2023 Full Year Results Announcement
22 February 2024

Applus Services, S.A. ("Applus+" or "the Group"), one of the world's leading and most innovative companies in Testing, Inspection and Certification, today announces the results for the year ended 31 December 2023 ("the period").

Highlights
- Strong 2023 results: 10% organic revenue growth, margin improvement, higher cash flow and lower leverage
- 70 bps margin[2] improvement mainly due to active portfolio strategy and operational enhancements
- Increase in revenues derived from Sustainability Services and progress on Social and Environmental objectives
- Second 5% share buyback completed
- Good progress towards meeting the 2024 Strategic Plan targets
- Bidding process ongoing

2023 full year results
- Revenue of €2,058 million up 8% (organic[1] +10%)
- Operating profit[2] of €222 million up 6% (organic[1] +5%)
- Operating profit[2] margin of 10.8% (10.1% in 2022)
- Free cash flow[2] of €212 million up 17%
- Earnings per share[2] of €0.88 up 8%
- Net Debt/EBITDA ratio[3] of 2.4x and liquidity of €477 million

Outlook for 2024
- Mid to high single digit organic revenue growth
- AOP Margin[2,4] to increase to around 11.5%
- Continued focus on portfolio mix quality improvement

1. Organic is stated at constant exchange rates
2. Adjusted for Other results, amortisation of acquisition intangibles, impairments and IDIADA Accelerated Depreciation (page 26)
3. Excluding IFRS 16
4. Current portfolio and excluding IDIADA Accelerated Depreciation (AD)

Joan Amigó, Chief Executive Officer of Applus+, said:

"I am pleased with the 2023 results we have delivered, in a year in which we implemented significant strategic changes in the portfolio of the Group that will ensure continued success in the years to come, and it was our first full year following changes made in the executive leadership team.

Revenue and adjusted operating profit both grew strongly, with a 10-year high organic revenue growth rate of 10%, and adjusted earnings per share also growing strongly. All four divisions saw an increase in the reported margin, coming from operating leverage, the benefits of our operational excellence initiatives and active portfolio management. The underlying organic margin decreased due to the ending of the high margin contracts in the Auto division and exacerbated by inflationary pressure.

Cash flow for the year was also very strong and reached a record high, due to good profit growth and a very good working capital performance. As a result, the balance sheet strengthened significantly with lower financial leverage, maintained at a comfortable level. Strong cash generation and a reduction in leverage enabled us to follow through on our shareholder return focused capital allocation strategy allowing us to invest organically to capture the global megatrends driving our growth, accelerate our portfolio transition towards higher value businesses and execute on our share buyback programmes.

Sustainability is an integral part of our services and offers long-term growth opportunities for Applus+. We measured our Sustainability Services revenue at 55% of our total Group revenue, an increase from 51% in 2022. We made clear and measurable progress in our own internal efforts at reducing the environmental impact from our operations and improving our people´s health and well-being and we are proud to have upheld our reputation for strong governance. We continue to get strong recognition from external ratings agencies and I am particularly proud of the significant increase in the rating awarded by the CDP to an "A" that identified the strong environmental leadership and transparency when it comes to disclosure and performance on climate change.

Against a backdrop of current political uncertainties in some countries, our outlook remains positive. We are confident that we have the right portfolio of business and the right management team to continue to deliver profitable growth. For this year, we expect the Group to deliver another strong result with organic revenue growth at constant exchange rates to increase at mid to high single digits and the margin to increase to around 11.5%. Furthermore, we will maintain our focus on portfolio mix quality improvements."

Presentation and Webcast

There will be a webcast and audio presentation on these results today at 10.00 am Central European Time. To access the webcast, use the link:
Applus+ Full Year 2023 Results Presentation (media-server.com)

To listen by telephone please first register in advance to receive an email with registration number, passcode and the telephone number to dial:
Conference Registration (vevent.com)

Applus+ Investor Relations:
Aston Swift +34 93 5533 111 aston.swift@applus.com

Applus+ Media:
Maria de Sancha Rojo +34 691 250 977 maria.sancha@applus.com

Equity Advisory, Europe – FGS Global, London:
Justin Shinebourne +44 7771 840 593 justin.shinebourne@fgsglobal.com

About Applus+ Group

One of the world's leading and most innovative companies in the Testing, Inspection and Certification (TIC) sector. It has a broad portfolio of services for customers in all types of industries to ensure that their assets and products meet quality, health & safety and environmental standards and regulations.

The company drives increasingly profitable revenue generation through its sustainability services supported by innovation and digitalisation at all levels and invests in the development of proprietary solutions. The Group strategy aligns with the global megatrends of Energy Transition, Electrification and Connectivity.

Headquartered in Spain and listed on the Spanish stock markets, Applus+ operates in more than 70 countries and employs over 26,000 people. For the full year of 2023, Applus+ reported revenue of €2,058 million, and an adjusted operating profit of €222 million. The total number of shares is 129,074,133.

At the forefront of ESG best practice, recognised by external ratings agencies.

S&P Global	Sustainalytics	Gaïa	CDP	standard ethics	MSCI ESG Ratings	FTSE4Good
54/100	**13.3**	**70/100**	**A** Rating	**EE+**	**AA**	FTSE4Good
Top 19%	Low Risk	Above average	Leadership	Very Strong	Leader	**Included**

ISIN: ES0105022000
Symbol: APPS-MC
For more information go to https://www.applus.com/global/en/

FULL YEAR REPORT 2023

Discontinued operations and Proforma numbers

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

Within the Automotive division, the business and operations in Finland were sold in December 2022 which had revenue of €13.0 million in 2022. The sale of the business of the Automotive division in the USA, with revenue in 2022 of €36.6 million, was announced in December 2022 and the sale completed in February 2023. The disposal of the Oil & Gas business in the USA that is held within the Energy & Industry division was announced on the 30th March of 2023 and the completion was in June of 2023. The revenue from this business was €101.8 million in 2022. Appendix 2 has a table with the revenue by quarter of these discontinued operations.

