Δ Minimum salary: gap between the minimum salary paid in Applus+ and the minimum salary by law, compared to the latter if available.

% Δ AVG salary: gap between the average salary in Applus+ and the published average salary, compared to the latter if available.

The 2023 figures cover 100% of Applus+ employees. Executive Committee in Spain not included.

The 2022 figures cover 99.93% of Applus+ employees. Executive Committee in Spain not included.

Ratio of minimum salary in 2022

RATIO OF MINIMUM SALARY AND AVG SALARY BY LAW WITHIN THE COUNTRY COMPARED TO THE LOCAL COUNTRY 2022		Minimum salary within the Region/Country by law		Minimum salary within the Region Country (Applus+)		Minimum salary gap by Gender (Applus+)	% Δ Minimum salary		% Δ Medium salary	
		Male	Female	Male	Female		Male	Female	Male	Female
Asia Pacific	Australia	26,651	26,651	31,046	33,448	8%	16%	26%	-	-
	Other Countries	167	167	10,470	9,903	-5%	6156%	5817%	157%	8%
Latin America	Brazil	2,678	2,678	2,827	2,827	0%	6%	6%	76%	92%
	Chile	327	327	3,009	10,855	261%	821%	3224%	-16%	49%
	Colombia	267	267	7,372	5,873	-20%	2659%	2068%	-	-
	Guatemala	5,517	5,517	5,517	5,517	0%	0%	0%	-	-
	Panama	8,340	8,340	8,340	8,340	0%	0%	0%	-	-
	Other Countries	2,878	2,878	7,525	6,245	-17%	161%	117%	-	-
Middle East and Africa	Oman	-	-	4,211	7,632	81%	0%	0%	-	-
	Qatar	-	-	3,108	9,325	200%	0%	0%	-	-
	Saudi Arabia	-	-	9,691	10,429	8%	0%	0%	-	-
	Other Countries	782	782	5,722	4,453	-22%	632%	470%	481%	434%
Resto of Europe	Germany	18,468	18,468	26,799	36,852	38%	45%	100%	7%	10%
	Ireland	22,916	22,916	30,301	28,884	-5%	32%	26%	26%	-26%
	Netherlands	21,074	21,074	25,784	31,305	21%	22%	49%	-	-
	Other Countries	4,581	4,581	17,356	18,492	7%	279%	304%	128%	149%
Spain	Spain	14,000	14,000	20,541	19,557	-5%	47%	40%	-	-
USA and Canada	USA and Canada	14,267	14,267	38,391	39,176	2%	169%	175%	27%	15%

Benefits in 2023

Number of employees with benefits		Life Insurance		Health Care		Educational Allowance		Disability and Invalidity Cover		Parental leave		Retirement Provision		Stock Ownership		Others		
		Permanent	Temporary / Part-Time	Permanent	Temporary / Part-Time	Permanent	Temporary / Part-Time	Permanent	Temporary / Part-Time	Permanent	Temporary / Part-Time	Permanent	Temporary / Part-Time	Permanent	Temporary / Part-Time	Permanent	Temporary / Part-Time	
Asia Pacific	Australia	-	-	-	-	-	-	6	-	2	2	-	-	3	-	-	-	
	Other Countries	568	115	732	218	-	-	125	-	28	11	143	29	295	21	1	5	
Latin America	Brazil	1,412	-	1,412	-	15	-	-	-	3	-	-	-	178	-	6	-	
	Chile	1,649	-	322	-	41	-	607	-	8	-	-	-	-	-	-	-	
	Colombia	260	2,722	61	7	20	1	50	398	7	54	4	12	2	-	-	-	
	Guatemala	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Panama	421	22	1	-	3	2	15	-	18	2	-	-	1	-	-	-	
	Other Countries	86	1,273	85	-	5	-	6	156	5	20	-	-	1	-	8	-	
Oman	Oman	20	18	20	18	-	-	-	-	-	-	-	-	-	-	-	-	
	Qatar	14	427	14	427	-	-	-	-	1	-	-	-	-	-	-	-	
	Saudi Arabia	-	-	1,524	90	-	-	-	-	1	-	-	-	-	-	-	-	
	Other Countries	195	198	236	273	-	-	-	-	4	-	-	-	4	1	-	-	
Resto of Europe	Germany	226	53	100	12	-	-	-	-	16	5	6	-	1	-	8	-	
	Ireland	790	101	115	-	-	-	-	-	25	2	465	41	-	-	-	-	
	Netherlands	508	65	509	65	-	-	2	3	26	4	506	63	2	-	-	-	
	Other Countries	1,316	204	1,412	169	675	66	237	25	87	8	120	7	49	6	230	18	
Spain	Spain	119	6	467	20	-	-	1,811	420	348	38	30	1	1,707	190	79	-	
USA and Canada	USA and Canada	560	10	645	10	3	-	374	10	13	-	338	-	1	-	30	-	
Total		8,144	5,214	7,655	1,309	762	69	3,233	1,012	592	146	1,612	153	2,244	218	362	23	

Life Insurance. Employees who had life Insurance as a benefit.

Health care. Employees who had Health Care as benefit.

Educational allowance. Employees who enjoyed specific training programmes as Masters, PhD, etc...

Disability and Invalid cover. Employees who enjoyed disability or invalid cover.

Parental leave. Employees who enjoyed parental leave.

Retirement provision. Employees who received monetary assignments in their retirement plans to top of local regulations.

Stock ownership. Employees who received RSUs.

Others. Employees who received any other benefit.

The 2023 figures cover 100% of Applus+ employees. Executive Committee in Spain not included.

The 2022 figures cover 99.93% of Applus+ employees. Executive Committee in Spain not included.

Benefits in 2022

Number of employees with benefits		Life Insurance		Health Care		Educational Allowance		Disability and Invalidity Cover		Parental leave		Retirement Provision		Stock Ownership		Others		
		Permanent	Temporary/ Part-Time	Permanent	Temporary/ Part-Time	Permanent	Temporary/ Part-Time	Permanent	Temporary/ Part-Time	Permanent	Temporary/ Part-Time	Permanent	Temporary/ Part-Time	Permanent	Temporary/ Part-Time	Permanent	Temporary/ Part-Time	
Asia Pacific	Australia	-	-	-	-	-	-	2	-	16	1	393	218	-	-	-	-	
	Other Countries	460	117	596	453	40	-	67	1	19	9	432	186	1	-	19	1	
Latin America	Brazil	849	1	849	1	1	-	-	-	-	-	-	-	-	-	-	-	
	Chile	2,014	-	229	-	32	-	466	-	9	-	-	-	-	-	-	-	
	Colombia	333	2,966	603	70	172	9	46	401	8	57	-	-	-	-	1	-	
	Guatemala	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Panama	401	20	1	-	-	-	-	-	10	1	-	-	1	-	1	-	
	Other Countries	81	824	31	12	45	96	11	215	1	21	-	-	1	-	77	-	
Oman	Oman	3	3	3	3	-	-	-	-	-	-	-	-	1	-	-	-	
	Qatar	13	307	13	307	-	-	-	-	1	-	-	-	-	-	-	-	
	Saudi Arabia	-	-	1,113	79	-	-	-	-	5	-	-	-	-	-	-	-	
	Other Countries	246	271	287	370	-	-	32	-	-	-	-	-	4	-	-	-	
Resto of Europe	Germany	263	52	1	-	-	-	-	-	11	5	4	-	1	-	55	7	
	Ireland	699	116	-	-	-	-	22	-	49	5	456	48	-	-	-	-	
	Netherlands	518	63	521	63	-	-	2	4	21	3	518	61	1	-	-	-	
	Other Countries	1,261	120	1,198	97	625	51	5	-	140	3	149	7	3	-	-	-	
Spain	Spain	134	4	416	18	25	4	1,955	881	336	55	53	-	99	9	73	-	
USA and Canada	USA and Canada	1,285	10	1,033	11	-	-	630	10	54	-	516	2	4	-	30	-	
Total		8,560	4,873	6,894	1,484	940	160	3,238	1,512	680	160	2,521	522	116	9	256	8	

SALARY GAP

Salary gap by gender

SALARY GAP BY GENDER				
2023			2022	
	AVG by Gender	Gap Gender	AVG by Gender	Gap Gender
Male	27,174 €	-19.03%	28,848 €	-18.65%
Female	22,002 €		23,466 €	



(*) Salary gap: understood as the difference between the gross annual wage of men and of women, expressed as percentage of the gross annual wage of men.

(**) The remuneration data provided in this Annex only considers our employees' base salary, because due to the peculiarity of our activities, allowances, overtime and bonus systems are closely linked to the projects performed; and therefore including these would distort the data provided for gender. Moreover, to guarantee the comparability of the information, data regarding part-time and employees contracted for less than a year has been extrapolated to full-time employees for the whole year.

The 2023 figures cover 100% of Applus+ employees. Executive Committee in Spain not included.
The 2022 figures cover 99.93% of Applus+ employees. Executive Committee in Spain not included.

Salary gap by organisational level in 2023

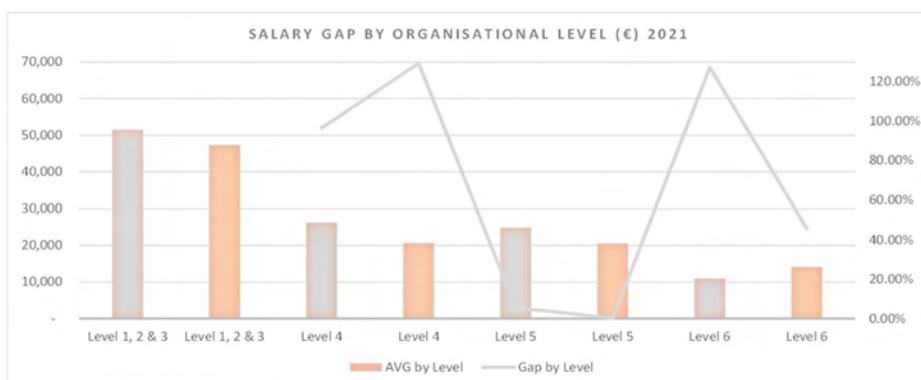
SALARY GAP BY ORGANISATIONAL LEVEL (€) 2023			
Level	Gender	AVG by Level	Gap by Level
Level 1, 2 & 3	Male	58,166	
Level 1, 2 & 3	Female	41,108	
Level 4	Male	35,007	66%
Level 4	Female	26,812	53%
Level 5	Male	24,320	44%
Level 5	Female	18,340	46%
Level 6	Male	15,299	59%
Level 6	Female	19,383	-5%



The 2022 figures cover 99.93% of Applus+ employees. Executive Committee in Spain not included.

Salary gap by organisational level in 2022

SALARY GAP BY ORGANISATIONAL LEVEL (€) 2022			
Level	Gender	AVG by Level	Gap by Level
Level 1, 2 & 3	Male	61,188	
Level 1, 2 & 3	Female	53,918	
Level 4	Male	30,239	102%
Level 4	Female	22,696	138%
Level 5	Male	27,607	10%
Level 5	Female	21,136	7%
Level 6	Male	16,215	70%
Level 6	Female	20,004	6%



Salary gap by age in 2023

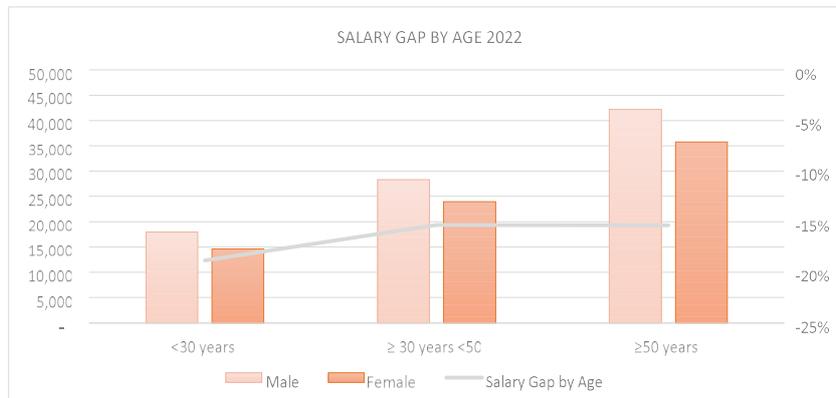
	SALARY GAP BY AGE 2023		
	<30 years	≥ 30 years <50	≥50 years
Male	17,807	26,609	38,882
Female	14,728	22,907	29,709
Salary Gap by Age	-17%	-14%	-24%



The 2023 figures cover 100% of Applus+ employees. Executive Committee in Spain not included.
 The 2022 figures cover 99.93% of Applus+ employees. Executive Committee in Spain not included.

Salary gap by age in 2022

SALARY GAP BY AGE 2022			
	<30 years	≥ 30 years <50	≥50 years
Male	17,974	28,290	42,227
Female	14,589	23,957	35,743
Salary Gap by Age	-19%	-15%	-15%



Shareholder information

GRI 2-1

At Applus+, we maintain an ongoing dialogue with our shareholders to provide each with clear, timely and comprehensive information on our company's performance. We understand that transparency is key to building trust.

We set up **corporate-governance roadshows** to maintain the constructive dialogue held with institutional investors and proxy advisors, in line with our *Policy for the communication of economic-financial, non-financial and corporate information, communication, and contact with shareholders, institutional investors and proxy advisors*. In 2023 the Group's executives attended 211 meetings with investors and 16 conferences and roadshows.

01. CAPITAL AND SHAREHOLDER STRUCTURE

On 31st December 2023 the share capital of the head company, Applus Services, SA amounted to €12,907,413 which was represented by 129,074,133 shares, each with a nominal value of €0.10 and a market value on the stock exchange at the end of the year of €10.00. Each share ranks equally with the same economic and voting rights. The shares are listed on the Spanish Stock Exchanges through the automated quotation system (*Sistema de Interconexión Bursátil or Mercado Continuo*).

On the 9th May 2014, the company listed 130,016,755 shares in its initial public offering and on the 29th September 2017 a further 13,001,675 shares were admitted following a capital increase.

On the 30th September 2022, following a company share buyback programme of 5% that took place during the year, 7,150,922 shares were cancelled. On the 8th June 2023, following the second company share buyback programme of 5% that took place during 2022 and 2023, 6,793,375 shares were cancelled.

Per the notifications of the number of shares submitted to the Spanish National Securities Market (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 31st December 2023 were as follows:

SHAREHOLDER	PERCENTAGE
Morgan Stanley (*)	11.3%
Barclays Plc	8.6%
JP Morgan Chase & Co	7.9%
Davies, Simon (Sand Grove Capital Management LLP)	6.9%
Samson Rock Capital Ltd	5.9%
Goldman Sachs Group Inc	5.9%
DWS Investment, GmbH	3.8%
Santander Asset Management S.A. SGIIC	3.8%
Jefferies Financial Group Inc	3.0%

* Holder of voting rights through financial instruments.

02. DIVIDEND INFORMATION

The Board have annually recommended to shareholders the payment of a dividend based on the prior year's adjusted net profit. Given the current private equity bid situation, the Board of Directors have decided not to recommend a dividend for 2023.

ADJUSTED NET PROFIT

YEAR	M€
2018	€ 97.20
2019	€ 108.60
2020	€ 47.00
2021	€ 93.30
2022	€ 111.00
2023	€ 114.10

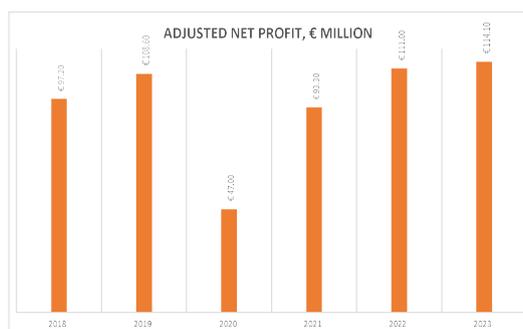
DIVIDEND

YEAR	M€
2018	€ 21.50
2019	€ -
2020	€ 21.50
2021	€ 21.45
2022	€ 21.70
2023	€ -

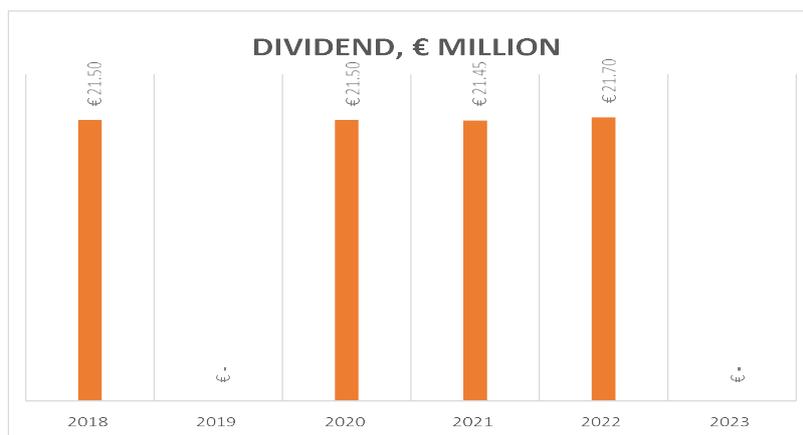
DIVIDEND ADJUSTED NET PROFIT

YEAR	M€
2018	22%
2019	0%
2020	46%
2021	23%
2022	20%
2023	0%

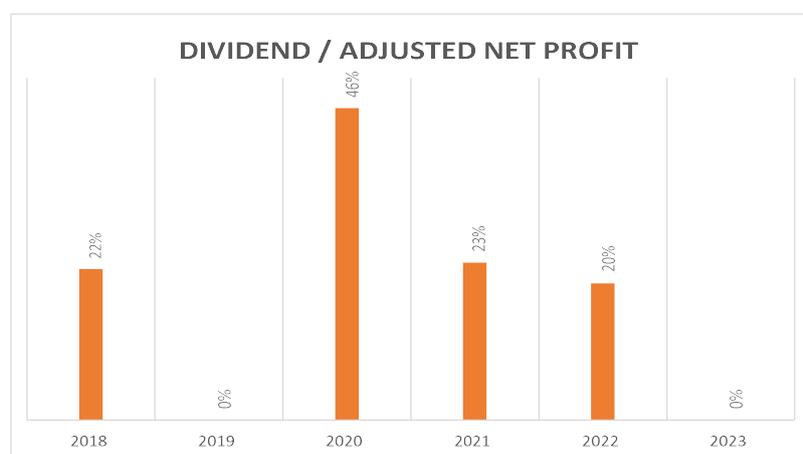
ADJUSTED NET PROFIT



DIVIDEND



DIVIDEND/ADJUSTED NET PROFIT



03. FINANCIAL CALENDAR

EVENT	DATE*
Q1 Trading Update	5/7/2024
Annual General Meeting of Shareholders	5/30/2024
Q2 and H1 2024 Results Announcement	7/30/2024
Q3 Trading Update	11/5/2024
Q4 and Full Year 2024 Results Announcement	2/27/2025

* These dates may be subject to variation. All the updates can be found on the Applus+ website.

04. CONTACTS AND SHARE INFORMATION

Investor Relations

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+34 900 103 067

Auditors

Deloitte, S.L. Avenida Diagonal 654 08034 Barcelona (Spain)

Applus Services, S.A. Head Offices

- Parque Empresarial Las Mercedes – Calle de Campezo, 1, Edif. 3, 4ª planta 28022 Madrid
- Campus UAB – Ronda de la Font del Carme, s/n 08193 Bellaterra – Barcelona

Share Information

Security number: 79396

ISIN: ES0105022000

CIF: A64622970

Shares issued as of the date of this report: 129,074,133

Listed on the Barcelona, Bilbao, Madrid and Valencia stock exchanges within Mercado Continuo.

Ticker Symbol: APPS-MC.

Environmental indicators. Methodology and results

ENVIRONMENT BASIS OF REPORTING

PURPOSE

The purpose of this document is to define the basis for Applus+ environmental data (consumption, emissions in their three scopes and waste).

SCOPE

The information collected within the company encompasses all the companies that make up Applus+.

REPORTING PERIOD

The environmental information collected on the Group corresponds to a 12-month period, which runs from 1 November of the previous year to 31 October of the reporting year; the financial data includes information for the calendar reporting year.

REPORTING FRAMEWORK

Applus+ adheres to widely recognised international standards, guidelines and disclosure systems to inventory and report environmental data:

- Global Reporting Initiative (GRI)
- Greenhouse Gas Protocol (GHG Protocol)
- Carbon Disclosure Project (CDP)
- United Nations Global Compact (UNGC)

For the accounting of GHGs, the financial control approach is applied.

SOURCES OF INFORMATION

Environmental indicators use data from various sources of information, which can be classified as internal and external to the company.

INTERNAL SOURCES

#	Source	Description
1	Applus Site Management (ASM)	The ASM tool is used to manage Applus+ facilities and supply consumption. The consumption data collected in the tool and provided by local managers are electricity, district heating, gaseous fuel, liquid fuel and water.
2	Financial accounts	Consolidated financial accounts information at Group level, such as revenue and expense data (capital expenses and operating expenses), provides insight into the composition of our supply chain sectors.
3	Human Resources database	The Human Resources database provides the number of Group employees in the different geographical areas where Applus+ is present.
4	Employee commuting survey	The internal survey allows us to identify commuting patterns (modes of transport and distance travelled) of the Group's employees.
5	Waste database	The waste generated in our offices is aggregated at corporate level in order to have a database containing the type, quantity and destination.

EXTERNAL SOURCES

#	Source	Description
1	IEA	IEA, International Energy Agency. Emission factors: <i>Database documentation and Electricity Information</i>
2	IPCC	IPCC, Intergovernmental Panel on Climate Change. 2006 <i>IPCC Guidelines for National Greenhouse Gas Inventories</i> . The Global Warming Potential (GWP) used is that from the <i>IPCC Fourth Assessment Report (AR4 - 100 year)</i>
3	BEIS	BEIS, Department for Business, Energy and Industrial Strategy of the United Kingdom. Conversion factors: condensed set (for most users).
4	WIOD	Tool owned by PwC based on the macroeconomic model WIOD, <i>World Input-Output Database</i> .
5	Other	This category includes other sources, such as conversion factors used for density, annual fuel price or currency exchange rates.
6	Suppliers	Data provided by our suppliers, such as data from our travel agencies.
7	WRI	WRI, World Resources Institute. Aqueduct 3.0 Country Rankings.
8	EXIOBASE	Global, detailed and environmentally extended multiregional supply-use table and input-output table.

INDICATORS

The indicators used to assess the performance of Applus+ are classified into four categories: **energy, emissions, water and waste**. Emissions include carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O).

The table below details the internal and external sources involved in calculating the indicators.

	Internal Source	External Source
Energy		
Energy consumption within the organisation	1	2 5
Fuel consumption	1	2 5
Electricity consumption	1	5
District heating consumption	1	5
Energy consumption outside the organisation	2	4 5
Purchased goods and services	2	4 5
Capital goods	2	4 5
Upstream transport and distribution	2	4 5
Energy intensity per revenue	1 2	4 5
Energy intensity per employee	1 3	2 5
Emissions		
Total GHG emissions	1 2 4	1 2 3 5 8
Scope 1	1	2 5
Scope 2	1	1 5
Scope 3	1 2 4	1 2 3 5 8

Purchased goods and services	2	5 8
Capital goods	2	5 8
Fuel and energy-related activities (not included in scope 1 or scope 2)	1	1 2 5
Upstream transport and distribution	2	5 8
Business travel	2	3 4 5 6
Employee commuting	4	3 5
Emission intensity (scope 1 and 2) per revenue	1 2	1 2 5
Emission intensity (scope 1 and 2) per employee	1 3	1 2 5
Water		
Total water withdrawal	1	
Total water withdrawal with water stress	1	7
Groundwater	1	
Third-party water	1	
Waste		
Total weight of waste	5	
Non-disposable waste	5	
Disposable waste	5	
Hazardous waste	5	
Non-hazardous waste	5	

ESTIMATES

In situations where no evidence is available, an estimate of the data is made following internal judgement based on the preceding data. This ensures that the data is complete and that there are no gaps in information.

RECALCULATION OF DATA

In order to ensure a consistent comparison of the data with the defined base year, a recalculation policy is developed for cases where significant variations may occur that need to be incorporated into the base year emissions.

The significance threshold set to trigger the recalculation of base year emissions is 5%. Recalculations may be triggered by any of the following:

- Structural changes, such as acquisitions, divestments, mergers or the outsourcing and internalisation of activities.
- Changes to calculation methodology or improvement of data accuracy.
- Changes due to errors in data.

RESULTS

The year 2019 is the base year used as a reference, as it has reliable, accurate and representative information for the entire Group.

The data corresponding to the previous year (2022) present a different perimeter, and are not comparable due to mergers and acquisitions (M&A) operations.

In this report, the recalculation policy defined in the *Applus+ Environment basis of reporting* document has been applied, including the incorporation of the Group's recent acquisitions.

ENERGY

Data are expressed in gigajoule (GJ) units, except for intensity data. Energy intensity per revenue is expressed in gigajoules per million euros (GJ/€M) and energy intensity per employee is expressed in gigajoules per employee (GJ/employee).

The energy intensity indicator covers energy consumption within the organisation and includes fuel, electricity and district heating as energy sources.

Energy consumption within the organization	2022	2023
Fuel	658,355	595,469
Non-renewable sources	647,736	594,248
Renewable sources	10,619	1,220
Electricity	311,736	287,903
District heating	51,471	38,698
Total	1,021,563	922,070

Energy consumption outside of the organization	2022	2023
Purchased goods and services	2,702,320	3,015,469
Capital goods	422,514	296,152
Upstream transportation and distribution	83,810	92,447
Total	3,208,644	3,404,068

Energy intensity	2022	2023
Energy intensity by revenues	508.91	453.87
Energy intensity by employee	39.24	35.38

EMISSIONS²⁵

Data are expressed in units of tonnes of CO₂ equivalent (tCO_{2eq}), except for intensity data. Emission intensity per revenue is expressed in tonnes of CO₂ equivalent per millions of euros (tCO_{2eq} /€M), and energy intensity per employee is expressed in tonnes of CO₂ equivalent per employee (tCO_{2eq} /employee).

The emission intensity indicator covers direct emissions (Scope 1) and indirect GHG emissions from power generation (Scope 2).

Emissions	2022	2023
Direct (Scope 1) GHG emissions	46,102	41,935
Energy indirect (Scope 2) GHG emissions	9,487	4,620
Other indirect (Scope 3) GHG emissions	224,222	221,496
Total	279,812	268,050

Energy indirect (Scope 2) GHG emissions	2022	2023
Location-based method	24,416	20,265
Market-based method	9,487	4,620

Other indirect (Scope 3) GHG emissions	2022	2023
Purchased goods and services	103,048	109,233
Capital goods	17,845	12,945
Fuel and energy-related activities (not included in Scope 1 or Scope 2)	14,545	11,423
Upstream transportation and distribution	3,039	1,916
Business travel	12,998	12,630
Employee commuting	72,748	73,349

GHG emissions intensity	2022	2023
GHG emissions intensity by revenues	27.69	22.92
GHG emissions intensity by employee	2.14	1.79

²⁵ The information in the category Activities related to fuel and energy (not included in scope 1 or scope 2) of Scope 3 was updated because combustion emissions that were already considered in Scopes 1 and 2 were being included.

BASE YEAR COMPARISON

Data are expressed in units of tonnes of CO₂ equivalent (tCO_{2eq}). The table shows the initial base year and the recalculated base year, taking into account the companies acquired and sold, as well as the fiscal year and its comparison with the recalculated base year.

Emissions	2019	2019 (Recal.)	2023	Var. 2023 vs 2019 (Recal.)
Direct (Scope 1) GHG emissions	47,788	47,292	41,935	-11%
Energy indirect (Scope 2) GHG emissions	20,747	27,658	4,620	-83%
Other indirect (Scope 3) GHG emissions	251,877	240,518	221,496	-8%
Total	320,411	315,468	268,050	-15%

Other indirect (Scope 3) GHG emissions	2019	2019 (Recal.)	2023	Var. 2023 vs 2019 (Recal.)
Purchased goods and services	99,789	109,130	109,233	0%
Capital goods	18,821	20,229	12,945	-36%
Fuel and energy-related activities (not included in Scope 1 or Scope 2)	19,201	21,394	11,423	-47%
Upstream transportation and distribution	3,133	2,894	1,916	-34%
Business travel	8,263	18,899	12,630	-33%
Employee commuting	55,602	67,973	73,349	8%

WATER

Data are expressed in units of megalitres (ML).

Water withdrawal from all areas	2022	2023
Groundwater	314	342
Third-party water	736	687
Total	1,050	1,029

Water withdrawal from all areas with water stress	2022	2023
Groundwater	314	342
Third-party water	182	216
Total	496	558

WASTE²⁶

Data are expressed in units of metric tonnes (t).

Waste by composition	2022	2023
Discarded vehicles	150	994
Construction and demolition wastes	1,143	884
Metal wastes, mixed ferrous and non-ferrous	168	632
Rubber wastes	392	432
Household and similar wastes	406	425
Discarded machines and equipment components	50	288
Wood wastes	237	257
Paper and cardboard wastes	128	136
Plastic wastes	100	102
Other	259	325
Total	3,033	4,475

Waste diverted from disposal	2022	2023
Hazardous waste	31	1,397
Preparation for reuse	1	1,288
Recycling	4	6
Other recovery operations	27	103
Non-hazardous waste	1,493	2,410
Preparation for reuse	1,225	1,538
Recycling	196	279
Other recovery operations	72	593
Total	1,524	3,807

Waste directed to disposal	2022	2023
Hazardous waste	20	46
Incineration (with energy recovery)	1	3
Incineration (without energy recovery)	0	0
Landfilling	0	0
Other disposal operations	19	43
Non-hazardous waste	21	20
Incineration (with energy recovery)	0	0
Incineration (without energy recovery)	0	0
Landfilling	0	0
Other disposal operations	21	20
Total	41	66

Waste with unknown destination	2022	2023
Hazardous waste	234	12
Non-hazardous waste	1,235	589
Total	1,468	602

²⁶ The waste data cover 47% of 2023 revenues and 27% of those from 2022.

Reference tables

Statement of use Applus+ has prepared this report with reference to the GRI Standards for the period January-December 2023.

GRI 1 used GRI 1: Foundation 2021

GRI AND GLOBAL COMPACT: GENERAL DISCLOSURES			
GRI indicator	DEFINITION	Financial and non-financial information Report 2023	UN Global Compact
1	Foundation 2021	Acerca del informe	
2-1	Organizational details	Applus+ Services, S.A. head offices: <ul style="list-style-type: none"> • Parque Empresarial Las Mercedes Camezo, 1, Edif. 3, 4ª planta 28022 Madrid • Campus UAB – Ronda de la Font del Carme, s/n 08193 Bellaterra – Barcelona Shareholder information	Organisation's profile and operational context
2-2	Entities included in the organization's sustainability reporting	Annexes I and II from the Annual Accounts	
2-3	Reporting period, frequency and contact point	January 1st to December 31st 2023 Annual teresa.sanfeliu@applus.com Publication: February 22nd 2024	
2-4	Restatements of information	The restatement of information of the category fuel and energy-related activities (not included in Scope 1 or Scope 2) within Scope 3 of GHG emissions in 2022 report has been conducted, since combustion emissions were being considered into the Scopes 1 and 2. Environmental indicators	
2-5	External assurance	Report's verification statement	
2-6	Activities, value chain and other business relationships	About Applus+ Supply chain management Applus+ has not made significant organisational changes, nor regarding its supply chain during 2023	Organisation's profile and operational context Principle 1 Principle 6 Principle 7 Principle 10
2-7	Employees	Value to people Data related to human resources	Principle 6
2-9	Governance structure and composition	Corporate governance	Decision-making process
2-10	Nomination and selection of the highest governance body	Corporate governance	
2-11	Chair of the highest governance body	Corporate governance	
2-12	Role of the highest governance body in overseeing the management of impacts	Corporate governance	
2-13	Delegation of responsibility for managing impacts	Corporate governance	
2-14	Role of the highest governance body in sustainability reporting	Corporate governance	
2-15	Conflicts of interest	Corporate governance	

GRI AND GLOBAL COMPACT: GENERAL DISCLOSURES			
GRI indicator	DEFINITION	Financial and non-financial information Report 2023	UN Global Compact
		Integrity and Compliance	
2-16	Communication of critical concerns	Integrity and Compliance	
2-17	Collective knowledge of the highest governance body	Corporate governance	
2-18	Evaluation of the performance of the highest governance body	Corporate governance	
2-19	Remuneration policies	Corporate governance	
2-20	Process to determine remuneration	Corporate governance	
2-21	Annual total compensation ratio	Data related to human resources	
2-22	Statement on sustainable development strategy	Message from the Chairman and interview with the CEO	Statement by the Chief Executive
2-23	Policy commitments	Business model and value creation	Principle 7 Principle 10 Decision-making process
2-24	Embedding policy commitments	Sustainability approach Value to customer Governance Value to people Environment Health and safety	
2-25	Processes to remediate negative impacts	Governance Value to people Environment	Integrity Practical actions description and measurement of outcomes
2-26	Mechanisms for seeking advice and raising concerns	Integrity and Compliance	Principle 10
2-27	Compliance with laws and regulations	The Group has not been subject to any material payment nor imposition of significant fines and non-monetary sanctions for non-compliance with laws and/or regulations in the environmental, social and economic area.	Principle 8 Principle 10
2-28	Membership associations	Sustainability approach Strategic alliances	
2-29	Approach to stakeholder engagement	Stakeholders engagement and materiality	Stakeholder engagement
2-30	Collective bargaining agreements	Value to people Data related to human resources	Principle 3

GRI AND GLOBAL COMPACT: MATERIAL TOPICS			
GRI indicator	DEFINITION	Financial and non-financial information Report 2023	UN Global Compact
3-1	Process to determine material topics	Stakeholders engagement and materiality	
3-2	List of material topics	Stakeholders engagement and materiality	
3-3	Management of material topics	Our company Value to customer Governance Value to people Environment Financial information	Principle 7 Integrity Practical actions description and measurement of outcomes

GRI AND GLOBAL COMPACT: ECONOMIC TOPICS			
GRI indicator	DEFINITION	Financial and non-financial information Report 2023	UN Global Compact
201-1	Direct economic value generated and distributed	Financial contribution	
201-2	Financial implications and other risks and opportunities due to climate change	Risk management Climate change: risks and opportunities	Principle 7
201-4	Financial assistance received from government	22,307 thousands of euros at December 31st 2022	
202-1	Ratios of standard entry-level wage by gender compared to local minimum wage	Data related to human resources	Principle 6
202-2	Proportion of senior management hired from the local community	Data related to human resources	
203-1	Infrastructure investments and services supported	No infrastructure investments and services supported were identified in 2023	
203-2	Significant indirect economic impacts	Stakeholders engagement and materiality	
204-1	Proportion of spending on local suppliers	Supply chain management	
205-1	Operations assessed for risks related to corruption	Integrity and Compliance Risk management	
205-2	Communication and training on about anti-corruption policies and procedures	Integrity and Compliance	Principle 10
205-3	Confirmed incidents of corruption and actions taken	No corruption case was identified in the reporting period	
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Integrity and Compliance	Principle 10
207-1	Approach to tax	Sustainability approach	
207-2	Tax governance, control and risk management	Sustainability approach Risk management	
207-3	Stakeholder engagement and management of concerns related to tax	Stakeholders engagement and materiality	
207-4	Country-by-country reporting	Financial contribution	

GRI AND GLOBAL COMPACT: ENVIRONMENTAL TOPICS			
GRI indicator	DEFINITION	Financial and non-financial information Report 2023	UN Global Compact
301-1	Materials	Due to the nature of our activity, all environmental impacts derived from activities inherent to manufacturing processes (use of raw materials or products, packaging, freight forwarding, etc.) are excluded from our management framework.	
301-2			
301-3			
302-1	Energy consumption within the organisation	Environment. Energy and emissions Environmental indicators	Principle 7 Principle 8 Principle 9
302-2	Energy consumption outside of the organization		
302-3	Energy intensity		
302-4	Reduction of energy consumption		
302-5	Reductions in energy requirements of products and services		
303-1	Interaction with water as a shared resource	Environment. Agua	Principle 7 Principle 8 Principle 9
303-2	Management of water discharge-related impacts		
303-3	Water withdrawal		
303-4	Water discharge	The activities of Applus+ generate sanitary wastewater that is discharged into sewage networks for treatment, but the measure of its volume is not required.	
303-5	Water consumption		
304-1	Biodiversity	The activities of Applus+ do not generate direct impacts on biodiversity; on the contrary, most of our services help our clients to minimise the impacts of their activities.	Principle 8 Principle 9
304-2			
304-3			
305-1	Direct (Scope 1) GHG emissions	Environment. Emissions Environmental indicators	Principle 7
305-2	Energy indirect (Scope 2) GHG emissions		
305-3	Other indirect (Scope 3) GHG emissions		
305-4	GHG emissions intensity		
305-5	Reduction of GHG emissions		
305-6	Emissions of ozone-depleting substances (ODS)	The activities of Applus+ do not generate significant emissions of ozone-depleting substances.	
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	We do not have significant emissions of these gases. NOx: 0.58 t	
306-1	Waste generation and significant waste-related impacts	Our waste management avoids significant impacts related to this environmental aspect. Environment. Waste	Principle 7
306-2	Management of significant waste-related impacts		
306-3	Waste discharge		
306-4	Waste diverted from disposal		

GRI AND GLOBAL COMPACT: ENVIRONMENTAL TOPICS			
GRI indicator	DEFINITION	Financial and non-financial information Report 2023	UN Global Compact
306-5	Waste directed to disposal		
308-1	New suppliers that were screened using environmental criteria	Supply chain management Environment. Approach to Environmental Management	Principle 8
308-2	Negative environmental impacts in the supply chain and actions taken	Environment. Approach to Environmental Management	

GRI AND GLOBAL COMPACT: SOCIAL TOPICS			
GRI indicator	DEFINITION	Financial and non-financial information Report 2023	UN Global Compact
401-1	New employee hires and employee turnover	Data related to human resources	
401-2	Benefits which are standard for full-time employees of the organisation but are not provided to temporary or part-time employees	Data related to human resources	Principle 6
401-3	Parental leave	Data related to human resources	
402-1	Minimum notice periods regarding operational changes	Value to people. Overview and approach: culture and management	Principle 3
403-1	Occupational health and safety management system	Health and safety	Principle 1
403-2	Hazard identification, risk assessment and incident investigation		
403-3	Occupational health services		
403-4	Worker participation, consultation and communication on occupational health and safety		
403-5	Worker training on occupational health and safety		
403-6	Promotion of workers' health		
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		
403-8	Workers covered by an occupational health and safety management system		
403-9	Work-related injuries		
403-10	Work-related ill health		
404-1	Average hours of training per year per employee	Data related to human resources	Principle 6
404-2	Programs for upgrading employee skills and transition assistance programs	Value to people In 2023 Applus+ has not implemented programs for upgrading employee skills nor transition assistance programs.	
404-3	Percentage of employees receiving regular performance and career development reviews	Data related to human resources	

GRI AND GLOBAL COMPACT: SOCIAL TOPICS			
GRI indicator	DEFINITION	Financial and non-financial information Report 2023	UN Global Compact
405-1	Diversity of governance bodies and employees	Corporate governance Value to people Data related to human resources	Principle 6
405-2	Ratio of basic salary and remuneration of women to men	Data related to human resources	
406-1	Incidents of discrimination and corrective actions taken	No incidents have been identified. Integrity and Compliance	Principle 6
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	No operations and suppliers, in which the right to freedom of association and collective bargaining may be at risk, have been identified.	Principle 3
408-1 409-1	Child labour Forced or compulsory labour	These topics are not considered potential Human Rights issues for the Group because its activities require high levels of education and specialisation. Notwithstanding, we have established the necessary internal policies and controls to avoid these types of bad practices.	Principle 4 Principle 5
410-1	Security practices	This topic does not apply to Applus+ because the Group does not outsource this type of service when developing its projects and services.	
411-1	Incidents of violations involving rights of indigenous peoples	No incidents have been identified.	Principle 1 Principle 2
412-1	Operations that have been subject to human rights reviews or impact assessments	Integrity and Compliance Value to people	Principle 1 Principle 2
412-2	Employee training on human rights policies or procedures	Integrity and Compliance	Principle 1 Principle 2
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Integrity and Compliance	Principle 1 Principle 2
413-1	Operations with local community engagement, impact assessments and development programs	Value to people Value to community	Principle 1
413-2	Operations with significant actual and potential negative impacts on local communities	Negative impacts on this issue have not been identified.	
414-1	New providers that were screened using social criteria	Supply chain management	Principle 1 Principle 7 Principle 10
414-2	Negative social impacts in the supply chain and actions taken	Negative impacts on this issue have not been identified.	
415-1	Political contributions	The Applus+ Group explicitly prohibits monetary contributions to parties and / or representatives.	Principle 10
416-1 416-2 417-1 417-2	Customer Health and Safety Marketing and Labelling	Due to the nature of the Group's activities, all issues derived from activities inherent to the manufacturing processes (use of raw materials or products, packaging,	

GRI AND GLOBAL COMPACT: SOCIAL TOPICS			
GRI indicator	DEFINITION	Financial and non-financial information Report 2023	UN Global Compact
417-3		freight forwarding, etc.) are excluded from its management framework.	
418-1	Substantiated complaints concerning breaches of customer	Integrity and Compliance	

