

Eurofins responds to Muddy Waters Report

25 June 2024

The management of Eurofins is aware of a short seller report made by Muddy Waters, LLC, (MW) a firm that potentially stands to gain in the event of a decline in Eurofins' share price. To the best of Eurofins' knowledge, Muddy Waters has never participated in Eurofins investor events, nor has it ever directly engaged with Eurofins to gauge the correctness or relevance of their assumptions, hypotheses and inferences, which would have enabled the avoidance of spreading inaccurate, irrelevant or misleading information and the twisting or spinning of facts to maliciously disparage the Company and its management.

Upon a first review of their claims, it is Eurofins' view that the entirety of the allegations and insinuations contained therein is either inaccurate, irrelevant, biased and/or misleading.

Some of the most blatantly wrong and/or misleading allegations include:

- Making an unsuitable comparison between Eurofins' purchase of BioSanté in Martinique to investments in travel and tourism, when actually the multiples for this acquisition were in line with the lower range in the sector and it has proven to deliver accretive margins since then.
- Citing some specific local GAAP requirements in how to report cash and equivalents in condensed local statutory accounts filings to build a story about potential double-counting of cash at Group level, when all these intercompany transactions are eliminated in the Consolidated financials, and cash amounts are systematically audited at both local and consolidated levels based on bank confirmations and other controls with all required communication between accounting teams and auditors.
- Using the post transaction address of the buyer (Eurofins) instead of the registered address of the seller and using wrong values to falsely paint the purchase of Permitted Development Investments No. 9 by Eurofins from unrelated real estate developers as a deliberate act to facilitate a markup of the property via a straw buyer.
- Alleging that spreadsheets are extensively used for reporting and with "unacceptably loose internal controls" when the Company has actually utilised for many years recognised technologies such as Microsoft Dynamics, Microsoft Great Plains, IBM Cognos and Coupa.
- Highlighting that the ratios of revenues per employee and cost per employee are higher than some companies active in the TIC sector, and therefore claiming that they would be too good to be true, while there are obvious geographical and type of service and sector served mix effects (i.e., Rest of the World accounts for less than 20% of Eurofins consolidated revenues, compared to between 40% and 50% for peers cited in the report due to their much higher China exposures), as well as fundamental differences between Eurofins and TIC activities such as:
 - i. Eurofins is mostly focused on testing and not on inspection and certification (I&C) activities which require much higher labour intensity (i.e., lower revenues per employee).
 - ii. Compared to I&C, Testing requires highly skilled staff and generates higher revenues per employee.
 - iii. Eurofins activities are much more focused (over 30%) on more scientifically advanced testing services for the biopharmaceutical sector.

Most wrong and misleading allegations by MW have already been addressed at length by Eurofins in multiple disclosures following previous disparaging short sellers reports but, as always Eurofins will provide detailed refutations and facts in due course about the long list of insidious allegations in the report. Some of the MW

comments refer to facts that occurred 10 to 20 years ago when Eurofins had much less access to capital and higher indebtedness relative to its profitability. It has been already widely disclosed that Eurofins would not have been able to acquire all the laboratories buildings performed by the holding of its main shareholder at that time without exceeding acceptable financial leverage ratios. Instead, it favored investing organically and inorganically in the growth of the Group at much higher returns than if these amounts had been invested in buildings. The growth of Eurofins revenues, profits and enterprise value since 2005 should provide sufficient confirmation of this but Eurofins will provide more analysis of these matters too. As previously disclosed, all real estate transactions with related parties were done at arm's length terms and of course all buildings were paid for by their owner.

The Company is completely confident in the integrity of its accounts, operational performance, internal controls and risk management. It firmly stands behind the processes and reporting quality of its financial performance and corporate governance. Its structure with focussed operational companies under an empowered leader has proven well suited to success in our fields of activity where service and customer focus are important and contrary to assertions by MW, Eurofins is of the opinion that this structure provides better controls, risk management and accountability. Examples of the Company's financial resilience and strong corporate governance include:

- A solid cash position and balance sheet that enabled the Company to do an early redemption of a €448m Eurobond on 19 June 2024, one month ahead of its maturity date on 25 July 2024.
- Eurofins commissions statutory audits covering nearly 100% of its external sales, EBITDA and total assets, even when this is not required by local regulation. These are performed mostly by Tier 1 and Tier 2 audit firms.
- A Board-level Sustainability and Corporate Governance Committee made up exclusively of independent and non-executive directors systematically assesses the materiality of planned related party transactions and ensures they are at arm's length terms.
- Clear disclosures on all related party transactions are published in Annual Reports, including benchmarks with third party leases.
- As a Luxembourg-based and registered company, Eurofins fulfils all reporting obligations of that jurisdiction and in addition complies with relevant French AMF regulations as it has been historically listed in Paris.