Profit and Loss Overview

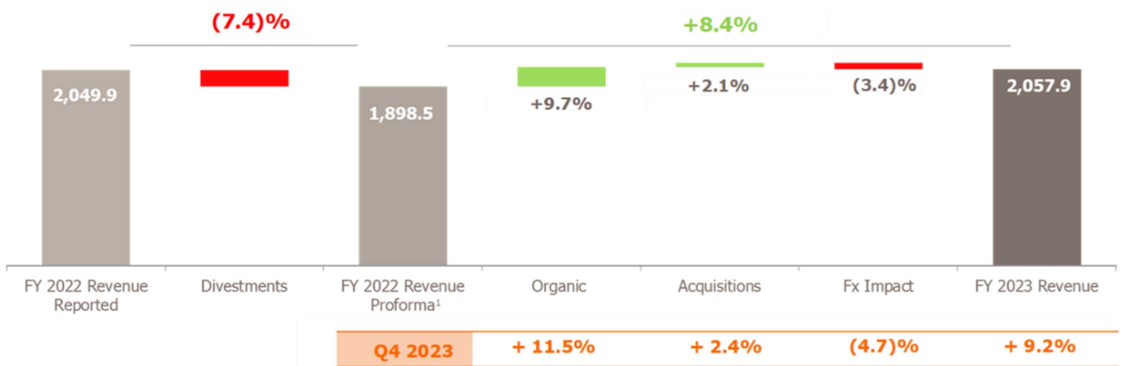
	FY				
	2023	2022 Proforma[5]	Change vs Proforma[5]	2022 Reported	Change vs Reported
Revenue	**2,057.9**	**1,898.5**	**8.4%**	**2,049.9**	**0.4%**
Adj. Op. Profit [1]	**221.9**	**210.1**	**5.6%**	**207.8**	**6.8%**
Adj. Op. Profit margin	***10.8%***	***11.1%***		***10.1%***	
Accelerated depreciation	(10.4)	(5.8)		(5.8)	
Adj. Operating Profit incl. AD[2]	**211.5**	**204.4**	**3.5%**	**202.0**	**4.7%**
Adj. Op. Profit margin incl. AD[2]	***10.3%***	***10.8%***		***9.9%***	
PPA Amortisation	(67.0)	(63.3)		(67.2)	
Impairment	(25.0)	-		-	
Other results	(9.4)	(5.8)		(9.6)	
Operating Profit	**110.0**	**135.3**	**(18.6)%**	**125.2**	**(12.1)%**
Finance Results [3]	(41.9)	(33.2)		(33.7)	
Profit before tax	**68.2**	**102.0**	**(33.2)%**	**91.5**	**(25.5)%**
Income taxes	(28.7)	(29.1)		(29.5)	
Net Profit	**39.5**	**72.9**	**(45.9)%**	**61.9**	**(36.3)%**
Minorities	(13.3)	(13.3)		(13.3)	
Net Profit Group	**26.1**	**59.6**	**(56.2)%**	**48.6**	**(46.3)%**
Discontinued Operations	(5.9)	(11.0)		-	
Net Profit after Disc. Op.	**20.2**	**48.6**	**(58.5)%**	**48.6**	**(58.5)%**
Adjusted Net Profit Group incl. AD [2]	**114.1**	**115.2**	**(1.0)%**	**111.0**	**2.8%**
EPS in € [4]	**0.20**	**0.44**	**(53.8)%**	**0.36**	**(43.4)%**
Adjusted EPS in €	**0.88**	**0.84**	**4.4%**	**0.81**	**8.4%**
# Shares (M)	**129.8**	**136.9**		**136.9**	

The figures shown in the table above are rounded to the nearest €0.1 million
1. Adjusted Operating Profit (AOP) is excluding IDIADA Accelerated Depreciation except as indicated
2. AD is IDIADA Accelerated Depreciation to adapt assets useful life to contract/concession duration
3. Finance Results in 2022 includes the Put option impact related to the final price of the acquisition of the 20% minority interest not already owned in the vehicle inspection contract in Galicia
4. EPS calculation is based on Net Profit from Continuing Operations
5. Proforma figures for divestments

Revenue

Revenue for the year ended 31 December 2023 was €2,057.9 million which was 0.4% higher than the revenue of €2,049.9 million reported in the previous year and 8.4% higher compared to €1,898.5 million of proforma revenue for 2022.

The revenue bridge for the year in € million is shown below and the change in the percentage figures for the last quarter of 2023 are shown below the waterfall chart.



[1] Proforma amounts take account of the divestments

The 2022 Revenue Proforma was €151.4 million, or 7.4% lower than the 2022 Revenue Reported due to the discontinuation through disposal of three businesses as described above.

The total revenue increase of 8.4% for the year was made up of an increase in organic revenue at constant exchange rates of 9.7%, a contribution in revenue from acquisitions made in the previous 12 months of 2.1% and a negative currency translation impact of 3.4%.

In the last quarter of the year, total revenue was €539.3 million, up 9.2% on the Proforma basis, of which the organic component was 11.5% plus the contribution from acquisitions of 2.4% and a negative currency translation impact of 4.7%.

All four divisions had good organic revenue growth, with this being double digit in three of the four divisions and Automotive with flat organic revenue due to the ending of the contract in Costa Rica in July of 2022 and the contract in Alicante in February 2023. In the fourth quarter, all four divisions had strong organic revenue growth.

The portfolio repositioning into more structurally attractive segments aligned to the key megatrends of energy transition, electrification and connectivity and those where we offer a wider range of sustainability services, have supported growth.

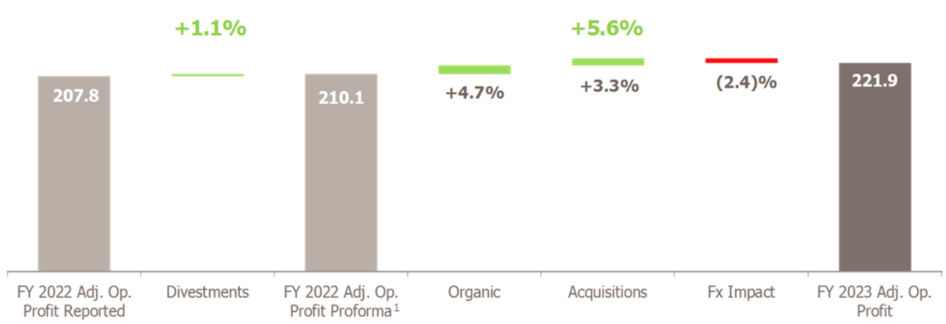
The revenue increase of 2.1% from acquisitions relates to a partial year of revenue from the five acquisitions closed in 2022 until they had been owned for twelve months plus revenue from six acquisitions closed in 2023 from the date of ownership to the end of the year. The acquisitions made in 2023 were spread across the year, in different divisions and geographies and are described below.

Of the revenue in 2023, 49% was generated in the reporting currency of the Group which is the euro and 51% in other currencies. The largest of these other currencies is the US dollar and those linked to the US dollar which in 2023 made up 15% of the revenue. The other material currencies making up more than 4% of the Group revenue were the Canadian and Australian dollars and the Swedish kroner. All these currencies and some others were weak against the euro in the year and this plus all the other currency movements, resulted in a net negative currency impact on revenue of 3.4% for the year.

Adjusted Operating Profit

Adjusted operating profit for the year ending 31 December 2023 was €221.9 million which was 6.8% higher than the adjusted operating profit of €207.8 million reported in the same period of last year and 5.6% higher compared to €210.1 million of the proforma adjusted operating profit.

The adjusted operating profit bridge, excluding the impact of the IDIADA Accelerated Depreciation, in € million for the year is shown below.



% Adj. Op. Profit Margin	10.1%	+ 93 bps	11.1%	-50 bps	+ 16 bps	+ 7 bps	10.8%
% Adj. Op. Profit Margin incl. AD[2]	9.9%	+ 91 bps	10.8%	-71 bps	+ 17 bps	+ 5 bps	10.3%

[1] Proforma amounts take account of the divestments and exclude AD
[2] AD is IDIADA accelerated depreciation to adapt assets useful life to contract/concession duration

The full year 2022 Adjusted Operating Profit Proforma was €2.3 million higher than the full year 2022 Adjusted Operating Profit Reported due to the discontinuation by disposal of three businesses which in aggregate made an operating loss of €2.3 million in 2022.

Organic adjusted operating profit was up 4.7%, incremental profit from acquisitions was 3.3% and currency translation had a negative impact of 2.4%.

Three of the four divisions had higher adjusted operating profit than the prior year on a proforma and reported basis, with the Automotive division lower due to the disposals made and contract ends in Costa Rica and Alicante.

The headline adjusted operating profit margin was 10.8%, 70 basis points above the reported margin in the prior year and this was primarily due to the active portfolio strategy combined with operational enhancements. The margin was 30 basis points lower than the equivalent proforma margin of 11.1%. After deducting the Accelerated Depreciation from IDIADA which was €10.4 million in 2023 and €5.8 million in 2022, the adjusted operating profit margin was 10.3% in 2023 compared to 9.9% reported in 2022 and 10.8% on a proforma basis.

