Applus Services, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2021, together with Report on Limited Review

Translation of a report originally issued in Spanish and of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain. In the event of a discrepancy, the Spanish-language version prevails.

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Translation of a report originally issued in Spanish and of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain. In the event of a discrepancy, the Spanish-language version prevails.

REPORT ON LIMITED REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Report on the interim condensed consolidated financial statements

Introduction

We have performed a limited review of the accompanying interim condensed consolidated financial statements ("the interim financial statements") of Applus Services, S.A. ("the Parent") and Subsidiaries ("the Group"), which comprise the condensed consolidated statement of financial position as at 30 June 2021, and the condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and explanatory notes thereto for the six-month period then ended. The Parent's directors are responsible for preparing these interim financial statements in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed financial information, in conformity with Article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of Review

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

Conclusion

Based on our limited review, which under no circumstances may be considered to be an audit of financial statements, nothing has come to our attention that causes us to believe that the accompanying interim financial statements for the six-month period ended 30 June 2021 are not prepared, in all material respects, in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed financial statements, pursuant to Article 12 of Spanish Royal Decree 1362/2007.

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

Emphasis of Matter

We draw attention to accompanying explanatory Note 2-a, which indicates that the aforementioned accompanying interim financial statements do not include all the information that would be required for a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and, therefore, the accompanying interim financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2020. Our conclusion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

The accompanying interim consolidated directors' report for the six-month period ended 30 June 2021 contains the explanations which the Parent's directors consider appropriate about the significant events that took place in this period and their effect on the interim financial statements presented, of which it does not form part, and about the information required pursuant to Article 15 of Spanish Royal Decree 1362/2007. We have checked that the accounting information in the interim consolidated directors' report is consistent with that contained in the interim financial statements for the six-month period ended 30 June 2021. Our work was confined to checking the interim consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of Applus Services, S.A. and Subsidiaries.

Other Matter

This report was prepared at the request of the Board of Directors of the Parent in relation to the publication of the half-yearly financial report required by Article 119 of the Consolidated Spanish Securities Market Law, approved by Legislative Royal Decree 4/2015, of 23 October, and implemented by Royal Decree 1362/2007, of 19 October.

DELOITTE, S.L.

Ana Torrens Borrás

23 July 2021

Applus Services, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2021 together with the Report on Limited Review

Translation of a report originally issued in Spanish and of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 21). In the event of a discrepancy, the Spanish-language version prevails.

Translation of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 21). In the event of a discrepancy, the Spanish-language version prevails.

APPLUS SERVICES, S.A.
AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

(Thousands of Euros)

ASSETS	Notes	30/06/2021 (*)	31/12/2020
NON-CURRENT ASSETS			
Goodwill	4	715,709	665,456
Other intangible assets	5	399,478	425,810
Right of use assets	13	184,170	179,158
Property, plant and equipment	7	240,556	232,578
Investments accounted for using the equity method		492	542
Non-current financial assets		15,107	14,970
Deferred tax assets	15.a	66,378	64,160
Total non-current assets		1,621,890	1,582,674
CURRENT ASSETS			
Inventories		9,952	8,914
Trade and other receivables-			
Trade and other receivables	9	349,363	321,370
Trade receivables from related companies	9 & 18	251	253
Other receivables	9	31,097	19,504
Corporate income tax assets		15,024	19,424
Other current assets		20,199	12,775
Other current financial assets		7,491	2,598
Cash and cash equivalents		149,040	189,468
Total current assets		582,417	574,306
TOTAL ASSETS		2,204,307	2,156,980

EQUITY AND LIABILITIES	Notes	30/06/2021 (*)	31/12/2020
EQUITY			
Share capital and reserves-			
Share capital	10.a	13,070	13,070
Share premium	10.b	449,391	449,391
Retained earnings and other reserves		187,188	363,291
Profit / (Loss) for the year attributable to the Parent	10.e	14,730	(158,239)
Treasury Shares	10.c	(1,326)	(2,664)
Valuation adjustments-			
Foreign currency translation reserve	10.f	(70,487)	(79,611)
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT		**592,566**	**585,238**
NON-CONTROLLING INTERESTS	10.g	**46,289**	**48,635**
Total Equity		**638,855**	**633,873**
NON-CURRENT LIABILITIES			
Long-term provisions		31,901	25,573
Obligations and bank borrowings	11	695,119	686,610
Obligations under leases	13	145,745	144,379
Other financial liabilities		21,918	22,469
Deferred tax liabilities	15.b	122,769	128,100
Other non-current liabilities		47,985	37,395
Total non-current liabilities		1,065,437	1,044,526
CURRENT LIABILITIES			
Short-term provisions		3,230	4,518
Obligations and bank borrowings	11	40,005	32,777
Obligations under leases	13	54,542	51,170
Trade and other payables		374,463	365,146
Trade payables from related companies	18	1	-
Corporate income tax liabilities		16,212	18,663
Other current liabilities		11,562	6,307
Total current liabilities		500,015	478,581
TOTAL EQUITY AND LIABILITIES		2,204,307	2,156,980

(*) Unaudited interim condensed consolidated statement of financial position as at 30 June 2021.

The accompanying Notes 1 to 21 are an integral part of the interim condensed consolidated statement of financial positions at 30 June 2021.

Translation of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 21). In the event of a discrepancy, the Spanish-language version prevails.

APPLUS SERVICES, S.A
AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE FIRST HALF OF 2021

(Thousands of Euros)

	Notes	30/06/2021 (*)	30/06/2020 (*)
CONTINUING OPERATIONS			
Revenue	16	842,993	741,236
Procurements		(67,733)	(68,744)
Staff costs	14.a	(475,699)	(430,768)
Other operating expenses		(165,272)	(156,323)
Operating Profit Before Depreciation, Amortization and Others		**134,289**	**85,401**
Depreciation and amortization charge	5, 7 & 13	(79,366)	(80,052)
Impairment and gains and losses on disposals of non-current assets	4	(5,750)	(163,725)
Other results		(3,405)	(3,543)
OPERATING PROFIT		**45,768**	**(161,919)**
Financial Result	14.b	(11,430)	(11,627)
Profit / (Loss) before tax		**34,338**	**(173,546)**
Corporate income tax		(11,304)	10,679
Net Profit / (Loss) from continuing operations		**23,034**	**(162,867)**
PROFIT / (LOSS) FROM DISCONTINUED OPERATIONS NET OF TAX		-	-
NET CONSOLIDATED PROFIT / (LOSS)		**23,034**	**(162,867)**
Profit / (Loss) attributable to non-controlling interests	10.g	8,304	6,986
NET PROFIT / (LOSS) ATTRIBUTABLE TO THE PARENT		**14,730**	**(169,853)**
Profit / (Loss) per share (in euros per share)	10.e		
- Basic		**0.10**	**(1.19)**
- Diluted		**0.10**	**(1.19)**

(*) Unaudited interim condensed consolidated statement of profit or loss for the first half of 2021 and of 2020.

The accompanying Notes 1 to 21 are an integral part of the interim condensed consolidated statement of profit or loss for the first half of 2021.

Translation of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 21). In the event of a discrepancy, the Spanish-language version prevails.

APPLUS SERVICES, S.A
AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY FOR THE FIRST HALF OF 2021

(Thousands of Euros)

	Capital	Share premium	Retained earnings and other reserves	Profit/(loss) for the period attributable to the Parent	Treasury shares	Foreign currency translation reserve	Non-controlling interests	Total equity
Balance at 31 December 2019	**13,070**	**449,391**	**305,354**	**55,650**	**(4,102)**	**(43,435)**	**48,527**	**824,455**
Changes in the scope of consolidation and other changes	-	-		-	-	-	31	31
Allocation of 2019 profit	-	-	55,650	(55,650)	-	-	-	-
Dividends paid	-	-	-	-	-	-	(4,743)	(4,743)
Treasury shares	-	-	(790)	-	2,697	-	-	1,907
Other changes	-	-	663	-	-	-	(30)	633
Comprehensive income for the first half of 2020	-	-	-	(169,853)	-	(16,328)	6,272	(179,909)
Balance at 30 June 2020 (*)	**13,070**	**449,391**	**360,877**	**(169,853)**	**(1,405)**	**(59,763)**	**50,057**	**642,374**

	Capital	Share premium	Retained earnings and other reserves	Profit/(loss) for the period attributable to the Parent	Treasury shares	Foreign currency translation reserve	Non-controlling interests	Total equity
Balance at 31 December 2020	**13,070**	**449,391**	**363,291**	**(158,239)**	**(2,664)**	**(79,611)**	**48,635**	**633,873**
Changes in the scope of consolidation and other changes	-	-	1,297	-	-	-	473	1,770
Allocation of 2020 profit	-	-	(158,239)	158,239	-	-	-	-
Dividends paid	-	-	(21,453)	-	-	-	(11,632)	(33,085)
Treasury shares	-	-	1,389	-	1,338	-	-	2,727
Other changes	-	-	903	-	-	-	98	1,001
Comprehensive income for the first half of 2021	-	-	-	14,730	-	9,124	8,715	32,569
Balance at 30 June 2021 (*)	**13,070**	**449,391**	**187,188**	**14,730**	**(1,326)**	**(70,487)**	**46,289**	**638,855**

(*) Unaudited interim condensed consolidated statement of changes in equity for the first half of 2021 and of 2020.

The accompanying Notes 1 to 21 are an integral part of the interim condensed consolidated statement of changes in equity for the first half of 2021.

Translation of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 21). In the event of a discrepancy, the Spanish-language version prevails.

APPLUS SERVICES, S.A
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INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST HALF OF 2021

(Thousands of Euros)

	30/06/2021 (*)	30/06/2020 (*)
NET CONSOLIDATED PROFIT:	**23,034**	**(162,867)**
1. Other comprehensive income and expenses recognised directly in equity	**9,535**	**(17,042)**
a) Items that will not be transferred to profit or loss	-	-
b) Items that could be transferred to profit or loss:		
Exchange differences on translating foreign operations	9,535	(17,042)
2. Transfers to the statement of profit or loss:	-	-
Other comprehensive result	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**32,569**	**(179,909)**
Total comprehensive income for the year attributable to:		
- The Parent	23,854	(186,181)
- Non-controlling interests	8,715	6,272
TOTAL CONSOLIDATED COMPREHENSIVE INCOME FOR THE YEAR	**32,569**	**(179,909)**

(*) Unaudited interim condensed consolidated statement comprehensive income for the first half of 2021 and of 2020.

The accompanying Notes 1 to 21 are an integral part of the interim condensed consolidated statement of comprehensive income for the first half of 2021.

Translation of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 21). In the event of a discrepancy, the Spanish-language version prevails.

APPLUS SERVICES, S.A
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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST HALF OF 2021

(Thousands of Euros)

	Notes	30/06/2021 (*)	30/06/2020 (*)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit from operating activities before tax		**34,338**	**(173,546)**
Adjustments of items that do not give rise to operating cash flows-			
Depreciation and amortisation charge	5, 7 & 13	79,366	80,052
Changes in provisions and allowances		293	(850)
Financial result	14.b	11,430	11,627
Gains or losses on disposals of intangible and tangible assets		6,360	163,725
Profit from operations before changes in working capital (I)		**131,787**	**81,008**
Changes in working capital-			
Changes in trade and other receivables		(47,316)	55,430
Changes in inventories		(1,038)	(673)
Changes in trade and other payables		(5,295)	(34,970)
Cash generated by changes in working capital (II)		**(53,649)**	**19,787**
Other cash flows from operating activities			
Other payments		(1,715)	-
Cash flows from operating activities (III)		**(1,715)**	-
Corporate Income tax payments		(16,433)	(264)
Cash flows from Income Tax (IV)		**(16,433)**	**(264)**
NET CASH FLOW FROM OPERATING ACTIVITIES (A)= (I)+(II)+(III)+(VI)		**59,990**	**100,531**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Business combination		4,510	1,537
Payments due to acquisition of subsidiaries and other non-current financial assets		(60,545)	(4,517)
Proceeds from disposal of subsidiaries		2,758	4,680
Payments due to acquisition of intangible and tangible assets	5 & 7	(20,792)	(17,280)
Net cash flows used in investing activities (B)		**(74,069)**	**(15,580)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Interest received	14.b	1,293	671
Interest paid		(7,107)	(5,835)
Net changes in non-current financing (proceeds and payments)		2,513	176,163
Net changes in current financing (proceeds and payments)		12,723	(38,700)
Net payment of lease liabilities	13.c	(29,587)	(26,928)
Dividends paid by Group companies to non-controlling interests		(8,059)	(3,387)
Net cash flows used in financing activities (C)		**(28,224)**	**101,984**
EFFECT OF FOREIGN EXCHANGE RATE CHANGES (D)		**1,875**	**(3,829)**
NET CHANGE IN CASH AND CASH EQUIVALENTS (A + B + C + D)		**(40,428)**	**183,106**
Cash and cash equivalents at beginning of year		**189,468**	**145,160**
Cash and cash equivalents at end of year		**149,040**	**328,266**

(*) Unaudited interim condensed consolidated statement of cash flows for the first half of 2021 and of 2020.

The accompanying Notes 1 to 21 are an integral part of the interim condensed consolidated statement of cash flows for the first half of 2021.

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Translation of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 21). In the event of a discrepancy, the Spanish-language version prevails.

Applus Services, S.A. and Subsidiaries

Explanatory Notes to the Interim Condensed Consolidated Financial Statements for the first half of 2021

1. Group activities

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

The Parent's Company purpose is as follows:

- To provide services in relation to the transport sector and vehicle and highway safety (engineering processes, design, testing, approval and certification of used cars), as well as technical inspections in sectors other than the automotive sector, with a blanket exclusion of activities that are covered by special legislation.

- The technical audits of all types of installations for technical inspection or control of vehicles located anywhere in Spain or abroad, as well as any other type of technical inspection other than vehicles.

- The production and execution of studies and projects in relation to the previously mentioned activities: economic, industrial, property, information technology, market surveys and research, as well as the supervision, direction and provision of services and advice in the execution thereof. Provision of services, advice, administration, operation and management, whether technical, fiscal, legal or commercial.

- Business intermediation services, both locally and abroad.

- To provide all types of inspection services and quality and quantity control, regulatory inspection, collaboration with administration, consultancy, audit, certification, approval, personnel training and qualification, and technical assistance in general in order to improve the organisation and management of quality, safety and environmental aspects.