CONTENT OF SPANISH ACT 11/2018		GRI STANDARD	Financial and non-financial information Report 2023
BUSINESS MODEL	Description of the group's business model	GRI 2-1 Organizational details	About Applus+ Message from the Chairman and interview with the CEO Sustainability approach Value to customer Governance Value to people Environment Health and safety
		GRI 2-2 Entities included in the organization's sustainability reporting	
		GRI 2-6 Activities, value chain and other business relationships	
		GRI 2-22 Statement on sustainable development strategy	
		GRI 2-23 Policy commitments	
		GRI 2-24 Embedding policy commitments	
INFORMACIÓN SOBRE CUESTIONES AMBIENTALES	Policies	GRI 2-23 Policy commitments	Environment. Approach to Environmental Management
	Main risks	GRI 201-2 Financial implications and other risks and opportunities due to climate change	Environment. Climate change. Risks and opportunities
	General	GRI 2-27 Compliance with laws and regulations	Environment
	Contamination	GRI 2-24 Embedding policy commitments	Environment. Approach to Environmental Management
	Circular economy and waste prevention and management	GRI 306-1 Waste generation and significant waste-related impacts	Environment. Residuos
		GRI 306-2 Management of significant waste-related impacts	
		GRI 306-3 Waste discharge	
		GRI 306-4 Waste diverted from disposal	
		GRI 306-5 Waste directed to disposal	
	Sustainable use of resources	GRI 302-1 Energy consumption within the organisation	Environment. Environmental indicators
		GRI 302-2 Energy consumption outside of the organization	
		GRI 302-3 Energy intensity	
		GRI 302-4 Reduction of energy consumption	
GRI 302-5 Reductions in energy requirements of products and services			
GRI 303-1 Interaction with water as a shared resource			
GRI 303-2 Management of water discharge-related impacts			

CONTENT OF SPANISH ACT 11/2018	GRI STANDARD	Financial and non-financial information Report 2023	
		GRI 303-3 Water withdrawal	
	Climate change	GRI 305-1 Direct (Scope 1) GHG emissions	
		GRI 305-2 Energy indirect (Scope 2) GHG emissions	
		GRI 305-3 Other indirect (Scope 3) GHG emissions	
		GRI 305-4 GHG emissions intensity	
Protection of biodiversity	-	Our activities do not impact on biodiversity	
INFORMATION ON SOCIAL AND PERSONNEL MATTERS	Policies	GRI 2-23 Policy commitments	
		GRI 2-24 Embedding policy commitments	
	Main risks	GRI 2-23 Policy commitments	Risk management
	Employment	GRI 2-7 Employees	
		GRI 401-1 New employee hires and employee turnover	
		GRI 401-2 Benefits which are standard for full-time employees of the organisation but are not provided to temporary or part-time employees	
		GRI 401-3 Parental leave	
		GRI 405-1 Diversity of governance bodies and employees	
	Work organisation	GRI 2-30 Collective bargaining agreements	Value to people Data related to human resources
	Health and safety	GRI 403-1 Occupational health and safety management system	
		GRI 403-2 Hazard identification, risk assessment and incident investigation	
		GRI 403-3 Occupational health services	
		GRI 403-4 Worker participation, consultation and communication on occupational health and safety	
GRI 403-5 Worker training on occupational health and safety			
GRI 403-6 Promotion of workers' health			
GRI 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships			
GRI 403-8 Workers covered by an occupational health and safety management system			
GRI 403-9 Work-related injuries			
GRI 403-10 Work-related ill health			

CONTENT OF SPANISH ACT 11/2018	GRI STANDARD	Financial and non-financial information Report 2023		
	Company relations	GRI 2-30 Process to determine remuneration	Stakeholders engagement and materiality Value to people	
		GRI 402-1 Minimum notice periods regarding operational changes		
	Training	GRI 404-1 Average hours of training per year per employee	Value to people Data related to human resources	
		GRI 404-2 Programs for upgrading employee skills and transition assistance programs		
		GRI 404-3 Percentage of employees receiving regular performance and career development reviews		
	Accessibility	GRI 2-24 Embedding policy commitments	Value to people Data related to human resources	
	Equality	GRI 2-24 Embedding policy commitments	Value to people Corporate governance Integrity and Compliance	
		GRI 405-1 Diversity of governance bodies and employees		
		GRI 405-2 Ratio of basic salary and remuneration of women to men		
		GRI 406-1 Incidents of discrimination and corrective actions taken		
	INFORMATION ON THE RESPECT OF HUMAN RIGHTS	Policies	GRI 2-23 Policy commitments	Value to people Integrity and Compliance
			GRI 2-24 Embedding policy commitments	
GRI 412-2 Formación de los empleados en políticas o procedimientos de derechos humanos				
Main risks		GRI 2-23 Policy commitments	Value to people	
Human rights		GRI 2-24 Embedding policy commitments	Value to people Integrity and Compliance	
		GRI 411-1 Incidents of violations involving rights of indigenous peoples	Integrity and Compliance	
		GRI 412-2 Employee training on human rights policies or procedures	Integrity and Compliance	
		GRI 413-1 Operations with local community engagement, impact assessments and development programs	Value to community	
		GRI 413-2 Operations with significant actual and potential negative impacts on local communities	Integrity and Compliance	
		GRI 414-1 New providers that were screened using social criteria	Supply chain management	
		GRI 414-2 Negative social impacts in the supply chain and actions taken	Supply chain management	

CONTENT OF SPANISH ACT 11/2018		GRI STANDARD	Financial and non-financial information Report 2023
INFORMATION RELATED TO COMBATING BRIBERY AND CORRUPTION	Policies	GRI 2-23 Policy commitments	Integrity and Compliance
		GRI 2-24 Embedding policy commitments	
		GRI 205-2 Communication and training on about anti-corruption policies and procedures	
		GRI 415-1 Political contributions	
	Main risks	GRI 205-1 Operations assessed for risks related to corruption	Risk management Integrity and Compliance
Bribery corruption and	GRI 2-16 Communication of critical concerns	Integrity and Compliance	
	GRI 205-3 Confirmed incidents of corruption and actions taken		
INFORMATION ON THE COMPANY	Policies	GRI 2-23 Policy commitments	Business model and value creation Strategic Plan 2022-2024
	Main risks	GRI 207-2 Governance fiscal, control y Risk management	Risk management
	The company's commitment to sustainable development	GRI 2-22 Statement on sustainable development strategy	Message from the Chairman and interview with the CEO Sustainability approach Stakeholders engagement and materiality Sustainability ambitions Supply chain management Financial contribution
		GRI 2-28 Membership associations	
		GRI 2-29 Approach to stakeholder engagement	
		GRI 201-1 Direct economic value generated and distributed	
	Subcontracting and suppliers	GRI 413-1 Operations with local community engagement, impact assessments and development programs	
		GRI 204-1 Proportion of spending on local suppliers	
		GRI 308-1 New suppliers that were screened using environmental criteria	
	Clients	GRI 414-1 New providers that were screened using social criteria	
GRI 2-23 Policy commitments		Value to customer	
GRI 418-1 Substantiated complaints concerning breaches of customer			
Tax information	GRI 207-1 Approach to tax GRI 207-2 Governance fiscal, control y Risk management GRI 207-3 Stakeholder engagement and management of concerns related to tax GRI 207-4 Country-by-country reporting	Sustainability approach Financial contribution	

EUROPEAN REGULATION 2020/852		
Article	REQUIREMENT	Financial and non-financial information Report 2022
Article 8.2.a)	Non-financial companies shall disclose the following information: proportion of their turnover that comes from products or services related to economic activities that are considered environmentally sustainable in accordance with Articles 3 and 9.	
Article 9	Environmental objectives: Transition to a circular economy Contamination prevention and control Climate change mitigation Sustainable use and protection of water and marine resources Protection and recovery of biodiversity and ecosystems	Financial information EU taxonomy

SASB: SUSTAINABILITY DISCLOSURE TOPICS & ACCOUNTING METRICS					
Topic	Indicator	DEFINITION	Level of disclosure	Level of disclosure	Financial and non-financial information Report 2022
Data Security	SV-PS-230a.1 Data security	Description of the approach to identify and address data	Disclosed	Disclosed	Data privacy and cybersecurity
	SV-PS-230a.1 Data security	Description of policies and practices regarding the collection, use and retention of	Disclosed	Disclosed	Data privacy and cybersecurity
	SV-PS-230a.1 Data security	(1) Number of data breaches, (2) percentage involving confidential business information (CBI) or personally identifiable information (PII) of	Disclosed	Disclosed	These situations have not occurred
Workforce Diversity & engagement	SV-PS-330a.1 Workforce diversity and engagement	Percentage of gender and racial / ethnic representation in (1) management and (2) all other employees	Divulgado	Disclosed	79% Masculine 21% Femenine
			Tier1 - No employees in this Tier	Tier1 - No employees in this Tier	Tier1 - No employees in this Tier
				Tier2 Masculine: Asiatic 16.67% Black or Afroamerican 16.67% Hispanic o Latin 0% White 50% Others 0% Not available 16.67% Femenine: Asiatic 0% Black or Afroamerican 0% Hispanic or Latin 0% White 0% Others 0%	Tier2 Masculine: Asiatic 16.67% Black or Afroamerican 16.67% Hispanic o Latin 0% White 50% Others 0% Not available 16.67% Femenine: Asiatic 0% Black or Afroamerican 0% Hispanic or Latin 0% White 0% Others 0% Not available 0%
				Tier3 Masculine: Asiatic 0% Black or Afroamerican 4.8% Hispanic or Latin 0% White 58.54% Others 2.44% Not available 4.88% Femenine: Asiatic 4.88% Black or Afroamerican 0% Hispanic or Latin 2.44% White 21.95% Others 0% Not available 0%	Tier3 Masculine: Asiatic 0% Black or Afroamerican 4.8% Hispanic or Latin 0% White 58.54% Others 2.44% Not available 4.88% Femenine: Asiatic 4.88% Black or Afroamerican 0% Hispanic or Latin 2.44% White 21.95% Others 0% Not available 0%
				Tier4 Masculine: Asiatic 1.88% Black or Afroamerican 3.13% Hispanic or Latin 5.63% White 59.38% Other 2.5% Not available 2.5% Femenine: Asiatic 0.63% Black or Afroamerican 2.5% Hispanic or Latin 3.13% White 18.13% Others 0% Not available 0,63%	Tier4 Masculine: Asiatic 1.88% Black or Afroamerican 3.13% Hispanic or Latin 5.63% White 59.38% Other 2.5% Not available 2.5% Femenine: Asiatic 0.63% Black or Afroamerican 2.5% Hispanic or Latin 3.13% White 18.13% Others 0% Not available 0,63%
	Operational employees and others: Masculine: Asiatic 3.78% Black or Afroamerican 7.22% Hispanic or Latin 13.14% White 51.29% Others 1,89% Not available 1.80% Femenine: Asiatic 0.83% Black or Afroamericano 5.50% Hispanic or Latin 3.26% White 10.91% Others 0.09% Not available 0.26%	Operational employees and others: Masculine: Asiatic 3.78% Black or Afroamerican 7.22% Hispanic or Latin 13.14% White 51.29% Others 1,89% Not available 1.80% Femenine: Asiatic 0.83% Black or Afroamericano 5.50% Hispanic or Latin 3.26% White 10.91% Others 0.09% Not available 0.26%			
SV-PS-330a.2 Workforce diversity and	(1) voluntary and (2) involuntary replacement rate of	Disclosed	Disclosed	Voluntary turnover 12.53% Involuntary turnover 7,6%	
SV-PS-330a.3 Workforce diversity and	Employee involvement expressed as a percentage	Disclosed	Disclosed	N/A	
Professional integrity	SV-PS-510a.1 Professional integrity	Description of the approach to ensuring professional integrity	Disclosed	Disclosed	Integrity and Compliance
	SV-PS-510a.2 Professional integrity	Total amount of monetary losses as a result of legal proceedings related to	Disclosed	Disclosed	There have been no monetary losses for this concept

SASB:ACTIVITY METRICS				
Indicator	Definition	Level of disclosure	Level of disclosure	Financial and non-financial information
Number of employees: (1) full-time and part-time, (2) temporary and (3) contracted	SV-PS-000.A	Disclosed	Disclosed	Contract: - Permanent: 77% - Fixed-Term or Temporary: 23% Dedication: - Full-time: 95,5%
Hours worked by employees, billable percentage	SV-PS-000.B	Not available	Not available	N/A

	TCFD Content Index	
TOPIC	DISCLOSURE	Location on 2022 Financial and non-financial information Report
GOVERNANCE	Describe the Boards's oversight of climate-related risks and opportunities	Corporate Governance Risk management
	Describe management's role in assessing and managing the risks and opportunities of climate change	Risk management
STRATEGY	Describe the climate-related risks and opportunities that the organisation has identified in the short-, medium- and long-term	Climate change: risks and opportunities
	Describe the impact of climate-related risks and opportunities on the organisation's activities, strategy and financial planning	Climate change: risks and opportunities
	Describe the resilience of the organisation's strategy, taking into consideration different future climate scenarios, including a scenario of 2°C or lower scenario	Climate change: risks and opportunities
RISKS	Describe the organization's processes for identifying and assessing climate-related risks	Risk management
	Describe the organization's processes for managing climate-related risks	Risk management
	Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management	Risk management
METRICS	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Science Based Targets initiative Energy and emissions
	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas emissions, and the related risks	Energy and emissions Energy and emissions indicators: methodology and results
	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Objetivos de sostenibilidad Strategic plan 2022-2024

Applus Services, S.A. and Subsidiaries

Auditor's report on the information
relating to the system of Internal
Control over Financial Reporting (ICFR)
of the Applus Group for 2023

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

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

AUDITOR'S REPORT ON THE INFORMATION RELATING TO THE SYSTEM OF INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR) OF THE APPLUS GROUP FOR 2023

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

As requested by the Board of Directors of Applus Services, S.A. and Subsidiaries ("the Applus Group") and in accordance with our proposal-letter dated 22 November 2023, we have applied certain procedures to the "Information relating to the ICFR system" included in section F of the accompanying Annual Corporate Governance Report ("ACGR") of the Applus Group for 2023, which summarises the internal control procedures of the Applus Group in relation to its annual financial reporting.

The directors are responsible for adopting the appropriate measures in order to reasonably guarantee the implementation, maintenance and supervision of an adequate internal control system, and for making improvements to that system and for preparing and establishing the content of the information relating to the ICFR system included in section F of the accompanying ACGR.

It should be noted in this regard that, irrespective of the quality of the design and operating effectiveness of the internal control system adopted by the Applus Group in relation to its annual financial reporting, the system can only permit reasonable, but not absolute, assurance in connection with the objectives pursued, due to the limitations inherent to any internal control system.

In the course of our audit work on the financial statements and pursuant to Technical Standards on Auditing, the sole purpose of our assessment of the internal control of the Applus Group was to enable us to establish the scope, nature and timing of the audit procedures to be applied to the Applus Group's financial statements. Therefore, our assessment of internal control performed for the purposes of the aforementioned audit of financial statements was not sufficiently extensive to enable us to express a specific opinion on the effectiveness of the internal control over the regulated annual financial reporting.

For the purpose of issuing this report, we applied exclusively the specific procedures described below and indicated in the Guidelines on the Auditor's Report on the Information relating to the System of Internal Control over Financial Reporting of Listed Entities, published by the Spanish National Securities Market Commission (CNMV) on its website, which establish the work to be performed, the minimum scope thereof and the content of this report. Since the work resulting from such procedures has, in any case, a reduced scope that is significantly less extensive than that of an audit or a review of the internal control system, we do not express an opinion on the effectiveness thereof, or on its design or operating effectiveness, in relation to the Applus Group's annual financial reporting for 2023 described in the information relating to the ICFR system included in section F of the accompanying ACGR. Therefore, had we applied procedures additional to those established in the aforementioned Guidelines or performed an audit or a review of the system of internal control over the regulated annual financial reporting, other matters or aspects might have been disclosed which would have been reported to you.

Also, since this special engagement does not constitute an audit of financial statements and is not subject to the audit regulations in force in Spain, we do not express an audit opinion in the terms provided for in those regulations.

The procedures applied were as follows:

1. Perusal and understanding of the information prepared by the Applus Group in relation to the ICFR system -disclosure information included in the directors' report- and assessment of whether this information includes all the information required in accordance with the minimum content described in section F, relating to the description of the ICFR system, of the model ACGR established in CNMV Circular no. 5/2013, of 12 June 2013, and subsequent amendments, the most recent being CNMV Circular 3/2021, of 28 September ("the CNMV Circulars").
2. Inquiries of the personnel responsible for preparing the information detailed in point 1 above for the purpose of: (i) obtaining an understanding of the process followed in preparing it; (ii) obtaining information that permits an evaluation of whether the terminology used complies with the framework definitions; and (iii) obtaining information on whether the control procedures described are in place and functioning at the Applus Group.
3. Review of the explanatory documentation supporting the information detailed in point 1 above, including mainly the documentation furnished directly to those responsible for preparing the information describing the ICFR system. In this respect, the aforementioned documentation includes reports prepared by the Internal Audit Department, senior executives or other internal or external experts providing support functions to the Audit Committee.
4. Comparison of the information detailed in point 1 above with the knowledge on the Applus Group's ICFR system obtained through the procedures applied during the financial statement audit work.
5. Perusal of minutes of meetings of the Board of Directors, the Audit Committee and other Applus Group committees in order to assess the consistency between the ICFR system issues addressed therein and the information detailed in point 1 above.
6. Obtainment of the representation letter concerning the work performed, duly signed by the personnel responsible for preparing and formulating the information detailed in point 1 above.

The procedures applied to the information relating to the ICFR system did not disclose any inconsistencies or incidents that might affect the information.

This report has been prepared exclusively in the context of the requirements of Article 540 of the Consolidated Spanish Limited Liability Companies Law, and of the CNMV Circulars, for the purposes of the description of the ICFR system in Annual Corporate Governance Reports.

DELOITTE, S.L.

Sergi Segura Rius

21 February 2024

Applus Services, S.A. and Subsidiaries

Annual Corporate Governance Report

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

**ANNUAL CORPORATE GOVERNANCE REPORT
FOR LISTED PUBLIC LIMITED COMPANIES**

ISSUER IDENTIFICATION

YEAR- END DATE	31/12/2023
Tax Identification No. C.I.F.:	A-64622970

Company Name:
APPLUS SERVICES, S.A.

Registered Office:
CALLE CAMPEZO 1, EDIFICIO 3, 28022 MADRID

**ANNUAL CORPORATE GOVERNANCE REPORT
FOR LISTED PUBLIC LIMITED COMPANIES**

A CAPITAL STRUCTURE

A.1. Complete the following table on share capital and the attributed voting rights, including those corresponding to shares with a loyalty vote as of the closing date of the year, where appropriate:

Indicate whether company bylaws contain the provision of double loyalty voting:

No X

Yes **Board approval date**

Minimum period of uninterrupted ownership required by the statutes

Indicate whether the company has awarded votes for loyalty:

No X

Yes

Date of the last modification of the share capital	Share capital	Number of shares	Number of voting rights (not including additional loyalty-attributed votes)	Number of additional attributed voting rights corresponding to shares with a loyalty vote	Total number of voting rights, including additional loyalty-attributed votes
08/06/2023	12,907,413.30	129,074,133	129,074,133	0	129,074,133

Number of shares registered in the special register pending the expiry of the loyalty period

Observations

Indicate whether there are different classes of shares with different associated rights:

Yes

No X

Class	Number of shares	Par value	Number of voting rights	Rights and obligations conferred

Observations

A.2. List the company's significant direct and indirect shareholders at year end, including directors with a significant shareholding:

Name or company name of shareholder	% of voting rights attached to the shares (including votes for loyalty)		% of voting rights through financial instruments		% of total voting rights	From the total number of voting rights attributed to the shares, indicate, where appropriate, the additional votes attributed corresponding to the shares with a loyalty vote	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
MORGAN STANLEY		4.634		6.652	11.286		
BARCLAYS PLC		0.041		8.562	8.603		
JPMORGAN CHASE & CO		6.625		1.286	7.911		
DAVIES, SIMON (SANDGROVE)				6.926	6.926		
THE GOLDMAN SACHS GROUP, INC		5.858		0.014	5.872		
SAMSON ROCK CAPITAL LLP				5.859	5.859		
GRUPO BANCO SANTANDER		3.771			3.771		
DWS INVESTMENT GMBH	3.840				3.840		
JEFFERIES FINANCIAL GROUP INC.				3.043	3.043		

Observations

Breakdown of the indirect holding:

Name or company name of the indirect owner	Name or company name of the direct owner	% of voting rights attached to the shares (including votes for loyalty)	% of voting rights through financial instruments	% of total voting rights	<u>From the total number of voting rights attributed to the shares, indicate, where appropriate, the additional votes attributed corresponding to the shares with a loyalty vote</u>	
MORGAN STANLEY	MORGAN STANLEY & CO INTERNATIONAL PLC	4.634	6.385	11.019		
MORGAN STANLEY	MORGAN STANLEY & CO LLC		0.267	0.267		
BARCLAYS PLC	BARCLAYS CAPITAL SECURITIES LIMITED	0.006	8.541	8.547		
JPMORGAN CHASE & CO	J.P. MORGAN SECURITIES PLC	6.633	1.199	7.832		
DAVIES, SIMON	GROVE OPPORTUNITIES MASTER FUND LTD AND OTHERS		6.926	6.926		
THE GOLDMAN SACHS GROUP INC	GOLDMAN SACHS INTERNATIONAL (LONDON)	5.625	0.014	5.639		
SAMSON ROCK CAPITAL LLP	SAMSON ROCK EVENT DRIVEN MASTER FUND LIMITED		5.859	5.859		
JEFFERIES FINANCIAL GROUP INC	JEFFERIES INTERNATIONAL LIMITED		3.043	3.043		
GRUPO BANCO SANTANDER	SANTANDER ASSET MANAGEMENT SA SGIIC.		2.985	2.985		

Observations

Indicate the most significant changes in the shareholder structure during the year:

Most significant movements

Name of the shareholder	Date of the transaction	Description
MORGAN STANLEY	07/11/2023	It has increased above 11% in the capital stock
MORGAN STANLEY	16/03/2023	It has decreased below 6% in the capital stock
MORGAN STANLEY	27/01/2023	It has increased above 9% in the capital stock
BARCLAYS PLC	30/11/2023	It has increased above 8% in the capital stock
BARCLAYS PLC	28/07/2023	It has increased above 3% in the capital stock
JPMORGAN CHASE & CO	13/10/2023	It has decreased below 8% in the capital stock
JPMORGAN CHASE & CO	15/09/2023	It has increased above 10% in the capital stock
JPMORGAN CHASE & CO	20/07/2023	It has increased above 5% in the capital stock
DAVIES, SIMON	28/11/2023	It has increased above 6% in the capital stock
DAVIES, SIMON	14/09/2023	It has increased above 3% in the capital stock
THE GOLDMAN SACHS GROUP, INC	16/11/2023	It has increased above 5% in the capital stock
SAMSON ROCK CAPITAL LLP	27/09/2023	It has increased above 5% in the capital stock
SAMSON ROCK CAPITAL LLP	01/08/2023	It has increased above 3% in the capital stock
DWS INVESTMENT GMBH	23/11/2023	It has decreased below 4% in the capital stock
DWS INVESTMENT GMBH	26/10/2023	It has increased above 79% in the capital stock
SAND GROVE OPPORTUNITIES MASTER FUND LTD	29/11/2023	It has increased above 3% in the capital stock
JEFFERIES FINANCIAL GROUP INC.	18/10/2023	It has increased above 3% in the capital stock
HARRIS ASSOCIATES L.P.	04/07/2023	It has decreased below 3% in the capital stock
SOUTHEASTERN ASSET MANAGEMENT, INC	14/09/2023	It has decreased below 2% in the capital stock
NORGES BANK	29/06/2023	It has decreased below 2% in the capital stock

A.3. Give details of the participation at the close of the fiscal year of the members of the board of directors who are holders of voting rights attributed to shares of the company or through financial instruments, whatever the percentage, excluding the directors who have been identified in Section A2 above:

Name or company name of director	% voting rights attributed to shares (including loyalty votes)		% of voting rights through financial instruments		% of total voting rights	From the total % of voting rights attributed to the shares, indicate, where appropriate, the % of the additional votes attributed corresponding to the shares with a loyalty vote	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
Joan Amigó	0.078				0.078		
Nicolas Villen		0.012			0.012		
Chris Cole	0.022				0.022		
Maria Jose Esteruelas	0.004				0.004		
Maria Cristina Henriquez de Luna	0.003				0.003		
Essimari Kairisto	0.002				0.002		
Marie-Françoise Damesin -	0.002				0.002		
Ernesto Mata	0.002				0.002		
Brendan Connolly	0.001				0.001		
Total	0.112	0.012			0.124		

Total percentage of voting rights held by the Board of Directors	0.124
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Observations

Breakdown of the indirect holding:

Name or company name of director	Name or company name of the direct owner	% voting rights attributed to shares (including loyalty votes)	% of voting rights through financial instruments	% of total voting rights	From the total % of voting rights attributed to the shares, indicate, where appropriate, the % of the additional votes attributed corresponding to the shares with a loyalty vote

Observations

List the total percentage of voting rights represented on the board:

Total percentage of voting rights held by the Board of Directors	0.124
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Observations

- A.4 If applicable, state any family, commercial, contractual or corporate relationships that exist among significant shareholders to the extent that they are known to the company, unless they are insignificant or arise in the ordinary course of business, except those that are reported in Section A.6:

Name of related Party	Nature of relationship	Brief description
N/A		

- A.5 If applicable, state any commercial, contractual or corporate relationships that exist between significant shareholders and the company and/or group, unless they are insignificant or arise in the ordinary course of business:

Name of related Party	Nature of relationship	Brief description
N/A		

A.6 Describe the relationships, unless insignificant for the two parties, that exist between significant shareholders or shareholders represented on the Board and directors, or their representatives in the case of proprietary directors. Explain, as the case may be, how the significant shareholders are represented. Specifically, state those directors appointed to represent significant shareholders, those whose appointment was proposed by significant shareholders and/or companies in its group, specifying the nature of such relationships or ties. In particular, mention the existence, identity and post of directors, or their representatives, as the case may be, of the listed company, who are, in turn, members of the Board of Directors or their representatives of companies that hold significant shareholdings in the listed company or in group companies of these significant shareholders.

Name or company name of related director or representative	Name or company name of related significant shareholder	Company name of the group company of the significant shareholder	Description of relationship/post
N/A			

Observations

A.7 State whether the company has been notified of any shareholders' agreements that may affect it, in accordance with Articles 530 and 531 of the *Ley de Sociedades de Capital* ("Corporate Enterprises Act" or "LSC"). If so, describe these agreements and list the party shareholders:

Yes No

Parties to the shareholders' agreement	% of affected shares	Brief description of the agreement	Date of termination of agreement, if applicable

Observations

State whether the company is aware of any concerted actions among its shareholders. If so, provide a brief description:

Yes No

Parties to the concerted action	% of affected shares	Brief description of the agreement	Date of termination of agreement, if applicable

If any of the aforementioned agreements or concerted actions have been modified or terminated during the year, please specify expressly:

A.8 State whether any individual or company exercises or may exercise control over the company in accordance with Article 5 of the *Ley de Mercados de Valores* ("Spanish Securities Market Act" or "LMV"). If so, please identify them:

Yes No

Name of individual or company

Observations

A.9 Complete the following table with details of the company's treasury shares:

At the close of the year:

Number of direct shares	Number of indirect shares (*)	Total percentage of share capital
146,997		0.114

Observations

(*) through:

Name of direct shareholder	Number of direct shares
N/A	
Total:	

Observations

Explain any significant changes during the year:

Explain significant changes
<p>The Company announced its first Share buy-back program on January 27th, 2022, and on May 16th, 2022, it announced it had achieved to purchase 5% of the share capital for an amount of EURO 53,642,057.33. The AGM that took place in 28 June 2022 approved a capital decrease by reducing 7.150.922 own shares, representing 5% of share capital. On November 8th 2022 the Company announced a second Share buy-back program for a maximum investment of 50M€ or 6,793,375 shares equivalent to 5% of the current share capital. On 22 May 2023, the Company announced the termination of the second share buy-back program and thereafter, in the AGM which took place on 8 June 2023, a share capital decrease was approved by means of the acquisition of a maximum of 6,793,375 shares, representing 5% of the share capital, for its ulterior amortization.</p>

A.10 Provide a detailed description of the conditions and terms of the authority given to the Board of Directors to issue, repurchase, or dispose of treasury shares.

The General Shareholders Meeting of 8 June 2023 agreed to “*authorise the Company's Board of Directors, with power to sub-delegate, so it may proceed with a derivative acquisition of its own shares, in accordance with article 146 of the Spanish Companies Act in the terms established below:*

- The acquisitions may be made either directly by the Company or indirectly through any of its subsidiaries, in the same terms as described herein;*
- The acquisition may be made as a sale and purchase, swap or goods received in lieu of payment, or any other transaction legally permitted, once or several times;*
- The number of shares acquired, when added to those already held by the Company, shall not exceed ten per cent (10%) of the capital stock;*

4. The price or consideration will range between the face value of the shares and one hundred and ten per cent (110%) of their listed price;
5. The authorisation will remain valid for a maximum term of 5 years as of today.

It is hereby expressly noted that any shares acquired as a result of this authorisation may be used either for disposal or redemption, or towards the direct delivery of these shares to the employees or Directors of the Company or any of the group companies, or as a consequence of the exercise of any option rights or the application of any remuneration systems.

To revoke, to the extent of the unused amount, the authorization granted by the General shareholders Meeting in 28 June 2022”

A.11 Estimated floating capital:

	%
Estimated floating capital	42.652

A.12 State whether there are any restrictions (article of associations, legislative or of any other nature) placed on the transfer of shares and/or any restrictions on voting rights. In particular, state the existence of any type of restriction that may inhibit a takeover attempt of the company through acquisition of its shares on the market, and those regimes for the prior authorization or notification that may be applicable, under sector regulations, to acquisitions or transfers of the company's financial instruments.

Yes No

Description of restrictions
<p>As the company or its group companies perform activities directly related to the national defense, the acquisition of 5% or more by a foreign investor o which allows the investor to be a part, directly or indirectly, of the company's governing body, is subject to the foreign investment authorization by the Spanish council of ministers (<i>Consejo de Ministros</i>) pursuant to Act 19/2003, 4 July, and Royal Decree 571/2023, 4th July.</p> <p>In addition, being Applus a listed company, there is an obligation to launch a public takeover in those cases aimed at acquiring the control, as well as other cases foreseen in the regulation.</p> <p>The acquisition of a relevant participation in Applus might also require authorization of other national or international regulators supervising Applus or its subsidiaries' activities, in accordance with foreign investment regulations in Spain or other countries where Applus group operates.</p>

A.13 State if the shareholders have resolved at a meeting to adopt measures to neutralize a take-over bid pursuant to the provisions of Act 6/2007.

Yes No

If so, please explain the measures approved and the terms under which such limitations would cease to apply:

Explain the measures approved and the terms under which such limitations

A.14 State if the company has issued shares that are not traded on a regulated EU market.

Yes No

If so, please list each type of share and the rights and obligations conferred on each.

List each type of share

B GENERAL SHAREHOLDERS' MEETING

B.1 State whether there are any differences between the quorum established by the LSC for General Shareholders' Meetings and those set by the company and if so, describe them in detail:

Yes No

	% quorum different from that contained in Article 193 LSC for general matters	% quorum different from that contained in Article 194 LSC for special resolutions
Quorum required at 1st call		
Quorum required at 2nd call		

Description of differences

B.2 State whether there are any differences in the company's manner of adopting corporate resolutions and the manner for adopting corporate resolutions described by the Spanish Companies Act (LSC) and, if so, explain:

Yes No

Describe how it is different from that contained in the LSC.

	Qualified majority different from that established in Article 201.2 LSC for Article 194.1 LSC matters	Other matters requiring a qualified majority
% established by the company for adoption of resolutions		

Description of differences

B.3 State the rules for amending the company's Articles of Association. In particular, state the majorities required for amendment of the Articles of Association and any provisions in place to protect shareholders' rights in the event of amendments to the Articles of Association.

In accordance with Spanish Companies Act, in order for a General Meeting to be validly convened, for an amendment of the By-laws, article 16.8 (b) of the Regulations will apply, whereby it will be necessary for the attendance of shareholders, present or represented at first call that hold at least fifty per cent (50%) of the subscribed voting capital stock. At second call, it will suffice for twenty-five per cent (25%) of the capital stock to attend.

In order for the General Shareholders Meeting to adopt resolutions that entail an amendment of the By-laws, article 21.1 (b) of the Regulations will apply, whereby an absolute majority will be required if more than fifty per cent (50%) of the voting capital stock subscribed is present. However, it will require the favourable vote of at least two thirds (2/3) of the voting capital stock in attendance when in the second call more than twenty-five per cent (25%) of the voting capital stock is present and in case it does not reach the fifty per cent (50%).

B.4 Give details of attendance at General Shareholders' Meetings held during the year of this report and the previous year:

Date of General Meeting	Attendance data				Total
	% physically present	% present by proxy	% distance voting		
			Electronic voting	Other	
08/06/2023	5.108	54.459	0.008	4.672	64.247
28/06/2022	5.293	61.552	0.001	1.950	68.796
28/05/2021	0.114	72.025	0.008	1.756	73.903
Of which floating:	0.000	54.459	0.008	4.581	59.048

B.5

Observations
Given the high percentage of attendance quorum obtained at the 2021 General Meeting (held exclusively on a remote basis) and in the 2022 General Meeting, demonstrating, therefore, that given the composition of its shareholders and the dialogue that the Company has been maintaining with its main shareholders, the celebration of the General Meeting on a remote basis is an optimal alternative, the 2023 AGM was also held in a remote basis.

State whether any point on the agenda of the General Shareholders' Meetings during the year has not been approved by the shareholders for any reason.

Yes No

Points on agenda not approved	% votes against (*)

(*) If the non-approval of the point is for a reason other than the votes against, this will be explained in the text part and "N/A" will be placed in the "% votes against" column.

B.6 State if the Articles of Association contain any restrictions requiring a minimum number of shares to attend General Shareholders' Meetings, or on distance voting:

Yes No

Number of shares required to attend General Meetings	
Number of shares required for distance voting	

Observations

B.7 State whether it has been established that certain decisions other than those established by law exist that entail an acquisition, disposal or contribution to another company of essential assets or other similar corporate transactions that must be subject to the approval of the General Shareholders' Meeting.

Yes No

Explain the decisions that must be subject to the General Shareholders' Meeting, other than those established by law

- B.8 State the address and manner of access to the page on the company website where one may find information on corporate governance and other information regarding General Shareholders' Meetings that must be made available to shareholders through the company website.

The corporate website is available at www.applus.com. At the top, under "Investor Relations", full information is provided on corporate governance and General Meetings. Specifically, through the following links-<http://www.applus.com/es/InvestorRelations/Corporate-governance> and <http://www.applus.com/es/InvestorRelations/Shareholders-meetings> - direct access is provided to information on corporate governance and General Meetings, respectively.

C COMPANY ADMINISTRATIVE STRUCTURE

C.1 Board of Directors

C.1.1 Maximum and minimum number of directors established in the Articles of Association and the number set by the general meeting:

Maximum number of directors	12
Minimum number of directors	9
Number of directors set by the general meeting	9

Observations

C.1.2 Please complete the following table on directors:

Name of director	Natural person representative	Director category	Position on the Bboard	Date first appointed to Board	Last re-election date	Method of selection to Board	Birth date
CHRISTOPHER COLE	N/A	INDEPENDENT	CHAIRMAN	07/05/2014	28/06/2022	GENERAL SHAREHOLDERS MEETING RESOLUTION	30/08/1946
ERNESTO MATA LÓPEZ	N/A	OTHER EXTERNAL	MEMBER	29/11/2007	28/06/2022	GENERAL SHAREHOLDERS MEETING RESOLUTION	06/03/1941
NICOLÁS VILLÉN JIMÉNEZ	N/A	INDEPENDENT	MEMBER	27/10/2015	29/05/2020	GENERAL SHAREHOLDERS MEETING RESOLUTION	19/11/1949
MARIA CRISTINA HENRÍQUEZ DE LUNA BASAGOITI	N/A	INDEPENDENT	MEMBER	21/07/2016	28/05/2021	GENERAL SHAREHOLDERS MEETING RESOLUTION	15/09/1966
MARIA JOSÉ ESTERUELAS AGUIRRE	N/A	INDEPENDENT	MEMBER	20/02/2019	08/06/2023	BOARD OF DIRECTORS APPOINTMENT ("Cooptación") – RATIFIED BY AGM	21/03/1972
ESSIMARI KAIRISTO	N/A	INDEPENDENT	MEMBER	09/04/2019	08/06/2023	BOARD OF DIRECTORS APPOINTMENT ("Cooptación") – RATIFIED BY AGM	28/05/1966
JOAN AMIGÓ CASAS	N/A	EXECUTIVE	MEMBER	30/05/2019	08/06/2023	GENERAL SHAREHOLDERS MEETING RESOLUTION	21/07/1966
MARIE-FRANÇOISE DAMESIN	N/A	INDEPENDENT	MEMBER	17/11/2021	28/06/2022	GENERAL SHAREHOLDERS MEETING RESOLUTION	28/02/1957
BRENDAN CONNOLLY	N/A	INDEPENDENT	MEMBER	17/11/2021	28/06/2022	GENERAL SHAREHOLDERS MEETING RESOLUTION	10/04/1956

Total number of directors	9
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State if any directors, whether through resignation, dismissal or any other reason, have left the Board during the period subject to this report:

Name of director	Director type at time of leaving	Date of last appointment	Date director left	Specialized committees of which he/she was a member	Indicate whether the director left before the end of the term

Observations

C.1.3 Complete the following tables regarding the members of the Board and their Categories:

EXECUTIVE DIRECTORS

Name or company name of director	Post in organizational chart of the company	Profile
JOAN AMIGO CASAS	CEO	Joan holds a degree in Economics from the Autonomous University of Barcelona as well as completing an IESE Business School's Executive Development Program, a Global Business Strategy Program at Wharton, University of Pennsylvania and an Advanced Management Program at ESADE Business School. Before joining Applus+, he held positions in PWC, where he started his career as external auditor, and Bimbo (Sara Lee), where he held various senior positions: Vice President and Chief Financial Officer, Financial Shared Services Director, Controller and Internal Audit Director and Vice President for Financial Planning and Control at Sara Lee Bakery's Europe Division. He joined Applus+ in December 2007 as Chief Financial Officer and was appointed Executive Director of Applus+ on 30 th May 2019 and CEO in the AGM which took place on 28 June 2022.

