Third Quarter 2023 Trading Update
30 October 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 releases a trading update for its third quarter ("quarter" or "Q3") and nine-month period ("period" or "YTD Q3") ended 30 September 2023.

Highlights
- Continued strong financial performance in all divisions with high single digit organic revenue growth
- Year to date margin[2] increase of 90 basis points on reported and 20 basis points proforma driven by active portfolio strategy and good underlying performance
- Automotive return to positive organic revenue growth, new business to commence in Asia and successful renewal in Spain
- Solid cash flow generation
- Outlook maintained following increases during the year
- Strategic Plan targets on track including the 12% margin for 2024

Q3 year to date results
- Revenue of €1,519 million up 8.1% (organic[1] up 9.0%)
- Operating profit[2] of €166 million up 10.2% (organic[1] up 8.6%)
- Operating profit[2] margin of 10.9% (10.0% reported Q3 YTD 2022)
- Statutory profit before tax of €74 million, up 8% on reported Q3 YTD 2022
- Free cash flow[3] of €119 million (€106m reported YTD Q3 2022)
- Net debt/EBITDA[4] ratio stable at 2.6x and liquidity of €430 million

Outlook
- High single digit organic revenue growth
- Operating profit margin[2] to increase in excess of 60 basis points compared to the reported margin last year (10.1%)

1. Organic is at constant exchange rates
2. Adjusted for Other results, amortisation of acquisition intangibles and IDIADA Accelerated Depreciation
3. Adjusted for Other results and amortisation of acquisition intangibles
4. Excluding IFRS 16

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

"I am pleased to report another strong quarterly result with all divisions performing well and the group margin increasing.

The key global megatrends of Energy Transition, Electrification and Connectivity continue to drive demand for our services supplemented by price increases. Following the success of the contract award for statutory vehicle inspection in

Saudi Arabia, I am pleased to announce that we are expanding our geographic footprint with a new contract award in Assam, India. We are also opening our first vehicle inspection operations in China and have successfully managed a ten-year renewal of our Basque Country contract.

Our operating profit increased by 10% year to date and our margin is now 10.9%, 90 basis points higher than the same period last year and 20 basis points higher on a comparable basis. This margin improvement was driven by our active portfolio strategy and good underlying margin performance.

Profit before tax also increased in the period, albeit by less than the operating profit, due to the increase in financial expenses. Cash flow continues to be strong, and leverage and liquidity remain comfortable.

We are confident we can continue to deliver strong performance in the fourth quarter, so maintain our full year guidance of organic revenue growth to increase at high single digits and margin to increase in excess of 60 basis points compared to the reported margin last year.

We remain totally focused on continued strong execution and delivering on the strategic plan."

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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 129,074,133.

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

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

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

REPORT FOR THE PERIOD

Discontinued operations and Proforma numbers

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

Within the Automotive division, the business and operations in Finland were sold in December 2022 which had revenue of €13.0 million in 2022 of which €10.3 million was in the first nine months.

The sale of the business of the Automotive division in the USA, with revenue in 2022 of €36.6 million of which €27.6 million was in the first nine months, was announced in December last year and the sale completed in February.

The disposal of the Oil & Gas business in the USA that is held within the Energy & Industry division was announced on the 30th March this year and the completion was in June. The revenue from this business was €101.8 million in 2022 of which €76.4 million was generated in the first nine months of 2022.

Profit and Loss Overview

	YTD Q3				
	2023	**2022 Proforma**	**Change vs Proforma**	**2022 Reported**	**Change vs Reported**
Revenue	**1,518.6**	**1,404.7**	**8.1%**	**1,518.9**	**(0.0)%**
Adj. Op. Profit b/AD[1]	**165.9**	**150.6**	**10.2%**	**151.9**	**9.2%**
Adj. Op. Profit margin b/AD[1]	***10.9%***	***10.7%***	**+ 20 bps**	***10.0%***	**+ 92 bps**
Accelerated depreciation	(7.2)	(4.1)		(4.1)	
Adj. Operating Profit	**158.7**	**146.5**	**8.3%**	**147.8**	**7.3%**
Adj. Op. Profit margin	***10.4%***	***10.4%***	**+ 2 bps**	***9.7%***	**+ 72 bps**
PPA Amortisation	(47.0)	(51.7)		(52.1)	
Other results	(6.9)	(2.9)		(6.0)	
Operating profit	**104.8**	**91.9**	**14.1%**	**89.6**	**16.9%**
Finance Results	(30.9)	(21.2)		(21.5)	
Profit before tax	**73.8**	**70.7**	**4.5%**	**68.1**	**8.4%**

