

DECLARACIÓN DE RESPONSABILIDAD

ESTADOS FINANCIEROS CONSOLIDADOS RESUMIDOS

De conformidad con lo dispuesto en el artículo 11.1.b del Real Decreto 1362/2007, de 19 de octubre, los consejeros de Grifols, S.A. (la "Sociedad")

DECLARAN

Bajo su responsabilidad que, hasta donde alcanza su conocimiento, los estados financieros intermedios resumidos consolidados del ejercicio comprendido entre el 1 de enero de 2023 y el 31 de diciembre de 2023, elaboradas con arreglo a los principios de contabilidad aplicables, ofrecen la imagen fiel del patrimonio, de la situación financiera y de los resultados de la Sociedad y de las empresas comprendidas en la consolidación tomados en su conjunto, y que el informe de gestión intermedio consolidado incluye un análisis fiel de la información exigida.

En Barcelona, a 28 de febrero 2024

Thomas Glanzmann
Executive Chairman

Jose Ignacio Abia
Board Member

Raimon Grifols Roura
Board Member

Víctor Grifols Deu
Board Member

Albert Grifols Coma-Cros
Board Member

Carina Szpilka Lázaro
Board Member

Tomás Dagà Gelabert
Board Member

Íñigo Sánchez-Asiain
Mardones
Board Member

Enriqueta Felip Font
Board Member

James Costos (*)
Board Member

Montserrat Muñoz Abellana
Board Member

Susana González Rodríguez
Board Member

Núria Martín Barnés
Secretary

DECLARATION OF RESPONSIBILITY

SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to the provisions of article 11.1.b of Royal Decree 1362/2007, of 19 October, the directors of Grifols, S.A. (the "Company")

DECLARE

On their own responsibility that, to the best of their knowledge, the summarized consolidated interim financial statements for the period from 1 January 2023 to 31 December 2023, prepared in accordance with applicable accounting standards, give a fair view of the net worth, financial situation and results of the Company and of the companies included in its consolidation scope, considered as a whole, and that the consolidated interim director's report contains an accurate analysis of the required information.

In Barcelona, on 28 February 2024

(*) Ausente por motivos personales. No obstante, no ha manifestado disconformidad ni oposición alguna con la documentación./ Absent due to personal reasons. However, he did not express any disconformity nor opposition with the documentation.

GRIFOLS, S.A.
and subsidiaries

Condensed Consolidated Interim Financial Statements

for twelve-month period ended 31 December 2023

GRIFOLS, S.A. AND SUBSIDIARIES

Condensed Consolidated Interim Financial Statements for the twelve-month period ended at 31 December 2023 and 2022

SUMMARY

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

- **Condensed consolidated financial statements**
 - Condensed Consolidated Balance Sheet
 - Condensed Consolidated Statements of Profit and Loss
 - Condensed Consolidated Statements of Comprehensive Income
 - Condensed Consolidated Statements of Cash Flows
 - Condensed Statements of Changes in Consolidated Equity

- **Notes**
 - (1) Nature, Principal Activities and Subsidiaries
 - (2) Basis of Presentation
 - (3) Business Combinations and Sales
 - (4) Significant Accounting Policies
 - (5) Segment Reporting
 - (6) Goodwill
 - (7) Other Intangible Assets
 - (8) Leases
 - (9) Property, Plant and Equipment
 - (10) Equity-Accounted Investees
 - (11) Financial Assets
 - (12) Non-current assets held for sale
 - (13) Inventories
 - (14) Contract assets
 - (15) Trade and Other Receivables
 - (16) Cash and Cash Equivalents
 - (17) Equity
 - (18) Earnings per Share
 - (19) Non-Controlling Interests
 - (20) Provisions
 - (21) Financial Liabilities
 - (22) Trade and Other Payables
 - (23) Other Current Liabilities
 - (24) Net Revenues
 - (25) Personnel Expenses
 - (26) Expenses by Nature
 - (27) Finance Result
 - (28) Taxation
 - (29) Other Commitments with Third Parties and Other Contingent Liabilities
 - (30) Financial Instruments
 - (31) Balances and Transactions with Related Parties
 - (32) Environmental Information
 - (33) Other Information
 - (34) Subsequent events

GRIFOLS, S.A. AND SUBSIDIARIES
Condensed Consolidated Interim Financial Statements for the twelve-
month period ended at 31 December 2023 and 2022
SUMMARY

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

- **Appendices**
 - Appendix I Information on Group Companies, Associates and Others
 - Appendix II Operating Segments
 - Appendix III Changes in Other Intangible Assets
 - Appendix IV Movement in Rights of Use
 - Appendix V Movement in Property, Plant and Equipment

GRIFOLS, S.A. AND SUBSIDIARIES

Condensed Consolidated Balance Sheet at 31 December 2023 and 2022

(Expressed in thousands of Euros)

(Free translation from the original Spanish. In the event of discrepancy, the Spanish-language version prevails)

Assets	Reference	31/12/23	31/12/22
Goodwill	Note 6	6,802,127	7,011,909
Other intangible assets	Note 7	2,832,196	2,949,147
Rights of use	Note 8	864,067	897,552
Property, plant and equipment	Note 9	3,219,621	3,270,937
Investment in equity-accounted investees	Note 10	534,970	1,955,177
Non-current financial assets			
Non-current financial assets measured at fair value		12,182	38,570
Non-current financial assets at amortized cost		328,423	582,175
Total non-current financial assets	Note 11	340,605	620,745
Deferred tax assets	Note 28	299,843	174,923
Total non-current assets		14,893,429	16,880,390
Non-current assets held for sale	Note 12	1,433,867	4,969
Inventories	Note 13	3,444,993	3,201,357
Current contract assets	Note 14	47,751	35,154
Trade and other receivables			
Trade receivables		629,045	608,688
Other receivables		90,876	73,181
Current income tax assets		47,213	56,782
Trade and other receivables	Note 15	767,134	738,651
Other current financial assets	Note 11		
Current financial assets measured at fair value		23,644	12,629
Current financial assets at amortized cost		116,588	31,034
Total current financial assets	Note 11	140,232	43,663
Other current assets		72,922	81,814
Cash and cash equivalents	Note 16	525,567	547,979
Total current assets		6,432,466	4,653,587
Total assets		21,325,895	21,533,977

The accompanying notes form an integral part of the Condensed Consolidated Interim Financial Statements.

GRIFOLS, S.A. AND SUBSIDIARIES

Condensed Consolidated Balance Sheet at 31 December 2023 and 2022

(Expressed in thousands of Euros)

(Free translation from the original Spanish. In the event of discrepancy, the Spanish-language version prevails)

Equity and liabilities	Reference	31/12/23	31/12/22
Share capital		119,604	119,604
Share premium		910,728	910,728
Reserves		4,522,142	4,326,436
Treasury stock		(152,748)	(162,220)
Profit attributable to the Parent		59,315	208,279
Total equity		5,459,041	5,402,827
Cash Flow hedges		998	(438)
Other comprehensive Income		(9,117)	(8,084)
Other comprehensive income from non-current assets held for sale		1,520	0
Translation differences		413,206	735,633
Other comprehensive expenses		406,607	727,111
Equity attributable to the Parent	Note 17	5,865,648	6,129,938
Non-controlling interests	Note 19	2,145,319	2,327,606
Total equity		8,010,967	8,457,544
Liabilities			
Grants		13,807	15,123
Provisions	Note 20	116,925	110,063
Non-current financial liabilities	Note 21	9,925,505	9,960,562
Other non-current liabilities		0	15
Deferred tax liabilities	Note 28	988,629	1,034,823
Total non-current liabilities		11,044,866	11,120,586
Provisions	Note 20	47,806	56,339
Current financial liabilities	Note 21	1,017,402	795,686
Trade and other payables			
Suppliers		781,456	731,918
Other payables		133,181	114,730
Current income tax liabilities		14,523	15,687
Total trade and other payables	Note 22	929,160	862,335
Other current liabilities	Note 23	275,694	241,487
Total current liabilities		2,270,062	1,955,847
Total liabilities		13,314,928	13,076,433
Total equity and liabilities		21,325,895	21,533,977

The accompanying notes form an integral part of the Condensed Consolidated Interim Financial Statements.

GRIFOLS, S.A. AND SUBSIDIARIES

Condensed Consolidated Statements of Profit and Loss for each of the twelve-month periods ended 31 December 2023, 2022 and 2021

(Expressed in thousands of Euros)

(Free translation from the original Spanish. In the event of discrepancy, the Spanish-language version prevails)

	Reference	31/12/23	31/12/22	31/12/21
Continuing Operations				
Net revenue	Note 5 and 24	6,591,977	6,063,967	4,933,118
Cost of sales		<u>(4,097,406)</u>	<u>(3,832,437)</u>	<u>(2,970,522)</u>
Gross Margin		2,494,571	2,231,530	1,962,596
Research and development		(395,282)	(361,140)	(354,881)
Selling, general and administration expenses		<u>(1,366,673)</u>	<u>(1,190,423)</u>	<u>(1,061,508)</u>
Operating Expenses		(1,761,955)	(1,551,563)	(1,416,389)
Other Income		3,042	22,235	16,302
Profit of equity accounted investees with similar activity to that of the Group	Note 10	63,740	103,478	32,555
Operating Result		799,398	805,680	595,064
Finance income		62,326	33,859	11,551
Finance costs		(596,864)	(478,323)	(267,702)
Sale of assets at amortized cost	Note 15	(24,993)	(18,201)	(10,292)
Change in fair value of financial instruments		1,459	11,999	246
Exchange differences		<u>(16,386)</u>	<u>7,725</u>	<u>(11,602)</u>
Finance result	Note 27	(574,458)	(442,941)	(277,799)
Profit/(loss) of equity accounted investees	Note 10	<u>(922)</u>	<u>(1,482)</u>	<u>33,188</u>
Profit before income tax from continuing operations		224,018	361,257	350,453
Income tax expense	Note 28	<u>(43,349)</u>	<u>(90,111)</u>	<u>(85,126)</u>
Profit after income tax from continuing operations		180,669	271,146	265,327
Consolidated profit for the period		180,669	271,146	265,327
Profit attributable to the Parent		59,315	208,279	188,726
Profit attributable to non-controlling interest	Note 19	121,354	62,867	76,601
Basic earnings per share (Euros)	Note 18	0.09	0.31	0.28
Diluted earnings per share (Euros)	Note 18	0.09	0.31	0.28

The accompanying notes form an integral part of the Condensed Consolidated Interim Financial Statements.

GRIFOLS, S.A. AND SUBSIDIARIES

Condensed Consolidated Statements of Comprehensive Income for each of the twelve-month periods ended 31 December 2023, 2022 and 2021

(Expressed in thousands of Euros)

(Free translation from the original Spanish. In the event of discrepancy, the Spanish-language version prevails)

	Reference	31/12/23	31/12/22	31/12/21
Consolidated profit for the period		180,669	271,146	265,327
Items that will not be reclassified to profit or loss				
Items for reclassification to profit or loss				
Translation differences		(428,495)	469,551	811,683
Equity accounted investees / Translation differences	Note 10	62,191	30,771	(95,939)
Other comprehensive income from non-current assets held for sale		1,520	0	0
Cash flow hedges - effective portion of changes in fair value		(20,807)	40,052	4,173
Cash flow hedges - amounts taken to profit or loss		22,722	(44,809)	0
Tax effect		(479)	1,189	(1,043)
Other		(1,033)	(7,215)	286
Other comprehensive income for the period, after tax		(364,381)	489,539	719,160
Total comprehensive income for the period		(183,712)	760,685	984,487
Total comprehensive income attributable to the Parent		(261,189)	600,038	797,762
Total comprehensive income attributable to non-controlling interests		77,477	160,647	186,725

The accompanying notes form an integral part of the Condensed Consolidated Interim Financial Statements.

GRIFOLS, S.A. AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows for each of the twelve-month periods ended 31 December 2023, 2022 and 2021

(Expressed in thousands of Euros)

(Free translation from the original Spanish. In the event of discrepancy, the Spanish-language version prevails)

	Reference	31/12/23	31/12/22	31/12/21
<u>Cash flows from operating activities</u>				
Profit before tax		224,018	361,257	350,453
Adjustments for:		1,023,275	780,436	574,493
Amortization and depreciation	Note 26	441,918	407,864	359,767
Other adjustments:		581,357	372,572	214,726
(Profit) / losses on equity accounted investments	Note 10	(62,818)	(101,996)	(65,744)
Impairment of assets and net provision charges		100,943	69,982	64,091
(Profit) / losses on disposal of fixed assets	Notes 7, 8 and 9	7,182	(1,731)	1,196
Government grants taken to income		(10,260)	(16,440)	(5,608)
Finance cost / (income)		555,795	445,027	246,189
Other adjustments		(9,485)	(22,270)	(25,398)
Change in operating assets and liabilities		(369,608)	(609,219)	(140,908)
Change in inventories		(427,095)	(600,245)	(157,474)
Change in trade and other receivables		(53,140)	(80,170)	(16,806)
Change in current financial assets and other current assets		7,358	(9,010)	(7,075)
Change in current trade and other payables		103,269	80,206	40,447
Other cash flows used in operating activities		(669,402)	(543,341)	(187,063)
Interest paid	Note 21d	(528,942)	(350,387)	(155,120)
Interest received		13,747	4,054	407
Income tax paid		(158,854)	(196,436)	(30,595)
Other paid		4,647	(572)	(1,755)
Net cash from/used in operating activities		208,283	(10,867)	596,975
<u>Cash flows from investing activities</u>				
Payments for investments		(418,202)	(2,073,480)	(876,678)
Group companies, associates and business units	Notes 3 and 10	(29,474)	(1,533,264)	(519,128)
Property, plant and equipment and intangible assets		(295,420)	(375,560)	(315,088)
Property, plant and equipment	Note 7	(209,538)	(266,491)	(247,373)
Intangible assets	Note 9	(85,882)	(109,069)	(67,715)
Other financial assets		(93,308)	(164,656)	(42,462)
Proceeds from the sale of investments		20,566	94,657	22,529
Group companies, associates and business units	Notes 3 and 10	0	91,373	20,399
Property, plant and equipment		5,430	3,284	639
Other financial assets		15,136	0	1,491
Net cash used in investing activities		(397,636)	(1,978,823)	(854,149)
<u>Cash flows from financing activities</u>				
Proceeds from and payments for equity instruments		0	(3,459)	(125,703)
Payments for treasury stock		0	(3,459)	(125,703)
Proceeds from and payments for financial liability instruments		180,579	(177,372)	2,746,380
Issue		1,637,798	1,134,168	3,324,399
Redemption and repayment		(1,351,367)	(1,207,253)	(495,327)
Lease payments	Note 8 and 21d	(105,852)	(104,287)	(82,692)
Dividends and interest on other equity instruments		0	10,125	(247,498)
Dividends paid		0	(592)	(258,946)
Dividends received	Note 10	0	10,717	11,448
Other cash flows used in financing activities		1,456	(2,787)	(75,500)
Financing costs included in the amortized cost of the debt		0	0	(78,165)
Other amounts from / (used in) financing activities		1,456	(2,787)	2,665
Net cash from/(used in) financing activities		182,035	(173,493)	2,297,679
Effect of exchange rate fluctuations on cash		(15,094)	35,551	55,459
Net increase / (decrease) in cash and cash equivalents		(22,412)	(2,127,632)	2,095,964
Cash and cash equivalents at beginning of the period		547,979	2,675,611	579,647
Cash and cash equivalents at period end	Note 16	525,567	547,979	2,675,611

The accompanying notes form an integral part of the Condensed Consolidated Interim Financial Statements.

GRIFOLS, S.A. AND SUBSIDIARIES

Condensed Statement of Changes in Consolidated Equity
for the twelve-month periods ended 31 December 2023, 2022 and 2021

(Expressed in thousands of Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

Reference	Attributable to shareholders of the Parent										Equity attributable to Parent	Non-controlling interests	Equity
	Share Capital	Share Premium	Reserves	Profit attributable to Parent	Interim dividend	Treasury Stock	Translation differences	Other comprehensive income	Other comprehensive income from non-current assets held for sale	Cash flow hedges			
Balance at 31 December 2020	119,604	910,728	3,776,932	618,546	--	(43,734)	(272,529)	(1,155)	--	--	--	1,611,663	6,720,555
Translation differences	--	--	--	--	--	--	605,620	--	--	--	605,620	110,124	715,744
Cash flow hedges	--	--	--	--	--	--	--	--	--	3,130	3,130	--	3,130
Other comprehensive income	--	--	--	--	--	--	--	286	--	--	286	--	286
Other comprehensive income / (expense) for the period	--	--	--	--	--	--	605,620	286	--	3,130	609,036	110,124	719,160
Profit/(loss) for the period	--	--	--	188,726	--	--	--	--	--	--	188,726	76,601	265,327
Total comprehensive income / (expense) for the period	--	--	--	188,726	--	--	605,620	286	--	3,130	797,762	186,725	984,487
Net change in treasury stock	--	--	--	--	--	(120,455)	--	--	--	--	(120,455)	--	(120,455)
Acquisition / Divestment of non-controlling interests	--	--	(1,611)	--	--	--	--	--	--	--	(1,611)	1,522	(89)
Other changes	--	--	(8,036)	--	--	--	--	--	--	--	(8,036)	82	(7,954)
Distribution of 2020 profit:													
Reserves	--	--	618,546	(618,546)	--	--	--	--	--	--	--	--	--
Dividends	--	--	(252,443)	--	--	--	--	--	--	--	(252,443)	(6,503)	(258,946)
Interim dividend	--	--	--	--	--	--	--	--	--	--	--	--	--
Operations with shareholders or owners	--	--	356,456	(618,546)	--	(120,455)	--	--	--	--	(382,545)	(4,899)	(387,444)
Balance at 31 December 2021	119,604	910,728	4,133,388	188,726	--	(164,189)	333,091	(869)	--	3,130	5,523,609	1,793,489	7,317,098
Translation differences	--	--	--	--	--	--	402,542	--	--	--	402,542	97,780	500,322
Cash flow hedges	--	--	--	--	--	--	--	--	--	(3,568)	(3,568)	--	(3,568)
Other comprehensive income	--	--	--	--	--	--	--	(7,215)	--	--	(7,215)	--	(7,215)
Other comprehensive income / (expense) for the period	--	--	--	--	--	--	402,542	(7,215)	--	(3,568)	391,759	97,780	489,539
Profit/(loss) for the period	--	--	--	208,279	--	--	--	--	--	--	208,279	62,867	271,146
Total comprehensive income / (expense) for the period	--	--	--	208,279	--	--	402,542	(7,215)	--	(3,568)	600,038	160,647	760,685
Net change in treasury stock	--	--	--	--	--	1,969	--	--	--	--	1,969	--	1,969
Acquisition / Divestment of non-controlling interests	--	--	--	--	--	--	--	--	--	--	--	373,468	373,468
Other changes	--	--	4,322	--	--	--	--	--	--	--	4,322	2	4,324
Distribution of 2021 profit:													
Reserves	--	--	188,726	(188,726)	--	--	--	--	--	--	--	--	--
Dividends	--	--	--	--	--	--	--	--	--	--	--	--	--
Interim dividend	--	--	--	--	--	--	--	--	--	--	--	--	--
Operations with shareholders or owners	--	--	193,048	(188,726)	--	1,969	--	--	--	--	6,291	373,470	379,761
Balance at 31 December 2022	119,604	910,728	4,326,436	208,279	--	(162,220)	735,633	(8,084)	--	(438)	6,129,938	2,327,606	8,457,544
Translation differences	--	--	--	--	--	--	(322,427)	--	--	--	(322,427)	(43,877)	(366,304)
Cash flow hedges	--	--	--	--	--	--	--	--	1,436	--	1,436	--	1,436
Other comprehensive income	--	--	--	--	--	--	--	(1,033)	--	--	(1,033)	--	(1,033)
Other comprehensive income from non-current assets held for sale	--	--	--	--	--	--	--	--	1,520	--	1,520	--	1,520
Other comprehensive income / (expense) for the period	--	--	--	--	--	--	(322,427)	(1,033)	1,520	1,436	(320,504)	(43,877)	(364,381)
Profit/(loss) for the period	--	--	--	59,315	--	--	--	--	--	--	59,315	121,354	180,669
Total comprehensive income / (expense) for the period	--	--	--	59,315	--	--	(322,427)	(1,033)	1,520	1,436	(261,189)	77,477	(183,712)
Net change in treasury stock	--	--	--	--	--	9,472	--	--	--	--	9,472	--	9,472
Acquisition / Divestment of non-controlling interests	--	--	(1,525)	--	--	--	--	--	--	--	(1,525)	325	(1,200)
Other changes	--	--	(11,048)	--	--	--	--	--	--	--	(11,048)	(260,089)	(271,137)
Distribution of 2022 profit:													
Reserves	--	--	208,279	(208,279)	--	--	--	--	--	--	--	--	--
Dividends	--	--	--	--	--	--	--	--	--	--	--	--	--
Interim dividend	--	--	--	--	--	--	--	--	--	--	--	--	--
Operations with shareholders or owners	--	--	195,706	(208,279)	--	9,472	--	--	--	--	(3,101)	(259,764)	(262,865)
Balance at 31 December 2023	119,604	910,728	4,522,142	59,315	--	(152,748)	413,206	(9,117)	1,520	998	5,865,648	2,145,319	8,010,967

The accompanying notes form an integral part of the Condensed Consolidated Interim Financial Statements.

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

(1) Nature, Principal Activities and Subsidiaries

Grifols, S.A. (hereinafter the Company) was incorporated with limited liability under Spanish law on 22 June 1987. Its registered and tax offices are in Jesús i Maria, 6, 08022, Barcelona. The Company's statutory activity consists of providing corporate and business administrative, management and control services, as well as investing in assets and property. Its principal activity involves rendering administrative, management and control services to its subsidiaries.

On 17 May 2006 the Company completed its flotation on the Spanish securities market, which was conducted through the public offering of 71,000,000 ordinary shares of Euros 0.50 par value each and a share premium of Euros 3.90 per share. The total capital increase (including the share premium) amounted to Euros 312.4 million, equivalent to a price of Euros 4.40 per share.

The Company's shares were floated on the Spanish stock exchange IBEX-35 index on 2 January 2008.

All of the Company's shares are listed on the Barcelona, Madrid, Valencia and Bilbao securities markets and on the Spanish Automated Quotation System (SIBE/Continuous Market). On 2 June 2011, Class B non-voting shares (ADRs) were listed on the NASDAQ (USA) and on the Spanish Automated Quotation System (SIBE/Continuous Market).

Grifols, S.A. is the Parent of the subsidiaries listed in Appendix I of this note to the condensed consolidated interim financial statements.

Grifols, S.A. and subsidiaries (hereinafter the Group) act on an integrated basis and under common management and their principal activity is the procurement, manufacture, preparation and sale of therapeutic products, especially hemoderivatives.

The main factory locations of the Group's Spanish companies are in Parets del Vallés (Barcelona) and Torres de Cotilla (Murcia), while the US companies are located in Los Angeles (California), Clayton (North Carolina), Emeryville (California), and San Diego (California).

(2) Basis of Presentation

The condensed consolidated interim financial statements for the twelve-month period ended 31 December 2023 have been prepared on the basis of the accounting records of Grifols, S.A. and of the Group companies. The condensed consolidated interim financial statements have been prepared under International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and, in particular in accordance with IAS 34 Interim Financial Statements which for Grifols Group purposes, are identical to the standards as issued by the International Accounting Standard Board (IFRS-IASB) to present fairly the consolidated equity and consolidated financial position of Grifols, S.A. and subsidiaries at 31 December 2023, as well as the consolidated results from their operations, consolidated cash flows and consolidated changes in equity for the twelve-month period ended 31 December 2023.

These condensed consolidated interim financial statements have been formulated by the Board of Directors at its meeting held on 28 February 2024.

The condensed consolidated interim financial statements are presented in thousands of Euros, which is the functional and presentation currency of the Parent.

These condensed consolidated interim financial statements for the twelve-month period ended 31 December 2023 show comparative figures for 2022 and voluntarily show figures for 2021 from the consolidated statement of profit and loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows and their corresponding notes thereto. For the purposes of comparing the consolidated statement of profit and loss for the twelve-month periods ended 31 December 2023, 2022 and 2021 and

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

the consolidated balance sheet for 2023 and 2022, the effects of the application new standards described in note 2 must be taken into account.

The Group adopted IFRS-EU for the first time on 1 January 2004 and has been preparing its condensed consolidated interim financial statements under International Financial Reporting Standards, as adopted by the European Union (IFRS-EU) as required by Spanish capital market regulations governing the presentation of financial statements by companies whose debt or own equity instruments are listed on a regulated market.

In accordance with the provision of section 357 of the Irish Companies Act 2014, the Company has irrevocably guaranteed all liabilities of an Irish subsidiary undertaking, Grifols Worldwide Operations Limited (Ireland) (see Appendix I), for the twelve-month period ended 31 December 2023 as referred to in subsection 1(b) of that Act, for the purposes of enabling Grifols Worldwide Operations Limited to claim exemption from the requirement to file their own financial statements in Ireland.

(a) Relevant accounting estimates, assumptions and judgments used when applying accounting principles

The preparation of the condensed consolidated interim financial statements in conformity with IFRS-EU requires management to make judgments, estimates and assumptions that affect the application of Group accounting policies. The following notes include a summary of the relevant accounting estimates and judgments used to apply accounting policies which have the most significant effect on the amounts recognized in the condensed consolidated interim financial statements.

- Determination of the fair value of assets, liabilities and contingent liabilities in relation to business combinations. The fair value methods used by the Group are detailed in note 3. During the twelve-month period ended 31 December 2023, there were no significant business combinations.
- Assumptions used to test non-current assets and goodwill for impairment. Relevant cash generating units are tested annually for impairment. These are based on risk-adjusted future cash flows discounted using appropriate interest rates. The key assumptions used are specified in note 6. Assumptions relating to risk-adjusted future cash flows and discount rates are based on business forecasts and are therefore inherently subjective. Future events could cause a change in business forecasts, with a consequent adverse effect on the future results of the Group. To the extent considered a reasonably possible change in key assumptions could result in an impairment of goodwill, a sensitivity analysis has been disclosed to show the effect of changes to these assumptions and the effect of the cash generating unit (CGU) on the recoverable amount.
- Evaluation of the capitalization of development costs (see note 4(d)). The key assumption is related to the estimation of sufficient future economic benefits of the projects.
- The calculation of the income tax expense requires tax legislation interpretations in the jurisdictions where Grifols operates. The decision as to whether the tax authority will accept a given uncertain tax treatment and the expected outcome of outstanding litigation requires significant estimates and judgements. Likewise, Grifols recognizes deferred tax assets, mainly from tax credits and rights to deduct to the extent that it is probable that sufficient taxable income will be available against which temporary differences can be utilized, based on management assumptions regarding amount and payments of future taxable profits (see notes 4(q) and 28).
- Determination of chargebacks made to certain customers in the United States (see note 4 (p)).
- The assumptions used for the calculation of the fair value of financial instruments (see notes 3, 29 and 31).

Evaluation of whether Grifols controls a subsidiary or not, analyzing factors such as rights derived from contractual agreements, as well as actual and potential voting rights, considering for these purposes the potential voting rights held by Grifols exercisable at the closing date.

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

No changes have been made to prior year judgments relating to existing uncertainties.

The Group is also exposed to interest rate and currency risks. Refer to sensitivity analysis in note 30.

(b) Basis of consolidation

Appendix I shows details of the percentages of direct or indirect ownership of subsidiaries by the Company at 31 December 2023, 2022 and 2021, as well as the consolidation method used in each case for preparation of the accompanying condensed consolidated interim financial statements.

Subsidiaries in which the Company directly or indirectly owns the majority of equity or voting rights have been fully consolidated. Associates in which the Company owns between 20% and 50% of share capital and over which it has no control but does have significant influence, have been accounted for under the equity method.

Although the Group holds 49% of the shares with voting rights of Grifols Malaysia Sdn Bhd, it controls the majority of the economic and voting rights of Grifols Malaysia Sdn Bhd through a contract with the other shareholder and a pledge on its shares. As a consequence, it has been fully consolidated.

On the other hand, although the Group holds the 75% of the share capital of Biotek America LLC (“ITK JV”), a company created as a result of a collaboration with Immunotek GH, LLC (Immunotek) with the aim of building and managing 28 plasma donor centers (see note 11), it has been accounted for under the equity method based on the judgements exposed in note 11.

The entities Haema AG, BPC Plasma, Inc. and Haema Plasma Kft., of which Grifols does not hold shares, but there exists control over them (see notes 3(d) and 19), have been fully consolidated.

Grifols (Thailand) Ltd. has two classes of shares and it grants the majority of voting rights to the class of shares held by the Group. As a consequence, it has been fully consolidated.

Changes in associates and jointly controlled entities are detailed in note 10.

Changes in subsidiaries

In 2023:

- **Grifols Escrow Issuer, S.A. and Gripdan Invest, S.L.**

With effect as of 1 January 2023, Grifols Escrow Issuer, S.A., Gripdan Invest, S.L and Grifols, S.A. entered into a merger agreement, with Grifols, S.A. being the surviving company.

This operation has had no impact on these condensed consolidated interim financial statements.

- **Access Biologicals LLC. and Chiquito Acquisition Corp.**

With effect as of 1 April 2023, Access Biologicals, L.L.C, Chiquito Acquisition Corp. and Grifols Bio Supplies, Inc. (formerly Interstate Blood Bank, Inc. (IBBI)) entered into a merger agreement, with Grifols Bio Supplies, Inc. being the surviving company.

This operation has had no impact on these condensed consolidated interim financial statements.

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

- **Goetech LLC**

On 30 June 2023, the company Geotech LLC (D/B/A Medkeeper) has been dissolved.

This operation has had no impact on these condensed consolidated interim financial statements.

- **AlbaJuna Therapeutics, S.L.**

On 9 October 2023, Grifols, through its wholly owned subsidiary Grifols Innovation and New Technologies Limited, Inc., reached an agreement to acquire the remaining 51% of shares of AlbaJuna Therapeutics, S.L. for a total amount of 1 Euro (see note 3 (b)).

- **Biotest (U.K.), Ltd.**

On 1st June 2023, Grifols U.K., Ltd. reached an agreement with Biotest AG to acquire the total shares of Biotest (U.K. Ltd.) for a total amount of Euros 20,079 thousand. With effect 1st November 2023, Biotest (U.K., Ltd.) has transferred its net assets to Grifols U.K., resulting in an amalgamation.

The following companies were formed during 2023 and became part of the Grifols Group consolidated:

- Biomat Holdings, LLC
- Canada, Inc. (subsequently changed its name to Grifols Plasma Canada - Ontario Inc.)

In 2022:

- **Albimmune, S.L.**

On 13 January 2022, Grifols, through its wholly owned subsidiary Grifols Innovation and New Technologies Limited, Inc., reached an agreement to acquire 51% of the shares of Albimmune, S.L. for a total amount of Euros 3,000.

- **VCN Biosciences, S.L.**

On 10 March 2022, Grifols, together with the other shareholders, reached an agreement to sell one hundred percent of the issued and outstanding shares of VCN Bioscience, S.L. for US Dollars 7,700 thousand.

As a result of this divestment, the Group has recognized income of Euros 7,557 thousand in the statement of profit and loss.

- **Biomat USA, Inc.**

Effective 1 April 2022, Biomat USA Inc. and Talecris Plasma Resources, Inc. entered into a merger agreement, and the resulting company was Biomat USA, Inc.

- **Biotest AG and Grifols Biotest Holdings GmbH**

On 25 April 2022, and once all regulatory approvals had been obtained, Grifols completed the acquisition of 70.18% of the share capital of Biotest AG and the entire share capital of Tiancheng (Germany) Pharmaceutical Holdings AG, whose current corporate name is Grifols Biotest Holdings GmbH, for Euros 1,460,853 thousand (see note 3).

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

- **Access Biologicals Inc.**

On 15 June 2022, Grifols, through its wholly owned subsidiary Chiquito Acquisition Corp., reached an agreement to acquire all the shares of Access Biologicals LLC, exercising the call option for the remaining 51% for a total of US Dollars 142 million (see note 3 and 10).

- **Grifols México, S.A. de C.V.**

Effective 15 December 2022, Grifols México, S.A. de C.V. and Logística Grifols, S.A. de C.V. entered into a merger agreement, and the resulting company was Grifols México, S.A. de C.V.

In 2021:

- **Grifols Pyrenees Research Center, SL**

Grifols, through its wholly-owned subsidiary Grifols Innovation and New Technologies Limited ("GIANT"), owns 80% of the company Grifols Pyrenees Research Center, SL, which was created to develop and manage a new research center specializing in immunology, which will enhance the knowledge of the human immune system and develop new immunological therapies. The contribution made by the Group amounted to Euros 2 thousand.

The remaining 20% belongs to the Government of Andorra, through its economic promotion office Andorra Desenvolupament i Inversió.

- **Gigagen, Inc.**

On 8 March 2021, Grifols, through its wholly owned subsidiary Grifols Innovation and New Technologies Limited ("GIANT"), reached an agreement to acquire all of the shares of Gigagen, Inc. for a total consideration of US Dollars 90.5 million.

With the acquisition of 100% of the shareholding, Grifols obtained control over Gigagen and, therefore, it is considered a group company and started to be consolidated under the full integration method. Until that date, the previous shareholding of 43.96% was accounted for by the equity method. The difference between the fair value of the previous shareholding and the value recognized in books was Euros 34,525 thousand (US Dollars 41,758 thousand), recognizing a gain for this amount "Profit/Loss of equity accounted investees" in the statement of profit and loss (see note 3).

- **Grifols Canada Plasma, Inc. (formerly Prometic Plasma Resources, Inc.)**

On 31 December 2021, Grifols, through its wholly owned subsidiary Grifols Canada Therapeutics Inc., reached an agreement to acquire all of the shares of Prometic Plasma Resources Inc. for a total consideration of US Dollars 8,805 thousand (see note 3).

- **Grifols Escrow Issuer, S.A.**

On August 26, 2021, Grifols, S.A. acquired all of the shares of Grifols Escrow Issuer, S.A. for a total consideration of US Dollars 60 thousand.

- **Araclon Biotech, SL**

On October 2021 Araclon Biotech, S.L carried out a share capital increases of Euros 10 million. After the latter capital increase Grifols' interest rises to 75.85%.

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

• Haema Plasma Kft.

On 1 February 2021, Scranton Plasma B.V. acquired 100% of the shares of Haema Plasma Kft. (see note 3 (b)).

The following companies were incorporated during 2021 and were included in the consolidated Grifols Group.

- Grifols Middle East&Africa, LLC
- Grifols Bio North America, LLC
- Biomat Holdco, LLC
- Biomat Newco, Corp

(c) Amendments to IFRS in 2023, 2022 and 2021

In accordance with IFRS, the following should be noted in connection with the scope of application of IFRS and the preparation of these condensed consolidated interim financial statements of the Group.

Effective in 2023

The following standards published by the IASB and the IFRS Interpretations Committee and adopted by the European Union for application in Europe came into force in 2023 and, therefore, have been taken into account in the preparation of these condensed consolidated interim financial statements:

Normas		Mandatory application for annual periods	
		EU effective date	IASB effective date
IAS 12	Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021)	1 January 2023	1 January 2023
IFRS 17	Insurance Contracts (issued on 18 May 2017); including Amendments to IFRS 17 (issued on 25 June 2020)	1 January 2023	1 January 2023
IAS 8	Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estitmates (issued on 12 February 2021)	1 January 2023	1 January 2023
IAS 1	Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021)	1 January 2023	1 January 2023
IAS 12	Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules (issued 23 May 2023)	1 January 2023	1 January 2023
IFRS 17	Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information (issued on 9 December 2021)	1 January 2023	1 January 2023

The application of these standards and interpretations has had no significant impact on these condensed consolidated interim financial statements.

Standards issued but not effective in 2023

At the date these condensed consolidated interim financial statements were authorized for issue, the following IFRS and amendments have been published by the IASB but their application is not mandatory until the future periods indicated below:

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

Standards	Mandatory application for annual periods beginning on or after:	
	EU effective date	IASB effective date
IAS 1	Amendments to IAS 1 Presentation of Financial Statements: - Classification of Liabilities as Current or Non-current Date (issued on 23 January 2020); - Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 15 July 2020); and - Non-current Liabilities with Covenants (issued on 31 October 2022)	
	1 January 2024	1 January 2024
IFRS 16	Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022)	
	1 January 2024	1 January 2024
IAS 7	Amendments to IAS 7 Cash flow statement and IFRS 16 Financial instruments: information to disclose: Financial agreements with suppliers (issued on 25 May 2023).	
	pending	1 January 2024
IAS 21	Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023)	
	pending	1 January 2025

The Group has not applied any of these standards or interpretations in advance of their effective date.

The application of these standards and interpretations would not have significant impact on these consolidated financial statements.

Effective in 2022

Standards	Mandatory application for annual periods beginning on or after:	
	EU effective date	IASB effective date
Various	Amendments issued 14 May 2020 to: - IFRS 3 Business Combinations: references to the Conceptual Framework; - IAS 16 Property, Plant and Equipment: Proceeds before Intended Use; - IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts — Cost of Fulfilling a Contract ; and - Annual Improvements to IFRSs 2018-2020: IFRS 1, IFRS 9, IFRS 16 and IAS 41.	
	1 January 2022	1 January 2022

Effective in 2021

Standards	Mandatory application for annual periods beginning on or after:	
	EU effective date	IASB effective date
IFRS 4	Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9 (issued on 25 June 2020)	
	1 January 2021	1 January 2021
Various	Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (issued on 27 August 2020)	
	1 January 2021	1 January 2021
IFRS 16	Amendment to IFRS 16 Leases Covid 19-Related Rent Concessions beyond 30 June 2021 (issued on 31 March 2021)	
	1 April 2021	1 April 2021

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

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(3) Business Combinations and Divestments

2023

a) Saskatoon plasma center

On 7 July, 2023, Grifols, through its 100% owned subsidiary Grifols Canada Plasma, Inc. (formerly Prometic Plasma Resources, Inc.), acquired a plasma donation center from Canadian Plasma Resources Corporation. The purchase price was Canadian Dollars 11,558 thousand (Euros 8,018 thousand).

Aggregate details of the cost of the business combination, provisional the fair value of the net assets acquired and the provisional goodwill at the acquisition date are shown below:

	Reference	Thousands of Euros	Thousands of Canadian Dollars
Cost of the business combination			
Consideration paid		8,018	11,558
Total consideration paid		8,018	11,558
Fair value of net assets acquired		160	231
Goodwill (excess of the cost of the business combination over the fair value of net assets acquired)	Note 6	7,858	11,327

The amounts determined at the acquisition date of the assets acquired are as follows:

	Fair Value	
	Thousands of Euros	Thousands of Canadian Dollars
Property, plant and equipment	96	138
Inventories	64	93
Total Assets	160	231
Total net assets acquired	160	231

The resulting goodwill was allocated to the Biopharma segment and includes the donor database, licenses and workforce. The entire goodwill is considered tax deductible.

b) Albajuna Therapeutics, S.L.

On 9 October, 2023, Grifols, through its 100% owned subsidiary Grifols Innovation and New Technologies Limited (GIANT), reached an agreement to acquire the remaining of the 51% of the shares of Albajuna Therapeutics, S.L. (hereinafter "Albajuna") for a total amount of 1 euro.

In 2016, Grifols made a capital investment of 3.75 million euros in exchange for 30% of the shares of Albajuna Therapeutics, S.L. Since 2018, as a result of a planned investment in accordance with the Shareholders' Agreement of January 2016, Grifols held a 49% stake in the company's capital. Albajuna Therapeutics, S.L. is a

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

Spanish research company founded in 2016 whose main activity is the development and manufacture of therapeutic antibodies against HIV.

Aggregate details of the cost of the business combination, the provisional fair value of the net assets acquired and the provisional goodwill at the acquisition date are shown below:

	Reference	Thousands of Euros
Cost of the business combination		
Consideration paid		0
Total consideration paid		-
Fair value of net assets acquired		(1,794)
Goodwill (excess of the cost of the business combination over the fair value of net assets acquired)	Note 6	1,794

The amounts determined at the acquisition date of the assets, liabilities and contingent liabilities acquired are as follows:

	Fair Value
	Thousands of Euros
Non-current financial assets	165
Deferred tax assets	239
Trade and other receivables	185
Cash and cash equivalents	86
Total assets	675
Non-current financial liabilities	(2,300)
Current financial liabilities	(164)
Trade and other payables	(5)
Total Liabilities and contingent liabilities	(2,469)
Total net assets acquired	(1,794)

As future economic benefits cannot be estimated at acquisition's date, the total amount allocated to goodwill has been totally impaired at the moment of its posting (See note 6).

2022

c) Grifols Canada Plasma, Inc. (formerly Prometic Plasma Resources, Inc.)

On 31 December 2021, Grifols, through its wholly owned subsidiary Grifols Canada Therapeutics, Inc., acquired all the shares of Prometic Plasma Resources Inc. for a total of Canadian Dollars 11,127 thousand (Euros 7,757 thousand).

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

Aggregate details of the cost of the business combination, the fair value of the net assets acquired and the goodwill at the acquisition date are shown below:

	Reference	Thousands of Euros	Thousands of Canadian Dollars
Cost of the business combination			
Consideration paid		7,757	11,127
Total consideration paid		7,757	11,127
Fair value of net assets acquired		4,933	7,075
Goodwill (excess of the cost of the business combination over the fair value of net assets acquired)	Note 6	2,824	4,052

At transaction date, total consideration paid was allocated to goodwill, and the amount was restated based on the fair value of the net assets acquired during the following year. Consequently, the amount reflected in note 6 is the movement between both effects, while the amount in the previous table shows the final balance.

The amounts determined at the acquisition date of the assets, liabilities and contingent liabilities acquired are as follows:

	Fair Value	
	Thousands of Euros	Thousands of Canadian Dollars
Other Intangible Assets	551	791
Rights of Use	238	341
Property, plant and equipment	36	51
Inventories	71	102
Trade and other receivables	4,603	6,602
Other current assets	9	13
Cash and cash equivalents	32	46
Total Assets	5,540	7,946
Non-current financial liabilities	(32)	(46)
Current financial liabilities	(264)	(379)
Trade and other payables	(311)	(446)
Total Liabilities	(607)	(871)
Total net assets acquired	4,933	7,075

The resulting goodwill was allocated to the Biopharma segment and includes the donor database, licenses and workforce.

Grifols Canada Plasma, Inc. (formerly Prometic Plasma Resources, Inc.) acquisition had an impact of Euros 3,933 thousand benefit in the Group result from the acquisition date until the end of the twelve-month period ended 31 December 2022.

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

d) Haema Plasma Kft.

On 1 February 2021, Scranton Plasma B.V. acquired 100% of the shares of Haema Plasma Kft. Scranton is a shareholder of Grifols.

On 1 February 2021 the Group signed a call option on the shares of Haema Plasma kft, exercisable by the Group only 12 months after signing and with an expiry of 48 months from the date on which the option becomes exercisable. The option price was set at thirteen times EBITDA minus net debt.

The Group has potential voting rights arising from the option to purchase the shareholding and these are substantive, based on:

- A call option for Grifols which gives it the irrevocable and exclusive right (not an obligation) to acquire the Haema Plasma Kft shareholding at any time after 1 February 2022.
- Grifols is committed to providing support services in the business of collecting, processing and distributing plasma from the donation centers. There is also a Plasma Supply Agreement whereby the plasma produced by these entities will be used almost entirely to cover Grifols' needs. There is no sales exclusivity.
- There are no shareholder agreements that provide for relevant decisions to be approved in a manner other than by majority vote.

The above are indicators of the power that Grifols acquires over this entity, considering that the call option is likely to be exercised and Grifols will have the financial capacity to carry it out.

Consequently, at the time the option becomes exercisable, the option empowers Grifols, even though it has not yet been exercised, and Haema Plasma Kft. is therefore consolidated in Grifols' consolidated financial statements from 2022.

Aggregate details of the cost of the business combination, the fair value of the net assets acquired and the goodwill at the acquisition date are shown below:

	Reference	Thousands of Euros	Thousands of Hungarian Forint
Call option price		16,948	6,228,796
Total consideration		<u>16,948</u>	<u>6,228,796</u>
Fair value of net assets acquired		2,209	812,371
Goodwill (excess of the cost of the business combination over the fair value of net assets acquired)	Note 6	<u>14,739</u>	<u>5,416,425</u>

Grifols did not make any monetary consideration for this purchase option.

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

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The amounts determined at the date of consolidation of the assets, liabilities and contingent liabilities acquired are as follows:

	Fair Value	
	Thousands of Euros	Thousands of Hungarian Forint
Other Intangible assets	37	13,620
Rights of Use	3,421	1,257,286
Property, plant and equipment	1,301	478,222
Other non-current assets	302	110,810
Deferred tax assets	13	4,742
Inventories	2,784	1,022,926
Trade and other receivables	357	131,821
Other current assets	252	92,769
Cash and cash equivalents	3,343	1,228,356
Total Assets	11,810	4,340,552
Provisions	(169)	(61,946)
Non-current financial liabilities	(2,517)	(925,074)
Current financial liabilities	(4,281)	(1,573,216)
Trade and other payables	(2,100)	(771,861)
Other current liabilities	(534)	(196,084)
Total Liabilities and contingent liabilities	(9,601)	(3,528,181)
Total net assets acquired	2,209	812,371

The resulting goodwill was allocated to the Biopharma segment and includes the donor database, licences and workforce. The entire goodwill is not considered tax deductible.

As of 31 December 2023, the option is in the money since the exercise price is approximately equal to the price of Haema Plasma, Kft shares. On the other hand, since the valuation of the option is based on non-observable market variables, it corresponds to Level 3 of the fair value hierarchy. Taking into account the uncertainties underlying the valuation of the option as it involves non-observable variables, and the value of the option not being significant, said value has not been recognized as of 31 December 2023 and 2022.

e) VCN Biosciences, S.L.

On 10 March 2022, Grifols, together with the other shareholders, reached an agreement to sell one hundred percent of the issued and outstanding shares of VCN Bioscience, S.L. for US Dollars 7,700 thousand (Euros 6,901 thousand).

As a result of this divestment, the Group recognized an income of Euros 7,557 thousand under “other income” in the statement of profit and loss of profit and loss. VCN’s net assets were derecognised from the consolidated group as of the indicated date.

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

f) Biotest AG

On 25 April 2022, and once all regulatory approvals were obtained, Grifols completed the acquisition of 70.18% of the share capital of Biotest AG for Euros 1,460,853 thousand. The transaction was structured as follows:

- Grifols acquired the entire share capital of Tiancheng (Germany) Pharmaceutical Holdings AG for Euros 1,090,518 thousand. This amount included a loan from Tiancheng (Germany) Pharmaceutical Holdings AG, whose current corporate name is Grifols Biotest Holdings GmbH, to Biotest AG of Euros 317,876 thousand. The Biotest shares were valued at Euros 43.00 per ordinary share (17,783,776 shares) and Euros 37.00 per preference share (214,581 shares).
- At the same time as the transaction, Grifols closed the voluntary takeover bid to all shareholders, which involved the payment of 370,335 thousand of euros for 1,435,657 ordinary shares at 43.00 euros per share and 8,340,577 preference shares at 37.00 euros per share.

The investment in Biotest will significantly strengthen Grifols' capabilities, including its scientific and technical capabilities, helping to strengthen the availability of plasma medicines, its commercial presence and its R&D pipeline. With the opening of 2 new centers, Biotest now has 28 plasma donation centers in Europe.