Total number of executive directors	1
Percentage of Board	11.11

Observations

PROPRIETARY DIRECTORS

Name or company name of director	Post in organizational chart of the company	Profile

Total number of executive directors	
%Percentage of Board	

INDEPENDENT DIRECTORS

Director's name	Profile
CHRISTOPHER COLE	<p>Mr. Cole holds a Degree in Environmental Engineering from Borough Polytechnic (University of South Bank) is an associate engineer in the United Kingdom and in 1999 he completed an Executive Management Course at INSEAD in France. Mr. Cole founded WSP Group Plc, a professional services engineering company that was listed on the London Stock Exchange in 1987 and held the post of Chief Executive Officer of the company until it merged with Genivar, Inc. in 2012. Following the merger, he was appointed non-executive Chairman of the enlarged group WSP Global Inc., whose shares are listed on the Toronto Stock Exchange, a role he currently retains.</p> <p>Mr Cole has many years of experience in managing large international and diversified groups in both Executive and Non-Executive capacities and brings this wealth of experience to bear in his role as Chairman of the company. In particular, he was Non-Executive Chairman position at Ashtead for 12 years where the Company progressed to a FTSE 100 leading performer until 2019. when he left.</p>
NICOLÁS VILLÉN JIMÉNEZ	<p>Mr. Villén holds an industrial engineer degree from Universidad Politécnica de Madrid, a Master in Electrical Engineer by the University of Florida (Fulbright Scholar) and an MBA from the Columbia University. Mr. Villén was CEO of Ferrovial Aeropuertos (2009-2012) and CFO of Ferrovial (1993-2009). Before that, he worked as Midland Montagu Ventures' CEO, Smith Kline & French's CEO and International Vice-President, amongst other responsibilities in Abbott Laboratories and Corning Glass Works. Currently, he externally advises IFM Investors (an Australian infrastructure fund) and he is a board member of FCC Aqualia.</p> <p>Mr. Villen was appointed considering his high level experience in a variety of roles in world class Spanish and international companies including a strong financial background which lends support to the Audit Committee, of which he is currently the Chairman.</p>

<p>MARIA CRISTINA HENRÍQUEZ DE LUNA BASAGOITI</p>	<p>Ms. Henríquez de Luna holds a degree in Business Administration and Economics from ICADE E2 in Madrid.</p> <p>Ms. Henriquez de Luna is the President and Managing Director Spain at GlaxoSmithKline where she has benefited from an extensive career in international markets in both commercial and finance roles. Previous to this, she was at Procter & Gamble in Spain, Germany, Switzerland, Mexico and Peru in a variety of senior finance positions including 12 years of direct Latin American management. Ms Henriquez de Luna is independent director and audit committee member at Meliá Hotels International and Viscopan. Ms Henriquez is Vicepresident of the “Fundación de Ciencias de la Salud”, “Fundación España Salud” and Farmaindustria and member of its board and executive committee. She is also in the executive committee and a trustee of the “Fundación SERES, Sociedad y Empresa Responsable”, as well as trustee at “Fundación Cotec”.</p> <p>Ms. Henriquez de Luna’s experience of operating in international markets in both commercial and finance roles in a highly regulated industry make her well suited to support the Board and the Audit Committee where she is a member.</p>
<p>MARIA JOSÉ ESTERUELAS AGUIRRE</p>	<p>Ms. Esteruelas holds a degree in Industrial Electrical Engineering from ICAI (Madrid). She has a Master’s degree in Operations from the Instituto de Empresa (Madrid) and a General Management Executive Programme from the IESE (Madrid).</p> <p>Ms. Esteruelas is the CEO of Ferrovial Energía. Ms. Esteruelas has been as Director of Energy at Ferrovial Construcción, company she joined February 2021. Most of her career has been at Abengoa which she joined in 1997, performing a variety of senior positions, as member of the Executive Committee and General Director for America, in charge of all the subsidiaries in the continent. Previously, she was Director of the Energy division, LATAM director and Concession and Operations directors.</p> <p>From July 2014 to December 2017 she was member of the Atlantica Yield Board of Directors appointed by Abengoa.</p> <p>Ms. Esteruelas’ experience in various positions in international markets, particularly in the energy sector, make her well suited to support the Board and the Appointments and Compensation Committee and ESG Committee, where she is a member.</p>
<p>ESSIMARI KAIRISTO</p>	<p>Ms. Essimari Kairisto has a diploma in Business Administration from the Bielefeld University of Applied Sciences (Germany).</p> <p>Ms. Kairisto was the Chief Financial Officer and a Board Director for Hochtief Solutions AG until 2016 after which she has taken on independent consulting roles. These include, since 2015, member of the Supervisory Board, member of its Shareholders’ Committee and member of the Audit Committee of Freudenberg SE, the privately owned German technology company. Since 2018, she is Non-Executive Director and member of the Audit and Risk Committee of Fortum Oyj, the clean energy generation and distribution company that is listed on the Helsinki stock exchange and, since 2020, Chair of the Audit and Risk Committee. Additionally, Ms Kairisto has been since 2019 a member of the Supervisory Board and member of the Audit Committee of TenneT BV, the Dutch state owned leading European electricity transmission system operator (TSO) with its main activities in the Netherlands and Germany where, since 2020, she is also a member of its Strategy and Investment Committee and chair of its Audit Committee. Since 2022, she is also an independent, non-executive Director of the Board of Iveco Group N.V. listed on the Milan Stock Exchange and Chair of its Audit Committee.</p> <p>Prior to her move to Hochtief Solutions in 2013, Ms Kairisto had several high profile roles in finance and general management including at Sasol, RWE and Schlumberger.</p> <p>Ms Kairisto was appointed considering her high level experience in a variety of</p>

	<p>roles in European companies, including listed and in the energy sector, in addition to her strong financial knowledge which lends support to the Audit Committee, of which she is currently a member.</p>
<p>MARIE-FRANÇOISE DAMESIN</p>	<p>Ms. Damesin holds a Post-graduate degree (DEA) in Economics from Paris Dauphine University, an MBA from ESSEC Business School and has also graduated with high distinction for the Board Director Diploma at IMD Lausanne.</p> <p>Her career has been focused on the automotive industry in global roles and responsibilities starting at the Compagnie Des Wagons-Lits & Du Tourisme and subsequently joined Renault in 1984, where she developed her wide experience holding different managerial positions, including Member of the Renault Management Committee for Latin America, the Renault Foundation CSR Board Member and a Board Member for Renault Spain. She has also been Vice President Human Resources and General Affairs for the European Region at Nissan and between 2011 and 2018 she was Executive Vice President for Human Resources and Member of the Executive Committee of Renault. Concurrently she was Member of the Management Board for the Renault-Nissan-Mitsubishi Alliance.</p> <p>She was elected CHRO of the year in France in 2017 and was President of the Association of CAC 40 Chief Human Resources Officers.</p> <p>Ms. Damesin is currently an Independent Director on several companies' boards, including Urbanis and Energie Jeunes, as well as Senior Advisor and Executive Coach at Boston Consulting Group.</p> <p>She is a Chevalier de la Légion d'Honneur, France's highest order of merit.</p> <p>Ms. Damesin was appointed considering her high level experience in the automotive sector (one of Applus+'s main sectors) and especially for her knowledge and variety of roles in the Human Resources area, as she is expected to become Chairman of the Appointment and Remuneration Committee.</p>
<p>BRENDAN CONNOLLY</p>	<p>Mr. Connolly holds a BSc in Business Economics and Sociology from Southampton University and has significant experience and knowledge of the Testing, Inspection and Certification sector.</p> <p>His career started at Schlumberger, where he worked for 24 years holding diverse managerial positions in both operations and finance and in many regions, including Europe, Latin America, USA, Africa, Asia and the Middle East. He was CEO of Atos Origin UK, America and Asia and CEO of Moody International, which was acquired by Intertek Group plc in 2011. At Intertek, he was appointed VP Middle East, Russia, FSU and Eastern Europe.</p> <p>His Non-Executive Director career started at Cape Plc, where he served as Chairman of the Remuneration Committee and Member of the Audit and Nomination Committee. He is currently Senior Independent Director of Synthomer PLC and Non-Executive Director at NES Global Talent, Victrex Plc and PEPCO GROUP NV.</p> <p>Mr. Connolly was appointed considering his high level of executive and non-executive experience in the TIC sector and the oil & gas industry, in which the Company operates, as well as the variety of executive roles held, with a deep knowledge of the business that contributes value to both the Board and the Committees to which he is a member (namely ESG and Appointments and Remunerations).</p>

Number of independent directors	7
Percentage of the Board	77.78

Observations

State whether any independent director receives from the company or any company in the group any amount or benefit other than compensation as a director, or has or has had a business relationship with the company or any company in the group during the past year, whether in his or her own name or as a significant shareholder, director or senior executive of a company that has or has had such a relationship.

N/A

In this case, include a statement by the Board explaining why it believes that the director in question can perform his or her duties as an independent director.

Name of the director	Description of the relationship	Statement of the Board

OTHER EXTERNAL DIRECTORS

Identify the other external directors and state the reasons why these directors are considered neither proprietary nor independent, and detail their ties with the company or its management or shareholders:

Name of director	Reason	Company, director or shareholder to whom the director is related	Profile
ERNESTO GERARDO MATA LÓPEZ	Mr. Mata was initially appointed as director on 29/11/2007 holding the position in the board for more than 12 years.		Mr. Mata López holds a Degree in Economics and MA from the University of Geneva and an MBA from IESE (Barcelona). He was a member of the board, deputy to the President, and CFO at Unión Fenosa, S.A. (now Gas Natural SDG, S.A.), President at Unión Fenosa Soluziona, S.A., member of the board of directors at Compañía Española de Petróleos, S.A. and Abertis Infraestructuras, S.A., where he was the Chairman of the Audit Committee. He was the President of the advisory board at Knight Frank, member of the board of Aguas Anginas and senior advisor in Marlin Patterson Global Advisers LLC. Mr. Mata has developed extensive experience in the energy and capital markets sectors, as well as in different Audit Committees, gathered through the numerous positions he has held in highly reputable Spanish companies. This experience as well as the many relationships he has accumulated in the Spanish markets over the years were key to his appointment as director of the Company.

Total number of other external directors	1
Percentage of the Board	11.11

Observations
In accordance to article 529 duodecies 4 i) of the "Royal Legislative Decree 1/2010, of July 2nd, which approves the consolidated text of the Capital Companies Law - on directors' categories", after 12 consecutive years after his appointment, Mr. Ernesto Gerardo Mata López is no longer considered independent director.

State any changes in status that has occurred during the period for each director:

Name of director	Date of change	Previous Status	Current status

Observations

C.1.4 Complete the following table with information relating to the number of female directors at the close of the past 4 years, as well as the category of each:

	Number of female directors				% of directors for each category			
	Year t	Year t-1	Year t-2	Year t-3	Year t	Year t-1	Year t-2	Year t-3
Executive	0	0	0	0	0	0	0	0
Proprietary	0	0	0	0	0	0	0	0
Independen	4	4	4	3	57,14	57,14	57,14	42,86
Other external	0	0	0	0	0	0	0	0
Total	4	4	4	3	44,44	44,44	40	30
Observations								

C.1.5 State whether the company has diversity policies in relation to the Board of Directors of the company on such questions as age, gender, disability and training and professional experience. Small and medium-sized enterprises, in accordance with the definition set out in the Accounts Audit Act, will have to report at least the policy they have implemented in relation to gender diversity.

Yes No Partial policies

Should this be the case, describe these diversity policies, their objectives, the measures and way in which they have been applied and their results over the year. Also, state the specific measures adopted by the Board of Directors and the appointments and remuneration committee to achieve a balanced and diverse presence of directors.

In the event that the company does not apply a diversity policy, explain the reasons why.

Description of policies, objectives, measures and how they have been implemented, including results achieved
<p>The Board of directors amended its Regulations including more detail on diversity matters to consider in selection processes, and currently, article 14.3 establishes that: "The Board of Directors shall ensure that the appointment procedures of its members favour diversity with respect to aspect such as age, gender, disability or training and professional experience and have no implied bias that might entail any discrimination and, in particular, that they facilitate the selection of female Directors in a number allowing to reach a balanced presence of women and men".</p> <p>Likewise, it modified its Directors Selection Policy (available at www.applus.com) in accordance with the Good Governance Code of June 2020.</p> <p>Currently, the Policy establishes as follows: "The objective of this Policy is to explain the principles that will govern the selection of candidates to the position of directors of the Company. The selection procedures shall be aimed at achieving an adequate balance on the Board of Directors as a whole and, in particular, at promoting the goal of having at least 40% of total board places occupied by women directors by the end of 2022 year and thereafter. The Applus+ Board of Directors shall ensure in any case that the selection procedures favours diversity in gender, age disabilities, experience, professional education or experience and that they do not suffer from implicit bias that might imply any discrimination and, in particular, that might make it more difficult for the selection of female</p>

candidates, promoting an increase of women's presence on the Board in view of best corporate governance practices and in line with the specific analysis of the Company's needs performed by the Board of Directors. In particular, the Board will ensure that the Company adopts measures that encourage the company to have a significant number of female senior managers to contribute to gender diversity overall."

In year 2019, the Board of Directors included in the Policy the express mention to the objective that the less represented gender would at least hold 30% of the positions in the board for 2020. In consequence, and on the basis of the needs identified by the Board of Directors, a female director was appointed in 2016 and two on 2019, reaching the objective established a year earlier. In the selection process initiated following the two vacancies arisen in 2018, female directors' profiles were prioritized in order to achieve the representation objective.

Again, the objective proposed for the year 2023 was met ahead of schedule, since, as of November 2021 the number of women on the Board of Directors exceeds 40% of the positions in the board.

A Diversity target is included in the annual variable remuneration and in the Long Term Incentive of the Chief Executive Officer as part of the ESG targets included in the Remuneration Policy, also included for Senior Management, as well as in the variable remuneration of the entire management team worldwide.

The Appointments and Compensation Committee and the Board of directors promote and guarantee diversity amongst its members in a wider sense (including factors such as gender, age, experience, skills, geography) in order to continue leading the strategy of the Company, and meeting stakeholders' expectations. Finally, also to point out that the current composition of the board and its diversity is a matter positively considered both by board members during annual evaluations (who point out the contribution to the debate and decision making), as well as by institutional investors and proxy advisors within the framework of the meetings on corporate governance that the company holds with them. In respect of the vacancies that might originate in the future, the Company will act with same equality, safeguarding that nothing hinders or prevents to increase the representation of female directors in the Board.

- C.1.6 Describe the means, if any, agreed upon by the appointments committee to ensure that selection procedures do not contain hidden biases which impede the selection of female directors and that the company deliberately seeks and includes women who meet the target professional profile among potential candidates and which makes it possible to achieve a balance between men and women. Indicate if the measures include to promote a significant number of female top management:

Explanation of means

It should be pointed out the result of the application of the selection policy processes for board members that have made it possible to increase the female board members (more than 40% of the positions in the board).

As indicated in the previous section, the Directors' Selection Policy establishes that: *"In particular, the Board will ensure that the Company adopts measures that encourage the company to have a significant number of female senior managers to contribute to gender diversity overall."* This reflects the Company's practices and the Company had applied a number of policies applicable to the entire group:

- Code of Ethics: it establishes a framework that goes beyond regulatory compliance. It Establishes general principles to guide the integrity and professionalism in the decision making process.

- ESG Policy: This policy refers to the framework and development of the Corporate Social Responsibility Policy within the Applus+ Group.
- Equality and Diversity Policy, which establishes as main principle to ensure the staff promotes gender, age and capacities diversity, as Applus+ values difference. Likewise, it establishes that the company shall develop and implement adequate training programs for the achievement of these principles and will review and update the policy to adjust it to any changes that the group might face, ensuring its compliance.
- Non-discrimination global policy: This policy establishes Applus undertaking in promoting the equality within the company and the aim to eliminate any kind of discrimination, as well we the commitment to promote good relationship within staff.
- Monitoring by the Appointments and Compensation Committee of HR strategy and actions to achieve these goals, as well as follow up on related indicators), at least annually.

In the event that there are few or no female directors or top management in spite of any measures adopted, please explain the reasons that justify such a situation

Explanation of means

C.1.7 Describe the conclusions of the appointments committee regarding verification of compliance with the policy aimed at promoting an adequate composition of the board of directors.

It is the Appointments and Compensation Committee's view that the Applus+ directors' selection policy adopted the practices followed by the company in the subject and is consistent with the good corporate governance, which is a key plank of the ESG policy. Likewise, it considers that the compliance with the selection policy has contributed to the adequate and diverse composition of the Board of directors.

In this sense, the directors' selection processes that took place since the year 2021 have contributed to even improve the diversity of the Board's composition in a broad sense: gender, skills and experience. This selection has been carried out with the help of independent external advisors, following a prior definition of the skills required by the Board which namely, in these cases, aimed to enhance experience and particularly in the TIC sector and in HR.

Likewise, as indicated in section C.1.5 and 6 above, the company's most recent selection processes allowed the incorporation of three women to the Board of Directors, and a last incorporation in the 2021 year, which currently represents more than 40% of the Board and the fulfilment of the goal indicated in the Policy.

C.1.8 If applicable, please explain the reasons for the appointment of any proprietary directors at the request of shareholders with less than a 3% equity interest:

Name of shareholder	Reason
N/A	

State whether the Board has failed to meet any formal requests for membership from shareholders whose equity interest is equal to or higher than that of others at whose request proprietary directors have been appointed. If this is the case, please explain why the aforementioned requests were not met:

Yes No

Name of shareholder	Explanation

C.1.9 Indicate the powers, if any, delegated by the Board of Directors, including those relating to the option of issuing or re-purchasing shares, to directors or board committees:

Name or company name of director or committee	Brief description

C.1.10 Identify any members of the Board who are also directors or officers in other companies in the group of which the listed company is a member:

Individual or company name of the director	Company name of the group member	Post	Does it have executive functions?
JOAN AMIGÓ I CASAS	LIBERTYTOWN USA FINCO, INC	Chairman of the Board	Yes
JOAN AMIGÓ I CASAS	IDIADA AUTOMOTIVE TECHNOLOGY, S.A.	Director's representative	No
JOAN AMIGÓ I CASAS	LGAI TECHNOLOGICAL CENTER, S.A.	Director's representative	No
JOAN AMIGÓ I CASAS	APPLUS SERVICIOS TECNOLÓGICOS, S.L.U.	Sole director's representative	Yes
JOAN AMIGÓ I CASAS	SUPERVISIÓN Y CONTROL, S.A.U	Sole director's representative	Yes
JOAN AMIGÓ I CASAS	RITEVE SYC, S.A	Board's Chairman	Yes
JOAN AMIGÓ I CASAS	INVERSONES Y CERTIFICACIONES INTEGRALES, S.A	Board's Chairman	Yes
JOAN AMIGÓ I CASAS	CRPPLUS SERVICES, SOCIEDAD ANÓNIMA	Board's Chairman	Yes
JOAN AMIGÓ CASAS	RINGAL INVEST, S.L.U	Sole director's representative	Yes

Observations

C.1.11 List the positions of director, administrator or representative thereof, held by directors or representatives of directors who are members of the company's board of directors in other entities, whether or not they are listed companies:

Identity of the director or representative	Company name of the listed or non-listed entity	Position
CHRISTOPHER COLE	WSP GLOBAL, INC	NON EXECUTIVE CHAIRMAN
ESSIMARI KAIRISTO	FORTUM OYJ	NON-EXECUTIVE DIRECTOR AND CHAIR OF THE AUDIT COMMITTEE
ESSIMARI KAIRISTO	FREUDENBERG	SUPERVISORY BOARD MEMBER AND

		MEMBER OF AUDIT COMMITTEE
ESSIMARI KAIRISTO	IVECO GROUP N.V.	INDEPENDENT DIRECTOR OF AND CHAIR OF AUDIT COMMITTEE
ESSIMARI KAIRISTO	TENNET BV	MEMBER OF THE SUPERVISORY BOARD AND MEMBER OF STRATEGY AND INVESTMENTS COMMITTEE AND CHAIR OF THE AUDIT COMMITTEE
MARIA CRISTINA HENRIQUEZ DE LUNA	HOTELES MELIA INTERNATIONAL, S.A.	INDEPENDENT DIRECTOR AND AUDIT COMMITTEE MEMBER
MARIA CRISTINA HENRIQUEZ DE LUNA	VISCOFAN, S.A.	INDEPENDENT DIRECTOR AND AUDIT COMMITTEE MEMBER
MARIA CRISTINA HENRIQUEZ DE LUNA	GLAXOSMITHKLINE, S.A.	PRESIDENT, CEO
MARIA CRISTINA HENRIQUEZ DE LUNA	GLAXO, S.A.	PRESIDENT, CEO
MARIA CRISTINA HENRIQUEZ DE LUNA	SMITHKLINE BEECHAM FARMA, S.A.	PRESIDENT, CEO
MARIA CRISTINA HENRIQUEZ DE LUNA	DESARROLLO ENERGÍA SOLAR ALTERNATIVA, S.L.	DIRECTOR
MARIA CRISTINA HENRIQUEZ DE LUNA	FUNDACIÓN DE CIENCIAS DE LA SALUD	VICEPRESIDENT
MARIA CRISTINA HENRIQUEZ DE LUNA	FUNDACIÓN ESPAÑA SALUD	VICEPRESIDENT
MARIA CRISTINA HENRIQUEZ DE LUNA	FARMAINDUSTRIA	VICEPRESIDENT, EXECUTIVE COMMITTEE MEMBER
MARIA CRISTINA HENRIQUEZ DE LUNA	FUNDACIÓN SERES EMPRESA RESPONSABLE	EXECUTIVE COMMITTEE MEMBER
NICOLÁS VILLÉN JIMÉNEZ	FCC AQUALIA, S.A.	MEMBER OF THE BOARD OF DIRECTORS
MARIE-FRANÇOISE DAMESIN	URBANIS	INDEPENDENT DIRECTOR
MARIE-FRANÇOISE DAMESIN	ENERGIE JEUNES	INDEPENDENT DIRECTOR
BRENDAN CONNOLLY	NES GLOBAL TALENT	NON-EXECUTIVE DIRECTOR

BRENDAN CONNOLLY	VICTREX PLC	NON-EXECUTIVE DIRECTOR
BRENDAN CONNOLLY	PEPCO GROUP NV.	NON-EXECUTIVE DIRECTOR
BRENDAN CONNOLLY	SYNTHOMER PLC	SENIOR INDEPENDENT DIRECTOR

Notes
The Appointments & Remunerations Committee verifies the dedication of each director. The Chairman of the Board has been reducing his positions held in other companies, in line with the best Corporate governance practices, as well with the specific expectations of institutional investors and proxy advisors.

Indicate, where appropriate, the other remunerated activities of the directors or directors' representatives, whatever their nature, other than those indicated in the previous table.

Identity of the director or representative	Other paid activities
ERNESTO GERARDO MATA	CHAIRMAN OF THE ADVISORY BOARD KPMG S.A.
ERNESTO GERARDO MATA	CHAIRMAN OF THE ADVISORY BOARD QUIRON SALUD, S.A.
MARÍA JOSÉ ESTERUELAS	DIRECTOR OF ENERGY FERROVIAL CONSTRUCCIÓN, S.A.
NICOLÁS VILLÉN JIMÉNEZ	SENIOR ADVISOR IFM INVESTORS
MARIE-FRANÇOISE DAMESIN	SENIOR ADVISOR AND EXECUTIVE COACH BOSTON CONSULTING GROUP
MARIA CRISTINA HENRIQUEZ DE LUNA	GENERAL DIRECTOR, GLAXOSMITHKLINE, S.A.

Observations

C.1.12 State whether the company has established rules on the number of boards on which its directors may hold seats, providing details if applicable, identifying, where appropriate, where this is regulated:

Yes No

Explanation of the rules and identification of the document where this is

C.1.13 Indicate the remuneration received by the Board of Directors as a whole for the following items:

Remuneration accruing in favour of the Board of Directors in the financial year (thousands of euros)	2.390
Funds accumulated by current directors for long-term savings systems with consolidated economic rights (thousands of euros)	
Funds accumulated by current directors for long-term savings systems with unconsolidated economic rights (thousands of euros)	
Pension rights accumulated by former directors (thousands of euros)	

Observations

In 2023, the only executive director is the CEO. In 2022, there were two executive directors, the CEO and the CFO.

The plans existing as of year-end re. RSUs granted in February correspond to the years where he was acting as CFO, i.e. 2021 and 2022 for 6,649 and 7,100 RSUs respectively. The RSUs granted in 2022 will be converted in shares in a period of three years from the day of its vesting (30% the two first years and 40% the third). In February 2023, 3,947 net shares were vested, corresponding to the plan granted in February 2020 and 30% of the 2022 February plan.

Since 2022, the variable remuneration of the Executive Director comprises a part in cash, which represents 62.5% (previously a 50%) and the rest in RSUs convertibles in shares in a period of three years from vesting (30% the two first years and 40% the third). The impact in the 2023 year for these RSUs is 95 thousands euros. At 2023 year end, three RSUs plans are active, corresponding to the ones granted in February 2021, 2022 and 2023 for 5,206, 11,820 and 25,116, respectively. In February 2023, 4,878 net shares were vested, corresponding to 40% of the RSUs granted in 2020 and 30% in 2021 and 2022.

a) Long-term incentive ("LTI"):

The Executive Director will receive annual PSUs (Performance Stock Units) convertible into shares of the Company, based on the fulfilment of certain objectives to be completed within three years from the date of grant.

The PSU plans existing as of year-end correspond to the years 2021, 2022 and 2023. In February 2023, shares were vested corresponding to the plan granted in February 2020.

b) Long-term extraordinary incentive ("one off"):

In accordance with the current Remunerations Policy, the CEO participates in an incentive plan whereby he received certain PSUs convertible into shares of the Company, depending on the completion of certain objectives, within a three year period from the date of grant.

Remuneration for other concepts, RSUs and PSUs are further detailed in the Annual Remuneration Report.

C.1.14 Identify senior management staff who are not executive directors and their total remuneration accrued during the year:

Name	Position
BASCHWITZ GARCÍA, CRISTINA	Corporate Development
PEREZ FERNANDEZ, JOSE DELFIN	Human Resources, Marketing & Communications
DE UNAMUNO MORENO, JULIÁN	Finance
ARGILES MALONDA, EVA	Legal
FARRAN . JOSEP MARIA	Idiada Division
RETES AGUADO, AITOR	Automotive Division
LOPEZ SERRANO, JAVIER	Energy & Industry Division
DIAZ ORPINELL, ANNA	Compliance
SANFELIU RIBOT, M.TERESA	Internal Quality, H&S and Innovation (HSQE)
UBEDA SORIANO, MAURICIO	Laboratories Division
AGUILO BARCELO, PEDRO	Operational Excellence
SWIFT, ASTON GEORGE WILLIAM	Investor Relations
RIBAS AGUILERA, ALEIX	Internal Audit

Number of women in senior management	4
% of total of senior management members	30.77%

Total senior management remuneration (thousand euros)	4,792
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Observations
<p>Since 2022, it is considered to be management those executives who report directly to the Executive Director.</p> <p>For the purposes of information relating to remuneration, the internal auditor is also included.</p> <p>The remuneration perceived during 2023 by the group management during the period where such managers reported to the Executive director, as well as the internal audit manager during 2023, comprises of:</p> <p>a) Annual remuneration</p> <p>The fix remuneration of certain managers includes a part in fix RSUs which are convertible into shares the third anniversary of its grant, for the plans vested in 2020 and 2021, and within a period of three years since its concession (30% the first two years and 40% the third) for the plans granted in 2022 and 2023. In February 2023, shares were vested corresponding to the February 2020 plan and 30% of the February 2022 plan. Some RSUs are pending to be vested by former managers.</p> <p>Management variable remuneration comprises a part in cash, representing 62.5% and the rest in RSUs, convertibles into shares in a period of three years since the date of grant, 30% the first two years and 40% the third one. In February 2023, shares were vested, corresponding to the 2020, 2021 and 2022 plans.</p> <p>b) Multiannual remuneration and long term incentive PSU plan</p>

According to the existing Remuneration Policy, some managers receive annual PSUs convertibles in shares in the Company within a period of three years from the date of grant. The current plans correspond to the ones granted in February 2021, 2022 and 2023. In February 2023, shares were vested regarding the plan granted in February 2020. Some PSUs are pending to be vested to members who are no longer part of the management.

c) Extraordinary long term incentive plan:

Certain managers are part of an incentive plan whereby he received certain PSUs convertible into shares of the Company, depending on the completion of certain objectives. In the case of 10 managers, this calendar consists of the vesting of 1/6 PSUs during the first two years, and 4/6 on the third; in case of one manager (adhered to the plan later), it consists of a vesting of 1/4 during year 2024 and the rest in 2025. The total expense recorded in 2023 for this plan has been 1,876 thousands of euros and includes the additional incentive granted to a member of the management.

C.1.15 State whether the Board rules were amended during the year:

Yes No

Description of amendment

C.1.16 Specify the procedures for selection, appointment, re-election and removal of directors: the competent bodies, steps to follow and criteria applied in each procedure.

Selection: Appointments and Compensation Committee is responsible for (i) evaluating the skills, expertise and experience necessary in the Board of Directors to define, consequently, the functions and abilities needed in candidates who are to fill each vacancy, and to evaluate the time and dedication necessary to perform their duties; and of (ii) to safeguard that, when filling new vacancies, the selection procedure does not suffer from implicit biases that might hinder the selection of female Directors; and so that the company deliberately searches for, and includes amongst potential candidates, women who meet the professional profile sought (article 39.3 vi and x del of the Regulations of the Board of Directors).

Appointment: The members of the Board of Directors shall be appointed by the General Shareholders' Meeting, notwithstanding the possibility of co-opting members as established in the Spanish Companies Act (article 23 of the company By-laws,). It is not necessary to be a shareholder to be elected member of the Board, except in the case of co-option. Individual or legal entities covered by any of the prohibitions established by current legislation for reasons of incapacity or incompatibility shall be disqualified from Board membership.

Proposals for the appointment of Directors submitted by the Board of Directors to the consideration of the General Shareholders' Meeting and appointment decisions adopted by the Board of Directors pursuant to its interim appointment authority shall be made subject to the prior report by the Appointments and Compensation Committee (in the case of executive and proprietary Directors), and subject to a proposal from the Appointments and Compensation Committee, in the case of independent Directors (articles 14 and 39.3 of the Regulations of the Board of Directors).

In all the directors' selection processes, the A&C has relied on recognized external recruitment firm, being all candidates always selected on the bases of the candidates presented by it.

Term of office (article 23.3 of the company By-laws and 15 of the Board of Directors Regulations). Tenure of office shall be four (4) years as from the date of acceptance, being able to be re-elected one or more times for periods of equal duration.

Re-appointment (article 16 of the Regulations of the Board of Directors). Before the reappointment of Directors is proposed to the General Shareholders' Meeting, the Appointments and Compensation Committee shall issue a report evaluating the work and dedication of the Directors proposed during the previous term in office.

Self-evaluation (article 36 of the Regulations of the Board of Directors): *"The Board of Directors shall dedicate the first meeting of the year to an assessment of its operation during the previous financial year, evaluating the quality of its work, assessing the effectiveness of its regulations, and if appropriate, correcting those aspects that were found not to be functional. Furthermore, the Board of Directors shall assess the performance of its duties through the Chairman of the Board of Directors and the senior executive of the company, based on the report issued by the Appointments and Compensation Committee, as well as the operation of the Board of Directors Committees, based on their reports".*

During the 2021 and 2022, an external evaluation of the Board of Directors was carried out by Spencer Stuart. This evaluation included a confidential questionnaire addressed to each Director, as well as telephone interviews and specific face-to-face meetings with each director. The results of the evaluation processes were reported to the Appointments and Remuneration Committee, which dedicated several sessions (before sharing the Results with the Board of Directors in full). At the first meeting of the Board of Directors in 2022, the agenda included the presentation of the Evaluation Report by the external advisor and the analysis by the Board of Directors. Additionally, an evaluation of the chairman and CEO has been carried out, respectively led by Mrs. Damesin (as Chairman of the Appointments and Remuneration Committee) and by Mr. Cole as chairman of the Board (and interim chair of the A&C).

Removal (article 17 of the Regulations of the Board of Directors). Directors shall be removed from their post once the term for which they were appointed has lapsed or when so is decided by the General Shareholders' Meeting pursuant to the powers conferred upon them by law and in the by-laws, with no need for said decision to be included in the agenda of the General Shareholders' Meeting. The Board of Directors shall not propose the removal of any independent Director before the end of the statutory term for which they have been appointed, except where the Board of Directors considers that sufficient grounds for such action exist, based on a report by the Appointments and Remuneration Committee. In particular, sufficient grounds will be deemed to exist when the Director has failed to fulfil the duties of its position or is affected by one or more of the circumstances that would have prevented its appointment as an independent Director, in accordance with applicable legal provisions.

C.1.17 Explain how the annual evaluation of the Board has given rise to significant changes in its internal organization and to procedures applicable to its activities:

Description of changes
Due to the exceptional circumstances the Company has faced this year 2023, which have required a higher attention of the Board to this extraordinary situation, the Board has proposed an evaluation exercise on their performance during said period. However, based on the previous evaluation, the Board has continued with its greater focus on certain risk & opportunities areas for the Company (such as cybersecurity, sustainability and health and safety). It should be noted that, all of these goals have been met in 2023. As a result of the external evaluation, the Board increased its dedication in areas such as succession, talent management, strategy with particular focus on ESG, cybersecurity and digitalization.

Describe the evaluation process and the areas evaluated by the Board of Directors with the help, if any, of external advisors, regarding the function and composition of the board and its committees and any other area or aspect that has been evaluated.

Description of the evaluation process and evaluated areas
As previously outlined, and due to the exceptional circumstances in 2023, the Board has postponed 2023 evaluation. However, for information purposes, we are including in this section a reference to previous exercises, which continuity is still valid in general terms.

The evaluation was coordinated by the Chairman of the Board and the Chairman of the Appointments and Compensations Committee during the years 2021 and 2022. An independent external firm was hired for the first time. The process consisted on the completion of an online questionnaire by each Director, followed by confidential individual interviews.

Upon receipt of the external report issued by the consultant early in 2022, it was submitted to the Appointments and Remuneration Committee, which held several meetings to analyze it during the year 2022.

The external report was submitted by Spencer Stuart at the beginning of the year 2022 to be analyzed by the Board. The measures agreed upon will continue to be addressed at future meetings, as appropriate. The evaluation of the year 2022 is ongoing and while it has been internally developed, it has taken into consideration the recommendations from the former external evaluation.

The evaluation in 2022 reflected a good dynamic, balance in the Board and committees composition, chairman role, as well as certain aspects which have been initiated or improved during 2023: information of appointments and compensation committee, increase in periodic information received from the Company. Being an extraordinary exercise, the availability of the Board during 2023 has been excellent.

- C.1.18 Describe, in those years in which the external advisor has participated, the business relationships that the external advisor or any group company maintains with the company or any company in its group.

N/A

- C.1.19 State the situations in which directors are required to resign.

According to article 17.3 of the Regulations of the Board of Directors, "*Directors must tender their resignation to the Board of Directors and, where considered appropriate by the Board, formalize the appropriate resignation in the following circumstances:*

(a) When they cease in the positions, posts, or functions related with their appointment as executive Directors;

(b) In the case of proprietary Directors, when the shareholder whose interests they represent transfers all of their shares, or that they do it in the corresponding number in case said shareholder reduces its holding in the Company;

(c) When they are affected by any of the incompatibility or prohibition provisions legally established;

(d) If they are severely reprimanded by the Board of Directors on the basis of a report by the Appointments and Remuneration Committee as a result of having breached their duties as Directors; or

(e) When their continuance on the Board of Directors may jeopardize the interests of the company".

Article 17.4 establishes that "*when a Director is removed from its office before the end of the term of office following its resignation or through resolution of the general meeting, the Director shall explain sufficiently the reasons for doing so, or in the case of non-executive Director, his/her opinion of the reasons for the general meeting resolution, in a letter addressed to all the members of the Board of Directors. This should all be reported in the Annual Corporate Governance Report, and if it is relevant for investors, the Company should publish an announcement of the departure as rapidly as possible, with sufficient reference to the reasons or circumstances provided by the Director.*"

C.1.20 Are qualified majorities other than those established by law required for any specific decision?

Yes No

If so, please describe any differences.

Description of differences

C.1.21 Explain whether there are any specific requirements, other than those relating to directors, to be appointed as chairman of the Board of Directors.

Yes No

Description of requirements

C.1.22 State whether the Articles of Association or the Board Rules establish any limit as to the age of directors:

Yes No

	Age limit
Chairman	
CEO	
Directors	

Observations

C.1.23 State whether the Articles of Association or the Board Rules establish any term limits for independent directors other than those required by law:

Yes No

Additional requirements and/or maximum number of term limits	

C.1.24 State whether the Articles of Association or Board Rules establish specific proxy rules for votes at Board meetings, how they are to be delegated and, in particular, the maximum number of delegations that a director may have, as well as if any limit regarding the category of director to whom votes may be delegated and whether a director is required to delegate to a director of the same category. If so, please briefly describe the rules.

Article 27.2 of the company By-laws provides that Directors shall personally attend the meetings. In case they cannot attend, the Director may only be represented at meetings of the Board of Directors by another director. Non-executive Directors can only be represented by other non-executive Directors. In any case, representation shall be granted by a letter addressed to the Chairman or by other means detailed in the Regulations for the Board of Directors.

Article 18 of the Regulations of the Board of Directors provides the obligations that Directors must fulfil when in office. Specifically, article 18.2 (a) establishes that Directors shall attend meetings of bodies of which they are part and actively participate in deliberations, so that they can effectively contribute to the decision-making process. Furthermore, said article also provides that if any Director cannot be present at sessions to which they have been called to attend, they must instruct the director who they have appointed as representative.

According to article 35.7 of the Board of Directors Regulations, the Chairman shall decide, in the event of any doubt, on the validity of the delegations conferred by Directors who are not present at the meeting. Said representations shall only be granted by letter or any other written method which, in the Chairman's opinion, ensures that the representation is valid.

C.1.25 State the number of meetings held by the Board of Directors during the year, and if applicable, the number of times the Board met without the chairman present. Meetings where the chairman sent specific proxy instructions are to be counted as attended.

Number of Board meetings	13
Number of Board meetings without the chairman	0

Observations
In 2023, the Board met thirteen (13) times: seven (7) of them physically and six (6) of them on a remote basis (videoconference).

State the number of meetings held by the coordinating director with the other directors, where there was neither attendance nor representation of any executive director:

Number of meetings	N/A
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Observations

Please specify the number of meetings held by each committee of the Board during the year:

Number of meetings held by the executive committee	N/A
Number of meetings held by the audit committee	4
Number of meetings held by the nomination and remuneration committee	3
Number of meetings held by the nomination committee	N/A
Number of meeting held by the remuneration committee	N/A
Number of meetings held by the ESG committee	4

Observations
With respect to the Appointments and Compensations Committee, it is noted that the 4 th ordinary meeting was foreseen to discuss a new remuneration policy for the directors, but in view of the exceptional situation created by the public takeover offers, the meeting was postponed until there is more clarity about the need for such new policy.

C.1.26 State the number of meetings held by the Board of Directors during the year in which all of its directors were present. For the purposes of this section, proxies given with specific instructions should be considered as attendance

Number of meetings when all directors attended	13
% of attendance over total votes during the year	100%
Number of meetings in situ or representations made with specific instructions of all directors	13
% of votes issued at in situ meetings or with representations made with specific instructions out of all votes cast during the year	100%

Observations

C.1.27 State if the individual and consolidated financial statements submitted to the Board for preparation were previously certified:

Yes No

Identify, if applicable, the person/s who certified the individual and consolidated financial statements of the company for preparation by the Board:

Name	Position
Observations	

C.1.28 Explain any measures established by the Board of Directors so that the annual accounts that the board submits to the General Shareholders' Meeting are prepared in accordance with applicable accounting regulations.

<p>Article 10.1 of the Regulations of the Board of Directors establishes that: <i>"The Board of Directors shall prepare the annual accounts and the management report (both individual and consolidated) so that they provide a true and fair view of the equity, financial position, and results of the Company, as provided for in the Spanish Companies Act, subject to the prior report of the Audit Committee"</i>.</p> <p>In accordance with article 38 of the Regulations of the Board of Directors, the Audit Committee is in charge of, amongst others, monitoring and evaluating the preparation and the integrity of the mandatory financial information, reviewing compliance with regulatory requirements, the accurate demarcation of the consolidation perimeter and the correct application of accounting principles.</p>

Likewise, the Policy for the communication of economic-financial, non-financial and corporate information and communication and contact with shareholders, institutional investors and proxy advisors establishes that *“The management and supervision of the information communicated at the highest level to shareholders, institutional investors and the markets in general belongs to the Board of Directors, protecting and enabling the exercise of their rights and interests within the protection of the corporate interest and in accordance with the applicable laws and the good governance. In line with applicable rules and with the Regulations of the Board of Directors, the approval of the information that, being a listed company, Applus+ must publish occasionally or periodically, and any information made available to the markets, sits within the Board of Directors. The Board has approved a procedure for the publication of information on the CNMV’s page in development of the Company’s Internal Regulation of Conduct in the securities markets.”*

C.1.29 Is the secretary of the Board also a director?

Yes No

If the secretary is not a director, please complete the following table:

Name of the secretary	Representative
VICENTE CONDE VIÑUELAS	N/A

C.1.30 State, if any, the concrete measures established by the entity to ensure the independence of its external auditors, financial analysts, investment banks, and rating agencies, including how legal provisions have been implemented in practice.

Article 38.7(c) (iii) of the Regulations of the Board of Directors provides that the Audit Committee, will *“monitor the independence of the external auditor, to which end, the company shall:*

- *Notify any change of auditor to the CNMV as a relevant fact, accompanied by a statement of any disagreements arising with the outgoing auditor and, should this be the case, their content.*
- *Ensure that the company and the auditor comply with current regulations on the provision of non-audit services, the limits on the auditor’s business concentration, the regulations referring to the requirement to rotate the auditor issuing the audit report, and in general, any other provisions established in order to ensure the independence of the auditors.*
- *The Audit Committee shall issue a report annually, in which it shall express its opinion on the auditors’ independence. This report shall refer in any case to the provision of additional services provided by the auditors to the company or to any entity associated with the company, whether directly or indirectly.*
- *To this end, the Audit Committee shall receive the auditors’ written confirmation of their independence in respect of the company, and any of its associated entities, whether directly or indirectly, as well as any information on additional services of any kind that they have provided to the company or any of its associated entities, whether directly or indirectly.*
- *In the event that the external auditor withdraws, the circumstances motivating this withdrawal shall be examined.”*

It is important to point out that since the Company went public, the partner responsible for the audit firm has changed in 2 occasions, as well as part of the supporting team. Moreover, the Audit Committee ensures the minimization of the other fees that the audit firm might receive. Likewise, the Company issues before every AGM the report on the auditors' independency. Finally, on December 14th, 2022, the Board of Directors informed that following the recommendation of the Audit Committee and, as a result of a selection process carried out by such Committee, resolved to appoint PricewaterhouseCoopers Auditores, S.L. as the auditor of the annual accounts of Applus and its consolidated group for financial years 2024, 2025 and 2026. The Annual General Meeting approved such appointment on 8 June 2023.

C.1.31 State whether the company changed its external auditor during the year. If so, please identify the incoming and outgoing auditor:

Yes No

If there were any disagreements with the outgoing auditor, please provide an explanation:

Yes No

Explanation of disagreements
N/A

C.1.32 State whether the audit firm provides any non-audit services to the company and/or its Group and, if so, the fees paid and the corresponding percentage of total fees invoiced to the company and/or Group:

Yes No

	Company	Group Companies	Total
Amount invoiced for non-audit services (thousand euros)	153	339	492
Amount invoiced for non-audit services/Amount for audit work (in %)	51.17	26.06	30.75

Observations
The percentage of non-audit services over audit services has increased compared to previous years due to the decrease of the audit services fees, mostly due to the divestments which took place in 2023. It is noted that, in accordance with article 4.2 of the Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities, the percentages which represent non-audit services do not exceed 70% in average in the last three years.

C.1.33 State whether the auditors' report on the financial statements for the preceding year contains a qualified opinion or reservations. If so, please explain the reasons given by the chairman of the audit committee to explain the content and extent of the aforementioned qualified opinion or reservations.

