ANEXO 7 TER

Copia de los estados financieros no auditados consolidados de Apollo Global Management Inc. correspondientes a 30 de septiembre de 2023

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Form 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2023 OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE TRANSITION PERIOD FROM _____ TO _____

Commission File Number: 001-41197

APOLLO GLOBAL MANAGEMENT, INC.

(Exact name of registrant as specified in its charter)

Delaware	**86-3155788**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

9 West 57th Street, 42nd Floor
New York, New York 10019
(Address of principal executive offices) (Zip Code)
(212) 515-3200
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	**APO**	**New York Stock Exchange**
6.75% Series A Mandatory Convertible Preferred Stock	**APO.PRA**	**New York Stock Exchange**
7.625% Fixed-Rate Resettable Junior Subordinated Notes due 2053	**APOS**	**New York Stock Exchange**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of November 3, 2023, there were 567,555,284 shares of the registrant's common stock outstanding.

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Forward-Looking Statements

This report may contain forward-looking statements that are within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These statements include, but are not limited to, discussions related to Apollo's expectations regarding the performance of its business, its liquidity and capital resources and the other non-historical statements in the discussion and analysis. These forward-looking statements are based on management's beliefs, as well as assumptions made by, and information currently available to, management. When used in this report, the words "believe," "anticipate," "estimate," "expect," "intend," "target" or future or conditional verbs, such as "will," "should," "could," or "may," and variations of such words and similar expressions are intended to identify forward-looking statements. Although management believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. These statements are subject to certain risks, uncertainties and assumptions, including risks relating to inflation, market conditions and interest rate fluctuations generally, the impact of COVID-19, the impact of energy market dislocation, our ability to manage our growth, our ability to operate in highly competitive environments, the performance of the funds we manage, our ability to raise new funds, the variability of our revenues, earnings and cash flow, the accuracy of management's assumptions and estimates, our dependence on certain key personnel, our use of leverage to finance our businesses and investments by the funds we manage, Athene's ability to maintain or improve financial strength ratings, the impact of Athene's reinsurers failing to meet their assumed obligations, Athene's ability to manage its business in a highly regulated industry, changes in our regulatory environment and tax status, and litigation risks, among others. We believe these factors include but are not limited to those described under the section entitled "Risk Factors" in this quarterly report and the Company's annual report on Form 10-K filed with the United States Securities and Exchange Commission ("SEC") on March 1, 2023 (the "2022 Annual Report"), as such factors may be updated from time to time in our periodic filings with the SEC, which are accessible on the SEC's website at www.sec.gov. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this report and in our other filings with the SEC. We undertake no obligation to publicly update or review any forward-looking statements, whether as a result of new information, future developments or otherwise, except as required by applicable law.

Terms Used in This Report

In this report, references to "Apollo," "we," "us," "our," and the "Company" for periods (i) on or before December 31, 2021 refer to Apollo Asset Management, Inc. (f/k/a Apollo Global Management, Inc.) ("AAM") and its subsidiaries unless the context requires otherwise and (ii) subsequent to December 31, 2021, refer to Apollo Global Management, Inc. (f/k/a Tango Holdings, Inc.) ("AGM") and its subsidiaries unless the context requires otherwise. Moreover, references to "Class A shares" refers to the Class A common stock, $0.00001 par value per share, of AAM prior to the Mergers; "Class B share" refers to the Class B common stock, $0.00001 par value per share, of AAM prior to the Mergers (as defined below); "Class C share" refers to the Class C common stock, $0.00001 par value per share, of AAM prior to the Mergers; "AAM Series A Preferred Stock" refers to the 6.375% Series A preferred stock of AAM both prior to and following the Mergers; "AAM Series B Preferred Stock" refers to the 6.375% Series B preferred stock of AAM both prior to and following the Mergers; "AAM Preferred Stock" refers to the AAM Series A Preferred Stock and the AAM Series B Preferred Stock, collectively, both prior to and following the Mergers; and "Mandatory Convertible Preferred Stock" refers to the 6.75% Series A Mandatory Convertible Preferred Stock of AGM. In addition, for periods on or before December 31, 2021, references to "AGM common stock" or "common stock" of the Company refer to Class A shares unless the context otherwise requires, and for periods subsequent to December 31, 2021 refer to shares of common stock, par value $0.00001 per share, of AGM.

The use of any defined term in this report to mean more than one entity, person, security or other item collectively is solely for convenience of reference and in no way implies that such entities, persons, securities or other items are one indistinguishable group. For example, notwithstanding the use of the defined terms "Apollo," "we," "us," "our," and the "Company" in this report to refer to AGM and its subsidiaries, each subsidiary of AGM is a standalone legal entity that is separate and distinct from AGM and any of its other subsidiaries. Any AGM entity (including any Athene entity) referenced herein is responsible for its own financial, contractual and legal obligations.

Term or Acronym	Definition
AAA	Apollo Aligned Alternatives Aggregator, LP
AADE	Athene Annuity & Life Assurance Company
AARe	Athene Annuity Re Ltd., a Bermuda reinsurance subsidiary
ABS	Asset-backed securities

Accord+	Apollo Accord+ Fund, L.P., together with its parallel funds and alternative investment vehicles
Accord I	Apollo Accord Master Fund, L.P., together with its feeder funds
Accord II	Apollo Accord Master Fund II, L.P., together with its feeder funds
Accord III	Apollo Accord Master Fund III, L.P., together with its feeder funds
Accord III B	Apollo Accord Master Fund III B, L.P., together with its feeder funds
Accord IV	Apollo Accord Fund IV, L.P., together with its parallel funds and alternative investment vehicles
Accord V	Apollo Accord Fund V, L.P., together with its parallel funds and alternative investment vehicles
Accord VI	Apollo Accord Fund VI, L.P., together with its parallel funds and alternative investment vehicles
ACRA	ACRA 1 and ACRA 2
ACRA 1	Athene Co-Invest Reinsurance Affiliate Holding Ltd., together with its subsidiaries
ACRA 2	Athene Co-Invest Reinsurance Affiliate Holding 2 Ltd., together with its subsidiaries
ADCF	Apollo Diversified Credit Fund
ADIP	ADIP I and ADIP II
ADIP I	Apollo/Athene Dedicated Investment Program (A), L.P., together with its parallel funds, a series of funds managed by Apollo including third-party capital that, through ACRA 1, invests alongside Athene in certain investments
ADIP II	Apollo/Athene Dedicated Investment Program II, L.P., together with its parallel funds, a series of funds managed by Apollo including third-party capital that, through ACRA 2, invests alongside Athene in certain investments
Adjusted Net Income Shares Outstanding, or ANI Shares Outstanding	Total shares of Common Stock outstanding, RSUs that participate in dividends, and shares of Common Stock assumed to be issuable upon the conversion of the shares of Mandatory Convertible Preferred Stock
ADREF	Apollo Diversified Real Estate Fund
ADS	Apollo Debt Solutions BDC, a non-traded business development company managed by Apollo
AFS	Available-for-sale
AFT	Apollo Senior Floating Rate Fund, Inc.
AIF	Apollo Tactical Income Fund, Inc.
AIOF I	Apollo Infra Equity US Fund, L.P. and Apollo Infra Equity International Fund, L.P., including their feeder funds and alternative investment vehicles
AIOF II	Apollo Infrastructure Opportunities Fund II, L.P., together with its parallel funds and alternative investment vehicles
ALRe	Athene Life Re Ltd., a Bermuda reinsurance subsidiary
Alternative investments	Alternative investments, including investment funds, VIEs and certain equity securities due to their underlying characteristics
AMH	Apollo Management Holdings, L.P., a Delaware limited partnership, that is an indirect subsidiary of AGM
ANRP I	Apollo Natural Resources Partners, L.P., together with its alternative investment vehicles
ANRP II	Apollo Natural Resources Partners II, L.P., together with its alternative investment vehicles
ANRP III	Apollo Natural Resources Partners III, L.P., together with its parallel funds and alternative investment vehicles
AOCI	Accumulated other comprehensive income (loss)
AOG Unit Payment	On December 31, 2021, holders of units of the Apollo Operating Group ("AOG Units") (other than Athene and the Company) sold and transferred a portion of such AOG Units to APO Corp., a wholly-owned consolidated subsidiary of the Company, in exchange for an amount equal to $3.66 multiplied by the total number of AOG Units held by such holders immediately prior to such transaction.
Apollo funds, our funds and references to the funds we manage	The funds (including the parallel funds and alternative investment vehicles of such funds), partnerships, accounts, including strategic investment accounts or "SIAs," alternative asset companies and other entities for which subsidiaries of Apollo provide investment management or advisory services.
Apollo Operating Group	(i) The entities through which we currently operate our asset management business and (ii) one or more entities formed for the purpose of, among other activities, holding certain of our gains or losses on our principal investments in the funds, which we refer to as our "principal investments."
APSG I	Apollo Strategic Growth Capital
APSG II	Apollo Strategic Growth Capital II
ARI	Apollo Commercial Real Estate Finance, Inc.

Assets Under Management, or AUM	The assets of the funds, partnerships and accounts to which Apollo provides investment management, advisory, or certain other investment-related services, including, without limitation, capital that such funds, partnerships and accounts have the right to call from investors pursuant to capital commitments. Our AUM equals the sum of: 1. the NAV, plus used or available leverage and/or capital commitments, or gross assets plus capital commitments, of the yield and certain hybrid funds, partnerships and accounts for which we provide investment management or advisory services, other than certain CLOs, CDOs, and certain perpetual capital vehicles, which have a fee-generating basis other than the mark-to-market value of the underlying assets; for certain perpetual capital vehicles in yield, gross asset value plus available financing capacity; 2. the fair value of the investments of the equity and certain hybrid funds, partnerships and accounts Apollo manages or advises, plus the capital that such funds, partnerships and accounts are entitled to call from investors pursuant to capital commitments, plus portfolio level financings; 3. the gross asset value associated with the reinsurance investments of the portfolio company assets Apollo manages or advises; and 4. the fair value of any other assets that Apollo manages or advises for the funds, partnerships and accounts to which Apollo provides investment management, advisory, or certain other investment-related services, plus unused credit facilities, including capital commitments to such funds, partnerships and accounts for investments that may require pre-qualification or other conditions before investment plus any other capital commitments to such funds, partnerships and accounts available for investment that are not otherwise included in the clauses above. Apollo's AUM measure includes Assets Under Management for which Apollo charges either nominal or zero fees. Apollo's AUM measure also includes assets for which Apollo does not have investment discretion, including certain assets for which Apollo earns only investment-related service fees, rather than management or advisory fees. Apollo's definition of AUM is not based on any definition of Assets Under Management contained in its governing documents or in any management agreements of the funds Apollo manages. Apollo considers multiple factors for determining what should be included in its definition of AUM. Such factors include but are not limited to (1) Apollo's ability to influence the investment decisions for existing and available assets; (2) Apollo's ability to generate income from the underlying assets in the funds it manages; and (3) the AUM measures that Apollo uses internally or believes are used by other investment managers. Given the differences in the investment strategies and structures among other alternative investment managers, Apollo's calculation of AUM may differ from the calculations employed by other investment managers and, as a result, this measure may not be directly comparable to similar measures presented by other investment managers. Apollo's calculation also differs from the manner in which its affiliates registered with the SEC report "Regulatory Assets Under Management" on Form ADV and Form PF in various ways. Apollo uses AUM, Gross capital deployment and Dry powder as performance measurements of its investment activities, as well as to monitor fund size in relation to professional resource and infrastructure needs.
Athene	Athene Holding Ltd. ("Athene Holding" or "AHL", together with its subsidiaries, "Athene"), a leading financial services company specializing in retirement services that issues, reinsures and acquires retirement savings products designed for the increasing number of individuals and institutions seeking to fund retirement needs, and to which Apollo, through its consolidated subsidiary ISG, provides asset management and advisory services.
Athora	Athora Holding, Ltd. ("Athora Holding", together with its subsidiaries, "Athora"), a strategic liabilities platform that acquires or reinsures blocks of insurance business in the German and broader European life insurance market (collectively, the "Athora Accounts"). Apollo, through ISGI, provides investment advisory services to Athora. Athora Non-Sub-Advised Assets includes the Athora assets which are managed by Apollo but not sub-advised by Apollo nor invested in Apollo funds or investment vehicles. Athora Sub-Advised includes assets which the Company explicitly sub-advises as well as those assets in the Athora Accounts which are invested directly in funds and investment vehicles Apollo manages.
Atlas	An equity investment of AAA and refers to certain subsidiaries of Atlas Securitized Products Holdings LP
AUM with Future Management Fee Potential	The committed uninvested capital portion of total AUM not currently earning management fees. The amount depends on the specific terms and conditions of each fund.
AUSA	Athene USA Corporation
Bermuda RBC	The risk-based capital ratio of Athene's non-U.S. reinsurance subsidiaries by applying NAIC risk-based capital factors to the statutory financial statements on an aggregate basis. Adjustments are made to (1) exclude U.S. subsidiaries which are included within Athene's U.S. RBC Ratio, (2) exclude interests in other non-insurance subsidiary holding companies from its capital base and (3) limit RBC concentration charges such that when they are applied to determine target capital, the charges do not exceed 100% of the asset's carrying value.
BMA	Bermuda Monetary Authority
Capital solutions fees and other, net	Primarily includes transaction fees earned by our capital solutions business which we refer to as Apollo Capital Solutions ("ACS") related to underwriting, structuring, arrangement and placement of debt and equity securities, and syndication for funds managed by Apollo, portfolio companies of funds managed by Apollo, and third parties. Capital solutions fees and other, net also includes advisory fees for the ongoing monitoring of portfolio operations and directors' fees. These fees also include certain offsetting amounts, including reductions in management fees related to a percentage of these fees recognized ("management fee offset") and other additional revenue sharing arrangements.
CDO	Collateralized debt obligation

CLO	Collateralized loan obligation
CMBS	Commercial mortgage-backed securities
CML	Commercial mortgage loans
Contributing Partners	Partners and their related parties (other than Messrs. Leon Black, Joshua Harris and Marc Rowan, our co-founders) who indirectly beneficially owned AOG units.
Consolidated RBC	The consolidated risk-based capital ratio of Athene's non-U.S. reinsurance and U.S. insurance subsidiaries calculated by applying NAIC risk-based capital factors to the statutory financial statements on an aggregate basis, including interests in other non-insurance subsidiary holding companies; with an adjustment in Bermuda and non-insurance holding companies to limit RBC concentration charges such that when they are applied to determine target capital, the charges do not exceed 100% of the asset's carrying value.
Cost of funds	Cost of funds includes liability costs related to cost of crediting on both deferred annuities, including, with respect to Athene's fixed indexed annuities, option costs, and institutional costs related to institutional products, as well as other liability costs, but does not include the proportionate share of the ACRA cost of funds associated with the non-controlling interests. Other liability costs include DAC, DSI and VOBA amortization, certain market risk benefit costs, the cost of liabilities on products other than deferred annuities and institutional products, premiums and certain product charges and other revenues. Costs related to business that Athene has added through assumed reinsurance transactions are included and costs related to business that Athene has exited through ceded reinsurance transactions are excluded. Cost of funds is computed as the total liability costs divided by the average net invested assets for the relevant period, presented on an annualized basis for interim periods.
Credit Strategies	Apollo Credit Strategies Master Fund Ltd., together with its feeder funds
CS	Credit Suisse AG
DAC	Deferred acquisition costs
Deferred annuities	Fixed indexed annuities, annual reset annuities, multi-year guaranteed annuities and registered index-linked annuities
Dry Powder	The amount of capital available for investment or reinvestment subject to the provisions of the applicable limited partnership agreements or other governing agreements of the funds, partnerships and accounts we manage. Dry powder excludes uncalled commitments which can only be called for fund fees and expenses and commitments from perpetual capital vehicles.
DSI	Deferred sales inducement
EPF Funds	Apollo European Principal Finance Fund, L.P., Apollo European Principal Finance Fund II (Dollar A), L.P., Apollo European Principal Finance Fund III (Dollar A), L.P., and Apollo European Principal Finance Fund IV (Dollar A), L.P., together with their parallel funds and alternative investment vehicles
EPF III	Apollo European Principal Finance Fund III (Dollar A), L.P., together with its parallel funds and alternative investment vehicles
EPF IV	Apollo European Principal Finance Fund IV (Dollar A), L.P., together with its parallel funds and alternative investment vehicles
Equity Plan	Refers collectively to the Company's 2019 Omnibus Equity Incentive Plan and the Company's 2019 Omnibus Equity Incentive Plan for Estate Planning Vehicles.
FABN	Funding agreement backed notes
FABR	Funding agreement backed repurchase agreement
FCI Funds	Financial Credit Investment I, L.P., Financial Credit Investment II, L.P., together with its feeder funds, Financial Credit Investment Fund III L.P., Financial Credit Investment IV, L.P., together with its feeder funds, and Apollo/Athene Dedicated Investment Program (A), L.P., together with its parallel funds, a series of funds managed by Apollo including third-party capital that, through ACRA, invests alongside Athene in certain investments
Fee-Generating AUM	Fee-Generating AUM consists of assets of the funds, partnerships and accounts to which we provide investment management, advisory, or certain other investment-related services and on which we earn management fees, monitoring fees or other investment-related fees pursuant to management or other fee agreements on a basis that varies among the Apollo funds, partnerships and accounts. Management fees are normally based on "net asset value," "gross assets," "adjusted par asset value," "adjusted cost of all unrealized portfolio investments," "capital commitments," "adjusted assets," "stockholders' equity," "invested capital" or "capital contributions," each as defined in the applicable management agreement. Monitoring fees, also referred to as advisory fees, with respect to the structured portfolio company investments of the funds, partnerships and accounts we manage or advise, are generally based on the total value of such structured portfolio company investments, which normally includes leverage, less any portion of such total value that is already considered in Fee-Generating AUM.
Fee Related Earnings, or FRE	Component of Segment Income that is used to assess the performance of the Asset Management segment. FRE is the sum of (i) management fees, (ii) capital solutions and other related fees, (iii) fee-related performance fees from indefinite term vehicles, that are measured and received on a recurring basis and not dependent on realization events of the underlying investments and (iv) other income, net, less (a) fee-related compensation, excluding equity-based compensation, (b) non-compensation expenses incurred in the normal course of business, (c) placement fees and (d) non-controlling interests in the management companies of certain funds the Company manages.

FIA	Fixed indexed annuity, which is an insurance contract that earns interest at a crediting rate based on a specified index on a tax-deferred basis
Fixed annuities	FIAs together with fixed rate annuities
Former Managing Partners	Messrs. Leon Black, Joshua Harris and Marc Rowan collectively and, when used in reference to holdings of interests in Apollo or AP Professional Holdings, L.P. includes certain related parties of such individuals
Gross capital deployment	The gross capital that has been invested by the funds and accounts we manage during the relevant period, but excludes certain investment activities primarily related to hedging and cash management functions at the firm. Gross capital deployment is not reduced or netted down by sales or refinancings, and takes into account leverage used by the funds and accounts we manage in gaining exposure to the various investments that they have made.
GLWB	Guaranteed lifetime withdrawal benefit
GMDB	Guaranteed minimum death benefit
Gross IRR of accord series and the European principal finance funds	The annualized return of a fund based on the actual timing of all cumulative fund cash flows before management fees, performance fees allocated to the general partner and certain other expenses. Calculations may include certain investors that do not pay fees. The terminal value is the net asset value as of the reporting date. Non-U.S. dollar denominated ("USD") fund cash flows and residual values are converted to USD using the spot rate as of the reporting date. In addition, gross IRRs at the fund level will differ from those at the individual investor level as a result of, among other factors, timing of investor-level inflows and outflows. Gross IRR does not represent the return to any fund investor.
Gross IRR of a traditional private equity or hybrid value fund	The cumulative investment-related cash flows (i) for a given investment for the fund or funds which made such investment, and (ii) for a given fund, in the relevant fund itself (and not any one investor in the fund), in each case, on the basis of the actual timing of investment inflows and outflows (for unrealized investments assuming disposition on September 30, 2023 or other date specified) aggregated on a gross basis quarterly, and the return is annualized and compounded before management fees, performance fees and certain other expenses (including interest incurred by the fund itself) and measures the returns on the fund's investments as a whole without regard to whether all of the returns would, if distributed, be payable to the fund's investors. In addition, gross IRRs at the fund level will differ from those at the individual investor level as a result of, among other factors, timing of investor-level inflows and outflows. Gross IRR does not represent the return to any fund investor.
Gross IRR of infrastructure funds	The cumulative investment-related cash flows in the fund itself (and not any one investor in the fund), on the basis of the actual timing of cash inflows and outflows (for unrealized investments assuming disposition on September 30, 2023 or other date specified) starting on the date that each investment closes, and the return is annualized and compounded before management fees, performance fees, and certain other expenses (including interest incurred by the fund itself) and measures the returns on the fund's investments as a whole without regard to whether all of the returns would, if distributed, be payable to the fund's investors. Non-USD fund cash flows and residual values are converted to USD using the spot rate as of the reporting date. In addition, gross IRRs at the fund level will differ from those at the individual investor level as a result of, among other factors, timing of investor-level inflows and outflows. Gross IRR does not represent the return to any fund investor.
Gross Return or Gross ROE of a total return yield fund or the hybrid credit hedge fund	The monthly or quarterly time-weighted return that is equal to the percentage change in the value of a fund's portfolio, adjusted for all contributions and withdrawals (cash flows) before the effects of management fees, incentive fees allocated to the general partner, or other fees and expenses. Returns for these categories are calculated for all funds and accounts in the respective strategies. Returns over multiple periods are calculated by geometrically linking each period's return over time. Gross return and gross ROE do not represent the return to any fund investor.
HoldCo	Apollo Global Management, Inc. (f/k/a Tango Holdings, Inc.)
HVF I	Apollo Hybrid Value Fund, L.P., together with its parallel funds and alternative investment vehicles
HVF II	Apollo Hybrid Value Fund II, L.P., together with its parallel funds and alternative investment vehicles
Inflows	(i) At the individual strategy level, subscriptions, commitments, and other increases in available capital, such as acquisitions or leverage, net of inter-strategy transfers, and (ii) on an aggregate basis, the sum of inflows across the yield, hybrid and equity investing strategies.
IPO	Initial Public Offering
ISG	Apollo Insurance Solutions Group LP
ISGI	Refers collectively to Apollo Asset Management Europe LLP, a subsidiary of AAM ("AAME") and Apollo Asset Management PC LLP, a wholly-owned subsidiary of AAME ("AAME PC")
Management Fee Offset	Under the terms of the limited partnership agreements for certain funds, the management fee payable by the funds may be subject to a reduction based on a certain percentage of such advisory and transaction fees, net of applicable broken deal costs.
Market risk benefits	Guaranteed lifetime withdrawal benefits and guaranteed minimum death benefits
Merger Agreement	The Agreement and Plan of Merger dated as of March 8, 2021 by and among AAM, AGM, AHL, Blue Merger Sub, Ltd., a Bermuda exempted company, and Green Merger Sub, Inc., a Delaware corporation.
Merger Date	January 1, 2022
MFIC	MidCap Financial Investment Corporation (f/k/a Apollo Investment Corporation or "AINV")

MidCap Financial	MidCap FinCo Designated Activity Company
Modco	Modified coinsurance
NAIC	National Association of Insurance Commissioners
NAV	Net Asset Value
Net invested assets	Represent the investments that directly back Athene's net reserve liabilities as well as surplus assets. Net invested assets include Athene's (a) total investments on the condensed consolidated statements of financial condition, with available-for-sale securities, trading securities and mortgage loans at cost or amortized cost, excluding derivatives, (b) cash and cash equivalents and restricted cash, (c) investments in related parties, (d) accrued investment income, (e) VIE assets, liabilities and non-controlling interest adjustments, (f) net investment payables and receivables, (g) policy loans ceded (which offset the direct policy loans in total investments) and (h) an adjustment for the allowance for credit losses. Net invested assets exclude assets associated with funds withheld liabilities related to business exited through reinsurance agreements and derivative collateral (offsetting the related cash positions) and include investments supporting assumed funds withheld and modco agreements in order to match the assets with the income received. Net invested assets include Athene's economic ownership of ACRA investments but do not include the investments associated with the non-controlling interests.
Net investment earned rate	Computed as income from Athene's net invested assets, excluding the proportionate share of the ACRA net investment income associated with the non-controlling interests, divided by the average net invested assets for the relevant period, presented on an annualized basis for interim periods.
Net investment spread	Net investment spread measures Athene's investment performance plus its strategic capital management fees less its total cost of funds, presented on an annualized basis for interim periods.
Net IRR of accord series and the European principal finance funds	The annualized return of a fund after management fees, performance fees allocated to the general partner and certain other expenses, calculated on investors that pay such fees. The terminal value is the net asset value as of the reporting date. Non-USD fund cash flows and residual values are converted to USD using the spot rate as of the reporting date. In addition, net IRR at the fund level will differ from that at the individual investor level as a result of, among other factors, timing of investor-level inflows and outflows. Net IRR does not represent the return to any fund investor.
Net IRR of a traditional private equity or the hybrid value funds	The gross IRR applicable to a fund, including returns for related parties which may not pay fees or performance fees, net of management fees, certain expenses (including interest incurred or earned by the fund itself) and realized performance fees all offset to the extent of interest income, and measures returns at the fund level on amounts that, if distributed, would be paid to investors of the fund. The timing of cash flows applicable to investments, management fees and certain expenses, may be adjusted for the usage of a fund's subscription facility. To the extent that a fund exceeds all requirements detailed within the applicable fund agreement, the estimated unrealized value is adjusted such that a percentage of up to 20.0% of the unrealized gain is allocated to the general partner of such fund, thereby reducing the balance attributable to fund investors. In addition, net IRR at the fund level will differ from that at the individual investor level as a result of, among other factors, timing of investor-level inflows and outflows. Net IRR does not represent the return to any fund investor.
Net IRR of infrastructure funds	The cumulative cash flows in a fund (and not any one investor in the fund), on the basis of the actual timing of cash inflows received from and outflows paid to investors of the fund (assuming the ending net asset value as of the reporting date or other date specified is paid to investors), excluding certain non-fee and non-performance fee bearing parties, and the return is annualized and compounded after management fees, performance fees, and certain other expenses (including interest incurred by the fund itself) and measures the returns to investors of the fund as a whole. Non-USD fund cash flows and residual values are converted to USD using the spot rate as of the reporting date. In addition, net IRR at the fund level will differ from that at the individual investor level as a result of, among other factors, timing of investor-level inflows and outflows. Net IRR does not represent the return to any fund investor.
Net reserve liabilities	Represent Athene's policyholder liability obligations net of reinsurance and used to analyze the costs of its liabilities. Net reserve liabilities include Athene's (a) interest sensitive contract liabilities, (b) future policy benefits, (c) net market risk benefits, (d) long-term repurchase obligations, (e) dividends payable to policyholders and (f) other policy claims and benefits, offset by reinsurance recoverable, excluding policy loans ceded. Net reserve liabilities include Athene's economic ownership of ACRA reserve liabilities but do not include the reserve liabilities associated with the non-controlling interests. Net reserve liabilities are net of the ceded liabilities to third-party reinsurers as the costs of the liabilities are passed to such reinsurers and, therefore, Athene has no net economic exposure to such liabilities, assuming its reinsurance counterparties perform under the agreements. Net reserve liabilities include the underlying liabilities assumed through modco reinsurance agreements in order to match the liabilities with the expenses incurred.
Net Return or Net ROE of a total return yield fund or the hybrid credit hedge fund	The gross return after management fees, performance fees allocated to the general partner, or other fees and expenses. Returns over multiple periods are calculated by geometrically linking each period's return over time. Net return and net ROE do not represent the return to any fund investor.

Non-Fee-Generating AUM	AUM that does not produce management fees or monitoring fees. This measure generally includes the following: (i) fair value above invested capital for those funds that earn management fees based on invested capital; (ii) net asset values related to general partner and co-investment interests; (iii) unused credit facilities; (iv) available commitments on those funds that generate management fees on invested capital; (v) structured portfolio company investments that do not generate monitoring fees; and (vi) the difference between gross asset and net asset value for those funds that earn management fees based on net asset value.
NYC UBT	New York City Unincorporated Business Tax
NYSE	New York Stock Exchange
Other operating expenses within the Principal Investing segment	Expenses incurred in the normal course of business and includes allocations of non-compensation expenses related to managing the business.
Other operating expenses within the Retirement Services segment	Expenses incurred in the normal course of business inclusive of compensation and non-compensation expenses.
Payout annuities	Annuities with a current cash payment component, which consist primarily of single premium immediate annuities, supplemental contracts and structured settlements.
PCD	Purchased Credit Deteriorated Investments
Performance allocations, Performance fees, Performance revenues, Incentive fees and Incentive income	The interests granted to Apollo by a fund managed by Apollo that entitle Apollo to receive allocations, distributions or fees which are based on the performance of such fund or its underlying investments.
Performance Fee-Eligible AUM	AUM that may eventually produce performance fees. All funds for which we are entitled to receive a performance fee allocation or incentive fee are included in Performance Fee-Eligible AUM, which consists of the following: (i) "Performance Fee-Generating AUM", which refers to invested capital of the funds, partnerships and accounts we manage, advise, or to which we provide certain other investment-related services, that is currently above its hurdle rate or preferred return, and profit of such funds, partnerships and accounts is being allocated to, or earned by, the general partner in accordance with the applicable limited partnership agreements or other governing agreements; (ii) "AUM Not Currently Generating Performance Fees", which refers to invested capital of the funds, partnerships and accounts we manage, advise, or to which we provide certain other investment-related services, that is currently below its hurdle rate or preferred return; and (iii) "Uninvested Performance Fee-Eligible AUM", which refers to capital of the funds, partnerships and accounts we manage, advise, or to which we provide certain other investment-related services, that is available for investment or reinvestment subject to the provisions of applicable limited partnership agreements or other governing agreements, which capital is not currently part of the NAV or fair value of investments that may eventually produce performance fees allocable to, or earned by, the general partner.
Perpetual capital	Assets under management of certain vehicles with an indefinite duration, which assets may only be withdrawn under certain conditions or subject to certain limitations, including satisfying required hold periods or percentage limits on the amounts that may be redeemed over a particular period. The investment management, advisory or other service agreements with our perpetual capital vehicles may be terminated under certain circumstances.
Principal Investing Income, or PII	Component of Segment Income that is used to assess the performance of the Principal Investing segment. For the Principal Investing segment, PII is the sum of (i) realized performance fees, including certain realizations received in the form of equity, (ii) realized investment income, less (x) realized principal investing compensation expense, excluding expense related to equity-based compensation, and (y) certain corporate compensation and non-compensation expenses.
Principal investing compensation	Realized performance compensation, distributions related to investment income and dividends, and includes allocations of certain compensation expenses related to managing the business.
Policy loan	A loan to a policyholder under the terms of, and which is secured by, a policyholder's policy.
Realized Value	All cash investment proceeds received by the relevant Apollo fund, including interest and dividends, but does not give effect to management fees, expenses, incentive compensation or performance fees to be paid by such Apollo fund.
Redding Ridge	Redding Ridge Asset Management, LLC and its subsidiaries, which is a standalone, self-managed asset management business established in connection with risk retention rules that manages CLOs and retains the required risk retention interests.
Redding Ridge Holdings	Redding Ridge Holdings LP
Remaining Cost	The initial investment of a fund in a portfolio investment, reduced for any return of capital distributed to date on such portfolio investment
RMBS	Residential mortgage-backed securities
RML	Residential mortgage loan
RSUs	Restricted share units
SIA	Strategic investment account

SPACs	Special purpose acquisition companies
Spread Related Earnings, or SRE	Component of Segment Income that is used to assess the performance of the Retirement Services segment, excluding certain market volatility, which consists of investment gains (losses), net of offsets and non-operating change in insurance liabilities and related derivatives, and certain expenses related to integration, restructuring, equity-based compensation, and other expenses. For the Retirement Services segment, SRE equals the sum of (i) the net investment earnings on Athene's net invested assets and (ii) management fees received on business managed for others, primarily the ADIP portion of Athene's business ceded to ACRA, less (x) cost of funds, (y) operating expenses excluding equity-based compensation and (z) financing costs including interest expense and preferred dividends, if any, paid to Athene preferred stockholders.
Surplus assets	Assets in excess of Athene's policyholder obligations, determined in accordance with the applicable domiciliary jurisdiction's statutory accounting principles.
Tax receivable agreement	The tax receivable agreement entered into by and among APO Corp., the Former Managing Partners, the Contributing Partners, and other parties thereto
Total Invested Capital	The aggregate cash invested by the relevant Apollo fund and includes capitalized costs relating to investment activities, if any, but does not give effect to cash pending investment or available for reserves and excludes amounts, if any, invested on a financed basis with leverage facilities
Total Value	The sum of the total Realized Value and Unrealized Value of investments
Traditional private equity funds	Apollo Investment Fund I, L.P. ("Fund I"), AIF II, L.P. ("Fund II"), a mirrored investment account established to mirror Fund I and Fund II for investments in debt securities ("MIA"), Apollo Investment Fund III, L.P. (together with its parallel funds, "Fund III"), Apollo Investment Fund IV, L.P. (together with its parallel fund, "Fund IV"), Apollo Investment Fund V, L.P. (together with its parallel funds and alternative investment vehicles, "Fund V"), Apollo Investment Fund VI, L.P. (together with its parallel funds and alternative investment vehicles, "Fund VI"), Apollo Investment Fund VII, L.P. (together with its parallel funds and alternative investment vehicles, "Fund VII"), Apollo Investment Fund VIII, L.P. (together with its parallel funds and alternative investment vehicles, "Fund VIII"), Apollo Investment Fund IX, L.P. (together with its parallel funds and alternative investment vehicles, "Fund IX") and Apollo Investment Fund X, L.P. (together with its parallel funds and alternative investment vehicles, "Fund X").
U.S. GAAP	Generally accepted accounting principles in the United States of America
U.S. RBC	The CAL RBC ratio for AADE, Athene's parent U.S. insurance company
U.S. Treasury	United States Department of the Treasury
Unrealized Value	The fair value consistent with valuations determined in accordance with GAAP, for investments not yet realized and may include payments in kind, accrued interest and dividends receivable, if any, and before the effect of certain taxes. In addition, amounts include committed and funded amounts for certain investments.
Venerable	Venerable Holdings, Inc., together with its subsidiaries
VIAC	Venerable Insurance and Annuity Company, formerly Voya Insurance and Annuity Company
VIE	Variable interest entity
Vintage Year	The year in which a fund's final capital raise occurred, or, for certain funds, the year of a fund's effective date or the year in which a fund's investment period commences pursuant to its governing agreements.
VOBA	Value of business acquired
VOE	Voting interest entity
WACC	Weighted average cost of capital

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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APOLLO GLOBAL MANAGEMENT, INC.
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION (UNAUDITED)

(In millions, except share data)	As of September 30, 2023	As of December 31, 2022
Assets		
Asset Management		
Cash and cash equivalents	$ 2,350	$ 1,201
Restricted cash and cash equivalents	274	1,048
Investments	5,383	5,582
Assets of consolidated variable interest entities		
Cash and cash equivalents	437	110
Investments	2,149	2,369
Other assets	26	30
Due from related parties	508	465
Goodwill	264	264
Other assets	2,379	2,333
	13,770	13,402
Retirement Services		
Cash and cash equivalents	9,996	7,779
Restricted cash and cash equivalents	1,218	628
Investments	189,059	172,488
Investments in related parties	25,894	23,960
Assets of consolidated variable interest entities		
Cash and cash equivalents	152	362
Investments	19,258	15,699
Other assets	99	112
Reinsurance recoverable	4,058	4,358
Deferred acquisition costs, deferred sales inducements and value of business acquired	5,448	4,466
Goodwill	4,060	4,058
Other assets	10,223	9,905
	269,465	243,815
Total Assets	**$ 283,235**	**$ 257,217**

(Continued)

See accompanying notes to the unaudited condensed consolidated financial statements.

APOLLO GLOBAL MANAGEMENT, INC.
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION (UNAUDITED)

(In millions, except share data)	As of September 30, 2023	As of December 31, 2022
Liabilities, Redeemable non-controlling interests and Equity		
Liabilities		
Asset Management		
Accounts payable, accrued expenses, and other liabilities	$ 3,657	$ 2,975
Due to related parties	878	998
Debt	3,392	2,814
Liabilities of consolidated variable interest entities		
Notes payable	11	50
Other liabilities	1,931	1,899
	9,869	8,736
Retirement Services		
Interest sensitive contract liabilities	189,065	173,616
Future policy benefits	46,672	42,110
Market risk benefits	3,021	2,970
Debt	3,634	3,658
Payables for collateral on derivatives and securities to repurchase	7,652	6,707
Other liabilities	4,126	3,213
Liabilities of consolidated variable interest entities		
Other liabilities	1,234	809
	255,404	233,083
Total Liabilities	**265,273**	**241,819**
Commitments and Contingencies (note 18)		
Redeemable non-controlling interests		
Redeemable non-controlling interests	287	1,032
Equity		
Mandatory Convertible Preferred Stock, 28,750,000 and 0 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively	1,397	—
Common Stock, $0.00001 par value, 90,000,000,000 shares authorized, 567,565,120 and 570,276,188 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively	—	—
Additional paid in capital	14,605	14,982
Retained earnings (accumulated deficit)	535	(1,007)
Accumulated other comprehensive income (loss)	(8,095)	(7,335)
Total Apollo Global Management, Inc. Stockholders' Equity	8,442	6,640
Non-controlling interests	9,233	7,726
Total Equity	**17,675**	**14,366**
Total Liabilities, Redeemable non-controlling interests and Equity	**$ 283,235**	**$ 257,217**

(Concluded)

See accompanying notes to the unaudited condensed consolidated financial statements.

APOLLO GLOBAL MANAGEMENT, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(In millions, except per share data)	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Revenues				
Asset Management				
Management fees	$ 462	$ 389	$ 1,328	$ 1,100
Advisory and transaction fees, net	157	110	482	286
Investment income (loss)	292	(31)	882	475
Incentive fees	18	9	59	17
	929	477	2,751	1,878
Retirement Services				
Premiums	26	3,045	9,163	10,769
Product charges	217	184	622	525
Net investment income	3,166	2,033	8,726	5,667
Investment related gains (losses)	(2,624)	(2,847)	(1,193)	(12,822)
Revenues of consolidated variable interest entities	318	114	946	148
Other revenues	563	(27)	583	(38)
	1,666	2,502	18,847	4,249
Total Revenues	2,595	2,979	21,598	6,127
Expenses				
Asset Management				
Compensation and benefits	557	386	1,743	1,429
Interest expense	36	31	98	94
General, administrative and other	220	167	643	472
	813	584	2,484	1,995
Retirement Services				
Interest sensitive contract benefits	333	171	3,634	(581)
Future policy and other policy benefits	368	3,270	10,346	11,230
Market risk benefits remeasurement (gains) losses	(441)	(458)	(166)	(1,689)
Amortization of deferred acquisition costs, deferred sales inducements and value of business acquired	211	112	502	318
Policy and other operating expenses	467	342	1,356	985
	938	3,437	15,672	10,263
Total Expenses	1,751	4,021	18,156	12,258
Other income (loss) – Asset Management				
Net gains (losses) from investment activities	(32)	(16)	(14)	164
Net gains (losses) from investment activities of consolidated variable interest entities	49	85	95	465
Other income (loss), net	22	28	102	26
Total Other income (loss)	39	97	183	655
Income (loss) before income tax (provision) benefit	883	(945)	3,625	(5,476)
Income tax (provision) benefit	(243)	96	(697)	962
Net income (loss)	640	(849)	2,928	(4,514)
Net (income) loss attributable to non-controlling interests	42	286	(637)	1,913
Net income (loss) attributable to Apollo Global Management, Inc.	682	(563)	2,291	(2,601)
Preferred stock dividends	(22)	—	(22)	—
Net income (loss) attributable to Apollo Global Management, Inc. common stockholders	$ 660	$ (563)	$ 2,269	$ (2,601)
Earnings (loss) per share				
Net income (loss) attributable to common stockholders - Basic	$ 1.10	$ (0.98)	$ 3.77	$ (4.51)
Net income (loss) attributable to common stockholders - Diluted	$ 1.10	$ (0.98)	$ 3.75	$ (4.51)
Weighted average shares outstanding – Basic	578.8	584.3	580.6	585.2
Weighted average shares outstanding – Diluted	578.8	584.3	581.6	585.2

See accompanying notes to the unaudited condensed consolidated financial statements.

APOLLO GLOBAL MANAGEMENT, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)

	Three months ended September 30,		Nine months ended September 30,	
(In millions)	**2023**	**2022**	**2023**	**2022**
Net income (loss)	$ 640	$ (849)	$ 2,928	$ (4,514)
Other comprehensive income (loss), before tax				
Unrealized investment gains (losses) on available-for-sale securities	(3,155)	(5,916)	(1,767)	(20,168)
Unrealized gains (losses) on hedging instruments	(213)	(80)	(280)	(126)
Remeasurement gains (losses) on future policy benefits related to discount rate	1,317	2,374	1,328	8,833
Remeasurement gains (losses) on market risk benefits related to credit risk	(254)	(52)	(220)	524
Foreign currency translation and other adjustments	(34)	(21)	(1)	(140)
Other comprehensive income (loss), before tax	(2,339)	(3,695)	(940)	(11,077)
Income tax expense (benefit) related to other comprehensive income (loss)	(476)	(727)	(175)	(2,220)
Other comprehensive income (loss)	(1,863)	(2,968)	(765)	(8,857)
Comprehensive income (loss)	(1,223)	(3,817)	2,163	(13,371)
Comprehensive (income) loss attributable to non-controlling interests	199	479	(635)	2,299
Comprehensive income (loss) attributable to Apollo Global Management, Inc.	$ (1,024)	$ (3,338)	$ 1,528	$ (11,072)

See accompanying notes to the unaudited condensed consolidated financial statements.

APOLLO GLOBAL MANAGEMENT, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY (UNAUDITED)

	For the three and nine months ended September 30, 2022								
	Apollo Global Management, Inc. Stockholders								
(In millions)	Common Stock	AAM Series A Preferred Stock	AAM Series B Preferred Stock	Additional Paid in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Loss	Total Apollo Global Management, Inc. Stockholders' Equity (Deficit)	Non-Controlling Interests	Total Equity
Balance at July 1, 2022	**571**	**$ —**	**$ —**	**$ 15,412**	**$ (1,060)**	**$ (5,701)**	**$ 8,651**	**$ 4,875**	**$ 13,526**
Consolidation/deconsolidation of VIEs	—	—	—	—	—	—	—	678	678
Accretion of redeemable non-controlling interests	—	—	—	(11)	—	—	(11)	—	(11)
Capital increase related to equity-based compensation	2	—	—	100	—	—	100	—	100
Capital contributions	—	—	—	—	—	—	—	278	278
Dividends/distributions	—	—	—	(241)	—	—	(241)	(127)	(368)
Transactions between entities under common control	—	—	—	20	—	—	20	—	20
Payments related to issuances of common stock for equity-based awards	—	—	—	2	(18)	—	(16)	—	(16)
Repurchase of common stock	—	—	—	(26)	—	—	(26)	—	(26)
Net income (loss)	—	—	—	—	(563)	—	(563)	(286)	(849)
Other comprehensive income (loss)	—	—	—	—	—	(2,775)	(2,775)	(193)	(2,968)
Balance at September 30, 2022	**573**	**$ —**	**$ —**	**$ 15,256**	**$ (1,641)**	**$ (8,476)**	**$ 5,139**	**$ 5,225**	**$ 10,364**
Balance at January 1, 2022	**249**	**$ 264**	**$ 290**	**$ 2,096**	**$ 1,144**	**$ (5)**	**$ 3,789**	**$ 6,405**	**$ 10,194**
Merger with Athene	166	—	—	13,050	—	—	**13,050**	**4,942**	**17,992**
Issuance of warrants	—	—	—	149	—	—	**149**	—	**149**
Reclassification of preferred stock to non-controlling interests	—	(264)	(290)	—	—	—	**(554)**	**554**	—
Consolidation/deconsolidation of VIEs	—	—	—	8	**(7)**	—	**1**	**(4,704)**	**(4,703)**
Issuance of common stock related to equity transactions	4	—	—	252	—	—	**252**	—	**252**
Accretion of redeemable non-controlling interests	—	—	—	(59)	—	—	**(59)**	—	**(59)**
Capital increase related to equity-based compensation	3	—	—	358	—	—	**358**	—	**358**
Capital contributions	—	—	—	—	—	—	—	**3,955**	**3,955**
Dividends/distributions	—	—	—	(723)	—	—	**(723)**	**(1,037)**	**(1,760)**
Transactions between entities under common control	—	—	—	20	—	—	**20**	—	**20**
Payments related to issuances of common stock for equity-based awards	3	—	—	33	**(177)**	—	**(144)**	—	**(144)**
Repurchase of common stock	(8)	—	—	(463)	—	—	**(463)**	—	**(463)**
Exchange of AOG Units for common stock	156	—	—	535	—	—	**535**	**(2,591)**	**(2,056)**
Net income (loss)	—	—	—	—	**(2,601)**	—	**(2,601)**	**(1,913)**	**(4,514)**
Other comprehensive income (loss)	—	—	—	—	—	**(8,471)**	**(8,471)**	**(386)**	**(8,857)**
Balance at September 30, 2022	**573**	**$ —**	**$ —**	**$ 15,256**	**$ (1,641)**	**$ (8,476)**	**$ 5,139**	**$ 5,225**	**$ 10,364**

(Continued)

APOLLO GLOBAL MANAGEMENT, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY (UNAUDITED)

	For the three and nine months ended September 30, 2023							
	Apollo Global Management, Inc. Stockholders							
(In millions)	Common Stock	Series A Mandatory Convertible Preferred Stock	Additional Paid in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Loss	Total Apollo Global Management, Inc. Stockholders' Equity (Deficit)	Non-Controlling Interests	Total Equity
Balance at July 1, 2023	**567**	**—**	**$ 14,468**	**$ 153**	**$ (6,392)**	**$ 8,229**	**$ 8,813**	**$ 17,042**
Other changes in equity of non-controlling interests	—	—	—	—	—	—	(95)	(95)
Accretion of redeemable non-controlling interests	—	—	(2)	—	—	(2)	—	(2)
Equity issued in connection with Mandatory Convertible Preferred Stock offering	—	1,397	—	—	—	1,397	—	1,397
Capital increase related to equity-based compensation	—	—	119	—	—	119	—	119
Capital contributions	—	—	—	—	—	—	1,037	1,037
Dividends/distributions	—	(22)	—	(256)	—	(278)	(330)	(608)
Payments related to issuances of common stock for equity-based awards	1	—	9	(22)	—	(13)	—	(13)
Stock option exercises	—	—	6	—	—	6	—	6
Redemption of subsidiary equity interests	—	—	(5)	—	—	(5)	(575)	(580)
Subsidiary issuance of equity interests	—	—	10	—	3	13	585	598
Net income (loss)	—	22	—	660	—	682	(45)	637
Other comprehensive income (loss)	—	—	—	—	(1,706)	(1,706)	(157)	(1,863)
Balance at September 30, 2023	**568**	**1,397**	**$ 14,605**	**$ 535**	**$ (8,095)**	**$ 8,442**	**$ 9,233**	**$ 17,675**
Balance at January 1, 2023	**570**	**—**	**$ 14,982**	**$ (1,007)**	**$ (7,335)**	**$ 6,640**	**$ 7,726**	**$ 14,366**
Other changes in equity of non-controlling interests	—	—	—	—	—	—	(250)	(250)
Accretion of redeemable non-controlling interests	—	—	(17)	(1)	—	(18)	—	(18)
Equity issued in connection with Mandatory Convertible Preferred Stock offering	—	1,397	—	—	—	1,397	—	1,397
Capital increase related to equity-based compensation	—	—	364	—	—	364	—	364
Capital contributions	—	—	—	—	—	—	1,766	1,766
Dividends/distributions	—	(22)	(239)	(514)	—	(775)	(616)	(1,391)
Payments related to issuances of common stock for equity-based awards	6	—	32	(212)	—	(180)	—	(180)
Repurchase of common stock	(8)	—	(538)	—	—	(538)	—	(538)
Stock option exercises	—	—	16	—	—	16	—	16
Redemption of subsidiary equity interests	—	—	(5)	—	—	(5)	(575)	(580)
Subsidiary issuance of equity interests	—	—	10	—	3	13	585	598
Net income (loss)	—	22	—	2,269	—	2,291	599	2,890
Other comprehensive income (loss)	—	—	—	—	(763)	(763)	(2)	(765)
Balance at September 30, 2023	**568**	**1,397**	**$ 14,605**	**$ 535**	**$ (8,095)**	**$ 8,442**	**$ 9,233**	**$ 17,675**

(Concluded)

See accompanying notes to the unaudited condensed consolidated financial statements.

APOLLO GLOBAL MANAGEMENT, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(In millions)	Nine months ended September 30, 2023	2022
Cash Flows from Operating Activities		
Net Income (Loss)	$ 2,928	$ (4,514)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities:		
Equity-based compensation	422	410
Net investment income	(958)	(810)
Net recognized (gains) losses on investments and derivatives	318	5,855
Depreciation and amortization	586	376
Net amortization of net investment premiums, discount and other	70	234
Policy acquisition costs deferred	(1,040)	(750)
Other non-cash amounts included in net income (loss), net	(349)	(62)
Changes in consolidation	(53)	(513)
Changes in operating assets and liabilities:		
Purchases of investments by Funds and VIEs	(4,761)	(8,403)
Proceeds from sale of investments by Funds and VIEs	3,781	3,488
Interest sensitive contract liabilities	1,485	(2,052)
Future policy benefits, market risk benefits and reinsurance recoverable	2,917	3,837
Other assets and liabilities, net	(1,088)	5,228
Net cash provided by operating activities	$ 4,258	$ 2,324
Cash Flows from Investing Activities		
Purchases of investments and contributions to equity method investments	$ (2,719)	$ (1,398)
Purchases of available-for-sale securities	(24,568)	(28,050)
Purchases of mortgage loans	(14,398)	(9,824)
Purchases of investment funds	(2,221)	(6,706)
Purchases of U.S. Treasury securities	(490)	(4,160)
Purchases of derivatives instruments and other investments	(5,242)	(2,235)
Sales, maturities and repayments of investments and distributions from equity method investments	21,565	29,283
Cash acquired through merger	—	10,420
Other investing activities, net	354	499
Net cash used in investing activities	$ (27,719)	$ (12,171)
Cash Flows from Financing Activities		
Issuance of debt	$ 3,821	$ 3,751
Payment of debt issuance cost	(16)	—
Repayment of debt	(2,769)	(791)
Redemption of subsidiary equity interests	(575)	—
Repurchase of common stock	(535)	(463)
Common stock dividends	(753)	(722)
Distributions paid to non-controlling interests	(596)	(1,034)
Contributions from non-controlling interests	1,766	3,955
Distributions to redeemable non-controlling interests	(798)	(776)
Issuance of Mandatory Convertible Preferred stock, net of issuance costs	1,397	—
Deposits on investment-type policies and contracts	35,168	23,329
Withdrawals on investment-type policies and contracts	(10,229)	(7,903)
Subsidiary issuance of equity interests to non-controlling interests	632	—
Net change in cash collateral posted for derivative transactions and securities to repurchase	945	(22)
Other financing activities, net	(700)	1,689
Net cash provided by financing activities	$ 26,758	$ 21,013
Effect of exchange rate changes on cash and cash equivalents	2	(18)

(Continued)

APOLLO GLOBAL MANAGEMENT, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(In millions)	Nine months ended September 30, 2023	2022
Net Increase in Cash and Cash Equivalents, Restricted Cash and Cash Equivalents, and Cash and Cash Equivalents Held at Consolidated Variable Interest Entities	3,299	11,148
Cash and Cash Equivalents, Restricted Cash and Cash Equivalents, and Cash and Cash Equivalents Held at Consolidated Variable Interest Entities, Beginning of Period	11,128	2,088
Cash and Cash Equivalents, Restricted Cash and Cash Equivalents, and Cash and Cash Equivalents Held at Consolidated Variable Interest Entities, End of Period	$ 14,427	$ 13,236
Supplemental Disclosure of Cash Flow Information		
Cash paid for taxes	$ 162	$ 762
Cash paid for interest	533	432
Non-cash transactions		
Non-Cash Investing Activities		
Asset Management and Other		
Distributions from principal investments	1	6
Purchases of other investments, at fair value	5	22
Sales of other investments, at fair value	—	116
Acquisition of goodwill and intangibles	—	335
Retirement Services		
Investments received from settlements on reinsurance agreements	164	36
Investments received from pension group annuity premiums	4,776	3,812
Reduction in investments relating to recapture of reinsurance agreement	482	—
Non-Cash Financing Activities		
Asset Management and Other		
Capital increases related to equity-based compensation	328	321
Retirement Services		
Deposits on investment-type policies and contracts through reinsurance agreements	78	808
Withdrawals on investment-type policies and contracts through reinsurance agreements	10,212	6,190
Supplemental Disclosure of Cash Flow Information of Consolidated VIEs		
Cash Flows from Operating Activities		
Purchases of investments - *Asset Management*	(4,760)	(8,454)
Proceeds from sale of investments - *Asset Management*	3,781	3,685
Cash Flows from Investing Activities		
Purchases of investments - *Retirement Services*	(2,023)	(4,097)
Proceeds from sale of investments - *Retirement Services*	352	1,282
Purchase of U.S. Treasury Securities - *Asset Management*	—	(1,509)
Proceeds from maturities of U.S. Treasury Securities - *Asset Management*	—	2,327
Cash Flows from Financing Activities		
Issuance of debt	3,183	4,161
Principal repayment of debt	(2,768)	(792)
Distributions paid to non-controlling interests	(58)	(1,263)
Contributions from non-controlling interests	1,437	3,223
Distributions to redeemable non-controlling interests	(798)	(776)

(Continued)

APOLLO GLOBAL MANAGEMENT, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(In millions)	Nine months ended September 30, 2023	2022
Changes in Consolidation		
Investments, at fair value	(1,136)	(3,112)
Other assets	(1)	(92)
Debt, at fair value	—	3,932
Notes payable	1,068	(386)
Other liabilities	22	(276)
Non-controlling interest	5	447
Equity	95	—
Reconciliation of Cash and Cash Equivalents, Restricted Cash and Cash Equivalents, and Cash and Cash Equivalents Held at Consolidated Variable Interest Entities to the Condensed Consolidated Statements of Financial Condition:		
Cash and cash equivalents	$ 12,346	$ 10,942
Restricted cash and cash equivalents	1,492	1,721
Cash and cash equivalents held at consolidated variable interest entities	589	573
Total Cash and Cash Equivalents, Restricted Cash and Cash Equivalents, and Cash and Cash Equivalents Held at Consolidated Variable Interest Entities	$ 14,427	$ 13,236

(Concluded)

See accompanying notes to the unaudited condensed consolidated financial statements.

APOLLO GLOBAL MANAGEMENT, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. Organization

Apollo Global Management, Inc. together with its consolidated subsidiaries (collectively, "Apollo" or the "Company") is a high-growth, global alternative asset manager and a retirement services provider. Its asset management business focuses on three investing strategies: yield, hybrid and equity. Through its asset management business, Apollo raises, invests and manages funds, accounts and other vehicles, on behalf of some of the world's most prominent pension, endowment and sovereign wealth funds and insurance companies, as well as other institutional and individual investors. Apollo's retirement services business is conducted by Athene, a leading financial services company that specializes in issuing, reinsuring and acquiring retirement savings products for the increasing number of individuals and institutions seeking to fund retirement needs.

Merger with Athene

On January 1, 2022, Apollo and Athene completed the previously announced merger transactions pursuant to the Merger Agreement (the "Mergers"). As a result of the Mergers, AAM and AHL became consolidated subsidiaries of AGM.

Athene's results are included in the condensed consolidated financial statements commencing from the Merger Date. References herein to "Apollo" and the "Company" refer to AGM and its subsidiaries, including Athene, unless the context requires otherwise such as in sections where it refers to the asset management business only. See note 4 for additional information.

Corporate Recapitalization

In connection with the closing of the Mergers, the Company completed a corporate recapitalization (the "Corporate Recapitalization") which resulted in the recapitalization of the Company from an umbrella partnership C corporation ("Up-C") structure to a corporation with a single class of common stock with one vote per share.

Griffin Capital Acquisitions

On March 1, 2022, the company completed the acquisition of Griffin Capital's U.S. wealth distribution business. On May 3, 2022, the Company completed the acquisition of the U.S. asset management business of Griffin Capital in exchange for closing consideration of $213 million and contingent consideration of $64 million, substantially all of which was settled in shares of AGM common stock, per the transaction agreement signed December 2, 2021. As a result of the final close, the Griffin Institutional Access Real Estate Fund and the Griffin Institutional Access Credit Fund are advised by Apollo and have been renamed the Apollo Diversified Real Estate Fund and Apollo Diversified Credit Fund, respectively.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements are prepared in accordance with U.S. GAAP. These condensed consolidated financial statements should be read in conjunction with the annual financial statements included in the 2022 Annual Report. Certain disclosures included in the annual financial statements have been condensed or omitted as they are not required for interim financial statements under U.S. GAAP and the rules of the SEC. The operating results presented for interim periods are not necessarily indicative of the results that may be expected for any other interim period or for the entire year.

The results of the Company and its subsidiaries are presented on a consolidated basis. Any ownership interest other than the Company's interest in its subsidiaries is reflected as a non-controlling interest. Intercompany accounts and transactions have been eliminated. Management believes it has made all necessary adjustments (consisting only of normal recurring items) so that the condensed consolidated financial statements are presented fairly and that any estimates made are reasonable and prudent. Certain reclassifications have been made to previously reported amounts to conform to the current period's presentation.

Furthermore, in conjunction with the Mergers, Apollo was deemed to be the accounting acquirer and Athene the accounting acquiree, which, for financial reporting purposes, results in Apollo's historical financial information prior to the Mergers becoming that of the Company. Athene's results before the Mergers have not been included in the condensed consolidated

financial statements of the Company. The condensed consolidated financial statements include the assets, liabilities, operating results and cash flows of Athene from the date of acquisition. For information on Athene prior to the Mergers, please refer to the annual financial statements included in AHL's annual report on Form 10-K for the year ended December 31, 2022.

The Company's principal subsidiaries, AAM and AHL, together with their subsidiaries, operate an asset management business and a retirement services business, respectively, which possess distinct characteristics. As a result, the Company's financial statement presentation is organized into two tiers: asset management and retirement services. The Company believes that separate presentation provides a more informative view of the Company's consolidated financial condition and results of operations than an aggregated presentation.

The following summary of significant accounting policies first includes those most significant to the overall Company and then specific accounting policies for each of the asset management and retirement services businesses, respectively.

Significant Accounting Policies— Overall

Consolidation

The Company consolidates entities where it has a controlling financial interest unless there is a specific scope exception that prevents consolidation. The types of entities with which the Company is involved generally include, but are not limited to:

- subsidiaries, which includes AAM and its subsidiaries, including management companies and general partners of funds that the Company manages, and AHL and its subsidiaries
- funds, including entities that have attributes of an investment company
- SPACs
- CLOs

Each of these entities is assessed for consolidation based on its specific facts and circumstances. In determining whether to consolidate an entity, the Company first evaluates whether the entity is a VIE or a VOE and applies the appropriate consolidation model as discussed below. If an entity is not consolidated, then the Company's investment is generally accounted for under the equity method of accounting or as a financial instrument as discussed in the related policy discussions below.

Investment Companies

Judgment is required to evaluate whether an entity has the necessary characteristics to be accounted for as an investment company. The funds managed by the Company that meet the investment company criteria reflect their investments at fair value. The Company has retained this specialized accounting for investment companies in consolidation.

Variable Interest Entities

All entities are first considered under the VIE model. VIEs are entities that 1) do not have sufficient equity at risk to finance their activities without additional subordinated financial support or 2) have equity investors at risk that do not have the ability to make significant decisions related to the entity's operations, absorb expected losses, or receive expected residual returns.

The Company consolidates a VIE if it is the primary beneficiary of the entity. The Company is deemed the primary beneficiary when it has a controlling financial interest in the VIE, which is defined as possessing both (i) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance ("primary beneficiary power") and (ii) the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant ("significant variable interest"). The Company performs the VIE and primary beneficiary assessment at inception of its involvement with a VIE and on an ongoing basis if facts and circumstances change.

To assess whether the Company has the primary beneficiary power under the VIE consolidation model, it considers the design of the entity as well as ongoing rights and responsibilities. In general, the parties that can make the most significant decisions regarding asset management have control over servicing, liquidation rights or the unilateral right to remove the decision-makers. To assess whether the Company has a significant variable interest, the Company considers all its economic interests that are considered variable interests in the entity, including interests held through related parties. This assessment requires judgment in considering whether those interests are significant.

APOLLO GLOBAL MANAGEMENT, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Assets and liabilities of the consolidated VIEs, other than SPACs, are primarily shown in separate sections within the condensed consolidated statements of financial condition. Changes in the fair value of the consolidated VIEs' assets and liabilities and related interest, dividend and other income and expenses are primarily presented within net gains from investment activities of consolidated variable interest entities in the condensed consolidated statements of operations. The portion attributable to non-controlling interests is reported within net income attributable to non-controlling interests in the condensed consolidated statements of operations. For additional disclosures regarding VIEs, see notes 7 and 17.

Voting Interest Entities

Entities that are not determined to be VIEs are generally considered VOEs. Under the voting interest model, the Company consolidates those entities it controls through a majority voting interest. The Company does not consolidate those VOEs in which substantive kick-out rights have been granted to the unrelated investors to either dissolve the fund or remove the general partner.

Non-controlling Interests

For entities that are consolidated, but not wholly owned, a portion of the income or loss and corresponding equity is allocated to owners other than the Company. The aggregate of the income or loss and corresponding equity that is not owned by the Company is included in non-controlling interests in the condensed consolidated financial statements. Non-controlling interests also include ownership interests in certain consolidated funds and VIEs.

Non-controlling interests are presented as a separate component of equity on the Company's condensed consolidated statements of financial condition. Net income (loss) includes the net income (loss) attributable to the holders of non-controlling interests on the Company's condensed consolidated statements of operations. Profits and losses are allocated to non-controlling interests in proportion to their relative ownership interests regardless of their basis.

Use of Estimates

The preparation of the condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts in the financial statements and related footnotes. The Company's most significant estimates include goodwill and intangible assets, income taxes, performance allocations, incentive fees, non-cash compensation, fair value of investments (including derivatives) and debt, impairment of investments and allowances for expected credit losses, and future policy benefit reserves. While such impact may change considerably over time, the estimates and assumptions affecting the Company's condensed consolidated financial statements are based on the best available information as of September 30, 2023. Actual results could differ materially from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid short-term investments, including money market funds and U.S. Treasury securities, with original maturities of three months or less when purchased to be cash equivalents. Interest income from cash and cash equivalents is recorded in other income for asset management and net investment income for retirement services in the condensed consolidated statements of operations. The carrying values of the money market funds and U.S. Treasury securities represent their fair values due to their short-term nature. Substantially all of the Company's cash on deposit is in interest bearing accounts with major financial institutions and exceed insured limits.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents represent balances that are restricted as to withdrawal or usage.

Restricted cash consists of cash and cash equivalents held in funds in trust as part of certain coinsurance agreements to secure statutory reserves and liabilities of the coinsured parties. Restricted cash also includes cash deposited at a bank that is pledged as collateral in connection with leased premises.

Restricted cash and cash equivalents also consists of money market funds and U.S. Treasury bills with original maturities of three months or less, that were purchased with funds raised through the respective IPOs of APSG II and Acropolis Infrastructure Acquisition Corp. ("Acropolis"), both SPACs sponsored by Apollo. The restricted cash and cash equivalents may

only be used for purposes of completing an initial business combination or redemption of public shares as set forth in the respective trust agreements.

Foreign Currency

The Company holds foreign currency denominated assets and liabilities. Non-monetary assets and liabilities of the Company's international subsidiaries are remeasured into the functional currency using historical exchange rates specific to each asset and liability, the exchange rates prevailing at the end of each reporting period are used for all others. The results of the Company's foreign operations are remeasured using an average exchange rate for the respective reporting period. Currency remeasurement adjustments and gains and losses on the settlement of foreign currency translations are included within other income (loss), net for asset management or investment related gains (losses) for retirement services in the condensed consolidated statements of operations. Foreign currency denominated assets and liabilities are translated into the reporting currency using the exchange rates prevailing at the end of each reporting period. Currency translation adjustments are included within other comprehensive income (loss), before tax within the condensed consolidated statements of comprehensive income (loss). The change in unrealized foreign currency exchange of any non-U.S. dollar denominated AFS securities are included in other comprehensive income ("OCI") unless they are designated as part of a fair value hedge.

Investments

Equity Method Investments

For investments in entities over which the Company exercises significant influence but does not meet the requirements for consolidation and has not elected the fair value option, the Company uses the equity method of accounting. Under the equity method of accounting, the Company records its share of the underlying income or loss of such entities adjusted for distributions. The Company's share of the underlying net income or loss of such entities is recorded in Investment income (loss) for asset management and Net investment income for retirement services in the condensed consolidated statements of operations.

The carrying amounts of equity method investments are recorded in investments in the condensed consolidated statements of financial condition. Generally, the underlying entities that the Company manages and invests in are primarily investment companies, and the carrying value of the Company's equity method investments approximates fair value.

Reverse Repurchase Agreements and Repurchase Agreements

A reverse repurchase agreement is a transaction in which the Company purchases financial instruments from a seller and simultaneously enters into an agreement to resell the same or substantially the same financial instruments to the seller at a fixed and determinable price at a future date. A repurchase agreement is a transaction in which the Company sells financial instruments to a buyer, typically in exchange for cash, and simultaneously enters into an agreement to repurchase the same or substantially the same financial instruments from the buyer at a fixed and determinable price at a future date.

Although reverse repurchase and repurchase agreements generally involve the legal transfer of ownership of financial instruments, they are accounted for as financing arrangements because they require the financial instruments to be resold or repurchased before or at the maturity of the agreement. As a result, the collateral received under reverse repurchase agreements are not recognized and the collateral pledged under repurchase agreements are not derecognized in the condensed consolidated statements of financial condition.

Within asset management, reverse repurchase and repurchase agreements generally sit within consolidated VIEs and as such, those reverse repurchase and repurchase agreements are reflected as investments and other liabilities, respectively, within the consolidated VIE section of the statements of financial condition. Additionally, the income (loss) related to those reverse repurchase and repurchase agreements from consolidated VIEs are included in Net gains (losses) from investment activities of consolidated variable interest entities on the condensed consolidated statements of operations. Reverse repurchase agreements within asset management are generally accounted for by electing the fair value option. For retirement services, the receivable under the reverse repurchase agreement is recorded as investment for the principal amount loaned under the agreement and the payable under a repurchase agreement is recognized as payables for collateral on derivatives and securities to repurchase on the condensed consolidated statements of financial condition. Earnings from reverse repurchase agreements are included in net investment income for retirement services on the condensed consolidated statements of operations.

For reverse repurchase agreements, the Company generally requires collateral with a fair value at least equal to the carrying value of the loaned amount, monitors the market value of the collateral on a periodic basis, and delivers or obtains additional collateral due to changes in the fair value of the collateral, as appropriate, in order to mitigate credit exposure.

Financial Instruments held by Consolidated VIEs

The consolidated VIEs managed by the Company are primarily investment companies and CLOs. Their investments include debt and equity securities held at fair value and reverse repurchase agreements. Financial instruments are generally accounted for on a trade date basis.

Under a measurement alternative permissible for consolidated collateralized financing entities, the Company measures both the financial assets and financial liabilities of consolidated CLOs in its condensed consolidated financial statements in both cases using the fair value of the financial assets or financial liabilities, whichever are more observable.

Where financial assets are more observable, the financial assets of the consolidated CLOs are measured at fair value and the financial liabilities are measured in consolidation as: (i) the sum of the fair value of the financial assets and the carrying value of any non-financial assets that are incidental to the operations of the CLOs less (ii) the sum of the fair value of any beneficial interests retained by the Company (other than those that represent compensation for services) and the Company's carrying value of any beneficial interests that represent compensation for services. The resulting amount is allocated to the individual financial liabilities (other than the beneficial interest retained by the Company) using a reasonable and consistent methodology.

Where financial liabilities are more observable, the financial liabilities of the consolidated CLOs are measured at fair value and the financial assets are measured in consolidation as: (i) the sum of the fair value of the financial liabilities, and the carrying value of any non-financial liabilities that are incidental to the operations of the CLOs less (ii) the carrying value of any non-financial assets that are incidental to the operations of the CLOs. The resulting amount is allocated to the individual financial assets using a reasonable and consistent methodology.

Net income attributable to Apollo Global Management, Inc. reflects the Company's own economic interests in the consolidated CLOs, including (i) changes in the fair value of the beneficial interests retained by the Company and (ii) beneficial interests that represent compensation for collateral management services.

Certain consolidated VIEs have applied the fair value option for certain investments in private debt securities that otherwise would not have been carried at fair value with gains and losses in net income.

Fair Value of Financial Instruments

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date under current market conditions. The actual realized gains or losses will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale, all of which may ultimately differ significantly from the assumptions on which the valuations were based.

Fair Value Option

Entities are permitted to elect the fair value option ("FVO") to carry at fair value certain financial assets and financial liabilities, including investments otherwise accounted for under the equity method of accounting. The FVO election is irrevocable and is applied to financial instruments on an individual basis at initial recognition or at eligible remeasurement events. Please refer to note 5 for additional information and other instances of when the Company has elected the FVO.

Fair Value Hierarchy

U.S. GAAP establishes a hierarchical disclosure framework which prioritizes and ranks the level of market price observability used in measuring financial instruments at fair value. Market price observability is affected by a number of factors, including the type of financial instrument, the characteristics specific to the financial instrument and the state of the marketplace, including the existence and transparency of transactions between market participants. Financial instruments with readily available quoted prices in active markets generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Financial instruments measured and reported at fair value are classified and disclosed based on the observability of inputs used in the determination of fair values, as follows:

Level 1 – Quoted prices are available in active markets for identical financial instruments as of the reporting date. The Company does not adjust the quoted price for these financial instruments, even in situations where the Company holds a large position and the sale of such position would likely deviate from the quoted price.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. These financial instruments exhibit higher levels of liquid market observability as compared to Level 3 financial instruments.

Level 3 – Pricing inputs are unobservable for the financial instrument and includes situations where there is little observable market activity for the financial instrument. The inputs into the determination of fair value may require significant management judgment or estimation. Financial instruments that are included in this category generally include investments where the fair value is based on observable inputs as well as unobservable inputs.

When a security is valued based on broker quotes, the Company subjects those quotes to various criteria in making the determination as to whether a particular financial instrument would qualify for classification as Level 2 or Level 3. These criteria include, but are not limited to, the number and quality of the broker quotes, the standard deviations of the observed broker quotes, and the percentage deviation from external pricing services.

Investments in securities that are traded on a securities exchange or comparable over-the-counter quotation systems are valued based on the last reported sale price at that date. If no sales of such investments are reported on such date, and in the case of over-the-counter securities or other investments for which the last sale date is not available, valuations are based on independent market quotations obtained from market participants, recognized pricing services or other sources deemed relevant, and the prices are based on the average of the “bid” and “ask” prices, or at ascertainable prices at the close of business on such day. Market quotations are generally based on valuation pricing models or market transactions of similar securities adjusted for security-specific factors such as relative capital structure priority and interest and yield risks, among other factors. When market quotations are not available, a model-based approach is used to determine fair value.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, a financial instrument’s level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Company’s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the financial instrument when the fair value is based on unobservable inputs.

Business Combinations

The Company accounts for business combinations using the acquisition method of accounting where the consideration transferred for the acquisition is allocated to the assets acquired and liabilities assumed using the fair values determined by management as of the acquisition date. Contingent consideration obligations that are elements of the consideration transferred are recognized as of the acquisition date as part of the fair value transferred in exchange for the acquired business. Acquisition-related costs incurred in connection with a business combination are expensed as incurred.

Compensation and Benefits

Compensation consists of (i) salary, bonus, and benefits, which includes base salaries, discretionary and non-discretionary bonuses, severance and employee benefits, (ii) equity-based awards granted to employees and non-employees that are measured based on the grant date fair value of the award and (iii) profit sharing expense, which primarily consists of a portion of performance revenues earned from certain funds that are allocated to employees and former employees. Compensation costs are recorded in compensation and benefits for asset management and policy and other operating expense for retirement services in the condensed consolidated statements of operations.

Employees and non-employees who provide services to the Company are granted equity-based awards as compensation that are measured based on the grant date fair value of the award. Equity-based awards that do not require future service (i.e., vested

awards) are expensed immediately. Equity-based employee awards that require future service are expensed over the relevant period of service. Equity-based awards that require performance metrics to be met are expensed only when the performance metric is met or deemed probable. Profit sharing amounts are recognized as the related performance revenues are earned. Accordingly, profit sharing amounts can be reversed during periods when there is a decline in performance revenues that were previously recognized. Profit sharing amounts are generally not paid until the related performance revenue is distributed to the general partner upon realization of the fund's investments (which may be distributed in cash or in-kind).

Earnings Per Share

As the Company has issued participating securities, the two-class method of computing earnings per share is used for all periods presented for common stock and participating securities as if all earnings for the period had been distributed. Under the two-class method, during periods of net income, the net income is first reduced for distributions declared on all classes of securities to arrive at undistributed earnings. During periods of net losses, the net loss is reduced for distributions declared on participating securities only if the security has the right to participate in the earnings of the entity and an objectively determinable contractual obligation to share in net losses of the entity. Participating securities include vested and unvested RSUs that participate in distributions, as well as unvested restricted shares.

Whether during a period of net income or net loss, under the two-class method the remaining earnings are allocated to common stock and participating securities to the extent that each security shares in earnings as if all of the earnings for the period had been distributed. Earnings or losses allocated to each class of security are then divided by the applicable weighted average outstanding shares to arrive at basic earnings per share. For the diluted earnings, the denominator includes all outstanding shares of common stock and includes the number of additional shares of common stock that would have been outstanding if the dilutive potential shares of common stock had been issued. The numerator is adjusted for any changes in income or loss that would result from the issuance of these potential shares of common stock.

Share Repurchase

When shares are repurchased, the Company can choose to record treasury shares or account for the repurchase as a constructive retirement. The Company accounted for share repurchases as constructive retirement, whereby it reduced common stock and additional paid-in capital by the amount of the original issuance, with any excess purchase price recorded as a reduction to retained earnings. Under this method, issued and outstanding shares are reduced by the shares repurchased, and no treasury stock is recognized on the condensed consolidated statements of financial condition.

Income Taxes

AGM is a Delaware corporation and generally all of its income is subject to U.S. corporate income taxes. Certain subsidiaries of the Company operate as partnerships for U.S. income tax purposes and are subject to NYC UBT. Certain non-U.S. entities are also subject to non-U.S. corporate income taxes. In conjunction with the Mergers, Apollo underwent a reorganization from an Up-C structure to a C-corporation with a single class of common stock. Athene, and certain of its non-U.S. subsidiaries, are Bermuda exempted companies that have historically not been subject to U.S. corporate income taxes on their earnings. Due to the Mergers, Athene's non-U.S. earnings will generally be subject to U.S. corporate income taxes.

Significant judgment is required in determining tax expense and in evaluating certain and uncertain tax positions. The Company recognizes the tax benefit of uncertain tax positions only where the position is "more likely than not" to be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit is measured as the largest amount of benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. If a tax position is not considered more likely than not to be sustained, then no benefits of the position are recognized. The Company's tax positions are reviewed and evaluated quarterly to determine whether the Company has uncertain tax positions that require financial statement recognition.

Deferred tax assets and liabilities are recognized for the expected future tax consequences of differences between the carrying amount of assets and liabilities and their respective tax bases using currently enacted tax rates. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period during which the change is enacted. Deferred tax assets are reduced by a valuation allowance when it is more likely than not that all or a portion of the deferred tax assets will not be realized.

Significant judgment and estimates are required in determining whether valuation allowances should be established as well as the amount of such allowances. When making such determination, consideration is given to, among other things, the following:

- whether sufficient taxable income exists within the allowed carryback or carryforward periods;
- whether future reversals of existing taxable temporary differences will occur, including any tax planning strategies that could be used;
- the nature or character (e.g., ordinary vs. capital) of the deferred tax assets and liabilities; and
- whether future taxable income exclusive of reversing temporary differences and carryforwards exists.

Recently Issued Accounting Pronouncements

Business Combinations – Joint Venture Formations (ASU 2023-05)

The amendments in this update address how a joint venture initially recognizes and measures contributions received at its formation date. The amendments require a joint venture to apply a new basis of accounting upon formation and to initially recognize its assets and liabilities at fair value. The guidance is effective prospectively for all joint ventures formed on or after January 1, 2025, while retrospective application may be elected for a joint venture formed before the effective date. Early adoption is permitted.

The Company is currently evaluating the impact of the new pronouncement.

Investments– Equity Method and Joint Ventures (ASU 2023-02)

In March 2023, the Financial Accounting Standards Board ("FASB") issued guidance in ASU 2023-02 to introduce the option of applying the proportional amortization method ("PAM") to account for investments made primarily for the purpose of receiving income tax credits or other income tax benefits when certain requirements are met. Currently, PAM only applies to low-income housing tax credit ("LIHTC") investments. The guidance becomes mandatorily effective for the Company on January 1, 2024, but early adoption is permitted.

The Company is currently evaluating the impact of the new pronouncement and does not expect an impact to the condensed consolidated financial statements upon adoption.

Recently Adopted Accounting Pronouncements

Fair Value Measurement — Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions (ASU 2022-03)

In June 2022, the FASB issued clarifying guidance that a restriction which is a characteristic of the holding entity rather than a characteristic of the equity security itself should not be considered in its fair value measurement. As a result, the Company is required to measure the fair value of equity securities subject to contractual restrictions attributable to the holding entity on the basis of the market price of the same equity security without those contractual restrictions. Companies are not permitted to recognize a contractual sale restriction attributable to the holding entity as a separate unit of account. The guidance also requires disclosures for these equity securities.

The new guidance was early adopted by the Company on July 1, 2023. The Company applied the guidance on a prospective basis, and there was no financial statement impact upon adoption.

Insurance – Targeted Improvements to the Accounting for Long-Duration Contracts (ASU 2020-11, ASU 2019-09, ASU 2018-12)

These updates amend four key areas pertaining to the accounting and disclosures for long-duration insurance and investment contracts and are commonly referred to as long-duration targeted improvements ("LDTI").

- The update requires cash flow assumptions used to measure the liability for future policy benefits to be updated at least annually and no longer allows a provision for adverse deviation. The remeasurement of the liability associated with the update of assumptions is required to be recognized in net income. Loss recognition testing is eliminated for traditional and limited-payment contracts. The update also requires the discount rate used in measuring the liability to be an

upper-medium grade fixed-income instrument yield, which is to be updated at each reporting date. The change in liability due to changes in the discount rate is to be recognized in OCI.

- The update simplifies the amortization of DAC and other balances amortized in proportion to premiums, gross profits, or gross margins, requiring such balances to be amortized on a constant level basis over the expected term of the contracts. Deferred costs are required to be written off for unexpected contract terminations but are not subject to impairment testing.
- The update requires certain contract features meeting the definition of market risk benefits to be measured at fair value. Among the features included in this definition are the GLWB and GMDB riders attached to annuity products. The change in fair value of the market risk benefits is to be recognized in net income, excluding the portion attributable to changes in instrument-specific credit risk which is recognized in OCI.
- The update also introduces disclosure requirements around the liability for future policy benefits, policyholder account balances, market risk benefits, separate account liabilities, and deferred acquisition costs. This includes disaggregated rollforwards of these balances and information about significant inputs, judgments, assumptions and methods used in their measurement.

The Company adopted these updates on January 1, 2023 and, for all provisions of the update, applied a retrospective transition approach using a transition date of January 1, 2022, the date of the Mergers. At the acquisition date, VOBA balances were established as the difference between the fair value of the liabilities and the reserves established as of this date. Upon transition to LDTI, the liability for future policy benefits and contractual features that meet the criteria for market risk benefits were adjusted to conform to LDTI, with an offsetting adjustment made to positive or negative VOBA. No adjustments were recorded to accumulated other comprehensive income (loss) ("AOCI") or retained earnings. See note 3 for the effects of LDTI adoption on the 2022 condensed consolidated financial statements.

Business Combinations – Accounting for Contract Assets and Contract Liabilities from Contracts with Customers (ASU 2021-08)

In October 2021, the FASB issued guidance to add contract assets and contract liabilities from contracts with customers acquired in a business combination to the list of exceptions to the fair value recognition and measurement principles that apply to business combinations, and instead require them to be accounted for in accordance with revenue recognition guidance.

The new guidance was adopted by the Company on January 1, 2023 and applied prospectively. There was no financial statement impact upon adoption.

Reference Rate Reform (Topic 848) — Deferral of the Sunset Date of Topic 848 (ASU 2022-06, ASU 2021-01, ASU 2020-04)

The Company adopted ASU 2020-04 and ASU 2021-01 and elected to apply certain of the practical expedients related to contract modifications, hedge accounting relationships, and derivative modifications pertaining to discounting, margining, or contract price alignment. The main purpose of the practical expedients is to ease the administrative burden of accounting for contracts impacted by reference rate reform, and these elections did not have, and are not expected to have, a material impact on the consolidated financial statements. ASU 2022-06 amended and deferred the sunset date of Topic 848 from December 31, 2022 to December 31, 2024, after which the Company will no longer be permitted to apply the expedients provided in Topic 848. The Company will continue to evaluate the impact of reference rate reform on contract modifications and hedging relationships.

Significant Accounting Policies – Asset Management

U.S. Treasury Securities, at fair value

U.S. Treasury securities, at fair value includes U.S. Treasury bills with original maturities greater than three months when purchased. These securities are recorded at fair value in investments in the condensed consolidated statements of financial condition. Interest income on such securities is separately presented from the overall change in fair value and is recognized in interest income for asset management in the condensed consolidated statements of operations. Any remaining change in fair value of such securities, that is not recognized as interest income, is recognized in net gains (losses) from investment activities for asset management in the condensed consolidated statements of operations.

Due from/to Related Parties

Due from/to related parties includes amounts due from and due to existing employees, certain former employees, portfolio companies of the funds and non-consolidated funds.

Deferred Revenue

Apollo records deferred revenue, which is a type of contract liability, when consideration is received in advance of management services provided. Deferred revenue is reversed and recognized as revenue over the period that the agreed upon services are performed. It is included in accounts payable, accrued expenses, and other liabilities in the condensed consolidated statements of financial condition.

Apollo also earns management fees which are subject to an offset. When Apollo receives cash for advisory and transaction fees, a certain percentage of such advisory and/or transaction fees, as applicable, is allocated as a credit to reduce future management fees, otherwise payable by the relevant fund. Such credit is recorded as deferred revenue in the condensed consolidated statements of financial condition within the accounts payable, accrued expenses and other liabilities line item. A portion of any excess advisory and transaction fees may be required to be returned to the limited partners of certain funds upon such fund's liquidation. As the management fees earned by Apollo are presented on a gross basis, any management fee offsets calculated are presented as a reduction to advisory and transaction fees in the condensed consolidated statements of operations.

Additionally, Apollo earns advisory fees pursuant to the terms of the advisory agreements with certain of the portfolio companies that are owned by the funds Apollo manages. When Apollo receives a payment from a portfolio company that exceeds the advisory fees earned at that point in time, the excess payment is recorded as deferred revenue in the condensed consolidated statements of financial condition. The advisory agreements with the portfolio companies vary in duration and the associated fees are received monthly, quarterly, or annually.

Deferred revenue is reversed and recognized as revenue over the period that the agreed upon services are performed. There was $172 million of revenue recognized during the nine months ended September 30, 2023 that was previously deferred as of January 1, 2023.

Under the terms of the funds' partnership agreements, Apollo is normally required to bear organizational expenses over a set dollar amount and placement fees or costs in connection with the offering and sale of interests in the funds it manages to investors. In cases where the limited partners of the funds are determined to be the customer in an arrangement, placement fees may be capitalized as a cost to acquire a customer contract and amortized over the life of the customer contract. Capitalized placement fees are recorded within other assets in the condensed consolidated statements of financial condition, while amortization is recorded within general, administrative and other in the condensed consolidated statements of operations. In certain instances, the placement fees are paid over a period of time. Based on the management agreements with the funds, Apollo considers placement fees and organizational costs paid in determining if cash has been received in excess of the management fees earned. Placement fees and organizational costs are normally the obligation of Apollo but can be paid for by the funds. When these costs are paid by the fund, the resulting obligations are included within deferred revenue. The deferred revenue balance will also be reduced during future periods when management fees are earned but not paid.

Redeemable non-controlling interests

Redeemable non-controlling interests are attributable to VIEs and primarily represent the shares issued by the Company's consolidated SPACs whose shares are redeemable for cash by the respective public shareholders in connection with the applicable SPAC's failure to complete a business combination or its tender offer/stockholder approval provisions. The redeemable non-controlling interests are initially recorded at their original issue price, net of issuance costs and the initial fair value of separately traded warrants. The carrying amount is accreted to its redemption value over the period from the date of issuance to the earliest redemption date of the instrument. The accretion to redemption value is generally recorded against additional paid-in capital. Refer to note 17 for further detail.

Revenues

The revenues of the asset management business include (i) management fees; (ii) advisory and transaction fees, net; (iii) investment income, which is comprised of performance allocations and principal investment income; and (iv) incentive fees.

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The revenue guidance requires that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services (i.e., the transaction price). When determining the transaction price under the revenue guidance, an entity may recognize variable consideration only to the extent that it is probable to not be significantly reversed. The revenue guidance also requires disclosures to help users of financial statements better understand the nature, amount, timing, and uncertainty of revenue that is recognized.

Performance allocations are accounted for under guidance applicable to equity method investments, and therefore not within the scope of the revenue guidance. Apollo recognizes performance allocations within investment income along with the related principal investment income (as further described below) in the condensed consolidated statements of operations and within the investments line in the condensed consolidated statements of financial condition.

Refer to disclosures below for additional information on each of the revenue streams of the asset management business.

Management Fees

Management fees are recognized over time during the periods in which the related services are performed in accordance with the contractual terms of the related agreement. Management fees are generally based on (1) a percentage of the capital committed during the commitment period, and thereafter based on the remaining invested capital of unrealized investments, or (2) net asset value, gross assets or as otherwise provided in the respective agreements. Included in management fees are certain expense reimbursements where Apollo is considered the principal under the agreements and is required to record the expense and related reimbursement revenue on a gross basis.

Advisory and Transaction Fees, Net

Advisory fees, including management consulting fees and directors' fees, are generally recognized over time as the underlying services are provided in accordance with the contractual terms of the related agreement. Apollo receives such fees in exchange for ongoing management consulting services provided to portfolio companies of funds it manages. Transaction fees, including structuring fees and arranging fees related to Apollo's funds, portfolio companies of funds and third parties are generally recognized at a point in time when the underlying services rendered are complete.

The amounts due from fund portfolio companies are recorded in due from related parties on the condensed consolidated statements of financial condition. Under the terms of the limited partnership agreements for certain funds, the management fee payable by the funds may be subject to a reduction based on a certain percentage of such advisory and transaction fees, net of applicable broken deal costs. Advisory and transaction fees are reduced by these management fee offsets in the condensed consolidated statements of operations.

Underwriting fees, which are also included within advisory and transaction fees, net, include gains, losses and fees, arising from securities offerings in which one of the Company's subsidiaries participates in the underwriter syndicate. Underwriting fees are recognized at a point in time when the underwriting is completed. Underwriting fees recognized but not received are recorded in other assets on the condensed consolidated statements of financial condition.

During the normal course of business, Apollo incurs certain costs related to certain transactions that are not consummated, or "broken deal costs". These costs (e.g., research costs, due diligence costs, professional fees, legal fees and other related items) are determined to be broken deal costs upon management's decision to no longer pursue the transaction. In accordance with the related fund agreement, in the event the deal is deemed broken, all of the costs are reimbursed by the funds and then included as a component of the calculation of the management fee offset. If a deal is successfully completed, Apollo is reimbursed by the fund or fund's portfolio company for all costs incurred and no offset is generated. As Apollo acts as an agent for the funds it manages, any transaction costs incurred and paid by Apollo on behalf of the respective funds relating to successful or broken deals are recorded net on the Company's condensed consolidated statements of operations, and any receivable from the respective funds is recorded in due from related parties on the condensed consolidated statements of financial condition.

Investment Income

Investment income is comprised of performance allocations and principal investment income.

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Performance Allocations. Performance allocations are a type of performance revenue (i.e., income earned based on the extent to which an entity's performance exceeds predetermined thresholds). Performance allocations are generally structured from a legal standpoint as an allocation of capital in which Apollo's capital account receives allocations of the returns of an entity when those returns exceed predetermined thresholds. The determination of which performance revenues are considered performance allocations is primarily based on the terms of an agreement with the entity.

Apollo recognizes performance allocations within investment income along with the related principal investment income (as described further below) in the condensed consolidated statements of operations and within the investments line in the condensed consolidated statements of financial condition.

When applicable, Apollo may record a general partner obligation to return previously distributed performance allocations. The general partner obligation is based upon an assumed liquidation of a fund's net assets as of the reporting date and is reported within due to related parties on the condensed consolidated statements of financial condition. The actual determination and any required payment of any such general partner obligation would not take place until the final disposition of a fund's investments based on the contractual termination of the fund or as otherwise set forth in the respective governing document of the fund.

Principal Investment Income. Principal investment income includes Apollo's income or loss from equity method investments and certain other investments in entities in which Apollo is generally eligible to receive performance allocations. Income from equity method investments includes Apollo's share of net income or loss generated from its investments, which are not consolidated, but in which it exerts significant influence.

Incentive Fees

Incentive fees are a type of performance revenue. Incentive fees differ from performance allocations in that incentive fees do not represent an allocation of capital but rather a contractual fee arrangement with the entity. Incentive fees are considered a form of variable consideration as they are subject to clawback or reversal and therefore must be deferred until the fees are probable to not be significantly reversed. Accrued but unpaid incentive fees are reported within other assets in Apollo's condensed consolidated statements of financial condition. Apollo's incentive fees are generally received from CLOs, managed accounts and certain other vehicles it manages.

Profit Sharing

Profit sharing expense and profit sharing payable primarily consist of a portion of performance revenues earned from certain funds that are allocated to employees and former employees. Profit sharing amounts are recognized as the related performance revenues are earned. Accordingly, profit sharing amounts can be reversed during periods when there is a decline in performance revenues that were previously recognized. Profit sharing expense is recorded in compensation and benefits for asset management in the condensed consolidated statements of operations. Profit sharing payable is recorded in accounts payable, accrued expenses and other liabilities for Asset Management in the condensed consolidated statements of financial condition.

Profit sharing amounts are generally not paid until the related performance revenue is distributed to the general partner upon realization of the fund's investments. Under certain profit-sharing arrangements, Apollo requires that a portion of certain of the performance revenues distributed to its employees be used to purchase restricted common stock issued under the Equity Plan. Prior to distribution of the performance revenue, the Company records the value of the equity-based awards expected to be granted in other assets and other liabilities within the condensed consolidated statements of financial condition. Such equity-based awards are recorded as equity-based compensation expense over the relevant service period once granted.

Additionally, profit sharing amounts previously distributed may be subject to clawback from employees and former employees. When applicable, the accrual for potential clawback of previously distributed profit sharing amounts, which is a component of due from related parties on the condensed consolidated statements of financial condition, represents all amounts previously distributed to employees and former employees that would need to be returned to the general partner if the funds were to be liquidated based on the fair value of the underlying fund's investments as of the reporting date. The actual general partner receivable, however, would not become realized until the final disposition of a fund's investments based on the contractual termination of the fund or as otherwise set forth in the respective governing document of the fund.

Profit sharing payable also includes contingent consideration obligations that were recognized in connection with certain acquisitions. Changes in the fair value of the contingent consideration obligations are reflected in the condensed consolidated statements of operations as compensation and benefits for asset management.

Apollo has performance-based incentive arrangements for certain employees designed to more closely align compensation on an annual basis with the overall realized performance of the Company's asset management business. These arrangements enable certain employees to earn discretionary compensation based on performance revenue earned by Apollo's asset management business in a given year, which amounts are reflected in compensation and benefits in the accompanying condensed consolidated financial statements for asset management. Apollo may also use dividends it receives from investments in certain perpetual capital vehicles to compensate employees. These amounts are recorded as compensation and benefits in the condensed consolidated statements of operations for asset management.

Significant Accounting Policies – Retirement Services

Investments

Fixed Maturity Securities

Fixed maturity securities includes bonds, CLOs, ABS, RMBS, CMBS and redeemable preferred stock. Athene classifies fixed maturity securities as AFS or trading at the time of purchase and subsequently carries them at fair value. Classification is dependent on a variety of factors, including expected holding period, election of the fair value option and asset and liability matching.

AFS Securities

AFS securities are held at fair value on the condensed consolidated statements of financial condition, with unrealized gains and losses, exclusive of allowances for expected credit losses, generally reflected in AOCI on the condensed consolidated statements of financial condition. Unrealized gains or losses relating to identified risks within AFS securities in fair value hedging relationships are reflected in investment related gains (losses) on the condensed consolidated statements of operations.

Trading Securities

The fair value option is elected for certain fixed maturity securities. These fixed maturity securities are classified as trading, with changes to fair value included in investment related gains (losses) on the condensed consolidated statements of operations. Although the securities are classified as trading, the trading activity related to these investments is primarily focused on asset and liability matching activities and is not intended to be an income strategy based on active trading. As such, the activity related to these investments on the condensed consolidated statements of cash flows is classified as investing activities.

Transactions in trading securities are generally recorded on a trade date basis, with any unsettled trades recorded in other assets or other liabilities on the condensed consolidated statements of financial condition. Bank loans, private placements and investment funds are recorded on settlement date basis.

Equity Securities

Equity securities includes common stock, mutual funds and non-redeemable preferred stock. Equity securities with readily determinable fair values are carried at fair value with subsequent changes in fair value recognized in net income. Athene has elected to account for certain equity securities without readily determinable fair values that do not qualify for the practical expedient to estimate fair values based on NAV per share (or its equivalent) at cost less impairment, subject to adjustments based on observable price changes in orderly transactions for identical or similar investments of the same issuer.

Purchased Credit Deteriorated Investments

Athene purchases certain structured securities, primarily RMBS, which upon assessment have been determined to meet the definition of PCD investments. Additionally, structured securities classified as beneficial interests follow the initial measurement guidance for PCD investments if there is a significant difference between contractual cash flows adjusted for expected prepayments and expected cash flows at the date of recognition. The initial allowance for credit losses for PCD investments is recorded through a gross-up adjustment to the initial amortized cost. For structured securities classified as beneficial interests, the initial allowance is calculated as the present value of the difference between contractual cash flows adjusted for expected prepayments and expected cash flows at the date of recognition. The non-credit purchase discount or premium is amortized into investment income using the effective interest method. The credit discount, represented by the

allowance for expected credit losses, is remeasured each period following the policies for measuring credit losses described in *Credit Losses – Available-for-Sale Securities* section below.

Mortgage Loans

Athene elected the fair value option on its mortgage loan portfolio. Interest income is accrued on the principal amount of the loan based on its contractual interest rate. Interest is accrued on loans until it is probable it will not be received, or the loan is 90 days past due, unless guaranteed by U.S. government-sponsored agencies. Interest income and prepayment fees are reported in net investment income on the condensed consolidated statements of operations. Changes in the fair value of the mortgage loan portfolio are reported in investment related gains (losses) on the condensed consolidated statements of operations.

Investment Funds

Athene invests in certain non-fixed income, alternative investments in the form of limited partnerships or similar legal structures (investment funds). For investment funds in which it does not hold a controlling financial interest, Athene typically accounts for such investments using the equity method, where the cost is recorded as an investment in the fund, or it has elected the fair value option. Adjustments to the carrying amount reflect pro rata ownership percentage of the operating results as indicated by NAV in the investment fund financial statements, which can be on a lag of up to three months when investee information is not received in a timely manner.

Athene's proportionate share of investment fund income is recorded within net investment income on the condensed consolidated statements of operations. Contributions paid or distributions received by Athene are recorded directly to the investment fund balance as an increase to carrying value or as a return of capital, respectively.

Policy Loans

Policy loans are funds provided to policyholders in return for a claim on the policyholder's account balance. The funds provided are limited to a specified percentage of the account balance. The majority of policy loans do not have a stated maturity and the balances and accrued interest are repaid with proceeds from the policyholder's account balance. Policy loans are reported at the unpaid principal balance. Interest income is recorded as earned using the contract interest rate and is reported in net investment income on the condensed consolidated statements of operations.

Funds Withheld at Interest

Funds withheld at interest represents a receivable for amounts contractually withheld by ceding companies in accordance with funds withheld coinsurance ("funds withheld") and modified coinsurance ("modco") reinsurance agreements in which Athene is the reinsurer. Generally, assets equal to statutory reserves are withheld and legally owned by the ceding company, and any excess or shortfall is settled periodically. The underlying agreements contain embedded derivatives as discussed below.

Short-term Investments

Short-term investments consist of financial instruments with maturities of greater than three months but less than twelve months when purchased. Short-term debt securities are accounted for as trading or AFS consistent with the policies for those investments. Short-term loans are carried at amortized cost.

Other Investments

Other investments includes, but is not limited to, term loans collateralized by mortgages on residential and commercial real estate and other uncollateralized loans. Athene elected the fair value option on these loans. Interest income is accrued on the principal amount of the loan based on its contractual interest rate. Interest on loans is accrued until it is probable it will not be received or the loan is 90 days past due. Interest income and prepayment and other fees are reported in net investment income on the condensed consolidated statements of operations. Changes in fair value are reported in investment related gains (losses) on the condensed consolidated statements of operations.

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Investment Income

Investment income is recognized as it accrues or is legally due, net of investment management and custody fees. Investment income on fixed maturity securities includes coupon interest, as well as the amortization of any premium and the accretion of any discount. Investment income on equity securities represents dividend income and preferred coupons interest. Realized gains and losses on sales of investments are included in investment related gains (losses) on the condensed consolidated statements of operations. Realized gains and losses on investments sold are determined based on a first-in first-out method.

Credit Losses – Available-for-Sale Securities

AFS securities with a fair value that has declined below amortized cost are evaluated to determine how the decline in fair value should be recognized. If based on the facts and circumstances related to the specific security, Athene intends to sell a security or it is more likely than not that it would be required to sell a security before the recovery of its amortized cost, any existing allowance for expected credit losses is reversed and the amortized cost of the security is written down to fair value. If neither of these conditions exist, the decline in fair value is evaluated to determine whether it has resulted from a credit loss or other factors.

For non-structured AFS securities, relevant facts and circumstances are qualitatively considered in evaluating whether a decline below fair value is credit-related. Relevant facts and circumstances include but are not limited to: (1) the extent to which the fair value is less than amortized cost; (2) changes in agency credit ratings, (3) adverse conditions related to the security's industry or geographical area, (4) failure to make scheduled payments, and (5) other known changes in the financial condition of the issuer or quality of any underlying collateral or credit enhancements. For structured AFS securities meeting the definition of beneficial interests, the qualitative assessment is bypassed, and any securities having experienced a decline in fair value below amortized cost move directly to a quantitative analysis.

If upon completion of this analysis it is determined that a potential credit loss exists, an allowance for expected credit losses is established equal to the amount by which the present value of expected cash flows is less than amortized cost, limited by the amount by which fair value is less than amortized cost. A non-structured security's cash flow estimates are derived from scenario-based outcomes of expected corporate restructurings or the disposition of assets using security-specific facts and circumstances, including timing, security interests and loss severity. A structured security's cash flow estimates are based on security-specific facts and circumstances that may include collateral characteristics, expectations of delinquency and default rates, loss severity, prepayments and structural support, including subordination and guarantees. The expected cash flows are discounted at the effective interest rate implicit to the security at the date of purchase or the current yield to accrete a structured security. For securities with a contractual interest rate that varies based on changes in an independent factor, such as an index or rate, the effective interest rate is calculated based on the factor as it changes over the life of the security. Inherently under the discounted cash flow model, both the timing and amount of expected cash flows affect the measurement of the allowance for expected credit losses.

The allowance for expected credit losses is remeasured each period for the passage of time, any change in expected cash flows, and changes in the fair value of the security. All impairments, whether intent or requirement to sell or credit-related, are recorded through a charge to the provision for credit losses within investment related gains (losses) on the condensed consolidated statements of operations. All changes in the allowance for expected credit losses are recorded through the provision for credit losses within investment related gains (losses) on the condensed consolidated statements of operations.

The Company has elected to present accrued interest receivable separately in other assets on the condensed consolidated balance sheets. It has also elected the practical expedient to exclude the accrued interest receivable from the amortized cost balance used to calculate the allowance for expected credit losses, as it has a policy to write off such balances in a timely manner, when they become 90 days past due. Any write-off of accrued interest is recorded through a reversal of net investment income on the condensed consolidated statements of operations.

Upon determining that all or a portion of the amortized cost of an asset is uncollectible, which is generally when all efforts for collection are exhausted, the amortized cost is written off against the existing allowance. Any write off in excess of the existing allowance is recorded through the provision for credit losses within investment related gains (losses) on the condensed consolidated statements of operations.

Derivative Instruments

Athene invests in derivatives to hedge the risks experienced from ongoing operations, such as equity, interest rate and cash flow risks, or for other risk management purposes, which primarily involve managing liability risks associated with indexed annuity products and reinsurance agreements. Derivatives are financial instruments with values that are derived from interest rates, foreign exchange rates, financial indices or other combinations of an underlying and notional. Derivative assets and liabilities are carried at fair value on the condensed consolidated statements of financial condition. The Company elects to present any derivatives subject to master netting provisions as a gross asset or liability and gross of collateral. It may designate derivatives as cash flow, fair value or net investment hedges.

Hedge Documentation and Hedge Effectiveness

To qualify for hedge accounting, at the inception of the hedging relationship, Athene formally documents its designation of the hedge as a cash flow, fair value or net investment hedge and risk management objective and strategy for undertaking the hedging transaction. This documentation identifies how the hedging instrument is expected to hedge the designated risks related to the hedged item and the method that will be used to retrospectively and prospectively assess the hedge effectiveness and the method which will be used to measure ineffectiveness. A derivative designated as a hedging instrument must be assessed as being highly effective in offsetting the designated risk of the hedged item. Hedge effectiveness is formally assessed at inception and periodically throughout the life of the hedge accounting relationship.

For a cash flow hedge, all changes in the fair value of the hedging derivative are reported within AOCI and the related gains or losses on the derivative are reclassified into the condensed consolidated statements of operations when the cash flows of the hedged item affect earnings.

For a fair value hedge, changes in the fair value of the hedging derivative and changes in the fair value of the hedged item related to the designated risk being hedged are reported on the condensed consolidated statements of operations according to the nature of the risk being hedged. Additionally, changes in the fair value of amounts excluded from the assessment of effectiveness are recorded in AOCI and amortized into income over the life of the hedge accounting relationship.

For a net investment hedge, changes in the fair value of the hedging derivative are reported within AOCI to offset the translation adjustments for subsidiaries with functional currencies other than U.S. dollar.

Athene discontinues hedge accounting prospectively when: (1) it determines the derivative is no longer highly effective in offsetting changes in the estimated cash flows or fair value of a hedged item; (2) the derivative expires, is sold, terminated, or exercised; or (3) the derivative is de-designated as a hedging instrument. When hedge accounting is discontinued, the derivative continues to be carried on the condensed consolidated statements of financial condition at fair value, with changes in fair value recognized in investment related gains (losses) on the condensed consolidated statements of operations.

For a derivative not designated as a hedge, changes in the derivative's fair value and any income received or paid on derivatives at the settlement date are included in investment related gains (losses) on the condensed consolidated statements of operations.

Embedded Derivatives

Athene issues and reinsures products, primarily indexed annuity products, or purchases investments that contain embedded derivatives. If it determines the embedded derivative has economic characteristics not clearly and closely related to the economic characteristics of the host contract, and a separate instrument with the same terms would qualify as a derivative instrument, the embedded derivative is bifurcated from the host contract and accounted for separately, unless the fair value option is elected on the host contract. Under the fair value option, bifurcation of the embedded derivative is not necessary as the entire contract is carried at fair value with all related gains and losses recognized in investment related gains (losses) on the condensed consolidated statements of operations. Embedded derivatives are carried on the condensed consolidated statements of financial condition at fair value in the same line item as the host contract.

Fixed indexed annuity, index-linked variable annuity and indexed universal life insurance contracts allow the policyholder to elect a fixed interest rate return or an equity market component for which interest credited is based on the performance of certain equity market indices. The equity market option is an embedded derivative. The benefit reserve is equal to the sum of the fair value of the embedded derivative and the host (or guaranteed) component of the contracts. The fair value of the embedded derivatives represents the present value of cash flows attributable to the indexed strategies. The embedded derivative

cash flows are based on assumptions for future policy growth, which include assumptions for expected index credits on the next policy anniversary date, future equity option costs, volatility, interest rates and policyholder behavior assumptions, including lapses and the use of benefit riders. The embedded derivative cash flows are discounted using a rate that reflects Athene's own credit rating. The host contract is established at contract inception as the initial account value less the initial fair value of the embedded derivative and accreted over the policy's life. Contracts acquired through a business combination which contain an embedded derivative are re-bifurcated as of the acquisition date. Changes in the fair value of embedded derivatives associated with fixed indexed annuities, index-linked variable annuities and indexed universal life insurance contracts are included in interest sensitive contract benefits on the condensed consolidated statements of operations.

Additionally, reinsurance agreements written on a funds withheld or modco basis contain embedded derivatives. Athene has determined that the right to receive or obligation to pay the total return on the assets supporting the funds withheld at interest or funds withheld liability, respectively, represents a total return swap with a floating rate leg. The fair value of embedded derivatives on funds withheld and modco agreements is computed as the unrealized gain (loss) on the underlying assets and is included within funds withheld at interest for assumed agreements, and for ceded agreements the funds withheld liability is included in other liabilities on the condensed consolidated statements of financial condition. The change in the fair value of the embedded derivatives is recorded in investment related gains (losses) on the condensed consolidated statements of operations. Assumed and ceded earnings from funds withheld at interest, funds withheld liability and changes in the fair value of embedded derivatives are reported in operating activities on the condensed consolidated statements of cash flows. Contributions to and withdrawals from funds withheld at interest and funds withheld liability are reported in operating activities on the condensed consolidated statements of cash flows.

Reinsurance

Athene assumes and cedes insurance and investment contracts under coinsurance, funds withheld, and modco. Reinsurance accounting is applied for transactions that provide indemnification against loss or liability relating to insurance risk (risk transfer). To meet risk transfer requirements, a reinsurance agreement must transfer insurance risk arising from uncertainties about both underwriting and timing risks. Cessions under reinsurance do not discharge obligations as the primary insurer, unless the requirements of assumption reinsurance have been met. Athene generally has the right of offset on reinsurance transactions, but has elected to present reinsurance settlement amounts due to and from Athene on a gross basis.

For assets and liabilities ceded under reinsurance agreements, Athene generally applies the same measurement guidance for Athene's directly issued or assumed contracts. Ceded amounts are recorded within reinsurance recoverable on the condensed consolidated statements of financial condition. For reinsurance of in-force contracts that pass risk transfer, the issue year used for the purpose of measuring the reinsurance recoverable is dependent on the effective date of the reinsurance agreement, which may differ from the issue year for the direct or assumed contract. The issue year informs the locked-in discount rate used for the purposes of interest accretion. This may result in different discount rates used for the direct or assumed reserves and ceded reserves when reinsuring an in-force block of insurance contracts. For flow reinsurance of insurance contracts that pass risk transfer, the contracts have the same cash flow assumptions as the direct or assumed contracts when the terms are consistent between those respective contracts and the ceded reinsurance agreement. When Athene recognizes an immediate loss due to the present value of future benefits and expenses exceeding the present value of future gross premiums, a gain is recognized on the corresponding reinsurance recoverable to the extent it does not result in gain recognition at treaty inception. Likewise, where the direct or assumed reserve has been floored to zero, the corresponding reinsurance recoverable will be consistently set to zero. See "Future Policy Benefits" below for further information.

Accounting for reinsurance requires the use of assumptions, particularly related to the future performance of the underlying business and the potential impact of counterparty credit risks. Athene attempts to minimize its counterparty credit risk through the structuring of the terms of its reinsurance agreements, including the use of trusts, and monitors credit ratings of counterparties for signs of declining credit quality. When a ceding company does not report information on a timely basis, Athene records accruals based on the best available information at the time, which includes the reinsurance agreement terms and historical experience. Athene periodically compares actual and anticipated experience to the assumptions used to establish reinsurance assets and liabilities.

Assets and liabilities assumed or ceded under coinsurance, funds withheld, or modco are presented gross on the condensed consolidated statements of financial condition. For investment contracts, the change in the direct or assumed and ceded reserves are presented net in interest sensitive contract benefits on the condensed consolidated statements of operations. For insurance contracts, the change in the direct or assumed and ceded reserves and benefits are presented net in future policy and other policy benefits on the condensed consolidated statements of operations, except for changes related to the discount rate which are

presented net in OCI on the condensed consolidated statements of comprehensive income (loss). For market risk benefits, the change in the direct or assumed and ceded reserves are presented net in market risk benefits remeasurement (gain) loss on the condensed consolidated statements of operations, except for changes related to instrument-specific credit risk on direct and assumed contracts which are presented net in OCI on the condensed consolidated statements of comprehensive income (loss).

For the reinsurance of existing in-force blocks that transfer significant insurance risk, the difference between the assets received or paid and the liabilities assumed or ceded represents the net cost of reinsurance at the inception of the reinsurance agreement. The net cost of reinsurance is amortized on a basis consistent with the methodologies and assumptions used to amortize DAC and deferred sales inducements ("DSI").

Deferred Acquisition Costs, Deferred Sales Inducements and Value of Business Acquired

Deferred Acquisition Costs and Deferred Sales Inducements

Costs related directly to the successful acquisition of new, or the renewal of existing, insurance or investment contracts are deferred. These costs consist of commissions and policy issuance costs, as well as sales inducements credited to policyholder account balances, and are included in deferred acquisition costs, deferred sales inducements and value of business acquired on the condensed consolidated statements of financial condition. These costs are not capitalized until they are incurred.

Deferred costs related to universal life-type policies and investment contracts with significant revenue streams from sources other than investment of the policyholder funds are grouped into cohorts based on issue year and contract type and amortized on a constant level basis over the expected term of the related contracts. The cohorts and assumptions used for the amortization of deferred costs are consistent with those used in estimating the related liabilities for these contracts. The constant level basis generally is the initial premium or deposit and is projected based on assumptions related to policyholder behavior, including lapses and mortality, over the expected term of the contracts. Each reporting period, Athene replaces expected experience with actual experience to determine the related amortization expense. Changes to projected experience are recognized in amortization expense prospectively over the remaining contract term. Amortization of DAC and DSI is included in amortization of deferred acquisition costs, deferred sales inducements and value of business acquired on the condensed consolidated statements of operations.

Deferred costs related to investment contracts without significant revenue streams from sources other than investment of the policyholder funds are amortized using the effective interest method. The effective interest method amortizes the deferred costs by discounting the future liability cash flows at a break-even rate. The break-even rate is solved for such that the present value of future liability cash flows is equal to the net liability at the inception of the contract. The deferred costs represent the difference between the net and gross liability and the change relates to amortization for the period.

Value of Business Acquired

Athene establishes VOBA for blocks of insurance contracts acquired through the acquisition of insurance entities. It records the fair value of the liabilities assumed in two components: reserves and VOBA. Reserves are established using Athene's best estimate assumptions as of the business combination date. VOBA is the difference between the fair value of the liabilities and the reserves. VOBA can be either positive or negative and is amortized in relation to respective policyholder liabilities. Significant assumptions that impact VOBA amortization are consistent with those that impact the measurement of policyholder liabilities. Athene performs periodic tests to determine if positive VOBA remains recoverable. If Athene determines that positive VOBA is not recoverable, Athene records a cumulative charge to the current period. Any negative VOBA is recorded to the same financial statement line on the condensed consolidated statements of financial condition as the associated reserves. Positive VOBA is recorded in deferred acquisition costs, deferred sales inducements and value of business acquired on the condensed consolidated statements of financial condition.

Interest Sensitive Contract Liabilities

Universal life-type policies and investment contracts include traditional deferred annuities, indexed annuities consisting of fixed indexed and index-linked variable annuities in the accumulation phase, funding agreements, immediate annuities without significant mortality risk (which include pension group annuities without life contingencies), universal life insurance, and other investment contracts inclusive of assumed endowments without significant mortality risk. Athene carries liabilities for traditional deferred annuities, indexed annuities, funding agreements and universal life insurance at the account balances without reduction for potential surrender or withdrawal charges, except for a block of universal life business ceded to Global

Atlantic Financial Group Limited (together with its subsidiaries, "Global Atlantic"), which it carries at fair value. Liabilities for immediate annuities without significant mortality risk are calculated as the present value of future liability cash flows and policy maintenance expenses discounted at contractual interest rates. Certain of Athene's universal life-type policies and investment contracts are offered with additional contract features that meet the definition of a market risk benefit. See "Market Risk Benefits" below for further information.

Unearned revenue liabilities are established when amounts are assessed against the policyholder for services to be provided in future periods. These balances are amortized consistent with the methodologies and assumptions used to amortize DAC and DSI.

Changes in interest sensitive contract liabilities, excluding deposits and withdrawals, are recorded in interest sensitive contract benefits or product charges on the condensed consolidated statements of operations. Interest sensitive contract liabilities are not reduced for amounts ceded under reinsurance agreements which are reported as reinsurance recoverable on the condensed consolidated statements of financial condition.

Future Policy Benefits

Athene issues contracts classified as long-duration, which include term and whole life, accident and health, disability, and deferred and immediate annuities with life contingencies (which includes pension group annuities with life contingencies). Liabilities for non-participating long-duration contracts are established as the estimated present value of benefits we expect to pay to or on behalf of the policyholder and related expenses less the present value of the net premiums to be collected, referred to as the net premium ratio. The contracts are grouped into cohorts based on issue year and contract type, with an exception for pension group annuities, which are generally assessed at the group annuity contract level. Contracts with different issuance years are not combined. Contracts acquired in a business combination are grouped into a single cohort by contract type, except for pension group annuities, which follow the group annuity contract level.

Liabilities for nonparticipating long-duration contracts are established using accepted actuarial valuation methods which require the use of assumptions related to discount rate, expenses, longevity, mortality, morbidity, persistency and other policyholder behavior. Athene bases certain key assumptions, such as longevity, mortality and morbidity, on industry standard data adjusted to align with actual company experience, if needed. Athene has elected to use expense assumptions that are locked in at issuance for each cohort. All other cash flow assumptions are established at contract issuance and reviewed annually or more frequently if actual experience suggests a revision is necessary. The effect of changes in cash flow assumptions impacting the net premium ratio are recorded as remeasurement changes in the period in which they are made. As cash flow assumptions are reviewed at least annually, there is no provision for adverse deviation included within the liability.

Actual experience is recognized in the period in which the experience arises. Actual experience is then incorporated into the net premium ratio for all products and cohorts on a quarterly basis. When the net premium ratio is revised, whether to incorporate actual experience each reporting period or for the review of cash flow assumptions, the liability is recalculated as of the beginning of the period, discounted at the original contract issuance discount rate, and compared with the carrying amount of the liability as of the same date to determine the current period change. The current period change in the liability is recognized as remeasurement gain or loss.

To the extent the present value of future benefits and expenses exceeds the present value of gross premiums, Athene will cap the net premium ratio at one hundred percent by increasing the corresponding liability and recognizing an immediate loss through the condensed consolidated statements of operations. The liability is never recorded at an amount less than zero for the cohort.

The liability for nonparticipating long-duration contracts is discounted using an upper-medium grade fixed income instrument yield aligned to the duration of the liability. In determining reference portfolio of instruments, Athene has used a single A equivalent level rate and maximized the use of observable data to the extent possible for the duration of its liabilities. The discount rate is required to be updated at the end of each reporting period for the remeasurement of the liability but is locked-in for each cohort for the purpose of interest accretion expense.

Changes in the value of the liability for nonparticipating long-duration contracts due to changes in the discount rate are recognized as a component of OCI on the condensed consolidated statements of comprehensive income (loss). The change in the liability for the remeasurement gain or loss and all other changes in the liability is recorded in future policy and other policy benefits on the condensed consolidated statements of operations.

Future policy benefits include liabilities for no-lapse guarantees on universal life insurance and fixed indexed universal life insurance that do not meet the criteria to be classified as and accounted for as a market risk benefit. Athene establishes future policy benefits for no-lapse guarantees by estimating the expected value of death benefits paid after policyholder account balances have been exhausted. Athene recognizes these benefits proportionally over the life of the contracts based on total actual and expected assessments. The methods Athene uses to estimate the liabilities have assumptions about policyholder behavior, mortality, expected yield on investments supporting the liability and market conditions affecting policyholder account balance growth.

For the liabilities associated with no-lapse guarantees, each reporting period Athene updates expected excess benefits and assessments with actual excess benefits and assessments and adjusts the liability balances due to the OCI effects of unrealized investment gains and losses on AFS securities. Athene also periodically revises the key assumptions used in the calculation of the liabilities that result in revisions to the expected excess benefits and assessments. The effects of changes in assumptions are recorded as unlocking in the period in which the changes are made. Changes in the liabilities associated with no-lapse guarantees, other than the adjustment for the OCI effects of unrealized investment gains and losses on AFS securities, are recorded in future policy and other policy benefits on the condensed consolidated statements of operations.

Future policy benefits are not reduced for amounts ceded under reinsurance agreements which are reported as reinsurance recoverable on the condensed consolidated statements of financial condition.

Market Risk Benefits

Market risk benefits represent contracts or contract features that both provide protection to the contract holder from, and expose the insurance entity to, other-than-nominal capital market risk. Athene issues and reinsures deferred annuity contracts which contain guaranteed lifetime withdrawal benefits ("GLWB") and guaranteed minimum death benefit ("GMDB") riders that meet the criteria for, and are classified as, market risk benefits.

Market risk benefits are measured at fair value at the contract level and may be recorded as a liability or an asset, which are recorded on the condensed consolidated statements of financial condition in market risk benefits or other assets, respectively. Multiple market risk benefits on a contract are treated as a single, compound market risk benefit. At contract inception, Athene assesses the fees and assessments that are collectible from the policyholder and allocate them to the extent they are attributable to the market risk benefit. These attributed fees are used in the valuation of the market risk benefits and are never negative or exceed total explicit fees collectible from the policyholder. If the fees are sufficient to cover the projected benefits, a non-option based valuation model is used. If the fees are insufficient to cover the projected benefits, an option-based valuation model is used to compute the market risk benefit liability at contract inception, with an equal and offsetting adjustment recognized in interest sensitive contract liabilities.

Changes in fair value of market risk benefits are recorded in market risk benefits remeasurement (gain) loss on the condensed consolidated statements of operations, excluding portions attributed to changes in instrument-specific credit risk, which are recorded in OCI on the condensed consolidated statements of comprehensive income (loss). Market risk benefits are not reduced for market risk benefits ceded under reinsurance agreements. Ceded market risk benefits are measured at fair value and recorded within reinsurance recoverable on the condensed consolidated statements of financial condition.

Upon annuitization of the contract or the extinguishment of the account balance, the market risk benefit, related annuity contract and unamortized deferred costs are derecognized, including amounts within AOCI. A payout annuity is then established for GLWBs.

Revenues

Revenues for universal life-type policies and investment contracts, including surrender and market value adjustments, costs of insurance, policy administration, GMDB, GLWB and no-lapse guarantee charges, are earned when assessed against policyholder account balances during the period. Interest credited to policyholder account balances and the change in fair value of embedded derivatives within fixed indexed annuity contracts is included in interest sensitive contract benefits on the condensed consolidated statements of operations.

Premiums for long-duration contracts, including products with fixed and guaranteed premiums and benefits, are recognized as revenue when due from policyholders. When premiums are due over a significantly shorter period than the period over which

benefits are provided, such as immediate annuities with life contingencies (which includes pension group annuities), a deferred profit liability is established equal to the excess of the gross premium over the net premium. The deferred profit liability is recognized in future policy benefits on the condensed consolidated statements of financial condition and amortized into income in relation to applicable policyholder liabilities through future policy and other policy benefits on the condensed consolidated statements of operations.

When the net premium ratio for the corresponding future policy benefit is updated for actual experience and changes to projected cash flow assumptions, the deferred profit liability is retrospectively recalculated from the contract issuance date through the beginning of the current reporting period. The revised deferred profit liability is compared to the beginning of the period carrying amount to determine the change to be recognized as a remeasurement gain or loss within future policy and other policy benefits on the condensed consolidated statements of operations. Unlike the related future policy benefit, the deferred profit liability will not be remeasured for changes in discount rates each reporting period. Negative VOBA balances associated with payout contracts involving life contingencies, including pension group annuities, are accounted for in a manner similar to the deferred profit liability.

All insurance-related revenue is reported net of reinsurance ceded.

3. Adoption of Accounting Pronouncement

The following table summarizes future policy benefits and changes to the liability:

(In millions)	Traditional deferred annuities	Indexed annuities	Payout annuities	Reconciling items[1]	Total
Balance as of January 1, 2022	$ 221	$ 5,389	$ 32,872	$ 8,632	$ 47,114
Change in discount rate assumptions	—	—	2,406	—	2,406
Adjustment for removal of balances related to market risk benefits	(221)	(5,389)	—	—	(5,610)
Adjustment for offsetting balance in negative VOBA[2]	—	—	—	(2,428)	(2,428)
Adjusted balance as of January 1, 2022	$ —	$ —	$ 35,278	$ 6,204	$ 41,482

[1] Reconciling items primarily include negative VOBA associated with our liability for future policy benefits, as well as reserves for our immaterial lines of business including term and whole life, accident and health and disability, as well as other insurance benefit reserves for our no-lapse guarantees with universal life contracts, all of which are fully ceded.

[2] Uneliminated adjustments were recorded to positive VOBA within deferred acquisition costs, deferred sales inducements and value of business acquired on the condensed consolidated statements of financial condition.

Adjustments to the deferred profit liability were not required as these balances were set to zero on the Merger Date. Since the liability for future policy benefits was measured at fair value on the Merger Date, there were no instances upon transition in which net premiums exceeded gross premiums which would have required an immediate loss to be recognized in net income.

The following table presents the net liability position of market risk benefits:

(In millions)	Traditional deferred annuities	Indexed annuities	Total
Balance as of January 1, 2022	$ —	$ —	$ —
Adjustment for addition of existing balances[1]	221	5,389	5,610
Adjustment to positive VOBA due to fair value adjustment for market risk benefits[2]	32	(1,165)	(1,133)
Adjustment to negative VOBA due to fair value adjustment for market risk benefits[3]	—	(30)	(30)
Adjusted balance as of January 1, 2022	$ 253	$ 4,194	$ 4,447

[1] Previously recorded within future policy benefits on the condensed consolidated statements of financial condition.

[2] Previously recorded within deferred acquisition costs, deferred sales inducements and value of business acquired on the condensed consolidated statements of financial condition.

[3] Previously recorded within interest sensitive contract liabilities on the condensed consolidated statements of financial condition.

The following table represents market risk benefits by asset and liability positions:

(In millions)	Asset[1]	Liability	Net liability
Traditional deferred annuities	$ —	$ 253	$ 253
Indexed annuities	366	4,560	4,194
Adjusted balance as of January 1, 2022	$ 366	$ 4,813	$ 4,447

[1] Included within other assets on the condensed consolidated statements of financial condition.

The following table summarizes the change in deferred acquisition costs, deferred sales inducements and value of business acquired:

(In millions)	VOBA
Balance as of January 1, 2022	$ 4,527
Change in discount rate assumptions for future policy benefits	(22)
Fair value adjustment of market risk benefits	(1,133)
Adjusted balance as of January 1, 2022	$ 3,372

The following represents the effects of LDTI adoption on the applicable financial statement lines of the Company's consolidated statement of financial condition:

	December 31, 2022		
(In millions)	Reported	Adoption	Adjusted
Assets			
Retirement Services			
Reinsurance recoverable	$ 4,367	$ (9)	$ 4,358
Deferred acquisition costs, deferred sales inducements and value of business acquired	5,576	(1,110)	4,466
Other assets	10,902	(997)	9,905
Total Assets	**$ 259,333**	**$ (2,116)**	**$ 257,217**
Liabilities and Equity			
Liabilities			
Retirement Services			
Interest sensitive contract liabilities	$ 173,653	$ (37)	$ 173,616
Future policy benefits	55,328	(13,218)	42,110
Market risk benefits	—	2,970	2,970
Total Liabilities	**252,104**	**(10,285)**	**241,819**
Equity			
Retained earnings (accumulated deficit)	(2,259)	1,252	(1,007)
Accumulated other comprehensive income (loss)	(12,326)	4,991	(7,335)
Total Apollo Global Management, Inc. Stockholders' Equity	397	6,243	6,640
Non-controlling interests	5,800	1,926	7,726
Total Equity	**6,197**	**8,169**	**14,366**
Total Liabilities, Redeemable non-controlling interests and Equity	**$ 259,333**	**$ (2,116)**	**$ 257,217**

APOLLO GLOBAL MANAGEMENT, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

The following represents the effects of LDTI adoption on the applicable financial statement lines of the Company's condensed consolidated statements of operations:

	Three months ended March 31, 2022		
(In millions, except per share data)	**Reported**	**Adoption**	**Adjusted**
Revenues			
Retirement Services			
Investment related gains (losses)	$ (4,217)	$ (13)	$ (4,230)
Total Revenues	875	(13)	862
Expenses			
Retirement Services			
Interest sensitive contract benefits	(41)	(58)	(99)
Future policy and other policy benefits	2,085	99	2,184
Market risk benefits remeasurement (gains) losses	—	(622)	(622)
Amortization of deferred acquisition costs, deferred sales inducements and value of business acquired	125	(27)	98
Policy and other operating expenses	308	1	309
Total Expenses	3,391	(607)	2,784
Income (loss) before income tax (provision) benefit	(2,138)	594	(1,544)
Income tax (provision) benefit	608	(123)	485
Net income (loss)	(1,530)	471	(1,059)
Net (income) loss attributable to non-controlling interests	660	(2)	658
Net income (loss) attributable to Apollo Global Management, Inc. common stockholders	$ (870)	$ 469	$ (401)
Earnings (loss) per share			
Net income (loss) attributable to common stockholders - Basic and Diluted	$ (1.50)	$ 0.80	$ (0.70)

	Six months ended June 30, 2022		
(In millions, except per share data)	**Reported**	**Adoption**	**Adjusted**
Revenues			
Retirement Services			
Investment related gains (losses)	$ (9,976)	$ 1	$ (9,975)
Total Revenues	3,147	1	3,148
Expenses			
Retirement Services			
Interest sensitive contract benefits	(662)	(90)	(752)
Future policy and other policy benefits	7,694	266	7,960
Market risk benefits remeasurement (gains) losses	—	(1,231)	(1,231)
Amortization of deferred acquisition costs, deferred sales inducements and value of business acquired	250	(44)	206
Policy and other operating expenses	639	4	643
Total Expenses	9,332	(1,095)	8,237
Income (loss) before income tax (provision) benefit	(5,627)	1,096	(4,531)
Income tax (provision) benefit	1,095	(229)	866
Net income (loss)	(4,532)	867	(3,665)
Net (income) loss attributable to non-controlling interests	1,611	16	1,627
Net income (loss) attributable to Apollo Global Management, Inc. common stockholders	$ (2,921)	$ 883	$ (2,038)
Earnings (loss) per share			
Net income (loss) attributable to common stockholders - Basic and Diluted	$ (5.03)	$ 1.51	$ (3.52)

APOLLO GLOBAL MANAGEMENT, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

(In millions, except per share data)	Nine months ended September 30, 2022		
	Reported	**Adoption**	**Adjusted**
Revenues			
Retirement Services			
Investment related gains (losses)	$ (12,823)	$ 1	$ (12,822)
Total Revenues	6,126	1	6,127
Expenses			
Retirement Services			
Interest sensitive contract benefits	(573)	(8)	(581)
Future policy and other policy benefits	10,988	242	11,230
Market risk benefits remeasurement (gains) losses	—	(1,689)	(1,689)
Amortization of deferred acquisition costs, deferred sales inducements and value of business acquired	375	(57)	318
Policy and other operating expenses	982	3	985
Total Expenses	13,767	(1,509)	12,258
Income (loss) before income tax (provision) benefit	(6,986)	1,510	(5,476)
Income tax (provision) benefit	1,280	(318)	962
Net income (loss)	(5,706)	1,192	(4,514)
Net (income) loss attributable to non-controlling interests	1,909	4	1,913
Net income (loss) attributable to Apollo Global Management, Inc. common stockholders	$ (3,797)	$ 1,196	$ (2,601)
Earnings (loss) per share			
Net income (loss) attributable to common stockholders - Basic and Diluted	$ (6.55)	$ 2.04	$ (4.51)

(In millions, except per share data)	Year ended December 31, 2022		
	Reported	**Adoption**	**Adjusted**
Total Revenues	$ 10,968	$ —	$ 10,968
Expenses			
Retirement Services			
Interest sensitive contract benefits	541	(3)	538
Future policy and other policy benefits	12,310	155	12,465
Market risk benefits remeasurement (gains) losses	—	(1,657)	(1,657)
Amortization of deferred acquisition costs, deferred sales inducements and value of business acquired	509	(65)	444
Policy and other operating expenses	1,371	1	1,372
Total Expenses	17,480	(1,569)	15,911
Income (loss) before income tax (provision) benefit	(5,815)	1,569	(4,246)
Income tax (provision) benefit	1,069	(330)	739
Net income (loss)	(4,746)	1,239	(3,507)
Net (income) loss attributable to non-controlling interests	1,533	13	1,546
Net income (loss) attributable to Apollo Global Management, Inc. common stockholders	$ (3,213)	$ 1,252	$ (1,961)
Earnings (loss) per share			
Net income (loss) attributable to common stockholders - Basic and Diluted	$ (5.57)	$ 2.14	$ (3.43)

APOLLO GLOBAL MANAGEMENT, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

The following represents the effects of LDTI adoption on the applicable financial statement lines of the Company's condensed consolidated statements of comprehensive income (loss):

	Three months ended March 31, 2022		
(In millions)	**Reported**	**Adoption**	**Adjusted**
Net income (loss)	$ (1,530)	$ 471	$ (1,059)
Other comprehensive income (loss), before tax			
Unrealized investment gains (losses) on available-for-sale securities	(6,431)	(267)	(6,698)
Remeasurement gains (losses) on future policy benefits related to discount rate	—	3,562	3,562
Remeasurement gains (losses) on market risk benefits related to credit risk	—	397	397
Foreign currency translation and other adjustments	(2)	(7)	(9)
Other comprehensive income (loss), before tax	(6,560)	3,685	(2,875)
Income tax expense (benefit) related to other comprehensive income (loss)	(1,170)	555	(615)
Other comprehensive income (loss)	(5,390)	3,130	(2,260)
Comprehensive income (loss)	(6,920)	3,601	(3,319)
Comprehensive (income) loss attributable to non-controlling interests	1,379	(776)	603
Comprehensive income (loss) attributable to Apollo Global Management, Inc.	$ (5,541)	$ 2,825	$ (2,716)

	Six months ended June 30, 2022		
(In millions)	**Reported**	**Adoption**	**Adjusted**
Net income (loss)	$ (4,532)	$ 867	$ (3,665)
Other comprehensive income (loss), before tax			
Unrealized investment gains (losses) on available-for-sale securities	(13,705)	(547)	(14,252)
Remeasurement gains (losses) on future policy benefits related to discount rate	—	6,459	6,459
Remeasurement gains (losses) on market risk benefits related to credit risk	—	576	576
Foreign currency translation and other adjustments	(92)	(27)	(119)
Other comprehensive income (loss), before tax	(13,843)	6,461	(7,382)
Income tax expense (benefit) related to other comprehensive income (loss)	(2,453)	960	(1,493)
Other comprehensive income (loss)	(11,390)	5,501	(5,889)
Comprehensive income (loss)	(15,922)	6,368	(9,554)
Comprehensive (income) loss attributable to non-controlling interests	3,216	(1,396)	1,820
Comprehensive income (loss) attributable to Apollo Global Management, Inc.	$ (12,706)	$ 4,972	$ (7,734)

	Nine months ended September 30, 2022		
(In millions)	**Reported**	**Adoption**	**Adjusted**
Net income (loss)	$ (5,706)	$ 1,192	$ (4,514)
Other comprehensive income (loss), before tax			
Unrealized investment gains (losses) on available-for-sale securities	(19,404)	(764)	(20,168)
Remeasurement gains (losses) on future policy benefits related to discount rate	—	8,833	8,833
Remeasurement gains (losses) on market risk benefits related to credit risk	—	524	524
Foreign currency translation and other adjustments	(81)	(59)	(140)
Other comprehensive income (loss), before tax	(19,611)	8,534	(11,077)
Income tax expense (benefit) related to other comprehensive income (loss)	(3,444)	1,224	(2,220)
Other comprehensive income (loss)	(16,167)	7,310	(8,857)
Comprehensive income (loss)	(21,873)	8,502	(13,371)
Comprehensive (income) loss attributable to non-controlling interests	4,323	(2,024)	2,299
Comprehensive income (loss) attributable to Apollo Global Management, Inc.	$ (17,550)	$ 6,478	$ (11,072)

APOLLO GLOBAL MANAGEMENT, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

	Year ended December 31, 2022		
(In millions)	**Reported**	**Adoption**	**Adjusted**
Net income (loss)	$ (4,746)	$ 1,239	$ (3,507)
Other comprehensive income (loss), before tax			
Unrealized investment gains (losses) on available-for-sale securities	(17,459)	(699)	(18,158)
Remeasurement gains (losses) on future policy benefits related to discount rate	—	8,425	8,425
Remeasurement gains (losses) on market risk benefits related to credit risk	—	366	366
Foreign currency translation and other adjustments	(46)	(12)	(58)
Other comprehensive income (loss), before tax	(17,501)	8,080	(9,421)
Income tax expense (benefit) related to other comprehensive income (loss)	(3,083)	1,150	(1,933)
Other comprehensive income (loss)	(14,418)	6,930	(7,488)
Comprehensive income (loss)	(19,164)	8,169	(10,995)
Comprehensive (income) loss attributable to non-controlling interests	3,630	(1,926)	1,704
Comprehensive income (loss) attributable to Apollo Global Management, Inc.	$ (15,534)	$ 6,243	$ (9,291)

The Company made corresponding adjustments to the condensed consolidated statements of equity for the relevant periods to reflect the changes to net income (loss) and comprehensive income (loss), as presented above.

The following represents the effects of LDTI adoption on the applicable financial statement lines of the Company's condensed consolidated statements of cash flows:

	Three months ended March 31, 2022		
(In millions)	**Reported**	**Adoption**	**Adjusted**
Net income (loss)	$ (1,530)	$ 471	$ (1,059)
Adjustments to reconcile net income (loss) to net cash used in operating activities:			
Net recognized (gains) losses on investments and derivatives	1,659	12	1,671
Depreciation and amortization	133	(27)	106
Changes in operating assets and liabilities:			
Interest sensitive contract liabilities	(480)	(68)	(548)
Future policy benefits, market risk benefits and reinsurance recoverable	(266)	(510)	(776)
Other assets and liabilities, net	2,067	122	2,189
Net cash used in operating activities	(3,993)	—	(3,993)
Net cash provided by investing activities	3,103	—	3,103
Net cash provided by financing activities	11,240	—	11,240
Effect of exchange rate changes on cash and cash equivalents	(4)	—	(4)
Net increase in cash and cash equivalents, restricted cash and cash equivalents, and cash and cash equivalents held at consolidated variable interest entities	10,346	—	10,346
Cash and cash equivalents, restricted cash and cash equivalents, and cash and cash equivalents held at consolidated variable interest entities, Beginning of Period	2,088	—	2,088
Cash and cash equivalents, restricted cash and cash equivalents, and cash and cash equivalents held at consolidated variable interest entities, End of Period	$ 12,434	$ —	$ 12,434

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	Six months ended June 30, 2022		
(In millions)	**Reported**	**Adoption**	**Adjusted**
Net income (loss)	$ (4,532)	$ 867	$ (3,665)
Adjustments to reconcile net income (loss) to net cash used in operating activities:			
Depreciation and amortization	271	(44)	227
Changes in operating assets and liabilities:			
Interest sensitive contract liabilities	(1,604)	(120)	(1,724)
Future policy benefits, market risk benefits and reinsurance recoverable	3,933	(933)	3,000
Other assets and liabilities, net	3,365	230	3,595
Net cash used in operating activities	(20)	—	(20)
Net cash used in investing activities	(818)	—	(818)
Net cash provided by financing activities	13,280	—	13,280
Effect of exchange rate changes on cash and cash equivalents	(20)	—	(20)
Net increase in cash and cash equivalents, restricted cash and cash equivalents, and cash and cash equivalents held at consolidated variable interest entities	12,422	—	12,422
Cash and cash equivalents, restricted cash and cash equivalents, and cash and cash equivalents held at consolidated variable interest entities, Beginning of Period	2,088	—	2,088
Cash and cash equivalents, restricted cash and cash equivalents, and cash and cash equivalents held at consolidated variable interest entities, End of Period	$ 14,510	$ —	$ 14,510

	Nine months ended September 30, 2022		
(In millions)	**Reported**	**Adoption**	**Adjusted**
Net income (loss)	$ (5,706)	$ 1,192	$ (4,514)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Net recognized (gains) losses on investments and derivatives	5,856	(1)	5,855
Depreciation and amortization	433	(57)	376
Changes in operating assets and liabilities:			
Interest sensitive contract liabilities	(2,002)	(50)	(2,052)
Future policy benefits, market risk benefits and reinsurance recoverable	5,240	(1,403)	3,837
Other assets and liabilities, net	4,909	319	5,228
Net cash provided by operating activities	2,324	—	2,324
Net cash used in investing activities	(12,171)	—	(12,171)
Net cash provided by financing activities	21,013	—	21,013
Effect of exchange rate changes on cash and cash equivalents	(18)	—	(18)
Net increase in cash and cash equivalents, restricted cash and cash equivalents, and cash and cash equivalents held at consolidated variable interest entities	11,148	—	11,148
Cash and cash equivalents, restricted cash and cash equivalents, and cash and cash equivalents held at consolidated variable interest entities, Beginning of Period	2,088	—	2,088
Cash and cash equivalents, restricted cash and cash equivalents, and cash and cash equivalents held at consolidated variable interest entities, End of Period	$ 13,236	$ —	$ 13,236

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	Year ended December 31, 2022		
(In millions)	**Reported**	**Adoption**	**Adjusted**
Net income (loss)	$ (4,746)	$ 1,239	$ (3,507)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	594	(65)	529
Changes in operating assets and liabilities:			
Interest sensitive contract liabilities	(1,269)	(68)	(1,337)
Future policy benefits, market risk benefits and reinsurance recoverable	5,339	(1,438)	3,901
Other assets and liabilities	3,049	332	3,381
Net cash provided by operating activities	3,789	—	3,789
Net cash used in investing activities	(23,444)	—	(23,444)
Net cash provided by financing activities	28,710	—	28,710
Effect of exchange rate changes on cash and cash equivalents	(15)	—	(15)
Net increase in cash and cash equivalents, restricted cash and cash equivalents, and cash and cash equivalents held at consolidated variable interest entities	9,040	—	9,040
Cash and cash equivalents, restricted cash and cash equivalents, and cash and cash equivalents held at consolidated variable interest entities, Beginning of Period	2,088	—	2,088
Cash and cash equivalents, restricted cash and cash equivalents, and cash and cash equivalents held at consolidated variable interest entities, End of Period	$ 11,128	$ —	$ 11,128

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4. Merger with Athene

On January 1, 2022, Apollo and Athene completed the previously announced merger transactions pursuant to the Merger Agreement. As a result of the Mergers, AAM and AHL became subsidiaries of AGM.

Under the Merger Agreement, each issued and outstanding Athene common share was converted automatically into 1.149 shares of common stock of AGM and any cash paid in lieu of fractional shares. The purchase price was as follows:

(In millions, except share price data and exchange ratio)		
AHL common shares purchased		138
Exchange ratio		1.149
Shares of common stock issued in exchange		158
AGM Class A shares closing price	$	72.43
Total merger consideration at closing	$	11,455
Fair value of estimated RSUs, options and warrants assumed and other equity consideration[1,2]		699
Effective settlement of pre-existing relationships[3]		896
Total merger consideration		13,050
Fair value of AHL common shares previously held (55 million shares) and other adjustments[4,5]		4,554
Total AHL equity value held by AGM		17,604
Non-controlling interest[6]		4,942
Total AHL equity value	$	22,546

[1] AGM issued one-time grants of fully vested RSUs and options to certain executives and shareholders of Athene vesting upon consummation of the Mergers. Additionally, all issued and outstanding warrants of Athene prior to the Merger Date were exchanged for shares of AGM common stock at the time of the Mergers. The fair value of these awards is $600 million and is treated as part of consideration transferred.

[2] AGM issued replacement awards for all outstanding Athene equity awards. $ 99 million was included as part of consideration for the portion that was attributable to pre-combination services and $ 53 million will be treated as post-combination compensation expense.

[3] The pre-existing relationship related to receivables, payables, and dividends between Apollo and Athene. Total fees payable to AGM by Athene for asset management and advisory services were approximately $146 million. A cash dividend of $ 750 million was declared by Athene to its common shareholders with Apollo owning 100% of the common shares as of the dividend record date.

[4] Based on the December 31, 2021 closing price of AHL common shares on the NYSE.

[5] Other adjustments includes pushdown of goodwill arising out of deferred tax liabilities associated with identifiable net assets of Athene.

[6] Non-controlling interest in Athene includes holders of Athene's preferred shares and third-party investors in ACRA 1 and in consolidated VIEs of Athene. The fair value of Athene's preferred shares was based on the closing stock price of Athene's preferred shares immediately prior to the consummation of the Athene merger and the fair value of the non-controlling interest in ACRA 1 was determined using the discounted distribution model approach.

The Mergers were accounted for as a business combination. The consideration was allocated to Athene's assets acquired and liabilities assumed based on estimates of their fair values as of the Merger Date. The business combination was achieved in steps. The Company previously held its equity interests in the acquiree at fair value.

Goodwill of $4.1 billion was recorded based on the amount that the Athene equity value exceeded the fair value of the net assets acquired less the amounts attributable to non-controlling interests. Goodwill is primarily attributable to the scale, skill sets, operations, and synergies that can be achieved subsequent to the Mergers. The goodwill recorded is not expected to be deductible for tax purposes. Goodwill on the condensed consolidated statements of financial position includes the impacts of foreign currency translation.

The financial statements were not retrospectively adjusted for the changes to the provisional values of assets acquired and liabilities assumed that occurred in subsequent periods. Adjustments were recognized as information related to the preliminary fair value calculation was obtained. The effect on earnings of changes in depreciation, amortization, or other income effects, as a result of changes to the provisional amounts, were recorded in the same period as the financial statements, calculated as if the accounting had been completed at the Merger Date.

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The following table summarizes the fair value amounts recognized for the assets acquired and liabilities assumed and resulting goodwill as of the Merger Date:

(In millions)	Fair Value and Goodwill Calculation
Merger consideration	$ 13,050
Fair value of previously held equity interest	4,554
Total Athene Value to be Held by the Company	17,604
Total Value to Allocate	
Investments	176,015
Cash and cash equivalents	9,479
Restricted cash and cash equivalents	796
Investment in related parties	33,863
Reinsurance recoverable	4,977
VOBA	3,372
Assets of consolidated variable interest entities	3,635
Other assets	6,115
Estimated fair value of total assets acquired (excluding goodwill)	238,252
Interest sensitive contract liabilities	160,241
Future policy benefits	41,482
Market risk benefits	4,813
Debt	3,295
Payables for collateral on derivatives and securities to repurchase	7,044
Liabilities of consolidated variable interest entities	461
Other liabilities	2,443
Estimated fair value of total liabilities assumed	219,779
Non-controlling interest	4,942
Estimated fair value of net assets acquired, excluding goodwill	13,531
Goodwill attributable to Athene	$ 4,073

The Company finalized purchase accounting during the fourth quarter of 2022. During the year ended December 31, 2022, the Company recorded adjustments which decreased provisional goodwill by $108 million. The adjustments were comprised of $25 million for measurement period adjustments and $83 million to adjust the valuation of an investment. The measurement period adjustments were primarily related to decreases in interest sensitive contract liabilities and future policy benefits and the effects to the condensed consolidated statements of operations were immaterial to those periods.

The Company performed a valuation of the acquired investments, policy liabilities, VOBA, other identifiable intangibles, and funds withheld at interest payables and receivables using methodologies consistent with those described in note 2 and note 8.

Value of business acquired and Other identifiable intangible assets

VOBA represents the difference between the fair value of liabilities acquired and reserves established using best estimate assumptions at the Merger Date. Other identifiable intangible assets are included in other assets on the condensed consolidated statements of financial condition and summarized as follow:

Distribution Channels	Trade Name	Insurance Licenses
These assets are valued using the excess earnings method, which derives value based on the present value of the cash flow attributable to the distribution channels, less returns for contributory assets. Amortization of these assets is on a straight-line basis.	This represents the Athene trade name and was valued using the relief-from-royalty method considering publicly available third-party trade name royalty rates as well as expected premiums generated by the use of the trade name over its anticipated life. Amortization of this asset is on a straight-line basis.	Licenses are protected through registration and were valued using the market approach based on third-party market transactions from which the prices paid for state insurance licenses could be derived. These assets are not amortized.

The fair value and weighted average estimated useful lives of VOBA and other identifiable intangible assets acquired in the Mergers consist of the following:

	Fair value *(in millions)*	Average useful life *(in years)*
VOBA Asset	$ 3,372	7
Distribution Channels	1,870	18
Trade Name	160	20
State Insurance Licenses	26	Indefinite
Total	$ 5,428	

As of the Merger Date, Athene's financial results are reflected in these condensed consolidated financial statements. Athene's revenues of $2,502 million and $4,249 million and net income (loss) of $(384) million and $(2,758) million are included in the condensed consolidated statement of operations for the three and nine months ended September 30, 2022, respectively.