Aggregate details of the cost of the business combination, the fair value of the net assets acquired and the goodwill at the acquisition date are shown below:

	Reference	Thousands of Euros
Cost of the business combination		
Consideration paid		1,460,853
Total consideration paid		<u>1,460,853</u>
Fair value of net assets acquired		1,157,229
Goodwill (excess of the cost of the business combination over the fair value of net assets acquired)	Note 6	<u>303,624</u>

The resulting goodwill was allocated to the Biopharma segment.

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

The amounts determined at the date of consolidation of the assets, liabilities and contingent liabilities acquired are as follows:

	Fair Value
	Thousand of Euros
Other Intangible Assets	1,172,582
Rights of Use	25,256
Property, plant and equipment	545,667
Other non-current assets	13,969
Deferred Tax Assets	9,109
Inventories	259,316
Contract Assets	35,319
Trade and other receivables	88,249
Other current assets	25,644
Cash and cash equivalents	94,662
	2,269,773
Total assets	2,269,773
Non-controlling interests	(356,386)
Non-current provisions	(120,298)
Non-current financial liabilities	(182,761)
Other non-current liabilities	(9)
Deferred tax liabilities	(347,192)
Current Provisions	(18,239)
Current financial liabilities	(35,052)
Trade and other payables	(40,489)
Other current liabilities	(12,118)
	(1,112,544)
Total Liabilities and contingent liabilities	(1,112,544)
Total net assets acquired	1,157,229

As part of the purchase price allocation, the company determined that identifiable intangible assets are the research and development projects in progress, the current product portfolio as well as certain distribution agreements.

The fair value of intangible assets was estimated using an income approach and the projected cash flows were discounted using rates between 8.6% and 11%. The cash flows were based on estimates used to establish the transaction price and the discount rates applied were compared with reference to the implied rate of return of the transaction model and the weighted average cost of capital.

The fair value of research and development projects in progress involving plasma therapies (Fibrinogen, IgM and IgG) were estimated in accordance with an income approach based on the Multiple-Period Excess Earnings Method for the application of which the results of such projects were adjusted for the probability of success according to the clinical phase of the project at the date of the transaction.

The current product portfolio comprises regulatory approvals, trademarks, patient relationships and physician relationships related to products currently marketed by Biotest. The distribution agreements identified as intangible assets relate to the distribution of certain products in different geographic regions. In both cases, the fair value was determined using the Multiple-Period Excess Earnings Method.

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

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Research and development projects in progress, the current product portfolio and distribution agreements are amortized on a straight-line basis over an average period of 20, 30 and 7.5 years, respectively.

If the acquisition had taken place as of January 1, 2022, the revenue would have changed by Euros 154,846 thousand and the group result by Euros (15,434) thousand.

Biotest Group's acquisition had an impact of Euros 15,605 thousand loss in the Group result from the acquisition date until the end of fiscal year 2022.

The Group recognized under operating expenses in the consolidated statement of profit and loss an amount of Euros 23,600 thousand of transaction costs.

g) Access Biologicals Inc.

On 15 June 2022, Grifols, through its wholly owned subsidiary Chiquito Acquisition Corp., reached an agreement to acquire all the shares of Access Biologicals LLC, exercising the call option for the remaining 51% for a total of US Dollars 142 million. With the acquisition of 100% of the stake, Grifols obtained control over Access Biologicals LLC and was therefore considered a group company and consolidated under the full consolidation method. The difference between the fair value of the previous shareholding and the recognised carrying amount was Euros 72,984 thousand (US Dollars 77,209 thousand), and a gain of this amount was recognised under " Profit/(loss) of equity accounted investees " in the statement of profit and loss of profit or loss (see note 10).

Access Biologicals' core business is the collection and manufacture of an extensive portfolio of biological products. Combined with a closed materials sourcing process, it provides support services for different markets such as in-vitro diagnostics, biopharmaceuticals, cell culture and diagnostic research and development.

Aggregate details of the cost of the business combination, the fair value of the net assets acquired and the goodwill at the acquisition date are shown below:

	Reference	Thousands of Euros	Thousands of US Dollars
Cost of the business combination			
First share purchase		48,218	51,010
Second share purchase (present value)		134,742	142,544
Total consideration paid		<u>182,960</u>	<u>193,554</u>
Gain on the previously held investment		72,984	77,209
Accumulated gain for equity method before acquisition date		8,256	8,735
Step-up of the previously held investment		81,240	85,944
Fair value of net assets acquired		(83,366)	(88,193)
Goodwill (excess of the cost of the business combination over the fair value of net assets acquired)	Note 6	<u>180,834</u>	<u>191,305</u>

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

The amounts determined at the date of consolidation of the assets, liabilities and contingent liabilities acquired are as follows:

	Fair Value	
	Thousands of Euros	Thousands of US Dollars
Other Intangible Assets	82,080	86,832
Property, plant and equipment	2,589	2,739
Other non-current assets	75	79
Inventories	16,836	17,811
Trade and other receivables	7,522	7,958
Other current assets	1,529	1,618
Cash and cash equivalents	2,987	3,160
Total Assets	113,618	120,197
Trade and other payables	(7,249)	(7,669)
Deferred tax liabilities	(22,981)	(24,312)
Other non-current liabilities	(22)	(23)
Total Liabilities and contingent liabilities	(30,252)	(32,004)
Total net assets acquired	83,366	88,193

The resulting provisional goodwill was allocated to the Bio-Supplies segment.

As part of the purchase price allocation, the Company determined that identifiable intangible assets are customer relationships.

Customer relationships were valued using the Multiple-Period Excess Earnings Method, for the application of which a discount rate of 8.1% was considered and a decline rate resulting in an average useful life of 14 years. The cash flows were based on estimates used to establish the transaction price and the discount rate applied was compared with reference to the implied rate of return of the transaction model and the weighted average cost of capital. The excess of the purchase price over the estimated fair value of the net assets acquired was recorded as goodwill. The factors contributing to its recognition were the acquired workforce as well as the expected benefits from the combination of the Group's activities.

If the acquisition had taken place as of January 1, 2022, the revenue would have changed by Euros 4,402 thousand and the group result by Euros 1,819 thousand.

Access Biologicals, Inc acquisition had an impact of Euros 9,479 thousand benefit in the Group result from the acquisition date until the end of fiscal year 2022.

The Group recognized under operating expenses in the consolidated statement of profit and loss an amount of Euros 486 thousand of transaction costs.

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

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h) Goetech, LLC

In July 2022, Grifols closed an agreement to sell in cash substantially all of the assets of its subsidiary Goetech LLC, whose trade name is MedKeeper, for a US Dollars 91,635 thousand Enterprise Value (Euros 90,002 thousand). MedKeeper develops and markets innovative mobile and cloud-based IT applications aimed at helping hospital pharmacies boost productivity, process safety and compliance.

As a consequence of this divestment, the Group recognized an income of Euros 23,106 thousand in the profit and loss account. Goetech's net assets were derecognized from the consolidated group as of the indicated date.

2021

i) Gigagen, Inc.

On 8 March 2021, Grifols, through its wholly owned subsidiary Grifols Innovation and New Technologies Limited ("GIANT"), reached an agreement to acquire all of the shares of Gigagen, Inc. for a total consideration of US Dollars 90.5 million.

GigaGen is a U.S. biotechnology company specializing in the discovery and early development of recombinant biotherapeutic drugs. GigaGen's research focuses on the discovery of new biological treatments based on antibodies derived from millions of donor-derived immune system cells.

With the acquisition of 100% of the shareholding, Grifols obtained control over Gigagen and, therefore, it was considered a group company and is consolidated under the full consolidation method. Until that date, the previous shareholding of 43.96% was accounted for using the equity method. The difference between the fair value of the previous shareholding and the value recognized in books was Euros 34,525 thousand (US Dollars 41,758 thousand), recognizing a profit for this amount under "Profit/(loss) of equity accounted investees" in the statement of profit and loss.

From the total amount agreed, as of 31 December 2021, an amount of Euros 38,201 thousand was paid in cash and Euros 36,591 thousand were payable. This amount was presented under "Current financial liabilities" in the balance sheet and it was paid in March 2022.

The Group recognized an amount of Euros 404 thousand of transaction costs under operating expenses in the consolidated statement of profit and loss.

Aggregate details of the cost of the business combination, the fair value of the net assets acquired and the goodwill at the acquisition date are shown below:

	Thousands of Euros	Thousands of US Dollars
Consideration paid		
First share purchase	38,201	46,203
Second share purchase (present value)	35,227	42,608
Total consideration paid	<u>73,428</u>	<u>88,811</u>
Fair value of the previous investment in the company	50,792	61,434
Fair value of net assets acquired	18,760	22,691
Goodwill (excess of the cost of the business combination over the fair value of net assets acquired)	<u>105,460</u>	<u>127,554</u>

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

The amounts determined at the acquisition date of the assets, liabilities and contingent liabilities acquired are as follows:

	Fair value	
	Thousands of Euros	Thousands of US Dollars
Development costs in progress	24,027	29,061
Property, plant and equipment	1,168	1,413
Non-current financial assets	151	183
Trade and other receivables	56	68
Other current assets	2,368	2,864
Cash and cash equivalents	12,389	14,985
Total assets	40,159	48,574
Non-current liabilities	(17,792)	(21,520)
Current liabilities	(3,607)	(4,363)
Total liabilities and contingent liabilities	(21,399)	(25,883)
Total net assets identified	18,760	22,691

The fair value of the R&D projects in progress was estimated based on market approach of comparable transactions.

The resulting goodwill was allocated to the others segment and includes the specialized R&D workforce and the portfolio of future early-stage products.

The acquired business generated consolidated results for the Group during the period from the acquisition date to year-end in the amount of Euros 4,350 thousand.

If the acquisition had occurred as of 1 January 2021, the Group's net revenues and results would not have changed significantly.

Gigagen acquisition had an impact of Euros 4,350 thousand loss in the Group result from the acquisition date until the end of fiscal year 2021.

j) **BPL Plasma, Inc.**

On 28 February 2021, Biomat USA, Inc. the Group's American subsidiary, acquired 25 plasma donation centers in the United States from BPL Plasma, Inc. a subsidiary of Bio Products Laboratory Holdings Limited, for US Dollars 385 million.

The transaction received the necessary regulatory approvals and was financed with its own resources, without issuing debt.

Grifols will obtain approximately one million liters of plasma per year from these centers.

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

The Group recognized transaction costs of Euros 2,764 thousand in operating expenses in the consolidated statement of profit and loss of profit and loss.

Aggregate details of the cost of the business combination, the definitive fair value of the net assets acquired and the definitive goodwill at the acquisition date are shown below:

	Thousands of Euros	Thousands of US Dollars
Consideration paid		
First payment made	9,921	12,000
Cash paid at the transaction closing date	308,016	372,548
Total consideration paid	317,937	384,548
Fair value of net assets acquired	15,039	18,190
Goodwill (excess of the cost of the business combination over the fair value of net assets acquired)	302,898	366,358

The amounts determined at the acquisition date of the assets, liabilities and contingent liabilities acquired are as follows:

	Fair value	
	Thousands of Euros	Thousands of US Dollars
Property, plant and equipment	14,406	17,424
Non-current financial assets	85	103
Inventories	557	674
Total assets	15,048	18,201
Current liabilities	(9)	(11)
Total liabilities and contingent liabilities	(9)	(11)
Total net assets identified	15,039	18,190

The resulting goodwill was allocated to the Biopharma segment and included the donor database, licenses and workforce. The entire goodwill is considered tax deductible.

k) Acquisition of plasma centers from Kedplasma, LLC.

On 31 March 2021, Biomat USA, Inc., the Group's American subsidiary, acquired 7 plasma donation centers in the United States from the company Kedplasma, LLC for US Dollars 55.2 million. All the centers acquired are licensed by the U.S. Food and Drug Administration (FDA) and the European authorities.

Grifols will have immediate access to the plasma obtained at these centers, which obtain approximately 240,000 liters of plasma per year.

The transaction received the necessary regulatory approvals and was financed with equity without issuing debt.

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

The Group recognized transaction costs of Euros 625 thousand in operating expenses in the consolidated statement of profit and loss of profit and loss.

Aggregate details of the cost of the business combination, the definitive fair value of the net assets acquired and the definitive goodwill at the acquisition date are shown below:

	Thousands of Euros	Thousands of US Dollars
Consideration paid		
Cash paid	45,638	55,200
	45,638	55,200
Total consideration paid	45,638	55,200
Fair value of net assets acquired	2,692	3,256
Goodwill (excess of the cost of the business combination over the fair value of net assets acquired)	42,946	51,944

The amounts determined at the acquisition date of the assets, liabilities and contingent liabilities acquired are as follows:

	Fair value	
	Thousands of Euros	Thousands of US Dollars
Property, plant and equipment	2,448	2,961
Inventories	244	295
	2,692	3,256
Total assets	2,692	3,256
Total net assets identified	2,692	3,256

The resulting goodwill was allocated to the Biopharma segment and included the donor database, licenses and workforce. The entire goodwill is considered tax deductible.

1) Grifols Canada Plasma, Inc. (formerly Prometic Plasma Resources, Inc.)

On 31 December 2021, Grifols, through its wholly owned subsidiary Grifols Canada Therapeutics Inc., acquired all of the shares of Prometic Plasma Resources Inc. for a total consideration of US Dollars 8,805 thousand (see note 2).

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

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(4) Significant Accounting Policies

(a) Consolidation

Dependents

Subsidiaries are considered to be those over which the Group exercises control. A subsidiary is controlled when, due to its involvement in it, it is exposed, or has the right, to variable returns and has the capacity to influence such returns through the power it exercises over it.

The income, expenses and cash flows of subsidiaries are included in the condensed consolidated interim financial statements from the date of acquisition, which is the date on which the Group effectively obtains control of the subsidiaries. Subsidiaries are excluded from consolidation from the date on which control is lost.

Transactions and balances with Group companies and unrealized gains or losses have been eliminated in consolidation.

The accounting policies of the subsidiaries have been adapted to the Group's accounting policies for transactions and other events that, being similar, have occurred in similar circumstances.

The financial statements of the subsidiaries used in the consolidation process are as of the same reporting date and the same period as those of the Parent Company.

Appendix I includes information on the subsidiaries included in the Group's consolidation.

Business combinations

The acquisition method is used to account for the acquisition of subsidiaries in a business combination. The acquisition date is the date on which the Group obtains control of the acquired business.

The acquisition cost of a subsidiary is determined at the acquisition date and comprises (i) the fair values of assets delivered, (ii) liabilities incurred or assumed, (iii) equity instruments issued, (iv) the fair value of any asset or liability resulting from a contingent consideration arrangement and (v) the fair value of any previous interest in the subsidiary. Any disbursement that is not part of the exchange for the acquired business is excluded.

Acquisition-related costs are expensed as incurred.

The Group recognizes identifiable assets acquired and liabilities and contingent liabilities assumed at fair value at the acquisition date. Non-current assets held for sale, liabilities for employee compensation, transactions with payments based on equity instruments, deferred tax assets and liabilities and right-of-use assets and liabilities and lease liabilities are excluded from the application of this criterion.

The excess of the consideration transferred the amount of any non-controlling interest in the acquired subsidiary and the acquisition-date fair value of any previous interest in the acquired subsidiary over the fair value of the identifiable net assets is recorded as goodwill. If these amounts are less than the fair value of the identifiable net assets of the acquired subsidiary, the difference is recognized in profit or loss as a bargain purchase.

When settlement of any part of the cash consideration is deferred, amounts payable in the future are discounted to their present value at the date of exchange.

Contingent consideration is classified as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured at fair value with changes in fair value recognized in profit or loss.

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

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When the business combination could only be determined on a provisional basis, the identifiable net assets are initially recorded at their provisional values, recognizing the adjustments made during the measurement period as if they had been known at the acquisition date, restating comparative figures for the previous year, if applicable. The adjustments to the provisional values only incorporate information relating to facts and circumstances that existed at the acquisition date and which, had they been known, would have affected the amounts recognized at that date. The measurement period should not exceed twelve months from the date of acquisition.

If the business combination is carried out in stages, the acquisition-date carrying amount of the previously held equity interest of the acquiree is remeasured at its acquisition-date fair value, with any resulting gain or loss recognized in profit or loss.

Non-controlling interests

Non-controlling interests in subsidiaries are recorded at the acquisition date at their percentage of interest in the fair value of the identifiable net assets, without considering potential voting rights. In addition, the profit or loss for the year and each component of other comprehensive income allocated to the non-controlling interest is allocated in proportion to its percentage of ownership. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated balance sheet, respectively.

The increase and reduction of non-controlling interests in a subsidiary while maintaining control is recognized as an equity transaction in reserves.

Associated

Associated entities are those over which the Group exercises significant influence, understood as the capacity to intervene in financial and operating decisions, without the existence of control or joint control.

Investments in associates are initially recognized at acquisition cost, including costs directly attributable to the acquisition and any active or passive contingent consideration that depends on future events or the fulfillment of certain conditions.

Subsequently, investments in associates are accounted for by the equity method from the date on which significant influence is exercised until the date on which the Company can no longer justify the existence of significant influence.

The excess between the cost of the investment and the Group's share of the fair values of the identifiable net assets is recorded as goodwill, which is included in the carrying amount of the investment. The shortfall, once the amounts of the cost of the investment and the identification and valuation of the net assets of the associate have been evaluated, is recorded as income in the determination of the investor's share in the results of the associate for the year in which it was acquired.

The accounting policies of the associated companies have been subject to time and valuation homogenization in the same terms as those referred to in the subsidiaries.

The Group's share in the profits or losses of associates obtained from the date of acquisition is recorded as an increase or decrease in the value of the investments with a credit or debit to "Profit of equity accounted investees with similar activity to that of the Group" when the investee companies carry out the same activity as the corporate purpose of the Group described in note 1 and, otherwise, in "Profit/(loss) of equity accounted investees". Likewise, the Group's share in the other comprehensive income of associates obtained since the acquisition date is recorded as an increase or decrease in the value of the investments in associates, with the balancing entry by nature being recognized in

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

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other comprehensive income. Dividend distributions are recorded as decreases in the value of investments. To determine the Group's share of profits or losses, including impairment losses recognized by associates, income or expenses arising from the acquisition method are considered.

When the Group's share of losses on an equity accounted investment equals or exceeds its interest in the entity, the Group does not recognize additional losses unless it has incurred obligations or made payments on behalf of the other entity.

The Group's share in the profits or losses of associates and changes in equity is determined on the basis of the ownership interest at year-end, without considering the possible exercise or conversion of potential voting rights. However, the Group's share is determined considering the possible exercise of potential voting rights and other derivative financial instruments that, in substance, grant current access to the economic benefits associated with ownership interests, i.e. the right to participate in future dividends and changes in the value of associates.

After applying the equity method, the Group assesses whether there is objective evidence of impairment of the net investment in the associate. Some of the main evidence include significant cumulative losses, contractual default, financial difficulties and adverse changes in technology, industry or economy affecting the associate. The impairment calculation is determined by comparing the carrying amount of the net investment in the associate with its recoverable amount, where recoverable amount is the higher of value in use or fair value less costs of disposal. In this regard, the value in use is calculated based on the Group's share of the present value of the estimated cash flows from ordinary activities and the amounts that could result from the final disposal of the associate. The recoverable amount of the investment in an associate is assessed in relation to each associate (see note 10), unless it does not constitute a cash-generating unit (CGU). Impairment losses are not allocated to goodwill or other assets implicit in the investment in associates arising from the application of the acquisition method. In subsequent years, reversals of the value of investments are recognized against income, to the extent that there is an increase in the recoverable value. Impairment losses are presented separately from the Group's share in the results of associates.

Appendix I includes information on subsidiaries and associates included in the Group's consolidation.

Joint agreements

Joint arrangements are those in which there is a contractual agreement to share control over an economic activity, so that decisions on the relevant activities require the unanimous consent of the Group and the other operators. Investments in joint arrangements are classified as joint operations or joint ventures, depending on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Interests in joint ventures are accounted for by the equity method, after initially being recognized at cost in the consolidated balance sheet.

(b) Transactions and balances in foreign currencies

Transactions in foreign currencies are translated to the functional currency using the average exchange rate of the previous month provided that it does not differ significantly from the exchange rate at the date of the transaction. Foreign currency gains and losses resulting from the settlement of these transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at closing exchange rates are recognized in profit or loss except when there are qualified cash flow hedges and qualified net investment hedges that are deferred to equity.

The effect of exchange rate changes on cash and cash equivalents denominated in foreign currencies is presented separately in the statement of cash flows as "Effect of exchange rate changes on cash".

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

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The translation of foreign operations whose functional currency is not that of a hyperinflationary country has been made by applying the following criteria:

- m) Assets and liabilities, including goodwill and adjustments to net assets arising from the acquisition of businesses, are translated at the closing exchange rate at each balance sheet date;
- n) Revenues and expenses are translated at the average exchange rate of the previous month, as an approximation of the exchange rate at the date of the transaction;
- o) Translation differences resulting from the application of the above criteria are recognized in other comprehensive income.

(c) Goodwill

After initial recognition, goodwill is recorded at cost, less any accumulated impairment loss, which is not reversible.

Goodwill is not amortized, but is tested for impairment on an annual basis or more frequently in the event that events indicative of a potential loss in the value of the asset have been identified. For these purposes, goodwill resulting from business combinations is allocated to each of the cash generating units (CGUs) or groups of CGUs that are expected to benefit from the synergies of the combination and the criteria referred to in note 6 are applied. CGUs or groups of CGUs are identified at the lowest level that goodwill is controlled for the purpose of internal management (Note 6).

(d) Intangible assets

Intangible assets are recorded at cost (acquisition or development) or at fair value when acquired in a business combination, less accumulated amortization and any accumulated impairment losses.

Any costs incurred during the research phase of projects are recognized as an expense when incurred.

Costs related to development activities for internally generated intangible assets are capitalized to the extent that:

- The Group has technical studies that justify the viability of the production process;
- There is a commitment by the Group to complete production of the asset so that it is in a condition for sale or internal use;
- The asset will generate sufficient economic benefits;
- The Group has the technical and financial resources to complete the development of the asset and has developed budget control and analytical accounting systems that make it possible to monitor the budgeted costs, the modifications introduced and the costs actually charged to the various projects.

In relation to the development costs of new products or drugs, they are capitalized as long as their economic profitability is reasonably assured and when they are either in a pivotal phase or correspond to projects related to products that are currently being marketed in various markets, in both cases with expected technical feasibility. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

The separate acquisition or through a business combination of an research and development project in progress is capitalized in any case, in accordance with the provisions of IAS 38, since the price paid for the acquisition reflects expectations about the probability that the future economic benefits of the asset are used by the Group. Subsequent costs are recorded following the provisions for internally generated intangible assets.

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

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The Group amortizes its intangible assets with finite useful lives by distributing the cost of the assets on a straight-line basis according to the following criteria:

	Amortisation method	Rates
Development expenses	Straight line	10%
Concessions, patents, licenses, trademarks and similar	Straight line	4% - 20%
Computer software	Straight line	33%
Currently marketed products	Straight line	3% - 10%

Intangible assets with indefinite useful lives are not subject to amortization but are tested for impairment at least once a year.

The Group reviews the useful lives of intangible assets at the end of each year. Changes in the initially established criteria are recognized as a change in estimate.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and, if applicable, accumulated impairment losses.

Cost includes, among other items, direct labor costs used in the construction of the asset and a portion of the costs indirectly attributable to the asset.

Finance costs incurred that are directly attributable to the acquisition or construction of the asset until the asset is ready for use also form part of the cost.

Likewise, expansion or improvement costs are included as an increase in the value of the asset when they represent an increase in its capacity or an extension of its useful life. However, maintenance costs are recognized in income when incurred.

Depreciation of property, plant and equipment is provided on a straight-line basis over the estimated useful lives of the assets, less their residual value.

Depreciation of property, plant and equipment is determined by applying the following criteria:

	Depreciation method	Rates
Buildings	Straight line	1% - 3%
Other property, technical equipment and machinery	Straight line	4% - 10%
Other property, plant and equipment	Straight line	7% - 33%

The Group reviews the residual value, useful life and depreciation method of property, plant and equipment at the end of each reporting period. Changes in the initially established criteria are recognized as a change in estimate.

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

(f) Leases

Lessee

The determination of whether a contract is or contains a lease is based on an analysis of the contractual arrangement and requires an assessment of whether the lessee has the right to control the use of the identified asset and to obtain all of the economic benefits from the use of the asset throughout the lease term.

The lease term is the non-cancelable period considering the initial term of each contract unless the Group has a unilateral extension or termination option and there is reasonable certainty that such option will be exercised in which case the corresponding extension or early termination term will be considered.

In lease contracts where the Group acts as lessee, it is recognized at the lease commencement date (i.e. the date on which the underlying asset is available for use):

- A liability for the present value of the installments to be paid over the lease term, using the incremental borrowing or implicit interest rate as the discount rate when expressly indicated in the contract and,
- A right-of-use asset representing the right to use the underlying leased asset during the term of the lease.

Lease liabilities include fixed lease payments less any incentives, as well as variable payments that depend on an index or interest rate known at the date of inception of the lease. Also included is the exercise price of the purchase option when the lessee is reasonably certain of exercising it. After initial recognition, the liability is increased by the interest on the lease liability and reduced by the payments made. The liability is also remeasured if there are changes in the amounts payable and the lease terms. Payments included in the lease payments corresponding to maintenance, electricity, water, gas, security, cleaning, among others, are not part of the lease liability and are recognized as an expense.

The incremental borrowing rate is determined taking into account: (i) geographic areas, (ii) financial term, (iii) lease term, (iv) risk-free rate as reference rate and (v) financial spread.

Rights-of-use assets are measured at cost, less accumulated amortization and impairment losses (if any) and adjusted as a result of the remeasurement of the lease liability. Cost includes the amount of the initial valuation of the lease liability, as well as any amounts previously paid to the lessor prior to or at the commencement date of the lease less any incentives received by the lessor and estimated costs to decommission the leased asset. Amortization of rights of use is provided on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term.

The Group applies the exception to recognition for those contracts where the lease term is 12 months or less or where the value of the leased asset (individually) when new, is less than US Dollars 5,000 or its equivalent in another currency. Consequently, in these cases, the amounts accrued will be recognized as an expense during the lease term.

Lessor

When the Group acts as lessor, it classifies contracts between operating and finance leases. Leases in which the Group acts as lessor while retaining a significant portion of the risks and rewards incidental to ownership of the leased asset are treated as operating leases. Otherwise, the lease is treated as a finance lease.

(g) Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested for impairment annually, or more frequently in the event of events or changes in circumstances that indicate that they may be impaired.

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

When the recoverable amount is less than the carrying amount of the asset, an impairment loss is recognized in the consolidated statement of profit and loss for the difference between both amounts.

The recoverable amount is the higher of an asset's fair value less costs of disposal and the estimated value in use based on discounted future cash flows expected to arise from the use of the asset. The estimate of value in use considers expectations about possible variations in the amount or timing of cash flows, the time value of money, the price to be paid for bearing the uncertainty related to the asset and other factors that affect the valuation of future cash flows related to the asset.

For the purpose of assessing impairment losses, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows of other assets or groups of assets (cash-generating units). Impairment losses on non-financial assets (other than goodwill) are reviewed for possible reversal at the end of each reporting period.

Losses related to the impairment of CGUs are initially allocated to reduce, if applicable, the value of goodwill attributed to the CGU and then to the other assets of the CGU, pro rata based on the carrying amount of each asset, with the limit for each asset being the higher of its fair value less costs of disposal, its value in use and zero.

Impairment losses related to goodwill are not reversible.

(h) Financial instruments

Financial assets

Ranking

The classification of financial assets is determined based on the characteristics of the contractual cash flows of those assets and the business model that represents how the financial assets are managed to achieve a particular business objective. In determining whether the cash flows are obtained through the receipt of contractual cash flows from the assets, consideration is given to the frequency, value and timing of sales in prior periods, the reasons for those sales and expectations regarding future sales activity. This information provides indicative data on how the Group's stated objective regarding the management of financial assets is achieved and, more specifically, how cash flows are obtained.

Therefore, financial assets are classified according to the following valuation categories based on the business model and are only reclassified when, and only when their business model for managing them changes:

- a. Financial assets at amortized cost: includes financial assets, including those admitted to trading on an organized market, for which the Group holds the investment under a business model whose objective is to hold financial assets to receive cash flows from the execution of the contract, and the contractual terms of the asset give rise, at specified dates, to cash flows that are solely collections of principal and interest on the principal amount outstanding.

In general, the following are included in this category:

- i. Trade receivables: arising from the sale of goods or the rendering of services for trade transactions with deferred payment, and
- ii. Receivables from non-trade operations: these arise from loans or credits granted by the Group whose collections are of a determined or determinable amount.

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

- b. Financial assets at fair value through other comprehensive income: this category includes financial assets whose contractual conditions give rise, at specified dates, to cash flows that are solely collections of principal and interest on the principal amount outstanding, and are held within the framework of a business model whose objective is achieved by obtaining contractual cash flows and selling financial assets. Investments in equity instruments irrevocably designated by the Group at the time of their initial recognition are also included in this category, provided that they are not held for trading and are not to be valued at cost.
- c. Financial assets at fair value through profit or loss: includes financial assets held for trading and those financial assets that have not been classified in any of the above categories. Also included in this category are financial assets that are optionally designated by the Group at the time of initial recognition, which otherwise would have been included in another category, because such designation eliminates or significantly reduces a valuation inconsistency or accounting mismatch that would otherwise arise.

Initial measurement

Financial assets are recorded, in general terms, initially at the fair value of the consideration given plus directly attributable transaction costs. However, transaction costs directly attributable to assets recorded at fair value through profit or loss are recognized in the statement of profit and loss for the year.

Subsequent measurement

Financial assets at amortized cost are recorded by applying this valuation criterion, charging to the statement of profit and loss the interest accrued by applying the effective interest rate method.

Financial assets included in the fair value category through other comprehensive income are recorded at fair value, without deducting any transaction costs that may be incurred in their disposal. Changes in fair value are recorded directly in equity until the financial asset is derecognized or impaired, at which time the amount so recognized is taken to the statement of profit and loss.

Financial assets at fair value through profit or loss are measured at fair value and the result of changes in fair value is recorded in the statement of profit and loss.

Disposals of financial assets

Financial assets are derecognized when the rights to receive cash flows related to them have expired or have been transferred and the Group has substantially transferred the risks and rewards of ownership. Similarly, they are disposed from the balance sheet when there are transfers of collection rights, whose certain risks are shared with the factor, such as the risk of default, but exists a transfer of control to the factor, understood as the unilateral capacity to sell those assets to a non-related third party without the necessity of enforcing additional restrictions to the sale.

Impairment

The Group assesses, on a prospective basis, the expected credit losses associated with its debt instruments carried at amortized cost and at fair value through other comprehensive income. The methodology applied for impairment depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9 which requires expected losses to be recorded from the initial recognition of the receivables, so that the Group determines expected credit losses as a probability-weighted estimate of such losses over the expected life of the financial instrument.

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

The practical solution used is the use of a provisioning matrix based on segmentation into homogeneous asset groups, applying historical information on default rates for these groups and applying reasonable information on future economic conditions.

Default rates are calculated based on current default experience over the past year, as it is a very dynamic market, and are adjusted for differences between current and historical economic conditions and considering projected information, which is reasonably available.

Financial liabilities

Financial liabilities assumed or incurred by the Group are classified in the following measurement categories:

- a. Financial liabilities at amortized cost: are those debits and payables of the Group that have arisen from the purchase of goods and services for trading operations, or those which, without having a commercial origin, not being derivative instruments, arise from loan or credit operations received by the Group.

These liabilities are initially measured at the fair value of the consideration received, adjusted for directly attributable transaction costs. Any difference between the amount received and its repayment value is recognized in the consolidated statement of profit and loss during the repayment period of the debt, applying the effective interest rate method.

- b. Financial liabilities at fair value through profit or loss.

Liability derivative financial instruments are measured at fair value, following the same criteria as those corresponding to financial assets at fair value through profit or loss described in the preceding section.

The Group derecognizes financial liabilities when the obligations that generated them are extinguished.

Assets and liabilities are presented separately in the balance sheet and are only presented at their net amount when the Group has the enforceable right to offset the recognized amounts and, in addition, intends to settle the amounts on a net basis or to realize the asset and settle the liability simultaneously.

Equity instruments

The Group holds financial assets, mainly equity instruments, which are measured at fair value. When Group management has opted to present gains and losses in the fair value of equity investments in other comprehensive income, after initial recognition, the equity instruments are measured at fair value, recognizing the gain or loss in other comprehensive income. Amounts recognized in other comprehensive income are not reclassified to profit or loss, but are reclassified to reserves when the instruments are derecognized. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

(i) Derivative financial instruments and hedging activities

Financial derivatives are recognized at fair value at the date of the contract and at each year-end. The method for recognizing the gain or loss depends on whether the derivative is classified as a hedging instrument, and if so, the nature of the hedged asset.

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

For accounting purposes, they are classified as follows:

(i) Derivatives qualifying for cash flow hedge accounting

Hedging effectiveness

Hedge effectiveness is determined at the inception of the hedging relationship, and through periodic prospective effectiveness assessments to ensure that there is an economic relationship between the hedged item and the hedging instrument.

In derivatives such as the euro/Dollar cross-currency swap, the Group uses the hypothetical derivative method to assess effectiveness. This hypothetical derivative is constructed without the inclusion of credit risk and currency spread. Under the hypothetical derivative method, the cumulative change in the fair value of the actual currency swap, excluding the effect of the currency spread, will be compared to the cumulative change in the fair value of the hypothetical swap. Therefore, the hypothetical derivative is constructed as a cross-currency swap with fixed euro payment, fixed U.S. Dollar receipt without the inclusion of credit risk and foreign currency spread and with a fair value of zero at the date of designation.

Recognition

At the inception of the hedging relationship, the Group documents the economic relationship between the hedging instruments and the hedged items, including whether changes in cash flows of the hedging instruments are expected to offset changes in cash flows of the hedged items. The Group documents its risk management objective and strategy for undertaking its hedging transactions.

The effective portion of changes in the fair value of derivatives designated and classified as cash flow hedges is recognized in equity under "Cash flow hedge reserve". In the case of cross-currency swaps, the currency spread of the hedging relationship is excluded and treated as hedging costs in equity. The gain or loss corresponding to the ineffective portion is recognized immediately in profit or loss for the year under the heading "Change in fair value of financial instruments".

Amounts accumulated in the hedging reserve included in shareholders' equity are transferred to profit or loss when the hedged item affects profit or loss or when ineffectiveness is identified.

The fair value of derivatives designated as hedges is detailed in note 30. Movements in the hedging reserve included in shareholders' equity are shown in note 17 (c).

(ii) Derivatives that do not qualify for hedge accounting

When derivatives do not meet the criteria for hedge accounting, they are classified as "held for trading". Changes in fair value are recognized immediately in the consolidated statement of profit and loss.

(j) Own equity instruments

The acquisition of treasury stock is recorded at acquisition cost, reducing equity until the time of disposal. Gains or losses on the disposal of treasury stock are recorded under "Reserves" in the consolidated balance sheet. Transaction costs related to own equity instruments, net of taxes, are recorded as a reduction of equity.

(k) Inventories

Inventories are stated at the lower of weighted average cost or net realizable value. Net realizable value is the estimated selling price in the normal course of business, less the estimated costs to complete production and those necessary to make the sale. For raw materials and other supplies it is the replacement cost.

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

The cost includes direct materials, direct labor and an appropriate proportion of indirect variable and fixed costs, the latter being allocated on the basis of the normal working capacity of the means of production. The cost of plasma stocks includes the amount delivered to donors, or the amount invoiced by the seller when purchased from third parties, as well as the cost of products and devices used in the collection process, and rental and storage costs. The costs of purchased inventories are determined after deducting discounts and rebates when it is probable that the conditions determining their concession will be met. Indirect costs such as management and administrative overheads are recognized as expenses in the period in which they are incurred.

Any previously recognized inventory impairment adjustment is reversed against income under "Cost of sales" when the circumstances that caused the impairment no longer exist or when there is clear evidence of an increase in the net realizable value as a result of a change in economic circumstances. The reversal of the write-down is limited to the lower of cost and the new net realizable value of inventories.

(l) Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits with banks, other short-term highly liquid investments with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(m) Government grants

Government grants are recognized when there is reasonable assurance that the conditions attached to the grant will be met and that the grant will be collected.

Non-refundable capital grants are recorded on the liability side of the consolidated balance sheet at the original amount granted and are recognized in the consolidated statement of profit and loss as the related assets financed are depreciated.

Grants received as compensation for expenses or losses already incurred or for the purpose of providing immediate financial support not related to future expenses are credited to the consolidated statement of profit and loss.

Financial liabilities that incorporate implicit aid in the form of the application of below-market interest rates are recognized initially at fair value. The difference between this value, adjusted where appropriate for the costs of issuing the financial liability and the amount received, is recorded as a government grant based on the nature of the grant.

(n) Employee benefits

(i) *Defined contribution plans*

The Group records the contributions to be made to defined contribution plans as they accrue. The amount of accrued contributions is recorded under "Personnel expenses" in the consolidated statement of profit and loss in the year to which the contribution relates.

(ii) *Defined benefit plans*

The liability recognized corresponds to the present value of the obligation at the consolidated balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the obligation is determined by discounting the estimated future cash flows at interest rates of bonds denominated in the currency in which the benefits will be paid and with maturities similar to those of the related obligations. Actuarial gains and losses arising from changes in actuarial assumptions or differences between assumptions and reality are recognized in equity under "Other comprehensive

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

income". Past service costs are recognized in the consolidated statement of profit and loss under "Personnel expenses".

(iii) Termination benefits

Termination benefits are recognized on the earlier of the following dates: (a) when the Group can no longer withdraw the offer or (b) when the Group recognizes costs of a restructuring within the scope of IAS 37 and this results in the payment of termination benefits.

(iv) Short-term employee benefits

The Group recognizes the expected cost of short-term compensation in the form of paid leave whose rights accrue as employees render the services that entitle them to receive it. If the leave is not accrued, the expense is recognized as the leave is taken.

The Group recognizes the expected cost of profit sharing or employee incentive plans when there is a present legal or constructive obligation as a result of past events and a reliable estimate can be made of the value of the obligation.

(v) Share-based payments

The Group has granted different remuneration plans based on equity instruments to certain members of the management team who are rendering service to the company, which will be settled with equity instruments or cash, depending on the plan.

The equity instruments granted become vested when the employees complete a certain period of service and meet the objectives established in the incentive plan. Grifols recognizes the services received from its employees as such services are rendered during the vesting period as a personnel expense in the consolidated income statement and a corresponding increase in equity if the transaction is equity-settled or a corresponding liability if the transaction is cash-settled, at an amount based on the value of the equity instruments.

In transactions with employees that are equity-settled, the amount recognized corresponds to the amount that will be settled once the agreed conditions are met and will not be reviewed or revalued during the vesting period, as the commitment is equity-settled. If an employee resigns from his or her position before the end of the vesting period, he or she will only receive the agreed share-based incentive. The fair value of services received is estimated by estimating the fair value of the shares granted at the grant date, net of estimated dividends to which the employee is not entitled, during the performance period.

For plans that are settled in cash, the services received and the corresponding liability are recognized at the fair value of the liability, referring to the date on which the requirements for recognition are met. Subsequently, and until settlement, the corresponding liability is measured at its fair value at the closing date of each year, with any changes in valuation occurring during the year being recognized in the consolidated income statement. The fair value is determined by reference to the market value of the shares at the date of the estimate, net of estimated dividends to which the employee is not entitled, during the performance period.

(o) Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognized for future operating losses.

The amount of the provision corresponds to the best estimate at the closing date of the disbursements required to settle the present obligation, after taking into account the risks and uncertainties related to the provision and, when

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

significant, the financial effect of discounting, provided that the disbursements to be made in each period can be reliably determined.

(p) Revenue recognition

Revenue from the sale of goods or services is recognized at an amount that reflects the consideration the Group expects to be entitled to receive in exchange for transferring goods or services to a customer, at the time the customer obtains control of the goods or services rendered, i.e. when the customer has the ability to direct the use of the goods or services. The consideration committed in a contract with a customer may include fixed amounts, variable amounts, or both. The amount of consideration may vary due to discounts, rebates, incentives, performance bonuses, penalties or other similar items. Contingent consideration is only included in the transaction price when it is highly probable that the amount of revenue recognized will not be subject to significant future reversals. Revenue is presented net of value added tax and any other amounts or taxes, which in substance correspond to amounts received on behalf of third parties.

(i) Sales of goods

Revenue from the sale of goods is recognized when the Group satisfies the performance obligation by transferring the committed goods to the customer. An asset is transferred when the customer obtains control of that asset. In assessing the satisfaction of the performance obligation, the Group considers the following indicators of the transfer of control, which include, but are not limited to, the following:

- The Group has a present right to payment for the asset.
- The customer has the legal right to the asset
- The Group has transferred the physical possession of the asset
- Customer has the significant risks and rewards of asset ownership
- The customer has accepted the asset

The nature of the assets that the Group undertakes to transfer are mainly: sale of goods, sale of equipment, toll contracts, maintenance and technical service contracts, training, licenses, royalties and know-how and engineering contracts, among others.

In determining the transaction price, it is assumed that the goods and/or services are transferred in accordance with the terms of the contract. The consideration committed to a customer may include fixed amounts, variable amounts, or both. The price should be estimated taking into account the effect of variable consideration (as applicable) for returns, chargebacks/volume discounts or other incentives, provided that the same is highly probable.

The Group participates in state Medicaid programs in the United States. Provision for Medicaid rebates is recorded at the time the sale is recorded in an amount equal to the estimated Medicaid rebate claims attributable to such sale. The Group determines the estimate of the accrual for Medicaid rebates primarily based on historical Medicaid rebate experience, legal interpretations of applicable laws related to the Medicaid program and any new information regarding changes in Medicaid program guidelines and regulations that could affect the amount of the rebates. The Group considers pending Medicaid claims, Medicaid payments, and inventory levels in the distribution channel and adjusts the provision periodically to reflect actual experience. Although rebate payments typically occur with a lag of one to two quarters, adjustments for actual experience have not been material.

As is standard industry practice, certain customers have entered into contracts with the Group for purchases that are eligible for a price discount based on a minimum purchase quantity, volume discounts or cash discounts. These discounts are accounted for as a reduction in sales and accounts receivable in the same month in which the sales are invoiced based on a combination of the customer's actual purchase data and historical experience when the customer's actual purchase data is later known.

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

In the United States, the Group enters into agreements with certain customers to establish contractual prices for products, which these entities purchase from the authorized wholesaler or distributor (collectively, "wholesalers") of their choice. Accordingly, when these entities purchase the products from the wholesalers at the contractual price which is lower than the price charged by the Group to the wholesaler, the Group provides the wholesaler with a credit known as a chargeback. The Group accounts for the accrual of chargebacks at the time of sale. The allowance account for chargebacks is based on the Group's estimate of the wholesaler's inventory levels and the expected direct sale of the products by the wholesalers at the contract price based on past chargeback history and other factors. The Group periodically monitors factors influencing the estimation for rebates and applies adjustments when it believes that actual rebates may differ from the established allowance accounts. These adjustments occur over a relatively short period of time. As these refunds are typically settled within 30 to 45 days of sale, adjustments for actual amounts have not been material.

The amount at closing for the remaining discounts is settled in the following year within 90 to 180 days depending on the type of provision.

(ii) *Provision of services*

Revenue from the rendering of services is recognized over time provided that the following criteria are met (i) the client simultaneously receives and consumes the benefits provided by Grifols' activity as it is carried out, (ii) Grifols produces or improves an asset that the client controls as the asset is produced and (iii) Grifols produces a specific asset for the client, to which cannot give an alternative use, and has an enforceable right of collection of the activity carried out so far. If the performance obligation is fulfilled over time, income is recognized as it is satisfied considering the percentage of completion. If the performance obligation does not meet the above conditions, the following indicators are evaluated to determine that control of the asset has been transferred to the client: (i) through physical possession of the asset where Grifols has the right to demand payment for it and (ii) the client has accepted the asset, the significant risks and rewards inherent in ownership of the asset and has legal title. If the performance obligation is met on a specific date, the corresponding revenue is recognized on that date.

(q) **Income tax**

The income tax expense or tax credit for the year comprises both current tax and deferred tax.

Current tax is the amount payable on the taxable income for the current year based on the applicable tax rate for each jurisdiction. It is calculated on the basis of the laws enacted or about to be enacted at the balance sheet date in the countries where subsidiaries and associates operate and generate taxable income. The Group periodically evaluates the positions taken in tax returns with respect to situations where the applicable tax regulations are subject to interpretation and considers such uncertainty in uncertain tax treatments when determining the corresponding tax gain or loss, tax bases, unused tax credits or tax rates.

Deferred taxes are recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the condensed consolidated interim financial statements. It is determined using tax rates (and laws) enacted or about to be enacted at the balance sheet date that are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax liabilities and assets are recognized:

- Recognition of deferred tax liabilities:

The Group recognizes deferred tax liabilities in all cases except that:

- arise from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, on the date of the transaction it does not affect either the accounting result or the taxable

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

base and on the date of the transaction taxable and deductible temporary differences do not arise for the same amount.

- correspond to differences related to investments in subsidiaries, associates and joint ventures over which the Group has the ability to control the timing of their reversal and it is not probable that their reversal will occur in the foreseeable future.
- Recognition of deferred tax assets:

The Group recognizes deferred tax assets whenever:

- it is probable that there will be sufficient future tax profits to offset them or when tax legislation contemplates the possibility of future conversion of deferred tax assets into a claim payable against the Public Administration. However, the assets that arise from the initial recognition of assets or liabilities in a transaction that is not a business combination, on the date of the transaction do not affect either the accounting result or the taxable base and on the date of the transaction do not taxable and deductible temporary differences arise for the same amount, they are not recognized.
- correspond to temporary differences related to investments in subsidiaries, associates and joint ventures to the extent that the temporary differences will reverse in the foreseeable future and positive future tax profits are expected to be generated to offset the differences.

Deferred tax assets and liabilities are not recognized for temporary differences between the carrying amount and tax base of investments in foreign operations when the company is able to control the date on which the temporary differences will reverse and it is probable that the temporary differences will not reverse in the foreseeable future. Likewise, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Lastly, deferred tax assets are only recognized if it is probable that sufficient future taxable profit will be available against which they can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset when the entity has a legally enforceable right to offset and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Current or deferred income tax is recognized in profit or loss, unless it arises from a transaction or economic event that has been recognized in other comprehensive income or directly in equity. In such cases, the tax is also recognized in other comprehensive income or directly in equity, respectively.

(r) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's chief operating decision maker in order to decide on the resources to be allocated to the segment, evaluate its performance and for which discrete financial information is available.

(s) Environment

The Group carries out operations whose main purpose is to prevent, reduce or repair damage to the environment as a result of its activities.

Items of property, plant and equipment acquired for the purpose of being used on a lasting basis in its activity and whose main purpose is the minimization of environmental impact and the protection and improvement of the

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

environment, including the reduction or elimination of future pollution from the Group's operations, are recognized as assets through the application of measurement, presentation and disclosure criteria consistent with those mentioned in note 4(e).

(t) Non-current assets held for sale

The criteria for held for sale classification is regarded as met only when the Group determines the sale to be highly probable, management is committed to a decision to sell and all actions required to complete the sale indicate that it is unlikely that significant changes to the sale will be made or that the decision will be withdrawn. These assets are measured at the lower of their carrying value and fair value less costs for its alienation. Once classified as held for sale they are no longer depreciated or amortized.

In addition, the asset or disposal group is available for immediate sale in its present condition (subject only to terms that are usual and customary for such transactions) and the sale is expected to be completed within one year from the date of the classification. In case of having some delays caused by events or circumstances outside Grifols control and there is sufficient evidence of this commitment to sell, the Group will present those assets as "Non-current assets held for sale".

