

Grifols accelerates EBITDA margin expansion to 25.1% and further improves its operating performance

- Total revenue increase to EUR 4,822 million (+11.7% cc¹) YTD'23 and EUR 1,597 million (+9.0% cc) in Q3'23, driven by Biopharma (+14.5% cc YTD'23 and 13.7% cc in Q3'23) on the back of solid growth of immunoglobulins and albumin
- EBITDA Adjusted margin increases by 480bps to 25.1% in Q3'23 from Q4'22, reaching EUR 374 million, and totals EUR 1,028 million, at 23.2% YTD'23, excluding Biotest
- Plasma supply increases by 10%², while cost per liter continues to decline by 22%³ following successful execution of the Operational Improvement Plan, resulting in EUR 450 million⁴ annualized cash cost savings
- Reported net profit stands at EUR 60 million in Q3'23, turning positive YTD'23
- Leverage ratio down to 6.7x⁵ driven by EBITDA and operating cash flow improvement, while commitment to reach 4.0x by 2024 and signing and announcing one transaction in 2023 remains unchanged
- EBITDA Adjusted 2023 guidance updated to EUR 1,450 million and reaffirmed total revenue growth of 10-12% cc driven by Biopharma growth of 12-14% cc
- Biotest Fibrinogen ADFIRST trial and two innovation milestones set for the second half of 2023 completed successfully
- New leadership appointments to strengthen Innovation and Digitalization

Barcelona, Spain, November 02, 2023 – Grifols (MCE:GRF, MCE:GRF.P, NASDAQ:GRFS), a global healthcare company and leading manufacturer of plasma-derived medicines, delivered another quarter of significant revenue growth, accelerated profitability, and ongoing commitment to its deleveraging path.

Thomas Glanzmann, Grifols' Executive Chairman and CEO commented: *“Grifols' performance and reinforced fundamentals reflect our commitment on enhancing the business to achieve its full potential and maximize value for all stakeholders. Our strong revenue growth and margin expansion are testament to the execution of our growth strategy, alongside the successful deployment of our Operational Improvement Plan.*

Regarding the in June announced transaction in China, we are progressing and working diligently towards getting the agreement signed and expect to announce it before year-end 2023, in line with our commitment. As we are dealing with a very highly regulated environment, we expect to get all approvals and closing the transaction during the first half of 2024.

We are now addressing our leverage and stepping up the focus on our growth strategy to ensure the creation of sustainable long-term shareholder value.”

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

² Sept'23 YTD'23 vs. Sept'22 YTD'22 (excl. Biotest)

³ Sept'23 vs. July'22 (U.S. data)

⁴ Compared to 2022 full year figures, before the effect of inflation

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

Business performance

Total revenue grew 9.0% at constant currency (cc) in Q3'23 (+3.7% on a reported basis) compared to the same period last year, reaching EUR 1,597 million (+9.6% cc and +3.8% reported excl. Biotest). YTD'23 revenue totalled EUR 4,822 million, 11.7% cc (+10.8%) (+8.4% cc, +7.5% excluding Biotest).

Biopharma revenue grew by 13.7% cc (+8.1%) to EUR 1,368 million in Q3'23 (+14.9% cc, +8.7% excluding Biotest). The performance in Biopharma was driven by strong underlying demand, continued sustainable plasma supply, price increases for key proteins, and a robust non-U.S. growth strategy. Year to date, Biopharma sales stood at EUR 4,066 million (EUR 3,699 million excluding Biotest), a 14.5% cc (+13.6%) year-on-year increase (+10.6% cc, +9.7% excluding Biotest).

Sales of immunoglobulin, Grifols' flagship product, grew by 17.4% cc in Q3'23, driving a +14.9% growth YTD'23 excluding Biotest, backed by sustained strong adoption of subcutaneous immunoglobulin (SCIG) Xembify[®]s resulting in +48.4% cc growth YTD.

Grifols continues to strengthen its immunoglobulin franchise focused on the immunodeficiency market, including 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 other selected countries, while further accelerating the adoption of Xembify[®].

Diagnostic revenue was down by 3.1% cc (-7.9%) in Q3'23, totalling EUR 156 million. For the first nine months, revenue increased by 0.9% cc (-0.3%), reaching EUR 498 million, primarily driven by Blood typing solutions (+6.7% cc YTD'23).

