2022 Full Year Results Announcement
27 February 2023

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 2022 ("the period").

Highlights

- Strong financial performance in a challenging year and well positioned for future growth
- Increased demand for services driven by global megatrends supported by sustained pricing power
- 51% of revenue generated from broad portfolio of sustainability services supporting environmental and social objectives
- Portfolio evolution with 5 acquisitions, and 1 disposal in 2022 and a further acquisition and disposal in 2023
- First share buyback completed and second programme of 5% in progress
- Strong revenue and operating profit growth with excellent cash flow generation supporting acquisitions and share buybacks while reducing leverage to 2.6x
- 2022 full year results:
  - Revenue of €2,050 million up 15% (organic[1] +8.0%)
  - Operating profit[2] of €202 million up 15% (organic[1] +4.5%)
  - Operating profit[2] margin of 9.9% (9.9% in 2021)
  - Free cash flow[2] of €181 million up 41%
  - Earnings per share[2] of €0.81 up 24%
  - Net Debt/EBITDA ratio[3] of 2.6x and liquidity of €493 million
- Board proposes a dividend of €0.16 per share up from €0.15 last year
- Outlook for 2023:
  - Mid to high single digit organic revenue growth
  - Stable operating profit[2,4] margin
  - Continued focus on portfolio mix quality improvement through further acquisitions and selected divestments

1. Organic is stated at constant exchange rates
2. Adjusted for Other results, amortisation of acquisition intangibles and impairments (page 27)
3. Excluding IFRS 16
4. Current portfolio and excluding IDIADA Accelerated Depreciation (AD)

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

"We have delivered a strong set of results, made good progress on our strategy and remain well placed to support continued growth and achieve our 2024 targets.

Revenue and operating profit both grew in the mid-teens, while net earnings showed an even stronger progression. We saw good margin improvements in

Energy & Industry and IDIADA, coming from operating leverage and the initial benefits from our operational excellence initiatives, however, these were offset by the unexpected ending of the Automotive contract in Costa Rica in July 2022 and higher energy costs.

The strong earnings momentum drove significant cash generation and supported our value creation capital allocation strategy. It enabled us to invest organically to capture the global megatrends driving our growth, accelerate our portfolio transition towards higher value businesses and execute on our commitments to optimise returns to shareholders by completing our first share buyback programme and launching the second.

Additionally, with the successful divestments of two businesses that no longer fit our strategy, we were able to maintain leverage well below our covenants and within our comfort zone.

With our improving portfolio of higher-quality businesses, we saw a 20% increase in the revenue generated from sustainability linked services to €1,052 million in 2022, or 51% of the Group´s revenue (49% in 2021). This relates to services where there is a positive impact on the environment and/or society. Sustainability is an integral part of our services and offers significant long-term growth opportunities for Applus+.

ESG remains at the heart of our strategic priorities and corporate values. This commitment has yielded a new sustainability rating from Standard Ethics of "very strong" and who subsequently placed us first in their list of Spanish mid-cap companies. And we also received validation by the Science Based Targets initiative (SBTi) of our near-term emissions reduction targets as we commit to be net zero by 2050.

We remain confident in our ability to deliver profitable growth and improving returns. We will also continue to pursue our determined efforts to optimise our cost base and improve our efficiency, these being our current top priorities. Our diversified portfolio of higher value businesses demonstrated its resilience to short-term macro-economic impacts. We increasingly benefit from the growth drivers in the industry including capturing incremental revenue from customers focusing on their sustainability objectives. We have a re-invigorated management team to ensure strong execution, all of which makes us confident of meeting our 2024 targets."

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: **https://edge.media-server.com/mmc/p/49h5ukfv**

To listen by telephone please first register in advance to receive an email with registration number, passcode and the telephone number to dial: **https://register.vevent.com/register/BI4d78a61c1a954543be6149e58ade6874**

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About Applus+ Group

Applus+ is 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 2022, Applus+ reported revenue of €2,050 million, and an adjusted operating profit of €202 million. The total number of shares is 135,867,508.

The Group is at the forefront of ESG best practices which is recognised by external ratings agencies.

S&P Global	Sustainalytics	Gaïa Rating	CDP	Standard Ethics	MSCI ESG Ratings	FTSE4Good
54/100 Top 19%	15.6 Low Risk	70/100 Above average	B Above average	EE+ Very Strong	AA Leader	Included

ISIN: ES0105022000
Symbol: APPS-MC

For more information go to www.applus.com/en

Applus+

FULL YEAR REPORT 2022

Profit and Loss Overview

	FY		
	2022	2021	Change
Revenue	**2,049.9**	**1,776.7**	**15.4%**
Adj. Op. Profit before AD[1]	**207.8**	**179.5**	**15.8%**
Adj. Op. Profit margin before AD[1]	***10.1%***	***10.1%***	
Accelerated depreciation	(5.8)	(4.2)	
Adj. Operating Profit	**202.0**	**175.2**	**15.3%**
Adj. Op. Profit margin	***9.9%***	***9.9%***	
PPA Amortisation	(67.2)	(65.6)	
Other results	(9.6)	(8.2)	
Operating Profit	**125.2**	**101.5**	**23.3%**
Finance Results	(28.9)	(25.9)	
Other Financial Results[2]	(4.8)	0.0	
Profit before tax	**91.5**	**75.6**	**21.0%**
Income taxes	(29.5)	(25.6)	
Net Profit	**61.9**	**50.0**	**23.8%**
Minorities	(13.3)	(17.8)	
Net Profit Group	**48.6**	**32.2**	**50.8%**
Adjusted Net Profit Group	**111.0**	**93.3**	**18.9%**
EPS in €	**0.36**	**0.23**	**57.5%**
Adjusted EPS in €[3]	**0.81**	**0.65**	**24.3%**

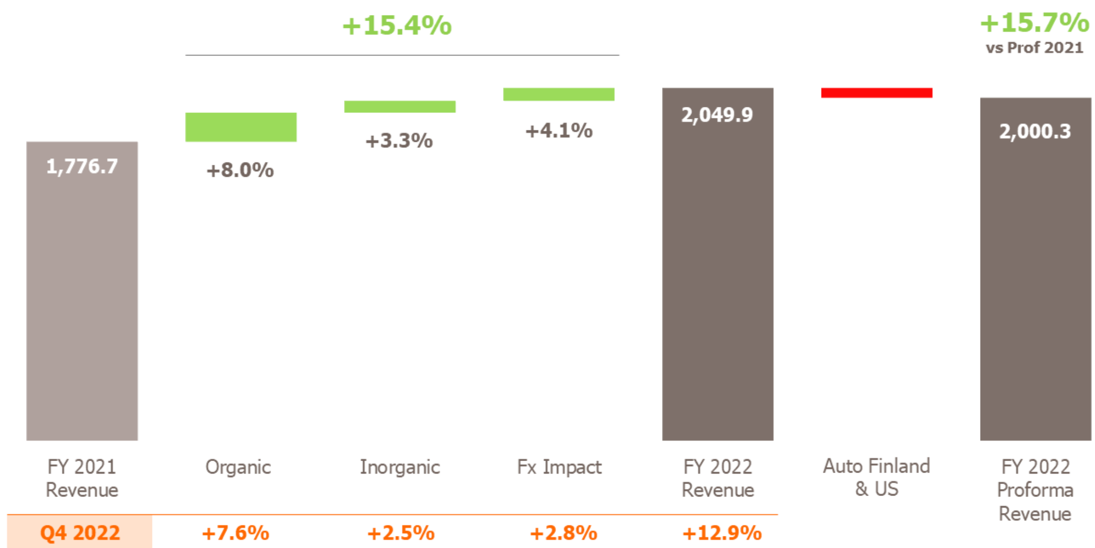
The figures shown in the table above are rounded to the nearest €0.1 million