The non-current assets held for sale are presented separately in the statement of financial position as "Non-current assets and disposal groups held for sale" and "Liabilities associated with non-current assets and disposal groups held for sale" for the liabilities, if exist.

Additionally, the Group considers as discontinued operations the components (cash-generating units) which represent a separate major line of business or geographic area, that is significant and can be considered separately from the rest, which are sold or disposed in an alternative way or meet the requirements to be presented as held for sale. Likewise, it is considered as discontinued operations those entities acquired exclusively with the finality to be resold. The result after taxes of these discontinued operations are presented in a unique line in the consolidated statement of profit and loss, as "Result from discontinued operations after tax".

(5) Segment Reporting

In accordance with IFRS 8 "Operating Segments", financial information for operating segments is reported in the accompanying Appendix II, which forms an integral part of this note to the condensed consolidated interim financial statements.

Group companies are divided into four areas: companies from the industrial area, companies from the commercial area, companies from the services area and companies from the research area. Within each of these areas, activities are organized based on the nature of the products and services manufactured and marketed.

Assets, liabilities, income and expenses for segments include directly and reliably attributable items. Items which are not attributed to segments by the Group are:

- Balance sheet: equity, cash and cash equivalents and loans and borrowings.
- Statement of profit and loss: finance result and income tax.

(a) Operating segments

The operating segments defined by the Steering Committee are as follows:

- Biopharma (formerly Bioscience): concentrates all activities related to products derived from human plasma for therapeutic use.

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

- Diagnostic: including the marketing of diagnostic testing equipment, reagents and other equipment, manufactured by Group or other companies.
- Bio Supplies: this groups together transactions related to biological products for non-therapeutic use. The part relating to sales of plasma to third parties has been reclassified from Bio Supplies to Other.
- Others: includes the provision of manufacturing services to third parties, plasma sales to third parties and research activities. It also includes pharmaceutical products manufactured by the Group and intended for hospital pharmacies, as well as the marketing of products that complement the Group's own products.

Details of sales by groups of products for the twelve-month period ended 31 December 2023, 2022 and 2021 are as follows:

	Thousands of Euros		
	31/12/2023	31/12/2022	31/12/2021 (*)
Biopharma			
Haemoderivatives	5,558,301	5,005,382	3,814,983
Diagnostic			
Transfusional medicine	648,479	640,604	712,238
Other diagnostic	21,790	21,740	23,625
Bio supplies	159,957	146,076	115,811
Others	203,450	250,165	266,461
Total	6,591,977	6,063,967	4,933,118

* As a consequence of the review of transactions and balances allocations by segments made in the year 2022, the comparative figures for the fiscal year 2021 was adjusted accordingly.

At 31 December 2023, 98.0% of the income from the sale of goods and services has been recognized at a certain point-in-time (97.6% in 2022 and 97.4% in 2021).

As of 31 December 2023, 82.8% of revenue from the sale of goods and services was made to the end customer (85.1% in 2022 and 81.3% in 2021), with the rest being sales to distributors.

The Group has concluded that hemoderivative products are sufficiently alike to be considered as a whole for the following reasons:

- All these products are human plasma derivatives and are manufactured in a similar way.
- The customers and methods used to distribute these products are similar.
- All these products are subject to the same regulations regarding production and the same regulatory environment.

(b) Geographical information

Geographical information is grouped into four areas:

- United States of America and Canada
- Spain
- Rest of the European Union
- Rest of the world

The definition of these four segments is mainly due to the geographical level that Group management sets to manage its revenue as they respond to specific economic scenarios. The main framework of the Group is

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

consistent with this geographical segment grouping, including the monitoring of its commercial operations and its information systems.

The financial information reported for geographical areas is based on sales to third parties in these markets as well as the location of assets.

(c) Main customers

In 2023, the revenue from a customer in the Biopharma segment represented approximately 10.37% of the Group's gross revenue. In 2022 and 2021, there was no customer that represented more than 10% of the Group's gross revenue.

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

(6) Goodwill

Details of and movement in this caption of the consolidated balance sheet at 31 December 2023 are as follows:

		Thousands of Euros					
		Balance at	Business	Impairment	Transfers	Translation	Balance at
	Segment	Reference	31/12/2022	Combination		differences	31/12/2023
Net value							
Grifols UK, Ltd. (UK)	Biopharma		7,747	--	--	--	7,907
Grifols Italia.S.p.A. (Italy)	Biopharma		6,118	--	--	--	6,118
Biomat USA, Inc. (USA)	Biopharma		899,948	--	--	--	868,674
Grifols Australia Pty Ltd. (Australia) / Medion Diagnostics AG (Switzerland)	Diagnostic		9,859	--	--	--	9,846
Grifols Therapeutics, Inc. (USA)	Biopharma		2,083,432	--	--	--	2,011,030
Progenika Biopharma, S.A. (Spain)	Diagnostic		40,516	--	--	--	40,516
Grifols Diagnostic (Novartis & Hologic) (USA, Spain and Hong Kong)	Diagnostic		2,722,785	--	--	--	2,628,995
Kiro Grifols, S.L. (Spain)	Others		24,376	--	--	--	24,376
Haema, AG. (Germany)	Biopharma		190,014	--	--	--	190,014
BPC Plasma, Inc. (USA)	Biopharma		160,964	--	--	--	155,370
Plasmavita Healthcare GmbH (Germany)	Biopharma		9,987	--	--	--	9,987
Alkahest, Inc (USA)	Others		82,481	--	--	--	79,615
Grifols Canada Therapeutics, Inc (Canada)	Biopharma		154,775	--	--	--	152,841
GigaGen, Inc (USA)	Others		119,590	--	--	--	115,434
Haema Plasma Kft. (Hungary)	Biopharma	Note 3	13,529	--	--	--	14,149
Grifols Canada Plasma, Inc. (formerly Prometic Plasma Resources, Inc.)	Biopharma	Note 3	2,802	7,858	--	--	10,503
Grifols Biotest Holdings GmbH/ Biotest AG (Germany)	Biopharma	Note 3	303,624	--	--	--	303,624
Access Biologicals, LLC (USA)	Bio Supplies	Note 3	179,362	--	--	(174,427)	--
Grifols Bio Supplies Inc (USA)	Bio Supplies		--	--	--	174,427	173,128
AlbaJuna Therapeutics, S.L (Spain)	Others	Note 3	--	1,794	(1,794)	--	--
			7,011,909	9,652	(1,794)	0	6,802,127

(See note 3)

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

Details of and movement in this caption of the consolidated balance sheet at 31 December 2022 were as follows:

	Segment	Reference	Thousands of Euros				Translation differences	Balance at 31/12/2022
			Balance at 31/12/2021	Business Combination	Disposals	Transfers		
Net value								
Grifols UK.Ltd. (UK)	Biopharma		8,185	--	--	--	(438)	7,747
Grifols Italia.S.p.A. (Italy)	Biopharma		6,118	--	--	--	--	6,118
Biomat USA, Inc.(USA)	Biopharma		676,321	--	--	175,920	47,707	899,948
Grifols Australia Pty Ltd. (Australia) / Medion Diagnostics AG (Switzerland)	Diagnostic		9,752	--	--	--	107	9,859
Grifols Therapeutics, Inc. (USA)	Biopharma		1,962,024	--	--	--	121,408	2,083,432
Progenika Biopharma, S.A. (Spain)	Diagnostic		40,516	--	--	--	--	40,516
Grifols Diagnostic (Novartis & Hologic) (USA, Spain and Hong Kong)	Diagnostic		2,565,493	--	--	--	157,292	2,722,785
Kiro Grifols S.L. (Spain)	Others		24,376	--	--	--	--	24,376
Goetech LLC (USA)	Others	Note 3	59,590	--	(63,798)	--	4,208	--
Haema AG (Germany)	Biopharma		190,014	--	--	--	--	190,014
BPC Plasma, Inc. (USA)	Biopharma		151,584	--	--	--	9,380	160,964
Interstate Blood Bank, Inc. (USA)	Biopharma		171,184	--	--	(175,920)	4,736	--
Plasmavita Healthcare GmbH (Germany)	Biopharma		9,987	--	--	--	--	9,987
Alkahest, Inc (USA)	Others		77,675	--	--	--	4,806	82,481
Grifols Canada Therapeutics, Inc (Canada)	Biopharma		155,755	--	--	--	(980)	154,775
GigaGen, Inc (USA)	Others		112,621	--	--	--	6,969	119,590
Grifols Canada Plasma, Inc. (formerly Prometic Plasma Resources, Inc.)	Biopharma	Note 3	7,706	(4,894)	--	--	(10)	2,802
Haema Plasma Kft. (Hungary)	Biopharma	Note 3	--	14,739	--	--	(1,210)	13,529
Grifols Biotest Holdings GmbH/ Biotest AG (Germany)	Biopharma	Note 3	--	303,624	--	--	--	303,624
Access Biologicals, LLC (USA)	Bio Supplies	Note 3	--	180,834	--	--	(1,472)	179,362
			6,228,901	494,303	(63,798)	--	352,503	7,011,909

(See note 3)

Impairment testing:

CGUs correspond to the reporting segments except for the Others segment which corresponds to Kiro Grifols, Alkahest and GigaGen as separated CGUs.

As a result of the acquisition of Talecris in 2011, and for impairment testing purposes, the Group combines the CGUs allocated to the Biopharma segment, grouping them together at segment level, because substantial synergies were expected to arise on the acquisition of Talecris, and due to the vertical integration of the business and the lack of an independent organized market for the products. Because the synergies benefit the Biopharma segment globally they cannot be allocated to individual CGUs. The Biopharma segment represents the lowest level to which goodwill is allocated and is subject to control by Group management for internal control purposes.

As a result of the acquisition of Novartis' Diagnostic business unit in 2014, the Group decided to combine Araclon, Progenika, Australia and Hologic's share of NAT donor screening unit acquisition into a single CGU for the Diagnostic business as the acquisition is supporting not only the vertically integration business but also cross-selling

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

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opportunities. In addition, for management purposes, the Group's management is focused on the business more than geographical areas or individual companies.

The Hospital division is no longer a reportable segment since it does not meet any of the quantitative thresholds described in IFRS 8 Operating Segments. The segment information included in the Hospital CGU in previous years is currently grouped into an Others segment.

In addition, due to the acquisition of the remaining 51% stake in Access Biologicals, a new CGU for the Bio Supplies business was identified (see note 3).

The CGUs established by Grifols management are:

- Biopharma
- Diagnostic
- Bio Supplies
- Kiro Grifols
- GigaGen
- Alkahest

Alkahest's goodwill was generated as a counterpart to the deferred tax liability corresponding to the intangible assets recognized as a result of the allocation of the excess purchase price over the acquired net assets.

The recoverable amount of the Biopharma CGU and Bio Supplies CGU has been calculated based on its value in use calculated as the present value of the five-year future cash flows discounted at a discount rate considering the related inherent risk.

The recoverable amount of the Diagnostic CGU has been calculated based on its fair value less costs to sell calculated as the present value of future cash flows approved by Management discounted at a discount rate considering the inherent risk. Due to the reorganization to boost the business units, a long-term strategic plan was approved in order to transform the Diagnostic business unit by investments which will lead to a beyond five-year growth. Consequently, management has estimated future cash flows for the period 2024-2034.

The recoverable amount of the Kiro Grifols CGU has been calculated based on its fair value less costs to sell calculated as the present value of the five-year cash flows discounted at a discount rate considering the related inherent risk.

For the calculation of the recoverable amount, management has considered:

- Gross margin based on historical performance and actual situation
- Development prospects in the international market
- Current investments
- Investments which will imply a significant growth of the production capacity for those cases whose fair value has been considered

Cash flows estimated as of the year in which stable growth in the CGU has been reached are extrapolated using the estimated growth rates indicated below. Perpetual growth rates are consistent with the forecasts included in industry reports.

The recoverable amount of the GigaGen CGU has been determined based on the fair value less costs to sell, calculated as the present value of the future cash flows mainly of a research and development project that have been approved by management, adjusted by the probability of success and discounted at a discount rate that includes their inherent risk. Cash flows have been estimated taking into consideration a useful life of 20 years from the product launch and their reduction as of the sixth year.

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

The key assumptions used in calculating impairment testing of the CGUs for 2023 have been as follows:

	Perpetual Growth rate	Pre-tax discount rate
Biopharma	2.0%	11.3%
Diagnostic	2.0%	10.1%
Bio Supplies	2.0%	11.4%
Kiro Grifols	1.6%	12.0%
GigaGen	N/A	19.8%

Additionally, the following key assumptions have been used for the GigaGen CGU impairment testing:

	Sink rate	Success rate
GigaGen	5.0%	20.0%

Likewise, for the impairment test of the Diagnostic CGU, the sales of Nucleic Acid Test (NAT), Blood Typing Solution (BTS) and those of the Clinical Diagnostic have been considered as key assumptions.

The discount rate used reflects specific risks relating to the CGUs and the countries in which they operate. The main assumptions used for determining the discount rate are as follows:

- Risk free rate: normalized government bonds at 10 years
- Market risk premium: premium based on market research
- Unlevered beta: average market beta
- Debt to equity ratio: average market ratio

The key assumptions used in calculating impairment testing of the CGUs for 2022 were as follows:

	Perpetual Growth rate	Pre-tax discount rate
Biopharma	1.9%	10.9%
Diagnostic	1.9%	9.7%
Bio Supplies	1.9%	10.9%
Kiro Grifols	1.5%	11.6%
GigaGen	N/A	19.6%

Likewise, for the impairment test of the Diagnostic CGU, the sales of Blood Typing Solution (BTS) and those of the Clinical Diagnostic were considered as key assumptions.

Additionally, the following key assumptions were used for the GigaGen CGU impairment testing:

	Sink rate	Success rate
GigaGen	5.0%	20.0%

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

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In 2023, and according to the current economic context, the reasonably possible changes considered for the CGUs impairment testing are a variation in the discount rate, as well as in the estimated perpetual growth rate, with independent movements of each other, as follows:

	Perpetual Growth rate	Pre-tax discount rate
Biopharma	+/- 50 bps	+/- 50 bps
Diagnostic	+/- 50 bps	+/- 100 bps
Bio Supplies	+/- 50 bps	+/- 50 bps
Kiro Grifols	+/- 50 bps	+/- 50 bps
GigaGen	N/A	+/- 200 bps

Additionally, for the impairment test of the Diagnostic CGU, the following sensitivity scenarios to variations in sales of the NAT, BTS and CDx business lines have also been considered:

- NAT sales sensitivity scenario: a lower sales projection than initially projected has been estimated by approximately 9% on average each year.
- BTS sales sensitivity scenario: a lower sales projection than initially projected has been estimated by approximately 17% on average each year.
- CDx sales sensitivity scenario: a projection has been estimated so that CDx sales from 2030 onwards represent on average approximately 66% of the initially estimated sales.
- Aggregate sensitivity scenario to NAT, BTS and CDx sales: a scenario has been estimated as a result of the previous sensitivity scenarios.

In addition, the following reasonably possible change has been considered for the GigaGen CGU impairment testing:

	Sink rate
GigaGen	+/- 100 bps

The reasonably possible changes in key assumptions considered by management in the calculation of the recoverable amount of the Biopharma, Bio Supplies, Kiro Grifols and GigaGen CGU's would not cause the carrying amount to exceed its recoverable amount.

The reasonably possible changes in key assumptions considered by management in the calculation of the Diagnostic CGU recoverable amount would cause the carrying amount to exceed its recoverable amount as follows:

	% Asset Value
Aggregate sensitivity scenario to NAT, BTS and CDx sales	-4%

Detail of the assets by segment value is shown in Annex II.

In 2022, the reasonably possible changes considered for the CGUs impairment testing were a variation in the discount rate, as well as in the estimated perpetual growth rate, with independent movements of each other, as follows:

	Perpetual Growth rate	Pre-tax discount rate
Biopharma	+/- 50 bps	+/- 50 bps
Diagnostic	+/- 50 bps	+/- 50 bps
Bio Supplies	+/- 50 bps	+/- 50 bps
Kiro Grifols	+/- 50 bps	+/- 50 bps
GigaGen	N/A	+/- 100 bps

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

Additionally, for the impairment test of the Diagnostic CGU, two scenarios of sensitivity to variations in the sales of the Blood Typing Solutions (BTS) business line and the Clinical Diagnostics (CDx) business line were also considered. In the first case, sales projections were estimated to be approximately 10% lower than initially projected, on average, each year. In the second case, a projection was estimated so that Clinical Diagnostics sales from 2029 onwards represent on average 80% of the initially estimated sales.

In addition, the following reasonably possible change was considered for the GigaGen CGU impairment testing:

	Sink rate
GigaGen	+/- 100 bps

At 31 December 2023 Grifols' stock market capitalization totals Euros 9,344 million (Euros 6,636 million at 31 December 2022).

(7) Other Intangible Assets

Details of other intangible assets and movement during the twelve-month period ended 31 December 2023 and 2022 are included in Appendix III, which forms an integral part of these notes to the condensed consolidated interim financial statements.

Intangible assets acquired from Talecris mainly include currently marketed products. Identifiable intangible assets correspond to Gamunex and have been recognized at fair value at the acquisition date of Talecris and classified as currently marketed products. Intangible assets recognized comprise the rights on the Gamunex product, its commercialization and distribution license, trademark, as well as relations with hospitals. Each of these components is closely linked and fully complementary, are subject to similar risks and have a similar regulatory approval process.

Intangible assets acquired from Progenika mainly include currently marketed products. Identifiable intangible assets correspond to blood, immunology and cardiovascular genotyping. These assets have been recognized at fair value at the acquisition date of Progenika and classified as currently marketed products.

The intangible assets acquired from Biotest mainly include the acquired product portfolio. The identifiable intangible assets correspond to the plasma therapies segment and have been recorded at fair value at the date of acquisition of Biotest and classified as an acquired product portfolio.

The intangible assets acquired from Access Biologicals mainly include customer relationships. This asset has been recorded at fair value at the date of acquisition of Access Biologicals and classified as acquired customer relationships.

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

The cost and accumulated amortization of currently marketed products and customer relationships acquired from Talecris, Progenika, Biotest and Access at 31 December 2023 was as follows:

	Thousands of Euros			
	Balance at 31/12/2022	Additions	Translation differences	Balance at 31/12/2023
Cost of currently marketed products - Gamunex	1,125,070	--	(39,097)	1,085,973
Cost of currently marketed products - Progenika	23,792	--	--	23,792
Cost of currently marketed products - Biotest	195,694	--	--	195,694
Cost of customer relationships - Access	86,618	--	(2,829)	83,789
Accumulated amortisation of currently marketed products - Gamunex	(434,403)	(37,078)	15,975	(455,506)
Accumulated amortisation of currently marketed products - Progenika	(23,391)	(401)	--	(23,792)
Accumulated amortisation of currently marketed products - Biotest	(3,134)	(8,028)	--	(11,162)
Accumulated amortisation of customer relationships - Access	(3,166)	(5,977)	256	(8,887)
Carrying amount of currently marketed products and customer relationships	967,080	(51,484)	(25,695)	889,901

The cost and accumulated amortization of currently marketed products and customer relationships acquired from Talecris, Progenika, Biotest and Acces at 31 December 2022 was as follows:

	Thousands of Euros				
	Balance at 31/12/2021	Business Combination	Additions	Translation differences	Balance at 31/12/2022
Cost of currently marketed products - Gamunex	1,059,509	--	--	65,561	1,125,070
Cost of currently marketed products - Progenika	23,792	--	--	--	23,792
Cost of currently marketed products - Biotest	--	200,902	--	(5,208)	195,694
Cost of customer relationships - Access	--	86,618	--	--	86,618
Accumulated amortisation of currently marketed products - Gamunex	(373,772)	--	(37,833)	(22,798)	(434,403)
Accumulated amortisation of currently marketed products - Progenika	(21,012)	--	(2,379)	--	(23,391)
Accumulated amortisation of currently marketed products - Biotest	--	--	(3,134)	--	(3,134)
Accumulated amortisation of customer relationships - Access	--	--	(3,386)	220	(3,166)
Carrying amount of currently marketed products and customer relationships	688,517	287,520	(46,732)	37,775	967,080

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

The estimated useful life of the currently marketed products acquired from Talecris is considered limited, has been estimated at 30 years on the basis of the expected life cycle of the product (Gamunex) and is amortized on a straight-line basis.

At 31 December 2023 the residual useful life of currently marketed products is 17 years and 5 months (18 years and 5 months at 31 December 2022).

The estimated useful life of the currently marketed products acquired from Progenika is considered limited, has been estimated at 10 years on the basis of the expected life cycle of the product and is amortized on a straight-line basis. In 2023 the currently marketed products reached the end of their useful life.

The estimated useful life of the product portfolio acquired from Biotest is considered limited and has been estimated at 30 years, based on the expected life cycle of the products. The amortization method is linear.

The estimated useful life of the customer relationships acquired from Access Biologicals is considered limited and has been estimated at 14 years, based on the rate of decline of the same. The amortization method is linear.

(a) Self – constructed intangible assets

At 31 December 2023 the Group has recognized Euros 50,043 thousand as self – constructed intangible assets (Euros 37,214 thousand at 31 December 2022) in the consolidated profit and loss account.

(b) Purchase commitments

At 31 December 2023 the Group has no intangible asset purchase commitments (Euros 69 thousand at 31 December 2022).

(c) Other intangibles in progress

At 31 December 2023 the Group has an amount of Euros 1,366,893 thousand as development costs in progress (Euros 1,330,213 thousand at 31 December 2022). This amount includes an amount of Euros 284,341 thousand as of 31 December 2023 (Euros 294,578 thousand as of 31 December 2022) corresponding to the ongoing research and development projects for products for neurodegenerative disorders, neuromuscular diseases, and ophthalmological diseases acquired from Alkahest. Likewise, this amount also includes an amount of Euros 861,950 thousand as of 31 December 2023 (Euros 846,447 thousand as of 31 December 2022) corresponding to the ongoing research and development projects in plasma therapies acquired from Biotest (Fibrinogen and Trimodulin).

(d) Results on disposal of intangible assets

The total losses on disposals and sale of intangible assets amounts to Euros 283 thousand in 2023 (losses of Euros 1,082 thousand in 2022).

(e) Impairment testing

Indefinite-lived intangible assets have been allocated to the corresponding cash-generating unit (CGU). These assets have been tested for impairment together with goodwill (see note 6).

Impairment testing has been analyzed for each of the intangible assets in progress by calculating its recoverable amount based on their fair value based on the discount of free cash flows adjusted by the probability of success according to the clinical phase of the project.

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

(8) Leases

Details of leases in the consolidated balance sheet at 31 December 2023 and 2022 are as follows:

Right-of-use assets	Thousands of Euros	
	31/12/2023	31/12/2022
Land and buildings	852,131	885,050
Machinery	3,718	3,017
Computer equipment	764	1,026
Vehicles	7,454	8,459
	864,067	897,552

Lease liabilities	Reference	Thousands of Euros	
		31/12/2023	31/12/2022
Non-current	Note 21	896,128	914,588
Current	Note 21	100,889	102,356
		997,017	1,016,944

The composition of lease liabilities as of 31 December 2023 and 2022 is shown below. Undiscounted future payments classified on a maturity basis are presented together with the effect of the financial discount:

	Thousands of Euros	
	31/12/2023	31/12/2022
Maturity:		
Within one year	100,889	102,356
In the second year	99,108	97,823
In the third to fifth years	272,203	270,876
After the fifth year	976,400	996,655
	1,448,600	1,467,710
Discounting effect	451,583	450,766
Total lease liabilities	997,017	1,016,944

Details by maturity of lease liabilities are shown under “Liquidity risk” in note 30.

At 31 December 2023, the Group has recognized an amount of Euros 98,477 thousand related to additions of right-of-use assets (Euros 141,973 thousand at 31 December 2022). Movement at 31 December 2023 and 2022 is included in Appendix IV, which forms an integral part of these notes to the condensed consolidated interim financial statements.

At 31 December 2023 and 2022, the amounts recognized in the consolidated statement of profit and loss related to lease agreements are:

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

Right-of-use depreciation	Thousands of Euros	
	31/12/2023	31/12/2022
Buildings	71,157	72,214
Machinery	1,507	1,983
Computer equipment	860	1,432
Vehicles	5,019	4,869
	<u>78,543</u>	<u>80,498</u>

Finance lease expenses	Reference	Thousands of Euros	
		31/12/2023	31/12/2022
	Note 27	44,587	45,198
		<u>44,587</u>	<u>45,198</u>

	Thousands of Euros	
	31/12/2023	31/12/2022
Expenses related to short-term contracts	1,117	1,739
Expenses related to low-value contracts	14,345	13,435
Other operating lease expenses	27,577	23,820
	<u>43,039</u>	<u>38,994</u>

At 31 December 2023, the Group has paid a total of Euros 105,852 thousand related to lease contracts (Euros 104,287 thousand at 31 December 2022).

The total amount recognized in the balance sheet corresponds to lease contracts in which the Group is the lessee.

(9) Property, Plant and Equipment

Details of property, plant and equipment and movement in the consolidated balance sheet at 31 December 2023 and 2022 are included in Appendix V, which forms an integral part of this note to the condensed consolidated interim financial statements.

Property, plant and development under construction at 31 December 2023 and 2022 mainly comprise investments made to extend the companies' equipment and to increase their productive capacity.

In 2023, the Group has capitalized interests for a total amount of Euros 36,892 thousand (Euros 25,184 thousand in 2022) (see note 27).

a) Insurance

Group policy is to contract sufficient insurance coverage for the risk of damage to property, plant and equipment. At 31 December 2023 the Group has a combined insurance policy for all Group companies, which more than adequately covers the carrying amount of all the Group's assets.

b) Losses on disposal of property, plant and equipment

Total losses incurred on disposals of property, plant and equipment for 2023 amount to Euros 5,813 thousand (losses of Euros 6,817 thousand in 2022).

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

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c) Self – constructed property, plant and equipment

At 31 December 2023 the Group has recognized Euros 82,615 thousand as self -constructed property, plant and equipment (Euros 87,656 thousand at 31 December 2022) in the consolidated profit and loss account.

d) Purchase commitments

At 31 December 2023 the Group has property, plant and equipment purchase commitments amounting to Euros 36,487 thousand (Euros 41,680 thousand at 31 December 2022).

e) Fixed assets under construction

The fixed assets under construction as of 31 December 2023 amount to Euros 910,670 thousand (Euros 878,415 thousand in the 2022 financial year) and mainly correspond to the investments incurred in the expansion of the facilities of the companies and their productive capacity in the United States, Canada, and Ireland (see note 29).

f) Impairment testing

During 2023, the Group disposed of property, plant and equipment as part of the reorganization of the USA donor center network. In this regard, the impairment corresponding to these assets which belong to the Biopharma segment have been written off for a total amount of Euros 5.3 million in the consolidated profit and loss for 2023.

As a result of the reorganization of the USA donor center network, an impairment for some property, plant and equipment allocated to the relocated donor centers was recognized for a total amount of Euros 5.7 million as an expense in the consolidated statement of profit and loss for 2022.

Tangible assets have been assigned to the corresponding cash-generating unit (CGU) and their impairment has been analyzed jointly with the impairment of goodwill (see note 6).

g) Transfers

At 31 December 2022, transfers included the reclassification of Euros 5,159 thousand to "non-current assets held for sale" related to agreement that the Group reached for the sale of the installations owned by Grifols Brasil, Lda which became effective during 2023.

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

(10) Equity-Accounted Investees and Joint Business

Details of this caption in the consolidated balance sheet at 31 December 2023 and 2022 are as follows:

	% ownership	Thousands of Euros	
		31/12/2023	31/12/2022
Shanghai RAAS Blood Products Co., Ltd.	6.58%	474,601	1,910,428
Grifols Egypt Plasma Derivatives	49.00%	46,263	36,111
BioDarou P.J.S. Co.	49.00%	11,265	5,051
Total equity accounted investees with similar activity to that of the Group		532,129	1,951,590
Albajuna Therapeutics, S.L	100.00%	--	622
Mecwins, S.A.	24.59%	2,841	2,965
Total of the rest of equity accounted investees		2,841	3,587
Total equity-accounted investees		534,970	1,955,177

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31

December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

Movement in the investments in equity-accounted investees for the twelve-month period ended 31 December 2023 is as follows:

	Thousands of Euros							
	2023							
	Equity accounted investees with similar activity to that of the Group				Rest of equity accounted investees			Total
Shanghai RAAS Blood Products Co., Ltd.	Grifols Egypt Plasma Derivatives	BioDarou P.J.S. Co.	Total	Albajuna Therapeutics, S.L	Mecwins, S.A.	Total		
Balance at 1 January	1,910,428	36,111	5,051	1,951,590	622	2,965	3,587	1,955,177
Acquisitions	--	20,342	--	20,342	--	--	--	20,342
Transfers	--	--	--	--	--	--	--	--
Share of profit / (losses)	61,979	(1,025)	2,786	63,740	(798)	(124)	(922)	62,818
Share of other comprehensive income / translation differences	(57,048)	(9,165)	3,846	(62,367)	176	--	176	(62,191)
Collected dividends	(6,891)	--	--	(6,891)	--	--	--	(6,891)
Uncollected dividends	--	--	(418)	(418)	--	--	--	(418)
Transfers	(1,433,867)	--	--	(1,433,867)	--	--	--	(1,433,867)
Balance at 31 December	474,601	46,263	11,265	532,129	--	2,841	2,841	534,970

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31

December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

Movement in the investments in equity-accounted investees for the twelve-month period ended 31 December 2022 is as follows:

	Thousands of Euros								
	2022								
	Equity accounted investees with similar activity to that of the Group					Rest of equity accounted investees			
	Access Biologicals LLC	Shanghai RAAS Blood Products Co., Ltd.	Grifols Egypt Plasma Derivatives	BioDarou P.J.S. Co.	Total	Albajuna Therapeutics, S.L	Mecwins, S.A.	Total	Total
Balance at 1 January	53,264	1,909,596	31,847	--	1,994,707	1,910	3,159	5,069	1,999,776
Acquisitions	--	--	--	4,534	4,534	--	--	--	4,534
Transfers	(129,459)	--	--	--	(129,459)	--	--	--	(129,459)
Share of profit / (losses)	76,895	26,680	865	(962)	103,478	(1,288)	(194)	(1,482)	101,996
Share of other comprehensive income / translation differences	3,028	(18,859)	(16,419)	1,479	(30,771)	--	--	--	(30,771)
Collected dividends	(3,728)	(6,989)	--	--	(10,717)	--	--	--	(10,717)
Others	--	--	19,818	--	19,818	--	--	--	19,818
Balance at 31 December	--	1,910,428	36,111	5,051	1,951,590	622	2,965	3,587	1,955,177

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31

December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

Movement in the investments in equity-accounted investees for the twelve-month period ended 31 December 2021 is as follows:

	Thousands of Euros								
	2021								
	Equity accounted investees with similar activity to that of the Group				Rest of equity accounted investees				
	Access Biologicals LLC	Shanghai RAAS Blood Products Co., Ltd.	Grifols Egypt Plasma Derivatives	Total	Albajuna Therapeutics, S.L	GigaGen, Inc.	Mecwins, S.A.	Total	Total
Balance at 1 January	46,782	1,800,578	--	1,847,360	3,378	15,677	2,605	21,660	1,869,020
Acquisitions	--	--	30,454	30,454	--	--	860	860	31,314
Transfers	--	--	--	--	--	(50,794)	--	(50,794)	(50,794)
Share of profit / (losses)	8,298	24,835	(578)	32,555	(1,463)	34,957	(306)	33,188	65,743
Share of other comprehensive income / translation differences	3,929	89,886	1,971	95,786	(5)	160	--	155	95,941
Collected dividends	(5,745)	(5,703)	--	(11,448)	--	--	--	--	(11,448)
Balance at 31 December	53,264	1,909,596	31,847	1,994,707	1,910	--	3,159	5,069	1,999,776

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

The main movements of the equity-accounted investees with similar activity to that of the Group are explained below:

Grifols Egypt for Plasma Derivatives (S.A.E.)

On 29 July 2021, a cooperation agreement was signed with the National Service Projects Organization (NSPO) to help build a platform to bring self-sufficiency in plasma-derived medicines to Egypt. The Company made a first contribution of US Dollars 36,750 thousand (equivalent to Euros 30,454 thousand at the date of integration), and in exchange received GEPD shares representing 49% of its share capital, which amounts to US Dollars 300 million. The Company has undertaken to make the contributions for the outstanding amount corresponding to its interest as the capital requirements are approved. As a result, the Group made a further capital contribution of US Dollars 22 million during 2022, equivalent to 49% of the total capital contribution made (US Dollars 45 million). Additionally, during 2023 the Group made another capital contribution of US Dollars 22 (Euros 20 million at the contribution date) million, equivalent to 49% of the total capital increase made (US Dollar 67 million).

Shanghai RAAS Blood Products Co. Ltd.

In March 2019, Grifols entered into a share exchange agreement with Shanghai RAAS Blood Products Co. Ltd. (hereinafter SRAAS), through which Grifols would deliver 90 shares of its US subsidiary Grifols Diagnostic Solutions Inc. (hereinafter GDS) (representing 45% of the economic rights and 40% of the voting rights), and in exchange would receive 1,766 million of SRAAS shares (representing 26.2% of the share capital).

After receiving all relevant authorizations, at 31 December 2019, Grifols delivered 90 shares of its subsidiary GDS in exchange for a contractual right to receive equity instruments in an associate (equivalent to 1,766 million of SRAAS shares), because at that date no shares of SRAAS were received. As a consequence, at 31 December 31 2019, SRAAS was the minority shareholder owning 45% of GDS. Grifols recorded the aforementioned contractual right for the fair value of the GDS shares delivered and subsequently, the right was measured based on its fair value through profit or loss.

On 30 March 2020, the share exchange agreement was closed and Grifols received SRAAS shares corresponding to 26.2% of its share capital. Therefore, Grifols became the largest shareholder of SRAAS, while maintaining operational, voting and economic control of GDS.

Consequently, the consolidated balance sheet at 31 December 2020, did not longer show any financial asset related to the contractual right, but the interest in SRAAS was recorded as an investment in an associate company because the Group exercises significant influence in accordance with the criteria established in IAS 28 – Investment in Associates and Joint Ventures. SRAAS' equity-accounted investment was recognized at the value of the shares at the closing date of the transaction. The difference between the contractual right value recognized at 31 December 2019 and SRAAS quoted value at 30 March 2020 was Euros 56,526 thousand which was recognized as Change in fair value of financial instruments in the consolidated statement of profit and loss.

The impact on the consolidated statement of profit and loss related to the equity method result was included in the Operating Result under "Profit/(loss) of equity accounted investees with similar activity to that of the Group", since SRAAS is a company dedicated to the plasma product sector.

The transaction costs were recognized as part of the investment value and totaled Euros 34,088 thousand.

On 29 December 2023, Grifols announced a Strategic Alliance and Share Purchase Agreement with Haier Group Corporation (Haier) for the sale of approximately a 20% equity stake in SRAAS in exchange for RMB 12,500 million, which represents a price of RMB 9.405 per share.

According to the fair value implicit in the transaction with Haier, there is no impairment indication in SRAAS investment as of December 31, 2023. At 31 December 2023 Shanghai RAAS Blood Products Co. Ltd. stock market capitalization totals RMB 53,164 million (RMB 42,737 million at 31 December 2022).

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

	Agreed price in transaction with Haier	31/12/2023	Date of acquisition
SRAAS shares price	CNY 9.405	CNY 8.00	CNY 7.91

As of 31 December 2022, the recoverable value of the investment in SRAAS was determined in accordance with its value in use, calculated as the present value of future cash flows discounted at a discount rate that reflects the inherent risk thereof.

The key assumptions used to perform the impairment test of the investment in SRAAS for 2022 were as follows:

	Perpetual Growth rate	Pre-tax discount rate
SRAAS	3.3%	9.2%

The reasonably possible changes considered for SRAAS were a variation in the discount rate, as well as in the estimated perpetual growth rate, according to the following detail:

	Perpetual Growth rate	Pre-tax discount rate
SRAAS	+/- 50 bps	+/- 50 bps

Due to the aforementioned Share Purchase Agreement with Haier Group Corporation, as of December 31, 2023, the amount equivalent to 20% of the ownership in SRAAS has been reclassified to the heading Non-current assets held for sale (see note 12).

Access Biologicals LLC.

On 12 January 2017, the group announced the acquisition of 49% of the voting rights in Access Biologicals LLC, a company based in San Diego, California, USA, for the amount of US Dollars 51 million. Grifols entered into an option agreement to purchase the remaining 51% voting rights in five years, in 2022. Grifols also signed a supply agreement to sell biological products not meant for therapeutic use to Access Biologicals.

The principal business activity of Access Biologicals is the collection and manufacturing of an extensive portfolio of biological products. Combined with closed-loop material sourcing, it provides critical support for various markets such as in-vitro diagnostic manufacturing, biopharmaceutical, cell culture and diagnostic research & development.

On 15 June 2022, Grifols, through its wholly-owned subsidiary Chiquito Acquisition Corp., reached an agreement to acquire all the shares of Access Biologicals LLC, exercising the call option for the remaining 51%, for a total of US Dollars 142 million. With the acquisition of 100% of the shares, Grifols obtains control over Access Biologicals LLC and, therefore, it is considered a group company and is consolidated under the full consolidation method (see note 3). In 2023, Access Biologicals, L.L.C, Chiquito Acquisition Corp. and Grifols Bio Supplies, Inc. entered into a merger agreement, with the surviving company being Grifols Bio Supplies, Inc. (see note 2).

BioDarou P.J.S. Co.

On 25 April 2022, and after obtaining all regulatory approvals, Grifols closed the acquisition of 70.18% of the share capital of Biotest AG for Euros 1,460,853 thousand (see note 3). Biotest AG is the parent company of a consolidated group of companies, which includes a joint venture investment corresponding to a 49% interest held by Biotest

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

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Pharma GmbH in BioDarou P.J.S. Co, whose registered office is in Tehran, Iran, and which is accounted for using the equity method.

The company's goal is to collect plasma, process it into immunoglobulins, factors and human albumin through Biotest AG and then sell the finished products in Iran.

The main movements for the rest of the equity-accounted investees are explained below:

Albajuna Therapeutics, S.L.

In 2016, Grifols made a capital investment of 3.75 million euros in exchange for 30% of the shares of Albajuna Therapeutics, S.L. Since 2018, as a result of a planned investment in accordance with the Shareholders' Agreement of January 2016, Grifols held a 49% stake in the company's capital. Albajuna Therapeutics, S.L. is a Spanish research company founded in 2016 whose main activity is the development and manufacture of therapeutic antibodies against HIV.

On 9 October, 2023, Grifols, through its 100% owned subsidiary Grifols Innovation and New Technologies Limited, reached an agreement to acquire all the shares of Albajuna Therapeutics, S.L. for the remaining 51% for a total amount of 1 euro. With the acquisition of 100% of the shares, Grifols obtained control over Albajuna Therapeutics, S.L. and, therefore, it has become a group company and has been consolidated under the global consolidation method (see note 3).

Medcom Advance, S.A.

In February 2019, the Group completed the acquisition of 45% of the shares in Medcom Advance, S.A. for an amount of Euros 8,602 thousand. Medcom Advance, S.A. is a company dedicated to research and development with a view to create proprietary patents using nanotechnology. The company was equity-accounted. At 31 December 2022 and 2023, this investment is fully impaired.

Mecwins, S.A.

On 22 October 2018 Grifols allocated Euros 2 million to the capital increase of Mecwins through Progenika Biopharma, reaching 24.99% of the total capital.

Mecwins is a spin-off of the Institute of Micro and Nanotechnology of the Center for Scientific Research (CSIC), specialized in the development of innovative nanotechnological analysis tools for the diagnosis and prognosis of diseases.

Mecwins has developed ultrasensitive optical reading immunoassay technology from nanosensors for the detection of protein biomarkers in blood. This technology has potential applications in fields such as oncology, cardiovascular and infectious diseases.

The injection of capital, in which CRB Inverbio also participated with an additional Euros 2 million, will enable Mecwins to start developing pre-commercial prototypes of this technology and for Grifols to position itself in the field of nanotechnology applied to diagnosis.

In 2021, Mecwins, S.A. acquired own shares from Progenika Biopharma, S.A. to generate treasury stock. This acquisition caused the percentage of ownership in Mecwins, S.A. to decrease to 24.59%.

GigaGen Inc.

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

On 5 July 2017, Grifols through its 100% subsidiary Grifols Innovation and New Technologies Limited (“GIANT”) acquired a 43.96% shareholding in GigaGen, Inc., a company based in San Francisco (USA) for the amount of US Dollars 35 million.

GIANT and GigaGen entered into a Research and Collaboration Agreement whereby in exchange of a collaboration fee of US Dollars 15 million in the aggregate, GigaGen will commit to carry out research activities to develop recombinant polyclonal immunoglobulin therapies derived from human B cells for the treatment of human diseases.

On 8 March 2021, Grifols, through its wholly owned subsidiary Grifols Innovation and New Technologies Limited (“GIANT”), reached an agreement to acquire all of the shares of Gigagen, Inc. for a total amount of US Dollars 90.5 million. With the acquisition of the 100% stake, Grifols obtains control over Gigagen and, therefore, becomes a group company and is consolidated under the full consolidation method (see note 3).

Biotek America LLC

In July 2021, Grifols signed a collaboration agreement with ImmunoTek GH, LLC through which a company was created in the United States called Biotek America LLC, of which Grifols holds 75% of the ownership and ImmunoTek GH LLC the remaining 25%. However, taking into account the economic reality, the transaction has been accounted as a forward contract to acquire a business (see note 11).

The most recent financial statements available of the main equity-accounted investments of Grifols are as follows:

Balance sheet:

	Thousands of Euros	
	31/12/2023	31/12/2022
	SRAAS	SRAAS
Non-current assets	2,990,702	3,028,641
Current assets	561,804	648,415
Cash and cash equivalents	512,309	430,655
Non-current liabilities	(2,182)	(2,645)
Non-current financial liabilities	(211)	(292)
Current liabilities	(263,827)	(193,289)
Net assets	3,798,595	3,911,485

P&L:

	Thousands of Euros	
	31/12/2023	31/12/2022
	SRAAS	SRAAS
Net revenue	778,328	700,831
Profit for the year	234,416	227,000

(11) Financial Assets

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

Details of non-current financial assets on the consolidated balance sheet at 31 December 2023 and 2022 are as follows:

	Reference	Thousands of Euros	
		31/12/2023	31/12/2022
Other non-current investments		11,139	11,540
Non-current derivatives	Note 30	1,043	27,030
Total Non-current financial assets measured at fair value		12,182	38,570
Non-current guarantee deposits		8,873	9,277
Other non-current financial assets	(a)	182,924	463,201
Non-current loans to third parties	(b)	136,626	109,697
Total Non-current financial assets measured at amortized cost		328,423	582,175

In Non-current guarantee deposits, there are long-term deposits with related parties that amount 934 thousand Euros at 31 December 2023 (934 thousand Euros at 31 December 2022) (see note 31).

Details of current financial assets on the consolidated balance sheet at 31 December 2023 and 2022 are as follows:

	Reference	Thousands of Euros	
		31/12/2023	31/12/2022
Current derivatives	Note 31	23,644	12,629
Total Non-current financial assets measured at fair value		23,644	12,629

	Reference	Thousands of Euros	
		31/12/2023	31/12/2022
Deposits and guarantees		325	359
Other current financial assets	(a)	116,143	30,627
Current loans to third parties	(b)	120	48
Total other current financial assets measured at amortized cost		116,588	31,034

(a) Other non-current and current financial assets

Details of other non-current and current financial assets are as follows:

	Reference	Thousands of Euros	
		31/12/2023	31/12/2022
Other financial assets with related parties	Note 31	101,217	318,890
Other financial assets with joint ventures	Note 31	163,928	124,132
Other financial assets with associated parties	Note 31	418	--
Other financial assets with third parties		33,504	50,805
Total other non-current and current financial assets		299,067	493,828

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

Other financial assets with related parties includes the open balance of the cash pooling that Haema AG and BPC Plasma, Inc. have with Scranton Plasma B.V. (see note 31). Those balances have been reclassified from non-current to current based on their maturity. In 2023, the balance was significantly reduced because BPC Plasma Inc. distributed a dividend without cash outflow compensating "other non-current financial assets". The dividend corresponds to the result of the previous 4 years for a value of Euros 266,406 thousand to its shareholder Scranton Plasma B.V. This distribution had an impact against the group's non-controlling interests reserves (see note 19).

In July 2021, Grifols entered into a collaboration agreement with ImmunoTek GH, LLC (ImmunoTek). The transaction was instrumented through the creation of a tax-transparent company in the United States, Biotek America LLC ("ITK JV"), which created a series of shares for each center. Grifols holds 75% of each series of shares through the company Grifols Bio North America and ImmunoTek holds the remaining 25%. During 2023, the Group and ImmunoTek signed a modification to the initial agreement. This collaboration agreement has implied as of December 31, 2023 and 2022:

- ImmunoTek's construction, licensing and commissioning of a total of 21 plasma centers in the United States. This agreement was subsequently expanded to a total of 28 centers;
- The sale to Grifols of each center approximately 3 years after its opening, for an approximate amount of USD 635,955 thousand (Euros 577,232 thousand) for the 28 centers. The number of centers to be acquired and their acquisition date will be: 7 centers in April 2024, 7 centers in July 2024, 8 centers in January 2025 and 6 centers in January 2026;
- Grifols made advances of up to USD 5,000 thousand per site to ImmunoTek (USD 140,000 million for the 28 sites), which will be deducted from the purchase price of the sites.
- All of the plasma collected by the ITK JV through its 28 centers is sold exclusively to Grifols in exchange for an agreed price. Plasma purchases from the ITK JV in fiscal years 2023 and 2022 amounted to Euros 233,706 thousand and Euros 66.648 thousand, respectively.
- ImmunoTek has sole management of the centers in exchange for a management fee of Euros 10,630 thousand (Euros 5,836 thousand in 2022). Subsequently, as a result of a contractual amendment, the management fees became fixed amounts.
- As manager, it may perform all acts it deems necessary under his sole and sole responsibility with limitation to certain protective clauses included in the collaboration agreement. It can only be terminated with the unanimous consent of the parties.
- In the event of liquidation of the ITK JV, once the creditors of the ITK JV or each of the series have been paid, the remainder, if any, will be distributed to each of the partners in proportion to their equity interest (ImmunoTek 25%; Grifols 75%).
- None of the series shall be liable for expenses incurred by or attributable to the other series. All items of loss, gain, income and expense shall be allocated to ImmunoTek. However, all assets and liabilities correspond to each of the series.
- Grifols, through its subsidiary Grifols Shared Services North America, LLC. acts as guarantor for five plasma center lease agreements held by ImmunoTek that are not subject to this collaboration agreement up to an amount of US Dollars 50 million. In addition, Grifols, S.A. acts as guarantor of the commitments acquired for the purchase of the 28 plasma centers.

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

As of 31 December, 2023, the Group has made advance payments for the acquisition of the 28 plasma centers in the amount of Euros 44,640 thousand.

At 31 December 2023, the amounts payable net of deposits and based on minimum production and plant stock at the time of purchase would be as follows according to the estimated payment schedule:

Year	Thousand	
	US Dollar	Euros
2024	300,858	273,507
2025	86,998	79,089
2026	61,910	56,282
Total	449,766	408,878

Regardless of the fact that Grifols holds a 75% stake and that management has been transferred to Immunotek, joint control exists until Grifols acquires the centers, based on the contractual conditions: (i) joint decision-making power over the relevant activities; (ii) exposure of Grifols for the 75% shareholding, the advances delivered, the guarantees granted and the plasma supply purchase contracts; (iii) significant exposure of the other venturer for the results of the silos generated and its fees, given that it does not act with delegated power and, (iii) linkage between the two.