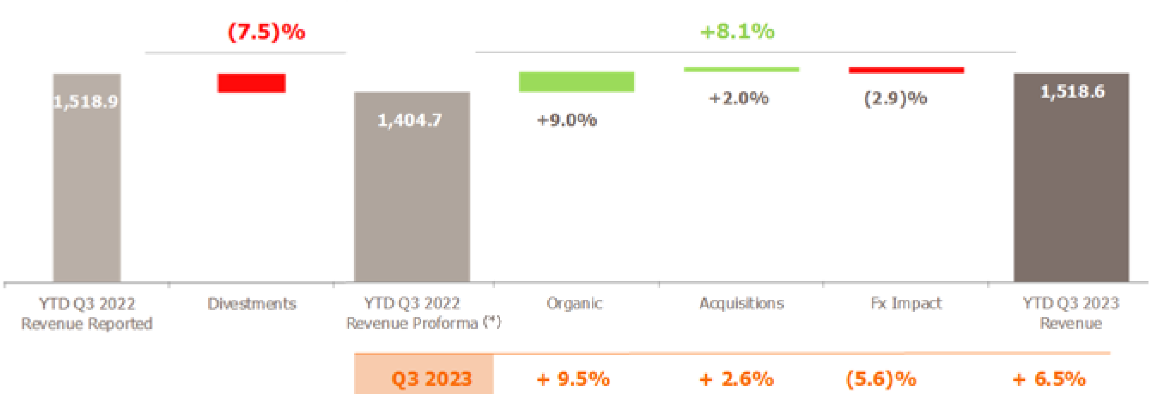
The figures shown in the table above are rounded to the nearest €0.1 million

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

Revenue

Revenue for the nine-month period ending 30 September 2023 was €1,518.6 million which was flat with the revenue of €1,518.9 million reported in the same period last year and 8.1% higher compared to €1,404.7 million of proforma revenue, in the same period of last year.

The revenue change in € million and percentage changes for the period and quarter are shown below.



Proforma amounts take account of the divestments

The YTD Q3 2022 Revenue Proforma was €114.2 million lower than the YTD Q3 2022 Revenue Reported due to the discontinuation through disposal of three businesses as described above.

The total revenue increase of 8.1% for the period was made up of an increase in organic revenue at constant exchange rates of 9.0%, a contribution in revenue from acquisitions made in the previous 12 months of 2.0% and a negative currency translation impact of 2.9%.

In the third quarter, the total revenue was up 6.5% with the organic component of 9.5% plus the contribution from acquisitions of 2.6% and a negative currency translation impact of 5.6%.

Demand for services continues to be strong driven by the key global megatrends of Energy Transition, Electrification and Connectivity, supplemented by price increases. There was strong year to date double digit organic revenue growth in three of the four divisions with only Automotive having lower organic revenue due to the ending of the contract in Costa Rica in July last year and the contract in Alicante in February of this year. In the third quarter, all four divisions had positive organic revenue growth.

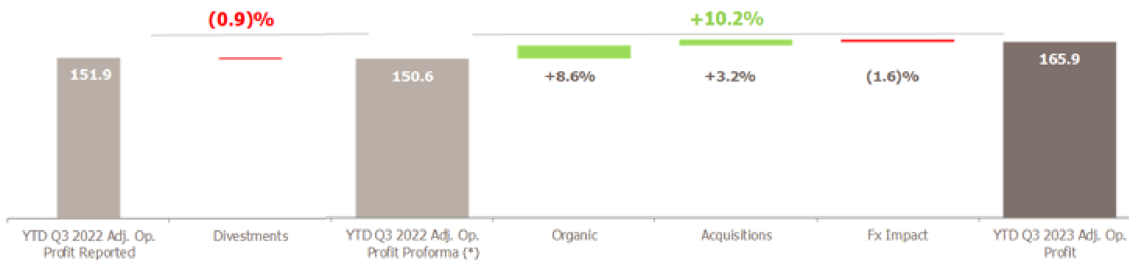
The 2.0% acquisition revenue growth relates to nine acquisitions that closed this year and last year, with the two biggest by annual revenue being K2 Ingeniería in Colombia, purchased last year and part of the Energy & Industry division and Rescoll in France, that closed at the beginning of June and is part of the Laboratories division.

