Eurofins delivers strong margin improvement and cash generation in H2 2023 and annual results in line with its 2023 objectives. Remains confident to achieve its 2027 objectives.

27 February 2024

Key highlights

H2 2023 represents the first period not affected by prior year comparables including significant contributions from COVID-19 testing and reagents (less than €120m of revenues in H2 2022 vs around €5m in H2 2023) and thus for the first time provides a comparison mostly free from the one-time effects of the pandemic.

- Revenues in H2 2023 of €3,305m increased year-on-year by 0.1%, as organic growth in the Core Business (excluding COVID-19 testing and reagent revenues) of 7.2% (adjusted for the impact of one public working day fewer in H2 2023 vs H2 2022) and contributions from acquisitions more than compensated for the loss of COVID-19 testing and reagent revenues generated in the comparable prior year period as well as FX headwinds.
- The adjusted[1] EBITDA[3] margin increased 120bps to H2 2023 (21.9%) from H2 2022 (20.7%). This advancement resulted from pricing initiatives and the first effects of a number of innovation, productivity, digitalisation and automation initiatives.
- Free Cash Flow to the Firm[10] in H2 2023 (€400m) increased by 47.9% vs H2 2022 (€271m).
- Cash conversion (measured in terms of Free Cash Flow to the Firm[10] divided by Reported EBITDA[3]) increased substantially in H2 2023 (62%) vs H2 2022 (44%).

In €m except otherwise stated	**H2 2023**	**H2 2022**	**+/- %**	**FY 2023**	**FY 2022**	**+/- %**
Revenues	3,305	3,301	*+0.1%* *+7.2%**	6,515	6,712	*-2.9%* *+7.1%**
Adjusted[1] EBITDA[3]	724	684	*+5.9%*	1,364	1,513	*-9.9%*
Adjusted[1] EBITDA[3] margin (%)	21.9%	20.7%	*+120bps*	20.9%	22.5%	*-160bps*
Reported EBITDA[3]	646	615	*+5.0%*	1,234	1,415	*-12.8%*
Reported EBITDA[3] margin (%)	19.5%	18.6%	*+90bps*	18.9%	21.1%	*-210bps*
Free Cash Flow to the Firm before investment in owned sites[16]	501	371	*+35.2%*	626	677	*-7.6%*
Free Cash Flow to the Firm[10]	400	271	*+47.9%*	474	491	*-3.4%*
Cash conversion (%)	62%	44%	*+1,800bps*	38%	35%	*+300bps*

** Organic[13] growth in the Core Business (excluding COVID-19 testing and reagents and adjusted for the impact of one public working day fewer in H2 2023 vs H2 2022).*

As a result of this strong improvement in profitability and cash conversion in H2 2023, Eurofins delivered full year results in line with its 2023 annual objectives in an environment that remained challenging in Europe:

Financial highlights in FY 2023

- Revenues in FY 2023 of €6,515m declined year-on-year by -2.9%, impacted by the sharp decrease in revenues from COVID-19 testing and reagents (just over €20m in FY 2023 vs just under €600m in FY 2022) and FX headwinds (-1.9%).

- Revenues in the Core Business (excluding COVID-19 testing and reagents) increased organically[13] by +7.1% in FY 2023 (adjusted for the impact of one public working day fewer in FY 2023 vs FY 2022):
  - Resilient Core Business organic growth in Europe of +6.2% was led by Environment Testing and a gradual improvement in Food Testing.
  - In North America, strong Core Business organic growth of +8.7% was supported by the continued development of Environment Testing, Food Testing and BioPharma Services.
  - Core Business organic growth in Rest of the World of +6.0% was driven by a strong performance in China, the steady expansion of BioPharma Services in India as well as new start-up laboratories in Australia and New Zealand.
  - Eurofins finalised the reorganisation of its network to the post-pandemic situation in 2023 and can now put the costs and disruptions of these reorganisations behind it and fully focus on the growth and improvement of its Core Business in 2024.
  - Eurofins accelerated its pace of start-up activity, initiating 50 new start-up laboratories and 49 new blood collection points (BCPs) in 2023. The 301 start-ups and 67 BCPs launched since 2000 have made material contributions to the overall growth of the Group, accounting for €629m of revenues and contributing 0.6% of organic growth in FY 2023.
- In spite of unfavourable FX effects, adjusted[1] EBITDA[3] of €1,364m (20.9% of revenues) in FY 2023 was in the upper end of Eurofins objectives (€1.32bn to €1.37bn) though lower vs FY 2022 (€1,513m, 22.5% of revenues), mostly impacted by the significant year-on-year decrease in COVID-19 testing and reagent revenues (just over €20m in FY 2023 vs just under €600m in FY 2022).
- Given the uncertain economic and geopolitical outlook, Eurofins remained prudent in FY 2023 with its acquisition strategy, focussing on reasonably valued bolt-on deals that will provide appropriate accretion to return on capital employed. In FY 2023, Eurofins closed 40 business combinations with FY 2023 pro-forma revenues of €122m at a cost of €158m, reflecting an average sales multiple of 1.3x.
- Free Cash Flow to the Firm[10] of €474m remained stable year-on-year despite the decrease of EBITDA[3]:
  - Due to a strong H2 2023 performance, cash conversion increased in FY 2023 (38%) vs FY 2022 (35%).
  - Net operating capex[9] of €392m declined 15% year-on-year vs €459m in FY 2022, reflecting improved capex discipline for programmes related to capacity expansion.
  - Eurofins invested an additional €152m to own more of its strategic sites, continuing its long-term strategy of completing its global hub and spoke network including large high-throughput campuses.
  - Net working capital[12] intensity (net working capital divided by 4 times the last quarter's sales) increased from 4.2% at the end of FY 2022 to 5.1% at the end of FY 2023. Measures to improve net working capital intensity are underway.
- Net Profit[7] amounted to €308m and Basic EPS[8] was €1.33.
- Adjusted[1] Net Profit[7] was €568m and adjusted[1] Basic EPS[8] was €2.71.
- Eurofins' balance sheet remains very solid, with financial leverage (net debt[11] to adjusted pro-forma EBITDA[3]) of 2.0x at the end of 2023, stable vs 1.9x at the end of 2022.
- At the upcoming Annual General Meeting on 25 April 2024, the Board of Directors intends to propose an annual dividend of €0.50 per share, an increase of 74% vs 2018 (€0.288), the last dividend prior to the COVID-19 pandemic, and equivalent to a CAGR of 11.7%.

Strategic highlights

Eurofins continues to make important advances on its long-term growth, sustainability and innovation initiatives:

- Eurofins added 77,000 m² of net surface area to expand its network in 2023, with 78% of the added area owned by Eurofins. Since the end of 2018, the net floor area of buildings owned by Eurofins has more than doubled from 240,000 m² to 550,000 m², corresponding to an increase in the ownership proportion of the total net floor area from 19% to 32%.
- Further progress was made towards Eurofins' objective of carbon neutrality by 2025:
  - Total emissions were reduced by 8% from 497 ktCO2e in FY 2022 to 458 ktCO2e in FY 2023.
  - Carbon intensity (tCO2e/m€ revenues) was 70 in FY 2023, 28% lower vs FY 2019.