However, based on economic reality, the transaction has been accounted for as a forward contract to acquire a business and, therefore, there is a derivative financial instrument that does not qualify for exclusion under IFRS 9.

Since the exercise price of the put and call options as well as the forward contract have been established considering a market price per liter, their value is not relevant. In addition, although a forward contract implies a forward obligation, that fact does not imply the recognition of the contractual obligation to acquire an asset or a business, to the extent that it is not controlled in accordance with IAS 32.

Below is a breakdown of the aggregate balances of the 28 centers as of December 31, 2023 and 2022, excluding the balances with Grifols. These balances are not included in these condensed consolidated interim financial statements as this transaction is considered to be a contract to acquire the 28 centers in installments:

	Thousand			
	US Dollar		Euros	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Non-current assets	120,133	123,393	108,718	111,668
Current assets	46,881	36,095	42,427	32,665
Total assets	167,014	159,488	151,145	144,333
Non-current liabilities	126,314	126,762	114,311	114,716
Current liabilities	54,086	9,617	48,947	8,703
Total liabilities	180,400	136,379	163,258	123,419
Total Equity	(13,386)	23,109	(12,113)	20,914

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

(b) Non-current and current loans

Details of non-current and current loans are as follows:

	Reference	Thousands of Euros	
		31/12/2023	31/12/2022
Loans to related parties	Nota 31	115,209	96,537
Loans to third parties		21,537	13,208
Total current and non-current loans		136,746	109,745

(12) Non-current assets held for sale

On 29 December 2023, Grifols reached an agreement with Haier Group Corporation ("Haier") for the sale of a 20% equity interest in Shanghai RAAS (SRAAS) for RMB 12,500 million (approximately US Dollars 1,800 million), while retaining a 6.58% interest in SRAAS.

The closing of the transaction is subject to the relevant regulatory approvals and confirmatory due diligence by the buyer. Both parties estimate that the closing of the transaction will occur in June 2024, although it could be postponed if any regulatory approvals are pending at that date.

As part of the agreement with Haier, the parties have agreed that Grifols will retain a director on the Board of Directors of SRAAS. Grifols and SRAAS will amend the Exclusive Distribution Agreement with SRAAS to supply increased quantities of human serum Albumin in the Chinese market, to extend its current term for an initial period of 10 years (until 2034), with SRAAS having the option to extend this term for an additional 10 years. Grifols and the purchaser undertake not to transfer any of their shares in SRAAS for a period of 3 years after the closing of the transaction. Grifols commits to:

- achieve an aggregate EBITDA in Grifols Diagnostic Solutions of US Dollar 850 million for the period 2024-2028 and in the event that such EBITDA is not met, Grifols will compensate SRAAS with 45% of the remaining amount until that amount is reached (see note 29).
- distribute 50% of the distributable profit in GDS to GDS shareholders in the period 2024-2028
-
- Under the voting proxy agreement, the Group will cede the exercise of voting rights relating to the 6.58% of shares in SRAAS that it retains to Haier for a period of 10 years from the payment of the transaction price by Haier.

With this transaction, Grifols will maintain its presence in China, will continue with its commercial agreements with SRAAS, and at the same time, will fulfill its commitment to deleverage.

At 31 December, 2023, the amount equivalent to 20% of the stake in SRAAS, amounting to Euros 1,433,867 thousand, has been reclassified to "Non-current assets held for sale", given that Grifols has a firm commitment to sell this stake and that its sale is considered highly probable in accordance with IFRS 5. This reclassification has had no impact on the consolidated statement of profit or loss at 31 December 2023, because the sale price agreed less costs is higher than the carrying amount. Likewise, the sale of this interest has not been considered as discontinued operations because it does not represent a significant line of business or geographical area of operation separate from the rest. This interest is included within the "Other" segment for consolidated financial reporting purposes.

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

(13) Inventories

Details of inventories at 31 December 2023 and 2022 are as follows:

	Thousands of Euros	
	31/12/2023	31/12/2022
Goods for resale	149,060	138,909
Raw materials and supplies	1,090,511	1,064,776
Work in progress and semi-finished goods	1,210,085	1,331,644
Finished goods	995,337	666,028
	<u>3,444,993</u>	<u>3,201,357</u>

Movement in the inventory provision was as follows:

	Thousands of Euros		
	31/12/2023	31/12/2022	31/12/2021
Balance at 1 January	84,740	158,724	122,613
Net charge for the year	57,041	(66,647)	28,092
Cancellations for the year	(15,985)	(12,155)	(269)
Translation differences	(2,140)	4,818	8,288
Balance at 31 December	<u>123,656</u>	<u>84,740</u>	<u>158,724</u>

As a result of the discontinuation of the Blood Collection Systems activity, an impairment of some inventory was recognized for a total amount of Euros 5 million as an expense in the consolidated statement of profit and loss for 2021.

The cost of inventory amounts to Euros 4,108,027 thousand in the twelve-month period ended 31 December 2023 (Euros 3,761,316 thousand in the twelve-month period ended 31 December 2022 and Euros 3,017,550 thousand in the twelve-month period ended 31 December 2021).

(14) Contract assets

Contract assets from contract fractionation relate to contractual obligations from contract fractionation agreements entered into by Biotest AG. The resulting performance obligations are generally fulfilled by Biotest over a period of up to 12 months. Receivables from this business, which usually have a due date of between 90 and 120 days, are recognized when the right to receive the consideration becomes unconditional. This is the case when the biological drugs produced from the blood plasma provided by the customer are delivered to the customer. These are service transactions that are valued at the corresponding costs of sales incurred plus profit margin, if it can be estimated.

Details of contract assets at 31 December 2023 and 2022 are as follows:

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

	Thousands of Euros	
	31/12/2023	31/12/2022
Contract assets (gross)	47,839	35,467
Allowances for expected credit losses	(88)	(313)
Contract assets (net)	47,751	35,154

Default risks are accounted for by making value adjustments to the contract assets. The allowance for expected credit losses is calculated as the difference between the nominal amount of the contract assets and the estimated recoverable amount.

Movement in allowance for expected credit losses corresponding to contract assets is included in note 30.

(15) Trade and Other Receivables

Details at 31 December 2023 and 2022 are as follows:

	Reference	Thousands of Euros	
		31/12/2023	31/12/2022
Trade receivables		433,071	478,597
Receivables from associates	Note 31	227,550	162,382
Impairment losses	Note 30 (i)	(31,576)	(32,291)
Trade receivables		629,045	608,688
Other receivables	Note 30 (i)	27,444	10,050
Personnel		1,123	770
Advance payments	Note 30 (i)	20,093	19,033
Taxation authorities, VAT recoverable		32,587	38,719
Other public entities		9,629	4,609
Other receivables		90,876	73,181
Current income tax assets		47,213	56,782
Total trade and other receivables		767,134	738,651

Advance payments include prepayments to Biotek America, LLC (ImmunoTek) for a total amount of 15,943 thousand Euros at 31 December 2023 (11,998 thousand Euros at 31 December 2022) (see note 31).

'Assignment of credit rights

During 2023, 2022 and 2021 the Grifols Group has sold receivables without recourse to some financial institutions (factors), to which the risks and benefits inherent to the ownership of the assigned credits are substantially transferred. Also, the control over the assigned credits, understood as the factor's ability to sell them to an unrelated third party, unilaterally and without restrictions, has been transferred to the factor.

The main conditions of these contracts include the advanced collection of the assigned credits that vary between 70% and 100% of the nominal amount and a percentage of insolvency risk coverage on the factor side that varies between 90% and 100% of the nominal of the assigned credits.

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

These contracts have been considered as without recourse factoring and the amount advanced by the factors has been derecognized from the balance sheet.

Likewise, in the twelve-month period ended 31 December 2023, 2022, and 2021, some receivables assignment contracts were signed with a financial institution, in which the Group retains the risks and benefits inherent to the ownership of the assigned credits. These contracts have been considered as factoring with recourse and the assigned amount remains in the consolidated balance sheet at 31 December 2023 and a short-term debt has been recognized for an amount equal to the consideration received from the factor for the assignment. The amount recognized in Euros 16,985 thousand at 31 December 2023 (Euros 16,546 thousand at 31 December 2022).

Total receivables without recourse sold to financial institutions through the aforementioned contracts in the twelve-month period ended 31 December 2023 amount to Euros 2,858,117 thousand (Euros 3,174,308 thousand in the twelve-month period ended 31 December 2022 and Euros 2,975,343 thousand in the twelve-month period ended 31 December 2021).

At 31 December 2023 the finance cost of credit rights sold for the Group totals Euros 24,993 thousand which has been recognized under finance costs in the consolidated statement of profit and loss for (Euros 18,201 thousand in the twelve-month period ended 31 December 2022 and Euros 10,292 thousand in the twelve-month period ended 31 December 2021) (see note 27).

Details of balances with related parties are shown in note 31.

The volume of invoices sold without recourse to various financial institutions which, based on their due date would not have been collected at 31 December 2023, totals Euros 391,886 thousand (Euros 445,185 thousand at December, 2022).

(16) Cash and Cash Equivalents

Details of this caption of the consolidated balance sheet at 31 December 2023 and 2022 are as follows:

	Thousands of Euros	
	31/12/2023	31/12/2022
Current deposits	6,506	5
Cash in hand and at banks	519,061	547,974
Total cash and cash equivalents	525,567	547,979

(17) Equity

Details of consolidated equity and movement are shown in the consolidated statement of changes in equity.

(a) Share capital

At 31 December 2023 and 2022, the Company's share capital amounts to Euros 119,603,705 and comprises:

- Class A shares: 426,129,798 ordinary shares of Euros 0.25 par value each, subscribed and fully paid and of the same class and series.

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

- Class B shares: 261,425,110 non-voting preference shares of 0.05 Euros par value each, of the same class and series, and with the preferential rights set forth in the Company's by-laws.

The main characteristics of the Class B shares are as follows:

- Each Class B share entitles its holder to receive a minimum annual preferred dividend out of the distributable profits at the end of each year equal to Euros 0.01 per Class B share provided that the aggregate preferred dividend does not exceed the distributable profits of that year and, subject, according to the commercial law, to the approval of the distribution of dividends by the Company's shareholders. This preferred dividend is not cumulative if sufficient distributable profits are not obtained in the period.
- Each Class B share is entitled to receive, in addition to the above-mentioned preferred dividend, the same dividends and other distributions as for one Grifols ordinary share.
- Each Class B share entitles the holder to its redemption under certain circumstances, if a takeover bid for all or part of the shares in the Company has been made, except if holders of Class B shares have been entitled to participate in the bid on the same terms as holders of Class A shares. The redemption terms and conditions reflected in the Company's by-laws limit the amount that may be redeemed, requiring that sufficient distributable reserves be available, and limit the percentage of shares to be redeemed in line with the ordinary shares to which the bid is addressed.
- In the event the Company were to be wound up and liquidated, each Class B share entitles the holder to receive, before any amounts are paid to holders of ordinary shares, an amount equal to the sum of (i) the par value of the Class B share, and (ii) the share premium paid for the Class B share when it was subscribed. In addition to the Class B liquidation preference amount, each holder is entitled to receive the same liquidation amount that is paid for each ordinary share.

These shares are freely transferable.

Since 23 July 2012 the ADSs (American Depositary Shares) representing Grifols' Class B shares (non-voting shares) have had an exchange ratio of 1:1 in relation to Class B shares, ie. 1 ADS represents 1 Class B share. The previous rate was 2 ADS per 1 Class B share.

The Company's knowledge of its shareholders is based on information provided voluntarily or in compliance with applicable legislation. According to the information available to the Company, there are no interests representing more than 10% of the Company's total capital at 31 December 2023 and 2022.

At 31 December 2023 and 2022, the number of outstanding shares is equal to the total number of Company shares, less treasury stock.

Movement in outstanding shares during the twelve-month period ended 31 December 2023 is as follows:

	Reference	Class A shares	Class B shares
Balance at 1 January 2023		422,185,368	256,225,326
(Acquisition) / disposal of treasury stock	Note 17 (d)	--	681,585
Balance at 31 December 2023		422,185,368	256,906,911

Movement in outstanding shares during the twelve-month period ended 31 December 2022 is as follows:

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

	Reference	Class A shares	Class B shares
Balance at 1 January 2022		422,185,368	256,354,580
(Acquisition) / disposal of treasury stock	Note 17 (d)	--	(129,254)
Balance at 31 December 2022		422,185,368	256,225,326

(b) Share premium

Movement in the share premium is described in the consolidated statement of changes in equity, which forms an integral part of this note to the condensed consolidated interim financial statements.

(c) Reserves

The drawdown of accumulated gains is subject to legislation applicable to each of the Group companies.

The movement in this caption of the consolidated balance sheet during the twelve-month periods ended at 31 December 2023, 2022 and 2021 is reflected in the consolidated statement of changes in equity, the most significant movements being detailed below:

Legal reserve

Companies in Spain are obliged to transfer 10% of each year's profits to a legal reserve until this reserve reaches an amount equal to 20% of share capital. This reserve is not distributable to shareholders and may only be used to offset losses if no other reserves are available. Under certain conditions it may be used to increase share capital provided that the balance left on the reserve is at least equal to 10% of the nominal value of the total share capital after the increase.

At 31 December 2023 and 2022 the legal reserve of the Parent amounts to Euros 23,921 thousand which corresponds to 20% of the share capital.

Distribution of the legal reserves of Spanish companies is subject to the same restrictions as those of the Company and at 31 December 2023 the balance of the legal reserve of other Spanish companies amounts to Euros 1,711 thousand (Euros 2,066 thousand at 31 December 2022).

Other foreign Group companies have a legal reserve amounting to Euros 4,227 thousand at 31 December 2023 (Euros 4,137 thousand at 31 December 2022).

Unavailable reserve

At 31 December 2023, Euros 7,179 thousand equivalent to the carrying amount of development costs pending amortization of certain Spanish companies (Euros 18,908 thousand at 31 December 2022) are, in accordance with applicable legislation, a distribution limitation until these development costs have been amortized.

Hedging reserve

The hedging reserve includes the cash flow hedge reserve and the costs of hedging reserve, see note 4(i) for details. The cash flow hedge reserve is used to recognise the effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges, as described in note 30.

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

The group defers the changes in the forward element of forward contracts and the time value of option contracts in the costs of hedging reserve.

(d) Treasury stock

The Parent held Class A and B treasury stock equivalent to 1.2% of its capital at 31 December 2023 (1.3% of its capital in Class A and B treasury stock at 31 December 2022).

Treasury stock Class A

During the twelve-month periods ended at 31 December 2023 and 2022, there have been no movements in Class A treasury shares, with a total of 3,944,430 shares and 89,959 thousand euros.

Treasury stock Class B

Movement in Class B treasury stock during the twelve-month period ended 31 December 2023 was as follows:

	No. of Class B shares	Thousands of Euros
Balance at 1 January 2023	5,199,784	72,261
Disposal Class B shares	(681,585)	(9,472)
Balance at 31 December 2023	4,518,199	62,789

In March, May and October 2023, the Group delivered 681,585 treasury stocks (Class B shares) to eligible employees as compensation under the Restricted Share Unit Retention Plan.

Movement in Class B treasury stock during the twelve-month period ended 31 December 2022 is as follows:

	No. of Class B shares	Thousands of Euros
Balance at 1 January 2022	5,070,530	74,230
Disposal Class B shares	(370,746)	(5,428)
Acquisition Class B shares	500,000	3,459
Balance at 31 December 2022	5,199,784	72,261

In March 2022, the Group delivered 370,746 treasury stocks (Class B shares) to eligible employees as compensation under the Restricted Share Unit Retention Plan.

(e) Distribution of profit and dividends

The profits of Grifols, S.A. and subsidiaries will be distributed as agreed by respective shareholders at their general meetings.

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

The proposed distribution of profit of the Parent Grifols, S.A. for the twelve-month period ended 31 December 2023, and the distribution of profit approved for 2022, presented at the general meeting held on 16 June 2023, is as follows:

	Thousands of Euros	
	31/12/2023	31/12/2022
Voluntary reserve	(246,734)	(266,296)
Lossest of the Parent	(246,734)	(266,296)

The distribution of profit corresponding to the twelve-month period ended 31 December 2023 and 2022 are presented in the statement of changes in consolidated equity.

During 2023 and 2022 no dividend or interim dividend have been paid.

(f) Restricted Share Unit Retention Plan

The Group has set up a Restricted Share Unit Retention Plan (hereinafter RSU Plan) and a long-term incentive plan for certain employees (see note 29). This commitment will be settled using equity instruments and the cumulative accrual amounts to Euros 8,282 thousand at 31 December 2023 (Euros 7,304 thousand at 31 December 2022).

The incentive plan has been granted to certain employees as part of their compensation package, subject to the achievement of various metrics, both financial and non-financial. The plan has been assessed by calculating the unit value of the options at the valuation date and multiplying it by the total number of options to be granted. Subsequently, this unit value will be adjusted based on the likelihood of achieving the specified objectives.

(18) Earnings Per Share

(a) Basic Earnings per share

The calculation of basic earnings per share is based on the profit for the year attributable to the shareholders of the Parent divided by the weighted average number of ordinary shares in circulation throughout the year, excluding treasury stock.

Details of the calculation of basic earnings per share are as follows:

	Thousands of Euros		
	31/12/2023	31/12/2022	31/12/2021
Profit for the period attributable to shareholders of the Parent (Thousands of Euros)	59,315	208,279	188,726
Weighted average number of ordinary shares outstanding	679,756,294	679,805,142	681,556,937
Basic earnings per share (Euros per share)	0.09	0.31	0.28

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

The weighted average number of ordinary shares outstanding (basic) is as follows:

	Number of shares		
	31/12/2023	31/12/2022	31/12/2021
Issued shares outstanding at 1 January	679,469,076	679,598,330	685,601,126
Effect of shares issued	287,218	206,812	(4,044,189)
Weighted average number of ordinary shares outstanding (basic) at 31 December	679,756,294	679,805,142	681,556,937

(b) Diluted Earnings per share

Diluted earnings per share are calculated by dividing profit for the year attributable to shareholders of the Parent by the weighted average number of ordinary shares in circulation considering the diluting effects of potential ordinary shares.

The RSU Plan granted by the Group and payable in shares, assumes the existence of dilutive potential shares. Diluted earnings per share have been calculated as follows:

	Thousands of Euros		
	31/12/2023	31/12/2022	31/12/2021
Profit for the period attributable to shareholders of the Parent (Thousands of Euros)	59,315	208,279	188,726
Weighted average number of ordinary shares outstanding (diluted)	677,101,992	679,292,729	681,404,922
Diluted earnings per share (Euros per share)	0.09	0.31	0.28

The weighted average number of ordinary shares outstanding diluted has been calculated as follows:

	Number of shares		
	31/12/2023	31/12/2022	31/12/2021
Ordinary shares outstanding at 1 January	679,469,076	679,598,330	685,601,126
Shares committed under RSU plan	(2,654,302)	(512,413)	(152,015)
Effect of treasury stock	287,218	206,812	(4,044,189)
Weighted average number of ordinary shares outstanding (diluted) at 31 December	677,101,992	679,292,729	681,404,922

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

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(19) Non-Controlling Interests

Details of non-controlling interests and movement at 31 December 2023 are as follows:

Reference	Thousands of Euros						Balance at 31/12/2023	
	Balance at 31/12/2022	Additions	Business combinations / Perimeter additions	Dividends	Other movements	Translation differences		
Grifols (Thailand) Pte Ltd	4,779	642	--	(28)	--	(149)	5,244	
Grifols Malaysia Sdn Bhd	3,663	850	--	--	--	(283)	4,230	
Araclon Biotech, S.A.	(593)	(544)	--	--	--	--	(1,137)	
Kiro Grifols, S.L.	(25)	(301)	326	--	--	--	0	
Haema AG	228,684	24,936	--	--	--	--	253,620	
BPC Plasma, Inc	354,502	67,892	--	(266,406)	11	(8,342)	147,657	
Grifols Diagnostics Solutions Inc.	1,353,674	39,670	--	--	74	(46,095)	1,347,323	
Plasmavita Healthcare	10,134	2,634	--	--	--	--	12,768	
Haema Plasma Kft	11,939	7,767	--	--	--	638	20,344	
G Pyrenees Research Cntr	(6)	(12)	--	--	40	--	22	
Albimmune SL	(741)	(1,021)	--	--	--	--	(1,762)	
Biotest AG	Note 3	361,596	(21,161)	6,283	--	(64)	10,356	357,010
		2,327,606	121,352	6,609	(266,434)	61	(43,875)	2,145,319

During the twelve-month period ended 31 December 2023, BPC Plasma, Inc. distributed a dividend without cash outflow compensating Other non-current financial assets. This dividend corresponds to the result of the previous 4 financial years, valued at Euros 266,406 thousand to its shareholder Scranton Plasma B.V. This distribution has had an impact against the non-controlling interest group's reserves (see note 19).

Details of non-controlling interests and movement at 31 December 2022 are as follows:

Reference	Thousands of Euros						Balance at 31/12/2022
	Balance at 31/12/2021	Additions	Business combinations / Perimeter additions	Other movements	Translation differences		
(Thailand) Pte Ltd	4,417	282	--	(23)	103	4,779	
Malaysia Sdn Bhd	3,059	593	--	--	11	3,663	
ra Biotech, S.A.	240	(833)	--	--	--	(593)	
VCN Bioscience, S.L	97	--	--	(97)	--	--	
Kiro Grifols, S.L.	284	(312)	--	3	--	(25)	
Haema AG	233,542	(4,858)	--	--	--	228,684	
lasma, Inc	305,276	30,086	--	--	19,140	354,502	
Diagnostics Solutions Inc.	1,234,850	46,719	--	111	71,994	1,353,674	
ivita Healthcare	11,724	(1,590)	--	--	--	10,134	
Plasma Kft	--	(4,074)	17,080	--	(1,067)	11,939	
nees Research Cntr	--	(7)	1	--	--	(6)	
nune SL	--	(742)	1	--	--	(741)	
Biotest AG	Note 3	--	(2,397)	356,386	8	7,599	361,596
		1,793,489	62,867	373,468	2	97,780	2,327,606

On 25 April 2022, the Group acquired 70.18% of the shares in Biotest AG. Consequently, the information relating to Biotest, AG corresponds to the period from 1 May to 31 December 2022.

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

At 31 December 2023 and 2022, the main items of the statement of financial positions of the most significant non-controlling interests are as follows:

	Thousands of Euros								
	31/12/2023								
	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Equity	Consolidated Adjustments	Total Consolidated Equity	% Non-controlling Interest	Non-controlling interests
Grupo Biotest	654,481	756,382	(528,649)	(383,361)	498,853	698,365	1,197,218	29.8%	357,010
Grupo GDS	4,216,198	273,576	(323,673)	(109,121)	4,056,980	--	4,056,980	33.2%	1,347,323
Haema AG	61,271	127,818	(28,859)	(74,680)	85,550	168,070	253,620	100%	253,620
BPC Plasma, Inc	84,037	23,043	(48,510)	(19,329)	39,241	108,416	147,657	100%	147,657
	5,015,987	1,180,819	(929,691)	(586,491)	4,680,624	974,851	5,655,475		2,105,610

	Thousands of Euros								
	31/12/2022								
	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Equity	Consolidated Adjustments	Total Consolidated Equity	% Non-controlling Interest	Non-controlling interests
Grupo Biotest	585,282	619,513	(701,613)	(130,193)	372,990	839,607	1,212,597	29.8%	361,597
Grupo GDS	4,175,839	286,153	(292,416)	(93,474)	4,076,102	--	4,076,102	33.2%	1,353,674
Haema AG	126,051	40,308	(19,673)	(72,675)	74,012	154,672	228,684	100%	228,684
BPC Plasma, Inc	345,906	30,242	(54,131)	(60,638)	261,379	93,123	354,502	100%	354,502
	5,233,079	976,217	(1,067,832)	(356,980)	4,784,483	1,087,402	5,871,885		2,298,457

	Thousands of Euros				Thousands of Euros			
	31/12/2023				31/12/2022			
	Ordinary Income	Consolidated Net Income	% Non-controlling Interest	Non-controlling interests	Ordinary Income	Consolidated Net Income	% Non-controlling Interest	Non-controlling interests
Grupo Biotest	684,521	(70,962)	29.8%	(21,161)	361,239	(8,037)	29.8%	(2,397)
Grupo GDS	605,851	119,453	33.2%	39,670	619,731	140,678	33.2%	46,719
Haema AG	194,892	24,936	100%	24,936	165,481	(4,858)	100%	(4,858)
BPC Plasma, Inc	248,918	67,892	100%	67,892	293,520	30,086	100%	30,086
	1,734,182	141,319		111,337	1,439,971	157,869		69,551

Detail of cash flows of the most significant non-controlling interests is as follows:

	Thousands of Euros							
	31/12/2023				31/12/2022			
	Haema	BPC Plasma	Biotest, AG	Grupo GDS	Haema	BPC Plasma	Biotest, AG	Grupo GDS
Net cash flows from operating activities	23,278	5,814	(3,608)	232,418	(11,479)	17,534	(39,881)	220,566
Net cash flows from investing activities	(28,367)	(8,421)	209	(204,591)	(14,515)	(69,003)	(29,358)	(222,612)
Net cash flows from financing activities	--	--	(4,829)	(27,378)	--	--	91,219	1,914
	(5,089)	(2,607)	(8,228)	449	(25,994)	(51,469)	21,980	(132)

Haema AG and BPC Plasma, Inc.

In mid-2018, Grifols acquired 100% of the shares of Haema AG and BPC Plasma, Inc., which were subsequently sold to Scranton in December 2018, for the same amount and conditions under which they were acquired.

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

The following indicators support the power that Grifols maintains over these companies, even after their sale to Scranton and that, therefore, it retains control over Haema and BPC in accordance with IFRS 10:

- Grifols has an option to repurchase 100% of both companies exercisable at any time, which, in addition, has a substantive character insofar as there are no restrictions on its exercise (even when the sales contract includes a nullity clause of the option in the event of default by the buyer, Grifols will maintain the ability to exercise said purchase option in the 90-day period that the buyer has to remedy a non-payment situation);
- There are no shareholder agreements that establish that relevant decisions are approved in a manner different from by majority vote.
- Grifols has the financial capacity to exercise the purchase option;
- Although Grifols does not have voting rights, it maintains power in both companies, through its ability to exercise the repurchase option which grants it potential voting rights;
- Furthermore, Grifols is the manager of both companies through the management contract in the plasma collection business of the donation centers, which includes general management and joint approval of the business plan, granting the intellectual property license and know-how.
- Additionally, there is a plasma supply agreement for 30 years where the plasma that these entities will produce will be almost entirely to meet Grifols' needs. The sale price of the plasma is established based on the full cost of production, plus a fixed margin. There is no exclusivity of sale. Both contracts have the same duration.

Therefore, although Scranton owns all of the voting rights, Grifols manages the businesses and acquires 100% of BPC and Haema's production and in the event of any discrepancy between Scranton and Grifols, Grifols has the ability to exercise the right of the purchase option at any time.

As a result of all of the above, Grifols has the power to direct the relevant activities of these companies, since it manages them and jointly determines their business plan, having the unilateral right to repurchase 100% of both companies. The fact that Grifols has a currently exercisable purchase option implies that it acts as principal in the exercise of power (i) through the management contract and (ii) by not having delegated said power. Therefore, Grifols maintains control in both companies and therefore consolidates them.

In relation to the purchase option and given that it is based on a variable number of shares and a variable acquisition price, said instrument is a derivative financial instrument that must be valued at fair value with changes in the profit and loss account.

Based on the contractual conditions, Grifols has estimated the price of the option as (i) the price for which the shares have been sold to Scranton (US Dollars 538,000,000) plus (ii) the variation in working capital, which, given the business model of both companies, will be mainly represented by undistributed profits. Insofar as the exercise price has been established for a value similar to the fair value of BPC and Haema, the option does not have a significant value. On the other hand, since the valuation of the option is based on non-observable market variables, it corresponds to Level 3 of the fair value hierarchy. Considering the uncertainties underlying the valuation of the option as it deals with non-observable variables, and the value of the same not being significant, said value has not been recognized as of 31 December 2023 and 2022.

Likewise, both the shares of Haema AG and the shares of BPC Plasma Inc. are currently pledged as collateral for the loan from Scranton Plasma BV with Bank of America. If a default occurs under the loan agreement, as long as the financing banks have not executed the corresponding pledge, Grifols may exercise the purchase option. Grifols will pay the bank in preference to Scranton Plasma BV until the amount of the debt at the time of acquisition is settled. There is no time limitation in the loan agreement for Grifols to exercise the repurchase option.

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

GDS Group

There is an indirect participation through SRAAS:

- Grifols owns a 26.58% stake in SRAAS (associated company) and a 55% stake in GDS (dependent company) and;
- SRAAS owns a 45% stake in GDS (company associated with SRAAS).

Since IAS 28 does not address how to account for cross-participations, Grifols has opted to: in the equity method of integration of the result of SRAAS, the result that SRAAS recognizes when integrating the result of GDS by its percentage of participation (45% of GDS) is excluded. Therefore, Grifols' consolidated result does not include 11.96% of GDS's result recognized in SRAAS (equivalent to $45\% * 26.58\%$) to avoid duplications, since the GDS Group is consolidated by global integration.

When determining the allocation of the GDS result attributed to the non-controlling interest (SRAAS), SRAAS's percentage of participation in GDS is adjusted by 11.96% and therefore, the percentage to attribute the result is 33.04% ($45\% - 11.96\%$).

As a result of the agreement signed with SRAAS (see note 10), both shareholders have the right of first refusal in the event of the sale of the participation by each of the parties and there are certain protective veto rights of SRAAS in GDS that does not affect the evaluation of the Group's control over said company.

(20) Provisions

Details of provisions at 31 December 2023 and 2022 are as follows:

	Thousands of Euros	
	31/12/2023	31/12/2022
Provisions for pensions and similar obligations (a)	100,159	94,071
Other provisions	16,766	15,992
Non-current provisions	116,925	110,063
Trade provisions	39,695	39,693
Other provisions	8,111	16,646
Current provisions	47,806	56,339

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

The movement in non-current and current provisions is as follows:

	Reference	Thousands of Euros		
		31/12/2023	31/12/2022	31/12/2021
Opening balance		166,402	55,529	38,446
Business combinations	Note 3	0	138,476	32
Net charges		28,696	12,588	15,664
Net cancellations		(19,571)	(9,091)	(794)
Transfers		(9,550)	(33,575)	(673)
Translation differences		(1,246)	2,475	2,854
Closing balance		164,731	166,402	55,529

(a) Pension plan

At 31 December 2023, 2022 and 2021, the balance of provisions for pensions and similar mainly includes provisions made by the Biotest Group in relation to retirement benefit obligations and foreign personal commitments with employment.

Benefits are based on the employee's length of service and salary. Retirement benefit obligations relate mainly to employees of the Group's German companies. Similar obligations are foreign obligations payable in a lump sum on retirement and obligations of the pension savings plan. These plans are voluntary pension plans not subject to statutory or legal obligations. The amount of the pension obligations is mainly dependent on interest rate movements and the life expectancy of the participants.

In the twelve-month period ended 31 December 2023, assets of Euros 10,757 thousand, were mainly held by a trustee, company of the group, under a contractual trust arrangement (CTA) as external insolvency insurance for portions of the occupational pension scheme (Euros 8,622 thousand at 31 December 2022). Since the transferred funds qualify as plan assets in accordance with IAS 19, provisions for pensions and similar obligations were netted with the transferred assets. As a result, provisions for pensions and similar obligations were reduced accordingly.

At 31 December 2023 and 2022, the net defined benefit liability of the Group comprises the following:

	Thousands of Euros	
	31/12/2023	31/12/2022
From pension plans	95,721	88,086
From similar obligations	15,195	14,607
Net present value of defined benefit obligations	110,916	102,693
For pension plans	8,738	7,033
For similar obligations	2,019	1,589
Fair value of plan assets	10,757	8,622
From pension plans	86,983	81,054
From similar obligations	13,176	13,017
Net defined benefit liability	100,159	94,071

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

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The costs for the defined benefit plans consist of the following components:

	Thousands of Euros	
	31/12/2023	31/12/2022
Current service cost	5,204	3,563
Net interest expenses	3,536	799
Total expenses recognised in profit and loss	8,740	4,362
Actuarial losses due to experience adjustments	(1,131)	1,294
Actuarial gains due to changes in financial assumptions	4,200	(35,302)
Actuarial gains from changes in demographic assumptions	0	(6)
Return on plan assets (excluding amounts included in net interest expense)	(227)	755
Revaluation recognised directly in other comprehensive income	2,842	(33,259)
Defined benefit costs	11,582	(28,897)

In the twelve-month period ended 31 December 2023, actuarial losses of Euros (3,069) thousand are recognized in other comprehensive income (actuarial profits of Euros 34,014 thousand at 31 December 2022). Of this amount, Euros (4,200) thousand resulted from changes in actuarial assumptions (Euros 35,302 thousand of profits at 31 December 2022), which is mainly due to the decrease in the actuarial interest rate in the main plans in Germany from 3.9% to 3.4% (increase in the actuarial interest rate in the main plans in Germany from 1.1% to 3.9% in 2022).

The following table shows the reconciliation of the net present value of the defined benefit obligation (DBO):

	Thousands of Euros	
	31/12/2023	31/12/2022
Net present value of defined benefit obligation	102,693	132,543
Current service cost	5,136	5,441
Interest expense	3,536	849
Expenses recognised in the statement of profit and loss	8,672	6,290
Actuarial losses due to experience adjustments	(1,131)	1,294
Actuarial gains due to changes in financial assumptions	4,200	(35,302)
Actuarial gains from changes in demographic assumptions	0	(6)
Revaluation recognised directly in other comprehensive income	3,069	(34,014)
Pension benefits paid	(3,518)	(2,126)
Net present value of defined benefit obligations at 31 December	110,916	102,693

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

The following table shows the reconciliation of the fair value of plan assets:

	Thousands of Euros	
	31/12/2023	31/12/2022
Fair value of plan assets	8,622	6,844
Interest income	95	50
Income recognised in the consolidated statement of income	95	50
Return on plan assets (excluding amounts included in net interest expenses)	(108)	(416)
Revaluations recognised directly in the statement of comprehensive income	(108)	(416)
Contribution by the employer	2,208	2,135
Payments from plan assets	(60)	9
	10,757	8,622
Fair value of plan assets as of 31 December	10,757	8,622

The following payments are expected to be made in subsequent years based on the current pension obligations of the Group:

	Thousands of Euros	
	31/12/2023	31/12/2022
In the next 12 months	5,239	4,468
Between 2 and 5 years	22,369	21,629
Between 5 and 10 years	31,307	31,124
After 10 years	122,746	121,070
Total expected payments	181,661	178,291

The weighted average term of the defined benefit plans is 11.6 years as of 31 December 2023 (11.7 years at 31 December 2022).

Plan assets of the Group were invested in the following asset classes as of the reporting date:

	Thousands of Euros	
	31/12/2023	31/12/2022
Cash and cash equivalents	102	187
Financial investment	2,750	1,000
Fund shares	7,905	7,435
Total expected payments	10,757	8,622

The plan assets transferred are invested in accordance with defined investment principles, whereby the maturity or termination option of the financial instruments must always be selected in such a way that the association can meet its payment obligations. In accordance with the investment principles, the assets can be invested in Euro time deposits as well as domestic government bonds, mortgage bonds or fund units in money market funds or corporate

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

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bonds, all in Euro. Loans can also be issued to the Group companies against the corresponding guarantees. A minimum rating of A- is required for all financial instruments.

The calculation of the pension plans is based on the following actuarial assumptions:

	31/12/2023	31/12/2022
Discount rate	3.4%	3.9%
Expected return on plan assets	1.7%	1.1%
Rate of increase for wages and salaries	3.4%	3.4%
Rate of interest for pensions	2.0%	2.2%
Employee turnover rate	3.0%	3.0%

Actuarial assumptions are mainly based on historical empirical values with the exception of the discount rate. The calculation was based on the published Heubeck 2018 G mortality tables.

Under IAS 19.145, the effect of any possible changes to parameters for the underlying assumptions used to calculate the pension obligations must be disclosed in the sensitivity analysis. Only changes that are realistically expected to occur in the following financial year are to be considered.

The actuarial rate of interest, salary trend, pension trend and life expectancy are regarded as material assumptions. These parameters are shown in the following overview together with information on the parameter changes and their impact on the net present value calculation as of 31 December 2023.

	Thousands of Euros	
	Parameter change	Impact on the pension obligation
Rate of interest	Increase by 50 basis points	(5,411)
Rate of interest	Decrease by 50 basis points	5,510
Salary trend	Increase by 50 basis points	159
Salary trend	Decrease by 50 basis points	(154)
Pension trend	Increase by 100 basis points	6,737
Pension trend	Decrease by 100 basis points	(5,729)
Life expectancy	Increase by one year	3,185

The impact on the net present value calculation as of 31 December 2022 is as follows:

	Thousands of Euros	
	Parameter change	Impact on the pension obligation
Rate of interest	Increase by 50 basis points	(4,906)
Rate of interest	Decrease by 50 basis points	5,414
Salary trend	Increase by 50 basis points	171
Salary trend	Decrease by 50 basis points	(166)
Pension trend	Increase by 100 basis points	6,227
Pension trend	Decrease by 100 basis points	(5,310)
Life expectancy	Increase by one year	2,916

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

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An amount of Euros 12,100 thousand (Euros 12,158 thousand at 31 December 2022) was recognized as an expense for defined contribution plans and is broken down as follows:

	Thousands of Euros	
	31/12/2023	31/12/2022
Defined contribution plans of the Company	38	134
Employer contributions to statutory pension scheme	12,062	12,024
	<u>12,100</u>	<u>12,158</u>

(21) Financial Liabilities

This note provides information on the contractual conditions of the Group's financial liabilities, which are measured at amortized cost, except for the financial derivatives that are valued at fair value. For further information on exposure to interest rate risk, currency risk and liquidity risk and the fair values of financial liabilities, please refer to note 30.

Details at 31 December 2023 and 2022 are as follows:

Financial liabilities	Reference	Thousands of Euros	
		31/12/2023	31/12/2022
Non-current bonds	(a)	4,615,474	4,638,444
Senior secured debt	(b)	3,309,032	3,419,058
Other loans	(b)	445,249	336,530
Other non-current financial liabilities	(c)	814,069	887,707
Non-current financial derivatives	Note 30	11	4,003
Non-current lease liabilities	Note 8	896,128	914,588
Loan transaction costs		(154,458)	(239,768)
Total non-current financial liabilities		<u>9,925,505</u>	<u>9,960,562</u>
Current bonds	(a)	145,898	150,512
Senior secured debt	(b)	34,832	8,904
Other loans	(b)	699,211	477,065
Other current financial liabilities	(c)	115,566	113,680
Current financial derivatives	Note 30	10,133	733
Current lease liabilities	Note 8	100,889	102,356
Loan transaction costs		(89,127)	(57,564)
Total current financial liabilities		<u>1,017,402</u>	<u>795,686</u>

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

(a) Senior Notes

Detail of Senior Notes at 31 December 2023 are as follows:

		Thousands of Euros				
	Issue date	Company	Nominal value	Currency	Annual coupon	Maturity
Unsecured senior notes	18/04/2017	Grifols, S.A.	1,000,000	Euros	3.20%	2025
	05/10/2021	Grifols, S.A. (*)	1,400,000	Euros	3.875%	2028
	05/10/2021	Grifols, S.A. (*)	705,000	US Dollar	4.75%	2028
Secured senior notes	15/11/2019	Grifols, S.A.	770,000	Euros	2.25%	2027
	15/11/2019	Grifols, S.A.	905,000	Euros	1.625%	2025

(*) As a consequence of the merge between Grifols Escrow Issuer, S.A. and Grifols, S.A. in 2023 (see note 2)

The bonds issued by Grifols, S.A. in 2017 and 2019 were admitted to listing on the Irish Stock Exchange on the same issue date.

On 5 October 2021, Grifols Escrow Issuer, S.A. closed the issuance of a senior unsecured corporate bond (Senior Unsecured Notes) in two tranches for amounts of Euros 1,400 million and US Dollars 705 million. Both tranches mature in 2028, accrue an annual coupon of 3.875% and 4.750%, respectively and are listed on the Irish Stock Exchange. On 1 January 2023, Grifols Escrow Issuer, S.A. was merged with Grifols, S.A. (see note 2).

The proceeds from the bonds were used to finance the Euros 1,100 million acquisition of the entire share capital of Tiancheng (Germany) Pharmaceutical Holdings AG, whose current corporate name is Grifols Biotest Holdings GmbH, which holds 89.88% of the ordinary shares of Biotest AG and 1.08% of the preferred shares. In addition, the proceeds will also be used to finance the voluntary public offering for the remaining ordinary and preferred shares of Biotest AG.

Details of movement in the Senior Notes at 31 December 2023 are as follows:

		Thousands of Euros		
		Opening outstanding balance 01/01/23	Exchange differences	Closing outstanding balance 31/12/23
Senior unsecured corporate notes 2017		1,000,000	--	1,000,000
Senior secured corporate notes 2019		1,577,465	--	1,577,465
Senior unsecured corporate notes Euros 2021		1,400,000	--	1,400,000
Senior unsecured corporate notes US Dollars 2021		660,979	(22,970)	638,009
		4,638,444	(22,970)	4,615,474

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

Details of movement in the Senior Notes at 31 December 2022 are as follows:

	Thousands of Euros			
	Opening outstanding balance 01/01/22	Repurchase	Exchange differences	Closing outstanding balance 31/12/22
Senior unsecured corporate notes 2017	1,000,000	--	--	1,000,000
Senior secured corporate notes 2019	1,675,000	(97,535)	--	1,577,465
Senior unsecured corporate notes Euros 2021	1,400,000	--	--	1,400,000
Senior unsecured corporate notes US Dollars 2021	622,462	--	38,517	660,979
	4,697,462	(97,535)	38,517	4,638,444

On 2 December 2021, Grifols, S.A. announced a repurchase offer for the same price plus unpaid accrued interests of the mentioned bonds, up to the equivalent in Euros of US Dollars 110,317 thousand. The agreement with the bondholders was closed in January 2022.

At 31 December 2023 and 2022 the current obligations caption includes the issue of bearer promissory notes to Group employees, as follows:

	Thousands of Euros	
	31/12/2023	31/12/2022
Issue date	05/05/2023	04/05/2022
Maturity date	04/05/2024	04/05/2023
Nominal amount of promissory notes (Euros)	3,000	3,000
Interest rate	4.00%	3.00%
Promissory Notes subscribed	117,570	120,054
Buy-backs or redemptions	(1,842)	(1,938)
Interest pending accrual	(1,540)	(1,176)

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

(b) Loans and borrowings

Details of loans and borrowings at 31 December 2023 and 2022 are as follows:

Credit	Currency	Interest rate	Date awarded	Maturity date	Thousands of Euros			
					31/12/2023		31/12/2022	
					Amount extended	Carrying amount	Amount extended	Carrying amount
Senior debt - Tranche B	Euros	Euribor + 2.25%	15/11/2019	15/11/2027	1,360,000	1,242,210	1,360,000	1,255,285
Senior debt - Tranche B	US Dollars	Libor + 2.00%	15/11/2019	15/11/2027	2,343,896	2,066,822	2,343,896	2,163,773
Total senior debt					3,703,896	3,309,032	3,703,896	3,419,058
EIB Loan	Euros	2.40%	20/11/2015	20/11/2025	100,000	10,625	100,000	21,250
EIB Loan	Euros	2.02%	22/12/2017	22/12/2027	85,000	31,875	85,000	42,500
EIB Loan	Euros	2.15%	25/09/2018	25/09/2028	85,000	42,500	85,000	53,125
Total EIB Loan					270,000	85,000	270,000	116,875
Revolving Credit	US Dollars	Libor + 1.5%	15/11/2019	15/11/2025	937,559	360,249	937,559	--
Total Revolving Credit					937,559	360,249	937,559	--
Other non-current loans	Euros	1.76% - Euribor + 6.70%			--	--	235,000	219,655
Loan transaction costs					--	(104,797)	--	(163,476)
Non-current loans and borrowings					4,911,455	3,649,484	5,146,455	3,592,112

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

Credit	Currency	Interest rate	Date awarded	Maturity date	Thousands of Euros			
					31/12/2023		31/12/2022	
					Amount extended	Carrying amount	Amount extended	Carrying amount
Senior debt - Tranche B	Euros	Euribor + 2.25%	15/11/2019	15/11/2027	(*)	13,076	(*)	3,269
Senior debt - Tranche B	US Dollars	Libor + 2.00%	15/11/2019	15/11/2027	(*)	21,756	(*)	5,635
Total senior debt					--	34,832	--	8,904
EIB Loan	Euros	2.40%	20/11/2015	20/11/2025	(*)	10,625	(*)	10,625
EIB Loan	Euros	2.02%	22/12/2017	22/12/2027	(*)	10,625	(*)	10,625
EIB Loan	Euros	2.15%	25/09/2018	25/09/2028	(*)	10,625	(*)	10,625
Total EIB Loan					--	31,875	--	31,875
Other current loans		0.10% - Euribor + 6.70%			691,514	667,336	481,163	445,190
Loan transaction costs					--	(59,735)	--	(36,559)
Current loans and borrowings					691,514	674,308	481,163	449,410

(*) See amount granted under non-current debt

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

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Current loans and borrowings include accrued interest amounting to Euros 27,468 thousand at 31 December 2023 (Euros 12,592 thousand at 31 December 2022).

Between 2015 and 2018, the Group arranged three long-term loans with the European Investment Bank totaling Euros 270,000 thousand (divided into two loans of Euros 85,000 thousand and one loan of Euros 100,000 thousand) to support its investments in R&D, mainly focused on the search for new therapeutic indications for plasma-derived protein therapies. The financial terms include a fixed interest rate, a maturity of 10 years with a grace period of 2 years. At 31 December 2023, the carrying amount of the loans obtained from the European Investment Bank amounts to Euros 116,875 thousand (Euros 148,750 thousand at 31 December 2022).

“Other current loans” includes a secured loan from the group company Biotest, AG with an original term of 5 years until 2024. The total volume amounts to Euros 240 million, divided into two Term Facilities (B1 and B2) of Euros 225 million and a Revolving Credit Facility of Euros 15 million. At 31 December 2023, the carrying amount of the loan amounts to Euros 223,077 thousand, which has been reclassified to short term according to its maturity date (Euros 218.628 thousand in the long term at 31 December 2022).

Senior Secured debt

The Senior Secured debt consists of an eight-year loan divided into two tranches: US Tranche B and Tranche B in Euros. The terms and conditions of both tranches are as follows:

▪ US Dollar Tranche B:

- Original principal amount of US Dollars 2,500 million.
- Applicable margin of 200 basis points (bp) pegged to US Libor.
- Quasi-bullet repayment structure.
- Maturity in 2027.

▪ Tranche B in Euros:

- Original principal amount of Euros 1,360 million.
- Applicable margin of 225 basis points (bp) pegged to Euribor.
- Quasi-bullet repayment structure.
- Maturity in 2027.

