

Eurofins Scientific Part II: Nothing but Net

July 3, 2024

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"Bad Banks" at Eurofins

"We used empty legal entities as a kind of 'bad bank' for everything that couldn't be explained at the time. So there are many different ways to do things, but usually the interest to change or to manipulate is more on the corporate level... Once you decide you close this [physical] facility for whatever reason, usually when you are finished, they keep the legal entity. They will not close the entity, just the facility, and register the entity as a loss. And whenever you have something from a different legal entity that you need to move in terms of cost of losses, you will use this empty legal entity to move it, you don't have to explain it. Officially, you claim it as additional closing costs or whatever. So this is common within the Eurofins verticals..."

-Source B

Optimized for Efficiency? Or for Something Else?

- Eurofins has at least **18 auditors** across its structure, including at least 13 just in Europe. (See Appendix A)
- **Accounting Chaos** - We estimate Eurofins' entities annually generate ~325,000 Related Party Pooling Receivables and ~325,000 Related Party Pooling Payables.
 - We believe this creates chaos, in the form of hundreds of thousands of journal entries and supporting paperwork, in which receivables from sham sales can be washed away, as explained infra.
- **"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. (See Appendix B)
 - We see this balkanization as giving Eurofins numerous dials to turn to create sham revenue and expenses.
- **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.

How this Chaos Could be Abused

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:

- An invoice from Group Entity A to Group Entity B for €100,000 of services that were never performed is created. Entity A records revenue of €100,000 and a Related Party Trade Receivable for the same.
- Entity A's receivable is assigned to its direct or indirect shareholder, InterCo. The receivable is then netted against a dividend payable by Entity A to InterCo.
- InterCo creates a sham Payable to Entity B for €100,000. Now InterCo has both a Receivable from and a Payable to Entity B.
- InterCo nets off the Receivable and Payable. Entity A's €100,000 of sham revenue is now solidified.

This is merely one, albeit simplified, permutation of how we envisage such complexity could enable sham sales.

Is Our Scenario Farfetched?

Because any netting of sham receivables and payables would be performed before the financial statements are filed, from the outside, it would be impossible to see whether this is happening...

...unless there were a restatement.

Case Study in Restatement that Nets Related Party Receivables and Payables of ~€75 Million

Eurofins Support Services LUX Holding 2017 & 2018

With no explanation, in 2018, ESS restated its 2017 Related Party Payables lower by €76.5 million, which it then netted against Related Party Receivables, reducing the balance of RP Payables by €76.5 million and RP Receivables by €75.0 million.

While this is not evidence of malfeasance, in our opinion, it indicates massive amounts of Related Party Receivables and Payables are netted routinely in Eurofins, and the system for tracking them seems far from perfect.

Eurofins 2017 Receivables: Original vs. Restated

ESS 2018 FS

			2018		2017 restated
II. Créances	1163	4	114.235.700,60	164	43.673.970,28
a) dont la durée résiduelle est inférieure ou égale à un an	1203	203	114.235.700,60	204	43.673.970,28

Current receivables

Note 4 - CRÉANCES

Les créances se composent principalement d'avances de trésorerie ou de dépôts dont la durée est inférieure ou égale à un an envers des sociétés liées. Les avances de trésorerie ne portent pas à intérêt.

"Note 4 - RECEIVABLES

Receivables mainly consist of cash advances or deposits with a duration of less than or equal to one year to related companies. The cash advances do not bear interest."

ESS 2017 FS

			2017		2016
II. Créances	1163		118.698.751,07	164	3.057.527,71
a) dont la durée résiduelle est inférieure ou égale à un an	1203	203	118.698.751,07	204	3.057.527,71

Current receivables

Note 4 - CRÉANCES

Les créances se composent principalement d'avances intragroupe.

"Note 4 - RECEIVABLES

The receivables mainly consist of intragroup advances."