- In partnership with Thermo Fisher Scientific Inc., Eurofins is investing in a virtual power purchase agreement (PPA) for a 36 MW portion of the Serbal solar project, located in Spain. From 2025 onwards, the project is expected to deliver 76,000 megawatt-hours of green energy per year to Eurofins, equivalent to over 15% of Eurofins' total worldwide electricity consumption.
  - Eurofins has committed to setting near-term science-based emissions reduction targets in line with the Science Based Targets initiative (SBTi) Criteria and Recommendations.
- Eurofins made numerous meaningful contributions to Testing for Life in 2023:
  - Eurofins Discovery LeadHunter® Services launched the obesityLITE panel, a one-of-a-kind set of 25 assays for testing anti-obesity therapies against multiple targets in one convenient screen.
  - Eurofins Discovery launched DiscoveryAI™, a tool that accelerates drug discovery through artificial intelligence. Leveraging Eurofins Discovery's high-quality proprietary dataset of >2,500 compounds and >1m records collected over 10+ years, the DiscoveryAI™ tool provides valuable data analytics to Eurofins Discovery's clients with the potential to reduce drug-to-market time by at least 20%.
  - Eurofins Viracor launched ExPeCT™, a ground-breaking test for assessing expansion and persistence of CAR-T therapy in cancer patients with pre-B cell acute lymphoblastic leukemia and B cell lymphomas. It is expected to be a valuable tool in helping clinicians to make more informed decisions about the best course of treatment for their patients.
  - DNA Diagnostics Center (DDC), a global leader in genetic relationship and consumer testing, and part of the Eurofins network of companies, launched Peekaboo™ Click, an exceptionally accurate (99.5%) test utilising a comfortable and simple at-home collection device that enables expecting parents to discover their baby's gender very early in pregnancy.

2024 and 2027 Objectives

- Eurofins is providing its objectives for FY 2024 and confirming its objectives for FY 2027:

€m	**FY 2024**	**FY 2027**
Revenues	€7.075bn – €7.175bn	Approaching €10bn
Adjusted[1] EBITDA[3]	€1.525bn – €1.575bn	Margin: 24%
FCFF[10] before investment in owned sites[16]	€800m - €840m	Approaching €1.5bn

- The FY 2024 and FY 2027 objectives assume same average exchange rates as in FY 2023 and zero contribution from COVID-19 testing and reagents. From FY 2024 to FY 2027, Eurofins targets average organic growth of 6.5% p.a. and potential average revenues from acquisitions of €250m p.a. over the period consolidated at mid-year. As in 2023, Eurofins will remain prudent with its acquisition strategy and only acquire businesses that meet its objectives for return on capital employed.
- Similar to how the improvement in adjusted[1] EBITDA[3] margin was achieved in H2 2023 vs H2 2022, the anticipated further improvements in adjusted[1] EBITDA[3] margin in FY 2024 and towards the FY 2027 objective are underpinned by programmes that continue to align pricing to cost inflation and include innovation, productivity, digitalisation and automation initiatives as well as better utilisation of its state-of-the-art laboratory network.
- In 2024, Eurofins will also review some of its smaller underperforming businesses.
- In the coming year, Eurofins expects to continue its high intensity of start-up activities, in particular in the areas of In Vitro Diagnostics, Genomics and Clinical Diagnostics Testing. Additionally, due to an unexpected billing article concerning Medicare reimbursement for kidney transplant biomarker testing, Eurofins Transplant Genomics plans to conduct clinical trials to expand data on the medical benefits and applicability scope of its tests. Due to temporary losses related to these start-ups, Separately Disclosed Items[2] (SDI) at the EBITDA[3] level should remain at an elevated level of about €125m in FY 2024. Thereafter, as newly initiated start-ups ramp up and become profitable, SDI at the EBITDA[3] level should decline gradually towards about 0.5% of revenues in 2027.

- Capital allocation priorities in FY 2024 and in the mid-term will continue to include site ownership of high-throughput campuses to complete Eurofins' global hub and spoke network, start-ups in high growth/high return areas, development and deployment of sector-leading proprietary IT solutions, and acquisitions. Investments in these areas are key to our long-term value creation strategy. To 2027, investment in owned sites is assumed to be around €200m p.a., while net operating capex is expected to be ca. €400m p.a. (total net capex[9] of €600m p.a.).
- Eurofins targets to maintain a financial leverage of 1.5-2.5x throughout the period and less than 1.5x by FY 2027.

Comments from the CEO, Dr Gilles Martin:

"Thanks to the contributions and focus of Eurofins teams and despite the dynamic and challenging operating environment, especially in Europe, we were able to deliver results in line with our 2023 objectives. Supported by the resilience of our end markets, diverse regional portfolio and long-term investments in infrastructure and innovation, organic growth of 7.1% in our Core Business activities came in above our mid-term target of 6.5%. Adjusted EBITDA came in at the upper end of our target range, thanks to a year-on-year improvement in the adjusted EBITDA margin of 120bps in H2 2023 vs H2 2022, the first comparable period with limited revenues from COVID-19 testing and reagents. In addition, solid operating cash flow and disciplined spending on capital expenditures and acquisitions, together with conservative management of our capital structure, helped to sustain our strong balance sheet. In terms of sustainability, we continue to make substantial improvements, as demonstrated by the absolute decline in our carbon emissions of 8% vs 2022. In terms of carbon intensity relative to revenues, we are now 28% below the 2019 level.

Looking ahead, having finalised in 2023 the readjustment of our organisation to the post-pandemic situation, our keys to long-term success remain unchanged: continue to invest in building out our best-in-class hub and spoke laboratory network, excellence in customer service, further development and deployment of our sector-leading proprietary IT solutions and focus on scientific innovation. We also remain committed to a prudent capital allocation strategy centred on growth investments and reasonably valued bolt-on deals that will provide appropriate accretion to return on capital employed. In conjunction, we remain intently focussed on delivering on our 2027 financial objectives. In 2024, Eurofins teams will continue building on programmes initiated in 2023 and before, in particular those aiming to accelerate digitalisation, productivity improvement, align pricing to cost inflation and ramp up our start-up activities.

Despite the cloudy geopolitical and macro environment, I remain very confident in our ability to continue expanding our market and technological leadership, as well as our financial results and cash flow, towards our 2027 objectives."

Conference Call

Eurofins will hold a conference call with analysts and investors today at 15:00 CET to discuss the results and the performance of Eurofins, as well as its outlook, and will be followed by a questions and answers (Q&A) session.

[Click here to Join Call >>]
From any device, click the link above to join the conference call.

