Applus Services, S.A.

Financial Statements for the year ended 31 December 2019 and Directors' Report, together with Independent Auditor's Report

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

Deloitte.

Deloitte, S.L.
Avda. Diagonal, 654
08034 Barcelona
España

Tel: +34 932 80 40 40
www.deloitte.es

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 14). In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

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

Report on the Financial Statements

Opinion

We have audited the financial statements of Applus Services, S.A. (the Company), which comprise the balance sheet as at 31 December 2019, and the statement of profit or loss, statement of changes in equity, statement of cash flows and notes to the financial statements for the year then ended.

In our opinion, the accompanying financial statements present fairly, in all material respects, the equity and financial position of the Company as at 31 December 2019, and its results and its cash flows for the year then ended in accordance with the regulatory financial reporting framework applicable to the Company (identified in Note 2.1 to the financial statements) and, in particular, with the accounting principles and rules contained therein.

Basis for Opinion

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

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

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

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

Key Audit Matters

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

Impairment of ownership interests in, and loans to, Group companies and associates	
Description	**Procedures applied in the audit**
The Company has direct and indirect ownership interests in the share capital of Group companies and associates that are not listed on regulated markets, and has granted loans thereto (see Notes 4.1, 5.1, 5.2 and 10.2). The measurement of the recoverable amount of those ownership interests and loans requires the use of significant estimates and judgements by management, both when choosing the valuation method and discounting future cash flows and when taking into consideration the key operating assumptions used for each method in question. As a result of the foregoing, as well as the significance of the investments held and loans granted, which amounted to EUR 1,440 million and EUR 446 million, respectively, at 2019 year-end, this matter was determined to be a key matter in our audit.	Our audit procedures consisted, among others, of the evaluation of the measurement of the recoverable amount of the aforementioned ownership interests and loans performed by Company management, verifying both the appropriateness of the valuation method used in relation to the investment held and the clerical accuracy of the calculations made. We also evaluated the reasonableness of the cash flow projections and the discount rates by conducting a critical analysis of the key assumptions of the models used. In particular, we compared the revenue growth rates with the latest approved strategic plans and budgets and reviewed them for consistency with both historical information and the market situation. Also, we evaluated management's historical accuracy in the estimation process. In addition, we evaluated the reasonableness of the discount rates applied, taking into consideration the cost of capital of comparable organisations, as well as perpetuity growth rates, among others. We involved internal business valuation experts to evaluate the reasonableness of the models and key assumptions used by the Company. Lastly, we evaluated whether the disclosures included in Notes 4.1, 5.1, 5.2 and 10.2 to the accompanying financial statements in connection with this matter were in conformity with those required by the applicable regulatory framework.

Recovery of deferred tax assets	
Description	**Procedures applied in the audit**
Notes 8.1 and 8.5 detail the deferred tax assets amounting to EUR 27.4 million that are recognised in the balance sheet at 2019 year-end, corresponding to tax losses, tax credits and temporary differences amounting to EUR 22.5 million, EUR 4.4 million and EUR 0.5 million, respectively. The Company belongs to the Spanish tax group described in Note 4.3. In addition, as indicated in Note 8.6, the Company has unrecognised deferred tax assets corresponding to tax losses and tax credits. At the end of each reporting period, Company management assesses the recoverability of the tax assets recognised based on the projections of future taxable profits used to analyse the recoverability of tax losses in a timeframe of no more than ten years, taking into account current legislation and the most recently approved business plans. We identified this matter as key in our audit, since the assessment of the recoverability of these assets requires a significant level of judgement, largely in connection with the projections of business performance.	Our audit procedures to address this matter included, among others, evaluating the methodology and assumptions used by the Company and, in particular, those related to the growth of sales and expenses that determine the projection of future taxable profits, as well as verifying the consistency of the assumptions taking into account both historical information and the market situation and the applicable tax legislation, which was verified with the assistance of internal tax experts. We also reviewed the consistency of the models with the financial information used by Company management in performing its impairment tests on ownership interests in, and loans to, Group companies, stressing those assumptions that have the greatest effect on determining the recoverable amount of the tax assets. We also analysed the historical accuracy of management in the process of preparing projections of future taxable profits for the purpose of analysing the recovery of tax losses, comparing the actual figures for the year with the projections made in the preceding year. Lastly, we also verified that the disclosures required by the applicable accounting regulations were included in the notes to the accompanying financial statements. The disclosures on this matter can be found in Notes 4.3 and 8 to the financial statements.

Other Information: Directors' Report

The other information comprises only the directors' report for 2019, the preparation of which is the responsibility of the Company's directors and which does not form part of the financial statements.

Our audit opinion on the financial statements does not cover the directors' report. Our responsibility relating to the information contained in the directors' report is defined in the audit regulations in force, which establish two distinct levels of responsibility in this regard:

a) A specific level that applies to certain information included in the Annual Corporate Governance Report, as defined in Article 35.2.b) of Spanish Audit Law 22/2015, which consists solely of checking that the aforementioned information has been provided in the directors' report and, if this is not the case, reporting this fact.

b) A general level applicable to the other information included in the directors' report, which consists of evaluating and reporting on whether the aforementioned information is consistent with the financial statements, based on the knowledge of the entity obtained in the audit of those financial statements and excluding any information other than that obtained as evidence during the audit, as well as evaluating and reporting on whether the content and presentation of this section of the directors' report are in conformity with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report that fact.

Based on the work performed, as described above, we observed that the information described in section a) above was provided in the directors' report and that the other information in the directors' report was consistent with that contained in the financial statements for 2019 and its content and presentation were in conformity with the applicable regulations.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

A further description of our responsibilities for the audit of the financial statements is included in Appendix I to this auditor's report. This description, which is on pages 6 and 7 of this document, forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

Additional Report to the Audit Committee

The opinion expressed in this report is consistent with the content of our additional report to the Company's audit committee dated 21 February 2020.

Engagement Period

The Annual General Meeting held on 30 May 2019 appointed us as auditors for a period of one year from the year ended 31 December 2018, i.e., for 2019.

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

DELOITTE, S.L.
Registered in ROAC under no. S0692

Ana Torrens Borrás
Registered in ROAC under no. 17762

21 February 2020

Appendix I to our auditor's report

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the use by the directors of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Applus Services, S.A.

Financial Statements
for the year ended 31 December 2019
and Directors' Report, together with
Auditors' Report

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 14). In the event of a discrepancy, the Spanish-language version prevails.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 14). In the event of a discrepancy, the Spanish-language version prevails.

APPLUS SERVICES, S.A.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

(Thousands of Euros)

ASSETS	Notes	31/12/2019	31/12/2018	EQUITY AND LIABILITIES	Notes	31/12/2019	31/12/2018
NON-CURRENT ASSETS:		1.626.938	1.561.857	EQUITY:		1.221.255	1.192.963
Non-current investments in Group companies and associates-		1.599.519	1.530.840	**SHAREHOLDERS' EQUITY-**		1.221.255	1.192.963
Equity instruments	5.1	1.439.765	1.439.765	**Share capital**	6.1	14.302	14.302
Loans to companies	5.1 & 10.2	159.754	91.075	**Share premium**	6.2	449.391	449.391
Deferred tax assets	8.1	27.419	31.017	**Reserves**	6.2	710.861	700.678
				Treasury shares	6.3	(4.102)	(3.405)
				Profit for the year		50.803	31.997
				NON-CURRENT LIABILITIES:		450.739	457.834
				Non-current payables	7	364.811	419.100
				Non-current payables to Group companies and associates	10.2	93.001	35.807
				Deferred tax liabilitites	8.1	2.927	2.927
CURRENT ASSETS:		345.605	311.978				
Trade and other receivables-		16.179	13.305	CURRENT LIABILITIES.		300.549	223.038
Receivable from Group companies and associates	10.2	1.459	1.575	**Current payables-**		55.882	3.106
Other receivables		237	105	Bank borrowings	7	55.882	3.106
Corporate income tax receivables	8.1	14.483	11.625	**Current payables to Group companies and associates**	10.2	241.652	215.149
Current investments in Group companies and associates-	5.2 & 10.2	328.347	298.429	**Trade and other payables-**		3.015	4.783
Short-term loans to Group companies and associates		286.239	298.321	Sundry accounts payable		575	1.104
Other financial assets		42.108	108	Remuneration payable		2.162	2.123
Cash and cash equivalents	5.3	1.079	244	Tax payables	8.1	278	1.556
TOTAL ASSETS		1.972.543	1.873.835	TOTAL EQUITY AND LIABILITIES		1.972.543	1.873.835

The accompanying Notes 1 to 14 and Appendix I are an integral part of the statement of financial position as at 31 December 2019.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 14). In the event of a discrepancy, the Spanish-language version prevails.

APPLUS SERVICES, S.A.

STATEMENT OF PROFIT OR LOSS FOR 2019
(Thousands of Euros)

	Notes	2019	2018
CONTINUING OPERATIONS:			
Revenue-	**9.1 & 10.1**	**65.540**	**58.421**
Services		3.530	3.530
Dividend revenue		47.758	36.743
Finance revenue to Group companies and associates		14.252	18.148
Staff costs-	**9.2**	**(3.398)**	**(3.375)**
Wages, salaries and similar expenses		(3.239)	(3.169)
Employee benefit costs		(159)	(206)
Other operating expenses-		**(2.524)**	**(2.615)**
Outside services		(2.391)	(2.190)
Taxes other than income tax		(133)	(425)
PROFIT FROM OPERATIONS		**59.618**	**52.431**
Finance income-		**85**	**93**
From marketable securities and other financial instruments of third parties		85	93
Finance costs-		**(18.500)**	**(24.187)**
On debts to Group companies and associates	10.1	(9.300)	(11.091)
On debts to third parties		(9.200)	(13.096)
Exchange differences		**2.152**	**(592)**
FINANCIAL LOSS		**(16.263)**	**(24.686)**
PROFIT BEFORE TAX		**43.355**	**27.745**
Corporate income tax	8	7.448	4.252
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**50.803**	**31.997**
DISCONTINUED OPERATIONS:			
Profit for the year from discontinued operations net of tax		-	-
PROFIT FOR THE YEAR		**50.803**	**31.997**

The accompanying Notes 1 to 14 and Appendix I are an integral part of the statement of profit or loss for 2019.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 14). In the event of a discrepancy, the Spanish-language version prevails.

APPLUS SERVICES, S.A.

STATEMENTS OF CHANGES IN EQUITY FOR 2019
A) STATEMENT OF CHANGES IN TOTAL EQUITY
(Thousands of Euros)

	2019	2018
PROFIT PER INCOME STATEMENT (I)	50.803	31.997
Income and expense recognised directly in equity:		
Total income and expense recognised directly in equity (II)	-	-
Transfers to profit or loss:		
Total transfers to profit or loss (III)	-	-
Total recognised income and expense (I+II+III)	50.803	31.997

The accompanying Notes 1 to 14 and Appendix I are an integral part of the statement of profit or loss for 2019.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 14). In the event of a discrepancy, the Spanish-language version prevails.

APPLUS SERVICES, S.A.

STATEMENTS OF CHANGES IN EQUITY FOR 2019
B) STATEMENT OF CHANGES IN TOTAL EQUITY
(Thousands of Euros)

	Share capital	Share premium	Reserves	Treasury shares	Profit (Loss) for the year	Total
2017 ENDING BALANCE	**14.302**	**449.391**	**688.256**	**(1.186)**	**31.059**	**1.181.822**
Total recognised income and expense	-	-	-	-	31.997	31.997
Allocation of 2017 profit	-	-	12.467	-	(31.059)	(18.592)
- Transactions with treasury shares	-	-	(45)	(2.219)	-	(2.264)
2018 ENDING BALANCE	**14.302**	**449.391**	**700.678**	**(3.405)**	**31.997**	**1.192.963**
Total recognised income and expense	-	-	-	-	50.803	50.803
Allocation of 2018 profit	-	-	10.544	-	(31.997)	(21.453)
- Transactions with treasury shares	-	-	(361)	(697)	-	(1.058)
2019 ENDING BALANCE	**14.302**	**449.391**	**710.861**	**(4.102)**	**50.803**	**1.221.255**

The accompanying Notes 1 to 14 and Appendix I are an integral part of the statement of profit or loss for 2019.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 14). In the event of a discrepancy, the Spanish-language version prevails.

APPLUS SERVICES, S.A.

STATEMENT OF CASH FLOWS FOR 2019

(Thousands of Euros)

	Notes	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES (I):		14.255	32.407
Profit for the year before tax		43.355	27.745
Adjustments for-			
Dividend revenue	10.1	(47.758)	(36.743)
Finance income		(14.337)	(18.241)
Finance costs		18.500	24.187
Exchange differences		(2.152)	592
Changes in working capital-			
Trade and other receivables		1.368	823
Trade and other payables		41	321
Other current assets		(1.278)	(1.249)
Other current liabilities		1.249	947
Other cash flows from operating activities-			
Dividends received	10.1	5.758	36.743
Interest paid		(16.116)	(20.194)
Interest received		15.478	18.651
Corporate Income tax paid		10.147	(907)
Other receivables and payables		-	(268)
CASH FLOWS FROM INVESTING ACTIVITIES (II):		(63.041)	38.214
Proceeds from disposal-			
Group companies and associates		52.510	389.910
Payments due to investment-			
Group companies and associates		(115.551)	(351.696)
CASH FLOWS FROM FINANCING ACTIVITIES (III):		50.732	(72.473)
Proceeds and payments relating to financial liability instruments-			
Proceeds from issue of bank borrowings		53.775	542.029
Proceeds from issue of borrowings from Group companies and associates		112.658	45.246
Repayment of bank borrowings		(67.475)	(604.465)
Repayment and amortisation of borrowings with Group companies and associates		(23.800)	(33.132)
Other payments		(2.973)	(3.559)
Dividend payments and renumeration of other equity instruments-			
- Dividends		(21.453)	(18.592)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES (IV):		(1.111)	(581)
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III+IV)		835	(2.433)
Cash and cash equivalents at beginning of year		244	2.677
Cash and cash equivalents at end of year		1.079	244

The accompanying Notes 1 to 14 and Appendix I are an integral part of the statement of profit or loss for 2019.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 14). In the event of a discrepancy, the Spanish-language version prevails.

Applus Services, S.A.

Notes to the financial statements for the year ended 31 December 2019

1. Company activities

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

The Company purpose is as follows:

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

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

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

- Business intermediation services, both locally and abroad.

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

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

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

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

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

Since 9 May 2014 the shares of the Company have been listed on the stock exchange.

The subsidiaries and associates directly and indirectly owned by the Company are shown in Appendix I.

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

2. Basis of presentation of the financial statements

2.1. Regulatory financial reporting framework applicable to the Company

The present financial statements for 2019 were authorised for issue by the Company's Directors at the Board of Directors Meeting held on 21 February 2020. The present financial statements were formally prepared in accordance with the regulatory financial reporting framework applicable to the Company, which consists of:

a) The Spanish Commercial Code and all other Spanish corporate law.

b) The Spanish National Chart of Accounts approved by Royal Decree 1514/2007 and its industry adaptations.

c) The mandatory rules approved by the Spanish Accounting and Audit Institute in order to implement the Spanish National Chart of Accounts and the relevant secondary legislation.

d) All other applicable Spanish accounting legislation.

This document is a translation of the Financial Statements originally issued in Spanish. In the event of a discrepancy, the Spanish language version prevails.

2.2. Fair presentation

The accompanying financial statements, which were obtained from the Company's accounting records, are presented in accordance with the regulatory financial reporting framework applicable to the Company and, in particular, with the accounting principles and rules contained therein and, accordingly, present fairly the Company's equity, financial position, results of operations and cash flows for 2019. These financial statements, which were formulated by the Company's Directors, will be submitted for approval at the Annual General Meeting, that will be held on 29 May 2020 and it is considered that they will be approved without any changes.

The financial statements for 2018 were approved at the Annual General Meeting held on 30 May 2019.

2.3. Non-obligatory accounting principles applied

No non-obligatory accounting principles were applied. Also, the Directors formally prepared these financial statements taking into account all the obligatory accounting principles and standards with a significant effect hereon.

All obligatory accounting principles were applied.

2.4. Key issues in relation to the measurement and estimation of uncertainty

In preparing the accompanying financial statements, estimates were made by the Company's Directors in order to measure certain assets, liabilities, income, expenses and obligations reported herein. These estimates relate basically to the following:

- The assessment of possible impairment losses on certain assets (see Note 4.1).
- The fair value of certain financial instruments (see Note 4.1).
- The calculation of certain provisions (see Note 4.5).
- The recovery of deferred tax assets (see Note 8.5).
- Corporate income tax (see Note 8).

Although these estimates were made on the basis of the best information available at 2019 year-end, events that take place in the future might make it necessary to change them (upwards or downwards) in the coming years. Changes in accounting estimates would be applied prospectively.

2.5. Comparative information

The information relating to 2019 contained in these notes to the financial statements is presented, for comparison purposes, with information relating to 2018.

2.6. Grouping of items

Certain items in the statement of financial position, statement of profit or loss, statement of changes in equity and statement of cash flows are grouped together to facilitate their understanding; however, whenever the amounts involved are material, the information is broken down in the related notes to the financial statements.

2.7. Changes in accounting policies

In 2019 there were no changes in accounting policies with respect to those applied in 2018.

2.8. Correction of errors

In preparing the accompanying financial statements no errors were detected that would have made it necessary to restate the amounts included in the financial statements for 2018.

3. Proposal of allocation of profit

The proposed allocation of the Company's net profit, formulated by the Board of Directors and presented at the next Company's Annual General Meeting of the Shareholders, for 2019 is as follows:

	Thousands of Euros
Basis of distribution:	
Profit of the year	50,803
	50,803
Allocation of the profit:	
To dividends	31,464
To unrestricted reserves	19,339
Total	**50,803**

The Company's Board of Directors will present a proposal at the next Shareholders Annual General Meeting, to distribute ordinary dividends allocated from the 2019 profit, amounting to EUR 31,464 thousand and corresponding to a gross dividend of EUR 0.22 per share.

4. Accounting policies

The principal accounting policies used by the Company in preparing its financial statements for 2019 and 2018, in accordance with the Spanish National Chart of Accounts, were as follows:

4.1. Financial instruments

Financial assets

The financial assets held by the Company are classified in the following categories:

a) Credits and receivables: financial assets arising from the sale of goods or the rendering of services in the ordinary course of the Company's business, or financial assets which, not having commercial substance, are not equity instruments or derivatives, have fixed or determinable payments and are not traded in an active market.

b) Equity investments in Group companies, associates and jointly controlled entities: Group companies are deemed to be those related to the Company as a result of a relationship of control and associates are companies over which the Company exercises significant influence. Jointly controlled entities include companies over which, by virtue of an agreement, the Company exercises joint control with one or more other venturers.

Financial assets are initially recognised at the fair value of the consideration given, plus any directly attributable transaction costs.

Credits, receivables and held-to-maturity investments are measured at amortised cost.

Investments in Group companies and associates and interests in jointly controlled entities are measured at net cost , of any accumulated impairment losses where appropriate. These losses are calculated as the difference between the carrying amount of the investments and their recoverable amount. Recoverable amount is the higher of fair value less costs to sell and the present value of the future cash flows from the investment. Unless there is better evidence of the recoverable amount, it is based on the value of the equity of the investee, adjusted by the amount of the unrealised gains existing at the date of measurement (including goodwill, if applicable).

The Company has majority ownership interests in the share capital of certain companies. The financial statements do not reflect the increases or decreases in the value of the Company's ownership interests which would arise from the application of consolidation methods. It should also be noted that the Company will prepare consolidated financial statements separately under International Financial Reporting Standards ("EU-IFRS"). These consolidated financial statements have been authorised for issue by the Board of Director's on the meeting held on 21 February 2020.

In accordance with current legislation, the Company prepares consolidated financial statements separately. The consolidated financial statements of the Applus Group for 2019 were formally prepared by the directors at the Board of Directors Meeting held on 21 February 2020.

The main aggregates in the consolidated financial statements for 2019 prepared, as stipulated in Final Provision Eleven of Law 62/2003, of 30 December, in accordance with International Financial Reporting Standards approved by European Commission Regulations, are as follows:

	Thousands of euros	
	2019	2018
Total Assets	2,172,565	1,997,470
Equity attributable to the shareholders of the parent	775,928	756,203
Revenue of the consolidated operations	1,777,944	1,675,942
Net profit (loss) attributable to the parent	55,650	41,208

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

Financial liabilities

Financial liabilities include accounts payable by the Company that have arisen from the purchase of goods or services in the normal course of the Company's business and those which, not having commercial substance, cannot be classified as derivative financial instruments.

Accounts payable are initially recognised at the fair value of the consideration received, adjusted by the directly attributable transaction costs. These liabilities are subsequently measured at amortised cost.

The Company derecognises financial liabilities when the obligations given cease to exist.

At 31 December 2019 the Company does not hold any financial derivative products.

Impairment of financial assets

The Company tests financial assets not measured at fair value. Objective evidence of impairment is considered to exist when the recoverable amount of the financial asset is lower than its carrying amount. When this occurs, the impairment loss is recognised in the statement of profit or loss.

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

Management updates annually its subsidiaries business plan which is prepared according to the Group estimates by sector and geography, considering the specific characteristics of each company regarding to its customers, projects and services. The main components of this plan are: projections on operating income and expense, investment and working capital. The business plan prepared by the management includes the budget for 2020 together with the projections for the next years.

The projections were prepared on the basis of past experience and of the best estimates available at the date on which the impairment tests were carried out.

In order to calculate the recoverable amount of each asset the present value of its cash flows was determined by using the business plan prepared by the management. As a general rule, indefinite useful life projections for a projected period of five years and a perpetuity rate of return from the sixth year onwards were used. An exception is made for the businesses with a finite useful life, in which the projected period is adjusted to the actual term of the agreement, and the probability of renewal is not considered. From the sixth year onwards it was considered that the cash flows generated by each asset grow at a rate equal to the growth of each industry in the geographical area in which it operates.

The main average discount rates after tax used in each of the Company's geographical areas were as follows:

Country/geographical area	2019	2018
Spain	7.3% - 8.8%	7.5% - 8.7%
Rest of Europe	6.2% - 7.4%	6.3% - 7.5%
US and Canada	6.3% - 8.7%	7.6% - 8.2%
Latin America	10.4% - 12.4%	11.6% - 14.0%

4.2. *Foreign currency transactions*

The Company's functional currency is the Euro. Therefore, transactions in currencies other than the Euro are deemed to be "foreign currency transactions" and are recognised by applying the exchange rates prevailing at the date of the transaction.

At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated to euros at the rates then prevailing. Any resulting gains or losses are recognised directly in the statement of profit or loss in the year in which they arise.

4.3. *Corporate income tax*

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

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

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

Deferred tax liabilities are recognised for all temporary differences except for:

a) Those arising from the initial recognition of goodwill or other assets and liabilities in a transaction that does not affect neither the tax profit nor the accounting profit and is not a business combination.

b) Those associated with investments in subsidiaries, branches and associates or interests in joint ventures, when the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets, identified for temporary differences (tax credits for tax losses carryforwards and other tax credits), are only recognised if it is considered probable that the Company will have sufficient future taxable profits against which they can be utilised.

The deferred tax assets recognised are reassessed at the end of each reporting period and the appropriate adjustments are made to the extent that there are doubts as to their future recoverability.

The Company is the head of the Applus Group, which files consolidated tax returns as being the tax group number 238/08, and the tax base for the year is determined as if individual returns were being filed, net of such tax credits and tax relief as might be deductible under the consolidated tax regime. The Company manages the accounts receivable or payable that arise.

The Spanish consolidated tax group is comprised by the following companies:

Companies	
Applus Services, S.A.	Applus Energy, S.L.U.
Applus Servicios Tecnológicos, S.L.U.	Ringal Invest, S.L.U.
IDIADA Automotive Technology, S.A.	Autoservices Online, S.L.U.
Applus Norcontrol, S.L.U.	Applus Iteuve Technology, S.L.U.
Novotec Consultores, S.A.U.	Tunnel Safety Testing, S.A.
Applus Iteuve Galicia, S.L.U.	Inversiones Finisterre, S.L.
LGAI Technological Center, S.A.	IDIADA Homologation Technical Service, S.L.
Trámites, Informes, Proyectos, Seguridad y Medio Ambiente, S.LU.	Supervisión y Control, S.A.U.

The Company is head of the tax group and files consolidated VAT returns as part of VAT group number 0036/11. The Company manages the accounts receivable and payable generated in this connection.

The Spanish VAT group is comprised by the following companies:

Companies	
Applus Services, S.A.	Ringal Invest, S.L.U.
Applus Servicios Tecnológicos, S.L.U.	Autoservices Online, S.L.U.
LGAI Technological Center, S.A.	Applus Iteuve Technology, S.L.U.
Applus Energy, S.L.U.	

4.4. *Revenue and expense recognition*

Revenue and expenses are recognised on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises. Revenue is measured at the fair value of the consideration received, net of discounts and taxes.

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at the end of the reporting period, provided that the outcome of the transaction could be estimated reliably.

Interest revenue from financial assets is recognised using the effective interest method and dividend revenue is recognised when the shareholder's right to receive payment has been established. Interest and dividends from financial assets accrued after the date of acquisition are recognised as revenue in the profit or loss statement.

According to BOICAC's 79, question 2, due to the Company's holding activity, both the dividend revenue and the finance revenue of the loans from its subsidiaries are recorded under the heading "Revenue".

4.5. Provisions and contingencies

When preparing the financial statements, the Company's Directors made a distinction between:

1. Provisions: credit balances covering present obligations arising from past events with respect to which it is probable that an outflow of resources of economic benefits whose amount and/or timing are not known with certainty but can be reasonably reliably estimated.

2. Contingent liabilities: possible obligations that arise from past events and whose existence and associated loss are estimated to be unlikely.

The financial statements include all the provisions with respect to which it is considered that it is more likely than not that the obligation will have to be settled. Contingent liabilities are not recognised in the financial statements, but rather are disclosed, unless the possibility of an outflow in settlement is considered to be remote.

Provisions are measured at the present value of the best possible estimate of the amount required to settle or transfer the obligation, taking into account the information available on the event and its consequences. Where discounting is used, adjustments made to provisions are recognised as financial cost on an accrual basis.

4.6. Termination benefits

Under current legislation, the Company is required to pay termination benefits to employees terminated under certain conditions. Therefore, termination benefits that can be reasonably quantified are recognised as an expense in the year in which the decision to terminate the employment relationship is taken and a valid expectation regarding termination is created on the part of third parties.

The accompanying financial statements do not include any significant provision in this connection, since no situations of this nature are expected to arise.

4.7. Environmental assets and liabilities

Environmental assets are deemed to be assets used on a lasting basis in the Company's operations whose main purpose is to minimise environmental impact and protect and improve the environment, including the reduction or elimination of future pollution.

Because of their nature, the Company's business activities do not have a significant environmental impact.

4.8. Transactions with Group companies, associates and related companies

For the purposes of the presentation of the financial statements, group companies are considered to be those entities over which the Company directly and indirectly controls the financial and operating policies, exercises power over the relevant activities, maintains exposure, or rights, to variable returns from involvement with the investee; and the ability to use power over the investee to affect the amount of the investor's returns. This is generally because it holds more than 50% of the voting power.

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

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

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

- The Directors and Senior Executives of any Applus Group company, as well as the relatives or related persons. "Director" means a member of the Board of Directors and "Senior Executives" means persons reporting directly to the Board or to the CEO of the Group.

The Company performs all its transactions with related parties on an arm's length basis. Also, the transfer prices are adequately supported and, therefore, the Company's Directors consider that there are no material risks in this connection that might give rise to significant liabilities in the future.

4.9. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Finance leases

At 31 December 2019 and 2018, the Company did not have any finance leases.

Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, unless some other systematic basis of allocation is more representative of the time pattern of the benefits generated.

The Company only holds certain vehicles under operating leases which has not a significant impact.

4.10. Current/Non-current classification

Current assets are assets associated with the normal operating cycle, which in general is considered to be one year; other assets which are expected to mature, be disposed of or be realised within twelve months from the end of the reporting period; financial assets held for trading, except for financial derivatives that will be settled in a period exceeding one year; and cash and cash equivalents. Assets that do not meet these requirements are classified as non-current assets.

Similarly, current liabilities are liabilities associated with the normal operating cycle, financial liabilities held for trading, except for financial derivatives that will be settled in a period exceeding one year; and, in general, all obligations that will mature or be extinguished at short term. All other liabilities are classified as non-current liabilities.

4.11. Employee benefit obligations

The Company has established specific remuneration plans with its key employees:

a) Annual variable remuneration to certain Company employees based on the achievement of certain objectives in 2019.

b) Variable remuneration plan entailing the annual delivery of a given number of Restricted Stock Units (RSUs) (convertible into Company shares) to the Executive Directors and certain members of the Executive Team. This plan is approved annually and is convertible into shares three years from the grant date at a rate of 30% in each of the first two years and 40% in the third year. At 31 December 2019, three plans had been approved and ratified (see Note 10.3).

c) The "long-term incentive" plan granted to the Executive Directors and certain members of the Executive Team consists of the delivery of Performance Stock Units (PSUs) to the Chief Executive Director General Manager, and the delivery of RSUs and PSUs to the Chief Executive Director Financial Officer and members of the management, both RSUs and PSUs being convertible into Company shares in three years from the grant date. The first conversion to shares from the aforementioned plans related to the plan granted in 2016 and took place in February 2019 (see Note 10.3).

4.12. Treasury shares

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

5. Financial assets (non-current and current)

5.1. Non-current investments in Group companies and associates

The changes in "Non-current investments in Group companies and associates" in the statement of financial position in 2019 and 2018 were as follows (in thousands of euros):

Categories	31/12/19	31/12/18
Equity investments in Group companies, jointly controlled entities and associates	1,439,765	1,439,765
Credits (loans) to Group companies (Note 10.2)	159,754	91,075
Total Non-current investments in Group companies and associates	**1,599,519**	**1,530,840**

Equity investments in Group companies and associates

The changes in 2019 and 2018 in "Equity investments in Group companies, jointly controlled entities and associates" were as follows (in thousands of euros):

2019

Categories	01/01/19	Additions	31/12/19
Equity investments in Group companies, jointly controlled entities and associates	1,439,765	-	1,439,765
Total	**1,439,765**	-	**1,439,765**

2018

Categories	01/01/18	Additions	31/12/18
Equity investments in Group companies, jointly controlled entities and associates	1,330,583	109,182	1,439,765
Total	**1,330,583**	**109,182**	**1,439,765**

The value of direct shareholdings at 31 December 2019 and 2018 are as follows (in thousands of euros):

Subsidiary	31/12/19	31/12/18
Applus Servicios Tecnológicos, S.L.U.	1,337,553	1,337,553
Azul Holding 2 S.à.r.l.	102,212	102,212
Total equity investments in group companies, joint ventures and associates	**1,439,765**	**1,439,765**

The most significant information in relation to subsidiaries in which the Company had a direct ownership interest at 2019 year-end is as follows:

Name / Registered office	% of ownership	Thousands of euros					
		Share capital	Profit (Loss)		Other equity items	Total equity	Carrying amount
			From operations	Net			Gross Cost
Applus Servicios Tecnológicos, S.L.U.	100%	134,487	(2,109)	52,725	536.667	723.879	1,337,553
Azul Holding 2, S.à.r.l.	100%	13	(26)	3,340	101,525	104,878	102,212
Total		**134,500**	**(2,135)**	**56,065**	**638.192**	**828.757**	**1,439,765**

The subsidiaries and associates directly and indirectly owned by the Company are shown in Appendix I. None of the subsidiaries are listed on the stock market.

5.2. Current investments in Group companies and associates

The detail of the balances of "Current Investments in Group Companies and Associates" at 31 December 2019 and 2018 is as follows (in thousands of euros):

Categories	31/12/19	31/12/18
Credits (loans) and receivables from Group companies	279,247	289,517
Short-term interest receivable from Group companies	6,992	8,804
Account receivable relating to dividends	42,108	108
Total current investments in Group companies and associates (Note 10.2)	**328,347**	**298,429**

5.3. Cash and cash equivalents

"Cash and Cash Equivalents" includes all cash recognised in current accounts, which amounted to EUR 1,079 thousand. The total balance on 31 December 2018 was EUR 159 thousand.

At the end of 2019 the Company had credit facilities with a balance of EUR 54,256 thousand due by the Company (Note 7). Also, in 2018 the Company had credit facilities with a balance of EUR 1,190 thousand which are classified under "current bank borrowing" in the accompanying statement of financial position.

"Current bank borrowing" also includes payable balances recognised as a result of a banking product arranged in 2015, the "Multi Currency Notional Pooling", which allows the Company to obtain liquidity in eight different currencies and which amounted to EUR 3,684 thousand at 31 December 2019 (debit balance of EUR 85 thousand at 31 December 2018:).

At 31 December 2019 and 2018, no amount recognised under "Cash and Cash Equivalents" had been pledged.

5.4. Information on the nature and level of risk of financial instruments

The Company's financial risk management is centralised in the Corporate Financial Department of the Applus Group, which has established the mechanisms required to control exposure to interest rate and exchange rate fluctuations and credit and liquidity risk. The main financial risks affecting the Company are as follows:

a) Credit risk:

In general, the Company holds its cash and cash equivalents at banks with high credit ratings.

The accounts receivable at 31 December 2019 and 2018 relate mainly to balances with Group companies for services provided by the Company.

The Company's Directors consider that there was no significant credit risk at 31 December 2019 and 2018.

b) Liquidity risk:

The Company, for the purpose of ensuring liquidity and enabling it to meet all the payment obligations arising from its business activities, has the cash and cash equivalents disclosed in its statement of financial position, together with credit and financing facilities.

The Company manages liquidity risk prudently by maintaining sufficient cash, the availability of financing in the form of committed credit facilities and through the sufficient capacity to settle market positions.

c) Market risk:

Both the Company's cash and part of its bank borrowings are exposed to interest rate risk, which variations could have an effect on financial profit or loss and cash flows. In addition in order to follow Applus Group strategy of minimizing risks, part of the new debt has been secured at a fixed interest rate. Private placement debt represents at 31 December 2019 a 64% of total debt drawn.

In 2019 the Company's Directors decided not to arrange interest rate hedges, although this is considered to be a risk that Company's management should monitor closely on a continuous basis.

In addition, some of the balances with Group companies are in foreign currencies.

Therefore, the main market risks to which the Company is exposed are interest rate and foreign currency risk.

c.1) Interest rate risk:

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

	2019	2018
Average interest rate	1.86%	1.78%
Average financial debt drawn (thousands of euros)	407,331	469,317

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

Change in interest rate +0.50%	2019	2018
Change in borrowing costs (thousands of euros)	887	1,802

c.2) Foreign currency risk:

At 31 December 2018 and at 31 December 2019, there is no financial debt disposed in foreign currency so the Company is not exposed to foreign currency risk. The detail is as follow:

	Thousands of Euros	
	2019	2018
Financial debt subject to foreign currency risk	-	-
Average financial debt drawn subject to foreign currency risk	-	11,445

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

	2019		2018	
Change in exchange rate	-	-	+ 0.50%	-0.50%
Change in borrowing costs (thousands of euros)	-	-	57	(57)

6. Equity and shareholders' equity

6.1. Share capital

At 31 December 2016, the Company's share capital was represented by 130,016,755 fully subscribed and paid-up common shares of EUR 0.10 par value each.

On 28 September 2017, the Company's capital was increased by EUR 1,300 thousand through the creation of 13,001,675 new shares of EUR 0.10 par value each and with a share premium of EUR 135,866 thousand at EUR 10.45 per share. The capital increase was carried out by means of monetary contributions for the full amount which totalled EUR 137,166 thousand.

The expenses incurred in relation to the capital increase carried out in 2017 amounted to EUR 1,717 thousand net of the tax effect, and were recognised with a charge to reserves.

Therefore, at 31 December 2019 and 2018, the share capital is represented by 143,018,430 fully subscribed and paid-up common shares of EUR 0.10 par value each.

Per the notifications of the number of shares submitted to the Spanish National Securities Market Commission (CNMV), the following shareholders owned significant direct and indirect interests in the Company's share capital, more than 3% of share capital, at 31 December 2019:

	% share
River & Mercantile Group P.L.C	5.048%
Threadneedle Asset Management Limited	4.993%
Norges Bank	4.983%
DWS Investment S.A.	3.476%

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

6.2. *Reserves and Share premium*

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

At the end of 2019 and 2018 the balance of this reserve amount to EUR 2,860 thousand and it had reached the legally minimum required.

At 31 December 2019 and 2018, the share premium reserves amounted to EUR 449,391 thousand and it is fully available.

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

6.3. *Treasury shares*

At 31 December 2019, the Company holds a total of 343,849 treasury shares at an average cost of EUR 11.93 per share. The value of these treasury shares totalled EUR 4,102 thousand, which is recognised under "Treasury Shares" in the accompanying statement of financial position as at 31 December 2019 (see Note 4.12).

At 31 December 2018, the Company held a total of 283,400 treasury shares at an average cost of EUR 12.01 per share. The value of these treasury shares totalled EUR 3,405 thousand, which is recognised under "Treasury Shares" in the accompanying statement of financial position as at 31 December 2018 (see Note 4.12).

7. Non-current and current payables

The detail of "Non-Current Payables" and "Current Payables" is as follows (in thousands of euros):

	31/12/19	31/12/18
Facilities Agreement	126,941	191,941
US Private Placement lenders	230,000	230,000
Debt Arrangement fees	(2,130)	(2,841)
Total non-current payables	**354,811**	**419,100**
Accrued interests	2,337	2,625
Debt Arrangement fees	(711)	(709)
Credit facilities	54,256	1,190
Total current payables	**55,882**	**3,106**
Total bank borrowings	**410,693**	**422,206**

On 11 July 2018, the Applus Group repaid the syndicated loan existing at the time early and entered into a new loan agreement with a new syndicate of nine banks and into a private placement with two US institutional investors. As a result, the Group improved the terms and conditions of the previous syndicated loan by changing, inter alia, the currencies, interest rates, maturities and lenders. These new debt contracts do not include any pledge on shares of any of the Group companies, and all previously granted share pledges have been cancelled.

In accordance with the law, the Company has therefore cancelled the original liabilities, recognised the new financial liability at amortised cost, and charged the arrangement expenses of the previous debt in the attached consolidated profit and loss account of year 2018 amounting EUR 2,782 thousand.

The consolidated Group's debt structure is composed of a portion of bank borrowings and a placement of private debt with institutional investors. The bank borrowings, consist of a multi-currency syndicated loan of EUR 600 million, which comprises of a Facility A "Term Loan" of EUR 200 million and a Facility B "Revolving Credit Facility" of EUR 400 million. The total amount of the private debt is EUR 230 million.

a) Syndicated loan and private placement debt

The syndicated loan bears interest at Euribor for tranches in Euros and at Libor for tranches in foreign currency (currently not drawn) plus a spread based on a leverage grid for each Facility.

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

The private placement debt was placed from two US institutional investors. The structure includes a tranche of EUR 150 million maturing at 27 June 2025 and a tranche of EUR 80 million maturing at 27 June 2028.

The structure of the financial debt and the amounts drawn at 31 December 2019 and 2018 are as follows:

2019

Tranche	Thousands of Euros			Maturity
	Limit	Drawn by the Company	Drawn by the Group	
Facility A "Term Loan "	200,000	11,941	200,000	27/06/2024
Facility B "Revolving Credit Facility"	400,000	115,000	115,000	27/06/2024
US Private Placement lenders - 7 years	150,000	150,000	150,000	27/06/2025
US Private Placement lenders - 10 years	80,000	80,000	80,000	27/06/2028
Accrued interests	-	2,337	2,808	
Debt arrangement expenses	-	(2,841)	(3,762)	
	830,000	**356,437**	**544,046**	

2018

Tranche	Thousands of Euros			Maturity
	Limit	Drawn by the Company	Drawn by the Group	
Facility A "Term Loan "	200,000	11,941	200,000	27/06/2023
Facility B "Revolving Credit Facility"	400,000	180,000	180,000	27/06/2023
US Private Placement lenders - 7 years	150,000	150,000	150,000	27/06/2025
US Private Placement lenders - 10 years	80,000	80,000	80,000	27/06/2028
Accrued interests	-	2,625	3,096	
Debt arrangement expenses	-	(3,550)	(4,734)	
Total	**830,000**	**421,016**	**608,362**	

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

Both the new syndicated loan and the private placement debt are subject to the achievement of certain financial ratios, being the main one the ratio of net consolidated debt to consolidated EBITDA of less than 4.0x, evaluated every six months, at 30 June and 31 December.

At 31 December 2019, the ratio, calculated on the basis of the contractually established definitions of net consolidated debt and consolidated EBITDA, was 2.0x.

The Directors expect the financial leverage ratio covenant to be met.

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

a.2) Guarantees given

None of Applus Group subsidiaries have their shares pledged to secure the debt.

The detail of the amounts drawn, by maturity, of "Non-Current Payables" and "Current Payables" is as follows (in thousands of euros):

2019

	2019 - Thousands of Euros						
			Long Term				
	Limit	Short Term	2021	2022	2023	2024 onwards	**Total**
Facility A "Term Loan"	**200,000**	-	-	-	-	11,941	**11,941**
Facility B "Revolving Credit Facility"	**400,000**	-	-	-	-	115,000	**115,000**
US Private Placement lenders	**230,000**	-	-	-	-	230,000	**230,000**
Accrued interest	-	2,337	-	-	-	-	**2,337**
Debt Arrangement expenses	-	(711)	(709)	(709)	(411)	(301)	**(2,841)**
Credit Facilities	**135,000**	54,256	-	-	-	-	**54,256**
Total	**965,000**	**55,882**	**(709)**	**(709)**	**(411)**	**356,640**	**410,693**

2018

	2018 - Thousands of Euros						
			Long Term				
	Limit	Short Term	2020	2021	2022	2023 onwards	**Total**
Facility A "Term Loan"	**200,000**	-	-	-	-	11,941	**11,941**
Facility B "Revolving Credit Facility"	**400,000**	-	-	-	-	180,000	**180,000**
US Private Placement lenders	**230,000**	-	-	-	-	230,000	**230,000**
Accrued interest	-	2,625	-	-	-	-	**2,625**
Debt Arrangement expenses	-	(709)	(711)	(709)	(709)	(712)	**(3,550)**
Credit Facilities	**135,000**	1,190	-	-	-	-	**1,190**
Total	**965,000**	**3,106**	**(711)**	**(709)**	**(709)**	**421,229**	**422,206**

8. Tax

8.1. Tax assets and tax liabilities

The detail of the current and non-current tax assets and tax liabilities at the end of 2019 and 2018 is as follows (in thousands of euros):

2019

	Tax assets	Tax liabilities
Non-current balances:		
Deferred tax assets	466	2,927
Tax credits for tax loss carryforwards (Note 8.5)	22,573	-
Withholding taxes and other tax credits	4,380	-
Total non-current balances	**27,419**	**2,927**
Current balances:		
Accrued social security taxes payable	-	10
VAT payable	-	156
Personal income tax withholdings payable	-	112
Income tax withholdings receivables	14,483	-
Total current balances	**14,483**	**278**

2018

	Tax assets	Tax liabilities
Non-current balances:		
Deferred tax assets	471	2,927
Tax credits for tax loss carryforwards (Note 8.5)	26,166	-
Withholding taxes and other tax credits	4,380	-
Total non-current balances	**31,017**	**2,927**
Current balances:		
Accrued social security taxes payable	-	9
VAT payable	-	1,454
Personal income tax withholdings payable	-	93
VAT receivable	1,250	-
Income tax withholdings receivables	10,375	-
Total current balances	**11,625**	**1,556**

8.2. Reconciliation of the accounting profit to the taxable profit

The reconciliation of the accounting profit (loss) to the taxable profit (tax loss) for corporate income tax purposes is as follows (in thousands of euros):

	2019	2018
Accounting profit before tax	**43,355**	**27,745**
Permanent differences	(47,758)	(36,743)
Temporary differences	(544)	(24,502)
Tax loss	**(4,947)**	**(33,500)**
Tax profits from subsidiaries	100,101	88,808
Tax losses from subsidiaries	(6,604)	(6,612)
Tax base before tax consolidation adjustments	**88,550**	**48,696**
Offset of tax losses	(22,137)	(12,174)
Taxable profit	**66,413**	**36,522**
Tax charge	**16,603**	**9,130**
Offset of tax credits	(10,473)	(6,934)
Tax withholdings and prepayments	(11,606)	(12,571)
Corporate Income tax refundable (-) / payable(+)	**(5,476)**	**(10,375)**

The permanent differences in 2019 relate mainly to the application of transitory rule 23 of the Spanish Income Tax Law (inspired by the former Article 30.6 of the Consolidated Spanish Income Tax Law), permitting the non-inclusion in the tax base of dividends received from the Spanish subsidiaries (and, therefore, their consideration as a reduction of the tax base of the ownership interest) and the claim for a double taxation tax credit, provided that there is evidence that the seller has effectively been taxed on an amount equal to the dividend received.

Pursuant to this rule, a portion of the dividend, was adjusted downwards, EUR 34,135 thousand, paid by the subsidiary Applus Servicios Tecnológicos, S.L.U, also included the remaining amount of the dividend of EUR 13,623 thousand, of a total of EUR 47,758 thousand, which is exempt based on article 21 on Spanish Income Tax Law (see Note 10.1). It should also be noted that the Company has opted to apply the tax regime for foreign-securities holding companies (ETVEs) envisaged in Articles 107 et seq. of the Spanish Income Tax Law.

During 2018 the permanent differences relate mainly to the application of transitory rule 23 of the Spanish Income Tax Law (inspired by the former Article 30.6 of the Consolidated Spanish Income Tax Law), permitting the non-inclusion in the tax base of dividends received from Spanish subsidiaries (and, therefore, their consideration as a reduction of the tax base of the ownership interest) and the claim for a double taxation tax credit, provided that there was evidence that the seller has effectively been taxed on an amount equal to the dividend received. Pursuant to this rule, a portion of the dividend, EUR 26,262 thousand, paid by the subsidiary Applus Servicios Tecnológicos, S.L.U., totalling EUR 36,743 thousand (see Note 10.1), was adjusted downwards. In addition, permanent differences also included the remaining amount of the dividend of EUR 10,481 thousand, which is exempt based on article 21 on Spanish Income Tax Law. It should also be noted that the Company opted to apply the tax regime for foreign-securities holding companies (ETVEs) envisaged in Articles 107 et seq. of the Spanish Income Tax Law.

The temporary differences for 2019 relate mainly, to the amount of prior years' deductible borrowing costs amounting to EUR 572 thousand recognised in 2019 pursuant to Article 16 of the Spanish Income Tax Law, and to the reversal of provisions considered non-deductible for tax purposes, amounting EUR 28 thousand.

For 2018, temporary differences relate to the amount of prior years' deductible borrowing costs amounting to EUR 25,142 thousand recognised in 2018 pursuant to Article 16 of the Spanish Income Tax Law, and to the reversal of provisions considered non-deductible for tax purposes, amounting to EUR 640 thousand.

8.3. *Reconciliation of the accounting profit to the corporate income tax expense (benefit)*

The reconciliation of the accounting profit to the corporate income tax expense (benefit) for 2019 and 2018 is as follows (in thousands of euros):

	2019	2018
Accounting profit before tax	**43,355**	**27,745**
Permanent differences	(47,758)	(36,743)
Taxable accounting loss	**(4,403)**	**(8,998)**
Tax charge	**(1,101)**	**(2,250)**
Adjustments and recognitions/derecognition of tax credits and others	1,101	3,551
Deduction of unrecognised tax assets	(7,448)	(5,553)
Total corporate income tax expense (benefit) recognised in profit or loss	**(7,448)**	**(4,252)**

The unrecognised tax deductions applied during 2019 and 2018 financial years mainly correspond to the internal double taxation deduction.

8.4. *Breakdown of corporate income tax benefit (expense)*

The breakdown of the corporate income tax (benefit) expense is as follows:

	Thousands of Euros	
	2019	2018
Current tax:		
Continuing operations	(11,046)	(12,393)
Discontinued operations	-	-
Deferred tax:		
Continuing operations	3,598	8,141
Discontinued operations	-	-
Total tax expense (benefit)	**(7,448)**	**(4,252)**

8.5. *Deferred tax assets recognised*

Royal Decree-Law 3/2016, of 2 December, adopting tax measures aimed at consolidating public finances and other urgent social measures, was published in the Spanish Official State Gazette on 3 December 2016.

As a result of the Royal Decree-Law, at 2016 year-end the Spanish consolidated tax group recognised a tax expense amounting to EUR 11,363 thousand (EUR 2,273 thousand in current tax and EUR 9,090 thousand in deferred tax), since it was considered that there are very severe restrictions on the transfer of certain securities representing investments in the share capital, or equity of some subsidiaries before the five-year period expires, due to legal, contractual or other reasons, in relation to the sale or settlement of the investments concerned, and to the circumstances specifically affecting them. This amount covers the impairment losses to be reversed and included in the tax base in the five year period from 2016 to 2020.

At 31 December 2019 and 2018, the prior year's tax loss carryforwards of the company recognised in the accompanying statement of financial position were as follows:

2019

	Thousands of Euros	
	Tax loss carryforwards	Tax asset recognised (Note 8.1)
2009	4,348	1,087
2010	51,715	12,929
2011	34,230	8,557
Total	**90,293**	**22,573**

2018

	Thousands of Euros	
	Tax loss carryforwards	Tax asset recognised (Note 8.1)
2009	18,720	4,680
2010	51,715	12,929
2011	34,230	8,557
Total	**104,665**	**26,166**

Additionally, "Deferred Tax Assets" of the accompanying statement of financial position as at 31 December 2019 includes other positive temporary differences amounting to EUR 466 thousand in 2019 and EUR 471 thousand in 2018.

Finally, "Deferred Tax Assets" includes EUR 4,380 thousand corresponding to the recognition of withholding taxes for domestic double taxation (same amount in 2018).

At the end of each year the Company's Directors analyse the recoverability of the deferred tax assets and only recognise those that they consider will probably be recovered in 10 years maximum.

The factors taken into consideration by the Company's Directors to recognise as a deferred tax asset, including tax credit for tax loss carryforwards, withholding taxes and tax credits for temporary differences at 31 December 2019, which support their future recoverability, are as follows:

- In 2019 and 2018 the consolidated tax group in Spain obtained taxable income of EUR 88,550 and EUR 48,696 thousand which enabled it to use unrecognised tax losses from prior years amounting to EUR 6,152 and 2,540 respectively.

8.6. Deferred tax assets not recognised

The detail of the tax losses not recognised in the accompanying statement of financial position as at 31 December 2019 and 2018 is as follows:

	Thousands of Euros	
	Tax Loss carryforwards	Tax credit not recognised
2007	5,077	1,269
Total	**5,077**	**1,269**

The detail of the withholding taxes and other tax credits not recognised in the accompanying statement of financial positions at 31 December 2019 and 2018 is as follows (in thousands of euros):

Year	Description	31/12/19	31/12/18
2013	Domestic double taxation tax credit	17,962	23,774
2014	Domestic double taxation tax credit	4,313	4,313
2015	Domestic double taxation tax credit	4,227	4,227
2016	Domestic double taxation tax credit	3,996	3,996
2017	Domestic double taxation tax credit	5,021	5,021
2018	Domestic double taxation tax credit	4,727	4,727
2019	Domestic double taxation tax credit	6,144	-
	Total	**46,390**	**46,058**

Additionally, the detail of the tax credits generated by Idiada Automotive Technology S.A. is as follows (in thousands of euros):

Year	Description	31/12/19	31/12/18
2009	Specific activities taxation tax credit	322	-
2010	Specific activities taxation tax credit	1,033	1,033
2011	Specific activities taxation tax credit	1,118	1,118
2012	Specific activities taxation tax credit	1,600	1,600
2013	Specific activities taxation tax credit	1,161	1,161
2014	Specific activities taxation tax credit	1,477	1,477
2015	Specific activities taxation tax credit	1,138	1,138
2016	Specific activities taxation tax credit	1,000	1,153
2017	Specific activities taxation tax credit	720	868
2018	Specific activities taxation tax credit	156	-
	Total	**9,725**	**9,548**

8.7. *Open years for review and tax audits*

In 2019 the tax authorities commenced tax audits on certain Spanish companies belonging to consolidated tax group number 238/08 relating to the following taxes: Income tax (2014 to 2017), VAT group number 0036/11 (2015 to 2017) and personal income tax withholdings and pre-payments (2015 to 2017). The tax audits are at the documentation submission phase. In view of the criteria that the tax authorities might adopt in relation to the years open for inspection, certain contingent tax liabilities that cannot be objectively quantified may arise. However, the possible tax contingencies are not expected to have a significant impact on the Group's equity position. Also, at 2019 year-end the Company had the statute of limitations tolled for 2012 for income tax and 2013 and 2014 for VAT

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

9. Income and expenses

9.1. *Revenue*

The Company's revenue relates in full to transactions carried out with Group companies (see Note 10.1).

The detail of the revenue for 2019 and 2018 is as follows (in thousands of euros):

	2019	2018
Dividend revenue	47,758	36,743
Finance revenue	14,252	18,148
Management fee revenue	3,530	3,530
Total	**65,540**	**58,421**

9.2. *Staff costs*

The detail of "Staff Costs" in the statement of profit or loss for 2019 and 2018 is as follows (in thousands of euros):

	2019	2018
Wages and salaries	3,239	3,094
Termination benefits	-	75
Employer social security costs	101	94
Other employee benefit costs	58	112
Total	**3,398**	**3,375**

The average number of employees in 2019 and 2018, by category and gender, is as follows:

2019

Category	Men	Women	Total
Top management	5	-	5
Middle management	1	-	1
Supervisors	-	1	1
Total	**6**	**1**	**7**

2018

Category	Men	Women	Total
Top management	5	-	5
Middle management	1	-	1
Supervisors	-	1	1
Total	**6**	**1**	**7**

Also, the breakdown of the workforce, by gender and category, at the end of 2019 and 2018 is as follows:

2019

Category	Men	Women	Total
Top management	5	-	5
Middle management	1	-	1
Supervisors	-	1	1
Total	**6**	**1**	**7**

2018

Category	Men	Women	Total
Top management	5	-	5
Middle management	1	-	1
Supervisors	-	1	1
Total	**6**	**1**	**7**

In 2019 and 2018, Applus Services, S.A. has no employees with a disability equal to or greater than 33%.

10. Transactions and balances with Group and related companies

10.1. Transactions with Group and related companies

The detail of the transactions with Group and related companies in 2019 and 2018 is as follows:

2019

	Thousands of Euros			
	Dividend revenue	Finance income	Finance cost	Services rendered
Applus Servicios Tecnológicos, S.L.U.	47,758	2,874	1,176	3,530
Applus Iteuve Technology, S.L.U.	-	628	-	-
Arctosa Holding, B.V.	-	146	-	-
Röntgen Technische Dienst Holding, B.V.	-	1,358	811	-
Libertytown Usa 1, Inc.	-	3,264	-	-
Ringal Invest, S.L.U.	-	639	-	-
Libertytown Usa Finco, Inc.	-	-	-	-
Libertytown Australia Pty, Ltd.	-	583	-	-
Velosi Europe Ltd.	-	17	14	-
Velosi Industries Sdn Bhd.	-	637	-	-
Libertytown Applus Rtd Germany, Gmbh.	-	586	26	-
Röntgen Technische Dienst, B.V.	-	629	433	-
John Davidson & Associates Pty, Ltd.	-	159	-	-
Applus RTD Norway, As.	-	390	-	-
Applus Pty Ltd.	-	162	-	-
Applus Norcontrol Guatemala, S.A.	-	372	-	-
LGAI Technological Center, S.A.	-	350	752	-
Velosi Certification Services L.L.C (Abu Dhabi)	-	210	-	-
Applus Energy, S.L.U.	-	111	-	-
Rtd Quality Services, Inc. (Canada)	-	394	61	-
Applus Norcontrol, S.L.U.	-	-	1,704	-
Applus Car Testing Service, Ltd.	-	-	970	-
Applus Iteuve Euskadi, S.A.U.	-	-	445	-
Novotec Consultores, S.A.U.	-	-	244	-
RTD Holding Deutschland, Gmbh.	-	-	144	-
Applus RTD UK, Ltd.	-	182	44	-
Applus Velosi Canada Ltd.	-	94	93	-
TIC Investments Chile SpA.	-	90	-	-
SAST International Ltd.	-	-	688	-
Supervisión y Control S.A.U.	-	-	670	-
Velosi (HK) Ltd.	-	-	377	-
Others	-	377	648	-
Total	**47,758**	**14,252**	**9,300**	**3,530**

2018

	Thousands of Euros			
	Dividend revenue	Finance income	Finance cost	Services rendered
Applus Servicios Tecnológicos, S.L.U.	36,743	3,852	873	3,530
Applus Iteuve Technology, S.L.U.	-	2,486	863	-
Arctosa Holding, B.V.	-	1,947	19	-
Röntgen Technische Dienst Holding, B.V.	-	1,777	1,753	-
Libertytown Usa 1, Inc.	-	1,191	-	-
Ringal Invest, S.L.U.	-	1,100	-	-
Libertytown Usa Finco, Inc.	-	1,029	-	-
Libertytown Australia Pty, Ltd.	-	722	-	-
Velosi Europe Ltd.	-	610	324	-
Velosi Industries Sdn Bhd.	-	598	-	-
Libertytown Applus Rtd Germany, Gmbh.	-	531	-	-
Röntgen Technische Dienst, B.V.	-	394	483	-
John Davidson & Associates Pty, Ltd.	-	234	-	-
Applus RTD Norway, As.	-	208	-	-
Applus Pty Ltd.	-	176	6	-
Applus Norcontrol Guatemala, S.A.	-	159	-	-
LGAI Technological Center, S.A.	-	158	1,236	-
Velosi Certification Services L.L.C (Abu Dhabi)	-	146	121	-
Applus Energy, S.L.U.	-	135	-	-
Rtd Quality Services, Inc. (Canada)	-	99	206	-
Applus Norcontrol, S.L.U.	-	-	2,182	-
Applus Car Testing Service, Ltd.	-	-	1,058	-
Applus Iteuve Euskadi, S.A.U.	-	-	566	-
Novotec Consultores, S.A.U.	-	-	259	-
Applus Technologies, Inc.	-	-	214	-
RTD Holding Deutschland, Gmbh.	-	-	188	-
Others	-	596	740	-
Total	**36,743**	**18,148**	**11,091**	**3,530**

On 28 June 2019, the subsidiary Applus Servicios Tecnológicos, S.L.U. approved the distribution of a dividend amounting to EUR 5,758 thousand out of profit for 2018. Subsequently, on 31 December 2018, the same subsidiary approved an interim dividend amounting EUR 42,000 thousand with charge to its profit for the year.

On 30 June 2018, the subsidiary Applus Servicios Tecnológicos, S.L.U. approved the distribution of a dividend amounting to EUR 10,743 thousand out of profit for 2017. Subsequently, on 21 December 2018, the same subsidiary approved an interim dividend amounting EUR 26,000 thousand with charge to its profit for the year.

Also, the Company has a "Management fee" agreement with Applus Servicios Tecnológicos, S.L.U. under which the Company charges the management, analysis and business plan development services and, overheads, among others. The amount payable under this agreement was established on the basis of a report prepared by an independent expert and is in line with market prices.

Additionally, the Company holds loans and cash pooling agreements with its subsidiaries, which generate finance income and expenses. The amount of these agreements was set based on a professional valuer's report at market rates.

10.2. Balances with Group and related companies

The detail of the balances with related companies reflected in the statement of financial position as at 31 December 2019 and 2018 is as follows:

2019

	Thousands of Euros					
	Long-term credits (Note 5.1)	Short-term credits (Note 5.2)	Other financial assets (Note 5.2)	Long-term loans	Short-term loans	Trade receivables
Applus Servicios Tecnológicos, S.L.U.	-	82,906	42,000	-	22,942	1,072
Libertytown Usa 1, Inc.	48,561	780	-	-	-	-
Applus Iteuve Technology, S.L.U.	40,000	28,155	-	-	40,000	-
Ringal Invest, S.L.U.	-	21,441	-	-	102	-
Velosi Industries Sdn Bhd.	3,000	8,651	-	-	-	-
Libertytown Applus RTD Germany, Gmbh.	-	1,953	-	-	51,818	142
Libertytown Australia Pty, Ltd.	8,829	5,683	-	-	-	-
Röntgen Technische Dienst Holding, B.V.	33,075	40,598	-	-	210	-
Applus Iteuve Euskadi, S.A.U.	-	-	-	-	10,622	-
LGAI Technological Center, S.A.	-	12,801	-	24,724	359	-
Supervisión y Control, S.A.U.	-	4,960	-	23,000	210	-
Applus Car Testing Service, Ltd.	-	-	-	9,930	18,250	-
Applus Norcontrol, S.L.U.	-	1,007	-	-	48,462	-
Idiada Automotive Technology, S.A.	-	12,454	-	-	3,299	-
Applus RTD Norway, As.	-	6,453	-	-	-	-
Röntgen Technische Dienst, B.V.	-	9,680	-	-	115	35
Applus Norcontrol Guatemala, S.A.	6,449	628	-	-	-	-
Arctosa Holding, B.V.	-	5,696	-	-	-	-
John Davidson & Associates Pty, Ltd.	-	3,263	-	-	-	-
Applus Iteuve Galicia, S.L.U.	-	-	-	-	19,904	-
Applus Energy, S.L.U.	-	3,857	-	-	28	-
Applus Pty Ltd.	-	28	-	-	933	-
Velosi Certification Services L.L.C (Abu Dhabi)	-	6,067	-	-	-	37
Applus Deutschland inspektions-Gesellschaft, Gmbh	-	-	-	-	1,281	-
Applus RTD UK, Ltd.	-	5,022	-	-	535	-
Applus Velosi Canada Ltd.	-	1,656	-	-	1,553	-
Azul Holding, 2, S.à.r.l.	-	413	108	-	-	-
Norcontrol Inspección S.A. (Mexico)	-	-	-	1,180	21	-
3C Test Limited	-	-	-	2,802	33	-
RTD Quality Services, Inc. (Canada)	-	13,291	-	-	7	-
Applus Il Meio Ambiente Portugal, Lda.	-	-	-	-	2,770	-
Velosi (HK) Ltd.	-	-	-	8,543	149	-
K1 Kasastajat, OY	-	-	-	3,400	224	-
RTD Holding Deutschland, Gmbh.	-	-	-	-	4,731	-
Novotec Consultores, S.A.U.	-	579	-	-	6,479	-
SAST International Ltd.	-	-	-	18,658	267	-
Applus Euskadi Holding, S.L.	7,000	6,062	-	-	-	-
TIC Investments Chile SPA.	11,920	90	-	-	-	-
Applus Singapore Pte. Ltd.	-	943	-	-	3,118	-
Tipsma, S.L.	-	507	-	-	-	-
Applus Norcontrol Republica Dominicana, S.R.L.	279	32	-	-	-	-
SKC Engineering Ltd.	-	-	-	-	1,155	-
BK Werkstofftechnik – Prüfstelle für Werkstoffe GmbH	-	-	-	-	547	-
Applus LGAI Germany GmbH	-	-	-	-	538	-
Autoservices Online, S.L.U.	-	-	-	-	500	-
Others	641	583	-	764	490	173
Total	**159,754**	**286,239**	**42,108**	**93,001**	**241,652**	**1,459**

2018

	Thousands of Euros					
	Long-term credits (Note 5.1)	Short-term credits (Note 5.2)	Other financial assets (Note 5.2)	Long-term loans	Short-term loans	Trade receivables
Applus Servicios Tecnológicos, S.L.U.	-	102,253	-	-	22,710	1,213
Libertytown Usa 1, Inc.	55,219	744	-	-	-	-
Applus Iteuve Technology, S.L.U.	-	52,452	-	-	-	-
Ringal Invest, S.L.U.	-	20,299	-	-	499	-
Velosi Industries Sdn Bhd.	-	15,513	-	-	-	2
Libertytown Applus RTD Germany, Gmbh.	-	14,795	-	-	-	142
Libertytown Australia Pty, Ltd.	8,829	5,129	-	-	-	-
Röntgen Technische Dienst Holding, B.V.	23,527	10,001	-	-	26,769	-
Applus Iteuve Euskadi, S.A.U.	-	-	-	-	14,634	-
LGAI Technological Center, S.A.	-	7,721	-	24,724	297	-
Supervisión y Control, S.A.U.	-	4,380	-	-	25,105	-
Applus Car Testing Service, Ltd.	-	-	-	9,930	14,606	14
Applus Norcontrol, S.L.U.	-	250	-	-	55,349	-
Idiada Automotive Technology, S.A.	3,500	6,548	-	-	3,621	-
Applus RTD Norway, As.	-	5,774	-	-	-	-
Röntgen Technische Dienst, B.V.	-	7,633	-	-	6,334	35
Applus Norcontrol Guatemala, S.A.	-	5,471	-	-	-	8
Arctosa Holding, B.V.	-	4,433	-	-	-	-
John Davidson & Associates Pty, Ltd.	-	4,171	-	-	-	-
Applus Iteuve Galicia, S.L.U.	-	3,977	-	-	35	-
Applus Energy, S.L.U.	-	3,764	-	-	138	-
Applus Pty Ltd.	-	3,384	-	-	2	-
Velosi Certification Services L.L.C (Abu Dhabi)	-	2,988	-	-	-	1
Applus Deutschland inspektions-Gesellschaft, Gmbh	-	1,700	-	-	-	-
Libertytown Usa Finco, Inc.	-	1,485	-	-	-	-
Applus Norcontrol Panamá, S.A.	-	1,318	-	-	-	-
Applus RTD UK, Ltd.	-	1,279	-	-	-	-
Applus Velosi Canada Ltd.	-	1,504	-	-	2,130	-
K2 Specialist Services Pte Ltd.	-	1,013	-	-	1,754	-
Applus Aerospace Uk, Ltd.	-	797	-	-	-	-
Applus Norcontrol Peru, S.A.C.	-	783	-	-	-	1
Velosi Europe Ltd.	-	953	-	-	482	-
Azul Holding, 2, S.à.r.l.	-	356	108	-	-	-
AC6 Metrología S.L.	-	-	-	-	860	-
Norcontrol Inspección S.A. (Mexico)	-	-	-	1,153	16	-
3C Test Limited	-	-	-	-	1,340	-
RTD Quality Services, Inc. (Canada)	-	2,537	-	-	4,166	-
Applus II Meio Ambiente Portugal, Lda.	-	-	-	-	2,455	-
Velosi (HK) Ltd.	-	-	-	-	3,516	-
K1 Kasastajat, OY	-	-	-	-	3,804	-
RTD Holding Deutschland, Gmbh.	-	-	-	-	4,777	-
Novotec Consultores, S.A.U.	-	1,416	-	-	7,835	-
Sast International Ltd.	-	-	-	-	9,973	-
Others	-	1,500	-	-	1,942	159
Total	**91,075**	**298,321**	**108**	**35,807**	**215,149**	**1,575**

"Short-term credits from Group companies" and "Short-term loans to Group companies" include accounts receivable and accounts payable with various Group companies arising from the Company's inclusion as the head of the consolidated tax group, accounts receivable amounting at 31 December 2019 to EUR 25,723 thousand and accounts payable amounting to 5,958 EUR thousand (2018: accounts receivable EUR 30,294 thousand and accounts payable EUR 7,875 thousand included in Long-term credits from Group companies" and "Long-term loans to Group companies") (see Note 4.3).

In addition, under "Current Receivables" and "Current Payables", amounts of EUR 193,998 thousand and EUR 195,698 thousand are recognised, respectively, in relation to the cash-pooling agreement maintained with the other Group companies (EUR 180,045 and EUR 161,741 thousand respectively in 2018).

"Long-term credits to Group companies" include loans with related parties, which have a maturity between 2023 and 2024.

Also, under "Other financial assets" there are recognised the dividends receivable at the end of 2019 and 2018 (see Note 5.2).

Group credits and loans generate an interest at market rates.

10.3. Disclosures on Directors and Senior Executive

Remuneration of and obligations to the Board of Directors

At the Annual General Meeting held on 30 May 2019, the Shareholders resolved to expand the Board of Directors to comprise 10 members by ratifying the appointment of 2 new independent Directors and appointing a new Executive Director.

The detail of the remuneration (social benefits included) earned by the Executive Directors and the Company's Directors at 2019 and 2018 year-end is as follows:

a) Annual remuneration:

	Thousands of Euros					
	31/12/2019			31/12/2018		
	Executive Directors	Members of the Board of Directors	Total	Executive Director	Members of the Board of Directors	Total
Fixed remuneration	1,075	-	**1,075**	750	-	**750**
Variable remuneration	775	-	**775**	600	-	**600**
Other items	81	-	**81**	37	-	**37**
Non Executive Chairman and Independent Directors	-	646	**646**	-	588	**588**
Corporate Social Security Committee	-	50	**50**	-	50	**50**
Appointments & Compensation Committee	-	70	**70**	-	66	**66**
Audit Committee	-	84	**84**	-	70	**70**
Total	**1,931**	**850**	**2,781**	**1,387**	**774**	**2,161**

The fixed remuneration of the Executive Directors includes a portion in the form of RSUs amounting to EUR 58 thousand per year. In February 2017, 2018 and 2019, 5,451, 5,159 and 5,838 RSUs, respectively, were granted. These RSUs will be convertible to shares three years after the date on which they were granted. In February 2019 the Group effected delivery of 3,948 net shares relating to the plan granted in February 2016.

60.55% of the Executive Directors' variable remuneration is given in cash, with the rest comprising RSUs convertible to shares three years after the date on which they are granted, 30% of which are granted in each of the first two years and the remaining 40% are granted in the third year. These RSUs amounted to EUR 140 thousand in the year. At 2019 year-end, three RSU plans were in force, having been granted in March 2017, 2018 and 2019 for 7,886, 7,425 and 30,607 RSUs, respectively. In March 2019 the Group effected delivery of 5,802 net shares.

The plans in force at the end of the year in relation to the RSUs granted in 2017, 2018 and 2019 can be consulted in the Remuneration Report.

b) Long-term incentive ("LTI"):

Under the remuneration policy in force, the Executive Directors shall annually receive PSUs (performance stock units) that are convertible into shares of the Company three years after the date on which they are granted. The expense recognised in 2019 in this connection amounted to EUR 488 thousand. At 2019 year-end, three PSU plans were in force, having been granted in 2017, 2018 and 2019 for 41,900, 44,964 and 50,874 PSUs, respectively. The detail of the PSU plans in force can be consulted in the Remuneration Report. In February 2019 the Group effected delivery of 23,826 net shares relating to the plan granted in February 2016.

In 2019 the Executive Directors and the members of the Board of Directors did not earn or receive any termination benefits.

The pension plan benefits earned by the executive directors in 2019 amounted to EUR 45 thousand.

At 31 December 2019, no loans or advances had been granted to the members of the Company's Board of Directors.

No material pension or life insurance obligations were incurred vis-à-vis the members of the Company's Board of Directors.

Lastly, Applus Services, S.A. took out a third-party liability insurance policy. The insureds under this policy are the directors and executives of the Group companies the Parent of which is Applus Services, S.A. The directors of Applus Services, S.A. are included among the insureds of this policy. The premium paid in 2019 for this insurance policy amounted to EUR 75 thousand (2018: EUR 70 thousand).

The Company's Senior Executives comprised 7 men and 3 women at 31 December 2019 (31 December 2018: 6 men and 1 woman).

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

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

Remuneration of and obligations to Senior Executives

Senior Executives are those who are part of the Group's Executive Committee according to actual accounting legislation.

The breakdown of the remuneration earned in 2019 and 2018 by the Senior Executives is as follows:

a) Annual remuneration:

	Thousands of Euros	
	2019	2018
Fixed remuneration	463	645
Variable remuneration	288	455
Other items	52	80
Termination benefits	-	-
Pension plans	12	17
Total	**815**	**1.197**

The fixed remuneration of certain senior executives includes a portion in RSUs amounting to EUR 50 thousand, which are convertible to shares three years after the date on which they are granted. The plans in force at the end of 2019 relate to shares granted in February 2017, 2018 and 2019 for 4,672, 4,422 and 5,004 RSUs, respectively. In February 2019 the Group effected delivery of 3,457 net shares relating to the plan granted in February 2016.

50.3% of the senior executives' variable remuneration is given in cash, with the rest comprising RSUs convertible to shares three years after the date on which they are granted, 30% of which are granted in each of the first two years and the remaining 40% are granted in the third year. The RSU plans in force at the end of 2019 relate to the RSUs granted in February 2017, 2018 and 2019 for 13,225, 12,538 and 14,337 RSUs, respectively. In March 2019 the Group effected delivery of 11,190 net shares relating to the plans granted in 2016 (40%), 2017 (30%) and 2018 (30%). EUR 143 thousand were charged to the consolidated statement of profit or loss for 2019 in this connection.

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

Under the current remuneration policy, certain of the Senior Executives annually receive PSUs (performance stock units) that are convertible into shares of the Parent three years after the date on which they are granted. The expense recognised in this connection amounted to EUR 62 thousand in 2019. The PSU plans in force at the end of 2019 relate to the PSUs granted in February 2017, 2018 and 2019 for 4,672, 4,422 and 8,757 PSUs, respectively. In February 2019 the Group effected delivery of 2,766 net shares relating to the plan granted in February 2016.

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

The Senior Executives comprised 2 men at 31 December 2019 (31 December 2018: 3 men).

10.4. Information relating to conflict of interest on the part of the Directors

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

11. Foreign currency balances and transactions

At 31 December 2019, the Company had granted loans to Group companies in currencies other than the euro amounting to EUR 144,842 thousand (31 December 2018: EUR 143,588 thousand) and had received foreign currency loans amounting to EUR 87,626 thousand (31 December 2018: EUR 92,544 thousand).

As a result of these balances, the Company's statement of profit or loss includes finance income in currencies other than the euro amounting to EUR 7,936 thousand at 31 December 2019 (31 December 2018: EUR 6,869 thousand) and finance costs in currencies other than the euro amounting to EUR 4,095 thousand (31 December 2018: EUR 3,425 thousand).

The loans granted to the Company relate mainly to loans with Group companies arranged basically in pounds sterling and US dollars.

12. Other disclosures

12.1. Fees paid to auditors

In 2019 and 2018, the fees billed for financial audit and other services provided by the auditor of the Company, Deloitte, S.L., and companies related to these auditors as a result of a relationship of control, common ownership or common management, were as follows (in thousands of euros):

Description	Services provided by the auditor and by related firms	
	2019	2018
Audit services	234	220
Other attest services	164	83
Total audit and related services	**398**	**303**
Tax counselling services	63	-
Other services	-	-
Total professional services	**461**	**303**

12.2. Obligations and other guarantees

The Company had contracted certain obligations and guarantees derived from the financing agreement described in Note 7. These obligations include reporting obligations relating to the Group's financial statements and business plans; the obligation to take certain measures such as guaranteeing accounting closes, refrain from performing certain transactions without the consent of the lender, such as mergers, changes of business activity, share redemptions, and the financial obligation to achieve certain financial ratios, among others.

At 31 December 2019 and 2018, the Company's shares had not been pledged.

At 31 December 2019 and 2018, no banks had provided the Company with guarantees to third parties.

12.3. Disclosures on the payment periods to suppliers

Detailed below is the information required by the Additional Provision Three "Disclosure Obligation" of Law 15/2010, of 5 July (amended by Final Provision Two of Law 31/2014, of 3 December), which was prepared in accordance to the Spanish Accounting and Audit Institute (ICAC) Resolution of 29 January 2016 on information to be incorporated in notes to the financial statements in relation to average payment periods to suppliers in commercial transactions.

	2019	2018
	Days	
Average payment period to suppliers	41	46
Ratio of transactions settled	43	47
Ratio of transactions not yet settled	22	28
	Amount (Thousands of Euros)	
Total payments made	2,623	3,409
Total payments outstanding	365	319

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

Suppliers, solely for the purpose of disclosing the information provided for in this resolution, are considered to be trade creditors for the supply of goods and services and are included under "Current Liabilities - Trade and Other Payables" in the accompanying statement of financial position.

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

The maximum payment period applicable to the Spanish consolidated companies under Law 3/2004, of 29 December, on combating late payment in commercial transactions, is 30 days. This period may be extended by agreement between the parties, but under no circumstances should be superior to 60 natural days (same legal period in 2018).

However, most of this pending payment at year end has been paid during the first two months of the year 2020.

12.4. Amendment or extinguishment of agreements

In 2019 no transactions outside the course of the Company's ordinary business operations arose which required the amendment or early extinguishment of any agreement between the Company and any of its directors or persons acting on their behalf.

13. Events after the reporting period

In 2020 and until the date of authorization for issue of these financial statements, no relevant events took place which must be included in the notes to the financial statements or that significantly change or have a material effect on these financial statements for 2019.

14. Explanation added for translation to English

These financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Company (see Note 2.1). Certain accounting practices applied by the Company that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

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

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

Applus Services, S.A.

Directors' Report for the year ended 31 December 2019

Formally prepared by the directors of Applus Services, S.A. in relation to the year ended 31 December 2019.

Dear Shareholders:

We are pleased to submit to you this report on the Company's performance in 2019 and on its progress up to the present date.

Company performance and earnings

Revenue for the year has increased compared to 2018, mainly due to higher dividend income received from subsidiaries, which offset the reduction in the income from group companies' credits.

Financial expenses were reduced due to the favorable exchange rates effect and the decrease in the expenses related to group companies' loans as a result of the restructuring of the Group's debt made in 2018.

The aforementioned variations enabled the profit before taxes to be significantly higher than in 2018.

The Board of Directors will propose to the shareholders in the General Annual Meeting a dividend of 22 cents per share (2018: 15 cents), an increase of 46,6% on the prior year. This is equivalent to EUR 31.5 million (2018: EUR 21.4 million).

The financing agreement on the syndicated bank debt of the group is sufficient to ensure the liquidity needs in the medium and long term.

Main risks

The main risks to which the Company is exposed are those typically faced by a holding company and the industry in which its subsidiaries operate.

The policy of the Directors is to take decisions that they may consider appropriate in order to mitigate any kind of risk related to the Company's activities.

Treasury share transactions

At 31 December 2019, the Company holds a total of 343,949 treasury shares at an average cost of EUR 11.93 per share. The value of these treasury shares amounts to EUR 4,102 thousand.

At 31 December 2018, the Company held a total of 283,400 treasury shares at an average cost of EUR 12.01 per share. The value of these treasury shares amounted to EUR 3,405 thousand.

Use of financial instruments

The Group policy establishes the use of financial derivatives to eliminate or significantly reduce certain interest rate and foreign currency risks relating to its assets if needed. The Company do not hold any derivative financial instruments at the end of 2019.

Significant events after the reporting period

No events have occurred since 31 December 2019 other than those described in the notes to the accompanying consolidated financial statements.

Disclosures on the payment periods to suppliers

Information on deferred payments made to suppliers is detailed in note 12,3 of the Annual Accounts report for the year ended 31 December 2019.

Annual Corporate Governance Report

The annual Corporate Governance report can be consulted in the in the Applus Group web page and in the "Comisión Nacional de Mercado de Valores (CNMV)".

www.cnmv.es

www.applus.com

Applus Services, S.A.

Preparation of the Financial Statements and
Management report for the year ended 2019

In accordance with the provisions of article 253 of the Spanish Companies Act and article 34 of the Spanish Code of Commerce, the Board of Directors of Applus Services, S.A., in its meeting 21 February 2020, has drawn up the financial statements (comprising the balance sheet, the profit and loss account, the statement of changes in equity, the statement of cash flows and the explanatory notes) and the management report for year 2019, which are included in the documents preceding this signature page and their annexes, all of them correlatively ordered.

Barcelona, 21 February 2020

Mr. Christopher Cole
Chairman

Mr. Ernesto Gerardo Mata López
Director

Mr. John Daniel Hofmeister
Director

Mr. Fernando Basabe Armijo
Director

Mr. Richard Campbell Nelson
Director

Mr. Nicolás Villén Jiménez
Director

Ms. Maria Cristina Henríquez de Luna Basagoiti
Director

Ms. María José Esteruelas
Director

Ms. Essimari Kairisto
Director

Mr. Joan Amigó i Casas
Director

For identification purposes, all the pages of the financial statements and the management report for the year ended on 31 December 2019, as approved by the Board of Directors, are initialized by the Secretary of the Board of Directors, Mr. Vicente Conde Viñuelas.