5. Investments

The following table outlines the Company's investments:

(In millions)	September 30, 2023	December 31, 2022
Asset Management		
Investments, at fair value	$ 1,412	$ 1,320
Equity method investments	1,075	979
Performance allocations	2,896	2,574
U.S. Treasury securities, at fair value	—	709
Total Investments – Asset Management	5,383	5,582
Retirement Services		
AFS securities, at fair value	$ 129,700	$ 112,225
Trading securities, at fair value	2,463	2,473
Equity securities	1,620	1,766
Mortgage loans, at fair value	39,212	28,756
Investment funds	1,728	1,648
Policy loans	336	347
Funds withheld at interest	32,573	42,688
Derivative assets	4,571	3,309
Short-term investments	1,476	2,160
Other investments	1,274	1,076
Total Investments, including related parties – Retirement Services	214,953	196,448
Total Investments	$ 220,336	$ 202,030

Asset Management

Net Gains (Losses) from Investment Activities

The following outlines realized and net change in unrealized gains (losses) reported in net gains (losses) from investment activities:

	Three months ended September 30,		Nine months ended September 30,	
(In millions)	2023	2022	2023	2022
Realized gains (losses) on sales of investments, net	$ (3)	$ (1)	$ (4)	$ (7)
Net change in unrealized gains (losses) due to changes in fair value	(29)	(15)	(10)	171
Net gains (losses) from investment activities	$ (32)	$ (16)	$ (14)	$ 164

Performance Allocations

Performance allocations receivable is recorded within investments in the condensed consolidated statements of financial condition.The table below provides a roll forward of the performance allocations balance:

(In millions)	Total
Performance allocations, January 1, 2023	$ 2,574
Change in fair value of funds	846
Fund distributions to the Company	(524)
Performance allocations, September 30, 2023	$ 2,896

The change in fair value of funds excludes the general partner obligation to return previously distributed performance allocations, which is recorded in due to related parties in the condensed consolidated statements of financial condition.

The timing of the payment of performance allocations due to the general partner or investment manager varies depending on the terms of the applicable fund agreements. Generally, performance allocations with respect to the private equity funds and certain credit and real assets funds are payable and are distributed to the fund's general partner upon realization of an investment if the fund's cumulative returns are in excess of the preferred return.

Retirement Services

AFS Securities

The following table represents the amortized cost, allowance for credit losses, gross unrealized gains and losses and fair value of Athene's AFS investments by asset type:

	September 30, 2023				
(In millions)	Amortized Cost	Allowance for Credit Losses	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
AFS securities					
U.S. government and agencies	$ 5,506	$ —	$ —	$ (1,246)	$ 4,260
U.S. state, municipal and political subdivisions	1,273	—	—	(311)	962
Foreign governments	1,279	(27)	6	(343)	915
Corporate	83,029	(140)	68	(15,656)	67,301
CLO	19,641	(3)	171	(883)	18,926
ABS	11,608	(30)	23	(794)	10,807
CMBS	6,092	(7)	12	(601)	5,496
RMBS	7,888	(371)	161	(630)	7,048
Total AFS securities	136,316	(578)	441	(20,464)	115,715
AFS securities – related parties					
Corporate	1,426	—	1	(71)	1,356
CLO	4,390	—	19	(174)	4,235
ABS	8,762	(1)	17	(384)	8,394
Total AFS securities – related parties	14,578	(1)	37	(629)	13,985
Total AFS securities, including related parties	$ 150,894	$ (579)	$ 478	$ (21,093)	$ 129,700

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	December 31, 2022				
(In millions)	**Amortized Cost**	**Allowance for Credit Losses**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
AFS securities					
U.S. government and agencies	$ 3,333	$ —	$ —	$ (756)	$ 2,577
U.S. state, municipal and political subdivisions	1,218	—	—	(291)	927
Foreign governments	1,207	(27)	3	(276)	907
Corporate	74,644	(61)	92	(13,774)	60,901
CLO	17,722	(7)	115	(1,337)	16,493
ABS	11,447	(29)	15	(906)	10,527
CMBS	4,636	(5)	6	(479)	4,158
RMBS	6,775	(329)	64	(596)	5,914
Total AFS securities	120,982	(458)	295	(18,415)	102,404
AFS securities – related parties					
Corporate	1,028	—	1	(47)	982
CLO	3,346	(1)	10	(276)	3,079
ABS	6,066	—	3	(309)	5,760
Total AFS securities – related parties	10,440	(1)	14	(632)	9,821
Total AFS securities, including related parties	$ 131,422	$ (459)	$ 309	$ (19,047)	$ 112,225

The amortized cost and fair value of AFS securities, including related parties, are shown by contractual maturity below:

	September 30, 2023	
(In millions)	**Amortized Cost**	**Fair Value**
AFS securities		
Due in one year or less	$ 2,232	$ 2,167
Due after one year through five years	15,532	14,370
Due after five years through ten years	22,864	19,179
Due after ten years	50,459	37,722
CLO, ABS, CMBS and RMBS	45,229	42,277
Total AFS securities	136,316	115,715
AFS securities – related parties		
Due after one year through five years	908	883
Due after five years through ten years	130	123
Due after ten years	388	350
CLO and ABS	13,152	12,629
Total AFS securities – related parties	14,578	13,985
Total AFS securities, including related parties	$ 150,894	$ 129,700

Actual maturities can differ from contractual maturities as borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

Unrealized Losses on AFS Securities

The following summarizes the fair value and gross unrealized losses for AFS securities, including related parties, for which an allowance for credit losses has not been recorded, aggregated by asset type and length of time the fair value has remained below amortized cost:

	September 30, 2023					
	Less than 12 months		12 months or more		Total	
(In millions)	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
AFS securities						
U.S. government and agencies	$ 2,023	$ (292)	$ 2,167	$ (954)	$ 4,190	$ (1,246)
U.S. state, municipal and political subdivisions	119	(11)	840	(300)	959	(311)
Foreign governments	117	(9)	785	(331)	902	(340)
Corporate	17,338	(1,075)	48,290	(14,553)	65,628	(15,628)
CLO	685	(21)	12,001	(811)	12,686	(832)
ABS	2,780	(116)	4,320	(597)	7,100	(713)
CMBS	1,453	(23)	1,883	(501)	3,336	(524)
RMBS	1,272	(62)	1,923	(318)	3,195	(380)
Total AFS securities	25,787	(1,609)	72,209	(18,365)	97,996	(19,974)
AFS securities – related parties						
Corporate	578	(34)	356	(36)	934	(70)
CLO	498	(19)	2,591	(153)	3,089	(172)
ABS	2,702	(99)	2,570	(259)	5,272	(358)
Total AFS securities – related parties	3,778	(152)	5,517	(448)	9,295	(600)
Total AFS securities, including related parties	$ 29,565	$ (1,761)	$ 77,726	$ (18,813)	$ 107,291	$ (20,574)

	December 31, 2022					
	Less than 12 months		12 months or more		Total	
(In millions)	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
AFS securities						
U.S. government and agencies	$ 2,539	$ (756)	$ —	$ —	$ 2,539	$ (756)
U.S. state, municipal and political subdivisions	911	(291)	—	—	911	(291)
Foreign governments	891	(275)	—	—	891	(275)
Corporate	58,256	(13,773)	—	—	58,256	(13,773)
CLO	13,486	(1,277)	—	—	13,486	(1,277)
ABS	8,119	(801)	—	—	8,119	(801)
CMBS	2,650	(427)	—	—	2,650	(427)
RMBS	2,621	(365)	—	—	2,621	(365)
Total AFS securities	89,473	(17,965)	—	—	89,473	(17,965)
AFS securities – related parties						
Corporate	619	(47)	—	—	619	(47)
CLO	2,752	(273)	—	—	2,752	(273)
ABS	5,487	(308)	—	—	5,487	(308)
Total AFS securities – related parties	8,858	(628)	—	—	8,858	(628)
Total AFS securities, including related parties	$ 98,331	$ (18,593)	$ —	$ —	$ 98,331	$ (18,593)

The following summarizes the number of AFS securities that were in an unrealized loss position, including related parties, for which an allowance for credit losses has not been recorded:

	September 30, 2023	
	Unrealized Loss Position	Unrealized Loss Position 12 Months or More
AFS securities	9,552	7,841
AFS securities – related parties	203	139

The unrealized losses on AFS securities can primarily be attributed to changes in market interest rates since acquisition. Athene did not recognize the unrealized losses in income, unless as required for hedge accounting, as it intends to hold these securities and it is not more likely than not it will be required to sell a security before the recovery of its amortized cost.

Allowance for Credit Losses

The following table summarizes the activity in the allowance for credit losses for AFS securities by asset type:

	Three months ended September 30, 2023						
		Additions		Reductions			
(In millions)	Beginning balance	Initial credit losses	Initial credit losses on PCD securities	Securities sold during the period	Securities intended to be sold prior to recovery of amortized cost basis	Additions (reductions) to previously impaired securities	Ending Balance
AFS Securities							
Foreign governments	$ 27	$ —	$ —	$ —	$ —	$ —	$ 27
Corporate	73	67	—	(2)	—	2	140
CLO	3	—	—	—	—	—	3
ABS	35	1	—	(4)	—	(2)	30
CMBS	6	1	—	—	—	—	7
RMBS	377	4	1	(5)	—	(6)	371
Total AFS securities	521	73	1	(11)	—	(6)	578
AFS securities – related parties							
ABS	1	—	—	—	—	—	1
Total AFS securities – related parties	1	—	—	—	—	—	1
Total AFS securities including related parties	$ 522	$ 73	$ 1	$ (11)	$ —	$ (6)	$ 579

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	Three months ended September 30, 2022						
		Additions		Reductions			
(In millions)	Beginning balance	Initial credit losses	Initial credit losses on PCD securities	Securities sold during the period	Securities intended to be sold prior to recovery of amortized cost basis	Additions (reductions) to previously impaired securities	Ending Balance
AFS Securities							
Foreign governments	$ 61	$ —	$ —	$ (28)	$ —	$ (6)	$ 27
Corporate	70	5	—	—	(6)	(3)	66
CLO	107	2	—	—	—	(104)	5
ABS	14	7	—	—	—	(8)	13
CMBS	9	—	—	—	—	(6)	3
RMBS	348	1	2	(7)	—	(23)	321
Total AFS securities	609	15	2	(35)	(6)	(150)	435
AFS securities – related parties							
CLO	19	—	—	—	—	(18)	1
ABS	1	—	—	—	—	(1)	—
Total AFS securities – related parties	20	—	—	—	—	(19)	1
Total AFS securities including related parties	$ 629	$ 15	$ 2	$ (35)	$ (6)	$ (169)	$ 436

	Nine months ended September 30, 2023						
		Additions		Reductions			
(In millions)	Beginning balance	Initial credit losses	Initial credit losses on PCD securities	Securities sold during the period	Securities intended to be sold prior to recovery of amortized cost basis	Additions (reductions) to previously impaired securities	Ending Balance
AFS Securities							
Foreign governments	$ 27	$ —	$ —	$ —	$ —	$ —	$ 27
Corporate	61	88	—	(8)	—	(1)	140
CLO	7	1	—	—	—	(5)	3
ABS	29	2	—	(4)	—	3	30
CMBS	5	4	—	—	—	(2)	7
RMBS	329	15	40	(13)	—	—	371
Total AFS securities	458	110	40	(25)	—	(5)	578
AFS securities – related parties							
CLO	1	—	—	—	—	(1)	—
ABS	—	1	—	—	—	—	1
Total AFS securities – related parties	1	1	—	—	—	(1)	1
Total AFS securities including related parties	$ 459	$ 111	$ 40	$ (25)	$ —	$ (6)	$ 579

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	Nine months ended September 30, 2022						
		Additions		Reductions			
(In millions)	Beginning balance[1]	Initial credit losses	Initial credit losses on PCD securities	Securities sold during the period	Securities intended to be sold prior to recovery of amortized cost basis	Additions (reductions) to previously impaired securities	Ending Balance
AFS securities							
Foreign governments	$ —	$ 66	$ —	$ (28)	$ —	$ (11)	27
Corporate	—	66	—	—	(6)	6	66
CLO	—	24	—	—	—	(19)	5
ABS	5	16	—	—	—	(8)	13
CMBS	—	14	—	—	—	(11)	3
RMBS	306	30	3	(24)	—	6	321
Total AFS securities	311	216	3	(52)	(6)	(37)	435
AFS securities – related parties							
CLO	—	3	—	—	—	(2)	1
ABS	—	18	—	—	—	(18)	—
Total AFS securities – related parties	—	21	—	—	—	(20)	1
Total AFS securities, including related parties	$ 311	$ 237	$ 3	$ (52)	$ (6)	$ (57)	$ 436

[1] Beginning balance reflects allowances established at the time of the Mergers under purchase accounting for PCD investments.

Net Investment Income

Net investment income by asset class consists of the following:

	Three months ended September 30,		Nine months ended September 30,	
(In millions)	2023	2022	2023	2022
AFS securities	$ 1,822	$ 1,076	$ 4,940	$ 2,861
Trading securities	44	41	130	133
Equity securities	14	17	54	41
Mortgage loans	642	336	1,632	870
Investment funds	(15)	(37)	46	278
Funds withheld at interest	486	534	1,368	1,347
Other	213	75	620	165
Investment revenue	3,206	2,042	8,790	5,695
Investment expenses	(40)	(9)	(64)	(28)
Net investment income	$ 3,166	$ 2,033	$ 8,726	$ 5,667

Investment Related Gains (Losses)

Investment related gains (losses) by asset class consists of the following:

	Three months ended September 30,		Nine months ended September 30,	
(In millions)	**2023**	**2022**	**2023**	**2022**
AFS securities[1]				
Gross realized gains on investment activity	$ 55	$ 84	$ 379	$ 404
Gross realized losses on investment activity	(431)	(761)	(647)	(2,003)
Net realized investment losses on AFS securities	(376)	(677)	(268)	(1,599)
Net recognized investment losses on trading securities	(137)	(119)	(105)	(497)
Net recognized investment losses on equity securities	(3)	(9)	(34)	(260)
Net recognized investment losses on mortgage loans	(911)	(1,199)	(838)	(3,094)
Derivative losses	(1,480)	(1,821)	(66)	(8,794)
Provision for credit losses	(60)	171	(237)	(193)
Other gains	343	807	355	1,615
Investment related gains (losses)	$ (2,624)	$ (2,847)	$ (1,193)	$ (12,822)

[1] Includes the effects of recognized gains or losses on AFS securities associated with designated hedges.

Proceeds from sales of AFS securities were $724 million and $635 million for the three months ended September 30, 2023 and 2022, respectively, and $3,918 million and $9,405 million for the nine months ended September 30, 2023 and 2022, respectively.

The following table summarizes the change in unrealized gains (losses) on trading and equity securities held as of the respective period end:

	Three months ended September 30,		Nine months ended September 30,	
(In millions)	**2023**	**2022**	**2023**	**2022**
Trading securities	$ (75)	$ (119)	$ (35)	$ (455)
Trading securities – related parties	3	6	3	2
Equity securities	6	2	9	(237)
Equity securities – related parties	(9)	(18)	(16)	(31)

Repurchase Agreements

The following table summarizes the remaining contractual maturities of repurchase agreements, which are included in payables for collateral on derivatives and securities to repurchase on the condensed consolidated statements of financial condition:

(In millions)	**September 30, 2023**	**December 31, 2022**
Less than 30 days	$ 533	$ 608
30-90 days	427	1,268
91 days to 364 days	686	—
1 year and greater	2,866	2,867
Payables for repurchase agreements	$ 4,512	$ 4,743

The following table summarizes the securities pledged as collateral for repurchase agreements:

	September 30, 2023		December 31, 2022	
(In millions)	**Amortized Cost**	**Fair Value**	**Amortized Cost**	**Fair Value**
AFS securities				
U.S. government and agencies	$ 1,353	$ 962	$ 2,559	$ 1,941
Foreign governments	152	101	146	107
Corporate	2,899	2,285	1,940	1,605
CLO	264	259	273	261
ABS	1,226	1,074	1,243	1,082
Total securities pledged under repurchase agreements	$ 5,894	$ 4,681	$ 6,161	$ 4,996

Reverse Repurchase Agreements

As of September 30, 2023 and December 31, 2022, amounts loaned under reverse repurchase agreements were $949 million and $1,640 million, respectively, and the fair value of the collateral, comprised primarily of commercial and residential mortgage loans, was $1,447 million and $1,753 million, respectively.

Mortgage Loans, including related parties and consolidated VIEs

Mortgage loans includes both commercial and residential loans. Athene has elected the fair value option on its mortgage loan portfolio. See note 8 for further fair value option information. The following represents the mortgage loan portfolio, with fair value option loans presented at unpaid principal balance:

(In millions)	**September 30, 2023**	**December 31, 2022**
Commercial mortgage loans	$ 24,667	$ 21,061
Commercial mortgage loans under development	1,232	790
Total commercial mortgage loans	25,899	21,851
Mark to fair value	(2,430)	(1,743)
Commercial mortgage loans	23,469	20,108
Residential mortgage loans	19,271	11,802
Mark to fair value	(1,486)	(1,099)
Residential mortgage loans	17,785	10,703
Mortgage loans	$ 41,254	$ 30,811

Athene primarily invests in commercial mortgage loans on income producing properties, including office and retail buildings, apartments, hotels, and industrial properties. Athene diversifies the commercial mortgage loan portfolio by geographic region and property type to reduce concentration risk. Athene evaluates mortgage loans based on relevant current information to confirm if properties are performing at a consistent and acceptable level to secure the related debt.

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The distribution of commercial mortgage loans, including those under development, by property type and geographic region is as follows:

	September 30, 2023		December 31, 2022	
(In millions, except percentages)	**Fair Value**	**Percentage of Total**	**Fair Value**	**Percentage of Total**
Property type				
Office building	$ 4,325	18.5 %	$ 4,651	23.1 %
Retail	1,815	7.7 %	1,454	7.2 %
Apartment	8,463	36.1 %	6,692	33.3 %
Hotels	2,373	10.1 %	1,855	9.2 %
Industrial	2,565	10.9 %	2,047	10.2 %
Other commercial	3,928	16.7 %	3,409	17.0 %
Total commercial mortgage loans	$ 23,469	100.0 %	$ 20,108	100.0 %
U.S. Region				
East North Central	$ 1,439	6.1 %	$ 1,437	7.1 %
East South Central	422	1.8 %	413	2.1 %
Middle Atlantic	6,656	28.4 %	5,183	25.8 %
Mountain	949	4.0 %	898	4.5 %
New England	1,179	5.0 %	1,076	5.4 %
Pacific	4,175	17.8 %	3,781	18.8 %
South Atlantic	3,879	16.6 %	2,756	13.7 %
West North Central	194	0.8 %	231	1.1 %
West South Central	981	4.2 %	1,085	5.4 %
Total U.S. Region	19,874	84.7 %	16,860	83.9 %
International Region				
United Kingdom	2,200	9.4 %	1,898	9.4 %
Other international[1]	1,395	5.9 %	1,350	6.7 %
Total International Region	3,595	15.3 %	3,248	16.1 %
Total commercial mortgage loans	$ 23,469	100.0 %	$ 20,108	100.0 %

[1] Represents all other countries, with each individual country comprising less than 5% of the portfolio.

Athene's residential mortgage loan portfolio includes first lien residential mortgage loans collateralized by properties in various geographic locations and is summarized by proportion of the portfolio in the following table:

	September 30, 2023	December 31, 2022
U.S. States		
California	27.9 %	28.9 %
Florida	11.8 %	9.7 %
New York	6.5 %	5.6 %
Texas	5.6 %	4.3 %
New Jersey	5.2 %	5.3 %
Arizona	4.3 %	5.1 %
Other[1]	29.7 %	27.4 %
Total U.S. residential mortgage loan percentage	91.0 %	86.3 %
International		
United Kingdom	3.8 %	5.4 %
Other[2]	5.2 %	8.3 %
Total international residential mortgage loan percentage	9.0 %	13.7 %
Total residential mortgage loan percentage	100.0 %	100.0 %

[1] Represents all other states, with each individual state comprising less than 5% of the portfolio.
[2] Represents all other countries, with each individual country comprising less than 5% of the portfolio.

Investment Funds

Athene's investment fund portfolio consists of funds that employ various strategies and include investments in origination platforms,insurance platforms, and equity, hybrid, yield and other funds. Investment funds can meet the definition of VIEs. The investment funds do not specify timing of distributions on the funds' underlying assets.

The following summarizes Athene's investment funds, including related parties and consolidated VIEs:

	September 30, 2023		December 31, 2022	
(In millions, except percentages)	**Carrying value**	**Percent of total**	**Carrying value**	**Percent of total**
Investment funds				
Equity funds	$ 90	72.5 %	$ 46	58.2 %
Hybrid funds	24	19.4 %	32	40.5 %
Other	10	8.1 %	1	1.3 %
Total investment funds	124	100.0 %	79	100.0 %
Investment funds – related parties				
Strategic origination platforms	45	2.8 %	34	2.2 %
Strategic insurance platforms	1,287	80.2 %	1,259	80.2 %
Apollo and other fund investments				
Equity funds	244	15.2 %	246	15.7 %
Yield funds	6	0.4 %	5	0.3 %
Other	22	1.4 %	25	1.6 %
Total investment funds – related parties	1,604	100.0 %	1,569	100.0 %
Investment funds – consolidated VIEs				
Strategic origination platforms	5,322	35.5 %	4,829	38.7 %
Strategic insurance platforms	511	3.4 %	529	4.2 %
Apollo and other fund investments				
Equity funds	3,329	22.2 %	2,640	21.2 %
Hybrid funds	3,771	25.2 %	3,112	24.9 %
Yield funds	1,357	9.1 %	1,044	8.4 %
Other	699	4.6 %	326	2.6 %
Total investment funds – consolidated VIEs	14,989	100.0 %	12,480	100.0 %
Total investment funds, including related parties and consolidated VIEs	$ 16,717		$ 14,128	

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Concentrations—The following table represents Athene's investment concentrations in excess of 10% of stockholders' equity:

(In millions)	**September 30, 2023**
AT&T Inc.	$ 1,461
Wheels Donlen[1]	1,454
PK AirFinance[1]	1,410
MFI Investments	1,361
Athora[1]	1,282
Atlas[1]	1,007
Atlas[1] – reverse repurchase agreement	922
AP Tundra	865

(In millions)	**December 31, 2022**
Wheels Donlen[1]	$ 1,288
Athora[1]	1,232
PK AirFinance[1]	999
AP Tundra	896
MFI Investments	878
SoftBank Vision Fund II	789
MidCap[1]	788
Cayman Universe	756
Concord Music CL A2	684
Redding Ridge	683
AOP Finance	671

[1] Related party amounts are representative of single issuer risk and may only include a portion of the total investments associated with a related party. See further discussion of these related parties in note 17.

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6. Derivatives

The Company uses a variety of derivative instruments to manage risks, primarily equity, interest rate, credit, foreign currency and market volatility. See note 8 for information about the fair value hierarchy for derivatives.

The following table presents the notional amount and fair value of derivative instruments:

	September 30, 2023			December 31, 2022		
		Fair Value			Fair Value	
(In millions)	Notional Amount	Assets	Liabilities	Notional Amount	Assets	Liabilities
Derivatives designated as hedges						
Foreign currency hedges						
Swaps	8,240	$ 647	$ 167	6,677	$ 747	$ 154
Forwards	6,381	437	40	6,283	406	52
Interest rate swaps	4,468	—	809	4,468	—	803
Forwards on net investments	219	3	—	216	2	—
Interest rate swaps	10,031	14	203	9,332	9	150
Total derivatives designated as hedges		1,101	1,219		1,164	1,159
Derivatives not designated as hedges						
Equity options	71,579	2,530	101	65,089	1,374	114
Futures	30	69	8	18	33	—
Foreign currency swaps	4,549	278	108	3,563	251	112
Interest rate swaps	482	79	—	488	74	—
Other swaps	180	—	3	89	—	4
Foreign currency forwards	22,322	514	453	16,376	413	257
Embedded derivatives						
Funds withheld, including related parties		(5,953)	(89)		(6,272)	(77)
Interest sensitive contract liabilities		—	7,345		—	5,841
Total derivatives not designated as hedges		(2,483)	7,929		(4,127)	6,251
Total derivatives		$ (1,382)	$ 9,148		$ (2,963)	$ 7,410

Derivatives Designated as Hedges

Cash Flow Hedges

Athene uses interest rate swaps to convert floating-rate interest payments to fixed-rate interest payments to reduce exposure to interest rate changes. The interest rate swaps will expire by July 2027. During the three months ended September 30, 2023 and 2022, Athene recognized gains of $91 million and losses of $111 million, respectively, in OCI associated with these hedges. During the nine months ended September 30, 2023 and 2022, Athene recognized losses of $35 million and $111 million, respectively, in OCI associated with these hedges. There were no amounts deemed ineffective during the three and nine months ended September 30, 2023 and 2022. As of September 30, 2023,no amounts are expected to be reclassified to income within the next 12 months.

Fair Value Hedges

Athene uses foreign currency forward contracts, foreign currency swaps, foreign currency interest rate swaps, and interest rate swaps that are designated and accounted for as fair value hedges to hedge certain exposures to foreign currency risk and interest rate risk. The foreign currency forward price is agreed upon at the time of the contract and payment is made at a specified future date.

The following represents the carrying amount and the cumulative fair value hedging adjustments included in the hedged assets or liabilities:

	September 30, 2023		December 31, 2022	
(In millions)	Carrying amount of the hedged assets or liabilities[1]	Cumulative amount of fair value hedging gains (losses)	Carrying amount of the hedged assets or liabilities[1]	Cumulative amount of fair value hedging gains (losses)
AFS securities				
Foreign currency forwards	$ 5,372	$ (245)	$ 5,259	$ (217)
Foreign currency swaps	5,448	(452)	4,797	(398)
Interest sensitive contract liabilities				
Foreign currency swaps	1,369	90	1,081	88
Foreign currency interest rate swaps	3,724	647	4,348	632
Interest rate swaps	6,711	386	6,577	323

[1] The carrying amount disclosed for AFS securities is amortized cost.

The following is a summary of the gains (losses) related to the derivatives and related hedged items in fair value hedge relationships:

				Amount Excluded	
(In millions)	Derivatives	Hedged Items	Net	Recognized in income through amortization approach	Recognized in income through changes in fair value
Three months ended September 30, 2023					
Investment related gains (losses)					
Foreign currency forwards	$ 179	$ (187)	$ (8)	$ 21	$ 5
Foreign currency swaps	161	(166)	(5)	—	—
Foreign currency interest rate swaps	(90)	95	5	—	—
Interest rate swaps	(74)	63	(11)	—	—
Interest sensitive contract benefits					
Foreign currency interest rate swaps	16	(14)	2	—	—
Three months ended September 30, 2022					
Investment related gains (losses)					
Foreign currency forwards	$ 288	$ (290)	$ (2)	$ 18	$ —
Foreign currency swaps	256	(283)	(27)	—	—
Foreign currency interest rate swaps	(379)	384	5	—	—
Interest rate swaps	(268)	264	(4)	—	—
Interest sensitive contract benefits					
Foreign currency interest rate swaps	12	(14)	(2)	—	—

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(In millions)	Derivatives	Hedged Items	Net	Amount Excluded: Recognized in income through amortization approach	Amount Excluded: Recognized in income through changes in fair value
Nine months ended September 30, 2023					
Investment related gains (losses)					
Foreign currency forwards	$ 74	$ (77)	$ (3)	$ 66	$ 12
Foreign currency swaps	59	(57)	2	—	—
Foreign currency interest rate swaps	(5)	15	10	—	—
Interest rate swaps	(92)	79	(13)	—	—
Interest sensitive contract benefits					
Foreign currency interest rate swaps	44	(44)	—	—	—
Nine months ended September 30, 2022					
Investment related gains (losses)					
Foreign currency forwards	$ 616	$ (648)	$ (32)	$ 48	$ 1
Foreign currency swaps	589	(630)	(41)	—	—
Foreign currency interest rate swaps	(873)	879	6	—	—
Interest rate swaps	(345)	357	12	—	—
Interest sensitive contract benefits					
Foreign currency interest rate swaps	37	(37)	—	—	—

The following is a summary of the gains (losses) excluded from the assessment of hedge effectiveness that were recognized in OCI:

	Three months ended September 30,		Nine months ended September 30,	
(In millions)	2023	2022	2023	2022
Foreign currency forwards	$ (65)	$ (20)	$ (63)	$ (77)
Foreign currency swaps	(239)	51	(182)	60

Net Investment Hedges

Athene uses foreign currency forwards to hedge the foreign currency exchange rate risk of its investments in subsidiaries that have a reporting currency other than the U.S. dollar. Hedge effectiveness is assessed based on the changes in forward rates. During the three months ended September 30, 2023 and 2022, these derivatives had gains of $13 million and $22 million, respectively. During the nine months ended September 30, 2023 and 2022, these derivatives had gains of $5 million and $47 million, respectively. These derivatives are included in foreign currency translation and other adjustments on the condensed consolidated statements of comprehensive income (loss). As of September 30, 2023 and December 31, 2022, the cumulative foreign currency translations recorded in AOCI related to these net investment hedges were gains of $35 million and $30 million, respectively. During the three and nine months ended September 30, 2023 and 2022, there were no amounts deemed ineffective.

Derivatives Not Designated as Hedges

Equity options

Athene uses equity indexed options to economically hedge fixed indexed annuity products that guarantee the return of principal to the policyholder and credit interest based on a percentage of the gain in a specified market index, primarily the S&P 500. To hedge against adverse changes in equity indices, Athene enters into contracts to buy equity indexed options. The contracts are net settled in cash based on differentials in the indices at the time of exercise and the strike price.

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Futures

Athene purchases futures contracts to hedge the growth in interest credited to the customer as a direct result of increases in the related indices. Athene enters into exchange-traded futures with regulated futures commission clearing brokers who are members of a trading exchange. Under exchange-traded futures contracts, Athene agrees to purchase a specified number of contracts with other parties and to post variation margin on a daily basis in an amount equal to the difference in the daily fair values of those contracts.

Interest rate swaps

Athene uses interest rate swaps to reduce market risks from interest rate changes and to alter interest rate exposure arising from duration mismatches between assets and liabilities. With an interest rate swap, Athene agrees with another party to exchange the difference between fixed-rate and floating-rate interest amounts tied to an agreed upon notional principal amount at specified intervals.

Other swaps

Other swaps include total return swaps and credit default swaps. Athene purchases total rate of return swaps to gain exposure and benefit from a reference asset or index without ownership. Credit default swaps provide a measure of protection against the default of an issuer or allow Athene to gain credit exposure to an issuer or traded index. Athene uses credit default swaps coupled with a bond to synthetically create the characteristics of a reference bond.

Embedded derivatives

Athene has embedded derivatives which are required to be separated from their host contracts and reported as derivatives. Host contracts include reinsurance agreements structured on a modco or funds withheld basis and indexed annuity products.

The following is a summary of the gains (losses) related to derivatives not designated as hedges:

	Three months ended September 30,		Nine months ended September 30,	
(In millions)	**2023**	**2022**	**2023**	**2022**
Equity options	$ (951)	$ (449)	$ 390	$ (2,728)
Futures	(73)	(34)	22	(153)
Swaps	(24)	132	38	121
Foreign currency forwards	146	454	(191)	971
Embedded derivatives on funds withheld	(780)	(1,839)	(439)	(7,041)
Amounts recognized in investment related gains (losses)	(1,682)	(1,736)	(180)	(8,830)
Embedded derivatives in indexed annuity products[1]	1,251	526	(277)	3,079
Total gains (losses) on derivatives not designated as hedges	$ (431)	$ (1,210)	$ (457)	$ (5,751)

[1] Included in interest sensitive contract benefits on the condensed consolidated statements of operations.

Credit Risk

The Company may be exposed to credit-related losses in the event of counterparty nonperformance on derivative financial instruments. Generally, the current credit exposure of Athene's derivative contracts is the fair value at the reporting date less any collateral received from the counterparty.

Athene manages credit risk related to over-the-counter derivatives by entering into transactions with creditworthy counterparties. Where possible, Athene maintains collateral arrangements and uses master netting agreements that provide for a single net payment from one counterparty to another at each due date and upon termination. Athene has also established counterparty exposure limits, where possible, in order to evaluate if there is sufficient collateral to support the net exposure.

Collateral arrangements typically require the posting of collateral in connection with its derivative instruments. Collateral agreements often contain posting thresholds, some of which may vary depending on the posting party's financial strength

ratings. Additionally, a decrease in Athene's financial strength rating to a specified level can result in settlement of the derivative position.

The estimated fair value of net derivative and other financial assets and liabilities after the application of master netting agreements and collateral were as follows:

		Gross amounts not offset on the condensed consolidated statements of financial condition				
(In millions)	Gross amount recognized[1]	Financial instruments[2]	Collateral (received)/pledged	Net amount	Off-balance sheet securities collateral[3]	Net amount after securities collateral
September 30, 2023						
Derivative assets	$ 4,571	$ (1,665)	$ (3,140)	$ (234)	$ —	$ (234)
Derivative liabilities	(1,892)	1,665	655	428	—	428
December 31, 2022						
Derivative assets	$ 3,309	$ (1,477)	$ (1,952)	$ (120)	$ —	$ (120)
Derivative liabilities	(1,646)	1,477	478	309	—	309

[1] The gross amounts of recognized derivative assets and derivative liabilities are reported on the condensed consolidated statements of financial condition. As of September 30, 2023 and December 31, 2022, amounts not subject to master netting or similar agreements were immaterial.

[2] Represents amounts offsetting derivative assets and derivative liabilities that are subject to an enforceable master netting agreement or similar agreement that are not netted against the gross derivative assets or gross derivative liabilities for presentation on the condensed consolidated statements of financial condition.

[3] For non-cash collateral received, the Company does not recognize the collateral on the condensed consolidated statement of financial condition unless the obligor (transferor) has defaulted under the terms of the secured contract and is no longer entitled to redeem the pledged asset. Amounts do not include any excess of collateral pledged or received.

7. Variable Interest Entities

A variable interest in a VIE is an investment or other interest that will absorb portions of the VIE's expected losses and/or receive expected residual returns. Refer to note 2 for more details about the Company's VIE assessment and consolidation policy. Variable interests in consolidated VIEs and unconsolidated VIEs are discussed separately below.

Consolidated VIEs

Consolidated VIEs include consolidated SPACs as well as certain CLOs and funds managed by the Company. See note 17 for further details regarding Apollo's consolidated SPACs.

The assets of consolidated VIEs are not available to creditors of the Company, and the investors in these consolidated VIEs have no recourse against the assets of the Company. Similarly, there is no recourse to the Company for the consolidated VIEs' liabilities.

Other assets of the consolidated funds include interest receivables, receivables from affiliates and reverse repurchase agreements. Other liabilities include debt held at amortized cost, short-term payables and repurchase agreements.

Each series of notes in a respective consolidated VIE participates in distributions from the VIE, including principal and interest from underlying investments. Amounts allocated to the noteholders reflect amounts that would be distributed if the VIE's affairs were wound up and its assets sold for cash equal to their respective carrying values, its liabilities satisfied in accordance with their terms, and all the remaining amounts distributed to the noteholders. The respective VIEs that issue the notes payable are marked at their prevailing net asset value, which approximates fair value.

Results from certain funds managed by Apollo are reported on a three-month lag based upon the availability of financial information.

Net Gains (Losses) from Investment Activities of Consolidated Variable Interest Entities—Asset Management

The following table presents net gains (losses) from investment activities of the consolidated VIEs:

	Three months ended September 30,		Nine months ended September 30,	
(In millions)	2023[1]	2022[1]	2023[1]	2022[1]
Net gains (losses) from investment activities	$ 18	$ 78	$ 42	$ 88
Net gains (losses) from debt	—	—	—	144
Interest and other income	59	40	133	309
Interest and other expenses	(28)	(33)	(80)	(76)
Net gains (losses) from investment activities of consolidated variable interest entities	$ 49	$ 85	$ 95	$ 465

[1] Amounts reflect consolidation eliminations.

Subscription Lines

Included within notes payable and other liabilities are amounts due to third-party institutions by the consolidated VIEs.The following table summarizes the principal provisions of those amounts:

	September 30, 2023			December 31, 2022		
(In millions, except percentages)	Principal Outstanding	Weighted Average Interest Rate	Weighted Average Remaining Maturity in Years	Principal Outstanding	Weighted Average Interest Rate	Weighted Average Remaining Maturity in Years
Asset Management						
Subscription lines[1]	$ 1,946	7.22 %	0.09	$ 686	6.22 %	0.08
Total – Asset Management	$ 1,946			$ 686		

[1] The subscription lines of the consolidated VIEs are collateralized by assets held by each respective vehicle and assets of one vehicle may not be used to satisfy the liabilities of another vehicle.

The consolidated VIEs' debt obligations contain various customary loan covenants. As of September 30, 2023, the Company was not aware of any instances of non-compliance with any of these covenants.

Repurchase Agreements

The following table summarizes the maturities of repurchase agreements:

Remaining Contractual Maturity	September 30, 2023	December 31, 2022
91 days to 364 days	$ —	$ 1,254
Total payables for repurchase agreements[1]	$ —	$ 1,254

[1] Included in other liabilities of consolidated variable interest entities on the condensed consolidated statements of financial condition.

The following table summarizes the gross carrying value of repurchase agreements by class of collateral pledged:

(In millions)	September 30, 2023	December 31, 2022
Loans backed by residential real estate	$ —	$ 770
Loans backed by commercial real estate	—	484
Total	$ —	$ 1,254

Note: These repurchase agreements are carried at cost which approximates fair value and is classified as Level 2 of the fair value hierarchy.

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Reverse Repurchase Agreements

As of September 30, 2023 and December 31, 2022, fair value of collateral received under reverse repurchase agreements was $153 million and $1,522 million, respectively, and fair value of collateral rehypothecated was $0 million and $1,522 million, respectively.

Revenues of Consolidated Variable Interest Entities—Retirement Services

The following summarizes the statements of operations activity of the consolidated VIEs:

	Three months ended September 30,		Nine months ended September 30,	
(In millions)	**2023**	**2022**	**2023**	**2022**
Trading securities	$ 17	$ 10	$ 65	$ 12
Equity securities	—	13	—	13
Mortgage loans	29	22	83	67
Investment funds	20	6	55	—
Other	2	(16)	1	(3)
Net investment income	68	35	204	89
Net recognized investment losses on trading securities	(16)	(38)	(15)	(38)
Net recognized investment losses on mortgage loans	(25)	(103)	(45)	(262)
Net recognized investment gains on investment funds	292	236	831	354
Other gains (losses)	(1)	(16)	(29)	5
Investment related gains (losses)	250	79	742	59
Revenues of consolidated variable interest entities	$ 318	$ 114	$ 946	$ 148

Unconsolidated Variable Interest Entities—Asset Management

The following table presents the maximum exposure to losses relating to these VIEs for which Apollo has concluded that it holds a significant variable interest, but that it is not the primary beneficiary.

(In millions)	**September 30, 2023** [2]	**December 31, 2022** [2]
Maximum Loss Exposure[1]	$ 313	$ 343

[1] Represents Apollo's direct investment in those entities in which it holds a significant variable interest and certain other investments. Additionally, cumulative performance allocations are subject to reversal in the event of future losses.

[2] Some amounts included are a quarter in arrears.

Unconsolidated Variable Interest Entities—Retirement Services

The Company has variable interests in certain unconsolidated VIEs in the form of securities and ownership stakes in investment funds.

Fixed maturity securities

Athene invests in securitization entities as a debt holder or an investor in the residual interest of the securitization vehicle. These entities are deemed VIEs due to insufficient equity within the structure and lack of control by the equity investors over the activities that significantly impact the economics of the entity. In general, Athene is a debt investor within these entities and, as such, holds a variable interest; however, due to the debt holders' lack of ability to control the decisions within the trust that significantly impact the entity, and the fact the debt holders are protected from losses due to the subordination of the equity tranche, the debt holders are not deemed the primary beneficiary. Securitization vehicles in which Athene holds the residual tranche are not consolidated because Athene does not unilaterally have substantive rights to remove the general partner, or when assessing related party interests, Athene is not under common control, as defined by U.S. GAAP, with the related parties, nor are substantially all of the activities conducted on Athene's behalf; therefore, Athene is not deemed the primary beneficiary. Debt investments and investments in the residual tranche of securitization entities are considered debt instruments and are held at fair value on the condensed consolidated statements of financial condition and classified as AFS or trading.

Investment funds

Investment funds include non-fixed income, alternative investments in the form of limited partnerships or similar legal structures.

Equity securities

Athene invests in preferred equity securities issued by entities deemed to be VIEs due to insufficient equity within the structure.

Athene's risk of loss associated with its non-consolidated investments depends on the investment. Investment funds, equity securities and trading securities are limited to the carrying value plus unfunded commitments. AFS securities are limited to amortized cost plus unfunded commitments.

The following summarizes the carrying value and maximum loss exposure of these non-consolidated investments:

	September 30, 2023		December 31, 2022	
(In millions)	Carrying Value	Maximum Loss Exposure	Carrying Value	Maximum Loss Exposure
Investment funds	$ 124	$ 593	$ 79	$ 340
Investment in related parties – investment funds	1,604	2,325	1,569	2,253
Assets of consolidated VIEs – investment funds	14,989	21,165	12,480	20,278
Investment in fixed maturity securities	42,685	46,101	37,454	40,992
Investment in related parties – fixed maturity securities	13,500	16,414	9,717	10,290
Investment in related parties – equity securities	304	304	279	279
Total non-consolidated investments	$ 73,206	$ 86,902	$ 61,578	$ 74,432

8. Fair Value

Fair Value Measurements of Financial Instruments

The following summarize the Company's financial assets and liabilities recorded at fair value hierarchy level:

	September 30, 2023				
(In millions)	Level 1	Level 2	Level 3	NAV	Total
Assets					
Asset Management					
Cash and cash equivalents	$ 2,350	$ —	$ —	$ —	$ 2,350
Restricted cash and cash equivalents[1]	274	—	—	—	274
Cash and cash equivalents of VIEs	437	—	—	—	437
Investments, at fair value	180	39	1,137 [2]	56	1,412
Investments of VIEs	—	18	1,980	150	2,148
Due from related parties[3]	—	—	35	—	35
Derivative assets[4]	—	42	9	—	51
Total Assets – Asset Management	3,241	99	3,161	206	6,707

(Continued)

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	September 30, 2023				
(In millions)	**Level 1**	**Level 2**	**Level 3**	**NAV**	**Total**
Retirement Services					
AFS Securities					
U.S. government and agencies	4,253	7	—	—	4,260
U.S. state, municipal and political subdivisions	—	962	—	—	962
Foreign governments	—	869	46	—	915
Corporate	9	64,911	2,381	—	67,301
CLO	—	18,926	—	—	18,926
ABS	—	6,181	4,626	—	10,807
CMBS	—	5,484	12	—	5,496
RMBS	—	6,785	263	—	7,048
Total AFS securities	4,262	104,125	7,328	—	115,715
Trading securities	22	1,538	32	—	1,592
Equity securities	198	644	74	—	916
Mortgage loans	—	—	37,978	—	37,978
Funds withheld at interest – embedded derivative	—	—	(4,981)	—	(4,981)
Derivative assets	93	4,478	—	—	4,571
Short-term investments	—	398	129	—	527
Other investments	—	286	477	—	763
Cash and cash equivalents	9,996	—	—	—	9,996
Restricted cash and cash equivalents	1,218	—	—	—	1,218
Investments in related parties					
AFS securities					
Corporate	—	170	1,186	—	1,356
CLO	—	3,732	503	—	4,235
ABS	—	555	7,839	—	8,394
Total AFS securities – related parties	—	4,457	9,528	—	13,985
Trading securities	—	—	871	—	871
Equity securities	59	—	245	—	304
Mortgage loans	—	—	1,234	—	1,234
Investment funds	—	—	1,043	—	1,043
Funds withheld at interest – embedded derivative	—	—	(972)	—	(972)
Other investments	—	—	327	—	327
Reinsurance recoverable	—	—	1,301	—	1,301
Other assets[7]	—	—	431	—	431
Assets of consolidated VIEs					
Trading securities	—	275	1,858	—	2,133
Mortgage loans	—	—	2,042	—	2,042
Investment funds	—	—	1,402	13,587	14,989
Other investments	—	2	92	—	94
Cash and cash equivalents	152	—	—	—	152
Total Assets – Retirement Services	16,000	116,203	60,439	13,587	206,229
Total Assets	$ 19,241	$ 116,302	$ 63,600	$ 13,793	$ 212,936

(Continued)

APOLLO GLOBAL MANAGEMENT, INC.
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	September 30, 2023				
(In millions)	**Level 1**	**Level 2**	**Level 3**	**NAV**	**Total**
Liabilities					
Asset Management					
Contingent consideration obligations[5]	$ —	$ —	$ 85	$ —	$ 85
Other liabilities[6]	1	—	—	—	1
Total Liabilities – Asset Management	1	—	85	—	86
Retirement Services					
Interest sensitive contract liabilities					
Embedded derivative	—	—	7,345	—	7,345
Universal life benefits	—	—	739	—	739
Future policy benefits					
AmerUs closed block	—	—	1,100	—	1,100
ILICO closed block and life benefits	—	—	551	—	551
Market risk benefits[7]	—	—	3,021	—	3,021
Derivative liabilities	43	1,848	1	—	1,892
Other liabilities	—	(89)	213	—	124
Total Liabilities – Retirement Services	43	1,759	12,970	—	14,772
Total Liabilities	$ 44	$ 1,759	$ 13,055	$ —	$ 14,858

(Concluded)

	December 31, 2022				
(In millions)	**Level 1**	**Level 2**	**Level 3**	**NAV**	**Total**
Assets					
Asset Management					
Cash and cash equivalents	$ 1,201	$ —	$ —	$ —	$ 1,201
Restricted cash and cash equivalents[1]	1,048	—	—	—	1,048
Cash and cash equivalents of VIEs	110	—	—	—	110
U.S. Treasury securities	709	—	—	—	709
Investments, at fair value	190	39	1,083 [2]	8	1,320
Investments of VIEs	—	1,537	727	105	2,369
Due from related parties[3]	—	—	43	—	43
Derivative assets[4]	—	—	15	—	15
Total Assets – Asset Management	3,258	1,576	1,868	113	6,815
Retirement Services					
AFS Securities					
U.S. government and agencies	2,570	7	—	—	2,577
U.S. state, municipal and political subdivisions	—	927	—	—	927
Foreign governments	—	906	1	—	907
Corporate	—	59,236	1,665	—	60,901
CLO	—	16,493	—	—	16,493
ABS	—	5,660	4,867	—	10,527
CMBS	—	4,158	—	—	4,158
RMBS	—	5,682	232	—	5,914
Total AFS securities	2,570	93,069	6,765	—	102,404

(Continued)

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	December 31, 2022				
(In millions)	**Level 1**	**Level 2**	**Level 3**	**NAV**	**Total**
Trading securities	23	1,519	53	—	1,595
Equity securities	150	845	92	—	1,087
Mortgage loans	—	—	27,454	—	27,454
Funds withheld at interest – embedded derivative	—	—	(4,847)	—	(4,847)
Derivative assets	42	3,267	—	—	3,309
Short-term investments	29	455	36	—	520
Other investments	—	170	441	—	611
Cash and cash equivalents	7,779	—	—	—	7,779
Restricted cash and cash equivalents	628	—	—	—	628
Investments in related parties					
AFS securities					
Corporate	—	170	812	—	982
CLO	—	2,776	303	—	3,079
ABS	—	218	5,542	—	5,760
Total AFS securities – related parties	—	3,164	6,657	—	9,821
Trading securities	—	—	878	—	878
Equity securities	—	—	279	—	279
Mortgage loans	—	—	1,302	—	1,302
Investment funds	—	—	959	—	959
Funds withheld at interest – embedded derivative	—	—	(1,425)	—	(1,425)
Other investments	—	—	303	—	303
Reinsurance recoverable	—	—	1,388	—	1,388
Other assets[7]	—	—	481	—	481
Assets of consolidated VIEs					
Trading securities	5	436	622	—	1,063
Mortgage loans	—	—	2,055	—	2,055
Investment funds	—	—	2,471	10,009	12,480
Other investments	—	2	99	—	101
Cash and cash equivalents	362	—	—	—	362
Total Assets – Retirement Services	11,588	102,927	46,063	10,009	170,587
Total Assets	$ 14,846	$ 104,503	$ 47,931	$ 10,122	$ 177,402
Liabilities					
Asset Management					
Contingent consideration obligations[5]	$ —	$ —	$ 86	$ —	$ 86
Derivative liabilities[4]	—	57	—	—	57
Other liabilities[6]	2	—	—	—	2
Total Liabilities – Asset Management	2	57	86	—	145

(Continued)

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	December 31, 2022				
(In millions)	**Level 1**	**Level 2**	**Level 3**	**NAV**	**Total**
Retirement Services					
Interest sensitive contract liabilities					
Embedded derivative	—	—	5,841	—	5,841
Universal life benefits	—	—	829	—	829
Future policy benefits					
AmerUs closed block	—	—	1,164	—	1,164
ILICO closed block and life benefits	—	—	548	—	548
Market risk benefits[7]	—	—	2,970	—	2,970
Derivative liabilities	38	1,607	1	—	1,646
Other liabilities	—	(77)	142	—	65
Total Liabilities – Retirement Services	38	1,530	11,495	—	13,063
Total Liabilities	$ 40	$ 1,587	$ 11,581	$ —	$ 13,208

(Concluded)

[1] Restricted cash and cash equivalents as of September 30, 2023 and December 31, 2022 includes $ 272 million and $ 1,046 million, respectively, of restricted cash and cash equivalents held by consolidated SPACs.

[2] Investments as of September 30, 2023 and December 31, 2022 excludes $ 236 million and $ 198 million, respectively, of performance allocations classified as Level 3 related to certain investments for which the Company elected the fair value option. The Company's policy is to account for performance allocations as investments.

[3] Due from related parties represents a receivable from a fund.

[4] Derivative assets and derivative liabilities are presented as a component of Other assets and Other liabilities, respectively, in the condensed consolidated statements of financial condition.

[5] As of September 30, 2023 and December 31, 2022, Other liabilities includes $ 30 million and $ 31 million, respectively, of contingent obligations related to the Griffin Capital acquisition, classified as Level 3 and profit sharing payable includes $55 million and $ 55 million, respectively, related to contingent obligations classified as Level 3.

[6] Other liabilities as of September 30, 2023 and December 31, 2022 includes the publicly traded warrants of APSG II.

[7] Other assets consists of market risk benefits assets. See note 10 for additional information on market risk benefits assets and liabilities valuation methodology and additional fair value disclosures.

Changes in fair value of contingent consideration obligations in connection with the acquisitions of Stone Tower and Griffin Capital are recorded in compensation and benefits expense and other income (loss), net, respectively, in the condensed consolidated statements of operations. Refer to note 18 for further details.

Level 3 Financial Instruments

The following tables summarize the valuation techniques and quantitative inputs and assumptions used for financial assets and liabilities categorized as Level 3:

	September 30, 2023					
	Fair Value *(In millions)*	**Valuation Technique**	**Unobservable Inputs**	**Ranges**	**Weighted Average**	
Financial Assets						
Asset Management						
Investments	$ 552	Embedded value	N/A	N/A	N/A	
	271	Discounted cash flow	Discount rate	9.3% – 52.8%	23.9%	[1]
	109	Direct capitalization	Capitalization rate	7.0%	7.0%	
	205	Adjusted transaction value	N/A	N/A	N/A	
Due from related parties	35	Discounted cash flow	Discount rate	14.0%	14.0%	
Derivative assets	9	Option model	Volatility rate	65.0%	65.0%	
Investments of consolidated VIEs						
Bank loans	679	Discounted cash flow	Discount rate	7.7% – 13.5%	10.8%	[1]
	314	Adjusted transaction value	N/A	N/A	N/A	
Equity securities	455	Dividend discount model	Discount rate	13.1%	13.1%	
	508	Adjusted transaction value	N/A	N/A	N/A	
Bonds	24	Discounted cash flow	Discount rate	8.3% -12.5%	12.5%	[1]
Retirement Services						
AFS, trading and equity securities	14,272	Discounted cash flow	Discount rate	2.3% – 18.8%	7.2%	[1]
Mortgage loans[2]	41,254	Discounted cash flow	Discount rate	2.2% – 21.9%	7.0%	[1]
Investment funds[2]	483	Discounted cash flow	Discount rate	6.3% – 6.3%	6.3%	[1]
	511	Net tangible asset values	Implied multiple	1.18x	1.18x	
	408	Reported net asset value	Reported net asset value	N/A	N/A	
	1,043	Embedded value	N/A	N/A	N/A	
Financial Liabilities						
Asset Management						
Contingent consideration obligations	85	Discounted cash flow	Discount rate	21.7% – 27.0%	24.2%	[1]
		Option model	Volatility rate	32.3% – 38.4%	35.4%	[1]
Retirement Services						
Interest sensitive contract liabilities – fixed indexed annuities embedded derivatives	7,345	Discounted cash flow	Nonperformance risk	0.6% – 1.6%	1.2%	[3]
			Option budget	0.5% – 5.9%	2.3%	[4]
			Surrender rate	6.7% – 13.3%	8.8%	[4]

[1] Unobservable inputs were weighted based on the fair value of the investments included in the range.

[2] Includes those of consolidated VIEs.

[3] The nonperformance risk weighted average is based on the projected cash flows attributable to the embedded derivative.

[4] The option budget and surrender rate weighted averages are calculated based on projected account values.

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	December 31, 2022					
	Fair Value *(In millions)*	Valuation Techniques	Unobservable Inputs	Ranges	Weighted Average	
Financial Assets						
Asset Management						
Investments	$ 526	Embedded value	N/A	N/A	N/A	
	128	Discounted cash flow	Discount rate	8.9% – 52.8%	28.7%	[1]
	429	Adjusted transaction value	N/A	N/A	N/A	
Due from related parties	43	Discounted cash flow	Discount rate	15.0%	15.0%	
Derivative assets	15	Option model	Volatility rate	60.0%	60.0%	
Investments of consolidated VIEs						
Equity securities	458	Dividend discount model	Discount rate	12.1%	12.1%	
Bank loans	244	Discounted cash flow	Discount rate	6.4% – 32.7%	8.0%	[1]
		Adjusted transaction value	N/A	N/A	N/A	
Bonds	25	Discounted cash flow	Discount rate	7.9%	7.9%	
Retirement Services						
AFS, trading and equity securities	10,671	Discounted cash flow	Discount rate	2.2% – 18.8%	6.8%	[1]
Mortgage loans[2]	30,811	Discounted cash flow	Discount rate	1.5% – 22.1%	6.3%	[1]
Investment funds[2]	506	Discounted cash flow	Discount rate	6.4%	6.4%	
	873	Discounted cash flow / Guideline public equity	Discount rate / P/E	16.5% / 9x	16.5% / 9x	
	529	Net tangible asset values	Implied multiple	1.26x	1.26x	
	563	Reported net asset value	Reported net asset value	N/A	N/A	
	959	Embedded value	N/A	N/A	N/A	
Financial Liabilities						
Contingent consideration obligations	86	Discounted cash flow	Discount rate	20.0% – 25.0%	22.7%	[1]
		Option model	Volatility rate	29.8% – 39.6%	34.7%	[1]
Retirement Services						
Interest sensitive contract liabilities – fixed indexed annuities embedded derivatives	5,841	Discounted cash flow	Nonperformance risk	0.1% – 1.7%	1.0%	[3]
			Option budget	0.5% – 5.3%	1.9%	[4]
			Surrender rate	5.1% – 11.5%	8.1%	[4]

[1] Unobservable inputs were weighted based on the fair value of the investments included in the range.

[2] Includes those of consolidated VIEs.

[3] The nonperformance risk weighted average is based on the projected cash flows attributable to the embedded derivative.

[4] The option budget and surrender rate weighted averages are calculated based on projected account values.

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The following are reconciliations for Level 3 assets and liabilities measured at fair value on a recurring basis:

	Three months ended September 30, 2023							
		Total realized and unrealized gains (losses)						
(In millions)	Beginning balance	Included in income	Included in OCI	Net purchases, issuances, sales and settlements	Net transfers in (out)	Ending balance	Total gains (losses) included in earnings[1]	Total gains (losses) included in OCI[1]
Assets – Asset Management								
Investments and derivative assets	$ 1,165	$ (25)	$ —	$ 6	$ —	$ 1,146	$ (1)	$ —
Investments of Consolidated VIEs	2,608	(9)	—	(619)	—	1,980	4	—
Total Level 3 assets – Asset Management	$ 3,773	$ (34)	$ —	$ (613)	$ —	$ 3,126	$ 3	$ —
Assets – Retirement Services								
AFS securities								
Foreign governments	$ 48	$ —	$ (2)	$ —	$ —	$ 46	$ —	$ (2)
Corporate	2,460	(8)	(25)	(26)	(20)	2,381	—	(27)
ABS	5,305	—	14	(255)	(438)	4,626	—	4
CMBS	12	—	—	—	—	12	—	—
RMBS	6	—	—	261	(4)	263	—	—
Trading securities	38	(1)	—	(5)	—	32	(1)	—
Equity securities	67	7	—	—	—	74	7	—
Mortgage loans	34,668	(850)	—	4,160	—	37,978	(850)	—
Funds withheld at interest – embedded derivative	(4,356)	(625)	—	—	—	(4,981)	—	—
Short-term investments	30	—	(1)	100	—	129	—	(1)
Other investments	337	(5)	—	145	—	477	(5)	—
Investments in related parties								
AFS securities								
Corporate	1,171	1	(10)	24	—	1,186	—	(10)
CLO	495	—	8	—	—	503	—	8
ABS	7,742	(2)	(11)	110	—	7,839	(6)	(14)
Trading securities	867	4	—	—	—	871	3	—
Equity securities	252	(7)	—	—	—	245	(7)	—
Mortgage loans	1,296	(61)	—	(1)	—	1,234	(61)	—
Investment funds	1,061	(18)	—	—	—	1,043	(18)	—
Funds withheld at interest – embedded derivative	(1,297)	325	—	—	—	(972)	—	—
Other investments	343	(16)	—	—	—	327	(16)	—
Reinsurance recoverable	1,436	(135)	—	—	—	1,301	—	—
Assets of consolidated VIEs								
Trading securities	717	(26)	—	(13)	1,180	1,858	(48)	—
Mortgage loans	2,113	(73)	—	2	—	2,042	(73)	—
Investment funds	1,351	(30)	—	81	—	1,402	(30)	—
Other investments	99	5	—	(12)	—	92	5	—
Total Level 3 assets – Retirement Services	$ 56,261	$ (1,515)	$ (27)	$ 4,571	$ 718	$ 60,008	$ (1,100)	$ (42)
Liabilities – Asset Management								
Contingent consideration obligations	$ 69	$ 20	$ —	$ (4)	$ —	$ 85	$ —	$ —
Total Level 3 liabilities – Asset Management	$ 69	$ 20	$ —	$ (4)	$ —	$ 85	$ —	$ —

(Continued)

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	Three months ended September 30, 2023							
		Total realized and unrealized gains (losses)						
(In millions)	Beginning balance	Included in income	Included in OCI	Net purchases, issuances, sales and settlements	Net transfers in (out)	Ending balance	Total gains (losses) included in earnings[1]	Total gains (losses) included in OCI[1]
Liabilities – Retirement Services								
Interest sensitive contract liabilities								
Embedded derivative	$ (8,198)	$ 1,251	$ —	$ (398)	$ —	$ (7,345)	$ —	$ —
Universal life benefits	(854)	115	—	—	—	(739)	—	—
Future policy benefits								
AmerUs Closed Block	(1,159)	59	—	—	—	(1,100)	—	—
ILICO Closed Block and life benefits	(571)	20	—	—	—	(551)	—	—
Derivative liabilities	(1)	—	—	—	—	(1)	—	—
Other liabilities	(209)	(4)	—	—	—	(213)	—	—
Total Level 3 liabilities – Retirement Services	$ (10,992)	$ 1,441	$ —	$ (398)	$ —	$ (9,949)	$ —	$ —

(Concluded)

[1] Related to instruments held at end of period.

	Three months ended September 30, 2022							
		Total realized and unrealized gains (losses)						
(In millions)	Beginning balance	Included in income	Included in OCI	Net purchases, issuances, sales and settlements	Net transfers in (out)	Ending balance	Total gains (losses) included in earnings[1]	Total gains (losses) included in OCI[1]
Assets – Asset Management								
Investments and derivative assets	$ 1,080	$ (25)	$ —	$ (108)	$ —	$ 947	$ 12	$ —
Investments of Consolidated VIEs	1,190	24	—	98	(148)	1,164	(4)	—
Total Level 3 assets – Asset Management	$ 2,270	$ (1)	$ —	$ (10)	$ (148)	$ 2,111	$ 8	$ —
Assets – Retirement Services								
AFS securities								
Foreign governments	$ 2	$ —	$ —	$ —	$ —	$ 2	$ —	$ —
Corporate	1,588	(16)	(58)	205	(57)	1,662	—	(55)
CLO	—	—	—	3	—	3	—	—
ABS	3,594	2	(50)	198	104	3,848	—	(60)
RMBS	68	—	(1)	(1)	(66)	—	—	—
Trading securities	58	(4)	—	(2)	2	54	(4)	—
Equity securities	62	10	—	—	—	72	11	—
Mortgage loans	25,218	(1,117)	—	1,044	—	25,145	(1,111)	—
Investment funds	19	—	—	—	(19)	—	—	—
Funds withheld at interest – embedded derivative	(3,958)	(1,301)	—	—	—	(5,259)	—	—
Short-term investments	58	—	—	(23)	—	35	—	—
Other investments	—	—	—	—	496	496	—	—
Investments in related parties								
AFS securities								
Corporate	849	1	(17)	114	(94)	853	—	(15)
CLO	325	—	(14)	—	—	311	—	(14)
ABS	5,026	(3)	(73)	284	94	5,328	—	(73)
Trading securities	891	4	—	5	1	901	4	—
Equity securities	163	(18)	—	195	—	340	(18)	—
Mortgage loans	1,416	(82)	—	(3)	—	1,331	(82)	—

(Continued)

APOLLO GLOBAL MANAGEMENT, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Investment funds	818	(29)	—	—	—	789	(29)	—
Funds withheld at interest – embedded derivative	(1,129)	(442)	—	—	—	(1,571)	—	—
Other investments	—	—	—	—	274	274	—	—
Reinsurance recoverable	1,580	(104)	—	—	—	1,476	—	—
Assets of consolidated VIEs								
Trading securities	330	(7)	—	529	(232)	620	(7)	—
Equity securities	—	—	—	—	15	15	—	—
Mortgage loans	1,626	(80)	—	96	21	1,663	(79)	—
Investment funds	1,053	(19)	—	1,694	(422)	2,306	(19)	—
Other investments	31	—	—	—	105	136	—	—
Total Level 3 assets – Retirement Services	$ 39,688	$ (3,205)	$ (213)	$ 4,338	$ 222	$ 40,830	$ (1,334)	$ (217)
Liabilities – Asset Management								
Contingent consideration obligations	$ 139	$ (11)	$ —	$ —	$ —	$ 128	$ —	$ —
Total Level 3 liabilities – Asset Management	$ 139	$ (11)	$ —	$ —	$ —	$ 128	$ —	$ —
Liabilities – Retirement Services								
Interest sensitive contract liabilities								
Embedded derivative	$ (5,176)	$ 526	$ —	$ (348)	$ —	$ (4,998)	$ —	$ —
Universal life benefits	(943)	91	—	—	—	(852)	—	—
Future policy benefits								
AmerUs Closed Block	(1,247)	90	—	—	—	(1,157)	—	—
ILICO Closed Block and life benefits	(623)	11	—	—	—	(612)	—	—
Derivative liabilities	(1)	—	—	—	—	(1)	—	—
Total Level 3 liabilities – Retirement Services	$ (7,990)	$ 718	$ —	$ (348)	$ —	$ (7,620)	$ —	$ —

(Concluded)

[1] Related to instruments held at end of period.

	Nine Months Ended September 30, 2023							
		Total realized and unrealized gains (losses)						
(In millions)	Beginning balance	Included in income	Included in OCI	Net purchases, issuances, sales and settlements	Net transfers in (out)	Ending balance	Total gains (losses) included in earnings[1]	Total gains (losses) included in OCI[1]
Assets – Asset Management								
Investments and derivative assets	$ 1,098	$ 18	$ —	$ 30	$ —	$ 1,146	$ 45	$ —
Investments of Consolidated VIEs	727	23	—	1,232	(2)	1,980	16	—
Total Level 3 assets – Asset Management	$ 1,825	$ 41	$ —	$ 1,262	$ (2)	$ 3,126	$ 61	$ —
Assets – Retirement Services								
AFS securities								
Foreign governments	$ 1	$ —	$ (2)	$ 47	$ —	$ 46	$ —	$ (2)
Corporate	1,665	(9)	(1)	1,170	(444)	2,381	—	(7)
ABS	4,867	—	(36)	794	(999)	4,626	—	(49)
CMBS	—	—	—	—	12	12	—	(1)
RMBS	232	6	2	258	(235)	263	—	—
Trading securities	53	2	—	(12)	(11)	32	—	—
Equity securities	92	(5)	—	—	(13)	74	(5)	—
Mortgage loans	27,454	(794)	—	11,318	—	37,978	(792)	—
Funds withheld at interest – embedded derivative	(4,847)	(134)	—	—	—	(4,981)	—	—
Short-term investments	36	—	(3)	70	26	129	—	(1)
Other investments	441	(5)	—	41	—	477	(7)	—

(Continued)

APOLLO GLOBAL MANAGEMENT, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

	Nine Months Ended September 30, 2023							
		Total realized and unrealized gains (losses)						
(In millions)	Beginning balance	Included in income	Included in OCI	Net purchases, issuances, sales and settlements	Net transfers in (out)	Ending balance	Total gains (losses) included in earnings[1]	Total gains (losses) included in OCI[1]
Investments in related parties								
AFS securities								
Corporate	812	2	(18)	175	215	1,186	—	(18)
CLO	303	—	15	185	—	503	—	15
ABS	5,542	7	38	1,968	284	7,839	(2)	32
Trading securities	878	6	—	(13)	—	871	3	—
Equity securities	279	(2)	—	(32)	—	245	(3)	—
Mortgage loans	1,302	(44)	—	(24)	—	1,234	(44)	—
Investment funds	959	52	—	32	—	1,043	53	—
Funds withheld at interest – embedded derivative	(1,425)	453	—	—	—	(972)	—	—
Other investments	303	(18)	—	42	—	327	(19)	—
Reinsurance recoverable	1,388	(87)	—	—	—	1,301	—	—
Assets of consolidated VIEs								
Trading securities	622	(18)	—	(23)	1,277	1,858	(40)	—
Mortgage loans	2,055	(71)	—	58	—	2,042	(71)	—
Investment funds	2,471	(7)	—	73	(1,135)	1,402	(7)	—
Other investments	99	7	—	(14)	—	92	7	—
Total Level 3 assets – Retirement Services	$ 45,582	$ (659)	$ (5)	$ 16,113	$ (1,023)	$ 60,008	$ (927)	$ (31)
Liabilities – Asset Management								
Contingent consideration obligations	$ 86	$ 3	$ —	$ (4)	$ —	$ 85	$ —	$ —
Total Level 3 liabilities – Asset Management	$ 86	$ 3	$ —	$ (4)	$ —	$ 85	$ —	$ —
Liabilities – Retirement Services								
Interest sensitive contract liabilities								
Embedded derivative	$ (5,841)	$ (277)	$ —	$ (1,227)	$ —	$ (7,345)	$ —	$ —
Universal life benefits	(829)	90	—	—	—	(739)	—	—
Future policy benefits								
AmerUs Closed Block	(1,164)	64	—	—	—	(1,100)	—	—
ILICO Closed Block and life benefits	(548)	(3)	—	—	—	(551)	—	—
Derivative liabilities	(1)	—	—	—	—	(1)	—	—
Other liabilities	(142)	(71)	—	—	—	(213)	—	—
Total Level 3 liabilities – Retirement Services	$ (8,525)	$ (197)	$ —	$ (1,227)	$ —	$ (9,949)	$ —	$ —

(Concluded)

[1] Related to instruments held at end of period.

APOLLO GLOBAL MANAGEMENT, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

	Nine Months Ended September 30, 2022							
		Total realized and unrealized gains (losses)						
(In millions)	Beginning balance	Included in income	Included in OCI	Net purchases, issuances, sales and settlements	Net transfers in (out)	Ending balance	Total gains (losses) included in earnings[1]	Total gains (losses) included in OCI[1]
Assets – Asset Management								
Investments and derivative assets	$ 946	$ (16)	$ —	$ (6)	$ 23	$ 947	$ 72	$ —
Investments of Consolidated VIEs	13,188	197	—	1,815	(14,036)	1,164	5	—
Total Level 3 assets – Asset Management	$ 14,134	$ 181	$ —	$ 1,809	$ (14,013)	$ 2,111	$ 77	$ —
Assets – Retirement Services								
AFS securities								
Foreign governments	$ 2	$ —	$ —	$ —	$ —	$ 2	$ —	$ —
Corporate	1,339	(19)	(135)	385	92	1,662	—	(120)
CLO	14	(2)	—	(9)	—	3	—	—
ABS	3,619	9	(145)	198	167	3,848	—	(116)
CMBS	43	—	(17)	—	(26)	—	—	—
RMBS	—	—	(1)	67	(66)	—	—	—
Trading securities	69	(10)	—	6	(11)	54	(4)	—
Equity securities	429	27	—	(3)	(381)	72	25	—
Mortgage loans	21,154	(2,888)	—	6,879	—	25,145	(2,878)	—
Investment funds	18	1	—	—	(19)	—	—	—
Funds withheld at interest – embedded derivative	—	(5,259)	—	—	—	(5,259)	—	—
Short-term investments	29	—	(1)	7	—	35	—	(1)
Other investments	—	—	—	—	496	496	—	—
Investments in related parties								
AFS securities								
Corporate	670	(3)	(23)	250	(41)	853	—	(22)
CLO	202	—	(21)	130	—	311	—	(21)
ABS	6,445	(4)	(208)	(957)	52	5,328	—	(193)
Trading securities	1,771	3	—	(1,057)	184	901	(4)	—
Equity securities	284	(32)	—	76	12	340	(27)	—
Mortgage loans	1,369	(206)	—	168	—	1,331	(206)	—
Investment funds	2,855	(1)	—	(34)	(2,031)	789	(1)	—
Funds withheld at interest – embedded derivative	—	(1,571)	—	—	—	(1,571)	—	—
Short-term investments	—	—	—	53	(53)	—	—	—
Other investments	—	—	—	—	274	274	—	—
Reinsurance recoverable	1,991	(515)	—	—	—	1,476	—	—
Assets of consolidated VIEs								
Trading securities	—	(7)	—	529	98	620	(7)	—
Equity securities	—	—	—	—	15	15	—	—
Mortgage loans	2,152	(250)	—	(58)	(181)	1,663	(250)	—
Investment funds	1,297	9	—	1,855	(855)	2,306	9	—
Other investments	—	—	—	31	105	136	—	—
Total Level 3 assets – Retirement Services	$ 45,752	$ (10,718)	$ (551)	$ 8,516	$ (2,169)	$ 40,830	$ (3,343)	$ (473)

(Continued)

APOLLO GLOBAL MANAGEMENT, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

	Nine Months Ended September 30, 2022								
		Total realized and unrealized gains (losses)							
(In millions)	Beginning balance	Included in income	Included in OCI	Net purchases, issuances, sales and settlements	Net transfers in (out)	Ending balance	Total gains (losses) included in earnings[1]	Total gains (losses) included in OCI[1]
Liabilities – Asset Management								
Contingent consideration obligations	$ 126	$ (21)	$ —	$ 23	$ —	$ 128	$ —	$ —
Debt and other liabilities of consolidated VIEs	7,528	(28)	—	1,126	(8,626)	—	—	—
Total Level 3 liabilities – Asset Management	$ 7,654	$ (49)	$ —	$ 1,149	$ (8,626)	$ 128	$ —	$ —
Liabilities – Retirement Services								
Interest sensitive contract liabilities								
Embedded derivative	$ (7,408)	$ 3,079	$ —	$ (669)	$ —	$ (4,998)	$ —	$ —
Universal life benefits	(1,235)	383	—	—	—	(852)	—	—
Future policy benefits								
AmerUs Closed Block	(1,520)	363	—	—	—	(1,157)	—	—
ILICO Closed Block and life benefits	(742)	130	—	—	—	(612)	—	—
Derivative liabilities	(3)	2	—	—	—	(1)	—	—
Total Level 3 liabilities – Retirement Services	$ (10,908)	$ 3,957	$ —	$ (669)	$ —	$ (7,620)	$ —	$ —

(Concluded)

[1] Related to instruments held at end of period.

APOLLO GLOBAL MANAGEMENT, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

The following represents the gross components of purchases, issuances, sales and settlements, net, and net transfers in (out) shown above:

	Three months ended September 30, 2023							
(In millions)	**Purchases**	**Issuances**	**Sales**	**Settlements**	**Net purchases, issuances, sales and settlements**	**Transfers In**	**Transfers Out**	**Net Transfers In (Out)**
Assets – Asset Management								
Investments and derivative assets	$ 8	$ —	$ (2)	$ —	$ 6	$ —	$ —	$ —
Investments of Consolidated VIEs	1,459	—	(2,078)	—	(619)	—	—	—
Total Level 3 assets – Asset Management	$ 1,467	$ —	$ (2,080)	$ —	$ (613)	$ —	$ —	$ —
Assets – Retirement Services								
AFS securities								
Corporate	$ 26	$ —	$ —	$ (52)	$ (26)	$ —	$ (20)	$ (20)
ABS	221	—	(13)	(463)	(255)	357	(795)	(438)
RMBS	261	—	—	—	261	—	(4)	(4)
Trading securities	—	—	—	(5)	(5)	—	—	—
Mortgage loans	5,696	—	(285)	(1,251)	4,160	—	—	—
Short-term investments	100	—	—	—	100	—	—	—
Other investments	145	—	—	—	145	—	—	—
Investments in related parties								
AFS securities								
Corporate	27	—	—	(3)	24	—	—	—
ABS	426	—	—	(316)	110	—	—	—
Trading securities	1	—	(1)	—	—	—	—	—
Mortgage loans	—	—	—	(1)	(1)	—	—	—
Assets of consolidated VIEs								
Trading securities	6	—	(19)	—	(13)	1,180	—	1,180
Mortgage loans	4	—	—	(2)	2	—	—	—
Investment funds	113	—	(32)	—	81	—	—	—
Other investments	2	—	(14)	—	(12)	—	—	—
Total Level 3 assets – Retirement Services	$ 7,028	$ —	$ (364)	$ (2,093)	$ 4,571	$ 1,537	$ (819)	$ 718
Liabilities – Asset Management								
Contingent consideration obligations	$ —	$ —	$ —	$ (4)	$ (4)	$ —	$ —	$ —
Total Level 3 liabilities – Asset Management	$ —	$ —	$ —	$ (4)	$ (4)	$ —	$ —	$ —
Liabilities – Retirement Services								
Interest sensitive contract liabilities - Embedded derivative	$ —	$ (573)	$ —	$ 175	$ (398)	$ —	$ —	$ —
Total Level 3 liabilities – Retirement Services	$ —	$ (573)	$ —	$ 175	$ (398)	$ —	$ —	$ —

APOLLO GLOBAL MANAGEMENT, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

	Three months ended September 30, 2022							
(In millions)	**Purchases**	**Issuances**	**Sales**	**Settlements**	**Net purchases, issuances, sales and settlements**	**Transfers In**	**Transfers Out**	**Net Transfers In (Out)**
Assets – Asset Management								
Investments and derivative assets	$ 9	$ —	$ (117)	$ —	$ (108)	$ —	$ —	$ —
Investments of Consolidated VIEs	979	—	(881)	—	98	18	(166)	(148)
Total Level 3 assets – Asset Management	$ 988	$ —	$ (998)	$ —	$ (10)	$ 18	$ (166)	$ (148)
Assets – Retirement Services								
AFS securities								
Corporate	$ 228	$ —	$ (3)	$ (20)	$ 205	$ 83	$ (140)	$ (57)
CLO	3	—	—	—	3	—	—	—
ABS	344	—	—	(146)	198	116	(12)	104
RMBS	—	—	—	(1)	(1)	—	(66)	(66)
Trading securities	—	—	—	(2)	(2)	3	(1)	2
Mortgage loans	1,900	—	(51)	(805)	1,044	—	—	—
Investment funds	—	—	—	—	—	—	(19)	(19)
Short-term investments	—	—	—	(23)	(23)	—	—	—
Other investments	—	—	—	—	—	496	—	496
Investments in related parties								
AFS securities								
Corporate	116	—	—	(2)	114	—	(94)	(94)
ABS	887	—	—	(603)	284	94	—	94
Trading securities	5	—	—	—	5	1	—	1
Equity securities	195	—	—	—	195	—	—	—
Mortgage loans	—	—	—	(3)	(3)	—	—	—
Other investments	—	—	—	—	—	274	—	274
Assets of consolidated VIEs								
Trading securities	529	—	—	—	529	100	(332)	(232)
Equity securities	—	—	—	—	—	15	—	15
Mortgage loans	102	—	—	(6)	96	21	—	21
Investment funds	1,695	—	(1)	—	1,694	—	(422)	(422)
Other investments	—	—	—	—	—	105	—	105
Total Level 3 assets – Retirement Services	$ 6,004	$ —	$ (55)	$ (1,611)	$ 4,338	$ 1,308	$ (1,086)	$ 222
Liabilities – Retirement Services								
Interest sensitive contract liabilities – embedded derivative	$ —	$ (456)	$ —	$ 108	$ (348)	$ —	$ —	$ —
Total Level 3 liabilities – Retirement Services	$ —	$ (456)	$ —	$ 108	$ (348)	$ —	$ —	$ —

APOLLO GLOBAL MANAGEMENT, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

	Nine Months Ended September 30, 2023							
(In millions)	**Purchases**	**Issuances**	**Sales**	**Settlements**	**Net purchases, issuances, sales and settlements**	**Transfers In**	**Transfers Out**	**Net Transfers In (Out)**
Assets – Asset Management								
Investments and derivative assets	$ 34	$ —	$ (4)	$ —	$ 30	$ —	$ —	$ —
Investments of consolidated VIEs	4,058	—	(2,826)	—	1,232	—	(2)	(2)
Total Level 3 assets – Asset Management	$ 4,092	$ —	$ (2,830)	$ —	$ 1,262	$ —	$ (2)	$ (2)
Assets – Retirement Services								
AFS securities								
Foreign governments	$ 53	$ —	$ —	$ (6)	$ 47	$ —	$ —	$ —
Corporate	1,338	—	—	(168)	1,170	29	(473)	(444)
ABS	1,552	—	(33)	(725)	794	695	(1,694)	(999)
CMBS	—	—	—	—	—	12	—	12
RMBS	262	—	—	(4)	258	5	(240)	(235)
Trading securities	8	—	—	(20)	(12)	5	(16)	(11)
Equity securities	—	—	—	—	—	—	(13)	(13)
Mortgage loans	14,361	—	(348)	(2,695)	11,318	—	—	—
Short-term investments	100	—	—	(30)	70	26	—	26
Other investments	472	—	—	(431)	41	—	—	—
Investments in related parties								
AFS securities								
Corporate	184	—	—	(9)	175	215	—	215
CLO	185	—	—	—	185	—	—	—
ABS	3,132	—	(162)	(1,002)	1,968	284	—	284
Trading securities	28	—	(38)	(3)	(13)	—	—	—
Equity securities	—	—	—	(32)	(32)	—	—	—
Mortgage loans	—	—	—	(24)	(24)	—	—	—
Investment funds	32	—	—	—	32	—	—	—
Other investments	42	—	—	—	42	—	—	—
Assets of consolidated VIEs								
Trading securities	26	—	(49)	—	(23)	1,308	(31)	1,277
Mortgage loans	63	—	—	(5)	58	—	—	—
Investment funds	113	—	(40)	—	73	475	(1,610)	(1,135)
Other investments	7	—	(21)	—	(14)	—	—	—
Total Level 3 assets – Retirement Services	$ 21,958	$ —	$ (691)	$ (5,154)	$ 16,113	$ 3,054	$ (4,077)	$ (1,023)
Liabilities - Asset Management								
Contingent consideration obligations	$ —	$ —	$ —	$ (4)	$ (4)	$ —	$ —	$ —
Total Level 3 liabilities – Asset Management	$ —	$ —	$ —	$ (4)	$ (4)	$ —	$ —	$ —
Liabilities – Retirement Services								
Interest sensitive contract liabilities - Embedded derivative	$ —	$ (1,708)	$ —	$ 481	$ (1,227)	$ —	$ —	$ —
Total Level 3 liabilities – Retirement Services	$ —	$ (1,708)	$ —	$ 481	$ (1,227)	$ —	$ —	$ —

APOLLO GLOBAL MANAGEMENT, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

	Nine Months Ended September 30, 2022							
(In millions)	**Purchases**	**Issuances**	**Sales**	**Settlements**	**Net purchases, issuances, sales and settlements**	**Transfers In[1]**	**Transfers Out[1]**	**Net Transfers In (Out)**
Assets – Asset Management								
Investments	$ 115	$ —	$ (121)	$ —	$ (6)	$ 23	$ —	$ 23
Investments of consolidated VIEs	4,683	—	(2,868)	—	1,815	500	(14,536)	(14,036)
Total Level 3 assets – Asset Management	$ 4,798	$ —	$ (2,989)	$ —	$ 1,809	$ 523	$ (14,536)	$ (14,013)
Assets – Retirement Services								
AFS securities								
Corporate	$ 681	$ —	$ (173)	$ (123)	$ 385	$ 276	$ (184)	$ 92
CLO	3	—	—	(12)	(9)	—	—	—
ABS	2,579	—	(1,791)	(590)	198	484	(317)	167
CMBS	—	—	—	—	—	—	(26)	(26)
RMBS	68	—	—	(1)	67	—	(66)	(66)
Trading securities	8	—	—	(2)	6	42	(53)	(11)
Equity securities	—	—	(3)	—	(3)	19	(400)	(381)
Mortgage loans	9,377	—	(181)	(2,317)	6,879	—	—	—
Investment funds	—	—	—	—	—	—	(19)	(19)
Short-term investments	59	—	—	(52)	7	—	—	—
Other investments	—	—	—	—	—	496	—	496
Investments in related parties								
AFS securities								
Corporate	483	—	(217)	(16)	250	53	(94)	(41)
CLO	130	—	—	—	130	—	—	—
ABS	2,160	—	(93)	(3,024)	(957)	1,916	(1,864)	52
Trading securities	41	—	(1,052)	(46)	(1,057)	1,444	(1,260)	184
Equity securities	195	—	(119)	—	76	125	(113)	12
Mortgage loans	182	—	—	(14)	168	—	—	—
Investment funds	—	—	(34)	—	(34)	—	(2,031)	(2,031)
Short-term investments	53	—	—	—	53	—	(53)	(53)
Other investments	—	—	—	—	—	274	—	274
Assets of consolidated VIEs								
Trading Securities	529	—	—	—	529	430	(332)	98
Equity securities	—	—	—	—	—	15	—	15
Mortgage loans	102	—	—	(160)	(58)	42	(223)	(181)
Investment funds	1,981	—	(126)	—	1,855	11,087	(11,942)	(855)
Other investments	31	—	—	—	31	2,007	(1,902)	105
Total Level 3 assets – Retirement Services	$ 18,662	$ —	$ (3,789)	$ (6,357)	$ 8,516	$ 18,710	$ (20,879)	$ (2,169)
Liabilities - Asset Management								
Contingent consideration obligations	$ —	$ 36	$ —	$ (13)	$ 23	$ —	$ —	$ —
Debt and other liabilities of consolidated VIEs	—	1,644	—	(518)	1,126	—	(8,626)	(8,626)
Total Level 3 liabilities – Asset Management	$ —	$ 1,680	$ —	$ (531)	$ 1,149	$ —	$ (8,626)	$ (8,626)
Liabilities – Retirement Services								
Interest sensitive contract liabilities - Embedded derivative	$ —	$ (1,053)	$ —	$ 384	$ (669)	$ —	$ —	$ —
Total Level 3 liabilities – Retirement Services	$ —	$ (1,053)	$ —	$ 384	$ (669)	$ —	$ —	$ —

[1] Transfers in and out are primarily assets of VIEs with changes in consolidation at Athene in 2022.

Fair Value Option – Retirement Services

The following represents the gains (losses) recorded for instruments for which Athene has elected the fair value option, including related parties and VIEs:

	Three months ended September 30,		Nine months ended September 30,	
(In millions)	**2023**	**2022**	**2023**	**2022**
Trading securities	$ (116)	$ (121)	$ (84)	$ (489)
Mortgage loans	(984)	(1,279)	(909)	(3,344)
Investment funds	(66)	(47)	23	9
Future policy benefits	59	90	64	363
Other liabilities	(4)	—	(71)	—
Total gains (losses)	$ (1,111)	$ (1,357)	$ (977)	$ (3,461)

Gains and losses on trading securities and other liabilities are recorded in investment related gains (losses) on the condensed consolidated statements of operations. For fair value option mortgage loans, interest income is recorded in net investment income and subsequent changes in fair value in investment related gains (losses) on the condensed consolidated statements of operations. Gains and losses related to investment funds, including related party investment funds, are recorded in net investment income on the condensed consolidated statements of operations. The change in fair value of future policy benefits is recorded to future policy and other policy benefits on the condensed consolidated statements of operations.

The following summarizes information for fair value option mortgage loans, including related parties and VIEs:

(In millions)	September 30, 2023	December 31, 2022
Unpaid principal balance	$ 45,170	$ 33,653
Mark to fair value	(3,916)	(2,842)
Fair value	$ 41,254	$ 30,811

The following represents the commercial mortgage loan portfolio 90 days or more past due and/or in non-accrual status:

(In millions)	September 30, 2023	December 31, 2022
Unpaid principal balance of commercial mortgage loans 90 days or more past due and/or in non-accrual status	$ 161	$ 74
Mark to fair value of commercial mortgage loans 90 days or more past due and/or in non-accrual status	(62)	(55)
Fair value of commercial mortgage loans 90 days or more past due and/or in non-accrual status	$ 99	$ 19
Fair value of commercial mortgage loans 90 days or more past due	$ 40	$ 2
Fair value of commercial mortgage loans in non-accrual status	59	19

The following represents the residential loan portfolio 90 days or more past due and/or in non-accrual status:

(In millions)	September 30, 2023	December 31, 2022
Unpaid principal balance of residential mortgage loans 90 days or more past due and/or in non-accrual status	$ 495	$ 522
Mark to fair value of residential mortgage loans 90 days or more past due and/or in non-accrual status	(57)	(50)
Fair value of residential mortgage loans 90 days or more past due and/or in non-accrual status	$ 438	$ 472
Fair value of residential mortgage loans 90 days or more past due[1]	$ 438	$ 472
Fair value of residential mortgage loans in non-accrual status	312	360

[1] As of September 30, 2023 and December 31, 2022, includes $ 126 million and $ 221 million, respectively, of residential mortgage loans that are guaranteed by U.S. government-sponsored agencies.

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The following is the estimated amount of gains (losses) included in earnings during the period attributable to changes in instrument-specific credit risk on our mortgage loan portfolio:

	Three months ended September 30,		Nine months ended September 30,	
(In millions)	2023	2022	2023	2022
Mortgage loans	$ (20)	$ 18	$ (31)	$ (34)

The portion of gains and losses attributable to changes in instrument-specific credit risk is estimated by identifying commercial loans with loan-to-value ratios meeting credit quality criteria, and residential mortgage loans with delinquency status meeting credit quality criteria.

Financial Instruments Without Readily Determinable Fair Values

Athene has elected the measurement alternative for certain equity securities that do not have a readily determinable fair value. As of September 30, 2023 and December 31, 2022, the carrying amount of the equity securities was $400 million and $400 million, respectively, with no cumulative recorded impairment.

Fair Value of Financial Instruments Not Carried at Fair Value – Retirement Services

The following represents Athene's financial instruments not carried at fair value on the condensed consolidated statements of financial condition:

	September 30, 2023					
(In millions)	Carrying Value	Fair Value	NAV	Level 1	Level 2	Level 3
Financial assets						
Investment funds	$ 124	$ 124	$ 124	$ —	$ —	$ —
Policy loans	336	336	—	—	336	—
Funds withheld at interest	30,934	30,934	—	—	—	30,934
Other investments	40	45	—	—	—	45
Investments in related parties						
Investment funds	561	561	561	—	—	—
Funds withheld at interest	7,592	7,592	—	—	—	7,592
Short-term investments	949	949	—	—	949	—
Total financial assets not carried at fair value	$ 40,536	$ 40,541	$ 685	$ —	$ 1,285	$ 38,571
Financial liabilities						
Interest sensitive contract liabilities	$ 140,229	$ 126,779	$ —	$ —	$ —	$ 126,779
Debt	3,634	2,839	—	—	2,839	—
Securities to repurchase	4,512	4,512	—	—	4,512	—
Funds withheld liability	349	349	—	—	349	—
Total financial liabilities not carried at fair value	$ 148,724	$ 134,479	$ —	$ —	$ 7,700	$ 126,779

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	December 31, 2022					
(In millions)	**Carrying Value**	**Fair Value**	**NAV**	**Level 1**	**Level 2**	**Level 3**
Financial assets						
Investment funds	$ 79	$ 79	$ 79	$ —	$ —	$ —
Policy loans	347	347	—	—	347	—
Funds withheld at interest	37,727	37,727	—	—	—	37,727
Short-term investments	1,640	1,640	—	—	1,614	26
Other investments	162	162	—	—	—	162
Investments in related parties						
Investment funds	610	610	610	—	—	—
Funds withheld at interest	11,233	11,233	—	—	—	11,233
Total financial assets not carried at fair value	$ 51,798	$ 51,798	$ 689	$ —	$ 1,961	$ 49,148
Financial liabilities						
Interest sensitive contract liabilities	$ 125,101	$ 111,608	$ —	$ —	$ —	$ 111,608
Debt	3,658	2,893	—	—	2,893	—
Securities to repurchase	4,743	4,743	—	—	4,743	—
Funds withheld liability	360	360	—	—	360	—
Total financial liabilities not carried at fair value	$ 133,862	$ 119,604	$ —	$ —	$ 7,996	$ 111,608

The fair value for financial instruments not carried at fair value are estimated using the same methods and assumptions as those carried at fair value. The financial instruments presented above are reported at carrying value on the condensed consolidated statements of financial condition; however, in the case of policy loans, funds withheld at interest and liability, short-term investments, and securities to repurchase, the carrying amount approximates fair value.

Interest sensitive contract liabilities

The carrying and fair value of interest sensitive contract liabilities above includes fixed indexed and traditional fixed annuities without mortality or morbidity risks, funding agreements and payout annuities without life contingencies. The embedded derivatives within fixed indexed annuities without mortality or morbidity risks are excluded, as they are carried at fair value. The valuation of these investment contracts is based on discounted cash flow methodologies using significant unobservable inputs. The estimated fair value is determined using current market risk-free interest rates, adding a spread to reflect nonperformance risk and subtracting a risk margin to reflect uncertainty inherent in the projected cash flows.

Debt

The fair value of debt is obtained from commercial pricing services. These are classified as Level 2. The pricing services incorporate a variety of market observable information in their valuation techniques, including benchmark yields, trading activity, credit quality, issuer spreads, bids, offers and other reference data.

Significant Unobservable Inputs

Asset Management

Discounted Cash Flow and Direct Capitalization Model

When a discounted cash flow or direct capitalization model is used to determine fair value, the significant input used in the valuation model is the discount rate applied to present value the projected cash flows or the capitalization rate, respectively. Increases in the discount or capitalization rate can significantly lower the fair value of an investment and the contingent consideration obligations; conversely decreases in the discount or capitalization rate can significantly increase the fair value of an investment and the contingent consideration obligations.

Consolidated VIEs' Investments

The significant unobservable input used in the fair value measurement of the equity securities, bank loans and bonds is the discount rate applied in the valuation models. This input in isolation can cause significant increases or decreases in fair value, which would result in a significantly lower or higher fair value measurement. The discount rate is determined based on the market rates an investor would expect for a similar investment with similar risks.

Certain investments of VIEs are valued using the NAV per share equivalent calculated by the investment manager as a practical expedient to determine an independent fair value.

Contingent Consideration Obligations

The significant unobservable inputs used in the fair value measurement of the contingent consideration obligations are discount rate and volatility rate applied in the valuation models. These inputs in isolation can cause significant increases or decreases in fair value. See note 18 for further discussion of the contingent consideration obligations.

Retirement Services

AFS, trading and equity securities

Athene uses discounted cash flow models to calculate the fair value for certain fixed maturity and equity securities. The discount rate is a significant unobservable input because the credit spread includes adjustments made to the base rate. The base rate represents a market comparable rate for securities with similar characteristics. This excludes assets for which fair value is provided by independent broker quotes.

Mortgage loans

Athene uses discounted cash flow models from independent commercial pricing services to calculate the fair value of its mortgage loan portfolio. The discount rate is a significant unobservable input. This approach uses market transaction information and client portfolio-oriented information, such as prepayments or defaults, to support the valuations.

Interest sensitive contract liabilities – embedded derivative

Significant unobservable inputs used in the fixed indexed annuities embedded derivative of the interest sensitive contract liabilities valuation include:

1. Nonperformance risk – For contracts Athene issues, it uses the credit spread, relative to the U.S. Treasury curve based on Athene's public credit rating as of the valuation date. This represents Athene's credit risk for use in the estimate of the fair value of embedded derivatives.
2. Option budget – Athene assumes future hedge costs in the derivative's fair value estimate. The level of option budgets determines the future costs of the options and impacts future policyholder account value growth.
3. Policyholder behavior – Athene regularly reviews the full withdrawal (surrender rate) assumptions. These are based on initial pricing assumptions updated for actual experience. Actual experience may be limited for recently issued products.

Valuation of Underlying Investments

Asset Management

As previously noted, the underlying entities that Apollo manages and invests in are primarily investment companies that account for their investments at estimated fair value.

On a quarterly basis, valuation committees consisting of members from senior management review and approve the valuation results related to the investments of the funds Apollo manages. For certain publicly traded vehicles managed by Apollo, a review is performed by an independent board of directors. Apollo also retains external valuation firms to provide third-party valuation consulting services to Apollo, which consist of certain limited procedures that management identifies and requests them to perform. The limited procedures provided by the external valuation firms assist management with validating their

valuation results or determining fair value. Apollo performs various back-testing procedures to validate their valuation approaches, including comparisons between expected and observed outcomes, forecast evaluations and variance analyses. However, because of the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and the differences could be material.

Yield Investments

Yield investments are generally valued based on third party vendor prices and/or quoted market prices and valuation models. Valuations using quoted market prices are based on the average of the "bid" and the "ask" quotes provided by multiple brokers wherever possible without any adjustments. Apollo will designate certain brokers to use to value specific securities. In determining the designated brokers, Apollo considers the following: (i) brokers with which Apollo has previously transacted, (ii) the underwriter of the security and (iii) active brokers indicating executable quotes. In addition, when valuing a security based on broker quotes wherever possible Apollo tests the standard deviation amongst the quotes received and the variance between the concluded fair value and the value provided by a pricing service. When broker quotes are not available Apollo considers the use of pricing service quotes or other sources to mark a position. When relying on a pricing service as a primary source, Apollo (i) analyzes how the price has moved over the measurement period, (ii) reviews the number of brokers included in the pricing service's population, if available, and (iii) validates the valuation levels with Apollo's pricing team and traders.

Debt securities that are not publicly traded or whose market prices are not readily available are valued at fair value utilizing a model based approach to determine fair value. Valuation approaches used to estimate the fair value of illiquid credit investments also may include the income approach, as described below. The valuation approaches used consider, as applicable, market risks, credit risks, counterparty risks and foreign currency risks.

Equity and Hybrid Investments

The majority of illiquid equity and hybrid investments are valued using the market approach and/or the income approach, as described below.

Market Approach

The market approach is driven by current market conditions, including actual trading levels of similar companies and, to the extent available, actual transaction data of similar companies. Judgment is required by management when assessing which companies are similar to the subject company being valued. Consideration may also be given to any of the following factors: (1) the subject company's historical and projected financial data; (2) valuations given to comparable companies; (3) the size and scope of the subject company's operations; (4) the subject company's individual strengths and weaknesses; (5) expectations relating to the market's receptivity to an offering of the subject company's securities; (6) applicable restrictions on transfer; (7) industry and market information; (8) general economic and market conditions; and (9) other factors deemed relevant. Market approach valuation models typically employ a multiple that is based on one or more of the factors described above.

Enterprise value as a multiple of EBITDA is common and relevant for most companies and industries, however, other industry specific multiples are employed where available and appropriate. Sources for gaining additional knowledge related to comparable companies include public filings, annual reports, analyst research reports and press releases. Once a comparable company set is determined, Apollo reviews certain aspects of the subject company's performance and determines how its performance compares to the group and to certain individuals in the group. Apollo compares certain measurements such as EBITDA margins, revenue growth over certain time periods, leverage ratios and growth opportunities. In addition, Apollo compares the entry multiple and its relation to the comparable set at the time of acquisition to understand its relation to the comparable set on each measurement date.

Income Approach

The income approach provides an indication of fair value based on the present value of cash flows that a business or security is expected to generate in the future. The most widely used methodology for the income approach is a discounted cash flow method. Inherent in the discounted cash flow method are significant assumptions related to the subject company's expected results, the determination of a terminal value and a calculated discount rate, which is normally based on the subject company's WACC. The WACC represents the required rate of return on total capitalization, which is comprised of a required rate of return on equity, plus the current tax-effected rate of return on debt, weighted by the relative percentages of equity and debt that are typical in the industry. The most critical step in determining the appropriate WACC for each subject company is to select

companies that are comparable in nature to the subject company and the credit quality of the subject company. Sources for gaining additional knowledge about the comparable companies include public filings, annual reports, analyst research reports and press releases. The general formula then used for calculating the WACC considers the after-tax rate of return on debt capital and the rate of return on common equity capital, which further considers the risk-free rate of return, market beta, market risk premium and small stock premium, if applicable. The variables used in the WACC formula are inferred from the comparable market data obtained. The Company evaluates the comparable companies selected and concludes on WACC inputs based on the most comparable company or analyzes the range of data for the investment.

The value of liquid investments, where the primary market is an exchange (whether foreign or domestic), is determined using period end market prices. Such prices are generally based on the close price on the date of determination.

Certain of the funds Apollo manages may also enter into foreign currency exchange contracts, total return swap contracts, credit default swap contracts and other derivative contracts, which may include options, caps, collars and floors. Foreign currency exchange contracts are marked-to-market by recognizing the difference between the contract exchange rate and the current market rate as unrealized appreciation or depreciation. If securities are held at the end of the period, the changes in value are recorded in income as unrealized. Realized gains or losses are recognized when contracts are settled. Total return swap and credit default swap contracts are recorded at fair value as an asset or liability with changes in fair value recorded as unrealized appreciation or depreciation. Realized gains or losses are recognized at the termination of the contract based on the difference between the close-out price of the total return or credit default swap contract and the original contract price. Forward contracts are valued based on market rates obtained from counterparties or prices obtained from recognized financial data service providers.

Retirement Services

NAV

Investment funds are typically measured using NAV as a practical expedient in determining fair value and are not classified in the fair value hierarchy. The carrying value reflects a pro rata ownership percentage as indicated by NAV in the investment fund financial statements, which may be adjusted if it is determined NAV is not calculated consistent with investment company fair value principles. The underlying investments of the investment funds may have significant unobservable inputs, which may include but are not limited to, comparable multiples and WACC rates applied in valuation models or a discounted cash flow model.

AFS and trading securities

The fair value for most marketable securities without an active market are obtained from several commercial pricing services. These are classified as Level 2 assets. The pricing services incorporate a variety of market observable information in their valuation techniques, including benchmark yields, trading activity, credit quality, issuer spreads, bids, offers and other reference data. This category typically includes U.S. and non-U.S. corporate bonds, U.S. agency and government guaranteed securities, CLO, ABS, CMBS and RMBS.

Athene also has fixed maturity securities priced based on indicative broker quotes or by employing market accepted valuation models. For certain fixed maturity securities, the valuation model uses significant unobservable inputs and are included in Level 3 in fair value hierarchy. Significant unobservable inputs used include discount rates, issue-specific credit adjustments, material non-public financial information, estimation of future earnings and cash flows, default rate assumptions, liquidity assumptions and indicative quotes from market makers. These inputs are usually considered unobservable, as not all market participants have access to this data.

Privately placed fixed maturity securities are valued based on the credit quality and duration of comparable marketable securities, which may be securities of another issuer with similar characteristics. In some instances, a matrix-based pricing model is used. These models consider the current level of risk-free interest rates, corporate spreads, credit quality of the issuer and cash flow characteristics of the security. Additional factors such as net worth of the borrower, value of collateral, capital structure of the borrower, presence of guarantees and Athene's evaluation of the borrower's ability to compete in its relevant market are also considered. Privately placed fixed maturity securities are classified as Level 2 or 3.

Equity securities

Fair values of publicly traded equity securities are based on quoted market prices and classified as Level 1. Other equity securities, typically private equities or equity securities not traded on an exchange, are valued based on other sources, such as commercial pricing services or brokers, and are classified as Level 2 or 3.

Mortgage loans

Athene estimates fair value monthly using discounted cash flow analysis and rates being offered for similar loans to borrowers with similar credit ratings. Loans with similar characteristics are aggregated for purposes of the calculations. The discounted cash flow model uses unobservable inputs, including estimates of discount rates and loan prepayments. Mortgage loans are classified as Level 3.

Investment funds

Certain investment funds for which Athene has elected the fair value option are included in Level 3 and are priced based on market accepted valuation models. The valuation models use significant unobservable inputs, which include material non-public financial information, estimation of future distributable earnings and demographic assumptions. These inputs are usually considered unobservable, as not all market participants have access to this data.

Other investments

The fair value of other investments are determined using a discounted cash flow model using discount rates for similar investments.

Funds withheld at interest embedded derivative

Athene estimates the fair value of the embedded derivative based on the change in the fair value of the assets supporting the funds withheld payable under modco and funds withheld reinsurance agreements. As a result, the fair value of the embedded derivative is classified as Level 2 or 3 based on the valuation methods used for the assets held supporting the reinsurance agreements.

Derivatives

Derivative contracts can be exchange traded or over the counter. Exchange-traded derivatives typically fall within Level 1 of the fair value hierarchy depending on trading activity. Over-the-counter derivatives are valued using valuation models or an income approach using third-party broker valuations. Valuation models require a variety of inputs, including contractual terms, market prices, yield curves, credit curves, measures of volatility, prepayment rates and correlation of the inputs. Athene considers and incorporates counterparty credit risk in the valuation process through counterparty credit rating requirements and monitoring of overall exposure. Athene also evaluates and includes its own nonperformance risk in valuing derivatives. The majority of Athene's derivatives trade in liquid markets; therefore, it can verify model inputs and model selection does not involve significant management judgment. These are typically classified within Level 2 of the fair value hierarchy.

Interest sensitive contract liabilities embedded derivative

Embedded derivatives related to interest sensitive contract liabilities with fixed indexed annuity products are classified as Level 3. The valuations include significant unobservable inputs associated with economic assumptions and actuarial assumptions for policyholder behavior.

AmerUs Closed Block

Athene elected the fair value option for the future policy benefits liability in the AmerUs Closed Block. The valuation technique is to set the fair value of policyholder liabilities equal to the fair value of assets. There is an additional component which captures the fair value of the open block's obligations to the closed block business. This component is the present value of the projected release of required capital and future earnings before income taxes on required capital supporting the AmerUs Closed Block, discounted at a rate which represents a market participant's required rate of return, less the initial required capital.

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Unobservable inputs include estimates for these items. The AmerUs Closed Block policyholder liabilities and any corresponding reinsurance recoverable are classified as Level 3.

ILICO Closed Block

Athene elected the fair value option for the ILICO Closed Block. The valuation technique is to set the fair value of policyholder liabilities equal to the fair value of assets. There is an additional component which captures the fair value of the open block's obligations to the closed block business. This component uses the present value of future cash flows which include commissions, administrative expenses, reinsurance premiums and benefits, and an explicit cost of capital. The discount rate includes a margin to reflect the business and nonperformance risk. Unobservable inputs include estimates for these items. The ILICO Closed Block policyholder liabilities and corresponding reinsurance recoverable are classified as Level 3.

Universal life liabilities and other life benefits

Athene elected the fair value option for certain blocks of universal and other life business ceded to Global Atlantic. Athene uses a present value of liability cash flows. Unobservable inputs include estimates of mortality, persistency, expenses, premium payments and a risk margin used in the discount rates that reflects the riskiness of the business. The universal life policyholder liabilities and corresponding reinsurance recoverable are classified as Level 3.

Other liabilities

Other liabilities includes funds withheld liability, as described above in funds withheld at interest embedded derivative, and a ceded modco agreement of certain inforce funding agreement contracts for which Athene elected the fair value option. Athene estimates the fair value of the ceded modco agreement by discounting projected cash flows for net settlements and certain periodic and non-periodic payments. Unobservable inputs include estimates for asset portfolio returns and economic inputs used in the discount rate, including risk margin. Depending on the projected cash flows and other assumptions, the contract may be recorded as an asset or liability. The estimate is classified as Level 3.

9. Deferred Acquisition Costs, Deferred Sales Inducements and Value of Business Acquired

The following represents a rollforward of DAC and DSI by product, and a rollforward of VOBA. See note 10 for more information on Athene's products.

	Nine months ended September 30, 2023						
	DAC				DSI		
(In millions)	Traditional deferred annuities	Indexed annuities	Funding agreements	Other investment-type	Indexed annuities	VOBA	Total DAC, DSI and VOBA
Balance at December 31, 2022	$ 304	$ 755	$ 11	$ 9	$ 399	$ 2,988	$ 4,466
Additions	426	609	2	3	447	—	1,487
Amortization	(74)	(69)	(3)	(1)	(40)	(315)	(502)
Other	—	—	—	—	—	(3)	(3)
Balance at September 30, 2023	$ 656	$ 1,295	$ 10	$ 11	$ 806	$ 2,670	$ 5,448

	Nine months ended September 30, 2022						
	DAC				DSI		
(In millions)	Traditional deferred annuities	Indexed annuities	Funding agreements	Other investment-type	Indexed annuities	VOBA	Total DAC, DSI and VOBA
Balance at January 1, 2022	$ —	$ —	$ —	$ —	$ —	$ 3,372	$ 3,372
Additions	175	555	13	7	266	—	1,016
Amortization	(5)	(17)	(2)	—	(5)	(289)	(318)
Balance at September 30, 2022	$ 170	$ 538	$ 11	$ 7	$ 261	$ 3,083	$ 4,070

Deferred costs related to universal life-type policies and investment contracts with significant revenue streams from sources other than investment of the policyholder funds, including traditional deferred annuities and indexed annuities, are amortized on a constant-level basis for a cohort of contracts using initial premium or deposit. Significant inputs and assumptions are required for determining the expected duration of the cohort and involves using accepted actuarial methods to determine decrement rates related to policyholder behavior for lapses, withdrawals (surrenders) and mortality. The assumptions used to determine the amortization of DAC and DSI are consistent with those used to estimate the related liability balance.

Deferred costs related to investment contracts without significant revenue streams from sources other than investment of policyholder funds are amortized using the effective interest method, which primarily includes funding agreements. The effective interest method requires inputs to project future cash flows, which for funding agreements includes contractual terms of notional value, periodic interest payments based on either fixed or floating interest rates, and duration. For other investment-type contracts which include immediate annuities and assumed endowments without significant mortality risks, assumptions are required related to policyholder behavior for lapses and withdrawals (surrenders).

The expected amortization of VOBA for the next five years is as follows:

(In millions)	Expected amortization
2023[1]	$ 87
2024	324
2025	292
2026	260
2027	228
2028	197

[1] Expected amortization for the remainder of 2023.

10. Long-duration Contracts

Interest sensitive contract liabilities – Interest sensitive contract liabilities primarily include:

- traditional deferred annuities,
- indexed annuities consisting of fixed indexed and index-linked variable annuities,
- funding agreements, and
- other investment-type contracts comprising of immediate annuities without significant mortality risk (which includes pension group annuities without life contingencies) and assumed endowments without significant mortality risks.

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The following represents a rollforward of the policyholder account balance by product within interest sensitive contract liabilities. Where explicit policyholder account balances do not exist, the disaggregated rollforward represents the recorded reserve.

	Nine months ended September 30, 2023				
(In millions, except percentages)	**Traditional deferred annuities**	**Indexed annuities**	**Funding agreements**	**Other investment-type**	**Total**
Balance at December 31, 2022	$ 43,518	$ 92,660	$ 27,439	$ 4,722	$ 168,339
Deposits	18,011	8,960	4,893	3,760	35,624
Policy charges	(2)	(481)	—	—	(483)
Surrenders and withdrawals	(8,207)	(8,292)	(110)	(25)	(16,634)
Benefit payments	(738)	(1,216)	(2,264)	(223)	(4,441)
Interest credited	1,284	802	628	110	2,824
Foreign exchange	(77)	(1)	(26)	(344)	(448)
Other[1]	63	77	(46)	(1,419)	(1,325)
Balance at September 30, 2023	$ 53,852	$ 92,509	$ 30,514	$ 6,581	$ 183,456
	September 30, 2023				
Weighted average crediting rate	3.7 %	2.3 %	3.1 %	2.7 %	2.9 %
Net amount at risk	$ 425	$ 14,438	$ —	$ 104	$ 14,967
Cash surrender value	50,352	84,052	—	5,335	139,739

[1] Other includes $ 1,371 million reduction of reserves related to the VIAC recapture agreement. See note 17 for further information.

	Nine months ended September 30, 2022				
(In millions, except percentages)	**Traditional deferred annuities**	**Indexed annuities**	**Funding agreements**	**Other investment-type**	**Total**
Balance at January 1, 2022	$ 35,599	$ 89,755	$ 23,623	$ 2,413	$ 151,390
Deposits	7,475	8,110	6,770	1,995	24,350
Policy charges	(2)	(441)	—	—	(443)
Surrenders and withdrawals	(3,435)	(5,679)	(505)	(9)	(9,628)
Benefit payments	(703)	(1,215)	(2,659)	(249)	(4,826)
Interest credited	718	1,487	474	64	2,743
Foreign exchange	—	—	(899)	(109)	(1,008)
Other	—	—	(693)	(17)	(710)
Balance at September 30, 2022	$ 39,652	$ 92,017	$ 26,111	$ 4,088	$ 161,868
	September 30, 2022				
Weighted average crediting rate	2.9 %	2.1 %	2.2 %	2.9 %	2.3 %
Net amount at risk	$ 421	$ 13,169	$ —	$ 36	$ 13,626
Cash surrender value	37,777	83,705	—	1,686	123,168

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The following is a reconciliation of interest sensitive contract liabilities to the condensed consolidated statements of financial condition:

	September 30,	
(In millions)	**2023**	**2022**
Traditional deferred annuities	$ 53,852	$ 39,652
Indexed annuities	92,509	92,017
Funding agreements	30,514	26,111
Other investment-type	6,581	4,088
Reconciling items[1]	5,609	5,010
Interest sensitive contract liabilities	$ 189,065	$ 166,878

[1] Reconciling items primarily include embedded derivatives in indexed annuities, unaccreted host contract adjustments on indexed annuities, negative VOBA, sales inducement liabilities, and wholly ceded universal life insurance contracts.

The following represents policyholder account balances by range of guaranteed minimum crediting rates, as well as the related range of the difference between rates being credited to policyholders and the respective guaranteed minimums:

	September 30, 2023			
(In millions)	**At guaranteed minimum**	**1 basis point – 100 basis points above guaranteed minimum**	**Greater than 100 basis points above guaranteed minimum**	**Total**
< 2.0%	$ 28,564	$ 19,709	$ 90,121	$ 138,394
2.0% – < 4.0%	28,838	1,128	541	30,507
4.0% – < 6.0%	11,433	9	1	11,443
6.0% and greater	3,112	—	—	3,112
Total	$ 71,947	$ 20,846	$ 90,663	$ 183,456

	September 30, 2022			
(In millions)	**At guaranteed minimum**	**1 basis point – 100 basis points above guaranteed minimum**	**Greater than 100 basis points above guaranteed minimum**	**Total**
< 2.0%	$ 25,599	$ 26,909	$ 65,484	$ 117,992
2.0% – < 4.0%	37,150	1,491	477	39,118
4.0% – < 6.0%	4,611	11	6	4,628
6.0% and greater	130	—	—	130
Total	$ 67,490	$ 28,411	$ 65,967	$ 161,868

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Future policy benefits – Future policy benefits consist primarily of payout annuities, including single premium immediate annuities with life contingencies (which include pension group annuities with life contingencies).

The following is a rollforward of the present value of expected net premiums and expected value of future policy benefits:

	Payout annuities with life contingencies	
	Nine months ended September 30,	
(In millions)	**2023**	**2022**
Present value of expected future policy benefits		
Beginning balance	$ 36,422	$ 35,278
Effect of changes in discount rate assumptions	8,425	—
Beginning balance at original discount rate	44,847	35,278
Effect of changes in cash flow assumptions	(297)	—
Effect of actual experience to expected experience	(36)	(115)
Adjusted balance	44,514	35,163
Issuances	9,120	10,666
Interest accrual	1,194	802
Benefit payments	(2,731)	(2,193)
Foreign exchange	5	(90)
Other[1]	(1,509)	—
Ending balance at original discount rate	50,593	44,348
Effect of changes in discount rate assumptions	(9,753)	(8,833)
Ending balance	$ 40,840	$ 35,515

[1] Other includes $1,509 million of reduction of reserves related to the VIAC recapture agreement. See note 17 for further information.

The following is a reconciliation of future policy benefits to the condensed consolidated statements of financial condition:

	September 30,	
(In millions)	**2023**	**2022**
Payout annuities with life contingencies	$ 40,840	$ 35,515
Reconciling items[1]	5,832	5,770
Total future policy benefits	$ 46,672	$ 41,285

[1] Reconciling items primarily include the deferred profit liability and negative VOBA associated with Athene's liability for future policy benefits. Additionally, it includes reserves for Athene's immaterial lines of business including term and whole life, accident and health and disability, as well as other insurance benefit reserves for Athene's no-lapse guarantees with universal life contracts, all of which are fully ceded.

The following is a reconciliation of premiums to the condensed consolidated statements of operations:

	Nine months ended September 30,	
(In millions)	**2023**	**2022**
Payout annuities with life contingencies	$ 9,142	$ 10,745
Reconciling items[1]	21	24
Premiums	$ 9,163	$ 10,769

[1] Reconciling items premiums related to Athene's immaterial lines of business including term and whole life and accident and health and disability.

Gross premiums are recorded within premiums on the condensed consolidated statements of operations. Interest expense related to future policy benefits was **$**,194 million and $802 million during the nine months ended September 30, 2023 and 2022, respectively, and is recorded as a component of policy and other operating expenses on the condensed consolidated statements of operations.

Significant assumptions and inputs to the calculation of future policy benefits for payout annuities with life contingencies include policyholder demographic data, assumptions for policyholder longevity and policyholder utilization for contracts with deferred lives, and discount rates. Athene bases certain key assumptions related to policyholder behavior on industry standard

data adjusted to align with actual company experience, if necessary. At least annually, Athene reviews all significant cash flow assumptions and updates as necessary, unless emerging experience indicates a more frequent review is necessary. The discount rate reflects market observable inputs from upper-medium grade fixed income instrument yields and is interpolated, where necessary, to conform to the duration of Athene's liabilities.

During the nine months ended September 30, 2023, future policy benefits for payout annuities with life contingencies increased by $8,418 million, which was driven by $9,120 million of issuances, primarily pension group annuities, and $1,194 million of interest accrual, partially offset by $2,731 million of benefit payments, $1,509 million reduction in reserves relating to recapture, $1,328 million change in discount rate assumptions related to an increase in rates, and $297 million resulting from favorable unlocking of assumptions, primarily related to higher interest rates and favorable mortality experience lowering future benefit payments.

During the nine months ended September 30, 2022, future policy benefits for payout annuities with life contingencies increased by $837 million, which was driven by $10,666 million of issuances, primarily pension group annuities, and $802 million of interest accrual, partially offset by a $8,833 million change in discount rate assumptions related to an increase in rates and $2,193 million of benefit payments.

The following represents the undiscounted and discounted expected future benefit payments for the liability for future policy benefits. As these relate to payout annuities for single premium immediate annuities with life contingencies, there are no expected future gross premiums.

	September 30, 2023		September 30, 2022	
(In millions)	**Undiscounted**	**Discounted**	**Undiscounted**	**Discounted**
Expected future benefit payments	$ 73,933	$ 50,593	$ 63,743	$ 44,348

The following represents the weighted-average durations and the weighted-average interest rates of future policy benefits:

	September 30,	
	2023	**2022**
Weighted-average liability duration *(in years)*	9.6	10.2
Weighted-average interest accretion rate	3.6 %	3.1 %
Weighted-average current discount rate	6.1 %	5.6 %

The following is a summary of remeasurement gains (losses) included within future policy and other policy benefits on the condensed consolidated statements of operations:

	Nine months ended September 30,	
(In millions)	**2023**	**2022**
Reserves	$ 333	$ 115
Deferred profit liability	(243)	(110)
Negative VOBA	(54)	—
Total remeasurement gains (losses)	$ 36	$ 5

During the nine months ended September 30, 2023 and 2022, Athene recorded reserve increases of $110 million and $38 million, respectively, on the condensed consolidated statements of operations as a result of the present value of benefits and expenses exceeding the present value of gross premiums.

Market risk benefits – Athene issues and reinsures traditional deferred and indexed annuity products that contain GLWB and GMDB riders that meet the criteria to be classified as market risk benefits.

The following is a rollfoward of net market risk benefit liabilities by product:

	Nine months ended September 30, 2023		
(In millions)	Traditional deferred annuities	Indexed annuities	Total
Balance at December 31, 2022	$ 170	$ 2,319	$ 2,489
Effect of changes in instrument-specific credit risk	13	353	366
Balance, beginning of period, before changes in instrument-specific credit risk	183	2,672	2,855
Issuances	—	47	47
Interest accrual	7	108	115
Attributed fees collected	2	250	252
Benefit payments	(1)	(24)	(25)
Effect of changes in interest rates	(18)	(591)	(609)
Effect of changes in equity	—	(26)	(26)
Effect of actual policyholder behavior compared to expected behavior	4	42	46
Effect of changes in future expected policyholder behavior	(3)	78	75
Effect of changes in other future expected assumptions	—	6	6
Balance, end of period, before changes in instrument-specific credit risk	174	2,562	2,736
Effect of changes in instrument-specific credit risk	(7)	(139)	(146)
Balance at September 30, 2023	$ 167	$ 2,423	$ 2,590
		September 30, 2023	
Net amount at risk	$ 425	$ 14,438	$ 14,863
Weighted-average attained age of contract holders *(in years)*	75	69	69

	Nine months ended September 30, 2022		
(In millions)	Traditional deferred annuities	Indexed annuities	Total
Balance at January 1, 2022	$ 253	$ 4,194	$ 4,447
Issuances	—	42	42
Interest accrual	2	24	26
Attributed fees collected	2	245	247
Benefit payments	(3)	(38)	(41)
Effect of changes in interest rates	(77)	(2,016)	(2,093)
Effect of changes in equity	—	188	188
Effect of actual policyholder behavior compared to expected behavior	4	27	31
Effect of changes in other future expected assumptions	(2)	(41)	(43)
Balance, end of period, before changes in instrument-specific credit risk	179	2,625	2,804
Effect of changes in instrument-specific credit risk	(18)	(506)	(524)
Balance at September 30, 2022	$ 161	$ 2,119	$ 2,280
		September 30, 2022	
Net amount at risk	$ 421	$ 13,169	$ 13,590
Weighted-average attained age of contract holders *(in years)*	75	69	69

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The following is a reconciliation of market risk benefits to the condensed consolidated statements of financial condition. Market risk benefit assets are included in other assets on the condensed consolidated statements of financial condition.

	September 30, 2023			September 30, 2022		
(In millions)	Asset	Liability	Net liability	Asset	Liability	Net liability
Traditional deferred annuities	$ —	$ 167	$ 167	$ —	$ 161	$ 161
Indexed annuities	431	2,854	2,423	511	2,630	2,119
Total	$ 431	$ 3,021	$ 2,590	$ 511	$ 2,791	$ 2,280

During the nine months ended September 30, 2023, net market risk benefit liabilities increased by $101 million, which was primarily driven by $252 million in fees collected from policyholders, a $220 million change in instrument-specific credit risk related to tightening of credit spreads, and $115 million of interest accrual, partially offset by a decrease of $609 million related to changes in the risk-free discount rate across the curve

During the nine months ended September 30, 2022, net market risk benefit liabilities decreased by $2,167 million, which was primarily driven by a decrease of $2,093 million related to changes in the risk-free discount rate across the curve and a $524 million change in instrument-specific credit risk related to widening of credit spreads, partially offset by $247 million of fees collected from policyholders and $188 million of changes related to equity market performance.

The determination of the fair value of market risk benefits requires the use of inputs related to fees and assessments and assumptions in determining the projected benefits in excess of the projected account balance. Judgment is required for both economic and actuarial assumptions, which can be either observable or unobservable, that impact future policyholder account growth.

Economic assumptions include interest rates and implied volatilities throughout the duration of the liability. For indexed annuities, assumptions also include projected equity returns which impact cash flows attributable to indexed strategies, implied equity volatilities, expected index credits on the next policy anniversary date and future equity option costs. Assumptions related to the level of option budgets used for determining the future equity option costs and the impact on future policyholder account value growth are considered unobservable inputs.

Policyholder behavior assumptions are unobservable inputs and are established using accepted actuarial valuation methods to estimate withdrawals (surrender rate) and income rider utilization. Assumptions are generally based on industry data and pricing assumptions which are updated for actual experience, if necessary. Actual experience may be limited for recently issued products.

All inputs are used to project excess benefits and fees over a range of risk-neutral, stochastic interest rate scenarios. For indexed annuities, stochastic equity return scenarios are also included within the range. A risk margin is incorporated within the discount rate to reflect uncertainty in the projected cash flows such as variations in policyholder behavior, as well as a credit spread to reflect our nonperformance risk, which is considered an unobservable input. Athene uses the credit spread, relative to the U.S. Treasury curve based on its public credit rating as of the valuation date, as the credit spread to reflect its nonperformance risk in the estimate of the fair value of market risk benefits.

The following summarizes the unobservable inputs for market risk benefits:

	September 30, 2023						
(In millions, except for percentages)	**Fair value**	**Valuation technique**	**Unobservable inputs**	**Minimum**	**Maximum**	**Weighted average**	**Impact of an increase in the input on fair value**
Market risk benefits, net	$ 2,590	Discounted cash flow	Nonperformance risk	0.6 %	1.6 %	1.4 %[1]	Decrease
			Option budget	0.5 %	5.9 %	1.9 %[2]	Decrease
			Surrender rate	3.4 %	6.5 %	4.6 %[2]	Decrease
			Utilization rate	28.6 %	95.0 %	83.2 %[3]	Increase

	September 30, 2022						
(In millions, except for percentages)	**Fair value**	**Valuation technique**	**Unobservable inputs**	**Minimum**	**Maximum**	**Weighted average**	**Impact of an increase in the input on fair value**
Market risk benefits, net	$ 2,280	Discounted cash flow	Nonperformance risk	0.6 %	1.9 %	1.6 %[1]	Decrease
			Option budget	0.5 %	4.5 %	1.6 %[2]	Decrease
			Surrender rate	3.3 %	6.8 %	4.5 %[2]	Decrease
			Utilization rate	28.6 %	95.0 %	81.9 %[3]	Increase

[1] The nonperformance risk weighted average is based on the cash flows underlying the market risk benefit reserve.

[2] The option budget and surrender rate weighted averages are calculated based on projected account values.

[3] The utilization of GLWB withdrawals represents the estimated percentage of policyholders that are expected to use their income rider over the duration of the contract, with the weighted average based on current account values.

11. Profit Sharing Payable

Profit sharing payable was $1.7 billion and $1.4 billion as of September 30, 2023 and December 31, 2022, respectively. The below is a roll-forward of the profit-sharing payable balance:

(In millions)	**Total**
Profit sharing payable, January 1, 2023	$ 1,392
Profit sharing expense	609
Payments/other	(284)
Profit sharing payable, September 30, 2023	$ 1,717

Profit sharing expense includes (i) changes in amounts due to current and former employees entitled to a share of performance revenues in funds managed by Apollo and (ii) changes to the fair value of the contingent consideration obligations recognized in connection with certain of the Company's acquisitions. Profit sharing payable excludes the potential return of profit-sharing distributions that would be due if certain funds were liquidated, which is recorded in due from related parties in the condensed consolidated statements of financial condition.

The Company requires that a portion of certain of the performance revenues distributed to the Company's employees be used to purchase restricted shares of common stock issued under its Equity Plan. Prior to distribution of the performance revenues, the Company records the value of the equity-based awards expected to be granted in other assets and accounts payable, accrued expenses, and other liabilities.

12. Income Taxes

The Company's income tax (provision) benefit totaled $(243) million and $96 million for the three months ended September 30, 2023 and 2022, respectively, and totaled $(697) million and $962 million for the nine months ended September 30, 2023 and 2022, respectively. The Company's effective income tax rate was approximately27.5% and 10.2% for the three months ended September 30, 2023 and 2022, respectively, and 19.2% and 17.6% for the nine months ended September 30, 2023 and 2022, respectively.

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On August 16, 2022, the U.S. government enacted the Inflation Reduction Act of 2022 (the "IRA"). The IRA contains a number of tax-related provisions, including a 15% minimum corporate income tax on certain large corporations as well as an excise tax on stock repurchases. It is unclear how the IRA will be implemented by the U.S. Department of the Treasury through regulation. The Company is evaluating the impact of the IRA on its tax liability, which tax liability could also be affected by how the provisions of the IRA are implemented through such regulation. The Company will continue to evaluate the IRA's impact as further information becomes available.

Under U.S. GAAP, a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolution of any related appeals or litigation, based on the technical merits of the position. As of September 30, 2023, the Company recorded $16 million of unrecognized tax benefits for uncertain tax positions. Approximately all of the unrecognized tax benefits, if recognized, would impact the effective tax rate. The Company does not believe that it has any tax positions for which it is reasonably possible that it will be required to record significant amounts of unrecognized tax benefits within the next twelve months.

The primary jurisdictions in which the Company operates and incurs income taxes are the United States and the United Kingdom. There are no unremitted earnings with respect to the United Kingdom or other foreign jurisdictions.

In the normal course of business, the Company is subject to examination by federal, state, local and foreign tax authorities. As of September 30, 2023, the Company's U.S. federal, state, local and foreign income tax returns for the years 2019 through 2021 are open under the general statute of limitations provisions and therefore subject to examination. Currently, the Internal Revenue Service is examining the tax returns of the Company and certain subsidiaries for tax years 2019 to 2021. The State and City of New York are examining certain subsidiaries' tax returns for tax years 2011 to 2021. The United Kingdom tax authorities are currently examining certain subsidiaries' tax returns for tax year 2017. There are other examinations ongoing in other foreign jurisdictions in which the Company operates. No provisions with respect to these examinations have been recorded, other than the unrecognized tax benefits discussed above.

The Company has historically recorded deferred tax assets resulting from the step-up in the tax basis of assets, including intangibles, resulting from exchanges of AOG Units for Class A shares by the Former Managing Partners and Contributing Partners. A related liability has also historically been recorded in due to related parties in the condensed consolidated statements of financial condition for the expected payments under the tax receivable agreement entered into by and among the Company, the Former Managing Partners, the Contributing Partners, and other parties thereto (as amended, the "tax receivable agreement") (see note 17). The benefit the Company has historically obtained from the difference in the tax asset recognized and the related liability was recorded as an increase to additional paid in capital. The amortization period for the portion of the increase in tax basis related to intangibles is 15 years. The realization of the remaining portion of the increase in tax basis relates to the disposition of the underlying assets to which the step-up is attributed. The associated deferred tax assets reverse at the time of the corresponding asset disposition.

After the Mergers, the Former Managing Partners and Contributing Partners no longer own AOG Units. Therefore, there were no new exchanges subject to the tax receivable agreement during the three and nine months ended September 30, 2023 and 2022.

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13. Debt

Company debt consisted of the following:

		September 30, 2023		December 31, 2022	
(In millions, except percentages)	**Maturity Date**	**Outstanding Balance**	**Fair Value**	**Outstanding Balance**	**Fair Value**
Asset Management					
4.00% 2024 Senior Notes[1,2]	May 30, 2024	$ 499	$ 493 [4]	$ 499	$ 486 [4]
4.40% 2026 Senior Notes[1,2]	May 27, 2026	498	477 [4]	498	476 [4]
4.87% 2029 Senior Notes[1,2]	February 15, 2029	675	641 [4]	675	639 [4]
2.65% 2030 Senior Notes[1,2]	June 5, 2030	496	404 [4]	495	407 [4]
5.00% 2048 Senior Notes[1,2]	March 15, 2048	297	244 [4]	297	262 [4]
4.95% 2050 Subordinated Notes[1,2]	January 14, 2050	297	271 [4]	297	252 [4]
7.63% 2053 Subordinated Notes[1,2]	September 15, 2053	584	629 [5]	—	—
1.70% Secured Borrowing II	April 15, 2032	15	14 [4]	18	17 [4]
1.30% 2016 AMI Term Facility I	January 15, 2025	18	18 [3]	18	18 [3]
2.00% 2016 AMI Term Facility II	October 18, 2024	13	13 [3]	17	17 [3]
		3,392	3,204	2,814	2,574
Retirement Services					
4.13% 2028 Notes[1]	January 12, 2028	1,069	915	1,081	921
6.15% 2030 Notes[1]	April 3, 2030	596	493	606	508
3.50% 2031 Notes[1]	January 15, 2031	524	408	526	413
3.95% 2051 Notes[1]	May 25, 2051	546	328	546	342
3.45% 2052 Notes[1]	May 15, 2052	504	297	504	311
6.65% 2033 Notes[1]	February 1, 2033	395	398	395	398
		3,634	2,839	3,658	2,893
Total Debt		$ 7,026	$ 6,043	$ 6,472	$ 5,467

[1] Interest rate is calculated as weighted average annualized.

[2] Includes amortization of note discount, as applicable, totaling $ 30 million and $ 16 million as of September 30, 2023 and December 31, 2022, respectively. Outstanding balance is presented net of unamortized debt issuance costs.

[3] Fair value is based on a discounted cash flow method. These notes are classified as a Level 3 liability within the fair value hierarchy.

[4] Fair value is based on broker quotes. These notes are valued using Level 2 inputs based on the number and quality of broker quotes obtained, the standard deviations of the observed broker quotes and the percentage deviation from external pricing services.

[5] Fair value is based on quoted market prices. These notes are classified as a Level 1 liability within the fair value hierarchy.

Asset Management - Notes Issued

On August 23, 2023, AGM issued $600 million aggregate principal amount of its 7.625% Fixed-Rate Resettable Junior Subordinated Notes due 2053 (the "2053 Subordinated Notes"). Subject to the Company's right to defer the payment of interest for up to five years, interest on the 2053 Subordinated Notes is payable on a quarterly basis in arrears on March 15, June 15, September 15 and December 15 of each year, commencing on December 15, 2023. The 2053 Subordinated Notes will bear interest at a fixed rate of 7.625% per year until December 15, 2028 (the "First Call Date"). On and after the First Call Date, on the five-year anniversary of the First Call Date and every five years thereafter, the interest rate on the 2053 Subordinated Notes will be reset to equal the Five-Year U.S. Treasury Rate (as defined in the indenture for the 2053 Subordinated Notes (the "Indenture")) as of the most recent Reset Interest Determination Date (as defined in the Indenture) plus a spread of 3.226%. The 2053 Subordinated Notes will mature on September 15, 2053. The underwriting discount and related expenses are amortized into interest expense on the condensed consolidated statements of operations over the term of the 2053 Subordinated Notes.

The indentures governing the 2024 Senior Notes, the 2026 Senior Notes, the 2029 Senior Notes, the 2030 Senior Notes, the 2048 Senior Notes, the 2050 Subordinated Notes and the 2053 Subordinated Notes restrict the ability of AGM, AMH and the guarantors of the notes to incur indebtedness secured by liens on voting stock or profit participating equity interests of their respective subsidiaries, or merge, consolidate or sell, transfer or lease assets. The indentures also provide for customary events of default.

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Retirement Services - Notes Issued

Athene's senior unsecured notes are callable by AHL at any time. If called prior to three months before the scheduled maturity date, the price is equal to the greater of (1) 100% of the principal and any accrued and unpaid interest and (2) an amount equal to the sum of the present values of remaining scheduled payments, discounted from the scheduled payment date to the redemption date treasury rate plus a spread as defined in the applicable prospectus supplement and any accrued and unpaid interest.

Credit and Liquidity Facilities

The following table represents the Company's credit and liquidity facilities as of September 30, 2023:

Instrument/Facility	Borrowing Date	Maturity Date	Administrative Agent	Key terms
Asset Management - 2022 AMH credit facility	N/A	October 12, 2027	Citibank	The commitment fee on the $ 1.0 billion undrawn 2022 AMH credit facility as of September 30, 2023 was 0.08%.
Retirement Services - AHL credit facility	N/A	June 30, 2028	Citibank	The borrowing capacity under the AHL credit facility is $ 1.25 billion, subject to being increased up to $1.75 billion in total.
Retirement Services - AHL liquidity facility	N/A	June 28, 2024	Wells Fargo Bank	The borrowing capacity under the AHL liquidity facility is $ 2.6 billion, subject to being increased up to $3.1 billion in total.

Asset Management - Credit Facility

On October 12, 2022, AMH, as borrower, entered into a $1.0 billion revolving credit facility with Citibank, N.A., as administrative agent, which matures on October 12, 2027 ("2022 AMH credit facility"). Borrowings under the 2022 AMH credit facility may be used for working capital and general corporate purposes, including, without limitation, permitted acquisitions. As of September 30, 2023, AMH, the borrower under the facility, could incur incremental facilities in an aggregate amount not to exceed $ 250 million plus additional amounts so long as AMH was in compliance with a net leverage ratio not to exceed 4.00 to 1.00.

As of September 30, 2023, there were no amounts outstanding under the 2022 AMH credit facility and the Company was in compliance with all financial covenants under the facility.

Retirement Services - Credit Facility and Liquidity Facility

AHL Credit Facility—On June 30, 2023, AHL, ALRe, AUSA and AARe entered into a new, five-year revolving credit agreement with a syndicate of banks and Citibank, N.A. as administrative agent ("AHL credit facility"), which replaced Athene's previous revolving credit agreement dated as of December 3, 2019. The previous agreement, and the commitments under it, terminated as of June 30, 2023. The AHL credit facility is unsecured and has a commitment termination date of June 30, 2028, subject to up to two one-year extensions, in accordance with the terms of the AHL credit facility. In connection with the AHL credit facility, AHL and AUSA guaranteed all of the obligations of AHL, ALRe, AARe and AUSA under the AHL credit facility and the related loan documents, and ALRe and AARe guaranteed certain of the obligations of AHL, ALRe, AARe and AUSA under the AHL credit facility and the related loan documents. The borrowing capacity under the AHL credit facility is $ 1.25 billion, subject to being increased up to $1.75 billion in total on the terms described in the AHL credit facility. The AHL credit facility contains various standard covenants with which Athene must comply, including the following:

1. Consolidated debt-to-capitalization ratio not to exceed 35%;
2. Minimum consolidated net worth of no less than $14.8 billion; and
3. Restrictions on Athene's ability to incur liens, with certain exceptions.

Interest accrues on outstanding borrowings at either the adjusted term secured overnight financing rate plus a margin or the base rate plus a margin, with the applicable margin varying based on AHL's debt rating. Rates and terms are as defined in the AHL credit facility.

As of September 30, 2023 and December 31, 2022, there were no amounts outstanding under the current or previous AHL credit facilities and Athene was in compliance with all financial covenants under the facilities.

AHL Liquidity Facility—On June 30, 2023, AHL and ALRe entered into a new revolving credit agreement with a syndicate of banks and Wells Fargo Bank, National Association, as administrative agent, ("AHL liquidity facility"), which replaced Athene's previous revolving credit agreement dated as of July 1, 2022. The previous credit agreement, and the commitments under it, expired on June 30, 2023. The AHL liquidity facility is unsecured and has a commitment termination date of June 28, 2024, subject to any extensions of additional 364-day periods with consent of extending lenders and/or "term-out" of outstanding loans (by which, at Athene's election, the outstanding loans may be converted to term loans which shall have a maturity of up to one year after the original maturity date), in each case in accordance with the terms of the AHL liquidity facility. In connection with the AHL liquidity facility, ALRe guaranteed all of the obligations of AHL under the AHL liquidity facility and the related loan documents. The AHL liquidity facility will be used for liquidity and working capital needs to meet short-term cash flow and investment timing differences. The borrowing capacity under the AHL liquidity facility is $2.6 billion, subject to being increased up to $3.1 billion in total on the terms described in the AHL liquidity facility. The AHL liquidity facility contains various standard covenants with which Athene must comply, including the following:

1. ALRe minimum consolidated net worth of no less than $8.8 billion; and
2. Restrictions on Athene's ability to incur liens, with certain exceptions.

Interest accrues on outstanding borrowings at the adjusted term secured overnight financing rate plus a margin or the base rate plus a margin, with applicable margin varying based on ALRe's financial strength rating. Rates and terms are as defined in the AHL liquidity facility.

On February 7, 2023, Athene borrowed $1.0 billion from the previous AHL liquidity facility for short-term cash flow needs, which was repaid in the first quarter of 2023. As of September 30, 2023 and December 31, 2022, there were no amounts outstanding under the current or previous AHL liquidity facilities and Athene was in compliance with all financial covenants under the facilities.

Interest Expense

The following table presents the interest expense incurred related to the Company's debt:

	Three months ended September 30,		Nine months ended September 30,	
(In millions)	**2023**	**2022**	**2023**	**2022**
Asset Management	$ 36	$ 31	$ 98	$ 94
Retirement Services[1]	30	24	91	71
Total Interest Expense	$ 66	$ 55	$ 189	$ 165

Note: Debt issuance costs incurred are amortized into interest expense over the term of the debt arrangement, as applicable.

[1] Interest expense for Retirement Services is included in policy and other operating expenses on the condensed consolidated statements of operations.

14. Equity-Based Compensation

Under the Equity Plan, the Company grants equity-based awards to employees of AAM and AHL. Equity-based awards granted to employees and non-employees as compensation are measured based on the grant date fair value of the award, which considers the public share price of AGM's common stock subject to certain discounts, as applicable.

The Company grants both service-based and performance-based awards. The estimated total grant date fair value for service-based awards is charged to compensation expense on a straight-line basis over the vesting period, which is generally one to six years from the date of grant. Certain service-based awards are tied to profit sharing arrangements in which a portion of the performance fees distributed to the general partner are required to be used by employees to purchase restricted shares of common stock or is delivered in the form of RSUs, which are granted under the Company's Equity Plan. Performance-based awards vest subject to continued employment and the Company's achievement of specified performance goals. In accordance with U.S. GAAP, equity-based compensation expense for performance grants are typically recognized on an accelerated recognition method over the requisite service period to the extent the performance revenue metrics are met or deemed probable. Equity-based awards that do not require future service (i.e., vested awards) are expensed immediately.

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For the three months ended September 30, 2023 and 2022, the Company recorded equity-based compensation expense of $142 million and $119 million, respectively. For the nine months ended September 30, 2023 and 2022, the Company recorded equity-based compensation expense of $422 million and $413 million, respectively. As of September 30, 2023, there was $775 million of estimated unrecognized compensation expense related to unvested RSU awards. This cost is expected to be recognized over a weighted-average period of 2.5 years.

Service-Based Awards

During the nine months ended September 30, 2023 and 2022, the Company awarded 4.8 million and 4.9 million of service-based RSUs, respectively, with a grant date fair value of $326 million and $298 million, respectively.

During the three months ended September 30, 2023 and 2022, the Company recorded equity-based compensation expense on service-based RSUs of $80 million and $61 million, respectively. During the nine months ended September 30, 2023 and 2022, the Company recorded equity-based compensation expense on service-based RSUs of $227 million and $184 million, respectively.

Performance-Based Awards

During the nine months ended September 30, 2023 and 2022, the Company awarded 1.4 million and 2.9 million of performance-based RSUs, respectively, with a grant date fair value of $94 million and $167 million, respectively, which primarily vest subject to continued employment and the Company's receipt of performance revenues, within prescribed periods, sufficient to cover the associated equity-based compensation expense.

During the three months ended September 30, 2023 and 2022, the Company recorded equity-based compensation expense on performance-based awards of $41 million and $39 million, respectively. During the nine months ended September 30, 2023 and 2022, the Company recorded equity-based compensation expense on performance-based awards of $137 million and $163 million, respectively.

In December 2021, the Company awarded one-time grants to the Co-Presidents of AAM of 6.0 million RSUs which vest on a cliff basis subject to continued employment over five years, with 2.0 million of those RSUs also subject to the Company's achievement of certain fee related earnings and spread related earnings per share metrics.

During the three months ended September 30, 2023 and 2022, the Company recorded equity-based compensation expense for service-based awards related to these one-time grants of $14 million and $14 million, respectively. During the nine months ended September 30, 2023 and 2022, the Company recorded equity-based compensation expense for service-based awards related to these one-time grants of $42 million and $42 million, respectively.

During the three months ended September 30, 2023 and 2022, the Company recorded equity-based compensation expense for performance-based awards related to these one-time grants of $6 million and $6 million, respectively. During the nine months ended September 30, 2023 and 2022, the Company recorded equity-based compensation expense for performance-based awards related to these one-time grants of $18 million and $18 million, respectively.

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Restricted Share Unit Activity

The following table summarizes all RSU activity for the current period:

	Unvested	Weighted Average Grant Date Fair Value	Vested	Total Number of RSUs Outstanding
Balance at January 1, 2023	18,263,875	$57.18	15,656,775	33,920,650
Granted	6,236,468	$67.42	—	6,236,468
Forfeited	(345,856)	$63.29	(25,880)	(371,736)
Vested	(4,209,382)	$50.88	4,209,382	—
Issued[1]	—	—	(7,337,867)	(7,337,867)
Balance at September 30, 2023	19,945,105	62.05	12,502,410	32,447,515

[1] Refers to issued shares that became freely transferable in 2023.

In October 2023, the Company granted 6.9 million vested RSUs which are subject to deferred delivery and to other restrictions and restrictive covenants (including non-competition and non-solicitation requirements). These awards were expensed immediately at grant as they do not require future service.

Restricted Stock Awards

During the nine months ended September 30, 2023 and 2022, the Company awarded0.5 million and 0.5 million restricted stock awards, respectively, from profit sharing arrangements with a grant date fair value of $32 million and $33 million, respectively.

During the three months ended September 30, 2023 and 2022, the Company recorded equity-based compensation expense related to restricted stock awards from profit sharing arrangements of $15 million and $13 million, respectively. During the nine months ended September 30, 2023 and 2022, the Company recorded equity-based compensation expense related to restricted stock awards from profit sharing arrangements of $36 million and $46 million, respectively.

15. Equity

Common Stock

Holders of common stock are entitled to participate in dividends from the Company on a pro rata basis.

During the three and nine months ended September 30, 2023 and 2022, the Company issued shares of common stock in settlement of vested RSUs. The Company has generally allowed holders of vested RSUs and exercised share options to settle their tax liabilities by reducing the number of shares of common stock issued to them, which the Company refers to as "net share settlement." Additionally, the Company has generally allowed holders of share options to settle their exercise price by reducing the number of shares of common stock issued to them at the time of exercise by an amount sufficient to cover the exercise price. The net share settlement results in a liability for the Company and a corresponding accumulated deficit adjustment.

On January 3, 2022, the Company announced a share repurchase program, pursuant to which, the Company is authorized to repurchase (i) up to an aggregate of $1.5 billion of shares of its common stock in order to opportunistically reduce its share count and (ii) up to an aggregate of $1.0 billion of shares of its common stock in order to offset the dilutive impact of share issuances under its equity incentive plans. On February 21, 2023, the AGM board of directors approved a reallocation of the Company's share repurchase program, pursuant to which, the Company is authorized to repurchase (i) up to an aggregate of $1.0 billion of shares of its common stock in order to opportunistically reduce its share count, a decrease of $0.5 billion of shares from the previously authorized amount and (ii) up to an aggregate of $1.5 billion of shares of its common stock in order to offset the dilutive impact of share issuances under its equity incentive plans, an increase of $0.5 billion of shares from the previously authorized amount. Shares of common stock may be repurchased from time to time in open market transactions, in privately negotiated transactions, pursuant to a trading plan adopted in accordance with Rule 10b5-1 of the Exchange Act, or otherwise, as well as through reductions of shares that otherwise would have been issued to participants under the Company's Equity Plan in order to satisfy associated tax obligations. The repurchase program does not obligate the Company to make any

repurchases at any specific time. The program is effective until the aggregate repurchase amount that has been approved by the AGM board of directors has been expended and may be suspended, extended, modified or discontinued at any time.

The table below outlines the share activity for the nine months ended September 30, 2023 and 2022.

	Nine months ended September 30,	
	2023	2022
Shares of common stock issued in settlement of vested RSUs and options exercised[1]	7,736,756	6,258,244
Shares issued to Apollo Opportunity Foundation[2]	—	1,724,137
Reduction of shares of common stock issued[3]	(2,997,427)	(2,754,496)
Shares of common stock purchased related to share issuances and forfeitures[4]	(161,530)	(219,736)
Issuance of shares of common stock for equity-based awards	4,577,799	5,008,149

[1] The gross value of shares issued was $553 million and $395 million for the nine months ended September 30, 2023 and 2022, respectively, based on the closing price of the shares of common stock at the time of issuance.

[2] Shares issued to Apollo Opportunity Foundation in connection with an irrevocable pledge to contribute 1.7 million shares of common stock. The gross value of shares issued for the nine months ended September 30, 2022 totaled $103.4 million.

[3] Cash paid for tax liabilities associated with net share settlement was $215 million and $176 million for the nine months ended September 30, 2023 and 2022, respectively.

[4] Certain Apollo employees receive a portion of the profit sharing proceeds of certain funds in the form of (a) restricted shares of common stock that they are required to purchase with such proceeds or (b) RSUs, in each case which equity-based awards generally vest over three years. These equity-based awards are granted under the Company's Equity Plan. To prevent dilution on account of these awards, Apollo may, in its discretion, repurchase shares of common stock on the open market and retire them. During the nine months ended September 30, 2023 and 2022, Apollo issued 452,640 and 506,534 of such restricted shares and 161,530 and 219,736 of such RSUs under the Equity Plan, respectively, and repurchased 499,430 and 726,270 shares of common stock in open-market transactions not pursuant to a publicly-announced repurchase plan or program, respectively.

During the nine months ended September 30, 2023 and 2022,7,386,570 and 7,307,288 shares of common stock, respectively, were repurchased in open market transactions as part of the publicly announced share repurchase program discussed above, and such shares were subsequently canceled by the Company. The Company paid $501 million and $418 million for these open market share repurchases during the nine months ended September 30, 2023 and 2022, respectively.

Mandatory Convertible Preferred Stock

On August 11, 2023, the Company issued 28,750,000 shares, or $1.4 billion aggregate liquidation preference, of its 6.75% Series A Mandatory Convertible Preferred Stock (the "Mandatory Convertible Preferred Stock").

Dividends on the Mandatory Convertible Preferred Stock will be payable on a cumulative basis when, as and if declared by the AGM board of directors, or an authorized committee thereof, at an annual rate of 6.75% on the liquidation preference of $50.00 per share, and may be paid in cash or, subject to certain limitations, in shares of common stock or, subject to certain limitations, any combination of cash and shares of common stock. If declared, dividends on the Mandatory Convertible Preferred Stock will be payable quarterly on January 31, April 30, July 31 and October 31 of each year, commencing on October 31, 2023, and ending on, and including, July 31, 2026. The first dividend payment on October 31, 2023 was $0.7500 per share of Mandatory Convertible Preferred Stock, with subsequent quarterly cash dividends expected to be $0.8438 per share of Mandatory Convertible Preferred Stock.

Unless converted earlier in accordance with its terms, each share of Mandatory Convertible Preferred Stock will automatically convert on the mandatory conversion date, which is expected to be July 31, 2026, into between 0.5052 shares and 0.6062 shares of common stock, in each case, subject to customary anti-dilution adjustments described in the certificate of designations related to the Mandatory Convertible Preferred Stock (the "Certificate of Designations"). The number of shares of common stock issuable upon conversion will be determined based on the average volume weighted average price per share of common stock over the 20 consecutive trading day period beginning on, and including, the 21st scheduled trading day immediately prior to July 31, 2026.

Holders of shares of Mandatory Convertible Preferred Stock have the option to convert all or any portion of their shares of Mandatory Convertible Preferred Stock at any time. The conversion rate applicable to any early conversion may in certain circumstances be increased to compensate holders of the Mandatory Convertible Preferred Stock for certain unpaid accumulated dividends as described in the Certificate of Designations.

If a Fundamental Change, as defined in the Certificate of Designations, occurs on or prior to July 31, 2026, then holders of the Mandatory Convertible Preferred Stock will be entitled to convert all or any portion of their Mandatory Convertible Preferred Stock at the Fundamental Change Conversion Rate for a specified period of time and to also receive an amount to compensate them for certain unpaid accumulated dividends and any remaining future scheduled dividend payments.

The Mandatory Convertible Preferred Stock is not subject to redemption at the Company's option.

There are 28,750,000 shares of Mandatory Convertible Preferred Stock issued and outstanding as of September 30, 2023.

Redemption of Subsidiary Preferred Stock

On September 22, 2023, the Company redeemed (i) all outstanding shares of AAM's Series A Preferred Stock, par value $0.00001 per share, with a liquidation preference of $25.00 per share (the "AAM Series A Preferred Stock") and (ii) all outstanding shares of the AAM's Series B Preferred Stock, par value $ 0.00001 per share, with a liquidation preference of $25.00 per share (the "AAM Series B Preferred Stock, together with the AAM Series A Preferred Stock, referred to herein as the "AAM Preferred Stock"), at a redemption price equal to $25.00 per share, in accordance with AAM's Second Amended and Restated Certificate of Incorporation (collectively, the "AAM Preferred Stock Redemption"), for a total redemption value of $575 million. In connection with the AAM Preferred Stock Redemption, the listing of AAM Preferred Stock on the NYSE was removed and the registration of the AAM Preferred Stock under the Exchange Act was terminated, which resulted in the discontinuation of AAM's reporting obligations under the Exchange Act.

Dividends and Distributions

Outlined below is information regarding quarterly dividends and distributions (in millions, except per share data). Certain subsidiaries of the Company may be subject to U.S. federal, state, local and non-U.S. income taxes at the entity level and may pay taxes and/or make payments under the tax receivable agreement.

Dividend Declaration Date	Dividend per Share of Common Stock	Payment Date	Dividend to Common Stockholders	Distribution Equivalents on Participating Securities
February 11, 2022	$ 0.40	February 28, 2022	$ 229	$ 12
May 5, 2022	0.40	May 31, 2022	229	12
August 4, 2022	0.40	August 31, 2022	229	11
November 2, 2022	0.40	November 30, 2022	229	11
Year ended December 31, 2022	$ 1.60		$ 916	$ 46
February 9, 2023	$ 0.40	February 28, 2023	$ 229	$ 12
May 9, 2023	0.43	May 31, 2023	244	12
August 3, 2023	$ 0.43	August 31, 2023	244	12
Nine months ended September 30, 2023	$ 1.26		$ 717	$ 36

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Accumulated Other Comprehensive Income (Loss)

The following provides the details and changes in AOCI:

(In millions)	Unrealized investment gains (losses) on AFS securities without a credit allowance	Unrealized investment gains (losses) on AFS securities with a credit allowance	Unrealized gains (losses) on hedging instruments	Remeasurement gains (losses) on future policy benefits related to discount rate	Remeasurement gains (losses) on market risk benefits related to credit risk	Foreign currency translation and other adjustments	Accumulated other comprehensive income (loss)
Balance at June 30, 2023	$ (11,052)	$ (378)	$ 27	$ 4,708	$ 312	$ (9)	$ (6,392)
Other comprehensive income (loss) before reclassifications	(3,199)	33	(192)	1,317	(254)	(34)	(2,329)
Less: Reclassification adjustments for gains (losses) realized[1]	(11)	—	21	—	—	—	10
Less: Income tax expense (benefit)	(654)	6	(46)	273	(52)	(3)	(476)
Less: Other comprehensive income (loss) attributable to non-controlling interests, net of subsidiary issuance of equity interest and tax	(577)	(3)	(26)	471	(8)	(17)	(160)
Balance at September 30, 2023	$ (13,009)	$ (348)	$ (114)	$ 5,281	$ 118	$ (23)	$ (8,095)

[1] Recognized in investment related gains (losses) on the condensed consolidated statements of operations.

(In millions)	Unrealized investment gains (losses) on AFS securities without a credit allowance	Unrealized investment gains (losses) on AFS securities with a credit allowance	Unrealized gains (losses) on hedging instruments	Remeasurement gains (losses) on future policy benefits related to discount rate	Remeasurement gains (losses) on market risk benefits related to credit risk	Foreign currency translation and other adjustments	Accumulated other comprehensive income (loss)
Balance at December 31, 2022	$ (12,568)	$ (334)	$ 48	$ 5,256	$ 285	$ (22)	$ (7,335)
Other comprehensive income (loss) before reclassifications	(1,841)	(31)	(214)	1,328	(220)	(1)	(979)
Less: Reclassification adjustments for gains (losses) realized[1]	(105)	—	66	—	—	—	(39)
Less: Income tax expense (benefit)	(828)	(12)	(68)	777	(46)	2	(175)
Less: Other comprehensive income (loss) attributable to non-controlling interests, net of subsidiary issuance of equity interest and tax	(467)	(5)	(50)	526	(7)	(2)	(5)
Balance at September 30, 2023	$ (13,009)	$ (348)	$ (114)	$ 5,281	$ 118	$ (23)	$ (8,095)

[1] Recognized in investment related gains (losses) on the condensed consolidated statements of operations.

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(In millions)	Unrealized investment gains (losses) on AFS securities without a credit allowance	Unrealized investment gains (losses) on AFS securities with a credit allowance	Unrealized gains (losses) on hedging instruments	Remeasurement gains (losses) on future policy benefits related to discount rate	Remeasurement gains (losses) on market risk benefits related to credit risk	Foreign currency translation and other adjustments	Accumulated other comprehensive income (loss)
Balance at June 30, 2022	$ (9,999)	$ (138)	$ (27)	$ 4,079	$ 448	$ (64)	$ (5,701)
Other comprehensive income (loss) before reclassifications	(5,812)	(128)	(79)	2,374	(52)	(21)	(3,718)
Less: Reclassification adjustments for gains (losses) realized[1]	(24)	—	1	—	—	—	(23)
Less: Income tax expense (benefit)	(1,001)	(23)	(12)	325	(9)	(7)	(727)
Less: Other comprehensive income (loss) attributable to non-controlling interests, net of tax	(713)	(5)	(91)	641	(1)	(24)	(193)
Balance at September 30, 2022	$ (14,073)	$ (238)	$ (4)	$ 5,487	$ 406	$ (54)	$ (8,476)

[1] Recognized in investment related gains (losses) on the condensed consolidated statements of operations.

(In millions)	Unrealized investment gains (losses) on AFS securities without a credit allowance	Unrealized investment gains (losses) on AFS securities with a credit allowance	Unrealized gains (losses) on hedging instruments	Remeasurement gains (losses) on future policy benefits related to discount rate	Remeasurement gains (losses) on market risk benefits related to credit risk	Foreign currency translation and other adjustments	Accumulated other comprehensive income (loss)
Balance at December 31, 2021	$ (1)	$ —	$ (1)	$ —	$ —	$ (3)	$ (5)
Other comprehensive income (loss) before reclassifications	(20,027)	(319)	(110)	8,833	524	(140)	(11,239)
Less: Reclassification adjustments for gains (losses) realized[1]	(178)	—	16	—	—	—	(162)
Less: Income tax expense (benefit)	(3,526)	(57)	(21)	1,284	112	(12)	(2,220)
Less: Other comprehensive income (loss) attributable to non-controlling interests, net of tax	(2,251)	(24)	(102)	2,062	6	(77)	(386)
Balance at September 30, 2022	$ (14,073)	$ (238)	$ (4)	$ 5,487	$ 406	$ (54)	$ (8,476)

[1] Recognized in investment related gains (losses) on the condensed consolidated statements of operations.

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16. Earnings per Share

The following presents basic and diluted net income (loss) per share of common stock computed using the two-class method:

	Basic and Diluted			
	Three months ended September 30,		Nine months ended September 30,	
(In millions, except share and per share amounts)	2023	2022	2023	2022
Numerator:				
Net income (loss) attributable to common stockholders	$ 660	$ (563)	$ 2,269	$ (2,601)
Dividends declared on common stock[1]	(244)	(230)	(717)	(688)
Dividends on participating securities[2]	(12)	(11)	(36)	(35)
Earnings allocable to participating securities[3]	(12)	—	(44)	—
Undistributed income (loss) attributable to common stockholders: Basic	392	(804)	1,472	(3,324)
Dilution effect on distributable income attributable to contingent shares	—	—	(5)	—
Undistributed income (loss) attributable to common stockholders: Diluted	$ 392	$ (804)	$ 1,467	$ (3,324)
Denominator:				
Weighted average number of shares of common stock outstanding: Basic	578,797,225	584,317,603	580,610,127	585,187,783
Dilution effect of options	—	—	960,937	—
Dilution effect of contingent shares	—	—	42,215	—
Weighted average number of shares of common stock outstanding: Diluted	578,797,225	584,317,603	581,613,279	585,187,783
Net income (loss) per share of common stock: Basic[4]				
Distributed income	$ 0.43	$ 0.40	$ 1.26	$ 1.20
Undistributed income (loss)	0.67	(1.38)	2.51	(5.71)
Net income (loss) per share of common stock: Basic	$ 1.10	$ (0.98)	$ 3.77	$ (4.51)
Net Income (loss) per share of common stock: Diluted				
Distributed income	$ 0.43	$ 0.40	$ 1.26	$ 1.20
Undistributed income (loss)	0.67	(1.38)	2.49	(5.71)
Net Income (loss) per share of common stock: Diluted	$ 1.10	$ (0.98)	$ 3.75	$ (4.51)

[1] See note 15 for information regarding quarterly dividends.

[2] Participating securities consist of vested and unvested RSUs that have rights to dividends and unvested restricted shares.

[3] No allocation of undistributed losses was made to the participating securities as the holders do not have a contractual obligation to share in the losses of the Company with common stockholders.

[4] For the three months ended September 30, 2023 and the three and nine months ended September 30, 2022, all of the classes of securities were determined to be anti-dilutive.

The Company has granted RSUs that provide the right to receive, subject to vesting during continued employment, shares of common stock pursuant to the Equity Plan.

Any dividend equivalent paid to an employee on RSUs will not be returned to the Company upon forfeiture of the award by the employee. Vested and unvested RSUs that are entitled to non-forfeitable dividend equivalents qualify as participating securities and are included in the Company's basic and diluted earnings per share computations using the two-class method. The holder of an RSU participating security would have a contractual obligation to share in the losses of the entity if the holder is obligated to fund the losses of the issuing entity or if the contractual principal or mandatory redemption amount of the participating security is reduced as a result of losses incurred by the issuing entity. The RSU participating securities do not have a mandatory redemption amount and the holders of the participating securities are not obligated to fund losses; therefore, neither the vested RSUs nor the unvested RSUs are subject to any contractual obligation to share in losses of the Company.

The following table summarizes the anti-dilutive securities:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Weighted average unvested RSUs	15,755,026	14,128,418	15,238,581	13,344,097
Weighted average unexercised options	2,096,655	2,424,407	—	2,424,407
Weighted average unexercised warrants	5,065,938	2,600,000	4,659,465	2,171,429
Weighted average Mandatory Convertible Preferred Stock	9,480,194	—	3,194,791	—
Weighted average unvested restricted shares	1,706,003	2,091,278	1,730,341	2,210,753
Weighted average contingent shares outstanding	—	348,079	—	184,339

17. Related Parties

Asset Management

Due from/ to related parties

Due from/ to related parties includes:

- unpaid management fees, transaction and advisory fees and reimbursable expenses from the funds Apollo manages and their portfolio companies;
- reimbursable payments for certain operating costs incurred by these funds as well as their related parties; and
- other related party amounts arising from transactions, including loans to employees and periodic sales of ownership interests in funds managed by Apollo.

Due from related parties and Due to related parties consisted of the following as of September 30, 2023 and December 31, 2022:

(In millions)	September 30, 2023	December 31, 2022
Due from Related Parties:		
Due from funds[1]	$ 329	$ 269
Due from portfolio companies	71	106
Due from employees and former employees	108	90
Total Due from Related Parties	$ 508	$ 465
Due to Related Parties:		
Due to Former Managing Partners and Contributing Partners[2]	$ 692	$ 874
Due to funds	186	124
Total Due to Related Parties	$ 878	$ 998

[1] Includes $35 million and $ 43 million as of September 30, 2023 and December 31, 2022, respectively, related to a receivable from a fund in connection with the Company's sale of a platform investment to such fund. The amount is payable to the Company over five years and is held at fair value.

[2] Includes $219 million and $351 million as of September 30, 2023 and December 31, 2022, respectively, related to the AOG Unit Payment, payable in equal quarterly installments through December 31, 2024.

Tax Receivable Agreement

Prior to the consummation of the Mergers, each of the Former Managing Partners and Contributing Partners had the right to exchange vested AOG Units for Class A shares, subject to certain restrictions. All Apollo Operating Group entities have made, or will make, an election under Section 754 of the U.S. Internal Revenue Code ("IRC"), which will result in an adjustment to the tax basis of the assets owned by the Apollo Operating Group entities at the time an exchange was made. The election results in an increase to the tax basis of underlying assets which will reduce the amount of gain and associated tax that AGM and its subsidiaries will otherwise be required to pay in the future.

The tax receivable agreement ("TRA") provides for payment to the Former Managing Partners and Contributing Partners of85% of the amount of cash tax savings, if any, in U.S. federal, state, local and foreign income taxes the Company realizes as a result of the increases in tax basis of assets resulting from transactions and other exchanges of AOG Units for Class A shares

that have occurred in prior years. AGM and its subsidiaries retain the benefit from the remaining15% of actual cash tax savings. If the Company does not make the required annual payment on a timely basis as outlined in the tax receivable agreement, interest is accrued on the balance until the payment date.

Following the closing of the Mergers, as the Former Managing Partners and Contributing Partners no longer own AOG Units, there were no new exchanges subject to the TRA.

AOG Unit Payment

On December 31, 2021, holders of AOG Units (other than Athene and the Company) sold and transferred a portion of such AOG Units to a wholly-owned consolidated subsidiary of the Company, in exchange for an amount equal to $3.66 multiplied by the total number of AOG Units held by such holders immediately prior to such transaction. The remainder of the AOG Units held by such holders were exchanged for shares of AGM common stock concurrently with the consummation of the Mergers on January 1, 2022.

As of September 30, 2023, the outstanding payable amount due to Former Managing Partners and Contributing Partners was $219 million, which is payable in equal quarterly installments through December 31, 2024.

Due from Employees and Former Employees

As of September 30, 2023 and December 31, 2022, due from related parties includes various amounts due to Apollo, including employee loans and return of profit-sharing distributions. As of September 30, 2023 and December 31, 2022, the balance includes interest-bearing employee loans receivable of $8 million and $9 million, respectively. The outstanding principal amount of the loans as well as all accrued and unpaid interest is required to be repaid at the earlier of the eighth anniversary of the date of the relevant loan or at the date of the relevant employee's resignation.

The receivable from certain employees and former employees includes an amount for the potential return of profit-sharing distributions that would be due if certain funds were liquidated of $90 million and $72 million at September 30, 2023 and December 31, 2022, respectively.

Indemnity

Certain of the performance revenues Apollo earns from funds may be subject to repayment by its subsidiaries that are general partners of the funds in the event that certain specified return thresholds are not ultimately achieved. The Former Managing Partners, Contributing Partners and certain other investment professionals have personally guaranteed, subject to certain limitations, the obligations of these subsidiaries in respect of this obligation. Such guarantees are several and not joint and are limited to a particular individual's distributions. Apollo has agreed to indemnify each of the Former Managing Partners and certain Contributing Partners against all amounts that they pay pursuant to any of these personal guarantees in favor of certain funds that it manages (including costs and expenses related to investigating the basis for or objecting to any claims made in respect of the guarantees) for all interests that the Former Managing Partners and Contributing Partners contributed or sold to the Apollo Operating Group.

Apollo recorded an indemnification liability of $13 million and $13 million as of September 30, 2023 and December 31, 2022, respectively.

Due to Related Parties

Based upon an assumed liquidation of certain of the funds Apollo manages, it has recorded a general partner obligation to return previously distributed performance allocations, which represents amounts due to certain funds. The obligation is recognized based upon an assumed liquidation of a fund's net assets as of the reporting date. The actual determination and any required payment would not take place until the final disposition of a fund's investments based on the contractual termination of the fund or as otherwise set forth in the respective governing document of the fund.

Apollo recorded general partner obligations to return previously distributed performance allocations related to certain funds of $152 million and $107 million as of September 30, 2023 and December 31, 2022, respectively.

Athora

Apollo, through ISGI, provides investment advisory services to certain portfolio companies of funds managed by Apollo and Athora, a strategic liabilities platform that acquires or reinsures blocks of insurance business in the German and broader European life insurance market (collectively, the "Athora Accounts"). AAM and its subsidiaries had equity commitments outstanding to Athora of up to $338 million as of September 30, 2023, subject to certain conditions.

Athora Sub-Advised

Apollo provides sub-advisory services with respect to a portion of the assets in certain portfolio companies of funds managed by Apollo and the Athora Accounts. Apollo broadly refers to "Athora Sub-Advised" assets as those assets in the Athora Accounts which Apollo explicitly sub-advises as well as those assets in the Athora Accounts which are invested directly in funds and investment vehicles Apollo manages.

Apollo earns a base management fee on the aggregate market value of substantially all of the investment accounts of or relating to Athora and also a sub-advisory fee on the Athora Sub-Advised assets, which varies depending on the specific asset class.

See "—Athora" in the Retirement Services section below for further details on Athene's relationship with Athora.

Regulated Entities and Affiliated Service Providers

Apollo Global Securities, LLC ("AGS") is a registered broker-dealer with the SEC and is a member of the Financial Industry Regulatory Authority, subject to the minimum net capital requirements of the SEC. AGS was in compliance with these requirements as of September 30, 2023. From time to time AGS, as well as other Apollo affiliates, provide services to related parties of Apollo, including Apollo funds and their portfolio companies, whereby the Company or its affiliates earn fees for providing such services.

Griffin Capital Securities, LLC ("GCS") is a registered broker-dealer with the SEC and is a member of the Financial Industry Regulatory Authority, subject to the minimum net capital requirements of the SEC. GCS was in compliance with these requirements as of September 30, 2023.

MidCap Financial

During the second quarter of 2023, the Company modified a performance allocation arrangement with MidCap Financial which included a reversal of unrealized performance allocations of $124 million. This resulted in a modification to the calculation of performance allocations beginning in June 2023 to be based solely on net income.

Investment in SPACs

In October 2020, APSG I, a SPAC sponsored by Apollo, completed an IPO, ultimately raising total gross proceeds of $817 million. APSG Sponsor, L.P., a subsidiary of Apollo, held Class B ordinary shares of APSG I, and consolidated it as a VIE. In May 2022, APSG I completed a business combination with American Express Global Business Travel. As a result of the business combination, Apollo no longer consolidates APSG I as a VIE. The deconsolidation resulted in an unrealized gain of $162 million, which includes $82 million of unrealized gains related to previously held Class B ordinary shares, which converted to Class A ordinary shares of the newly merged entity, presented in net gains from investment activities within Other income (loss) - Asset Management in the condensed consolidated statements of operations for the three and nine months ended September 30, 2022. Apollo continues to hold a non-controlling interest in the merged entity at fair value, elected under the fair value option, which is primarily presented within Investments (Asset Management) in the condensed consolidated statements of financial condition.

On February 12, 2021, APSG II, a SPAC sponsored by Apollo, completed an IPO, raising total gross proceeds of $690 million. APSG Sponsor II, L.P., a subsidiary of Apollo, holds Class B ordinary shares of APSG II, and consolidates APSG II as a VIE. In May 2023, APSG II amended its articles of association and now has until February 12, 2024 to complete an initial business combination. Also in May 2023, shareholders holding an aggregate of 51,089,882 of APSG II's Class A ordinary shares exercised their right to redeem their shares. Following such redemptions, 17,910,118 Class A ordinary shares remain outstanding. As of September 30, 2023, $189 million of cash remained in APSG II's trust account.

APOLLO GLOBAL MANAGEMENT, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

On July 13, 2021, Acropolis Infrastructure Acquisition Corp. ("Acropolis"), a SPAC sponsored by Apollo, completed an IPO, ultimately raising total gross proceeds of $345 million. Acropolis Infrastructure Acquisition Sponsor, L.P., a subsidiary of Apollo, holds Class B common stock of Acropolis, and consolidates Acropolis as a VIE. In June 2023, Acropolis amended its certificate of incorporation and now has until July 13, 2024 to complete an initial business combination. Also in June 2023, shareholders holding an aggregate of 26,499,201 shares of Acropolis' Class A common stock exercised their right to redeem their shares. Following such redemptions, 8,000,799 shares of Class A common stock remain outstanding. As of September 30, 2023, $83 million of cash remained in Acropolis' trust account.

As described in note 2, the Company consolidates entities that are VIEs for which the Company has been designated as the primary beneficiary. Through its interests in the respective sponsors, the Company has the primary beneficiary power to direct the activities that most significantly impact the economic performance of these SPACs. In addition, the Company's combined interests in these VIEs are significant. Assets and liabilities of the consolidated SPACs are shown within the respective line items of the condensed consolidated financial statements.

Retirement Services

AAA

Athene consolidates AAA as a VIE. Apollo established AAA for the purpose of providing a single vehicle through which Athene and third-party investors can participate in a portfolio of alternative investments, which include those managed by Apollo. Additionally, the Company believes AAA enhances its ability to increase alternative assets under management by raising capital from third parties, which will allow Athene to achieve greater scale and diversification for alternatives. Third-party investors began to invest in AAA on July 1, 2022. During the nine months ended September 30, 2022, Athene contributed $8.0 billion of certain of its alternative investments to AAA in exchange for limited partnership interests in AAA.

Wheels Donlen

Athene contributed its limited partnership investment in Athene Freedom Parent, LP ("Athene Freedom"), for which Apollo is the general partner, to AAA during the second quarter of 2022. Athene Freedom indirectly invests in Wheels, Inc., Donlen, LLC and LeasePlan USA, Inc. (collectively, "Wheels Donlen"). As of September 30, 2023 and December 31, 2022, Athene owned $1.4 billion and $1.0 billion, respectively, of AFS securities issued by Wheels Donlen, which are included in investments in related parties on the condensed consolidated statements of financial condition. Athene also has commitments to make additional investments in Wheels Donlen of $306 million as of September 30, 2023.

Athora

Athene has a cooperation agreement with Athora, pursuant to which, among other things, (1) for a period of 30 days from the receipt of notice of a cession, Athene has the right of first refusal to reinsure (i) up to 50% of the liabilities ceded from Athora's reinsurance subsidiaries to Athora Life Re Ltd. and (ii) up to 20% of the liabilities ceded from a third party to any of Athora's insurance subsidiaries, subject to a limitation in the aggregate of 20% of Athora's liabilities, (2) Athora agreed to cause its insurance subsidiaries to consider the purchase of certain funding agreements and/or other spread instruments issued by Athene's insurance subsidiaries, subject to a limitation that the fair market value of such funding agreements purchased by any of Athora's insurance subsidiaries may generally not exceed 3% of the fair market value of such subsidiary's total assets, (3) Athene provides Athora with a right of first refusal to pursue acquisition and reinsurance transactions in Europe (other than the UK) and (4) Athora provides Athene and its subsidiaries with a right of first refusal to pursue acquisition and reinsurance transactions in North America and the UK. Notwithstanding the foregoing, pursuant to the cooperation agreement, Athora is only required to use its reasonable best efforts to cause its subsidiaries to adhere to the provisions set forth in the cooperation agreement and therefore Athora's ability to cause its subsidiaries to act pursuant to the cooperation agreement may be limited by, among other things, legal prohibitions or the inability to obtain the approval of the board of directors or other applicable governing body of the applicable subsidiary, which approval is solely at the discretion of such governing body. As of September 30, 2023, Athene had not exercised its right of first refusal to reinsure liabilities ceded to Athora's insurance or reinsurance subsidiaries.

The following table summarizes Athene's investments in Athora:

(In millions)	September 30, 2023	December 31, 2022
Investment fund	$ 1,043	$ 959
Non-redeemable preferred equity securities	239	273
Total investment in Athora	$ 1,282	$ 1,232

Additionally, as of September 30, 2023 and December 31, 2022, Athene had $58 million and $59 million, respectively, of funding agreements outstanding to Athora. Athene also has commitments to make additional investments in Athora of $513 million as of September 30, 2023.

Catalina

Athene has an investment in Apollo Rose II (B) ("Apollo Rose") which Athene consolidates as a VIE. Apollo Rose holds equity interests in Catalina Holdings (Bermuda) Ltd. ("Catalina"). During the fourth quarter of 2022, Athene entered into a strategic modco reinsurance agreement with Catalina General Insurance Ltd., which is a subsidiary of Catalina, to cede certain inforce funding agreements. Athene elected the fair value option on this agreement and had a liability of $213 million and $142 million as of September 30, 2023 and December 31, 2022, respectively, which is included in other liabilities on the condensed consolidated statements of financial condition.

Venerable

Athene has coinsurance and modco agreements with VIAC. Effective July 1, 2023, VIAC recaptured $2.7 billion of reserves, which represents a portion of their business that was subject to those coinsurance and modco agreements. Athene recognized a gain of $555 million, which is included in other revenues on the condensed consolidated statements of operations, in the third quarter of 2023 as a result of the settlement of the recapture agreement. As a result of Athene's intent to transfer the assets supporting this business to VIAC in connection with the recapture, Athene was required by U.S. GAAP to recognize the unrealized losses on these assets of $104 million as intent-to-sell impairments in the second quarter of 2023. VIAC is a related party due to Athene's minority equity investment in its holding company's parent, VA Capital Company LLC ("VA Capital"), which was $ 206 million and $240 million as of September 30, 2023 and December 31, 2022, respectively. The minority equity investment in VA Capital is included in investments in related parties on the condensed consolidated statements of financial condition and accounted for as an equity method investment. VA Capital is owned by a consortium of investors, led by affiliates of Apollo, Crestview Partners III Management, LLC and Reverence Capital Partners L.P., and is the parent of Venerable, which is the parent of VIAC.

Additionally, Athene has term loans receivable from Venerable due in 2033, which are included in investments in related parties on the condensed consolidated statements of financial condition. The loans are held at fair value and were $327 million and $303 million as of September 30, 2023 and December 31, 2022, respectively. While management views the overall transactions with Venerable as favorable to Athene, the stated interest rate of 6.257% on the term loans to Venerable represented a below-market interest rate, and management considered such rate as part of its evaluation and pricing of the reinsurance transactions.

PK AirFinance

Athene has investments in PK AirFinance ("PK Air"), an aviation lending business with a portfolio of loans ("Aviation Loans"). The Aviation Loans are generally fully secured by aircraft leases and aircraft and are securitized by a special purpose vehicle ("SPV") for which Apollo acts as ABS manager ("ABS-SPV"). The ABS-SPV issues tranches of senior notes and subordinated notes, which are secured by the Aviation Loans. Athene purchased both senior and subordinated notes of PK Air. During the first quarter of 2022, Athene contributed its investment in the subordinated notes to PK Air Holdings, LP, and then contributed PK Air Holdings, LP to AAA during the second quarter of 2022. As of September 30, 2023 and December 31, 2022, Athene held $1.7 billion and $1.2 billion, respectively, of PK Air senior notes, which are included in investment in related parties on the condensed consolidated statements of financial condition. Athene has commitments to make additional investments in PK Air of $1.5 billion as of September 30, 2023.

Apollo/Athene Dedicated Investment Programs

Athene's subsidiary, ACRA 1 is partially owned by ADIP I, a fund managed by Apollo. Athene's subsidiary, ALRe, currently holds 36.55% of the economic interests in ACRA 1 and all of ACRA 1's voting interests, with ADIP I holding the remaining 63.45% of the economic interests. Effective July 1, 2023, ALRe sold 50% of its non-voting, economic interests in ACRA 2 to ADIP II, a fund managed by Apollo, for $640 million. ALRe holds all of ACRA 2's voting interests.

Athene received capital contributions and paid distributions relating to ACRA of the following:

	Three months ended September 30,		Nine months ended September 30,	
(In millions)	**2023**	**2022**	**2023**	**2022**
Contributions from ADIP	$ 325	$ 336	$ 325	$ 1,047
Distributions to ADIP	(254)	—	(381)	—

Atlas

Athene has an equity investment in Atlas, an asset-backed specialty lender, through its investment in AAA and, as of September 30, 2023 and December 31, 2022, also had $1.0 billion and $0 million, respectively, of AFS securities issued by Atlas. Athene had $ 922 million and $0 million of reverse repurchase agreements issued by Atlas as of September 30, 2023 and December 31, 2022, respectively. See note 18 for further information on assurance letters issued in support of Atlas.

18. Commitments and Contingencies

Investment Commitments

The Company has unfunded capital commitments of $663 million as of September 30, 2023 related to the funds it manages. Separately, Athene had commitments to make investments, primarily capital contributions to investment funds, inclusive of related party commitments discussed previously, of $20.6 billion as of September 30, 2023. The Company expects most of the current commitments will be invested over the next five years; however, these commitments could become due any time upon counterparty request.

Contingent Obligations

Performance allocations with respect to certain funds are subject to reversal in the event of future losses to the extent of the cumulative revenues recognized in income to date. If all of the existing investments became worthless, the amount of cumulative revenues that have been recognized by Apollo through September 30, 2023 and that could be reversed approximates $5.0 billion. Performance allocations are affected by changes in the fair values of the underlying investments in the funds that Apollo manages. Valuations, on an unrealized basis, can be significantly affected by a variety of external factors including, but not limited to, bond yields and industry trading multiples. Movements in these items can affect valuations quarter to quarter even if the underlying business fundamentals remain stable. Management views the possibility of all of the investments becoming worthless as remote.

Additionally, at the end of the life of certain funds, Apollo may be obligated as general partner, to repay the funds' performance allocations received in excess of what was ultimately earned. This obligation amount, if any, will depend on final realized values of investments at the end of the life of each fund or as otherwise set forth in the partnership agreement of the fund.

Certain funds may not generate performance allocations as a result of unrealized and realized losses that are recognized in the current and prior reporting periods. In certain cases, performance allocations will not be generated until additional unrealized and realized gains occur. Any appreciation would first cover the deductions for invested capital, unreturned organizational expenses, operating expenses, management fees and priority returns based on the terms of the respective fund agreements.

One of Apollo's subsidiaries, AGS, provides underwriting commitments in connection with securities offerings of related parties of Apollo, including portfolio companies of the funds Apollo manages, as well as third parties. As of September 30, 2023, AGS had an unfunded contingent commitment of $ 33 million outstanding related to such offerings. The commitment expired on October 2, 2023 with no funding on the part of Apollo.

The Company, along with a third-party institutional investor, has committed to provide financing to a consolidated VIE that invests across Apollo's capital markets platform (such VIE, the "Apollo Capital Markets Partnership"). Pursuant to these arrangements, the Company has committed equity financing to the Apollo Capital Markets Partnership. The Apollo Capital Markets Partnership also has a revolving credit facility with Sumitomo Mitsui Banking Corporation, as lead arranger, administrative agent and letter of credit issuer, Mizuho Bank Ltd., and other lenders party thereto, pursuant to which it may borrow up to $2.25 billion. The revolving credit facility, which has a final maturity date of April 1, 2025, is non-recourse to the Company, except that the Company provided customary comfort letters with respect to its capital contributions to the Apollo Capital Markets Partnership. As of September 30, 2023, the Apollo Capital Markets Partnership had funded commitments of $1.53 billion, on a net basis, to transactions across Apollo's capital markets platform, all of which were funded through the revolving credit facility and other asset-based financing. No capital had been funded by the Company to the Apollo Capital Markets Partnership pursuant to its commitment.

Whether the commitments of the Apollo Capital Markets Partnership are actually funded, in whole or in part, depends on the contractual terms of such commitments, including the satisfaction or waiver of any conditions to closing or funding. It is expected that between the time the Apollo Capital Markets Partnership makes a commitment and funding of such commitment, efforts will be made to syndicate such commitment to, among others, third parties, which should reduce its risk when committing to certain transactions. The Apollo Capital Markets Partnership may also, with respect to a particular transaction, enter into other arrangements with third parties which reduce its commitment risk.

In connection with the acquisition of Stone Tower in 2012, Apollo agreed to pay its former owners a specified percentage of future performance revenues earned from certain of its funds, CLOs, and strategic investment accounts. This obligation was determined based on the present value of estimated future performance revenue payments and is recorded in other liabilities. The fair value of the remaining contingent obligation was $55 million and $55 million as of September 30, 2023 and December 31, 2022, respectively. This contingent consideration obligation is remeasured to fair value at each reporting period until the obligations are satisfied. The changes in the fair value of the Stone Tower contingent consideration obligation is reflected in profit sharing expense in the condensed consolidated statements of operations.

In connection with the acquisition of Griffin Capital's U.S. asset management business on May 3, 2022, Apollo agreed to pay its former owners certain share-based consideration contingent on specified AUM and capital raising thresholds. This obligation was determined based on the present value of estimated future performance relative to such thresholds and is recorded in other liabilities. The fair value of the remaining contingent obligation was $30 million and $31 million as of September 30, 2023 and December 31, 2022, respectively. This contingent consideration obligation is remeasured to fair value at each reporting period until the respective thresholds are met such that the contingencies are satisfied. The changes in the fair value of the Griffin Capital contingent consideration obligation are reflected in other income (loss) in the condensed consolidated statements of income.

Funding Agreements

Athene is a member of the Federal Home Loan Bank of Des Moines ("FHLB") and, through its membership, has issued funding agreements to the FHLB in exchange for cash advances. As of September 30, 2023 and December 31, 2022, Athene had $6.7 billion and $3.7 billion, respectively, of FHLB funding agreements outstanding. Athene is required to provide collateral in excess of the funding agreement amounts outstanding, considering any discounts to the securities posted and prepayment penalties.

Athene has a funding agreement backed notes ("FABN") program, which allows Athene Global Funding, a special purpose, unaffiliated statutory trust, to offer its senior secured medium-term notes. Athene Global Funding uses the net proceeds from each sale to purchase one or more funding agreements from Athene. As of September 30, 2023 and December 31, 2022, Athene had $20.2 billion and $21.0 billion, respectively, of board-authorized FABN funding agreements outstanding. Athene had $14.2 billion of board-authorized FABN capacity remaining as of September 30, 2023.

Athene established a secured funding agreement backed repurchase agreement ("FABR") program, in which a special-purpose, unaffiliated entity enters into repurchase agreements with a bank and the proceeds of the repurchase agreements are used by the special purpose entity to purchase funding agreements from Athene. As of September 30, 2023 and December 31, 2022, Athene had $4.0 billion and $3.0 billion, respectively, of FABR funding agreements outstanding.

Pledged Assets and Funds in Trust (Restricted Assets)

Athene's total restricted assets included on the condensed consolidated statements of financial condition are as follows:

(In millions)	September 30, 2023	December 31, 2022
AFS securities	$ 24,307	$ 15,366
Trading securities	163	55
Equity securities	77	38
Mortgage loans	10,802	8,849
Investment funds	193	103
Derivative assets	88	65
Short-term investments	68	120
Other investments	286	170
Restricted cash and cash equivalents	1,218	628
Total restricted assets	$ 37,202	$ 25,394

The restricted assets are primarily related to reinsurance trusts established in accordance with coinsurance agreements and the FHLB and FABR funding agreements described above.

Letters of Credit

Athene has undrawn letters of credit totaling $1.3 billion as of September 30, 2023. These letters of credit were issued for Athene's reinsurance program and have expirations through June 19, 2026.

Atlas

In connection with the Company and CS's previously announced transaction, whereby Atlas acquired certain assets of the CS Securitized Products Group, two subsidiaries of the Company have each issued an assurance letter to CS to guarantee the full five year deferred purchase obligation of Atlas in the amount of $3.3 billion. The fair value of the liability related to the Company's guarantee is not material to the Company's condensed consolidated financial statements.

Litigation and Regulatory Matters

The Company is party to various legal actions arising from time to time in the ordinary course of business, including claims and lawsuits, arbitrations, reviews, investigations or proceedings by governmental and self-regulatory agencies regarding the Company's business.

On December 21, 2017, several entities referred to collectively as "Harbinger" commenced an action in New York Supreme Court captioned *Harbinger Capital Partners II LP et al. v. Apollo Global Management LLC, et al.* (No. 657515/2017). The complaint named as defendants AAM, and funds managed by Apollo that invested in SkyTerra Communications, Inc. ("SkyTerra"), among others. The complaint alleged that during the period of Harbinger's various equity and debt investments in SkyTerra from 2004 to 2010, the defendants concealed from Harbinger material defects in SkyTerra technology. The complaint further alleged that Harbinger would not have made investments in SkyTerra totaling approximately $1.9 billion had it known of the defects, and that the public disclosure of these defects ultimately led to SkyTerra filing for bankruptcy in 2012 (after it had been renamed LightSquared). The complaint sought $1.9 billion in damages, as well as punitive damages, interest, costs, and fees. On June 12, 2019, Harbinger voluntarily discontinued the state action without prejudice. On June 8, 2020, Harbinger refiled its litigation in New York Supreme Court, captioned *Harbinger Capital Partners II, LP et al. v. Apollo Global Management, LLC et al.* (No. 652342/2020). The complaint adds eight new defendants and three new claims relating to Harbinger's contention that the new defendants induced Harbinger to buy CCTV One Four Holdings, LLC ("CCTV") to support SkyTerra's network even though they allegedly knew that the network had material defects. On November 23, 2020, Defendants refiled a bankruptcy motion, and on November 24, 2020, filed in the state court a motion to stay the state court proceedings pending a ruling by the bankruptcy court on the bankruptcy motion. On February 1, 2021, the bankruptcy court denied the bankruptcy motion. Defendants filed their motions to dismiss the New York Supreme Court action on March 31, 2021, which were granted in part and denied in part on May 23, 2023. The court granted in full the Defendants' motion to dismiss Harbinger's complaint as time-barred and denied as moot the Defendants' motion to dismiss the complaint for failure to

state a claim. Plaintiffs have appealed the court's decision. Apollo believes the claims in this action are without merit. No reasonable estimate of possible loss, if any, can be made at this time.

In March 2020, Frank Funds, which claims to be a former shareholder of MPM Holdings, Inc. ("MPM"), commenced an action in the Delaware Court of Chancery, captioned*Frank Funds v. Apollo Global Management, Inc., et al.*, C.A. No. 2020-0130, against AAM, certain former MPM directors (includingthree Apollo officers and employees), and members of the consortium that acquired MPM in a May 2019 merger. The complaint asserted, on behalf of a putative class of former MPM shareholders, a claim against Apollo for breach of its fiduciary duties as MPM's alleged controlling shareholder in connection with the May 2019 merger. Frank Funds seeks unspecified compensatory damages. On July 23, 2019, a group of former MPM shareholders filed an appraisal petition in Delaware Chancery Court seeking the fair value of their MPM shares that were purchased through MPM's May 15, 2019 merger, in an action captioned *In re Appraisal of MPM Holdings, Inc*., C.A. No. 2019-0519 (Del. Ch.). On June 3, 2020, petitioners moved for leave to file a verified amended appraisal petition and class-action complaint that included claims for breach of fiduciary duty and/or aiding and abetting breaches of fiduciary duty against AAM, the Apollo-affiliated fund that owned MPM's shares before the merger, certain former MPM directors (including three Apollo employees), and members of the consortium that acquired MPM, based on alleged actions related to the May 2019 merger. The petitioners also sought to consolidate their appraisal proceeding with the Frank Funds action. On November 13, 2020, the Chancery Court granted the parties' stipulated order to consolidate the two matters, and on December 21, 2020, the Chancery Court granted petitioners' motion for leave to file the proposed amended complaint. This new consolidated action is captioned *In Re MPM Holdings Inc. Appraisal and Stockholder Litigation*, C.A. No. 2019-0519 (Del Ch.). On January 13, 2022, the Chancery Court denied Apollo's motion to dismiss. Apollo believes the claims in this action are without merit. No reasonable estimate of possible loss, if any, can be made at this time.

On August 4, 2020, a putative class action complaint was filed in the United States District Court for the District of Nevada against PlayAGS Inc. ("PlayAGS"), all of the members of PlayAGS's board of directors (including three directors who are affiliated with Apollo), certain underwriters of PlayAGS (including Apollo Global Securities, LLC), as well as AAM, Apollo Investment Fund VIII, L.P., Apollo Gaming Holdings, L.P., and Apollo Gaming Voteco, LLC (these last four parties, together, the "Apollo Defendants"). The complaint asserted claims against all defendants arising under the Securities Act of 1933 in connection with certain secondary offerings of PlayAGS stock conducted in August 2018 and March 2019, alleging that the registration statements issued in connection with those offerings did not fully disclose certain business challenges facing PlayAGS. The complaint further asserted a control person claim under Section 20(a) of the Exchange Act against the Apollo Defendants and the director defendants (including the directors affiliated with Apollo), alleging such defendants were responsible for certain misstatements and omissions by PlayAGS about its business. On December 2, 2022, the Court dismissed all claims against the underwriters (including Apollo Global Securities, LLC) and the Apollo Defendants, but allowed a claim against PlayAGS and two of PlayAGS's executives to proceed.

On August 17, 2023, a purported stockholder of AGM filed a shareholder derivative complaint in the Court of Chancery of the State of Delaware against current AGM directors Marc Rowan, Scott Kleinman, James Zelter, Alvin Krongard, Michael Ducey, and Pauline Richards, Apollo Former Managing Partners Leon Black and Joshua Harris, former Apollo directors and, as a nominal defendant, AGM. The complaint is captioned *Anguilla Social Security Board vs. Black et al*., C.A. No. 2023-0846-JTL and challenges the $570 million payments being made to the Former Managing Partners and Contributing Partners in connection with the elimination of the Up-C structure that was in place prior to Apollo's merger with Athene. As previously disclosed in Apollo's SEC filings, this purported stockholder previously had sought and received documents relating to the transaction pursuant to Section 220 of the Delaware General Corporation Law. The derivative complaint alleges that the challenged payments amount to corporate waste, that the Former Managing Partners and Contributing Partners received payments in connection with the Corporate Recapitalization that exceed fair value and therefore breached their fiduciary duties, and that the independent conflicts committee of the AAM board of directors (which then consisted of Mr. Krongard, Mr. Ducey, and Ms. Richards) that negotiated the elimination of the TRA breached their fiduciary duties. The complaint alleges that pre-suit demand was futile because a majority of AGM's board is either not independent from the Former Managing Partners or face a substantial likelihood of liability in light of the challenges to the transaction. The complaint seeks, among other things, declaratory relief, unspecified monetary damages, interest, restitution, disgorgement, injunctive relief, costs, and attorneys' fees. The defendants intend to move to dismiss on the basis that, among other things, the plaintiffs failed to make a pre-suit demand on the Apollo board of directors. No reasonable estimate of possible loss, if any, can be made at this time.

Certain of Apollo's investment adviser subsidiaries have received a request for information and documents from the SEC in connection with an investigation concerning compliance with record retention requirements relating to business communications sent or received via electronic messaging channels. As has been publicly reported, the SEC is conducting similar investigations of other investment advisers.

19. Segments

The Company conducts its business through three reportable segments: (i) Asset Management, (ii) Retirement Services and (iii) Principal Investing. Segment information is utilized by the Company's chief operating decision maker to assess performance and to allocate resources.

The performance is measured by the Company's chief operating decision maker on an unconsolidated basis because the chief operating decision maker makes operating decisions and assesses the performance of each of the Company's business segments based on financial and operating metrics and data that exclude the effects of consolidation of any of the affiliated funds.

Segment Income

Segment Income is the key performance measure used by management in evaluating the performance of the asset management, retirement services, and principal investing segments. Management uses Segment Income to make key operating decisions such as the following:

- decisions related to the allocation of resources such as staffing decisions, including hiring and locations for deployment of the new hires;
- decisions related to capital deployment such as providing capital to facilitate growth for the business and/or to facilitate expansion into new businesses;
- decisions related to expenses, such as determining annual discretionary bonuses and equity-based compensation awards to its employees. With respect to compensation, management seeks to align the interests of certain professionals and selected other individuals with those of the investors in the funds and those of Apollo's stockholders by providing such individuals a profit sharing interest in the performance fees earned in relation to the funds. To achieve that objective, a certain amount of compensation is based on Apollo's performance and growth for the year; and
- decisions related to the amount of earnings available for dividends to common stockholders and holders of equity-based awards that participate in dividends.

Segment Income is a measure of profitability and has certain limitations in that it does not take into account certain items included under U.S. GAAP. Segment Income is the sum of (i) Fee Related Earnings, (ii) Spread Related Earnings and (iii) Principal Investing Income. Segment Income excludes the effects of the consolidation of any of the related funds and SPACs, interest and other financing costs related to AGM not attributable to any specific segment, taxes and related payables, transaction-related charges and any acquisitions. Transaction-related charges includes equity-based compensation charges, the amortization of intangible assets, contingent consideration, and certain other charges associated with acquisitions, and restructuring charges. In addition, Segment Income excludes non-cash revenue and expense related to equity awards granted by unconsolidated related parties to employees of the Company, compensation and administrative related expense reimbursements, as well as the assets, liabilities and operating results of the funds and VIEs that are included in the condensed consolidated financial statements.

Segment Income may not be comparable to similarly titled measures used by other companies and is not a measure of performance calculated in accordance with U.S. GAAP. We use Segment Income as a measure of operating performance, not as a measure of liquidity. Segment Income should not be considered in isolation or as a substitute for net income or other income data prepared in accordance with U.S. GAAP. The use of Segment Income without consideration of related U.S. GAAP measures is not adequate due to the adjustments described above. Management compensates for these limitations by using Segment Income as a supplemental measure to U.S. GAAP results, to provide a more complete understanding of our performance as management measures it. A reconciliation of Segment Income to its most directly comparable U.S. GAAP measure of income (loss) before income tax provision can be found in this footnote.

APOLLO GLOBAL MANAGEMENT, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Fee Related Earnings

Fee Related Earnings ("FRE") is a component of Segment Income that is used to assess the performance of the Asset Management segment. FRE is the sum of (i) management fees, (ii) capital solutions and other related fees, (iii) fee-related performance fees from indefinite term vehicles, that are measured and received on a recurring basis and not dependent on realization events of the underlying investments and (iv) other income, net, less (a) fee-related compensation, excluding equity-based compensation, (b) non-compensation expenses incurred in the normal course of business, (c) placement fees and (d) non-controlling interests in the management companies of certain funds the Company manages.

Spread Related Earnings

Spread Related Earnings ("SRE") is a component of Segment Income that is used to assess the performance of the Retirement Services segment, excluding certain market volatility, which consists of investment gains (losses), net of offsets and non-operating change in insurance liabilities and related derivatives, and certain expenses related to integration, restructuring, equity-based compensation, and other expenses. For the Retirement Services segment, SRE equals the sum of (i) the net investment earnings on Athene's net invested assets and (ii) management fees received on business managed for others, primarily the ADIP portion of Athene's business ceded to ACRA, less (x) cost of funds, (y) operating expenses excluding equity-based compensation and (z) financing costs, including interest expense and preferred dividends, if any, paid to Athene preferred stockholders.

Principal Investing Income

Principal Investing Income ("PII") is a component of Segment Income that is used to assess the performance of the Principal Investing segment. For the Principal Investing segment, PII is the sum of (i) realized performance fees, including certain realizations received in the form of equity, and (ii) realized investment income, less (x) realized principal investing compensation expense, excluding expense related to equity-based compensation, and (y) certain corporate compensation and non-compensation expenses.

APOLLO GLOBAL MANAGEMENT, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

The following presents financial data for the Company's reportable segments.

	Three months ended September 30,		Nine months ended September 30,	
(In millions)	**2023**	**2022**	**2023**	**2022**
Asset Management				
Management fees[1]	$ 648	$ 546	$ 1,845	$ 1,573
Capital solutions fees and other, net	146	105	422	272
Fee-related performance fees	40	20	102	46
Fee-related compensation	(212)	(194)	(635)	(556)
Other operating expenses	(150)	(112)	(423)	(319)
Fee Related Earnings	472	365	1,311	1,016
Retirement Services				
Fixed income and other investment income, net	2,235	1,470	6,399	3,979
Alternative investment income, net	230	250	674	884
Strategic capital management fees	19	14	49	39
Cost of funds	(1,384)	(902)	(4,056)	(2,597)
Other operating expenses	(121)	(117)	(362)	(335)
Interest and other financing costs	(106)	(73)	(344)	(199)
Spread Related Earnings	873	642	2,360	1,771
Principal Investing				
Realized performance fees	132	93	473	371
Realized investment income	5	62	35	325
Principal investing compensation	(119)	(90)	(434)	(401)
Other operating expenses	(14)	(15)	(42)	(38)
Principal Investing Income	4	50	32	257
Segment Income	$ 1,349	$ 1,057	$ 3,703	$ 3,044

Segment Assets:	**September 30, 2023**	**December 31, 2022**
Asset Management	$ 2,073	$ 1,918
Retirement Services	264,353	240,483
Principal Investing	9,002	8,099
Total Assets[2]	$ 275,428	$ 250,500

[1] Includes intersegment management fees from Retirement Services of $ 247 million and $695 million for the three and nine months ended September 30, 2023, respectively, and $ 192 million and $555 million for the three and nine months ended September 30, 2022, respectively.

[2] Refer below for a reconciliation of total assets for Apollo's total reportable segments to total consolidated assets.

The following reconciles total consolidated revenues to total asset management fee related revenues:

	Three months ended September 30,		Nine months ended September 30,	
(In millions)	**2023**	**2022**	**2023**	**2022**
Total Consolidated Revenues	$ 2,595	$ 2,979	$ 21,598	$ 6,127
Retirement services GAAP revenue	(1,666)	(2,502)	(18,847)	(4,249)
Equity awards granted by unconsolidated related parties, reimbursable expenses and other[1]	(80)	(37)	(243)	(116)
Adjustments related to consolidated funds and VIEs[1]	4	(2)	6	69
Performance fees	(224)	(27)	(715)	(262)
Principal investment income	(42)	68	(125)	(233)
Retirement services management fees	247	192	695	555
Total Asset Management Fee Related Revenues	$ 834	$ 671	$ 2,369	$ 1,891

[1] Represents advisory fees, management fees and performance fees earned from consolidated VIEs which are eliminated in consolidation. Includes non-cash revenues related to equity awards granted by unconsolidated related parties to employees of the Company and certain compensation and administrative related expense reimbursements.

APOLLO GLOBAL MANAGEMENT, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

The following presents the reconciliation of income before income tax provision reported in the condensed consolidated statements of operations to Segment Income:

	Three months ended September 30,		Nine months ended September 30,	
(In millions)	**2023**	**2022**	**2023**	**2022**
Income (loss) before income tax provision (benefit)	$ 883	$ (945)	$ 3,625	$ (5,476)
Asset Management Adjustments:				
Equity-based profit sharing expense and other[1]	62	55	186	219
Equity-based compensation	57	46	167	139
Transaction-related charges[2]	25	(5)	18	(6)
Merger-related transaction and integration costs[3]	5	14	17	50
(Gains) losses from change in tax receivable agreement liability	—	—	—	14
Net (income) loss attributable to non-controlling interests in consolidated entities	28	277	(687)	1,886
Unrealized performance fees	(91)	66	(244)	109
Unrealized profit sharing expense	55	(19)	191	(16)
HoldCo interest and other financing costs[4]	36	29	77	103
Unrealized principal investment income (loss)	(27)	128	(66)	138
Unrealized net (gains) losses from investment activities and other	30	24	50	(133)
Retirement Services Adjustments:				
Investment (gains) losses, net of offsets	663	1,853	829	7,330
Non-operating change in insurance liabilities and related derivatives[5]	(431)	(518)	(600)	(1,457)
Integration, restructuring and other non-operating expenses	41	37	98	104
Equity-based compensation	13	15	42	40
Segment Income	$ 1,349	$ 1,057	$ 3,703	$ 3,044

[1] Equity-based profit sharing expense and other includes certain profit sharing arrangements in which a portion of performance fees distributed to the general partner are required to be used by employees of Apollo to purchase restricted shares of common stock or is delivered in the form of RSUs, which are granted under the Equity Plan. Equity-based profit sharing expense and other also includes performance grants which are tied to the Company's receipt of performance fees, within prescribed periods, sufficient to cover the associated equity-based compensation expense.

[2] Transaction-related charges include contingent consideration, equity-based compensation charges and the amortization of intangible assets and certain other charges associated with acquisitions, and restructuring charges.

[3] Merger-related transaction and integration costs includes advisory services, technology integration, equity-based compensation charges and other costs associated with the Mergers.

[4] Represents interest and other financing costs related to AGM not attributable to any specific segment.

[5] Includes change in fair values of derivatives and embedded derivatives, non-operating change in funding agreements, change in fair value of market risk benefits, and non-operating change in liability for future policy benefits.

The following table presents the reconciliation of the Company's total reportable segment assets to total assets:

(In millions)	**September 30, 2023**	**December 31, 2022**
Total reportable segment assets	$ 275,428	$ 250,500
Adjustments[1]	7,807	6,717
Total assets	$ 283,235	$ 257,217

[1] Represents the addition of assets of consolidated funds and VIEs and consolidation elimination adjustments.

20. Subsequent Events

Dividends

On November 1, 2023, the Company declared a cash dividend of $0.43 per share of common stock, which will be paid on November 30, 2023 to holders of record at the close of business on November 17, 2023.

On November 1, 2023, the Company also declared and set aside for payment a cash dividend of $0.8438 per share of its Mandatory Convertible Preferred Stock, which will be paid on January 31, 2024 to holders of record at the close of business on January 15, 2024.

ITEM 1A. UNAUDITED SUPPLEMENTAL PRESENTATION OF STATEMENTS OF FINANCIAL CONDITION

	September 30, 2023			
(In millions)	Apollo Global Management, Inc. and Consolidated Subsidiaries	Consolidated Funds and VIEs	Eliminations	Consolidated
Assets				
Asset Management				
Cash and cash equivalents	$ 2,350	$ —	$ —	$ 2,350
Restricted cash and cash equivalents	2	272	—	274
Investments	5,542	—	(159)	5,383
Assets of consolidated variable interest entities				
Cash and cash equivalents	—	437	—	437
Investments	—	2,195	(46)	2,149
Other assets	—	36	(10)	26
Due from related parties	531	—	(23)	508
Goodwill	264	—	—	264
Other assets	2,378	1	—	2,379
	11,067	2,941	(238)	13,770
Retirement Services				
Cash and cash equivalents	9,996	—	—	9,996
Restricted cash and cash equivalents	1,218	—	—	1,218
Investments	189,058	—	1	189,059
Investments in related parties	38,822	—	(12,928)	25,894
Assets of consolidated variable interest entities				
Cash and cash equivalents	—	152	—	152
Investments	1,442	17,917	(101)	19,258
Other assets	7	92	—	99
Reinsurance recoverable	4,058	—	—	4,058
Deferred acquisition costs, deferred sales inducements and value of business acquired	5,448	—	—	5,448
Goodwill	4,060	—	—	4,060
Other assets	10,244	—	(21)	10,223
	264,353	18,161	(13,049)	269,465
Total Assets	$ 275,420	$ 21,102	$ (13,287)	$ 283,235

(Continued)

(In millions)	September 30, 2023			
	Apollo Global Management, Inc. and Consolidated Subsidiaries	Consolidated Funds and VIEs	Eliminations	Consolidated
Liabilities, Redeemable non-controlling interests and Equity				
Liabilities				
Asset Management				
Accounts payable, accrued expenses, and other liabilities	$ 3,600	$ 56	$ 1	$ 3,657
Due to related parties	884	11	(17)	878
Debt	3,392	—	—	3,392
Liabilities of consolidated variable interest entities				
Notes payable	—	11	—	11
Other liabilities	—	1,931	—	1,931
	7,876	2,009	(16)	9,869
Retirement Services				
Interest sensitive contract liabilities	189,065	—	—	189,065
Future policy benefits	46,672	—	—	46,672
Market risk benefits	3,021	—	—	3,021
Debt	3,634	—	—	3,634
Payables for collateral on derivatives and securities to repurchase	7,652	—	—	7,652
Other liabilities	4,126	—	—	4,126
Liabilities of consolidated variable interest entities				
Other liabilities	116	1,139	(21)	1,234
	254,286	1,139	(21)	255,404
Total Liabilities	262,162	3,148	(37)	265,273
Commitments and Contingencies (note 18)				
Redeemable non-controlling interests:				
Redeemable non-controlling interests	—	282	5	287
Equity				
Mandatory Convertible Preferred Stock	1,397	—	—	1,397
Additional paid in capital	14,681	(90)	14	14,605
Retained earnings (accumulated deficit)	562	13,181	(13,208)	535
Accumulated other comprehensive income (loss)	(8,097)	(40)	42	(8,095)
Total AGM Stockholders' Equity	8,543	13,051	(13,152)	8,442
Non-controlling interests	4,715	4,621	(103)	9,233
Total Equity	13,258	17,672	(13,255)	17,675
Total Liabilities, Redeemable non-controlling interests and Equity	**$ 275,420**	**$ 21,102**	**$ (13,287)**	**$ 283,235**

(Concluded)

(In millions)	December 31, 2022			
	Apollo Global Management, Inc. and Consolidated Subsidiaries	Consolidated Funds and VIEs	Eliminations	Consolidated
Assets				
Asset Management				
Cash and cash equivalents	$ 1,201	$ —	$ —	$ 1,201
Restricted cash and cash equivalents	2	1,046	—	1,048
Investments	5,713	—	(131)	5,582
Assets of consolidated variable interest entities				
Cash and cash equivalents	—	110	—	110
Investments	—	2,371	(2)	2,369
Other assets	—	88	(58)	30
Due from related parties	504	1	(40)	465
Goodwill	264	—	—	264
Other assets	2,321	12	—	2,333
	10,005	3,628	(231)	13,402
Retirement Services				
Cash and cash equivalents	7,779	—	—	7,779
Restricted cash and cash equivalents	628	—	—	628
Investments	172,488	—	—	172,488
Investments in related parties	35,286	—	(11,326)	23,960
Assets of consolidated variable interest entities				
Cash and cash equivalents	—	362	—	362
Investments	1,492	14,207	—	15,699
Other assets	8	104	—	112
Reinsurance recoverable	4,358	—	—	4,358
Deferred acquisition costs, deferred sales inducements and value of business acquired	4,466	—	—	4,466
Goodwill	4,058	—	—	4,058
Other assets	9,919	—	(14)	9,905
	240,482	14,673	(11,340)	243,815
Total Assets	$ 250,487	$ 18,301	$ (11,571)	$ 257,217

(Continued)

(In millions)	December 31, 2022			
	Apollo Global Management, Inc. and Consolidated Subsidiaries	Consolidated Funds and VIEs	Eliminations	Consolidated
Liabilities, Redeemable non-controlling interests and Equity				
Liabilities				
Asset Management				
Accounts payable, accrued expenses, and other liabilities	$ 2,915	$ 61	$ (1)	$ 2,975
Due to related parties	1,056	8	(66)	998
Debt	2,814	—	—	2,814
Liabilities of consolidated variable interest entities				
Notes payable	—	50	—	50
Other liabilities	—	1,899	—	1,899
	6,785	2,018	(67)	8,736
Retirement Services				
Interest sensitive contract liabilities	173,616	—	—	173,616
Future policy benefits	42,110	—	—	42,110
Market risk benefits	2,970	—	—	2,970
Debt	3,658	—	—	3,658
Payables for collateral on derivatives and securities to repurchase	6,707	—	—	6,707
Other liabilities	3,213	—	—	3,213
Liabilities of consolidated variable interest entities				
Other liabilities	124	691	(6)	809
	232,398	691	(6)	233,083
Total Liabilities	239,183	2,709	(73)	241,819
Commitments and Contingencies (note 18)				
Redeemable non-controlling interests				
Redeemable non-controlling interests	—	1,027	5	1,032
Equity				
Additional paid in capital	15,040	(72)	14	14,982
Retained earnings (accumulated deficit)	(1,002)	11,734	(11,739)	(1,007)
Accumulated other comprehensive income (loss)	(7,337)	(34)	36	(7,335)
Total AGM Stockholders' Equity	6,701	11,628	(11,689)	6,640
Non-controlling interests	4,603	2,937	186	7,726
Total Equity	11,304	14,565	(11,503)	14,366
Total Liabilities, Redeemable non-controlling interests and Equity	**$ 250,487**	**$ 18,301**	**$ (11,571)**	**$ 257,217**

(Concluded)

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with Apollo Global Management, Inc.'s condensed consolidated financial statements and the related notes within this quarterly report. This discussion contains forward-looking statements that are subject to known and unknown risks and uncertainties. Actual results and the timing of events may differ significantly from those expressed or implied in such forward-looking statements due to a number of factors, including those included in the section entitled "Item 1A. Risk Factors" in the 2022 Annual Report and "Item 1A. Risk Factors" in this quarterly report. The highlights listed below have had significant effects on many items within our condensed consolidated financial statements and affect the comparison of the current period's activity with those of prior periods. Target returns included in this report are presented gross and do not account for fees, expenses and taxes, which will reduce returns. Target returns are neither guarantees nor predictions or projections of future performance. There can be no assurance that target returns will be achieved or that Apollo will be successful in implementing the applicable strategy. Actual gross and net returns for funds managed by Apollo, and individual investors participating directly or indirectly in funds managed by Apollo, may vary significantly from the target returns set forth herein.

General

Our Businesses

Founded in 1990, Apollo is a high-growth, global alternative asset manager and a retirement services provider. Apollo conducts its business primarily in the United States through the following three reportable segments: Asset Management, Retirement Services and Principal Investing. These business segments are differentiated based on the investment services they provide as well as varying investing strategies. As of September 30, 2023, Apollo had a team of 4,739 employees, including 1,954 employees of Athene.

Asset Management

Our Asset Management segment focuses on three investing strategies: yield, hybrid and equity. We have a flexible mandate in many of the funds we manage which enables the funds to invest opportunistically across a company's capital structure. We raise, invest and manage funds, accounts and other vehicles on behalf of some of the world's most prominent pension, endowment and sovereign wealth funds and insurance companies, as well as other institutional and individual investors. As of September 30, 2023, we had total AUM of $631 billion.

The yield, hybrid and equity investing strategies of our Asset Management segment reflect the range of investment capabilities across our platform based on relative risk and return. As an asset manager, we earn fees for providing investment management services and expertise to our client base. The amount of fees charged for managing these assets depends on the underlying investment strategy, liquidity profile, and, ultimately, our ability to generate returns for our clients. We also earn capital solutions fees as part of our growing capital solutions business and as part of monitoring and deployment activity alongside our sizeable private equity franchise. After expenses, we call the resulting earnings stream "Fee Related Earnings" or "FRE", which represents the primary performance measure for the Asset Management segment.

Yield

Yield is our largest asset management strategy with $461 billion of AUM as of September 30, 2023. Our yield strategy focuses on generating excess returns through high-quality credit underwriting and origination. Beyond participation in the traditional issuance and secondary credit markets, through our origination platforms and corporate solutions capabilities we seek to originate attractive and safe-yielding assets for the investors in the funds we manage. Within our yield strategy, we target 4% to 10% returns for our clients. Since inception, the total return yield fund has generated a 5% gross Return on Equity ("ROE") and a 4% net ROE annualized through September 30, 2023.

Hybrid

Our hybrid strategy, with $61 billion of AUM as of September 30, 2023, brings together our capabilities across debt and equity to seek to offer a differentiated risk-adjusted return with an emphasis on structured downside protected opportunities across asset classes. We target 8% to 15% returns within our hybrid strategy by pursuing investments in all market environments, deploying capital during both periods of dislocation and market strength, and focusing on different investing strategies and asset

classes. The flagship hybrid credit hedge fund we manage has generated an 11% gross ROE and a 7% net ROE annualized and the hybrid value funds we manage have generated a 20% gross IRR and a 16% net IRR from inception through September 30, 2023.

Equity

Our equity strategy manages $109 billion of AUM as of September 30, 2023. Our equity strategy emphasizes flexibility, complexity, and purchase price discipline to drive opportunistic-like returns for our clients throughout market cycles. Apollo's equity team has experience across sectors, industries, and geographies in both private equity and real estate equity. Our control equity transactions are principally buyouts, corporate carveouts and distressed investments, while the real estate funds we manage generally transact in single asset, portfolio and platform acquisitions. Within our equity strategy, we target upwards of 15% returns in the funds we manage. We have consistently produced attractive long-term investment returns in the traditional private equity funds we manage, generating a 39% gross IRR and a 24% net IRR on a compound annual basis from inception through September 30, 2023.

Retirement Services

Our retirement services business is conducted by Athene, a leading financial services company that specializes in issuing, reinsuring and acquiring retirement savings products designed for the increasing number of individuals and institutions seeking to fund retirement needs. Athene's primary product line is annuities, which include fixed, payout and group annuities issued in conjunction with pension group annuity transactions. Athene also offers funding agreements, which are comprised of funding agreements issued under its FABN and FABR programs, funding agreements issued to the FHLB and repurchase agreements with an original maturity exceeding one year. Our asset management business provides a full suite of services for Athene's investment portfolio, including direct investment management, asset allocation, merger and acquisition asset diligence and certain operational support services, including investment compliance, tax, legal and risk management support.

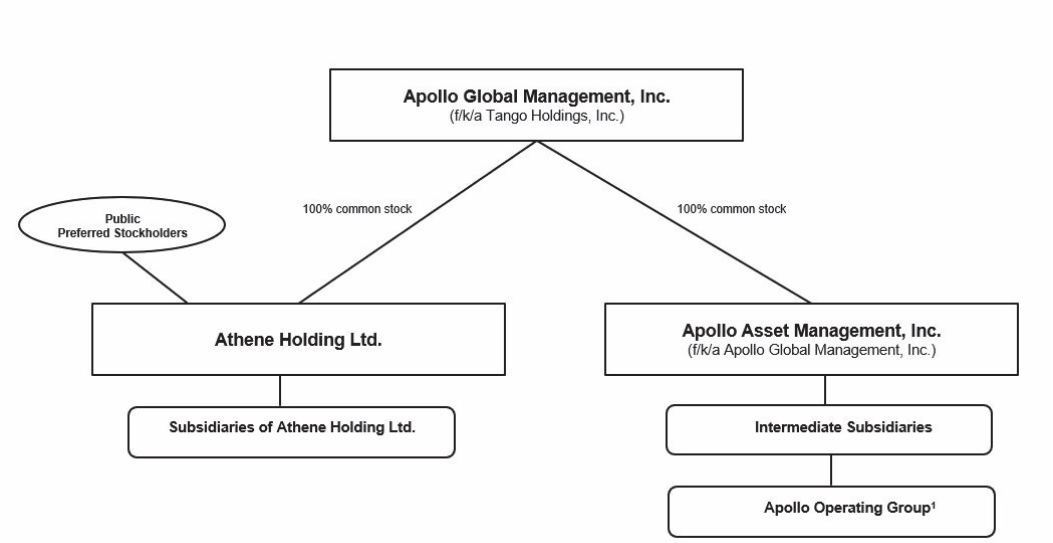
Our retirement services business focuses on generating spread income by combining the two core competencies of (1) sourcing long-term, persistent liabilities and (2) using the global scale and reach of our asset management business to actively source or originate assets with Athene's preferred risk and return characteristics. Athene's investment philosophy is to invest a portion of its assets in securities that earn an incremental yield by taking measured liquidity and complexity risk and capitalizing on its long-dated funding profile to prudently achieve higher net investment earned rates, rather than assuming incremental credit risk. A cornerstone of Athene's investment philosophy is that given the operating leverage inherent in its business, modest investment outperformance can translate to outsized return performance. Because Athene maintains discipline in underwriting attractively priced liabilities, it has the ability to invest in a broad range of high-quality assets to generate attractive earnings.

Principal Investing

Our Principal Investing segment is comprised of our realized performance fee income, realized investment income from our balance sheet investments, and certain allocable expenses related to corporate functions supporting the entire company. The Principal Investing segment also includes our growth capital and liquidity resources at AGM. We expect to deploy capital into strategic investments over time that will help accelerate the growth of our Asset Management segment, by broadening our investment management and/or product distribution capabilities or increasing the efficiency of our operations. We believe these investments will translate into greater compounded annual growth of Fee Related Earnings.

Given the cyclical nature of performance fees, earnings from our Principal Investing segment, or Principal Investing Income ("PII"), are inherently more volatile in nature than earnings from the Asset Management and Retirement Services segments. We earn fees based on the investment performance of the funds we manage and compensate our employees, primarily investment professionals, with a meaningful portion of these proceeds to align our team with the investors in the funds we manage and incentivize them to deliver strong investment performance over time. We expect to increase the proportion of performance fee income we pay to our employees over time, and as such proportion increases, we expect PII to represent a relatively smaller portion of our total company earnings.

The diagram below depicts our current organizational structure:



Note: The organizational structure chart above depicts a simplified version of the Apollo structure. It does not include all legal entities in the structure.
(1) Includes direct and indirect ownership by AGM.

Business Environment

Economic and Market Conditions

Our asset management and retirement services businesses are affected by the condition of global financial markets and the economy. Price fluctuations within equity, credit, commodity, foreign exchange markets, as well as interest rates and global inflation, which may be volatile and mixed across geographies, can significantly impact the performance of our business, including, but not limited to, the valuation of investments, including those of the funds we manage, and related income we may recognize.

Adverse economic conditions may result from domestic and global economic and political developments, including plateauing or decreasing economic growth and business activity, civil unrest, geopolitical tensions or military action, such as the armed conflicts in the Middle East and between Ukraine and Russia, and corresponding sanctions imposed on Russia by the United States and other countries, and new or evolving legal and regulatory requirements on business investment, hiring, migration, labor supply and global supply chains.

We carefully monitor economic and market conditions that could potentially give rise to global market volatility and affect our business operations, investment portfolios and derivatives, which includes global inflation. The global financial system has experienced increased volatility in 2023 due to the failure of certain financial institutions, primarily U.S. regional banks. The current macroeconomic environment, recent bank failures and consolidations, changes in business and consumer behavior and other events affecting financial institutions, have also contributed to volatility in the commercial real estate market, and concerns regarding commercial real estate liquidity, financing availability and asset values, particularly in the office subsector. The potential impacts of rising interest rates and continued deposit outflows on global markets, financial institutions and macroeconomic conditions, generally, remain uncertain. Episodes of increased economic and market volatility may continue to occur and could worsen if there are additional instances of actual or threatened bank failures. For further information on the risks related to market or economic conditions and commercial real estate, see the section entitled “Item 1A. Risk Factors” in the 2022 Annual Report.

U.S. inflation increased modestly during the third quarter of 2023 as the U.S. Federal Reserve continued its interest rate hiking cycle, given that the Consumer Price Index ("CPI") persisted above the 2% target. The U.S. Bureau of Labor Statistics reported that the annual U.S. inflation rate increased to 3.7% as of September 30, 2023, compared to 3.0% as of June 30, 2023, despite action from the U.S. Federal Reserve to temper inflation. The heightened U.S. inflation rate persists due to a combination of supply and demand factors. The U.S. Federal Reserve finished the third quarter of 2023 with a benchmark interest rate target range of 5.25% to 5.50%, following a 25 basis point hike at its July meeting. Notably, the U.S. Federal Reserve paused rate hiking at its September meeting after four prior interest rate hikes in 2023.

Equity market performance continued to rally during the first part of the third quarter reaching a current year high at the end of July, but retreated in August and September to end the quarter down. High-yield, short-term bonds maintained their momentum, while the rest of the credit market declined due to the U.S. Federal Reserve's updated position on interest rates. In the U.S., the S&P 500 Index decreased by 3.6% during the third quarter of 2023, following an increase of 8.3% during the second quarter of 2023. Global equity markets also decreased during the quarter, with the MSCI All Country World ex USA Index decreasing by 4.0%, following an increase of 3.3% in the second quarter of 2023.

Conditions in the credit markets have a significant impact on our business. Credit markets were positive in the third quarter of 2023, with the BofAML HY Master II Index increasing by 0.5%, while the S&P/LSTA Leveraged Loan Index increased by 3.1%.

In terms of economic conditions in the U.S., the Bureau of Economic Analysis reported real GDP increased at an annual rate of 4.9% in the third quarter of 2023, following an increase of 2.1% in the second quarter of 2023. As of October 2023, the International Monetary Fund estimated that the U.S. economy will expand by 2.1% in 2023 and 1.5% in 2024. The U.S. Bureau of Labor Statistics reported that the U.S. unemployment rate increased to 3.8% as of September 30, 2023.

Foreign exchange rates can materially impact the valuations of our investments and those of the funds we manage that are denominated in currencies other than the U.S. dollar. The U.S. dollar strengthened in the third quarter of 2023 compared to the euro and the British pound. Relative to the U.S. dollar, the euro depreciated 3.1% during the third quarter of 2023, after appreciating 0.6% in the second quarter of 2023, while the British pound depreciated 4.0% in the third quarter of 2023, after appreciating 3.0% in the second quarter of 2023. Oil finished a volatile quarter up 28.5%, after depreciating by 6.6% in the second quarter of 2023.

We are actively monitoring the developments in Ukraine resulting from the Russia/Ukraine conflict and the economic sanctions and restrictions imposed against Russia, Belarus, and certain Russian and Belarussian entities and individuals. The Company continues to (i) identify and assess any exposure to designated persons or entities across the Company's business; (ii) ensure existing surveillance and controls are calibrated to the evolving sanctions; and (iii) ensure appropriate levels of communication across the Company, and with other relevant market participants, as appropriate.

As of September 30, 2023, the funds we manage have no investments that would cause Apollo or any Apollo managed fund to be in violation of current international sanctions, and we believe the direct exposure of investment portfolios of the funds we manage to Russia and Ukraine is insignificant. The Company and the funds we manage do not intend to make any new material investments in Russia, and have appropriate controls in place to ensure review of any new exposure.

Institutional investors continue to allocate capital towards alternative investment managers in search of more attractive returns, and we believe the business environment remains generally accommodative to raise larger successor funds, launch new products, and pursue attractive strategic growth opportunities.

Interest Rate Environment

Rates increased during the third quarter of 2023, with the U.S. 10-year Treasury yield increasing to 4.59% at the end of the quarter. The U.S. 2-year and 10-year Treasury yield curves remain inverted. Despite the magnitude of the inversion having decreased in the third quarter, recessionary concerns remain.

With respect to Retirement Services, Athene's investment portfolio consists predominantly of fixed maturity investments. If prevailing interest rates were to rise, we believe the yield on Athene's new investment purchases may also rise and Athene's investment income from floating rate investments would increase, while the value of Athene's existing investments may decline. If prevailing interest rates were to decline significantly, the yield on Athene's new investment purchases may decline

and Athene's investment income from floating rate investments would decrease, while the value of Athene's existing investments may increase.

Athene addresses interest rate risk through managing the duration of the liabilities it sources with assets it acquires through asset liability management ("ALM") modeling. As part of its investment strategy, Athene purchases floating rate investments, which are expected to perform well in a rising interest rate environment and are expected to underperform in a declining rate environment. As of September 30, 2023, Athene's net invested asset portfolio included $42.0 billion of floating rate investments, or 20% of its net invested assets, and its net reserve liabilities included $14.8 billion of floating rate liabilities at notional, or 7% of its net invested assets, resulting in $27.2 billion of net floating rate assets, or 13% of its net invested assets.

If prevailing interest rates were to rise, we believe Athene's products would be more attractive to consumers and its sales would likely increase. If prevailing interest rates were to decline, it is likely that Athene's products would be less attractive to consumers and its sales would likely decrease. In periods of prolonged low interest rates, the net investment spread may be negatively impacted by reduced investment income to the extent that Athene is unable to adequately reduce policyholder crediting rates due to policyholder guarantees in the form of minimum crediting rates or otherwise due to market conditions. A significant majority of Athene's deferred annuity products have crediting rates that it may reset annually upon renewal, following the expiration of the current guaranteed period. While Athene has the contractual ability to lower these crediting rates to the guaranteed minimum levels, its willingness to do so may be limited by competitive pressures.

See "Part I—Item 3. Quantitative and Qualitative Disclosures About Market Risk," in this report and "Part II—Item 7A. Quantitative and Qualitative Disclosures About Market Risk," in our 2022 Annual Report, which include a discussion regarding interest rate and other significant risks and our strategies for managing these risks.

Overview of Results of Operations

Financial Measures under U.S. GAAP - Asset Management

The following discussion of financial measures under U.S. GAAP is based on Apollo's asset management business as of September 30, 2023.

Revenues

Management Fees

The significant growth of the assets we manage has had a positive effect on our revenues. Management fees are typically calculated based upon any of "net asset value," "gross assets," "adjusted par asset value," "adjusted costs of all unrealized portfolio investments," "capital commitments," "invested capital," "adjusted assets," "capital contributions," or "stockholders' equity," each as defined in the applicable limited partnership agreement and/or management agreement of the unconsolidated funds or accounts.

Advisory and Transaction Fees, Net

As a result of providing advisory services with respect to actual and potential investments, we are entitled to receive fees for transactions related to the acquisition and, in certain instances, disposition and financing of companies, some of which are portfolio companies of the funds we manage, as well as fees for ongoing monitoring of portfolio company operations and directors' fees. We also receive advisory fees for advisory services provided to certain funds. In addition, monitoring fees are generated on certain structured portfolio company investments. Under the terms of the limited partnership agreements for certain funds, the management fee payable by the funds may be subject to a reduction based on a certain percentage (up to 100%) of such advisory and transaction fees, net of applicable broken deal costs ("Management Fee Offset"). Such amounts are presented as a reduction to advisory and transaction fees, net, in the condensed consolidated statements of operations (see note 2 to our condensed consolidated financial statements for more detail on advisory and transaction fees, net).

Performance Fees

The general partners of the funds we manage are entitled to an incentive return of normally up to 20% of the total returns of a fund's capital, depending upon performance of the underlying funds and subject to preferred returns and high water marks, as applicable. Performance fees, categorized as performance allocations, are accounted for as an equity method investment, and

effectively, the performance fees for any period are based upon an assumed liquidation of the funds' assets at the reporting date, and distribution of the net proceeds in accordance with the funds' allocation provisions. Performance fees categorized as incentive fees, which are not accounted for as an equity method investment, are deferred until fees are probable to not be significantly reversed. The majority of performance fees are comprised of performance allocations.

As of September 30, 2023, approximately 46% of the value of the investments of the funds we manage, on a gross basis, was determined using market-based valuation methods (i.e., reliance on broker or listed exchange quotes) and the remaining 54% was determined primarily by comparable company and industry multiples or discounted cash flow models. See "Item 1A. Risk Factors—Risks Relating to Our Asset Management Business—*The performance of the funds we manage, and our performance, may be adversely affected by the financial performance of portfolio companies of the funds we manage and the industries in which the funds we manage invest"* in the 2022 Annual Report for discussion regarding certain industry-specific risks that could affect the fair value of certain of the portfolio company investments of the funds we manage.

In certain funds we manage, generally in our equity strategy, the Company does not earn performance fees until the investors have achieved cumulative investment returns on invested capital (including management fees and expenses) in excess of an 8% hurdle rate. Additionally, certain of the yield and hybrid funds we manage have various performance fee rates and hurdle rates. Certain of the yield and hybrid funds we manage allocate performance fees to the general partner in a similar manner as the equity funds. In certain funds we manage, as long as the investors achieve their priority returns, there is a catch-up formula whereby the Company earns a priority return for a portion of the return until the Company's performance fees equate to its performance fee rate for that fund; thereafter, the Company participates in returns from the fund at the performance fee rate. Performance fees, categorized as performance allocations, are subject to reversal to the extent that the performance fees distributed exceed the amount due to the general partner based on a fund's cumulative investment returns. The Company recognizes potential repayment of previously received performance fees as a general partner obligation representing all amounts previously distributed to the general partner that would need to be repaid to the Apollo funds if these funds were to be liquidated based on the current fair value of the underlying fund's investments as of the reporting date. The actual general partner obligation, however, would not become payable or realized until the end of a fund's life or as otherwise set forth in the respective limited partnership agreement of the fund.

The table below presents an analysis of Apollo's (i) performance fees receivable on an unconsolidated basis and (ii) realized and unrealized performance fees:

	As of September 30, 2023	Performance Fees for the Three Months Ended September 30, 2023			Performance Fees for the Nine Months Ended September 30, 2023		
(in millions)	Performance Fees Receivable on an Unconsolidated Basis	Unrealized	Realized	Total	Unrealized	Realized	Total
AIOF I and II	$ 24.0	$ 3.4	$ —	$ 3.4	$ 13.2	$ —	$ 13.2
ANRP I, II and III[1]	39.1	3.2	0.5	3.7	(20.6)	1.7	(18.9)
EPF Funds[1]	69.4	(19.9)	13.8	(6.1)	(15.5)	13.8	(1.7)
FCI Funds	156.9	14.8	—	14.8	18.8	—	18.8
Fund IX	1,688.1	97.7	79.0	176.7	426.3	213.1	639.4
Fund VIII[2]	82.0	(60.7)	—	(60.7)	(287.2)	118.3	(168.9)
Fund VII[2]	39.6	2.3	1.1	3.4	(0.3)	2.8	2.5
Fund VI	23.0	(0.8)	2.3	1.5	(1.0)	6.3	5.3
Fund IV and Fund V[1]	—	(0.1)	—	(0.1)	(0.2)	—	(0.2)
HVF I	45.6	(1.2)	11.0	9.8	1.8	31.8	33.6
Real Estate Equity	61.0	(0.5)	0.4	(0.1)	(14.5)	1.6	(12.9)
Corporate Credit	46.0	10.7	12.1	22.8	24.6	31.0	55.6
Structured Finance and ABS	115.6	10.7	8.6	19.3	30.8	23.7	54.5
Direct Origination	44.0	1.8	19.3	21.1	(145.7)	72.3	(73.4)
Other[1,3]	583.2	28.3	23.6	51.9	206.3	57.8	264.1
Total	$ 3,017.5	$ 89.7	$ 171.7	$ 261.4	$ 236.8	$ 574.2	$ 811.0
Total, net of profit sharing payable[4]/expense	$ 1,400.0	$ 37.1	$ 64.9	$ 102.0	$ 51.8	$ 176.2	$ 228.0

[1] As of September 30, 2023, certain funds had $152.3 million in general partner obligations to return previously distributed performance fees. The fair value gain on investments and income at the fund level needed to reverse the general partner obligations was $1.9 billion as of September 30, 2023.

[2] As of September 30, 2023, the remaining investments and escrow cash of Fund VIII and Fund VII were valued at 106% and 112% of the fund's unreturned capital, respectively, which were below the required escrow ratio of 115%. As a result, the funds are required to place in escrow current and future performance fee distributions to the general partner until the specified return ratio of 115% is met (at the time of a future distribution) or upon liquidation. As of September 30, 2023, Fund VIII and Fund VII had $23.0 million and $85.5 million of gross performance fees, respectively, or $12.6 million and $48.7 million net of profit sharing, respectively, in escrow. With respect to Fund VIII and Fund VII, realized performance fees currently distributed to the general partner are limited to potential tax distributions and interest on escrow balances per the funds' partnership agreements. Performance fees receivable as of September 30, 2023 and realized performance fees for the three and nine months ended September 30, 2023 include interest earned on escrow balances that is not subject to contingent repayment.

[3] Other includes certain SIAs.

[4] There was a corresponding profit sharing payable of $1.6 billion as of September 30, 2023, including profit sharing payable related to amounts in escrow and contingent consideration obligations of $55.2 million.

The general partners of certain of the funds we manage accrue performance fees, categorized as performance allocations, when the fair value of investments exceeds the cost basis of the individual investors' investments in the fund, including any allocable share of expenses incurred in connection with such investments, which we refer to as "high water marks." These high water marks are applied on an individual investor basis. Certain of the funds we manage have investors with various high water marks, the achievement of which is subject to market conditions and investment performance.

Performance fees from certain funds we manage are subject to contingent repayment by the general partner in the event of future losses to the extent that the cumulative performance fees distributed from inception to date exceeds the amount computed as due to the general partner at the final distribution. These general partner obligations, if applicable, are included in due to related parties on the condensed consolidated statements of financial condition.

The following table summarizes our performance fees since inception through September 30, 2023:

	Performance Fees Since Inception[1]				
(In millions)	Undistributed by Fund and Recognized	Distributed by Fund and Recognized[2]	Total Undistributed and Distributed by Fund and Recognized[3]	General Partner Obligation[3]	Maximum Performance Fees Subject to Potential Reversal[4]
AIOF I and II	$ 24.0	$ 58.4	$ 82.4	$ —	$ 51.8
ANRP I, II and III	39.1	161.0	200.1	47.8	41.1
EPF Funds	69.4	494.5	563.9	54.4	230.9
FCI Funds	156.9	24.2	181.1	—	156.9
Fund IX	1,688.1	802.6	2,490.7	—	2,162.0
Fund VIII	82.0	1,779.1	1,861.1	—	1,236.9
Fund VII	39.6	3,228.4	3,268.0	—	11.5
Fund VI	23.0	1,663.9	1,686.9	—	—
Fund IV and Fund V	—	2,053.1	2,053.1	31.5	—
HVF I	45.6	233.2	278.8	—	160.1
Real Estate Equity	61.0	70.6	131.6	12.6	68.3
Corporate Credit	46.0	928.4	974.4	—	34.6
Structured Finance and ABS	115.6	52.3	167.9	—	92.3
Direct Origination	44.0	117.8	161.8	—	25.1
Other[5]	583.2	1,744.9	2,328.1	6.0	763.9
Total	$ 3,017.5	$ 13,412.4	$ 16,429.9	$ 152.3	$ 5,035.4

[1] Certain funds are denominated in euros and historical figures are translated into U.S. dollars at an exchange rate of €1.00 to $1.06 as of September 30, 2023. Certain funds are denominated in pounds sterling and historical figures are translated into U.S. dollars at an exchange rate of £1.00 to $1.22 as of September 30, 2023.

[2] Amounts in "Distributed by Fund and Recognized" for the Citi Property Investors ("CPI"), Gulf Stream Asset Management, LLC ("Gulf Stream"), Stone Tower Capital LLC and its related companies ("Stone Tower") funds and SIAs are presented for activity subsequent to the respective acquisition dates. Amounts exclude certain performance fees from business development companies and Redding Ridge Holdings LP ("Redding Ridge Holdings"), an affiliate of Redding Ridge.

[3] Amounts were computed based on the fair value of fund investments on September 30, 2023. Performance fees have been allocated to and recognized by the general partner. Based on the amount allocated, a portion is subject to potential reversal or, to the extent applicable, has been reduced by the general partner obligation to return previously distributed performance fees at September 30, 2023. The actual determination and any required payment of any such general partner obligation would not take place until the final disposition of the fund's investments based on contractual termination of the fund.

[4] Represents the amount of performance fees that would be reversed if remaining fund investments became worthless on September 30, 2023. Amounts subject to potential reversal of performance fees include amounts undistributed by a fund (i.e., the performance fees receivable), as well as a portion of the amounts that have been distributed by a fund, net of taxes and not subject to a general partner obligation to return previously distributed performance fees, except for those funds that are gross of taxes as defined in the respective funds' governing documents.

[5] Other includes certain SIAs.

Expenses

Compensation and Benefits

The most significant expense in our asset management business is compensation and benefits expense. This consists of fixed salary, discretionary and non-discretionary bonuses, profit sharing expense associated with the performance fees earned and compensation expense associated with the vesting of non-cash equity-based awards.

Our compensation arrangements with certain employees contain a significant performance-based incentive component. Therefore, as our net revenues increase, our compensation costs rise. Our compensation costs also reflect the increased investment in people as we expand geographically and create new funds.

In addition, certain professionals and selected other individuals have a profit sharing interest in the performance fees earned in order to better align their interests with our own and with those of the investors in the funds we manage. Profit sharing expense is part of our compensation and benefits expense and is generally based upon a fixed percentage of performance fees. Certain of our performance-based incentive arrangements provide for compensation based on realized performance fees which includes fees earned by the general partners of the funds we manage under the applicable fund limited partnership agreements based upon transactions that have closed or other rights to incentive income cash that have become fixed in the applicable calendar

year period. Profit sharing expense can reverse during periods when there is a decline in performance fees that were previously recognized. Profit sharing amounts are normally distributed to employees after the corresponding investment gains have been realized and generally before preferred returns are achieved for the investors. Therefore, changes in our unrealized performance fees have the same effect on our profit sharing expense. Profit sharing expense increases when unrealized performance fees increase. Realizations only impact profit sharing expense to the extent that the effects on investments have not been recognized previously. If losses on other investments within a fund are subsequently realized, the profit sharing amounts previously distributed are normally subject to a general partner obligation to return performance fees previously distributed back to the funds. This general partner obligation due to the funds would be realized only when the fund is liquidated, which generally occurs at the end of the fund's term. However, indemnification obligations also exist for realized gains with respect to Fund IV, Fund V and Fund VI, which, although our Former Managing Partners and Contributing Partners would remain personally liable, may indemnify our Former Managing Partners and Contributing Partners for 17.5% to 100% of the previously distributed profits regardless of the fund's future performance. See note 17 to our condensed consolidated financial statements for further information regarding the Company's indemnification liability.

The Company grants equity awards to certain employees, including RSUs and restricted shares of common stock, that generally vest and become exercisable in quarterly installments or annual installments depending on the award terms. In some instances, vesting of an RSU is also subject to the Company's receipt of performance fees, within prescribed periods, sufficient to cover the associated equity-based compensation expense. See note 14 to our condensed consolidated financial statements for further discussion of equity-based compensation.

Other expenses

The balance of our other expenses includes interest, placement fees, and general, administrative and other operating expenses. Interest expense consists primarily of interest related to the 2024 Senior Notes, the 2026 Senior Notes, the 2029 Senior Notes, the 2030 Senior Notes, the 2048 Senior Notes, 2050 Subordinated Notes and the 2053 Subordinated Notes as discussed in note 13 to our condensed consolidated financial statements. Placement fees are incurred in connection with our capital raising activities. In cases where the limited partners of the funds are determined to be the customer in an arrangement, placement fees may be capitalized as a cost to acquire a customer contract, and amortized over the life of the customer contract. General, administrative and other expenses includes occupancy expense, depreciation and amortization, professional fees and costs related to travel, information technology and administration. Occupancy expense represents charges related to office leases and associated expenses, such as utilities and maintenance fees. Depreciation and amortization of fixed assets is normally calculated using the straight-line method over their estimated useful lives, ranging from two to sixteen years, taking into consideration any residual value. Leasehold improvements are amortized over the shorter of the useful life of the asset or the expected term of the lease. Intangible assets are amortized based on the future cash flows over the expected useful lives of the assets.

Other Income (Loss)

Net Gains (Losses) from Investment Activities

Net gains (losses) from investment activities include both realized gains and losses and the change in unrealized gains and losses in our investment portfolio between the opening reporting date and the closing reporting date. Net unrealized gains (losses) are a result of changes in the fair value of unrealized investments and reversal of unrealized gains (losses) due to dispositions of investments during the reporting period. Significant judgment and estimation goes into the assumptions that drive these models and the actual values realized with respect to investments could be materially different from values obtained based on the use of those models. The valuation methodologies applied impact the reported value of investment company holdings and their underlying portfolios in our condensed consolidated financial statements.

Net Gains (Losses) from Investment Activities of Consolidated Variable Interest Entities ("VIEs")

Changes in the fair value of the consolidated VIEs' assets and liabilities and related interest, dividend and other income and expenses subsequent to consolidation are presented within net gains (losses) from investment activities of consolidated variable interest entities and are attributable to non-controlling interests in the condensed consolidated statements of operations.

Other Income (Losses), Net

Other income (losses), net includes gains (losses) arising from the remeasurement of foreign currency denominated assets and liabilities, remeasurement of the tax receivable agreement liability and other miscellaneous non-operating income and expenses.

Financial Measures under U.S. GAAP - Retirement Services

The following discussion of financial measures under U.S. GAAP is based on the Company's retirement services business which is operated by Athene as of September 30, 2023.

Revenues

Premiums

Premiums for long-duration contracts, including products with fixed and guaranteed premiums and benefits, are recognized as revenue when due from policyholders. Insurance revenues are reported net of reinsurance ceded.

Product charges

Revenues for universal life-type policies and investment contracts, including surrender and market value adjustments, costs of insurance, policy administration, GMDB, GLWB and no-lapse guarantee charges, are earned when assessed against policyholder account balances during the period.

Net investment income

Net investment income is a significant component of Athene's total revenues. Athene recognizes investment income as it accrues or is legally due, net of investment management and custody fees. Investment income on fixed maturity securities includes coupon interest, as well as the amortization of any premium and the accretion of any discount. Investment income on equity securities represents dividend income and preferred coupon interest.

Investment related gains (losses)

Investment related gains (losses) primarily consist of (i) realized gains and losses on sales of investments, (ii) unrealized gains or losses relating to identified risks within AFS securities in fair value hedging relationships, (iii) gains and losses on trading securities, (iv) gains and losses on equity securities, (v) change in the fair value of the embedded derivatives and derivatives not designated as a hedge, (vi) change in fair value of mortgage loan assets and (vii) allowance for expected credit losses recorded through the provision for credit losses.

Expenses

Interest sensitive contract benefits

Universal life-type policies and investment contracts include traditional deferred annuities, indexed annuities consisting of fixed indexed and index-linked variable annuities in the accumulation phase, funding agreements, immediate annuities without significant mortality risk (which include pension group annuities without life contingencies), universal life insurance, and other investment contracts inclusive of assumed endowments without significant mortality risk. Liabilities for traditional deferred annuities, indexed annuities, funding agreements and universal life insurance are carried at the account balances without reduction for potential surrender or withdrawal charges, except for a block of universal life business ceded to Global Atlantic which is carried at fair value. Fixed indexed annuity, index-linked variable annuity and indexed universal life insurance contracts contain an embedded derivative. Benefit reserves for fixed indexed annuity, index-linked variable annuity and indexed universal life insurance contracts are reported as the sum of the fair value of the embedded derivative and the host (or guaranteed) component of the contracts. Liabilities for immediate annuities without significant mortality risk are calculated as the present value of future liability cash flows and policy maintenance expenses discounted at contractual interest rates. Certain contracts are offered with additional contract features that meet the definition of a market risk benefit. See "—Market risk benefits remeasurement (gains) losses" below for further information.

Changes in the interest sensitive contract liabilities, excluding deposits and withdrawals, are recorded in interest sensitive contract benefits or product charges on the condensed consolidated statements of operations.

Future policy and other policy benefits

Athene issues contracts classified as long-duration, which include term and whole life, accident and health, disability, and immediate annuities with life contingencies (which include pension group annuities with life contingencies). Liabilities for nonparticipating long-duration contracts are established as the estimated present value of benefits Athene expects to pay to or on behalf of the policyholder and related expenses less the present value of the net premiums to be collected, referred to as the net premium ratio. Liabilities for nonparticipating long-duration contracts are established using accepted actuarial valuation methods which require the use of assumptions related to discount rate, expenses, longevity, mortality, morbidity, persistency and other policyholder behavior. The liability for nonparticipating long-duration contracts is discounted using an upper-medium grade fixed income instrument yield aligned to the duration of the liability.

Changes in the value of the liability for nonparticipating long-duration contracts due to changes in the discount rate are recognized as a component of OCI on the condensed consolidated statements of comprehensive income (loss). The change in the liability for the remeasurement gain or loss and all other changes in the liability are recorded in future policy and other policy benefits on the condensed consolidated statements of operations.

Future policy benefits include liabilities for no-lapse guarantees on universal life insurance and fixed indexed universal life insurance that do not meet the criteria to be classified and accounted for as a market risk benefit. Each reporting period, expected excess benefits and assessments are updated with actual benefits and assessments and the liability balance is adjusted due to the OCI effects of unrealized investment gains and losses on AFS securities.

Changes in the liabilities associated with no-lapse guarantees, other than the adjustment for the OCI effects of unrealized investment gains and losses on AFS securities, are recorded in future policy and other policy benefits on the condensed consolidated statements of operations.

Market risk benefits remeasurement (gains) losses

Market risk benefits represent contracts or contract features that both provide protection to the contract holder from, and expose the insurance entity to, other-than-nominal capital market risk. Athene issues and reinsures deferred annuity contracts which contain GLWB and GMDB riders that meet the criteria for, and are classified as, market risk benefits.

Market risk benefits are measured at fair value at the contract level and may be recorded as a liability or an asset, which are included in market risk benefits or other assets, respectively, on the condensed consolidated statements of financial condition. Fees and assessments that are collectible from the policyholder at contract inception are allocated to the extent they are attributable to the market risk benefit. If the fees are sufficient to cover the projected benefits, a non-option based valuation model is used. If the fees are insufficient to cover the projected benefits, an option-based valuation model is used to compute the market risk benefit liability at contract inception, with an equal and offsetting adjustment recognized in interest sensitive contract liabilities.

Changes in fair value of market risk benefits are recorded in market risk benefits remeasurement (gains) losses on the condensed consolidated statements of operations, excluding portions attributed to changes in instrument-specific credit risk, which are recorded in OCI on the condensed consolidated statements of comprehensive income (loss). Ceded market risk benefits are measured at fair value and recorded within reinsurance recoverable on the condensed consolidated statements of financial condition.

Amortization of deferred acquisition costs, deferred sales inducements, and value of business acquired

Costs related directly to the successful acquisition of new, or the renewal of existing, insurance or investment contracts are deferred. These costs consist of commissions and policy issuance costs, as well as sales inducements credited to policyholder account balances, and are included in deferred acquisition costs, deferred sales inducements and value of business acquired on the condensed consolidated statements of financial condition.

Deferred costs related to universal life-type policies and investment contracts with significant revenue streams from sources other than investment of the policyholder funds are grouped into cohorts based on issue year and contract type and amortized on a constant level basis over the expected term of the related contracts. The cohorts and assumptions used for the amortization of deferred costs are consistent with those used in estimating the related liabilities for these contracts. Deferred costs related to investment contracts without significant revenue streams from sources other than investment of the policyholder funds are

amortized using the effective interest method. The effective interest method amortizes the deferred costs by discounting the future liability cash flows at a break-even rate. VOBA associated with acquired contracts is amortized in relation to applicable policyholder liabilities. Significant assumptions that impact VOBA amortization are consistent with those that impact the measurement of policyholder liabilities.

Amortization of DAC, DSI and VOBA is included in amortization of deferred acquisition costs, deferred sales inducements and value of business acquired on the condensed consolidated statements of operations.

Policy and other operating expenses

Policy and other operating expenses include normal operating expenses, policy acquisition expenses, interest expense, dividends to policyholders, integration, restructuring and other non-operating expenses, and stock compensation expenses.

Other Financial Measures under U.S. GAAP

Income Taxes

Significant judgment is required in determining the provision for income taxes and in evaluating income tax positions, including evaluating uncertainties. We recognize the income tax benefits of uncertain tax positions only where the position is "more likely than not" to be sustained upon examination, including resolution of any related appeals or litigation, based on the technical merits of the positions. The tax benefit is measured as the largest amount of benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. If a tax position is not considered more likely than not to be sustained, then no benefits of the position are recognized. The Company's income tax positions are reviewed and evaluated quarterly to determine whether or not we have uncertain tax positions that require financial statement recognition or de-recognition.

Deferred tax assets and liabilities are recognized for the expected future tax consequences, using currently enacted tax rates, of differences between the carrying amount of assets and liabilities and their respective tax basis. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period when the change is enacted. Deferred tax assets are reduced by a valuation allowance when it is more likely than not that some portion or all of the deferred tax assets will not be realized.

Non-Controlling Interests

For entities that are consolidated, but not 100% owned, a portion of the income or loss and corresponding equity is allocated to owners other than Apollo. The aggregate of the income or loss and corresponding equity that is not owned by the Company is included in non-controlling interests in the condensed consolidated financial statements. Non-controlling interests primarily include limited partner interests in certain consolidated funds and VIEs. Prior to the Mergers on January 1, 2022, the non-controlling interests relating to Apollo Global Management, Inc. also included the ownership interest in the Apollo Operating Group held by the Former Managing Partners and Contributing Partners through their limited partner interests in AP Professional Holdings, L.P. and the non-controlling interest in the Apollo Operating Group held by Athene.

The authoritative guidance for non-controlling interests in the condensed consolidated financial statements requires reporting entities to present non-controlling interest as equity and provides guidance on the accounting for transactions between an entity and non-controlling interests. According to the guidance, (1) non-controlling interests are presented as a separate component of stockholders' equity on the Company's condensed consolidated statements of financial condition, (2) net income (loss) includes the net income (loss) attributable to the non-controlling interest holders on the Company's condensed consolidated statements of operations, (3) the primary components of non-controlling interest are separately presented in the Company's condensed consolidated statements of changes in stockholders' equity to clearly distinguish the interests in the Apollo Operating Group and other ownership interests in the consolidated entities and (4) profits and losses are allocated to non-controlling interests in proportion to their ownership interests regardless of their basis.

Results of Operations

Below is a discussion of our condensed consolidated statements of operations for the three and nine months ended September 30, 2023 and 2022. For additional analysis of the factors that affected our results at the segment level, see "—Segment Analysis" below:

	Three months ended September 30,		Total Change	Percentage Change	Nine months ended September 30,		Total Change	Percentage Change
	2023	2022			2023	2022		
	(In millions)				*(In millions)*			
Revenues								
Asset Management								
Management fees	$ 462	$ 389	$ 73	18.8%	$ 1,328	$ 1,100	$ 228	20.7%
Advisory and transaction fees, net	157	110	47	42.7	482	286	196	68.5
Investment income (loss)	292	(31)	323	NM	882	475	407	85.7
Incentive fees	18	9	9	100.0	59	17	42	247.1
	929	477	452	94.8	2,751	1,878	873	46.5
Retirement Services								
Premiums	26	3,045	(3,019)	(99.1)	9,163	10,769	(1,606)	(14.9)
Product charges	217	184	33	17.9	622	525	97	18.5
Net investment income	3,166	2,033	1,133	55.7	8,726	5,667	3,059	54.0
Investment related gains (losses)	(2,624)	(2,847)	223	7.8	(1,193)	(12,822)	11,629	90.7
Revenues of consolidated variable interest entities	318	114	204	178.9	946	148	798	NM
Other revenues	563	(27)	590	NM	583	(38)	621	NM
	1,666	2,502	(836)	(33.4)	18,847	4,249	14,598	343.6
Total Revenues	2,595	2,979	(384)	(12.9)	21,598	6,127	15,471	252.5
Expenses								
Asset Management								
Compensation and benefits:								
Salary, bonus and benefits	254	232	22	9.5	766	684	82	12.0
Equity-based compensation	129	104	25	24.0	379	373	6	1.6
Profit sharing expense	174	50	124	248.0	598	372	226	60.8
Total compensation and benefits	557	386	171	44.3	1,743	1,429	314	22.0
Interest expense	36	31	5	16.1	98	94	4	4.3
General, administrative and other	220	167	53	31.7	643	472	171	36.2
	813	584	229	39.2	2,484	1,995	489	24.5
Retirement Services								
Interest sensitive contract benefits	333	171	162	94.7	3,634	(581)	4,215	NM
Future policy and other policy benefits	368	3,270	(2,902)	(88.7)	10,346	11,230	(884)	(7.9)
Market risk benefits remeasurement (gains) losses	(441)	(458)	17	3.7	(166)	(1,689)	1,523	90.2
Amortization of deferred acquisition costs, deferred sales inducements and value of business acquired	211	112	99	88.4	502	318	184	57.9
Policy and other operating expenses	467	342	125	36.5	1,356	985	371	37.7
	938	3,437	(2,499)	(72.7)	15,672	10,263	5,409	52.7
Total Expenses	1,751	4,021	(2,270)	(56.5)	18,156	12,258	5,898	48.1

	Three months ended September 30,		Total Change	Percentage Change	Nine months ended September 30,		Total Change	Percentage Change
	2023	2022			2023	2022		
	(In millions)				*(In millions)*			
Other income (loss) – Asset Management								
Net gains (losses) from investment activities	(32)	(16)	(16)	(100.0)	(14)	164	(178)	NM
Net gains (losses) from investment activities of consolidated variable interest entities	49	85	(36)	(42.4)	95	465	(370)	(79.6)
Other income (loss), net	22	28	(6)	(21.4)	102	26	76	292.3
Total Other income (loss)	39	97	(58)	(59.8)	183	655	(472)	(72.1)
Income (loss) before income tax (provision) benefit	883	(945)	1,828	NM	3,625	(5,476)	9,101	NM
Income tax (provision) benefit	(243)	96	(339)	NM	(697)	962	(1,659)	NM
Net income (loss)	640	(849)	1,489	NM	2,928	(4,514)	7,442	NM
Net (income) loss attributable to non-controlling interests	42	286	(244)	(85.3)	(637)	1,913	(2,550)	NM
Net income (loss) attributable to Apollo Global Management, Inc.	682	(563)	1,245	NM	2,291	(2,601)	4,892	NM
Preferred stock dividends	(22)	—	(22)	NM	(22)	—	(22)	NM
Net income (loss) available to Apollo Global Management, Inc. common stockholders	$ 660	$ (563)	$ 1,223	NM	$ 2,269	$ (2,601)	$ 4,870	NM

Note: "NM" denotes not meaningful. Changes from negative to positive amounts and positive to negative amounts are not considered meaningful. Increases or decreases from zero and changes greater than 500% are also not considered meaningful.

Three Months Ended September 30, 2023 Compared to Three Months Ended September 30, 2022

In this section, references to 2023 refer to the three months ended September 30, 2023 and references to 2022 refer to the three months ended September 30, 2022.

Asset Management

Revenues

Revenues were $929 million in 2023, an increase of $452 million from $477 million in 2022, primarily driven by higher investment income and management fees. Investment income increased $323 million in 2023 to $292 million compared to a loss of $31 million in 2022. The increase in investment income of $323 million in 2023 was driven by increases in performance allocations and principal investment income of $206 million and $117 million, respectively.

Significant drivers for performance allocations in 2023 were performance allocations earned from Fund IX, Redding Ridge Holdings and MidCap Financial of $181 million, $19 million, and $15 million, respectively, partially offset by performance allocation losses from Fund VIII and EPF III of $63 million and $19 million, respectively.

See below for details on the respective performance allocations in 2023.

The performance allocations earned from Fund IX in 2023 were primarily driven by appreciation and realization of the fund's investments in the (i) media, telecom and technology and (ii) consumer services sectors.

The performance allocations earned from Redding Ridge Holdings in 2023 were primarily driven by existing and new CLO issuances, new consulting contracts and accumulation of warehouse assets.

The performance allocations earned from MidCap Financial in 2023 were primarily driven by the net income generated by the fund's investments. See note 17 to the condensed consolidated financial statements for further information regarding the modification of its performance allocation arrangement, which began in June 2023.

The performance allocation losses from Fund VIII in 2023 were primarily driven by depreciation and realization of the fund's investments in the (i) leisure, (ii) consumer services and (iii) media, telecom and technology sectors.

The performance allocation losses from EPF III in 2023 were primarily driven by depreciation on its German commercial and residential real estate investments.

The increase in principal investment income in 2023 was driven by the appreciation and recapture of unrealized losses in 2022 from certain of the Company's balance sheet investments.

Management fees increased by $73 million to $462 million in 2023 from $389 million in 2022. The increase in management fees was primarily attributable to management fees earned from the net impact of the commencement of Fund X's fees and the fee basis step-down of Fund IX from committed to remaining invested capital, which added net fees of $52 million, inclusive of Fund X catch-up fees of $24 million.

Advisory and transaction fees increased by $47 million to $157 million in 2023 from $110 million in 2022. Advisory and transaction fees earned during 2023 were primarily attributable to advisory and transaction fees earned from companies in the (i) chemicals, (ii) manufacturing and industrial, (iii) media, telecom and technology and (iv) financial services sectors.

Expenses

Expenses were $813 million in 2023, an increase of $229 million from $584 million in 2022 due to an increase in profit sharing expense of $124 million, resulting from the corresponding higher investment income during 2023. In any period, the blended profit sharing percentage is impacted by the respective profit sharing ratios of the funds generating performance allocations in the period. Additionally, there was an increase in salary, bonus and benefits of $22 million due to an increase in headcount and an increase in equity-based compensation expense of $25 million in 2023. Equity-based compensation expense, in any given period, is generally comprised of: (i) performance grants which are tied to the Company's receipt of performance fees, within prescribed periods and are typically recognized on an accelerated recognition method over the requisite service period to the extent the performance revenue metrics are met or deemed probable, and (ii) the impact of the 2021 one-time grants awarded to the Co-Presidents, all of which vest on a cliff basis subject to continued employment over five years, and a portion of which also vest on the Company's achievement of FRE and SRE per share metrics.

General, administrative and other expenses were $220 million in 2023, an increase of $53 million from $167 million in 2022. The increase in 2023 was primarily driven by an increase in professional fees, higher travel and entertainment expenses and an increase in technology expenses.

Other Income (Loss)

Other income (loss) was $39 million in 2023, a decrease of $58 million from $97 million in 2022. Other Income in 2022 was primarily attributable to interest income earned on the Company's money market funds and U.S. Treasury securities, as a result of a rising interest rate environment, as well as gains from consolidated VIEs, which was offset, in part, by losses from certain of the Company's balance sheet investments. Other income in 2023 was primarily attributable to gains from consolidated VIEs as well as higher interest income earned on the Company's money market funds, as a result of the continued rising interest rate environment, which was offset, in part, by losses from the Company's consolidated SPACs.

Retirement Services

Revenues

Retirement Services revenues were $1.7 billion in 2023, a decrease of $836 million from $2.5 billion in 2022. The decrease was primarily driven by a decrease in premiums, partially offset by an increase in net investment income, an increase in other revenues, an increase in investment related gains (losses) and an increase in revenues of consolidated VIEs.

Premiums were $26 million in 2023, a decrease of $3.0 billion from $3.0 billion in 2022, primarilydriven by a $2.9 billion decrease in pension group annuity premiums compared to the prior year.

Net investment income was $3.2 billion in 2023, an increase of $1.1 billion from $2.0 billion in 2022, primarily driven by higher floating rate income, higher new money rates related to higher interest rates and growth in Athene's investment portfolio attributed to strong net flows during the previous twelve months.

Other revenues were $563 million in 2023, an increase of $590 million from $(27) million in 2022, primarily driven by the $555 million gain on the settlement of the VIAC recapture agreement.

Investment related gains (losses) were $(2.6) billion in 2023, an increase of $223 million from $(2.8) billion in 2022 primarily due to the changes in the fair value of reinsurance assets and mortgage loans as well as lower realized losses on AFS securities, partially offset by the unfavorable change in fair value of FIA hedging derivatives, lower foreign exchange derivative gains and an increase in the provision for credit losses. The change in fair value of reinsurance assets increased $1.1 billion and the change in fair value of mortgage loans increased $288 million, primarily driven by a smaller increase in U.S. Treasury rates compared to the prior year and credit spread tightening in the current year compared to credit spread widening in the prior year. The favorable change in net realized gains and losses on AFS securities of $301 million was primarily related to foreign exchange impacts due to greater strengthening of the U.S. dollar against foreign currencies in the prior year. The change in fair value of FIA hedging derivatives decreased $541 million, primarily due to the performance of the equity indices upon which Athene's call options are based, with the current year impact amplified by the strong growth in its FIA block of business over the previous twelve months. The largest percentage of Athene's call options are based on the S&P 500 index, which decreased 3.6% in 2023, compared to a decrease of 5.3% in 2022. The decrease in foreign exchange gains on derivatives reflects the greater strengthening of the U.S. dollar against foreign currencies in the prior year. The unfavorable change in the provision for credit losses of $231 million was mainly related to favorable adjustments to structured securities in the prior year as well as an increase in the allowance related to deterioration in China's residential real estate market in the current year.

Revenues of consolidated VIEs were $318 million in 2023, an increase of $204 million from $114 million in 2022, primarily driven by unrealized gains on assets held by AAA, the consolidation of additional VIEs and a favorable change in the fair value of mortgage loans held in VIEs related to a smaller increase in U.S. Treasury rates compared to the prior year and credit spread tightening in the current year compared to credit spread widening in the prior year.

Expenses

Retirement Services expenses were $938 million in 2023, a decrease of $2.5 billion from 3.4 billion in 2022. The decrease was primarily driven by a decrease in future policy and other policy benefits, partially offset by an increase in interest sensitive contract benefits, an increase in DAC, DSI and VOBA amortization and an increase in market risk benefits remeasurement (gains) losses. Athene's annual unlocking of assumptions resulted in a decrease in expenses of $22 million compared to a decrease of $94 million in 2022. The 2023 unlocking was driven by a decrease of $94 million in interest sensitive contract benefits and a decrease of $45 million in future policy and other policy benefits, partially offset by an increase of $81 million in market risk benefits and an increase of $36 million related to DAC, DSI and VOBA, compared to a decrease of $49 million in interest sensitive contract benefits, a decrease of $43 million in market risk benefits and a decrease of $2 million related to DAC, DSI and VOBA in 2022.

Future policy and other policy benefits were $368 million in 2023, a decrease of $2.9 billion from $3.3 billion in 2022 primarily driven by a $2.9 billion decrease in pension group annuity obligations and favorable unlocking, partially offset by a $270 million increase in benefit payments. Unlocking in 2023 was $45 million favorable consisting of $297 million of favorable future policy benefit reserve unlocking, partially offset by $252 million of unfavorable negative VOBA and deferred profit liability unlocking. The favorable unlocking primarily related to higher interest rates and favorable mortality experience lowering future benefit payments.

Interest sensitive contract benefits were $333 million in 2023, an increase of $162 million from $171 million in 2022, primarily driven by an increase in rates on deferred annuity and funding agreement issuances, as well as on existing floating rate funding agreements, driven by higher U.S. Treasury rates, and significant growth in Athene's deferred annuity block of business. These impacts were partially offset by a decrease in the change in Athene's fixed indexed annuity reserves, which includes the impact from changes in the fair value of FIA embedded derivatives, and a favorable change in unlocking. The decrease in the change in fair value of FIA embedded derivatives of $725 million was primarily due to the performance of the equity indices to which Athene's FIA policies are linked, with the current year impact amplified by the strong growth in its FIA block of business over the previous twelve months. The largest percentage of Athene's FIA policies are linked to the S&P 500 index, which decreased 3.6% in 2023, compared to a decrease of 5.3% in 2022. This impact was partially offset by the unfavorable impact of higher rates on policyholder projected benefits. The fair value of FIA embedded derivatives unlocking in 2023 was $20 million favorable primarily due to changes to projected interest crediting, partially offset by an increase in lapse and risk margin assumptions, while 2022 unlocking was $47 million favorable primarily due to changes to projected interest crediting, partially offset by the impact of higher rates on future account values. The negative VOBA unlocking related to Athene's interest sensitive contract liabilities in 2023 was $74 million favorable mainly due to an increase in lapse assumptions, while 2022 unlocking was $2 million favorable.

DAC, DSI and VOBA amortization was $211 million in 2023, an increase of $99 million from $112 million in 2022, primarily due to significant growth in Athene's retail and flow reinsurance channels as well as an unfavorable change in unlocking. Unlocking in 2023 was $36 million unfavorable mainly related to an increase in lapse assumptions and changes to projected interest crediting, while unlocking in 2022 was $2 million favorable.

Market risk benefits remeasurement (gains) losses were $(441) million in 2023, an increase of $17 million from $(458) million in 2022. The lower gains ir2023 were primarily driven by unfavorable unlocking, largely offset by a more favorable change in the fair value of market risk benefits. The market risk benefits unlocking in 2023 was $81 million unfavorable primarily due to an increase in the income rider utilization assumption increasing projected claims, partially offset by favorable changes in lapse and income rider restart assumptions, while 2022 unlocking was $43 million favorable primarily due to lower projected claims related to the impact of higher rates. The change in fair value of market risk benefits was more favorable compared to the prior year primarily due to the $148 million favorable change in the risk-free discount rate across the curve, which is used in the fair value measurement of the liability for market risk benefits. This was partially offset by a less favorable change in fair value of $12 million related to unfavorable equity market performance compared to the prior year as well as an increase in interest accruals.

Income Tax (Provision) Benefit

The Company's income tax (provision) benefit totaled $(243) million and $96 million in 2023 and 2022, respectively. The change to the provision was primarily related to the increase in pre-tax income and a one-time deferred tax benefit recognized in 2022 due to the Mergers. The provision for income taxes includes federal, state, local and foreign income taxes resulting in an effective income tax rate of 27.5% and 10.2% for 2023 and 2022, respectively. The most significant reconciling items between the U.S. federal statutory income tax rate and the effective income tax rate were due to the following: (i) foreign, state and local income taxes, including NYC UBT, (ii) income attributable to non-controlling interests and (iii) equity-based compensation net of the limiting provisions for executive compensation under IRC Section 162(m) (see note 12 to the condensed consolidated financial statements for further details regarding the Company's income tax provision).

Nine Months Ended September 30, 2023 Compared to Nine Months Ended September 30, 2022

In this section, references to 2023 refer to the nine months ended September 30, 2023 and references to 2022 refer to the nine months ended September 30, 2022.

Asset Management

Revenues

Revenues were $2,751 million in 2023, an increase of $873 million from $1,878 million in 2022, primarily driven by an increase in investment income, management fees, and advisory and transaction fees, net. Investment income increased $407 million in 2023 to $882 million compared to $475 million in 2022. The increase in investment income of $407 million in 2023 was driven by an increase in performance allocations of $502 million, partially offset by a decrease in principal investment income of $95 million.

Significant drivers for performance allocations in 2023 were performance allocations primarily earned from Fund IX, Credit Strategies and Redding Ridge Holdings of $655 million, $74 million and $49 million, respectively, partially offset by performance allocation losses from Fund VIII and MidCap Financial of $175 million and $92 million, respectively.

See below for details on the respective performance allocations in 2023.

The performance allocations earned from Fund IX in 2023 were primarily driven by appreciation and realization of the fund's investments in the (i) media, telecom and technology and (ii) leisure sectors.

The performance allocations earned from Credit Strategies in 2023 were primarily driven by the net income generated by the fund's investments.

The performance allocations earned from Redding Ridge Holdings in 2023 were primarily driven by existing and new CLO issuances, new consulting contracts and accumulation of warehouse assets.

The performance allocation losses from Fund VIII in 2023 were primarily driven by depreciation and realization of the fund's investments in the (i) consumer services and (ii) media, telecom and technology sectors.

The performance allocation losses from MidCap Financial in 2023 were primarily driven by the reversal of unrealized performance allocations in connection with the modification of the performance allocation arrangement. This resulted in a realization of performance allocations and a modification to the calculation of performance allocations beginning in June 2023 to be based solely on net income. See note 17 to the condensed consolidated financial statements for further information.

The decrease in principal investment income in 2023 was driven by the depreciation in value of investments held by certain funds we manage in which the Company has a direct interest, as a result of the continued equity market volatility in 2023.

Management fees increased by $228 million to $1,328 million from $1,100 million in 2022. The increase in management fees was primarily attributable to management fees earned from the net impact of the commencement of Fund X's fees and the fee basis step-down of Fund IX from committed to remaining invested capital, which added net fees of $106 million, inclusive of Fund X catch-up fees of $45 million in 2023.

Advisory and transaction fees increased by $196 million to $482 million in 2023 from $286 million in 2022. Advisory and transaction fees earned during 2023 were primarily attributable to advisory and transaction fees earned from companies in the (i) financial services, (ii) chemicals, (iii) business services, (iv) real estate, (v) manufacturing and industrial and (vi) media, telecom and technology sectors.

Expenses

Expenses were $2,484 million in 2023, an increase of $489 million from $1,995 million in 2022, primarily due to an increase in profit sharing expense of $226 million, resulting from the higher investment income during 2023. Additionally, there was an increase in salary, bonus and benefits of $82 million due to an increase in headcount in 2023.

General, administrative and other expenses were $643 million in 2023, an increase of $171 million from $472 million in 2022. The increase in 2023 was primarily driven by an increase in professional fees, higher travel and entertainment expenses, an increase in technology expenses and an increase in the amortization expense from the Company's commitment asset and other intangible assets.

Other Income (Loss)

Other income (loss) was $183 million in 2023, a decrease of $472 million from $655 million in 2022. This decrease was primarily driven by a decrease in net gains from investment activities of consolidated VIEs of $370 million and a decrease in net gains from investment activities of $178 million. Other Income in 2022 was primarily attributable to net gains from investment activities of consolidated VIEs and income earned as a result of APSG I's deconsolidation event. Other income in 2023 was primarily attributable to interest income earned on the Company's money market funds and U.S. treasury securities, as a result of the rising interest rate environment and derivatives gains, which were offset, in part, by losses from certain of the Company's balance sheet investments and consolidated SPACs.

Retirement Services

Revenues

Retirement Services revenues were $18.8 billion in 2023, an increase of $14.6 billion from $4.2 billion in 2022. The increase was primarily driven by an increase in investment related gains (losses), an increase in net investment income, an increase in revenues of consolidated VIEs and an increase in other revenues, partially offset by a decrease in premiums.

Investment related gains (losses) were $(1.2) billion in 2023, an increase of $11.6 billion from $(12.8) billion in 2022primarily due to the changes in the fair value of reinsurance assets, FIA hedging derivatives, mortgage loans and trading and equity securities, as well as lower realized losses on AFS securities compared to the prior yea, partially offset by foreign exchange losses on derivatives. The change in fair value of reinsurance assets increased $6.6 billion, the change in fair value of mortgage loans increased $2.3 billion and the change in fair value of trading and equity securities increased $618 million, primarily driven by credit spread tightening in the current year compared to credit spread widening in the prior year, a smaller increase in

U.S. Treasury rates compared to the prior year and more favorable economics. The change in fair value of FIA hedging derivatives increased $3.3 billion, primarily driven by the favorable performance of the indices upon which Athene's call options are based. The largest percentage of Athene's call options are based on the S&P 500 index, which increased 11.7% in 2023, compared to a decrease of 24.8% in 2022. The favorable change in net realized gains and losses on AFS securities of $1.3 billion was primarily related to foreign exchange impacts due to greater strengthening of the U.S. dollar against foreign currencies in the prior year. The increase in foreign exchange losses on derivatives reflects greater strengthening of the U.S. dollar against foreign currencies in the prior year.

Net investment income was $8.7 billion in 2023, an increase of $3.1 billion from $5.7 billion in 2022, primarily driven by higher floating rate income, higher new money rates related to higher interest rates and growth in Athene's investment portfolio attributed to strong net flows during the previous twelve months. These increases were partially offset by a decrease in alternative income due to less favorable alternative investment performance and the transfer, beginning in the second quarter of 2022, of a significant portion of Athene's alternative investments to AAA, a consolidated VIE.

Revenues of consolidated VIEs were $946 million in 2023, an increase of $798 million from $148 million in 2022, primarily driven by unrealized gains on assets held by AAA, the consolidation of additional VIEs and a favorable change in the fair value of mortgage loans held in VIEs related to credit spread tightening in the current year compared to credit spread widening in the prior year as well as a smaller increase in U.S. Treasury rates compared to the prior year.

Other revenues were $583 million in 2023, an increase of $621 million from $(38) million in 2022, primarily driven by the $555 million gain on the settlement of the VIAC recapture agreement.

Premiums were $9.2 billion in 2023, a decrease of $1.6 billion from $10.8 billion in 2022, primarilydriven by a $1.4 billion decrease in pension group annuity premiums compared to the prior year.

Expenses

Retirement Services expenses were $15.7 billion in 2023, an increase of $5.4 billion from $10.3 billion in 2022. The increase was primarily driven by an increase in interest sensitive contract benefits, an increase in market risk benefits remeasurement (gains) losses, an increase in policy and other operating expenses and an increase in DAC, DSI and VOBA amortization, partially offset by a decrease in future policy and other policy benefits. Athene's annual unlocking of assumptions resulted in a decrease in expenses of $22 million compared to a decrease of $94 million in 2022. The 2023 unlocking was driven by a decrease of $94 million in interest sensitive contract benefits and a decrease of $45 million in future policy and other policy benefits, partially offset by an increase of $81 million in market risk benefits and an increase of $36 million related to DAC, DSI and VOBA, compared to a decrease of $49 million in interest sensitive contract benefits, a decrease of $43 million in market risk benefits and a decrease of $2 million related to DAC, DSI and VOBA in 2022.

Interest sensitive contract benefits were $3.6 billionin 2023, an increase of $4.2 billion from $(581) million in 2022, primarily driven by an increase in the change in Athene's fixed indexed annuity reserves, an increase in rates on deferred annuity and funding agreement issuances, as well as on existing floating rate funding agreements, driven by higher U.S. Treasury rates, and significant growth in Athene's deferred annuity block of business, partially offset by a favorable change in unlocking. The change in Athene's fixed indexed annuity reserves includes the impact from changes in the fair value of FIA embedded derivatives. The increase in the change in fair value of FIA embedded derivatives of $3.4 billion was primarily due to the performance of the equity indices to which Athene's FIA policies are linked. The largest percentage of Athene's FIA policies are linked to the S&P 500 index, which increased 11.7% in 2023, compared to a decrease of 24.8% in 2022. The change in the fair value of FIA embedded derivatives was also driven by the unfavorable change in discount rates used in Athene's embedded derivative calculations as the current year experienced a smaller increase in discount rates compared to the prior year. These impacts were partially offset by the favorable impact of rates on policyholder projected benefits. The fair value of FIA embedded derivatives unlocking in 2023 was $20 million favorable primarily due to changes to projected interest crediting, partially offset by an increase in lapse and risk margin assumptions, while 2022 unlocking was $47 million favorable primarily due to changes to projected interest crediting, partially offset by the impact of higher rates on future account values. The negative VOBA unlocking related to Athene's interest sensitive contract liabilities in 2023 was $74 million favorable mainly due to an increase in lapse assumptions, while 2022 unlocking was $2 million favorable.

Market risk benefits remeasurement (gains) losses were $(166) million in 2023, an increase of $1.5 billion from $(1.7) billion in 2022. The lower gains in 2023 werprimarily driven by a less favorable change in the fair value of market risk benefits as well as an unfavorable change in unlocking. The change in fair value of market risk benefits was $1.5 billion less favorable

compared to the prior year due to a smaller increase in the risk-free discount rate across the curve, which is used in the fair value measurement of the liability for market risk benefits. This was partially offset by a more favorable change in fair value of $214 million related to favorable equity market performance compared to the prior year. The market risk benefits unlocking in 2023 was $81 million unfavorable primarily due to an increase in the income rider utilization assumption increasing projected claims, partially offset by favorable changes in lapse and income rider restart assumptions, while 2022 unlocking was $43 million favorable primarily due to lower projected claims related to the impact of higher rates.

Policy and other operating expenses were $1.4 billion in 2023, an increase of $371 million from $985 million in 2022, primarily driven by an increase in interest expense related to an increase in short-term repurchase agreements compared to the prior year, higher rates on short-term and floating rate long-term repurchase agreements and the issuance of debt in the fourth quarter of 2022, as well as an increase in general operating expenses related to growth in the business.

DAC, DSI and VOBA amortization were $502 million in 2023, an increase of $184 million from $318 million in 2022, primarily due to significant growth in Athene's retail and flow reinsurance channels as well as an unfavorable change in unlocking. Unlocking in 2023 was $36 million unfavorable mainly related to an increase in lapse assumptions and changes to projected interest crediting, while unlocking in 2022 was $2 million favorable.

Future policy and other policy benefits were $10.3 billion in 2023, a decrease of $884 million from $11.2 billion in 2022primarily driven by a $1.4 billion decrease in pension group annuity obligations and favorable unlocking, partially offset by a $538 million increase in benefit payments and an increase in the AmerUs Closed Block fair value liability. The change in the AmerUs Closed Block fair value liability was primarily due to credit spread tightening in the current year compared to credit spread widening in the prior year as well as a smaller increase in U.S. Treasury rates compared to the prior year. Unlocking in 2023 was $45 million favorable consisting of $297 million of favorable future policy benefit reserve unlocking, partially offset by $252 million of unfavorable negative VOBA and deferred profit liability unlocking. The favorable unlocking primarily related to higher interest rates and favorable mortality experience lowering future benefit payments.

Income Tax (Provision) Benefit

The Company's income tax (provision) benefit totaled $(697) million and $962 million in 2023 and 2022, respectively. The change to the provision was primarily related to the increase in pre-tax income and a one-time deferred tax benefit recognized in 2022 due to the Mergers. The provision for income taxes includes federal, state, local and foreign income taxes resulting in an effective income tax rate of 19.2% and 17.6% for 2023 and 2022, respectively. The most significant reconciling items between the U.S. federal statutory income tax rate and the effective income tax rate were due to the following: (i) a benefit realized from the derecognition of a deferred tax liability related to the Company's historical holdings in Athene, (ii) foreign, state and local income taxes, including NYC UBT, (iii) income attributable to non-controlling interests and (iv) equity-based compensation net of the limiting provisions for executive compensation under IRC Section 162(m) (see note 12 to the condensed consolidated financial statements for further details regarding the Company's income tax provision).

Managing Business Performance - Key Segment and Non-U.S. GAAP Performance Measures

We believe that the presentation of Segment Income supplements a reader's understanding of the economic operating performance of each of our segments.

Segment Income and Adjusted Net Income

Segment Income is the key performance measure used by management in evaluating the performance of the Asset Management, Retirement Services, and Principal Investing segments. See note 19 to the condensed consolidated financial statements for more details regarding the components of Segment Income and management's consideration of Segment Income.

We believe that Segment Income is helpful for an understanding of our business and that investors should review the same supplemental financial measure that management uses to analyze our segment performance. This measure supplements and should be considered in addition to and not in lieu of the results of operations discussed above in "—Overview of Results of Operations" that have been prepared in accordance with U.S. GAAP.

Adjusted Net Income ("ANI") represents Segment Income less HoldCo interest and other financing costs and estimated income taxes. For purposes of calculating the Adjusted Net Income tax rate, Segment Income is reduced by HoldCo interest and financing costs. Income taxes on FRE and PII represents the total current corporate, local, and non-U.S. taxes as well as the

current payable under Apollo's tax receivable agreement. Income taxes on FRE and PII excludes the impacts of deferred taxes and the remeasurement of the tax receivable agreement, which arise from changes in estimated future tax rates. Certain assumptions and methodologies that impact the implied FRE and PII income tax provision are similar to those used under U.S. GAAP. Specifically, certain deductions considered in the income tax provision under U.S. GAAP relating to transaction related charges, equity-based compensation, and tax deductible interest expense are taken into account for the implied tax provision. Income Taxes on SRE represent the total current and deferred tax expense or benefit on income before taxes adjusted to eliminate the impact of the tax expense or benefit associated with the non-operating adjustments. Management believes the methodologies used to compute income taxes on FRE, SRE, and PII are meaningful to each segment and increases comparability of income taxes between periods.

Fee Related Earnings, Spread Related Earnings and Principal Investing Income

Fee Related Earnings, or "FRE", is a component of Segment Income that is used as a supplemental performance measure to assess the performance of the Asset Management segment.

Spread Related Earnings, or "SRE", is a component of Segment Income that is used as a supplemental performance measure to assess the performance of the Retirement Services segment, excluding certain market volatility, which consists of investment gains (losses), net of offsets and non-operating change in insurance liabilities and related derivatives, and certain expenses related to integration, restructuring, equity-based compensation, and other expenses.

Non-operating change in insurance liabilities and related derivatives includes change in fair values of derivatives and embedded derivatives, non-operating change in funding agreements, change in fair value of market risk benefits, and non-operating change in liability for future policy benefits.

Principal Investing Income, or "PII", is a component of Segment Income that is used as a supplemental performance measure to assess the performance of the Principal Investing segment.

See note 19 to the condensed consolidated financial statements for more details regarding the components of FRE, SRE, and PII.

We use Segment Income, ANI, FRE, SRE and PII as measures of operating performance, not as measures of liquidity. These measures should not be considered in isolation or as a substitute for net income or other income data prepared in accordance with U.S. GAAP. The use of these measures without consideration of their related U.S. GAAP measures is not adequate due to the adjustments described above.

Net Invested Assets

In managing its business, Athene analyzes net invested assets, which does not correspond to total Athene investments, including investments in related parties, as disclosed in the condensed consolidated statements of financial condition and notes thereto. Net invested assets represent the investments that directly back Athene's net reserve liabilities as well as surplus assets. Net invested assets is used in the computation of net investment earned rate, which is used to analyze the profitability of Athene's investment portfolio. Net invested assets include (a) total investments on the condensed consolidated statements of financial condition with AFS securities, trading securities and mortgage loans at cost or amortized cost, excluding derivatives, (b) cash and cash equivalents and restricted cash, (c) investments in related parties, (d) accrued investment income, (e) VIE assets, liabilities and non-controlling interest adjustments, (f) net investment payables and receivables, (g) policy loans ceded (which offset the direct policy loans in total investments) and (h) an adjustment for the allowance for credit losses. Net invested assets exclude assets associated with funds withheld liabilities related to business exited through reinsurance agreements and derivative collateral (offsetting the related cash positions). Athene includes the underlying investments supporting its assumed funds withheld and modco agreements in its net invested assets calculation in order to match the assets with the income received. Athene believes the adjustments for reinsurance provide a view of the assets for which it has economic exposure. Net invested assets include Athene's proportionate share of ACRA investments, based on its economic ownership, but do not include the proportionate share of investments associated with the non-controlling interests. Net invested assets are averaged over the number of quarters in the relevant period to compute a net investment earned rate for such period. While Athene believes net invested assets is a meaningful financial metric and enhances the understanding of the underlying drivers of its investment portfolio, it should not be used as a substitute for Athene's total investments, including related parties, presented under U.S. GAAP.

Segment Analysis

Discussed below are our results of operations for each of our reportable segments. They represent the segment information available and utilized by management to assess performance and to allocate resources. See note 19 to our condensed consolidated financial statements for more information regarding our segment reporting.

Asset Management

The following table presents Fee Related Earnings, the performance measure of our Asset Management segment.

	Three months ended September 30,				Nine months ended September 30,			
	2023	2022	Total Change	Percentage Change	2023	2022	Total Change	Percentage Change
	(In millions)				*(In millions)*			
Asset Management:								
Management fees - Yield	$ 408	$ 367	$ 41	11.2%	$ 1,179	$ 1,042	$ 137	13.1%
Management fees - Hybrid	62	53	9	17.0	181	154	27	17.5
Management fees - Equity	178	126	52	41.3	485	377	108	28.6
Management fees	648	546	102	18.7	1,845	1,573	272	17.3
Capital solutions fees and other, net	146	105	41	39.0	422	272	150	55.1
Fee-related performance fees	40	20	20	100.0	102	46	56	121.7
Fee-related compensation	(212)	(194)	18	9.3	(635)	(556)	79	14.2
Other operating expenses	(150)	(112)	38	33.9	(423)	(319)	104	32.6
Fee Related Earnings (FRE)	**$ 472**	**$ 365**	**$ 107**	29.3%	**$ 1,311**	**$ 1,016**	**$ 295**	29.0%

Three Months Ended September 30, 2023 Compared to Three Months Ended September 30, 2022

In this section, references to 2023 refer to the three months ended September 30, 2023 and references to 2022 refer to the three months ended September 30, 2022.

FRE was $472 million in 2023, an increase of $107 million compared to $365 million in 2022. This increase was primarily attributable to increases in management fees and capital solutions fees and other, net.

The increase in management fees was primarily attributable to management fees earned from the net impact of the commencement of Fund X's fees and the fee basis step-down of Fund IX from committed to remaining invested capital, which added net fees of $52 million, inclusive of Fund X catch-up fees of $24 million. Management fees also benefited from increases in management fees earned from Athene of $39 million, which was primarily driven by higher fee-generating AUM as a result of growth in retirement services clients.

Capital solutions fees earned in 2023 were a quarterly record and primarily attributable to fees earned from companies in the (i) chemicals, (ii) manufacturing and industrial, (iii) media, telecom and technology and (iv) financial services sectors.

The growth in revenues was offset, in part, by increases in other operating expenses and fee-related compensation expense of $38 million and $18 million, respectively. The increase in other operating expenses in 2023 was primarily driven by an increase in professional fees, higher travel and entertainment expenses and an increase in technology expenses. The increase in fee-related compensation was primarily associated with increased headcount to support the Company's growth.

Nine Months Ended September 30, 2023 Compared to Nine Months Ended September 30, 2022

In this section, references to 2023 refer to the nine months ended September 30, 2023 and references to 2022 refer to the nine months ended September 30, 2022.

FRE was $1,311 million in 2023, an increase of $295 million compared to $1,016 million in 2022. This increase was attributable to increases in all revenue line items, and primarily driven by management fees and capital solutions fees and other, net.

The increase in management fees was primarily attributable to management fees earned from the net impact of the commencement of Fund X's fees and the fee basis step-down of Fund IX from committed to remaining invested capital, which added net fees of $106 million, inclusive of Fund X catch-up fees of $45 million. Management fees also benefited from increases in management fees earned from Athene of $97 million, which was primarily driven by higher fee-generating AUM as a result of growth in retirement services clients.

Capital solutions fees earned in 2023 were primarily attributable to fees earned from companies in the (i) financial services, (ii) chemicals, (iii) business services, (iv) real estate, (v) manufacturing and industrial and (vi) media, telecom and technology sectors.

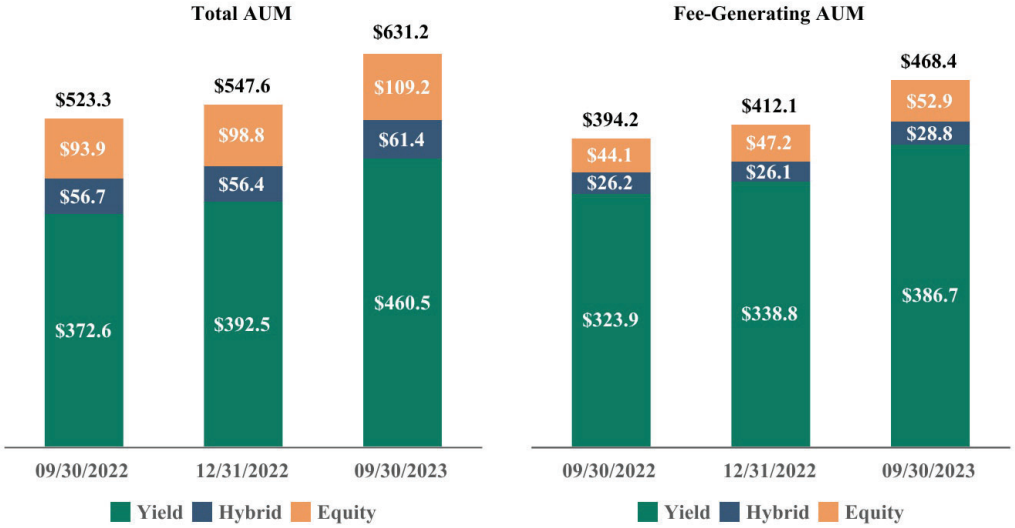
The growth in revenues was offset, in part, by increases in other operating expenses and fee-related compensation expense associated with the re-basing of cost structure and increased headcount to support the Company's growth, as well as costs associated with the acquisition of Griffin Capital's U.S. asset management business occurring in the second quarter of 2022.

Asset Management Operating Metrics

We monitor certain operating metrics that are common to the alternative asset management industry and directly impact the performance of our Asset Management segment. These operating metrics include Assets Under Management, gross capital deployment and uncalled commitments.

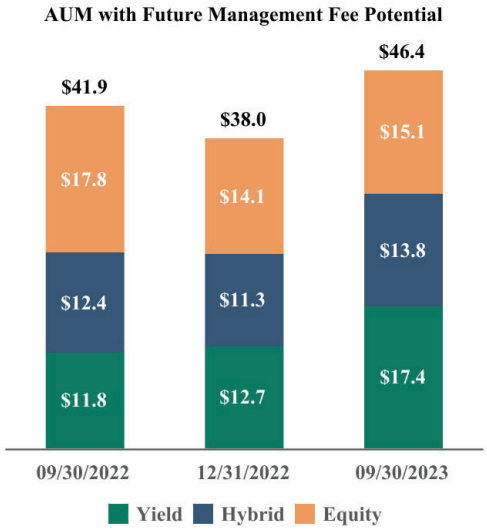
Assets Under Management

The following presents Apollo's Total AUM and Fee-Generating AUM by investing strategy (in billions):



Note: Totals may not add due to rounding.

The following presents Apollo's AUM with Future Management Fee Potential by investing strategy (in billions):



Note: Totals may not add due to rounding

The following tables present the components of Performance Fee-Eligible AUM for each of Apollo's three investing strategies within the Asset Management segment:

	As of September 30, 2023			
	Yield	Hybrid	Equity	Total
	(In millions)			
Performance Fee-Generating AUM [1]	$ 55,895	$ 25,725	$ 43,502	$ 125,122
AUM Not Currently Generating Performance Fees	4,107	4,756	7,145	16,008
Uninvested Performance Fee-Eligible AUM	11,125	13,784	32,158	57,067
Total Performance Fee-Eligible AUM	$ 71,127	$ 44,265	$ 82,805	$ 198,197

	As of September 30, 2022			
	Yield	Hybrid	Equity	Total
	(In millions)			
Performance Fee-Generating AUM [1]	$ 37,271	$ 12,037	$ 40,807	$ 90,115
AUM Not Currently Generating Performance Fees	11,791	16,987	3,418	32,196
Uninvested Performance Fee-Eligible AUM	5,828	13,706	29,812	49,346
Total Performance Fee-Eligible AUM	$ 54,890	$ 42,730	$ 74,037	$ 171,657

	As of December 31, 2022			
	Yield	Hybrid	Equity	Total
	(In millions)			
Performance Fee-Generating AUM [1]	$ 40,169	$ 12,177	$ 42,126	$ 94,472
AUM Not Currently Generating Performance Fees	15,912	17,777	3,166	36,855
Uninvested Performance Fee-Eligible AUM	4,628	12,839	30,836	48,303
Total Performance Fee-Eligible AUM	$ 60,709	$ 42,793	$ 76,128	$ 179,630

[1] Performance Fee-Generating AUM of $4.2 billion, $3.9 billion and $3.9 billion as of September 30, 2023, September 30, 2022 and December 31, 2022, respectively, are above the hurdle rates or preferred returns and have been deferred to future periods when the fees are probable to not be significantly reversed.

The components of Fee-Generating AUM by investing strategy are presented below:

	As of September 30, 2023			
	Yield	Hybrid	Equity	Total
	(In millions)			
Fee-Generating AUM based on capital commitments	$ —	$ 2,531	$ 25,480	$ 28,011
Fee-Generating AUM based on invested capital	3,488	10,333	25,815	39,636
Fee-Generating AUM based on gross/adjusted assets	338,974	4,697	844	344,515
Fee-Generating AUM based on NAV	44,249	11,206	770	56,225
Total Fee-Generating AUM	$ 386,711	$ 28,767	$ 52,909	$ 468,387

[1] The weighted average remaining life of the traditional private equity funds as of September 30, 2023 was 73 months.

	As of September 30, 2022			
	Yield	Hybrid	Equity	Total
	(In millions)			
Fee-Generating AUM based on capital commitments	$ —	$ 2,521	$ 30,499	$ 33,020
Fee-Generating AUM based on invested capital	3,400	9,738	12,748	25,886
Fee-Generating AUM based on gross/adjusted assets	280,874	4,789	560	286,223
Fee-Generating AUM based on NAV	39,665	9,110	316	49,091
Total Fee-Generating AUM	$ 323,939	$ 26,158	$ 44,123	$ 394,220

[1] The weighted average remaining life of the traditional private equity funds at September 30, 2022 was 56 months.

	As of December 31, 2022			
	Yield	Hybrid	Equity	Total
	(In millions)			
Fee-Generating AUM based on capital commitments	$ —	$ 2,531	$ 19,434	$ 21,965
Fee-Generating AUM based on invested capital	3,381	9,528	26,695	39,604
Fee-Generating AUM based on gross/adjusted assets	293,240	4,827	593	298,660
Fee-Generating AUM based on NAV	42,200	9,227	431	51,858
Total Fee-Generating AUM	$ 338,821	$ 26,113	$ 47,153	$ 412,087

[1] The weighted average remaining life of the traditional private equity funds as of December 31, 2022 was 76 months.

Apollo, through its consolidated subsidiary, ISG, provides asset management services to Athene with respect to assets in the accounts owned by or related to Athene ("Athene Accounts"), including asset allocation services, direct asset management services, asset and liability matching management, mergers and acquisitions, asset diligence, hedging and other asset management services and receives management fees for providing these services. The Company, through ISG, also provides sub-allocation services with respect to a portion of the assets in the Athene Accounts. Apollo, through its asset management business, managed or advised $260.8 billion, $236.0 billion and $228.8 billion of AUM on behalf of Athene as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively.

Apollo, through ISGI, provides investment advisory services with respect to certain assets in certain portfolio companies of Apollo funds and sub-advises the Athora Accounts and broadly refers to "Athora Sub-Advised" assets as those assets in the Athora Accounts which the Company explicitly sub-advises as well as those assets in the Athora Accounts which are invested directly in funds and investment vehicles Apollo manages. The Company refers to the portion of the Athora AUM that is not Athora Sub-Advised AUM as "Athora Non-Sub Advised" AUM. See note 17 to the condensed consolidated financial statements for more details regarding the fee arrangements with respect to the assets in the Athora Accounts. Apollo managed or advised $48.5 billion, $52.6 billion and $45.3 billion of AUM on behalf of Athora as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively.

The following tables summarize changes in total AUM for each of Apollo's three investing strategies within the Asset Management segment:

	Three months ended September 30,							
	2023				2022			
	Yield	Hybrid	Equity	Total	Yield	Hybrid	Equity	Total
	(In millions)							
Change in Total AUM[1]:								
Beginning of Period	$ 449,843	$ 62,410	$ 104,852	$ 617,105	$ 375,753	$ 56,120	$ 82,889	$ 514,762
Inflows	26,411	1,363	5,162	32,936	18,232	2,686	13,175	34,093
Outflows[2]	(12,057)	(285)	(163)	(12,505)	(9,466)	(265)	(99)	(9,830)
Net Flows	14,354	1,078	4,999	20,431	8,766	2,421	13,076	24,263
Realizations	(3,853)	(2,661)	(1,491)	(8,005)	(6,555)	(1,548)	(2,026)	(10,129)
Market Activity[3]	158	590	880	1,628	(5,332)	(255)	(17)	(5,604)
End of Period	$ 460,502	$ 61,417	$ 109,240	$ 631,159	$ 372,632	$ 56,738	$ 93,922	$ 523,292

[1] At the individual segment level, inflows include new subscriptions, commitments, capital raised, other increases in available capital, purchases, acquisitions, and portfolio company appreciation. Outflows represent redemptions, other decreases in available capital and portfolio company depreciation. Realizations represent fund distributions of realized proceeds. Market activity represents gains (losses), the impact of foreign exchange rate fluctuations and other income.

2 Outflows for Total AUM include redemptions of $1.4 billion and $1.0 billion during the three months ended September 30, 2023 and 2022, respectively.

3 Includes foreign exchange impacts of $(2.4) billion and $(5.1) billion during the three months ended September 30, 2023 and 2022, respectively.

	Nine months ended September 30,							
	2023				2022			
	Yield	Hybrid	Equity	Total	Yield	Hybrid	Equity	Total
	(in millions)							
Change in Total AUM[1]:								
Beginning of Period	$ 392,466	$ 56,410	$ 98,771	$ 547,647	$ 360,289	$ 52,772	$ 84,491	$ 497,552
Inflows	103,256	7,979	13,459	124,694	72,353	9,288	18,737	100,378
Outflows[2]	(33,180)	(1,574)	(974)	(35,728)	(30,058)	(1,009)	(101)	(31,168)
Net Flows	70,076	6,405	12,485	88,966	42,295	8,279	18,636	69,210
Realizations	(8,838)	(4,087)	(4,408)	(17,333)	(8,181)	(4,248)	(9,025)	(21,454)
Market Activity[3]	6,798	2,689	2,392	11,879	(21,771)	(65)	(180)	(22,016)
End of Period	$ 460,502	$ 61,417	$ 109,240	$ 631,159	$ 372,632	$ 56,738	$ 93,922	$ 523,292

[1] At the individual strategy level, inflows include new subscriptions, commitments, capital raised, other increases in available capital, purchases, acquisitions and portfolio company appreciation. Outflows represent redemptions, other decreases in available capital and portfolio company depreciation. Realizations represent fund distributions of realized proceeds. Market activity represents gains (losses), the impact of foreign exchange rate fluctuations and other income.

[2] Outflows for Total AUM include redemptions of $5.2 billion and $2.4 billion during the nine months ended September 30, 2023 and 2022, respectively.

[3] Includes foreign exchange impacts of $(1.0) billion and $(12.2) billion during the nine months ended September 30, 2023 and 2022, respectively.

Three Months Ended September 30, 2023

Total AUM was $631.2 billion at September 30, 2023, an increase of $14.1 billion, or 2.3%, compared to $617.1 billion at June 30, 2023. The net increase was primarily due to subscriptions across the platform, leverage specifically in the yield strategy and growth of our retirement services AUM; partially offset by distributions and redemptions. More specifically, the net increase was due to:

- Net flows of $20.4 billion primarily attributable to:
  - a $14.4 billion increase related to funds we manage in our yield strategy primarily consisting of (i) $7.0 billion of subscriptions mostly related to the corporate credit and direct origination funds we manage, (ii) $5.8 billion of leverage related to Redding Ridge and Atlas, and (iii) $3.1 billion related to growth of our retirement services AUM; partially offset by $(1.3) billion of redemptions;
  - a $1.1 billion increase related to the funds we manage in our hybrid strategy primarily due to $1.4 billion of subscriptions across the hybrid credit funds we manage; partially offset by $(0.2) billion of redemptions and $(0.1) billion of net transfer activity; and
  - a $5.0 billion increase related to funds we manage in the equity strategy primarily due to $5.1 billion of subscriptions mostly from the traditional private equity funds we manage; partially offset by $(0.1) billion of net transfer activity.

- Realizations of $(8.0) billion primarily attributable to:
  - $(3.9) billion related to funds we manage in our yield strategy;
  - $(2.7) billion related to funds we manage in our hybrid strategy; and
  - $(1.5) billion related to funds we manage in our equity strategy driven by distributions across our traditional private equity funds.

- Market activity of $1.6 billion, primarily attributable to:
  - $0.2 billion related to funds we manage in our yield strategy;
  - $0.6 billion related to funds we manage in our hybrid strategy, including $0.2 billion and $0.2 billion across the hybrid credit and hybrid value funds we manage, respectively; and
  - $0.9 billion related to funds we manage in our equity strategy related to the traditional private equity funds we manage.

Nine Months Ended September 30, 2023

Total AUM was $631.2 billion at September 30, 2023, an increase of $83.5 billion, or 15.2%, compared to $547.6 billion at December 31, 2022. The net increase was primarily driven by Atlas, growth of our retirement services AUM, and subscriptions across the platform; partially offset by distributions and redemptions. More specifically, the net increase was due to:

- Net flows of $89.0 billion primarily attributable to:
  - a $70.1 billion increase related to the funds we manage in our yield strategy primarily consisting of (i) $36.5 billion related to Atlas leverage and portfolio company activity, (ii) $18.4 billion related to the growth of our retirement services clients, (iii) $15.6 billion of subscriptions mostly related to the corporate credit and corporate fixed income funds we manage and (iv) $4.3 billion of leverage excluding Atlas; partially offsetting these increases were $(4.6) billion of redemptions primarily in the corporate credit funds we manage;
  - a $6.4 billion increase related to funds we manage in our hybrid strategy due to $6.3 billion of fundraising primarily across the financial credit instruments and hybrid credit funds we manage; and
  - a $12.5 billion increase related to funds we manage in our equity strategy primarily consisting of $13.0 billion of fundraising primarily related to the traditional private equity funds we manage; partially offset by transfer activity.

- Realizations of $(17.3) billion primarily attributable to:
  - $(8.8) billion related to funds we manage in our yield strategy;
  - $(4.1) billion related to funds we manage in our hybrid strategy, largely driven by distributions from the hybrid credit and illiquid opportunistic funds we manage; and
  - $(4.4) billion related to funds we manage in our equity strategy primarily consisting of distributions across the traditional private equity funds we manage.

- Market activity of $11.9 billion primarily attributable to:
  - $6.8 billion related to funds we manage in our yield strategy primarily consisting of $7.4 billion related to our retirement services clients and $1.5 billion and $1.0 billion related to the corporate credit and direct origination funds we manage, respectively; partially offset by $(3.6) billion driven by Athora;
  - $2.7 billion related to funds we manage in our hybrid strategy related to the hybrid credit funds we manage; and
  - $2.4 billion related to funds we manage in our equity strategy related to the traditional private equity funds we manage.

The following tables summarize changes in Fee-Generating AUM for each of Apollo's three investing strategies within the Asset Management segment:

	Three months ended September 30,							
	2023				2022			
	Yield	Hybrid	Equity	Total	Yield	Hybrid	Equity	Total
	(In millions)							
Change in Fee-Generating AUM[1]:								
Beginning of Period	$ 382,663	$ 28,416	$ 50,704	$ 461,783	$ 314,062	$ 25,123	$ 41,609	$ 380,794
Inflows	17,270	1,245	3,118	21,633	26,446	3,089	3,551	33,086
Outflows[2]	(12,431)	(558)	(593)	(13,582)	(11,007)	(1,431)	(154)	(12,592)
Net Flows	4,839	687	2,525	8,051	15,439	1,658	3,397	20,494
Realizations	(882)	(397)	(244)	(1,523)	(317)	(436)	(681)	(1,434)
Market Activity[3]	91	61	(76)	76	(5,245)	(187)	(202)	(5,634)
End of Period	$ 386,711	$ 28,767	$ 52,909	$ 468,387	$ 323,939	$ 26,158	$ 44,123	$ 394,220

[1] At the individual strategy level, inflows include new subscriptions, commitments, capital raised, other increases in available capital, purchases, acquisitions and portfolio company appreciation. Outflows represent redemptions, other decreases in available capital and portfolio company depreciation. Realizations represent fund distributions of realized proceeds. Market activity represents gains (losses), the impact of foreign exchange rate fluctuations and other income.

[2] Outflows for Fee-Generating AUM include redemptions of $1.1 billion and $0.7 billion during the three months ended September 30, 2023 and 2022, respectively.

[3] Includes foreign exchange impacts of $(1.9) billion and $(3.9) billion during the three months ended September 30, 2023 and 2022, respectively.

	Nine months ended September 30,							
	2023				2022			
	Yield	Hybrid	Equity	Total	Yield	Hybrid	Equity	Total
	(in millions)							
Change in Fee-Generating AUM[1]:								
Beginning of Period	$ 338,821	$ 26,113	$ 47,153	$ 412,087	$ 307,306	$ 21,845	$ 39,950	$ 369,101
Inflows	78,343	4,207	8,396	90,946	64,799	8,248	6,262	79,309
Outflows[2]	(34,968)	(1,687)	(1,754)	(38,409)	(28,191)	(2,187)	(636)	(31,014)
Net Flows	43,375	2,520	6,642	52,537	36,608	6,061	5,626	48,295
Realizations	(1,614)	(776)	(798)	(3,188)	(993)	(1,327)	(1,101)	(3,421)
Market Activity[3]	6,129	910	(88)	6,951	(18,982)	(421)	(352)	(19,755)
End of Period	$ 386,711	$ 28,767	$ 52,909	$ 468,387	$ 323,939	$ 26,158	$ 44,123	$ 394,220

[1] At the individual strategy level, inflows include new subscriptions, commitments, capital raised, other increases in available capital, purchases, acquisitions and portfolio company appreciation. Outflows represent redemptions, other decreases in available capital and portfolio company depreciation. Realizations represent fund distributions of realized proceeds. Market activity represents gains (losses), the impact of foreign exchange rate fluctuations and other income.

[2] Outflows for Fee-Generating AUM include redemptions of $4.7 billion and $1.6 billion during the nine months ended September 30, 2023 and 2022, respectively.

[3] Includes foreign exchange impacts of $(0.8) billion and $(9.6) billion during the nine months ended September 30, 2023 and 2022, respectively.

Three Months Ended September 30, 2023

Total Fee-Generating AUM was $468.4 billion at September 30, 2023, an increase of $6.6 billion, or 1.4%, compared to $461.8 billion at June 30, 2023. The net increase was primarily due to growth of our retirement services AUM, fundraising and market activity primarily in our yield strategy, partially offset by redemptions and leverage. More specifically, the net increase was due to:

- Net flows of $8.1 billion primarily attributable to:
  - a $4.8 billion increase related to funds we manage in our yield strategy primarily consisting of (i) $3.1 billion related to the growth of our retirement services clients and (ii) $1.5 billion of subscriptions primarily related to corporate credit funds we manage; partially offset by redemptions primarily related to the corporate credit funds we manage;

  - a $0.7 billion increase related to funds we manage in our hybrid strategy primarily driven by deployment and $0.4 billion of subscriptions related to the hybrid credit and hybrid real estate funds we manage; partially offset by $(0.1) billion of redemptions; and
  - a $2.5 billion increase related to funds we manage in our equity strategy primarily related to fundraising in our traditional private equity funds.

- Market activity of $0.1 billion primarily attributable to funds we manage in our yield and hybrid strategies; partially offset by funds we manage in our equity strategy.

- Realizations of $(1.5) billion across the yield, hybrid and equity strategies.

Nine Months Ended September 30, 2023

Total Fee-Generating AUM was $468.4 billion at September 30, 2023, an increase of $56.3 billion, or 13.7%, compared to $412.1 billion at December 31, 2022. The net increase was primarily driven by Atlas, growth of our retirement services client assets, deployment and fundraising. More specifically, the net increase was due to:

- Net flows of $52.5 billion primarily attributable to:
  - a $43.4 billion increase related to funds we manage in our yield strategy primarily consisting of (i) $20.0 billion related to Atlas, (ii) a $18.4 billion increase in AUM related to the growth of our retirement services clients, (iii) $8.9 billion of subscriptions primarily related to the corporate fixed income and corporate credit funds we manage; partially offset by $(4.4) billion of redemptions mostly related to the corporate credit funds we manage;
  - a $2.5 billion increase related to funds we manage in our hybrid strategy primarily due to (i) $1.0 billion of subscriptions primarily related to the hybrid credit funds we manage and deployment; partially offset by $(0.3) billion of redemptions related to hybrid credit funds we manage; and
  - a $6.6 billion increase related to funds we manage in our equity strategy primarily related to $6.7 billion of subscriptions largely related to traditional private equity funds we manage.

- Market activity of $7.0 billion primarily attributable to funds we manage in our yield strategy consisting of (i) $7.4 billion related to our retirement services clients and (ii) $1.3 billion related to corporate credit funds we manage; partially offset by (iii) $(3.4) billion related to Athora and (iv) funds in our hybrid strategy consisting of $0.9 billion largely related to the hybrid credit funds we manage.

- Realizations of $(3.2) billion across the yield, hybrid and equity strategies.

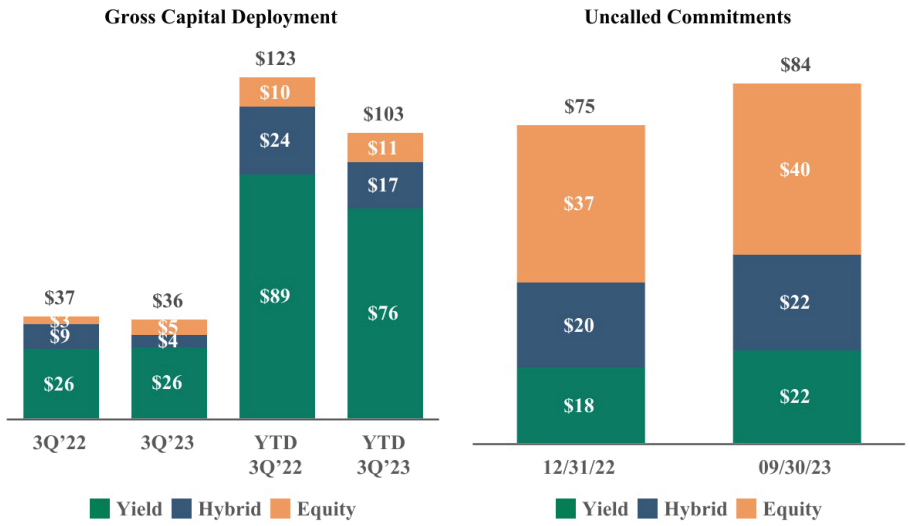
Gross Capital Deployment and Uncalled Commitments

Gross capital deployment represents the gross capital that has been invested by the funds and accounts we manage during the relevant period, but excludes certain investment activities primarily related to hedging and cash management functions at the Company. Gross Capital Deployment is not reduced or netted down by sales or refinancings, and takes into account leverage used by the funds and accounts we manage in gaining exposure to the various investments that they have made.

Uncalled commitments, by contrast, represent unfunded capital commitments that certain of the funds we manage have received from fund investors to fund future or current fund investments and expenses.

Gross capital deployment and uncalled commitments are indicative of the pace and magnitude of fund capital that is deployed or will be deployed, and which therefore could result in future revenues that include management fees, transaction fees and performance fees to the extent they are fee-generating. Gross capital deployment and uncalled commitments can also give rise to future costs that are related to the hiring of additional resources to manage and account for the additional capital that is deployed or will be deployed. Management uses gross capital deployment and uncalled commitments as key operating metrics since we believe the results are measures of investment activities of the funds we manage.

The following presents gross capital deployment and uncalled commitments (in billions):



As of September 30, 2023 and December 31, 2022, Apollo had $59 billion and $51 billion of dry powder, respectively, which represents the amount of capital available for investment or reinvestment subject to the provisions of the applicable limited partnership agreements or other governing agreements of the funds, partnerships and accounts we manage. These amounts exclude uncalled commitments which can only be called for fund fees and expenses and commitments from perpetual capital vehicles.

Retirement Services

The following table presents Spread Related Earnings, the performance measure of our Retirement Services segment:

	Three months ended September 30,		Total Change	Percentage Change	Nine months ended September 30,		Total Change	Percentage Change
	2023	2022			2023	2022		
	(In millions)				*(In millions)*			
Retirement Services:								
Fixed income and other net investment income	$ 2,235	$ 1,470	$ 765	52.0%	$ 6,399	$ 3,979	$ 2,420	60.8%
Alternative net investment income	230	250	(20)	(8.0)	674	884	(210)	(23.8)
Net investment earnings	2,465	1,720	745	43.3	7,073	4,863	2,210	45.4
Strategic capital management fees	19	14	5	35.7	49	39	10	25.6
Cost of funds	(1,384)	(902)	482	53.4	(4,056)	(2,597)	1,459	56.2
Net investment spread	1,100	832	268	32.2	3,066	2,305	761	33.0
Other operating expenses	(121)	(117)	4	3.4	(362)	(335)	27	8.1
Interest and other financing costs	(106)	(73)	33	45.2	(344)	(199)	145	72.9
Spread Related Earnings (SRE)	**$ 873**	**$ 642**	**$ 231**	36.0%	**$ 2,360**	**$ 1,771**	**$ 589**	33.3%

Three Months Ended September 30, 2023 Compared to Three Months Ended September 30, 2022

In this section, references to 2023 refer to the three months ended September 30, 2023 and references to 2022 refer to the three months ended September 30, 2022.

Spread Related Earnings

SRE was $873 million in 2023, an increase of $231 million, or 36%, compared to $642 million in 2022. The increase in SRE was primarily driven by higher net investment earnings, partially offset by higher cost of funds and interest and other financing costs. Net investment earnings increased $745 million, primarily driven by higher floating rate income, higher new money rates, and $15.1 billion of growth in Athene's average net invested assets, partially offset by slightly less favorable alternative investment performance. The less favorable alternative investment performance compared to 2022 was primarily driven by lower income from real estate funds related to home price appreciation in 2022, lower returns on Athene's investment in Aqua Finance attributable to the current rate environment and the prior year outperformance of its investment in Foundation Home Loans. These impacts were partially offset by favorable performance from private equity funds and a decrease in share price on its investment in Challenger Life Company Limited (Challenger) in the prior year. Cost of funds increased $482 million, primarily driven by higher rates on deferred annuity, funding agreement and pension group annuity issuances as well as an increase in rates on existing floating rate funding agreements, significant growth in each of Athene's business channels and an unfavorable change in unlocking, partially offset by the $114 million operating gain on the settlement of the VIAC recapture agreement. Unlocking, net of the non-controlling interests, was unfavorable $24 million primarily related to an increase in the income rider utilization assumption increasing projected claims. This impact was partially offset by favorable changes in lapse and income rider restart assumptions as well as higher interest rates and favorable mortality experience lowering future benefit payments. Unlocking, net of the non-controlling interests, in 2022 was favorable $3 million primarily related to the impact of higher rates on future account values, partially offset by changes to projected interest crediting. Interest and other financing costs increased $33 million related to interest expense resulting from higher rates on more short-term repurchase agreements in 2023 as well as interest expense and preferred stock dividends related to Athene's debt and preferred stock issuances in the fourth quarter of 2022.

Net Investment Spread

	Three months ended September 30,		
	2023	**2022**	**Change**
Fixed income and other net investment earned rate	4.57 %	3.27 %	130bps
Alternative net investment earned rate	7.75 %	8.26 %	(51)bps
Net investment earned rate	4.76 %	3.58 %	118bps
Strategic capital management fees	0.04 %	0.03 %	1bp
Cost of funds	(2.67)%	(1.88)%	(79)bps
Net investment spread	2.13 %	1.73 %	40bps

Net investment spread was 2.13% in 2023, an increase of 40 basis points compared to 1.73% in 2022, driven by a higher net investment earned rate, partially offset by higher cost of funds.

Net investment earned rate was 4.76% in 2023, an increase of 118 basis points compared to 3.58% in 2022,primarily due to higher returns in Athene's fixed income portfolio, partially offset by slightly less favorable performance in its alternative investment portfolio. Fixed income and other net investment earned rate was 4.57% in 2023, an increase from 3.27% in 2022, primarily driven by higher floating rate income andhigher new money rates. Alternative net investment earned rate was 7.75% in 2023, a decrease from 8.26% in 2022,primarily driven by lower income from real estate funds related to home price appreciation in 2022, lower returns on Athene's investment in Aqua Finance attributable to the current rate environment and the prior year outperformance of its investment in Foundation Home Loans. These impacts were partially offset by favorable performance from private equity funds and a decrease in share price on its investment in Challenger in the prior year.

Cost of funds was 2.67% in 2023, an increase of 79 basis points compared to 1.88% in 2022, primarily driven by higher rates on deferred annuity, funding agreement and pension group annuity issuances as well as an increase in rates on existing floating rate funding agreements and an unfavorable change in unlocking, partially offset by the $114 million operating gain on the settlement of the VIAC recapture agreement.

Nine Months Ended September 30, 2023 Compared to Nine Months Ended September 30, 2022

In this section, references to 2023 refer to the nine months ended September 30, 2023 and references to 2022 refer to the nine months ended September 30, 2022.

Spread Related Earnings

SRE was $2.4 billion in 2023, an increase of $589 million, or 33%, compared to $1.8 billion in 2022. The increase in SRE was primarily driven by higher net investment earnings, partially offset by higher cost of funds and interest and other financing costs. Net investment earnings increased $2.2 billion, primarily driven by higher floating rate income, higher new money rates, and $19.4 billion of growth in Athene's average net invested assets, partially offset by less favorable alternative investment performance. The less favorable alternative investment performance compared to 2022 was primarily driven by lower income from real estate funds related to home price appreciation in 2022, less favorable performance from Athene's investment in Athora related to a valuation increase in the prior year and lower returns on its investment in triple net lease funds driven by unfavorable commercial real estate economics in the current year. These impacts were partially offset by favorable performance from Athene's investment in Redding Ridge attributed to an increase in average NAV and unfavorable economics in the prior year, favorable performance from credit funds related to credit spread tightening in the current year compared to credit spread widening in the prior year and favorable returns on its investment in Wheels Donlen. Cost of funds increased $1.5 billion, primarily driven by higher rates on deferred annuity, funding agreement and pension group annuity issuances as well as an increase in rates on existing floating rate funding agreements, significant growth in each of Athene's business channels and an unfavorable change in unlocking, partially offset by the $114 million operating gain on the settlement of the VIAC recapture agreement. Unlocking, net of the non-controlling interests, was unfavorable $24 million primarily related to an increase in the income rider utilization assumption increasing projected claims. This impact was partially offset by favorable changes in lapse and income rider restart assumptions as well as higher interest rates and favorable mortality experience lowering future benefit payments. Unlocking, net of the non-controlling interests, in 2022 was favorable $3 million primarily related to the impact of higher rates on future account values, partially offset by changes to projected interest crediting. Interest and other financing costs increased $145 million related to interest expense resulting from higher rates on more short-term repurchase agreements in 2023 as well as interest expense and preferred stock dividends related to Athene's debt and preferred stock issuances in the fourth quarter of 2022.

Net Investment Spread

	Nine Months Ended September 30,		
	2023	**2022**	**Change**
Fixed income and other net investment earned rate	4.39 %	3.03 %	136bps
Alternative net investment earned rate	7.46 %	10.30 %	NM
Net investment earned rate	4.57 %	3.47 %	110bps
Strategic capital management fees	0.03 %	0.03 %	0bps
Cost of funds	(2.62)%	(1.85)%	(77)bps
Net investment spread	1.98 %	1.65 %	33bps

Net investment spread was 1.98% in 2023, an increase of 33 basis points compared to 1.65% in 2022, driven by a higher net investment earned rate, partially offset by higher cost of funds.

Net investment earned rate was 4.57% in 2023, an increase of 110 basis points compared to 3.47% in 2022,primarily due to higher returns in Athene's fixed income portfolio, partially offset by less favorable performance in its alternative investment portfolio. Fixed income and other net investment earned rate was 4.39% in 2023, an increase from 3.03% in 2022, primarily driven by higher floating rate income andhigher new money rates. Alternative net investment earned rate was 7.46% in 2023, a decrease from 10.30% in 2022,primarily driven by lower income from real estate funds related to home price appreciation in 2022, less favorable performance from Athene's investment in Athora related to a valuation increase in the prior year and lower returns on its investment in triple net lease funds driven by unfavorable commercial real estate economics in the current year. These impacts were partially offset by favorable performance from Athene's investment in Redding Ridge attributed to an increase in average NAV and unfavorable economics in the prior year, favorable performance from credit funds related to credit spread tightening in the current year compared to credit spread widening in the prior year and favorable returns on its investment in Wheels Donlen.

Cost of funds was 2.62% in 2023, an increase of 77 basis points compared to 1.85% in 2022, primarily driven by higher rates on deferred annuity, funding agreement and pension group annuity issuances as well as an increase in rates on existing floating rate funding agreements and an unfavorable change in unlocking, partially offset by the $114 million operating gain on the

settlement of the VIAC recapture agreement.

Investment Portfolio

Athene had investments, including related parties and VIEs, of $234.2 billion and $212.1 billion as of September 30, 2023 and December 31, 2022, respectively. Athene's investment strategy seeks to achieve sustainable risk-adjusted returns through the disciplined management of its investment portfolio against its long-duration liabilities, coupled with the diversification of risk. The investment strategies focus primarily on a buy and hold asset allocation strategy that may be adjusted periodically in response to changing market conditions and the nature of Athene's liability profile. Athene takes advantage of its generally persistent liability profile by identifying investment opportunities with an emphasis on earning incremental yield by taking liquidity and complexity risk rather than assuming incremental credit risk. Athene has selected a diverse array of primarily high-grade fixed income assets including corporate bonds, structured securities and commercial and residential real estate loans, among others. Athene also maintains holdings in floating rate and less rate-sensitive instruments, including CLOs, non-agency RMBS and various types of structured products. In addition to its fixed income portfolio, Athene opportunistically allocates approximately 5% to 6% of its portfolio to alternative investments where it primarily focuses on fixed income-like, cash flow-based investments.

The following table presents the carrying values of Athene's total investments, including related parties and VIEs:

	As of September 30, 2023		As of December 31, 2022	
(In millions, except percentages)	**Carrying Value**	**Percent of Total**	**Carrying Value**	**Percent of Total**
AFS securities, at fair value				
U.S. government and agencies	$ 4,260	1.8 %	$ 2,577	1.2 %
U.S. state, municipal and political subdivisions	962	0.4 %	927	0.4 %
Foreign governments	915	0.4 %	907	0.4 %
Corporate	67,301	28.7 %	60,901	28.7 %
CLO	18,926	8.1 %	16,493	7.8 %
ABS	10,807	4.6 %	10,527	5.0 %
CMBS	5,496	2.4 %	4,158	2.0 %
RMBS	7,048	3.0 %	5,914	2.8 %
Total AFS securities, at fair value	115,715	49.4 %	102,404	48.3 %
Trading securities, at fair value	1,592	0.7 %	1,595	0.8 %
Equity securities	1,316	0.6 %	1,487	0.7 %
Mortgage loans, at fair value	37,978	16.2 %	27,454	12.9 %
Investment funds	124	0.1 %	79	— %
Policy loans	336	0.1 %	347	0.2 %
Funds withheld at interest	25,953	11.1 %	32,880	15.5 %
Derivative assets	4,571	2.0 %	3,309	1.6 %
Short-term investments	527	0.2 %	2,160	1.0 %
Other investments	947	0.4 %	773	0.4 %
Total investments	189,059	80.8 %	172,488	81.4 %
Investments in related parties				
AFS securities, at fair value				
Corporate	1,356	0.6 %	982	0.5 %
CLO	4,235	1.8 %	3,079	1.4 %
ABS	8,394	3.6 %	5,760	2.7 %
Total AFS securities, at fair value	13,985	6.0 %	9,821	4.6 %
Trading securities, at fair value	871	0.4 %	878	0.4 %
Equity securities, at fair value	304	0.1 %	279	0.1 %
Mortgage loans, at fair value	1,234	0.5 %	1,302	0.6 %
Investment funds	1,604	0.7 %	1,569	0.7 %
Funds withheld at interest	6,620	2.8 %	9,808	4.6 %
Short-term investments	949	0.4 %	—	— %
Other investments, at fair value	327	0.1 %	303	0.2 %
Total related party investments	25,894	11.0 %	23,960	11.2 %
Total investments, including related parties	214,953	91.8 %	196,448	92.6 %
Investments owned by consolidated VIEs				
Trading securities, at fair value	2,133	0.9 %	1,063	0.5 %
Mortgage loans, at fair value	2,042	0.9 %	2,055	1.0 %
Investment funds, at fair value	14,989	6.4 %	12,480	5.9 %
Other investments, at fair value	94	— %	101	— %
Total investments owned by consolidated VIEs	19,258	8.2 %	15,699	7.4 %
Total investments, including related parties and VIEs	$ 234,211	100.0 %	$ 212,147	100.0 %

The $22.1 billion increase in Athene's total investments, including related parties and VIEs, as of September 30, 2023 compared to December 31, 2022 was primarily driven by growth from gross organic inflows of $43.6 billion in excess of gross liability outflows of $26.8 billion, the reinvestment of earnings and an increase in VIE investments primarily related to contributions from third-party investors into AAA and the consolidation of additional VIEs. These increases were partially offset by unrealized losses on AFS securities for the nine months ended September 30, 2023 of $1.8 billion as well as unrealized losses within funds withheld and mortgage loan portfolios for the nine months ended September 30, 2023 resulting from an increase in U.S. Treasury rates, partially offset by credit spread tightening.

Athene's investment portfolio consists largely of high quality fixed maturity securities, loans and short-term investments, as well as additional opportunistic holdings in investment funds and other instruments, including equity holdings. Fixed maturity securities and loans include publicly issued corporate bonds, government and other sovereign bonds, privately placed corporate bonds and loans, mortgage loans, CMBS, RMBS, CLOs, and ABS. A significant majority of Athene's AFS portfolio, 96.6% and 95.8% as of September 30, 2023 and December 31, 2022, respectively, was invested in assets considered investment grade with an NAIC designation of 1 or 2.

Athene invests a portion of its investment portfolio in mortgage loans, which are generally comprised of high quality commercial first lien and mezzanine real estate loansAthene has acquired mortgage loans through acquisitions and reinsurance arrangements, as well as through an active program to invest in new mortgage loans. It invests in CMLs on income producing properties including hotels, apartments, retail and office buildings, and other commercial and industrial properties. Athene's RML portfolio primarily consists of first lien RMLs collateralized by properties located in the U.S.

Funds withheld at interest represent a receivable for amounts contractually withheld by ceding companies in accordance with modco and funds withheld reinsurance agreements in which Athene acts as the reinsurer. Generally, assets equal to statutory reserves are withheld and legally owned by the ceding company.

While the substantial majority of Athene's investment portfolio has been allocated to corporate bonds and structured credit products, a key component of Athene's investment strategy is the opportunistic acquisition of investment funds with attractive risk and return profiles. Athene's investment fund portfolio consists of funds or similar equity structures that employ various strategies including equity, hybrid and yield funds Athene has a strong preference for assets that have some or all of the following characteristics, among others: (1) investments that constitute a direct investment or an investment in a fund with a high degree of co-investment; (2) investments with credit- or debt-like characteristics (for example, a stipulated maturity and par value), or alternatively, investments with reduced volatility when compared to pure equity; or (3) investments that Athene believes have less downside risk.

Athene holds derivatives for economic hedging purposes to reduce its exposure to the cash flow variability of assets and liabilities, equity market risk, interest rate risk, credit risk and foreign exchange risk. Athene's primary use of derivative instruments relates to providing the income needed to fund the annual index credits on its FIA products. Athene primarily uses fixed indexed options to economically hedge indexed annuity products that guarantee the return of principal to the policyholder and credit interest based on a percentage of the gain in a specific market index.

Net Invested Assets

The following summarizes Athene's net invested assets:

(In millions, except percentages)	As of September 30, 2023		As of December 31, 2022	
	Net Invested Asset Value[1]	Percent of Total	Net Invested Asset Value[1]	Percent of Total
Corporate	$ 81,735	39.3 %	$ 80,800	41.1 %
CLO	20,569	9.9 %	19,881	10.1 %
Credit	102,304	49.2 %	100,681	51.2 %
CML	24,793	11.9 %	23,750	12.1 %
RML	16,129	7.7 %	11,147	5.7 %
RMBS	7,861	3.8 %	7,363	3.7 %
CMBS	5,155	2.5 %	4,495	2.3 %
Real estate	53,938	25.9 %	46,755	23.8 %
ABS	21,363	10.3 %	20,680	10.5 %
Alternative investments	11,793	5.7 %	12,079	6.1 %
State, municipal, political subdivisions and foreign government	2,618	1.2 %	2,715	1.4 %
Equity securities	1,704	0.8 %	1,737	0.9 %
Short-term investments	1,076	0.5 %	1,930	1.0 %
U.S. government and agencies	3,812	1.8 %	2,691	1.4 %
Other investments	42,366	20.3 %	41,832	21.3 %
Cash and equivalents	7,497	3.6 %	5,481	2.8 %
Policy loans and other	1,990	1.0 %	1,702	0.9 %
Net invested assets	$ 208,095	100.0 %	$ 196,451	100.0 %

[1] See "Managing Business Performance - Key Segment and Non-U.S. GAAP Performance Measures" for the definition of net invested assets.

Athene's net invested assets were $208.1 billion and $196.5 billion as of September 30, 2023 and December 31, 2022, respectively. The increase in net invested assets as of September 30, 2023 from December 31, 2022 was primarily driven by growth from net organic inflows of $30.0 billion in excess of net liability outflows of $23.0 billion, inclusive of the impact related to the sale of 50% of ACRA 2's economic interests to ADIP II effective July 1, 2023. In connection with the sale, 50% of the inflows attributable to ACRA 2 during the first six months of 2023 were retroactively attributed to ADIP II. Additionally, net invested assets increased due to the reinvestment of earnings as well as a contribution of $1.25 billion related to the net proceeds from AGM's Mandatory Convertible Preferred Stock offering, partially offset by cash used to pay quarterly dividends.

In managing its business, Athene utilizes net invested assets as presented in the above table. Net invested assets do not correspond to Athene's total investments, including related parties, on the condensed consolidated statements of financial condition, as discussed previously in "Managing Business Performance - Key Segment and Non-U.S. GAAP Performance Measures". Net invested assets represent Athene's investments that directly back its net reserve liabilities and surplus assets. Athene believes this view of its portfolio provides a view of the assets for which it has economic exposure. Athene adjusts the presentation for funds withheld and modco transactions to include or exclude the underlying investments based upon the contractual transfer of economic exposure to such underlying investments. Athene also adjusts for VIEs to show the net investment in the funds, which are included in the alternative investments line above as well as adjusting for the allowance for credit losses. Net invested assets include Athene's proportionate share of ACRA investments, based on its economic ownership, but exclude the proportionate share of investments associated with the non-controlling interests.

Net invested assets is utilized by management to evaluateAthene's investment portfolio. Net invested assets is used in the computation of net investment earned rate, which allows Athene to analyze the profitability of its investment portfolio. Net invested assets is also used in Athene's risk management processes for asset purchases, product design and underwriting, stress scenarios, liquidity and ALM.

Principal Investing

The following table presents Principal Investing Income, the performance measure of our Principal Investing segment.

	Three months ended September 30,				Nine months ended September 30,			
	2023	2022	Total Change	Percentage Change	2023	2022	Total Change	Percentage Change
	(In millions)				*(In millions)*			
Principal Investing:								
Realized performance fees	$ 132	$ 93	$ 39	41.9%	$ 473	$ 371	$ 102	27.5%
Realized investment income	5	62	(57)	(91.9)	35	325	(290)	(89.2)
Principal investing compensation	(119)	(90)	29	32.2	(434)	(401)	33	8.2
Other operating expenses	(14)	(15)	(1)	(6.7)	(42)	(38)	4	10.5
Principal Investing Income (PII)	**$ 4**	**$ 50**	**$ (46)**	(92.0)%	**$ 32**	**$ 257**	**$ (225)**	(87.5)%

As described in "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations—General", earnings from our Principal Investing segment are inherently more volatile in nature than earnings from our Asset Management segment due to the intrinsic cyclical nature of performance fees, one of the key drivers of PII performance.

Three Months Ended September 30, 2023 Compared to Three Months Ended September 30, 2022

In this section, references to 2023 refer to the three months ended September 30, 2023 and references to 2022 refer to the three months ended September 30, 2022.

PII was $4 million in 2023, a decrease of $46 million, as compared to $50 million in 2022. This decrease was primarily attributable to reduced realized investment income and higher compensation expenses in 2023, offset, in part, by higher realized performance fees. The realized investment income in 2022 was primarily attributable to realized gains from the transfer of the Company's investment in Redding Ridge to AAA.

Principal investing compensation expense of $119 million in 2023 increased $29 million, as compared to $90 million in 2022. The increase in 2023 was primarily due to an increase in profit sharing expense associated with the corresponding increase in realized performance fees as well as an increase in profit sharing expense associated with the Incentive Pool, a compensation program through which certain employees are allocated discretionary compensation based on realized performance fees in a given year. In any period, the blended profit sharing percentage is impacted by the respective profit sharing ratios of the funds generating performance allocations in the period. Additionally, included in principal investing compensation are expenses related to the Incentive Pool. The Incentive Pool is separate from the fund related profit sharing expense and may result in greater variability in compensation and have a variable impact on the blended profit sharing percentage during a particular period.

The increase in realized performance fees of $39 million in 2023 was primarily driven by an increase in realized performance fees generated from Fund IX, partially offset by a decrease in realized performance fees earned from Fund VIII and Fund VII. The increase in realized performance fees in 2023 remained relatively light as equity market volatility continued to delay monetization activity.

Nine Months Ended September 30, 2023 Compared to Nine Months Ended September 30, 2022

In this section, references to 2023 refer to the nine months ended September 30, 2023 and references to 2022 refer to the nine months ended September 30, 2022.

PII was $32 million in 2023, a decrease of $225 million, as compared to $257 million in 2022. This decrease was primarily attributable to a decrease in realized investment income of $290 million. Realized investment income in 2022 was primarily attributable to realized gains earned on the transfer to Athene of certain of Apollo's general partner fund co-investments that were subsequently transferred to AAA in the second quarter of 2022 and realized gains from the transfer of the Company's investment in Redding Ridge to AAA. The increase in realized performance fees of $102 million in 2023 was primarily driven by an increase in realized performance fees generated from Fund IX and Fund VIII, partially offset by decreases in realized performance fees from Fund VII, EPF III, HVF I, and Accord IV. The increase in realized performance fees in 2023 remained relatively light as equity market volatility continued to delay monetization activity. Principal investing compensation expense of $434 million in 2023 increased $33 million, as compared to $401 million in 2022. The increase in 2023 was primarily due to an

increase in profit sharing expense associated with the corresponding increase in realized performance fees, partially offset by a decrease in profit sharing expense attributable to the Incentive Pool.

The Historical Investment Performance of Our Funds

Below we present information relating to the historical performance of the funds we manage, including certain legacy Apollo funds that do not have a meaningful amount of unrealized investments, and in respect of which the general partner interest has not been contributed to us.

When considering the data presented below, you should note that the historical results of funds we manage are not indicative of the future results that you should expect from such funds, from any future funds we may raise or from your investment in our common stock.

An investment in our common stock is not an investment in any of the Apollo managed funds, and the assets and revenues of the funds we manage are not directly available to us. The historical and potential future returns of the funds we manage are not directly linked to returns on our common stock. Therefore, you should not conclude that continued positive performance of the funds we manage will necessarily result in positive returns on an investment in our common stock. However, poor performance of the funds that we manage would cause a decline in our revenue from such funds, and would therefore have a negative effect on our performance and in all likelihood the value of our common stock.

Moreover, the historical returns of funds we manage should not be considered indicative of the future results you should expect from such funds or from any future funds we may raise. There can be no assurance that any Apollo fund will continue to achieve the same results in the future.

Finally, our private equity IRRs have historically varied greatly from fund to fund. For example, Fund VI generated a 12% gross IRR and a 9% net IRR since its inception through September 30, 2023, while Fund V generated a 61% gross IRR and a 44% net IRR since its inception through September 30, 2023. Accordingly, the IRR going forward for any current or future fund may vary considerably from the historical IRR generated by any particular fund, or for our private equity funds as a whole. Future returns will also be affected by the applicable risks, including risks of the industries and businesses in which a particular fund invests. See "Item 1A. Risk Factors—Risks Relating to Our Asset Management Business —"*Historical performance metrics are unreliable indicators of our current or future results of operations*" in the 2022 Annual Report.

Investment Record

The following table summarizes the investment record by strategy of Apollo's significant commitment-based funds that have a defined maturity date in which investors make a commitment to provide capital at the formation of such funds and deliver capital when called as investment opportunities become available.

All amounts are as of September 30, 2023, unless otherwise noted:

(In millions, except IRR)	Vintage Year	Total AUM	Committed Capital	Total Invested Capital	Realized Value	Remaining Cost	Unrealized Value	Total Value	Gross IRR	Net IRR
Equity:										
Fund X	2023	$ 19,836	$ 19,877	$ 3,144	$ —	$ 3,144	$ 3,477	$ 3,477	NM[4]	NM[4]
Fund IX	2018	34,948	24,729	19,603	9,578	15,023	25,320	34,898	34 %	24 %
Fund VIII	2013	8,738	18,377	16,536	22,374	4,892	5,668	28,042	14	10
Fund VII	2008	393	14,677	16,461	34,226	7	59	34,285	33	25
Fund VI	2006	367	10,136	12,457	21,136	405	—	21,136	12	9
Fund V	2001	62	3,742	5,192	12,724	120	—	12,724	61	44
Fund I, II, III, IV & MIA [1]	Various	10	7,320	8,753	17,400	—	—	17,400	39	26
Traditional Private Equity Funds[2]		$ 64,354	$ 98,858	$ 82,146	$ 117,438	$ 23,591	$ 34,524	$ 151,962	39	24
EPF IV	2023	3,051	2,988	475	57	421	517	574	NM[4]	NM[4]
EPF III	2017	4,070	4,427	4,822	3,573	2,187	2,877	6,450	14	8
Total Equity		$ 71,475	$ 106,273	$ 87,443	$ 121,068	$ 26,199	$ 37,918	$ 158,986		
Hybrid:										
AIOF II	2021	$ 2,626	$ 2,542	$ 1,575	$ 310	$ 1,427	$ 1,663	$ 1,973	20 %	15 %
AIOF I	2018	411	897	802	1,061	171	216	1,277	23	18
HVF II	2022	4,730	4,592	2,553	96	2,539	2,669	2,765	8	6
HVF I	2019	3,627	3,238	3,691	3,839	1,333	1,657	5,496	23	19
Accord VI[3,5]	N/A	1,047	1,047	19	—	19	19	19	NM[4]	NM[4]
Accord V[5]	2022	1,280	1,922	2,013	1,326	716	730	2,056	9	6
Accord I, II, III, III B & IV [5]	Various	—	6,070	4,765	5,137	—	—	5,137	22	17
Accord+	2021	2,996	2,370	4,345	2,373	2,199	2,264	4,637	NM[4]	NM[4]
Total Hybrid		$ 16,717	$ 22,678	$ 19,763	$ 14,142	$ 8,404	$ 9,218	$ 23,360		

[1] The general partners and managers of Funds I, II and MIA, as well as the general partner of Fund III, were excluded assets in connection with the reorganization of the Company that occurred in 2007. As a result, Apollo did not receive the economics associated with these entities. The investment performance of these funds, combined with Fund IV, is presented to illustrate fund performance associated with Apollo's investment professionals.

[2] Total IRR is calculated based on total cash flows for all funds presented.

[3] Vintage Year is not yet applicable as the fund has not had its final closing.

[4] Data has not been presented as the fund's effective date is less than 24 months prior to the period indicated and such information was deemed not meaningful.

[5] Accord funds have investment periods shorter than 24 months, therefore Gross and Net IRR are presented after 12 months of investing.

Equity

The following table summarizes the investment record for distressed investments made in our traditional private equity fund portfolios since the Company's inception. All amounts are as of September 30, 2023:

(In millions, except percentages)	Total Invested Capital	Total Value	Gross IRR
Distressed for Control	$ 7,795	$ 18,867	29 %
Non-Control Distressed	6,583	11,360	71
Total	14,378	30,227	49
Corporate Carve-outs, Opportunistic Buyouts and Other Credit[1]	67,768	121,735	21
Total	$ 82,146	$ 151,962	39 %

[1] Other Credit is defined as investments in debt securities of issuers other than portfolio companies that are not considered to be distressed.

The following tables provide additional detail on the composition of the Fund IX, Fund VIII and Fund VII private equity portfolios based on investment strategy. Amounts for Fund I, II, III, IV, V, VI and X are included in the table above but not presented below as their remaining value is less than $100 million, the fund has been liquidated or the fund commenced investing capital less than 24 months prior to September 30, 2023 and such information was deemed not meaningful. All amounts are as of September 30, 2023.

Fund IX[1]

(In millions)	Total Invested Capital	Total Value
Corporate Carve-outs	$ 4,899	$ 11,072
Opportunistic Buyouts	13,905	21,471
Distressed[2]	799	2,355
Total	$ 19,603	$ 34,898

Fund VIII[1]

(In millions)	Total Invested Capital	Total Value
Corporate Carve-outs	$ 2,704	$ 7,032
Opportunistic Buyouts	13,265	20,256
Distressed[2]	567	754
Total	$ 16,536	$ 28,042

Fund VII[1]

(In millions)	Total Invested Capital	Total Value
Corporate Carve-outs	$ 2,539	$ 4,851
Opportunistic Buyouts	4,338	10,804
Distressed/Other Credit[2]	9,584	18,630
Total	$ 16,461	$ 34,285

1 Committed capital less unfunded capital commitments for Fund IX, Fund VIII and Fund VII were $16.9 billion, $17.8 billion and $14.7 billion, respectively, which represents capital commitments from limited partners to invest in such funds less capital that is available for investment or reinvestment subject to the provisions of the applicable governing agreements.

2 The distressed investment strategy includes distressed for control, non-control distressed and other credit. Other Credit is defined as investments in debt securities of issuers other than portfolio companies that are not considered to be distressed.

Perpetual Capital

The following table summarizes the investment record for the perpetual capital vehicles we manage, excluding Athene and Athora-related assets:

	IPO Year[2]	Total AUM	Total Returns[1] For the Three Months Ended September 30, 2023	For the Three Months Ended September 30, 2022	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
		(In millions)				
MidCap Financial[3]	N/A	$ 13,072	5 %	4 %	16 %	15 %
AIF	2013	355	8 %	— %	20 %	(18) %
AFT	2011	367	7 %	— %	18 %	(18) %
MFIC[4]	2004	2,775	12 %	(2) %	32 %	(13) %
ADS[5]	N/A	7,355	4 %	2 %	13 %	(3) %
ARI	2009	9,196	(7) %	(17) %	4 %	(30) %
ADREF[6]	N/A	6,525	(3) %	(2) %	(6) %	(3) %
ADCF[6]	N/A	1,032	3 %	— %	11 %	(10) %
Other[7]	N/A	2,298	N/A	N/A	N/A	N/A
Total		$ 42,975				

[1] Total returns are based on the change in closing trading prices during the respective periods presented taking into account dividends and distributions, if any, as if they were reinvested without regard to commission.

[2] An initial public offering ("IPO") year represents the year in which the vehicle commenced trading on a national securities exchange.

[3] MidCap Financial is not a publicly traded vehicle and therefore IPO year is not applicable. The returns presented are a gross return based on NAV. The net returns based on NAV were 4% and 3% for the three months ended September 30, 2023 and 2022, respectively. The net returns based on NAV were 19% and 12% for the nine months ended September 30, 2023 and 2022, respectively.

[4] AUM is presented on a three-month lag, as of June 30, 2023, based upon on the availability of the information.

[5] ADS is not a publicly traded vehicle and therefore IPO year is not applicable. AUM is as of June 30, 2023. The returns presented are net returns based on NAV.

[6] ADREF and ADCF are not publicly traded vehicles and therefore IPO years are not applicable. The returns presented are for their respective Class I shares and are net returns based on NAV. Returns presented for the nine months ended September 30, 2022 reflect two quarters of activity as we did not advise these vehicles prior to the second quarter of 2022.

[7] Other includes, among others, AUM of $1.8 billion related to a publicly traded business development company from which Apollo earns investment-related service fees, but for which Apollo does not provide management or advisory services, as of June 30, 2023. Returns and IPO year are not provided for this AUM.

Summary of Non-U.S. GAAP Measures

The table below sets forth a reconciliation of net income attributable to Apollo Global Management, Inc. common stockholders to Segment Income and Adjusted Net Income:

(In millions)	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
GAAP Net Income (Loss) Attributable to Apollo Global Management, Inc.	**$ 660**	**$ (563)**	**$ 2,269**	**$**
Preferred dividends	22	—	22	
Net income (loss) attributable to non-controlling interests	(42)	(286)	637	
GAAP Net Income (Loss)	**$ 640**	**$ (849)**	**$ 2,928**	**$**
Income tax provision (benefit)	243	(96)	697	
GAAP Income (Loss) Before Income Tax Provision (Benefit)	**$ 883**	**$ (945)**	**$ 3,625**	**$**
Asset Management Adjustments:				
Equity-based profit sharing expense and other[1]	62	55	186	
Equity-based compensation	57	46	167	
Transaction-related charges[2]	25	(5)	18	
Merger-related transaction and integration costs[3]	5	14	17	
(Gains) losses from change in tax receivable agreement liability	—	—	—	
Net (income) loss attributable to non-controlling interests in consolidated entities	28	277	(687)	
Unrealized performance fees	(91)	66	(244)	
Unrealized profit sharing expense	55	(19)	191	
HoldCo interest and other financing costs[4]	36	29	77	
Unrealized principal investment income (loss)	(27)	128	(66)	
Unrealized net (gains) losses from investment activities and other	30	24	50	
Retirement Services Adjustments:				
Investment (gains) losses, net of offsets	663	1,853	829	
Non-operating change in insurance liabilities and related derivatives[5]	(431)	(518)	(600)	
Integration, restructuring and other non-operating expenses	41	37	98	
Equity-based compensation expense	13	15	42	
Segment Income	**1,349**	**1,057**	**3,703**	
HoldCo interest and other financing costs[4]	(36)	(29)	(77)	
Taxes and related payables	(268)	(178)	(726)	
Adjusted Net Income	**$ 1,045**	**$ 850**	**$ 2,900**	**$**

[1] Equity-based profit sharing expense and other includes certain profit sharing arrangements in which a portion of performance fees distributed to the general partner are required to be us employees of Apollo to purchase restricted shares of common stock or is delivered in the form of RSUs, which are granted under the Equity Plan. Equity-based profit sharing expense and other also inc performance grants which are tied to the Company's receipt of performance fees, within prescribed periods, sufficient to cover the associated equity-based compensation expense.

[2] Transaction-related charges include contingent consideration, equity-based compensation charges and the amortization of intangible assets and certain other charges associated with acquisition restructuring charges.

[3] Merger-related transaction and integration costs includes advisory services, technology integration, equity-based compensation charges and other costs associated with the Mergers.

[4] Represents interest and other financing costs related to AGM not attributable to any specific segment.

[5] Includes change in fair values of derivatives and embedded derivatives, non-operating change in funding agreements, change in fair value of market risk benefits, and non-operating chan liability for future policy benefits.

The table below sets forth a reconciliation of common stock outstanding to our Adjusted Net Income Shares Outstanding:

	As of September 30, 2023	As of December 31, 2022
Total GAAP Common Stock Outstanding	567,565,120	570,276,188
Non-GAAP Adjustments:		
Mandatory Convertible Preferred Stock[1]	15,999,683	—
Vested RSUs	12,502,457	15,656,775
Unvested RSUs Eligible for Dividend Equivalents	15,681,753	12,827,921
Adjusted Net Income Shares Outstanding	611,749,013	598,760,884

[1] Reflects the number of shares of underlying common stock assumed to be issuable upon conversion of the Mandatory Convertible Preferred Stock during each period.

The table below sets forth a reconciliation of Athene's total investments, including related parties, to net invested assets:

(In millions)	As of September 30, 2023	As of December 31, 2022
Total investments, including related parties	$ 214,953	$ 196,448
Derivative assets	(4,571)	(3,309)
Cash and cash equivalents (including restricted cash)	11,214	8,407
Accrued investment income	1,792	1,328
Net receivable (payable) for collateral on derivatives	(2,485)	(1,486)
Reinsurance funds withheld and modified coinsurance	882	1,423
VIE assets, liabilities and noncontrolling interest	14,340	12,747
Unrealized (gains) losses	25,078	22,284
Ceded policy loans	(174)	(179)
Net investment receivables (payables)	(375)	186
Allowance for credit losses	592	471
Other investments	(37)	(10)
Total adjustments to arrive at gross invested assets	46,256	41,862
Gross invested assets	261,209	238,310
ACRA noncontrolling interests	(53,114)	(41,859)
Net invested assets	$ 208,095	$ 196,451

Liquidity and Capital Resources

Overview

The Company primarily derives revenues and cash flows from the assets it manages and the retirement savings products it issues, reinsures and acquires. Based on management's experience, we believe that the Company's current liquidity position, together with the cash generated from revenues will be sufficient to meet the Company's anticipated expenses and other working capital needs for at least the next 12 months. For the longer-term liquidity needs of the asset management business, we expect to continue to fund the asset management business' operations through management fees and performance fees received. The principal sources of liquidity for the retirement services business, in the ordinary course of business, are operating cash flows and holdings of cash, cash equivalents and other readily marketable assets.

AGM is a holding company whose primary source of cash flow is distributions from its subsidiaries, which are expected to be sufficient to fund cash flow requirements based on current estimates of future obligations. AGM's primary liquidity needs include the cash-flow requirements relating to its corporate activities, including its day-to-day operations, common stock and preferred stock dividend payments and strategic transactions, such as acquisitions.

At September 30, 2023, the Company had $12.3 billion of unrestricted cash and cash equivalents, as well as $4.9 billion of available funds from the 2022 AMH credit facility, AHL credit facility, and AHL liquidity facility.

Primary Uses of Cash

Over the next 12 months, we expect the Company's primary liquidity needs will be to:

- support the future growth of Apollo's businesses through strategic corporate investments;
- pay the Company's operating expenses, including, compensation, general, administrative, and other expenses;
- make payments to policyholders for surrenders, withdrawals and payout benefits;
- make interest and principal payments on funding agreements;
- make payments to satisfy pension group annuity obligations and policy acquisition costs;
- pay taxes and tax related payments;
- pay cash dividends;
- make payments related to the AOG Unit Payment;
- repurchase common stock; and
- make payments under the tax receivable agreement.

Over the long term, we believe we will be able to (i) grow Apollo's Assets Under Management and generate positive investment performance in the funds we manage, which we expect will allow us to grow the Company's management fees and performance fees and (ii) grow the investment portfolio of retirement services, in each case in amounts sufficient to cover our long-term liquidity requirements, which may include:

- supporting the future growth of our businesses;
- creating new or enhancing existing products and investment platforms;
- making payments to policyholders;
- pursuing new strategic corporate investment opportunities;
- paying interest and principal on the Company's financing arrangements;
- repurchasing common stock;
- making payments under the tax receivable agreement;
- making payments related to the AOG Unit Payment; and
- paying cash dividends.

Cash Flow Analysis

The section below discusses in more detail the Company's primary sources and uses of cash and the primary drivers of cash flows within the Company's condensed consolidated statements of cash flows:

	For the Nine Months Ended September 30,	
(In millions)	**2023**	**2022**
Operating Activities	$ 4,258	$ 2,324
Investing Activities	(27,719)	(12,171)
Financing Activities	26,758	21,013
Effect of exchange rate changes on cash and cash equivalents	2	(18)
Net Increase in Cash and Cash Equivalents, Restricted Cash and Cash Equivalents, and Cash and Cash Equivalents Held at Consolidated Variable Interest Entities	$ 3,299	$ 11,148

The assets of our consolidated funds and VIEs, on a gross basis, could have a substantial effect on the accompanying statement of cash flows. Because our consolidated funds and VIEs are generally treated as investment companies for accounting purposes, their investing cash flow amounts are included in our cash flows from operating activities. The table below summarizes our condensed consolidated statements of cash flow by activity attributable to the Company and to our consolidated funds and VIEs.

(In millions)	For the Nine Months Ended September 30, 2023	2022
Net cash provided by the Company's operating activities	$ 5,080	$ 6,923
Net cash used in the Consolidated Funds and VIEs operating activities	(822)	(4,599)
Net cash provided by operating activities	**4,258**	**2,324**
Net cash used in the Company's investing activities	(26,294)	(10,491)
Net cash used in the Consolidated Funds and VIEs investing activities	(1,425)	(1,680)
Net cash used in investing activities	**(27,719)**	**(12,171)**
Net cash provided by the Company's financing activities	25,963	14,740
Net cash provided by the Consolidated Funds and VIEs financing activities	795	6,273
Net cash provided by financing activities	**$ 26,758**	**$ 21,013**

Operating Activities

The Company's operating activities support its Asset Management, Retirement Services and Principal Investing activities. The primary sources of cash within operating activities include: (a) management fees, (b) advisory and transaction fees, (c) realized performance revenues, (d) realized principal investment income, (e) investment sales from our consolidated funds and VIEs, (f) net investment income, (g) annuity considerations and (h) insurance premiums. The primary uses of cash within operating activities include: (a) compensation and non-compensation related expenses, (b) interest and taxes, (c) investment purchases from our consolidated funds and VIEs, (d) benefit payments and (e) other operating expenses.

- During the nine months ended September 30, 2023, cash provided by operating activities reflects cash inflows of management fees, advisory and transaction fees, realized performance revenues, realized principal investment income, cash received from pension group annuity premiums, net of outflows, and net investment income, partially offset by cash paid for policy acquisition and other operating expenses. Net cash provided by operating activities includes net cash used in our consolidated funds and VIEs, which primarily includes net proceeds from the sale of VIEs' investments, offset by purchases of VIEs' investments.

- During the nine months ended September 30, 2022, cash used in operating activities primarily includes net cash used in our consolidated funds and VIEs for purchases of investments. Net cash provided by operating activities reflects cash inflows of management fees, advisory and transaction fees, realized performance revenues, and realized principal investment income, as well as cash received from pension group annuity transactions, net of outflows.

Investing Activities

The Company's investing activities support the growth of its business. The primary sources of cash within investing activities include: (a) distributions from investments and (b) sales, maturities and repayments of investments. The primary uses of cash within investing activities include: (a) capital expenditures, (b) purchases and acquisitions of new investments, including purchases of U.S. Treasury securities and (c) equity method investments in the funds we manage.

- During the nine months ended September 30, 2023, cash used in investing activities primarily reflects the purchase of investments due to the deployment of significant cash inflows from Athene's organic growth, partially offset by the sales, maturities and repayments of investments.

- During the nine months ended September 30, 2022, cash used in investing activities primarily reflects the purchase of investments due to the deployment of significant cash inflows from Athene's organic growth, partially offset by Athene cash acquired as a result of the Mergers and the sale, repayment and maturity of investments.

Financing Activities

The Company's financing activities reflect its capital market transactions and transactions with equity holders. The primary sources of cash within financing activities includes: (a) proceeds from debt and preferred equity issuances, (b) inflows on Athene's investment-type policies and contracts, (c) changes of cash collateral posted for derivative transactions, (d) capital contributions, and (e) proceeds from other borrowing activities. The primary uses of cash within financing activities include: (a) dividends, (b) payments under the tax receivable agreement, (c) share repurchases, (d) cash paid to settle tax withholding

obligations in connection with net share settlements of equity-based awards, (e) repayments of debt, (f) withdrawals on Athene's investment-type policies and contracts and (g) changes of cash collateral posted for derivative transactions.

- During the nine months ended September 30, 2023, cash provided by financing activities primarily reflects cash received from the strong organic inflows from retail, flow reinsurance and funding agreements, net of outflows, net capital contributions from non-controlling interests, a favorable change in cash collateral posted for derivative transactions related to the favorable equity market performance in the current year, issuances of the 2053 Subordinated Notes and Mandatory Convertible Preferred Stock, partially offset by the redemption of the AAM Preferred Stock, the payment of stock dividends, and distribution to redeemable non-controlling interest. Cash provided by financing activities of our consolidated funds and VIEs primarily includes proceeds from the issuance of debt, offset by payments for borrowings under repurchase agreements.

- During the nine months ended September 30, 2022, cash provided by financing activities primarily reflects the strong organic inflows from retail, flow reinsurance and funding agreements, net of withdrawals, partially offset by the payment of stock dividends. Cash provided by financing activities of our consolidated funds and VIEs primarily includes proceeds from the issuance of debt.

Contractual Obligations, Commitments and Contingencies

For a summary and a description of the nature of the Company's commitments, contingencies and contractual obligations, see note 18 to the condensed consolidated financial statements and "—Contractual Obligations, Commitments and Contingencies." The Company's commitments are primarily fulfilled through cash flows from operations and financing activities.

Consolidated Funds and VIEs

The Company manages its liquidity needs by evaluating unconsolidated cash flows; however, the Company's financial statements reflect the financial position of Apollo as well as Apollo's consolidated funds and VIEs (including SPACs). The primary sources and uses of cash at Apollo's consolidated funds and VIEs include: (a) raising capital from their investors, which have been reflected historically as non-controlling interests of the consolidated subsidiaries in our financial statements, (b) using capital to make investments, (c) generating cash flows from operations through distributions, interest and the realization of investments, (d) distributing cash flow to investors, (e) issuing debt to finance investments (CLOs) and (f) raising capital through SPAC vehicles for future acquisition of targeted entities.

Dividends and Distributions

For information regarding the quarterly dividends and distributions that were made to common stockholders and non-controlling interest holders in the Apollo Operating Group and participating securities, see note 15 to the condensed consolidated financial statements. Although the Company currently expects to pay dividends, we may not pay dividends if, among other things, we do not have the cash necessary to pay the dividends. To the extent we do not have cash on hand sufficient to pay dividends, we may have to borrow funds to pay dividends, or we may determine not to pay dividends. The declaration, payment and determination of the amount of our dividends are at the sole discretion of the AGM board of directors.

Because AGM is a holding company, the primary source of funds for AGM's dividends is distributions from its operating subsidiaries, AAM and AHL, which are expected to be adequate to fund AGM's dividends and other cash flow requirements based on current estimates of future obligations. The ability of these operating subsidiaries to make distributions to AGM will depend on satisfying applicable law with respect to such distributions, including surplus and minimum solvency requirements among others, as well as making prior distributions on AHL outstanding preferred stock. Moreover, the ability of AAM and AHL to receive distributions from their own respective subsidiaries will continue to depend on applicable law with respect to such distributions.

On November 1, 2023, AGM declared a cash dividend of $0.43 per share of its common stock, which will be paid on November 30, 2023 to holders of record at the close of business on November 17, 2023.

On November 1, 2023, the Company also declared and set aside a cash dividend of $0.8438 per share of its 6.75% Mandatory Convertible Preferred Stock, which will be paid on January 31, 2024 to holders of record at the close of business on January 15, 2024.

Repurchase of Securities

Share Repurchase Program

For information regarding the Company's share repurchase program, see note 15 to the condensed consolidated financial statements.

Repurchase of Other Securities

We may from time to time seek to retire or purchase our other outstanding debt or equity securities through cash purchases and/or exchanges for other securities, purchases in the open market, privately negotiated transactions or otherwise. Any such repurchases will be dependent upon several factors, including our liquidity requirements, contractual restrictions, general market conditions and applicable regulatory, legal and accounting factors. Whether or not we repurchase any of our other securities and the size and timing of any such repurchases will be determined at our discretion.

Mandatory Convertible Preferred Stock

On August 11, 2023, the Company issued 28,750,000 shares, or $1.4 billion aggregate liquidation preference, of its 6.75% Series A Mandatory Convertible Preferred Stock. See note 15 to the condensed consolidated financial statements for further details.

Asset Management Liquidity

Our asset management business requires limited capital resources to support the working capital or operating needs of the business. For the asset management business' longer-term liquidity needs, we expect to continue to fund the asset management business' operations through management fees and performance fees received. Liquidity needs are also met (to a limited extent) through proceeds from borrowings and equity issuances as described in notes 13 and 15 to the condensed consolidated financial statements, respectively. From time to time, if the Company determines that market conditions are favorable after taking into account our liquidity requirements, we may seek to raise proceeds through the issuance of additional debt or equity instruments. AGM has a registration statement on Form S-3 to provide it with access to the capital markets, subject to market conditions and other factors.

At September 30, 2023, the asset management business had $2.4 billion of unrestricted cash and cash equivalents, as well as $1.0 billion of available funds from the 2022 AMH credit facility.

Future Debt Obligations

The asset management business had long-term debt of $3.4 billion at September 30, 2023, which includes notes with maturities in 2024, 2026, 2029, 2030, 2048, 2050 and 2053. See note 13 to the condensed consolidated financial statements for further information regarding the asset management business' debt arrangements.

Future Cash Flows

Our ability to execute our business strategy, particularly our ability to increase our AUM, depends on our ability to establish new funds and to raise additional investor capital within such funds. Our liquidity will depend on a number of factors, such as our ability to project our financial performance, which is highly dependent on the funds we manage and our ability to manage our projected costs, fund performance, access to credit facilities, compliance with existing credit agreements, as well as industry and market trends. Also during economic downturns the funds we manage might experience cash flow issues or liquidate entirely. In these situations we might be asked to reduce or eliminate the management fee and performance fees we charge, which could adversely impact our cash flow in the future.

An increase in the fair value of the investments of the funds we manage, by contrast, could favorably impact our liquidity through higher management fees where the management fees are calculated based on the net asset value, gross assets or adjusted assets. Additionally, higher performance fees not yet realized would generally result when investments appreciate over their cost basis which would not have an impact on the asset management business' cash flow until realized.

Consideration of Financing Arrangements

As noted above, in limited circumstances, the asset management business may issue debt or equity to supplement its liquidity. The decision to enter into a particular financing arrangement is made after careful consideration of various factors, including the asset management business' cash flows from operations, future cash needs, current sources of liquidity, demand for the asset management business' debt or equity, and prevailing interest rates.

Revolver Facility

Under the 2022 AMH credit facility, AMH may borrow in an aggregate amount not to exceed $1.0 billion and may incur incremental facilities in an aggregate amount not to exceed $250 million plus additional amounts so long as AMH is in compliance with a net leverage ratio not to exceed 4.00 to 1.00. Borrowings under the 2022 AMH credit facility may be used for working capital and general corporate purposes, including without limitation, permitted acquisitions. The 2022 AMH credit facility has a final maturity date of October 12, 2027.

Tax Receivable Agreement

The tax receivable agreement provides for the payment to the Former Managing Partners and Contributing Partners of 85% of the amount of cash savings, if any, in U.S. federal, state, local and foreign income taxes that AGM and its subsidiaries realize subject to the agreement. For more information regarding the tax receivable agreement, see note 17 to the condensed consolidated financial statements.

AOG Unit Payment

On December 31, 2021, holders of AOG Units (other than Athene and Apollo) sold and transferred a portion of such AOG Units to a wholly-owned subsidiary of the Company, in exchange for an amount equal to $3.66 multiplied by the total number of AOG Units held by such holders immediately prior to such transaction (such payment, the "AOG Unit Payment"). The remainder of the AOG Units held by such holders were exchanged for shares of AGM common stock concurrently with the consummation of the Mergers on January 1, 2022.

As of September 30, 2023, the outstanding AOG Unit Payment amount was $219 million, payable in equal quarterly installments through December 31, 2024. See note 17 for more information.

Athora

Athora is a strategic liabilities platform that acquires and reinsures traditional closed life insurance policies and provides capital and reinsurance solutions to insurers in Europe. In 2017, an AAM subsidiary made a €125 million commitment to Athora, which was fully drawn as of April 2020. An AAM subsidiary committed an incremental €58 million in 2020 to purchase new equity interests. Additionally, in 2021, an AAM subsidiary acquired approximately €21.9 million of new equity interests in Athora.

In December 2021, an AAM subsidiary committed an additional €250 million to purchase new equity interests to support Athora's ongoing growth initiatives, of which €180 million was drawn as of September 30, 2023.

An AAM subsidiary and Athene are minority investors in Athora with a long-term strategic relationship. Through its share ownership, the AAM subsidiary has approximately 19.9% of the total voting power in Athora, and Athene holds shares in Athora representing 10% of the total voting power in Athora. In addition, Athora shares held by funds and other accounts managed by Apollo represent, in the aggregate, approximately 15.1% of the total voting power in Athora.

Fund Escrow

As of September 30, 2023, the remaining investments and escrow cash of Fund VIII and Fund VII were valued at 106% and 112% of the fund's unreturned capital, respectively, which were below the required escrow ratio of 115%. As a result, the funds are required to place in escrow current and future performance fee distributions to the general partner until the specified return ratio of 115% is met (at the time of a future distribution) or upon liquidation. Realized performance fees currently distributed to the general partner are limited to potential tax distributions and interest on escrow balances per each fund's respective partnership agreement.

Clawback

Performance fees from certain of the funds we manage are subject to contingent repayment by the general partner in the event of future losses to the extent that the cumulative performance fees distributed from inception to date exceeds the amount computed as due to the general partner at the final distribution. See "—Overview of Results of Operations—Performance Fees" for the maximum performance fees subject to potential reversal by each fund.

Indemnification Liability

The asset management business recorded an indemnification liability in the event that the Former Managing Partners, Contributing Partners and certain investment professionals are required to pay amounts in connection with a general partner obligation to return previously distributed performance fees. See note 17 to the condensed consolidated financial statements for further information regarding the asset management business' indemnification liability.

Retirement Services Liquidity

There are two forms of liquidity relevant to our retirement services business: funding liquidity and balance sheet liquidity. Funding liquidity relates to the ability to fund operations. Balance sheet liquidity relates to the ability to liquidate or rebalance Athene's balance sheet without incurring significant costs from fees, bid-offer spreads, or market impact. Athene manages its liquidity position by matching projected cash demands with adequate sources of cash and other liquid assets. The principal sources of liquidity for our retirement services business, in the ordinary course of business, are operating cash flows and holdings of cash, cash equivalents and other readily marketable assets.

Athene's investment portfolio is structured to ensure a strong liquidity position over time to permit timely payment of policy and contract benefits without requiring asset sales at inopportune times or at depressed prices. In general, liquid assets include cash and cash equivalents, highly rated corporate bonds, short-term investments and unaffiliated preferred stock, all of which generally have liquid markets with a large number of buyers. Assets included in modified coinsurance and funds withheld portfolios are available to fund the benefits for the associated obligations but are restricted from other uses. Although the investment portfolio of our retirement services business does contain assets that are generally considered illiquid for liquidity monitoring purposes (primarily mortgage loans, policy loans, real estate, investment funds and affiliated common stock), there is some ability to raise cash from these assets if needed. On June 30, 2023, Athene entered into a new AHL credit facility and AHL liquidity facility, which replaced its previous agreements. Athene has access to liquidity through the AHL credit facility with a borrowing capacity of $1.25 billion, subject to being increased up to $1.75 billion in total, the AHL liquidity facility with a borrowing capacity of $2.6 billion, subject to being increased up to $3.1 billion in total, and $2.0 billion of committed repurchase facilities. Both the AHL credit facility and AHL liquidity facility were undrawn as of September 30, 2023. Athene has a registration statement on Form S-3 to provide it with access to the capital markets, subject to market conditions and other factors. Athene is also the counterparty to repurchase agreements with several different financial institutions, pursuant to which it may obtain short-term liquidity, to the extent available. In addition, through Athene's membership in the FHLB, it is eligible to borrow under variable rate short-term federal funds arrangements to provide additional liquidity.

Athene proactively manages its liquidity position to meet cash needs while minimizing adverse impacts on investment returns. Athene analyzes its cash-flow liquidity over the upcoming 12 months by modeling potential demands on liquidity under a variety of scenarios, taking into account the provisions of its policies and contracts in force, its cash flow position, and the volume of cash and readily marketable securities in its portfolio.

Liquidity risk is monitored, managed and mitigated through a number of stress tests and analyses to assess Athene's ability to meet its cash flow requirements, as well as the ability of its reinsurance and insurance subsidiaries to meet their collateral obligations, under various stress scenarios. Athene further seeks to mitigate liquidity risk by maintaining access to alternative, external sources of liquidity.

Insurance Subsidiaries' Operating Liquidity

The primary cash flow sources for Athene's insurance subsidiaries include retirement services product inflows (premiums and deposits), investment income, principal repayments on its investments, net transfers from separate accounts and financial product inflows. Uses of cash include investment purchases, payments to policyholders for surrenders, withdrawals and payout

benefits, interest and principal payments on funding agreements, payments to satisfy pension group annuity obligations, policy acquisition costs and general operating costs.

Athene's policyholder obligations are generally long-term in nature. However, policyholders may elect to withdraw some, or all, of their account value in amounts that exceed Athene's estimates and assumptions over the life of an annuity contract. Athene includes provisions within its annuity policies, such as surrender charges and market value adjustments ("MVA"), which are intended to protect it from early withdrawals. As of September 30, 2023 and December 31, 2022, approximately 78% and 76%, respectively, of Athene's deferred annuity liabilities were subject to penalty upon surrender. In addition, as of September 30, 2023 and December 31, 2022, approximately 63% and 60%, respectively, of policies contained MVAs that may also have the effect of limiting early withdrawals if interest rates increase, but may encourage early withdrawals by effectively subsidizing a portion of surrender charges when interest rates decrease. As of September 30, 2023, approximately 27% of Athene's net reserve liabilities were generally non-surrenderable, including buy-out pension group annuities other than those that can be withdrawn as lump sums, funding agreements and payout annuities, while 57% were subject to penalty upon surrender.

Membership in Federal Home Loan Bank

Through its membership in the FHLB, Athene is eligible to borrow under variable rate short-term federal funds arrangements to provide additional liquidity. The borrowings must be secured by eligible collateral such as mortgage loans, eligible CMBS or RMBS, government or agency securities and guaranteed loans. As of September 30, 2023 and December 31, 2022, respectively, Athene had no outstanding borrowings under these arrangements.

Athene has issued funding agreements to the FHLB. These funding agreements were issued in an investment spread strategy, consistent with other investment spread operations. As of September 30, 2023 and December 31, 2022, Athene had funding agreements outstanding with the FHLB in the aggregate principal amount of $6.7 billion and $3.7 billion, respectively.

The maximum FHLB indebtedness by a member is determined by the amount of collateral pledged and cannot exceed a specified percentage of the member's total statutory assets dependent on the internal credit rating assigned to the member by the FHLB. As of September 30, 2023, the total maximum borrowing capacity under the FHLB facilities was limited to $42.1 billion. However, Athene's ability to borrow under the facilities is constrained by the availability of assets that qualify as eligible collateral under the facilities and certain other limitations. Considering these limitations, as of September 30, 2023 Athene had the ability to draw up to an estimated $7.6 billion, inclusive of borrowings then outstanding. This estimate is based on Athene's internal analysis and assumptions and may not accurately measure collateral which is ultimately acceptable to the FHLB.

Securities Repurchase Agreements

Athene engages in repurchase transactions whereby it sells fixed income securities to third parties, primarily major brokerage firms or commercial banks, with a concurrent agreement to repurchase such securities at a determined future date. Athene requires that, at all times during the term of the repurchase agreements, it maintains sufficient cash or other liquid assets sufficient to allow it to fund substantially all of the repurchase price. Proceeds received from the sale of securities pursuant to these arrangements are generally invested in short-term investments or maintained in cash, with the offsetting obligation to repurchase the security included within payables for collateral on derivatives and securities to repurchase on the condensed consolidated statements of financial condition. As per the terms of the repurchase agreements, Athene monitors the market value of the securities sold and may be required to deliver additional collateral (which may be in the form of cash or additional securities) to the extent that the value of the securities sold decreases prior to the repurchase date.

As of September 30, 2023 and December 31, 2022, the payables for repurchase agreements were $4.5 billion and $4.7 billion, respectively, while the fair value of securities and collateral held by counterparties backing the repurchase agreements was $4.7 billion and $5.0 billion, respectively. As of September 30, 2023, payables for repurchase agreements were comprised of $1.6 billion of short-term and $2.9 billion of long-term repurchase agreements. As of December 31, 2022, payables for repurchase agreements were comprised of $1.9 billion of short-term and $2.9 billion of long-term repurchase agreements.

Dividends from Insurance Subsidiaries

AHL is a holding company whose primary liquidity needs include the cash-flow requirements relating to its corporate activities, including its day-to-day operations, debt servicing, preferred and common stock dividend payments and strategic transactions,

such as acquisitions. The primary source of AHL's cash flow is dividends from its subsidiaries, which are expected to be adequate to fund cash flow requirements based on current estimates of future obligations.

The ability of AHL's insurance subsidiaries to pay dividends is limited by applicable laws and regulations of the jurisdictions where the subsidiaries are domiciled, as well as agreements entered into with regulators. These laws and regulations require, among other things, the insurance subsidiaries to maintain minimum solvency requirements and limit the amount of dividends these subsidiaries can pay.

Subject to these limitations and prior notification to the appropriate regulatory agency, Athene's U.S. insurance subsidiaries are permitted to pay ordinary dividends based on calculations specified under insurance laws of the relevant state of domicile. Any distributions above the amount permitted by statute in any twelve month period are considered to be extraordinary dividends, and require the approval of the appropriate regulator prior to payment. AHL does not currently plan on having the U.S. subsidiaries pay any dividends to their parents.

Dividends from AHL's subsidiaries are projected to be the primary source of AHL's liquidity. Under the Bermuda Insurance Act, each of Athene's Bermuda insurance subsidiaries is prohibited from paying a dividend in an amount exceeding 25% of the prior year's statutory capital and surplus, unless at least two members of the board of directors of the Bermuda insurance subsidiary and its principal representative in Bermuda sign and submit to the Bermuda Monetary Authority ("BMA") an affidavit attesting that a dividend in excess of this amount would not cause the Bermuda insurance subsidiary to fail to meet its relevant margins. In certain instances, the Bermuda insurance subsidiary would also be required to provide prior notice to the BMA in advance of the payment of dividends. In the event that such an affidavit is submitted to the BMA in accordance with the Bermuda Insurance Act, and further subject to the Bermuda insurance subsidiary meeting its relevant margins, the Bermuda insurance subsidiary is permitted to distribute up to the sum of 100% of statutory surplus and an amount less than 15% of its total statutory capital. Distributions in excess of this amount require the approval of the BMA.

The maximum distribution permitted by law or contract is not necessarily indicative of the insurance subsidiaries' actual ability to pay such distributions, which may be further restricted by business and other considerations, such as the impact of such distributions on surplus, which could affect Athene's ratings or competitive position and the amount of premiums that can be written. Specifically, the level of capital needed to maintain desired financial strength ratings from rating agencies, including S&P, A.M. Best, Fitch and Moody's, is of particular concern when determining the amount of capital available for distributions. AHL believes its insurance subsidiaries have sufficient statutory capital and surplus, combined with additional capital available to be provided by AHL, to meet their financial strength ratings objectives. Finally, state insurance laws and regulations require that the statutory surplus of Athene's insurance subsidiaries following any dividend or distribution must be reasonable in relation to their outstanding liabilities and adequate for the insurance subsidiaries' financial needs.

Other Sources of Funding

Athene may seek to secure additional funding at the AHL level by means other than dividends from subsidiaries, such as by drawing on the undrawn $1.25 billion AHL credit facility, drawing on the undrawn $2.6 billion AHL liquidity facility or by pursuing future issuances of debt or preference shares to third-party investors. The AHL credit facility contains various standard covenants with which Athene must comply, including maintaining a consolidated debt-to-capitalization ratio of not greater than 35%, maintaining a minimum consolidated net worth of no less than $14.8 billion and restrictions on the ability to incur liens, with certain exceptions. Rates and terms are as defined in the AHL credit facility. The AHL liquidity facility also contains various standard covenants with which Athene must comply, including maintaining an ALRe minimum consolidated net worth of no less than $8.8 billion and restrictions on the ability to incur liens, with certain exceptions. Rates and terms are as defined in the AHL liquidity facility.

Future Debt Obligations

Athene had long-term debt of $3.6 billion as of September 30, 2023, which includes notes with maturities in 2028, 2030, 2031, 2033, 2051 and 2052. See note 13 to the condensed consolidated financial statements for further information regarding Athene's debt arrangements.

Capital

Athene believes it has a strong capital position and is well positioned to meet policyholder and other obligations. Athene measures capital sufficiency using an internal capital model which reflects management's view on the various risks inherent to

its business, the amount of capital required to support its core operating strategies and the amount of capital necessary to maintain its current ratings in a recessionary environment. The amount of capital required to support Athene's core operating strategies is determined based upon internal modeling and analysis of economic risk, as well as inputs from rating agency capital models and consideration of both NAIC risked-based capital ("RBC") and Bermuda capital requirements. Capital in excess of this required amount is considered excess equity capital, which is available to deploy. As of December 31, 2022, Athene's U.S. RBC ratio was 387%, its Bermuda RBC ratio was 407% and its consolidated RBC ratio was 416%. The formulas for determining the amount of RBC specify various weighting factors that are applied to financial balances or various levels of activity based on the perceived degree of risk.

ACRA

ACRA 1 provides Athene with access to on-demand capital to support its growth strategies and capital deployment opportunities. ACRA 1 provides a capital source to fund both Athene's inorganic and organic channels.

Similar to ACRA 1, ACRA 2 was funded in December 2022 as another long-duration, on-demand capital vehicle. Effective July 1, 2023, ALRe sold 50% of its non-voting, economic interests in ACRA 2 to ADIP II. ALRe holds all of ACRA 2's voting interests. ACRA 2 participates in certain transactions by drawing a portion of the required capital for such transactions from third-party investors equal to ADIP II's proportionate economic interest in ACRA 2.

These strategic capital solutions allow Athene the flexibility to simultaneously deploy capital across multiple accretive avenues, while maintaining a strong financial position.

Critical Accounting Estimates and Policies

Other than as described in this Item 2, there have been no material changes to the Company's critical accounting estimates and policies from those previously disclosed in the 2022 Annual Report. The following updates and supplements the critical accounting estimates and policies in the 2022 Annual Report.

Future Policy Benefits

The future policy benefit liabilities associated with long duration contracts include term and whole-life products, accident and health, disability, and deferred and immediate annuities with life contingencies, which include pension group annuities with life contingencies. Liabilities for nonparticipating long duration contracts are established as the estimated present value of benefits Athene expects to pay to or on behalf of the policyholder and related expenses less the present value of the net premiums to be collected, referred to as the net premium ratio. For immediate annuities with life contingencies, the liability for future policy benefits is equal to the present value of future benefits and related expenses.

Liabilities for nonparticipating long-duration contracts are established using accepted actuarial valuation methods which require the use of assumptions related to discount rate, expenses and policyholder behavior. Athene bases certain key assumptions related to policyholder behavior on industry standard data, adjusted to align with company experience, if needed. All cash flow assumptions, apart from expense assumptions, are established at contract issuance and reviewed annually, or more frequently, if actual experience suggests a revision is necessary.

Immediate annuities with life contingencies, which include pension group annuities with life contingencies, represent the significant majority of Athene's liabilities for future policy benefits. Significant assumptions include discount rates, assumptions for policyholder longevity and policyholder utilization for contracts with deferred lives. In general, the reserve for future policy benefits will decrease when longevity decreases, resulting in remeasurement gains in the condensed consolidated statements of operations. Changes in the discount rate in periods after a cohort has closed will not impact interest expense recognition within the condensed consolidated statements of operations. However, changes in the discount rate will impact the recorded reserve on the condensed consolidated statements of financial condition, with an offsetting unrealized gain or loss recorded to other comprehensive income (loss). Athene uses a single A rate to calculate the present value of reserves related to its immediate annuities with life contingencies.

For these limited-payment contracts where premiums are due over a significantly shorter period than the period over which benefits are provided, a deferred profit liability is established to the extent that gross premium exceeds the net premium reserve and included within future policy benefits. When the net premium ratio for the corresponding future policy benefit is updated for actual experience and changes to projected cash flow assumptions, both the future policy benefit reserve and deferred profit

liability are retrospectively recalculated from the contract issuance date. Also included within the liability for future policy benefits is negative VOBA that was established for blocks of insurance contracts acquired through the Mergers. Negative VOBA related to immediate annuities with life contingencies is subsequently measured on a basis generally consistent with the deferred profit liability.

The increase (decrease) to future policy benefit reserves from hypothetical changes in discount rates is summarized as follows:

(In millions)		**September 30, 2023**
+100 bps discount rate	$	(2,787)
–100 bps discount rate		3,220

Market Risk Benefits

Market risk benefits represent contracts or contract features that both provide protection to the contract holder from, and exposes the insurance entity to, other-than-nominal capital market risk. Athene issues and reinsures deferred annuity contracts, which includes both traditional deferred and indexed annuities, that contain GLWB and GMDB riders. These riders meet the criteria for and are classified as market risk benefits.

Market risk benefits are measured at fair value at the contract level and may be recorded as a liability or an asset. At contract inception, Athene assesses the fees and assessments that are collectible from the policyholder, which include explicit rider fees and other contract fees, and allocates them to the extent they are attributable to the market risk benefit. These attributed fees are used in the valuation of the market risk benefits and are never negative or exceed total explicit fees collectible from the policyholder. Athene is also required to project the expected benefits that will be required for the riders in excess of the projected account balance. Determining the projected benefits in excess of the projected account balance requires judgment for economic and actuarial assumptions, both of which are used in determining future policyholder account growth that will drive the amount of benefits required.

Economic assumptions include interest rates and implied equity volatilities throughout the duration of the liability. For riders on indexed annuities, this also includes assumptions about projected equity returns, which impact expected index credits on the next policy anniversary date and future equity option costs. When economic assumptions lead to an increase in expected future policy growth from higher interest and index crediting during the accumulation period, the higher projected account balance at the time of rider utilization decreases the inherent value of the rider as less payments for benefits are required in excess of the account balance. All else constant, the increase in the projected account balance will, therefore, result in a decrease to the market risk benefit liability or an increase if the market risk benefit is in an asset position with remeasurement gains recorded in the condensed consolidated statements of operations.

Policyholder behavior assumptions are established using accepted actuarial valuation methods to estimate decrements to policies with riders including lapses, full and partial withdrawals (surrender rate) and mortality and the utilization of the benefit riders. Base lapse rates consider the level of surrender charges and are dynamically adjusted based on the level of current interest rates relative to the guaranteed rates and the amount by which any rider guarantees are in a net positive position. Rider utilization assumptions consider the number and timing of policyholders electing the riders. Athene tracks and updates this assumption as experience emerges. Mortality assumptions are set at the product level and are generally based on standard industry tables with adjustments for historical experience and a provision for mortality improvement. While economic assumptions impact the projected account value and the benefits paid in excess of the account value, policyholder behavior assumptions, such as surrenders, impact the expected number of policies that will elect to utilize the rider. An expected increase in decrements and decrease in rider utilization, all else constant, will result in a decrease to the market risk benefit liability or an increase in the market risk benefit asset with remeasurement gains recorded in the condensed consolidated statements of operations.

All inputs, including expected fees and assessments and economic and policyholder behavior assumptions, are used to project excess benefits and fees over a range of risk-neutral, stochastic interest rate scenarios. For riders on indexed annuities, stochastic equity return scenarios are also included within the range. The discount rate used to present value the projected cash flows is a significant assumption, with the change in risk free rates expected to drive most of the movement in discount rates between periods. A risk margin is deducted from the discount rate to reflect the uncertainty in the projected cash flows, such as variations in policyholder behavior, and a credit spread is added to reflect Athene's risk of nonperformance. If the discount rates used were to fluctuate, there would be a resulting change in reserves for the market risk benefits recorded through the

condensed consolidated statements of operations, except for the portion related to the change in nonperformance risk, which is recorded through other comprehensive income (loss).

The increase (decrease) to the net market risk benefit balance from hypothetical changes in the discount rate is summarized as follows:

(In millions)	September 30, 2023
+100 bps discount rate	$ (599)
–100 bps discount rate	745

Deferred Acquisition Costs, Deferred Sales Inducements, and Value of Business Acquired

DAC, DSI and VOBA are no longer considered critical accounting estimates as a result of the adoption of LDTI as of January 1, 2023.

Recent Accounting Pronouncements

A list of recent accounting pronouncements that are relevant to Apollo and its industries is included in note 2 to our condensed consolidated financial statements.

Contractual Obligations, Commitments and Contingencies

Fixed and determinable payments due in connection with the Company's material contractual obligations are as follows as of September 30, 2023:

	2023	2024 - 2025	2026 - 2027	2028 and Thereafter	Total
			(In millions)		
Asset Management					
Operating lease obligations[1]	$ 16	$ 153	$ 148	$ 546	$ 863
Other long-term obligations[2]	13	17	—	—	30
2022 AMH credit facility[3]	—	2	1	—	3
Debt obligations[3]	42	830	754	4,304	5,930
AOG Unit payment[4]	44	175	—	—	219
	115	1,177	903	4,850	7,045
Retirement Services					
Interest sensitive contract liabilities	4,690	43,511	36,729	104,135	189,065
Future policy benefits	672	4,941	4,934	36,125	46,672
Market risk benefits	—	—	—	6,671	6,671
Other policy claims and benefits	123	—	—	—	123
Dividends payable to policyholders	2	14	14	65	95
Debt[3]	34	306	306	4,592	5,238
Securities to repurchase[5]	1,716	1,404	1,946	—	5,066
	7,237	50,176	43,929	151,588	252,930
Obligations	$ 7,352	$ 51,353	$ 44,832	$ 156,438	$ 259,975

[1] Operating lease obligations excludes $219 million of other operating expenses associated with operating leases.

[2] Includes (i) payments on management service agreements related to certain assets and (ii) payments with respect to certain consulting agreements entered into by the Company. Note that a significant portion of these costs are reimbursable by funds.

[3] The obligations for debt payments include contractual maturities of principal and estimated future interest payments based on the terms of the debt agreements. See note 13 of the condensed consolidated financial statements for further discussion of these debt obligations.

[4] On December 31, 2021, each holder of AOG Units (other than those held by the Company and Athene) sold a portion of their limited partnership interests to the Company in exchange for the AOG Unit Payment. See note 17 to the condensed consolidated financial statements for more information.

[5] The obligations for securities to repurchase payments include contractual maturities of principal and estimated future interest payments based on the terms of the agreements. Future interest payments on floating rate repurchase agreements were calculated using the September 30, 2023 interest rate.

Note: Due to the fact that the timing of certain amounts to be paid cannot be determined or for other reasons discussed below, the following contractual commitments have not been presented in the table above.

(i) As noted previously, the tax receivable agreement requires us to pay to our Former Managing Partners and Contributing Partners 85% of any tax savings received by AGM and its subsidiaries from our step-up in tax basis. The tax savings achieved may not ensure that we have sufficient cash available to pay this liability and we might be required to incur additional debt to satisfy this liability.
(ii) Debt amounts related to the consolidated VIEs are not presented in the table above as the Company is not a guarantor of these non-recourse liabilities.
(iii) In connection with the Stone Tower acquisition, Apollo agreed to pay the former owners of Stone Tower a specified percentage of any future performance fees earned from certain of the Stone Tower funds, CLOs and strategic investment accounts. In connection with the acquisition of Griffin Capital's U.S. asset management business on May 3, 2022, Apollo agreed to pay the former owners certain share-based consideration contingent on specified AUM and capital raising thresholds. These contingent consideration liabilities are remeasured to fair value at each reporting period until the obligations are satisfied. See note 18 to the condensed consolidated financial statements for further information regarding the contingent consideration liabilities.
(iv) Commitments from certain of our subsidiaries to contribute to the funds we manage and certain related parties.

Atlas Securitized Products Holdings LP

In connection with the Company and CS's previously announced transaction, certain subsidiaries of Atlas acquired certain assets of the CS Securitized Products Group (the "Transaction"). Under the terms of the Transaction, Atlas has agreed to pay CS $3.3 billion, $0.4 billion of which is deferred until February 8, 2026, and $2.9 billion of which is deferred until February 8, 2028. This deferred purchase price is an obligation first of Atlas, second of AAA, third of AAM, fourth of AHL and fifth of AARe. Each of AARe and AAM has issued an assurance letter to CS for the full deferred purchase obligation amount of $3.3 billion. In exchange for the purchase price, Atlas received approximately $0.4 billion in cash and a portfolio of senior secured warehouse assets, subject to debt, with approximately $1 billion of tangible equity value. These warehouse assets are senior secured assets at industry standard loan-to-value ratios, structured to investment grade-equivalent criteria, and were approved by Atlas in connection with this Transaction. In addition, Atlas has received an investment management contract to manage certain unrelated assets on behalf of CS, providing for quarterly payments expected to total approximately $1.1 billion net to Atlas over 5 years. Finally, Atlas shall also benefit generally from the net spread earned on its assets in excess of its cost of financing. As a result, the fair value of the liability related to the Company's assurance letter is not material to the condensed consolidated financial statements.

Supplemental Guarantor Financial Information

The 2053 Subordinated Notes issued by AGM are guaranteed on a junior, unsecured basis by AAM, together with certain Apollo intermediary holding companies (collectively, the "Guarantors"). The Guarantors fully and unconditionally guarantee payments of principal, premium, if any, and interest on a subordinated, unsecured basis. See note 13 of the condensed consolidated financial statements for further discussion on this debt obligation.

AGM, as issuer, and the Guarantors are holding companies. The primary sources of cash flow are dependent upon distributions from their respective subsidiaries to meet their future obligations under the notes and the guarantees, respectively. The 2053 Subordinated Notes are not guaranteed by any fee generating businesses, Apollo-managed funds, or Athene and its direct and indirect subsidiaries. Holders of the guaranteed registered debt securities will have a direct claim only against AGM as issuer.

The following tables present summarized financial information of AGM, as the issuer of the debt securities, and the Guarantors on a combined basis after elimination of intercompany transactions and balances within the Guarantors and equity in the earnings from and investments in any non-guarantor subsidiary. As used herein, "obligor group" means AGM, as the issuer of the debt securities, and the Guarantors on a combined basis. The summarized financial information is provided in accordance with the reporting requirements of Rule 13-01 under SEC Regulation S-X for the obligor group and is not intended to present the financial position or results of operations of the obligor group in accordance with generally accepted accounting principles as such principles are in effect in the United States.

(In millions)	As of September 30, 2023	As of December 31, 2022
Summarized Statements of Financial Condition		
Current assets, less receivables from non-guarantor subsidiaries	$ 2,351	$ 1,911
Noncurrent assets	7,918	6,828
Due from related parties, excluding non-guarantor subsidiaries	414	499
Current liabilities, less payables to non-guarantor subsidiaries	785	533
Noncurrent liabilities	6,160	5,220
Due to related parties, excluding non-guarantor subsidiaries	185	123
Redeemable preferred stock	—	554
Noncontrolling interests	10	6

(In millions)	Nine months ended September 30, 2023
Summarized Statements of Operations	
Revenues	$ 2,739
Net income	937
Net income attributable to obligor group	863

The following are transactions of the obligor group with non-guarantor subsidiaries.

(In millions)	Nine months ended September 30, 2023
Due from non-guarantor subsidiaries	$ 134
Due to non-guarantor subsidiaries	358
Intercompany revenue	695

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the risk of incurring losses due to adverse changes in market rates and prices. Included in market risk are potential losses in value due to credit and counterparty risk, interest rate risk, currency risk, commodity price risk, equity price risk and inflation risk.

In our asset management business, our predominant exposure to market risk is related to our role as investment manager and general partner for the funds we manage and the sensitivity to movements in the fair value of their investments and resulting impact on performance fees and management fee revenues. Our direct investments in the funds we manage also expose us to market risk whereby movements in the fair values of the underlying investments will increase or decrease both net gains (losses) from investment activities and income (loss) from equity method investments.

Our retirement services business is exposed to market risk through its investment portfolio, its counterparty exposures, and its hedging and reinsurance activities. Athene's primary market risk exposures are to credit risk, interest rate risk and equity price risk.

For a discussion of our market risk exposures in general, please see "Part II—Item 7A. Quantitative and Qualitative Disclosures About Market Risk" in our 2022 Annual Report, which is accessible on the Securities and Exchange Commission's website at www.sec.gov and is incorporated by reference into this report.

There have been no material changes to market risk exposures from those previously disclosed in the Company's 2022 Annual Report other than those disclosed below.

Sensitivities

Retirement Services

Interest Rate Risk

Athene assesses interest rate exposure for financial assets and liabilities using hypothetical stress tests and exposure analyses. Assuming all other factors are constant, if there was an immediate parallel increase in interest rates of 100 basis points from levels as of September 30, 2023, Athene estimates a net decrease to its point-in-time income (loss) before income tax (provision) benefit from changes in the fair value of these financial instruments of $2.7 billion, net of offsets. If there was a similar parallel increase in interest rates from levels as of December 31, 2022, Athene estimates a net decrease to its point-in-time income (loss) before income taxes from changes in the fair value of these financial instruments of $2.1 billion, net of offsets. The increase in sensitivity to point-in-time pre-tax income from changes in the fair value of these financial instruments as of September 30, 2023, when compared to December 31, 2022, includes the impact from the recent assumption unlock that impacts the FIA embedded derivative. The financial instruments included in the sensitivity analysis are carried at fair value and changes in fair value are recognized in earnings. These financial instruments include derivative instruments, embedded derivatives, mortgage loans and certain fixed maturity securities. The sensitivity analysis excludes those financial instruments carried at fair value for which changes in fair value are recognized in equity, such as AFS fixed maturity securities.

Assuming a 25 basis point increase in interest rates persists for a 12-month period, the estimated impact to spread related earnings due to the change in net investment spread from floating rate assets and liabilities would be an increase of approximately $45 – $55 million, and a 25 basis point decrease would generally result in a similar decrease. This is calculated without regard to future changes to assumptions.

With the implementation of LDTI in accounting for long-duration insurance and investment contracts, changes in the fair value of market risk benefits due to current period movement in the interest rate curve used to discount the reserve are reflected in net income (loss) but excluded from spread related earnings. However, changes in interest rates that impact the cost of the projected GLWB and GMDB rider benefits, included within Athene's market risk benefit reserve, are reflected within cost of funds in spread related earnings over the life of the business.

Assuming a parallel increase in interest rates of 25 basis points, the estimated impact to spread related earnings over a 12-month period related to market risk benefits would be an increase of approximately $20 – $40 million, and a parallel decrease in interest rates of 25 basis points would generally result in a similar decrease. This is calculated without regard to future changes to assumptions.

Athene is unable to make forward-looking estimates regarding the impact on net income (loss) or spread related earnings of changes in interest rates that persist for a longer period of time, or changes in the shape of the yield curve over time, as a result of an inability to determine how such changes will affect certain of the items that Athene characterizes as "adjustments to income (loss) before income taxes" in its reconciliation between net income (loss) available to AHL common shareholder and spread related earnings. See "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations—Summary of Non-U.S. GAAP Measures" for the reconciliation of net income (loss) attributable to AGM common stockholders to adjusted net income, of which spread related earnings is a component. The impact of changing rates on these adjustments is likely to be significant. See above for a discussion regarding the estimated impact on income (loss) before income taxes of an immediate, parallel increase in interest rates of 100 basis points from levels as of September 30, 2023, which discussion encompasses the impact of such an increase on certain of the adjustment items.

The models used to estimate the impact of changes in market interest rates incorporate numerous assumptions, require significant estimates and assume an immediate change in interest rates without any discretionary management action to counteract such a change. Consequently, potential changes in Athene's valuations indicated by these simulations will likely be different from the actual changes experienced under any given interest rate scenarios and these differences may be material. Because Athene actively manages its assets and liabilities, the net exposure to interest rates can vary over time. However, any such decreases in the fair value of fixed maturity securities, unless related to credit concerns of the issuer requiring recognition of credit losses, would generally be realized only if Athene were required to sell such securities at losses to meet liquidity needs.

Public Equity Risk

Athene assesses public equity market risk for financial assets and liabilities using hypothetical stress tests and exposure analyses. Assuming all other factors are constant, if there was a decline in public equity market prices of 10% as of September 30, 2023, Athene estimates a net decrease to its point-in-time income (loss) before income tax (provision) benefit from changes in the fair value of these financial instruments of $477 million. As of December 31, 2022, Athene estimates that a decline in public equity market prices of 10% would cause a net decrease to its point-in-time income (loss) before income tax (provision) benefit from changes in the fair value of these financial instruments of $312 million. The increase in sensitivity to point-in-time pre-tax income from changes in the fair value of these financial instruments as of September 30, 2023, when compared to December 31, 2022, is primarily driven by equity market performance during the year, which has resulted in more equity exposure to public equity market price declines. The financial instruments included in the sensitivity analysis are carried at fair value and changes in fair value are recognized in earnings. These financial instruments include public equity investments, derivative instruments and the FIA embedded derivative.

ITEM 4. CONTROLS AND PROCEDURES

We maintain “disclosure controls and procedures”, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, that are designed to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing disclosure controls and procedures, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any disclosure controls and procedures also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired objectives.

Our management, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 under the Exchange Act as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) are effective at the reasonable assurance level to accomplish their objectives of ensuring that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer as appropriate, to allow timely decisions regarding required disclosure.

No changes in our internal control over financial reporting (as such term is defined in Rules 13a–15(f) and 15d–15(f) under the Exchange Act) occurred during our most recent quarter, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

See a summary of the Company's legal proceedings set forth in note 18 to our condensed consolidated financial statements, which is incorporated by reference herein.

ITEM 1A. RISK FACTORS

For a discussion of our potential risks and uncertainties, see the information under the heading "Risk Factors" in our 2022 Annual Report, which is accessible on the Securities and Exchange Commission's website at www.sec.gov. The risks described in our 2022 Annual Report are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results. There have been no material changes to the risk factors disclosed in our 2022 Annual Report, except for the following:

Our structure involves complex provisions of tax law for which no clear precedent or authority may be available. Our structure is also subject to ongoing future potential legislative, judicial or administrative change and differing interpretations, possibly on a retroactive basis.

The tax treatment of our structure and transactions undertaken by us depends in some instances on determinations of fact and interpretations of complex provisions of U.S. federal, state, local and non-U.S. income tax law for which no clear precedent or authority may be available. In addition, U.S. federal, state, local and non-U.S. income tax rules are constantly under review by persons involved in the legislative process, the Internal Revenue Service, the U.S. Department of the Treasury, and non-U.S. legislative and regulatory bodies, which frequently results in revised interpretations of established concepts, statutory changes, revisions to regulations and other modifications and interpretations. It is possible that future legislation increases the U.S. federal income tax rates applicable to corporations, limits further the deductibility of interest, subjects carried interest to more onerous taxation or effects other changes that could have a material adverse effect on our business, results of operations and financial condition.

On August 16, 2022, the U.S. government enacted the Inflation Reduction Act of 2022 (the "IRA"). The IRA contains a number of tax-related provisions, including a 15% minimum corporate income tax on certain large corporations as well as an excise tax on stock repurchases. It is unclear how the IRA will be implemented by the U.S. Department of the Treasury through regulation. We are still evaluating the impact of the IRA on our tax liability, which tax liability could also be affected by how the provisions of the IRA are implemented through such regulation. We will continue to evaluate the IRA's impact as further information becomes available.

We cannot predict whether any particular proposed legislation will be enacted or, if enacted, what the specific provisions or the effective date of any such legislation would be, or whether it would have any effect on us. As such, we cannot assure you that future legislative, administrative or judicial developments will not result in an increase in the amount of U.S. or non-U.S. tax payable by us, the funds we manage, portfolio companies owned by such funds or by investors in our shares. If any such developments occur, our business, results of operations and cash flows could be adversely affected and such developments could have an adverse effect on your investment in our shares.

Our effective tax rate and tax liability is based on the application of current income tax laws, regulations and treaties. These laws, regulations and treaties are complex, and the manner in which they apply to us and the funds we manage is sometimes open to interpretation. Significant management judgment is required in determining our provision for income taxes, our deferred tax assets and liabilities and any valuation allowance recorded against our net deferred tax assets. Although management believes its application of current laws, regulations and treaties to be correct and sustainable upon examination by the tax authorities, the tax authorities could challenge our interpretation resulting in additional tax liability or adjustment to our income tax provision that could increase our effective tax rate.

In addition, we or certain portfolio companies of the funds we manage are currently (or have been recently) under tax audit in various jurisdictions, including the U.S., India, and the UK, and these jurisdictions or any others where we conduct business may assess additional tax against us. While we believe our tax positions, determinations, and calculations are reasonable, the final determination of tax upon resolution of any audits could be materially different from our historical tax provisions and accruals. Should additional material taxes be assessed as a result of an audit, assessment, or litigation, there could be an adverse effect on our results of operations and cash flows in the period or periods for which that determination is made.

The U.S. Congress, the Organisation for Economic Co-operation and Development (the "OECD") and other government agencies in jurisdictions where we and our affiliates invest or conduct business have continued to recommend and implement changes related to the taxation of multinational companies. The OECD, which represents a coalition of Member countries, has proposed and driven the implementation by its Member countries of changes to numerous long-standing tax principles through its base erosion and profit shifting ("BEPS") project, which is focused on a number of issues, including profit shifting among affiliated entities in different jurisdictions, interest deductibility and eligibility for the benefits of double tax treaties. Several of the BEPS measures, including measures covering treaty abuse, the deductibility of interest expense, local nexus requirements, transfer pricing and hybrid mismatch arrangements, are relevant to some of the fund structures and could have an adverse tax impact on the funds we manage, investors and/or the portfolio companies of the funds we manage. OECD Member countries have been moving forward on the BEPS agenda but, because timing of implementation and the specific measures adopted vary among participating Member countries, significant uncertainty remains regarding the full impact of the BEPS project for our business. Uncertainty remains around (among other matters) access to tax treaties for some of the investments' holding platforms, which could create situations of double taxation and adversely impact the investment returns of the funds we manage.

In addition, the OECD is continuing to work on a two pillar initiative, "BEPS 2.0," which is aimed at (1) shifting taxing rights to the jurisdiction of the consumer ("Pillar One") and (2) ensuring all companies pay a global minimum tax ("Pillar Two"). Pillar One will, broadly, re-allocate taxing rights over 25% of the residual profits of multinational enterprises ("MNEs") with global turnover in excess of 20 billion euros (excluding extractives and regulated financial services) to the jurisdictions where the customers and users of those MNEs are located. Pillar Two will, broadly, consist of two interlocking domestic rules (together the Global Anti-Base Erosion Rules (the "GloBE Rules")): (i) an Income Inclusion Rule ("IIR"), which imposes top-up tax on a parent entity in respect of the low-taxed income of a constituent entity; and (ii) an Undertaxed Payment Rule ("UTPR"), which denies deductions or requires an equivalent adjustment to the extent the low-taxed income of a constituent entity is not subject to tax under an IIR. There will also be a treaty-based Subject To Tax Rule that allows source jurisdictions to impose limited source taxation on certain related party payments subject to tax below a minimum rate.

For countries other than the U.S., the OECD recommended model GloBE Rules for Pillar Two in late 2021. The OECD also released further guidance on the model GloBE Rules during 2022 and has continued to release guidance on a rolling basis throughout 2023. This includes the release in early February 2023 of technical guidance which comments in particular on the interaction between the model GloBE Rules and current U.S. tax law, and the release in July 2023 of further administrative guidance which contains details of how to calculate tax for the purposes of Pillar Two. It was indicated by the OECD in May 2022 that the Two-Pillar Solution will not come into force until 2024 at the earliest.

Several aspects of the model GloBE Rules, including whether some or all of our activities may fall within the scope of the exclusions therefrom, currently remain unclear or uncertain notwithstanding existing commentary and draft legislation. The UK enacted legislation in July 2023 implementing the IIR via a "multinational top-up tax" ("MTT") (alongside a UK domestic top-up tax). This MTT will apply to MNEs for accounting periods beginning on or after December 31, 2023. On September 27, 2023, the UK published proposed amendments to the previously enacted MTT legislation, which also introduced new provisions relating to the UK's implementation of a UTPR rule for accounting periods beginning on or after December 31, 2024.

It is likely that other countries or jurisdictions will implement the recommended model GloBE Rules (including either or both of the IIR or UTPR) as drafted, in a modified form, although some countries may not introduce such changes. Bermuda in particular has proposed the introduction of a new corporate income tax regime, in response to the Pillar Two initiative. See *—Our Bermuda subsidiaries are subject to the risk that Bermuda tax laws may change and that they may become subject to new Bermuda taxes following the expiration of a current exemption after 2035* below. The implications of this proposal for our Bermuda subsidiaries remain uncertain, both at a domestic level in Bermuda and in terms of how any such Bermuda corporate income tax regime (once it comes into effect) might interact with the UK MTT and UTPR legislation or other Pillar Two implementing legislation in relevant jurisdictions. The proposed Bermuda corporate income tax regime is not expected to come into effect until January 1, 2025, at the earliest, which means that there is (on current proposed timings) a period of at least one year in which the UK MTT is expected to apply to our Bermuda subsidiaries before any changes are effected in Bermuda. Based on the current status of the proposals in Bermuda, it is also not certain how any new Bermuda corporate income tax regime (once it comes into effect) would interact with UK or other Pillar Two legislation which may be applicable to our Bermuda subsidiaries.

The timing, scope and implementation of any of the potential Pillar Two provisions into the domestic law of relevant countries remains subject to significant uncertainty, and the content of existing and future OECD guidance (and its consistency with current international tax principles or with implementing legislation of relevant countries) also remains uncertain. Depending on how the model GloBE Rules are implemented or clarified by additional commentary or guidance in the future, they may result in material additional tax being payable by our business and the businesses of the companies in which we invest. The ultimate implementation of the BEPS project may also increase the complexity and the burden and costs of compliance and advice relating to our ability to efficiently fund, hold and realize investments, and could necessitate or increase the probability of some restructuring of our group or business operations. The implementation of the BEPS project may also lead to additional complexity in evaluating the tax implications of ongoing investments and restructuring transactions within our business.

Our Bermuda subsidiaries are subject to the risk that Bermuda tax laws may change and that they may become subject to new Bermuda taxes following the expiration of a current exemption after 2035.

The Bermuda Minister of Finance, under the Exempted Undertakings Tax Protection Act 1966 of Bermuda, as amended, has issued Tax Assurance Certificates to certain of our Bermuda subsidiaries assuring such entities that if any legislation is enacted in Bermuda that would impose tax computed on profits or income, or computed on any capital asset, gain or appreciation, or any tax in the nature of estate duty or inheritance tax, then the imposition of any such tax will not be applicable to such subsidiaries or any of their operations, shares, debentures or other obligations until March 31, 2035, except insofar as such tax applies to persons ordinarily resident in Bermuda or to any taxes payable by our subsidiaries in respect of real property owned or leased by our subsidiaries in Bermuda.

In response to the OECD Pillar Two initiative, on August 8, 2023, the Bermuda Ministry of Finance published its first Public Consultation announcing the proposed implementation of a new corporate income tax regime. A Second Public Consultation was published on October 5, 2023. The Bermuda corporate income tax legislation is proposed to be effective for tax years beginning on or after January 1, 2025. The Bermuda Government, as part of its implementation of a Bermuda corporate income tax, announced in its Second Public Consultation that any new Bermuda corporate income tax regime would supersede existing Tax Assurance Certificates held by entities within the scope of the new Bermuda corporate income tax.

Given the announcement by the Bermuda Minister of Finance with respect to the potential enactment of a Bermuda corporate income tax, we cannot assure you that our subsidiaries will not be subject to any Bermuda tax for tax years beginning on or after January 1, 2025.

ITEM 2. UNREGISTERED SALE OF EQUITY SECURITIES, USE OF PROCEEDS AND ISSUER PURCHASES OF EQUITY SECURITIES

Unregistered Sale of Equity Securities

On August 16, 2023, the Company issued 48,774 restricted shares under the 2019 Omnibus Equity Incentive Plan for Estate Planning Vehicles and 3,719 restricted shares under the 2019 Omnibus Equity Incentive Plan to certain holders of vested performance fee rights. The shares were issued in private placements in reliance on Regulation D or Section 4(a)(2) of the Securities Act.

Issuer Purchases of Equity Securities

The following table sets forth information regarding repurchases of shares of common stock during the fiscal quarter ended September 30, 2023.

Period	Total number of shares of common stock purchased[1]	Average price paid per share	Total number of shares of common stock purchased as part of publicly announced plans or programs[3]	Approximate dollar value of common stock that may yet be purchased under the plans or programs
July 1, 2023 through July 31, 2023				
Opportunistic repurchases	—		—	
Equity award-related repurchases[2]	—		—	
Total	—	$ —	—	$ 1,015,706,559

August 1, 2023 through August 31, 2023					
Opportunistic repurchases	—			—	
Equity award-related repurchases[2]	259,245			259,245	
Total	259,245	$	86.11	259,245	$ 993,383,929
September 1, 2023 through September 30, 2023					
Opportunistic repurchases	—			—	
Equity award-related repurchases[2]	—			—	
Total	—	$	—	—	$ 993,383,929
Total					
Opportunistic repurchases	—			—	
Equity award-related repurchases[2]	259,245			259,245	
Total	259,245			259,245	

[1] Certain Apollo employees receive a portion of the profit sharing proceeds of certain funds in the form of (a) restricted shares of common stock that they are required to purchase with such proceeds or (b) RSUs, in each case which equity-based awards generally vest over three years. These equity-based awards are granted under the Company's Equity Plan. To prevent dilution on account of these awards, Apollo may, in its discretion, repurchase shares of common stock on the open market and retire them. During the three months ended September 30, 2023, we did not repurchase any shares of common stock in open-market transactions not pursuant to a publicly-announced repurchase plan or program on account of these awards.

[2] Represents repurchases of shares of common stock in order to offset the dilutive impact of share issuances under the Equity Plan including reductions of shares of common stock that otherwise would have been issued to participants under the Company's Equity Plan in order to satisfy associated tax obligations.

[3] Pursuant to a share repurchase program that was publicly announced on January 3, 2022, as amended on February 21, 2023, the Company is authorized to repurchase (i) up to an aggregate of $1.0 billion of shares of its common stock in order to opportunistically reduce its share count and (ii) up to an aggregate of $1.5 billion of shares of its common stock in order to offset the dilutive impact of share issuances under the its equity incentive plans, in each case with the timing and amount of repurchases to depend on a variety of factors including price, economic and market conditions as well as expected capital needs, evolution in Company's capital structure, legal requirements and other factors. Under the share repurchase program, repurchases may be of outstanding shares of common stock occurring from time to time in open market transactions, in privately negotiated transactions, pursuant to a trading plan adopted in accordance with Rule 10b5-1 of the Exchange Act, or otherwise, as well as through reductions of shares that otherwise would have been issued to participants under the Company's Equity Plan in order to satisfy associated tax obligations. The share repurchase program does not obligate the Company to make any repurchases at any specific time. The program is effective until the aggregate repurchase amount that has been approved by the AGM board of directors has been expended. The program may be suspended, extended, modified or discontinued at any time.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

During the three months ended September 30, 2023, no director or officer of AGMadopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

APOLLO GLOBAL MANAGEMENT, INC.
EXHIBIT INDEX

ITEM 6. EXHIBITS

Exhibit Number	Exhibit Description
2.1	Agreement and Plan of Merger, dated as of March 8, 2021, by and among Apollo Global Management, Inc., Athene Holding Ltd., Tango Holdings, Inc., Blue Merger Sub, Ltd., and Green Merger Sub, Inc. (incorporated by reference to Exhibit 2.1 to Apollo Asset Management, Inc.'s Form 8-K filed on March 8, 2021 (File No. 001-35107)).
3.1	Amended and Restated Certificate of Incorporation of Tango Holdings, Inc. (incorporated by reference to Exhibit 3.1 to the Registrant's Form 8-K12B filed on January 3, 2022 (File No. 001-41197)).
3.2	Amendment to the Amended and Restated Certificate of Incorporation of Apollo Global Management, Inc. (incorporated by reference to Exhibit 3.2 to the Registrant's Form 8-K12B filed on January 3, 2022 (File No. 001-41197)).
3.3	Certificate of Designations of 6.75% Series A Mandatory Convertible Preferred Stock of Apollo Global Management, Inc. (incorporated by reference to Exhibit 3.1 to the Registrant's Form 8-K filed on August 11, 2023 (File No. 001-41197)).
3.4	Amended and Restated Bylaws of Apollo Global Management, Inc. (incorporated by reference to Exhibit 3.3 to the Registrant's Form 8-K12B filed on January 3, 2022 (File No. 001-41197)).
4.1	Form of 6.75% Series A Mandatory Convertible Preferred Stock Certificate (included in Exhibit 3.1 to the Registrant's Form 8-K filed on August 11, 2023 (File No. 001-41197), which is incorporated by reference).
4.2	Indenture, dated as of August 23, 2023, among Apollo Global Management, Inc., the guarantors named therein and U.S. Bank Trust Company, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Registrant's Form 8-K filed on August 23, 2023 (File No. 001-41197)).
4.3	Form of 7.625% Fixed-Rate Resettable Junior Subordinated Notes due 2053 (included in Exhibit 4.1 to the Registrant's Form 8-K filed on August 23, 2023 (File No. 001-41197), which is incorporated by reference).
4.4	Certain instruments defining the rights of holders of long-term debt securities of the Registrant and its subsidiaries are omitted pursuant to Item 601(b)(4)(iii) of Regulation S-K. The Registrant hereby undertakes to furnish to the Securities and Exchange Commission, upon request, copies of any such instruments.
*22.1	List of Subsidiary Guarantors.
*31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a).
*31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a).
*32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
*32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
*101.SCH	XBRL Taxonomy Extension Schema Document
*101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document

APOLLO GLOBAL MANAGEMENT, INC.
EXHIBIT INDEX

*101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
*101.LAB	XBRL Taxonomy Extension Label Linkbase Document
*101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

ith.

The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by us in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Apollo Global Management, Inc.
(Registrant)

Date: November 7, 2023

By: /s/ Martin Kelly

Name: Martin Kelly
Title: Chief Financial Officer
(principal financial officer and authorized signatory)

Exhibit 22.1

List of Subsidiary Guarantors

As of September 30, 2023, the 7.625% Fixed-Rate Resettable Junior Subordinated Notes Due 2053 issued by Apollo Global Management, Inc. ("AGM") are guaranteed by the following subsidiaries of AGM:

1. Apollo Asset Management, Inc.
2. Apollo Principal Holdings I, L.P.
3. Apollo Principal Holdings II, L.P.
4. Apollo Principal Holdings III, L.P.
5. Apollo Principal Holdings IV, L.P.
6. Apollo Principal Holdings V, L.P.
7. Apollo Principal Holdings VI, L.P.
8. Apollo Principal Holdings VII, L.P.
9. Apollo Principal Holdings VIII, L.P.
10. Apollo Principal Holdings IX, L.P.
11. Apollo Principal Holdings X, L.P.
12. AMH Principal Holdings XII, L.P.
13. AMH Holdings (Cayman), L.P.
14. Apollo Management Holdings, L.P.

Exhibit 31.1

CHIEF EXECUTIVE OFFICER CERTIFICATION

I, Marc Rowan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 of Apollo Global Management, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: November 7, 2023

/s/ Marc Rowan

Marc Rowan

Chief Executive Officer

Exhibit 31.2

CHIEF FINANCIAL OFFICER CERTIFICATION

I, Martin Kelly, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 of Apollo Global Management, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: November 7, 2023

/s/ Martin Kelly

Martin Kelly

Chief Financial Officer

Exhibit 32.1

Certification of the Chief Executive Officer
Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Apollo Global Management, Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Marc Rowan, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 7, 2023

/s/ Marc Rowan
Marc Rowan
Chief Executive Officer

* The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

Exhibit 32.2

Certification of the Chief Financial Officer
Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Apollo Global Management, Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Martin Kelly, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 7, 2023

/s/ Martin Kelly
Martin Kelly
Chief Financial Officer

* The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

ANEXO 8

Informe de valoración emitido por KPMG. Certificado de la Bolsa de Madrid sobre la cotización media ponderada de las acciones de Applus

Apollo Management International LLP



Informe de valoración de experto independiente de las acciones de Applus Services, S.A.

8 de enero de 2024

KPMG Asesores S.L.
Paseo de la Castellana, 259-C
28046 Madrid

Tel +34 91 456 34 00
Fax +34 91 555 01 32
Web www.kpmg.es

Apollo Management International LLP
1 Soho Place
Londres, W1D 3BG

8 de enero de 2024

A la atención del Comité de Inversiones

Muy señores nuestros:

Nos complace presentarles nuestro informe de valoración independiente (en adelante el "Informe") de la totalidad de acciones de Applus Services, S.A. (en adelante "Applus" o la "Sociedad"), incluyendo el valor de sus sociedades participadas, que se prepara en el marco de una oferta pública de adquisición (en adelante "opa") sobre el 100% del capital social de Applus, llevada a cabo por un fondo de Apollo Management International LLP (en adelante "Apollo" o el "Cliente") a través de la sociedad Manzana Spain Bidco, S.L. el día 29 de junio de 2023 (en su conjunto, la "Oferta").

En este sentido, KPMG Asesores, S.L. (en adelante "KPMG") ha realizado una estimación del valor del 100% de las acciones de Applus, aplicando los métodos y criterios de valoración indicados en el artículo 10 del RD 1066/2007 del 27 de julio sobre el régimen de ofertas públicas de adquisición de valores (en adelante "RD 1066/2007").

Nuestro Informe ha sido preparado exclusivamente para su utilización por parte del Comité de Inversiones de Apollo siguiendo los criterios establecidos en el RD 1066/2007 y la ley 6/2023, de 17 de marzo, de los Mercados de Valores y de los Servicios de Inversión (en adelante, la "Ley de Mercado de Valores" o "LMV"), y KPMG autoriza su puesta a disposición de la Comisión Nacional del Mercado de Valores (en adelante "CNMV"), y una vez autorizada la citada opa, se adjuntará como información complementaria y se incluirá un resumen del mismo en el folleto de la oferta que se ponga a disposición de los accionistas de Applus siguiendo lo establecido legalmente. No deberá ser utilizado con otra finalidad, no estando permitido realizar copias ni hacer referencias al mismo ni divulgarlo, parcial o totalmente, sin nuestro consentimiento previo y por escrito. En la medida en que no resulte contrario a la Ley, no aceptaremos responsabilidad alguna frente a terceras partes distintas de Apollo con respecto a nuestro trabajo o al Informe indicado.

La oferta es voluntaria según lo dispuesto en el art 13 del Real Decreto 1066/2007, de 27 de julio, sobre el régimen de las ofertas públicas y adquisición de valores. Nuestro Informe de valoración tiene por objeto justificar que el precio de la oferta cumple con los requisitos establecidos en el artículo 10 del Real Decreto 1066/2007 para ser considerado precio equitativo y de esa manera acogerse en su caso a la excepción de oferta obligatoria prevista en el apartado f) del articulo 8 del citado Real Decreto.

Aspectos a considerar

Este Informe ha sido preparado sobre la base de información pública que Applus comunica al mercado, tanto en su página web (www.applus.com) en la sección de "Relación con Inversores" como con la información incluida en los informes de analistas bursátiles que cubren esta acción y que hayamos tenido acceso, así como sobre otra información no pública de Applus que nos ha sido proporcionada por Apollo, no habiendo llevado a cabo ninguna verificación independiente de dicha información.

Hemos mantenido conversaciones con los máximos representantes ejecutivos (CEO y CFO) de Applus (en adelante la "Dirección") sobre las principales hipótesis y consideraciones que podrían tener un impacto en el resultado de nuestro trabajo, y nos han hecho los comentarios que han considerado oportunos. Hemos incorporado algunos de sus comentarios al resultado de nuestro trabajo en los aspectos que hemos estimado adecuados.

Las proyecciones financieras utilizadas en el desarrollo de nuestro trabajo han sido preparadas a partir de la información publicada por Applus, información de los analistas bursátiles que cubren esta acción, así como cierta información no pública proporcionada por Apollo como los informes de Due Diligence Financiera y Fiscal preparados por PwC, si bien no hemos tenido acceso a las proyecciones financieras del Plan Estratégico que utiliza el Consejo de Administración y/o la Dirección de Applus en la gestión de su negocio, por lo que nuestra visión del negocio actual y a futuro de Applus podría diferir.

Nuestro trabajo constituye una valoración independiente y no supone recomendación alguna a los accionistas ni a terceros acerca de la posición a tomar en relación con una posible adquisición o enajenación de las acciones de Applus. En este sentido, cualquier receptor de este Informe acepta ser el único responsable en la determinación del grado de influencia que en la toma de decisiones asignen a nuestro trabajo.

Nuestra valoración se ha realizado considerando las cuentas intermedias de Applus que han sido objeto de revisión limitada por los auditores a 30 de junio de 2023. El análisis de valor se ha realizado, fundamentalmente, durante el periodo comprendido entre el 16 de junio de 2023 y el 8 de enero de 2024. Las conclusiones de nuestro trabajo han tenido en consideración la última información macroeconómica y de mercado, así como la evolución de la Sociedad hasta la fecha de este Informe, considerando que las conclusiones de nuestro trabajo son válidas tanto a la Fecha de Valoración como a la fecha de emisión de este Informe.

KPMG

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Reg. Mer Madrid, T.14.972, F. 53, Sec 8, H. M-249.480, Inscrip. 1ª
N.I.F. B-82498650

KPMG Asesores S.L.
Paseo de la Castellana, 259-C
28046 Madrid

Tel +34 91 456 34 00
Fax +34 91 555 01 32
Web www.kpmg.es

En el caso de que Apollo alcance el 75% del capital social de Applus, este Informe se emite a los efectos de acogerse a la excepción de oferta de exclusión prevista en el articulo 65.2 de la LMV y en el artículo 11.d) del Real Decreto 1066/2007.

El hecho de no haber contado con información confidencial no publicada por parte de Applus no representa ninguna limitación a nuestras conclusiones.

La Dirección de Apollo nos ha manifestado que ha revisado el presente Informe, sin haber identificado ningún error u omisión que pudiese afectar significativamente a las conclusiones de nuestro trabajo, así como que considera razonables en su conjunto nuestras conclusiones.

KPMG se dedica de forma habitual, desde su departamento de Corporate Finance, entre otras actividades, a la valoración de compañías y ramas de negocio a efectos de procesos de fusiones y adquisiciones o de otras transacciones societarias. En la preparación del presente Informe y en la ejecución del trabajo que soporta el mismo, KPMG ha actuado exenta de conflictos de interés. La estimación de nuestros honorarios se ha realizado en función del equipo necesario y la experiencia de sus profesionales, la naturaleza del servicio y el tiempo necesario para la realización del mismo. Los honorarios acordados son fijos e independientes del resultado de la operación propuesta.

La red de firmas de KPMG no ha asesorado a Apollo ni Applus en relación con la opa ni ha participado en negociaciones con respecto a los términos de esta transacción. Teniendo en cuenta la dimensión de KPMG, así como la de Apollo y Applus, la red de firmas de KPMG ha prestado y continua prestando servicios, incluyendo auditoria, que han sido analizados y objeto de comprobaciones y podemos confirmar que en ningún caso afectan a nuestra objetividad como expertos independientes ni supone ningún conflicto de interés para emitir este Informe. En todo caso, adicionalmente, el equipo de Corporate Finance que está efectuando esta valoración no está llevando a cabo en este proceso ningún otro trabajo distinto al indicado arriba para Apollo ni para Applus. KPMG considera que no tiene ningún conflicto de interés para emitir el presente Informe, una vez realizada las comprobaciones y análisis previstos en los procedimientos internos de identificación y gestión de conflictos de interés.

Aspectos a considerar (cont.)

KPMG, en el desarrollo de sus servicios profesionales, no ha llevado a cabo, y no se le ha solicitado que llevase a cabo, la auditoría de la información utilizada para la prestación de dichos servicios profesionales, ni ha sometido dicha información a ningún proceso de verificación, no asumiendo por tanto responsabilidad alguna acerca de la veracidad y exactitud de los datos y de la información utilizada, la cual hemos asumido como exacta y fiable. El trabajo realizado tampoco ha consistido en la realización de una due diligence ni trabajo similar que permita la evaluación de la situación fiscal, legal, laboral, registral, contable, medioambiental, técnica, operativa, de mercado/competitiva o de otro tipo.

Este Informe debe ser leído y considerado en su totalidad, teniendo en cuenta el propósito anteriormente mencionado, y en ningún caso debe interpretarse o extraerse partes del mismo de forma independiente o aislada.

Atentamente,

[redacted]
Socio
KPMG Asesores, S.L

[redacted]
Director
KPMG Asesores, S.L.

Premisas de Valoración

Objetivo de la Valoración

Estimación independiente del valor del 100% de las acciones de Applus de acuerdo con el artículo 10 del RD 1066/2007, en el marco de la opa voluntaria presentada por el Cliente sobre las acciones de Applus.

Valoración Independiente

Nuestro trabajo constituye una valoración independiente en el marco de la opa voluntaria presentada por parte de el Cliente sobre las acciones de Applus, aplicando los métodos y criterios de valoración indicados en este Informe.

Metodologías de valoración

Métodos y criterios de valoración indicados en el artículo 10 del RD 1066/2007.

Fecha de Valoración

La Fecha de Valoración tomada es el 30 de junio de 2023 y la información recogida en este Informe se ha basado tanto en información pública que Applus comunica al mercado como en información proporcionada directamente por el Cliente, siendo válidas nuestras conclusiones de valoración a la fecha de emisión de este Informe.

Proyecciones Financieras

Hemos elaborado unas proyecciones financieras (en adelante, las "Proyecciones Financieras") a partir de información pública reportada por la Sociedad, incluyendo el Plan Estratégico 2022-2024 (en adelante "Plan Estratégico"), así como otra información no pública de la Sociedad proporcionados por el Cliente, como son: i) los informes de Due Diligence Financiera y Fiscal elaborados por PricewaterhouseCoopers LLP ("PwC") de fecha 23 de junio de 2023 (en adelante "Due Diligence Financiera y Fiscal") y ii) el presupuesto de 2023 (en adelante "Presupuesto" o "Budget").

Las Proyecciones Financieras empleadas en nuestro ejercicio de valoración son Pre IFRS16. El cálculo de las cifras Pre IFRS16 ha sido obtenido de un análisis histórico Pre y Post IFRS16 proporcionado por el Cliente a través de la VDR. El cambio de política contable de IFRS16, en relación con los arrendamientos, aplicable a partir del año 2019, no tiene ningún impacto en el valor de mercado de las compañías.

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1.

Resumen del Informe

Resumen ejecutivo

Antecedentes	Fundada en 1996, Applus es una empresa española con domicilio social en Madrid y que cotiza en Bolsa desde 2014. Está especializada en servicios de ensayos, inspección y certificación de calidad (en adelante "TIC"), operando en más de 65 países a través de sus 26.000 empleados y 750 oficinas, aproximadamente. Ofrece una diversa cartera de soluciones que cubren una amplia gama de necesidades, desde la gestión de la integridad de los activos hasta las inspecciones, a través de sus 4 líneas de negocio: (i) la división Energy & Industry, que realiza actividades de inspección, ensayos, supervisión y control en diversos sectores, como el energético, de infraestructuras y del petróleo, entre otros; (ii) la división Automotive, que presta servicios de inspecciones técnicas a vehículos a nivel global; (iii) la división Laboratories, que dispone de laboratorios de ensayo multi tecnológicos para el desarrollo de productos para diversas industrias; y (iv) la división IDIADA, la cual ofrece principalmente servicios de ensayo, ingeniería, homologación e I+D a los fabricantes de vehículos.
Objetivo de nuestro trabajo	KPMG ha sido contratado por Apollo para realizar una valoración independiente de la totalidad de las acciones de la Sociedad de acuerdo a las metodologías de valoración establecidas en el artículo 10.5 del RD 1066/2007 en el contexto de la presentación de una opa voluntaria por parte del Cliente sobre las acciones de Applus.
Metodologías de valoración	KPMG ha aplicado las siguientes metodologías de valoración contenidas en el artículo 10 del RD 1066/2007. Siguiendo el orden descrito en la legislación, las metodologías de valoración aplicadas son: • Valor teórico contable o neto patrimonial (en adelante "VTC") del grupo consolidado, a 31 de diciembre de 2022 y a 30 de junio de 2023. • Valor liquidativo de la Sociedad y en su caso, del grupo consolidado. • Cotización media ponderada de los valores durante el semestre inmediatamente anterior al anuncio de la propuesta de exclusión mediante la publicación de una información privilegiada, cualquiera que sea el número de sesiones en que se hubieran negociado. • Valor de la contraprestación ofrecida con anterioridad, en el supuesto de que se hubiese formulado alguna oferta pública de adquisición en el año precedente al acuerdo de exclusión. • Otros métodos de valoración aplicables al caso concreto y aceptados comúnmente por la comunidad financiera internacional, tales como: - Metodología del descuento de flujos de caja (DCF). - Metodología de múltiplos de mercado: — Compañías cotizadas comparables; y — Transacciones precedentes. De acuerdo con nuestro entendimiento de la Sociedad y sus actividades, consideramos que no existe ningún otro método que sea de aplicación o relevante para la valoración de las acciones de Applus distinto de los mencionados anteriormente, teniendo en cuenta el sector, la actividad y las características específicos de la Sociedad.

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Resumen ejecutivo

Resultados de nuestro trabajo

A continuación se muestra el valor de las acciones de Applus resultante de la aplicación de los métodos de valoración calculados:

Valor estimado de las acciones de Applus		
Criterio/método aplicado	**Rango de valor por acción**	**Valor por acción**
Importes en euros por acción		
Metodología del DCF	8,30 10,67	9,48
Cotización media ponderada de las acciones durante el semestre inmediatamente anterior a 29 de junio de 2023		7,63
Contraprestaciones ofrecidas en OPAs en el año precedente (14 de septiembre de 2023)		9,75
Valor teórico contable consolidado de Applus a 31 de diciembre de 2022		4,54
Valor teórico contable consolidado de Applus a 30 de junio de 2023		4,35
Valor liquidativo	Inferior a todos los demás	
Múltiplos de compañías cotizadas comparables	No adecuado	
Múltiplos de transacciones precedentes	No adecuado	

Nota: Número total de acciones neto de autocartera a Fecha de Valoración, de acuerdo con la información facilitada por el Cliente (128.927.136 acciones).
Cabe destacar que los métodos de múltiplos de compañías cotizadas y transacciones precedentes presentan limitaciones de comparabilidad relevantes tal y como se expresa en los apartados 5.2 y 5.3, y por tanto, KPMG considera que este método no es adecuado para ninguna finalidad: ni para valorar Applus ni como método de contraste de otras metodologías.

Un detalle de la aplicación de dichos métodos y/o criterios de valoración, así como de las consideraciones sobre su respectiva relevancia, se incluye en el apartado relativo a cada método de este Informe.

Conclusiones de nuestro trabajo

De acuerdo con los objetivos y alcance de nuestro trabajo descritos en este Informe y los métodos y criterios de valoración analizados, concluimos que, tanto a la Fecha de la Valoración como a la fecha de este Informe, el valor por acción de Applus se sitúa en un rango comprendido entre 8,30 euros y 10,67 euros, que se corresponde con el rango resultante de la aplicación del DCF.

Consideramos que la amplitud del rango de nuestra conclusión esta justificada, y es razonable y lógica en base a la incertidumbre presente en los escenarios considerados en nuestra valoración, así como la variabilidad asociada a la sensibilidad de los parámetros de valoración (tasa de descuento y crecimiento a perpetuidad) aplicados en la valoración. Concretamente, se observa una elevada incertidumbre en: i) el crecimiento a perpetuidad de la línea de negocio de Oil & Gas, ii) para Automotive, la probabilidad de renovación del contrato de Galicia en 2028E y la introducción de más operadores en Cataluña a partir del año 2024, iii) la renovación de la concesión de IDIADA, y iv) los escenarios estimados para el Plan de M&A.

KPMG

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2.
Antecedentes

2.1. Nuestro entendimiento del negocio

Breve descripción de Applus (1/2)

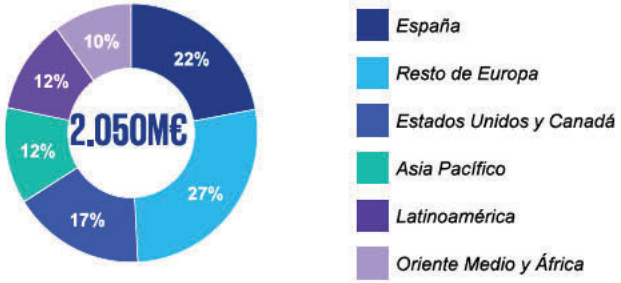
Descripción de la Sociedad

- Applus, fundada en 1996, es una empresa española con domicilio social en Madrid, España, y que cotiza en Bolsa desde 2014. Está especializada en servicios de ensayos, inspección y certificación de calidad, operando en más de 65 países a través de sus 26.000 empleados y 750 oficinas aproximadamente.
- Ofrece una completa cartera de soluciones que cubren una amplia gama de necesidades, desde la gestión de la integridad de los activos hasta las inspecciones basadas en el cumplimiento de la legislación.
- Sus principales líneas de negocio son:
  1. División Energy & Industry: contando con una red mundial de operaciones e instalaciones, realiza ensayos no destructivos, inspecciones industriales y medioambientales, garantías y controles de calidad e ingeniería, entre otros.
  2. División Automotive: presta servicios de inspecciones técnicas a vehículos a nivel global.
  3. División Laboratories: laboratorios de ensayo multi tecnológicos de última generación para desarrollo de productos para los sectores aeroespacial, automovilístico, construcción, energía, IT y ciberseguridad.
  4. División IDIADA: provee de servicios de ensayo, ingeniería, homologación e I+D a los principales fabricantes de vehículos. Está participada en un 80% por Applus y en un 20% por la Generalitat de Cataluña.

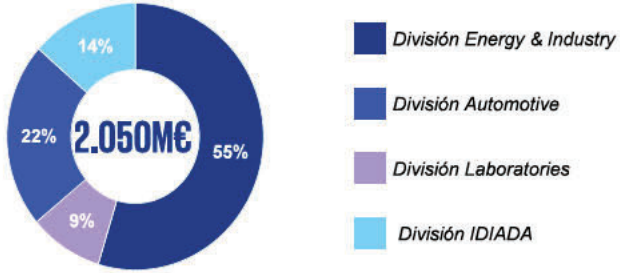
Applus en cifras – 2022

- +10 sectores industriales
- +750 oficinas y laboratorios
- +65 países en todos los continentes
- 14.929 toneladas de CO_2 evitadas
- 2.049,9M€ cifra de negocio
- 61,9M€ resultado neto
- 4 líneas de negocio
- 26.414 empleados

Ventas por geografía – 2022



Ventas por línea de negocio – 2022



Fuente: Cuentas Anuales Consolidadas y página web corporativa de Applus.

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Breve descripción de Applus (2/2)

Presencia geográfica Applus



Listado de países

Alemania
Andorra
Angola
Arabia Saudí
Argelia
Argentina
Australia
Baréin
Bélgica
Bolivia
Brasil
Brunéi
Canadá
Catar
Chile
China
Colombia
Corea del Sur
Costa Rica
Dinamarca
Ecuador
EEUU
Egipto
El Salvador
Eslovaquia
EAU
España
Francia
Georgia
Ghana
Guatemala
Honduras
India
Indonesia
Irlanda
Italia
Japón
Kazakhstán
Kenya
Kuwait
Malasia
Marruecos
México
Mozambique
Nicaragua
Nigeria
Noruega
Omán
Países Bajos
Panamá
Papúa Nueva Guinea
Perú
Polonia
Portugal
Reino Unido
República Checa
República Dominicana
Singapur
Sudáfrica
Suecia
Tailandia
Tanzania
Turquía
Turkmenistán
Uganda
Uruguay
Uzbekistán

Fuente: Informes corporativos y página web corporativa de Applus.

KPMG

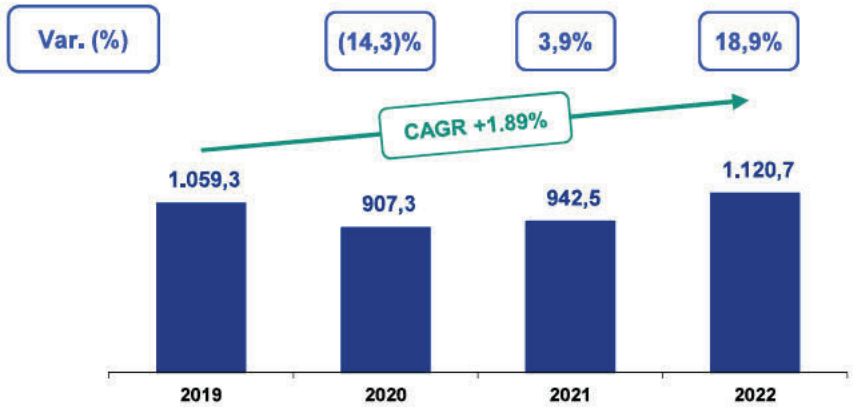
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Breve descripción de Applus - Energy & Industry

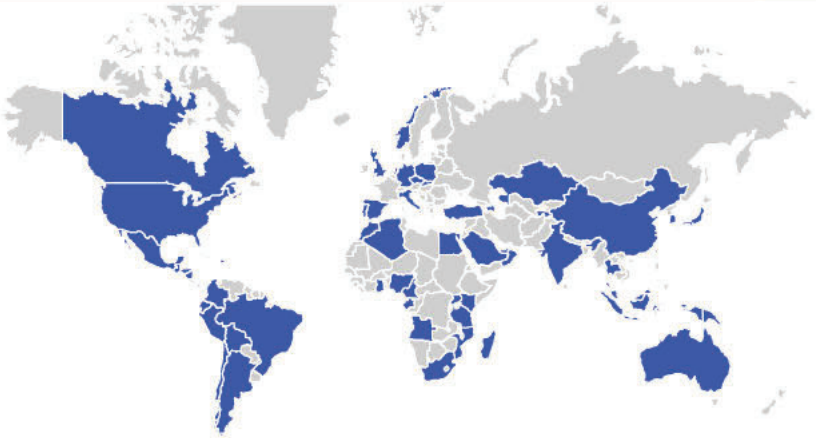
Descripción de la división

- A través de la división Energy & Industry, Applus dirige a sus clientes hacia la obtención de un mejor rendimiento y una mayor rentabilidad de sus activos e instalaciones.
- Para conseguir este objetivo, se prioriza el desarrollo tecnológico, la digitalización y la innovación, minimizando a su vez tanto el riesgo operacional como el ambiental.
- Especializada en servicios de inspección y ensayos en ámbitos industriales, la división Energy & Industry posee una cartera de clientes pertenecientes a diferentes sectores como infraestructuras y edificación, energía, petróleo y gas, telecomunicaciones y minería.
- La división opera en más de 60 países y cuenta con una plantilla de más de 16.000 empleados.

Evolución de ventas Energy & Industry – Importes en millones de EUR



Presencia geográfica – 2022



Países en los que opera Applus Energy & Industry

Fuente: Cuentas Anuales Consolidadas y página web corporativa de Applus.

Principales magnitudes de Energy & Industry – 2022

16.558 empleados

Presencia en más de 60 países

201 oficinas a nivel global

25% servicios sostenibles

Servicios clave

- Inspección
- Ensayos no destructivos
- Ingeniería y consultoría
- Supervisión y gestión de la calidad
- Ensayos y análisis
- Inspección en origen
- Eficiencia energética
- Servicios de certificación

Mercados finales

- Energía
- Renovables
- Infraestructura y edificación
- Telecomunicaciones
- Petróleo y gas
- Aeroespacial
- Minería
- Organismos y Entidades Públicas
- Marítimo

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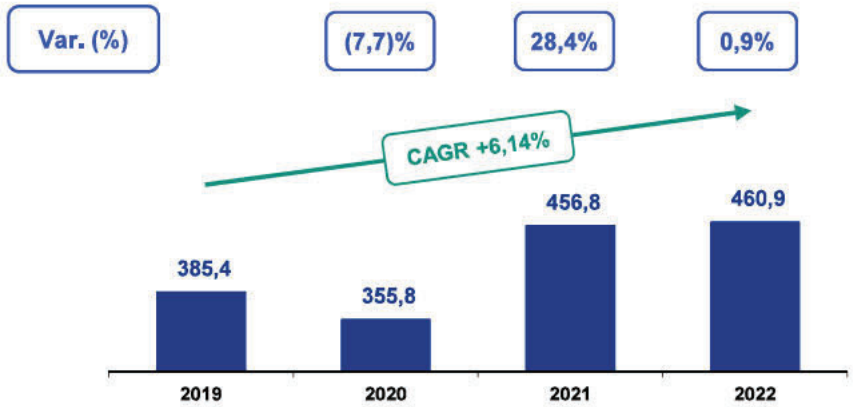
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Breve descripción de Applus - Automotive

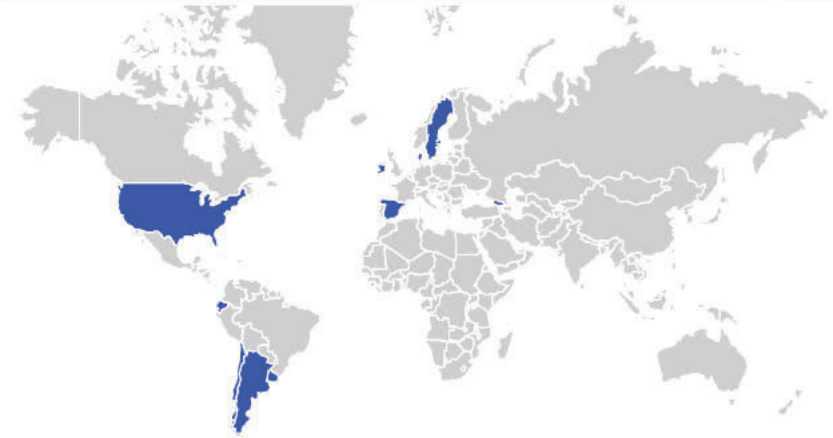
Descripción de la división

- Inspección técnica de vehículos a nivel global en países donde el transporte y los sistemas deben cumplir la regulación obligatoria en materia de seguridad técnica y medioambiental.
- La división cuenta con más de 30 programas repartidos en 12 países y en 2022 se realizaron más de 15 millones de inspecciones de vehículos en España, Irlanda, Dinamarca, Suecia, Andorra, México, Argentina, Georgia, Chile, Ecuador, Estados Unidos y Uruguay. Adicionalmente, alrededor de 10 millones de inspecciones fueron ejecutadas por terceros en colaboración con Applus.
- A través de sus distintas áreas, la Sociedad proporciona soluciones de inspección, ensayos y tecnología a diferentes tipos de clientes como entidades públicas, fabricantes y distribuidores. La división Automotive también ofrece productos y servicios avanzados y fiables al mercado de la automoción.

Evolución de ventas Automotive – Importes en millones de EUR



Presencia geográfica – 2022



Países en los que opera Applus Automotive

Fuente: Cuentas Anuales Consolidadas y página web corporativa de Applus.

Principales magnitudes de Automotive – 2022



4.945 empleados	Presencia en 12 países	Más de 15M de inspecciones	98% servicios sostenibles

Servicios clave

- Inspección técnica de vehículos para programas gubernamentales
- Examen de conducción asistida
- Inspección de vehículos de servicios públicos
- Inspecciones voluntarias
- Inspección técnica, tras la fabricación/reparación, de emisiones de vehículos y previas a la matriculación

Mercados finales

- Administración
- Agencias públicas de transporte

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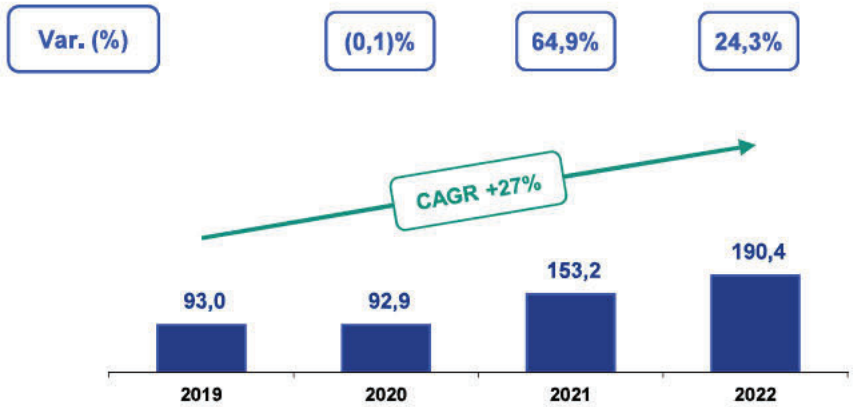
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Breve descripción de Applus - Laboratories

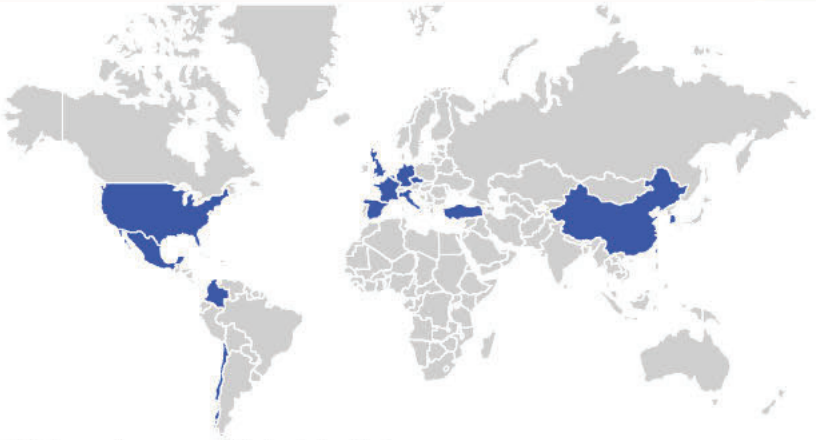
Descripción de la división

- Con sede en Barcelona, Laboratories es una división del Grupo Applus que ofrece ensayos y certificación para mejorar la competitividad de los productos de sus clientes y fomentar la innovación.
- Cuenta con una red de laboratorios multi tecnológicos de última generación en todo el mundo, desempeñando un papel clave en el avance de sectores como el aeroespacial, automoción, eléctrico y electrónico y energías renovables, entre otros.
- Sus principales instalaciones se encuentran en Europa, EE.UU. y China.
- Recientemente se han adquirido 3 compañías consideradas clave para esta división, estas son: (i) en el sector de ciberseguridad, Lightship, que añade nuevas acreditaciones a la oferta global; (ii) también el sector de ciberseguridad, jtsec, que añade nuevos métodos de ciberseguridad; y (iii) Alpe Metrology, con la que consolida posición en España en cuanto a metrología y calibración.

Evolución de ventas Laboratories – Importes en millones de EUR



Presencia geográfica – 2022



Países en los que opera Applus Laboratories

Fuente: Cuentas Anuales Consolidadas y página web corporativa de Applus.

Principales magnitudes de Laboratories – 2022

2.033 empleados

Presencia en 13 países

7 adquisiciones desde 2021

47% servicios sostenibles

Servicios clave

- Mecánica
- Ensayos no destructivos
- Electricidad y electrónica (EMC)
- Ciberseguridad
- Fuego y materiales de la construcción
- Certificado de producto
- Metrología
- Certificación de sistemas

Mercados finales

- Aeronáutica
- Automoción
- Ferroviario
- Renovables
- Tecnología de la información
- Dispositivos médicos
- Productos de construcción

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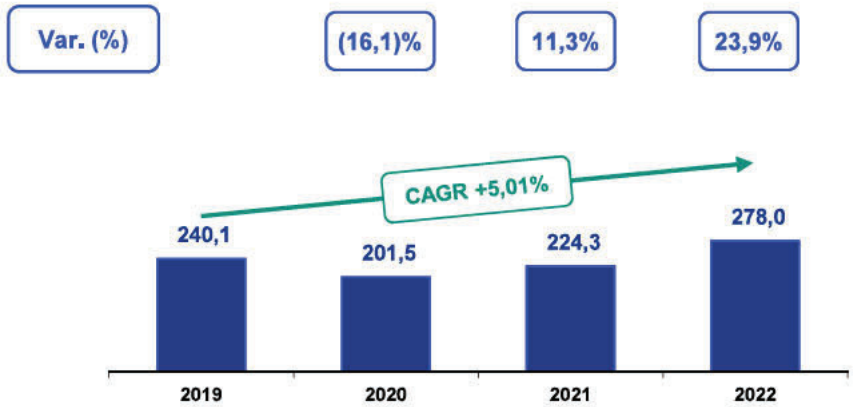
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Breve descripción de Applus - IDIADA

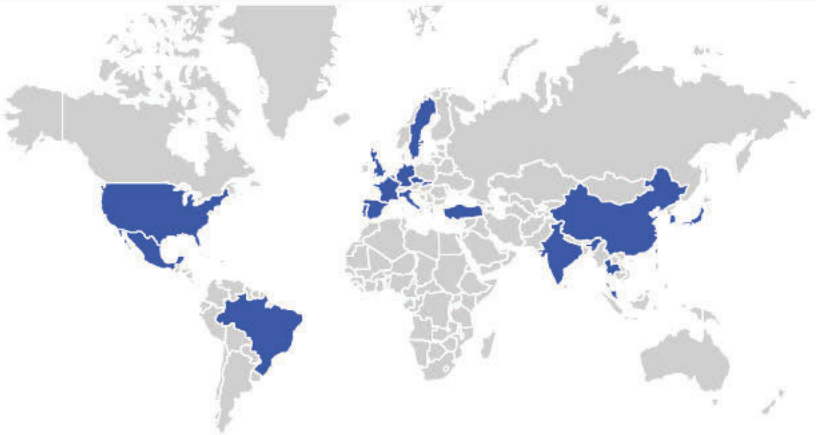
Descripción de la división

- La división IDIADA está participada en un 80% por Applus y en un 20% por la Generalitat de Cataluña. Nacida en 1999, opera en el centro tecnológico de Barcelona, el cual se cuenta con aproximadamente 350 hectáreas. Tiene un contrato de explotación del negocio y de sus activos hasta septiembre de 2024. Si bien dicho contrato contempla renovaciones en periodos de cinco años hasta 2049, la Generalitat de Cataluña ha informado que convocará en 2024 un concurso para una nueva concesión de 20 a 25 años de duración.
- Applus cuenta con más de 30 años de experiencia en la industria automovilística, apoyando a sus clientes a nivel global en actividades de desarrollo de productos mediante la prestación de servicios de diseño, ingeniería, ensayos y homologación.
- La división cuenta con 2.878 profesionales y una red internacional de 56 filiales y sucursales en 22 países, garantizando a sus clientes soluciones rápidas y personalizadas.

Evolución de ventas IDIADA – Importes en millones de EUR



Presencia geográfica – 2022



Países en los que opera Applus IDIADA

Principales magnitudes de IDIADA – 2022

2.878 empleados

Presencia en 22 países

76 proyectos de innovación

81% servicios sostenibles

Servicios clave

- Servicios de ingeniería y ensayo
- Homologación y certificación de producto
- Pistas de prueba
- Servicios de diseño de instalaciones de ensayo

Mercados finales

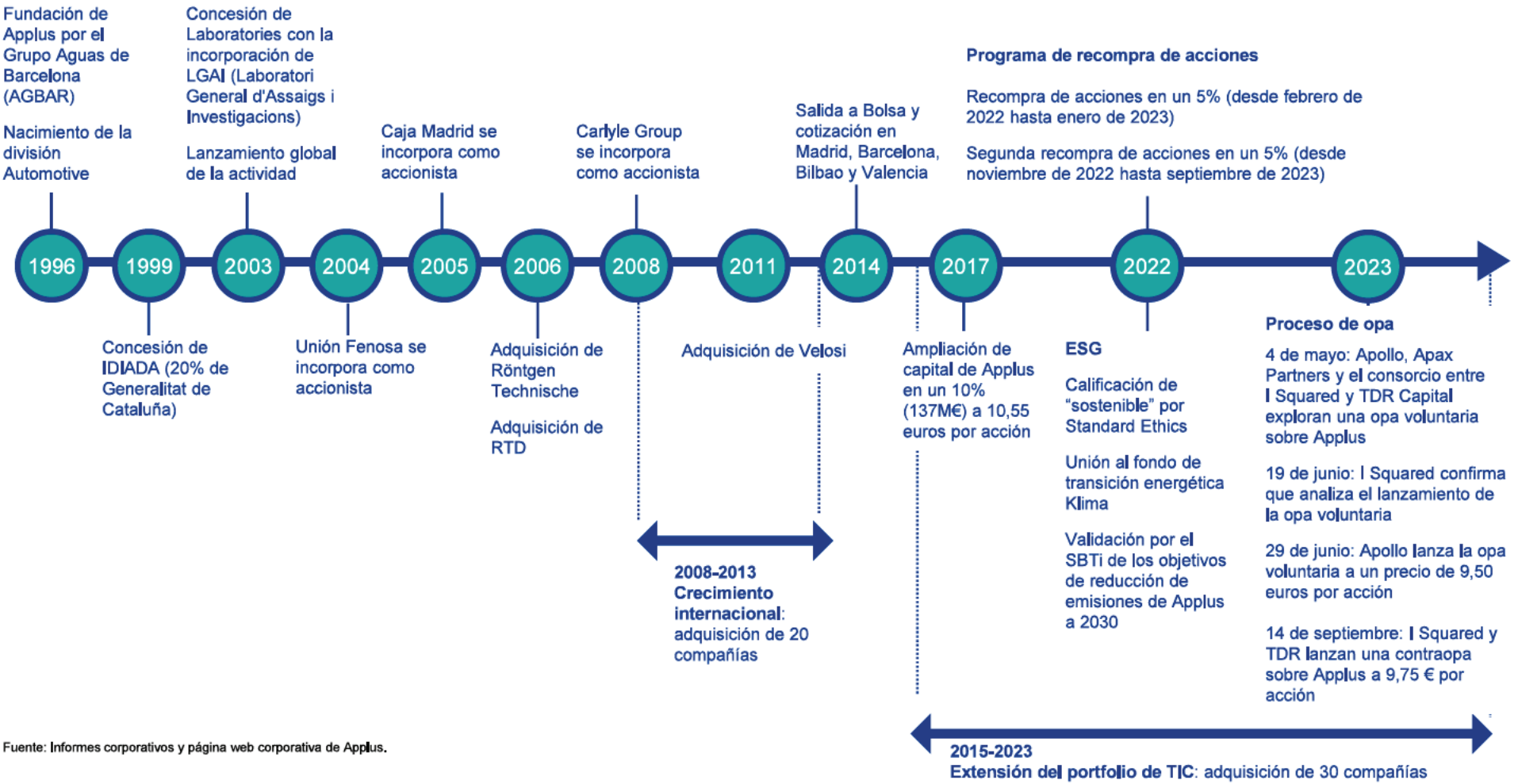
- Automoción

Fuente: Cuentas Anuales Consolidadas y página web corporativa de Applus.

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Evolución histórica de Applus

Evolución histórica: Principales hitos de la Sociedad



Fuente: Informes corporativos y página web corporativa de Applus.

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2.2. Análisis financiero histórico

2.2. Análisis financiero histórico

Análisis financiero histórico de Applus (1/6)

Descripción de la Sociedad

Balance de situación						
Importes en millones de EUR	2018H	2019H	2020H	2021H	2022H	junio 2023
Activo no corriente	**1.425,8**	**1.559,4**	**1.592,8**	**1.659,5**	**1.676,1**	**1.698,8**
Fondo de comercio	591,3	609,2	675,6	725,8	792,9	843,1
Otros activos intangibles	518,9	474,3	425,8	420,0	374,1	346,8
Derechos de uso	-	152,9	179,2	180,7	177,4	167,8
Inmovilizado material	220,6	226,7	232,6	253,8	253,1	255,0
Otras inversiones	0,7	0,7	0,5	0,5	3,4	3,3
Activos financieros no corrientes	27,5	30,0	15,0	17,7	17,1	23,2
Activos por impuesto diferido	66,7	65,5	64,2	61,0	58,2	59,6
Activo corriente	**571,7**	**613,1**	**574,3**	**647,0**	**756,5**	**767,3**
Activos no corrientes mantenidos para la venta	-	-	-	-	37,5	-
Existencias	8,1	8,5	8,9	11,2	9,8	12,0
Deudores comerciales y otras cuentas a cobrar	421,6	447,6	373,3	452,8	518,8	570,6
Otros activos financieros corrientes	9,7	11,9	2,6	6,4	7,4	10,1
Efectivo y otros activos líquidos equivalentes	132,3	145,2	189,5	176,5	183,0	174,6
Total activo	**1.997,5**	**2.172,6**	**2.167,1**	**2.306,5**	**2.432,6**	**2.466,0**
Patrimonio neto	**810,9**	**824,5**	**633,9**	**666,3**	**642,9**	**603,0**
Patrimonio neto atribuible a la sociedad dominante	756,2	775,9	585,2	617,6	606,7	560,3
Capital y reservas	804,3	819,4	664,8	678,9	650,2	622,6
Ajustes por cambio de valor	(48,1)	(43,4)	(79,6)	(61,3)	(43,4)	(62,3)
Intereses minoritarios	54,7	48,5	48,6	48,7	36,2	42,7
Pasivo no corriente	**842,4**	**890,2**	**1.054,6**	**1.124,6**	**1.203,8**	**1.194,5**
Provisiones a l/p	23,4	26,9	25,6	34,3	37,0	43,7
Obligaciones y deudas con entidades de crédito	606,5	545,9	686,6	724,8	808,6	805,5
Pasivos por arrendamientos	-	124,5	144,4	142,0	136,1	127,4
Otros pasivos financieros	24,5	26,0	22,5	25,8	22,2	23,0
Pasivos por impuesto diferido	151,0	137,4	128,1	122,5	109,1	98,7
Deuda no financiera a l/p	37,1	29,5	47,5	75,4	90,8	96,1
Pasivo corriente	**344,1**	**457,9**	**478,6**	**515,5**	**585,8**	**668,5**
Pasivos mantenidos para la venta	-	-	-	-	16,5	-
Provisiones corrientes	1,8	2,5	4,5	7,5	8,0	5,5
Obligaciones y deudas con entidades de crédito	10,0	59,2	32,8	47,1	27,3	96,6
Pasivos por arrendamientos	-	45,7	51,2	54,5	55,2	53,1
Acreedores comerciales y otras cuentas por pagar	307,9	330,0	365,1	379,0	425,8	460,2
Acreedores, empresas vinculadas	0,0	0,0	-	0,0	0,0	0,0
Pasivos por impuesto corriente	14,8	13,8	18,7	18,6	19,4	18,8
Otros pasivos corrientes	9,6	6,7	6,3	8,8	33,7	34,4
Total Pasivo + Patrimonio Neto	**1.997,5**	**2.172,6**	**2.167,1**	**2.306,5**	**2.432,6**	**2.466,0**

Fuente: elaborado por KPMG según las Cuentas Anuales Consolidadas y las intermedias a junio 2023 de Applus.

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Análisis financiero histórico de Applus (2/6)

Cuenta de pérdidas y ganancias histórica

Cuenta de pérdidas y ganancias					
Importes en millones de EUR	**2018H**	**2019H**	**2020H**	**2021H**	**2022H**
Ventas	1.675,9	1.777,9	1.557,6	1.776,7	2.049,9
Crecimiento ventas (%)	*5,9%*	*6,1%*	*(12,4)%*	*14,1%*	*15,4%*
Aprovisionamientos	(159,2)	(156,5)	(145,7)	(154,4)	(206,9)
Margen bruto	**1.516,7**	**1.621,4**	**1.411,9**	**1.622,3**	**1.843,1**
Margen bruto (%)	*90,5%*	*91,2%*	*90,6%*	*91,3%*	*89,9%*
Gastos de personal	(919,2)	(979,4)	(886,2)	(1.002,2)	(1.139,8)
Otros gastos operativos	(379,5)	(345,6)	(307,3)	(334,2)	(376,7)
EBITDA	**218,0**	**296,5**	**218,4**	**286,0**	**326,5**
Margen EBITDA (%)	*13,0%*	*16,7%*	*14,0%*	*16,1%*	*15,9%*
Amortizaciones	(106,3)	(158,5)	(158,4)	(164,9)	(185,7)
Deterioro y resultado por enajenaciones de inmovilizado	(2,2)	-	(165,0)	(11,5)	(6,0)
Otros resultados	(4,6)	(7,2)	(12,4)	(8,2)	(9,6)
EBIT	**104,8**	**130,8**	**(117,4)**	**101,5**	**125,2**
Margen EBIT (%)	*6,3%*	*7,4%*	*(7,5)%*	*5,7%*	*6,1%*
Resultado financiero	(21,2)	(23,9)	(24,8)	(25,9)	(33,6)
Resultado por compañías consolidadas por el método de la participación	0,0	-	-	-	(0,2)
EBT	**83,5**	**106,9**	**(142,3)**	**75,6**	**91,5**
Impuestos	(23,4)	(30,4)	1,2	(25,6)	(29,5)
Tipo impositivo efectivo (%)	*27,9%*	*28,4%*	*0,8%*	*33,9%*	*32,3%*
Beneficio neto	**60,2**	**76,5**	**(141,1)**	**50,0**	**61,9**
Resultado atribuible a intereses minoritarios	19,0	20,9	17,2	17,8	13,3
Beneficio neto atribuido a la sociedad dominante	**41,2**	**55,7**	**(158,2)**	**32,2**	**48,6**

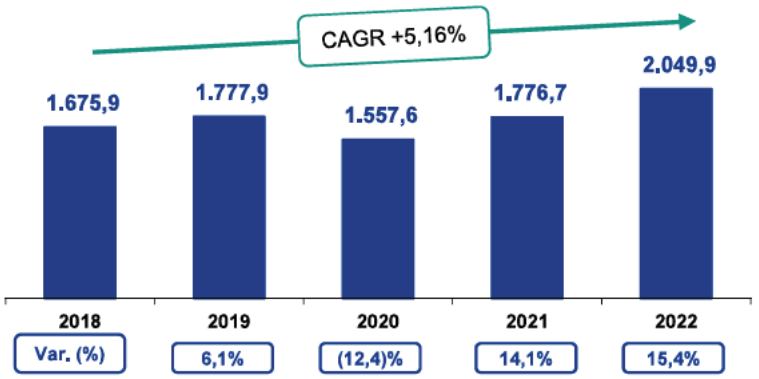
Fuente: elaborado por KPMG según las Cuentas Anuales Consolidadas de Applus.

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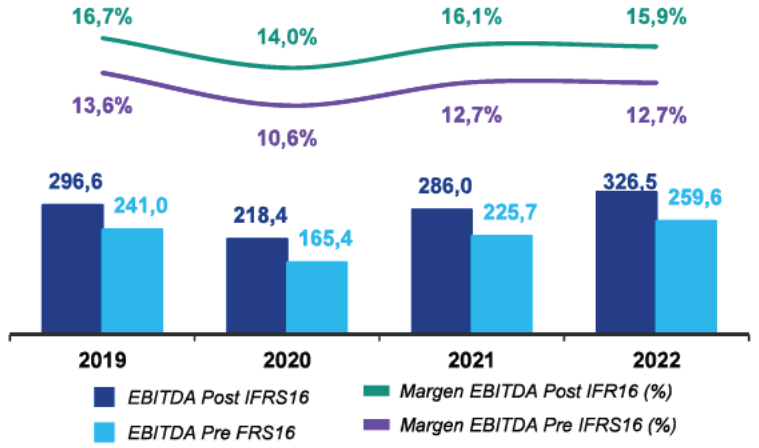
Análisis financiero histórico de Applus (3/6)

Ventas – Importes en millones de EUR



- Entre los años 2018H y 2019H los ingresos de la Sociedad crecieron un 6,1% como resultado del crecimiento orgánico y del impacto del tipo de cambio.
- Durante el ejercicio 2020H, a causa del COVID-19, el grupo vio afectados sus ingresos, experimentando una disminución en el nivel de facturación de un 12,4%.
- A partir del último trimestre de 2020H, la Sociedad pudo reactivar su estrategia de adquisiciones, produciéndose un incremento de los ingresos en 2021H del 14,1%.
- El ejercicio del 2022H refleja un incremento de las ventas del 15,4% respecto al año anterior. Dicho crecimiento proviene principalmente de las adquisiciones realizadas (Lightship, Alpe, IDV, jtsec y K2 Colombia), al crecimiento orgánico y al impacto positivo por tipo de cambio.
- Como resultado de lo comentado en los párrafos anteriores, durante el periodo comprendido entre 2018H-2022H, la tasa de crecimiento anual compuesta ("CAGR") resulta en un 5,2%.

EBITDA – Importes en millones de EUR



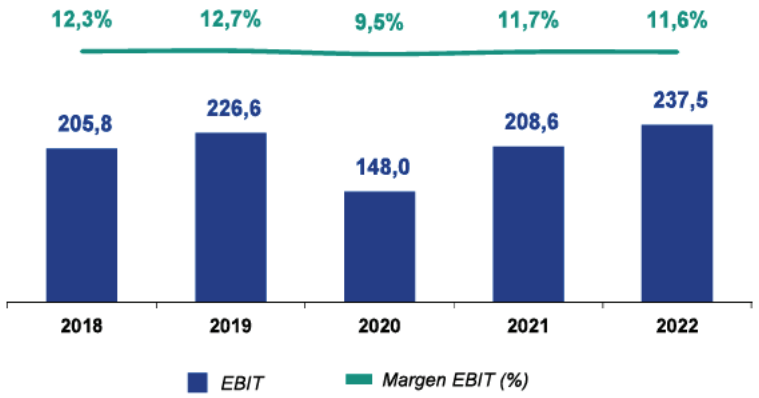
- Se ha realizado un ajuste al EBITDA reportado por Applus a través de los gastos de alquiler indicados en el informe de Due Diligence Financiera elaborado por PwC con el objetivo de determinar el nivel EBITDA Pre IFRS16.
- La Dirección de la Sociedad se encuentra actualmente llevando a cabo un programa de inversiones y desinversiones con el objetivo de aumentar el margen medio de Applus. Para ello, el plan contempla deshacerse de aquellos negocios que presentan márgenes bajos en comparación con otros (Automotive en EE.UU. y Finlandia, Oil & Gas en EE.UU.) y realizar adquisiciones de negocios que presenten márgenes más altos.

Fuente: elaborado por KPMG según las Cuentas Anuales Consolidadas de Applus.

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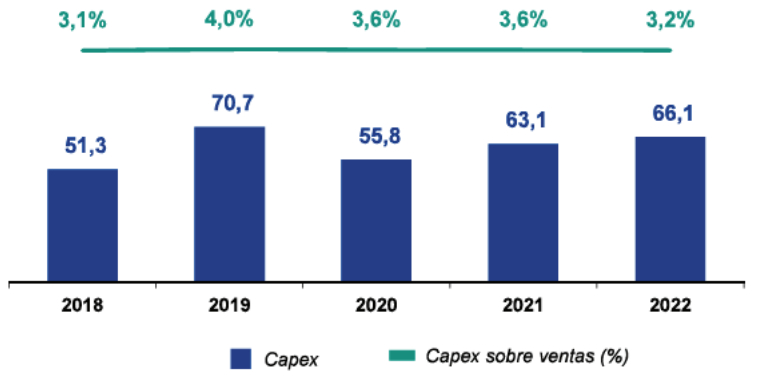
Análisis financiero histórico de Applus (4/6)

EBIT[1] – Importes en millones de EUR



- El nivel EBIT en 2020H presenta un descenso debido a los efectos de la pandemia y al efecto de la misma en el sector de la inspección, ensayos y certificación de vehículos.
- Durante los ejercicios de 2021H y 2022H con la reactivación de las operaciones y volviendo a niveles de actividad históricos, se vuelven a incrementar los márgenes volviendo casi a niveles pre pandemia.
- El margen EBIT medio durante todo el periodo analizado (2018H – 2022H) es de 11,6%.

Inversiones en activo fijo (Capex) – Importes en millones de EUR



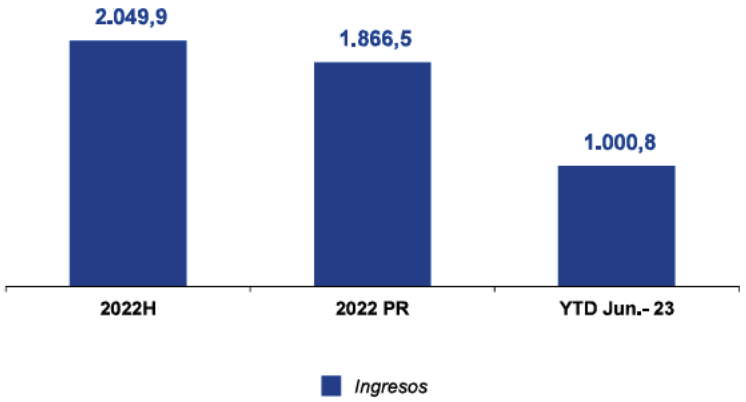
- Durante el año 2019H, siguiendo con su política de inversión, el grupo realizó una serie de inversiones extraordinarias enfocadas principalmente en las divisiones de Laboratories e IDIADA.
- Durante el ejercicio del 2020H realizó diferentes adquisiciones para las áreas de Automotive y Laboratories adquiriendo 10 sociedades.
- Entre 2021H y 2023, la Sociedad ha adquirido un total de 15 sociedades.
  - Adquisiciones 2021H: Adicora, Inecosa, IMA, SAFCO y Enertis.
  - Adquisiciones 2022H: Lightship, Alpe, IDV, jtsec y K2 Colombia.
  - Adquisiciones 2023: Riportico, CLM, CFI, Rescoll y Barlovento.
- Durante el periodo 2018H-2022H, la política de inversión de Applus se mantuvo estable siendo el Capex sobre ventas medio del 3,5%.

Fuente: elaborado por KPMG según las Cuentas Anuales Consolidadas de Applus.
Nota (1): Applus utiliza el término Adjusted Operating Profit ("AOP") en todos los documentos que publica, definido como el resultado operativo excluyendo la amortización acelerada de IDIADA y la amortización de los activos intangibles. El AOP (EBIT normalizado) se corresponde con el EBIT de las Proyecciones Financieras.

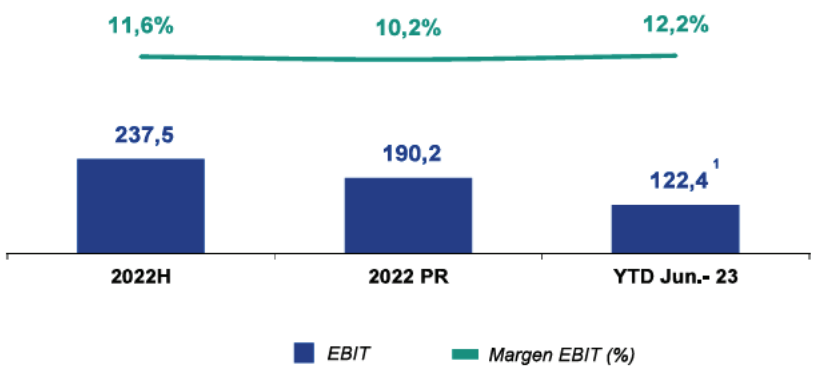
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Análisis financiero histórico de Applus (5/6)

Evolución de ventas – Importes en millones de EUR



Evolución del EBIT – Importes en millones de EUR



- De acuerdo con información pública, Applus se encuentra inmersa en un proceso de inversiones y desinversiones. En este contexto, durante el año 2023 se han llevado a cabo ciertas operaciones que no se encuentran reflejadas en las cuentas anuales consolidadas de 2022 de Applus, de modo que Apollo nos ha proporcionado una cuenta de resultados del año 2022 proforma que refleja este cambio de perímetro ("2022PR").
- El cambio de perímetro del 2022H al 2022PR se debe a la desinversión de: i) las divisiones de Automotive en Finlandia y Estados Unidos; ii) la división de Oil & Gas de Estados Unidos; y iii) los contratos de Auto de Costa Rica y Alicante, así como a la inversión en nuevos contratos en China, Arabia Saudí e India.
- A junio de 2023 Applus está cumpliendo con el presupuesto de ventas fijado en el Budget para este periodo, estando todas las divisiones por encima del mismo.
- Las ventas acumuladas a septiembre de 2023 (1.518,6M€) reportadas por Applus se encuentran por encima de la cifra estimada en el Budget para dicho periodo.

- A junio de 2023 el nivel de EBIT consolidado supera el nivel previsto en el Presupuesto de la Sociedad para este periodo. Áreas como Automotive, IDIADA y Laboratories están por encima de los niveles previstos gracias a la alta facturación llevada a cabo en los primeros meses del año en curso.
- El EBIT acumulado a septiembre de 2023 (165,9M€) reportado por Applus se encuentra en línea con el EBIT estimado en el Budget para dicho periodo.

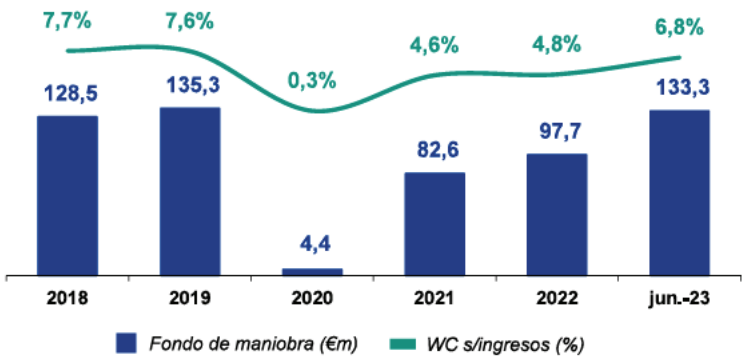
Fuente: elaborado por KPMG según las Cuentas Anuales Consolidadas, las intermedias a junio 2023 y actualización de negocio del tercer trimestre de 2023 de Applus.
Nota (1): se corresponde a la suma de EBIT de las cuatro divisiones (E&I, Automotive, Laboratories e IDIADA).

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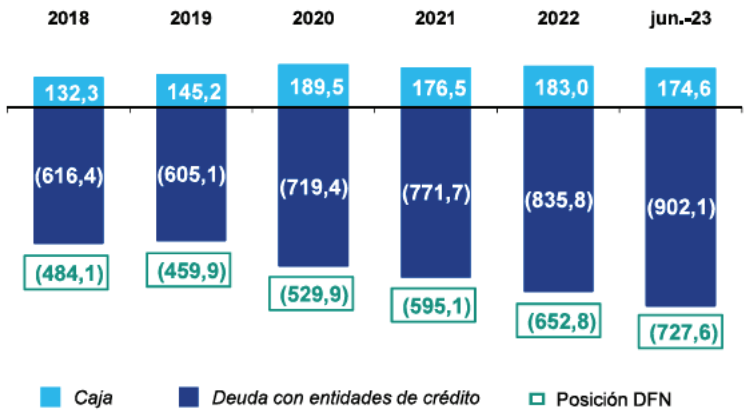
Análisis financiero histórico de Applus (6/6)

Fondo de maniobra operativo – Importes en millones de EUR



- La posición neta del fondo de maniobra sobre ventas se ha reducido a lo largo del periodo histórico analizado (2018H-2022H).
  - Tanto las partidas de Activo (Existencias y Deudores comerciales) como de Pasivo (Acreedores comerciales) aumentan a lo largo del periodo analizado, siendo estas últimas las que representan unos crecimientos más elevados, de tal manera que el saldo neto de Fondo de maniobra se va viendo reducido durante el periodo.
- El resultado relativo al ejercicio 2020H no es representativo ya que los resultados están afectados por la situación del COVID-19.
- Asimismo, existe un crecimiento elevado con respecto al ejercicio del 2022H principalmente por el incremento en la partida de Deudores comerciales.

Deuda Financiera Neta ("DFN") – Importes en millones de EUR



- Durante el periodo 2018H-2019H el nivel de deuda con entidades de crédito disminuye debido principalmente a la reducción en el saldo dispuesto del préstamo sindicado ("Facility B – Credit Revolving Facility").
- Para los siguientes ejercicios (2019H - junio 2023) la principal partida que aumenta se corresponde con el saldo dispuesto del préstamo anteriormente comentado. Además de ello, existen otras partidas como las pólizas de crédito, un préstamo bilateral y una línea de crédito con Caixabank que se ven incrementadas.
- La generación de caja a lo largo del periodo está relacionada principalmente con la mejora en los resultados operativos y la reducción en los incrementos de capital circulante. Existe un decrecimiento en la generación de caja en el ejercicio 2021H debido principalmente al saldo negativo del efectivo generado por las variaciones de capital circulante. La generación de caja del último ejercicio (2022H) se atribuye al incremento en el EBITDA registrado por la Sociedad.
- A septiembre 2023 la Deuda Financiera Neta de Applus (727M€) se encuentra en los mismos niveles que la reportada a junio de 2023.

Fuente: elaborado por KPMG según las Cuentas Anuales Consolidadas, las intermedias a junio 2023 y actualización de negocio del tercer trimestre de 2023 de Applus.

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3.

Objetivo de nuestro trabajo

Objetivo de nuestro trabajo

KPMG ha sido contratado por la Dirección de Apollo como experto independiente con el objetivo de realizar una valoración independiente de la totalidad de las acciones de Applus, aplicando las metodologías de valoración establecidas en el RD 1066/2007, en el entorno del análisis de la opa voluntaria sobre el 100% del capital social de Applus, presentada por Apollo el 29 de junio de 2023.

Nuestra valoración se ha realizado considerando el 30 de junio de 2023 como la Fecha de Valoración. El análisis de valor se ha realizado, desde el 16 de junio de 2023 hasta el 8 de enero de 2024. En la realización de nuestro trabajo se han considerado las cuentas intermedias de Applus que han sido objeto de revisión limitada por los auditores a 30 de junio de 2023. Asimismo, las conclusiones de nuestro trabajo han tenido en consideración la última información macroeconómica y de mercado así como la evolución de Applus hasta la fecha de este Informe, considerando que las conclusiones de nuestro trabajo son válidas tanto a la Fecha de Valoración y a la fecha de emisión de este Informe.

A efectos de nuestro trabajo, definimos valor de mercado como el precio al que se podría razonablemente negociar el valor de una sociedad, a una fecha determinada, entre un libre comprador y un libre vendedor dispuestos a realizar una transacción actuando sin compulsión alguna y en beneficio propio, ambos con una información adecuada sobre los negocios y mercados en los que opera la misma.

Debemos señalar que todo ejercicio de valoración lleva implícitos, además de factores objetivos, otros factores subjetivos que implican juicio, y que, por lo tanto, el "valor" obtenido constituye únicamente una estimación a utilizar como un punto de referencia para las partes interesadas en llevar a cabo una transacción, por lo que no es posible asegurar que terceras partes estén necesariamente de acuerdo con las conclusiones de nuestro trabajo. Asimismo, debe tenerse en consideración que en el contexto de un mercado abierto, pueden existir precios diferentes para un negocio en particular debido, entre otros, a factores subjetivos como el poder de negociación entre las partes o a distintas percepciones de las perspectivas futuras del negocio.

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4.

Alcance y procedimientos de nuestro trabajo

Bases de información y procedimientos empleados (1/3)

Bases de información y procedimientos empleados

Para la realización de nuestro trabajo, hemos llevado a cabo los siguientes procedimientos:

- Obtención y análisis de la siguiente información de Applus, que consideramos suficiente para la realización de nuestro trabajo y para concluir respecto al valor de las acciones de la Sociedad:
  - Cuentas Anuales Consolidadas auditadas de Applus para los años 2018, 2019, 2020, 2021 y 2022 y cuentas intermedias que han sido objeto de revisión limitada por los auditores a 30 de junio de 2023.
  - Balance consolidado auditado a 31 de diciembre de 2022 y balance intermedio que ha sido objeto de revisión limitada por los auditores a 30 de junio de 2023.
  - Actualización de negocio del tercer trimestre de 2023, de 30 de octubre de 2023.
  - Plan estratégico de la Sociedad para el periodo 2022-2024.
  - Presupuesto de la Sociedad para el año 2023, preparado en octubre de 2022 y aprobado por el Consejo de Administración de Applus en diciembre de 2022.
  - Informe de Due Diligence Financiera en base a estados financieros de 31 de mayo de 2023, de fecha 23 de junio de 2023 realizado por PwC.
  - Información financiera proforma, ajustando por operaciones de M&A recientes (tanto adquisiciones como desinversiones), por línea de negocio para el año 2022, facilitados por el Cliente (en adelante "2022PR").
  - Informes de analistas financieros sobre Applus, incluyendo las proyecciones financieras del Consensus de analistas que han sido obtenidas de Refinitiv y Capital IQ.
  - Información privilegiada y otra información relevante comunicada por Applus a la CNMV.
  - Información pública relativa a los programas de recompra de acciones propias de la Sociedad realizadas durante los 12 meses anteriores al anuncio de la opa, considerando como fecha de referencia el 30 de junio de 2023.
  - Información pública relativa a compañías cotizadas comparables de Applus (precios de cotización, información económico financiera, informes de analistas, etc.), así como a transacciones de acciones de compañías comparables a la Sociedad (precio de la transacción, información económico financiera, etc.).
  - Información macroeconómica global sobre los países en los que opera Applus.
  - Información concerniente a otros factores en relación con la organización, el mercado y los negocios en que Applus desarrolla sus actividades.
  - Certificado de la Sociedad Rectora de la Bolsa de Madrid de la cotización media ponderada de las acciones de Applus en los seis meses inmediatamente anteriores al 29 de junio de 2023, fecha de referencia considerada en la publicación de la información privilegiada en la que Apollo anuncia la oferta de adquisición del 100% del capital social de Applus del día 29 de junio de 2023, mediante una opa voluntaria por un importe de 9,50 euros por acción.
  - Estudios de mercado realizados por: Vynz Research, Vantage Market Research y Fortune Business Insights.
  - Otra información económica y financiera que hemos considerado necesaria o de interés para la realización de nuestro trabajo, incluyendo información financiera y de mercado hasta la fecha de emisión de este Informe, relativa a la Sociedad, obtenida con el objetivo de confirmar las conclusiones de nuestro trabajo.

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Bases de información y procedimientos empleados (2/3)

Bases de información y procedimientos empleados

- Aplicación de las metodologías de valoración de conformidad con el artículo 10.5 del RD 1066/2007, sobre el régimen de las ofertas públicas de adquisición de valores, así como análisis de la respectiva relevancia de cada una de ellas.
- Análisis general de las características, situación actual y perspectivas del sector en el que opera Applus, así como de la situación macroeconómica y de los mercados financieros que le afectan.
- Estimación de los principales parámetros de los métodos de valoración y aplicación de dichos métodos, en su caso.
- Análisis de la información financiera auditada a 31 de diciembre de 2022 y a 30 de junio de 2023.
- Mantenimiento de diversas reuniones y conversaciones con la Dirección de Apollo y sus asesores, con el objeto de recabar toda aquella información que se ha considerado necesaria para la realización de nuestro trabajo.
- Análisis y conclusiones basados en los resultados obtenidos.

En relación con nuestro trabajo, debemos señalar que el mismo:

- Asume que en la fecha del Informe Applus y sus activos continuarán operando como hasta entonces;
- Está basado en las condiciones financieras pasadas y presentes de Applus y sus activos y pasivos en la fecha de valoración así como en las previsiones a futuro existentes en la actualidad;
- Asume que Applus no posee activos o pasivos no desglosados en balance, reales o contingentes, ni obligaciones no usuales o compromisos sustanciales, que no sean los normales del desarrollo de su actividad, y que no tiene litigios relevantes pendientes de los que están publicados en sus estados financieros. En este sentido, la Sociedad nos ha confirmado que no existen litigios ni activos o pasivos contingentes de índole material que no hayan sido debidamente comunicados (bien específicamente o a través de la información financiera) o provisionados. Asimismo, la Sociedad también nos ha comunicado que actualmente no se está vendiendo ningún activo o división material; y
- Finalmente, los activos o pasivos desglosados en balance, reales o contingentes, han sido considerados en la valoración tal y como se explica en este Informe, en el epígrafe denominado Descuento de Flujos de Caja: Otros Activos y Pasivos.

El alcance de nuestro trabajo no ha incluido la realización de ningún proceso comparable a una auditoría ni hemos sometido la información financiera de este Informe a ningún proceso de verificación. Los procedimientos realizados no constituyen ni por su naturaleza ni por su extensión los necesariamente requeridos de acuerdo con la legislación vigente para la emisión de una opinión de auditoría.

Nuestro trabajo tampoco ha consistido en la realización de una due diligence ni trabajo similar que permita la evaluación de la situación fiscal, legal, laboral, registral, contable, medioambiental, técnica, operativa, de la situación de mercado y competitiva o de otro tipo. En este sentido, hemos recibido los informes de Due Diligence Financiera y Fiscal de PwC.

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Bases de información y procedimientos empleados (3/3)

Bases de información y procedimientos empleados

La realización de este Informe se ha basado en información pública, que hemos obtenido de fuentes de información públicas disponibles, no habiendo llevado a cabo ninguna verificación independiente de determinada información. KPMG no asume o garantiza, expresa o implícitamente, la veracidad, exactitud e integridad de la información utilizada para la realización de nuestro trabajo. No aceptamos ninguna responsabilidad sobre dicha información, la cual es responsabilidad de sus propietarios.

Aunque consideramos que nuestra valoración es razonable y defendible de acuerdo con la información disponible, debemos indicar que las valoraciones de negocios no son una ciencia exacta, sino un ejercicio de opinión basado en la aplicación, entre otros, de juicio profesional, que requiere el empleo de hipótesis que contienen cierta dosis de subjetividad, por lo que terceras partes podrían no estar necesariamente de acuerdo con dicha opinión.

No hemos efectuado una inspección física de ningún activo o pasivo concreto. Nuestra opinión no debe considerarse una evaluación de riesgo, ni un análisis de la solvencia crediticia de la Sociedad, ni ha sido objeto de asesoramiento fiscal, legal o contable.

Hemos preparado nuestro Informe única y exclusivamente para los fines anteriormente descritos y en el contexto de la opa voluntaria. Por tanto, deberá tenerse en cuenta que la información en él contenida y el trabajo realizado corresponden, exclusivamente, a los propósitos descritos en este Informe y, en consecuencia, dicho Informe no deberá considerarse adecuado ni utilizado bien por Apollo y/o terceras partes para propósitos diferentes a los descritos.

El compromiso y obligación de KPMG sobre este Informe se refiere hasta la fecha del mismo, sin considerar cualquier hecho posterior de los que se pudiera tener conocimiento con posterioridad a su emisión. No obstante, en caso de publicación de nueva información de Applus se evaluará la necesidad de actualizar este Informe.

Actualmente existe una alta incertidumbre y volatilidad en los mercados que podría mantenerse durante algún tiempo, en cuanto a lo que esto puede significar para las empresas, en particular, roturas en la cadena de suministro, incrementos de los precios de la energía, incrementos de los precios de las materias primas, expectativas de inflación no coyunturales con impacto en los tipos de cambio, y dificultades de acceso a los mercados de financiación o incrementos en los tipos de interés. Como resultado de dichos acontecimientos, nuestro trabajo puede no haber identificado o cuantificado de manera fiel el impacto de todas esas incertidumbres e implicaciones.

A efectos de presentación los números pueden haber sido redondeados.

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5.

Metodologías de Valoración

Metodologías de Valoración

Metodologías de Valoración

Las metodologías de valoración consideradas en la realización de nuestro trabajo se han desarrollado de conformidad con el artículo 10 del RD 1066/2007, donde se establece las metodologías de valoración a aplicar en el caso de una opa.

- Valor teórico contable o neto patrimonial (VTC) del grupo consolidado, a 31 de diciembre de 2022 y a 30 de junio de 2023.
- Valor liquidativo de la Sociedad y en su caso, del grupo consolidado.
- Cotización media ponderada de los valores durante el semestre inmediatamente anterior al anuncio de la propuesta de exclusión mediante la publicación de una información privilegiada, cualquiera que sea el número de sesiones en que se hubieran negociado.
- Valor de la contraprestación ofrecida con anterioridad, en el supuesto de que se hubiese formulado alguna oferta pública de adquisición en el año precedente al acuerdo de exclusión.
- Otros métodos de valoración aplicables al caso concreto y aceptados comúnmente por la comunidad financiera internacional, tales como:
  - Metodología del Descuento de Flujos de Caja (DCF); y
  - Metodología de múltiplos de mercado:
    - Compañías cotizadas comparables; y
    - Transacciones precedentes.

De acuerdo con nuestro entendimiento de la Sociedad y sus actividades, no hemos tenido en consideración otros métodos que sean de aplicación ni que hayamos considerado relevantes distintos de los mencionados anteriormente, teniendo en cuenta el sector, la actividad y las características específicos de la Sociedad.

A continuación se expone en detalle el resultado de la aplicación de dichos métodos y criterios de valoración, así como las consideraciones sobre su relevancia.

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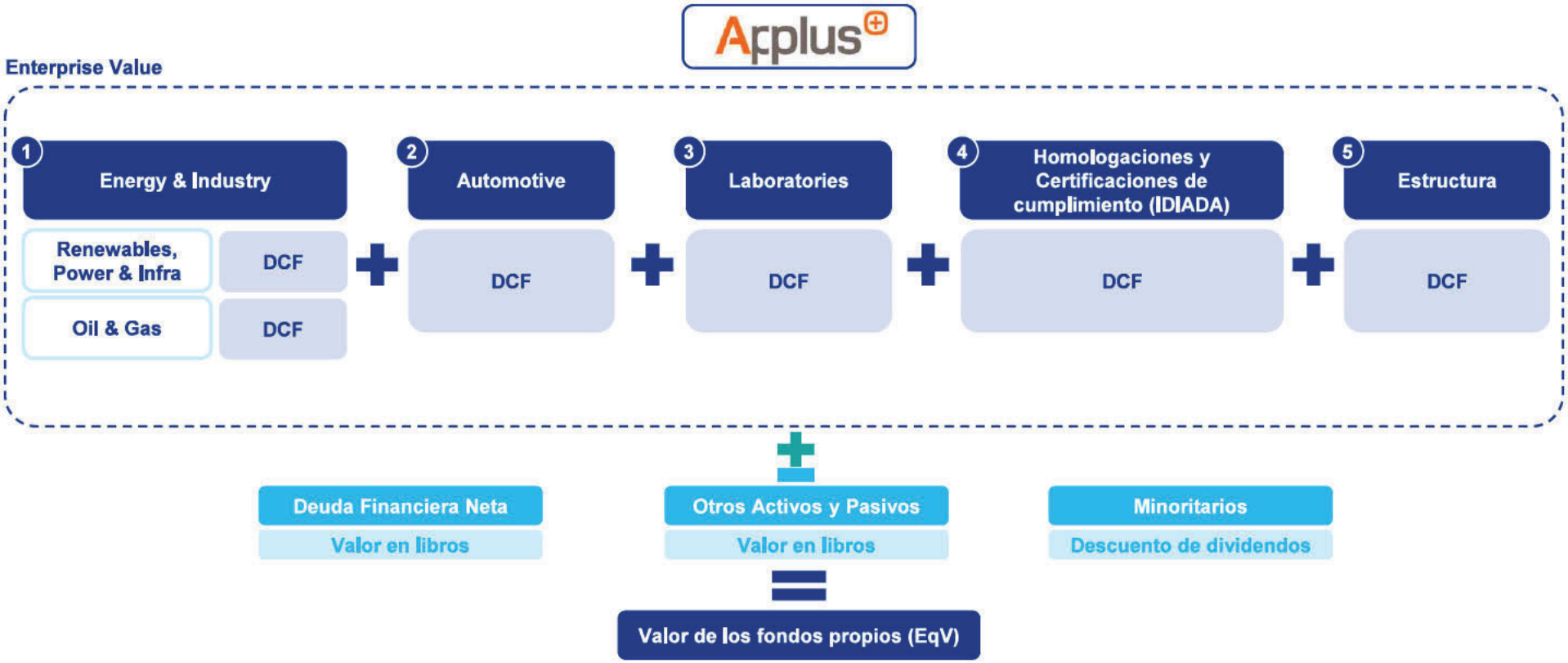
5.1. Descuento de Flujos de Caja (DCF)

5.1. Descuento de Flujos de Caja (DCF)

Metodología DCF – Enfoque de nuestro análisis

Metodología DCF

De acuerdo con la información que hemos dispuesto y nuestro entendimiento de las características y actividades que realiza Applus, consideramos que el método de valoración más adecuado para la estimación de un valor de las acciones de la misma es la suma de partes de los resultados de la aplicación del DCF a las líneas de negocio desarrolladas por la Sociedad. En este sentido, y a modo ilustrativo, las metodologías de valoración aplicadas y reflejadas en el presente apartado son las siguientes:



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5.1. Descuento de Flujos de Caja (DCF)

Metodología DCF – Resultados

Valor resultante – Fondos propios (EqV)

El valor obtenido de los fondos propios de Applus mediante la aplicación de la metodología del DCF, considerando como fecha de valoración el 30 de junio de 2023 es como sigue:

Resultados de nuestro trabajo	Mínimo	Central	Máximo
Importes en millones de EUR			
Energy & Industry	1.048,1	1.131,9	1.214,4
Renewables, Power & Infra	*690,0*	*727,7*	*770,9*
Oil & Gas [1]	*358,1*	*404,3*	*443,5*
Automotive[2]	925,9	989,7	1.064,1
Laboratories	378,7	403,7	432,7
IDIADA[2]	96,9	102,0	107,3
Plan M&A[3]	10,2	13,5	16,8
Suma de partes del valor de los negocios operativos	**2.459,8**	**2.640,7**	**2.835,4**
Estructura	(322,6)	(343,2)	(367,0)
Suma de partes	**2.137,2**	**2.297,6**	**2.468,4**
Enterprise Value (EV) Applus	**2.137,2**	**2.297,6**	**2.468,4**
Deuda Financiera Neta (DFN)	(727,4)	(727,4)	(727,4)
Otros Activos y Pasivos (OAPs)	(177,2)	(177,2)	(177,2)
Minoritarios[4]	(162,9)	(175,2)	(188,2)
Equity Value (EqV) Applus	**1.069,5**	**1.217,7**	**1.375,5**
Número de acciones (netas autocartera)	128.927.136	128.927.136	128.927.136
Valor por acción de Applus (EUR)	**8,30 €**	**€9,45**	**10,67 €**

Precio por acción[5]: 9,48€

Valor de los negocios (EV) – Millones de EUR

Sensibilidad EV millones de EUR		WACC -0,25%	WACC C. Base	WACC +0,25%
Tasa de crecimiento "g"	+0,25%	2.468,4	2.350,1	2.230,4
	C.Base	2.411,1	2.297,6	2.182,1
	-0,25%	2.358,0	2.248,8	2.137,2

Valor por acción – EUR

Valor por acción Applus EUR		WACC -0,25%	WACC C. Base	WACC +0,25%
Tasa de crecimiento "g"	+0,25%	10,67 €	9,82 €	8,96 €
	C.Base	10,26 €	9,45 €	8,62 €
	-0,25%	9,88 €	9,10 €	8,30 €

Rango mínimo y máximo considerando sensibilidades de +/- 0,25% de WACC y g

Nota: (1) El valor central se calcula con una tasa de crecimiento a perpetuidad (g) del 0%, mientras que en los valores mínimo y máximo se ha utilizado una g de -4,5% y 2%, respectivamente.
(2) El valor central considera una probabilidad de renovación del 50% para la concesión de IDIADA y el contrato de Galicia, así como un 50% de probabilidad de una reducción del 25% del negocio de Automotive en Cataluña.
(3) El valor central del Plan de M&A es la media entre el valor mínimo y máximo. El valor mínimo se calcula considerando que se van a realizar inversiones de M&A durante los ejercicios explicitados en el Plan Estratégico (2023 y 2024), mientras que en el valor máximo se considera que se realizarán inversiones hasta el año 2028.
(4) El valor central de los minoritarios ha sido calculado mediante la aplicación de la metodología DDM (*Dividend Discount Model*). Los valores mínimo y máximo de los minoritarios consideran el porcentaje sobre el Enterprise Value de los minoritarios del valor central.
(5) El precio por acción obtenido de 9,48€ es el resultado de considerar la media del rango mínimo y máximo.

Fuente: Análisis KPMG

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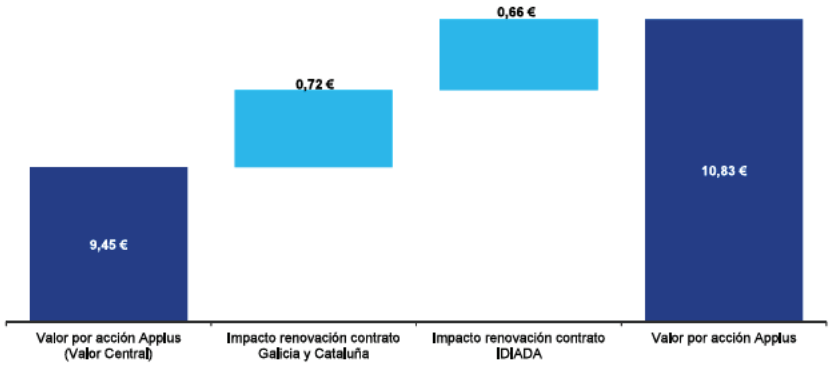
5.1. Descuento de Flujos de Caja (DCF)

Análisis de impacto en valor

Análisis considerando la renovación de los contratos de Galicia e IDIADA y la potencial introducción de más operadores en Cataluña

A efectos ilustrativos se muestra un detalle del impacto en valor por acción que supondría el considerar en las hipótesis la renovación del contrato de Galicia y la potencial introducción de más operadores en la división de Automotive en Cataluña, así como la renovación del contrato de la división de IDIADA:

Resultados de nuestro trabajo	Central	Impacto Galicia y Cataluña	Impacto IDIADA	Impacto Galicia, Cataluña e IDIADA
Importes en millones de euros y euros por acción				
Energy & Industry	1.131,9	1.131,9	1.131,9	1.131,9
Renewables, Power & Infra	*727,7*	*727,7*	*727,7*	*727,7*
Oil & Gas	*404,3*	*404,3*	*404,3*	*404,3*
Automotive [1]	989,7	1.082,5	989,7	1.082,5
Laboratories	403,7	403,7	403,7	403,7
IDIADA[1]	102,0	102,0	187,4	187,4
Plan M&A	13,5	13,5	13,5	13,5
Suma de partes del valor de los negocios operativos	**2.640,7**	**2.733,6**	**2.726,2**	**2.819,0**
Estructura	(343,2)	(343,2)	(343,2)	(343,2)
Suma de partes	**2.297,6**	**2.390,4**	**2.383,0**	**2.475,9**
Enterprise Value (EV) Applus	**2.297,6**	**2.390,4**	**2.383,0**	**2.475,9**
Deuda Financiera Neta (DFN)	(727,4)	(727,4)	(727,4)	(727,4)
Otros Activos y Pasivos (OAPs)	(177,2)	(177,2)	(177,2)	(177,2)
Minoritarios [2]	(175,2)	(175,2)	(175,2)	(175,2)
Equity Value (EqV) Applus	**1.217,7**	**1.310,6**	**1.303,2**	**1.396,0**
Número de acciones (netas autocartera)	128.927.136	128.927.136	128.927.136	128.927.136
Valor por acción de Applus	**9,45 €**	**10,17 €**	**10,11 €**	**10,83 €**



Tal y como se observa tanto en la tabla como en el gráfico, la diferencia entre el valor central, que otorga un 50% de probabilidad a la renovación de los contratos de IDIADA y Galicia y la potencial introducción de más operadores en el negocio de Automotive en Cataluña que debería implicar una reducción del nivel de actividad (ingresos) que impactaría en los márgenes consecuentemente, y el valor de considerar una probabilidad del 100%, supondría un aumento en el valor de la acción de Applus de 1,38 euros, siendo el impacto de 0,72 euros por acción en el caso de Galicia y Cataluña y de 0,66 euros por acción en el de IDIADA, resultando en un valor por acción de 10,83 euros.

Este análisis se muestra a efectos ilustrativos, en nuestra opinión este impacto en el valor por acción de Applus no sería una hipótesis razonable, y por tanto no la estamos considerando en nuestra conclusión.

Nota: (1) El valor central considera una probabilidad de renovación del 50% para la concesión de IDIADA y el contrato de Galicia, así como un 50% de probabilidad de una reducción del 25% del negocio de Automotive en Cataluña.
(2) El valor de los minoritarios del valor central ha sido calculado mediante la aplicación de la metodología DDM (*Dividend Discount Model*).

Fuente: Análisis KPMG

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5.1.1. Descripción del Descuento de Flujos de Caja

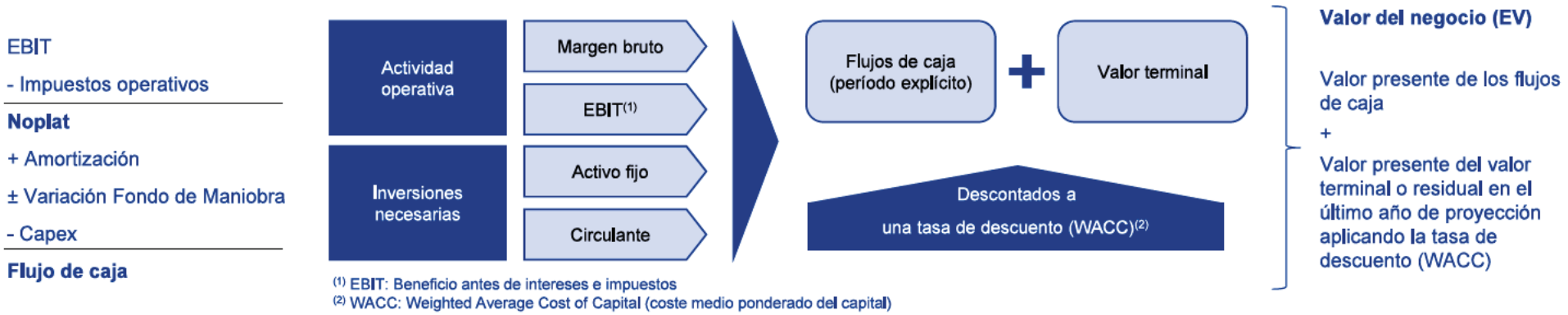
5.1.1. Descripción del Descuento de Flujos de Caja

Breve descripción de la metodología de Descuento de Flujos de Caja (1/2)

Metodología

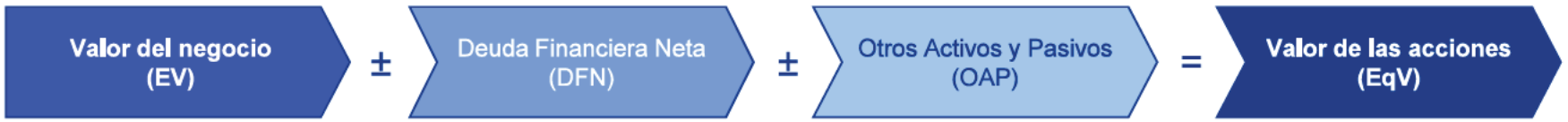
El método del Descuento de Flujos de Caja es aceptado de forma general por los expertos en valoración, tanto desde un punto de vista teórico como práctico, como el que incorpora de una forma más eficaz al resultado de la valoración todos los factores que afectan al valor de un negocio, considerando la empresa objeto de valoración como un auténtico proyecto de inversión.

El Descuento de Flujos de Caja tiene en cuenta el resultado de la actividad operativa así como la política de inversiones y de capital circulante para calcular la capacidad futura de generación de flujos del negocio. Los flujos son calculados de la siguiente manera:



(1) EBIT: Beneficio antes de intereses e impuestos
(2) WACC: Weighted Average Cost of Capital (coste medio ponderado del capital)

Estos flujos se descuentan a la Fecha de Valoración para obtener el valor actual del negocio, el cual es ajustado por la deuda financiera neta, así como por Otros Activos y Pasivos no incluidos en el valor de los negocios, para obtener el valor de los fondos propios.



Adicionalmente se ha realizado un análisis de valor en base a otras metodologías consideradas de contraste y desglosadas en los apartados siguientes.

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5.1.1. Descripción del Descuento de Flujos de Caja

Breve descripción de la metodología de Descuento de Flujos de Caja (2/2)

Metodología (cont.)

Tal y como se ha explicado anteriormente, de acuerdo con el método de Descuento de Flujos de Caja, el valor de los negocios (EV) de Applus ha sido estimado teniendo en consideración:

A

Período explícito de proyección

Valor presente a la Fecha de Valoración de los flujos de caja que se estima que la Sociedad generará en el período comprendido entre el 1 de julio de 2023 y el 31 de diciembre de 2028 para cada línea de negocio, a excepción de IDIADA, donde se ha considerado una probabilidad de renovación del 50% de la concesión actual con vencimiento septiembre 2024, por un periodo adicional de 20 años de duración, y de Oil & Gas, donde se considera un periodo de 5 años adicionales hasta el año 2033E.

En las páginas siguientes se encuentra un mayor detalle de las hipótesis consideradas en las Proyecciones Financieras.

B

Valor terminal

El valor terminal o valor residual se ha calculado como el valor presente a la Fecha de Valoración de los flujos de caja que se estima generará la Sociedad a partir del 31 de diciembre de 2028. Para el negocio de Oil & Gas el valor terminal se ha calculado a partir del 31 de diciembre de 2033.

Dichos flujos de caja han sido obtenidos considerando una renta perpetua a partir del flujo de caja estimado como mantenible de la Sociedad, considerando diferentes crecimientos a perpetuidad (g) según cada negocio de Applus.

Cabe señalar que para IDIADA no se ha considerado oportuno incluir un valor terminal dada la naturaleza del negocio concesional y la incertidumbre en el proceso de licitación a futuro.

Si bien, en el resto de actividades sujetas a un régimen concesional sí que se han considerado las posibles renovaciones o explotación de nuevas concesiones, ya que así se ha producido históricamente. Teniendo en cuenta el calendario de vencimiento de las concesiones vigentes, la estimación de un valor terminal asume que la Sociedad tendrá la capacidad de renovar las concesiones actuales, o bien, resultará adjudicataria de nuevas licitaciones públicas, que permitirán mantener a largo plazo el volumen de negocio alcanzado en el año 2028.

En las páginas siguientes se encuentra un mayor detalle de las hipótesis utilizadas en la estimación del flujo de caja utilizado para la estimación del valor terminal.

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5.1.1. Descripción del Descuento de Flujos de Caja

Enfoque de nuestro análisis (1/5)

Enfoque de nuestro análisis

En términos generales, el método del Descuento de Flujos de Caja es un método de valoración dinámico que asume que el valor de un conjunto de activos y pasivos operativos se corresponde con el valor de los flujos de caja que se espera sean generados por dichos activos y pasivos, actualizados a una tasa que tenga en consideración sus riesgos específicos. Para calcular el valor de las acciones de una compañía, hay que agregar a dicho cálculo la deuda financiera neta de la misma a la Fecha de Valoración, así como el valor que se estime con criterios de mercado de los activos y pasivos (registrados o no) no considerados en los conceptos anteriores (OAP) también en dicha fecha.

Nuestro análisis de valor se ha realizado considerando el 30 de junio de 2023 como Fecha de Valoración, asumiendo como período explícito de proyección el período comprendido entre el 1 de julio de 2023 y el 31 de diciembre de 2028, a excepción de IDIADA y de Oil & Gas, como se ha comentado anteriormente.

De acuerdo con el objetivo de nuestro trabajo, la información de la que hemos dispuesto y nuestro entendimiento de las características y actividades que realiza Applus, consideramos que el método de valoración más adecuado es el obtenido de la aplicación del Descuento de Flujos de Caja (DCF). En este sentido, dado que no se dispone de unas proyecciones públicas de la Dirección, hemos elaborado una serie de proyecciones financieras que han sido contrastadas con el Plan Estratégico 2022-2024 así como con los informes de analistas que cubren a Applus. El Plan Estratégico 2022-2024 no detalla unas proyecciones financieras sino indicadores de negocio como son crecimiento de ingresos y márgenes, rentabilidades, estructura financiera, etc. (ver comparativa entre el Plan Estratégico de la Sociedad y las Proyecciones Financieras elaboradas por KPMG más adelante).

Se ha aplicado el DCF como metodología principal a las distintas líneas de negocio de Applus debido a que se trata de negocios con flujos estables y predecibles en base a históricos, crecimientos de mercado y renovaciones de contratos lo que asegura la fiabilidad del método.

Las Proyecciones Financieras que se han tenido en cuenta en el Descuento de Flujos de Caja han sido elaboradas por KPMG en base a los crecimientos esperados del mercado obtenidos de informes de terceros, así como de la información contenida en el Plan Estratégico publicado por la Sociedad. Asimismo, se ha analizado la información de los años históricos, en particular, en lo referente a la evolución prevista de los gastos operativos, márgenes EBITDA y EBIT e inversiones necesarias para la continuación de los negocios.

Es de destacar que para el negocio de Oil & Gas se ha considerado una tasa de crecimiento a perpetuidad nula en el escenario central, negativa en el rango mínimo y positiva en el rango máximo, dada la vida restante definida para el negocio debido al cambio esperado en el sector.

Un mayor detalle del conjunto de hipótesis utilizadas en la realización del Descuento de Flujos de Caja por negocio se encuentra en las páginas siguientes.

Dada la naturaleza del negocio concesional de IDIADA, y en línea tanto con la visión de los analistas bursátiles que cubren la Sociedad como la práctica habitual en el sector, no se ha considerado oportuno incluir un valor terminal para dicho negocio debido, principalmente, a:

- La estimación de un valor terminal supondría asumir que la Sociedad renovará indefinidamente el contrato una vez finalicen los plazos concesionales, lo cual, al tratarse de una concesión con la Administración Pública, implica que la Sociedad resultaría adjudicataria de una nueva licitación pública a través de un proceso competitivo que por su propia naturaleza posee un alto grado de incertidumbre.
- Por otra parte, la estimación de las potenciales condiciones de las nuevas licitaciones supone un alto grado de incertidumbre difícil de predecir.

No obstante sí se ha incluido la estimación de un valor terminal en el Descuento de Flujos de Caja para el resto de negocios, tal y como se detalla en las páginas siguientes.

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5.1.1. Descripción del Descuento de Flujos de Caja

Enfoque de nuestro análisis (2/5)

Enfoque de nuestro análisis (cont.)

Un detalle de las principales fuentes de información empleadas en la elaboración de las Proyecciones Financieras es como sigue:

1 Información financiera histórica

Como punto de partida se ha empleado la información destinada a los inversores que se publica en la página web corporativa de Applus consistente en:

- Evolución histórica de las principales magnitudes financieras (ingresos, EBITDA, amortizaciones y EBIT) tanto a nivel individual de cada uno de los negocios como a nivel consolidado.
- Comunicaciones a la CNMV así como información sobre adquisiciones y ventas realizadas por la Sociedad.

Dicha información ha sido empleada en la determinación de las proyecciones de ingresos, márgenes EBITDA, niveles de amortización, capital circulante y Capex.

2 Proyecciones futuras de la Sociedad y otras hipótesis

En base al análisis de información histórica, del Budget de 2023E de la Sociedad, de su Plan Estratégico y de informes de mercado realizados por terceros, se han asumido las siguientes hipótesis:

- Ventas: las proyecciones de las ventas se han determinado aplicando la cifra de ingresos del Budget 2023 de la Sociedad así como los crecimientos de mercado referentes a los sectores en los que opera Applus.
- Gastos de alquiler: se ha considerado el % de gastos de alquiler sobre ventas del 2022PR como la mejor estimación de su evolución futura para todo el periodo de proyección.
- Amortizaciones: se ha considerado el % de amortizaciones sobre ventas de 2022PR como la mejor estimación de su evolución futura para todo el periodo de proyección.
- EBIT: el margen EBIT se ha proyectado aplicando el margen del Budget 2023 de la Sociedad como punto de partida para las proyecciones. Para el 2024E se ha considerado un margen superior a los mínimos establecidos en el Plan Estratégico, que incluye un plan de M&A junto con un plan de eficiencias que permitan alcanzar dicho margen. Se ha considerado el margen del año 2024 como la mejor estimación a futuro.
- Capex: se ha considerado el % de Capex sobre ventas de 2022PR como la mejor estimación de su evolución futura. En el caso de Automotive se ha tenido en cuenta el Capex estimado por la Sociedad obtenido del VDR.
- Variación del fondo de maniobra operativo: según la información contenida en la Due Diligence Financiera elaborada por PwC, la Dirección de la Sociedad espera que el saldo neto del fondo de maniobra se estabilice en torno al 4% - 5% sobre ventas, estando en línea con la información histórica. En este sentido, se ha proyectado el fondo de maniobra neto sobre ventas considerando la media de dicho rango, es decir, un 4,5% sobre ventas.

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Enfoque de nuestro análisis (3/5)

Enfoque de nuestro análisis (cont.)

Un detalle de la comparativa entre los principales indicadores del Plan Estratégico de la Sociedad y de las Proyecciones Financieras es como sigue:

		1 RPI	2 Oil & Gas	3 Automotive	4 Laboratories	5 IDIADA
1 Media ventas 2022-2024	PE	Un dígito alto	Un dígito bajo	Un dígito bajo	Un dígito alto	Un dígito alto
	PF	11%	10%	4%	13%	12%
2 CAGR ventas 2021-2024	PE	10%				
	PF	N/A				
3 Margen EBIT 2024	PE	>10%	>7%	>20%	>16%	>12%
	PF	11%	8%	21%	17%	13%
4 EBIT 2024 objetivo	PE	12%				
	PF	12%				
5 ROCE 2024[1]	PE	>12%				
	PF	13%				
6 DFN/EBITDA	PE	<3x				
	PF	<3x				
7 Cash conversion[2]	PE	>70%				
	PF	71%				
8 Plan de M&A 2022-2024	PE	Invertir 300M€-400M€ (equivale a 100M€-133M€ anuales)				
	PF	Reducción importe anual a invertir 70-80M€. Ver páginas del plan de M&A más adelante.				

1 - Media de ventas 2022-2024. Las Proyecciones Financieras recogen unos niveles medios de crecimiento para el periodo 2022-2024 superiores a los del Plan Estratégico en cada una de las líneas de negocio. Cabe destacar que, para el crecimiento entre los años 2022 y 2023, se ha considerado la cifra de ventas de 2022PR a efectos de recoger el crecimiento de operaciones continuadas.

2 - CAGR ventas 2021-2024. Las Proyecciones Financieras recogen un CAGR inferior al estimado en el Plan Estratégico para dicho periodo.

En relación con los dos puntos anteriores, existe una limitación para realizar una comparativa del crecimiento de ventas debido a que las Proyecciones Financieras y el Plan Estratégico presentan diferencias en cuanto al perímetro de negocios considerado. En concreto, las Proyecciones Financieras se ven afectadas por ciertas inversiones y desinversiones que se realizaron principalmente durante el 2022, mientras que los crecimientos del Plan Estratégico son calculados por la Dirección de Applus contemplando únicamente las "operaciones continuadas", no habiendo dispuesto KPMG de este detalle.

3 - Margen EBIT 2024. Las Proyecciones Financieras reflejan márgenes superiores a los mínimos establecidos en el Plan Estratégico.

Fuente: Información obtenida de la página web corporativa de Applus y análisis KPMG
Notas: (1) Calculado como: (NOPLAT 2024) / (Total Capital a junio 2023 + Capex de junio 2023 a cierre 2024 – Amortización de junio 2023 a cierre 2024 – var. de WC de junio 2023 a cierre 2024). (2) Calculado como: (EBITDA -capex - variacion del WC) / EBITDA.

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Enfoque de nuestro análisis (4/5)

Enfoque de nuestro análisis (cont.)

Un detalle de la comparativa entre los principales indicadores del Plan Estratégico de la Sociedad y de las Proyecciones Financieras es como sigue:

		1 RPI	2 Oil & Gas	3 Automotive	4 Laboratories	5 IDIADA
1 Media ventas 2022-2024	PE	Un dígito alto	Un dígito bajo	Un dígito bajo	Un dígito alto	Un dígito alto
	PF	11%	10%	4%	13%	12%
2 CAGR ventas 2021-2024	PE	10%				
	PF	N/A				
3 Margen EBIT 2024	PE	>10%	>7%	>20%	>16%	>12%
	PF	11%	8%	21%	17%	13%
4 EBIT 2024 objetivo	PE	12%				
	PF	12%				
5 ROCE 2024[1]	PE	>12%				
	PF	13%				
6 DFN/EBITDA	PE	<3x				
	PF	<3x				
7 Cash conversion[2]	PE	>70%				
	PF	71%				
8 Plan de M&A 2022-2024	PE	Invertir 300M€-400M€ (equivale a 100M€-133M€ anuales)				
	PF	Reducción importe anual a invertir 70-80M€. Ver páginas del plan de M&A más adelante.				

4 - EBIT 2024 objetivo. El margen de las Proyecciones Financieras del 12% se encuentra alineado con el objetivo del Plan Estratégico. Para alcanzar este objetivo, el Plan Estratégico cuenta con un plan de M&A junto con un plan de eficiencias que permitan alcanzar dicho margen.

5 - ROCE 2024. Las Proyecciones Financieras se encuentran alineadas con el objetivo establecido en el Plan Estratégico para el año 2024 del 12% calculado de acuerdo con los criterios facilitados por la Dirección de Applus.

6 - DFN/EBITDA. Las Proyecciones Financieras asumen que la estructura financiera aplicable en la valoración es tendiente a los niveles de mercado. La ratio de apalancamiento implícita en las Proyecciones Financieras se encuentra alineada con el objetivo establecido en el Plan Estratégico de ser inferior a 3x.

7 - Cash conversion. La ratio de conversión de caja considerada en las Proyecciones Financieras cumple con el objetivo establecido en el Plan Estratégico del 70% calculado de acuerdo con los criterios facilitados por la Dirección de Applus.

Por motivos de comparabilidad, el cash conversion del 71% de las Proyecciones Financieras ha sido calculado excluyendo la inversión atribuible al plan de M&A por ser un importe elevado para el año 2024 y cuyo retorno se materializará en el flujo de caja generado en los próximos años.

Fuente: Información obtenida de la página web corporativa de Applus y análisis KPMG

Notas: (1) Calculado como: (NOPLAT 2024) / (Total Capital a junio 2023 + Capex de junio 2023 a cierre 2024 – Amortización de junio 2023 a cierre 2024 – var. de WC de junio 2023 a cierre 2024). (2) Calculado como: (EBITDA -capex - variacion del WC) / EBITDA.

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Enfoque de nuestro análisis (5/5)

Enfoque de nuestro análisis (cont.)

Un detalle de la comparativa entre los principales indicadores del Plan Estratégico de la Sociedad y de las Proyecciones Financieras es como sigue:

		1 RPI	2 Oil & Gas	3 Automotive	4 Laboratories	5 IDIADA
1 Media ventas 2022-2024	PE	Un dígito alto	Un dígito bajo	Un dígito bajo	Un dígito alto	Un dígito alto
	PF	11%	10%	4%	13%	12%
2 CAGR ventas 2021-2024	PE	10%				
	PF	N/A				
3 Margen EBIT 2024	PE	>10%	>7%	>20%	>16%	>12%
	PF	11%	8%	21%	17%	13%
4 EBIT 2024 objetivo	PE	12%				
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5 ROCE 2024[1]	PE	>12%				
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7 Cash conversion[2]	PE	>70%				
	PF	71%				
8 Plan de M&A 2022-2024	PE	Invertir 300M€-400M€ (equivale a 100M€-133M€ anuales)				
	PF	Reducción importe anual a invertir 70-80M€. Ver páginas del plan de M&A más adelante.				

8- Plan de M&A 2022-2024. Si bien el Plan Estratégico contemplaba unas inversiones de entre 300M€ y 400M€ para el periodo 2022-2024, que implícitamente sería una inversión anual entre 100M€ y 133M€, la Dirección ha comunicado al mercado que la cifra anual a invertir se ha reducido a cifras de entre 70M€ y 80M€. En este sentido, hemos recogido en el rango de valor de nuestra conclusión el impacto que tendría el plan de M&A (para más información ver páginas a continuación).

Como resultado de la comparativa anterior, se observa que las Proyecciones Financieras están alineadas con las indicaciones del Plan Estratégico.

Fuente: Información obtenida de la página web corporativa de Applus y análisis KPMG

Notas: (1) Calculado como: (NOPLAT 2024) / (Total Capital a junio 2023 + Capex de junio 2023 a cierre 2024 – Amortización de junio 2023 a cierre 2024 – var. de WC de junio 2023 a cierre 2024). (2) Calculado como: (EBITDA -capex - variación del WC) / EBITDA.

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5.1.1. Descripción del Descuento de Flujos de Caja

Plan de M&A (1/2)

Análisis del plan de M&A considerado

El Plan Estratégico de Applus contempla un plan de inversión en negocios con un margen EBIT superior al margen medio de la Sociedad con el objetivo de mejorar el margen de Applus. Dicho plan contemplaba unas inversiones de entre 300M€ y 400M€ para el periodo 2022-2024, resultando en una inversión anual media de 120M€ aproximadamente. En este contexto, la Dirección ha comunicado al mercado que la cifra anual a invertir se ha reducido a cifras de entre 70M€ y 80M€, siendo 75M€ el punto medio, debido principalmente a:

- que la Sociedad se encuentra inmersa en un programa de recompra de acciones propias;
- la pérdida de contratos clave; y
- que Applus tiene el objetivo de reducir la ratio de apalancamiento, siendo la ratio tanto a junio como a septiembre de 2023 de 2,6x.

En este contexto, hemos realizado una estimación del valor del plan de M&A de acuerdo con las indicaciones dadas al mercado por la Dirección de Applus acerca de dicho plan para los próximos años. Este análisis asume que Applus llevará a cabo unas inversiones en negocios que permitieran una mejora de márgenes y un crecimiento de ingresos en línea con el Plan Estratégico. Para la elaboración del mismo hemos elaborado dos escenarios diferentes, un primer escenario en el que se considera que Applus llevará a cabo estas inversiones anuales durante los ejercicios explicitados en el Plan Estratégico (2023 y 2024), y un segundo escenario que contempla que estas inversiones se realizan de forma anual durante todos los años comprendidos entre el año 2023 y el año 2028. En este sentido, resaltar que la Compañía a realizado las siguientes inversiones durante el año 2023, estando en línea con los importes previstos por la Dirección (70M€ y 80M€): Riportico, CLM, CFI, Rescoll y Barlovento.

Para ello, hemos considerando:

- que las adquisiciones se realizan a un múltiplo EBITDA de 7,8x, calculado como el promedio del múltiplo de las adquisiciones históricas realizadas por Applus;
- que el margen EBITDA de dichas inversiones alcanzará el 20%, siendo superior al margen medio de Applus dado que entre los objetivos del Plan de M&A está la mejora del margen de la Sociedad. Como resultado, se obtiene un margen EBIT del 17,4%.
- que Applus mantendrá una estructura de deuda similar a la considerada en la tasa de descuento; y
- una tasa de retorno sobre el las inversiones de M&A del 10,5%, que se corresponde con la WACC estimada para Applus (8,7%) más un spread de 175 puntos básicos y que ha sido estimado en base a observaciones de mercado obtenido de presentaciones a inversores de terceros en las que se hace referencia a la rentabilidad esperada sobre la WACC que requieren en sus procesos de análisis de inversiones en M&A. El spread de 175 puntos básicos ha sido obtenido como la media del dato del 1,5% de Iberdrola y del 2% de Endesa (rango 1%-3%, siendo el promedio un 2%).

Hemos proyectado una evolución de la cifra a invertir anualmente de los 75M€ a partir del año 2024 de acuerdo con la inflación de la Euro Zona.

Como resultado obtenemos que este análisis tiene un impacto positivo de entre 0,08 y 0,13 euros por acción, de acuerdo con los dos escenarios explicados. En la página a continuación se muestra un detalle de los cálculos realizados en cada escenario.

Fuente: Análisis KPMG y página web corporativa de Iberdrola y Endesa.

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5.1.1. Descripción del Descuento de Flujos de Caja

Plan de M&A (2/2)

Plan de M&A

A continuación se muestra el detalle del análisis del impacto del Plan de M&A en el precio por acción de Applus:

Sensibilidad M&A										...
Importes en millones de EUR			**2023E**	**2024E**	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2200**
Inversión			(75,0)	(77,0)	(78,5)	(80,1)	(81,6)	(83,1)		
IPC Zona Euro			5,5%	2,6%	2,0%	2,0%	1,9%	1,9%	2,0%	2,0%
% Fondos Propios - Inversión a realizar	88,1%									
% Deuda	11,9%									
Importe de la deuda (M€)			(10,2)	(10,4)	(10,6)	(10,9)	(11,1)	(11,3)		
EV			**85,2**	**87,4**	**89,1**	**90,9**	**92,6**	**94,4**		
Crecimiento ventas total Applus (%)				4,8%	3,8%	3,8%	3,8%	2,5%		
Amortización sobre ventas total Applus (%)			(2,6%)	(2,6%)	(2,6%)	(2,7%)	(2,7%)	(2,7%)		
EV/EBITDA promedio transacciones Applus	7,8 x									
Margen EBITDA objetivo	20,0%									
EBITDA / Flujo de caja (%)			64,5%	50,7%	55,3%	55,3%	55,3%	53,3%		
Ventas inversión 2023			54,4	57,0	59,1	61,4	63,7	65,4		
EBITDA inversión 2023			10,9	11,4	11,8	12,3	12,7	13,1		
EBIT inversión 2023			9,4	9,9	10,3	10,6	11,1	11,3		
Flujo de Caja - Invesrión 2023			**3,5**	**5,8**	**6,5**	**6,8**	**7,0**	**7,0**	**7,1**	**210,1**
Ventas inversión 2024				55,8	57,9	60,1	62,4	64,0		
EBITDA inversión 2024				11,2	11,6	12,0	12,5	12,8		
EBIT inversión 2024				9,7	10,0	10,4	10,8	11,1		
Flujo de Caja - Invesrión 2024				**5,7**	**6,4**	**6,6**	**6,9**	**6,8**	**7,0**	**205,7**
Ventas inversión 2025					56,9	59,1	61,3	62,9		
EBITDA inversión 2025					11,4	11,8	12,3	12,6		
EBIT inversión 2025					9,9	10,2	10,6	10,9		
Flujo de Caja - Invesrión 2025					**6,3**	**6,5**	**6,8**	**6,7**	**6,8**	**202,1**
Ventas inversión 2026						58,0	60,3	61,8		
EBITDA inversión 2026						11,6	12,1	12,4		
EBIT inversión 2026						10,1	10,4	10,7		
Flujo de Caja - Invesrión 2026						**6,4**	**6,7**	**6,6**	**6,7**	**198,6**
Ventas inversión 2027							59,1	60,6		
EBITDA inversión 2027							11,8	12,1		
EBIT inversión 2027							10,3	10,5		
Flujo de Caja - Invesrión 2027							**6,5**	**6,5**	**6,6**	**194,9**
Ventas inversión 2028								60,3		
EBITDA inversión 2028								12,1		
EBIT inversión 2028								10,4		
Flujo de Caja - Invesrión 2028								**6,4**	**6,6**	**193,7**
Total Flujo de Caja			**(71,5)**	**(65,5)**	**(59,3)**	**(53,7)**	**(47,7)**	**(43,2)**	**40,8**	**1.205,0**
Periodo de descuento			0,2	1,0	2,0	3,0	4,0	5,0	6,0	177,0
Tasa de descuento (WACC + 1,75%)			10,5%	10,5%	10,5%	10,5%	10,5%	10,5%	10,5%	10,5%
Factor de descuento			0,98	0,9	0,8	0,7	0,7	0,6	0,5	0,0
Flujo de Caja descontado			**(69,7)**	**(59,3)**	**(48,5)**	**(39,8)**	**(32,0)**	**(26,2)**	**22,4**	**0,0**

Escenarios de inversión	2023 - 2024	2023 - 2028
Suma de los flujos descontados	**€10,2**	**€16,8**
Número de acciones	128,927,136	
Precio por acción	**€0,08**	**€0,13**

Fuente: Análisis KPMG e información proporcionada por el Cliente en el VDR.
Nota: El % EBITDA / Flujo de caja no es comparable con la ratio de Cash conversion del Plan Estratégico calculado como: (EBITDA -capex - variación del WC) / EBITDA.

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5.1.2. Aplicación del Descuento de Flujos de Caja

5.1.2. Aplicación del Descuento de Flujos de Caja

Proyecciones Financieras (1/10)

A

Principales hipótesis utilizadas en las Proyecciones Financieras

Hipótesis generales

- La estimación del Enterprise Value (EV) se ha basado en una valoración de suma de partes de los resultados de la aplicación del DCF a las líneas de negocio desarrolladas por la Sociedad.
- Se han estimado proyecciones para un período comprendido entre el 1 de julio de 2023 y el 31 de diciembre de 2028 para cada línea de negocio, a excepción de IDIADA, donde se ha considerado una probabilidad de renovación del 50% de la concesión actual con vencimiento septiembre 2024, por un periodo adicional de 20 años de duración, y de Oil & Gas, donde se considera un periodo de 5 años adicionales hasta el año 2033E.
- Adicionalmente, para Automotive también se ha considerado una probabilidad del 50% tanto para la posible renovación del contrato de Galicia en 2028E como para la potencial introducción de más operadores en Cataluña para el negocio de Automotive a partir del año 2024, que supondría una reducción de ingresos y márgenes.
- Las hipótesis incluyen el impacto del análisis del Plan de M&A mostrado en el apartado anterior.
- Cabe destacar que, a efectos ilustrativos, las cifras mostradas en las siguientes páginas recogen el escenario de renovación para IDIADA, y respecto al plan de M&A, el escenario de inversiones para el periodo proyectado 2023-2028.
- No se han considerado otros potenciales cambios en la legislación, clientes, proveedores o cualquier otro factor externo que puedan afectar significativamente a la continuidad de las operaciones de la Sociedad.

Ventas

- De acuerdo con la información pública de Applus a la que hemos tenido acceso, la división de **Energy & Industry** se encuentra dividida en dos negocios con perspectivas sectoriales diferenciadas: Renewables, Power & Infra y Oil & Gas. En ese sentido, en su Plan Estratégico 2024E, Applus presenta diferentes expectativas de evolución de ventas y márgenes, de modo que hemos considerado oportuno realizar una distinción de estos negocios a efectos de nuestros análisis. A continuación, se detallan las principales hipótesis para la estimación de las ventas:

- **2023:** La proyección de 2023E se ha determinado aplicando el crecimiento estimado en el Budget de la Sociedad respecto al 2022PR. El crecimiento por línea de negocio es como sigue:
  - Renewables, Power & Infra: 7,3%
  - Oil & Gas: 7,3%
  - Automotive: 9,4%
  - Laboratories: 8,6%
  - IDIADA[2]: 6,6%

- **2024:** El crecimiento de ventas de 2024E supone una normalización del crecimiento de ventas considerando la media de los crecimientos esperados en 2023E y 2025E, a excepción del negocio de Automotive que se estima que crecerá de acuerdo con inflación. Los crecimientos por línea de negocio son los siguientes:
  - Plan de M&A[1]: 107,4%
  - Renewables, Power & Infra: 5,8%
  - Oil & Gas: 4,7%
  - Automotive: 0,9%
  - Laboratories: 7,3%
  - IDIADA[2]: 6,3%

Nota: (1) Para mas información respecto al Plan de M&A consultar la sección 5.1.1.
(2) las cifras de IDIADA corresponden al escenario de renovación y las del Plan de M&A con las del periodo de inversión 2023-2028.
Fuente: análisis KPMG a partir de información histórica de Applus, Plan Estratégico 2024E de Applus e información de mercado obtenida de fuentes públicas.

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Proyecciones Financieras (2/10)

A

Principales hipótesis utilizadas en las Proyecciones Financieras

Ventas (cont.)

- **2025-2028:** El periodo 2025E – 2028E considera un crecimiento estimado aplicando diferentes estudios de mercado sectoriales. Los crecimientos y los informes utilizados en cada una de las líneas de negocio son los siguientes:

  - Renewables, Power & Infra: 4,3% - *Global TIC Market for Energy & Power Industry* realizado por *Vynz Research*
  - Oil & Gas: 2,2% - *Global TIC Market for Oil & Gas* realizado por *Vynz Research*
  - Laboratories: 6.1% - mercado TIC realizado por *Fortune Business Insights.*
  - IDIADA: 6.1% - mercado TIC realizado por *Fortune Business Insights.*

  - El crecimiento de Laboratories se corresponde con el estimado para el sector TIC en su conjunto, dado que ha sido considerada como la mejor estimación de crecimiento debido a la diversidad de sectores para los que opera esta línea de negocio. Este mismo crecimiento ha sido considerada como la mejor estimación para IDIADA, ya que, centra sus servicios en una subactividad nicho dentro del sector TIC, de la que no se ha podido obtener información de mercado.
  - En el caso de Automotive, cabe resaltar que los crecimientos se han estimado con los niveles de inflación esperados para la Euro Zona para el periodo 2024E-2028E por ser un negocio concesional, muy estable y con crecimiento en tarifas ligado en gran medida a la inflación. Adicionalmente, la evolución de ingresos de Automotive incorpora desde el año 2024E la potencial introducción de más operadores en el negocio de Automotive en Cataluña que podría implicar una reducción del nivel de actividad (ingresos) del 25%[1], aplicándose una probabilidad del 50% sobre dicha pérdida. Finalmente, para el año 2028E se estima un decrecimiento de ventas del 5,2% como resultado de la potencial pérdida del contrato de Galicia, al que se le asigna una probabilidad de renovación del 50%.
  - Por otra parte, mencionar que, del mismo modo que en las otras líneas de negocio, para IDIADA se han considerado crecimientos estimados aplicando estudios de mercado sectoriales hasta el año 2028E, y, a partir del año 2029E y hasta la finalización del contrato en el escenario de renovación por un periodo de 20 años adicionales, se considera un crecimiento de ventas equivalente a la tasa de crecimiento a perpetuidad ("g"). Esta tasa se sitúa en el 2,0% y se corresponde con la referencia de IPC a largo plazo para la Euro Zona según las indicaciones del Banco Central Europeo.
  - Adicionalmente, en el caso de O&G, tras el periodo 2025E-2028E se ha considerado un periodo de crecimiento adicional de 5 años hasta el año 2033E, considerando por tanto un periodo de 10 años de crecimiento. Para este periodo se ha considerado un crecimiento anual del 2,2%, el mismo que el utilizado para el periodo 2025E-2028E, de acuerdo con los estudios de mercado sectoriales.
  - Finalmente, se incluyen en el análisis las ventas del análisis del Plan de M&A mostrado en el apartado anterior.

Nota: (1) En la Due Diligence Financiera se estima una potencial reducción del negocio de Automotive Cataluña entre un 20% y un 30%, siendo el rango medio un 25%.

Fuente: análisis KPMG a partir de información histórica de Applus, Plan Estratégico 2024E de Applus e información de mercado obtenida de fuentes públicas.

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Proyecciones Financieras (3/10)

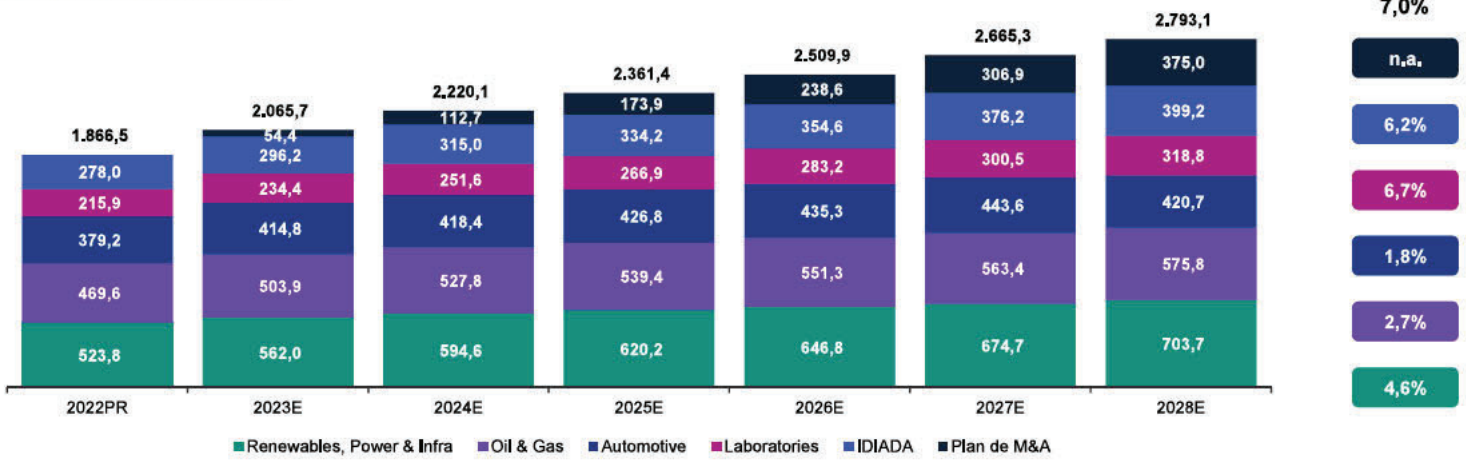
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Principales hipótesis utilizadas en las Proyecciones Financieras

Ventas (cont.)

Un detalle de la evolución de ventas por línea de negocio, considerando las hipótesis anteriormente mencionadas es como sigue:

Ventas (en millones de EUR)



Notas: 2022PR se corresponde con las cuentas anuales 2022 ajustadas por las inversiones y desinversiones del año 2023 a efectos de facilitar la comparabilidad entre dichos años.
Nota: las cifras de IDIADA corresponden al escenario de renovación y las del Plan de M&A con las del periodo de inversión 2023-2028.

Crecimiento de ventas según línea de negocio (en %)

Crecimiento de ventas (%)	2023E	2024E	2025E	2026E	2027E	2028E
Renewables, Power & Infra	7,3%	5,8%	4,3%	4,3%	4,3%	4,3%
Oil & Gas	7,3%	4,7%	2,2%	2,2%	2,2%	2,2%
Automotive	9,4%	0,9%	2,1%	2,0%	1,9%	(5,2)%
Laboratorios	8,6%	7,3%	6,1%	6,1%	6,1%	6,1%
IDIADA	6,6%	6,3%	6,1%	6,1%	6,1%	6,1%
Plan de M&A	n.a.	107,4%	54,3%	37,2%	28,6%	22,2%
Total	**10,7%**	**7,5%**	**6,4%**	**6,3%**	**6,2%**	**4,8%**

Nota: las cifras de IDIADA corresponden al escenario de renovación y las del Plan de M&A con las del periodo de inversión 2023-2028.
Fuente: análisis KPMG a partir de información histórica de Applus, Plan Estratégico 2024E de Applus e información de mercado obtenida de fuentes públicas.

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Proyecciones Financieras (4/10)

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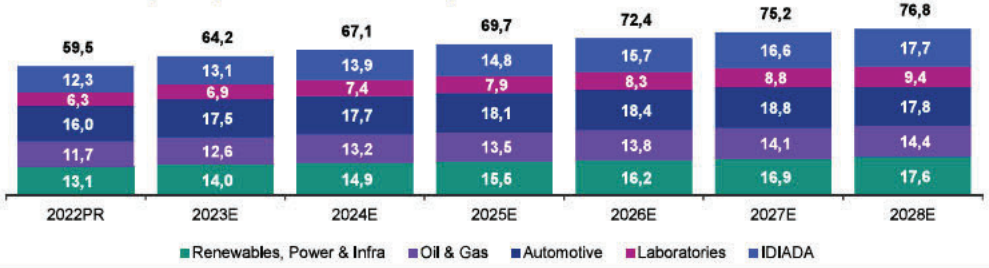
Principales hipótesis utilizadas en las Proyecciones Financieras

Gastos de alquiler

Se ha considerado para cada una de las líneas de negocio el % de gastos de alquiler sobre ventas de 2022PR como la mejor estimación para la determinación de las proyecciones en el periodo 2023E-2028E.

Un detalle de la evolución de los gastos de alquiler por línea de negocio durante el periodo proyectado así como el porcentaje considerado para la proyección es como sigue:

Gastos de alquiler (en millones de EUR)



% gastos de alquiler sobre ventas

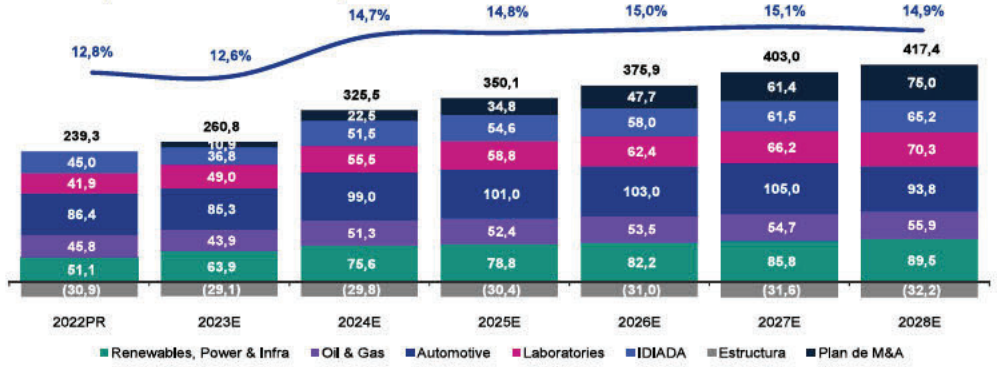
Total: 3,2%
- Renewables, Power & Infra: 2,5%
- Oil & Gas: 2,5%
- Automotive: 4,2%
- Laboratories: 2,9%
- IDIADA: 4,4%

EBITDA

Para la obtención del EBITDA Pre IFRS16 se ha utilizado como base el importe EBIT, calculado tal y como se explica en las siguientes secciones, y se le han sumado los importes correspondientes a los gastos de amortización (también explicados en las siguientes secciones).

Un detalle de la evolución de los importes de EBITDA por línea de negocio durante el periodo proyectado así como el margen sobre ventas es como sigue:

EBITDA (en millones de EUR)



% Margen EBITDA 2028E

Total: 14,9%
- Plan de M&A: 20,0%
- Renewables, Power & Infra: 12,7%
- Oil & Gas: 9,7%
- Automotive: 22,3%
- Laboratories: 22,0%
- IDIADA: 16,3%

Nota: las cifras de IDIADA corresponden al escenario de renovación y las del Plan de M&A con las del periodo de inversión 2023-2028.
Fuente: análisis KPMG a partir de información histórica de Applus e información de Applus proporcionada por Apollo a través de la VDR.

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Proyecciones Financieras (5/10)

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Principales hipótesis utilizadas en las Proyecciones Financieras

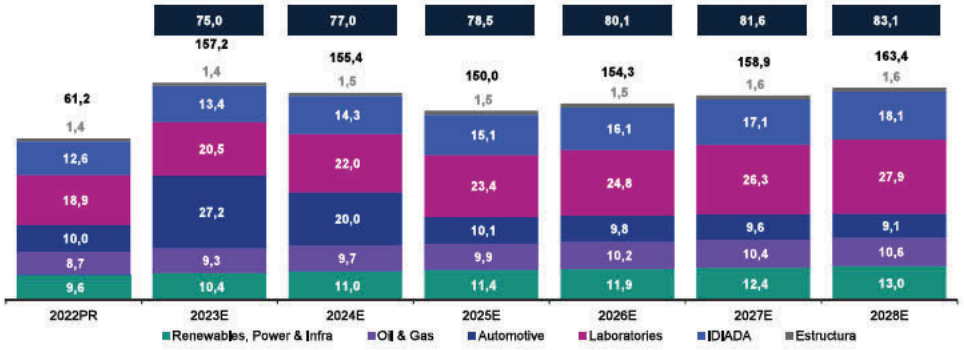
Capex & Amortizaciones

Se ha considerado para cada una de las líneas de negocio el % de amortizaciones y Capex sobre ventas de 2022PR como la mejor estimación para la determinación de las proyecciones. El 2022PR se corresponde con el último año histórico ajustado por las inversiones y desinversiones del año 2023, representando la realidad actual del negocio y considerándose la mejor referencia a futuro.

En el caso de la línea de negocio Automotive se ha tenido en cuenta el Capex estimado por la Sociedad de acuerdo con la información proporcionada por Apollo en la VDR, al ser una línea de negocio compuesta por un conjunto de concesiones con su calendario de vencimientos e inversiones asociadas a las renovaciones, resultando en un 2,7% su media de Capex sobre ventas (%) durante el periodo proyectado 2024E-2028E.

Un detalle de la evolución del Capex es como sigue:

Capex (en millones de EUR)



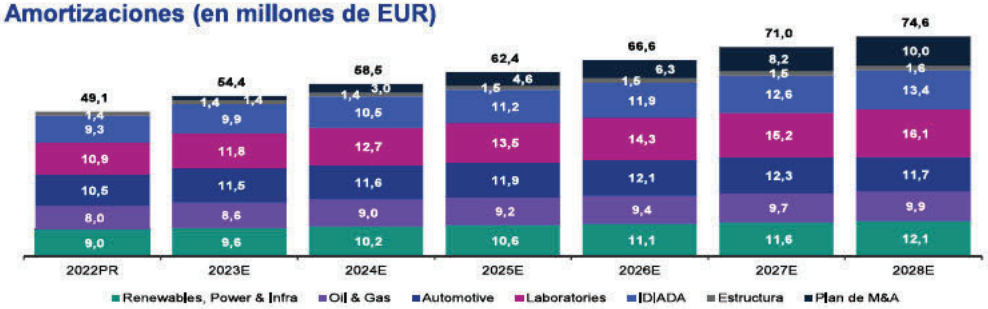
% Capex sobre ventas

Total: 3,3% (excluyendo el Plan de M&A)
- Inversión atribuible al Plan de M&A: n.a.
- Renewables, Power & Infra: 1,8%
- Oil & Gas: 1,8%
- Automotive: 2,7% (media del periodo 2024E-2028E)
- Laboratories: 8,8%
- IDIADA: 4,5%

Nota: no aplica el porcentaje de inversión atribuible al Plan de M&A sobre ventas por ser importes elevados de inversión anual cuyo retorno se materializará en las ventas generadas en los próximos años.

Un detalle de la evolución de las amortizaciones es como sigue:

Amortizaciones (en millones de EUR)



% Amortizaciones sobre ventas

Total: 2,7% (excluyendo el Plan de M&A)
- Plan de M&A: 2,7%
- Renewables, Power & Infra: 1,7%
- Oil & Gas: 1,7%
- Automotive: 2,8%
- Laboratories: 5,0%
- IDIADA: 3,3%

Nota: las cifras de IDIADA corresponden al escenario de renovación y las del Plan de M&A con las del periodo de inversión 2023-2028.
Fuente: análisis KPMG a partir de información histórica de Applus e información de Applus proporcionada por Apollo a través de la VDR.

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Proyecciones Financieras (6/10)

A

Principales hipótesis utilizadas en las Proyecciones Financieras

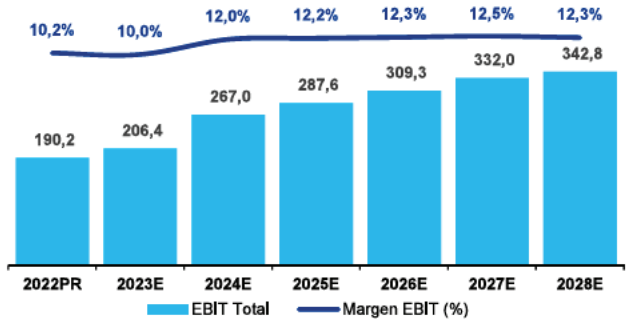
EBIT

El margen EBIT se ha proyectado aplicando el margen del Budget 2023B de la Sociedad como punto de partida de las proyecciones. Para el 2024E se ha considerado un margen superior a los mínimos establecidos en el Plan Estratégico (incluyendo el plan de M&A junto con el plan de eficiencias). Se ha considerado el margen del 2024E como la mejor estimación a futuro. En este sentido, señalamos la siguiente excepción:

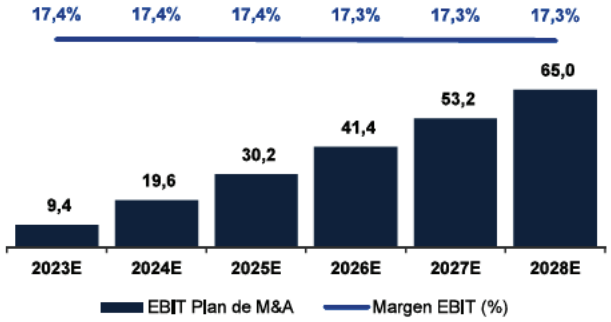
- **Automotive:** Se ha otorgado una probabilidad del 50% tanto a la potencial introducción de más operadores en el negocio de Automotive en Cataluña en 2024E, como a la potencial renovación del contrato de Galicia en 2028E. Para recoger estos impactos, se asume una caída en EBIT en línea con el % sobre ventas que representan tanto Galicia como Cataluña en el año 2022H.

Un detalle de la evolución del EBIT total y por línea de negocio así como sus márgenes en el periodo proyectado es como sigue:

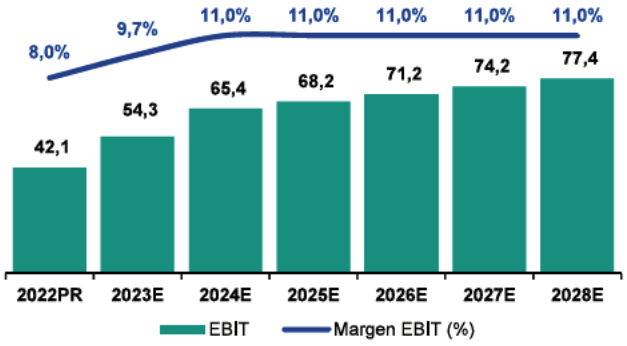
EBIT total (en millones EUR)



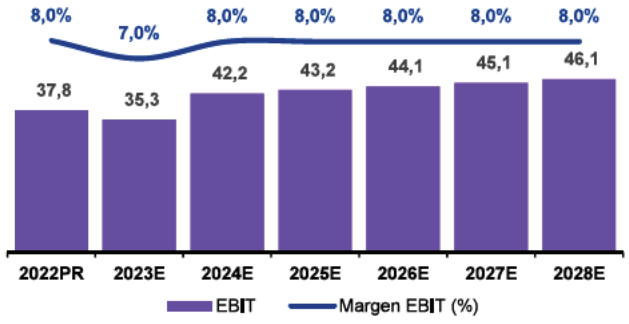
Plan de M&A (en millones EUR)



Renewables, Power & Infra (en millones EUR)



Oil & Gas (en millones EUR)



Nota: las cifras del Plan de M&A se corresponden con las del periodo de inversión 2023-2028.
Fuente: análisis KPMG a partir de información histórica de Applus e información de Applus proporcionada por Apollo a través de la VDR.

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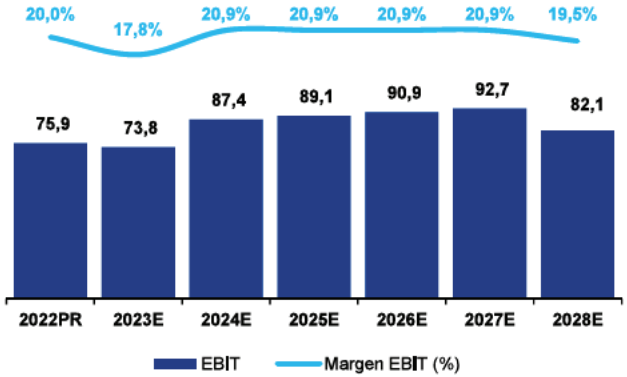
Proyecciones Financieras (7/10)

A

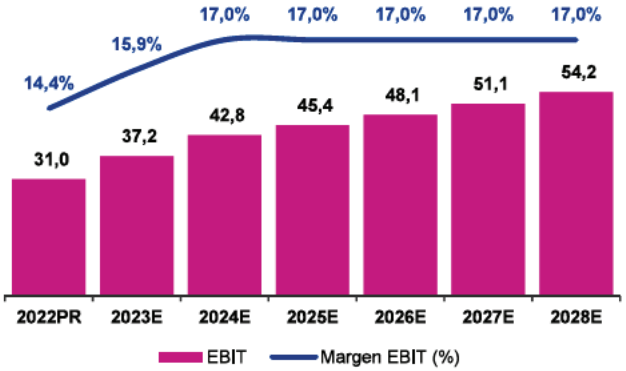
Principales hipótesis utilizadas en las Proyecciones Financieras

EBIT (cont.)

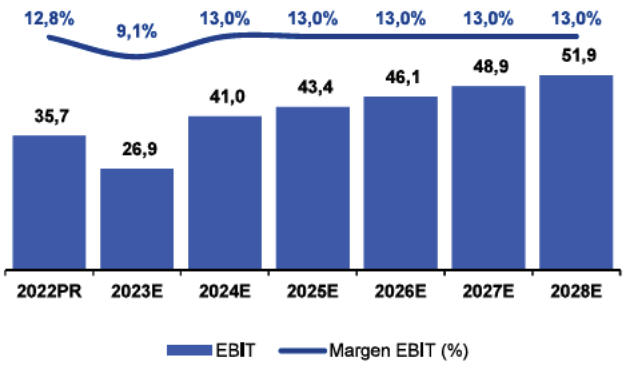
Automotive (en millones EUR)



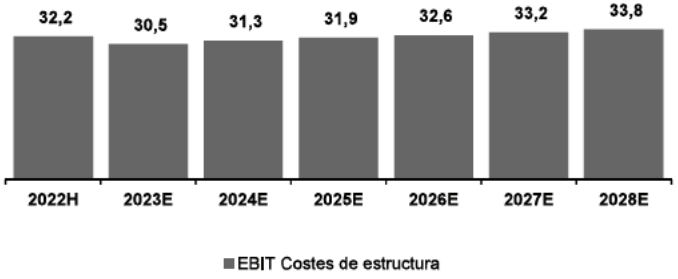
Laboratories (en millones EUR)



IDIADA (en millones EUR)



Costes de estructura de Applus (en millones EUR)



En relación con los costes de estructura de Applus, se han considerado de forma separada los gastos centrales necesarios para la operativa del negocio y que no están incluidos en ninguna de las líneas de negocio analizadas anteriormente, se deben incluir por separado para valorar el impacto de los mismos. Asimismo, se incluyen en este apartado los ahorros de costes de los que se beneficiaría Applus por dejar de cotizar. Para más información ver apartado 5.1.3.

Nota: las cifras de IDIADA corresponden al escenario de renovación.
Fuente: análisis KPMG a partir de información histórica de Applus e información de Applus proporcionada por Apollo a través de la VDR.

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Proyecciones Financieras (8/10)

A

Principales hipótesis utilizadas en las Proyecciones Financieras

Tipo impositivo (%)

Se ha considerado un tipo impositivo ponderado para cada línea de negocio aplicando el tipo impositivo de los países más relevantes donde opera. El peso de cada país ha sido estimado en función de su contribución al EBIT reportado en cada negocio a junio de 2023.

- **Renewables, Power & Infra:** se ha estimado un tipo impositivo del 25,2% ponderado en función de la contribución al EBIT de cada geografía a junio 2023 (20,0% España, 28,3% Arabia Saudí, 9,7% Países Bajos, 8,6% Australia, 7,7% Colombia, 6,6% Canadá, 7,0% Brasil, 6,0% Chile y 6,1% Kuwait).
- **Oil & Gas:** se ha estimado un tipo impositivo del 25,2%, ponderado en función de la contribución al EBIT de cada geografía a junio de 2023 (20,0% España, 28,3% Arabia Saudí, 9,7% Países Bajos, 8,6% Australia, 7,7% Colombia, 6,6% Canadá, 7,0% Brasil, 6,0% Chile y 6,1% Kuwait).
- **Automotive:** se ha estimado un tipo impositivo del 24,2%, ponderado en función de la contribución al EBIT de cada geografía a junio de 2023 (81,9% España y 18,1% Suecia).
- **Laboratories:** se ha estimado un tipo impositivo del 26,6%, ponderado en función de la contribución al EBIT de cada geografía a junio de 2023 (25,6% España, 25,2% Estados Unidos, 35,5% Canadá y 13,7% China).
- **IDIADA:** Se ha estimado un tipo impositivo del 25,0%, ponderado en función de la contribución al EBIT de cada geografía a junio de 2023 (78,1% España y 21,9% China).

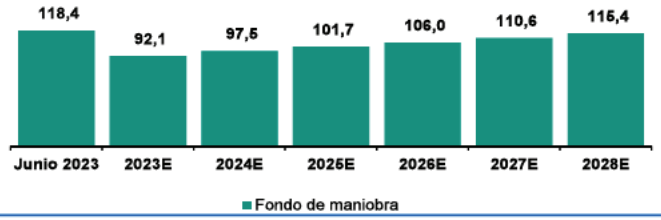
Fondo de maniobra

Según la información proporcionada por el Cliente en la VDR, la Dirección de la Sociedad espera que el fondo de maniobra se estabilice en torno al 4% - 5% sobre ventas. En este sentido, para la estimación de la variación del fondo de maniobra de 2023E se ha proyectado un fondo de maniobra neto sobre ventas del 4,5%, considerando el punto medio del rango anterior y estando en línea con la información histórica. Para su asignación por línea de negocio, a excepción de Estructura, se ha empleado el detalle a junio de 2023 proporcionado por Apollo, del que hemos obtenido el porcentaje que representa la posición de fondo de maniobra para cada línea de negocio sobre el total de Applus. Durante el periodo proyectado, se ha mantenido el porcentaje de fondo de maniobra sobre ventas del 2023E obtenido para cada una de las líneas de negocio.

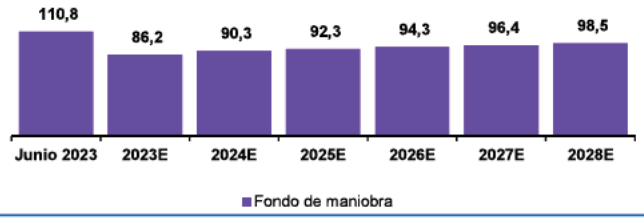
Para proyectar el fondo de maniobra de Estructura, se ha partido del detalle a junio de 2023 proporcionado por Apollo, aplicando un crecimiento durante el periodo de proyección correspondiente al IPC estimado para la Euro Zona obtenido de Economist Intelligence Unit (EIU).

Un detalle de la evolución del saldo neto del fondo de maniobra en cada línea de negocio es como sigue:

Fondo de maniobra Renewables, Power & Infra (en millones de EUR)



Fondo de maniobra Oil & Gas (en millones de EUR)



Fuente: análisis KPMG a partir de información histórica de Applus, información de Applus proporcionada por Apollo a través de la VDR.

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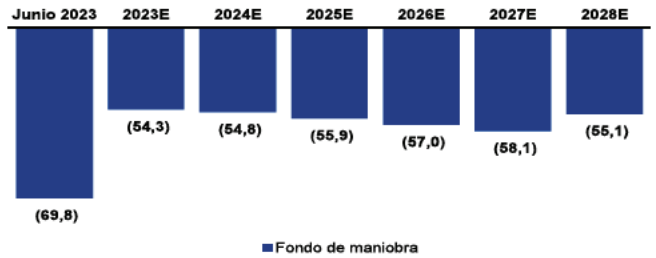
Proyecciones Financieras (9/10)

A

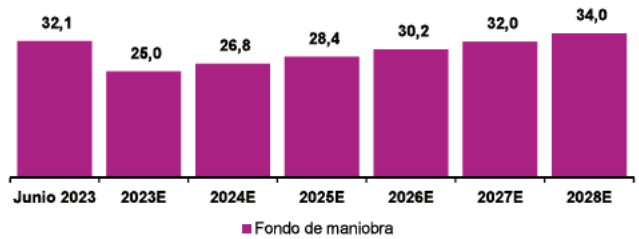
Principales hipótesis utilizadas en las Proyecciones Financieras

Fondo de maniobra (cont.)

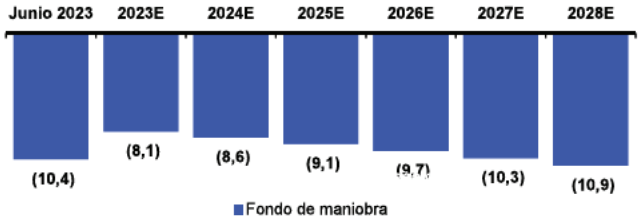
Fondo de maniobra Automotive (en millones de EUR)



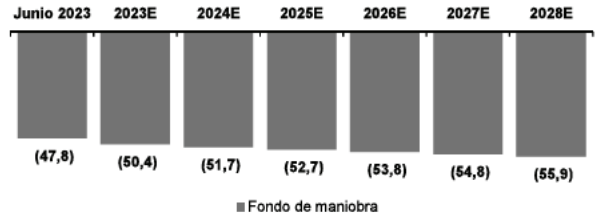
Fondo de maniobra Laboratories (en millones de EUR)



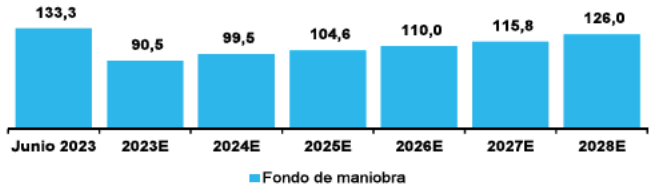
Fondo de maniobra IDIADA (en millones de EUR)



Fondo de maniobra Estructura (en millones de EUR)



Fondo de maniobra Agregado (en millones de EUR)



Applus presenta cierta estacionalidad en su fondo de maniobra resultando éste más bajo entre los meses de diciembre y marzo debido a que la Sociedad factura la mayoría de sus cuentas por cobrar durante este periodo y que además se producen normalmente menores ingresos en el primer trimestre, en comparación con el resto del año. Históricamente el fondo de maniobra sobre ventas ha evolucionado de un 7,7% en 2019H a un 4,8% en 2022H. Tal y como se ha mencionado anteriormente, según la información recogida en la Due Diligence Financiera, la Sociedad espera que el fondo de maniobra se estabilice en torno al 4% - 5% sobre ventas, y a efectos de nuestro ejercicio hemos mantenido dicho rango como mejor estimación para las proyecciones, estando en línea con los niveles históricos mencionados.

Fuente: análisis KPMG a partir de información histórica de Applus, información de Applus proporcionada por Apollo a través de la VDR.

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5.1.2. Aplicación del Descuento de Flujos de Caja

Proyecciones Financieras (10/10)

A

Principales hipótesis utilizadas en las Proyecciones Financieras

Tasa de descuento	Para cada línea de negocio se ha estimado una tasa de descuento realizando una ponderación de las tasas de descuento estimadas para cada uno de los países donde operan en función de sus aportaciones a nivel EBIT a junio de 2023. • **Renewables, Power & Infra:** Se ha estimado una tasa ponderada de 9,1% (20,0% España, 28,3% Arabia Saudí, 9,7% Países Bajos, 8,6% Australia, 7,7% Colombia, 6,6% Canadá, 7,0% Brasil, 6,0% Chile y 6,1% Kuwait). • **Oil & Gas:** Se ha estimado una tasa ponderada de 9,1% (20,0% España, 28,3% Arabia Saudí, 9,7% Países Bajos, 8,6% Australia, 7,7% Colombia, 6,6% Canadá, 7,0% Brasil, 6,0% Chile y 6,1% Kuwait). • **Automotive:** Se ha estimado una tasa ponderada de 8,4% (81,9% España y 18,1% Suecia). • **Laboratories:** Se ha estimado una tasa ponderada de 8,5% (25,6% España, 25,2% Estados Unidos, 35,5% Canadá y 13,7% China). • **IDIADA:** Se ha estimado una tasa ponderada de 8,7% (78,1% España y 21,9% China). • **Costes de estructura:** Se ha estimado una tasa ponderada de 8,7% con las tasas estimadas para cada división. El peso de cada división ha sido estimado en función de su contribución al EBIT a junio de 2023, de acuerdo con la información de Applus (35% RPI y Oil & Gas, 35% Automotive, 14% Laboratories y 16% IDIADA). • **Plan de M&A:** Se ha estimado una tasa del 10,5%, que se corresponde con la WACC estimada para Applus (8,7%) más un spread de 175 puntos básicos tal y como se ha explicado anteriormente.

Fuente: Capital IQ, análisis KPMG a partir de información histórica de Applus, información de Applus proporcionada por Apollo.

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Estimación del Valor Terminal (1/2)

B

Estimación del Valor Terminal

Renewables, Power & Infra

Estimación del Valor Terminal - RPI		
Importes en millones de EUR		
Ventas	1	717,7
Tasa de crecimiento a perpetuidad "g"		*2,0%*
EBITDA Pre IFRS16	2	89,6
Margen EBITDA Pre IFRS16 (%)		*12,5%*
Amortizaciones	4	(13,2)
EBIT		76,4
Margen EBIT (%)		*10,6%*
Impuestos sobre EBIT	3	(19,2)
Tipo impositivo (%)		*25,2%*
NOPLAT		**57,2**
Amortizaciones	4	13,2
Capex		(13,2)
Variación working capital	5	*(2,3)*
Flujo libre de caja normalizado		**54,9**

Laboratories

Estimación del Valor Terminal - Laboratories		
Importes en millones de EUR		
Ventas	1	325,2
Tasa de crecimiento a perpetuidad "g"		*2,0%*
EBITDA Pre IFRS16	2	68,7
Margen EBITDA Pre IFRS16 (%)		*21,1%*
Amortizaciones	4	(28,5)
EBIT		40,2
Margen EBIT (%)		*12,4%*
Impuestos sobre EBIT	3	(10,7)
Tipo impositivo (%)		*26,6%*
NOPLAT		**29,5**
Amortizaciones	4	28,5
Capex		(28,5)
Variación working capital	5	*(0,7)*
Flujo libre de caja normalizado		**28,9**

Automotive

Estimación del Valor Terminal - Automotive		
Importes en millones de EUR		
Ventas	1	429,1
Tasa de crecimiento a perpetuidad "g"		*2,0%*
EBITDA Pre IFRS16	2	100,8
Margen EBITDA Pre IFRS16 (%)		*23,5%*
Amortizaciones	4	(11,8)
EBIT		89,0
Margen EBIT (%)		*20,8%*
Impuestos sobre EBIT	3	(21,6)
Tipo impositivo (%)		*24,2%*
NOPLAT		**67,5**
Amortizaciones	4	11,8
Capex		(11,8)
Variación working capital	5	*1,1*
Flujo libre de caja normalizado		**68,6**

1 Ventas

Tasa de crecimiento a perpetuidad ("g") aplicada sobre el último año del periodo proyectado (2028E) para cada línea de negocio. Esta tasa del 2,0% se corresponde con la referencia de IPC a largo plazo para la Euro Zona según las indicaciones del Banco Central Europeo.

2 EBITDA Pre IFRS16

El nivel de margen EBITDA Pre IFRS16 considerado para el valor terminal en cada línea de negocio ha sido estimado aplicando los siguientes criterios:

- Líneas de negocios de Automotive y Laboratories: se toma como referencia la media del margen EBITDA del periodo histórico y proyectado (2020H-2028E).
- Línea de negocio de Renewables, Power & Infra: se toma como referencia la media del margen EBITDA del periodo proyectado (2023E-2028E).

3 Tipo impositivo sobre EBIT

Se ha considerado un tipo impositivo ponderado para cada línea de negocio aplicando el tipo impositivo de los principales países en los que opera según su contribución sobre el EBIT reportado en cada negocio a junio de 2023.

4 Amortización = Capex

El nivel de Capex considerado para el valor terminal en cada línea de negocio ha sido estimado como un porcentaje sobre ventas aplicando la media del periodo proyectado 2024E-2028E como mejor estimación a efectos de la normalización del Valor Terminal.

Se considera que la amortización es igual al Capex.

5 Variación Working Capital

Calculado como la variación del saldo neto de Working Capital estimado para el valor terminal sobre el último periodo proyectado (2028E).

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Estimación del Valor Terminal (2/2)

B

Estimación del Valor Terminal

Oil & Gas - g = 2,0%

Estimación del Valor Terminal - Oil & Gas		
Importes en millones de EUR		
Ventas	1	654,8
Tasa de crecimiento a perpetuidad "g"		*2,0%*
EBITDA Pre IFRS16	2	63,0
Margen EBITDA Pre IFRS16 (%)		*9,6%*
Amortizaciones	4	(12,1)
EBIT		50,9
Margen EBIT (%)		*7,8%*
Impuestos sobre EBIT	3	(12,8)
Tipo impositivo (%)		*25,2%*
NOPLAT		**38,1**
Amortizaciones	4	12,1
Capex		(12,1)
Variación working capital	5	*(2,2)*
Flujo libre de caja normalizado		**35,9**

Oil & Gas - g = 0%

Estimación del Valor Terminal - Oil & Gas		
Importes en millones de EUR		
Ventas	1	642,0
Tasa de crecimiento a perpetuidad "g"		-
EBITDA Pre IFRS16	2	61,8
Margen EBITDA Pre IFRS16 (%)		*9,6%*
Amortizaciones	4	(11,8)
EBIT		49,9
Margen EBIT (%)		*7,8%*
Impuestos sobre EBIT	3	(12,6)
Tipo impositivo (%)		*25,2%*
NOPLAT		**37,4**
Amortizaciones	4	11,8
Capex		(11,8)
Variación working capital	5	-
Flujo libre de caja normalizado		**37,4**

Oil & Gas - g = (4,5%)

Estimación del Valor Terminal - Oil & Gas		
Importes en millones de EUR		
Ventas	1	613,1
Tasa de crecimiento a perpetuidad "g"		*(4,5%)*
EBITDA Pre IFRS16	2	59,0
Margen EBITDA Pre IFRS16 (%)		*9,6%*
Amortizaciones	4	(11,3)
EBIT		47,7
Margen EBIT (%)		*7,8%*
Impuestos sobre EBIT	3	(12,0)
Tipo impositivo (%)		*25,2%*
NOPLAT		**35,7**
Amortizaciones	4	11,3
Capex		(11,3)
Variación working capital	5	*4,9*
Flujo libre de caja normalizado		**40,6**

1 Ventas

Para estimar la tasa de crecimiento a perpetuidad ("g") de Oil & Gas hemos considerado diferentes escenarios de crecimiento a perpetuidad. En todos ellos se aplica la tasa de crecimiento sobre el último año del periodo proyectado (2033E). Los escenarios son:

- Un escenario máximo con una tasa del 2,0% que se corresponde con la referencia de IPC a largo plazo para la Euro Zona según las indicaciones del Banco Central Europeo. Se corresponde con el valor máximo de Oil & Gas.
- Un escenario mínimo que presenta un decrecimiento a perpetuidad del 4,5%, asumiendo una vida restante finita, dado el cambio esperado en el sector (ver páginas siguientes para más información) y en línea con el decrecimiento histórico del negocio. Se corresponde con el valor mínimo de Oil & Gas.
- El valor central de O&G se ha calculado utilizando un crecimiento nulo del 0%.

2 EBITDA Pre IFRS16

El nivel de margen EBITDA Pre IFRS16 considerado para el valor terminal para la línea de negocio de Oil & Gas ha sido estimado aplicando la media del margen EBITDA del periodo proyectado (2024E-2033E).

3 Tipo impositivo sobre EBIT

Se ha considerado un tipo impositivo ponderado de Oil & Gas aplicando el tipo impositivo de los principales países en los que opera según su contribución sobre el EBIT reportado a junio de 2023.

4 Amortización = Capex

El nivel de Capex considerado para el valor terminal para Oil & Gas ha sido estimado como un porcentaje sobre ventas aplicando la media del periodo proyectado 2024E-2033E como mejor estimación a efectos de la normalización del Valor Terminal. Se considera que la amortización es igual al Capex.

5 Variación Working Capital

Calculado como la variación del saldo neto de Working Capital estimado para el valor terminal sobre el último periodo proyectado (2033E).

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5.1.2. Aplicación del Descuento de Flujos de Caja

Aspectos cualitativos tasa de decrecimiento Oil & Gas (1/4)

B

Estimación del Valor Terminal

Para el negocio de Oil & Gas se ha estimado un decrecimiento a perpetuidad del 4,5% dado el cambio esperado en el sector. Un detalle de los aspectos cualitativos de esta tasa es como sigue:

"En 2022 nos adherimos a la iniciativa Science Based Targets (SBTi) y validamos nuestros objetivos a corto plazo (para 2030). Formamos parte de la campaña Business Ambition for 1,5ºC y de la campaña UNFCCC Race to Zero, que reúne a entidades de 120 países para eliminar por completo las emisiones en 2050. Hemos trasladado este compromiso a nuestro Plan Estratégico 2022-2024, fijando objetivos a corto, medio y largo plazo orientados a la reducción efectiva de nuestra huella de carbono y definiendo planes de acción para su cumplimiento. "

Applus

El Consejo de Ministros, a propuesta del Ministerio para la Transición Ecológica y el Reto Demográfico (MITECO), ha aprobado la "Estrategia a Largo Plazo para una Economía Española Moderna, Competitiva y Climáticamente Neutra en 2050" (ELP 2050). Este documento responde a los compromisos de España como Estado miembro de la Unión Europea y con el Acuerdo de París.

El Periódico de la Energía, nov. 2020

En noviembre de 2018, la Comisión Europea presentó su visión estratégica a largo plazo para una economía próspera, moderna, competitiva y neutra desde el punto de vista del clima de aquí a 2050.

La estrategia muestra cómo Europa puede liderar el camino, mediante la inversión en soluciones tecnológicas realistas, la capacitación de los ciudadanos y la armonización de la acción en ámbitos clave, garantizando al mismo tiempo la justicia social para una transición justa.

La visión de la Comisión Europea para un futuro climáticamente neutro abarca prácticamente todas las políticas de la UE y está en consonancia con el objetivo del Acuerdo de París de mantener el aumento de la temperatura global muy por debajo de 2°C y de proseguir los esfuerzos para mantenerlo en 1,5°C.

Comisión Europea, Estrategia a largo plazo para 2050

Objetivos de reducción de emisiones de gases de efecto invernadero. Gob. de España, Ministerio para la Transición Ecológica y el Reto Demográfico

2008 - 2012

Primer periodo de compromiso del Protocolo de Kioto, España debía limitar el incremento de sus emisiones de gases de efecto invernadero de manera que la media de emisiones netas no superase el 15% del nivel de emisiones del año base (1990/1995).

2013 - 2020

El Paquete Europeo de Energía y Cambio Climático establece objetivos concretos a alcanzar en el año 2020 en materia de energía renovable, eficiencia energética y reducción de emisiones de gases de efecto invernadero.

Las emisiones del conjunto de la Unión Europea deben reducirse en un 20% respecto a los niveles del año 1990.

2021 - 2030

Los objetivos de reducción de emisiones a 2030 fueron recogidos en un primer momento en las Conclusiones del Consejo Europeo de octubre de 2014. En éstas se aprobó el Marco de Políticas de Energía y Cambio Climático 2021-2030 ("Marco 2030"). Posteriormente, el acuerdo del Consejo Europeo celebrado en Diciembre de 2020 incrementa la ambición climática.

Este periodo es coincidente con el cubierto por el Acuerdo de París.

Horizonte 2050

En 2011 la Comunicación de la Comisión Europea daba indicaciones de cómo la Unión Europea debía reducir sus emisiones un 80% por debajo de los niveles de 1990 a través de reducciones domésticas.

La visión estratégica europea a largo plazo de "una economía próspera, moderna, competitiva y climáticamente neutra" y de la propuesta de la Comisión de marzo de 2020 de la Ley del clima Europea se establece el marco para alcanzar la neutralidad climática de la Unión Europea en 2050.

La tasa de decrecimiento de 4,5% en el negocio de Oil & Gas estimada en nuestras Proyecciones Financieras está en línea con la senda marcada a nivel europeo de reducción de emisiones. Esta tasa de decrecimiento es la que ha sido empleada en el valor terminal para determinar el valor mínimo del negocio de Oil & Gas.

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5.1.2. Aplicación del Descuento de Flujos de Caja

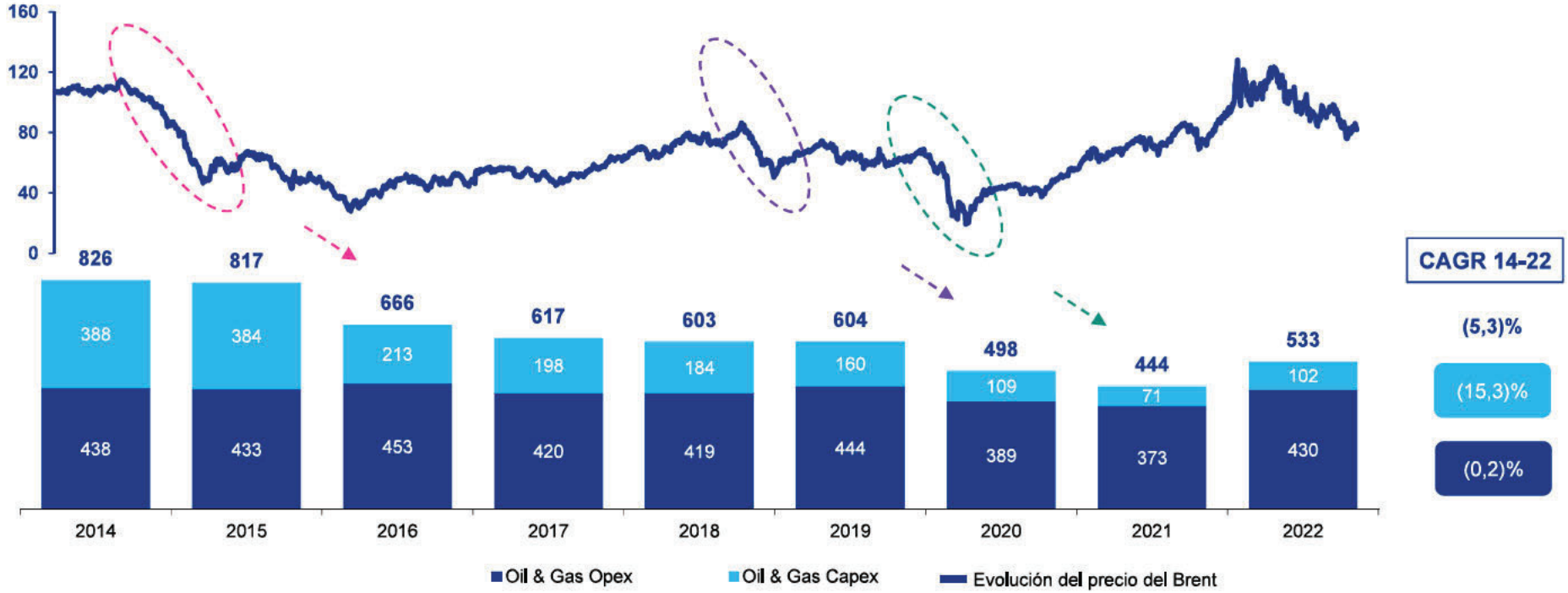
Aspectos cualitativos tasa de decrecimiento Oil & Gas (2/4)

B

Estimación del Valor Terminal

La tasa de decrecimiento a perpetuidad del negocio de Oil & Gas del 4,5% considerada en el rango de valor mínimo se ha contrastado con la evolución histórica del nivel de ventas del negocio. La evolución histórica de los ingresos de esta línea de negocio para el periodo comprendido entre los años 2014 y 2022 es como sigue:

Evolución del precio del petróleo Brent (USD) y evolución de la línea de negocio Oil & Gas de Applus (2014-2022)



La evolución de la división de Oil & Gas de Applus está fuertemente ligada a la evolución del precio del petróleo Brent, siendo las bajadas del precio del Brent la principal explicación de la reducción de ventas histórica de la división. Para el periodo histórico, únicamente hay una desinversión relevante del negocio de Estados Unidos de Oil & Gas en el año 2023.

La tasa de decrecimiento del 5,3% experimentada por el negocio de Oil & Gas durante el periodo histórico 2014-2022 se encuentra en línea con la tasa de decrecimiento a largo plazo estimada en nuestras Proyecciones Financieras del 4,5% considerada en el valor mínimo de Oil & Gas.

Fuente: Refinitiv, información proporcionada por Apollo y análisis KPMG.

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Aspectos cualitativos tasa de decrecimiento Oil & Gas (3/4)

B

Estimación del Valor Terminal

Opiniones sobre la tendencia a futuro del sector Oil & Gas

1. **Hasta la última gota de petróleo: así exprimen los países productores su gallina de los huevos de oro**

El País, 25/11/2023

El 18 de agosto, el jefe de la mayor petrolera de China, Zhou Xinhuai, comunicaba que **la demanda de carburantes en el gigante asiático sugería que ya había alcanzado su máximo.**

Un mes después, era el jefe de la Agencia Internacional de la Energía (AIE) el que realizaba su análisis. **El mundo en su conjunto, decía Fatih Birol, alcanzaría ese ansiado pico de demanda de petróleo antes de 2030.**

2. **El pico de consumo de petróleo, gas y carbón se acerca ante la avalancha del coche eléctrico**

El Economista, 24/10/2023

El pico de consumo de cada uno de los combustibles fósiles (carbón, petróleo y gas) va a llegar esta década, algo que no estaba todavía previsto por la Agencia Internacional de la Energía (AIE), que advierte de que ese ritmo no es suficiente porque vamos a un calentamiento global de 2,4 grados. Hasta la fecha, estaba claro que el pico de consumo de petróleo y carbón estaba muy cerca, pero el del gas no parecía tan claro.

3. **La OPEP alerta de "caos" en el petróleo si no se invierten 14 billones hasta 2045**

Expansión, 10/10/2023

Los grandes exportadores calculan que la demanda de crudo crecerá un 16% en las próximas dos décadas y alertan frente a las previsiones que señalan que el consumo de petróleo estaría cerca de su máximo. Señalan que una reducción acelerada de CO_2 podría poner en riesgo el suministro energético.

La Organización de Países Exportadores de Petróleo (OPEP) señaló que **el consumo de petróleo subirá un 16% hasta 2045 y que la industria petrolera necesitará inversiones por valor de 14 billones de dólares** en este plazo para evitar el "caos".

Fuente: Información públicas

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Aspectos cualitativos tasa de decrecimiento Oil & Gas (4/4)

B

Estimación del Valor Terminal

Opiniones sobre la tendencia a futuro del sector Oil & Gas

4.	**El Banco de España y CNMV urgen a tomar medidas frente a los riesgos climáticos** ***Expansión, 13/09/2023***	Para lograr la descarbonización de la economía la alternativa óptima es una transición gradual y predecible, frente a un escenario en el que las medidas se toman de manera retrasada y desordenada. **La transición supondría un ajuste a corto plazo**, trasladándose a los emisores el coste de las acciones necesarias para la transición e incentivando la gradual descarbonización de los procesos productivos y los patrones de gasto.
5.	**Equity Research de Shell** ***Kepler Cheuvreux, 31/07/2023***	El equipo de Equity Research de Kepler Cheuvreux expresa que en todas sus valoraciones de compañías europeas del sector petrolero realizan **un ajuste de 1,9 euros por acción "para reflejar los posibles inconvenientes relacionados con el aumento de los precios del CO2 y los compromisos de reducir las emisiones de gases de efecto invernadero."**
6.	**El reto de descarbonizar la economía** ***El País, 21/05/2023***	La Organización Meteorológica Mundial afirmó que existe un 66% de probabilidades de que la temperatura media mundial supere en más de 1,5 grados la temperatura actual. Por ello, expresa que **acelerar el paso hacia las metas de 2030**, con reducción de emisiones, aumento en las renovables e impulsar la economía circular, **y 2050,** lograr la neutralidad de carbono y promover una economía sostenible, es un imperativo mundial.
7.	**Informe sobre previsiones del sector Energía** ***Economist Intelligence Unit, 15/02/2023***	**Prevemos que el consumo de petróleo nunca volverá a los niveles anteriores a la pandemia ni en Norteamérica ni en Europa.** En Norteamérica, el consumo de petróleo se mantendrá más o menos estable entre 2023 y 2028, antes de empezar a disminuir a medida que se extienda la electrificación en el sector del transporte. Esperamos que la demanda de petróleo en Europa, mucho más expuesta a los elevados precios actuales del petróleo, descienda en torno a un 0,8% en 2023 y una media anual del 0,4% en 2023-32.

Fuente: Información públicas

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5.1.2. Aplicación del Descuento de Flujos de Caja

Previsiones económicas para el sector Oil & Gas

B **Estimación del Valor Terminal**

	Reducción de emisiones según la compañía		Medidas de la compañía para alcanzar los objetivos de cero emisiones	Previsiones económicas de analistas EBITDA CAGR 22-25	
	2035E	2050E			
Valero	100%	100%	Reducción de inversión en O&G, incrementando la de energías renovables (Diesel renovable y etanol)	-21,0%[1]	↓
Tüpraş	35%	100%	Reducción del CAPEX de O&G en un c.70%, aumentando el de energías renovables en un 217%	-23,5%[2]	↓
HF Sinclair	25%	100%	Reducción de inversión en O&G, incrementando la de energías renovables (Diesel renovable)	-20,1%[3]	↓
ORLEN	25%	100%	El 70% del CAPEX del periodo 2023-2030 se destinará a la inversión en proyectos de energías renovables	-24,3%[4]	↓
Shell	50%	100%	Realizando desinversiones en las líneas de negocio de energías tradicionales e invirtiendo en ampliar su negocio de renovables	-10,2%[5]	↓
bp	50%	100%	El 40% del CAPEX se invertirá en energías renovables en 2025	-9,6% / -13,6%[6]	↓
REPSOL	50%	100%	Más de 400 millones de euros de inversión en proyectos de eficiencia energética en el periodo 2021-2025	-7,0%[7]	↓
Applus+ Línea de O&G			Compromiso en el Plan Estratégico de objetivos orientados hacia a la reducción efectiva de la huella de carbono	+4,7%[8]	↑

Notas: (1) Barclays 6 de julio de 2023; (2) CIQ, el 97% del EBITDA se corresponde con la línea de O&G; (3) UBS 6 de julio de 2023, el 92% se corresponde con la línea de O&G; (4) CIQ, el 60% del EBITDA se corresponde con la línea de O&G; (5) CIQ, el 81% del EBITDA se corresponde con la línea de O&G; (6) CIQ, el 93% del EBITDA se corresponde con la línea de O&G. Estimación compañía para línea O&G: -9,6%; (7) CIQ, el 93% del EBITDA se corresponde con la línea de O&G; (8) Proyecciones Financieras KPMG.

Fuente: Información pública, informes de analistas y análisis KPMG.

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5.1.2. Aplicación del Descuento de Flujos de Caja

Resultados de la aplicación del Descuento de Flujos de Caja

Renewables, Power & Infra

A continuación se muestra el detalle de las Proyecciones Financieras, basadas en las principales hipótesis consideradas en su preparación, así como los resultados obtenidos de la aplicación del DCF en la línea de negocio Renewables, Power & Infra:

Descuento de Flujos de Caja

Importes en millones de EUR	2022PR	2023B	Jul-Dic 2023	2024E	2025E	2026E	2027E	2028E	Valor terminal
Ventas	**523,8**	**562,0**	**281,8**	**594,6**	**620,2**	**646,8**	**674,7**	**703,7**	**717,7**
Crecimiento ventas (%)	*n.a.*	*7,3%*		*5,8%*	*4,3%*	*4,3%*	*4,3%*	*4,3%*	*2,0%*
EBITDA Post IFRS16		**78,0**		**90,4**	**94,3**	**98,4**	**102,6**	**107,0**	
Margen EBITDA Post IFRS16 (%)		*13,9%*		*15,2%*	*15,2%*	*15,2%*	*15,2%*	*15,2%*	
Gastos de alquiler	(13,1)	(14,0)		(14,9)	(15,5)	(16,2)	(16,9)	(17,6)	
Gastos de alquiler % sobre ventas	*(2,5%)*	*(2,5%)*		*(2,5%)*	*(2,5%)*	*(2,5%)*	*(2,5%)*	*(2,5%)*	
EBITDA Pre IFRS16		**63,9**		**75,6**	**78,8**	**82,2**	**85,8**	**89,5**	**89,6**
Margen EBITDA Pre IFRS16 (%)		*11,4%*		*12,7%*	*12,7%*	*12,7%*	*12,7%*	*12,7%*	*12,5%*
Amortizaciones	(9,0)	(9,6)		(10,2)	(10,6)	(11,1)	(11,6)	(12,1)	(13,2)
Amortizaciones sobre ventas %	*(1,7%)*	*(1,7)%*		*(1,7)%*	*(1,7)%*	*(1,7)%*	*(1,7)%*	*(1,7)%*	*(1,8)%*
EBIT		**54,3**	**31,5**	**65,4**	**68,2**	**71,2**	**74,2**	**77,4**	**76,4**
Margen EBIT (%)		*9,7%*	*11,2%*	*11,0%*	*11,0%*	*11,0%*	*11,0%*	*11,0%*	*10,6%*
Impuestos sobre EBIT		(13,7)	(7,9)	(16,5)	(17,2)	(17,9)	(18,7)	(19,5)	(19,2)
Tipo impositivo (%)		25,2%	25,2%	25,2%	25,2%	25,2%	25,2%	25,2%	25,2%
NOPLAT		**40,6**	**23,6**	**48,9**	**51,0**	**53,2**	**55,5**	**57,9**	**57,2**
Amortizaciones		9,6	4,8	10,2	10,6	11,1	11,6	12,1	13,2
Capex		(10,4)	(5,2)	(11,0)	(11,4)	(11,9)	(12,4)	(13,0)	(13,2)
% sobre ventas		*(1,8)%*	*(1,8)%*	*(1,8)%*	*(1,8)%*	*(1,8)%*	*(1,8)%*	*(1,8)%*	*(1,8)%*
Variación working capital			26,3	(5,3)	(4,2)	(4,4)	(4,6)	(4,8)	(2,3)
Flujo de caja libre			**49,5**	**42,8**	**46,0**	**48,0**	**50,1**	**52,2**	**54,9**
Flujo del periodo			100%	100%	100%	100%	100%	100%	
Periodo de descuento			0,25	1,01	2,01	3,01	4,01	5,01	
Tasa de descuento			9,1%	9,1%	9,1%	9,1%	9,1%	9,1%	
Factor de descuento			0,98	0,92	0,84	0,77	0,70	0,65	
Flujos descontados			**48,4**	**39,2**	**38,6**	**36,9**	**35,3**	**33,7**	

		Flujo libre de caja normalizado	54,9
		Valor terminal	**768,0**
Suma valor presente flujos de caja descontados	232,2	Periodo de descuento	5,01
Valor presente del Valor Terminal	495,5	Factor de descuento	0,65
Enterprise Value (EV)	**727,7**	**Valor presente del Valor Terminal**	**495,5**

Nota: No se dispone de información histórica desglosada para esta división puesto que se reporta junto con la división de Oil & Gas como "Energy & Industry".

Fuente: Análisis KPMG basado en la información histórica pública de Applus, el Budget 2023 proporcionado por Apollo en la VDR, el informe de Due Diligence Financiera elaborado por PwC y el Plan Estratégico 2024E elaborado por Applus.

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5.1.2. Aplicación del Descuento de Flujos de Caja

Resultados de la aplicación del Descuento de Flujos de Caja

Oil & Gas

A continuación se muestra el detalle de las Proyecciones Financieras, basadas en las principales hipótesis consideradas en su preparación, así como los resultados obtenidos de la aplicación del DCF en la línea de negocio Oil & Gas:

Descuento de Flujos de Caja

Importes en millones de EUR	2023B	Jul-Dic 2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Ventas	**503,9**	**263,7**	**527,8**	**539,4**	**551,3**	**563,4**	**575,8**	**588,5**	**601,4**	**614,6**	**628,2**	**642,0**
Crecimiento ventas (%)	*7,3%*		*4,7%*	*2,2%*	*2,2%*	*2,2%*	*2,2%*	*2,2%*	*2,2%*	*2,2%*	*2,2%*	*2,2%*
EBITDA Post IFRS16	**56,5**		**64,5**	**65,9**	**67,3**	**68,8**	**70,3**	**71,9**	**73,4**	**75,1**	**76,7**	**78,4**
Margen EBITDA Post IFRS16 (%)	*11,2%*		*12,2%*	*12,2%*	*12,2%*	*12,2%*	*12,2%*	*12,2%*	*12,2%*	*12,2%*	*12,2%*	*12,2%*
Gastos de alquiler	(12,6)		(13,2)	(13,5)	(13,8)	(14,1)	(14,4)	(14,7)	(15,0)	(15,4)	(15,7)	(16,0)
Gastos de alquiler % sobre ventas	*(2,5%)*		*(2,5%)*	*(2,5%)*	*(2,5%)*	*(2,5%)*	*(2,5%)*	*(2,5%)*	*(2,5%)*	*(2,5%)*	*(2,5%)*	*(2,5%)*
EBITDA Pre IFRS16	**43,9**		**51,3**	**52,4**	**53,5**	**54,7**	**55,9**	**57,2**	**58,4**	**59,7**	**61,0**	**62,4**
Margen EBITDA Pre IFRS16 (%)	*8,7%*		*9,7%*	*9,7%*	*9,7%*	*9,7%*	*9,7%*	*9,7%*	*9,7%*	*9,7%*	*9,7%*	*9,7%*
Amortizaciones	(8,6)		(9,0)	(9,2)	(9,4)	(9,7)	(9,9)	(10,1)	(10,3)	(10,5)	(10,8)	(11,0)
Amortizaciones sobre ventas %	*(1,7)%*		*(1,7)%*	*(1,7)%*	*(1,7)%*	*(1,7)%*	*(1,7)%*	*(1,7)%*	*(1,7)%*	*(1,7)%*	*(1,7)%*	*(1,7)%*
EBIT	**35,3**	**15,7**	**42,2**	**43,2**	**44,1**	**45,1**	**46,1**	**47,1**	**48,1**	**49,2**	**50,3**	**51,4**
Margen EBIT (%)	*7,0%*	*6,0%*	*8,0%*	*8,0%*	*8,0%*	*8,0%*	*8,0%*	*8,0%*	*8,0%*	*8,0%*	*8,0%*	*8,0%*
Impuestos sobre EBIT	(8,9)	(4,0)	(10,6)	(10,9)	(11,1)	(11,4)	(11,6)	(11,9)	(12,1)	(12,4)	(12,7)	(12,9)
Tipo impositivo (%)	25,2%	25,2%	25,2%	25,2%	25,2%	25,2%	25,2%	25,2%	25,2%	25,2%	25,2%	25,2%
NOPLAT	**26,4**	**11,8**	**31,6**	**32,3**	**33,0**	**33,7**	**34,5**	**35,2**	**36,0**	**36,8**	**37,6**	**38,4**
Amortizaciones	8,6	4,5	9,0	9,2	9,4	9,7	9,9	10,1	10,3	10,5	10,8	11,0
Capex	(9,3)	(4,9)	(9,7)	(9,9)	(10,2)	(10,4)	(10,6)	(10,8)	(11,1)	(11,3)	(11,6)	(11,8)
% sobre ventas	*(1,8)%*	*(1,8)%*	*(1,8)%*	*(1,8)%*	*(1,8)%*	*(1,8)%*	*(1,8)%*	*(1,8)%*	*(1,8)%*	*(1,8)%*	*(1,8)%*	*(1,8)%*
Variación working capital		24,6	(4,1)	(2,0)	(2,0)	(2,1)	(2,1)	(2,2)	(2,2)	(2,3)	(2,3)	(2,4)
Flujo de caja libre		**36,0**	**26,8**	**29,6**	**30,3**	**30,9**	**31,6**	**32,3**	**33,0**	**33,7**	**34,5**	**35,2**
Flujo del periodo		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Periodo de descuento		0,25	1,01	2,01	3,01	4,01	5,01	6,01	7,01	8,01	9,01	10,01
Tasa de descuento		9,1%	9,1%	9,1%	9,1%	9,1%	9,1%	9,1%	9,1%	9,1%	9,1%	9,1%
Factor de descuento		0,98	0,92	0,84	0,77	0,70	0,65	0,59	0,54	0,50	0,45	0,42
Flujos descontados		**35,3**	**24,6**	**24,8**	**23,3**	**21,8**	**20,4**	**19,1**	**17,9**	**16,7**	**15,7**	**14,7**

	g = (4,5%)	*g = 0%*	*g = 2,0%*
Suma valor presente flujos de caja descontados	234,1	234,1	234,1
Valor presente del Valor Terminal	124,0	170,2	209,3
Enterprise Value (EV)	**358,1**	**404,3**	**443,5**

Valor presente del Valor Terminal	*g = (4,5%)*	*g = 0%*	*g = 2,0%*
Flujo libre de caja normalizado	40,6	37,4	35,9
Valor terminal	**297,8**	**408,6**	**502,7**
Periodo de descuento	10,01	10,01	10,01
Factor de descuento	0,42	0,42	0,42
Valor presente del Valor Terminal	**124,0**	**170,2**	**209,3**

Nota: No se dispone de información histórica desglosada para esta división puesto que se reporta junto con la división de Renewables, Power & Infra como "Energy & Industry".

El valor mínimo se ha calculado con una tasa de decrecimiento a perpetuidad del 4,5%, el central con una tasa del 0% y el valor máximo con una tasa del 2,0%.

Fuente: Análisis KPMG basado en la información histórica pública de Applus, el Budget 2023 proporcionado por Apollo en la VDR, el informe de Due Diligence Financiera elaborado por PwC y el Plan Estratégico 2024E elaborado por Applus.

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Resultados de la aplicación del Descuento de Flujos de Caja

Automotive

A continuación se muestra el detalle de las Proyecciones Financieras, basadas en las principales hipótesis consideradas en su preparación, así como los resultados obtenidos de la aplicación del DCF en la línea de negocio Automotive:

Descuento de Flujos de Caja

Importes en millones de EUR	2020H	2021H	2022H	2022PR	2023B	Jul-Dic 2023	2024E	2025E	2026E	2027E	2028E	Valor terminal
Ventas	**355,8**	**456,8**	**460,9**	**379,2**	**414,8**	**211,0**	**418,4**	**426,8**	**435,3**	**443,6**	**420,7**	**429,1**
Crecimiento ventas (%)	*n.a.*	*28,4%*	*0,9%*	*(17,0%)*	*9,4%*		*0,9%*	*2,0%*	*2,0%*	*1,9%*	*(5,2%)*	*2,0%*
EBITDA Post IFRS16	**106,8**	**131,6**	**126,2**	**102,4**	**102,9**		**116,7**	**119,1**	**121,4**	**123,7**	**111,6**	
Margen EBITDA Post IFRS16 (%)	*30,0%*	*28,8%*	*27,4%*	*27,0%*	*24,8%*		*27,9%*	*27,9%*	*27,9%*	*27,9%*	*26,5%*	
Gastos de alquiler	(14,3)	(18,3)	(19,5)	(16,0)	(17,5)		(17,7)	(18,1)	(18,4)	(18,8)	(17,8)	
Gastos de alquiler % sobre ventas	*(4,0%)*	*(4,0%)*	*(4,2%)*	*(4,2%)*	*(4,2%)*		*(4,2%)*	*(4,2%)*	*(4,2%)*	*(4,2%)*	*(4,2%)*	
EBITDA Pre IFRS16	**92,5**	**113,3**	**106,7**	**86,4**	**85,3**		**99,0**	**101,0**	**103,0**	**105,0**	**93,8**	**100,8**
Margen EBITDA Pre IFRS16 (%)	*26,0%*	*24,8%*	*23,2%*	*22,8%*	*20,6%*		*23,7%*	*23,7%*	*23,7%*	*23,7%*	*22,3%*	*23,5%*
Amortizaciones	(10,0)	(13,4)	(12,8)	(10,5)	(11,5)		(11,6)	(11,9)	(12,1)	(12,3)	(11,7)	(11,8)
Amortizaciones sobre ventas %	*(2,8%)*	*(2,9%)*	*(2,8%)*	*(2,8%)*	*(2,8)%*		*(2,8)%*	*(2,8)%*	*(2,8)%*	*(2,8)%*	*(2,8)%*	*(2,7)%*
EBIT	**82,5**	**99,9**	**93,9**	**75,9**	**73,8**	**30,5**	**87,4**	**89,1**	**90,9**	**92,7**	**82,1**	**89,0**
Margen EBIT (%)	*23,2%*	*21,9%*	*20,4%*	*20,0%*	*17,8%*	*14,5%*	*20,9%*	*20,9%*	*20,9%*	*20,9%*	*19,5%*	*20,8%*
Impuestos sobre EBIT					(17,9)	(7,4)	(21,2)	(21,6)	(22,0)	(22,4)	(19,9)	(21,6)
Tipo impositivo (%)					24,2%	24,2%	24,2%	24,2%	24,2%	24,2%	24,2%	24,2%
NOPLAT					**55,9**	**23,1**	**66,2**	**67,6**	**68,9**	**70,2**	**62,2**	**67,5**
Amortizaciones					11,5	5,9	11,6	11,9	12,1	12,3	11,7	11,8
Capex					(27,2)	(13,8)	(20,0)	(10,1)	(9,8)	(9,6)	(9,1)	(11,8)
% sobre ventas					*(6,6)%*	*(6,6)%*	*(4,8)%*	*(2,4)%*	*(2,3)%*	*(2,2)%*	*(2,2)%*	*(2,7)%*
Variación working capital						(15,5)	0,5	1,1	1,1	1,1	(3,0)	1,1
Flujo de caja libre						**(0,3)**	**58,3**	**70,4**	**72,3**	**74,0**	**61,8**	**68,6**
Flujo del periodo						100%	100%	100%	100%	100%	100%	
Periodo de descuento						0,25	1,01	2,01	3,01	4,01	5,01	
Tasa de descuento						8,4%	8,4%	8,4%	8,4%	8,4%	8,4%	
Factor de descuento						0,98	0,92	0,85	0,78	0,72	0,67	
Flujos descontados						**(0,3)**	**53,8**	**59,9**	**56,7**	**53,6**	**41,2**	

Suma valor presente flujos de caja descontados	264,8	Flujo libre de caja normalizado	68,6
Valor presente del Valor Terminal	713,1	**Valor terminal**	**1.068,8**
Litigio Costa Rica	11,8	Periodo de descuento	5,01
Enterprise Value (EV)	**989,7**	Factor de descuento	0,67
		Valor presente del Valor Terminal	**713,1**

Cabe resaltar que desde el año 2024E se ha considerado la potencial pérdida del volumen de negocio en Cataluña (25%), afectando ligeramente al margen, debido a la posible entrada de nuevos competidores, asignándole una probabilidad del 50% a que se produzca este suceso. Adicionalmente, el decrecimiento en ventas del año 2028E (5,2%) considera la potencial pérdida del contrato de Galicia, asignando una probabilidad del 50% a la renovación del mismo. Como resultado de lo anterior, el margen EBITDA del año 2028E se reduce al 22,3%.

Finalmente, cabe destacar que Applus se encuentra en litigios relacionados con el negocio de Automotive en Costa Rica, el cual se discontinuó recientemente. Applus considera que las tarifas empleadas históricamente no estaban ajustadas según los términos acordados de la concesión, y por ello se ha presentado una reclamación por 27M€. Otorgando una probabilidad de éxito del 50% a dicha reclamación y estimando que el cobro se realice en el año 2025, el valor actual asciende a 11,8M€.

Fuente: Análisis KPMG basado en la información histórica pública de Applus, el Budget 2023 proporcionado por Apollo en la VDR, el informe de Due Diligence Financiera elaborado por PwC y el Plan Estratégico 2024E elaborado por Applus.

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5.1.2. Aplicación del Descuento de Flujos de Caja

Resultados de la aplicación del Descuento de Flujos de Caja

Laboratories

A continuación se muestra el detalle de las Proyecciones Financieras, basadas en las principales hipótesis consideradas en su preparación, así como los resultados obtenidos de la aplicación del DCF en la línea de negocio Laboratories:

Descuento de Flujos de Caja

Importes en millones de EUR	2020H	2021H	2022H	2022PR	2023B	Jul-Dic 2023	2024E	2025E	2026E	2027E	2028E	Valor terminal
Ventas	**92,9**	**153,2**	**190,4**	**215,9**	**234,4**	**116,6**	**251,6**	**266,9**	**283,2**	**300,5**	**318,8**	**325,2**
Crecimiento ventas (%)	*n.a.*	*64,9%*	*24,3%*	*40,9%*	*8,6%*		*7,3%*	*6,1%*	*6,1%*	*6,1%*	*6,1%*	*2,0%*
EBITDA Post IFRS16	**19,4**	**39,5**	**41,9**	**48,2**	**55,9**		**62,9**	**66,7**	**70,8**	**75,1**	**79,7**	
Margen EBITDA Post IFRS16 (%)	*20,9%*	*25,8%*	*22,0%*	*22,3%*	*23,8%*		*25,0%*	*25,0%*	*25,0%*	*25,0%*	*25,0%*	
Gastos de alquiler	(3,4)	(4,7)	(5,6)	(6,3)	(6,9)		(7,4)	(7,9)	(8,3)	(8,8)	(9,4)	
Gastos de alquiler % sobre ventas	*(3,7%)*	*(3,1%)*	*(2,9%)*	*(2,9%)*	*(2,9%)*		*(2,9%)*	*(2,9%)*	*(2,9%)*	*(2,9%)*	*(2,9%)*	
EBITDA Pre IFRS16	**16,0**	**34,8**	**36,3**	**41,9**	**49,0**		**55,5**	**58,8**	**62,4**	**66,2**	**70,3**	**68,7**
Margen EBITDA Pre IFRS16 (%)	*17,2%*	*22,7%*	*19,1%*	*19,4%*	*20,9%*		*22,0%*	*22,0%*	*22,0%*	*22,0%*	*22,0%*	*21,1%*
Amortizaciones	(6,3)	(9,2)	(9,6)	(10,9)	(11,8)		(12,7)	(13,5)	(14,3)	(15,2)	(16,1)	(28,5)
Amortizaciones sobre ventas %	*(6,8%)*	*(6,0%)*	*(5,0%)*	*(5,0%)*	*(5,0)%*		*(5,0)%*	*(5,0)%*	*(5,0)%*	*(5,0)%*	*(5,0)%*	*(8,8)%*
EBIT	**9,7**	**25,6**	**26,7**	**31,0**	**37,2**	**19,5**	**42,8**	**45,4**	**48,1**	**51,1**	**54,2**	**40,2**
Margen EBIT (%)	*10,4%*	*16,7%*	*14,0%*	*14,4%*	*15,9%*	*16,7%*	*17,0%*	*17,0%*	*17,0%*	*17,0%*	*17,0%*	*12,4%*
Impuestos sobre EBIT					(9,9)	(5,2)	(11,4)	(12,1)	(12,8)	(13,6)	(14,4)	(10,7)
Tipo impositivo (%)					26,6%	26,6%	26,6%	26,6%	26,6%	26,6%	26,6%	26,6%
NOPLAT					**27,3**	**14,3**	**31,4**	**33,3**	**35,4**	**37,5**	**39,8**	**29,5**
Amortizaciones					11,8	5,9	12,7	13,5	14,3	15,2	16,1	28,5
Capex					(20,5)	(10,2)	(22,0)	(23,4)	(24,8)	(26,3)	(27,9)	(28,5)
% sobre ventas					*(8,8)%*	*(8,8)%*	*(8,8)%*	*(8,8)%*	*(8,8)%*	*(8,8)%*	*(8,8)%*	*(8,8)%*
Variación working capital						7,1	(1,8)	(1,6)	(1,7)	(1,8)	(2,0)	(0,7)
Flujo de caja libre						**17,1**	**20,2**	**21,8**	**23,1**	**24,5**	**26,0**	**28,9**
Flujo del periodo						100%	100%	100%	100%	100%	100%	
Periodo de descuento						0,25	1,01	2,01	3,01	4,01	5,01	
Tasa de descuento						8,5%	8,5%	8,5%	8,5%	8,5%	8,5%	
Factor de descuento						0,98	0,92	0,85	0,78	0,72	0,67	
Flujos descontados						**16,7**	**18,6**	**18,5**	**18,1**	**17,7**	**17,3**	

		Flujo libre de caja normalizado	28,9
		Valor terminal	**445,8**
Suma valor presente flujos de caja descontados	107,0	Periodo de descuento	5,01
Valor presente del Valor Terminal	296,7	Factor de descuento	0,67
Enterprise Value (EV)	**403,7**	**Valor presente del Valor Terminal**	**296,7**

Fuente: Análisis KPMG basado en la información histórica pública de Applus, el Budget 2023 proporcionado por Apollo en la VDR, el informe de Due Diligence Financiera elaborado por PwC y el Plan Estratégico 2024E elaborado por Applus.

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5.1.2. Aplicación del Descuento de Flujos de Caja

Resultados de la aplicación del Descuento de Flujos de Caja

IDIADA sin considerar la renovación del contrato

A continuación se muestra el detalle de las Proyecciones Financieras, basadas en las principales hipótesis consideradas en su preparación, así como los resultados obtenidos de la aplicación del DCF en la línea de negocio IDIADA en caso de no renovación de la concesión en 2024:

Descuento de Flujos de Caja

Importes en millones de EUR	2020H	2021H	2022H	2022PR	2023B	Jul-Dic 2023	2024E
Ventas	**201,5**	**224,3**	**278,0**	**278,0**	**296,2**	**141,4**	**315,0**
Crecimiento ventas (%)	*n.a.*	*11,3%*	*23,9%*	*23,9%*	*6,6%*		*6,3%*
EBITDA Post IFRS16	**33,6**	**45,1**	**57,3**	**57,3**	**49,9**		**65,3**
Margen EBITDA Post IFRS16 (%)	*16,7%*	*20,1%*	*20,6%*	*20,6%*	*16,8%*		*20,7%*
Gastos de alquiler	(10,8)	(11,7)	(12,3)	(12,3)	(13,0)		(13,9)
Gastos de alquiler % sobre ventas	*(5,4%)*	*(5,2%)*	*(4,4%)*	*(4,4%)*	*(4,4%)*		*(4,4%)*
EBITDA Pre IFRS16	**22,8**	**33,4**	**45,0**	**45,0**	**36,8**		**51,5**
Margen EBITDA Pre IFRS16 (%)	*11,3%*	*14,9%*	*16,2%*	*16,2%*	*12,4%*		*16,3%*
Amortizaciones	(8,4)	(9,7)	(9,3)	(9,3)	(9,9)		(10,5)
Amortizaciones sobre ventas %	*(4,2%)*	*(4,3%)*	*(3,3%)*	*(3,3%)*	*(3,3)%*		*(3,3)%*
EBIT	**14,4**	**23,7**	**35,7**	**35,7**	**26,9**	**7,8**	**41,0**
Margen EBIT (%)	*7,1%*	*10,6%*	*12,8%*	*12,8%*	*9,1%*	*5,5%*	*13,0%*
Impuestos sobre EBIT					(6,7)	(2,0)	(10,2)
Tipo impositivo (%)					25,0%	25,0%	25,0%
NOPLAT					**20,2**	**5,9**	**30,7**
Amortizaciones					9,9	4,7	10,5
Capex					(13,4)	(6,4)	(14,3)
% sobre ventas					*(4,5)%*	*(4,5)%*	*(4,5)%*
Variación working capital						(2,3)	0,5
Flujo de caja libre						**1,9**	**27,5**
Flujo del periodo						100%	75%
Periodo de descuento						0,25	0,88
Tasa de descuento						8,7%	8,7%
Factor de descuento						0,98	0,93
Flujos descontados						**1,8**	**19,1**

Suma valor presente flujos de caja descontados	20,9
Ajuste caja	(11,0)
Ajuste participación Karco	6,6
Enterprise Value (EV)	**16,5**

El ajuste de caja por un importe de 11M€ se debe al efectivo generado por IDIADA correspondiente al accionista minoritario. Según la información contenida en la Due Diligence Financiera elaborada por PwC, hay un importe de entre 50M€ y 60M€ de efectivo en IDIADA a diciembre de 2022, de los cuales el 20% pertenece al accionista minoritario (entre 10M€ y 12M€), habiéndose considerado el punto medio de 11M€.

En el caso de la no renovación de Idiada, se asume que Applus recuperaría la inversión realizada en 2018 en Karko Engineering LLC. El importe de 6,6M€ ha sido estimado capitalizando la inversión de 4,3M€ realizada en mayo 2018 por Applus, resultando este ajuste en 6,6M€.

Fuente: Análisis KPMG basado en la información histórica pública de Applus, el Budget 2023 proporcionado por Apollo en la VDR, el informe de Due Diligence Financiera elaborado por PwC y el Plan Estratégico 2024E elaborado por Applus.

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Resultados de la aplicación del Descuento de Flujos de Caja

IDIADA considerando la renovación del contrato (1/2)

A continuación se muestra el detalle de las Proyecciones Financieras, basadas en las principales hipótesis consideradas en su preparación, así como los resultados obtenidos de la aplicación del DCF en la línea de negocio IDIADA en el caso de que sí se renueve el contrato:

Descuento de Flujos de Caja

Importes en millones de EUR	2020H	2021H	2022H	2022PR	2023B	Jul-Dic 2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Ventas	**201,5**	**224,3**	**278,0**	**278,0**	**296,2**	**141,4**	**315,0**	**334,2**	**354,6**	**376,2**	**399,2**	**407,2**	**415,3**	**423,6**	**432,1**
Crecimiento ventas (%)	*n.a.*	*11,3%*	*23,9%*	*23,9%*	*6,6%*		*6,3%*	*6,1%*	*6,1%*	*6,1%*	*6,1%*	*2,0%*	*2,0%*	*2,0%*	*2,0%*
EBITDA Post IFRS16	**33,6**	**45,1**	**57,3**	**57,3**	**49,9**		**65,4**	**69,4**	**73,7**	**78,1**	**82,9**	**84,6**	**86,3**	**88,0**	**89,7**
Margen EBITDA Post IFRS16 (%)	*16,7%*	*20,1%*	*20,6%*	*20,6%*	*16,9%*		*20,8%*	*20,8%*	*20,8%*	*20,8%*	*20,8%*	*20,8%*	*20,8%*	*20,8%*	*20,8%*
Gastos de alquiler	(10,8)	(11,7)	(12,3)	(12,3)	(13,1)		(13,9)	(14,8)	(15,7)	(16,6)	(17,7)	(18,0)	(18,4)	(18,7)	(19,1)
Gastos de alquiler % sobre ventas	*(5,4%)*	*(5,2%)*	*(4,4%)*	*(4,4%)*	*(4,4%)*		*(4,4%)*	*(4,4%)*	*(4,4%)*	*(4,4%)*	*(4,4%)*	*(4,4%)*	*(4,4%)*	*(4,4%)*	*(4,4%)*
EBITDA Pre IFRS16	**22,8**	**33,4**	**45,0**	**45,0**	**36,8**		**51,5**	**54,6**	**58,0**	**61,5**	**65,2**	**66,6**	**67,9**	**69,2**	**70,6**
Margen EBITDA Pre IFRS16 (%)	*11,3%*	*14,9%*	*16,2%*	*16,2%*	*12,4%*		*16,3%*	*16,3%*	*16,3%*	*16,3%*	*16,3%*	*16,3%*	*16,3%*	*16,3%*	*16,3%*
Amortizaciones	(8,4)	(9,7)	(9,3)	(9,3)	(9,9)		(10,5)	(11,2)	(11,9)	(12,6)	(13,4)	(13,6)	(13,9)	(14,2)	(14,5)
Amortizaciones sobre ventas %	*(4,2%)*	*(4,3%)*	*(3,3%)*	*(3,3%)*	*(3,3)%*		*(3,3)%*	*(3,3)%*	*(3,3)%*	*(3,3)%*	*(3,3)%*	*(3,3)%*	*(3,3)%*	*(3,3)%*	*(3,3)%*
EBIT	**14,4**	**23,7**	**35,7**	**35,7**	**26,9**	**7,8**	**41,0**	**43,4**	**46,1**	**48,9**	**51,9**	**52,9**	**54,0**	**55,1**	**56,2**
Margen EBIT (%)	*7,1%*	*10,6%*	*12,8%*	*12,8%*	*9,1%*	*5,5%*	*13,0%*	*13,0%*	*13,0%*	*13,0%*	*13,0%*	*13,0%*	*13,0%*	*13,0%*	*13,0%*
Impuestos sobre EBIT					(6,7)	(2,0)	(10,2)	(10,9)	(11,5)	(12,2)	(13,0)	(13,2)	(13,5)	(13,8)	(14,0)
Tipo impositivo (%)					25,0%	25,0%	25,0%	25,0%	25,0%	25,0%	25,0%	25,0%	25,0%	25,0%	25,0%
NOPLAT					**20,2**	**5,9**	**30,7**	**32,6**	**34,6**	**36,7**	**38,9**	**39,7**	**40,5**	**41,3**	**42,1**
Amortizaciones					9,9	4,7	10,5	11,2	11,9	12,6	13,4	13,6	13,9	14,2	14,5
Capex					(13,4)	(6,4)	(14,3)	(15,1)	(16,1)	(17,1)	(18,1)	(18,5)	(18,8)	(19,2)	(19,6)
% sobre ventas					*(4,5)%*	*(4,5)%*	*(4,5)%*	*(4,5)%*	*(4,5)%*	*(4,5)%*	*(4,5)%*	*(4,5)%*	*(4,5)%*	*(4,5)%*	*(4,5)%*
Variación working capital						(2,3)	0,5	0,5	0,6	0,6	0,6	0,2	0,2	0,2	0,2
Flujo de caja libre						**1,9**	**27,5**	**29,1**	**30,9**	**32,8**	**34,8**	**35,1**	**35,8**	**36,5**	**37,2**
Flujo del periodo						100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Periodo de descuento						0,25	1,01	2,01	3,01	4,01	5,01	6,01	7,01	8,01	9,01
Tasa de descuento						8,7%	8,7%	8,7%	8,7%	8,7%	8,7%	8,7%	8,7%	8,7%	8,7%
Factor de descuento						0,98	0,92	0,85	0,78	0,72	0,66	0,61	0,56	0,51	0,47
Flujos descontados						**1,8**	**25,3**	**24,7**	**24,1**	**23,5**	**22,9**	**21,3**	**20,0**	**18,7**	**17,6**

Suma valor presente flujos de caja descontados	340,6
Suma del valor presente del coste de renovación de IDIADA	(153,2)
Enterprise Value (EV)	**187,4**

Para el cálculo del Enterprise Value (EV) de IDIADA considerando la renovación del contrato se ha tenido en cuenta el valor presente del coste de renovación en el que incurriría Applus para poder renovar la concesión. Para su estimación se ha calculado una TIR implícita exigiéndole una rentabilidad igual al doble de la WACC estimada para IDIADA, lo que resulta en un coste de renovación de 170,1M€. Debido a que el desembolso de este importe ocurriría al inicio de la nueva concesión, es decir, en octubre de 2024, hemos actualizado el valor presente de dicho pago, resultado en 153,2M€.

Fuente: Análisis KPMG basado en la información histórica pública de Applus, el Budget 2023 proporcionado por Apollo en la VDR, el informe de Due Diligence Financiera elaborado por PwC y el Plan Estratégico 2024E elaborado por Applus.

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Resultados de la aplicación del Descuento de Flujos de Caja

IDIADA considerando la renovación del contrato (2/2)

A continuación se muestra el detalle de las Proyecciones Financieras, basadas en las principales hipótesis consideradas en su preparación, así como los resultados obtenidos de la aplicación del DCF en la línea de negocio IDIADA en el caso de que sí se renueve el contrato:

Descuento de Flujos de Caja

Importes en millones de EUR	2033E	2034E	2035E	2036E	2037E	2038E	2039E	2040E	2041E	2042E	2043E	2044E
Ventas	**440,7**	**449,5**	**458,5**	**467,7**	**477,1**	**486,6**	**496,3**	**506,3**	**516,4**	**526,7**	**537,3**	**548,0**
Crecimiento ventas (%)	*2,0%*	*2,0%*	*2,0%*	*2,0%*	*2,0%*	*2,0%*	*2,0%*	*2,0%*	*2,0%*	*2,0%*	*2,0%*	*2,0%*
EBITDA Post IFRS16	**91,5**	**93,4**	**95,2**	**97,1**	**99,1**	**101,1**	**103,1**	**105,2**	**107,3**	**109,4**	**111,6**	**113,8**
Margen EBITDA Post IFRS16 (%)	*20,8%*	*20,8%*	*20,8%*	*20,8%*	*20,8%*	*20,8%*	*20,8%*	*20,8%*	*20,8%*	*20,8%*	*20,8%*	*20,8%*
Gastos de alquiler	(19,5)	(19,9)	(20,3)	(20,7)	(21,1)	(21,5)	(22,0)	(22,4)	(22,8)	(23,3)	(23,8)	(24,2)
Gastos de alquiler % sobre ventas	*(4,4%)*	*(4,4%)*	*(4,4%)*	*(4,4%)*	*(4,4%)*	*(4,4%)*	*(4,4%)*	*(4,4%)*	*(4,4%)*	*(4,4%)*	*(4,4%)*	*(4,4%)*
EBITDA Pre IFRS16	**72,0**	**73,5**	**74,9**	**76,4**	**78,0**	**79,5**	**81,1**	**82,8**	**84,4**	**86,1**	**87,8**	**89,6**
Margen EBITDA Pre IFRS16 (%)	*16,3%*	*16,3%*	*16,3%*	*16,3%*	*16,3%*	*16,3%*	*16,3%*	*16,3%*	*16,3%*	*16,3%*	*16,3%*	*16,3%*
Amortizaciones	(14,7)	(15,0)	(15,3)	(15,6)	(16,0)	(16,3)	(16,6)	(16,9)	(17,3)	(17,6)	(18,0)	(18,3)
Amortizaciones sobre ventas %	*(3,3)%*	*(3,3)%*	*(3,3)%*	*(3,3)%*	*(3,3)%*	*(3,3)%*	*(3,3)%*	*(3,3)%*	*(3,3)%*	*(3,3)%*	*(3,3)%*	*(3,3)%*
EBIT	**57,3**	**58,4**	**59,6**	**60,8**	**62,0**	**63,3**	**64,5**	**65,8**	**67,1**	**68,5**	**69,8**	**71,2**
Margen EBIT (%)	*13,0%*	*13,0%*	*13,0%*	*13,0%*	*13,0%*	*13,0%*	*13,0%*	*13,0%*	*13,0%*	*13,0%*	*13,0%*	*13,0%*
Impuestos sobre EBIT	(14,3)	(14,6)	(14,9)	(15,2)	(15,5)	(15,8)	(16,1)	(16,5)	(16,8)	(17,1)	(17,5)	(17,8)
Tipo impositivo (%)	25,0%	25,0%	25,0%	25,0%	25,0%	25,0%	25,0%	25,0%	25,0%	25,0%	25,0%	25,0%
NOPLAT	**43,0**	**43,8**	**44,7**	**45,6**	**46,5**	**47,4**	**48,4**	**49,4**	**50,3**	**51,4**	**52,4**	**53,4**
Amortizaciones	14,7	15,0	15,3	15,6	16,0	16,3	16,6	16,9	17,3	17,6	18,0	18,3
Capex	(20,0)	(20,4)	(20,8)	(21,2)	(21,6)	(22,1)	(22,5)	(22,9)	(23,4)	(23,9)	(24,4)	(24,8)
% sobre ventas	*(4,5)%*	*(4,5)%*	*(4,5)%*	*(4,5)%*	*(4,5)%*	*(4,5)%*	*(4,5)%*	*(4,5)%*	*(4,5)%*	*(4,5)%*	*(4,5)%*	*(4,5)%*
Variación working capital	0,2	0,2	0,2	0,3	0,3	0,3	0,3	0,3	0,3	0,3	0,3	0,3
Flujo de caja libre	**38,0**	**38,7**	**39,5**	**40,3**	**41,1**	**41,9**	**42,8**	**43,6**	**44,5**	**45,4**	**46,3**	**47,2**
Flujo del periodo	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	75%
Periodo de descuento	10,01	11,01	12,01	13,01	14,01	15,01	16,01	17,02	18,02	19,02	20,02	20,89
Tasa de descuento	8,7%	8,7%	8,7%	8,7%	8,7%	8,7%	8,7%	8,7%	8,7%	8,7%	8,7%	8,7%
Factor de descuento	0,43	0,40	0,37	0,34	0,31	0,29	0,26	0,24	0,22	0,20	0,19	0,18
Flujos descontados	**16,5**	**15,5**	**14,5**	**13,6**	**12,8**	**12,0**	**11,3**	**10,6**	**9,9**	**9,3**	**8,7**	**6,2**

El valor central de IDIADA (102,0M€) otorga una probabilidad del 50% sobre que se produzca la renovación de la concesión en 2024. Dicho valor central ha sido calculado como la media de los valores obtenidos en los Descuentos de Flujos de Caja sin considerar renovación (16,5M€) y considerando la renovación del contrato (187,4M€).

Fuente: Análisis KPMG basado en la información histórica pública de Applus, el Budget 2023 proporcionado por Apollo en la VDR, el informe de Due Diligence Financiera elaborado por PwC y el Plan Estratégico 2024E elaborado por Applus.

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5.1.2. Aplicación del Descuento de Flujos de Caja

Análisis de sensibilidad de la valoración de IDIADA

IDIADA

A continuación se muestra un análisis de sensibilidad del Enterprise Value de IDIADA, considerando diferentes niveles de rentabilidades (TIRs) exigidas a efectos de estimar el coste de renovación para la nueva licitación de la concesión con la Generalitat de Cataluña:

TIR	WACC	WACC+1%	WACC+2%	WACC+3%	WACC+4%	WACC+5%	WACC+6%	WACC+7%	WACC+8%	WACC*2
TIR	8,7%	9,7%	10,7%	11,7%	12,7%	13,7%	14,7%	15,7%	16,7%	17,4%
Coste de renovación	(320,0)	(294,3)	(271,4)	(251,2)	(233,1)	(216,9)	(202,4)	(189,4)	(177,6)	(170,1)
Valor presente del coste de renovaci	(288,2)	(265,0)	(244,4)	(226,2)	(209,9)	(195,3)	(182,3)	(170,5)	(159,9)	(153,2)
EV	**52,4**	**75,6**	**96,2**	**114,4**	**130,7**	**145,3**	**158,3**	**170,1**	**180,7**	**187,4**

Para el cálculo del Enterprise Value de IDIADA considerando la renovación del contrato, como se ha comentado anteriormente, se ha calculado una TIR implícita exigiéndole una rentabilidad igual al doble de la WACC estimada (8,7% x 2 = 17,4%) para IDIADA que resulta en un coste de renovación de 170,1M€. Resaltar que, en base a información pública, la nueva licitación será un proceso competitivo, mediante el cuál la Generalitat de Cataluña buscará maximizar sus ingresos, y, por tanto, podría resultar en rentabilidades (TIRs) exigidas sensiblemente menores al doble de la WACC.

El valor central de IDIADA, que ha sido estimado considerando una probabilidad del 50% de renovación de la concesión en 2024, resulta en un Enterprise Value de 102,0M€. En el caso de considerar un escenario que ponderara al 100% el escenario de renovación con una TIR implícita exigida de WACC + 2%, se obtendría un valor similar de 96,2M€.

Fuente: Análisis KPMG basado en la información histórica pública de Applus, el Budget 2023 proporcionado por Apollo en la VDR, el informe de Due Diligence Financiera elaborado por PwC y el Plan Estratégico 2024E elaborado por Applus.

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5.1.2. Aplicación del Descuento de Flujos de Caja

Metodología DCF – Resultados

Valor resultante – Fondos propios (EqV)

El valor obtenido de los fondos propios de Applus mediante la aplicación de la metodología del DCF, considerando como fecha de valoración el 30 de junio de 2023 es como sigue:

Resultados de nuestro trabajo	Mínimo	Central	Máximo
Importes en millones de EUR			
Energy & Industry	1.048,1	1.131,9	1.214,4
Renewables, Power & Infra	*690,0*	*727,7*	*770,9*
Oil & Gas [1]	*358,1*	*404,3*	*443,5*
Automotive[2]	925,9	989,7	1.064,1
Laboratories	378,7	403,7	432,7
IDIADA[2]	96,9	102,0	107,3
Plan M&A[3]	10,2	13,5	16,8
Suma de partes del valor de los negocios operativos	**2.459,8**	**2.640,7**	**2.835,4**
Estructura	(322,6)	(343,2)	(367,0)
Suma de partes	**2.137,2**	**2.297,6**	**2.468,4**
Enterprise Value (EV) Applus	**2.137,2**	**2.297,6**	**2.468,4**
Deuda Financiera Neta (DFN)	(727,4)	(727,4)	(727,4)
Otros Activos y Pasivos (OAPs)	(177,2)	(177,2)	(177,2)
Minoritarios[4]	(162,9)	(175,2)	(188,2)
Equity Value (EqV) Applus	**1.069,5**	**1.217,7**	**1.375,5**
Número de acciones (netas autocartera)	128.927.136	128.927.136	128.927.136
Valor por acción de Applus (EUR)	**8,30 €**	**€9,45**	**10,67 €**

Precio por acción[5]: 9,48€

Valor de los negocios (EV) – Millones de EUR

Sensibilidad EV millones de EUR		WACC -0,25%	WACC C. Base	WACC +0,25%
Tasa de crecimiento "g"	+0,25%	2.468,4	2.350,1	2.230,4
	C.Base	2.411,1	2.297,6	2.182,1
	-0,25%	2.358,0	2.248,8	2.137,2

Valor por acción – EUR

Valor por acción Applus EUR		WACC -0,25%	WACC C. Base	WACC +0,25%
Tasa de crecimiento "g"	+0,25%	10,67 €	9,82 €	8,96 €
	C.Base	10,26 €	9,45 €	8,62 €
	-0,25%	9,88 €	9,10 €	8,30 €

Rango mínimo y máximo considerando sensibilidades de +/- 0,25% de WACC y g

Nota: (1) El valor central se calcula con una tasa de crecimiento a perpetuidad (g) del 0%, mientras que en los valores mínimo y máximo se ha utilizado una g de -4,5% y 2%, respectivamente.
(2) El valor central considera una probabilidad de renovación del 50% para la concesión de IDIADA y el contrato de Galicia, así como un 50% de probabilidad de una reducción del 25% del negocio de Automotive en Cataluña.
(3) El valor central del Plan de M&A es la media entre el valor mínimo y máximo. El valor mínimo se calcula considerando que se van a realizar inversiones de M&A durante los ejercicios explicitados en el Plan Estratégico (2023 y 2024), mientras que en el valor máximo se considera que se realizarán inversiones hasta el año 2028.
(4) El valor central de los minoritarios ha sido calculado mediante la aplicación de la metodología DDM (*Dividend Discount Model*). Los valores mínimo y máximo de los minoritarios consideran el porcentaje sobre el Enterprise Value de los minoritarios del valor central.
(5) El precio por acción obtenido de 9,48€ es el resultado de considerar la media del rango mínimo y máximo.

Fuente: Análisis KPMG

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5.1.3. Estructura

Resultados de la aplicación del Descuento de Flujos de Caja

Estructura

Conceptos incluidos en gastos de estructura

Se han considerado los gastos de estructura corporativa para la operativa del negocio de Applus que, dado que no están incluidos en ninguna de las líneas de negocio analizadas anteriormente, los hemos incluido por separado para valorar el impacto de los mismos.

Principalmente, estos gastos se corresponden a los costes centrales de la Sociedad. Asimismo, se han proyectado los ahorros de costes de los que se beneficiaría Applus por dejar de cotizar, los cuales han sido obtenidos del informe de Due Diligence. Ambos se han proyectado tomando como referencia la inflación media indicada por el IPC para la Euro Zona obtenido de Economist Intelligence Unit (EIU).

Los gastos de estructura correspondientes a cada una de las línea de negocio se encuentran incluidos en sus respectivos Descuentos de Flujos de Caja, de modo que los costes considerados en este apartado representan costes centrales que son independientes de la evolución de las líneas de negocio. Por lo tanto, estos costes han sido proyectados de forma independiente tomando como referencia el IPC para la Euro Zona.

Se ha utilizado una tasa de descuento del 8,7%, correspondiente a la tasa estimada para Applus, la cual ha sido estimada ponderando las tasas de descuento estimadas para cada línea de negocio en función de su contribución al EBIT a junio 2023.

El resultado de la valoración de los gastos de estructura se detalla a continuación:

Descuento de Flujos de Caja

Importes en millones de EUR	2022H	2023E	2024E	2025E	2026E	2027E	2028E	Valor terminal
Costes Centrales	**(30,9)**	**(32,6)**	**(33,4)**	**(34,1)**	**(34,8)**	**(35,4)**	**(36,1)**	**(36,8)**
Crecimiento costes centrales (%)	*6,4%*	5,5%	2,6%	2,0%	2,0%	1,9%	1,9%	2,0%
Ahorro de costes por dejar de cotizar		3,5	3,6	3,7	3,7	3,8	3,9	4,0
Amortizaciones	(1,4)	(1,4)	(1,5)	(1,5)	(1,5)	(1,6)	(1,6)	(1,6)
EBIT	**(32,2)**	**(30,5)**	**(31,3)**	**(31,9)**	**(32,6)**	**(33,2)**	**(33,8)**	**(34,5)**
Impuestos sobre EBIT		7,6	7,8	8,0	8,1	8,3	8,5	8,6
Tipo impositivo (%)		25,0%	25,0%	25,0%	25,0%	25,0%	25,0%	25,0%
NOPLAT		**(22,9)**	**(23,5)**	**(23,9)**	**(24,4)**	**(24,9)**	**(25,4)**	**(25,9)**
Amortizaciones		1,4	1,5	1,5	1,5	1,6	1,6	1,6
Capex	(1,4)	(1,4)	(1,5)	(1,5)	(1,5)	(1,6)	(1,6)	(1,6)
Variación working capital		2,6	1,3	1,0	1,1	1,0	1,0	1,1
Flujo de caja libre		**(20,2)**	**(22,2)**	**(22,9)**	**(23,4)**	**(23,9)**	**(24,3)**	**(24,7)**
Flujo del periodo		50%	100%	100%	100%	100%	100%	
Periodo de descuento		0,25	1,01	2,01	3,01	4,01	5,01	
Tasa de descuento		8,7%	8,7%	8,7%	8,7%	8,7%	8,7%	
Factor de descuento		0,98	0,92	0,85	0,78	0,72	0,66	
Flujos descontados		**(9,9)**	**(20,4)**	**(19,4)**	**(18,2)**	**(17,1)**	**(16,0)**	

		Flujo libre de caja normalizado	(24,7)
		Valor terminal	**(368,2)**
Suma valor presente flujos de caja descontados	(100,9)	Periodo de descuento	5,01
Valor presente del Valor Terminal	(242,3)	Factor de descuento	0,66
Enterprise Value (EV)	**(343,2)**	**Valor presente del Valor Terminal**	**(242,3)**

Fuente: Análisis KPMG basado en la información histórica pública de Applus, el Budget 2023 proporcionado por Apollo en la VDR, el informe de Due Diligence Financiera elaborado por PwC y el Plan Estratégico 2024E elaborado por Applus.

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5.1.4. Aplicación de la metodología DDM

5.1.4. Aplicación de la metodología DDM

Resultados de la aplicación del DDM

Minoritarios

Dividend Discount Model (DDM)

De acuerdo con el método del Dividend Discount Model, la estimación del valor de los minoritarios de Applus ha sido estimado teniendo en consideración las siguientes hipótesis:

- El año 2023E considera los dividendos pendientes por pagar;
- El año 2024E considera la media de los dividendos históricos del periodo 2020H-2022H;
- El año 2025E considera la tasa de crecimiento a perpetuidad ("g") aplicada sobre el año 2024E. Se asume la pérdida de IDIADA con probabilidad del 50% de modo que se está restando a su proyección 0,5M€;
- El Valor Terminal considera la tasa de crecimiento a perpetuidad ("g") aplicada sobre el último año del período proyectado (2025E).
- Para el descuento se está teniendo en cuenta un K_e ponderado de 9,4% resultado de la ponderación de los K_e estimados para cada línea de negocio y el % de EBIT de cada una de las líneas de negocio a junio 2023.

El resultado de la valoración de los minoritarios se detalla a continuación:

Dividend Discount Model

Importes en millones de EUR	2020H	2021H	2022H	2023E	2024E	2025E	Valor terminal
Dividendos a minoritarios	**(11,5)**	**(18,5)**	**(9,2)**	**(6,0)**	**(13,1)**	**(12,8)**	**(13,1)**
Flujo del periodo				100%	100%	100%	
Periodo de descuento				0,25	1,01	2,01	
Tasa de descuento				9,4%	9,4%	9,4%	
Factor de descuento				0,98	0,91	0,83	
Flujos descontados				**(5,9)**	**(11,9)**	**(10,7)**	

Suma valor presente flujos de caja descontados	(28,5)	Flujo libre de caja normalizado	(13,1)
Valor presente del Valor Terminal	(146,7)	**Valor terminal**	**(175,8)**
Enterprise Value (EV)	**(175,2)**	Periodo de descuento	2,01
		Factor de descuento	0,83
		Valor presente del Valor Terminal	**(146,7)**

Adicionalmente, se han realizado los siguientes análisis internos que confirman la razonabilidad de nuestras conclusiones del valor de los minoritarios de Applus:

- análisis del impacto de los minoritarios a nivel de EBITDA de las diferentes líneas de negocio, considerando el múltiplo EV/EBITDA implícito en nuestra valoración bajo la premisa de que la deuda de Applus está centralizada a nivel de grupo (no atribuible a sociedades individuales); y
- análisis de la proporción del resultado consolidado neto atribuible a los minoritarios respecto al resultado total, y, en base a ello, estimación de la proporción de Enterprise Value y Equity Value que les correspondería a los minoritarios, sin perjuicio de las limitaciones que tiene una valoración en base a magnitudes contables.

Fuente: Análisis KPMG basado en la información histórica pública de Applus, el Budget 2023 proporcionado por Apollo en la VDR, el informe de Due Diligence Financiera elaborado por PwC y el Plan Estratégico 2024E elaborado por Applus.

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5.1.5. Tasa de descuento (WACC)

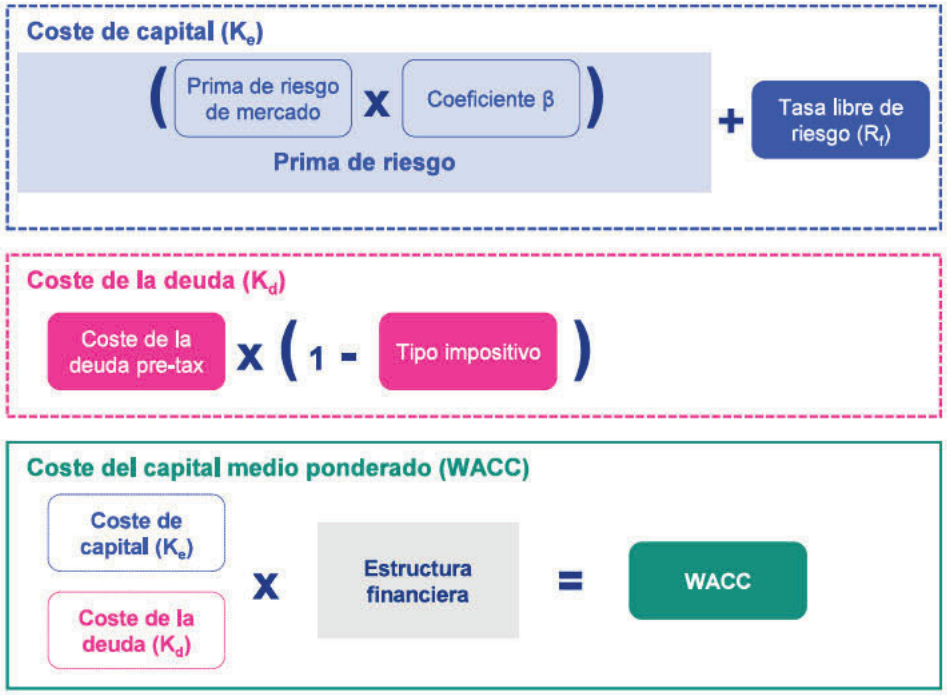
5.1.5. Tasa de descuento (WACC)

Estimación de la tasa de descuento (1/13)

Estimación de la tasa de descuento: principales parámetros

La tasa de descuento aplicada para calcular el valor de la Sociedad ha sido determinada de acuerdo con el coste medio ponderado del capital (WACC). El WACC es un tipo de descuento basado en las tasas de rentabilidad exigida de cada uno de los componentes del capital invertido (fondos propios y deuda financiera) y se calcula ponderando los retornos requeridos de dichos componentes en proporción al peso de cada una de estas fuentes de financiación en una estructura de capital esperada.

De acuerdo con todas las consideraciones mencionadas anteriormente, la fórmula utilizada para el cálculo del WACC para cada uno de los países ha sido la siguiente:



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Estimación de la tasa de descuento (2/13)

Energy & Industry

Cálculo de la tasa de descuento

Un detalle del cálculo de la tasa de descuento es como sigue:

	Energy & Industry - Tasa de descuento	España	Colombia	Canadá	Países Bajos	Australia	Brasil	Arabia Saudí	Chile	Kuwait
	Coste de los recursos propios (Ke)									
1	Tasa libre de riesgo	4,0%	7,1%	3,7%	2,7%	3,7%	6,2%	5,0%	6,0%	4,0%
2	Beta reapalancada	0,88	0,87	0,88	0,88	0,88	0,87	0,89	0,88	0,89
3	Prima de riesgo de mercado	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%
	Coste de los recursos propios (Ke)	**9,3%**	**12,3%**	**9,0%**	**8,0%**	**9,0%**	**11,4%**	**10,3%**	**11,3%**	**9,4%**
	Coste de los recursos ajenos (Kd)									
4	Coste de la deuda	4,5%	4,5%	4,5%	4,5%	4,5%	4,5%	4,5%	4,5%	4,5%
5	Tipo impositivo	25,0%	35,0%	28,0%	25,8%	30,0%	34,0%	20,0%	27,0%	15,0%
	Coste de los recursos ajenos (Kd)	**3,4%**	**2,9%**	**3,2%**	**3,3%**	**3,1%**	**3,0%**	**3,6%**	**3,3%**	**3,8%**
6	% Fondos propios	88,1%	88,1%	88,1%	88,1%	88,1%	88,1%	88,1%	88,1%	88,1%
	% Deuda	11,9%	11,9%	11,9%	11,9%	11,9%	11,9%	11,9%	11,9%	11,9%
	Coste medio ponderado de capital (WACC)	**8,6%**	**11,2%**	**8,3%**	**7,4%**	**8,3%**	**10,4%**	**9,5%**	**10,3%**	**8,7%**
	Ponderación por geografías	20,0%	7,7%	6,6%	9,7%	8,6%	7,0%	28,3%	6,0%	6,1%
	WACC ponderada por geografías					**9,1%**				

Fuente: Thomson Reuters, Capital IQ, Ibbotson, KPMG Tax Survey y análisis KPMG.

Nota: (1) Ponderado de acuerdo al % de EBIT ajustado de cada uno de los países a junio 2023.

Se han seleccionado los países que presentan un peso sobre el EBIT de al menos un 10% de forma individual y hasta alcanzar un 70% del total de forma acumulada del total de la línea de negocio.

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5.1.5. Tasa de descuento (WACC)

Estimación de la tasa de descuento (3/13)

Automotive

Cálculo de la tasa de descuento

Un detalle del cálculo de la tasa de descuento es como sigue:

	Automotive – Tasa de descuento	España	Suecia
	Coste de los recursos propios (Ke)		
1	Tasa libre de riesgo	4,0%	2,7%
2	Beta reapalancada	0,88	0,89
3	Prima de riesgo de mercado	6,0%	6,0%
	Coste de los recursos propios (Ke)	**9,3%**	**8,0%**
	Coste de los recursos ajenos (Kd)		
4	Coste de la deuda	4,5%	4,5%
5	Tipo impositivo	25,0%	20,6%
	Coste de los recursos ajenos (Kd)	**3,4%**	**3,6%**
6	% Fondos propios	88,1%	88,1%
	% Deuda	11,9%	11,9%
	Coste medio ponderado de capital (WACC)	**8,6%**	**7,5%**
	Ponderación por geografías	81,9%	18,1%
	WACC ponderada por geografías	**8,4%**	

Fuente: Thomson Reuters, Capital IQ, Ibbotson, KPMG Tax Survey y análisis KPMG.

Nota: (1) Ponderado de acuerdo al % de EBIT ajustado de cada uno de los países a junio 2023.

Se han seleccionado los países que presentan un peso sobre el EBIT de al menos un 10% de forma individual y hasta alcanzar un 70% del total de forma acumulada del total de la línea de negocio.

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Estimación de la tasa de descuento (4/13)

Laboratories

Cálculo de la tasa de descuento

Un detalle del cálculo de la tasa de descuento es como sigue:

	Laboratories – Tasa de descuento	España	Estados Unidos	Canadá	China
	Coste de los recursos propios (Ke)				
1	Tasa libre de riesgo	4,0%	3,7%	3,7%	4,4%
2	Beta reapalancada	0,88	0,88	0,88	0,88
3	Prima de riesgo de mercado	6,0%	6,0%	6,0%	6,0%
	Coste de los recursos propios (Ke)	**9,3%**	**9,0%**	**9,0%**	**9,7%**
	Coste de los recursos ajenos (Kd)				
4	Coste de la deuda	4,5%	4,5%	4,5%	4,5%
5	Tipo impositivo	25,0%	27,0%	28,0%	25,0%
	Coste de los recursos ajenos (Kd)	**3,4%**	**3,3%**	**3,2%**	**3,4%**
6	% Fondos propios	88,1%	88,1%	88,1%	88,1%
	% Deuda	11,9%	11,9%	11,9%	11,9%
	Coste medio ponderado de capital (WACC)	**8,6%**	**8,3%**	**8,3%**	**9,0%**
	Ponderación por geografías	25,6%	25,2%	35,5%	13,7%
	WACC ponderada por geografías		**8,5%**		

Fuente: Thomson Reuters, Capital IQ, Ibbotson, KPMG Tax Survey y análisis KPMG.

Nota: (1) Ponderado de acuerdo al % de EBIT ajustado de cada uno de los países a junio 2023.

Se han seleccionado los países que presentan un peso sobre el EBIT de al menos un 10% de forma individual y hasta alcanzar un 70% del total de forma acumulada del total de la línea de negocio.

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Estimación de la tasa de descuento (5/13)

IDIADA

Cálculo de la tasa de descuento

Un detalle del cálculo de la tasa de descuento es como sigue:

	IDIADA - Tasa de descuento	España	China
	Coste de los recursos propios (Ke)		
1	Tasa libre de riesgo	4,0%	4,4%
2	Beta reapalancada	0,88	0,88
3	Prima de riesgo de mercado	6,0%	6,0%
	Coste de los recursos propios (Ke)	**9,3%**	**9,7%**
	Coste de los recursos ajenos (Kd)		
4	Coste de la deuda	4,5%	4,5%
5	Tipo impositivo	25,0%	25,0%
	Coste de los recursos ajenos (Kd)	**3,4%**	**3,4%**
6	% Fondos propios	88,1%	88,1%
	% Deuda	11,9%	11,9%
	Coste medio ponderado de capital (WACC)	**8,6%**	**9,0%**
	Ponderación por geografías	78,1%	21,9%
	WACC ponderada por geografías	**8,7%**	

Fuente: Thomson Reuters, Capital IQ, Ibbotson, KPMG Tax Survey y análisis KPMG.

Nota: (1) Ponderado de acuerdo al % de EBIT ajustado de cada uno de los países a junio 2023.

Se han seleccionado los países que presentan un peso sobre el EBIT de al menos un 10% de forma individual y hasta alcanzar un 70% del total de forma acumulada del total de la línea de negocio.

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Estimación de la tasa de descuento (6/13)

Estimación de la tasa de descuento: principales parámetros

Un detalle de los parámetros utilizados en la estimación de la tasa de descuento es como sigue:

- **Coste de capital o de los recursos propios (K_e):**

  1 **La tasa libre de riesgo (R_f).**

  Uno de los objetivos fundamentales en la realización de una valoración mediante la aplicación del descuento de flujos de caja (DCF) es la consistencia del ámbito temporal de las proyecciones financieras utilizadas con el período de referencia de la tasa de descuento considerada. En este sentido, la utilización de tasas libres de riesgo obtenidas de bonos soberanos de referencia es de habitual aplicación en los ejercicios de valoración, considerándose a su vez períodos largos de observación de los mismos, con objeto de reducir la volatilidad coyuntural que pueden experimentar en determinados momentos del tiempo, o bien para suavizar los niveles anormalmente altos o bajos en relación con las medias obtenidas en series históricas de larga duración.

  Debido a las políticas monetarias de subida de tipos que han adoptado varios bancos centrales, incluyendo la Reserva Federal de Estados Unidos y el Banco Central Europeo (BCE), las rentabilidades de los bonos soberanos se encuentran en niveles próximos a los máximos históricos. Consideramos que estos niveles de rentabilidad no son sostenibles ya que dicha rentabilidad, fruto de las políticas coyunturales por parte de los bancos centrales, no es coherente con el nivel esperado de inflación ni con la rentabilidad esperada del mercado. En este sentido, hemos seguido un enfoque de "normalización" en nuestra valoración para estimar unas tasas sostenibles a largo plazo que reflejen las rentabilidades esperadas del mercado de renta variable.

  A efectos ilustrativos, el siguiente gráfico muestra como la rentabilidad del bono soberano español ha ido ascendiendo desde enero de 2022, llegando a alcanzar niveles cercanos al 4,7% durante el 2023. En este contexto, consideramos que la situación del bono soberano español no se encuentra en una situación normalizada y por ello se ha considerado una normalización.



Fuente: Capital IQ (18-10-2023)

Si bien la Sociedad opera en distintos países, hemos mostrado a efectos ilustrativos la evolución del bono soberano español ya que es la geografía con mayor peso y el país de residencia de la misma. En cualquier caso, la evolución de los bonos de las demás geografías consideradas (Alemania y Estados Unidos) se han comportado de la misma manera.

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Estimación de la tasa de descuento (7/13)

Estimación de la tasa de descuento: principales parámetros

- **Coste de capital o de los recursos propios (K_e):**

  1 **La tasa libre de riesgo (Rf) (cont.):**

  - Para el caso de España se ha calculado a partir de la rentabilidad normalizada del Bono del Estado español normalizado a 30 años, a 31 de diciembre de 2023.
  - Para los países del ámbito europeo como Suecia y Países Bajos se ha calculado a partir de la rentabilidad normalizada del Bono del Estado alemán a 30 años a 31 de diciembre de 2023, más una prima por riesgo-país correspondiente a cada uno de los países y el diferencial de inflación de la Euro Zona.
  - Para el resto de países (Estados Unidos, Canadá, China, Australia, Colombia, Brasil, Chile, Kuwait y Arabia Saudí), se ha calculado a partir de la rentabilidad normalizada del Bono de Estados Unidos a 20 años a 31 de diciembre de 2023, más una prima por el riesgo-país correspondiente a cada uno de los países y el diferencial de inflación de la Euro Zona.

A modo de contraste, se ha realizado un análisis de las tasas libre de riesgo aplicadas por analistas bursátiles del sector TIC y de opas recientes. Los resultados de ese análisis se detallan a continuación:

Compañía	Analista	Fecha	RFR
Applus	UBS	28/07/2023	4,00%
Intertek	Kepler Cheuvreux	09/03/2023	3,10%
Applus	Kepler Cheuvreux	26/07/2023	3,10%
Eurofins	Kepler Cheuvreux	09/03/2023	3,00%
Bureau Veritas	J.P. Morgan	21/04/2023	1,00%
ALS Limited	J.P. Morgan	29/04/2023	3,50%
ALS Limited	Credit Suisse	29/03/2023	3,90%
ALS Limited	Bof A	07/03/2023	3,50%
Max			4,00%
Percentil 75			3,60%
Media			**3,14%**
Mediana			3,30%
Media ajustada			3,35%
Percentil 25			3,08%
Min			1,00%

Fuente: Informes de analistas bursátiles obtenidos de Thomson Research.

Compañía	Fecha	RFR
Zardoya Otis OPA (Deloitte)	02/03/2022	3,20%
Siemens Gamesa (PwC)	02/11/2022	3,00%
Euskaltel OPA (BDO)	24/06/2021	3,20%
Biosearch OPA (Deloitte)	17/05/2021	3,10%
MásMovil OPA (PwC)	24/07/2020	2,30%
Bolsas y Mercados Españoles OPA (Deloitte)	27/01/2020	3,00%
Bodegas Bilbainas OPA (PwC)	22/01/2019	2,90%
Max		3,20%
Percentil 75		3,15%
Media		**2,96%**
Mediana		3,00%
Media ajustada		3,04%
Percentil 25		2,95%
Min		2,30%

Fuente: CNMV.

En conclusión, KPMG aplica una tasa libre de riesgo para España de 4,0% y la tasa de riesgo ponderada por geografía y división resulta en un 4,1%, que se considera razonable según la información pública disponible.

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Estimación de la tasa de descuento (8/13)

Estimación de la tasa de descuento: principales parámetros

- **Coste de capital o de los recursos propios (K_e):**

2 Prima de riesgo del mercado (R_m-R_f)

La prima de riesgo del mercado se interpreta habitualmente como la diferencia de las rentabilidades históricas medias (en general calculadas de forma aritmética, aunque también se pueden calcular como media geométrica) de la Bolsa (medida a través de uno o varios índices bursátiles) y de la renta fija soberana sin riesgo a largo plazo. Esta interpretación es la que se emplea de forma generalizada, aunque ello no significa que sea la única que proponen profesionales y académicos, ya que en ocasiones se calcula a través de los valores esperados -o exigidos por los inversores- de la rentabilidad futura de la Bolsa por encima de la renta fija sin riesgo.

El cálculo de la prima de riesgo de mercado se ha basado en:

- Análisis internos realizados por KPMG España así como por su red de firmas independientes.
- Primas de riesgo de mercado aplicadas por analistas bursátiles del sector TIC, tanto en España como a nivel internacional, y fuentes externas, que incluyen opas recientes. Estos análisis se detallan a continuación:

Compañía	Analista	Fecha	MRP
Applus	UBS	28/07/2023	5,50%
Applus	Kepler Cheuvreux	26/07/2023	7,90%
Intertek	Kepler Cheuvreux	09/03/2023	7,90%
SGS	Kepler Cheuvreux	09/03/2023	7,30%
ALS Limited	J.P. Morgan	29/04/2023	6,00%
ALS Limited	Credit Suisse	29/03/2023	5,00%
Eurofins	HSBC	17/03/2023	4,50%
Eurofins	Kepler Cheuvreux	02/03/2023	7,50%
Max			7,90%
Percentil 75			7,60%
Media			**6,45%**
Mediana			6,65%
Media ajustada			6,53%
Percentil 25			5,38%
Min			4,50%

Fuente: Informes de analistas bursátiles obtenidos de Thomson Research.

Compañía	MRP
Damodaran (NYU Stern)	6,30%
Pablo Fernandez IESE 2020	6,30%
Zardoya Otis OPA (Deloitte)	5,10%
Siemens Gamesa (PwC)	6,80%
Euskaltel OPA (BDO)	7,00%
Biosearch OPA (Deloitte)	5,60%
MásMovil OPA (PwC)	7,50%
Bolsas y Mercados Españoles OPA (Deloitte)	6,60%
Bodegas Bilbainas OPA (PwC)	6,50%
Max	7,50%
Percentil 75	6,80%
Media	**6,41%**
Mediana	6,50%
Media ajustada	6,44%
Percentil 25	6,30%
Min	5,10%

Fuente: Páginas web y CNMV.

En conclusión, KPMG aplica de forma habitual desde el inicio de las incertidumbres que se están produciendo en los últimos ejercicios, una prima de riesgo de mercado del 6,0% para los mercados norteamericanos y europeos, que se considera razonable según la información pública disponible.

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Estimación de la tasa de descuento (9/13)

Estimación de la tasa de descuento: principales parámetros

- **Coste de capital o de los recursos propios (K_e):**

3 Coeficiente β.

El coeficiente β (también llamado riesgo sistemático o no diversificable) representa el grado de correlación del riesgo de la actividad desarrollada por la Sociedad respecto al riesgo promedio del mercado (R_m). Para el coeficiente β a efectos de esta valoración se ha calculado tomando como referencia el coeficiente β de un grupo de compañías cotizadas seleccionadas cuyos negocios resultan comparables con la actividad de Applus, considerando a su vez todas las limitaciones de comparabilidad que se detallan en este Informe, dado que el coeficiente β es una estimación estadística que refleja el riesgo sistemático de una compañía en base a su evolución bursátil sobre un índice de referencia determinado, consideramos razonable considerar la muestra seleccionada aplicando los criterios que se detallan a continuación a los efectos de la determinación de dicho coeficiente. En este sentido, hemos utilizado los estadísticos coeficiente de determinación (R^2) y la prueba "t-test" para efectuar la selección de dichas compañías comparables:

- El coeficiente de determinación (R^2) es una medida descriptiva de la bondad del ajuste del modelo de predicción estadística a los datos observados, considerándose en general que el modelo de predicción (habitualmente lineal) es razonablemente representativo cuando $R^2 > 0,2$.
- La prueba "t-test" es un estadístico que mide el ratio entre la β bruta (es decir, la obtenida directamente de la regresión lineal de los datos observados) y su desviación estándar. Con una muestra de 60 observaciones (betas mensuales a cinco años), si el "t-test" es mayor de 1,66, indica que la variable observada es significativamente diferente de cero con una probabilidad del 95%, mientras que si el "t-test" es mayor de 2,36, la probabilidad será del 99%. Por tanto, y para obtener mejor representatividad de la muestra seleccionada, hemos utilizado el caso de que el "t-test" sea mayor de 2,36.

En el caso de Applus, el primer paso para la estimación del parámetro β de la Sociedad ha sido el cálculo de la bondad estadística de los coeficientes beta de las compañías cotizadas comparables seleccionadas. A excepción de Eurofins Scientific, todas ellas superan el 0,2 de R^2 y alcanzan con holgura un "t-test" mayor de 2,36, lo cual indica la representatividad estadística de la muestra. Por lo tanto, una vez realizado nuestro análisis de las betas, hemos concluido que **la beta desapalancada aplicable a Applus es de 0,80.**

En el caso de Eurofins Scientific, se ha desestimado la compañía a efectos del cálculo del coeficiente Beta debido a que el coeficiente de determinación R^2 a 5 años para la empresa se sitúa en 15,5%, que se encuentra por debajo del mínimo del 20%. Adicionalmente, el T-test se sitúa en 2,20, que se encuentra por debajo del mínimo de 2,36.

Finalmente, nuestro análisis se ha basado en entender adecuadamente los riesgos operativos y financieros intrínsecos a Applus, así como a las compañías cotizadas comparables utilizadas en la selección del coeficiente beta.

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Estimación de la tasa de descuento (10/13)

Estimación de la tasa de descuento: principales parámetros

- **Coste de los recursos ajenos (Kd)**

4 Coste de la deuda:

Entendemos que el coste de la deuda debe reflejar el coste al que una compañía podría financiarse. Dado que la compañía centraliza la captación de recursos ajenos desde su sede ubicada en España y que la mayor parte de la deuda es en euros, se ha utilizado la estimación del coste de la deuda de España para todas las geografías.

Hemos estimado un diferencial promedio equivalente a compañías con rating BBB, entre las cuales se encuentran las compañías cotizadas comparables a Applus, del 2,0% sobre el tipo de interés de referencia (Swap del Euribor a 12 meses a 10 años a 31 de diciembre de 2023, que equivale a un 2,5%).

Empresa	Rating	Diferencial
Bureau Veritas SA	bbb	2,00%
SGS SA	a-	1,62%
Intertek Group plc	bbb	2,00%
Eurofins Scientific SE	bbb	2,00%
ALS Limited	bb+	2,42%
Max		2,42%
Percentil 75		2,00%
Media		2,01%
Mediana		2,00%
Media ajustada		2,00%
Percentil 25		2,00%
Min		1,62%

Fuente: Damodaran y Capital IQ.

5 Tasa impositiva nominal:

El resultado obtenido del coste de la deuda ha sido minorado por el escudo fiscal de los intereses de la deuda, considerando para ello el tipo impositivo general aplicable a las Sociedades de Capital en cada una de las geografías de acuerdo con el análisis de KPMG de tipos impositivos a nivel internacional.

6 Estructura financiera:

Se ha considerado la estructura financiera media de la muestra de compañías cotizadas comparables mencionada anteriormente, asumiendo esta como la estructura objetivo de mercado. Teniendo en cuenta la generación de caja estimada en las Proyecciones Financieras, la Compañía tiende a largo plazo hacia la estructura de apalancamiento de mercado, que es la que se desprende de nuestras proyecciones.

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Estimación de la tasa de descuento (11/13)

Cálculo del coeficiente beta y estructura financiera

Un detalle del cálculo del coeficiente beta y estructura financiera obtenida de la muestra de compañías cotizadas comparables es como sigue:

Compañía	País	D / (D+E)	D / E	Tasa impositiva	Observaciones 5 años mensual			
					Beta apalancada	Beta desapalancada	R^2	T-test
Bureau Veritas SA	Francia	12,6%	14,4%	25,0%	0,91	0,82	51,8%	10,38
SGS SA	Suiza	7,8%	8,4%	14,9%	0,73	0,68	37,3%	8,75
Intertek Group plc	Reino Unido	7,5%	8,1%	19,0%	0,76	0,71	31,0%	4,73
Eurofins Scientific SE	Luxemburgo	17,7%	21,5%	24,9%	n.a.	n.a.	15,5%	2,20
ALS Limited	Australia	14,2%	16,6%	30,0%	1,10	0,99	41,0%	7,87
Estadísticas								
Número observaciones								
Máximo		17,7%			1,10	0,99		
Percentil 75		14,2%			0,96	0,87		
Media		**11,9%**			**0,88**	**0,80**		
Media ajustada		11,5%			0,84	0,77		
Mediana		12,6%			0,84	0,77		
Percentil 25		7,8%			0,75	0,70		
Mínimo		7,5%			0,73	0,68		

Notas:
(a) Cifras en millones de euros.
(b) La media ajustada no considera ni el mínimo ni el máximo de la muestra.
(c) Última información financiera disponible de cada compañía.
(d) No se ha tenido en consideración el coeficiente beta de Eurofins Scientific SE, dado que el R2 a 5 años se sitúa por debajo del 20% y el T-tes por debajo del 2,36.

Fuente: Thomson Reuters, Capital IQ y KPMG Tax Survey.

Cálculo de la Beta (España)	
Beta desapalancada	0,80
% Deuda	11,9%
% Fondos propios	88,1%
Tipo impositivo	25,0%
Beta reapalancada	**0,88**

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Estimación de la tasa de descuento (12/13)

Cálculo del coeficiente beta y estructura financiera

Un detalle del cálculo del coeficiente beta y estructura financiera obtenida de la muestra de compañías cotizadas comparables es como sigue:

Cálculo de la Beta (Kuwait)	
Beta desapalancada	0,80
% Deuda	11,9%
% Fondos propios	88,1%
Tipo impositivo	15,0%
Beta reapalancada	**0,89**

Cálculo de la Beta (Estados Unidos)	
Beta desapalancada	0,80
% Deuda	11,9%
% Fondos propios	88,1%
Tipo impositivo	27,0%
Beta reapalancada	**0,88**

Cálculo de la Beta (Australia)	
Beta desapalancada	0,80
% Deuda	11,9%
% Fondos propios	88,1%
Tipo impositivo	30,0%
Beta reapalancada	**0,88**

Cálculo de la Beta (China)	
Beta desapalancada	0,80
% Deuda	11,9%
% Fondos propios	88,1%
Tipo impositivo	25,0%
Beta reapalancada	**0,88**

Cálculo de la Beta (Suecia)	
Beta desapalancada	0,80
% Deuda	11,9%
% Fondos propios	88,1%
Tipo impositivo	20,6%
Beta reapalancada	**0,89**

Cálculo de la Beta (Canada)	
Beta desapalancada	0,80
% Deuda	11,9%
% Fondos propios	88,1%
Tipo impositivo	28,0%
Beta reapalancada	**0,88**

Cálculo de la Beta (Brasil)	
Beta desapalancada	0,80
% Deuda	11,9%
% Fondos propios	88,1%
Tipo impositivo	34,0%
Beta reapalancada	**0,87**

Cálculo de la Beta (Arabia Saudí)	
Beta desapalancada	0,80
% Deuda	11,9%
% Fondos propios	88,1%
Tipo impositivo	20,0%
Beta reapalancada	**0,89**

Cálculo de la Beta (Países Bajos)	
Beta desapalancada	0,80
% Deuda	11,9%
% Fondos propios	88,1%
Tipo impositivo	25,8%
Beta reapalancada	**0,88**

Cálculo de la Beta (Colombia)	
Beta desapalancada	0,80
% Deuda	11,9%
% Fondos propios	88,1%
Tipo impositivo	35,0%
Beta reapalancada	**0,87**

Cálculo de la Beta (Chile)	
Beta desapalancada	0,80
% Deuda	11,9%
% Fondos propios	88,1%
Tipo impositivo	27,0%
Beta reapalancada	**0,88**

Fuente: Thomson Reuters, Capital IQ y KPMG Tax Survey.

Nota: La Beta se ha reapalancado utilizando la formula de Hamada: Beta desapalancada x [1+(1-Tipo impositivo) x (%Deuda/%Fondos propios)]

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Estimación de la tasa de descuento (13/13)

Tasa de descuento calculadas por diferentes analistas

A modo de contraste se ha realizado un análisis de las tasas de descuento estimadas por analistas bursátiles y se ha comparado con la tasa de descuento ponderada por división. Los resultados de ese análisis se detallan a continuación:

Analista	Fecha	WACC	g
Jefferies	25/07/2023	9,50%	2,50%
GVC Gaesco	25/07/2023	8,50%	n.a.
BNP Paribas	10/05/2023	8,00%	2,00%
UBS	14/09/2023	7,70%	2,00%
Santander	31/07/2023	6,90%	2,00%
JP Morgan	09/05/2023	11,50%	1,00%
Kepler Cheuvreux	15/09/2023	9,30%	2,00%
BofA	07/05/2023	n.a.	n.a.
Max		11,50%	2,50%
Percentil 75		9,40%	2,00%
Media		8,77%	1,92%
Mediana		8,50%	2,00%
Media ajustada		8,60%	2,00%
Percentil 25		7,85%	2,00%
Min		6,90%	1,00%

Fuente: Informes de analistas bursátiles obtenidos de Thomson Reuters.

	Energy & Industry	Automotive	Laboratories	IDIADA
WACC	9,1%	8,4%	8,5%	8,7%
Ponderación divisiones	35%	35%	14%	16%
WACC ponderada por división[1]		**8,7%**		

La tasa de crecimiento a perpetuidad ("g") aplicada es un 2,0% que se corresponde con la referencia de IPC a largo plazo de la Euro Zona según las indicaciones del Banco Central Europeo.

Conclusión

La tasa de descuento y la tasa de crecimiento a perpetuidad estimadas están en línea con las tasas de los analistas bursátiles.

Notas: (1) Ponderado de acuerdo al % de EBIT ajustado de cada una de las divisiones a junio 2023.
(2) Se ha excluido el WACC de BofA por considerarse una anomalía ya que dicho analista considera que Applus no cotiza basado en fundamentales.

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5.1.6. Deuda Financiera Neta

5.1.6. Deuda Financiera Neta

Deuda Financiera Neta

A continuación se muestra un detalle de la Deuda Financiera Neta a 30 de junio de 2023, obtenida de las cuentas intermedias a dicha fecha de la Sociedad:

Deuda Financiera Neta (DFN)		
Importes en millones de EUR	**30/06/2023**	
Saldos acreedores		
Obligaciones y deudas con entidades de crédito l/p	805,5	1
Obligaciones y deudas con entidades de crédito c/p	96,5	2
Subtotal saldos acreedores	***902,0***	
Saldos deudores		
Efectivo y otros activos líquidos equivalentes	174,6	3
Subtotal saldos deudores	***174,6***	
Deuda Financiera Neta (DFN)	**727,4**	

Fuente: análisis KPMG a partir de información histórica de Applus

1 Obligaciones y deudas con entidades de crédito a largo plazo

La estructura de la deuda del Grupo consolidado se compone, principalmente, de una parte de deuda bancaria y de colocaciones de deuda privada con inversores institucionales estadounidenses.

- La parte bancaria de la deuda asciende a 475,5M€.
- El importe de la colocación de deuda privada es de 330,0M€.

2 Obligaciones y deudas con entidades de crédito a corto plazo

Corresponde con un préstamo bilateral, intereses devengados, otros préstamos y pólizas de crédito.

3 Efectivo y otros activos líquidos equivalentes

Se corresponde con tesorería e inversiones fácilmente convertibles.

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5.1.7. Otros Activos y Pasivos

5.1.7. Otros Activos y Pasivos

Otros Activos y Pasivos (1/3)

A continuación se muestra un detalle de Otros Activos y Pasivos a 30 de junio 2023, obtenido de las cuentas intermedias a dicha fecha de la Sociedad, así como otra información facilitada durante el desarrollo de nuestro trabajo:

Otros activos y pasivos (OAP)		
Importes en millones de EUR	**30/06/2023**	
Saldos deudores		
Otras inversiones	3,3	1
Activos por impuesto diferido	39,2	2
Activos por impuesto corriente	12,9	3
Subtotal saldos deudores	***55,4***	
Saldos acreedores		
Provisiones a l/p	43,7	4
Pasivos financieros	23,0	5
Deuda no financiera l/p	96,1	6
Pasivos por impuesto corriente	18,8	7
Otros pasivos corrientes	30,4	8
Dividendos Applus	20,6	9
Subtotal saldos acreedores	***232,7***	
Otros activos y pasivos (OAP)	**(177,2)**	

Fuente: análisis KPMG a partir de información histórica de Applus

1 Otras inversiones

Inversiones en Indoor Climate Management (30% del accionariado).

2 Activos por impuesto diferido

Se corresponde con el valor presente de de los créditos fiscales por bases imponibles negativas y las deducciones y retenciones (ver detalle a continuación). El importe de balance asciende a 59,6M€.

3 Activos por impuesto corriente

Liquidaciones fiscales del Impuesto sobre Beneficios del ejercicio (ver punto número 7 para el pasivo asociado).

4 Provisiones a l/p

Se corresponden con obligaciones de personal y otros.

5 Pasivos financieros

Deudas por reversión, provisión por las fianzas en garantía de la reversión de terrenos sobre los que se encuentran determinadas estaciones de inspección técnica de vehículos (Auto Cataluña y Auto Galicia) y préstamos con entidades públicas.

6 Deuda no financiera

Earnouts pendientes de pago relacionados con las adquisiciones realizadas a largo plazo.

7 Pasivos por impuesto corriente

Liquidaciones fiscales del Impuesto sobre Beneficios del ejercicio.

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5.1.7. Otros Activos y Pasivos

Otros Activos y Pasivos (2/3)

A continuación se muestra un detalle de Otros Activos y Pasivos a 30 de junio 2023, obtenido de las cuentas intermedias a dicha fecha de la Sociedad, así como otra información facilitada durante el desarrollo de nuestro trabajo:

Otros activos y pasivos (OAP)		
Importes en millones de EUR	**30/06/2023**	
Saldos deudores		
Otras inversiones	3,3	1
Activos por impuesto diferido	39,2	2
Activos por impuesto corriente	12,9	3
Subtotal saldos deudores	***55,4***	
Saldos acreedores		
Provisiones a l/p	43,7	4
Pasivos financieros	23,0	5
Deuda no financiera l/p	96,1	6
Pasivos por impuesto corriente	18,8	7
Otros pasivos corrientes	30,4	8
Dividendos Applus	20,6	9
Subtotal saldos acreedores	***232,7***	
Otros activos y pasivos (OAP)	**(177,2)**	

Fuente: análisis KPMG a partir de información histórica de Applus

8 Otros pasivos corrientes

Pagos pendientes relacionados con los earnouts pactados a corto plazo.

9 Dividendos

Dividendos aprobados en mayo de 2023 a pagar en julio de 2023.

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Otros Activos y Pasivos (3/3)

A continuación se muestra un detalle del cálculo de los activos por impuesto diferido a 30 de junio 2023, obtenido de las cuentas intermedias a dicha fecha de la Sociedad, así como otra información facilitada durante el desarrollo de nuestro trabajo:

- Para el descuento se está teniendo en cuenta un periodo de diez años y un Ke ponderado de 9,4% resultado de la ponderación de los Ke estimados para cada línea de negocio y el % de EBIT de cada una de las líneas de negocio a 30 de junio 2023.

Cifras en millones de EUR											
Importe a descontar	**3,0**	**6,0**	**6,0**	**6,0**	**6,0**	**6,0**	**6,0**	**6,0**	**6,0**	**6,0**	**3,0**
K_e	9,4%	9,4%	9,4%	9,4%	9,4%	9,4%	9,4%	9,4%	9,4%	9,4%	9,4%
Periodo de descuento	0,2	1,0	2,0	3,0	4,0	5,0	6,0	7,0	8,0	9,0	10,0
Factor de descuento	0,98	0,91	0,83	0,76	0,70	0,64	0,58	0,53	0,49	0,44	0,41
Importe descontado	**2,9**	**5,4**	**5,0**	**4,5**	**4,2**	**3,8**	**3,5**	**3,2**	**2,9**	**2,6**	**1,2**
Sumatorio valor presente	**39,2**										

Fuente: análisis KPMG a partir de información histórica de Applus.

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5.1.8. Descuento de flujos de caja: Conclusión

5.1.8. Descuento de flujos de caja: Conclusión

Descuento de flujos de caja: Conclusión

Considerando todo lo anterior, concluimos que, el rango de valor por acción de Applus aplicando la metodología del descuento de flujos de caja es de 8,30 euros a 10,67 euros, que ha sido determinado de acuerdo con el análisis de sensibilidad combinado de la tasa de descuento y del crecimiento a perpetuidad para cada línea de negocio.

En relación con el análisis sobre la idoneidad y relevancia de este método, en base a nuestro juicio profesional, el sector en el que desarrolla su actividad Applus, así como el contexto de la transacción, consideramos este método muy adecuado para la estimación del valor de las acciones de Applus, dado que, en términos generales, el descuento de flujos de caja es un método generalmente aceptado por los expertos en valoración, tanto desde un punto de vista teórico como práctico, como uno de los métodos que más eficientemente incorpora el resultado de evaluar todos los factores que afectan al negocio, considerando la sociedad sujeta a valoración como un auténtico proyecto de inversión. Por tanto, consideramos los resultados de este método cómo la referencia más adecuada para la conclusión de este Informe.

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5.2. Múltiplos de compañías cotizadas comparables

5.2. Múltiplos de compañías cotizadas comparables

Muestra de compañías cotizadas comparables (1/10)

Descripción

El método de múltiplos de compañías cotizadas comparables consiste en estimar el valor de una sociedad basándose en múltiplos que se obtienen de la cotización de compañías cotizadas comparables.

Estos múltiplos se obtienen de calcular la relación entre el Enterprise Value o valor de los negocios de estas compañías cotizadas comparables y sus principales magnitudes financieras (fundamentalmente el EBITDA), y posteriormente se aplican estos múltiplos a las magnitudes financieras de la Sociedad objeto de valoración, teniendo en cuenta la evolución histórica del negocio y sus expectativas de evolución en el futuro.

Al valor obtenido debe agregarse o deducirse la deuda financiera neta (positiva o negativa) de la Sociedad a la fecha de valoración y, en su caso, el valor de otros activos y pasivos no considerados en el valor de los negocios para llegar al valor de las acciones. Evidentemente, la aplicación de este método requiere una muestra representativa de compañías cotizadas comparables, tanto en términos de negocio como financieros.

El múltiplo que hemos considerado para estimar el valor de Applus bajo este método es el EV/EBITDA, dónde:

- Enterprise Value (EV) = Capitalización de mercado + deuda financiera neta + intereses minoritarios - activos no operativos (en su caso).
- EBITDA = Beneficio operativo antes de intereses, tasas, impuestos, depreciación y amortización.

La elección del múltiplo de EV/EBITDA sobre otros múltiplos presenta la ventaja de que no está afectado por las posibles diferencias de criterio contable en la amortización entre diferentes compañías y geografías, que podría distorsionar el múltiplo de valoración implícito.

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Muestra de compañías cotizadas comparables (2/10)

Selección de la muestra de compañías cotizadas comparables aplicable a Applus

La muestra de compañías cotizadas comparables utilizada para estimar el valor de Applus a partir de la aplicación de múltiplos está basada en compañías cotizadas que operan en el sector TIC obtenidas a partir de Capital IQ e informes de analistas, habiendo sido seleccionadas en base a factores tales como presencia geográfica, tipo de producto y su situación económica y financiera.

El criterio de selección de la muestra de compañías cotizadas comparables ha sido como sigue:

- Muestra de empresas del sector Testing, Inspección y Certificación en el que desarrolla su actividad la Sociedad.
- Similar tipología de negocio y presencia geográfica que Applus.
- Que presenten un tamaño mínimo de capitalización bursátil.

		Número de compañías
1	Criterios de filtrado inicial: • Muestra de empresas del sector Testing, Inspección y Certificación en el que desarrolla su actividad la Sociedad.	16
2	• Similar tipología de negocio y presencia geográfica que Applus. • Que presenten un tamaño mínimo de capitalización bursátil.	5

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5.2. Múltiplos de compañías cotizadas comparables

Muestra de compañías cotizadas comparables (3/10)

Compañía	País	Negocios	Geografías(1)					Capitalización Bursátil ($_{31/12/23}$)	Margen EBITDA$_{22}$	CAGR Ventas$_{18-22}$	CAGR Ventas$_{23-25}$	Comparabilidad
Applus		AUT E&I LAB	Eur. 49%	Am. 28%	AP. 13%	AFR 10%	Resto -	1.278M€	12,8%	5,1%	5,0%	
Bureau Veritas		AUT E&I LAB	35%	28%	28%	9%	-	10.375M€	17,4%	4,2%	5,0%	✗
SGS		AUT E&I LAB	44%	21%	35%	-	-	14.354M€	18,0 %	(0,2)%	4,8%	✗
intertek		AUT E&I LAB	6%	30%	24%	-	40,0%	7.934M€	21,3%	3,3%	4,7%	✗
eurofins		AUT E&I LAB	52%	37%	-	-	11,0%	11.336M€	20,2%	15,4%	7,3%	✗
ALS		AUT E&I LAB	23%	38%	37%	2%	-	3.810M€	27,3%	9,2%	5,7%	✗

Leyenda (1):
Eur: Europa.
Am: América.
AP: Asia Pacífico.
AFR: África.

Fuente: Capital IQ.

Comparabilidad de la muestra de cotizadas

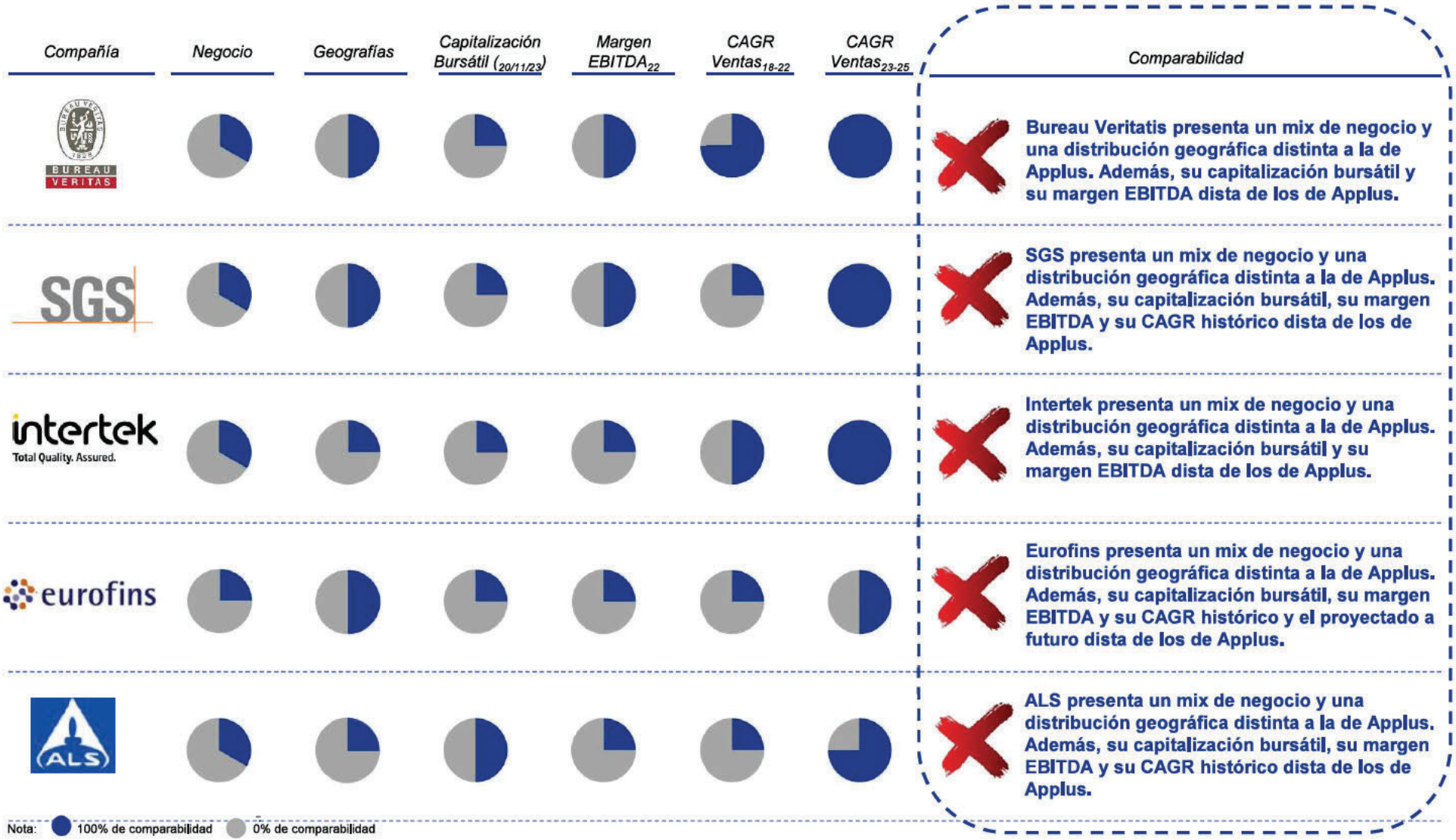
Las compañías cotizadas comparables presentan un mix de negocio que difiere respecto al de Applus. Por ejemplo, en la mayoría de las comparables la división equivalente a Laboratories, con márgenes superiores a la media del mix de Applus, presenta una proporción mayor del total de su negocio. Como ejemplo adicional, la división de E&I en Applus representa una mayor proporción de su negocio total comparado con las empresas cotizadas, siendo una división con márgenes inferiores a la media del mix de Applus. Por otra parte, la presencia geográfica de la muestra de comparables es muy dispar y difiere con la de Applus. El tamaño de la capitalización bursátil de la muestra también presenta una gran dispersión, siendo Applus la de menor capitalización. Como resultado se observa que el margen EBITDA de Applus es significativamente inferior a los márgenes del resto de compañías cotizadas. Ver detalle de comparabilidad individualizada por compañía en la página siguiente.

Por todo lo anterior, consideramos que la muestra no presenta la suficiente comparabilidad.

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Muestra de compañías cotizadas comparables (4/10)



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Muestra de compañías cotizadas comparables (5/10)

Detalle de la muestra de compañías cotizadas comparables

Un detalle de los múltiplos de compañías cotizadas comparables es como sigue:

Grupo de compañías cotizadas comparables | Múltiplos					
		EV / EBITDA			
Compañía	**País**	**2020H**	**2021H**	**2022H**	**2023H**
Bureau Veritas SA	Francia	16,5x	16,1x	12,4x	11,7x
SGS SA	Suiza	20,9x	19,5x	15,4x	13,7x
Intertek Group plc	Reino Unido	16,3x	15,8x	10,7x	10,8x
Eurofins Scientific SE	Luxemburgo	11,6x	12,9x	11,3x	11,5x
ALS Limited	Australia	14,5x	16,0x	9,5x	12,8x
Estadísticas					
Máximo		20,9x	19,5x	15,4x	13,7x
Percentil 75		16,5x	16,1x	12,4x	12,8x
Media		16,0x	16,1x	11,8x	12,1x
Media ajustada		15,8x	15,9x	11,5x	12,0x
Mediana		16,3x	16,0x	11,3x	11,7x
Percentil 25		14,5x	15,8x	10,7x	11,5x
Mínimo		11,6x	12,9x	9,5x	10,8x
Applus Services, S.A.	España	5,8x	7,7x	6,1x	7,7x

Fuente: Capital IQ.

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Muestra de compañías cotizadas comparables (6/10)

Principales magnitudes financieras de la muestra de compañías cotizadas comparables (1/2)

La tabla que se muestran a continuación contienen una evolución del crecimiento de ventas de las compañías cotizadas comparables:

Grupo de compañías cotizadas comparables | Magnitudes financieras											
		Crecimiento de ventas (%)									
Compañía	País	2018H	2019H	2020H	2021H	2022H	2023E	2024E	2025E	CAGR 18-22	CAGR 23-25
Bureau Veritas SA	Francia	2,3%	6,3%	(9,8%)	8,3%	13,4%	3,6%	4,5%	5,0%	4,2%	4,8%
SGS SA	Suiza	5,6%	(1,6%)	(15,1%)	14,3%	3,7%	0,9%	4,1%	5,2%	(0,2)%	4,7%
Intertek Group plc	Reino Unido	1,2%	6,6%	(8,2%)	1,6%	14,6%	4,2%	4,5%	5,2%	3,3%	4,8%
Eurofins Scientific SE	Luxemburgo	27,2%	20,7%	19,2%	23,5%	(0,1%)	(2,9%)	7,4%	7,4%	15,4%	7,4%
ALS Limited	Australia	15,2%	12,1%	(2,1%)	14,5%	13,2%	n.a.	9,1%	5,0%	9,2%	7,0%
Estadísticas											
Máximo		27,2%	20,7%	19,2%	23,5%	14,6%	4,2%	9,1%	7,4%	15,4%	7,4%
Percentil 75		15,2%	12,1%	(2,1%)	14,5%	13,4%	3,8%	7,4%	5,2%	9,2%	7,0%
Media		10,3%	8,8%	(3,2%)	12,4%	9,0%	1,5%	5,9%	5,6%	5,4%	5,6%
Media ajustada		7,7%	8,4%	(6,7%)	12,3%	10,1%	2,2%	5,5%	5,1%	8,0%	5,9%
Mediana		5,6%	6,6%	(8,2%)	14,3%	13,2%	2,2%	4,5%	5,2%	10,6%	4,8%
Percentil 25		2,3%	6,3%	(9,8%)	8,3%	3,7%	(0,1%)	4,5%	5,0%	3,3%	4,8%
Mínimo		1,2%	(1,6%)	(15,1%)	1,6%	(0,1%)	(2,9%)	4,1%	5,0%	(0,2%)	4,7%
Applus Services, S.A.	España	n.a.	6,1%	(12,4%)	14,1%	15,4%	1,4%	4,2%	4,8%	5,2%	3,7%

Fuente: Capital IQ.

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Muestra de compañías cotizadas comparables (7/10)

Principales magnitudes financieras de la muestra de compañías cotizadas comparables (2/2)

La tabla que se muestran a continuación contienen una evolución del margen EBITDA de las compañías cotizadas comparables:

Grupo de compañías cotizadas comparables | Magnitudes financieras

		Margen EBITDA (% de ventas)								
Compañía	**País**	**2018H**	**2019H**	**2020H**	**2021H**	**2022H**	**2023E**	**2024E**	**2025E**	**Margen promedio (18-25)**
Bureau Veritas SA	Francia	17,5%	18,4%	14,6%	17,8%	17,4%	19,9%	20,1%	20,3%	18,2%
SGS SA	Suiza	18,2%	17,7%	18,5%	19,7%	18,0%	22,8%	23,0%	23,1%	20,1%
Intertek Group plc	Reino Unido	19,9%	22,8%	21,3%	22,4%	21,3%	22,0%	22,4%	22,7%	21,9%
Eurofins Scientific SE	Luxemburgo	18,7%	17,4%	23,4%	26,0%	20,2%	20,0%	20,9%	21,4%	21,0%
ALS Limited	Australia	20,8%	20,8%	20,6%	22,4%	27,3%	27,0%	26,0%	26,1%	23,9%
Estadísticas										
Máximo		20,8%	22,8%	23,4%	26,0%	27,3%	27,0%	26,0%	26,1%	23,9%
Percentil 75		19,9%	20,8%	21,3%	22,4%	21,3%	22,8%	23,0%	23,1%	21,9%
Media		19,0%	19,4%	19,7%	21,7%	20,8%	22,3%	22,5%	22,7%	21,0%
Media ajustada		18,9%	19,0%	20,1%	21,5%	19,8%	21,6%	22,1%	22,4%	21,0%
Mediana		18,7%	18,4%	20,6%	22,4%	20,2%	22,0%	22,4%	22,7%	21,0%
Percentil 25		18,2%	17,7%	18,5%	19,7%	18,0%	20,0%	20,9%	21,4%	20,1%
Mínimo		17,5%	17,4%	14,6%	17,8%	17,4%	19,9%	20,1%	20,3%	18,2%
Applus Services, S.A.	España	n.a.	13,6%	10,6%	12,7%	12,7%	16,3%	16,7%	17,1%	14,2%

Nota: El margen promedio de Applus se corresponde con el periodo 2019H-2025E.

Fuente: Capital IQ.

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Muestra de compañías cotizadas comparables (8/10)

Resultados obtenidos de la aplicación de esta metodología

Un resumen de los resultados obtenidos de la aplicación de esta metodología se muestra a continuación:

	Múltiplos de cotizadas comparables	EV/EBITDA		
		Rango bajo [1]	Rango medio [2]	Rango alto [3]
	Importes en millones de euros			
1	**Múltiplo (x)**	**11,6x**	**12,1x**	**12,6x**
2	EBITDA Pre IFRS16 (sin IDIADA)	194,3	194,3	194,3
3	EBITDA Pre IFRS16 (con IDIADA)	239,3	239,3	239,3
4	Flujo descontado de IDIADA sin renovación	16,5	16,5	16,5
5	Inversión necesaria para la renovación de IDIADA	(153,2)	(153,2)	(153,2)
6a	EV (sin renovación IDIADA)	2.271	2.368	2.465
6b	EV (con renovación IDIADA)	2.623	2.743	2.862
	Enterprise Value promedio (EV) Applus	**2.447**	**2.555**	**2.664**
	Deuda Financiera Neta (DFN)	(727,4)	(727,4)	(727,4)
	Otros Activos y Pasivos (OAPs)	(177,2)	(177,2)	(177,2)
	Minoritarios[4]	(186,6)	(194,8)	(203,1)
	Equity Value (EqV) Applus	**1.355,8**	**1.455,9**	**1.556,1**
	Número de acciones (netas autocartera)	128.927.136	128.927.136	128.927.136
	Valor por acción de Applus (EUR)	**10,52**	**11,29**	**12,07**

Notas: (1) Rango bajo = Rango medio – 0,5x.
(2) Rango medio construido con la Media del 2023H.
(3) Rango alto = Rango medio +0,5x.
(4) Los valores de los minoritarios consideran el porcentaje sobre el Enterprise Value de los minoritarios del valor central del DCF.

Fuente: Capital IQ y Cuentas intermedias de la Sociedad y análisis KPMG basado en la información histórica pública de Applus, el Budget 2023 proporcionado por Apollo en la VDR, el informe de Due Diligence Financiera elaborado por PwC y el Plan Estratégico 2024E elaborado por Applus.

Cálculos realizados para la estimación del precio por acción

Para la estimación del EV de Applus se han tenido en cuenta dos escenarios.

Primer escenario:

- Se ha considerado la no renovación de la concesión del circuito de pruebas de IDIADA. Por lo tanto, el EBITDA utilizado para el múltiplo es el EBITDA 2022PR de la Sociedad sin el EBITDA correspondiente a la línea de negocio de IDIADA de dicho año (194,3M€).
- Adicionalmente, en este escenario se ha tenido en cuenta el flujo de caja que será capaz de generar IDIADA hasta el final de la concesión en 2024, que asciende a 16,5M€. Este importe está compuesto por los flujos pendientes de recibir descontados a valor presente, que suman 20,9M€, el valor de la participación en la compañía Karco, que asciende a 6,6M€ y un ajuste negativo de caja de (11,0)M€ debido al efectivo generado por IDIADA correspondiente al accionista minoritario (la Generalitat de Cataluña).

Escenario 1

$$(1 \times 2) + 4 = 6a$$

Segundo escenario:

- Se ha considerado la renovación de dicha concesión el 1 de octubre de 2024. Por lo tanto, el EBITDA utilizado para el múltiplo es el EBITDA 2022PR de la Sociedad considerando todas las líneas de negocio de Applus (239,3M€).
- Adicionalmente, se ha tenido en cuenta el valor presente del coste de renovación de dicha concesión. Para su estimación se ha calculado una TIR implícita exigiéndole una rentabilidad igual al doble de la WACC estimada para IDIADA, resultando en un coste de renovación de 170,1M€. Debido a que el desembolso de este importe ocurriría al finalizarse la concesión actual, es decir, en octubre de 2024, hemos actualizado el valor presente de dicho pago, resultado en (153,2)M€.

Escenario 2

$$(1 \times 3) + 5 = 6b$$

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Muestra de compañías cotizadas comparables (9/10)

Resultados obtenidos de la aplicación de esta metodología

Un resumen de los resultados obtenidos de la aplicación de esta metodología se muestra a continuación:

	Múltiplos de cotizadas comparables	EV/EBITDA		
		Rango bajo [1]	Rango medio [2]	Rango alto [3]
	Importes en millones de euros			
	Múltiplo (x)	**11,6x**	**12,1x**	**12,6x**
	EBITDA Pre IFRS16 (sin IDIADA)	194,3	194,3	194,3
	EBITDA Pre IFRS16 (con IDIADA)	239,3	239,3	239,3
	Flujo descontado de IDIADA sin renovación	16,5	16,5	16,5
	Inversión necesaria para la renovación de IDIADA	(153,2)	(153,2)	(153,2)
6a	EV (sin renovación IDIADA)	2.271	2.368	2.465
6b	EV (con renovación IDIADA)	2.623	2.743	2.862
7	**Enterprise Value promedio (EV) Applus**	**2.447**	**2.555**	**2.664**
8a	Deuda Financiera Neta (DFN)	(727,4)	(727,4)	(727,4)
8b	Otros Activos y Pasivos (OAPs)	(177,2)	(177,2)	(177,2)
8c	Minoritarios [4]	(186,6)	(194,8)	(203,1)
9	**Equity Value (EqV) Applus**	**1.355,8**	**1.455,9**	**1.556,1**
	Número de acciones (netas autocartera)	128.927.136	128.927.136	128.927.136
10	**Valor por acción de Applus (EUR)**	**10,52**	**11,29**	**12,07**

Notas: (1) Rango bajo = Rango medio – 0,5x.
(2) Rango medio construido con la Media del 2023H.
(3) Rango alto = Rango medio +0,5x.
(4) Los valores de los minoritarios consideran el porcentaje sobre el Enterprise Value de los minoritarios del valor central del DCF.

Fuente: Capital IQ y Cuentas intermedias de la Sociedad y análisis KPMG basado en la información histórica pública de Applus, el Budget 2023 proporcionado por Apollo en la VDR, el informe de Due Diligence Financiera elaborado por PwC y el Plan Estratégico 2024E elaborado por Applus.

Cálculos realizados para la estimación del precio por acción (cont.)

- Del mismo modo que en la metodología de DCF, se está considerando una probabilidad de renovación del 50% para la concesión de IDIADA, y por tanto, ambos escenarios se han ponderado por dicho porcentaje para la obtención de un Enterprise Value promedio.

Enterprise Value promedio

(6a + 6b) × 50% = 7

- Sobre el Enterprise Value promedio calculado, se ha deducido la Deuda Financiera Neta a Fecha de Valoración, el valor de Otros Activos y Pasivos no considerados en el valor del negocio, y el valor correspondiente a los Minoritarios, obteniendo con todo ello el valor total de las acciones de la empresa (Equity Value).

Equity Value

7 + 8a + 8b + 8c = 9

- Finalmente, el Equity Value calculado se dividide entre el numero de acciones en circulación (sin considerar aquellas que se encuentran en autocartera) para obtener el precio por acción en euros.

Precio por acción

9 ÷ Nº de acciones = 10

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Muestra de compañías cotizadas comparables (10/10)

Análisis de resultados y relevancia

KPMG ha seleccionado el múltiplo de EV/EBITDA en lugar de otros múltiplos ya que presenta la ventaja de que no está afectado por las posibles diferencias de criterios contables.

La aplicación de este método arrojaría un rango de valoración de entre 10,52 euros y 12,07 euros por acción.

En relación con el análisis de relevancia de este método, KPMG considera que la muestra analizada presenta diferencias con Applus en términos de expectativas de crecimiento, tipología y vida útil de las concesiones, operaciones corporativas, rentabilidad, mix de negocio, estructura operativa y financiera, así como otros factores.

Por todo ello, teniendo en cuenta la dificultad del múltiplo para recoger adecuadamente las perspectivas futuras de Applus dado que cada activo concesional tiene una serie de particularidades (diferentes mecanismos de pago, exposición a riesgo de demanda y riesgo de pagador, período concesional, etc.), y el resto de limitaciones de comparabilidad mencionadas anteriormente, KPMG considera que este método no es adecuado para ninguna finalidad: ni para valorar Applus ni como método de contraste de otras metodologías.

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5.3. Múltiplos de transacciones precedentes comparables

Múltiplos de transacciones precedentes (1/6)

Descripción

El método de múltiplos de transacciones precedentes consiste en estimar el valor de una sociedad basándose en múltiplos que se obtienen de transacciones de compañías comparables.

Estos múltiplos se obtienen de calcular la relación entre el Enterprise Value o valor de los negocios implícito en las transacciones precedentes y sus principales magnitudes financieras (fundamentalmente el EBITDA), y posteriormente se aplican estos múltiplos a las magnitudes financieras de la compañía objeto de valoración, teniendo en cuenta la evolución histórica del negocio y sus expectativas de evolución en el futuro.

Al valor obtenido debe agregarse o deducirse la Deuda Financiera Neta (positiva o negativa) de la compañía a la fecha de valoración y, en su caso, el valor de Otros Activos y Pasivos no considerados en el valor de los negocios para llegar al valor de las acciones. Evidentemente, la aplicación de este método requiere una muestra representativa de transacciones precedentes de compañías que sean comparables, tanto en términos de negocio como financieros.

El múltiplo que hemos considerado para estimar el valor de Applus bajo este método es el EV/EBITDA, dónde:

- Enterprise Value (EV) = Importe de la transacción (acciones) + Deuda Financiera Neta + intereses minoritarios - activos no operativos (en su caso).
- EBITDA = Beneficio operativo antes de intereses, tasas, impuestos, depreciación y amortización.

La elección del múltiplo de EV/EBITDA sobre otros múltiplos presenta la ventaja de no estar afectado por las posibles diferencias de criterio contable en la amortización entre diferentes compañías y geografías, que podría distorsionar el múltiplo de valoración implícito.

Selección de la muestra de transacciones precedentes aplicable

La muestra de transacciones precedentes de compañías comparables utilizada para estimar el valor de Applus está basada en transacciones completadas en el período comprendido entre 2020 y 2023, a nivel nacional e internacional, de compañías cuya actividad principal se desarrolla en el sector TIC, transacciones de paquetes mayoritarios de acciones y transacciones de las que se disponga de información pública respecto al precio pagado en la transacción y/o los múltiplos implícitos, y que han sido obtenidas de Mergermarket, S&P Capital IQ e información de Applus proporcionada por el Cliente a través del VDR.

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Múltiplos de transacciones precedentes (2/6)

Resultados obtenidos de la aplicación de esta metodología

Un resumen de los resultados obtenidos de la aplicación de esta metodología se muestra a continuación:

	Transacciones precedentes comparables	EV/EBITDA		
		Rango bajo [1]	Rango medio [2]	Rango alto [3]
	Importes en millones de EUR			
1	**Múltiplo (x)**	**13,8x**	**14,5x**	**14,8x**
2	EBITDA Pre IFRS16 (sin IDIADA)	194,3	194,3	194,3
3	EBITDA Pre IFRS16 (con IDIADA)	239,3	239,3	239,3
4	Flujo descontado de IDIADA sin renovación	16,5	16,5	16,5
5	Inversión necesaria para la renovación de IDIADA	(153,2)	(153,2)	(153,2)
6a	EV (sin renovación IDIADA)	2.688,7	2.825,8	2.886,8
6b	EV (con renovación IDIADA)	3.137,7	3.306,5	3.381,7
	Enterprise Value promedio (EV) Applus	**2.913,2**	**3.066,2**	**3.134,2**
	Deuda Financiera Neta (DFN)	(727,4)	(727,4)	(727,4)
	Otros Activos y Pasivos (OAPs)	(177,2)	(177,2)	(177,2)
	Minoritarios[4]	(222,1)	(233,8)	(239,0)
	Equity value (EqV) Applus	**1.786,5**	**1.927,7**	**1.990,6**
	Número de acciones (netas de autocartera)	128.927.136	128.927.136	128.927.136
	Valor por acción de Applus (EUR)	**13,86**	**14,95**	**15,44**

Notas: (1) Rango bajo construido con la Mediana.
(2) Rango medio construido con la Media ajustada, la cual no considera el mínimo y el máximo de la muestra de transacciones comparables.
(3) Rango alto construido con la Media.
(4) Los valores de los minoritarios consideran el porcentaje sobre el Enterprise Value de los minoritarios del valor central del DCF.

Fuente: Mergermarket, Capital IQ y Cuentas intermedias de la Sociedad y análisis KPMG basado en la información histórica pública de Applus, el Budget 2023 proporcionado por Apollo en la VDR, el informe de Due Diligence Financiera elaborado por PwC y el Plan Estratégico 2024E elaborado por Applus.

Cálculos realizados para la estimación del precio por acción

Para la estimación del EV de Applus se han tenido en cuenta dos escenarios.

Primer escenario:

- Se ha considerado la no renovación de la concesión del circuito de pruebas de IDIADA. Por lo tanto, el EBITDA utilizado para el múltiplo es el EBITDA 2022PR de la Sociedad sin el EBITDA correspondiente a la línea de negocio de IDIADA de dicho año (194,3M€).
- Adicionalmente, en este escenario se ha tenido en cuenta el flujo de caja que será capaz de generar IDIADA hasta el final de la concesión en 2024, que asciende a 16,5M€. Este importe está compuesto por los flujos pendientes de recibir descontados a valor presente, que suman 20,9M€, el valor de la participación en la compañía Karco, que asciende a 6,6M€ y un ajuste negativo de caja de (11,0)M€ debido al efectivo generado por IDIADA correspondiente al accionista minoritario (la Generalitat de Cataluña).

Escenario 1

$$(1 \times 2) + 4 = 6a$$

Segundo escenario:

- Se ha considerado la renovación de dicha concesión el 1 de octubre de 2024. Por lo tanto, el EBITDA utilizado para el múltiplo es el EBITDA 2022PR de la Sociedad considerando todas las líneas de negocio de Applus (239,3M€).
- Adicionalmente, se ha tenido en cuenta el valor presente del coste de renovación de dicha concesión. Para su estimación se ha calculado una TIR implícita exigiéndole una rentabilidad igual al doble de la WACC estimada para IDIADA, resultando en un coste de renovación de 170,1M€. Debido a que el desembolso de este importe ocurriría al finalizarse la concesión actual, es decir, en octubre de 2024, hemos actualizado el valor presente de dicho pago, resultado en (153,2)M€.

Escenario 2

$$(1 \times 3) + 5 = 6b$$

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Múltiplos de transacciones precedentes (3/6)

Resultados obtenidos de la aplicación de esta metodología

Un resumen de los resultados obtenidos de la aplicación de esta metodología se muestra a continuación:

	Transacciones precedentes comparables	EV/EBITDA		
		Rango bajo (1)	Rango medio (2)	Rango alto (3)
	Importes en millones de EUR			
	Múltiplo (x)	**13,8x**	**14,5x**	**14,8x**
	EBITDA Pre IFRS16 (sin IDIADA)	194,3	194,3	194,3
	EBITDA Pre IFRS16 (con IDIADA)	239,3	239,3	239,3
	Flujo descontado de IDIADA sin renovación	16,5	16,5	16,5
	Inversión necesaria para la renovación de IDIADA	(153,2)	(153,2)	(153,2)
6a	EV (sin renovación IDIADA)	2.688,7	2.825,8	2.886,8
6b	EV (con renovación IDIADA)	3.137,7	3.306,5	3.381,7
7	**Enterprise Value promedio (EV) Applus**	**2.913,2**	**3.066,2**	**3.134,2**
8a	Deuda Financiera Neta (DFN)	(727,4)	(727,4)	(727,4)
8b	Otros Activos y Pasivos (OAPs)	(177,2)	(177,2)	(177,2)
8c	Minoritarios(4)	(222,1)	(233,8)	(239,0)
9	**Equity value (EqV) Applus**	**1.786,5**	**1.927,7**	**1.990,6**
	Número de acciones (netas de autocartera)	128.927.136	128.927.136	128.927.136
10	**Valor por acción de Applus (EUR)**	**13,86**	**14,95**	**15,44**

Notas: (1) Rango bajo construido con la Mediana.
(2) Rango medio construido con la Media ajustada, la cual no considera el mínimo y el máximo de la muestra de transacciones comparables.
(3) Rango alto construido con la Media.
(4) Los valores de los minoritarios consideran el porcentaje sobre el Enterprise Value de los minoritarios del valor central del DCF.

Fuente: Mergermarket, Capital IQ y Cuentas intermedias de la Sociedad y análisis KPMG basado en la información histórica pública de Applus, el Budget 2023 proporcionado por Apollo en la VDR, el informe de Due Diligence Financiera elaborado por PwC y el Plan Estratégico 2024E elaborado por Applus.

Cálculos realizados para la estimación del precio por acción (cont.)

- Del mismo modo que en la metodología de DCF, se está considerando una probabilidad de renovación del 50% para la concesión de IDIADA, y por tanto, ambos escenarios se han ponderado por dicho porcentaje para la obtención de un Enterprise Value promedio.

Enterprise Value promedio

$$(6a + 6b) \times 50\% = 7$$

- Sobre el Enterprise Value promedio calculado, se ha deducido la Deuda Financiera Neta a Fecha de Valoración, el valor de Otros Activos y Pasivos no considerados en el valor del negocio, y el valor correspondiente a los Minoritarios, obteniendo con todo ello el valor total de las acciones de la empresa (Equity Value).

Equity Value

$$7 + 8a + 8b + 8c = 9$$

- Finalmente, el Equity Value calculado se dividide entre el numero de acciones en circulación (sin considerar aquellas que se encuentran en autocartera) para obtener el precio por acción en euros.

Precio por acción

$$9 \div \text{Nº de acciones} = 10$$

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5.3. Múltiplos de transacciones precedentes comparables

Múltiplos de transacciones precedentes (4/6)

Detalle de la muestra de transacciones precedentes (1/2):

Fecha	Empresa adquirida	País	Descripción del target	Comprador	Participación (%)	EV (€m)	EBITDA* (€m)	Margen EBITDA (%)	EV / EBITDA
12-06-23	Rescoll SARL	Francia	Sociedad tecnológica líder en I+D y ensayos de materiales con sede en Francia que apoya el desarrollo de los sectores médico, aeroespacial, industrial y energético.	Applus Services, S.A.	100	54,3	5,9	27,8%	9,2x
27-09-22	National Technical Systems, Inc	Estados Unidos	Proveedor estadounidense de servicios de pruebas de cualificación, inspección y soluciones de certificación.	Element Materials Technology	100	600,0	42,9	n.a.	14,0x
05-07-22	Corporativa de Servicios Grupo Itevelesa	España	Proveedor español de servicios de inspección de automóviles que también presta servicios de especificaciones técnicas e industriales	DIF Management B.V.	100	350,0	30,0	33,8%	11,7x
04-07-22	AMTIVO Group	Reino Unido	Empresa británica dedicada a la prestación de servicios de auditoría de certificación y servicios de consultoría, a través de su cartera de empresas.	Charterhouse capital Partners	100	200,0	11,8	n.a.	17,0x
23-06-22	Technical Safety Services LLC	Estados Unidos	Empresa estadounidense dedicada a la producción de suministros y equipos de seguridad para los mercados de la industria, el medio ambiente y las ciencias de la vida.	Lavine Leitchman capital Partners	100	800,0	32,0	n.a.	25,0x
09-03-22	Alcumus Group Ltd	Reino Unido	Proveedor británico de soluciones informáticas en el sector de la gestión de riesgos	Apax Partners LPP	100	700,0	35,0	n.a.	20,0x
25-01-22	Element Materials Technology	Reino Unido	Empresa con sede en el Reino Unido que posee y gestiona una red de laboratorios que ofrecen ensayos de materiales, ensayos de cualificación de productos y servicios de consultoría y análisis de fallos.	Temasek Holdings Pte. Ltd.	n.a.	6.196,9	326,2	n.a.	19,0x
17-12-21	Intega Group Limited	Australia	Empresa australiana proveedora de ensayos de materiales de construcción, topografía subterránea y servicios de ingeniería.	Kiwa N.V.	100	293,0	28,8	11,5%	10,2x
29-04-21	GBA Gesellschaft fuer Bioanalytik	Alemania	Proveedor de servicios de laboratorio de pruebas.	Ardian, S.A.	100	400,0	29,6	n.a.	13,5x
02-02-21	Millbrook Proving Ground Limited	Reino Unido	Proveedor británico de servicios de ensayo, validación e ingeniería de vehículos, principalmente para los mercados de automoción y afines, como neumáticos, petroquímica, defensa y seguridad.	UTAC CERAM	100	129,4	12,2	n.a.	10,6x
31-12-20	SYNLAB Analytics & Services	Alemania	Empresa alemana que presta servicios de inspección, verificación, ensayo y certificación y otros servicios de laboratorio para las industrias medioambiental, alimentaria y química, entre otras.	SGS SA	100	550,0	34,0	16,8%	16,2x
11-11-20	Besikta Bilprovning i Sverige AB	Suecia	Empresa sueca de inspección de vehículos	Applus Services, S.A.	100	101,3	8,8	14,9%	11,5x
30-09-20	Reliable Analysis	Estados Unidos	Empresa estadounidense de ensayos mecánicos, físicos, metalúrgicos y de ciclo de vida, así como de moldeo y análisis de fallos para la industria del automóvil.	Applus Services, S.A.	100	67,3	6,8	25,7%	9,9x

Notas: EBITDA: Earnings before Interest, Taxes, Depreciation and Amortization - Resultados antes de intereses, impuestos y amortizaciones.
n.a.: no disponible debido a falta de información.

Fuente: Mergermarket, S&P Capital IQ, información financiera pública e información proporcionada por el Cliente sobre transacciones precedentes de Applus.

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Múltiplos de transacciones precedentes (5/6)

Detalle de la muestra de transacciones precedentes (2/2):

Fecha	Empresa adquirida	País	Descripción del target	Comprador	Participación (%)	EV (€m)	EBITDA* (€m)	Margen EBITDA (%)	EV / EBITDA
30-09-20	UTAC CERAM	Francia	Proveedor francés de servicios de ensayo y certificación de vehículos	Eurazeo Mid Cap SA	100	80,0	n.a.	n.a.	n.a.
30-09-20	Normec Group	Países Bajos	Empresa neerlandesa de servicios de ensayo, inspección y certificación	Astorg Partners SA	100	350,0	24,0	24,5%	14,6x
20-07-20	Enhesa, S.A	Bélgica	Proveedor belga de servicios de garantía de cumplimiento de la normativa sobre medio ambiente, salud y seguridad	CGE Partners LLP	100	200,0	8,0	n.a.	25,0x
13-01-20	Opus Group AB	Suecia	Empresa sueca que ofrece productos y servicios para pruebas medioambientales y de seguridad de vehículos.	Searchlight-Gellen consortium	100	444,3	49,7	20,0%	8,9x
Máximo									25,0x
Percentil 75									17,5x
Media									**14,8x**
Media ajustada [1]									**14,5x**
Mediana									**13,8x**
Percentil 25									10,5x
Mínimo									8,9x

Notas: La media ajustada no considera ni el mínimo ni el máximo de la muestra.
EBITDA: Earnings before Interest, Taxes, Depreciation and Amortization - Resultados antes de intereses, impuestos y amortizaciones.
n.a.: no disponible debido a falta de información.

Fuente: Mergermarket, S&P Capital IQ, información financiera pública e información proporcionada por el Cliente sobre transacciones precedentes de Applus

Comparabilidad de la muestra de transacciones precedentes.

A continuación se detalla los motivos por los que se considera que la muestra de transacciones precedentes no es comparable con Applus:

- Las compañías concentran su negocio en una o varias de las líneas de negocio en las que opera Applus pero no presentan un mix de negocio comparable a Applus en su conjunto. Por ejemplo, hay transacciones de compañías que tienen actividades comparables a negocios particulares de la división de Laboratories de Applus, pero no están presentes en el resto de líneas de negocio (RPI, Oil & Gas, Automotive o IDIADA).
- La presencia geográfica de las compañías difiere a la de Applus que tiene una presencia muy atomizada en diferentes geografías de todo el mundo.
- Los márgenes EBITDA de las compañías transaccionadas no son comparables al tener una distribución geográfica y un mix de negocio especifico.
- Las transacciones presentan una gran dispersión en tamaño, no siendo comparables al de Applus.

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Múltiplos de transacciones precedentes (6/6)

Análisis de resultados y relevancia

KPMG ha seleccionado el múltiplo de EV/EBITDA en lugar de otros múltiplos ya que presenta la ventaja de que no está afectado por las posibles diferencias de criterios contables.

La aplicación de este método arrojaría un rango de valoración de entre 13,86 euros y 15,44 euros por acción.

En relación con el análisis de relevancia de este método, KPMG considera que la muestra analizada presenta diferencias con Applus en términos de expectativas de crecimiento, tipología y vida útil de las concesiones, operaciones corporativas, rentabilidad, mix de negocio, estructura operativa y financiera, así como otros factores.

Asimismo, debe tenerse en consideración que en el contexto de un mercado abierto, pueden existir precios diferentes para un negocio en particular debido a factores subjetivos como el poder de negociación entre las partes o a distintas percepciones de las perspectivas futuras del negocio. En este sentido, los potenciales compradores podrían tener en consideración, en la determinación del precio a pagar, ciertas sinergias positivas o negativas tales como ahorro de costes, expectativas de incremento o decrecimiento en su cifra de negocios, efectos fiscales y otras sinergias.

Por último, teniendo en cuenta la dificultad del múltiplo para recoger adecuadamente las perspectivas futuras de Applus dado que cada activo concesional tiene una serie de particularidades (diferentes mecanismos de pago, exposición a riesgo de demanda y riesgo de pagador, período concesional, etc.) y el resto de limitaciones de comparabilidad mencionadas anteriormente, KPMG considera que este método no es adecuado para ninguna finalidad: ni para valorar Applus ni como método de contraste de otras metodologías.

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5.4. Informes de analistas: Precio objetivo

Informes de analistas: Precio objetivo (1/5)

Informes de analistas financieros de Applus

Durante el desarrollo de nuestro trabajo hemos considerado los informes de cobertura de analistas financieros sobre Applus.

- Opinión previa al anuncio de la información privilegiada del 5 de mayo: confianza en la mejora de la evolución de las ventas y EBITDA de 2022, apoyado por una rotación de portfolio que incluye la venta de activos no estratégicos y con poco margen operativo y la adquisición de negocios para mejorar el margen de la Sociedad que en la actualidad se sitúa por debajo de los márgenes de compañías cotizadas comparables del sector TIC. Además la Sociedad está inmersa en un programa de mejora operativa para reducir duplicidades y continuar mejorando márgenes. La finalización de contratos como el de Costa Rica, Alicante o la potencial renovación de IDIADA generan cierta incertidumbre sobre la cotización junto con un entorno de mayores tipos de interés que pueden perjudicar a la Sociedad.
- Opinión posterior al anuncio de la información privilegiada del 5 de mayo: tras el anuncio de la información privilegiada la mayoría de analistas modificaron su percepción de la Sociedad incrementando sus precios objetivos. UBS, BNP Paribas, Jefferies, BofA, Kepler Cheuvreux y JP Morgan modificaron sus valoraciones respecto a Applus.

Precios previos al anuncio de la información privilegiada del 5 de mayo (2)

Fecha	Analista	Precio objetivo
04/05/2023	UBS	9,75
03/05/2023	Banco Santander	12,80
14/04/2023	JP Morgan	7,50
31/03/2023	GVC Gaesco	10,50
30/03/2023	Kepler Cheuvreux	10,50
20/03/2023	Jefferies	8,00
27/02/2023	Barclays	9,50
28/02/2023	Bank of America	5,75
27/02/2023	BNP Paribas	8,50
Max		12,80
Percentil 75		10,50
Media		9,20
Mediana		9,50
Media ajustada (1)		**9,18**
Percentil 25		8,00
Min		5,75

Fuente: Informes de analistas.

Precios posteriores al anuncio de la información privilegiada del 5 de mayo (2)

Fecha	Analista	Precio objetivo
15/09/2023	GVC Gaesco	10,50
14/09/2023	UBS	11,50
14/09/2023	Kepler Cheuvreux	11,10
01/09/2023	JP Morgan (3)	n.a.
28/06/2023	Jefferies	9,50
26/07/2023	Barclays	9,50
19/07/2023	Banco Santander	12,80
10/05/2023	BNP Paribas	11,20
10/05/2023	BNP Paribas	9,30
07/05/2023	Bank of America (4)	n.a.
Max		12,80
Percentil 75		11,28
Media		10,68
Mediana		10,80
Media ajustada(1)		**10,55**
Percentil 25		9,50
Min		9,30

Fuente: Informes de analistas.

Nota: el precio de 11,20 de BNP Paribas no se corresponde con su precio objetivo, sino con una sensibilidad (ver detalle a continuación).

Notas: (1) La media ajustada excluya el valor más alto y más bajo de la muestra.
(2) 5 de mayo: Apollo, Apax Partners y un consorcio de I Squared y TDR Capital exploran una opa voluntaria por Applus.
(3) JP. Morgan modifica su precio objetivo de todas las compañías de Business Services por reestructuraciones internas a "Not Rated" .
(4) Bank of America considera que Applus no cotiza basado en fundamentales por lo que modifican su precio objetivo de 5,75€ a N.A.

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Informes de analistas: Precio objetivo (2/5)

Precios previos al anuncio de la información privilegiada del 5 de mayo	
— El precio objetivo resultante de la media ajustada del análisis al que KPMG ha tenido acceso se sitúa en 9,18€ por acción.	
4 de mayo, 2023 **Analista: UBS** **Precio Objetivo: 9,75€** **Precio: 8,64€**	Applus focaliza su estrategia a medio plazo en la rotación de activos, para mejorar su mix de negocios y acelerar la creación de valor. Al mismo tiempo, la Sociedad ha mostrado un fuerte crecimiento orgánico y mejora de su desempeño operativo con los resultados de 2022 y la previsión para 2023. Sin embargo, la Sociedad cotiza con un descuento significativo con respecto a sus principales competidores principalmente debido a una mayor dependencia en sus principales contratos (principalmente IDIADA). A pesar de ello, UBS considera que Applus cotiza con un descuento sobre su valor intrínseco.
3 de mayo, 2023 **Analista: Banco Santander** **Precio objetivo: 12,80€** **Precio: 7,61€**	Banco Santander estima un crecimiento orgánico de 6,8% en el Q1 respecto a los resultados del año anterior, destacando el dinamismo de las 4 divisiones que soportan este crecimiento. Al mismo tiempo, esperan una mejora en los márgenes (10,3%) tras las desinversiones llevadas a cado en 2022 y principios de 2023, y a pesar de la terminación de contratos como la concesión de Costa Rica en la división de Auto. Santander considera que Applus será capaz de contrarrestar la inflación en costes a través de subidas de precios y a través de la estrategia de venta de negocios que deberían continuar reflejando una mejora en márgenes a lo largo de 2023.
14 de abril, 2023 **Broker: JP Morgan** **Precio objetivo: 7,50€** **Precio: 7,23€**	JP Morgan considera que la estrategia de rotación de portfolio hacia áreas de mayor crecimiento como Laboratories y la venta de activos de Oil & Gas en el caso de confirmarse (ya que a la fecha del análisis de JP Morgan no se ha producido ninguna venta de activos de Oil & Gas) junto con los anuncios de recompra de acciones deberían ser positivos para la evolución de la cotización. Al mismo tiempo JP Morgan destaca que existen riesgos a la baja como la debilidad en los márgenes mostrada de manera continuada, la falta de nuevos contratos ganados, la potencial pérdida de IDIADA y los riesgos de integración derivados de su reciente actividad de M&A.
30 de marzo, 2023 **Broker: Kepler Cheuvreux** **Precio objetivo: 10,50€** **Precio: 7,21€**	El análisis de Kepler Cheuvreux considera a Applus como un operador de nicho dentro del sector TIC que ha conseguido recuperarse de los efectos negativos de la pandemia y ha mostrado un crecimiento orgánico superior al esperado mientras que el apalancamiento operativo no ha resultado tan satisfactorio. Desde el punto de vista de Kepler consideran que la Sociedad está excesivamente penalizada por su exposición al sector Oil & Gas, siendo su exposición del 5% de las ventas totales. Kepler ve como principales catalizadores para el buen comportamiento de la Sociedad la potencial venta de los activos de Oil & Gas, la renovación de concesiones como IDIADA y la mejora en eficiencia de costes y expansión vía M&A.

Fuente: Informes de analistas.

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Informes de analistas: Precio objetivo (3/5)

Precios previos al anuncio de la información privilegiada del 5 de mayo	
20 de marzo, 2023 **Analista: Jefferies** **Precio Objetivo: 8,00€** **Precio: 7,28€**	Applus ha mostrado un comportamiento superior al de sus comparables del sector TIC con un +20% de revalorización en el precio de su acción desde principios de año hasta la fecha, debido en parte a la especulación por una potencial oferta de adquisición. Jefferies considera que el potencial de recuperación en la división Energy & Industry continua siendo subestimado por el mercado y se mantiene positivo sobre la estrategia del Management de rotar activos con márgenes bajos. El interés de inversores financieros por la Sociedad puede generar un soporte para la cotización de Applus.
28 de febrero, 2023 **Analista: Bank of America** **Precio Objetivo: 5,75€** **Precio: 6,61€**	A pesar de que los resultados de Applus en 2022 fueron mejores de los estimados por el consenso y que BofA subió la estimación de crecimiento orgánico para 2023, se mantiene una perspectiva de cautela debido a las terminaciones de contratos en Costa Rica y Alicante, la incertidumbre en IDIADA y las condiciones macro debido al alto apalancamiento de la Sociedad.
27 de febrero, 2023 **Analista: Barclays** **Precio Objetivo: 9,50€** **Precio: 6,69€**	El performance mostrado por la Sociedad en 2022 junto con una perspectiva sólida para 2023 con crecimiento en todas las todas las divisiones e incrementos de precios en todas las divisiones a excepción de Auto y la cotización actual de la Sociedad de 7,5x PER con un rendimiento del flujo de caja del 12% hacen que más atractivo el investment case para Applus.
27 de febrero, 2023 **Analista: BNP Paribas** **Precio Objetivo: 8,50€** **Precio: 6,70€**	BNP considera que Applus ofrece un buen nivel de entrada al precio de cierre de 6,70€ debido principalmente al crecimiento continuado en mercados maduros y al crecimiento derivado de transacciones corporativas. Adicionalmente, la inspección de vehículos ofrece una cobertura ante potenciales recesiones y Applus puede aumentar su exposición a renovables rotando los activos con exposición al sector Oil & Gas. Teniendo en cuenta lo comentado anteriormente, BNP opina que hay más posibilidades de que la Sociedad presente hechos positivos antes que negativos, gracias a la estrategia de transformación y recuperación pautada por la Dirección de la Sociedad.

Fuente: Informes de analistas

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Informes de analistas: Precio objetivo (4/5)

Precios posteriores al anuncio de la información privilegiada del 5 de mayo

- El precio objetivo resultante de la media ajustada del análisis al que KPMG ha tenido acceso tras el anuncio de la información privilegiada del 5 de mayo se sitúa en 10,55€ por acción.
- Se han modificado 6 precios objetivos por parte de los analistas con fecha posterior al anuncio de la información privilegiada del 5 de mayo. Se ha incluido un resumen de los 6 informes mencionados: UBS, BNP Paribas, Jefferies, BofA, Kepler Cheuvreux y JP Morgan. Para el resto no se ha incluido explicación al mantener la opinión respecto a sus versiones anteriores.

1 de septiembre, 2023 **Analista: JP Morgan** **Precio Objetivo: N.A.** **Precio: 9,48€**	JP Morgan modifica todos sus precios objetivos de la industria de Business Services a "Not rated" debido a reestructuraciones del equipo. Todas las compañías de este sector pasarán a ser analizadas por un nuevo equipo de análisis.
28 de julio, 2023 **Analista: UBS** **Precio Objetivo: 11,50€** **Precio: 9,81€**	En los últimos 18 meses los beneficios de Applus han registrado un CAGR de doble dígito en comparación con un CAGR del 5% para el periodo 2014-2019. UBS considera que los drivers de crecimiento de este periodo van a continuar impulsando los beneficios de la Sociedad. A pesar de las licitaciones de contratos que la compañía tiene por delante y de la subida del precio de las acciones desde principios de año, UBS considera que el precio actual de las acciones infravalora el negocio de Testig & Inspection. UBS aumenta sus previsiones de BPA (beneficios por acción) +3%-16% y su precio objetivo de 9,75€ a 11,50€.
26 de julio, 2023 **Broker: Kepler Cheuvreux** **Precio objetivo: 11,10€** **Precio: 9,76€**	Tras los resultados del primer semestre 2023 (actualización de divisas, mejor crecimiento orgánico, amortización de acciones tras la segunda recompra) y actualizar algunas de las metodologías de valoración (múltiplos, nuevo número de acciones, etc.), resulta en un aumento de la valoración de Kepler del 7%, de 10,50€ a 11,10€ por acción. Según Kepler, el aumento de la valoración está vinculado principalmente a la anulación de 6,8 millones de acciones.
28 de junio, 2023 **Analista: Jefferies** **Precio Objetivo: 9,50€** **Precio: 9,29€**	Jefferies actualiza las estimaciones teniendo en cuenta las ventas anunciadas, las últimas hipótesis sobre divisiones y el impacto del tipo de cambio. En conjunto, aumentamos ligeramente el crecimiento orgánico para el ejercicio 23-24E en gran medida por la inflación de precios. También se actualizan las estimaciones por la desinversión de activos de O&G en EE.UU., que reduce los ingresos pero favorece los márgenes. Nuestros márgenes EBITA FY23-24E aumentan entre 30 y 60 puntos básicos. La combinación de estos factores impulsa un aumento del BPA de entre el 2% y el 3% en 2023-24E. Fijamos nuestro nuevo precio objetivo en 9,5 euros/acción (desde 8 euros/acción), lo que sugiere un alza del 6%.

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Informes de analistas: Precio objetivo (5/5)

Precios posteriores al anuncio de la información privilegiada del 5 de mayo	
28 de junio, 2023 **Analista: Jefferies** **Precio Objetivo: 9,50€** **Precio: 9,29€**	Jefferies actualiza las estimaciones teniendo en cuenta las ventas anunciadas, las últimas hipótesis sobre divisiones y el impacto del tipo de cambio. En conjunto, aumentamos ligeramente el crecimiento orgánico para el ejercicio 23-24E en gran medida por la inflación de precios. También se actualizan las estimaciones por la desinversión de activos de O&G en EE.UU., que reduce los ingresos pero favorece los márgenes. Nuestros márgenes EBITA FY23-24E aumentan entre 30 y 60 puntos básicos. La combinación de estos factores impulsa un aumento del BPA de entre el 2% y el 3% en 2023-24E. Fijamos nuestro nuevo precio objetivo en 9,5 euros/acción (desde 8 euros/acción), lo que sugiere un alza del 6%.
10 de mayo, 2023 **Analista: BNP Paribas** **Precio Objetivo: 9,30€** **Precio: 8,90€**	Tras la confirmación del interés por parte de fondos de lanzar una opa la cotización se ha disparado un +40% en lo que va de año, lo que para BNP Paribas implica subir el precio objetivo de 8,50€ a 9,30€, considerando que Applus ya no resulta tan atractivo desde el punto de vista de riesgo-beneficio por lo que bajan la recomendación a neutral. Sin embargo, en su análisis incluyen una sensibilidad que arroja un precio por acción que podría darse en caso de opa por parte de inversores de PE, que sitúan en 11,20€ por acción. Este precio de 11,20€ no corresponde con su precio objetivo sino con una sensibilidad que supondría una prima del 20% adicional respecto al precio objetivo de 9,30€ de BNP Paribas.
7 de mayo, 2023 **Analista: BofA** **Precio Objetivo: N.A.** **Precio: 8,90€**	Con la confirmación por parte de Applus de la recepción de ofertas no solicitadas al consejo, Bank of America considera que Applus no cotiza basado en fundamentales por lo que modifican su precio objetivo de 5,75€ a N.A.

Fuente: Informes de analistas

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5.5. Cotización media ponderada de las acciones

Cotización media ponderada de las acciones (1/8)

Cotización media ponderada de las acciones

La Sociedad cotiza en las Bolsas de Valores de Madrid, Bilbao, Valencia, y Barcelona desde el 9 de mayo de 2014.

El artículo 10 del RD 1066/2007 establece la aplicación del método de cotización media ponderada durante el semestre inmediatamente anterior al anuncio de la propuesta de exclusión.

En este sentido, hemos considerado razonable realizar un análisis de la cotización media ponderada de la acción de Applus durante el año y el semestre inmediatamente anterior a cada una de las fechas indicadas a continuación. El propósito del análisis de los doce meses anteriores a las referidas fechas es la consideración de un periodo de tiempo más largo que permita observar la evolución de los precios de cotización y el impacto sobre los mismos.

Las fechas que hemos considerado relevantes, a efectos de nuestro análisis han sido las siguientes:

1. 23 de enero de 2023, los analistas de Renta 4 contemplan una potencial opa sobre Applus.
2. 9 de marzo de 2023, Applus contrata a JP Morgan ante el interés de los fondos en la Sociedad.
3. 4 de mayo de 2023, Apollo, Apax Partners y un consorcio de I Squared y TDR Capital exploran una opa voluntaria por Applus.
4. 19 de junio de 2023, I Squared confirma que analiza el lanzamiento de una opa sobre Applus.
5. 29 de junio de 2023, fecha de presentación de la Oferta, y último día de cotización no afectado por la opa.

