

Grifols closes a record year and accelerates profitable growth for 2024

Revenue reaches EUR 6,592 million (+11% cc²), EBITDA adjusted improves to EUR 1,474 million (an increase of 26% cc), with clear progress towards the 4x leverage target

- Focused commitment to best-in-class corporate governance and leadership
- Revenue growth driven by Biopharma (+13.3% cc) on the back of solid growth of key plasma proteins. Diagnostic and Bio Supplies also grow by +2.3% cc and +11.3% cc, respectively
- EBITDA adjusted margin increases to 24.0%, up by 580bps to 26.1% in Q4'23 compared Q4'22, both excluding Biotest
- Full execution of the Operational Improvement Plan, resulting in more than EUR 450 million³ annualized cash cost savings, with cost per liter of plasma declining by -22% in December 2023 compared to July 2022 peak
- Achieved all innovation milestones set for 2023; Fibrinogen ADFIRST trial positive topline results
- Reported net profit at EUR 59 million, which includes one-offs amounting to EUR 147 million mainly related to restructuring costs
- Operating cash flow increases by EUR 300 million to EUR 351 million, and free cash flow turns from negative to positive in the second half of 2023, both excluding one-offs
- Leverage ratio down to 6.3x⁴ (5.4x pro-forma with SRAAS partial disposal, which is expected to close in the first half of 2024); on track towards 4x target
- Guidance for 2024, with revenue growth of 7%+ at cc driven by Biopharma (+8-10% cc), and EBITDA adjusted at EUR 1,800+ million (excluding EUR 50m SRAAS 2023 contribution)

Barcelona, Spain, February 29, 2024 – Grifols (MCE:GRF, MCE:GRF.P, NASDAQ:GRFS), a global healthcare company and leading manufacturer of plasma-derived medicines, reported a strong year marked by a significant improvement of operational and financial performance. The company further accelerated growth, improved EBITDA margins and cash flow generation, thereby making good progress towards its deleveraging target.

Thomas Glanzmann, Grifols' Executive Chairman and CEO commented: *"We delivered fully on our commitments in a record 2023 marked by focus on governance and progressively stronger operational and financial performance. From a re-energized plasma business to completing innovation milestones to the strategic alliance with Haier Group in support of deleveraging, our actions have built a strong momentum and set us up for sustainable profitable growth into 2024 and beyond."*

¹ The Interim Condensed Consolidated Financial Statements have been prepared in accordance with IFRS and approved by the Grifols Board of Directors. Grifols has received written confirmation from KPMG that it expects to complete its internal procedures and issue its audit opinion by 8 March 2024, ahead of Spanish current legislation deadline

² Operating or constant currency (cc) excludes changes rate variations reported in the period

³ Compared to 2022 full year figures, before the effect of inflation

⁴ Leverage ratio consistently calculated as per the Credit Agreement and including Biotest

Committed to best-in-class governance and leadership team

During 2023, the company began searching for a new CEO to ensure the separation of ownership and management as part of a broader initiative to strengthening the company's governance, resulting in the naming of the incoming CEO, Nacho Abia, effective, April 1, 2024.

His appointment strengthens the company's leadership, which in recent months has made key hires including Roland Wandeler as President of the Biopharma Business Unit; Camille Alpi as Chief Human Resources and Talent Officer; Joerg Schüttrumpf as Chief Scientific Innovation Officer; and Miguel Louzan, Chief Digital Information Officer. The new executive lineup, in combination with the existing team, will further strengthen Grifols' senior management team.

With Grifols commitment to meeting the highest standards of governance, the company is also actively working to simplify structures.

Business performance

In 2023, total revenue grew 10.9% cc (+8.7% on a reported basis), reaching EUR 6,592 million, with all business units and key regions reporting growth.

Biopharma revenue reached EUR 5,558 million growing by 13.3% cc (+11.0%), driven by increasing plasma supply, robust underlying demand for key proteins, favorable pricing, and product mix.