Appendix I - Companies included in the scope of consolidation

Name	Applus Servicios Tecnológicos, S.L.U	Azul Holding 2, S.à.r.l.	Applus Iteuve Argentina, S.A.	Applus Santa Maria del Buen Ayre, S.A.	Applus Uruguay, S.A.	Revisiones Técnicas Applus del Ecuador Applusiteuve, S.A.	Applus Iteuve Brasil Serviços LTDA	Applus Technologies, Inc.
Registered office	Calle Campezo 1, edificio 3, Parque Empresarial Las Mercedes, Madrid (Spain)	7, rue Robert Stümper | L 2557-Luxembourg (Luxembourg)	Reconquista 661 – Piso 2, C 1003 Ciudad de Buenos Aires (Argentina)	Jurisdicción de la Ciudad autónoma de Buenos Aires (Argentina)	Guayabos nº 1718, escritorio 505 Montevideo (Uruguay)	Avda Patria nºE4-41 Intersección Avda Amazonas edificio Patria Piso 10 Oficina 01, Pichincha, Quito (Ecuador)	Avenida Paulista 726, Cj. 1207, 12ª andar, Sala 36, Sao Paulo (Brazil)	615, Dupont Highway, Kent County Dover State of Delaware (USA)
Line of business	Holding company	Holding company	Vehicle roadworthiness testing	Right and compliance of the obligations corresponding to public services concessions relating to the obligatory Technical Verification of Vehicles	Vehicle roadworthiness testing	Vehicle roadworthiness testing	Holding company	Vehicle roadworthiness testing
Active / Inactive	Active	Active	Active	Active	Active	Active	Active	Active
Ownership interest held by Group companies:								
Direct	100%	100%	-	-	-	-	-	-
Indirect	-	-	100%	100%	100%	100%	100%	100%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	Janx Holding, Inc	Libertytown USA 1, Inc.	Libertytown USA Finco, Inc.	Applus Iteuve Technology, S.L.U	IDIADA Automotive Technology, S.A	Applus Argentina, S.A.	IDIADA Fahrzeugtechnik, GmbH.	CTAG-Idiada Safety Technology, S.L.
Registered office	3 Sugar Creek Center Blvd. Suite 600 Sugar Land, TX 77478 (USA)	615, Dupont Highway, Kent County Dover, State of Delaware (USA)	615, Dupont Highway, Kent County Dover, State of Delaware (USA)	Calle Campezo 1, edificio 3, Parque Empresarial Las Mercedes, Madrid (Spain)	L'Albornar, s/n PO BOX 20,43710 Sta Oliva. Tarragona (Spain)	Reconquista 661 – Piso 2, C 1003 Ciudad de Buenos Aires (Argentina)	Manfred Hochstatter Strasse 2, 85055 Ingolstadt (Germany)	Poligono A Granxa, Parcelas 249-250. 36410 Porriño, Pontevedra (Spain)
Line of business	Certification services through non-detestructive testing	Holding company	Holding company	Vehicle roadworthiness testing	Engineering, testing and certification	Holding company	Engineering, testing and certification	Engineering, testing and certification
Active / Inactive	Active	Active	Active	Active	Active	Active	Active	Active
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	100%	100%	100%	100%	80%	100%	80%	40%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	Applus Chile, S.A.	Applus Iteuve Euskadi, S.A., Sociedad Unipersonal	Applus Revisiones Técnicas de Chile, S.A.	Applus Danmark, A/S	IDIADA CZ, A.S.	K1 Kasastajat, OY	Inspecció Tècnica de vehicles i serveis, S.A.	Idiada Automotive Technology India PVT, ltd
Registered office	Avenida Américo Vespucio 743 - Huechuraba - Santiago de Chile (Chile)	Polígono Ugaldeguren I Parcela 8, 48710 Zamudio, Vizcaya (Spain)	Avenida Américo Vespucio 743 - Huechuraba - Santiago de Chile (Chile)	Høje Taastrup Boulevard 23, 2th, 2630 Taastrup (Denmark)	Prazska 320/8,500 04, Hradec Králové (Czech Republic)	Joukahaisenkatu 6, 20520 Turku Finland	Ctra de Bixessarri s/n, Aixovall AD600 (Andorra)	Unit no. 206, 2nd Floor,Sai Radhe Building Raja Bahadur Mill Road, off Kennedy Road, Pune 411 001 (India)
Line of business	Vehicle roadworthiness testing	Vehicle roadworthiness testing	Vehicle roadworthiness testing	Vehicle roadworthiness testing	Engineering, testing and certification	Vehicle roadworthiness testing	Vehicle roadworthiness testing	Engineering, testing and certification
Active / Inactive	Active	Active	Active	Active	Active	Active	Active	Active
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	100%	100%	100%	100%	80%	100%	50%	80%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	Shangai IDIADA Automotive Technology Services Co., Ltd	Applus Euskadi Holding, S.L.U.	Applus Car Testing Service, Ltd.	Idiada Tecnologia Automotiva, Ltda.	Idiada Automotive Technology UK, Ltd.	Shangdong Idiada Automotive and tire proving ground Co, Ltd	Applus Iteuve Galicia, S.L.U.	Inversiones Finisterre, S.L.
Registered office	Jucheng Pioneer Park, Building 23, 3999 Xiu Pu Road, Nan Hui 201315 Shanghai (Pudong District) (China)	Polígono Ugaldeguren, 1 parcela 8, Zamudio, Vizcaya (Spain)	3026 Lakedrive, Citywest Business Campus, Naas Road, Dublin 24 (Ireland)	Cidade de São Bernardo do Campo, Estado de São Pulo, na Rua Continental, nº 342, Vila Margarida, CEP 09750-060 (Brasil)	St Georges Way Bermuda Industrial Estate, Nuneaton, Warwickshire CV10 7JS (UK)	Room 302, No.1 industrial building of West Jin Hui Road, South Qi Xiao (China)	Ctra. N-VI, Km. 582,6 - 15168 Espíritu Santo - Sada, A Coruña (Spain)	Ctra. N-VI, Km. 582,6 - 15168 Espíritu Santo - Sada, A Coruña (Spain)
Line of business	Engineering, testing and certification	Holding company	Vehicle roadworthiness testing	Engineering, testing and certification	Engineering, testing and certification	Engineering, testing and certification	Holding company	Holding company
Active / Inactive	Active	Active	Active	Active	Active	Active	Active	Active
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	80%	100%	100%	80%	80%	80%	100%	80%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	Supervisión y Control, S.A.U.	RITEVE SyC, S.A.	Inspecciones y Avalúos SyC, S.A.	Idiada Automotive Technology Rus, LLC	Applus Idiada Karco Engineering, LLC	IDIADA Automotive Technology USA, LLC	CTAG - Idiada Safety Technology Germany, GmbH	Inversiones y Certificaciones Integrales SyC, S.A.
Registered office	Ctra. N-VI, Km. 582,6 - 15168 Espiritu Santo - Sada, A Coruña (Spain)	Lagunilla de Heredia, ciento cincuenta metros al este de la Bomba Texaco (Costa Rica)	Heredia, Cantón Central, Distrito Ulloa, Lagunilla, 150 metros este de la Bomba Uno (Costa Rica)	Russian Federation, 603004, Nijniy Novgorod, prospect Lenina, 115 (Russia).	9270 Holly Road. 92301 Adelanto. California (USA)	9270 Holly Road, Adelanto, CA 92301 (USA).	Manfred-Hochstatter-Straße 2, 85055 Ingolstadt (Germany)	Heredia-Heredia Ulloa, exactamente en Lagunilla, cien metros este de la Bomba Uno, edificio a mano derecha color blanco (Costa Rica)
Line of business	Vehicle roadworthiness testing	Vehicle roadworthiness testing	Vehicle roadworthiness testing	Engineering, testing and certification	Engineering, testing and certification	Engineering, testing and certification	Engineering, testing and certification	Business and management services advice
Active / Inactive	Active	Active	Active	Active	Active	Active	Active	Active
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	80%	44%	100%	80%	67%	80%	40%	89%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	Applus Inspection Services Ireland, Ltd.	Idiada Automotive Technology Mexico S de RL de CV	LGAI Technological, Center, S.A.	Applus México, S.A. de C.V.	LGAI Chile, S.A.	Applus Costa Rica, S.A	Applus Norcontrol, S.L., Sociedad Unipersonal	Novotec Consultores, S.A., Sociedad Unipersonal
Registered office	3026 Lake drive, Citiwest business campus, Naas Road, Dublin 24 (Ireland)	Carretera Lateral Mexico Puebla, 7534, 72110, Puebla (Mexico)	Campus de la UAB,Ronda de la Font del Carme, s/n, 08193 Bellaterra-Cerdanyola del Vallès. Barcelona (Spain)	Blvd. Manuel Avila Camacho 184, Piso 4-A, Col. Reforma Social, C.P. 11650 México D.F. (Mexico)	Alberto Henckel 2317, Providencia, Santiago de Chile (Chile)	Oficentro Ejecutivo La Sabana, Edificio 7, Primer piso, Local 2, San José (Costa Rica)	Crta. Nacional VI-Km 582, 15168, Sada, A Coruña (Spain)	Calle Campezo 1, edificio 3, Parque Empresarial Las Mercedes, Madrid (Spain)
Line of business	Vehicle roadworthiness testing	Ingeniería, Ensayo y certificación	Certification	Quality system audit and certification	Quality system audit and certification	Quality system audit and certification	Inspection, quality control and consultancy services	Services related to quality and safety in industrial plants, buildings,etc.
Active / Inactive	Active	Active	Active	Active	Active	Active	Active	Active
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	100%	80%	95%	95%	95%	95%	95%	100%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	Applus Panamá, S.A	Applus Norcontrol Panamá, S.A.	Norcontrol Chile, S.A.	Norcontrol Inspección, S.A. de C.V. – México	Applus Norcontrol Guatemala, S.A.	Applus Norcontrol Colombia, Ltda	Norcontrol Nicaragua, S.A.	Röntgen Technische Dienst Holding BV
Registered office	Calle Jacinto Palacios Cobos, Edificio 223, piso 3, locales A y C, Ciudad del Saber; Clayton, Ciudad de Panamá (Panama)	Calle Jacinto Palacios Cobos, Edificio 223, piso 3, locales A y C, Ciudad del Saber; Clayton, Ciudad de Panamá (Panama)	Alberto Henckel 2317, Providencia, Santiago de Chile (Chile)	Blvd. Manuel Avila Camacho 184, Piso 4-B, Col. Reforma Social, C.P. 11650 México, D.F (Mexico)	Km 14,5 Carretera a El Salvador, Santa Catarina Pinula (Guatemala)	Calle 17, núm. 69-46 Bogotá (Colombia)	Colonia Los Robles, Km. 6,500 Carretera Masaya, Managua (Nicaragua)	Delftweg 144, 3046 NC Rotterdam (The Netherlands)
Line of business	Certification	Inspection, quality control and consultancy services	Inspection, quality control and consultancy services	Inspection, quality control and consultancy services	Inspection, quality control and consultancy services	Inspection, quality control and consultancy services	Inspection, quality control and consultancy services	Holding company
Active / Inactive	Active	Active	Active	Active	Active	Active	Active	Active
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	95%	95%	95%	95%	95%	96%	95%	100%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	Applus Centro de Capacitación, S.A.	RTD Quality Services, SRO	Applus RTD Deutschland inspektions-Gesellschaft, Gmbh	Röntgen Technische Dienst B.V.	RTD Quality Services, Inc (Canada)	RTD Quality Services Nigeria Ltd.	Applus RTD USA, Inc.	RTD Holding Deutschland, Gmbh
Registered office	Alberto Henckel 2317, Providencia, Santiago de Chile (Chile)	U Stadionu 89, 530 02 Pardubice (Czech Republic)	Industriestraße 34 b, 44894 Bochum (Germany)	Delftweg 144, 3046 NC Rotterdam (The Netherlands)	5504 36 St NW, Edmonton, AB T6B 3P3 (Canada)	Warri Boat Yard, 28 Warri/Sapele Road, Warri, Delta State (Nigeria)	3 Sugar Creek Center Blvd. Suite 600 Sugar Land, TX 77478 (USA)	Industriestr. 34. D-44894, Bochum (Germany)
Line of business	Provision of training services	Certification services through non-detestructive testing	Certification services through non-detestructive testing	Certification services through non-detestructive testing	Certification services through non-detestructive testing	Certification services through non-detestructive testing	Certification services through non-detestructive testing	Holding company
Active / Inactive	Active	Active	Active	Active	Active	Active	Active	Active
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	95%	100%	100%	100%	100%	49%	100%	100%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	Applus RTD UK Holding, Ltd	Applus RTD PTE, Ltd (Singapore)	Applus Colombia, Ltda.	Applus (Shangai) Quality inspection Co, Ltd	Applus RTD Certification, B.V.	Applus PTY, Ltd (Australia)	Applus RTD Norway, AS	Arctosa Holding, B.V.
Registered office	Unit 2, Blocks C and D, West Mains Industrial Estate, Grangemouth, FK3 8YE, Scotland (UK)	521 Bukit Batok St 23, Unit 05-E, Singapore (Singapore)	Calle 17, núm 69-46, Bogotá (Colombia)	Jucheng Industrial Park, Building 23, 3999 Xiu Pu Rd, Nan Hui, Shanghai 201315 (China)	Delftweg 144, 3046 NC Rotterdam (The Netherlands)	94 Discovery Drive, Bibra Lake WA 6163 (Australia)	Finnestadgeilen 38, 4029 Stavanger (Norway)	Delftweg 144, 3046 NC Rotterdam (The Netherlands)
Line of business	Holding company	Certification services through non-detestructive testing	Certification	Inspection services in quality processes, production processes, technical assitance and consultancy	Certification services through non-detestructive testing	Certification services through non-detestructive testing	Certification services through non-detestructive testing	Holding company
Active / Inactive	Active	Active	Active	Active	Active	Active	Active	Active
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	100%	100%	95%	95%	100%	100%	100%	100%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	Libertytown USA 2, Inc.	Libertytown Australia, PTY, Ltd.	Applus UK, Ltd	Applus RTD SP, z.o.o.	Applus Energy, S.L.U.	RTD Slovakia, s.r.o.	Autoservices Online, S.L.U.	APP Management, S. de R.L. de C.V.
Registered office	3 Sugar Creek Center Blvd. Suite 600 Sugar Land, TX 77478 (USA)	94 Discovery Drive, Bibra Lake WA 6163 (Australia)	Unit 2, Blocks C and D, West Mains Industrial Estate, Grangemouth, FK3 8YE, Scotland (UK)	Raclawicka, 19, 41-506 Chorzów (Poland)	Calle Campezo 1, edificio 3, Parque Empresarial Las Mercedes, Madrid (Spain)	Udernicka 11; 851 01; Bratislava, (Slovakia)	Calle Campezo 1, edificio 3, Parque Empresarial Las Mercedes, Madrid (Spain)	Blvd. Manuel Avila Camacho 184, Piso 4-A, Col. Reforma Social, C.P. 11650 México D.F. (Mexico)
Line of business	Holding company	Holding company	Certification services through non-detestructive testing	Certification services through non-detestructive testing	Provision of advisory services and auditing in the energy sector	Certification services through non-detestructive testing	Provision of services related to the automotive sector and vehicle and road safety, engineering processes, training design, testing, homologation and certification, as well as technical audits of automotive establishments	Provision of professional, technical, administrative and human resources services
Active / Inactive	Active	Active	Active	Active	Active	Active	Active	Active
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	100%	100%	100%	100%	100%	100%	100%	100%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	Libertytown Applus RTD Germany Gmbh	Applus Norcontrol Maroc, Sarl	Applus RTD Gulf DMCC.	Applus Qualitec Serviços de Engenheria, Ltda.	Applus Lgai Germany, Gmbh	BK Werstofftechnik-Prufstelle Für Werkstoffe, Gmbh	Ringal Brasil Investimentos, Ltda.	Assinco-Assesoria Inspeçao e Controle, Ltda
Registered office	Industrie Strasse 34 b, 44894 Bochum (Germany)	INDUSPARC Module N°11BD AHL LOGHLAM Route de Tit Mellil Chemin Tertiaire 1015 Sidi Moumen 20400, Casablanca (Morocco)	16th Floor, Office 1601, Swiss Tower, Jumeirah Lake Towers, PO Box 337201, (United Arab Emirates)	Cidade de Ibirité, Estado de Minas Gerais, na Rua Petrovale, quadra 01, lote 10, integrante da área B, nº450, Bairro Distrito Industrial Marsil, CEP 32.400-000 (Brazil)	Zur Aumundswiede 2, 28279 Bremen (Germany)	Zur Aumundswiede 2, 28279 Bremen (Germany)	Cidade de Ibirité, Estado de Minas Gerais, na Rua Petrovale, quadra 01, lote 10, integrante da área B, nº450, Bairro Distrito Industrial Marsil, CEP 32.400-000 (Brazil)	Rua Petrovale, quadra 01, lote 10, integrante da area B, nº 450, Bloco 2 - 1º andar, Bairro Distrito Industrial Marsil, EP 32400-000 Cidade de Ibirité, Estado de Minas Gerais (Brazil)
Line of business	Holding company	Inspection, quality control and consultancy services	Certification services through non-detestructive testing	Certification services through non-detestructive testing	Certification	Certification	Holding company	Inspection, quality control and consultancy services
Active / Inactive	Active	Active	Active	Active	Active	Active	Active	Active
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	100%	95%	100%	100%	95%	95%	100%	100%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	Applus Norcontrol Perú, S.A.C.	Kiefner &Associates Inc.	John Davidson & Associates PTY, Ltd	JDA Wokman Limited	PT Applus Energi dan Industri	Applus Norcontrol Consultoría e Ingeniería, SAS	Applus Mongolia, LLC	Applus Laboratories, AS.
Registered office	Avenida el Derby, 254, Oficina 901. Edificio Lima Central Tower. Surco. Lima (Peru)	3 Sugar Creek Center Blvd. Suite 600 Sugar Land, TX 77478 (USA)	Unit 9, 783 Kingsford Smith Drive, Eagle Farm, Queensland 4009 (Australia)	Unit 11, Section 53, Allotment 15 & 16, Ume Street, Gordons, Port Moresby, National Capital District, (Papua New Guinea)	Gedung Pondok Indah Office Tower 2, Lantai 16, Suite 1602, Jalan Sultan Iskandar Muda Kav. VTA RT 004 RW 003 Pondok Pinang Kebayoran Lama, Jakarta Selatan 12310 (Indonesia)	Calle 17, núm. 69-46 Bogotá (Colombia)	3a planta, San Business Centre, Sukhbaatar District, 8th Khoroo, Baga toiruu, Street 29 of Prime Minister Amar, Ulaanbaatar (Mongolia)	Langmyra 11, 4344 Bryne (Norway)
Line of business	Inspection, quality control and consultancy services	Certification services through non-detestructive testing	Provision of executive recruitment services	Provision of executive recruitment services	Provision of technical engineering and planning, conservation and operational services, technical training and human resource development	Inspection, quality control and consultancy services in the industry and services sector	Provision of human resources consultancy in the area of recruitment, placement candidates and related services	Certification
Active / Inactive	Active	Active	Active	Active	Active	Active	Active	Active
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	96%	100%	100%	100%	0%	95%	100%	95%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	Applus Arabia L.L.C	Applus II Meio Ambiente Portugal, Lda	Ringal Invest, S.L.U	Applus Velosi DRC, Sarl.	Ingelog Consultores de Ingeniería y Sistemas, S.A.	Ingelog Servicios Generales, Ltda (Sergen)	Ingelog Guatemala Consultores de Ingeniería y Sistemas, S.A.	Ingeandina Consultores de Ingeniería, S.A.S.
Registered office	Dammam (Saudi Arabia)	Complexo Petroquímico, Monte Feio, 7520-954 Sines (Portugal)	Calle Campezo 1, edificio 3, Parque Empresarial Las Mercedes, Madrid (Spain)	Lubumbashi, Avenue Lumumba, N. 1163, Quartier Industriel, Commune Kampemba (Congo)	Alberto Henckel 2317, Santiago de Chile (Chile)	Alberto Henckel 2317, Santiago de Chile (Chile)	Ciudad de Guatemala (Guatemala)	Calle 17, núm. 69-46 Bogotá (Colombia)
Line of business	Certification	Inspection, quality control and consultancy services	Holding company	Provision of permanent contract services	Counseling and consulting services in the areas of engineering, infraestructure, environment, etc.	Provision of transport and rental of vehicles	Counseling and consulting services in the areas of engineering, infraestructure, environment, etc.	Counseling and consulting services in the areas of engineering, infraestructure, environment, etc.
Active / Inactive	Active	Active	Active	Active	Active	Active	Active	Active
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	48%	95%	100%	100%	100%	100%	100%	100%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	Ingelog Costa Rica S.A.	NRAY Services, Inc.	Applus RTD USA Aerospace Holding, Inc.	X-RAY Industries, Inc.	Composite Inspection Solutions, LLC.	Applus Laboratories USA, Inc.	Arcadia Aerospace Industries, Llc.	Applus RTD Llc.
Registered office	San José de Costa Rica, calle treinta y uno, avenidas nueve y once, Barrio Escalante (Costa Rica)	56A Head Street, Dundas, ON L9H 3H7 (Canada)	3 Sugar Creek Center Blvd. Suite 600 Sugar Land, TX 77478 (USA)	3 Sugar Creek Center Blvd. Suite 600 Sugar Land, TX 77478 (USA)	1961 Thunderbird, Troy Michigan 48084 (USA)	615 S. DuPont Highway, Kent County, Dover, Delaware 19901 (USA)	28000 Mooney Avenue, Building #110, Punta Gorda Florida 33982 (USA)	KhStaropetrovsky proezd, 7-A, bld. 19 Moscú 125130 (Russia)
Line of business	Counseling and consulting services in the areas of engineering, infraestructure, environment, etc.	Inspection of the based neutron radiation services	Holding company	X-ray metallurgical, management, retail equipment, equipment manufacturing, non-destructive; testing services	Inspection services	Holding company	Industrial contract and inspection services	Purchase of equipment and refills, installation, reparation and maintainance of the equipment, engineering services and devolment of scientific investigation
Active / Inactive	Active	Active	Active	Active	Active	Active	Active	Active
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	100%	100%	100%	100%	95%	95%	86%	100%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	Applus RTD USA Services, Inc.	Libertytown USA 3, Inc.	Applus Management Services, Inc.	Applus Aerospace UK, Limited	Aerial Photography Specialist PTY, LTD	Applus RTD Canada Holding (2016), Inc.	SKC Inspection and Non Destructive Testing, Inc	SKC Engineering Ltd
Registered office	3 Sugar Creek Center Blvd. Suite 600 Sugar Land, TX 77478 (USA)	3 Sugar Creek Center Blvd. Suite 600 Sugar Land, TX 77478 (USA)	3 Sugar Creek Center Blvd. Suite 600 Sugar Land, TX 77478 (USA)	Unit 2, Blocks C and D, West Mains Industrial Estate, Grangemouth, FK3 8YE, Scotland (UK)	94 Discovery Drive, Bibra Lake WA 6163 (Australia)	1300 - 1969 Upper Water Street Purdy's Wharf Tower II Halifax NS B3J 3R7 (Canada)	19165 94TH Avenue, Surrey BC, V4N 3S4 (Canada)	19165 94TH Avenue, Surrey BC, V4N 3S4 (Canada)
Line of business	Any lawful act or activity in order for companies to organise themselves under the Delaware General Corporation Law	Any lawful act or activity in order for companies to organise themselves under the Delaware General Corporation Law	Provision of professional, technical, administrative and human resources services	Non-destructive services from the aerospace business.	Manufacture, repair, sale and services related to drones	Holding company	Inspection and non-destructive testing	Ensure quality, training, inspection, proof and design and welding engineering services.
Active / Inactive	Active	Active	Active	Active	Active	Active	Active	Active
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	100%	100%	100%	100%	100%	100%	100%	100%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	MxV Engineering,Ltd	Applus Norcontrol República Dominicana, S.R.L	Emilab, SRL	AC6 Metrología, S.L.	Applus RVIS, B.V.	Applus Servicios Integrales, S.A.S.	Tunnel Safety Testing, S.A.	Trámites, Informes, Proyectos, Seguridad y Medio Ambiente, S.L.U.
Registered office	19165 94TH Avenue, Surrey BC, V4N 3S4 (Canada)	Plaza El Avellano, Calle Dr. Jacinto Ignacio Mañón No. 5 Local No. 08 Primer Piso. Ensanche Paraíso, Santo Domingo (República Dominicana)	Via F.lli Solari 5/A 33020 Amaro(UD) (Italy)	Polígono Comarca I, Edificio Pasarela. 31160, ORKOIEN, Navarra (Spain)	Delftweg 144, NC 3046 Rotterdam (The Netherlands)	Calle 17 # 69 - 46, Bogotá (Colombia)	LG Centro Experimental San Pedro de Anes s/n, Siero 33189, Asturias (Spain)	Calle Llenguadoc 10, Barcelona 08030 (Spain)
Line of business	Dielectric tests, inspections of cranes, stability tests and preventive maintenace	Inspection and technical assistance services	Research in the areas of engineering, electromagnetic compatibility and electrical safety.	Research, development and advisory services for metrology and industrial calibration activities.	Remote Non-destructive Inspection and Testing	Inspection, quality control and consultancy services	Fire testing in tunnels, fire suppression product testing and fire training.	Inspection, quality control and consultancy services
Active / Inactive	Active	Active	Active	Active	Active	Active	Active	Active
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	100%	95%	95%	95%	51%	95%	89%	95%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	3C Test Limited	DatapointLabs, Llc.	DatapointLabs India, Inc.	Matereality, Llc.	Technical Inspection Services, Ltd	Applus Middle East Engineering Consultancy, LLC	SARL Apcontrol Energie et Industrie Algerie	Talon Test Laboratories (Phoenix) Inc.
Registered office	Silverstone Technology Park, Silverstone Circuit, Silverstone, Towcester, Northamptonshire, NN12 8GX (UK)	95 Brown Rd. #102 Ithaca, NY 14850 (USA)	95 Brown Rd. #102 Ithaca, NY 14850 (USA)	95 Brown Rd. #102 Ithaca, NY 14850 (USA)	Unit 21, Hither Green Industrial Estate, Clevedon, North Somerset, BS21 6XU (UK)	Office 201, Abu Dhabi Business Hub, Building B, Mussafah (United Arab Emirates)	Planta 12 Centre Commercial et d'Affaires El Qods, Chéraga, Argel (Algeria)	5002 South 40th Street, Unit F, Phoenix, Arizona (USA)
Line of business	Electromagnetic compatibility (EMC) and electrical tests, especially for the automotive sector.	Materials characterization laboratory specialized in providing properties for numerical simulation.	Materials characterization laboratory specialized in providing properties for numerical simulation.	Development of IT solutions for the properties of materials, management and storage.	Certification by non-destructive testing services	Industrial support and consulting	Production of technical control devices and appliances for the calibration of machinery, mechanical testing and measurement, oil services, management consulting, hydrocarbon analysis, environmental prevention and cleaning programs	Non-destructive testing services
Active / Inactive	Active	Active	Active	Active	Active	Active	Active	Active
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	95%	95%	95%	95%	100%	49%	49%	100%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	Talon Test Laboratories Incorporated	Laboratorio de Ensayos Metrológicos, S.L.	A2M Industries, SAS (A2MI)	Applus Tanzania Limited	Applus and Partner Engineering Consultancy	Applus Fomento de Control, S.A.	Servicios SEEF S.A. Chile	LEM Laboratorios y Asistencia Técnica Limitada Chile
Registered office	3575 Old Conejo Road, Newbury Park, CA (USA)	Avenida Can Sucarrats, 110, nave 11, Rubí (Spain)	ZA du Parc - Secteur, Rue de la Gampille, 42490 Fraisses (France)	Kimwery Avenue, Msasani, Tirdo Complex, Dar Es Salaam (Tanzania)	Building No. 500, Office 20, Al Sahaba Rd crossing with Imam Abdullah Ibn Saud Ibn Abdulaziz Rd, Ishbiliyah, 3795. Riyadh (Saudi Arabia)	11, rue El Wahda, Résidence Imam Ali, Apt 2, Casablanca (Morocco)	Calle Potrerillos N°4141, Puerto del Inca, ciudad de Calama (Chile)	Avenida Huaytiquina N°1601, ciudad de Calama (Chile)
Line of business	Non-destructive testing services	Laboratory of metrological tests and calibration of measuring instruments	Pruebas mecánicas y de materiales.	Provision of services, training and consulting, including though not limited to inspection, testing, verification, NDT services, maintenance and technical assistance for the industrial and construction sectors and related areas, as well as the consulting activities for business and management.	Engineering consultancy services	The provision of verification services for industrial products imported into the Kingdom of Morocco (Law No. 24-09 , Morocco)	Personnel Transport	Development of projects, consultancies and technical quality control consultants for construction, referring to the quality of materials and industrial elements used for construction and its condition of application of building works.
Active / Inactive	Active	Active	Active	Active	Active	Active	Active	Active
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	100%	95%	95%	75%	48%	85%	100%	100%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	TIC Investments Chile SpA	Applus Brasil Investimentos, Ltda
Registered office	Avenida Huaytiquina N°1601, ciudad de Calama (Chile)	Rua Dom José de Barros, nº 177, 6ª andar, conjunto 601, sala 602, Vila Buarque, CEP 01038-100, Sao Paulo (Brazil)
Line of business	Holding company	Holding company
Active / Inactive	Active	Active
Ownership interest held by Group companies:		
Direct	-	-
Indirect	100%	100%
Method used to account the investment	Full consolidation	Full consolidation

Name	Velosi S.à r.l.	SAST international Ltd	Velosi Asia (Luxembourg) S.à r.l.	Velosi Africa (Luxembourg) S.à r.l.	Velosi Europe (Luxembourg) S.à r.l.	Velosi Poland Sp z.o.o.	Velosi Europe Ltd	Velosi Certification Bureau LTD
Registered office	7, rue Robert Stümper | L-2557-Luxembourg, Grand Duchy of Luxembourg, L-1653 Luxembourg (Luxembourg).	IFC1, Level 1, Esplanade, St. Heiler, Jersey JE2 3BX, Channel islands (Jersey).	7, rue Robert Stümper | L-2557-Luxembourg, Grand Duchy of Luxembourg, L-1653 Luxembourg (Luxembourg).	7, rue Robert Stümper | L-2557-Luxembourg, Grand Duchy of Luxembourg, L-1653 Luxembourg (Luxembourg).	7, rue Robert Stümper | L-2557 Luxembourg, Grand Duchy of Luxembourg, L-1653 Luxembourg (Luxembourg).	Ul. Mila 2 00-180 Warszawa (Poland)	1 Woodsite Business Park, Whitley Wood Lane, Reading, RG2 8LW (UK).	1 Woodsite Business Park, Whitley Wood Lane, Reading, RG2 8LW (UK).
Line of business	Holding company	Provision of consultancy and engineering services	Holding company	Holding company	Holding company	Publishing of other programmes	Provision of technical, engineering and industrial services	Holding company
Active / Inactive	Active	Active	Active	Active	Active	Active	Active	Active
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	100%	100%	100%	100%	100%	100%	100%	100%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	Applus International Italy, Srl	Applus Italy, SRL	IES - Velosi Norge AS	Applus Turkey Gozetim Hizmetleri Limited Sirketi	Velosi LLC	Velosi Malta I Ltd	Velosi Malta II Ltd	Applus Velosi Czech Republic, s.r.o.
Registered office	23807 Merate (LC), via De Gasperi, 113, Merate (Italy).	Via Cinquantenario, 8 - 24044 Dalmine, Bergamo (BG) (Italy).	Dølevegen, 86, Post Box. 2096 N-5541 Kolnes, Kongsberg (Norway).	1042. Cadde 1319.Sokak No.9/5 Ovecler, Ankara (Turkey).	Azadlig Avenue 189, Apt 61, AZ1130 Baku (Azerbaijan).	The Bastions, Office No. 2 Emvim Cremona Street, Floriana, FRN 1281 (Malta).	The Bastions, Office No. 2 Emvim Cremona Street, Floriana, FRN 1281 (Malta).	Prague 9, Ocelárská 35/1354 (Czech Republic).
Line of business	Provision of technical, engineering and industrial services	Quality control, maintenance and inspection	Quality control, maintenance and inspection	Quality control, maintenance and inspection	Provision of auxiliary services for oil and gas companies	Holding company	Holding company	Manufacturing, trade and services not listed in Appendix 1-3 of the Trade License Activity
Active / Inactive	Active	Active	Active	Active	Active	Active	Active	Active
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	80%	80%	80%	80%	100%	100%	100%	100%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	Velosi Industries Sdn Bhd	Applus Malaysia Sdn Bhd	Kurtec Inspection Services Sdn Bhd	Velosi Plant Design Engineers Sdn Bhd	Applus Singapore PTE Ltd	Velosi Engineering Projects Pte Ltd	Velosi Energy Consultants Sdn Bhd	Velosi (HK) Ltd
Registered office	C/o AGL Management Associates Sdn Bhd, No. 152-3-18A, Kompleks Maluri, Jalan Jejaka, Taman Maluri, 55100 Kuala Lumpur (Malaysia).	C/o AGL Management Associates Sdn Bhd, No. 152-3-18A, Kompleks Maluri, Jalan Jejaka, Taman Maluri, 55100 Kuala Lumpur (Malaysia).	C/o AGL Management Associates Sdn Bhd, No. 152-3-18A, Kompleks Maluri, Jalan Jejaka, Taman Maluri, 55100 Kuala Lumpur (Malaysia).	C/o AGL Management Associates Sdn Bhd, No. 152-3-18A, Kompleks Maluri, Jalan Jejaka, Taman Maluri, 55100 Kuala Lumpur (Malaysia).	521 Bukit Batok Street 23 Unit 5E, Excel Building,659544 (Singapore)	521, Bukit Batok Street 23, Unit 5E , 659544 Singapore (Singapore)	C/o AGL Management Associates Sdn Bhd, No. 152-3-18A, Kompleks Maluri, Jalan Jejaka, Taman Maluri, 55100 Kuala Lumpur (Malaysia).	Level 12, 28 Hennessey Road, Wanchai (Hong Kong).
Line of business	Investments, investment property and provision of engineering services	Provision of engineering and inspection services	Provision of non-destructive testing (specialised NDT) services, inspection of guided wave long range ultrasonic testing (LRUT) and remote visual inspection	Provision of consultancy and engineering services for the design of plants, construction and engineering and the investment that they possess	Provision of specialised services in the area of repair of ships, tankers and other high sea vessels, and provision of rope access, testing and technical analyses for the oil and gas industries	Provision of third-party inspection services	Provision of consultancy services for all engineering activities and the supply of local and foreign experts for the generation of oil and gas energy, marine, energy conservation, mining and all other industries, together with the engineering and maintenance of refining vessels, oil platforms, platforms, petrochemical plants and the supply of qualified labor	Provision of management services, sales support, advisory and business development services to related companies
Active / Inactive	Active	Active	Active	Active	Active	Active	Active	Active
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	100%	100%	100%	100%	100%	100%	100%	100%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	Velosi Saudi Arabia Co Ltd	Velosi Engineering Management Consultancy (Shangai) Ltd Co.	Velosi Siam Co Ltd	Applus (Thailand) Company Limited	Velosi Corporate Services Sdn Bhd	Velosi International Holding Company BSC (c)	Velosi Certification Services LLC	Velosi Certification WLL
Registered office	Unit No. 1, Al-Qusur, Talal Al-Doha Building, Sub of Prince Mohammad bin Fahd Road, Dhahran, 34247-3229 (Saudi Arabia).	Room 1304, Shengkang LiaoShi Building No. 738 Shang Cheng Road Pudong, Shanghai PRC, 200120 (China).	ZEN @ ZEN World Tower, Level 12, Zen World Tower, 4, 4/5 Rajdamri Road, Pathumwan, Bangkok, 10330 (Thailand).	208 Wireless Road Building 14th Floor Room 1401 (16), Lumpini, Pathumwan, Bangkok 10330 (Thailand).	C/o AGL Management Associates Sdn Bhd, No. 152-3-18A, Kompleks Maluri, Jalan Jejaka, Taman Maluri, 55100 Kuala Lumpur (Malaysia).	Flat 42, Building 1033, Road 3731, Block 337, Menama/UMM Alhassam (Bahrain)	# 201, Block B, Abu Dhabi Business Hub, ICAD-1, Mussafah, PO Box 427 Abu Dhabi (United Arab Emirates).	Block 9, Building 24, Office 21, Ground Floor, East Ahmadi, Industrial Area, P O Box # 1589, Salmiya – 22016 (Kuwait).
Line of business	Provision of maintenance testing, fixing, examination of the welding and quality control for the pipes, machinery, equipment and other buildings in oil, gas and petrochemical facilities and to issue related certificates	Provision of consulting of Petroleum Engineering, technical consultation of mechanical engineering and consulting of business management	Holding company	Provision of engineering and technical services	Provision of general management, business planning, coordination, corporate finance advisory, training and personnel management services	Holding company of a group of commercial, industrial and service companies	Provision of construction project quality management services, management system certification, quality management of the maintenance of existing facilities and equipment and mandatory inspection services	Provision of industrial consultancy
Active / Inactive	Active	Active	Active	Active	Active	Active	Active	Active
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	60%	100%	100%	74%	100%	100%	49%	24%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	PT Java Velosi Mandiri	Velosi Certification WLL	Velosi PromService LLC	Velosi LLC	Velosi Bahrain WLL	Velosi LLC	Velosi Quality Management International LLC	Velosi CBL (M) Sdn Bhd
Registered office	Pondok Indah Office Tower 2, 16th Floor, Suite 1602, Jl. Sultan Iskandar Muda Kav. VTA Pondok Indah, Jakarta Selatan 12310 (Indonesia).	Building No 121340, First Floor New Salata, C Ring Road, P.O. Box 3408, Doha (Qatar).	Russian Federation, 125130, Moscow, Staropetrovsky proezd, 7A, bld. 19, office 7 (Russia).	693000, Sakhalin Region, Yuzhno-Sakhalinsk, Kommunistichesky prospect, 32, suit 610 (Russia).	Flat 11, Building 1033, Road 3721, Block 337, Menama / UMM Alhassam (Bahrain).	Block no 227 Stella Building, Post Box 231 Hamriya. Way no 2748 (Oman).	205, Block B, Abu Dhabi Business Hub, ICAD-1, Mussafah, PO Box 427 Abu Dhabi (United Arab Emirates).	C/o AGL Management Associates Sdn Bhd, No. 152-3-18A, Kompleks Maluri, Jalan Jejaka, Taman Maluri, 55100 Kuala Lumpur (Malaysia).
Line of business	Provision of engineering consultancy services, such as quality control and non-destructive testing (NDT) inspection services, provision of skilled labor with vocational training	Provision of inspection and analysis and technical services in the area of qualified technical jobs	Provision of quality assurance and control, general inspection, corrosion control and services for the supply of labor for the oil and gas industries	Holding Company	Provision of quality control and standardization services, industrial inspection services and general services	Provision of certification, engineering and inspection services	Provision of certification, engineering and inspection, onshore and/or offshore services	Provision of equipment inspection services
Active / Inactive	Active	Active	Active	Active	Active	Active	Active	Active
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	0%	24%	100%	100%	100%	50%	49%	100%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	Applus Kazakhstan LLC	Velosi (B) Sdn Bhd	Velosi Certification Services LLC	Velosi Philippines Inc	Velosi Ukraine LLC	Dijla & Furat Quality Assurance, LLC.	Applus Korea Co, Ltd.	Oman Inspection and Certification Services
Registered office	Building #31A, Akzhal lane, Atyrau, Atyrau Oblast, postal code 060002 (Kazakhstan).	Lot 5211, Spg. 357, Jln Maulana, KA 2931 Kuala Belait , Negara Brunei Darussalam (Brunei).	17, Chimkent Street, Mirobod District, 100029 Tashkent (Uzbekistan).	1004, 10F, Pagibig WT Tower, Cebu Business Park, Ayala, Cebu City (Philippines).	5A Piterska Street, 03087 Kyiv (Ukraine).	Ramadan Area, District 623-S, No.1, Baghdad (Iraq).	108, Jin-ha, Seo-sang, Ulju, Ulsan (Republic of Korea).	P.O. Box 15, South Alkhuawir, Bawshar, Muscat Governorate (Oman)
Line of business	Provision of services in the area of industrial safety	Provision of quality control and engineering services for the oil and gas industries	Provision of inspection, certification, monitoring and other types of business activity	Provision of inspection, quality control, certification and business process outsourcing	Provision of auxiliary services in the oil and natural gas industries	Provision of quality control and training services	Provision of training and consulting for services related to technical engineering, hiring-out of manpower and materials and leasing of properties.	Provision of non-destructive testing services (NDT), environmental and safety services (HSE), quality control and engineering services.
Active / Inactive	Active	Active	Active	Active	Active	Active	Active	Active
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	80%	30%	80%	100%	100%	100%	67%	50%
Method used to account the investment	Full consolidation	Equity method	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	Applus Japan KK	Steel Test (Pty) Ltd	Applus Velosi (Ghana) Ltd	Velosi Angola Prestaçao de Servicos Ltda	Velosi Superintendend Nigeria Ltd	Velosi Uganda LTD	Velosi SA (Pty) Ltd	Velosi Gabon (SARL)
Registered office	Yamauchi Building 3F 3-24-8 Nishi Shimbashi, Minato-ku, Tokyo (Japan).	28 Senator Rood Road, 1939 Vereeniging (Republic of South Africa).	2nd Floor, Design House, Ring Road East, Accra (Ghana).	Rua Marien Ngouabi 37, 5º apartamento 53, Maianga, Luanda (Angola).	3A Alabi Street, Off Toyin Street, Ikeja - Lagos (Nigeria).	3rd Floor, Rwenzori House, Plot 1, Lumumba Avenue, PO Box 10314 Kampala (Uganda).	128 Senator Rood Road, 1939 Vereeniging (Republic of South Africa).	Cité Shell, Port-Gentil in Gabon, BP: 2 267 (Gabon).
Line of business	Provision of quality and inspection services, man power, NDT tests and industrial consulting	Pipe and steel thickener testing	Provision of inspection, quality control and certification services	Provision of quality assurance and control, inspection, supply of technical manpower, certification and regulatory inspection, NDE specialised services and engineering	Provision of services (quality assurance and control, general inspection, corrosion control and supply of labor) for the oil and gas industries	Provision of business consulting and management services	Provision of services related with the quality of the oil and gas industries	Provision of security and environmental services (HSE), quality control and engineering in the oil and gas sector.
Active / Inactive	Active	Active	Active	Active	Active	Active	Active	Active
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	100%	75%	49%	44%	30%	100%	100%	75%
Method used to account the investment	Integración global	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	Steel Test Secunda (PTY). LTD.	Applus Velosi Egypt, LLC	Velosi Mozambique LDA	Applus Velosi Angola, Lda.	Applus India Private Limited	Applus Mozambique Limitada	K2 Do Brasil Services Ltda	Applus Velosi America LLC
Registered office	11 Viscount, Road Bedfordview 2007, (Republic of South Africa).	27, Ali El-Gendy St., Nasr City, Cairo (Egypt).	Avenida Kim Il Sung, 961 - Bairro Sommershield - Distrito Urbano 1, Maputo Cidade (Mozambique).	Condominio Mirantes de Talatona, Rua das Acácias, casa B13, Luanda (Angola).	#402, Vijaysri Nivas, Prakash Nagar, Begumpet, Hyderabad – 500 016. Telenagana (India)	Paulo Samuel Kankhomba Avenue, number 3,371, Maputo City (Mozambique).	Avenida Nossa Senhora da Gloria, 2.643, Cavaleiros, Macae - RJ, CEP27920-360, Macae (Brazil).	3 Sugar Creek Center Blvd. Suite 600 Sugar Land, TX 77478 (USA).
Line of business	Inspection of pipes and steel thickness	Provision of engineering consultancy in the oil sector, the maritime business, power generation and mining, as well as management consulting	Provision of consultancy services and technical assistance in the oil and gas industries, such as labor force services, and other specialized services in non-destructive trials, controls, quality inspections and asset integrity	Provision of quality assurance and control, inspection, supply of technical manpower, certification and specialised services in NDT and engineering.	Provision of labor supply services for the oil and gas industries	Provision of consulting and technical assistance services in the oil and gas industry, man power services, NDT specialized tests, controls and quality inspections and provision of asset integrity services	Provision of updating, repair, modification and control of onshore and offshore oil facilities, inspection and development of design services, manufacture of components and machinery structures and supply of qualified labor	Provision of labor supply services for the oil and gas industries
Active / Inactive	Active	Active	Active	Active	Active	Active	Active	Active
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	100%	100%	74%	49%	100%	49%	100%	100%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Integración global	Full consolidation	Full consolidation

Name	Applus Velosi Canada Ltd	Midstream Technical Inspection Services, LLC	Applus K2 America, LLC	Velosi Australia Pty Ltd	QA Management Services Pty Ltd
Registered office	2600 Manulife Place 10180 - 101st Street, Edmonton, AB T5J 3Y2 (Canada)	3 Sugar Creek Center Blvd. Suite 600 Sugar Land, TX 77478 (USA).	3 Sugar Creek Center Blvd. Suite 600 Sugar Land, TX 77478 (USA).	Unit 9, 783 Kingsford Smith Drive, Eagle Farm, Queensland 4009 (Australia)	Unit 9, 783 Kingsford Smith Drive, Eagle Farm, Queensland 4009 (Australia)
Line of business	Provision of labor supply services for the oil and gas industries	Supply of certifications for pipelines belonging to the oil and gas sector	Providing solutions for owners and operators of drilling rigs and FPSO in America, including inspection services, repair and maintenance, structural design and analysis and training services	Holding company	Provision of quality assurance services, such as worldwide inspection and ISO 9000 Quality Management Consultancy, training courses, quality control software packages and specialised labor services
Active / Inactive	Active	Active	Active	Active	Active
Ownership interest held by Group companies:					
Direct	-	-	-	-	-
Indirect	100%	100%	100%	100%	100%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Note: the % of ownersihp of the Group companies reported corresponds to the legal interest.

Appendix II - Out of the scope of consolidation

Name	Velosi Turkmenistan	Velosi Services L.L.C. (Russia)	Velosi Cameroun Sàrl	Applus Velosi Kenya Limited	Velosi Do Brasil Ltda	Idiada Homologation Technical Service, S.L.U.
Registered office	Ashgabat City, Kopetdag District, Turkmenbashy, Avenue, No. 54 (Turkmenistan).	Kommunistichesky prospect, 32, suit 610, Yuzhno-Sakhalinsk, Sakhalin Region (Russia).	Douala, PO Box 15805, Akwa (Cameroon)	3rd floor, Kiganjo House, Rose Avenue Off Denis Pritt Road L.R No 1/1870, Nairobi P.O.Box 50719 - 00200, Nairobi (Kenya).	Praia Do Flamengo 312, 9 Andar Parte Flamengo, Rio De Janeiro (Brazil).	L'Albornar s/n 43710 Santa Oliva - Tarragona (Spain).
Line of business	No line of business	No line of business	No line of business	Services of provision of quality control, technical engineering of labor and consulting, Non Destructive Testing and certification, electrical inspection, engineering and project management and supervision of construction services	No line of business	Engineering, testing and certification
Active / Inactive	Inactive	Inactive	Inactive	Inactive	Inactive	Inactive
Ownership interest held by Group companies:						
Direct	-	-	-	-	-	-
Indirect	100%	100%	100%	100%	98%	80%

Name	Velosi Asia Kish (Iran)	VAIL Consultancy Services DMCC	Precision for Engineering Services, Project Management, Vocational Training and Importation of Man Power, LLC.	Velosi Jorson Sdn Bhd (Brunei)
Registered office	No. 7, Second Floor, Block B28, Pars Commercial Complex, South-West of the Port Area (Iran).	DMCC Business Centre - Level No 1 - Jewellery & Gemplex 3 Dubai (United Arab Emirates).	Al-Shamasiyah District Section No. 316 Street 15 house 37|1, Basra (Iraq)	LOT 5211. Simpang 357, Jalan Maulana, Kuala Belait KA2931, Brunei Darussalam (Brunei).
Line of business	No line of business	No line of business	Buy, lease, ownership of personal property, intellectual property and the sale of said goods	Provision of non-destructive testing services (NDT), technological development and transformation and technical consulting.
Active / Inactive	Inactive	Inactive	Inactive	Active
Ownership interest held by Group companies:				
Direct	-	-	-	-
Indirect	97%	80%	100%	15%

The members of the Board of Directors of Applus Services, S.A. declare that, to the best of their knowledge, the individual financial statements of Applus Services, S.A. (comprising the statement of financial position, statement of profit or loss, the statement of changes in equity, the statement of cash flows and the explanatory notes) for the year ended at 31 December 2019, prepared in accordance with the accounting policies applicable and approved by the Board of Directors at its meeting on 21 February 2020, present fairly the equity, financial position and results of Applus Services, S.A., and that the management report accompanying such financial statements includes a fair analysis of the business' evolution, results and the financial position of Applus Services, S.A, as well as a description of the principal risks and uncertainties that the company faces. All the Directors have signed on this page to certify the above mentioned.

Barcelona, 21 February 2020

Mr. Christopher Cole
Chairman

Mr. Ernesto Gerardo Mata López
Director

Mr. John Daniel Hofmeister
Director

Mr. Fernando Basabe Armijo
Director

RMM

Mr. Richard Campbell Nelson
Director

Mr. Nicolás Villén Jiménez
Director

Ms. Maria Cristina Henríquez de Luna Basagoiti
Director

Ms. María José Esteruelas
Director

Ms. Essimari Kairisto
Director

Mr. Joan Amigó i Casas
Director

Applus Services, S.A.
and Subsidiaries

Consolidated Financial Statements
for the year ended
31 December 2019 and
Consolidated Directors' Report,
together with Independent Auditor's
Report

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

Deloitte.

Deloitte, S.L.
Avda. Diagonal, 654
08034 Barcelona
España

Tel: +34 932 80 40 40
www.deloitte.es

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

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

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

Report on the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Applus Services, S.A. (the Parent) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated equity and consolidated financial position of the Group as at 31 December 2019, and its consolidated results and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain.

Basis for Opinion

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

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

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

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

Key Audit Matters

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

Impairment of goodwill and other intangible assets

Description	Procedures applied in the audit
Notes 4 and 5 to the accompanying consolidated financial statements describe the goodwill and other intangible assets allocated to each of the cash-generating units (CGUs) identified by Group management, amounting to EUR 609.2 million and EUR 474.3 million, respectively, at 31 December 2019. These assets were primarily recognised in business combinations carried out by the Group both in prior years. Also, the various CGUs identified correspond to the various business units managed by the Group (Energy & Industry, Automotive, IDIADA and Laboratories) in each of the defined geographical areas in which it carries on its activity. If there are any indications of impairment, and at least at each year-end, Group management tests these assets for impairment using discounted cash flow-based valuation techniques to determine the recoverable amount thereof. The performance of this impairment test was considered to be a key matter in our audit, given the magnitude of these assets and that management's assessment in this respect is an estimation process that includes a high level of judgements and assumptions, such as the setting of sales and expenses growth rates expected to be experienced by the various	Our audit procedures to address this matter included, mainly, the evaluation of the reasonableness of the cash flow projections and of the discount rates by conducting a critical analysis of the key assumptions of the models used. In particular, we compared the revenue growth rates with the latest approved strategic plans and budgets, reviewing them for consistency with the historical information on the market situation, and we also evaluated management's historical accuracy in the budgeting process. Also, we evaluated the reasonableness of the discount rates applied for each business and geographical area, taking into consideration the cost of capital of the Group and of comparable organisations, as well as perpetuity growth rates, among others. In addition, we evaluated the sensitivity analyses, stressing those assumptions to which the impairment test is most sensitive, i.e., those with the greatest effect on the determination of the recoverable amount of the assets. The involvement of internal business valuation experts to evaluate the reasonableness of the models and key assumptions used by the Applus Group.

Impairment of goodwill and other intangible assets

Description

CGUs, investments in non-current and current assets, as well as other assumptions obtained from the Group's strategic plan. Also, a discount rate is determined by taking into account the economic situation in general and that of each CGU in particular, on the basis of the risks specific to the various countries and to the business carried on.

Procedures applied in the audit

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

Recovery of deferred tax assets

Description

Note 20-c details the deferred tax assets amounting to EUR 65.5 million that are recognised in the consolidated statement of financial position at 2019 year-end, corresponding to tax losses, tax credits and temporary differences amounting to EUR 28.6 million, EUR 12.7 million and EUR 24.2 million, respectively.

In addition, as indicated in Note 20-c, the Group has unrecognised deferred tax assets corresponding to tax losses and tax credits amounting to EUR 89.4 million and EUR 55.6 million, respectively.

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

Procedures applied in the audit

Our audit procedures to address this matter included, among others, the evaluation of the methodology and assumptions applied by the Group and, in particular, those related to the growth of sales and expenses that determine the projection of future taxable profits in each tax jurisdiction.

Also, we evaluated the consistency of the assumptions taking into account both historical information and the market situation and the tax legislation applicable in each jurisdiction, involving internal tax experts in those geographical areas in which the Group has the most significant amounts of deferred tax assets. We also reviewed the consistency of the models with the financial information used by Group management in performing the impairment test on goodwill and other intangible assets and the sensitivity analyses, stressing those assumptions that have the greatest effect on determining the recoverable amount of the tax assets.

The evaluation of the historical accuracy of management in the process of preparing projections of tax bases, comparing the actual figures for the year with the projections made in the preceding year.

Recovery of deferred tax assets

Description	Procedures applied in the audit
	Lastly, we also verified that the disclosures required by the applicable accounting legislation were included in the notes to the accompanying consolidated financial statements. The disclosures on this matter can be found in Notes 3-p and 20 to the consolidated financial statements.

Provisions for tax and litigation

Description	Procedures applied in the audit
The Group operates in multiple tax and legal jurisdictions worldwide and, therefore, is subject to a wide variety of specific, sometimes complex, laws and regulations. Note 17 to the accompanying consolidated financial statements includes a detail of the specific provisions for tax, legal matters, litigation and claims recognised at 31 December 2019, together with other disclosures related to these items. At the end of each reporting period Group management assesses the need for, and sufficiency of, the aforementioned provisions, taking into consideration the available information and the circumstances prevailing at any given time. In this process, Group management has the support of external advisers engaged for this purpose. The determination of the amounts recognised and the disclosures included in the notes to the consolidated financial statements involve a high level of estimation, judgements and assumptions due to uncertainties about the range of possible resolutions of the litigation and claims in process and, therefore, this was considered to be a key audit matter.	Our audit procedures to address this matter included, among others, the obtainment, through direct confirmation processes, of the assessment carried out by the Group's external advisers for each significant lawsuit or claim in process, the obtainment of the assessment by the Group's legal and tax departments and the obtainment of all available information relating to each significant lawsuit or claim. In the course of our work, we evaluated, for all significant lawsuits and claims, the reasonableness of the provisions recognised by involving our experts in each subject matter and in each applicable jurisdiction. Lastly, we also verified that the disclosures required by the applicable accounting regulations were included in the notes to the accompanying consolidated financial statements. The disclosures on this matter can be found in Notes 3-j, 17, 20-f and 27 to the consolidated financial statements.

Other Information: Consolidated Directors' Report

The other information comprises only the consolidated directors' report for 2019, the preparation of which is the responsibility of the Parent's directors and which does not form part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated directors' report. Our responsibility relating to the information contained in the consolidated directors' report is defined in the audit regulations in force, which establish two distinct levels of responsibility in this regard:

a) A specific level that applies to the consolidated non-financial information statement, as well as to certain information included in the Annual Corporate Governance Report (ACGR), as defined in Article 35.2.b) of Spanish Audit Law 22/2015, which consists solely of checking that the aforementioned information has been provided in the consolidated directors' report, or, as the case may be, that the consolidated directors' report contains the corresponding reference to the separate report on non-financial information as provided for in the applicable legislation and, if this is not the case, reporting this fact.

b) A general level applicable to the other information included in the consolidated directors' report, which consists of evaluating and reporting on whether the aforementioned information is consistent with the consolidated financial statements, based on the knowledge of the Group obtained in the audit of those consolidated financial statements and excluding any information other than that obtained as evidence during the audit, as well as evaluating and reporting on whether the content and presentation of this section of the consolidated directors' report are in conformity with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report that fact.

Based on the work performed, as described above, we observed that the non-financial information described in section a) above was presented in the separate report, "Corporate Social Responsibility Report" to which a reference is included in the consolidated directors' report, that the information in the ACGR, discussed in the aforementioned section, was included in the consolidated directors' report and that the other information in the consolidated directors' report was consistent with that contained in the consolidated financial statements for 2019 and its content and presentation were in conformity with the applicable regulations.

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

Additional Report to the Parent's Audit Committee

The opinion expressed in this report is consistent with the content of our additional report to the Parent's audit committee dated 21 February 2020.

Engagement Period

The Annual General Meeting held on 30 May 2019 appointed us as the Group's auditors for a period of one year from the year ended 31 December 2018, i.e., for 2019.

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

DELOITTE, S.L.
Registered in ROAC under no. S0692

Ana Torrens Borrás
Registered in ROAC under no. 17762

21 February 2020

Appendix I to our auditor's report

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's directors.

- Conclude on the appropriateness of the use by the Parent's directors of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Applus Services, S.A. and Subsidiaries

Consolidated Financial Statements
for the year ended 31 December 2019,
and Consolidated Director's Report
together with Independent Auditor's Report

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

APPLUS SERVICES, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

(Thousands of Euros)

ASSETS	Notes	31/12/2019	31/12/2018
NON-CURRENT ASSETS			
Goodwill	4	609.245	591.338
Other intangible assets	5	474.321	518.861
Right of use assets	26.a	152.934	-
Property, plant and equipment	7	226.734	220.574
Investments accounted for using the equity method		686	724
Non-current financial assets	8	30.000	27.520
Deferred tax assets	20.c	65.505	66.738
Total non-current assets		1.559.425	1.425.755
CURRENT ASSETS			
Inventories	9	8.494	8.140
Trade and other receivables-			
Trade and other receivables	10	387.715	374.418
Trade receivables from related companies	10 & 28	233	72
Other receivables	10	25.333	16.513
Corporate income tax assets	20.b	23.391	19.024
Other current assets		10.905	11.532
Current financial assets	11	11.909	9.698
Cash and cash equivalents		145.160	132.318
Total current assets		613.140	571.715
TOTAL ASSETS		2.172.565	1.997.470

EQUITY AND LIABILITIES	Notes	31/12/2019	31/12/2018
EQUITY			
Share capital and reserves-			
Share capital	12.a	13.070	13.070
Share premium	12.b	449.391	449.391
Retained earnings and other reserves		305.354	304.018
Profit / (Loss) for the year attributable to the Parent		55.650	41.208
Treasury Shares	12.c	(4.102)	(3.405)
Valuation adjustments-			
Foreign currency translation reserve	12.e	(43.435)	(48.079)
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT		775.928	756.203
NON-CONTROLLING INTERESTS	13	48.527	54.682
Total Equity		824.455	810.885
NON-CURRENT LIABILITIES			
Long-term provisions	17 & 27.b	26.900	23.364
Obligations and bank borrowings	14	545.894	606.461
Obligations under leases	26.a	124.500	-
Other financial liabilities	15	25.993	24.532
Deferred tax liabilities	20.d	137.412	151.015
Other non-current liabilities	18	29.477	37.076
Total non-current liabilities		890.176	842.448
CURRENT LIABILITIES			
Short-term provisions		2.535	1.788
Obligations and bank borrowings	14	59.193	9.983
Obligations under leases	26.a	45.674	-
Trade and other payables	19	330.039	307.936
Trade payables from related companies	19 & 28	3	3
Corporate income tax liabilities	20.b	13.802	14.798
Other current liabilities	18	6.688	9.629
Total current liabilities		457.934	344.137
TOTAL EQUITY AND LIABILITIES		2.172.565	1.997.470

The accompanying Notes 1 to 31 and Appendices I and II are an integral part of the consolidated statement of financial position as at 31 December 2019.

APPLUS SERVICES, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR 2019

(Thousands of Euros)

	Notes	2019	2018
CONTINUING OPERATIONS			
Revenue	21.a	1.777.944	1.675.942
Procurements		(156.517)	(159.242)
Staff costs	21.b	(979.371)	(919.205)
Other operating expenses		(345.561)	(379.524)
Operating Profit Before Depreciation, Amortization and Others		**296.495**	**217.971**
Depreciation and amortization charge	5, 7 & 26.b	(158.487)	(106.334)
Other results	21.c	(7.206)	(6.877)
OPERATING PROFIT		**130.802**	**104.760**
Financial Result	22 & 26.b	(23.897)	(21.229)
Share of profit of companies accounted for using the equity method		-	13
Profit / (Loss) before tax		**106.905**	**83.544**
Corporate income tax	20	(30.376)	(23.350)
Net Profit / (Loss) from continuing operations		**76.529**	**60.194**
PROFIT / (LOSS) FROM DISCONTINUED OPERATIONS NET OF TAX		-	-
NET CONSOLIDATED PROFIT / (LOSS)		**76.529**	**60.194**
Profit / (Loss) attributable to non-controlling interests	13	20.879	18.986
NET PROFIT / (LOSS) ATTRIBUTABLE TO THE PARENT		**55.650**	**41.208**
Profit / (Loss) per share (in euros per share)			
- **Basic**	12.d	**0,390**	**0,288**
- **Diluted**		**0,390**	**0,288**

The accompanying Notes 1 to 31 and Appendices I and II are an integral part of the consolidated statement of profit or loss for 2019.

APPLUS SERVICES, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR 2019

(Thousands of Euros)

	Share capital	Share premium	Retained earnings and other reserves	Profit / (loss) for the year attributable to the Parent	Treasury shares	Foreign currency translation reserve	Non-controlling interests	Total equity
Balance at 31/12/2017	**13.070**	**449.391**	**290.484**	**35.582**	**(1.186)**	**(43.735)**	**51.357**	**794.963**
Impact of IFRS 9 adoption	-	-	(4.514)	-	-	-	-	**(4.514)**
Balance at 01/01/2018	**13.070**	**449.391**	**285.970**	**35.582**	**(1.186)**	**(43.735)**	**51.357**	**790.449**
Changes in the scope of consolidation	-	-	(694)	-	-	-	(978)	**(1.672)**
Allocation of 2017 profit	-	-	35.582	(35.582)	-	-	-	-
Dividends paid	-	-	(18.591)	-	-	-	(14.818)	**(33.409)**
Treasury shares	-	-	(328)	-	(2.219)	-	-	**(2.547)**
Other changes	-	-	2.079	-	-	-	(125)	**1.954**
2018 comprehensive income	-	-	-	41.208	-	(4.344)	19.246	**56.110**
Balance at 31/12/2018	**13.070**	**449.391**	**304.018**	**41.208**	**(3.405)**	**(48.079)**	**54.682**	**810.885**
Impact of IFRS 16 adoption	-	-	(13.444)	-	-	-	(550)	**(13.994)**
Balance at 01/01/2019	**13.070**	**449.391**	**290.574**	**41.208**	**(3.405)**	**(48.079)**	**54.132**	**796.891**
Changes in the scope of consolidation	-	-	(7.287)	-	-	-	(1.252)	**(8.539)**
Allocation of 2018 profit	-	-	41.208	(41.208)	-	-	-	-
Dividends paid	-	-	(21.453)	-	-	-	(25.518)	**(46.971)**
Treasury shares	-	-	(540)	-	(697)	-	-	**(1.237)**
Other changes	-	-	2.852	-	-	-	1	**2.853**
2019 comprehensive income	-	-	-	55.650	-	4.644	21.164	**81.458**
Balance at 31/12/2019	**13.070**	**449.391**	**305.354**	**55.650**	**(4.102)**	**(43.435)**	**48.527**	**824.455**

The accompanying Notes 1 to 31 and Appendices I and II are an integral part of the consolidated statement of changes in equity for 2019.

APPLUS SERVICES, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR 2019
(Thousands of Euros)

	2019	2018
NET CONSOLIDATED PROFIT:	**76.529**	**60.194**
1. Other comprehensive income:		
a) Items that will not be transferred to profit or loss	-	-
b) Items that could be transferred to profit or loss:		
Exchange differences on translating foreign operations	4.929	(4.084)
2. Transfers to the statement of profit or loss:	-	-
Other comprehensive result	**4.929**	**(4.084)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**81.458**	**56.110**
Total comprehensive income for the year attributable to:		
- The Parent	60.294	36.864
- Non-controlling interests	21.164	19.246
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**81.458**	**56.110**

The accompanying Notes 1 to 31 and Appendices I and II are an integral part of the consolidated statement of comprehensive income for 2019.

APPLUS SERVICES, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR 2019
(Thousands of Euros)

	Notes	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit from operating activities before tax		**106.905**	**83.544**
Adjustments of items that do not give rise to operating cash flows			
Depreciation and amortisation charge	5 & 7	158.487	106.334
Changes in provisions and allowances		346	(1.954)
Financial result	22	23.897	21.229
Share of profit of companies accounted for using the equity method		-	(13)
Gains or losses on disposals of intangible and tangible assets		(3.038)	2.231
Profit from operations before changes in working capital (I)		**286.597**	**211.371**
Changes in working capital			
Changes in trade and other receivables		(21.572)	(27.702)
Changes in inventories	9	(354)	6
Changes in trade and other payables		25.959	(584)
Cash generated by changes in working capital (II)		**4.033**	**(28.280)**
Other cash flows from operating activities			
Other payments	17.b	(982)	-
Corporate Income tax payments		(41.346)	(23.952)
Cash flows from operating activities (III)		**(42.328)**	**(23.952)**
NET CASH FLOW FROM OPERATING ACTIVITIES (A)= (I)+(II)+(III)		**248.302**	**159.139**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Business combination		2.021	3.818
Payments due to acquisition of subsidiaries and other non-current financial assets		(35.676)	(43.762)
Proceeds from disposal of subsidiaries		13.107	935
Payments due to acquisition of intagible and tangible assets		(70.720)	(51.335)
Net cash flows used in investing activities (B)		**(91.268)**	**(90.344)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Interest received		1.638	2.510
Interest paid		(11.856)	(10.056)
Net changes in non-current financing (proceeds and payments)		(78.140)	(14.425)
Net changes in current financing (proceeds and payments)		43.950	(8.511)
Net payment of lease liabilities	26.c	(55.593)	-
Dividends		(21.453)	(18.591)
Dividends paid by Group companies to non-controlling interests		(23.832)	(14.313)
Net cash flows used in financing activities (C)		**(145.286)**	**(63.386)**
EFFECT OF FOREIGN EXCHANGE RATE CHANGES (D)		**1.094**	**(2.302)**
NET CHANGE IN CASH AND CASH EQUIVALENTS (A + B + C + D)		**12.842**	**3.107**
Cash and cash equivalents at beginning of year		**132.318**	**129.211**
Cash and cash equivalents at end of year		**145.160**	**132.318**

The accompanying Notes 1 to 31 and Appendices I and II are an integral part of the consolidated statement of cash flows for 2019.

CONTENTS Page

Consolidated statement of financial position as at 31 December 2019

Consolidated statement of profit or loss for 2019

Consolidated statement of comprehensive income for 2019

Consolidated statement of changes in equity for 2019

Consolidated statement of cash flows for 2019

Explanatory notes to the consolidated financial statements for 2019

1. GROUP ACTIVITIES 4
2. BASIS OF PRESENTATION AND BASIS OF CONSOLIDATION 5
3. ACCOUNTING AND VALUATION POLICIES 15
4. GOODWILL 29
5. OTHER INTANGIBLE ASSETS 30
6. IMPAIRMENT OF ASSETS 35
7. PROPERTY, PLANT AND EQUIPMENT 38
8. NON-CURRENT FINANCIAL ASSETS 40
9. INVENTORIES 40
10. TRADE RECEIVABLES FOR SALES AND SERVICES, TRADE RECEIVABLES FROM RELATED COMPANIES AND OTHER RECEIVABLES 41
11. CURRENT FINANCIAL ASSETS, CASH AND CASH EQUIVALENTS 42
12. EQUITY 43
13. NON-CONTROLLING INTERESTS 45
14. OBLIGATIONS AND BANK BORROWINGS 46
15. OTHER NON-CURRENT FINANCIAL LIABILITIES 49
16. FINANCIAL RISKS AND DERIVATIVE FINANCIAL INSTRUMENTS 49
17. NON-CURRENT PROVISIONS 51
18. OTHER CURRENT AND NON-CURRENT LIABILITIES 53
19. TRADE AND OTHER PAYABLES 53

20. CORPORATE INCOME TAX 54
21. OPERATING INCOME AND EXPENSES 59
22. FINANCIAL RESULT 61
23. INFORMATION ON THE ENVIRONMENT 61
24. PROPOSAL OF ALLOCATION OF PROFIT/LOSS 62
25. SEGMENTED INFORMATION 62
26. LEASES 65
27. OBLIGATIONS ACQUIRED AND CONTINGENCIES 67
28. TRANSACTIONS AND BALANCES WITH RELATED PARTIES 68
29. DISCLOSURES ON THE BOARD OF DIRECTORS AND THE SENIOR EXECUTIVES 69
30. EVENTS AFTER THE REPORTING PERIOD 72
31. EXPLANATION ADDED FOR TRANSLATION TO ENGLISH 72

Applus Services, S.A.
and Subsidiaries

Notes to the Consolidated Financial Statements for the year ended 31 December 2019

1. Group activities

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

The Parent's Company purpose is as follows:

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

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

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

- Business intermediation services, both locally and abroad.

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

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

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

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

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

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

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

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

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

2. Basis of presentation and basis of consolidation

2.a Basis of presentation of the consolidated financial statements

a) Basis of presentation

These consolidated financial statements for 2019 were approved by the Parent's Directors at the Board of Directors Meeting held on 21 February 2020. The 2019 consolidated financial statements of the Group and the 2019 financial statements of the Group companies have not yet been approved by their shareholders at the respective Annual General Meetings. The Parent's Board of Directors considers that these financial statements will be approved without any changes. The Group's consolidated financial statements for 2018 were approved by the shareholders at the Parent's Annual General Meeting of 30 May 2019.

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

These consolidated financial statements for 2019 were prepared from the separate accounting records of the Parent and of each of the consolidated companies (detailed in Appendix I) and, accordingly, they present fairly the consolidated equity, the consolidated financial position, the consolidated results of the Group, the changes in consolidated equity and the consolidated cash flows under EU-IFRSs and the other rules contained in the regulatory financial reporting framework applicable to the Group.

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

b) Comparative information

The information relating to 2019 contained in these notes to the consolidated financial statements is presented, for comparison purposes, with information relating to 2018.

c) Responsibility for the information and use of estimates

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

In the Group's consolidated financial statements for 2019, estimates were made by the Group Management, later ratified by their Directors, in order to quantify certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates relate mainly to the following:

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

Although these estimates were made on the basis of the best information available as of 31 December 2019 on the events analysed, events that may take place in the future might make it necessary to change these estimates (upwards or downwards) in the coming years. Changes in accounting estimates would be applied prospectively in accordance with the requirements of IAS 8, recognising the effects of the change in the related consolidated statement of profit or loss or consolidated statement of changes in equity, as appropriate.

d) Presentation and functional currency

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

e) *Changes in accounting policies*

In preparing the accompanying consolidated financial statements no changes in accounting policies were identified that would have made it necessary to restate the amounts included in the consolidated financial statements for 2018.

f) *Materiality*

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

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

a) *Subsidiaries*

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

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

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

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

The share of non-controlling interests is reflected in:

- The equity of their subsidiaries is presented within the Group's equity under "Non-Controlling Interests" in the consolidated statement of financial position (see Note 13).

- The profit for the year is presented under "Profit Attributable to Non-Controlling Interests" in the consolidated statement of profit or loss (see Note 13).

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

b) *Associates*

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

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

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

At 31 December 2019, the Group only held, as an associate, an ownership interest of 30% in the investee Velosi (B) Sdn Bhd, domiciled in Brunei, the assets, liabilities, revenue and profit or loss of which were not significant.

c) Changes in accounting policies and in disclosures of information effective in 2019

In 2019 new accounting standards came into force and were therefore taken into account when preparing the accompanying consolidated financial statements. The following standards were applied in these consolidated financial statements but did not have a significant impact on the presentation hereof or the disclosures herein, except the entry into force of IFRS 16 detailed below:

New standards, amendments and interpretations		**Obligatory application in annual reporting periods beginning on or after:**
Approved for use in the European Union:		
New standards:		
IFRS 16, Leases (issued in January 2016)	Supersedes IAS 17 and the related interpretations. The main development of the new standard is that it introduces a single lessee accounting model in which all leases (with certain limited exceptions) will be recognised in the statement of financial position with an impact similar to that of the existing finance leases (depreciation of the right-of-use asset and a finance cost for the amortised cost of the liability will be recognised).	1 January 2019
Amendments and/or interpretations:		
Amendment to IFRS 9 Early cancellation with negative compensation features (published October 2017)	This amendment will permit the measurement at amortised cost of certain financial assets that can be cancelled early for an amount less than the outstanding amount of principal and interest on that principal.	1 January 2019
IFRIC 23 Uncertainty over tax treatment (published June 2017)	This interpretation clarifies how to apply the recording and measurement criteria in IAS 12 when there is uncertainty about the tax authority's acceptability of a particular tax treatment used by the entity.	1 January 2019
Amendment to IAS 28 Long-term interest in associates and joint ventures (published October 2017)	It clarifies that IFRS 9 should be applied to long-term interests in an associate or joint venture to which the equity method is not applied.	1 January 2019
IFRS 3 Business Combinations - Annual Improvement Cycle 2015-2017 (published December 2017)	Acquisition of control over a business previously registered as a joint venture.	1 January 2019

New standards, amendments and interpretations		Obligatory application in annual reporting periods beginning on or after:
Amendments and/or interpretations:		
IFRS 11 Joint Ventures - Annual Improvement Cycle 2015-2017 (published December 2017)	Acquisition of joint control over a joint operation, which constitutes a business.	1 January 2019
IAS 12 Income Tax - Annual Improvement Cycle 2015-2017 (published December 2017)	Recognition of the tax impact of the remuneration of financial instruments classified as equity.	1 January 2019
IAS 23 Borrowing Costs - Annual Improvement Cycle 2015-2017 (published December 2017)	Capitalization of interest on specific outstanding financing of a ready-to-use asset.	1 January 2019
Amendment to IAS 19 Modification, reduction or liquidation of a plan (published in February 2018)	Clarifies how to calculate the cost of the service for the current period and the net interest for the remainder of an annual period when a defined benefit plan is modified, reduced or settled.	1 January 2019

Effective from 1 January 2019, the Group has applied the new IFRS 16, Leases. The application of this new accounting standard gave rise to impacts on the Group's financial situation and results.

IFRS 16, Leases

IFRS 16 superseded IAS 17 and the associated interpretations, and was applied by the Applus Group for the first time on 1 January 2019. IFRS 16 changes the accounting model applied by lessees to leases (with certain exceptions). The new model consists of recognising in the balance sheet a liability (equal to the present value of the lease payments to be made over the lease term and considered to be highly likely) and a right-of-use asset that is initially measured as an amount equal to the liability plus other items (such as the capitalisation of initial direct costs). In addition, it changes the recognition method for the lease expense in the previous operating leases. What was previously an operating expense becomes a depreciation charge for the asset and a finance cost in relation to the liability recognised. Also, the expense is generally recognised on a diminishing-balance basis rather than a straight-line basis. Additionally, the cash flows from operating activities increase as a result of the increase in the gross profit from operations, offset by a decrease in the cash flows from financing activities of the same amount, since the repayment of the principal portion of the lease liabilities is classified as cash flows from financing activities and, therefore, the cash flows as a whole were not affected.

The Parent's Directors analysed all the leases falling within the scope of this standard, and considered those leases with a value of less than USD 5 thousand, with a term of less than a year according to the standard or variable rents to be exceptions, which were, therefore, excluded from the scope of the standard. Additionally, financial reporting systems and the controls therein have been developed in order to recognise the leases appropriately.

At the date of transition, a decision was made to apply the modified retrospective approach, i.e. retroactively by recognising the cumulative effect as an adjustment to the opening balance of equity at the date of initial application. Thus, a lease liability at the date of initial application was recognised for leases previously classified as operating leases under IAS 17 for an amount of EUR 181 million, measured in accordance with the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application. Also, right-of-use assets were recognised amounting to EUR 162 million at the date of initial application in accordance with their carrying amount as if the standard had been applied from the lease commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application. Therefore, a negative impact of EUR 14 million, net of the related tax effect, was recognised in the Group's equity, including the portion attributable to non-controlling interests and the deferred tax effect associated amounting EUR 4 million. The average incremental interest rate at the date of initial application was an average of 3.39%.

The difference between the non-cancellable minimum lease payments recognised in the notes to the consolidated financial statements for the year ended 31 December 2018 and the liability recognised as a result of the entry into force of IFRS 16 is mainly a result of the identification of leases which are exempt since they relate to leases of low-value assets or to short-term leases, the application of a discount rate in the valuation of the aforementioned lease obligations and the consideration of renewals of certain leases arising from the analysis conducted in relation to the lease term estimate.

In order to determine the lease term, the Group considered whether or not the leases contain unilateral termination and/or renewal clauses that entitle the Group to terminate the leases early or to extend them. In this connection, among other matters, the costs related to terminating the leases were taken into account in determining the likelihood of the renewal thereof.

Lastly, for the purposes of presentation in the consolidated balance sheet, the Group will present right-of-use assets separately from other assets. Lease liabilities are also presented separately under current and non-current liabilities. Note 26 to the accompanying consolidated financial statements includes the most relevant information on leases for a proper understanding thereof.

d) Accounting policies issued but not yet in force in 2019

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

New standards, amendments and interpretations		**Obligatory application in annual reporting periods beginning on or after:**
Amendments and/or interpretations:		
Amendments to IAS 1 and IAS 8 Definition of "materiality" (published October 2018)	Amendments to IAS 1 and IAS 8 to align the definition of 'materiality' included in the conceptual framework.	1 January 2020
Amendments to IFRS 9, IAS 39, IFRS 7 Interest Rate Benchmark Reform (published on September 2019)	Amendments to IFRS 9, IAS 39 and IFRS 7 related to the Interest Rate Benchmark in progress Reform.	1 January 2020
Not yet approved for use in the European Union [1]		
New standards:		
IFRS 17 Insurance Contracts (published May 2017) [2]	Supersedes IFRS 4. It sets out the principles for recording, measuring, presenting and disaggregating insurance contracts so that the entity provides relevant and reliable information that enables users of the information to determine the effect that contracts have on the financial statements.	1 January 2021

New standards, amendments and interpretations		Obligatory application in annual reporting periods beginning on or after:
Amendments and/or interpretations:		
Amendment to IFRS 3 Definition of business (published October 2018)	Clarifications to the definition of business.	1 January 2020
Classification of Liabilities as Current or Non-current (Amendments to IAS 1, Presentation of Financial Statements) (issued on 23 January 2020)	Presentation of Financial Statements - Classification of liabilities as current or non-current.	1 January 2020

(1) The status of approval of the standards by the European Union can be consulted on the EFRAG website.

(2) The IASB has proposed to defer the effective date of this IFRS to 1 January 2022 (Exposure Draft Amendments to IFRS 17 issued 26 June 2019).

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

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

e) Changes in the scope of consolidation

e.1. Inclusions in the scope of consolidation in 2019:

The companies included in the scope of consolidation in 2019 are as follows:

- Companies acquired in 2019:
  - Laboratorio de Ensayos Metrológicos, S.L.
  - A2M Industrie SAS
  - LEM Laboratorios y Asistencia Técnica Limitada
  - Servicios SEFF, S.A.
- Companies incorporated during 2019:
  - Applus Tanzania Limited
  - IDIADA Safety Technology, GmbH (subsequently CTAG - IDIADA Safety Technology Germany, GmbH)
  - Inversiones y Certificaciones Integrales SyC, S.A.
  - Applus Iteuve Brasil Participaçoes Lda
  - Applus Inspection Services Ireland, Ltd
  - TIC Investments Chile SpA
  - IDIADA Automotive Technology Mexico
  - Applus and Partner Engineering Consultancy
  - Applus Fomento de Control, S.A.

e.1.1. Companies acquired in 2019

On 28 February 2019, the Applus Group acquired Laboratorio de Ensayos Metrológicos, S.L. for EUR 2.7 million. The company has been integrated into the Applus + Laboratories division.

On 20 March 2019, the Applus Group acquired A2M Industrie SAS for EUR 6.4 million. Additionally, the agreement includes an earn-out tied to certain financial targets to be achieved in 2019, 2020 and 2021. The Group considers that the targets will be achieved for the earn-out which amount to EUR 0.5 million and, accordingly, this amount has been considered in determining the acquisition cost. The company has been integrated into the Applus+ Laboratories division.

On 28 October 2019, the Applus Group acquired LEM Laboratorios and Asistencia Técnica Limitada and Servicios SEFF, S.A. for CLP 7,468.5 million (EUR 8.9 million at the acquisition date). The agreement also includes an earn-out provision tied to certain financial targets to be achieved in 2018, 2019, 2020 and 2021. The Group considers that the earn-out will amount to CLP 1,970.1 million (EUR 2.4 million at the acquisition date) and, accordingly, this amount was taken into account when determining the cost of the acquisition. These companies were included in the Applus+ Energy & Industry division.

The provisional registration of these 3 acquisitions includes a detail of the acquired net assets and of the provisional goodwill at the acquisition date (in thousands of euros):

	Laboratorio de Ensayos Metrológicos S.L.	A2M Industrie, SAS	LEM Laboratorios y Asistencia Técnica Limitada & Servicios SEFF, S.A. (Chile)	Total
Non- current assets	267	1,416	5,188	**6,871**
Inventories	-	47	75	**122**
Trade and other receivables	718	730	2,552	**4,000**
Cash and cash equivalents	395	1,173	998	**2,566**
Non- current liabilities	(64)	(1,071)	(155)	**(1,290)**
Current liabilities	(628)	(521)	(7,654)	**(8,803)**
Value of assets and liabilities acquired	**688**	**1,774**	**1,004**	**3,466**
% of ownership	**100%**	**100%**	**100%**	
Value of assets and liabilities acquired after minorities	**688**	**1,774**	**1,004**	**3,466**
Acquisition cost	**3,217**	**7,390**	**8,914**	**19,521**
Goodwill (Note 4)	**2,529**	**5,616**	**7,910**	**16,055**

There are no significant differences between the fair values of the net assets acquired included in the detail above with respect to the respective carrying amounts at which they had been previously recognised.

e.2. Exclusions from the scope of consolidation in 2019:

On January 2019, Velosi Asia (Luxembourg), Sarl. sold 70% of the shares of Velosi Asset Integrity & Safety (PVT) for USD 3.2 million (EUR 2.8 million), which did not have a material effect on the Group's consolidated statement of profit or loss.

On November 2019, the dormant company RTD France Holding, S.A.S. was liquidated.

Lastly, in 2019 the Group acquired non-controlling interests, which had a negative impact on consolidated reserves, amounting to EUR 6.8 million.

e.3. Inclusions in the scope of consolidation in 2018:

The companies included in the scope of consolidation in 2018 are as follows:

- Companies acquired in 2018:
  - 3C Test Limited
  - Applus Idiada Karco Engineering, L.L.C.
  - DatapointLabs, Llc.
  - DatapointLabs India, Inc.
  - Matereality, Llc.
  - Talon Test Laboratories (Phoenix) Inc.
  - Talon Test Laboratories Incorporated
- Other companies acquired for the integration of its activity:
  - M 607 ITV, S.L.
  - Trámites, Informes, Proyectos, Seguridad y Medio Ambiente, S.L.U.
  - MacCormack Calibración, S.L.
  - Technical Inspection Services, Ltd.
- Companies incorporated during 2018:
  - Velosi Asia Kish
  - Applus Japan KK
  - Applus Mozambique Limitada
  - Applus Middle East Engineering Consultancy, LLC
  - SARL Apcontrol Energie et Industrie Algerie
  - IDIADA Automotive Technology, LLC
  - IDIADA Homologation Technical Service, S.L.

e.3.1. Companies acquired in 2018

On 26 April 2018, the Applus Group acquired 3C Test Limited in the United Kingdom for GBP 11.3 million (EUR 13.4 million at the acquisition date). This company was integrated into the Applus+ Laboratories division.

In May 2018 the Applus Group acquired 67% of the shares of Applus Idiada Karco Engineering, L.L.C. in the United States of America for USD 5 million (EUR 4.3 million at the acquisition date). This company was integrated into the Applus+ IDIADA division.

In June 2018 the Applus Group acquired in the United States of America DatapointLabs, Llc., the parent of a group ("the Datapoint Group") which includes the subsidiaries DatapointLabs India, Inc. and Matereality Llc. The Datapoint Group was acquired for USD 11.4 million (EUR 9.7 million at the acquisition date). The agreement includes an earn-out, amounting to a maximum of USD 6 million, tied to certain financial targets which the acquiree would have to achieve in 2017, 2018 and 2019. The Group considered that conditions were going to be met for the earn-out to amount to USD 100 thousand (EUR 85 thousand at the acquisition date) and, accordingly, this amount was included when determining the acquisition cost. This group of companies was integrated into the Applus+ Laboratories division.

On 31 December 2018 the Applus Group acquired Talon Test Laboratories (Phoenix) Inc. and Talon Test Laboratories Incorporated in the United States of America for USD 7.5 million (EUR 6.6 million at the acquisition date). These two companies were integrated into the Applus+ Energy & Industry division. The agreement includes an earn-out, amounting to a maximum of USD 1.1 million (EUR 907 thousand at the acquisition date) tied to certain financial targets which the acquiree would have to achieve in 2019, 2020 and 2021. The Group considered that conditions were going to be met for the earn-out to be paid and, accordingly, this amount was considered when determining the acquisition cost.

In addition to the aforementioned acquisitions, the Group made another four investments in smaller assets:

In March 2018 the Applus Group acquired all the shares of M 607 ITV, S.L. in Spain for EUR 1.5 million. The company was integrated into the Applus+ Automotive division.

On 10 April 2018, the Applus Group acquired Trámites, Informes, Proyectos, Seguridad y Medio Ambiente, S.L.U. in Spain for EUR 1.3 million. This company was integrated into the Applus+ Energy & Industry division. In addition, the agreement includes an earn-out, amounting to a maximum of EUR 2 million, tied to certain financial targets which the acquiree would have to achieve in 2018 and 2019. The Group estimated that conditions were going to be met for the earn-out to amount to EUR 650 thousand and, accordingly, this amount was considered when determining the acquisition cost.

On 11 July 2018, the Applus Group acquired MacCormack Calibración, S.L. in Spain for EUR 0.8 million thousand. This company was integrated into the Applus+ Laboratories division.

In July the Applus Group acquired Technical Inspection Services, Ltd. in the United Kingdom for GBP 1.2 million (EUR 1.3 million at the acquisition date). This company was integrated into the Applus+ Energy & Industry division.