Business Review

The following figures are extracts from the Consolidated Financial Statements and should be read in conjunction with the Consolidated Financial Statements and Notes for the year ended 31 December 2023. The Annual Report 2023 can be found on Eurofins' website at the following link: https://www.eurofins.com/investors/reports-and-presentations/

Table 1: Full Year 2023 Results Summary

	FY 2023			**FY 2022**			**+/- % Adjusted results**	**+/- % Reported results**
In €m except otherwise stated	**Adjusted[1] results**	Separately disclosed items[2]	Reported results	**Adjusted[1] results**	Separately disclosed items[2]	Reported results		
Revenues	6,515	-	6,515	6,712	-	6,712	*-3%*	*-3%*
EBITDA[3]	1,364	-129	1,234	1,513	-98	1,415	*-10%*	*-13%*
EBITDA[3] margin (%)	20.9%	-	18.9%	22.5%	-	21.1%	*-160bps*	*-220bps*
EBITAS[4]	842	-172	669	1,037	-126	911	*-19%*	*-27%*
Net profit[7]	568	-260	308	683	-77	606	*-17%*	*-49%*
Basic EPS[8] (€)	2.71	-1.38	1.33	3.43	-0.41	3.02	*-21%*	*-56%*
Net cash provided by operating activities			1,018			1,136		*-10%*
Net capex[9]			544			645		*-16%*
Net operating capex			392			459		*-15%*
Net capex for purchase and development of owned sites			152			186		*-18%*
Free Cash Flow to the Firm before investment in owned sites[16]			626			677		*-8%*
M&A spend			158			430		*-63%*
Net debt[11]			2,705			2,839		*-5%*
Leverage ratio (net debt/pro-forma adjusted EBITDA)			2.0x			1.9x		*+0.1x*

Note: Definitions of the alternative performance measures used can be found at the end of this press release

Revenues declined year-on-year to €6,515m in FY 2023 vs €6,712m in FY 2022 due primarily to the substantial decrease in revenues from COVID-19 testing and reagents from just under €600m in FY 2022 to a negligible level in FY 2023. This decline was largely compensated by strong organic growth in the Core Business (excluding COVID-19 related clinical testing and reagents revenues) of 6.6% (adjusted for public working days: +7.1%) vs FY 2022. A year-on-year headwind of 1.9% from foreign currency also impacted reported revenues. Eurofins has also been prudent with its acquisition strategy, focussing on reasonably valued bolt-on deals that will provide appropriate accretion to return on capital employed. Due to this approach, the contribution to consolidated revenues from acquisitions made in FY 2023 was only €59m. In FY 2022, the contribution to consolidated revenues from acquisitions made in FY 2022 was €150m.

Table 2: Organic Growth Calculation and Revenue Reconciliation

	In €m except otherwise stated
2022 reported revenues	**6,712**
+ 2022 acquisitions - revenue part not consolidated in 2022 at 2022 FX	118
- 2022 revenues of discontinued activities / disposals[15]	-81
= 2022 pro-forma revenues (at 2022 FX rates)	6,749
+ 2023 FX impact on 2022 pro-forma revenues	-128
= 2022 pro-forma revenues (at 2023 FX rates) (a)	**6,620**
2023 organic scope[13] revenues (at 2023 FX rates) (b)	**6,453**
2023 organic growth[13] rate (b/a-1)	**-2.5%**
2023 acquisitions - revenue part consolidated in 2023 at 2023 FX	59
2023 revenues of discontinued activities / disposals[15]	3
2023 reported revenues	**6,515**

Table 3: Breakdown of Revenue by Operating Segment

€m	**FY 2023**	**As % of total**	**FY 2022**	**As % of total**	***Y-o-Y variation %***	***Organic growth in the Core Business*****
Europe	3,306	51%	3,507	52%	*-5.7%**	*+5.5%*
North America	2,507	38%	2,494	37%	*+0.5%*	*+8.3%*
Rest of the World	701	11%	711	11%	*-1.4%*	*+6.0%*
Total	**6,515**	**100%**	**6,712**	**100%**	***-2.9%***	***+6.6%***

** Segments most impacted by the sharp decline in revenues from COVID-19 testing and reagents*
*** Excluding COVID-19 related clinical testing and reagents revenues*

Europe

- Reported revenues decreased in FY 2023 vs FY 2022 by -5.7%, primarily due to the substantial year-on-year decline in COVID-19 testing and reagents revenues. Excluding this impact, Core Business revenues grew year-on-year by over 5%, with almost all areas of activities demonstrating positive growth.
- Despite the elevated comparable base of H1 2022 from projects supporting COVID-19 vaccines, Eurofins' BioPharma Services business in Europe recorded sound growth in 2023. Large clients from the pharmaceutical industry continue to sustain a high level of development activity for future biologics products as well as cell and gene therapies. In France, a new site in Lyon was activated to increase capacity to serve the market. In the meantime, nearshoring programmes have also contributed to growth, especially in France, due to an increase in testing requirements for traditional synthesis API. Pricing attainment to compensate for the inflationary environment also supported growth. On the other hand, a limited number of Eurofins activities have experienced volume development challenges. For example, a decline in the market for early-stage research and development activities, most notably from smaller biotech clients, has resulted in softer demand for services from Eurofins Discovery.
- The business environment for Eurofins' Food and Feed Testing business in Europe remained challenging in 2023. Persisting high inflation in consumer food prices and efforts by food producers and retailers to control costs continue to restrain testing volume growth. Eurofins has responded to the situation with the partial transfer of cost inflation to clients as well as cost adaptations. In addition, the Company continues to make investments to improve productivity in its laboratories and in customer service, most notably in digitalisation, automation and, where applicable, artificial intelligence. Furthermore, Eurofins has invested

in innovations to improve its testing and service offering in order to make a difference for its customer base.

- Growth in the Environment Testing business in Europe was driven by market share gains from good quality service and turnaround times, as well as healthy demand for asbestos and pesticide testing related to new regulations concerning these substances. New regulations are also a driver of increasing momentum in the PFAS testing business, an area in which Eurofins companies are market leaders both in terms of methods and capacity. Positive price impacts across Europe also contributed to the strong growth of the Environment Testing business. Further growth was achieved through the launch of innovative digital services including a new web customer portal for asbestos customers in France and new direct-to-consumer businesses in Germany offering sampling kits for the identification of PFAS in matrices such as water, construction materials and soil.
- With the impacts of COVID-19 related disruptions having mostly subsided throughout the course of 2022, the Clinical Diagnostics business in Europe experienced a strong year-on-year recovery in volumes in 2023. Due to an overall shortage of qualified nurses and technicians in most countries, this recovery was served by reassigning employees previously assigned to COVID-19 testing. Sales growth was also supported through network expansion, including the acceleration of efforts to open new blood collection points (49 opened in 2023 vs 18 in 2022), the awarding of a new outsourcing contract in the Netherlands, and new clinical genetics services, most notably in the prenatal and In Vitro Fertilisation (IVF) segments. Growth was also supported by Eurofins Belgium NV's biomonitoring project for PFAS in blood in Antwerp, the largest such project in Europe. Recently, Eurofins also started offering testing for PFAS in blood in Spain. On the other hand, reductions in reimbursements for routine diagnostics in France that came into effect in H1 2023 restrained sales developments. A change in this trend is foreseen for the coming 3 years as tariff agreements in France allow for slight year-on-year revenue increases in diagnostics spending.