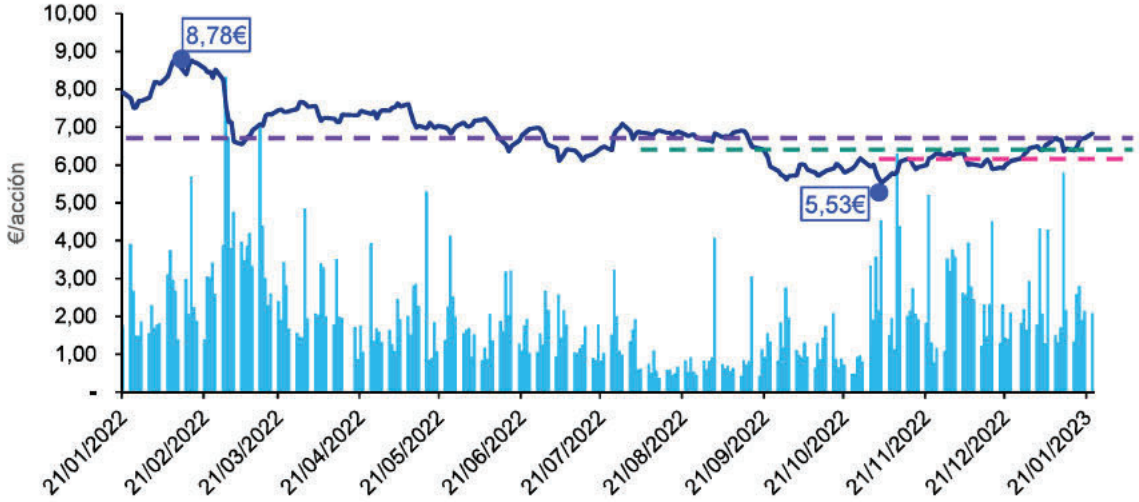
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Cotización media ponderada de las acciones (2/8)

❶ 23 de enero de 2023, los analistas de Renta 4 contemplan una potencial opa sobre Applus.

Análisis del precio medio ponderado (últimos 6 y 12 meses)



Media últimos 12 meses = 6,79€ / acción
Media últimos 6 meses = 6,32€ / acción
Media últimos 3 meses = 6,18€ / acción

Volumen medio de acciones	
Media de títulos negociados al día	
Últimos 3 meses	280.120
Últimos 6 meses	204.301
Últimos 12 meses	238.062

Rotación de las acciones	
Títulos negociados sobre acciones en circulación	
Últimos 3 meses	0,14x
Últimos 6 meses	0,21x
Últimos 12 meses	0,48x

23 de enero de 2023: último día de cotización previo a la publicación de la noticia de la potencial opa sobre las acciones de Applus por parte de los analistas de Renta 4.

Tal y como se aprecia en el gráfico, el cambio medio simple de los cambios medios ponderados diarios de la contratación bursátil de las acciones de Applus en el periodo comprendido entre el 23 de enero de 2023 y el 24 de enero de 2022 fue de 6,79 euros por acción. Adicionalmente, el cambio medio simple de los cambios medios ponderados diarios de la contratación bursátil de las acciones de Applus en el periodo comprendido entre el 23 de enero de 2023 y 25 de julio de 2022 fue de 6,32 euros por acción mientras que en el periodo comprendido entre el 23 de enero de 2023 y el 24 de octubre de 2022 fue de 6,18 euros por acción.

Asimismo, la liquidez(1) de la acción para los periodos analizados es bastante relevante con una rotación en los últimos 12 meses de 0,48x.

Nota: (1) Liquidez en base al ratio de rotación de las acciones de Applus, que se calcula como el volumen medio de títulos negociados diariamente en el periodo que corresponda sobre el total de las acciones (netas de autocartera).
Fuente: Capital IQ

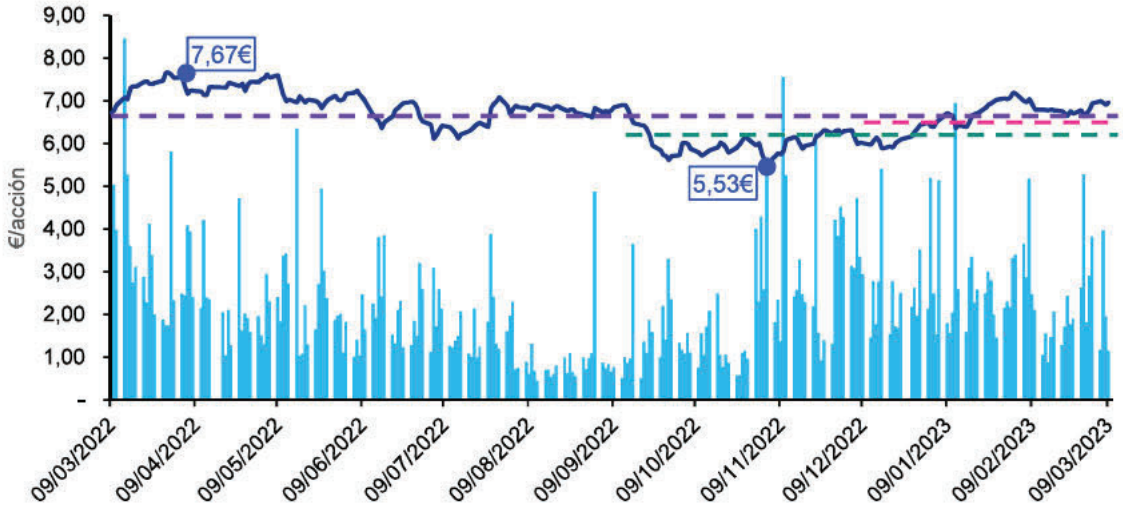
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Cotización media ponderada de las acciones (3/8)

❷ 10 de marzo de 2023, Applus contrata a JP Morgan ante el interés de los fondos en la Sociedad.

Análisis del precio medio ponderado (últimos 6 y 12 meses)



Media últimos 12 meses = 6,65€ / acción
Media últimos 3 meses = 6,63€ / acción
Media últimos 6 meses = 6,33€ / acción

Volumen medio de acciones	
Media de títulos negociados al día	
Últimos 3 meses	253.567
Últimos 6 meses	237.248
Últimos 12 meses	221.740

Rotación de las acciones	
Títulos negociados sobre acciones en circulación	
Últimos 3 meses	0,12x
Últimos 6 meses	0,24x
Últimos 12 meses	0,44x

9 de marzo de 2023: último día de cotización anterior al 10 de marzo de 2023, fecha en la que se publicaron noticias de prensa sobre los posibles rumores asociados a una posible opa voluntaria sobre las acciones de Applus, así como la eventual contratación de un banco de inversión por parte de la Sociedad para su análisis.

Tal y como se aprecia en el gráfico, el cambio medio simple de los cambios medios ponderados diarios de la contratación bursátil de las acciones de Applus en el periodo comprendido entre el 9 de marzo de 2023 y el 10 de marzo de 2022 fue de 6,65 euros por acción. Adicionalmente, el cambio medio simple de los cambios medios ponderados diarios de la contratación bursátil de las acciones de Applus en el periodo comprendido entre el 9 de marzo de 2023 y 12 de septiembre de 2022 fue de 6,33 euros por acción mientras que en el periodo comprendido entre el 9 de marzo de 2023 y el 12 de diciembre de 2022 fue de 6,63 euros por acción.

Asimismo, la liquidez(1) de la acción para los periodos analizados es bastante relevante con una rotación en los últimos 12 meses de 0,44x.

Nota: (1) Liquidez en base al ratio de rotación de las acciones de Applus, que se calcula como el volumen medio de títulos negociados diariamente en el periodo que corresponda sobre el total de las acciones (netas de autocartera).
Fuente: Capital IQ

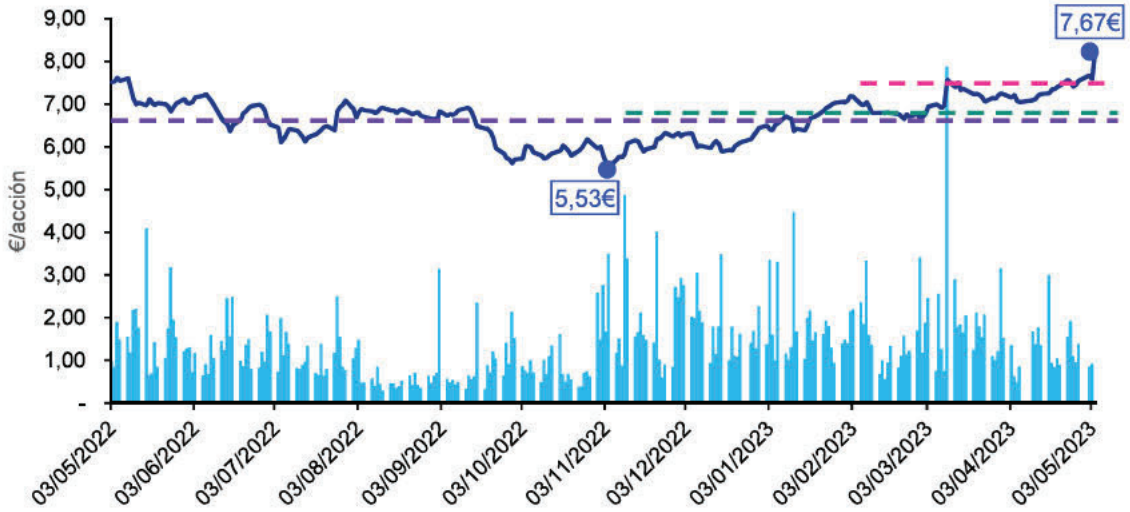
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Cotización media ponderada de las acciones (4/8)

❸ 5 de mayo de 2023, Apollo, Apax Partners y un consorcio de I Squared y TDR Capital exploran una opa voluntaria por Applus.

Análisis del precio medio ponderado (últimos 3, 6 y 12 meses)



Media últimos 3 meses = 7,13€ / acción
Media últimos 6 meses = 6,73€ / acción
Media últimos 12 meses = 6,64€ / acción

Volumen medio de acciones	
Media de títulos negociados al día	
Últimos 3 meses	259.380
Últimos 6 meses	271.957
Últimos 12 meses	219.714

Rotación de las acciones	
Títulos negociados sobre acciones en circulación	
Últimos 3 meses	0,12x
Últimos 6 meses	0,26x
Últimos 12 meses	0,44x

4 de mayo de 2023: último día de cotización anterior al 5 de mayo de 2023, fecha en la que Applus publicó la Información Privilegiada con número de registro 1852, informando sobre las muestras de interés de ciertos inversores, no vinculantes y no solicitadas.

Tal y como se aprecia en el gráfico, el cambio medio simple de los cambios medios ponderados diarios de la contratación bursátil de las acciones de Applus en el periodo comprendido entre el 4 de mayo de 2023 y el 5 de mayo de 2022 fue de 6,64 euros por acción. Adicionalmente, el cambio medio simple de los cambios medios ponderados diarios de la contratación bursátil de las acciones de Applus en el periodo comprendido entre el 4 de mayo de 2023 y 7 de noviembre de 2022 fue de 6,73 euros por acción mientras que en el periodo comprendido entre el 4 de mayo de 2023 y el 6 de febrero de 2022 fue de 7,13 euros por acción.

Asimismo, la liquidez (1) de la acción para los periodos analizados es bastante relevante con una rotación en los últimos 12 meses de 0,44x.

Nota: (1) Liquidez en base al ratio de rotación de las acciones de Applus, que se calcula como el volumen medio de títulos negociados diariamente en el periodo que corresponda sobre el total de las acciones (netas de autocartera).
Fuente: Capital IQ

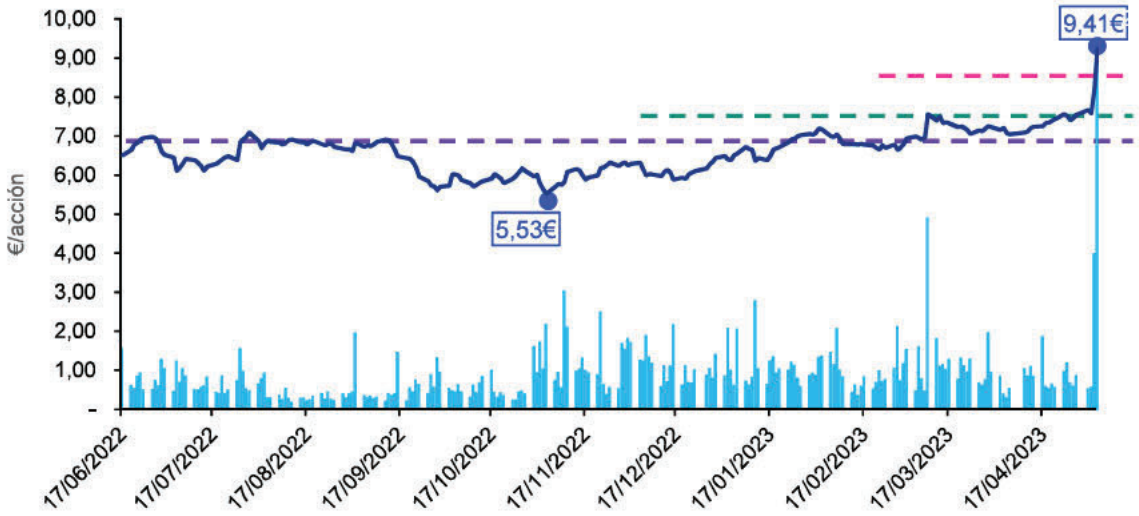
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Cotización media ponderada de las acciones (5/8)

❹ 19 de junio de 2023, I Squared confirma que analiza el lanzamiento de una opa sobre Applus.

Análisis del precio medio ponderado (últimos 3, 6 y 12 meses)



Media últimos 3 meses = 8,11€ / acción
Media últimos 6 meses = 7,43€ / acción
Media últimos 12 meses = 6,87€ / acción

Volumen medio de acciones	
Media de títulos negociados al día	
Últimos 3 meses	294.064
Últimos 6 meses	282.324
Últimos 12 meses	233.390

Rotación de las acciones	
Títulos negociados sobre acciones en circulación	
Últimos 3 meses	0,14x
Últimos 6 meses	0,28x
Últimos 12 meses	0,46x

16 de junio de 2023: fecha anterior a la confirmación por parte de I Squared con la que se anuncia el análisis del lanzamiento de una opa sobre Applus.

Tal y como se aprecia en el gráfico, el cambio medio simple de los cambios medios ponderados diarios de la contratación bursátil de las acciones de Applus en el periodo comprendido entre el 16 de junio de 2023 y el 20 de junio de 2022 fue de 6,87 euros por acción. Adicionalmente, el cambio medio simple de los cambios medios ponderados diarios de la contratación bursátil de las acciones de Applus en el periodo comprendido entre el 16 de junio de 2023 y 19 de diciembre de 2022 fue de 7,43 euros por acción mientras que en el periodo comprendido entre el 16 de junio de 2023 y el 17 de marzo de 2023 fue de 8,11 euros por acción.

Asimismo, la liquidez (1) de la acción para los periodos analizados es bastante relevante con una rotación en los últimos 12 meses de 0,46x.

Nota: (1) Liquidez en base al ratio de rotación de las acciones de Applus, que se calcula como el volumen medio de títulos negociados diariamente en el periodo que corresponda sobre el total de las acciones (netas de autocartera).
Fuente: Capital IQ

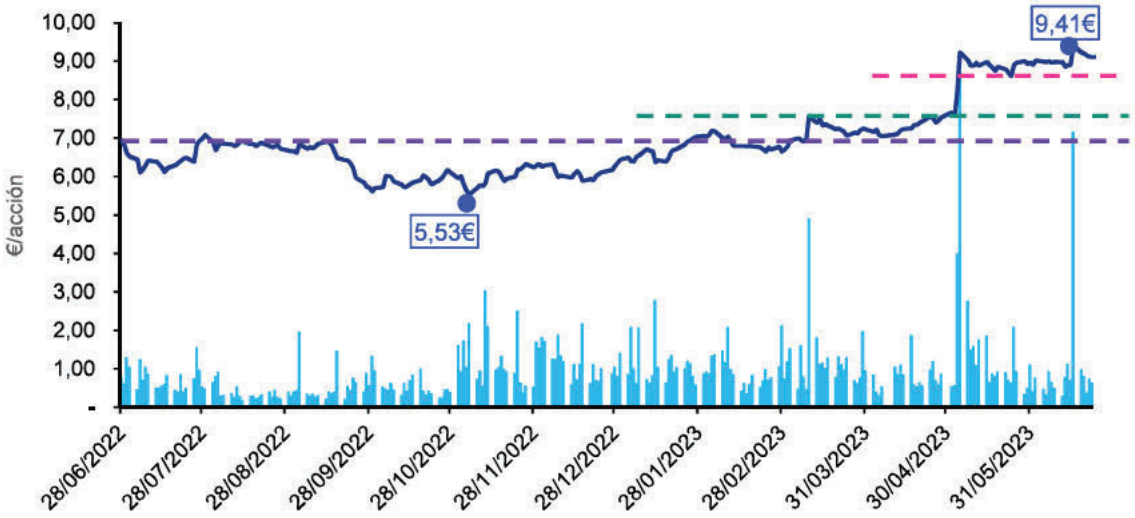
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Cotización media ponderada de las acciones (6/8)

❺ 29 de junio de 2023, Apollo presenta una opa voluntaria por Applus.

Análisis del precio medio ponderado (últimos 3, 6 y 12 meses)



Media últimos 3 meses = 8,39€ / acción
Media últimos 6 meses = 7,63€ / acción
Media últimos 12 meses = 6,95€ / acción

Volumen medio de acciones	
Media de títulos negociados al día	
Últimos 3 meses	291.255
Últimos 6 meses	282.621
Últimos 12 meses	235.043

Rotación de las acciones	
Títulos negociados sobre acciones en circulación	
Últimos 3 meses	0,14x
Últimos 6 meses	0,28x
Últimos 12 meses	0,47x

29 de junio de 2023: fecha de presentación de la Oferta, y último día de cotización no afectado por la opa.

Tal y como se aprecia en el gráfico, el cambio medio simple de los cambios medios ponderados diarios de la contratación bursátil de las acciones de Applus en el periodo comprendido entre el 29 de junio de 2023 y el 30 de junio de 2022 fue de 6,95 euros por acción. Adicionalmente, el cambio medio simple de los cambios medios ponderados diarios de la contratación bursátil de las acciones de Applus en el periodo comprendido entre el 29 de junio de 2023 y 30 de diciembre de 2022 fue de 7,63 euros por acción mientras que en el periodo comprendido entre el 29 de junio de 2023 y el 30 de marzo de 2023 fue de 8,39 euros por acción.

Asimismo, la liquidez (1) de la acción para los periodos analizados es bastante relevante con una rotación en los últimos 12 meses de 0,47x.

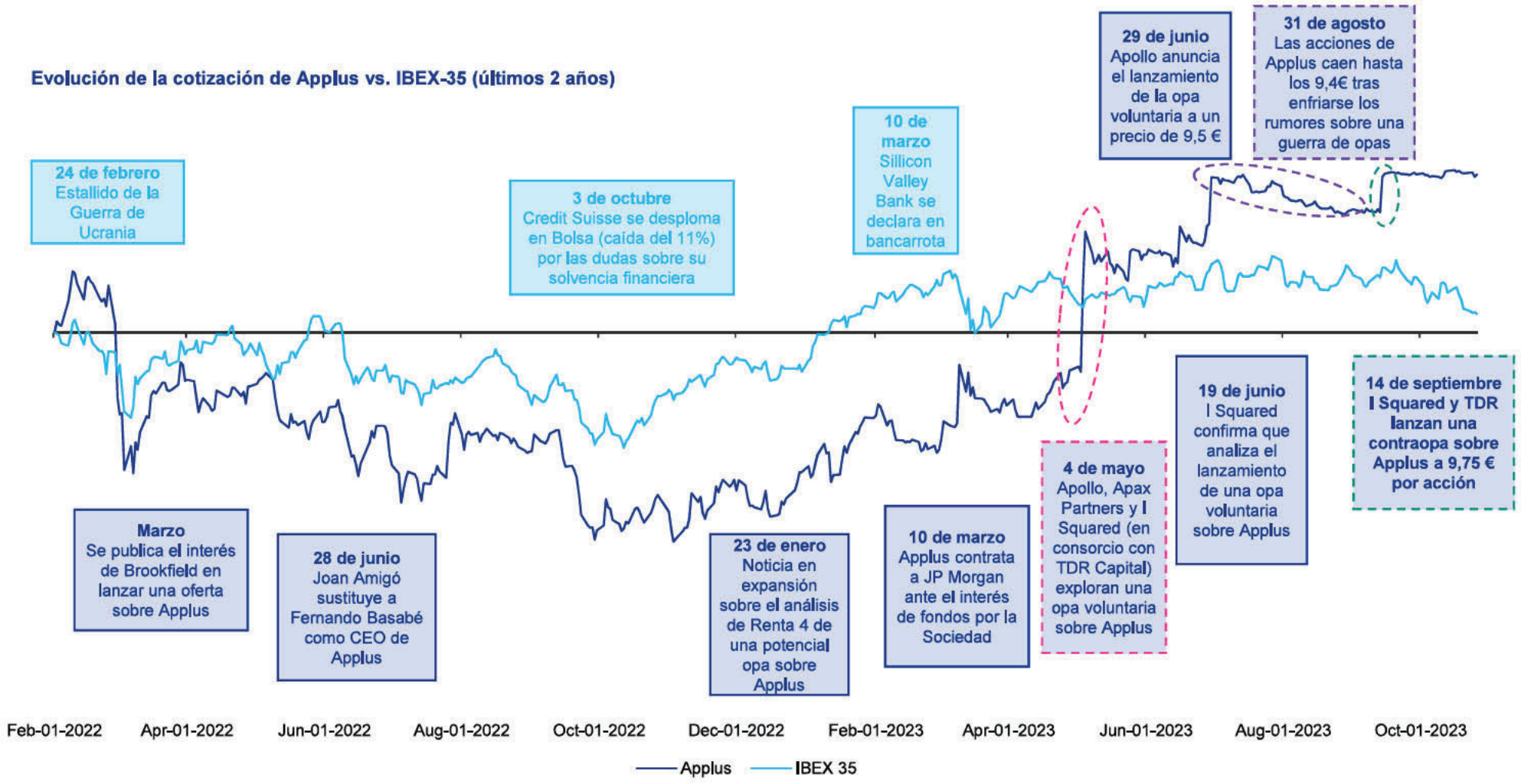
Nota: (1) Liquidez en base al ratio de rotación de las acciones de Applus, que se calcula como el volumen medio de títulos negociados diariamente en el periodo que corresponda sobre el total de las acciones (netas de autocartera).
Fuente: Capital IQ

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Cotización media ponderada de las acciones (7/8)

Evolución de la cotización de Applus vs. IBEX-35 (últimos 2 años)



Fuente: Capital IQ.

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Cotización media ponderada de las acciones (8/8)

Un detalle del cambio medio simple de los cambios medios ponderados diarios de la contratación bursátil de las acciones de Applus para el período analizado, es como sigue:

Cotización media ponderada de las acciones	
Euros por acción	Media últimos 6 meses
29/06/2023	7,63

Fuente: Bolsa de valores de Madrid, S.A.U.

Resultados de su aplicación

KPMG ha tomado como fecha de referencia para el cálculo de dicha media ponderada la siguiente fecha:

- 29 de junio de 2023: fecha de presentación de la Oferta, y último día de cotización no afectado por la opa.

La aplicación de este método arroja un resultado de 7,63 euros por acción de Applus según el certificado de la Bolsa de Madrid a dicha fecha (ver Anexo 1).

Desde un punto de vista teórico, entendemos que el valor de cotización de una sociedad puede ser considerado una referencia de mercado cuando el capital flotante ("free float") es elevado, así como también su frecuencia y liquidez, siempre y cuando no se encuentre afectado por elementos distorsionadores como puede ser una operación corporativa, que normalmente conlleva mayores volúmenes de negociación, incremento de las volatilidades del valor y especialmente porque la formación del precio de cotización deja de estar basada en los acontecimientos asociados a los valores fundamentales de la compañía, para estar determinada por otros efectos como expectativas del mercado asociadas a la operación, o efectos derivados de arbitrajes de acciones.

Consideramos que las acciones de Applus son líquidas, dado que según el articulo 1 del Reglamento Delegado (UE) 2017/567, "a efectos del artículo 2, apartado 1, punto 17, letra b), del Reglamento (UE) 600/2014, se considerará que una acción negociada diariamente tiene un mercado líquido cuando se cumplan las siguientes condiciones:

a) que el capital flotante de la acción sea:
   I. igual o superior a 100 000 000 EUR, en el caso de las acciones admitidas a negociación en un mercado regulado,
   II. igual o superior a 200 000 000 millones EUR, en el caso de las acciones negociadas únicamente en sistemas multilaterales de negociación (SMN);
b) que el número diario medio de operaciones con la acción sea igual o superior a 250, y
c) que el efectivo medio diario negociado en relación con la acción sea igual o superior a 1 000 000 EUR."

Asimismo, como muestra de la elevada liquidez (1) de Applus se observa un capital flotante de c.60% y una rotación de las acciones en los últimos 12 meses respecto a los diferentes periodos analizados en las páginas anteriores de entre 0,44x y 0,48x.

Por último, pese a que la cotización de Applus es una referencia de valor, destacar que esta no recoge el potencial valor que puede tener la Compañía y que sí se recoge bajo la metodología de DCF. Este potencial valor se observa con el proceso competitivo en el que está inmersa la Compañía y que se manifiesta en las dos opas existentes a la fecha (Apollo 9,5€ por acción y I Squared y TDR 9,75€ por acción).

Nota: (1) Liquidez en base al ratio de rotación de las acciones de Applus, que se calcula como el volumen medio de títulos negociados diariamente en el periodo que corresponda sobre el total de las acciones (netas de autocartera).

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5.6. Valor teórico contable

Valor teórico contable: Introducción

Descripción del valor teórico contable o neto patrimonial por acción

Se entiende por valor teórico contable o valor neto patrimonial de una acción o participación en una sociedad el cociente de dividir la cifra de recursos propios de la entidad (patrimonio neto atribuible a la sociedad dominante) por el número de acciones emitidas por la misma, netas de autocartera o acciones propias, entendiéndose por recursos propios de la entidad la agregación de su capital social menos el capital social no desembolsado, más primas de emisión, así como otras reservas y remanentes, menos pérdidas acumuladas, menos dividendo activo a cuenta, menos acciones propias y más resultados del período netos de impuestos.

Se ha considerado el valor neto patrimonial de las acciones de la Sociedad a 31 de diciembre de 2022 fecha de los últimos estados financieros consolidados auditados de la Sociedad, así como a 30 de junio de 2023, fecha de la última información financiera intermedia consolidada.

Aspectos a considerar en la aplicación del valor teórico contable o neto patrimonial

El VTC constituye un método estático de valoración que presenta una imagen puntual de la situación patrimonial de la Sociedad en una fecha determinada e indica los recursos propios contables de que dispone aquélla. Dichos recursos propios provienen del reflejo de operaciones históricas con criterios contables entre las que se encuentran las aportaciones de capital de los accionistas, rendimientos del negocio no distribuidos (legal o voluntariamente), ajustes por cambios de valor y otras.

Por tanto, el VTC, como se ha mencionado, es el resultante de la aplicación de principios contables establecidos por la normativa reguladora vigente en el momento de la formulación de los respectivos estados financieros, así como de otros criterios contables aplicados en su caso por la Dirección de la Sociedad. Así, se podrían obtener distintos VTC para una misma empresa dependiendo de la normativa contable concreta que se aplique, e igualmente, dos empresas con un mismo valor contable podrían presentar diferencias en su valor real o de mercado, ya que, entre otros aspectos, cada una de ellas podría tener distintas expectativas de crecimiento, rentabilidades esperadas y/o niveles de riesgo.

Los criterios de valoración para determinar el valor contable de cada uno de los activos y pasivos que se registran en el balance a una fecha determinada no son en algunos casos criterios de valor de mercado (entendido éste como el importe por el que el comprador y el vendedor intercambiarían el activo o pasivo objeto de la transacción, estando ambos interesados y debidamente informados sobre los aspectos de la misma, la cual se debe realizar en condiciones de independencia mutua), sino criterios definidos por normas contables. En algunas ocasiones, dichas normas contables incluyen conceptos similares al mencionado valor de mercado los cuales, dependiendo de la literalidad de las indicadas normas contables, así como sus diferentes interpretaciones y experiencia de aplicación, pueden derivar en estimaciones de valor más o menos cercanas al mencionado valor de mercado.

Por otro lado, conforme a las normas contables a las que están sujetas las compañías españolas, no resulta necesario en todos los casos registrar todos los activos y pasivos que pueden contribuir a la generación de flujos positivos o negativos de caja, como puede ser el caso de ciertos activos intangibles, el fondo de comercio o ciertos pasivos, tales como posibles contingencias con baja probabilidad de ocurrencia.

Al ser el VTC un método de valoración estático, no tiene en cuenta los rendimientos que éstos pueden generar en el futuro, y por tanto no refleja necesariamente la rentabilidad que los accionistas de una compañía exigen a los recursos propios aportados ni pone en relación dicha rentabilidad con la inversión asociada a su consecución ni proporciona información alguna acerca del rendimiento esperado que dicha inversión puede proporcionar en el futuro.

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5.6. Valor teórico contable

Valor teórico contable consolidado

Resultado de su aplicación: Valor neto contable consolidado

Un detalle del cálculo y el valor resultante de la aplicación del método del valor teórico contable o neto patrimonial sobre las magnitudes consolidadas es como sigue:

Valor Teórico Contable		
Importes en millones de EUR	**a 31 de diciembre de 2022**	**a 30 de junio de 2023**
Valor contable		
Patrimonio neto	642,9	603,0
Intereses minoritarios	(36,2)	(42,7)
Patrimonio neto atribuible a accionistas de la sociedad dominante	**606,7**	**560,3**
Número de acciones		
Número total de acciones en circulación	**133.640.085**	**128.927.136**
Valor neto patrimonial (euros por acción)		
Patrimonio neto	4,81	4,68
Intereses minoritarios	(0,27)	(0,33)
Valor Teórico Contable por acción	**4,54 €/acción**	**4,35 €/acción**

Fuente: Cuentas Anuales Consolidadas 2022 e intermedias a junio 2023 de Applus.

Por las razones indicadas, y a la vista de los resultados obtenidos, se considera que este método no resulta adecuado para obtener el valor de las acciones de Applus.

Composición del balance consolidado a 31/12/2022

Importes en millones de EUR



Composición del balance consolidado a 30/06/2023

Importes en millones de EUR



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5.7. Valor liquidativo

Valor liquidativo

Descripción del valor liquidativo

El valor liquidativo es un método de valoración estático, cuyo objetivo es reflejar el valor neto resultante de una empresa ante un eventual proceso de disolución y cese definitivo de su actividad. Por lo tanto, su estimación no considera la asunción de continuidad de los negocios o el principio de empresa en funcionamiento.

Su procedimiento de cálculo se basa, fundamentalmente, en la estimación del valor de sus activos ante un proceso competitivo de venta de activos de los mismos, así como la liquidación de todos sus pasivos, considerando las plusvalías y/o minusvalías latentes asociadas al proceso de liquidación, y el pago de todos los costes incurridos en el desmantelamiento de la actividad, principalmente compuestos por gastos de indemnización de personal, gastos legales y otras contingencias asociadas.

En un proceso de liquidación de activos y de pasivos se debe tener en consideración:

- Ante un proceso de liquidación, el precio obtenido en la enajenación de determinados activos de la empresa podría ser inferior a su valor registrado contablemente. Principalmente, se podría deber a (i) celeridad del proceso competitivo de reorganización accionarial, (ii) liquidez asociada a cada tipo de activo, y (iii) el grado de conocimiento de los posibles participantes de mercado de la eventual situación de liquidación de la empresa.
- Asimismo, en un proceso de liquidación, normalmente, se incurren en diferentes pasivos o posibles contingencias asociadas al mismo, principalmente relacionadas con los costes laborales derivados de los despidos.

Aspectos a considerar en la aplicación del valor liquidativo

Al tratarse Applus de una de las empresas líderes mundiales en el sector de inspección, ensayos y certificación, existen una serie de características asociadas a este tipo de negocio que determinarían el valor liquidativo de sus activos:

- Las concesiones administrativas que posee Applus son concesiones gubernamentales para la inspección técnica de vehículos en los que su mercado final son la Administración y las Agencias públicas de transporte. La pronta terminación de estos contratos incurriría en procesos legales, judiciales y/o administrativos complejos, pudiendo derivar en la figura legal del lucro cesante. Como consecuencia, el valor resultante una vez cubiertos los costes de estos procesos sería, con alta probabilidad, inferior al registrado contablemente.
- Por otro lado, la cartera de concesiones y autorizaciones administrativas de Applus se encuentra muy diversificada geográficamente, lo cual propicia que la liquidación de todos los activos a un precio competitivo sea remota.
- Adicionalmente, la división de IDIADA (80% propiedad de Applus y 20% de la Generalitat de Cataluña) opera bajo un contrato exclusivo desde el centro tecnológico de 351 hectáreas cerca de Barcelona desde 1999. El contrato para gestionar el negocio y utilizar el centro tecnológico (que pertenece a la Generalitat de Cataluña) se extiende hasta septiembre de 2024. El gobierno catalán está preparando el concurso para el nuevo periodo, por lo que existe el riesgo de dejar de operar dicha concesión.

Resultados de su aplicación

En conclusión, no hemos considerado necesario su cálculo, ya que los valores que se desprenden de su aplicación resultarían significativamente inferiores a los obtenidos de la aplicación de todos los métodos de valoración descritos en este Informe. Por lo tanto, no se ha considerado preciso el cálculo del valor liquidativo a efectos de la determinación del valor de mercado de Applus.

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5.8. Contraprestaciones ofrecidas en opas en el año precedente

Contraprestaciones ofrecidas en opas en el año precedente

Descripción del valor de la contraprestación ofrecida con anterioridad

De acuerdo con el artículo 10 del RD 1066/2007, se establece como metodología de valoración a aplicar el valor de contraprestaciones ofrecidas en opas en el año precedente.

Resultados de su aplicación

Con fecha 14/09/2023 Amber Equityco, S.L.U. presentó una oferta pública, voluntaria y competidora de adquisición de las acciones de Applus Services S.A. a un precio de 9,75€ por acción, cuya tramitación fue suspendida por la CNMV hasta la autorización de la oferta previa, lo que fue comunicado el día 15 de septiembre de 2023. A pesar de que la oferta pública no ha sido admitida a trámite, consideramos el precio de dicha opa como un valor de referencia de Applus.

Este precio de 9,75€ por acción se encuentra dentro de nuestra conclusión de rango de valor.

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6.

Resultados y conclusiones de nuestro trabajo

Resultados y conclusiones de nuestro trabajo (1/2)

Resultados de nuestro trabajo

A continuación se muestra el valor total de las acciones de Applus resultante de la aplicación de los métodos y criterios que se mencionan en el apartado "Metodologías de Valoración":

Valor estimado de las acciones de Applus			
Criterio/método aplicado	**Rango de valor por acción**		**Valor por acción**
Importes en euros por acción			
Metodología del DCF	8,30	10,67	9,48
Cotización media ponderada de las acciones durante el semestre inmediatamente anterior a 29 de junio de 2023			7,63
Contraprestaciones ofrecidas en OPAs en el año precedente (14 de septiembre de 2023)			9,75
Valor teórico contable consolidado de Applus a 31 de diciembre de 2022			4,54
Valor teórico contable consolidado de Applus a 30 de junio de 2023			4,35
Valor liquidativo	Inferior a todos los demás		
Múltiplos de compañías cotizadas comparables	No adecuado		
Múltiplos de transacciones precedentes	No adecuado		

Nota: Número total de acciones neto de autocartera a Fecha de Valoración, de acuerdo con la información facilitada por el Cliente (128,927,136 acciones).

Cabe destacar que los métodos de múltiplos de compañías cotizadas y transacciones precedentes presentan limitaciones de comparabilidad relevantes tal y como se expresa en los apartados 5.2 y 5.3, y por tanto, KPMG considera que este método no es adecuado para ninguna finalidad: ni para valorar Applus ni como método de contraste de otras metodologías.

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Resultados y conclusiones de nuestro trabajo (2/2)

Conclusiones de nuestro trabajo

El método de valoración que nos parece más adecuado es el descuento de flujos de caja (DCF). Este método nos parece una referencia de valor muy adecuada para la determinación del valor de Applus, habiendo utilizado como método de contraste los resultados que se desprenden de la aplicación de múltiplos de mercado basados en compañías cotizadas comparables y transacciones comparables.

De acuerdo con los objetivos y alcance de nuestro trabajo descritos en este Informe y los métodos y criterios de valoración analizados, concluimos que, tanto a la Fecha de la Valoración como a la fecha de este Informe, el valor por acción de Applus se sitúa en un rango comprendido entre 8,30 euros y 10,67 euros, que se corresponde con el rango resultante de la aplicación del DCF.

Consideramos que la amplitud del rango de nuestra conclusión esta justificada, y es razonable y lógica en base a la incertidumbre presente en los escenarios considerados en nuestra valoración, así como la variabilidad asociada a la sensibilidad de los parámetros de valoración (tasa de descuento y crecimiento a perpetuidad) aplicados en la valoración. Concretamente, se observa una elevada incertidumbre en: i) el crecimiento a perpetuidad de la línea de negocio de Oil & Gas, ii) para Automotive, la probabilidad de renovación del contrato de Galicia en 2028E y la introducción de más operadores en Cataluña a partir del año 2024, iii) la renovación de la concesión de IDIADA, y iv) los escenarios estimados para el Plan de M&A.

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7.
Anexos

ANEXO 1: CERTIFICADO DE BOLSA

ANEXO 2: ANÁLISIS DE VARIABLES MACROECONÓMICAS

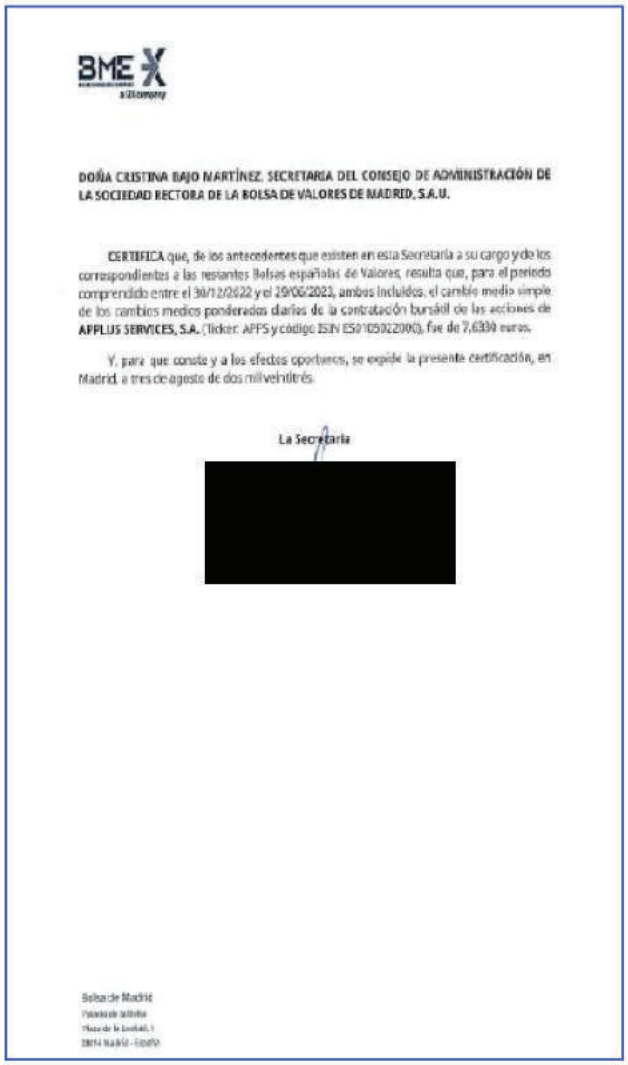
ANEXO 3: PERFILES DE COMPAÑÍAS COTIZADAS COMPARABLES

ANEXO 4: GLOSARIO DE TÉRMINOS

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Anexo 1: Certificado de bolsa

Anexo 1: Certificado de Bolsa



DOÑA CRISTINA BAJO MARTÍNEZ, SECRETARIA DEL CONSEJO DE ADMINISTRACIÓN DE LA SOCIEDAD RECTORA DE LA BOLSA DE VALORES DE MADRID, S.A.U.

CERTIFICA que, de los antecedentes que existen en esta Secretaría a su cargo y de los correspondientes a las restantes Bolsas españolas de Valores, resulta que, para el periodo comprendido entre el 30/12/2022 y el 29/06/2023, ambos incluidos, el cambio medio simple de los cambios medios ponderados diarios de la contratación bursátil de las acciones de **APPLUS SERVICES, S.A.** (Ticker: APPS y código ISIN ES0105022000), fue de 7,6339 euros.

Y, para que conste y a los efectos oportunos, se expide la presente certificación, en Madrid, a tres de agosto de dos mil veintitrés.

La Secretaria

[redacted]

Bolsa de Madrid

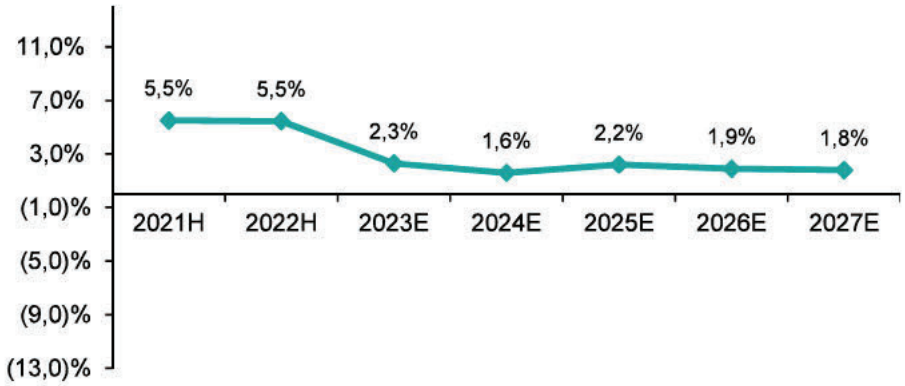
Fuente: Bolsa de valores de Madrid, S.A.U.

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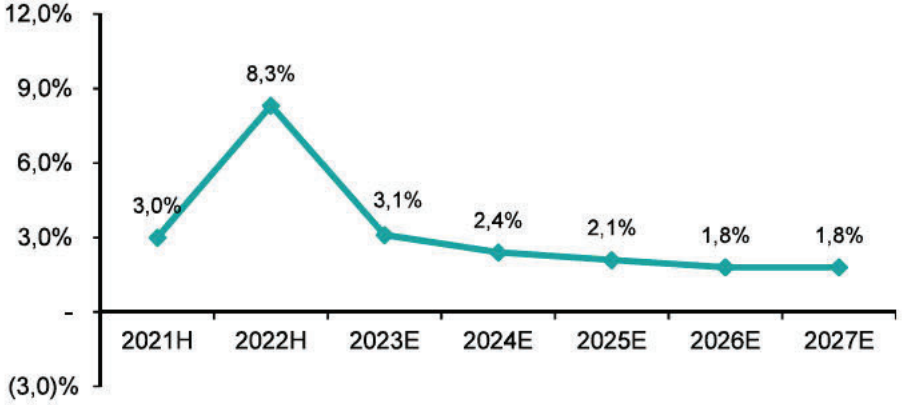
Anexo 2: Análisis de variables macroeconómicas

Análisis de variables macroeconómicas – España

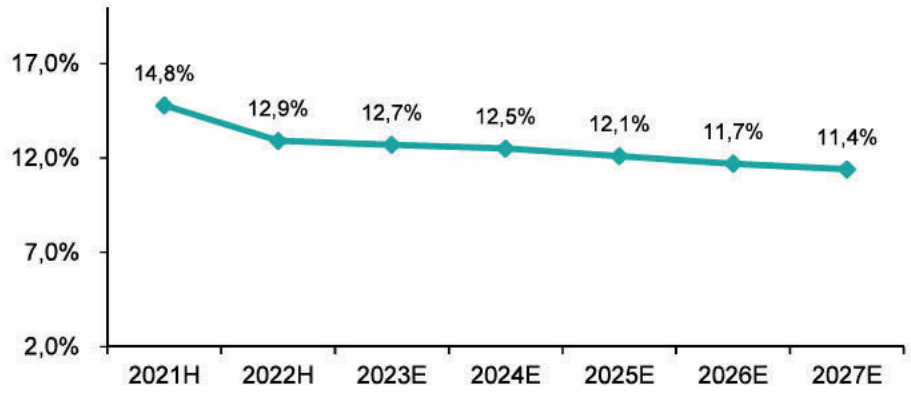
Producto interior bruto (PIB) (%)



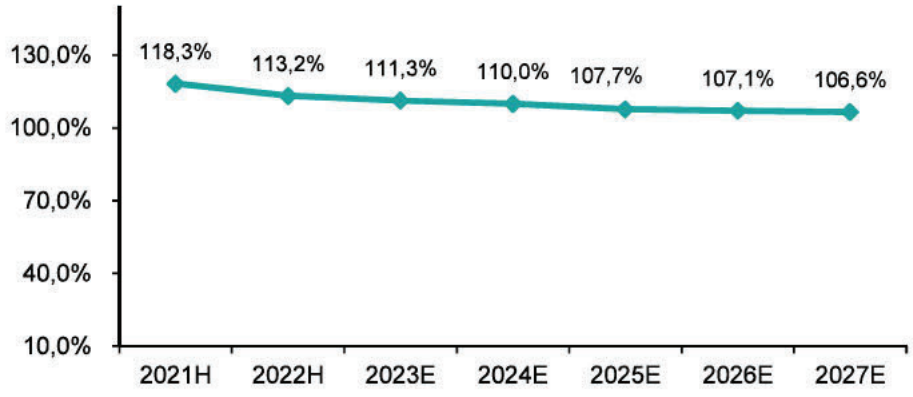
Inflación (%)



Tasa de desempleo (%)



Gasto público (% sobre PIB)

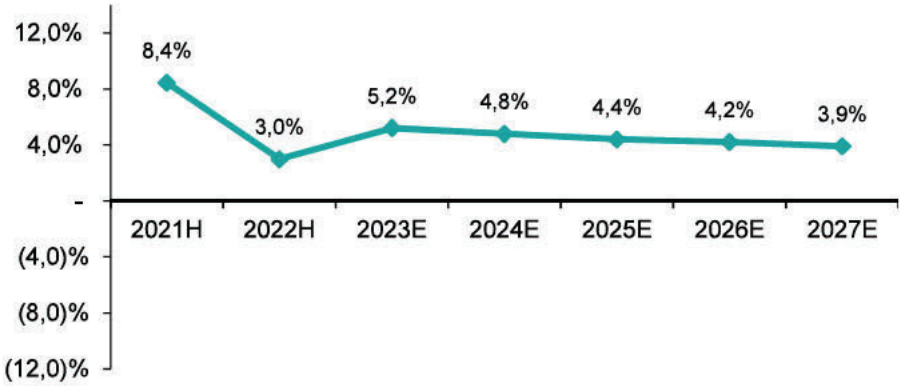


Fuente: Economist Intelligence Unit.

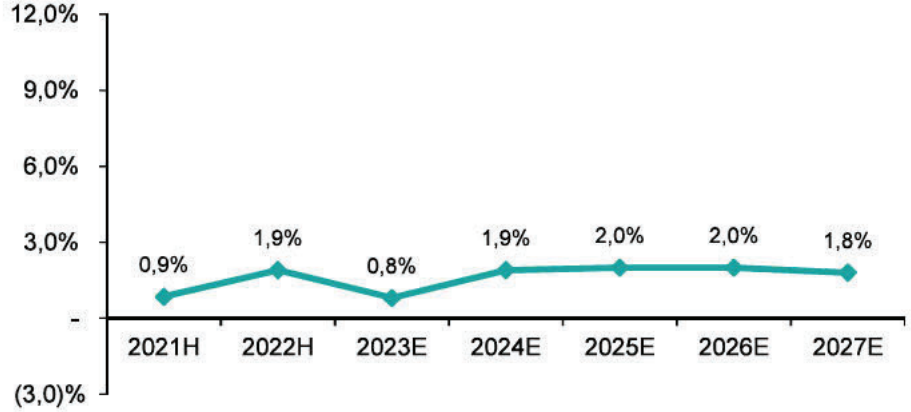
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Análisis de variables macroeconómicas – China

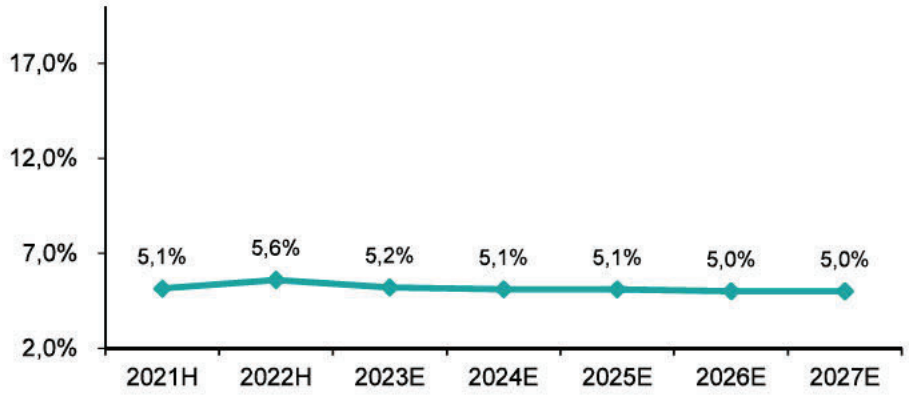
Producto interior bruto (PIB) (%)



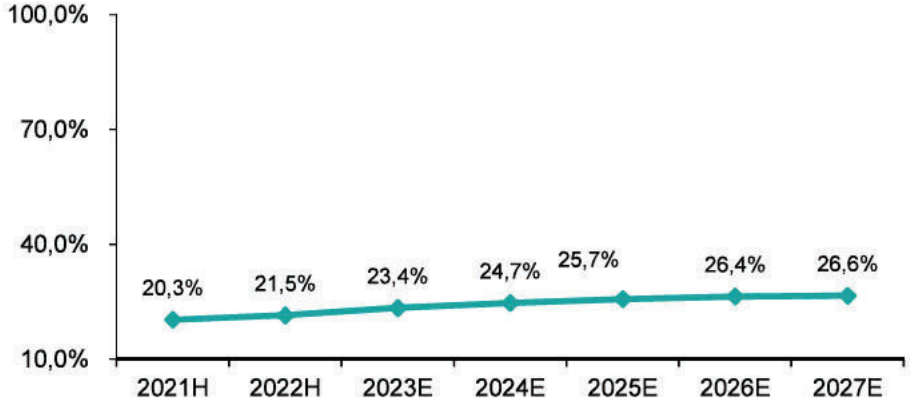
Inflación (%)



Tasa de desempleo (%)



Gasto público (% sobre PIB)

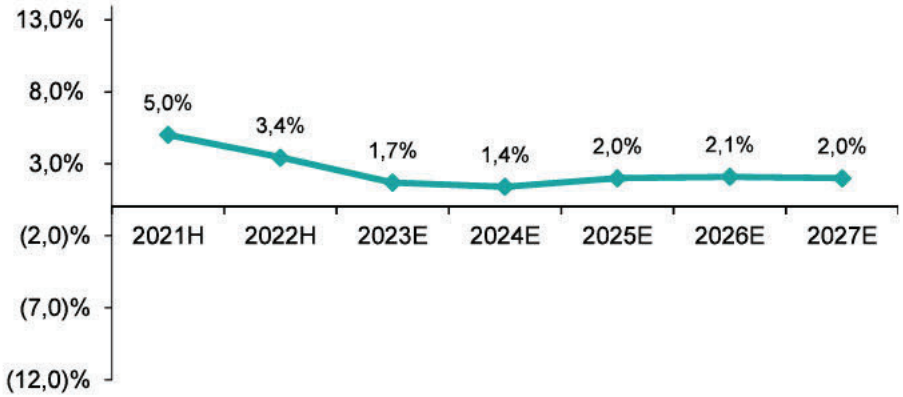


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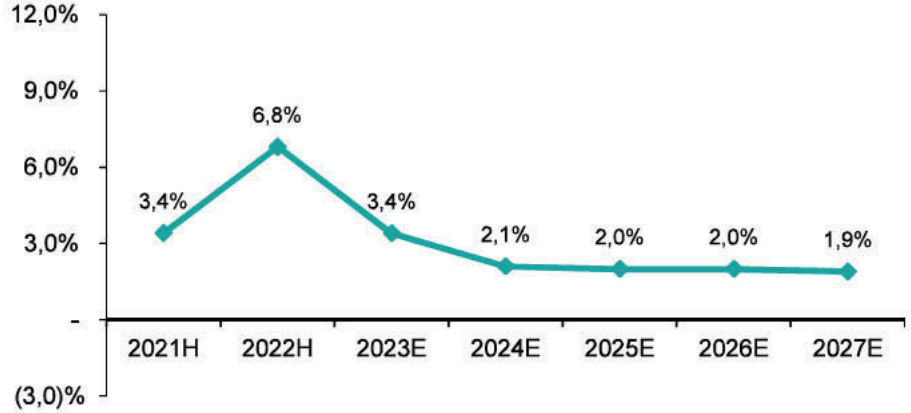
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Análisis de variables macroeconómicas – Canadá

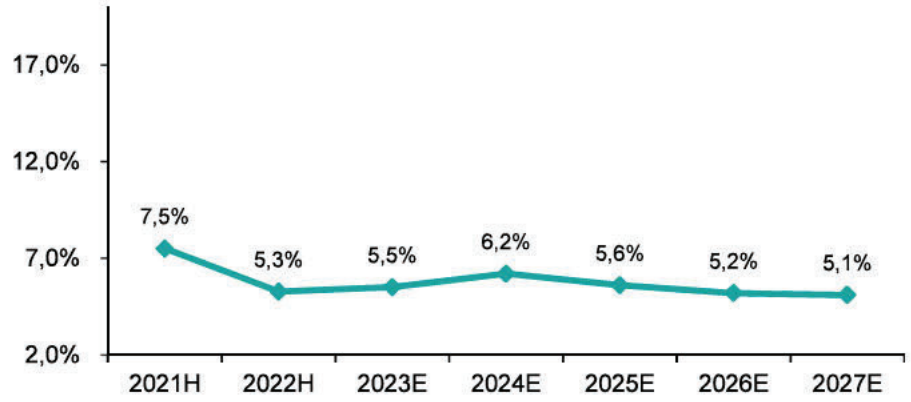
Producto interior bruto (PIB) (%)



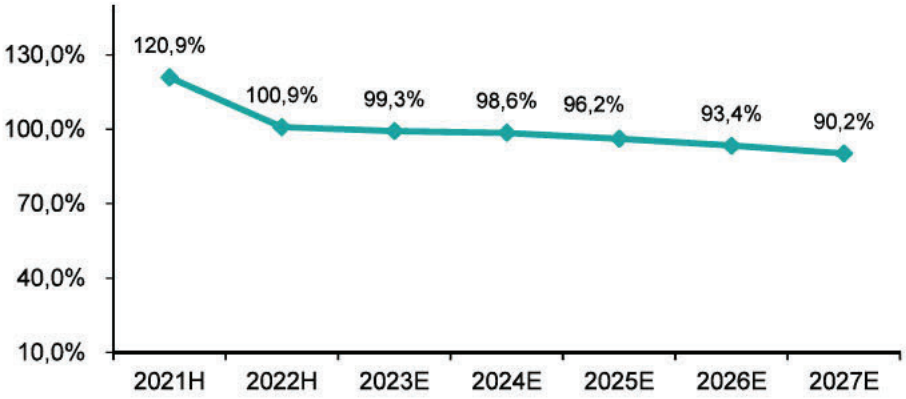
Inflación (%)



Tasa de desempleo (%)



Gasto público (% sobre PIB)



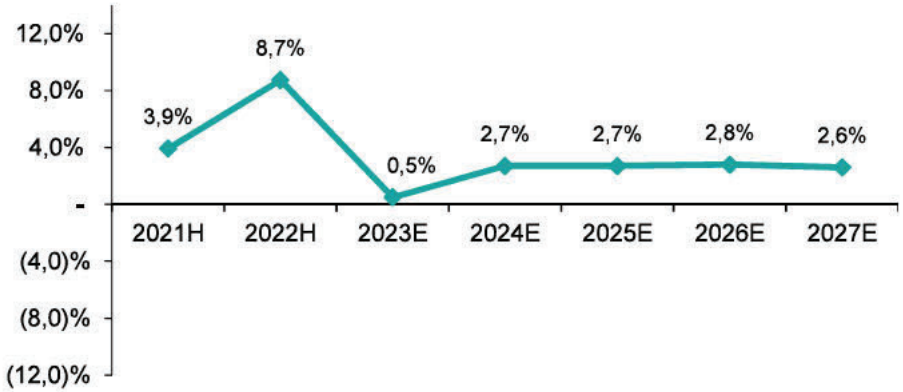
Fuente: Economist Intelligence Unit.

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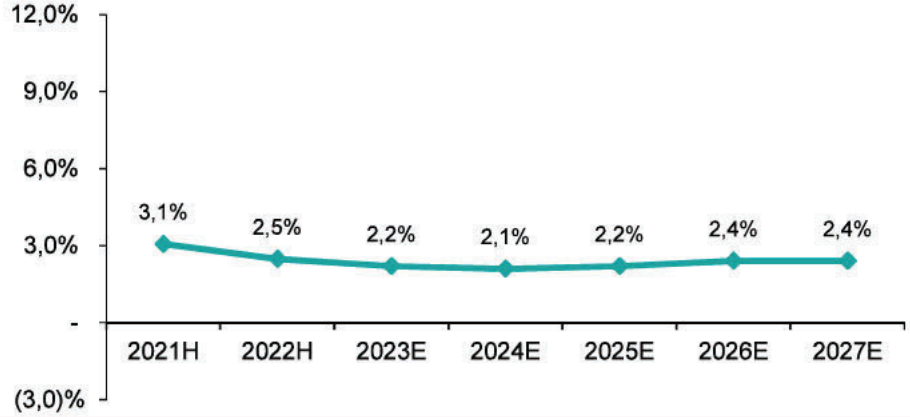
Análisis de variables macroeconómicas – Arabia Saudí



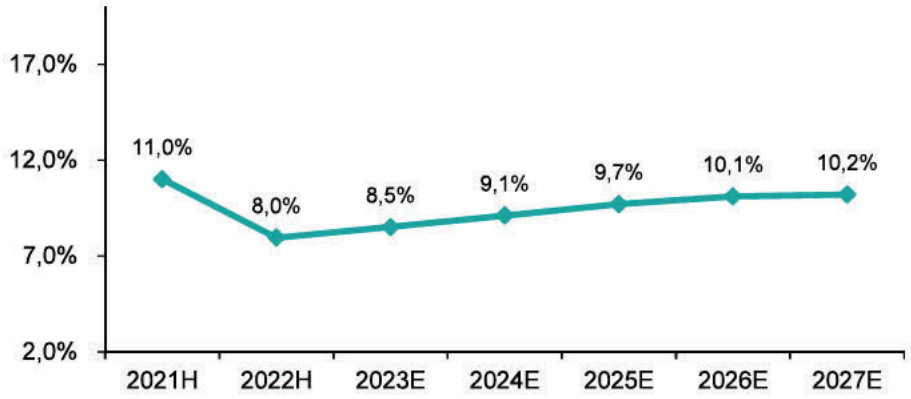
Producto interior bruto (PIB) (%)



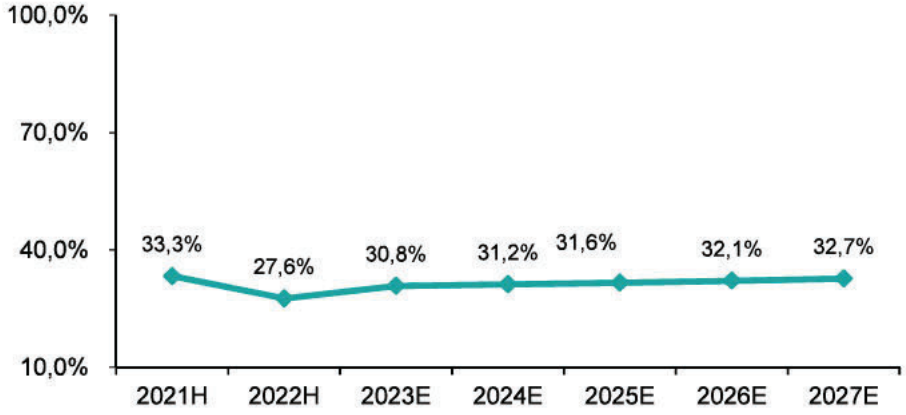
Inflación (%)



Tasa de desempleo (%)



Gasto público (% sobre PIB)



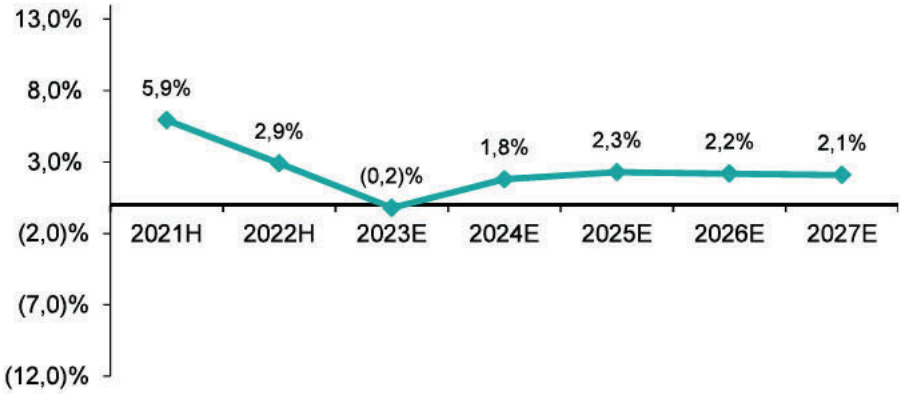
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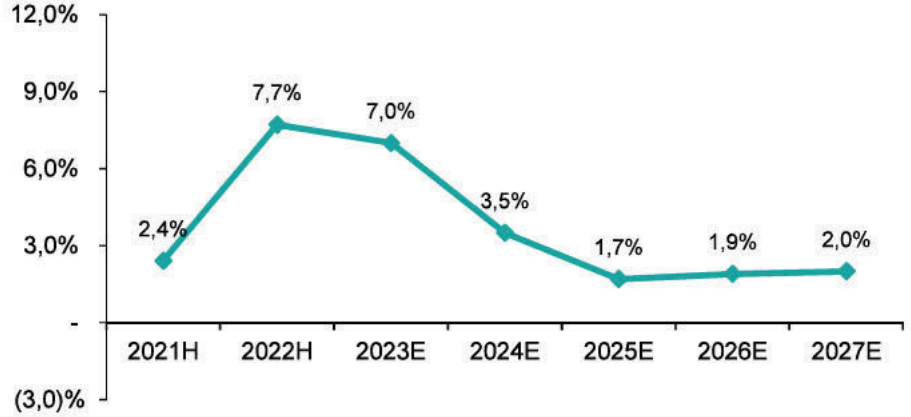
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Análisis de variables macroeconómicas – Suecia

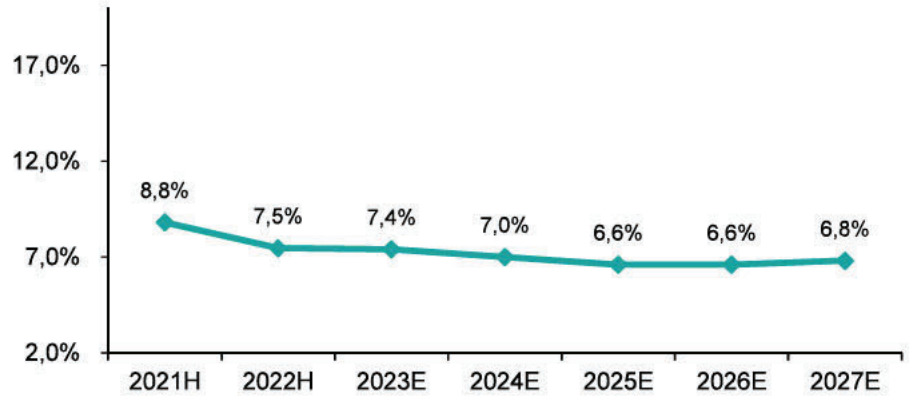
Producto interior bruto (PIB) (%)



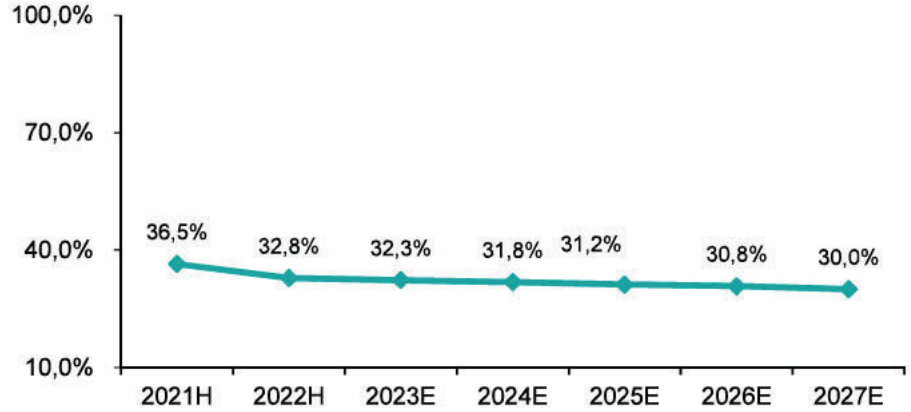
Inflación (%)



Tasa de desempleo (%)



Gasto público (% sobre PIB)



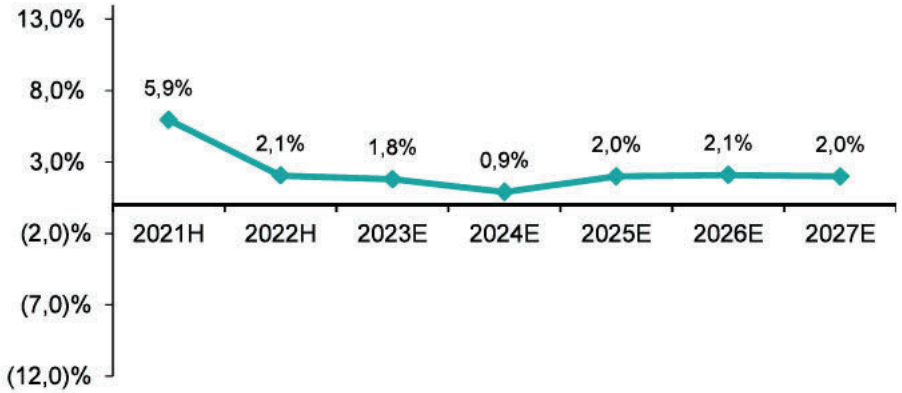
Fuente: Economist Intelligence Unit.

KPMG

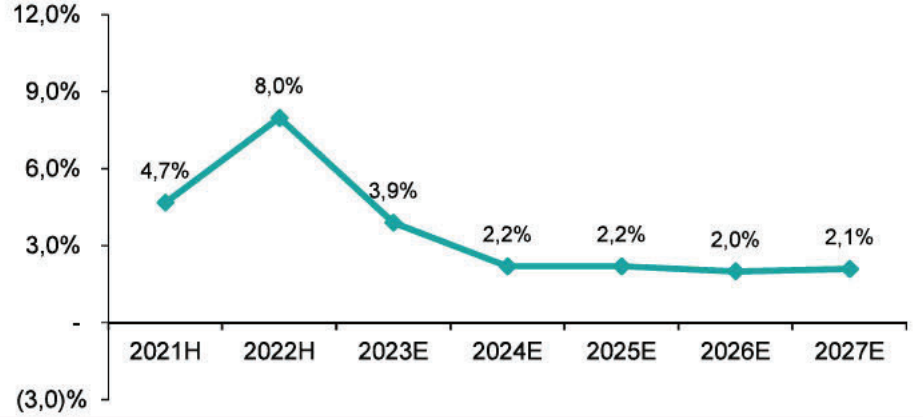
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Análisis de variables macroeconómicas – EEUU

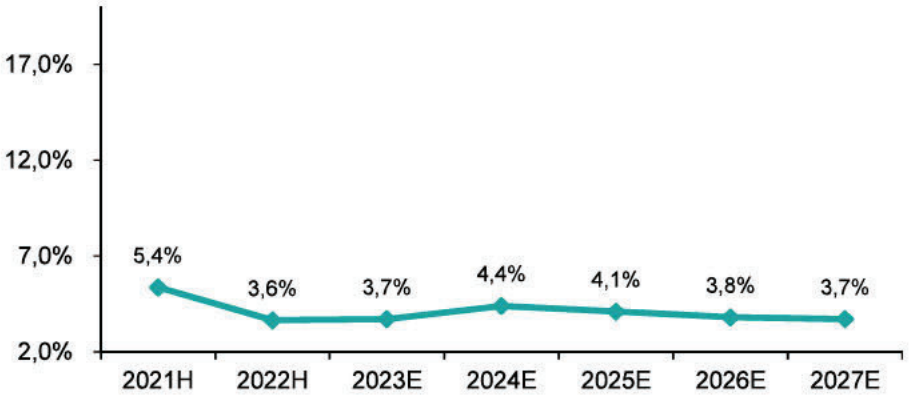
Producto interior bruto (PIB) (%)



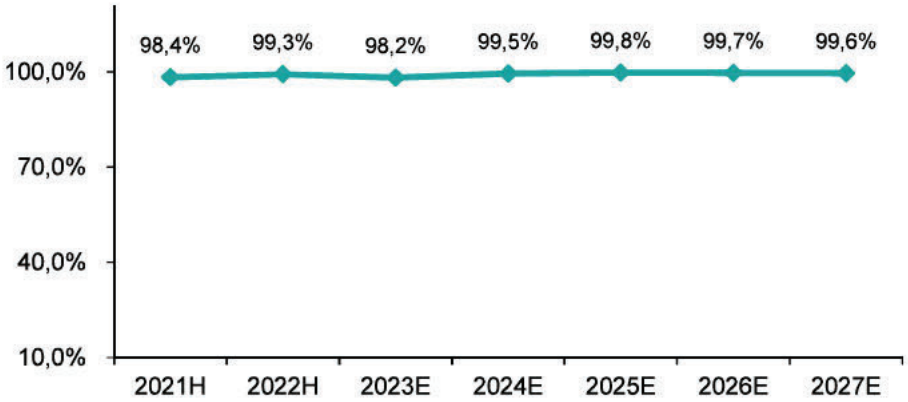
Inflación (%)



Tasa de desempleo (%)



Gasto público (% sobre PIB)



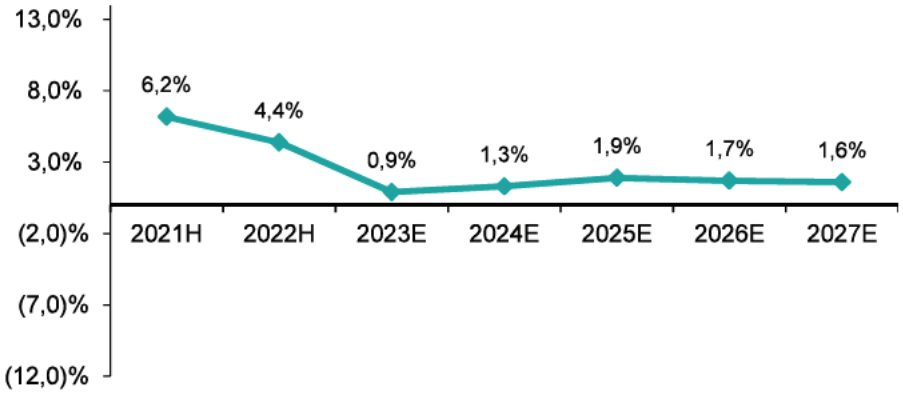
Fuente: Economist Intelligence Unit.

KPMG

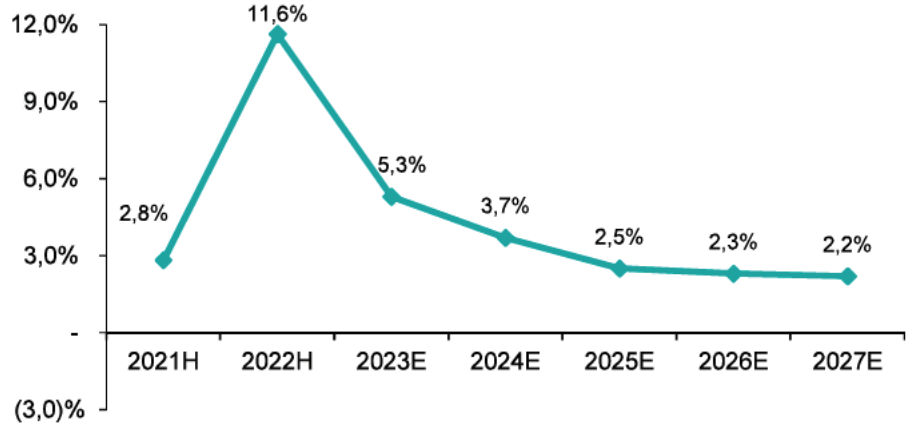
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Análisis de variables macroeconómicas – Países Bajos

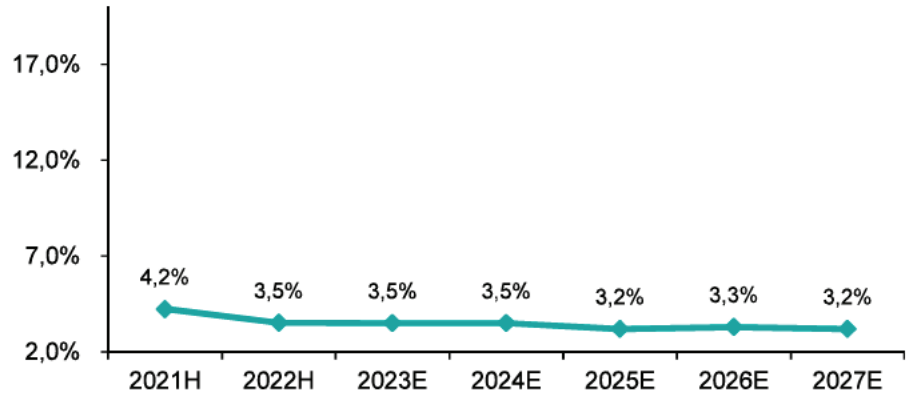
Producto interior bruto (PIB) (%)



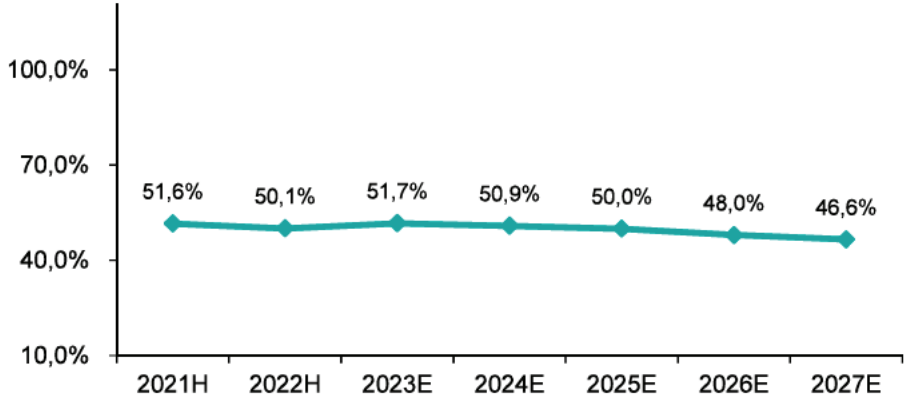
Inflación (%)



Tasa de desempleo (%)



Gasto público (% sobre PIB)

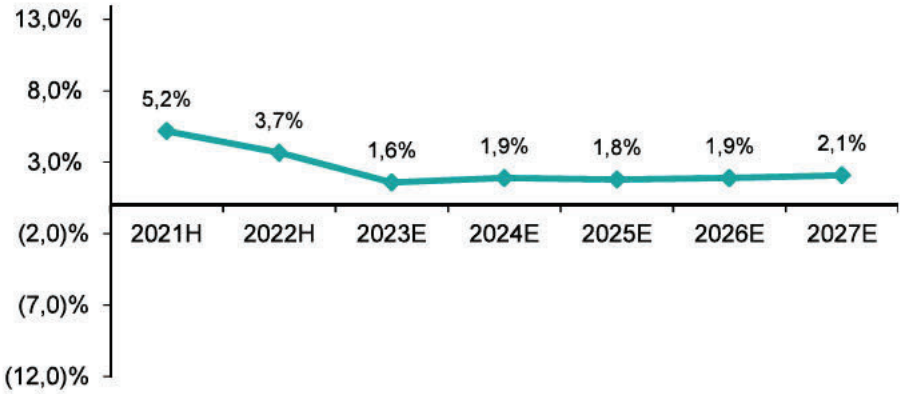


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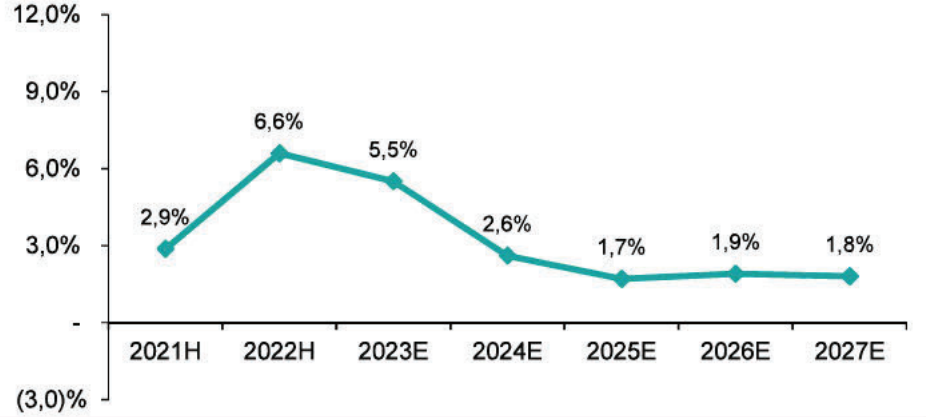
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Análisis de variables macroeconómicas – Australia

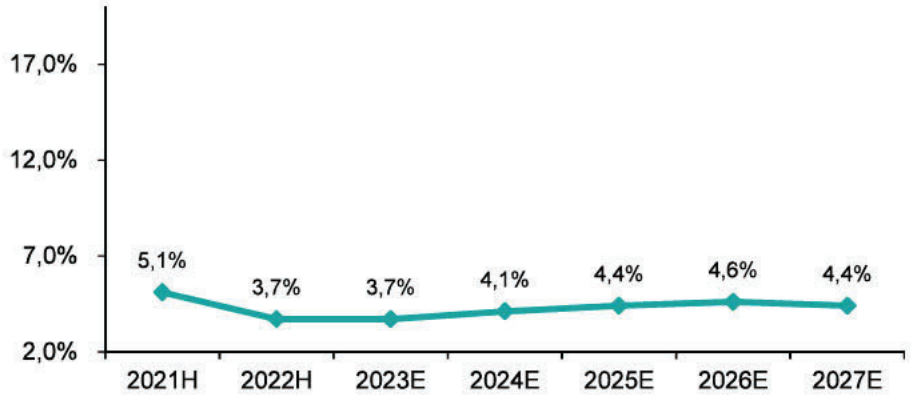
Producto interior bruto (PIB) (%)



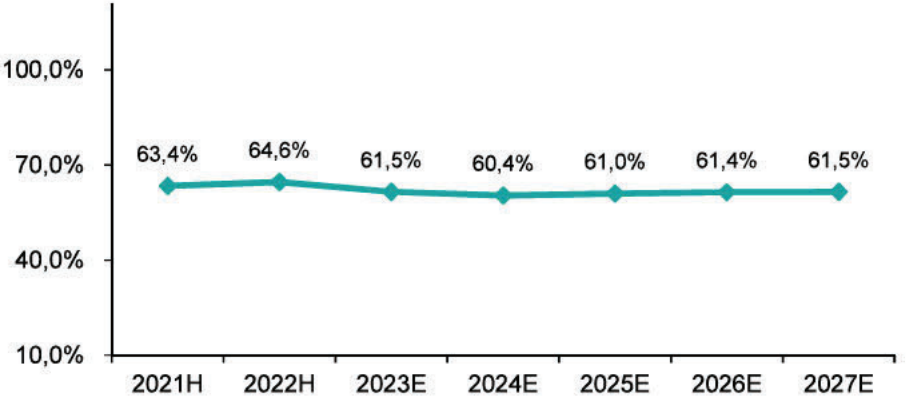
Inflación (%)



Tasa de desempleo (%)



Gasto público (% sobre PIB)



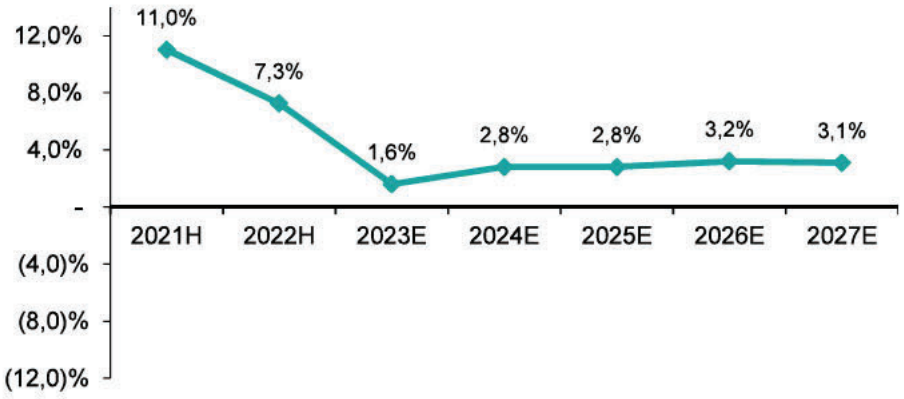
Fuente: Economist Intelligence Unit.

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Análisis de variables macroeconómicas – Colombia

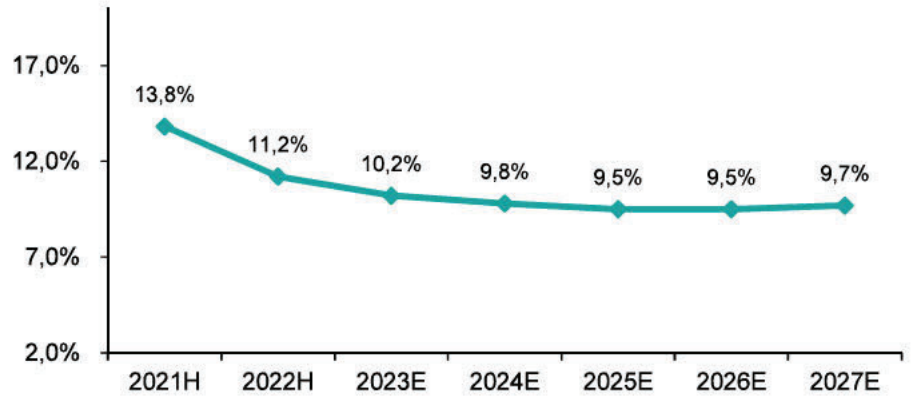
Producto interior bruto (PIB) (%)



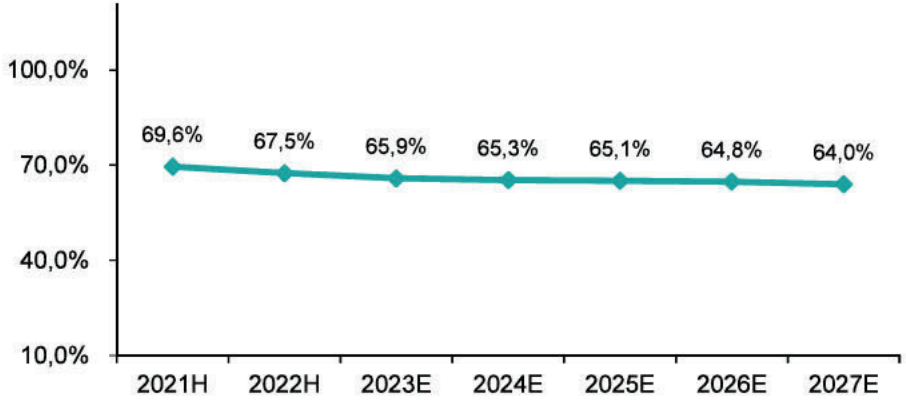
Inflación (%)



Tasa de desempleo (%)



Gasto público (% sobre PIB)



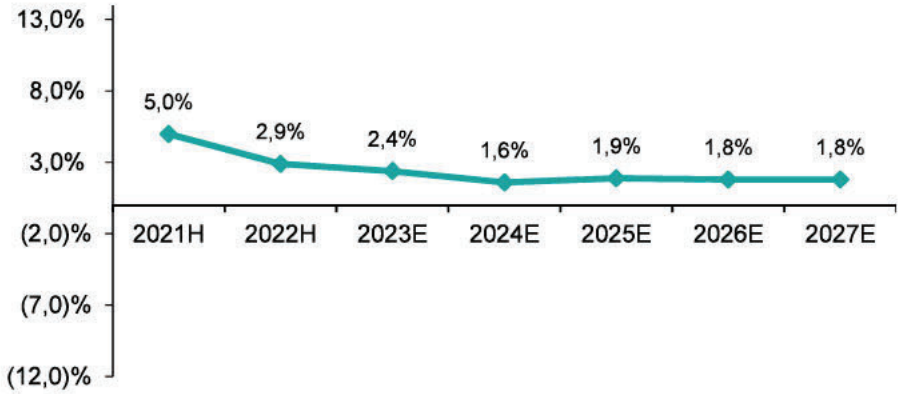
Fuente: Economist Intelligence Unit.

KPMG

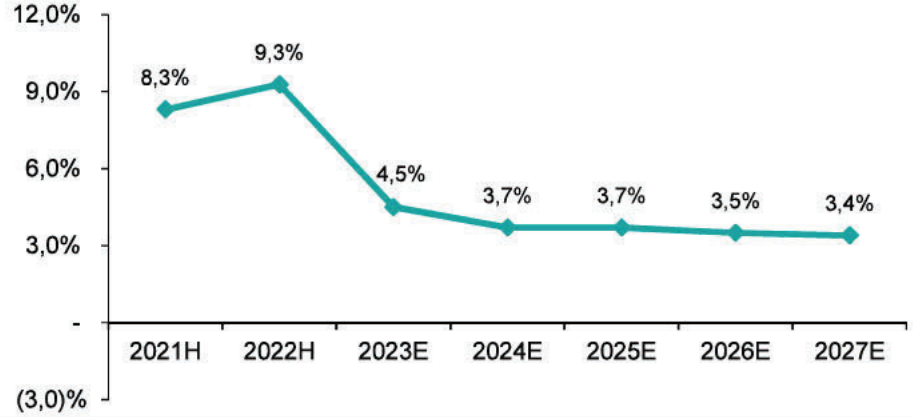
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Análisis de variables macroeconómicas – Brasil

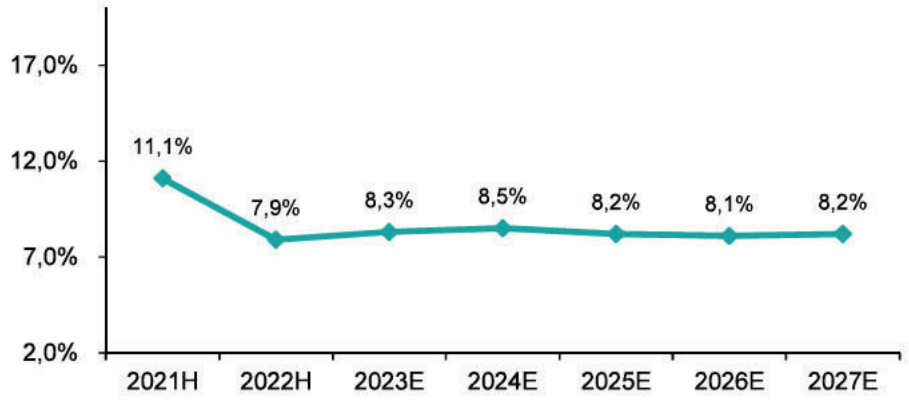
Producto interior bruto (PIB) (%)



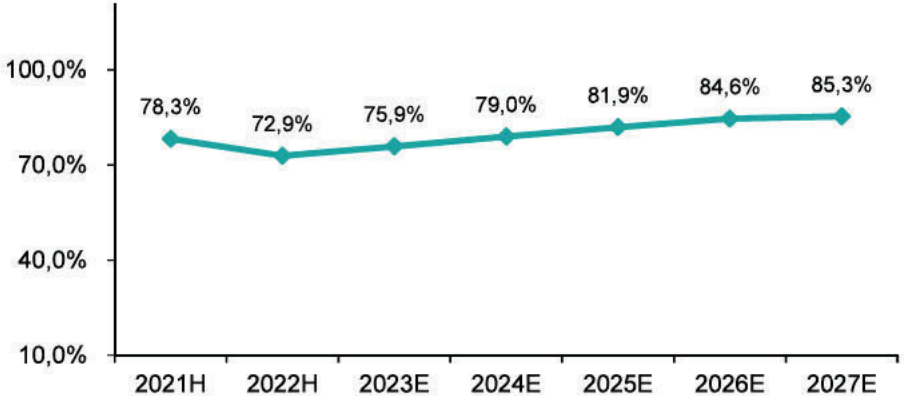
Inflación (%)



Tasa de desempleo (%)



Gasto público (% sobre PIB)



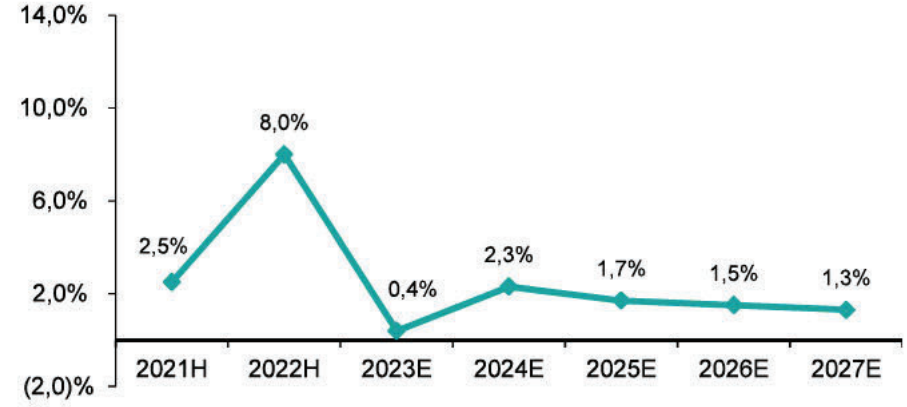
Fuente: Economist Intelligence Unit.

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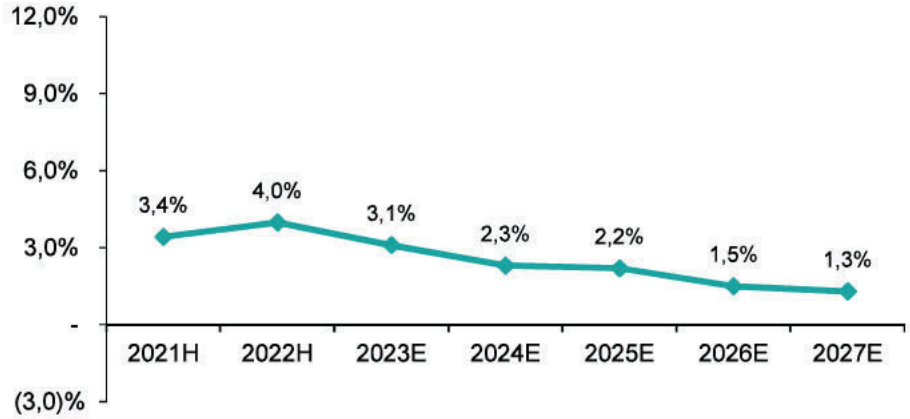
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Análisis de variables macroeconómicas – Kuwait

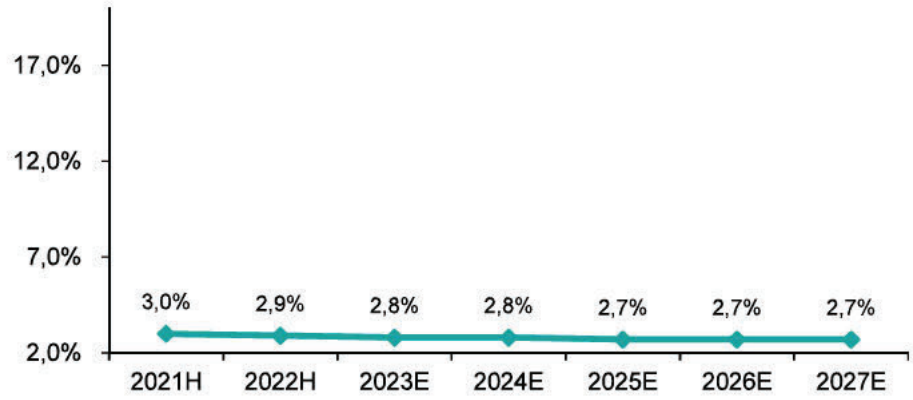
Producto interior bruto (PIB) (%)



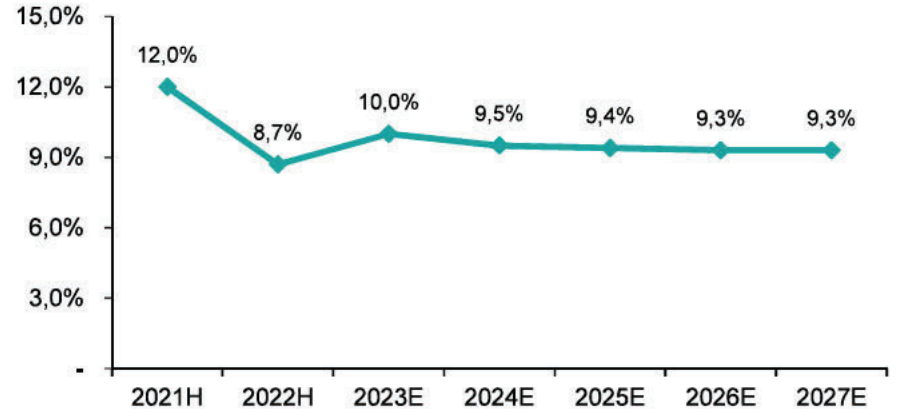
Inflación (%)



Tasa de desempleo (%)



Gasto público (% sobre PIB)

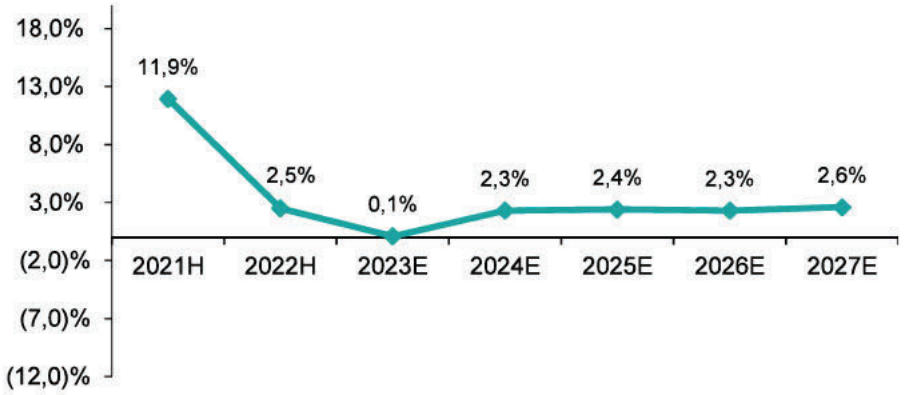


Fuente: Economist Intelligence Unit.

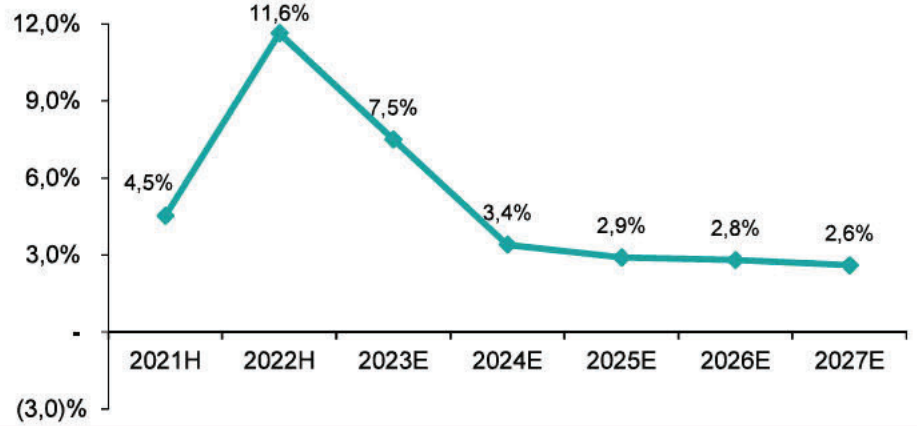
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Análisis de variables macroeconómicas – Chile

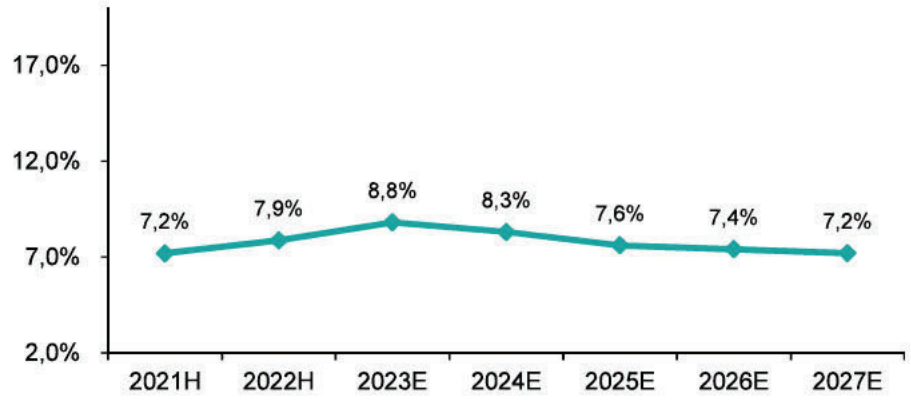
Producto interior bruto (PIB) (%)



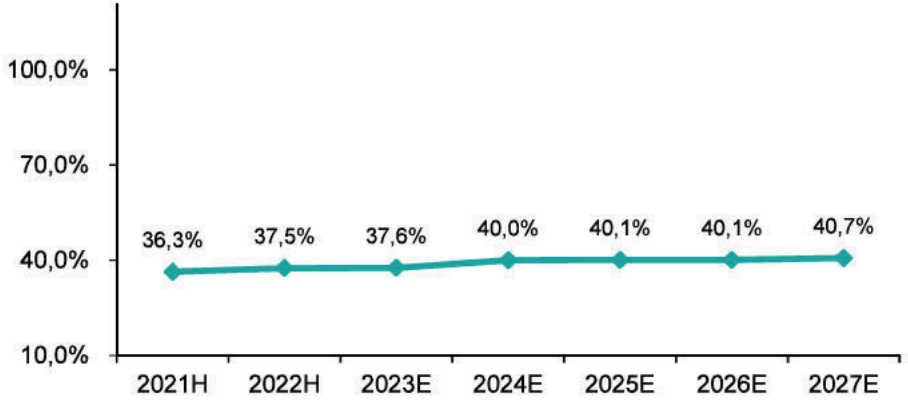
Inflación (%)



Tasa de desempleo (%)



Gasto público (% sobre PIB)



Fuente: Economist Intelligence Unit.

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Anexo 3: Perfiles compañías cotizadas comparables

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Análisis de comparabilidad– Applus

Applus

- Applus está especializada en servicios de ensayos, inspección y certificación de calidad, operando en más de 65 países a través de sus 26.000 empleados y 750 oficinas aproximadamente.
- Ofrece una completa cartera de soluciones que cubren una amplia gama de necesidades, desde la gestión de la integridad de los activos hasta las inspecciones basadas en el cumplimiento de la legislación. Tiene 4 líneas de negocio: (i) Energy & Industry, (ii) Automotive, (iii) Laboratories y (iv) IDIADA.

Importes en millones de EUR	2018H	2019H	2020H	2021H	2022H
Ventas	1.675,9	1.777,9	1.556,7	1.776,7	2.049,9
Crecimiento de ventas (%)	n.a.	6,1%	(12,4)%	14,1%	15,4%
EBITDA	208,1	236,6	321,6	233,8	254,6
Margen EBITDA (%)	12,4%	13,3%	20,7%	13,2%	12,4%
Market cap	1.551,6	1.605,1	1.251,5	1.038,9	1.218,0
Estructura de capital	25,1%	21,2%	28,1%	33,0%	34,1%

Distribución de ventas por geografía – 2022



Fuente: Capital IQ y página web corporativa de Applus..

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Anexo 3: Perfiles compañías cotizadas comparables

Análisis de comparabilidad (1/3)

Bureau Veritas S.A.

- Ofrece servicios de certificación, inspección y auditoría en relación con calidad de equipos e instalaciones, salud, seguridad, transporte, seguridad de la información, etc. Opera en sectores como los de construcción, energía, consumo o automoción.
- Sirve a clientes del sector público y privado (empresas y particulares).

Importes en millones de EUR	2018H	2019H	2020H	2021H	2022H
Ventas	4.794,5	5.099,7	4.601,0	4.981,1	5.650,6
Crecimiento de ventas (%)	n.a.	6,4%	(9,8)%	8,3%	13,4%
EBITDA	838,9	936,5	673,8	886,1	982,1
Margen EBITDA (%)	17,5%	18,4%	14,6%	17,8%	17,4%
Market cap	9.141,1	7.581,4	10.870,9	11.567,4	11.043,4
Estructura de capital	21,2%	14,6%	11,8%	7,2%	7,9%

Distribución de ventas por geografía – 2022



SGS S.A.

- Líder mundial en el sector de TIC y de cumplimiento normativo.
- Presta servicios de certificación, ensayo y gestión de riesgos en industrias como la agrícola, la minera, la de transportes, energética, química, etc., ofreciendo a su vez servicios de consultoría en línea con los objetivos ESG.

Importes en millones de EUR	2018H	2019H	2020H	2021H	2022H
Ventas	6.872,0	6.763,4	5.742,7	6.563,6	6.806,4
Crecimiento de ventas (%)	n.a.	(1,6)%	(15,1)%	14,3%	3,7%
EBITDA	1.248,2	1.195,9	1.062,7	1.290,2	1.225,6
Margen EBITDA (%)	18,2%	17,7%	18,5%	19,7%	18,0%
Market cap	19.150,7	20.385,5	20.474,9	19.592,1	15.868,1
Estructura de capital	4,4%	3,6%	6,8%	6,9%	12,5%

Distribución de ventas por geografía – 2022



Fuente: Capital IQ y página web corporativa de Applus.

Nota 1: En este caso SGS S.A realiza una agrupación de ventas por países, en la cual agrupa Europa, Oriente Medio y África.

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Anexo 3: Perfiles compañías cotizadas comparables

Análisis de comparabilidad (2/3)

Intertek Group plc

- Proveedor líder en garantías y aseguramiento de calidad y en servicios de TIC, teniendo como objetivo la creación de ventajas competitivas para sus clientes.
- Más de 44.000 trabajadores repartidos en más de 1.000 laboratorios en aproximadamente 100 países.

Importes en millones de EUR	2018H	2019H	2020H	2021H	2022H
Ventas	3.265,2	3.481,8	3.195,9	3.247,9	3.721,8
Crecimiento de ventas (%)	n.a.	6,6%	(8,2)%	1,6%	14,6%
EBITDA	651,2	794,0	680,9	727,8	793,1
Margen EBITDA (%)	19,9%	22,8%	21,3%	22,4%	21,3%
Market cap	8.723,1	8.880,9	8.327,9	10.157,1	8.039,3
Estructura de capital	9,1%	6,2%	4,4%	7,5%	9,6%

Distribución de ventas por geografía – 2022



Eurofins Scientific SE

- Centrada en los servicios de ensayo en industrias desde la farmacéutica hasta la agrícola y alimentaria.
- Más de 61.000 empleados en 900 laboratorios ubicados en 61 países.
- Líder del mercado global de ensayos clínicos y de estudios moleculares.

Importes en millones de EUR	2018H	2019H	2020H	2021H	2022H
Ventas	3.781,1	4.562,8	5.438,8	6.717,7	6.712,1
Crecimiento de ventas (%)	n.a.	20,7%	19,2%	23,5%	(0,0)
EBITDA	707,6	795,0	1.274,1	1.748,0	1.352,5
Margen EBITDA (%)	18,7%	17,4%	23,4%	26,0%	20,2%
Market cap	6.367,8	8.802,4	14.320,8	16.566,9	10.909,5
Estructura de capital	30,9%	23,1%	11,5%	7,5%	17,4%

Distribución de ventas por geografía – 2022



Fuente: Capital IQ y página web corporativa de Applus.

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Anexo 3: Perfiles compañías cotizadas comparables

Análisis de comparabilidad (3/3)

ALS Limited

- Opera en 45 industrias, entre las que son relevantes la minera, la petrolera, la petroquímica, la hidrológica y de residuos y la de infraestructuras.
- Servicios de TIC y de verificación.
- Más de 350 laboratorios en 65 países.

Importes en millones de EUR	2018H	2019H	2020H	2021H	2022H
Ventas	885,7	1.019,1	1.134,8	1.078,2	1.194,7
Crecimiento de ventas (%)	n.a.	15,1%	11,4%	(5,0)%	10,8%
EBITDA	176,1	215,2	232,6	226,6	285,8
Margen EBITDA (%)	19,9%	21,1%	20,5%	21,0%	23,9%
Market cap	1.803,8	2.260,4	2.392,2	2.081,3	3.317,2
Estructura de capital	16,0%	15,3%	11,7%	12,5%	15,9%

Distribución de ventas por geografía – 2022



Fuente: Capital IQ y página web corporativa de Applus.

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Anexo 4: Glosario de términos

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Glosario

Am.	Américas
Analistas bursátiles	Analistas de bancos de inversión que realizan un seguimiento de las empresas cotizadas
AP.	Asia Pacífico
Apollo	Apollo Management International LLP
Applus	Applus Services, S.A.
Auto	División Automotive
B - Budget	Budget - Presupuesto
BofA	Bank of America
C/P	Corto plazo
CAGR	Tasa de crecimiento anual compuesto
Capex	Capital Expenditure - Inversiones en activo fijo
CAPM	Capital Asset Pricing Model
Cliente	Apollo Management International LLP
CNMV	Comisión Nacional del Mercado de Valores
Consensus	Consenso de analistas
D/(D+E)	Porcentaje de endeudamiento sobre recursos propios
DCF	Descuento de Flujos de Caja
Due Diligence Financiera	Due Diligence Financiera elaborada por PwC
DDM	Dividend Discount Model - Modelo de descuento de dividendos
DFN	Deuda financiera neta, donde los saldos positivos se corresponden con saldos excedentarios de tesorería
€ - EUR	Euros
E	Estimado
E&I	División Energy & Industry
Earnout	Cantidad del precio pendiente por pagar en una transacción.
EAU	Emiratos Árabes Unidos
EBIT	Earnings before Interest and Taxes – Resultados antes de intereses e impuestos
EBITDA	Earnings before Interest, Taxes, Depreciation and Amortization - Resultados antes de intereses, impuestos y amortizaciones
EBT	Earnings before Taxes – Resultados antes de impuestos
EIU	Economist Intelligence Unit
EE.UU.	Estados Unidos de América
EqV	Equity Value – Valor de las acciones
Eur.	Europa
EV	Enterprise Value – Valor del negocio
FCF	Free Cash Flow – Flujo de Caja Libre

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Anexo 4: Glosario de términos

Glosario

Fecha de Valoración	30 de junio de 2023
g	Tasa de crecimiento a perpetuidad
H	Histórico
IDIADA	División IDIADA
IFRS	International Financial Reporting Standard - Normas Internacionales de Información Financiera
IPC	Índice de precios al consumo
Kd	Cost of debt - Coste de la deuda
Ke	Cost of equity - Coste de capital
KPMG	KPMG Asesores, S.L.
Labs	División Laboratories
LMV	Ley del Mercado de Valores
M€	Millones de euros
Market cap	Capitalización Bursátil
M&A	Mergers & Acquisitions – Fusiones y Adquisiciones
n.a. / n.d.	No aplicable / No disponible
NOPLAT	Net Operating Profit Less Adjusted Taxes - Beneficio operativo Neto menos impuestos asociados al mismo
O&G	Oil & Gas
OAP	Otros Activos y Pasivos
opa	Oferta Pública de Adquisición
P/E	Price to Earnings ratio – Ratio precio-beneficio
PIB	Producto Interior Bruto
PR	Proforma (cuentas anuales 2022 ajustadas por las inversiones y desinversiones del año 2023 a efectos de facilitar la comparabilidad entre dichos años).
Proyecciones Financieras	Proyecciones Financieras para el período julio 2023E – diciembre 2028E
RD 1066/2007	Real Decreto 1066/2007, de 27 de julio, sobre el régimen de las ofertas públicas de adquisición de valores
Rf	Risk Free – Tasa libre de riesgo
Rm	Riesgo mercado
Sociedad	Applus Services, S.A.
SOTP	Sum Of The Parts – Suma de partes
TIC	Sector en el cual opera Applus - "Testing, inspection and certification"
Var (%)	Variación porcentual
VDR	Virtual Data Room – Repositorio de información virtual
VTC	Valor Teórico Contable
VWAP	Volume Weighted average price – precio medio ponderado por volumen de acciones
WACC	Weighted average cost of capital – coste medio ponderado de los recursos

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ANEXO 9

Aval bancario emitido por Banco Santander, S.A.

Santander

BANCO SANTANDER, S.A., con número de identificación fiscal (NIF) **A-39000013** y con domicilio (a efectos de notificaciones y requerimientos) en Calle Abelias 1, 28042 - Madrid (la "**Entidad Avalista**"), y en su nombre [redacted] **con N.I.F.** [redacted], con facultades suficientes para este acto en virtud del poder conferido a su favor el día 10 de abril de 2013 en virtud de escritura autorizada por el notario de Madrid, D. Gonzalo Sauca Polanco con el número 2294 de su protocolo, y [redacted] con **N.I.F.** [redacted] con facultades suficientes para este acto en virtud del poder conferido a su favor el día 17 de septiembre de 1999 en virtud de escritura autorizada por el notario de Cantabria, D. José María de Prada Díez con el número 2723 de su protocolo, los poderes se hayan complementados por el certificado emitido por Dª. Julia Bayón Pedraza, en su condición de Vicesecretaria del Comité Ejecutivo de Riesgos de Banco Santander, S.A., con fecha 23 de junio de 2023,

AVALA

ante la **COMISIÓN NACIONAL DEL MERCADO DE VALORES (CNMV)**, y en beneficio de los accionistas de la sociedad **APPLUS SERVICES, S.A.** que acudan a la oferta pública voluntaria de adquisición formulada por la sociedad **MANZANA SPAIN BIDCO, S.L.U.** con domicilio social en **SUERO DE QUIÑONES, 34-36, MADRID** y con número de identificación fiscal (NIF) **B-13917067**, inscrita en el Registro Mercantil de **MADRID** al tomo **45355**, folio **147** y hoja **M-797874** (la "**Sociedad Oferente**"), sobre **la totalidad de las** acciones de **APPLUS SERVICES, S.A.** (la "**Oferta**"), representativas del **100 %** de su capital social (una vez que se complete la inscripción de la reducción de capital aprobada por la Junta General Ordinaria de Accionistas y por el Consejo de Administración de la sociedad APPLUS SERVICES, S.A. en fecha 8 de junio de 2023), en garantía de las obligaciones de pago en efectivo asumidas por la Sociedad Oferente en la Oferta, cuyos términos y condiciones se describen en el folleto explicativo de la misma presentado para su registro en la **COMISIÓN NACIONAL DEL MERCADO DE VALORES (CNMV)**, en cumplimiento de lo dispuesto en el *Real Decreto 1066/2007, de 27 de julio, sobre el régimen de las ofertas públicas de adquisición de valores*

La cantidad máxima avalada por la Entidad Avalista es de **//1.226.204.263,50// EUROS (MIL DOSCIENTOS VEINTISEIS MILLONES DOSCIENTOS CUATRO MIL DOSCIENTOS SESENTA Y TRES EUROS CON CINCUENTA CENTIMOS).**

El presente aval se otorga con carácter incondicional, irrevocable y solidario con respecto a las obligaciones de pago de la Sociedad Oferente derivadas de la Oferta, y con renuncia expresa a los beneficios de excusión, orden y división.

El pago de este aval se llevará a efecto en Madrid, a primer requerimiento de la SOCIEDAD DE GESTIÓN DE LOS SISTEMAS DE REGISTRO, COMPENSACIÓN Y LIQUIDACIÓN DE VALORES, S.A.U. (Iberclear) o de la **COMISIÓN NACIONAL DEL MERCADO DE VALORES (CNMV)**, mediante requerimiento escrito dirigido a la Entidad Avalista en el siguiente domicilio: Calle Abelias 1, 28042 - Madrid. Recibido el requerimiento de pago correspondiente, la Entidad Avalista procederá a efectuar el pago del importe correspondiente, en la cuenta que el requirente haya designado, en el plazo de un (1) día hábil desde el día de la recepción de dicho requerimiento.

El presente aval permanecerá en vigor hasta el completo cumplimiento de las obligaciones de pago de la Sociedad Oferente derivadas de la Oferta o, en su caso, hasta la fecha en que la Oferta sea retirada, anulada o declarada sin efecto.

Este aval se rige por la ley española. La Entidad Avalista, con renuncia a cualquier otro fuero que pudiera corresponderle, se somete a los tribunales de la ciudad de Madrid para dirimir cualquier disputa o controversia que pudiese surgir en relación con la interpretación, alcance, cumplimiento, efectos y ejecución del presente aval.

El presente aval ha sido inscrito en el registro interno de avales de la Entidad Avalista con el número **0049 1500 05 2111148506.**

En **Madrid, a veintinueve de junio de dos mil veintitrés.**

Firmado en representación de **BANCO SANTANDER, S.A.**

p.p. [redacted]

p.p. [redacted]

442 - 09.18 Banco Santander S.A. Domicilio Social: Paseo de Pereda 9-12, 39004 Santander - R.M. de Cantabria, Hoja 286, Folio 64, Libro 54 de Sociedades, Inscr. 1ª CIF A-39000013

Con mi intervención, respecto del otorgamiento y firma de [redacted] con DNI/NIF [redacted] y de D. [redacted] con DNI/NIF [redacted] que actúan en nombre y representación de "BANCO SANTANDER, S.A.", con A-39000013. ----------

Ejercen esta representación como apoderados mancomunados, con facultades suficientes para este documento de AVAL; el primero de ellos, en virtud de escritura pública autorizada en fecha 10 de abril de 2013 por el Notario de Boadilla del Monte (Madrid) D. Gonzalo Sauca Polanco, bajo número 2294 de protocolo; y el segundo, en virtud de escritura autorizada en fecha 17 de septiembre de 1999, por el Notario de Santander D. José María de Prada Diez, con número 2723 de protocolo; debidamente inscritas en la hoja abierta a la sociedad en el Registro Mercantil de Cantabria; inscripciones 2319ª y 657ª respectivamente; y especialmente facultados según acuerdo que consta en la certificación expedida por el Comité Ejecutivo de Riesgos de "Banco Santander, S.A.", complementando las facultades que ya tienen conferidas, fechada en día 21 de junio de 2023, en Boadilla del Monte (Madrid), firmada por la Vicesecretaria del Consejo de Administración y del Comité Ejecutivo de riesgos de "Banco Santander, S.A.", Dª. Julia Bayón Pedraza, y visada por el presidente del Comité Ejecutivo de Riesgos, D. Héctor Blas Grisi Checa. ----------

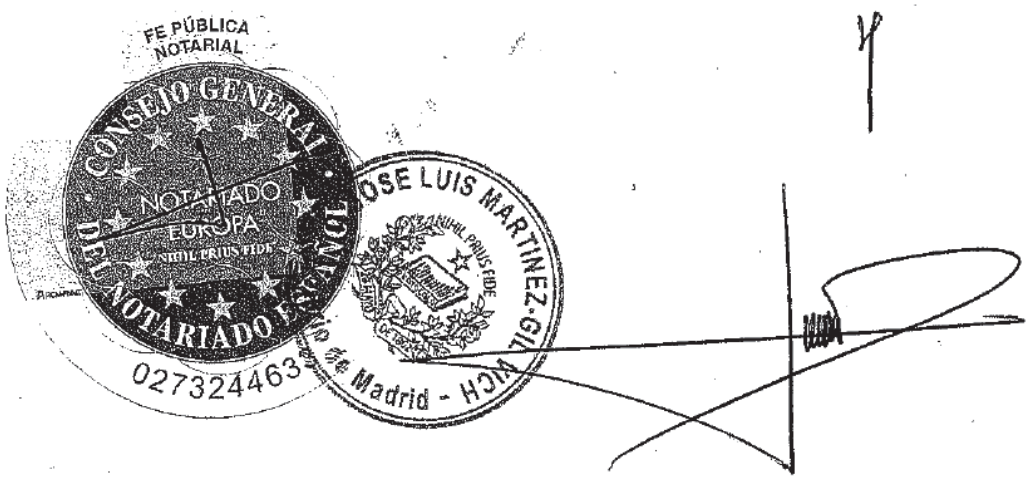
Yo, el Notario, hago constar expresamente que he cumplido con la obligación de identificación del titular real que impone el artículo 4 de la Ley 10/2010, de 28 de abril.

De conformidad con lo previsto en el Reglamento General de Protección de Datos (RGPD), los intervinientes quedan informados y aceptan la incorporación de sus datos a los ficheros automatizados existentes en la Notaría, que se conservarán en la misma con carácter confidencial, sin perjuicio de remisiones de obligado cumplimiento. --------

Me aseveran ambos apoderados la vigencia y virtualidad de sus poderes, facultades representativas, y la persistencia de la capacidad jurídica de la entidad que representan. -

Y yo, José Luis Martínez-Gil Vich, Notario de Madrid, DOY FE de la identidad de los intervinientes, de que, a mi juicio, tienen capacidad y legitimación, y de que su consentimiento ha sido prestado libremente y el otorgamiento se adecua a su voluntad debidamente informada y a la legalidad vigente. ----------

En Madrid, a 29 de junio de 2023.



ANEXO 10

Modelo de anuncio de la Oferta

ANUNCIO DE LA OFERTA PÚBLICA VOLUNTARIA DE ADQUISICIÓN DE ACCIONES QUE FORMULA MANZANA SPAIN BIDCO, S.L.U. SOBRE LA TOTALIDAD DE LAS ACCIONES REPRESENTATIVAS DEL CAPITAL SOCIAL DE APPLUS SERVICES, S.A.

La Comisión Nacional del Mercado de Valores (la "**CNMV**") ha autorizado con fecha [●] de [●] de 2024 la oferta pública voluntaria de adquisición de acciones (la "**Oferta**") formulada por Manzana Spain Bidco, S.L.U. (el "**Oferente**") sobre la totalidad de las acciones representativas del capital social de Applus Services, S.A. (la "**Sociedad Afectada**" o "**Applus**" y, junto con sus sociedades filiales, el "**Grupo Applus**").

La Oferta se rige por la Ley 6/2023, de 17 de marzo, de los Mercados de Valores y de los Servicios de Inversión (la "**LMV**"), por el Real Decreto 1066/2007, de 27 de julio, sobre el régimen de las ofertas públicas de adquisición de valores (el "**Real Decreto 1066/2007**") y demás legislación aplicable.

A continuación, y de conformidad con lo establecido en el artículo 22 del Real Decreto 1066/2007, se incluye la información esencial de la Oferta que consta en el folleto de esta última (el "**Folleto**").

El Folleto, así como la documentación complementaria que lo acompaña, estarán a disposición de los interesados desde el día siguiente a la publicación del primero de los anuncios a los que se refiere el artículo 22.1 del Real Decreto 1066/2007 en los siguientes lugares:

Entidad	Dirección
Comisión Nacional del Mercado de Valores	
– CNMV Madrid	Calle Edison 4, Madrid
– CNMV Barcelona	Calle Bolivia 56, 08018, Barcelona
Sociedades Rectoras de las Bolsas de Valores	
– Sociedad Rectora de la Bolsa de Valores de Madrid	Plaza de la Lealtad 1, Madrid
– Sociedad Rectora de la Bolsa de Valores de Barcelona	Paseo de Gracia 19, Barcelona
– Sociedad Rectora de la Bolsa de Valores de Bilbao	Calle José María Olabarri 1, Bilbao
– Sociedad Rectora de la Bolsa de Valores de Valencia	Calle Libreros 2-4, Valencia
Oferente y Applus	
Oferente	Calle de Suero de Quiñones, 34-36, 1ª planta, 28002 Madrid
Applus Services, S.A.	Calle Campezo 1, edificio 3, Parque Empresarial Las Mercedes, 28022 Madrid

Asimismo, el Folleto y sus anexos estarán disponibles en la página web de la CNMV (https://www.cnmv.es/), en la página web de Applus (https://www.applus.com/global/es/) y en la página web que el Oferente ha habilitado a estos efectos (https://www.apollo.com/site-services/applus) a partir del día siguiente a la publicación del primero de los anuncios de la Oferta a los que se refiere el artículo 22.1 del Real Decreto 1066/2007.

1. SOCIEDAD AFECTADA

La Sociedad Afectada es Applus Services, S.A., sociedad anónima cotizada de nacionalidad española, con domicilio social en Madrid, Calle Campezo 1, edificio 3, Parque Empresarial Las Mercedes, 28022. Se encuentra inscrita en el Registro Mercantil de Madrid al Tomo 36874, Folio 114, Hoja M-659828 y es titular del N.I.F. A-64622970. Su nombre comercial es Applus+.

El capital social de Applus asciende a 12.907.413,30 euros y está dividido en 129.074.133 acciones, de 0,10 euros de valor nominal cada una de ellas, pertenecientes a una misma y única clase y serie, totalmente suscritas y desembolsadas, y representadas mediante anotaciones en cuenta, la llevanza de cuyo registro contable corresponde a Iberclear y sus entidades participantes. Las acciones de Applus se encuentran admitidas a negociación desde el 9 de mayo de 2014, en las Bolsas de Valores de Madrid, Barcelona, Valencia y Bilbao (las "**Bolsas de Valores**") a través del Sistema de Interconexión Bursátil.

Para más información sobre Applus, véase el apartado 1.3 del Folleto.

2. OFERENTE

El Oferente es una sociedad constituida de conformidad con las leyes del Reino de España, con domicilio social en Calle de Suero de Quiñones, 34-36, 1ª planta, 28002 Madrid, inscrita en el Registro Mercantil de Madrid al Tomo 45355, Folio 147 y Hoja M-797874 y con Número de Identificación Fiscal B-13917067. El Oferente es residente fiscal en España y su código LEI es 959800U0EHE360DXKB65.

El Oferente es una sociedad que se encuentra indirecta e íntegramente participada por los siguientes fondos de inversión (los "**Fondos Apollo**"), que son gestionados por filiales indirectas de Apollo Global Management, Inc. ("**AGM**" y junto con las filiales de AGM, el "**Grupo Apollo**"):

(a) Apollo Investment Fund X, L.P. es una entidad limitada (*limited partnership*) constituida el 30 de diciembre de 2021 de conformidad con las leyes del Estado de Delaware, Estados Unidos, con domicilio social en c/o Corporation Service Company, 251 Little Falls Drive, Wilmington DE 19808, Estados Unidos e inscrita en la División de Sociedades de la Secretaría de Estado con el número 6510092.

(b) Apollo Overseas Partners (Delaware 892) X, L.P. es una entidad limitada constituida el 30 de diciembre de 2021 de conformidad con las leyes del Estado de Delaware, Estados Unidos, con domicilio social en c/o Corporation Service Company, 251 Little Falls Drive, Wilmington DE 19808, Estados Unidos e inscrita en la División de Sociedades de la Secretaria de Estado con

el número 6510103.

(c) Apollo Overseas Partners X, L.P. es una entidad limitada exenta (*exempted limited partnership*) constituida el 12 de enero de 2022 de acuerdo con las leyes de las Islas Caimán, con domicilio social en Walkers Corporate Limited, 190 Elgin Avenue, George Town, Gran Caimán KY1 9008, Islas Caimán e inscrita en el Registro de Entidades Limitadas Exentas (*Registrar of Exempted Limited Partnership*) con el número WC-116300.

(d) Apollo Overseas Partners (Delaware) X, L.P. es una entidad limitada constituida el 30 de diciembre de 2021 de conformidad con las leyes del Estado de Delaware, Estados Unidos, con domicilio social en c/o Corporation Service Company, 251 Little Falls Drive, Wilmington DE 19808, Estados Unidos e inscrita en la División de Sociedades de la Secretaria de Estado con el número 6510095.

(e) Apollo Overseas Partners (Lux) X, SCSp es una sociedad comanditaria (*société en commandite spéciale*) constituida el 4 de enero de 2022 de conformidad con las leyes del Gran Ducado de Luxemburgo, con domicilio social en 2, Avenue Charles de Gaulle, Luxemburgo L-1653, Gran Ducado de Luxemburgo e inscrita en el Registro de Sociedades de Luxemburgo (*Registre de Commerce et des Sociétés de Luxembourg*) con el número B262926.

Los Fondos Apollo mantienen su participación en el Oferente a través de una cadena de sociedades y vehículos. Así, el Oferente está íntegramente participado por Manzana Holdco, S.à r.l., una sociedad de responsabilidad limitada (*société à responsabilité limitée*) constituida conforme a las leyes del Gran Ducado de Luxemburgo. Manzana Holdco, S.à r.l. se encuentra íntegramente participada por Manzana Intermédiate S.à r.l., una sociedad de responsabilidad limitada constituida conforme a las leyes del Gran Ducado de Luxemburgo. Manzana Intermediate, S.à r.l. se encuentra íntegramente participada por Manzana Topco, S.à r.l., una sociedad de responsabilidad limitada constituida con arreglo a las leyes del Gran Ducado de Luxemburgo.

Las entidades descritas en el apartado anterior son sociedades que han sido constituidas con el propósito de llevar a cabo la Oferta y se encuentran íntegramente participadas por AP X Euro Intermediate (Lux) S.à r.l., una sociedad de responsabilidad limitada constituida con arreglo a las leyes del Gran Ducado de Luxemburgo.

AP X Euro Intermediate (Lux) S.à r.l. se encuentra íntegramente participada por AP X Euro (Lux) S.à r.l. SICAV – RAIF, una sociedad de responsabilidad limitada constituida como una sociedad de inversión con capital variable que cualifica como fondo de inversión alternativo reservado (*fonds d'investissement alternatif réservé*) con arreglo a las leyes del Gran Ducado de Luxemburgo y que está a su vez totalmente participada en última instancia por los Fondos Apollo.

Los Fondos Apollo están gestionados y/o asesorados en la forma en la que se describe en el Folleto, por Apollo Management X, L.P., que es la entidad que adopta las decisiones de inversión del fondo "Apollo Investment Fund X" y la cual está

íntegramente participada de forma indirecta por Apollo Global Management, Inc., entidad constituida conforme a las leyes del estado de Delaware, Estados Unidos, cuyas acciones se encuentran admitidas a negociación en la Bolsa de Nueva York (NYSE: APO). Apollo Global Management Inc. no está controlada por ninguna entidad o individuo.

Si bien Apollo Management X, L.P. es la entidad que ha adoptado la decisión de formular la Oferta, con el respaldo del Comité de Inversión (tal y como se describe en el apartado 1.2.1 del Folleto), ni Apollo Management X, L.P. ni las demás sociedades del Grupo Apollo adoptarán decisiones en relación con Applus tras la liquidación de la Oferta. El Oferente, a través de su consejo de administración, adoptará decisiones en relación con Applus tras la liquidación de la Oferta. El Oferente está controlado por AP X Euro (Lux) S.à r.l. SICAV – RAIF a través de sociedades intermedias en la forma indicada en el Folleto.

La estructura de propiedad y control del Oferente se explica con mayor detalle en el apartado 1.4.2 del Folleto.

3. ACUERDOS SOBRE LA OFERTA Y APPLUS

El 26 de marzo de 2023, Apollo Management International LLP remitió una oferta no vinculante al Consejo de Administración de Applus en la que comunicó el interés preliminar y no vinculante de los Fondos Apollo de explorar una posible operación corporativa sobre la totalidad de las acciones de Applus y solicitaba llevar a cabo una *due diligence* limitada de Applus. Como continuación, los días 2 de abril y 13 de abril de 2023 Apollo Management International LLP, en nombre de los Fondos Apollo, remitió una oferta no vinculante revisada mejorando los términos de la potencial operación en relación con Applus.

Con fecha 19 de abril de 2023, el presidente del Consejo de Administración de Applus envió una carta de respuesta a Apollo Management International LLP indicando que el Consejo de Administración de Applus había considerado la oferta no vinculante y decidió autorizar el ejercicio de *due diligence*.

El 24 de abril de 2023, Apollo Management International LLP y Applus suscribieron un acuerdo de confidencialidad en virtud del cual ambas partes asumieron determinadas obligaciones y compromisos en relación con el tratamiento confidencial de toda la información compartida entre ellas en relación con una posible operación. Con base en dicha información confidencial, desde el 26 de abril hasta el 23 de junio 2023, los asesores del Oferente llevaron a cabo una revisión limitada de determinados aspectos financieros, operativos y legales del Grupo Applus.

El 29 de junio de 2023, el Oferente remitió una carta al presidente del Consejo de Administración adjuntando un borrador de la solicitud de autorización de la Oferta y comunicando la intención de presentar la Oferta. En esa misma fecha, Applus envió al Oferente una carta, indicando el compromiso del Consejo de Administración de Applus, dentro de los límites de la legislación aplicable y con sujeción a los deberes legales de los consejeros, a:

(a) hacer pública una declaración de apoyo de la Oferta, expresando sus opiniones

preliminares sobre la transacción y reconociendo sus compromisos de cooperar con el Oferente en relación con la Oferta;

(b) prestar asistencia razonable al Oferente en relación con el cumplimiento de las condiciones de competencia e inversión extranjera (FDI) de la Oferta y la financiación de la Oferta (incluida cualquier posible sindicación de la misma); y

(c) cooperar con el Oferente durante el curso de la Oferta y facilitar la información que pueda ser requerida por la CNMV en relación con el Folleto y/o cualquier otro expediente que pueda ser requerido en el contexto de la Oferta.

Con excepción de lo anterior, ni el Oferente, ni los Fondos Apollo, ni las entidades controladas por los Fondos Apollo, ni las entidades que componen el Grupo Apollo, ni los fondos gestionados o asesorados por entidades que componen el Grupo Apollo, ni, conforme al leal saber y entender del Oferente tras realizar las oportunas comprobaciones, las sociedades controladas por dichos fondos, ni los miembros de los órganos de administración, dirección y control de las referidas entidades designados a propuesta de entidades del Grupo Apollo, son parte de ningún acuerdo o pacto de ninguna naturaleza en relación con la Oferta o Applus con cualquier accionista de Applus, la propia Applus ni con cualquiera de los miembros de sus órganos de administración, dirección o control.

4. OPERACIONES CON ACCIONES DE APPLUS

Ni el Oferente, ni los Fondos Apollo, ni las sociedades controladas por los Fondos Apollo, ni las entidades que componen el Grupo Apollo, ni los fondos gestionados o asesorados por entidades que componen el Grupo Apollo ni, conforme al leal saber y entender del Oferente tras realizar las oportunas comprobaciones, las sociedades controladas por dichos fondos ni los miembros de los órganos de administración de las entidades designados a propuesta de entidades que componen el Grupo Apollo, han realizado ni acordado realizar directa o indirectamente, individualmente o de manera concertada con terceros, al contado o a plazo, operaciones con acciones de Applus durante los 12 meses previos a la presentación de la solicitud de autorización de la Oferta (esto es, entre el 29 de junio de 2022 y 29 de junio de 2023) ni entre esta última fecha y la fecha del Folleto.

Para más información sobre las operaciones con valores de Applus, véase los apartados 1.6 y 1.7 del Folleto.

5. VALORES A LOS QUE SE DIRIGE LA OFERTA

La Oferta se dirige a la totalidad de las acciones en que se divide el capital social de Applus, esto es, 129.074.133 acciones.

6. CONTRAPRESTACIÓN OFRECIDA

La Oferta se formula como una compraventa de acciones. La contraprestación ofrecida por el Oferente a los titulares de las acciones de la Sociedad Afectada es de 9,5 euros por acción (el "**Precio de la Oferta**"). En consecuencia, la cantidad máxima a pagar

por el Oferente asciende a 1.226.204.263,50 euros. El Precio de la Oferta se pagará en efectivo en su totalidad.

El Precio de la Oferta será ajustado a la baja en caso de reparto de dividendos u otras distribuciones por Applus, de conformidad con lo previsto en el apartado 2.2.1 del Folleto. En consecuencia, en caso de que Applus aprobase, realizase o pagase una distribución a sus accionistas con anterioridad a la fecha de liquidación de la Oferta, el Precio de la Oferta se reducirá en una cantidad equivalente al importe bruto de la distribución. Como excepción de lo anterior, el Oferente ha tenido en cuenta para la determinación del Precio de la Oferta el dividendo aprobado por la Junta General de Accionistas de Applus el 8 de junio de 2023 a 0,16 euros por acción (esto es, por un importe máximo de 21.738.801,28) y satisfecho el día 6 de julio de 2023. En consecuencia, el Precio de la Oferta no ha sido ajustado a la baja como consecuencia del pago del citado dividendo.

A pesar de que la Oferta es una oferta voluntaria y, por tanto, no será exigible el pago de un precio que reúna los requisitos para tener la consideración de "precio equitativo" en los términos del artículo 9 del Real Decreto 1066/2007, el Oferente considera que el precio de la Oferta tiene la condición de "precio equitativo" por las siguientes razones: (i) ni el Oferente, ni los Fondos Apollo, ni las sociedades controladas por los Fondos Apollo, ni las entidades que componen el Grupo Apollo, ni los fondos gestionados o asesorados por las entidades que componen el Grupo Apollo ni, según el leal saber y entender del Oferente tras realizar las oportunas comprobaciones, las sociedades controladas por dichos fondos ni los miembros de los órganos de administración designados a propuesta de las entidades que componen el Grupo Apollo, han adquirido ni han acordado adquirir, directa o indirectamente mediante entidades controladas, acciones de Applus en el periodo desde los 12 meses previos a la solicitud de autorización de la Oferta (esto es, entre el 29 de junio de 2022 y 29 de junio de 2023) ni entre esta última fecha y la fecha del Folleto; (ii) no existen compensaciones adicionales que hubieran sido o deban ser pagadas por el Oferente o las entidades y personas indicadas en el subapartado (i) anterior, ni existen pagos diferidos a favor de ningún accionista de Applus; (iii) no ha acaecido ninguna de las circunstancias establecidas en el artículo 9 del Real Decreto 1066/2007 que pudiera motivar la modificación del Precio de la Oferta; y (iv) ni el Oferente ni ninguna de las entidades y personas indicadas en el subapartado (i) anterior tienen ningún acuerdo o compromiso vigente para adquirir acciones de Applus.

Además, el Oferente aporta un informe de valoración preparado por KPMG Asesores, S.L., como experto independiente, para justificar que el Precio de la Oferta cumple con los requisitos establecidos en los artículos 9 del Real Decreto 1066/2007 para ser considerado "precio equitativo" y de esa manera acogerse a la excepción de oferta obligatoria prevista en el apartado f) del artículo 8 del mencionado Real Decreto 1066/2007. El Precio de la Oferta se encuentra dentro del rango de valor del referido Informe de Valoración.

Para más información sobre el Precio de la Oferta y su justificación, véase el apartado 2.2. del Folleto.

7. CONDICIONES A LAS QUE ESTÁ SUJETA LA OFERTA

La efectividad de la Oferta está sujeta a las siguientes condiciones, descritas en el apartado 2.5 del Folleto:

(a) una condición de aceptación mínima, de conformidad con lo previsto en el artículo 13.2(b) del Real Decreto 1066/2007, consistente en la aceptación de la Oferta por titulares de, al menos, 96.805.600 acciones de Applus, representativas del 75% del capital social de Applus; y

(b) la obtención por el Oferente de la autorización o no oposición (no sujetas a compromisos o condiciones de ninguna índole) de la autorización preceptiva o aplicable en materia de defensa de la competencia de la República Popular de China.

La posible renuncia de las condiciones de la Oferta por el Oferente se describe en el apartado 3.4 del Folleto.

En virtud de lo previsto en el artículo 26.2 del Real Decreto 1066/2007, en la fecha de la solicitud de autorización de la Oferta, ésta también estaba condicionada a la autorización del Consejo de Ministros a la inversión extranjera en España del Oferente y sus accionistas en Applus, prevista en el artículo 7 *bis* de la Ley 19/2003, de 4 de julio, sobre régimen jurídico de los movimientos de capitales y de las transacciones económicas con el exterior y sobre determinadas medidas de prevención del blanqueo de capitales y, en su caso, en el artículo 11 del Real Decreto 664/1999 de 23 de abril, sobre inversiones exteriores. El Oferente ha obtenido la referida autorización (no sujeta a ninguna condición) del Consejo de Ministros mediante acuerdos adoptados en sus reuniones de fechas 27 de diciembre de 2023 y 9 de enero de 2024.

Para más información sobre las condiciones de la Oferta, véase los apartados 2.4 y 2.5 del Folleto.

8. GARANTÍAS Y FINANCIACIÓN DE LA OFERTA

De conformidad con el artículo 15 del Real Decreto 1066/2007, para asegurar el cumplimiento de las obligaciones resultantes de la Oferta ha presentado a la CNMV un aval bancario emitido por Banco Santander, S.A. con fecha 29 de junio de 2023, por un importe total de 1.226.204.263,50 euros.

El Oferente atenderá el pago del Precio de la Oferta, así como los gastos relacionados con la operación y la financiación, mediante una combinación de fondos propios que aportarán los Fondos Apollo y financiación ajena. En particular, una parte del Precio de la Oferta se financiará mediante la disposición del tramo de deuda de adquisición de un contrato de financiación senior a largo plazo con entidades bancarias (o, si dicho contrato no se suscribiera antes de la liquidación de la Oferta, un contrato de financiación interino). El importe restante, se financiará mediante aportaciones de los Fondos Apollo. Los fondos propios serán aportados al Oferente indirectamente por los Fondos Apollo, a través de AP X SICAV – RAIF. El importe de las aportaciones de capital dependerá de (i) el número de accionistas de Applus que acepten la Oferta, (ii) los gastos de la operación y la financiación, y (iii) el importe de deuda de adquisición

del que el Oferente pueda disponer para financiar la Oferta con arreglo a la financiación ajena.

La financiación de la Oferta se describe con mayor detalle en el apartado 2.6 del Folleto.

9. PLANES E INTENCIONES DEL OFERENTE EN RELACIÓN CON LA OPERACIÓN

A continuación se resumen los principales planes e intenciones del Oferente. Para más información sobre la finalidad de la Oferta y los planes estratégicos e intenciones del Oferente respecto de Applus, véase el capítulo 4 del Folleto.

9.1. Finalidad de la Operación

El Oferente tiene la intención de adquirir la totalidad de las acciones de Applus con el fin de tomar el control, con la intención posterior de proceder a la inmediata exclusión de la cotización de las Bolsas de Valores, si alcanza una participación de al menos el 75% del capital social de Applus. El propósito del Oferente es contribuir activamente al desarrollo y crecimiento del Grupo Applus, apoyándose de la amplia experiencia y conocimiento del sector de las entidades del Grupo Apollo, para impulsar las oportunidades del Grupo Applus como prestador internacional de servicios de inspección, ensayos y certificación.

El Grupo Applus es uno de los líderes globales del sector de inspección, ensayos y certificación cuya estrategia de negocio está alineada con las macrotendencias mundiales de transición energética, electrificación y conectividad. El Oferente considera que Applus es una propuesta de inversión atractiva a largo plazo debido a las siguientes razones: (i) Applus es un prestador de servicios de inspección, ensayos y certificación que cuenta con las acreditaciones de los principales organismos internacionales en los países donde operan, certificando su desempeño e independencia; (ii) Applus está expuesto a atractivas tendencias de transición energética, electrificación y conectividad; (iii) tras la exclusión de negociación el crecimiento de Applus puede acelerarse de forma orgánica e inorgánica; (iv) el equipo gestor de Applus tiene un historial probado de creación de valor para los accionistas y (v) existen claras palancas de crecimiento futuro.

Además, el Oferente considera que resulta beneficioso para el Grupo Applus y su equipo directivo que la compañía se excluya de la cotización en la etapa actual, ya que les permitirá centrarse en la implementación de las iniciativas con un enfoque a largo plazo, sin las distracciones generadas por las fluctuaciones de los precios de las acciones cotizadas y sin necesidad de cumplir con las expectativas a corto plazo de los mercados de capitales. En consecuencia, el Oferente promoverá la exclusión de negociación de las acciones de Applus en las Bolsas de Valores.

9.2. Planes estratégicos e intenciones sobre las actividades futuras y la localización de los centros de trabajo de Applus y su grupo

Tras la liquidación de la Oferta, el Oferente desarrollará un proceso de revisión estratégica del grupo Applus fruto del cual promoverá la preparación de un nuevo plan estratégico de Applus, que estará en línea con la estrategia de negocio actualmente

existente, pero que podrá sufrir los ajustes oportunos para reflejar las conclusiones del proceso de revisión estratégica, lo que podría dar lugar a cambios no sustanciales en la naturaleza de las actividades que realiza Applus. Asimismo, el plan estratégico también podrá sufrir los ajustes necesarios para tener en cuenta las eventuales variaciones derivadas de los últimos cambios en el mercado y el negocio. El Oferente, mediante el control activo de Applus, impulsará la aprobación por Applus de dicho nuevo plan estratégico y tiene la intención de trabajar junto con el equipo directivo de Applus, apoyándose en sus capacidades operativas y financieras, en sus recursos intelectuales y en su equipo experimentado para la consecución de los objetivos del nuevo plan estratégico.

El Oferente no tiene intención de modificar la localización de sus centros de actividad dentro de los 12 meses siguientes a la liquidación de la Oferta. En particular, el Oferente tiene intención de que el domicilio social de Applus continúe en España.

9.3. Planes estratégicos e intenciones respecto al personal y directivos de Applus y su grupo

El Oferente considera que el personal de Applus es uno de sus activos principales y la gestión de sus recursos humanos una prioridad fundamental. Por lo tanto, el Oferente tiene intención de atraer y retener talento con la finalidad de asegurar que Applus cuente con el personal adecuado para desarrollar sus diferentes líneas de negocio y actividades y que continúen realizándose con los más altos estándares de calidad y profesionalidad. A tal fin, el Oferente pretende llevar a cabo acciones tales como la implementación de nuevos programas de incentivos y la implementación de programas de desarrollo profesional.

El Oferente no prevé realizar cambios en las condiciones laborales de los trabajadores y directivos de Applus y de las sociedades del Grupo Applus y tiene la intención de mantener los puestos de trabajo existentes durante los próximos 12 meses, sin perjuicio de las eventuales variaciones derivadas de la evolución del negocio.

9.4. Planes relativos a la utilización o disposición de activos de Applus y su grupo. Variaciones previstas en su endeudamiento financiero

El Oferente no tiene planes de promover cambios en las estrategias de Applus relativas a la utilización o disposición de los activos existentes ni tiene intención de disponer de ningún activo de Applus para financiar el Precio de la Oferta ni para amortizar la financiación ajena de la Oferta. Sin perjuicio de lo anterior, tras la liquidación de la Oferta, Applus y/o determinadas filiales podrían actuar como garantes o constituir garantías reales sobre sus activos para garantizar el repago de la deuda de refinanciación y la línea de crédito *revolving*, que se describen a continuación.

(a) Deuda de refinanciación

La liquidación de la Oferta conllevará el requerimiento del repago de los importes dispuestos con arreglo a los contratos de financiación del Grupo Applus que se describen en el Folleto, como consecuencia de la activación de cláusulas de cambio de control (la "**Deuda del Grupo Applus**"). Por lo tanto, el Oferente pretende refinanciar la Deuda del Grupo Applus.

La Deuda del Grupo Applus se refinanciará tras la liquidación de la Oferta en el caso de que no sea posible refinanciarla simultáneamente con el pago del Precio de la Oferta. El Oferente tiene intención de repagar la Deuda del Grupo Applus utilizando los fondos dispuestos con arreglo al tramo de deuda de refinanciación del contrato de financiación interino (si el contrato de financiación senior no se ha firmado antes de la liquidación de la Oferta) o el contrato de financiación senior (que sustituiría el contrato de financiación interino si éste se suscribe).

(b) Línea de crédito *revolving*

Asimismo, el Oferente también ha acordado con las entidades prestamistas una línea de crédito *revolving* que se dispondrá con arreglo al contrato de financiación interino (si el contrato de financiación senior no se ha firmado antes de la liquidación de la Oferta) o el contrato de financiación senior (que sustituiría el contrato de financiación interino si éste se suscribe). La finalidad de la línea de crédito *revolving* es cubrir necesidades de capital circulante y/o fines corporativos generales del Grupo Applus.

9.5. Planes relativos a la emisión de valores de Applus y su grupo

El Oferente no tiene planes relativos a la emisión de acciones o valores de cualquier otra clase por parte de Applus o cualquiera de sus filiales, ni tiene ningún plan relativo a la emisión de ningún tipo de instrumentos de deuda por parte de Applus o de cualquiera de sus filiales.

9.6. Reestructuraciones societarias de cualquier naturaleza

El Oferente no tiene previsto llevar a cabo en el corto plazo ninguna reestructuración societaria que afecte a Applus o sus filiales.