Details of Tranche B by maturity at 31 December 2023 are as follows:

	US Tranche B			Tranche B in Euros	
	Currency	Principal in Thousands of US Dollars	Principal in Thousands of Euros	Currency	Principal in Thousands of Euros
Maturity					
2024	US Dollars	24,058	21,756	Euros	13,076
2025	US Dollars	24,058	21,756	Euros	13,076
2026	US Dollars	24,058	21,756	Euros	13,076
2027	US Dollars	2,235,700	2,023,310	Euros	1,216,058
Total	US Dollars	2,307,874	2,088,578	Euros	1,255,286

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

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The borrowers of the total Senior secured debt are Grifols, S.A. and Grifols Worldwide Operations USA, Inc.

Revolving credit facility

On 7 May 2020, the Group concluded the upsize of the multi-currency revolving credit facility from US Dollars 500 million to US Dollars 1,000 million with maturity in 2025 and an applicable margin of 150 basis points (bp) pegged to US Libor.

Movement in the Revolving Credit Facility is as follows:

	Thousands of Euros	
	31/12/2023	31/12/2022
Drawn opening balance	0	330,000
Drawdowns	1,501,207	591,537
Repayments	(1,131,565)	(916,958)
Translation differences	(9,393)	(4,579)
Drawn closing balance	360,249	0

Guarantors

The Notes, the Senior Term Loans and the Revolving Loans are secured by Grifols, S.A. and certain significant subsidiaries of Grifols, S.A., which together with Grifols, S.A., represent, in the aggregate, at least 60% of the consolidated EBITDA of the Group.

The Notes are guaranteed on a senior secured basis by subsidiaries of Grifols, S.A. that are guarantors and co-borrower under the New Credit Facilities. The guarantors are Grifols Worldwide Operations Limited, Grifols Biologicals Inc., Grifols Shared Services North America, Inc., Grifols Therapeutics, Inc., Instituto Grifols, S.A., Grifols Worldwide Operations USA, Inc., Grifols USA, Llc. and Grifols International, S.A.

(c) Other financial liabilities

Details of other financial liabilities at 31 December 2023 and 2022 are as follows:

Other financial liabilities	Reference	Thousands of Euros	
		31/12/2023	31/12/2022
Non-current debt with GIC (sovereign wealth fund in Singapore)	(i)	759,554	833,664
Non-current preferential loans		5,966	4,943
Other non-current financial liabilities	(ii)	48,549	49,100
Total other non-current financial liabilities		814,069	887,707
Current debt with GIC (sovereign wealth fund in Singapore)	(i)	81,384	86,284
Current preferential loans		1,536	1,633
Other current financial liabilities	(ii)	32,646	25,763
Total other current financial liabilities		115,566	113,680

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

(i) Debt with GIC – Singapore sovereign wealth fund

In November 2021 approval was received from the pertinent authorities to close the agreement with GIC (Sovereign Fund of Singapore), announced in June 2021, whereby the Group received an amount of US Dollars 990 million in exchange for 10 ordinary Class B shares in Biomat USA and nine ordinary Class B shares in a new sub-holding, Biomat Newco, created for this purpose.

The main terms and conditions of the agreement with GIC were:

- The distribution of annual preferential dividends to GIC equivalent to US Dollar 4,168 thousand per share, following majority approval of the Board of Directors of Biomat USA and Biomat Newco;
- The redemption right with respect to Class B stock for US Dollars 52,105 thousand per share, is subject to unilateral approval of the Class B stockholders (with one share annually redeemable starting as of 31 December 2022). At 31 December 2023 one share has been redeemed (none at 31 December 2022).
- From 1 December 2036, holders of Class B shares of Biomat USA will have the right to request Biomat USA to redeem up to the total of the Class B shares they hold at a value of US Dollars 52,105,263.16 per share. Class B shareholders of Biomat Newco will have the same right with respect to Biomat Newco.
- In the event that the dividends or the annual redemption at Biomat USA or Biomat NewCo, where applicable, is not approved, is partially paid, or is otherwise not paid, GIC holds the right to obtain in exchange thereof an undetermined number of shares among the following alternatives (i) an additional number of shares in Biomat USA, in lieu of the non-payment occurred at Biomat USA, (ii) an additional number of shares in Biomat NewCo, in lieu of the non-payment occurred at Biomat NewCo; or (iii) a number of ADRs of Grifols, S.A. in lieu of either (i) or (ii).
- Grifols holds the right to redeem all of the Class B stock from the fifth year onwards;
- In the event of liquidation of Biomat USA and Biomat Newco, GIC shall have the right to the preferential liquidation of US Dollars 52,105 thousand per share, but shall not have any rights over the liquidation of net assets of these companies.

At 31 December 2023, Current debt with GIC includes Euros 34,230 thousand of accrued interests plus Euros 47,154 thousand related to the share redemption right (Euros 37,432 thousand of accrued interests plus Euros 48,852 thousand related to the share redemption right at 31 December 2022).

Grifols did not have the discretionary right to avoid payment in cash and therefore, the instrument is recorded as a financial liability.

The Group does not lose control of Biomat USA and continues overseeing all aspects of the Biomat Group's administration and operations.

(ii) Other non-current and current financial liabilities

At 31 December 2023, "other non-current financial liabilities" include mainly an unsecured long-term loan in the amount of Euros 44.3 million and a repayment obligation arising from a supply contract amounting to Euros 3.4 million, both corresponding to Biotest, AG, a company acquired by the Group on 25 April 2022 (see note 3) (Euros 44.3 million and Euros 5.9 million respectively at 31 December 2022).

At 31 December 2023, "other current financial liabilities" include mainly distributor commission liabilities of Euros 18.4 million corresponding to Biotest, AG, a company acquired by the Group on 25 April 2022 (see note 3) (Euros 15.5 million at 31 December 2022)

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

Details of the maturity of other financial liabilities are as follows:

	Thousands of Euros	
	31/12/2023	31/12/2022
Maturity at:		
Up to one year	115,566	113,680
Two years	52,268	54,506
Three years	48,478	50,086
Four years	48,060	50,408
Five years	47,848	49,483
Over five years	617,415	683,224
	929,635	1,001,387

(d) Changes in liabilities derived from financing activities

	Reference	Thousands of Euros				Total
		Bonds	Senior Secured debt & Other loans	Finance lease liabilities	Other financial liabilities	
Carrying amount at 1 January 2021		2,709,515	3,468,385	733,499	115,313	7,026,712
New financing		2,126,979	329,555	--	829,937	3,286,471
Refunds		(114,480)	(266,659)	(82,692)	(3,507)	(467,338)
Interest accrued		100,948	130,327	35,786	2,165	269,226
Other movements		(33,920)	5,445	135,697	729	107,951
Interest paid/received		(64,031)	(91,089)	--	--	(155,120)
Business combinations	Note 3	--	--	--	(64,749)	(64,749)
Foreign exchange differences		18,523	131,084	51,434	3,047	204,088
Balance at 31 December 2021		4,743,534	3,707,048	873,724	882,935	10,207,241
New financing		112,557	990,537	--	16,448	1,119,542
Refunds		(217,058)	(944,386)	(104,287)	(15,685)	(1,281,416)
Interest accrued		176,317	206,901	43,640	84,586	511,444
Other movements		744	(744)	123,792	--	123,792
Interest paid/received		(150,595)	(156,461)	--	(43,331)	(350,387)
Business combinations	Note 3	(1,804)	121,597	30,290	31,016	181,099
Foreign exchange differences		27,965	117,029	49,785	50,154	244,933
Balance at December 31 2022		4,691,660	4,041,521	1,016,944	1,006,123	10,756,248
New financing		113,100	1,505,657	--	4,621	1,623,378
Refunds		(121,957)	(1,171,677)	(105,852)	(57,532)	(1,457,018)
Interest accrued		177,482	352,325	40,105	85,586	655,498
Other movements		--	--	69,875	3,221	73,096
Interest paid/received		(147,998)	(308,048)	--	(72,896)	(528,942)
Business combinations	Note 3	--	--	--	2,464	2,464
Foreign exchange differences		(29,971)	(95,983)	(24,055)	(31,808)	(181,817)
Balance at 31 December 2023		4,682,316	4,323,795	997,017	939,779	10,942,907

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

(22) Trade and Other Payables

Details are as follows:

	Thousands of Euros	
	31/12/2023	31/12/2022
Suppliers	781,456	731,918
VAT payable	13,240	11,133
Taxation authorities, withholdings payable	8,892	7,986
Social security payable	28,180	23,627
Other public entities	82,869	71,984
Other payables	133,181	114,730
Current income tax liabilities	14,523	15,687
	929,160	862,335

Suppliers

Details of balances with related parties are shown in note 31.

The Group's exposure to currency risk and liquidity risk associated with trade and other payables is described in note 30.

In accordance with the provision of Law 18/2022 that amends Law 15/2010 of 5 July, for the twelve-month period ended 31 December 2023 and 2022 information concerning the average payment period to suppliers is included.

Information concerning the average payment period to suppliers of spanish companies is as follows:

	Days	
	31/12/2023	31/12/2022
Average payment period to suppliers	71.6	69.03
Paid invoices ratio	72.94	70.06
Outstanding invoices ratio	62.21	62.29

	Thousands of Euros	
	31/12/2023	31/12/2022
Total invoices paid	669,308	656,465
Total outstanding invoices	95,275	100,302

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

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Information concerning invoices paid in a period of less than the maximum period established by the Law is as follows:

	31/12/2023	31/12/2022
Monetary volume paid in euros (thousands of Euros)	272,537	250,490
Percentage of total monetary payments to suppliers	40.72%	38.16%
Number of paid invoices	22,135	23,274
Percentage of the total number of invoices paid to suppliers	26.13%	25.98%

(23) Other Current Liabilities

Details at 31 December are as follows:

	Thousands of Euros	
	31/12/2023	31/12/2022
Salaries payable	234,644	199,584
Other payables	6,329	4,069
Deferred income	10,323	27,642
Advances received	24,398	10,192
Other current liabilities	275,694	241,487

At 31 December 2022, and 31 December 2021, the advances received are contract liabilities relate to unperformed performance obligations for which Grifols has received a consideration from the customer.

(24) Net Revenues

Net revenues are mainly generated from the sale of goods.

The distribution of net consolidated revenues for the twelve-month periods ended 31 December 2023, 2022 and 2021 by segment is as follows:

	Thousands of Euros		
	31/12/2023	31/12/2022	31/12/2021 (*)
Biopharma	5,558,301	5,005,382	3,814,983
Diagnostic	670,269	671,292	779,108
Bio supplies	159,957	146,076	115,811
Others	203,450	250,165	266,461
Intersegments	--	(8,948)	(43,245)
	6,591,977	6,063,967	4,933,118

* As a consequence of the review of transactions and balances allocations by segments made in the year 2022, the comparative figures for the fiscal year 2021 have been adjusted accordingly.

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

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The geographical distribution of net consolidated revenues is as follows:

	Thousands of Euros		
	31/12/2023	31/12/2022	31/12/2021 (*)
USA and Canada	3,898,961	3,855,607	3,154,549
Spain	362,877	320,631	362,407
European Union	893,050	711,579	544,042
Rest of the world	1,437,089	1,176,150	872,120
Consolidated	6,591,977	6,063,967	4,933,118

Details of discounts and other reductions in gross income are as follows:

	Thousands of Euros		
	31/12/2023	31/12/2022	31/12/2021 (*)
Gross sales	8,389,387	7,720,463	6,234,277
Chargebacks	(1,525,210)	(1,402,218)	(1,101,896)
Cash discounts	(81,773)	(76,547)	(60,019)
Volume rebates	(59,000)	(66,280)	(49,043)
Medicare and Medicaid	(68,353)	(64,438)	(53,440)
Other discounts	(63,074)	(47,013)	(36,761)
Net sales	6,591,977	6,063,967	4,933,118

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

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Movement in discounts and other reductions in gross income during the twelve-month period ended in 31 December 2023 is as follows:

	Thousands of Euros					Total
	Chargebacks	Cash discounts	Volume rebates	Medicare / Medicaid	Other discounts	
Balance at 31 December 2022	264,513	6,184	23,565	27,036	25,983	347,281
Current estimate related to sales made in current and previous periods (1)	1,525,210	81,773	59,000	68,353	63,074	1,797,410
(Actual returns or credits in current period related to sales made in current period) (2)	(1,324,855)	(74,829)	(37,078)	(49,402)	(30,648)	(1,516,812)
(Actual returns or credits in current period related to sales made in prior periods) (3)	(135,606)	(6,443)	(21,182)	(18,676)	(23,374)	(205,281)
Translation differences	(10,703)	324	(777)	(946)	(245)	(12,347)
Balance at 31 December 2023	318,559	7,009	23,528	26,365	34,790	410,251

(1) Net impact in income statement: estimate for the current year plus prior years' adjustments. Adjustments made during the year corresponding to prior years' estimates have not been significant.

(2) Amounts credited and posted against provisions for current period

(3) Amounts credited and posted against provisions for prior period

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

Movement in discounts and other reductions to gross income during the twelve-month period ended 31 December 2022 was as follows:

	Thousands of Euros					
	Chargebacks	Cash discounts	Volume rebates	Medicare / Medicaid	Other discounts	Total
Balance at 31 December 2021	159,846	5,701	21,246	25,614	10,585	222,992
Current estimate related to sales made in current and previous periods (1)	1,402,218	76,547	66,280	64,438	47,013	1,656,496
(Actual returns or credits in current period related to sales made in current period) (2)	(1,196,670)	(69,960)	(43,494)	(43,332)	(28,818)	(1,382,274)
(Actual returns or credits in current period related to sales made in prior periods) (3)	(109,726)	(6,442)	(21,501)	(21,271)	(2,935)	(161,875)
Translation differences	8,845	338	1,034	1,587	138	11,942
Balance at 31 December 2022	264,513	6,184	23,565	27,036	25,983	347,281

Movement in discounts and other reductions to gross income during the twelve-month period ended 31 December 2021 was as follows:

	Thousands of Euros					
	Chargebacks	Cash discounts	Volume rebates	Medicare / Medicaid	Other discounts	Total
Balance at 31 December 2020	190,869	6,795	29,670	28,451	11,763	267,548
Current estimate related to sales made in current and previous periods (1)	1,101,896	60,019	49,043	53,440	36,761	1,301,159
(Actual returns or credits in current period related to sales made in current period) (2)	(1,080,304)	(54,554)	(29,617)	(42,890)	(27,036)	(1,234,401)
(Actual returns or credits in current period related to sales made in prior periods) (3)	(65,681)	(6,964)	(29,304)	(15,422)	(11,057)	(128,428)
Translation differences	13,066	405	1,454	2,035	154	17,114
Balance at 31 December 2021	159,846	5,701	21,246	25,614	10,585	222,992

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

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(25) Personnel Expenses

Details of personnel expenses by function are as follows:

	Thousands of Euros		
	31/12/2023	31/12/2022	31/12/2021
Cost of sales	1,337,454	1,343,991	999,347
Research and development	172,970	159,766	138,629
Selling, general & administration expenses	528,784	472,413	401,390
	2,039,208	1,976,170	1,539,366

Details by nature are as follows:

	Thousands of Euros		
	31/12/2023	31/12/2022	31/12/2021
Wages and salaries	1,658,286	1,600,617	1,231,812
Contributions to pension plans	42,261	40,994	31,757
Other social charges	30,571	33,506	27,387
Social Security	308,090	301,053	248,410
	2,039,208	1,976,170	1,539,366

On February 15, 2023, the Group announced the implementation of a comprehensive operational improvement plan with significant savings. The plan included the optimization of plasma costs and operations, the streamlining of corporate functions, and other initiatives to improve efficiency in the organization. It also included a reduction in staff in 2023 that affected approximately 8% of the human team, mainly in plasma operations in the United States. As of 31 December 2023, the Group recognized an expense of approximately Euros 75,348 thousand in wages, salaries, and the like.

The average headcount during the twelve-month periods ended 31 December 2023 and 2022, by department, was approximately as follows:

	Average headcount	
	31/12/2023	31/12/2022
Manufacturing	17,641	19,180
R&D - technical area	1,226	1,160
Administration and others	1,697	1,730
General management	242	285
Marketing	159	181
Sales and Distribution	1,414	1,376
	22,379	23,912

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

The headcount of the Group employees and the Company's directors at 31 December 2023, by gender, is as follows:

	31/12/2023			Total Number of Employees
	Man	Women	Undeclared	
Administrators	7	4	--	11
Manufacturing	7,650	11,272	57	18,979
Research&development - technical area	478	776	1	1,255
Administration and others	1,018	668	--	1,686
General management	125	138	--	263
Marketing	55	100	--	155
Sales and Distribution	709	685	1	1,395
	10,042	13,643	59	23,744

The breakdown of employees who are part of the Senior Management is as follows:

- In the heading "Administrators" there are 4 employees (3 men and 1 woman).
- In the heading "General Management" there are 10 employees (9 men and 1 woman).
- In the heading "Sales and Distribution" there is 1 employee (man).

The headcount of the Group employees and the Company's directors at 31 December 2022, by gender, was as follows:

	31/12/2022			Total Number of Employees
	Man	Women	Undeclared	
Administrators	8	4	--	12
Manufacturing	8,047	13,153	35	21,235
Research&development - technical area	528	741	2	1,271
Administration and others	1,103	766	1	1,870
General management	141	157	--	298
Marketing	53	114	--	167
Sales and Distribution	742	726	1	1,469
	10,622	15,661	39	26,322

The breakdown of employees who are part of the Senior Management is as follows:

- In the heading "R&D - Technical Area" there is 1 employee (woman).
- In the heading "Administrators" there are 3 employees (2 men and 1 woman).
- In the heading "General Management" there are 10 employees (8 men and 2 women).
- In the heading "Sales and Distribution" there is 1 employee (man).

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

(26) Expenses by Nature

(a) Amortization and depreciation

Expenses for the amortization and depreciation of intangible assets, right of use assets and property, plant and equipment, incurred during the twelve-month periods ended 31 December 2023, 2022 and 2021 classified by functions are as follows:

	Thousands of Euros		
	31/12/2023	31/12/2022	31/12/2021
Cost of sales	270,048	275,512	211,676
Research and development	64,731	44,295	55,311
Selling, general & administration expenses	107,139	88,057	92,780
	<u>441,918</u>	<u>407,864</u>	<u>359,767</u>

(b) Other operating income and expenses

Other operating income and expenses incurred during the twelve-month periods ended 31 December 2023, 2022 and 2021 by function are as follows:

	Thousands of Euros		
	31/12/2023	31/12/2022	31/12/2021
Cost of sales	585,096	682,636	535,058
Research and development	168,358	164,229	165,884
Selling, general & administration expenses	792,728	579,067	532,056
	<u>1,546,182</u>	<u>1,425,932</u>	<u>1,232,998</u>

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

Details by nature are as follows:

	Reference	Thousands of Euros		
		31/12/2023	31/12/2022	31/12/2021
Changes in trade provisions		3,567	8,743	4,844
Professional services		415,062	305,215	258,371
Commissions		44,946	40,397	28,671
Supplies and auxiliary materials		205,640	251,120	197,893
Operating leases	Note 8	43,039	38,994	32,945
Freight		186,794	190,692	148,797
Repair and maintenance expenses		231,432	218,971	150,308
Advertising		78,851	90,652	71,280
Insurance		49,551	46,090	38,724
Royalties		21,766	13,646	48,446
Travel expenses		44,911	49,356	30,334
External services		90,987	83,296	74,858
R&D Expenses		98,947	94,903	106,873
Gains on disposal of assets		(3,042)	(22,236)	--
Other		33,731	16,093	40,654
Other operating income&expenses		1,546,182	1,425,932	1,232,998

On February 15, 2023, the Group announced the implementation of a comprehensive operational improvement plan with significant savings. The plan included the optimization of plasma costs and operations, the streamlining of corporate functions, and other initiatives to improve efficiency in the organization. As of 31 December 2023, the Group recognized an expense of approximately Euros 79,090 thousand mainly in professional services.

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

(27) Finance Result

Details are as follows:

	Reference	Thousands of Euros		
		31/12/2023	31/12/2023	31/12/2023
Finance income		62,326	33,859	11,551
Finance costs from Senior Unsecured Notes		(177,482)	(181,149)	(104,944)
Finance costs from senior debt	Note 21 (b)	(257,350)	(161,466)	(111,719)
Finance costs from other financial liabilities		(73,533)	(81,914)	--
Capitalized interest	Note 9	36,892	25,184	18,636
Finance lease expenses		(44,587)	(45,198)	(35,786)
Other finance costs	Note 8	(80,804)	(33,780)	(33,889)
Finance costs		(596,864)	(478,323)	(267,702)
Finance costs from sale of receivables	Note 15	(24,993)	(18,201)	(10,292)
Change in fair value of financial instruments		1,459	11,999	246
Exchange differences		(16,386)	7,725	(11,602)
Finance result		(574,458)	(442,941)	(277,799)

The finance costs from other financial liabilities heading for 2023 includes finance costs related to the interest on the funds received by GIC amounting 73,533 thousand (Euros 81,914 thousand at 31 December 2022) (see note 21 (c)).

During the twelve-month period ended 31 December 2023 the Group has capitalized interest at a rate of between 6.03% and 6.79% based on the financing received (between 4.43% and 5.44% during 2022).

(28) Taxation

Grifols, S.A. is authorized to file consolidated tax returns in Spain with Grifols Movaco, S.A., Laboratorios Grifols, S.A., Instituto Grifols, S.A., Biomat, S.A., Grifols Viajes, S.A., Grifols International, S.A., Grifols Engineering, S.A., Gripdan Invest, S.L., Araclon Biotech, Aigües Minerals de Vilajuïga, S.A. and VCN Biosciences, S.L. Grifols, S.A., in its capacity as Parent, is responsible for the filing and settlement of the consolidated tax return. Under prevailing tax law, Spanish companies pay 25% tax, which may be reduced by certain deductions.

The North American company Grifols Shared Services North America, Inc. is also authorized to file consolidated tax returns in the USA with Grifols Biologicals Inc., Grifols USA, LLC., Biomat USA, Inc., Grifols Therapeutics Inc., Talecris Plasma Resources, Inc, Interstate Blood Bank, Inc. and Goetech, LLC.. The profits of the companies domiciled in the USA, determined in accordance with prevailing tax legislation, are subject to tax of approximately 22% of taxable income, which may be reduced by certain deductions.

Grifols assesses the effect of uncertain tax treatments and recognizes the effect of the uncertainty on taxable earnings. At 31 of December 2023 and 2022, the potential obligations deriving from tax claims are properly covered. There are no lawsuits or uncertain tax treatments that are individually material.

In 2021, the OECD released the Model Rules for Pillar 2 to address tax challenges arising from the digitization of the economy. This international tax system reform focuses on the geographic allocation of profits for tax purposes and is designed to ensure that multinational enterprises are subject to a minimum effective tax rate of 15%.

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

On 15 December 2022, the Council of the European Union formally adopted the European Directive on Pillar 2. As of 31 December 2023, Spain has approved the Draft Law transposing the European Directive to ensure a global minimum taxation of 15% for multinational corporations. This legislation will apply prospectively to accounting periods beginning on January 1, 2024.

On 23 May 2023, the International Accounting Standards Board (IASB) published the International Tax Reform - Second Pillar Model Rules. Proposed amendments to IAS 12, which will be applicable for periods beginning on 1 January 2023. The amendments to IAS 12 provide for a mandatory temporary exemption in recognizing deferred tax balances arising from the implementation of Pillar 2 legislation.

The Group has developed an accounting policy consistent with the amendments to IAS 12, whereby the Group does not record adjustments to deferred tax assets and liabilities resulting from the introduction of the minimum effective tax rate of 15%. In developing this accounting policy, the Group has also adopted the exemption provided in paragraph 98M of the amendments to IAS 12 to avoid providing detailed information on the amendments for transitional periods beginning on 1 January 2023.

As of 31 December 2023, the Group continues to assess the implications of Pillar 2 reforms, including quantifying the impact on current tax resulting from the approval of the regulations. The assessment of potential exposure to Pillar 2 income taxes is based on the most recent tax returns, country-by-country reports, and financial statements of the Group's constituent entities. According to the assessment, effective tax rates of Pillar 2 in most jurisdictions where the Group operates are above 15%. However, there are a limited number of jurisdictions where the safe harbor transitional exemption does not apply, and the effective tax rate of Pillar 2 is close to 15%. The Group does not anticipate significant exposure to Pillar 2 income taxes in those jurisdictions.

On 18 January 2024, the Constitutional Court declared unconstitutional various tax precepts contained in Royal Decree-Law 3/2016. The company has assessed the impact that these provisions had in 2017 and subsequent years, and considers that, as they did not have a significant impact, it will not challenge the tax assessments for these years.

(a) Reconciliation of accounting and taxable income

Details of the income tax expense and income tax related to profit for the twelve-month period are as follows:

	Thousands of Euros		
	31/12/2023	31/12/2022	31/12/2021
Profit before income tax from continuing operations	224,018	361,257	350,453
Tax at 25%	56,005	90,313	87,613
Permanent differences	(66,322)	(30,796)	2,503
Effect of different tax rates	52,372	9,953	(8,720)
Tax credits (deductions)	(1,193)	3,667	(14,998)
Prior year income tax expense	2,132	12,685	18,908
Other income tax expenses/(income)	355	4,289	(180)
Total income tax expense	43,349	90,111	85,126
Deferred tax	(140,095)	(15,138)	17,754
Current tax	183,444	105,249	67,372
Total income tax expense	43,349	90,111	85,126

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

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The effect of the different tax rates is basically due to a change of country mix in profits

(b) Deferred tax assets and liabilities

Details of deferred tax assets and liabilities are as follows:

	Thousands of Euros		
	Tax effect		
	31/12/2023	31/12/2022	31/12/2021
Assets			
Provisions	29,663	20,511	8,387
Inventories	68,209	67,557	47,908
Tax credits (deductions)	76,603	33,921	26,425
Tax loss carryforwards	27,804	58,159	51,750
Fixed assets, amortisation and depreciation	61,479	--	--
Other	49,701	6,197	19,993
Subtotal, assets	313,459	186,345	154,463
Goodwill	(2,727)	(3,063)	(2,106)
Fixed assets, amortisation and depreciation	(4,155)	(16)	3,151
Intangible assets	--	(1,349)	(3,001)
Other	(6,734)	(6,994)	--
Subtotal, net liabilities	(13,616)	(11,422)	(1,956)
Deferred assets, net	299,843	174,923	152,507
Liabilities			
Goodwill	(376,520)	(337,948)	(272,596)
Intangible assets	(658,099)	(669,316)	(288,819)
Fixed assets	(85,082)	(92,811)	(86,899)
Debt cancellation costs	(41,894)	(50,666)	(61,543)
Others	(53,503)	--	--
Subtotal, liabilities	(1,215,098)	(1,150,741)	(709,857)
Tax loss carryforwards	10,459	2,993	2,160
Tax credits (deductions)	68,104	14,578	--
Inventories	1,848	652	5,532
Provisions	105,656	70,206	37,671
Other	40,402	27,489	30,510
Subtotal, net assets	226,469	115,918	75,873
Net deferred Liabilities	(988,629)	(1,034,823)	(633,984)

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

Movement in deferred tax assets and liabilities is as follows:

Deferred tax assets and liabilities	Thousands of Euros		
	31/12/2023	31/12/2022	31/12/2021
Balance at 1 January	(859,900)	(481,477)	(406,892)
Movements during the year	140,095	15,138	(17,754)
Business combination (note 3)	239	(361,051)	(16,400)
Translation differences	30,780	(32,510)	(40,431)
Balance at 31 December	(688,786)	(859,900)	(481,477)

The Spanish companies have opted to apply accelerated depreciation to certain additions to property, plant and equipment, which has resulted in the corresponding deferred tax liability.

The remaining assets and liabilities recognized in the twelve-month periods ended 31 December 2023, 2022 and 2021 were recognized in the statement of profit and loss.

Estimated net deferred tax assets to be reversed in a period of less than 12 months amount to Euros 232,859 thousand at 31 December 2023 (Euros 112,274 thousand at 31 December 2022).

The majority of the tax deductions pending application from Spanish companies related mainly to research and development, mature in 18 years. Likewise, the Group estimates that practically the entire amount will be applied in five years.

Tax loss carryforwards pending to be offset derived from the US companies are available for 20 years from their date of origin whilst tax losses carryforwards pending to be offset from Spanish companies registered in the Basque Country are available for 15 years and there is no maturity date for other remaining Spanish companies. The Group estimates that of the total amount of tax credits for tax losses recognized in the balance sheet at 31 December 2023 for an amount of Euros 76,603 thousand, approximately Euros 40,178 thousand will be recovered in a period of less than 5 years.

The Group has not recognized as deferred tax assets the tax effect of the unused tax loss carryforwards of Group companies, which amount to Euros 103,303 thousand (Euros 121,486 thousand at 31 December 2022).

The amount of unrecognized deferred tax liabilities associated with investments in subsidiaries amounted to Euros 76,348 thousand as of 31 December 2023 (Euros 78,947 thousand as of 31 December 2022).

The commitments from Spanish companies from the reversal of deferred tax related to provisions of investments in subsidiaries are not significant.

(c) Years open to inspection

Under prevailing legislation, taxes cannot be considered to be definitively settled until the returns filed have been inspected by the taxation authorities, or the prescription period has elapsed.

The main tax audits currently open in the Group are as follows:

- Certain companies of the Group domiciled in Spain were subject to an inspection by the Spanish State Tax Administration Agency in relation to Corporate Income Tax for the years 2014, 2015 and 2016 and Value Added Tax for the years 2015 and 2016.

As a result of said procedure, the State Tax Administration Agency issued assessments containing the results of the inspection, where it is indicated that the treatment of certain transactions and computations mainly related to Transfer Pricing should be adjusted, taking into consideration different interpretations related to

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

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the allocation of taxable bases between different jurisdictions. With respect to Corporate Income Tax, the deductibility of certain expenses for the computation of the tax payable has been questioned. These assessments were signed in conformity by the Group on 8 November 2021. It should be noted that no penalties were imposed on any of the Group companies for any of the taxes subject to verification.

The results of the inspection did not have a significant impact on the Group's condensed consolidated interim financial statements, and the differences determined by the State Tax Administration Agency were recorded as part of the current tax included under the heading "Current tax liabilities" in the Consolidated Balance Sheet as of 31 December 2021.

If the result of the procedure is considered to be replicable to years not reviewed and open to inspection, the Group estimated that it was not necessary to record provisions in the condensed consolidated interim financial statements mainly because the number of transactions that gave rise to the aforementioned assessments has significantly decreased since the years in which they were inspected.

Likewise, having adjusted the allocation of taxable income in accordance with the aforementioned assessments for the purposes of their consideration for the determination of Transfer Pricing, the Group now has a legal right to recover certain amounts from the corresponding Administration, in accordance with the provisions of the European Convention on International Commercial Arbitration with respect to international double taxation. The minimum amount to be recovered, upon which its realization is virtually certain, was recorded as a non-current receivable included in the caption "other payable" as of 31 December 2021.

- Grifols Shared Services North America, Inc. and subsidiaries: In 2020 notification of an inspection was received relating to the State Income Tax for the fiscal years 2017 and 2018.
- Certain Group companies domiciled in Spain were notified in July 2022 of the inspection by the Spanish State Tax Administration Agency in relation to Corporation Tax for the years 2017 to 2019 and Value Added Tax, personal income tax, non-resident income and capital income for the years 2018 and 2019.

Group management does not expect any significant liability to derive from these inspections.

Based on its experience of the different tax inspections in the different jurisdictions in which Grifols operates, the Group considers it unlikely that there will be a scenario of discrepancy with the taxation authorities that will require significant adjustments to be made to the tax result or to the asset and/or liability balances relating to corporate income tax.

(29) Other Commitments with Third Parties and Other Contingent Liabilities

(a) Guarantees

The Group has no significant guarantees extended to third parties.

(b) Guarantees committed with third parties

Since 30 June 2023, Grifols, through Grifols Shared Services North America, Inc, acts as a guarantor for five lease contracts for certain ImmunoTek plasma centers not affected by the collaboration under Biotek America LLC. In addition, Grifols, S.A. acts as guarantor of the commitments made for the purchase of the 28 plasma centers (see note 11).

In March 2019, Grifols entered into a share exchange agreement with Shanghai RAAS Blood Products Co. Ltd. The sales contract establishes a consideration of Shanghai RAAS shares for Grifols Diagnostic Solutions Inc. shares and a contingent consideration in the form of a minimum guarantee for the EBITDA (Earnings before

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

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interests, tax, amortization and depreciation) differential to be generated by Grifols Diagnostic Solutions Inc. at the end of five years (fiscal year 2023) and a minimum of US Dollars 1,300 million. This compensation would correspond to the product of: (i) the difference between the accumulated EBITDA in the period 2019 to 2023 and US Dollars 1,300 million and (ii) the percentage of ownership of Shanghai RAAS in Grifols Diagnostic Solutions Inc (45%).

The contingent consideration is part of the acquisition price of SRAAS shares and is subsequently valued at fair value with changes in profit and loss. Both at the initial moment and in each year, the fair value of the financial liability has been zero and in the twelve-month period ended 31 December 2023 there has been no settlement for this contingent consideration.

Additionally, under the framework of the Strategic Alliance and Share Purchase Agreement with Haier Group Corporation announced on 29 December 2023, for the sale of a 20% ownership of Shanghai RAAS Blood Products Co. Ltd., Grifols has committed to achieving an aggregate EBITDA in Grifols Diagnostics Solutions Inc. of US Dollars 850 million for the period 2024-2028. If this EBITDA is not met, Grifols must compensate Shanghai RAAS Blood Products Co. Ltd. with the 45% of the remaining amount until reaching said amount. Grifols must also distribute 50% of the distributable profit in Grifols Diagnostic Solutions Inc. to the shareholders of Grifols Diagnostic Solutions Inc. in the period 2024-2028.

Additionally, the Group has significant guarantees extended to third parties described in note 21.

(c) Obligations with personnel

The Group's annual contribution to defined contribution pension plans of Spanish Group companies for the twelve-month period ended 31 December 2023 has amounted to Euros 1,079 thousand (Euros 1,033 thousand for the twelve-month period ended 31 December 2022).

In successive years this contribution will be defined through labor negotiations.

In the event that control is taken of the Company, the Group has agreements with 39 employees/directors whereby they can unilaterally rescind their employment contracts with the Company and are entitled to termination benefits ranging from two to five years' salary.

The Group has contracts with eight executives entitling them to termination benefits ranging from eleven months to four years of their salary in different circumstances.

Restricted Share Unit Retention Plan

In March 2022, the Group established a Restricted Stock Share Plan (hereinafter RSU) for certain employees. Under this plan, an employee may elect to receive up to 50% of his or her annual bonus in Class B non-voting ordinary shares (Grifols Class B Shares) or Grifols American Depositary Shares (Grifols ADSs), and the Group will match this with an additional 50% contribution in RSUs.

Class B Grifols shares and Grifols ADSs are valued at the date of grant of the bonus.

These RSUs will have a vesting period of 2 years and 1 day and will subsequently be exchanged for Grifols Class B Shares or Grifols ADSs (American Depositary Shares representing 1 Class B Share).

If an eligible employee leaves the company or is terminated prior to the vesting period, he/she will not be entitled to the additional RSUs.

At 31 December 2023 the Group has settled the 2020 RSU plan for an amount of Euros 3,296 thousand (Euros 9,381 thousand at 31 December 2022 corresponding to the 2019 RSU plan).

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

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This commitment is treated as equity-settled and the accumulated amount recognized at 31 December 2023 as share-based payments cost of employees is Euros 8,282 thousand (Euros 7,304 thousand at 31 December 2022).

Equity-settled share-based payment plan

In May 2023, the Board of Directors approved a proposal to the Ordinary General Meeting on 16 June, 2023, which approved it, a long term incentive plan. based on the granting of stock options for certain executive directors, members of the senior management of Grifols and its subsidiaries. The plan has a term of four years for each beneficiary, from the effective date where 40% of the options granted will vest (provided that the conditions for their vesting are met) at the end of the second year of the plan and the remaining 60% will vest (provided that the conditions for their vesting are met) at the end of the fourth year of the plan. A maximum of 4,000,000 stock options will be granted, representing the right to acquire 4,000,000 Class A shares of the Company with an exercise price of Euros 8.96 per Class A share. As a condition for the vesting of the options granted, each beneficiary must have remained continuously employed by Grifols on each vesting date, must pass an individual performance evaluation and, in addition, settlement is subject to the achievement of specific, predetermined and quantifiable objectives, related to financial and non-financial metrics, in order to reward value creation through the achievement of the objectives set in the plan. The Company will allocate the shares it currently holds in treasury or may come to hold to cover the needs of the plan.

Settlement date	Number of shares assigned	Unit fair value (Euros)
2025	1,148,000	3.05
2027	1,722,000	2.85

Additionally, there is a special remuneration plan referenced to the value of the share settled in equity instruments for certain executives with an exercise price of Euros 8.964 and Euros 12.84 per Class A share and maturity 2024, 2025.

Settlement date	Number of RSUs assigned	Unit fair value (Euros)
28/02/2024	180,000	2,39
22/02/2025	700,000	1,08
28/02/2025	270,000	2,19

The recognized amount in Equity as of 31 December 2023 amounts to Euros 2,586 thousand.

Cash-settled share-based payment plan

In May 2023, the Board of Directors of Grifols, S.A. approved a new long-term incentive plan based on restricted stock units (RSUs) aimed at certain members of the management team of the Company and its subsidiaries. The plan has a total duration of four years, where 50% of the RSUs granted will be settled at the end of the second year of the plan and the remainder at the end of the fourth year of the plan. As a condition for the vesting of the RSUs granted, each beneficiary must have remained continuously employed by Grifols on the settlement date of the plan and, in addition, such settlement is subject to the achievement of performance objectives. The RSUs will be settled in cash for an amount equivalent to the average price of the Class A shares during the five (5) business days prior to the settlement. At 31 December 2023, the total accumulated amount is Euros 1,610

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

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thousand and is included in the heading "Trade and other payable". The amount recognized in the Consolidated Statement of Profit and Loss as of 31 December 2023 amounts to Euros 1,724 thousand.

Settlement date	Number of RSUs assigned	Unit fair value (Euros)
2025	278,400	13.22
2027	278,400	11.08

Savings plan and profit-sharing plan

The Group has a defined contribution plan (savings plan), which qualifies as a deferred salary arrangement under Section 401 (k) of the Internal Revenue Code (IRC). Once eligible, employees may elect to contribute a portion of their salaries to the savings plan, subject to certain limitations. The Group matches 100% of the first 4% of employee contributions and 50% of the next 2%. Group and employee contributions are fully vested when contributed. The total cost of matching contributions to the savings plan was US Dollars 33.4 million in the twelve-month period ended 31 December 2023 (US Dollars 34.1 million in the twelve-month period ended 31 December 2022).

Other plans

The Group has a defined benefit pension plan for certain former Talecris Biotherapeutics, GmbH employees in Germany as required by statutory law. The pension cost relating to this plan is not material for the periods presented.

(d) Purchase commitments

Details of the Group's raw material purchase commitments at 31 December 2023 are as follows:

	<u>Thousands of Euros</u>
2024	292,259
2025	207,691
2026	135,897
2027	92,838
2028	95,175
More than 5 years	96,600

Immunotek GH, LLC

In July 2021, Grifols signed a collaboration agreement with ImmunoTek GH, LLC, the main objective of which is the construction of 28 plasma centers in the United States. Under the framework of this collaboration agreement, Grifols acquired a series of commitments detailed in note 11.

Purchase option on BPC Plasma Inc. and Haema AG

On 28 December 2018, the Group sold BPC Plasma Inc. and Haema AG to Scranton Enterprises B.V. The sales contract included a purchase option for Grifols that grants it the irrevocable and exclusive right (not an

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

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obligation) to acquire the shares sold to Scranton Enterprises B.V. (both at the same time) at any time from the effective date of sale.

The exercise price of the option will be equal to the greater of: (i) the same price at which the shares were sold to Scranton, adding the expenses related to the transaction and the increase in net working capital from the time of exercise of the option and the time at which the sale occurred, and (ii) the amount necessary to cancel the debt contracted by Scranton with the financing entity of the transaction for an amount of US Dollars 360 million, plus accrued interest, as well as any other amount necessary to cancel said debt.

National Service Projects Organization (NSPO)

On July 29, 2021, Grifols signed an agreement with the Egyptian company National Service Projects Organization (“NSPO”) through which Grifols and NSPO has incorporated a new entity in Egypt for the construction and operation of 20 plasma collection centers, a fractionation plant, and a protein purification and dosing plant. Grifols and NSPO hold 49% and 51% respectively in the new entity. The agreement includes a call option and a put option for both shareholders which allows them to acquire or sell their entire stake to the counterparty. These options can be exercised once the 10-year period from the creation of the company has elapsed. As the options are based on a variable number of shares and a variable amount, there is a derivative financial instrument that shall be measured at fair value through profit or loss. Given that the option price has been set at a value similar to the fair value of the new entity, the options do not have a significant value. As of 31 December 2023, no amount has been recognized for these options as they are not significant.

Canadian Blood Services

In September 2022, Grifols signed a collaboration agreement with Canadian Blood Services (CBS) to supply them with 2.4 million grains of Immunoglobulin exclusively through a network of Canadian plasma centers that should be fully developed and operational by July 2026. To achieve this goal, Grifols will need to collect 600.000 liters of Canadian plasma annually from Grifols-owned plasma centers in Canada. For this reason, Grifols has made the following commitments for the acquisition of plasma and self-built centers in Canada:

Euros			
2024	2025	2026	2027
13,372,075	20,897,588	30,172,027	18,939,896

(e) **Judicial procedures and arbitration**

Details of legal proceedings in which the Company or Group companies are involved are as follows:

- **ABBOTT LABORATORIES v. GRIFOLS DIAGNOSTIC SOLUTIONS INC., GRIFOLS WORLDWIDE OPERATIONS LIMITED AND NOVARTIS VACCINES AND DIAGNOSTICS, INC.**

Served: 8 October 2019

US District Court, Northern District of Illinois
Patent Infringement, Civil Action No. 1:19-cv-6587

Abbott Laboratories (“Abbott”), GDS, GWWO and Novartis Vaccines and Diagnostics, Inc. are in dispute over unpaid royalties payable by Abbott to GDS and Ortho-Clinical Diagnostics (“Ortho”) under an HIV License and Option agreement dated 16 August 2019 (the “HIV License”).

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

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On 12 September 2019, GDS and Ortho filed Notice of Arbitration. On 3 October 2019, Abbott terminated the HIV License and filed for Declaratory Relief seeking to invalidate the licensed patent. On March 16, 2020, Grifols and Ortho filed an answer and counterclaim to the litigation, while simultaneously pursuing arbitration for the pre-termination amount owed by Abbott. The arbitration hearing was 15-16 June 2020. Grifols/Ortho were awarded \$4 Million.

NEXT ACTION: Expert Discovery was concluded on October 14th 2022 and the parties filed dispositive motions, including a motion for summary judgement by Abbott, which was unsuccessful to dispose of the litigation. GDS and Ortho contend that the patent is valid and they believe that Abbott will be unsuccessful in its Declaratory Relief action. A mediation took place on 31 January 2024 without success. A status conference is scheduled for the end of February 2024 to discuss the matter again and set further dates for trial and pre-trial hearings.

- **RAMIREZ-VIVAR, ALFONSO v. GRIFOLS DIAGNOSTIC SOLUTIONS, INC.**

Served: 11 March 2021
Superior Court, CA County of Alameda
Case No.: RG21089519

Wage & Hour Class Action

Plaintiff claiming violation of CA wage & hour statutes, including a claim under the Private Attorney's General Act.

NEXT STEP: The Hearing on the class certification motion was heard on 28 October 2022. Court granted class certification encompassing all persons employed in California by GDS as hourly non-exempt employees during period of February 22, 2017 through November 4, 2022, relating to only two of the ten claims alleged in the class action lawsuit. After exchanging preliminary discovery, this matter settled at mediation for \$400,000 in exchange for a full release of all claims. The settlement amount includes a release for any wage and hour claims, claims under the Private Attorneys' General Act, and attorneys' fees. The parties are going through the settlement process for this class action, including notices to the Class Members and other statutory waiting periods, and the formal settlement shall be completed in Q2 of 2024.

CLASS POTENTIAL: Approx. 300 CA GDS employees for payroll/wage & hour violations per pay period for 5 years.

- **CERUS CORPORATION v. LABORATORIOS GRIFOLS, S.A.**

Cerus Corporation ("Cerus") and Laboratorios Grifols, S.A. ("Grifols") entered into a Manufacturing and Supply Agreement executed in 2016, pursuant to which Grifols was to manufacture and supply to Cerus processing and filters sets to be used by Cerus in its own product (the "Agreement"). As a result of Grifols' decision to discontinue the manufacturing, sale and support of its blood bag product business worldwide, Grifols was unable to comply with the Agreement.

In December 2021, Cerus filed a notice of arbitration in the UK pursuant to the terms of the Agreement alleging wrongful termination of the Agreement by Grifols. Furthermore, in January 2022, Cerus filed injunctive measures with the Courts of Rubí (Barcelona) requiring the suspension of the closure of Grifols' blood bags production facility until the arbitration proceedings is finalized.

NEXT ACTION: During December 2023, the Parties agreed to further suspend the proceedings, which was granted by the Tribunal until 1 March 2024. The companies are working on activating the manufacturing and supply activities within the terms of the Agreement.

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

- **THE STATE CO. FOR MARKETING DRUGS AND MEDICAL APPLIANCES IN IRAQ (KIMADIA) v. LABORATORIOS GRIFOLS, S.A.**

The State Co. for Marketing Drugs and Medical Appliances in Iraq ("KIMADIA") awarded a tender for the supply of blood bags to Laboratorios Grifols, S.A. ("Grifols"). Grifols, through Hali/Tiba (its agent in Iraq), informed KIMADIA on Grifols' inability to supply the blood bags pursuant to the tender awarded, due to its decision to discontinue the manufacturing, sale and support of its blood bag product business.

The tender documents set forth a list of penalties and compensations in case the awardee is unable to supply the products to KIMADIA. Further, Hali/Tiba also claims Grifols a compensation for the services performed in relation to the tender.

NEXT ACTION: Grifols has received verbal information that KIMADIA has been able to sourced alternative product for an agreeable pricing and that discussions among Hali/Tiba and KIMADIA had not continue on the topic of possible sanctions. However, given the absence of any written confirmation on the latter, Grifols prefers to let some time go by to assure that the possible claim will not occur.

(30) Financial Instruments

(a) Classification

Below is a breakdown of the financial instruments by nature, category and fair value. The Group does not provide details of the fair value of certain financial instruments as their carrying amount is very similar to their fair value because of its short term.

