

Half year 2023 Results

Grifols delivers 15% revenue growth, accelerates margin expansion in Q2 and raises guidance for FY23

- Total revenue increases to EUR 3,225 million (+14.8%; +13.1% cc¹) in the first six months of the year, driven by Biopharma
- Adjusted EBITDA margin of 22.2% exceeds guidance, reaching EUR 655 million driven by 23.4% margin in the second quarter (excl. Biotest)
- Achieved 100% deployment of EUR 450 million² annualized cash cost savings plan
- Plasma supply growth accelerates to +12%³, while cost per liter (CPL) declines by 20%⁴ supporting further margin expansion
- Reported net income returns to profit and reaches EUR 52 million in Q2'23 and stands at EUR (56) million in 1H'23, impacted by the EUR 140 million one-time restructuring costs (both incl. Biotest). Adjusted net income of EUR 114 million (EUR 89 million in 2Q'23).
- Leverage ratio of 6.9x⁵, with commitment to reduce to 4.0x by end of 2024
- Completed 7 innovation milestones set for the first half of the year and on track to achieve the remaining 5 in the second half
- 2023 revenue guidance increases to 10-12% (incl. Biotest). Adjusted EBITDA margin guidance further improves to 24% for the full year (excl. Biotest), leading to an adjusted EBITDA of EUR 1,400-1,450m (incl. Biotest)

Barcelona, Spain, July 27, 2023 - Grifols (MCE:GRF, MCE:GRF.P, NASDAQ:GRFS), a global healthcare company and leading manufacturer of plasma-derived medicines, reported strong financial results in the first half of 2023. The company has accelerated progress on its strategic objectives toward achieving operational excellence, whilst deleveraging and creating value for all stakeholders.

Thomas Glanzmann, Grifols' Executive Chairman and CEO, commented: *"We have delivered a strong performance in the second quarter, exceeding guidance. The revenue and profit growth reflect Grifols' solid fundamentals as momentum continues to build from successfully executing on our commitments. The deployment of our Operational Improvement Plan is already bearing fruit, driving profitability and further margin expansion."*

"We are making significant progress toward achieving our key priorities, enabling us to raise guidance for the second time this year as we continue to accelerate the company's turnaround strategy. Grifols is well positioned for continued success, supported by our sound business model, strong financial discipline and commercial execution, and underpinned by our innovative pipeline and strengthened performance culture."

¹ Operating or constant currency (cc) excludes changes rate variations reported in the period

² Compared to 2022 full year figures, before the effect of inflation

³ Jun'23 YTD vs. Jun'22 YTD (excl. Biotest)

⁴ Jun'23 vs. July'22 (U.S. data)

⁵ Leverage ratio consistently calculated based on the credit facilities agreement and including Biotest

Business performance

Total revenue grew 13.1% cc (+14.8% on a reported basis) compared to the first half of 2022, reaching EUR 3,225 million. The second quarter delivered growths for Biopharma, Diagnostic and Bio Supplies triggering a total growth of 8.8% cc (+7.8%) up to EUR 1,664 million. Excluding Biotest, revenue totaled EUR 2,968 million year-to-date; +7.7% cc; +9.4%.

Biopharma revenue grew by 14.9% cc (+16.7% on a reported basis) to EUR 2,698 million in the first half of the year and by 10.0% cc (+9.1%) to EUR 1,408 million in the second quarter. The main drivers were robust underlying demand for key proteins, solid plasma supply, and a favourable pricing and product mix. Sales of immunoglobulin, Grifols' flagship product, grew by 13.6% cc, backed by subcutaneous immunoglobulin (SCIG) Xembify®'s +25.9% cc growth. Grifols Biopharma revenue, excluding Biotest, grew by 8.4% cc (+10.2%), reaching EUR 2,441 million year-to-date.

Grifols is further strengthening its immunoglobulin franchise through a strategy focused on the immunodeficiency market – which comprises the highest-growth primary (PI) and secondary (SID) indications – while maintaining leadership in neurology and acute care. The company aims to continue growing its franchise in the U.S. and prioritize other select countries, while accelerating the adoption of Xembify®. The company initiated its commercialization in Europe in June.

Diagnostic recorded revenue of EUR 341 million in the first half of 2023, a year-on-year increase of 3.0% cc (+3.7% on a reported basis), and EUR 165 million in the second quarter with a growth of 5.1% cc (+3.3%). Blood typing solutions' positive performance (+7.0% cc YTD) was noteworthy across key regions. Excluding the commercial true-up of EUR 19 million in recombinant proteins, adjusted revenue declined by 2.4% cc (-2.1% reported) year-to-date.

Bio Supplies grew by 53.9% cc (+57.2% on a reported basis) to EUR 83 million, and by 41.1% cc (+40.1%) to EUR 40 million in the second quarter, leveraging the benefits of the Access Biologicals integration.

Plasma supply and Cost per liter

Grifols continues to increase plasma supply while effectively reducing its cost per liter (CPL), supporting further margin expansion. **Plasma supply** increased by 12% and **cost per liter** declined by 20% in June compared to the peak in July'22, sequentially improving from the 15% reported in March. The main levers have been the reduction in donor commitment compensation, which stabilized in the second quarter, and the optimization of the plasma-center network. Going forward, the reduction of other plasma costs, streamlined operations and overhead, lean processes, and digitalization, is expected to lead to further CPL improvement.

The reduction of plasma costs is the result of the successful execution of the **Operational Improvement Plan**, which has now been 100% deployed. Grifols is on track to deliver the EUR 450 million annualized cash cost savings, of which most are related to initiatives to enhance plasma operations.