Of the revenue in the period, almost half was generated in the reporting currency of the Group (euro) and the other half in other currencies of which the US dollar and other currencies linked to the US dollar are the largest at 14%. The average exchange rate of the USD dollar and the other key reporting currencies of the Group were weaker in the period compared to the same period last year giving a negative currency impact amounting to 5.6% in the third quarter and 2.9% on a year-to-date basis.

Adjusted Operating Profit

Adjusted operating profit for the nine-month period ending 30 September 2023 was €165.9 million which was 9.2% higher than the adjusted operating profit of €151.9 million reported in the same period of last year and 10.2% higher compared to €150.6 million of the proforma adjusted operating profit.

The adjusted operating profit bridge in € million for the period is shown below.



% Adj. Op. Profit Margin excl. AD	10.0%	+ 72 bps	10.7%	-5 bps	+ 14 bps	+ 11 bps	10.9%
% Adj. Op. Profit Margin	9.7%	+ 70 bps	10.4%	-23 bps	+ 15 bps	+ 10 bps	10.4%

AD is IDIADA accelerated depreciation to adapt assets useful life to contract/concession duration. The Proforma amounts take account of the divestments and exclude AD

The Q3 YTD 2022 Adjusted Operating Profit Proforma was €1.3 million lower than the Q3 YTD 2022 Adjusted Operating Profit Reported due to the discontinuation by disposal of three businesses which in aggregate made an operating profit of €1.3 million in the first nine months of last year.

Organic adjusted operating profit was up 8.6%, incremental profit from acquisitions was 3.2% and currency translation had a negative impact of 1.6%.

The adjusted operating profit margin was 10.9%, 90 basis points above the reported margin in the same period last year and is 20 basis points higher than the equivalent proforma margin of 10.7% in the same period of last year.

The margin increase of 90 basis points compared to the reported margin in the same period of 2022 is primarily due to the disposals of the three businesses as described above. In aggregate these businesses had revenue in the first nine months of 2022 of €114.2 million and an adjusted operating profit of €1.3 million. The margin increase of 20 basis points compared to the proforma result in 2022 was due to a good underlying margin performance of the operations, partially offset by the Automotive division which in the current year has a lower margin due to the ending of the contract in Costa Rica in July 2022 alongside the ending of the Automotive contract in Alicante in February 2023.

The margin for the third quarter of this year was 10.7% which was 90 basis points higher than the third quarter of last year. On a proforma basis, the third quarter margin was 40 basis points higher than the third quarter of last year.

Segmental Analysis

All four divisions had good performance in the third quarter and for the year-to-date period.

Energy & Industry had very strong organic revenue growth of 10.3% in the year to date of which 9.3% was in the third quarter. Organic revenue growth of high single digits came from Renewables, Power, Infrastructure and Diversified Industries which represents 54% of the division revenue with growth in all regions. There was double digit growth in Oil & Gas, mostly from Opex contracts with Capex projects flat year on year. The Oil & Gas segment accounts for 46% of the division revenue.

The Auto division organic revenue for the nine-month period is now 1.6% lower than for the same period of last year which is less than the gap at the first half after the ending of the contracts in Costa Rica in July last year and Alicante in February of this year and is due to strong organic revenue growth of 6.9% in the third quarter with further positive organic revenue growth expected in the fourth quarter. The growth in the second half of this year is due to an increase in the number of cars being inspected and higher prices compared to the second half of last year.

This year has been successful for new business development with three new countries to add to the portfolio. Following the success of the award of the ten-year statutory vehicle inspection contract in Saudi Arabia with 17 new stations that are expected to generate revenue in the mid-teens millions of euros once fully ramped up, the division has been awarded a contract to operate stations in Assam in India. In addition, under the liberalised regime in China, the Group is starting with one new station be built shortly with further station opportunities over the following years.