1. AD is IDIADA accelerated depreciation to adapt assets useful life to contract/concession duration
2. Other Financial Results includes Put option impact related to the final price of the acquisition of Galicia minority stake
3. Share buyback programmes have reduced the average share count for EPS calculations to give an average period share count of 136.9m for 2022 versus 143.0m in 2021

Revenue

Revenue for 2022 of €2,049.9 million was higher by 15.4% compared to the previous year. The proforma revenue for 2022 excluding the revenue from the disposals of the Auto division operations in Finland and the USA, which took place in December 2022 and February 2023 respectively, is €2,000.3 million.

The revenue bridge for the year in € million is shown below and the change in the percentage figures for the last quarter of 2022 are shown below the waterfall chart.



The total revenue increase of 15.4% for the year was made up of an increase in organic revenue at constant exchange rates of 8.0%, the addition of revenue from acquisitions (Inorganic) of 3.3% and a positive currency translation impact of 4.1%. All four divisions had organic and total revenue growth with the organic revenue growth supplemented by price increases. The portfolio repositioning into more structurally attractive segments aligned to the key megatrends of energy transition, electrification and connectivity and those where we can offer a wider range of sustainable services, have been supportive to this growth.

In the final quarter of the year, the total revenue was €531.0 million, an increase of 12.9% from the prior year´s final quarter revenue of €470.5 million. This was made up of an organic revenue increase of 7.6%, the addition of revenue from acquisitions (Inorganic) of 2.5% and a favourable currency translation impact of 2.8%. Three of the four divisions had strong organic revenue growth with the Automotive division having a decrease in organic revenue of 0.4% due to the ending of the Auto contract in Costa Rica.

The organic revenue growth for the year came from all four divisions of the Group, with Automotive having the lowest at 0.2% due to contract changes during the year and the other three divisions had very strong revenue growth of high single digits and growth of 21% for the IDIADA division.

The revenue increase of 3.3% from acquisitions relates to a partial year of revenue from the five acquisitions closed in 2021 until they had been owned for twelve months plus revenue from five acquisitions closed in 2022 from the date of ownership to the end of the year. The acquisitions were spread across the year, in different divisions and geographies. Energy & Industry made an acquisition in

July in Colombia of K2 Ingeniería, an environmental inspection and consulting business with 257 people that generated €10 million of revenue in the second half of the year. Laboratories made three acquisitions with Lightship in Canada, a cybersecurity company with 33 employees and generating over €7 million revenue, being the largest plus jtsec in Spain, also with complementary services in cybersecurity and Alpe Metrología in Spain. Automotive division acquired IDV Madrid that provides statutory vehicle inspection through three stations in the region and where the division has an important position.

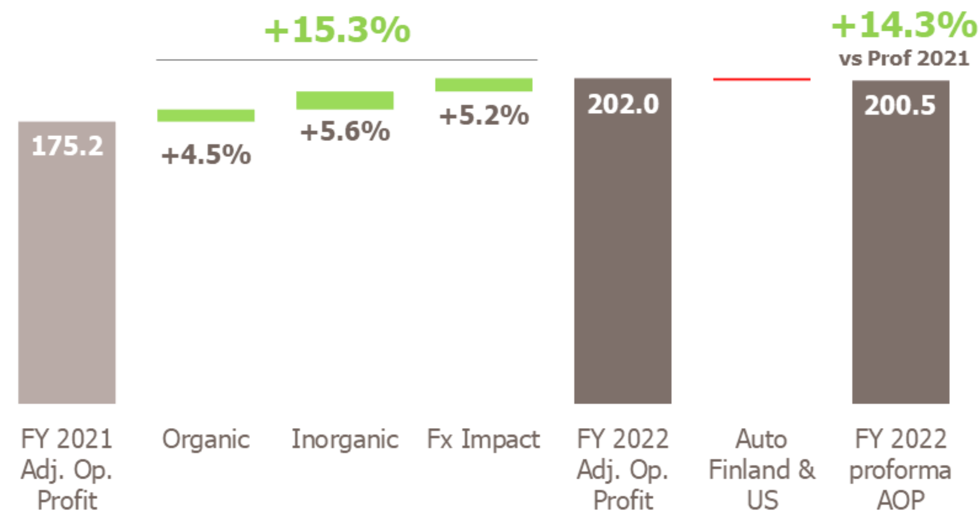
Of the revenue in 2022, 45% was generated in the reporting currency of the Group which is the euro and 55% in other currencies. The largest of these other currencies is the US dollar and those linked to the US dollar which in 2022 made up 18% of the revenue. The other material currencies making up more than 3% of the Group revenue were the Canadian and Australian dollars and the Swedish kroner. The US, Canadian and Australian dollars were very strong against the euro in the year, with the average rate the Group uses to translate these currencies to euros being stronger by 12.4%, 8.4% and 3.9% respectively and the Swedish kroner moved in the opposite direction, being 4.5% weaker. These movements, as well as all the other currency movements, resulted in a net positive currency benefit of 4.1% for the year.

Adjusted Operating Profit

Adjusted operating profit for 2022 of €202.0 million was higher by 15.3% compared to the previous year.

The adjusted operating profit bridge for the year in € million is shown below and the margins for the years and the last quarter of 2021 are shown below the waterfall chart.

The proforma adjusted operating profit for 2022 excluding the contribution from the disposals of the Auto division operations in Finland and the USA, which took place in December 2022 and February 2023 respectively, is €200.5 million.



	FY 2021 Adj. Op. Profit	FY 2022 Adj. Op. Profit	FY 2022 proforma AOP
% AOP Margin FY	9.9%	9.9%	10.0%
% AOP Margin Q4	10.3%	10.2%	

The total adjusted operating profit increase of 15.3% for the year was made up of an increase in organic adjusted operating profit at constant exchange rates of 4.5%, acquisitions (Inorganic) of 5.6% and a positive currency translation impact of 5.2%.