North America

- Reported revenues increased year-on-year by +0.5%, supported by strong organic growth in the Core Business of +8.3% but restrained by FX headwinds and the year-on-year decline in COVID-19 testing and reagents revenues.
- Growth in Eurofins BioPharma Services in North America was resilient in 2023. By area, BioPharma Product Testing (BPT) recorded a strong development, sustained by robust demand for mid-to-late phase biologics development by the large- and medium-sized sponsors that make up the predominant share of this business activity. The deployment of Eurofins' proprietary eLIMS-BPT and LabAccess IT solutions also further progressed, with a high percentage of customers now utilising the platform's industry leading portal to manage the full life cycle of their testing needs from online ordering to complete data deliverables. Further collaboration with large global sponsors was also driven by the Lab Access Web Services (LAWS) platform which enables fully digital integration with the customer's IT environment. Demand growth has also been solid for mid-to-late phase clinical trials served by Eurofins Central and Bioanalytical Laboratories, supported by Eurofins' extensive expertise in infectious disease and vaccine trials. Additionally, Professional Scientific Services® (PSS) continued expanding to meet increased client demand for flexible outsourcing solutions for their laboratory and scientific support operations. Eurofins Discovery, which experienced more challenging market conditions starting in late 2022, has seen stabilisation in overall market demand. In addition, demand has increased for Discovery's expanded biologics offering, while the pipeline and interest is strong for the DiscoveryOne integrated discovery solutions.
- The Food and Feed Testing business in North America continued to set new monthly and annual sales records in 2023. In addition to volume growth and pricing attainment in its existing business areas, Eurofins also started numerous new initiatives to enhance its market presence. Examples include new start-up laboratories in California, Arizona and Idaho to address the stringent turnaround time requirements of produce customers as well as capacities to tap into the growing interest in testing for PFAS in food and food packaging. The business continues to showcase its expertise by sponsoring and facilitating numerous seminars attended by manufacturers and regulatory agencies, especially in the botanical and nutritional supplements industry. Furthermore, Eurofins Food and Feed Testing also introduced significant operational innovations in the period. For example, in Iowa, a new automation line

for weighing samples has been able to reduce labour intensity in this process step by nearly 50%. In addition, reproducing a fibre testing method from Eurofins' Nantes laboratory resulted in a doubling of capacity. The method transfer resulted in significant time savings of more than 80%. New Heavy Metals Automation in Madison has allowed for an increase to 180 samples per day, reducing rework and improving TAT. Eurofins has also deployed new modular laboratories, fully equipped and operational facilities capable of performing all microbiology testing on site that can also be quickly and easily relocated depending on market and customer requirements. With these modular laboratories, Eurofins can provide fast turnaround times to clients that produce perishable products and/or are in remote areas away from major cities and logistics routes.

- Against a backdrop of sector-wide increased demand, the Environment Testing business in North America outperformed its underlying market by delivering double-digit organic growth in 2023. Strategic investments targeted at both technology and geographic expansion materially increased capacity, extended service reach, improved turnaround time, and underpinned market share growth. Strong service metrics facilitated customer acceptance of some price increases to compensate for inflation. Facility upgrades in California (2), Ohio, Colorado, Florida and Texas contributed materially to capacity balancing across the network. Whilst PFAS testing remains a significant contributor to organic growth, the business has benefitted from growth across all aspects of testing from traditional site investigation and remediation work; ground, surface and reuse water and wastewater monitoring, air testing programmes and Built Environment Testing. The emergency response programme, placing all network laboratories on notice to assist first responders in the event of spills or accidents with immediate and ongoing testing, has also proven a strong differentiator for the business. Eurofins operates a hybrid hub and spoke and distributed model for PFAS testing with comprehensive services offered from 8 locations, supported by major East and West Coast hubs. Investment to add to the distributed network as well as capacity upgrades at hubs is currently in progress. Operationally, carbon footprint reduction efforts through method innovation (e.g., sample miniaturisation and solvent reduction programmes made possible through investment in advanced detection techniques) and environmentally friendly investments (e.g., solar panels, EV charging, LED lighting), productivity, and health and safety are priorities. Digital technologies continue to be enhanced and rolled out including eCOC (electronic chain of custody) for field sample collection and AI tools to assist data integrity checks and chromatographic integrations.
- In Clinical Diagnostics, Eurofins CellTx, a startup laboratory in Arizona, began operations supporting critical testing for living donor derived human tissue, including stem cells, bone marrow, cord blood, birth tissues, oocytes, and sperm donations. At Eurofins Viracor, two new notable tests were launched. ExPeCT™ CAR-T, a multiplexed, real-time qPCR assay, provides a powerful diagnostic tool to monitor and optimise CAR-T therapy involving patients with pre-B cell acute lymphoblastic leukemia and B cell lymphomas. Eurofins Viracor also introduced a new real-time PCR panel for the rapid identification/detection of Candida species including Candida auris, an emerging species of pathogenic fungus/yeast that has caused outbreaks in healthcare settings in the United States and which are often resistant to most common antifungal drugs. Conversely, at Eurofins Transplant Genomics, volumes for kidney transplant biomarker testing have been significantly impacted by an unexpected billing article concerning Medicare reimbursement for such tests which became effective on 31 March 2023. Consequently, Eurofins has adapted the cost structure of this business to compensate for the decrease in demand and is increasing its investment in clinical trials to expand data on medical benefits versus current standards of care and applicability scope.

<u>Rest of the World</u>

- Core Business revenues grew organically year-on-year by +6.0% due to strong business development across most countries in the region. On the other hand, sizable FX headwinds as well as the year-on-year decline in COVID-19 testing and reagents revenues resulted in a decline in reported revenues of -1.4%.
- Various countries contributed to the mid-single digit growth in Asia Pacific in 2023. In China, the low comparable base related to lockdowns, particularly in H1 2022, allowed Eurofins to record sizable year-on-year growth in 2023, most notably in Consumer and Technology Products Testing. The China Food Testing business delivered double-digit growth through penetration of local testing markets and expanding its start-up footprint. Food Testing demand from the special foods segment, including food

supplements, infant formula food and special dietary foods, saw strong growth. Eurofins successfully set up a BioPharma Product Testing - Biosafety platform in Shanghai, Eurofins DiscoverX China increased its penetration into the key China-based CROs. India delivered double-digit growth, driven by robust demand in the BioPharma Services and AgroSciences businesses. Eurofins continued to expand its Biopharma Services presence in India through scale-up of recently acquired fully equipped, state-of-the-art laboratory campus in Genome Valley, Hyderabad. Food Testing and Environment Testing businesses in Southeast Asia also delivered double-digit growth through market penetration in Vietnam and Singapore, scale-up of start-ups in Thailand and Philippines, as well as the successful integration and strong performance of companies acquired in 2022.