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

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	Thousands of Euros										
	31/12/2023										
	Carrying amount							Fair Value			
Financial assets at amortised costs	Financial assets at FVTPL	Financial assets at FV through OCI	Hedges	Financial liabilities at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
Non-current financial assets	--	7	11,131	--	--	--	11,138	7	--	11,131	11,138
Derivative instruments	--	--	--	24,688	--	--	24,688	--	24,688	--	24,688
Trade receivables	--	--	193,356	--	--	--	193,356	--	193,356	--	193,356
Financial assets measured at fair value	--	7	204,487	24,688	--	--	229,182				
Non-current financial assets	328,423	--	--	--	--	--	328,423				
Other current financial assets	116,075	--	--	--	--	--	116,075				
Trade and other receivables	526,565	--	--	--	--	--	526,565				
Cash and cash equivalents	525,567	--	--	--	--	--	525,567				
Financial assets measured at amortized cost	1,496,630	--	--	--	--	--	1,496,630				
Derivatives instruments	--	(10,144)	--	--	--	--	(10,144)	--	(10,144)	--	--
Financial liabilities measured at fair value	--	(10,144)	--	--	--	--	(10,144)				
Senior Unsecured & Secured Notes	--	--	--	--	(4,568,130)	--	(4,568,130)	(4,364,798)	--	--	(4,364,798)
Promissory Notes	--	--	--	--	(114,188)	--	(114,188)	--	--	--	--
Senior secured debt	--	--	--	--	(3,179,333)	--	(3,179,333)	--	(3,332,560)	--	(3,332,560)
Other bank loans	--	--	--	--	(1,144,459)	--	(1,144,459)				
Lease liabilities	--	--	--	--	(997,018)	--	(997,018)				
Other financial liabilities	--	--	--	--	(929,636)	--	(929,636)				
Trade and other payables	--	--	--	--	(914,637)	--	(914,637)				
Other current liabilities	--	--	--	--	--	(275,694)	(275,694)				
Financial liabilities measured at amortized cost	--	--	--	--	(11,847,401)	(275,694)	(12,123,095)				
	1,496,630	(10,137)	204,487	24,688	(11,847,401)	(275,694)	(10,407,427)				

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(in thousand Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

	Thousands of Euros										
	31/12/2022										
	Carrying amount							Fair Value			
Financial assets at amortised costs	Financial assets at FVTPL	Financial assets at FV through OCI	Hedges	Financial liabilities at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
Non-current financial assets	--	7	11,533	--	--	--	11,540	7	--	11,533	11,540
Derivative instruments	--	--	--	39,659	--	--	39,659	--	39,659	--	39,659
Trade receivables	--	--	236,076	--	--	--	236,076	--	236,076	--	236,076
Financial assets measured at fair value	--	7	247,609	39,659	--	--	287,275				
Non-current financial assets	582,175	--	--	--	--	--	582,175				
Other current financial assets	31,034	--	--	--	--	--	31,034				
Trade and other receivables	445,793	--	--	--	--	--	445,793				
Cash and cash equivalents	547,979	--	--	--	--	--	547,979				
Financial assets measured at amortized cost	1,606,981	--	--	--	--	--	1,606,981				
Derivatives instruments	--	(4,736)	--	--	--	--	(4,736)	--	(4,736)	--	(4,736)
Financial liabilities measured at fair value	--	(4,736)	--	--	--	--	(4,736)				
Senior Unsecured & Secured Notes	--	--	--	--	(4,572,720)	--	(4,572,720)	(4,122,656)	--	--	(4,122,656)
Promissory Notes	--	--	--	--	(118,940)	--	(118,940)				
Senior secured debt	--	--	--	--	(3,227,926)	--	(3,227,926)	--	(3,286,662)	--	(3,286,662)
Other bank loans	--	--	--	--	(813,595)	--	(813,595)				
Lease liabilities	--	--	--	--	(1,016,944)	--	(1,016,944)				
Other financial liabilities	--	--	--	--	(1,001,387)	--	(1,001,387)				
Other non-current debts	--	--	--	--	--	(15)	(15)				
Trade and other payables	--	--	--	--	(846,648)	--	(846,648)				
Other current liabilities	--	--	--	--	--	(241,487)	(241,487)				
Financial liabilities measured at amortized cost	--	--	--	--	(11,598,160)	(241,502)	(11,839,662)				
	1,606,981	(4,729)	247,609	39,659	(11,598,160)	(241,502)	(9,950,142)				

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

(b) Measurement of fair value

In order to determine the fair value of financial assets or liabilities, the Group uses the following hierarchy based on the relevance of the variables used:

- Level 1: estimations based on quoted prices of the instrument.
- Level 2: estimations based on significant observable variables coming directly from the market.
- Level 3: estimations based on valuation techniques other than observable variables in the market, mainly discounted cash flows.

(c) Financial risk management

This item provides information on the Group's exposure to risk associated with the use of financial instruments, the Group's objectives and procedures to measure and mitigate this risk, and the Group's capital management strategy.

The Group is exposed to the following risks:

- Credit risk
- Liquidity risk
- Market risk: includes interest rate risk, currency risk and other price risks.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, define appropriate risk limits and controls and to control risks and comply with limits. Risk management policies and procedures are reviewed regularly so that they reflect changes in market conditions and the Group's activities. The Group's management procedures and rules are designed to create a strict and constructive control environment in which all employees understand their duties and obligations.

The Group's Audit Committee supervises how management controls compliance with the Group's risk management procedures and policies and reviews whether the risk management policy is suitable considering the risks to which the Group is exposed. This committee is assisted by Internal Audit which acts as supervisor. Internal Audit performs regular and ad hoc reviews of the risk management controls and procedures and reports its findings to the Audit Committee.

(i) Credit risk

Credit risk is the risk to which the Group is exposed in the event that a customer or counterparty to a financial instrument fails to discharge a contractual obligation, and mainly results from trade receivables and the Group's investments in financial assets.

Trade receivables

The main risk is that of late payments, which is mitigated through the possibility of claiming interest as foreseen by prevailing legislation. No significant bad debt or late payment issues have been detected for sales to private entities.

The Group recognizes impairment based on its best estimate of the expected losses on trade and other receivables. The main impairment losses recognized are due to specific losses relating to individually identified risks. At the twelve-month period end, these impairment losses are immaterial.

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

Concentration of credit risk

For trade receivables the Group uses the simplified approach, estimating lifetime expected credit losses, while for all other financial assets the Group uses the general approach for calculating expected credit losses. In both cases, due to the customers' credit rating, as well as the internal classification systems currently in place for new customers and considering that collection periods are mostly under 30 days, there is no significant impact for the Group.

Exposure to credit risk

The carrying amount of financial assets represents the maximum exposure to credit risk. At 31 December 2023 and 2022 the maximum level of exposure to credit risk is as follows:

Carrying amount	Reference	Thousands of Euros	
		31/12/2023	31/12/2022
Non-current financial assets	Note 11	340,605	620,745
Other current financial assets	Note 11	140,232	43,663
Contractual assets	Note 14	47,751	35,154
Trade receivables	Note 15	629,045	608,688
Other receivables	Note 15	47,537	29,083
Cash and cash equivalents	Note 16	525,567	547,979
		1,730,737	1,885,312

The maximum level of exposure to risk associated with receivables and contractual assets at 31 December 2023 and 2022, by geographical area, is as follows.

Carrying amount	Thousands of Euros	
	31/12/2023	31/12/2022
Spain	67,786	53,145
EU countries	90,168	69,003
United States of America	91,235	139,721
Other European countries	14,399	16,030
Other regions	460,745	395,026
	724,333	672,925

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

Impairment losses

A breakdown of the trade and other receivables and contractual assets net of the impairment losses by ageing at 31 December 2023 is as follows:

	Thousands of Euros			
ECL Rate	Total gross carrying amount	Provision	Total net third party trade receivables	
Not matured	0.19%	508,628	(560)	508,068
Past due 0-30 days	0.19%	106,323	(246)	106,077
Past due 31-60 days	0.62%	19,428	(119)	19,309
Past due 61-90 days	2.03%	6,398	(120)	6,278
Past due 91-180 days	3.01%	9,283	(279)	9,004
Past due 181-365 days	8.52%	6,749	(573)	6,176
More than one year	100.00%	25,985	(4,101)	21,884
Customers with objective evidence of impairment		25,578	(25,578)	--
		708,372	(31,576)	676,796

An impairment matrix based on the length of time overdue was used to monitor receivables portfolios that do not show any specific indications of impairment in individual cases. For trade receivables related to customers from the Middle East which are overdue by more than one year, the flat-rate percentages from the impairment matrix were adjusted due to special default patterns.

A breakdown of the trade and other receivables and contractual assets net of the impairment losses by ageing as of 31 December 2022 is as follows:

	Thousands of Euros			
ECL Rate	Total gross carrying amount	Provision	Total net third party trade receivables	
Not matured	0.19%	550,131	(48)	550,083
Past due 0-30 days	0.19%	44,779	(425)	44,354
Past due 31-60 days	0.62%	16,000	(163)	15,837
Past due 61-90 days	2.03%	6,029	(133)	5,896
Past due 91-180 days	3.01%	17,407	(295)	17,112
Past due 181-365 days	8.52%	10,747	(187)	10,560
More than one year	100.00%	9,994	(9,994)	--
Customers with objective evidence of impairment		21,046	(21,046)	--
		676,133	(32,291)	643,842

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

Movement in the bad debt provision was as follows:

	Thousands of Euros		
	31/12/2023	31/12/2022	31/12/2021
Opening balance	32,291	24,009	22,985
Net charges for the year	7,322	14,074	6,471
Net cancellations for the year	(7,237)	(6,949)	(6,269)
Transfers	47	53	--
Translation differences	(847)	1,104	822
Closing balance	31,576	32,291	24,009

The Group does not have significant credit risk, with both treasury placements and the contracting of derivatives being carried out with highly solvent financial institutions.

(ii) Liquidity risk

Liquidity risk is the risk that the Group cannot meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure where possible, that it always has sufficient liquidity to settle its obligations at the maturity date, both in normal conditions and in times of tension, to avoid incurring unacceptable losses or tarnishing the Group's reputation.

The Group manages liquidity risk on a prudent basis, based on availability of cash and sufficient committed unused long-term credit facilities, enabling the Group to implement its business plans and carry out operations using stable and secure sources of financing.

At 31 December 2023 the Group has total cash and cash equivalents of Euros 525,567 thousand (Euros 547,979 thousand at 31 December 2022). The Group also has approximately Euros 615,328 thousand in unused credit facilities (Euros 987,340 thousand at 31 December 2022), including Euros 544,729 thousand on the revolving credit facility (Euros 937,559 thousand at 31 December 2022). The Credit Agreement establishes a limitation on the disposition of the "revolving line" that has not been exceeded as of December 31, 2022 and 2023.

The Group is able to provide sufficient liquidity to fund its current obligations based on cash flows from operations combined with cash balances and availability of unused credit lines, and it is committed to maintaining elevated and adequate levels of liquidity through internally generated cash flows, and a decrease in dividend payments in the medium term. Additionally, currently the Group does not generate significant cash in any country that might have restrictions on the repatriation of funds.

As in previous years, the Group continues with its quarterly program for optimization of working capital, which is mainly based on contracts to sell receivables without recourse.

The main contractual obligations existing at the end of the fiscal year comprise mainly long-term financial debt obligations with capital repayments and interest payments (see note 21).

The Group's treasury budget plans to pay all its commitments in the next 12 months. Additionally, the cash received from the divestment in Shanghai RAAS (see Notes 10 and 12) and the improvement in operating cash flow will be used to continue reducing the level of indebtedness initiated in previous years. On the other hand, the Group has various additional financing alternatives such as negotiating with debt holders, accessing the debt market or possible divestments in non-strategic assets, to optimize the debt structure and its financial cost.

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

Details of the contractual maturity dates of financial liabilities including committed interest calculated using interest rate forward curves are as follows:

Carrying amount	Reference	Thousands of Euros						
		Carrying amount at 31/12/23	Contractual flows	6 months or less	6 - 12 months	1-2 years	2- 5 years	More than 5 years
Financial liabilities								
Bank loans	Note 21	4,323,792	5,329,182	611,387	327,923	650,970	3,738,902	--
Other financial liabilities	Note 21	929,635	1,518,616	181,800	1,855	116,398	455,467	763,096
Bonds and other marketable securities	Note 21	4,682,319	5,304,861	187,543	73,571	1,978,190	3,065,557	--
Lease liabilities	Note 21	997,017	997,017	50,721	50,167	55,540	212,085	628,504
Payable to suppliers	Note 22	781,456	781,456	778,010	3,446	--	--	--
Other current liabilities	Note 23	16,652	16,652	16,497	155	--	--	--
Financial derivatives	Note 30 (d)	10,144	10,144	10,133	--	11	--	--
Total		11,741,015	13,957,928	1,836,091	457,117	2,801,109	7,472,011	1,391,600

Carrying amount	Reference	Thousands of Euros						
		Carrying amount at 31/12/22	Contractual flows	6 months or less	6 - 12 months	1-2 years	2- 5 years	More than 5 years
Financial liabilities								
Bank loans	Note 21	4,041,522	5,193,051	527,770	148,914	488,105	4,028,262	--
Other financial liabilities	Note 21	1,001,387	1,685,824	169,278	18,656	124,822	441,933	931,135
Bonds and other marketable securities	Note 21	4,691,659	5,468,068	190,453	75,951	147,903	5,053,761	--
Lease liabilities	Note 21	1,016,944	1,016,944	51,088	51,268	57,695	218,384	638,509
Payable to suppliers	Note 22	731,918	731,918	731,675	243	--	--	--
Other current liabilities	Note 23	14,261	14,262	11,364	2,898	--	--	--
Financial derivatives	Note 30 (d)	4,736	4,736	733	--	12	3,991	--
Total		11,502,427	14,114,803	1,682,361	297,930	818,537	9,746,331	1,569,644

(iii) Currency risk

The Group operates internationally and is therefore exposed to currency risk when operating with foreign currencies, especially with regard to the US Dollar. Currency risk is associated with future commercial transactions, recognized assets and liabilities, and net investments in foreign operations.

The Group holds significant investments in foreign operations, the net assets of which are exposed to currency risk. The conversion risk affecting net assets of the Group's foreign operations in US Dollars is mitigated primarily through borrowings in this foreign currency.

The Group's main exposure to currency risk is with regard to the US Dollar, which is used in a significant percentage of transactions in foreign functional currencies.

The financing obtained in Euros represents 62% of the total debt of the Group and amounts to Euros 6,032 million at 31 December 2023 (60% and Euros 5,563 million at 31 December 2022).

As mentioned in note 21, part of the US Dollar debt of the Group is covered by a currency swap to hedge the exposure to the associated currency risk.

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

The Group applies the cost of hedging method. This method enables the Group to exclude the currency basis spread from the designated hedging instrument and, subject to certain requirements, changes in their fair value attributable to this component are recognized in other comprehensive income.

Details of the Group's exposure to currency risk is as follows:

	Thousands of Euros	
	31//12/2023	
	Euros (*)	US Dollars (**)
Trade receivables	2,278	47,772
Receivables from Group companies	121,173	10,908
Loans to Group companies	4,818,407	41
Cash and cash equivalents	7,296	2,026
Trade payables	(38,610)	(43,682)
Payables to Group companies	(119,801)	(30,643)
Loans from Group companies	(4,650,080)	--
Bank loans	(336,250)	--
Balance sheet exposure	(195,587)	(13,578)

(*) Balances in Euros in subsidiaries with US Dollars functional currency

(**) Balances in US Dollars in subsidiaries with Euros functional currency

	Thousands of Euros	
	31//12/2022	
	Euros (*)	US Dollars (**)
Trade receivables	2,116	58,331
Receivables from Group companies	132,645	11,542
Loans to Group companies	4,548,142	33
Cash and cash equivalents	11,154	1,989
Trade payables	(17,297)	(20,870)
Payables to Group companies	(77,367)	(29,277)
Loans from Group companies	(4,414,879)	--
Bank loans	(31,875)	--
Balance sheet exposure	152,639	21,748

(*) Balances in Euros in subsidiaries with US Dollar functional currency

(**) Balances in US Dollar in subsidiaries with Euros functional currency

The most significant exchange rates applied at 2023 and 2022 year ends are as follows:

	Closing exchange rate	
	31/12/2023	31/12/2022
Euros		
US Dollars	1.1050	1.0666

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

A sensitivity analysis for foreign exchange fluctuations is as follows:

Had the US Dollar strengthened by 10% against the Euro at 31 December 2023, equity would have increased by Euros 824,468 thousand (Euros 892,806 thousand at 31 December 2022) and profit due to foreign exchange differences would have decreased by Euros 20,638 thousand (increased of Euros 17,439 thousand at 31 December 2022). This analysis assumes that all other variables are held constant, especially that interest rates remain constant.

A 10% weakening of the US Dollar against the Euro at 31 December 2023 and 2022 would have had the opposite effect for the amounts shown above, all other variables being held constant.

The Group uses hedge accounting to partially hedge the currency risk exposure (See note 30 (d)).

(iv) *Interest rate risk*

The Group's interest rate risks arise from current and non-current borrowings. Borrowings at variable interest rates expose the Group to cash flow interest rate risks. Fixed-rate borrowings expose the Group to fair value interest rate risk.

The objective of the management of interest rate risk is to achieve a balance in the structure of the debt, keeping part of the external resources issued at a fixed rate and covering part of the variable rate debt through hedges.

A significant part of the financing obtained accrues interest at fixed rates, representing 59% of the total debt of the Group at 31 December 2023 (61% at 31 December 2022). It mainly includes corporate senior notes, European Investment Bank loans, as well as the agreement with GIC (Sovereign Fund of Singapore) (see note 21).

Variable-rate debt represents 41% of the total debt at 31 December 2023 (39% at 31 December 2022) and includes mainly the senior secured debt (see note 21 (b)).

To date, the profile of interest on interest-bearing financial instruments is as follows:

	Thousands of Euros	
	31/12/2023	31/12/2022
Fixed-interest financial instruments		
Financial liabilities	(5,696,851)	(5,835,492)
	(5,696,851)	(5,835,492)
Variable-interest financial instruments		
Financial liabilities	(3,956,154)	(3,705,088)
	(3,956,154)	(3,705,088)
	(9,653,005)	(9,540,580)

Had the interest rate been 100 basis points higher at 31 December 2023, the interest expense would have increased by Euros 34,114 thousand (Euros 34,688 thousand at 31 December 2022). As the Group does not have any hedging derivatives in place, the net effect on cash interest payments would have increased by the same amount.

(v) *Market price risk*

Price risk affecting raw materials is mitigated by the vertical integration of the hemoderivatives business in a highly concentrated sector.

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

(d) Financial derivatives

At 31 December 2023 and 2022 the Group has recognized the following derivatives:

Financial derivatives	Currency	Notional amount at 31/12/2023	Notional amount at 31/12/2022	Thousands of Euros		Maturity
				Value at 31/12/23	Value at 31/12/22	
Cross currency interest rate swap	US Dollar	500,000,000	500,000,000	20,538	35,296	15/10/2024
Cross currency interest rate swap	US Dollar	205,000,000	205,000,000	(140)	3,216	15/10/2024
Foreign exchange rate forward	Swiss Franc	10,000,000	5,500,000	378	71	05/02/2024
Foreign exchange rate forward	Canadian dollar	32,666,667	4,416,667	450	165	2024
Foreign exchange rate forward	Pound Sterling	--	27,100,000	--	805	2023
Foreign exchange rate forward	Czech crown	160,000,000	--	191	--	12/02/2024
Foreign exchange rate forward	Mexican Peso	90,000,000	--	193	--	12/02/2024
Foreign exchange rate forward	Turkish lira	87,834,511	--	44	--	31/01/2024
Foreign exchange rate forward	US Dollar	7,700,000	23,720,000	92	104	2023
Foreign exchange rate forward	Euro	40,000,000	160,000,000	1,412	2	2024
Energy PPA	Euro / kWh	--	--	1,529	--	31/12/2032
Total assets (note 11)				24,687	39,659	
Cross currency interest rate swap	US Dollar	205,000,000	205,000,000	(7,712)	(3,990)	15/10/2024
Foreign exchange rate forward	Canadian dollar	42,560,102	8,000,001	(2,081)	(146)	05/01/2024
Foreign exchange rate forward	US Dollar	2,000,000	60,000,000	(2)	(600)	30/01/2023
Foreign exchange rate forward	Czech crown	160,000,000	--	(13)	--	12/02/2024
Foreign exchange rate forward	Pound Sterling	8,500,000	--	(122)	--	12/02/2024
Foreign exchange rate forward	Japanese Yen	700,000,000	--	(214)	--	07/02/2024
Total liabilities (note 20)				(10,144)	(4,736)	

(i) Hedging derivative financial instruments

On 5 October 2021, the Group subscribed three cross currency interest-rate swaps with an aggregate value of US Dollars 500 million to hedge part of the Euro equivalent value of the US Dollar unsecured notes issued in October 2021. It is a fixed-to-fixed USD/EUR cross currency swap with the following characteristics:

- The Group receives a loan of Euros 431.6 million at a nominal interest rate of 3.78%.
- The Group grants a US Dollars 500 million loan at a nominal interest rate of 4.75%.

On 28 June 2022, the Group subscribed one cross currency interest-rate swap of US Dollars 205 million to hedge the remaining part of the Euro equivalent value of the US Dollar unsecured notes issued in October 2021. It is a fixed-to-fixed USD/EUR cross currency swap with the following characteristics:

- The Group receives a Euros 194 million loan at a nominal interest rate of 3.1046%.

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

- The Group grants a US Dollars 205 million loan at a nominal interest rate of 4.75%.

The derivative complies with the criteria required for hedge accounting. See further details in notes 4 (i).

(ii) *Derivative financial instruments at fair value through profit and loss*

The Group has subscribed various foreign exchange forwards to partially hedge the foreign currency value of intercompany loan. Since the Group chooses not to apply hedge accounting criteria, gains or losses resulting from changes in the fair value of derivatives are taken directly to “Change in fair value of financial instruments” in the consolidated statement of profit and loss. At 31 December 2023, the Group has recognized a net finance cost of Euros 876 thousand (Euros 4,586 thousand of net finance cost at 31 December 2022).

(iii) *Electricity derivative*

At the beginning of 2023, the Company contracted a hedge on the variation of the price of electricity. This contract has served in its entirety to cover the purchase price of electricity against potential market price increases. The energy price hedging derivatives meet the requirements to apply hedge accounting, so the variations in the value of this financial instrument are recorded (by the net amount of taxes) in equity.

The movement in derivative financial instruments is as follows:

	Thousands of Euros	
	31/12/2023	31/12/2022
Opening balance	34,923	4,431
Business combination	--	(1,255)
Changes in fair value recognized in equity	1,914	(4,757)
Transfer to profit or loss	5,775	12,552
Transfer to profit or loss - translation differences	(23,037)	32,954
Tax effect	(84)	6,170
Collections / Payments	(4,948)	(15,172)
Closing balance	14,543	34,923

(e) Capital management

The directors’ policy is to maintain a solid capital base in order to ensure investor, creditor and market confidence and sustain future business development. The board of directors defines and proposes the level of dividends paid to shareholders.

The capital structure is periodically reviewed through the preparation of strategic plans focused mainly on a sequential improvement of EBITDA (Earnings before interest, tax, amortization and depreciation), generation of operating cash and discipline in the allocation of capital; with the objective and commitment to reduce the leverage ratio.

In accordance with the senior secured debt contract, the Group is subject to compliance with some covenants. At 31 December 2023 and 2022, the Group complies with the covenants in the contract.

The credit rating of the Group is as follows:

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

		January 2024	September 2023	March 2023	September 2022
Moody's Investors	Corporate rating			B2	B1
	Senior secured debt			Ba3	Ba3
	Senior Unsecured debt			Caa1	B3
	Perspective			Negative	Negative
Standard & Poor's	Corporate rating	B+			B+
	Senior secured debt	BB-			BB-
	Senior Unsecured debt	B-			B-
	Perspective	Stable			Stable
Fitch Ratings	Corporate rating		BB-		BB-
	Senior secured debt		BB+		BB+
	Senior Unsecured debt		B+		B+
	Perspective		Stable		Stable

The Parent held Class A and B treasury stock equivalent to 1.23% of its capital at 31 December 2023 (1.33% at 31 December 2022).

(31) Balances and Transactions with Related Parties

(a) Group balances with related parties

Details of balances with related parties at 31 December 2023 are as follows:

Carrying amount	Reference	Thousands of Euros				
		Associates	Joint ventures	Key management personnel	Other related parties	Board of directors
Receivables	15	227,550	--	--	5,609	--
Other financial assets	10 - 11	418	163,928	--	101,217	--
Advanced payments	15	--	15,943	--	--	--
Loans	11	--	--	--	115,209	--
Guarantee deposits	11	--	--	--	934	--
Total debtors		227,968	179,871	--	222,969	--
Trade payables		--	(2,306)	--	--	--
Debts		--	--	(4,117)	(11,384)	(3,924)
Total creditors		--	(2,306)	(4,117)	(11,384)	(3,924)
Total		227,968	177,565	(4,117)	211,585	(3,924)

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

Details of balances with related parties at 31 December 2022, restated to be comparative with details of balances with related parties for 2023, are as follows:

Carrying amount	Reference	Thousands of Euros				
		Associates	Joint ventures	Key management personnel	Other related parties	Board of directors
Receivables	15	162,382	--	--	--	--
Current contract assets	15	3,880	--	--	--	--
Other financial assets	10 - 11	--	124,132	--	318,890	--
Advanced payments	15	--	11,998	--	--	--
Loans	11	--	--	--	96,537	--
Guarantee deposits	11	--	--	--	934	--
Total debtors		166,262	136,130	--	416,361	--
Trade payables		(91)	(22,961)	--	--	--
Debts		--	--	(2,781)	(13,312)	(3,852)
Total creditors		(91)	(22,961)	(2,781)	(13,312)	(3,852)
Total		166,171	113,169	(2,781)	403,049	(3,852)

The heading "Receivables" corresponding to associates includes outstanding balances from sales to associated companies, mainly corresponding to Anhui Tonrol Pharmaceutical Co. (company of the Shanghai RAAS Blood Products, Co. Ltd. Group) (Euros 205,537 thousand in 2023, Euros 153,120 thousand in 2022 and Euros 123,250 thousand in 2021). As of 31 December 2023, the balance of "Receivables" corresponding to other related parties corresponds entirely to an amount pending collection from Mr. Víctor Grifols Roura. This balance has been settled in January 2024.

The heading "Loans" mainly includes a loan signed by Scranton Plasma, BV. with the group on 28 December 2018 for an initial amount of US Dollars 95,000 thousand (Euros 86,969 thousand) (see note 11) related to the payment of the sale of the shares of BPC Plasma, Inc. and Haema, AG (see note 2). As of 31 December 2023, the heading includes an additional amount of Euros 15 million arranged during this twelve-month period under the same conditions as the initial loan (see note 31 (b)).

The heading "Other financial assets" corresponding to joint ventures includes advanced payments corresponding to the collaboration agreement with Biotek America, LLC (see note 11). Additionally, the balance corresponding to other related parties corresponds to a cash-pooling financing agreement that BPC Plasma, Inc and Haema, AG have with Scranton Plasma, BV with maturity in 2024 (see note 11).

The heading of "debts" includes an amount of Euros 16,696 thousand at 31 December 2023 (Euros 15,051 thousand at 31 December 2022) corresponding to the balance of bearer promissory notes issued by the group company Instituto Grifols, S.A. These promissory notes are due on 4 May 2024, and 2023, respectively, with a nominal value of Euros 3,000 each, and an annual nominal interest of 4% (3% in 2021).

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

(b) Group transactions with related parties

Group transactions with related parties during the twelve-month period ended 31 December 2023 are as follows:

	Thousands of Euros				
	Associates	Joint ventures	Key management personnel	Other related parties	Board of directors of the Company
Net sales	471,829	--	--	14	--
Purchases	(23)	(233,706)	--	(431)	--
Rendering of services	(78)	--	--	(2,482)	--
Remuneration	--	--	(23,698)	--	(12,163)
Payments for rights of use	--	--	--	(7,234)	--
Finance income	--	--	--	30,185	--
Dividends paid/received	7,309	--	--	(266,406)	--
Loans	--	--	--	44,956	--
	479,037	(233,706)	(23,698)	(201,398)	(12,163)

Group transactions with related parties during the twelve-month period ended 31 December 2022 were as follows:

	Thousands of Euros				
	Associates	Joint ventures	Key management personnel	Other related parties	Board of directors of the Company
Net sales	339,170	--	--	--	--
Purchases	(9)	(66,647)	--	--	--
Rendering of services	(34)	--	--	(5,467)	--
Remuneration	--	--	(13,891)	--	(5,316)
Payments for rights of use	--	--	--	(6,382)	--
Purchase of property, plant and equipment	--	--	--	3,464	--
Finance income	--	--	--	12,878	--
Dividends paid/received	10,717	--	--	--	--
Loans	--	--	--	80,098	--
	349,844	(66,647)	(13,891)	84,591	(5,316)

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

Group transactions with related parties during the twelve-month period ended 31 December 2021 were as follows:

	Thousands of Euros				
	Associates	Joint ventures	Key management personnel	Other related parties	Board of directors of the Company
Net sales	220,808	--	--	--	--
Purchases	(613)	--	--	--	--
Rendering of services	(2,709)	--	--	(3,963)	--
Remuneration	--	--	(15,136)	--	(4,417)
Payments for rights of use	--	--	--	(5,332)	--
Purchase of property, plant and equipment	--	--	--	7,326	--
Finance income	2	--	--	7,032	--
Dividends paid/received	2,636	--	--	--	--
Loans	--	--	--	97,598	--
	220,124	--	(15,136)	102,661	(4,417)

Every year the Group contributes 0.7% of its profits before tax to a non-profit organization.

"Net sales" includes sales to associated companies mainly corresponding to Anhui Tonrol Pharmaceutical Co. (company of the Shanghai RAAS Blood Products, Co. Ltd. Group) (Euros 450,389 thousand in the twelve-month period ended 31 December 2023, Euros 319,669 thousand in the twelve-month period ended 31 December 2022 and Euros 202,644 thousand in the twelve-month period ended 31 December 2021).

"Purchases" mainly includes purchases of plasma from the centers built under the collaboration agreement with Biotek America, LLC (see note 11).

"Other service expenses" includes an amount of Euros 2,174 thousand corresponding to contributions to non-profit entities in the twelve-month period ended 31 December 2023 (Euros 4,231 thousand in the twelve-month period ended 31 December 2022 and Euros 3,963 thousand in the twelve-month period ended 31 December 2021).

"Payments for right-of-use assets" corresponds to the office buildings of Grifols in Sant Cugat del Vallès. All lease contracts have a maturity date of 1 March 2045.

"Finance income" mainly includes accrued interest (Euros 7,039 thousand in the twelve-month period ended 31 December 2023, Euros 2,093 thousand in the twelve-month period ended 31 December 2022 and Euros 1,824 thousand in the twelve-month period ended 31 December 2021) corresponding to the loan agreement signed by Scranton Plasma, BV. with the group on 28 December 2018 for an amount of US Dollars 95,000 thousand (Euros 86,969 thousand) related to the payment of the sale of the shares of BPC Plasma, Inc. and Haema, AG (see note 2). The remuneration is 2% + EURIBOR and matures on 28 December 2025. Additionally, it also includes the financial income derived from the cash-pooling contract that BPC Plasma, Inc and Haema, AG maintain with Scranton Plasma, BV with maturity in 2024 and a remuneration of the Scranton Plasma group interest rate + 0.75%.

The dividends received correspond to the associated companies Shanghai RAAS Blood Products Co. Ltd., Bio Darou P.J.S. Co. and Access Biologicals LLC. Additionally, the dividends distributed correspond to BPC Plasma Inc. (see note 11).

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

"Loans" mainly includes the net amounts disbursed under the cash-pooling financing agreement that BPC Plasma, Inc and Haema, AG have with Scranton Plasma, BV mentioned above.

Directors representing shareholders' interests have received remuneration of Euros 965 thousand in the twelve-month period ended 31 December 2023 (Euros 965 thousand in the twelve-month period ended 31 December 2022).

The Group has not extended any advances or loans to the members of the board of directors or key management personnel nor has it assumed any guarantee commitments on their behalf. It has also not assumed any pension or life insurance obligations on behalf of former or current members of the board of directors or key management personnel. In addition, certain Company directors and key management personnel have termination benefit commitments (see note 29).

(c) Conflicts of interest concerning the directors

The Company's directors and their related parties have not entered into any conflict of interest that should have been reported in accordance with article 229 of the revised Spanish Companies Act.

(32) Environmental Information and Climate Change

The Group carries out operations whose main purpose is to prevent, reduce or minimize the potential impact of its activities on the environment.

Grifols' environmental management is based on the concept of circular economy. Priority is given to the efficient use of material resources, water and energy, and waste generation is reduced, taking into account the different stages of the life cycle of products and services. This strategy integrates the transition towards a low-carbon economy which minimizes the impact on climate change.

Grifols has a climate risk map through which it has analyzed the resilience of its strategy based on a climate scenario of a potential maximum rise of 2°C, following the recommendations of the TCFD. The result of this analysis has enabled Grifols to assess the financial impact of the most significant risks:

- **Reduction in the availability of water resources:** Grifols has facilities in areas where, under the simulated scenario, there could be a reduction in the availability of water resources, causing supply problems with impacts that include an increase in the price of water and production restrictions at industrial facilities. This risk can translate into increased costs associated with obtaining own water resources (well water), cleaning and proper maintenance or use of water-dependent infrastructures and industrial processes.

The possible financial impact has taken into account the possibility of production stoppage and the increase in the price per m³ of water in areas with a negative price elasticity of demand. The financial impact is estimated to result in a non-relevant increase in expenditure.

The results of the exposure analysis indicate that the plants that may be most exposed to this risk are those located in Barcelona and Los Angeles (USA). For each, Grifols' management of the risk varies. In Los Angeles, Grifols would have the capacity to transfer production to other plants in the group, while in Barcelona, the company has several connections to the mains water supply and also has well water extraction. Moreover, as in Los Angeles, a possible temporary stoppage of production (5 to 20 days) could be made up for by transferring production to other plants. The costs of transporting the plasma and other intermediate pastes, 50% to the Clayton plant and 50% to the Barcelona plant, would not be relevant.

- **New legal requirements regarding the reduction of GHG emissions:** Grifols is committed to reducing its direct carbon emissions (Scope 1 and 2) by 2050. Additionally, Grifols has committed to establishing

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

science-based decarbonization targets (SBTs) with a 2030 horizon in accordance with the methodology proposed by the Science Based Targets Initiative (SBTi). Until then, new requirements could be established to reduce GHG emissions that would require greater investments for the reduction of emissions through the installation of renewable generation technologies or changes in electricity supplies for electricity from renewable sources, among others.

In the event of not being able to make such investments, Grifols expects to invest further in carbon credits to offset its carbon footprint. The projected potential financial impact to 2040 from carbon footprint reduction under current targets, would have to be assumed by the Group.

The Environmental Program includes the reduction of emissions through the use of renewable electricity through PPAs (Power Purchasing Agreements), the construction of renewable energy generation plants in Spain and Germany and the implementation of energy efficiency measures (among others).

Grifols will update this program starting in 2026 to include more ambitious reduction targets if necessary. Exposure to this risk is expected to decrease as Grifols meets the established targets.

- **Variation in the availability of plasma resources:** According to the sixth IPCC report, anthropogenic climate change would contribute to extreme precipitation, which could become more frequent in most regions due to global warming.

The regions most vulnerable to these types of events which could have an impact on Grifols are the states of Texas and North Carolina, USA. The potential impact of restrictions on access to factories - with a temporary shutdown of production - and laboratories could be offset by transferring plasma to other facilities. However, plasma donation centers could suffer alterations in the plasma collection processes, as a consequence of the difficulties that donors could have in accessing them.

The financial impact of reduced plasma collection in the donation centers most exposed to extreme weather events is estimated not to be relevant considering the global centre network.

The results of the exposure analysis indicate that plasma centers may be the most exposed to this risk. However, the fact that they are widely spread over several regions allows dilution of any potential impact. The analysis was conducted taking into account the centers most exposed to an increase in the severity of weather events such as hurricanes and tropical storms. In the worst-case scenario of centre closures, production would not be substantially affected, so the impact would be limited to the temporary unavailability of plasma in the directly affected centers, resulting in reduced availability of plasma drugs.

- **Transition to low-emission technologies:** In the geographical areas in which Grifols operates, meeting the 2030 decarbonization targets is based on the principles of technological neutrality and cost-efficiency, requiring high investments in innovation and infrastructure. Of particular note are the major investments associated with the installation of air conditioning, boiler and renewable energy generation technologies aimed at reducing Grifols' emissions and increasing energy efficiency. The technologies present in the production plants which contribute most to the carbon footprint are boilers, which use fossil fuels in their operation, and their potential impact is their replacement with low-emission options.

With the aim of replacing the most polluting technologies, Grifols regularly analyses the technological options available on the market, with a special focus on technologies that increase its climate resilience. Currently, there is no consensus on a single technology that can generate the heat needed on an industrial scale without using fossil fuels. Grifols is aware that renewable hydrogen could be a valuable energy vector for end uses, being an alternative for obtaining good yields at a reasonable cost. At present, the use of renewable hydrogen is in its infancy, although Grifols is monitoring its development in order to study its viability in the near future.

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

In the simulated scenario, Grifols recognizes that in order to manage this risk in its entirety, the replacement of boilers must be carried out progressively and will depend on the progress and availability of these technologies on the market. It also takes into account heat generation processes using electrical technologies such as thermocompression.

The investment in environmental assets during the twelve-month period ended 31 December 2023 is Euros 5,774 thousand (Euros 8,372 thousand in the twelve-month period ended 31 December 2022 and Euros 7,363 thousand in the twelve-month period ended 31 December 2021), mainly intended to optimize water consumption, improvements in wastewater treatment, eco-efficiency projects in the use of energy and the replacement of refrigerant gases with others with a lower environmental impact.

The expenses incurred by the Group for the protection and improvement of the environment in the twelve-month period ended 31 December 2023 amounted to approximately Euros 29,628 thousand (Euros 25,787, thousand in the twelve-month period ended 31 December 2022 and Euros 20,642 thousand in the twelve-month period ended 31 December 2021).

With the procedures currently in place, the Group considers that environmental risks are adequately controlled.

The Group's strategy is aligned with the objectives of the Paris Agreement and has been considered in the evaluation of the useful lives of assets and in the impairment analysis of non-financial assets. The Group does not anticipate impairment of assets before the established amortization periods.

The Group has not received any environmental subsidies during the twelve-month periods ended 31 December 2023, 2022 and 2021.

(33) Other Information

Audit fees:

KPMG Auditores, S.L. has invoiced the following fees for professional services during the twelve-month periods ended 31 December 2023 and 2022:

	Thousands of Euros	
	31/12/2023	31/12/2022
Audit services	1,832	1,778
Other assurance services	571	560
	<u>2,403</u>	<u>2,338</u>

Amounts included in the table above, include the total amount of fees related to services incurred during the twelve-month periods ended 31 December 2023 and 2022 without considering the invoice date.

Other assurance services include limited reviews of the interim financial statements, the audit of the financial statements under PCAOB, as well as conducting audits under AICPA.

Other entities affiliated to KPMG International have invoiced the Group for the following fees for professional services during the twelve-month periods ended 31 December 2023 and 2022:

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2023

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

	Thousands of Euros	
	31/12/2023	31/12/2022
Audit services	3,779	4,115
Other assurance services	1,380	1,013
Tax advisory services	4	3
Other services	127	206
	<u>5,290</u>	<u>5,337</u>

Additionally, other audit firms have invoiced the Group for the following fees for professional services during the twelve-month periods ended 31 December 2023 and 2022:

	Thousands of Euros	
	31/12/2023	31/12/2022
Audit services	229	84
	<u>229</u>	<u>84</u>

(34) Subsequent events

On 9 January 2024, a short seller investor issued a report based on speculation and false information regarding Grifols' accounting and financial information. Although the company's fundamentals remain sound and unchanged and all financial information was duly reported in the audited financial statements, this action had a significant impact on Grifols' share price and corporate reputation.

The company is currently working to restore the confidence of markets, shareholders and other stakeholders in three key areas:

- Communication and collaboration with the Spanish regulator (CNMV).
- Transparent communication with all our stakeholders: sharing our clear response to the published report through live conference calls and multiple official communications on the company's website and on the CNMV portal. All press releases are publicly available on Grifols' website
- Clear and transparent communication with our teams and employee representatives, including major unions.
- Reinforced communication with investors, official communications, direct phone calls, video calls and e-mails.
- The company filed a complaint in the United States District Court for the Southern District of New York against Daniel Yu, Gotham City Research LLC, General Industrial Partners LLP, Cyrus de Weck, and their affiliates to claim for the financial and reputational damages caused to Grifols and their stakeholders as a result of the defendants' actions.
- The company established a dedicated working group comprising senior managers from the legal, communications, finance, investor relations and management teams, together with external advisors with expertise in communications.

APPENDIX I
GRIFOLS, S.A. AND SUBSIDIARIES
Information on Group Companies, Associates and others for the twelve-month periods ended 31 December 2023, 2022 and 2021
(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

Name	Registered Office	Acquisition / Incorporation date	Activity	Statutory Activity	31/12/2023		31/12/2022		31/12/2021	
					% shares	% shares	% shares	% shares	% shares	% shares
					Direct	Indirect	Direct	Indirect	Direct	Indirect
Fully Consolidated Companies										
Diagnóstico Grifols, S.A.	Polígono Levante Calle Can Gualsch, s/n 08150 Puets del Vallès (Barcelona) Spain	1987	Industrial	Development and manufacture of diagnostic equipment, instruments and reagents.	---	100,000%	---	100,000%	---	100,000%
Instituto Grifols, S.A.	Polígono Levante Calle Can Gualsch, s/n 08150 Puets del Vallès (Barcelona) Spain	1987	Industrial	Plasma fractioning and the manufacture of haemoderivative pharmaceutical products.	99,998%	0,002%	99,998%	0,002%	99,998%	0,002%
Laboratorios Grifols, S.A.	Polígono Levante Calle Can Gualsch, s/n 08150 Puets del Vallès (Barcelona) Spain	1989	Industrial	Production of glass- and plastic packaged parenteral solutions, parenteral and enteral nutrition products and blood extraction equipment and bags.	100,000%	---	100,000%	---	98,600%	1,400%
Biomat, S.A.	Polígono Levante Calle Can Gualsch, s/n 08150 Puets del Vallès (Barcelona) Spain	1991	Industrial	Analysis and certification of the quality of plasma used by Instituto Grifols, S.A. It also provides transduction centres with plasma virus inactivation services (13-T13).	99,900%	0,100%	99,900%	0,100%	99,900%	0,100%
Grifols Engineering, S.A.	Polígono Levante Calle Can Gualsch, s/n 08150 Puets del Vallès (Barcelona) Spain	2000	Industrial	Design and development of the Group's manufacturing installations and part of the equipment and machinery used at these premises. The company also renders engineering services to external companies.	99,950%	0,050%	99,950%	0,050%	99,950%	0,050%
Biomat USA, Inc.	2410 Lilyvale Avenue Los Angeles (California) United States	2002	Industrial	Procuring human plasma.	---	87,500%	---	87,500%	---	100,000%
Grifols Biologicals, LLC.	5555 Valley Boulevard Los Angeles (California) United States	2003	Industrial	Plasma fractioning and the production of haemoderivatives.	---	100,000%	---	100,000%	---	100,000%
Grifols Australia Pty Ltd.	Unit 5/80 Fairbank Clayton South Victoria 3149 Australia	2009	Industrial	Distribution of pharmaceutical products and the development and manufacture of reagents for diagnostics.	100,000%	---	100,000%	---	100,000%	---
Medion Grifols Diagnostic AG	Bönnemannstr. 9 53186 Dillenburg Switzerland	2009	Industrial	Development and manufacturing activities in the area of biotechnology and diagnostics.	---	100,000%	---	100,000%	---	100,000%
Grifols Therapeutics, LLC.	4101 Research Commons (Principal Address) 79 T.W. Alexander Drive, Research Triangle Park, North Carolina 27709, United States	2011	Industrial	Plasma fractioning and the production of haemoderivatives.	---	100,000%	---	100,000%	---	100,000%
Talcris Plasma Resources, Inc. (merged with Biomat USA, Inc.)	4101 Research Commons (Principal Address) 79 T.W. Alexander Drive, Research Triangle Park, North Carolina 27709, United States	2011	Industrial	Procurement of human plasma.	---	---	---	---	---	100,000%
Grifols Worldwide Operations Limited	Grange Castle Business Park, Grange Castle, Clonsilla, Dublin 22, Ireland	2012	Industrial	Packaging, labelling, storage, distribution, manufacture and development of pharmaceutical products and rendering of financial services to Group companies.	100,000%	---	100,000%	---	100,000%	---
Progenka Biopharma, S.A.	Parque Tecnológico de Vicarya, Edificio 504 48100 Duxin (Vicarya) Spain	2013	Industrial	Development, production and commercialisation of biotechnological solutions.	91,275%	8,125%	91,875%	8,125%	91,880%	8,120%
Grifols Diagnostics Solutions, Inc.	4560 Horton Street 94608 Emeryville, California United States	2013	Industrial	Manufacture and sale of blood testing products	---	55,000%	---	55,000%	---	55,000%
Grifols Worldwide Operations USA Inc.	13111 Temple Avenue, City of Industry, California 91746-1510 United States	2014	Industrial	Manufacture, warehousing, and logistical support for biological products.	---	100,000%	---	100,000%	---	100,000%
Grifols Asia Pacific Pte. Ltd.	501 Orchard Road #20-01 238880 Wheelock Place, Singapore	2003	Commercial	Distribution and sale of medical and pharmaceutical products.	100,000%	---	100,000%	---	100,000%	---
Grifols Movacs, S.A.	Polígono Levante Calle Can Gualsch, s/n 08150 Puets del Vallès (Barcelona) Spain	1987	Commercial	Distribution and sale of reagents, chemical products and other pharmaceutical specialities, and of medical and surgical materials, equipment and instruments for use by laboratories and health centres.	99,999%	0,001%	99,999%	0,001%	99,999%	0,001%
Grifols Portugal Produtos Farmacéuticos e Hospitalares, Lda.	Rua de São Sebastião, 2 Zona Industrial Cabeça Figa 2625-448 Rua de Mourão Portugal	1988	Commercial	Import, export and commercialisation of pharmaceutical and hospital equipment and products, particularly Grifols products.	0,010%	99,990%	0,010%	99,990%	0,010%	99,990%
Grifols Chile, S.A.	Avda. Amerigo Vesputchi, 2342 Comuna de Coquechi Santiago de Chile Chile	1990	Commercial	Development of pharmaceutical businesses, which can involve the import, production, commercialisation and export of related products.	99,000%	---	99,000%	---	99,000%	---
Grifols USA, LLC.	2410 Lilyvale Avenue Los Angeles (California) United States	1990	Commercial	Distribution and marketing of company products.	---	100,000%	---	100,000%	---	100,000%
Grifols Argentina, S.A.	Barrio de Mito: 3690/3790, CPB1668BT Mito Paraiso de Vicente Lopez Argentina	1991	Commercial	Clinical and biological research. Preparation of reagents and therapeutic and diet products. Manufacture and commercialisation of other pharmaceutical specialities.	95,010%	4,990%	95,010%	4,990%	95,010%	4,990%
Grifols s.r.o.	Calle Zima, 2 Praha Czech Republic	1992	Commercial	Purchase, sale and distribution of chemical-pharmaceutical products, including human plasma.	100,000%	---	100,000%	---	100,000%	---
Grifols (Thailand) Ltd	191 Silom Complex Building, 21st Floor, Silom Road, Silom, Bangkok 10500 Bangkok Thailand	2003	Commercial	Import, export and distribution of pharmaceutical products.	---	48,000%	---	48,000%	---	48,000%