There was good underlying margin performance, but this was offset by the Auto division which suffered from the ending of the contracts in Costa Rica in July of 2022 and Alicante in February of 2023 and every division, but especially Energy & Industry, was impacted by cost inflation.

The inorganic adjusted operating profit growth of 3.3% was higher than the equivalent revenue growth of 2.1%, showing the contribution of the acquisitions made in the current and previous year were margin accretive to the Group.

In the final quarter of the year, the total adjusted operating profit was €56.0 million, flat with the prior year's final quarter of €55.8 million as reported and 5.9% lower than the prior year proforma final quarter of €59.5 million. This decrease in the last quarter's adjusted operating profit was from a decrease in the organic component by 5.3%, the addition of 3.6% from acquisitions and a negative foreign currency impact of 4.7%. The margin in the final quarter was 10.4%, which was 10 basis points below the reported margin in the final quarter of the prior year.

Impairment

The Group conducts an impairment review annually of its cash generating units, and significant goodwill and non-current assets were initially recorded in 2008 during the Group's acquisition by a private equity firm. In 2023, the Group recognised a €25.0 million impairment charge against Goodwill in the consolidated accounts. This impairment pertains to the Canadian segment within the Energy & Industry division in the North America cash generating unit where there is a challenging market and weak outlook for new oil and gas capex projects following the ending of some large projects in 2022 and 2023. Based on current projections for future profit and cash flow, it is anticipated that the future recoverable amount will be lower than the carrying amount in the balance sheet. There is no associated deferred tax release, and the impairment does not entail any cash movement.

Other Financial Indicators

The reported operating profit was €110.0 million in the year compared to a reported operating profit of €125.2 million in the previous period. The reported operating profit is after deducting the Other results of €101.4 million from the adjusted operating profit that includes the Impairment of €25.0 million and as detailed in Appendix 1.

The net financial expense in the profit and loss for the period was €41.9 million, compared to €33.2 million proforma in the prior year. The higher expense was due to the higher cost of debt in 2023 compared to 2022 from rising interest rates and slightly higher average net debt during the period.

The effective tax charge for the year was €42.1 million which was lower than the prior year of €44.0 million on a reported basis and €42.6 million proforma. This gave an effective tax rate of 24.8%, being lower than the rate in the prior period of 26.2% on a reported basis and 24.9% on a proforma basis. On a statutory basis, the reported tax was a charge of €28.7 million versus a charge of €29.5 million in the prior year on a reported basis and €29.1 million on a proforma basis.

Non-controlling interests were the same in both years at €13.3 million. There was a decrease in the minority interest following the ending of the Auto contract in Costa Rica that was offset by an increase in growth from the other minorities including IDIADA and those in the Middle East being the most material.

The adjusted net profit was €114.1 million (2022: €111.0m reported and €115.2m proforma) and the adjusted earnings per share was 0.88 euros (or 88 cents) which in 2022 was 0.81 euros (81 cents) as reported and 0.84 euros (84 cents) proforma. The statutory or reported net position, before discontinued operations, was a net profit of €26.1 million versus a net profit of €48.6 million in the prior year on a reported basis and €59.6 million proforma, with the lower net profit in 2023 versus 2022 mainly due to the one-off impairment charge of €25.0 million in 2023. The corresponding statutory earnings per share was €0.20 euros (20 cents) versus €0.36 euros (36 cents) reported and €0.44 (44 cents) proforma in 2022.

The increase in the adjusted earnings per share was 8.4% mainly driven by the increase in the adjusted net profit change enhanced in the year from the effect of the two share buyback programmes completed in 2022 and 2023.

Share buybacks

There have been two 5% share buyback programmes in the last two years with the first programme announced in November of 2021 and completed in 2022 and the second, was announced in October of 2022 and completed in 2023.

The first share buyback programme targeted a 5% purchase of the issued share capital of Applus+ at the time and this was achieved with the purchase of 7,150,922 shares from the 1st of February 2022 and ended on the 13th of May 2022. The price paid for the share buyback ranged from €6.60 per share, being the lowest average price paid in a day, to €8.78, the highest average daily price paid. The total cost to purchase the shares for the first share buyback was €53.6 million, being at an average price of €7.50.

The second share buyback programme targeted a further 5% of the remaining issued share capital of the Group and this was achieved with the purchase of 6,793,375 shares. It commenced on the 9th November 2022 and completed on 17th May 2023. The price paid for the second share buyback ranged from €5.74 per share, being the lowest average price paid in a day, to €9.26, the highest average daily price paid. The total cost to purchase the shares for the second share buyback was €47.3 million, being at an average price of €6.95.

In aggregate, the two share buybacks of 13.9 million shares were at a total cost of €100.9 million being at an average price per share of €7.24.

At the Annual General Meeting of shareholders on the 28th of June 2022, the Board resolution to cancel all 7,150,922 shares purchased in the first share buyback was approved by the shareholders. At the Annual General Meeting that took place on the 8th of June 2023, the Board resolution to cancel 6,793,375 purchased shares from the second share buyback was approved by the shareholders.

In calculating the earnings per share for the year, the average number of shares used in the calculation is reduced by the shares on the day they were bought and no longer available for resale. The net impact in 2022 of this is a reduction of share count used for the calculation of earnings per share of 6.1 million shares, reducing the share count from 143.0 million to 136.9 million shares in 2022. The net impact of the buybacks in 2023 is a reduction of share count used for the calculation of earnings per share of 7.0 million shares, reducing the share count from 136.9 million to 129.8 million shares in 2023. The current actual and average share count in 2024 is 129.1 million shares.

Cash Flow

Cash flow generation was strong in the year due to the increase in EBITDA of €8.5 million or 2.6% and the reduction in working capital which resulted in an inflow of €26.2 million compared to an outflow of €22.3 million in 2022. The working capital inflow for the year was a result of a concerted effort to improve the working capital.

Net capital expenditure on expansion of existing and new facilities was €79.3 million (2022: €66.1m) which represented 3.8% (2022: 3.2%) of Group revenue being at a slightly higher rate than the average capex to revenue ratio of the last few years due to increased investments in Automotive and Laboratories divisions.

Adjusted operating cash flow (after capital expenditure) was €281.9 million being €43.8 million or 18.4% higher than for the prior year period and this corresponded to a cash conversion rate of 84% (2022: 73%).

The decrease in taxes paid of €1.4 million from €40.1 million paid in 2022 to €38.7 million paid in 2023, was due to a change in the mix of profit by country.

The increase in the cash interest paid in the year from €17.0 million in 2022 to €31.2 million in 2023 was due to the increase in interest rates and higher average net debt resulting in an increase in the rate on which interest is paid on the variable rate debt in the Group.

Summary of cash flow in € million is show below.