Financial performance and leverage

Gross margin increased to 37.6% (36.4% including Biotest) year-to-date. This was driven by a 38.5% margin (37.2% including Biotest) in the second quarter of 2023, up from 36.7% in the previous quarter. The company is beginning to recognize in the P&L the benefits from the CPL decline that started in the third quarter of 2022. Based on the nine-month lag of the industry's inventory accounting, the CPL improvement will lead to a further sequential margin expansion in the second half of 2023 and FY24.

Adjusted EBITDA reached EUR 655 million (EUR 659 million including Biotest) in the first six months of the year, representing a 22.2% margin, driven by a 23.4% margin in the second quarter (20.6% and 21.7% including Biotest, respectively), reflecting a significant sequential improvement from 21.0% in the first quarter. This rebound was supported by the growth of all Business Units led by Biopharma, cash cost savings from the Operational Improvement Plan, and operational leverage.

Adjusted EBITDA excludes EUR 135 million of one off charges, including mainly the EUR 140 million of one-time restructuring costs recognized in the first quarter of the year.

Adjusted net income totalled EUR 114 million (EUR 89 million in second quarter), including Biotest.

Reported EBITDA stood at EUR 520 million year-to-date and EUR 346 million in the second quarter (EUR 524 million and EUR 351 million including Biotest, respectively). **Reported net profit** totalled EUR 70 million in the second quarter and contributes to a first half of the year standing at EUR (11) million (EUR 52 million and EUR (56) million including Biotest, respectively).

Grifols reiterates its commitment to **deleveraging** its balance sheet, with its leverage ratio standing at 6.9x in the first half of 2023 and remains on track to reach the target of 4.0x by the end of 2024. Organic EBITDA improvement is expected to be the major lever, while the company is working with the intent to close one deleveraging transaction by year-end.

Excluding the impact of IFRS 16⁶ **net financial debt** totalled EUR 9,421.5 million.

As of June 30, 2023, Grifols had a **liquidity position** of EUR 1,162 million and a **cash position** of EUR 523 million.


Innovation

Grifols continued the solid progression of its **innovation pipeline**, with the company meeting 7 milestones in the first half of 2023, highlighting the finalization of the enrolment of both the PRECIOSA and SPARTA studies in the second quarter of the year. Moreover, Biotest trials continue to advance significantly. Noteworthy milestones achieved include the initiation of Trimodulin ESsCAPE trial study, with the first sites active, and the Yimmugo[®] BLA FDA submission.

In parallel, all milestones expected for the second half of the year are progressing as expected.

⁶ As of June 2023, the impact of IFRS 16 on total debt is EUR 991.0 million

Raised guidance for 2023

	Period	Previous	New
REVENUE (at cc)			
Total revenue growth (incl. Biotest)	FY23	8-10%	10-12%
Biopharma revenue growth (incl. Biotest)	FY23	10-12%	12-14%
EBITDA			
Adjusted Margin (excl. Biotest)	H1'23	21%+	22.2%+ 
	H2'23	23-25%	24-25%
	FY23	22-24%	24%
Adjusted (incl. Biotest)	FY23	EUR 1.4bn+	EUR 1,400-1,450m
Proforma annualizing savings (excl. Biotest)	FY23	EUR 1.7bn+ 27-28%	EUR c.1,750m 28-29%

CONFERENCE CALL

Grifols will host a conference call at 2.30pm CET / 8.30am EST on Thursday, July 27, 2023 to discuss its Q2'23 financial results, as reflected in the Company's Q2'23 Results Presentation.

To listen to the webcast and view the Q2'23 Results Presentation, please click on [Q2 2023 Results](#). Participants are advised to register in advance of the conference call.

The transcript and webcast replay of the call will be available on our web site at www.grifols.com/en/investors within 24 hours after the end of the live conference call.

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GRIFOLS

About Grifols

Grifols is a global healthcare company founded in Barcelona in 1909 committed to improving the health and well-being of people around the world. A leader in essential plasma-derived medicines and transfusion medicine, the company develops, produces, and provides innovative healthcare services and solutions in more than 110 countries.

Patient needs and Grifols' ever-growing knowledge of many chronic, rare and prevalent conditions, at times life-threatening, drive the company's innovation in both plasma and other biopharmaceuticals to enhance quality of life. Grifols is focused on treating conditions across a broad range of therapeutic areas: immunology, hepatology and intensive care, pulmonology, hematology, neurology, and infectious diseases.

A pioneer in the plasma industry, Grifols continues to grow its network of donation centers, the world's largest with over 390 across North America, Europe, Africa and the Middle East, and China.

As a recognized leader in transfusion medicine, Grifols offers a comprehensive portfolio of solutions designed to enhance safety from donation to transfusion, in addition to clinical diagnostic technologies. It provides high-quality biological supplies for life-science research, clinical trials, and for manufacturing pharmaceutical and diagnostic products. The company also supplies tools, information and services that enable hospitals, pharmacies and healthcare professionals to efficiently deliver expert medical care.

Grifols, with more than 24,000 employees in more than 30 countries and regions, is committed to a sustainable business model that sets the standard for continuous innovation, quality, safety, and ethical leadership.

In 2022, Grifols' economic impact in its core countries of operation was EUR 9.6 billion. The company also generated 193,000 jobs, including indirect and induced.

The company's class A shares are listed on the Spanish Stock Exchange, where they are part of the Ibex-35 (MCE:GRF). Grifols non-voting class B shares are listed on the Mercado Continuo (MCE:GRF.P) and on the U.S. NASDAQ through ADRs (NASDAQ:GRFS).

For more information about Grifols, please visit www.grifols.com