- To carry out studies, works, measurements, tests, analyses and controls, in laboratories or in situ, and such other professional methods and actions considered necessary or advisable, in particular those related to manufacturing materials, equipment, products and installations, in the fields of mechanics, electricity, electronics and information technology, transport and communications, administrative organisation and office automation, mining, food, environment, construction and civil works, performed during the stages of design, planning, manufacturing, construction and assembly and commissioning, maintenance and production for all types of companies and entities, both public and private, as well as before the Central State Administration, the Administrations of Autonomous Communities, Provinces and Municipalities, and all types of agencies, institutions and users, whether within the country or abroad.

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

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

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

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

2. Basis of presentation and basis of consolidation

a) Basis of presentation

These interim condensed consolidated financial statements for the first half ended 30 June 2021 were prepared in accordance with IAS 34, Interim Financial Reporting, which forms part of the International Financial Reporting Standards as adopted by the European Union (EU-IFRSs). These interim condensed consolidated financial statements must be read in conjunction with the consolidated financial statements for the year ended 31 December 2020, which were prepared in accordance with EU-IFRSs. Accordingly, it was not necessary to repeat or update certain notes or estimates included in those consolidated financial statements. Therefore, the accompanying selected explanatory notes include an explanation of the events and changes that are significant to an understanding of the changes in consolidated statement of financial position, consolidated statement of profit and loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Applus Group in the period from 31 December 2020, the date of the aforementioned consolidated financial statements, to 30 June 2021.

These interim condensed consolidated financial statements were approved by the Parent's Directors at the Board of Directors meeting held on 23 July 2021.

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

b) Comparative information

In accordance to IAS 34, in order to obtain comparative information, these interim condensed consolidated financial statements include the interim condensed consolidated statement of financial position as at 30 June 2021 and the consolidated statement of financial position as at 31 December 2020, the interim condensed consolidated statements of profit or loss for the six-month periods ended 30 June 2021 and 2020, the interim condensed consolidated statements of comprehensive income for the six-month periods ended 30 June 2021 and 2020, the interim condensed consolidated statements of changes in equity for the six-month periods ended 30 June 2021 and 2020, the interim condensed consolidated statements of cash flows for the six-month periods ended 30 June 2021 and 2020, and the explanatory notes to the interim condensed consolidated financial statements for the six-month period ended 30 June 2021.

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

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

In the Group's interim condensed consolidated financial statements at 30 June 2021 estimates were made by the Group Management, later ratified by the Directors, in order to quantify certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates relate basically to the following:

- The measurement of goodwill (see Note 4).

- The impairment losses on certain assets (see Note 6).

- The recoverability of the deferred tax assets recognised (see Note 15.a).

- The right-of-use assets and obligations under leases (see Note 13).

- The useful life of the property, plant and equipment and intangible assets.

- The assumptions used in measuring the recoverable amount of the financial instruments and the assets and liabilities in the business combinations.

- Income from pending to be billed services.

- Provisions and contingent liabilities (see Note 17).

- Corporate income tax and deferred tax assets and liabilities (see Note 15).

Although these estimates were made on the basis of the best information available as of 30 June 2021 on the events analysed, events that may take place in the future might make it necessary to change these estimates (upwards or downwards) in the coming years, in accordance with the requirements of IAS 8.

The Group's interim consolidated condensed consolidated financial statements at 30 June 2020 were affected by COVID-19, which was classified as a pandemic by the World Health Organization on 11 March 2020, which affected the figures presented in the first half of 2020, as shown in the interim consolidated financial statements at 31 December 2020. At 30 June 2021, with the various forms of treatment against the virus and progress in COVID-19 vaccination in the different countries in which the Group operates, the figures presented in the first half of 2021 have recovered.

In this context, considering the uncertainties that persist in the forecasts for the coming months, the Directors and Management of the Group have conducted a detailed assessment of the current situation based on the best available information at the reporting date. The following aspects of the results of this assessment that were taken into account in preparing the interim condensed consolidated financial statements are worthy of note:

- Liquidity risk: At 30 June 2021, the Group has a liquidity of EUR 585 million and comply with the covenants of the financing contracts (financial ratios) (see Note 11). As a result of the foregoing and having taken into account the cash forecasts for the coming months, the Group's Directors and Management consider that, despite the uncertainties that still remain at the reporting date, the Group has a robust financial position and a high level of liquidity.

- Asset and liability measurement risk: At 30 June 2021, the Group analysed the degree of fulfilment of the approved business plan without observing any significant variances therefrom and, accordingly, no indications of impairment were disclosed in the first half of 2021 of non-current assets or of the Group's capacity to recover the deferred tax assets recognised in the accompanying interim condensed consolidated statement of financial position (see note 15.a). Also, there was no increase in the expected credit loss on trade receivables pursuant to IFRS 9 (see note 9) and no restructuring plans were approved or implemented that gave rise to the recognition of significant provisions pursuant IAS 37.

- Information security risk: In the first half of 2021 a malware attack was detected that temporarily interrupted vehicle roadworthiness testing activities in eight US states in which the Group operates through its subsidiary Applus Technologies, Inc. (affecting around 2% of the Group revenue). The Group increased the security and cyberprotection measures in those systems of the Automotive division in the US and, at 30 June 2021, operations were progressing normally and the vehicle roadworthiness testing activities in the US had been fully restored. The Parent's Directors consider that the aforementioned event was an isolated event from which no significant liabilities will arise and that the above-mentioned risk did not have a significant impact on the Group at 30 June 2021.

- Going concern risk: Taking into account all the aforementioned factors, the Group's Directors consider that the conclusion on the application of the going concern basis of accounting remains valid.

The Group's Directors and Management continue to constantly monitor the evolution of the situation in order to successfully address any possible impacts, both financial and non-financial, that may arise.

3. Accounting policies and measurement bases

The accounting policies and measurement bases used in these interim condensed consolidated financial statements as at 30 June 2021 are the same as those used to prepare the consolidated financial statements for the year ended 31 December 2020, with the following exceptions:

a) Changes in accounting policies and in disclosures of information effective in 2021

In 2021 new accounting standards came into force and were therefore taken into account when preparing the accompanying interim condensed consolidated financial statements. The following standards were applied in these interim condensed consolidated financial statements but did not have a significant impact on the presentation hereof or the disclosures herein:

New standards, amendments and interpretations		**Obligatory application in annual reporting periods beginning on or after:**
Approved for the use in the European Union		
Amendments and/or interpretations:		
Interest Rate Benchmark Reform-Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) (issued in August 2020).	Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to the interest rate benchmark reform (second phase).	1 January 2021
Amendments to IFRS 4 Extension of the temporary exemption from applying IFRS 9 (issued in June 2020)	Extension of the temporary exemption from IFRS 9 until 2023.	1 January 2021

Not yet approved for use in the European Union		
Amendments and/or interpretations:		
Rent Concessions (Amendments to IFRS 16) (issued in March 2021)	Amendments to extend the time period over which the practical expedient of IFRS 16 is available for use in relation to COVID-19-related rent concessions.	1 April 2021

b) Accounting policies issued but not yet in force in 2021

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

New standards, amendments and interpretations		Obligatory application in annual reporting periods beginning on or after:
Approved for the use in the European Union		
Amendments and/or interpretations:		
Reference to the Conceptual Framework (Amendments to IFRS 3) (issued in May 2020)	IFRS 3 is updated to align the definitions of an asset and a liability in a business combination with those contained in the Conceptual Framework. Also, certain clarifications are introduced in relation to the recognition of contingent assets and liabilities.	1 January 2022
Property, Plant and Equipment—Proceeds before Intended Use (Amendments to IAS 16) (issued in May 2020)	The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while the entity is bringing that asset to the location and condition necessary for its intended use. The proceeds from selling any such items (samples), and the cost of producing those items, must be recognised in profit or loss.	1 January 2022
Onerous Contracts-Cost of Fulfilling a Contract (Amendments to IAS 37) (issued in May 2020)	These amendments explain that the cost of fulfilling a contract comprises the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling the contract.	1 January 2022
Annual Improvements to IFRS Standards 2018–2020 (issued in May 2020)	Minor amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41.	1 January 2022

Not yet approved for use in the European Union		
New standards:		
IFRS 17, Insurance Contracts and Amendments to IFRS 17 (issued in May 2017 and amendments in June 2020)	Supersedes IFRS 4 and establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued, the objective being 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:		
Classification of Liabilities as Current or Non-current (Amendments to IAS 1) (issued in January 2020)	Clarifications relating to the presentation of liabilities as current or non-current.	1 January 2023
Disclosure of Accounting Policies (Amendments to IAS 1) (issued in February 2021)	Amendments that enable entities to appropriately identify the information on material accounting policies that should be disclosed in the financial statements.	1 January 2023
Definition of Accounting Estimates (Amendments to IAS 8) (issued in February 2021)	Amendments and clarifications of the definition of a change in accounting estimate.	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) (issued in May 2021)	Clarifications on how entities should recognise deferred taxes arising in transactions such as leases and obligations in relation to the dismantling assets.	1 January 2023

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

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

c) *Changes in the scope of consolidation*

The companies included in the scope of consolidation in the first half of 2021 are as follows:

- Companies acquired in the first half 2021:

  - Adícora Servicios de Intermediación de Ingeniería, S.L.U.
  - Ingeniería, Estudio y Construcciones, S.A.U.
  - IMA Materialforschung und Anwendungstechnik GmbH
  - WIAM GmbH
  - SWM Struktur - und Werkstoffmechanikforschung Dresden gemeinnützige GmbH
  - Soil and Foundation Company Limited
  - Geotechnical and Environmental Company Limited
  - Soil and Foundation Company Limited Egypt

- Companies incorporated in the first half 2021:

  - Applus Iteuve Mexico, SA de CV
  - Shanghai Reliable Analysis Scientific Testing Co., Ltd.

On 2 March 2021, the Applus Group has acquired Adícora Servicios de Intermediación de Ingeniería, S.L.U. and Ingeniería, Estudio y Construcciones, S.A.U., for an initial cost of EUR 4.8 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 3.4 million. The companies have been integrated into the Applus+ Energy & Industry division.

On 26 May 2021, the Applus Group has acquired IMA Materialforschung und Anwendungstechnik GmbH, WIAM GmbH and SWM Struktur - und Werkstoffmechanikforschung Dresden gemeinnützige GmbH for an initial cost of EUR 30 million. Additionally, the agreement includes an earn-out tied to certain financial targets which the acquiree would have to achieve in 2021, 2022 and 2023. The Group considers that the conditions will be met for the earn-out amount to EUR 8 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 23.3 million. The companies have been integrated into the Applus+ Laboratories division.

On 3 June 2021, the Applus Group has acquired Soil and Foundation Company Limited, Geotechnical and Environmental Company Limited and Soil and Foundation Company Limited Egypt, for an initial cost of USD 30 million (approximately EUR 25 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 2020, 2021 and 2022. The Group considers that the conditions will be met for the earn-out amount to USD 6.2 million (EUR 5.1 million at the acquisition date) 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 USD 34.7 million (EUR 28.4 million at the acquisition date). The companies have been integrated into the Applus+ Energy & Industry division.

At the date of preparation of the interim condensed consolidated financial statements, neither the assets nor liabilities' measurement processed at fair value of the acquisitions described above had been completed and the goodwill allocations is provisional. The Parent's Directors considered that the assets and liabilities' measurement process and the goodwill allocation would be completed in the second half of 2021, and applied retroactively as stated in IFRS 3 – Business Combinations.

According to IFRS 3, in the first half of 2021 the accounting process of certain acquisitions made in 2020, which are detailed in Note 2.b.e.1.1. of the consolidated financial statements of the year ended 31 December 2020, has been completed.

d) Transactions in currencies other than the Euro

The Group's presentation currency is the Euro. Therefore, all balances and transactions in currencies other than the euro are deemed to be "foreign currency transactions". The main average and closing rates used in the translation to euros of the balances held in foreign currency at 30 June 2021 and 31 December 2020 were as follows:

Euro	Currency:	30/06/2021		31/12/2020	
		Average rate	Closing rate	Average rate	Closing rate
Danish Krone	DKK	7.44	7.44	7.45	7.44
Swedish Krona	SEK	10.12	10.14	10.49	10.14
Norwegian Krone	NOK	10.17	10.13	10.74	10.62
Czech Koruna	CZK	25.85	25.47	26.45	26.32
United Arab Emirates Dirham	AED	4.43	4.38	4.18	4.47
Canadian Dollar	CAD	1.50	1.47	1.53	1.57
Singapore Dollar	SGD	1.61	1.60	1.57	1.62
US Dollar	USD	1.21	1.19	1.14	1.22
Papua New Guinean Kina	PGK	4.14	4.19	3.87	4.14
Pound Sterling	GBP	0.87	0.86	0.89	0.91
Argentine Peso	ARS	n/a	113.85	n/a	101.23
Chilean Peso	CLP	867.28	874.21	903.01	878.57
Colombian Peso	COP	4,366.00	4,466.00	4,210.01	4,211.00
Mexican Peso	MXN	24.31	23.62	24.48	24.46
Brazilian Real	BRL	6.50	5.89	5.88	6.27
Qatari Riyal	QAR	4.42	4.42	4.18	4.49
Malaysian Ringgit	MYR	4.93	4.96	4.79	4.94
Saudi Riyal	SAR	4.52	4.48	4.28	4.56
Indonesian Rupiah	IDR	17,188.14	17,215.00	16,536.78	17,190.00
Australian Dollar	AUD	1.56	1.57	1.66	1.62
Peruvian Nuevo Sol	PEN	4.49	4.74	3.98	4.39
Kuwait Dinars	KWD	0.36	0.36	0.35	0.36
Guatemalan Quetzal	GTQ	9.31	9.24	8.79	9.46
Chinese Yuan	CNY	7.80	7.71	7.87	7.96

4. Goodwill

The detail, by cash-generating unit, of the Group's goodwill at 30 June 2021 and 2020 year-end is as follows:

Cash-Generating Unit	Thousands of Euros	
	30/06/2021	31/12/2020
Auto Spain (*)	179,374	179,374
Energy & Industry Northern Europe	83,908	83,868
Energy & Industry North America	66,895	65,363
IDIADA	28,005	29,627
Energy & Industry Seameap	62,766	33,707
Laboratories	155,825	134,135
Auto Finisterre (*)	18,929	22,929
Energy & Industry America Latina	14,037	13,893
Energy & Industry Spain	14,962	11,564
Auto Denmark	6,843	6,843
Auto US (*)	6,141	6,141
Auto Sweden	76,762	76,754
Other	1,262	1,258
Total goodwill	**715,709**	**665,456**

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

The changes in the first half of 2021 and in 2020 were as follows:

	Thousands of Euros
Balance at 1 January 2020	**609,245**
Changes in the scope of consolidation (Note 3.c.)	151,028
Impairment	(84,183)
Other Changes	(2,000)
Translation differences	(8,634)
Balance at 31 December 2020	**665,456**
Changes in the scope of consolidation (Note 3.c.)	51,638
Other Changes	(5,750)
Translation differences	4,365
Balance at 30 June 2021	**715,709**

Since the Group has various concessions with a finite useful life and according to the business plan, in order to ensure that at the end of the concession term the carrying amount of the assets is zero, in the first half of 2021 the Group recognised a write-down of EUR 5,750 thousand on goodwill under "Impairment and gains and losses on disposals of non-current assets" in the accompanying interim condensed consolidated statement of profit or loss in relation to the goodwill of the Idiada and Auto Finisterre cash-generating units, as shown under “Other Changes” in the foregoing table.