The solid operating performance, with profit growth of over 15%, was in line with revenue growth, in a year characterised by high global inflation, especially for energy costs that significantly impacted Applus+ in the second half of last year, lockdowns in China and the ending of a highly profitable material vehicle inspection contract in the Automotive division. Three of the four divisions had an increase in the adjusted operating profit, with only the Automotive division being lower than the prior year.

The resulting adjusted operating profit margin for the year was 9.9%, the same margin as for the previous year. The margin increased in the first half of the year by 30 basis points, from the strong underlying Group performance, but this increase was offset by a decrease in the second half of the year following the ending in July of the vehicle inspection contract in the Auto division and the significant increase in energy costs.

The inorganic adjusted operating profit growth of 5.6% was higher than the equivalent revenue growth, 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 €54.2 million, an increase of 11.7% from the prior year final quarter of €48.5 million.

This growth in the last quarter's adjusted operating profit was made up of an increase in the organic component of 1.6%, the addition of 5.6% from acquisitions and a positive foreign currency impact of 4.5%. The margin in the final quarter of the year was 10.2%, which was 10 basis points below the final quarter of the prior year with the decrease in margin mitigated by the start of the operational excellence programme.

The proforma margin for 2022, after deducting the revenue and adjusted operating profit of the disposals was 10.0%, 10 basis points higher than the 2022 margin including these businesses showing the margin accretion benefit of the disposals.

Adjusting for the Accelerated Depreciation in IDIADA, the equivalent margin for 2022 would be 10.1% which is 20 basis points higher than without the adjustment. This additional charge of €5.8 million (2021: €4.2 million) in IDIADA has been made to adapt the assets useful life to contract/concession duration.

Other Financial Indicators

The reported operating profit was €125.2 million in the year compared to a reported operating profit of €101.5 million in the previous period. The reported operating profit is after deducting the Other results of €76.8 million from the adjusted operating profit as detailed in Annex 1.

The net financial expense in the profit and loss for the period was €28.9 million and includes €6.9 million relating to the charge for leases under the IFRS16 accounting standard and €3.2 million foreign exchange differences. The underlying interest charge before these two items was €18.9 million which was €3.0 million higher than the prior year due to the higher cost of debt in 2022 compared to 2021 from rising interest rates and slightly higher average net debt during the period.

There is a further charge of €4.8 million in financial expenses related to the acquisition of the remaining 20% investment not previously owned by Applus+ in Inversiones Finisterre through the exercise of a put-option by the sellers. There is a corresponding reduction in the Non-controlling interests (Minorities) charge in 2022 of a similar amount as described below.

The profit before tax on an adjusted basis was €168.3 million compared to €149.4 million in 2021 and on a statutory basis was €91.5 million compared to a profit of €75.6 million in 2021. The adjusted profit before tax was significantly higher than for the corresponding period last year due mainly to the higher adjusted operating profit.

The effective tax charge for the year was €44.0 million which was higher than the prior year of €38.3 million. This gave an effective tax rate of 26.2%, being slightly higher than the rate in the prior period of 25.6%. On a statutory basis, the reported tax was a charge of €29.5 million versus a charge of €25.6 million in the prior year. The statutory tax charge rate of 32.3% is also in line with the prior year rate of 33.9%.

Non-controlling interests decreased from €17.8 million in 2021 to €13.3 million in 2022. The decrease of €4.5 million in the period is primarily related to the ending of the Auto contract in Costa Rica and also due to the purchase of the 20% of Inversiones Finisterre not previously owned.

The adjusted net profit was €111.0 million (2021: €93.3m) and the adjusted earnings per share was 0.81 euros (or 81 cents) which in 2021 was 0.65 euros (65 cents) for the year. The statutory or reported net position was a net profit of €48.6 million versus a net profit of €32.2 million in the prior year, due mainly to the increase in adjusted operating profit for the year. The corresponding statutory earnings per share was €0.36 euros versus €0.23 euros in 2021.

The increase in earnings per share in each case was higher than the net profit increase as it was enhanced in the period from the partial effect of the first share buyback programme that was completed in the first half of the year and the commencement of the second share buyback programme towards the end of the year. The enhancement on the adjusted earnings per share was 5.4 percentage points, being the difference between the adjusted earnings per share increase of 24.3% and the adjusted net profit increase of 18.9% and in the same manner, the enhancement on the statutory earnings per share was 6.7 percentage points.

Share buybacks

There have been two 5% share buyback programmes in the year with the first buyback programme completed in the year and the second started towards the end of the year. The first share buyback programme that targeted a 5% purchase of the issued share capital of Applus+, was announced at the time of the Strategic Plan on the 30th of November 2021. It commenced on the 1st of February and ended on the 13th of May with the purchase of 7,150,922 shares in total, with share purchases taking place every day through a mandate with an agent. The purchases took place on three different exchanges with the majority on the main exchange, Bolsas y Mercados Españoles. 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 came to €53.6 million, being at an average price of €7.50.

The second share buyback programme targets 6,793,375 shares to be purchased, or an investment of €50 million whichever comes first, and this is another 5% purchase of the now lower issued share capital of Applus+. It was announced at the time of publishing the third quarter trading update on the 31st of October 2022 and commenced on the 9th November and was not yet complete by the end of the year. The mechanism is the same as the first buyback programme through a mandate with an agent. The purchases take place on three different exchanges with the majority on the main exchange, Bolsas y Mercados Españoles. By the 31st December 2022, 1,862,645 shares had been purchased at a total cost of €11.3 million or an average price of €6.09 per share.

At the Annual General Meeting of shareholders, that took place on the 28th of June 2022, the Board resolution to cancel the entire 5.0% of share capital purchased in the first share buyback was approved by the shareholders and this cancellation of shares took effect on the exchange on 30 September 2022. It is expected that the shares purchased on the second share buyback will be cancelled in 2023.

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 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.

Cash Flow and Debt

Cash flow generation was strong in the year due to the increase in EBITDA of €40.5 million or 14.2% and the reduction in working capital outflow compared to last year. The working capital outflow for the year, that results from the increase in revenue generated by the Group, was €22.3 million which was considerably lower than the outflow in 2021 of €48.2 million and this was despite a higher increase in revenue in 2022 compared to 2021.

Net capital expenditure on expansion of existing and new facilities was €66.1 million (2021: €60.3m) which represented 3.2% (2021: 3.4%) of Group revenue being at the average capex to revenue ratio of the last few years.

Adjusted operating cash flow (after capital expenditure) was €238.1 million being €60.6 million or 34.2% higher than for the prior year period and this corresponded to a cash conversion rate of 73% (2021: 62%).

The increase in taxes paid of €4.0 million from €36.1 million paid in 2021 to €40.1 million paid in 2022, was due to the higher taxable profit.