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

	3C Test Limited.	Applus Idiada Karco Engineering, LLC.	Datapointlabs Group	Talon (*)	M 607 ITV, S.L.	Trámites, informes, proyectos, seguridad y medio ambiente, S.L.U.	Maccormak Calibración, S.L.	Technical Inspection Services, Ltd.	**Total**
Non- current assets	1,182	269	125	1,783	435	49	67	206	**4,116**
Trade and other receivables	985	782	1,162	246	23	157	122	180	**3,657**
Cash and cash equivalents	1,294	21	904	21	(23)	1	189	335	**2,742**
Non- current liabilities	(171)	-	-	-	(567)	(30)	(21)	(27)	**(816)**
Current liabilities	(566)	(117)	(1,434)	(97)	(28)	(105)	(37)	(84)	**(2,468)**
Value of assets and liabilities acquired	**2,724**	**955**	**757**	**1,953**	**(160)**	72	**320**	**610**	**7,231**
% of ownership	**100%**	**67%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	
Value of assets and liabilities acquired after minorities	**2,724**	**640**	**757**	**1,953**	**(160)**	72	**320**	**610**	**6,916**
Acquisition cost	**13,387**	**4,574**	**10,320**	**8,001**	**1,497**	**1,298**	**770**	**1,314**	**41,161**
Goodwill (Note 4)	**10,663**	**3,934**	**9,563**	**6,048**	**1,657**	**1,226**	**450**	**704**	**34,245**

(*) Talon Test Laboratories (Phoenix) Inc. and Talon Test Laboratories Incorporated.

There are no significant differences between the fair values of the net assets acquired included in the detail above with respect to the respective carrying amounts at which they had been previously recognised.

According to IFRS 3, the accounting process for acquisitions made in the previous financial year has been completed in 2019. No significant changes have been made.

3. Accounting and valuation policies

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

a) Goodwill

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

The cost of a business combination is the aggregate of:

- The acquisition-date fair value of the assets acquired, the liabilities assumed and the equity instruments issued.

- The fair value of any contingent consideration that depends on future events or on the fulfilment of certain specified conditions.

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

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

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

- The cost of the business combination, plus the acquisition-date fair value of any equity interest previously held by the acquirer in the acquiree.

- The fair value of the identifiable assets acquired less the fair value of the liabilities assumed, determined as indicated above.

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

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

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

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

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

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

b) Other intangible assets

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

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

Intangible assets are measured and amortised as follows:

- Administrative concessions or similar items that have been acquired by onerous title are amortised on a straight-line basis over the concession term. The initial cost (fee) and, where applicable, the present value of the future payments which are deemed to be necessary when the assets are handed over to the grantor are included in this line item.

- The administrative authorisations relate to vehicle roadworthiness testing services in Spain and abroad which the Group manages under this name. The main administrative authorisations relate to Spain (Catalonia) and Finland (see Note 5). In the case of Catalonia, these administrative authorisations are amortised on a straight-line basis over the authorisation term which ends in 2035. In the case of Finland, although the administrative authorisation has an indefinite useful life, it is estimated that the economic value of this authorisation will be recovered in 10 years and, therefore, it is being amortised over this period, until 2020.

- Trademarks are measured based on the future royalty income stream from their use. Trademarks are considered to have a finite useful life and are amortised over 25 years, with the exception of the trademark associated with the Velosi Group, which are being amortised over 10 years.

- Customer portfolios are amortised over the life of the agreements entered into with the customers.

- Asset usage rights relate to machinery and fixtures used by the Group in the performance of its business activity and are subject to reversal. They are amortised over the residual useful life of the assets to which they correspond, from the acquisition date of the right of use, based on an estimate by an independent valuer.

- Computer software is amortised on a straight-line basis. Computer system maintenance costs are charged to the consolidated statement of profit or loss in the year they are incurred.

c) Property, plant and equipment

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

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

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

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

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

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

d) Impairment of non-financial assets

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

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

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

Pursuant to paragraph 81 of IAS 36, when goodwill cannot be allocated to an individual cash-generating unit, it is allocated to homogeneous groups of cash-generating units that correspond to the lowest level at which the goodwill can be monitored by the Directors for internal management purposes. In these cases, as established in paragraphs 88 and 89 of IAS 36, the individual cash-generating units are tested for impairment to assess the recoverability of the intangible assets specifically allocated to them (see Note 6).

In these circumstances, impairment losses could arise on these intangible assets even though the related goodwill is not impaired.

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

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

The method used by the Group to test impairment distinguishes between businesses with indefinite and definite lives. Five-year projections and a perpetuity rate of return from the sixth year are used for businesses with indefinite lives. Projections based on the actual term of the related contract are used for assets with finite lives relating to the rendering of services or concessions. In this case, the probability of their renewal was not considered in preparing the related cash flow projections.

In both cases, the projections are based on reasonable and well-founded assumptions and were prepared in accordance with the Group's budget for 2020 and with the Group's strategy for the following years based on past experience and the best estimates available at the date on which the related impairment tests were carried out using the market information available. The projections envisage the evolution of organic revenue and margins of the business that the Group Executive Committee expects for the coming years. Consequently, the possible changes in the scope of consolidation that might take place in the future were not taken into account in the projection or in the impairment tests perform.

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

e) ***Financial assets***

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

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

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

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

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

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

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

f) Information on the environment

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

In view of the Group's business activity, at 31 December 2019 and 2018 it did not have any significant assets of this nature.

g) Leases

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

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

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

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

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

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

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

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

- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

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

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

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

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

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

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

h) Inventories

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

i) Government grants

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

a) Non-refundable grants, donations or legacies related to assets: these are measured at the fair value of the amount or the asset received, based on whether or not they are monetary grants, and they are taken to income in proportion to the period depreciation taken on the assets for which the grants were received or, where appropriate, on disposal of the asset or on the recognition of an impairment loss, except for grants received from shareholders or owners, which are recognised directly in non-current liabilities and do not give rise to the recognition of any income.

b) Refundable grants: while they are refundable, they are recognised as a non-current liability.

c) Grants related to income: grants related to income are credited to income when granted, unless their purpose is to finance losses from operations in future years, in which case they are allocated to income in those years. If grants are received to finance specific expenses, they are allocated to income as the related expenses are incurred.

j) Provisions and contingent liabilities

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

- Provisions:

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

- Contingent liabilities:

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

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

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

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

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

k) *Derivative financial instruments and hedge accounting*

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

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

At the end of 2019 the Group had not outstanding financial derivative products.

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

Defined contribution plans

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

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

Defined benefit plans

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

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

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

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

Other employee benefit obligations

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

a) Annual variable remuneration to certain Group personnel subject to the achievement of certain financial targets in 2019.

b) Annual variable remuneration plan granted to the Executive Directors, certain executives and employees of the Group consisting of the delivery of RSUs (convertible into Parent's shares). This remuneration plan is approved annually and is convertible to shares three years after the date on which they are granted, 30% of which are granted in each of the first two years and the remaining 40% are granted in the third year. At 2019 year-end three plans have been approved and ratified (see Notes 19 and 29).

c) "Long-term Incentive" plan granted to the Executive Directors and certain Senior Executives of the Group, that consists on the delivery of Performance Stock Units (PSUs), in the case of the Executive General Director, and Restricted Stock Units (RSUs) and PSUs in the case of the Executive Financial Director and Senior Executives. Both PSUs and RSUs are convertible into Parent's shares within three years of the grant date. First conversion into shares took place in February 2019 and corresponded to the first plan granted in 2016. (see Notes 19 and 29).

m) *Debts and current/non-current classification*

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

n) *Financial liabilities*

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

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

Effective interest method

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

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

o) *Transactions in currencies other than the Euro*

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

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

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

   - Monetary assets and liabilities denominated in foreign currencies are translated by applying the exchange rates prevailing at the closing date.

   - Any resulting gains or losses are recognised directly in the consolidated statement of profit or loss.

2. Translation to euros of the financial statements of the subsidiaries whose functional currency is not the euro:

   - Assets and liabilities are translated by applying the exchange rates prevailing at the closing date.

   - Income, expenses and cash flows are translated at the average exchange rates for the year.

   - Equity is translated at the historical exchange rates.

   - Exchange differences arising as a consequence of the application of this method are presented under "Equity Attributable to Shareholders of the Parent - Translation Differences" in the accompanying consolidated statement of financial position.

   - The effect of exchange rate changes on cash and cash equivalents denominated in foreign currency is presented separately in the consolidated statement of cash flows under "Effect of Foreign Exchange Rate Changes".

The detail of the equivalent euro value of the main assets in foreign currency held by the Group at 31 December 2019 and 2018 is as follows (in thousands of euros):

Balances held in:	Foreign currency:	31/12/2019	31/12/2018
US Dollar	USD	489,536	463,884
Canadian Dollar	CAD	90,457	74,399
Danish Krone	DKK	64,489	52,987
Chilean Peso	CLP	59,271	39,406
Pound Sterling	GBP	45,839	54,555
Australian Dollar	AUD	45,272	42,901
Saudi Riyal	SAR	35,886	28,742
Colombian Peso	COP	26,814	25,259
Malaysian Ringgit	MYR	22,700	17,266
Czech Koruna	CZK	21,522	15,544
Chinese Yuan	CNY	19,807	16,429
Qatari Riyal	QAR	19,495	21,953
Brazilian Real	BRL	15,138	14,902
Omani Riyal	OMR	14,774	12,699
Papua New Guinean Kina	PGK	14,175	9,014
Indonesian Rupiah	IDR	13,237	11,101
Norwegian Krone	NOK	12,927	11,329
United Arab Emirates Dirham	AED	12,238	7,733
Costa Rican Colon	CRC	11,841	10,922
Panamanian Balboa	PAB	9,256	11,258
Guatemalan Quetzal	GTQ	8,832	8,923
Mexican Peso	MXN	8,546	6,194
Singapore Dollar	SGD	7,864	7,381
Argentine Peso	ARS	6,518	4,713
Peruvian Nuevo sol	PEN	6,197	5,175
Uruguayan Peso	UYU	5,807	7,363
Kuwait Dinars	KWD	4,571	5,544
Others		12,915	19,631
Total		**1,105,924**	**1,007,207**

The average and closing rates used in the translation to euros of the balances held in foreign currency for years 2019 and 2018 are as follows:

1 Euro	Foreign currency:	2019 Average rate	2019 Closing rate	2018 Average rate	2018 Closing rate
Danish Krone	DKK	7.47	7.47	7.45	7.47
Norwegian Krone	NOK	9.85	9.98	9.59	9.92
Czech Koruna	CZK	25.67	25.41	25.63	25.76
United Arab Emirates Dirham	AED	4.11	4.08	4.34	4.20
Canadian Dollar	CAD	1.49	1.46	1.53	1.53
Singapore Dollar	SGD	1.53	1.51	1.59	1.56
US Dollar	USD	1.12	1.11	1.18	1.14
Papua New Guinean Kina	PGK	3.70	3.68	3.79	3.72
Pound Sterling	GBP	0.88	0.85	0.88	0.90
Argentine Peso	ARS	n/a	66.43	n/a	43.62
Chilean Peso	CLP	784.79	837.86	755.63	785.42
Colombian Peso	COP	3,669.83	3,682.00	3,478.26	3,660.32
Mexican Peso	MXN	21.54	21.02	22.69	22.87
Brazilian Real	BRL	4.41	4.53	4.30	4.43
Qatari Riyal	QAR	4.10	4.08	4.31	4.16
Malaysian Ringgit	MYR	4.64	4.60	4.76	4.75
Saudi Riyal	SAR	4.20	4.17	4.43	4.27
Indonesian Rupiah	IDR	15,834.60	15,550.00	16,778.52	16,501.65
Australian Dollar	AUD	1.61	1.62	1.58	1.60
Peruvian Nuevo Sol	PEN	3.73	3.71	3.88	3.81
Kuwait Dinars	KWD	0.34	0.33	0.36	0.35
Guatemalan Quetzal	GTQ	8.61	8.53	8.87	8.79
Chinese Yuan	CNY	7.72	7.79	7.80	7.84

In 2018 the Argentine economy was deemed to be hyperinflationary in the terms defined in IAS 29 and, therefore, the financial statements of those companies whose functional currency is the currency of a hyperinflationary economy had to be restated and updated according to local price indices, and presented in terms of the measuring unit current at the end of the reporting period. This standard was applied from 1 January 2018.

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

In 2019 an impact arose against reserves arising from the difference, amounting to approximately EUR 2,447 thousand positive between the value of the equity reported at the end of the previous year and the restated value for the same year of the Argentine subsidiaries (2018: EUR 2,085 thousand positive).

As per the application of IAS 29 and IAS 21, the statement of profit or loss has been impacted by a higher financial expense in 2019 of EUR 2,135 thousand (2018: EUR 1,419 thousand) under "Financial Profit / (Loss) - Gains or Losses on the Net Monetary Position".

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

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

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

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

Deferred tax liabilities are recognised for all taxable temporary differences, except for those associated with investments in subsidiaries, branches and associates, or with a share in a joint venture, when the Group can control when to revert the temporary difference and it is considered probable that it will not be reverted in the foreseeable future. At the end of 2019 and 2018, no deferred tax liabilities had been recognised in accordance with IAS 12.39, since the Group controls the timing of the reversal of such temporary differences and the temporary difference is unlikely to be reversed in the foreseeable future, or because these liabilities are not significant due to the Group's policy of repatriating the dividends of subsidiaries, branches and associates.

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

The deferred tax assets recognised are analysed at the end of each reporting period and the appropriate adjustments are made to the extent that there are doubts as to their future recoverability.

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

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

q) Revenue recognition

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

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

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

No costs incurred in winning contracts with customers were capitalised in 2019 and 2018 as the related amounts were not material.

r) Expense recognition

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

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

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

s) Discontinued operations

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

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

The Group did not interrupt nor discontinue any significant operation in 2019 or 2018.

t) Segment information

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

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

- They engage in business activities from which they may earn revenue and incur expenses (including revenue and expenses relating to transactions with other components of the same group),

- Their operating results are regularly reviewed by Senior Executives, which takes the operating and management decisions relating to the group in order to decide about resources to be allocated to the segment and to assess its performance; and

- Discrete financial information is available.

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

u) Consolidated statement of cash flows

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

- Cash flows: inflows and outflows of cash and equivalent financial assets, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.

- Operating activities: the Group's principal revenue-producing activities and other activities that are not investing or financing activities.

- Investing activities: the acquisition and disposal of non-current assets and other investments not included in cash and cash equivalents.

- Financing activities: activities that result in changes in the size and composition of the equity and borrowings of the Group companies that are not operating activities.

- Effect of foreign exchange rate changes: effect of foreign exchange rate changes on cash and cash equivalents.

v) Equity

The share capital is represented by ordinary shares.

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

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

w) Earnings per share

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

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

x) Treasury shares

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

4. Goodwill

The detail, by cash-generating unit, of the goodwill at the end of 2019 and 2018 is as follows:

Cash-generating unit	Thousands of Euros	
	31/12/2019	31/12/2018
Auto Spain (*)	172,629	172,629
Energy & Industry Northern Europe	103,035	102,997
Energy & Industry North America	99,400	97,758
IDIADA	60,178	60,110
Energy & Industry Seameap	42,362	42,130
Laboratories	67,917	59,483
Auto Finisterre (*)	22,929	22,929
Energy & Industry Latin America	14,993	7,498
Energy & Industry Spain	11,564	11,564
Auto Denmark	6,843	6,843
Auto US (*)	6,141	6,141
Other	1,254	1,256
Total goodwill	**609,245**	**591,338**

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

The changes in 2019 and 2018 were as follows:

	Thousands of Euros
Balance at 1 January 2018	**554,861**
Changes in the scope of consolidation (Note 2.b.e.3.)	34,245
Translation differences	2,232
Balance at 31 December 2018	**591,338**
Changes in the scope of consolidation (Note 2.b.e.1.)	16,055
Translation differences	1,852
Balance at 31 December 2019	**609,245**

The main changes in the scope of consolidation in 2019 relate mainly to the acquisition of Laboratorio de Ensayos Metrológicos, S.L., A2M Industrie SAS, LEM Laboratorios y Asistencia Técnica Limitada and Servicios SEFF, S.A. (see Note 2.b.e.1.1.).

The main changes in the scope of consolidation in 2018 relate mainly to the acquisition of 3C Test Limited, Applus Idiada Karco Engineering, L.L.C., Datapointlabs Group, Talon Test Laboratories (Phoenix) Inc. and Talon Test Laboratories Incorporated (see Note 2.b.e.3.1.).

The main assumptions used in the tests to determine the impairment recognised in 2019 and 2018 are detailed in Note 6.

5. Other intangible assets

The changes in 2019 and 2018 in intangible asset accounts and in the related accumulated amortisation and impairment losses were as follows:

	2019 - Thousands of Euros						
	Balance at 1 January 2019	Changes in the scope of consolidation (Note 2.b.e.1.)	Additions or charge for the year	Disposals or reductions	Transfers	Changes in exchange rates and other	Balance at 31 December 2019
Cost:							
Administrative concessions	264,221	-	905	(5,812)	441	1,823	261,578
Patents, licences and trademarks	272,653	59	-	(1)	-	59	272,770
Administrative authorisations	259,910	-	267	-	7,412	2	267,591
Customer portfolio	171,419	-	-	-	-	352	171,771
Computer software	77,089	50	6,573	(1,143)	5,815	445	88,829
Goodwill acquired	17,868	230	-	-	-	644	18,742
Asset usage rights	72,442	-	-	-	-	-	72,442
Other	43,586	-	5,429	(321)	1,301	139	50,134
Total cost	**1,179,188**	**339**	**13,174**	**(7,277)**	**14,969**	**3,464**	**1,203,857**
Accumulated amortisation:							
Administrative concessions	(156,219)	-	(22,761)	5,099	-	(994)	(174,875)
Patents, licences and trademarks	(123,329)	(59)	(12,568)	1	-	(54)	(136,009)
Administrative authorisations	(112,446)	-	(16,450)	-	(621)	33	(129,484)
Customer portfolio	(94,980)	-	(7,060)	-	-	(80)	(102,120)
Computer software	(63,366)	27	(6,333)	1,136	(63)	(332)	(68,931)
Goodwill acquired	(77)	-	-	-	-	(1)	(78)
Asset usage rights	(42,058)	-	(4,883)	-	-	7	(46,934)
Other	(29,970)	-	(3,216)	-	13	(50)	(33,223)
Total accumulated amortisation	**(622,445)**	**(32)**	**(73,271)**	**6,236**	**(671)**	**(1,471)**	**(691,654)**
Total impairment losses	**(37,882)**	-	-	-	-	-	**(37,882)**
Total net value	**518,861**	**307**	**(60,097)**	**(1,041)**	**14,298**	**1,993**	**474,321**

	2018 - Thousands of Euros						
	Balance at 1 January 2018	Changes in the scope of consolidation (Note 2.b.e.3.)	Additions or charge for the year	Disposals or reductions	Transfers	Changes in exchange rates and other	Balance at 31 December 2018
Cost:							
Administrative concessions	266,440	-	578	(2,474)	101	(424)	264,221
Patents, licences and trademarks	272,651	(9)	1	(15)	-	25	272,653
Administrative authorisations	259,910	-	-	-	-	-	259,910
Customer portfolio	170,817	501	-	-	-	101	171,419
Computer software	72,789	(1,604)	5,014	(138)	509	519	77,089
Goodwill acquired	17,890	176	-	-	-	(198)	17,868
Asset usage rights	72,442	-	-	-	-	-	72,442
Other	39,613	188	4,670	(11)	(917)	43	43,586
Total cost	**1,172,552**	**(748)**	**10,263**	**(2,638)**	**(307)**	**66**	**1,179,188**
Accumulated amortisation:							
Administrative concessions	(133,703)	-	(25,154)	2,242	-	396	(156,219)
Patents, licences and trademarks	(110,760)	9	(12,564)	15	-	(29)	(123,329)
Administrative authorisations	(96,608)	-	(15,838)	-	-	-	(112,446)
Customer portfolio	(87,983)	-	(6,937)	-	-	(60)	(94,980)
Computer software	(57,826)	599	(5,878)	137	-	(398)	(63,366)
Goodwill acquired	(78)	-	-	-	-	1	(77)
Asset usage rights	(39,579)	-	(2,485)	-	6	-	(42,058)
Other	(26,236)	(19)	(3,657)	1	(18)	(41)	(29,970)
Total accumulated amortisation	**(552,773)**	**589**	**(72,513)**	**2,395**	**(12)**	**(131)**	**(622,445)**
Total impairment losses	**(37,882)**	-	-	-	-	-	**(37,882)**
Total net value	**581,897**	**(159)**	**(62,250)**	**(243)**	**(319)**	**(65)**	**518,861**

Identification and measurement of intangible assets in business combinations

The detail of the net assets acquired in the different business combinations of Applus Group are as follows:

	Thousands of Euros	
	31/12/2019	31/12/2018
Administrative authorisations	259,910	259,910
Trademarks	254,622	254,622
Administrative concessions	193,510	193,510
Customer portfolio	171,242	170,902
Rights of use	57,516	57,516
Trademark licence agreement	16,939	16,939
Databases	273	273
Total allocation of goodwill to assets	**954,012**	**953,672**

In 2019, the amortisation charge associated with these revalued assets recognised in the accompanying consolidated statement of profit or loss amounted to EUR 59,078 thousand (2018: EUR 59,163 thousand).

The most significant assumptions used to measure at fair value the assets identified in the business combinations were as follows:

- The income approach and specifically the multi-period excess earnings method, whereby the value of the asset is the present value of the projected flows from that asset over the useful life assigned to the related contract, was used to calculate the fair value of Administrative Authorisations.

- The royalty relief method, whereby the value of the asset is the present value of future royalty income from the use of the trademarks by the licensees, was used to calculate the value of the trademarks and trademark licence agreements.

- The income approach and specifically the multi-period excess earnings method, taking into account the useful lives of the customers and the discounted revenue they account for was used to calculate the value of the customer portfolios.

- The income approach and specifically the multi-period excess earnings method, whereby the value of the asset is the present value of the projected flows over the useful life assigned to the related contract, was used to calculate the fair value of administrative concessions and rights of use. The possibility of contract renewals for cash-generating units with finite lives was not considered.

The main intangible assets are as follows:

- Administrative authorisations and concessions:

  The administrative authorisations relate to vehicle roadworthiness testing services, managed solely by the Group, in Spain (Catalonia) and Finland. In the case of Catalonia the cost of the authorisation is depreciated over its useful life until 2035 (see Note 27.b). In the case of Finland, although the administrative authorisation has an indefinite useful life, it is estimated that the economic value of this authorisation will be recovered in ten years and, therefore, it is being amortised over this period, until 2020.

  Administrative concessions includes mainly the operating rights for vehicle roadworthiness testing facilities for a specified period of time. At 31 December 2019, the Applus Group was managing various administrative concessions relating to vehicle roadworthiness testing services, mainly in the US, Spain (Alicante, Aragon, Galicia and the Basque Country), Ireland, Argentina, Chile and Costa Rica. These administrative concessions, which are amortised on the basis of their useful life, expire on various dates until 2030.

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

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

- Patents, licences and trademarks:

  "Patents, Licences and Trademarks" includes the Applus, RTD and Velosi trademarks. The three trademarks are considered to have a finite useful life. The first two are being amortised over 25 years while the Velosi trademark is being amortised over 10 years. The Velosi trademark licence agreement is also being amortised over 10 years.

- Customer portfolio:

  The customer portfolio relates to the value of the various contracts entered into by the various Group companies. For the purposes of valuation, the probability of renewal and contract term were taken into account. The contracts are being amortised over the estimated useful life between 15 and 25 years.

- Asset usage rights:

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

Intangible assets by cash-generating unit

The detail, by cash-generating unit, of the intangible assets at year-end 2019 and 2018 are as follows:

	2019 – Thousands of Euros													
	Auto Spain	Energy & Industry Northern Europe	Auto Finland	Energy & Industry Summit	Energy & Industry North America	IDIADA	Energy & Industry Spain	Laboratories	Auto US	Energy & Industry Latin America	Auto Denmark	Auto Finisterre	Others	Total
Cost:														
Administrative concessions	92,659	-	-	-	-	-	182	-	12,735	-	-	156,002	-	**261,578**
Patents, licences and trademarks	18,598	89,449	10,163	58,565	28,210	12,294	40,096	8,834	6,418	1	-	-	142	**272,770**
Administrative authorisations	165,986	-	93,924	-	-	-	-	-	-	-	-	-	7,681	**267,591**
Customer portfolio and other	-	41,532	-	27,147	71,840	-	18,822	4,142	-	8,288	-	-	-	**171,771**
Computer software	4,754	9,326	295	4,166	2,411	8,041	8,021	5,027	10,524	2,860	2,060	1,176	30,168	**88,829**
Goodwill acquired	-	8,419	769	-	3,714	3,826	1,381	265	-	-	368	-	-	**18,742**
Asset usage rights	723	-	-	-	-	36,729	3	34,987	-	-	-	-	-	**72,442**
Other	545	16,904	852	452	2,763	19,837	4,143	2,493	1,102	-	937	106	-	**50,134**
Total cost	**283,265**	**165,630**	**106,003**	**90,330**	**108,938**	**80,727**	**72,648**	**55,748**	**30,779**	**11,149**	**3,365**	**157,284**	**37,991**	**1,203,857**
Accumulated amortisation:														
Administrative concessions	(73,483)	-	-	-	-	-	(182)	-	(6,761)	-	-	(94,449)	-	**(174,875)**
Patents, licences and trademarks	(8,994)	(37,973)	(4,500)	(37,649)	(13,635)	(5,951)	(19,487)	(4,300)	(3,377)	(1)	-	-	(142)	**(136,009)**
Administrative authorisations	(49,766)	-	(78,517)	-	-	-	-	-	-	-	-	-	(1,201)	**(129,484)**
Customer portfolio and other	-	(20,074)	-	(22,947)	(34,959)	-	(18,822)	(2,332)	-	(2,986)	-	-	-	**(102,120)**
Computer software	(4,206)	(6,579)	(237)	(3,213)	(1,162)	(6,730)	(7,261)	(4,236)	(7,665)	(2,384)	(2,008)	(1,034)	(22,216)	**(68,931)**
Goodwill acquired	-	-	-	-	-	-	(71)	(7)	-	-	-	-	-	**(78)**
Asset usage rights	(723)	-	-	-	-	(22,577)	(3)	(23,631)	-	-	-	-	-	**(46,934)**
Other	(522)	(9,894)	(645)	(58)	-	(15,188)	(3,636)	(2,178)	(1,102)	-	-	-	-	**(33,223)**
Total accumulated amortisation	**(137,694)**	**(74,520)**	**(83,899)**	**(63,867)**	**(49,756)**	**(50,446)**	**(49,462)**	**(36,684)**	**(18,905)**	**(5,371)**	**(2,008)**	**(95,483)**	**(23,559)**	**(691,654)**
Total impairment (Note 6)	**(7,051)**	**(16,744)**	**(8,115)**	-	-	-	-	-	**(5,972)**	-	-	-	-	**(37,882)**
Total net value	**138,520**	**74,366**	**13,989**	**26,463**	**59,182**	**30,281**	**23,186**	**19,064**	**5,902**	**5,778**	**1,357**	**61,801**	**14,432**	**474,321**

	2018 – Thousands of Euros													
	Auto Spain	Energy & Industry Northern Europe	Auto Finland	Energy & Industry Seameap	Energy & Industry North America	IDIADA	Energy & Industry Spain	Laboratories	Auto US	Energy & Industry Latin America	Auto Denmark	Auto Finisterre	Others	**Total**
Cost:														
Administrative concessions	92,659	-	-	-	-	-	182	-	17,881	-	-	153,499	-	**264,221**
Patents, licences and trademarks	18,598	89,405	10,163	58,565	28,210	12,295	40,096	8,776	6,402	1	-	-	142	**272,653**
Administrative authorisations	165,986	-	93,924	-	-	-	-	-	-	-	-	-	-	**259,910**
Customer portfolio and other	-	41,532	-	27,147	70,974	-	18,822	4,142	-	8,802	-	-	-	**171,419**
Computer software	4,689	7,562	295	4,382	1,208	7,253	7,600	4,815	10,347	2,725	2,024	1,098	23,091	77,089
Goodwill acquired	-	7,979	769	-	3,539	3,567	1,381	265	-	-	368	-	-	**17,868**
Asset usage rights	723	-	-	-	-	36,729	3	34,987	-	-	-	-	-	**72,442**
Other	545	14,912	796	248	169	18,335	4,076	2,380	1,077	-	938	110	-	**43,586**
Total cost	**283,200**	**161,390**	**105,947**	**90,342**	**104,100**	**78,179**	**72,160**	**55,365**	**35,707**	**11,528**	**3,330**	**154,707**	**23,233**	**1,179,188**
Accumulated amortisation:														
Administrative concessions	(70,431)	-	-	-	-	-	(182)	-	(11,458)	-	-	(74,148)	-	**(156,219)**
Patents, licences and trademarks	(8,250)	(35,235)	(4,163)	(32,718)	(12,506)	(5,461)	(17,891)	(3,891)	(3,071)	(1)	-	-	(142)	**(123,329)**
Administrative authorisations	(42,503)	-	(69,943)	-	-	-	-	-	-	-	-	-	-	**(112,446)**
Customer portfolio and other	-	(18,413)	-	(22,617)	(30,496)	-	(18,822)	(2,056)	-	(2,576)	-	-	-	**(94,980)**
Computer software	(3,880)	(5,578)	(131)	(3,066)	(990)	(5,923)	(6,914)	(3,899)	(7,582)	(2,079)	(1,973)	(926)	(20,425)	**(63,366)**
Goodwill acquired	-	-	-	-	-	-	(71)	(6)	-	-	-	-	-	**(77)**
Asset usage rights	(723)	-	-	-	-	(18,504)	(3)	(22,828)	-	-	-	-	-	**(42,058)**
Other	(467)	(8,834)	(546)	-	-	(13,559)	(3,365)	(2,122)	(1,077)	-	-	-	-	**(29,970)**
Total accumulated amortisation	**(126,254)**	**(68,060)**	**(74,783)**	**(58,401)**	**(43,992)**	**(43,447)**	**(47,248)**	**(34,802)**	**(23,188)**	**(4,656)**	**(1,973)**	**(75,074)**	**(20,567)**	**(622,445)**
Total impairment (Note 6)	**(7,051)**	**(16,744)**	**(8,115)**	-	-	-	-	-	**(5,972)**	-	-	-	-	**(37,882)**
Total net value	**149,895**	**76,586**	**23,049**	**31,941**	**60,108**	**34,732**	**24,912**	**20,563**	**6,547**	**6,872**	**1,357**	**79,633**	**2,666**	**518,861**

Impairment of intangible assets

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

Other matters

At 31 December 2019, fully amortised intangible assets in use amounted to EUR 92,620 thousand (31 December 2018: EUR 87,136 thousand). The Group did not have any temporarily idle items at 31 December 2019 or 2018.

At 31 December 2019 and 2018, the Group had no material firm intangible asset purchase commitments.

Certain Group companies have intangible assets that must be handed over to the Government at the end of the related concession terms or at the end of the existing contract, without considering those arisen from the business combination. The detail of the carrying amount of the assets subject to reversion at 31 December 2019 and 2018 is as follows:

	2019 – Thousands of Euros		
	Gross cost	Accumulated amortisation/ provisions	Net cost
Applus Iteuve Technology, S.L.	3	(3)	-
Applus Iteuve Euskadi, S.A.U.	478	(478)	-
LGAI Technological Center, S.A.	14,200	(13,970)	230
Supervisión y Control, S.A.U.	40,170	(35,834)	4,336
Riteve SyC, S.A.	24,404	(24,404)	-
Total	**79,255**	**(74,689)**	**4.566**

	2018 – Thousands of Euros		
	Gross cost	Accumulated amortisation/ provisions	Net cost
Applus Iteuve Technology, S.L.	6	(6)	-
Applus Iteuve Euskadi, S.A.U.	478	(478)	-
LGAI Technological Center, S.A.	14,200	(13,963)	237
Supervisión y Control, S.A.U.	40,170	(34,291)	5,879
Riteve SyC, S.A.	22,138	(21,641)	497
Total	**76,992**	**(70,379)**	**6,613**

6. Impairment of assets

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

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

In accordance with IAS 36, the Recoverable Amount of the Group's CGUs was estimated based on the Value in Use. The only exception corresponds to CGU Finisterre which estimation is based on fair value.

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

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

Impairment test assumptions

The key assumptions to determine fair value that were used to test for impairment in 2019 and 2018 were as follows:

a) Perpetuity growth rate:

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

b) Discount rate:

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

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

The detail of the discount rate ("WACC") and of the perpetuity growth rate in 2019 and 2018 by business and geographical area is as follows

Business	2019		2018	
	Discount rate before tax ("WACC")	Discount rate considered in calculating the terminal value ("g")	Discount rate before tax ("WACC")	Discount rate considered in calculating the terminal value ("g")
Auto	7.5 - 16.5%	1.5% -3.0%	7.5% - 18.1%	1.9% - 2.9%
Energy & Industry	9.1% -14.8%	1.5% -3.1%	9.6% - 15.9%	1.9% - 3.1%
Laboratories	9.4%	1.7%	10.1%	2.0%
IDIADA	11.3%	1.7%	11.4%	2.0%

Country/geographical area	2019		2018	
	Discount rate before tax ("WACC")	Discount rate considered in calculating the terminal value ("g")	Discount rate before tax ("WACC")	Discount rate considered in calculating the terminal value ("g")
Spain	9.4% - 11.5%	1.5% - 1.7%	9.6% - 11.4%	1.9% - 2.0%
Rest of Europe	7.5% - 9.5%	1.6% - 1.9%	7.5% - 9.6%	1.9% - 2.0%
US and Canada	8.4% - 10.7%	2.3%	10.0% - 11.4%	2.2%
Latin America	14.8% - 16.5%	3% - 3.1%	15.9% - 18.1%	2.9% - 3.1%

c) Income and expense projections:

Group Executive Committee prepares and updates a Business Plan by geography and line of business. The main components of this plan are projections on operating income and expenses, investments and working capital. The Business Plan includes the 2020 budget approved by the Board of Directors of the Parent company together with the expectations for the following years.

In order to calculate the Recoverable Amount of each asset the present value of its cash flows was determined using the budget for 2020 and the Business Plan for the next years prepared by the Group Executive Committee.

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

The Group Executive Committee has performed an impairment test for every CGU and it was not considered necessary to recognise any impairment losses in 2018 or 2019.

Sensitivity analysis

The maximum buffer of the key assumptions (percentage decrease in EBITDA, increase in WACC before tax and changes in the perpetuity growth rate) that would make the carrying amount equal to the recoverable amount is as follows:

Cash-generating unit	Cash Flows reduction	WACC before taxes	Discount Rate (g)
Auto Spain	27.4%	16.5%	< 0%
Auto Finisterre	11.0%	15.8%	< 0%
Auto Denmark	61.8%	21.5%	< 0%
Auto Finland	13.8%	8.4%	0.8%
Auto US	51.7%	37.3%	< 0%
Energy & Industry Northern Europe	23.4%	12.1%	< 0%
Energy & Industry North America	7.0%	9.8%	1.2%
Energy & Industry Seameap	54.1%	24.3%	< 0%
Energy & Industry Spain	55.1 %	27.4%	< 0%
Energy & Industry Latin America	12.5%	16.8%	< 0%
IDIADA	10.7 %	16.5%	< 0%
Laboratories	18.8 %	12.3%	< 0%

The Parent's directors consider that, in view of the existing buffers as compared with the values used in the 2019 tests, no possible future negative impact on the Group's activities would significantly affect the impairment of the net assets associated with the CGUs.

7. Property, plant and equipment

The changes in 2019 and 2018 in the various property, plant and equipment accounts and in the related accumulated depreciation and provision were as follows:

	2019 – Thousands of Euros						
	Balance at 1 January 2019	Changes in the scope of consolidation (Note 2.b.e.1)	Additions or charge for the year	Disposals or reductions	Transfers	Changes in exchange rates and other	Balance at 31 December 2019
Cost:							
Land and buildings	170,572	4,635	2,614	(14,438)	(1,182)	108	162,309
Plant and machinery	292,313	3,448	23,345	(2,856)	10,415	2,743	329,408
Other fixtures, tools and furniture	72,479	634	7,096	(686)	2,386	240	82,149
Other items of property, plant and equipment	82,118	3,575	5,537	(21,173)	236	6,597	76,890
Advances and property, plant and equipment in progress	22,158	138	18,945	(234)	(26,941)	98	14,164
Grants	(698)	-	9	(345)	(2)	-	(1,036)
Total cost	**638,942**	**12,430**	**57,546**	**(39,732)**	**(15,088)**	**9,786**	**663,884**
Accumulated depreciation:							
Land and buildings	(69,935)	(454)	(5,059)	3,415	1,602	(288)	(70,719)
Plant and machinery	(207,940)	(3,148)	(22,070)	2,446	16	(2,772)	(233,468)
Other fixtures, tools and furniture	(58,909)	(141)	(3,066)	1,939	(580)	(191)	(60,948)
Other items of property, plant and equipment	(79,484)	(1,276)	(5,881)	20,275	(248)	(920)	(67,534)
Total accumulated depreciation	**(416,268)**	**(5,019)**	**(36,076)**	**28,075**	**790**	**(4,171)**	**(432,669)**
Total impairment	**(2,100)**	-	**(1,750)**	**583**	-	**(1,214)**	**(4,481)**
Total net value	**220,574**	**7,411**	**19,720**	**(11,074)**	**(14,298)**	**4,401**	**226,734**

	2018 – Thousands of Euros						
	Balance at 1 January 2018	Changes in the scope of consolidation (Note 2.b.e.3)	Additions or charge for the year	Disposals or reductions	Transfers	Changes in exchange rates and other	Balance at 31 December 2018
Cost:							
Land and buildings	157,579	929	3,108	(1,980)	6,549	4,387	170,572
Plant and machinery	262,054	5,900	15,348	(2,602)	9,944	1,669	292,313
Other fixtures, tools and furniture	71,896	(26)	1,224	(1,117)	132	370	72,479
Other items of property, plant and equipment	72,503	5,674	3,975	(1,353)	(548)	1,867	82,118
Advances and property, plant and equipment in progress	21,502	64	17,417	(1,458)	(15,365)	(2)	22,158
Grants	(714)	-	-	15	-	1	(698)
Total cost	**584,820**	**12,541**	**41,072**	**(8,495)**	**712**	**8,292**	**638,942**
Accumulated depreciation:							
Land and buildings	(62,437)	(387)	(5,453)	890	722	(3,270)	(69,935)
Plant and machinery	(182,007)	(3,539)	(20,794)	1,743	(1,961)	(1,382)	(207,940)
Other fixtures, tools and furniture	(56,546)	65	(2,978)	901	(21)	(330)	(58,909)
Other items of property, plant and equipment	(71,486)	(3,483)	(3,596)	30	867	(1,816)	(79,484)
Total accumulated depreciation	**(372,476)**	**(7,344)**	**(32,821)**	**3,564**	**(393)**	**(6,798)**	**(416,268)**
Total impairment	**(1,948)**	-	**(1,000)**	**848**	-	-	**(2,100)**
Total net value	**210,396**	**5,197**	**7,251**	**(4,083)**	**319**	**1,494**	**220,574**

In 2019 the additions are related to the Group's normal course of operations.

The gross value of fully depreciated items of property, plant and equipment in use at 31 December 2019 amounted to EUR 264,023 thousand (31 December 2018: EUR 251,462 thousand). The Group did not have any temporarily idle items at 31 December 2019 or 2018.

The Group has taken out insurance policies to cover the possible risks to which its property, plant and equipment are subject.

At 31 December 2019 and 2018, the Group did not have any significant firm property, plant and equipment purchase commitments.

No borrowing costs had been capitalised to property, plant and equipment at the end of 2019 and 2018 and no disbursements made or advances granted at 31 December 2019 or 2018.

Certain Group companies have property, plant and equipment items that must be handed over to the Government at the end of the related concession term or at the end of the applicable agreement pursuant to the terms and conditions thereof. The detail of the net cost of the assets subject to reversion at 31 December 2019 and 2018 is as follows:

	2019 - Thousands of Euros		
	Gross cost	Accumulated depreciation/ Impairment	Net Cost
IDIADA Automotive Technology, S.A.	74,488	(39,997)	34,491
Applus Iteuve Technology, S.L.U.	37,670	(35,685)	1,985
Applus Uruguay, S.A.	5,502	(1,031)	4,471
Applus Iteuve Euskadi, S.A.U.	2,323	(2,020)	303
Total	**119,983**	**(78,733)**	**41,250**

	2018 - Thousands of Euros		
	Gross cost	Accumulated depreciation/ Impairment	Net Cost
IDIADA Automotive Technology, S.A.	63,520	(34,071)	29,449
Applus Iteuve Technology, S.L.U.	43,841	(40,006)	3,835
Applus Uruguay, S.A.	6,205	(388)	5,817
Applus Iteuve Euskadi, S.A.U.	2,344	(1,979)	365
Total	**115,910**	**(76,444)**	**39,466**

At 31 December 2019 and 2018, no significant property, plant and equipment were subject to restrictions or pledged as security for liabilities.

8. Non-current financial assets

The changes in the various non-current financial asset accounts in 2019 and 2018 have been as follows:

	2019 – Thousands of Euros				
	Balance at 1 January 2019	Additions or charge for the year	Disposals, transfers or dividend distribution	Change in exchange rate	Balance at 31 December 2019
Non-current receivables	18,768	2,309	(1,338)	659	20,398
Deposits and guarantees	9,352	1,301	(1,092)	44	9,605
Impairment	(600)	-	597	-	(3)
Total	**27,520**	**3,610**	**(1,833)**	**703**	**30,000**

	2018 – Thousands of Euros				
	Balance at 1 January 2018	Additions or charge for the year	Disposals, transfers or dividend distribution	Change in exchange rate	Balance at 31 December 2018
Non-current receivables	1,950	16,884	(78)	12	18,768
Deposits and guarantees	7,440	3,231	(1,187)	(132)	9,352
Impairment	(600)	-	-	-	(600)
Total	**8,790**	**20,115**	**(1,265)**	**(120)**	**27,520**

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

Deposits and guarantees

At 31 December 2019, "Deposits and Guarantees" included EUR 5.1 million (2018: EUR 4.4 million) relating to restricted cash deposits to secure certain contracts entered into.

9. Inventories

The detail of the Group's inventories at 31 December 2019 and 2018 is as follows:

	Thousands of Euros	
	31/12/2019	31/12/2018
Goods held for resale	8,040	7,535
Raw materials and other supplies	454	605
Total inventories	**8,494**	**8,140**

These inventories relate mainly to X-Ray material used in non-destructive testing by the Energy & Industry division, reagents, fungibles and chemical compounds used in laboratory or field tests by the Laboratories division and spare parts and items used at the vehicle roadworthiness testing centres of the Automotive division.

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

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

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

The detail of these current asset headings in the accompanying consolidated statement of financial position as at 31 December 2019 and 2018 is as follows:

	Thousands of Euros	
	31/12/2019	31/12/2018
Trade receivables for sales and services	302,038	298,910
Work in progress	110,510	103,081
Provision for doubtful debts	(24,833)	(27,573)
Trade receivables for sales and services	**387,715**	**374,418**
Trade receivables from related companies (Note 28)	233	72
Other receivables	18,005	9,505
Other accounts receivable from public authorities	7,328	7,008
Total trade and other receivables	**413,281**	**391,003**

The Group's average collection period for services rendered was 56 days in 2019 (2018: 58 days).

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

The detail of the age of the debt under "Trade Receivables for Sales and Services" is as follows:

	Thousands of Euros	
	31/12/2019	31/12/2018
Not due	188,869	189,543
0-30 days	41,947	46,431
31-90 days	30,203	22,719
91-180 days	12,696	10,954
181-360 days	11,469	7,720
More than 360 days	16,854	21,543
Total trade receivables for sales and services	**302,038**	**298,910**
Provision for doubtful debts	**(24,833)**	**(27,573)**
Total trade receivables for sales and services, net	**277,205**	**271,337**

As indicated in Note 3.q in relation to the recognition of revenue from contracts with customers (IFRS 15), for contracts in which performance obligations are measured over time, the difference between the revenue recognised for services rendered and the amounts actually billed to the customer is analysed systematically on a contract-by-contract basis. If the amount billed is lower than the revenue recognised, the difference is recognised as an asset under "Trade Receivables for Sales and Services - Amounts to be Billed for Projects in Progress" for amounts which the Parent's Directors consider are reasonably certain to be ultimately billed, whereas if the amount of revenue recognised is lower than the amount billed, a liability is recognised under "Current Trade and Other Payables - Amounts Billed in Advance by work in progress" (see Note 19). In 2019 there were no significant changes in the aforementioned line items as a result of business combinations or significant adjustments to the measurement of the stage of completion, transaction prices or the contracts that would have a significant impact on the revenue recognised in the year.

Credit risk

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

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

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

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

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

The changes in "Allowance for Doubtful Debts", in accordance with the expected credit loss model, in 2019 and 2018 were as follows:

	Thousands of Euros
Balance at 1 January 2018	**35,398**
Additions	7,235
Amounts used	(8,130)
Disposals	(7,438)
Effect of exchange rate changes	508
Balance at 31 December 2018	**27,573**
Additions	10,692
Amounts used	(5,992)
Disposals	(7,666)
Effect of exchange rate changes	226
Balance at 31 December 2019	**24,833**

11. Current financial assets, cash and cash equivalents

Current financial assets

At 31 December 2019, the amount included as short-term deposits and guarantees amounting to EUR 1,902 thousand (31 December 2018: EUR 2,269 thousand) and other financial assets of EUR 10,007 thousand (31 December 2018: EUR 7,429 thousand), whose conversion to cash is expected to be within 12 months.

In 2019 the Group provided a deposit of EUR 8,572 thousand in relation to the purchase agreement of the company Iteuve Canarias, S.L.. Such acquisition is expected to be accomplished in the first months of 2020 after the approval from the Spanish National Markets and Competition Commission (CNMC). The Parent's Directors considers that the terms and conditions of the agreement will be achieved in the near term.

Cash and cash equivalents

At 31 December 2019 and 2018, the amount classified as "Cash and Cash Equivalents" in the accompanying consolidated statement of financial position related in full to cash, and to financial assets readily convertible into known amounts of cash subject to an insignificant risk of change in value and maturity less than 3 months.

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

12. Equity

a) Share capital

At 31 December 2016, the Parent's share capital was represented by 130,016,755 fully subscribed and paid-up common shares of EUR 0.10 par value each.

On 28 September 2017, the Parent's share capital was increased by EUR 1,300 thousand through the creation of 13,001,675 new shares of EUR 0.10 par value each and with a share premium of EUR 135,866 thousand at EUR 10.45 per share. The capital increase was carried out by means of monetary contributions for the full amount which totaled EUR 137,166 thousand.

The expenses incurred in relation to the capital increase carried out in 2017 amounted to EUR 1,717 thousand, net of the tax effect, and were recognised with a charge to reserves.

Therefore, at 31 December 2019 and 2018, the Parent's share capital is represented by 143,018,430 fully subscribed and paid-up common shares of EUR 0.10 par value each.

As per the notifications submitted to the Spanish National Securities Market (CNMV), the shareholders owning significant direct or indirect interests in the share capital of the Parent representing more than 3% of the total share capital as of 31 December 2019, were as follows:

	% share
River & Mercantile Group P.L.C	5.048%
Threadneedle Asset Management Limited	4.993%
Norges Bank	4.983%
DWS Investment S.A.	3.476%

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

b) Reserves and share premium

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

At the end of 2019 the balance of this reserve amounts to EUR 2,860 thousand and it had reached the legally required minimum (EUR 2,860 thousand at the end of 2018).

At 31 December 2019 and 2018, the share premium reserves amounted to EUR 449,391 thousand and it is fully available.

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

c) Treasury shares

At 31 December 2019, the Group held a total of 343,849 treasury shares at an average cost of EUR 11.93 per share. The value of these treasury shares totalled EUR 4,102 thousand, which is recognised under "Treasury Shares" in the accompanying consolidated statement of financial position as at 31 December 2019 (see Note 3.x).

At 31 December 2018, the Group held a total of 283,400 treasury shares at an average cost of EUR 12.01 per share. The value of these treasury shares totalled EUR 3,405 thousand, which is recognised under "Treasury Shares" in the accompanying consolidated statement of financial position as at 31 December 2018 (see Note 3.x).

d) Profit per share

The profit per share is calculated on the basis of the profit attributable to the shareholders of the Parent divided by the average number of ordinary shares outstanding in the year. At 31 December 2019 and 2018 the profit per share is as follows:

	2019	2018
Number of shares at year end	143,018,430	143,018,430
Average number of shares during the year	143,018,430	143,018,430
Net consolidated profit attributable to the Parent (thousands of euros)	55,650	41,208
Number of treasury shares	343,849	283,400
Number of shares in circulation	142,674,581	142,735,030
Total number of shares	143,018,430	143,018,430
Profit per share (in euros per share)		
- Basic	0.390	0.288
- Diluted	0.390	0.288

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

e) Foreign currency translation reserve

The detail of "Foreign currency translation reserve" in the consolidated statement of financial position as at 31 December 2019 and 2018 is as follows:

	Thousands of Euros	
	31/12/2019	31/12/2018
Applus+ Energy & Industry	(6,869)	(9,666)
Applus+ Laboratories	233	(395)
Applus+ Automotive	(41,530)	(40,410)
Applus+ IDIADA	115	15
Other	4,616	2,377
Total	**(43,435)**	**(48,079)**

f) *Capital risk management*

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

The data relating to the financial leverage ratios at the end of 2019 and 2018 are as follows:

	Thousands of Euros	
	31/12/2019	31/12/2018
Bank borrowings (Note 14)	605,087	616,444
Other financial liabilities (Note 15)	25,993	24,532
Current financial assets (Note 11)	(11,909)	(9,698)
Cash and cash equivalents	(145,160)	(132,318)
Net financial debt	**474,011**	**498,960**
Total equity	**824,455**	**810,885**
Leverage (Net financial debt / Net debt + Equity)	**37%**	**38%**

13. Non-controlling interests

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

The detail of the non-controlling interests of the fully consolidated companies in which ownership is shared with third parties in 2019 and 2018 is as follows:

	2019 - Thousands of Euros		
	Share capital and reserves	Profit (Loss)	Total
LGAI Technological Center, S.A. subgroup	14,159	2,166	16,325
IDIADA Automotive Technology, S.A. subgroup	9,126	4,273	13,399
Arctosa Holding B.V. subgroup	1	(169)	(168)
Velosi S.à r.l. subgroup	6,998	5,201	12,199
Applus Iteuve Technology, S.L.U. subgroup	(2,636)	9,408	6,772
Total non-controlling interests	**27,648**	**20,879**	**48,527**

	2018 - Thousands of Euros		
	Share capital and reserves	Profit (Loss)	Total
LGAI Technological Center, S.A. subgroup	14,436	1,204	15,640
IDIADA Automotive Technology, S.A. subgroup	8,129	4,683	12,812
Arctosa Holding B.V. subgroup	201	(91)	110
Velosi S.à r.l. subgroup	11,892	4,929	16,821
Applus Iteuve Technology, S.L.U. subgroup	1,038	8,261	9,299
Total non-controlling interests	**35,696**	**18,986**	**54,682**

The changes in "Non-Controlling Interests" in 2019 and 2018 are summarised as follows:

	Thousands of Euros	
	2019	2018
Beginning balance	**54,682**	**51,357**
Changes in the scope of consolidation (Note 2.b.e.)	(1,252)	(978)
Dividends	(25,518)	(14,818)
Translation differences	285	260
Other changes	(549)	(125)
Profit for the year	20,879	18,986
Ending balance	**48,527**	**54,682**

14. Obligations and bank borrowings

The detail, by maturity, of the obligations and bank borrowings in the accompanying consolidated statement of financial position at 31 December 2019 and 2018 are as follows:

	2019 - Thousands of Euros						
	Limit	Short Term Drawn	Long Term Drawn				**Total**
			2021	2022	2023	2024 onwards	
Facility A "Term Loan"	**200,000**	-	-	-	-	200,000	**200,000**
Facility B "Revolving Credit Facility"	**400,000**	-	-	-	-	115,000	**115,000**
US Private Placement lenders	**230,000**	-	-	-	-	230,000	**230,000**
Accrued interests	-	2,808	-	-	-	-	**2,808**
Debt Arrangement fees	-	(976)	(973)	(973)	(539)	(301)	**(3,762)**
Other loans	-	461	243	216	211	76	**1,207**
Credit facilities	**146,067**	54,397	-	-	-	-	**54,397**
Obligations under finance leases	-	2,503	1,438	842	534	120	**5,437**
Total	**976,067**	**59,193**	**708**	**85**	**206**	**544,895**	**605,087**

	2018 - Thousands of Euros						
	Limit	Short Term Drawn	Long Term Drawn				**Total**
			2020	2021	2022	2023 onwards	
Facility A "Term Loan"	**200,000**					200,000	**200,000**
Facility B "Revolving Credit Facility"	**400,000**	-	-	-	-	180,000	**180,000**
US Private Placement lenders	**230,000**	-	-	-	-	230,000	**230,000**
Accrued interests	-	3,096	-	-	-	-	**3,096**
Debt Arrangement fees	-	(973)	(975)	(973)	(973)	(840)	**(4,734)**
Other loans	-	10	-	-	-	-	**10**
Credit facilities	**125,322**	7,604	-	-	-	-	**7,604**
Obligations under finance leases	-	246	93	72	32	25	**468**
Total	**955,322**	**9,983**	**(882)**	**(901)**	**(941)**	**609,185**	**616,444**

On 11 July 2018, the Applus Group repaid the syndicated loan existing at the time early and entered into a new loan agreement with a syndicate of nine banks and a private placement with two US institutional investors. As a result, the Group improved the terms and conditions of the previous syndicated loan by changing, inter alia, the currencies, interest rates, maturities and lenders. These new debt contracts do not include any pledge on shares of any of the Group companies, and all previously granted share pledges have been cancelled.

In accordance with IFRS 9, the Group cancelled the original liabilities, recognised the new financial liability at amortised cost, and charged the arrangement expenses for the previous debt amounting to EUR 3,945 thousand to profit or loss account.

The consolidated Group's debt structure is composed of a portion of bank borrowings and a placement of private debt with institutional investors. The bank borrowings consist of a multi-currency syndicated loan of EUR 600 million, which comprises of a Facility A "Term Loan" of EUR 200 million and a Facility B "Revolving Credit Facility" of EUR 400 million. The total amount of the private debt is EUR 230 million.

a) Syndicated loan and private placement debt

The syndicated loan bears interest at Euribor for tranches in euros and at Libor for tranches in foreign currency (currently not drawn down) plus a spread based on a leverage grid for each Facility.

All the tranches had a single maturity at 27 June 2023, which may be extended for a total of two additional years at the end of the first and second years. On 27 June 2019 all tranches have been extended to 27 June 2024.

The private placement debt was placed from two US institutional investors. The structure includes a tranche of EUR 150 million maturing on 27 June 2025 and a tranche of EUR 80 million maturing on 27 June 2028.

The Group debt structure in 2019 and 2018 is as follows:

2019

Tranche	Thousands of Euros		Maturity
	Limit	Amount drawn + interest added to principal	
Facility A "Term Loan"	200,000	200,000	27/06/2024
Facility B "Revolving Credit Facility"	400,000	115,000	27/06/2024
US Private Placement lenders - 7 years	150,000	150,000	27/06/2025
US Private Placement lenders - 10 years	80,000	80,000	27/06/2028
Accrued Interests	-	2,808	
Debt arrangement expenses	-	(3,762)	
Total	**830,000**	**544,046**	

2018

Tranche	Thousands of Euros		Maturity
	Limit	Amount drawn + interest added to principal	
Facility A "Term Loan"	200,000	200,000	27/06/2023
Facility B "Revolving Credit Facility"	400,000	180,000	27/06/2023
US Private Placement lenders - 7 years	150,000	150,000	27/06/2025
US Private Placement lenders - 10 years	80,000	80,000	27/06/2028
Accrued Interests	-	3,096	
Debt arrangement expenses	-	(4,734)	
Total	**830,000**	**608,362**	

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

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

At 31 December 2019, the ratio calculated on the basis of the contractually established definitions of net consolidated debt and consolidated EBITDA, was 2.0x.

The Parent's Directors expect the financial leverage ratio covenant to be met.

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

a.2) Guarantees given

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

b) Credit facilities and other loans

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

The Group entered into a non-recourse factoring agreement to sell outstanding receivables from customers for up to a maximum of EUR 20 million bearing interest at the market rate, of which EUR 11,590 thousand had been used at 2019 year-end (2018 year-end: EUR 15,619 thousand).

c) *Disclosure for currency of obligations and bank borrowings*

The detail of the main current and non-current obligations and bank borrowings at 31 December 2019 and 2018, by currency, is as follows:

	2019 - Thousands of Euros						
	Euro	US dollar	Pound sterling	Malaysian ringgit	Colombian peso	Others	Total
Syndicated loan	314,046	-	-	-	-	-	**314,046**
US Private Placement	230,000	-	-	-	-	-	**230,000**
Others loans	935	-	-	-	-	272	**1,207**
Credit facilities	51,547	68	8	765	1,967	42	**54,397**
Finance leases	57	5,108	100	-	-	172	**5,437**
Total	**596,585**	**5,176**	**108**	**765**	**1,967**	**486**	**605,087**

	2018 - Thousands of Euros						
	Euro	US dollar	Pound sterling	Malaysian ringgit	Colombian peso	Others	Total
Syndicated loan	378,362	-	-	-	-	-	**378,362**
US Private Placement	230,000	-	-	-	-	-	**230,000**
Others loans	10	-	-	-	-	-	**10**
Credit facilities	2,522	21	2	367	4,464	228	**7,604**
Finance leases	-	104	158	-	-	206	**468**
Total	**610,894**	**125**	**160**	**367**	**4,464**	**434**	**616,444**

15. Other non-current financial liabilities

The detail at 31 December 2019 and 2018 is as follows:

	Thousands of Euros	
	31/12/2019	31/12/2018
Payable due to reversion	18,999	19,204
Other non-current financial liabilities	6,994	5,328
Total other non-current financial liabilities	**25,993**	**24,532**

"Payable due to reversion" for 2019 and 2018 essentially includes the provisions for the guarantees covering the reversion of land on which certain vehicle roadworthiness testing centres (see Note 27.b). The payment period relating to these guarantees will not be known until the process described in Note 27.b has been completed.

"Other financial liabilities" includes mainly various loans with favourable terms and conditions that the subsidiaries have been granted by various public bodies. These loans mature between 2021 and 2027.

16. Financial risks and derivative financial instruments

Financial risk management policy

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

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

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

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

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

a) <u>Foreign currency risk</u>

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

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

- If the financial market of the country in which the investment is made allows for adequate financing to be obtained in terms of timing and cost, hedging is naturally obtained through financing taken in the same currency as that of the investment.

- If the above is not possible, the Group determines asset and liability sensitivity to exchange rate fluctuations on the basis of the extent and severity (volatility) of the risk exposure.

In relation to foreign currency risk, the estimated sensitivity in the Group's consolidated statements of profit or loss for 2019 and 2018 to a change of +/-5% in the exchange rates against the euro of the main currency in which the Group operates, US dollar, would entail approximately a +/-1% variation of the Group's revenues.

b) <u>Interest rate risk</u>

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

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

As part of the debt refinancing process, a private debt placement was taken at a fixed rate of interest.
Private Placement Debt represented 42% of total drawn debt at 31 December 2019.

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

	2019	2018
Average interest rate	1.97%	2.09%
Average financial debt drawn (thousands of euros)	606,055	642,759

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

	2019		2018	
Change in interest rate	+0.50%	-0.50%	+0.50%	-0.50%
Change in borrowing costs (thousands of euros)	1,880	(1,880)	2,669	(2,669)

c) *Liquidity risk*

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

The Group takes various preventative measures to manage liquidity risk:

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

Hedging instruments arranged

At the end of 2019 and 2018, the Group does not have any hedging instruments arranged.

17. Non-current provisions

The detail of "Non-Current Provisions" in 2019 and 2018 year end is as follows (in thousands of euros):

	31/12/2019	31/12/2018
Long-term employee obligations	12,999	11,255
Other provisions	13,901	12,109
Non-Current provisions	**26,900**	**23,364**

The changes in “Non-Current Provisions” in 2019 and 2018 are as follows:

	Thousands of Euros
Balance at 1 January 2018	**17,258**
Changes in the scope of consolidation (Note 2.b.e)	874
Additions	6,705
Amounts used	(3,226)
Effect of exchange rate changes	1,753
Balance at 31 December 2018	**23,364**
Changes in the scope of consolidation (Note 2.b.e)	(32)
Additions	5,421
Amounts used	(2,034)
Effect of exchange rate changes	181
Balance at 31 December 2019	**26,900**

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

a) *Long-term employee obligations:*

In 2019, long term employee obligations contain, mainly, benefits to certain employees of the Energy & Industry Seameap cash-generating unit amounting to EUR 8,749 thousand (2018: EUR 7,188 thousand) and to employees of the Energy & Industry Northern Europe cash-generating unit amounting to EUR 1,553 thousand (2018: EUR 1,401 thousand) and to certain staff of the Finisterre cash-generating unit amounting to EUR 2,526 thousand (2018: EUR 2,520 thousand).

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

The benefits of the Energy & Industry Seameap CGU relate, mainly, to benefits that employees from companies located in the Middle East and Italy receive at the end of their employment in Applus Group.

The benefits of the Finisterre CGU relate to benefits that the employees from companies mainly located in Spain receive at the end of their service at Applus Group.

b) *Other provisions:*

Other provisions mainly contain:

	Thousands of Euros	
	31/12/2019	31/12/2018
Tax risks	3,318	3,318
Legal contingencies	2,455	2,929
Other provisions	8,128	5,862
Total	**13,901**	**12,109**

The tax contingencies covered by provisions are described in Note 20.f. since, at 31 December 2019, no changes had occurred in the estimates made by management, these provisions were not re-estimated, and neither were they re-estimated as a result of the adoption of IFRIC 23.

Legal contingencies balance has not changed significantly during last years.

18. Other non-current and current liabilities

The detail of "Other Non-Current Liabilities" and "Other Current Liabilities" in 2019 and 2018 is as follows (in thousands of Euros):

	31/12/2019	31/12/2018
Variable price of the acquisition of ownership interest payable at long term	18,863	17,195
Other non-current liabilities	10,614	19,881
Other non-current liabilities	**29,477**	**37,076**
Variable price of the acquisition of ownership interest payable at short term	1,124	3,166
Other current liabilities	5,564	6,463
Other current liabilities	**6,688**	**9,629**
Total other liabilities	**36,165**	**46,705**

"Variable price of the acquisition of ownership interest payable" includes the amounts payable for business combinations performed in 2019 and prior years in relation to contingency payouts and variable payouts (earn outs), which the Parent's Directors consider will comply with the related payment terms and conditions and should therefore be paid. The aforementioned amounts are classified as current and non-current in accordance with the date scheduled for their payment.

In relation to the acquisition of 80% of Inversiones Finisterre, S.L., performed in 2017, there is an agreement where a call and put options are granted for the potential acquisition of the remaining 20% of the Finisterre Group from July 2022, subject to the occurrence of certain events. The Applus Group has recognised a liability for the present value of the estimated amount of this option of EUR 14.8 million (2018: EUR 14.7 million) in "Variable price of the acquisition of ownership interest payable at long term", in accordance with IAS 32.23.

"Other Current Liabilities" and "Other non-current Liabilities" include mainly other financial payables not related to bank borrowings.

19. Trade and other payables

The detail of trade and other payables in 2019 and 2018 is as follows:

	Thousands of Euros	
	31/12/2019	31/12/2018
Trade and other payables	186,571	177,183
Trade and other payables with related companies (Note 28.b)	3	3
Remuneration payable	68,883	64,098
Tax payable	74,585	66,655
Total	**330,042**	**307,939**

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

The Group's average payment period in 2019 was 60 days (2018: 60 days).

"Remuneration Payable" mainly relates to ordinary remuneration payable which includes the annual bonus and other remunerations payable such as extra-pay and holidays accruals.

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

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

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

	2019	2018
	Days	
Average payment period to suppliers	60	60
Ratio of transactions settled	61	61
Ratio of transactions not yet settled	52	53
	Thousands of Euros	
Total payments made	170,835	156,667
Total payments outstanding	19,320	27,681

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

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

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

The maximum payment period applicable to the Spanish consolidated companies under Law 3/2004, of 29 December 2004, on combating late payment in commercial transactions, is 30 days. This period may be extended by an agreement between the parties, but under no circumstances should be superior to 60 natural days (same legal period in 2018).

However, most of the payments outstanding by the Spanish consolidated companies at year end has been paid during the first two months of the year 2020.

20. Corporate income tax

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

The detail of the corporate income tax expense recognised in 2019 and 2018 is as follows (in thousands of euros):

	2019	2018
Current tax:		
For the year	38,236	29,115
	38,236	**29,115**
Deferred tax:		
For the year	(5,224)	(3,515)
Impact of Royal Decree-Law 3/2016	(2,636)	(2,250)
	(7,860)	**(5,765)**
Corporate Income tax expense	**30,376**	**23,350**

The detail of the changes in deferred taxes, recognised as corporate income tax expense/(benefit) in the consolidated statement of profit or loss in 2019 and 2018, is as follows (in thousands of euros):

	2019	2018
Tax credits for tax loss carry forwards	9,880	2,247
Withholding taxes and other unused tax credits	(263)	234
Temporary differences:		
Amortisation of intangible assets	(13,358)	(13,978)
Finance costs - Spanish companies	106	3,525
Impact of Royal Decree-Law 3/2016	(2,636)	(2,250)
IFRS 16 impact	210	
Others	(1,799)	4,457
Deferred corporate income tax expense/(benefit)	**(7,860)**	**(5,765)**

The corporate income tax expense is calculated in 2019 and 2018 as follows (in thousands of euros):

	2019	2018
Profit before tax	**106,905**	**83,544**
Consolidated corporate income tax rate at 25%	**26,726**	**20,886**
Tax effect of:		
Differences due to corporate income tax rates in different countries	15,664	6,219
Deduction of unrecognised tax assets and others	(12,014)	(3,755)
Corporate income tax expense	**30,376**	**23,350**

Royal Decree-Law 3/2016, of 2 December, adopting tax measures aimed at consolidating public finances and other urgent social measures, was published in the Spanish Official State Gazette on 3 December 2016.

As a result of this Royal Decree-Law, at 2016 year-end the Spanish consolidated tax group recognised a tax expense amounting to EUR 11,363 thousand in the accompanying consolidated statement of profit or loss (EUR 2,273 thousand in current tax and EUR 9,090 thousand in deferred tax), since it was considered that there are very severe restrictions on the transfer of certain securities representing investments in the share capital or equity of some subsidiaries before the five-year period expires, due to legal, contractual or other reasons, in relation to the sale or settlement of the investments concerned, and to the circumstances specifically affecting them. This amount covers the impairment losses to be reversed and included in the tax base in the five year period from 2016 to 2020.

20.b Current corporate income tax assets and liabilities

The detail of the current corporate income tax receivables and payables at the end of 2019 and 2018 is as follows (in thousands of euros):

	31/12/2019	31/12/2018
Current corporate income tax assets	23,391	19,024
Corporate income tax prepayments	**23,391**	**19,024**
Current corporate income tax liabilities	13,802	14,798
Corporate income tax payables	**13,802**	**14,798**

20.c Deferred tax assets

The detail of Deferred Tax Assets at the end of 2019 and 2018 is as follows:

	Thousands of Euros	
	31/12/2019	31/12/2018
Tax losses of Spanish companies	25,641	29,303
Tax losses of US companies	108	4,449
Tax losses of other foreign companies	2,832	4,709
Tax credits for tax loss carry forwards	**28,581**	**38,461**
Tax credits of Spanish companies	4,380	4,380
Tax credits and Withholding taxes of foreign companies	8,283	8,020
Withholding taxes and other tax credits	**12,663**	**12,400**
Temporary differences due to the non-deductibility of financial expenses as provided for in Royal Decree-Law 12/2012	-	106
Other temporary differences - Spanish companies	6,225	3,014
Temporary differences - foreign companies	13,887	12,757
Temporary differences – IFRS 16	4,149	-
Total temporary differences	**24,261**	**15,877**
Total deferred tax assets	**65,505**	**66,738**

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

At the end of each year the Parent's Directors analyse the recoverability of the deferred tax assets and only recognise those that they consider will probably be recovered over a time period of less than ten years.

The factors taken into consideration by the Parent's Directors to recognise as a deferred tax asset, including tax credit for tax loss carry forwards, withholding taxes, and tax credits for temporary differences at 31 December 2019, which support their future recoverability, are as follows:

- In 2019 and 2018 the consolidated tax group in Spain obtained taxable income of EUR 88,550 and EUR 48,696 thousand which enabled it to use unrecognised tax losses from prior years amounting to EUR 6,152 and EUR 2,540 thousand, respectively.

The prior years' tax loss carry forwards of the companies at the end of 2019 and 2018 are as follows:

Year incurred	Thousands of Euros			
	2019		2018	
	Recognised	Not recognised	Recognised	Not recognised
2005	-	8,336	-	8,336
2007	5,205	17,684	5,205	18,866
2008	474	-	474	-
2009	7,005	190	21,378	277
2010	57,460	189	57,460	486
2011	38,563	980	38,562	1,040
2012	-	1,916	1,143	3,213
2013	-	1,557	2,796	3,841
2014	429	6,403	4,501	5,232
2015	-	5,541	8,805	10,801
2016	-	10,929	7,507	21,967
2017	-	12,840	4.294	15,226
2018	-	11,387	930	9,990
2019	-	11,464	-	-
Total	**109,136**	**89,416**	**153,055**	**99,275**

The recognised tax losses from the Spanish consolidated tax group are EUR 102,564 thousand recognised and EUR 26,133 thousand not recognised.

The detail of the Spanish companies' unused tax credits at the end of 2019 and 2018 is as follows:

Year	Thousands of Euros			
	2019		2018	
	Recognised	Not recognised	Recognised	Not recognised
2003	-	-	-	-
2004	-	-	-	-
2005	-	-	-	13
2006	-	7	-	241
2007	-	5	-	246
2008	-	-	-	-
2009	-	322	-	-
2010	-	1,035	-	1,598
2011	-	1,426	-	1,855
2012	-	2,410	-	2,417
2013	4,380	15,287	4,380	21,099
2014	-	6,504	-	6,504
2015	-	5,791	-	5,791
2016	-	5,164	-	5,316
2017	-	6,190	-	6,666
2018	-	5,312	-	4,995
2019	-	6,145	-	-
Total	**4,380**	**55,598**	**4,380**	**56,741**

Of the total recognised and unrecognised tax credits at 31 December 2019, EUR 13,346 thousand relate to incentives for certain activities (mainly investment in R&D+i expenditure), EUR 46,390 thousand relate to double taxation credits and EUR 242 thousand to the reinvestment of gains. Of the total recognised and unrecognised tax credits at 31 December 2018, EUR 14,001 thousand related to incentives for certain activities (mainly investment in R&D+i expenditure), EUR 46,621 thousand related to double taxation credits and EUR 499 thousand to the reinvestment of gains.

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

20.d Deferred tax liabilities

"Deferred Tax Liabilities" on the liability side of the accompanying consolidated statement of financial position as at 31 December 2019 and 2018 includes mainly the following:

	Thousands of Euros	
	31/12/2019	31/12/2018
Temporary differences associated with:		
Recognition at fair value of the identifiable assets in acquisitions of business combinations	99,952	113,238
Depreciation and amortisation and measurement of assets and goodwill	20,482	17,745
Royal Decree-Law 3/2016 (Note 20.a)	1,864	4,500
Amortisation of goodwill paid in the acquisition of foreign companies by Spanish companies	6,164	5,489
Other deferred tax liabilities	8,950	10,043
Total deferred tax liabilities	**137,412**	**151,015**

20.e Corporate Income Tax rates applicable to the Group

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

Country	Tax rate	Country	Tax rate	Country	Tax rate
Spain	25%	UK	19%	Angola	30%
US	21%	Germany	30%	United Arab Emirates	-
Finland	20%	Australia	30%	Luxembourg	24.9%
Ireland	12.5%	Italy	24%	Kuwait	15%
Canada	26.5%	Brazil	34%	Malaysia	24%
Norway	22%	Argentina	30%	Singapore	17%
Denmark	22%	Chile	27%	Qatar	10%
Netherlands	25%	Colombia	33%	Saudi Arabia	20%
Mexico	30%	Oman	15%	Costa Rica	30%

20.f Years open for review and tax audits

In 2019 tax audits were commenced by the Spanish tax authorities at certain Spanish companies part of Income Tax group 238/08 and VAT group 0036/11 in relation to the following taxes: Income tax (2014 to 2017), VAT (2015 to 2017) and income tax withholdings and prepayments (2015 to 2017). The tax audits are at the documentation submission phase. The criteria that the tax authorities might adopt in relation to the years open for review could give rise to contingent tax liabilities which cannot be objectively quantified. However, the possible tax contingencies are not expected to have a significant impact on the Group's equity position. In addition, at 2019 year-end consolidated tax groups had the statute of limitations tolled for 2012 for income tax and 2013 and 2014 for VAT.

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

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

21. Operating income and expenses

a) Revenue

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

	Thousands of Euros	
	2019	2018
Applus+ Energy & Industry	1,059,334	1,014,255
Applus+ Laboratories	92,967	76,649
Applus+ Automotive	385,443	371,309
Applus+ IDIADA	240,145	213,684
Others	55	45
Total	**1,777,944**	**1,675,942**

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

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

b) Staff costs

The detail of "Staff Costs" in the accompanying consolidated statement of profit or loss in 2019 and 2018, is as follows:

	Thousands of Euros	
	2019	2018
Wages, salaries and similar expenses	775,110	727,309
Severances	4,504	4,267
Employee benefit costs	111,185	109,664
Other staff costs	88,572	77,965
Total	**979,371**	**919,205**

The average number of employees at the Group, by professional category and gender in 2019 and 2018, is as follows:

Professional category	Average number of employees		
	2019		
	Men	Women	Total
Top management	140	23	**163**
Middle management	426	82	**508**
Supervisors	998	233	**1,231**
Operational employees & others	16,426	4,048	**20,474**
Total	**17,990**	**4,386**	**22,376**

Professional category	Average number of employees		
	2018		
	Men	Women	Total
Top management	145	25	170
Middle management	437	97	534
Supervisors	1,078	239	1,317
Operational employees & others	15,825	3,669	19,494
Total	**17,485**	**4,030**	**21,515**

Also, the distribution of the workforce, by gender and category, at the end of 2019 and 2018 is as follows:

Professional category	No. of employees end of year		
	2019		
	Men	Women	Total
Top management	84	21	**105**
Middle management	276	82	**358**
Supervisors	610	158	**768**
Operational employees & others	17,522	4,298	**21,820**
Total	**18,492**	**4,559**	**23,051**

Professional category	No. of employees end of year		
	2018		
	Men	Women	Total
Top management	139	23	162
Middle management	347	71	418
Supervisors	1,006	235	1,241
Operational employees & others	16,982	4,049	21,031
Total	**18,474**	**4,378**	**22,852**

c) *Other results*

The detail of the other results for 2019 and 2018 relates mainly to extraordinary termination benefits due to restructuring, start-up costs, changes in fair value of considerations in business combinations and impairment and gains or losses on disposal of non-current assets.

d) Fees paid to auditors

In 2019 and 2018 the fees billed for financial audit and other services provided by the auditor of the Group's consolidated financial statements, Deloitte, S.L., and by firms in the Deloitte organisation, and the fees billed by the auditors of the separate financial statements of the consolidated companies, and by companies related to these auditors as a result of a relationship of control, common ownership or common management, were as follows (in thousands of euros):

2019

Description	Fees for services provided by the principal auditor	Fees charged by other audit firms
Audit services	1,905	335
Other attest services	248	-
Total audit and related services	**2,153**	**335**
Tax advice	205	
Other services	9	
Total professional services	**2,367**	

2018

Description	Fees for services provided by the principal auditor	Fees charged by other audit firms
Audit services	1,857	295
Other attest services	182	-
Total audit and related services	**2,039**	**295**
Tax advice	214	
Other services	-	
Total professional services	**2,253**	

22. Financial result

The detail by nature of the financial result in 2019 and 2018 is as follows:

	Thousands of Euros	
	2019	2018
Finance Income:		
Other finance income by third parties	1,638	2,510
Total finance income	**1,638**	**2,510**
Finance costs:		
Borrowing costs relating to syndicated loan and US Private Placement	(10,057)	(15,697)
Other finance costs paid to third parties (*)	(5,311)	(6,440)
Interest expense on lease liabilities	(7,683)	-
Exchange differences	(349)	(183)
Total finance costs	**(23,400)**	**(22,320)**
Gains or losses on the net monetary position (see Note 3.o)	(2,135)	(1,419)
Financial result	**(23,897)**	**(21,229)**

(*) In 2018 it includes accelerated amortisation of arrangements expenses for the previous debt (EUR 3,945 thousand).

23. Information on the environment

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

The Parent's Directors consider that the environmental risks which might arise from its business activities are minimal and, in any event, adequately covered, and that no additional liabilities will arise in connection with these risks. The Group did not incur significant expenses or receive environment-related grants in 2019 or 2018.

24. Proposal of allocation of profit

The proposed allocation of the Parent's net profit, formulated by the Board of Directors that will be presented at the next Parent's Annual General Meeting of the Shareholders, for 2019 is as follows:

	Thousands of Euros
Basis of allocation:	
Profit for the year	50,803
	50,803
Allocation:	
To dividends	31,464
To unrestricted reserves	19,339
Total	**50,803**

The proposed dividend of EUR 31,464 thousand corresponds to a gross amount of EUR 0.22 per share.

25. Segmented information

At 31 December 2019, the Group operates through four operating divisions and a holding division, each of which is considered to be a segment for financial reporting purposes.

The main fourth operating segments are as follows:

- Applus+ Energy & Industry provides non-destructive testing, quality control and accreditation services, project management, supplier inspection, facility inspection and asset certification and integrity services. It also provides qualified staff recruitment and hiring services for the oil and gas, aircraft, energy, mining, telecommunications and construction industries.

- Applus+ Laboratories offers a wide range of laboratory testing, system certification, product development services across various industries and electronic payment systems, including the aerospace and industrial sectors.

- Applus+ Automotive offers mandatory vehicle roadworthiness testing services, verifying vehicles' compliance with safety and emissions regulations in force in the various countries in which it operates.

- Applus+ IDIADA offers design, engineering, testing and certification services mainly to car manufacturers.

a) Financial information by segment:

The financial information, by segment, in the consolidated statement of profit or loss for 2019 and 2018 is as follows (in thousands of euros):

2019

	Applus+ Energy & Industry	Applus+ Laboratories	Applus+ Automotive	Applus+ IDIADA	Other	Total
Revenue	1,059,334	92,967	385,443	240,145	55	**1,777,944**
Operating expenses	(970,283)	(79,499)	(293,405)	(209,555)	(28,116)	**(1,580,858)**
Adjusted Operating Profit	**89,051**	**13,468**	**92,038**	**30,590**	**(28,061)**	**197,086**
Amortisation of non-current assets identified in business combinations (Note 5)	(17,049)	(1,427)	(36,042)	(4,560)	-	**(59,078)**
Other results						**(7,206)**
Operating Profit						**130,802**

2018

	Applus+ Energy & Industry	Applus+ Laboratories	Applus+ Automotive	Applus+ IDIADA	Other	Total
Revenue	1,014,255	76,649	371,309	213,684	45	**1,675,942**
Operating expenses	(935,234)	(66,939)	(288,444)	(186,863)	(27,662)	**(1,505,142)**
Adjusted Operating Profit	**79,021**	**9,710**	**82,865**	**26,821**	**(27,617)**	**170,800**
Amortisation of non-current assets identified in business combinations (Note 5)	(16,994)	(1,427)	(38,582)	(2,160)	-	**(59,163)**
Impairment and gains or losses on disposal of non-current assets and other results						**(6,877)**
Operating Profit						**104,760**

The Adjusted Operating Profit is the operating profit before the amortisation charge of the intangible assets allocated in the business combinations (PPA) (see Note 5), and other results (see Note 21.c).

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

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

The current, non-current assets and liabilities, by business segment, at the end of 2019 and 2018 are as follows (in thousands of euros):

2019

	Applus+ Energy & Industry	Applus + Laboratories	Applus + Automotive	Applus + IDIADA	Other	Total
Goodwill	271,354	67,917	208,542	60,178	1,254	**609,245**
Other intangible assets	188,976	19,062	221,568	30,282	14,433	**474,321**
Rights of use	53,179	20,833	38,554	38,970	1,398	**152,934**
Property, plant and equipment	88,127	20,501	77,746	40,103	257	**226,734**
Investments accounted for using the equity method	686	-	-	-	-	**686**
Non-current financial assets	23,374	699	4,986	1,010	(69)	**30,000**
Deferred tax assets	23,458	2,018	7,377	1,946	30,706	**65,505**
Total non-current assets	**649,154**	**131,030**	**558,773**	**172,489**	**47,979**	**1,559,425**
Total current assets	**422,724**	**38,567**	**47,095**	**95,021**	**9,733**	**613,140**
Total liabilities	**308,229**	**63,980**	**222,197**	**127,423**	**626,281**	**1,348,110**

2018

	Applus+ Energy & Industry	Applus + Laboratories	Applus + Automotive	Applus + IDIADA	Other	Total
Goodwill	261,947	59,483	208,542	60,110	1,256	**591,338**
Other intangible assets	200,419	20,563	260,481	34,732	2,666	**518,861**
Property, plant and equipment	78,891	14,169	90,374	33,220	3,920	**220,574**
Investments accounted for using the equity method	724	-	-	-	-	**724**
Non-current financial assets	21,088	678	4,673	879	202	**27,520**
Deferred tax assets	26,284	739	4,909	1,054	33,752	**66,738**
Total non-current assets	**589,353**	**95,632**	**568,979**	**129,995**	**41,796**	**1,425,755**
Total current assets	**390,172**	**37,655**	**34,551**	**101,642**	**7,695**	**571,715**
Total liabilities	**241,200**	**35,152**	**177,010**	**91,621**	**641,602**	**1,186,585**

The additions to intangible assets and also to property, plant and equipment, by business segment, in 2019 and 2018 are as follows (in thousands of euros):

	Applus+ Energy & Industry	Applus+ Laboratories	Applus+ Automotive	Applus+ IDIADA	Other	Total
Capex 2019	25,980	9,462	16,122	16,577	2,579	**70,720**
Capex 2018	21,934	4,642	9,279	13,219	2,261	**51,335**

b) Financial information by geographic segment:

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

The sales, by geographical area, in 2019 and 2018, were as follows:

	Thousands of Euros	
	2019	2018
Spain	403,938	372,844
Rest of Europe	464,517	451,612
US and Canada	339,991	328,308
Asia and Pacific	201,098	171,240
Middle East and Africa	175,031	179,065
Latin America	193,369	172,873
Total	**1,777,944**	**1,675,942**

The non-current assets, by geographical area, in 2019 and 2018, are as follows (in thousands of euros):

Total non-current assets	Spain	Rest of Europe	US and Canada	Asia-Pacific	Latin America	Middle East and Africa	Total
31 December 2019	787,956	321,003	257,721	87,156	87,476	18,113	**1,559,425**
31 December 2018	740,322	279,742	245,190	83,353	69,595	7,553	**1,425,755**

26. Leases

a) Amounts recognised in the consolidated statement of financial position

The amounts related to operating leases recognised in the consolidated statement of financial position as at 31 December 2019 are as follows:

Rights of use

	Thousands of Euros	
	Net value	
	31/12/19	01/01/19
Rights of use		
Offices	87,695	87,541
Rights of use of facilities (fixed levies)	32,570	37,272
Vehicles	21,753	27,524
Machinery	6,463	4,345
Land	3,072	2,863
Hardware	1,381	2,381
Total	**152,934**	**161,926**

Lease liabilities

	Thousands of Euros	
	31/12/19	01/01/19
Maturity analysis - lease-related cash flows (not discounted)		
Within one year	49,101	53,797
Between one and five years	107,606	111,771
More than five years	22,066	44,581
Total lease-related cash flows (not discounted)	**178,773**	**210,149**

	Thousands of Euros	
	31/12/19	01/01/19
Lease liabilities		
Current	45,674	50,059
Non-current	124,500	131,071
Total	**170,174**	**181,130**

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

At 31 December 2019, the amounts related to leases recognised in the consolidated statement of profit or loss are as follows: amortisation of the right-of-use assets for an amount of EUR 47,390 thousand, basically offices and vehicles; finance costs on lease liabilities for an amount of EUR 7,683 thousand (Note 22); and operating expenses related to leases of low-value assets not considered in a short-term, short-term leases and, variable lease payments not included in the measurement of lease liabilities, for an amount of EUR 58,254 thousand, which correspond, basically, to auto stations' variable rent levies of the Automotive division for an amount of EUR 34,827 thousand.