5. Other intangible assets

The changes in the first half of 2021 and in 2020 in the intangible asset accounts and in the related accumulated amortisation and impairment losses were as follows:

	30 June 2021 – Thousands of Euros						
	Balance at 1 January 2021	Changes in the scope of consolidation	Additions or charge for the year	Disposals or reductions	Transfers	Change in exchange rates and other	Balance at 30 June 2021
Cost:							
Administrative concessions	262,491	-	64	(353)	227	(88)	262,341
Patents, licenses and trademarks	305,515	-	-	-	-	13	305,528
Administrative authorisations	266,731	-	148	-	-	1	266,880
Customer portfolio	172,924	-	-	-	-	947	173,871
Computer software	96,227	1,780	1,011	(43)	849	490	100,314
Goodwill acquired	17,655	-	-	-	-	809	18,464
Asset usage rights	72,442	-	-	-	-	-	72,442
Accreditations	45,593	-	-	-	-	1,670	47,263
Other	50,571	-	2,205	-	(1,033)	27	51,770
Total cost	**1,290,149**	**1,780**	**3,428**	**(396)**	**43**	**3,869**	**1,298,873**
Accumulated amortisation							
Administrative concessions	(194,860)	-	(11,179)	442	-	88	(205,509)
Patents, licenses and trademarks	(148,669)	-	(5,620)	-	-	(12)	(154,301)
Administrative authorisations	(145,874)	-	(4,003)	-	-	3	(149,874)
Customer portfolio	(106,934)	-	(2,542)	-	-	(388)	(109,864)
Computer software	(75,199)	(1,622)	(3,890)	33	67	(331)	(80,942)
Goodwill acquired	(78)	-	-	-	-	-	(78)
Asset usage rights	(50,720)	-	(1,895)	3	-	-	(52,612)
Accreditations	(870)	-	(2,600)	-	-	(44)	(3,514)
Other	(36,493)	-	(1,504)	-	5	(24)	(38,016)
Total accumlated amortisation	**(759,697)**	**(1,622)**	**(33,233)**	**478**	**72**	**(708)**	**(794,710)**
Total impairment	**(104,642)**	-	-	-	-	**(43)**	**(104,685)**
Total net value	**425,810**	**158**	**(29,805)**	**82**	**115**	**3,118**	**399,478**

In the first half of 2021, the amortisation charge of the intangible assets arising from the process to allocate the price paid on the acquisitions recognised in the accompanying interim condensed consolidated financial statements amounted to EUR 25,392 thousand.

	31 December 2020 – Thousands of Euros						
	Balance at 1 January 2020	Changes in the scope of consolidation	Additions or charge for the year	Disposals or reductions	Transfers	Changes in exchange rates and other	Balance at 31 December 2020
Cost:							
Administrative concessions	261,578	-	464	(1,234)	4,826	(3,143)	262,491
Patents, licences and trademarks	272,770	32,779	15	-	54	(103)	305,515
Administrative authorisations	267,591	-	356	-	-	(1,216)	266,731
Customer portfolio	171,771	3,800	-	-	-	(2,647)	172,924
Computer software	88,829	11,500	5,359	(4,933)	(2,408)	(2,120)	96,227
Goodwill acquired	18,742	-	-	(230)	-	(857)	17,655
Asset usage rights	72,442	-	-	-	-	-	72,442
Accreditations	-	45,593	-	-	-	-	45,593
Other	50,134	-	4,513	(1,702)	(2,015)	(359)	50,571
Total cost	**1,203,857**	**93,672**	**10,707**	**(8,099)**	**457**	**(10,445)**	**1,290,149**
Accumulated amortisation:							
Administrative concessions	(174,875)	-	(21,368)	2,935	(4,705)	3,153	(194,860)
Patents, licences and trademarks	(136,009)	(905)	(11,845)	-	-	90	(148,669)
Administrative authorisations	(129,484)	-	(16,647)	-	-	257	(145,874)
Customer portfolio	(102,120)	-	(5,801)	-	-	987	(106,934)
Computer software	(68,931)	(7,682)	(7,166)	2,447	4,538	1,595	(75,199)
Goodwill acquired	(78)	-	-	-	-	-	(78)
Asset usage rights	(46,934)	-	(3,792)	6	-	-	(50,720)
Accreditations	-	-	(870)	-	-	-	(870)
Other	(33,223)	-	(3,459)	53	-	136	(36,493)
Total accumulated amortisation	**(691,654)**	**(8,587)**	**(70,948)**	**5,441**	**(167)**	**6,218**	**(759,697)**
Total impairment	**(37,882)**	-	**(66,911)**	-	-	**151**	**(104,642)**
Total net value	**474,321**	**85,085**	**(127,152)**	**(2,658)**	**290**	**(4,076)**	**425,810**

Intangible assets by cash-generating unit

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

	30 June 2021 - Thousands of Euros														
	Auto Spain	Energy & Industry Northern Europe	Auto Finland	Energy & Industry Seameap	Energy & Industry North America	IDIADA	Energy & Industry Spain	Laboratories	Auto US	Energy & Industry Latin America	Auto Denmark	Auto Finisterre	Auto Sweden	Other	Total
Cost:															
Administrative concessions	92,659	-	-	-	-	-	182	-	17,880	-	-	151,620	-	-	262,341
Patents, licences and trademarks	18,598	89,405	10,217	58,565	28,210	12,306	40,096	8,839	6,371	-	-	-	32,779	142	305,528
Administrative authorisations	165,986	-	93,924	-	-	-	-	-	-	-	-	-	-	6,970	266,880
Customer portfolio and other	-	41,532	-	27,147	70,459	-	18,825	4,139	-	7,969	-	-	3,800	-	173,871
Computer software	5,120	11,586	301	3,930	3,276	8,005	8,803	6,971	10,824	2,542	2,265	1,233	11,420	24,038	100,314
Goodwill acquired	-	8,367	769	-	3,680	3,632	1,381	265	-	-	370	-	-	-	18,464
Asset usage rights	723	-	-	-	-	36,729	3	34,987	-	-	-	-	-	-	72,442
Accreditations	-	-	-	-	-	-	-	47,263	-	-	-	-	-	-	47,263
Other	545	18,386	1,202	496	184	22,089	4,258	2,578	1,027	-	941	64	-	-	51,770
Total cost	**283,631**	**169,276**	**106,413**	**90,138**	**105,809**	**82,761**	**73,548**	**105,042**	**36,102**	**10,511**	**3,576**	**152,917**	**47,999**	**31,150**	**1,298,873**
Accumulated amortisation:															
Administrative concessions	(78,060)	-	-	-	-	-	(182)	-	(11,909)	-	-	(115,358)	-	-	(205,509)
Patents, licences and trademarks	(10,109)	(39,277)	(5,026)	(45,044)	(14,199)	(7,956)	(21,884)	(4,829)	(3,748)	-	-	-	(2,087)	(142)	(154,301)
Administrative authorisations	(60,662)	-	(87,090)	-	-	-	-	-	-	-	-	-	-	(2,122)	(149,874)
Customer portfolio and other	-	(22,565)	-	(23,439)	(38,087)	-	(18,825)	(2,746)	-	(3,672)	-	-	(530)	-	(109,864)
Computer software	(4,746)	(7,846)	(301)	(3,406)	(1,175)	(7,440)	(7,987)	(6,040)	(8,954)	(2,225)	(2,112)	(1,119)	(8,583)	(19,008)	(80,942)
Goodwill acquired	-	-	-	-	-	-	(71)	(7)	-	-	-	-	-	-	(78)
Asset usage rights	(723)	-	-	-	-	(27,043)	(3)	(24,843)	-	-	-	-	-	-	(52,612)
Accreditations	-	-	-	-	-	-	-	(3,514)	-	-	-	-	-	-	(3,514)
Other	(545)	(11,537)	(813)	(123)	(153)	(17,572)	(3,902)	(2,344)	(1,027)	-	-	-	-	-	(38,016)
Total accumulated amortisation	**(154,845)**	**(81,225)**	**(93,230)**	**(72,012)**	**(53,614)**	**(60,011)**	**(52,854)**	**(44,323)**	**(25,638)**	**(5,897)**	**(2,112)**	**(116,477)**	**(11,200)**	**(21,272)**	**(794,710)**
Total impairment (Note 6)	**(7,051)**	**(50,128)**	**(8,115)**	-	**(33,419)**	-	-	-	**(5,972)**	-	-	-	-	-	**(104,685)**
Total net value	**121,735**	**37,923**	**5,068**	**18,126**	**18,776**	**22,750**	**20,694**	**60,719**	**4,492**	**4,614**	**1,464**	**36,440**	**36,799**	**9,878**	**399,478**

	2020 – Thousands of Euros														
	Auto Spain	Energy & Industry Northern Europe	Auto Finland	Energy & Industry Seameap	Energy & Industry North America	IDIADA	Energy & Industry Spain	Laboratories	Auto US	Energy & Industry Latin America	Auto Denmark	Auto Finisterre	Auto Sweden	Other	Total
Cost:															
Administrative concessions	92,659	-	-	-	-	-	182	-	17,880	-	-	151,770	-	-	262,491
Patents, licences and trademarks	18,598	89,405	10,217	58,565	28,210	12,306	40,096	8,839	6,358	-	-	-	32,779	142	305,515
Administrative authorisations	165,986	-	93,924	-	-	-	-	-	-	-	-	-	-	6,821	266,731
Customer portfolio and other	-	41,532	-	27,147	69,549	-	18,822	4,142	-	7,932	-	-	3,800	-	172,924
Computer software	5,095	10,623	301	3,856	3,107	7,737	8,234	5,518	10,421	2,580	2,265	1,218	11,417	23,855	96,227
Goodwill acquired	-	7,907	769	-	3,450	3,513	1,381	265	-	-	370	-	-	-	17,655
Asset usage rights	723	-	-	-	-	36,729	3	34,987	-	-	-	-	-	-	72,442
Accreditations	-	-	-	-	-	-	-	45,593	-	-	-	-	-	-	45,593
Other	545	17,926	1,116	476	180	21,339	4,246	2,533	1,007	-	941	262	-	-	50,571
Total cost	**283,606**	**167,393**	**106,327**	**90,044**	**104,496**	**81,624**	**72,964**	**101,877**	**35,666**	**10,512**	**3,576**	**153,250**	**47,996**	**30,818**	**1,290,149**
Accumulated amortisation:															
Administrative concessions	(76,535)	-	-	-	-	-	(182)	-	(11,909)	-	-	(106,234)	-	-	(194,860)
Patents, licences and trademarks	(9,737)	(39,277)	(4,852)	(42,579)	(14,199)	(7,289)	(21,082)	(4,653)	(3,622)	-	-	-	(1,237)	(142)	(148,669)
Administrative authorisations	(57,030)	-	(87,090)	-	-	-	-	-	-	-	-	-	-	(1,754)	(145,874)
Customer portfolio and other	-	(21,735)	-	(23,277)	(36,950)	-	(18,822)	(2,608)	-	(3,392)	-	-	(150)	-	(106,934)
Computer software	(4,537)	(7,360)	(298)	(3,211)	(926)	(7,093)	(7,463)	(4,608)	(8,305)	(2,257)	(2,072)	(1,081)	(7,877)	(18,111)	(75,199)
Goodwill acquired	-	-	-	-	-	-	(71)	(7)	-	-	-	-	-	-	(78)
Asset usage rights	(723)	-	-	-	-	(25,553)	(3)	(24,441)	-	-	-	-	-	-	(50,720)
Accreditations	-	-	-	-	-	-	-	(870)	-	-	-	-	-	-	(870)
Other	(545)	(10,997)	(756)	(92)	(129)	(16,812)	(3,829)	(2,326)	(1,007)	-	-	-	-	-	(36,493)
Total accumulated amortisation	**(149,107)**	**(79,369)**	**(92,996)**	**(69,159)**	**(52,204)**	**(56,747)**	**(51,452)**	**(39,513)**	**(24,843)**	**(5,649)**	**(2,072)**	**(107,315)**	**(9,264)**	**(20,007)**	**(759,697)**
Total impairment (Note 6)	**(7,051)**	**(50,128)**	**(8,115)**	-	**(33,376)**	-	-	-	**(5,972)**	-	-	-	-	-	**(104,642)**
Total net value	**127,448**	**37,896**	**5,216**	**20,885**	**18,916**	**24,877**	**21,512**	**62,364**	**4,851**	**4,863**	**1,504**	**45,935**	**38,732**	**10,811**	**425,810**

6. Impairment of assets

Note 6 to the consolidated financial statements for 2020 details the various items included under this heading.

At each annual reporting date the Group's management team reviews performance based on the types of business and the various geographical areas. Also, at the interim closings the Group's management team performs an impairment test on the cash-generating units for which there are indications of impairment.

At 30 June 2021, the Parent's Directors consider that there are no significant indications of impairment of any of the cash-generating units and, therefore, no significant asset impairment losses were recognised or reversed in the first half of 2021.