Eurofins 2017 Payables: Original vs. Restated

Note 8 - DETTES

Les durées résiduelles des postes de la rubrique « Dettes » se présentent comme suit :

	Durée inférieure à un an (EUR)	Total 2018 (EUR)	Total 2017 (EUR)
Dettes sur achats et prestations de service	177,49	177,49	86,58
Dettes envers des entreprises liées	181 409 599,88	181 409 599,88	63 379 624,07
Dettes fiscales et dettes CCSS	10 445,00	10 445,00	2 016,67
Autres dettes	0,00	0,00	8 066,66
Total	181 420 222,37	181 420 222,37	63 389 793,98

Les dettes envers des entreprises liées se composent principalement de dépôts de trésorerie reçus de filiales de la Société.

"Debts to related companies mainly consist of cash deposits received from subsidiaries of the Company."

Note 8 - DETTES NON SUBORDONNÉES

Les durées résiduelles des postes de la rubrique « Dettes non subordonnées » se présentent comme suit :

	Durée inférieure à un an	Durée supérieure à un an	Total 2017 (EUR)	Total 2016 (EUR)
Dettes sur achats et prestations de service	86,58	0,00	86,58	3 383,77
Dettes envers des entreprises liées	139 878 565,51	25 839,35	139 904 404,86	15 394 004,56
Dettes fiscales et dettes CCSS	2 016,67	0,00	2 016,67	0,00
Autres dettes	8 066,66	0,00	8 066,66	0,00
Total	139 888 735,42	25 839,35	139 914 574,77	15 397 388,33

ESS 2018 FS

Debts to related companies

ESS 2017 FS

Eurofins 2018 Restatement Disclosure

Below: From Eurofins Support Services Financial Statements 2018, Pg. 9.

Afin d'assurer la comparabilité avec les chiffres de l'exercice se terminant le 31 décembre 2018, les reclassifications suivantes ont été effectuées sur les chiffres de l'exercice se terminant le 31 décembre 2017 :

- un montant de EUR 1 500 000,00 a été reclassé du poste « Immobilisations financières » vers le poste « Créances dont la durée résiduelle est inférieure ou égale à un an » ;
- un montant de EUR 76 524 780,79 a été reclassé du poste « Dettes dont la durée résiduelle est inférieure ou égale à un an » vers le poste « Créances dont la durée résiduelle est inférieure ou égale à un an » ;
- un montant de EUR 25 839,35 a été reclassé du poste « Dettes dont la durée résiduelle est supérieure à un an » vers le poste « Dettes dont la durée résiduelle est inférieure ou égale à un an ».

L'ensemble de ces reclassifications affectant le bilan de la Société concernent exclusivement des balances avec des parties liées et n'impactent ni le résultat de l'exercice clos au 31 décembre 2017, ni les capitaux propres au 31 décembre 2017.