In 2019, the consolidated EBITDA impact corresponds to minor operating lease expenses amounting EUR 55,593 thousand.

c) Amounts recognised in the consolidated statement of cash flows

In the period ended at 31 December 2019, the total amount of cash outflows relating to leases amounted to EUR 55,593 thousand.

d) Leases in which the Group acts as lessee

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

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

In 2019, the Group has not recognised gains or losses arising from sale and leaseback transactions.

27. Obligations acquired and contingencies

a) Guarantees and obligations acquired

The Group has guarantees required by the business activities of the Group companies amounting to EUR 105.1 million (31 December 2018: EUR 100.3 million), as shown in the following detail by segment (in millions of euros):

Guarantees provided	Applus+ Energy & Industry	Applus+ Laboratories	Applus+ Automotive	Applus+ IDIADA	Other	Total
31 December 2019	59.7	7.7	31.6	5.9	0.2	**105.1**
31 December 2018	60.2	8.0	27.0	4.9	0.2	**100.3**

There are guarantees included in Applus+ Laboratories, Applus Automotive and Applus+ IDIADA divisions amounting to EUR 18.3 million (31 December 2018: EUR 18.3 million) provided to the Catalonia Autonomous Community Government in connection with the incorporation of the subsidiaries IDIADA Automotive Technology, S.A. and LGAI Technological Center, S.A and with the management of vehicle roadworthiness testing service.

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

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

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

b) Contingencies

b.1. Auto Catalonia

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

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

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

In addition, in the referred judgment of May 6, 2016, the Supreme Court declared void the "Disposición Adicional Segunda" of the Decree 30/2010 that provided for the right to use the assets and rights owned by the Administration by those operators who had been originally concessionaires, as well as the Order regulating the economic consideration for the use of such assets (in a judgment of 4 May 2016). As a result, in another litigation opened before the High Court of Justice of Catalonia (TSJC), the latter has issued a judgment on 24 April 2017, declaring void the Instruction of the General Director of Energy, Mines and Industrial Safety defining the criteria set to define the economic consideration for the use of said public assets. Applus has appealed this Judgment of the TSJC before the Supreme Court of Spain.

The Parent Company's Directors believe that the 2016 judgments of the Supreme Court confirmed the validity of the roadworthiness testing activities' regime in Catalonia - quota authorization- as well as the titles upon which Applus operates in that territory, however the Generalitat de Catalunya (Autonomous Government of Catalonia) shall implement the appropriate measures to comply with the Supreme Court judgments referred to above.

b.2. Other contingencies

Two subsidiaries of the Group are facing a number of lawsuits from former employees regarding the amount of hours of over-time worked. In any case, the impact of these lawsuits would not be significant for the attached consolidated financial statements. The Parent Company's Directors consider that the outcome of all above proceedings will not entail material additional liabilities to those in the consolidated financial statements at 31 December 2019.

At 2019 year-end, the Parent's Directors were not aware of any significant claims brought by third parties or of any ongoing legal proceedings against the Group that, in their opinion, could have a material impact on these consolidated financial statements.

28. Transactions and balances with related parties

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

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

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

- Associates of the Group.

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

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

Transactions with related companies

In 2019 and 2018 the Parent and its subsidiaries performed the following transactions with related companies:

	Thousands of Euros					
	2019			2018		
	Operating revenue	Procurements	Other expenses	Operating revenue	Procurements	Other expenses
Velosi (B) Sdn Bhd	46	-	-	-	-	-
Total	**46**	-	-	-	-	-

The transactions with related companies correspond to commercial transactions.

Balances with related companies

a) Receivables from related companies:

	Thousands of Euros	
	Trade receivables from related companies	
	31/12/2019	31/12/2018
Velosi (B) Sdn Bhd	233	72
Total	**233**	**72**

b) Payables to related companies:

	Thousands of Euros	
	Trade and other payables to related companies	
	31/12/2019	31/12/2018
Velosi (B) Sdn Bhd	3	3
Total	**3**	**3**

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

During 2019 and 2018 there have been no transactions and there no significant amounts outstanding at year end with significant shareholders.

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

Remuneration of and obligations to the Board of Directors

At the Annual General Meeting held on 30 May 2019, the Shareholders resolved to expand the Board of Directors to comprise 10 members by ratifying the appointment of two new independent Directors and appointing a new Executive Director.

The detail of the remuneration (social benefits included) earned by the Executive Directors and by the different members of the Parent's Board of Directors at 2019 and 2018 year-end is as follows:

a) Annual remuneration:

	Thousands of Euros					
	31/12/2019			31/12/2018		
	Executive Directors	Members of the Board of Directors	Total	Executive Director	Members of the Board of Directors	Total
Fixed remuneration	1,075	-	**1,075**	750	-	**750**
Variable remuneration	775	-	**775**	600	-	**600**
Other items	81	-	**81**	37	-	**37**
Non Executive Chairman and Independent Directors	-	646	**646**	-	588	**588**
Corporate Social Security Committee	-	50	**50**	-	50	**50**
Appointments & Compensation Committee	-	70	**70**	-	66	**66**
Audit Committee	-	84	**84**	-	70	**70**
Total	**1,931**	**850**	**2,781**	**1,387**	**774**	**2,161**

The fixed remuneration of the Executive Directors includes a portion in the form of RSUs amounting to EUR 58 thousand per year. In February 2017, 2018 and 2019, 5,451, 5,159 and 5,838 RSUs, respectively, were granted. These RSUs will be convertible to shares three years after the date on which they were granted. In February 2019 the Group effected delivery of 3,948 net shares relating to the plan granted in February 2016.

60.55% of the Executive Directors' variable remuneration is given in cash, with the rest comprising RSUs convertible to shares three years after the date on which they are granted, 30% of which are granted in each of the first two years and the remaining 40% are granted in the third year. These RSUs amounted to EUR 140 thousand in the year. At 2019 year-end, 3 RSU plans were in force, having been granted in March 2017, 2018 and 2019 for 7,886, 7,425 and 30,607 RSUs, respectively. In March 2019 the Group effected delivery of 5,802 net shares.

The plans in force at the end of the year in relation to the RSUs granted in 2017, 2018 and 2019 can be consulted in the Remuneration Report.

b) Long-term incentive ("LTI"):

Under the remuneration policy in force, the Executive Directors shall annually receive PSUs (performance stock units) that are convertible into shares of the Parent three years after the date on which they are granted. The expense recognised in 2019 in this connection amounted to EUR 488 thousand. At 2019 year-end, three PSU plans were in force, having been granted in 2017, 2018 and 2019 for 41,900, 44,964 and 50,874 PSUs, respectively. The detail of the PSU plans in force can be consulted in the Remuneration Report. In February 2019 the Group effected delivery of 23,826 net shares relating to the plan granted in February 2016.

In 2019 the Executive Directors and the members of the Board of Directors did not earn or receive any termination benefits.

The pension plan benefits earned by the Executive Directors in 2019 amounted to EUR 45 thousand.

At 31 December 2019, no loans or advances had been granted to the members of the Parent's Board of Directors.

Applus Services, S.A. took out a third-party liability insurance policy. The insureds under this policy are the Directors and Executives of the Group companies the Parent of which is Applus Services, S.A. The Parent's Directors are included among the insureds of this policy. The premium paid in 2019 for this insurance policy amounted to EUR 75 thousand (2018: EUR 70 thousand).

The Parent's Board of Directors at 31 December 2019 is made up of 7 men and 3 women (31 December 2018: 6 men and 1 woman).

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

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

Remuneration of and obligations to Senior Executives

Senior Executives are considered to be those who make up the Group's Executive Committee. For the purposes of information on remuneration the internal auditor is also included, as defined in current accounting legislation and, in particular, in the Report of the Special Working Group on the Good Governance of Listed Companies published by the Spanish National Securities Market Commission (CNMV) on 16 May 2006.

The breakdown of the remuneration earned in 2019 and 2018 by the Group's Senior Executives is as follows:

a) Annual remuneration:

	Thousands of Euros	
	2019	2018
Fixed remuneration	3,936	3,254
Variable remuneration	2,055	1,993
Other items	610	651
Termination benefits	-	378
Pension plans	146	99
Total	**6,747**	**6,375**

The fixed remuneration of certain Senior Executives includes a portion in RSUs amounting to EUR 305 thousand, which are convertible to shares three years after the date on which they are granted. The plans in force at the end of 2019 relate to shares granted in February 2017, 2018 and 2019 for 28,539, 27,007 and 30,557 RSUs, respectively. In February 2019 the Group effected delivery of 20,937 net shares relating to the plan granted in February 2016.

58.04% of the Senior Executives' variable remuneration is given in cash, with the rest comprising RSUs convertible to shares three years after the date on which they are granted, 30% of which are granted in each of the first two years and the remaining 40% are granted in the third year. The RSU plans in force at the end of 2019 relate to the RSUs granted in February 2017, 2018 and 2019 for 76,879, 78,673 and 86,313 RSUs, respectively. In March 2019 the Group effected delivery of 55,347 net shares relating to the plans granted in 2016 (40%), 2017 (30%) and 2018 (30%). EUR 865 thousand were charged to the consolidated statement of profit or loss for 2019 in this connection.

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

Under the current remuneration policy, certain of the Group's Senior Executives annually receive PSUs (performance stock units) that are convertible into shares of the Parent three years after the date on which they are granted. The expense recognised in this connection amounted to EUR 339 thousand in 2019. The PSU plans in force at the end of 2019 relate to the PSUs granted in February 2017, 2018 and 2019 for 28,539, 27,007 and 40,560 PSUs, respectively. In February 2019 the Group effected delivery of 16,750 net shares relating to the plan granted in February 2016.

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

The Group's Senior Executives, not counting the internal auditor, comprised 16 men and 3 women at 31 December 2019 (31 December 2018: 14 men and 3 women).

30. Events after the reporting period

In 2020 and until the date of authorisation for issue of these consolidated financial statements, no relevant events took place which must be included in the notes to the consolidated financial statements or that significantly change or have a material effect on these consolidated financial statements for 2019 additional to the already mentioned in previous notes.

31. Explanation added for translation to English

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

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

Management Report to the Consolidated Financial Statements for 2019

Overview of Performance

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

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

On 1 January 2019, a new accounting standard, IFRS 16 Leases, took effect and this has had an impact on the presentation of the financial results. It supersedes IAS 17 and related interpretations. As a lessee, the main concept behind it is the recognition of all leases under a single balance sheet model similar to that in existence for finance leases. In summary it is the booking of the asset and the corresponding financial liability in the balance sheet and applying depreciation and a finance cost instead of an operating lease cost in the profit and loss account. There is a de-minimis limit where this does not apply. The Group has not restated prior periods but instead shows the comparative figures after the application of this standard (Proforma 2018) to allow a meaningful comparison to be made.

In the table below, the adjusted results are presented alongside the statutory results with an additional column showing the comparative 2018 figures after the application of IFRS 16 Leases (Proforma 2018). The percentage increase of the 2019 results to the Proforma 2018 results are shown in the final column.

EUR Million	FY 2019			FY 2018			Proforma FY 2018	+/- % Adj. Results PROF
	Adj. Results	Other results	Statutory results	Adj. Results	Other results	Statutory results		
Revenue	**1,777.9**	**0.0**	**1,777.9**	**1,675.9**	**0.0**	**1,675.9**	**1,675.9**	**6.1%**
Ebitda	**296.5**	**0.0**	**296.5**	**218.0**	**0.0**	**218.0**	**270.4**	**9.7%**
Operating Profit	**197.1**	**(66.3)**	**130.8**	**170.8**	**(66.0)**	**104.8**	**178.7**	**10.3%**
Net financial expenses	(23.9)	0.0	(23.9)	(17.3)	(3.9)	(21.2)	(24.8)	
Profit Before Taxes	**173.2**	**(66.3)**	**106.9**	**153.5**	**(70.0)**	**83.5**	**153.9**	**12.5%**
Income tax	(43.7)	13.4	(30.4)	(37.3)	14.0	(23.4)	(37.5)	
Non controlling interests	(20.9)	0.0	(20.9)	(19.0)	0.0	(19.0)	(19.0)	
Net Profit	**108.6**	**(52.9)**	**55.7**	**97.2**	**(56.0)**	**41.2**	**97.4**	**11.5%**
Number of Shares	143,018,430		143,018,430	143,018,430		143,018,430	143,018,430	
EPS, in Euros	**0.76**		**0.39**	**0.68**		**0.29**	**0.68**	**11.5%**
Income Tax/PBT	***(25.2)%***		***(28.4)%***	***(24.3)%***		***(28.0)%***	***(24.4)%***	

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

Other results of €66.3 million (2018: €66.0m) in the Operating Profit represent amortisation of acquisition intangibles of €59.1 million (2018: €59.2m); severance costs on restructuring of €4.1 million (2018: €2.9m); transaction costs relating to acquisitions of €0.9 million (2018: €1.0m) and; other gains and losses that net to a charge of €2.2 million (2018: €3.0m).

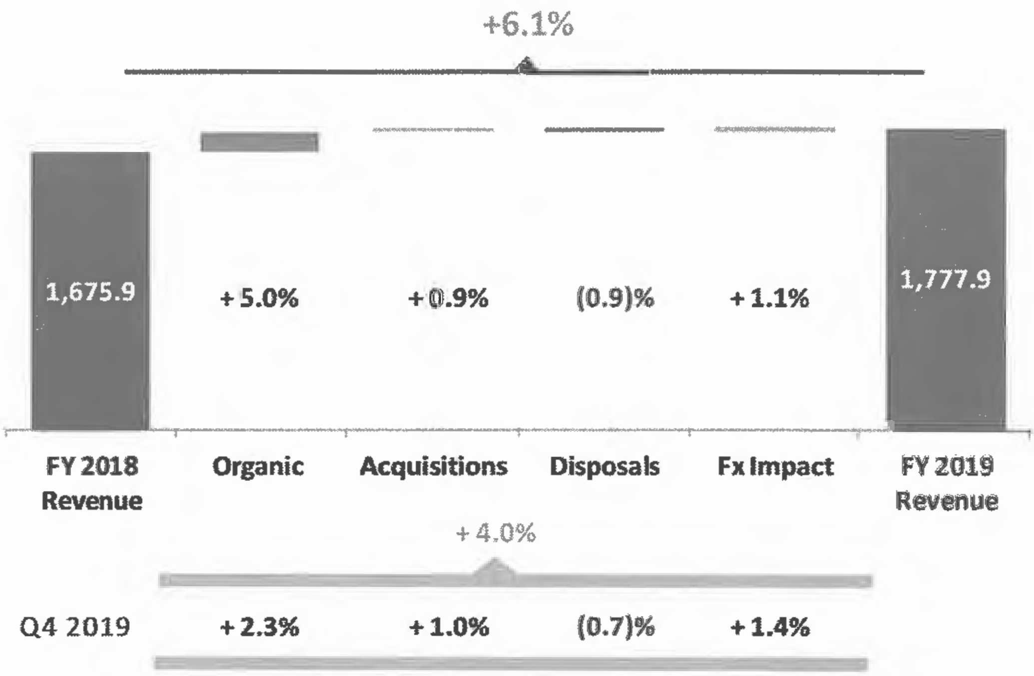
In the prior year there were also Other results of €3.9 million in the net financial expenses being the write-off of the brought forward un-amortised portion of arrangement fees for the previous debt that was refinanced in July of 2018.

Tax of €13.4 million (2018: €14.0m) relates to the positive tax impact on these Other results.

Revenue

Revenue for 2019 of €1,777.9 million was higher by 6.1% compared to the previous year.

The revenue growth bridge for the year in € million is shown below and the growth percentage figures for the last quarter of 2019 are shown below the waterfall chart.



The total revenue increase of 6.1% for the year was made up of an increase in organic revenue at constant exchange rates of 5.0%, revenue from acquisitions of 0.9%, less the revenue from disposals of 0.9% and a favourable currency translation impact of 1.1%.

In the final quarter of the year, total revenue was up 4.0% from organic revenue growth of 2.3%, acquisition growth of 1.0%, less revenue on disposals of 0.7% and a positive currency impact of 1.4%. The organic revenue increase in the final quarter was lower than in the previous quarters in the year due to the comparable period having the strongest quarterly organic revenue growth. The average organic revenue growth of the final quarters of 2018 and 2019 combined of 5% was in line with the average of each of the previous three quarters of 2018 and 2019 combined, showing that the underlying organic revenue growth of the Group continues at a steady mid single digit rate.

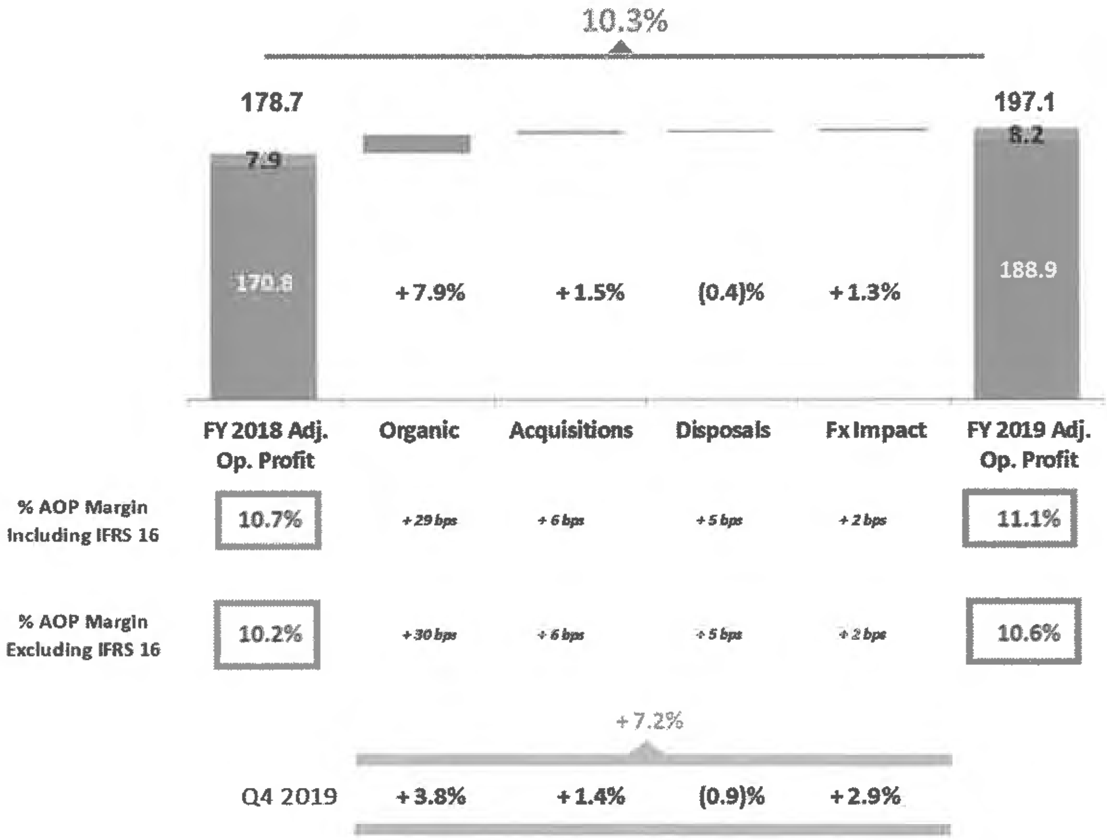
The organic revenue growth for the year came from all four divisions of the Group, with organic revenue growth of between 3.2% at the lowest and 11.5% at the highest.

The revenue increase of 0.9% from acquisitions relates to the seven acquisitions made in the current and prior period for up to twelve months. The largest acquisition was of LEM in Chile in the final quarter of the year which is a construction materials testing and inspection company in the mining and construction sector that currently generates €8 million of revenue per annum. There was also a reduction in revenue of 0.9% in the year relating to the disposals of non-strategic businesses at the end of 2018.

Of the revenue in 2019, 46% was generated in the reporting currency of the Group which is the euro and 54% in other currencies of which the US dollar and other currencies linked to the US dollar are the largest at 25%. The average exchange rate of the US dollar to the euro in 2019 compared to 2018 strengthened by 5.6% with some other key currencies also strengthening and others weakening against the euro. This US dollar strengthening was the main reason for the positive currency impact of 1.1%.

Adjusted Operating Profit

Adjusted operating profit for the year increased from Proforma 2018 of €178.7 million to €197.1 million, or 10.3%. The operating profit growth bridge for the period, including the impact of the IFRS 16 Leases accounting change, in € million is shown below. The growth percentage figures for the last quarter of 2019 is shown below the waterfall chart.



The adjusted operating profit as previously reported for 2018 was €170.8 million but with the application of IFRS16 to the prior period, the adjusted operating profit would have been €7.9 million higher to a Proforma 2018 of €178.7 million.

The total adjusted operating profit increase of 10.3% on a proforma basis for the year was made up of an increase in organic adjusted operating profit at constant exchange rates of 7.9%, acquisitions of 1.5%, less disposals of 0.4% and a favourable currency translation impact of 1.3%. Adjusted operating profit was positively impacted by currency in the year to a slightly greater degree as revenue.

In the final quarter of the year, total adjusted operating profit was €48.6 million up 7.2% proforma from the prior year final quarter coming from organic growth of 3.8%, the contribution from acquisitions of 1.4% less disposals of 0.9% and a positive currency impact of 2.9%.

The organic adjusted operating profit growth for the year came from all four divisions, each with growth of between 5.8% at the lowest and 13.0% at the highest.

The resulting adjusted operating profit margin was 11.1%. As reported the prior year adjusted operating profit margin was 10.2%. The increase in the adjusted operating profit margin on a proforma basis was 42 basis points from 10.7% in the prior year. The margin calculated excluding the impact of the new accounting standard, IFRS16, would have been 10.6% which is 43 basis points higher than the prior period margin of 10.2%.

The margin increase of 42 basis points was from both organic (+29 basis points) as a result of operating leverage and a favourable divisional mix with the higher margin businesses growing the fastest as well as smaller contributions in margin from the acquisitions (+6 basis points), disposals (+5 basis points) and currency changes (+2 basis points).

Other Financial Indicators

The statutory operating profit was €130.8 million in the year, 16.1% higher than the Proforma 2018 statutory operating profit of €112.7 million.

The net financial expense as reported under the new accounting standard IFRS 16 Leases, of €23.9 million in the period was lower than the Proforma 2018 financial expense of €24.8 million due to a lower average amount of debt and a better mix of the currency of the borrowings in the period compared to the prior year.

The resulting adjusted profit before tax increased by 12.5% to €173.2 million on a proforma basis as a result of the higher adjusted operating profit and lower financial expense. The statutory profit before tax increased by 27.4% to €106.9 million on a proforma basis.

The effective tax charge (headline tax) for the year at €43.7 million was higher than the prior year of €37.5 million, on a proforma basis, due to the increased profit before tax. This gave an effective tax rate of 25.2% being slightly higher than the rate in the prior period of 24.4%. The reported tax charge was €30.4 million and this rate on the reported profit before tax was 28.4% similar to the prior year.

Non-controlling interests increased from €19.0 million in 2018 to €20.9 million in 2019. The increase of €1.9 million or 10% in the period is mainly due to the strong growth in the minority interests in IDIADA, Automotive (Galicia and Costa Rica) and Energy & Industry (Middle East) divisions.

The adjusted net profit and the adjusted earnings per share each increased by 11.5%. The adjusted net profit was €108.6 million compared to a Proforma 2018 amount of €97.4 million and the adjusted earnings per share was 0.76 euros compared to 0.68 euros in the prior year.

Cash Flow and Debt

The business continues to generate strong cash flow which in 2019 was generated mainly from the increase in profit and low working capital change offset by higher outflows from capex, taxes, interest and dividend payments.

A summary of cash flow for the year is shown in the table below using both the accounting policies including and excluding the impact of IFRS 16 Leases. The percentage increase of the 2019 results to the Proforma 2018 results are shown in the final column.

EUR Million

	Excluding IFRS 16				Including IFRS 16		
	FY		IFRS 16		FY		
	2019	2018	2019	2018	2019	2018 Proforma	Change
Adjusted EBITDA [1]	**240.9**	**218.0**	**55.6**	**52.4**	**296.5**	**270.4**	**9.7%**
Increase in working capital	0.1	(27.7)			0.1	(27.7)	
Capex	(57.6)	(50.4)			(57.6)	(50.4)	
Adjusted Operating Cash Flow	**183.4**	**139.9**	**55.6**	**52.4**	**239.0**	**192.3**	**24.3%**
Cash Conversion rate	*76.1%*	*64.2%*			*80.6%*	*71.1%*	
Taxes Paid	(41.3)	(24.0)			(41.3)	(24.0)	
Interest Paid	(10.2)	(7.5)			(10.2)	(7.5)	
Adjusted Free Cash Flow	**131.8**	**108.4**	**55.6**	**52.4**	**187.4**	**160.8**	**16.6%**
Extraordinaries & Others	(4.9)	(8.0)			(4.9)	(8.0)	
Applus+ Dividend	(21.5)	(18.6)			(21.5)	(18.6)	
Dividends to Minorities	(23.8)	(14.3)			(23.8)	(14.3)	
Operating Cash Generated	**81.6**	**67.5**	**55.6**	**52.4**	**137.2**	**119.9**	**14.4%**
Acquisitions	(35.7)	(43.8)			(35.7)	(43.8)	
Cash b/Changes in Financing & FX	**45.9**	**23.7**	**55.6**	**52.4**	**101.5**	**76.1**	
Changes in financing	(31.2)	(14.8)	(55.6)	(52.4)	(86.8)	(67.2)	
Treasury Shares	(3.0)	(3.6)			(3.0)	(3.6)	
Currency translations	1.1	(2.3)			1.1	(2.3)	
Cash increase	**12.8**	**3.1**	-	-	**12.8**	**3.1**	

(1) Adjusted EBITDA is stated as Operating Profit before depreciation, amortisation and Other results

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

The Adjusted EBITDA as previously reported in 2018 was €218.0 million. The prior period Adjusted EBITDA is increased by €52.4 million relating to the IFRS 16 adjustment for the payment of lease liabilities to give a Proforma Adjusted EBITDA for 2018 of €270.4 million as shown in the table above. The increase of €26.1 million, or a 9.7% increase, in Adjusted EBITDA on a proforma basis to €296.5 million alongside the reduction of €27.8 million improvement in the working capital position, was the main driver for the strong cash generation in the period.

The decrease in working capital of €0.1 million was €27.8 million lower than the increase in working capital in 2018 largely due to the significant cash collection in the first quarter of 2019 from the increase in receivables at year end following the high revenue growth in the final quarter of 2018 in the largest division of Energy & Industry.

Net capital expenditure on expansion of existing and into new facilities was €57.6 million (2018: €50.4m) which represented 3.2% (2018: 3.0%) of Group revenue. The reason for the increase in absolute and proportional capex spending was due to some one-off expansions of capacity in the Laboratories division in the fast growing electromagnetic compatibility sector and the building of a new connected and autonomous proving ground in IDIADA. The Group will continue to prioritise investing on capital items that produce good returns.

The resulting adjusted operating cash flow of €239.0 million was up €46.7 million or 24.3% over that generated in Proforma 2018 and this corresponded to a cash conversion rate of 80.6% (Proforma 2018: 71.1%).

There was an increase in the tax and interest cash outflows in the year resulting in the increase in the adjusted free cash flow at 16.6% being lower than the increase in adjusted operating cash flow.

Tax was higher due to some tax refunds from the payment in advance system in some countries being received during the year of 2018 and were still due for repayment in the 2019 year. The interest cash outflow was higher despite the interest charge in the income statement being lower than the prior year, due to the timing changes of interest payments for the last debt refinancing in July 2018 resulting in some interest being paid later in 2019 instead of 2018.

There was an increase in the Dividend distributions. The dividend payout declared for the 2018 full year profits to the Applus+ Group shareholders increased to 15 cents a share from 13 cents a share the prior year and this was paid in one go in July resulting in the increase in the cash payment to €21.5 million from €18.6 million.

Dividends to Minorities of €23.8 million was a significant increase from the €14.3 million in the previous year due mainly to the distribution to shareholders of the 20% minority holding in Inversiones Finisterre that had its first full year of consolidated profit in the Group in 2018 paid out as a dividend in 2019 as well as some advance payment relating to the current year.

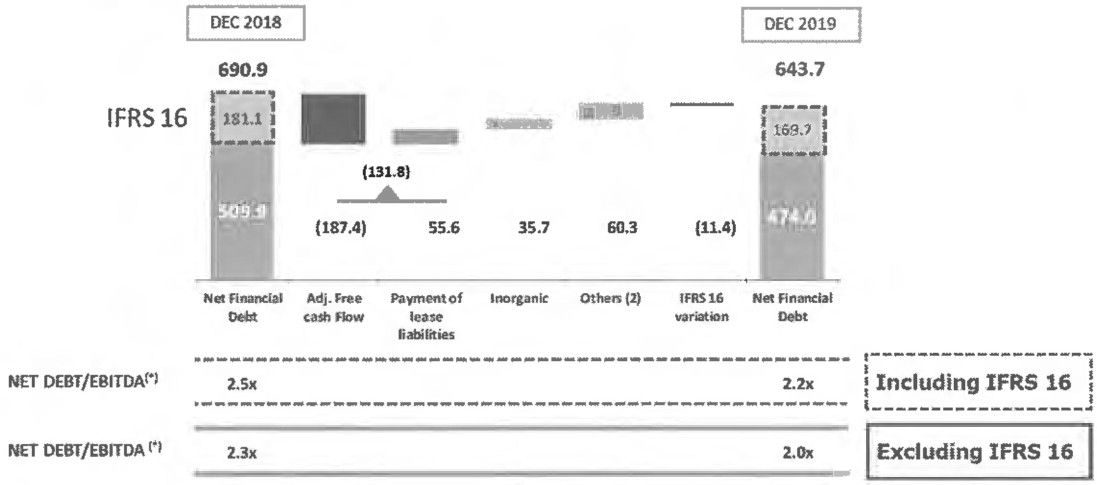
The cash outflow for Acquisitions relates to the three made in the year of Laboratorios de Ensayos Metrológicos in Spain, A2M Industries in France and LEM in Chile plus deferred consideration on acquisitions made in previous years and a deposit made for the acquisition of ITV Canarias within the Automotive division, which is pending approval by the CNMC, the Spanish competitions authority.

Net Debt was €643.7 million at the end of the year which is €47.2 million lower than the Proforma Net Debt position at the end of 2018. The reduction in the Net Debt was due to the strong free cash flow generated by the business less the spend of €35.7 million on acquisitions in the year as well as other items including the payment of a dividend to the shareholders of the Group. The resulting financial leverage of the Group, measured as Net Debt to last twelve months Adjusted EBITDA was 2.2x which was lower than at the end of the previous year on a Proforma basis (2.5x).

The impact of including IFRS 16 Leases on the Net Debt position is to increase the opening Net Debt at 1 January 2019 by €181.1 million. The chart below shows the Net Debt change in the period and the corresponding leverage calculation after the application of IFRS 16 Leases "Including IFRS 16" and before applying IFRS 16 Leases "Excluding IFRS 16". The leverage bank covenant for the syndicated debt facilities and US private placement are based on a "frozen GAAP" basis and so using the accounting standards in force prior to the change to IFRS16 (Excluding IFRS16). The leverage ratio calculated as defined by the bank covenant was 2.0x at a lower level to the position at 31 December 2018 (2.3x) and considerably lower than the covenant that is set at 4.0x.

FY 2019. Net Debt – as defined by bank covenant[1]

EUR Million



(*) LTM EBITDA includes proforma annual results from acquisitions
(1) Stated at annual average rates
(2) Others includes Extraordinaries, Dividends paid to minorities, Applus Dividend and other items

In recognition of the strong cash flow, comfortable financial leverage and favourable future earnings and cash flow potential, the Board will propose to shareholders at the forthcoming Annual General Meeting, a dividend of 22 cents per share, an increase of 47.4% on the amount of 15 cents per share declared and paid for the previous year. This is equivalent to €31.5 million (2018: €21.5m) and is 29.0% (2018: 22.1%) of the adjusted net income of €108.6 million as shown in the summary financial results table. The Board will continue to review the appropriate dividend level going forward.

Strategy Update presented in 2018

On 27 February 2018, Applus+ presented to the market an update of the Group strategy for the period 2018 to 2020. This included financial targets and capital allocation policies.

The targets set for Group organic revenue at constant rates, margin improvement, cash conversion rate, leverage and dividend distribution have been successfully achieved as shown in the table below.

Target 2018-2020		Actual 2018-2019 (1)	
Organic Revenue	Annual growth of mid single digit	5%	✓
Adjusted operating Profit	Margin improvement of 70-100 bps in 2018 and 20-30 in 2019 and 2020	Up 160 bps	✓✓
Operating Cash Flow	Cash conversion rate above 70%	70%	✓
Leverage	Below 3x	2.0x	✓✓
Dividends	Maintain dividend at 20% of Adjusted Net profit	29% (2)	✓✓
M&A	Acquisition capacity in the range of €150 million per annum	80M€	✓

✓ Slightly below ✓ Met ✓✓ Exceed

(1) Revenue is average annual growth over 2 years and margins exclude IFRS 16 impact
(2) Dividend to be proposed to shareholders

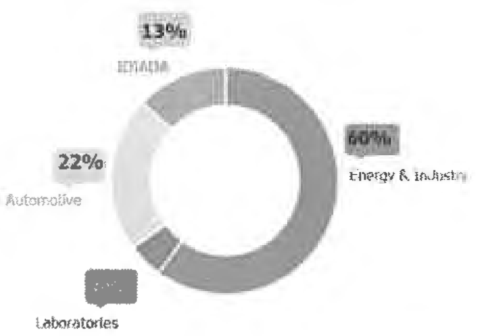
Outlook

In 2020 the organic revenue growth at constant exchange rates is expected to increase at mid-single digits and despite having already achieved the medium term margin target, it is expected that the margin will increase a further 10 to 30 basis points.

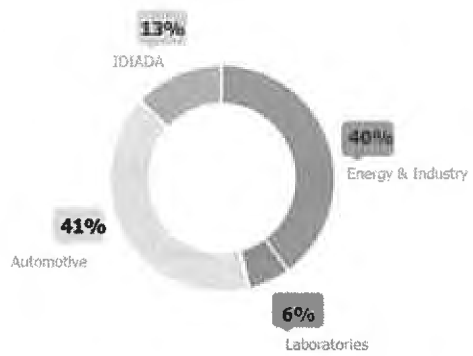
Operating review by division

The Group operates through four global business divisions: Energy & Industry Division, Automotive Division, IDIADA Division and Laboratories Division, and the respective shares of 2019 revenue and adjusted operating profit are shown below.

FY 2019 revenue split



FY 2019 adjusted operating profit split



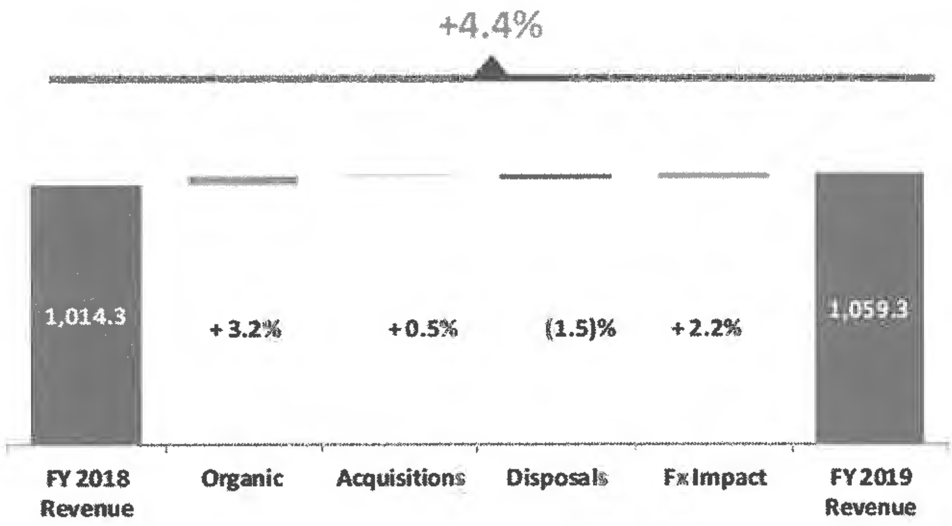
Energy & Industry

The Energy & Industry Division 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 designs and deploys proprietary technology and industry know-how across diverse sectors, helping our clients to develop and control industry processes, protect assets and increase operational and environmental safety. The services are provided for a wide range of industries including oil and gas, power, construction, mining, aerospace and telecommunications.

Revenue for Energy & Industry for the year was €1,059.3 million, which was higher by 4.4% compared to the previous year.

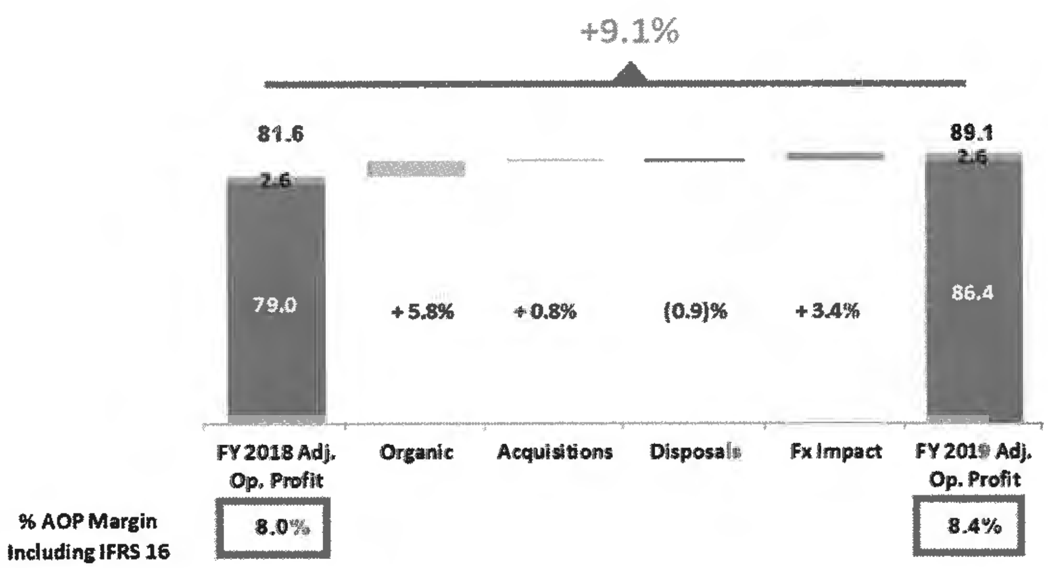
Revenue growth bridge in € million:



For the second consecutive year, there was good revenue growth in the division led by organic revenue growth. Organic revenue at constant exchange rates increased by 3.2%. Additional revenue of 0.5% related to the acquisitions made in 2018 and 2019 and reduced revenue came from the disposals made in the final quarter of 2018. Currency translation increased reported revenue by 2.2% mainly as a result of the stronger US dollar against the Euro.

In the final quarter of the year, reported revenue was higher by 0.2% due to a decrease in organic revenue of 1.2%, the revenue from acquisitions of 1.0% less the revenue from disposals of 1.1% and a positive impact from currency translation of 1.5%. The organic revenue decrease in the final quarter was against a corresponding period of the highest quarterly increase for several years (Q4 2018 +11.5%) and the average of the two periods´ organic revenue growth of 5.1% is at a strong underlying rate.

The adjusted operating profit for the year increased on a proforma basis by 9.1% to €89.1 million. The operating profit growth bridge for the period, including the impact of the IFRS 16 Leases accounting change, in € million is shown below.



The adjusted operating profit as previously reported in 2018 was €79.0 million but with the application of IFRS16 to the 2018 reported adjusted operating profit would increase it by €2.6 million to a Proforma 2018 of €81.6 million.

At constant exchange rates, organic adjusted operating profit increased by 5.8% being more than the organic revenue increase. There was a contribution from acquisitions of 0.8% and a reduction in operating profit from disposals of 0.9% and a positive currency impact of 3.4%. The currency impact on operating profit was more than the currency impact on revenue due to the mix of revenue and profit by currency.

The adjusted operating profit margin increased by 40 basis points from 8.0% for Proforma 2018 to 8.4% in 2019 with each of the separate components of acquisitions, disposals and currency adding to the margin, but the majority of this increase came from the organic revenue. The improvement in the organic margin was due to good cost control taking effect, a reduced amount of price deflation impacting the revenue and some operational leverage coming through the business.

In the second half of 2019, the Group made an acquisition in Chile of a company that has several laboratories in the north of the country engaged in testing and inspection of materials to support civil engineering projects in mining, construction and the industrial sector. The company is expected to generate over €8 million of revenue per annum at a margin higher than the division and Group. The business will be integrated into the Latin American region which has complementary services in Chile and similar services in other countries. As this business was consolidated for only two months in 2019 it contributed only 0.2% points of the acquisition revenue for the division in the year with the remainder coming from the one acquisition made in 2018 up to the first anniversary of their purchases. The revenue decrease likewise came from disposals made in 2018 up to the anniversary of the disposals.

The business that services the end markets of Power, Construction, Aerospace, Mining and Telecom and account for 42% of the division revenue grew strongly at high single digits in the year benefiting from geographic expansion of these services.

The business that services Oil & Gas recurrent operational expenditure (Opex) accounting for 43% of the division revenue performed well in 2019.

The business that services the more cyclical Oil & Gas new investment (Capex) end market and accounting for 15% of the division, was down in 2019 due to a lack of large infrastructure investment spending in this market, especially in the United States, but it remains well positioned to benefit from any market recovery.

By region, there was strong growth in the Mediterranean, which comprises of mainly Spain plus North Africa and Italy and accounting for 18% of division revenue, Asia Pacific accounting for 14% of which Australia is the largest and Latin America accounting for 11%.

Northern Europe accounting for 17% of division revenue returned to growth in 2019, but the Africa-Middle East region being 15% of division revenue, was down due to continued reduction in work scope and revenue from a large oil inspection manpower services contract in Angola.

North America with 25% of the division revenue was down due to the decrease in Oil & Gas Capex services and this was despite a good performance in Oil & Gas Opex services and the Aerospace testing business.

Laboratories

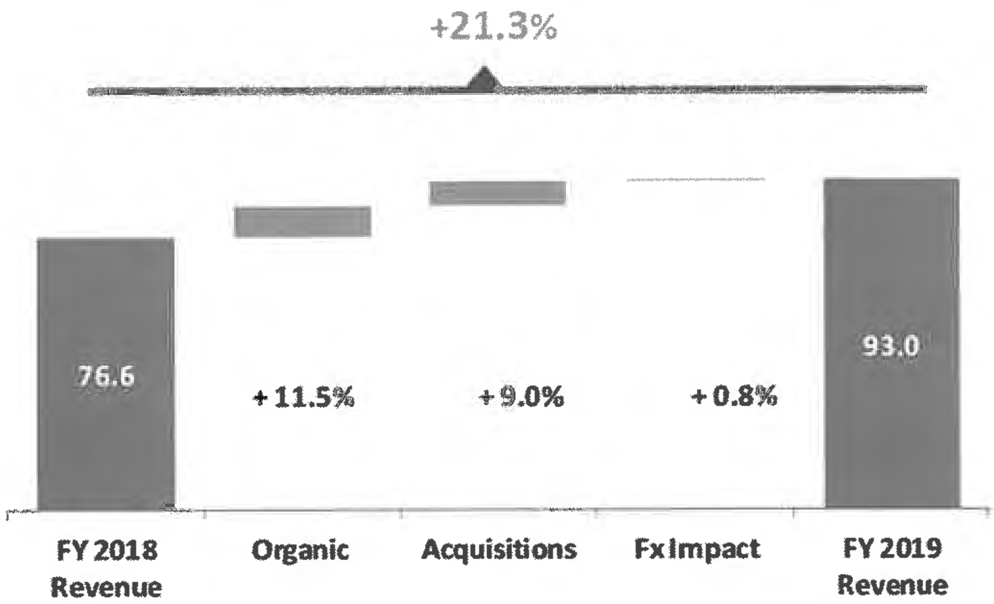
The Laboratories Division provides testing, certification and engineering services to improve product competitiveness and promote innovation. The Division operates a network of multidisciplinary laboratories in Europe, Asia and North America.

With cutting-edge facilities and technical expertise, the Division's services add high value to a wide range of industries, including aerospace, automotive, electronics, information technology and construction.

In 2019, the Laboratories Division acquired two companies, a materials testing laboratory in France and a metrology company in Spain to add to the five purchased in the previous two years.

Revenue for Laboratories division for the year of €93.0 million was 21.3% higher than the previous year.

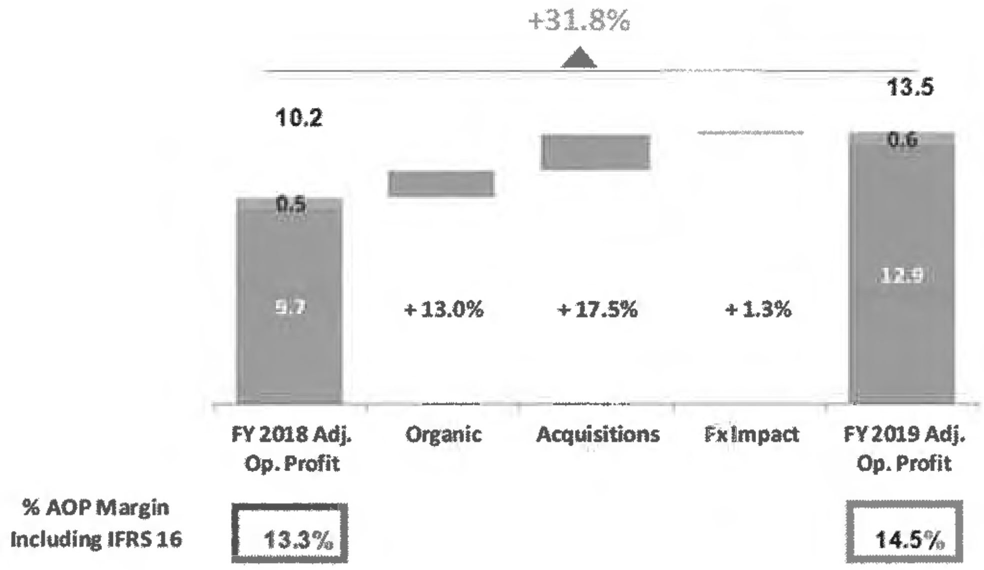
Revenue growth bridge in € million:



For the second consecutive year, there was double digit organic revenue growth which in 2019 was 11.5%. Further growth from the five acquisitions made in 2018 and 2019 added 9.0% of revenue and there was a small positive currency benefit of 0.8% as a result of the stronger USD against the Euro.

In the final quarter of the year, reported revenue was up 16.8% coming from organic revenue growth of 9.3%, revenue from acquisitions of 6.5% plus a positive currency impact of 1.0%.

The adjusted operating profit for the year increased on a proforma basis by 31.8% to €13.5 million. The operating profit growth bridge for the period, including the impact of the IFRS 16 Leases accounting change, in € million is shown below.



The adjusted operating profit as previously reported in 2018 was €9.7 million but with the application of IFRS16 to the 2018 reported adjusted operating profit would increase it by €0.5 million to a Proforma 2018 of €10.2 million.

At constant exchange rates, organic adjusted operating profit increased by 13.0% being more than the organic revenue increase. There was a contribution from acquisitions of 17.5% and a positive currency impact of 1.3%. The currency impact on operating profit was more than the currency impact on revenue due to the mix of revenue and profit by currency.

The adjusted operating profit margin increased significantly by 120 basis points from 13.3% for Proforma 2018 to 14.5% in 2019 with each of the separate components of acquisitions and currency adding to the margin, but the majority of this increase came from the organic revenue growth. The improvement in the organic margin was due to mix of services, cost control and operational leverage.

There were two acquisitions made in the year. LEM which is a metrology laboratory in Spain and A2M Industries which is a materials testing laboratory mainly for the aerospace and nuclear industries in France. The combined annual revenue for these two laboratories is €5 million per annum. The performance of these acquisitions have overall been above expectations. In the last three years, the Laboratories Division has made seven acquisitions in total with a combined revenue of €19 million per annum at accretive margins and bought at single digit EBITDA multiples and this has expanded its testing facilities in order to reinforce its position in the automotive components, fire protection, aerospace parts and calibration sectors. The momentum and scale of acquisitions for the Laboratories division is expected to increase.

All four key business units of the division performed well supported by the organic build-out and acquisitions to create regional networks of laboratories giving customers enhanced service and supporting growth. The four key business units are: Industry (includes aerospace and electrical and electromagnetic compatibility testing for the electronics and automotive sector); Construction (includes fire and structural testing of building materials); IT (includes electronic payment system protocol testing and approval) and; Metrology (includes calibration and measuring instruments).

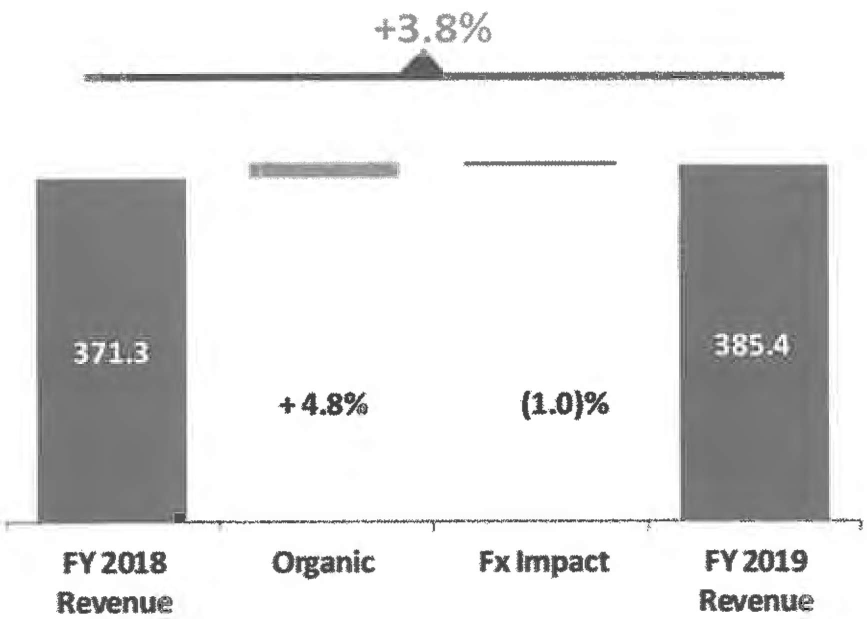
Automotive

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

The Division operates 30-plus programmes, carrying out over 20 million vehicle inspections across Spain, Ireland, Denmark, Finland, Andorra, the United States, Argentina, Georgia, Chile, Costa Rica, Ecuador and Uruguay in 2019. In the programme-managed services, a further 6 million inspections were delivered by third parties.

Revenue of €385.4 million was 3.8% higher than the previous year.

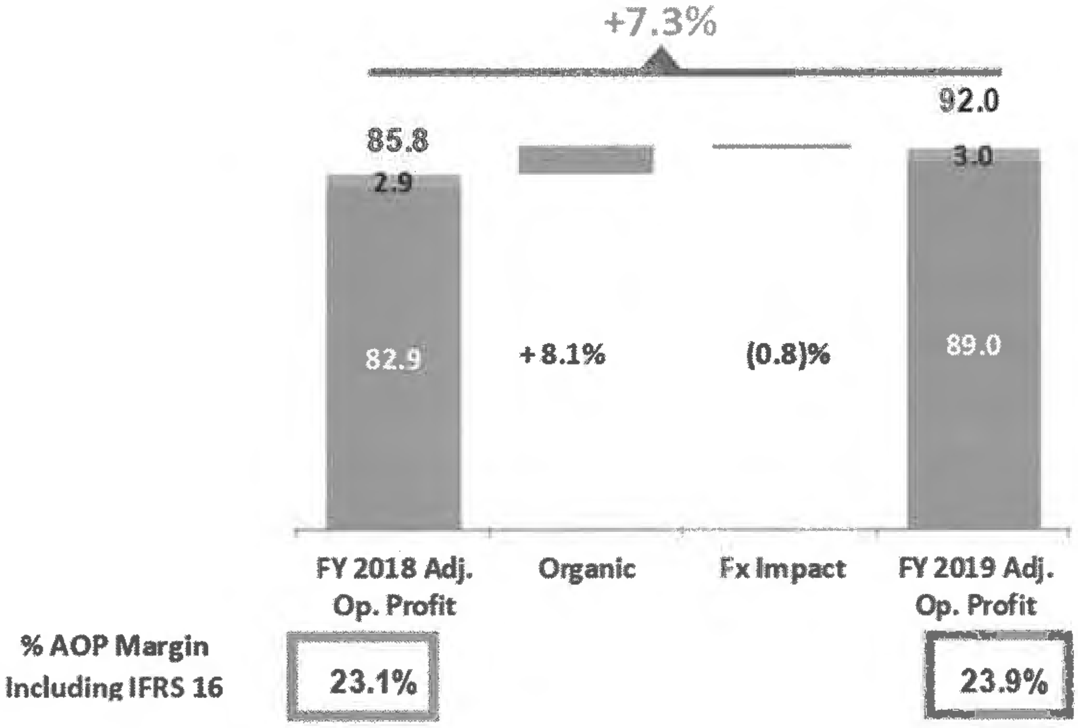
Revenue growth bridge in € million:



For the second consecutive year there was good underlying growth of mid single digit organic revenue which in 2019 was 4.8%. There was a negative currency translation impact of 1.0% as a result of the weak Argentinian peso against the Euro partly offset by the stronger USD.

In the final quarter of the year, reported revenue was up 8.9% of which organic revenue growth was 6.8% and there was 2.1% benefit from currency. The organic revenue acceleration in the final quarter was against a corresponding period of flat organic revenue growth.

The adjusted operating profit for the year increased on a proforma basis by 7.3% to €92.0 million. The operating profit growth bridge for the period, including the impact of the IFRS 16 Leases accounting change, in € million is shown below.



The adjusted operating profit as previously reported in 2018 was €82.9 million but with the application of IFRS16 to the 2018 reported adjusted operating profit would increase it by €2.9 million to a Proforma 2018 of €85.8 million.

At constant exchange rates, organic adjusted operating profit increased by 8.1% being more than the organic revenue increase. Similar to revenue, there was also a negative currency translation impact of 0.8% on the adjusted operating profit.

There was excellent growth in the operating profit margin of 80 basis points from 23.1% for Proforma 2018 to 23.9% in 2019 with almost all of this being organic margin improvement. This was due to the operational leverage and a positive mix of growth.

The recently won contracts in Uruguay, Argentina, Ecuador and Chile ramped up in the year and the largest contract of the division accounting for 21% of 2019 revenue was renewed with the Government of Ireland for another ten years, starting in July of this year under new conditions. Following the successful renewal of the Irish contract, the Group continues with its very strong renewal track record, not having not lost any re-tenders in the last ten years.

An agreement was made recently to acquire ITV Canarias which has three wholly owned stations plus one 50% owned station in the Canary Islands, all operating under the liberalised regime and the acquisition is expected to close in March. This company is well managed and has stations in complementary locations to the Applus+ network of stations on the Islands and it currently generates €4 million of revenue at a high margin with good opportunities for marketing and cost synergies.

The contract in Washington with €7.7 million revenue in 2019 has terminated after being introduced by the state in the 1980´s due to high levels of pollution in the cities which this programme successfully helped to reduce.

By region, there was low single digit revenue growth in Spain. Most of the regions grew with Canary Islands, Galicia and Madrid the leading contributors to this growth rate.

Northern Europe was flat. Growth in Ireland offset the decrease in revenue from the contracts in the Nordic countries.

USA had low single digit revenue growth with good performance from all contracts.

In Latin America, there was a strong performance in Costa Rica, Uruguay, Argentina and Chile although some of the new Ecuador contracts ramped up slowly.

There is a healthy pipeline of opportunities which are mostly in the USA and in Latin America.

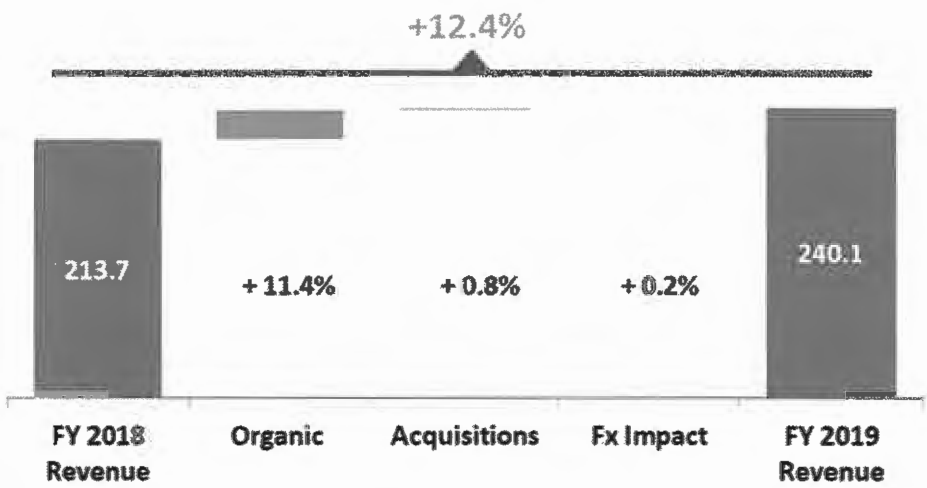
IDIADA

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 2024 and is renewable in five year periods until 2049.

IDIADA A.T. provides services to the world's leading vehicle manufacturers for new product development activities in design, engineering, testing and homologation.

Revenue of €240.1 million for the year was 12.4% higher than the previous year.

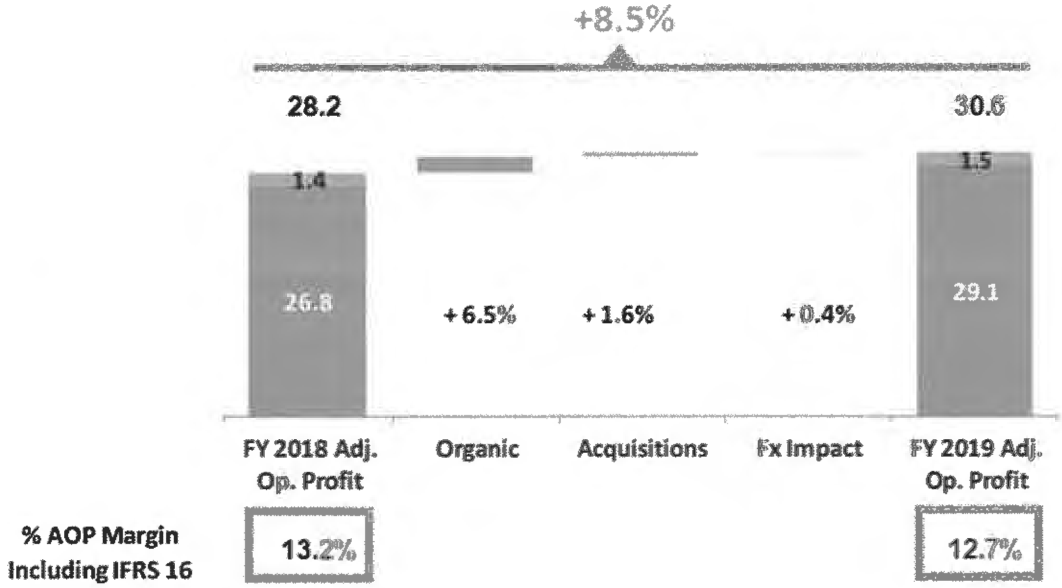
Revenue growth bridge in € million:



There was double digit organic revenue growth of 11.4%. Further growth from the acquisition of Karco made in 2018 added 0.8% of revenue and there was a small positive currency benefit of 0.2%.

In the final quarter of the year, reported revenue was up 10.0% coming from organic revenue growth of 9.7% plus a positive currency impact of 0.3%.

The adjusted operating profit for the year increased on a proforma basis by 8.5% to €30.6 million. The operating profit growth bridge for the period, including the impact of the IFRS 16 Leases accounting change, in € million is shown below.



The adjusted operating profit as previously reported in 2018 was €26.8 million but with the application of IFRS16 to the 2018 reported adjusted operating profit would increase it by €1.4 million to a Proforma 2018 of €28.2 million.

At constant exchange rates, organic adjusted operating profit increased by 6.5%. There was a contribution from acquisitions of 1.6% and a positive currency impact of 0.4%.

The adjusted operating profit margin decreased by 50 basis points from 13.2% for Proforma 2018 to 12.7% in 2019. The majority of this decrease was organic as a result of the faster depreciation of assets as the term of the current five year renewed contract with the Government of Catalonia ends in 2024.

The strong organic revenue growth was led by electric and autonomous vehicles, ADAS (advance driver assistance systems), WLTP (EU emission standard) and the increase in outsourcing of testing by car manufacturers.

In 2019, IDIADA made investments in the laboratory testing facilities and also for new tracks in Spain and in China, driving simulators in Spain and the purchase of the assets of a passive safety testing laboratory in Frankfurt. These investments add capacity to sustain growth in the business.

Alternative Performance Metrics

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

- **EBITDA,** measure of earnings before interest, taxes, depreciation and amortisation
- **Operating Profit,** measure of earnings before interest and taxes
- **Adjusted** measures are stated before other results
- **Other results** are those impacts corrected from the relevant measures to provide a better understanding of the underlying results of the Group, for example: amortisation of acquisition intangibles, restructuring and transaction & integration costs
- **PPA** correspond to the Purchase Price Allocation referred to acquisitions, allocated to intangible assets and amortised
- **Capex,** realized investments in property, plant & equipment or intangible assets
- **Proforma** figures for 2018 include IFRS 16 estimated impact
- **Operating Cash Flow,** operating cash generated after capex investment and working capital variation

- **Free Cash Flow,** operating cash generated after capex investment, working capital variation and tax & interest payments
- **Net Debt,** current and non current financial debt, other institutional debt less cash. As per bank covenant definition, calculated at annual average exchange rates
- **Leverage,** calculated as Net Debt/LTM Ebitda as per bank covenant definition
- **EPS,** Earnings per share
- **NDT,** Non destructive testing
- **P.A.,** per annum
- **FX,** Foreign exchange
- **LTM,** Last twelve months

Main risks facing the Group

The main business risks facing the Group are those typical of the businesses and countries in which it operates and of the current macroeconomic environment. The Group actively manages the main risks and considers that the controls designed and implemented to that effect are effective in mitigating the impact of these risks when they materialise.

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

Management is focused on the identification of risks, the determination of tolerance to each risk, the hedging of financial risks, and the control of the hedging relationships established.

The Group's policy hedges all significant and intolerable risk exposures as long as there are adequate instruments for this purpose and the hedging cost is reasonable. The main financial risks to which the Group is exposed and the practices established are detailed in the corresponding notes to the consolidated financial statements.

Additionally, in the Annual Corporate Governance Report, the control and risk management systems adopted by the Applus Group are described in sections E and F, as well as the risk control and management system in relation to the issuance process of the company financial information (SCIIF).

Research and Development activities

Innovation is one of the pillars of the CSR policy of the Applus Group. In the Corporate Social Responsibility Report (which is part of this consolidated management report can be consulted in the subsequent annexes of this report. They are also available in Applus Group webpage and in the "Comisión Nacional del Mercado de Valores" (CNMV)'s webpage) all the issues related to Research and Development activities are described in detail.

Treasury share transactions

At 31 December 2019, the Group held a total of 343,849 treasury shares at an average cost of EUR 11.93 per share. The value of these treasury shares totalled EUR 4,102 thousand, which is recognised under "Treasury Shares" in the accompanying consolidated statement of financial position as at 31 December 2019 (see Note 3.x).

At 31 December 2018, the Group held a total of 283,400 treasury shares at an average cost of EUR 12.01 per share. The value of these treasury shares totalled EUR 3,405 thousand, which is recognised under "Treasury Shares" in the accompanying consolidated statement of financial position as at 31 December 2018 (see Note 3.x).

Events after the reporting period

No events have occurred since 31 December 2018 other than those described in the notes to the accompanying consolidated financial statements.

Use of financial instruments

The Group uses financial derivatives to eliminate or significantly reduce certain interest rate and foreign currency risks relating to its assets. During 2018 the Group has not acquired any financial derivative instruments.

Disclosures on the payment periods to suppliers

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

	2019	2018
	Days	
Average payment period to suppliers	60	60
Ratio of transactions settled	61	61
Ratio of transactions not yet settled	52	53
	Thousands of Euros	
Total payments made	170,835	156,667
Total payments outstanding	19,320	27,681

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

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

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

The maximum payment period applicable to the Spanish consolidated companies under Law 3/2004, of 29 December 2004, on combating late payment in commercial transactions, is 30 days. This period may be extended by an agreement between the parties, but under no circumstances should be superior to 60 natural days (same legal period in 2018).

However, most of the payments outstanding by the Spanish consolidated companies at year end has been paid during the first two months of the year 2020.

Non-Financial Information

In compliance with article 49 of the Commercial Code, the status of the consolidated non-financial information is presented in the Corporate Social Responsibility Report, which is attached to this Management Report. This report has been prepared in accordance with the Global Reporting Initiative standards in its Core version (GRI). This consolidated non-financial information report forms an integral part of the Management Report and is subject to the same approval, deposit and publication criteria as the Management Report.

Annual Corporate Governance Report

The Annual Corporate Governance report, as well as the Annual Corporate Social Responsibility report, which are part of this Management report, can be consulted in the subsequent annexes of this report. They are also available in Applus Group webpage and in the "Comisión Nacional del Mercado de Valores" (CNMV)'s webpage.

www.applus.com

www.cnmv.es

Applus Services, S.A.
and Subsidiaries

Preparation of the Consolidated Financial Statements and Management report for the year ended 2019

In accordance with the provisions of article 253 of the Spanish Companies Act and article 42 of the Spanish Code of Commerce, the Board of Directors of Applus Services, S.A., in its meeting of 21 February 2020, has drawn up the consolidated financial statements (comprising the consolidated statement of financial position, consolidated statement of profit and loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and explanatory notes) and the management report for year 2019, which are included in the documents preceding this signature page and their annexes, all of them correlatively ordered.

Barcelona, 21 February 2020

Mr. Christopher Cole Chairman	Mr. Ernesto Gerardo Mata López Director
Mr. John Daniel Hofmeister Director	Mr. Fernando Basabe Armijo Director
Mr. Richard Campbell Nelson Director	Mr. Nicolás Villén Jiménez Director
Ms. Maria Cristina Henríquez de Luna Basagoiti Director	Ms. María José Esteruelas Director
Ms. Essimari Kairisto Director	Mr. Joan Amigó i Casas Director

For identification purposes, all the pages of the consolidated financial statements and the consolidated management report for the year ended on 31 December 2019, as approved by the Board of Directors, are initialized by the Secretary of the Board of Directors, Mr. Vicente Conde Viñuelas.

Appendix I - Companies included in the scope of consolidation

Name	Applus Servicios Tecnológicos, S.L.U	Azul Holding 2, S.à.r.l.	Applus Iteuve Argentina, S.A.	Applus Santa Maria del Buen Ayre, S.A.	Applus Uruguay, S.A.	Revisiones Técnicas Applus del Ecuador Applusiteuve, S.A.	Applus Iteuve Brasil Serviços LTDA	Applus Technologies, Inc.
Registered office	Calle Campezo 1, edificio 3, Parque Empresarial Las Mercedes, Madrid (Spain)	7, rue Robert Stümper L 2557-Luxembourg (Luxembourg)	Reconquista 661 – Piso 2, C 1003 Ciudad de Buenos Aires (Argentina)	Jurisdicción de la Ciudad autónoma de Buenos Aires (Argentina)	Guayabos nº 1718, escritorio 505 Montevideo (Uruguay)	Avda Patria nºE4-41 Intersección Avda Amazonas edificio Patria Piso 10 Oficina 01, Pichincha, Quito (Ecuador)	Avenida Paulista 726, Cj. 1207, 12ª andar, Sala 36, Sao Paulo (Brazil)	615, Dupont Highway, Kent County Dover, State of Delaware (USA)
Line of business	Holding company	Holding company	Vehicle roadworthiness testing	Right and compliance of the obligations corresponding to public services concessions relating to the obligatory Technical Verification of Vehicles	Vehicle roadworthiness testing	Vehicle roadworthiness testing	Holding company	Vehicle roadworthiness testing
Active / Inactive	Active	Active	Active	Active	Active	Active	Active	Active
Ownership interest held by Group companies:								
Direct	100%	100%	-	-	-	-	-	-
Indirect	-	-	100%	100%	100%	100%	100%	100%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	Janx Holding, Inc	Libertytown USA 1, Inc.	Libertytown USA Finco, Inc.	Applus Iteuve Technology, S.L.U	IDIADA Automotive Technology, S.A	Applus Argentina, S.A.	IDIADA Fahrzeugtechnik, GmbH.	CTAG-Idiada Safety Technology, S.L.
Registered office	3 Sugar Creek Center Blvd. Suite 600 Sugar Land, TX 77478 (USA)	615, Dupont Highway, Kent County Dover, State of Delaware (USA)	615, Dupont Highway, Kent County Dover, State of Delaware (USA)	Calle Campezo 1, edificio 3, Parque Empresarial Las Mercedes, Madrid (Spain)	L'Albornar, s/n PO BOX 20,43710 Sta Oliva. Tarragona (Spain)	Reconquista 661 – Piso 2, C 1003 Ciudad de Buenos Aires (Argentina)	Manfred Hochstatter Strasse 2, 85055 Ingolstadt (Germany)	Polígono A Granxa, Parcelas 249-250. 36410 Porriño, Pontevedra (Spain)
Line of business	Certification services through non-detestructive testing	Holding company	Holding company	Vehicle roadworthiness testing	Engineering, testing and certification	Holding company	Engineering, testing and certification	Engineering, testing and certification
Active / Inactive	Active	Active	Active	Active	Active	Active	Active	Active
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	100%	100%	100%	100%	80%	100%	80%	40%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	Applus Chile, S.A.	Applus Iteuve Euskadi, S.A., Sociedad Unipersonal	Applus Revisiones Técnicas de Chile, S.A.	Applus Danmark, A/S	IDIADA CZ, A.S.	K1 Kasastajat, OY	Inspecció Tècnica de vehicles i serveis, S.A.	Idiada Automotive Technology India PVT, ltd
Registered office	Avenida Américo Vespucio 743 - Huechuraba - Santiago de Chile (Chile)	Polígono Ugaldeguren I Parcela 8, 48710 Zamudio, Vizcaya (Spain)	Avenida Américo Vespucio 743 - Huechuraba - Santiago de Chile (Chile)	Høje Taastrup Boulevard 23, 2th, 2630 Taastrup (Denmark)	Prazska 320/8,500 04, Hradec Králové (Czech Republic)	Joukahaisenkatu 6, 20520 Turku Finland	Ctra de Bixessarri s/n, Aixovall AD600 (Andorra)	Unit no. 206, 2nd Floor,Sai Radhe Building Raja Bahadur Mill Road, off Kennedy Road, Pune 411 001 (India)
Line of business	Vehicle roadworthiness testing	Vehicle roadworthiness testing	Vehicle roadworthiness testing	Vehicle roadworthiness testing	Engineering, testing and certification	Vehicle roadworthiness testing	Vehicle roadworthiness testing	Engineering, testing and certification
Active / Inactive	Active	Active	Active	Active	Active	Active	Active	Active
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	100%	100%	100%	100%	80%	100%	50%	80%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	Shangai IDIADA Automotive Technology Services Co., Ltd	Applus Euskadi Holding, S.L.U.	Applus Car Testing Service, Ltd.	Idiada Tecnologia Automotiva, Ltda.	Idiada Automotive Technology UK, Ltd.	Shangdong Idiada Automotive and tire proving ground Co, Ltd	Applus Iteuve Galicia, S.L.U.	Inversiones Finisterre, S.L.
Registered office	Jucheng Pioneer Park, Building 23, 3999 Xiu Pu Road, Nan Hui 201315 Shanghai (Pudong District) (China)	Polígono Ugaldeguren, 1 parcela 8, Zamudio, Vizcaya (Spain)	3026 Lakedrive, Citywest Business Campus, Naas Road, Dublin 24 (Ireland)	Cidade de São Bernardo do Campo, Estado de São Pulo, na Rua Continental, nº 342, Vila Margarida, CEP 09750-060 (Brasil)	St Georges Way Bermuda Industrial Estate, Nuneaton, Warwickshire CV10 7JS (UK)	Room 302, No.1 industrial building of West Jin Hui Road, South Qi Xiao (China)	Ctra. N-VI, Km. 582,6 - 15168 Espiritu Santo - Sada, A Coruña (Spain)	Ctra. N-VI, Km. 582,6 - 15168 Espiritu Santo - Sada, A Coruña (Spain)
Line of business	Engineering, testing and certification	Holding company	Vehicle roadworthiness testing	Engineering, testing and certification	Engineering, testing and certification	Engineering, testing and certification	Holding company	Holding company
Active / Inactive	Active	Active	Active	Active	Active	Active	Active	Active
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	80%	100%	100%	80%	80%	80%	100%	80%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	Supervisión y Control, S.A.U.	RITEVE SyC, S.A.	Inspecciones y Avalúos SyC, S.A.	Idiada Automotive Technology Rus, LLC	Applus Idiada Karco Engineering, LLC	IDIADA Automotive Technology USA, LLC	CTAG - Idiada Safety Technology Germany, GmbH	Inversiones y Certificaciones Integrales SyC, S.A.
Registered office	Ctra. N-VI, Km. 582,6 - 15168 Espíritu Santo - Sada, A Coruña (Spain)	Lagunilla de Heredia, ciento cincuenta metros al este de la Bomba Texaco (Costa Rica)	Heredia, Cantón Central, Distrito Ulloa, Lagunilla, 150 metros este de la Bomba Uno (Costa Rica)	Russian Federation, 603004, Nijniy Novgorod, prospect Lenina, 115 (Russia).	9270 Holly Road. 92301 Adelanto. Californa (USA)	9270 Holly Road, Adelanto, CA 92301 (USA).	Manfred-Hochstatter-Straße 2, 85055 Ingolstadt (Germany)	Heredia-Heredia Ulloa, exactamente en Lagunilla, cien metros este de la Bomba Uno, edificio a mano derecha color blanco (Costa Rica)
Line of business	Vehicle roadworthiness testing	Vehicle roadworthiness testing	Vehicle roadworthiness testing	Engineering, testing and certification	Engineering, testing and certification	Engineering, testing and certification	Engineering, testing and certification	Business and management services advice
Active / Inactive	Active	Active	Active	Active	Active	Active	Active	Active
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	80%	44%	100%	80%	67%	80%	40%	89%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	Applus Inspection Services Ireland, Ltd.	Idiada Automotive Technology Mexico S de RL de CV	LGAI Technological, Center, S.A.	Applus México, S.A. de C.V.	LGAI Chile, S.A.	Applus Costa Rica, S.A	Applus Norcontrol, S.L., Sociedad Unipersonal	Novotec Consultores, S.A., Sociedad Unipersonal
Registered office	3026 Lake drive, Citiwest business campus, Naas Road, Dublin 24 (Ireland)	Carretera Lateral Mexico Puebla, 7534, 72110, Puebla (Mexico)	Campus de la UAB,Ronda de la Font del Carme, s/n, 08193 Bellaterra-Cerdanyola del Vallès. Barcelona (Spain)	Blvd. Manuel Avila Camacho 184, Piso 4-A, Col. Reforma Social, C.P. 11650 México D.F. (Mexico)	Alberto Henckel 2317, Providencia, Santiago de Chile (Chile)	Oficentro Ejecutivo La Sabana, Edificio 7, Primer piso, Local 2, San José (Costa Rica)	Crta. Nacional VI-Km 582, 15168, Sada, A Coruña (Spain)	Calle Campezo 1, edificio 3, Parque Empresarial Las Mercedes, Madrid (Spain)
Line of business	Vehicle roadworthiness testing	Ingeniería, Ensayo y certificación	Certification	Quality system audit and certification	Quality system audit and certification	Quality system audit and certification	Inspection, quality control and consultancy services	Services related to quality and safety in industrial plants, buildings,etc.
Active / Inactive	Active	Active	Active	Active	Active	Active	Active	Active
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	100%	80%	95%	95%	95%	95%	95%	100%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	Applus Panamá, S.A	Applus Norcontrol Panamá, S.A.	Norcontrol Chile, S.A.	Norcontrol Inspección, S.A. de C.V. – México	Applus Norcontrol Guatemala, S.A.	Applus Norcontrol Colombia, Ltda	Norcontrol Nicaragua, S.A.	Röntgen Technische Dienst Holding BV
Registered office	Calle Jacinto Palacios Cobos, Edificio 223, piso 3, locales A y C, Ciudad del Saber; Clayton, Ciudad de Panamá (Panama)	Calle Jacinto Palacios Cobos, Edificio 223, piso 3, locales A y C, Ciudad del Saber; Clayton, Ciudad de Panamá (Panama)	Alberto Henckel 2317, Providencia, Santiago de Chile (Chile)	Blvd. Manuel Avila Camacho 184, Piso 4-B, Col. Reforma Social, C.P. 11650 México, D.F (Mexico)	Km 14,5 Carretera a El Salvador, Santa Catarina Pinula (Guatemala)	Calle 17, núm. 69-46 Bogotá (Colombia)	Colonia Los Robles, Km. 6,500 Carretera Masaya, Managua (Nicaragua)	Delftweg 144, 3046 NC Rotterdam (The Netherlands)
Line of business	Certification	Inspection, quality control and consultancy services	Inspection, quality control and consultancy services	Inspection, quality control and consultancy services	Inspection, quality control and consultancy services	Inspection, quality control and consultancy services	Inspection, quality control and consultancy services	Holding company
Active / Inactive	Active	Active	Active	Active	Active	Active	Active	Active
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	95%	95%	95%	95%	95%	96%	95%	100%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	Applus Centro de Capacitación, S.A.	RTD Quality Services, SRO	Applus RTD Deutschland inspektions-Gesellschaft, Gmbh	Röntgen Technische Dienst B.V.	RTD Quality Services, Inc (Canada)	RTD Quality Services Nigeria Ltd.	Applus RTD USA, Inc.	RTD Holding Deutschland, Gmbh
Registered office	Alberto Henckel 2317, Providencia, Santiago de Chile (Chile)	U Stadionu 89, 530 02 Pardubice (Czech Republic)	Industriestraße 34 b, 44894 Bochum (Germany)	Delftweg 144, 3046 NC Rotterdam (The Netherlands)	5504 36 St NW, Edmonton, AB T6B 3P3 (Canada)	Warri Boat Yard, 28 Warri/Sapele Road, Warri, Delta State (Nigeria)	3 Sugar Creek Center Blvd. Suite 600 Sugar Land, TX 77478 (USA)	Industriestr. 34. D-44894, Bochum (Germany)
Line of business	Provision of training services	Certification services through non-detestructive testing	Certification services through non-detestructive testing	Certification services through non-detestructive testing	Certification services through non-detestructive testing	Certification services through non-detestructive testing	Certification services through non-detastructive testing	Holding company
Active / Inactive	Active	Active	Active	Active	Active	Active	Active	Active
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	95%	100%	100%	100%	100%	49%	100%	100%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	Applus RTD UK Holding, Ltd	Applus RTD PTE, Ltd (Singapore)	Applus Colombia, Ltda.	Applus (Shangai) Quality inspection Co, Ltd	Applus RTD Certification, B.V.	Applus PTY, Ltd (Australia)	Applus RTD Norway, AS	Arctosa Holding, B.V.
Registered office	Unit 2, Blocks C and D, West Mains Industrial Estate, Grangemouth, FK3 8YE, Scotland (UK)	521 Bukit Batok St 23, Unit 05-E, Singapore (Singapore)	Calle 17, núm 69-46, Bogotá (Colombia)	Jucheng Industrial Park, Building 23, 3999 Xiu Pu Rd, Nan Hui, Shanghai 201315 (China)	Delftweg 144, 3046 NC Rotterdam (The Netherlands)	94 Discovery Drive, Bibra Lake WA 6163 (Australia)	Finnestadgeilen 38, 4029 Stavanger (Norway)	Delftweg 144, 3046 NC Rotterdam (The Netherlands)
Line of business	Holding company	Certification services through non-detestructive testing	Certification	Inspection services in quality processes, production processes, technical assitance and consultancy	Certification services through non-detestructive testing	Certification services through non-detestructive testing	Certification services through non-detestructive testing	Holding company
Active / Inactive	Active	Active	Active	Active	Active	Active	Active	Active
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	100%	100%	95%	95%	100%	100%	100%	100%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	Libertytown USA 2, Inc.	Libertytown Australia, PTY, Ltd.	Applus UK, Ltd	Applus RTD SP, z.o.o.	Applus Energy, S.L.U.	RTD Slovakia, s.r.o.	Autoservices Online, S.L.U.	APP Management, S. de R.L. de C.V.
Registered office	3 Sugar Creek Center Blvd. Suite 600 Sugar Land, TX 77478 (USA)	94 Discovery Drive, Bibra Lake WA 6163 (Australia)	Unit 2, Blocks C and D, West Mains Industrial Estate, Grangemouth, FK3 8YE, Scotland (UK)	Raclawicka, 19, 41-506 Chorzów (Poland)	Calle Campezo 1, edificio 3, Parque Empresarial Las Mercedes, Madrid (Spain)	Udernicka 11; 851 01; Bratislava, (Slovakia)	Calle Campezo 1, edificio 3, Parque Empresarial Las Mercedes, Madrid (Spain)	Blvd. Manuel Avila Camacho 184, Piso 4-A, Col. Reforma Social, C.P. 11650 México D.F. (Mexico)
Line of business	Holding company	Holding company	Certification services through non-detestructive testing	Certification services through non-detestructive testing	Provision of advisory services and auditing in the energy sector	Certification services through non-detestructive testing	Provision of services related to the automotive sector and vehicle and road safety, engineering processes, training design, testing, homologation and certification, as well as technical audits of automotive establishments	Provision of professional, technical, administrative and human resources services
Active / Inactive	Active	Active	Active	Active	Active	Active	Active	Active
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	100%	100%	100%	100%	100%	100%	100%	100%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	Libertytown Applus RTD Germany Gmbh	Applus Norcontrol Maroc, Sarl	Applus RTD Gulf DMCC.	Applus Qualitec Serviços de Engenheria, Ltda.	Applus Lgai Germany, Gmbh	BK Werstofftechnik-Prufstelle Für Werkstoffe, Gmbh	Ringal Brasil Investimentos, Ltda.	Assinco-Assesoria Inspeçao e Controle, Ldta
Registered office	Industrie Strasse 34 b, 44894 Bochum (Germany)	INDUSPARC Module N°11BD AHL LOGHLAM Route de Tit Mellil Chemin Tertiaire 1015 Sidi Moumen 20400, Casablanca (Morocco)	16th Floor, Office 1601, Swiss Tower, Jumeirah Lake Towers, PO Box 337201, (United Arab Emirates)	Cidade de Ibirité, Estado de Minas Gerais, na Rua Petrovale, quadra 01, lote 10, integrante da área B, nº450, Bairro Distrito Industrial Marsil, CEP 32.400-000 (Brazil)	Zur Aumundswiede 2, 28279 Bremen (Germany)	Zur Aumundswiede 2, 28279 Bremen (Germany)	Cidade de Ibirité, Estado de Minas Gerais, na Rua Petrovale, quadra 01, lote 10, integrante da área B, nº450, Bairro Distrito Industrial Marsil, CEP 32.400-000 (Brazil)	Rua Petrovale, quadra 01, lote 10, integrante da area B, nº 450, Bloco 2 - 1º andar, Bairro Distrito Industrial Marsil, EP 32400-000 Cidade de Ibirité, Estado de Minas Gerais (Brazil)
Line of business	Holding company	Inspection, quality control and consultancy services	Certification services through non-detestructive testing	Certification services through non-detestructive testing	Certification	Certification	Holding company	Inspection, quality control and consultancy services
Active / Inactive	Active	Active	Active	Active	Active	Active	Active	Active
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	100%	95%	100%	100%	95%	95%	100%	100%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	Applus Norcontrol Perú, S.A.C.	Kiefner &Associates Inc.	John Davidson & Associates PTY, Ltd	JDA Wokman Limited	PT Applus Energi dan Industri	Applus Norcontrol Consultoría e Ingeniería, SAS	Applus Mongolia, LLC	Applus Laboratories, AS.
Registered office	Avenida el Derby, 254, Oficina 901. Edificio Lima Central Tower. Surco. Lima (Peru)	3 Sugar Creek Center Blvd. Suite 600 Sugar Land, TX 77478 (USA)	Unit 9, 783 Kingsford Smith Drive, Eagle Farm, Queensland 4009 (Australia)	Unit 11, Section 53, Allotment 15 & 16, Ume Street, Gordons, Port Moresby, National Capital District, (Papua New Guinea)	Gedung Pondok Indah Office Tower 2, Lantai 16, Suite 1602, Jalan Sultan Iskandar Muda Kav. VTA RT 004 RW 003 Pondok Pinang Kebayoran Lama, Jakarta Selatan 12310 (Indonesia)	Calle 17, núm. 69-46 Bogotá (Colombia)	3a planta, San Business Centre, Sukhbaatar District, 8th Khoroo, Baga toiruu, Street 29 of Prime Minister Amar, Ulaanbaatar (Mongolia)	Langmyra 11, 4344 Bryne (Norway)
Line of business	Inspection, quality control and consultancy services	Certification services through non-detestructive testing	Provision of executive recruitment services	Provision of executive recruitment services	Provision of technical engineering and planning, conservation and operational services, technical training and human resource development	Inspection, quality control and consultancy services in the industry and services sector	Provision of human resources consultancy in the area of recruitment, placement candidates and related services	Certification
Active / Inactive	Active	Active	Active	Active	Active	Active	Active	Active
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	96%	100%	100%	100%	0%	95%	100%	95%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	Applus Arabia L.L.C	Applus II Meio Ambiente Portugal, Lda	Ringal Invest, S.L.U	Applus Velosi DRC, Sarl.	Ingelog Consultores de Ingeniería y Sistemas, S.A.	Ingelog Servicios Generales, Ltda (Sergen)	Ingelog Guatemala Consultores de Ingeniería y Sistemas, S.A.	Ingeandina Consultores de Ingeniería, S.A.S.
Registered office	Dammam (Saudi Arabia)	Complexo Petroquímico, Monte Feio, 7520-954 Sines (Portugal)	Calle Campezo 1, edificio 3, Parque Empresarial Las Mercedes, Madrid (Spain)	Lubumbashi, Avenue Lumumba, N. 1163, Quartier Industriel, Commune Kampemba (Congo)	Alberto Henckel 2317, Santiago de Chile (Chile)	Alberto Henckel 2317, Santiago de Chile (Chile)	Ciudad de Guatemala (Guatemala)	Calle 17, núm. 69-46 Bogotá (Colombia)
Line of business	Certification	Inspection, quality control and consultancy services	Holding company	Provision of permanent contract services	Counseling and consulting services in the areas of engineering, infraestructure, environment, etc.	Provision of transport and rental of vehicles	Counseling and consulting services in the areas of engineering, infraestructure, environment, etc.	Counseling and consulting services in the areas of engineering, infraestructure, environment, etc.
Active / Inactive	Active	Active	Active	Active	Active	Active	Active	Active
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	48%	95%	100%	100%	100%	100%	100%	100%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