	FY		
	2023	2022	Change vs LY
Adjusted Ebitda	**335.0**	**326.5**	**2.6%**
Change in Working Capital	26.2	(22.3)	
Capex	(79.3)	(66.1)	
Adjusted Operating Cash Flow	**281.9**	**238.1**	**18.4%**
Cash Conversion rate	*84%*	*73%*	
Taxes paid	(38.7)	(40.1)	
Interest paid	(31.2)	(17.0)	
Adjusted Free Cash Flow	**212.0**	**181.0**	**17.1%**
Extraordinaries & Others	(8.2)	(11.3)	
Applus+ Dividend	(20.6)	(20.3)	
Dividends to Minorities	(17.4)	(9.2)	
Operating Cash Generated	**165.8**	**140.2**	**18.2%**
Acquisitions	(96.6)	(68.1)	
Divestments	32.4	2.0	
Cash b/Changes in Financing & FX	**101.6**	**74.0**	
Payments of lease liabilities (IFRS 16)	(65.5)	(66.9)	
Other changes in financing	25.9	61.6	
Share buybacks	(36.1)	(64.8)	
Treasury Shares for LTIP	-	(1.4)	
Currency translations	(5.9)	4.5	
Cash Increase/ (Decrease)	**20.0**	**7.0**	

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

Adjusted Free Cash Flow was €212.0 million being €31.0 million or 17.1% higher than for the previous year.

After the adjusted free cash flow line in the table above, there are several more items of cash movements. The first is an outflow related to Extraordinaries and Others which in 2023 was €8.2 million (2022: €11.3m) and this related to several items of which the larger amounts relating to severance payments on restructuring and transaction costs relating to acquisitions and the disposals.

The external dividend distribution made in July 2023 of €20.6 million was after the second share buyback completed and so was paid on 129.1 million shares at the rate of 16 cents per share, based off the full year 2022 adjusted net profit of €111.0 million. In 2022, the dividend distribution of €20.3 million was after the first share buyback completed and so was paid on 135.9 million shares.

The dividends paid to Minority share interests increased due to the final payment of minority interest to the shareholders of Inversiones Finisterre following the acquisition of the remaining 20% investment not previously owned by Applus+.

The cash outflow for acquisitions of €96.6 million relates to six that were closed in the year, includes the amount paid for the remaining 20% minority interest in Inversiones Finisterre (Auto Galicia) not already owned, plus deferred consideration on acquisitions made in prior periods. There was also a cash inflow of €32.4 million in the year following a receipt of €2.0 million in the prior year, relating to the disposals of the three businesses in 2022 and 2023.

The resulting increase in cash before changes in financing and foreign exchange was €101.6 million. From this was the payment of lease liabilities of €65.6 million, that before the new accounting standard of IFRS 16 used to be included within operating costs, the cash outflows relating to the share buyback programmes of €36.1 million and unfavourable currency differences of €5.9 million. The resulting net increase in financing during the year was €25.9 million from the drawdown of borrowings, increasing the net cash available by €20.0 million.

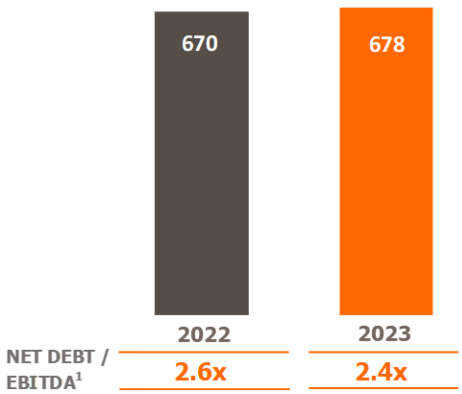
Net Financial Debt & Leverage

Net Debt was €871 million at the end of the year compared to €861 million at the end of 2022. This increase of €10 million was after returning €74.1 million in share buybacks and dividends to Group and Minority shareholders and investing €79.3 million in capital expenditure and another €64.2 million net of acquisitions less disposals.

The Net Debt, as defined by the bank covenant for the syndicated debt facilities and the US Private Placement notes, was €678 million at the end of 2023 which was €8 million higher than at the end of 2022.

Taking the same covenant definition for the calculation of EBITDA, the resulting financial leverage of the Group measured as Net Debt to last twelve months Adjusted EBITDA was 2.4x, lower than the position at the end of December 2022 because of the increase in EBITDA whilst the net debt remained almost constant.

This level of leverage is considerably lower than the covenant from the lenders which is set at 4.0x to be tested twice a year at the end of June and the end of December.



	FY 2022	FY 2023
Gross Debt	856	886
Cash	(186)	(208)
Net Debt	670	678

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

At the end of the year, the available liquidity position was €477 million that is made up mostly of cash and undrawn loan commitments that expire in 2025.

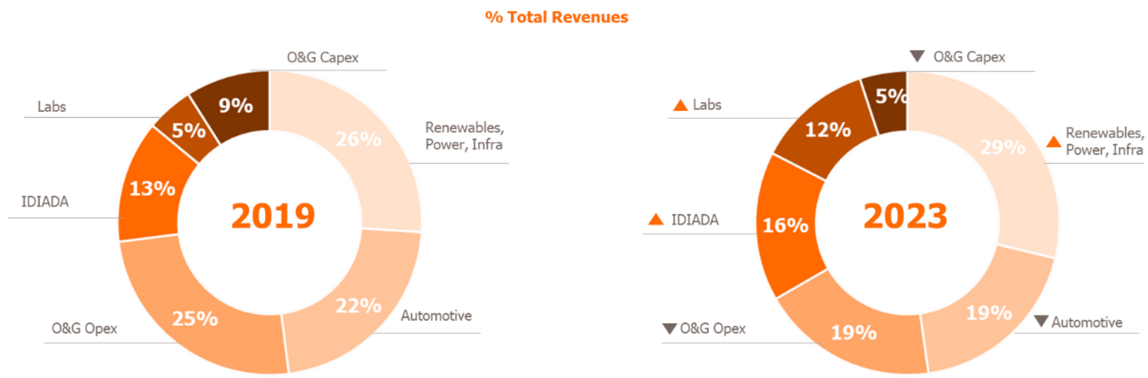
Dividend

Given the current bid situation, the Board of Directors have decided not to recommend a dividend for 2023.

Active Portfolio Management

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

In this respect the Group has been successful in transforming the business through its active portfolio strategy as shown in the splits of revenue by the key business segments for the full year of 2023 compared to the position prior to covid, in 2019. The Laboratories division, that has higher overall growth and margins has increased from 5% of the Group revenue to 12%; likewise, Renewables, Power and Infrastructure has increased from 26% to 29%.



Acquisitions

Applus+ has always been active in investing in companies that add complementary services and end-markets and this has continued under the 2022-2024 strategic objectives with the acquisition of eleven companies in 2022 and 2023, for upfront cash investments of €145 million and a total of €163 million when including the purchase of the 20% minority interest in the statutory vehicle inspection contract in Galicia that was not previously owned. These bring to the Group an additional €80 million in annual revenue at an average adjusted operating profit margin of over 20%. These high-quality businesses are already delivering material synergies whilst accelerating the mix in the portfolio of businesses towards markets with higher growth and margins.

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

Laboratories Acquisitions:

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

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

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

November 2023, AFC Ingenieros was purchased, which is a metrology and calibration laboratory in Spain with close to €2 million in annual revenue.

Energy & Industry Acquisitions:

January 2023, Ripórtico Engenharia, a provider of supervision and engineering design services for civil infrastructure based in Portugal with approximately €8 million revenue in 2022.

December 2023, Barlovento Recursos Naturales S.L., a leading wind energy technical advisory company based in Spain with over €13 million revenue in 2023.

Divestments

Certain non-strategic businesses were identified for disposal and a process has been underway to accomplish this with the best possible outcome. Three disposals have been made of two separate businesses within the Automotive division and one in the Energy & Industry division. The first was the disposal in December 2022 of the Automotive division business and operations in Finland which generated €13 million of annual revenue in 2022. The second disposal was agreed in January 2023 and closed in February, of the Automotive division business and operations in the United States which had €36.6 million of annual revenue in 2022. The net proceeds after post-closing balancing transactions, from these two disposals was €34 million. The third was the disposal from the Energy & Industry division of a non-destructive asset testing and inspection business in the USA that served the Oil & Gas industry. This last disposal was announced in March 2023 and completed in June. The business generated revenue of €101.8 million in 2022 at an operating loss trading under challenging competitive local market conditions over the last few years and the net proceeds were non-material.

Segmental reporting changes

The aerospace testing business in the US that was in the Energy & Industry division in 2022 has been transferred to Laboratories from the start of 2023. Revenue related to this business was €25.5 million in 2022 and adjusted operating profit was €4.3 million. The table below shows the revenue and adjusted operating profit relating to this business in 2022 and the results reported in 2023 are amended to reflect this change and to allow for a truer comparison from period to period.

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

Sustainability

As a global testing, inspection and certification company, the purpose of the Group is to improve the safety, quality and efficiency of products and infrastructure. The strategy and core values are built around providing these services in a way that minimises the harmful impact on the environment and maximises the positive impact on the employees, third party suppliers, customers and other stakeholders. This is backed by the commitment to the UN´s Sustainability Development Goals and the Global Compact and is reflected in the Group´s training, organisation and culture and published in the various Group Policies.

Over the last few years, and specifically since setting the Strategic Plan for the period 2022-2024, the Group has focused under the three key pillars of Leadership, Innovation & Technology and Trusted Partner, on diversifying the portfolio of services to better manage the risks and opportunities that come with technological and climate change. This tilt in focus and strategic direction has the objective of generating good financial performance and ultimately, superior shareholder value.

Applus+ identified three key global megatrends offering the highest opportunities. These are Energy Transition, Electrification and Connectivity. These megatrends have supported the strong growth in revenue and profit in the business over the last few years and in 2023. Furthermore, the Group has continued to actively manage the portfolio through acquisitions of companies directly aligned with these megatrends and sustainability objectives and disposals of businesses that no longer fit the long-term ambitions of the Group.

Portfolio evolution
towards higher growth end markets and to mitigate business risks

Accelerate growth aligned to global megatrends
Energy transition, Electrification, Connectivity

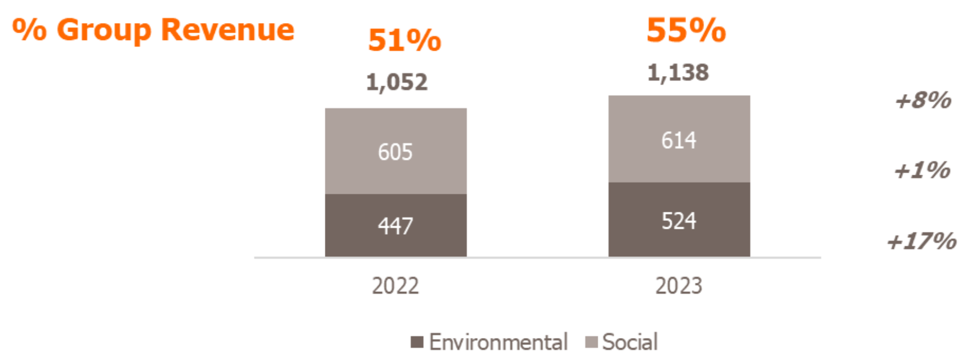
Continued focus on ESG
2024 targets linked to management remuneration as of 2022

Enhance returns to shareholders
- Continuous investment in organic and inorganic growth
- Dividend distribution and share buyback

Revenue from Sustainability Services

The revenue and profit directly generated through providing services that have a positive impact on either the environment or on society is increasing and in 2023 revenue was measured at €1,138 million, being 55% of the Group. This is an increase of 8% on 2022. This revenue encompasses a range of services and excludes those that although may provide a positive direct impact are in a contentious industry. The services provided to the oil & gas and nuclear industries are therefore excluded from this measurement. The services that have a direct positive impact on the environment include those to the renewables, automotive emissions, environmental surveys, energy audits, waste management surveys and innovation projects for automotive eco-engines and lightweight aerospace materials. The services that have a direct positive impact on society include periodic vehicle safety inspections, cybersecurity, product safety testing and certification including for vehicles, industrial, medical and consumer products, communications network inspection, road safety management, systems certification, metrology and industrial calibration. Demand for services in these areas is growing strongly and this has been supplemented by acquisitions of businesses that also provide sustainability services.

There were six acquisitions made in 2023 as detailed above, all of which make a positive contribution to either the environment or society.



Environmental, Social and Governance

The Group continues to make strong progress in embedding environmental and social factors within its business and operations including reducing the adverse impact of its operations on the environment and constantly striving to improve the working conditions of the 26,000 people that make up Applus+. Progress has been made in reducing the carbon footprint through emissions reductions and increasing the proportion of energy supply from zero or low carbon sources. Improvements have been measured in health and safety, equality and people welfare. More robust systems have been put in place for the identification and measurement of environmental and social data and the scope has been further widened within the Group as well as encompassing the acquisitions made.

As a trusted partner to a wide range of stakeholders, the Group has also been strengthening key areas to deliver its vision for good governance and is proud to have an industry leading governance framework.

In 2021, new targets were set for 2022, 2023 and 2024 relating to environmental, social and governance that are linked to the executive director (CEO) and senior management team´s variable remuneration accounting for 15% of the annual bonus plus 10% of the long-term incentive plan. These targets relate to the reduction of emissions, safety and diversity of the workforce and ethics. Good progress has been made in meeting these targets and for those set for 2022 and 2023, all the targets were achieved or exceeded. The targets for 2024 are also expected to be achieved.

	Metric	Target 2024	Progress to date
Environment	Reduction of Scope 1 & 2 emissions vs 2019	30%	38% by 2023
	Be Scope 1 & 2 carbon neutral by 2023		Done
	Plan for net zero by 2050 under SBTi	Validated by SBTi	Done
Social	Management and Corporate Services vacancies covered by women	>40%	79% in 2023
	Reduction in Lost Time Injury Frequency (LTIF)	10%	31% by 2023
Governance	Compliance with applicable CNMV (Spanish regulator) recommendations	>90%	98% in 2023
	Professionals complete the training and sign up to the Code of Ethics	>98%	99% in 2023

Applus+ became carbon neutral in 2023 for scope 1 and 2 and has committed to a goal of zero emissions by 2050 to be aligned with the 1.5°C trajectory limit of global warming above pre-industrial levels. Applus+ joined the Science Based Targets Initiative (SBTi) in 2022 and in the same year the near-term (2030) greenhouse gas emissions reduction targets were validated by the SBTi and in October 2023, the SBTi also validated the goal of zero emissions by 2050.

The external ESG ratings' agencies that perform their independent analysis on the Group, taking different perspectives and approaches, have all recognised and confirmed the Group's resilience and commitment to sustainability validating the progress made and alignment to the strategic objectives. The most recent recognition has come from the CDP, which is the not-for-profit charity that is the gold standard for environmental reporting. During this month of February, the CDP significantly increased the rating from a "B" to an "A" following a rigorous review and "A" rated companies are those that show environmental leadership and are most transparent when it comes to disclosure and performance on climate change.

During 2023 Applus+ was included in the new IBEX ESG index for investors supporting sustainable companies, after being selected by the independent Swiss rating agency, Inrate, to be one of 47 listed companies included in this index and is in addition to being included in the FTSE4GoodIbex index in Spain.

In May, The Financial Times and Statista once again included Applus+ amongst 500 companies within its list of Europe Climate Leaders 2023 that have achieved the greatest reduction in the intensity of their Scope 1 and 2 greenhouse gas emissions over a 5-year period.

Sustainalytics reviewed their rating on Applus+ and improved the already "low risk" score from 15.6 to 13.3 being strong recognition of the achievements in ESG.

These accomplishments are to be added to the continued strong ratings from Standard & Poor's Global Corporate Sustainability Assessment with a high score of 54 for ESG management, compared to a global average of 24 and ranks Applus+ in the top 19% of all companies analysed; the renewal of the unsolicited rating from Standard Ethics who rate Applus+ as Sustainable with a rating of EE+ (very strong) which is the highest category and rating in their list of Spanish mid cap companies in 2023; and renewed strong ratings from MSCI ESG Ratings (AA) and Gaïa (70/100).

S&P Global	Sustainalytics	Gaïa Rating	CDP	Standard Ethics	MSCI ESG Ratings	FTSE4Good
54/100	**13.3**	**70/100**	**A** Rating	**EE+**	**AA**	**Included**
Top 19%	Low Risk	Above average	Leadership	Very Strong	Leader	

Outlook

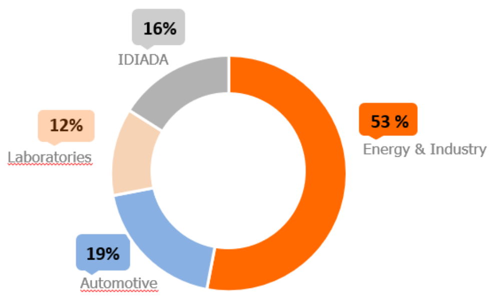
The outlook for 2024 is for mid to high single digit organic revenue growth and for the adjusted operating profit margin to increase to around 11.5% before applying the IDIADA Accelerated Depreciation. The Group will continue to focus on portfolio mix quality improvements.

Beyond 2024, the Group is confident that the business is well positioned for future profitable growth.

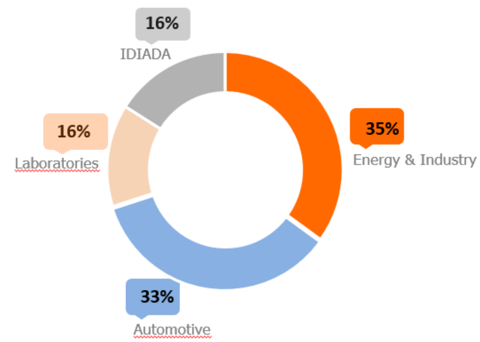
Operating review by division

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

FY 2023 revenue split



FY 2023 adjusted operating profit split



Energy & Industry

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

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

The revenue in the division was €1,084.4 million and the adjusted operating profit was €85.4 million in the year, giving an adjusted operating profit margin of 7.9%.

EUR Million	FY							
	2023	2022 Proforma [1]	Change	Organic	Inorganic	FX	2022 Reported	Change
Revenue	1,084.4	993.4	9.2%	*10.7%*	*1.7%*	*(3.2)%*	1,095.2	(1.0)%
Adj. Op. Profit	85.4	80.8	5.8%	*5.3%*	*4.3%*	*(3.8)%*	76.9	11.0%
% AOP Margin	*7.9%*	*8.1%*	*-25 bps*				*7.0%*	*+ 85 bps*

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

[1] 2022 is restated for the transfer of the Aerospace business to Labs and 2022 Proforma also excludes US O&G business sold

Revenue for the year ended 31 December 2023 was 1.0% lower than the reported revenue in the prior year (restated for the transfer of the Aerospace business to Laboratories) and was 9.2% higher on a Proforma basis. The Proforma revenue increase was made up of an increase of 10.7% in organic revenue at constant exchange rates, 1.7% from acquisitions (Inorganic) and a decrease of 3.2% due to unfavourable exchange rates.

Inorganic revenue of 1.7% from acquisitions relates to the revenue from mainly two recently made acquisitions. Contributing the most inorganic revenue in the period was Ripórtico Engenharia, that was purchased in January 2023 and is a provider of supervision and engineering design services for civil infrastructure and is based in Portugal with a meaningful contribution also from K2 Ingeniería in Colombia that was purchased in July of 2022 that provides environmental consulting & monitoring services for the infrastructure industry. The acquisition of Barlovento Recursos Naturales was right at the end of 2023 and therefore did not contribute any material revenue to the year.

Negative currency translation of 3.2% in the year was mainly due to the Canadian and Australian dollars that were weaker against the Euro.

The revenue in the fourth quarter of €287.3 million was 9.4% higher than the fourth quarter of the prior year´s revenue of €262.6 million. There was strong organic revenue growth of 11.6% with the addition of 1.1% inorganic revenue growth and a decrease of 3.3% from unfavourable exchange rates.

Adjusted operating profit was 11.0% higher than the reported adjusted operating profit last year (restated for the transfer of the Aerospace business to Laboratories) and was 5.8% higher on a Proforma basis. The Proforma adjusted operating profit increase was made up of an increase of 5.3% in organic adjusted operating profit at constant exchange rates, 4.3% from acquisitions (Inorganic) and a decrease of 3.8% due to unfavourable exchange rates.

The adjusted operating profit margin of 7.9% was 85 basis points higher than the reported margin last year (restated for the transfer of the Aerospace business to Laboratories). On a Proforma basis, the margin decreased by 25 basis points from 8.1% to 7.9%. The margin increase of 85 basis points was mainly due to the disposal of the US Oil & Gas business that was loss making in the previous year and these results have now been taken out of the current year figures. The organic margin decrease is a result of the faster growth of the lower margin oil and gas business and the impact of inflation mitigated by improved cost efficiency and operational gearing.

The division continues to perform well with strong double-digit organic revenue growth coming from most of the regions and segments from higher demand for services and higher pricing.

Renewables, Power, Infrastructure and Diversified Industries now represents 55% of the division revenue and is growing at high single digits with Latin America, Iberia and the Middle East leading the growth. The margin for this segment is increasing and is around 9%.

On a proforma basis, Oil & Gas grew at a double-digit rate coming from continued strong demand in Opex exposed services in the main regions of the Middle East, Australia and Latin America and low single digit revenue growth from Capex exposed services which is now one fifth of Oil & Gas (or 10% of the division and

5% of the Group) and are more cyclical. The margin for the whole Oil & Gas segment is now around 7%.

The three recent acquisitions made by the Energy & Industry division are performing well. The most recent acquisition was that of Barlovento Recursos Naturales, specialised in wind energy technical advisory services and acquired at the end of 2023 with €13 million annual revenue. Ripórtico, the Portuguese infrastructure company, acquired in the first quarter of 2023, with €8 million of annual revenue and K2 Ingeniería, an environmental consulting and monitoring business in Colombia and acquired in the second half of 2022 with €13 million annual revenue.

Automotive

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

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

The revenue in the division was €391.8 million and the adjusted operating profit was €81.7 million in the year, giving an adjusted operating profit margin of 20.9%.

EUR Million	FY							
	2023	2022 Proforma [1]	Change	Organic	Inorganic	FX	2022 Reported	Change
Revenue	391.8	411.3	(4.7)%	*0.2%*	*0.4%*	*(5.3)%*	460.9	(15.0)%
Adj. Op. Profit	81.7	92.4	(11.5)%	*(11.3)%*	*0.6%*	*(0.8)%*	93.9	(12.9)%
% AOP Margin	*20.9%*	*22.5%*	*-160 bps*				*20.4%*	*+ 50 bps*

The figures shown in the table above are rounded to the nearest €0.1 million
[1] Figures for 2022 are proforma for Auto US & Finland divestments

Revenue for the year ended 31 December 2023 was 15.0% lower than the reported revenue of the prior year and was 4.7% lower on a Proforma basis. The Proforma revenue decrease was made up of an increase of 0.2% in organic revenue at constant exchange rates, 0.4% from an acquisition (Inorganic) and a decrease of 5.3% due to unfavourable exchange rates. The currency impact in the year was mainly due to the significantly weaker Argentinian peso and also a weaker Swedish kroner against the euro with the revenue in these two countries accounting for around 20% of division revenue. The flat organic revenue in 2023 with a 0.2% increase, was mainly due to the ending of the contracts in Costa Rica in July of 2022 and Alicante that ended in February 2023. The underlying revenue growth excluding Costa Rica and Alicante would have been in the mid-single digits driven by higher inspection volumes and price inflation.

Inorganic revenue in the year of 0.4% from acquisitions relates to four months of revenue from IDV Madrid that performs statutory vehicle inspection services and was purchased in April 2022.

The revenue in the fourth quarter of €87.7 million was 5.6% lower than the fourth quarter revenue in the prior year of €92.9 million with the strong organic revenue increase of 6.3% being more than offset by the unfavourable currency impact of 11.9%. The currency impact in the fourth quarter was mainly as a result of the devaluation of the Argentinian peso following the election of the new President in the country.

Adjusted operating profit was 12.9% lower than the reported adjusted operating profit in the previous year and was 11.5% lower on a Proforma basis. The Proforma adjusted operating profit decrease was made up of a decrease of 11.3% in organic at constant exchange rates, an increase of 0.6% from acquisitions (Inorganic) and a decrease of 0.8% due to exchange rates. All concessions and programmes are performing well with those in Spain and Ireland contributing the highest profit growth.

The adjusted operating profit margin of 20.9% was a strong result, being 50 basis points higher than the reported margin in 2022. On a Proforma basis, the margin decreased by 160 basis points from 22.5% to 20.9% which was a good performance considering the material and high margin contracts of Costa Rica and Alicante had ended and there were ramp-up costs associated with the new contract in Saudi Arabia. The margin increase of 50 basis points included the benefit following the disposals of the Auto Finland and Auto USA businesses that in aggregate had a low profit margin in the previous year and these results have now been taken out of the current year figures. The strong underlying margin performance of the division, excluding the ending of the Costa Rica and Alicante contracts and ramp-up costs in Saudi Arabia, was due to the full effect of price increases being put through in some countries and contracts, part way through 2022 and in 2023, and an improvement in the profitability of the Irish contract being the largest by revenue in the division following capacity issues in 2022.

There was success with renewals during the year with both the Auto concessions in Buenos Aires in Argentina and the Basque Country in Spain being renewed for further multi-year periods and no contracts ending. There are no material contracts that end until December 2027 when the contract in Galicia is due for renewal.
A ten-year statutory vehicle inspection contract was awarded during the year in Saudi Arabia that is expected to generate revenue in the mid-teens millions of

euros on an annual basis once fully ramped up. Furthermore, new contracts have been negotiated and due to begin soon in some cities in China and India.

Laboratories

Laboratories provides testing, certification and engineering services to improve product competitiveness and promote innovation. The Division operates a network of multidisciplinary laboratories in Europe, Asia and North America, employs approximately 3,000 people and is active in 13 countries.

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

The revenue in the division was €254.3 million and the adjusted operating profit was €39.4 million, giving an adjusted operating profit margin of 15.5%.

EUR Million	FY					
	2023	2022 Proforma [1]	Change	Organic	Inorganic	FX
Revenue	254.3	215.8	17.8%	*10.5%*	*10.1%*	*(2.8)%*
Adj. Op. Profit	39.4	31.0	27.2%	*20.3%*	*11.8%*	*(4.9)%*
% AOP Margin	*15.5%*	*14.4%*	*+ 115 bps*			

The figures shown in the table above are rounded to the nearest €0.1 million
[1] Figures for 2022 are proforma including Aerospace figures

Revenue for the year ended 31 December 2023 was 17.8% higher than the Proforma revenue of the previous year (restated for the transfer of the Aerospace business from Energy & Industry). The revenue increase was made up of an increase of 10.5% in organic revenue at constant exchange rates, 10.1% from acquisitions (Inorganic) and a decrease of 2.8% due to exchange rates.

Inorganic revenue of 10.1% for the year includes revenue from the seven acquisitions made in the last two years until they are owned for 12 months with the largest of these being Rescoll, a material testing laboratory in France, that specialises in medical products and aerospace that was purchased in June of 2023.

Negative currency translation of 2.8% on revenue in the period was mainly due to the Canadian and Chinese currencies that were weaker against the Euro.

The revenue in the fourth quarter of €73.3 million was 18.6% higher than the prior fourth quarter revenue of €61.8 million due to strong organic revenue growth of 7.4%, acquisition growth of 14.5% less unfavourable exchange rates of 3.3%.

Adjusted operating profit for the year was 27.2% higher than the Proforma adjusted operating profit in the prior year (restated for the transfer of the Aerospace business from Energy & Industry). The adjusted operating profit increase was made up of an increase of 20.3% in organic, 11.8% from acquisitions (Inorganic) and a decrease of 4.9% due to unfavourable exchange rates.

The adjusted operating profit margin of 15.5% was 115 basis points higher than the margin in the prior year (restated for the transfer of the Aerospace business from Energy & Industry). The significant margin improvement was largely due to the business in China being back to normal levels after the lockdowns in the previous year where the costs in China remained the same and the revenue fell and was also due to good operational gearing, a better profitability mix and higher margins from the acquisitions.

By business line, the strongest contribution to the growth came from Electrical & Electronic and Cybersecurity services driven by the electrification and connectivity global megatrends with good growth in all the other business lines. The two main regions that are performing well are China and North America.

The four acquisitions made in 2023 of which two were metrology businesses in Spain with also France (medical devices and aerospace) and China (automotive components) are performing well with revenue synergies being generated.

Following several years of organic revenue growth and targeted investment through acquisitions, the Laboratories division is three times bigger than it was in 2019 in revenue and profit and is now a significant contributor to the Group at 16% of Group Adjusted Operating Profit.

IDIADA

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

IDIADA A.T. provides services to the world's leading vehicle manufacturers for new product development activities in design, engineering, testing and homologation. The division employs approximately 3,000 people and is active in 22 countries.

The revenue in the division was €327.5 million and the adjusted operating profit before taking account of Accelerated Depreciation, was €48.4 million in the year giving an adjusted operating profit margin of 14.8%. After taking account of Accelerated Depreciation, the margin was 11.6%.

EUR Million	FY				
	2023	2022	Change	Organic	FX
Revenue	**327.5**	**278.0**	**17.8%**	***19.1%***	***(1.3)%***
Adj. Op. Profit	**48.4**	**35.7**	**35.7%**	***36.9%***	***(1.2)%***
% AOP Margin	*14.8%*	*12.8%*	*+ 195 bps*		
Adj. Op. Profit incl. AD [1]	**38.0**	**29.9**	**27.0%**		
% AOP Margin	*11.6%*	*10.8%*	*+ 84 bps*		

The figures shown in the table above are rounded to the nearest €0.1 million
[1] AD is IDIADA Accelerated Depreciation to adapt assets useful life to contract/concession duration

Revenue for the year ended 31 December 2023 was 17.8% higher than the revenue in the prior year. The revenue increase was made up of an increase of 19.1% in organic revenue at constant exchange rates less 1.3% due to unfavourable exchange rates.

