

# GRIFOLS

## First Half 2022 Results

### Grifols' business momentum delivers EUR 2,810 million in revenues and EUR 618 million in EBITDA as plasma collections accelerate

**Revenues grow 10.8% driven by Biopharma increase of 16.5%. EBITDA margin stands at 22.0%**

- *Grifols revenues increase by 10.8% (3.4% cc) driven by robust Biopharma performance (EUR 2,313 million; 16.5%; 8.3% cc). Higher plasma collections and increase in key protein volumes, coupled with pricing, favorable product mix and FX, plus Biotest acquisition, are primary drivers of growth*
- *Plasma collections grow by 22%, a positive trend expected to further accelerate in second half of 2022*
- *Diagnostic declines to EUR 329 million (-16.7%; -21.0% cc) due mainly to finalization of COVID-19 testing agreement and mandatory Zika-virus screening, partially offset by strong growth of Blood Typing Solutions*
- *EBITDA sequentially improves to EUR 618 million, with a 22.0% margin (22.8% excluding Biotest), driven by revenue growth, operational leverage and effective operational cost control*
- *Net profit totals EUR 144 million, reflecting higher financial expenses linked with Biotest acquisition*
- *Deleveraging remains core priority: focus on improvement of EBITDA, cash flow generation and capital allocation discipline. Grifols sold the business of MedKeeper in July*

#### **Grifols' Co-CEOs Raimon Grifols Roura and Victor Grifols Deu commented:**

*"This solid first half performance reflects current momentum including a significant acceleration in plasma collections, a trend we expect to continue into the second half of 2022."*

*"We were pleased to complete the Biotest acquisition in the period. This transaction marks a strategic and transformational milestone for Grifols that will strengthen our global plasma capacity, expand our product portfolio and accelerate our innovation efforts with high value-added projects."*

*"With a streamlined organizational structure and clear strategic focus, Grifols is well placed for the future as we continue to capture the strong underlying demand and drive innovation of new life-enhancing plasma proteins."*

**Barcelona, July 28, 2022.-** Grifols (MCE:GRF, MCE:GRF.P, NASDAQ:GRFS) reported EUR 2,810.1 million in revenues in the first half of 2022, an increase of 10.8% (3.4% cc<sup>1</sup>) compared to the same period of 2021. These solid results were driven by strong Biopharma<sup>2</sup> performance, sustained robust underlying demand, the consolidation of the Biotest acquisition, and FX tailwinds. EBITDA increased to EUR 618.3 million, delivering a margin of 22.0% (22.8% excluding Biotest).

This performance reflects a sequential improvement for the first half of 2022, a period marked by stronger fundamentals, including a significant acceleration of plasma collections, streamlined the business organization-wide while working to accelerate key R+D projects.

**Biopharma** revenues grew by 16.5% (8.3% cc) to EUR 2,312.9 million in the first half of the year, driven by an improvement in plasma collections, robust underlying demand for key proteins, price increases and favorable product mix, as well as a two-month contribution from Biotest. Revenues increased by 11.5% (3.3% cc) to EUR 2,214.6 million, excluding Biotest.

Immunoglobulins, alpha-1 antitrypsin, specialty proteins, and new-product contributions were all strong, with overall performance partially offset by Q2 2021 albumin phasing in China due to the integration of Grifols' plasma-derived products distribution into the Shanghai RAAS commercial platform. Excluding this impact, Biopharma revenues grew 19.8% (11.3% cc).

**Recent product launches** continue to drive performance, with double-digit growth. Of note are sales increases of Xembify<sup>®</sup> (44.9%; 31.2% cc), Vistaseal<sup>™</sup> (57.6%; 44.4% cc), and Tavlesse<sup>®</sup> (43.4%, 43.0% cc) in the first half of the year.

**Plasma collections** continue to accelerate, expanding 22% YTD<sup>3</sup>, trending above pre-COVID levels. The primary drivers behind this upward trend are new and recently-acquired plasma centers; greater plasma volumes from regular centers; and technological, digital, and operational enhancements. The current trend is expected to further accelerate in the second half of 2022.

**Diagnostic** revenues declined by 16.7% (-21.0% cc) to EUR 329.4 million in the first half of 2022, affected primarily by the non-recurring sales of TMA (Transcription-Mediated Amplification) molecular tests to detect SARS-CoV-2 in 2021. Excluding this impact, the business unit decreased by 5.2% cc due to the termination of mandatory Zika-virus testing, and pricing, partially offset by robust sales of blood typing solutions in the United States, Mexico, and Italy.

**Bio Supplies**, which now solely includes the Bio Supplies Commercial business line, reported a 1.4% drop in revenues (-8.2% cc) to EUR 52.6 million in the first half of 2022, impacted by lower sales of albumin and fraction V for non-therapeutic use. Bio Supplies Diagnostic sales partially offset this decline.

**Others**<sup>4</sup>, which mainly comprises Healthcare Solutions (formerly Hospital Division) and third-party plasma sales, reported a decrease in revenues of 9.5% (-13.1% cc) to EUR 124.2 million, impacted by the conclusion of third-party plasma sales contracts. Excluding this impact, Others grew by 11.2% (7.6 cc) to EUR 103.5 million, fueled by the expansion in hospital investments.