2

Name	Ingelog Costa Rica S.A.	NRAY Services, Inc.	Applus RTD USA Aerospace Holding, Inc.	X-RAY Industries, Inc.	Composite Inspection Solutions, LLC.	Applus Laboratories USA, Inc.	Arcadia Aerospace Industries, Llc.	Applus RTD Llc.
Registered office	San José de Costa Rica, calle treinta y uno, avenidas nueve y once, Barrio Escalante (Costa Rica)	56A Head Street, Dundas, ON L9H 3H7 (Canada)	3 Sugar Creek Center Blvd. Suite 600 Sugar Land, TX 77478 (USA)	3 Sugar Creek Center Blvd. Suite 600 Sugar Land, TX 77478 (USA)	1961 Thunderbird, Troy Michigan 48084 (USA)	615 S. DuPont Highway, Kent County, Dover, Delaware 19901 (USA)	28000 Mooney Avenue, Building #110, Punta Gorda Florida 33982 (USA)	KhStaropetrovsky proezd, 7-A, bld. 19 Moscú 125130 (Russia)
Line of business	Counseling and consulting services in the areas of engineering, infraestructure, environment, etc.	Inspection of the based neutron radiation services	Holding company	X-ray metallurgical, management, retail equipment, equipment manufacturing, non-destructive; testing services	Inspection services	Holding company	Industrial contract and inspection services	Purchase of equipment and refills, installation, reparation and maintainance of the equipment, engineering services and devolment of scientific investigation
Active / Inactive	Active	Active	Active	Active	Active	Active	Active	Active
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	100%	100%	100%	100%	95%	95%	86%	100%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	Applus RTD USA Services, Inc.	Libertytown USA 3, Inc.	Applus Management Services, Inc.	Applus Aerospace UK, Limited	Aerial Photography Specialist PTY, LTD	Applus RTD Canada Holding (2016), Inc.	SKC Inspection and Non Destructive Testing, Inc	SKC Engineering Ltd
Registered office	3 Sugar Creek Center Blvd. Suite 600 Sugar Land, TX 77478 (USA)	3 Sugar Creek Center Blvd. Suite 600 Sugar Land, TX 77478 (USA)	3 Sugar Creek Center Blvd. Suite 600 Sugar Land, TX 77478 (USA)	Unit 2, Blocks C and D, West Mains Industrial Estate, Grangemouth, FK3 8YE, Scotland (UK)	94 Discovery Drive, Bibra Lake WA 6163 (Australia)	1300 - 1969 Upper Water Street Purdy's Wharf Tower II Halifax NS B3J 3R7 (Canada)	19165 94TH Avenue, Surrey BC, V4N 3S4 (Canada)	19165 94TH Avenue, Surrey BC, V4N 3S4 (Canada)
Line of business	Any lawful act or activity in order for companies to organise themselves under the Delaware General Corporation Law	Any lawful act or activity in order for companies to organise themselves under the Delaware General Corporation Law	Provision of professional, technical, administrative and human resources services	Non-destructive services from the aerospace business.	Manufacture, repair, sale and services related to drones	Holding company	Inspection and non-destructive testing	Ensure quality, training, inspection, proof and design and welding engineering services.
Active / Inactive	Active	Active	Active	Active	Active	Active	Active	Active
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	100%	100%	100%	100%	100%	100%	100%	100%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	MxV Engineering,Ltd	Applus Norcontrol República Dominicana, S.R.L	Emilab, SRL	AC6 Metrologia, S.L.	Applus RVIS, B.V.	Applus Servicios Integrales, S.A.S.	Tunnel Safety Testing, S.A.	Trámites, Informes, Proyectos, Seguridad y Medio Ambiente, S.L.U.
Registered office	19165 94TH Avenue, Surrey BC, V4N 3S4 (Canada)	Plaza El Avellano, Calle Dr. Jacinto Ignacio Mañón No. 5 Local No. 08 Primer Piso. Ensanche Paraíso, Santo Domingo (República Dominicana)	Via F.lli Solari 5/A 33020 Amaro(UD) (Italy)	Polígono Comarca I, Edificio Pasarela. 31160, ORKOIEN, Navarra (Spain)	Delftweg 144, NC 3046 Rotterdam (The Netherlands)	Calle 17 # 69 - 46, Bogotá (Colombia)	LG Centro Experimental San Pedro de Anes s/n, Siero 33189, Asturias (Spain)	Calle Llenguadoc 10, Barcelona 08030 (Spain)
Line of business	Dielectric tests, inspections of cranes, stability tests and preventive maintenace	Inspection and technical assistance services	Research in the areas of engineering, electromagnetic compatibility and electrical safety.	Research, development and advisory services for metrology and industrial calibration activities.	Remote Non-destructive Inspection and Testing	Inspection, quality control and consultancy services	Fire testing in tunnels, fire suppression product testing and fire training.	Inspection, quality control and consultancy services
Active / Inactive	Active	Active	Active	Active	Active	Active	Active	Active
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	100%	95%	95%	95%	[illegible]1%	95%	89%	95%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	3C Test Limited	DatapointLabs, Llc.	DatapointLabs India, Inc.	Matereality, Llc.	Technical Inspection Services, Ltd	Applus Middle East Engineering Consultancy, LLC	SARL Apcontrol Energie et Industrie Algerie	Talon Test Laboratories (Phoenix) Inc.
Registered office	Silverstone Technology Park, Silverstone Circuit, Silverstone, Towcester, Northamptonshire, NN12 8GX (UK)	95 Brown Rd. #102 Ithaca, NY 14850 (USA)	95 Brown Rd. #102 Ithaca, NY 14850 (USA)	95 Brown Rd. #102 Ithaca, NY 14850 (USA)	Unit 21, Hither Green Industrial Estate, Clevedon, North Somerset, BS21 6XU (UK)	Office 201, Abu Dhabi Business Hub, Building B, Mussafah (United Arab Emirates)	Planta 12 Centre Commercial et d'Affaires El Qods, Chéraga, Argel (Algeria)	5002 South 40th Street, Unit F, Phoenix, Arizona (USA)
Line of business	Electromagnetic compatibility (EMC) and electrical tests, especially for the automotive sector.	Materials characterization laboratory specialized in providing properties for numerical simulation.	Materials characterization laboratory specialized in providing properties for numerical simulation.	Development of IT solutions for the properties of materials, management and storage.	Certification by non-destructive testing services	Industrial support and consulting	Production of technical control devices and appliances for the calibration of machinery, mechanical testing and measurement, oil services, management consulting, hydrocarbon analysis, environmental prevention and cleaning programs	Non-destructive testing services
Active / Inactive	Active	Active	Active	Active	Active	Active	Active	Active
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	95%	95%	95%	95%	100%	49%	49%	100%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	Talon Test Laboratories Incorporated	Laboratorio de Ensayos Metrológicos, S.L.	A2M Industries, SAS (A2MI)	Applus Tanzania Limited	Applus and Partner Engineering Consultancy	Applus Fomento de Control, S.A.	Servicios SEEF S.A. Chile	LEM Laboratorios y Asistencia Técnica Limitada Chile
Registered office	3575 Old Conejo Road, Newbury Park, CA (USA)	Avenida Can Sucarrats, 110, nave 11, Rubi (Spain)	ZA du Parc - Secteur, Rue de la Gampille, 42490 Fraisses (France)	Kimwery Avenue, Msasani, Tirdo Complex, Dar Es Salaam (Tanzania)	Building No. 500, Office 20, Al Sahaba Rd crossing with Imam Abdullah Ibn Saud Ibn Abdulaziz Rd, Ishbiliyah, 3795. Riyadh (Saudi Arabia)	11, rue El Wahda, Résidence Imam Ali, Apt 2, Casablanca (Morocco)	Calle Potrerillos N°4141, Puerto del Inca, ciudad de Calama (Chile)	Avenida Huaytiquina N°1601, ciudad de Calama (Chile)
Line of business	Non-destructive testing services	Laboratory of metrological tests and calibration of measuring instruments	Pruebas mecánicas y de materiales.	Provision of services, training and consulting, including though not limited to inspection, testing, verification, NDT services, maintenance and technical assistance for the industrial and construction sectors and related areas, as well as the consulting activities for business and management.	Engineering consultancy services	The provision of verification services for industrial products imported into the Kingdom of Morocco (Law No. 24-09 , Morocco)	Personnel Transport	Development of projects, consultancies and technical quality control consultants for construction, referring to the quality of materials and industrial elements used for construction and its condition of application of building works.
Active / Inactive	Active	Active	Active	Active	Active	Active	Active	Active
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	100%	95%	95%	75%	48%	85%	100%	100%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	TIC Investments Chile SpA	Applus Brasil Investimentos, Ltda
Registered office	Avenida Huaytiquina N°1601, ciudad de Calama (Chile)	Rua Dom José de Barros, nº 177, 6ª andar, conjunto 601, sala 602, Vila Buarque, CEP 01038-100, Sao Paulo (Brazil)
Line of business	Holding company	Holding company
Active / Inactive	Active	Active
Ownership interest held by Group companies:		
Direct	-	-
Indirect	100%	100%
Method used to account the investment	Full consolidation	Full consolidation

Name	Velosi S.à r.l.	SAST International Ltd	Velosi Asia (Luxembourg) S.à r.l.	Velosi Africa (Luxembourg) S.à r.l.	Velosi Europe (Luxembourg) S.à r.l.	Velosi Poland Sp z.o.o.	Velosi Europe Ltd	Velosi Certification Bureau LTD
Registered office	7, rue Robert Stümper | L-2557-Luxembourg, Grand Duchy of Luxembourg, L-1653 Luxembourg (Luxembourg).	IFC1, Level 1, Esplanade, St. Heiler, Jersey JE2 3BX, Channel Islands (Jersey).	7, rue Robert Stümper | L-2557-Luxembourg, Grand Duchy of Luxembourg, L-1653 Luxembourg (Luxembourg).	7, rue Robert Stümper | L-2557-Luxembourg, Grand Duchy of Luxembourg, L-1653 Luxembourg (Luxembourg).	7, rue Robert Stümper | L-2557 Luxembourg, Grand Duchy of Luxembourg, L-1653 Luxembourg (Luxembourg).	Ul. Mila 2 00-180 Warszawa (Poland)	1 Woodsite Business Park, Whitley Wood Lane, Reading, RG2 8LW (UK).	1 Woodsite Business Park, Whitley Wood Lane, Reading, RG2 8LW (UK).
Line of business	Holding company	Provision of consultancy and engineering services	Holding company	Holding company	Holding company	Publishing of other programmes	Provision of technical, engineering and industrial services	Holding company
Active / Inactive	Active	Active	Active	Active	Active	Active	Active	Active
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	100%	100%	100%	100%	100%	100%	100%	100%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	Applus International Italy, Srl	Applus Italy, SRL	IES - Velosi Norge AS	Applus Turkey Gozetim Hizmetleri Limited Sirketi	Velosi LLC	Velosi Malta I Ltd	Velosi Malta II Ltd	Applus Velosi Czech Republic, s.r.o.
Registered office	23807 Merate (LC), via De Gasperi, 113, Merate (Italy).	Via Cinquantenario, 8 - 24044 Dalmine, Bergamo (BG) (Italy).	Dølevegen, 86, Post Box. 2096 N-5541 Kolnes, Kongsberg (Norway).	1042. Cadde 1319.Sokak No.9/5 Ovecler, Ankara (Turkey).	Azadlig Avenue 189, Apt 61, AZ1130 Baku (Azerbaijan).	The Bastions, Office No. 2 Emvim Cremona Street, Floriana, FRN 1281 (Malta).	The Bastions, Office No. 2 Emvim Cremona Street, Floriana, FRN 1281 (Malta)	Prague 9, Ocelárská 35/1354 (Czech Republic).
Line of business	Provision of technical, engineering and industrial services	Quality control, maintenance and inspection	Quality control, maintenance and inspection	Quality control, maintenance and inspection	Provision of auxiliary services for oil and gas companies	Holding company	Holding company	Manufacturing, trade and services not listed in Appendix 1-3 of the Trade License Activity
Active / Inactive	Active	Active	Active	Active	Active	Active	Active	Active
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	80%	80%	60%	80%	100%	100%	100%	100%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	Velosi Industries Sdn Bhd	Applus Malaysia Sdn Bhd	Kurtec Inspection Services Sdn Bhd	Velosi Plant Design Engineers Sdn Bhd	Applus Singapore PTE Ltd	Velosi Engineering Projects Pte Ltd	Velosi Energy Consultants Sdn Bhd	Velosi (HK) Ltd
Registered office	C/o AGL Management Associates Sdn Bhd, No. 152-3-18A, Kompleks Maluri, Jalan Jejaka, Taman Maluri, 55100 Kuala Lumpur (Malaysia).	C/o AGL Management Associates Sdn Bhd, No. 152-3-18A, Kompleks Maluri, Jalan Jejaka, Taman Maluri, 55100 Kuala Lumpur (Malaysia).	C/o AGL Management Associates Sdn Bhd, No. 152-3-18A, Kompleks Maluri, Jalan Jejaka, Taman Maluri, 55100 Kuala Lumpur (Malaysia).	C/o AGL Management Associates Sdn Bhd, No. 152-3-18A, Kompleks Maluri, Jalan Jejaka, Taman Maluri, 55100 Kuala Lumpur (Malaysia).	521 Bukit Batok Street 23 Unit 5E, Excel Building,659544 (Singapore)	521, Bukit Batok Street 23, Unit 5E , 659544 Singapore (Singapore)	C/o AGL Management Associates Sdn Bhd, No. 152-3-18A, Kompleks Maluri, Jalan Jejaka, Taman Maluri, 55100 Kuala Lumpur (Malaysia).	Level 12, 28 Hennessey Road, Wanchai (Hong Kong).
Line of business	Investments, investment property and provision of engineering services	Provision of engineering and inspection services	Provision of non-destructive testing (specialised NDT) services, inspection of guided wave long range ultrasonic testing (LRUT) and remote visual inspection	Provision of consultancy and engineering services for the design of plants, construction and engineering and the investment that they possess	Provision of specialised services in the area of repair of ships, tankers and other high sea vessels, and provision of rope access, testing and technical analyses for the oil and gas industries	Provision of third-party inspection services	Provision of consultancy services for all engineering activities and the supply of local and foreign experts for the generation of oil and gas energy, marine, energy conservation, mining and all other industries, together with the engineering and maintenance of refining vessels, oil platforms, platforms, petrochemical plants and the supply of qualified labor	Provision of management services, sales support, advisory and business development services to related companies
Active / Inactive	Active	Active	Active	Active	Active	Active	Active	Active
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	100%	100%	100%	100%	100%	100%	100%	100%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	Velosi Saudi Arabia Co Ltd	Velosi Engineering Management Consultancy (Shangai) Ltd Co.	Velosi Siam Co Ltd	Applus (Thailand) Company Limited	Velosi Corporate Services Sdn Bhd	Velosi International Holding Company BSC (c)	Velosi Certification Services LLC	Velosi Certification WLL
Registered office	Unit No. 1, Al-Qusur, Talal Al-Doha Building, Sub of Prince Mohammad bin Fahd Road, Dhahran, 34247-3229 (Saudi Arabia).	Room 1304, Shangkang LiaoShi Building No. 738 Shang Cheng Road Pudong, Shanghai PRC, 200120 (China).	ZEN @ ZEN World Tower, Level 12, Zen World Tower, 4, 4/5 Rajdamri Road, Pathumwan, Bangkok, 10330 (Thailand).	208 Wireless Road Building 14th Floor Room 1401 (16), Lumpini, Pathumwan, Bangkok 10330 (Thailand).	C/o AGL Management Associates Sdn Bhd, No. 152-3-18A, Kompleks Maluri, Jalan Jejaka, Taman Maluri, 55100 Kuala Lumpur (Malaysia).	Flat 42, Building 1033, Road 3731, Block 337, Menama/UMM Alhassam (Bahrain)	# 201, Block B, Abu Dhabi Business Hub, ICAD-1, Mussafah, PO Box 427 Abu Dhabi (United Arab Emirates).	Block 9, Building 24, Office 21, Ground Floor, East Ahmadi, Industrial Area, P O Box # 1589, Salmiya – 22016 (Kuwait).
Line of business	Provision of maintenance testing, fixing, examination of the welding and quality control for the pipes, machinery, equipment and other buildings in oil, gas and petrochemical facilities and to issue related certificates	Provision of consulting of Petroleum Engineering, technical consultation of mechanical engineering and consulting of business management	Holding company	Provision of engineering and technical services	Provision of general management, business planning, coordination, corporate finance advisory, training and personnel management services	Holding company of a group of commercial, industrial and service companies	Provision of construction project quality management services, management system certification, quality management of the maintenance of existing facilities and equipment and mandatory inspection services	Provision of industrial consultancy
Active / Inactive	Active	Active	Active	Active	Active	Active	Active	Active
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	60%	100%	100%	74%	100%	100%	49%	24%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	PT Java Velosi Mandiri	Velosi Certification WLL	Velosi PromService LLC	Velosi LLC	Velosi Bahrain WLL	Velosi LLC	Velosi Quality Management International LLC	Velosi CBL (M) Sdn Bhd
Registered office	Pondok Indah Office Tower 2, 16th Floor, Suite 1602, Jl. Sultan Iskandar Muda Kav. VTA Pondok Indah, Jakarta Selatan 12310 (Indonesia).	Building No 121340, First Floor New Salata, C Ring Road, P.O. Box 3408, Doha (Qatar).	Russian Federation, 125130, Moscow, Staropetrovsky proezd, 7A, bld. 19, office 7 (Russia).	693000, Sakhalin Region, Yuzhno-Sakhalinsk, Kommunistichesky prospect, 32, suit 610 (Russia).	Flat 11, Building 1033, Road 3721, Block 337, Menama / UMM Alhassam (Bahrain).	Block no 227 Stella Building, Post Box 231 Hamriya. Way no 2748 (Oman).	205, Block B, Abu Dhabi Business Hub, ICAD-1, Mussafah, PO Box 427 Abu Dhabi (United Arab Emirates).	C/o AGL Management Associates Sdn Bhd, No. 152-3-18A, Kompleks Maluri, Jalan Jejaka, Taman Maluri, 55100 Kuala Lumpur (Malaysia).
Line of business	Provision of engineering consultancy services, such as quality control and non-destructive testing (NDT) inspection services, provision of skilled labor with vocational training	Provision of inspection and analysis and technical services in the area of qualified technical jobs	Provision of quality assurance and control, general inspection, corrosion control and services for the supply of labor for the oil and gas industries	Holding Company	Provision of quality control and standardization services, industrial inspection services and general services	Provision of certification, engineering and inspection services	Provision of certification, engineering and inspection, onshore and/or offshore services	Provision of equipment inspection services
Active / Inactive	Active	Active	Active	Active	Active	Active	Active	Active
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	0%	24%	100%	100%	100%	50%	49%	100%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	Applus Kazakhstan LLC	Velosi (B) Sdn Bhd	Velosi Certification Services LLC	Velosi Philippines Inc	Velosi Ukraine LLC	Dijla & Furat Quality Assurance, LLC.	Applus Korea Co, Ltd.	Oman Inspection and Certification Services
Registered office	Building #31A, Akzhal lane, Atyrau, Atyrau Oblast, postal code 060002 (Kazakhstan).	Lot 5211, Spg. 357, Jln Maulana, KA 2931 Kuala Belait , Negara Brunei Darussalam (Brunei).	17, Chimkent Street, Mirobod District, 100029 Tashkent (Uzbekistan).	1004, 10F, Pagibig WT Tower, Cebu Business Park, Ayala, Cebu City (Philippines).	5A Piterska Street, 03087 Kyiv (Ukraine).	Ramadan Area, District 623 S, No.1, Baghdad (Iraq).	108, Jin-ha, Seo-sang, Ulju, Ulsan (Republic of Korea).	P.O. Box 15, South Alkhuawir, Bawshar, Muscat Governorate (Oman)
Line of business	Provision of services in the area of industrial safety	Provision of quality control and engineering services for the oil and gas industries	Provision of inspection, certification, monitoring and other types of business activity	Provision of inspection, quality control, certification and business process outsourcing	Provision of auxillary services in the oil and natural gas industries	Provision of quality control and training services	Provision of training and consulting for services related to technical engineering, hiring-out of manpower and materials and leasing of properties.	Provision of non-destructive testing services (NDT), environmental and safety services (HSE), quality control and engineering services.
Active / Inactive	Active	Active	Active	Active	Active	Active	Active	Active
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	80%	30%	80%	100%	100%	100%	67%	50%
Method used to account the investment	Full consolidation	Equity method	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	Applus Japan KK	Steel Test (Pty) Ltd	Applus Velosi (Ghana) Ltd	Velosi Angola Prestaçao de Servicos Ltda	Velosi Superintendend Nigeria Ltd	Velosi Uganda LTD	Velosi SA (Pty) Ltd	Velosi Gabon (SARL)
Registered office	Yamauchi Building 3F 3-24-8 Nishi Shimbashi, Minato-ku, Tokyo (Japan).	28 Senator Rood Road, 1939 Vereeniging (Republic of South Africa).	2nd Floor, Design House, Ring Road East, Accra (Ghana).	Rua Marien Ngouabi 37, 5º apartamento 53, Maianga, Luanda (Angola).	3A Alabi Street, Off Toyin Street, Ikeja - Lagos (Nigeria)	3rd Floor, Rwenzori House, Plot 1, Lumumba Avenue, PO Box 10314 Kampala (Uganda).	128 Senator Rood Road, 1939 Vereeniging (Republic of South Africa).	Cité Shell, Port-Gentil in Gabon, BP: 2 267 (Gabon).
Line of business	Provision of quality and inspection services, man power, NDT tests and industrial consulting	Pipe and steel thickener testing	Provision of inspection, quality control and certification services	Provision of quality assurance and control, inspection, supply of technical manpower, certification and regulatory inspection, NDE specialised services and engineering	Provision of services (quality assurance and control, general inspection, corrosion control and supply of labor) for the oil and gas industries	Provision of business consulting and management services	Provision of services related with the quality of the oil and gas industries	Provision of security and environmental services (HSE), quality control and engineering in the oil and gas sector.
Active / Inactive	Active	Active	Active	Active	Active	Active	Active	Active
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	100%	75%	49%	44%	30%	100%	100%	75%
Method used to account the investment	Integración global	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	Steel Test Secunda (PTY), LTD.	Applus Velosi Egypt, LLC	Velosi Mozambique LDA	Applus Velosi Angola, Lda.	Applus India Private Limited	Applus Mozambique Limitada	K2 Do Brasil Services Ltda	Applus Velosi America LLC
Registered office	11 Viscount, Road Bedfordview 2007, (Republic of South Africa).	27, Ali El-Gendy St., Nasr City, Cairo (Egypt).	Avenida Kim Il Sung, 961 - Bairro Sommershield - Distrito Urbano 1, Maputo Cidade (Mozambique).	Condominio Mirantes de Talatona, Rua das Acácias, casa B13, Luanda (Angola).	#402, Vijaysri Nivas, Prakash Nagar, Begumpet, Hyderabad – 500 016. Telenagana (India)	Paulo Samuel Kankhomba Avenue, number 3,371, Maputo City (Mozambique).	Avenida Nossa Senhora da Gloria, 2.643, Cavaleiros, Macae - RJ, CEP27920-360, Macae (Brazil).	3 Sugar Creek Center Blvd. Suite 600 Sugar Land, TX 77478 (USA).
Line of business	Inspection of pipes and steel thickness	Provision of engineering consultancy in the oil sector, the maritime business, power generation and mining, as well as management consulting	Provision of consultancy services and technical assistance in the oil and gas industries, such as labor force services, and other specialized services in non-destructive trials, controls, quality inspections and asset integrity	Provision of quality assurance and control, inspection, supply of technical manpower, certification and specialised services in NDT and engineering.	Provision of labor supply services for the oil and gas industries	Provision of consulting and technical assistance services in the oil and gas industry, man power services, NDT specialized tests, controls and quality inspections and provision of asset integrity services	Provision of updating, repair, modification and control of onshore and offshore oil facilities, inspection and development of design services, manufacture of components and machinery structures and supply of qualified labor	Provision of labor supply services for the oil and gas industries
Active / Inactive	Active	Active	Active	Active	Active	Active	Active	Active
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	100%	100%	74%	49%	100%	49%	100%	100%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Integración global	Full consolidation	Full consolidation

Name	Applus Velosi Canada Ltd	Midstream Technical Inspection Services, LLC	Applus K2 America, LLC	Velosi Australia Pty Ltd	QA Management Services Pty Ltd
Registered office	2600 Manulife Place 10180 - 101st Street, Edmonton, AB T5J 3Y2 (Canada)	3 Sugar Creek Center Blvd. Suite 600 Sugar Land, TX 77478 (USA).	3 Sugar Creek Center Blvd. Suite 600 Sugar Land, TX 77478 (USA).	Unit 9, 783 Kingsford Smith Drive, Eagle Farm, Queensland 4009 (Australia)	Unit 9, 783 Kingsford Smith Drive, Eagle Farm, Queensland 4009 (Australia)
Line of business	Provision of labor supply services for the oil and gas industries	Supply of certifications for pipelines belonging to the oil and gas sector	Providing solutions for owners and operators of drilling rigs and FPSO in America, including inspection services, repair and maintenance, structural design and analysis and training services	Holding company	Provision of quality assurance services, such as worldwide inspection and ISO 9000 Quality Management Consultancy, training courses, quality control software packages and specialised labor services
Active / Inactive	Active	Active	Active	Active	Active
Ownership interest held by Group companies:					
Direct	-	-	-	-	-
Indirect	100%	100%	100%	100%	100%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Note: the % of ownersihp of the Group companies reported corresponds to the legal interest.

Appendix II - Out of the scope of consolidation

Name	Velosi Turkmenistan	Velosi Services L.L.C. (Russia)	Velosi Cameroun Sàrl	Applus Velosi Kenya Limited	Velosi Do Brasil Ltda	Idiada Homologation Technical Service, S.L.U.
Registered office	Ashgabat City, Kopetdag District, Turkmenbashy, Avenue, No. 54 (Turkmenistan).	Kommunistichesky prospect, 32, suit 610, Yuzhno-Sakhalinsk, Sakhalin Region (Russia).	Douala, PO Box 15805, Akwa (Cameroon)	3rd floor, Kiganjo House, Rose Avenue Off Denis Pritt Road L.R No 1/1870, Nairobi P.O.Box 50719 - 00200, Nairobi (Kenya).	Praia Do Flamengo 312, 9 Andar Parte Flamengo, Rio De Janeiro (Brazil).	L'Albornar s/n 43710 Santa Oliva - Tarragona (Spain).
Line of business	No line of business	No line of business	No line of business	Services of provision of quality control, technical engineering of labor and consulting, Non Destructive Testing and certification, electrical inspection, engineering and project management and supervision of construction services	No line of business	Engineering, testing and certification
Active / Inactive	Inactive	Inactive	Inactive	Inactive	Inactive	Inactive
Ownership interest held by Group companies:						
Direct	-	-	-	-	-	-
Indirect	100%	100%	100%	100%	98%	80%

Name	Velosi Asia Kish (Iran)	VAIL Consultancy Services DMCC	Precision for Engineering Services, Project Management, Vocational Training and Importation of Man Power, LLC.	Velosi Jorson Sdn Bhd (Brunei)
Registered office	No. 7, Second Floor, Block B28, Pars Commercial Complex, South-West of the Port Area (Iran).	DMCC Business Centre - Level No 1 - Jewellery & Gemplex 3 Dubai (United Arab Emirates).	Al-Shamasiyah District Section No. 316 Street 15 house 37|1, Basra (Iraq)	LOT 5211, Simpang 357, Jalan Maulana, Kuala Belait KA2931, Brunei Darussalam (Brunei).
Line of business	No line of business	No line of business	Buy, lease, ownership of personal property, intellectual property and the sale of said goods	Provision of non-destructive testing services (NDT), technological development and transformation and technical consulting.
Active / Inactive	Inactive	Inactive	Inactive	Active
Ownership interest held by Group companies:				
Direct	-	-	-	-
Indirect	97%	80%	100%	15%

The members of the Board of Directors of Applus Services, S.A. declare that, to the best of their knowledge, the consolidated financial statements of Applus Services, S.A. and subsidiaries (comprising consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and explanatory notes) for the year ended at 31 December 2019, prepared in accordance with applicable accounting policies and approved by the Board of Directors at its meeting on 21 February 2020, present fairly the equity, financial position and results of Applus Services, S.A. and the subsidiaries included in the scope of consolidation, taken as a whole, and that the management report accompanying such consolidated financial statements includes a fair analysis of the business' evolution, results and the financial position of Applus Services, S.A and the subsidiaries included in the scope of consolidation, taken as a whole, as well as a description of the principal risks and uncertainties they face. All the Directors have signed on this page to certify the above mentioned.

Barcelona, 21 February 2020

Mr. Christopher Cole
Chairman

Mr. John Daniel Hofmeister
Director

Mr. Richard Campbell Nelson
Director

Ms. Maria Cristina Henríquez de Luna Basagoiti
Director

Ms. Essimari Kairisto
Director

Mr. Ernesto Gerardo Mata López
Director

Mr. Fernando Basabe Armijo
Director

Mr. Nicolás Villén Jiménez
Director

Ms. Maria José Esteruelas
Director

Mr. Joan Amigó i Casas
Director

Applus Services, S.A. and Subsidiaries

Independent Limited Assurance Report

Deloitte.

Deloitte, S.L.
Avda. Diagonal, 654
08034 Barcelona
España

Tel: +34 932 80 40 40
www.deloitte.es

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

INDEPENDENT LIMITED ASSURANCE REPORT

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

In accordance with Article 49 of the Spanish Commercial Code, we have performed the verification, with a scope of limited assurance, of the 2019 Corporate Social Responsability Report (CSR), which contains the Consolidated Non-Financial Information Statement (NFIS) for the year ended December 31, 2019 of Applus Services S.A. and subsidiaries ("Applus" or "the Group"), which forms part of the Consolidated Directors' Report of Applus.

The CSR includes information, additional to that required by current Spanish corporate legislation relating to non-financial reporting and by the Global Reporting Initiative Standards for sustainability reporting in their Core option ("GRI standards"), that was not the subject matter of our verification. In this regard, our work was limited solely to the verification of the information identified in the "Cross references table: GRI and Global Compact" and in the "Cross references table: Spanish Act 11/2018" of the CSR.

Responsibilities of the Directors

The preparation and content of the Applus CSR are the responsibility of the Board of Directors of Applus. The CSR was prepared in accordance with GRI standards in their core option. The NFIS included in the CSR was prepared in accordance with the content specified in current Spanish corporate legislation and with the criteria of the selected GRI standards, as well as other criteria described as indicated for each matter in the "Cross references table: Law 11/2018" in the CSR.

These responsibilities of the Board of Directors also include the design, implementation and maintenance of such internal control as is determined to be necessary to enable the CSR and the NFIS to be free from material misstatement, whether due to fraud or error.

The directors of Applus are also responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for the preparation of the CSR and the NFIs is obtained.

Our independence and quality control

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

Our firm applies International Standard on Quality Control 1 (ISQC 1) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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

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

Our Responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed that refers exclusively to 2019. Information on priors years was not subject to the verification required by prevailing Spanish corporate legislation.

We conducted our review in accordance with the requirements established in International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, currently in force, issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the guidelines published by the Spanish Institute of Certified Public Accountants on attestation engagements on regarding non-financial information statements.

The procedures performed in a limited assurance engagements vary in terms of nature and timing, and are less in extent that for reasonable assurance engagements and, consequently, the level of assurance provided is also lower.

Our work consisted in requesting information from management and the various business units of Applus that participated in the preparation of the CSR, which includes the NFIS, reviewing the processes used to compile and validate the information presented in the CSR and carrying out the following analytical procedures and sample-based review tests:

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

- Analysis of the scope, materiality and completeness of the contents included in the CSR based on the materiality analysis carried out by Applus and described in the " CSR performance" section of chapter 4 of the Corporate Social Report, also considering contents required by current Spanish corporate legislation.

- Analysis of the processes used to gather and validate the data presented in the 2019 CSR.

- Verification, by means of sample-based review tests, of the information relating to the contents identified in the "Cross references table: GRI and Global Compact" and the Table of "Equivalents with Law 11/2018 on non-financial reporting" in the CSR, and the appropriate compilation thereof based on the data furnished by Applus information sources.

- Obtainment of a representation letter from the directors and management.

Conclusion

Based on the procedures performed and the evidence obtained, no matter has come to our attention that causes us to believe that:

A) The NFIS included in the 2019 CSR of Applus was not prepared, in all material respects, including the adequacy of the contests revised detailed in the "Cross references table: GRI and Global Compact", in accordance with GRI Standards in their core option.

B) Applus NFIS for the year ended 31 December 2019 was not prepared, in all material respects, in accordance with the content specified in current Spanish corporate legislation and with the criteria of the selected GRI Standards, as well as other criteria described as indicated for each matter in the "Cross references table: Law 11/2018" in the CSR.

Use and distribution

This report has been prepared as required by current Spanish corporate legislation and may not be suitable for any other purpose or jurisdiction.

DELOITTE, S.L.

Ana Torrens Borrás

21 February 2020

CORPORATE SOCIAL RESPONSIBILITY REPORT 2019

Date: 18/02/2020

CSR REPORT SUMMARY

The Applus+ Group believe in acting responsibly to generate value in our business operations and within society. This direction drives improvements in our economic performance, helps build trust in our teams, brings direct and indirect benefits to society and increases the trust held by stakeholders and investors.

Our people

To develop our workforce, we focus on training, retaining and attracting highly TALENTED PROFESSIONALS, as well as fostering a DIVERSE, INCLUSIVE AND SAFE ENVIRONMENT, based on equal opportunities for our people.

Our Group currently has a workforce of **23,051 professionals**, distributed across more than 70 countries. Our divisions comprise men and women, a large variety of number of nationalities, cultures, religions, and age.

We are developing specific plans to **promote diversity**, inclusion and equality addressed to women, people with different abilities and ethnic groups. In 2019, we approved the Applus+ *Diversity and Equality Policy* to establish the principles assumed by the Group to be inclusive.

We are convinced that **talented individuals** are the key to long-term sustainability and competitiveness. To support this in 2019, we drew up 137 development plans for individual personnel from the Group's managers in 26 countries, including more than 406 actions. For managers with high potential, the first group of Applus+ managers graduated from the Global Management Development Programme (GMDP) in 2019, and a fresh intake of 29 managers from across the Group joined the second edition of the programme later in 2019. As a consequence of recognising talent, we filled approximately 77.5% of all available management position internally.

Employment engagement was also one of our key areas of focus in 2019. To improve and increase the satisfaction and commitment of our employees, we continued to implement and follow-up the action plans designed after analysing the outcomes of our last employee satisfaction survey.

In 2019, we reduced our accidents rate by almost 10%, and reduced 26 % the severity rate as a result of reinforcing our **best practices in occupational health and safety**, and increasing activities to **raise awareness** throughout the Group, such as the annual Safety Day, specific periodic campaigns, sharing of lessons learned, safety award campaigns, etc.

Stakeholder engagement

To deliver value for our stakeholders, we maintain a continuous DIALOGUE WITH OUR STAKEHOLDERS, which enables the Group to align our business model and sustainability initiatives to their requirements.

During 2019, the Group **continued to strengthen communication channels with** all of our **stakeholders** to inform on our global outlook and address their local expectations.

We develop our **social action** within the local communities where we operate, and promote the autonomy for our local teams to implement specific social-action programmes. The high percentage of local employees (86%) and products or services purchased locally (90%) highlight our commitment to the local communities.

In addition to local workforces, **communities benefit** from our innovation activity through a wide range of projects for developing infrastructures, which contribute to the local, sustainable socio-economic growth within the places the Group operates.

We maintain regular and continual **dialogue with our clients** at all levels, and periodically survey them on their satisfaction to improve ourselves through their feedback.

To spread our values in local **supply chains and with partners**, we require companies to adhere to our *Code of Ethics* and to follow the Applus+ Group's principles in their behaviour everyday wherever they are the world.

We carry out annual **corporate-governance road shows** to maintain our constructive dialogue held with institutional investors and proxy advisors, in line with our *Policy for Communication and Contacts* with *Shareholders, Institutional Investors and Proxy Advisors*. In 2019, the Group's executives attended 242 meetings and conference calls with investors, at 24 conferences and roadshows as well as on an ad-hoc basis.

Corporate Governance and Business Ethics

Integrity, Transparency, Impartiality & Independence and Responsibility are the key principles to GOVERN our Group's management and decision making.

In 2019, the **diversity** of the Group's **Board of Directors increased.** Throughout 2019, eight Directors out of ten were independent, 30% were women and the average age was 63.4.

Applus+ has implemented a **Compliance Management System for Criminal Risks** (CMS) to detect and mitigate possible criminal offences. In 2019, we have focused our efforts globally on ensuring that the CMS policies are effectively implemented across all of the four divisions and regions.

Our ***Code of Ethics** was* updated in 2019, which adapted the policy to the requirements of the new *European General Data Protection Regulation* (GDPR), and included the new policies approved throughout 2018. One hundred percent of our employees were trained in 2019 on the *Code of Ethics* and *Global Anticorruption Policy*.

In 2019, our Ethics & Compliance **communication channel received 107 notifications**, and out of these, 91 were opened for further investigation into potential breaches. Out of them, 62 were closed in 2019; 24 breached the *Code of Ethics* and CMS' Policies, and resulted in some type of correction or disciplinary action.

Innovation

INNOVATIVE solutions for our clients is fundamental to the Applus+ Group's purpose, as are advances in TIC processes for more sustainable, safe and environmental-friendly products or industry processes.

We continue to **increase our investment and efforts in innovation** to create technologies that promote safety and quality of life in our society, as well as reduce the carbon footprint.

Applus+ has continued working on initiatives to develop digital technologies and services, in line with the demands of our markets. To coordinate the efforts that the Group is implementing from some years ago, we have established a corporate unit to integrate the **digital transformation and lay the foundations for the changes we can deliver in our sectors**.

In 2019, we carried out 200 **innovation projects** that addressed various sustainability goals, with 881 employees involved and devoting about 367,103 working hours. Our innovation process also led to 98 accumulated patents granted by the end of 2019.

Sustainable performance

The Group's sustainable performance is driven by a focus on preventing and minimising the potential impacts on CLIMATE CHANGE AND THE ENVIRONMENT caused by our operations as well as on the services that we provide to reduce or mitigate our customer's impacts.

We aim for **reductions in our energy** and **water consumption**, as well as our **GHG emissions** by specific actions, such as efficient lighting in offices, mobility plans, electric vehicles in our fleet and water reuse at our facilities. In 2019, we have started to offset C02 emissions of our business trips by aeroplane. We embed these actions and sustainable behaviours by deploying new awareness campaigns to engage employees on sustainable practices in their day-to-day work.

In 2019, we **reduced** our **water consumption** by **7% as well as our electricity consumption on a like-for-like basis decreased by 3%.** Our energy intensity rate is 38.8 GJ/No. employees and our intensity of GHG emissions is 2.97 tCO_2/No. employees.

We adapt and extend our **services** progressively to meet the needs of our clients for the **challenges of climate change.** For the first time, we report in 2019 the **Scope 3 GHG emissions** related to business trips by aeroplane, train and taxi, employees commuting and power distribution network. In

2019, we signed an **agreement** with a group of airline companies **to offset** the GHG emissions produced by Spanish employees' business trips by plane.

We have been included into the **FTSE4Good IBEX index** and we are rated by CDP (formerly known as Carbon Disclosure Project) with a score of B.

Table of contents

01. LETTER FROM THE CHAIRMAN AND THE CEO 7

02. Applus+ AT A GLANCE 9

03. SUSTAINABILITY APPROACH 13

Group's mission, vision and values 13

Group's strategy 14

CSR framework 17

Commitment to our stakeholders 22

Impacts and risk management 26

04. OUR APPROACH TO CORPORATE GOVERNANCE AND BUSINESS ETHICS 35

Corporate governance 35

Board of Directors 37

Business ethics and Compliance 39

05. BUSINESS EXCELLENCE 46

The TIC sector 46

Services and our clients 47

Quality and excellence 50

Innovación 63

Our suppliers 63

06. ECONOMIC PERFORMANCE 67

Economy management approach 67

Economic Value Added (EVA) 68

Tax contribution 68

07. OUR PEOPLE 70

Human Resource policies 71

Employment and human capital management 74

Training and communication 83

Respect for human rights 86

18

Occupational health and safety 87

08. CARING FOR THE ENVIRONMENT 94

Environmental management approach 94

Energy and emissions 96

Waste, water and effluents 100

Environmental action 102

Our environmental contribution by TIC services 106

09. BUILDING A BETTER SOCIETY 112

Social action 112

The contribution of our services to development 116

10. ABOUT THE REPORT 121

Approach to sustainability reporting 121

Cross-references table: GRI and Global Compact 123

Cross-references table. Spanish Act 11/2018 128

11. ANNEX 132

Data related to human resources 132

01. LETTER FROM THE CHAIRMAN AND THE CEO

We begin our CSR Report for 2019 with an overview of how the Group's goals for sustainability and responsibility are inherent to the Company's growth strategy. The strategy is delivered through **leadership, innovation** and **technology**, and **trusted partnerships**.

The Group's CSR policy underlines Applus+ as a leading TIC company at which our people work with **integrity, transparency, impartiality, independence and responsibility**. These values are central to the Group's revised *Code of Ethics* for 2019, and they guide our teams' approach and practice every day to be trusted partners. Advances in technology play a key role in sustainable growth, and the Group dedicated 367,103 working-hours to innovation activities that help deliver the quality, security and safety of products, processes and assets in many industry sectors. In the wider economy, the Group's technical know-how contributes to mitigating the impacts of climate change and energy-transition by delivering TIC expertise across the energy, power and other sectors. We believe that our services in environmental safeguards provide a direct positive impact on climate change.

Building on prior years, the Group's strategic priorities for sustainability and responsibility have been delivered under the *CSR Policy's* five pillars. The policies are formulated within the framework of the UN Global Compact and nine of the SDGs adopted by Applus+. The strategic priorities directly address *Our People, Stakeholder Engagement, Sustainable Performance, Corporate Governance and Business Ethics*, and *Innovation*.

For our people's progress, the Group's **Leadership Programme** has delivered more than 400 actions in 26 countries, and the second **Global Management Development Programme (GMDP)** has started. This follows the inaugural graduation of the first 29 managers in 2019 to mark their success. To develop the skills and careers of our professionals across the Group, our workforce completed more than 800,000 training hours, and we actioned 645 actions devised from our employee-engagement programmes in 2019 and previous years.

We are committed to the safety and wellness of all people involved in our business and believe that all accidents at work are preventable, however minor. This has resulted in the Group having an overall low injury rate and, in addition, there was a 10% reduction in our total recordable accidents rate for the third year in a row, which equated to 20 fewer people getting hurt.

With **86% of our professionals employed locally**, the Group continued to prioritise programmes for diversity, inclusion and equality through training and monitoring across our businesses. This local and diverse workforce has also allowed our people to champion issues in their communities covering a wide range of social, action and inclusion programmes. In 2019, our people in some Divisions participated in Earth Day to raise awareness of environmental issues. The Earth Day movement heralded the original Clean Air act in the USA, under which legislative framework the Group now delivers independent vehicle-emissions testing in different US states, with station equipment and remote technology developed by Applus+ engineers as well inspection services of oil and gas pipelines to reduce the incidents of leaks, explosions and other environmental catastrophes. We hope to increase even further the amount of work we do to reduce environmental damage this year, being the 50th anniversary of the first Earth Day movement.

A local presence and global vision also spreads sustainability practices, so we are pleased to have **joined the FTSE4Good IBEX index** to bring this outlook to where our businesses operate and in equal measure, to be **rated 'B' with CDP** (previously known as the Carbon Disclosure Project). These milestones mark a reinforcement in the focus by the Company to improve on measuring and reducing the Group's energy consumption and emissions. To push for more in the coming years, the Company's plans will set specific targets for reductions in emissions and consumption within our operations.

In the Group's market sectors, the transition to a sustainable, low-carbon economy has demonstrated new opportunities to outweigh the risk going forward. For the Group's strategic priorities for sustainability in the wider economy, innovation has continued to create and apply new advances that reduce environmental and social impacts in clients' operations. Our TIC services have introduced more sustainable and secure procedures through new digital inspection and mapping methods in energy markets and related sectors. In renewable energy, low-carbon energy transition is presenting the Group with expansion opportunities for technical services at new solar parks and wind farms. For sustainable and safe progress in the automotive sector, next-generation eco-engines and advanced driver-systems are pushing our teams to innovate equipment and methodologies for homologation and TIC services. The Group's collaboration in the aerospace sector also continued in 2019, supporting different projects for new applications of composite materials to improve aerodynamics and reduce fuel use. In developing economies, our expertise in environmental management and energy efficiency has assisted public authorities and private companies to meet their sustainability and social impact goals.

To develop risk management for the businesses at Applus+, in 2019 the Group launched a new *Policy on Risk Management*, and initiated new plans to monitor and manage emerging risks including cybersecurity. The CSR Committee also continued to implement the *Compliance Management System for Criminal Risk* across the Group to safeguard against public and private corruption. As in the previous year, the Company continued to train 100% of new employees in our *Global Anticorruption Policy and Code of Ethics*, with further training planned across the Group in 2020.

In 2019, the Board also welcomed greater **diversity** in skills, age and gender, as we reached the 2020 goal for women appointments to the Board one year earlier than planned. This accompanies the diversity of the professionals and vocations across the Applus+ Group's teams, and we close with a special acknowledgement for their hard work to deliver our TIC services responsibly.

We will continue with our efforts to make progress in our contributions for a more sustainable, diverse and inclusive world and work. The leadership for this progress comes from us on the Board and we will endeavour to make sure we provide this to support our people's dedication and development. The trust and the continued support from our shareholders, customers and other stakeholders is also key to making this happen.

02. Applus+ AT A GLANCE

The Applus+ Group is a leading global Testing, Inspection and Certification (TIC) company. We provide innovative TIC services to national and multi-national companies on all continents. With a highly-skilled workforce, our engineers and technicians deploy **technological know-how and advanced processes across a diverse range of industry sectors.** We enhance the quality and safety of our clients' assets, infrastructure and products while safeguarding their operations.

€1,777.9
Total revenue
million

70+
Countries

23,051
Employees

35
Training hours /employee

89%
Effective compliance ratio over CNMV's Code Recommendations

107
Ethics non-compliance notifications
(24 breached the *Code of Ethics* and were addressed and closed)

367,103
Hours invested on innovation

2.97 t CO_2 EQ / EMPLOYEE
GHG emissions intensity

0.03 ML / EMPLOYEE
Water consumption intensity

Capital and Shareholder structure*

5.0%	5.0%	5.0%	3.5%
River & Mercantile Group P.L.C	Threadneedle Asset Management Limited	Norges Bank	DWS Investment S.A.

*Shareholders with more than 3.0% according to figures notified to the CNMV at 31 December 2019

Our divisions

ENERGY & INDUSTRY DIVISION

Revenue

€ 693.4 M

Employees

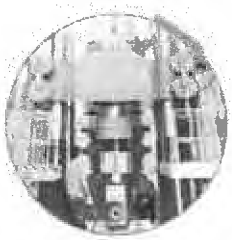
14,641

Core Services:

- Inspection
- Non-destructive testing
- Engineering and consulting
- Certification services
- Supervision, Quality Assurance and Quality Control
- Testing and analysis
- Vendor surveillance

Principal industries: Oil and gas, power, telecommunications, construction, mining and aerospace.

LABORATORIES DIVISION



Revenue

€ 106.7 M

Employees

1,079

Core Services:

- Industrial testing laboratories
- Engineering
- Certification
- Metrology services

Principal Industries: Aerospace, automotive, electronics, construction and information technology

AUTOMOTIVE DIVISION

Revenue

€ 728.9 M

Employees

4,555

Core Services:

- Statutory vehicle inspections for government programmes
- Driver-testing inspections
- Public-service vehicle inspections
- Off-leasing vehicle inspections
- Vehicle condition, emission and registration inspection
- Road-safety education

Principal Industries: Government and public transport agencies.

IDIADA DIVISION

Revenue

€ 248.9 M

Employees

2,776

Core Services:

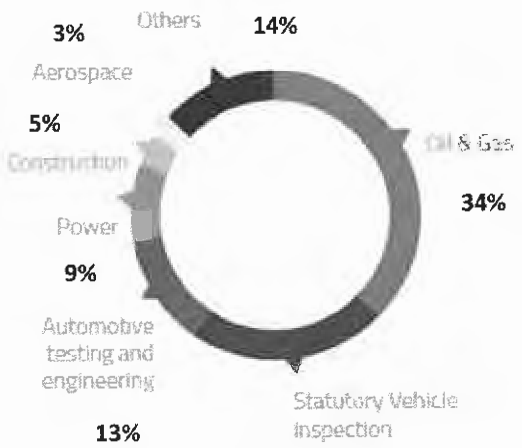
- Testing and engineering services
- Worldwide homologation and product certification
- Proving ground
- Design services

Principal Industries Automotive

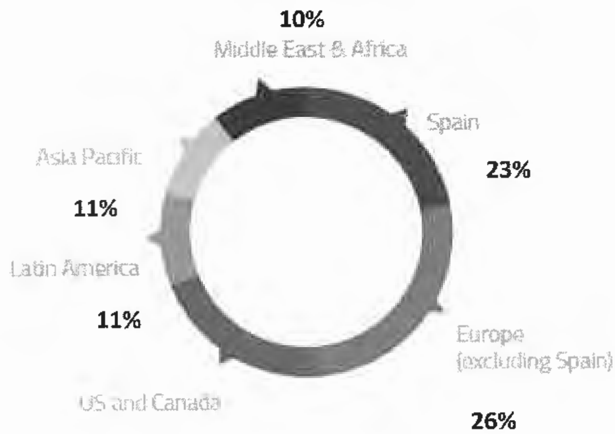
IDIADA A.T. (80% owned by Applus+ and 20% by the Generalitat of Catalonia) has been operating under an exclusive contract at the 351-hectare technology centre near Barcelona (owned by the Generalitat of Catalonia) since 1999. The contract runs until 2024 and is renewable until 2049.

Global presence

Total revenue by industry



Total revenue by region



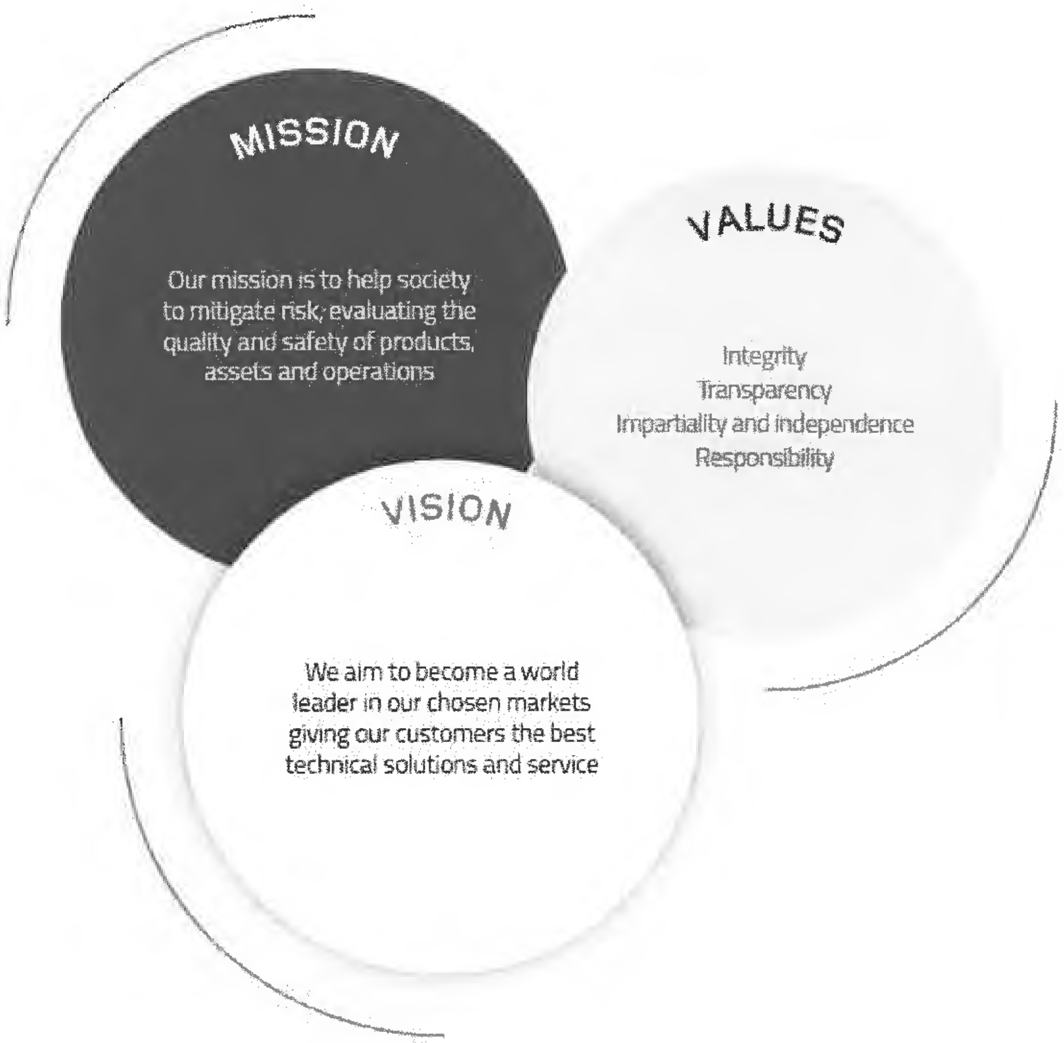
Employees by region

Spain	Latin America	Europe (excluding Spain)	Middle East & Africa	US and Canada	Asia Pacific
7,801	5,166	3,339	2,647	2,340	1,758

03. SUSTAINABILITY APPROACH

Group's mission, vision and values

Applus+ develops our approach to sustainability within the Group's overall business strategy and aligned with the Company's mission, vision and values.



Group's strategy

Strategy

Progress requires supervision. Our clients require mission-critical services delivered with integrity and impartiality and choose Applus+ as a leading TIC company to support the advances they make.
To maintain leadership in our verticals, the Group prioritises investments in innovation and proprietary technology which improve our clients' safety and operating efficiencies. Our focus to strengthen this leadership drives our reputation to be a trusted partner for private companies, public entities and regulatory bodies.

Leadership: *Be market leaders in our verticals*

- Testing, inspection, certification in chosen key geographies and market sectors
- Inspection and NDT mission-critical services for oil, gas and power end-markets
- Statutory vehicle inspection across Europe and the Americas
- Automotive proving grounds, homologation services and passive-safety testing facilities
- Laboratory testing and metrology services in Spain and other geographies

Innovation & Technology: *Offer the best technical solutions*

- Target investment in proprietary technology and know-how
- Deliver technical solutions to reduce risk more efficiently for our clients and the public
- Innovate TIC practices by working with global companies, government legislators and industry associations

Trusted Partner: *Build long-term relationships*

- Nurture long-term relationships and Master Service Agreements with blue-chip clients
- Provide essential and regulatory-driven mission-critical services cost effectively

THREE-YEAR TARGETS

Revenue
Annual revenue growth of mid-single digits organic (constant FX)

Margin
Margin improvement of 70-100 bps in 2018 and 20-30 bps in each of 2019 and 2020

Cash
Strong cash generation to continue with a cash conversion above 70%

Capital Allocation Priorities
Maintain dividend at 20% of Adjusted Net Profit; Leverage below 3x; Acquisition capacity in the range of € 150 million per annum

Actual 2018-2019	Organic Revenue	Average organic growth of mid-single digit	4.9%	✓
	Adjusted Operating Profit	Margin improvement of 70-100 bps in 2018 and 20-30 in 2019 and 2020	Up 160 bps	✓
	Operating Cash Flow	Cash conversion rate above 70%	70.5%	✓
	Leverage	Below 3x	2.0x	✓
	Dividends	Maintain dividend at 20% of Adjusted Net Profit	22%	✓
	M&A	Acquisition capacity in the range of €150M per annum	Spent €80M for seven acquisition in last 2 years	✓
Outlook for 2020	Mid-single digit organic revenue growth at constant FX Margin 10 – 30 bps • Additional growth through acquisitions			

✓ Exceed ✓ Meet ✓ Slightly below

The priorities set out in the Group's strategy are based on delivering **responsible and sustainable business**, both in how we manage our operations (Applus+ team, clients and investors' expectations) and in how we contribute to the wider community and the world around us.

As a global company, we are aware our operations touch points in different locations and industries; and the sense of "good business" expects us to act with integrity, thereby consolidating sustainable and responsible business practices.

The initiatives we have set up for sustainable and responsible business practices are developing under the CSR umbrella, and we strongly believe this direction contributes further to generating **long-term value** for the Group, our clients and our **stakeholders.**

Our *CSR Policy* is structured under a global framework based on our Group's values of **integrity, transparency, impartiality, independence and responsibility** to boost CSR management across the organisation and disclose our commitment. We consider this process integral to successfully growing our business and creating sustainable value for all of our stakeholders.

The Group's *CSR Policy* is **developed in line with the Group's strategy,** and these CSR policies to act responsibly underpin our business activities, operations and services:

The Group's **leadership in the TIC sector** is based on:

- The management of our business strives for excellence to provide our clients with the best service, which meets their needs and expectations through ethical, resilient and responsible operations.
- Our professionals' engagement through different initiatives, addressed to foster talent development and sense of belonging, and continually improving the effective implementation of our principles for diversity and equality.
- Our involvement in socio-economic development of many countries through our services, promoting the adoption of actions to preserve the environmental wealth around the world.

Our services are based on spearheading technological advances through our Divisions' **innovation** activities. Through this progress, we contribute towards more sustainable development by enabling actions against climate change, progress for local communities and safety advances for citizens.

We develop our services and activities to be recognised for strong social responsibility and business ethics. This focus helps maintains our clients' loyalty and the Group's position as a **trusted partner**.

CSR framework

CSR Policy

Our commitment to sustainability is channelled through specific goals, supported and deployed by a series of activities structured into **five pillars. These** underpin our reputation and operations and are aligned with nine of the United Nations' Sustainable Development Goals (SDG).

1 OUR PEOPLE

- Foster adequate working conditions based on affective Health & Safety (H&S) programs, nondiscrimination principles, as well as Human and Labour Rights.
- H&S is a critical issue for our employees and our operations and therefore is frequently monitored, Applus+ is committed at the highest level with a HSQE policy.
- Provide fair and competitive environment to enable professional development opportunities and capacity building for all Applus+ staff while retaining and attracting high talented professionals.
- Fostering diversity amongst our staff based on Global Anti-Discrimination Policy applicable at global level and through activities such as equality plans.
- Train our professionals to improve their existing skills and acquire new capacities, both managerial and technical.

2 STAKEHOLDER ENGAGEMENT

- Focus our business through a client-oriented strategy based on close communication with our clients, which enables us to understand and foresee their needs and fulfill their expectations.
- Ensure implementation of procedures related to the quality of our services across all geographies and business units to keep high service-standards and high-quality procedures across all our divisions.
- Continuously improving our services and business management (through ethics innovation, safety and friendly environment conducts) to maintain our reputation as a trusted business partner.
- Develop our own Investors Relation Strategy that aims at ensuring compliance with legal and market practice responsibilities.
- Create communication channels to provide quick and effective responses to our stakeholders.

3 CORPORATE GOVERNANCE AND BUSINESS ETHICS

- Applus+ is governed by a set of corporate rules, polices, laws, processes and institutions that define our current corporate governance model and ensure a long-term vision through good governance.
- We are sensitive to changes in laws and trends in this area and we are committed to transparency as a key principle to managing a listed company.
- Applus+ commitment in Business Ethics is managed by its Board through the CSR Committee and the Chief Compliance Officer to ensure integration of ethical behavior across all our business units, geographies and operations through our Code of Ethics and associated polices.
- We ensure disclosure and promote observance of our Code of Ethics across divisions, suppliers and contractors. Applus+ also has a zero tolerance against corruption and for that reason requires suppliers and partners to observe professional and honest business practices and sets up due diligence processes to evaluate Ethical issues.
- We integrate sustainable development criteria to drive positive social, economic and environmental impacts along our value chain and stakeholders.
- As a socially responsible organisation, we want to be an active and beneficial participant in the communities in which we operate.

4 INNOVATION

- Promote and share both cross and open innovation across all business units that embeds CSR into our employees' technical expertise and into the services developed internally, as well as within our clients' operations.
- Create a working environment that nurtures innovation as well as providing resources to facilitate it.
- Integrate specific innovation programs across business units, stimulating and organizing initiatives to promote innovative thinking amongst employees.

5 SUSTAINABLE PERFORMANCE

- Ensure active prevention and limitation of potential impacts on climate change and the environment caused by our operations, through appropriate polices and management systems based on international standards and providing guidelines for Environmental Best Practices.
- Define strict controls to manage, handling, storage and disposal of harmful and hazardous substance to minimise their release risks into the environment according to local guidelines and regulations.
- Observance of a series of environmental rules – implemented at global level – focused on waste minimisation, reduction of our emissions and optimisation in the use of natural and clean energy resources.
- Develop innovative services that help to reduce potential environmental impact of our clients in those communities where they operate.

CSR lines of action

The Applus+ Group has defined specific strategic lines within the five pillars to deploy the *CSR Policy* in the short and medium term.

OUR PEOPLE

- Engage our people through periodic training.
- **Continuously monitor** the application of all the Group's policies and procedures related to the protection of **Human Rights, non-discrimination** and **equal opportunities.**
- Continue with the implementation and follow-up of the **action plans** designed to improve and increase the **satisfaction** and **commitment** of our **professionals.**
- Continue with our programme of activities focused on improving our **talent management**.
- Boost new initiatives related to **diversity, inclusion and equality**.
- Continue to implement health and safety system improvements, including continuous training in occupational risk prevention to safeguard our people and partners under the Group's zero-accidents vision.

CORPORATE GOVERNANCE AND BUSINESS ETHICS

- Deploy a **5-year plan** in each country to protect against **public and private corruption and** to continue improving our compliance model at an international level.
- Launch in 2020 the global *Code of Ethics* **training** covering the Applus+ Group's ***Competition Policy and Bids & Tenders Policy,*** issued and published in 2019.
- Launch **training** for EU employees on the Applus+ Group's policies and procedures to comply with the European ***General Data Protection Regulation*** (GDPR) in 2020.
- Analyse results from the control tool designed to check the implementation of our ***Compliance Management System for Criminal Risks*** *(*CMS), by **monitoring indicators** in the upcoming years.

STAKEHOLDER ENGAGEMENT

- Frame our social action within the **local communities** where we operate, and **promote** the **autonomy** of our **local teams** to **implement specific programmes** for social action.
- **Progressively increase** the **percentage** of **suppliers covered** by our **vetting** and **verifying processes,** until reaching 100% of our suppliers in the short term.
- Carry out **corporate governance road shows annually** to maintain the constructive dialogue held with our institutional investors and proxy advisors, in line with our *Policy for Communication and Contacts with Shareholders, Institutional Investors and Proxy Advisors.*

INNOVATION

- **Reinforce** yearly our **investment** and **dedication** to **innovation** to create technologies and digital solutions that promote **safety, quality of life** and **environment preservation**.
- **Promote and share innovation** openly across all business units that **embeds corporate social responsibility** into our employees' technical expertise, the Group's internally-developed services and within our clients' operations.

SUSTAINABLE PERFORMANCE

- Focus our management efforts on **minimising gradually our energy** and **water consumption** implementing efficiency programmes.
- Maintain the **progressive reduction of emissions** (including scope 3) by **reinforcing** our employees' **involvement** through new awareness campaigns.

- Design **specific actions** on the **activities that cause** these impacts (eco-efficient vehicles in our fleet, off-setting CO_2 emissions, lighting programming in offices, etc.).
- We consider that the **changes** affecting the market **due to climate change** will be gradual. Consequently, we will progressively adapt and extend services to protect, reduce environmental impacts of our clients.

CSR Highlights for 2019

CORPORATE GOVERNANCE AND BUSINESS ETHICS

CORPORATE GOVERNANCE

- Good governance principles are integrated in the **core rules** of compliance for the Group and have been developed by approving and updating **specific policies.**
- In 2019, **diversity** with regards to skills, gender and age on the **Board of Directors** was increased.
- Throughout 2019, eight **Directors** out of ten were **independent.**
- Applus+ has focused efforts globally on ensuring that the *Compliance Management System for Criminal Risks* (CMS) **policies are implemented** across all divisions and regions. In 2019, the *Code of Ethics* was reviewed and updated.
- A new ***Policy on Risk Management*** was approved in 2019; the risk map was reviewed and the risks are periodically monitored and actions implemented as required.

30 %

WOMEN ON THE BOARD OF DIRECTORS, FULFILLING THE CNMV RECOMMENDATION ON GENDER EQUALITY BEFORE 2020

89 %

EFFECTIVE COMPLIANCE RATIO TO CNMV'S CODE RECOMMENDATIONS

107

ETHICS NON-COMPLIANCE NOTIFICATIONS (24 breached the *Code of Ethics* and were addressed and closed)

100%

EMPLOYEES TRAINED IN ACCORDANCE WITH *THE CODE OF ETHICS AND THE GLOBAL ANTI-CORRUPTION POLICY AND PROCEDURE*

OUR PEOPLE

- We have continued to implement and follow-up on the action plans designed to improve and increase the **satisfaction and commitment of our professionals.**
- Our **Leadership programme** has delivered 406 actions in 26 countries, which represents 56% progress on planned actions.
- We are developing **specific plans** to promote diversity, inclusion and equality, addressed to women, differently-abled people and ethnic groups.
- To reinforce our best practices in **Health & Safety**, we increased activities to **raise awareness, such as**: Safety Day, specific periodic campaigns, sharing of lessons learned, safety awards.
- In 2019, the inaugural **Global Management Development Programme (GMDP)** for managers concluded and a new intake started the second year.

801,161

TRAINING HOURS (35 hours per employee)

584 actions implemented from the satisfaction survey's action plan

10% reduction in incident rates

26% reduction of severity rate

STAKEHOLDER ENGAGEMENT

SOCIETY

- **Communication channels** in place to hear our stakeholders' concerns and to continuously meet their expectations.
- Framing our social action in the local communities where we operate, and promoting the autonomy of our local teams to implement specific **programmes for social action.**
- **Actions supporting our social contribution include:** social sponsorships and direct financial contributions to local associations; education of young people to capitalise from new technology; support to disadvantaged groups; participation in campaigns caring for life-threatening illnesses; and promotion of safe and healthy lifestyles.
- Our **suppliers and partners** are required to adhere to our *Code of Ethics* to guarantee that the Group's principles guide their everyday behaviour all over the world.
- The Group carries out annual corporate governance road shows to maintain our constructive dialogue held with institutional **investors** and proxy advisors, in line with our *Policy for Communication and Contacts with Shareholders, Institutional Investors and Proxy Advisors.*

70 +

COUNTRIES

86%

LOCAL EMPLOYEES

90%

PRODUCTS/SERVICES PURCHASED LOCALLY

242

MEETINGS AND CONFERENCES CALLS WITH INVESTORS

24 CONFERENCES AND ROADSHOWS

INNOVATION

INNOVATION

- We continue to increase our investment and efforts in innovation to create technologies that promote **safety and quality of life** in our society, as well as **reduce the carbon footprint.**
- Applus+ has launched different initiatives to develop digital technologies and services, in line with the demands of our markets. We have established a unit of coordination of **digital transformation** at global level.

367,103
HOURS INVESTED IN INNOVATION

881
EMPLOYEES INVOLVED (not full-time dedicated)

98
ACCUMULATED PATENTS GRANTED

SUSTAINABLE PERFORMANCE

ENVIRONMENT

- Specific actions implemented, such as lighting programming in offices, electric vehicles in our fleet, water reuse facilities, etc. to reduce the Group's energy and water consumptions, as well as GHG emissions.
- Continually reinforcing our employees' involvement through new awareness campaigns.
- For the first time, we report **Scope 3 GHG emissions** related to business trips by plane, train and taxi, employees commuting and power distribution network.
- We have been included into the **FTSE4Good IBEX index.** We achieved a 'B' rating with the CDP.
- Circa **€200 million (12% total revenue)** generated from services to protect reduce/mitigate environmental impacts: Renewables, Automotive Emissions, Environmental Surveys, Energy Audits, Waste Management Surveys, Testing for lightweight Automotive and Aerospace materials

16%
Off-set of CO2 emission in flights in Spain

7%
REDUCTION IN WATER WITHDRAWAL

12%
GREEN SERVICES OF TOTAL REVENUE

Commitment to our stakeholders

STAKEHOLDER FRAMEWORK

Maintaining continuous engagement and dialogue with our stakeholders enables the Group to align our business model and sustainability initiatives to their requirements. This ensures we deliver value for all of our clients and deliver long-term success for the Group. Strong dialogue provides a solid understanding of the issues that concern our stakeholders, and this feedback is crucial for identifying the expectations needed to be taken into account during our decision-making processes.

We identify three different levels of stakeholders, according to how we consider them to be significantly affected by our services and operations, and/or the actions that can affect our ability to successfully run our business. Our **clients, employees and investors** are the central stakeholders for the Group and a key focus of our commitment within the framework to address their expectations.

MATERIALITY ANALYSIS

To define and develop this report, Applus+ has covered and prioritised the topics in accordance with the principles of materiality, sustainability, context, stakeholder inclusiveness and completeness. Applus+ considers that an issue is material when it could have a substantive influence on the assessments and decisions of our stakeholders and might affect the Group's ability to meet the needs of the present without compromising the needs of future generations.

In 2019, the Group updated its **materiality assessment** to review the most important topics for the Group and for the Company's current principal stakeholders. We conducted the materiality analysis with an in-house team which provides similar services to our clients. The process was implemented in various stages:

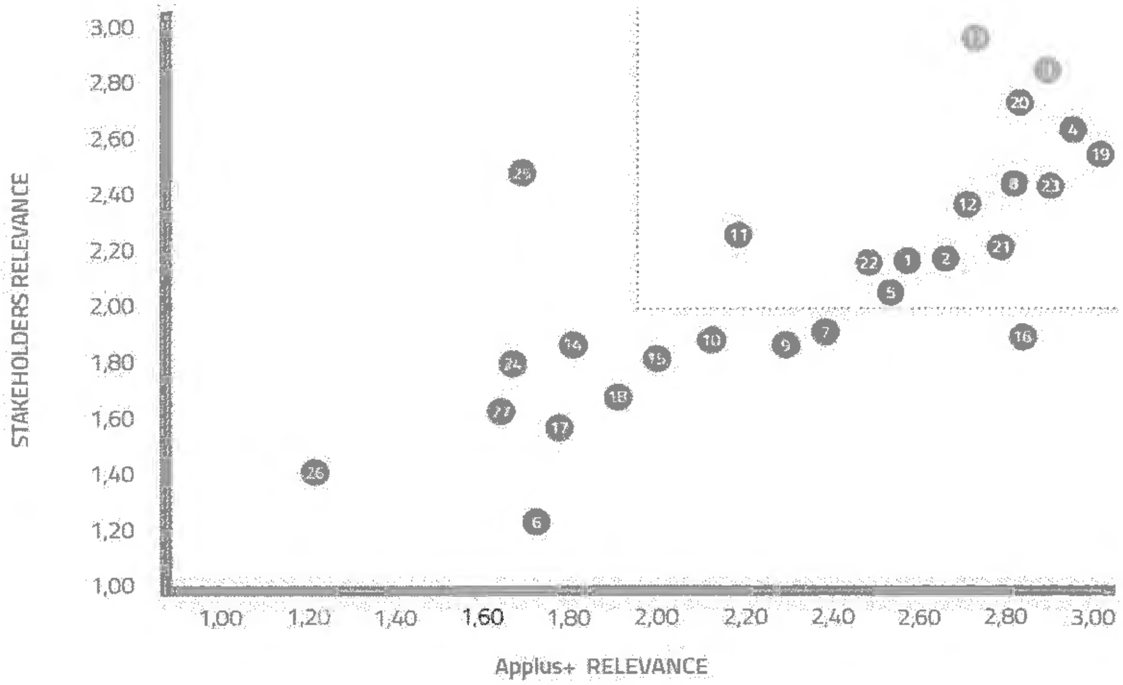
a) The identification and validation of the relevant topics was conducted by examining topics and rankings published by some competitors, companies from different sectors in which Applus+ operates and stock exchange indices covering sustainability. Specifically, the analysis included direct competitors within the TIC sector, leading global companies in the Oil and Gas, Automotive, Engineering, Construction and

Aerospace sectors, Dow Jones Sustainability Index (DJSI) and the FTSE4GOOD IBEX index. The result was a preliminary list of 27 material topics, structured in four areas: **Governance, Operation, Society and Environment**.

b) Personal interviews were held to rate each topic according to its importance from the point of view of the Applus+ Group and from the perspective of our main stakeholders. The analysis was carried out through the Company's verticals (divisional and corporate functions) and across geographic regions (regional divisional managers).

c) The outcomes of the interviews produced the **Materiality Matrix**, which maps the importance of the material topics for Applus+ against their importance for our stakeholders, providing us with a powerful analytical tool.

The whole list, including all assessed topics and the matrix with the results, are shown as follows.



GOVERNANCE

1. **Risk Management**. Risk assessment & management procedures.
2. **Business model and strategy**. Our company's plan for operating.
3. **Brand and reputation**. Strategy regarding our image and credibility.
4. **Economic performance**. Strategic objectives linked to growth and margins
5. **Investment & growth strategy**. Global presence and business diversification plan
6. **Role in public policy developments**. Ability to influence in policy developments
7. **Corporate Governance**. Rules, practices and processes by which our company is run
8. **Codes of ethics & Compliance**. Integrity and responsibility by which we run our operations and decision-making
9. **Financial transparency**. Timely, meaningful and reliable disclosures about our performance
10. **IT Strategy**. Strategy for improving our company's digitalization and cybersecurity
11. **Stakeholders' engagement**. Dialogue and commitment with our stakeholders.

OPERATION

12. **Innovation**. Innovation projects for developing our products and services.
13. **Service quality and customer satisfaction**. Overall performance of our service and measured customer experience.
14. **Privacy and data security**. Data protection practices for customers and employees
15. **Sustainable products and services**. Practices used to reduce our activities' impact and those of our customers
16. **Acknowledgements** (accreditations, certifications). Any third party recognition allowing us to deliver our services.
17. **Sustainable supply chain management**. Our suppliers' practices to reduce their impact.
18. **Management systems**. Set of processes used to ensure that we can achieve our requirements and goals

SOCIETY

19. **Health & Safety**. Practices to guarantee our employees' health and safety
20. **Talent attraction and retention**. Practices to attract, support and retain skilled employees
21. **Talent development and recognition**. Talent development strategy and practices to better acknowledge our employees' valuable contributions
22. **Diversity, Inclusion and equality**. Fair opportunities, recognition, treatment and remuneration for all employees
23. **Respect for Human Rights**. Practices to promote and protect human rights in our operations, including contractors
24. **Local impact and socioeconomic contribution**. Encourage of local communities' development (employment, training, technology, etc.)

ENVIRONMENT

25. **Energy and climate change**. Commitment & practices for the reduction of energy consumption and GHG emissions
26. **Biodiversity and natural areas protection**. Practices to preserve species and ecosystems
27. **Operational Eco-Efficiency**. Rational use of resources and reduction of operational environmental impacts

In comparison with the conclusions from the materiality analysis conducted in 2018, the topics *Independence, Accreditations and certifications, Corporate Governance, and Sustainable and safe products and services* are not considered as material topics this year. Nonetheless, Applus+ reports on these topics in this report.

STAKEHOLDERS' CONCERNS

From the list of topics used as the basis for the Materiality Analysis, we identified the main **topics of concern** for our principle stakeholders by selecting the 25% of the topics with a higher score per stakeholder.

We provide our stakeholders with specific **communication channels** to understand their expectations and how we can meet these.

STAKEHOLDERS	TOPICS OF CONCERN	DIALOGUE ON THEIR CONCERNS
Clients	Health & Safety Codes of ethics & Compliance Service quality and customer satisfaction Acknowledgements (accreditations, certifications) Brand and reputation Stakeholders' engagement	Satisfaction survey for clients Project meetings Open days and roads shows Conferences and forums Client complaints Applus+ Ethics and Compliance Communication Channel
Employees	Health & Safety Talent development and recognition Talent attraction and retention Service quality and customer satisfaction Respect for Human Rights Codes of ethics & Compliance Brand and reputation	Satisfaction survey for employees Applus+ Ethics and Compliance Communication Channel Local human resource managers Trade union organisations
Investors	Economic performance Economic performance Business model and strategy Brand and reputation Innovation Service quality and customer satisfaction Talent attraction and retention	Investor relations Vice-President Annual general meeting (AGM) Annual institutional investor and proxy advisor road show Our website www.applus.com
Gobernaments and regulatory bodies	Health & Safety Acknowledgements (accreditations, certifications) Respect for Human Rights Codes of ethics & Compliance Brand and reputation	Official channels laid down by the authorities Official reports Our website www.applus.com
Financial markets	Economic performance Risk management Business model and strategy Investment & growth strategy Innovation Service quality and customer satisfaction Health & Safety Talent attraction and retention Talent development and recognition	Stock exchange markets Economic and market indexes Investor Relations Vice-President
Society	Health & Safety Energy and climate change Brand and reputation Respect for Human Rights Privacy and data security Diversity, inclusion and equality Operational Eco-Efficiency	CSR Report Our website www.applus.com
Suppliers	Business model and strategy Economic performance Investment & growth strategy Financial transparency Sustainable supply chain management Local impact and socioeconomic contribution	Fairs and exhibitions Applus+ Ethics and Compliance Communication Channel Specific channel for suppliers Supplier portal
Partners	Business model and strategy Economic performance Investment & growth strategy Financial transparency Sustainable supply chain management Local impact and socioeconomic contribution	Fairs and exhibitions Applus+ Ethics and Compliance Communication Channel Project meetings Associations and other forums Our website www.applus.com
Competitors	Brand and reputation Business model and strategy Talent attraction and retention Energy and climate change Respect for Human Rights Diversity, inclusion and equality	Fairs and exhibitions Our website www.applus.com Benchmarking and market research Associations and other forums

Impacts and risk management

IMPACT ASSESSMENT

As a global company, the Applus+ Group generates **impacts** derived from its activities in the countries and communities where it operates, which in many cases are positive impacts. These impacts can be referenced with the topics previously analysed (see Materiality Analysis) and structured in the same way by considering the four areas: **Governance, Operation, Society and Environment.**

Direct impact

To assess our direct impact, we considered a total of **15 topics**, including the 14 material topics resulting from the materiality analysis. The topic "Energy and climate change" has also been included because this topic is of high importance for our stakeholders.

AREA	TOPICS
Governance	Risk management
	Business model and strategy
	Brand and reputation
	Economic performance
	Investment & growth strategy
	Codes of ethics & Compliance
Operations	Stakeholders' engagement
	Innovation
	Service quality and customer satisfaction
	Health & Safety
Society	Talent attraction and retention
	Talent development and recognition
	Diversity, inclusion and equality
	Respect for Human Rights
Environment	Energy and climate change

To carry out an objective evaluation of our direct impact per topic and on the four areas, we have developed a methodology based on the identification of the **main performance indicators related to each topic.** Then, we have applied **weights from 0% to 100% to** the **indicators** of each topic based on the following criteria:

- Material topics prioritisation by stakeholders
- Material topics prioritisation by The Applus+ Group

The **indicators selected** are:

TOPIC/INDICATORS:

- **Risk management:** Risk management system, which integrates economic, social and environmental issues
- **Business model and strategy:** Business/CSR integrated strategy and action plans
- **Brand and reputation:** Rating in the TIC sector; fines in any field
- **Economic performance:** Revenue tendency; Adjusted Operating Profit tendency
- **Investment and growth strategy:** Global presence
- **Codes of Ethics & Compliance:** Breaches resolved; Employees trained in *Code of Ethics/CSR Policy*; Compliance control
- **Stakeholder engagement:** Effective bi-directional communication with stakeholders

TOPIC/INDICATORS:

- **Innovation:** Hours dedicated to innovation; Patents
- **Service quality and customer satisfaction:** Medium- to long-term clients

TOPIC/INDICATORS:

- **Health & Safety:** Accident rate; Hours dedicated to train on Health & Safety
- **Talent attraction and retention:** Rate of employee turnover
- **Talent development and recognition:** Internal promotion; Employee satisfaction index; Hours of training; Individual development plans
- **Diversity, inclusion and equality:** Work integration programs: Women/men number within the Group and in Management positions
- **Respect for human rights:** Human Rights policy and action plans.