7. Property, plant and equipment

The changes in the first half of 2021 and in 2020 in the various property, plant and equipment accounts and in the related accumulated depreciation and provisions were as follows:

	30 June 2021 - Thousands of Euros						
	Balance at 1 January 2021	Changes in the scope of consolidation	Additions or charge for the year	Disposals or reductions	Transfers	Change in exchange rate and other	Balance at 30 June 2021
Cost:							
Land and constructions	158,323	8,232	1,161	(3,359)	2,748	1,237	168,342
Plant and machinery	349,843	54,528	7,494	(1,897)	3,809	4,405	418,182
Other fixtures, tools and furniture	83,320	2,402	977	(554)	1,001	261	87,407
Other items of property, plant and equipment	66,604	5,212	1,997	(10,658)	(95)	891	63,951
Advances and property, plant and equipment in progress	17,650	907	5,735	(163)	(8,690)	239	15,678
Grants	(1,819)	(295)	-	(1,085)	-	(39)	(3,238)
Total cost	**673,921**	**70,986**	**17,364**	**(17,716)**	**(1,227)**	**6,994**	**750,322**
Accumulated depreciation:							
Land and constructions	(70,152)	(2,409)	(3,258)	609	(1)	(570)	(75,781)
Plant and machinery	(244,655)	(44,783)	(13,099)	1,224	1,482	(3,227)	(303,058)
Other fixtures, tools and furniture	(61,053)	(2,165)	(1,749)	474	(553)	(251)	(65,297)
Other items of property, plant and equipment	(61,581)	(4,430)	(1,484)	6,454	184	(767)	(61,624)
Total accumulated depreciation	**(437,441)**	**(53,787)**	**(19,590)**	**8,761**	**1,112**	**(4,815)**	**(505,760)**
Total impairment	**(3,902)**	**-**	**(875)**	**791**	**-**	**(20)**	**(4,006)**
Total net value	**232,578**	**17,199**	**(3,101)**	**(8,164)**	**(115)**	**2,159**	**240,556**

	2020 - Thousands of Euros						
	Balance at 1 January 2020	Changes in the scope of consolidation	Additions or charge for the year	Disposals or reductions	Transfers	Changes in exchange rates and other	Balance at 31 December 2020
Cost:							
Land and buildings	162,309	4,363	3,960	(7,437)	(162)	(4,710)	158,323
Plant and machinery	329,408	34,369	16,882	(24,836)	203	(6,183)	349,843
Other fixtures, tools and furniture	82,149	859	3,594	(2,176)	(109)	(997)	83,320
Other items of property, plant and equipment	76,890	600	4,872	(7,157)	(2,923)	(5,678)	66,604
Advances and property, plant and equipment in progress	14,164	138	15,751	(124)	(11,546)	(733)	17,650
Grants	(1,036)	-	8	(791)	-	-	(1,819)
Total cost	**663,884**	**40,329**	**45,067**	**(42,521)**	**(14,537)**	**(18,301)**	**673,921**
Accumulated depreciation:							
Land and buildings	(70,719)	(724)	(5,913)	3,341	2,545	1,318	(70,152)
Plant and machinery	(233,468)	(22,259)	(23,198)	21,350	8,676	4,244	(244,655)
Other fixtures, tools and furniture	(60,948)	(554)	(3,163)	2,075	691	846	(61,053)
Other items of property, plant and equipment	(67,534)	(414)	(5,717)	6,378	2,335	3,371	(61,581)
Total accumulated depreciation	**(432,669)**	**(23,951)**	**(37,991)**	**33,144**	**14,247**	**9,779**	**(437,441)**
Total impairment	**(4,481)**	-	**(150)**	**625**	-	**104**	**(3,902)**
Total net value	**226,734**	**16,378**	**6,926**	**(8,752)**	**(290)**	**(8,418)**	**232,578**

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

8. Non-current financial assets

Note 8 to the consolidated financial statements for 2020 details the various items included under this heading.

In the first half of 2021, there have not been other significant changes under this heading with respect to 31 December 2020.

At 30 June 2021, "Non-Current Financial Assets" included EUR 7.7 million (December 2020: EUR 6.1 million) relating to restricted cash deposits securing certain signed agreements.

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

The detail of these headings at 30 June 2021 and 31 December 2020 is as follows:

	Thousands of Euros	
	30/06/2021	31/12/2020
Trade receivables for sales and services	237,797	248,676
Work in progress	134,396	95,721
Provision for doubtful debts	(22,830)	(23,027)
Trade receivables for sales and services	**349,363**	**321,370**
Trade receivables from related companies	251	253
Other receivables	26,193	14,825
Other accounts receivable from public authorities	4,904	4,679
Total trade and other receivables	**380,711**	**341,127**

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

The changes in "Provision for doubtful debts" in the first half of 2021 and in 2020 are as follows:

	Thousands of euros
Balance at 1 January 2020	**24,833**
Additions	7,542
Amounts used	(2,298)
Disposals	(5,040)
Effect of exchange rate changes	(2,010)
Balance at 31 December 2020	**23,027**
Additions	2,917
Amounts used	(2,655)
Disposals	(159)
Effect of exchange rate changes	(300)
Balance at 30 June 2021	**22,830**

10. Equity

a) Share capital

At 30 June 2021 and 31 December 2020, the Parent's share capital was represented by 143,018,430 fully subscribed and paid-up ordinary shares of EUR 0.10 par value each.

As per the notifications of the number of shares submitted to the Spanish National Securities Market Commission (CNMV), the shareholders owning significant direct and indirect interests in the share capital of the Parent representing more than 3% of the total share capital at 30 June 2021 were as follows:

Company	% of share
River & Mercantile Group P.L.C	5.05%
Southeastern Asset Management Inc.	3.33%
Threadneedle Asset Management Limited	3.09%
Harris Associates LP	3.02%

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

b) *Reserves and share premium*

The Parent's legal reserve at 30 June 2021 amounts to EUR 2,860 thousand which is equivalent to the 20% of capital.

The total amount of share premium at 30 June 2021 is EUR 449,391 thousand and it is fully available.

c) *Treasury shares*

At 30 June 2021, the Group held a total of 158,098 treasury shares at an average cost of EUR 8.39 per share. The value of these treasury shares totalled EUR 1,326 thousand, which is recognised under "Treasury Shares" in the accompanying interim condensed consolidated statement of financial position at 30 June 2021.

At 31 December 2020, the Group held a total of 317,809 treasury shares at an average cost of EUR 8.38 per share. The value of these treasury shares totalled EUR 2,664 thousand.

In February and March 2021 the Group delivered to the Executive Directors, Senior Executives and certain executives a total of 159,711 shares, in accordance with the new incentive plan granted (see Note 19).

d) *Distribution of profit*

On 28 May 2021, the shareholders at Annual General Meeting of the Parent Company resolved to allocate EUR 13,956 thousand of the Parent's profit for 2020 and part of voluntary reserves EUR 7,497 thousand to dividends for a value of EUR 21,453 thousand.

The resulting distributed dividend was, therefore, 0.15 euros per share for all shares with the right to receive dividends.

On 8 July 2021 this dividend was paid.

e) *Profit per share*

The profit per share is calculated on the basis of the profit attributable to the shareholders of the Parent divided by the average number of ordinary shares outstanding in the year. At 30 June 2021 and 2020 the profit per share is as follows:

	30/06/2021	30/06/2020
Number of shares	143,018,430	143,018,430
Average number of shares	143,018,430	143,018,430
Net consolidated profit attributable to the Parent (thousands of euros)	14,730	(169,853)
Number of treasury shares	158,098	117,809
Total number of shares	143,018,430	143,018,430
Profit per share (in euros per share)		
- Basic	0.10	(1.19)
- Diluted	0.10	(1.19)

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

f) Foreign currency translation reserve

The detail of "Foreign currency translation reserve" in the interim condensed consolidated statement of financial position as at 30 June 2021 and the consolidated statement of financial position as at 31 December 2020 is as follows:

	Thousands of Euros	
	30/06/2021	31/12/2020
Applus+ Energy & Industry	(15,602)	(21,349)
Applus+ Laboratories	(1,671)	(1,993)
Applus+ Automotive	(53,783)	(55,635)
Applus+ IDIADA	(170)	(754)
Other	739	120
Total	**(70,487)**	**(79,611)**

g) *Non-controlling interests*

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

	30 June 2021 - Thousands of Euros		
	Share capital and reserves	Profit (Loss)	Total
LGAI Technological Center, S.A. subgroup	16,276	418	16,694
Idiada Automotive Technology, S.A. subgroup	10,333	1,536	11,869
Arctosa Holding B.V. subgroup	(394)	48	(346)
Velosi S.à.r.l subgroup	5,652	978	6,630
Applus Iteuve Technology, S.L.U. subgroup	6,118	5,324	11,442
Total non-controlling interests	**37,985**	**8,304**	**46,289**

	2020 - Thousands of Euros		
	Share capital and reserves	Profit (Loss)	Total
LGAI Technological Center, S.A. subgroup	15,691	1,100	16,791
IDIADA Automotive Technology, S.A. subgroup	9,738	356	10,094
Arctosa Holding B.V. subgroup	(156)	(235)	(391)
Velosi S.à r.l subgroup	7,125	3,684	10,809
Applus Iteuve Technology, S.L.U. subgroup	(914)	12,246	11,332
Total non-controlling interests	**31,484**	**17,151**	**48,635**

11. Obligations and bank borrowings

The detail, by maturity, of the obligations and bank borrowings at 30 June 2021 and 31 December 2020 in the interim condensed consolidated statement of financial position is as follows:

	30 June 2021 - Thousands of Euros						
	Limit	Short Term Drawn	Long Term Drawn				Total
			2022	2023	2024	2025 onwards	
Facility A "Term Loan"	**200,000**	-	-	-	-	200,000	**200,000**
Facility B "Revolving Credit Facility"	**400,000**	-	-	-	-	132,407	**132,407**
US Private Placement lenders	**330,000**	-	-	-	-	330,000	**330,000**
Bilateral facilities	**50,000**	16,666	16,667	16,667	-	-	**50,000**
Accrued interests	-	3,091	-	-	-	-	**3,091**
Debt Arrangement fees	-	(973)	(491)	(539)	(131)	(170)	**(2,304)**
Other loans	-	484	41	83	22	264	**894**
Credit facilities	**189,347**	20,536	-	-	-	-	**20,536**
Obligations under finance leases	-	201	101	112	86	-	**500**
Total	**1,169,347**	**40,005**	**16,318**	**16,323**	**(23)**	**662,501**	**735,124**

	2020 - Thousands of Euros						
	Limit	Short Term Drawn	Long Term Drawn				Total
			2022	2023	2024	2025 onwards	
Facility A "Term Loan"	**200,000**	-	-	-	-	200,000	**200,000**
Facility B "Revolving Credit Facility"	**400,000**	-	-	-	-	225,869	**225,869**
US Private Placement lenders	**230,000**	-	-	-	-	230,000	**230,000**
Bilateral facilities	**50,000**	20,000	20,000	10,000	-	-	**50,000**
Accrued interests	-	2,959	-	-	-	-	**2,959**
Debt Arrangement fees	-	(973)	(973)	(539)	(131)	(170)	**(2,786)**
Other loans	-	638	292	145	22	264	**1,361**
Credit facilities	**186,848**	7,159	-	-	-	-	**7,159**
Obligations under finance leases	-	2,994	1,029	465	311	26	**4,825**
Total	**1,066,848**	**32,777**	**20,348**	**10,071**	**202**	**655,989**	**719,387**

At 30 June 2021, the consolidated Group's debt structure is mainly composed of a portion of syndicated bank borrowings and two separately placed private debt borrowings with 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 private debt is EUR 330 million and includes the new private debt placement of EUR 100 million carried out in 2021, bearing interest at a market rate and with final maturity in June 2036.

In relation to the bilateral loan, on 9 April 2021 a grace period of one year was agreed upon, with the first repayment set for April 2022, without altering the final maturity date of April 2023.

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. At 30 June 2021 this credit facility has not been drawn.

The Group had liquidity of EUR 585 million at 30 June 2021, taking into account cash and cash equivalents reflected in the accompanying interim condensed consolidated statement of financial position and the undrawn balances of the financing lines detailed previously.

a) *Syndicated loan and private placement debt*

The syndicated loan bears interest at Euribor for tranches in euros and at Libor for tranches in foreign currency (CAD 64 million and USD 9.3 million drawn down at 30 June 2021) plus a spread based on a leverage grid for each Facility.

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

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

The detail of syndicated loan and the private placement debt at 30 June 2021 and at 31 December 2020 is as follows:

First half of 2021

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	132,407	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	-	2,909	
Debt arrangement expenses	-	(2,304)	
Total	**930,000**	**663,012**	

2020

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	225,869	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
Accrued Interests	-	2,772	
Debt arrangement expenses	-	(2,786)	
Total	**830,000**	**655,855**	

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

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

In 2020 the Group obtained approval from the banks and institutional investors for an increase in the limit of the aforementioned ratio, for the periods ending 31 December 2020 and 30 June 2021, subject to certain terms and conditions.

At 30 June 2021, the ratio calculated on the basis of the contractually established definitions of net consolidated debt and consolidated EBITDA, was 2.7x.

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

The Group also has to fulfil certain obligations under the syndicated loan and the private placement agreement which relate mainly to disclosure requirements concerning its consolidated financial statements and negative undertakings to not perform certain transactions without the lender's and investor's consent, such as certain mergers or changes of business activity (see Note 17.b).

a.2) Guarantees given

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

b) Credit facilities and other loans

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

The Group entered into a non-recourse factoring agreement to sell outstanding receivables from customers for up to a maximum of EUR 25 million bearing interest at the market rate, of which EUR 12,662 thousand had been used at 30 June 2021 (2020 year-end: EUR 6,441 thousand).

c) Disclosure for currency of obligations and bank borrowings

The detail of the main current and non-current obligations and bank borrowings at 30 June 2021 and 31 December 2020, by currency, is as follows:

	30 June 2021 – Thousands of Euros						
	Euro	US dollar	Canadian dollar	Colombian Peso	Chilean Peso	Others	Total
Syndicated loan	281,620	7,799	43,593	-	-	-	**333,012**
US Private Placement	330,000	-	-	-	-	-	**330,000**
Bilateral facilities	50,182	-	-	-	-	-	**50,182**
Other loans	547	-	-	-	285	62	**894**
Credit facilities	14,916	3,701	80	1,434	-	405	**20,536**
Finance leases	130	125	-	-	214	31	**500**
Total	**677,395**	**11,625**	**43,673**	**1,434**	**499**	**498**	**735,124**

	2020 – Thousands of Euros						
	Euro	US dollar	Canadian dollar	Malaysian Ringgit	Chilean Peso	Others	Total
Syndicated loan	379,986	-	45,869	-	-	-	**425,855**
US Private Placement	230,000	-	-	-	-	-	**230,000**
Bilateral facilities	50,187	-	-	-	-	-	**50,187**
Other loans	753	-	-	-	416	192	**1,361**
Credit facilities	3,680	3,061	-	145	-	273	**7,159**
Finance leases	32	4,456	-	-	290	47	**4,825**
Total	**664,638**	**7,517**	**45,869**	**145**	**706**	**512**	**719,387**

12. Financial risks and derivative financial instruments

In the first six months of 2021 and in 2020, the Applus Group had not arranged any derivative financial instruments.