- In Japan, Environment Testing delivered healthy growth by leveraging the strong market dynamics for asbestos testing as well as emerging demand for PFAS testing. A new state-of-the-art Environment Testing laboratory was established in Hamamatsu. Eurofins is benefitting from the cross-functional collaboration between the PFAS team and colleagues from Environment Testing, Food Testing, Consumer Product Testing and Clinical Diagnostics companies to become a total solutions provider in Japan. However, the Clinical Diagnostics business in Japan was adversely affected from a decline in NIPT pricing, lower demand from academia and diminishing COVID-19 related revenue streams. Despite muted growth, the Environment Testing business in Taiwan maintained its market leadership position in certified tests as it continues to safeguard the island's air, water and soil. Similar to the US and Europe, a decline in the market for early-stage research and development activities, most notably from smaller biotech clients, has resulted in softer demand for services from Eurofins Discovery in Asia.
- In Australia and New Zealand, growth was facilitated by expansion of municipal water testing capabilities in New Zealand, full operation of the multi business line Sydney campus that increased processing capacity for Eurofins Environment, Biopharma and Agrosciences Testing businesses, a new Food Testing facility in Sydney and the introduction of Eurofins Professional Scientific Services (PSS) to biopharma clients in the Australian market.
- In Latin America, Eurofins has driven automation projects, expanded its service offering with PFAS testing, established mobile Environment Testing laboratories in Brazil and made new Testing methods available to clients from a Biopharma Testing laboratory in Colombia and from a Food & Feed Testing laboratory in Chile. This year marked the first anniversary of Eurofins' Clinical Diagnostics Testing in the Dominican Republic, with both strategic and financial objectives being met.
- In the Middle East, Eurofins acquired its first Clinical Diagnostics business in Saudi Arabia to serve the growing local market, while Ajal Laboratories has further expanded its footprint with the opening of a new laboratory in the country.

Table 4: Breakdown of Revenue by Area of Activity

Supplementing its disclosures on its three reportable segments (Europe, North America and Rest of the World), Eurofins is providing its revenues by activity.

€m	**FY 2023**	**As % of total**
Life	€2,607m	40%
BioPharma	€1,970m	30%
Diagnostic Services & Products	€1,276m	20%
Consumer & Technology Products Testing	€661m	10%

Activities are defined as follows:

- Life, consisting of Food and Feed Testing, Agro Testing and Environment Testing
- BioPharma, consisting of BioPharma Services, Agrosciences, Genomics and Forensic Services
- Diagnostic Services and Products, consisting of Clinical Diagnostics Testing and In Vitro Diagnostics (IVD) Solutions

- Consumer and Technology Products Testing, consisting of Consumer Product Testing and Advanced Material Sciences

Infrastructure Programme

In 2023, Eurofins achieved a net surface increase of its laboratory network of 77,000 m², reaching a total surface area of 1,734,000 m². A total of 43,000 m² of laboratory, office, and storage space was added through the delivery of building projects as well as building acquisitions, while leased surfaces decreased by 15,000 m². Through acquisitions in the M&A scope, Eurofins has added an additional surface area of 49,000 m².

As part of its strategy to lease less and own more of its strategic sites in 2023, the net floor area of Eurofins-owned premises has increased by 12% (60,000 m²) vs 2022 to reach 550,000 m², 78% of the building area added by Eurofins in 2023 is owned by Eurofins (vs 62% for the period 2018-2022). Since 2018, the net floor area of buildings owned by Eurofins has more than doubled from 240,000 m² to 550,000 m². Out of the total net floor area increase, 28% took place in the Asia Pacific region, expanding the growth platform for a region that today represents only 9.6% of Eurofins' revenues.

In addition, in 2023, 23,000 m² of Eurofins' current sites were renovated to bring them to the highest standard.

In 2023, Eurofins maintained its focus on expanding its presence in Asia Pacific.

- Significant developments included the completion of a new 3,000 m² facility in Hamamatsu, Japan. With this expansion, Eurofins aims to tap into the rapidly growing asbestos testing market in Japan by materially increasing its local testing capacity. This will enable Eurofins to improve its market position and provide better and faster support to its clients.
- Eurofins also completed the internal fit out of its new facility in Shenzhen, China, which is part of the expansion plan for cosmetics clinical testing in South China.
- Additionally, Eurofins completed the internal fit out of a new, 2,500 m² facility in Xiamen, China, which will cater to the local food industry's needs for microbiology, chemistry and residue testing.
- As a result of increased growth and the need for expansion, the newly acquired (2022) Gentis Clinical Diagnostics laboratory in Ha Noi, Vietnam, moved into a new upgraded facility of 1,600 m². To meet the increased sample demand and to future-proof sustained growth, an internal fit out of the new laboratory was completed, improving sample flow and optimising volume capacity.

In Ishøj, Denmark, a 1,800 m² facility was purchased and fit out for VBM Laboratoriet A/S so the laboratory can continue to best serve its key clients with contaminated land testing services in nearby Copenhagen.

In Spain, Eurofins Environment Testing successfully completed the construction of a 5,000 m² laboratory campus in Castellon de la Plana. This facility houses the reference laboratory for drinking water in Spain, a Competence Centre for PFAS testing and a new laboratory focussed on analysing contaminated soils and associated waters. The laboratory employs state-of-the-art lean design and accommodates the use of robots to optimise productivity and transport samples and replenish deliverables. Additionally, the facility is equipped with almost 1,000 m² of solar panels, as well as air recirculation and thermal insulation systems to minimise its carbon footprint. The site also comprises vacant land for potential future expansion.

In Lentilly, France, Eurofins completed the construction of a new 2,000 m² facility. This building serves as the third differentiated Biopharma Product Testing campus in France, specialising in biopharmaceutical large molecule testing such as biochemistry, biology, microbiology, and virology. The site allows for potential future expansion.

A 1,300 m² building was purchased at the end of June 2022 to facilitate Eurofins Hydrologie Centre Est (EHCE) and Eurofins Laboratoire de Microbiologie Rhône-Alpes (ELMRA) to consolidate their operations in Lyon, France. The fit out of the new location was completed in 2023.

In North America, Eurofins CEI, Inc. completed the acquisition of its previously leased 1,120 m² building in Cary, North Carolina. Simultaneously, Eurofins Lancaster Laboratories, Inc. acquired a 2,930 m² building situated at 2460 New Holland Pike in Lancaster, Pennsylvania. Furthermore, Eurofins Environment Testing Northeast, LLC completed the purchase of its previously leased 3,151 m² building in Pittsburgh, Pennsylvania and Eurofins DQCI, LLC secured a 5,179 m² building in Mounds View, Minnesota, where the company was previously leasing 50% of the space. All acquired buildings are strategically located and in excellent condition, offer ample space for current operations and can accommodate future growth.

In 2024 and 2025, Eurofins plans to add laboratories and operational space representing a total net floor area of ca. 160,000 m². Eurofins is committed to continuing to invest significantly in its infrastructure to build the largest, most modern and most efficient laboratory network in its industry.

Financial Review

Adjusted[1] EBITDA[3] was €1,364m in FY 2023, representing an adjusted[1] EBITDA[3] margin of 20.9%, a decrease of €149m vs FY 2022 due to the significant decline in COVID-19 related activities and inflationary headwinds that could not be fully compensated by price increases and productivity measures.