Furthermore, the statutory vehicle inspection concession in the Basque Country that was up for renewal this year, has been renewed for a further ten years. Due to growth in the number of inspections, a new station is being built to add to the current two. The next contract expected to be renewed is for statutory vehicle inspection in the Province of Buenos Aires which had revenue of €16 million in 2022. There are no other material contracts to be renewed until December 2027 which is the contract in Galicia, Spain.

The Laboratories and IDIADA divisions are both performing very strongly with double digit organic revenue growth on a year-to-date basis, despite slower growth in the third quarter. These divisions continue to benefit from the global megatrends of energy transition, electrification and connectivity with the changes in technology in products and vehicles and increasing regulations driving more testing and other services provided by these divisions.

Below is the breakdown of revenue and adjusted operating profit excluding the accelerated depreciation in IDIADA in € million and the percentage growth for the period and the third quarter of the year compared to the prior year period and quarter.

September 2023 Year to date:

Revenue	Actual 2023	Growths				Actual 2022 Proforma
		Organic	Inorganic	FX	Total	
Energy & Industry	797.1	10.3%	1.9%	(3.1)%	9.1%	730.9
Laboratories	181.0	11.7%	8.4%	(2.6)%	17.5%	154.0
Auto	304.1	(1.6)%	0.6%	(3.5)%	(4.5)%	318.4
Idiada	236.4	18.6%	0.0%	(1.2)%	17.4%	201.3
Total Revenue	**1,518.6**	**9.0%**	**2.0%**	**(2.9)%**	**8.1%**	**1,404.7**
Adj. Op. Profit excl. AD	**165.9**	**8.6%**	**3.2%**	**(1.6)%**	**10.2%**	**150.6**
% AOP Margin	**10.9%**					**10.7%**

Q3 only:

Revenue	Actual 2023	Growths				Actual 2022 Proforma
		Organic	Inorganic	FX	Total	
Energy & Industry	272.7	9.3%	1.9%	(5.6)%	5.6%	258.3
Laboratories	63.2	6.4%	13.8%	(5.1)%	15.1%	54.9
Auto	100.3	6.9%	0.0%	(7.7)%	(0.8)%	101.1
Idiada	81.6	15.7%	0.0%	(2.4)%	13.3%	72.0
Total Revenue	**517.8**	**9.5%**	**2.6%**	**(5.6)%**	**6.5%**	**486.3**
Adj. Op. Profit excl. AD	**55.3**	**13.1%**	**3.1%**	**(6.1)%**	**10.1%**	**50.2**
% AOP Margin	**10.7%**					**10.3%**

The figures shown in the tables above are rounded to the nearest €0.1 million.
AD is IDIADA accelerated depreciation to adapt assets useful life to contract/concession duration.
The Proforma amounts take account of the divestments and exclude AD

Cash Flow and Net Debt

Cash flow generation was strong in the period mainly because of the strong growth in EBITDA which added €11 million in the period. The working capital increased by €47 million year to date due to the strong revenue growth of the Group, although compared to the increase of €55 million in the previous year to date, this was an €8 million lower outflow. Capex, tax and interest outflows were slightly higher than last year due mainly to the increase in financial charges. The resulting adjusted free cash flow generation of €119 million was €13 million more than the prior period, or an increase of 12%.

Net debt at the third quarter end was €919 million (€861 million at 31 December 2022). Net debt calculated using the debt covenant definitions (excluding the impact of IFRS16) was €727 million (€670 million at 31 December 2022). The available liquidity remains high at €430 million.

The financial leverage of the Group at the period end, measured as Net Debt to last twelve months Adjusted EBITDA, was 2.6x (as defined by the debt covenants), at the same position as at 30 June 2023 and 31 December 2022 and slightly lower than at this time last year when it was 2.7x. The leverage covenant is set at 4.0x which is considerably higher than the current leverage and this is tested twice per year.

Outlook

The Group is confident it can continue to deliver strong performance in the fourth quarter and maintains the full year guidance of organic revenue growth to increase at high single digits and margin to increase in excess of 60 basis points compared to the reported margin last year which was 10.1%.

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

End of Third Quarter 2023 Trading Update. This announcement is a translation of the Spanish version and 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.

Appendix

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
▪ **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
▪ **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