APPENDIX I
GRIFOLS, S.A. AND SUBSIDIARIES
Information on Group Companies, Associates and others for the twelve-month periods ended 31 December 2023, 2022 and 2021
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Name	Registered Office	Acquisition / Incorporation date	Activity	Statutory Activity	31/12/2023		31/12/2022		31/12/2021	
					% shares	Indirect	% shares	Indirect	% shares	Indirect
Fully Consolidated Companies										
Grifols Malaysia Sdn Bhd	Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra 59200 Kuala Lumpur Malaysia	2003	Commercial	Distribution and sale of pharmaceutical products.	---	49,000%	---	49,000%	---	49,000%
Grifols International, S.A.	Poliçono Levante, Calle Can Gualsch, s/n 08150 Fuenes del Valles (Barcelona) Spain	1997	Commercial	Coordination of the marketing, sales and logistics for all the Group's subsidiaries operating in other countries.	99,998%	0,002%	99,998%	0,002%	99,998%	0,002%
Grifols Italia S.p.A.	Via Carducci, 62d 15610 Ghezzeno Psa, Italy	1997	Commercial	Purchase, sale and distribution of chemical-pharmaceutical products.	100,000%	---	100,000%	---	100,000%	---
Grifols UK Ltd.	Gregory Rowcliffe & Milners, 1 Bedford Row, London WC1R 4BZ United Kingdom	1997	Commercial	Distribution and sale of therapeutic and other pharmaceutical products, especially haemoderivatives.	100,000%	---	100,000%	---	100,000%	---
Grifols Brasil, Lda.	Rua Umarama, 263 Condomínio Portal de Serra Vila Penha CEP 83.325-000 Pinhais Paraná, Brazil	1998	Commercial	Import and export, preparation, distribution and sale of pharmaceutical and chemical products for laboratory and hospital use, and medical-surgical equipment and instruments.	100,000%	---	100,000%	---	100,000%	---
Grifols France, S.A.R.L.	Anteparc, Rue de la Belle du Canal, Bât. D. Route de la Côte d'Azur, 13590 Meyrueil France	1999	Commercial	Commercialisation of chemical and healthcare products.	99,990%	0,010%	99,990%	0,010%	99,990%	0,010%
Grifols Polska Sp.z o.o.	Grzybowska 87 street00-844 Warsaw, Poland	2003	Commercial	Distribution and sale of pharmaceutical, cosmetic and other products.	100,000%	---	100,000%	---	100,000%	---
Logística Grifols, S.A. de C.V. (merged with Grifols México, S.A. de C.V.)	Calle Eugenio Cruzin, nº 909-913 Parque Industrial Belén Norte 41150 Zapopan Jalisco, Mexico	2008	Commercial	Manufacture and commercialisation of pharmaceutical products for human and veterinary use.	---	---	---	---	99,990%	0,010%
Grifols México, S.A. de C.V.	Calle Eugenio Cruzin, nº 909-913 Parque Industrial Belén Norte 41150 Zapopan Jalisco, Mexico	1993	Commercial	Production, manufacture, adaptation, conditioning, sale and purchase, commissioning, representation and consignment of all kinds of pharmaceutical products and the acquisition of machinery, equipment, raw materials, tools, movable goods and property for the aforementioned purposes.	100,000%	---	100,000%	---	99,980%	0,020%
Grifols Nordic, AB	Sveavägen 166 11336 Stockholm Sweden	2010	Commercial	Research and development, production and marketing of pharmaceutical products, medical devices and any other asset deriving from the aforementioned activities.	100,000%	---	100,000%	---	100,000%	---
Grifols Colombia, Ltda.	Carrera 7 No. 71 52 Torre B piso 9 Obsequil, D.C. Colombia	2010	Commercial	Sale, commercialisation and distribution of medicines, pharmaceutical (including but not limited to haemoderivatives) and hospital products, medical devices, biomedical equipment, laboratory instruments and reagents for diagnosis and/or healthcare software.	99,990%	0,010%	99,990%	0,010%	99,990%	0,010%
Grifols Deutschland GmbH	1 Jünger Strasse 15, D- 60528 Frankfurt am Main Germany	2011	Commercial	Procurement of the official permits and necessary approval for the production, commercialisation and distribution of products deriving from blood plasma, as well as the import, export, distribution and sale of reagents and chemical and pharmaceutical products, especially for laboratories and health centres and surgical and medical equipment and instruments.	100,000%	---	100,000%	---	100,000%	---
Grifols Canada, Ltd.	5060 Spectrum Way, Suite 405 (Principal Address) Mississauga, Ontario L4W 5N5 Canada	2011	Commercial	Distribution and sale of biotechnological products.	100,000%	---	100,000%	---	---	100,000%
Grifols Pharmaceutical Technology (Shanghai) Co., Ltd.	Unit 901-902, Tower 2, No. 1539, West Nanjing Rd., Jing'an District, Shanghai 200040 China	2013	Commercial	Pharmaceutical consultancy services (except for diagnosis), technical and logistical consultancy services, business management and marketing consultancy services.	100,000%	---	100,000%	---	100,000%	---
Grifols (H.K.), Limited	Units 1505-7 Berkeley House, 25 Westlands Road Hong Kong	2014	Commercial	Distribution and sale of diagnostic products.	---	100,000%	---	100,000%	---	100,000%
Grifols Japan K.K.	Hilano Plaza West Office Tower, 19th floor, 2-21, Umeda 2-chome, Kita-ku Osaka-shi Japan	2014	Commercial	Research, development, import and export and commercialisation of pharmaceutical products, devices and diagnostic instruments.	100,000%	---	100,000%	---	100,000%	---
Grifols India Healthcare Private Ltd	Regus Business Centre Pvt.Ltd.,Level15,Devi Copson, Plot No.60, Nr. Kharjane East,Exp.Highway,Thane (W), Mumbai - 400094, Maharashtra India	2014	Commercial	Distribution and sale of pharmaceutical products.	99,984%	0,016%	99,984%	0,016%	99,984%	0,016%
Grifols Diagnostics Equipment Taiwan Limited	8F, No.367, Fuxing N. RD., Songshang Dist., Taipei City 10543, Taiwan	2016	Commercial	Distribution and sale of diagnostic products.	100,000%	---	100,000%	---	100,000%	---
Grifols Viajes, S.A.	Can Gualsch, 2 08150 Fuenes del Valles Barcelona, Spain	1995	Services	Travel agency exclusively serving Group companies.	99,990%	0,100%	99,990%	0,100%	99,990%	0,100%
Squadron Reinsurance Designated Activity Company	The Metropolitan Building, 3rd Fl. James Joyce Street, Dublin Ireland	2003	Services	Reinsurance of Group companies' insurance policies.	---	100,000%	---	100,000%	---	100,000%
Grifols Shared Services North America, Inc.	2410 Lillooek Avenue 90032 Los Angeles, California United States	2011	Services	Support services for the collection, manufacture, sale and distribution of plasma derivatives and related products.	100,000%	---	100,000%	---	100,000%	---
Grifdan Invest, S.L. (merged with Grifols S.A.)	Avenida Diagonal 477 Barcelona, Spain	2015	Services	Rental of industrial buildings	---	---	100,000%	---	100,000%	---
Anaclon Biotech, S.L.	Paseo de Sagasta, 172º bñda. Zaragoza, Spain	2012	Research	Creation and commercialisation of a blood diagnosis kit for the detection of Alzheimer's and development of effective immunotherapy (vaccine) against this disease.	---	75,850%	---	75,850%	---	75,850%
VCN Bioscience, S.L.	Avenida de la Generalitat 152 Sant Cugat del Valles (Barcelona) Spain	2012	Research	Research and development of therapeutic approaches for tumours for which there is currently no effective treatment.	---	---	---	---	---	86,830%

APPENDIX I
GRIFOLS, S.A. AND SUBSIDIARIES
Information on Group Companies, Associates and others for the twelve-month periods ended 31 December 2023, 2022 and 2021
(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

Name	Registered Office	Acquisition / Incorporation date	Activity	Statutory Activity	31/12/2023		31/12/2022		31/12/2021	
					% shares		% shares		% shares	
					Direct	Indirect	Direct	Indirect	Direct	Indirect
Fully Consolidated Companies										
Grifols Innovation and New Technologies Limited	Grange Court, Business Park, Grange Court, Clonsilla, Dublin 22, Ireland	2016	Research	Biotechnology research and development	---	100,000%	---	100,000%	---	100,000%
Kivo Grifols S.L.	Polígono Balmuccia, S. 2ª planta, Aterribaldeta, Guipúzcoa, Spain	2014	Research	Development of machines and equipment to automate and control key points of hospital processes, and hospital pharmacy processes.	100,000%	---	90,000%	---	90,000%	---
Chiquito Acquisition Corp. (merged with Grifols Bio Supplies Inc.)	2711 Centerville Road Suite 400, Wilmington, Delaware, New Castle County, United States	2017	Corporate	Engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of the State of Delaware, as amended from time to time (the "DGCL").	---	---	---	100,000%	---	100,000%
Aglife Minerals de Vilajiga, S.A.	Carrer Sant Sebastià, 2, 17493 Vilajiga, Girona, Spain	2017	Industrial	Collection and use of mineral-medical waters and obtaining of all necessary administrative concessions for the optimum and wisest use of these.	99,990%	0,010%	99,990%	0,010%	99,990%	0,010%
Goetech LLC (D/B/A Medkeeper)	7600 Grandview Avenue, Suite 210, Arvada, CO 80002, United States	2018	Industrial	Development and distribution of web and mobile-based platforms for hospital pharmacies	---	---	---	100,000%	---	100,000%
Grifols Bio Supplies Inc. (before Interstate Blood Bank, Inc.)	5700 Pleasantville Road, Memphis, Tennessee, United States	2016	Industrial	Procurement of human plasma.	---	100,000%	---	100,000%	---	100,000%
Haema, AG	Landsteinerstraße 1, 04103 Leipzig - Germany	2018	Industrial	Procurement of human plasma.	---	---	---	---	---	---
BPC Plasma, Inc. (formerly Biotech Plasma Corp)	901 Yamato Rd., Suite 101, Boca Raton FL 33431 - United States	2018	Industrial	Procurement of human plasma.	---	---	---	---	---	---
Haema Plasma Kft.	Bajcsy-Zsilinszky út 12., 1051 Budapest (Hungary)	2021	Industrial	Procurement of human plasma.	---	---	---	---	---	---
AKubest, Inc.	3500 South Duffton Hwy, Dover, County of Kent, United States	2015	Research	Development of novel plasma-based products for the treatment of cognitive decline in aging and disorders of the central nervous system (CNS).	---	100,000%	---	100,000%	---	100,000%
Plasmavita Healthcare GmbH	Colmarer Strasse 22, 60528 Frankfurt am Main - Germany	2018	Industrial	Procurement of human plasma.	---	50,000%	---	50,000%	---	50,000%
Plasmavita Healthcare II GmbH	Garmischgasse 412, 1090 Vienna, Austria	2019	Industrial	Procurement of human plasma.	---	50,000%	---	50,000%	---	50,000%
Grifols Canada Therapeutics Inc. (formerly Green Cross Biopharmaceutics, Inc)	2911 Avenue Marie Curie, Arrondissement de Saint-Laurent, Quebec, Canada	2020	Industrial	Conducting business in Pharmaceuticals and Medicines Industry	0,020%	99,980%	0,020%	99,980%	100,000%	---
Grifols Laboratory Solutions, Inc	Corporation Trust Center, 1209, Orange Street, Wilmington, New Castle County, Delaware, 19801 United States	2020	Services	Engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware	---	100,000%	---	100,000%	---	100,000%
Grifols Korea Co., Ltd.	302 Teheran-ro, Gangnam-gu, Seoul (Yokoham-dong) Korea	2020	Commercial	Import, export of diagnostic in vitro products and solutions.	100,000%	---	100,000%	---	100,000%	---
Grifols Middle East & Africa LLC	Office No. 554, 5th floor, Namashulding No.155, Ramess Extension Street, Al Hay Al Sadeh, New City, Cairo Egypt	2021	Services	Providing consultation (except for those stipulated in Article 27 of the Capital Market Law and its executive regulations) and carry out those commercial activities that are permitted by the law.	99,990%	0,010%	99,990%	0,010%	99,990%	0,010%
Gigagen Inc.	407 Cabot Road, South San Francisco, CA 94080, United States	2017	Industrial	Engage in any lawful act or activity for which corporations may be organized under General Corporation Law.	---	100,000%	---	100,000%	---	100,000%
Grifols Pyrenees Research Center, S.L.	C/ Prta de la Creu, 68-76, Planta 3ª, Edifici Administratiu del Centre d'Andorra la Vella, Andorra	2021	Industrial	Constitution, development and management of operations of a research and development center in all areas of immunology, dedicated to find possible solutions for therapeutic applications.	---	80,000%	---	80,000%	---	80,000%
Grifols Bio North America LLC	251 Little Falls Drive, Wilmington, New Castle County, 19808, Delaware, United States	2021	Industrial	Engage in any lawful business permitted by the Act or the laws of any jurisdiction in which the Company may do business.	---	100,000%	---	100,000%	---	100,000%
Biomat Holdings LLC	2410 Grifols Way, Los Angeles, California, 90032, United States.	2023	Services	Administration and financing services to Immunotek donor centers.	---	100,000%	---	---	---	---
Biomat Holdco, LLC.	251 Little Falls Drive, Wilmington, New Castle County, Delaware, 19808, United States	2021	Services	Engage in any lawful act or activity for which corporations may be organized under General Corporation Law of Delaware.	---	100,000%	---	100,000%	---	100,000%
Biomat Newco, Corp.	251 Little Falls Drive, Wilmington, New Castle County, Delaware, 19808, United States	2021	Services	Engage in any lawful act or activity for which corporations may be organized under General Corporation Law of Delaware.	---	88,600%	---	87,100%	---	100,000%
Grifols Escrow Issuer, S.A. (merged with Grifols, S.A.)	Passeig Empresarial Can Sant Joan, Avda de la Generalitat, 152-156, Sant Cugat del Valles, 08174, Barcelona, Spain	2021	Services	Administration, management and control services for companies and businesses, as well as investment in property, as well as providing advisory services of any investee entities or group companies.	---	---	100,000%	---	100,000%	---
Grifols Canada Plasma, Inc. (formerly Prometic Plasma Resources, Inc.)	551 Boul. Des Prairies, Building 15 Laval, Quebec H7V 1H7 Canada	2021	Industrial	Procurement of human plasma.	---	100,000%	---	100,000%	100,000%	---
Grifols Canada Plasma - Ontario Inc. (formerly Canada Inc.)	2911 av. Marie-Curie, Montreal, Quebec, H4B8B7, Canada	2023	Services	Administration, operating management and control services of plasma collecting centers, directly or indirectly, through its affiliates.	---	100,000%	---	---	---	---
Access Biologicals, LLC (merged with Grifols Bio Supplies, Inc.)	955 Park Center Drive, Vista, CA 92081, United States	2017	Industrial	Manufacture of biological products such as specific serum and plasma reagents that are used by biotechnological and biopharmaceutical companies for in-vitro diagnosis, cell culture and research and development in the field of diagnostics.	---	---	---	100,000%	---	49,000%
Access Biologicals IC-DISC, Inc. (merged with Grifols Bio Supplies, Inc.)	955 Park Center Dr, Vista, CA 92081, United States	2017	Industrial	Manufacture of biological products, including specific sera and plasma-derived reagents, which are used by biotechnology and biopharmaceutical companies for in-vitro diagnostics, cell culture, and research and development in the diagnostic field.	---	---	---	100,000%	---	49,000%

APPENDIX I
GRIFOLS, S.A. AND SUBSIDIARIES
Information on Group Companies, Associates and others for the twelve-month periods ended 31 December 2023, 2022 and 2021
(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

Name	Registered Office	Acquisition / Incorporation date	Activity	Statutory Activity	31/12/2023		31/12/2022		31/12/2021	
					Direct	Indirect	Direct	Indirect	Direct	Indirect
Fully Consolidated Companies										
Access Cell Culture, LLC. (merged with Grifols Bio Supplies, Inc.)	995 Park Center Dr, Vista, CA 92081, United States	2017	Industrial	Manufacture of biological products, including specific sera and plasma-derived reagents, which are used by biotechnology and biopharmaceutical companies for in-vitro diagnostics, cell culture, and research and development in the diagnostic field.	---	---	---	100,000%	---	49,000%
Access Plasma, LLC. (merged with Grifols Bio Supplies, Inc.)	995 Park Center Dr, Vista, CA 92081, United States	2017	Industrial	Manufacture of biological products, including specific sera and plasma-derived reagents, which are used by biotechnology and biopharmaceutical companies for in-vitro diagnostics, cell culture, and research and development in the diagnostic field.	---	---	---	100,000%	---	49,000%
ABimmune, S.L.	Parque Empresarial Can Sant Joan, Avda de la Generalitat, 152-156, Sant Cugat del Valles, 08174, Barcelona España	2022	Research	The purpose of the company is the research, development and exploitation of a project on the application of the use of albumin in a medicine	---	51,000%	---	51,000%	---	---
Biotech, AG	Landssteinerstr. 5, D-63303 Dreieich, Germany	2022	Industrial	Development, manufacture and distribution of biological, chemical, pharmaceutical, human and veterinary medical, cosmetic and dietary products as well as containers, devices, machines and accessories for medical, pharmaceutical and analytical purposes, as well as research in these fields. Furthermore the activity (especially research development, production and distribution) in the field of plant protection and plant breeding, the field of testing and purification of soil, water and air and in the field of products, materials and techniques used in space.	24,700%	45,480%	24,700%	45,480%	---	---
Biotech Austria, GmbH	Einsiedlergasse 58, A-1050, Vienna, Austria	2022	Industrial	Distribution of pharmaceutical products.	---	70,180%	---	70,180%	---	---
Biotech Italia, S.R.L.	Via Leonardo da Vinci 43, I-20090 Trezzano sul Naviglio MI, Italy	2022	Industrial	Distribution of pharmaceutical products.	100,000%	---	---	70,180%	---	---
Biotech (UK) Ltd. (merged with Grifols UK, Ltd.)	17 High Street, B31 2UQ Longbridge Birmingham, United Kingdom	2022	Industrial	Distribution of pharmaceutical products.	---	---	---	70,180%	---	---
Biotech (Schweiz) AG	Schützenstrasse 17, CH-5102 Rapperswil, Switzerland	2022	Industrial	Distribution of pharmaceutical products.	---	70,180%	---	70,180%	---	---
Biotech Hungaria Kft	Torbégy utca 15/A, Tökökbányai 2045, Hungary	2022	Industrial	Procurement of human plasma.	---	70,180%	---	70,180%	---	---
Biotech Farmacutica LTDA	Rua José Ramos Guimarães, 49 A, Centro, 12055-000, São Jesus dos Perdizes - SP, Brazil	2022	Industrial	Distribution of pharmaceutical products.	100,000%	---	---	70,180%	---	---
Biotech Hellas M.E.P.E.	45 Michalakopoulou Str., 11528 Athens, Greece	2022	Research	Research and development of solutions in the Biopharma area.	---	70,180%	---	70,180%	---	---
Biotech France SAS	4547 rue d'Anteville, 75010 Paris, France	2022	Services	The purpose of the company is to act as an agent and support the group companies.	100,000%	---	---	70,180%	---	---
Biotech Pharmaceuticals İlaç Pazarlama Anonim Şirketi	Nispetiye Mahallesi, 34197 Bahçelievler, İstanbul, Turkey	2022	Research	Research and development of solutions in the Biopharma area.	---	70,180%	---	70,180%	---	---
Biotech Medical, S.L.U.	C/ Frederic Mompos, nº 5, 6º Pº A, 08060 Sant Just Desvern, Barcelona, Spain	2022	Industrial	Distribution of pharmaceutical products.	100,000%	---	---	70,180%	---	---
Biotech Pharma, GmbH	Landssteinerstr. 5, D-63303 Dreieich, Germany	2022	Industrial	Carry out the development and production activities in the Biopharma area.	---	70,180%	---	70,180%	---	---
Biotech Lux S.à.r.l.	17, Boulevard F.W. Raiffeisen L-2411 Luxembourg	2023	Services	Providing financing and centralisation of services for Biotech companies.	---	70,180%	---	---	---	---
BioDaou PLC	Serpant St., Italia St. Feketin Ave, 141663163 Yaban, Iran	2022	Industrial	Procurement of human plasma.	---	70,180%	---	70,180%	---	---
Biotech Grundstücksverwaltung GmbH	Landssteinerstr. 5, D-63303 Dreieich, Germany	2022	Services	Management of own assets.	---	70,180%	---	70,180%	---	---
Plasma Service Europe GmbH	Landssteinerstr. 5, D-63303 Dreieich, Germany	2022	Industrial	Procurement of human plasma.	---	70,180%	---	70,180%	---	---
Cara Plasma s.r.o.	Jungmannova 745/24 - Nové Město, 110 00 Praha 1, Czech Republic	2022	Industrial	Procurement of human plasma.	---	70,180%	---	70,180%	---	---
Pharmazolgár Kft	Torbégy utca 15/A, Tökökbányai 2045, Hungary	2022	Industrial	Procurement of human plasma.	---	70,180%	---	70,180%	---	---
Grifols Biotech Holdings GmbH	Colmarer Str. 22, 40528 Frankfurt am Main, Germany	2022	Services	Management of own assets as well as the acquisition, sale, holding and management of shares in other companies in Germany and abroad in the company's own name and on its own account (not third parties), in particular in Biotech AG with registered offices in Dreieich.	100,000%	---	100,000%	---	---	---
Abaloma Therapeutics, S.L.	Hospital Germans Trias i Pujol, carretera de Canyet, s/n, Badalona, Spain	2016	Research	Development and manufacture of therapeutic antibodies against HIV.	100,000%	---	---	49,000%	---	49,000%

**APPENDIX II
GRIFOLS, S.A. AND SUBSIDIARIES**

Operating Segments for the twelve-month periods ended at 31 December 2023, 2022 and 2021

(Expressed in thousands of Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

	Biopharma			Diagnostic			Bio Supplies			Others			Intersegments			Consolidated		
	2023	2022	2021 (*)	2023	2022	2021 (*)	2023	2022	2021 (*)	2023	2022	2021 (*)	2023	2022	2021 (*)	2023	2022	2021 (*)
Revenues from external customers	5,558,301	5,005,382	3,814,983	670,269	671,292	779,108	159,957	146,076	115,811	203,450	250,165	266,461	--	-8,948	-43,245	6,591,977	6,063,967	4,933,118
Total operating income	5,558,301	5,005,382	3,814,983	670,269	671,292	779,108	159,957	146,076	115,811	203,450	250,165	266,461	--	(8,948)	(43,245)	6,591,977	6,063,967	4,933,118
Profit/(Loss) for the segment	904,059	791,339	681,925	111,694	129,968	152,948	43,563	114,397	39,901	6,632	-46,809	-83,482	6,979	35,419	-10,896	1,072,927	1,024,314	595,064
Unallocated expenses																(273,529)	(218,634)	(185,332)
Operating profit/(loss)																799,398	805,680	409,732
Finance result																(574,457)	(442,941)	(277,799)
Share of profit/(loss) of equity-accounted investee	--	--	--	--	--	--	--	--	--	(923)	(1,482)	33,188	--	--	--	(923)	(1,482)	33,188
Income tax expense																(43,349)	(90,111)	(85,126)
Profit for the year after tax																180,669	271,146	79,995
Segment assets	13,295,539	13,187,651	9,467,378	3,528,861	3,681,632	3,513,991	380,012	341,876	47,446	2,184,960	766,139	827,371	--	-6,997	-39,963	19,389,372	17,970,301	13,816,223
Equity-accounted investments	57,529	41,162	31,847	--	--	--	--	--	53,264	477,441	1,914,015	1,914,665	--	--	--	534,970	1,955,177	1,999,776
Unallocated assets	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	1,400,882	1,608,499	3,417,836
Total assets																21,325,224	21,533,977	19,233,835
Segment liabilities	2,293,447	2,317,191	1,521,634	466,953	425,693	397,869	79,592	43,264	27,596	97,840	222,565	199,095	--	--	--	2,937,832	3,008,713	2,146,194
Unallocated liabilities	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	10,376,425	10,067,720	9,770,543
Total liabilities																13,314,257	13,076,433	11,916,737
Other information:																		
Allocated amortisation and depreciation	328,599	294,156	228,114	65,817	64,682	88,557	9,280	5,759	2,948	16,162	20,367	19,043	--	--	--	419,858	384,964	338,662
Unallocated amortisation and depreciation	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	382,171	482,852	412,314
Allocated expenses that do not require cash payments	30,198	-71,964	26,051	6,995	13,639	4,446	136	120	73	-789	-206	3,349	--	--	--	36,540	(58,411)	33,919
Unallocated expenses that do not require cash payments	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	548	(10,770)	4,991
Allocated additions for the year of property, plant & equipment, intangible assets and rights of use	340,114	402,672	349,890	29,107	49,890	19,991	9,066	98	13,836	3,884	30,192	28,597	--	--	--	382,171	482,852	412,314
Unallocated additions for the year of property, plant & equipment, intangible assets and rights of use	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	48,619	59,866	55,380

* As a consequence of the review of transactions and balances allocations by segments done in 2022, the comparative figures for the fiscal year 2021 have been adjusted accordingly.

This appendix forms an integral part of note 5 to the Condensed Consolidated Interim Financial Statements.

APPENDIX II
GRIFOLS, S.A. AND SUBSIDIARIES

Reporting by geographical area
for the twelve-month periods ended 31 December 2023, 2022 and 2021

(Expressed in thousands of Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

	Spain			Rest of European Union			USA + Canada			Rest of World			Consolidated		
	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021
Net Revenue	362,877	320,631	362,407	893,050	711,579	544,042	3,898,961	3,855,607	3,154,549	1,437,089	1,176,150	872,120	6,591,977	6,063,967	4,933,118
Assets by geographical area	1,190,606	1,156,068	1,092,435	7,054,510	6,600,264	5,393,407	10,843,498	11,561,068	10,525,140	2,236,610	2,216,577	2,222,853	21,325,224	21,533,977	19,233,835
Other information:															
Additions for the year of property, plant & equipment, intangible assets and rights of use	53,216	60,503	71,022	170,763	107,030	91,388	194,900	363,034	295,526	11,911	12,151	9,758	430,790	542,718	467,694

This appendix forms an integral part of note 5 to the Condensed Consolidated Interim Financial Statement

APPENDIX III
GRIFOLS, S.A. AND SUBSIDIARIES

Changes in Other Intangible Assets
for the twelve-month period ended at
31 December 2023
(Expressed in thousands of Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

	Balance at 31/12/2022	Additions	Transfers	Disposals	Translation differences	Balance at 31/12/2023
Development costs	1,822,085	58,573	--	--	(27,175)	1,853,483
Concessions, patents, licenses brands & similar	292,158	2,747	(344)	(1,478)	(8,347)	284,736
Computer software	340,991	22,174	3,684	(117)	(6,895)	359,837
Currently marketed products	1,148,862	--	--	--	(39,097)	1,109,765
Other intangible assets	399,797	2,388	(157)	(678)	(4,695)	396,655
Total cost of intangible assets	4,003,893	85,882	3,183	(2,273)	(86,209)	4,004,476
Accum. amort. of development costs	(199,444)	(32,694)	--	--	3,306	(228,832)
Accum. amort of concessions, patents, licenses, br:	(77,331)	(16,274)	363	192	1,554	(91,496)
Accum. amort. of computer software	(220,305)	(34,366)	(1,294)	104	4,423	(251,438)
Accum. amort. of currently marketed products	(457,794)	(40,212)	--	--	15,975	(482,031)
Accum. amort. of other intangible assets	(97,789)	(23,663)	--	678	3,350	(117,424)
Total accum. amort intangible assets	(1,052,663)	(147,209)	(931)	974	28,608	(1,171,221)
Impairment of other intangible assets	(2,083)	(421)	--	1,438	7	(1,059)
Carrying amount of intangible assets	2,949,147	(61,748)	2,252	139	(57,594)	2,832,196

This appendix forms an integral part of note 7 to the Condensed Consolidated Interim Financial Statements.

APPENDIX III
GRIFOLS, S.A. AND SUBSIDIARIES

Changes in Other Intangible Assets
for the twelve-month period ended at
31 December 2022
(Expressed in thousands of Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

	Balance at 31/12/2021	Additions	Business combinations	Transfers	Disposals	Translation differences	Balance at 31/12/2022
Development costs	801,606	39,835	943,857	--	(3,372)	40,159	1,822,085
Concessions, patents, licenses brands & similar	244,558	36,612	3,762	97	(3,907)	11,036	292,158
Computer software	330,491	31,299	50	1,881	(34,429)	11,699	340,991
Currently marketed products	1,083,301	--	--	--	--	65,561	1,148,862
Other intangible assets	156,009	1,323	307,927	(55)	(77,825)	12,418	399,797
Total cost of intangible assets	2,615,965	109,069	1,255,596	1,923	(119,533)	140,873	4,003,893
Accum. amort. of development costs	(168,366)	(28,160)	--	--	663	(3,581)	(199,444)
Accum. amort. of concessions, patents, licenses, b	(64,176)	(12,321)	(332)	--	2,200	(2,702)	(77,331)
Accum. amort. of computer software	(200,291)	(30,357)	(12)	140	16,813	(6,598)	(220,305)
Accum. amort. of currently marketed products	(394,784)	(40,212)	--	--	--	(22,798)	(457,794)
Accum. amort. of other intangible assets	(81,298)	(12,603)	--	--	799	(4,687)	(97,789)
Total accum. amort intangible assets	(908,915)	(123,653)	(344)	140	20,475	(40,366)	(1,052,663)
Impairment of other intangible assets	(70,100)	(638)	--	79	76,302	(7,726)	(2,083)
Carrying amount of intangible assets	1,636,950	(15,222)	1,255,252	2,142	(22,756)	92,781	2,949,147

(See note 3)

This appendix forms an integral part of note 7 to the Condensed Consolidated Interim Financial Statements.

APPENDIX IV
GRIFOLS, S.A. AND SUBSIDIARIES

Movement in Rights of Use
for the twelve-month period ended at
31 December 2023
(Expressed in thousands of Euros)

(Free translation from the original in Spanish. In the event of any discrepancy, the Spanish-language version prevails)

	Balance at 31/12/2022	Additions	Transfers	Disposals	Translation differences	Balance at 31/12/2023
Land and buildings	1,114,654	90,272	--	(39,012)	(31,028)	1,134,886
Machinery	6,664	2,871	(1,008)	(658)	(176)	7,693
Computer equipment	6,819	597	(2,484)	(604)	(107)	4,221
Vehicles	20,958	4,737	(79)	(3,191)	(209)	22,216
Total cost of rights of use	1,149,095	98,477	(3,571)	(43,465)	(31,520)	1,169,016
Accum. depr. of land and buildings	(229,604)	(71,157)	--	10,782	7,224	(282,755)
Accum. depr. of machinery	(3,647)	(1,507)	523	590	66	(3,975)
Accum. depr. of computer equipment	(5,793)	(860)	2,516	580	100	(3,457)
Accum. depr. of vehicles	(12,499)	(5,019)	45	2,506	205	(14,762)
Total accum. Depr. of rights of use	(251,543)	(78,543)	3,084	14,458	7,595	(304,949)
Carrying amount of rights of use	897,552	19,934	(487)	(29,007)	(23,925)	864,067

This appendix forms an integral part of note 8 to the Condensed Consolidated Interim Financial Statements.

APPENDIX IV
GRIFOLS, S.A. AND SUBSIDIARIES

Movement in Rights of Use
for the twelve-month period ended at
31 December 2022
(Expressed in thousands of Euros)

(Free translation from the original in Spanish. In the event of any discrepancy, the Spanish-language version prevails)

	Balance at 31/12/2021	Additions	Business combinations	Transfers	Disposals	Translation differences	Balance at 31/12/2022
Land and buildings	941,955	130,475	27,620	(455)	(35,924)	50,983	1,114,654
Machinery	9,076	5,055	347	(1,189)	(6,849)	224	6,664
Computer equipment	8,519	278	263	(568)	(1,848)	175	6,819
Vehicles	15,760	6,165	1,279	(10)	(2,527)	291	20,958
Total cost of rights of use	975,310	141,973	29,509	(2,222)	(47,148)	51,673	1,149,095
Accum. depr. of land and buildings	(159,831)	(72,214)	(359)	106	9,782	(7,088)	(229,604)
Accum. depr. of machinery	(3,792)	(1,983)	(236)	894	1,361	109	(3,647)
Accum. depr. of computer equipment	(6,475)	(1,432)	--	573	1,719	(178)	(5,793)
Accum. depr. of vehicles	(9,555)	(4,869)	--	4	2,157	(236)	(12,499)
Total accum. depr. of rights of use	(179,653)	(80,498)	(595)	1,577	15,019	(7,393)	(251,543)
Carrying amount of rights of use	795,657	61,475	28,914	(645)	(32,129)	44,280	897,552

This appendix forms an integral part of note 8 to the Condensed Consolidated Interim Financial Statements.

APPENDIX V
GRIFOLS, S.A. AND SUBSIDIARIES

Movement in Property, Plant and Equipment
for the twelve-month period ended at
31 December 2023
(Expressed in thousands of Euros)

(Free translation from the original in Spanish. In the event of any discrepancy, the Spanish-language version prevails)

	Balances at					Translation	
	31/12/2022	Additions	Business combination	Transfers	Disposals	differences	Balances at
							31/12/2023
Cost:							
Land and buildings	1,155,406	6,046	--	342	(4,953)	(24,929)	1,131,912
Plant and machinery	3,069,023	57,866	480	125,507	(45,256)	(66,505)	3,141,115
Fixed Assets under construction	878,415	182,519	--	(125,460)	--	(24,804)	910,670
	<u>5,102,844</u>	<u>246,431</u>	<u>480</u>	<u>389</u>	<u>(50,209)</u>	<u>(116,238)</u>	<u>5,183,697</u>
Accumulated depreciation:							
Buildings	(181,337)	(32,309)	--	181	1,954	5,136	(206,375)
Plant and machinery	(1,638,006)	(183,857)	(383)	(2,336)	33,842	39,860	(1,750,880)
	<u>(1,819,343)</u>	<u>(216,166)</u>	<u>(383)</u>	<u>(2,155)</u>	<u>35,796</u>	<u>44,996</u>	<u>(1,957,255)</u>
Impairment of other property, plant and equipment	(12,564)	(1,173)	--	--	6,767	149	(6,821)
Carrying amount	<u>3,270,937</u>	<u>29,092</u>	<u>97</u>	<u>(1,766)</u>	<u>(7,646)</u>	<u>(71,093)</u>	<u>3,219,621</u>

(See note 3)

This appendix forms an integral part of note 9 to the Condensed Consolidated Interim Financial Statements.

APPENDIX V
GRIFOLS, S.A. AND SUBSIDIARIES

Movement in Property, Plant and Equipment
for the twelve-month period ended at
31 December 2022
(Expressed in thousands of Euros)

(Free translation from the original in Spanish. In the event of any discrepancy, the Spanish-language version prevails)

	Balances at					Translation	
	31/12/2021	Additions	Business combination	Transfers	Disposals	differences	Balances at
							31/12/2022
Cost:							
Land and buildings	860,447	4,636	236,732	11,374	(864)	43,081	1,155,406
Plant and machinery	2,527,744	50,025	316,946	115,070	(50,958)	110,196	3,069,023
Fixed Assets under construction	763,787	237,015	--	(147,240)	--	24,853	878,415
	4,151,978	291,676	553,678	(20,796)	(51,822)	178,130	5,102,844
Accumulated depreciation:							
Buildings	(148,082)	(27,757)	--	1,553	57	(7,108)	(181,337)
Plant and machinery	(1,442,434)	(175,956)	(4,044)	3,201	41,061	(59,834)	(1,638,006)
	(1,590,516)	(203,713)	(4,044)	4,754	41,118	(66,942)	(1,819,343)
Impairment of other property, plant and equipment	(13,965)	(7,396)	--	9,383	340	(926)	(12,564)
Carrying amount	2,547,497	80,567	549,634	(6,659)	(10,364)	110,262	3,270,937

(See note 3)

This appendix forms an integral part of note 9 to the Condensed Consolidated Interim Financial Statements.

GRIFOLS, S.A. AND SUBSIDIARIES

Consolidated Interim Director's Report for the year ended December 31, 2023

The management report for the year ended December 31, 2023 should be read in conjunction with the condensed consolidated interim financial statements for the same period and related notes. The comments and analyses included in the report may contain forward-looking statements and considerations that involve risks and uncertainties. Please refer to the legal notice included at the end of the document.

For Grifols, 2023 was a year of transformation and growth. The company closed a decisive year that will accelerate value creation in 2024, delivering on its commitments and making strides across the board, as evidenced by its solid operating and financial results in the year.

Grifols has advanced its strategic roadmap centered on achieving solid financial results and operational excellence, deleveraging and creating greater value for its stakeholders.

The company's strategic alliance with Haier Group in China supports its deleveraging efforts, while the roll-out of the operational improvement plan announced in February 2023 has led to substantial cost savings and a clear recovery of profit margins.

EVOLUTION OF REVENUES BY BUSINESS UNIT

In this context, Grifols' revenue, including Biotest, reached EUR 6,592 million, representing an increase of 10.9% cc¹ (+8.7% reported²). Excluding Biotest, revenues grew by 9.1% cc (+6.8% reported) to EUR 6,089 million.

Biopharma

Biopharma's revenues increased by 13.3% cc (+11.0% reported) to EUR 5,558 million in 2023. Excluding Biotest, revenues grew 11.3% cc (+8.9%) to EUR 5,055 million. The main growth levers were the solid performance of key proteins driven by higher plasma supply, robust underlying demand, and a favorable pricing environment and product mix.

Worth noting is the robust sales uptick of immunoglobulins, one of the company's main plasma proteins, representing around 55-60% of Biopharma revenues. Sales grew by 15.8% cc excluding Biotest, fueled by strong demand for intravenous immunoglobulin (IVIG) and the significant growth of subcutaneous immunoglobulin (SCIG) Xembify® in key markets such as the United States.

In 2023, Grifols continued to strengthen its immunoglobulin franchise by focusing its efforts on the fastest-growing immunodeficiency segments, including primary (PID) and secondary (SID) immunodeficiencies, while maintaining its leadership in neurology and intensive care.

The company aspires to continue to drive the growth of its franchise in the U.S. and prioritize certain countries, while accelerating the expansion and penetration of Xembify®. In this regard, worth highlighting is the

¹ Operating or constant exchange rate (cc) excludes exchange rate variations for the period.

² Reported includes the impact of foreign exchange rates.

GRIFOLS, S.A. AND SUBSIDIARIES
Consolidated Interim Director's Report for the year ended
December 31, 2023

European market launch of Xembify® in June, with Spain and the United Kingdom (Wales) as the first countries to start marketing this plasma drug. It launched in Australia in 2023.

Sales of albumin, which account for around 10-15% of the business unit's revenues, grew by 17.0% cc excluding Biotest, driven mainly by demand in China and the solid performance in the main European countries. In addition, Grifols' innovative sales strategy under the SRAAS agreement leads to greater supply in the country.

Alpha-1 and other specialty proteins, which represent roughly 25-30% of revenues, have remained stable with 0.2% cc growth. The solid evolution of alpha-1 sales was particularly notable, with a 2.4% cc increase in the last quarter, primarily in European markets. Another contributing factor was the U.S. launch of AlphaID™ At Home, a detection test for alpha-1 antitrypsin deficiency (AADT), a genetic disease with symptoms similar to chronic obstructive pulmonary disease (COPD). Demand for hyperimmune immunoglobulins in the U.S. was also strong.

Diagnostic

In 2023, Diagnostic recorded revenues of EUR 670 million in 2023, up 2.3% cc (-0.2% reported).

There was notable growth in blood typing solutions (+8.9% cc) in the main countries, including the U.S., Argentina, Brazil, Spain and Saudi Arabia. NAT blood and plasma screening solutions remained stable, growing 0.4%. Highlights included the extension of the agreement with CTS in the U.S. and higher instrument sales in Japan and Indonesia.

Revenues from recombinant proteins increased by 2.3% cc in the 2023 fiscal year, driven by demand in the main regions, especially in the U.S., and by a major 10-year supply agreement with a key partner.

The most significant milestones in product commercialization, in addition to the launch of AlphaID™ At Home in the U.S. in May 2023, include the CE mark being granted for Grifols' sCD38 solution. This is the first soluble recombinant protein to facilitate pre-transfusion compatibility testing in patients with multiple myeloma. Furthermore, AlphaID™ At Home is the first Grifols product to be cleared by the U.S. FDA for direct consumer use.

Bio Supplies

Bio Supplies grew by 11.3% cc (+9.5% reported) to EUR 160 million. Throughout the year, Grifols has continued to maximize the value of its Bio Supplies product portfolio, expanded following the integration of Access Biologicals, which continues to contribute significantly to the business unit's revenues, together with sales of hyperimmune plasma to third parties.

GRIFOLS, S.A. AND SUBSIDIARIES
Consolidated Interim Director's Report for the year ended
December 31, 2023

PLASMA SUPPLY AND COST PER LITER

Grifols continues to increase plasma supply and effectively reduce its cost per liter (CPL), leading to significant increases in profit margins. In 2023, plasma supply increased by 10% compared to 2022 and the cost per liter fell 22% compared to the peak reached in July 2022. The main levers of these positive trends were the increase in donors (920,000+), higher donation frequency and the 100% execution of planned initiatives in the operational improvement plan announced in February 2023.

Under this plan, the company optimized and rationalized its network of plasma centers, which contributed notably to improving CPL thanks to greater process efficiencies and an enhanced donor experience. Another highlight is the implementation of new, more efficient plasmapheresis equipment which increases yield.

The company currently operates more than 390 plasma centers, which constitute the largest private plasma supply network in the world.

As part of its pledge to help countries achieve self-sufficiency in plasma and plasma medicines, Grifols stands as an industry leader in promoting public-private collaborations, with agreements in Canada, Egypt and other countries.

FINANCIAL RESULTS

In 2023, gross margin increased to 39.4% (37.8% including Biotest), driven by strong revenue growth and lower cost per liter of plasma (CPL) as a result of the operational improvement plan.

Grifols' 2023 income statement has started to reflect the benefits from the drop in CPL following its all-time high in July 2022, taking into account the approximate nine-month lag in inventory accounting in the plasma industry. In this regard, the improvement in CPL led to a higher profit margin in the second half of 2023, and is expected to continue to have a positive impact in the 2024 fiscal year.

Reported EBITDA stood at EUR 1,265 million in 2023 (EUR 1,251 million including Biotest). At the same time, adjusted EBITDA³ reached EUR 1,455 million, representing a margin of 24.0% on revenues, and EUR 1,474 million, with a 22.4% margin, including Biotest.

The sequential expansion of the EBITDA margin throughout the year was supported by the growth of all Biopharma-led business units, cost savings stemming from the operational improvement plan, and operating leverage.

The financial result stood at EUR -574.5 million in 2023 (EUR -442.9 million in 2022).

³ Adjusted EBITDA excluding and including Biotest does not account for EUR 190 million and EUR 223 million of non-recurring expenses, respectively, which include EUR 159 million of restructuring costs which arose from the implementation of the operational improvement plan.

GRIFOLS, S.A. AND SUBSIDIARIES

Consolidated Interim Director's Report for the year ended December 31, 2023

Reported net income was positive at EUR 59.3 million in 2023 (EUR 208.3 million in 2022), but mainly reflects EUR 118.8 million of non-recurring restructuring costs recognized over the course of the fiscal year.

BALANCE SHEET

On December 31, 2023, the balance sheet stood at EUR 21,326 million, compared with EUR 21,534 million on December 31, 2022. Strategic investments made in recent years to boost plasma procurement and reinforce innovation projects have been instrumental in driving the group's growth.

Inventory control, collection and payment periods

Inventories remained stable at EUR 3,445 million with a turnover of 307 days (296 days in December 2022) due to the progressive impact of the improved cost per liter of plasma in a context of increased supply. Average collection and payment periods remained stable at 35 days (36 days in 2022) and 56 days (53 days in 2022). The average payment period to suppliers of the Spanish group companies was 72 days, similar to the previous year's average of 69 days. All these figures include Biotest except for average payment period.

Working-capital management

Improvements in working-capital management continue to optimize Grifols' financial structure. As of December 31, 2023, the company's liquidity position stood at EUR 1,141 million, including EUR 526 million in cash.

Operational improvement and cost savings plan

Fully executed in 2023 and designed to reduce the cost base, this plan has elevated Grifols' operating cash flow and financial performance, generating over EUR 450 million in annualized cost savings. Given the approximately nine-month inventory accounting lag applied in the plasma industry, most of these savings will be reflected in the company's 2024 income statement.

Deleveraging commitment

Deleveraging remains a core priority for Grifols, which reiterates its aim of reducing debt on its balance sheet. At the close of 2023, the debt ratio fell to 6.3x (7.1x in December 2022) following an uptick in EBITDA and operating cash flow generation, which stood at EUR 208 million in 2023 (EUR 351 million excluding exceptionals).

Including the sale of SRAAS share capital to Haier Group, the debt ratio would stand at 5.4x (pro forma). Grifols continues to advance in its objective of reaching 4.0x.

Evolution of equity

On December 31, 2023, shareholder equity totaled EUR 8,011 million. Grifols' share capital is represented by 426,129,798 ordinary shares (Class A), with a nominal value of EUR 0.25 per share, and 261,425,110 non-voting shares (Class B), with a nominal value of EUR 0.05 per share.

GRIFOLS, S.A. AND SUBSIDIARIES

Consolidated Interim Director's Report for the year ended December 31, 2023

Grifols ordinary shares (Class A) are listed on the Spanish Stock Market and form part of the IBEX-35 (GRF) and non-voting shares (Class B) are listed on the Spanish Stock Market (GRF.P). Grifols Class A and B shares are also listed on NASDAQ (GRFS) through ADRs (American Depositary Receipts).

The company continues the suspension of the cash dividend payment until debt is below 4x/EBITDA, as announced in September 2021.

LIQUIDITY AND CAPITAL RESOURCES

The debt ratio dropped to 6.3x (5.4x pro forma considering the SRAAS divestment). Grifols is making progress toward its goal of reaching 4x. The liquidity position totaled EUR 1,141 million, including a cash position of EUR 526 million.

Cash flows from operating activities

In 2023, net cash flows from operating activities continued on their positive trend fueled by solid business performance and the effective 100% implementation of the operational improvement plan announced at the onset of 2023. Operating cash flows reached EUR 208 million (EUR 351 million excluding one-offs), compared to the -EUR 11 million reported in 2022.

Cash flow from investing activities

Net cash flows from investment activities totaled -EUR 398 million, the most significant of which was capital expenditures (CAPEX). These were focused primarily on Biopharma's new production facilities, including investments in the plasma fractionation, immunoglobulin purification and albumin plants in Montreal (Canada), as well as in the new albumin plant in Dublin. Investments were also made in various IT and digitalization-related projects.

Cash flow from financing activities

Cash flow from financing activities totaled EUR 182 million.

Capital resources and credit ratings

On December 31, 2023, Grifols' net financial debt was EUR 9,420 million, excluding the impact of IFRS 16⁴.

In 2023, the company has continued to actively reduce its debt ratio both organically and inorganically through divestments of specific assets. As part of its inorganic debt reduction strategy, Grifols announced a strategic alliance with Haier Group, which includes the sale of ~20% of SRAAS capital for USD 1,800 million.

As of December 2023, the company's net financial debt to EBITDA ratio stood at 6.3x and at 5.4x pro forma including the SRAAS divestment. The company is on track to meet its goal of reaching 4x.

⁴ At December 31, 2023, the impact of the application of IFRS 16 on debt is EUR 997 million.

GRIFOLS, S.A. AND SUBSIDIARIES

Consolidated Interim Director's Report for the year ended December 31, 2023

Furthermore, in 2023 Grifols continued to optimize its financial structure. At the close of this report, 59% of Grifols' debt is linked to fixed interest rates. While there are no significant debt maturities before 2025 and no periodic financial covenants, this financial structure lessens the impact of interest rate rises.

Grifols expects to meet its 2025 debt maturities mainly by using the proceeds from the SRAAS divestment. With the support of its main banks, the company has marked a clear path to fulfil its expected maturities, while remaining steadfast in its pledge to meet its debt reduction targets.