Table 5: Separately Disclosed Items[2]

In €m except otherwise stated	**FY 2023**	**FY 2022**
One-off costs from integrations, reorganisations and discontinued operations, and other non-recurring income and costs	-48	-39
Temporary losses and other costs related to network expansion, start-ups and new acquisitions in significant restructuring	-81	-59
EBITDA impact	-129	-98

Separately Disclosed Items[2] (SDI) at the EBITDA[3] level increased year-on-year to €129m and comprised:

- One-off costs from integrations, reorganisations and discontinued operations, and other non-recurring income and costs of €48m. The costs included the impact of network rationalisation following the end of COVID-19 testing required during the pandemic, disposals of machines related to discontinued operations, relocations/reorganisations including the closure of the Tucker clinical diagnostics site in the U.S. as well as restructuring costs, including in The Netherlands, Germany and the U.S.
- Temporary losses and other costs related to network expansion, start-ups and new acquisitions in significant restructuring of €81m, significantly higher than in FY 2022 (€59m). This increase was driven by:
  - The continued acceleration of start-up launches undertaken in FY 2023 and recent years, most notably in areas related to Clinical Diagnostics (including the significant impact on Transplant Genomics Inc. in the U.S. from a billing article concerning Medicare reimbursement which became effective on 31 March 2023, and the expansion of blood collection point (BCP) coverage in France), BioPharma Services (including Eurofins Panlabs, Eurofins Clinical Trial Supplies, development in China and a new laboratory in India) and Food Testing (including laboratories in the U.S., Romania, China, Philippines and France).
  - Restructuring expenses for companies recently acquired, or refocussed following the COVID-19 pandemic, in Clinical Diagnostics in the U.S., In Vitro Diagnostics and Genomics in The Netherlands, Brazil and Germany.

Reported EBITDA[3] decreased 13% year-on-year to €1,234m in FY 2023, due to the strong decrease of COVID-19 related revenues, inflationary headwinds and higher SDI impact. Reported EBITDA[3] stood at 18.9% of revenues.

Table 6: Breakdown of Reported EBITDA by Operating Segment

€m	**FY 2023**	**Rep. EBITDA[3] margin %**	**FY 2022**	**Rep. EBITDA[3] margin %**	***Y-o-Y variation %***
Europe	463	14.0%	680	19.4%	*-32%*
North America	655	26.1%	643	25.8%	*+2%*
Rest of the World	139	19.8%	143	20.2%	*-3%*
Other*	-22		-51		*-57%*
Total	**1,234**	**18.9%**	**1,415**	**21.1%**	***-13%***

**Other corresponds to Group service functions*

In Europe, Reported EBITDA[3] was €463m, a decline of €217m vs FY 2022 mainly due to the sharp decrease in revenues from COVID-19 testing and reagents as well as cost inflation, in particular related to energy. In contrast, EBITDA[3] in North America increased year-on-year to €655m, equivalent to 26.1% of its revenues over the period. The Rest of the World posted an EBITDA[3] of €139m, equivalent to 19.8% of its revenues, on par with the level in FY 2022.

The Group's mature scope[14] represented 95% of the Group's revenues in FY 2023 vs 96% in FY 2022.

Depreciation and amortisation (D&A), including expenses related to Right of Use, increased by 12% year-on-year to €565m. As a percentage of revenues, D&A stood at 8.7% of Group revenues in FY 2023 vs 7.5% in FY 2022, an increase of 120bps year-on-year. This increase is due to higher levels of strategic investments over the last few years including the owning and modernisation of strategic sites, establishment of start-up laboratories and the deployment of bespoke IT solutions.

Net finance costs amounted to €107m in FY 2023, a decline compared to €137m in FY 2022 due to higher financial income from cash deposit interests and a net foreign exchange rate gain of €11m (vs net foreign exchange loss of €33m in FY 2022). In contrast, interest expenses did increase year-on-year.

The loss on disposals was €2m in FY 2023, a substantial change compared to the gain of €141m recorded in FY 2022. Whereas Eurofins completed the disposal of its Digital Testing business in FY 2022, no comparably significant disposals occurred in FY 2023.

The income tax rate increased to 27.3% of reported profit before tax in FY 2023 from 22.3% in FY 2022. Please note that the tax rate in FY 2022 benefitted from a tax-free capital gain related to the sale of the Digital Testing business. Excluding this impact, the tax rate remained stable year-on-year.

Reported net profit[7] stood at €308m in FY 2023, equivalent to 4.7% of revenues and -49% compared to €606m in FY 2022, resulting in a total reported Basic EPS[8] of €1.33. Adjusted[1] Net Profit[7] was €568m and adjusted[1] Basic EPS[8] was €2.71.

Cash Flow & Financing

Table 7: Cash Flows Reconciliation

€m	**FY 2023 reported**	**FY 2022 reported**	***Y-o-Y variation***	***Y-o-Y variation %***
Net Cash provided by operating activities	1,018	1,136	*-118*	*-10%*
Net capex[9] (i)	-544	-645	*+102*	*+16%*
Net operating capex (includes LHI)	-392	-459	*+67*	*+15%*
Net capex for purchase and development of owned sites	-152	-186	*+34*	*+18%*
Free Cash Flow to the Firm before investment in owned sites[16]	626	677	*-51*	*-8%*
Free Cash Flow to the Firm[10]	474	491	*-17*	*-3%*
Acquisition of subsidiaries, net (ii)	-158	-430	*+272*	*+63%*
Proceeds from disposals of subsidiaries, net (iii)	7	215	*-208*	-
Other (iv)	13	4	*+9*	-
Net Cash used in investing activities (i) + (ii) + (iii) + (iv)	-681	-856	*+175*	*+20%*
Net Cash provided by financing activities	414	-311	*+725*	-
Net increase / (decrease) in Cash and cash equivalents and bank overdrafts	738	-32	*+770*	-
Cash and cash equivalents at end of period and bank overdrafts	1,221	483	*+738*	*+153%*

Net cash provided by operating activities declined to €1,018m in FY 2023 vs €1,136m in FY 2022. The decrease is due to the decline in EBITDA[3] and increase in net working capital[12] intensity, which stood at 5.1% of 4 times Q4 2023 revenues at the end of 2023 vs 4.2% of 4 times Q4 2022 revenues at the end of 2022. The increase in net working capital is related to a slight increase in days of sales outstanding and a slight decrease in days of payables outstanding, the latter of which is primarily due to the resolution of outstanding payments related to the conclusion/closure of COVID-19 testing businesses. Measures by Eurofins teams to improve the net working capital intensity are underway.

On the other hand, taxes paid declined to €140m in FY 2023 from €296m in FY 2022 as the previous year's taxes paid included the final payment of 2021 income taxes as well as advances on 2022 income taxes based on 2022 results.

Net capex[9] for the period was €544m in FY 2023 vs €645m in FY 2022. The decrease was related to lower expenditures for both net operating capex as well as the purchase and development of owned sites. Free Cash Flow to the Firm before investment in owned sites[16] was €626m in FY 2023 vs €677m in FY 2022, a decrease of 8% year-on-year. In contrast, Free Cash Flow to the Firm[10] was €474m in FY 2023 vs €491m in FY 2022, a decrease of only 3% year-on-year. The minimal change was helped by a substantially stronger Free Cash Flow to the Firm[10] in H2 2023 (€400m) vs H2 2022 (€271m).