The increase in the cash interest paid in the year from €12.9 million in 2021 to €17.0 million in 2022 was due to the increase in interest rates and slightly 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		
	2022	**2021**	**Change**
Adjusted EBITDA	**326.5**	**286.0**	**14.2%**
Change in Working Capital	(22.3)	(48.2)	
Capex	(66.1)	(60.3)	
Adjusted Operating Cash Flow	**238.1**	**177.5**	**34.2%**
Cash Conversion rate	*73%*	*62%*	
Taxes paid	(40.1)	(36.1)	
Interest paid	(17.0)	(12.9)	
Adjusted Free Cash Flow	**181.0**	**128.5**	**40.8%**
Extraordinaries & Others	(11.3)	(8.5)	
Applus+ Dividend	(20.3)	(21.5)	
Dividends to Minorities	(9.2)	(18.5)	
Operating Cash Generated	**140.2**	**80.0**	**75.3%**
Acquisitions	(66.2)	(82.0)	
Cash b/Changes in Financing & FX	**74.0**	**(2.0)**	
Payments of lease liabilities (IFRS 16)	(66.9)	(60.3)	
Other changes in financing	61.6	46.6	
Share buybacks	(64.8)	0.0	
Treasury Shares for LTIP	(1.4)	(2.1)	
Currency translations	4.5	4.9	
Cash Increase/ (Decrease)	**7.0**	**(12.9)**	

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

Adjusted Free Cash Flow was €181.0 million being €52.5 million or 40.8% higher than for the previous year.

There was a decrease in the overall amount of dividend distributions made in the period after the 5% share buyback. The dividend paid in 2022 to Applus+ Group shareholders was at the rate of 15 cents per share based on the 2021 full year adjusted net profit of €93.3 million.

The dividends paid to Minority share interests decreased substantially due to the ending in July 2022 of the statutory vehicle inspection contract in Costa Rica for which the total minority interests were 56% and following the acquisition of the remaining 20% investment not previously owned by Applus+ in Inversiones Finisterre through the exercise of a put-option by the sellers.

The cash outflow for acquisitions of €66.2 million relates to five that were closed in the period plus deferred consideration on acquisitions made in prior periods.

The resulting increase in cash before changes in financing and foreign exchange was €74.0 million. From this was the payment of lease liabilities of €66.9 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

€64.8 million, purchase of treasury shares for management incentive plans of €1.4 million and favourable currency differences of €4.5 million. The resulting net increase in financing during the year was €61.6 million from the drawdown of borrowings, increasing the net cash available by €7.0 million.

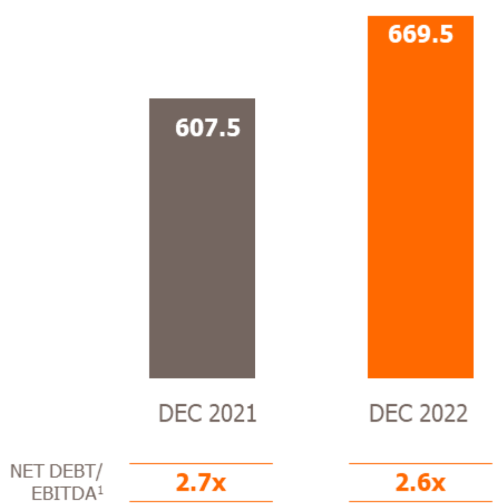
Net Debt was €860.9 million at the end of the year compared to €803.4 million at the end of 2021. This increase of €57.5 million was after returning €85.1 million in share buybacks and dividends to Group shareholders and investing €66.1m in capital expenditure and another €66.2 million in acquisitions.

The Net Debt, as defined by the bank covenant for the syndicated debt facilities and the US Private Placement notes, was €669.5 million at the end of 2022 which was €62.0 million higher than at the end of 2021.

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 2.6x, lower than the position at the end of December 2021 because of the strong increase in EBITDA.

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.

Net Financial Debt & Leverage



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

The net debt position as calculated under the IFRS16 accounting standard was €860.9 million at the end of 2022. This is an increase of €57.5 million.

The main borrowings of the Group consist of a bank facility (Term Loan and a revolving credit facility or RCF) that were placed in June 2018 of €600 million and US private placement (USPP) facilities amounting to €330 million in total placed in 2018 and 2021. The bank facility has a maturity date of June 2025. The USPP facilities mature in July 2025, July 2028, June 2031 and June 2036.

At the end of the year, the available liquidity position was €493 million that is made up mostly of cash and undrawn loan commitments that expire in 2025.

Dividend

In recognition of the net adjusted earnings for 2022, strong cash flow, comfortable financial leverage, liquidity position and favourable future earnings and cash flow potential, the Board will propose to shareholders at the forthcoming Annual General Meeting, expected to be held on the 8th June 2023, a dividend of 16 cents per share. The cash outflow for this dividend will depend on the number of shares that have been bought back under the second share buyback programme and is expected to be around €21 million. 16 cents per share is 20% of the 2022 adjusted earnings per share. If approved at the Annual General Meeting, the dividend will be paid to shareholders on the 6th July 2023.

In 2022, there was a cash outflow of €20.3 million related to a dividend of 15 cents per share on the number of shares outstanding at the time.

The dividend policy for the Group was updated and announced at the recent Strategy Update on 30th November 2021 that included the capital allocation plan for the three years 2022 to 2024. It is to pay an annual dividend equivalent to 20% of the prior year adjusted net earnings and subject to a minimum payment of 15 cents per share.

Active Portfolio Management

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

Divestments

Certain non-strategic businesses were identified for disposal and a process has been underway to accomplish this with the best possible outcome. Two disposals have been made so far of two separate businesses within the Automotive division.

The first was the disposal in December 2022 of the business and operations in Finland which generated €14 million of annual revenue in 2022. The second disposal was agreed in January 2023 and closed in February, of the business and operations in the United States which had approximately €37 million of annual revenue in 2022. The net proceeds from these two disposals was €38 million.

Acquisitions

Applus+ has always been active in investing in companies that add complementary services and end-markets and this has accelerated over the last three years with the acquisition of fifteen companies since 2020 for upfront cash investments of €366 million. These bring to the Group an additional €255 million in annual revenue at an average adjusted operating profit of 17% and with an average return on capital employed in the first-year post acquisition of 9.0%, which is 30 basis points higher than the equivalent in 2021. 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 2022 the Group made five acquisitions of the entire share capital of complementary companies of which three of them joined the Laboratories division and there was one each for Energy & Industry and Automotive. Furthermore, in December 2022 the agreement to purchase the remaining 20% investment in Inversiones Finisterre not previously held by Applus+ was made, with the transaction closing in January 2023. In January 2023, Energy & Industry acquired another company.

Laboratories Acquisitions:
February 2022, Lightship Security, Inc., a leading provider of product certification services based in North America with €6 million of annual revenue was purchased. Lightship is a successful, accredited cybersecurity laboratory that specialises in certifying connected products for a growing client base of leading product manufacturers in North America and internationally.

April 2022, Alpe Metrología was purchased. This is a metrology and calibration laboratory in Spain with close to €2 million in annual revenue.