Yes No

C.1.34 State the number of consecutive years the current audit firm has been auditing the financial statements of the company and/or group. Furthermore, state the number of years audited by the current audit firm as a percentage of the total number of years that the financial statements have been audited:

	Individual	Consolidated
Number of consecutive years	17	17

	Individual	Consolidated
Number of years audited by the current audit firm/number of fiscal years the company has been audited (by %)	100	100

C.1.35 State whether there is a procedure whereby directors have the information necessary to prepare the meetings of the governing bodies with sufficient time and provide details if applicable:

Yes No

Explanation of procedure
<p>Article 30.3 of the Regulations of the Board of Directors provides that <i>“As the Chairman of the Board of Directors is responsible for the effective operation and functioning of the Board of Directors, it shall be required to ensure that the Directors are provided with sufficient information beforehand; (...).”</i> In practice, this means that the information required for a particular session is available at least at the moment of its call and, sometimes, according with the complexity of the matter, with enough anticipation.</p> <p>Likewise, the Board of Directors has set up an intranet so, amongst others, the information is available by electronic means and confidentiality is safeguarded, as well to enhance the previous accessibility of the information.</p> <p>In addition, article 23 of the Regulations of the Board of Directors provides that each director is entitled to ask for additional information, and the article regulates these requests.</p>

C.1.36 Indicate whether the company has established rules obliging directors to inform the Board of any circumstances, whether or not related to their actions in the company itself that might harm the company's standing and reputation, tendering their resignation where appropriate. If so, provide details:

Yes No

Explain the rules
<p>Article 17.3 of the Regulations of the Board of Directors provides that <i>“Directors must tend their resignation to the Board of Directors and, where considered appropriate by the Board, formalize the appropriate resignation in the following circumstances:</i></p> <p style="padding-left: 40px;"><i>(c) When they are affected by any of the incompatibility or prohibitions provisions legally established;</i></p> <p style="padding-left: 40px;"><i>(d) If they are severely reprimanded by the Board of Directors on the basis of a report by the Appointments and Remuneration Committee as a result of having breached their duties as Directors; or</i></p> <p style="padding-left: 40px;"><i>(e) When their continued presence on the Board of Directors may jeopardize the interests of the Company.</i></p> <p>In accordance with Article 17.4: <i>“When a Director is removed from its office before the end of the term of office following its resignation or through resolution of the general meeting, the Director shall explain sufficiently the reasons for doing so, or in the case of non-executive Director, his/her opinion of the reasons for the general meeting resolution, in a letter addressed to all the members of the Board of Directors. This should all be reported in the Annual Corporate Governance Report, and if it is relevant for investors, the Company should publish an announcement of the departure as rapidly as possible, with sufficient reference to the reasons or circumstances provided by the Director.”</i></p>

C.1.37 Indicate whether, apart from such special circumstances as may have arisen and been duly minuted, the Board of Directors has been notified or has otherwise become aware of any situation affecting a director, whether or not related to his or her actions in the company itself, that might harm the company's standing and reputation:

Yes No

Director's name	Nature of the situation	Observations

Indicate whether the Board of Directors has examined the case. If so, explain with reasons whether, given the specific circumstances, it has adopted any measure, such as opening an internal enquiry, requesting the director's resignation or proposing his or her dismissal.

Indicate also whether the Board decision was backed up by a report from the nomination committee.

Yes No

Decision / action taken	Reasoned explanation

C.1.38 Detail any material agreements entered into by the company that come into force, are modified or are terminated in the event of a change in control of the company following a public takeover bid, and their effects.

The Multicurrency Facilities Agreement and Note Purchase Agreements signed by the company on 7 June 2018, 4 July 2018 and 1 June 2021 include early maturity clauses in the event of a change in control, in standard terms for contracts of this kind. Likewise, there are other agreements entered into by subsidiaries of the company which might contain change of control clauses, such as shareholder agreements, concession agreements or others.

C.1.39 Identify individually for director, and generally in other cases, and provide detail of any agreements made between the company and its directors, executives or employees containing indemnity or golden parachute clauses in the event of resignation or dismissal or termination of employment without cause following a takeover bid or any other type of transaction.

Number of beneficiaries	1
Type of beneficiary	Executive director / CEO
Description of the agreement	<p>The executive director current agreement with the Company includes the following:</p> <ul style="list-style-type: none"> • Previous notice requirement by the CEO and the Company of at least 6 months in case of termination of the contract; • Post termination non-compete agreement: the CEO shall not compete with Applus for a period of 2 years following termination of the agreement. In exchange, the CEO shall be entitled to receive an amount of double the fix remuneration received during the year previous to the termination, payable in 24 equal instalments. This amount would be reduced in the amount that the Company pays as legal severance for the termination of the contract. Therefore, the total gross remuneration of the CEO after termination will not exceed in any case double the annual fix remuneration. If the CEO breaches the non-compete obligation, he shall return the amounts received. The termination payments agreed with the CEO comply with the Good Governance Code and protect the group through a non-compete agreement. <p>In case the agreement is terminated for (i) <i>mortis causa</i>, (ii) permanent disability (iii) <i>good leaver</i> or (iv) change of control or other transaction, the RSUs and PSUs of current and former Executive Director foresee an accelerated vesting in accordance with certain conditions, applicable to each case.</p> <p>In particular, with respect of the change of control:</p> <ul style="list-style-type: none"> • All the granted RSUs which are not vested at the time of the event, will automatically be converted at such date. The RSUs will be paid in cash at the time of the change of control. • In the case of the PSUs, they shall be automatically converted in cash at the date of such event. The PSUs to be vested will not be reduced in proportion to the time of vesting and it will be considered that the vesting conditions have been 100% met. <p>In addition, there are 8 agreements with managers who report to the Executive directors and include golden parachute clauses.</p> <p>The agreements of 7 managers include post termination non-compete clauses, 5 of them during 2 years and 1 of them during 1 year and 1 of them during 9 months. Those managers shall be remunerated for these agreements.</p>

Indicate whether, beyond the cases established by legislation, these agreements have to be communicated and/or authorized by the governing bodies of the company or its group. If so, specify the procedures, the cases concerned and the nature of the bodies responsible for their approval or communication:

	Board of Directors	General Shareholders' Meeting
Body authorizing the severance	YES	NO

	Yes	No
Are these clauses notified to the General Shareholders' Meeting?		X

Observaciones

C.2 Committees of the Board of Directors

C.2.1 Provide details of all committees of the Board of Directors, their membership, and the proportion of executive, proprietary, independent and other external directors that comprise them:

EXECUTIVE COMMITTEE

Name	Position	Current

% of executive directors	
% of proprietary directors	
% of independent directors	
% of other external directors	

Observations
N/A

Explain the functions delegated or assigned to this committee, other than those that have already been described in Section C.1.9, and describe the rules and procedures for its organisation and functioning. For each of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions assigned to it by law, in the articles of incorporation or in other corporate resolutions.

AUDIT COMMITTEE

Name	Post	Category
NICOLAS VILLÉN	PRESIDENT	INDEPENDENT
ERNESTO GERARDO MATA LÓPEZ	MEMBER	EXTERNAL
MARIA CRISTINA HENRÍQUEZ DE LUNA	MEMBER	INDEPENDENT
ESSIMARI KAIRISTO	MEMBER	INDEPENDENT

% of proprietary directors	0
% of independent directors	75
% of external directors	25

Observations

Explain the duties exercised by this committee, describe the rules and procedures it follows for its organization and function. For each one of these functions, briefly describe its most important actions during the year and how it has exercise in practice each of the functions attributed thereto by law, in the Articles of Association or other corporate resolutions.

The members of the Audit Committee are appointed by the Board of Directors. The Audit Committee consists of three to five members of the Board of Directors, based on their knowledge and experience in accounting, auditing and risk management matters.

Audit Committee's functions are listed in article 38 of the Regulations of the Board of Directors and mainly consist of:

- a) To report the General Shareholders Meeting on the issues raised in relation to those matters within the competence of the Audit Committee.
- b) In relation to the information and internal control systems:
 - (i) To monitor the effectiveness of the internal control of the Company, the internal audit, and the risk management systems, as well as to discuss with the external auditor any significant weaknesses in the internal control system detected during the course of the audit, all of which without breaching their independence.
 - (ii) To monitor and to evaluate the preparation and the integrity of the mandatory financial information, reviewing compliance with regulatory requirements, the accurate demarcation of the consolidation perimeter and the correct application of accounting principles.
 - (iii) To monitor the independence and efficacy of the internal audit function; propose the selection, appointment, re-appointment and removal of the head of the internal audit; propose the department's budget; to approve the priorities and annual work plan; receive regular information on its activities; and verify that the senior management are acting on the findings and recommendations of their reports.
 - (iv) To analyse financial and accounting irregularities with potentially serious implications that may have been reported.
 - (v) To monitor and to evaluate the control and management systems of the financial and non-financial risks the Company and the Applus+ Group are exposed to.
 - (vi) To monitor in general that the policies and systems related to internal control are applied effectively.

c) In respect of the external auditor:

- (i) To make recommendations to the Board of Directors for the selection, appointment, re-appointment and removal of the external auditor and the conditions of its engagement.
- (ii) To gather regularly information from the external auditor on the audit programme, its implementation and the results of its implementation, as well as verify that the senior management are acting on its recommendations.
- (iii) To monitor the independence of the external auditor
- (iv) To establish the appropriate relationships with the external auditor to receive information on any issues that could be a threat to their independence.

d) In relation with other duties, it corresponds to the Audit Committee:

- (i) To report during the AGM on the matters raised therein by shareholders which fall under its scope of responsibility.
- (ii) To monitor the process of preparing the annual accounts and management reports, individual and consolidated, for their formulation by the Board.
- (iii) To report to the Board of Directors, for its formulation, on the correctness and reliability of the annual statements and management reports, individual and consolidated, and the periodic financial information disseminated to the markets.
- (iv) To monitor compliance with internal codes of conduct and, in particular, with these Regulations under the terms provided herein.
- (v) To report to the Board of Directors, prior to its adoption of the corresponding decisions, on the following subjects:
 - The financial information that the Company must periodically make public.
 - The creation or acquisition of holdings in special purpose entities or those established in countries or territories which are considered tax havens, as well as any other transactions or operations of an analogous nature.
 - The preparation of a report on all those transactions that have the condition of Related-Party Transactions.

The main actions of the Audit Committee during 2023 were:

- Definition, approval and monitoring of the Internal Audit annual plan;
- Monitoring and supervision of the actions performed in connection with the risk map management, as well as understanding and analysing the development of the main risks;
- Monitoring and supervision of the ICFR model;
- Approval and follow up of action plans defined on the basis of internal audits performed (in response to the weaknesses found in the internal control);
- Quarterly monitoring of group results as well as periodic supervision of the most significant accounting estimates;
- Review of the scope and results (half and yearly) of the audit works performed by external audit;
- Review and approval of the audit fees and as well as of other fees for compatible services, as well as approval of the scope of the work of auditor;
- Approval of the auditors' independence report.

Identify the directors who are member of the audit committee and have been appointed taking into account their knowledge and experience in accounting or audit matters, or both, and state the date that the Chairperson of this committee was appointed.

Name of directors with experience	NICOLÁS VILLÉN MARIA CRISTINA HENRÍQUEZ DE LUNA ERNESTO GERARDO MATA LÓPEZ ESSIMARI KAIRISTO
Date of appointment of the chairperson	29/05/2020

Observations
All four members of the Audit Committee (as described in their profiles in section C.1.3 above) are experts in the subject and have been appointed considering their knowledge and experience in accounting and audit.

APPOINTMENTS AND REMUNERATION COMMITTEE

Name	Post	Category
MARIE-FRANÇOISE DAMESI	PRESIDENT	INDEPENDENT
MARIA JOSE ESTERUELAS AGUIRRE	MEMBER	INDEPENDENT
BRENDAN CONNOLLY	MEMBER	INDEPENDENT

% of proprietary directors	0
% of independent directors	100
% of external directors	0

Observations
The Chairman of the Board of Directors ceased to be a member and Chairman of the Appointments and Remuneration Committee, an interim role he hold during the transition since the former chairman's of the committee's depart. Ms. Marie-Francoise Damesin was appointed chairman of the Committee, reinforcing gender diversity and based on her wealth of experience in the areas the Committee deals with.

Explain the duties exercised by this committee, describe the rules and procedures it follows for its organization and function. For each one of these functions, briefly describe its most important actions during the year and how it has exercise in practice each of the functions attributed thereto by law, in the Articles of Association or other corporate resolutions.

The Appointments and Compensation Committee consists of at least three and a maximum of five Directors, appointed by the Board of Directors for a period not exceeding their term as Directors and without prejudice to being re-elected, insofar as they are also Directors. The Board of Directors designate the members of the Committee, based on the knowledge, skills and experience of the Directors and the tasks entrusted to the Committee.

Appointments and Compensation Committee's functions are:

- To formulate the proposals for appointment, re-appointment and removal of Independent Directors, and to report on the proposals for appointment, re-appointment and removal of the rest of Directors.
- To establish an objective of representation for the under-represented gender on the Board of Directors and to prepare guidelines on how to achieve said objective.
- To verify the character of each Director and check that he/she meets the requirements for qualification as Executive, Independent, Nominee or Other External Director.
- To evaluate the skills, expertise and experience necessary in the Board of Directors, to define, consequently, the functions and abilities needed in candidates who are to fill each vacancy, and to evaluate the time and dedication necessary in order for them to perform their duties.
- To examine and organize, in such a way as is understood to be suitable, the succession of the Chairman and the chief executive and, where necessary, to make proposals to the Board of Directors, so that such succession occurs in an orderly and well-planned manner.
- To report annually on the duties performed by the Chairman of the Board of Directors and by the chief executive of the Company.
- To report on the appointments and resignations of the Secretary and Deputy Secretary of the Board of Directors and of the senior executives whom the chief executive proposes to the Board of Directors.

- To report to the Board of Directors on the diversity issues, and safeguard that, when filling new vacancies, the Board shall respect the provisions set forth in Article 14.3 of the Regulations of the Board of Directors.
- To develop and implement a record of situations concerning Directors and senior executives from the Company, and to receive and maintain in that record the personal information provided by the Directors, as established under articles 18 and 19 of the Regulations of the Board of Directors.
- To receive the information supplied by Directors.
- To propose to the Board of Directors the remuneration policy for Directors and managing directors or others who perform their top management duties and directly depend on the Board of Directors, supervisory committees or chief executive officers.
- To propose to the Board of Directors the individual remuneration of Executive Directors and other conditions of their contracts.
- To propose to the Board of Directors the basic conditions of contracts for senior executives.
- To oversee compliance with the remuneration policy set by the Company.
- Periodically review the remuneration policy for Directors and senior officers, including share-based remuneration systems and their application, and ensure that their individual compensation is proportionate to the amounts paid to other Directors and senior officers in the Company.
- Ensure that conflicts of interest do not undermine the independence of the external professionals referred to the Article 40.4 of the Regulations of the Board of Directors.
- Verify the information on Director and senior officers' pay contained in corporate documents, including the annual Directors' remuneration report

The main actions of the Appointments and Compensation Committee in 2023 were:

- Approval of the evaluation of the bonus in accordance with the system in force; accrued in the financial year 2022 to be applied to the direct reports to the Chief Executive Officer and the CEO.
- Approval of the salary review of these Directors for the year 2023.
- Acknowledgement of the allocations made in accordance with the current restricted stock unit (RSU) and performance stock unit (PSU) systems.
- Proposal to the Board of the scheme for the Chief Executive Officer, approved in the General Meeting.
- Approval of the adjusted earnings per share (EPS) target for the 2022-2024 PSU plans for the Chief Executive Officer and affected executives
- Approval of the evaluation, in accordance with the system in force, of the bonus accrued in the financial year 2021 to be applied to the Chief Executive Officer.
- Proposal and reports regarding the re-election of Mr. Joan Amigó Casas
- Proposal and reports regarding the re-election of Ms. Maria José Esteruelas and Essimari Karisto.
- Approval of the Annual Report on Directors' Remuneration 2022.
- Monitoring of certain strategic human resources initiatives.
- Contribution to the preparation of and attendance at meetings with shareholders, proxy advisors on matters within its scope.
- Monitoring the public takeover process from a labour due diligence and people management perspective.

NOMINATION COMMITTEE

Name	Position	Current

% of proprietary directors	
% of independent directors	
% of other external directors	

Observations
N/A

Explain the functions assigned to this committee, including where applicable those that are additional to those prescribed by law, and describe the rules and procedures for its organisation and functioning. For each of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions assigned to it by law, in the articles of incorporation or in other corporate resolutions.

REMUNERATION COMMITTEE

Name	Position	Current

% of proprietary directors	
% of independent directors	
% of other external directors	

Observations
N/A

Explain the functions assigned to this committee, including where applicable those that are additional to those prescribed by law, and describe the rules and procedures for its organisation and functioning. For each of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions assigned to it by law, in the articles of incorporation or in other corporate resolutions.

ESG COMMITTEE

Name	Post	Category
CHRISTOPHER COLE	PRESIDENT	INDEPENDENT
BRENDAN CONNOLLY	MEMBER	INDEPENDENT
MARIA JOSÉ ESTERUELAS	MEMBER	INDEPENDENT

% of executive directors	0
% of proprietary directors	0
% of independent directors	100
% of external directors	0

Observations

Explain the duties exercised by this committee, describe the rules and procedures it follows for its organization and function. For each one of these functions, briefly describe its most important actions during the year and how it has exercise in practice each of the functions attributed thereto by law, in the Articles of Association or other corporate resolutions.

The ESG Committee comprises a minimum of three and a maximum of five Directors appointed by the Board of Directors, for a period not exceeding that of their term as Directors and without prejudice to their ability to be re-appointed insofar as they were re-appointed as Directors. The Board of Directors will appoint the members of the ESG Committee based on the expertise, skills and experience of the Directors and its commitments.

ESG Committee's functions are, amongst others:

- To promote the Company's policy in terms of ESG and of the Applus+ Group supervising and ensuring the adoption and effective implementation of good practices in the field of environmental social governance responsibility, good governance, ethics and transparency and procuring that expectations of the various stakeholders.
- To submit to the Board of Directors the initiatives and proposals it deems appropriate and inform on the proposals submitted for the consideration thereof, ensuring that the business strategy of the Company is aligned with the values of the Company's policy in terms of ESG approved by the Board of Directors.
- In particular, to design, define and approve initiative and according development plans for the achievement of the goals previously set up according to the Company's policy in terms of ESG and to such other policies or codes that, within the scope of its functions, it may promote.
- To assess, review and monitor the development and implementation of initiatives and plans of the Company in implementing the Company's policy in terms of ESG, by monitoring their compliance with the indicators defined.
- To monitor and to evaluate the preparation and the integrity of the annual report on corporate governance, the annual report on ESG matters and any other mandatory non-financial information, coordinating whenever necessary the process for reporting such information in accordance with applicable regulations and international reference standards.
- To establish and to monitor a mechanism whereby employees and other persons related to the Company, such as Directors, shareholders, suppliers, contractors or subcontractors can report irregularities of potential significance, including financial, non-financial and accounting irregularities, or those of any other nature, related to the Company which are evidenced within the Company or the Applus+ Group.
- To oversee compliance with the general policy regarding the disclosure of economic-financial, non-financial and corporate information, as well as the communication and relations strategy with shareholders and investors, proxy advisors and other stakeholders, including small and medium-sized shareholders.
- To periodically evaluate the effectiveness of the Company's corporate governance system and of the Company's policy in terms of ESG, in order to confirm that it is fulfilling its mission to promote the corporate interest and to take into account, where appropriate, the legitimate interests of the remaining stakeholders.
- To monitor that the Company's environmental and social practices are in accordance with the established strategy and policy.

During 2023, the ESG Committee worked on these main areas:

- Review of compliance of 2023 objectives through indicators outlined in the 3Y Strategic Plan;
- Obtention of external ratings such as validación S SBTi validation of the long-term environmental targets, MSCI ESG Research, Gaia Rating, Sustainalytics, CDP, IBEX ESG Index and S&P Global ESG Score.
- Analysis of the implementation of (i) the EU Taxonomy after the publication of the 4 Delegated Acts related to the pending environmental objectives and (ii) new Corporate Sustainability Reporting Directive (CSRD).
- Monitoring performance of the group in H&S matters, including action plan as well as any serious incidents.
- Continuous improvement on quality of the reporting data through internal developed tools such as ASM and ClikView.
- Consolidation of the H&S induction training across the Group including newly acquired companies.
- In the corporate governance area: (i) monitoring of the annual report on corporate governance and the annual report on ESG (ii) check & balance at its first meeting of the year of Applus+ corporate governance model compared with Spanish Code recommendations and investors and proxy advisors expectations; (iii) preparation and monitoring of the General Shareholders' Meeting by remote means (iv) amendment of remunerations policy including investors and proxy advisors feedback as well as CNMV recommendations; (v) maintaining constructive dialogue with investors and proxy advisors.
- In the area of business ethics: (i) updating the whistleblowing channel following requirements of Directive EU 2019/1937 (ii) management of the channel and investigations derived thereof; (iii) strengthening the compliance culture with training sessions (iv) coordination and management of the annual signing of the "Management declarations (v) monitoring the Compliance Management system and its implementation, including in newly acquired entities; (vi) CMS verification by third party following TIC Council requirements.

C.2.2 Complete the following table with information regarding the number of female directors who were members of Board committees at the close of the past four years:

	Number of female directors							
	Year 2023		Year 2022		Year 2021		Year 2020	
	Number	%	Number	%	Number	%	Number	%
Audit committee	2	50	2	50	2	50	2	50
Appointments and remuneration	2	66.66	2	66.66	1	50	1	33.33
ESG Committee	1	33.33	1	33.33	0	33.33	0	0.00

C.2.3 State, where applicable, the existence of any regulations governing Board committees, where these regulations may be found, and any amendments made to them during the year. Also, state whether any annual reports on the activities of each committee have been voluntarily prepared.

The Rules for Board's Committees are included in the Regulations of the Board of Directors, which establish their competences, composition, procedures, etc; these are available for consultation both on the CNMV website and the www.applus.com corporate website, and may be directly accessed through the following link: <http://www.applus.com/es/InvestorRelations/Corporate-governance>. Likewise, on 2020, the Board of Directors approved a regulation for each of the three committees, all of them available at <https://www.applus.com/global/en/investor-relations/corporate-governance>.

The three committees issue an annual report on their activities, which is submitted to the Board in the first yearly meeting.

D

RELATED PARTY AND INTRAGROUP TRANSACTIONS

D.1. Explain, where appropriate, the procedure and competent bodies relating to the approval of transactions with related and intragroup parties, indicating the criteria and general internal rules of the entity that regulate the abstention obligations of the affected director or shareholders. Detail the internal information and periodic control procedures established by the company in relation to those related-party transactions whose approval has been delegated by the board of directors.

Further to article 7.2 h) of the Regulations of the Board of Directors and article 529 ter of the Spanish Companies Act, transactions carried out by the company or companies of the Applus Group with its directors, significant shareholders, and shareholders represented on the Board of Directors of the company or any Applus group company, or with persons associated with them, must be approved by the Board of Directors on the basis of a prior report by the Audit Committee.

In accordance with the article 19.1 c) The Directors shall perform their duties with the loyalty of a faithful representative, acting in good faith and in the best interest of the Company. The duty of loyalty obliges the Director to refrain from participating in the discussion and voting on resolutions or decisions in which they or a person related to them has a, direct or indirect, conflict of interest.

The article 21.11 of the Regulations of the Board of Directors provides that *“In accordance with Article 7.2 above, the acknowledgement and approval, following a report from the Audit Committee, of the Related-Party Transactions are among the non-delegable competencies of the Board of Directors. However, in accordance with Article 7.5, when, for reasons of urgency, duly justified, the Related-Party Transactions may be authorized, where appropriate, by delegated persons or bodies and shall be ratified at the first meeting of the Board of Directors that is held after the adoption of the resolution.”*

Following the reform of the Companies Act, the Board of Directors (October 2021) approved the Related-Party Transactions, Procedure including, among others, the mechanisms for approval of such transactions by delegation of the Board (within the scope of ordinary management and under market conditions or by virtue of contracts with standardized conditions).

D.2. Give individual details of operations that are significant due to their amount or of importance due to their subject matter carried out between the company or its subsidiaries and shareholders holding 10% or more of the voting rights or who are represented on the board of directors of the company, indicating which has been the competent body for its approval and if any affected shareholder or director has abstained. In the event that the board of directors has responsibility, indicate if the proposed resolution has been approved by the board without a vote against the majority of the independents:

Name or company name of the shareholder or any of its subsidiaries	% Shareholding	Name or company name of the company or entity within its group	Nature of the relationship	Type of operation and other information required for its evaluation	Amount (thousands of euros)	Approving body	Identity of the significant shareholder or director who has abstained	The proposal to the board, if applicable, has been approved by the board without a vote against the majority of independents

Observations

- D.3. Give individual details of the operations that are significant due to their amount or relevant due to their subject matter carried out by the company or its subsidiaries with the administrators or managers of the company, including those operations carried out with entities that the administrator or manager controls or controls jointly, indicating the competent body for its approval and if any affected shareholder or director has abstained. In the event that the board of directors has responsibility, indicate if the proposed resolution has been approved by the board without a vote against the majority of the independents:

Name or company name of the administrators or managers or their controlled or jointly controlled entities	Name or company name of the company or entity within its group	Relationship	Nature of the operation and other information necessary for its evaluation	Amount (thousands of euros)	Approving body	Identity of the shareholder or director who has abstained	The proposal to the board, if applicable, has been approved by the board without a vote against the majority of independents

Observations

- D.4. Report individually on intra-group transactions that are significant due to their amount or relevant due to their subject matter that have been undertaken by the company with its parent company or with other entities belonging to the parent's group, including subsidiaries of the listed company, except where no other related party of the listed company has interests in these subsidiaries or that they are fully owned, directly or indirectly, by the listed company.

In any case, report any intragroup transaction conducted with entities established in countries or territories considered as tax havens:

Company name of the entity within the group	Brief description of the operation and other information necessary for its evaluation	Amount (thousands of euros)

Observations

D.5. Give individual details of the operations that are significant due to their amount or relevant due to their subject matter carried out by the company or its subsidiaries with other related parties pursuant to the international accounting standards adopted by the EU, which have not been reported in previous sections.

Company name of the related party	Brief description of the operation and other information necessary for its evaluation	Amount (thousands of euros)

Observations

D.6. Give details of the mechanisms in place to detect, determine and resolve potential conflicts of interest between the company and/or its group and its directors, senior management, significant shareholders or other associated parties.

Article 19 of the Regulations of the Board of Directors specifically regulates conflicts of interest:

“The Directors shall perform their duties with the loyalty of a faithful representative, acting in good faith and in the best interest of the Company. In particular, the duty of loyalty obliges the Director:

- a) *To refrain from participating in the discussion and voting on resolutions or decisions in which they or a person related to them has a, direct or indirect, conflict of interest. The agreements or decisions relating to them in their condition of Directors, including their appointment or revocation for the positions on the Board or others analogous in nature, shall be excluded from the above obligation of refrain from participating and voting.*
- b) *To perform their duties under the principle of personal responsibility with freedom of judgement or good judgement and independence with regard to the instructions and links to third parties.*
- c) *To adopt the necessary measures to avoid finding themselves in situations in which their interests, on their own account or that of a third party, may conflict with the corporate interest and their duties to the Company.*
- d) *In particular, the duty to avoid the conflicts of interest referred to in the previous paragraph obliges the Director to refrain from:*
 - (i) *Carrying out transactions with the Company, except in the event of ordinary transactions, carried out under standard conditions for the clients and non-material, defined as those transactions whose information is not necessary to present a fair view of the Company’s equity, the financial situation and the results of the entity.*
 - (ii) *Using the name of the Company or using their status as Director to unduly influence private operations being conducted.*
 - (iii) *Making use of the corporate assets, including the confidential information of the Company, for private purposes.*
 - (iv) *Taking advantage of the business opportunities of the Company.*
 - (v) *Obtaining advantages or remuneration from third parties other than the Company and the Applus+ Group associated to the performance of their duties, except in the case of the corporate hospitality.*

(vi) *Carrying out activities on their own account or on behalf of a third party which entail effective competition, whether actual or potential, with the Company or that, otherwise, would create a permanent conflict of interests with regard to the interests of the Company.*

e) *The foregoing provisions shall also apply in the event that the beneficiary of the acts or activities prohibited is a person related to a Director.*

f) *In any case, the Directors shall inform the other Directors and the Board of Directors of any conflict, direct or indirect, that they or persons related to them may have with the interests of the Company.*

g) *The conflict of interest of the Directors shall be disclosed in the Notes of the financial statements”*

Likewise, article 7.2 (h) of the Regulations of the Board of Directors establishes that the following is a matter reserved for the Board of Directors: *“the approval, subject to a prior report from the Audit Committee, of the transactions carried out by the Company or companies of the Applus+ Group with its Directors, shareholders, whether on their own or together with others, considered as significant, including the shareholders represented on the Board of Directors of the Company or of other companies that are part of the Applus+ Group, or with persons related thereto”*. This shall not apply for transactions which fulfil the following conditions: (a) they are carried out under the terms of contracts whose conditions are standardized and applied to a large number of clients; (b) they are implemented at prices or rates generally set by the person supplying the good or service in question; and (c) the value of these transactions does not exceed 1% of the annual turnover of the Company.

Finally, section 4.11 of the Code of Ethics and the Global Conflict of Interests Policy regulate the situations of conflict of interest of Applus+ employees, as well as the mechanisms to follow in case of conflict.

Each member of the Board of Directors has signed a declaration of lack of conflict of interest.

D.7. Indicate whether the company is controlled by another entity in the meaning of Article 42 of the Commercial Code, whether listed or not, and whether it has, directly or through any of its subsidiaries, business relationships with said entity or any of its subsidiaries (other than the listed company) or carries out activities related to those of any of them

Yes No

Indicate whether the respective areas of activity and any business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries have been defined publicly and precisely:

Yes No

Report the respective areas of activity and any business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries, and identify where these aspects have been publicly reported

Identify the mechanisms in place to resolve potential conflicts of interest between the parent of the listed company and the other group companies:

Mechanisms for resolving possible conflicts of interest



RISK MANAGEMENT AND CONTROL SYSTEMS

- E.1 Explain the scope of the company's Risk Management and Control System, including tax compliance risk.

The Board of Directors is ultimately responsible for the existence and maintenance of an internal control and risk management system that is adequate and effective, tax risks included, and with regards to the definition of the risk appetite. This supervision function has been entrusted to the Audit Committee.

The Group has developed a policy and a procedure of Risk Management, approved by the Board of Directors.

As a result of the implementation of said procedure the Group's Risk Map is reviewed and updated on a yearly basis.

The risk management model implemented by the Group consists of the following three stages:

Stage 1: identification and assessment of risks based on the impact and the likelihood of occurrence.

Stage 2: monitoring of risks based on Key Risks Indicators (KRI), determination of the tolerance levels and definition of action plans when considered necessary.

Stage 3: periodical reporting to the Audit Committee and the Board of Directors about the risks evolution through their KRIs. Twice a year, the Audit Committee's agenda includes the monitoring of the Risk Map and the review of the action plans under development.

It is the senior management who proposes the Risk Map to the Audit Committee in which all risks are identified and assessed, including strategic, operational, financial, tax, legal, compliance and also risks to sustainability including those related to climate change.

This risk map has incorporated those factors deemed critical, considering all of the Group's lines of activity, geographical areas where it operates and its business divisions, as well as any risk factors deemed critical in relation to support functions (such as finances, human resources, legal and tax).

In addition, the company has a criminal risk map and a Criminal Risk Management and Crime Prevention Handbook in accordance with article 31 bis of the Criminal Code and other applicable laws. Under ESG Committee instigation, it has reviewed and strengthened the existing Corporate Compliance Program, by designing and implementing in the group the new Applus+ Criminal Risk Management and Crime Prevention System (hereinafter, the System), which is described in the referred handbook. The group has implemented the System by deploying the necessary internal control and surveillance measures to ensure compliance with criminal laws and to avoid the occurrence of offenses of which, in accordance with Spanish Criminal Code, any group company might be held responsible or, in case these cannot be avoided, at least to significantly reduce the risk of they taking place. Prevention is one of the main objectives of the System, the other one being to make possible the quick detection and reaction before any potential criminal offense in the group.

E.2 Identify the bodies within the company responsible for creating and executing the Risk Management and Control System, including tax compliance risk.

Pursuant to Article 7.2 f (v) of the Regulations of the Board of Directors, the Group's Board of Directors is in charge of all risk control and management policy, tax risks included, and will periodically follow up on any internal reporting and control systems, by optimizing the cost/benefit ratio, in order to:

- Reach any medium-term strategic objectives
- Safeguard shareholder value
- Give assurance the Group's results and reputation
- Uphold the interests of the Group's shareholders and stakeholders
- Ensure compliance in those countries where it operates including tax regulations

The Audit Committee, pursuant to Article 38.7 (b) (i), is in charge of periodically reviewing any internal control and risk management systems in order to ensure that any main risks are identified, managed and adequately understood, including discussions with the auditors on any significant weaknesses in the internal control system detected during the audit. To do this, the Committee is backed up by the supervision tasks completed by the Group's Internal Audit Management. Supervision of any risk control systems includes approval of the risk model and periodic supervision, at different intervals depending on their importance.

The Group's Chief Executive Officer is in charge of handling these risks, as well as the heads of each corporate functional area and the Executive Vice President of each business Division, in accordance with their scope of activity, according to acceptable risk levels for the company.

The Internal Audit Management and the Group's Internal Control Responsible are in charge of supervising compliance with risk tolerance, the effectiveness of control systems and following up on the implementation of necessary actions, which are subsequently monitored by the corporate functions affected.

E.3 State the primary risks, including tax compliance risks, and those deriving from corruption (with the scope of these risks as set out in Royal Decree Law 18/2017), to the extent that these are significant, which may affect the achievement of business objectives.

The Applus+ Group risk map covers any risks that may have a significant impact on its results, to the best of its understanding. The risks contemplated in this map may be classified as follows:

1. strategic risks including those related to all ESG matters.
2. inherent to business activities (operational)
3. financial risks including tax
4. legal risks and compliance

The main risks managed by the Group are:

- Adequate supervision of the Group's business based on long-term agreements with a finite life-span (such as concessions in the technical vehicle inspection business in Spain, Europe and America) or IDIADA, providing services to the world's leading vehicle manufacturers.
- Certain levels of dependence on the evolution of some of the sectors in which the Group operates (automotive and oil and gas sectors and some renewable energy segments where it experiences high growth).

- Adequate follow-up on the formal and service quality terms in any services provided based on granted accreditations. In this regard, the Group has taken out insurance policies.
- Risks related to the economic, social and political situation of the countries where the Group operates, as well as the main macroeconomic indicators that could have a short and medium-term impact on Applus+ Group's results, particularly considering its geographic spread.
- Retention of key staff for the Group and talent management.
- Technological evolution of the products and services offered.
- Potential criminal sanctions or significant business losses resulting from possible penalties that could be derived from non-compliance with the crime prevention handbook implemented by the Group.
- Risks related to cyber security.
- Risks linked to the Group's ESG strategy, including those inherent to climate change.

In financial terms, the Group manages and monitors the main risks that could affect Applus Group's results:

- Liquidity risk and leverage level of the Group.
- Risk of overestimation of certain significant assets (such as goodwill, intangible assets generated as a result of inorganic growth, as well as tax assets).
- Working Capital management.
- Exposure to the evolution of currencies other than euro, mainly US dollar and other currencies linked to this.

E.4 State whether the entity has a risk tolerance level, including tolerance for tax compliance risk.

The levels of tolerance are defined through the established value limit set by the KRI associated with each risk.

Tolerance levels are defined according to the following parameters:

- Maintenance of quality standards
- Volume of business affected and potential impact on business sustainability
- Impact on reputation and on business continuity
- Compliance with applicable law (tax laws included)
- Probability of materializing

For those risks deemed high or medium, given the impact upon materialization on the achievement of the Group's objectives, specific tolerance levels are defined, indicating action guidelines, timeframe to achieve, people in charge, follow-up indicators.

E.5 State which risks, including tax compliance risks, have materialized during the year.

In relation to the existing businesses with expiration date, the main risk in the management of these contracts is related to the IDIADA Division, whose contract expires in September 2024. In 2023, new and renewal contracts have been signed for the technical inspection of vehicles in Saudi Arabia, India, Basque Country and Argentina (Buenos Aires). As well as the entry into new markets such as China.

We continue to focus on improving efficiency in our operations, both directly by reducing costs and increasing tariffs where possible, and through the incorporation of digital technologies in all business processes.

Our objective remains to further diversify and improve the quality of our service portfolio through divestments in non-strategic businesses and acquisitions with good growth prospects and margins.

The Group has performed impairment tests for all cash-generating units in relation to goodwill and intangible assets, concluding that in 2023 it has been necessary to recognize impairment in Canada's Energy & Industry Business.

In relation to tax issues, several tax inspections have been carried out during 2023 in different geographies where the Group operates, without significant sanctions. With regards to the open inspections, no material impacts beyond the risk appetite established in the Group's Risk Map are foreseen.

Finally, the Group has not been involved in any new litigation that could have a relevant impact on its results, and currently open litigation actions have not led to events which could modify previous fiscal year's accounting accruals. The Directors do not expect any material liabilities to arise as a result of a potential inspection.

E.6 Explain the response and monitoring plans for all major risks, including tax compliance risks, of the company, as well as the procedures followed by the company in order to ensure that the board of directors responds to any new challenges that arise.

The Applus Group has an updated risk map contemplating any material risks which could affect the achievement of its strategic objectives.

To do this, the Group has implemented measures to mitigate these risks, in order to reduce the likelihood of occurrence and its potential impact. The management of the risk map is a responsibility carried out periodically by the group's top management, as part of their responsibilities. From the aforementioned ongoing management, action plans are detected to be implemented, defining who is responsible for, and execution deadlines are set, with the purpose of starting up the necessary measures to reduce the impact of such risks, should they materialize.

These measures are generally executed by the Group's Management; the Audit Committee and, ultimately, the Board of Directors are the two bodies in charge of approving and supervising the measures carried out.

In tax compliance risks which entail a high technical difficulty related to regulations interpretation, the Group resorts to external advisors in order to obtain a third party opinion on any potential risks if a certain transaction is carried out, mitigating them before they appear. Additionally, the Group will use any instruments available in tax laws (prior evaluation agreements, binding consultations, etc.), in those cases where i) this is deemed appropriate in order to reduce any disagreement derived from application of the tax rule, and ii) this is reasonable based on the instruments available, the issue in question and foreseeable timeframes.

Furthermore, the Group has taken out insurance policies to cover damages that may be caused to third parties as a result of negligence when providing its services, including its subsidiaries, in those sectors where it operates.

The Group had started implementing an ambitious improvement plan and investments focused on mitigating cybersecurity risk.

The Group has internal control and risk management systems and tools that allow for constant monitoring and tracking of any action plans and incidents identified in the reporting and review of financial information.

F INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS RELATED TO THE PROCESS OF ISSUING FINANCIAL INFORMATION (ICFR)

Describe the mechanisms comprising the System of Internal Control over Financial Reporting (ICFR) of your company.

F.1 Control environment

Report on at least the following, describing their principal features:

F.1.1. The bodies and/or departments that are responsible for (i) the existence and maintenance of an adequate and effective ICFR; (ii) their implementation; and (iii) their supervision.

Applus+ Group's Internal Control over Financial Reporting (hereinafter, "ICFR") is part of its general internal control system and makes up a group of processes carried out by the Board of Directors, the Audit Committee, the Management and the Group's staff, in order to ensure reasonable safety regarding the reliability of any financial information disclosed to the markets.

The Board of Directors of the Applus+ Group is the Group's senior decision-making body, entrusting all regular management to the executive bodies and management team and, consequently, concentrating its activity on the supervision function. The Board of Directors is ultimately responsible for the existence and maintenance of an adequate and effective ICFR, and has delegated this task to the Audit Committee. ICFR supervision is implemented through activities of this kind, carried out by the Internal Audit function.

The Group's internal control model for financial reporting has three distinct areas of control: (i) self-evaluation of the persons in charge of all processes and critical controls, (ii) review of the financial evaluation process by the Financial Managements in each Division and by the Corporate Financial Management in the consolidation process, and (iii) evaluation of the efficiency and efficacy of controls and risk identification by the Internal Audit Management.

The Group's Corporate Financial Management, through the Risk & Internal Control Department, carries out the following tasks in relation to the ICFR:

- To review and approve any accounting Policies and Manuals incorporated into the Group's Financial Management Intranet.
- To establish and disseminate the necessary procedures to ensure adequate internal control of financial reporting.
- To establish and maintain internal controls on financial information, to ensure its reliability, and to guarantee that all reports, transactions or other relevant events are communicated in due form and time.
- To establish and maintain internal tax controls, in order to ensure the timely filing of accurate and complete tax statements.

During 2023 as in previous years an Internal Control Model over Financial Reporting has been implemented, in order to guarantee its reliability.

F.1.2. State whether the following are present, especially if they relate to the creation of financial information:

- **Departments and/or mechanisms in charge of: (i) design and review of corporate structure; (ii) clear definition of lines of responsibility and authority with an adequate distribution of tasks and functions; and (iii) assurance that adequate procedures exist for proper communication throughout the entity.**

The Board of Directors of Applus+, through its Chief Executive Officer, entrusts the Corporate Financial Management with designing and reviewing the organisational structure involved in financial reporting. The Management outlines the structure and how responsibilities are distributed, as well as their design procedure, review, update and dissemination; this procedure is documented in flowcharts (organisational structure) and the process model and associated regulations, as part of the Applus+ Group's policy catalogue.