CAPITAL EXPENDITURES (CAPEX) AND INDUSTRIAL ACTIVITY

In 2023, Grifols advanced its capital investment plan to expand and improve the production facilities of its business units. The company has greatly optimized its CAPEX resource allocations considering the investments already made in recent years. In 2023, capital expenditures stood at EUR 210 million (EUR 266 million in 2022⁵).

U.S.: FDA approves Clayton's new purification and filling plant

The immunoglobulin (Gamunex[®] -C.) purification and filling plant in Clayton (North Carolina) received FDA approval, giving the company the flexibility to expand operations as needed. With this plant, Grifols increases its Gamunex production capacity by up to 16 million grams.

U.S.: new fractionation plant operational. +6 M liters of plasma/year

The new plasma fractionation plant in North Carolina, with a capacity to fractionate six million liters of plasma per year, is now operational, giving Grifols an additional annual fractionation capacity of six million liters of plasma equivalent.

Spain: construction under way of a topical fibrin and thrombin plant

Construction continued in 2023 on a fibrin adhesive and topical thrombin production plant in Barcelona, set to increase production capacity to 3.3 million liters of plasma equivalent per year for the production of fibrin adhesive and 6.4 million liters of plasma equivalent per year for the production of topical thrombin.

Ireland: new albumin purification plant

Grifols inaugurated its new sterile albumin purification dosing and filling plant in Dublin in flexible packaging, quadrupling its capacity for filling albumin in this format. The installation incorporates the latest eco-efficiency technologies to save energy and water, testament to Grifols' leadership in industrial design and engineering.

Canada: fractionation and purification facilities upgrade

Upgrades continue on Grifols' industrial facilities in Quebec (Canada), which include a fractionation plant with a capacity of 1.5 million liters of plasma per year and two purification plants.

⁵ For comparison purposes, figure reported in 2022 (EUR 297m) differs following a change of criteria in 2023 as software is not considered CAPEX anymore

GRIFOLS, S.A. AND SUBSIDIARIES
Consolidated Interim Director's Report for the year ended
December 31, 2023

CORPORATE TRANSACTIONS AND ACQUISITIONS

Strategic alliance with Haier Group

In December 2023, Grifols announced a Strategic Alliance and Share Purchase Agreement with Haier Group Corporation ("Haier") for the sale of approximately a 20% equity stake in SRAAS in exchange for RMB 12.5 billion (approximately US\$ 1.8 billion), while retaining a stake in SRAAS of 6.58%. The current commercial strategic collaboration arrangements between Grifols and SRAAS remain in place. The parties have agreed that Grifols will keep one board member at SRAAS' Board of Directors.

Through a share purchase agreement, Grifols will sell approximately 20% of its stake in SRAAS to Haier for RMB 12,500 million (USD 1,800 million) in cash at a share price of RMB 9.405. Grifols will continue to hold a significant ~6.6% stake in SRAAS, as well as a member on its board of directors.

Grifols and SRAAS will amend the existing Exclusive Distribution Agreement of human serum Albumin to the Chinese market entered into with SRAAS to extend its current term for an initial period of 10 years (until 2034), having SRAAS the option to extend for an additional 10 year period, with guaranteed minimum supply volumes for 2024-2028 period. Demand for albumin in China is expected to continue to grow significantly in the coming years. It currently accounts for more than 50% of global albumin consumption.

The closing of this transaction is subject to customary closing conditions, including regulatory approvals.

CORPORATE GOVERNANCE

Thomas Glanzmann appointed new CEO

In February 2023, Grifols' Board of Directors appointed Thomas Glanzmann as Grifols' new Executive Chairperson, following the resignation of Steve F. Mayer for personal and health reasons. The new chairperson has been a Grifols board member for more than 16 years and vice chairperson since 2017, in addition to chairing Grifols' Sustainability Committee since 2020.

Reinforcing corporate governance with the creation of SELT

In the first quarter of 2023, Grifols also made changes to its executive governance bodies. Grifols' Board of Directors streamlined the functions of Executive Chairperson and Chief Executive Officer (CEO), both now led by Thomas Glanzmann, while the position of Co-CEO has evolved into the Senior Executive Leadership Team (SELT), led by Mr. Glanzmann and comprising Raimon Grifols, Chief Corporate Officer (CCO); Víctor Grifols Deu, Chief Operating Officer (COO); and Alfredo Arroyo, Chief Financial Officer (CFO).

The SELT's areas of responsibility include capital allocation, strategy definition, communication, human resources policies, business performance and oversight of key projects and priorities.

GRIFOLS, S.A. AND SUBSIDIARIES

Consolidated Interim Director's Report for the year ended December 31, 2023

New leadership and management team

Grifols requires a robust team and strong leadership to fully realize its potential and consolidate its standing as a global powerhouse in the plasma industry. To this effect, Grifols appointed two new senior executives in the third quarter.

Dr. Jörg Schüttrumpf was appointed Chief Scientific Innovation Officer (CSIO) and will focus on accelerating the development of differentiated plasma and non-plasma medicines in key therapeutic areas, building on Grifols' strong innovation portfolio.

Miguel Louzan was named Chief Digital Information Officer (CDIO) to lead digital and data transformation, focusing his work on accelerating the company's use of digital platforms and new technologies to transform and reinforce critical business activities such as plasma donor and customer relationships, manufacturing operations, new therapy development and cybersecurity.

AGREEMENTS

Termination of the labor force reduction plan at Grifols S.A.

On March 31, Grifols S.A.'s labor force reduction plan (ERE) in Spain came to an end. This was implemented as part of the Operational improvement plan. The final agreement reached in Spain with the employees' legal representatives has reduced the number of affected employees from 92 to 51.

Agreement to guarantee plasma supply in Canada

At the close of the second quarter of 2023, Grifols announced an agreement with the local company Canadian Plasma Resources (CPR) to obtain plasma donated at its centers. This agreement, together with the plan to set up its own network of plasma donation centers in Canada, will enable Grifols to fulfill its commitment to Canadian Blood Services (CBS).

Specifically, in September 2022, Grifols announced a partnership with Canadian Blood Services (CBS) to form an all-Canadian supply chain with the goal of progressively reaching the plasma volumes needed to produce 2.4 million grams of immunoglobulin per year by 2026, helping propel the country forward in essential plasma medicine self-sufficiency.

INNOVATION

Grifols makes further strides in innovation

Grifols' innovation pipeline continues to make solid progress focusing on lifecycle management and new indications. Fueled by internal research and external innovation, the company achieved all its milestones set for 2023, including the completion of patient enrollment for the PRECIOSA and SPARTA studies, and the successful completion of the GigaGen GIGA564 and GIGA2339 trials.

Biotest trials also continue gaining ground. In February 2024, Grifols announced positive results from Biotest's Phase 3 clinical trial for fibrinogen concentrate, marking significant headway in treating acquired fibrinogen

GRIFOLS, S.A. AND SUBSIDIARIES

Consolidated Interim Director’s Report for the year ended

December 31, 2023

deficiency. The trial achieved its primary goal, demonstrating efficacy equivalent to standard care and an excellent safety profile.

This positions the fibrinogen concentrate favorably for its approval in Europe and the U.S. and sets it on course to becoming the first fibrinogen concentrate approved for Acquired Fibrinogen Deficiency in the U.S., accessing a global market with an estimated potential of USD 800 million.

Progress at Biotest, including the immunoglobulin Yimmugo[®], already marketed in some European countries, and the Phase 3 clinical trial of Trimodulin, has reinforced Grifols’ position in plasma-derived medicine. These developments not only contribute to future financial performance, but also offer promising treatments, underpinning the company’s commitment to addressing unmet medical needs through innovative solutions.

Collaborations that drive innovation and knowledge

Grifols signed a global collaboration and licensing agreement with Selagine, a pioneering developer of eye disease treatments, to explore the potential of an immunoglobulin eye drop to treat dry eye disease, a pathology that affects more than 100 million people worldwide.

Once clinical development is completed and regulatory approvals are obtained, the potential treatment would become the first indication toward a Grifols’ immunoglobulin for an ocular surface disease.

OTHER INFORMATION

Treasury stock

The transactions carried out with treasury stock during 2023 are set out in the notes to the consolidated financial statements attached to this report. As of December 31, 2023, Class A treasury shares totaled 3,944,430 and Class B treasury shares amounted to 4,518,199 shares.

Subsidies

Subsidies received by Grifols correspond mainly to initiatives related to employee training and job creation.

Thousands of euros	Subsidies
Spain	468
U.S.	1,305

Subsequent events

On January 9, 2024, a short seller investor issued a report based on speculation and false information regarding Grifols’ accounting and financial information. Although the company’s fundamentals remain sound and unchanged and all financial information was duly reported in the audited financial statements, this action had a significant impact on Grifols’ share price and corporate reputation.

GRIFOLS, S.A. AND SUBSIDIARIES

Consolidated Interim Director's Report for the year ended December 31, 2023

The company is currently working to restore the confidence of markets, shareholders and other stakeholders in three key areas:

- Communication and collaboration with the Spanish regulator (CNMV).

Transparent communication with all our stakeholders: sharing our clear response to the published report through live conference calls and multiple official communications on the company's website and on the CNMV portal. All press releases are publicly available on Grifols' website (<https://www.grifols.com/es/informacion-relevante>).

- Clear and transparent communication with our teams and employee representatives, including major unions.
- Reinforced communication with investors, official communications, direct phone calls, video calls and e-mails.
- The company filed a complaint⁶ in the United States District Court for the Southern District of New York against Daniel Yu, Gotham City Research LLC, General Industrial Partners LLP, Cyrus de Weck, and their affiliates to claim for the financial and reputational damages caused to Grifols and their stakeholders as a result of the defendants' actions.
- The company established a working group comprising senior managers from the legal, communications, finance, investor relations and management teams, together with external advisors with expertise in communications.

Foreseeable evolution of the group

Grifols boasts strong fundamentals and a clear strategy to strengthen its position in the future. The foundations for the company's roadmap for the coming years include: maintaining a focus on its core areas by driving the company's growth through Biopharma, Diagnostic and Bio Supplies; spearheading innovation through a product portfolio with a high competitive and differential advantage; advancing in the process of global expansion in existing and new markets, through new alliances and disruptive business models; enhancing the donor experience to meet their needs; and continuing to optimize operations and efficiencies, making greater use of new technologies and digitization.

In parallel, Grifols continues to focus on talent development reflected in the continuous training of its workforce; promoting cross-cutting initiatives and teams; and strengthening its leadership, which led to a reorganization in its senior management team. Finally, promoting sustainability continues to be the cornerstone of Grifols' long-term business model with environmental, social and corporate governance (ESG) at its core.

In its quest for sustainable growth and further strengthening its robust industry status, the company conducted an in-depth analysis of its business areas and functions, evaluating opportunities for greater organizational

⁶ Official communication on the lawsuit filed:

<https://www.cnmv.es/webservices/verdocumento/ver?t=%7b3498d0f6-c93e-4f95-8add-001b02c1cf28%7d>

GRIFOLS, S.A. AND SUBSIDIARIES

Consolidated Interim Director's Report for the year ended December 31, 2023

efficiency and enhanced profitability. In this process, it aims not only to fortify its financial standing, but to evolve into a more agile and responsive enterprise.

*For more information on governance changes, please refer to the Other Relevant Information sent to the CNMV.

Net revenue by division and region for the fourth quarter 2023

In thousands of euros	Q4 2023			Q4 2022			% vs PY			
	Grifols	Biotest	Grifols incl. Biotest	Grifols	Biotest	Grifols incl. Biotest	Grifols excl. Biotest Reported	Biotest At cc*	Grifols incl. Biotest Reported	Biotest At cc*
Revenue by Business Unit	1,633,072	136,478	1,769,550	1,557,558	155,186	1,712,744	4.8%	11.1%	3.3%	9.0%
Biopharma	1,355,945	136,478	1,492,423	1,272,125	155,186	1,427,311	6.6%	13.0%	4.6%	10.3%
Diagnostic	172,498	-	172,498	172,236	-	172,236	0.2%	6.4%	0.2%	6.4%
Bio Supplies	41,285	-	41,285	49,309	-	49,309	(16.3%)	(11.3%)	(16.3%)	(11.3%)
Others & intersegments	63,344	-	63,344	63,888	-	63,888	(0.9%)	2.5%	(0.9%)	2.5%
Revenue by Country	1,633,072	136,478	1,769,550	1,557,558	155,186	1,712,744	4.8%	11.1%	3.3%	9.0%
US + CANADA	1,005,889	-	1,005,889	1,043,964	-	1,043,964	(3.6%)	3.2%	(3.6%)	3.2%
EU	269,587	69,385	338,972	217,508	73,030	290,538	23.9%	24.4%	16.7%	16.9%
ROW	357,596	67,093	424,689	296,086	82,156	378,242	20.8%	29.2%	12.3%	18.8%

* Constant currency (cc) excludes exchange rate fluctuations over the period.

Net revenue by division and region for the full year 2023

In thousands of euros	FY 2023			FY 2022			% vs PY			
	Grifols	Biotest	Grifols incl. Biotest	Grifols	Biotest	Grifols incl. Biotest	Grifols excl. Biotest Reported	Biotest At cc*	Grifols incl. Biotest Reported	Biotest At cc*
Revenue by Business Unit	6,088,891	503,086	6,591,977	5,702,728	361,239	6,063,967	6.8%	9.1%	8.7%	10.9%
Biopharma	5,055,215	503,086	5,558,301	4,644,143	361,239	5,005,382	8.9%	11.3%	11.0%	13.3%
Diagnostic	670,269	-	670,269	671,292	-	671,292	(0.2%)	2.3%	(0.2%)	2.3%
Bio Supplies	159,957	-	159,957	146,076	-	146,076	9.5%	11.3%	9.5%	11.3%
Others & intersegments	203,450	-	203,450	241,217	-	241,217	(15.7%)	(14.7%)	(15.7%)	(14.7%)
Revenue by Country	6,088,891	503,086	6,591,977	5,702,728	361,239	6,063,967	6.8%	9.1%	8.7%	10.9%
US + CANADA	3,897,511	1,450	3,898,961	3,853,488	2,119	3,855,607	1.1%	3.5%	1.1%	3.4%
EU	990,925	265,002	1,255,927	851,795	180,416	1,032,211	16.3%	16.4%	21.7%	21.7%
ROW	1,200,455	236,634	1,437,089	997,445	178,704	1,176,149	20.4%	24.7%	22.2%	25.9%

* Constant currency (cc) excludes exchange rate fluctuations over the period.

GRIFOLS, S.A. AND SUBSIDIARIES

Consolidated Interim Director's Report for the year ended

December 31, 2023

ANNEX - NON-GAAP (IFRS-EU) MEASURES RECONCILIATION OR ALTERNATIVE PERFORMANCE MEASURES (APM)

To complement the consolidated financial statements presented in accordance with International Financial Reporting Standards (IFRS), Grifols provides the following tables and reconciliations. These tables contain APM measures, which are used in conjunction with financial metrics in accordance with IFRS. Their purpose covers budget setting, business management, operational and financial performance evaluation, as well as comparison with prior periods and competitors. The inclusion of these measures is useful as it allows for analysis and comparison of profitability and solvency across companies and industries, eliminating accounting and financial effects that are not directly related to cash flows.

In addition, Grifols presents non-financial measures because they are commonly used by investors, securities analysts, and other market players. These measures complement the analysis of financial performance and should be considered in conjunction with IFRS metrics, not as a replacement for them.

The following tables set out the measures and ratios commonly used by Grifols, including their name, purpose and, in the case of ratios, how they are calculated.

<i>Alternative Performance Measures</i>	<i>Definition</i>	<i>Aim / Purpose</i>
Revenue at constant currency	Reported revenue + variation due to exchange rate impact	Excludes fluctuations in the exchange rates of the different currencies in which Grifols reports revenues in order to facilitate to facilitate the comparison between different financial periods and the understanding of their evolution.
Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) or Gross Operating Profit	Operating profit + depreciation, amortization and provisions	El EBITDA ("Earnings Before Interest, Tax, Depreciation and Amortization") evaluates operating results without taking into account large expense items that have no impact on cash flows. This metric provides a more accurate and comparable understanding of the company's performance.

GRIFOLS, S.A. AND SUBSIDIARIES

Consolidated Interim Director's Report for the year ended

December 31, 2023

<p>EBITDA adjusted</p>	<p>Same as above + extraordinary costs - extraordinary revenues</p> <p>For more information about these extraordinary amounts, see reconciliation tables below.</p>	<p>More accurately reflects the company's organic performance, including or excluding certain non-recurring amounts, see detail below:</p> <p>- Restructuring costs: in 2022 and 2023, the company incurred a set of extraordinary costs in order to significantly reduce its cost structure following the impact of COVID-19.</p> <p>In this regard, in 2022 the company implemented a comprehensive operational improvement plan ("Operational Improvement Plan") designed to strengthen its competitiveness and create a leaner and more efficient organization. This plan is estimated to achieve annual cost savings of more than 450 million euros. The result of this initiative translates into a significant reduction in the company's total cost base, an improvement in its operating cash flow, and the establishment of a more dynamic and efficient operating model.</p> <p>This is the first time the company has implemented such a plan. These impacts have been considered of a non-recurring nature because it is not a plan that is carried out on an annual basis, as well as for its own extraordinary nature.</p> <p>Specifically in the year 2022, costs of €36.1 million were incurred, mainly related to the closure of 18 plasma centers with the aim of optimizing the plasma center network. Additionally, in 2023, a restructuring impact related to this Operational Improvement Plan is recorded, totaling €159.3 million.</p> <p>- Transaction costs: during the COVID-19 period, the company decides that it needs to make significant investments to reinforce</p>
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GRIFOLS, S.A. AND SUBSIDIARIES

Consolidated Interim Director's Report for the year ended

December 31, 2023

		<p>its innovation, specifically its R&D product portfolio. In this sense, Grifols acquires Biotest in September 2021 and closes the acquisition in April 2022. The objective of this transaction is based on acquiring two new key proteins for its portfolio that will contribute to improving profitability and plasma liter revenues. In addition to enhancing its economic performance, this transaction will contribute to expanding and diversifying Grifols' plasma supply; it will strengthen its operations and revenues in Europe, the Middle East, and Africa.</p> <p>Related to the execution of this transformative and, therefore, extraordinary strategic operation, costs are incurred in 2022, primarily representing transaction costs adjusted to EBITDA in this fiscal year.</p> <p>In 2023, transaction costs are related to the strategic transaction in China with Haier Group, through which it will sell approximately a 20% stake in Shanghai RAAS to Haier for approximately USD 1.8 billion. The extraordinary nature of this transaction must be taken into account in the context of the company's leverage.</p> <p>-Diagnostic commercial true-up: excludes the extraordinary impact related to revenue recognized as a result of winning a litigation with a customer in the Diagnostics business unit in the first half of 2023.</p> <p>-Impairments: in 2022, it refers to an impairment in the Diagnostic Business unit, and in 2023 it refers to an impairment in "Others" business unit.</p>
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GRIFOLS, S.A. AND SUBSIDIARIES

Consolidated Interim Director's Report for the year ended

December 31, 2023

		<p>- Access Biologicals gain: in 2022, the acquisition of the remaining 51% of the share capital of Access Biologicals took place. The accounting for this transaction resulted in a positive impact on the reported EBITDA due to the recognition of the difference between the fair value of the previous stake and the value recognized in the books derived from the business combination according to IFRS 3 criteria. We consider this impact as non-recurring. Therefore, it has been excluded from the adjusted EBITDA in the second quarter of 2022 as a better way to reflect the company's EBITDA recurrence.</p> <p>Divestment gain: Negative adjustment to EBITDA following the divestment of MedKeeper in 2022. This impact (negative adjustment) has been excluded in the third quarter of 2023 as it is considered non-recurring, linked to an extraordinary divestment decision. The reason for the transaction is that this company was not linked to Grifols' core operations.</p> <p>-Biotest Next Level (BNL) project: in 2023, this refers to a specific project aimed at increasing Biotest's production capacity in Dreieich, Germany.</p> <p>It has been decided to adjust the costs strictly related to this project due to the extraordinary and non-recurring nature of this project due to the high investment in terms of operating expenses required to start up the company's production facilities. Failure to adjust for this impact would distort the picture of the company's level of recurring operating expenses.</p>
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GRIFOLS, S.A. AND SUBSIDIARIES

Consolidated Interim Director’s Report for the year ended

December 31, 2023

		Other Non-Recurring Items: Primarily in 2022, arising from a lawsuit by a group of donors in the state of Illinois following the Biometric Information Privacy Act (BIPA), Grifols incurred an extraordinary net impact of €6.1 million. No similar cases to those described above have occurred.
EBITDA adjusted 12M	EBITDA calculated considering the last 12 months	To make comparable periods that do not necessarily coincide with the closing months of the fiscal year. Refer to the term "adjusted" to the immediately preceding point.
EBITDA adjusted as per Credit Agreement	Definition established in the Grifols Credit Agreement. defined as net income on a consolidated basis for the Group, plus (i) all financial results, (ii) any losses on ordinary course hedging obligations, (iii) any foreign currency translation, transaction or exchange losses, (iv) any loss of any equity-accounted investee, (v) tax expense, (vi) depreciation, (vii) amortization, write-offs, write-downs, and other non-cash charges, losses and expenses, (viii) impairment of intangibles, (ix) non-recurring losses, (x) transactions costs, (xi) extraordinary, unusual, or non-recurring charges and expenses including transition, restructuring and “carveout” expenses, (xii) any costs and expenses relating to the Issuer’s potential or actual issuance of Equity Interests and (xiii) the amount of cost savings, adjustments, operating expense reductions, operating improvements and synergies, in each case on a “run rate” basis and in connection with acquisitions, investments, restructurings, business optimization projects and other operational changes and initiatives; less (i) interest income, (ii) non-recurring gains, (iii) any income or gains on ordinary course hedging obligations	Measure used to calculate the leverage ratio.

GRIFOLS, S.A. AND SUBSIDIARIES

Consolidated Interim Director's Report for the year ended

December 31, 2023

	(iv) foreign currency translation, transaction or exchange gains and (v) any income of any equity-accounted investee, in each case, for the last 12 months.	
EBIT (Earnings Before Interest and Taxes)	Revenue – operating expenses	Measures profitability and reflects earnings before interest expense and taxes
Net financial debt as per Credit Agreement	<p>Definition established in the Grifols Credit Agreement. Amount by which Grifols's total financial liabilities exceed its total financial assets, including cash and cash equivalents. It excludes the impact of IFRS 16, which specifies how an IFRS reporter will recognize, measure, present and disclose leases.</p> <p>Non-current financial liabilities – Non-recurrent lease liabilities (IFRS16) + Current financial liabilities – Current lease liabilities (IFRS16) – Cash and cash equivalents</p>	Measure used to calculate the leverage ratio.
Leverage ratio	Net financial debt as per Credit Agreement / EBITDA adjusted 12M as per Credit Agreement	Measure of the company's ability to repay its debt based on the company's operating income, based on EBITDA, without taking into net financial results, taxes, depreciation and amortization.
R&D net investment	R&D current expenses in P&L + R&D capitalized – R&D depreciation, amortization and write-offs + R&D CAPEX fixed assets + R&D external	A more accurate reflection of the resources that the company is allocating to its research and development activities. Excludes capitalizations and amortizations associated with research and development (R&D) projects.
CAPEX	PP&E Additions – interest capitalized	Breaks down the cash flow that the company invests in its productive capacity, as well as increases in productivity and efficiency in its processes. The impact of financing is excluded, as it does not provide an operational view of the business and could distort the analysis.

Reconciliation of APM to Financial Statements

For reconciliation purposes, detailed information is provided below.

GRIFOLS, S.A. AND SUBSIDIARIES
Consolidated Interim Director's Report for the year ended
December 31, 2023

Net revenues by division reported at constant currency for the fourth quarter of 2023, including Biotest

<i>In thousands of euros</i>	Q4 2023	Q4 2022	% Var
Reported Net Revenues	1,769,550	1,712,744	3.3%
Variation due to Exchange Rate Effects	96,978		
Net Revenues at Constant Currency	1,866,528	1,712,744	9.0%
<i>In thousands of euros</i>	Q4 2023	Q4 2022	% Var
Reported Biopharma Net Revenues	1,492,423	1,427,311	4.6%
Variation due to Exchange Rate Effects	81,643		
Reported Biopharma Net Revenues at Constant Currency	1,574,066	1,427,311	10.3%
<i>In thousands of euros</i>	Q4 2023	Q4 2022	% Var
Reported Diagnostic Net Revenues	172,498	172,236	0.2%
Variation due to Exchange Rate Effects	10,731		
Reported Diagnostic Net Revenues at Constant Currency	183,229	172,236	6.4%
<i>In thousands of euros</i>	Q4 2023	Q4 2022	% Var
Reported Bio Supplies Net Revenues	41,285	49,309	(16.3%)
Variation due to Exchange Rate Effects	2,470		
Reported Bio Supplies Net Revenues at Constant Currency	43,755	49,309	(11.3%)
<i>In thousands of euros</i>	Q4 2023	Q4 2022	% Var
Reported Others & Intersegments Net Revenues	63,344	63,888	(0.9%)
Variation due to Exchange Rate Effects	2,134		
Reported Other & Intersegments Net Revenues at Constant Currency	65,478	63,888	2.5%
<i>In thousands of euros</i>	Q4 2023	Q4 2022	% Var
Reported U.S. + Canada Net Revenues	1,005,889	1,043,964	(3.6%)
Variation due to Exchange Rate Effects	71,524		
Reported U.S. + Canada Net Revenues at Constant Currency	1,077,413	1,043,964	3.2%
<i>In thousands of euros</i>	Q4 2023	Q4 2022	% Var
Reported EU Net Revenues	338,972	290,538	16.7%
Variation due to Exchange Rate Effects	722		
Reported EU Net Revenues at Constant Currency	339,694	290,538	16.9%
<i>In thousands of euros</i>	Q4 2023	Q4 2022	% Var
Reported ROW Net Revenues	424,689	378,242	12.3%
Variation due to Exchange Rate Effects	24,732		
Reported ROW Net Revenues at Constant Currency	449,421	378,242	18.8%

GRIFOLS, S.A. AND SUBSIDIARIES
Consolidated Interim Director's Report for the year ended
December 31, 2023

Net revenues by division reported at constant currency for the fourth quarter of 2023, excluding Biotest

<i>In thousands of euros</i>	Q4 2023	Q4 2022	% Var
Reported Net Revenues	1,633,072	1,557,558	4.8%
Variation due to Exchange Rate Effects	97,335		
Net Revenues at Constant Currency	1,730,407	1,557,558	11.1%
<i>In thousands of euros</i>	Q4 2023	Q4 2022	% Var
Reported Biopharma Revenues	1,355,945	1,272,125	6.6%
Variation due to Exchange Rate Effects	82,000		
Reported Biopharma Net Revenues at Constant Currency	1,437,945	1,272,125	13.0%
<i>In thousands of euros</i>	Q4 2023	Q4 2022	% Var
Reported U.S. + Canada Net Revenues	1,005,889	1,043,964	(3.6%)
Variation due to Exchange Rate Effects	71,524		
Reported U.S. + Canada Net Revenues at Constant Currency	1,077,413	1,043,964	3.2%
<i>In thousands of euros</i>	Q4 2023	Q4 2022	% Var
Reported EU Net Revenues	269,587	217,508	23.9%
Variation due to Exchange Rate Effects	978		
Reported EU Net Revenues at Constant Currency	270,565	217,508	24.4%
<i>In thousands of euros</i>	Q4 2023	Q4 2022	% Var
Reported ROW Net Revenues	357,596	296,086	20.8%
Variation due to Exchange Rate Effects	24,833		
Reported ROW Net Revenues at Constant Currency	382,429	296,086	29.2%

GRIFOLS, S.A. AND SUBSIDIARIES
Consolidated Interim Director's Report for the year ended
December 31, 2023

Net revenues by division reported at constant currency for the full year 2023, including Biotest

<i>In thousands of euros</i>	2023	2022	% Var
Reported Net Revenues	6,591,977	6,063,967	8.7%
Variation due to Exchange Rate Effects	133,610		
Net Revenues at Constant Currency	6,725,587	6,063,967	10.9%
<i>In thousands of euros</i>	2023	2022	% Var
Reported Biopharma Net Revenues	5,558,301	5,005,382	11.0%
Variation due to Exchange Rate Effects	112,083		
Reported Biopharma Net Revenues at Constant Currency	5,670,384	5,005,382	13.3%
<i>In thousands of euros</i>	2023	2022	% Var
Reported Diagnostic Net Revenues	670,269	671,292	(0.2%)
Variation due to Exchange Rate Effects	16,517		
Reported Diagnostic Net Revenues at Constant Currency	686,786	671,292	2.3%
<i>In thousands of euros</i>	2023	2022	% Var
Reported Bio Supplies Net Revenues	159,957	146,076	9.5%
Variation due to Exchange Rate Effects	2,655		
Reported Bio Supplies Net Revenues at Constant Currency	162,612	146,076	11.3%
<i>In thousands of euros</i>	2023	2022	% Var
Reported Others & Intersegments Net Revenues	203,450	241,217	(15.7%)
Variation due to Exchange Rate Effects	2,354		
Reported Other & Intersegments Net Revenues at Constant Currency	205,804	241,217	(14.7%)
<i>In thousands of euros</i>	2023	2022	% Var
Reported U.S. + Canada Net Revenues	3,898,961	3,855,607	1.1%
Variation due to Exchange Rate Effects	88,993		
Reported U.S. + Canada Net Revenues at Constant Currency	3,987,954	3,855,607	3.4%
<i>In thousands of euros</i>	2023	2022	% Var
Reported EU Net Revenues	1,255,927	1,032,211	21.7%
Variation due to Exchange Rate Effects	749		
Reported EU Net Revenues at Constant Currency	1,256,676	1,032,211	21.7%
<i>In thousands of euros</i>	2023	2022	% Var
Reported ROW Net Revenues	1,437,089	1,176,149	22.2%
Variation due to Exchange Rate Effects	43,868		
Reported ROW Net Revenues at Constant Currency	1,480,957	1,176,149	25.9%

GRIFOLS, S.A. AND SUBSIDIARIES
Consolidated Interim Director's Report for the year ended
December 31, 2023

Net revenues by division reported at constant currency for the full year 2023, excluding Biotest

<i>In thousands of euros</i>	2023	2022	% Var
Reported Net Revenues	6,088,891	5,702,728	6.8%
Variation due to Exchange Rate Effects	133,233		
Net Revenues at Constant Currency	6,222,124	5,702,728	9.1%

<i>In thousands of euros</i>	2023	2022	% Var
Reported Biopharma Revenues	5,055,215	4,644,143	8.9%
Variation due to Exchange Rate Effects	111,706		
Reported Biopharma Net Revenues at Constant Currency	5,166,921	4,644,143	11.3%

<i>In thousands of euros</i>	2023	2022	% Var
Reported U.S. + Canada Net Revenues	3,897,511	3,853,488	1.1%
Variation due to Exchange Rate Effects	88,993		
Reported U.S. + Canada Net Revenues at Constant Currency	3,986,504	3,853,488	3.5%

<i>In thousands of euros</i>	2023	2022	% Var
Reported EU Net Revenues	990,925	851,795	16.3%
Variation due to Exchange Rate Effects	969		
Reported EU Net Revenues at Constant Currency	991,894	851,795	16.4%

<i>In thousands of euros</i>	2023	2022	% Var
Reported ROW Net Revenues	1,200,455	997,445	20.4%
Variation due to Exchange Rate Effects	43,271		
Reported ROW Net Revenues at Constant Currency	1,243,726	997,445	24.7%

GRIFOLS, S.A. AND SUBSIDIARIES
Consolidated Interim Director's Report for the year ended
December 31, 2023

Reconciliation of other figures for full year 2023:

- **Leverage ratio as per Credit Agreement, including Biotest**
 - o **Net financial debt as per Credit Agreement, including Biotest**

<i>In millions of euros except ratio. Including Biotest</i>	Q4'23	Q3'23	Q2'23	Q1'23	Q4'22	Q3'22	Q2'22
Non-Current Financial Liabilities	9,926	10,299	10,203	9,999	9,961	10,397	10,104
Non-recurrent Lease Liabilities (IFRS16)	(896)	(928)	(890)	(884)	(915)	(1,058)	(1,006)
Current Financial Liabilities	1,017	757	733	761	796	586	484
Recurrent Lease Liabilities (IFRS16)	(101)	(104)	(101)	(99)	(102)	(65)	(62)
Cash and Cash Equivalents	(526)	(484)	(523)	(426)	(548)	(480)	(525)
Net Financial Debt as per Credit Agreement	9,420	9,540	9,422	9,351	9,191	9,381	8,995

- o **Adjusted EBITDA as per Credit Agreement, including Biotest**

<i>In million of euros</i>	LTM Q4'23	LTM Q3'23	LTM Q2'23	LTM Q1'23	FY 2022	LTM Q3'22	LTM Q2'22
OPERATING RESULT (EBIT)	799	722	672	694	806	668	559
<i>Depreciation & Amortization</i>	(452)	(456)	(454)	(447)	(415)	(399)	(386)
Reported EBITDA	1,251	1,178	1,126	1,141	1,221	1,067	945
IFRS 16	(102)	(103)	(101)	(102)	(100)	(91)	(85)
Restructuring costs	159	165	171	174	36	46	40
Transaction costs	48	31	19	28	26	25	29
Cost savings, operating improvements and synergies on a "run rate"	135	121	121	92	100	34	68
Other one-offs	(7)	24	24	4	4	6	6
Total adjustments	233	238	234	194	66	20	58
Adjusted EBITDA LTM as per Credit Agreement	1,484	1,416	1,360	1,335	1,287	1,087	1,003
Leverage Ratio as per Credit Agreement	6.3x	6.7x	6.9x	7.0x	7.1x	8.6x	9.0x

- o **Adjusted EBITDA, including Biotest**

<i>In thousand of euros</i>	Q4 2023	Q3 2023	Q2 2023	Q1 2023	FY 2023	Q4 2022
OPERATING RESULT (EBIT)	254,785	250,588	243,396	50,629	799,398	176,947
<i>Depreciation & Amortization</i>	(112,689)	(108,976)	(107,581)	(122,511)	(451,757)	(117,406)
Reported EBITDA	367,474	359,564	350,977	173,140	1,251,156	294,353
<i>% Net revenue</i>	20.8%	22.5%	21.1%	11.1%	19.0%	17.2%
Restructuring costs	19,916	-	-	139,427	159,343	26,231
Transaction costs	19,590	13,762	9,735	4,515	47,602	696
Diagnostic commercial true-up	-	-	-	(18,830)	(18,830)	-
Impairments	1,794	-	-	-	1,794	2,700
Biotest Next Level project	33,100	-	-	-	33,100	13,482
Other non-recurring items	-	-	-	-	-	10,487
Total adjustments	74,400	13,762	9,735	125,112	223,009	53,596
Adjusted EBITDA	441,874	373,326	360,712	298,252	1,474,166	347,949
<i>% Net revenue</i>	25.0%	23.4%	21.7%	19.3%	22.4%	20.3%

GRIFOLS, S.A. AND SUBSIDIARIES

Consolidated Interim Director's Report for the year ended December 31, 2023

○ Adjusted EBITDA, excluding Biotest

<i>In thousand of euros</i>	Q4 2023	Q3 2023	Q2 2023	Q1 2023	FY 2023	Q4 2022
OPERATING RESULT (EBIT)	285,137	263,468	251,243	75,348	875,196	173,747
<i>Depreciation & Amortization</i>	(99,898)	(96,336)	(94,936)	(98,296)	(389,466)	(102,226)
Reported EBITDA	385,035	359,804	346,180	173,644	1,264,663	275,973
<i>% Net revenue</i>	23.6%	24.2%	22.7%	12.0%	20.8%	17.7%
Restructuring costs	19,916	-	-	139,427	159,343	26,231
Transaction costs	19,590	13,762	9,735	4,515	47,602	696
Diagnostic commercial true-up	-	-	-	(18,830)	(18,830)	-
Impairments	1,794	-	-	-	1,794	2,700
Other non-recurring items	-	-	-	-	-	10,487
Total adjustments	41,300	13,762	9,735	125,112	189,909	40,114
Adjusted EBITDA	426,335	373,566	355,915	298,756	1,454,573	316,087
<i>% Net revenue</i>	26.1%	25.1%	23.4%	21.0%	24.0%	20.3%

- Cash flow excluding one-offs for the fourth quarter of 2023

<i>In thousands of euros</i>	Q4 2023								Q4 2022			% vs PY		
	Grifols excl. Biotest					Biotest			Grifols incl. Biotest			Grifols incl. Biotest		
	Reported	Restructuring costs	Transaction costs	Diagnostic true-up commercial	Impairments	Total one-offs	Reported excl. One-offs	Biotest	Reported	Total one-offs	Reported excl. One-offs	Reported	Reported	Reported excl. One-offs
Reported Group Profit	64,831	14,855	14,692	-	1,794	31,341	96,172	(8,840)	55,991	31,341	67,332	20,070	179%	330%
Depreciation and Amortization	95,739	(93)	-	-	-	(93)	95,646	12,791	108,530	(93)	108,437	116,795	-7%	-7%
Net Provisions	(8,034)	17,929	-	-	(1,794)	16,135	8,101	13,866	5,833	16,135	21,968	71,059	92%	-69%
Other Adjustments and Other Changes in Working Capital	24,333	(1,846)	4,897	-	-	3,051	27,384	(41,490)	(17,157)	3,051	(14,106)	(57,619)	70%	76%
Change in Operating Working Capital	22,183	(11,342)	(137)	-	-	(11,479)	10,704	(18,994)	3,187	(11,479)	(8,292)	(82,825)	104%	90%
Changes in Inventories	(53,532)	-	-	-	-	(53,532)	-	(34,896)	(88,428)	-	(88,428)	(125,275)	29%	29%
Change in Trade Receivables	(1,313)	-	-	-	-	(1,313)	-	4,420	3,108	-	3,108	(47,398)	107%	107%
Change in Trade Payables	77,028	(11,342)	(137)	-	-	(11,479)	65,549	11,482	88,509	(11,479)	77,030	89,848	-1%	-14%
Net Cash Flow From Operating Activities	199,052	19,503	19,452	-	-	38,955	238,007	(42,667)	156,384	38,955	195,339	67,480	132%	189%
Business Combinations and Investments in Group Companies*	210	-	-	-	-	-	210	-	210	-	-	-	-	-
CAPEX	(67,064)	-	-	-	-	-	(67,064)	(11,806)	(78,869)	-	(78,869)	(93,791)	16%	16%
R&D/Other Intangible Assets	(20,563)	-	-	-	-	-	(20,563)	(3,675)	(24,240)	-	(24,240)	(50,073)	52%	52%
Other Cash Inflow / (Outflow)**	(37,670)	-	-	-	-	-	(37,670)	(1,312)	(38,981)	-	(38,981)	(146)	-26599%	-26599%
Net Cash Flow From Investing Activities	(125,087)	-	-	-	-	-	(125,087)	(16,792)	(141,880)	-	(141,880)	(144,010)	1%	1%
Free Cash Flow	73,965	19,503	19,452	-	-	38,955	112,920	(59,459)	14,504	38,955	53,459	(76,530)	119%	170%
Issue / (Repayment) of Debt	52,918	-	-	-	-	-	52,918	(10,508)	42,410	-	42,410	206,299	79%	-79%
Capital Grants	56	-	-	-	-	-	56	-	56	-	56	230	43%	-62%
Purchase / Sale of Treasury Shares	-	-	-	-	-	-	-	-	-	-	-	(3,459)	-	-
Dividends (Paid) / Received	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Flows From / (Used in) Financing Activities	-	-	-	-	-	-	-	-	-	-	-	3,913	-100%	-100%
Interco transactions and investments in Group and related companies	(109,635)	-	-	-	-	-	(109,635)	109,635	-	-	-	-	-	-
Social Security Credit rights transferred & Others	-	-	-	-	-	-	-	-	-	-	-	(4,866)	-	-
Net Cash Flow From Financing Activities	(56,661)	-	-	-	-	-	(56,661)	99,127	42,466	-	42,466	202,218	-79%	-79%
Total Cash Flow	17,304	19,503	19,452	-	-	38,955	56,259	39,668	56,970	38,955	95,925	125,687	-85%	-24%
Cash and Cash Equivalents at the Beginning of the Year	412,872	(20,591)	18,830	(104,258)	-	(106,019)	306,853	71,354	484,226	(106,019)	378,207	479,580	1%	-21%
Effect of Exchange Rate Changes in Cash and Cash Equivalents	(15,690)	-	-	-	-	-	(15,690)	59	(15,631)	-	(15,631)	(57,290)	73%	73%
Cash and Cash Equivalents at the End of the Period	414,486	(1,088)	38,282	(104,258)	-	(57,064)	347,422	111,081	525,565	(57,064)	468,501	547,977	-4%	-16%

* As of FY23, an amount of EUR37.8m has been reclassified from "Business Combinations in Group Companies" to "Other Cash Inflow / (Outflow)"

GRIFOLS, S.A. AND SUBSIDIARIES

Consolidated Interim Director's Report for the year ended December 31, 2023

- Cash flow excluding one-offs for the full year 2023

In thousands of euros	FY 2023										FY 2022			% vs FY	
	Reported	Grifols incl. Biotech				Total one-offs	Reported excl. One-offs	Biotech	Reported	Grifols incl. Biotech		Reported	Reported	Reported excl. One-offs	
		Restructuring costs	Transaction costs	Diagnosis start-up commercial	Impairments					Total one-offs	Reported excl. One-offs				
Reported Group Profit	112,948	118,815	35,994	(9,432)	1,794	147,171	260,119	(53,834)	99,315	147,171	206,486	208,279	-72%	-1%	
Depreciation and Amortization	379,626	(651)	-	-	-	(651)	378,975	62,292	441,918	(651)	441,267	407,864	8%	8%	
Net Provisions	89,292	-	-	-	(1,794)	(1,794)	87,498	11,651	100,943	(1,794)	99,149	69,983	44%	42%	
Other Adjustments and Other Changes in Working Capital	74,516	33,788	11,998	(9,398)	-	36,388	110,904	(61,293)	13,223	36,388	49,611	(99,844)	113%	150%	
Change in Operating Working Capital	(305,822)	(29,952)	(7,949)	-	-	(37,901)	(343,723)	(101,294)	(407,116)	(37,901)	(445,017)	(597,149)	52%	25%	
Changes in Investments	(299,539)	-	-	-	-	-	(299,539)	(238,956)	(427,069)	-	(427,069)	(802,465)	29%	29%	
Change in Trade Receivables	(46,625)	-	-	-	-	-	(46,625)	2,172	(45,453)	-	(45,453)	(72,528)	28%	28%	
Change in Trade Payables	39,842	(29,952)	(7,949)	-	-	(37,901)	1,941	26,589	(5,432)	(37,901)	27,530	76,614	-15%	-54%	
Net Cash Flow From Operating Activities	350,560	122,000	40,043	(18,830)	-	143,213	483,778	(142,276)	208,283	143,213	351,498	(10,967)	2017%	3338%	
Business Combinations and Investments in Group Companies*	(29,474)	-	-	-	-	-	(29,474)	-	(29,474)	-	(29,474)	(3,531,304)	98%	98%	
CAPEX	(177,573)	-	-	-	-	-	(177,573)	(2,460)	(209,538)	-	(209,538)	(291,790)	33%	33%	
R&D/Other Intangible Assets	(68,514)	-	-	-	-	-	(68,514)	(17,368)	(85,882)	-	(85,882)	(77,770)	-12%	-12%	
Other Cash Inflow / (Outflow)†	(84,199)	-	-	-	-	-	(84,199)	11,457	(72,742)	-	(72,742)	(69,999)	-4%	-4%	
Net Cash Flow From Investing Activities	(259,290)	-	-	-	-	-	(259,290)	(38,376)	(297,636)	-	(297,636)	(1,978,823)	80%	80%	
Free Cash Flow	(8,700)	122,000	40,043	(18,830)	-	143,213	134,513	(180,654)	(189,353)	143,213	(463,140)	(1,969,690)	92%	99%	
Issue / (Repayment) of Debt	185,721	-	-	-	-	-	185,721	(5,142)	180,579	-	180,579	(12,544)	194%	194%	
Capital Grants	1,456	-	-	-	-	-	1,456	-	1,456	-	1,456	2,079	-35%	-35%	
Purchase / Sale of Treasury Shares	-	-	-	-	-	-	-	-	-	-	-	(3,459)	-	-	
Dividends (Paid) / Received	-	-	-	-	-	-	-	-	-	-	-	10,125	-	-	
Other Cash Flows From / (Used in) Financing Activities	-	-	-	-	-	-	-	-	-	-	-	15,172	-	-	
Interco transactions and investments in Group and related companies	(180,142)	-	-	-	-	-	(180,142)	180,142	-	-	-	-	-	-	
Social Security Credit rights transferred & Others	-	-	-	-	-	-	-	-	-	-	-	(4,866)	-	-	
Net Cash Flow From Financing Activities	7,035	-	-	-	-	-	7,035	175,000	182,035	-	182,035	(173,462)	209%	209%	
Total Cash Flow	(1,665)	122,000	40,043	(18,830)	-	143,213	141,548	(5,814)	(7,318)	143,213	135,895	(2,163,183)	100%	100%	
Cash and Cash Equivalents at the Beginning of the Year	431,337	-	-	-	-	-	431,337	116,842	547,978	-	547,978	2,676,611	48%	48%	
Effect of Exchange Rate Changes in Cash and Cash Equivalents	(15,187)	-	-	-	-	-	(15,187)	93	(15,094)	-	(15,094)	35,551	-142%	-142%	
Cash and Cash Equivalents at the End of the Period	414,485	122,000	40,043	(18,830)	-	143,213	557,698	111,081	525,567	143,213	666,790	547,979	-4%	22%	

* As of FY23, the amount of EUR37.8m has been reclassified from "Business Combinations in Group Companies" to "Other Cash Inflow / (Outflow)"

- R&D net investment

In thousands of euros	2023	2022	% Var
R&D recurrent expenses in P&L	395.3	361.1	9.5%
R&D capitalized	51.4	36.0	42.9%
R&D depreciation, amortization and write-offs	(64.7)	(43.9)	47.5%
R&D CAPEX fixed assets	2.1	0.9	138.0%
R&D external	(1.9)	(2.8)	(31.9%)
R&D net investment	382.2	351.3	8.8%

- CAPEX

In thousands of euros	2023	2022	% Var
PP&E additions	246,430	291,676	(15.5%)
Interest capitalized	(36,862)	(25,184)	46.4%
CAPEX	209,568	266,492	(21.4%)

Note: for comparison purposes, figure reported in 2022 (EUR 297m) differs following a change of criteria in 2023 as software is not considered CAPEX anymore

GRIFOLS, S.A. AND SUBSIDIARIES

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

At their meeting held on 28 February 2024, pursuant to legal requirements, the Directors of Grifols, S.A. authorized for issue the condensed consolidated interim financial statements and interim consolidated directors' report for the period from 1 January 2023 to 31 December 2023. The consolidated annual accounts comprise the documents that precede this certification.

Thomas Glanzmann (signed) Executive Chairman	Jose Ignacio Abia (signed) Board member	Raimon Grifols Roura (signed) Board member
Víctor Grifols Deu (signed) Board member	Albert Grifols Coma- Cros (signed) Board member	Carina Szpilka Lázaro (signed) Board member
Tomás Dagà Gelabert (signed) Board member	Iñigo Sánchez-Asiaín Mardones (signed) Board member	Enriqueta Felip Font (signed) Board member
James Costos (*) Board member	Montserrat Muñoz Abellana (signed) Board member	Susana González Rodríguez (signed) Board member
Nuria Martín Barnés (signed) Secretary to the Board		

(*) Absent due to personal reasons. However, he did not express any disconformity nor opposition with the documentation.