July 2022, jtsec was purchased, which is another cybersecurity company, based in Spain with annual revenue of approximately €2 million.

Automotive Acquisitions:
April 2022, Entidad IDV Madrid, a company with three vehicle inspection stations in the Community of Madrid and approximately €6 million of annual revenue.

December 2023, the 20% minority share not previously owned in Inversiones Finisterre was purchased for €18.2 million. Inversiones Finisterre is the Group that manages the statutory vehicle inspection concessions in Galicia and Costa Rica that Applus+ has owned 80% of since 2017.

Energy & Industry Acquisitions:
July 2022, K2 Ingeniería S.A.S a provider of environmental consulting and monitoring services based in Colombia with revenue in 2021 of €13 million.

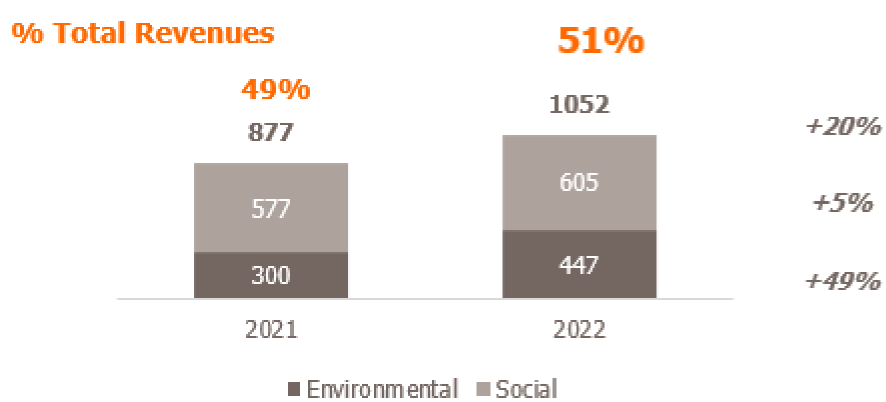
January 2023, Riportico Engenharia, a provider of supervision and engineering design services for civil infrastructure based in Portugal with approximately €8 million revenue in 2022.

Sustainability

The Group is advancing with its objective of embedding environmental and social factors within its business and operations including reducing the adverse impact of its operations on the environment and diversifying the portfolio of services to better manage the risks and opportunities that come with climate change. The Group comprises a wide range of over 26,000 people in countries all around the world. Applus+ recognises the importance of keeping all the employees safe, managing their training as well as the well-being and fairness in the workplace as this benefits the individuals and in turn business and society. 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.

The revenue and profit generated from providing services that reduce the harmful impact on the environment and have a positive impact on society, is increasing at a fast pace both because of strong organic growth in these services and through acquisitions. The acquisition of K2 Ingeniería in Colombia is exclusively focused on environmental consulting and monitoring services and the Energy & Industry division also invested in and signed a co-operation agreement with Indoorclima, which is a provider of energy efficiency and energy management services using digital tools and artificial intelligence. The acquisitions of Lightship and jtsec provide crucial cybersecurity testing and certification on products, devices and systems that safeguard the users and owners of these products. The acquisition of Alpe Metrología supports the correct functioning of industrial machines used for food, medicine and consumer products. IDV Madrid provides vehicle inspection services protecting life, property and the environment. On an organic basis, the divisions are increasing the amount of work they are performing for more energy efficient buildings, modes of transport and products. The Auto division is exclusively focused on inspecting vehicles for safety, thereby protecting life and property and reduces air pollution by inspecting vehicles for above the legal requirement of contamination in their exhaust emissions. The Group has also joined Klima Energy Transition Fund that targets investment opportunities in startups contributing to the energy transition in Europe and North America which is sponsored by Alantra in partnership with Enagas.

In previous years, the revenue generated as a result of providing services that are directly related to protecting or reducing environmental impact has been measured which in 2021 was €300 million or 17% of the Group revenue. This is from a range of services in all four divisions, including those provided to Renewables, Automotive Emissions, Environmental Surveys, Energy Audits, Waste Management Surveys and Innovation projects for Automotive eco-engines and lightweight aerospace materials. The extent and scope of these services have been further reviewed during the year and this has resulted in additional services to be included in the scope of having a positive impact on the environment and in addition they have been reviewed for those services that also have a positive impact on society. In total, these Sustainability Services now account for €1,052 million of revenue in 2022, having increased by 20% from 2021 being from both organic revenue growth and via acquisitions. This is now over 51% of the Group´s revenue. This relates to services where there is a positive impact on the environment, measured at c. €447 million or 22% of the Group´s revenue and where there is a positive impact on society which is €605 million or c. 29% of the Group´s revenue. Sustainability is an integral part of our services and offers significant long-term growth opportunities for Applus.



Environmental, Social and Governance

2022 was the first year to have specific targets to be achieved relating to environmental, social and governance that are linked to the executive directors and senior management team´s variable remuneration accounting for 15% of the annual bonus plus 10% of the long-term incentive plan. These targets relate to the reduction of emissions, safety and diversity of the workforce and ethics. In 2022, all the targets were either achieved or exceeded and the targets that were set out in the 2022-2024 Strategic Plan are on track to be achieved.

The Group has furthermore Id to be neutral in 2023 for scope 1 and 2 carbon emissions and has committed to an ultimate 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 during the year the near-term greenhouse gas emissions reduction targets were validated by the SBTi endorsing 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. During the first half period, a new unsolicited rating was received 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. A second new unsolicited rating was received in the year from Standard Ethics who rates 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 2022. These two new ratings are in addition to those from Sustainalytics with a "low risk" rating of 15.6 and renewed strong ratings from MSCI ESG Ratings (AA), Gaïa (70/100), the CDP (B) and being included in the FTSE4GoodIBEX. Furthermore, the Financial Times and Statista included Applus+ amongst 400 companies within its list of Europe Climate Leaders 2022 that have achieved the greatest reduction in the intensity of their Scope 1 and 2 greenhouse gas emissions over a 5-year period (2015-2020).

Change in Management

In May last year, Fernando Basabe, the previous Chief Executive Officer of Applus+, announced his intention to retire after eleven years in the role and this became effective at the Annual General Meeting of shareholders on the 28th of June. Mr. Basabe played a critical role in the development and success of the organisation before its listing in May 2014 and to the date of his retirement. The Company thanks him for the years of dedicated service, which involved many significant accomplishments and a fruitful contribution to Applus' history.

After a Board-led selection process, Mr. Joan Amigó was announced as the successor and assumed the role of Chief Executive Officer from the 28th of June. Mr. Amigó has been the Group Chief Financial Officer of Applus+ since 2007, through to the listing of the Group in 2014 and until his appointment as CEO. He has been a member of the Board of Directors since 2019. With Mr. Amigó´s thorough financial background, his proven leadership abilities and deep knowledge of the testing industry and Applus+, he is the perfect choice to take Applus+ successfully onto the next stage of its journey. Mr. Amigó was a key architect of the Strategic Plan presented to the market in November 2021, has been instrumental in ensuring its execution since then and is committed to delivering it.