Furthermore, lines of authority and responsibility have been defined in all relevant processes by formalising the Model for Delegation of Authority and Responsibility, which includes any critical decisions of the Group that may eventually affect financial reporting.

As regards the financial reporting preparation process, instructions are issued by the Corporate Financial Management establishing specific guidelines and responsibilities for each closing of the accounts (procedures explaining the main tasks, both in the corporation and in each subsidiary company), to include the IFRS Internal Manual.

Code of conduct, body that approves it, degree of dissemination and instruction, principles and values included (indicating whether the recording of transactions and the preparation of financial information are specifically mentioned), body in charge of reviewing breaches and of proposing corrective actions and penalties.

The Applus+ Group has a Code of Ethics and Anti-Corruption Policy in place, approved by the Board of Directors, which specifically refer to the registration of transactions and financial reporting, as well as compliance with the law and the Group's accounting policies, amongst others. Likewise, there are specific internal policies for the accounting and finance functions. Furthermore, all employees have been specifically trained and are obliged to explicitly accept both rules each year.

The main values and principles gathered in the Code of Ethics are integrity, transparency, responsibility, impartiality and independence. Furthermore, the Code of Ethics includes a commitment to strictly fulfil the obligation to provide reliable financial information, prepared under applicable regulations, and the responsibility of the company's employees and executives to ensure that this is so, both by adequately carrying out their tasks and by informing the governance bodies of any circumstance that could affect this commitment.

The body in charge of analysing any potential non-compliance, proposing corrective action, is the ESG Committee of the Applus+ Group, along with the Group's Compliance Management and in particular, it corresponds to the Audit Committee, in accordance with article 38.7 b) iv of the Regulations of the Board of Directors to *"To analyse financial and accounting irregularities –with potentially serious implications– that may have been reported by employees through the mechanism provided in section 41.6.viii"*.

- **Whistleblower channel, that allows notifications to the audit committee of irregularities of a financial and accounting nature, in addition to potential breaches of the code of conduct and unlawful activities undertaken in the organization, reporting, as the case may be, if this is of a confidential nature.**

The ESG Committee is responsible (article 40.6 viii of the Regulations of the Board of Directors) to *"establish and to monitor a mechanism whereby employees can report, confidentially, and if necessary, anonymously, any irregularities they detect in the Company with potentially serious implications"* which is central in the Applus+ Compliance system. The Applus+ Group has put in place, and encourages the use of, a whistleblowing channel allowing the reporting of potential infringements of the Code of Ethics and other irregular activities.

All communications are confidential and compliance with data protection laws is also ensured. There is a unique whistleblowing channel for the entire Group and is available on the corporate website

- **Training and periodic refresher programs for staff involved in the preparation and revision of financial information, as well as assessment of the ICFR (Internal Control System for Financial Information), that covers at least accounting rules, audits, internal control and risk management.**

As regards the training and periodic refreshment courses in matters that may affect the reporting and publication of financial information, Applus+ believes that development and continuous training of its employees and executives is essential. Furthermore, the Group arranges specific training sessions on issues related to the ICFR for the staff involved in drawing up the Group's financial statements. To do this, constant communications with external auditors and other independent third professionals will guarantee this continuous training, amongst other issues.

Any training needs detected and provided at corporate level are extended to all other financial managers in the Group's subsidiaries, through face-to-face training or through online training held each year; training will be a key point of the agenda, including individualised sessions if deemed appropriate.

Additionally, there has been specific training provided on the relevant policies to ensure the knowledge of their content by all responsible employees who are part of the financial information preparation and review.

F.2 Assessment of financial information risks

Report on at least the following:

F.2.1. The main characteristics of the risk identification process, including error and fraud risk, as regards:

- **Whether the process exists and is documented.**

The Applus+ Group has an Internal Control over the Financial Reporting (ICFR) Policy in place that establishes the basic principles and general action framework to manage the internal control over the financial information reported, which contains:

- The criteria established to define which companies within the Group are relevant for the purposes of the Group's SCIIF Model
- Methodology to identify new risks and to periodically evaluate existing ones, establishing common and homogenous parameters for the entire Group.
- Maintenance of an internal control system to monitor, assess and improve the control measures applied to existing risks.

In 2019 the ICFR model was expanded to companies which, both comply with the materiality level and also to those companies which do not, to include the implementation of the criminal risk management and crime prevention for those areas with crimes applicable globally and not only in Spain.

- **Whether the process covers all of the objectives of financial information, (existence and occurrence; completeness; valuation; delivery; breakdown and comparability; and rights and obligations), whether it is updated and with what frequency.**

The methodology used to manage risks is COSO (Committee of Sponsoring Organizations for the Treadway Commission). The criteria used to identify the most relevant processes include quantitative criteria (materiality) and qualitative criteria (business risk, visibility to third parties and reputational risks). Any risks identified are prioritised by professional opinion based on a series of variables (process level of automation, whether the process is known and/or it is necessary to use judgments and estimates). In addition, risks of fraud are implicitly identified insofar as they may generate material errors in financial information.

As a result of applying its Internal Control over the Financial Reporting (ICFR) Policy, the Group has developed risk matrixes and controls for its relevant business processes, specifically for each subsidiary of significant relevance in the consolidated Group. Each risk identified in the process to draw up consolidated financial statements is associated to the processes and different financial lines deemed significant (either by contribution to the consolidated financial statements or due to other more qualitative factors) and to the Group's companies under the ICFR scope.

Each risk identified in those frameworks has assigned all objectives and assertions of the financial information: existence and occurrence; completeness; assessment; presentation, breakdown and comparability, and rights and obligations). Once the applicable ICFR scope in the Applus+ Group is defined, based on identified risk frameworks, control activities have been designed to cover such risks.

Any risks identified as relevant are reviewed at least once a year, during the certification and evaluation process conducted by the managers on the effectiveness of the company's internal control. The object of this review is to update any risks to changing circumstances where the Group operates, particularly if there are changes in the organisation, IT systems, regulations, products or the market scenario.

The model scope is defined in the Internal Control over the Financial Reporting (ICFR) policy, based on the materiality level of revenues and fixed assets applied in each legal entity. Currently the model is developed for subsidiary companies which in aggregate represent more than 80% of the Group Sales.

- **The existence of a process for identifying the scope of consolidation, taking into account, among other factors, the possible existence of complex company structures, shell companies, or special purpose entities.**

As regards the process of identifying the scope of consolidation, the Group considers that the financial closing and consolidation process is one of the relevant processes that may affect financial reporting. This is why Applus+ has considered all the risks inherent to said processes, ensuring adequate configuration and execution, as well as an accurate identification of the scope of consolidation. As part of this process, the Consolidation Department, which reports to the Corporate Financial Management, periodically reviews any changes in the Group's structure along with the Legal Department.

- **Whether the process takes into account, the effects of other types of risk (operational, technological, financial, legal, tax, reputational, environmental, etc.) to the extent that they affect the financial statements.**

The process to identify a risk of errors in financial reporting takes into account the effects of other types of risk, which are evaluated and managed by various corporate units.

- **The governing body within the company that supervises the process.**

The process to identify any risk of error in financial reporting is completed and documented by the Risk & Internal Control Management. Internal Audit Management reviews the process, as part of the supervisory role ultimately carried out by the Audit Committee.

F.3 Control activities

Report on whether the company has at least the following, describing their main characteristics:

- F.3.1. Review and authorization procedures for financial information published by the stock markets and a description of the ICFR, indicating those responsible, as well as documentation describing the flow of activity and controls (including those relating to the risk of fraud) of the various types of transactions which may materially affect the financial statements, including financial closing procedures and the specific review of judgements, estimates, valuations and relevant forecasts.**

The Corporate Consolidation Management, which reports to the Corporate Financial Management, is in charge of executing procedures to review and authorise financial information and the ICFR description for disclosure to the stock exchange. Furthermore, the task of reporting financial data on a monthly, quarterly, six-monthly and annual basis begins with a view and certification by the financial manager of each subsidiary. Tax information is drawn up by the Tax Management, which reports to the Corporate Financial Management.

Any ICFR documentation, evidence of its execution and supervision, as well as significant events and action plans, are managed through the Group's internal control and risk management system.

In this sense, during the financial year 2021 the Group has implemented a new software (SAP GRC) that replaces the previous one (Applus+ GRC). This tool provides the following advantages in ICFR terms:

- Centralisation of all documentation and ICFR model management of the Group, in a homogenous manner.
- Integration of internal control over financial information in all business and corporate processes, allowing each organisational unit responsible to periodically evaluate its controls, providing the necessary evidence and executing the ICFR internal certification process each year.
- Use of automatic workflows to manage control activities and to launch action plans.
- Provision of a back-up tool for the ICFR supervision and testing process by the Internal Audit Department and external auditors.
- Procurement and support for the information required for ICFR reporting.
- Integrated internal control over the preparation and presentations of tax returns in those countries where it operates, using automatic workflows to manage tax control activities.
- Integrate the design of internal control and implementation of all controls related to compliance and more specifically corruption.

As regards activities and controls directly related to transactions that may have a material effect on financial statements, Applus+ has implemented a control description to mitigate the risk of any material error in information reported to the markets. Furthermore, in each subsidiary, the following information is available for each control activity belonging to significant processes:

- Description of the process and sub process.
- Description of financial reporting risks associated to various processes, sub processes and control objectives.
- Definition of control activities designed to mitigate any identified risks.
- Description of the managers of all processes, risks and control activities.
- Classification of control activities implemented or pending implementation (action plans).
- Level of automation of control activities (manual or automatic).
- Classification of each control activity by nature (preventive or detective).
- Definition of control execution frequency.
- Definition of evaluation frequency by the Risk & Internal Control Department.
- Definition of any evidence required.

The implementation of SAP GRC has allowed Applus+ the automation of the control testing directly against the ERP system transactional records, which provides a significantly higher level of comfort and control. Currently, 28 controls have already been automated.

Each financial closing process carried out in the subsidiaries is treated as a single process; the same applies to all financial closing activities carried out at corporate level with the consolidation process and the preparation of annual accounts.

As regards any relevant judgements and estimates, Applus+ indicates in its individual and consolidated annual accounts which areas of uncertainty are estimated that could have a relevant impact on the financial information. These mainly refer to:

- The recoverability of deferred tax assets entered into the accounts.
- An estimate, at each date, of the effects of any tax certificates challenged and the outcome of any tax inspections underway, for the financial years audited.

A specific review of any relevant judgements, estimates, valuations, provisions and forecasts, as well as key calculation hypotheses, with a material impact on consolidated financial statements, is carried out through a continuous supervision by the Group's Corporate Financial Management.

F.3.2. Internal IT control policies and procedures (access security, change controls, their operation, operational continuity, and segregation of duties, among others) which support relevant processes within the company and relate to the creation and publication of financial information.

Some of the controls implemented to mitigate or manage risks of error in financial reporting are related to the most relevant computer applications, such as controls on authorised user access or the integrity of information transferred amongst applications and an adequate management of the Company's digital certificate for the filing of tax statements.

The Applus+ Group uses SAP-BPC as a common data system to adequately register and control its operations; consequently, its adequate operation is essential and of particular interest to the Group. The reporting tool is the same for all legal entities of the Group without exceptions.

There are two control levels in the process to identify the risk of material errors in financial reporting:

- In each subsidiary, there are controls to ensure that all information reported through SAP-BPC is consistent with local reporting systems, if different.
- At corporate level there are automatic and manual controls, conducted on the main application, in order to generate SAP-BPC financial information and guarantee that the consolidation process is adequately completed.

For those systems and applications identified (used at corporate level to draw up consolidated financial information), the Corporate Systems Management has established a series of policies aimed at ensuring their adequate operation. In particular, there are documented policies on the following:

- Classification of information.
- System access management.
- Data leak prevention.
- Identification and maintenance of critical applications.
- Back-up copies.
- Restrictions on the use of Internet and e-mail.
- Data encryption.
- Third party agreements.
- Protection of equipment.
- Legal compliance.
- Communication of incidents.
- Licenses and infrastructure use.

In terms of operative continuity, the Group has improved its already high level of availability in its central data systems, hosted in a main datacenter in Madrid, with a Disaster Recovery or DR solution. This DR is hosted in the Microsoft cloud (Azure Cloud) and is connected to the central database through a dedicated high speed cable. In the unlikely event of force majeure (fire, flood, earthquake, etc.) leaving the main datacenter inoperative, in a matter of hours the DR could restore the most critical business applications.

Additionally, a series of supplementary key controls are carried out by consolidation team members to strengthen the reliability of data systems used in financial reporting, which are also tested through SAP GRC by the internal audit team.

The Group has an improvement and monitoring plan in its data systems as regards the segregation of duties; it also incorporates into the Audit Plan the supervision of said internal control systems related to the segregation of functions in financial information systems.

F.3.3. Internal control policies and procedures intended to guide the management of subcontracted activities and those of third parties, as well as those aspects of assessment, calculation or evaluation entrusted to independent experts, which may materially affect financial statements.

Each year, the Applus+ Group checks which activities executed by third parties are relevant for the financial reporting process.

In 2022, the Group opted to internalise certain activities associated with financial, personnel and back office administration which, until recently, were outsourced, with the result that some of the control activities that had been designed to assess the quality and integrity of the outsourced service with an impact on financial reporting are either no longer necessary or have been redesigned as they have been internalized.

Consequently, Group's outsourced activities have been reduced to the highly centralized activities in very specific processes or sub processes, such as the issue of payrolls in some international companies of the Group. These facts are considered a risk in the ICFR model of these companies and Applus Group makes ensures that there is an efficient and effective associated control.

Additionally, when the Applus+ Group considers it necessary to get independent experts involved, upon recruiting these services, it demands in their selection criteria the absence of any doubt on their competence, qualifications, reputation and impartiality.

F.4 Information and communication

State whether the company has at least the following, describing their main characteristics:

F.4.1. A specifically assigned function for defining and updating accounting policies (accounting policy area or department) and resolving doubts or conflicts arising from their interpretation, maintaining a free flow of information to those responsible for operations in the organization, as well as an up-to-date accounting policy manual distributed to the business units through which the company operates.

The Corporate Financial Management, through the Risk & Internal Control area, is in charge of defining, updating and disseminating the accounting policies of the Applus+ Group for reporting consolidated financial data under IFRS-EU regulations (consequently including the information to be reported by each subsidiary). The Applus+ Group has an accounting policy manual (IFRS Internal Manual) for the issue of financial statements under IFRS-EU, which is drawn up by the Corporate Financial Management, is periodically updated (at least once a year) and is published on the Intranet of the Corporate Financial Management, which all staff may access, involved in the drafting and review of financial information.

The functions of the Corporate Financial Management, through the Consolidation Department, include replying to any accounting consultations that may be raised by the various business units or other corporate managements of the Applus+ Group. Furthermore, at meetings held by corporate, division and subsidiary financial managers, training is arranged on the interpretation and application of any new issues.

Additionally, the Group's external auditor, both in relation to consolidated statements and the most representative subsidiaries in consolidated terms, demands that the financial data reported by these subsidiaries follow the principles enshrined in the Group's Accounting Manual, i.e. IFRS-EU, both in the annual audit and the limited six-monthly audit.

F.4.2. Measures for capturing and preparing financial information with consistent formats for application and use by all of the units of the entity or the group, and which contain the main financial statements and notes, as well as detailed information regarding ICFR.

The Applus+ Group has various integrated platforms, both for the accounting registrations of transactions and for financial reporting. The issue of regulated financial data, as well as individual financial statements, is centralised in the Finance Management, in order to guarantee homogeneity. In addition, the integrity and reliability of these data systems is validated through the general controls indicated in section F.3.2.

Each month, reporting are received from each company through the SAP-BPC reporting and consolidation tool, gathering all the necessary information to prepare the Group's consolidated financial data (abridged intermediate financial statements and consolidated annual accounts). This reporting guarantees data homogeneity with the following characteristics:

- Homogenous and consistent for all countries and business activities.
- Based on the Applus+ Group's instructions and accounting manual, of which there is just one for all of the Group's companies.
- Incorporation of all applicable legal, tax, commercial and regulatory requirements.
- SAP-BPC incorporates automatic validation controls between the reported financial statements and any additional details requested.

F.5 Supervision of system performance

Describe at least the following:

F.5.1. The activities of the audit committee in overseeing ICFR as well as whether there is an internal audit function that has among its mandates support of the committee and the task of supervising the internal control system, including ICFR. Additionally, describe the scope of ICFR assessment made during the year and the procedure through which the person responsible prepares the assessment reports on its results, whether the company has an action plan describing possible corrective measures, and whether its impact on financial reporting is considered.

The Group's Audit Committee has carried out the following activities during the 2023 financial year in relation to ICFR:

- Supervision of the level of implementation of the ICFR model of the Applus+ Group and of any risk matrixes and ICFR controls.
- Supervision of the outcome of any ICFR reviews completed by the Internal Audit Department and external auditor.
- Review of any ICFR information included in the Annual Corporate Governance Report.

The Audit Committee uses the Internal Audit function to supervise adequate operation of the internal control system, including the ICFR, and ensures its impartiality. This function completes independent and periodic reviews on the design and operation of the internal control system, locating any weaknesses and making recommendations for improvement through the issue of various reports, forwarded to the Corporate Financial Management and Audit Committee, as part of the meetings that are periodically held. These reports are submitted to the Audit Committee, along with any action plans adopted by the managers and Corporate Financial Management for mitigation.

Any potential internal control weaknesses identified in reviews conducted by the Internal Audit function are catalogued by criticality as high, medium or low, based on the impact they may have if they materialise. These weaknesses are managed through the SAP GRC application, a manager is assigned and a timeframe to carry out an action plan, and their resolution is checked by the Internal Audit function.

As a result of the ICFR evaluation activities carried out by the Internal Audit function in 2023, submitted to the Audit Committee, no material weaknesses have been identified that could have a relevant impact on the financial information of the Applus+ Group in the 2023 financial year; the necessary corrective actions have been established to handle any future weaknesses.

Furthermore, the external auditor, as indicated in section F.7.1, issues an annual report on the procedures agreed regarding the ICFR description made by Applus+, which has not pointed out any issues worthy of mention.

F.5.2. If there is a procedure by which the account auditor (in accordance with the contents of the *Normas Técnicas de Auditoría (NTA)* - "Auditing Standards"), internal auditor and other experts may communicate with senior management and the audit committee or senior managers of the company regarding significant weakness in internal control identified during the review of the annual accounts or any others they have been assigned. Additionally, state whether an action plan is available for correcting or mitigating any weaknesses found.

The procedure to discuss any improvements and relevant internal control weaknesses identified is generally based on periodic meetings held by the Audit Committee with the following parties:

- Group's Chief Financial Officer, as the senior manager in charge of financial reporting, explains how the main financial metrics have performed in the period under discussion, including any transactions and the most relevant impacts arising during the period, and communication of the main estimates made.
- The Group's Internal Audit Manager, as the person in charge of supervising the internal control model, ICFR included, reports on the state of any possible weaknesses identified and on the outcome of his reviews.
- The external auditor shares the auditing or limited review schedule to be carried out during the ongoing year, in relation to the annual accounts, and reports any internal control weaknesses or any other issue that it considers should be notified to the Audit Committee.

The Applus+ Group, both from the Corporate Finance Department and Audit Committee, represented by the Internal Audit function, encourages total collaboration and coordination with the Group's external auditors. As a result, it has direct contact with the Management, holding periodic meetings both to obtain the necessary information for its work and to report any control weaknesses identified further to its audit.

The action plans related to weaknesses detected in 2023 have been instrumented as recommendations, following the prioritisation circuit, allocation of a manager and supervision described in section F.5.1.

F.6 Other relevant information

There is no other relevant information worth noting with respect to the Internal Control System for Financial Reporting.

With the aim of reinforcing the Group's Internal Control and in line with the efforts related to the Crime Prevention model implementation, in 2019 a new project to identify fraud using advanced data analysis techniques combined with artificial intelligence was started, which is already implemented in Spain and South America and will be deployed to other relevant geographies in the coming years. This project allows detection of anomalous transactions that may be potentially fraudulent, identify and reveal, as result of the investigations, any improvement opportunities in the processes and controls to prevent them in the future.

This is a continuous improvement opportunity for ICFR, as lessons learned from anomalies detected will be included in the control model.

The Applus Group prepares the consolidated financial statements of Applus Services S.A. using the European Single Electronic Format (ESEF), which was approved by the European Commission on December 18, 2018 and applies to all issuers of securities listed on EU regulated markets. The Group already used it in 2020, despite the fact it was voluntary. In 2022, the Group labeled all the text notes, as required by the regulations, or the years beginning on January 1, 2022 (in a second phase).

F.7 External auditor's report

Report from:

F.7.1. If the ICFR information submitted to the markets has been subject to review by the external auditor, in which case the entity shall include its report as an attachment. If not, reasons why should be given.

The Applus+ Group has submitted its ICFR information, disclosed to the markets in 2023, to an external audit. Consequently, the scope of the auditing procedures has been completed according to Circular E14/2013, of 19 July, of the Spanish Institute of Chartered Accountants (*Instituto de Censores Jurados de Cuentas de España*), which publishes the Action Guide and standard auditor's report regarding information related to the internal control system over financial reporting (ICFR) of listed companies in Spain.

G DEGREE OF COMPLIANCE WITH THE CORPORATE GOVERNANCE RECOMMENDATIONS

Specify the company's degree of compliance with recommendations of the Good Governance Code for listed companies.

In the event that a recommendation is not followed or only partially followed, a detailed explanation of the reasons must be included so that shareholders, investors and the market in general have enough information to assess the company's conduct. General explanations are not acceptable.

1. **That the Articles of Association of listed companies do not limit the maximum number of votes that may be cast by one shareholder or contain other restrictions that hinder the takeover of control of the company through the acquisition of shares on the market.**

Complies X Explain

2. **That when the listed company is controlled by another entity in the meaning of Article 42 of the Commercial Code, whether listed or not, and has, directly or through its subsidiaries, business relations with said entity or any of its subsidiaries (other than the listed company) or carries out activities related to those of any of them it should make accurate public disclosures on:**

a) **The respective areas of activity and possible business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries.**

b) **The mechanisms in place to resolve any conflicts of interest that may arise.**

Complies Complies Partially Explain Not Applicable X

3. **That, during the course of the ordinary General Shareholders' Meeting, complementary to the distribution of a written Annual Corporate Governance Report, the chairman of the Board of Directors makes a detailed oral report to the shareholders regarding the most material aspects of corporate governance of the company, and in particular:**

a) **Changes that have occurred since the last General Shareholders' Meeting.**

b) **Specific reasons why the company did not follow one or more of the recommendations of the Code of Corporate Governance and, if so, the alternative rules that were followed instead.**

Complies X Complies Partially Explain

4. **That the company should define and promote a policy on communication and contact with shareholders and institutional investors, within the framework of their involvement in the company, and with proxy advisors, that complies in all aspects with rules against market abuse and gives equal treatment to similarly situated shareholders.**

And that the company should publish this policy on its website, including information on how it has been put into practice and identifying the contact persons or those responsible for implementing it.

And that, without prejudice to the legal obligations regarding dissemination of inside information and other types of regulated information, the company should also have a general policy regarding the communication of economic-financial, non-financial and corporate information through such channels as it may consider appropriate (communication media, social networks or other channels) that helps to maximise the dissemination and quality of information available to the market, investors and other stakeholders.

Complies X Complies Partially Explain

5. **That the Board of Directors should not propose to the General Shareholders' Meeting any proposal for delegation of powers allowing the issuance of shares or convertible securities without pre-emptive rights in an amount exceeding 20% of equity at the time of delegation.**

And that whenever the Board of Directors approves any issuance of shares or convertible securities without pre-emptive rights the company immediately publishes reports on its web page regarding said exclusions as referenced in applicable company law.

Complies X Complies Partially Explain

6. That listed companies which draft reports listed below, whether under a legal obligation or voluntarily, publish them on their web page with sufficient time before the General Shareholders' Meeting, even when their publication is not mandatory:

- a) Report regarding the auditor's independence.
- b) Reports regarding the workings of the audit committee and the appointments and remuneration committee.
- c) Report by the audit committee regarding related-party transactions
- d) Report on the corporate social responsibility policy.

Complies X Complies Partially Explain

7. That the company reports in real time, through its web page, the proceedings of the General Shareholders' Meetings.

And that the company should have mechanisms in place allowing the delegation and casting of votes by means of data transmission and even, in the case of large-caps and to the extent that it is proportionate, attendance and active participation in the General Meeting to be conducted by such remote means.

Complies X Complies Partially Explain

8. That the audit committee should ensure that the financial statements submitted to the General Shareholders' Meeting are prepared in accordance with accounting regulations. And that in cases in which the auditor has included a qualification or reservation in its audit report, the chairman of the audit committee should clearly explain to the general meeting the opinion of the audit committee on its content and scope, making a summary of this opinion available to shareholders at the time when the meeting is called, alongside the other Board proposals and reports.

Complies x Complies Partially Explain

9. That the company permanently maintains on its web page the requirements and procedures for certification of share ownership, the right of attendance at the General Shareholders' Meetings, and the exercise of the right to vote or to issue a proxy.

And that such requirements and procedures promote attendance and the exercise of shareholder rights in a non-discriminatory fashion.

Complies X Complies Partially Explain

10. That when a verified shareholder has exercised his right to make additions to the agenda or to make new proposals to it with sufficient time in advance of the General Shareholders' Meeting, the company:

- a) Immediately distributes the additions and new proposals.
- b) Publishes the attendance card credential or proxy form or form for distance voting with the changes such that the new agenda items and alternative proposals may be voted upon under the same terms and conditions as those proposals made by the Board of Directors.
- c) Submits all of these items on the agenda or alternative proposals to a vote and applies the same voting rules to them as are applied to those drafted by the Board of Directors including, particularly, assumptions or default positions regarding votes for or against.
- d) That after the General Shareholders' Meeting, a breakdown of the results of said additions or alternative proposals is communicated.

Complies Complies Partially Explain Not Applicable X

11. That, in the event the company intends to pay for attendance at the General Shareholders' Meeting, it establish

in advance a general policy of long-term effect regarding such payments.

Complies Complies Partially Explain Not Applicable X

12. That the Board of Directors completes its duties with a unity of purpose and independence, treating all similarly situated shareholders equally and that it is guided by the best interests of the company, which is understood to mean the pursuit of a profitable and sustainable business in the long term, and the promotion of continuity and maximization of the economic value of the business.

And that in pursuit of the company's interest, in addition to complying with applicable law and rules and in engaging in conduct based on good faith, ethics and a respect for commonly accepted best practices, it seeks to reconcile its own company interests, when appropriate, with the interests of its employees, suppliers, clients and other stakeholders, as well as the impact of its corporate activities on the communities in which it operates and in the environment.

Complies X Complies Partially Explain

13. That the Board of Directors is of an adequate size to perform its duties effectively and collegially, and that its optimum size is between five and fifteen members.

Complies X Explain

14. That the Board of Directors should approve a policy aimed at favouring an appropriate composition of the Board and that:

- a) Is concrete and verifiable;
- b) Ensures that proposals for appointment or re-election are based upon a prior analysis of the skills required by the Board of Directors; and
- c) Favours diversity of knowledge, experience, age and gender. For these purposes, it is considered that the measures that encourage the company to have a significant number of female senior executives favour gender diversity.

That the result of the prior analysis of the skills required by the Board of Directors be contained in the supporting report from the nomination committee published upon calling the General Shareholders' Meeting to which the ratification, appointment or re-election of each director is submitted.

The nomination committee will annually verify compliance with this policy and explain its findings in the annual corporate governance report.

Complies X Complies Partially Explain

15. That proprietary and independent directors constitute a substantial majority of the Board of Directors and that the number of executive directors is kept at a minimum, taking into account the complexity of the corporate group and the percentage of equity participation of executive directors.

And that the number of female directors should represent at least 40% of the members of the Board of Directors before the end of 2022 and thereafter, and no less 30% prior to that date.

Complies X Complies Partially Explain

16. That the percentage of proprietary directors divided by the number of non-executive directors is no greater than the proportion of the equity interest in the company represented by said proprietary directors and the remaining share capital.

This criterion may be relaxed:

- a) In large-cap companies where very few shareholdings are legally considered significant.
- b) In the case of companies where a plurality of shareholders is represented on the Board of Directors without ties among them.

Complies X Explain

17. That the number of independent directors represents at least half of the total number of directors.

Nonetheless, when the company does not have a high level of market capitalization or in the event that it is a high cap company with one shareholder or a group acting in a coordinated fashion who together control more than 30% of the company's equity, the number of independent directors represents at least one third of the total number of directors.

Complies X Explain

18. That companies publish and update the following information regarding directors on the company website:

- a) Professional profile and biography.
- b) Any other Boards to which the director belongs, regardless of whether the companies are listed, as well as any other remunerated activities engaged in, regardless of its nature.
- c) Category of director, indicating, in the case of individuals who represent significant shareholders, the shareholder that they represent or to which they are connected.
- d) The date of their first appointment as a director of the company's Board of Directors, and any subsequent re-election.
- e) Company shares and options they own.

Complies X Complies Partially Explain

19. That the Annual Corporate Governance Report, after verification by the appointments committee, explains the reasons for the appointment of proprietary directors at the proposal of the shareholders whose equity interest is less than 3%. It should also explain, where applicable, why formal requests from shareholders for membership on the Board meeting were not honored, when their equity interest is equal to or exceeds that of other shareholders whose proposal for proprietary directors was honored.

Complies Complies Partially Explain Not Applicable X

20. That proprietary directors representing significant shareholders must resign from the Board if the shareholder they represent disposes of its entire equity interest. They should also resign, in a proportional fashion, in the event that said shareholder reduces its percentage interest to a level that requires a decrease in the number of proprietary directors representing this shareholder.

Complies Complies Partially Explain Not applicable X

21. That the Board of Directors may not propose the dismissal of any independent director before the completion of the director's term provided for in the Articles of Association unless the Board of Directors finds just cause and a prior report has been prepared by the appointments committee. Specifically, just cause is considered to exist if the director takes on new duties or commits to new obligations that would interfere with his or her ability to dedicate the time necessary for attention to the duties attendant to his post as a director, fails to complete the tasks inherent to his or her post, or enters into any of the circumstances which would cause the loss of independent status in accordance with applicable law.

The dismissal of independent directors may also be proposed as a result of a public share offer, joint venture or similar transaction entailing a change in the shareholder structure of the company, provided that such changes in the structure of the Board are the result of the proportionate representation criteria provided for in Recommendation 16.

Complies X Explain

22. That companies establish rules requiring that directors inform the Board of Directors and, where appropriate, resign from their posts, when circumstances arise which may damage the company's standing and reputation. Specifically, directors must be required to report any criminal acts with which they are charged, as well as the consequent legal proceedings.

And that, if the Board is informed or becomes aware in any other manner of any of the circumstances mentioned above, it must investigate the case as quickly as possible and, depending on the specific circumstances, decide, based on a report from the nomination and remuneration committee, whether or not any measure must be adopted, such as the opening of an internal investigation, asking the director to resign or proposing that he or she be dismissed. And that these events must be reported in the annual corporate governance report, unless there are any special reasons not to do so, which must also be noted in the minutes. This without prejudice to the information that the company must disseminate, if appropriate, at the time when the corresponding measures are implemented.

Complies X Complies Partially Explain

23. That all directors clearly express their opposition when they consider any proposal submitted to the Board of Directors to be against the company's interests. This particularly applies to independent directors and directors who are unaffected by a potential conflict of interest if the decision could be detrimental to any shareholders not represented on the Board of Directors.

Furthermore, when the Board of Directors makes significant or repeated decisions about which the director has serious reservations, the director should draw the appropriate conclusions and, in the event the director decides to resign, explain the reasons for this decision in the letter referred to in the next recommendation.

This recommendation also applies in the case of the secretary of the Board of Directors, despite not being a director.

Complies X Complies Partially Explanation Not Applicable

24. That whenever, due to resignation or resolution of the General Shareholders' Meeting, a director leaves before the completion of his or her term of office, the director should explain the reasons for this decision, or in the case of non-executive directors, their opinion of the reasons for cessation, in a letter addressed to all members of the Board of Directors.

And that, without prejudice to all this being reported in the annual corporate governance report, insofar as it is relevant to investors, the company must publish the cessation as quickly as possible, adequately referring to the reasons or circumstances adduced by the director.

Complies Complies Partially Explain Not Applicable X

25. That the appointments committee ensures that non-executive directors have sufficient time in order to properly perform their duties.

And that the Board rules establish the maximum number of company Boards on which directors may sit.

Complies Complies Partially X Explain

While the company does not establish specific rules on the number of Board of Directors of which its directors can be part, the Appointments and Compensations Committee ensures that the non-executive directors have the appropriate time for the fulfilment of their functions. The result of the evaluation described above in section C.1.17 of this report confirmed the appreciation of the members of the Board on such dedication, and specifically on Chairman's availability, time and attention.

26. That the Board of Directors meet frequently enough so that it may effectively perform its duties, at least eight times per year, following a schedule of dates and agenda established at the beginning of the year and allowing each director individually to propose items do not originally appear on the agenda.

Complies X Complies Partially Explain

27. That director absences only occur when absolutely necessary and are quantified in the Annual Corporate Governance Report. And when absences occur, that the director appoints a proxy with instructions.

Complies X Complies Partially Explain

28. That when directors or the secretary express concern regarding a proposal or, in the case of directors, regarding the direction in which the company is headed and said concerns are not resolved by the Board of Directors, such concerns should be included in the minutes, upon a request from the protesting party..

Complies X Complies Partially Explain Not Applicable

29. That the company establishes adequate means for directors to obtain appropriate advice in order to properly fulfil their duties including, should circumstances warrant, external advice at the company's expense.

Complies X Complies Partially Explain

30. That, without regard to the knowledge necessary for directors to complete their duties, companies make refresher courses available to them when circumstances require.

Complies X Explain Not Applicable

31. That the agenda for meetings clearly states those matters about which the Board of Directors are to make a decision or adopt a resolution so that the directors may study or gather all relevant information ahead of time.

When, under exceptional circumstances, the chairman wishes to bring urgent matters for decision or resolution before the Board of Directors which do not appear on the agenda, prior express agreement of a majority of the directors shall be necessary, and said consent shall be duly recorded in the minutes.

Complies X Complies Partially Explain

32. That directors shall be periodically informed of changes in equity ownership and of the opinions of significant shareholders, investors and rating agencies of the company and its group.

Complies X Complies Partially Explain

33. That the chairman, as the person responsible for the efficient workings of the Board of Directors, in addition to carrying out his duties required by law and the Articles of Association, should prepare and submit to the Board of Directors a schedule of dates and matters to be considered; organize and coordinate the periodic evaluation of the Board as well as, if applicable, the chief executive of the company, should be responsible for leading the Board and the effectiveness of its work; ensuring that sufficient time is devoted to considering strategic issues, and approve and supervise refresher courses for each director when circumstances so dictate.

Complies X Complies Partially Explain

34. That when there is a coordinating director, the Articles of Association or the Board rules should confer upon him the following competencies in addition to those conferred by law: chairman of the Board of Directors in the absence of the chairman and deputy chairmen, should there be any; reflect the concerns of non-executive directors; liaise with investors and shareholders in order to understand their points of view and respond to their concerns, in particular as those concerns relate to corporate governance of the company; and coordinate a succession plan for the chairman.

Complies Complies Partially Explain Not Applicable X

35. That the secretary of the Board of Directors should pay special attention to ensure that the activities and decisions of the Board of Directors take into account the recommendations regarding good governance contained in this Code of Good Governance and which are applicable to the company.

Complies X Explain

36. That the Board of Directors meet in plenary session once a year and adopt, where appropriate, an action plan to correct any deficiencies detected in the following:

- a) The quality and efficiency of the Board of Directors' work.
- b) The workings and composition of its committees.
- c) Diversity of membership and competence of the Board of Directors.

- d) Performance of the chairman of the Board of Directors and the chief executive officer of the company.
- e) Performance and input of each director, paying special attention to those in charge of the various Board committees.

In order to perform its evaluation of the various committees, the Board of Directors will take a report from the committees themselves as a starting point and for the evaluation of the Board, a report from the appointments committee.

Every three years, the Board of Directors will rely upon the assistance of an external advisor for its evaluation, whose independence shall be verified by the appointments committee.

Business relationships between the external adviser or any member of the adviser's group and the company or any company within its group shall be specified in the Annual Corporate Governance Report.

The process and the areas evaluated shall be described in the Annual Corporate Governance Report.

Complies X Complies Partially Explain

37. That if there is an executive committee, the proportion of each different director category must be similar to that of the Board itself, and its secretary must be the secretary of the Board.

Complies Complies Partially Explain Not Applicable X

38. That the Board of Directors must always be aware of the matters discussed and decisions taken by the executive committee and that all members of the Board of Directors receive a copy of the minutes of meetings of the executive committee.

Complies Complies Partially Explain Not Applicable X

39. That the members of the audit committee, in particular its chairman, be appointed in consideration of their knowledge and experience in accountancy, audit and risk management issues, both financial and non-financial.

Complies X Complies Partially Explain

40. That under the supervision of the audit committee, there must be a unit in charge of the internal audit function, which ensures that information and internal control systems operate correctly, and which reports to the non-executive chairman of the Board or of the audit committee.

Complies X Complies Partially Explain

41. That the person in charge of the unit performing the internal audit function should present an annual work plan to the audit committee, for approval by that committee or by the Board, reporting directly on its execution, including any incidents or limitations of scope, the results and monitoring of its recommendations, and present an activity report at the end of each year.

Complies X Complies Partially Explain Not Applicable

42. That in addition to the provisions of applicable law, the audit committee should be responsible for the following::

- 1. With regard to information systems and internal control:

- a) Supervising and evaluating the process of preparation and the completeness of the financial and non-financial information, as well as the control and management systems for financial and non-financial risk relating to the company and, if applicable, the group - including operational , technological, legal, social, environmental, political and reputational risk, or risk related to corruption - reviewing compliance with regulatory requirements, the appropriate delimitation of the scope of consolidation and the correct application of accounting criteria.

- b) Ensure the independence and effectiveness of the group charged with the internal audit function; propose the selection, appointment, re-election and dismissal of the head of internal audit; draft a budget for this department; approve its goals and work plans, making sure that its activity is focused primarily on material risks to the company (including reputational); receive periodic information on its activities; and verify that senior management takes into account the conclusions and recommendations of its reports.
- c) Establishing and supervising a mechanism that allows employees and other persons related to the company, such as directors, shareholders, suppliers, contractors or subcontractors, to report any potentially serious irregularities, especially those of a financial or accounting nature, that they observe in the company or its group. This mechanism must guarantee confidentiality and in any case provide for cases in which the communications can be made anonymously, respecting the rights of the whistleblower and the person reported.
- d) Generally ensuring that internal control policies and systems are effectively applied in practice.

2. With regard to the external auditor:

- a) In the event that the external auditor resigns, examine the circumstances which caused said resignation.
- b) Ensure that the remuneration paid to the external auditor for its work does not compromise the quality of the work or the auditor's independence.
- c) Making sure that the company informs the CNMV of the change of auditor, along with a statement on any differences that arose with the outgoing auditor and, if applicable, the contents thereof.
- d) Ensure that the external auditor holds an annual meeting with the Board of Directors in plenary session in order to make a report regarding the tasks accomplished and regarding the development of its accounting and risks faced by the company.
- e) Ensure that the company and the external auditor comply with applicable rules regarding the rendering of services other than auditing, proportional limits on the auditor's billing, and all other rules regarding the auditor's independence.

Complies X Complies Partially Explain

43. That the audit committee may require the presence of any employee or manager of the company, even without the presence of any other member of management.

Complies X Complies Partially Explain

44. That the audit committee be kept abreast of any corporate and structural changes planned by the company in order to perform an analysis and draft a report beforehand to the Board of Directors regarding economic conditions and accounting implications and, in particular, any exchange ratio involved.

Complies X Complies Partially Explain Not Applicable

45. That the risk management and control policy identify, as a minimum:

- a) The various types of financial and non-financial risks (among those operational, technological, legal, social, environmental, political and reputational) which the company faces, including financial or economic risks, contingent liabilities and other off balance sheet risks.
- b) A risk control and management model based on different levels, which will include a specialised risk committee when sector regulations so require or the company considers it to be appropriate.
- c) Fixing of the level of risk the company considers acceptable.
- d) Means identified in order to minimize identified risks in the event they transpire.

- e) **Internal control and information systems to be used in order to control and manage identified risks, including contingent liabilities and other off balance sheet risks.**

Complies X Complies Partially Explain

46. **That under the direct supervision of the audit committee or, if applicable, of a specialized committee of the Board of Directors, an internal control and management function should exist delegated to an internal unit or department of the company which is expressly charged with the following responsibilities:**

- a) **Ensure the proper functioning of risk management and control systems and, in particular, that they adequately identify, manage and quantify all material risks that may affect the company.**
- b) **Actively participate in the creation of the risk strategy and in important decisions regarding risk management.**
- c) **Ensure that the risk management and control systems adequately mitigate risks as defined by policy issued by the Board of Directors.**

Complies X Complies Partially Explain

47. **That members of the appointment and remuneration committee -- or of the appointments committee and the remuneration committee if they are separate – are chosen taking into account the knowledge, ability and experience necessary to perform the duties they are called upon to carry out and that the majority of said members are independent directors.**

Complies X Complies Partially Explain

48. **That high market capitalization companies have formed separate appointments and remuneration committees.**

Complies Explain Not Applicable X

49. **That the appointments committee consult with the chairman of the Board of Directors and the chief executive of the company, especially in relation to matters concerning executive directors.**

And that any director may ask the appointments committee to consider potential candidates he or she considers appropriate to fill a vacancy on the Board of Directors.