Grifols continued increasing the value of its immunoglobulin (IG) franchise with a clear strategy. The growth of this flagship product by 15.8% cc for the year, excluding Biotest, was notable, especially with the increased adoption of its subcutaneous immunoglobulin (SCIG), Xembify[®], which reported a significant growth of 37.3% cc.

As part of the subcutaneous IG commercialization plan, mainly in Europe, Xembify[®] was launched in Spain in the second quarter of the year, as well as in Australia in the fourth quarter, with expected additional launches in the near future. Grifols aims to capitalize on the growing demand for IG following past launches along with obtaining regulatory approvals across 13 EU countries in 2023.

The company is focused on the immunodeficiency market, targeting primary immunodeficiency (PID) and secondary immunodeficiencies (SID), which are the indications with the highest growth potential. Concurrently, it continues to uphold its leadership position in the fields of neurology and acute care.

Albumin reported an increase of +17.0% cc primarily driven by China and, to a lesser extent, other European countries. Additionally, Alpha-1 showed positive growth in the last quarter of the year, recording a 0.2% cc increase. This upward trend is expected to continue in 2024.

Plasma supply increased by 10%⁵ over the entire year. In 2023, cost per liter (CPL) declined by 22% compared to July 2022 peak. This decrease was largely driven by the successful execution of the Operational improvement Plan. Notable achievements of this plan include a 32%⁵ rise in plasma collections per full-time employee (FTE), signalling improved labour productivity, a 5%⁵ reduction in manufacturing costs, as well as optimization of the plasma-center network, improvements in process

⁵ FY23 vs. FY22

efficiencies, enhancement of cost structures, and improved experiences for both donors and employees.

Diagnostic revenue was up by 2.3% cc (-0.2%) totalling EUR 670 million, primarily driven by blood typing solutions (+8.9% cc), which reported strong sales across key regions.

Bio Supplies revenue increased by 11.3% cc (+9.5%) totalling EUR 160 million, primarily driven by Bio Supplies Biopharma due to new customers and higher demand from current customers. The company continues to leverage the integration of Access Biologicals to capture the full potential of this business unit.

Financial performance and leverage

Gross margin adjusted reached 41.4% in the fourth quarter of 2023, improving by 570bps compared to the same quarter of 2022, contributing to a 39.7% margin for the full year (37.6% in 2022), excluding Biotest. Based on the 9-month lag industry's inventory accounting, the company recognizes the positive impact on its profit and loss (P&L) from the CPL decline of 22% that started in the third quarter of 2022, as well as from the 5% drop in the manufacturing cost.

EBITDA adjusted amounted to EUR 1,474 million, exceeding guidance, with a margin of 22.4% (24.0% excluding Biotest). The sequential improvement throughout the year is reflected on the 26.1% margin reported in the fourth quarter, excluding Biotest. This was supported by Biopharma's strong performance, the positive impact on the profit and loss (P&L) from the Operational Improvement Plan's cost savings, triggering a CPL decline of 22%, as well as operational leverage.

EBITDA adjusted excludes EUR 223 million of one-off charges (EUR 190 million excluding Biotest), mainly comprising EUR 159 million restructuring costs.

EBITDA reported grew to EUR 1,251 million, representing a 19.0% margin (20.8% excl. Biotest).

Reported net profit totalled EUR 59 million in 2023. Excluding one-offs, which mainly includes restructuring costs, this figure increased to EUR 206 million.

Cash flow generation showed a positive trend backed by a strong turnaround in operating performance. Operating cash flow, excluding one-offs⁶, significantly improved quarter over quarter and reached EUR 351 million in 2023, increasing by EUR 300 million compared to the previous year.

Free cash flow, excluding one-offs⁶, turned from negative to positive throughout the year, generating close to EUR 120 million in the second half of the year. This was driven by strong momentum across the business and EBITDA expansion.

Deleveraging remains a key priority, with the leverage ratio declining to 6.3x as of year-end, mainly driven by EBITDA improvement. Additionally, the proceeds from the sale of the c.20% stake of Shanghai RAAS to Haier Group will be fully utilized to repay debt. Proforma for this transaction, the leverage ratio stands at 5.4x, which supports clear progress towards the 4x target.