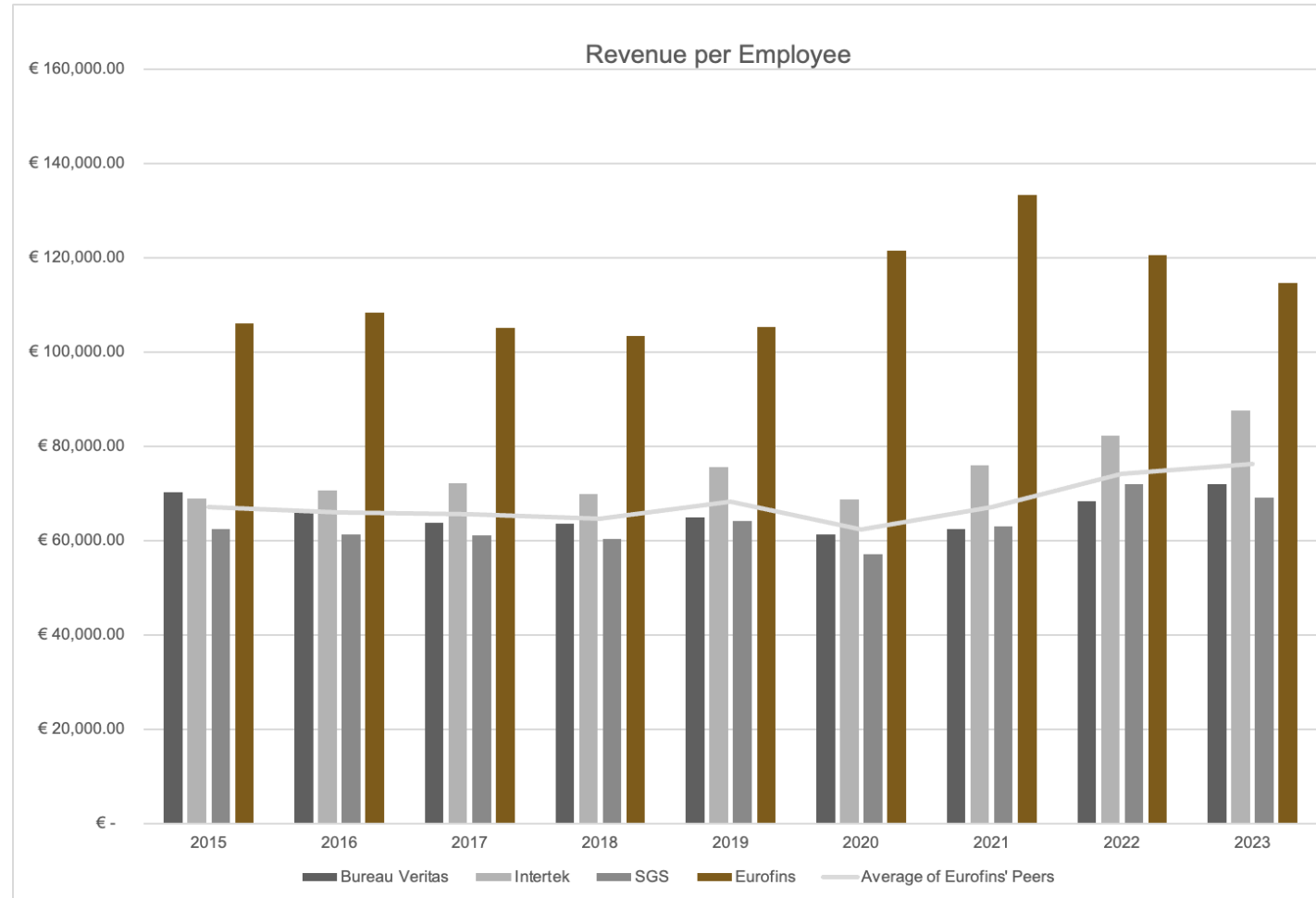
Cash Inflation As the Inverse of Revenue Inflation - Failure to Net