Complies X Complies Partially Explain

50. **That the remuneration committee exercises its functions independently and that, in addition to the functions assigned to it by law, it should be responsible for the following:**

- a) **Propose basic conditions of employment for senior management.**
- b) **Verify compliance with company remuneration policy.**
- c) **Periodically review the remuneration policy applied to directors and senior managers, including remuneration involving the delivery of shares, and guarantee that individual remuneration be proportional to that received by other directors and senior managers.**
- d) **Oversee that potential conflicts of interest do not undermine the independence of external advice rendered to the Board.**
- e) **Verify information regarding remuneration paid to directors and senior managers contained in the various corporate documents, including the Annual Report on Director Remuneration.**

Complies X Complies Partially Explain

51. **That the remuneration committee consults with the chairman and the chief executive of the company, especially in matters relating to executive directors and senior management.**

Complies X Complies Partially Explain

52. That the rules regarding composition and workings of supervision and control committees appear in the rules governing the Board of Directors and that they are consistent with those that apply to mandatory committees in accordance with the recommendations above, including:

- a) That they are comprised exclusively of non-executive directors, with a majority of them independent.
- b) That their chairmen be independent directors.
- c) That the Board of Directors select members of these committees taking into account their knowledge, skills and experience and the duties of each committee; discuss their proposals and reports; and detail their activities and accomplishments during the first plenary session of the Board of Directors held after the committee's last meeting.
- d) That the committees be allowed to avail themselves of outside advice when they consider it necessary to perform their duties.
- e) That their meetings be recorded and the minutes be made available to all directors.

Complies X

Complies Partially

Explain

53. That verification of compliance with the company's policies and rules on environmental, social and corporate governance matters, and with the internal codes of conduct be assigned to one or divided among more than one committee of the Board of Directors, which may be the audit committee, the nomination committee, a specialised committee on sustainability or corporate social responsibility or such other specialised committee as the Board of Directors, in the exercise of its powers of self-organisation, may have decided to create. And that such committee be composed exclusively of non-executive directors, with a majority of these being independent directors, and that the minimum functions indicated in the next recommendation be specifically assigned to it.

Complies x

Complies Partially

Explain

54. The minimum functions referred to in the foregoing recommendation are the following:

- a) Monitoring of compliance with the company's internal codes of conduct and corporate governance rules, also ensuring that the corporate culture is aligned with its purpose and values.
- b) Monitoring the application of the general policy on communication of economic and financial information, non-financial and corporate information and communication with shareholders and investors, proxy advisors and other stakeholders. The manner in which the entity communicates and handles relations with small and medium-sized shareholders must also be monitored.
- c) The periodic evaluation and review of the company's corporate governance system, and environmental and social policy, with a view to ensuring that they fulfil their purposes of promoting the interests of society and take account, as appropriate, of the legitimate interests of other stakeholders.
- d) Supervision of the company's environmental and social practices to ensure that they are in alignment with the established strategy and policy.
- e) Supervision and evaluation of the way in which relations with the various stakeholders are handled.

Complies X

Complies Partially

Explain

55. That environmental and social sustainability policies identify and include at least the following:

- a) The principles, commitments, objectives and strategy relating to shareholders, employees, clients, suppliers, social issues, the environment, diversity, tax responsibility, respect for human rights, and the prevention of corruption and other unlawful conduct

- b) Means or systems for monitoring compliance with these policies, their associated risks, and management.
- c) Mechanisms for supervising non-financial risk, including that relating to ethical aspects and aspects of business conduct.
- d) Channels of communication, participation and dialogue with stakeholders.
- e) Responsible communication practices that impede the manipulation of data and protect integrity and honour.

Complies X Complies Partially Explain

56. That directors remuneration be sufficient in order to attract and retain directors who meet the desired professional profile and to adequately compensate them for the dedication, qualifications and responsibility demanded of their posts, while not being so excessive as to compromise the independent judgment of non-executive directors.

Complies X Explain

57. That only executive directors receive remuneration linked to corporate results or personal performance, as well as remuneration in the form of shares, options or rights to shares or instruments whose value is indexed to share value, or long-term savings plans such as pension plans, retirement accounts or any other retirement plan.

Shares may be given to non-executive directors under the condition that they maintain ownership of the shares until they leave their posts as directors. The forgoing shall not apply to shares that the director may be obliged sell in order to meet the costs related to their acquisition.

Complies X Complies Partially Explain

58. That as regards variable remuneration, the policies incorporate limits and administrative safeguards in order to ensure that said remuneration is in line with the work performance of the beneficiaries and are not based solely upon general developments in the markets or in the sector in which the company operates, or other similar circumstances.

And, in particular, that variable remuneration components:

- a) Are linked to pre-determined and measurable performance criteria and that such criteria take into account the risk undertaken to achieve a given result.
- b) Promote sustainability of the company and include non-financial criteria that are geared towards creating long-term value, such as compliance with rules and internal operating procedures and risk management and control policies.
- c) Are based upon balancing short-, medium- and long-term objectives, permitting the reward of continuous achievement over a period of time long enough to judge creation of sustainable value such that the benchmarks used for evaluation are not comprised of one-off, seldom occurring or extraordinary events.

Complies X Complies Partially Explain Not Applicable

59. That the payment of variable remuneration components be subject to sufficient verification that previously established performance or other conditions have effectively been met. Entities must include in their annual report on director remuneration the criteria for the time required and methods used for this verification depending on the nature and characteristics of each variable component.

That, additionally, companies consider the inclusion of a reduction ('malus') clause for the deferral of the payment of a portion of variable remuneration components that would imply their total or partial loss if an event were to occur prior to the payment date that would make this advisable.

Complies X Complies Partially Explain Not Applicable

60. That remuneration related to company results takes into account any reservations which may appear in the external auditor's report which would diminish said results.

Complies x Complies Partially Explain Not Applicable

61. That a material portion of variable remuneration for executive directors depends upon the delivery of shares or instruments indexed to share value.

Complies X Complies Partially Explain Not Applicable

62. That once shares or options or financial instruments have been allocated under remuneration schemes, executive directors be prohibited from transferring ownership or exercising options or rights until a term of at least three years has elapsed.

An exception is made in cases where the director has, at the time of the transfer or exercise of options or rights, a net economic exposure to changes in the share price for a market value equivalent to at least twice the amount of his or her fixed annual remuneration through the ownership of shares, options or other financial instruments.

The forgoing shall not apply to shares that the director may need to sell in order to meet the costs related to their acquisition or, following a favourable assessment by the nomination and remuneration committee, to deal with such extraordinary situations as may arise and so require.

Complies X Complies Partially Explain Not Applicable

63. That contractual arrangements include a clause which permits the company to seek reimbursement of variable remuneration components in the event that payment does not coincide with performance criteria or when delivery was made based upon data later deemed to be inaccurate.

Complies X Complies Partially Explain Not Applicable

64. That payments for contract termination should not exceed an amount equivalent to two years of total annual remuneration and should not be paid until the company has been able to verify that the director has fulfilled all previously established criteria or conditions for payment.

For the purposes of this recommendation, payments for contractual termination will be considered to include any payments the accrual of which or the obligation to pay which arises as a consequence of or on the occasion of the termination of the contractual relationship between the director and the company, including amounts not previously vested of long-term savings schemes and amounts paid by virtue of post-contractual non-competition agreements.

Complies X Complies Partially Explain Not Applicable



FURTHER INFORMATION OF INTEREST

1. If there is any aspect regarding corporate governance in the company or other companies in the group that have not been included in other sections of this report, but which are necessary in order to obtain a more complete and comprehensible picture of the structure and governance practices in the company or group, describe them briefly below.
2. This section may also be used to provide any other information, explanation or clarification relating to previous sections of the report, so long as it is relevant and not redundant.

Specifically, state whether the company is subject to any corporate governance legislation other than that prevailing in Spain and, if so, include any information required under this legislation that differs from the data requested in this report.

3. The company may also state whether it voluntarily complies with other ethical or best practice codes, whether international, sector-based, or other. In such a case, name the code in question and the date the company began following it. It should be specifically mentioned that the company adheres to the Code of Good Tax Practices of 20 July, 2010
 - Applus Services, S.A has adhered to the United Nations Global Compact and has been at the Advanced Level since 2018 following the 10 principles.
 - Applus+ participates in the Carbon Disclosure Project (CDP) since 2017 and in 2023 it has been included in their A List for climate. Only 346 of the more than 21,000 participating companies are in this list, which recognizes leadership in environmental transparency and climate change performance. Also, Applus+ was recognized with "AA" by the MSCI ESG Research agency in 2019.
 - Applus+ has adopted the United Nations Sustainable Development Goals (SDGs) as a framework for its corporate social responsibility objectives. At least nine of the seventeen UN SDGs are applicable to Applus+ business.
 - We endorse the United Nations Guiding Principles on Business and Human Rights, the Organization for Economic Cooperation and Development's Guidelines for Multinational Enterprises, and the International Finance Corporation's Performance Standards.
 - Applus+ has been included in the FTSE4GoodIBEX since 2019 and in IBEX Gender Equality and IBEX ESG since their creation in 2022 and 2023 respectively.
 - Gaia Rating recognized Applus+ with a score of 70/100 in 2023. Sustainalytics rated the Group with a 13.3 in 2023, which places our company in the "low risk" ESG group. In October 2023, S&P Global ESG Scores maintained Applus+ rating at 54, which places Applus within the 95 percentile of the companies evaluated within the sector. Standard Ethics has included Applus in their SE Mid Spanish Index, being the best valued company with an EE+.
 - Applus+ has adopted the GRI standards, the SASB (Sustainability Accounting Standards Board), and the recommendations of the TCFD (Task Force on Climate-Related Financial Disclosures) for its non-financial information reporting.
 - Applus+ has joined the European Charter of Principles signed by organizations to make their commitment to diversity and inclusion in the workplace visible. European Commission Diversity Charter Member for the 2021-2023 period.
 - Applus+ has joined the Spanish Presidency Ministry's Initiative to promote a balanced participation of women and men in business and economic decision-making. "More Women, Better Companies" in 2021 and has actively participated in the Target Gender Equality initiative of the United Nations Global Compact in 2022.
 - We are adopting the United Nations' seven Principles of Women's Empowerment since 2021.
 - In 2022, Applus+ renewed its agreement with the Spanish High Council for Sports so that high-level athletes can start their professional careers in the Group, and signed the Dual FP Alliance in Spain to promote initiatives to make Vocational Training a tool to develop young talent.
 - Applus+ has been included in the Network of Inclusive Companies (Andorra) since 2021.

This Annual Corporate Governance Report was approved by the Board of Directors of the company at the meeting held on 21 February 2024

State whether any directors voted against or abstained from voting on this report.

Yes No

Name of director who has not voted for the approval of this report	Reasons (against, abstention, non-attendance)	Explain the reasons

Observations

Applus Services, S.A. and Subsidiaries

Annual Remuneration Report

ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED COMPANIES

IDENTIFICATION DETAILS OF ISSUER

REFERENCE YEAR END DATE

31/12/2023

TAX IDENTIFICATION CODE: A64622970

Company Name:

APPLUS SERVICES, S.A.

Business Address:

C/ Campezo 1, Edificio 3

Parque Empresarial Las Mercedes, Madrid

ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED COMPANIES

A THE COMPANY'S REMUNERATION POLICY FOR THE CURRENT FINANCIAL YEAR

A.1.1 Explain the director remuneration policy in effect for the current financial year. Where relevant information can be incorporated by reference to the remuneration policy approved by the shareholders at the general shareholders' meeting, provided that the incorporation is clear, specific and concrete.

The specific provisions established for the current financial year must be described in terms of both remuneration of directors in their capacity as such and remuneration for the performance of executive duties that the board has performed under the terms of contracts signed with the executive directors and with the remuneration policy approved at the general meeting.

In any case, at least the following aspects must be reported on:

- a) Description of the company's procedures and decision-making bodies involved in the determination, approval and implementation of the remuneration policy and its terms.
- b) Statement and, if applicable, explanation of whether comparable companies have been taken into account to establish the company's remuneration policy.
- c) Information on whether any external advisor has participated and, if applicable, the identity thereof.
- d) Procedures under the existing remuneration policy for directors to apply for temporary exemptions to such policy, the conditions under which such exceptions may be applied for and the components that may be subject to exceptions under the policy.

At the General Shareholders' Meeting held on 8 June 2023, the shareholders approved the modification of the remuneration policy for the members of the Company's Board of Directors (the "**Remuneration Policy**"), which the Board of Directors approved to submit at the General Meeting during its meeting held on 4 May 2023 following a favourable report from the Appointments and Remuneration Committee ("**ARC**") issued on 3 May 2023.

This modification adjusted the Remuneration Policy in force at the time, which had been approved by the shareholders at the 2022 General Shareholders' Meeting for financial years 2022 to 2024, to introduce the following changes, with the remaining terms unaltered without prejudice to certain minor technical changes and corrections:

- (i) To modify the remuneration regime for the Chief Executive Officer Mr Joan Amigó (the "**Executive Director**"), to add to his remuneration a new long-term incentive plan linked to the Company's 2022-2024 Strategic Plan on similar terms to those established for the management team (the "**2022-2024 Strategic Plan LTI**"). Suggestions received from the various shareholders and proxy advisors contacted during the preparation of this plan have been taken into account in drawing up the 2022-2024 Strategic Plan LTI.
- (ii) To incorporate a series of formal adjustments to reflect the existence of a single Executive Director at the Company and to set out his specific remuneration package.

The principles and grounds of the Remuneration Policy for the Company's directors, revolve around remuneration based on market practices, capable of attracting, retaining and motivating the necessary talent in accordance with the features of its industry and of the countries in which the Company operates, to satisfy both the strategic needs of the business and shareholders' expectations.

Furthermore, independent directors will receive the remuneration necessary to reward the dedication, qualification and responsibility that the position requires, though it should not be so high as to compromise their independence.

In addition, the Remuneration Policy establishes that long-term sustainability is a strategic priority for the Board of Directors, and therefore the variable remuneration of the Executive Director and the long-term incentives are linked to the achievement of ESG targets.

The remuneration and employment conditions of the Company's employees have been taken into account in setting the Remuneration Policy, and particularly: (i) the remuneration system structure and metrics; and (ii) the benefit and pension plan structure, which is the same as the structure for the Company's executives in Spain.

The director remuneration established in the Remuneration Policy is reasonably proportionate to the importance of the Company, its financial situation and the market standards of comparable companies. It is aimed at promoting the long-term profitability and sustainability of the Company and it incorporates the necessary caution to prevent the excessive assumption of risks or the rewarding of unfavourable results.

The position of director of the Company is remunerated and is generally composed of an annual fixed amount. The maximum annual remuneration (as a fixed amount) for the directors in their capacity as such was set at EUR 1,500,000 at the General Shareholders' Meeting

Unless agreed otherwise at the General Shareholder's Meeting, the Board of Directors will set the exact amount to be paid within the limit approved at the General Meeting, as well as the specific remuneration of each director in their capacity as such (as a fixed amount), Proprietary and executive directors will not receive any remuneration for their membership of the Board of Directors or of any of its Committees.

The Board of Directors determined that the annual fixed remuneration of the directors in their capacity as such would be the following for financial year 2023:

- | | |
|---|---------------|
| • Remuneration as Chair of the Board of Directors | 275,000 euros |
| • Remuneration as Director (except for the Chair of the Board of Directors) | 66,000 euros |
| • Remuneration as Chair of a Committee | 30,000 euros |
| • Remuneration as member of a Committee | 20,000 euros |

Directors will also be reimbursed for duly justified expenses relating to travel and accommodation to attend meetings and the Company has also contracted civil liability insurance for its directors on market conditions.

Following a report or proposal from the ARC, the Board of Directors applies the Remuneration Policy on its own terms and within the framework of the remuneration scheme set forth in the bylaws (and that established in the Executive Director's contract), with no procedures established for applying temporary exceptions to the Remuneration Policy.

The ARC assists the Board of Directors in the determination and implementation of the Remuneration Policy under the powers assigned to it by the Board Regulations. Article 39.4 of the Board Regulations provides that the ARC may seek external advisory services. In this regard, the consultant Korn Ferry (UK) advised the ARC on the modification of the Remuneration Policy approved at the 2023 General Shareholders' Meeting; said entity has not provided any other advice to the ARC.

Mr Joan Amigó was the only director who performed executive duties during financial year 2023.

A.1.2 Relative importance of variable remuneration items in comparison to fixed items (remunerative mix) and which criteria and targets have been taken into account in the determination thereof and to ensure an appropriate balance between the fixed and variable remuneration components. In particular, state the actions taken by the company about the remuneration scheme to reduce exposure to excessive risks and align it with the company's long-term objectives, values and interests, which will include (where applicable) a reference to measures established to ensure that the remuneration policy takes into account the company's long-term results, the measures adopted concerning those categories of staff whose professional activities have a material impact on the entity's risk profile and any measures established to avoid conflicts of interest.

Also state whether the company has established any accrual or consolidation period for certain variable remuneration items, in cash, shares or other financial instruments, a deferral period in the payment of sums or delivery of financial instruments already accrued and consolidated, or whether any clause has been agreed for the reduction of deferred remuneration not yet consolidated or obliging the director to return remuneration received when said remuneration has been based on information whose inaccuracy has subsequently been clearly established.

The only remuneration with a variable component is that of the Executive Director, Mr Joan Amigó. Applus relied on: (i) the 2021 Mercer Consulting study for the Remuneration Policy approved in 2022, which provided the basis for the current Remuneration Policy approved in 2023; and (ii) the advice given by Korn Ferry for the approval of the modification to the Remuneration Policy approved in 2023. Also taken into account were the need to retain and motivate the Executive Director and the objectives of the 2022-2024 Strategic Plan with regard to the inclusion of the 2022-2024 Strategic Plan LTI.

Fixed Remuneration

According to the Remuneration Policy, the fixed components of the current Executive Director's remuneration comprise annual fixed remuneration of EUR 600,000, to be updated based on the Spanish CPI unless the Board of Directors resolves otherwise. It is also established that the Executive Director will receive other benefits, such as remuneration in kind, with a maximum cost equal to 15% of his annual fixed cash remuneration (i.e., EUR 90,000). The Company will also make a pension plan contribution for the Executive Director in an amount equal to the difference between the aforementioned 15% of his fixed remuneration and the cost of the benefits that the Executive Director has actually received in that year. The Executive Director will choose the amount to allocate to each benefit each year, subject in any event to the cost being equal to 15% of his fixed cash remuneration. If the cost of the benefits is lower than that amount, the difference between 15% of his fixed cash remuneration and the cost of the benefits will be received as a cash supplement. The Executive Director may also decide whether he wants to reduce his fixed remuneration, provided that the amount of that reduction is invested in a pension plan, all in line with that established for Senior Management. The aggregate value of the fixed components of the Director's remuneration in cash and in kind will therefore amount to a total of EUR 690,000.

Variable Remuneration

The variable remuneration components of the CEO's remuneration consist of:

- (i) an annual variable amount payable as a combination of cash and restricted stock units ("RSUs"), which will amount to a maximum of 150% of the variable target base, which in turn amounts to 80% of fixed remuneration (i.e., a maximum annual amount of EUR 720,000).
- (ii) an ordinary long-term incentive plan (Ordinary LTI), consisting of the delivery of performance stock units ("PSUs") exchangeable for shares at the time of vesting depending on the achievement of the established targets, whose number may vary from 0 to a maximum of 150% of the Ordinary LTI target, which is a number of PSUs calculated as 90% of fixed remuneration divided by the average value of the Company's shares in the 60 days prior to the delivery date (the date on which the Board of Directors approves the delivery). The maximum amount of the plan will depend on the number of PSUs that are converted into shares and their listing price on the date they are delivered; and
- (iii) a single, one-off strategic long-term incentive plan (2022-2024 Strategic Plan LTI), which was applied with retroactive effect from 1 January 2022, consisting of the delivery of a number of PSUs equal to the result of dividing EUR 1,200,000 by the value of the Company's shares used in 2022 when this plan was awarded to the management team (6.2262 EUR/share). Pursuant to the foregoing, the Executive Director received 192,734 target PSUs. The number of PSUs accruing at the end of the plan will range from 0% to 200% of the target number of target PSUs, depending on the level of achievement of the 2022-2024 Strategic Plan objectives. The maximum amount of the plan will depend on the number of PSUs that are converted into shares and their listing price on the date they are delivered.

The CEO's maximum approved variable remuneration items (without taking into account the extraordinary incentive or variations in the value of the shares at the time when the PSUs are converted into shares compared to their value at the time the PSUs were awarded) could therefore represent up to approximately 222% of his fixed items (in cash and in kind) (percentage of the sum of EUR 720,000, EUR 810,000 of variable items, divided by EUR 690,000 of fixed items (in cash and in kind)), if the respective targets are achieved.

The Company uses the following mechanisms to reduce exposure to excessive risks and align the remuneration scheme with the Company's long-term objectives, values and interests:

- (i) The final sum of the annual variable amount payable in cash and RSUs is linked as follows: (a) 55% is linked to achieving adjusted operating profit targets; (b) 30% is linked to adjusted operating cashflow; and (c) 15% is linked to achieving four ESG targets. Each 1% increase in the aforementioned targets implies a 2% increase of the target base amount, and each 1% decrease implies a 5% reduction of the target base amount, all subject to a maximum limit of 150% and a minimum of 0% of the target base amount. In addition to the aforementioned strategic priorities, this reflects the Company's priorities in relation to operating profitability and cash flow generation.

Furthermore, if inaccuracies in the information on which the annual variable amount was awarded are established by a certified auditor and approved by the Board of Directors, the Company will have the right, for three years after the payment of the variable cash remuneration and the RSUs or the vesting of the RSUs, respectively, to claim back the amount of the variable cash remuneration, net of any withholding tax or levy, the net amount of the RSUs and the net amount of the shares vested of the RSUs, as applicable, actually received by the Executive Director as a result of such inaccuracies. Finally, there is a delayed vesting schedule for the RSUs, such that 30%, 30% and 40% of the RSUs awarded in each financial year convert into shares 1, 2 and 3 years, respectively, after the date they are awarded.

- (ii) As regards the Ordinary LTI, the final number of PSUs that will be converted into shares is determined as follows: (a) 30% depends on the achievement of a target based on relative total shareholder return; (b)

50% depends on the achievement of a target based on adjusted earnings per share; (c) 10% depends on the achievement of a target based on return on capital employed; and (d) 10% depends on the achievement of four ESG targets. The achievement of these targets is measured for a three-year period, which makes it possible to take into account the Company's long-term results, Applus' strategic priority of long-term sustainability, as well as sustainable value creation for the shareholders.

- (iii) As regards the 2022-2024 Strategic Plan LTI, the final number of PSUs that will accrue will have a value between 0% and 200% of the target number of PSUs calculated as follows: (a) 50% depends on the achievement of a target based on relative total return for the Group's shareholders; and (b) 50% depends on the achievement of a target based on adjusted earnings per share. These targets are measured at the end of the 2022-2024 Strategic Plan period, i.e., in 2025.

For both the Ordinary LTI and the 2022-2024 Strategic Plan LTI, a minimum threshold is established for each target below which PSUs will not accrue and maximum limits are also established in respect of their amounts. In addition, it is provided that if proven inaccuracies in the information used as a basis to award the PSUs or the shares pursuant to a vesting of PSUs are reported by a certified auditor and approved by the Board of Directors, the Company will be entitled, for a period of three years following the award of the PSUs or the vesting of the PSUs, respectively, to claim the refund of the net (of any withholding taxes or fees) amount of PSUs and net amount of shares, as applicable, effectively received by the Executive Director because of those inaccuracies. The value of each PSU will be equivalent to the average listing value of the Company's shares during the sixty days prior to the award date of the PSUs. Finally, the PSUs will be subject to a delayed vesting schedule, such that the PSUs awarded in each financial year are converted into shares after a period of 3 years following the date they are awarded (and only in the event that the targets referred to in the preceding sections are achieved). Each PSU that ultimately accrues entitles the holder to receive the dividends corresponding to the relevant share during the three-year period corresponding to the LTI. In 2023, EUR 1,915 was received in dividends.

In conclusion, the relative importance of the variable items compared to fixed items has been maintained, the average listing price of Applus shares continues to be considered in the annual variable remuneration schemes and long-term incentive plans for the CEO, and a deferral period is established (accounting for 37.5% of the variable amount in the case of annual variable remuneration). Due to all the foregoing, the ARC considers that the remuneration mix established in the Remuneration Policy for the CEO is in line with market conditions for listed companies, as well as taking his performance and leadership into account.

As regards measures established to avoid conflicts of interest, the Board Regulations impose an obligation on directors to notify the other directors and the Board of Directors of any direct or indirect situation of conflict that they or persons related thereto may have with the Company's interest. Situations involving conflicts of interest for directors are disclosed in Applus' report on its annual accounts. Moreover, the director subject to conflict must refrain from attending or intervening in discussions affecting issues in which they have a personal interest and must refrain from voting on the corresponding decisions.

The features of the annual variable remuneration scheme and of the long-term incentive plans under the Remuneration Policy are described in more detail in section A.1.6. below.

A.1.3 Amount and nature of the fixed components to be accrued during the financial year by directors in their capacity as such.

The annual fixed remuneration to be received in financial year 2024 by the members of the Board of Directors in their capacity as such is as follows:

- | | |
|---|---------------|
| • Remuneration as Chair of the Board of Directors | 275,000 euros |
| • Remuneration as Director (except for the Chair of the Board of Directors) | 66,000 euros |
| • Remuneration as Chair of a Committee | 30,000 euros |
| • Remuneration as member of a Committee | 20,000 euros |

This remuneration is the result of the last 10% increase that was approved on 24 February 2022 for non-executive directors (including the Chair) in their capacity as such, with no increase in remuneration for participation in or chairmanship of Board Committees.

With the composition of the Board and the Committees as of the date of this ARR, the fixed remuneration to be received by non-executive directors in financial year 2024 would amount to EUR 967,000.

It is stated for the record that neither proprietary directors, of whom there are currently none and who there are no plans to appoint, nor the Executive Director, would or will receive any remuneration for their positions on the Board of Directors or for membership of any of its Committees.

In addition to the above-stated remuneration, the Company will pay the premiums for the civil liability insurance signed to cover its directors and managers on market conditions, which are expected to amount to EUR 170,798.40 in financial year 2024 if it is as in financial year 2023.

Finally, the directors will be reimbursed for duly justified travel and accommodation expenses incurred due to attendance at meetings of the Board of Directors and its Committees.

A.1.4 Amount and nature of fixed components that will be accrued during the financial year for the performance of senior management duties by executive directors.

For the CEO, the non-variable components for the performance of the duties associated with his position and accrued in financial year 2023 were as follows: (i) annual fixed remuneration of EUR 600,000 in cash; (ii) other benefits in kind with a cost of EUR 90,000 (15% of his fixed remuneration), which include a cash supplement of EUR 65,446 as described in section B.16 and a pension plan contribution in the gross amount of EUR 1,500. The RSUs given as fixed remuneration in 2020 (5,317 RSUs) and one-third of the RSUs given as fixed remuneration as 2022 (30% of 7,100 RSUs, implying 2,130 RSUs) under the applicable Policy at that time vested as shares in February 2023, totalling 7,447 gross shares.

The current Remuneration Policy provides that the CEO will accrue the following fixed remuneration in financial year 2024 for the performance of his executive duties: (i) annual fixed remuneration of EUR 600,000 in cash; (ii) other benefits in kind with a cost equal to 15% of his fixed remuneration, which will include the related cash supplement described in section B.16 and a pension plan contribution subject to the legally established limit in an amount equal to the difference between the aforementioned 15% and the cost of the benefits effectively received. The CEO may choose each year the amount to allocate to each benefit, subject in any event to the maximum cost equal to 15% of his fixed cash remuneration, and whether he wants to reduce his fixed remuneration to invest the same amount in a pension plan.

For the Executive Director, the RSUs given in 2021 (i.e., 6,649 RSUs gross) and 30% of the RSUs given in 2022 as fixed remuneration (30% of 7,100 RSUs, implying 2,130 RSUs gross) vested as shares in February 2024.

A.1.5. Amount and nature of any component of remuneration in kind that will be accrued during the financial year, including but not limited to insurance premiums paid on behalf of the director.

Remuneration in kind is only established in favour of the CEO. According to the provisions of the current Remuneration Policy, the CEO will receive other benefits at a cost equal to 15% of annual fixed remuneration in cash. The Company will also make an annual contribution to the CEO's pension scheme in an amount equal to the difference between the aforementioned 15% of his fixed remuneration and the cost of the benefits actually received by the CEO during that year, subject to legally established limits. The CEO may choose each year the amount to allocate to each benefit, subject in any event to the maximum cost equal to 15% of his fixed cash remuneration, and whether he wants to reduce his fixed remuneration to invest the same amount in a pension plan.

On terms similar to financial year 2023, the CEO is expected to receive benefits consisting of: (i) the use of a company vehicle and fuel; (ii) the contracting of medical insurance for him and his family, as well as medical check-ups for him and his wife; (iii) life insurance; (iv) the payment of professional association membership fees; (v) a pension plan; and (vi) a cash supplement.

Remuneration in kind under the Remuneration Policy approved in 2023 is described in section B.14.

A.1.6 Amount and nature of variable components, differentiating between short and long term. Financial and non-financial, including social, environmental and climate change parameters selected to determine variable remuneration in the current year, describing the extent to which these parameters are related to performance, both of the director and of the company, together with their risk profile, and the methodology, necessary period and the techniques established to determine the degree of compliance with the parameters used in the design of the variable remuneration at the end of the year.

State the range in monetary terms of the different variable components, based on the level of achievement of established targets and parameters, and whether there is any absolute maximum monetary amount.

The actual amount of the Executive Director's annual variable remuneration is determined by the Board of Directors at the proposal of the ARC, which is responsible for assessing in detail the target achievement level following verification thereof. For purposes of this verification, the annual accounts of Applus will be considered following submission thereof and review and issuance of the report by the Company's auditor, in addition to review thereof by the Company's Audit Committee.

According to the provisions of the Remuneration Policy, the Executive Director's variable remuneration components are as follows.

A Annual variable remuneration:

The annual variable remuneration of the Executive Director consists of an annual variable amount payable via a combination of cash and the award of RSUs. This variable remuneration is linked to the achievement of various targets (55% linked to adjusted operating profit, 30% linked to adjusted operating cashflow and 15% linked to four ESG targets). All targets will be reported (as well as their results) *ex-post* in the Annual Remuneration Report.

The amount of this remuneration item for the Executive Director will be calculated on the following terms:

The target base amount of variable remuneration, which is set as 80% of the fixed remuneration, will increase by 2% for each 1% achievement increase above the targets, up to an amount of 150% of the variable target base (a 200% achievement level is possible for each target). On the other hand, variable remuneration will decrease by 5% for every 1% achievement decrease below the targets. Out of the total variable remuneration to be received by the Executive Director, 62.5% will be paid in cash and the remaining 37.5% via the award of RSUs. The same system is established for Senior Management.

The average listing value of the Applus shares during the 60 days preceding the date of award of the RSUs will be taken into account to calculate the number of RSUs to be awarded. The RSUs will be awarded every year on the date that the Board of Directors approves Applus' annual results and the amount of annual variable remuneration to be received by the Executive Director.

Each RSU will vest for one Applus share in proportions of 30%, 30% and 40% after one, two and three years, respectively, provided that the Executive Director is still employed by the Company on the vesting date. However, the vesting will not follow this schedule in certain circumstances:

- (i) Termination of the Executive Director's services for specific reasons: If the Participant's termination of services is due to some event then all the RSUs awarded under the RSU plan that have not vested on the date when the event takes effect will be automatically vested on that date.
- (ii) Change of control: In the event of a change of control all RSUs awarded under the RSU Plan that have not accrued on the date on which the event takes effect will automatically accrue on the date on which the event occurs. In the event of a change of control, the accrued RSUs would be settled by a cash payment on the date of the change of control.

If proven inaccuracies in the information upon which the cash bonus and the RSUs were awarded are reported by a certified auditor and approved by the Board of Directors, the Company will be entitled, for a period of three years following the payment of the cash bonus and the RSUs or the vesting of the RSUs, respectively, to claim the refund of the net (of any withholding taxes or fees) amount of cash bonus, net amount of RSUs, and net amount of shares pursuant to a vesting of RSUs, as applicable, effectively received by the Executive Director because of those inaccuracies.

Upon a favourable proposal from the ARC, the Board of Directors has discretion to increase the result of the mathematical calculation of the annual variable remuneration of the Executive Director if: (i) the calculated payment is not considered a true reflection of the underlying evolution of the business; (ii) the increase does not exceed 50% of the target base (in cash and RSUs); and (iii) the final total amount of the annual variable remuneration following any applicable increase will not exceed the target base (in cash and RSUs). This decision will be disclosed *ex-post* annually in the Annual Remuneration Report.

The variable remuneration accrued in 2022 (associated with the achievement of the targets for 2022) and approved on 23 February 2023 (date of the relevant meeting of the Board of Directors) was EUR 437,433, of which 62.5% was in cash, amounting to EUR 273,395, and 37.5% was in RSUs, implying 25,116 RSUs.

For this calculation, an achievement level of 118.9% was applied to the target bonuses for each period in which the Executive Director was CFO (target bonus EUR 123,900) and CEO (target bonus EUR 244,000).

Of the RSUs awarded in previous years corresponding to variable remuneration for past financial years (2020, 2021 and 2022), the current CEO (Mr Joan Amigó) vested 9,203 RSUs gross in February 2023 in accordance with the established vesting schedule.

B Long-term incentive plans

B.1 Ordinary LTI:

The Ordinary LTI long-term incentive plan provides for the annual receipt by the Executive Director of PSUs, each capable of vesting as one share of the Company. The PSUs awarded in each financial year will vest as shares after a three-year period following their award date, based on the level of achievement of certain parameters.

The Executive Director will annually receive PSUs in an amount equal to 90% of his fixed remuneration. However, these amounts may fluctuate depending on the level of achievement of the parameters indicated below, such that the number of PSUs that will accrue will range from 0% to 150% of the number of PSUs, depending on the degree of achievement of the targets. Each target under the Ordinary LTI may represent an evaluation value ranging from 0% and 200%.

The value of each PSU will be equivalent to the average listing price of the Company's shares during the 60 days preceding the date of award of the PSUs.

The following quantitative targets will be assessed to determine the PSUs that will vest as shares:

- (a) Relative total shareholder return ("TSR"): This parameter represents 30% of the PSUs awarded each year. It is based on relative total shareholder return over a three-year period, whereby the Company's TSR will be compared against an unweighted index composed of a group of eight comparable companies within the inspection and certification industry. These companies are SGS S.A., Bureau Veritas S.A., Intertek Group PLC, Eurofins Scientific S.E., Core Laboratories, Inc., ALS Limited, TEAM Industrial Services, Inc. and Mistras Group, Inc. The index is the result of calculating the annualised TSR of the average TSR of the eight comparable companies. The Board of Directors may change the group of companies comprising the comparison index provided that such changes are approved and disclosed prior to the award of the PSUs.

Within this 30%, 50% of the PSUs will be converted into shares if Applus' annual TSR performance value is equal to the index, while 200% of the PSUs will be converted into shares if the annualised Applus TSR performance value is 5% higher than the index on a cumulative annual basis. Between the index value and the TSR value creating an entitlement to a 200% PSU-to-share conversion rate, conversion will take place according to a linear interpolation between said two values. As a result, 100% of the PSUs will vest if the annualised Applus TSR performance value is 1.67% higher than the index on a cumulative annual basis. No PSUs will vest in respect of this parameter if the TSR value is below the index. The maximum number of PSUs that will vest is 200% of the target PSUs.

The TSR assessment is performed by an external firm which submits a report to the Appointment and Remuneration Committee. The name of this firm will be disclosed each year in the Annual Directors' Remuneration Report. PwC has been engaged to perform this assessment in 2023 and 2024.

- (b) Adjusted earnings per share ("EPS"): This parameter represents 50% of the PSUs awarded each year. It is related to the adjusted earnings per share reported by Applus, accumulated within three years.

The Board of Directors will establish specific thresholds on an annual basis for this EPS target, at which target PSUs will be converted into shares.

- (c) Return on Capital Employed ("ROCE"): This parameter represents 10% of the PSUs awarded each year. It is related to the average return on capital employed for a three-year period.

The Board of Directors will establish specific thresholds for this ROCE target, at which target PSUs will be converted into shares.

- (d) ESG targets: This parameter represents 10% of the total PSUs awarded each year. It is related to the achievement of four ESG targets over a three-year period.

ESG targets and results are calculated considering the perimeter as at 1 January of the first year of each three-year period and will not include acquisitions.

An assessment of all Ordinary LTI incentive plan targets will be published *ex-post* in the Company's Annual Remuneration Report.

B.2 2022-2024 Strategic Plan LTI

The 2022-2024 Strategic Plan was designed with the aim of covering the three financial years that started in 2022 and end in 2024. The Executive Director has been included as a participant in this plan to provide him with a clear incentive that directly encourages the fulfilment of the 2022-2024 Strategic Plan and aligns it with the achievement of solid and sustainable growth for the Company, thereby benefiting the shareholders.

Within the framework of the new 2022-2024 Strategic Plan LTI, the Executive Director received 192,734 target PSUs.

The number of PSUs that will ultimately accrue will have a value ranging from 0% to 200% of the number of target PSUs, depending on the target achievement level during the accrual period, ensuring that this accrual properly reflects the Executive Director's professional performance during each period. Each target may in turn imply a payment ranging from 0% and 200%. The achievement of these targets will be measured, and hence the total number of PSUs that will vest as shares will be determined, at the end of the 2022-2024 Strategic Plan period, i.e., in 2025.

The scope of the following performance targets will be assessed to determine the PSUs that will be converted into shares:

- (a) Total Shareholder Return: This parameter represents 50% of the PSUs awarded within the framework of the 2022-2024 Strategic Plan LTI. It measures the relative total shareholder return for the Group, calculated over the three-year period that comprises the accrual period for the Ordinary LTI that was implemented in 2022. The rules for the evaluation of this target are the same as those used for the evolution of TSR under the Ordinary LTI referred to in letter (a) of section B above.
- (b) Group Adjusted Earnings per Share (EPS): This parameter represents 50% of the PSUs awarded within the framework of the 2022-2024 Strategic Plan LTI. It will be calculated as the earnings for the financial year divided by the number of shares as at 31 December of the relevant financial year. If the EPS of potential divestments in 2023 and 2024 exceeds the adjusted EPS of the acquisitions for the same period, the target will be adjusted accordingly.

The Board of Directors set the thresholds to be used as a basis for the accrual of PSUs for this target. The maximum number of PSUs that will accrue will be 200% of the target PSUs. If the EPS performance is below the specific threshold creating an entitlement to the accrual of 50% of the PSUs, no PSUs will be awarded for this parameter. The Board of Directors reserves the right to fairly and reasonably, on a discretionary basis, review the formula for payment of each component if it considers that the result of the formula does not truly reflect the underlying performance of the Company. This discretionary power may be exercised to both increase and reduce the remuneration level. Any increase may only be implemented up to the award target for the corresponding component.

The Executive Director will be required to retain all the shares corresponding to him under the 2022-2024 Strategic Plan LTI for a minimum period of two years as from the accrual date, except in the event of an accelerated accrual as a result of a change of control on the terms outlined below.

The evaluation of the 2022-2024 LTI targets will be published *ex post* in the Company's Annual Remuneration Report.

B.3 General conditions applicable to the Ordinary LTI and to the 2022-2024 Strategic Plan LTI

The general conditions regulating the Ordinary LTI and the 2022-2024 Strategic Plan LTI, which are identical, are as follows:

If proven inaccuracies in the information upon which the PSUs or the shares pursuant to a vesting of PSUs were awarded are reported by a certified auditor and approved by the Board of Directors, the Company will be entitled, for a period of three years following the award of the PSUs or the vesting of the PSUs, respectively, to claim the refund of the net (of any withholding taxes or fees) amount of PSUs and net amount of shares pursuant to a vesting of PSUs, as applicable, effectively received by the Executive Director because of those inaccuracies.

If the Executive Director ceases to have a contractual relationship with the Group due to any the same events as established for RSUs and referred to in section A.(i) above, the ARC will determine the number of accrued shares as follows: (a) the performance conditions will be deemed 100% achieved; and (b) it will apply a pro-rata reduction to the corresponding number of shares based on the period of time between the award date and the date of termination in relation to the three-year period.

In addition, in the event of a change of control of the Company all PSUs will automatically vest in advance on the date on which the event occurs, if they have not yet vested. The settlement of the accrued PSUs in the event of a change of control will be paid in cash on the date of the change of control event. PSUs that are to accrue will not be reduced in any proportion to the time elapsed since the vesting date, and the performance conditions will be deemed 100% achieved. If a PSU vests under the change of control rule and the Executive Director no longer has a relationship with the Group, then the change of control rule will prevail.

The amount and nature of the variable components of the Executive Director Mr Joan Amigó's remuneration under the Remuneration Policy approved in 2023 are described in section B.7.

The RSUs accrued during financial year 2023 were awarded on 21 February 2024 (date of the meeting of the Board of Directors).

On 21 February 2024, the Executive Director was awarded 51,749 PSUs, which is the number resulting from dividing 90% of his fixed remuneration (as established in section A.1.4, EUR 540,000) by the average value of the Applus share price for the 60 days preceding the award of the PSUs (EUR 10.435 per share).