TOPIC/INDICATORS::

- **Energy and Climate Change:** GHG Emissions intensity and intensity rate of energy reduction

In the evaluation, we **weight** the **values of the indicators** for the importance that both the Applus+ Group and our stakeholders assign in relation to the corresponding topic. After considering our stakeholders' expectations when assigning a weighting, we also **incorporate** the **external context** of our Company as part of the evaluation process.

Finally, we **calculate** the **indicators' values** by establishing a **scale from one to five** for each one. We assigned **quantitative or qualitative criteria to** the indicator **levels,** according to the value's **historical performance** in our company and by taking into account the **framework** established by the **expectations** of our internal and external stakeholders.

The results underline that the main impacts are related to the following topics:

- **Economic performance.** The Group's financial results are considered of high importance for our stakeholders because good performance ensures the Company's stability and its future continuity and growth. The Group's stakeholders value working with a solid business very positively, therefore the impact is relevant for our stakeholders.
- **Service quality and customer satisfaction.** This topic is key in the Applus+ Group's business development; as a consequence, the Company takes significant steps to focus

our services on exceeding our clients' expectations. The topic is highly appreciated by our stakeholders because of its strong connection with technological progress and socio-economic development.

- **Health & Safety.** The Group's high performance on this topic follows our efforts in conducting training and awareness activities addressed to all professionals, which result in a significant reduction of accident rates. This topic has a great significance for our stakeholders.
- **Codes of Ethics & Compliance**. The Group's commitment to business ethics and legal compliance is highlighted through: our policies and procedures; the training addressed to all employees; our suppliers' involvement; and the implementation of control mechanisms. Stakeholders positively value the implementation of practices that ensure responsible and sustainable business development.

When considering the areas **Governance and Operation** the impact in each one is high (value > 75%), and in relation to the areas **Society and Environment** the impact is medium (50-65%). These good results are supported by: the development of a comprehensive set of policies and procedures deployed in relation to every area; the successful implementation of practices based on these documents; and the improvement of outcomes for the different topics in comparison with previous years.

Indirect impacts

The Applus+ Group's activities also have **indirect impacts** on different stakeholders covering many topics. As with the direct impacts, we considered 15 topics, including the 14 material topics resulting from the materiality analysis, as well as "Energy and Climate change" because of the high importance that our stakeholders place on this topic.

Applus+ Indirect Impacts

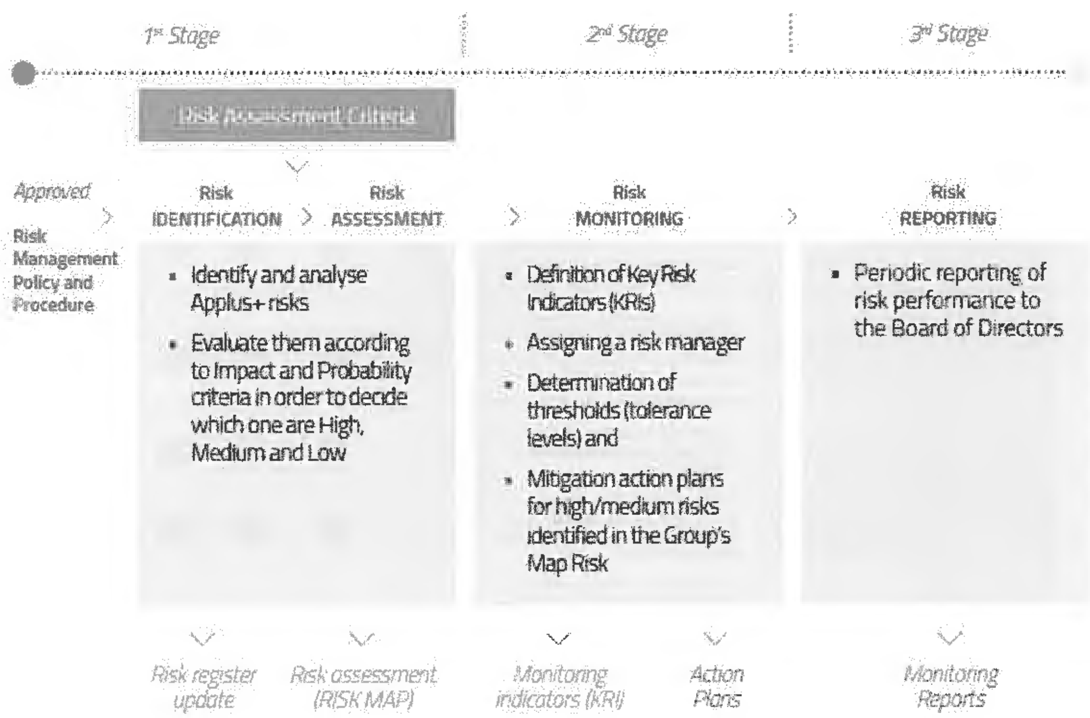
Topic		Indirect impact	Employees	Clients	Investors	Society	Partners	Public Administrations	Suppliers
Our Governance	Risk management	Our risk management allows us to be prepared in a changing context offering our stakeholders **a stable and resilient company**	●	●	●		●		●
	Business model and strategy	Our risk management allows us to be prepared in a changing context offering our stakeholders a stable and resilient company	●	●	●		●		●
	Brand and reputation	Our image is associated with credibility, which guarantees our **company's continuity**	●	●	●	●	●	●	●
	Economic performance	Our strategic objectives make stakeholders to perceive us as a **sustainable business**	●	●	●		●		●
	Investment & growth strategy	Our global presence and business diversification plan provide us with a **long-term sustainable growth**, beneficial for our stakeholders	●	●	●	●	●	●	●
	Codes of ethics & Compliance	Integrity and responsibility by which we run our operations and decision-making contribute to **extend these values** to people working with us as well as the rest of our stakeholders	●	●	●	●	●	●	●
	Stakeholders' engagement	The permanent dialogue with our stakeholders facilitates to implement actions to meet their expectations, and make decisions taking into account **all points of view**	●	●	●	●	●	●	●
Our operation	Innovation	Our intense innovation work boosts the **development and growth** of more than 70		●	●	●	●		
	Service quality and customer satisfaction	Offering an excellent, tailored service contributes the **development of companies and industrial sectors** around the world		●	●	●			
Society	Health & Safety	Our Health & Safety practices totally integrated into operations, contribute to create a safety culture among our employees and within the company that ensures protection for them and their partners all over the world	●	●		●	●	●	●
	Talent attraction and retention	We contribute to **job creation** in many countries around the world, which promote their socioeconomic development	●	●	●	●	●	●	●
	Talent development and recognition	We are training and professionally developing thousands of employees in the world, which has an indirect impact **in many communities' knowledge level**	●			●			
	Diversity, inclusion and equality	With the application of diversity, inclusion and equality principles and practices, we are contributing to **extend these values** in many communities around the world	●	●		●	●		●
	Respect for Human Rights	Applying our Human Rights principles help **extend these values** to every country where we operate	●			●			
Environment	Energy and climate change	Our intense innovation work boosts the development and growth of more than 70		●	●	●			

RISK MANAGEMENT

The Group's Board of Directors and its Audit Committee have clear responsibilities for control and risk management policies, as well as for the periodic monitoring and assessment of financial and non-financial risks for the Company. The Applus+ Group ensures risks are managed adequately and continuously through the implementation of its ***Risk Management Policy and Procedure***.

To fulfil and improve the management of risk, the Group's Executive Committee periodically updates the Risk Map, in which the main risks that could affect the Applus+ Group's strategic objectives are identified and quantified. These risks include all factors considered to be critical to the operations of the Group's business, from **a strategic**, **operational**, **financial**, **legal and compliance** perspective and also in terms of **sustainability**. This involves **social and environmental risks**, including **risks related to climate change**.

The risk-management model implemented in the Group comprises mainly the following stages:



The Risk Map, including its related action plans, is reviewed twice a year by the Audit Committee and annually by the full Board.

This process, which covers all of the Group's divisions and geographical areas, **ensures** an **informed decision**-making **process**, which improves the performance of the Group's risk management through **the monitoring of the key risk indicators (KRIs)** defined for each risk. These indicators are periodically **assessed by** the Audit Committee, and the Group develops action plans as required to properly manage such risks.

CLIMATE CHANGE RELATED RISKS

The scope of the Risk Management procedure implemented by the Group includes environmental issues, and applies in particular to those **risks related to climate-change issues**. In addition to this, as a continuation of the process already started in 2018, we completed a more detailed study specifically related to climate-change risks in 2019.

This risk study was based on the results of the *CDP Climate Change Report 2019*. As a result of the report's conclusions, several different possible types of climate-related risks were assessed:

Physical Risk

- Extreme weather events impacting in Applus+ operations and economic results
- Impact on Applus+ business due to climate-change consequences in company's suppliers

Technological Shifts

- Lack of adaptation to a low-carbon economy due to rapid technological shifts or new/ emerging regulations

Current and emergin laws

- Transitional risks, such as potential legal and policy changes

Brand and reputation

- Damage to company image due to the impact in climate of Applus+ services

Risk management effectiveness

- Lack of an effective climate change risks' management

These risks were later evaluated through questionnaires addressed to the Group's management teams. In the process for assessing these risks, the company's verticals (divisional and corporate functions) and across geographic regions (regional divisional managers) were all involved to obtain a more accurate and realistic approach in each business and geographical region. The main results of this risk assessment follow.

Physical risks

We do **not** foresee **relevant physical risks** related to any **extreme weather events** or natural disasters related to climate-change effects (like cyclones, floods, droughts, etc.), which could be significant to the Group in respect to our geographical locations, for instance, due to:

- A negative impact on our operations: increase in production costs, absenteeism, destruction of facilities or suspension of projects in regions that may be severely affected by the consequences of climate change, or
- Problems to contract employees in any country or region due to these events.

The Group has operations in regions that could be affected by severe atmospheric phenomena. In some of these regions, punctual weather events occurred in 2019, affecting to some degree the operations or facilities as part of the Group's service delivery. For instance:

Middle East & Mediterranean

- Severe rains that strongly affected infrastructures in these regions (e.g. in Kuwait with floods that stopped operations for some days)
- Episodes of extreme heat affecting construction projects (delays due to schedule adjustments)

South America

- Partial or complete shutdown of projects mainly due to hurricanes impacts

South East Asia

- Heavy rains and cyclones three or four times a year affecting operational facilities

North America

- A few days without production for the shutdown of operations because of hurricanes in the USA (e.g. Hurricane Harvey, Polar Vortex) or heavy snowfalls in North US and Canada
- In Florida (USA), days of absenteeism due government warnings of flood risks and people urged to not to work
- Delays in projects in the past few years due to wildfires in some regions of Canada or in California (USA)

However, the **financial impact** of **these phenomena** on the Applus+ Group's businesses is low since the effects are punctual and of a short duration.

Moreover, we have identified that the risks associated to weather events in some regions may affect suppliers in the same way as the Group. Their impacts are mainly related to transportation; however, due to the nature of our activities, the associated risk is also considered very low.

Adaptation to technological shifts focused on transition to a low-carbon economy

For risks related to the technological shifts associated with a transition to a low-carbon economy, we are implementing some **investments in our services, operations and facilities** to reduce the carbon footprint of our Group or clients:

- **Applus+ vehicle fleet renewal,** increasing the number of more efficient and less polluting cars.
- Actions aligned to the planning and implementation of *ISO 14001 / EMAS* management systems in our facilities (offices, laboratories, etc.): **more energy-efficient** air-conditioning and lighting **systems**; installation of solar panels at some facilities; or building insulation improvements.
- At IDIADA Division, some **investments related to laboratory facilities for electric vehicles**.

In addition, some **innovation activities** related to the transition to a low-carbon economy are being implemented through our divisions:

- **Digitalisation processes** for some testing activities and inspections in our 4 divisions. This may reduce the number of people traveling for on-site testing/inspections and consequently reduce the carbon footprint.
- In the Energy & Industry DivisionDeploying UAV drones instead of helicopters for visual inspections to reduce the carbon emissions generated by providing these aerial inspection services to our client, while increasing the safety of our teams.
- Updating or the innovation of **new tests** and methodologies **for** conducting independent **'green vehicle' inspections** (electric, hybrid, etc.).
- In addition, the IDIADA Division in the UK is developing a plan for **testing electric motors** for automotive vehicles.
- In the Laboratories Division, our innovation partnerships work with leading aerospace companies and research centres to develop **new material applications** and processes for greater aerodynamics.

Following this analysis and assessment, the possible **risk associated with a lack of adaptation to a low-carbon economy at Applus+** is considered low. Our direct environmental impact related to our services and activities is very low, and, in addition, the Group has initiated measures to reduce the Company's carbon footprint.

Beyond the low risk already identified within the transition to a low-carbon economy, investors are currently focused on ensuring **the private sector is ready for** the risks and opportunities of climate change and the energy-transition process.

Although the Group works for the Oil and Gas sector, services that we provide are focused on ensuring the quality, safety and reliability of our clients' facilities in order to avoid or mitigate environmental impacts. However, the Group's management is currently developing a **diversification plan** to **extend** the services that the Division provides **to other sectors** less related to GHG emissions and climate change, such as the **renewable energy sector.**

After analysing the climate-change transition issues as a whole, we consider that the **new services** being created by the Applus+ Group **support different sectors to adapt their industry during the global transition** process. For example, services related to renewable energy in the Energy & Industry Division, services for electric and hybrid cars in our IDIADA

Division, development of processes using lighter materials for aerospace sector in our Laboratories Division or those services related to emission reductions in our Automotive Division will compensate the possible negative business impacts resulting from the global energy transition.

This assessment shows that **energy transition** creates clear business opportunities for our Group **in the Automotive and Power sectors.**

Importantly, the effects of the transition will be neither great nor sudden. The transition period will allow the Group to compensate for the decreasing markets with new opportunities for services connected to energy transition as well as harness the benefit from the diversification process created by these changes.

Compliance with current and emerging regulations

Within this area, we identified some specific **issues** related to climate change that **may affect** the operations and services of the Applus+ Group:

- **Increased reporting obligations** related to **climate change**.
- **Extension** of these **reporting requirements to** the monitoring and environmental control of the value chain, specifically of **the Group's suppliers.**

In this respect, Applus+ considers this **risk** as low. We have implemented an internal plan for gathering and following-up our energy consumptions and GHG emissions, which includes management tools to make this process more efficient. In addition, in respect to **supplier** requirements, **the risk** is rated as very low because we have implemented a detailed management approach for our very short supply chain.

Notably in 2019, to anticipate possible future requirements, we have reported the Scope 3 GHG emissions for the first time, such as those related to business travel by plane, train and taxi, commuting to the workplace and power distribution.

Moreover, there are **new policies in Europe that could affect our business**, directly or indirectly, due to the nature of our services or our own infrastructures and resources.

- EU r**egulations** issued in 2019 **promoting vehicles with less CO_2** emissions (supporting the use of zero- and low-emission vehicles ZLEV). The EU is also working on a comprehensive reform of environmental taxation to guide climate-change commitments for 2050, considering increases linked to CO2 emissions. **An increase in the cost for** adapting or renewing **the Group's vehicle fleet** is a possible risk.

  The Group is already gradually adapting the vehicle fleet to reduce CO2 emissions (using electric, hybrid, plug-in hybrid, Bi-fuel, CNG and LPG vehicles). Therefore, as the process is ongoing and no problems are foreseen in this renewal, the risk is considered not relevant (low).

- **Revised *Energy*** *Performance of Buildings* ***Directive*** (EPBD) and *Energy Efficiency Directive*. These regulations **may affect insulation, energy consumption and air-conditioning systems** in the Group's buildings.

  Our offices are being remodelled as required to the extent possible, taking into account that the Group does not own most of the buildings where we operate. Therefore, this **risk** impact is also very low.

In addition, **new legislation to promote** the use of **energy** from **renewable sources** can be seen more as an opportunity for diversifying our business than as a risk.

Therefore, although we have identified some applicable policies related to climate change that could affect the Applus+ Group's businesses, risks associated with non-compliance of these current or emerging regulations are not relevant because **we have already established the appropriate controls and measures to prevent and manage these risks.**

Furthermore, we considered the emerging regulations risk from a business perspective. Our assessment concludes that **opportunities exist to develop new services, and these developments could strengthen our position in fields like emission-related testing to help our customers meet any new regulations.**

Impact on brand and reputation

Reputation is of great importance to the Applus+ Group and central to the Group's **business strategy** as a trusted partner. We have assessed some potential climate change-related issues, which might affect our image and relationships with stakeholders were these not managed properly. Following this assessment, it can be concluded that:

- Due the nature of our activities, **the Group's is not a big contributor to CO2** emissions or any other climate-related impacts.
- We are **constantly planning and implementing energy-efficiency and emission-reduction measures** in the possible fields of action and service deployments.
- Importantly, **the Group's** image and **reputation** is **reinforced by our strict compliance** in our services **with** the **applicable legislation in** environmental management, and in particular, in the area of **climate change** and the transition to a low-carbon footprint.

As a result, Applus+ considers this **risk to brand and reputation from climate-related issues** as minimum.

Effectiveness of managing climate-change risks

The **Group does not yet perceive any risk** in our operations related to climate-change impacts.

Those issues related to climate change are properly managed. Furthermore, although a negative effect may exist in one area, due to the wide geographical and sectoral distribution of our company's businesses, the risks associated to climate change are not likely to materialise in several places at the same time, so the overall impact is minimum.

Therefore, we consider that **our climate-change risk management is effective,** and we do not foresee a relevant risk. On the contrary, we consider that more climate-change regulation and control will present clear business opportunities.

Main conclusions

Risks impact: **Results of the evaluation analysis** showed that the identified **risks** were **not relevant** to the Group's activities in most of the regional areas and business where we operate.

Management approach: We are implementing **plans to reduce and mitigate any negative consequences** related to these risks.

Opportunities: Our assessment shows that a number of the climate change related issues are **actually clear opportunities** for the Applus+ Group. The upside of the climate-change mitigation outweighs the costs to the Group of managing the impacts..

Applus⊕

04. OUR APPROACH TO CORPORATE GOVERNANCE AND BUSINESS ETHICS

Corporate governance

FOUNDATIONS

Applus+ is governed by a set of corporate rules, policies and, processes that define, under applicable laws, its corporate governance model to ensure the Group's long-term vision. **Ethics and transparency** are key principles which guide the Group's management to continue earning the trust of our stakeholders.

The Corporate Governance framework at Applus+ has been developed by taking into account the CNMV's good governance code for listed companies and **internationally-accepted best practice, including feedback from our stakeholders.** The continuous development, review and improvement of the framework are the cornerstones of the Applus+ Group's **strategy in Corporate Governance.**

The Group's principles of good governance are integrated into the **core rules** of governance and have been developed through the approval of specific **policies.**

CORE RULES	POLICIES
Applus+ By-laws	*Remuneration policy of the Directors*
Regulations of the General Shareholders Meeting	*Applus+ Corporate Social Responsibility Policy*
Regulations of the Board of Directors	*Policy on communication and contacts with shareholders, institutional investors and proxy advisors*
Internal regulations for conduct in the security markets	*Applus+ Directors' selection policy*
	Policy on Risk Management
	Diversity and Equality Policy

As a listed company, Applus+ prepares an ***Annual Corporate Governance Report*** (ACGR), an ***Annual Report on the Remuneration of Directors***, and this CSR Report, all available at the Group's website where comprehensive information is published yearly.

Overall, the *ACGR* shows a good level of performance by the Applus+ Group according to **CNMV recommendations**, with an **effective compliance ratio of 88.89%.** Of the 64 recommendations in total, ten are not applicable to the Applus+ Group. Out the remaining 54 recommendations applicable to the Group: 48 were complied with; and 6 are explained/partially complied with.

MAIN ACHIEVEMENTS

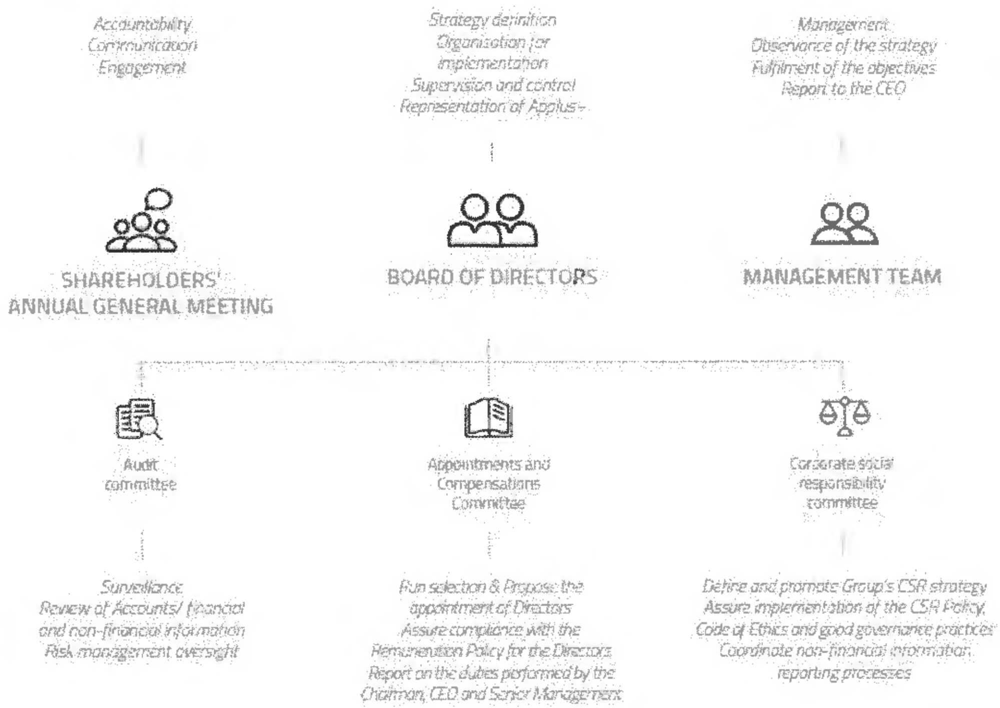
The main milestones achieved in 2019:

1. Amendment to *By laws* and *BOD regulations*, approved in May 2019 at the AGM, so as to set the number of directors at the Board from 9-12
2. Amendment to the *Regulations of the Board of Directors* approved in May 2019, setting the current number of directors at ten.
3. Amendment to Director's Selection Policy expressly stating the 30% goal for 2020.

4. Appointment of 3 new directors increasing diversity at the BOD, with a high support from shareholders and achieving the referred goal 1 year ahead; increased diversity in the broad sense (skills, gender and age).
5. New *Remuneration Policy of the Directors* for the period 2019-2021, approved in May 2019 to cover appointed CFO's as executive director; policy on risk management approved by the February Board; sessions on cybersecurity; reviewed evaluation materials.
6. Policy on risk management approved by the May Board; sessions on cybersecurity; risk map and action plan followed

GOVERNING BODIES

The governing bodies at Applus+ comprised the **Board of Directors** and its **three Committees** which focus on specific relevant areas to assist the Board in its supervisory function. All three Committees report quarterly to the Board of Directors and provide a yearly report on the progress of the respective committees' duties.



The Chief Executive Officer (CEO) is a member of the CSR Committee to set the tone from the top from BoD to the full organisation, on the importance to translate the very relevant areas covered by such Committee (ESG) into daily management.

The Applus+ Group regularly reviews its CSR strategy and policy, and provides support to internal structures to ensure the **effective deployment** and continuous improvement of performance.

The CSR strategic lines - and the specific actions deployed from these – are monitored through specific **KPIs.** These indicators provide the Group's management with useful quantitative information on the Group's CSR performance in order to take decisions for management and operational improvements.

Board of Directors

COMPOSITION OF THE BOARD

1. Nationality
2. Executive industry experience
3. Functional experience
4. Primary geographic experience

Corporate Social Responsibility Committee
Appointments and Remuneration Committee
Audit Committee

Executive
Independent

*Testing, Inspection and Certification

8/10
Directors are independent

Separation of Chairman and CEO positions

3/10
Directors are women

4/10
Directors come from outside Spain, reflecting the Group's international presence

In 2019, three **new members** joined the Board of Directors, with 98% of the shareholders supporting their appointments.

- María José Esteruelas was appointed as Director of the Applus+ Group on 20th February 2019, ratified at the Annual General Meeting on 30th May 2019. She has also been a member of the Appointments and Compensations Committee since 30th May 2019.
- Essimari Kairisto was appointed as Director of the Applus+ Group on 10th April 2019, ratified at the Annual General Meeting on 30th May 2019. She has also been a member of Audit Committee since her appointment, and her background as a CFO strengthens the audit function.
- Joan Amigó was appointed Executive Director of the Applus+ Group on 30th May 2019.

KEY FIGURES

10 Directors

30% Women

No proprietary directors

80% independent Directors

AGE **63.4** Average age

INDEPENDENCE OF THE DIRECTORS

The Board's make-up of independent Directors is essential to the good governance of the Applus+ Group:

- Throughout 2019, eight out of ten Directors were independent
- An independent Chairman heads the Board, with separation from the CEO function
- Independent Directors chair all Committees
- All three Committees comprise a majority of independent Directors
- The Audit and the Appointments and Compensations committees comprise only independent Directors

DIVERSITY ON THE BOARD OF DIRECTORS

On 20th February 2019, Applus+ amended the ***Directors' Selection Policy***.

The objective of this policy is to define the principles that govern the selection of candidates to achieve an **adequate balance** on the Board of Directors as a whole and, in particular, to reach the commitment of having **at least 30%** of the Board represented by women directors by 2020 as explicitly stated through the amendment.

Thanks to this policy, Applus+ is managing director's selection ensuring that the processes favour **diversity in gender, experience and knowledge** and that they do not suffer from implicit bias that could imply any type of discrimination due to gender.

The final aim is to promote an increase in the presence of women on the Board in line with best corporate governance practices, and the Policy has been complied with by the appointment of new members to the Board in 2019. The Board of Directors has now **reached the 30% target** of women Board members **one year ahead of the 2020 recommendation**.

Following this progress, the Applus+ Group continues to be proud of the Board's membership, achieving further diversity in gender and age and adding to the valuable skills and experience as set out in the referred Policy.

REMUNERATION OF THE DIRECTORS

On 30th May 2019, the new ***Remuneration Policy of Directors* for 2019-2021** was approved at the AGM. This document regulates the remuneration received by the members of the Board of Directors, and the specific remuneration and contractual elements that apply to the directors who perform executive functions, all in line with market practices and best international standards.

Business ethics and Compliance

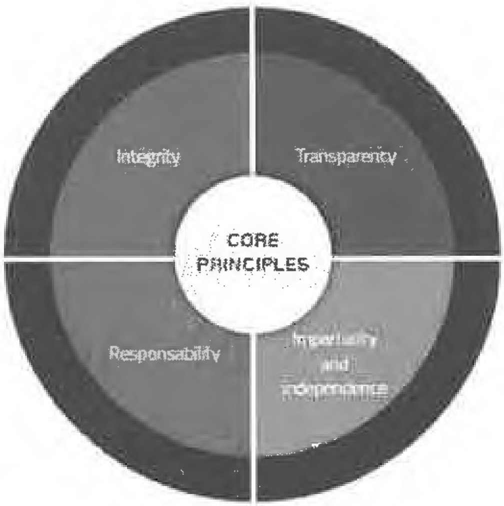
At the Applus+ Group, our practices and services are guided by our Ethics and Compliance policies and value-driven management practices because these achieve more efficient and competitive results over the long term.

We are firmly committed to strong business ethics, which help us to prevent, identify and stop any behaviour that threatens our principles of conduct.

The Group's commitment to business ethics is managed by the Board of Directors through the **CSR Committee** and the **Chief Compliance Officer.** They ensure ethical behaviour is integrated across all of our business units, geographies and operations through our *Code of Ethics* and associated policies.

The Applus+ *Code of Ethics* is articulated in a framework that establishes a set of principles and ethical values to guide our everyday behaviour, wherever we operate in the world. These principles are **Integrity, Transparency, Impartiality and Independence and Responsibility.**

Our *Code of Ethics* is available in **23 languages** to all of our stakeholders around the world, either at our website or at our Applus+ Global Intranet. The *Code of Ethics* sets forth the **values, principles and rules of conduct** that guide our activities:



Rules of conduct in our code of ethics:

Integrity

- Respecting dignity at workplace
- Data protection and privacy
- Market competition and consumers
- Confidential and non-public information
- Integrity in our services
- Use of the Applus+ Group's resources

Transparency

- Market competition and consumers
- Fighting against corruption
- Veracity of information and record keeping

Impartiality and Independence

- Fighting against corruption
- Conflicts of interest

Responsibility

- Preventing health and safety risks and respecting employee rights
- Environmental protection
- Social responsibility, sponsorship and donations

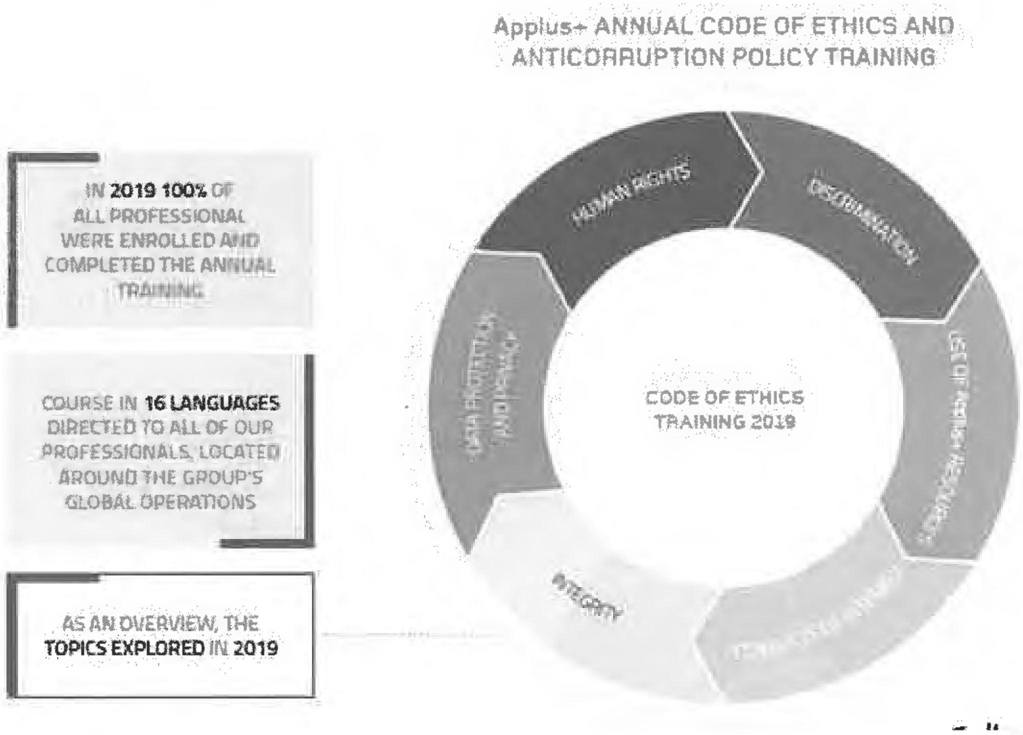
Our *Code of Ethics* aims to be adaptable to the different scenarios, needs, risks and concerns that arise over time, as well as a reference guide for the ethical principles that should inspire all of our professional activities.

In 2019, the review of ***Code of Ethics,*** included its alignment with requirements under the European *General Data Protection Regulation* (GDPR) and to new policies and improvements approved throughout 2018.

The main adaptions and changes included: new communication channel access, review of clauses for the privacy policy and an update of the Group's Policy on the use of IT resources.

To ensure all professionals understand, align and follow the values and ethical principles set out in our *Code of Ethics* and related policies, every year we deploy an **annual course on the Gr*oup's Code of Ethics and Global Anti-Corruption Policy and Procedure***, which explores different topics and situations.

This training is **addressed to all professionals** once a year and is part of the induction process of each new recruit. New policies, changes and upgrades in our *Code of Ethics* and related policies are always a special focus in the yearly-training calendar.



Each year during the annual training course on the *Code of Ethics*, every professional renews his or her commitment to the Code. Each employee signs an initial commitment to the *Code of Ethics* and related policies when they join the Company.

All third parties with whom we work **must know, understand and follow the principles within our *Code of Ethics*.** To assure this, we make the Code available in various ways, depending on the nature of the relationship. For example, our suppliers always receive a copy of our *Code of Ethics* and our *Global Anti-Corruption Policy and Procedure*, and sign a General Compliance certification where they state its commitment to the Code and its policies. Our partners in consortiums are asked to sign this same certification, where Applus+ is the managing partner of the consortium.

Those third parties, as agents or joint ventures partners that can perform activities on behalf of Applus+, must follow a strict approval process. This includes, apart from knowing and committing to our *Code of Ethics* and *Global Anti-Corruption Policy*, reputational and integrity tests before initiating any type of relationship together.

Ethics and compliance communication channel

The Applus+ Ethics and **Compliance Communication Channel is a mechanism for Applus+ professionals and third parties** (clients, suppliers and business parties) to:

- Raise any doubts or queries regarding the correct interpretation and application of our *Code of Ethics* or any other Applus+ internal regulations (QUESTIONS); or
- Notify any indication or suspicion of any act or breach that may violate the rules of this Code and its regulations (COMPLAINTS).

Communication to the Ethics and Compliance Communication Channel may be sent by completing an electronic form available at the Applus+ Global Intranet, as well as at the Applus+ website (https://www.applus.com/global/en/about-us/ethics-and-compliance/communication-channel).

The **channel**'s terms of use detail its underlying **principles (good faith, confidentiality, lack of reprisals)** and explains how to submit a query or complaint, as well as it outlines the process for managing any complaint. We also have the *A+ Whistleblowing procedure* that regulates the management of the communication channel.

The Chief Compliance Officer (CCO) is responsible for managing this communication channel and directing and coordinating any investigation.

In 2019, there were **107 communications received,** and out of these, **91** were opened for **investigation into potential breaches**. Out of the 91 communications opened for investigation **62** have been **closed** in the year **2019** and **29 continue to be open** and under investigation and management by the CCO.

Out of the 62 cases investigated, there was **evidence found in 24 cases** of irregular behaviour or breaches of the *Code of Ethics* values and/or the *Global Anticorruption Policy and Procedure*. All of these cases resulted in some type of **correction or disciplinary action**.

Out of the 107 communications, **90** came from **internal sources** and **17** from **external people** out of the Group. **76%** of the **cases used the formal Communication Channels** of the Company to send the allegations, 19% contacted someone from the management team, and the rest came in via audit process or other sources.

COMPLIANCE MANAGEMENT SYSTEM

Applus+ has implemented a ***Compliance Management System for Criminal Risks* (*CMS*)** to enable the Group to detect possible criminal offences under the *Spanish Criminal Code, UK Bribery Act* and the *US Foreign Corrupt Practices Act*.

The Group's *CMS* has, at its core, the *Code of Ethics* and *Anti-Corruption Policy and Procedure*. However, the *CMS* also comprises a series of other internal policies. The *CMS* is included in the scope of the **periodic controls** carried out **by** the **Internal Audit Department.**

The Chief Compliance Officer (CCO), under the supervision of the CSR Committee, is responsible for the necessary measures to raise awareness of the *CMS* among Applus+ professionals and to monitor adherence to the compliance system.

To strengthen the effective implementation of the Group's *CMS* across our global operations, in 2019 the Group defined the **principle core compliance controls at Applus+ (*CORE Compliance* document) for Country Managers, Finance Managers and Human resources teams.** Compliance controls include all of the Applus+ Group's internal policies and procedures comprised within our *CMS*. The *CORE Compliance* document indicates each area of responsibility for the applicable compliance requirements.

Two levels have been established to comply with these requirements:

- **"Understand and Follow"** (9 policies): managers should read, understand and follow compliance requirements; ensure that these are understood and followed by the professionals under their supervision; and ensure the managers take appropriate actions to monitor compliance.
- **"Implement"** (12 requirements arising from the policies and procedures within the *CMS*): in addition to the previous level of requirements, managers should implement applicable compliance procedures. The implementation may be audited.

Main core compliance controls for managers

UNDERSTAND & FOLLOW	IMPLEMENT
Code of ethics	Code of ethics
Anti-corruption policy & procedure	Anti-corruption policy & procedure
Whistleblowing procedure	Global conflict of interest policy
Group's decision level authority policy (dla), chart of authorities at applus+ group , powers of attorney policy	Group's human resources policy
Commitment & guarantees policy	Corporate credir cards policy
Csr policy	Groups treasury policy
Policy for operating in a new country	Group's anti-money laundering policy
Group's customer policy	Global business travel and expenses policy
A+ sanctions & export control policy	Group's supplier's policy
	Global purchasing policy
	Use of it resources group policy
	HSQE policy

In **2019,** the Corporate Compliance Department at Applus+ has focused their efforts globally on **ensuring** that the *CMS* **policies are implemented** across all divisions and regions. To present the country managers with their associated responsibilities, the Compliance Department has communicated how professionals are to comply with the compliance model, with all country managers receiving **training on these *CMS* policies and related compliance requirements.**

Similarly, **an internal control tool has been designed** to check that all managers meet their applicable compliance requirements. Moreover, a management declaration must be signed to prove the correct implementation of these requirements. This control model was launched in the last quarter of 2019. From analysing the results of this control model, useful indicators can be defined and applied to monitor the compliance of the requirements of the *CMS* in the upcoming years.

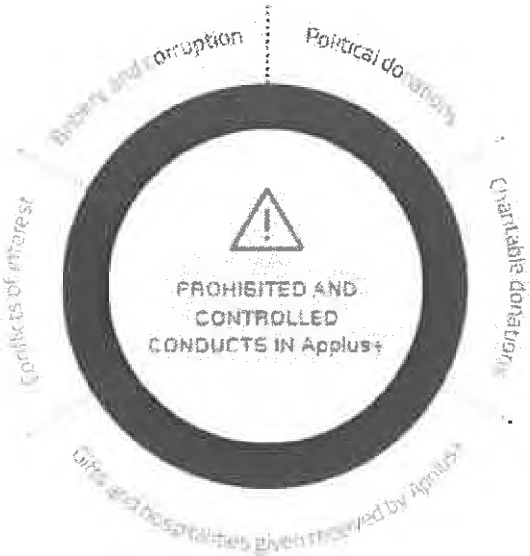
CORRUPTION AND BRIBERY

Applus+ has a ***Global Anti-Corruption Policy and Procedure*** to prevent, detect, investigate and remediate any corrupt act within the Group. The main commitments include:

- To do business legally, ethically and professionally worldwide by complying with the anticorruption laws relevant in the countries where the Group carries out business; and to ensure that Applus+ professionals and other third parties carry out business in a consistent manner.
- Fighting against bribery, kickbacks, improper or illegal payments, gifts or contributions and any other improper method of seeking favourable treatment.

The **divisional Executive Vice-Presidents**, under the **leadership** of the **CCO,** are responsible for **monitoring** compliance with the Policy and Procedure.

Corruption and bribery



As stated in the ***Global Anti-corruption Policy and Procedure***, any sponsorship or donation must be legitimated, formalised and authorised. In 2019, we have contributed € 89,998 to foundations and non-profit entities. Following our policies Applus+ has not given donations to political parties.

The *Global Anti-Corruption Procedure* **regulates both our professionals' behaviour and relations with third parties,** as well as the process of mergers and acquisitions to prevent any potential corruption-related issues.

In the 2019 version for this Procedure, the regulations for our consortium partners who act as interested parties on behalf of Applus+ were included, together with other third parties such as the suppliers and venture partners.

In addition to this, policies approved in 2018 (*Policy on Conflicts of Interest* and *Suppliers Policies*) were also covered. Moreover, in this latest revision, some changes were made regarding areas of reputation and integrity, along with other changes related to data protection for compliance with the *GDPR*.

Continuous improvement of the compliance model may include further deployments in the future.

MARKET COMPETITION

Free competition and innovation are the basis for healthy economic growth. Accordingly, **compliance with antitrust and competition laws** is **one of the values** covered by the Group's ***Code of Ethics***.

The TIC sector, of which the Group belongs, is characterised by an intense competition among organisations, both in private or public tenders.

The Group has specific lines of internal review and approval concerning **bidding processes, consortiums or trade associations' membership,** ensuring the involvement of Applus+ Legal Department as required.

Key actions in 2019 focused on:
• Issuing and publishing the Applus+ ***Competition Policy*** and ***Bids and Tenders Policy,*** including training with business teams during 2019 and preparing a global online training tool for launch in 2020. • Active participation in the TIC Council in the drafting and review of the **new Competition Compliance Policy of the TIC sector Council**

In **2019**, no legal proceeding has been initiated against the Applus+ Group, **nor** has the Group been served with **claims for unfair or monopolistic competition practices.** Furthermore, **no sanction** has been **imposed**, pecuniary or otherwise, due to the practices described above.

INFORMATION SECURITY MANAGEMENT

Managing any business today requires the **protection** of the **personal data** generated across a vast array of **day-to-day business operations**, which rely on different data-processing activities. Acting on these considerations, the Group will always strive to protect an individual's privacy and their corresponding fundamental rights when processing personal data. Personal data protection and privacy is one of the values upheld within our *Code of Ethics*. Therefore, all of our professionals must respect the basic rules stated therein, and be aware that laws related to **data protection vary** in the **different countries where the Group operates**.

To manage GDPR compliance, Applus+ has the following internal policies and procedures:

- Applus+ *Data Protection Policy*
- Applus+ *Policy and Procedure for Management of Individual Rights*
- Applus+ *Data Breach Policy*

Information security is also safeguarded through the Applus+ **Group's policy on the use of IT resources,** and through the **confidentiality clauses** included in the **contracts** signed by our **employees** and **clients** (confidentiality clauses and non-disclosure agreements) and subsequent internal processes. In the case of the **IDIADA Division**, the specific ***Information Technologies General*** **Policy** is applied.

In addition, the Applus+ Group has defined **a data protection team** including divisional or country responsible for ensuring the implementation and compliance of *GDPR* and for managing any concerns raised over data protection. The Corporate Legal Department, with whom the team holds periodic follow-up meetings, coordinates these managers and defines action plans where applicable.

The Group provides **training** (online and on-site) regularly to raise awareness about personal-data matters and regulatory compliance. In 2019, following the first anniversary of *GDPR*, we had **face-to-face trainings** in Spain with the employees responsible for *GDPR* to update their knowledge on the recent Spanish law, and to share experiences and doubts. Additionally, the Group will launch online training for EU employees during H1 in 2020.

In **2019**, we have not suffered **any material leakage**, **theft or loss of information**, and the Group has not received any **claim or complaint** in relation to information security or data protection. However, **during 2019,** Applus+ has answered **approximately 1,200 enquiries on exercising data-privacy rights** through the channels dedicated to these purposes. **These enquiries were** mostly related to our statutory-vehicle-inspection activities in Spain.

In addition, and importantly, in 2019 an update on the status of the *GDPR*'s implementation was shared with the Audit Committee and the Board.

Applus+ Group has implemented a continuous improvement **program in cybersecurity**, which includes different initiatives related to the four pillars of its strategy:

PROTECTION

- - Deploy and keep Information Systems free of vulnerabilities
- - Protect IT assets against threats

DETECTION

- - Anticipate security incidents through behavioural analysis and correlation of information from internal and external sources.

RESILIENCE:

- - Design the Information Systems to contain the impact in the event of a security incident.
- - Recover to the normal situation through appropriate procedures to back-up and restoration.

GOVERNANCE:

- Assess cybersecurity risks in each new business requirement
- Define internal cybersecurity policies and ensure compliance.
- Assess and manage the risks with our critical suppliers
- Create recurrent awareness campaigns for all employees.

05. BUSINESS EXCELLENCE

The Applus+ Group is a **trusted partner to private and public-sector companies and organisations, and our four divisions provide a complete portfolio of Testing, Inspection and Certification (TIC) solutions** across the principal industry sectors.

The Group develops its TIC services focused on innovating technology and processes **in all of our business lines, and our technical teams** develop advanced solutions with independent expertise on global regulatory requirements.

The TIC sector

The TIC sector integrates a **wide range of technical professions and specialist procedures**, including laboratory or on-site testing, facility and asset inspections, product-conformity certification, management-process audits, documentation inspection and data-consistency verification and across the entire supply chain.

These highly technical services are delivered for private companies, public authorities, governmental departments or on the behalf of the end-user or purchaser. Our divisions' broad portfolio of services support the development of trust and assurance among our clients, industries, end-users and wider economic relationships.

The TIC sector works in all major industry sectors and markets, spanning FMCG, Oil & Gas, Energy, Automotive, Construction, Aerospace, Chemicals, Transport and Pharmaceutical to name a selection. The international markets for TIC services are growing at a global level, and the requirements are driven by a balance of influences through **government regulation** and the wider **economic changes or technological adaptations in different industry sectors**. Therefore, these aspects of market development determine the growth of the TIC sector in each country.

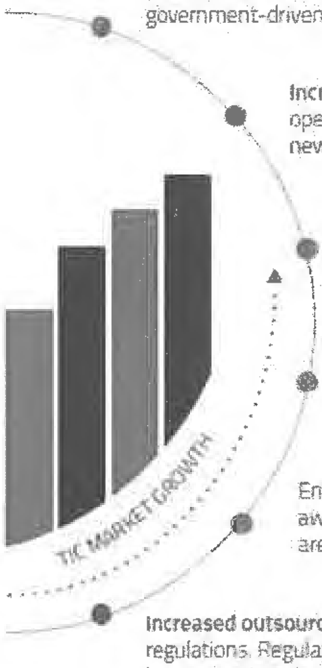
Developed regions, such as **Europe** and the **USA,** have mature and stringent laws and regulations applicable to consumer products, with a small number of international organisations and agencies central to the standards for safe and quality goods. This provides opportunities for market growth in the TIC sector even in developed nations with convergent legislations. With an increase in world trade, **emerging economies** such as China and India have joined the leading economies to attract the major global companies and the TIC activities which support their activities.

Companies from emerging markets have also drastically increased the volume of goods exported to developed countries in the recent past, and trends suggest western-economy companies are increasingly focused on managing their processes throughout the value chains.

The main **factors governing growth** in the TIC market are:

Increased regulation and standards are a major growth factor for the TIC market as there has been a clear shift towards more complex standards and regulation. Most legislation is government-driven to ensure health and safety compliance across a variety of end-use industries.

Increase in trading activities across various industry verticals due to the trend of operating from or in remote locations. Companies may demand the adherence to new or greater regulatory standards in new markets to avoid paying sanctions.



Increased use of accredited or certified **tests and inspections** to facilitate and secure transactions and operations in local markets and globalised trade.

Increasing **digitalisation** of the economy and in services to every industry sector.

End-user demand to seek third-party assurance, improved risk awareness and a focus on **risk prevention** are major factors which are expected to boost demand.

Increased outsourcing of TIC services and diversified products and standards regulations. Regulations for quality, health, safety and the environment have become stricter in the recent past, which is driving the demand for these services.

Services and clients

At Applus+, our four divisions provide innovative, wide-ranging TIC services to national and multi-national companies and public bodies all over the world. Our professionals are trained in many engineering, scientific and industry disciplines to become specialist in highly technical testing, inspection and certification processes.

To develop this **technological expertise**, the Divisions at Applus+ collaborate with clients and partners to enhance the **quality and safety** of their assets, infrastructures and products. Our TIC services also assist organisations to comply with the applicable **environmental** requirements and legislation in the markets and jurisdictions where they operate.

The services and activities from the Applus+ Group are developed and deployed by following our commitment to the principles within the **United Nations' Sustainable Development Goals** (SDGs).

These SDGs are related to a wide range of technical services provided to the different industry sectors by our four divisions:

Energy & Industry Division

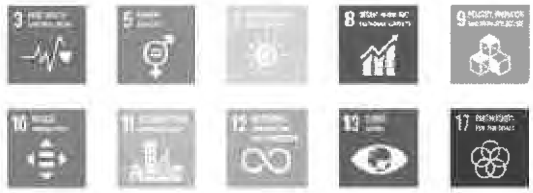
Core Services:

- Inspection
- Technical staffing
- Non-destructive testing
- Engineering and consulting
- Certification services
- Supervision and QA/QC
- Testing and analysis
- Vendor surveillance

Main sectors: Oil & Gas, power, telecommunications, construction, mining and aerospace.

Automotive Division

Core Services:

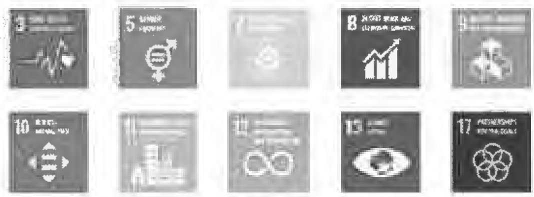


- Statutory vehicle inspections for mandatory government legislation
- Public service vehicle inspections
- Vehicle conditions, emission and registration inspection
- Road-safety education

Main sectors: Automotive, Government and public transport agencies.

Idiada Division

Core Services:



- Automotive engineering services
- Worldwide homologation and vehicle certification
- Proving-ground
- Automotive design engineering

Main sectors: Aerospace, automotive, electronics, construction and information technology.

Laboratories Division

Core Services:

- Industrial testing laboratories
- Engineering
- Certification
- Metrology services

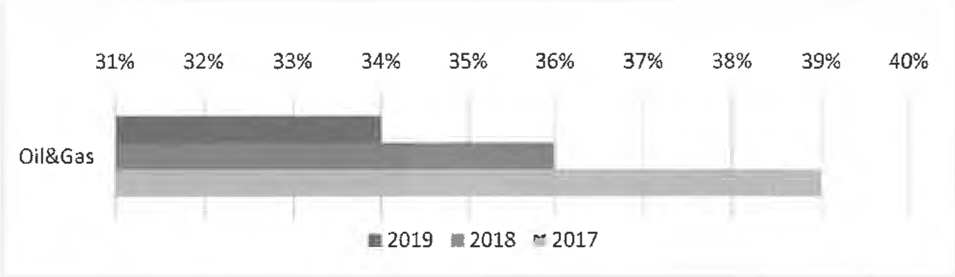
Main sectors: Aerospace, automotive, electronics, construction and information technology.

OUR CLIENTS

The Applus+ Group's businesses provide TIC services for a wide range of clients. Our Divisions' principal sectors and supply chains cover the **Oil & Gas and Automotive industries,** including statutory-vehicle-inspection programmes and automotive and OEM testing, homologation and engineering.

BUSINESS DIVERSIFICATION AND SUSTAINABILITY

The Applus+ Group's revenues from the Oil & Gas sector continue to be a less significant percentage of the Group's total revenues as **our services expands their diversification into renewable energies among others.**

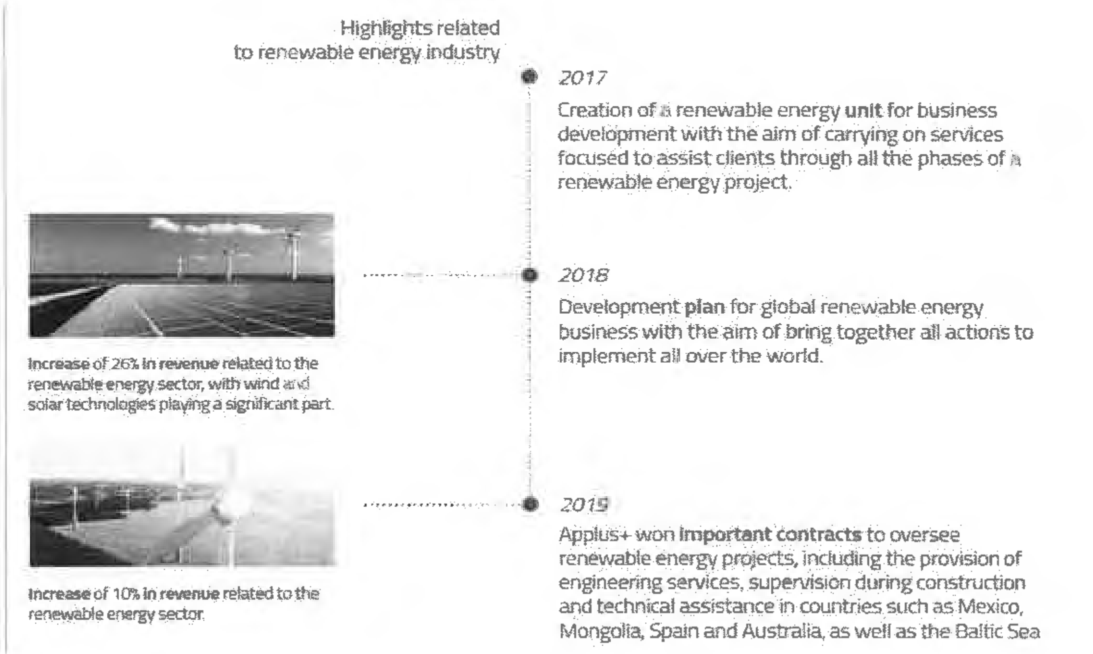


In the **Group's contribution to decarbonised the economy** as businesses transform to sustainable energy solutions, the Group has increased its service portfolio for long-term sustainability along two lines of action: to expand the diversification to the Power sector, specifically into the Renewable sector and develop technologies to reduce emissions and foster the next generation of electric vehicles.

The Divisions at the Applus+ Group are also harnessing digitalisation for new services and TIC processes, which target new methodologies to conduct remote inspections. These reduce the health and safety risks of our teams' on-site presence, as well as environmental impacts from transport. Other recent service innovations include aerial asset inspections which deploy UAV drones, digital twin modelling to improve quality on pipeline or vessel welding or virtual simulation in automotive development.

The **renewable energy sector** is a strategic sector for the company. The Group's TIC services for the renewable-energy sector support projects across all phases, starting with inception, through the construction phase and including the operation and maintenance phases.

In the past two years, the main **highlights** are:



The Applus+ Group's services to the automotive sector are following the evolution of the innovative technological solutions for the **electric vehicles** and the tightening of regulatory controls to reduce vehicle emissions. Our Divisions' services to manufacturers and public regulatory agencies add to the sustainable design and use of vehicles by supporting better quality, increased safety, environmental actions and operating efficiency.

Highlights related to renewable energy industry in 2019

Applus+ researched and developed solutions with respect to electric vehicle mobility and the reduction emissions from vehicles. The construction of a new test track in Tarragona (Spain) **for electric vehicles**, new generation of gasoline direct injection **engine** achieving a **15% reduction in CO2 emissions**, boost to electric mobility with a **new e-motor test laboratory**, are some of the most relevant Applus+ initiatives performed this year.

Quality and excellence

The Applus+ Group and our teams across the four divisions commit to the highest levels of service excellence because we understand that our clients' satisfaction is crucial to the long-term sustainability of our business.

QUALITY MANAGEMENT APPROACH

Our processes and the services that we deliver operate in accordance with the international ISO 9001 standard. The quality management systems are deployed at local level basis through a global HSQE Policy. These systems are accredited or certified and periodically audited by third parties and our **certificates** have been maintained over long periods. At the present, the Applus+ Group has legal entities in over 30 countries which operate certified or accredited quality-management systems. The mentioned countries are in North and South America, Europe, Africa, Middle-East and Asia-Pacific

To go beyond the expectations of our clients, we deliver operational excellence by focusing on six aspects which underpin client satisfaction and their demands.

- QUALITY: We have a systematic approach to developing quality in our services to achieve **client satisfaction**.
- SERVICE DELIVERY: We offer knowledgeable **advice** by means of a **quick and flexible service**.
- KNOWLEDGE: Our people are technicians and engineers **with high technical qualifications.**
- INNOVATION: Our innovation efforts **add value** to our clients' products, assets and services.
- STRATEGIC ALLIANCES: We partner private companies and public bodies to advance **global technology solutions**.
- ACCREDITATIONS AND CERTIFICATIONS: Our accredited and certificated services confirm our TIC sector **expertise** and create value for clients.

As part of the Group's commitment to quality management, in 2019 we celebrated our third **World Quality Day** (WQD), sharing insights with our employees on how **we are all Quality**

Leaders. As part of the communication package, we produced a video to show how every individual plays an invaluable role in ensuring the Group's services meet the quality standards and requirements of our clients.

World Quality motto

"We are all Quality Leaders"

We can achieve excellence through: **Procedures, documentation** of the activities and the **performance evaluation.**

- ✓ Procedures are more than just documents
- ✓ Document your activities
- ✓ Monitoring means improvement

ACKNOWLEDGEMENTS

Our **accreditations and certifications** confirm our knowledge and expertise with third-party recognitions, and these allow the Group to deliver services with the confidence of our clients. In 2019, the main progress achieved in this area are:

- ✓ Applus+ in Uruguay received its accreditation certificate from the OUA, **Uruguay**'s official accreditation agency. Applus+ is the only company in Uruguay to hold the **ISO/IEC 17020:2012 accreditation.** The standard sets out the technical requirements required to act as an inspection body, and covers motor and passenger vehicles providing services under the jurisdiction of Uruguay's National Transport Directorate (DNT), and heavy goods vehicles with loads exceeding 3.5 tonnes that are subject to DNT registration.
- ✓ In the **USA**, Applus+ achieved the **Smog DADdy OBD Data Acquisition Device** was re-certified by the California Bureau of Automotive Repair (BAR). BAR tests the device annually to ensure it meets the BAR's stringent requirements for a device to test vehicle emissions.
- ✓ Applus+received the **Visa accreditation** for testing VMCPS (Visa Mobile Contactless Payment Specification) v1.4.4 and Broker Interface v1.0 of products VMPA (Visa Mobile Payment Application). Similarly, the Division achieved the accreditation for the new **interoperability testing EMV L1 PCD** to certify contactless terminals, and it also received **EMVCo** accreditation as a laboratory for mobile-payment assessment based on software (SBMP) and accreditation to evaluate security on hardware devices under the **Common Criteria** methodology
- ✓ Applus+ achieved a new acknowledgement from a **global car manufacturer** to test the electronic components on its new vehicles. In addition, the Division has received ISO/IEC 17065 accreditation for the **Applus+ Fire Safety** certification seal.
- ✓ In **Mongolia**, Applus+ achieved acknowledgement as technical inspection body in accordance to **MNS ISO/IEC 17020:2013**, as well as inspection service for **non-destructive testing,** according to the rules of the American Society of Mechanical Engineers (ASME), American Welding Society (AWS), Mongolian National Standard (MNS) and other international standards.
- ✓ Applus+ achieved the accreditation as environmental control body by Catalonia's Department for Territory and Sustainability (**Spain**) for **statutory inspections of air emissions.**

- ✓ Applus+' **Asia & Pacific** counts with some accreditations according to the **ISO 17025 standard** for non-destructive testing covering radiographic and ultrasonic testing methods, computed radiography, A-scan, internal rotary inspection system, high frequency Eddie current, etc. at 6 of its facilities in Australia (Chinchilla, Kwinana, Darwin, Karratha, Melbourne y Perth) and Port Moresby in Papua New Guinea.
- ✓ The Applus+ Group achieved a new accreditation for inspection of **stationary Pressure Equipment** in **Portugal.**
- ✓ In **Spain**, Applus+ was newly accredited to carry out **electromagnetic** compatibility (EMC) **testing** and evaluations of human exposure to electromagnetic fields under UNE-EN ISO/IEC 17025:2005.
- ✓ Applus+ in Spain has achieved new ENAC accreditation for **biological testing** at its chemical and biological testing laboratory in Sada, A Coruña (**Spain**), widening the scope of its accredited services to include the quality control of inland bodies of water (rivers, lakes and reservoirs) under ISO/IEC 17025:2017 standard.
- ✓ In **Canada**, Applus+ achieved the designation as **Foreign Certification Body** by the Ministry of Innovation, Science and Economic Development and **as Certification Body** for **radio-electric devices**.
- ✓ Applus+ in the **Netherlands** received approval from DNV-GL to provide services for the **classification of offshore objects**.
- ✓ In the **United Arab Emirates**, Applus+ received a number of new accreditations.
    - ISO 17024-DAC accreditation for lifting equipment's operator certification in the Construction and Oil & Gas sector;
    - pre-qualification for intelligent pigging services with ADNOC HQ in the Oil & Gas sector;
    - DAC accreditation for elevators and escalator inspections in the Construction and Building sector;
    - ACTVET approval for training services in the Construction and Oil & Gas sectors; and
    - IRATA approval for rope access services in the Oil & Gas industry amongst others.
- ✓ In the **USA**, Applus+ achieved further approvals from different clients for our NDT services, including X-ray (film & digital), radiographic testing (RT), magnetic testing (MT) and remote digital reading among others.

CLIENT FEEDBACK

The Applus+ Group maintains **regular and continual communication** with its clients at all levels because we believe good client relationships are a key route to improve the company's performance.

We meet **frequently** with our clients to develop our services, and we communicate continually with our clients when developing projects to review progress and results.

To gain feedback and insights through a variety of methods, we organise **open days, road shows, conferences and technical forums** for our clients, and we periodically **survey** our clients **on their satisfaction** and suggestions for improvements.

We also have local systems for **complaint management** to analyse and quickly remedy issues raised from any claim. In 2019, we received 554 customer complaints, of which 421 are already closed and the remaining are in the process of resolution.

In 2019, many clients recognised the business excellence delivered by Applus+, **rewarding our high-quality performance** when delivering different services across the Group's four divisions.

Our clients' recognition is critical to us, so we are pleased to highlight the notable **awards and recognitions:**

- Applus+ in Denmark was nominated for the fifth consecutive year as the inspection company of the year at Denmark's annual Automotive Award Show, winning the "Best initiative" category for our national Applus+ GoKart tournament for the Division's B2B customers. In further recognition from the industry, Applus+ were named "Car Inspection Company of the Year" at Denmark's Auto Awards.
- Applus+ in **China** were recognised with the Visa Award for Best Performance for Testing Services of Chip Card Acceptance.
- In the **Mediterranean region**, Applus+ received a letter of recognition from an important client in the Power sector commending the work delivered by our structural-inspection team.
- In **Northern Europe and Asia Pacific** regions, Applus+ received three awards from a multinational power company recognising our work on innovation and technology. In Australian, a major mining company congratulated our team for delivering excellent NDT work and service required during a shutdown of the plant.
- In **Latin America**, for the second consecutive year, Applus+ was awarded with the Productivity Prize by the Industrial Union of Panama (SIP).
- In the **Middle East & Africa** region, Applus+ received awards for the quality of the services provided to a large Oil & Gas major. Our team were recognised for its contribution to different projects developed at different refineries. In Nigeria, Applus+ received congratulations from another Oil & Gas major for deploying our services at short notice and to a tight schedule.
- In **North America**, the Applus+ Group's operations in Richland, Washington received a letter of recognition for the quality and excellent service when delivering services at the Purex Tunnel 2 Stabilisation Project.

Strategic alliances

To further develop the TIC practises in the sectors we operate, we are **members** of various industry **organisations and associations.** This collaboration allows us to participate in permanent working groups for new developments; to foresee new regulatory changes; and to identify and understand expectations and requirements of our stakeholders linked to the activities of the organisations or associations.

TECHNICAL FORUMS

- The Applus+ Group is a member of **CITA (International Motor Vehicle Inspection Committee),** and we are represented on all of the working groups: WG1 (Safety Systems), WG2 (environmental protection systems assessment); WG3 (training and quality outcomes of inspections); WG4 (continuous compliance); and WG5 (information systems). Our professionals' involvement in the CITA's working groups allows the Group to address main issues in the area of automotive safety and the sector's environmental impact.
- Applus+ participates in **European Strategy on Cooperative Intelligent Transport Systems (C-ITS)** adopted by the European Commission in 2016, which is a milestone initiative to develop cooperative, connected and automated vehicles and mobility. The C-ITS's objective is to facilitate the convergence of investments and regulatory frameworks across the European Union to realise the deployment of mature C-ITS services from 2019 onwards.
- The Applus+ Group is member of the **Spanish Association of Defence, Aerospace and Space Technology Companies (TEDAE)**, representing and promoting its members' interest both nationally and internationally.

- ✓ Applus+ participates in **Pipeline Research Council International (PRCI),** which is a community of the world's leading pipeline companies and their vendors, service providers, equipment manufacturers and other organisations supporting this sector.
- ✓ Applus+ participates in the **International Federation of Automotive Engineering Societies (FISITA)**, through the membership of IDIADA and Automotive Division at STA (Society of Automotive Technicians). Moreover, IDIADA is holding the presidency of STA. Members of these forums share knowledge on automotive engineering and contribute to the development of new technologies worldwide.
- ✓ Experts in cybersecurity at Applus+ are actively involved in the **Spanish Committee on Cybersecurity and Privacy Standardisation (UNE-CTN320).** The team from the Laboratories Division participate in the SC3 Security evaluation, testing and specification; in the SC1 Cybersecurity management systems; SC4 Security services; SC5 Data protection, privacy and identity management; and in the SC6 Product security.
- ✓ Applus+ is actively involved in the development of new test standards through our membership of the **European Telecommunications Standards Institute (ETSI).** The organisation is responsible for producing globally applicable standards for information and communication technologies, including fixed, mobile, radio, broadcast, internet and aerospace.
- ✓ Applus+ is a member of **ASTM International**, operating over 12,000 ASTM standards globally. ASTM standards enhance performance and bring confidence when purchasing goods or services. ASTM harnesses the expertise of over 30,000 members to create consensus and improve performance in manufacturing and materials, products and processes, and systems and services.
- ✓ Applus+ is participating in various committees at the **TIC Council**, a new international association representing independent TIC companies and set up from the merger of the former global TIC-industry organisations, the IFIA and CEOC.

SOCIAL RESPONSIBILITY

- ✓ The Applus+ Group joined the **UN Global Compact**, committing to its "Ten Principles" related to human rights, labour, the environment and anti-corruption.
- ✓ The Group is a member of **FORÉTICA**, a leading association for CSR and sustainability businesses and professionals in Spain and Latin America.
- ✓ Applus+ in Spain is a patron of the **ADCOR Foundation**, which is a non-profit organisation dedicated to supporting equal work opportunities with people of different capabilities in A Coruña, Spain.
- ✓ Our technical experts at Applus+ work closely with the **European Standardisation Committee (CEN).** European Standards (ENs) are based on a consensus, which reflects the economic and social interests of 34 CEN Member countries, channelled through their national standardisation organisations.
- ✓ In 2019, the Applus+ Group's rating by CDP achieved a **"B".** The **CDP** is a non-profit organisation that directs the global disclosure system for investors, companies, cities, states and regions in order to manage their impact on the environment.
- ✓ Applus+ included into the **FTSE4Good IBEX index** in June 2019.

Business expansion

As a global leader in the TIC sector, the Applus+ Group develops an investment and growth strategy to offer its clients the **best global service with a local proximity**. As part of these plans in 2019, the Group's expansion reached new milestones in core markets and sectors:

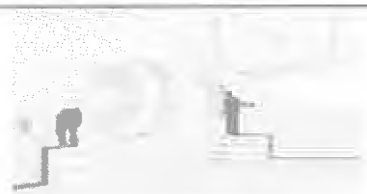
New facility inaugurated in Walkerton in the Municipality of Brockton, Ontario, Canada The Energy & Industry Division at Applus+ has developed its operations in Walkerton (**Canada**) to meet the industry's demands for **quality testing and inspection services.**	
First office inaugurated in Algeria The Energy & Industry Division at Applus+ has been investigating the **Algerian market** since 2014. The Group's activity started in the country in 2015, and this new office will boost the **development and diversification of the Group's activities.**	
New offices in Porto, Portugal Applus+ has been working on various projects in **Portugal** since 2014, and the opening of this office constitutes a commitment to the **development of the company further in the country**.	
New calibration laboratory in San Fernando de Henares, Spain Applus+ Laboratories expanded its network to offer industrial calibration services and legal metrology in **Madrid** and the surrounding areas.	
Acquisition of LEM Laboratories in Spain Applus+ acquired Laboratorios de Ensayos Metrológicos (LEM), a company with leading expertise in **legal metrology**. LEM branches in **Spain** will be incorporated to Applus+ laboratory network in this country to offer a local service.	Laboratorio Ensayos Metrológicos
Acquisition of LEM Laboratories in Chile Applus+ has widened its presence in **Chile** with the 100% acquisition of LEM Laboratories, dedicated to testing and inspecting materials for civil engineering projects in **mining, construction and the industrial sector.**	

Acquisition of the laboratory A2M Industrie

The Applus+ Group acquired the **French** laboratory A2M Industrie, a specialist in materials testing, which strengthens the Laboratories Division's position as a strategic Tier-1 supplier to the **Aerospace sector**.

Acquisition of Talon Test Laboratories

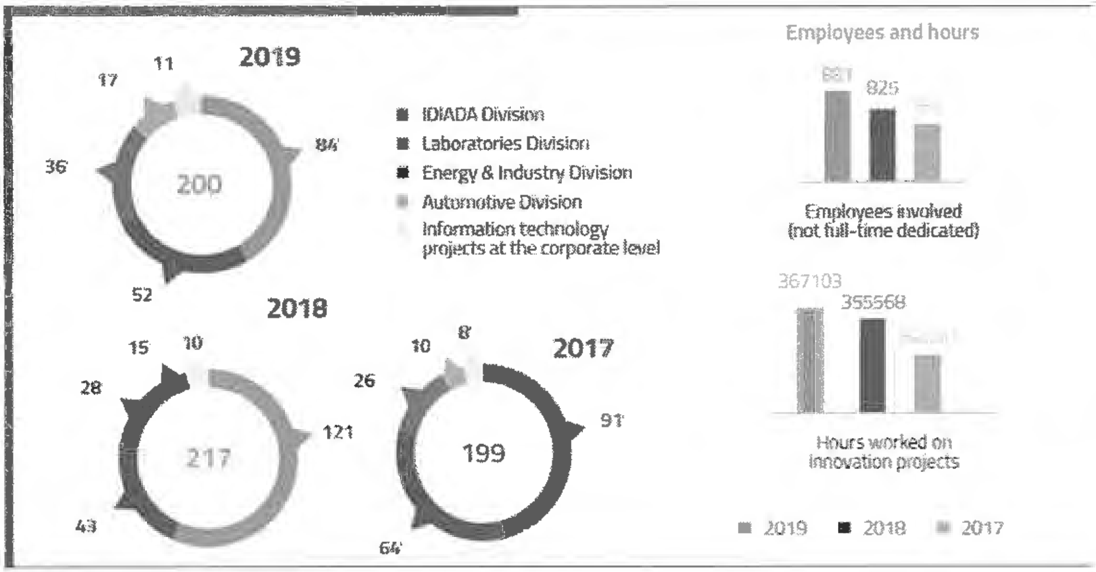
The Applus+ Group acquired US-based Talon Test Laboratories, a specialist in non-destructive testing (NDT) for the **Aerospace sector**. With this acquisition, Energy & Industry Division strengthens its presence in the **North American markets.**

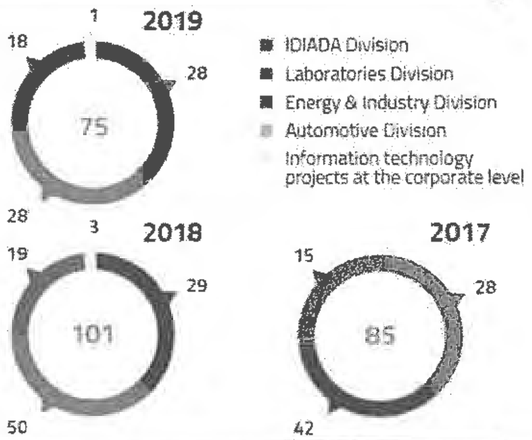


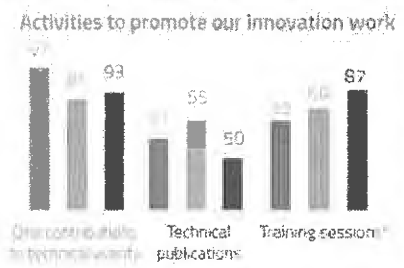
Innovation

The Divisions' teams across Applus+ collaborate with their clients to improve the effectiveness and efficiency of their industrial and manufacturing processes. This **search for solutions** that add value, safety and sustainability for clients is a permanent focus, together with the development of new services to give answer to business needs. We understand innovation as a constant and multidisciplinary effort, in which we invest significant human and financial resources to get new services or improving the existing ones.

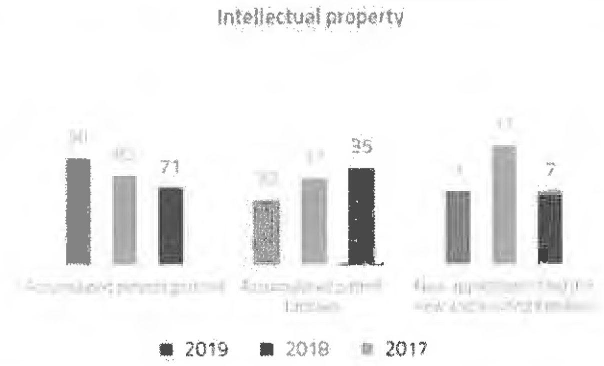
KEY FIGURES







The number of training sessions depends on the changes in regulations, standards or new testing, inspection or certification procedures that have to be communicated to the clients. Our experts provide tailor-made training for their clients and market needs, and this training is not recurrent year after year and is not constant in each region. The fluctuation does not indicate that the trends is necessarily downward since the figure may be higher the following year.



During year 2019, a total amount of 22 new patents were granted, with an increase of one patent families.

On the other hand, during 2019, there has been a decrease of four granted patents and two patent families since some patents were abandoned in order to optimize and rationalize the patent portfolio.

As a balance, the net increase in the accumulated patent portfolio has been 18 patents resulting a total amount of 98 valid patents, while the number of active patent families has decreased from 31 to 30.

DIGITAL TRANSFORMATION PROJECT

The Digital Transformation Project at Applus+ is a transversal initiative launched at the end of 2018 to coordinate and monitor the evolution of the Group's digital transformation have done over years to allow Applus+ to become a world leader in TIC industry.. This is a global project led by a committee of multi-disciplinary professionals from Applus+' Divisions and Corporate. The goal of the Digital Transformation Project is to guide the Group in a coordinated response to the disruption of digital technologies in industry and the TIC sector, speeding up our innovation process while anticipating to the needs of our clients and becoming more competitive and efficient.

This project observes the improvement of the operational processes and the services offering. Note that Applus+ already took action in this direction in previous years, so currently the Group provides digital solutions applicable in several industries (IoT based solutions for monitoring; machine learning, augmented reality and virtualization for testing; digital platforms for client data management). These innovations have added value to the traditional services portfolio and in some cases have materialized in a new services or business lines, providing alternative solutions to the clients. In addition, mobility solutions, automation solutions and cloud-based IT infrastructure have contributed to the improvement of operations efficiency.

8

The Digital Transformation Project promotes the development of digital solutions and initiatives across the Company based on defined roadmaps. In parallel a specific communication plan to stakeholders reinforces these initiatives. The project will allow Applus+ to continue adapting to the challenging scenarios as these emerge, and anticipate the future of this business and technological evolution to well-defined strategic goals.

OUR INNOVATION PROJECTS

Independent collection and analysis of Heavy-duty Vehicle on-board diagnostic data

On-board diagnostic (OBD) systems on motor vehicles have become an essential system for monitoring components that can affect the emission performance of a vehicle. OBD systems monitor and ensure the proper state of a vehicle's emission-related components during its entire life.

Most motor vehicle models driving in **California** must be equipped with this self-diagnosis system, and many states currently use the OBD system to check compliance on inspection and maintenance programmes, for example on California's Smog Check programme. For heavy-duty vehicles (HDV) in the future, on-board diagnostic systems will have to be incorporated as part of any inspection and maintenance programme.

The California Bureau of Automotive Repair (BAR), regulator for on-board diagnostics system on vehicles sold in California, certifies the OBD complies with their requirements for OBD systems. The Applus+ proprietary device developed by Automotive Division, called Smog DADdy OBD Data Acquisition, has been re-certified by BAR as a recognised OBD system for collecting and analysing OBD data for heavy-duty vehicles.

C-MobILE

C-MobILE is an innovative project that envisages completely safe and efficient transport on European roads, without casualties and serious injuries, by adopting state-of-the-art technologies in communication, road-side architecture and service-delivery concepts. The project sets out to define a transport architecture that is cross-border interoperable among the sites of deployment and utilises hybrid communication technologies.

C-MobILE provides the framework for large-scale deployment of Cooperative Intelligent Transport Systems (C-ITS) in **Europe**, elevating pilot sites to deployment locations for sustainable services with the support of local authorities. C-MobILE will take a common approach to ensure interoperability and seamless availability of C-ITS services, while presenting an acceptable cost for the end-users and thereby enhancing the business case for organisations in the supply chain.

The project is intended to accelerate C-ITS Mobility innovation and deployment in Europe, with an open platform provided for C-ITS sources to support deployment of service concepts on commodity devices, which are validated by developer communities. The app is operative in Barcelona and several other European cities.

The project, led by Applus+ IDIADA Division, is a collaborative initiative funded by the European Commission under Horizon 2020 Programme.

Intersection 2020 project

The IDIADA Division, with the support of the Bundesanstalt für Straßenwesen (BASt), is **leading a private research initiative to study the anatomy of vehicle accidents** at different types of road crossings in **Europe.**

Members of the automotive industry drive the project to develop a methodology for testing the Autonomous Emergency Braking (AEB) systems at crossroads, which present a new and more challenging scenario for these systems.

Research in the first stage of the project focused on the study of accidents in Europe that happen in different types of road crossings. From this study, the most common accidents were selected as the main test cases. To develop an appropriate test methodology, data on accidents was contrasted with statistical analysis of the data recorded through a Naturalistic Driving Study (NDS).

The project was aligned with the Euro NCAP 2025 roadmap that aims to deliver improved passenger safety. The methodology developed during the project was presented to Euro NCAP at the AEB working group, and the results of the project have been included in the Euro NCAP 2020 AEB Car-to-Car protocol: the Car-to-Car Front turn-across-path (CCFtap) test scenario.

Through industry discussions, the project was also aligned with other R&D initiatives at the Applus+ Group, such as the EU-funded PROSPECT project. This alignment also helped to define the road layout where AEB Vulnerable Road-Users and AEB Car-to-Car were tested.

As a result of the knowledge resulting from the cooperation with 17 partners over the project's two years, a derivative project, EVADE 2022, has begun to continue the work for the AEB tests at crossroads. This spin-off project sets out to understand and develop a methodology to test emergency management systems, and understand and define ways to mitigate the gravity or even avoid head-on collisions.

Digital twin capture of large vessels on an Oil & Gas major's LNG project

The Energy & Industry Division at Applus+ in **Australia** supplied their expertise to develop NDT and remote visual inspection (RVI) methods at a large Liquefied Natural Gas (LNG) project in October 2019.

Using LiDaR (Laser point cloud) and photography equipment, the technicians at Applus+ were tasked, as part of a RVI-scope exercise, to baseline the internals of 10 large vessels, typically of four metres in diameter and twelve metres long. The agreed strategy to baseline the vessels was to develop high-fidelity visual digital twins using a combination of LIDAR and photogrammetry. The camera equipment included bespoke arrays developed specifically for this project to assist with capture speed and photographic overlap accuracy.

Prior to the shutdown, the vessels were ported from two-dimensional drawings to 3D CAD assimilated in a virtual reality (VR) environment to assist with developing a capture strategy. These models will also assist in creating low-poly digital twins.

CIMSA adoption: Case Inspection Management System at Applus+

To introduce new technology into inspection services and provide a more efficient service to our clients, the Energy & Industry Division in the LATAM region have implemented different systems to improve in-field or on-site mobility.

In **Colombia,** the CIMSA mobility tool developed by Applus+ has been adopted into inspection services as a Field Service Management tool to support multiple-process operations more efficiently on four business lines. In addition, the SGApplus tool created by Applus+ in Colombia for the Power sector service line has also been implemented in collaboration with our clients.

Intelligent interaction between human and Artificial Intelligence

Applus+ in **Germany** will be the application partner for radiographic testing (RT) on the Visual Digital Project, supporting the German government's initiatives to shift to the future 'Industry 4.0' and the Internet of Things (IoT).

The overall goal of the project is to explore Augmented Intelligence Systems for non-destructive testing, which will increase the reliability of inspection processes by expanding human capabilities through Artificial Intelligence (AI). The project explores how meaningful human-machine interaction in NDT can combine the skills and abilities of human and AI to achieve a better and safer test result.

PAV-DT project: Innovating the real-time monitoring of road pavements

The Energy & Industry Division in **Spain** participates on the European funded Project PAV-DT, aimed at creating an economical and easy-to-install real-time measuring device and system for road pavement monitoring.

Thanks to this disruptive system, vehicles travelling on the roads will be able to gather information regarding the pavement condition, from where the data will be sent to a server for clients to access the latest information on the condition of the pavements. Furthermore, our client's engineers will receive information, which will allow them to take the necessary actions to repair the pavement. Through this project, the clients' vehicles will be converted into very low-cost real-time pavement inspection equipment.

Applus+ is responsible for testing and validating the previously developed prototype. On approval, Applus+ will carry out the tests in collaboration with the company who are developing the technology to demonstrate the device to clients in the field.

Discovering driving patterns in India

Extreme traffic and driving conditions can present significant challenges to the overall durability of a vehicle. Within the Automotive sector, **India** is recognised as one of the most severe environments for driving conditions, which can result in a deterioration of braking systems on vehicles.

To overcome this, the IDIADA Division at Applus+ has investigated the durability patterns of the brakes in Delhi (urban landscape) and Pune (countryside). The results were compared with other major programmes in Shanghai (China), Los Angeles (USA), Barcelona and Mojácar (Spain).

This research to identify local driving patterns and conditions has assisted our teams to support the needs of the Indian automotive sector by tailoring specific high-quality products and services.

Applus+ create hybrid digital twins for welding engineering applications

Applus+ in **Canada** is offering hybrid digital twins for welding engineering applications, which combine simulation tools with machine learning algorithms for data-driven prediction using limited amount of data, which is in contrast to typical big data analysis. These hybrid digital twins can assist welding engineers to improve weld integrity and quality for complex processes in which CPU (central processing unit) time is a bottleneck in decision making. Two applications based on this approach, funded through the Industrial Research Assistant Program (IRAP) from the Canadian Government, are:

- **Digital twin for active exploration of different welding scenarios.** Weld engineers can quickly evaluate the distortion profile for any overlay welding pattern. Additionally, this new system allows automating recommendations for the best weld pattern. The system can also help to find the best weld sequence in structures comprising multiple welds, helping clients to improve the integrity and safety of welded structures.
- **Digital twin for dynamic assessment of softening in pipeline welding.** Combining finite element analysis (FEA), artificial neural network (ANN), machine learning (ML) and physical simulation, our technicians have constructed a hybrid digital twin that allows weld engineers to examine the softening on a weld's heat-affected zone (HAZ) under multiple welding scenarios. This can be done in available time and reasonable cost, setting up optimal welding parameters without relying on a long and expensive process of HAZ-evaluation through physical testing.

R&D projects in cybersecurity developed by the Laboratories Division

The cybersecurity laboratories at Applus+ have developed a new methodology to attack secure chips using laser technology. The new "Lateral Laser Fault Injection" attack was presented publicly at the Conference Fault Diagnosis and Tolerance in Cryptography in Atlanta, **United States**. Our technicians developed the attack method as part of the laboratory's R&D projects, specialised in conducting security evaluations of hardware and software products by using the most advanced methods to detect vulnerabilities in IT products.

