Eurofins provides further refutations to another set of baseless allegations and misleading information spread by Muddy Waters

05 July 2024

In response to the reports by Muddy Waters, LLC (MW) on Eurofins published on 24 June 2024 and 03 July 2024 and expanding on its previous press releases on this subject on 25 June 2024 and 03 July 2024, Eurofins is providing further detailed information to refute the baseless allegations intentionally spread by the short seller MW, further evidencing and supporting Eurofins' view that the entirety of the allegations and insinuations contained in MW's reports are either inaccurate, irrelevant, biased and/or misleading.

Allegations made by MW in its reports are listed below, referencing the pages and dates of publication of the reports where the allegations are made.

1. **MW allegation:** "Eurofins' Cash Accounting Seems Designed to Maximize Confusion and Inaccuracy – if Not Outright Overstatement" (p. 10 in MW report published on 24 June 2024)
   Eurofins response: As provided in Eurofins' previous responses, this accusation is false, misleading and defamatory. Cash is audited each year by Deloitte and the auditors of all Eurofins local operating companies by direct confirmations from banks. There is thus no doubt about Eurofins' cash position at 31 December 2023. In response to suggestions by some of its significant long-term institutional shareholders, Eurofins has mandated Ernst & Young Paris, one of the leading auditors for CAC40 companies, to perform an additional independent audit of Eurofins' cash pooling arrangements and cash situation in its consolidated financial statements as at 31 December 2023 and will report on the findings when available.

2. **MW allegations:** "Eurofins' Response About Audit Coverage is Misleading" (p. 27 in MW report published on 03 July 2024) and "Eurofins' has at least 18 Auditors Across the Eurofins Network" (p. 33 in MW report published on 03 July 2024)
   Eurofins response: As provided in Eurofins' previous responses and made unambiguously clear on p. 216 of its 2023 Annual Report, to ensure a high degree of internal control in a decentral organisation, Eurofins has been commissioning, for more than two decades, local statutory and independent audits for all its operating subsidiaries worldwide, even where not required by law, with 97-98% coverage of the Company's total external sales, EBITDA and total assets, by four Tier 1 and seven Tier 2 auditing firms. For the purpose of comparison, this is significantly higher than SGS' reported audit scope of 68% (p. 134 of the SGS 2023 Integrated Report). The assertion by MW that Eurofins has at least 18 auditors is deeply shortsighted and misleading as it not only double counts auditing firms that belong to the same Tier 1 and Tier 2 auditing networks, but also counts non-Tier 1 or Tier 2 auditing firms, covering less than 3% of Eurofins' revenues, EBITDA or total assets, mandated by recently acquired companies, which cannot be changed in certain geographies until the expiration of the auditing mandate made by the acquired company prior to its acquisition.

3. **MW allegation:** "India – we believe that people performing the consolidation work need stature within an organization, as they often require ongoing cooperation from subsidiaries' finance teams. For this reason alone, India seems an odd choice for Eurofins' consolidation function." (p. 3 in MW report published on 03 July 2024)
   Eurofins response: This contention by MW is utterly false and no single piece of evidence was provided by MW to support it. Eurofins' consolidation teams have always been based in France since the Company's IPO in 1997. Consolidation relies on IBM Cognos Controller to support the close, consolidation and reporting process by properly eliminating any intercompany bookings on a monthly basis.

4. **MW allegations:** "[Eurofins Genomics Europe DTC Population Genetics Products and Services Ltd] has zero employees, but (among other anomalies) …" and "While there could be an innocent explanation for this, we believe this illustrates the hundreds of dials Eurofins could turn to create revenue and expenses were senior management inclined." (p. 16 in MW report published on 03 July 2024).
   Eurofins response: MW is painting a flawed and deeply misleading view of Eurofins Genomics Europe DTC (DTC) by selectively excluding the extract from the company's statutory report that explains how DTC's business leverages the synergies of the Eurofins network by assigning employees from an existing operating company to support the quick ramp up of this new activity.

5. **MW allegation:** "Case Study in Restatement that Nets Related Party Receivables and Payables of ~€75 Million" (pp. 6-10 in MW report published on 03 July 2024)
   Eurofins response: The restatement of the 2017 statutory audit of Eurofins Support Services LUX Holding S.à r.l was made when PwC recertified all statutory accounts of Eurofins companies registered in Luxembourg following unfounded allegations of wrongdoing by local auditors. As cited by MW on p. 10 of their report published on 03 July 2024, the reclassifications of Receivables and Payables with affiliated entities (in companies controlled by Eurofins Scientific SE which have nothing to do with related parties of Eurofins) impact neither the result for the financial year ended 31 December 2017 nor the shareholders' equity as at 31 December 2017. Furthermore, since all intercompany positions are fully eliminated in consolidation, such a restatement of accounts of one subsidiary had no impact on the Group IFRS consolidated financial statements.