Failure to Eliminate Can Inflate Cash & Cash Equivalents

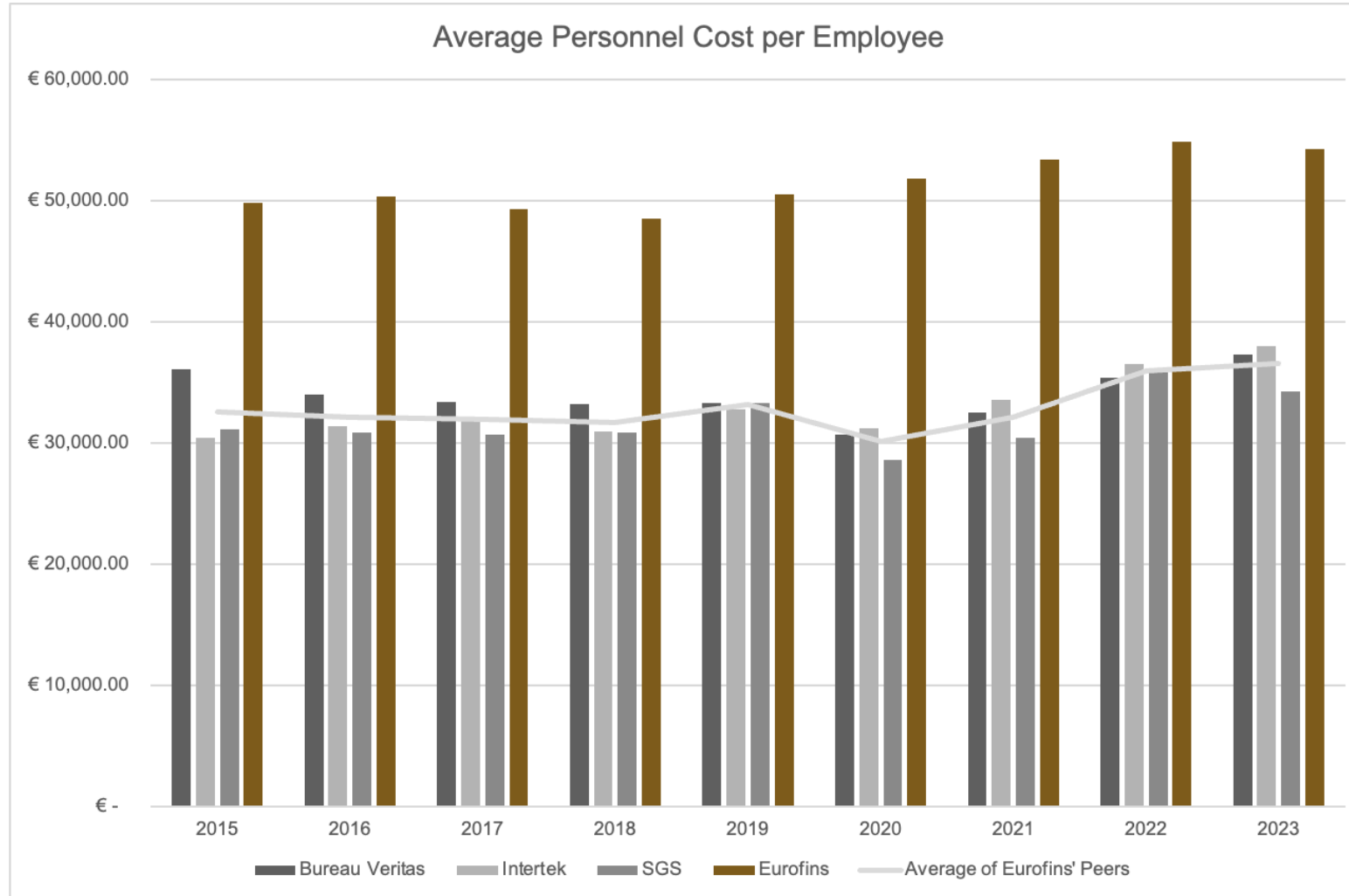
- As we previously documented, Eurofins' subsidiaries in Spain and at least two in the UK book Related Party Pooling Receivables and Cash & Equivalents.
 - A former employee (Source H) indicated that such accounting was standard throughout Eurofins.
- As we suggested in our initial report, Cash & Equivalents would be double counted if Eurofins failed to net (technically "eliminate") Related Party Pooling Receivables.

A Case Study in Possible Manipulation through an Immaterial Entity

Recall that Eurofins Revenue per Employee Seems Out of Line with Peers...



As Does its Compensation per Employee



Eurofins Genomics Europe DTC Population Genetics Products and Services Ltd.

Genomics has zero employees, but (among other anomalies):

- It recorded £3.4 million in revenue in its first full year of existence, and
- In 2023, it restated prior year cash downward by -99%

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.

No Employees

The average monthly number of employees during the year was as follows:

Year ended 31 December 2023 No.	<i>Period ended 31 December 2022 No.</i>
<hr/> 0 <hr/> <hr/>	<hr/> <i>0</i> <hr/> <hr/>

Eurofins Genomics Annual Report 2023, Pg. 28.

EUROFINS GENOMICS EUROPE DTC - POPULATION GENETICS PRODUCTS & SERVICES LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Note	Year ended 31 December 2023 £	Period ended 31 December 2022 £
Turnover	4	3,415,539	275,846
Cost of sales		(2,919,405)	(331,873)
Gross loss		496,134	(56,027)
Administrative expenses		(2,678,661)	(527,915)
Operating loss	5	(2,182,527)	(583,942)
Interest receivable and similar income	8	11,276	2,045
Interest payable and similar expenses	9	(232,095)	(24,993)
Loss before tax		(2,403,346)	(606,890)
Tax on loss	10	-	-
Loss for the financial period		(2,403,346)	(606,890)

Compensation Expenses

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

7. Employees

Staff costs were as follows:

	<i>Year ended 31 December 2023 £</i>	<i>Period ended 31 December 2022 £</i>
Wages and salaries	1,131,841	315,042
	<u>1,131,841</u>	<u>315,042</u>

The wage and salary expenses are purportedly due to a related party recharge.