The new attack injects security faults via laser attack, causing failures in the execution of processes. In security evaluations to date, access has been attempted from the chip's front side and back side. The industry has implemented new encapsulation techniques and is developing new countermeasures that protect these sensitive areas of the chips. In this new context, Applus+ experts undertook a research project to assess the feasibility of using the lateral side of the chip as a surface to attack.

Our experts have also developed capabilities to carry out new cyber-attacks on mobile devices to improve the security of the data storage.

European projects for improving the performance of composite aerospace components

In contribution to improve sustainability within the aerospace sector, Applus+ is participating in several **European projects** to improve the performance and the manufacturing processes for composite materials used to manufacture aerospace components.

The projects aim to reduce the weight of the aircrafts and therefore reduce fuel consumption and CO2 emissions. Applus+ participates in the EU's TABASCO, ADDAPTA SEALS and NHYTE projects to help design more efficient parts with the application of innovative materials, while the FORMIT project is focused on developing continuous forming processes for thermoplastic carbon-fibre materials.

INNOVATION THROUGH COLLABORATION

Participating on the Spanish Committee on Cybersecurity and Privacy Standardisation

Experts in cybersecurity at the Laboratories Division are actively involved in the **Spanish Committee** on Cybersecurity and Privacy Standardisation (UNE-CTN320), where Applus+ has held the Presidency since 2018. Applus+ participates in the SC1 Cybersecurity management systems; in the SC3 Security evaluation, testing and specification; SC4 Security services and SC5 Data protection, privacy and identity management; and in the SC6 Products security.

Applus+ participated in the 26th edition of the World Road Congress

At the World Road Congress (WRC), the Energy & Industry Division from **Spain and the Middle East** presented a paper entitled "Towards Digital Roads" and showed the Division's latest technologies applied in the field of road infrastructures. The event was organised by the Abu Dhabi Department of Transportation, the United Arab Emirates Ministry of Infrastructure Development and the World Road Association.

Final event of the project ADAS&Me developed by IDIADA

The IDIADA Division has been collaborating on **ADAS&Me** project, within the EU European Union's Horizon 2020 Research and Innovation programme, to develop Advanced Driver Assistant Systems (ADAS). The ADAS project aims to develop driver assistant systems with adaptive interaction to automatically transfer control between vehicle and driver/rider to avoid collisions and ensure safer and more efficient road use.

In December 2019, the project's final event was held at the IDIADA Division's facilities in Spain to an audience of 80 stakeholders from academia, industry and public administrations. A total of five cases have been developed for different vehicle types (car, truck, bus and motorcycle) to test systems to make road use safer and more efficient across different levels of automation.

Seminar promoted by The Institute of Materials Engineering Australasia

This one-day course was designed to provide knowledge that bridges the gap between theory and practice on the wear of materials. The training session was conducted by one of our senior scientist and manager at the Applus+ Materials Centre, who combined technical explanations on the structure and properties of materials, knowledge of wear mechanisms, many case histories of worn parts and options for minimising wear. The training activities are a further demonstration of the high levels of expertise at the Applus+ Group and show the commitment of our teams to collaborate with other companies for synergies to emerge.

International symposium organised by the Dutch Society of Inspection and Non-Destructive Testing (KINT) in Amsterdam

Applus+ in the Netherlands participated in the International KINT Symposium 2019, speaking on the topic entitled "Phased Array Ultrasonic Testing (PAUT) of welds in thin-walled materials". The symposium shared results of the KINT SKOP project "Development of Acceptance Criteria for the mechanised UT Phased Array Technique on welds in thin walled ferritic steel", and the event offered participants the opportunity to exchange knowledge with similar programmes elsewhere.

Weld-engineering presentation at the "72nd IIW Assembly and International Conference"

Applus+ participated at the 72nd IIW Assembly and International Conference in July 2019 in Bratislava, **Slovakia** with the presentation "Effect of the spot welding simulation strategy on analysis of performance in automotive parts". The talk was given by our Canadian expert in applications of simulation techniques and digital twin in welding engineering.

SPRINT Robotics Roadshow celebrated in Perth, Australia

Applus+ is member of the global SPRINT robotics, a global non-profit foundation that promotes the development, availability, application and marketing of robotic techniques in technical inspections and maintenance projects. Experts from Applus+ attended the organisation's roadshow events and seminar. These events showcased at major client sites, and brought together multiple stakeholders to discuss current and future robotic solutions for the inspection and maintenance of Oil & Gas facilities.
The Divisions at Applus+ are involved in many similar projects from digitisation of assets to delivery of remote inspection techniques.

The IDIADA Division presented results from two European projects
IDIADA participated actively in two EU research initiatives PEMS4NANO and PAREGEN, which finished in December 2019. The projects closed with a final event in November 2019 organised at the IDIADA headquarters, where results of both projects were presented to a wide audience of automotive manufacturers, policy makers and research partners.

- **PEMS4NANO** (Nano Particle Emission Measurement System) is a European project that has developed equipment and measurement procedures down to 10nm particles produced in emissions. The research contributes to the future regulation on particle emissions, in particular in real-driving conditions. The results of this project are contributing to the automotive industry's drive to provide suitable solutions for vehicle-emission technologies to reduce particle emissions.
- **PaREGEn (**Particle Reduced Efficient Gasoline Engines) is a European Project aimed to demonstrate a new generation of petrol direct-injection engines can achieve a ≥ 15% reduction in CO2 emissions, through the optimal combination of advanced engine technologies and robust after-treatment technologies.

AWARDS AND RECOGNITIONS

The IDIADA Division recognised at the ITS World Congress of Singapore

Our experts at the IDIADA Division were recognised with the Best Paper Award at the ITS World Congress in Singapore, on 25th October 2019, for their technical paper "Improving safety of Vulnerable Road Users by addressing barriers of current Autonomous Emergency Braking (AEB) Systems", which presented the results of the collaborative research **European project** PROSPECT (PROactive Safety for PEdestrians and CyclisTs).

Many technologies were developed under the PROSPECT project, funded by the European Commission and coordinated by IDIADA, which set out to significantly improve the effectiveness of active safety-systems for vulnerable road users compared to those currently on the market.

The Laboratories Division receives technological excellence awards in various fields

The Nadcap accreditation organisation for Aerospace has awarded the Group's laboratory in Illescas in **Spain** with their 'Merit' rating for the laboratory's services in composite materials testing. In addition, a major aerospace manufacturer also awarded the Division with a "Merit" rating to acknowledge the laboratory's competence and technical expertise, as well as the quality of its processes and customer service.

At the Division's IT Laboratory in Shanghai, our team received the Visa Award for "Best Performance for Testing Services of Chip Card Acceptance Device Products", for the third consecutive year, recognising the Division's **quality, integrity and customer-oriented services.**

Laboratories Division finalist for the JEC Innovation Award 2019

A+ Glide Forming is an innovative technology developed and patented by Applus+ for the forming of stringers with complex curves. This new technology is aimed at supplying the aerospace industry with a new automated forming process for carbon-fibre reinforcements. The A+ Glide Forming provides a flexible, low investment, high productivity method of forming extremely complex stringers on aircraft. This new manufacturing process was nominated as finalist for the JEC Innovation Award 2019.

The new technology reduces recurring and non-recurring costs and provides better quality compared to other existing production methods. A+ Glide Forming has been developed through various R&D projects, such as ROLLFLEXFORM and DRYFORMING, and was carried out in collaboration with EURECAT Technological Centre through partial funding by ACCIÓ (Catalan regional development agency) and with the support of manufacturers. New thermoplastic processes for A+ Glide Forming have also been developed within the European Clean Sky project FORMIT.

Our suppliers

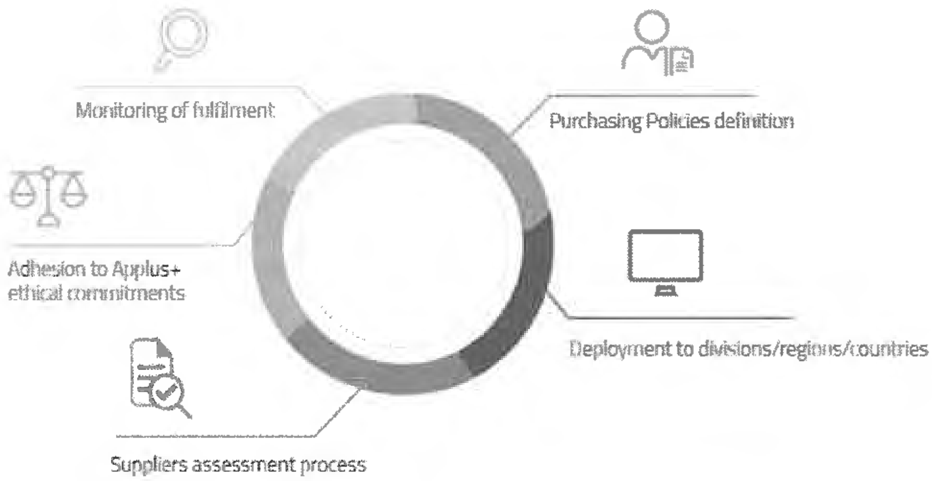
PURCHASE MANAGEMENT APPROACH

Our Corporate Purchasing Department is responsible for the Group's procurement practices, leading the whole process from the definition of **purchasing policies and procedures for suppliers** to their precise implementation along the entire value chain. The corporate policies set the minimum requirements to develop local policies and provide the main guidelines for implementation.

The Department ensures the successful **deployment** of our policies **in every country** where we operate. The corporate team **leads and monitors** the performance of the divisional/regional/country teams responsible for **fulfilling the policy's directives at a local level**.

Impartiality and independence, responsibility, integrity and transparency are key concepts in our procurement process, as well as the supplier's commitment in our **social and environmental standards.**

All of the Applus+ Group's suppliers undergo an objective **vetting process** prior to working with the Applus+ Group or companies, which includes assurance of the supplier's fiscal, environmental, labour and human rights compliance; the revision of anti-corruption procedures; data protection practices; and current PPE legislation for each country.



OUR PURCHASE PRINCIPLES

The Applus+ Group's **principles** for supplier relations are set out in the *Global Procurement Policy.*

EQUAL OPPORTUNITY	All companies have the opportunity to compete for goods and services acquired by the Applus+ Group.
ETHICS	Any purchasing process shall respect the *Code of Ethics* of the Applus+ Group.
CONFIDENTIALITY	The information provided by the suppliers is treated as confidential information and is not allowed to be submitted to third parties.
NO INTEREST	No employee who takes part in the selection or approval of products or the sources of supply can have any kind of interest in the company selected as the supply of products/services.
NO RECIPROCITY	The Applus+ Group does not operate the practice of reciprocity for any of the realised purchases.
OBJECTIVE ASSESSMENT	The purchasing department evaluates and recommends those sources that can be used for the interests of the company, as well as to meet the requested requirements.
FAIR PROCESS	The Applus+ Group is obliged to ensure during tender processes that there is a fair and equitable consideration of all qualified and known sources.
NO CONFLICT OF INTERESTS	The personnel at the Applus+ Group should avoid any situation that they believe can lead to a conflict of interest.
EFFICIENCY	The Applus+ Group follows a process of standardisation for purchasing certain products, with the objective of getting a more efficient process of supply and establishing programmes of continuous improvement.

SOCIAL AND ENVIRONMENTAL INVOLVEMENT OF SUPPLIERS

The percentage of new suppliers screened using environmental and social criteria is 78% The scope of these figures is limited to countries covered in SAP (47%).

They Group have not identified any operations or suppliers in which the rights to freedom of association and collective bargaining may be at risk.

SUPPLY CHAIN

Efficient supply-chain management is a crucial issue for the Applus+ Group because our procurement involves a significant amount of the Group's spend. In 2019, the total spend with suppliers was €378,709 thousand, and the total number of suppliers to Applus+ all over the world was 193,644.

The purchasing policy of the Applus+ Group covers operational needs and requirements within the Group. The *Purchasing Policy* for suppliers is developed by constructing a **solid base of suppliers and collaborators** that facilitate goods and services purchasing in the best possible conditions for all of the Group's companies, with the purpose of maximising the efficiency within the procurement process.

To become a supplier to the Applus+ Group of companies, the supplier must be **approved to enter the** Group's **supplier catalogue.** Applus+ uses an online portal to communicate with its suppliers, and, following the extension of a procurement project to the countries covered in SAP, suppliers must access to this portal to become part of catalogue.

The Applus+ Group objectively assesses the offers from its suppliers by considering **objective criteria** such as price, quality, delivery time, communication and collaboration, level of service, geographical national and international coverage, financial responsibility, technical and productive capacity and synergies within the Group.

On approval, suppliers are required to adhere to **our commitments** related to Ethics, Compliance, the Environment and Health & Safety.

Our purchasing practices in each country reinforce the selection of local suppliers. The Applus+ Group, as a multinational company, has a key role to play in fostering the economic development of many countries around the world where we operate. Selecting **locally-based suppliers** is part of our sustainable practice linked to the supply chain, while offering our clients a closer service and reducing the impact of transport.

In 2019, the percentage of products and services purchased locally (at country level) was 90%.

To report any incident, **Communication channels** are available for our suppliers, in which they may express any grievance either by using a specific email address or through the **Ethics and Compliance Communication Channel at the Applus+ Group.**

In 2019, Applus+ implemented a ***Supplier Diversity Policy*** within its US businesses. This policy consists of a business strategy that ensures a diverse supplier base in the procurement of goods and services by emphasising the creation of a supply chain that works to secure the inclusion of diverse groups, such as women or minorities, in the procurement plans. The Group implemented a tool to measure and report compliance with this policy by issuing a corresponding certificate. From this date, the mechanism is an additional tool to boost the application of diversity principles when an Applus+ company uses a supplier in the USA.

MONITORING

The Applus+ Group maintains different channels to ensure the fulfilment of purchasing policies. In 2019, **new tools** completed the ongoing mechanisms in place to improve control and avoid deviations from our policies.

Frequent meetings	The Corporate Purchasing Department at the Applus+ Group holds **frequent meetings** with regional/country teams to monitor the fulfilment of the policies at a local level. These meetings reinforce the importance that suppliers comply with the purchasing standards, and control the day-to-day deployment of the applicable policies in each geographic area
Internal audit	The Internal Audit Department at Applus+ monitors the fulfilment of the procurement policies and procedures. Each year, a monitoring plan is developed to conduct a **deep control** of the local deployment of our purchasing policies in the Applus+ businesses all over the world. In 2019, the compliance of 23 legal entities were monitored according to this plan.
Fraud control	Applus+ is working to guarantee the correct deployment of its purchasing policies in each country by means of a **new fraud control application**. This applies mathematical models that learn from the data and suggest potential fraud cases, based on known fraud patterns or unknown patterns discovered by the tool. Currently, this application is under development in Spain to fine-tune the model, with an implementation plan foreseen to extend its use to all of the Applus+ Group's companies in the coming years.
Irregularities with suppliers	The Applus+ Group is developing **a new channel** to facilitate the collection of any irregularities related to suppliers during the purchasing process. A specific questionnaire linked to the corporate application for purchasing is available to all employees who are responsible for buying products and services anywhere in the world. With this tool, our Corporate Purchasing Department are informed on any non-compliance situation regarding suppliers and provided with a good source of information to take decisions about future purchases. This new grievance mechanism is already ongoing in Canada, UK, USA and Costa Rica, and the Group plans to be extend the tool to all countries covered with our IT systems.

06. ECONOMIC PERFORMANCE

Economy management approach

FINANCIAL MANAGEMENT STRUCTURE

Financial results at the Applus+ Group are managed by the Board of Directors, the Group's Chief Executive Officer, the Chief Financial Officer and the Executive Vice-Presidents of the Group's divisions.

Every quarter at the **Executive Committee meetings**, the Group's executive members and the directors of the corporate functional areas analyse and review the financial information and results disclosed by the Divisions.

INTERNAL CONTROL SYSTEM

As a listed company, the Applus+ Group's **consolidated financial statements** are prepared in accordance with ***International Financial Reporting Standards,*** as adopted by the European Union (EI-IFRSs), and in conformity with Regulation (EC) no. 1606/2002 of the European Parliament and of the European Council.

In this respect, the Group has an ***IFRS Manual and a unique reporting package*** with homogenous charts of accounts applicable to all dependent companies to make estimates when recording transactions and ultimately when preparing the financial reporting package.

In addition, to mitigate the risk of any relevant errors occurring during the preparation of financial information, the Applus+ Group has designed an **Internal Control System over Financial Information (ICFR).** The system established the processes for the Board of Directors, the Auditing Committee, the Management and the Group's personnel to undertake in order to ensure a reasonable level of security in relation to the reliability of the published financial information.

The **Board of Directors** is ultimately **responsible** for the existence and maintenance of the ICFR, with the function **delegated to** the **Audit Committee.** The model implemented by the Applus+ Group is fully described in Section F of the *Annual Corporate Governance Report.*

ICFR implementation is **reviewed annually** by an **external auditor**, with favourable outcomes since the company was listed in 2014.

In response to the Spanish law 11/2018 on non-financial information, Applus+ is **working on expanding the reporting package's content** to be used by all the companies in the Group, with the **inclusion of non-financial information** (related to social, environmental and governance topics and others). Overall, and in line with the above, the Applus+ Group is improving the guidelines to consider for reporting non-financial information.

Economic Value Added (EVA)

EVA consolidated (thousands of Euros)	2019	2018	2017
Economic value generated (thousands of Euros)	**1,782,620**	**1,676,234**	**1,586,272**
Revenue	1,777,944	1,675,942	1,583,094
Revenues equity method	0	13	647
Financial income	1,638	2,510	1,339
Results on disposals of non-current assets	3,038	(2,231)	1,192
Economic value distributed (thousands of Euros)	**1,547,604**	**1,509,706**	**1,446,285**
Procurements	156,517	159,242	180,926
Staff costs	979,371	919,205	861,574
Other operating expenses	345,561	379,524	356,986
Other costs	10,244	4,646	8,264
Financial costs	25,535	23,739	22,807
Corporate income tax	30,376	23,350	15,728
Economic value retained (thousands of Euros)	**158,487**	**106,334**	**94,381**
Depreciation and amortisation charge	158,487	106,334	94,381

In 2019, the 86.8% out of the EVA generated by Applus+ has been distributed and 13.2% has been retained by the organisation.

Tax contribution

The main non-compliance of laws and regulations that could lead the Group to be **exposed to sanctions** are **tax or fiscal breaches.** To prevent this, the Applus+ Group's **fiscal strategy,** approved by the Board and Directors, is focused on:

- Ensuring responsible **compliance** with prevailing tax laws while safeguarding the corporate interests;
- Following the **business strategy and values** of the Applus+ Group, which require strict observance to the law, and the criteria set by regulatory agencies in the conduct of our business;
- Developing and implementing **best practices** in areas of tax governance; and
- Combining compliance with tax obligations with a commitment to **create value for our shareholders.**

The Group monitors compliance with our fiscal and tax obligations in all the countries were we operate through a tool called Applus+ GRC.

The Applus+ Group operates according to defined internal procedures, which set out how Corporate Fiscal Department must be informed and involved to minimise any possible sanctions in the event of inspection notifications. The Group is pleased to confirm that in the financial year ending on 31st December 2019, the Group received **no significant fiscal sanctions**.

A key priority for the Applus + Group is to fulfil obligations for paying the taxes due in accordance with the applicable regulatory requirements in each territory. Income tax paid by the Group amounted to 44,346 thousands of Euros in 2019.

The following table shows the breakdown of the individual profit tax and the income actually paid by the Applus+ Group per region:

Applus®

REGION	Thousands of Euros			
	PROFIT PER REGION BEFORE TAX (*) 2018	PROFIT PER REGION BEFORE TAX (*) 2019	INCOME TAX PAID 2018	INCOME TAX PAID 2019
Spain	66,491	62,170	15,673	6,745
Rest of Europe	19,235	25,633	5,711	6,580
Middle East and Africa	22,945	12,164	2,388	3,142
US and Canada	10,946	137	5,459	76
Latin America	22,064	24,137	10,382	5,651
Asia Pacific	12,335	6,854	1,732	1,759
Total	**154,016**	**131,095**	**41,346**	**23,952**

(*) The individual profit before tax per region is net of dividends paid between legal entities within the Group. The other main difference from the consolidated profit before tax is the annual amortisation charge associated with the intangible assets in business combinations.

07. OUR PEOPLE

At Applus+, **human capital** is the Group's **greatest asset**. The people who are part of the Applus+ Group are **key to the company's growth and development**, and they form the centre of our essential corporate principles. Thanks to the work of our people and their professionalism, proficiency, enthusiasm and commitment, we can innovate, respond to the needs of our customers and maintain the prestige of our service excellence.

To put this into practice, we are strongly committed to our employees' professional development by:

- **Sharing the values of respect, equal opportunities and diversity among our workforce**, in full compliance with international treaties and conventions relating to employment conditions.
- **Being committed to attracting talented people and earning their loyalty,** by employing and developing local talent; and offering our employees support, training, flexibility and mobility throughout their careers within the Applus+ Group.
- **Encouraging** a **close** and **transparent relationship with our employees** to understand their needs and expectations, based on an honest and fluent communication.
- **Promoting health and safety, welfare and a safe environment** for our employees and collaborators by developing action plans under a target "zero" vision and the principle that all accidents are preventable.
- **Implementing new actions and practices throughout the Company** in order to respond to the challenges of a constantly evolving environment.

Our people in figures

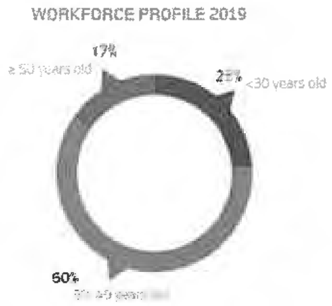
NUMBER OF EMPLOYEES IN 2019 AND EVOLUTION

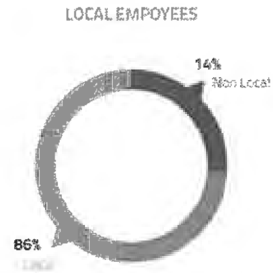
23,051
Employees in 2019

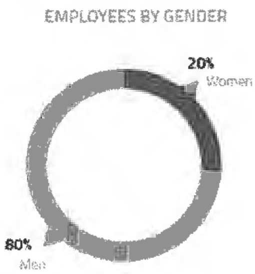
22,852
Employees in 2018

20,700
Employees in 2017

WORKFORCE PROFILE 2019







The figures cover 99% of Applus+ employees

Human Resource policies

In 2019, we **published** and disseminated the Applus+ Group's ***Diversity and Equality Policy*** among our employees.

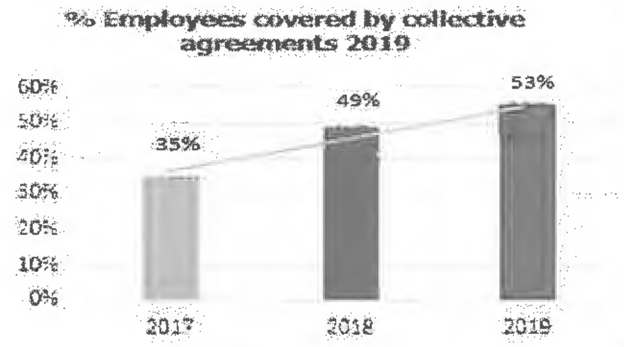
- The Policy describes the general principles of action for Diversity, Inclusion and Equality, and establishes the framework assumed by the Group for these areas.
- The Policy is addressed to all of the professionals within the Applus+ Group.

Moreover, the Applus+ Group endeavours to comply with, and promote, the international fundamental conventions and treaties in all the countries in which the Company operates.

WORKFORCE RELATIONS PRACTICE

In every country where Applus+ has a presence, the Group tries **to negotiate and adapt working conditions to our employees' needs**, and respect and protect the fundamental right to join a union and to freedom of association. This position is set out and operates in accordance with the approved local regulations, our policies and procedures and the Group's *Code of Ethics*.

We respect our employees' right to have collective representation, and we foster freedom-of-association by working in conjunction with our employees' representatives, who are elected freely in accordance with the labour legislation in force in each country. And we nurture these commitments to motivate a committed workforce who our clients can rely on.



The figures cover 99% of Applus+ employees

Currently, there are **16 countries** where the Group has collective-bargaining agreements.

The majority of these agreements include **Health and Safety issues**

In **2019**, we signed or renewed **9 collective agreements.**

We also actively encourage a culture of dialogue and negotiation with our employees' representatives and social agents, promoting and maintaining permanent channels of communication as an active part of our corporate policies.

We have **employee information and consultation mechanisms**, taking into account the existing labour legislation in each location. For example, **we respect statutory minimum-notice periods** and give reasonable notice of any significant operational changes in line with local practices and labour markets.

ORGANISATION OF WORK

Corporate and local handbooks, which contain information related to the Company and the general work conditions (annual working hours, rest breaks, paid leaves of absence, etc.), are delivered to our employees to keep them informed and updated, and they are consistent with the effective legislation of each country, the applicable collective agreements and the policies and procedures of the Group.

In addition to these employment standards, we try to adapt our employees' work to their personal needs, when possible.

The figures cover 99% of Applus+ employees

- ✓ At Applus+, we are **committed to** the **work-life balance** of our people, and we provide flexibility strategies to ensure the balance between work and personal life.
  - Legal entitlements and collective agreements to reduce the number of hours worked daily; or to adapt schedules for working hours, as far as possible, to assist employees to more easily care for and attend children or other dependent relatives.
  - In addition, where possible, employees use remote IT connections, together with tele-conferencing facilities, to work from home and reduce commuting to and from meetings.

- ✓ We facilitate **geographical and functional mobility**, which ensures we have highly motivated employees who are committed to developing their potential and endeavour to contribute to the Group's success every day.
- ✓ We also adapt work conditions for personnel with disabilities, women during pregnancy, mothers breastfeeding, or other special conditions or requirements, in accordance with current legislation, collective agreements and best-practice programmes.

And finally, we can report **absenteeism** was **1.9%** of hours worked, out of the Group's total headcount in **2019.**

WORKFORCE REMUNERATION POLICIES

Remuneration policy is developed from the criteria of objectivity, external competitiveness and internal equity.

REMUNERATION SYSTEM

The **remuneration setting** process follows the applicable legal provisions in each country where the Group operates at all times. In those countries where, by law or cultural practice, this is required, this process includes the cooperation and opinion of workers' representatives.

At Applus+, we strive to foster and guarantee **equal remuneration between the women and men** who belong to our organisation. Our efforts to meet these equality and non-discrimination commitments are also set out in our *Code of Ethics* and the *Global Anti-Discrimination Policy and Procedure.*

EMPLOYEE RIGHTS AND BENEFITS

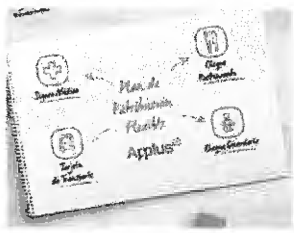
Applus+ provides **well-being initiatives** tailored to the needs and resources of our employees.

The social and economic **benefit programmes** provided by the Group vary inherently from place to place.

In November 2019, Applus+ launched a **flexible remuneration system** campaign in Spain. This plan enables employees to design the composition of their remuneration package by acquiring a number of products (benefits) through tax reductions in their annual gross salary.

The main benefits included in this scheme are:

- ✓ Healthcare insurance
- ✓ Luncheon vouchers
- ✓ Monthly childcare voucher for children from 0 to 3 years
- ✓ Transport card

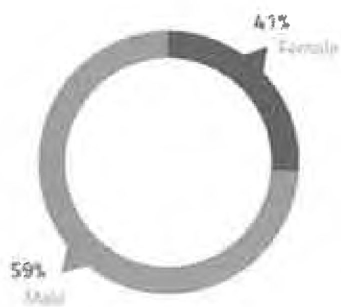


The **Applus+ Sports Club** initiative provides support to promote sports activities among employees at Applus+ in Spain.

Benefits include contributions for technical sports equipment for our employees to participate in official competitions, help to organise sports activities such as leagues or tournaments between co-workers, financing of the first 100 registrations for the *Business Race* and, discounts for employees in memberships of more than 2,000 gyms, yoga studios and sports clubs in Spain, where our employees can exercise for a healthier lifestyle and enjoy a regular physical activity.

For the right to **maternity and paternity leave,** 655 employees benefited from this leave with their families in 2019, with 57.3% returning at the end of the leave period.

Employees taking parenteral leave in 2019



The figures cover 99% of Applus+ employees

The Applus+ Group complies with the provisions included in the applicable collective agreements and local regulations set out in the area of the **right to labour disconnection.**

Employment and human capital management

Applus+ creates opportunities for development and mobility of our employees, as well as opportunities in a diverse, equal and inclusive environment that promotes the well-being of our employees.

In 2017, Applus+ launched **a strategy** for **human capital management**, built on **four main pillars,** which **continued its implementation in 2019**:

Under each pillar, we have a wide number of programme areas and projects to promote professional growth and opportunities. Over the past 12 months, the Human Resource strategy has focused predominantly on the development and implementation of these programmes.

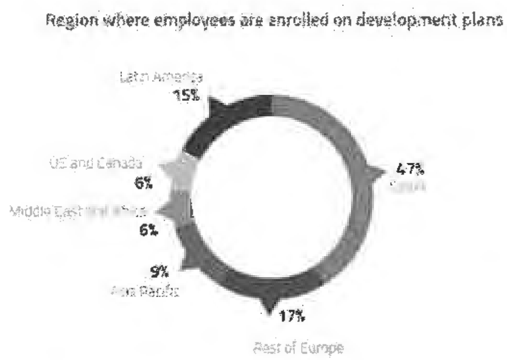
TALENT MANAGEMENT: *DEVELOPING OUR TALENT*

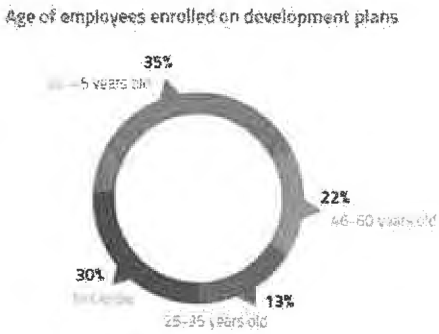
The conviction that **talent** is the key to long-term sustainability and competitiveness has made this area a **priority** on the agenda for the Appointments and Compensations Committee of the Board of Directors at Applus+.

Undoubtedly, placing people and talent as a management priority has enabled Applus+ to become a notable success story in Spain for internationalisation, innovation and sustainability.

In 2019, we have continued on the implementation of the 137 individual **talent development plans,** with personalised actions, developed for the high potential Group's managers from 26 countries and across the company's business divisions and regions.

The managers were selected for the talent development programme based on their capacity and performance in the company, their growth potential, as well as their personal characteristics, such as enthusiasm, commitment and responsibility at work.





The figures cover 99% of Applus+ employees

Each plan is tailor-made for the selected high-potential manager, with individually set timelines and actions. The goals within each plan are aligned with the objectives of the business, and the scope considers all of the requirements needed by the employee to succeed in the role, including technical and leadership training skills.

137 plans - **406** actions

Current Actions Progress

Completed: 164 out of 406 **(41%)**

In progress: 62 out of 406 **(15%)**

Not started: 180 out of 406 **(44%)**

GLOBAL MANAGEMENT DEVELOPMENT PROGRAMME (GMDP)

The programme is designed exclusively for Applus+ in collaboration with one of the most renowned international business schools - the *Business Institute*. The programme combines training by our Management Team and academic lectures provided by the business school's professors.

The programme's content focuses on supporting the development and growth of our people's capabilities and management skills, while ensuring the future success and sustainability of the Group.

In 2019, the Group celebrated the first graduations from our first **Global Management Development Programme** (GMDP), launched in 2018.

With a learning format combining face-to-face and online training, this edition brought together 30 Applus+ managers from 17 countries; this one-year programme contributed to the development of the participants, exchange of ideas and experiences, as well as to foster synergies between various divisional teams within the Group and promote a shared global culture.

In March 2019, the first intake of students for the programme ended their graduation with a presentation to the Group Management their final projects. Their projects were focused on proposing innovative projects and developing new products or markets; these are currently in the implementation phase.

Following the success of our inaugural programme, in **September 2019** we **launched the Applus+ Global Management Development Programme** for the **second wave of** 29 managers from 13 countries across the divisions at Applus+. In this edition, the percentage of women managers participating increased from 20% in the first programme to 34% in the second.

Training for Mentorship

In 2019, Applus+ ran courses to train the company's **managers to** develop their capacities as **mentors**, so they can improve the support to their teams and the high-potential employees in development plans

In May 2019 we conducted **mentoring courses with executives and senior managers**

40 people identified as **mentors attended**

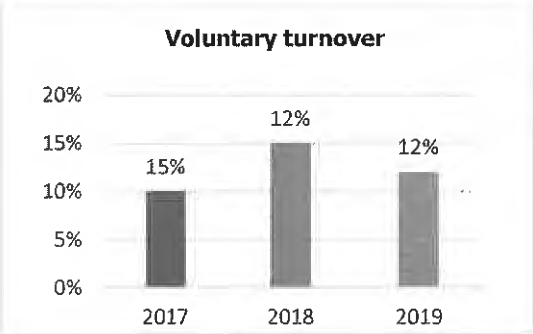
Performance Appraisal System

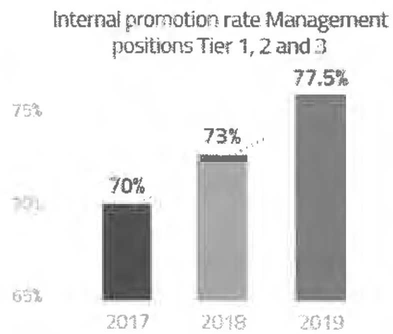
Throughout 2019, Applus+ has continued to implement the Performance Appraisal System across all of the divisions at an international level, reaching this coverage level:

Countries	
IDIADA	All
Energy & Industry	
Up to level Department Head	Colombia, México, Nigeria
All employees (except for Unions in the US and Canada)	Saudi Arabia, US, Netherlands, Qatar, Australia, Oman, Indonesia, Canada, Papua New Guinea, Malaysia, Czech Republic, Norway, UK, Singapore, Italy, Korea and Mongolia
Automotive	All except Chile
Laboratories	Spain

Main **indicators** related to talent management include:

- ✓ The **voluntary turnover rate** of employees remained stable at **12%** in 2019
- ✓ **Internal promotion** for **vacancies in management** represented **77.5%** in 2019





EMPLOYEE ENGAGEMENT: *FOSTERING EMPLOYEE SATISFACTION*

Welfare protection at work and gaining commitment from employees are key factors in the success of any business. Ensuring that employees, who are one of our key stakeholders, are motivated and engaged in their roles is an essential part of building talent loyalty and managing the natural turnover of our people across the Group.

Based on the results of the last **Global Satisfaction Survey, we have defined action plans in 34 countries,** whose implementation has continued in 2019·Following the conclusions of the survey's analysis, we defined different **action plans**:

645 measures addressing the different dimensions from within the survey model

Actions distributed among **34 countries**

In 2019, 584 of these measures were implemented, coming to **90.5%** out of the total within the established time for the yearly plan. The remaining measures will be implemented throughout the first quarter of 2020 to, subsequently, launch the next Global Satisfaction Survey.

PROJECTS TO FOSTER EMPLOYEE ENGAGEMENT

To **strengthen workforce relations**, we took part in a number of **activities with our employees at our offices in 2019.**

We held **Open Family Days** for our employees and their families in different Applus+ offices, with many activities for family members, such as guided tours around our offices and our facilities, workshops or fun activities for children. Apart from these events, we also ran several **team-building activities.**

For example, Family Day events took place at the Energy and Industry Division in Italy, November 2019; at the Laboratories Division in Spain, October 2019; and at the IDIADA Division in Spain, December 2019.

DIVERSITY AND EQUALITY: ENCOURAGING AN INCLUSIVE ENVIRONMENT At Applus+, **we believe in a diverse, inclusive and equal work environment**, where each person can grow personally and professionally.

The human capital at Applus+ is distributed across more than 70 countries and includes a large number of nationalities, cultures and religions. Together with gender and age diversity, we feel this identity makes a very positive contribution to the success of our business.

The **values of diversity, inclusion and equal opportunities are integral to** the **company's day-to-day**.

In October 2019, the Group went a step further in its commitment to these values by approving the ***Diversity and Equality Policy*** for the Company, which is based on the following **principles of action:**

> *We ensure that our workforce grow and remain diverse in skills, gender, age and capacity because* ***Applus+ values difference***

- **Reject any discrimination** based on race, age, sex, marital status, nationality, beliefs or any other physical or social condition among our employees. To consider diversity as a value that allows us to take in different points of view and provides greater opportunities for creativity and innovation.
- Consolidate a **culture of respect for people** and promote behaviours that are favourable and open to the diversity within the company's interest groups.
- Guarantee the right to effective **equality of opportunities and treatment** of all people within the organisation.
- **Avoid any type of workforce discrimination** in the areas of employment, training, promotion and/or any other working conditions.
- **Recognise that Human Rights are fundamental and universal**, which should be based on international conventions, treaties and initiatives.
- **Promote** the use of an **inclusive, non-sexist and non-discriminatory language** with the objective of favouring relations of respect and gender equality. **Make diversity visible, and prevent violence and discrimination** against anyone, ensuring a work environment free from all forms of harassment.

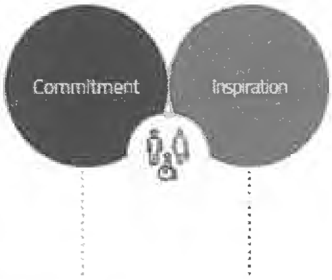
Applus+ Diversity and Inclusion Programme

Everyone who is part of the Applus+ Group is unique, and we want them to contribute the best of their capabilities. We are committed to being a reflection of a diverse society, and we raise awareness and promote a change in the attitude towards stereotypes of all types.

To put this into action, in 2019 we have launched a **Diversity and Inclusion programme** to ensure that our workforce grows and maintains a diversity of gender, capacities and culture.

The Diversity and Inclusion programme is based on the following **values**:

DIVERSITY AND INCLUSION PROGRAMME



Commitment to creating an inclusive environment. We have the commitment of the management and of the entire Applus+ staff because together we exceed the market standards, allowing us to improve every day.

Inspiration to continue improving, innovating and collaborating with those around us. Our leaders drive inclusive behaviour by their example and engagement

The programme is governed by the principles of clarity, simplicity, naturalness and inclusiveness. Based on these values, the **following projects** have been developed; in 2019, these projects are aligned into the main areas we have focused on, which include gender equality, people with different capacities and ethnic groups.

- **Applus+ Gender Equality Programme**

Applus+ makes a solid commitment in favour of the **equal rights and opportunities between women and men**. This commitment to **gender equality** has materialised over time with the development of new measures within the Company.

In 2019, Applus+ has developed **an equality model** to generate and implement measures for integration into the Group's organisational culture.

CROSS-BORDER AWARDS 2019

- Applus+ has **won** two "Premios Transfronterizos" (**Cross-Border Awards)** in 2019; one as the best company in Equal Opportunities, and another as best company in Work-life Balance.
- **These awards cover** initiatives taking place in the European region of Spain-Portugal, which includes the Spanish communities of Galicia, Extremadura and Castilla y León, as well as northern Portugal. The recognitions reward Applus+ in **equal opportunities** and **work-life balance initiatives.**

The main measures supporting our Group's equality model are:

- Protocol for harassment or gender-based violence

The Applus+ ***Global Non-discrimination Policy*** contains the commitments made by the Company to foster equal treatment and opportunities within the organisation. One of these commitments is to promote a working environment where people are treated with respect and dignity, and where no form of intimidation, bullying or harassment is ever tolerated.

The Policy defines the mechanisms that can be used to report a complaint or incident by any Applus+ professional who believe to have suffered any form of discrimination, harassment, bullying or grievance.

In further support, the Group has established specific **protocols in all of our divisions,** with steps to be followed **for prevention of harassment and its management.**

- Inclusive Communication policy

The Group is implementing **inclusive communication** practices by using language and images as a driver for equality and visibility of women working at Applus+.

RULES: Clarity, simplicity, naturalness and inclusiveness

Non-sexist language	Try to avoid expressions that lead to the overuse of the masculine.	Insist on the differentiation of the use of masculine and feminine in naming professions and activities.

- Councils for Work-life balance and Equality

  The Councils work as forums to express interests, concerns, needs and barriers affecting work-life balance and equality, and develop action plans and proposals for improvement in this matter.

  - Since 2019, separate councils have been set up in the Corporate area of Applus+, as well as, at the Energy & Industry, Laboratories and Automotive divisions. By 2020, a council is expected to be extended to the IDIADA division.
  - For each Council, a representative is appointed, and both the Human Resources Department and the Group Management are informed of the measures for required improvements.

- Shadowing and Mentoring programmes with female managers to promote experiential learning, and encourage, strengthen and support the role of women leaders in the Group.

  Shadowing is a scheme to develop talent through a proactive learning process; in which the women selected for the programme "shadow" for a day a senior executive within the Group and observes her routine and acquires some experiential learning.

  Mentoring projects **with female managers** are also being implemented to **transfer expertise** in business and technical areas, and **pass on personal competencies** along with the skills acquired. Currently, Applus+ has **three women managers** acting as **mentors**.

- To promote access for women to corporate decision-making positions, we include equality monitoring within the main decision-making bodies. In 2019, **women** made up **30% of** the Applus+ Group's **Board of Directors.**

At Applus+ in Spain, we are adhering to the "**More women, better companies**" initiative promoted by the Ministry of the Presidency, Relations with the Courts and Equality (MPR) in Spain.

We are also adopting the **Women's Empowerment Principles** defined by the United Nations. These principles aim to continue promoting equal opportunities, integration and non-discrimination within the organisation.

- **Diversity and inclusion projects**

To support the integration of people with disabilities into the workforce, the Applus+ Group has social inclusion mechanisms in place. In 2019, 393 employees (1.72% of global workforce) have some kind of disability; 41 out of these employees are people with intellectual disabilities. We ran different initiatives to promote inclusive work:

⇨ **"No limits" project**

The "No Limits" project at Applus+ in Spain incorporates people with intellectual disabilities into our workforce through agreements with partner foundations. This partnership sets out to create a more inclusive work-environment and allow the company to actively participate in social-inclusion programmes.

Launched in Spain in 2019, "No limits" is a continuity of our "Son Capaces" social-inclusion programme ("They are capable"), first developed in Galicia and running since 2001. The programme has been growing and evolving during its implementation within the Group's divisions in Spain, and we plan to extend the initiative to other regions over the next years.

The main actions of the "No limits" project include:

- Supported employment: individualised accompaniment by job coaches and on-site trainers to familiarise the new recruit with the tasks to be performed.
- Staff awareness: create greater awareness in the Company about people and intellectual disabilities. We run awareness meetings for the employees at Applus+ before a person with disability joins the team, as well as talks with department managers to continue motivating further recruitment in this area.

This initiative has the total support and commitment of the senior management at the Group; we believe that integrating people with different capacities offers mutual benefits, as well as continuous learning opportunities.

Currently, **forty-one people** with intellectual disabilities are **part of our team in Spain** at different locations and business areas.

The **United Nations Global Compact in Spain** has recently **recognised** the social-inclusion work by Applus+ for favouring the integration of people with disabilities through our **"No Limits" project**; this project has been considered **the best practice in Diversity and Inclusion to be disseminated as an example on its social networks for celebration of the 2019 International Day of Disabled Persons.**

⇨ **Awareness campaigns promoting employees with different capacities**

In 2019, Applus+ also carried out different awareness campaigns on diversity and inclusion covering potential employees with different capacities:

The **guide "No Limits"** was published in November 2019 as a tool to facilitate better communication with people with different capacities and to continue strengthening our inclusive culture. The guide outlines the different types of disabilities and provides employees at the Group with recommendations on how to address people with disabilities naturally.

On 3rd December, Applus+ launched a communication campaign to celebrate **International Day of People with Disabilities.**

These actions were supported with Diversity awareness training in work centres where employees with different capacities are recruited and work.

PROJECTS AROUND THE WORLD FOSTERING DIVERSITY, INCLUSION AND EQUAL OPPORTUNITIES

Diversity, inclusion and equality are key elements of our strategy at Applus+, so we carry out a variety of initiatives to promote these values throughout the Group and at a local level in the countries we operate. In 2019, the most relevant activities included:

In the Energy & Industry Division in the **USA,** we are currently part of the **Buffalo Niagara Diversity and Inclusion Council**, where we attend quarterly meetings which work to promote opportunities and awareness about diversity based on nationality, disability and other areas.

We also regularly attend the **Women in Energy Conferences in the United States.**

We have a team of female employees that represent Applus+ at these conferences and learn about opportunities and challenges for women within the energy industry.

We continue collaborating with the **BBBE-E's (Broad Based Black Economic Empowerment)** initiative. The BBBE-E is an initiative by the **South African** government to redress the apartheid-era legacy of the social and economic exclusion. Applus+ achieved Level IV BBBE-E certification.

The Energy & Industry Division in LATAM (México, Panama, Colombia, Chile), Asia Pacific and North America celebrated **International Women's Day 2019.** This year's motto was **"Balance for Better"**, which sets the course for promoting gender equality and fostering dialogue on the importance of diversity.

COMMUNICATION STRATEGY: BUILDING A STRONG EMPLOYER BRAND

A key line of the Group's human capital management's strategy in 2019 was to **maintain a strong and attractive brand image.**

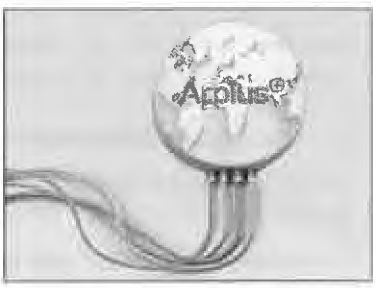
The aims of the strategy are to **attract talented candidates while enhancing the Group's image** to our markets **around the world.** The brand's values also seek to **encourage commitment** from our employees and **foster pride and respect** for the company **they work.**

To achieve this, powerful internal **communication campaigns are key.**

In 2019, the Group has continued to reinforce its **presence on social media** by developing an active global profile and regularly reporting on its activities and news on LinkedIn, Facebook and Twitter.

We also contribute to different initiatives for attracting talent through our participation in employment forums or informative workshops.

At an internal level, the Global Intranet at Applus+ for employees and the Group's websites have been increasing and updating the content for employee engagement.



During 2019, Applus+ has worked to strengthen the brand around the world. We have drawn up a new **Applus+ Brand Identity Manual** to define a narrative for the Applus+ brand and **provide employees with easy access to** solid and **consistent messages and images for the Applus+ Group's brands.**

Applus+ IN SPAIN NAMED TOP EMPLOYER

At Applus+, we work hard every day to offer our employees the very the **best working environment**. This commitment by the Applus+ Group has been recognised in 2018 and 2019 with a **Top Employer** certification in Spain.

Awarded by Top Employers Institute Certification Programme, the certification compares the company's people-management practices with the world's very best employers. This means that Applus+ in Spain has successfully met the Institute's demanding standards covering: talent strategy, workforce planning, talent acquisition, incorporation, learning and development; performance management, leadership development; career and succession management; compensation and benefits; and culture.

In 2019, the *Top Employers Institute* organisation conducted an audit at Applus+ in Spain to assess its performance, which, we are proud to announce, has resulted for second year running with the **Top Employer** certification **for Applus+ in Spain.**

This certification demonstrates the company's determination not only to offer the highest-quality working environment, but also, to improve on it day by day so that all of our employees feel a personal connection with our claim "Together Beyond Standards".

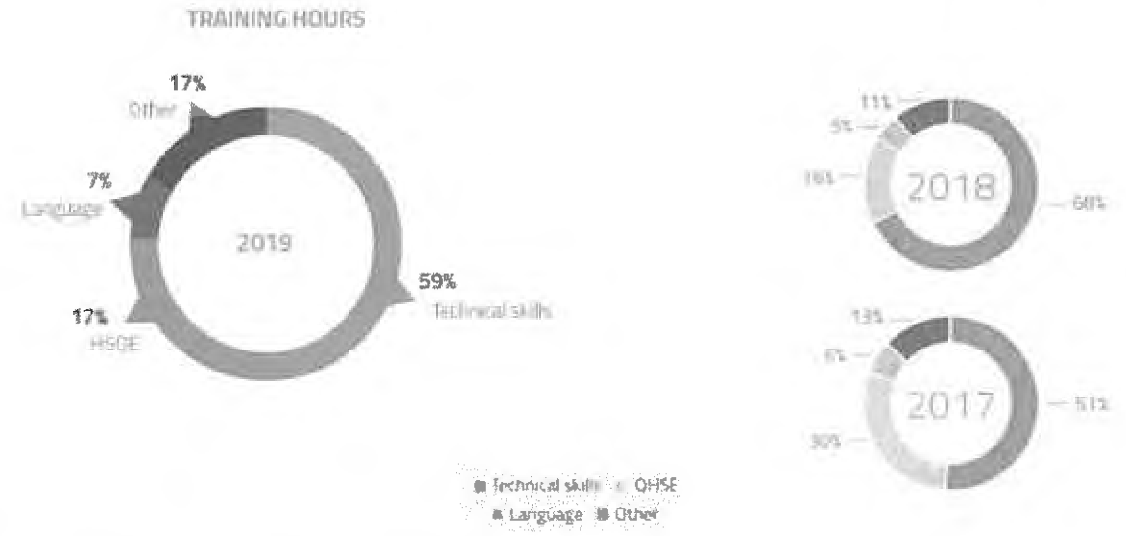
Training and communication

TRAINING FOR EMPLOYEES

Developing and training our employees' ongoing **expertise** are the core goals of the Group's Human Resources strategy.

In 2019, over 801,161hours were completed on vocational training (an average of 35 hours per employee).

The figures cover 99% of Applus+ employees



TRAINING 2019		
Organisation Level	**Training hours**	**% Training hours**
Tier 1, 2 and 3	8,758	1.1%
Tier 4	20,776	2.6%
Operational Employees and others	771,627	96.3%
Total	801,161	100%

The figures cover 99% of Applus+ employees

Retaining and developing the best is crucial in the TIC sector businesses, so we provide our employees with real opportunities to develop, both personal and professional, through specific training initiatives, coaching, mentoring, etc.

For the Group, it is vital to ensure that the services provided are performed with the greatest excellence and satisfaction, and we owe this reputation to our highly qualified personnel. Therefore, we provide the necessary training for employees to carry out their functions safely, with the requisite technical knowledge and practice in the appropriate management skills.

Every year, we endeavour to maintain the necessary certifications and accreditations at a local level, and specialisations aligned with our high quality standards, by deploying specific training and development programmes. This training is managed locally to guarantee satisfaction for our clients' needs and service expectations.

The Group's online **tool, ApplusNet,** allows us to reach all of the locations where we provide services, and enables the Group to increase our capability to deliver our training programmes locally all around the world. The tool facilitates assessments and control globally, and allows the Group to maximise the economic investment required to keep our teams suitably trained.

The Applus+ Group provides all new employees with a professional and efficient welcome to allow them a comfortable start at Applus+ and rapidly assume their new duties. The new-employee induction training includes, among others: Corporate Induction (Corporate presentation and Global Policies); Code of Ethics & Compliance and Health & Safety.

To optimise the **initial training** process for all new employees in 2019, this training began to be conducted through our **Global eLearning platform**.

At the Applus+ Group, our teams' professional and ethical integrity is fundamental to the services we deliver, so every year we reinforce the Group's *Code of Ethics* policy with all of our employees though annual training.

INTERNAL COMMUNICATION TOOLS

Communication and constant dialogue are vital in the relationship between Applus+ and our people.

The Group manages information and dialogue with employees through **strong internal communication channels.** These enhance the strategic and operational dissemination of information internally with a multi-channel and multi-directional approach.

Our main channels and tools through which we communicate with employees include:

Employee Magazines

Appeople: online and offline quarterly internal magazine, which aims to inform all employees about the latest news from around the Group.

Divisional bulletins, such as the Energy & Industry Division's newsletter

E-mail campaigns

Communications from Applus+ regarding:

- Core and key areas updates: *Code of Ethics*, Health & Safety, Quality, Environment, Cybersecurity, *Diversity and Equality* policy, etc.
- Applus+ News: Employee benefits & advantages, Safety Day campaigns, World Quality Day, *Diversity and Equality Policy*, internal job vacancies, etc.
- Quick Surveys and quizzes: Health & Safety, Quality, knowledge of the Company, etc.
- Participation and collaboration in public events.

Screensaver messages

Regular screensaver updates related to core and key areas or Applus+ News

In addition to these channels, we have the **Applus+ Global Intranet** though which we communicate the Group's policies, news, company benefits for employees, newsletters, etc., and we blog about services and technology or report news related to the TIC sector.

Applus+ also encourages exchanges of ideas and opinion gathered via suggestion channels.

Internal communication awards for Applus + 2019

- Applus+ has been awarded with the first prize, by the European Association of Internal Communication (**FEIEA**), as the company with the **"Best Multinational Internal Communication Strategy"**
- The American organisation **MARCOM** Awards has given Applus+ the highest rating, the **"Platinum" award**, for our global internal communication strategy

Respect for human rights

The fulfilment of human rights is part of our corporate culture, and we believe that business can only prosper in societies where human rights are protected and respected.

We recognise that human rights are fundamental and universal, and should be **based on conventions, treaties and international initiatives such** as the United Nations' Universal Declaration of Human Rights and the International Labour Organization and the Global Compact.

As part of our commitment to the UN Global Compact's ten principles, the Applus+ Group works hard to support and respect the protection of internationally proclaimed human rights (Principle 1); and to make sure that we are not complicit in human rights abuses (Principle 2).

The **Applus+** Group's **commitment** to respecting Human Rights **is reflected within the policies and procedures followed by the Group.** These include *our Diversity and Equality Policy*, as well as, our *CSR Policy*, *Code of Ethics*, *Non-Discrimination Policy*, *Suppliers Policy*, *Global Anticorruption Policy and Procedure* and *HSQE Policy.*

In respect to human rights, among other rights, the **content of the policies cover**:

RESPECT FOR HUMAN RIGHTS

Equity and non-discrimination

Favourable conditions of work; Equal pay for equal work

Dignity

Education and training

Health and safety

Children's rights

Indigenous people's rights

These policies establish mechanisms to ensure the fulfilment of these commitments by our employees, and, in case any of their provisions are broken, enforce disciplinary and corrective measures through appropriate channels.

In addition to these, the **Modern Slavery and Child Labour regulations govern our activities** in all of the countries where we operate. All of our offices must comply with local legislation relating to minimum working/school-leaving age. A non-compliance procedure to pursue in the event of any potential issues or breaches has been established for our management at all levels.

To safeguard personal rights, the Group has also defined **practices to prohibit actions that restrict personal freedom**, such as the withholding of passports, visas or work permits. Therefore, any perceived notion of such activities occurring would be rejected quickly and comprehensively remedied.

Moreover, the Energy & Industry Division has a specific **Human Protection Policy** to reinforce our commitment to protect Human Rights. This policy sets guidelines regarding **four fundamental rights** of the division's employees: acceptable wage, minimum working/school-leaving age, working hours in compliance with contractual and local legislative requirements and elimination of modern slavery and human trafficking. Although the rest of the Groups' Divisions also deploy the Applus+ commitment to protecting human rights at a divisional level, this is not currently formalised with a Policy, as it has been already done in the Energy& Industry Division; however, it is foreseen that soon an specific Human Protection Policy is extended to all Group's Divisions.

In addition, in accordance with the UN Guiding Principles on Business and Human Rights, where business enterprises identify that they have caused or contributed to adverse impacts on human rights, entities should provide or cooperate in their remediation through legitimate processes.

To facilitate this requirement, the Applus+ Group operates an *Ethics and Compliance* communication channel. **In 2019,** the Group **did not received any complaints** regarding Human Rights violations.

Occupational health and safety

Applus+ strives to achieve **zero injuries** in the workplace and make work practices sustainable. Therefore, we develop policies and **encourage practices** to build a company culture **that prioritises** our employees' **health and safety**. These commitments go beyond legal compliance, establishing policies and procedures in the Group which implement effective risk-control processes and involve our people by raising awareness and providing effective training.

The **protection of employees from hazards** is therefore an essential behaviour across our operations of the Group.

The Group aims to build our capacity to add value in the communities where we operate through different mechanisms and learnings. These include focusing on prevention instead of correction; fostering a proactive behaviour to health and safety issues; supporting people to speak-up without fear; and using case experience to learn from across the organisation and protect our employees' welfare.

Ultimately, these actions positively contribute to the Group's success as we **promote healthy, safe and ergonomic workplaces.**

MANAGEMENT PILLARS

Our Group has implemented **five internal documents** that form the basis of our Health and Safety management:

1
- Applies to all of the Applus+ Group's employees
- Establishes a framework for the HSQE management across the Group, including specifications for our different divisions
- Provides our services with quality, safety and health and environmental criteria to ensure the Group's objectives are efficiently, effectively, safely and sustainably achieved

2
- Provides a detailed guide for all of the minimum requirements for H&S programmes to control our occupational H&S risks and improve our H&S performance

3
- Applied at the local level and in accordance with the international ISO 45001 / OHSAS 18001 standards
- Certified by third parties in nearly 30 countries
- They include Safety Awards, H&S communication campaigns, lessons learnt, inspections, audits, supervisions, etc.

4
- Guidelines through rules to eliminate and reduce risks associated with the 11 activities historically causing a greater number of injuries or serious incidents. The rules are translated into 10 languages

- Develops the Group's reporting processes covering HSE leading and lagging indicators, as well as criteria for each legal entity in the Applus+ Group

APPLUS+' GOLDEN SAFETY RULES

Within the "FOUNDATIONS – THE FUNDAMENTALS" section ***of Golden Safety Rules*** of the Group, Applus+ **values the right to stop work when employees considered it unsafe to continue**, and this written directive shows our commitment to support everyone in the right to exercise their stop-work authority.

Hazard identification and risk assessment

We deploy hazard identifications and H&S risk assessments, which are provided for our workforce **prior to** starting **work** in the Company, **and the assessments are reviewed on an ongoing basis to include** any relevant changes in working conditions.

In addition to these procedures, employees are required to perform their own last-updated risk assessment process before starting their tasks.

These risk-assessment requirements apply to **all** of our **offices, sites,** as well as all of the **services** and activities that we provide, encompassing:

Applus+ has **internal controls implemented at local level** to ensure that these requirements are met. These include internal and external audits conducted by customers or other third parties, such as certification control bodies.

The **outcomes** of these controls, together with incident investigations, incident reports, lessons learned, hazardous observations and field inspections, **help the Group to continuously improve our** Health and Safety **management and performance**.

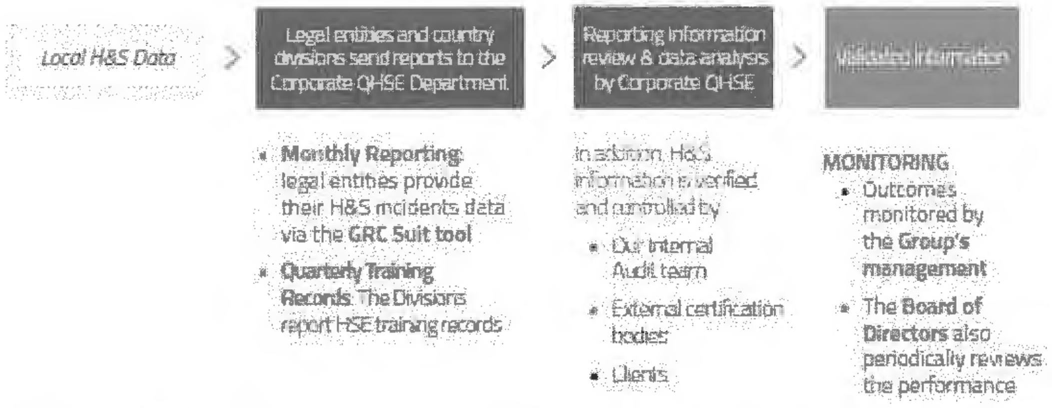
Incidents investigation

The Group has established **procedures**, at divisional or local/country level, to regulate **incident reporting and incident investigations**. Our incident evaluation and corrective action process provides a systematic approach **to investigation, analysis and review of all incidents** within the Company.

- ✓ The aim of this process is to determine the root cause of the incident; to define the appropriate action plans; and to ensure we are able to avoid reoccurrences. In those cases where the potential and consequences are significant, we draft "Lessons learned" to share throughout the organisation.
- ✓ To conduct investigations, we use different methodologies according to the criticality or complexity of each incident.
- ✓ We monitor and control all incidents and non-conformities so we can establish the corresponding action plan, including corrective and/or preventive actions.

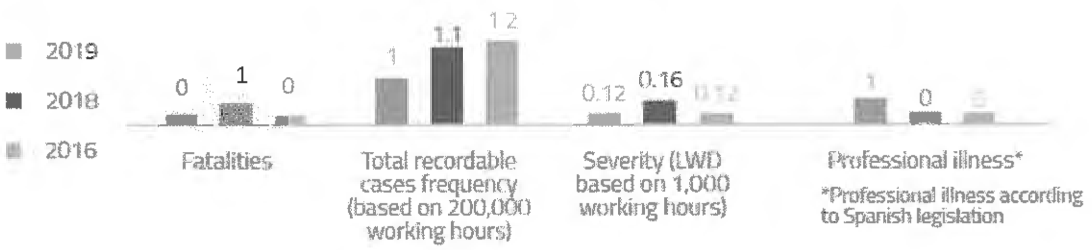
Reporting system

Our reporting system includes the Group's worldwide activities, and must be followed by the Group's entire management. This process includes leading and lagging **indicators**, which are recorded and monitored monthly.



The following graphs show data indicators evolution and trend over the last three years, about health and safety.

HEALTH AND SAFETY INDICATORS



Carpal tunnel syndrome with 10 lost workdays

In 2019, there were not any fatalities at work within the Group. We reduced our accidents rate almost by 10%, and by 26 % the severity rate. The main causes of accidents in the Group were slips and falls (at the same level), as well as over-exertion in the course of working.

Below is the contribution by gender to the frequency of total recordable cases, as well as severity, at Applus+.

Contribution by gender to accidents rates in 2019

Communication related to incidents and hazardous situations

The Applus+ Group is a learning organisation that promotes good attitudes and lessons learned within the Group. Therefore, our Group's management actively encourages the communication of incidents and any other issues related to hazardous observations, as well as suggestions for improvements. This perspective aims to instil a preventive approach instead of a corrective approach.

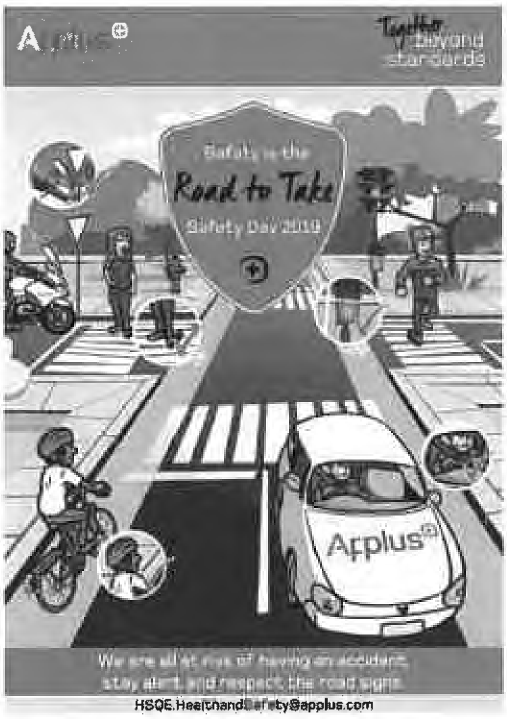
Moreover, preventing health and safety risks and respecting employees' rights is one of our *Code of Ethics'* rules of conduct; and for any questions related to health and safety, doubts or suggestions , employees must communicate them to our HSQE Communication Channel.

TRAINING AND AWARENESS

HS training is an essential aspect in our Group's **induction training (face to face or online training) for all of our new employees.** We ensure that everyone is familiar with the Group's and divisional HS programmes, understands the Group's procedures and acts or behaves in accordance with this training. Additionally, specific trainings are performed on a timely basis to ensure topics are refreshed.

AWARENESS AND MOTIVATION TOOLS AND INITIATIVES

To reinforce our best practices in Health and Safety, we conduct several types of activities to raise awareness through communications campaigns, games and contests. The Group celebrates a global Safety Day across the company, where contractors and customers are all invited to join our employees.

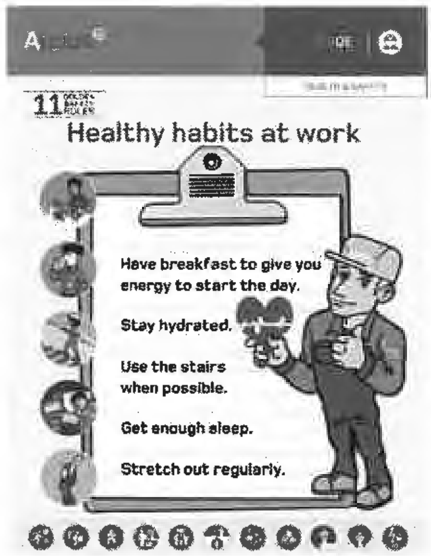


In October 2019, we held our **sixth Safety Day** under the slogan **"Safety is the Road to Take"**. For a second year running, we held a highly successful Safety Day slogan competition to choose the winning motto for the campaign, which received more than 750 proposals.

Once again this year, the *Safety Day* took place across all of the divisions at Applus+ worldwide, and our management and employees participated to engage in presentations, debates, workshops and games on the key themes for better health and safety.

In this **2019 edition**, we **focused on the prevention of traffic accidents**. In the event, we shared experiences and knowledge to help all us to build awareness for a preventive attitude towards road accidents of any kind, either as vehicle driver or as a pedestrian.

In other areas, in 2019 we have continued with the health and safety **awareness campaigns** under the motto "Time for safety". The campaigns included:



- Published **bulletins to reinforce** the Applus+ ***Golden Safety Rules*** and additional issues such as, "Protect yourself from extreme cold"; "Work safely by following the Applus+ Golden Safety Rules"; "Protect yourself from extreme heat"; "Looking after your wellbeing"; "Awkward postures"...
- Shared more than 200 **"Lessons learned"** across the Group to avoid reoccurrences of incidents or accidents.
- Promoted and targeted **specific banners** on the Applus+ Global Intranet.
- Specific section in the Group's internal employee magazine Appeople.
- ***Safety Awards*** at local level to value the employees' ideas or actions which safeguard health and safety.

  The *Safety Awards* started several years ago, and recognise the efforts made by our employees in the area of health and safety, such as:

- Applus+ ACE Award programme, on a monthly basis in UAE and USA.
- "Valoramos Tu + en Seguridad" ("Beyond the Call of Safety") in Spain.

⇨ Locally, other initiatives promote and help to improve the health and safety awareness of our teams.

Road Safety

In 2019, our Group's divisions ran several initiatives to promote road safety among our employees:

Defensive-driving training

Applus+ ran courses on training for road safety and defensive driving in Middle East & Africa, Spain or LATAM. The training targeted employees assigned to activities that require driving to improving their road safety knowledge and practice.

In Spain, the road-safety course was instructed by using driving simulators. In total, 123 groups were trained at different Applus+ locations, with 462 employees from the Energy & Industry, Laboratories and Corporate Divisions trained in 2019.

Driving monitoring systems (UK, Canada, Colombia, Chile, Panama, Colombia, USA, Saudi Arabia and Australia)

These systems allow our teams to identify high-risk drivers to give them additional training in safe driving and monitor their improvements.

Speed limiters (Oman)

Vehicles are fitted with speed limiters to restrict the fuel supply when the vehicle exceeds 100 km/h on main roads and 80km/h on secondary roads. This initiative aims to minimise vehicle incidents by reinforcing safe-driving behaviour and speeds.

Breast Cancer and Prostate Awareness Session (The Energy & Industry Division - Middle East & Africa)

To raise awareness and promote *Breast Cancer Awareness* among our employees, we organised a free Breast Cancer Awareness and Prostate Cancer Awareness session for our employees in November 2019.

Employees could clarify any doubts related to the subject and benefit from health screening.

Other notable local initiatives in health and safety **conducted in 2019:**

- The Energy & Industry Division in Peru carried out vaccination campaigns for their employees.
- The Energy & Industry Division in Australia provides tables called "stand up - sit down desks" for their employees to perform work at a comfortable standing height.

ACCREDITATIONS, AWARDS AND ACKNOWLEDGEMENTS

Currently, we implement occupational health and safety **management systems** at the local level, **certified** and periodically audited **in accordance with international standards** (OHSAS 18001 / ISO 45001/ IRATA) **in nearly 30 countries.**

Our clients, partners and other interested **third parties have recognised our efforts** to prevent occupational risks and protect health. Notable examples are:

- ✓ Recognition of **Safety Performance** at a refinery in **Australia** for our services for Non-Destructive Testing (NDT). The award acknowledged the employee's courage for stopping the work while carrying out radiography on a hot steam leak.
- ✓ Acknowledgement on **Safety Performance** for our services for NDT and Inspection. The award recognised our employee in the **Asia Pacific** area for a continuous effort in reporting hazards and rectifying hazards to make the workplace safer.
- ✓ The *Chilean Security Association* recognised Applus+ in **Chile,** when conducting Technical Inspection Services, for its **advances in health and safety measures within its operations** and for reaching three consecutive years without any lost time through accidents.
- ✓ Recognition to Applus+ in Colombia from the Colombian Security Council for **implementing** the occupational safety and health **system for contractors** (RUC system).
- ✓ On 9th May 2019, coinciding with the "World Day for Health and Safety at Work", Applus+ in Spain (Castilla La Mancha) was distinguished in the ***Prever Awards*** **for its good practices** and excellent management **in occupational health and safety.**

08. CARING FOR THE ENVIRONMENT

Environmental management approach

ENVIRONMENTAL ASPECTS OF OUR ACTIVITIES

The **direct environmental impact** of the activities at Applus+ is mainly related our **offices, facilities and transport to client's facilities. Energy consumption,** including electricity and fuel, **GHG emissions and water consumption** are the main environmental aspects from the businesses within the Applus+ Group. Therefore, we focus on reducing their impact by managing our activities to control these environmental aspects.

Energy consumption associated with the use of lighting, heating/air-conditioning and equipment, as well as transport use to undertake work at the clients' facilities

GHG emissions from energy consumption for our vehicle fleet, business travel, commuting and heating and electricity use.

Water consumption associated with sanitation facilities, irrigation and vehicle tests at the IDIADA Division's proving ground.

Applus+ GLOBAL ASPECTS

We extend our management framework to the **waste generated from** the activities mainly developed at the **IDIADA and Laboratories Divisions** because their facilities generate waste that, by its characteristics, require specific storage and management conditions, consequently we focus our efforts on the control and improvement of its management.

The activities of the Applus+ Group do **not** generate **direct impacts on biodiversity** because the location of our facilities does not represent any risk for the natural areas in the countries where the Group operates.

ENVIRONMENTAL POLICY

The ***Global Policy of HSQE integrates*** the ***Group's Environmental Policy*** with the ***Quality and Health & Safety*** policies. This Policy applies to all of the employees at Applus+ or those associated with the business of the Applus+ Group and its legal entities.

The Policy represents the Applus+ Group management's **commitment** to provide the company with suitable human and financial **resources** to continuously improve the activities that impact on the environment, giving priority to a preventive approach as opposed to the corrective approach when developing QHSE processes.

The main **principles** included in the *Environmental Policy* are as follows:

Promotion of continuous improvement for a safe and sustainable environment

Adoption of measures to reduce any environmental damage and pollution

Efficiency and excellence in the company's internal management of environmental protection

Adoption of measures to efficiently use resources within our activities and those of our suppliers and contractors

Implementation of a systematic approach to ensure compliance with legislation

ENVIRONMENTAL MANAGEMENT SYSTEMS

To deploy the Policy, we implement **Environmental Management Systems (EMS) at the local level,** based on the cycle of continuous improvement and developed in accordance with the international standard **ISO 14001.**

Our EMS are periodically audited and our **certificates** are maintained over time. **Near 30 countries** have legal entities with certified environmental-management systems, including as Middle East and Africa, Spain and Rest of Europe, US and Canada, Asia Pacific and Latin America.

ENVIRONMENTAL DATA MANAGEMENT

Applus+ has **two applications at global level to manage**, control and verify **energy and water indicators** from our facilities in the countries where we operate. The applications allow us to monitor the most relevant environmental aspects arising from our activities:

- **Applus+ Site Management (ASM) is a tool** for recording data on the environmental indicators of each region and evidences associated.
- **QlikView is a tool** for the detailed evolution-analysis of the indicators and consolidating global data.

OUR SUPPLIERS' COMMITMENT TO THE ENVIRONMENT

When selecting and incorporating our suppliers, the Corporate Purchasing Department integrates the Group's **mandatory HSQE** requirements **within** its **supplier management process**. The supplier, within the **approval process**, must **know and adhere** to the Group's ***HSQE Policy***. The Internal Audit Department at Applus+ monitors the fulfilment of the procurement policies and procedures.

Additionally, in the **initial evaluation** of our suppliers, we **positively value** those who have implemented and certified an Environmental Management System according to **ISO 14001** or the European regulation **EMAS**.

The **adherence** to our ***HSQE Policy,*** and the consideration of the **environmental management systems** implementation in their selection and qualification, currently cover **60%** about our **total suppliers.**

Energy and emissions

ENERGY AND EMISSIONS MANAGEMENT

The consumption of energy, as well as its corresponding GHG emissions, are the **relevant impacts** arising from the Group's activities.

The Applus+ *Guide of Best Environmental Practices* establishes the main guidelines to be followed by every employee to **minimise energy consumption** at our facilities **and to reduce fuel consumption** from vehicle use, both in fleet vehicles and private cars.

GUIDELINES TO REDUCE ENERGY CONSUMPTION AT OUR FACILITIES

- Only turn on the lights of the occupied working areas
- Turn off the lights and extractors when leaving a meeting room
- Keep thermostats set at between 20 and 22° C in winter, and at between 22 and 25° C in summer
- Make sure all office doors and windows are closed while air-conditioning or heating system are on
- Turn off computer equipment at the end of the day or when not in use
- Always be sure to switch off printers, thermal bookbinders, photocopiers and other electrical equipments at the end of the day
- The last person to leave a particular working area should turn off the lights

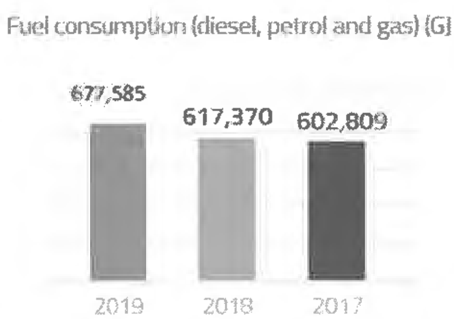
SOME GUIDELINES TO REDUCE FUEL CONSUMPTION FROM VEHICLES

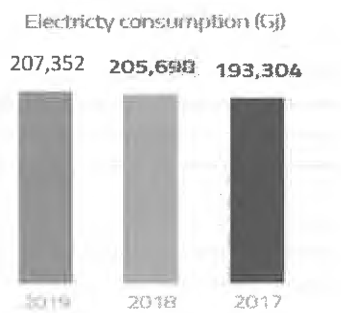
- For short journeys, alternatives such as walking, cycling or public transport are more environmentally friendly
- Plan a route by choosing the least congested way
- Avoid opening car windows while driving; instead, use the vehicle's air vents to let in air
- Use the fuel-octane that provides cost-effective driveability and performance, as recommended by vehicle manufacturers
- Check your tyre pressures and keep all the tyres properly inflated; wheel alignment should be checked and corrected too.
- Change filters, oil and spark plugs on a timely basis; keep your car engine well-tuned
- Select high gears and low revs; maintain speed as constant as possible; and avoid braking or accelerating unnecessarily

KEY CONSUMPTION FIGURES

Fuel is the more important source of energy consumption at Applus+. Its consumption is directly related to our business activities at clients' sites and in the heating of our facilities. The Group's operations utilise diesel, petrol and gas, coming from non-renewable sources, and biodiesel from renewable sources.

ENERGY CONSUMPTION FROM NON-RENEWABLE SOURCES

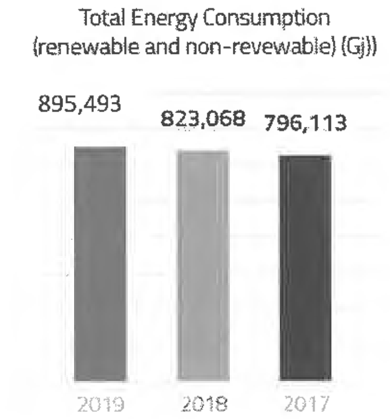




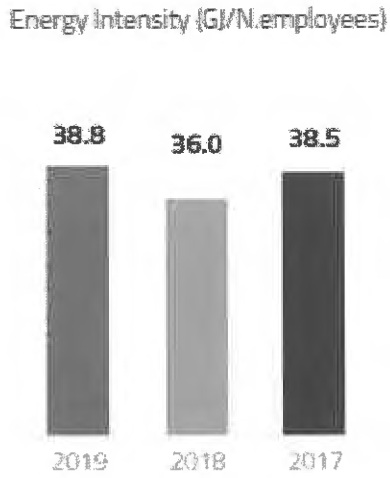
The electricity consumption considering the same scope as in 2018 has decreased (3%). The fuel consumption –mainly the car fuel consumption– has slightly increased due to two main factors: scope extension as in Chile and UAE, and also due to increased operations. For example, in Canada, deployed more than 100 people for one specific project for nuclear sector; also in Saudi Arabia more than 126 people were moved from projects in different sites to projects involving further distance (200-400Km).

The Applus+ businesses do not have steam or cooling consumption. The amount of heating used in 2019 was 4,406 GJ. In 2018 the gaseous fuel was reported as heating consumption as most part of the gaseous fuel consumed was for heating boilers, but in 2019 this gaseous fuel has been included in the non-renewable fuel consumption and the heating consumption is the one made in countries where District heating is used such as in Finland. This approach is more in line with GRI 302-1 and GRI definition of heating.

The consumption from renewable sources is 6,150 GJ and comes from the biodiesel, mainly consumed in Colombia and Peru.



To calculate the **intensity** of energy, ***Employees*** at December 31st has been selected **as the metric.** The type of energy included in the intensity ratio are all sources of consumption within the organisation (fuel, electricity, heating, etc.). The value for energy intensity was 38.8 GJ/Employee (7.9% more than 2018). Notice that during the year there were projects that required hiring people for specific periods, therefore while the consumption increased due to these projects, the metric used has been not affected, (e.g.Saudi Arabia).



The Group uses the platform **ASM** to obtain reliable energy data, where all of this data is reported covering the premises from which the Applus+ businesses operate.

To measure the GRI indicators for the organisational boundaries, we calculate the intensity of emissions from the legal entities reporting their financial statements, against the entity's number of employees. The assumptions made are mainly based on the **ownership and accountability for the metering**

system; in meters shared with other companies, or the owner of the facility assumes the accountability for consumption, then this data will not be included in our total-usage calculations.

Calculations have been made for **12 months**; since the receipt of the energy invoices has a time lag after the consumption period, the reported data correspond to the period November 1st 2018 until October 31st 2019.

The 2006 *IPCC Guidelines for National GHG Inventories* is the main source for the **Net Calorific Value** (NCV) of the fuels to calculate the Group's energy consumption.

EMISSIONS

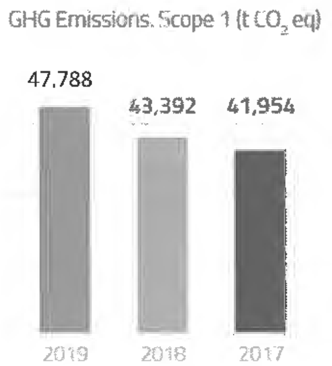
The **Scope 1 emissions** are due to fuel combustion. Fuel is the most significant GHG emissions source from the businesses at Applus+, and its consumption is directly related to vehicle transport when we carry out services at the client's sites, heating boilers and testing.

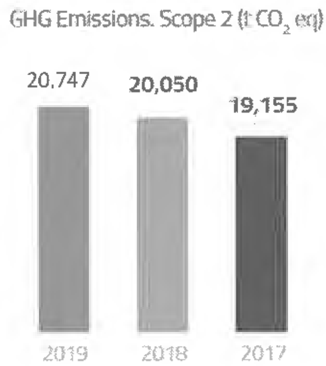
The **Scope 2 emissions** come from the electricity and heating consumption.

The Group has made significant effort to reduce both types of these emissions. In 2019, the Group added 90 eco-efficient vehicles to its homologation matrix in some countries, including Spain, UK, Netherlands, Czech Republic, Kuwait, Colombia, Chile and Brazil. Among this eco-efficient fleet, we have electric, hybrid, plug-in hybrid, Bio-fuel, ethanol, CNG and LPG vehicles. At the end of 2019, these types of vehicles represented 2% of our fleet. This year, the average of CO_2 emissions of our fleet decreased by 4%[1].

In addition, the Group completed different actions to improve energy efficiency at numerous facilities.

The main indicators related to Scope 1 and 2 GHG emissions are:





During 2019 the increasing of long-distance on relevant projects and the scope extension (Chile and UAE) caused an increase of 10.1% in the scope1. The scope 2 value referred to the same scope in 2018 has decreased 1.4% and the global figure increased by 3.4%.

Applus+ has also selected ***Employees*** at December 31st **as the metric** to calculate the **intensity** of GHG emissions. The value for 2019 is 2,97t CO_2/employee (including Scope 1 and Scope 2). Notice that during the year there were projects that required hiring people for specific periods, therefore while the consumption increased due to these projects, the used metric were affected.

To obtain the information on the emissions, Applus+ uses the **Greenhouse Gas Protocol** as a guide. The 2006 ***IPCC Guidelines for National GHG Inventories*** provide the sources of the emission factors corresponding to fuel emissions; the *Fourth Assessment Report* (AR4) of the UN IPCC is the source of the Global Warming Potential (GWP) rates; and the **International Energy Agency (IEA)** provides the data to calculate GHG emissions from the electricity consumption.

[1] This applies 50% of our fleet

The gases included in the calculation are CO_2, CH_4 and N_2O; Applus+ does not have any biogenic CO_2 emissions.

In 2019, Applus+ started to measure some **Scope 3 emissions,** which are other indirect GHG emissions, related to business trips by plane, train, taxi, commuting and the power-distribution network.

The emissions related to **business trips** are applicable to the trips **by train and plane** taken by Applus+ professionals from Spain, Colombia, Angola, México, USA, Australia, Panama, Netherlands and the UK. This cohort represent 61% of the Group's staff.

With respect to business flights, we offset part of these emissions through an agreement signed with different airlines by the Applus+ Group in Spain. These airlines offset 100% of the CO_2 emitted during these flights by investing in the project "CO2ZERO", which is contributing to Panama's rainforest reforestation with Gold Standard certification.

Travel agencies provide the CO_2 emission data, which are calculated per passenger from the kilometres travelled, the plane occupation (weight) and the type of airplane. The calculations are integrated at a group level.

With travel agencies operating from Spain, Colombia, México, Australia and part of the USA, the calculation method is determined in accordance with the rules set out by the Department for Environment Food & Rural Affairs (DEFRA) of the British Government, which are updated every summer and come into force the following January 1st.

For travel agencies operating from Panama, Netherlands, UK and part of the USA, the calculations are conducted using CO_2 emissions calculators that take into account number of seats in the different cabin sections, real amount of passengers and cargo, fuel consumption and distance covered.

	GHG emissions (T CO_2 eq)	Offset emissions (T CO_2 eq)	Net emissions (T CO_2 eq)
Business trips by plane and train	8,257	673	7,584

With respect to the emissions from **taxi journeys**, thanks to an application for taxi management, Applus+ can calculate the emissions from our employees' trips when using this application.

The mobile app allows Spanish employees to call a taxi in many cities in Spain and abroad with distinct advantages. The fleet has a high number of hybrid and electric vehicles available, which reduces CO2 emissions during these trips. Taxis from over 150 cities, mainly in Spain, but also in the UK, France, Germany, Belgium, Portugal, Italy and the Netherlands participate in this initiative. In 2019, the app allowed Applus+ to avoid 1 tCO_2 of emissions.