In financial year 2023, the CEO (Mr Joan Amigó) was awarded 82,679 PSUs, which is the number resulting from dividing 90% of his fixed remuneration (as established in section A.1.4, EUR 540,000) by the aforementioned average value of the Applus share price (6.5313 EUR/share.)

Likewise, given that the level of compliance with the 2020-2022 LTI was 120%, in February 2023 Mr Joan Amigó received 6,382 shares of the PSUs delivered in 2020. This 120% achievement was obtained through a 0% assessment of the TSR target (relative weight of 40%) and a 200% assessment of the EPS target (relative weight of 60%), resulting in 120%.

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A.1.7 Main features of long-term savings schemes. Among other information, state the contingencies covered under the schemes, whether they are defined-contribution or defined-benefit, the annual contribution to be made to defined-contribution schemes, the benefit to which beneficiaries are entitled in the case of defined-benefit schemes, the conditions for vesting of economic rights in favour of directors, and the compatibility thereof with any class of payment or indemnity for early termination or cessation or arising from the termination of the contractual relationship on the terms established between the company and the director.

Also state whether the accrual or vesting of any of the long-term savings plans is linked to the achievement of certain targets or parameters related to the director's short- and long-term performance.

Under the provisions of the Remuneration Policy, the Executive Director will be entitled to receive an annual pension plan contribution from the Company. The pension plan is structured as a defined-contribution scheme whose annual amount the CEO has set as part of the 15% of the annual fixed remuneration in cash allocated to benefits to be received by the Executive Director during the financial year. It should also be noted that the Executive Director may choose each year the amount to allocate to each benefit, subject in any event to the maximum cost equal to 15% of his fixed cash remuneration, and whether he wants to reduce his fixed remuneration to invest the same amount in a pension plan.

The only limitation or restrictive condition relating to the Executive Director's enjoyment of the pension scheme is that its enjoyment will be executed in accordance with applicable Spanish law. The plan is compatible with the payments arising from the termination of the contractual relationship between the Executive Director and the Company.

The long-term savings schemes under the Remuneration Policy are described in section B.9.

A.1.8 Any class of payment or indemnity for early termination or cessation or arising from the termination of the contractual relationship on the terms established between the company and the director, whether the cessation is at the will of the company or the director, as well as any class of agreement entered into, such as exclusivity, post-contractual non-compete, continuance in office or loyalty agreements, that entitle the director to any payment.

Applus has assumed the following payments, indemnities and covenants under the terms and conditions of the Executive Director's contract, in addition to those relating to his remuneration:

- (i) Exclusivity: the Executive Director has an exclusivity obligation vis-à-vis the Company on the terms described in the following sub-section; it is not specifically remunerated.
- (ii) Termination: in the event of termination of contract, the Executive Director will only be entitled to any indemnities established under applicable Spanish law. The sums paid will be deducted from the indemnity under the post-contractual non-compete agreement that is explained below.

However, if the Executive Director or the Company fails to comply in part or in full with the six-month notice period established in the contract in the event of unilateral termination thereof by one of the parties, the other party will be entitled to compensation equivalent to the fixed remuneration of the Executive Director for the duration of the breached notice period.

- (iii) Post-contractual non-compete: the Executive Director is not to compete against the Company or any company of the Applus group. The Executive Director's non-compete undertaking will have a duration of two years from the termination of his agreement. In consideration for this undertaking, on the termination of the contract (whether by the Executive Director or by the Company), the Executive Director will be entitled to receive an amount equal to twice the annual fixed cash remuneration received in the last year before termination of the agreement, to be paid during the 24 months following termination in equal monthly instalments. This amount will be reduced by any amount that the Company must pay to the Executive Director as statutory indemnity (which may arise from the application of the relevant law) for the termination of the agreement, such that the total amount to be received by the Executive Director following termination of the agreement is not more than twice the annual fixed remuneration received in the last year before the termination of the agreement in any

case. If the Executive Director breaches this covenant and competes with the Company or any group company, he must repay the amounts paid by the Company in compensation for the agreement. The Executive Director's termination payments comply with the provisions of the Corporate Governance Code for Listed Companies and protect the Applus group through the two-year post-contractual non-compete agreement.

All payments, indemnities and covenants vis-à-vis the Executive Director assumed by Applus under the 2023 Remuneration Policy are described in section B.10.

A.1.9 State the terms and conditions that must be included in the contracts of executive directors performing senior management duties. Include information regarding, among others, the term, limits on termination compensation amounts, continuance in office clauses, notice periods, and payment *in lieu* of the aforementioned notice periods, and any other clauses relating to hiring bonuses, as well as compensation or golden parachutes due to early termination of the contractual relationship between the company and the executive director. Include among other things any non-compete, exclusivity, continuance in office or loyalty, and post-contractual non-compete clauses or agreements, unless they have been explained in the preceding sub-section.

The essential terms and conditions of the agreement with the Executive Director in addition to those relating to his remuneration are set out below:

- (i) Term: the Executive Director's contract is for an indefinite term, but it may be terminated for any reason at any time without the need to pay any compensation for such termination. This is because any statutory amount payable on termination will be deducted from the payment under the non-compete agreement, thus keeping this undertaking in full force and effect. This clause has been agreed in the non-compete provisions entered into between the Company and the Executive Director.
- (ii) Exclusivity: While he is performing executive duties, the Executive Director must not hold any direct or indirect interest in any other business or activity that could represent a conflict of interests concerning his obligations and responsibilities in the Company or concerning the activity of the Company and of the Applus group.
- (iii) Termination: the Executive Director's contract can be terminated at any time at the discretion of the Executive Director or the Company, provided that termination is notified in writing to the other party with six months' notice. If this notice period is breached, the breaching party must pay the other the compensation described in section A.1.8 above.
- (iv) Post-contractual non-compete: See section A.1.8 above. The provision of any kind of service, whether on the Executive Director's behalf or for a third party, or in an executive or merely advisory capacity, or the direct or indirect promotion of the creation of companies or entities that will carry on a competing business, as well as shareholding participation in such companies or entities, will be deemed to be competition. Any activity that is being carried on by any company of the group or is expected to be started in the following 12 months at the time of termination of the Executive Director's agreement will be deemed to be a competing business. Moreover, the Executive Director is not to hire or participate in the hiring of employees who are or have been part of the workforce of the Company or any company of the group at the time of termination of his agreement or in the preceding 12 months. This non-compete agreement is binding, meaning that the Company cannot abandon its payment commitments and the Executive Director cannot compete and waive his right to be paid.
- (v) Shareholding retention: the Executive Director will hold 1/3 of the net number of shares that he receives each year upon the accrual of all RSUs and PSUs, until he reaches a number of shares whose value (calculated at the value of the shares on the award date) amounts to twice his net fixed remuneration. Thereafter, the Executive Director will be required to hold shares with a value corresponding at least to twice his net fixed remuneration. This commitment will cease in the event of termination of the Executive Director's services to the Group or upon a change of control.
- (vi) Supplementary pension or early retirement schemes: the Executive Director will not have supplementary pensions or early retirement schemes, but he will be entitled to a Company pension plan on the terms described in section A.1.1.

The essential contractual terms and conditions for the Executive Director under the 2023 Remuneration Policy are described in section B.11.

A.1.10 Explain the nature and estimated amount of any other supplementary remuneration that will be accrued by the directors during the current financial year as consideration for services provided other than those inherent to their position.

No directors have provided or are expected to provide services other than those inherent to their position during the current financial year, for which reason they have not accrued and are not expected to accrue any supplementary remuneration for said items.

A.1.11 Other remuneration items such as any deriving from the company granting the director advances, loans, guarantees or other remuneration.

As at the date of this report, the Company has not granted its directors any other remuneration items such as any deriving from advances, loans, guarantees or other remuneration.

A.1.12 Explain the nature and estimated amount of any other scheduled supplementary remuneration not included in the preceding sub-sections, whether paid by the entity or another entity of the group, that will be accrued by the directors during the current financial year.

No supplementary remuneration of this nature has accrued or is expected to accrue during the current financial year.

A.2 Explain any significant changes in the remuneration policy applicable to the current financial year arising from:

- a) A new policy or an amendment to the policy previously approved by the shareholders at the General Meeting.
- b) Significant changes in the specific determinations established by the board for the current financial year for the current remuneration policy, in comparison with those applied in the preceding financial year.
- c) Proposals that the board of directors has resolved to present to the shareholders at the general shareholders' meeting to which it will submit this annual report and which are proposed to be applied to the current financial year.

The ARC annually reviews the Remuneration Policy to ensure that it is aligned with the Company's situation and short-, medium- and long-term strategy and with market conditions, and to assess whether it contributes to the creation of long-term value and to adequate risk control and management, amending it if necessary as in previous years. In preparation for this review, the Chair of the ARC conducts a formal dialogue process each January with the Company's main investors and proxy advisors involving the review of the existing policy and a request for assessments and opinions concerning that policy and the various ways to improve it.

At the General Shareholders' Meeting held on 8 June 2023, the shareholders approved the modification of the Remuneration Policy for the members of the Company's Board of Directors, which the Board of Directors approved to be proposed at the General Meeting during its meeting held on 4 May 2023 following a favourable report from the Appointments and Remuneration Committee ("**ARC**") issued on 3 May 2023. This report was made available to the shareholders at the Company's registered office and it was published continuously on the website from the call until the holding of the General Meeting.

This modification adjusted the Remuneration Policy in force at the time, which had been approved by the shareholders at the 2022 General Shareholders' Meeting for financial years 2022 to 2024 on the terms outlined in section A.1.1.

A.3 Provide a direct link to the document featuring the company's current remuneration policy, which must be made available on the company's website.

[https://www.applus.com/en/dam/jcr:fa15495a-c6f5-453b-8fe3-6988774e8a76/Reasoned%20proposal%20of%20amendment%20to%20the%20Directors'%20Remuneration%20Policy%20presented%20by%20the%20Board%20of%20Directors%20\(1\).pdf](https://www.applus.com/en/dam/jcr:fa15495a-c6f5-453b-8fe3-6988774e8a76/Reasoned%20proposal%20of%20amendment%20to%20the%20Directors'%20Remuneration%20Policy%20presented%20by%20the%20Board%20of%20Directors%20(1).pdf)

A.4 Taking into account the information provided in section B.4, explain how the shareholders' votes at the general meeting at which the annual remuneration report for the previous financial year was submitted for a consultative vote have been taken into account.

The consultative vote of the shareholders at the 2023 General Shareholders' Meeting in relation to the Annual Directors' Remuneration Report for the previous financial year was very positive (97.252% of votes in favour, 1.970% against, 0% of blank votes and 0.778% abstentions), meaning that it is not planned to further amend the Remuneration Policy that was approved at the same General Shareholders' Meeting and maintained the terms of the remuneration regime provided for in the Remuneration Policy approved in 2022, without prejudice to the changes referred to in sections A.1.1 and A.2 above.

B OVERALL SUMMARY OF THE APPLICATION OF THE REMUNERATION POLICY DURING THE LAST FINANCIAL YEAR

B.1.1 Explain the process followed to apply the remuneration policy and determine the individual remuneration outlined in section C of this report. This information will include the role of the remuneration committee, the decisions taken by the board of directors and, if applicable, the identity and role of external advisors whose services have been used in the process of applying the remuneration policy during the last financial year.

The ARC is the body that assists the Board concerning the remuneration policy, under the authority assigned to it for such purpose by the Board Regulations.

At the General Shareholders' Meeting held on 8 June 2023, the shareholders approved the modification of the remuneration policy for the members of the Company's Board of Directors, which the Board of Directors approved to be proposed at the General Meeting during its meeting held on 4 May 2023 upon a favourable report from the Appointments and Remuneration Committee issued on 3 May 2023.

Article 39.4 of the Board Regulations provides that the ARC may seek external advisory services. In this regard, Korn Ferry (London, UK) advised the ARC on the modification of the Remuneration Policy approved at the 2023 General Shareholders' Meeting. Korn Ferry has not been engaged to provide any other advisory services to the ARC. No procedures are established for applying temporary exceptions to the Remuneration Policy.

In addition, under the provisions of section 529 *septdecies* of the Spanish Corporate Enterprises Act (*Ley de Sociedades de Capital*) and article 25.1 of the Board Regulations, it is for the Board to set the precise amount to be paid within the limit approved at the General Meeting as well as the specific remuneration of the director in their capacity as such, taking into consideration the duties and responsibilities allocated to the director, the time they have to dedicate to the position and relevant market conditions.

Under the terms of the Remuneration Policy for years 2022, 2023 and 2024 and within the framework of the bylaw-mandated remuneration scheme (as well as the Executive Director's contract), the Board therefore applied the Policy as described in section C upon a proposal from the ARC.

The maximum total annual amount of remuneration for directors in their capacity as such is EUR 1,500,000. Proprietary and executive directors do not receive remuneration for their position on the Board or its Committees.

The remuneration of each director agreed by the Board for 2023 was as follows:

- | | |
|---|---------------|
| • Remuneration as Chair of the Board of Directors | 275,000 euros |
| • Remuneration as Director (except for the Chair of the Board of Directors) | 66,000 euros |
| • Remuneration as Chair of a Committee | 30,000 euros |
| • Remuneration as member of a Committee | 20,000 euros |

These remuneration amounts are the result of the last 10% increase approved on 24 February 2022, effective as of that date for non-executive directors (including the Chair) in their capacity as such, with no increase in remuneration for participating in or chairing the Board.

As regards the remuneration of the Executive Director Mr Joan Amigo for the performance of his executive duties, his fixed remuneration in cash for financial year 2023 is as described in the Remuneration Policy, and the Board determined his actual variable remuneration upon a proposal from the ARC (this process is described in detail in section B.7).

The remuneration of the CEO Mr Joan Amigó for the performance of his executive duties in 2023 was as follows: fixed remuneration in cash of EUR 600,000, benefits with a cost of EUR 90,000, target annual variable remuneration accrued in 2023 and payable in 2024 of EUR 480,000 (80% of fixed remuneration), which, considering an achievement level of 140.5% approved by the Board at its meeting on 21 February 2024, results in a total of EUR 674,400 to be received in February 2024, of which 62.5% will be in cash and 37.5% will be in RSUs, and 82,679 PSUs awarded under the policy (90% of his fixed remuneration of EUR 600,000 divided by the aforementioned average listing price of 6.5313 EUR/share), in accordance with the Remuneration Policy approved in May 2023, and which will be converted into shares in February 2026 depending on the achievement of the targets associated with those PSUs. In February 2023, 6,382 PSUs were consolidated and vested out of the 5,318 PSUs awarded in 2020 in his capacity as CFO under the incentive plan (as there was a 120% target achievement), although they vested net of tax, i.e., 3,282 shares. RSUs granted in previous financial years (5,317 RSUs of fixed remuneration for 2020, 2,130 shares (equal to 30% of 7,100) of fixed remuneration for 2022, and 9,203 RSUs of variable remuneration pending vesting for 2020, 2021 and 2022) vested as shares in February 2023, although they were deposited net of tax, i.e., 3,947 shares of fixed remuneration and 4,878 shares of variable remuneration, respectively.

In addition, the CEO is entitled to receive a financial payment equal to the value of the dividends that would have been paid on the gross PSUs that were awarded and vested in 2023. Respective benefits were received in the amount of EUR 1,915.

B.1.2 Explain any deviations from the procedure established for the application of the remuneration policy that have occurred during the financial year.

There were no deviations from the procedure established for the application of the remuneration policy during financial year 2023.

B.1.3 Please disclose whether any temporary exceptions to the remuneration policy have been applied and, if so, explain the exceptional circumstances that have led to the application of these exceptions, the specific components of the remuneration policy affected and the reasons why the company considers that these exceptions have been necessary to serve the long-term interests and sustainability of the company as a whole or to ensure its viability. Please quantify the impact that the application of these exceptions has had on the remuneration of each director during the year.

No temporary exceptions have been applied to the Remuneration Policy.

B.2 Explain the different actions taken by the company concerning the remuneration scheme and how they have contributed to reducing exposure to excessive risk and aligning the system to the company's long-term objectives, values and interests, including a reference to the measures taken to ensure that the accrued remuneration has taken into account the company's long-term results and an appropriate balance has been achieved between the fixed and variable remuneration components, what measures have been taken about those categories of staff whose professional activities have a material impact on the entity's risk profile, and what measures have been taken to avoid conflicts of interest if any.

Applus modified its Remuneration Policy during financial year 2023 so that it regulated the inclusion of the Executive Director as a beneficiary of the 2022-2024 Strategic Plan LTI. The shareholders approved this new Remuneration Policy at the General Shareholders' Meeting held on 8 June 2023. This policy applies for financial years 2022, 2023 and 2024, as described in sections B.1.1 and B.7. The Company engaged Korn Kerry to provide advice on this modification.

The 2022-2024 Strategic Plan LTI that has been introduced is a one-off plan. Its main purpose is to foster the implementation of the 2022-2024 Strategic Plan. Suggestions received from the various shareholders and proxy advisors contacted during the preparation of this plan have been taken into account in drawing up the 2022-2024 Strategic Plan LTI. The 2022-2024 Strategic Plan LTI is linked to the achievement of targets regarding: (i) total shareholder return, which represents 50% of the PSUs awarded within the framework of the 2022-2024 Strategic Plan LTI; and (ii) adjusted earnings per share for the group, which represents 50% of the PSUs awarded within the framework of the 2022-2024 Strategic Plan LTI. Depending on the level of achievement of these targets, the Executive Director may be entitled to a percentage ranging from 0% to 200% of the target PSUs. The Executive Director undertook to hold the shares actually received in the context of the 2022-2024 Strategic Plan LTI for a period of two years following the award date, except in the case of accelerated vesting as a result of a change of control event. The 2022-2024 Strategic Plan LTI reinforces the fit of the remuneration system to the Company's long-term targets, values and interest, linking variable remuneration to targets involving long-term sustainability.

The Remuneration Policy was also adjusted to reflect the existence of a single executive director. The other remuneration items included in the Remuneration Policy have remained unaltered, consolidating the improvements made to the Remuneration Policy in 2022, in which the relative importance of variable items compared to fixed items was improved, the average listing price of Applus shares continued to be considered in the annual variable remuneration scheme and long-term incentive plan, and provision was made for a deferral period in the receipt of 37.5% of annual variable remuneration. Additionally, to reduce exposure to excessive risks and align the remuneration scheme with the Company's long-term objectives, values and interests, variable remuneration was linked to long-term sustainability and diversity parameters. Furthermore, the long-term incentive plan took into account quantitative parameters for a three-year period, which made it possible to take into account the Company's long-term results, sustainability and diversity, as well as the creation of sustainable value for the shareholders. Provision was also made for the inclusion of clawback clauses. As regards measures established to avoid conflicts of interest, the Board Regulations imposed an obligation on directors to notify the other directors and the Board of any direct or indirect conflict that they or persons related to them might have with the Company's interest, with such situations being disclosed in the notes to the financial statement and the director subject to conflict required to refrain from attending, participating in or voting on the relevant discussions.

B.3 Explain how remuneration accrued and consolidated during the financial year complies with the provisions of the current remuneration policy and, specifically, how it contributes to the long-term and sustainable performance of the company.

Also, please report on the relationship between remuneration obtained by directors and results or other short- and long-term performance measures for the entity, explaining where applicable how fluctuations in the company's performance may have influenced fluctuations in director remuneration, including accruals the payment of which is deferred, and how they contribute to the company's short- and long-term results.

The remuneration of directors in their capacity as such complies with the provisions of the current Remuneration Policy insofar as the maximum remuneration amount approved by the shareholders at the General Shareholders' Meeting has been respected.

The remuneration accrued contributes to the long-term and sustainable performance of the Company as it is based on a system designed to promote the Company's business strategy, profitability, interests and long-term sustainability.

The annual variable remuneration of the Executive Director under the Remuneration Policy approved in 2023 consisted of an annual variable amount, payable in cash and through the delivery of RSUs, linked to the achievement of targets that contributed to the Company's short- and long-term results (55% for adjusted operating profit, 30% for the Group's adjusted operating cash-flow and 15% for the four ESG targets). The ESG targets were: (i) 3.75% diversity (% of vacancies and new hires, of Group senior management positions and corporate positions filled by women in 2023); (ii) 3.75% health and safety (frequency of injuries prompting sick leave per 200,000 working hours in 2023); (iii) 3.75% code of ethics training (% of registered employees who completed their training in 2023); and (iv) 3.75% decarbonisation

The variable amount for the Executive Director, which is set at 80% of fixed remuneration, would increase by 2% for each 1% increase above the targets up to a maximum amount of 150% of the target base (although an evaluation of 200% could be achieved for each target). In contrast, variable remuneration would decrease by 5% for each 1% decrease below the targets. 62.5% of the variable remuneration to be received by the Executive Director would be paid in cash and 37.5% via the delivery of RSUs.

The performance level for the variable accrued in 2023 (which will be paid in February 2024), measured according to the parameters of the remuneration scheme, was 140.5%: (i) 110.8% fulfilment of the adjusted operating profit, creating an entitlement to a 121.6% payout on this target; (ii) 122.7% of adjusted operating cash flow achievement, creating an entitlement to a 145.3% payout on this target; and (iii) 200% payout related to the achievement of the four ESG objectives.

The Executive Director received 37.5% of his annual variable remuneration for 2023 in the form of RSUs. The average Applus share price in the 60 days preceding the date of award of the RSUs was used to calculate the number of RSUs to be awarded. Each RSU will vest for one Applus share and 30%, 30% and 40% of the RSUs will vest after one, two and three years respectively following their award date, subject to the Executive Director remaining in employment at the vesting date.

The long-term variable remuneration comprises the Ordinary LTI and the 2022-2024 Strategic Plan LTI.

Within the framework of the Ordinary LTI, the Executive Director would receive PSUs annually for a maximum amount of 90% of his fixed remuneration. The number of PSUs to vest will have a value ranging from 0% to 150% of the target number of PSUs, depending on the target achievement level (each target can achieve an evaluation ranging from 0% to 200%). The value of each PSU would be equal to the average listing price of the Company's shares in the 60 days preceding the award date. The PSUs awarded in each financial year would be converted into shares in three years with a value ranging from 0% to 150% of fixed remuneration, depending on the performance target achievement level. The following quantitative targets, which contribute to the Company's short and long-term results, will be taken into account for the vesting of the PSUs: (i) the Company's TSR, which will be compared against an unweighted index made up of a group of comparable companies (40% of the total PSUs awarded each year). 100% of the PSUs will vest if the cumulative TSR result per annum is 1.67% higher than the index. For 2020-2022, 0 PSUs have vested under this parameter; and (ii) cumulative adjusted earnings per share reported by Applus for a three-year period (60% of the total PSUs). The achievement of the EPS target for the period was evaluated at 200%. 120% of the PSUs have vested.

Within the framework of the 2022-2024 Strategic Plan LTI, which was approved for the Executive Director in June 2023 and which applied with retroactive effect from 1 January 2022, the Executive Director received 192,734 target PSUs (the result of dividing twice the annual fixed cash salary of the Executive Director by the Applus share value taken into account for the 2022-2024 Strategic Plan LTI in the case of the Company's management team, i.e., 6.2262 euros), which will be converted into shares of the Company based on the level of achievement of the Total Shareholder Return (50%) and Group Adjusted Earnings per Share (50%) targets at the end of the 2022-2024 Strategic Plan LTI period. The 192,734 target PSUs that the Executive Director received within the framework of the 2022-2024 Strategic Plan LTI will be converted into shares, if applicable, following the end of the 2022-2024 Strategic Plan period, i.e., in financial year 2025.

The regulation of the schemes referred to in this section includes clawback clauses.

- B.4** Report on the result of the consultative vote of the shareholders at the general meeting on the annual report on remuneration for the previous financial year, stating the number of abstentions and negative, blank and affirmative votes cast in respect of such report:

	Number	% of total
Votes cast	80,350,265	64.247%

	Number	% of votes cast
Negative votes	1,583,217	1.970%
Votes in favour	78,142,190	97.252%
Blank votes	0	0%
Abstentions	624,858	0.778%

Comments

- B.5** Explain how the fixed components accrued and consolidated during the financial year by the directors in their capacity as such have been determined, their relative proportion for each director and how they have varied with respect to the previous year

The Board of Directors determined the exact amount to be paid, as well as the specific remuneration of the directors in their capacity as such during the previous financial year, upon a proposal from the ARC, within the limits set by the shareholders at the General Shareholders' Meeting and within the framework of the bylaw-mandated remuneration scheme, as described in section B.1.1.

The Board of Directors approved a 10% increase to the remuneration of the directors in their capacity as such (including the remuneration of the Chair of the Board of Directors) and maintained the remuneration for the members and chairs of the Board's Committees with effect from 24/02/2022. The total remuneration received by the directors in their capacity as such during financial year 2023 was EUR 967,000.

The members of the Board of Directors received the following annual fixed remuneration in their capacity as such in financial year 2023:

- | | |
|---|---------------|
| • Remuneration as Chair of the Board of Directors | 275,000 euros |
| • Remuneration as Director (except for the Chair of the Board of Directors) | 66,000 euros |
| • Remuneration as Chair of a Committee | 30,000 euros |
| • Remuneration as member of a Committee | 20,000 euros |

It is stated for the record that neither the proprietary directors (there are currently none and none are expected to join) nor the Executive Director will receive any remuneration for their positions on the Board of Directors or membership of any of its Committees.

The relative proportion of the fixed components of each director in terms of the total remuneration of the directors in their capacity as such was as follows: Mr Christopher Cole 31.54% (increasing by 1.26% from 2022), Mr Ernesto Mata 8.89% (increasing by 1.07% from 2022), Mr Nicolás Villen 9.93% (increasing by 1.07% from 2022), Ms Cristina Henriquez 8.89% (increasing by 1.07% from 2022), Ms M^a Jose Esteruelas 10.96% (increasing by 0.87% from 2022), Ms Essimari Kairisto 8.89% (increasing by 1.07% from 2022), Ms Marie-Françoise Damesin 9.93% (increasing by 6.56% from 2022) and Mr Brendan Connolly 10.96% (increasing by 0.87% from 2022).

B.6 Explain how the salaries earned and consolidated, during the year ended, by each of the executive directors for the performance of management functions have been determined, and how they have varied with respect to the previous year.

The Executive Director's accrued and consolidated salary in financial year 2023 corresponds to what was agreed at the 2023 General Shareholders' Meeting in the Remuneration Policy (i.e., EUR 600,000) and has increased from 2022 owing to the assumption of his duties as the Company's lead executive in mid-2022 and his performance of those duties throughout financial year 2023. The benefits correspond to what was agreed at the General Shareholders' Meeting in the Remuneration Policy (i.e., an amount of EUR 90,000) and have increased from 2022 owing to the assumption of his duties as the Company's lead executive and performance of those duties throughout financial year 2023.

B.7 Explain the nature and main features of the variable components of the remuneration schemes accrued and consolidated during the last financial year.

In particular:

- a) Identify each remuneration scheme that has determined the different items of variable remuneration accrued by each director during the last financial year, including information on their scope, date of approval, implementation date, conditions for vesting if any, accrual and validity periods, criteria that have been used to evaluate performance and how it has impacted on the setting of the accrued variable amount, as well as the measurement criteria used and the period required to be able to properly measure all the stipulated conditions and criteria, explaining in detail the criteria and factors applied in terms of the time required and the methods to verify that the performance or other conditions to which the vesting of each component of variable remuneration was linked have been actually met.
- b) In the case of schemes involving share options or other financial instruments, the general features of each plan are to include information on the conditions for acquiring unconditional ownership thereof (consolidation) and for being able to exercise said options or financial instruments, including the price and exercise period.
- c) Refer to each director and their classification (executive director, proprietary external director, independent external director or other external directors), if they are beneficiaries of remuneration schemes or schemes that incorporate variable remuneration.

- d) If applicable, report on the established payment accrual, vesting or deferral periods of consolidated amounts that have been applied and/or periods for withholding/non-disposal of shares or other financial instruments, if any.

Explain the short-term variable components of the remuneration schemes

There were only short-term variable remuneration components in favour of the Executive Director. These components consist of an annual variable remuneration scheme approved in 2022, which was maintained in the modified Remuneration Policy approved in 2023.

This variable remuneration scheme has the following terms and conditions, including its scope, accrual and validity periods, consolidation conditions, criteria used to evaluate performance and reflection thereof in the setting of the accrued variable amount, and criteria and measurement periods, describing criteria and factors applied as regards the time required and the methods applied to verify effective fulfilment of the conditions, as well as the amounts accrued in 2023:

Annual variable remuneration:

The Executive Director's annual variable remuneration consisted of an annual variable amount, payable in cash and RSUs, linked to the achievement of targets (55% for adjusted operating profit (AOP), 30% for the Group's adjusted operating cash-flow (AOCF) and 15% for four ESG targets). The ESG targets are described below.

The Company believes that these metrics can provide additional information regarding the evaluation of the Group's financial performance and liquidity and that they are aligned with the indicators commonly used by analysts who cover the Company's industry and investors.

The approved AOP target for 2023 was EUR 200,484 thousand (at the applicable exchange rate), the AOCF target was EUR 243,549 thousand (at the applicable exchange rate); and the ESG targets were: (i) 3.75% diversity (% of vacancies and new hires, of Group senior management positions (Management Tier 1 and Tier 2) and corporate positions (approved from 1 January 2023) filled by women in 2023); (ii) 3.75% health and safety (frequency of injuries resulting in sick leave – number of injuries resulting in sick leave; fatal accidents, permanent disabilities and work days lost – per 200,000 working hours in 2023; (iii) 3.75% code of ethics training (% of registered employees who completed their code of ethics training (introduction and refresher) in 2023; and (iv) 3.75% decarbonisation (number of tonnes of CO2 equivalent (tCO2 eq) emitted in 2023 – scopes 1 and 2). CO2 equivalent emissions are defined as greenhouse gases (GHG) produced, directly or indirectly, and released into the atmosphere from the company's activities. Scope 1 emissions are direct GHG emissions that occur from sources controlled or owned by an organisation. Scope 2 emissions are indirect GHG emissions associated with the purchase of electricity, steam, heat or cooling). The target payment will be calculated as a linear interpolation between the target (100% target payment) and the maximum threshold (200% target payment) or as a linear interpolation between the target (100% target payment) and the minimum threshold (50% target payment). The ESG targets have been calculated taking into account the perimeter as at 1 January 2023. Acquisitions are not included.

The different thresholds for the (i) diversity; (ii) H&S; (iii) decarbonisation; and (iv) code of ethics training targets are as follows. The respective minimum thresholds are 25%, 0.86%, 57,443 tCO2 and 95%. The respective targets corresponding to 100% payout are 30%, 0.83%, 55,500 tCO2 and 97%. The respective maximum thresholds corresponding to 200% payout are 35%, 0.89%, 53,558 tCO2 and 99%.

The Executive Director's variable amount will increase by 2% for each 1% increase above the targets and decrease by 5% for each 1% decrease below the targets. The target base for the variable remuneration was set at 80% of the fixed cash remuneration with a maximum amount of 150% of the target base, with the possibility of 200% achievement for each target, and a minimum amount of EUR 0. The Executive Director received 37.5% of his annual variable remuneration for 2023 in the form of RSUs and the remaining 62.5% in cash. The bonus payout accrued in 2023 (which will be paid in February 2024) measured according to the parameters of the remuneration scheme was 140.5%: (i) 110.8% achievement of adjusted operating profit, creating an entitlement to a 121.6% payout on this target; (ii) 122.7% achievement of adjusted operating cash flow compliance, creating an entitlement to a 145.3% payout on this target; and (iii) 200% payout related to the achievement of the four ESG targets (diversity, code of ethics, health and safety, and decarbonisation).

The actual amount of the annual variable remuneration was approved by the Board of Directors upon a proposal from the ARC, which was responsible for assessing in detail the degree of achievement of the targets with a sufficient verification thereof. Concerning such verification, the adjusted operating profit and adjusted operating cash flow were taken based on Applus' annual accounts after their preparation, review and reporting by the Company's auditor, as well as the requirements and verifications that the ARC deemed appropriate for the ESG targets. The assessment found the achievement of the adjusted operating profit target, the adjusted operating cash flow target and the ESG targets for 2023.

The average Applus share price in the 60 days preceding the date of award of the RSUs was taken into account to determine the number of RSUs to be delivered. RSUs are awarded each year on the day on which the Board approves the annual results of Applus and the amount of the annual variable remuneration. Specifically, the award date for the RSUs corresponding to financial year 2023 is 21 February 2024.

Each RSU will vest for one Applus share and 30%, 30% and 40% of the RSUs will vest after one, two and three years respectively following their award date, subject to remaining in employment at the vesting date (30% of the RSUs for 2023 will vest for shares in February 2025, another 30% in February 2026 and the remaining 40% in February 2027). However, there are a series of circumstances in which vesting will not follow the aforementioned vesting schedule:

- (i) Termination of the Executive Director's services for specific reasons: If the Participant's termination of services is due to any of the following events: (i) *mortis causa*, (ii) permanent disability, (iii) good leaver (being (a) retirement; (b) the Participant's position or employment being with a company that ceases to be a member of the Group or relating to a business or part of a business that is transferred to a person who is not a member of the Group; and (c) any termination of contract by the Company except in the event of a disciplinary dismissal classified as fair by a court in a definitive judgement or not challenged by the Executive Director, then all the RSUs awarded under the RSU plan that have not vested on the date when the event takes effect will be automatically vested on that date.
- (ii) Change of control: In the event of a change of control (defined as (i) a merger, consolidation, acquisition or other transaction as a result of which securities carrying more than 50% of the total combined voting rights of the outstanding securities of the Company are transferred to a person or persons other than the persons who held such securities immediately prior to such transaction; (ii) the sale, transfer or other disposal of all or substantially all of the assets of the Company as part of the complete liquidation or dissolution of the Company; (iii) the acquisition by a third party (natural or legal person), either individually or acting in concert with others, of a controlling interest in the Company under article 4 of Royal Decree 1066/2007 of 27 July 2007 on takeover bids), then all RSUs awarded under the RSU Plan that have not accrued on the date on which the event takes effect will automatically accrue on the date on which the event occurs. In the event of a change of control, the accrued RSUs would be settled by a cash payment on the date of the change of control.

If proven inaccuracies in the information upon which the cash bonus and the RSUs were awarded are reported by a certified auditor and approved by the Board of Directors, the Company will be entitled, for a period of three years following the payment of the cash bonus and the RSUs or the vesting of the RSUs, respectively, to claim the refund of the net (of any withholding taxes or fees) amount of cash bonus, net amount of RSUs, and net amount of shares pursuant to a vesting of RSUs, as applicable, effectively received by the Executive Director because of those inaccuracies.

Upon a favourable proposal from the ARC, the Board of Directors has discretion to increase the result of the mathematical calculation of the annual variable remuneration of the Executive Director if: (i) the calculated payment is not considered a true reflection of the underlying evolution of the business; (ii) the increase does not exceed 50% of the target base (in cash and RSUs); and (iii) the final total amount of the annual variable remuneration following any applicable increase will not exceed the target base (in cash and RSUs). This decision will be disclosed *ex-post* annually in the Annual Remuneration Report. This capacity shall not apply to the annual variable remuneration accrued in 2023.

Explain the long-term variable components of the remuneration schemes

The Executive Director was the only member of the Board entitled to long-term variable remuneration. This remuneration consists of the Ordinary LTI, which was approved at the 2016 General Shareholders' Meeting, and the 2022-2024 Strategic Plan LTI, which was established as applying to the Executive Director by means of the modification of the Remuneration Policy approved at the 2023 General Shareholders' Meeting.

This incentive plan has the following terms and conditions, including its scope, accrual and validity periods, consolidation conditions, criteria used to evaluate performance and the reflection thereof in the setting of the accrued variable amount, and criteria and measurement periods, describing criteria and factors applied as regards the time required and the methods to verify effective fulfilment of the conditions, as well as the amounts accrued in 2023:

Ordinary LTI:

The Ordinary LTI long-term incentive plan (which started in 2016 under the then-applicable Remuneration Policy) provides that the Executive Director receives performance stock units (PSUs) annually, each capable of vesting as one share in the Company. The PSUs awarded in each financial year will vest as shares after a three-year period following their award date based on the level of achievement of certain parameters.

The targets of the long-term incentive plan were reviewed and updated in light of the targets and challenges established in the 2022-2024 Strategic Plan, feedback from investors and proxy advisors, and Applus' ESG commitments. The amounts of the long-term incentive for the Executive Director were also updated following the remuneration report prepared by Mercer Consulting in 2021, taking into account salary benchmarking, the need to retain and motivate the Executive Director and the new strategic targets incorporated for purposes of achievement of the incentive. The Executive Director's targets established for purposes of achievement of the long-term incentive were the same targets established for the senior managers who are also entitled to receive this incentive.

Under the Ordinary LTI, the CEO receives PSUs annually for an amount equivalent to 90% of his fixed remuneration (i.e., EUR 540,000) although those amounts might ultimately fluctuate depending on the level of achievement of the parameters referred to below. The number of accrued PSUs will have a value ranging from 0% to 150% of the target number of PSUs, depending on the target achievement level. However, each LTI target can represent an achievement value ranging from 0% to 200%.

The value of each PSU is equivalent to the Company's average share price in the 60 days preceding the PSU award date. PSUs are awarded each year on the day the Board of Directors approves Applus' annual results. The number of PSUs to be awarded to the Executive Director could be adjusted during each financial year if their fixed remuneration was amended. However, the day on which the Board of Directors approves the results of the relevant year is taken as the day on which the additional PSUs are awarded.

The PSUs awarded in each financial year will be converted into shares within three years following the award date if the targets described below are achieved. The number of PSUs to be converted would have a value ranging from 0% to 150% of the target number of PSUs, depending on the level of achievement of such targets during the three years before conversion, so that such conversion corresponds to professional performance during each three-year period.

The ARC is responsible for assessing in detail the degree of compliance with the criteria and objectives established for the vesting of the incentive plan. Therefore, for the evaluation of the February 2023 incentive plan, and to perform a sufficient verification of such compliance, the ARC requested an independent report evaluating the TSR benchmark, and also used the annual accounts of Applus after their formulation, and their review and issuance of the report by the Company's auditor, to assess the EPS.

The following quantitative targets would be taken into account for the conversion of PSUs:

- (a) A target based on the relative total shareholder return ("**TSR**") over a three-year period, where the Company's TSR is compared to an unweighted index made up of a group of eight comparable companies within the inspection and certification industry. These companies are SGS, Bureau Veritas, Intertek, Eurofins Scientific, Core Laboratories, ALS, Team Industrial Services and Mistras. The Board of Directors can amend the group of companies used to determine the LTI, subject to approval and communication of the relevant amendment before the award of the relevant LTI. The index is the result of calculating the annualised TSR based on the average TSR of the eight comparable companies.

This parameter will represent 30% of the total number of PSUs awarded each year.

Out of this 30%, 50% of the PSUs will be converted into shares if the annualised TSR figure for Applus is equal to the index and 200% of the PSUs will be converted into shares if that annualised Applus figure is cumulatively 5% per annum higher than the index. Between the index value and the TSR value providing entitlement to conversion into shares of 200% of the PSUs, the conversion will be made according to a linear interpolation between these two values. As a result, 100% of the PSUs will vest if Applus' cumulative annualised TSR result is 1.67% per annum higher than the index.

If the TSR figure is below the index, no PSUs will accrue in respect of this target.

- (b) A target for the cumulative adjusted earnings per share ("**EPS**") reported by Applus over three years.

This target will represent 50% of the total number of PSUs awarded each year.

The Board of Directors will establish specific thresholds for this parameter, and the target PSUs will be converted into shares upon achievement thereof. The maximum number of PSUs that can be converted into shares is 200% of the target PSUs.

If the EPS figure is below the threshold for entitlement to conversion of 60% of the PSUs into shares, no PSUs will vest in respect of this parameter.

- (c) A target for return on capital employed (ROCE). This parameter represents 10% of the PSUs awarded each year. It is related to the average return on capital employed for a three-year period.

The Board of Directors will establish specific thresholds for this ROCE target, beyond which the PSUs will convert into shares. The maximum number of PSUs that can convert into shares amounts to 200% of the target PSUs. If the ROCE value is below the specific threshold creating an entitlement to conversion of 50% of the PSUs into shares, no PSUs will convert for this parameter.

- (d) ESG targets. This parameter represents 10% of the PSUs awarded each year. It is related to the achievement of four ESG targets within a three-year period. The maximum number of PSUs that can convert into shares amounts to 200% of the target PSUs. If the specific threshold creating an entitlement to conversion of 50% of the PSUs into shares is not reached, no PSUs will convert for this parameter.

The ESG targets and results are calculated taking into account the perimeter as at 1 January of the first year in each three-year period, and acquisitions will not be included. However, the Company is committed to applying its Group policies to new acquisitions, and so they will be included for purposes of setting the targets/metrics for the next strategic plan.

The ESG and ROCE targets are communicated *ex post* in the Annual Remuneration Report.

The evaluation of all the targets under the incentive plan is included in the Annual Remuneration Report.

The Company believes that these metrics can provide additional information regarding the evaluation of the Group's performance and liquidity and that they are aligned with the indicators commonly used by analysts who cover the Company's industry and by investors.

2022-2024 Strategic Plan LTI:

The 2022-2024 Strategic Plan LTI, which the Company's Board of Directors initially approved on 26 October 2022, was designed with the aim of covering the three financial years that started in 2022 and end in 2024.

Within the framework of the 2022-2024 Strategic Plan LTI, the application of which to the Executive Director was approved in June 2023 with retroactive effect from 1 January 2022, the Executive Director received 192,734 target PSUs (the result of dividing twice the Executive Director's annual fixed cash salary by the value of Applus shares taken into account for the 2022-2024 Strategic Plan LTI for the Company's management team, i.e., 6.2262 euros).

The number of PSUs that will ultimately accrue will have a value ranging from 0% to 200% of the number of target PSUs, depending on the target achievement level during the accrual period, ensuring that this accrual properly reflects the Executive Director's professional performance during each period. Each target may in turn imply a payment ranging from 0% to 200%.

The scope of the following performance targets will be assessed to determine the PSUs that will be converted into shares:

- (a) Total Shareholder Return: This parameter represents 50% of the PSUs awarded within the framework of the 2022-2024 Strategic Plan LTI. It measures the relative total shareholder return for the Group, calculated over the three-year period that comprises the accrual period for the Ordinary LTI that was implemented in 2022. The rules for the evaluation of this target are the same as those used for the evolution of TSR under the Ordinary LTI.
- (b) Group Adjusted Earnings per Share (EPS): This parameter represents 50% of the PSUs awarded within the framework of the 2022-2024 Strategic Plan LTI. It will be calculated as the earnings for the financial year divided by the number of shares as at 31 December of the relevant financial year. If the EPS of potential divestments in 2023 and 2024 exceeds the adjusted EPS of the acquisitions for the same period, the target will be adjusted accordingly.

The Board of Directors set the thresholds to be used as a basis for the accrual of PSUs for this target. The maximum number of PSUs that will accrue will be 200% of the target PSUs. If the EPS performance is below the specific threshold creating an entitlement to the accrual of 50% of the PSUs, no PSUs will be awarded for this parameter. The Board of Directors reserves the right to fairly and reasonably, on a discretionary basis, review the formula for payment of each component if it considers that the result of the formula does not truly reflect the underlying performance of the Company. This discretionary power may be exercised to both increase and reduce the remuneration level. Any increase may only be implemented up to the award target for the corresponding component.

The Executive Director will be required to retain all the shares corresponding to him under the 2022-2024 Strategic Plan LTI for a minimum period of two years as from the accrual date, except in the event of an accelerated accrual as a result of a change of control on the terms outlined below.

The evaluation of the 2022-2024 Strategic Plan LTI targets will be published *ex post* in the Company's Annual Remuneration Report.

The general conditions regulating the Ordinary LTI and the 2022-2024 Strategic Plan LTI, which are identical, are as follows:

- (a) If proven inaccuracies in the information upon which the PSUs or the shares pursuant to a vesting of PSUs were awarded are reported by a certified auditor and approved by the Board of Directors, the Company will be entitled, for a period of three years following the award of the PSUs or the vesting of the PSUs, respectively, to claim the refund of the net (of any withholding taxes or fees) amount of PSUs and net amount of shares pursuant to a vesting of PSUs, as applicable, effectively received by the Executive Director because of those inaccuracies.
- (b) If the contractual relationship between the Executive Director and the Group is terminated as a result of any of the following circumstances: (i) *mortis causa*; (ii) permanent disability; or (iii) as a good leaver (which is defined as (a) retirement; (b) the Participant having a position or employment at a company that ceases to be a member of the Group or relating to a business or part of a business that is transferred to an entity that is not a member of the Group; and (c) any termination of contract by the Company other than a disciplinary dismissal classified as fair in a firm court judgment or not challenged by the Executive Director, the ARC will establish the number of shares accrued on the following terms: (a) performance conditions will be deemed 100% fulfilled; and (b) a pro-rated reduction will be applied in respect of the relevant number of shares, based on the period between the award date and the termination date in relation to the three-year period.
- (c) Similarly, in the event of a change of control of the Company (defined as (i) a merger, consolidation, acquisition or other transaction as a result of which securities carrying more than 50% of the combined voting rights of the outstanding securities of the Company are transferred to a person or persons other than the persons who held such securities immediately prior to the change of control; (ii) the sale, transfer or other disposal of all or substantially all of the Company's assets as part of the complete liquidation or dissolution of the Company; or (iii) the acquisition by a third party (natural or legal person), either individually or acting in concert with others, of a controlling interest in the Company under article 4 of Royal Decree 1066/2007 of 27 July 2007 on takeover bids), the ARC will notify the Executive Director, as soon as practicable after becoming aware of said circumstance or any relevant proposal, that all the PSUs will be automatically subject to early vesting on the date of that event, if they have not yet vested. In the event of a change of control, the accrued PSUs will be settled in cash on the date of the change of control. The accrued PSUs will not be reduced in proportion to the time elapsed since their award date and performance conditions will be deemed 100% fulfilled. If the Executive Director no longer has a relationship with the Group at the time of the change of control, the change of control rule will prevail.
- (d) If proven inaccuracies in the information upon which the PSUs or the shares pursuant to a vesting of PSUs were awarded are reported by a certified auditor and approved by the Board of Directors, the Company will be entitled, for a period of three years following the award of the PSUs or the vesting of the PSUs, respectively, to claim the refund of the net (of any withholding taxes or fees) amount of PSUs and of the net amount of shares, as applicable, effectively received by the Executive Director because of those inaccuracies.

B.8 State whether certain accrued variable components have been reduced or reclaimed (malus/clawback), when payment of non-vested amounts has been deferred in the former case, or consolidated and paid in the latter case, based on information that has later been clearly proven to be inaccurate. Describe the amounts reduced or returned due to the application of malus/clawback clauses, why they have been enforced and the financial years to which they correspond.

There was no reduction or reclaiming of any accrued variable component in financial year 2023, as no inaccuracy was identified in the information used for purposes of calculation thereof.

B.9 Explain the main features of the long-term savings schemes whose annual equivalent amount or cost is included in the tables in Section C, including retirement and any other survival benefit, either partially or wholly financed by the company and whether funded internally or externally, stating the type of scheme, whether it is defined-contribution or defined-benefit, the contingencies it covers, the conditions for consolidation of economic rights in favour of directors, and the compatibility thereof with any class of indemnity for early termination or cessation of the contractual relationship between the company and the director.

The CEO of the Company is entitled to receive an annual pension plan contribution under the provisions of the Remuneration Policy. The pension plan is structured as a defined-contribution scheme whose amount is decided by the CEO as part of the amount of 15% of the director's annual fixed cash remuneration available for benefits received during the financial year. The CEO can choose each year whether he wants to reduce his fixed remuneration to invest the same amount in a pension plan, subject to legally established limits. The only limitation or restrictive condition affecting the CEO's use of his pension plan is that it must be implemented in accordance with applicable Spanish law. The plan is compatible with payments arising from the termination of the contractual relationship between the CEO and Applus.

The amount contributed to the plan in 2023 is shown in section B.1.1 above.

- B.10** Explain, if applicable, the indemnities or any other class of payment arising from early cessation, whether at the will of the company or the director, or from the termination of the contract on the terms provided therein, accrued and/or received by the directors during the last financial year.

In addition to its remuneration-related obligations, Applus committed to the following payments, indemnities and covenants vis-à-vis the former CEO and the current CEO:

- (i) **Exclusivity:** The Executive Director has an exclusivity obligation vis-à-vis the Company as described in the following sub-section, which is not specifically remunerated.
- (ii) **Termination:** In the event of termination of the Executive Director's contract, he will only be entitled to any indemnity provided for under applicable Spanish law. The sums paid will be deducted from the compensation provided for under the post-contractual non-compete agreement, which is explained below.

However, if the Executive Director or the Company failed to comply with the contractually established six-month notice period for unilateral termination of the contract by one of the parties, the other party would be entitled to compensation equivalent to the fixed remuneration of the Executive Director for the duration of the breached notice period.

- (iii) **Post-contractual non-compete:** The Executive Director is not to engage in competition with the Company or any company of the Applus group. The Executive Director's non-compete undertaking will have a duration of two years following the termination of his contract. In exchange, in the event of termination of contract (whether by the Executive Director or by the Company), the Executive Director will be entitled to receive an amount equal to twice the annual fixed cash remuneration received in the last year before the termination of contract, to be paid during the 24 months following such termination in equal monthly instalments. This amount will be reduced by any amount that the Company is required to pay to the Executive Director as statutory indemnity (which may arise from the application of the corresponding legal rule) for the termination of contract, such that the total amount to be received by the Executive Director following the termination of contract in no case exceeds twice the annual fixed remuneration received in the last year before the termination of contract. If the Executive Director breaches this commitment and competes with the Company or any group company, he will be required to return the amounts paid by the Company as consideration for the non-compete agreement. The termination payments for the Executive Director comply with the provisions of the Good Governance Code for Listed Companies and protect the Applus group through the two-year post-contractual non-compete agreement.

- B.11** State whether there have been significant amendments to the contracts of those performing senior management duties as executive directors and explain them, if applicable. Also explain the main terms and conditions of new contracts signed with executive directors during the financial year, unless already explained in section A.1.

Upon the approval of the new Remuneration Policy in financial year 2023, the Executive Director's terms and conditions, in addition to those regarding his remuneration in accordance with the relevant parts of sections A.2 and B.2, were as follows:

- (i) **Term:** the Executive Director's contract is for an indefinite term, but it may be terminated for any reason and at any time, without the need to pay any compensation for such termination. This is because any statutory sum payable on termination will be discounted from the applicable payment under the non-compete agreement, thus keeping this undertaking fully in force. This clause has been agreed as part of the non-compete provisions between the Company and the Executive Director.
- (ii) **Exclusivity:** while he is performing executive duties, the Executive Director is not to have any direct or indirect interest in any other business or activity that could entail a conflict of interest concerning his obligations and responsibilities in the Company or concerning the activity of the Company and of the Applus group.
- (iii) **Termination:** the Executive Director's contract may be terminated at any time at the discretion of the Executive Director or the Company, provided that termination is notified in writing to the other party with six months' notice. If this notice period is breached, the breaching party must pay the other the compensation described in section A.1.8 above.

- (iv) Post-contractual non-compete: See section A.1.8 above. The provision of any kind of service, whether on the Executive Director's behalf or for a third party, or in an executive or merely advisory capacity, or the direct or indirect promotion of the creation of companies or entities that will carry on a competing business, as well as shareholding participation in such companies or entities, will be deemed to be competition. Any activity that is being carried on by any company of the group or is expected to be started in the following 12 months at the time of termination of the Executive Director's agreement will be deemed to be a competing business. Moreover, the Executive Director is not to hire or participate in the hiring of employees who are or have been part of the workforce of the Company or any company of the group at the time of termination of his agreement or in the preceding 12 months. This non-compete agreement is binding, meaning that the Company cannot abandon its payment commitments and the Executive Director cannot compete and waive his right to be paid.
- (v) Shareholding retention: the Executive Director will hold 1/3 of the net number of shares that he receives each year upon the accrual of all RSUs and PSUs, until he reaches a number of shares whose value (calculated at the value of the shares on the award date) amounts to twice his net fixed remuneration. Thereafter, the Executive Director will be required to hold shares with a value corresponding at least to twice his net fixed remuneration. This commitment will cease in the event of termination of the Executive Director's services to the Group or upon a change of control.
- (vi) Supplementary pension or early retirement schemes: the Executive Director will not have supplementary pensions or early retirement schemes, but he will be entitled to a Company pension plan on the terms described in section A.1.1.

The CEO's contract will contain the conditions set out in sections A.1.8 and A.1.9 above and his remuneration will be as set out in sections A.1.1 and A.1.2.

B.12 Explain any supplementary remuneration accrued by the directors as consideration for services provided other than those inherent to their position.

The directors did not provide services other than those inherent to their position in financial year 2023, and therefore no additional remuneration was accrued in this respect.

B.13 Explain any remuneration arising from the grant of advances, loans and guarantees, stating the interest rate, the essential features thereof and any amounts reimbursed, as well as the obligations assumed under the guarantee.

No remuneration has accrued for these items and no obligation of this nature was assumed in financial year 2023.

B.14 Describe the remuneration in kind accrued by the directors during the financial year, briefly explaining the nature of the different salary components.

Only the CEO receives remuneration in kind.

Under the provisions of the Remuneration Policy, the CEO receives other benefits with a maximum cost equal to 15% of his annual fixed cash remuneration, which can include a pension plan contribution of his choice, among other items. The Executive Director can choose the amount to allocate to each benefit each year, subject in any event to the maximum cost equal to 15% of his fixed cash remuneration, as well as being able to decide whether he wants to reduce his fixed remuneration to invest the same amount in a pension plan.

In financial year 2023, the CEO accrued benefits as remuneration in kind on the terms of his new contract as reflected in the amended Policy submitted for approval at the 2023 General Shareholders' Meeting, with a total cost of benefits received of EUR 90,000. These benefits include the use of a company vehicle and fuel, medical insurance for him and his family (including an annual check-up for him and his wife), life insurance, professional membership and association fees, and a gross contribution of EUR 1,500 to the CEO's pension plan.

B.15 Explain the remuneration accrued by the director under payments made by the listed company to a third-party entity in which the director provides services, when said payments are intended to remunerate the services thereof within the company.

No such payments were made in financial year 2023.

B.16 Explain and detail the amounts accrued during the year in relation to any other remuneration item other than those listed above, whatever its nature or the group entity paying it, including all benefits in any form, such as when it is considered a related-party transaction or, especially, when it significantly affects the true and fair view of the total remuneration accrued by the director, explaining the amount granted pending payment, the nature of the consideration received and the reasons why it would have been considered, where appropriate, that it does not constitute remuneration to the director in his capacity as such or in consideration for the performance of his executive duties, and whether or not it has been considered appropriate to include it among the amounts accrued under "other items" in section C.

A cash supplement of EUR 65,446 accrued to the CEO during financial year 2023, which comprises part of the 15% fixed remuneration to be received as benefits. This cash amount of EUR 65,446 is reflected in table C1 of this report under the "Other items" section of the remuneration paid by the Company in cash and is included in the cost of the benefits actually received, excluding pension scheme contributions.

C DETAILS OF INDIVIDUAL REMUNERATION CORRESPONDING TO EACH DIRECTOR

Name	Classification	Accrual period financial year 2023
Mr Joan Amigó Casas	Executive Director	From 01/01/2023 to 31/12/2023
Mr Christopher Cole	Independent Director	From 01/01/2023 to 31/12/2023
Mr Ernesto Gerardo Mata López	Other External Director	From 01/01/2023 to 31/12/2023
Mr Nicolás Villén Jiménez	Independent Director	From 01/01/2023 to 31/12/2023
Ms María Cristina Henríquez de Luna Basagoiti	Independent Director	From 01/01/2023 to 31/12/2023
Ms Maria José Esteruelas Aguirre	Independent Director	From 01/01/2023 to 31/12/2023
Ms Essimari Kairisto	Independent Director	From 01/01/2023 to 31/12/2023
Ms Marie-Françoise Madeleine Damesin	Independent Director	From 01/01/2023 to 31/12/2023
Mr Brendan Wynne Derek Connolly	Independent Director	From 01/01/2023 to 31/12/2023

- Complete the following tables concerning the individual remuneration of each director (including remuneration for the performance of executive duties) accrued during the financial year.

a) Remuneration from the company covered by this report:

i) **Remuneration accrued in cash (in thousands of €)**

Name	Fixed remuneration	Attendance fees	Remuneration for membership of board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Indemnity	Other items	Total financial year t	Total financial year t-1
Mr Joan Amigó i Casas	0	0	0	600	422	2	0	65	1,089	807
Mr Christopher Cole	275	0	30	0	0	0	0	0	305	301
Mr Ernesto Gerardo Mata López	66	0	20	0	0	0	0	0	86	85
Mr Nicolás Villén Jiménez	66	0	30	0	0	0	0	0	96	95
Ms María Cristina Henríquez de Luna Basagoiti	66	0	20	0	0	0	0	0	86	85
Ms Maria José Esteruelas Aguirre	66	0	40	0	0	0	0	0	106	105
Ms Essimari Kairisto	66	0	20	0	0	0	0	0	86	85
Ms Marie-Francoise Madeleine Damesin	66	0	30	0	0	0	0	0	96	90
Mr Brendan Wynne Derek Connolly	66	0	40	0	0	0	0	0	106	105

Comments

The accrued remuneration for the financial year 2023 includes the last increase in remuneration approved by the Board of Directors effective from 24 February 2022 of 10% of the remuneration of the directors in their capacity as such (including the remuneration of the Chair of the Board of Directors), maintaining the remuneration for the members and chairs of the Committees of the Board.

Under the long-term incentive plan, in February 2023 Mr Joan Amigó received economic benefits equal to the value of the dividends that would have been paid on the gross PSUs awarded in 2020 that vested in 2023, i.e., EUR 1,915.

Mr Joan Amigó received a cash supplement included in the 15% of fixed remuneration allocated to benefits (EUR 65,446).

ii) **Table of movements in share-based remuneration schemes and net return on consolidated shares or financial instruments**

Name	Name of Plan	Financial instruments at start of financial year t	Financial instruments granted during financial year t	Financial instruments consolidated during financial year t	Instruments mature but not exercised	Financial instruments at end of financial year t
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		No. of instruments	Equivalent no. of shares	No. of instruments	Equivalent no. of shares	No. of instruments	Equivalent/consolidated no. of shares	Price of consolidated shares	Net Return on consolidated shares or financial instruments (thousands of €)	No. of instruments	No. of instruments	Equivalent no. of shares
Joan Amigó Casas	Fixed remuneration	19,066	19,066	0	0	0	0	0	0	0	11,619	11,619
	Annual variable remuneration scheme	44,675	44,675	24,236	24,236	24,236	24,236	10.435	253	0	59,708	59,708
	Long-term incentive plan	88,899	88,899	275,413	275,413	5,318	5,318	6.755	43	0	358,994	358,994

Comments

The financial instruments at the start of financial year t (2023) are: (i) 100% of fixed RSUs awarded in years 2020, 2021 and 2022; (ii) bonus-related RSUs accrued in 2019, 2020, 2021 and 2022 (and hence awarded in 2020, 2021, 2022 and 2023, respectively) and which had yet to vest (convert into shares) as at 1 January 2023, specifically 40% of those awarded in 2020, 70% of those awarded in 2021, 100% of those awarded in 2022 and 100% of those awarded in 2023; and (iii) 100% of PSUs awarded in 2020, 2021 and 2022.

During financial year 2023, Mr Joan Amigó i Casas was awarded 82,679 PSUs related to the long-term incentive plan (Ordinary LTI), which have a three-year consolidation period, and he was awarded (with retroactive effect from 1 January 2022 and capable of vesting years after that date) 192,734 PSUs corresponding to the strategic incentive. Therefore, the total of the instruments awarded during financial year t associated with the long-term incentive plan is as follows: $82,679 + 192,734 = 275,413$.

In February 2024, Mr Joan Amigó i Casas was awarded 24,236 RSUs associated with the 2023 bonus (hence also consolidated in 2023). The price of the consolidated shares is the value at which the number of RSUs was calculated in February 2024, which was 10.435 EUR/RSU.

In February 2023, a gross total of 9,203 variable remuneration-related RSUs that had been awarded in 2020, 2021 and 2022 vested (in the financial instruments table), although the Applus shares were awarded net of taxes (i.e., 4,878 shares in the table). Therefore, the number of variable remuneration-related financial instruments (and shares) at the end of financial year t is $44,675 - 9,203 + 24,236$ RSUs awarded in 2024.

In February 2023, 7,447 RSUs related to fixed remuneration awarded in 2020 and 2022 vested (albeit as Applus shares net of tax, i.e., 3,947).

Therefore, the number of fixed financial instruments (and shares) at the end of financial year t is = $19,066 - 7,447 = 11,619$.

In February 2023, given the achievement level of 120%, a gross number of 6,382 PSUs were consolidated, corresponding to 5,318 gross PSUs awarded in 2020 (and hence existing at the start of financial year t) within the framework of the long-term incentive plan, resulting in the award of 3,382 shares net of tax. Therefore, the number of financial instruments (and shares) under the long-term remuneration scheme at the end of financial year t is $88,899 + 82,679 + 192,734 - 5,318 = 358,994$. The price of the consolidated shares is the price at which the shares were deposited in February 2023, which was 6.755 EUR/share.

Therefore, the remuneration received in 2023 corresponding to "Financial instruments consolidated in the financial year" is $5,318 * 6.775 + 253,000$ (variable remuneration in RSUs corresponding to 2023 and awarded in 2024) = EUR 289,029. This information will be used in subsequent tables.

The number of shares held by members of the Board of Directors is published on the corporate website, on the page regarding the Board of Directors.

iii) Long-term savings schemes

	Remuneration for consolidation of savings scheme rights
Joan Amigó Casas	2

Name	Contribution in financial year by company (thousands of €)				Amount of accumulated funds (thousands of €)			
	Savings schemes with consolidated economic rights		Savings schemes with non-consolidated economic rights		Financial year t		Financial year t-1	
	Financial year t	Financial year t-1	Financial year t	Financial year t-1	Schemes with consolidated economic rights	Schemes with non-consolidated economic rights	Schemes with consolidated economic rights	Schemes with non-consolidated economic rights
	Joan Amigó Casas	2	2	0	0	90	0	88

Comments
Mr Joan Amigó i Casas received a pension plan contribution in the amount of EUR 1,500 within the framework of his benefits received during the financial year.

iv) **Details of other items**

Name	Item	Remuneration amount
Joan Amigó i Casas	Cost of benefits in kind: total cost of benefits (EUR 90,000) – cash supplement associated therewith (EUR 65,446) – contribution to the retirement plan (EUR 1,500) = EUR 23,054	23

Comments

b) Remuneration paid to directors of the listed company as members of the governing bodies of the Company's subsidiaries:

i) Remuneration accrued in cash (in thousands of €)

Name	Fixed remuneration	Attendance fees	Remuneration for membership of board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Indemnity	Other items	Total financial year t	Total financial year t-1
Joan Amigó Casas										
Christopher Cole										
Ernesto Gerardo Mata López										
Nicolás Villén Jiménez										
María Cristina Henríquez de Luna Basagoiti										
Maria José Esteruelas Aguirre										
Essimari Kairisto										
Marie-Françoise Madeleine Damesin										
Brendan Wynne Derek Connolly										

Comments

- ii) Table of movements in share-based remuneration schemes and net return on consolidated shares or financial instruments
- iii) Long-term savings schemes
- iv) Details of other items

c) **Summary of remuneration (in thousands of €):**

The summary must include the amounts corresponding to all remuneration items included in this report that the director has accrued, in thousands of euros.

Name	Remuneration accrued in the Company					Remuneration accrued in group companies					Company + group total financial year 2023
	Total cash remuneration	Net return on consolidated shares or financial instruments	Remuneration for savings schemes	Remuneration for other items	Company total financial year 2023	Total cash remuneration	Net return on consolidated shares or financial instruments	Remuneration for savings schemes	Remuneration for other items	Group total financial year 2023	
Joan Amigó Casas	1,089	296	2	36	1,423						1,423
Christopher Cole	305	0	0	0	305						305
Ernesto Gerardo Mata López	86	0	0	0	86						86
Nicolás Villén Jiménez	96	0	0	0	96						96
Cristina Henríquez de Luna Basagoiti	86	0	0	0	86						86
Maria José Esteruelas Aguirre	106	0	0	0	106						106
Essimari Kairisto	86	0	0	0	86						86
Marie-Françoise Madeleine Damesin	96	0	0	0	96						96
Brendan Wynne Derek Connolly	106	0	0	0	106						106
Total:	2,056	296	2	36	2,390	0	0	0	0	0	2,390

Comments
"Net return on consolidated shares or financial instruments" 2023 has been calculated as = $6,382 \times 6.775 + 252,900$ (variable remuneration in RSUs accrued in 2023 and awarded in 2024) = 296,138 EUR

C.2 Please describe the evolution over the last five years in the amount and percentage variation in the remuneration earned by each of the directors of the listed company during the year, the consolidated results of the company and the average remuneration on a full-time equivalent basis of the employees of the company and its subsidiaries who are not directors of the listed company.

	Total amounts accrued and % annual variation								
	Financial year 2023	% variation 2023/2022	Financial year 2022	% variation 2022/2021	Financial year 2021	% variation 2021/2020	Financial year 2020	% variation 2020/2019	Financial year 2019
Executive Director									
Joan Amigó i Casas	1,423	43.16	994	79.42	554	0.00	554	78.71	310
External Directors									
Christopher Cole	305	1.33	301	7.50	280	8.11	259	-10.07	288
Ernesto Gerardo Mata López	86	1.18	85	6.25	80	8.11	74	-7.50	80
Nicolás Villén Jiménez	96	1.05	95	5.56	90	8.43	83	-7.78	90
Cristina Henríquez de Luna Basagoiti	86	1.18	85	6.25	80	8.11	74	-7.50	80
Maria José Esteruelas Aguirre	106	0.95	105	28.05	82	10.81	74	15.63	64
Essimari Kairisto	86	1.18	85	6.25	80	8.11	74	27.59	58
Marie-Françoise Madeleine Damesin	96	6.67	90	800	10	-	0	-	0
Brendan Wynne Derek Connolly	106	0.95	105	775	12	-	0	-	0
Consolidated results of the company	68,170	-25.47	91,463	20.96	75,617	N/A	-142,259	N/A	106,905
Average employee remuneration	43	-4.44	45	9.76	41	5.13	39	-11.36	44

Comments

Fields marked N/A correspond to financial years before the appointment of the relevant director.

For financial year 2020, the 78.71% increase in the remuneration of Mr Joan Amigó i Casas was due to the fact that 2020 was his first full financial year as an executive director, and higher amounts were therefore consolidated than in financial year 2019 under share-based remuneration schemes and resulting gross profit from consolidated shares or financial instruments within the framework of his variable remuneration. Similarly, the 15.63% and 27.59% increases in the remuneration of Ms María José Esteruelas and Ms Essimari Kairisto were due to the fact that it was their first full year as directors.

For financial year 2022, the 79.42% increase in the remuneration of Mr Joan Amigó i Casas was due to the fact that he was the sole executive director for six months, the 28.05% increase in the remuneration of Ms María José Esteruelas was due to the fact that it was her first full year as a member of the ESG Committee, the 800% increase in the remuneration of Ms Marie-Françoise Madeleine Damesin was due to the fact that it was her first full year as a director and member of the Appointments and Remuneration Committee and that she was appointed chair of that Committee on 1 July 2022, and the 775% increase in the remuneration of Mr Brendan Wynne Derek Connolly was due to the fact that it was his first full year as a director and member of the ESG and Appointments and Remuneration Committees.

For financial year 2023, the 43.16% increase in the remuneration of Mr Joan Amigó was due to the fact that 2023 was his first full financial year as the Company's CEO and sole executive director, and the 6.67% increase in the remuneration of Ms Marie-Françoise Madeleine Damesin was due to the fact that it was her first full financial year as chair of the Appointments and Remuneration Committee.

D OTHER INFORMATION OF INTEREST

Provide a brief description of any significant aspects relating to director remuneration that it has not been possible to include in the other sections of this report but which require inclusion to provide more complete and reasoned information on the company's remuneration structure and practices concerning its directors.

None.

This annual remuneration report was approved by the company's board of directors at its meeting held on 21 February 2024.

Indicate whether any directors voted against or abstained about the approval of this Report.

Yes

No

Name or company name of any member of the board of directors who did not vote in favour of the approval of this report	Reasons (against, abstention, non-attendance)	Explanation of reasons

Alternative Performance Metrics

- **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**, realized 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 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 full year results this related to the Automotive division business Finland and in 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

Research and Development activities

Innovation is one of the pillars of the Corporate Social Responsibility policy of the Applus Group. The Financial and non-Financial Report (ESG), which is part of the Integrated Consolidated Director's Report, discloses all the issues related to Research and Development in detail.

Treasury share transactions

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

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

Events after the reporting period

No events have occurred since 31 December 2023 other than those described in the Note 30 to the accompanying consolidated financial statements.

Use of financial instruments

The Group's policy is to contract, when considered appropriate, interest rate and foreign currency financial derivatives to limit the fluctuation in the cash flows to be disbursed due to possible on interest or exchange rate.

In 2023 and 2022, the Group had outstanding foreign currency derivatives with Spanish banks with a high credit rating.

Disclosures on the payment periods to suppliers

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

	2023	2022
	Days	
Average payment period to suppliers	56	58
Ratio of transactions settled	56	58
Ratio of transactions not yet settled	52	56
	Thousands of Euros	
Total payments made	233,442	193,178
Total payments outstanding	33,390	19,610

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

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

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

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

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

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

Appendix I - Companies included in the scope of consolidation

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

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

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

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

Name	Registered office	Line of business	Active / Inactive	Ownership interest held by Group companies:		Method used to account the investment
				Direct	Indirect	
Barlovento Recursos Naturales, S.L.	Calle Pintor Sorolla 8, 1ªA, Logroño 26, La Rioja (Spain)	Provision of engineering, consulting, testing and R&D&I services for the renewables energies sector, particularly in the wind and solar industries	Active	-	100%	Full consolidation
Barlovento Recursos Naturales S.A.S. (Colombia)	Calle 6 Sur 43 A 200, Ofinca 510, Medellín, Antioquia (Colombia)	Provision of engineering, consulting, testing and R&D&I services for the renewables energies sector, particularly in the wind and solar industries	Active	-	100%	Full consolidation
Barlovento Renovables Latinoamérica S.A.C. (Perú)	Calle Bolognesi n° 125, 1304 Miraflores, Lima (Peru)	Provision of engineering, consulting, testing and R&D&I services for the renewables energies sector, particularly in the wind and solar industries	Active	-	100%	Full consolidation
Barlovento Brasil Energias Renováveis Ltda. (Brazil)	Avenida Presidente Wilson, 210, 13º andar, Centro, Rio de Janeiro – RJ, 20.030-021 (Brazil)	Provision of engineering, consulting, testing and R&D&I services for the renewables energies sector, particularly in the wind and solar industries	Active	-	100%	Full consolidation
Barlovento Chile Limitada (Chile)	Lo Fontecilla 101, Oficina 909-910 Las Condes, Santiago de Chile Región Metropolitana (Chile)	Provision of engineering, consulting, testing and R&D&I services for the renewables energies sector, particularly in the wind and solar industries	Active	-	100%	Full consolidation
E2Q de México, S.A. de C.V. (México)	Avenida Hidalgo 2380, colonia Vallarta Norte, C.P. 44690, Guadalajara, Jalisco (Mexico)	Provision of engineering, consulting, testing and R&D&I services for the renewables energies sector, particularly in the wind and solar industries	Active	-	100%	Full consolidation
Barlovento Dacia, S.R.L. (Rumania)	6 Topolovăț St, Bloc Td19, 6th floor, Apartment 40, room 1, Sector 6, Bucharest (Romania)	Provision of engineering, consulting, testing and R&D&I services for the renewables energies sector, particularly in the wind and solar industries	Active	-	100%	Full consolidation
Energy to Quality, S.L. (Spain)	Calle Doctor Esquerdo 39, semisótano B. Madrid, 28, Madrid (Spain)	Provision of engineering, consulting, testing and R&D&I services for the renewables energies sector, particularly in the wind and solar industries	Active	-	100%	Full consolidation
Ingepower, S.L. (Spain)	Calle Doctor Esquerdo 39, semisótano B. Madrid, 28, Madrid (Spain)	Provision of engineering, consulting, testing and R&D&I services for the renewables energies sector, particularly in the wind and solar industries	Active	-	100%	Full consolidation
LGAI Technological, Center, S.A.	Campus de la UAB, Ronda de la Font del Carme, s/n, 08193 Bellaterra-Cerdanyola del Vallès. Barcelona (Spain)	Certification	Active	-	95%	Full consolidation
Applus México, S.A. de C.V.	Bldv. Manuel Avila Camacho 184, Piso 4-A, Col. Reforma Social, C.P. 11650 México D.F. (Mexico)	Quality system audit and certification	Active	-	95%	Full consolidation
LGAI Chile, S.A.	Alberto Henckel 2317, Providencia, Santiago de Chile (Chile)	Quality system audit and certification	Active	-	95%	Full consolidation
Applus Costa Rica, S.A.	Oficentro Ejecutivo La Sabana, Edificio 6, 4 piso, San José (Costa Rica)	Quality system audit and certification	Active	-	95%	Full consolidation
Applus Norcontrol, S.L., Sociedad Unipersonal	Crta. Nacional VI-Km 582, 15168, Sada, A Coruña (Spain)	Inspection, quality control and consultancy services	Active	-	95%	Full consolidation

Name	Registered office	Line of business	Active / Inactive	Ownership interest held by Group companies:		Method used to account the investment
				Direct	Indirect	
Novotec Consultores, S.A., Sociedad Unipersonal	Calle Campezo 1, edificio 3, Parque Empresarial Las Mercedes, Madrid (Spain)	Services related to quality and safety in industrial plants, buildings, etc.	Active	-	100%	Full consolidation
Applus Panamá, S.A.	Calle Jacinto Palacios Cobos, Edificio 223, piso 3, locales A y C, Ciudad del Saber; Clayton, Ciudad de Panamá (Panama)	Certification	Inactive	-	95%	Full consolidation
Applus Norcontrol Panamá, S.A.	Calle Jacinto Palacios Cobos, Edificio 223, piso 3, locales A y C, Ciudad del Saber; Clayton, Ciudad de Panamá (Panama)	Inspection, quality control and consultancy services	Active	-	95%	Full consolidation
Norcontrol Chile, S.A.	Agustinas N° 640, Piso 9, Santiago de Chile (Chile)	Inspection, quality control and consultancy services	Active	-	95%	Full consolidation
Norcontrol Inspección, S.A. de C.V. – México	Bld. Manuel Avila Camacho 184, Piso 4-B, Col. Reforma Social, C.P. 11650 México, D.F (Mexico)	Inspection, quality control and consultancy services	Active	-	95%	Full consolidation
Applus Norcontrol Guatemala, S.A.	Km 14,5 Carretera a El Salvador, Santa Catarina Pínula (Guatemala)	Inspection, quality control and consultancy services	Active	-	95%	Full consolidation
Applus Norcontrol Colombia, Ltda	Calle 17, núm. 69-46 Bogotá (Colombia)	Inspection, quality control and consultancy services	Active	-	96%	Full consolidation
Norcontrol Nicaragua, S.A.	Colonia Los Robles, Km. 6,500 Carretera Masaya, Managua (Nicaragua)	Inspection, quality control and consultancy services	Active	-	95%	Full consolidation
Röntgen Technische Dienst Holding BV	Delftweg 144, 3046 NC Rotterdam (The Netherlands)	Holding company	Active	-	100%	Full consolidation
Applus Centro de Capacitación, S.A.	Agustinas N°640, Piso 9, Santiago de Chile (Chile)	Provision of training services	Inactive	-	95%	Full consolidation
Applus Czech Republic, s.r.o.	U Stadionu 89, 530 02 Pardubice (Czech Republic)	Certification services through non-destructive testing	Active	-	100%	Full consolidation
Applus RTD Deutschland inspektions-Gesellschaft, GmbH	Industriestraße 34b, D-44894 Bochum (Germany)	Certification services through non-destructive testing	Active	-	100%	Full consolidation
Röntgen Technische Dienst B.V.	Delftweg 144, 3046 NC Rotterdam (The Netherlands)	Certification services through non-destructive testing	Active	-	100%	Full consolidation
RTD Quality Services, Inc (Canada)	5504 36 St NW, Edmonton, AB T6B 3P3 (Canada)	Certification services through non-destructive testing	Active	-	100%	Full consolidation
RTD Quality Services Nigeria Ltd.	Warri Boat Yard, 28 Warri/Sapele Road, Warri, Delta State (Nigeria)	Certification services through non-destructive testing	Active	-	49%	Full consolidation
RTD Holding Deutschland, GmbH	Industriestraße 34b, D-44894 Bochum (Germany)	Holding company	Active	-	100%	Full consolidation
Applus RTD PTE, Ltd (Singapore)	521 BUKIT BATOK STREET 23, 05 - 0E, 659544, Singapore	Certification services through non-destructive testing	Active	-	100%	Full consolidation
Applus Colombia, Ltda.	Calle 17, núm 69-46, Bogotá (Colombia)	Certification	Active	-	95%	Full consolidation
Applus (Shangai) Quality inspection Co, Ltd	Jucheng Industrial Park, Building 23, 3999 Xiu Pu Rd, Nan Hui, Shanghai 201315 (China)	Inspection services in quality processes, production processes, technical assistance and consultancy	Active	-	95%	Full consolidation
Applus PTY, Ltd (Australia)	C/- Prime Company Compliance, Level 1, 162 Grand Boulevard, Joondalup WA 6027 (Australia)	Certification services through non-destructive testing	Active	-	100%	Full consolidation
Arctosa Holding, B.V.	Delftweg 144, 3046 NC Rotterdam (The Netherlands)	Holding company	Active	-	100%	Full consolidation
Libertytown Australia, PTY, Ltd.	C/- Prime Company Compliance, Level 1, 162 Grand Boulevard, Joondalup WA 6027 (Australia)	Holding company	Active	-	100%	Full consolidation

Name	Registered office	Line of business	Active / Inactive	Ownership interest held by Group companies:		Method used to account the investment
				Direct	Indirect	
Applus UK, Ltd	Block 2, Units C and D, West Mains Industrial Estate, Stirlingshire, FK3 8YE, Scotland (UK)	Certification services through non-destructive testing	Active	-	100%	Full consolidation
Applus RTD Certification, B.V.	Delftweg 144, 3046 NC Rotterdam (The Netherlands)	Certification services	Inactive	-	100%	Full consolidation
Applus RTD SP, z.o.o.	Ul. Klodnicka 97/210, 41-706 Ruda Śląska, Poland	Certification services through non-destructive testing	Active	-	100%	Full consolidation
Applus Energy, S.L.U.	Calle Campezo 1, edificio 3, Parque Empresarial Las Mercedes, Madrid (Spain)	Provision of advisory services and auditing in the energy sector	Active	-	100%	Full consolidation
APP Management, S. de R.L. de C.V.	Bld. Manuel Avila Camacho 184, Piso 4-A, Col. Reforma Social, C.P. 11650 México D.F. (Mexico)	Provision of professional, technical, administrative and human resources services	Inactive	-	100%	Full consolidation
Libertytown Applus RTD Germany Gmbh	Industrie Strasse 34 b, D-44894 Bochum (Germany)	Holding company	Active	-	100%	Full consolidation
Applus Norcontrol Maroc, Sarl	INDUSPARC Module N°11BD AHL LOGHLAM Route de Tit Mellil Chemin Tertiaire 1015 Sidi Moumen 20400, Casablanca (Morocco)	Inspection, quality control and consultancy services	Active	-	95%	Full consolidation
Applus RTD Gulf DMCC.	Unit No. 15-PF-130, Detailed Retail 15, JLT-PH1-RET-15, Jumeirah Lakes Towers, Dubai (United Arab Emirates)	Certification services through non-destructive testing	Active	-	100%	Full consolidation
Applus Qualitec Serviços de Engenharia, Ltda.	Cidade de Ibirité, Estado de Minas Gerais, na Rua Petrovale, quadra 01, lote 10, integrante da área B, nº450, Bairro Distrito Industrial Marsil, CEP 32.400-000 (Brazil)	Certification services through non-destructive testing	Active	-	100%	Full consolidation
Applus Lgai Germany, Gmbh	Zur Aumundswiede 2, 28279 Bremen (Germany)	Certification	Active	-	95%	Full consolidation
BK Werstofftechnik-Prufstelle Für Werkstoffe, Gmbh	Zur Aumundswiede 2, 28279 Bremen (Germany)	Certification	Active	-	95%	Full consolidation
Ringal Brasil Investimentos, Ltda.	Cidade de Ibirité, Estado de Minas Gerais, na Rua Petrovale, quadra 01, lote 10, integrante da área B, nº450, Bairro Distrito Industrial Marsil, CEP 32.400-000 (Brazil)	Holding company	Active	-	100%	Full consolidation
Applus Norcontrol Perú, S.A.C.	Avenida el Derby, 254, Piso 12 OF 1202. Surco. Lima (Peru)	Inspection, quality control and consultancy services	Active	-	96%	Full consolidation
John Davidson & Associates PTY, Ltd	C/- Prime Company Compliance, Level 1, 162 Grand Boulevard, Joondalup WA 6027 (Australia)	Provision of executive recruitment services	Active	-	100%	Full consolidation
Applus PNG Limited	Unit 11, Section 53, Allotment 15 & 16, Ume Street, Gordons, Port Moresby, National Capital District, (Papua New Guinea)	Provision of executive recruitment services	Active	-	100%	Full consolidation
PT Applus Energi dan Industri	Gedung Pondok Indah Office Tower 2, Lantai 16, Suite 1602, Jalan Sultan Iskandar Muda Kav. VTA RT 004 RW 003 Pondok Pinang Kebayoran Lama, Jakarta Selatan 12310 (Indonesia)	Provision of technical engineering and planning, conservation and operational services, technical training and human resource development	Active	-	0%	Full consolidation
Applus Norcontrol Consultoría e Ingeniería, SAS	Calle 17, núm. 69-46 Bogotá (Colombia)	Inspection, quality control and consultancy services in the industry and services sector	Active	-	94%	Full consolidation

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

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

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

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

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

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

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

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

Appendix II - Out of the scope of consolidation

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

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

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

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

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

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

Barcelona, 21 February 2024

Mr. Christopher Cole

Chairman

Mr. Ernesto Gerardo Mata López

Director

Mr. Joan Amigó i Casas

Director

Mr. Nicolás Villén Jiménez

Director

Ms. Maria Cristina Henríquez de Luna Basagoiti

Director

Ms. Maria José Esteruelas Aguirre

Director

Ms. Essimari Kairisto

Director

Ms. Marie-Françoise Madeleine Damesin

Director

Mr. Brendan Wynne Derek Connolly

Director