99% Downward Cash Restatement



EUROFINS GENOMICS EUROPE DTC - POPULATION GENETICS PRODUCTS & SERVICES LIMITED
REGISTERED NUMBER: 13977826

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	31 December 2022 £
Fixed assets		
Tangible assets	11	1,489,835
		<u>1,489,835</u>
Current assets		
Stocks	12	1,089,450
Debtors: amounts falling due within one year	13	865,804
Cash at bank and in hand	14	127,453

EUROFINS GENOMICS EUROPE DTC - POPULATION GENETICS PRODUCTS & SERVICES LIMITED
REGISTERED NUMBER: 13977826

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	2023 £	As restated 2022 £
Fixed assets			
Tangible assets	11	2,816,935	1,489,835
		<u>2,816,935</u>	<u>1,489,835</u>
Current assets			
Stocks	12	58,968	1,089,450
Debtors: amounts falling due within one year	13	3,227,709	992,433
Cash at bank and in hand	14	200,266	824
		<u>3,486,943</u>	<u>2,082,707</u>

Three New Data Points Argue that Eurofins Does Not Deserve the Trust Necessary to Take its Financials at Face Value

Should Eurofins be Trusted? Three New Data Points Suggest "No"

- Eurofins recently unequivocally denied using any factoring. However, we have evidence that Eurofins almost certainly factors both receivables and payables ("reverse factoring").
- In the company's response to our report, it claimed that ~100% of external revenue is audited by statutory audits.
 - This is highly misleading, because Eurofins' Annual Report notes that Deloitte, the global auditor, only covers 71% of consolidated third-party revenue (by either an audit or a review). Therefore, 29% of its external revenue is not covered by Deloitte's work.
- The company's response claimed that consolidating pooling receivables into the Cash & Equivalents line item is a Spanish GAAP requirement. That statement is seemingly contradicted by the Spanish subsidiary filings of Bureau Veritas.
- Of course, Dr. Martin's two decades of abusive real estate transactions involving Eurofins further argues against trusting the company.

The Factoring Denial

In a recent call between Eurofins' Investor Relations and an investor, the following exchange occurred:

Investor: So does Eurofins participate in factoring of AR or reverse factoring of AP?

Eurofins: We didn't, we do not do factoring. We never did factoring. There's, uh—we don't see reasons for doing that.

Investor: Okay, so there's no factoring, either AR or AP?

Eurofins: Nothing. Just, no, no... Anyway, it would have to be disclosed. If you, if you lend your receivables to a bank that will then be disclosed in the borrowing side.

Investor: Right, right. Especially if they are recourse. So why did [a disclosure that Eurofins does not factor] get removed [beginning in 2021]?

Eurofins: I don't know. I don't know...We didn't do that, never been an option for us.

Eurofins Removed the "No Factoring" Disclosure

2020:

2021 – 2023:

Other commitments given

To the Group's knowledge, no other significant off-balance sheet commitments are in existence.

The Group has not set up any factoring or securitization transactions with third parties.

Eurofins Scientific Annual Report 2020, Pg. 189.

Former Employee Statements Conflict with Eurofins' Management

“So, does Eurofins use factoring? The answer is a resounding 'yes'. Absolutely. Okay. If you look at the growth we had starting 2014, a billion company going up to 7 billion, there's no way you can finance everything through your own operations, so especially the working gap...However, I, in our discussions we came across it was not [sic] until 2016, 2015, 2016 when we started factoring on the receivable side. And of late, when I was in the company, we were doing on both sides [sic], from the receivables and [unintelligible] the general supply chain... I think our goal was to get to around 20 to 30% of the old receivables.”