Mr. Julián de Unamuno joined the Group as the new Chief Financial Officer at the start of 2023 and came with excellent credentials and close to 30 years of diverse and relevant experience in international businesses and within financial services, in both private and public listed companies and with experience including M&A, Investor Relations, Treasury, Capital Markets as well as Chief Financial Officer and Chief Operating Officer roles.

Outlook

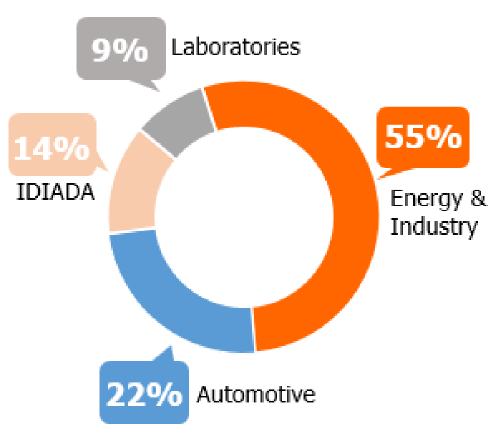
The outlook for 2023 is to have mid to high single digit organic revenue growth with a stable adjusted operating profit margin on the current portfolio of businesses and excluding the IDIADA accelerated depreciation. The Group will continue to focus on portfolio mix quality improvements through further acquisitions and selected divestments.

Beyond 2023, the Group is confident that the business is well placed to deliver on the margin and other targets set out in the Strategic Plan.

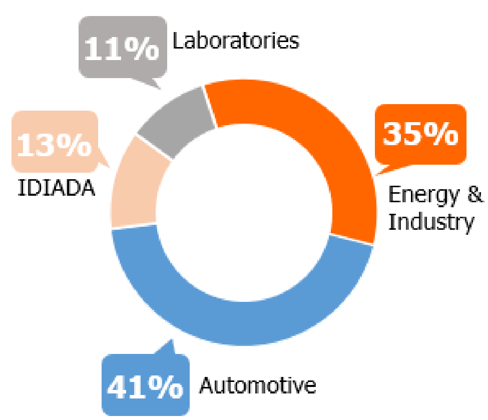
Operating review by division

The Group operates through four global business divisions: Energy & Industry, Automotive, IDIADA and Laboratories, and the respective shares of 2022 revenue and adjusted operating profit are shown below.

FY 2022 revenue split



FY 2022 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.

Revenue for Energy & Industry for the year was €1,120.7 million, which was 18.9% higher than the revenue in 2021 and the Adjusted Operating Profit for the year was €81.2 million which was 36.7% higher than in 2021 resulting in an adjusted operating profit margin of 7.2%. These results in € million and the percentage changes from 2021 are broken down into organic, inorganic and foreign exchange and are shown in the following table.

Financial Highlights

	FY					
	2022	2021	Change	Organic	Inorganic	FX
Revenue	1,120.7	942.5	18.9%	*8.7%*	*3.8%*	*6.4%*
Adj. Op. Profit	81.2	59.4	36.7%	*14.5%*	*11.1%*	*11.1%*
% AOP Margin	*7.2%*	*6.3%*	*+94bps*			

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

The division performed well in 2022 with the strongest growth in revenue, adjusted operating profit and margin, seen in many years. The strong growth was throughout the year including, for both organic and in total, with a strong end to the year with 8.0% organic revenue growth in the final quarter. The very strong adjusted operating profit growth for the year included a mid-teens organic growth delivering good margin improvement.

Organic revenue at constant exchange rates for the full year increased by 8.7%. There was additional revenue of 3.8% from the acquisition closed during the year of K2 Ingeniería plus the two acquisitions closed in the previous year of Enertis and Inecosa & Adícora until they had been owned for 12 months. Currency translation increased reported revenue by 6.4% mainly because of the stronger US, Canadian and Australian dollars and Latin American currencies against the Euro.

At constant exchange rates, organic adjusted operating profit increased by 36.7% being almost double the organic revenue increase. There was also a high increase in profit from the contribution from acquisitions of 11.1%, showing the strongly margin accretive contribution from the acquisitions and a positive currency impact of 11.1%.

The adjusted operating profit margin increased by 94 basis points from 6.3% for 2021 to 7.2% in 2022 with this increase coming from all three of the organic, acquisition growth and currency. Continued improvement of the margin remains a key focus.

In the final quarter of the year, reported revenue was €294.9 million compared to revenue of €253.1 million in the final quarter of 2021 or 16.5% higher. This was mainly due to the increase in organic revenue of 8.0%, the revenue from the acquisitions adding 3.0% and a positive impact from currency translation of 5.5%.

All end-markets and regions contributed to this strong growth with Renewables, Power and Infrastructure growing at high single digits benefiting from the investments taking place as a result of the energy transition to lower carbon energy generation and post-pandemic infrastructure investments coming from Government initiatives. Testing, inspection and consultancy services to the Renewables industry is performing very strongly with new build onshore wind farms and solar projects being the main driver behind this. It is a key focus area for the division and will continue to develop by extending the range of services and in new regions.

Non-destructive testing, inspection and other services to the Oil & Gas industry which now accounts for less than half of the division revenue (47% of division revenue and 26% of Group), grew strongly in the double digits for the year, benefiting from the cyclical upturn from the continuation of capex projects that had been postponed during the pandemic and new projects coming on stream. The Opex business also grew very well at a high single digit rate as the utilisation and ageing of assets required more inspection. Services to Oil & Gas Opex end market, now accounts for 37% of the division (21% of the Group) and Capex accounts for 10% (5% of the Group).

The division also saw a recovery in non-destructive testing and other services to the Aerospace industry. This segment has been transferred to the Laboratories division which also includes an aerospace testing business so they can share facilities and expertise. The revenue for this segment in 2022 was €25.5 million (2.3% of the division) with €4.3 million of adjusted operating profit with the transfer taking place on the 1st of January 2023

By region, Latin America and the Middle East were the regions with higher growth driven by strong demand across all core markets including Power, Renewables, Infrastructure and buildings construction and Oil & Gas.

The acquisition of K2 Ingeniería in Colombia in July 2022 brought a valuable increase in the sustainability services that the division can provide in Latin America. It is an environmental consulting and monitoring services company with 257 employees that advises clients on diagnosis and problem solving regarding environmental and social matters, developing projects focused on air and water quality, waste, noise, meteorology, and flora and fauna management. Its services are tailored to support the industrial, energy and civil infrastructure sectors in a region that is increasing its focus on sustainability. In 2021, the business generated €13 million of annual revenue and in 2022 this was significantly higher.