The revenue in the fourth quarter was €91.1 million and was 18.9% higher than the fourth quarter of 2022 revenue of €76.6 million due to continued strong organic revenue growth of 20.3% less 1.4% due to unfavourable exchange rates.

Adjusted operating profit was 35.7% higher than last year and after Accelerated Depreciation, was 27.0% higher. The adjusted operating profit increase was mostly organic with some decrease due to foreign exchange rates.

The adjusted operating profit margin of 14.8% was 195 basis points higher than the margin last year and after Accelerated Depreciation was 11.6% and 84 basis points higher. This margin increase was entirely organic due to the benefit of operational gearing and mix.

This is the second year of exceptionally high organic revenue growth due to good underlying demand and supported by the large project from an Asian manufacturer that has continued longer than expected. The strong demand is across the business lines and especially for electric and hybrid vehicles which now account for almost 70% of the division revenue. Also, testing for vehicle batteries and electrical components as well as autonomous driving features and advanced driver assistance systems is supporting the strong growth.

The significant margin improvement was even after the increase in the accelerated depreciation with all business lines and geographies contributing to this increase in margin because of positive operational gearing and the beneficial mix of business with the higher margin Proving Ground in Catalonia back to full capacity.

The Group continues to await news on the tender to renew the whole IDIADA concession for a further 20- or 25-years that otherwise ends in September 2024. In the meantime, the assets of the business must undergo Accelerated Depreciation to nil value by the end of the concession. The Accelerated Depreciation in 2023 was €10.4 million which was a significant increase from the charge of €5.8 million in 2022.

Appendix 1

Reconciliation of Adjusted to Statutory results

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

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

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

	FY 2023			FY 2022 Proforma			+/- %
EUR Million	**Adj. Results**	**Other results**	**Statutory results**	**Adj. Results**	**Other results**	**Statutory results**	**Adj. Results**
Revenue	**2,057.9**	**0.0**	**2,057.9**	**1,898.5**	**0.0**	**1,898.5**	**8.4%**
Ebitda	**336.1**	**0.0**	**336.1**	**317.3**	**0.0**	**317.3**	**5.9%**
Operating Profit	**211.5**	**(101.4)**	**110.0**	**204.4**	**(69.1)**	**135.3**	**3.5%**
Net Financial expenses	(41.9)	0.0	(41.9)	(33.2)	0.0	(33.2)	
Other Financial Results	0.0	0.0	0.0	0.0	0.0	0.0	
Profit Before Taxes	**169.6**	**(101.4)**	**68.2**	**171.1**	**(69.1)**	**102.0**	**(0.9)%**
Current Income tax	(42.1)	13.4	(28.7)	(42.6)	13.5	(29.1)	
Non controlling interests	(13.3)	0.0	(13.3)	(13.3)	0.0	(13.3)	
Net Profit	**114.1**	**(88.0)**	**26.1**	**115.2**	**(55.6)**	**59.6**	**(1.0)%**
Discontinued Operations	0.0	(5.9)	(5.9)	0.0	(11.0)	(11.0)	
Net Profit after Disc. Op.	**114.1**	**(93.9)**	**20.2**	**115.2**	**(66.6)**	**48.6**	
Number of Shares	129,836,606		129,836,606	136,888,259		136,888,259	
EPS, in Euros	**0.88**		**0.20**	**0.84**		**0.44**	**4.4%**
Income tax/PBT	*(24.8)%*		*(42.1)%*	*(24.9)%*		*(28.6)%*	

Other results of €101.4 million (2022: €76.8m as reported and €69.1m proforma) in the Operating Profit represent amortisation of acquisition intangibles of €67.0

million (2022: €67.2m as reported and €63.3m proforma); impairment of goodwill of €25.0 million (2022: Nil), severance costs on restructuring of €3.6 million (2022: €7.6m as reported and proforma); transaction costs relating to acquisitions of €2.1 million (2022: €4.9m as reported and €1.8m as proforma) and; other gains and losses that net to a charge of €3.7 million (2022: income of €2.8m as reported and income of €3.5m as proforma).

A reduction in the deferred tax liability is booked against these Other results of €13.4 million (2022: €14.5m as reported and €13.5m proforma).

Discontinued operations includes the net results of the three disposals made in 2022 and 2023.

Appendix 2

Revenue by quarter of the three discontinued operations

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

Appendix 3

Alternative Performance Metrics

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.

- **AD - IDIADA accelerated depreciation**, to adapt assets useful life to contract/concession duration
- **Adjusted measures** are stated before other results
- **AOP**, Adjusted Operating Profit
- **CAGR**, Compounded Annual Growth Rate
- **Capex**, realised investments in property, plant & equipment, or intangible assets
- **Cash conversion**, calculated as the ratio of EBITDA minus capex & change in working capital over EBITDA
- **EBITDA**, measure of earnings before interest, taxes, other results and depreciation and amortisation
- **EPS**, Earnings per share

- **EV**, Electrical Vehicle
- **FX**, Foreign exchange
- **FX impact**, The impact on the prior period revenue and adjusted operating profit from the restatement to current foreign exchange rates
- **Free Cash Flow**, operating cash generated after capex investment, working capital variation and tax & interest payments and before leases
- **Inorganic**, The revenue or adjusted operating profit relating to acquisitions and disposals (unless classified as discontinued operations) made in the previous twelve months
- **Leverage**, calculated as Net Debt/LTM EBITDA as per bank covenant definition
- **LTM**, Last twelve months
- **Net Debt**, current and non-current financial debt, other institutional debt less cash. As per bank covenant definition, calculated at annual average exchange rates and pre-IFRS16
- **Net Profit**, measure of earnings operating profit after interest, taxes and minorities
- **Operating Profit**, measure of earnings before interest and taxes
- **Other results** are those impacts corrected from the relevant measures to provide a better understanding of the underlying results of the Group, for example: amortisation of acquisition intangibles, restructuring, impairment and transaction & integration costs
- **P.A.**, per annum
- **PPA Amortisation** corresponds to the amortisation of the Purchase Price Allocation related to acquisitions, allocated to intangible assets and Goodwill reduction for finite life concessions
- **Proforma**, removing the impact of discontinued operations. For the avoidance of doubt, in these first half results this relates to the Automotive division business in Finland and the USA and the Energy & Industry division Oil & Gas business in the USA
- **ROCE**, Net Adjusted Operating Profit After Tax/Capital Employed excluding IFRS 16 lease adjustment. Net adjusted operating profit is proforma acquisitions and disposals, excluding IDIADA Accelerated Depreciation and at 25% tax rate
- **Statutory results,** consolidated results of the Group under IFRS regulation, as shown in the Consolidated Financial Statements
- **WC**, Working Capital

End of 2023 Full Year Results Announcement. This summary announcement is taken from the Consolidated Financial Statements as at 31 December 2023.

This announcement is an extract and translation of the full year financial results announcement as filed with the Spanish regulator, Comisión Nacional del Mercado de Valores (CNMV). In cases of discrepancy, the Spanish version filed with the CNMV will prevail.