-Source G, a former major BU head

A Current Senior Eurofins Employee's LinkedIn Profile Appears to Concur that Eurofins Uses Factoring



Luca Cozzani

Board Member at Eurofins Scientific Group SC, Eurofins International Holdings LUX SARL, ELAV SL

- **Group Head of Tax & Legal / General Counsel**

2006 - Dec 2019 · 14 yrs

Brussels, Luxembourg

On taxes:

- responsible for strategic international tax planning and optimization structures that align the Group international operations;
- follow up of new/draft legislation in 40 countries to plan Group's position and response;
- managing relationships with public authorities including negotiation of advance tax rulings;
- focus on transfer pricing including definition and regular update of Group master file and local policies across regions (functional analysis, benchmark, etc.);
- leading role in acquisitions in several countries including the US and Group reorganizations in general (contributions, split, capital increase, transfer of seat, etc.);
- managing holding and financing structures, through dedicated vehicles and thin cap rules considerations;
- managing special projects in several fields **factoring** leasing, captive insurance, transfer of seat of a European company, etc.);
- managing tax unities and withholding tax optimizations in several countries, including double tax treaties considerations;
- managing corporate tax audits involving international tax aspects, in several countries;
- managing major corporate tax litigations across different regions
- dealing with tax accounting issues;

¹ <https://www.linkedin.com/in/luca-cozzani-62285839/>

Eurofins' Response About Audit Coverage is Misleading

- Eurofins' claim in its response that "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" sounds good, but is misleading.
- In the Annual Report,¹ Eurofins discloses that 71% of external sales is covered by the audit of the consolidated financial statements, whereas the June 25th PR² referred to its statutory audit coverage: two different concepts. We find this particularly misleading.
- The Annual Report disclosure implies that Deloitte, the global auditor, does not cover 29% of Eurofins' third-party revenue (ie. neither a review nor an audit is completed to ensure this portion of Eurofins' business is free from material misstatements).
 - In our opinion, Deloitte's work is highly disconnected from the Statutory audits, and one should not take comfort in Eurofins' statutory audit coverage. Note that Deloitte's audit usually concludes months before the statutory financials are filed.

CORPORATE GOVERNANCE

	2023 accounts		2022 accounts	
	Audit coverage for Consolidated Financial Statements	Tier 1 & Tier 2 auditors' coverage for statutory audits ²	Audit coverage for Consolidated Financial Statements ¹	Tier 1 & Tier 2 auditors' coverage for statutory audits ²
External Sales	71%	97%	70%	97%
EBITDA	94%	98%	83%	98%
Total assets	83%	98%	84%	98%

⁽¹⁾ Including review by Deloitte Audit of component auditors works

⁽²⁾ Tier 1 (PwC, Deloitte, EY, KPMG)

Tier 2 (RSM, Grant Thornton, BDO, Mazars, Moore Stephens, Crowe, Baker Tilly)

- 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.

Eurofins' Response about Cash & Equivalents Reclassification is Misleading

"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."

-Eurofins Press Release, June 25, 2024

Bureau Veritas, Which Pools Cash, Does Not Reclassify Related Party Receivables as Cash Equivalents

- We reviewed the filings of four Spanish Bureau Veritas subsidiaries.
- We consistently found that Cash Equivalents excluded Pooling Receivables
- A typical Bureau Veritas note appears at right:
 "The composition of the treasury balance and other equivalent assets as of December 31, 2021 and 2020 is as follows."
- Translated to read "Treasury" (i.e., Cash = cash)

Below: Bureau Veritas Inspeccion y Testing, S.L. Financial Statements 2021, Pg. 29.

9. Efectivo y otros activos líquidos equivalentes

La composición del saldo de tesorería y otros activos equivalentes al 31 de diciembre de 2021 y 2020 es como sigue:

	2021	2020
Tesorería	16	14
	16	14

BV's Related Party Receivables from the Cash Pool are Financial Assets, not Cash Equivalents¹

Bureau Veritas Iberia, S.L.
Balance as of December 31, 2022 and 2021
(Expressed in thousands of Euros)