Grifols continues to maximise the value of its integrated portfolio in **Bio Supplies**, leveraging a broader portfolio provided by the integration of Access Biologicals. In Q3, revenue declined by 14.1% cc (-18.4%) to EUR 36 million, the result of lower cell culture sales. On a year-to-date basis, revenue grew 22.8% cc (+22.6%), reaching EUR 119 million.

Plasma supply grew sustainably, marking a +10% growth YTD'23, while the successful execution of the Operational improvement plan has resulted in a 22% reduction in cost per liter (CPL) in September 2023 compared to the peak in July 2022, which will deliver future margin expansion. The main drivers were the continued decline in donor commitment compensation, plasma-center network rationalization, process efficiencies, structure cost optimization and donor experience improvement.

Financial performance and leverage

Adjusted gross margin reached 41.0% in Q3'23, improving by 400bps versus the same quarter last year and driving a 39.1% adjusted gross margin year to date (39.7% and 37.8% including Biotest, respectively). Based on the nine-month lag of the industry's inventory accounting, the company is now recognising the profit and loss (P&L) benefits from the CPL decline that began in Q3'22, with further sequential margin expansion expected for Q4'23 and throughout 2024.

EBITDA Adjusted totalled EUR 374 million in Q3'23, with adjusted margin at 25.1% and leading to EUR 1,028 million YTD'23, a 23.2% margin. Biopharma's strong performance, cost savings from the Operational Improvement Plan, and operational leverage continue to support margins.

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EBITDA Adjusted excludes EUR 148 million of one-off charges, including the EUR 140 million of one-time restructuring costs recognized in Q1'23.

Reported EBITDA stood at EUR 360 million in Q3'23 and EUR 880 million YTD'23 (EUR 360 million and EUR 884 million including Biotest, respectively).

Reported net profit totalled EUR 60 million in Q3 and contributed to EUR 48 million YTD'23 (EUR 60 million and EUR 3 million including Biotest, respectively).

Deleveraging remains a key priority, and Grifols reiterates its commitment to deleveraging its balance sheet, with its leverage ratio declining to 6.7x in Q3'23 driven by EBITDA improvement and operating cash flow generation of EUR 262 million. The company is committed to reach 4.0x by the end of 2024 and to sign and announce one deleveraging transaction by year-end 2023.

Excluding the impact of IFRS 16⁶ **net financial debt** totalled EUR 9,540 million.

As of September 30, 2023, Grifols had a **liquidity position** of EUR 1,134 million and a **cash position** of EUR 484 million.

Innovation

Grifols is on track to achieve all innovation milestones set for the second half of 2023, including successfully completing those of GIGA564 and GIGA2339 in Q3'23. Additionally, its innovation pipeline continues to progress, including the Biotest Fibrinogen ADFIRST trial, which was completed in the third quarter.

Strengthened leadership

As Grifols looks to achieve its full potential and solidify its position as a global industry leader, ensuring a best-in-class team and strong leadership are key. Grifols was pleased to make two senior leadership appointments in the third quarter as part of these efforts.

Dr. Jörg Schüttrumpf was appointed Chief Scientific Innovation Officer (CSIO). As the head of innovation for the entire Grifols Group, Dr. Schüttrumpf will focus on accelerating the development of differentiated plasma and non-plasma medicines in key therapeutic areas, building on Grifols' robust innovation pipeline. His responsibilities include management of the entire development cycle for new therapies, from discovery to clinical trial programs, and strategic partnerships and advanced technologies.

Miguel Louzan was appointed to the new role of Chief Digital Information Officer (CDIO). Mr. Louzan will lead digital and data transformation. He will focus his efforts in accelerating the company's use of digital platforms, data science and new technologies to transform and strengthen critical business activities such as relationships with plasma donors and customers, manufacturing operations, and the development of new therapeutics and cybersecurity.

⁶ As of September 2023, the impact of IFRS 16 on total debt is EUR 1,032.6 million

CONFERENCE CALL

Grifols will host today a conference call at 1.30pm CET / 8.30am EST on Thursday, November 02, 2023 to discuss its Q3'23 business update. To listen to the webcast and view the Business Update Presentation, visit our web site www.grifols.com/en/investors. 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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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.

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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