Over the course of FY 2023, Eurofins completed 40 acquisitions vs 59 acquisitions in FY 2022. Net cash outflow on acquisitions completed in FY 2023 and in previous years (in case of payment of deferred considerations) amounted to €158m vs €430m in FY 2022. The lower transaction volume and expenditures for acquisitions reflects Eurofins' focus on reasonably valued bolt-on deals that will provide appropriate accretion to return on capital employed.

On the other hand, proceeds from divestments also decreased substantially year-on-year. Whereas Eurofins completed the disposal of its Digital Testing business in FY 2022, no comparably significant disposals occurred in FY 2023.

During the period, Eurofins returned to its targeted capital structure that includes an adequate level of hybrid capital of €1bn. The first step towards this objective was made in January 2023, when Eurofins successfully raised €600m of hybrid capital. This new series of hybrid capital has no specified maturity and is accounted for as 100% equity according to the International Financial Reporting Standards (IFRS) as adopted in the European Union and 50% equity with the rating agencies Moody's and Fitch. It bears a fixed annual coupon of 6.75% for the first 5.5 years (until 24 July 2028), upon which date Eurofins can elect to repay. Later in the period, Eurofins repaid the outstanding €183m of hybrid capital callable on 29 April 2023.

In August 2023, Eurofins successfully raised €600m in a senior unsecured Euro-denominated public bond issuance. The bonds have a 7-year maturity (due on 6 September 2030) and bear an annual fixed rate coupon of 4.75%. The proceeds of these bonds will be used to fund Eurofins' general corporate purposes, including the refinancing of the outstanding €448m Fixed Rate Bonds (ISIN: XS1651444140) due in July 2024.

Eurofins' gross corporate senior debt was €3,927m at the end of FY 2023 vs €3,326m at the end of FY 2022. The increase was driven by the aforementioned Eurobond issuance of €600m in August 2023. Correspondingly, the total cash position increased from €483m at the end of FY 2022 to €1,221m at the end of FY 2023. Adjusted for the upcoming repayment of the outstanding €448m senior Eurobonds due in July 2024, Eurofins held a very high cash position of €773m at the end of FY 2023.

Eurofins has no major financing requirements in 2024, as the outstanding €448m senior Eurobonds due in July 2024 were already refinanced in August 2023 with the issuance of the €600m senior Eurobonds maturing in September 2030. Additionally, 91% of Eurofins' current borrowings bear fixed interest rates.

The combination of Free Cash Flow to the Firm[10] and acquisitions as well as the aforementioned hybrid capital and bond issuances resulted in a net debt[11] figure of €2,705m at the end of December 2023, a decrease of €134m vs the level at the end of December 2022. The corresponding financial leverage (net debt[11] to adjusted[1] pro-forma EBITDA[3]) was 2.0x, slightly higher than the 1.9x level at the end of December 2022 but still well within the 1.5x-2.5x target range.

Start-up Programme

Start-ups or green-field laboratory projects are generally undertaken in new markets and, in particular, in emerging markets, where there are often limited viable acquisition opportunities or in developed markets where Eurofins transfers technology developed by its R&D and Competence Centres abroad or expands geographically to complete its national hub and spoke laboratories network in an increasing number of countries.

In 2023, the Group initiated 50 new start-up laboratories projects and 49 new start-up blood collection points (BCPs). The 301 start-ups and 67 BCPs launched since 2000 have made material contributions to the overall organic growth of the Group, accounting for 0.6% out of the 6.6% Core Business organic growth achieved in FY 2023. Their EBITDA[3] margin continued to progress while remaining dilutive to the Group.

Of the 301 start-ups and 67 BCPs the Group has launched since 2000, 58% are located in Europe, 15% in North America and 27% in the Rest of the World, of which a significant number are in high growth regions in Asia. By activity, 37% are in Life (Food and Feed Testing, Environment Testing), 17% in BioPharma, 37% in Diagnostic Services & Products (including BCPs) and 9% in Consumer & Technology Products Testing.

Acquisitions

During 2023, the Group completed 40 acquisitions consisting of 24 acquisitions of entities and 16 acquisitions of assets representing full-year equivalent pro-forma revenues of €122m in FY 2023 and a total investment of €158m. These acquisitions had approximately 1,000 FTEs on a full-year, pro-forma equivalent basis.

Divestments

During 2023, the Group divested or discontinued some small businesses that contributed consolidated revenues of €3m in FY 2023. The net proceeds from the divestments amounted to €7m.

Post-Closing Events

Business combinations

Since the beginning of 2024, the Group completed two business combinations, including one acquisition of entity and one acquisition of assets. The total annual revenues of these acquisitions amounted to approximately €33m in 2023 for an aggregate acquisition price of €65m including a building for €4m.These acquisitions employ over 200 employees.

In December 2023, Eurofins signed an agreement to acquire the operations of SGS Crop Science consisting of more than 480 employees and locations in Europe, North America, South Africa and Brazil. The business generated revenues of approximately CHF 46m in 2022. The transaction is subject to consultation with SGS Crop Science's local stakeholders as required by the local jurisdictions and is expected to close in 2024.

Summary financial statements:

Table 8: Summarised Income Statement

	FY 2023	FY 2022
In €m except otherwise stated	Reported	Reported
Revenues	6,515	6,712
Operating costs, net	-5,280	-5,297
EBITDA[3]	1,234	1,415
EBITDA Margin	18.9%	21.1%
Depreciation and amortisation	-565	-504
EBITAS[4]	669	911
Share-based payment charge and acquisition-related expenses, net[5]	-138	-136
Gain/(loss) on disposal	-2	141
EBIT[6]	530	916
Finance income	23	2
Finance costs	-130	-139
Share of profit of associates	0	1
Profit before income taxes	423	780
Income tax expense	-116	-174
Net profit[7] for the year	308	606
Attributable to:		
Owners of the Company and hybrid capital investors	310	610
Non-controlling interests	-2	-4
Earnings per share (basic) in EUR		
- Total	1.61	3.17
- Attributable to owners of the Company	1.33	3.02
- Attributable to hybrid capital investors	0.28	0.15
Earnings per share (diluted) in EUR		
- Total	1.57	3.07
- Attributable to owners of the Company	1.30	2.92
- Attributable to hybrid capital investors	0.27	0.15
Basic weighted average shares outstanding - in millions	193	193
Diluted weighted average shares outstanding - in millions	198	199

Table 9: Summarised Balance Sheet

	31 December 2023	31 December 2022
In €m except otherwise stated	Reported	Reported
Property, plant and equipment	2,297	2,168
Goodwill	4,551	4,524
Other intangible assets	796	919
Investments in associates	5	5
Non-current financial assets	78	78
Deferred tax assets	94	76
Total non-current assets	**7,822**	**7,770**
Inventories	139	146
Trade receivables	1,073	1,053
Contract assets	308	288
Prepaid expenses and other current assets	203	198
Current income tax assets	118	136
Derivative financial instruments assets	4	6
Cash and cash equivalents	1,221	487
Total current assets	**3,066**	**2,313**
Total assets	**10,889**	**10,083**
Share capital	2	2
Treasury shares	-55	-14
Hybrid capital	1,000	583
Other reserves	1,601	1,593
Retained earnings	2,394	2,333
Currency translation reserve	136	286
Total attributable to owners of the Company	5,078	4,782
Non-controlling interests	60	69
Total shareholders' equity	**5,137**	**4,851**
Borrowings	3,326	3,112
Deferred tax liabilities	110	134
Amounts due for business acquisitions	107	136
Employee benefit obligations	66	60
Provisions	21	19
Total non-current liabilities	**3,630**	**3,460**
Borrowings	601	214
Interest due on borrowings and earnings due on hybrid capital	59	38
Trade accounts payable	600	648
Contract liabilities	193	184
Current income tax liabilities	27	35
Amounts due for business acquisitions	36	48
Provisions	21	35
Other current liabilities	585	572
Total current liabilities	**2,122**	**1,772**
Total liabilities and shareholders' equity	**10,889**	**10,083**