ASSET	Use	As of December 31, 2022	As of December 31, 2021
A- NON-CURRENT ASSET		2.366	2.504
1. Property, plant and equipment	6	71	115
1. Technical installations and other tangible assets		71	115
III. Long-term financial investments	7,9	23	18
1. Other financial assets		23	18
IV. Deferred tax assets	15	2.272	2.371
B-CURRENT ASSET		30.694	32.071
I. Trade debtors and other accounts receivable		9.311	9.440
1. Customers for sales and service provision	7,9	8.677	8.673
2. Clients from group companies and associates	7,9,21	620	761
3. Personal	7,9	5	6
4. Other credits with public administrations	9	9	-
II. Investments in group companies at CP	7,9,21	21.356	22.607
III. Short-term accruals		27	24
TOTAL ASSETS		33.060	34.575

(Expressed in thousands of Euros)

	2022	2021
9. Financial assets		
Loans and long-term receivables:		
- Deposits and Bonds	23	18
	23	18
Commercial debts and other debts receivable:		
- Clients for sales and service provision	8.922	9.056
- Provisions for impairment	(245)	(383)
- Clients of group companies and associates (note 21)	620	761
- Loans to group and associated companies (note 21)	21.356	22.607
- Credits with Public Administrations	9	-
- Personal	5	6
	30.667	32.047
	30.690	32.065

Loans and receivables are valued at their nominal value, which does not differ significantly of its fair value, given that these are short-term items and therefore the updating of cash flows is not significant.

Under the heading of clients for sales and provision of services, the Group also records the amount corresponding to invoices pending to be issued for work already carried out. At the end of the year the amount of this item amounts to 1,011 thousand euros (1,147 thousand of euros in 2021).

The book values of loans and receivables are, for the most part, denominated in euros.

The Company maintains a cash-pooling agreement, referenced to Euribor, with the Company Bureau Veritas Inversiones, S.L., through which both cash needs and surpluses are received or sent to the Group Company as appropriate as loans or credits. As of December 31, 2022, the Company maintains a debit balance for this concept amounting to 21,356 thousand euros (22,607 thousand euros in 2021), recorded under the heading Credits to Group companies and associates. The accrued interest is capitalized as increased debt, amounting to 50 thousand at the end of the year (3 thousand euros in 2021). This is the only item receivable that is exposed to variations in the interest rate, which is reviewed annually.

It is considered that accounts receivable from clients that are overdue for less than one year have not suffered no impairment of value, except for those clients in special insolvency situations whose accounts collect are considered in the provision for bad debts, without taking into account the age of the debt. In addition Amounts derived from transactions with the Public Administration are not considered impaired regardless of age.

¹ Bureau Veritas Iberia, S.L. Financial Statements 2022, Pg. 9.

An Additional Bureau Veritas Entity is Consistent¹

NIF: B08658601		Espacio destinado para las firmas de los administradores		
DENOMINACIÓN SOCIAL: BUREAU VERITAS INSPECCION Y TESTING, S.L.U.				
ACTIVO		NOTAS DE LA MEMORIA	EJERCICIO 2021 (1)	EJERCICIO 2020 (2)
B) ACTIVO CORRIENTE	12000		25.514,00	23.913,64
I. Activos no corrientes mantenidos para la venta	12100			
II. Existencias	12200			
1. Comerciales	12210			
2. Materias primas y otros aprovisionamientos	12220			
a) Materias primas y otros aprovisionamientos a largo plazo	12221			
b) Materias primas y otros aprovisionamientos a corto plazo	12222			
3. Productos en curso	12230			
a) De ciclo largo de producción	12231			
b) De ciclo corto de producción	12232			
4. Productos terminados	12240			
a) De ciclo largo de producción	12241			
b) De ciclo corto de producción	12242			
5. Subproductos, residuos y materiales recuperados	12250			
6. Anticipos a proveedores	12260			
III. Deudores comerciales y otras cuentas a cobrar	12300		25.418,00	23.810,68
1. Clientes por ventas y prestaciones de servicios	12310	7.8	24.627,00	22.992,42
a) Clientes por ventas y prestaciones de servicios a largo plazo	12311			
b) Clientes por ventas y prestaciones de servicios a corto plazo	12312	7.8	24.627,00	22.992,42
2. Clientes empresas del grupo y asociadas	12320	7.8,20	710,00	687,09
3. Deudores varios	12330			
4. Personal	12340	7.8	6,00	8,30
5. Activos por impuesto corriente	12350			
6. Otros créditos con las Administraciones Públicas	12360	8	75,00	122,87
7. Accionistas (socios) por desembolsos exigidos	12370			
IV. Inversiones en empresas del grupo y asociadas a corto plazo	12400			
1. Instrumentos de patrimonio	12410			
2. Créditos a empresas	12420			
3. Valores representativos de deuda	12430			
4. Derivados	12440			
5. Otros activos financieros	12450			
6. Otras inversiones	12460			

(1) Ejercicio al que van referidas las cuentas anuales.
(2) Ejercicio anterior.