The financial risks to which the Group is exposed are the same as those indicated in Note 16 to the consolidated financial statements for 2020.

13. Leases

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

The amounts related to operating leases recognised in the interim condensed consolidated statement of financial position as at 30 June 2021 is as follows:

Rights of use

	Thousands of Euros	
	Net value	
	30/06/2021	31/12/2020
Rights of use		
Offices	116,944	121,269
Rights of use of facilities (fixed levies)	25,137	27,655
Vehicles	23,429	18,472
Machinery	11,995	6,295
Land	5,792	4,376
Hardware	873	1,091
Total	**184,170**	**179,158**

Lease liabilities

	Thousands of Euros	
	30/06/2021	31/12/2020
Lease liabilities		
Current	54,542	51,170
Non-current	145,745	144,379
Total	**200,287**	**195,549**

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

At 30 June 2021, the amounts related to leases recognised in the interim condensed consolidated statement of profit or loss are as follows: amortisation of the right-of-use assets for an amount of EUR 25,668 thousand (first half of 2020: EUR 22,613 thousand), basically offices and vehicles; finance costs on lease liabilities for an amount of EUR 3,847 thousand (first half of 2020: EUR 4,037 thousand) (see Note 14.b); and 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 31,295 thousand (first half of 2020: EUR 19,247 thousand), which correspond, basically, to auto stations' variable rent levies of the Automotive division for an amount of EUR 19,427 (first half of 2020: EUR 9,600 thousand).

In the first half of 2021 the consolidated EBITDA impact corresponds to minor operating lease expenses amounting EUR 29,587 thousand (first half of 2020: EUR 26,928 thousand).

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

In the six-month period ended 30 June 2021, the total amount of cash outflows relating to leases amounted to EUR 29,587 thousand (first half of 2020: EUR 26,928 thousand).

d) Leases in which the Group acts as lessee

All amounts recognised in the interim condensed consolidated statement of financial position as at 30 June 2021 and 2020 relate to leases in which the Group acts as lessee.

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

In the first half of 2021 and 2020, the Group has not recognised gains or losses in the interim condensed consolidated statement of profit or loss arising from sale and leaseback transactions.

New lease contracts additions amounting to EUR 25 million relate mainly to laboratories of companies acquired in the first half of 2021 (see Note 3.c.) and extensions of equipment's and vehicle's contracts.

In the first half of 2020 new lease contracts were registered as additions amounting to EUR 24.5 million as a consequence of the signature of the contract for the provision of statutory vehicle inspection services in Ireland with local authorities for ten years from 27 June 2020.

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

14. Operating income and expenses

a) *Staff costs*

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

	Thousands of Euros	
	30/06/2021	30/06/2020
Wages, salaries and similar expenses	379,988	337,240
Severances	2,708	3,627
Employee benefit costs	54,308	51,326
Other staff costs	38,695	38,575
Total	**475,699**	**430,768**

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

	Average number of employees		
	First half of 2021		
Professional category	Men	Women	Total
Top management	153	22	175
Middle management	517	116	633
Supervisors	1,201	305	1,506
Operational employees & others	17,118	4,133	21,251
Total	**18,989**	**4,576**	**23,565**

	Average number of employees		
	First half of 2020		
Professional category	Men	Women	Total
Top management	142	21	163
Middle management	379	94	473
Supervisors	985	220	1,205
Operational employees & others	15,910	3,972	19,882
Total	**17,416**	**4,307**	**21,723**

Also, the distribution of the workforce, by gender and category at the end of the first half of 2021 and 2020, is as follows:

Professional category	Number of employees First half of 2021		
	Men	Women	Total
Top management	157	21	178
Middle management	517	119	636
Supervisors	1,213	311	1,524
Operational employees & others	17,426	4,250	21,676
Total	**19,313**	**4,701**	**24,014**

Professional category	Number of employees First half of 2020		
	Men	Women	Total
Top management	137	21	158
Middle management	372	96	468
Supervisors	989	222	1,211
Operational employees & others	15,410	3,871	19,281
Total	**16,908**	**4,210**	**21,118**

b) Financial result

The breakdown of the financial result in the first half of 2021 and 2020 is as follows:

	Thousands of Euros	
	30/06/2021	30/06/2020
Finance income:		
Other finance income from third parties	1,293	671
Total finance income	**1,293**	**671**
Finance costs:		
Borrowing costs relating to syndicated loan and US Private Placement (Note 11)	(5,928)	(4,989)
Other finance costs paid to third parties	(2,656)	(2,000)
Finance costs on leasing liabilities (Note 13)	(3,847)	(4,037)
Exchange differences	55	(685)
Total finance costs	**(12,376)**	**(11,711)**
Gains or losses on the net monetary position (Hyperinflation)	(347)	(587)
Total Financial Result	**(11,430)**	**(11,627)**

15. Corporate income tax

a) Deferred tax assets

The detail of "Deferred Tax Assets" recognised in the accompanying interim condensed consolidated statement of financial position as at 30 June 2021 and the consolidated statement of financial position as at 31 December 2020 is as follows:

	Thousands of Euros	
	30/06/2021	31/12/2020
Tax credit for tax loss carryforwards	24,881	26,271
Withholding taxes and other tax credits	14,908	12,190
Temporary differences	26,589	25,699
Total deferred tax assets	**66,378**	**64,160**

The deferred tax assets recognised in the interim condensed consolidated statement of financial position relate mainly to Spanish Group companies and amounted to EUR 37,842 thousand at 30 June 2021 (31 December 2020: EUR 38,680 thousand). Based on the expected positive results of the Spanish companies, the Group reassessed the probable recoverability of the deferred tax assets recognised in the foreseeable future over a period of time less than ten years.

b) Deferred tax liabilities

"Deferred Tax Liabilities" in the accompanying interim condensed consolidated statement of financial position as at 30 June 2021 and the consolidated statement of financial position as at 31 December 2020 includes mainly the following items:

	Thousands of Euros	
	30/06/2021	31/12/2020
Temporary differences associated with:		
Recognition at fair value of the identifiable in acquisitions of business combinations	83,527	88,925
Depreciation and amortisation and measurement of assets and goodwill	20,626	20,242
Amortisation of goodwill paid in the acquisition of foreign companies by Spanish companies	7,156	6,838
Other deferred tax liabilities	11,460	12,095
Total deferred tax liabilities	**122,769**	**128,100**

c) Years open for review and tax audits

At 30 June 2021 the Spanish companies which belong to Spanish tax group have 2018 and 2019 years open for review by the tax authorities for the Corporate income tax and 2018-2020 for 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.

Note 20.f to the consolidated financial statements for 2020 details the main audit and tax contingencies the Group faces. In this connection, there have been no significant developments in the first half of 2021 with respect to the main inspection procedures in progress and the Parent's Directors do not expect significant additional liabilities to arise.

16. Segmented information

a) Financial information by business segment

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

The financial information, by segment, in the interim condensed consolidated statement of profit or loss in the first half of 2021 and of 2020 is as follows (in thousands of euros):

First half of 2021

	Applus + Energy & Industry	Applus + Laboratories	Applus + Automotive	Applus + IDIADA	Other	Total
Revenue	434,934	65,568	235,187	107,297	7	**842,993**
Operating expenses	(406,545)	(55,815)	(186,851)	(98,770)	(14,697)	**(762,678)**
Adjusted Operating Profit	**28,389**	**9,753**	**48,336**	**8,527**	**(14,690)**	**80,315**
Amortisation of non-current assets identified in business combinations (Note 5)	(5,248)	(3,313)	(14,673)	(2,158)	-	**(25,392)**
Other results						**(9,155)**
Operating profit						**45,768**

First half of 2020

	Applus+ Energy & Industry	Applus+ Laboratories	Applus+ Automotive	Applus+ IDIADA	Other	Total
Revenue	456,191	40,688	144,027	100,317	13	**741,236**
Operating expenses	(442,035)	(36,878)	(118,210)	(96,344)	(13,257)	**(706,724)**
Adjusted Operating Profit	**14,156**	**3,810**	**25,817**	**3,973**	**(13,244)**	**34,512**
Amortisation of non-current assets identified in business combinations (Note 5)	(8,497)	(713)	(17,795)	(2,158)	-	**(29,163)**
Other results						**(167,268)**
Operating profit						**(161,919)**

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

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

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

The finance costs were allocated mainly to the "Other" segment as it is the Holding division who manages bank borrowings (see Note 11).

The current, non-current assets and liabilities, by business segment, at 30 June 2021 and 31 December 2020 are as follows (in thousands of euros):

30 June 2021

	Applus + Energy & Industry	Applus + Laboratories	Applus + Automotive	Applus + IDIADA	Other	Total
Goodwill	242,568	155,825	288,049	28,005	1,262	715,709
Other intangible assets	100,133	60,719	205,998	22,750	9,878	399,478
Rights of use	43,402	30,202	73,942	35,615	1,009	184,170
Property, plant and equipment	76,296	43,920	81,975	37,077	1,288	240,556
Investments accounted for using the equity method	492	-	-	-	-	492
Non-current financial assets	8,490	749	4,862	1,006	-	15,107
Deferred tax assets	24,693	1,974	9,171	3,514	27,026	66,378
Total non-current assets	**496,074**	**293,389**	**663,997**	**127,967**	**40,463**	**1,621,890**
Total current assets	**370,410**	**59,129**	**61,874**	**76,266**	**14,738**	**582,417**
Total liabilities	**292,759**	**92,363**	**279,611**	**113,002**	**787,717**	**1,565,452**

2020

	Applus + Energy & Industry	Applus + Laboratories	Applus + Automotive	Applus + IDIADA	Other	Total
Goodwill	208,395	134,135	292,041	29,627	1,258	665,456
Other intangible assets	104,072	62,364	223,686	24,877	10,811	425,810
Rights of use	40,451	26,004	78,080	33,624	999	179,158
Property, plant and equipment	78,637	30,226	84,114	38,639	962	232,578
Investments accounted for using the equity method	542	-	-	-	-	542
Non-current financial assets	8,333	733	4,913	991	-	14,970
Deferred tax assets	21,535	1,940	9,202	3,210	28,273	64,160
Total non-current assets	**461,965**	**255,402**	**692,036**	**130,968**	**42,303**	**1,582,674**
Total current assets	**343,177**	**57,162**	**59,524**	**79,375**	**35,068**	**574,306**
Total liabilities	**277,522**	**85,687**	**287,004**	**123,490**	**749,404**	**1,523,107**

The additions to intangible assets and also to property, plant and equipment, by business segment, in the first half of 2021 and 2020 are as follows (in thousands of euros):

	Applus + Energy & Industry	Applus + Laboratories	Applus + Automotive	Applus + IDIADA	Other	Total
Capex - first half of 2021	7,629	4,262	3,825	4,595	481	**20,792**
Capex - first half of 2020	8,595	1,404	4,622	2,522	137	**17,280**

b) Financial information by geographical segment

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

The sales by geographical area, in the first half of 2021 and 2020, are as follows:

	Thousands of Euros	
	30/06/2021	30/06/2020
Spain	208,727	163,823
Rest of Europe	249,019	185,454
US and Canada	134,623	138,875
Asia and Pacific	97,778	86,977
Latin America	89,085	84,259
Middle East and Africa	63,761	81,848
Total	**842,993**	**741,236**

The non-current assets, by geographical area, at 30 June 2021 and 31 December 2020 are as follows (in thousands of euros):

Total non-current assets	Spain	Rest of Europe	US and Canada	Asia and Pacific	Latin America	Middle East and Africa	Total
30 June 2021	802,901	405,028	195,592	124,923	73,623	19,823	**1,621,890**
31 December 2020	800,864	394,671	194,212	102,608	75,414	14,905	**1,582,674**

17. Non-current provisions, obligations acquired and contingencies

a) Non-current provisions

Note 17 to the consolidated financial statements for 2020 details the various items included under this heading.

In the first half of 2021 there were no significant changes with respect to 31 December 2020.

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

b) Guarantees and obligations acquired

Note 27.a to the consolidated financial statements for 2020 details the guarantees provided by the Group.

In the first half of 2021 there were no significant changes in the guarantees granted with respect to 31 December 2020.

The Parent's Directors do not expect any material liabilities additional to those recognised in the accompanying interim condensed consolidated statement of financial position as at 30 June 2021 to arise as a result of the transactions described in Note 27.a to the consolidated financial statements for 2020.

c) Contingencies

Note 27.b to the consolidated financial statements for 2020 details the main contingencies the Group faces.

There were no changes in this connection in the first half of 2021.

At 30 June 2021, the Parent's Directors were not aware of any significant claims brought by third parties or of any ongoing legal proceedings against the Group that, in their opinion, could have a material impact on these interim condensed consolidated financial statements.

18. Transactions and balances with related parties

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

- The significant shareholders of Applus Services, S.A. understood to be shareholders holding directly or indirectly 3% or more of the shares, and shareholders which, without being significant, have exercised the power to propose the appointment of one member of the Board of Directors.

- The Directors and Senior Executive, as well as close members of those persons' family. "Director" means a member of the Board of Directors and "Senior Executive" means persons reporting directly to the Board of Directors or to the Chief Executive Officer (CEO) of the Group.

- Associates of the Group.

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

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

Transactions with related companies

In the first half of 2021, the Parent and its subsidiaries performed the following transactions with related companies:

	Thousands of Euros					
	First half of 2021			First half of 2020		
	Operating revenue	Procurements	Other expenses	Operating revenue	Procurements	Other expenses
Velosi (B) Sdn	75	-	-	172	-	-
Total	**75**	-	-	**172**	-	-

Balances with related companies

a) Receivables from related companies:

	Thousands of Euros	
	Trade receivables from related companies	
	30/06/2021	31/12/2020
Velosi (B) Sdn Bhd	251	253
Total	**251**	**253**

b) Payables to related companies:

	Thousands of Euros	
	Trade and other payables to related companies	
	30/06/2021	31/12/2020
Velosi (B) Sdn Bhd	1	-
Total	**1**	-

The transactions and balances between the Applus Group and related parties (Directors and Senior Executives) are detailed in Note 19.

There were no transactions or significant amounts outstanding with the Group's significant shareholders in the first half of 2021 and 2020.

19. Disclosures on the Board of Directors and Senior Executives

Remuneration of and obligations to the Board of Directors

The detail of the remuneration earned by the Executive Directors and the rest of the Parent's Directors (including employee benefits) in the first half of 2021 and of 2020 is as follows:

a) Biannual remuneration:

	Thousands of Euros					
	30/06/2021			30/06/2020		
	Executive Directors	Members of the Board of Directors	Total	Executive Directors	Members of the Board of Directors	Total
Fixed remuneration	538	-	**538**	476	-	**476**
Variable remuneration	394	-	**394**	268	-	**268**
Other items	33	-	**33**	64	-	**64**
Non Executive Chairman and Independent Directors	-	335	**335**	-	285	**285**
Environmental, Social and Governance Committee	-	25	**25**	-	21	**21**
Appointments & Compensation Committee	-	35	**35**	-	30	**30**
Audit Committee	-	45	**45**	-	38	**38**
Total	**965**	**440**	**1,405**	**808**	**374**	**1,182**

Fixed remuneration includes RSUs amounting to EUR 29 thousand corresponding to the Chief Financial Officer. These RSUs will be convertible to shares three years after the date on which they were granted.

59.51% of the Executive Directors 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. These RSUs amounted to EUR 145 thousand in the six-month period ended 30 June 2021.

The detail of the RSU plans in force is disclosed in Note 29 to the consolidated financial statements for 2020 and in the Remuneration Report.

In the first half of 2021 the Executive Directors and the members of the Board of Directors did not earn or receive any termination benefits.

Additionally to the aforementioned concepts, the retirement plan benefits earned by the Executive Directors in the first half of 2021 amounted to EUR 26 thousand.

In 2020 the Group's Board of Directors decided to reduce its remuneration during the months of maximum uncertainty.

b) Long-Term Incentive (LTI):

Under the remuneration policy in force since 2016, the Executive Directors receive annually performance stock units (PSUs) that are convertible into shares of the Parent three years after the date on which they are granted. The expense recognised in this connection amounted to EUR 254 thousand in the first half of 2021.

The detail of the PSU plans in force is disclosed in Note 29 to the consolidated financial statements for 2020 and in the Remuneration Report.

At 30 June 2021, no loans or advances had been granted to the members of the Parent's Board of Directors.

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

The Parent's Board of Directors at 30 June 2021 is made up of 6 men and 3 women. At 30 June 2020 it was made up of 7 men and 3 women.

<u>Remuneration of and obligations to Senior Executives</u>

Senior Executives are those who are part of the Group's Management. In relation to remuneration information, the internal auditor was also included, as defined in current accounting legislation and in the Report of the Special Working Group on the Good Governance of Listed Companies published by the Spanish National Securities Market Commission (CNMV) on 16 May 2006.

The breakdown, by item, of the remuneration earned in the first half of 2021 and of 2020 by the Group's Senior Executives is as follows:

a) Remuneration for the half-year period:

	Thousands of Euros	
	30/06/2021	30/06/2020
Fixed remuneration	1,866	1,804
Variable remuneration	778	518
Other items	305	307
Termination benefits	804	204
Pension plans	52	66
Total	**3,805**	**2,899**

The fixed remuneration of certain Senior Executives includes a portion in RSUs amounting to EUR 128 thousand, which are convertible to shares three years after the date on which they are granted.

66.64% of the Senior Executives' variable remuneration is given in cash, with the rest comprising RSUs convertible to shares three years after the date on which they are granted, 30% of which are granted in each of the first two years and the remaining 40% are granted in the third year.

The detail of the plans in force is disclosed in Note 29 to the consolidated financial statements for 2020.

In 2020 the Seniors Executive decided to reduce its remuneration during the months of maximum uncertainty.

In 2021 termination benefits amounting EUR 804 thousand have been registered.

b) Multiannual remuneration and long-term incentive:

Under the remuneration policy in force since 2016, the Senior Executives receive annually performance stock units (PSUs) that are convertible into shares of the Parent three years after the date on which they are granted. The expense recognised in this connection amounted to EUR 170 thousand in the first half of 2021.

The detail of the PSU plans in force is disclosed in Note 29 to the consolidated financial statements for 2020.

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

The Group's Senior Executives, Internal Auditor not considered, is made up of 14 men and 3 women at 30 June 2021. At 30 June 2020 it was made up of 15 men and 3 women.

20. Events after the reporting period

No significant events occurred from 30 June 2021 to the date of authorisation for issue of these interim condensed consolidated financial statements other than those already included in these explanatory notes that should be included in, or modify or significantly affect, these interim condensed consolidated financial statements for the six-month period ended 30 June 2021.

21. Explanation added for translation to English

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

Overview of performance

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 is adjusted for acquisitions or disposals in the prior twelve-month period and is stated at constant exchange rates, taking the current year average rates used for the income statements and applying them to the results in the prior period.

In the table below the adjusted results are presented alongside the statutory results.

EUR Million	H1 2021			H1 2020			+/- % Adj. Results
	Adj. Results	Other results	Statutory results	Adj. Results	Other results	Statutory results	
Revenue	843.0	0.0	843.0	741.2	0.0	741.2	13.7%
Ebitda	134.3	0.0	134.3	85.4	0.0	85.4	57.3%
Operating Profit	80.3	(34.5)	45.8	34.5	(196.4)	(161.9)	132.6%
Net financial expenses	(11.4)	0.0	(11.4)	(11.6)	0.0	(11.6)	
Profit Before Taxes	68.8	(34.5)	34.3	22.9	(196.4)	(173.6)	200.9%
Current Income tax	(17.2)	5.9	(11.3)	(13.8)	7.5	(6.3)	
Extraordinary Income tax	0.0		0.0	0.0	17.0	17.0	
Non controlling interests	(8.3)	0.0	(8.3)	(7.0)	0.0	(7.0)	
Net Profit	43.3	(28.6)	14.7	2.1	(171.9)	(169.9)	
Number of Shares	143,018,430		143,018,430	143,018,430		143,018,430	
EPS, in Euros	0.30		0.10	0.01		(1.19)	
Income Tax/PBT	*(25.0)%*		*(32.9)%*	*(60.3)%*		*3.6%*	

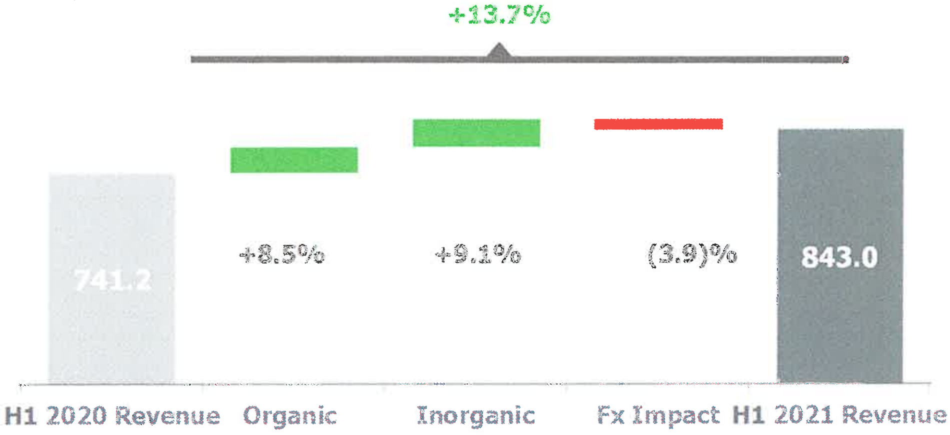
The figures shown in the table above are rounded to the nearest €0.1 million.

Other results of €34.5 million (H1 2020: €196.4m) in the Operating Profit represent amortisation of acquisition intangibles of €31.1 million (H1 2020: €29.2m) plus €3.4 million of transaction costs and other items (H1 2020: €2.2m). Tax of €5.9 million (H1 2020: €7.5m) relates to the tax impact on these Other results. In H1 2020 there was in addition an impairment of goodwill and non-current assets of €165.0 million and an associated reduction in the deferred tax liability of €17.0 million.

Revenue

Revenue increased by 13.7% to €843.0 million in the six-month period ended 30 June 2021 compared to the same period in the prior year.

The revenue bridge in € million for the half year is shown below and the change in revenue in percent for the second quarter of 2021 is shown below the waterfall chart.



Q2 2021	+ 27.7%	+ 11.5%	(3.3)%	+ 35.9%

The total revenue increase of 13.7% for the period was made up of an increase in organic revenue of 8.5%, the benefit of acquisitions made in the last twelve months of 9.1% and a negative currency translation impact of 3.9%.

In the second quarter, the total revenue was up 35.9% with the organic component of 27.7% plus the contribution from acquisitions of 11.5% less an unfavourable currency translation impact of 3.3%.

The second quarter of 2020 was the first full quarter period to be fully impacted by COVID-19 on the business. The organic revenue is recovering well with the recovery commencing from the third quarter of last year with gradual quarterly improvements in organic revenue change until this current second quarter of 2021 where there has been a material increase in organic revenue change due to the exceptionally soft comparable period.

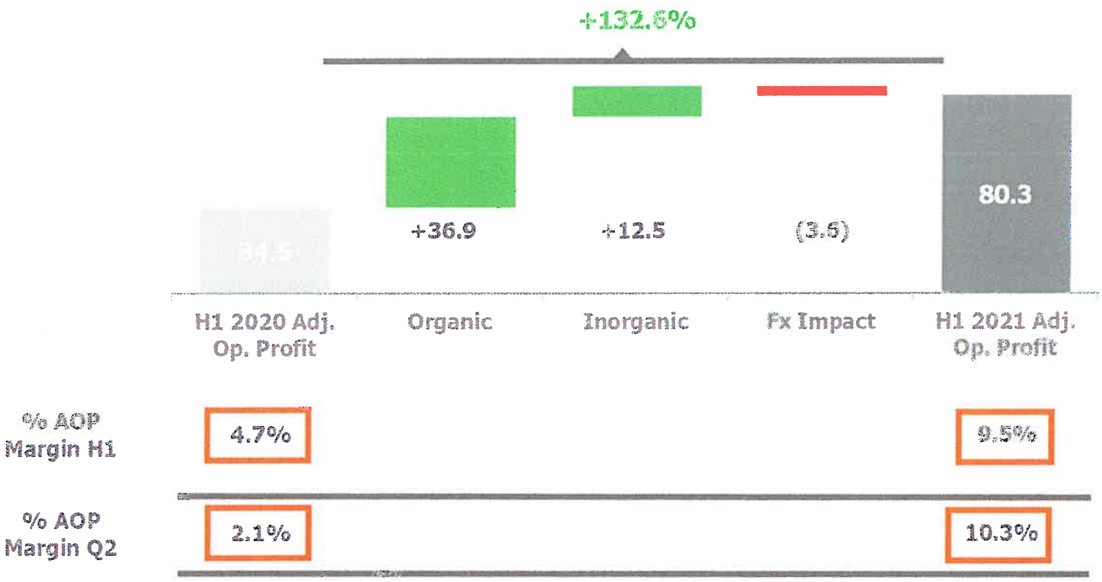
There has been a strong contribution from the acquisitions made in the last twelve months with these adding €65 million in revenue in the half year period or contributing 9% to the growth with these companies in fast growing and high margin businesses.

Compared to same half year period in 2019, before the impact of COVID-19, the business continues to be behind in both total revenue and organic revenue with the shortfall of the total revenue to the first half of 2019 being €33 million or 3.7% and 8.5% for organic revenue.

Adjusted Operating Profit

Adjusted operating profit increased by 132.6% to €80.3 million in the six-month period ended 30 June 2021 compared to the same period in the prior year.

The adjusted operating profit bridge for the half year in € million is shown below, including the amounts relating to organic revenue change, inorganic and the foreign exchange translation impact and the change in adjusted operating profit margin for the first half and for the second quarter of 2021 is shown below the waterfall chart.



The total adjusted operating profit increased from €34.5 million to €80.3 million or an amount of €45.8 million being 133% for the half year. This was made up of an increase in organic adjusted operating profit at constant exchange rates of €36.9 million, a contribution of €12.5 million from the acquisitions made in the previous twelve months, less €3.6 million relating to foreign exchange translation differences. Every division had a significantly higher adjusted operating profit in the first half of this year compared to last year. The margin in the first half of last year was 4.7% and this doubled to 9.5% in the first half of this year.

In the second quarter of last year, the total adjusted operating profit was severely impacted by COVID-19 and was €6.8 million giving a margin of 2.1%. With the strong recovery in the business in this second quarter, the adjusted operating profit was €45.2 million giving a margin of 10.3%.

Compared to the same half year period in 2019, before the impact of COVID-19, the adjusted operating profit and margin are behind with the shortfall of the total adjusted operating profit to the first half of 2019 being €17.9 million or 18% and the margin in the first half of 2019 of 11.2% being higher than the 9.5% in the first half of 2021.

Other Financial Indicators

The statutory or reported operating profit was €45.8 million in the half year compared to a reported operating loss of €161.9 in the first half of 2020. The main reason for the significant increase in the reported profit from H1 2020 was due to a non-cash impairment charge of €165 million taken in the 2020 half year period as well as a significant recovery in the adjusted operating profit in the first half of 2021.

The net financial expense in the profit and loss was approximately flat at €11.4 million.

The profit before tax on an adjusted basis was €68.8 million compared to €22.9 million in H1 2020 and on a statutory basis was a profit of €34.3 million compared to a loss of €173.6 million. The adjusted profit before tax was three times higher than for the corresponding period last year due mainly to the higher adjusted operating profit. The statutory profit before tax was additionally significantly higher due to the impairment charge incurred in 2020.

The effective tax charge for the first half at €17.2 million was higher than the prior year first half of €13.8 million. This gave an effective tax rate of 25.0% being lower than the rate in the prior period of 60.3% and in-line with the rate in the first half of 2019 of 24.8%. The effective tax rate is expected to be similar at the end of the year. On a statutory basis, the reported tax was a charge of €11.3 million versus a credit of €10.7 million in the first half of last year. The statutory tax credit in the first half of last year was due to a release of the deferred tax liabilities of €17.0 million related to the impairment.

Non-controlling interests increased in the half year from €7.0 million in the first half of last year to €8.3 million in the first half of 2021. The increase of €1.3 million is mainly due to the higher profit generated in the minority interests.

The adjusted net profit was €43.3 million and the adjusted earnings per share was 0.30 cents for the first half period compared to €2.1 million and 0.01 cent in the first half of last year. The statutory or reported net profit was €14.7 million giving an earnings per share of 0.10 cents.

Cash Flow and Debt

Cash flow generation is good at Applus+ although compared to the first half of last year the cash flow generation was lower mainly due to the working capital changes in the two periods that largely reflects the changing revenue trends experienced in the corresponding periods. In addition, the cash outflows relating to capital expenditure and taxes were much higher in the first half of this year reflecting the resumption of revenue and profit in the period.

	H1			
	2021	2020	Change	
Adjusted Ebitda	**134.3**	**85.4**	**48.9**	**57.3%**
Change in Working Capital	(52.3)	19.6		
Capex	(18.0)	(12.6)		
Adjusted Operating Cash Flow	**64.0**	**92.4**	**(28.4)**	**(30.8)%**
Taxes paid	(16.4)	(0.3)		
Interest paid	(5.8)	(5.2)		
Adjusted Free Cash Flow	**41.7**	**86.9**	**(45.2)**	**(52.0)%**
Extraordinaries & Others	(1.1)	(2.6)		
Dividends to Minorities	(8.1)	(3.4)		
Operating Cash Generated	**32.6**	**80.9**	**(48.3)**	**(59.7)%**
Acquisitions	(60.5)	(4.5)		
Cash b/Changes in Financing & FX	**(27.9)**	**76.4**		
Payments of lease liabilities (IFRS 16)	(29.6)	(26.9)		
Other changes in financing	15.2	137.5		
Currency translations	1.9	(3.8)		
Cash Increase	**(40.4)**	**183.1**		

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

The increase in working capital of €52.3 million is an unfavourable swing of €71.9 million compared to the first half of 2020 due to the change in revenue trend with the increase in revenue generated in the second quarter requiring working capital investment.

Net capital expenditure on expansion of existing and into new facilities was €18.0 million (H1 2020: €12.6m) which represented 2.1% (H1 2020: 1.7%) of Group revenue.
The increase in taxes paid of €16.1 million reflects the higher expected profits to be made in 2021 as well as last year benefiting from some tax refunds received and some permitted tax payment delays as part of the COVID-19 Government assistance schemes.

Adjusted operating cash flow (after capital expenditure) of €64.0 million was 30.8% lower than for the same period last year when it was €92.4 million. After tax and interest paid, the adjusted free cash flow was €41.7 million, which was 52.0% lower than the first half last year when it was €86.9 million.

The cash outflow of €60.5 million for Acquisitions in the first half relates to the payments made to acquire Inecosa and Adícora from Iberdrola, IMA Dresden and SAFCO.

The final net cash decrease in the period was €40.4 million. This was from the operating cash generated of €32.6 million, less the cash outflow for acquisitions of €60.5 million, the payment or lease liabilities of €29.6 million (from the accounting standard of IFRS16) plus a net increase in the drawdown of borrowings of €15.2 million and a small currency translation difference of €1.9 million.

The financial leverage of the Group is reducing despite the investments made in acquisitions due to the strong increase in the last twelve months EBITDA. At the period end, measured as Net Debt to last twelve months Adjusted EBITDA was 2.7x (as defined by the bank covenant for the syndicated debt facilities), at a lower level to the position at 31 December 2020 when it was 3.0x and at 31 March 2021 when it was 2.9x and considerably lower than the leverage covenant. The next leverage covenant test is at 31 December 2021 and after a period of two tests where the covenant was relaxed, it has been reset back to 4.0x.

At the end of the first half, the amount of cash in the Group was €148.6 million and the undrawn committed facilities at the end of June was €436.4 million giving a total liquidity position of €585.1 million.

Liquidity	
Cash at 30 June 2021	148.6
Undrawn facilities	436.4
Available liquidity	**585.1**

The main borrowings of the Group consist of a bank facility (Term Loan and a revolving credit facility or RCF) that were placed in June 2018 of €600 million, a US private placement (USPP) facility amounting to €230 million placed in July 2018 plus a new USPP borrowing of €100 million placed in this first half period. The bank facility is from a syndicate of twelve banks and had an original maturity date of five years to June 2023 that has been extended by one year on two occasions as permitted under the loan agreement and so now has a maturity date of June 2025. The USPP is from two lenders and are for a term of seven, ten and now also fifteen years, maturing in July 2025, July 2028, June 2031 and June 2036.

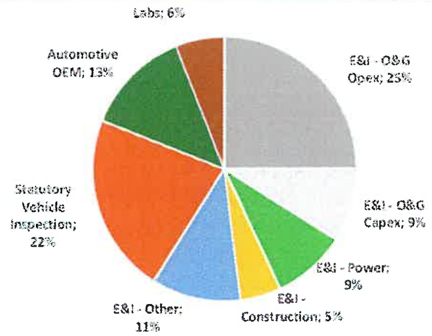
Acquisitions

Applus+ has always been active in investing in companies that add complementary services and end-markets and this has accelerated over the last 18 months with the acquisition of nine companies for a consideration of over €300 million. These bring to the Group an additional €190 million of annual revenue and are already delivering material synergies whilst accelerating the mix in the portfolio of businesses towards markets with higher growth and margins.

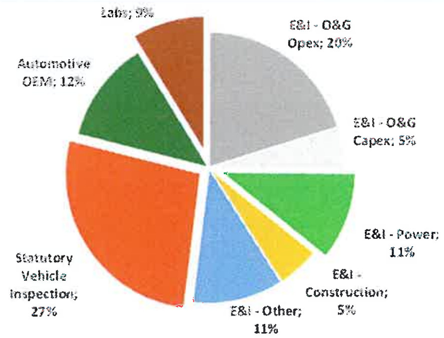
The return on capital employed of these nine acquisitions in the first year is 8.7% and over the next few years this is expected to increase.

Comparing the portfolio of revenue of the Group now including the pro-forma annual revenue of these acquisitions, to 2019 shows the improving mix of business lines with the more cyclical Oil & Gas businesses of which especially Oil & Gas Capex now being a much smaller part of the Group revenue at 5%, and even less in profit, compared to 9% in 2019. Laboratories division, Power within Energy & Industry division and Statutory Vehicle Inspection within Auto division, are all considerably higher.

2019 Portfolio Revenue



Pro-forma 2021 Portfolio Revenue



Outlook

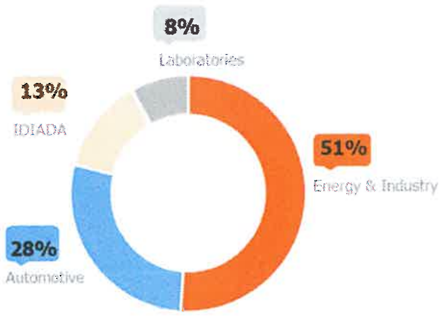
Based on the strong performance seen in the first half and the confidence for the remainder of the year, the outlook for the year has been revised up as revenue growth to be in the mid-teens at constant exchange rates from both organic and acquisitions made to date and margin improving to close to 10%. Furthermore, the inorganic growth strategy will continue to be followed, supported by the liquidity and leverage headroom.

For the longer term, the structural growth drivers in the testing, inspection and certification markets continue to be robust.

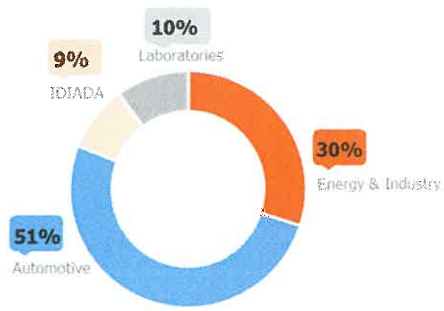
Operating review by division

The Group operates through four global business divisions: Energy & Industry Division, Automotive Division, IDIADA Division and Laboratories Division, and the respective shares of the revenue and adjusted operating profit for the first half of 2021 are shown below.

H1 2021 revenue split



H1 2021 adjusted operating profit split



Energy & Industry Division

The Energy & Industry Division is a leading global provider of non-destructive testing, industrial and environmental inspection, quality assurance and quality control, engineering and consultancy, vendor surveillance, certification and asset-integrity services.

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 services are provided for a wide range of industries including power, construction, aerospace, telecommunications and oil and gas.

The revenue in the division was €434.9 million and the adjusted operating profit was €28.4 million in the six-month period giving an adjusted operating profit margin of 6.5%.

	H1				
	2021	2020 CCY (1)	Change	Organic	Inorganic
Revenue	**434.9**	**439.0**	**(0.9)%**	*(2.0)%*	*1.1%*
Adj. Op. Profit	**28.4**	**12.2**	**131.9%**	*126.0%*	*5.9%*
% AOP Margin	*6.5%*	*2.8%*			

(1) Constant Currency (CCY). Figures stated at actual H1 2021 FX rates. FX Impact on Revenue is (3.8)% and on Adj. Op. Profit is (13.5)%

The revenue for the first half of 2020 restated at constant currency, was €439.0 million and the actual revenue for the first half of 2020 was €456.2 million. The difference of €17.2 million or 3.8% is from restating the prior period revenue using current exchange rates to be able to measure the growth at constant exchange rates and organic revenue growth at constant exchange rates. The negative currency impact was due to the euro being stronger against the other currencies consolidated for this division, which is primarily the US dollar, but also other South American currencies as well as some Middle Eastern and Asian currencies.

At constant exchange rates, the revenue reduced by 0.9% for the half year period, made up of an organic revenue decrease of 2.0% and an increase in revenue from acquisitions of 1.1%.

The increase in revenue from acquisitions of 1.1% relates to the purchase of Inecosa and Adícora in March 2021 and SAFCO, that although was signed in December last year, completed at the start of June 2021. The revenue from acquisitions will be considerably higher in the second half of the year which will include a full period of the acquisitions completed in the first half plus the acquisition of Enertis that completed at the start of July 2021.

In the second quarter of 2021, the revenue for the division was €232.6 million which was significantly higher than the revenue in the first quarter of €202.4 million, partly due to seasonality effects, but otherwise due to the improving market conditions and was also significantly higher than the reported revenue in the second quarter of 2020 of €207.9 million. The increase over the second quarter of 2020 was 15.1% at constant exchange rates, made up of an increase in organic revenue of 13.1% and an increase from acquisitions of 2.0%. The negative currency impact reduced the second quarter revenue by €5.8 million or 2.8% which was a lower impact than in the first quarter and at current rates, should continue to be a lower impact in the second half of the year.

The adjusted operating profit margin increased from 2.8% in the first half of last year at constant exchange rates to 6.5% resulting in an increase in adjusted operating profit of over 100%. This was mostly from the improvement in the underlying organic revenue generated as well as some benefit from the acquisitions which are at a higher margin than the division overall margin.

As reported, at actual exchange rates, the adjusted operating profit in the first half of last year was €14.2 million giving a margin of 3.1%. The negative currency translation impact has therefore reduced the margin by 30 basis points. It is expected that as the negative currency impact reduces in the second half the impact on the margin will also reduce.

The division is made up of several segments serving different end markets of which the Power segment that now makes up 18% of the division by revenue in this first half is growing strongly and is already above 2019 levels. This is coming from an increase in activity in power generation and power transport and distribution and especially from construction of wind power and other projects relating to renewable energy. Including the acquisition made just after the period end of Enertis, which primarily provides services for solar renewable energy, the proforma amount of Renewables within the Power segment is over a third and this is growing at double digits on an organic basis.

The largest segment of the division continues to be Oil & Gas Opex services which was 40% of the division revenue at the first half. This segment is down by 4% in the first half although had good growth in the second quarter following a sharp decline in the first quarter. Oil & Gas Capex which now accounts for 10% of the division revenue (and 5% of Group revenue) continues to suffer due to fewer new construction projects and was down in the first and second quarter of 2021 compared to the first and second quarter of 2020.

The Mediterranean and Latin American regions that together account for 30% of the division revenue are growing well and are above 2019 levels due to higher exposure to Power including Renewables end markets in these regions.

The significant margin improvement that was seen in the first half compared to last year is expected to continue with this reducing the shortfall in the margin compared to where it was pre-coronavirus.

The three acquisitions that have been completed so far this year add €55 million of revenue to the division on an annual basis at an overall margin above the division and are expected to grow revenue and profit strongly. The first acquisition that was completed this year was in Spain of two separate companies called Inecosa and Adícora which were bought from Iberdrola in March and provide services to the Power industry including for renewable power and green hydrogen manufacture and distribution. The second completed deal was that of SAFCO in Saudi Arabia that provides services to the fast-growing construction industry in the region. And the third acquisition closed so far this year was Enertis in Spain which provides services to the solar energy market as well as for energy storage.

The priority of this division is to accelerate the evolution of the portfolio of markets and services to be more resilient, fast growing and higher margin.

Automotive Division

The Automotive Division delivers statutory-vehicle-inspection services globally. The Division's programmes inspect vehicles in jurisdictions where transport and systems must comply with statutory technical-safety and environmental regulations.

The Division operates 30-plus programmes and is expected to carry out over 16 million vehicle inspections across Spain, Ireland, Denmark, Finland, Sweden, Andorra, the United States, Argentina, Georgia, Chile, Costa Rica, Ecuador, Uruguay and Mexico in 2021. In the programme-managed services, a further 10 million inspections are delivered annually by third parties.

The revenue in the division was €234.8 million and the adjusted operating profit was €48.5 million in the six-month period giving an adjusted operating profit margin of 20.6%.