6. **MW allegation:** "Immaterial Entities - We estimate that in 2022, ~€1.5 billion to €1.7 billion of Eurofins' revenue was generated by ~800 to ~900 entities that each generated less than €5 million in revenue" (p. 3 in MW report published on 03 July 2024)
   Eurofins response: The small size of some of Eurofins' legal entities is a well-known and distinctive factor in Eurofins' decentralised structure of entrepreneur-led companies that promotes closer relationships with, and more individualised services for, clients, while fostering business agility, empowerment, entrepreneurship and scientific innovation. Eurofins operates in over 60 countries across multiple business lines, all of which adhere to different and specific regulation which increases the need for independent companies by country and area of activity. Eurofins management is of the opinion that this structure benefits the quality and speed of service provided to clients, increases employee and leadership satisfaction and minimises overall risks to the network. As frequently cited in previous communication, to ensure a high degree of internal control in a decentral organisation, Eurofins has been commissioning, for more than two decades, local statutory and independent audits for all its operating subsidiaries worldwide, even where not required by law. Results and findings from these local statutory and independent audits are monitored centrally and reported to the Audit and Risk Committee of the Eurofins Board of Directors so that Eurofins can continuously strengthen its internal controls.

7. **MW allegation**: "Eurofins recently unequivocally denied using any factoring. However, we have evidence that Eurofins almost certainly factors both receivables and payables" (pp. 22-26 in MW report published on 03 July 2024)
   Eurofins response: Eurofins has a policy of no factoring. When doing a review of the Company's financial notes to the Consolidated Financial Statements in FY21 for better readability, the previous disclosure regarding factoring was removed, in line with Eurofins' no factoring policy, as the IFRS standard clearly mandates a disclosure only if known and material factoring is used. The allegation that Eurofins would have financed its growth since 2014 (when Eurofins' revenues were only €1.4bn vs €6.5bn in 2023) largely through factoring is wrong and clearly in contradiction with the debt and equity issuances made during that period and the fact that the Company's net working capital ratios did not materially change throughout that period.

8. **MW allegation**: "Eurofins Response about Cash & Equivalents Reclassification is Misleading" (pp. 28-31 in MW report published on 03 July 2024)
   Eurofins response: Eurofins' auditors in Spain have confirmed to the Company that the classification of cash pooling amounts as cash and equivalents is correct and conforms to the local generally accepted

accounting principles (GAAP) requirements given the nature of Eurofins' cash pooling arrangements (e.g., upstream only, callable back by the operating entity without conditions). Eurofins cannot speculate on the nature of cash pooling arrangements used by the local subsidiary of another TIC company and why they would trigger different disclosures.

9. **MW allegations**: Various purported quotations from supposedly former Eurofins employees, cited on numerous instances in MW's reports
   Eurofins response: As already explained in Eurofins' response on 03 July 2024, MW's use of truncated quotations from anonymous purported former employees from unidentified Eurofins companies and periods of employment completely lack credibility. Eurofins also cannot trace, investigate or comment on these extravagant and unfounded allegations other than to complete disagree with these statements.

10. **MW allegation**: Hypothetical scenario of how a company could potentially alter its accounts including: "Below, we theorize one way that such a balkanized structure could be abused to create sham sales. **We have no direct evidence this has occurred, but we find it plausible**" (p. 4 in MW report published on 03 July 2024)
    Eurofins response: In all its communications, MW has never shown any evidence of any errors in, or unreliability of, Eurofins' consolidated financial statements, but instead only formulated "journalistic opinions", unsubstantiated hypotheses and theories and baseless accusations. Even when MW claimed to present facts, these were often blatantly wrong as demonstrated by Eurofins with public filings and/or were otherwise irrelevant and proved nothing. It is very unfortunate that such careless, self-serving and aggressive communication by MW may have caused damage to some investors, especially passive funds and individual investors who may be less familiar with the practices of short sellers.

Comments from the CEO, Dr Gilles Martin:

"Once again Eurofins is proving that the 'opinion journalism' contained in Muddy Waters' reports is nothing more than baseless allegations and misleading information meant to harm Eurofins' employees, bondholders, shareholders and other stakeholders. In this context, we will continue to provide clear explanations and supportive evidence to comprehensively address MW's unfounded claims and insinuations regarding how we conduct our business and manage our organisation, even though MW itself admits that it lacks "direct evidence" to defend its opinions. However unnecessary it may be, we do not preclude taking further actions with external forensic and accounting experts to demonstrate the integrity of our systems and controls. In the meantime, we are liaising with our legal advisors and European regulators and will provide all necessary assistance required to investigate any possible market manipulation of Eurofins' securities by MW, and parties potentially acting together with MW, that may have allowed them to profiteer from the disruption of financial markets they caused. Our shareholders and stakeholders should remain certain that we will continue to forcefully defend ourselves against these and any future slanderous allegations from MW and any other sources."

Notes to Editors:

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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 agroscience 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).