8. Financial assets		2021	2020
Long-term financial investments			
- Deposits and Fianches			
		55	68
		55	68
Commercial debts and others bills to receive the pay:			
- Customers			
		26.015	24.352
		(1.388)	(1.360)
		710	687
		-	144
		-	(144)
		75	123
		6	8
		-	-
		25.418	23.810
		25.473	23.878

Note 20d Below:

d) Group and associated companies

The main operations carried out by the Company with Group entities and associates are detailed below:

- **Cashpooling:** The Company maintains a current account with BV Inversiones, S.L. to manage the group's treasury. These debts accrue market interest based on Euribor.
- **Management fees:** The Company receives billing for corporate services from the French parent company Bureau Veritas SA.
- **Other services billed between group companies:** The operations carried out by the Company consist of the contracting of inspection and control services.

¹ Bureau Veritas Inspeccion Y Testing, S.L.U. Financial Statement 2021 Pp. 9, 56, and 70.

Appendix

Appendix A: Eurofins has at least 18 Auditors Across the Eurofins Network

- We've counted at least 18 auditors across its network, and 13 in Europe alone.
 - Is this intentional to help avoid clear communication amongst auditors?
 - Again we ask - efficiency or malfeasance?

Country	Entity	Audit Firm, per 2022 Statutory Financials, unless otherwise noted
France	Eurofins Biomnis	Deloitte
Belgium	Eurofins Agro Testing Belgium	Moore Stephens
Belgium	Eurofins BfB Oil Research	Callens Vandelanotte / Crowe
Spain	Eurofins Clinical Diagnostics Sociedad Limita	EY
France	Eurofins NSC Finance France SAS	HLP Audit
France	Eurofins Interlab	PwC & Deloitte
France	Eurofins IESPM	AGIF Audit & Conseil
France	Eurofins Calixar	Abax Conseils
UK	Eurofins Food Testing UK Limited	Constantin / Deloitte
UK	Eurofins Agroscience Services Limited	Mazars LLP
Germany	Eurofins Agroscience Services EcoChem GmbH	Mohrle Happ Luther GmbH / Crowe
Germany	Eurofins Inpac Medizintechnik GmbH	Dr. Hacker & Partner Part GmbH
Poland	Eurofins GSC IT Poland Sp z.o.o.	RSM Poland
India	Eurofins AME IT Services Private Limited	Suresh Surana & Associates LLP
Australia	Eurofins Australia New Zealand Holdings Pty Ltd	Grant Thornton
	Auditor involved in Eurofins network, per 2022 Annual Report, although entity yet to be identified.	KPMG
	Auditor involved in Eurofins network, per 2022 Annual Report, although entity yet to be identified.	BDO
	Auditor involved in Eurofins network, per 2022 Annual Report, although entity yet to be identified.	Baker Tilley

Appendix B: Assumptions Underlying our Estimate of the Number of Immaterial Entities

- We estimate that ~60% of Eurofins' subsidiaries generated 2022 revenue of less than €5 million ("Immaterial Entities").¹
- The average revenue per Immaterial Entity we reviewed is €1.87 million.
- Assuming Eurofins has 1,300 to 1,500 entities, that generates an estimated range of 780 to 900 Immaterial Entities.²
- We therefore estimate that in 2022, Eurofins had €1.5 billion to € 1.7 billion of revenue from Immaterial Entities.
- In other words, this is revenue that we believe is subject to overstatement by improperly eliminating Inter-Company receivables and payables.

¹ Extrapolating from our review of 212 European entities, from five European countries [France, Belgium, UK, Spain and Denmark], of which 130 had 2022 revenue less than €5 million.