9.7. Política de dividendos y retribución del accionista

El Oferente no tiene intención de continuar con la actual política de dividendos ni, por tanto, de promover el reparto de dividendos por Applus ni de remunerar a sus accionistas de ninguna otra forma en el corto y medio plazo. Sin perjuicio de lo anterior, aunque el Oferente no ha adoptado ninguna decisión al respecto, la deuda de adquisición podría ser repagada por el Oferente, en su totalidad o en parte, a su vencimiento (esto es, en el séptimo aniversario de la liquidación de la Oferta) utilizando fondos provenientes de dividendos (u otras distribuciones de capital) realizados por Applus a sus accionistas.

9.8. Planes sobre la estructura. Composición y funcionamiento de los órganos de administración y dirección de Applus

Es intención del Oferente nombrar un número de consejeros que representen la participación mayoritaria que obtenga tras la liquidación de la Oferta en los órganos de administración, gestión y control de Applus, promoviendo el nombramiento de un número de miembros del consejo de administración y de sus distintas comisiones que, hasta donde sea legalmente posible, se corresponda con dicha participación aunque manteniendo el número de consejeros independientes que resulte legalmente necesario mientras las acciones de Applus sigan siendo cotizadas.

9.9. Previsiones relativas a los estatutos de Applus

Antes de la exclusión de negociación de las acciones de Applus, el Oferente no tiene la intención de promover la modificación de los estatutos y demás normativa interna de Applus. Tras la exclusión de negociación de las acciones de Applus de las Bolsas de Valores, el Oferente promoverá la modificación de los estatutos y demás normativa interna de Applus de la forma que considere necesaria o conveniente para adaptar dichos documentos a la condición de sociedad no cotizada.

9.10. Intenciones con respecto a la cotización de las acciones de Applus

El Oferente tiene intención de excluir de negociación las acciones de Applus ya sea mediante el ejercicio del derecho de venta forzosa si se alcanzan los umbrales establecidos al efecto o, si no se cumplen tales requisitos pero el Oferente ha alcanzado al menos el 75% del capital de Applus en la fecha de liquidación de la Oferta, promoviendo la exclusión de negociación de las acciones de Applus acogiéndose a la excepción a la formulación de una oferta pública de exclusión prevista en el artículo 65.2 de la Ley del Mercado de Valores y el artículo 11.d) del Real Decreto 1066/2007. El precio de dicha orden de compra será una contraprestación en efectivo por acción igual al precio al que se liquide la Oferta, ajustado a la baja en el importe bruto por acción de cualesquiera distribuciones satisfechas por Applus entre la liquidación de la Oferta y la fecha en la que se ejecute cada orden de compra.

Se tendrá por cumplido el requisito de participación mínima del 75% del capital social de Applus con derecho de voto para promover la exclusión de negociación de Applus mediante la referida excepción de opa de exclusión, si tras la liquidación de la Oferta, el Oferente es titular de un número mínimo de 96.805.600 acciones, representativas del 75% del capital social de Applus, numero de acciones que se corresponde con la Condición de Aceptación Mínima.

En el caso de que Applus no acepte la Oferta con las acciones en autocartera (146.997 acciones representativas del 0,114% del capital) y dichas acciones se mantuvieran en autocartera en la fecha de liquidación de la Oferta, para llevar a cabo la exclusión el Oferente se compromete a promover en la misma junta general de accionistas en la que se someta la exclusión de negociación de las acciones de Applus, la amortización de las acciones en autocartera reduciendo el capital social de Applus en dicha fecha. En este supuesto, se tendrá por cumplido el requisito de participación del 75% si el Oferente es titular de un número mínimo de 96.695.352 acciones representativas del 75% capital social tras la liquidación de la Oferta y la reducción del capital.

Si se cumple dicho requisito, el Oferente promoverá la celebración de una junta general extraordinaria de accionistas de Applus a los efectos de acordar la exclusión de negociación de las acciones de Applus y facilitará la venta de las acciones de Applus mediante una orden sostenida de compra sobre la totalidad de las acciones en circulación por un plazo mínimo de un mes, dentro del semestre posterior a la finalización de la Oferta.

Para el caso de que la Oferta se liquide, pero el Oferente (previa renuncia de éste a la condición de aceptación mínima) no alcance el 75% del capital social de Applus en la fecha de liquidación de la Oferta conforme a lo exigido en el artículo 65.2 de la LMV, el Oferente analizará la conveniencia de (i) mantener las acciones de Applus cotizadas

o (ii) promover la exclusión de negociación de las acciones de Applus en las Bolsas de Valores para lo que será preciso la formulación de una oferta de exclusión en los términos del artículo 65 de la LMV cuyo precio cumpla con lo dispuesto en los apartados 5 y 6 del artículo 10 del Real Decreto 1066/2007.

9.11. Intención de aplicar el derecho de venta forzosa

El Oferente ejercitará el derecho de venta forzosa si los umbrales previstos en el artículo 47.1 del Real Decreto 1066/2007 se alcanzan, lo que conllevará la exclusión de cotización de las acciones que será efectiva a partir de la fecha de liquidación de la operación de venta forzosa.

9.12. Transmisión de las acciones de Applus y su grupo

El Oferente no tiene planes de transmitir ni total ni parcialmente las acciones de Applus que adquiera ni las acciones o participaciones de las sociedades filiales de Applus. No existe ningún acuerdo ni negociación con terceros para la transmisión de acciones de Applus ni de las sociedades de su grupo tras la liquidación de la Oferta.

9.13. Informaciones relativas al Oferente y su grupo

El Oferente, Manzana Holdco, S.à r.l., Manzana Intermediate, S.à r.l. y Manzana Topco, S.à r.l. son sociedades de nueva constitución creadas principalmente para adquirir acciones de Applus a las que se dirige la Oferta, que no han desarrollado ninguna actividad hasta la fecha, distinta de la adopción de los acuerdos necesarios para formular la Oferta así como los relacionados con la financiación de la Oferta y otras actuaciones relacionadas con la Oferta. Ni el Oferente ni Apollo Management X, L.P. ni ninguna de las sociedades incluidas en la estructura de inversión descrita en el apartado 2 del presente anuncio, y que se desarrolla en el apartado 1.4.2 del Folleto, se verán afectadas por la Oferta en las informaciones descritas anteriormente.

10. PROCEDIMIENTO DE ACEPTACIÓN Y LIQUIDACIÓN

10.1. Plazo de aceptación de la oferta

El plazo de aceptación de la Oferta es de 30 días naturales contados a partir del día hábil bursátil siguiente a la fecha de publicación del primero de los anuncios a los que se refiere el artículo 22 del Real Decreto 1066/2007 y que se publicarán en (i) los boletines oficiales de cotización de las Bolsas de Valores y (ii) en un periódico de difusión nacional (a estos efectos, las publicaciones en prensa digital no tendrán la consideración de periódicos de difusión nacional). Se tomará como fecha de publicación de los anuncios en los boletines de cotización la fecha de la sesión bursátil a la que éstos se refieran.

A los efectos del cómputo del referido plazo de 30 días naturales, se incluirá tanto el día inicial como el último día del plazo. Si el primer día del plazo fuese inhábil bursátil, el plazo de aceptación se iniciará el primer día hábil bursátil siguiente. Si el último día del plazo fuera inhábil bursátil, el plazo de aceptación se extenderá hasta el primer día hábil bursátil siguiente. El plazo de aceptación finalizará, en todo caso, a las 23:59 horas del último día del plazo de aceptación.

Excepto por lo dispuesto más adelante, el Oferente podrá ampliar el plazo de aceptación de la Oferta de conformidad con lo previsto en el artículo 23 del Real Decreto 1066/2007, siempre que no se rebase el límite máximo de 70 días naturales y que se comunique la prórroga previamente a la CNMV. La ampliación del plazo de aceptación, en su caso, deberá anunciarse en los mismos medios en los que se hubiera publicado la Oferta, con una antelación mínima de tres días naturales a la fecha de terminación del plazo inicial o de la correspondiente prorroga, indicándose las circunstancias que la motivan.

Con fecha 14 de septiembre de 2023, Amber Equityco, S.L.U. presentó una oferta pública, voluntaria y competidora de adquisición de las acciones de Applus a un precio de 9,75 euros por acción cuya tramitación fue suspendida por la CNMV hasta la autorización de la oferta previa, lo que fue comunicado el día 15 de septiembre de 2023. El computo del plazo de aceptación de la Oferta del Oferente no se iniciará hasta la autorización o denegación por la CNMV de la oferta competidora sobre Applus.

En virtud del artículo 44.1 del Real Decreto 1066/2007, en el supuesto de autorización de la oferta competidora, el plazo de aceptación de la Oferta y de la oferta competidora será de 30 días naturales contados a partir del día hábil bursátil siguiente a la fecha de publicación del primero de los anuncios al que se refiere el artículo 22 del Real Decreto 1066/2007. La presentación de una nueva oferta competidora interrumpirá el computo del plazo de aceptaciones de todas las ofertas precedentes, quedando automáticamente modificado en la medida necesaria de forma que los plazos de aceptación de todas las ofertas finalicen el mismo día. El nuevo plazo de aceptación, único para todas las ofertas, será publicado por la CNMV a través de su página web.

De acuerdo con lo previsto en el artículo 44.2 del Real Decreto 1066/2007, en el supuesto de autorización de la oferta competidora, el Oferente no podrá prorrogar el plazo de aceptación de la Oferta, si bien, la CNMV podrá ampliar el plazo de aceptación en los supuestos previstos en el capítulo IX del Real Decreto 1066/2007, difundiendo las ampliaciones del plazo de aceptación a través de su página web.

10.2. Formalidades que deben cumplir los destinatarios de la Oferta para manifestar su aceptación. Forma y plazo en los que recibirán el precio de la Oferta

10.2.1. Declaraciones de aceptación

Las declaraciones de aceptación de la Oferta por parte de los accionistas de Applus se realizará de acuerdo con el procedimiento señalado en el Folleto.

Las declaraciones de aceptación remitidas por los destinatarios de la Oferta con posterioridad al último día del plazo de aceptación no serán válidas por lo que no se computarán en el resultado de la Oferta.

Las declaraciones de aceptación de la Oferta por parte de los accionistas de Applus se admitirán desde el primer día del plazo de aceptación hasta el último, ambos incluidos. Dichas declaraciones de aceptación serán revocables en cualquier momento antes del último día de dicho plazo y carecerán de validez si se someten a condición, todo ello con arreglo a lo previsto en el artículo 34.3 del Real Decreto 1066/2007. Asimismo, carecerán de validez las declaraciones de aceptación referidas a acciones cuyas fechas de contratación sean posteriores al último día del plazo de aceptación de la Oferta y aquellas

declaraciones de aceptación remitidas por los destinatarios de la Oferta fuera de dicho plazo.

10.2.2. Procedimiento de aceptación

Los accionistas de Applus que deseen aceptar la Oferta deberán dirigirse a la entidad participante en Iberclear en la que tengan depositadas sus acciones y manifestar ante esta última su declaración de aceptación por escrito de forma presencial, por medios electrónicos o por cualesquiera otros medios admitidos por las entidades depositarias.

Los destinatarios de la Oferta podrán aceptarla, respecto de la totalidad o parte de las acciones de Applus de las que sean titulares, desde el primer día del plazo hasta el último, ambos incluidos. Toda declaración de aceptación deberá comprender al menos una acción de Applus.

En el supuesto de autorización de la oferta competidora, las declaraciones de aceptación podrán ser múltiples, indicando el orden de preferencia entre las ofertas competidoras. Las declaraciones de aceptación múltiples se harán llegar a los oferentes de las distintas ofertas competidoras. El procedimiento de escrutinio de las declaraciones de aceptación múltiples se regirá por las siguientes reglas:

- Las aceptaciones se atribuirán inicialmente a la oferta que constituya la primera preferencia de cada aceptación.

- Las aceptaciones de las ofertas que sean retiradas o, por cualquiera de las causas previstas en el Real Decreto 1066/2007 queden sin efecto, se atribuirán a la siguiente oferta en orden de preferencia.

Salvo declaración expresa en contrario, sujeta a los mismos requisitos establecidos inicialmente para la aceptación de cada una de las ofertas, los destinatarios de las ofertas que hubieran aceptado una oferta con anterioridad a una mejora se adherirán a la oferta modificada.

Las acciones respecto de las que se acepte la Oferta deberán comprender todos los derechos políticos y económicos, cualquiera que sea su naturaleza, que puedan corresponder a aquellas. Las acciones deberán ser transmitidas (i) con todos los derechos políticos y económicos que les corresponda, (ii) libres de cualquier clase de cargas, gravámenes o derechos de terceros que limiten sus derechos políticos o económicos o su libre transmisibilidad, y por (iii) persona legitimada para transmitirlas según los asientos del correspondiente registro contable, de forma que el Oferente adquiera la propiedad irreivindicable sobre las acciones de acuerdo con lo establecido en el artículo 11 de la LMV.

De conformidad con lo establecido en el artículo 34.2 del Real Decreto 1066/2007, durante el plazo de aceptación de la Oferta, las entidades financieras que reciban las declaraciones de aceptación de los destinatarios de la Oferta remitirán diariamente al Oferente, a través del representante designado a estos efectos que se indica a continuación, y a las sociedades rectoras de las Bolsas de Valores, de forma globalizada, los datos relativos al número de acciones comprendidas en las declaraciones de aceptación presentadas y no revocadas, tanto si se trata de aceptaciones que los interesados les hayan hecho llegar directamente, como si se refieren a aceptaciones cursadas a través de una entidad participante en Iberclear.

Las entidades que hubieran comunicado declaraciones globales de aceptación de destinatarios de la oferta que, con posterioridad, revoquen sus aceptaciones, deberán presentar nuevas declaraciones globales que modifiquen y sustituyan a las anteriores.

Las declaraciones de aceptación remitidas por los destinatarios de la oferta con posterioridad al último día del plazo de aceptación no serán válidas por lo que se rechazarán y no se computarán como aceptación ni por lo tanto en el resultado de la Oferta.

El representante del Oferente a los efectos de las comunicaciones de dichas declaraciones de aceptación y sus datos son los siguientes:

Banco Santander, S.A.

C/ Juan Ignacio Luca de Tena nº11
28027 Madrid.

A/A: D. Carlos Sanz / D. Carlos López

E-mail: emisores.madrid@gruposantander.com

El Oferente y las Sociedades Rectoras de las Bolsas de Valores facilitarán a la CNMV, cuando ésta lo solicite, información sobre el número de aceptaciones presentadas y no revocadas de las que tuvieran conocimiento.

Una vez finalizado el plazo de aceptación y dentro del plazo establecido en la instrucción operativa emitida y publicada por las Bolsas de Valores, las aceptaciones válidas de la Oferta serán cursadas por las entidades receptoras a las Sociedades Rectoras de las Bolsas de Valores, a través de las entidades depositarias participantes en Iberclear en las que se encuentren depositadas las acciones correspondientes, quienes se encargarán de recoger dichas aceptaciones por escrito de forma presencial, por medios electrónicos, o por cualesquiera otros medios admitidos por las entidades depositarias y responderán, de acuerdo con sus registros de detalle, de la titularidad y tenencia de las acciones a las que se refieran las aceptaciones, así como de la inexistencia de cargas y gravámenes o derechos de terceros que limiten los derechos políticos o económicos de dichas acciones o su libre transmisibilidad.

Las declaraciones de aceptación de los titulares de acciones de Applus se acompañarán de la documentación suficiente para que se pueda proceder a la transmisión de las acciones y deberán incluir, entre otros datos identificativos exigidos por la normativa aplicable para este tipo de operaciones, los siguientes: (i) nombre completo o denominación social, (ii) domicilio y (iii) número de identificación fiscal o, en caso de accionistas que no sean residentes en España y no tengan un número de identificación fiscal español, su número de pasaporte o identificación, nacionalidad y lugar de residencia.

En ningún caso el Oferente aceptará acciones cuya fecha de contratación sea posterior al último día del plazo de aceptación de la Oferta ni declaraciones de aceptación remitidas por los destinatarios de la Oferta fuera de dicho plazo. Es decir, la fecha de contratación de aquellas acciones que se ofrezcan en venta deberá haber tenido lugar no más tarde del último día del plazo de aceptación de la Oferta y las declaraciones de aceptación deberán ser remitidas por los destinatarios de la Oferta, asimismo, en dicho plazo, como máximo.

Todo lo anterior se refiere a las declaraciones de aceptación de los titulares de los valores y al papel de las entidades financieras y ESIs que las reciben en primer lugar.

No afecta, por tanto, a los flujos de información subsiguientes entre las entidades que las reciben, los custodios, los participantes de Iberclear y las infraestructuras del mercado para realizar los procesos necesarios para la comunicación a las Sociedades Rectoras de las Bolsas del detalle de las aceptaciones que resulten de las declaraciones u órdenes de aceptación.

La información sobre el número de declaraciones de aceptación presentadas, según lo dispuesto en el artículo 35.2 del Real Decreto 1066/2007, podrá ser obtenida por los interesados durante el plazo de aceptación de la Oferta, previa solicitud e identificación completa del solicitante, incluyendo la información sobre su participación en el capital de Applus, bien en el domicilio del Oferente, bien en el de su representante, Banco Santander, S.A.

Se recuerda a los miembros del mercado que intervengan en la operación por cuenta de los accionistas aceptantes y del propio Oferente, así como a las entidades depositarias de los títulos, la obligación de remitir a las respectivas Sociedades Rectoras de las Bolsas de Valores y al Oferente (a través de su representante a estos efectos) de forma diaria las aceptaciones que se vayan produciendo durante el plazo de aceptación de la Oferta conforme a lo establecido en el artículo 34.2 del Real Decreto 1066/2007.

10.2.3. Publicación del resultado

De conformidad con lo dispuesto en el artículo 36 del Real Decreto 1066/2007, transcurrido el plazo de aceptación previsto en el apartado 10.1 anterior, o el que resulte en caso de prórroga o modificación, concurrencia de ofertas competidoras o extensiones del plazo por modificación de las ofertas, y en un plazo que no excederá los siete días hábiles desde dicha fecha, las Bolsas de Valores publicarán el resultado de la Oferta en los boletines de cotización en los términos y en la sesión que indique la CNMV.

Se entenderá por fecha de publicación del resultado de la Oferta, la fecha de la sesión a la que se refieran los mencionados boletines oficiales de cotización de las Bolsas de Valores que publiquen el resultado de la Oferta.

10.2.4. Intervención y liquidación de la Oferta

La adquisición de las acciones objeto de la Oferta se intermediará y será liquidada por Banco Santander, S.A., en su condición de miembro de las Bolsas de Valores, intermediario de la operación y entidad participante en Iberclear para la liquidación por cuenta del Oferente.

La liquidación y el pago del Precio de la Oferta se llevará a cabo de conformidad con lo previsto en el artículo 37 del Real Decreto 1066/2007, siguiendo el procedimiento establecido al efecto por Iberclear, considerándose como fecha de contratación de la correspondiente operación bursátil la de la sesión a que se refieran los boletines de cotización de las Bolsas de Valores que publiquen el resultado de la Oferta.

10.3. Gastos de liquidación y aceptación de la Oferta

Los accionistas de Applus que acepten la Oferta a través de Banco Santander, S.A., no soportarán los gastos de corretaje derivados de la intervención de un miembro del mercado en la compraventa, ni los cánones de liquidación de Iberclear, ni los de contratación de las Bolsas de Valores, que serán satisfechos íntegramente por el Oferente.

En el supuesto de que intervengan por cuenta del accionista aceptante de la Oferta otros miembros del mercado distintos de Banco Santander, S.A., los gastos de corretaje y demás gastos de la parte vendedora en la operación entre los que se incluyen, los cánones de liquidación de Iberclear y los gastos de contratación de las Bolsas de Valores, serán a cargo del accionista aceptante.

Los gastos incurridos por el Oferente en la adquisición de las acciones y su liquidación correrán a cargo del Oferente.

El Oferente no se hará cargo, en ningún caso, de las eventuales comisiones y gastos que las entidades depositarias y administradoras de las acciones carguen a sus clientes por la tramitación de las órdenes de aceptación de la Oferta y el mantenimiento de los saldos.

De conformidad con lo dispuesto en los artículos 33.5 y 39.1 del Real Decreto 1066/2007, en caso de desistimiento de la Oferta o que ésta quede sin efecto por cualquier causa, devendrán ineficaces las aceptaciones que se hubieran presentado, corriendo a cargo del Oferente los gastos ocasionados a los accionistas de Applus por la aceptación y todos los gastos de la devolución de los documentos acreditativos de la titularidad de las acciones que hubieran sido entregados por los aceptantes.

Cualesquiera otros gastos distintos de los anteriormente reseñados serán asumidos por quien incurra en ellos.

10.4. Plazos para la renuncia a las condiciones a las que está sujeta la efectividad de la Oferta

El Oferente no tiene, en principio, previsto renunciar al cumplimiento de las condiciones descritas en el apartado 7 anterior, aunque se reserva el derecho a hacerlo. El Oferente manifiesta en relación con las condiciones de la Oferta que:

(a) Si no se cumpliera la condición de aceptación mínima, el Oferente comunicará su decisión de renunciar o no a esta no más tarde del final del día hábil bursátil siguiente a aquel en que la CNMV le anticipe el número de acciones incluidas en las declaraciones de aceptación de la Oferta presentadas.

(b) Si no se cumpliera la restante condición (esto es, la condición de competencia pendiente de cumplimiento, siempre que la normativa permita al Oferente renunciar a su cumplimiento) el Oferente comunicará su decisión, en el caso de que el Real Decreto 1066/2007 permita al Oferente renunciar su cumplimiento, de renunciar o no a dicha condición lo antes posible una vez tenga conocimiento de que no se ha cumplido y como máximo el día anterior a la finalización del plazo de aceptación.

(c) Si no se cumpliera alguna de las condiciones y el Oferente no comunicara su decisión de renunciar o no a la condición o condiciones que fueren en los respectivos plazos señalados en los párrafos anteriores, se entenderá que el Oferente no renuncia a las referidas condiciones y se publicará el resultado negativo de la Oferta, que quedará sin efectos.

De acuerdo con el artículo 39.1 del Real Decreto 1066/2007, en caso de que la Oferta quede sin efecto por no alcanzarse el número mínimo de acciones al que se ha condicionado o no se cumpla alguna de las restantes condiciones a las que está sujeta

la efectividad de la Oferta, las entidades o personas que hubieran recibido las aceptaciones por cuenta del Oferente estarán obligadas a la devolución de los documentos acreditativos de la titularidad de los valores que les hubieran sido entregados por los aceptantes.

10.5. Entidad que actúa por cuenta del oferente en el procedimiento de adquisición y liquidación de la oferta

El Oferente ha designado a Banco Santander, S.A., con domicilio social en Paseo de Pereda, 9-12, Santander, con N.I.F. A-39000013 e inscrita en el Registro Mercantil de Santander al Tomo 448, Folio 1, Hoja S-1960, como entidad encargada de la intermediación y liquidación de las operaciones de adquisición de las acciones de Applus que resulten de la Oferta.

Asimismo, Banco Santander, S.A. será la entidad encargada de la intervención y liquidación, en su caso, de las operaciones de compraventa forzosa, en su caso, en los términos que se describen en el Folleto.

11. AUTORIZACIONES EN MATERIA DE DERECHO DE LA COMPETENCIA

11.1. Autorización de la Comisión Europea

La Oferta está sujeta a la autorización de la Comisión Europea en virtud de lo dispuesto en el Reglamento (CE) nº 139/2004, del Consejo, de 20 de enero de 2004, sobre el control de concentraciones entre empresas.

El 8 de septiembre de 2023 el Oferente notificó formalmente la operación de concentración ante la Comisión Europea. La Comisión Europea autorizó la operación de concentración a la que da lugar la Oferta, sin establecer condiciones o limitaciones, el 2 de octubre de 2023.

11.2. Autorizaciones de otras autoridades de competencia

La toma de control de Applus como consecuencia de la Oferta está sujeta a procedimientos de notificación y autorización en materia de Derecho de la Competencia en las siguientes jurisdicciones adicionales:

(a) **Brasil**, de acuerdo con lo dispuesto en la Ley de Defensa de la Competencia de Brasil (Ley 12.529 de 2011).

El Oferente presentó la notificación formal ante el Consejo Administrativo de Defensa de la Competencia el 3 de agosto de 2023 y recibió la autorización formal sin establecer condiciones o limitaciones el 11 de agosto de 2023. Dicha autorización fue publicada en el Diario Oficial el 14 de agosto de 2023. El 29 de agosto de 2023 expiró el plazo de oposición.

(b) **Canadá**, en virtud de lo dispuesto en la Ley de Defensa de Competencia RSC 1985.

El Oferente presentó la notificación formal ante la Autoridad Nacional de Competencia de Canadá el 31 de julio de 2023, y obtuvo su no objeción sin

condiciones o limitaciones con arreglo a las normas de competencia de Canadá el 14 de agosto de 2023.

(c) **Chile**, en virtud de lo dispuesto en el Decreto Ley 211/1976 sobre la Protección de la Competencia.

El Oferente presentó la notificación formal ante la Fiscalía Nacional Económica de Chile el 8 de agosto de 2023, que autorizó la Oferta, sin establecer condiciones o limitaciones, el 11 de septiembre de 2023.

(d) **Arabia Saudí**, en virtud de lo dispuesto en el Real Decreto No. M75 de 29/6/1440H.

El Oferente presentó la notificación formal ante la Autoridad Nacional de Competencia de Arabia Saudí el 24 de agosto de 2023, que autorizó la Oferta, sin establecer condiciones o limitaciones, el 5 de octubre de 2023.

(e) **Kuwait**, en virtud de lo dispuesto en la Ley de Defensa de la Competencia 72/2020.

El Oferente presentó la notificación formal ante la Agencia para la Protección de la Competencia de Kuwait el 15 de agosto de 2023, que autorizó la Oferta, sin establecer condiciones o limitaciones, el 6 de noviembre de 2023.

(f) **República Popular de China**, en virtud de lo dispuesto en la Ley Antimonopolios.

El Oferente ha presentado la solicitud de autorización ante la Autoridad Nacional de Competencia de la República Popular de China con fecha 20 de diciembre de 2023.

Cabe señalar adicionalmente que como resultado del trabajo de verificación de la información disponible tanto del Oferente como del Grupo Applus:

(a) Se ha determinado que la liquidación de la Oferta no precisa de autorización por parte de las autoridades de competencia de: (i) la Comisión Federal de Comercio de Estados Unidos en virtud de lo dispuesto en la Hart-Scott-Rodino Antitrust Improvements Act; (ii) la Comisión de Competencia y Consumidor de Australia de conformidad con lo dispuesto en la Ley de Competencia y Consumidores de 2010; y (iii) la autoridad de Competencia y Mercados de Reino Unido, de conformidad con lo dispuesto en la Ley de Empresas de 2002; y

(b) el Oferente procedió a la notificación de la Oferta ante la Comisión para Promover la Competencia (COPROCOM) de Costa Rica el 4 de agosto de 2023. El Oferente obtuvo la autorización formal, sin establecer condiciones o limitaciones, el 5 de septiembre de 2023.

12. AUTORIZACIÓN DE INVERSIÓN EXTERIOR

12.1. Autorización de inversión extranjera en España

La inversión extranjera en Applus por parte de los Fondos Apollo como consecuencia de la liquidación de la Oferta está sujeta a la autorización del Consejo de Ministros en aplicación de lo dispuesto en el artículo 7 bis de la Ley 19/2003, de 4 de julio, sobre régimen jurídico de los movimientos de capitales y de las transacciones económicas con el exterior y, en su caso, en el artículo 11 del Real Decreto 664/1999, de 23 de abril, sobre inversiones exteriores.

El Oferente ha presentado con fecha 10 de julio de 2023 ante la Dirección General de Comercio Internacional e Inversiones del Ministerio de Industria, Comercio y Turismo la solicitud de autorización de inversiones exteriores prevista en el artículo 7 bis de la Ley 19/2003, de 4 de julio, sobre régimen jurídico de los movimientos de capitales y de las transacciones económicas con el exterior y sobre determinadas medidas de prevención del blanqueo de capitales.

Con fecha 28 de septiembre de 2023 se recibió escrito de la Dirección General de Comercio Internacional e Inversiones informando de que el Ministerio de Defensa había solicitado, en el seno del procedimiento de autorización, que se presentara una solicitud de autorización adicional al amparo del artículo 18 del Real Decreto 571/2023, de 4 de julio, sobre inversiones exteriores. Dicha solicitud se presentó con fecha 3 de octubre de 2023 ante el Registro General del Ministerio de Defensa.

La citada autorización se requería en virtud de lo previsto en el artículo 26.2 del Real Decreto 1066/2007, con carácter previo a la autorización de la Oferta por la CNMV y ha sido concedida por el Consejo de Ministros (no sujeta a ninguna condición) mediante acuerdos adoptados en sus reuniones de fechas 27 de diciembre de 2023 y 9 de enero de 2024.

12.2. Autorizaciones de inversión extranjera en otras jurisdicciones

La inversión en Applus por parte de los Fondos Apollo como consecuencia de la liquidación de la Oferta está sujeta a los siguientes regímenes imperativos de inversión extranjera en otras jurisdicciones distintas de España:

(c) **Francia**, de acuerdo con lo previsto en el artículo R. 151-3 II. 1º del Código Monetario y Financiero.

La solicitud de autorización se presentó ante el Ministerio de Economía y Finanzas el día 9 de agosto de 2023, que autorizó la inversión con fecha 15 de diciembre de 2023, sujeta a ciertas condiciones que el Oferente ha considerado que no son materiales.

(d) **Reino Unido**, de acuerdo con lo previsto en la Ley de 2021 de Seguridad Nacional e Inversiones.

La solicitud de autorización se presentó ante la Secretaría de Estado de Empresa, Energía y Estrategia Industrial el día 9 de agosto de 2023, que autorizó la Oferta sin condiciones el 21 septiembre de 2023.

(e) **Italia**, de acuerdo con lo previsto en el artículo 2 del Decreto Ley 21 de 15 de marzo de 2012.

La solicitud de autorización se presentó ante la Presidencia del Consejo de Ministros el día 9 de agosto de 2023, que autorizó la Oferta sin condiciones el 26 septiembre de 2023.

Asimismo, se hace constar que en el marco del mecanismo de cooperación en relación con inversiones extranjeras directas que prevé el Reglamento (UE) 2019/452 del Parlamento Europeo y del Consejo, de 19 de marzo de 2019, el Oferente recibió el 7 de agosto de 2023 un requerimiento de información del Ministerio de Asuntos Económicos y Energía de Alemania, el cual fue contestado por el Oferente el 28 de agosto de 2023. El 15 de septiembre de 2023 el Ministerio de Asuntos Económicos y Energía confirmó que la operación no revestía materialidad y el 26 de septiembre de 2023 expiró el plazo de revisión, por lo que el Oferente ha dado el procedimiento por finalizado. Al no ser una autorización derivada de un régimen imperativo el Oferente no incluyó su obtención como condición de la efectividad de la Oferta.

13. OTRAS AUTORIZACIONES

13.1. Generalidad de Cataluña

Con fecha 5 de septiembre de 2023, Applus remitió una carta a la Generalidad de Cataluña para poner formalmente en su conocimiento la Oferta y recabar su confirmación sobre el hecho de que la adquisición de las acciones de Applus no supondría un cambio de control en Applus Servicios Tecnológicos, S.L.U. a los efectos que establecen los mencionados acuerdos de accionistas de 8 de septiembre de 1999 y 29 de mayo de 2003.

Con fecha 8 de septiembre de 2023, el consejero de Empresa y Trabajo de la Generalidad de Cataluña, como órgano de contratación de los citados contratos, confirmó por escrito a Applus su conformidad previa a la Oferta, dado que la misma no implica un cambio de control en Applus Servicios Tecnológicos, S.L.U., sin perjuicio de que será necesaria la comunicación y posterior verificación de la estructura del capital social que resulte de la operación.

13.2. Autoridad de seguridad vial de Irlanda

Con fecha 4 de octubre de 2023, el Oferente, con la asistencia del Grupo Applus, obtuvo confirmación de que la Autoridad de Seguridad Vial de Irlanda no ejercitará su derecho a someter a su consentimiento el cambio de control indirecto en Applus Ireland.

13.3. Comisión de seguros de Luxemburgo

Con fecha 19 de octubre de 2023, el Oferente presentó la solicitud de no oposición ante la Comisión de Seguros de Luxemburgo y la citada autoridad manifestó su no oposición a la inversión con fecha 21 de diciembre de 2023.

14. RESTRICCIÓN TERRITORIAL

La Oferta se realiza exclusivamente en el mercado español y se dirige a todos los accionistas de Applus que resulten ser titulares de las acciones de Applus. El Folleto y su contenido no constituyen una extensión de la Oferta a ninguna jurisdicción donde la formulación de la Oferta pudiere exigir la distribución o registro de documentación adicional al Folleto o cumplimiento con la ley aplicable en dicha jurisdicción.

La Oferta no se realiza en o hacia, y no es susceptible de ser aceptada en o desde, Canadá, Australia, Nueva Zelanda, la República de Sudáfrica o Japón y el Folleto y todos los demás documentos relativos a la Oferta no constituyen o forman parte de ninguna oferta o solicitud de compra o suscripción de valores en los Estados Unidos o en cualquier otra jurisdicción restringida.

En particular, la Oferta no se formula, ni directa ni indirectamente, en los Estados Unidos de América, ya sea por correo por cualquier otro medio o instrumento (incluyendo, a título enunciativo y no limitativo, por fax, teléfono o internet) interestatal, o a través de medios de las Bolsas de Valores de los Estados Unidos de América. Por lo tanto, el Folleto no será distribuido por ningún medio en los Estados Unidos de América.

Se informa a aquellos accionistas de Applus que residan fuera de España y decidan acudir a la Oferta que pueden encontrarse sujetos a restricciones legales y reglamentarias distintas de aquellas contempladas en la legislación española. En este sentido, será responsabilidad exclusiva de aquellos accionistas residentes en el extranjero que decidan acudir a la Oferta el cumplimiento de dichas normas y, por tanto, la propia verificación, aplicabilidad e implicación de estas.

En Madrid, a [●] de [●] de 2024

ANEXO 10 BIS

Certificación acreditativa de otras formas de publicidad o difusión por cualquier medio de la Oferta

Comisión Nacional del Mercado de Valores
Dirección General de Mercados
Calle Edison, 4
28006 Madrid

Madrid, 8 de enero de 2024

RE: Carta relativa a la publicidad de la oferta pública voluntaria de adquisición formulada por Manzana Spain Bidco, S.L.U. sobre la totalidad de las acciones de Applus Services, S.A.

Muy Sres. nuestros:

Nos referimos a la oferta pública voluntaria de adquisición de acciones de la sociedad Applus Services, S.A. ("**Applus**") formulada por Manzana Spain Bidco, S.L.U. (el "**Oferente**"), la cual se encuentra pendiente de autorización por la Comisión Nacional del Mercado de Valores (la "**CNMV**") (la "**Oferta**").

Conforme se explica en el folleto explicativo de la Oferta (el "**Folleto**"), una vez ésta sea autorizada por la CNMV, el Oferente publicará en España los preceptivos anuncios a los que se refiere el artículo 22 del Real Decreto 1066/2007, de 27 de julio, sobre el régimen de las ofertas públicas de adquisición de valores.

Al margen de los preceptivos anuncios antes citados, el Oferente tiene previsto realizar las siguientes actividades de publicidad, promoción y/o difusión de la Oferta:

(1) La difusión entre agencias de una nota de prensa en español y en inglés informando a los accionistas de Applus y a potenciales inversores, en general, de la autorización de la Oferta, las características principales de la misma y la duración de su plazo de aceptación, copia de la cual se adjunta como **Anexo I**.

(2) La solicitud a Applus para que remita a sus accionistas, tras la publicación de los preceptivos anuncios, una carta informativa con el objeto de comunicar de manera individualizada la existencia y los principales términos de la Oferta, así como facilitar un número de teléfono gratuito de contacto al que remitirse en caso de tener dudas al respecto, copia de la cual se adjunta como **Anexo II**.

(3) La habilitación de un centro de llamadas (*call center*) operado por un tercero para informar a los accionistas de Applus sobre la Oferta siguiendo un guion y un documento de preguntas y respuestas en español e inglés que serán empleados en llamadas con inversores institucionales e inversores minoristas. Se adjuntan como **Anexo III** a la presente carta el guion y el documento de preguntas y respuestas.

(4) La publicación en la página web (https://www.apollo.com/site-services/applus) que ha habilitado el Oferente a estos efectos de la documentación y otra información distribuida o publicada en relación con la Oferta en español e inglés, incluyendo la solicitud de autorización de la Oferta, el Folleto y sus anexos, el anuncio de la Oferta, así como el listado de preguntas frecuentes sobre ésta, así como las correspondientes respuestas. Se adjunta a la presente carta como **Anexo IV** el documento que contiene tales preguntas y respuestas.

(5) Asimismo, tiene previsto publicar una traducción no oficial del Folleto al inglés, sin sus anexos, a efectos meramente informativos, que estará disponible en la página web a la que se ha hecho referencia en el apartado (4) y en la página web de la CNMV. La traducción no ha sido revisada ni aprobada por la CNMV y en caso de discrepancias prevalecerá la versión original en español.

Una copia de los Anexos I, II, III y IV anteriores será enviada a la CNMV con antelación suficiente para que puedan proceder a su revisión con carácter previo a su difusión. El contenido de todos los anexos no será puesto a disposición de ninguna persona o entidad que no sea la CNMV.

Por último, se aprovecha la presente para informarles de que el Oferente solicitará asimismo a Applus que ponga el Folleto, junto con sus anexos, así como la traducción al inglés del folleto a la que se ha hecho referencia en el apartado (5) anterior, a disposición de accionistas e inversores a través de su página web corporativa (www.applus.com).

Todas las actividades anteriormente mencionadas cumplirán en todo caso con la Orden Ministerial EHA/1717/2010, de 11 de junio, de regulación y control de la publicidad de servicios y productos de inversión, y la Circular 2/2020, de 28 de octubre, de la CNMV, sobre publicidad de los productos y servicios de inversión.

Al margen de lo expresado en esta carta, el Oferente manifiesta que no tiene previsto desarrollar ningún otro tipo de difusión ni publicidad de cualquier otra forma en relación con la Oferta. Si, tras la fecha de la presente carta, el Oferente decidiera llevar a cabo cualquier otro tipo de actividad de publicidad, promoción y difusión adicional en relación con la Oferta, informará a la CNMV a la mayor brevedad posible y enviará los documentos y materiales que en su caso tenga previsto utilizar a la CNMV con antelación suficiente para su revisión con carácter previo a su difusión.

Atentamente,

Manzana Spain Bidco, S.L.U.

_____

Dña. Mª Eugenia Gandoy López

ANEXO I

Nota de prensa

ANEXO II

Carta informativa a los accionistas

ANEXO III

Guion

ANEXO IV

Preguntas frecuentes y respuestas

ANEXO 11

Carta de aceptación de Banco Santander, S.A. como entidad encargada de la intermediación y liquidación de la Oferta

Santander
Corporate & Investment Banking

MANZANA SPAIN BIDCO, S.L.U.
C/ Suero de Quiñones, 34-36
28002 Madrid

Madrid, 10 de julio de 2023

Estimados Señores:

En relación con la oferta pública voluntaria de adquisición de acciones de la sociedad APPLUS SERVICES, S.A. (la "**Oferta**") formulada por Manzana Spain BidCo, S.L.U (la "**Sociedad Oferente**"), por la presente ponemos en su conocimiento que Banco Santander, S.A., con domicilio social en Paseo de Pereda nº 9-12, Santander (Cantabria), acepta desempeñar las funciones de entidad encargada de intervenir y liquidar las operaciones de compra de acciones a las que se dirige la Oferta, por cuenta de la Sociedad Oferente, en los términos previstos en el folleto explicativo de la Oferta, una vez que el mismo haya sido registrado por la Comisión Nacional del Mercado de Valores, incluyendo, en su caso, la ejecución y liquidación de las operaciones de adquisición de acciones que pudieran realizarse como consecuencia del ejercicio de los derechos de compra o venta forzosa en los términos previstos en el folleto explicativo de la Oferta y en los artículos 47 y 48 del Real Decreto 1066/2007, de 27 de julio, sobre el régimen de las ofertas públicas de adquisición de valores.

Atentamente,

Banco Santander, S.A.
P.p.

D.

D.

ANEXO 12

Documentación acreditativa de la obtención de la autorización de la Comisión Europea

COMISIÓN EUROPEA

Bruselas,
C(2023)

Apollo Management X, L.P.
9 West 57th street
41st Floor
NY 10019 Nueva York
EE.UU.

Asunto: **Caso M.11225 - APOLLO / APPLUS**
Decisión de la Comisión con arreglo al artículo 6(1)(b), del Reglamento (CE) nº 139/2004 del Consejo[1] y al artículo 57 del Acuerdo sobre el Espacio Económico Europeo[2]

Estimado señor o señora,

1. El 8 de septiembre de 2023, la Comisión Europea recibió la notificación de una propuesta de concentración de conformidad con el artículo 4 del Reglamento de concentraciones, por la que Apollo Management X, L.P. ('Apollo Management X', EE.UU.), controlada por Apollo Global Management Inc. ('AGM', EE.UU.) adquirirá, en el sentido del artículo 3(1)(b) del Reglamento de concentraciones, el control exclusivo de la totalidad de Applus Services, S.A. ('Applus', España) mediante la compra de acciones.[3]

2. Las actividades comerciales de las entidades en cuestión son las siguientes:

   – Apollo Management X es una compañía perteneciente a AGM, una gestora global de activos alternativos con sede en Nueva York. AGM ofrece soluciones innovadoras de capital a negocios e invierte en distintas partes de la estructura de capital y en diversos sectores, incluyendo recursos naturales, fabricación e industria, educación, seguros, servicios financieros y ocio.

   – Applus es una empresa pública con sede en Barcelona y activa en todo el mundo en la prestación de servicios de ensayo, inspección y certificación (TIC). Applus se creó en Barcelona en 1996 dentro del Grupo Agbar. Las actividades desarrolladas por Applus se enmarcan en las siguientes cuatro líneas de negocio: (i) Automoción; (ii) Energía e Industria; (iii) División Idiada; y (iv) Laboratorios Applus.

3. Tras examinar la notificación, la Comisión Europea ha llegado a la conclusión de que

1 DO L 24 de 29.1.2004, p. 1 (el 'Reglamento de concentraciones'). A partir del 1 de diciembre de 2009, el Tratado de Funcionamiento de la Unión Europea ('TFUE') ha introducido algunos cambios, como la sustitución de "Comunidad" por "Unión" y de "mercado común" por "mercado interior". A lo largo de la presente Decisión se utilizará la terminología del TFUE.

2 DO L 1 de 3.1.1994, p. 3 (el 'Acuerdo EEA').

3 Publicación en el Diario Oficial de la Unión Europea nº C 325 de 15.9.2023, p. 7.

la operación notificada entra en el ámbito de aplicación del Reglamento de concentraciones y del apartado 5(d) de la Comunicación de la Comisión sobre el procedimiento simplificado para tramitar determinadas operaciones de concentración con arreglo al Reglamento (CE) nº 139/2004 del Consejo.[4]

4. Por las razones expuestas en la Comunicación sobre el procedimiento simplificado, la Comisión Europea ha decidido no oponerse a la operación notificada y declararla compatible con el mercado interior y con el Acuerdo EEA. La presente Decisión se adopta en aplicación del artículo 6(1)(b) del Reglamento de concentraciones y del artículo 57 del Acuerdo EEA.

Por la Comisión

Olivier GUERSENT
Director General

4 DO C 160 de 5.5.2023, p. 1-10.

EUROPEAN COMMISSION

Brussels, 2.10.2023
C(2023) 6703 final

Apollo Management X, L.P.
9 West 57th street
41st Floor
NY 10019 New York
USA

Subject: **Case M.11225 – APOLLO / APPLUS**
Commission decision pursuant to Article 6(1)(b) of Council Regulation (EC) No 139/2004[1] and Article 57 of the Agreement on the European Economic Area[2]

Dear Sir or Madam,

1. On 8 September 2023, the European Commission received notification of a proposed concentration pursuant to Article 4 of the Merger Regulation, by which Apollo Management X, L.P. ('Apollo Management X', USA), controlled by Apollo Global Management Inc. ('AGM', USA) will acquire within the meaning of Article 3(1)(b) of the Merger Regulation sole control over the whole of Applus Services, S.A. ('Applus', Spain) by way of purchase of shares.[3]

2. The business activities of the undertakings concerned are the following:

   – Apollo Management X is a company belonging to AGM, a global alternative asset manager headquartered in New York City. AGM provides innovative capital solutions to businesses and invests in all parts of the capital structure and in a number of industries, including natural resources, manufacturing and industrial, education, insurance, financial services, and leisure businesses,

   – Applus is a public company headquartered in Barcelona and active worldwide in the provision of testing, inspection, and certification (TIC) services. Applus was created in Barcelona in 1996 within the Agbar Group. The activities carried out by Applus are framed within the following four business lines: (i) Automotive; (ii) Energy and Industry; (iii) Idiada Division; and (iv) Applus Laboratories.

3. After examination of the notification, the European Commission has concluded that the notified operation falls within the scope of the Merger Regulation and of

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1 OJ L 24, 29.1.2004, p. 1 (the 'Merger Regulation'). With effect from 1 December 2009, the Treaty on the Functioning of the European Union ('TFEU') has introduced certain changes, such as the replacement of 'Community' by 'Union' and 'common market' by 'internal market'. The terminology of the TFEU will be used throughout this decision.

2 OJ L 1, 3.1.1994, p. 3 (the 'EEA Agreement').

3 Publication in the Official Journal of the European Union No C 325, 15.9.2023, p. 7.

paragraph 5(d) of the Commission Notice on a simplified procedure for treatment of certain concentrations under Council Regulation (EC) No 139/2004.[4]

4. For the reasons set out in the Notice on a simplified procedure, the European Commission has decided not to oppose the notified operation and to declare it compatible with the internal market and with the EEA Agreement. This decision is adopted in application of Article 6(1)(b) of the Merger Regulation and Article 57 of the EEA Agreement.

For the Commission



Olivier GUERSENT
Director-General

[4] OJ C 160, 5.5.2023, p. 1–10.

ANEXO 12 BIS

Documentación acreditativa de la autorización de la Oferta sin restricciones por parte del Consejo Administrativo de Defensa de la Competencia de Brasil

Ministerio de Justicia y Seguridad Pública - Consejo Administrativo para la Defensa Económica del MJSP - CADE
SEPN, 515, Conjunto D, Lote 4, Edificio Carlos Taurisano - Bairro Asa Norte,
Brasilia/DF, Código postal 70770-504
Teléfono: (61) 3221-8438 - www.gov.br/cade

RESOLUCIÓN No.	**317/2023/CGAA5/SGA1/SG**
PROCEDIMIENTO No.	08700.005474/2023-67 (Registros públicos: 08700.005473/2023-12)

SOLICITANTES:

MANZANA SPAIN BIDCO, S.L.U. Y APPLUS SERVICES, S.A.

RESUMEN: Revisión de la fusión.
Ley 12.529/2011. Procedimiento acelerado.

Solicitantes: Manzana Spain Bidco, S.L.U. y Applus Services, S.A.

Naturaleza de la transacción: adquisición de control.

Sector económico implicado: pruebas y análisis técnicos. Art. 8, punto II de la Resolución No 33/22 del CADE. Aprobación sin restricciones.

VERSIÓN DE ACCESO RESTRINGIDO[1]

I. SOLICITANTES

I. 1. Manzana Spain Bidco, S.L.U. (“Manzana Bidco”)

1. Manzana Bidco, un vehículo de propósito especial incorporado según las leyes del Reino de España y adquirido a efectos de la Transacción, está indirectamente controlado por fondos de inversión gestionados por filiales de Apollo Management X L.P (los “**Fondos de inversión de Apollo**”) [**Acceso restringido**].

2. Apollo Management, L.P. (“**Apollo Management**”), una sociedad limitada constituida en Delaware, es una filial de Apollo Global Management, Inc. (“**AGM**” y, junto con sus filiales consolidadas, “**Apollo**”). Apollo es un gestor global de activos alternativos de alto crecimiento establecido y organizado según las leyes de Estados Unidos y con sede en la ciudad de Nueva York.

[1] Esta opinión se ha preparado con la participación del becario Rodrigo Goncalves da Silva.

A través de su plataforma de inversión totalmente integrada que abarca todo el espectro de riesgo-recompensa, desde el grado de inversión (*investment grade*) hasta el capital privado, Apollo proporciona soluciones de capital innovadoras a las empresas e invierte en todas las partes de la estructura de capital.

3. Manzana Bidco sostiene que la suma de los ingresos brutos de las inversiones de [**Acceso restringido**] en Brasil en 2022 superó los 750 millones de BRL (más alto que ambos umbrales establecidos en el art. 88 de la Ley 12 529/11, posteriormente modificada por la Ordenanza Interministerial MF/MJ n.o 994/12).

I.2. Applus Services, S.A. ("Applus Services")

4. Applus Services, una empresa que cotiza en bolsa en la Bolsa de Valores española, es la empresa matriz de Applus, dedicada al sector de pruebas, inspección y certificación ("**TIC**").

5. Cuenta con una amplia cartera de servicios que ayudan a clientes de todo tipo de industrias a garantizar que sus activos y productos cumplan con las normas y regulaciones de calidad, seguridad y medio ambiente. El negocio de Applus se divide en las siguientes divisiones: (i) Automoción; (ii) Energía e Industria; (iii) División de Idiada; y (iv) Laboratorios Applus.

6. En el año anterior a la transacción, Applus Group alcanzó unos ingresos brutos superiores a 75 millones de BRL (más de uno de los umbrales establecidos en el art. 88 de la Ley 12 529/11, posteriormente modificados por la Ordenanza Interministerial MF/MJ n.o 994/12), en Brasil.

II. ASPECTOS FORMALES DE LA TRANSACCIÓN

Tabla 1 - Aspectos formales de la transacción

¿Comunicación obligatoria?	Sí
¿Se pagó debidamente la tasa de presentación?	Sí, conforme a la decisión de SECONT (SEI 1269329)
Fecha de presentación	08/03/2023
Fecha de publicación de la notificación	Aviso público n.o 361, que dio publicidad a la Transacción, publicado el 08/08/2023 (SEI 1268796)

III. DESCRIPCIÓN DE LA TRANSACCIÓN

7. La transacción se refiere a la adquisición indirecta propuesta de la totalidad del capital social[2] y el control exclusivo de Applus Services por parte de Manzana Bidco.

[2] De acuerdo con la presentación, los Solicitantes informan de que la efectividad de la Oferta está sujeta a una condición de aceptación mínima de la participación accionarial, que consiste en la aceptación de la Oferta por parte de titulares de al menos el 75 % del capital social de Applus con derechos de voto. Se espera que el escenario de control exclusivo permanezca incluso si los Fondos Apollo adquieren solo el 75 % del capital social de Applus.

8. A continuación se muestra la estructura corporativa de los servicios de Applus antes y después de la transacción:

Imagen 1 - Antes de la transacción

[Acceso restringido]

Imagen 2 - Después de la transacción

[Acceso restringido]

Fuente: Solicitantes.

9. Según los Solicitantes, el valor de la transacción asciende a [**Acceso restringido**].

10. Los solicitantes explican que la justificación de la transacción para los Fondos Apollo es contribuir activamente al desarrollo y crecimiento de Applus, incluida la promoción de sus oportunidades como proveedor internacional de servicios de TIC. Los Fondos Apollo consideran que Applus es una atractiva propuesta de inversión a largo plazo por los siguientes motivos: (i) Applus es un proveedor de servicios de TIC con las acreditaciones de los principales organismos internacionales de los países en los que opera; (ii) El negocio de Applus está expuesto a tendencias atractivas en la transición energética, eléctrica y conectividad; (iii) Applus tiene el potencial de acelerar su crecimiento de forma orgánica e inorgánica en un contexto privado; (iv) el equipo de gestión de Applus cuenta con un historial probado de creación de valor para los accionistas; y (v) Applus tiene palancas claras para el crecimiento futuro.

11. Además, los Fondos Apollo consideran que, en esta fase, es beneficioso para Applus y su equipo de gestión que las acciones de Applus dejen de cotizar en los mercados de valores, ya que les permitirá centrarse en la implementación de las iniciativas con un enfoque a largo plazo, sin las distracciones generadas por las fluctuaciones en los precios de las acciones enumeradas y sin la necesidad de cumplir las expectativas a corto plazo de los mercados de capital.

12. Los Solicitantes informan que las presentaciones de control de fusiones se han iniciado en las siguientes jurisdicciones distintas de Brasil: [**Acceso restringido**].

IV. MARCO LEGAL (ART. 8, RESOLUCIÓN DE LA DÉCADA N.O 33/2022)

13. II - Sustitución del agente económico.

V. INFORMACIÓN PRINCIPAL DE LA TRANSACCIÓN

Tabla 2 - Efectos de la transacción

Superposición horizontal	No
Integración vertical	No
Sector en el que hay superposición horizontal o integración vertical	N/A
Cuota de mercado	N/A

VI. CONSIDERACIONES SOBRE LA TRANSACCIÓN

14. Según la presentación, Manzana Bidco es un vehículo de propósito especial, indirectamente controlado por fondos de inversión gestionados por filiales de los Fondos Apollo.

15. Las entidades con actividades directas o indirectas en Brasil, en las que [**Acceso restringido**] tiene una participación de capital de al menos el 20 %, según la presentación, son:

a) [**Acceso restringido**].

b) [**Acceso restringido**]

c) [**Acceso restringido**]

d) [**Acceso restringido**]

e) [**Acceso restringido**]

16. Como se ha mencionado anteriormente, Applus opera en el sector TIC. En Brasil, Applus opera en las siguientes divisiones comerciales:

a) La división **de Automoción** se centra en proporcionar servicios técnicos de inspección de vehículos.

b) La división **de Energía e Industria** se centra en ayudar a los clientes a obtener un mejor rendimiento y rentabilidad de sus activos e instalaciones, minimizando sus riesgos operativos y ambientales y garantizando la calidad de sus procesos. La división de Energía e Industria es un proveedor de pruebas no destructivas, inspección industrial y medioambiental, supervisión y gestión de la calidad, ingeniería y consultoría, control de proveedores, certificación y servicios de integridad de activos.

c) La división **Idiada** presta servicios a empresas automotrices en el desarrollo de sus nuevos productos con servicios de diseño, ingeniería, pruebas y homologación. Con este fin, proporciona los siguientes servicios: servicios de ingeniería y pruebas, homologación y certificación de productos, pistas de prueba y servicios de diseño de instalaciones de prueba.

17. En vista de las actividades de los grupos de Solicitantes en Brasil, no hay evidencia de solapamientos horizontales o vínculos verticales entre sus actividades.[3] Los Solicitantes enfatizaron que los Fondos Apollo no operan, en Brasil, en mercados horizontal o verticalmente relacionados con las actividades de Applus.

[3] El mercado TIC se definió de forma autónoma en las revisiones de fusiones no 08700.001426/2022-19 y no 08700.006958/2021-61.

18. Por lo tanto, la Transacción representa una mera sustitución de un agente económico, por lo que no requiere un análisis más profundo de los mercados implicados.

19. En vista de lo anterior, se concluye que la Transacción no obstaculiza el entorno competitivo, por lo que cae bajo el procedimiento de vía rápida del art. 8, punto II, de la Resolución No 33/22 del CADE.

VII. DISPOSICIÓN DE NO COMPETENCIA

20. De acuerdo con los Solicitantes, el Contrato que formaliza la Transacción no incluye disposiciones que restrinjan la competencia.

VIII. CONCLUSIÓN

21. Aprobación sin restricciones.

*Este documento fue firmado por **Alexandre Barreto de Souza, Superintendente General**, el 11 de agosto de 2023, 5:34 p.m., según la hora estándar de Brasilia y la Resolución 11/2014 del CADE.*

*Este documento fue firmado en forma electrónica por **Ednei Nascimento da Silva, Coordinador General**, el 11 de agosto de 2023 a las 6:03 p. m.,de acuerdo con la hora estándar de Brasilia y la Resolución 11/2014 del CADE.*

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Traducción al español
Versión auténtica en idioma portugués

Ministerio de Justicia y Seguridad Pública - MJSP
Consejo Administrativo de Defensa Económica - CADE
SEPN 515, Conjunto D, Lote 4, Edificio Carlos Taurisano, - Barrio Asa Norte, Brasilia/DF, CEP 70770-504
Teléfono: 61 3031-1283 - www.gov.br/cade

CERTIFICADO DE TRÁNSITO EN JUZGADO

CERTIFICO Y DOY FE QUE en esta fecha transcurrió en blanco el plazo correspondiente para interposición de recurso transitando en juzgado el Acta de Concentración no 08700.005473/2023-12. Por otra parte, que este proceso se ha completado y archivado con vistas al despacho de aprobación sin restricciones en el 1063/2023 publicado en el Diario Oficial de la Unión de 14/08/2023, sección 1, pág. 76.

Documento firmado electrónicamente por **Keila de Sousa Ferreira**, **Coordinadora General**, en 30/08/2023, a las 15:00, conforme horario oficial de Brasilia y Resolución Cade no 11, de 02 de diciembre de 2014.

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SEI n.o 1278571

Referencia: Proced m ento 08700.005473/2023-12

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Versión auténtica en idioma portugués

Boletín de servicio electrónico del 11/08/2023

Ministerio de Justicia y Seguridad Pública - MJSP
Consejo Administrativo de Defensa Económica - CADE
Superintendencia General - SG

SEPN 515, Conjunto D, Lote 4, Edificio Carlos Taurisano, - Barrio Asa Norte, Brasilia/DF, CEP 70770-504
Teléfono: (61) 3221-8438 - www.gov.br/cade

DESPACHO SG No 1063/2023

Acto de concentración no 08700.005473/2023 12. Solicitantes: Manzana Spain Bidco, S.L.U. y Applus Servicios, S.A. Abogados: [redacted]. Decido su aprobación sin restricciones.

Publicación.

Documento firmado electrónicamente por **Alexandre Barreto de Souza**, **Superintendente General**, en 11/08/2023, a las 17:34, conforme horario oficial de Brasilia y Resolución Cade no 11, de 02 de diciembre de 2014.

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Referencia: Proced m ento 08700.005473/2023-12 SEI n.o 1270877

Ministério da Justiça e Segurança Pública - MJSP
Conselho Administrativo de Defesa Econômica - CADE
SEPN 515, Conjunto D, Lote 4, Edifício Carlos Taurisano, - Bairro Asa Norte, Brasília/DF, CEP 70770-504
Telefone: (61) 3221-8438 - www.gov.br/cade

PARECER Nº **317/2023/CGAA5/SGA1/SG**

PROCESSO Nº 08700.005473/2023-12

REQUERENTES: MANZANA SPAIN BIDCO, S.L.U. E APPLUS SERVICES, S.A

Ementa: Ato de Concentração. Lei nº 12.529/2011. Procedimento Sumário. Requerentes: Manzana Spain Bidco, S.L.U. e Applus Services, S.A. Natureza da operação: aquisição de controle. Mercados afetados: testes e análises técnicas. Art. 8º, inciso II, Resolução CADE nº 33/22. Aprovação sem restrições.

VERSÃO DE ACESSO PÚBLICO[1]

I. REQUERENTES

I.1. Manzana Spain Bidco, S.L.U. ("Manzana Bidco")

1. A Manzana Bidco, um veículo de propósito específico constituído sob as leis do Reino da Espanha e adquirido para fins da operação, é indiretamente controlada por fundos de investimento geridos por afiliadas da Apollo Management X L.P ("Fundos Apollo") **[Acesso Restrito]**.

2. A Apollo Management L.P. ("Apollo Managament"), sociedade limitada de Delaware, é uma subsidiária integral da Apollo Global Management Inc. ("AGM" e, em conjunto com as suas subsidiárias, "Apollo"). A Apollo é uma gestora de ativos alternativos globais de alto crescimento, constituída sob as leis dos Estados Unidos da América e com sede na cidade de Nova York. Por meio de plataforma de investimentos totalmente integrada, em todos os pontos do espectro relacionado à relação risco-recompensa, desde o grau de investimento até o *private equity*, a Apollo fornece soluções inovadoras de capital para empresas e investe em todos os segmentos de estrutura de capital.

3. A Manzana Bidco informa que a soma dos faturamentos brutos das investidas do **[Acesso Restrito]** no Brasil em 2022 ultrapassa R$ 750 milhões (superior aos dois patamares de notificação obrigatória fixados no art. 88 da Lei 12.529/11, posteriormente alterado pela Portaria Interministerial MF/MJ nº 994/12).

I.2. Applus Services, S.A ("Applus Services")

4. A Applus Services, empresa de capital aberto listada na Bolsa de Valores da Espanha, é a controladora da Applus, que atua no setor de testes, inspeção e certificação ("TIC").

5. Possui um amplo portfólio de serviços para auxiliar clientes de todos os setores da indústria a garantirem que seus ativos e produtos atendam aos padrões e regulamentações de qualidade,

segurança e meio ambiente. Os negócios da Applus estão organizados nas seguintes divisões de negócios: (i) *Automotive*; (ii) *Energy & Industry*; (iii) divisão Idiada; e (iv) *Laboratories*.

6. O Grupo Applus auferiu, no Brasil, no ano anterior à operação, faturamento acima de R$ 75 milhões (superior a um dos dois patamares de notificação obrigatória fixados no art. 88 da Lei 12.529/11, posteriormente alterado pela Portaria Interministerial MF/MJ nº 994/12).

II. ASPECTOS FORMAIS DA OPERAÇÃO

Quadro 1 - Aspectos formais da operação

Ato de Concentração de notificação obrigatória?	Sim
Taxa processual foi recolhida?	Sim, conforme Despacho Ordinatório SECONT (SEI 1269329)
Data da notificação	03/08/2023
Data da publicação do edital	O Edital nº 361, que deu publicidade à operação em análise, foi publicado no dia 08/08/2023 (SEI 1268796)

III. DESCRIÇÃO DA OPERAÇÃO

7. A operação consiste na proposta de aquisição indireta da totalidade[2] do capital social e do controle unitário da Applus Services pela Manzana Bidco.

8. Segue abaixo a estrutura societária da Applus Services antes e depois da Operação:

Figura 1 – Antes da Operação

[Acesso Restrito]

Figura 2 – Depois da Operação

[Acesso Restrito]

Fonte: Requerentes.

9. De acordo com as Requerentes, o valor da Operação é de **[Acesso Restrito]**[3].

10. As Requerentes explicam que, para os fundos Apollo, a justificativa para a Operação é ela contribuir ativamente para o desenvolvimento e o crescimento da Applus, inclusive promovendo oportunidades de atuação como fornecedora internacional de serviços de TIC (Tecnologia da Informação e da Comunicação). Os Fundos Apollo consideram que a Applus é um investimento atrativo de longo prazo pelos seguintes motivos: (i) a Applus é fornecedora de serviços de TIC e credenciada perante os principais órgãos internacionais nos países em que atua; (ii) o negócio da Applus apresenta exposição às tendências promissoras em transição energética, eletrificação e conectividade; (iii) a Applus tem o potencial de acelerar seu crescimento de forma orgânica e inorgânica em um contexto privado; (iv) a equipe de gestão da Applus tem um histórico comprovado de geração de valor para os acionistas; e (v) a Applus tem indicadores nítidos de crescimento futuro.

11. Além disso, os Fundos Apollo afirmam, neste momento, considerar ser benéfica para a Applus e para sua gestão a sua saída da Bolsa de Valores da Espanha, pois permitirá a implementação de

iniciativas com perspectivas de longo prazo, afastará as dificuldades causadas pelas flutuações nos preços das ações e a necessidade de atender às expectativas de curto prazo dos mercados de capitais.

12. As Requerentes informaram que, além do Brasil, a Operação está sujeita à aprovação de autoridades antitruste no **[Acesso Restrito]**.

IV. ENQUADRAMENTO LEGAL (ART. 8º, RES. CADE Nº 33/2022)

13. II – Substituição de agente econômico.

V. PRINCIPAIS INFORMAÇÕES SOBRE A OPERAÇÃO

Quadro 2 - Efeitos da operação

Sobreposição horizontal	Não
Integração vertical	Não
Setor em que há sobreposição horizontal ou integração vertical	N/A
Participações de mercado	N/A

VI. CONSIDERAÇÕES SOBRE A OPERAÇÃO

14. De acordo com os autos, a Manzana Bidco é um veículo de investimento indiretamente controlado por fundos de investimento geridos por afiliadas da Apollo.

15. As empresas com atividades diretas ou indiretas no Brasil, nas quais o **[Acesso Restrito]** detém participação societária de pelo menos 20%, de acordo com os autos, são:

a) **[Acesso Restrito]**.

b) **[Acesso Restrito]**.

c) **[Acesso Restrito]**.

d) **[Acesso Restrito]**.

e) **[Acesso Restrito]**.

16. Como dito acima, a Applus atua no setor de TIC. No Brasil, a Applus atua nas seguintes divisões de negócios:

a) A **divisão *Automotive*** tem como foco a prestação de serviços técnicos de inspeção veicular.

b) A **divisão de *Energy* & *Industry*** tem como foco auxiliar os clientes na obtenção de melhor desempenho e rentabilidade de seus ativos e instalações, minimizando seus riscos operacionais e ambientais e assegurando a qualidade de seus processos. A divisão *Energy* & *Industry* fornece testes não-destrutivos, inspeções industriais e ambientais, monitoramento e gerência de qualidade, engenharia e consultoria, controle de fornecedores, certificação e serviços de integridade de ativos.

c) A **divisão Idiada** atende empresas do setor automotivo no desenvolvimento dos seus novos produtos com serviços de projeto, engenharia, ensaio e homologações. Para esse fim, fornece os seguintes serviços: serviço de engenharia e testes, homologação e certificação de produtos, pistas de teste e projetos de instalações de testes.

17. Dadas as atuações das empresas das Requerentes no Brasil, não se evidenciam sobreposições horizontais e integrações verticais entre seus mercados de atuação.[4] As Requerentes enalteceram que os Fundos Apollo não atuam, no Brasil, em mercados horizontal ou verticalmente relacionados às atividades da Applus.

18. Sendo assim, entende-se que a Operação configura substituição de agente econômico, não demandando, deste modo, uma análise mais aprofundada dos mercados envolvidos.

19. Por todo o exposto, conclui-se que a Operação não possui o condão de acarretar prejuízos ao ambiente concorrencial, recaindo na hipótese de procedimento sumário do art. 8º, inciso II, da Resolução nº 33/22.

VII. CLÁUSULA DE NÃO-CONCORRÊNCIA

20. Segundo as Requerentes, o acordo que formaliza a Operação não contempla cláusulas restritivas à concorrência.

VIII. CONCLUSÃO

21. Aprovação sem restrições.

_____

[1] Este parecer contou com a colaboração do estagiário Rodrigo Gonçalves da Silva.
[2] De acordo com os autos, as Requerentes informam que a eficácia da Oferta está sujeita à condição de aceitação de uma participação mínima por parte dos acionistas, que consiste no aceite da Oferta por detentores de pelo menos 75% do capital social da Applus com direito a voto. Espera-se que o cenário de aquisição de controle unitário permaneça mesmo que os Fundos Apollo adquiram apenas 75% do capital social da Applus.
[3] A Oferta **[Acesso Restrito]**
[4] O mercado de TIC foi definido de forma autônoma nas análises dos Atos de Concentração nº 08700.001426/2022-19 e nº 08700.006958/2021-61.

Documento assinado eletronicamente por **Alexandre Barreto de Souza**, **Superintendente-Geral**, em 11/08/2023, às 17:34, conforme horário oficial de Brasília e Resolução Cade nº 11, de 02 de dezembro de 2014.

Documento assinado eletronicamente por **Ednei Nascimento da Silva**, **Coordenador-Geral**, em 11/08/2023, às 18:03, conforme horário oficial de Brasília e Resolução Cade nº 11, de 02 de dezembro de 2014.

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Referência: Processo nº 08700.005473/2023-12 SEI nº 1270856

Boletim de Serviço Eletrônico em 11/08/2023

Ministério da Justiça e Segurança Pública - MJSP
Conselho Administrativo de Defesa Econômica - CADE
Superintendência-Geral - SG

SEPN 515, Conjunto D, Lote 4, Edifício Carlos Taurisano, - Bairro Asa Norte, Brasília/DF, CEP 70770-504
Telefone: (61) 3221-8438 - www.gov.br/cade

DESPACHO SG Nº 1063/2023

Ato de Concentração nº 08700.005473/2023-12. Requerentes: Manzana Spain Bidco, S.L.U. e Applus Services, S.A. Advogados: [redacted]. Decido pela aprovação sem restrições.

Publique-se.

Documento assinado eletronicamente por **Alexandre Barreto de Souza**, **Superintendente-Geral**, em 11/08/2023, às 17:34, conforme horário oficial de Brasília e Resolução Cade nº 11, de 02 de dezembro de 2014.

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Referência: Processo nº 08700.005473/2023-12 SEI nº 1270877

Ministério da Justiça e Segurança Pública - MJSP
Conselho Administrativo de Defesa Econômica - CADE
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Telefone: 61 3031-1283 - www.gov.br/cade

CERTIDÃO DE TRÂNSITO EM JULGADO

CERTIFICO E DOU FÉ QUE, nesta data transcorreu em branco o prazo cabível para interposição de recurso ou avocação, transitando em julgado o Ato de Concentração nº 08700.005473/2023-12. Certifico ainda, que este processo foi concluído e arquivado, tendo em vista o despacho de aprovação sem restrições nº 1063/2023 publicado no Diário Oficial da União de 14/08/2023, seção 1, pág. 76.

Documento assinado eletronicamente por **Keila de Sousa Ferreira**, **Coordenadora-Geral**, em 30/08/2023, às 15:00, conforme horário oficial de Brasília e Resolução Cade nº 11, de 02 de dezembro de 2014.

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Referência: Processo nº 08700.005473/2023-12 SEI nº 1278571

ANEXO 12 TER

Copia de la notificación enviada por la Autoridad Nacional de Competencia de Canadá confirmando su no objeción a la Oferta

From: [redacted]
Sent: lunes, 14 de agosto de 2023 22:02
To: [redacted]
Cc: [redacted]
Subject: [redacted]

External Email / Courriel externe

Dear [redacted]

Re: Proposed acquisition of the issued and outstanding shares of Applus Services, S.A. by Manzana Spain Bidco, S.L.U.

I am writing in regard to your letter of July 31, 2023 in which you requested on behalf of Manzana Spain Bidco, S.L.U. the issuance of an Advance Ruling Certificate ("ARC") pursuant to section 102 of the *Competition Act* (the "Act") or in the alternative, a no-action letter confirming that the Commissioner of Competition (the "Commissioner") does not intend to make an application under section 92 of the Act with respect to the above-noted transaction (the "Transaction").

The information provided by the parties in support of their request for an ARC has been carefully considered. I hereby certify that, pursuant to section 102 of the Act, the Commissioner is satisfied that there would not be sufficient grounds on which to apply to the Competition Tribunal under section 92 of the Act with respect to the Transaction. This certificate is subject to the provisions of section 103 of the Act.

I would appreciate it if you would advise the Merger Intelligence and Notification Unit at [redacted] of the actual closing date of the Transaction. I would like to thank you for your cooperation in the examination of this matter. Should you wish to discuss or have any questions concerning this matter, please contact the reviewing officer Jacqueline Byers at [redacted]

Yours sincerely,

Jeanne L. Pratt
(elle/la) (she/her)

Sous-commissaire principale de la concurrence, Direction générale des fusions et des pratiques monopolistiques
Bureau de la concurrence
[redacted]

Senior Deputy Commissioner, Mergers and Monopolistic Practices Branch
Competition Bureau
[redacted]

Traducción al español
Versión auténtica en idioma inglés

Desde: [redacted]
Enviado: lunes, 14 de agosto de 2023 22:02
Para: [redacted]
Cc: [redacted]
Asunto: [redacted]
Correo electrónico externo

Estimado [redacted]

Ref.: Propuesta de adquisición de las acciones emitidas y en circulación de Applus Services, S.A. por Manzana Spain Bidco, S.L.U.

Le escribo en relación con su carta del 31 de julio de 2023 en la que solicitó en nombre de Manzana Spain Bidco, S.L.U. la emisión de un Certificado de resolución anticipada ("ARC") de conformidad con el artículo 102 de la Ley *de* competencia (la "Ley") o, como alternativa, una carta de no acción que confirme que el Comisionado de competencia (el "Comisionado") no tiene intención de presentar una solicitud en virtud del artículo 92 de la Ley con respecto a la transacción mencionada anteriormente (la "Transacción").

La información proporcionada por las partes en apoyo de su solicitud de un CRA ha sido cuidadosamente considerada. Por la presente certifico que, de conformidad con el artículo 102 de la Ley, el Comisionado está convencido de que no habría motivos suficientes para solicitar al Tribunal de Competencia en virtud del artículo 92 de la Ley con respecto a la Transacción. Este certificado está sujeto a las disposiciones del artículo 103 de la Ley.

Le agradecería que informara a la Unidad de Inteligencia y Notificación de Fusiones a [redacted] de la fecha de cierre real de la Transacción. Me gustaría agradecerle su cooperación en el examen de este asunto. Si desea hablar o tiene alguna pregunta sobre este asunto, póngase en contacto con la responsable de revisión Jacqueline Byers en [redacted]

Atentamente,

Jeanne L. Pratt

Comisionado adjunto sénior, Oficina de Competencia de Sucursales de Fusiones y Prácticas Monopolísticas
[redacted]

ANEXO 12 QUATER

Documentación acreditativa de la obtención de la autorización de la Fiscalía Nacional Económica de Chile

FISCALIA NACIONAL ECONOMICA

Santiago, 11 de septiembre de 2023

VISTOS:

1. La presentación de fecha 8 de agosto de 2023, correlativo de ingreso N° N°42.023-2023 ("**Notificación**"), en virtud de la cual Apollo Management X L.P. ("**Apollo**"), Manzana Spain Bidco S.L.U. ("**Manzana**") y Applus Services S.A. ("**Applus**" o "**Entidad Objeto**", y junto con Apollo y Manzana, las "**Partes**") notificaron a esta Fiscalía Nacional Económica ("**Fiscalía**") la operación de concentración consistente en la eventual adquisición indirecta del 100% de las acciones de Applus y sus filiales por parte de fondos de inversión de Apollo a través de Manzana ("**Operación**").

2. La resolución de fecha 22 de agosto de 2023, por la que esta Fiscalía ordenó el inicio de la investigación de la Operación bajo el Rol FNE F361-2023, de conformidad al Título IV de Decreto con Fuerza de Ley N°1, de 2004, del Ministerio de Economía, Fomento y Turismo, que fija el texto refundido, coordinado y sistematizado del Decreto Ley N°211 de 1973 ("**DL 211**").

3. El informe de la División de Fusiones de la Fiscalía, de esta misma fecha ("**Informe**").

4. Lo dispuesto en la Guía para el Análisis de Operaciones de Concentración de mayo de 2022 ("**Guía**").

5. Lo dispuesto en los artículos 1, 2, 39, 50 y 54, y en el Título IV del DL 211.

CONSIDERANDO:

1. Que Apollo es una gestora global de activos constituida de conformidad con las leyes de Estados Unidos de América, que funciona como una plataforma de inversiones, a través de los diversos fondos de su cartera. En Chile, a través de distintos fondos de inversión administrados por sus filiales, controla empresas activas en diversas áreas.

2. Que, por su parte, Manzana es una sociedad constituida de conformidad con las leyes de España, controlada indirectamente en un 100% por fondos de inversión de Apollo. Se trata del vehículo de inversión constituido especialmente con el objeto de llevar a cabo la Operación.

3. Que, por último, Applus es una sociedad constituida de conformidad con las leyes de España, activa en la prestación de servicios de ingeniería relativos a ensayos, inspección y certificación. En Chile, se encuentra activa a través de tres divisiones de ingeniería distintas: (i) automotriz, que concentra sus actividades en la prestación de servicios de inspección técnica de vehículos; (ii) energía e infraestructuras, que provee servicios de ensayos, inspección industrial y medioambiental, control y gestión de calidad, ingeniería y consultoría, control de proveedores, certificación e integridad de activos; y (iii) laboratorios multidisciplinarios, que ofrece servicios de ensayos, certificación e ingeniería de desarrollo.

4. Las Partes declaran que Applus y las sociedades controladas por Apollo, no tienen previsto desarrollar actividades económicas en los mismos mercados relevantes de

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Pisos 8, 9 y 10.
Santiago de Chile
Tel. (56 2) 27 535 600
www.fne.gob.cl

producto o geográfico, ni tampoco desarrollar actividades económicas en mercados verticalmente relacionados.

5. Que, según es detallado en el Informe, no se observa traslape alguno entre las actividades que desarrollan los agentes económicos que toman parte en la Operación, en consideración a que ninguno de ellos realiza –ni tiene proyectado realizar en el corto o mediano plazo– actividades económicas en los mismos mercados relevantes de producto, ni en mercados verticalmente relacionados. Tampoco se observa la existencia de riesgos de conglomerado.

6. Que, en atención a todo lo anterior, esta Fiscalía ha llegado a la convicción de que la Operación no resulta apta para reducir sustancialmente la competencia en los mercados analizados.

RESUELVO:

1°.- APRUÉBESE, de manera pura y simple, la Operación relativa a la adquisición de control de Applus Services S.A. por parte de Manzana Spain Bidco, S.L.U.

2°.- NOTIFÍQUESE a las Partes la presente resolución por medio de correo electrónico, de conformidad a lo dispuesto en el artículo 61 del DL 211.

3°.- PUBLÍQUESE.

Rol FNE F361-2023.

JORGE GRUNBERG PILOWSKY
FISCAL NACIONAL ECONÓMICO

FGV

Huérfanos N°670.
Pisos 8, 9 y 10.
Santiago de Chile
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ANEXO 12 QUINQUIES

Documentación acreditativa de la obtención de la autorización de la Autoridad General para la Competencia de Arabia Saudí

Desde: [redacted]
Enviado: jueves, 24 de agosto de 2023 21:03
Para: [redacted]
Asunto: [redacted]

Desde: Sistema GAC Monafsa
[redacted]
Enviado: Jueves 24 de agosto de 2023 9:52:13 p. m.
Asunto: Crear nueva solicitud n.o [RN0009743]

Estimado cliente:

Le informamos que su solicitud n.o RN0009743 se ha entregado correctamente.

Puede hacer un seguimiento de sus solicitudes y ver los detalles a través del portal de servicios electrónicos.

Atentamente,

Autoridad general para la competencia

عزيزي مقدم الطلب

يرجى العلم بأنه تم تسليم طلبكم بالرقم المرجعي RN0009743 بنجاح .

يمكنكم متابعة الطلبات و الاطلاع على التفاصيل عبر بوابة الخدمات الإلكترونية

مع تحياتنا

الهيئة العامة للمنافسة

الهيئة العامة للمنافسة
General Authority for Competition

NOREPLY

Tel.: +966 11 440 6666 Ext.:
noreply@gac.gov.sa

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عليها ، وفي حال استلام هذا البريد الالكتروني بشكل خاطئ فإنه يجب حذفه وإبلاغ المرسل بشكل مباشر. واي تسريب لتلك
المعلومات أو نسخها أو نشرها يعد أمرا مخالفا وقد يؤدي إلى المسائلة القانونية ، كما أن الاراء المذكورة بهذا البريد تمثل راي
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From: [redacted]
Sent: jueves, 24 de agosto de 2023 21:03
To: [redacted]a
Subject: [redacted]

From: GAC Monafsa System [redacted]
Sent: Thursday, August 24, 2023 9:52:13 PM
Subject: Create New Request No [RN0009743]

Dear Client,

Please be informed that your request no. RN0009743 has been delivered successfuly.

You can follow up your requests and view details via the e-services portal.

عزيزي مقدم الطلب

يرجى العلم بأنه تم تسليم طلبكم بالرقم المرجعي RN0009743 . بنجاح

يمكنكم متابعة الطلبات و الاطلاع على التفاصيل عبر بوابة الخدمات الإلكترونية

Best Regards,

General Authority for competition

مع تحياتنا

الهيئة العامة للمنافسة



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Traducción al español
Versión auténtica en idioma árabe

Número de documento: 674

Kits: 10009743

Autoridad general para la competencia

Certificado

Sin objeciones

En referencia a su solicitud a la Autoridad General de la Competencia en relación con las entidades abajo indicadas, y tras evaluar la información facilitada, nos complace comunicarle la no objeción a la realización de una actividad de concentración económica a las entidades abajo indicadas.

Número de registro comercial	Origen	Nombre de la Sociedad	Sociedades objeto de la concentración
M-797874	España	Manzana Spain Bidco, S.L.U.	Manzana Spain Bidco, S.L.U.
M-659828	España	Applus Services, S.A.	Applus Services, S.A.

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الهيئة العامة للمنافسة
General Authority for Competition

رقم الوثيقة: 674
رقم الطلب: RN0009743
التاريخ: 20/ربيع الأول/1445

شهادة

عدم ممانعة

إشارةً إلى طلبكم المقدم إلى الهيئة العامة للمنافسة بشأن المنشآت المذكورة أدناه، وبعد دراسة المعلومات المقدمة منكم نفيدكم بعدم الممانعة من إتمام عملية التركز الاقتصادي بين المنشآت التالية::

اسم المنشأة المعنية بالتركز	اسم المنشأة المعنية بالتركز باللغة الانجليزية	بلد المنشأ	رقم السجل التجاري
شركة مانزانا سباين بيدكو اس ال يو	.Manzana Spain Bidco, S.L.U	Spain	M-797874
ابلوس سيرفيسيس اس. ايه شركة مساهمة عامة	.Applus Services, S.A	Spain	M-659828

هذه الوثيقة مرسلة من النظام الآلي ولا تحتاج إلى توقيع

تعد هذه الشهادة من الوثائق الحكومية الرسمية، لذا يحظر تقليدها او ادخال تعديلات عليها

ANEXO 12 SEXIES

Documentación acreditativa de la obtención de la autorización de la Autoridad de Competencia de Kuwait

Traducción al español
Versión auténtica en idioma árabe

[logotipo:] NEWKUWAIT **6 NOV 2023**

[logo:] Agencia de Protección de la Competencia
AGENCY
CPA 1593 2023

A/A: [redacted]

Dirección: Sharq, Shuhada Street, Al-Raya Tower, Floor 36, Ciudad de Kuwait

¡Saludos! Además,

Asunto: Solicitud de aprobación de la Operación de Concentración Económica

La Agencia de Protección de la Competencia le extiende sus más cordiales saludos y agradecimiento, deseándole más progreso y prosperidad, y le agradece su cooperación con la Agencia para que pueda llevar a cabo sus responsabilidades legalmente establecidas.

En referencia al asunto arriba indicado y en relación con la solicitud de aprobación de la Operación de Concentración Económica n.º (CPACNM000252023) relativa a la adquisición del 100 % del capital de Applus Services S.A. por parte de Manzana Spain Bidco, S.L.U. (España);

Le informamos de la Resolución del Consejo de Administración de la Agencia n.º (68) de fecha 01/11/2023 AD en su Reunión n.º (77) celebrada el 29/10/2023, por la que se aprueba la Operación de Concentración Económica.

Atentamente

Director ejecutivo

[firmado]

Al-Anoud Al-Yaqoub Al-Fahad

Director ejecutivo en funciones

[Sello: AGENCIA DE PROTECCIÓN DE LA COMPETENCIA]

A/A: [redacted]

Dirección: Sharq, Shuhada Street, Al-Raya Tower, Floor 36, Ciudad de Kuwait

¡Saludos! Además,

Asunto: Solicitud de aprobación de la Operación de Concentración Económica

La Agencia de Protección de la Competencia le extiende sus más cordiales saludos y agradecimiento, deseándole más progreso y prosperidad, y le agradece su cooperación con la Agencia para que pueda llevar a cabo sus responsabilidades legalmente establecidas.

En referencia al asunto arriba indicado y en relación con la solicitud de aprobación de la Operación de Concentración Económica n.º (CPACNM000252023) relativa a la adquisición del 100 % del capital de Applus Services S.A. por parte de Manzana Spain Bidco, S.L.U. (España);

Le informamos de la Resolución del Consejo de Administración de la Agencia n.º (68) de fecha 01/11/2023 AD en su Reunión n.º (77) celebrada el 29/10/2023, por la que se aprueba la Operación de Concentración Económica.

Atentamente

Director ejecutivo

Empleado competente	Jefe de departamento	Director de departamento
[hw:] [redacted]	[hw:] [redacted]	[hw:] [redacted]

Traducción al español
Versión auténtica en idioma árabe

[logotipo:] NEWKUWAIT

[logotipo:] [árabe e inglés:]
Agencia de Protección de la Competencia

1 NOV 2023 **R-C-P/68/2023**

Resolución n.º (68) de 2023 AD

En relación con la solicitud de aprobación de la Operación de concentración económica relativa a la adquisición del 100 % del capital de Applus Services S.A. por parte de Manzana Spain Bidco, S.L.U. (España)

Presidente del Consejo de Administración

Tras examinar:

- Ley n.º (72) de 2020 AD sobre la Protección de la competencia;
- Decreto n.º (238) de 2017 sobre el nombramiento de los miembros del Consejo de Administración de la Agencia de Protección de la Competencia;
- Resolución N.º (14) de 2021 AD sobre la Emisión del Reglamento Ejecutivo de la Ley N.º (72) de 2020 AD sobre la Protección de la Competencia; en su versión modificada;
- La solicitud de aprobación de la Operación de concentración económica n.º CPACNM000252023 relativa a la adquisición del 100 % del capital de Applus Services S.A. por parte de Manzana Spain Bidco, S.L.U. (España);
- El Informe de la Dirección ejecutiva sobre la citada Operación de concentración económica;
- Aprobación del Consejo de Administración en su Reunión n.º (77) celebrada el 29/10/2023 AD, y en base a lo que el interés empresarial requiere.

Resuelve como sigue:

Cláusula I: Aprobación de la Operación de concentración económica n.º CPACNM000252023 relativa a la adquisición del 100 % del capital de Applus Services S.A. por parte de Manzana Spain Bidco, S.L.U. (España).

Cláusula II: Las autoridades competentes, cada una en el ámbito de su jurisdicción, implementarán la presente Resolución, la notificarán a todas las partes y entrará en vigor a partir de la fecha de su emisión.

Presidente del Consejo de Administración

[firmado]

Dr. Rashid Shabib Al Ajmi

Presidente del Consejo de Administración de la Agencia de Protección de la Competencia

السادة/ شركة الخليجيون للمحاماة والاستشارات القانونية المحترمين

العنوان/ شرق - شارع الشهداء - برج الراية - الدور 36 -مدينة الكويت

تحيـــة طيبـــة وبعـــد،،،

الموضـوع: طلب الموافقة على عملية التركز الاقتصادي

يهديكم جهاز حماية المنافسة وافر التحية والتقدير متمنين لكم مزيداً من التقدم والازدهار، ويشكر تعاونكم مع الجهاز حتى يتمكن من القيام بمسؤولياته المقررة قانونا.

وبالإشارة إلى الموضوع أعلاه، وبشأن طلب الموافقة على عملية التركز الاقتصادي رقم (CPACNM000252023) بشأن استحواذ شركة مانزانا سبين بيدكو اس.ال.يو (اسبانا) على 100% من رأس مال شركة ابلوس سيرفيسز س.ايه.(اسبانيا).

نخطركم بقرار مجلس إدارة الجهاز رقم (68) المؤرخ في 2023/11/1 باجتماعه رقم (77) المنعقد بتاريخ 2023/10/29 والذي قرر الموافقة على عملية التركز الاقتصادي.

مع خالص الشكر والتقدير،

[redacted]

جهاز حماية المنافسة
COMPETITION PROTECTION AGENCY

السادة/ شركة الخليجيون للمحاماة والاستشارات القانونية المحترمين

العنوان/ شرق - شارع الشهداء - برج الراية - الدور 36 -مدينة الكويت

تحيـــة طيبـــة وبعـــد،،،

الموضـوع: طلب الموافقة على عملية التركز الاقتصادي

يهديكم جهاز حماية المنافسة وافر التحية والتقدير متمنين لكم مزيداً من التقدم والازدهار، ويشكر تعاونكم مع الجهاز حتى يتمكن من القيام بمسؤولياته المقررة قانونا.

وبالإشارة إلى الموضوع أعلاه، وبشأن طلب الموافقة على عملية التركز الاقتصادي رقم (CPACNM000252023) بشأن استحواذ شركة مانزانا سبين بيدكو اس.ال.يو (اسبانا) على 100% من رأس مال شركة ابلوس سيرفيسز س.ايه.(اسبانيا).

نخطركم بقرار مجلس إدارة الجهاز رقم (68) المؤرخ في 2023/11/1 باجتماعه رقم (77) المنعقد بتاريخ 2023/10/29 والذي قرر الموافقة على عملية التركز الاقتصادي.

مع خالص الشكر والتقدير،

المـديـر التنـفـيـذي

الموظف المختص	رئيس القسم	مدير الإدارة
[redacted]	[redacted]	[redacted]

1 NOV 2023

ق- أ- س/2023/68

قـــرار رقـــم (68) لسنة 2023

بشأن طلب الموافقة على عملية التركز الاقتصادي بشأن استحواذ شركة مانزانا سبين بيدكو اس.ال.يو (اسبانيا) على 100٪ من رأس مال شركة ابلوس سيرفيسز س.ايه. (اسبانيا)

رئيس مجلس الإدارة:

بعـــد الاطـــلاع على:

- القانون رقم (72) لسنة 2020 في شأن حماية المنافسة،
- المرسوم رقم (238) لسنة 2017 بتعيين أعضاء مجلس إدارة جهاز حماية المنافسة،
- القرار رقم (14) لســـنة 2021 بإصـــدار اللائحـة التنفيـذيـة للقـانون رقم (72) لســـنـة 2020 في شأن حماية المنافسة؛ وتعديلاتها،
- طلب الموافقة على عملية التركز الاقتصادي رقم CPACNM000252023 بشـأن استحواذ شـركة مانزانا سبين بيدكو اس.ال.يو (اسبانيا) على 100% من رأس مال شركة ابلوس سيرفيسز س.ايه. (اسبانيا)،
- تقرير الإدارة التنفيذية بشأن عملية التركز الاقتصادي المشار إليها،
- موافقة مجلس الإدارة في اجتماعه رقم (77) المنعقد بتاريخ 2023/10/29،
- وبناءً على ما تقتضيه مصلحة العمل.

تقـــرر

مادة أولى: الموافقة على عملية التركز الاقتصـادي رقم CPACNM000252023 بشـأن اسـتحواذ شـركة مانزانا سـبين بيدكو اس.ال.يو (اسـبانيا) على 100% من رأس مال شـركة ابلوس سـيرفيسـز س.ايه. (اسبانيا).

مادة ثانية: على جهات الاختصـاص –كل فيما يخصـه– تنفيذ هذا القرار، وإخطار جميع الاطراف بهذا القرار، ويعمل به من تاريخ صدوره.

رئيس مجلس الإدارة

[redacted]

ANEXO 12 SEPTIES

Documentación acreditativa de la presentación de la solicitud de autorización ante la SAMR

国家市场监督管理总局

经营者集中反垄断审查
补充文件、资料通知书

反执二审查〔2023〕1661号

阿波罗资本管理有限合伙企业：

我局收到你公司提交的阿波罗资本管理有限合伙企业收购艾普拉斯服务公共有限责任公司股权案经营者集中申报文件、资料。经核，该申报文件、资料不完备，根据《中华人民共和国反垄断法》第二十九条规定，现请你公司在10日内就有关问题（清单附后）作出书面补充和说明。逾期未补交文件、资料的，视为未申报。

请将补充的相关文件、资料通过经营者集中反垄断业务系统进行网上提交。补交的文件、资料请提交公开版本和保密版本各一套。

2023年12月26日

案件名称	阿波罗资本管理有限合伙企业收购艾普拉斯服务公共有限责任公司股权案		
申报时间	2023 年 12 月 20 日		
代表或代理律师	韩亮/于水天/刘静涵		
联系电话	[redacted]	**传　真**	[redacted]

补充问题清单

1. 请提交本次交易的西班牙外商投资批准，并说明该监管审批对本次交易确定性的作用；

2. 请按照本次申报的相关市场（测试检验服务市场、认证服务市场）修改申报表附件 8.2 和 8.3，确保相关市场界定及理由、市场份额数据与本次申报的相关市场一致；

3. 请申报方确认本案中有无不宜公示的敏感信息，如有，

请说明理由。

联系电话:

传　　真:



Administración Estatal de Regulación del Mercado

Control Antimonopolio de concentración de empresas
Aviso sobre la solicitud de información y materiales complementarios

No.2 Revisión del Departamento de Control Antimonopolio [2023] No. 1661

Apollo Management, L.P.:

Nuestra Oficina ha recibido los documentos y materiales de notificación relativos a la *propuesta de adquisición de acciones de Applus Services, S.A por Apollo Management, L.P.* presentada por su sociedad. Una vez revisados, los documentos y materiales de notificación están incompletos. De conformidad con el artículo 29 de la Ley Antimonopolio de la República Popular China, le rogamos nos facilite por escrito, en un plazo de 10 días, información complementaria y explicaciones sobre las preguntas relacionadas (adjuntas). La operación se considerará no notificada si los documentos y materiales complementarios no se presentan en el plazo establecido.

Sírvase presentar los documentos y materiales complementarios pertinentes en línea a través del Sistema Antimonopolio de Concentración de Empresas. Los documentos y materiales complementarios se presentarán en un solo ejemplar de las versiones no confidencial y confidencial, respectivamente.

(Sello para asuntos antimonopolio de la Administración Estatal de Regulación del Mercado)

26 de diciembre de 2023

Nombre del caso	Propuesta de adquisición de acciones de Applus Services, S.A. por Apollo Management, L.P.		
Fecha de notificación	20 de diciembre de 2023		
Agentes designados (o abogados designados)	[redacted]		
Número de contacto	[redacted]	**Fax**	[redacted]

Solicitud de material e información complementaria

1. **Por favor, presente la aprobación de FDI en España de la Operación y explique el papel de esta aprobación regulatoria en la certeza de la Operación.**

2. **Por favor, revise los Anexos 8.2 y 8.3 del formulario de notificación basándose en el mercado de referencia definido en esta notificación (es decir, el mercado de servicios de ensayo e inspección, y el mercado de servicios de certificación) para garantizar que la definición de mercado de referencia y las razones y los datos de cuota de mercado son coherentes con los mercados de referencia definidos en la notificación.**

3. **Confirme si hay alguna información sensible que no deba divulgarse y, en caso afirmativo, explique los motivos.**

[redacted]

ANEXO 12 OCTIES

Documentación acreditativa de la aprobación por parte de la Comisión para promover la Competencia de Costa Rica de la operación de concentración empresarial que supone la Oferta

De: [redacted]
Enviado: martes, 5 de septiembre de 2023 1:16
Para: [redacted]
Cc: [redacted]
Asunto: Ref.: Privilegiado y confidencial - Nueva transacción potencial - CR
Adjuntos: VOTO-50-23 CE- Exp. 052-2023-CE (proyecto final de solución Apple).pdf

Estimados/as todos/as:
Nos complace informarle de que la concentración ha sido autorizada en la primera fase. Se adjunta la resolución en español. Si desea que proporcionemos una traducción de dicha resolución, lo haremos. ¡Gracias!
Atentamente,

ZURCHER ODIO & RAVEN
abogados

[redacted]

Esta comunicación puede contener información protegida por el secreto profesional. Si usted no es la persona a quien va dirigido este mensaje, por favor tome en cuenta que la divulgación, distribución o reproducción de esta comunicación es estrictamente prohibida. Cualquier persona que reciba este mensaje por error debe notificarlo inmediatamente al remitente por vía telefónica o correo electrónico y borrarlo permanentemente de su computador.

Esta comunicación puede contener información legalmente privilegiada, confidencial o exenta de divulgación. Si usted no es el destinatario previsto, tenga en cuenta que cualquier difusión, distr bución o copia de esta comunicación está estrictamente prohibida. Cualquier persona que reciba este mensaje por error debe notificar al remitente inmediatamente por teléfono o correo electrónico y eliminarlo de su ordenador

Antes de imprimir, piensa en **el medio ambiente.**

De: [redacted]
Enviado l: jueves, 31 de agosto de 2023 10:32
Para: [redacted]
CC [redacted]
Asunto: Privilegiado y confidencial - Nueva transacción potencial - CR

Hola, [redacted]
Espero que todo esté bien.
Adjuntos encontrará los documentos que se enviaron y el correo electrónico por medio del cual Coprocom reconoce los recibos y nos asigna el expediente.
El responsable reiteró que no recibiremos dicha RFI. Esperamos que la Comisión debata y apruebe la concentración a finales de la próxima semana.
Atentamente,
[redacted]

De: [redacted]
Enviado el: jueves, 31 de agosto de 2023 06:14
[redacted]

[redacted] **Asunto:**
Ref.: Privilegiado y confidencial - Nueva transacción potencial - CR

Hola, [redacted]

¿Puede enviarnos cualquier prueba oficial de presentación? Dado que la presentación se presentó electrónicamente, es posible que tengamos algún tipo de prueba oficial. Le agradecemos que pueda enviarlo lo antes posible, ya que debemos proporcionárselo a la CNMV.

Un saludo,
[redacted]

[redacted]

From: [redacted]
Sent: martes, 5 de septiembre de 2023 1:16
To: [redacted]
Cc: [redacted]
Subject: RE: Privileged and Confidential - New potential transaction - CR
Attachments: VOTO-50-23 CE- Exp 052-2023-CE (Resolución Final Project Apple).pdf

Dear all,

We are glad to inform you that the concentration has been authorized on First Phase. Attached is the resolution in Spanish. If you would like us to provide a translation of the said resolution we will do so. Thank you!

Best regards,

ZURCHER ODIO & RAVEN abogados

[redacted]

Esta comunicación puede contener información protegida por el secreto profesional. Si usted no es la persona a quien va dirigido este mensaje, por favor tome en cuenta que la divulgación, distribución o reproducción de esta comunicación es estrictamente prohibida. Cualquier persona que reciba este mensaje por error debe notificarlo inmediatamente al remitente por vía telefónica o correo electrónico y borrarlo permanentemente de su computador.

This communication may contain information that is legally privileged, confidential or exempt from disclosure. If you are not the intended recipient, please note that any dissemination, distr bution, or copying of this communication is strictly prohibited. Anyone who receives this message in error should notify sender immediately by telephone or by return e-mail and delete it from their computer

Before printing, think of **The Environment!**

De: [redacted]
Enviado el: jueves, 31 de agosto de 2023 10:32
Para: [redacted]
CC: [redacted] **Asunto:**
RE: Privileged and Confidential - New potential transaction - CR

Hi [redacted]
I hope all is well.
Attached you will find the documents that were submitted, and the email by means of which Coprocom acknowledges receipts and assigns us the casefile.
The handler reiterated that we will not receive such RFI. We expect the Commission to discuss and approve the concentration by the end of next week.
Best regards,
[redacted]

De: [redacted]
Enviado el: jueves, 31 de agosto de 2023 06:14

Para: [redacted]

CC: [redacted] **Asunto:**
RE: Privileged and Confidential - New potential transaction - CR

Hi [redacted],

Can you please send us any official proof of filing? Since the filing was submitted electronically, we may have some kind of official proof. Grateful if you can send it across as soon as possible as we need to provide it to the CNMV.

All the best,

[redacted]

ANEXO 13

Documentación acreditativa de la obtención de la autorización del Consejo de Ministros mediante acuerdos de fechas 27 de diciembre 2023 y 9 de enero de 2024

Código seguro de Verificación : GEN-a4ac-2b30-2186-3647-dc47-f97a-5e2d-bd5b | Puede verificar la integridad de este documento en la siguiente dirección : https://sede.administracion.gob.es/pagSedeFront/servicios/consultaCSV.htm

MINISTERIO
DE LA PRESIDENCIA, JUSTICIA
Y RELACIONES CON LAS CORTES

DON FÉLIX BOLAÑOS GARCÍA, MINISTRO DE LA PRESIDENCIA, JUSTICIA Y RELACIONES CON LAS CORTES Y SECRETARIO DEL CONSEJO DE MINISTROS

C E R T I F I C O:

Que en la reunión del Consejo de Ministros celebrada el día veintisiete de diciembre de dos mil veintitrés se ha aprobado el Acuerdo por el que se autoriza la inversión extranjera de Manzana Spain Bidco, S.L.U., en la sociedad española Applus Services, S.A, cuyo texto literal consta en el documento adjunto.

Y para que así conste y surta los efectos oportunos, expido y firmo la presente certificación en Madrid, a fecha de la firma electrónica.

CSV : GEN-a4ac-2b30-2186-3647-dc47-f97a-5e2d-bd5b
DIRECCIÓN DE VALIDACIÓN : https://sede.administracion.gob.es/pagSedeFront/servicios/consultaCSV.htm
FIRMANTE(1) : FELIX BOLAÑOS GARCÍA | FECHA : 27/12/2023 20:54 | Certifica | Sello de Tiempo: 27/12/2023 20:55

MINISTERIO
DE ECONOMÍA, COMERCIO
Y EMPRESA

REF.:

REF.C.M.:

Acuerdo por el que se autoriza la inversión extranjera de Manzana Spain Bidco, S.L.U. en la sociedad española Applus Services, S.A.

De conformidad con el artículo 7 bis de la Ley 19/2003, de 4 de julio, sobre régimen jurídico de los movimientos de capitales y de las transacciones económicas con el exterior, y el Real Decreto 571/2023, de 4 de julio, sobre inversiones exteriores, habiendo obtenido previamente el **informe favorable de la Junta de Inversiones Exteriores** de fecha 13 de diciembre de 2023, se autoriza la siguiente operación de inversión extranjera:

- Sociedad objeto de la inversión: Applus Services, S.A.
- Sociedad inversora inmediata: Manzana Spain Bidco, S.L.U.
- Inversor Último: Apollo Global Management, Inc.

La operación consiste en la adquisición por parte de Manzana Spain Bidco, S.L.U. del 100% de las acciones de la española Applus Services, S.A., cuyas acciones cotizan en la Bolsa de Valores española (BME: APPS). Todo ello sin perjuicio del debido cumplimiento de la legislación sectorial vigente.

El presente acuerdo pone fin a la vía administrativa, de conformidad con lo dispuesto en el artículo 114 de la Ley 39/2015, de 1 de octubre, del Procedimiento Administrativo Común de las Administraciones Públicas. Contra el mismo podrá interponerse recurso contencioso-administrativo ante la Sala de lo Contencioso-administrativo del Tribunal Supremo en el plazo de dos meses, a contar desde el día siguiente al de la notificación del presente acuerdo, de conformidad con el artículo 46.1 de la Ley 29/1998, de 13 de julio, reguladora de la Jurisdicción Contencioso-administrativa.

Asimismo, de acuerdo con lo dispuesto en el artículo 124.1 de la citada Ley 39/2015, de 1 de octubre, también podrá interponerse potestativamente recurso de reposición ante el Consejo de Ministros, en el plazo de un mes, a contar desde el día siguiente a la notificación del mismo, significándose que, en caso de presentar recurso de reposición, no se podrá interponer recurso contencioso-administrativo hasta que se resuelva expresamente el recurso de reposición o se produzca la desestimación presunta del mismo, en virtud de lo dispuesto en el artículo 123.2 de la citada Ley 39/2015, de 1 de octubre.

LA VICEPRESIDENTA PRIMERA DEL GOBIERNO
Y MINISTRA DE ECONOMÍA, COMERCIO Y EMPRESA

NADIA CALVIÑO SANTAMARIA

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DIRECCIÓN DE VALIDACIÓN : https://sede.administracion.gob.es/pagSedeFront/servicios/consultaCSV.htm
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Código seguro de Verificación : GEN-a4ac-2b30-2186-3647-dc47-f97a-5e2d-bd5b | Puede verificar la integridad de este documento en la siguiente dirección : https://sede.administracion.gob.es/pagSedeFront/servicios/consultaCSV.htm

EXPOSICIÓN

I. SOCIEDAD OBJETO DE LA INVERSIÓN

- La empresa adquirida, matriz del Grupo Applus, actúa como sociedad holding de una serie de filiales que se dedican al sector de la inspección, ensayos y certificación. Cuenta con una amplia gama de servicios que ayudan a clientes de todo tipo de sectores a garantizar que sus activos y productos cumplan con los estándares y normativas de calidad, seguridad y medio ambiente.

II. INVERSOR EXTRANJERO

- El inversor directo es Manzana Spain Bidco, S.L.U.
- El inversor final es Apollo Global Management, Inc. (Apollo), empresa estadounidense de capital riesgo que cotiza en la Bolsa de Nueva York (NYSE: APO). Apollo está constituida y se organiza conforme a las leyes del Estado de Delaware, Estados Unidos, si bien su sede está en Nueva York. Apollo es una gestora de activos alternativos globales de alto crecimiento y proveedora de servicios de jubilación para individuos e inversores institucionales.

III. INVERSIÓN EXTRANJERA

DICTÁMENES Y TRÁMITES PRECEPTIVOS:

Informe favorable de la Junta de Inversiones Exteriores de fecha 13 de diciembre de 2023

La Presidenta de la Junta de Inversiones Exteriores

La Presidenta de la Junta de Inversiones Exteriores

CSV : GEN-a4ac-2b30-2186-3647-dc47-f97a-5e2d-bd5b
DIRECCIÓN DE VALIDACIÓN : https://sede.administracion.gob.es/pagSedeFront/servicios/consultaCSV.htm
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Código seguro de Verificación : GEN-a4ac-2b30-2186-3647-dc47-f97a-5e2d-bd5b | Puede verificar la integridad de este documento en la siguiente dirección : https://sede.administracion.gob.es/pagSedeFront/servicios/consultaCSV.htm

- La operación consiste en la adquisición por parte de Manzana Spain Bidco, S.L.U. del 100% de las acciones de la española Applus Services, S.A., cuyas acciones cotizan en la Bolsa de Valores española (BME: APPS).

El artículo 7 bis de la Ley 19/2003, de 4 de julio, sobre régimen jurídico de los movimientos de capitales y de las transacciones económicas con el exterior, suspende el régimen de liberalización de determinadas inversiones extranjeras directas en España en los casos en que las inversiones por su naturaleza, forma o condición de realización afecten o puedan afectar a la seguridad, orden o salud públicos.

En este caso, será preceptivo solicitar autorización administrativa previa respecto de la operación de inversión. La resolución de dicha solicitud de autorización corresponde al Consejo de Ministros a propuesta de la Ministra de Economía, Comercio y Empresa, y, en su caso, del titular del Departamento competente por razón de la materia y previo informe de la Junta de Inversiones Exteriores.

De conformidad con las normas anteriormente mencionadas, queda suspendido el régimen de liberalización para la presente operación al considerarse necesario un análisis de su relación con los apartados 2.b), 2.c) y 2.d) del artículo 7 bis de la Ley 19/2003, siendo necesaria la obtención de la autorización previa por Consejo de Ministros.

La Junta de Inversiones Exteriores informó favorablemente el expediente de esta operación en su reunión de fecha 13 de diciembre de 2023, al determinar que, por las características de operación, no supone riesgos para la seguridad, orden y salud públicos, y con el fin de elevar al Gobierno esta PROPUESTA para su autorización. Todo ello sin perjuicio del debido cumplimiento de la legislación sectorial vigente.

CSV : GEN-a4ac-2b30-2186-3647-dc47-f97a-5e2d-bd5b
DIRECCIÓN DE VALIDACIÓN : https://sede.administracion.gob.es/pagSedeFront/servicios/consultaCSV.htm
FIRMANTE(1) : FELIX BOLAÑOS GARCÍA | FECHA : 27/12/2023 20:54 | Certifica | Sello de Tiempo: 27/12/2023 20:55

MINISTERIO
DE LA PRESIDENCIA, JUSTICIA
Y RELACIONES CON LAS CORTES

DON FÉLIX BOLAÑOS GARCÍA, MINISTRO DE LA PRESIDENCIA, JUSTICIA Y RELACIONES CON LAS CORTES Y SECRETARIO DEL CONSEJO DE MINISTROS

C E R T I F I C O:

Que en la reunión del Consejo de Ministros celebrada el día nueve de enero de dos mil veinticuatro se ha aprobado el Acuerdo por el que se autoriza que la inversión extranjera indirecta de la empresa Apollo Global Management, Inc. (EE.UU.), a través de la filial española Manzana Spain Bidco, S.L.U., en la sociedad española Applus Services, S.A., y a través de ésta en dos filiales, se pueda destinar a actividades relacionadas con la Defensa Nacional, cuyo texto literal consta en el documento adjunto.

Y para que así conste y surta los efectos oportunos, expido y firmo la presente certificación en Madrid, a fecha de la firma electrónica.

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CSV : GEN-44c7-6e10-0b21-4a24-7a74-3f19-64a8-3140
DIRECCIÓN DE VALIDACIÓN : https://sede.administracion.gob.es/pagSedeFront/servicios/consultaCSV.htm
FIRMANTE(1) : FELIX BOLAÑOS GARCÍA | FECHA : 09/01/2024 15:44 | Certifica | Sello de Tiempo: 09/01/2024 15:45

MINISTERIO
DE DEFENSA

USO PUBLICO

SEDEF
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CIEX

E S C R I T O - G E I S E R

S/REF.	REGAGE23e00066566784 de fecha 03OCT23.
N/REF.	324/A440 IE 23-04
FECHA	11/01/2024
ASUNTO	IE 23-04: CDO. ACUERDO DEL CONSEJO DE MINISTROS Y FIN DE EXPEDIENTE RELATIVO A INVERSIÓN EXTRANJERA DE APOLLO GLOBAL MANAGEMENT, INC. (EE.UU.) EN APPLUS SERVICES, S.A.
ANEXOS	1_1_10a9-20235201_certificado
DESTINATARIO	SR. [redacted] [NOTIFICACIÓN] MANZANA SPAIN BIDCO S.L.U. [INTERESADO]

Por la presente le comunico que ha sido autorizado por Acuerdo del Consejo de Ministros, en su reunión del día 9 de enero de 2024, el expediente IE 23-04 correspondiente a la solicitud de autorización de la inversión extranjera de la sociedad “APOLLO GLOBAL MANAGEMENT, INC." (Estados Unidos), a través de su filial española “MANZANA SPAIN BIDCO, S.L.U.", mediante oferta pública de adquisición de acciones (OPA) sobre el 100% del capital social de la empresa española “APPLUS SERVICES, S.A.”, incluyendo todas sus filiales, para que se pueda destinar a actividades relacionadas con la Defensa Nacional.

Con esta notificación, que se realiza en cumplimiento de lo establecido en el Artículo 21.1 de la Ley 39/2015, de 1 de octubre, del Procedimiento Administrativo Común de las Administraciones Públicas, se da por finalizado el expediente administrativo.

Esta autorización no exime de la obligación de declarar la inversión y su liquidación al Registro de Inversiones del Ministerio de Industria, Comercio y Turismo, una vez ésta se haya realizado, de conformidad con lo dispuesto en el artículo 5 del Real Decreto 571/2023, de 4 de julio, sobre inversiones exteriores y en el Artículo 3 de la Ley 19/2003, de 4 de julio, sobre régimen jurídico de los movimientos de capitales y de las transacciones económicas con el exterior y sobre determinadas medidas de prevención del blanqueo de capitales.

Se remite como ANEXO Certificación con la aprobación por el Acuerdo de Consejo de Ministros.

EL SUBDIRECTOR GENERAL DE RELACIONES INTERNACIONALES DE LA DGAM

- Jose Antonio Toro Fernandez -

Los datos de carácter personal que puedan aparecer en este escrito o sus anexos deberán ser tratados conforme a lo establecido en la legislación vigente en materia de Protección de Datos, debiendo ser empleados únicamente para la finalidad con que fueron comunicados y mantenidos durante no más tiempo del necesario para los fines del tratamiento.

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URL de verificación: http://sede.defensa.gob.es
(documentos clasificados o de uso oficial no pueden verificarse)

CORREO ELECTRÓNICO:

USO PUBLICO

Pº de la Castellana 109 3ª
28071 MADRID
TEL: 913955804
FAX: 913955182

ANEXO 13 BIS

Documentación acreditativa de la autorización del Ministerio de Economía y Finanzas de Francia

REPÚBLICA FRANCESA

Ministerio de Economía,
Hacienda y Soberanía Industrial
y Digital

Decisión por la que se autoriza la inversión extranjera en una sociedad en Francia

DN 1829

El Ministro de Economía, Hacienda y Soberanía Industrial y Digital,

Visto el Reglamento (UE) 2019/452 del Parlamento Europeo y del Consejo, de 19 de marzo de 2019, por el que se establece un marco para el control de las inversiones extranjeras directas en la Unión;

Visto el Código de Comercio francés, en particular el artículo L. 233-3;

Visto el Código Monetario y Financiero, en particular los artículos L. 151-3 y R. 151-1 y ss;

Visto el Código de relaciones entre el público y la administración;

Visto el decreto modificado de 31 de diciembre de 2019 relativo a las inversiones extranjeras en Francia;

Vista la solicitud de autorización de inversión extranjera en Francia presentada el 09 de agosto de 2023 por Manzana Spain Bidco S.L., sociedad limitada unipersonal de derecho español, con domicilio social en la calle de Suero de Quinones, 34-36, La Planta, 28002 Madrid e inscrita en el registro mercantil de Madrid con el número B-13917067 en su calidad de inversor y en nombre de todas las entidades pertenecientes a su cadena de control, de conformidad con el artículo R. 151-5 del Código Monetario y Financiero, representada por el despacho de abogados Latham & Walkins.

Vistos los documentos aportados en apoyo de esta solicitud y los debates subsiguientes,

Resuelve:

Artículo 1

Se autoriza la inversión consistente, para el inversor definido en el anexo 1, en la adquisición del control, en el sentido del artículo L. 233-3 del Código de Comercio francés, de las entidades francesas enumeradas en el anexo 2 cuyas actividades entran en el ámbito de 5 ^{0} del I, 1 ^{0} y 8 ^{0} del II y 1 ^{0} del III del I'artículo R. 151-3 del Código Monetario y Financiero francés.

Artículo 2

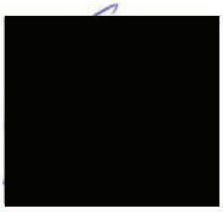
Habida cuenta de los riesgos que la inversión puede suponer para los intereses nacionales y, en particular, para los intereses de la defensa nacional y la protección de la salud pública, la presente autorización está sujeta a las condiciones que figuran en el anexo 3.

Estas condiciones surtirán efecto a partir de la realización efectiva de la operación durante todo el período en que los inversores mencionados en el anexo 1 de la presente decisión cumplan las condiciones establecidas en los artículos R. 151-1 y siguientes del Código Monetario y Financiero.

El inversor responsable de su ejecución de conformidad con el apartado II del artículo R. 151-8 del Código Monetario y Financiero es Manzana Spain Bidco S.L., una sociedad limitada unipersonal constituida de conformidad con la legislación española, cuyo domicilio social se encuentra en la calle de Suero de Quiñones, 34-36, La Planta, 28002 Madrid y que está inscrita en el registro mercantil de Madrid con el número B-13917067.

El 15 de diciembre de 2023,

Por el Ministro de Economía, Hacienda y Soberanía Industrial y Digital, y por delegación,



Sabine LEMOYNE DE FORGES

Subdirector de Política Comercial, Inversiones y Lucha contra la Delincuencia Financiera de la Dirección General del Tesoro

Notificación de los procedimientos y plazos de recurso

Esta decisión podrá impugnarse en el plazo de dos meses a partir de su notificación:

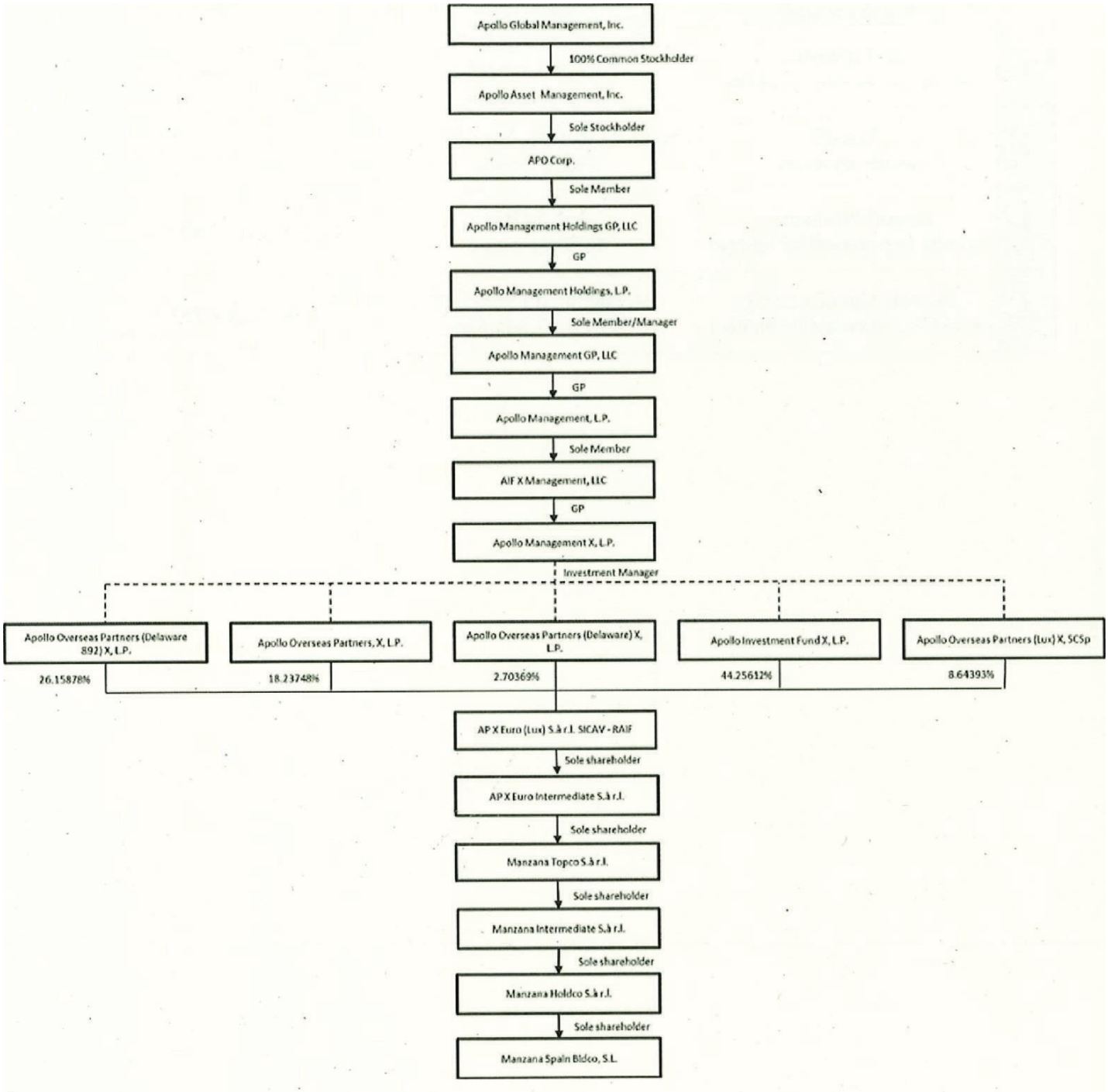
- mediante un llamamiento informal dirigido al Sr. Ministro de Economía, Hacienda y Soberanía Industrial y Digital, 139, rue de Bercy, 75 572 París Cedex 12, Francia ;

- mediante recurso ante el tribunal administrativo competente.

De conformidad con el artículo L. 41 1-2 del Código francés de Relaciones entre el Público y la Administración, el plazo para interponer un recurso se amplía en el momento en que se interponen los recursos administrativos, y no vuelve a correr hasta que han sido desestimados explícita o implícitamente.

Anexo 1 - DN 1829

Organigrama de las entidades que componen el Inversor en el sentido del artículo R. 151-1 del Código Monetario y Financiero



Anexo 2 -[I] DN 1829

Lista de entidades francesas que participan en la inversión

	Nombre de la sociedad Tipo social	**Sede central**	**RCS**
1	A2M Industrie (sociedad por acciones simplificada)	Parque empresarial Park Sector Gampille 42 490 Fraisses	RCS Saint-Etienne 394 940 175
2	Rescoll (sociedad anónima)	8, allée Geoffroy Saint Hilaire 33600 Pessac	RCS Burdeos 437 950 173
3	Rescoll Production (sociedad de responsabilidad limitada)	Rue du Bac 86 530 Naintré	RCS Poitiers 732 070 222
4	Rescoll Manufacturing (sociedad de responsabilidad limitada)	4, chemin du Solarium 33 170 Gradignan	RCS Burdeos 752 950 592

Anexo 3 - DN 1829

Condiciones de la autorización

Véase el documento adjunto

RÉPUBLIQUE FRANÇAISE

Ministère de l'économie, des finances et de la souveraineté industrielle et numérique

Décision autorisant un investissement étranger dans une activité en France

DN 1829

Le ministre de l'économie, des finances et de la souveraineté industrielle et numérique,

Vu le règlement (UE) 2019/452 du Parlement européen et du Conseil du 19 mars 2019 établissant un cadre pour le filtrage des investissements directs étrangers dans l'Union ;

Vu le code de commerce, notamment son article L. 233-3 ;

Vu le code monétaire et financier, notamment ses articles L. 151-3 et R. 151-1 et suivants ;

Vu le code des relations entre le public et l'administration ;

Vu l'arrêté modifié du 31 décembre 2019 relatif aux investissements étrangers en France ;

Vu la demande d'autorisation d'un investissement étranger en France déposée le 09 août 2023 par la société Manzana Spain Bidco S.L., société unipersonnelle à responsabilité limitée *(sociedad limitada unipersonal)* de droit espagnol dont le siège social est sis Calle de Suero de Quiñones, 34-36, La Planta, 28002 Madrid et immatriculée au registre du commerce de Madrid *(registro mercantil de Madrid)* sous le numéro B-13917067 en sa qualité d'investisseur et pour le compte de l'ensemble des entités appartenant à sa chaîne de contrôle, conformément à l'article R. 151-5 du code monétaire et financier, représentée par le cabinet d'avocats Latham & Walkins ;

Vu les pièces fournies à l'appui de cette demande et les échanges qui ont suivi,

Décide :

Article 1er

L'investissement consistant, pour l'investisseur tel que défini en annexe 1, à acquérir le contrôle, au sens de l'article L. 233-3 du code de commerce, des entités de droit français mentionnées en annexe 2 dont les activités entrent dans le champ du 5° du I, du 1° et du 8° du II et du 1° du III de l'article R. 151-3 du code monétaire et financier, est autorisé.

Article 2

Au regard des risques que l'investissement est susceptible de faire peser sur les intérêts nationaux, et en particulier sur les intérêts de la défense nationale et sur la protection de la santé publique, cette autorisation est assortie des conditions figurant en annexe 3.

Lesdites conditions prennent effet à compter de la réalisation effective de l'opération pour une durée couvrant l'intégralité de la période pendant laquelle les investisseurs mentionnés à l'annexe 1 de la présente décision remplissent les conditions posées par les articles R. 151-1 et suivants du code monétaire et financier.

L'investisseur responsable de leur exécution en vertu du II de l'article R. 151-8 du code monétaire et financier est la société Manzana Spain Bidco S.L., société unipersonnelle à responsabilité limitée *(sociedad limitada unipersonal)* de droit espagnol dont le siège social est sis Calle de Suero de Quiñones, 34-36, La Planta, 28002 Madrid et immatriculée au registre du commerce de Madrid *(registro mercantil de Madrid)* sous le numéro B-13917067.

Fait le 15 décembre 2023,

Pour le ministre de l'économie, des finances et de la souveraineté industrielle et numérique,
et par délégation,



Sabine LEMOYNE DE FORGES

Sous-directrice de la politique commerciale, de l'investissement et de la lutte contre la criminalité financière de la Direction générale du Trésor

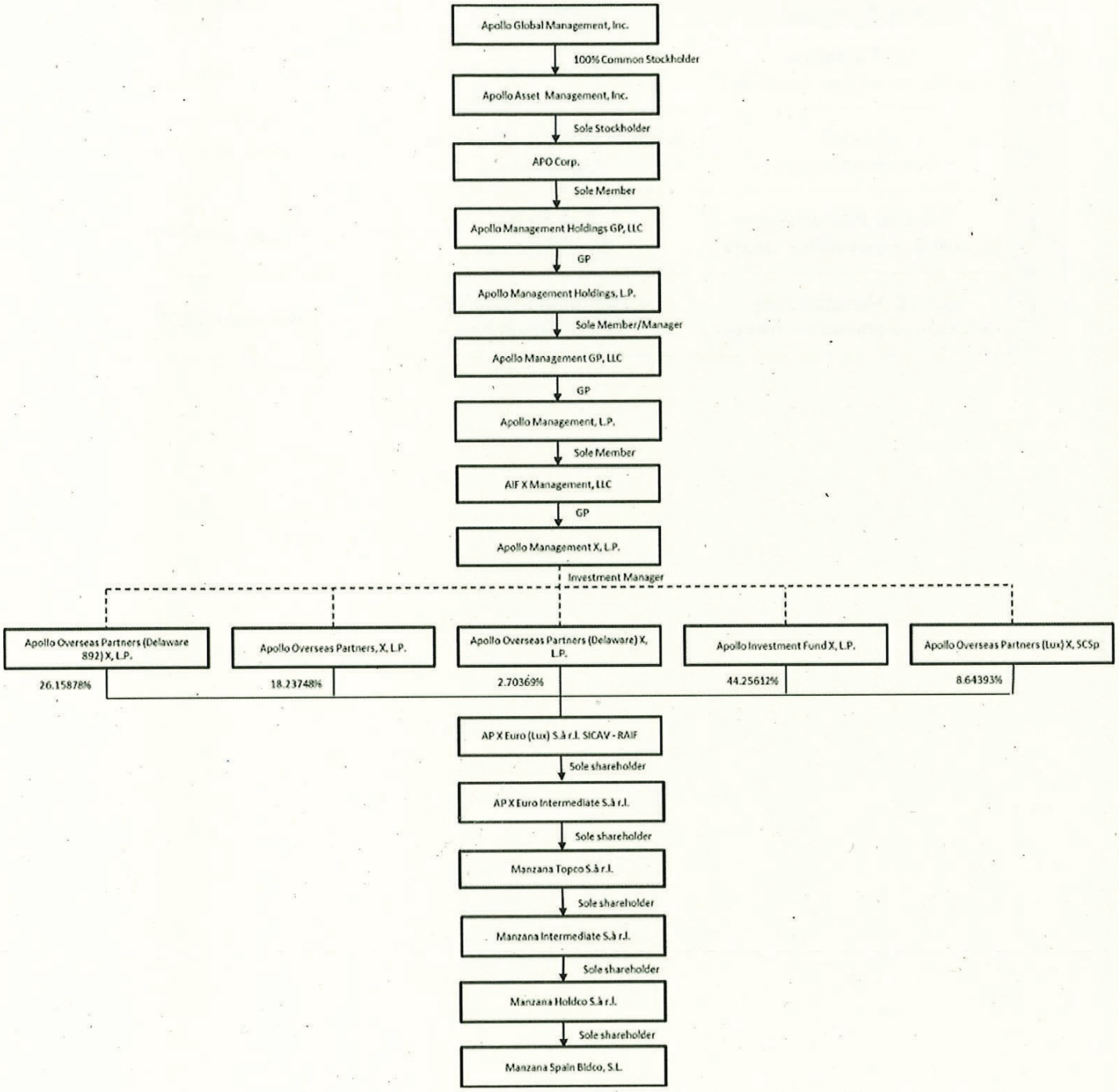
Notification des voies et délais de recours

La présente décision peut être contestée dans un délai de deux mois à compter de sa notification :

- par recours gracieux adressé au ministre de l'économie, des finances et de la souveraineté industrielle et numérique, 139, rue de Bercy, 75 572 Paris Cedex 12 ;
- par recours contentieux devant le tribunal administratif compétent.

Conformément à l'article L. 411-2 du code des relations entre le public et l'administration, le délai du recours contentieux est prorogé par l'exercice des recours administratifs et ne recommence à courir qu'à compter de leur rejet explicite ou implicite.

Annexe 1 – DN 1829
Organigramme des entités constituant l'investisseur au sens de l'article R. 151-1 du code monétaire et financier



Annexe 2 – DN 1829
Liste des entités de droit français objet de l'investissement

	Dénomination sociale Forme sociale	Siège social	RCS
1	A2M Industrie (société par actions simplifiée)	Zone d'activité du Parc Secteur Gampille 42 490 Fraisses	RCS Saint-Etienne 394 940 175
2	Rescoll (société anonyme)	8, allée Geoffroy Saint Hilaire 33600 Pessac	RCS Bordeaux 437 950 173
3	Rescoll Production (société à responsabilité limitée)	Rue du Bac 86 530 Naintré	RCS Poitiers 732 070 222
4	Rescoll Manufacturing (société à responsabilité limitée)	4, chemin du Solarium 33 170 Gradignan	RCS Bordeaux 752 950 592

Annexe 3 – DN 1829
Conditions assortissant l'autorisation

Voir document joint

ANEXO 13 TER

Documentación acreditativa de la obtención de la autorización de la Secretaría de Estado de Empresa, Energía y Estrategia Industrial de Reino Unido

Traducción al español
Versión auténtica en idioma inglés

Cabinet Office

Oficina del
gabinete
1 Victoria Street
SW1H 0ET

Su ref.: f014-69c3

Eugenia Gandoy
Persona autorizada - Manzana Spain Bidco, S.L.U.
Solo por correo electrónico: [redacted]

21 de septiembre de 2023

Estimada Sra. Gandoy:

Le escribimos para informarle de que la Secretaría de Estado ha considerado la notificación realizada en virtud de la Ley de Seguridad e Inversión Nacional de 2021 (la Ley) en relación con la adquisición de Applus Services, S.A. Esto implica un aumento en el porcentaje de participación de menos del 75% a un 75% o más, lo que constituye un evento desencadenante en virtud del artículo 8(2)(c) de la Ley. La referencia de NSI para esta notificación es f014- 69c3.

De acuerdo con el artículo 14 de la Ley, la Secretaría de Estado ha determinado que no tomará más medidas en relación con esta adquisición.

Esta notificación se aplica únicamente a la adquisición concreta que se detalla en el formulario de notificación y en cualquier detalle adicional proporcionado durante la revisión de la adquisición por parte de la Secretaría de Estado. Si hay algún cambio en la adquisición, esta decisión puede dejar de ser válida. Consulte a la Unidad de Seguridad de Inversiones para obtener más asesoramiento si es necesario.

De acuerdo con el artículo 22 de la Ley, la Secretaría de Estado puede volver a examinar su decisión si se ha proporcionado información falsa o engañosa.

Este aviso también se ha enviado a [redacted] – persona autorizada de Latham & Watkins (Londres) LLP – y [redacted] – representante de Applus Services, S.A.

Atentamente,

[redacted]

Amy Newland
Directora adjunta - Unidad de seguridad de inversión de identificación y revisión de riesgos
[redacted]

Cabinet Office

Cabinet Office
1 Victoria Street
SW1H 0ET

Your ref: f014-69c3

Eugenia Gandoy
Authorised Individual - Manzana Spain Bidco, S.L.U.
By email only: [redacted]

21 September 2023

Dear Ms Gandoy

We are writing to inform you that the Secretary of State has considered the notification made under the National Security and Investment Act 2021 (the Act) in relation to the acquisition of Applus Services, S.A. This involves an increase in the percentage of shareholding from less than 75% to 75% or more, which constitutes a trigger event under section 8(2)(c) of the Act. The NSI reference for this notification is f014-69c3.

In accordance with section 14 of the Act, the Secretary of State has determined that he will be taking no further action in relation to this acquisition.

This notice applies only to the specific acquisition detailed in the notification form and any further detail provided during the Secretary of State's review of the acquisition. If there is any change to the acquisition, this decision may no longer be valid. Please consult the Investment Security Unit for further advice if required.

In accordance with section 22 of the Act, the Secretary of State may re-examine his decision if false or misleading information has been provided.

This notice has also been sent to [redacted] – authorised individual from Latham & Watkins (London) LLP - and [redacted] – representative within Applus Services, S.A.

Yours sincerely

[redacted]

Amy Newland
Deputy Director - Risk Identification and Review
Investment Security Unit
[redacted]

ANEXO 13 QUATER

Documentación acreditativa de la obtención de la autorización de la Presidencia del Consejo de Ministros de Italia

Presidenza del Consiglio dei Ministri

SEGRETARIATO GENERALE
DIPARTIMENTO PER IL COORDINAMENTO AMMINISTRATIVO
Ufficio per le attività propedeutiche all'esercizio dei poteri speciali,
la cooperazione europea, lo studio e l'analisi degli investimenti nei settori strategici
Servizio per le attività propedeutiche all'esercizio dei poteri speciali

Spett.le

APPLUS SERVICES S.A.
[redacted]

e, p.c.:

MANZANA SPAIN BIDCO S.L.U.
[redacted]

OGGETTO: notifica delle società **MANZANA SPAIN BIDCO S.L.U. e APPLUS SERVICES S.A.** ai sensi dell'articolo 2 del decreto-legge n. 21 del 2012 – Acquisizione da parte di Manzana Spain BidCo S.L.U. dell'intero capitale sociale di Applus Services S.A., la quale detiene le società italiane Applus Italy S.r.l. e Emilab S.r.l.
Procedimento n. 338/2023

Si fa riferimento alla notifica effettuata, in data 9 agosto 2023, da codeste Società, relativa all'operazione in oggetto.

Al riguardo, si comunica che il Gruppo di coordinamento per l'esercizio dei poteri speciali di cui all'articolo 3 del d.P.C.M. 1° agosto 2022, n. 133, nella riunione del 20 settembre 2023, sulla base degli esiti dell'istruttoria del Ministero delle imprese e del made in Italy, responsabile della proposta, ha deliberato che l'operazione, così come prospettata nella citata notifica, non ricade nell'ambito applicativo della normativa di cui al decreto-legge 15 marzo 2012, n. 21.

IL CAPO DEL DIPARTIMENTO
ELISA GRANDE

Traducción al español
Versión auténtica en idioma italiano

DICAGP-0005058-P-26/09/2023- 4.8.3.7

Presidencia del Consejo de Ministros

SECRETARÍA GENERAL
DEPARTAMENTO DE COORDINACIÓN ADMINISTRATIVA
Oficina para actividades preparatorias del ejercicio de poderes especiales, cooperación europea, estudio y análisis de inversiones en sectores estratégicos Servicio de actividades preparatorias para el ejercicio de competencias especiales

Estimado

APPLUS SERVICES S.A.

[redacted]

y, p.c.:

MANZANA SPAIN BIDCO S.L.U.

[redacted]

ASUNTO: notificación de las sociedades **MANZANA SPAIN BIDCO S.L.U. y APPLUS SERVICES S.A.** de conformidad con el artículo 2 del Decreto-Ley nº 21 de 2012 - Adquisición por Manzana Spain BidCo S.L.U. de la totalidad del capital social de Applus Services S.A., propietaria de las sociedades italianas Applus Italy S.r.l. y Emilab S.r.l. *Procedimiento n 338/2023*

Se hace referencia a la notificación realizada el 9 de agosto de 2023 por su sociedad en relación con la transacción anterior.

A este respecto, cabe señalar que el Grupo de Coordinación para el ejercicio de los poderes especiales a que se refiere el artículo 3 del Decreto del Presidente del Consejo de Ministros nº 133, de 1 de agosto de 2022, en su reunión de 20 de septiembre de 2023, sobre la base de los resultados de la investigación preliminar llevada a cabo por el Ministerio de Empresa y Made in Italy, responsable de la propuesta, resolvió que la operación, tal como se prevé en la notificación mencionada, no entra en el ámbito de aplicación de las normas establecidas en el Decreto-Ley nº 133, de 15 de marzo de 2012. 21.

IL CAPO DEL DIPARTIMENTO
ELISA GRANDE

[redacted]

ANEXO 14

Copia de la carta de respuesta enviada por la Generalidad de Cataluña en relación con el cambio de control indirecto

Generalitat de Catalunya
El conseller d'Empresa i Treball

Sr. Joan Amigó
Representant d'Applus Services, SA

Benvolgut senyor Amigó,

En relació l'escrit que ens heu adreçat el juliol de 2023, en el qual ens informeu d'una Oferta Pública Voluntària d'Adquisició d'Accions que s'ha presentat en relació a Applus Services SA, soci únic d'Applus Servicios Tecnológicos SLU, davant de la Comissió Nacional del Mercat de Valors, i sol·liciteu la conformitat de la Generalitat de Catalunya, a través del Departament d'Empresa i Treball; atès que l'operació per les seves característiques no implica un canvi de control d'Applus Servicios Tecnológicos SLU, adjudicatària dels contractes d'IDIADA AT SA, LGAI Tchnological Center SA als efectes del que disposen la clàusula 28.2 del Plec de Bases per a la selecció d'un soci per a la societat que ha de gestionar l'IDIADA, que remet a la clàusula 7. 3 i 4 del Contracte d'Accionistes, i el Plec de Bases per a la contractació de la prestació dels serveis relatius a LGAI, i les clàusules 7.3 i 7.4 del Contracte d'Accionistes, us comunico com a òrgan de contractació dels contractes esmentats, la nostra conformitat prèvia, tot i que caldrà la comunicació i verificació posterior de l'estructura del capital social que resulti de l'operació.

D'altra banda, us fem avinent que si en algun moment posterior es procedeix a un canvi de control de la societat adjudicatària dels concursos, aquest haurà de ser comunicat a la Generalitat de Catalunya per tal que es pugui verificar que la societat continua complint els requisits de solvència, independència, integritat i imparcialitat, així com de seguiment del projecte industrial relacionat amb els objectius perseguits als contractes d'adjudicació de les esmentades societats d'economia mixta.

Atentament,

Traducción al español
Versión auténtica en catalán

Generalitat de Catalunya
El conseller d'Empresa i Treball

Sr. Joan Amigó

Representante de Applus Services, S.A.

Estimado Sr. Amigó,

En relación con el escrito que nos dirigió en julio de 2023, en el que nos informa de una Oferta Pública Voluntaria de Adquisición de Acciones que se ha presentado en relación con Applus Services S.A., socio único de Applus Servicios Tecnológicos S.L.U., ante la Comisión Nacional del Mercado de Valores, y solicita la conformidad de la Generalitat de Cataluña, a través del Departamento de Empresa y Trabajo; dado que la operación, por sus características, no implica un cambio de control de Applus Servicios Tecnológicos S.L.U., adjudicataria de los contratos de IDIADA AT SA, LGAI Tchnological Center S.A. en virtud de lo dispuesto en la cláusula 28.2 del Pliego de Bases para la selección de un socio para la sociedad que debe gestionar IDIADA, que remite a la cláusula 7.3 y 4 del Contrato entre Accionistas, y el Pliego de Bases para la contratación de la prestación de los servicios relativos a LGAI, y las cláusulas 7.3 y 7.4 del Contrato ente Accionistas, le comunico como órgano de contratación de los citados contratos, nuestra conformidad previa, aunque será necesaria la comunicación y posterior verificación de la estructura del capital social que resulte de la operación.

Por otra parte, le recuerdo que si en algún momento posterior se produce a un cambio de control de la sociedad adjudicataria de los concursos, éste deberá ser comunicado a la Generalitat de Cataluña para que se pueda verificar que la sociedad sigue cumpliendo los requisitos de solvencia, independencia, integridad e imparcialidad, así como de seguimiento del proyecto industrial relacionado con los objetivos perseguidos en los contratos de adjudicación de las citadas sociedades de economía mixta.

Atentamente,

ANEXO 14 BIS

Documentación acreditativa de la confirmación de que la Autoridad de Seguridad Vial de Irlanda no ejercitará su derecho a someter a su consentimiento el cambio de control indirecto en Applus Ireland

De: [redacted]
Enviado el: miércoles, 4 de octubre de 2023 11:32
Para: [redacted]
CC: [redacted]
Asunto: RE: seguimiento de la conversación mantenida (cl 59)

Querida [redacted]

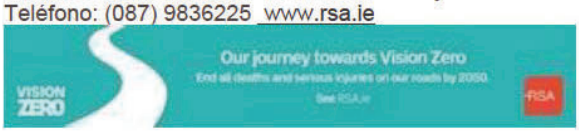
Siento el retraso.

Por favor, utilice este correo como confirmación de nuestra intención de no desencadenar un evento de cambio de control en este momento.

Saludos cordiales

[redacted]
Director de Operaciones

Autoridad de Seguridad Vial, Parque Empresarial de Moy Valley,
Primrose Hill, Dublin Road, Ballina, Co. Mayo, F26 V6E4.
Teléfono: (087) 9836225 www.rsa.ie



De: [redacted]
Enviado: Martes, Octubre 3, 2023 10:26 AM
Para: [redacted]
Cc: [redacted]

Asunto: Re: seguimiento de la conversación mantenida (cl 59)

********* PRECAUCIÓN: Este correo electrónico procede de fuera de la RSA. No haga clic en ningún enlace ni abra archivos adjuntos a menos que conozca al remitente y esté seguro de que el contenido es seguro ********
Estimado [redacted]

Solo una línea para hacer seguimiento de lo anterior.
¿Alguna visibilidad sobre su posible tiempo de respuesta?

Gracias.

De: [redacted]
Enviado el: miércoles, 4 de octubre de 2023 11:32
Para: [redacted]
CC: [redacted]
Asunto: RE: follow-up on conversation held (cl 59)

Dear [redacted]

Sorry for the delay

Please use this mail as confirmation of our intention not to trigger a change of control event at this time.

Kind Regards

[redacted]
Chief Operations Officer

Road Safety Authority, Moy Valley Business Park,
Primrose Hill, Dublin Road, Ballina, Co. Mayo, F26 V6E4.
Phone: (087) 9836225
www.rsa.ie



From: [redacted]
Sent: Tuesday, October 3, 2023 10:26 AM
To: [redacted]
Cc: [redacted]
Subject: Re: follow-up on conversation held (cl 59)

********* CAUTION: This email came from outside the RSA. Do not click on any links or open attachments unless you know the sender and are sure the content is safe ******** .
Dear [redacted]

I am following-up on the below.
Any visibility on your possible time of response?

Thank you. Kind regards,

ANEXO 14 TER

Documentación acreditativa de la no oposición de la Comisión de Seguros de Luxemburgo

Traducción al español
Versión auténtica en idioma francés

Luxemburgo, 21/12/2023

Arendt & Medernach SA
A la atención de
[redacted]
41A, avenue JF Kennedy
L-2082 LUXEMBURGO

Su ref.
Nuestra ref. 04_LIBERTY_ChgtAct_Accord_20231221_EDB

Contacto [redacted]
Email

Asunto **Cambio de participación indirecta en la empresa de seguros LIBERTYTOWN RE S.A**

Sr. [redacted]

En relación con su carta de 19 de octubre de 2023 relativa a la modificación de la participación externa indirecta de la empresa de reaseguros “LIBERTYTOWN RE S.A.”, que ha dado lugar a la notificación de los accionistas cualificados indirectos Apollo Overseas Partners (Delaware 892) X, L.P., Apollo Overseas Partners X, LP, Apollo Investment Fund X, L.P., AP X Euro (Lux) S.à.r.l. SICAV RAIF, AP X Euro Intermediate (Lux) S.à.r.l., Manzana Topco S.à.r.l., Manzana Intermediate S.à.r.l., Manzana Holdco S.à.r.l. y Manzana Spain Bidco, S.L.U. en el marco de la adquisición (“oferta pública de adquisición voluntaria”) del 100% del capital social con derecho a voto de Applus Services S.A., accionista indirecto de la empresa de reaseguros, nos complace informarle de que esta operación no plantea objeciones con respecto a lo dispuesto en los artículos 87, 88 y 89 de la ley modificada de 7 de diciembre de 2015 sobre el sector de seguros

Por lo tanto, le rogamos que informe lo antes posible a la *Commissariat aux Assurances* del porcentaje exacto de participación que tendrían los nuevos accionistas tras la operación descrita, si ésta llegara a materializarse

Atentamente ,

[redacted]
Asesor Ejecutivo Adjunto

[redacted]
Miembro del Comité Ejecutivo

CAA COMMISSARIAT AUX ASSURANCES

Luxembourg, le 21/12/2023

Arendt & Medernach SA
à l'attention de [redacted]
41A, avenue JF Kennedy
L-2082 LUXEMBOURG

Vos réf.
Nos réf. 04_LIBERTY_ChgtAct_Accord_20231221_EDB

Contact [redacted]
Email

Sujet **Changement d'actionnariat indirect de l'entreprise de réassurance LIBERTYTOWN RE S.A.**

Monsieur [redacted]

Suite à votre courrier du 19 octobre 2023 concernant le changement d'actionnariat indirect externe de l'entreprise de réassurance « LIBERTYTOWN RE S.A. », se traduisant par la notification des actionnaires indirects à participation qualifiée Apollo Overseas Partners (Delaware 892) X, L.P., Apollo Overseas Partners X, LP, Apollo Investment Fund X, L.P., AP X Euro (Lux) S.à.r.l. SICAV-RAIF, AP X Euro Intermediate (Lux) S.à.r.l., Manzana Topco S.à.r.l., Manzana Intermediate S.à.r.l., Manzana Holdco S.à.r.l. et Manzana Spain Bidco, S.L.U. dans le cadre de l'opération d'acquisition (« voluntary tender offer ») à 100% du capital social avec droit de vote d'Applus Services S.A., actionnaire indirect de l'entreprise de réassurance, nous avons l'honneur de vous informer que cette opération ne soulève pas d'objections au regard des dispositions des articles 87, 88 et 89 de la loi modifiée du 7 décembre 2015 sur le secteur des assurances.

Nous vous prions dès lors d'informer le Commissariat aux Assurances dans les meilleurs délais du taux de participation exact qui serait détenu par les nouveaux actionnaires à l'issue de l'opération décrite ci-avant, si celle-ci se concrétiserait.

Veuillez agréer, Monsieur [redacted] l'expression de nos salutations respectueuses.

[redacted]
Conseiller de direction adjoint

[redacted]
Membre de la Direction