Eurofins has obviously shared this publication with its current lead auditors (Deloitte Audit), as some statements or insinuations in this publication may unjustly cast doubts on their work. The company will work together with its auditors in preparing further analyses as required.

Comments from the CEO, Dr Gilles Martin:

"Since its inception nearly 37 years ago, Eurofins has taken pride that integrity, impartiality and independence form an integral and unalienable part of our Group culture. This extends across all aspects of our business and organisation, from operations and finance to corporate governance. We have been and always will be committed to fair and clear disclosures. Thus, it appears deeply slanderous to me, and undoubtably also to our employees, bondholders, shareholders and other stakeholders, to see these baseless accusations levelled against us. We will spare no effort to ensure the truth is made clear to all. The MW report contains such blatantly false or misleading statements that at first glance it would seem to come from someone with absolutely no experience about Eurofins, its sector or its history and who has been very negligent in its research. It is troubling though to read that MW took the pain to analyse every line of 30 irrelevant local statutory accounts of small Spanish subsidiaries of Eurofins but failed to note that, just to cite some examples, the revenues per employee of Charles River laboratories (CRL) in 2023 were 50% higher than those of Eurofins, while CRL's capital expenditures to revenues ratio was also very close to that of Eurofins. As can easily be seen in a few minutes of research in Eurofins and other publicly available reports, CRL and some other contract research organisations are closer peers to Eurofins than the 3 companies cited by MW. Other similar examples to easily disprove MW's grossly false allegations of overstated revenues abound. Whether the assertions of MW are down to inexperience in our business, carelessness or wilful intent to mislead investors and other Eurofins stakeholders by knowingly spreading false assertions and insinuations remains to be analysed too."

Notes to Editors:

For more information, please visit www.eurofins.com or contact:

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About Eurofins – the global leader in bio-analysis

Eurofins is Testing for Life. The Eurofins Scientific S.E. network of independent companies believes that it is a global leader in food, environment, pharmaceutical and cosmetic product testing and in discovery pharmacology, forensics, advanced material sciences and agrosience contract research services. It is also one of the market leaders in certain testing and laboratory services for genomics, and in the support of clinical studies, as well as in biopharma contract development and manufacturing. It also has a rapidly developing presence in highly specialised and molecular clinical diagnostic testing and in-vitro diagnostic products.

With ca. 62,000 staff across a decentralised and entrepreneurial network of more than 900 laboratories in over 1,000 companies in 62 countries, Eurofins offers a portfolio of over 200,000 analytical methods to evaluate the safety, identity, composition, authenticity, origin, traceability and purity of a wide range of products, as well as providing innovative clinical diagnostic testing services and in-vitro diagnostic products.

Eurofins companies' broad range of services are important for the health and safety of people and our planet. The ongoing investment to become fully digital and maintain the best network of state-of-the-art laboratories and equipment supports our objective to provide our customers with high-quality services, innovative solutions and accurate results in the best possible turnaround time (TAT). Eurofins companies are well positioned to support clients' increasingly stringent quality and safety standards and the increasing demands of regulatory authorities as well as the evolving requirements of healthcare practitioners around the world.

The Eurofins network has grown very strongly since its inception and its strategy is to continue expanding its technology portfolio and its geographic reach. Through R&D and acquisitions, its companies draw on the latest developments in the field of biotechnology and analytical chemistry to offer their clients unique analytical solutions.

Shares in Eurofins Scientific S.E. are listed on the Euronext Paris Stock Exchange (ISIN FR0014000MR3, Reuters EUFI.PA, Bloomberg ERF FP).