⁶ Excluding mainly restructuring costs. See Annex for reconciliations

In that respect, Grifols expects to address its 2025 maturities in H1 2024 and will seek to do this in an efficient manner, taking into account both the planned disposal proceeds and the various other options available to company, including refinancing these maturities whilst remaining consistent with its deleveraging objectives.

The strategic alliance with Haier is expected to close in the first half of 2024 and will also drive synergies and capitalize on China's high-growth market potential in the plasma and diagnostic industries. On top of this, the alliance lengthens the exclusive albumin distribution agreement with SRAAS for the next ten years, with a potential extension of up to 20 years.

Excluding the impact of IFRS 16⁷, **net financial debt** totalled EUR 9,420 million.

As of December 31, 2023, Grifols had a **liquidity position** of EUR 1,141 million and a **cash position** of EUR 526 million.

Grifols projects sustainable profitable growth for 2024

As Grifols moves into 2024, it is well-positioned to accelerate improvements in financial performance and operational efficiency. Central to Grifols' strategy are five levers aimed at securing long-term success and meeting the expectations of patients, donors, customers, and all stakeholders:

- Focus on core areas: Building presence in Biopharma, Diagnostic, and Bio Supplies
- Accelerate innovation: Leveraging new technologies to expand the plasma pipeline and explore non-plasma opportunities
- Global market influence: Seeking strategic partnerships to shape the global market
- Elevate donor experience: Digitalizing processes for a seamless donor journey
- Optimize operations continuously: Pursuing efficiencies to excel in business operations

Innovation: Fibrinogen top line phase 3 positive results

Grifols not only achieved all of its projected innovation milestones for 2023 but also made a mark with the top-line results of the Fibrinogen ADFIRST, which demonstrated effectiveness in treating AFD in treating acquired fibrinogen deficiency (AFD) as equivalent to standard of care while maintaining an excellent safety profile.

The regulatory approval process in the EU and US will begin in the fourth quarter of 2024. It would be the first FC approved for an AFD indication in the U.S. in a global market with an estimated potential of USD 800 million.

The innovation pipeline milestones for 2024 are fuelled by internal research and external innovation, focusing on developing assets with long-lasting competitive advantages. Key milestones are the Alpha-1 AT 15% SC with the first sites active and first patient screened, PRECIOSA study with the last patients finalizing treatment, Xembify bi-weekly dose FDA approval, and Yimmugo BLA FDA approval.

⁷ As of December 2023, the impact of IFRS on total debt is EUR 997 million

2024 Guidance

REVENUE (at cc)	
Total revenue growth (incl. Biotest)	7%+
Biopharma revenue growth (incl. Biotest)	8-10%
EBITDA adjusted (excl. EUR 50m SRAAS 2023 contribution)	
EBITDA adjusted (incl. Biotest)	EUR 1,800m+
EBITDA adjusted margin (excl. Biotest)	27-28%

CONFERENCE CALL

Grifols will host today a conference call at 2.30pm CET/8.30am EST on Thursday, February 29, 2024, to discuss its full year business update. To listen to the webcast and view the Business Update Presentation, visit our web site www.grifols.com/en/investors. Participants are advised to register in advance of the conference call.

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

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About Grifols

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

Patient needs and Grifols' ever-growing knowledge of many chronic, rare and prevalent conditions, at times life-threatening, drive the company's innovation in both plasma and other biopharmaceuticals to enhance quality of life. Grifols is focused

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on treating conditions across a broad range of therapeutic areas: immunology, hepatology and intensive care, pulmonology, hematology, neurology, and infectious diseases.

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

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

Grifols, with more than 23,000 employees in more than 30 countries and regions, is committed to a sustainable business model that sets the standard for continuous innovation, quality, safety, and ethical leadership.

In 2023, Grifols' economic impact in its core countries of operation was EUR 9.6 billion. The company also generated 193,000 jobs, including indirect and induced.

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