At the start of 2023, Riportico Engenharia, a provider of supervision and engineering design services for civil infrastructure including roads, railway lines, metro stations, airports, buildings, water treatment plants and renewables, was acquired with €8 million annual revenue. Based in Portugal and holding all the relevant accreditations required to provide services in the country, it was a company already well known to Applus+. It is well placed to capture the strong growth of the Portuguese Government´s infrastructure spending programmes to boost economic recovery following the pandemic.

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 5,000 people managing more than 20 programmes across Spain, Ireland, Sweden, Denmark, Andorra, Argentina, Georgia, Chile, Ecuador, Mexico and Uruguay. The market for statutory vehicle inspection for safety and emissions is expected to continue growing well in existing and new markets.

Revenue for Automotive for the year was €460.9 million, which was 0.9% higher than the revenue in 2021 and the Adjusted Operating Profit for the year was €93.9 million which was 6.1% lower than in 2021 resulting in an adjusted operating profit margin of 20.4%. These results in € million and the percentage changes from 2021 are broken down into organic, inorganic and foreign exchange and are shown in the following table.

Financial Highlights

	FY					
	2022	2021	Change	Organic	Inorganic	FX
Revenue	460.9	456.8	0.9%	*0.2%*	*0.7%*	*(0.0)%*
Adj. Op. Profit	93.9	99.9	(6.1)%	*(7.4)%*	*0.6%*	*0.7%*
% AOP Margin	*20.4%*	*21.9%*	*-151bps*			

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

Organic revenue at constant exchange rates for the full year was almost flat with a 0.2% increase. There was additional revenue of 0.7% from the acquisition closed during the year of IDV Madrid. Currency translation had a net nil impact in the full year, due to the weaker Swedish and Latin American currencies offset by the stronger US dollar, against the Euro.

At constant exchange rates, organic adjusted operating profit decreased by 7.4%. There was a contribution from acquisitions of 0.6% and a positive currency impact of 0.7%.

IDV Madrid was acquired in April 2022, with annual revenue of €5 million and a current margin slightly below the division that brings three additional strategically located statutory vehicle inspection stations in Madrid that now make nine stations in total that Applus+ operates there making Applus+ the largest operator in the city where it can benefit from operating and marketing efficiencies.

In the final quarter of the year, reported revenue was €104.6 million compared to revenue of €107.5 million in the final quarter of 2021 or 2.7% lower. This was due to the decrease in organic revenue of 0.4% and a negative impact of currency of 3.4% with revenue from the acquisition adding 1.1%.

The division had a strong overall performance for the year due to the increase in car inspections and pricing offsetting the ending of the material contract in Costa Rica that finished in July. In the first half of 2022, this contract had revenue of €19 million and in the second half there was an additional €3 million of revenue. In 2021, it had revenue of €34 million, at above division margin.

The statutory vehicle inspection concession in Alicante in Spain, that is within the autonomous region of Valencia, ended in February 2023 following the decision by the regional Government to take the contract back in-house. The revenue from this contract in 2022 was €17 million at a higher margin than the division.

In the last few months, the Group succeeded in selling the low growth and low margin businesses in Finland and in the USA. The business in Finland was sold in December 2022 with approximately €14 million of revenue at a break-even profit. The business in the USA was sold in January 2023 and closing of the transaction in February, with approximately €37 million of revenue at a mid-single digit margin. These disposals were in line with the Strategic Plan to accelerate the portfolio evolution of the Group towards higher growth and higher margin businesses.

In December, Applus+ purchased the 20% minority stake of Inversiones Finisterre that it did not already own following the exercise of the put option by the sellers. It was purchased for €18.2 million of which €13.4 million had been accrued and a further amount of €4.8 million was therefore charged to the profit and loss account which subsequently reduced the minority dividend payment in 2022 by a similar amount. Inversiones Finisterre is the operating company that owned 100% of the Auto concession in Galicia and owned 55% of the Auto concession in Costa Rica that ended in July 2022.

Following the recent renewals and contract endings in this division the revenue, profit and cash flow visibility has substantially improved. The largest single contract in the Applus+ Group of the vehicle inspection business in Ireland with €82 million of revenue in 2022 runs from 2020 to 2030. The second largest single contract in the Group is the Auto contract in the region of Galicia with €54 million of annual revenue and that was recently extended to December 2027. The ending of the contracts in Costa Rica and Alicante and the sale of other time defined contracts in the USA, means that the division now has more than 90% of revenue visibility through to the end of 2027 which is the current maturity date of the contract in Galicia. The only material contract uncertainty in this division, remains the one in Catalonia which had €53 million of revenue in 2022, where it is expected the regional government will one day make changes to the structure of the contract that could result in a slight loss of market share when this takes place.

There correspondingly remain good opportunities in emerging markets that are likely to arise in the medium term.

The adjusted operating profit margin decreased by 151 basis points from 21.9% for 2021 to 20.4% in 2022 with this decrease due to the ending of the contract in Costa Rica. The first half margin was 15 basis points higher than the first half of the prior year, but the second half margin at 20.0% was 330 basis points lower than the second half margin of the prior year reflecting the impact of the ending of the highly profitable contract in Costa Rica. Maintaining the margin above 20% is a key focus of the Group supported through the continued use of technology to increase efficiencies but will be a challenge with a similar impact in the first half of 2023 expected from the ending of the contract in Costa Rica in addition to the ending of the contract in Alicante during February 2023.

Laboratories

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

The division comprises six key business units: Mechanical (includes aerospace and materials testing); Electrical & Electronic (includes electrical and electromagnetic compatibility testing and product certification for the electronics and automotive sector); Cybersecurity (includes electronic payment system protocol testing and approval); Construction (includes fire and structural testing of building materials); Metrology (includes calibration and measuring instruments) and Systems Certification. In 2022, Mechanical was the largest business unit being approximately 40% of the division revenue with Electrical & Electronic at around one third of the division revenue.

Revenue for Laboratories for the year was €190.4 million, which was 24.2% higher than in 2021 and the Adjusted Operating Profit for the year was €26.7 million which was 4.4% higher than in 2021 resulting in an adjusted operating profit margin of 14.0%. These results in € million and the percentage changes from 2021 are broken down into organic, inorganic and foreign exchange and are shown in the following table.

Financial Highlights

	FY					
	2022	2021	Change	Organic	Inorganic	FX
Revenue	190.4	153.2	24.2%	*7.5%*	*12.2%*	*4.5%*
Adj. Op. Profit	26.7	25.6	4.4%	*(13.4)%*	*12.5%*	*5.3%*
% AOP Margin	*14.0%*	*16.7%*	*-266 bps*			

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

Organic revenue at constant exchange rates for the full year increased by 7.5%. There was additional revenue of 12.2% from the three acquisitions closed during the year of Lightship Securities, Alpe Metrología and jtsec plus the two acquisitions closed in the previous year of IMA Dresden and Mipel SA until they had been owned for 12 months. Currency translation increased reported revenue by 4.5% mainly because of the stronger US dollar and other currencies against the Euro.