	H1				
	2021	2020 CCY (1)	Change	Organic	Inorganic
Revenue	234.8	137.9	70.2%	41.8%	28.4%
Adj. Op. Profit	48.5	24.3	99.1%	61.1%	38.0%
% AOP Margin	*20.6%*	*17.6%*			

(1) Constant Currency (CCY). Figures stated at actual H1 2021 FX rates. FX Impact on Revenue is (4.2)% and on Adj. Op. Profit is (5.7)%

The revenue for the first half of 2020 restated at constant currency, was €137.9 million and the actual revenue for the first half of 2020 was €144.0 million. The difference of €6.1 million or 4.2% is from restating the prior period revenue using current exchange rates to be able to measure the growth at constant exchange rates and organic revenue growth at constant exchange rates. The negative currency impact was due to the euro being stronger against the other currencies consolidated for this division, which is primarily the US dollar and some South American currencies.

At constant exchange rates, the revenue increased by 70.2% for the half year period, made up of an organic revenue increase of 41.8% and an increase in revenue from acquisitions of 28.4%. The increase in revenue from acquisitions of 28.4% relates to the purchase of Besikta in September last year.

In the second quarter of 2021, the revenue for the division was €117.3 million which was the same as the revenue from the first quarter of €117.5 million despite the first quarter benefiting from some post lockdown recovery from the previous year. The second quarter revenue was nevertheless significantly higher than the reported revenue in the second quarter of 2020 of €55.9 million. The increase over the second quarter of 2020 was over 100% at constant exchange rates, made up of an increase in organic revenue of 80% and an increase from acquisitions of 38%. The negative currency impact reduced the second quarter revenue by €2.1 million or 3.8% which was a lower impact than in the first quarter and at current rates, should continue to be a lower impact in the second half of the year.

The adjusted operating profit margin increased from 17.6% in the first half of last year at constant exchange rates to 20.6% resulting in an increase in adjusted operating profit of 99%. This was mostly from the significant increase in the revenue generated compared to the prior period where many of the stations were closed for a long period of time.

As reported, at actual exchange rates, the adjusted operating profit in the first half of last year was €25.8 million giving a margin of 17.9%. The negative currency translation impact has therefore reduced the margin by 30 basis points. It is expected that as the negative currency impact reduces in the second half the impact on the margin will also reduce.

The division is performing well, although with the change in seasonality compared to last year, it is expected that the revenue for the year will be €440 million for the year at a similar margin to that achieved in the first half of the year.

The impact of COVID-19 has been to accelerate the digitalisation process especially with online booking and advance payments which has offset some of the lost efficiencies due to the additional cost and measures required to comply with health and safety to reduce the risk of infection.

The acquisition of Besikta Bilprovning in September last year which provides statutory vehicle inspection in Sweden, has been very successful with a strong contribution to the revenue and profit of the division and the expected synergies with the existing business coming through.

The contract held in the USA, in the state of Connecticut that generates approximately €6 million in annual revenue was not renewed and ends in the last quarter of this year. A new small additional contract was won in the state of Jalisco, Mexico, to add to the first three that were awarded last year and this is expected to commence next year.

IDIADA Division

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 and although it is renewable in five-year periods until 2049, it has been decided that there will be no further extensions but a tender for a new 20 or 25 year concession.

IDIADA A.T. provides design, testing, engineering and homologation services to the world's leading vehicle manufacturers.

The revenue in the division was €107.3 million and the adjusted operating profit was €8.5 million in the six-month period giving an adjusted operating profit margin of 7.9%.

	H1				
	2021	2020 CCY (1)	Change	Organic	Inorganic
Revenue	107.3	99.7	7.7%	7.7%	0.0%
Adj. Op. Profit	8.5	3.9	115.9%	115.9%	0.0%
% AOP Margin	7.9%	4.0%			

(1) Constant Currency (CCY). Figures stated at actual H1 2021 FX rates. FX Impact on Revenue is (0.7)% and on Adj. Op. Profit is (0.9)%

The revenue for the first half of 2020 restated at constant currency, was €99.7 million and the actual revenue for the first half of 2020 was €100.3 million. The difference of €0.6 million or 0.7% is from restating the prior period revenue using current exchange rates to be able to measure the growth at constant exchange rates and organic revenue growth at constant exchange rates.

At constant exchange rates, the revenue increased by 7.7% for the half year period being all organic revenue increase.

In the second quarter of 2021, the revenue for the division was €56.5 million which was higher than the revenue from the first quarter of €50.8 million due to some seasonality effect as well as the good sequential growth in activity. The second quarter revenue was significantly higher than the reported revenue in the second quarter of 2020 of €42.1 million. The increase over the second quarter of 2020 was approximately 34% which was almost all organic at constant exchange rates, with a slight positive impact of currency of 0.2%.

The adjusted operating profit margin increased from 4.0% in the first half of last year at constant exchange rates to 7.9% resulting in an increase in adjusted operating profit of over 100%. This was due to the significant increase in the revenue generated compared to the prior period where the business was severely affected by the coronavirus pandemic.

As reported, at actual exchange rates, the adjusted operating profit in the first half of last year was €4.0 million giving a margin of 4.0%.

The division is seeing a solid recovery in the business and it is on track to exceed 2019 levels by next year once it is expected the significant disruption from the coronavirus pandemic has reduced and the customers are more willing to travel from one country to another. The share of vehicles that are electric and hybrid has increased again compared to the amount of combustion engine cars and this is expected to continue increasing and the amount of testing and services provided for Advanced Driver Assistance Systems is also continuing to increase at a faster rate than others.

The Proving Ground in Catalonia, that in 2019 accounted for 19% of the division revenue and is the highest margin segment is where vehicles are put through their paces on the tracks, has been suffering the most from the effect of the pandemic due to the international customers reluctance to travel to the region, is now operating at 65% capacity utilisation with customers gradually returning due to the first-class facilities and expertise at the facilities.

The solid recovery of the business and the increased use of the Proving Ground is supporting the margin increase and it is expected that for the second half of the year, the margin continues to improve both sequentially and as an increase over the prior year with this increase being largely driven by increased use of the Proving Ground.

The focus on innovation continues to be important at IDIADA with good projects in a number of areas including a new proprietary 5G network that is required to test connected and self-driving vehicles. This was show-cased at the Mobile World Congress in Barcelona this year with a positive reception and has now been installed at the main facilities in Catalonia.

There is little news relating to the tender for the whole concession other than it has been delayed and it is now expected to be launched next year. The tender is for a new 20 or 25 year concession for when the current contract ends in September 2024 which has been for 20 years plus a five year extension. Once this tender has been awarded it will provide the operator a higher level of security than the five year extensions did.

Laboratories Division

The Laboratories Division provides testing, certification and development engineering services to improve the competitiveness of its clients' products and encourage innovation. The Division has a network of multidisciplinary laboratories in Europe, Asia and North America.

The state-of-the-art facilities and the technical knowledge of its experts allow it to offer high added-value services to a wide range of industries such as aerospace, automotive, electronics, IT and construction.

Since 2017, the Laboratories Division has acquired eleven companies and expanded its testing facilities to reinforce its position in the electrical & electronics, automotive components, fire protection, aerospace parts and calibration sectors.

The revenue in the division was €65.6 million and the adjusted operating profit was €9.7 million in the six-month period giving an adjusted operating profit margin of 14.9%.

	H1				
	2021	2020 CCY (1)	Change	Organic	Inorganic
Revenue	**65.6**	**40.2**	**63.1%**	***9.7%***	***53.4%***
Adj. Op. Profit	**9.7**	**3.7**	**163.1%**	***63.6%***	***99.5%***
% AOP Margin	***14.9%***	***9.2%***			

(1) Constant Currency (CCY). Figures stated at actual H1 2021 FX rates. FX Impact on Revenue is (1.2)% and on Adj. Op. Profit is (2.8)%

The revenue for the first half of 2020 restated at constant currency, was €40.2 million and the actual revenue for the first half of 2020 was €40.7 million. The difference of €0.5 million or 1.2% is from restating the prior period revenue using current exchange rates to be able to measure the growth at constant exchange rates and organic revenue growth at constant exchange rates.

At constant exchange rates, the revenue increased by 63.1% for the half year period of which 9.7% was organic revenue increase and over 50% was from acquisitions.

The increase in revenue from acquisitions of 53.4% relates to four purchases over the last twelve months. ZYX Metrology was a small acquisition and purchased in March 2020 and so contributed to only two months to the acquisition revenue, with remainder within organic revenue. Reliable Analysis and QPS were large acquisitions and were purchased at the end of September and November respectively and so contributed six months of revenue each. The last acquisition made by the Laboratories division was of IMA Dresden which was purchased at the end of May and so contributed one month to acquisition revenue. IMA Dresden is a material testing laboratory in central Europe with annual revenue of approximately €25 million.

In the second quarter of 2021, the revenue for the division was €34.2 million which was around 10% higher than the revenue in the first quarter of €31.4 million, due to steadily improving market conditions as well as the further contribution from the acquisition of IMA Dresden. The second quarter revenue of 2021 was also significantly higher than the reported revenue in the second quarter of 2020 of €18.4 million, by 87.2% at constant exchange rates of which 21.3% was organic and 65.9% was inorganic. The negative currency impact in the second quarter was immaterial at €0.1 million and less than 1%.

The adjusted operating profit margin increased from 9.2% in the first half of last year at constant exchange rates to 14.9% resulting in an increase in adjusted operating profit of over 160%. This was due to both the underlying organic revenue as well as the benefit from the higher margin acquisitions.

As reported, at actual exchange rates, the adjusted operating profit in the first half of last year was €3.8 million giving a margin of 9.4%. The negative currency translation impact has therefore reduced the margin by 20 basis points.

The division had strong growth overall and the activity is in line with pre-COVID levels with the Electrical & Electronic segment that in the first half accounted for 39% of the division revenue performing particularly well in the Asia region which offset slower performance in Europe due to a shortage of micro-chips for cars and electronic devices resulting in a slow-down in testing for these products.

The next largest segment within the division is the Mechanical Labs accounting for 24% of the division revenue and this is temporarily suffering due to challenging conditions in the aerospace market which is a large part of this segment. The market is expected to recover next year.

The other segments including Construction and Metrology and calibration are performing strongly.

Laboratories had a strongly improving adjusted operating profit margin and the highest ever reported for the division at 14.9% and it is expected that this margin improvement will continue, resulting in a higher margin in the medium term.

ALTERNATIVE PERFORMANCE METRICS

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

- **EBITDA**, measure of earnings before interest, taxes, depreciation and amortisation
- **Operating Profit,** measure of earnings before interest and taxes
- **Adjusted,** measures are stated before other results
- **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 and transaction & integration costs
- **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
- **Capex,** realized investments in property, plant & equipment or intangible assets
- **Operating Cash Flow,** operating cash generated after capex investment and working capital variation
- **Free Cash Flow**, operating cash generated after capex investment, working capital variation and tax & interest payments
- **Net Debt,** current and non current financial debt, other institutional debt less cash. As per bank covenant definition, calculated at annual average exchange rates
- **Leverage**, calculated as Net Debt/LTM Ebitda as per bank covenant definition
- **EPS,** Earnings per share
- **NDT,** Non destructive testing
- **P.A.,** per annum
- **FX,** Foreign Exchange
- **LTM,** Last twelve months
- **ROCE**, Adjusted Operating Profit/Capital Employed

Applus Services, S.A. and Subsidiaries

Authorisation for issue of the interim condensed consolidated financial statements and consolidated directors' report for the six-month period ended 30 June 2021

At their meeting of 23 July 2021, and in compliance with the requirements of Article 253 of the Spanish Companies Act and Article 42 of the Spanish Commercial Code, the directors of Applus Services, S.A. authorised for issue the Interim Condensed Consolidated Financial Statements (consisting of the interim condensed consolidated statement of financial position, interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of change in equity, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of cash flows and the explanatory notes to the interim condensed consolidated financial statements) and the consolidated directors´ report for the first half of 2021, constituted by the documents annexed which precede this sheet and which are correlatively ordered. The three (3) directors signing below, as well as the Secretary of the Board, physically attended said meeting and the rest of the directors attended by video conference in accordance with the provisions of article 27.4 of the by-laws of Applus Services, S.A.

Barcelona, 23 July 2021

Mr. Christopher Cole

Mr. Fernando Basabe Armijo

Mr. Joan Amigó i Casas

The annexed interim condensed consolidated financial statements do not bear the signatures of the six (6) directors whose names are stated below provided that they attended to said meeting by video conference, as indicated above:

- Ernesto Gerardo Mata López
- Richard Campbell Nelson
- Nicolás Villén Jiménez
- Maria Cristina Henríquez de Luna Basagoiti
- María José Esteruelas
- Essimari Kairisto

As Secretary of the Board of Directors of Applus Services, S.A. I hereby confirm that the identities of the aforementioned six (6) directors were recognised by me, as is stated in the minutes of the aforementioned meeting.

Also, for identification purposes, as Secretary of the Board of Directors of Applus Services, S.A., I hereby confirm that the copies of the interim condensed consolidated financial statements for the six-month period ended 30 June 2021 and the consolidated directors´ report of the first half of 2021 approved by the Board of Directors were endorsed (*visados*) by me.

Barcelona, 23 July 2021

Mr. Vicente Conde Viñuelas

The members of the Board of Directors of Applus Services, S.A. declare that, to the best of their knowledge, the Interim Condensed Consolidated Financial Statements and the explanatory notes to the Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2021 authorised for issue by the Board of Directors at its meeting of 23 July 2021 and prepared in accordance with the applicable accounting principles provide a fair presentation of Applus Services, S.A. and of the subsidiaries included in the scope of consolidation, taken as a whole, and that the consolidated directors´ report for the first half of 2021 includes a fair analysis of the business performance and results and position of Applus Services, S.A. and of the subsidiaries included in the scope of consolidation, taken as a whole, and a description of the main risks and uncertainties they face. The three (3) directors signing below, as well as the Secretary of the Board, physically attended said meeting and the rest of the directors attended by video conference in accordance with the provisions of article 27.4 of the by-laws of Applus Services, S.A.

Barcelona, 23 July 2021

Mr. Christopher Cole

Mr. Fernando Basabe Armijo

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As Secretary of the Board of Directors of Applus Services, S.A. I hereby confirm that the identities of the aforementioned six (6) directors were recognised by me, as is stated in the minutes of the aforementioned meeting.

Barcelona, 23 July 2021

Mr. Vicente Conde Viñuelas