The emissions data for the taxi use through their application are calculated from the distance travelled and a fleet-emissions ratio, which is measured by the percentage of hybrid and electric cars operated in its fleet. The emissions coming from this business trips by taxi were 5.6 tCO_2eq of emissions

The emissions from our **employees commuting** are related to the split in the staff's mode of transport, taking into account the transport used (car/train/etc.) by our employees for the daily trips to and from their workplace.

In 2019, the Group launched a global survey to understand the mobility habits of our employees. The results showed a split between different modes of transport at every location where we operate, covering 68% of our staff and generating 55,602 tCO_2eq of emissions.

The emissions from **employee commutes** are calculated on the basis of the split in their mode of transport, distances per journey and the number of journeys per year. This data is gathered through the Group's first mobility survey, applying emission factors per transport-mode from acknowledged sources.

The emissions from the **power-distribution network** are related to the energy losses involved in the transport and distribution of electricity and to the emissions form the value chain of fuel and electricity. Our emissions in this field were 66,269 tCO_2eq of emissions. We calculate these emissions from the data of electricity consumption as well as fuel and the identification of the countries involved, by using the emission and conversion factors from acknowledged sources such as 2006 *IPCC Guidelines for National*

GHG Inventories, International Energy Agency (IEA) and the Department for Environment Food & Rural Affairs (DEFRA) of the British Government.

Waste, water and effluents

WASTE MANAGEMENT

Our activities generate mainly **urban waste** and **other types similar to urban waste,** such as paper, plastic packaging, toners or office equipment.

The guidelines established in the Applus+ ***Guide of Best Environmental Practices***, as well as the local regulations covering waste management, define the rules of our behaviour. To pursue this, employees who provide services at client's facilities must apply these best practices for managing the waste generated through our services.

According to the Guide, Applus+ employees must observe the following directions:

GUIDELINES TO REDUCE
AND MANAGE WASTE

- Apply the 3 Rs formula: Reduce, Reuse and Recycle
- Reserve a place to collect copy paper used on one side and reuse it for printing drafts on the blank side
- Sort waste products properly for recycling
- Present waste products which might be still be usable or subject to special conditions separately
- Place waste products in the containers specifically designated for disposal
- Follow the established guidelines for waste subject to special collection services
- Protect warehouses from inclement weather to prevent damage to products

At Applus+ facilities, the segregation of waste is mandatory when the country has a public or private infrastructure for selective recycling and treatment. The office and centre managers are responsible for providing the necessary resources to comply with these management guidelines, as well as for monitoring their application.

In addition, the *Guide of Best Environmental Practices* establishes some action guidelines to **reduce paper, toner and ink consumption**, and as a consequence, waste production.

GUIDELINES TO REDUCE CONSUMPTION OF PAPER, TONER AND INK

- Optimise paper consumption by using both sides of the page
- Use electronic mail for internal communications
- Maximise the use of documents in digital version and the use of electronic signature
- Use both sides of the paper when printing or photocopying documents for internal use
- Restrict the number of copies of the documents to be filed, giving priority to the storage of electronic files
- Restrict the amount of printed drafts; documents should always be revised on screen
- Check documents using the 'print preview', introducing any necessary changes before printing

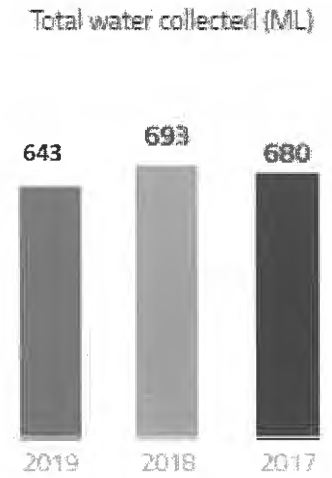
In more specialised areas, the **IDIADA and Laboratories Divisions** generate **hazardous waste and other** types of waste **requiring specific management due to their characteristics,** for example, the tyres produced by IDIADA Division or the waste from fire-resistance tests at the Laboratories Division.

The activities at the IDIADA and Laboratories Divisions which generate **these types of wastes** are concentrated **in Spain.** The management control of this hazardous or specific waste is **focus on ensuring strict compliance** with the regulations applicable. As a general rule, the hazardous or specific waste generated in both divisions is managed throughout by **duly-authorised companies**.

For compliance with the applicable legislation, the centres and facilities of these Divisions **record the type** and **quantity of hazardous waste** generated, and keep the **documentary evidence** to verify traceability.

WATER CONSUMPTION

The fresh **water consumption** is reported covering the period from November 1st 2018 until October 31st 2019 because the invoice period has a time lag after the consumption period.



In 2019 it has been significantly reduced (7%) water consumption due mainly to the actions taken by the IDIADA Division to reduce it and to recycle the water used for the test tracks in Spain.

The water withdrawal for the activities at Applus+ comes from **groundwater** (379 ML) **and third-party water suppliers** (264 ML). With the exception of IDIADA Division, the rest of divisions use clean drinking and sanitation water.

The IDIADA Division is the **only division** in the Group that **uses water in the development of its activities at** the facilities **in Tarragona** (Spain). At these facilities, the Division consumed in 2019 about 439 ML **of water**. Of this use, 40% is used to irrigate green areas and hedgerows, and the remaining to perform tests on **four tracks**: two braking-tracks, one wet-handling track and one fatigue-testing track.

IDIADA has 3 main tanks, one for each of the subsystems that are supplied with water (tracks, irrigation and buildings and workshops). The tank used for the "tracks" subsystem provides water to 2 tanks. Each of these tanks supplies water to a track. The "buildings and workshops" subsystem tank supplies the fire network tank.

The type of water spill generated on the tracks does not require the installation of grease-hydrocarbon separators. In fact, the recirculated water only requires a filtering treatment before being returned to the main tank the loses in this process are between 7-11%.

Chlorine is controlled in the "tracks" subsystem tank and in the "buildings and workshops" subsystem. In the "tracks" tank, there is also an osmosis treatment to analyse the conductivity. Organic and chemical parameters are only controlled in the water of the "buildings and workshops" subsystem tank once a month.

Environmental action

MAIN LINES

In 2019, Applus+ focused our environmental action on the following lines:

ACTIONS TO REDUCE IMPACTS

REDUCTION OF ENERGY CONSUMPTION AT OUR FACILITIES

Renewal of conventional lights for LED

At some Applus+ offices in Spain, the facilities are in a process of changing conventional lights to more efficient LED luminaires to reduce the electricity consumption from illuminating the buildings.

Our offices in Barcelona, Ciudad Real, Madrid, Santander, Asturias, Lugo, Ourense, A Coruña and Vigo are participating in this initiative, which will reduce our facilities' carbon footprint. At the Barcelona facilities, the saving of t CO_2eq emissions has been calculated to be 226.

Insulation of facilities to increase energy-efficiency

At the Applus+ offices in Mongolia, the windows were sealed to provide thermal insulation for reducing the energy consumption at the facilities.

Similarly, the Spanish office located in A Coruña installed windows with thermal-bridge breaking to improve energy-efficiency at the facilities and reduce energy consumption.

REDUCTION OF THE CO2 EMISSIONS FROM TRANSPORT

As described in *Energy and emissions*, some new initiatives have been implemented in 2019 to reduce our emissions from transport.

We introduced 90 hybrid and electric vehicles into our fleet, with the aim of progressively reducing emissions linked to our activities. In addition, charging points for electric vehicles are planned to be installed at the Applus+ offices in Madrid and Bellaterra (Barcelona), as well as a statutory-vehicle-inspection station in Madrid next year.

The use of the application for taxi management represents a reduction of emissions comparing to other alternatives in taxi travel, since a high percentage of vehicles in the app company's fleet are hybrid and electric cars.

OFFSETTING CO2 EMISSIONS FROM FLIGHTS

In 2019, Applus+ signed an agreement with several airlines to offset the CO2 emissions produced by Spanish employees taking business trips by plane with these companies. Applus+ is committed to collaborating on these types of circular-economy initiatives to neutralise our CO2 emissions related to transport by investing in natural preservation projects along with sustainable development in vulnerable countries.

WASTE REUSE AND RECYCLING

New compost machine for organic waste

The IDIADA division in **Spain** is developing a new compost machine for organic waste. The initiative sets out to reduce the amount of organic waste sent to landfill, transforming it into compost for use to fertilize the green areas at the IDIADA Division. The composting is carried out through natural processes.

Recycling of equipment and toners

The Energy & Industry Division in **Chile** carries out a monthly activity, which consists of recycling any obsolete technological equipment by sending them to an environmentally-friendly final destination.

In addition, we also carry out the removal of used toners in all division offices each month to contribute to the same aim.

Reuse of plastic containers

Some initiatives implemented by the employees at Applus+ are framed within the circular-economy concept applied to the waste production.

The Spanish offices implemented a system to avoid single-use plastic water bottles, replacing them by 20 litre containers provided by the water supplier. These new containers are made of reusable plastic, which can withstand multiple uses, reducing plastic waste considerably.

ɣ

In September 2019, all of the Applus+ employees at Karratha Gas Plant (Australia) were given an Applus+ branded, reusable lunch container and cutlery, replacing up to two reusable containers per person, per day. This initiative is the result of employees raising the issue of single-use plastics and requesting an alternative, and this awareness has reduced approximately 35,000 waste containers per year.

Environmental clean-up campaign

Applus+ participated in a campaign to clear up at the facilities of a gas pipeline in the Kingdom of Saudi Arabia, collaborating with our client's initiative. The campaign aimed to raise awareness of the environmental impacts from dumping waste and reinforces the Group's commitment to avoid pollution for better environment protection.

Different companies worked together with a common objective: set an example to society for the preservation of nature. Almost 70 volunteers, including Durma City Council, were fitted out with bags, gloves and tools to collaborate in collecting rubbish for the clean-up.

Best practices in paper use

A set of actions are in place at our Spanish facilities in relation to the use of paper. Paper from certified forests have been selected to ensure its sustainable origin (FSC seal), as well as a slightly lower weight; a centralised printing system designed to use black ink by default; and specific containers to collect paper waste to facilitate recycling.

As a general rule for our environmental principles, wherever the infrastructure for recycling exists, Applus+ facilities have suitable containers for recycling paper.

Celebration of campaigns to raise awareness

Applus+ runs **campaigns** to raise awareness with employees of the importance of contributing to environmental preservation. In 2019, we continue with the campaign "Because it's the little things that count", started in 2018, and launched two **new campaigns.**

- "Play your part in a more sustainable Applus+": addressed to reduce the impact of our activities through responsible behaviour when using energy and by driving efficiently.
- "Water: an essential resource": aimed at raising awareness for using this scarce resource responsibly as a necessity for life.

Earth Day/Earth hour celebrations

The employees at Applus+ in the USA donated $1,540 for "Earth Day", which equates to planting 1,540 trees though collaboration with the Arbor Day Foundation. In April 2019, trees were planted in Chicago and cared for through this programme to remove carbon and other pollutants from the air.

To raise environmental awareness, our offices in the UAE, Qatar and Kingdom of Saudi Arabia participated in the "Earth hour" initiative by disconnecting different electrical appliances during one hour of the day to reduce the carbon footprint.

Our environmental contribution by TIC services

THE ROLE OF OUR SERVICES

REDUCTION AND EMISSION CONTROL

STATUTORY VEHICLE INSPECTION

- Regulatory vehicle inspections
- New independent technology for emissions tests
- New independent procedures for validating controls of vehicle pollutants

AEROSPACE

- Compliance with international standards and regulations
- Incorporating new composites materials into manufacturing systems

INDUSTRY, ENERGY, OIL & GAS AND PUBLIC ADMINISTRATIONS

- Compliance with international standards and regulations
- Incorporating new composites materials into manufacturing systems

TESTING AND AUTOMOTIVE ENGINEERING

- Technology for new engines
- Use of alternative fuels
- Promotion of hybrid and electric vehicle uptake
- Investigation of alternative systems for electric vehicles

PREVENTION OF SOIL CONTAMINATION AND POLUTION DISCHARGES

CONSTRUCTION AND CIVIL INFRASTRUCTURE

- Improvement of the machinery in park management

COMPANIES OF ANY SECTOR AND PUBLIC ADMINISTRATIONS

- Analysis of the water quality
- Analysis of the wastewater or process discharge

INDUSTRY, OIL & GAS AND MINING

- Technologies for efficient non-destructive testing (NDT)
- Preliminary assessments of soil contamination
- Studies for the remediation of contaminated soils
- Environmental Risks Analysis

: OPTIMISATION OF ENERGY AND WATER CONSUMPTION		
COMPANIES OF ANY SECTOR AND PUBLIC ADMINISTRATIONS • Energy audits • ESE (Energy Services Company) design and proposal of measures for energy saving • Energy-efficiency solutions • Water footprint design • Technologies for efficient non-destructive testing (NDT)	**ELECTRICAL AND ELECTRONIC EQUIPMENT** • Equipment design and products with lower energy consumption • Obtaining the energy-efficiency certificate for products	**CONSTRUCTION** • Sustainable certifications: BREEAM, LEED and GREENLIGHT

BIODIVERSITY AND ECOSYSTEMS PROTECTION

ENERGY AND TELECOMMUNICATIONS	ORGANISATIONS AND PUBLIC ADMINISTRATIONS	INDUSTRY, OIL & GAS	CIVIL INFRASTRUCTURE AND MINING
• Environmental monitoring of electrical networks • Landscape integration studies • Environmental Impact Assessments	• Strategic Environmental Assessments	• Innovative technologies for efficient non-destructive testing (NDT)	• Testing, process engineering and production optimisation by applying criteria for sustainability • Environmental Impact Assessments • Plans and programmes for environmental monitoring (throughout infrastructure operation and environment restoration work) • Land surveying services • Restoration plans

MINIMISATION OF WASTE AND OPTIMISATION OF MANAGEMENT

INDUSTRY

- Analysis of products/services life-cycle
- Design and implementation of integrated waste-management systems
- Packaging declarations and packaging waste

ELECTRICAL AND ELECTRONIC EQUIPMENT

- Analysis of the equipment life-cycle
- Design and implementation of integrated waste-management systems
- Application of restrictions on the use of certain dangerous substances in the manufacture of equipment

CONSTRUCTION

- Construction and waste audits
- Plans for the waste management and minimisation
- Asbestos detection audits and processes for its controlled management
- Physical and chemical testing on construction materials to ensure environmental standards

ORGANISATIONS AND PUBLIC ADMINISTRATIONS

- Design and development of joint plans for circular-economy strategy implementation

CERTIFICATION AND VERIFICATION OF MANAGEMENT MODELS

COMPANIES IN ANY SECTOR

- Advice for compliance with applicable national and international standards and regulations
- Implementation of Environmental Management Systems
- Application of good environmental practices in facilities and offices
- Conducting Environmental Risk Analysis
- Design of environmental indicators
- Authorised control body of a large number of public administrations
- Verification and validation of clean development projects (CDMs)

ORGANISATIONS AND PUBLIC ADMINISTRATIONS

- Advice to the public administrations to develop regulations and the design of guides to facilitate their application
- Design of environmental indicators

OUR PROJECTS' CONTRIBUTIONS

Supervision of solar and wind energy projects in Mexico

Applus+ has signed a 60-month contract with the main mining company in **Mexico** to oversee the management of operations and maintenance of the Tuli and Helios solar parks, producing 300MW of energy, and the San Matías wind farm project, producing 30.4MW of energy. Our technicians delivered Quality Control and Quality Assurance inspections to monitor and report through real-time analysis at the sites.

Applus+ also provided NDT inspections and audits at the construction of the Delaro wind farm, which have a nominal capacity of 117MW delivered by 4.0MW turbines. Applus+ ensured compliance with standards covering quality, environment, health & safety, cost and expected time to assist and advise the client throughout the construction phase.

At the 285MW wind farm in Fenicias, our technical team carried a range out services in engineering reviews, construction management, health & safety coordination, inspection services and commissioning supervision. In addition, Applus+ developed a complete management-engineering contract at the 250MW wind farm in Mezquite.

Monitoring construction and operations at an offshore wind farm in the Baltic Sea

Applus+ monitored the construction and start-up of a large offshore wind farm for a leading energy company operating in the Baltic Sea. The technical specialists at Applus+ combined their expertise in renewable energy, technological innovation, global resources and development to support the development of this new energy resource.

The monitoring work was carried out by a technical team drawn from a range of companies and countries. Key phases of the project included the installation of 280 pillars in the seabed to support the foundations; the installation of the offshore substation; the installation and power up of more than 80 km of underwater cables; and the installation of 70 wind turbines.

Achievements for services on photovoltaic-solar technology projects

Applus+ won significant contracts last year to support various solar energy protects around the world, totalling more than 700MW in photovoltaic solar technology. The projects included site engineering, supervision during construction, and technical support and supervision during the commissioning stage.

The contracts saw our teams working in countries ranging from Spain, Egypt, Mexico and Malawi. In addition, Applus+ was awarded contracts for technical supervision in Russia, Australia, Oman and Zambia. These join counties within the Group's global presence in renewables, such as in Mongolia, Brazil and Panama.

The new Malawi project demonstrated the Group's use of global resources to meet local challenges as our teams delivered a new range of services in a different geography. Bringing together different types of knowledge and disciplines, this service was the most comprehensive to date for a new construction project that combined technical supervision skills for the construction and start-up of such a large photovoltaic plant and renewable MW output.

New business for wind and solar renewables in Australia and Sub-Saharan Africa

Applus+ signed a framework agreement to deliver supervision services during the construction of both wind and solar power plants. Our teams will provide a range of services related to civil, electrical, mechanical, health & safety, environmental and quality-control monitoring to several facilities located in **Australia**, as well as **Ethiopia, Zambia and other countries of Sub-Saharan Africa**.

On other renewable projects, Applus+ won a new contract for supervision services at other construction projects, including the provision of technical experts for the Site Manager and Civil Engineer roles in Berrinank Wind Farm (Australia), generating 212 MW of wind energy.

New solar energy projects in Spain

Applus+ won a new engineering contract for photovoltaic solar plants in **Spain** for the period 2019-2022. The services include quality control and supervision during the construction and commissioning stages of the renewable plant, in addition to a range of services in mechanical, electrical, health & safety and environmental supervision.

With this contract, Applus+ increases the inspection services delivered to the solar energy industry in Spain, consolidating the services Applus+ already delivered in this renewable power during 2018.

Detailing energy-efficiency gains for Brazilian industry

On a World Bank funded project, Applus+ studied various industrial segments, such as aluminium, paper or food, in Brazil, to produce a detailed analysis of the basic data of the energy used in different sectors.

The information collected measurements for the use of both electrical and thermal energy by conducting field visits. The resulting analysis revealed many opportunities to improve energy efficiency, and outlined the available technologies that could be viable for each sector.

The project is assisting in the introduction of greater energy-efficiency across the major industry sectors within the Brazilian, and the resulting actions will bring efficiency benefits to production across the Brazilian economy as a whole.

On-board emission tests for public transport

In **Denmark,** Applus+ is delivering a four-year contract to conduct environmental tests for the country's largest bus company, which aims to measure and control the amount of CO_2 and noise emissions released by buses in Denmark.

Our technicians from Applus+ have developed new technology to test emissions on the public transport buses while the vehicles are in operation on their routes. The team from Applus+ in Denmark has been involved in the R&D process since its inception, developing software and testing-equipment with assistance from our IT and Technical department in Spain.

The initial testing in Copenhagen delivered very positive results, and the Danish government will now expand the bus-testing activities across the whole country, where Applus+ has also been selected to partner the authorities to test and control the emissions from buses nationwide.

Real Driving Emissions: challenges for the automotive industry

Testing car emissions has become a crucial element of production for original equipment manufacturers (OEM) in the automotive sector, and consumers are increasingly conscious of the level and impact of emissions when buying a vehicle. According to the new EU regulations, in addition to completing laboratory tests (WLTP), vehicles must complete road tests in a Real Driving Emissions (RDE) test.

Under RDE conditions, the vehicles driven on public roads are exposed to different conditions of altitude, temperature, payload, etc. to verify that the legal limits for different pollutants from the vehicles are not exceeded.

The combination of experience and knowledge allows the technicians at Applus+ to offer a complete integrated and independent service that meets the latest requirements of the RDE regulations. The work at Applus+ ensures that customers in the automotive sector have access to independent technical support to ensure compliance with legislation for safe levels of vehicle emissions.

Electric mobility services at new e-motor test laboratory

Applus+ in **Spain has** inaugurated a new electronic-engine testing laboratory which can test electric traction units and motors on electric vehicles through the latest technologies and test techniques. The new facilities offer full-service tests on vehicle-development projects on the latest generation of electric and hybrid powered vehicles.

With this new technology at our leading-edge testing laboratories, Applus+ IDIADA continues to innovate and improve its test circuit facilities to offer first-class design, engineering, testing and approval services for the automotive industry to develop more environmentally-friendly vehicles.

Environmental management modernisation in Uruguay

Applus+ has developed a project for a major energy company in **Uruguay** to update and improve its environmental management systems. The programme began with a comprehensive environmental diagnosis to design an action plan needed to reach international standards, and with management and performance indicators through a new IT system, Applus+ has assisted in digitally transforming the company's environmental management.

Thanks to this project, our client has established itself as a leading company for environmental management in its sector, and our client is the first company to achieve reductions in greenhouse emissions in Uruguay.

09. BUILDING A BETTER SOCIETY

Our responsibility towards society takes a two-pronged approach:

- Social engagement by promoting of our **social action** initiatives
- **Contribution of our services to local** social and economic **development**

In the communities where the Group is present, our services and activities make positive impacts in a number of ways. As well as expanding the social and human capital within societies, our companies' presence makes economic contributions for sustainable local development and provide equal employment opportunities for local people. The Group's services and products also add value to the societies' resources and infrastructures. As a global company with local expertise, we therefore promote the importance of recognising our social responsibilities where we operate to all of our stakeholders.

To support this awareness, the Applus+ Group encourages our professionals to play an active role in their areas, supporting local development and educational projects within many communities around the world.

Social action

The Applus+ Group deploys its social commitment locally, with our social initiatives managed by local employees. This offers our people the insights to identify and really understand the human issues as they affect communities locally, and support effective social actions that ensure targeted social benefits.

We also give our teams the autonomy to make the most suitable decisions in each region to facilitate the most appropriately-designed social programmes.

SOCIAL ACTION FOCUS

In 2019, Applus+ focused our social action on the following lines, which are completely aligned with the social actions already been implemented in the past years by the Group.

RELEVANT ACTIONS BY APPLUS+ AND OUR PEOPLE

SOCIAL SPONSORSHIPS OR DIRECT FINANCIAL CONTRIBUTIONS

Employees from Applus+ in Ireland donated over €4,000 to the homeless

With the increase of homelessness in **Ireland**, our team from Applus+ fostered an initiative to raise money for some of the immediate needs accompanying the hardship of this social disadvantage.

During 2019, our employees participated in a series of fundraising activities and donated more than €4,000 to a charity that helps the homeless in Ireland. This charity known as "The Capuchin Centre" offers lunch and dinner, totalling around 5,000 meals per week, where recipients can also take showers and pick up clean clothes. All the money raised by the staff of Applus+ in Ireland went to provide food and shelter to the homeless there.

This dedication to their local people sees Applus+ in Ireland committed to continue raising funds for the homeless in Ireland annually.

"Giving Back" at Applus+

"Giving Back" is a monthly activity that Applus+ runs in **Indonesia** as part of their social benefit initiatives. In one of their activities, carried out in September 2019, our staff visited a local orphanage in Pondok Pinang, Jakarta and shared some donations and happiness with 100 orphans.

Through this initiative, we offer support for the social needs of the community's children, contributing to operational support of the orphanage, mainly by donations covering mainly nutrition, health and daily needs.

"Giving Back" contributes to the environment and social welfare, and the programme also harmonises local support from employees with global corporate citizenship to give back to communities where we operate.

Enhancing life-opportunities for people with different capacities in Spain

Applus+ in Spain runs several activities that support foundations and associations working with people who have different intellectual capacities.

✓ **Charitable Markets**

In May 2019 Applus+ organised a solidarity market with the Prodis Special Employment Centre Foundation in Madrid's offices, which raised funds to finance training projects for the organisation. The market event sold products made by the association's young people different intellectual capacities.

In December 2019, teams from Applus+ also sponsored other similar charity markets at different locations in Spain, including Sevilla, Sada, Madrid or Bellaterra. In Bellaterra in Spain, for example, the Robin Hood association sold food made by people with different intellectual capacities.

The total collected in these five markets in 2019 amounted around €7,000; these benefits went entirely to foundations dedicated to people with different intellectual capacities

✓ **Merchandising**

We have included corporate merchandise made by the people from the Prodis Foundation, which supports social inclusion for people with different capacities. Their products are now part of the Division's purchasing catalogue for lanyards, webcam covers, bottles and cases for corporate mobile phones.

✓ **Christmas hampers**

The Automotive Division in Spain orders their Christmas hamper gifts for their employees from the Cares Foundation.

✓ **Leadership and team-building for people with disabilities**

Our personnel assist people with disabilities at the foundation to led team-building activities delivered to the Applus+ employees.

✓ **Direct economic donations**

Donations in financial support: €3,000 to Prodis Foundation and €30,000 to ADCOR, NGOs in Spain supporting people with disabilities through day centres and employment services.

EDUCATING YOUNG PEOPLE TO CAPITALISE FROM NEW TECHNOLOGY

Women and Girls in Science Day

On the *International Day of Women and Girls in Science*, the Energy & Industry Division in **Spain** participated in a **conference for young schoolchildren about** the **role of women in science** and how their presence improves inclusivity.

"Jo Enginyera" project

Presenting at conferences for **secondary-school students**, **women from the IDIADA Division's team** in **Spain share their academic and professional experiences on their paths to** technical positions at Applus+, and they offer their young audiences insights into the options open in their professional careers.

Our "Jo Enginyera" project started in 2010, and since then we have spread this message to over 1,500 young people. These positive stories help spark an interest in women to consider the Automotive and Engineering sector, while contributing to breaking gender stereotypes.

Each year, the IDIADA Division puts out a call to the women in their team to stand as nominees to share their experiences with the young women exploring careers in engineering.

VULCANUS programme

The VULCANUS programme **brings together Japanese engineering students and companies based in** European Union to fulfil industrial placements for overseas work experience. During 2019, the students work within the IDIADA team under the supervision of key project managers.

During their time with Applus+, the students are given the opportunity to contribute to several cross-departmental projects. Prior to starting with Applus+, they attend a seminar in Brussels to increase their familiarity with the EU and undertake a 15-week language course to support their stay.

Applus+ has hosted 30 Japanese students over the 12 years participating in the programme.

The scheme has enabled the visitors to **gain** an understanding of **European approaches to team-working and decision-making**, as well as explore how to manage **cross-cultural issues.**

Collaboration with the professional training *Formula Student* programme and *Kart Academy* at the IDIADA Division.

The **IDIADA** Division **co-sponsors a number of vehicle-engineering related events in Spain**, collaborating with advice and answering technical questions from the participating students.

- **Formula Student** is a training project that involves the design, development and construction of a single-seater racing car. The project climaxes with a competitive race among the students from universities all over the world at the Circuit of Catalunya.

Kart Academy is an educational project aimed at designing, building and competing in a go-kart, developed by students from institutes and schools for automotive training.

The Division promotes voluntary participation in these event among its professionals, with the aim of promoting the company and capturing the attention of the students as potential talent for Applus+ in the future.

SUPPORTING DISADVANTAGED GROUPS

Applus+ with the "Heroes of Colombia"

In 2017, Applus+ in **Colombia** signed an **alliance** with the Matamoros Corporation to support work and social **inclusion opportunities for people with disabilities. The programme helps integrate these employees into** different projects and administrative areas of Applus+ in Columbia.

Our work-support programme encourages these personnel to develop their personal and professional skills, and also generates new life projects away from disability, as well as support their social, economic and emotional rehabilitation.

In February 2018, the partnership began with linking 11 people with disabilities to roles within Applus+. In **2019,** there are **nine collaborators** with physical disabilities, caused by injuries in combat and/or in activities related to their work in military or police services, working at several business areas in Colombia.

Energy-efficient light bulbs donation to low-income communities

The Energy & Industry Division at Applus+ in **Colombia** donated energy-efficient light bulbs to **contribute to** better energy use in **communities with** extreme **poverty**, who have just accessed electricity through a project developed by the National Risk Management Unit.

"Kilo-ropa": Donation of one kilogram of food for every ten kilograms of clothes

The Automotive Division in **Spain** organised this initiative, which had a twin objective:

- Recycle garments of old Applus+ uniforms responsibly, collaborating with a Galician company focused on workforce integration.
- Donate one kilogram of food to a local organisation for social causes, for every ten kilos of clothes collected. The collection containers were located in some of our statutory vehicle inspection stations to receive the clothes donated by both our customers and our staff.

Agreement with the San Jose Foundation for children to recycle paper

Through an **agreement with** the San José **Foundation for the adoption of children**, the Energy & Industry Division at Applus+ in **Chile** participates in an initiative to reduce administrative waste through the better recycling of paper waste. In addition, with the money collected by the recycling, this initiative contributes to the foundation, **supporting it in its work** to welcome women with unwanted pregnancy, new-borns, children and future adoptive parents.

There are already more than 20,000 companies that have committed to recycling their white paper, photocopies and other types, promoting both sustainability among its employees and also solidarity with children. In the participating companies, waste-collection boxes are distributed by a waste-recycling company, who issue a donation certificate to companies gathering more than 100 kilograms of paper annually.

Through the initiative, paper consumption has been reduced by 6% compared to 2018, with 680 kg of paper being recycled - equivalent to approximately 12 trees.

Ecoembes project "Recycle to change lives"

Applus+ in **Spain** has developed a collaboration with Ecoembes to promote the social inclusion of people at risk of exclusion. The project connects the employment needs of Applus+ with people in vulnerable situations seeking work in the sector.

CARING FOR LIFE-THREATENING ILLNESS

DKMS Foundation campaign: "Together against blood cancer"

Applus+ in **Chile** conducts **campaigns** towards all of its personnel to help find compatible **donors for people with blood cancer or** to **facilitate access to treatment**, no matter where they are in the world.

The Human Resources department in Chile encourages its employees to donate blood stem cells. Through this awareness initiative, Applus+ are helping to nurture the international community of blood stem-cell donors, with the goal that every day more people have a second chance to live and recover from blood cancer.

"Ride 4 the Roses" cycling course

Applus+ in the Netherlands entered a cycling event called "Ride 4 the Roses" to help raise money for research in the control of cancer. The event collected a total of €852,709, and all the money raised was invested completely into new techniques for the global fight against cancer. A team of employees from Applus+ in the Netherlands entered the event, and rode in the company's sponsored cycling gear.

TV3 Marathon for the fight against minority diseases

For the second year, the Laboratories Division in **Spain** sponsored the "Cursa solidària" (Solidarity Run) organised by the Autonomous University of Barcelona.

This was the eighth edition of the race, which was held in Barcelona on 15th December in support of the "La Marató" Foundation of TV3. This year the funds from the participants' registration contributed to research into rare diseases.

Blood donation campaigns

Applus+ Velosi from the Energy & Industry Division in the **United Arab Emirates** organised an event to promote the donation of blood and to support the local blood bank, with donation campaigns also being held in Spain (Bellaterra y Madrid).

PROMOTING SAFE AND HEALTHY LIFESTYLES

At Applus+, different actions related to co-funding of Gymnasiums' fees and economic and material support for the employees who participate on runs to promote healthy habits were developed.

"Don't play with fire" campaign

The Automotive Division in Costa Rica launched its "Don't Play with Fire" campaign in partnership with the Costa Rica Fire Service to prevent fires in vehicles, following a rise in the number of these types of accidents. The initiative is being developed jointly with the Costa Rican Fire Department, the Traffic Police and the Road Safety Council.

Deploying a series of messages at the local vehicle inspection stations and across social media and other communications channels, the Costa Rican authorities and Applus+ are reminding vehicle owners of the importance of carrying out regular vehicle-safety checks.

"Beat Diabetes Walk" campaign

Thirty-five employees from **Applus+ Velosi** in United Arab Emirates **participated** in the 11th edition of the "Beat Diabetes Walk" campaign in November 2019.

This initiative is a **significant event to** meaningfully engage with the community on this important health issue, and helps to spread awareness about the risks of diabetes to a large cross-section of the community.

The three-kilometre walkathon was held in Dubai, the UAE, with over 20,000 UAE residents taking part in the event to promote diabetes awareness and pledged to lead an active and healthier lifestyle.

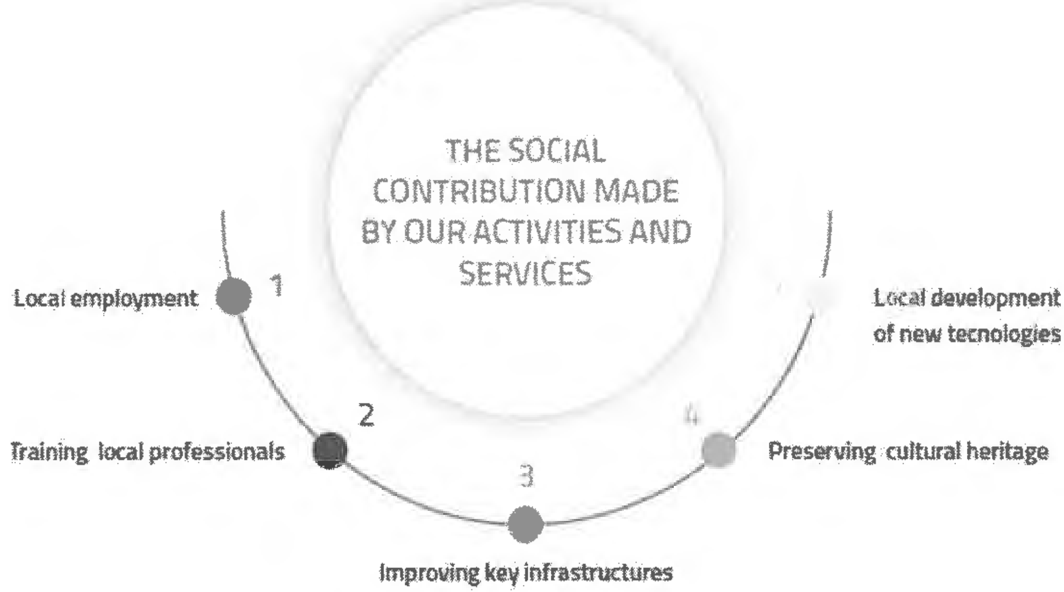
All of the proceeds from the registrations **contribute to** a foundation for **diabetes research, awareness and care**

The contribution of our services to development

OUR MAIN CONTRIBUTIONS

Our activities contribute to the **competitiveness of** local **companies and developmental growth of countries** in several ways.

LOCAL SOCIO-ECONOMIC DEVELOPMENT



Overall, **our engagement with local communities through projects and operations contribute by**:

1. Promoting **employment in local communities**: direct hiring of employees on our projects at a local level, and generating indirect employment through contracting local suppliers for our activities. Applus+ increased his staff with a net job creation of more than 2,300 new jobs in the last 4 years.

2. **Training** local experts to deliver specific capabilities and sharing our acquired expertise in technical areas of our business.

The Applus+ Group also participates in numerous technical groups to develop regulations, and in professional associations to establish dialogue with stakeholders. These contributions foster the development and implementation of technological and legislative policies.

Creating employment opportunities and contributing to economic growth in our local communities is one of our most relevant social commitments.

Percentage of Applus+ workforce **hired locally** in 2019 is **86%;** Percentage of **local suppliers** in 2019 is **90%.**

Further to these local commitments, the testing, inspection and certification (TIC) **services and activities delivered by the Applus+ Group's four divisions help** the **socio-economic development of local communities at a wider level.**

The Group's TIC services provide technical expertise in a diverse range of products and services, and we help safeguard operations, assets and product quality in power, renewables, telecommunications, automotive, oil and gas, civil infrastructures construction, mining and aerospace to name some examples. Many of our activities support projects which are considered key for the country's structural development, and we contribute to social and economic growth locally by:

3 **Collaborating on key infrastructure improvements**:

- creating or **upgrading access** routes or developing **better road networks**
- delivering **Quality Assurance on construction;** health and safety inspections for **safer infrastructures** at power or water facilities, through quality and safety inspections; and delivering efficiency solutions in key areas (i.e. energy-efficiency area, government programmes, etc.)

4 Contributing to **preservation of local culture** by maintaining **heritage** sites

5 Encouraging local innovation by **bringing new technologies or pioneering techniques for local implementation;** for example in industrial inspection, independent vehicle-emissions testing equipment, infrastructure testing and automotive passive-safety testing

RELEVANT PROJECTS

LOCAL EMPLOYMENT INITIATIVES

Supporting local employment on an oil & gas project in Darwin, Australia

For over 10 years, Applus+ **has been employing local technical and administrative personnel** at its Darwin office in East Arm. In this time, Applus+ has employed 15 Darwin-based staff, who primarily work on a contract for an oil & gas major implementing a large-scale LNG Project in the region.

The LNG project is now fully operational, and Applus+ plan to increase the residential workforce to fulfil the inspection and technical roles required on the plant's assets.

With the collaboration of the project's client, Applus+ is offering current and potential new team members the opportunity to relocate to Darwin with their families to join the residential team. The support combines training and other initiatives to ensure that Applus+ can provide the right inspection and technical staff needed for delivering inspection services on the project.

Applus+ is strongly committed to supporting the project, and this further collaboration cements our long-term support in the Northern Territory and for the local community.

PROGRAMMES FOR TRAINING LOCAL PROFESSIONALS

Saudi National Inspector training programme

This programme is delivering our compliance commitments with the Saudi National Transformation Programme, which obliges Saudi companies to employ a certain percentage of Saudi nationals as part of the Saudi Vision 2030.

The training **aims to provide systematic experience to Saudi national trainees** and **enable the recruits to become qualified and competent inspection engineers.**

The programme is training a new generation of local workforce to perform NDT inspection activities on construction projects, in accordance with the client's and international standards.

Our training and orientation provides trainees with an overview of Applus+ and the Oil & Gas industry, and the courses emphasise the local major oil company's specifications, quality assurance and quality control concepts, NDT inspection and reporting techniques.

CONTRIBUTION TO IMPROVING KEY LOCAL INFRASTRUCTURE

Electrical-systems project for the energy sector in Colombia

A Colombian market leader in the supply and sale of electrical power has awarded Applus+ a contract to **monitor, measure and verify its electrical systems** in the city **of Bogotá (Colombia)**.

The project will be rolled out over the coming three years, and Applus+, through its Energy & Industry Division's team in the country, will provide services in the capital's South-Eastern Zone and surrounding areas.

The contract provides a range of inspection services to ensure the power grid and distribution lines are fit for purpose and any energy losses are controlled. The project's scope includes the maintenance planning and implementation of the technical measures required for NDT electrical inspections at the company's various facilities and assets.

Quality assurance and control at a water desalination plant in Chile

Applus+ has won **a contract from an** investment consortium to deliver inspection, **Quality Assurance and Quality Control** services during the construction of a **seawater desalination plant,** which will **supply water to the Spence mine in Chile.**

The seawater desalination plant will produce at a capacity of 86,400m^3 per day by a process known as reverse osmosis, and the services will be delivered in two stages at the plant in northern Chile's Antofagasta region.

Applus+ will deploy technicians in the first stage of the project, covering the engineering, construction and commissioning phases. Following the plant's start up, Applus+ will provide NDT inspection service during the plant's operation, which will run for 20 years.

HELPING TO PRESERVE CULTURAL HERITAGE

Quality control of masonry at Gaudi's Sagrada Familia in Barcelona (Spain)

Three years ago, our **team began to perform quality control inspections on materials and masonry** at Antoni Gaudi**'s** architectural masterpiece and iconic cathedral in Barcelona (**Spain**). The work is expected to end in 2026, coinciding with the centenary of Gaudi's death.

Our team has been successfully solving the difficulties associated with this complex project, like the quality control of over 15,000 pieces for seven different types of masonry structures, which had to be assembled according to a special construction technique; or to fit the 'stone-on-stone' structure, and, due to the construction method without concrete and the geometry of the pieces, our team had to perform exhaustive controls and laboratory tests.

Applus+ Energy & Industry in the northeast area of Spain has been leading and coordinating the project since the start of the contract, with the support of the Division's Construction Laboratory in the northwest and south region.

FOSTERING LOCAL DEVELOPMENT OF NEW TECHNOLOGIES

Evaluating drone UAV inspections for the Costa Rican Institute of Electricity (ICE)

At the request of the Inter-American Development Bank, Applus+ has been drawing from our knowledge for asset inspections using of UAV drones to evaluate the feasibility of aerial-surveillance inspection techniques for power lines in Latin America.

This consultancy project entailed an assessment of UAV inspection opportunities for the ICE Group's various electricity and telecommunications businesses. Our work focused on defining the most appropriate drones and equipment for inspection at each of the ICE business areas and locations – assessing the drone model, level of autonomy and the suggested frequency of use.

Through this project, the Energy & Industry Division has identified the key benefits and limitations of using drones for aerial surveillance on the ICE's asset inspections, and our team's analysis identified the strengths, weaknesses, opportunities and threats linked to the use of UAV drones to inspect, monitor and collect data on powerlines and infrastructures.

Thanks to our extensive experience in UAV drone inspection techniques and surveillance, Applus+ provided training and awareness sessions to ICE personnel on how to use drones effectively.

Pioneering road-surface auscultation contract in Panama

Applus+ in Panama has been awarded a **road-surface auscultation contract** by a road concessionaire in Panama. The project measures the structural and functional variables of road surfaces to assist in improving road management by planning maintenance and intervention more effective and timely.

Our team will survey approximately 50 km of roads under this contract, which represents more than half of Panama's toll roads. The project scope includes: **assessing structural and functional variables using high-performance auscultation equipment**; visually inspecting the roads; assessing the state of the road surface; and providing recommendations for efficient road management.

Applus+ in Panama is delivering the work with close collaboration with the road-surface auscultation team at the Energy & Industry Division in Spain.

10. ABOUT THE REPORT

Approach to sustainability reporting

This report has been prepared in accordance with the **GRI Standards, Core option**. The information reflects all of the Applus+ Group's operations and activities during **2019 (1st January – 31st December).** The Applus+ CSR Report is published **annually.**

The report covers the requirements under the **Spanish Law 11/2018**, 28th December, which modifies the Commercial Code; the revised text of the Capital Companies Act approved by Royal Legislative-Decree 1/2010, 2nd July; and Law 22/2015, 20th July, of Audit of Accounts, in the matter of non-financial information and diversity.

This report constitutes the **2019 Global Compact's Communication on Progress** (CoP) of the Applus+ Group (GC Active level).

In the **cross-reference tables**, we link the information required by GRI Standards, the UN Global Compact, and Law 11/2018, 28th December, to the corresponding section within the report.

The report is based on the following **principles**, used to define its **contents** with the most suitable **quality** level:

PRINCIPLES FOR DEFINING REPORT'S CONTENTS

Stakeholder inclusiveness

The report's content draws from the outcomes of our stakeholder's interest assessment and engagement processes, which are undertaken specifically for the report (see Materiality Analysis)

Materiality

We made a materiality analysis in order to identify the most important topics for Applus+ and for our main stakeholders. We reviewed material topics respect to relevant global trends and specific relevant business activity sectors, to the interests of the Applus+ Group and of our stakeholders (see Materiality Analysis)

Sustainability context

Applus+ presents its performance with reference to broader sustainable development conditions and goals, as reflected in recognised sectorial, local, regional or global instruments (see CSR Policy and CSR Strategic lines).

Completeness

Comprehensiveness is covered by the material topics considered in the report and the development of each one along the reporting period

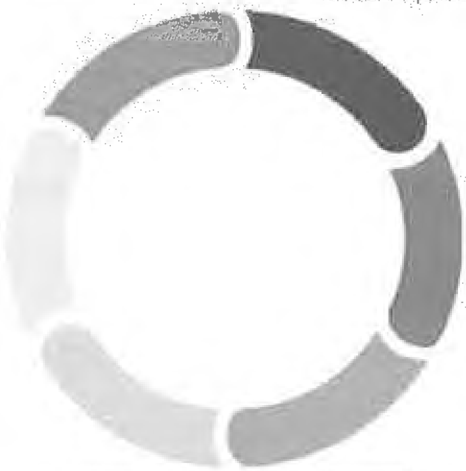
PRINCIPLES FOR DEFINING REPORT'S QUALITY

Accuracy

The report indicates measured data, estimated data and the bases for calculation

Balance

The report covers both favourable and unfavourable results and topics. The emphasis on each topic reflects their relative priority.



Timeliness

The report clearly indicates the period to which the information relates, when it will be updated, and when the latest updates were made.

Clarity

Stakeholders can find the specific information they want without unreasonable effort.

Reliability

The report identifies the original sources of the information in the report. Representation is available from the original data

Comparability

The report and its information can be compared on a year-to-year basis. Significant variation is identified and explained.

Cross-references table: GRI and Global Compact

GENERAL CONTENTS			
GRI Indicator	**DEFINITION**	**CSR Report 2019**	**UN Global Compact**
101	Foundation	About the report	
102-1	Name of the organisation	Applus Services, S.A.	
102-2	Activities, brands, products and services	A+ at a glance Services	
102-3	Location of headquarters	Applus Services, S.A. head offices: • Parque Empresarial Las Mercedes Campezo, 1, Edif. 3, 4ª planta 28022 Madrid • Campus UAB – Ronda de la Font del Carme, s/n 08193 Bellaterra – Barcelona	Organisation's profile and operational context
102-4	Location of operations		
102-5	Ownership	A+ at a glance Our clients	
102-6	Markets served		
102-7	Scale of the organisation		Principle 6
102-8	Information on employees and other workers	Our people in figures	Principle 6
102-9	Supply chain	Our suppliers	Principle 1 Principle 7 Principle 10
102-10	Significant changes to the organisation and its supply chain	Applus+ has not made organisational changes during 2019	
102-11	Precautionary principle or approach	Environmental management approach	Principle 7
102-12	External initiatives	Business ethics and Compliance Human Resource policies Economy management approach Quality and excellence Environmental management approach	Sustainability context
102-13	Membership of associations	Strategic alliances	
102-14	Statement from senior decision-maker	Letter from the Chairman and the CEO	Statement by the Chief Executive
102-15	Key impacts, risks and opportunities	Impacts and risk management	
102-16	Values, principles, standards and norms of behaviour	Sustainability within the Group's mission, vision and values Group's strategy CSR Policy CSR lines of action Business ethics and Compliance	Principle 10 Decision-making processes
102-17	Mechanisms for advice and concerns about ethics	Business ethics and Compliance	Principle 10
102-18	Governance structure	Corporate governance	Decision-making processes
102-40	List of stakeholder groups	Commitment to our stakeholders	
102-41	Collective bargaining agreements	Human Resource policies Annex I. Data related to Human Resources	Principle 3

GENERAL CONTENTS			
GRI Indicator	**DEFINITION**	**CSR Report 2019**	**UN Global Compact**
102-42	Identifying and selecting stakeholders	Commitment to our stakeholders	Stakeholder engagement
102-43	Approach to stakeholder engagement	Commitment to our stakeholders	
102-44	Key topics and concerns raised	Commitment to our stakeholders	Commitments, strategies or policies, and management systems to integrate the principles
102-45	Entities included in the consolidated financial statements	Annual Financial Accounts	
102-46	Defining report content and topic Boundaries	Commitment to our stakeholders	
102-47	List of material topics	Commitment to our stakeholders	
102-48	Restatements of information	No restatements of information	
102-49	Changes in reporting	Commitment to our stakeholders	
102-50	Reporting period	2019: January 1st to December 31st	
102-51	Date of most recent report	February 2019	
102-52	Reporting cycle	Annual	
102-53	Contact point for questions regarding the report	teresa.sanfeliu@applus.com	
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI standards' Core option	
102-55	GRI content index	Cross-references table: GRI and Global Compact	
102-56	External assurance	Report's verification statement	
103-1	Explanation of the material topic and its boundary	Commitment to our stakeholders	
103-2	The management approach and components	Business ethics and Compliance Employment and human capital management Economy management approach Quality and excellence Environmental management approach CSR lines of action CSR Highlights for 2019 Impacts and risk management Commitment to our stakeholders	Completeness Practical actions description and measurement of outcomes
103-3	Evaluation of the management approach		
ECONOMIC TOPICS			
201-1	Direct economic value generated and distributed	Economic Value Added (EVA)	
201-2	Financial implications and other risks and opportunities due to climate change	Impacts and risk management	Principle 7
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Employment and human capital management	Principle 6

GENERAL CONTENTS			
GRI Indicator	**DEFINITION**	**CSR Report 2019**	**UN Global Compact**
203-2	Significant indirect economic impacts	Impacts and risk management Innovation The contribution of our services to development	
204-1	Proportion of spending on local suppliers	Our suppliers	
205-2	Communication and training about anti-corruption policies and procedures	Business ethics and Compliance	Principle 10
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Business ethics and Compliance	Principle 10
ENVIRONMENTAL TOPICS			
301	Materials	Due to the nature of our activity, all environmental impacts derived from activities inherent to manufacturing processes (use of raw materials or products, packaging, freight forwarding, etc.) are excluded from our management framework.	
302-1	Energy consumption within the organisation	Energy and emissions	Principle 7 Principle 8 Principle 9
302-3	Energy intensity	Energy and emissions	
303-3	Water withdrawal	Waste, water and effluents	Principle 7 Principle 8 Principle 9
304	Biodiversity	The activities of Applus+ do not generate direct impacts on biodiversity; on the contrary, most of our services help our clients to minimise the impacts of their activities (see section Our environmental contribution by TIC services).	Principle 8 Principle 9
305-1	Direct (Scope 1) GHG emissions	Energy and emissions	Principle 7
305-2	Energy indirect (Scope 2) GHG emissions	Energy and emissions	
305-3	Other indirect (Scope 3) GHG emissions	Energy and emissions	
305-4	GHG emissions intensity	Energy and emissions	
306-1	Water discharge by quality and destination	Waste, water and effluents	Principle 7

GENERAL CONTENTS			
GRI Indicator	**DEFINITION**	**CSR Report 2019**	**UN Global Compact**
307-1	Non-compliance with environmental laws and regulations	Applus has not identified relevant/material issues of non-compliance with environmental laws and/or regulations.	Principle 8
308-1	New suppliers that were screened using environmental criteria	Our suppliers Environmental management approach	Principle 8
SOCIAL TOPICS			
401-2	Benefits which are standard for full-time employees of the organization but are not provided to temporary or part-time employees, by significant locations of operation.	Employment and human capital management	Principle 6
402-1	Minimum notice periods regarding operational changes	Human Resource policies	Principle 3
403-2	Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety	Principle 1
404-1	Average hours of training per year per employee	Training and communication	Principle 6
405-1	Diversity of governance bodies and employees	Board of Directors Employment and human capital management Annex I. Data related to Human Resources	Principle 6
406-1	Incidents of discrimination and corrective actions taken	No incidents have been identified	Principle 6
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	No operations and suppliers, in which the right to freedom of association and collective bargaining may be at risk, have been identified.	Principle 3
408 409	Child Labour Forced or Compulsory Labour	These topics are not considered potential Human Rights issues for the Group because its activities require high levels of education and specialisation. Notwithstanding, we have established the necessary internal policies and controls to avoid these type of bad practices (see section Respect for Human Rights).	Principle 4 Principle 5

GENERAL CONTENTS			
GRI Indicator	DEFINITION	CSR Report 2019	UN Global Compact
410	Security Practices	This topic does not apply to Applus+ because the Group does not outsource this type of service when developing its projects and services.	
411-1	Incidents of violations involving rights of indigenous peoples	Respect for Human Rights	Principle 1 Principle 2
412-2	Employee training on human rights policies or procedures	Business ethics and Compliance	Principle 1 Principle 2
413-1	Operations with local community engagement, impact assessments and development programs	The contribution of our services to development	Principle 1
414-1	New suppliers that were screened using social criteria	Our suppliers	Principle 1 Principle 7 Principle 10
415-1	Political contributions	The Applus+ Group explicitly forbids monetary contributions to parties and/or political representatives.	Principle 10
416 417	Customer Health and Safety Marketing and Labelling	Due to the nature of the Group's activities, all issues derived from activities inherent to the manufacturing processes (use of raw materials or products, packaging, freight forwarding, etc.) are excluded from its management framework.	
418-1	Substantiated complaints concerning breaches of customer	Quality and excellence	
419-1	Non-compliance with laws and regulations in the social and economic area	The Group has not been subject to any material payment nor imposition of significant fines and non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area.	Principle 10

Cross-references table. Spanish Act 11/2018

SPANISH LAW CONTENTS		GRI STANDARD	CSR REPORT
BUSINESS MODEL	Description of the group's business model	GRI 102-2 Activities, brands, products, and services GRI 102-4 Location of operations GRI 102-6 Markets served GRI 102-7 Scale of the organisation	A+ at a glance Our clients Quality and excellence
INFORMATION ON ENVIRONMENTAL MATTERS	Policies	GRI 103-2 The management approach and its components GRI 103-3 Evaluation of the management approach	Environmental management approach
	Risk principles	GRI 102-15 Key impacts, risks, and opportunities	Impacts and risk management
	General	GRI 307-1 Non-compliance with environmental laws and regulations GRI 102-11 Precautionary Principle or approach	Environmental management approach. Due to the Group's activities, it does not have any liabilities, expenses, assets, provisions, or contingencies of an environmental nature that could be significant in relation to the Group's equity, financial position and results.
	Contamination	GRI 103-2 The management approach and its components	Environmental management approach Impacts and risk management
	Circular economy and waste prevention and management	GRI 103-2 The management approach and its components	Environmental action Waste, water and effluents
	Sustainable use of resources	GRI 103-2 The management approach and its components GRI 102-2 Activities, brands, products, and services GRI 302-1 Energy consumption within the organization GRI 302-3 Energy intensity GRI-303-3 Water withdrawal	Energy and emissions Waste, water and effluents Environmental action
	Climate change	GRI 305-1 Direct (Scope 1) GHG emissions GRI 305-2 Energy indirect (Scope 2) GHG emissions GRI 305-3 Other indirect (Scope 3) GHG emissions GRI 305-4 GHG emissions intensity GRI 103-2 The management approach and its components	Energy and emissions Environmental action
	Protection of biodiversity	GRI 103-2 The management approach and its components	Our environmental contribution by TIC services. The activities of Applus+ do not generate

SPANISH LAW CONTENTS		GRI STANDARD	CSR REPORT
			direct impacts on biodiversity; on the contrary, most of our services help our clients to minimise the impacts of their activities (see section Our environmental contribution by TIC services).
INFORMATION ON SOCIAL AND PERSONNEL MATTERS	**Policies**	GRI 103-2 The management approach and its components GRI 103-3 Evaluation of the management approach	Business ethics and Compliance Employment and human capital management CSR lines of action CSR Highlights for 2019
	Risk principles	GRI 103-3 Evaluation of the management approach	Impacts and risk management
	Employment	GRI 102-7 Scale of the organization GRI 102-8 Information on employees and other workers GRI 405-1 Diversity of governance bodies and employees GRI 102-8 Information on employees and other workers GRI 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees GRI 405-1 Diversity of governance bodies and employees	A+ at a glance Our people in figures Human Resource policies Employment and human capital management Board of Directors Annex I. Data related to Human Resources
	Work organisation	GRI 102-8 Information on employees and other workers GRI 103-2 The management approach and its components	Our people in figures Human Resource policies
	Health & Safety	GRI 103-2 The management approach and its components GRI 403-2 Hazard identification, risk assessment, and incident investigation	Occupational health and safety
	Company relations	GRI 102-43 Approach to stakeholder engagement GRI 402-1 Minimum notice periods regarding operational changes GRI 102-41 Collective bargaining agreements	Commitment to our stakeholders Human Resource policies
	Training	GRI 103-2 The management approach and its components GRI 404-1 Average hours of training per year per employee	Training and communication

SPANISH LAW CONTENTS		GRI STANDARD	CSR REPORT
	Accessibility	GRI 103-2 The management approach and its components	Employment and human capital management
	Equality	GRI 103-2 The management approach and its components	Employment and human capital management
		GRI 103-2 The management approach and its components	
		GRI 406-1 Incidents of discrimination and corrective actions taken	
INFORMATION ON THE RESPECT OF HUMAN RIGHTS	**Policies**	GRI 103-2 The management approach and its components	Business ethics and Compliance Respect for Human Rights
		GRI 412-2 Employee training on human rights policies or procedures	
	Risk principles	GRI 103-3 Evaluation of the management approach	Impacts and risk management
	Human Rights	GRI 103-2 The management approach and its components	Business ethics and Compliance Respect for Human Rights
		GRI 411-1 Incidents of violations involving rights of indigenous peoples	
		GRI 419-1 Non-compliance with laws and regulations in the social and economic area	
		GRI 103-2 The management approach and its components	
INFORMATION RELATED TO COMBATING BRIBERY AND CORRUPTION	**Policies**	GRI 103-2 The management approach and its components	Business ethics and Compliance
		GRI 103-3 Evaluation of the management approach	
		GRI 205-2 Communication and training about anti-corruption policies and procedures	
	Risk principles	GRI 103-3 Evaluation of the management approach	Impacts and risk management
	Bribery and corruption	GRI 103-2 The management approach and its components	Impacts and risk management Innovation The contribution of our services to development
		GRI 203-2 Significant indirect economic impacts	
		GRI 415-1 Political contributions	
INFORMATION ON THE COMPANY	**Policies**	GRI 103-2 The management and its components	Business ethics and Compliance Employment and human capital management Economy management approach Quality and excellence Environmental management approach CSR lines of action CSR Highlights for 2019 Our suppliers
		GRI 102-9 Supply chain	
	Risk principles	GRI 103-3 Evaluation of the management approach	Impacts and risk management

SPANISH LAW CONTENTS		GRI STANDARD	CSR REPORT
	The company's commitment to sustainable development	GRI 203-2 Significant indirect economic impacts GRI 204-1 Proportion of spending on local suppliers GRI 413-1 Operations with local community engagement, impact assessments, and development programmes GRI 203-2 Significant indirect economic impacts GRI 102-43 Approach to stakeholder engagement GRI 102-13 Membership of associations	Impacts and risk management Our clients The contribution of our services to development Our environmental contribution by TIC services Environmental action Social action Our suppliers Strategic alliances Commitment to our stakeholders
	Subcontracting and suppliers	GRI 103-2 The management approach and its components GRI 102-9 Supply chain GRI 308-1 New suppliers that were screened using environmental criteria	Business ethics and Compliance Our suppliers
	Clients	GRI 103-2 The management approach and its components GRI 418-1 Substantiated complaints concerning breaches of customer	Services Quality and excellence
	Tax information	GRI 103-3 Evaluation of the management approach	Tax contribution

11. ANNEX

Data related to human resources

DATA RELATED TO HUMAN RESOURCES

Tier 1: Managers who report directly to Applus+ Group's CEO

Tier 2: Managers who report directly to Tier 1 (Corporate áreas directors, Regionals, Business unit area managers or Country managers if they report directly to Tier 1)

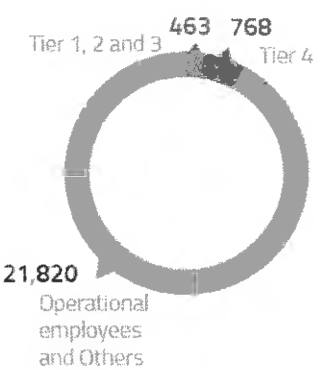
Tier 3: Managers who report directly to Tier 2 (Corporate áreas managers, Heads of departments, Regionals, Business unit área managers or Country managers, Key account managers, Business line managers (if they report directly to Tier 2)

Tier 4: Managers who report directly to Tier 3

Operational employees and others: Any other employee not included in the categories detailed above.

NIVEL ORGANIZATIVO	NUMERO DE EMPLEADOS 2018	NUMERO DE EMPLEADOS 2019
Nivel 1, 2 y 3	580	463
Nivel 4	1.241	768
Empleados operacionales y otros	21.031	21.820
Total	**22.852**	**23.051**

NUMBER OF EMPLOYEES BY ORGANISATIONAL LEVEL



TOTAL EMPLOYEES
23,051

NUMBER OF EMPLOYEES BY GENDER (%)	2019*	2018	2017
Overall employees	80% M – 20%	81% M – 19% F	82% M – 18% F
Management	Tier 1 and 2	Tier 1 and 2	Tier 1 and 2
	80% M – 20% F	86% M- 14% F	84% M- 16% F
	Tier 3	Tier 3	Tier 3
	77% M – 23% F	83% M - 17% F	79% M - 21% F

**The figures cover 99% of Applus+ employees*

**The figures cover 99% of Applus+ employees*

NUMBER OF EMPLOYEES BY GENDER						
REGION	**REGION/ COUNTRY**	**GENDER**	**TIER 1,2 AND 3**	**TIER 4**	**OPERATIONAL EMPLOYEES AND OTHERS**	**TOTAL**
Asia Pacific	**Australia**	**M-Male**	3	13	503	519
		F-Female	2	1	71	74
	Other countries	**M-Male**	36	71	753	862
		F-Female	8	25	269	302
Latin America	**Brazil**	**M-Male**	11	13	497	521
		F-Female	4	1	62	67
	Chile	**M-Male**	2	24	523	549
		F-Female	1	4	201	206
	Colombia	**M-Male**	2	9	1,494	1,505
		F-Female	-	1	525	526
	Guatemala	**M-Male**	1	2	44	47
		F-Female	-	1	4	5
	Panama	**M-Male**	1	5	219	225
		F-Female	-	2	76	78
	Other countries	**M-Male**	14	41	1,127	1,182
		F-Female	2	9	239	250
Middle East and Africa	**Oman**	**M-Male**	1	14	527	542
		F-Female	-	-	15	15
	Qatar	**M-Male**	-	9	357	366
		F-Female	-	1	28	29
	Saudi Arabia	**M-Male**	2	9	992	1,003
		F-Female	-	-	5	5
	Other countries	**M-Male**	9	30	519	558
		F-Female	-	3	60	63
Rest of Europe	**Germany**	**M-Male**	17	17	407	441
		F-Female	5	2	70	77
	Ireland	**M-Male**	12	7	645	664
		F-Female	3	1	144	148
	Netherlands	**M-Male**	4	9	531	544
		F-Female	1	-	70	71
	Other countries	**M-Male**	29	83	1,009	1,121
		F-Female	9	9	157	175
Spain	**Spain**	**M-Male**	175	162	5,438	5,775
		F-Female	57	62	1,867	1,986
USA and Canada	**USA and Canada**	**M-Male**	37	86	1,769	1,892
		F-Female	11	35	402	448
Total			459	761	21,627	22,847

[illegible] and 2019 [illegible]

[illegible]
between 30 and 50%
above 50%

**The figures cover 99% of Applus+ employees*

REGION	REGION/ PAÍS	MASCULINO<30 AÑOS	FEMENINO<30 AÑOS	MASCULINO 30≥AÑOS<50	FEMENINO 30≥AÑOS<50	MASCULINO≥50 AÑOS	FEMENINO≥50 AÑOS
Asia Pacific	Australia	[illegible]	17	[illegible]	[illegible]	104	13
	Other countries	185	97	544	182	133	21
Latin America	Brazil	[illegible]	35	[illegible]	27	64	5
	Chile	119	50	309	134	128	22
	Colombia	[illegible]	245	[illegible]	[illegible]	153	[illegible]
	Guatemala	44	4	3	1	0	0
	Panama	121	45	[illegible]	[illegible]	16	3
	Other countries	421	17	656	148	[illegible]	[illegible]
Middle East and Africa	Oman	[illegible]	9	325	[illegible]	78	0
	Saudi Arabia	329	3	565	2	107	0
	Other countries	132	18	716	69	76	5
Rest of Europe	Germany	38	[illegible]	243	35	[illegible]	[illegible]
	Ireland	[illegible]	12	442	92	156	44
	Netherlands	[illegible]	[illegible]	305	32	165	28
	Other countries	210	42	598	101	313	32
Spain	Spain	1,174	[illegible]	3,540	1,426	[illegible]	[illegible]
USA and Canada	USA and Canada	409	103	1,004	216	479	129
Total		4,096	1,097	11,020	2,816	3,200	618

Figures from 2018 are available on 2018 CSR report
Variations 2018 and 2019 follow the code
below 10%
between 10 and 50%
above 50%

The figures cover 99% of Applus+ employees

EMPLOYEES DISTRIBUTION BY GENDER & AGE (2019/2018)						
	MALE<30 YEARS OLD	FEMALE<30 YEARS OLD	MALE 30≥YEARS OLD<50	FEMALE 30≥YEARS OLD<50	MALE≥50 YEARS OLD	FEMALE≥50 YEARS OLD
2019	18%	5%	46%	12%	14%	3%
2018	19%	5%	46%	12%	13%	3%

The figures cover 99% of Applus+ employees

NUMBER OF DISMISSALS BY GENDER & AGE						
GENDER	MALE			FEMALE		
AGE*	<30 years	30≥years<50	≥50 years	<30 years	30≥years<50	≥50 years
2019	482	1,023	272	105	189	21
2018	289	714	234	74	135	35

The figures cover 99% of Applus+ employees

NUMBER OF DISMISSALS BY GENDER & ORGANISATIONAL LEVEL						
GENDER	MALE		FEMALE		TOTAL	
ORGANISATIONAL LEVEL	Level 2 & 3	Others	Level 2 & 3	Others	Dismissals	%
2019	11	1,766	0	315	2,092	9.2%
2018	26	1,211	14	230	1,481	8.4%

The figures cover 99% of Applus+ employees

NUMBER OF EMPLOYEES BY GENDER & CONTRACT					
REGION	REGION/ COUNTRY	GENDER	PERMANENT	NON-PERMANENT	TOTAL
Asia Pacific	Australia	M-Male	377	[illegible]	[illegible]
		F-Female	58	16	[illegible]
	Other countries	M-Male	359	[illegible]	[illegible]
		F-Female	[illegible]	160	302
Latin America	Brazil	M-Male	466	55	[illegible]
		F-Female	62	5	67
	Chile	M-Male	549	-	549
		F-Female	[illegible]	-	[illegible]
	Colombia	M-Male	[illegible]	-	[illegible]
		F-Female	[illegible]	-	[illegible]
	Guatemala	M-Male	47	-	47
		F-Female	5	-	5
	Panama	M-Male	210	15	225
		F-Female	66	20	[illegible]
	Other countries	M-Male	737	445	[illegible]
		F-Female	[illegible]	[illegible]	[illegible]
Middle East and Africa	Oman	M-Male	287	255	542
		F-Female	16	-	16
	Qatar	M-Male	118	[illegible]	[illegible]
		F-Female	24	5	29
	Saudi Arabia	M-Male	1,003	-	1,003
		F-Female	5	-	5
	Other countries	M-Male	333	[illegible]	558
		F-Female	[illegible]	19	[illegible]
Rest of Europe	Germany	M-Male	405	36	441
		F-Female	67	10	77
	Ireland	M-Male	656	8	664
		F-Female	[illegible]	17	148
	Netherlands	M-Male	484	60	544
		F-Female	[illegible]	12	[illegible]
	Other countries	M-Male	1,044	77	1,121
		F-Female	[illegible]	[illegible]	175
Spain	Spain	M-Male	4,385	1,390	5,775
		F-Female	1,515	471	1,986
USA and Canada	USA and Canada	M-Male	1,878	14	1,892
		F-Female	441	7	448
Total			18,544	4,303	22,847

[illegible]
between 30 and 50%
above 50%

The figures cover 99% of Applus+ employees

PARENTAL LEAVE BY GENDER		TOTAL NUMBER OF EMPLOYEES WHO ENJOYED PARENTAL LEAVE WITHIN THE PERIOD OF THIS REPORT		FROM THESE EMPLOYEES, TOTAL NUMBER WHO RETURNED TO WORK IN THE REPORTING PERIOD AFTER THE PARENTAL LEAVE ENDEN		% RETURN	
		Male	Female	Male	Female	Male	Female
Asia Pacific	Australia	11	5	11	[illegible]	100%	60%
	Other countries	[illegible]	20	[illegible]	4	100%	15%
Latin America	Brazil	0	0	0	0		
	Chile	0	10	0	6		50%
	Colombia	7	21	6	8	[illegible]	38%
	Guatemala	3	0	3	0	100%	
	Panama	0	11	0	9		[illegible]
	Other countries	17	3	11	3	65%	100%
Middle East and Africa	Oman	0	1	0	1		100%
	Qatar	0	2	0	0		0%
	Saudi Arabia	0	0	0	0		
	Other countries	0	5	0	1		20%
Rest of Europe	Germany	10	7	2	1	20%	14%
	Ireland	19	9	19	9	100%	100%
	Nehterlands	8	6	0	2	0%	33%
	Other countries	20	18	6	3	30%	11%
Spain	Spain	274	144	192	[illegible]	[illegible]	53%
USA and Canada	USA and Canada	17	[illegible]	0	1	0%	17%
Total		387	268	[illegible]	130	65%	46%

[illegible]

[illegible]
between 30 and 50%
above 50%

The figures cover 99% of Applus+ employees

NUMBER OF EMPLOYEES BY GENDER & DEDICATION					
REGION	REGION/ COUNTRY	GENDER	FULL TIME	PART TIME	TOTAL
Asia Pacific	Australia	Male	519	0	519
		Female	74	0	74
	Other countries	Male	862	0	862
		Female	301	1	302
Latin America	Brazil	Male	884	37	921
		Female	67	0	67
	Chile	Male	549	0	549
		Female	266	0	266
	Colombia	Male	1,508	0	1,508
		Female	526	0	526
	Guatemala	Male	47	0	47
		Female	5	0	5
	Panama	Male	225	0	225
		Female	77	1	78
	Other countries	Male	1,180	2	1,182
		Female	252	3	255
Middle East and Africa	Oman	Male	542	0	542
		Female	16	0	16
	Qatar	Male	366	0	366
		Female	29	0	29
	Saudi Arabia	Male	1,003	0	1,003
		Female	5	0	5
	Other countries	Male	542	16	558
		Female	58	5	63
Rest of Europe	Germany	Male	427	14	441
		Female	40	37	77
	Ireland	Male	636	28	664
		Female	69	79	148
	Netherlands	Male	526	18	544
		Female	35	36	71
	Other countries	Male	1,081	40	1,121
		Female	143	32	175
Spain	Spain	Male	5,612	163	5,775
		Female	1,574	412	1,986
USA and Canada	USA and Canada	Male	1,749	143	1,892
		Female	401	47	448
Total			21,733	1,114	22,847

between 30 and 50%

above 50%

The figures cover 99% of Applus+ employees

NUMBER OF EMPLOYEES COVERED BY COLLECTIVE AGREEMENTS			
REGION	**REGION/COUNTRIES**	**EMPLOYEES COVERED BY COLLECTIVE AGREEMENTS**	**% EMPLOYEES COVERED BY COLLECTIVE AGREEMENTS**
Asia Paific	Australia	175	30%
	Other countries	330	28%
Latin America	Brazil	588	100%
	Chile	111	15%
	Other countries	29	8%
Middle East and Africa	Other countries	-	0%
Rest of Europe	Germany	332	64%
	Ireland	789	97%
	Netherlands	598	97%
	Other countries	460	36%
Span	Spain	7,761	100%
USA and Canada	USA and Canada	640	27%
Total		12,088	53%

[illegible]
above 50%

Ratio: Annual Compensation of the highest paid individual compared to the AVG Compensation W/O the highest paid individual
The figures cover 93% of Applus+ employees. Excecutive Committee in Spain not included

ANNUAL COMPARISON RATION			
REGIÓN	**REGIÓN/COUNTRY**	**RATIO* 2019**	**RATIO* 2018**
Asia Pacífico	Australia	4.2	2.6
	Otros países	16.6	4.6
América Latina	Brasil	3.1	5.5
	Chile	7.8	6.4
	Colombia	10.7	11.8
	Guatemala	N/A	5.7
	Panamá	5.7	6
	Otros países	11.4	11.7
Oriente Medio y África	Omán	12.2	6.3
	Qatar	4.3	8.3
	Arabia Saudí	7.4	5.6
	Otros países	13.3	13.1
Resto de Europa	Alemania	3.2	3.5
	Irlanda	4.2	4.4
	Países Bajos	4.8	4.1
	Otros países	7.8	5.8
España	España	6	5.6
EE.UU. y Canadá	EE.UU. y Canadá	5.9	7.3

RATIO OF MINIMUN SALARY AND AVG SALARY BY LAW WITHIN THE COUNTRY COMPARED TO THE LOCAL COUNTRY											
REGION	REGION/COUNTRY	Minimun salary within the Region/Country by law		Minimum salary within the Region Country (Applus+)		Minimum salary gap by Gender (Applus+)	% Δ Minimum salary		% Δ Medium salary		
		Male	Female	Male	Female		Male	Female	Male	Female	
Asia Pacific	Australia	[illegible]	[illegible]	30,228.00	[illegible]	-4%	26%	21%	-	-	
	Other countries	1,170.00	1,170.00	9,948.00	9,963.00	0%	750%	725%	57%	2%	
Latin America	Brazil	2,724.00	2,724.00	4,236.00	5,770.00	36%	55%	112%	411%	539%	
	Chile	4,639.00	4,639.00	5,084.00	[illegible]	9%	10%	20%	154%	169%	
	Colombia	2,702.00	2,702.00	2,702.00	4,241.00	57%	0%	57%	-	-	
	Guatemala	-	-	-	-	-	-	-	-		
	Panama	7,572.00	7,572.00	7,572.00	7,572.00	0%	0%	0%	-	-	
	Other countries	[illegible]	[illegible]	6,468.00	5,913.00	-9%	261%	230%	-	-	
Middle East and Africa	Oman	5,761.00	5,761.00	6,188.00	15,394.00	[illegible]	7%	167%	-	-	
	Qatar	-	-	2,849.00	8,786.00	208%	-	-	-	-	
	Saudi Arabia	8,569.00	8,569.00	11,139.00	9,997.00	-10%	30%	17%	-	-	
	Other countries	2,087.00	2,087.00	7,690.00	14,485.00	88%	268%	594%	0%	50%	
Rest of Europe	Germany	17,976.00	17,976.00	28,538.00	31,012.00	9%	59%	73%	-4%	15%	
	Ireland	19,874.00	19,874.00	26,040.00	26,040.00	0%	31%	31%	-1%	-3%	
	Netherlands	21,197.00	21,197.00	25,849.00	35,222.00	36%	[illegible]	66%	-	-	
	Other countries	2,523.00	2,523.00	18,526.00	19,860.00	7%	634%	687%	82%	101%	
Spain	Spain	12,600.00	12,600.00	18,998.00	19,895.00	5%	51%	58%	-	-	
USA and Canada	USA and Canada	13,460.00	13,460.00	27,864.00	30,224.00	8%	107%	125%	24%	9%	

Minimum salary within the Region/Country by law: minimum salary by law provided by HR local teams.

Minimum salary within the Region/Country (Applus+): minimum salary received by an employee within the region/ country

Minimum salary gap by Gender (Applus+): gap between male and female minimum salary as a percentage of male minimum salary.

% Δ Minimum salary: gap between the minimum salary paid in Applus+ and the minimum salary by law, compared to the latter if available

% Δ AVG salary: gap between the average salary in the Applus+ and the published average salary, compared to the latter if available

The figures cover 93% of Applus+ employees: Executive Committee in Spain not included.

[illegible]
between 30 and 50%
above 50%

Applus⊕

Number of employees with benefits		Life Insurance		Health Care		Educational Allowance		Disability and invalidity coverage		Parental Leave		Retirement Provision		Stock Ownership		Others	
		Permanent	Temporary/Part-time	Permanent	Temporary/Part-time	Permanent	Temporary/Part-time	Permanent	Temporary/Part-time	Permanent	Temporary/Part-time	Permanent	Temporary/Part-time	Permanent	Temporary/Part-time	Permanent	Temporary/Part-time
Asia Pacific	Australia									16		19	28				
	Other countries	315	22	410	354	44	1	51		25	1	15	3	2		1	
Latin America	Brazil	110	33	111	33	17								1			
	Chile	170	12	29				15		10				1			
	Colombia	214		1				108		[illegible]						63	
	Guatemala									3							
	Panama	112		1		12				7	4						
	Other countries	63	513	85		1		5	41	9	11			2		41	
Middle East and Africa	Oman	286	238	286	238	1				1				1			
	Qatar	24	331	28	331			1	1	2							
	Saudi Arabia			193													
	Other countries	134	55	119	124					5		1		[illegible]		175	54
Rest of Europe	Germany	271	63	27	6		1	1		13	4						
	Ireland	638	114	23						17	6	643		1		117	6
	Netherlands	491	112	494	121			491	112	14		491	112	3			
	Other countries	90	15	97	22	117	4	36	20	31	7	172	15	1		4,004	
Spain	Spain	447	6	669	17	3		1,396	589	328	90	141		46		2,448	6
USA and Canada	USA and Canada	918		815	3	476		425	2	21	2	883	2	4		1	
Total		4,343	1,514	3,388	[illegible]	671	6	2,529	765	530	125	2,365	170	57	-	6,850	66

The figures cover 93% of Applus+ employees
Life Insurance - Employees who had life insurance as a benefit. In Spain most of the Collective agreements have this due to business trips.
Health Care - Employees who had Health Care as benefit
Educational allowance - Employees who enjoyed specific training programmes as Masters, PhD, etc
Disability and invalidity coverage - Employees who enjoyed disability or invalidity coverage
Parental leave - Employees who enjoyed parental leave
REtirement provision - Employees who received monetary assignations in their retirement plans to top of the local regulations
Stock ownership - Employees who received RSUs
Others - Employees who received any other benefit

Figures from 2018 are available on 2018 CSR report
Variations 2018 and 2019 follow the code
below 10%
between 10 and 30%
between 30 and 50%
above 50%

The figures cover 93% of Applus+ employees

	SALARY GAP BY GENDER			
	2018		2019	
	AVG by Gender	Gap Gender	AVG by Gender	Gap Gender
Male	29,612	-18%	30,770	-21%
Female	24,218		24,264	

Salary gap by organisation level (€)

The figures cover 93% of Applus+ employees.

SALARY GAP BY ORGANISATIONAL LEVEL (€)			
Level	Gender	AVG by Level	Gap by Level
Tier 1,2&3	Masculino	63,836	
Tier 1,2&3	Femenino	51,957	
Tier 4	Masculino	[illegible]	[illegible]
	Femenino	27,998	86%
Tier 5	Masculino	28,260	34%
	Femenino	22,342	25%
Tier 6	Masculino	15,848	[illegible]
	Femenino	18,286	[illegible]

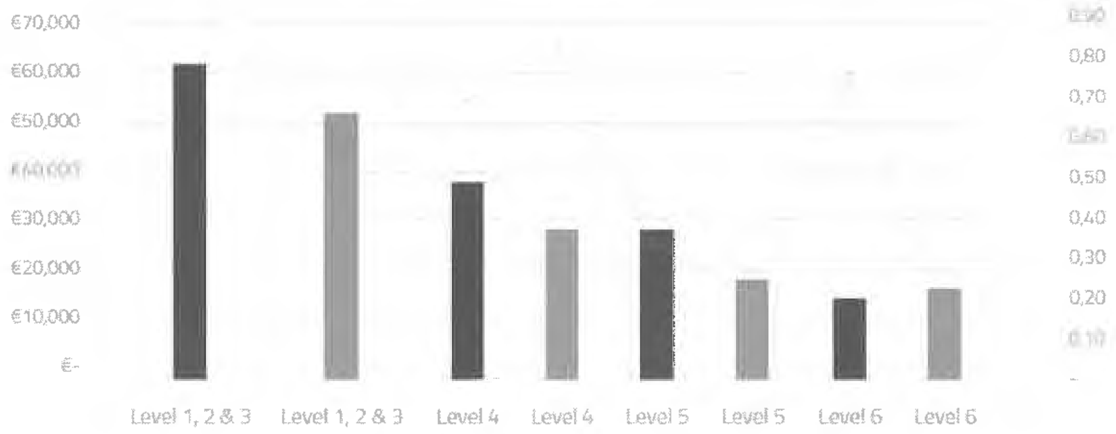
*Figures from 2018 are available on 2018 CSR report. Variations 2018 and 2019 follow the code below 20%

[illegible]

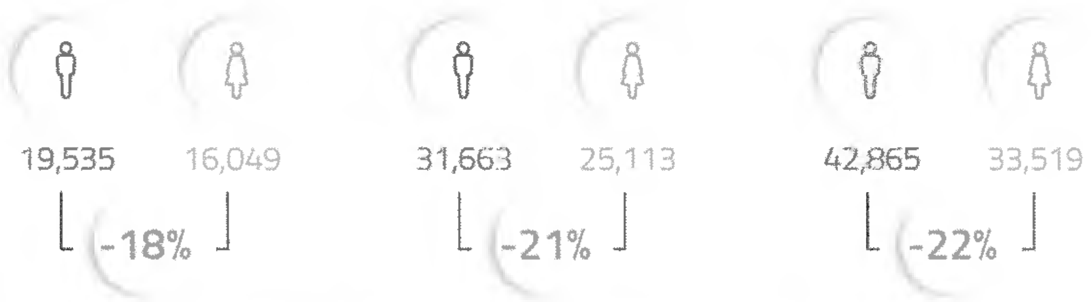
between 50 and 50%

above 50%

SALARY GAP BY ORGANISATIONAL LEVEL (€)



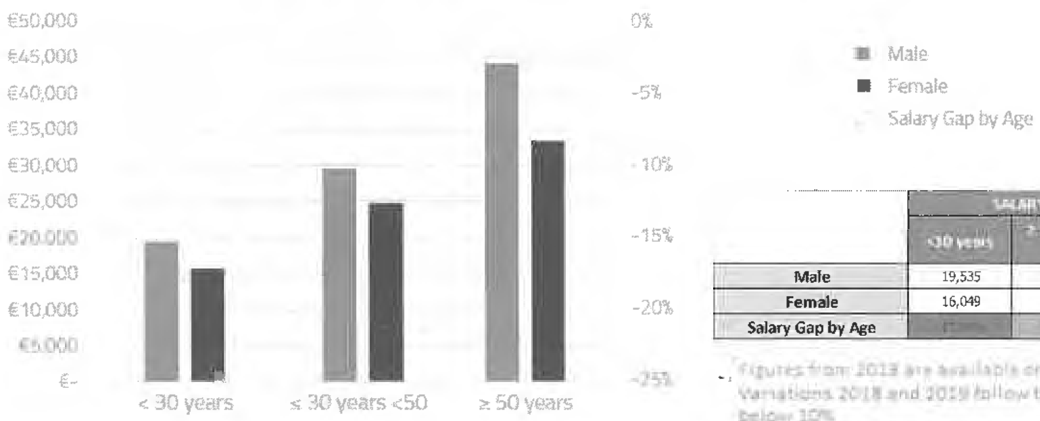
Salary gap by age (€)



(*) Salary gap: understood as the difference between the gross hourly wage of men and of women, expressed as a percentage of the gross hourly wage of men. Advisedly, the calculation of this indicator is not adjusted to the individual characteristics and may explain part of the salary differences between men and women

(**) The remuneration data provided in Annex I only considers our employees' base salary because, due to the peculiarity of our activities, allowances, overtime and bonus systems are closely linked to the projects performed; and therefore including these would distort the data provided for gender. Moreover, to guarantee the comparability of the information, data regarding part-time and employees contracted for less than a year has been extrapolated to full-time employees for the whole year.

SALARY GAP BY AGE & GENDER



	SALARY GAP BY AGE		
	<30 years	≥ 30 years <50	≥50 years
Male	19,535	31,663	42,866
Female	16,049	25,113	33,519
Salary Gap by Age	[illegible]	[illegible]	-22.00%

Figures from 2018 are available on 2018 CSR Report
Variations 2018 and 2019 follow the code:
below 10%
[illegible]
between 30 and 50%
above 50%