At constant exchange rates, organic adjusted operating profit decreased by 13.4%. There was an increase in profit from the contribution from acquisitions of 12.5%, slightly more than the revenue increase from acquisitions showing the margin accretive contribution from these and a positive currency impact of 5.3% on adjusted operating profit.

In the final quarter of the year, reported revenue was €54.8 million compared to revenue of €47.3 million in the final quarter of 2021 or 15.8% higher. This was due to the increase in organic revenue of 6.2%, against a tough comparable period in which the organic revenue grew 12.2%, the revenue from the acquisitions adding 6.7% and a positive impact from currency translation of 2.9%.

The division had strong organic revenue growth in the year across all its key end markets driven by an increasing volume of electrical and electronic products requiring testing and certification, consistent with the electrification and connectivity global mega-drivers that was presented at the Strategic Plan in November 2021.

The adjusted operating profit margin decreased by 266 basis points from 16.7% for 2021 to 14.0% in 2022 with this decrease coming from the organic business performance. Returning to a margin above 16% is a key focus of the Group.

The profit margin in the year was unexpectedly impacted by two major events. In the first half of the year, the enforcement in Shanghai of lockdowns to prevent the spread of coronavirus and in the second half of the year, the spike in energy costs the division was forced to pay. With a full year of revenue and profit expected from the business in China and energy costs now under control in the division, the margin is expected to recover in 2023.

The division is the most active in making acquisitions with three made in the first half of last year of which two related to cybersecurity and one in metrology. The acquisition of Lightship Security Inc in North America adds further accreditations to the global cybersecurity offering of the division and jtsec in Spain, adds new methods for cybersecurity assurance. These two acquisitions bring approximately €9 million of annual revenue at a margin above that of the division. Alpe Metrología in Spain consolidates the regional metrology and calibration market position.

From the 1st of January 2023, the aerospace business is being transferred from Energy & Industry to realise commercial synergies once it is consolidated with the Laboratories aerospace testing business. The business generated €25.5 million of annual revenue in 2022 and €4.3 million in adjusted operating profit.

There was a change in the divisional head during the year with Mauricio Úbeda the newly responsible head of division as of October 2022. He is an internal promotion with a strong business background and wide international experience.

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 is expected 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.

Revenue for IDIADA for the year was €278.0 million, which was 23.9% higher than the revenue in 2021 and the Adjusted Operating Profit for the year was €29.9 million which was 53.8% higher than in 2021 resulting in an adjusted operating profit margin of 10.8%. These results in € million and the percentage changes from 2021 are broken down into organic, inorganic and foreign exchange and are shown in the following table.

Financial Highlights

	FY				
	2022	2021	Change	Organic	FX
Revenue	278.0	224.3	23.9%	*21.0%*	*2.9%*
Adj. Op. Profit	29.9	19.5	53.8%	*48.7%*	*5.1%*
% AOP Margin	*10.8%*	*8.7%*	*+209 bps*		
Adj. Op. Profit excl. AD(1)	35.7	23.7			
% AOP Margin	*12.8%*	*10.6%*	*+227 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

Organic revenue at constant exchange rates for the full year increased by 21.0%. There was an additional 2.9% currency translation benefit.

At constant exchange rates, organic adjusted operating profit increased by 48.7% plus an additional 5.1% currency translation benefit.

In the final quarter of the year, reported revenue was €76.6 million compared to revenue of €62.6 million in the final quarter of 2021 or 22.4% higher. This was due to the increase in organic revenue of 20.5% and a positive impact from currency translation of 1.9%.

IDIADA had a very strong performance throughout the year, with the contribution to this coming from across all its business lines and countries. There was an increased volume of outsourcing of testing especially from new Auto manufacturers with a significant size one-off project from a new Asian manufacturer. The demand for testing for electric and hybrid vehicles continues to drive growth and this is now more than 60% of the division revenue.

The adjusted operating profit margin increased by 209 basis points from 8.7% for 2021 to 10.8% in 2022 with this increase almost all organic. This significant margin improvement comes from the use of higher margin digital services to support physical testing and good operating leverage especially at the Catalonia Proving Ground that is now back to full capacity.

IDIADA also commenced two new long-term contracts for managing proving grounds in the Czech Republic and Germany, while the operation of the proving ground in China continues to perform well.

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. Excluding the IDIADA Accelerated Depreciation the margin would be 200 basis points higher at 12.8% in 2022 and the increase in margin from 2021 to 2022 would be 227 basis points.

Annex 1

The financial performance of the Group is presented, as usual, in an "adjusted" format. 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	FY 2022 Adj. Results	FY 2022 Other results	FY 2022 Statutory results	FY 2021 Adj. Results	FY 2021 Other results	FY 2021 Statutory results	+/- % Adj. Results
Revenue	**2,049.9**	**0.0**	**2,049.9**	**1,776.7**	**0.0**	**1,776.7**	**15.4%**
EBITDA	**326.5**	**0.0**	**326.5**	**286.0**	**0.0**	**286.0**	**14.2%**
Operating Profit	**202.0**	**(76.8)**	**125.2**	**175.2**	**(73.7)**	**101.5**	**15.3%**
Net Financial expenses	(28.9)	0.0	(28.9)	(25.9)	0.0	(25.9)	
Other Financial Results	(4.8)	0.0	(4.8)	0.0	0.0	0.0	
Profit Before Taxes	**168.3**	**(76.8)**	**91.5**	**149.4**	**(73.7)**	**75.6**	**12.7%**
Current Income tax	(44.0)	14.5	(29.5)	(38.3)	12.7	(25.6)	
Non controlling interests	(13.3)	0.0	(13.3)	(17.8)	0.0	(17.8)	
Net Profit	**111.0**	**(62.4)**	**48.6**	**93.3**	**(61.1)**	**32.2**	**18.9%**
Number of Shares	136,888,259		136,888,259	143,018,430		143,018,430	
EPS, in Euros	**0.81**		**0.36**	**0.65**		**0.23**	**24.3%**
Income tax/PBT	*(26.2)%*		*(32.3)%*	*(25.6)%*		*(33.9)%*	

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

Other results of €76.8 million (2021: €73.7m) in the Operating Profit represent amortisation of acquisition intangibles of €67.2 million (2021: €65.6m); severance costs on restructuring of €7.6 million (2021: €3.6m); transaction costs relating to acquisitions of €4.9 million (2021: €2.6m) and; other gains and losses that net to an income of €2.8 million (2021: charge of €2.0m).

A reduction in the deferred tax liability is booked against these Other results of €14.5 million (2021: €12.7m).

Annex 2

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
- **Free Cash Flow**, operating cash generated after capex investment, working capital variation and tax & interest payments and before leases
- **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
- **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 2022 Full Year Results Announcement. This summary announcement is taken from the Consolidated Financial Statements as at 31 December 2022.

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.