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<sup>1</sup> Operating or constant currency (cc) excludes changes rates variations reported in the period

<sup>2</sup> Biopharma Business Unit corresponds to former Bioscience Division

<sup>3</sup> Comparing first 28 weeks of 2022 with first 28 weeks of 2021

<sup>4</sup> Others mainly includes Healthcare Solutions, Source Plasma, and Services & Royalties

**Gross margin** grew to 38.2%, an improvement over the 35.4% reported in the second half of 2021. Absorption of fixed costs contributed to the sequential improvement, constrained by a still high cost per liter resulting from donor compensation and labor cost inflation.

**EBITDA** grew to EUR 618.3 million in the first half of the year, at a 22.0% margin (22.8% excluding Biotest), compared to EUR 327.0 million and 13.6% in the second half of 2021. Grifols continued to contain operating expenses through a savings plan, plus re-prioritization of R+D projects and divestments of non-strategic assets. These efforts helped to offset higher expenses stemming from Biotest, including Biotest Next Level (BNL) project<sup>5</sup> costs, and inflationary pressures.

*In July 2022, Grifols sold in cash substantially all of the assets of its subsidiary Goetech LLC, whose trade name is MedKeeper, which develops and markets innovative mobile and cloud-based IT applications aimed at helping hospital pharmacies boost productivity, process safety and compliance.*

**Adjusted EBITDA** was EUR 562 million, with an adjusted EBITDA **margin** of 20.0%. Excluding Biotest, adjusted EBITDA margin stood at 20.7%.

The completion of the **Biotest** acquisition in April 2022 marks an important milestone. This transaction will bolster the availability of Grifols' plasma therapies; accelerate the R+D pipeline; broaden the product portfolio; expand the company's geographical footprint; and further fuel revenue growth and margin expansion.

Total **net investment in R+D+i** totaled EUR 162.5 million (EUR 155.3 million and 174.0 million in the first and second half of 2021, respectively), representing 5.8% of revenues.

**Share of profits associated core activities** included an impact of EUR 73 million related to the increased equity in Grifols' Access Biologicals, following the execution of the call option, signed in 2017, to acquire the remaining 51% of capital. The acquisition will help drive the growth of Bio Supplies by reinforcing and expanding its portfolio with a more robust offering of biological products. This transaction will particularly boost Grifols' standing as a reputed supplier of biological products for in-vitro diagnostics, cell cultures and diagnostic R+D solutions.

The **financial result** stood at EUR 198.8 million in the first half of the year (EUR 119.4 million and EUR 158.4 million in the first and second half of 2021, respectively) due to the issuance of senior unsecured bonds to finance the Biotest investment and higher interest rates. Currently, Grifols has low exposure to interest rate hikes, as c.65% of its debt is tied to a fixed interest rate and only c.22% is pegged to a USD floating interest rate.

The **reported net profit** totaled EUR 143.6 million.

Excluding the impact of IFRS 16<sup>6</sup>, **net financial debt** reached EUR 8,994.1 million and the leverage ratio stood at 9.0x (8.8x cc). The ratio increased during the year as a result of strategic investment in Biotest and the impacts of COVID-19 on EBITDA over the last twelve months.

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<sup>5</sup> Biotest Next Level (BNL) project is aimed at expanding production capacity in Dreieich, Germany, and at develop three key R&D projects (IgG Next Gen, Trimodulin, Fibrinogen)

<sup>6</sup> As of June 30, 2022, the impact of IFRS 16 on total debts stands at EUR 1,068.3 million

The quarterly financial covenant of 5x net debt to EBITDA is no longer in place following the refinancing process in November 2019. Grifols does not face any significant maturity repayments or down payments until 2025.

Despite short-term challenges, Grifols' commitment to deleveraging remains firm, supported by its strong business fundamentals, improvements in profitability and operating cash generation, and capital allocation discipline.

As of June 30, 2022, Grifols' strong **liquidity position** stood at EUR 1,611 million, including a **cash position** of EUR 525 million.

Grifols' fundamentals remain strong, with improvement expected to continue triggered by higher plasma collections and organization-wide efforts to advance innovation and streamline operations.

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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. Its three main business units - Biopharma, Diagnostic and Bio Supplies - develop, produce and market innovative solutions and services that are sold in more than 110 countries.

Pioneers in the plasma industry, Grifols operates a growing network of donation centers worldwide. It transforms collected plasma into essential medicines to treat rare, chronic and, at times, life-threatening conditions. As a recognized leader in transfusion medicine, Grifols also offers a comprehensive portfolio of solutions designed to enhance safety from donation to transfusion. In addition, the company supplies tools, information and services that enable hospitals, pharmacies and healthcare professionals to efficiently deliver expert medical care.

Grifols, with more than 27,000 employees in more than 30 countries, is committed to a sustainable business model that sets the standard for continuous innovation, quality, safety and ethical leadership.

In 2021, Grifols' economic impact in its core countries of operation was EUR 7.7 billion. The company also generated 141,500 jobs, including indirect and induced jobs.

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](http://www.grifols.com)