Table 10: Summarised Cash Flow Statement

	FY 2023	FY 2022
In €m except otherwise stated	Reported	Reported
Cash flows from operating activities		
Profit before income taxes	423	780
Depreciation and amortisation	565	504
Share-based payment charge and acquisition-related expenses, net	138	136
Gain/(loss) on disposal	2	-141
Finance income and costs, net	104	138
Share of profit from associates	0	-1
Transactions costs and income related to acquisitions	-8	-16
Changes in provisions employee benefit obligations	-11	2
Other non-cash effects	10	-
Change in net working capital	-65	31
Cash generated from operations	**1,158**	**1,432**
Income taxes paid	-140	-296
Net cash provided by operating activities	**1,018**	**1,136**
Cash flows from investing activities		
Purchase of property, plant and equipment	-478	-576
Purchase, capitalisation of intangible assets	-72	-84
Proceeds from sale of property, plant and equipment	6	15
Net capex[9]	-544	-645
Free cash Flow to the Firm[10]	474	491
Acquisitions of subsidiaries, net	-158	-430
Proceeds from disposals of subsidiaries, net	7	215
Disposal/(acquisitions) of investments, financial assets and derivative financial instruments, net	2	2
Interest received	12	3
Net cash used in investing activities	**-681**	**-856**
Cash flows from financing activities		
Proceeds from issuance of share capital	8	15
Purchase of treasury shares, net of gains	-56	-16
Proceeds from issuance of hybrid capital	593	-
Repayment of hybrid capital	-183	-417
Proceeds from borrowings	639	634
Repayment of borrowings	-90	-83
Repayment of lease liabilities	-181	-166
Dividends paid to shareholders and non-controlling interests	-193	-193
Earnings paid to hybrid capital investors	-42	-36
Interests and premium paid	-82	-49
Net cash (used in)/provided by financing activities	**414**	**-311**
Net effect of currency translation on cash and cash equivalents and bank overdrafts	-13	-1
Net (decrease)/increase in cash and cash equivalents and bank overdrafts	**738**	**-32**
Cash and cash equivalents and bank overdrafts at beginning of period	483	515
Cash and cash equivalents and bank overdrafts at end of period	**1,221**	**483**

1 Adjusted results – reflect the ongoing performance of the mature[14] and recurring activities excluding "separately disclosed items".

2 Separately disclosed items – include one-off costs from integration and reorganisation, discontinued operations, other non-recurring income and costs, temporary losses and other costs related to network expansion, start-ups and new acquisitions undergoing significant restructuring, share-based payment charge[5], impairment of goodwill, amortisation of acquired intangible assets and negative goodwill, gains/losses on disposal of businesses and transaction costs related to acquisitions as well as income from reversal of such costs and from unused amounts due for business acquisitions, net finance costs related to borrowing and investing excess cash and one-off financial effects (net of finance income), net finance costs related to hybrid capital and the related tax effects.

3 EBITDA – Earnings before interest, taxes, depreciation and amortisation, share-based payment charge, acquisition-related expenses, net and gain and loss on disposal of subsidiaries, net.

4 EBITAS – EBITDA less depreciation and amortisation.

5 Share-based payment charge and acquisition-related expenses, net – Share-based payment charge, impairment of goodwill, amortisation of acquired intangible assets, negative goodwill, and transaction costs related to acquisitions as well as income from reversal of such costs and from unused amounts due for business acquisitions.

6 EBIT – EBITAS less Share-based payment charge, acquisition-related expenses, net and gain and loss on disposal of subsidiaries, net.

7 Net Profit – Net profit for owners of the Company and hybrid capital investors before non-controlling interests.

8 Basic EPS – basic earnings per share attributable to owners of the Company.

9 Net capex – Purchase, capitalisation of intangible assets, purchase of property, plant and equipment less capex trade payables change of the period and proceeds from disposals of such assets.

10 Free Cash Flow to the Firm – Net cash provided by operating activities, less Net capex.

11 Net debt – Current and non-current borrowings, less cash and cash equivalents.

12 Net working capital – Inventories, trade receivables and contract assets, prepaid expenses and other current assets less trade accounts payable, contract liabilities and other current liabilities excluding accrued interest receivable and payable.

13 Organic growth for a given period (Q1, Q2, Q3, Half Year, Nine Months or Full Year) – non-IFRS measure calculating the growth in revenues during that period between 2 successive years for the same scope of businesses using the same exchange rates (of year Y) but excluding discontinued operations.
For the purpose of organic growth calculation for year Y, the relevant scope used is the scope of businesses that have been consolidated in the Group's income statement of the previous financial year (Y-1). Revenue contribution from companies acquired in the course of Y-1 but not consolidated for the full year are adjusted as if they had been consolidated as of 1st January Y-1. All revenues from businesses acquired since 1st January Y are excluded from the calculation. Also, all revenues from discontinued activities / disposals in both the previous financial year (Y-1) and year Y are excluded from the calculation.

14 Mature scope: excludes start-ups and acquisitions in significant restructuring. A business will generally be considered mature when: i) The Group's systems, structure and processes have been deployed; ii) It has been audited, accredited and qualified and used by the relevant regulatory bodies and the targeted client base; iii) It no longer requires above-average annual capital expenditures, exceptional restructuring or abnormally large costs with respect to current revenues for deploying new Group IT systems. The list of entities classified as mature is reviewed at the beginning of each year and is relevant for the whole year.

15 Discontinued activities / disposals: discontinued operations are a component of the Group's Core Business or product lines that have been disposed of, or liquidated; or a specific business unit or a branch of a business unit that has been shut down or terminated, and is reported separately from continued operations. For more information, please refer to Note 2.26 of the Consolidated Financial Statements for the year ended 31 December 2023.

16 FCFF before investment in owned sites: FCFF less Net capex spent on purchase of land, buildings and investments to purchase, build or modernise owned sites/buildings (excludes laboratory equipment and IT).

Notes to Editors:

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

Investor Relations
Eurofins Scientific SE
Phone: +32 2 766 1620
E-mail: ir@sc.eurofinseu.com

About Eurofins – the global leader in bio-analysis

Eurofins is Testing for Life. The Eurofins network of 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 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.

Eurofins 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, the Group draws on the latest developments in the field of biotechnology and analytical chemistry to offer its clients unique analytical solutions.

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

Until it has been lawfully made public widely by Eurofins through approved distribution channels, this document contains inside information for the purpose of Regulation (EU) 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse, as amended.

Important disclaimer: