



Limited Review Report on Grifols, S.A. and Subsidiaries

(Together with the condensed consolidated interim financial statements and the consolidated interim directors' report of Grifols, S.A. and subsidiaries for the six-month period ended 30 June 2023)

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



KPMG Auditores, S.L.
Torre Realia
Plaça d'Europa, 41-43
08908 L'Hospitalet de Llobregat
(Barcelona)

Report on Limited Review of Condensed Consolidated Interim Financial Statements

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

To the shareholders of Grifols, S.A., commissioned by the directors

REPORT ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Introduction

We have carried out a limited review of the accompanying condensed consolidated interim financial statements (the "interim financial statements") of Grifols, S.A. (the "Parent") and subsidiaries (together the "Group"), which comprise the balance sheet at 30 June 2023, and the statement of profit and loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and explanatory notes (all condensed and consolidated). The Directors of the Parent are responsible for the preparation of these interim financial statements in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting as adopted by the European Union, pursuant to article 12 of Royal Decree 1362/2007 as regards the preparation of condensed interim financial information. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of Review

We conducted our limited review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with prevailing legislation regulating the audit of accounts in Spain and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim financial statements.



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

Conclusion

Based on our limited review, which can under no circumstances be considered an audit, nothing has come to our attention that causes us to believe that the accompanying interim financial statements for the six-month period ended 30 June 2023 have not been prepared, in all material respects, in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting as adopted by the European Union, pursuant to article 12 of Royal Decree 1362/2007 as regards the preparation of condensed interim financial statements.

Emphasis of Matter

We draw your attention to the accompanying note 2, which states that these interim financial statements do not include all the information that would be required in a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The accompanying interim financial statements should therefore be read in conjunction with the Group's consolidated annual accounts for the year ended 31 December 2022. This matter does not modify our conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The accompanying consolidated interim directors' report for the six-month period ended 30 June 2023 contains such explanations as the Directors of the Parent consider relevant with respect to the significant events that have taken place in this period and their effect on the interim financial statements, as well as the disclosures required by article 15 of Royal Decree 1362/2007. The consolidated interim directors' report is not an integral part of the interim financial statements. We have verified that the accounting information contained therein is consistent with that disclosed in the interim financial statements for the six-month period ended 30 June 2023. Our work is limited to the verification of the consolidated interim directors' report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of Grifols, S.A. and subsidiaries.

Other Matter

This report has been prepared at the request of the Directors of Grifols, S.A. in relation to the publication of the half-yearly financial report required by article 100 of Law 6/2023 of 17 March 2023 on Securities Markets and Investment Services.

KPMG Auditores, S.L.

(Signed on original in Spanish)

Josep Salvador Martínez

26 July 2023

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the six months ended 30 June 2023

CONTENTS

- **Condensed Consolidated Interim Financial Statements**
 - Balance Sheet
 - Statement of Profit or Loss
 - Statement of Comprehensive Income
 - Statement of Cash Flows
 - Statement of Changes in Equity

- **Notes to Condensed Consolidated Interim Financial Statements**
 - (1) General Information
 - (2) Basis of Presentation and Applied Accounting Principles
 - (3) Changes in the composition of the Group
 - (4) Financial Risk Management Policy
 - (5) Financial Information by Segment
 - (6) Goodwill
 - (7) Other Intangible Assets, Rights of Use and Property, Plant and Equipment
 - (8) Leases
 - (9) Equity-accounted investees
 - (10) Financial Assets
 - (11) Trade and other accounts receivable
 - (12) Cash and Cash Equivalents
 - (13) Equity
 - (14) Financial Liabilities
 - (15) Expenses by Nature
 - (16) Finance Result
 - (17) Taxation
 - (18) Discontinued Operations
 - (19) Commitments and Contingencies
 - (20) Financial Instruments
 - (21) Transactions with related parties
 - (22) Subsequent events

GRIFOLS, S.A. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets at 30 June 2023 and 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)

Assets	Reference	30/06/2023	31/12/2022
		(unaudited)	
Non-current assets			
Goodwill	Note 6	6,898,821	7,011,909
Other intangible assets	Note 7	2,880,245	2,949,147
Rights of use	Note 7 and 8	867,710	897,552
Property, plant and equipment	Note 7	3,225,684	3,270,937
Investments in equity-accounted investees	Note 9	1,905,591	1,955,177
Non-current financial assets	Note 10		
Non-current financial assets measured at fair value		23,373	38,570
Non-current financial assets at amortized cost		607,080	582,175
		630,453	620,745
Deferred tax assets		219,468	174,923
Total non-current assets		16,627,972	16,880,390
Current assets			
Non-current assets held for sale		--	4,969
Inventories		3,317,448	3,201,357
Current contract assets		44,146	35,154
Trade and other receivables			
Trade receivables	Note 11	677,062	608,688
Other receivables	Note 11	110,120	73,181
Current income tax assets		34,380	56,782
Total trade and other receivables		821,562	738,651
Other current financial assets	Note 10		
Current financial assets measured at fair value		16,202	12,629
Current financial assets at amortized cost		17,681	31,034
		33,883	43,663
Financial investments in related parties		105	--
Other current assets		64,276	81,814
Cash and cash equivalents	Note 12	523,352	547,979
Total current assets		4,804,772	4,653,587
Total assets		21,432,744	21,533,977

The accompanying notes form an integral part of the unaudited condensed consolidated interim financial statements.

GRIFOLS, S.A. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets at 30 June 2023 and 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)

Equity and liabilities	Reference	30/06/2023	31/12/2022
		(unaudited)	
Equity			
Share capital	Note 13	119,604	119,604
Share premium		910,728	910,728
Reserves	Note 13	4,529,237	4,326,436
Treasury stock	Note 13	(158,692)	(162,220)
Profit/(Loss) attributable to the Parent		(56,221)	208,279
Total capital and reserves		5,344,656	5,402,827
Cash flow hedges		(581)	(438)
Other comprehensive Income		(9,702)	(8,084)
Translation differences		527,445	735,633
Other comprehensive income		517,162	727,111
Equity attributable to the Parent		5,861,818	6,129,938
Non-controlling interests		2,361,747	2,327,606
Total equity		8,223,565	8,457,544
Liabilities			
Non-current liabilities			
Grants		14,487	15,123
Provisions		112,159	110,063
Non-current financial liabilities	Note 14	10,202,587	9,960,562
Other non-current liabilities		45	15
Deferred tax liabilities		1,002,917	1,034,823
Total non-current liabilities		11,332,195	11,120,586
Current liabilities			
Provisions		77,750	56,339
Current financial liabilities	Note 14	733,269	795,686
Trade and other payables			
Suppliers		708,970	731,918
Other payables		112,345	114,730
Current income tax liabilities		28,930	15,687
Total trade and other payables		850,245	862,335
Other current liabilities		215,720	241,487
Total current liabilities		1,876,984	1,955,847
Total liabilities		13,209,179	13,076,433
Total equity and liabilities		21,432,744	21,533,977

The accompanying notes form an integral part of the unaudited condensed consolidated interim financial statements.

GRIFOLS, S.A. AND SUBSIDIARIES

Condensed Consolidated Statements of Profit and Loss for each of the three- and six-month periods ended 30 June 2023 and 2022 (Expressed in thousands of Euros)

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

	Reference	Six-Month period ended		Three-Month period ended	
		30/06/2023 (unaudited)	30/06/2022 (unaudited)	30/06/2023 (unaudited/ not reviewed)	30/06/2022 (unaudited/ not reviewed)
Continuing Operations					
Net revenue	Note 5	3,224,946	2,810,092	1,663,458	1,542,899
Cost of sales		(2,052,039)	(1,737,541)	(1,044,991)	(964,949)
Gross Margin		1,172,907	1,072,551	618,467	577,950
Research and development		(193,249)	(161,282)	(88,593)	(85,127)
Selling, general and administration expenses		(713,160)	(567,890)	(299,500)	(308,472)
Operating Expenses		(906,409)	(729,172)	(388,093)	(393,599)
Other income		-	4,508	-	926
Profit of equity-accounted investees with similar activity to that of the Group	Note 9	27,528	79,459	13,022	80,096
Operating Results		294,026	427,346	243,396	265,373
Finance income		24,181	13,853	11,567	8,674
Finance costs		(293,009)	(210,808)	(148,948)	(137,223)
Change in fair value of financial instruments		(2,030)	(17,034)	1,057	1,593
Exchange differences		(3,260)	15,236	(3,052)	7,576
Finance Result	Note 16	(274,118)	(198,753)	(139,376)	(119,380)
Losses of equity-accounted investees	Note 9	(862)	(706)	(801)	(271)
Profit before income tax from continuing operations		19,046	227,887	103,219	145,722
Income tax expense	Note 17	(10,119)	(51,275)	(13,348)	(30,804)
Profit after income tax from continuing operations		8,927	176,612	89,871	114,918
Consolidated profit for the period		8,927	176,612	89,871	114,918
Profit/(loss) attributable to the Parent		(56,221)	143,649	52,044	90,340
Profit attributable to non-controlling interest		65,148	32,963	37,826	24,578
Basic earnings per share (Euros)		(0.08)	0.21	0.08	0.13
Diluted earnings per share (Euros)		(0.08)	0.21	0.08	0.13

The accompanying notes form an integral part of the unaudited condensed consolidated interim financial statements.

GRIFOLS, S.A. AND SUBSIDIARIES

Condensed Consolidated Statements of Comprehensive Income for each of the three- and six-month periods ended 30 June 2023 and 2022 (Expressed in thousands of Euros)

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

Reference	Six-Month period ended		Three-Month period ended	
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
	(unaudited)	(unaudited)	(unaudited)/ (not reviewed)	(unaudited)/ (not reviewed)
Consolidated profit for the period	8,927	176,612	89,871	114,918
Items for reclassification to profit or loss				
Translation differences	(162,929)	758,240	25,008	543,491
Equity-accounted investees / Translation differences	Note 9 (76,252)	48,922	(53,066)	27,280
Cash flow hedges - effective portion of changes in fair value	3,569	(13,377)	(321)	(7,336)
Cash flow hedges - amounts taken to profit or loss	(3,760)	(1,160)	(2,612)	(1,360)
Tax effect	48	3,634	733	2,174
Others	(1,618)	0	(2,199)	0
Other comprehensive income for the period, after tax	(240,942)	796,259	(32,457)	564,249
Total comprehensive income for the period	(232,015)	972,871	57,414	679,167
Total comprehensive income attributable to the Parent	(266,170)	802,284	18,056	548,034
Total comprehensive income attributable to non-controlling interests	34,155	170,587	39,358	131,133
Total comprehensive income for the period	(232,015)	972,871	57,414	679,167

The accompanying notes form an integral part of the unaudited condensed consolidated interim financial statements.

GRIFOLS, S.A. AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows for the six-month periods ended 30 June 2023 and 2022 (Expressed in thousands of Euros)

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

	Reference	30/06/2023	30/06/2022
			(unaudited)
<u>Cash flows from operating activities</u>			
Profit before tax		19,046	227,887
Adjustments to profit:		535,817	319,333
Amortisation and depreciation	Note 15	226,428	187,208
Other adjustments:		309,389	132,125
Profit of equity-accounted investees		(26,666)	(78,753)
Impairment of assets and net provision changes		75,840	10,167
Gains on disposal of fixed assets		(4,919)	(26)
Grants taken to income		(1,757)	(1,701)
Finance costs		272,541	198,445
Other adjustments		(5,650)	3,993
Changes in operating assets and liabilities		(352,159)	(266,357)
Change in inventories		(198,226)	(228,441)
Change in trade and other receivables		(122,003)	(67,785)
Change in other current financial assets and other current assets		16,841	5,642
Change in current trade and other payables		(48,771)	24,227
Other cash flows used in operating activities		(306,439)	(249,332)
Interest paid		(282,802)	(123,787)
Interest received		6,918	976
Income tax paid		(30,177)	(125,949)
Other amounts paid		(378)	(572)
Net cash from/(used in) operating activities		(103,735)	31,531
<u>Cash flows from investing activities</u>			
Payments for investments		(148,974)	(1,803,800)
Group companies and business combinations		0	(1,545,046)
Property, plant and equipment and intangible assets		(126,079)	(143,041)
Property, plant and equipment		(75,494)	(112,855)
Intangible assets		(50,585)	(30,186)
Other financial assets		(22,895)	(115,713)
Proceeds from the sale of investments		16,103	6,748
Group companies and business combinations		0	3,094
Property, plant and equipment and intangible assets		2,750	3,654
Other financial assets		13,353	0
Net cash used in investing activities		(132,871)	(1,797,052)
<u>Cash flows from financing activities</u>			
Proceeds from and payments for financial liability instruments		217,580	(438,103)
Issue		713,324	339,446
Redemption and repayment		(444,173)	(728,091)
Lease payments		(51,571)	(49,458)
Dividends and interest on other equity instruments paid and received		0	3,927
Dividends received		0	3,927
Other cash flows from financing activities		1,367	1,488
Net cash from (used in) financing activities		218,947	(432,688)
Effect of exchange rate fluctuations on cash and cash equivalents		(6,968)	52,781
Cash reclassified to non-current assets held for sale		0	(5,089)
Net decrease in cash and cash equivalents		(24,627)	(2,150,517)
Cash and cash equivalents at beginning of the period	Note 12	547,979	2,675,611
Cash and cash equivalents at period end	Note 12	523,352	525,094

The accompanying notes form an integral part of the unaudited condensed consolidated interim financial statements.

GRIFOLS, S.A. AND SUBSIDIARIES

Condensed Consolidated Statements of Changes in Equity

GRIFOLS, S.A. AND SUBSIDIARIES
Condensed Consolidated Statement of Changes in Equity
for the six-month periods ended 30 June 2023 and 2022
(Expressed in thousands of Euros)

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

	Attributable to equity holders of the Parent						Accumulated other comprehensive income			Equity attributable to the Parent	Non-controlling interests	Equity
	Share capital	Share premium	Reserves	Profit/(loss) attributable to Parent	Interim dividend	Treasury stock	Translation differences	Other comprehensive income	Cash flow hedges			
Balances at 31 December 2021	119,604	910,728	4,133,388	188,726	0	(164,189)	333,091	(869)	3,130	5,523,609	1,793,489	7,317,098
Translation differences	--	--	--	--	--	--	669,538	--	--	669,538	137,624	807,162
Cash flow hedges	--	--	--	--	--	--	--	--	(10,903)	(10,903)	--	(10,903)
Other comprehensive income for the period	0	0	0	0	0	0	669,538	0	(10,903)	658,635	137,624	796,259
Profit/(loss) for the period	--	--	--	143,649	--	--	--	--	--	143,649	32,963	176,612
Total comprehensive income for the period	0	0	0	143,649	0	0	669,538	0	(10,903)	802,284	170,587	972,871
Net change in treasury stock	--	--	--	--	--	5,428	--	--	--	5,428	--	5,428
Acquisition of non-controlling interests	--	--	--	--	--	--	--	--	--	0	125,387	125,387
Other changes	--	--	(1,487)	--	--	--	--	--	--	(1,487)	91	(1,396)
Distribution of 2021 profit												
Reserves	--	--	188,726	(188,726)	--	--	--	--	--	0	--	0
Dividends	--	--	--	--	--	--	--	--	--	0	--	0
Interim dividend	--	--	--	--	--	--	--	--	--	0	--	0
Operations with equity holders or owners	0	0	187,239	(188,726)	0	5,428	0	0	0	3,941	125,478	129,419
Balances at 30 June 2022 (unaudited)	119,604	910,728	4,320,627	143,649	0	(158,761)	1,002,629	(869)	(7,773)	6,329,834	2,089,554	8,419,388
Balances at 31 December 2022	119,604	910,728	4,326,436	208,279	0	(162,220)	735,633	(8,084)	(438)	6,129,938	2,327,606	8,457,544
Translation differences	--	--	--	--	--	--	(208,188)	--	--	(208,188)	(30,993)	(239,181)
Cash flow hedges	--	--	--	--	--	--	--	--	(143)	(143)	--	(143)
Other comprehensive income	--	--	--	--	--	--	--	(1,617)	--	(1,617)	--	(1,617)
Other comprehensive income for the period	0	0	0	0	0	0	(208,188)	(1,617)	(143)	(209,948)	(30,993)	(240,941)
Profit/(loss) for the period	--	--	--	(56,221)	--	--	--	--	--	(56,221)	65,148	8,927
Total comprehensive income for the period	0	0	0	(56,221)	0	0	(208,188)	(1,617)	(143)	(266,169)	34,155	(232,014)
Net change in treasury stock	--	--	--	--	--	3,528	--	--	--	3,528	--	3,528
Acquisition of non-controlling interests	--	--	--	--	--	--	--	--	--	0	--	0
Other changes	--	--	(5,478)	--	--	--	--	--	--	(5,478)	(14)	(5,492)
Distribution of 2022 profit												
Reserves	--	--	208,279	(208,279)	--	--	--	--	--	0	--	0
Dividends	--	--	--	--	--	--	--	--	--	0	--	0
Interim dividend	--	--	--	--	--	--	--	--	--	0	--	0
Operations with equity holders or owners	0	0	202,801	(208,279)	0	3,528	0	0	0	(1,950)	(14)	(1,964)
Balances at 30 June 2023 (unaudited)	119,604	910,728	4,529,237	(56,221)	0	(158,692)	527,445	(9,701)	(581)	5,861,819	2,361,747	8,223,566

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the six-month period ended 30 June 2023

(1) General Information

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 to the consolidated annual accounts. 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 and Accounting Principles Applied

The condensed consolidated interim financial statements for the sixmonth period ended 30 June 2023 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and, in particular, in accordance with IAS 34 Interim Financial Statements. These condensed consolidated interim financial statements do not contain all the information required for the preparation of financial statements and should be read in conjunction with the Group's Consolidated Annual Accounts for the year ended 31 December 2022.

These condensed consolidated interim financial statements have been prepared by the Board of Directors at its meeting held on 26 July 2023.

The figures contained in these condensed consolidated interim financial statements are expressed in thousands of Euros.

Grifols' condensed consolidated interim financial statements for the six months ended 30 June 2023 have been prepared based on the accounting records maintained by the Group. Data for the three months ended 30 June 2023 have been included for information purposes.

Accounting principles and basis of consolidation applied

The accounting policies and basis of consolidation applied in the preparation of the condensed consolidated interim financial statements, except for those detailed in the table below, are the same as those used in the preparation of the consolidated Annual Accounts for the year ended 31 December 2022.

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the six-month period ended 30 June 2023

In addition, the following standards issued by the IASB and the IFRS Interpretations Committee, and adopted by the European Union for their application in Europe have become effective for the year 2023 and, accordingly, have been considered for the preparation of these condensed consolidated interim financial statements:

Standards	Mandatory application for annual periods beginning on		
	IASB effective date	EU effective date	
IFRS 17	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 Estimates (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: 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	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.

At the date of preparation of these condensed consolidated interim financial statements, the following IFRS, amendments and IFRIC interpretations have been issued by the IASB, but not adopted by the European Union for their application in Europe:

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the six-month period ended 30 June 2023

Standards	Mandatory application for annual periods beginning on or		
	IASB effective date	EU 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	pending
IFRS 16	Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022)	1 January 2024	pending
IAS 7	Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued on 25 May 2023)	1 January 2024	pending
IAS 12	Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules (issued 23 May 2023)	Immediately and 1 January 2023	pending

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

Responsibility for relevant disclosures, estimates and judgments when applying accounting policies

The information in these condensed consolidated interim financial statements for the six-month period ended 30 June 2023 is the responsibility of the Company's Directors. The preparation of the condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of the Group's accounting policies. The following notes include a summary of the relevant accounting estimates and judgements used to apply accounting policies that have had the most significant effect on the amounts recognized in these condensed consolidated interim financial statements.

- 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. 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 that it has been 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 has been disclosed in note 6.
- Evaluation of the capitalization of development costs (see note 4(d) to the consolidated annual accounts for the year ended 31 December 2022). The key assumption is related to the estimation of the technical and economic feasibility 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

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the six-month period ended 30 June 2023

temporary differences can be utilized, based on management assumptions regarding amount and payments of future taxable profits (see notes 4(q) and 27 to the consolidated annual accounts for the year ended 31 December 2022).

- Determination of chargebacks made to certain customers in the United States (see note 4(p) to the consolidated annual accounts for the year ended 31 December 2022).

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

The Group is also exposed to interest rate and currency risks.

Grifols' management does not believe that there are any assumptions or estimation uncertainties that pose a significant risk that could give rise to material adjustments in the next year.

The relevant estimates and judgements used in the preparation of these condensed consolidated interim financial statements do not differ significantly from those used in the preparation of the consolidated annual accounts as at and for the year ended 31 December 2022.

Seasonality of operations in the period

Given the nature of the Group's activities, there are no factors that determine significant seasonality in the Group's operations that would affect the interpretation of these condensed consolidated interim financial statements for the six-month period ended 30 June 2023 in comparison with financial statements for a full year.

Materiality

In determining the disclosures in these explanatory notes in accordance with IAS 34, materiality has been considered in relation to these condensed consolidated interim financial statements.

(3) Changes in the Composition of the Group

The Group prepares its condensed interim consolidated financial statements including its investments in all its subsidiaries, associates and joint ventures. Appendix I to the consolidated annual accounts at 31 December 2022 lists the companies in which Grifols, S.A. has direct or indirect holdings and which have been included in the scope of consolidation at that date.

The main changes in the scope of consolidation that have taken place in the six-month period ended 30 June 2023 are detailed below:

- **Goetech LLC.**

Goetech LLC (D/B/A Medkeeper) is dissolved in June

- **Gripdan Invest, S.L.**

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

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

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

- **Chiquito Acquisition Corp.**

With effect as of 1 April 2023, 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.

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the six-month period ended 30 June 2023

- **Access Biologicals, LLC**

With effect as of 1 April 2023, Access Biologicals, LLC 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 transactions had no impact on the Group consolidated financial statements.

(4) Financial Risk Management Policy

At 30 June 2023, the Group maintains the same financial risk management policies and objectives at 31 December 2022.

(5) Financial Reporting by Segment

A breakdown of revenue by business segment for the three and six-month period ended 30 June 2023 and 30 June 2022 is as follows:

Segments	Net revenues (Thousands of Euros)			
	Six-Months Ended 30 June 2023	Six-Months Ended 30 June 2022	Three-Months Ended 30 June 2023	Three-Months Ended 30 June 2022
			Not reviewed	Not reviewed
Biopharma	2,698,215	2,312,890	1,407,524	1,290,381
Diagnostic	341,488	329,436	165,013	159,687
Bio supplies	82,615	52,553	40,349	12,103
Other	102,628	124,161	50,572	72,833
Intersegments	0	(8,948)	0	7,895
Total Revenues	3,224,946	2,810,092	1,663,458	1,542,899

A breakdown of net sales by geographical area for the three and six month period ended 30 June 2023 and 30 June 2022 is as follows:

Geographical area	Net revenues (Thousands of Euros)			
	Six-Months Ended 30 June 2023	Six-Months Ended 30 June 2022	Three-Months Ended 30 June 2023	Three-Months Ended 30 June 2022
			Not reviewed	Not reviewed
Spain	180,772	163,143	90,662	84,361
Rest of the EU	446,759	310,480	231,209	180,494
USA + Canada	1,922,864	1,816,983	979,313	968,722
Rest of the World	674,551	519,486	362,274	309,322
Total Revenues	3,224,946	2,810,092	1,663,458	1,542,899

The allocation by business segment of the net consolidated profit or loss for the three- and six-month period ended 30 June 2023 and 30 June 2022 is as follows:

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the six-month period ended 30 June 2023

Segments	Profit/(loss) (Thousands of Euros)			
	Six-Months Ended 30 June 2023	Six-Months Ended 30 June 2022	Three-Months Ended 30 June 2023	Three-Months Ended 30 June 2022
			Not reviewed	Not reviewed
Biopharma	377,540	398,065	261,324	222,724
Diagnostic	71,403	66,868	28,480	25,625
Bio supplies	25,228	91,519	12,885	83,899
Other	(4,831)	(38,004)	7,464	(22,455)
Intersegments	6,979	16,992	374	14,752
Total income of reported segments	476,319	535,440	310,527	324,545
Unallocated expenses plus net financial result	(457,273)	(307,553)	(207,308)	(178,823)
Profit before income tax from continuing operations	19,046	227,887	103,219	145,722

(6) Goodwill

The composition and movement of "Goodwill" in the consolidated balance sheet as at 30 June 2023 are as follows:

Segment	Thousands of Euros			
	Balance at 31/12/2022	Transfers	Translation differences	Balance at 30/06/2023
Net value				
Grifols UK, Ltd. (UK)	7,747	--	259	8,006
Grifols Italia.S.p.A. (Italy)	6,118	--	(4,812)	1,306
Biomat USA, Inc.(USA)	899,948	--	(16,565)	883,383
Grifols Australia Pty Ltd. (Australia) / Medion Diagnostics AG	9,859	--	(247)	9,612
Grifols Therapeutics, Inc. (USA)	2,083,432	--	(38,348)	2,045,084
Progenika Biopharma, S.A. (Spain)	40,516	--	--	40,516
Grifols Diagnostic (Novartis & Hologic) (USA, Spain and Hong Kong)	2,722,785	--	(44,908)	2,677,877
Kiro Grifols, S.L. (Spain)	24,376	--	--	24,376
Haema, AG. (Germany)	190,014	--	--	190,014
BPC Plasma, Inc (USA)	160,964	--	(2,963)	158,001
Plasmavita Healthcare, GmbH (Germany)	9,987	--	--	9,987
Alkahest, Inc (USA)	82,481	--	(1,517)	80,964
Grifols Canada Therapeutics, Inc (formerly Green Cross Biotherapeutics, Inc.) (Canada)	154,775	--	473	155,248
GigaGen, Inc (USA)	119,590	--	(2,201)	117,389
Prometic Plasma Resources, Inc. (Canada)	13,529	--	1,034	14,563
Haema Plasma Kft. (Hungary)	2,802	--	9	2,811
Grifols Biotest Holdings GmbH / Biotest AG (Germany)	303,624	--	--	303,624
Access Biologicals, LLC (USA)	179,362	(174,427)	(4,935)	--
Grifols Bio Supplies, Inc (USA)	--	174,427	1,633	176,060
	7,011,909	0	(113,088)	6,898,821

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the six-month period ended 30 June 2023

Impairment testing:

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

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 vertical integration of the business but also cross-selling 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 the Others segment.

In addition, due to the acquisition of the remaining 51% stake in Access Biologicals, a new CGU for the Bio Supplies business has been identified.

The CGUs established by Grifols management are:

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

There is no indication of impairment regarding the Biopharma, Bio Supplies, Kiro Grifols, GigaGen and Alkahest CGUs.

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, management has approved a long-term strategic plan 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 2023-2033.

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

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the six-month period ended 30 June 2023

	Perpetual Growth rate	Pre-tax discount rate
Diagnostic	1.9%	9.7%

The key assumptions used to test the impairment of the CGUs for the six-month period ended 30 June 2023 are as follows:

	Perpetual Growth rate	Pre-tax discount rate
Diagnostic	2.0%	9.7%

Likewise, for the impairment testing of the Diagnostic CGU, the sales of Blood Typing Solution (BTS) and those of Clinical Diagnostics 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

In 2022 and the six-month period ended 30 June 2023, 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 movements that are independent of each other, as follows:

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

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 have also been 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 has been estimated so that Clinical Diagnostics sales from 2029 onwards represent on average 80% of the initially estimated sales.

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

	Pre-tax discount rate +50 bps
Diagnostic	-2.0%

At 30 June 2023 Grifols' stock market capitalization totals Euros 7,175 million (Euros 6,636 million at 31 December 2022).

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the six-month period ended 30 June 2023

(7) Other Intangible Assets, Rights of Use and Property, Plant and Equipment

Movement in Other Intangible Assets, Rights of Use and Property, Plant and Equipment for the six-month period ended 30 June 2023 is as follows:

	Thousands of Euros			
	Other intangible assets	Rights of Use	Property, plant and equipment	Total
Total Cost at 31/12/2022	4,003,893	1,149,095	5,102,844	10,255,832
Total depreciation and amortization at 31/12/2022	(1,052,663)	(251,543)	(1,819,343)	(3,123,549)
Impairment at 31/12/2022	(2,083)	--	(12,564)	(14,647)
Balance at 31/12/2022	2,949,147	897,552	3,270,937	7,117,636
Cost				
Additions	40,671	39,297	103,386	183,354
Disposals	(1,538)	(28,069)	(39,067)	(68,674)
Transfers	520	(918)	398	--
Translation differences	(45,456)	(15,720)	(55,238)	(116,414)
Total Cost at 30/06/2023	3,998,090	1,143,685	5,112,323	10,254,098
Depreciation & amortization				
Additions (note 15)	(78,967)	(39,006)	(108,455)	(226,428)
Disposals	247	10,814	28,451	39,512
Transfers	--	432	(432)	--
Translation differences	14,604	3,328	20,868	38,800
Total depreciation and amortization at 30/06/2023	(1,116,779)	(275,975)	(1,878,911)	(3,271,665)
Impairment				
Additions	(421)	--	(4,863)	(5,284)
Disposals	1,431	--	9,546	10,977
Translation differences	7	--	153	160
Total impairment at 30/06/2023	(1,066)	--	(7,728)	(8,794)
Total balance at 30/06/2023	2,880,245	867,710	3,225,684	6,973,639

There is no evidence of impairment identified at 30 June 2023.

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 cost and accumulated amortisation of currently marketed products acquired from Talecris and Progenika at 30 June 2023 is as follows:

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the six-month period ended 30 June 2023

	Thousands of Euros			Balance at 30/06/2023
	Balance at 31/12/2022	Additions	Translation differences	
Cost of currently marketed products - Gamunex	1,125,070	--	(20,708)	1,104,362
Cost of currently marketed products - Progenika	23,792	--	--	23,792
Accumulated amortisation of currently marketed products - Gamunex	(434,403)	(18,573)	8,164	(444,812)
Accumulated amortisation of currently marketed products - Progenika	(23,391)	(401)	--	(23,792)
Net carrying amount of currently marketed products	691,068	(18,974)	(12,544)	659,550

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.

As of 30 June 2023, the residual useful life of the currently marketed products acquired from Talecris is 17 years and 11 months (18 years and 11 months at of 30 June 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.

(8) Leases

The composition of the balance related to leases at 30 June 2023 and 31 December 2022 is as follows:

Rights of use	Thousands of Euros	
	30/06/2023	31/12/2022
Land and Buildings	855,244	885,050
Machinery	2,967	3,017
Computer equipment	945	1,026
Vehicles	8,554	8,459
	867,710	897,552
Lease liabilities	Thousands of Euros	
	30/06/2023	31/12/2022
Non-current	890,458	914,588
Current	100,515	102,356
	990,973	1,016,944

Movement for the period ended 30 June 2023 is included in note 7 "Other Intangible Assets, Rights of Use and Property, Plant and Equipment".

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the six-month period ended 30 June 2023

The composition of lease liabilities at 30 June 2023 is shown below. Undiscounted future payments classified on a maturity basis are presented together with the effect of the financial discount:

	Thousands of Euros	
	30/06/2023	31/12/2022
Maturity:		
Within one year	102,390	102,356
In the second year	98,102	97,823
In the third to fifth year	258,910	270,876
After the fifth year	970,330	996,655
Total undiscounted lease liabilities	1,429,732	1,467,710
Discounting effect	438,759	450,766
Lease liabilities included in the statement of financial position	990,973	1,016,944

The amounts recognized in the consolidated income statement of profit or loss relating to lease contracts during the three- and six-month periods ended 30 June 2023 and 2022 are as follows:

Rights of use depreciation	Thousands of Euros			
	Six-Months Ended 30 June 2023	Six-Months Ended 30 June 2022	Three-Months Ended 30 June 2023	Three-Months Ended 30 June 2022
			Not reviewed	Not reviewed
Buildings	35,380	34,360	17,688	18,143
Machinery	589	1,272	288	504
Computer equipment	514	804	307	398
Vehicles	2,523	2,316	1,273	1,256
	39,006	38,752	19,556	20,301

	Thousands of Euros			
	Six-Months Ended 30 June 2023	Six-Months Ended 30 June 2022	Three-Months Ended 30 June 2023	Three-Months Ended 30 June 2022
			Not reviewed	Not reviewed
Finance lease expenses (note 16)	21,377	21,673	10,680	11,119
	21,377	21,673	10,680	11,119

	Thousands of Euros			
	Six-Months Ended 30 June 2023	Six-Months Ended 30 June 2022	Three-Months Ended 30 June 2023	Three-Months Ended 30 June 2022
			Not reviewed	Not reviewed
Expenses related to short-term agreements	733	802	218	382
Expenses related to low-value agreements	7,022	6,214	3,349	2,577
Other operating lease expenses	12,123	11,194	6,051	5,946
	19,878	18,210	9,618	8,905

At 30 June 2023, the Group has paid a total amount of Euros 51,571 thousand related to lease contracts (Euros 49,458 thousand at 30 June 2022).

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

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the six-month period ended 30 June 2023

(9) Equity-Accounted Investees

Movements in investments in equity-accounted investees for the six-month period ended 30 June 2023 are as follows:

	Thousands of Euros							
	2023							
	Equity accounted investees with similar activity to that of the Group				Rest of equity accounted investees			
	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	1,910,428	36,111	5,051	1,951,590	622	2,965	3,587	1,955,177
Acquisitions				--			--	--
Transfers				--			--	--
Business combination				--			--	--
Share of profit / (losses)	27,754	(226)		27,528	(738)	(124)	(862)	26,666
Share of other comprehensive income / translation differences	(68,452)	(7,916)		(76,368)	116		116	(76,252)
Collected dividends				--			--	--
Balance at 30 June	1,869,730	27,969	5,051	1,902,750	--	2,841	2,841	1,905,591

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the six-month period ended 30 June 2023

Shanghai RAAS Blood Products Co. Ltd.

At 30 June 2023, the quoted value of SRAAS shares was CNY 7.51.

	30 June 2023	31 December 2022	Acquisition date
SRAAS share price	CNY 7.51	CNY 6.34	CNY 7.91

On June 14, 2023, Grifols announced that there could be significant changes in the shareholding structure of SRAAS. Upon satisfactory closing of the deal, Grifols is expected to receive US Dollars 1,500 million and remain to be a significant shareholder of SRAAS.

Given the preliminary assessments made in the context of the potential transaction mentioned above, as well as the evolution of the share price, the operating performance and the financial position of the company, it has been determined that there are no indications of impairment in the SRAAS investment.

(10) Financial Assets

The composition of non-current financial assets in the consolidated balance sheet at 30 June 2023 and 31 December 2022 is as follows:

	Thousands of Euros	
	30/06/2023	31/12/2022
Other investments	11,327	11,540
Non-current derivatives (note 20)	12,046	27,030
Total Non-current financial assets measured at fair value	23,373	38,570
Non-current guarantee deposits	9,155	9,277
Other non-current financial assets (a)	484,546	476,361
Non-current loans to related parties	113,379	96,537
Total Non-current financial assets at amortized cost	607,080	582,175

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the six-month period ended 30 June 2023

The composition of current financial assets in the consolidated balance sheet at 30 June 2023 and 31 December 2022 is as follows:

	Thousands of Euros	
	30/06/2023	31/12/2022
Current derivatives (note 20)	16,202	12,629
Total Non-current financial assets measured at fair value	16,202	12,629

	Thousands of Euros	
	30/06/2023	31/12/2022
Deposits and guarantees	12,256	12,750
Other current financial assets (a)	5,386	18,236
Current loans to third parties	39	48
Current financial assets at amortized cost	17,681	31,034

(a) Other non-current and current financial assets

A breakdown of other non-current and current financial assets is as follows:

	Thousands of Euros	
	30/06/2023	31/12/2022
Other financial assets with related parties	321,342	318,890
Other financial assets with third parties	168,591	175,707
Total other non-current and current financial assets	489,933	494,597

"Other financial assets with third parties" mainly comprises prepayments related to the collaboration agreement with the US company ImmunoTek Bio Centers LLC, which specializes in the construction and opening of plasma centers, to acquire 28 plasma centers at marked price in the United States. At 30 June 2023, the Group had made prepayments related to this project amounting to Euros 128.8 million (Euros 124.1 million at 31 December 2022).

(11) Trade and Other Receivables

At 30 June 2023 and during 2022, Grifols has sold receivables without recourse to some financial institutions (factors), to which substantially all the risks and rewards of ownership of the assigned receivables are transferred. Control over the assigned receivables, 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 contractual terms include early collection of the assigned receivables ranging from 70% to 100% of the nominal amount and a coverage limit that the factors would cover in case of insolvency of the debtors, ranging from 90% to 100% of the transferred nominal amount.

These contracts have been considered as non-recourse factoring and the amount advanced for the factors has been derecognized from the balance sheet.

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the six-month period ended 30 June 2023

In addition, in 2023 and 2022, some receivables assignment contracts were signed with a financial institution, in which Grifols retains the risks and rewards inherent to the ownership of the assigned receivables. These contracts have been treated as factoring with recourse, where the amount assigned is retained on the consolidated balance sheet 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 is Euros 14,114 thousand at 30 June 2023 (Euros 12,785 thousand in the six-month period ended 30 June 2022 and Euros 16,546 thousand at 31 December 2022) .

The total amount of non-recourse receivables, the ownership of which has been transferred to financial institutions under the aforementioned contracts, amounted to Euros 1,553,411 thousand in the six-month period ended 30 June 2023 (Euros 1,199,884 thousand in the six-month period ended 30 June 2022 and Euros 3,174,308 thousand at 31 December 2022).

The finance cost of the receivables sold amounted to Euros 11,739 thousand for the six-month period ended 30 June 2023 and is recognized under "Finance costs" in the consolidated statement of profit and loss (Euros 4,983 thousand for the six-month period ended 30 June 2022) (see note 16).

The volume of invoices sold without recourse to various financial institutions which, based on their due date, would not have been collected as 30 June 2023, totals Euros 367,884 thousand (Euros 491,560 thousand at 30 June 2022).

(12) Cash and Cash Equivalents

The composition of this item in the consolidated balance sheet at 30 June 2023 and 31 December 2022 is as follows:

	Thousands of Euros	
	30/06/2023	31/12/2022
Current deposits	7,204	5
Cash in hand and at banks	516,148	547,974
Total cash and cash equivalents	523,352	547,979

(13) Equity

Details of and movement in consolidated equity are set out in the condensed consolidated statement of changes in equity, which forms an integral part of this note to these condensed consolidated interim financial statements.

(a) Subscribed capital and share premium

At 30 June 2023 and 31 December 2022, the share capital of the Company amounts to Euros 119,603,705 and consists of:

- Class A shares: 426,129,798 shares of Euros 0.25 par value each, subscribed and fully paid up, belonging to the same class and series, which are the ordinary shares of the Company.
- Class B shares: 261,425,110 of 0.05 Euro par value each, belonging to the same class and series, and which are non-voting shares with the pre-emptive rights established in the Company's Articles of Association.

(b) Reserves

The availability the reserves for distribution is subject to legislation applicable to each of the Group companies. At 30 June 2023, an amount of Euros 13,801 thousand equivalent to the carrying amount of corresponding to the unamortized research and development expenses of certain Spanish companies (Euros 18,908 thousand at 31 December 2022) are, in accordance with applicable regulations, restricted reserves, which cannot be distributed until these development costs have been amortized.

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the six-month period ended 30 June 2023

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 30 June 2023 and 31 December 2022 the legal reserve of the Parent company amounts to Euros 23,921 thousand.

Finally, the hedging reserve includes the cash flow hedge reserve and the costs of hedging reserve, see note 4(i) to the consolidated annual accounts for the year ended 31 December 2022 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 20.

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.

(c) Treasury stock

During the six months ended 30 June 2023 and 2022, there was no movement in Class A treasury stock.

The movement in Class B treasury stock during the six months ended 30 June 2023 is as follows:

	<u>No. of Class B shares</u>	<u>Thousand of Euros</u>
Balance at 1 January 2023	5,199,784	72,261
Disposals Class B shares	(253,837)	(3,528)
Acquisition Class B shares	--	--
	4,945,947	68,733

In March and May 2023, the Group delivered 253,837 treasury stocks (Class B shares) to eligible employees as compensation under the Restricted Share Unit Retention Plan (see note 19 (b)).

Movement in Class B treasury stock during the six-month period ended 30 June 2022 is as follows:

	<u>No. of Class B shares</u>	<u>Thousand of Euros</u>
Balance at 1 January 2022	5,070,530	74,230
Disposals Class B shares	(370,746)	(5,428)
	4,699,784	68,802

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 (see note 19 (b)).

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the six-month period ended 30 June 2023

(d) Distribution of profits

The profits of Grifols, S.A. and subsidiaries are applied as approved at the respective General Shareholders' Meetings and the proposed distribution of profit for the year ended 31 December 2022 is presented as part of the consolidated statement of changes in equity.

Consequently, no dividends were paid during the six-month period ended 30 June 2023 and 2022.

(14) Financial liabilities

Details of financial liabilities at 30 June 2023 and 31 December 2022 are as follows:

Financial liabilities	Referencia	Thousands of Euros	
		30/06/2023	31/12/2022
Non-current obligations	(a)	4,626,278	4,638,444
Senior secured debt	(b)	3,361,631	3,419,058
Other loans	(b)	698,244	336,530
Other non-current financial liabilities	(c)	825,242	887,707
Non-current financial derivatives	Nota 20	4,375	4,003
Non-current lease liabilities	Nota 8	890,458	914,588
Loan transaction costs		(203,641)	(239,768)
Total non-current financial liabilities		10,202,587	9,960,562
Current obligations	(a)	149,399	150,512
Senior secured debt	(b)	26,400	8,904
Other loans	(b)	438,483	477,065
Other current financial liabilities	(c)	76,601	113,680
Current financial derivatives	Nota 20	1,503	733
Current lease liabilities	Nota 8	100,515	102,356
Loan transaction costs		(59,632)	(57,564)
Total current financial liabilities		733,269	795,686

(a) Senior Notes

Detail of Senior Notes at 30 June 2023 are as follows:

	Issue date	Company	Thousands of Euros			
			Nominal value	Currency	Annual coupon	Maturity
	18/04/2017	Grifols, S.A.	1,000,000	Euros	3.20%	2025
Unsecured senior notes	05/10/2021	Grifols, S.A. (*)	1,400,000	Euros	3.875%	2028
	05/10/2021	Grifols, S.A. (*)	705,000	US dollar	4.750%	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. (see note 3)

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the six-month period ended 30 June 2023

The total principal plus interest payable on the senior notes is as follows:

	Principal+Interest in Thousands of Euros	
	Senior Unsecured Notes	Senior Secured Notes
Maturity		
2023	58,534	15,128
2024	117,069	30,256
2025	1,101,069	861,305
2026	85,069	16,641
2027	85,069	756,250
2028	2,133,881	0
Total	3,580,691	1,679,580

(b) 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

- **Euro Tranche B:**
 - 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 30 June 2023 are as follows:

	Tranche B in US Dollars		Tranche B in Euros		
	Currency	Principal in thousands of US Dollars	Principal in thousands of Euros	Currency	Principal in thousands of Euros
Maturity					
2023	US Dollars	6,015	5,791	Euros	3,269
2024	US Dollars	24,058	23,162	Euros	13,076
2025	US Dollars	24,058	23,162	Euros	13,076
2026	US Dollars	24,058	23,162	Euros	13,076
2027	US Dollars	2,235,700	2,152,402	Euros	1,216,058
Total	US Dollars	2,313,889	2,227,679	Euros	1,258,555

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the six-month period ended 30 June 2023

(c) Other financial liabilities

At 30 June 2023, "Other non-current and current financial liabilities" include mainly an amount of Euros 819,738 thousand (Euros 919,948 thousand at 31 December 2022) related to the agreement with GIC (Singapore sovereign wealth fund).

At 30 June 2023, one share has been redeemed for an amount of US Dollars 52,105 thousand.

(15) Expenses by Nature

A breakdown of personal expenses by function is as follows:

	Thousands of Euros			
	Six-Months Ended 30 June 2023	Six-Months Ended 30 June 2022	Three-Months Ended 30 June 2023	Three-Months Ended 30 June 2022
			Not reviewed	Not reviewed
Cost of sales	684,076	593,975	312,133	318,197
Research and development	89,387	75,887	38,879	39,143
Selling, general & administrative expenses	266,437	213,730	81,380	109,755
	1,039,900	883,592	432,392	467,095

On 15 February 2023, the Group announced a comprehensive operational improvement plan with significant cost savings. The plan included the optimization of plasma costs and operations, streamlining corporate functions, and enhancing other efficiencies across the organization. It also included a workforce optimization to be implemented in 2023 that affected approximately 8% of the company's employees, primarily in the U.S. plasma operations. At 31 March 2023, the Group recorded a restructuring expense of Euros 140 million. A breakdown of amortization/depreciation expenses by function is as follows:

	Thousands of Euros			
	Six-Months Ended 30 June 2023	Six-Months Ended 30 June 2022	Three-Months Ended 30 June 2023	Three-Months Ended 30 June 2022
			Not reviewed	Not reviewed
Cost of sales	133,589	118,076	63,088	62,625
Research and development	38,060	18,159	9,931	9,286
Selling, general & administrative expenses	54,779	50,973	27,887	26,932
	226,428	187,208	100,906	98,843

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the six-month period ended 30 June 2023

(16) Finance result

Details are as follows:

	Thousands of Euros			
	Six-Months Ended 30 June 2023	Six-Months Ended 30 June 2022	Three-Months Ended 30 June 2023 Not reviewed	Three-Months Ended 30 June 2022 Not reviewed
Finance income	24,181	13,853	11,567	8,674
Finance cost from Senior Unsecured Notes	(88,004)	(91,652)	(44,379)	(63,430)
Finance cost from Senior debt	(120,148)	(66,760)	(62,512)	(35,207)
Finance costs from other financial liabilities	(37,904)	(42,030)	(18,873)	(23,500)
Finance cost from sale of receivables (note 11)	(11,739)	(4,983)	(6,459)	(3,226)
Capitalised interest	17,978	10,721	8,928	5,680
Finance lease expense (note 8)	(21,377)	(21,673)	(10,680)	(11,119)
Other finance costs	(31,815)	5,569	(14,973)	(6,420)
Finance costs	(293,009)	(210,808)	(148,948)	(137,222)
Change in fair value of financial instruments	(2,030)	(17,034)	1,057	1,593
Exchange differences	(3,260)	15,236	(3,052)	7,576
Finance result	(274,118)	(198,753)	(139,376)	(119,379)

(17) Taxation

For the calculation of the income tax accrued in this period, the tax rate that would be applicable to the total expected profit for the year has been used, so that the tax expense for the interim period will be the result of applying the weighted average annual effective tax rate to the profit before tax for the interim period. The Group's consolidated effective tax rate is 25%, excluding the effect of Biotest, for the six-month period ended 30 June 2023 and 22.5% for the six-month period ended 30 June 2022.

No relevant events have arisen regarding income tax audits during the six-month period ended 30 June 2023.

In March 2022, the Organization for Economic Cooperation and Development (OECD) approved its Pillar 2 international taxation model that establishes a worldwide minimum corporate income tax rate of 15% for companies with a turnover of more than Euros 750 million. On May 2023, the IASB issued the amendments to IAS 12 – international tax reform: Pillar 2 model reforms, effective for periods beginning on or after 1 January 2023. The amendments to IAS 12 provide a mandatory temporary relief from the recognition of deferred tax balances arising from the implementation of Pillar 2 legislation. At 30 June 2023 the amendments to IAS 12 have not been endorsed by the EU.

Subject to the substantive enactment of the Pillar 2 legislation and the endorsement of the amendments to IAS 12, the Group has developed an accounting policy consistent with the amendments to IAS 12, whereby, the Group does not recognize adjustments to deferred tax assets and liabilities arising from the introduction of the minimum 15% effective tax rate. In developing this accounting policy, the Group has also adopted the relief granted in paragraph 98M of the amendments to IAS 12 not to provide the disclosure requirements of the amendments for interim periods beginning on or after 1 January 2023.

The Group is currently evaluating the impact of this measure, however, it is not expected to have significant impacts.

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the six-month period ended 30 June 2023

(18) Discontinued Operations

During the six-month period ended 30 June 2023 and 30 June 2022, the Group has not discontinued any operations.

(19) Commitments and Contingencies

(a) Contingencies

Information on legal proceedings in which the Company or Group companies are involved is 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”). 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 US Dollars 4 Million.

NEXT ACTION: Expert Discovery was concluded on 14 October 2022 and the parties filed dispositive motions, including a motion for summary judgement by Abbott and an opposition filed by GDS, the Court has yet to rule on the motion for summary judgement filed by Abbott. GDS and Ortho contend that the patent is valid and they believe that Abbott will be unsuccessful in its Declaratory Relief action and Motion for Summary Judgment in attempting to invalidate the patent.

- **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.

NEXT STEP: The Hearing on the class certification motion was heard on 28 October 2022. Court recently granted class certification to a very limited portion of the class relating to only two of the ten claims alleged in the class action lawsuit. Defense counsel has reviewed the claims and provided an analysis of exposure and discuss options pertaining to defense and potential mediation. Plaintiff's counsel has requested mediation and GDS is cautiously optimistic that a settlement is possible in the coming weeks.

CLASS POTENTIAL: Approx. 300 CA GDS employees for payroll/wage & hour violations per pay period for 4 years

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the six-month period ended 30 June 2023

- **BRIAN VAUGHAN, JASON DARNELL, FEBBIE MINNIEFIELD, and ADRIEL VEGA, individually and on behalf of others similarly situated v. BIOMAT USA, INC., TALECRIS PLASMA RESOURCES, INC., and INTERSTATE BLOOK BANK, INC.**

Served: 22 June 2020

Circuit Court of Cook County

Case No. 2020CH04519

Removed to Federal Court 17 July 2020, Northern District of Illinois, Case No. 20-cv-4241

Illinois Biometric Information Privacy Act

Former donors allege violations of IL Biometric Information Privacy Act in a putative class action. Plaintiffs donated plasma at one of Defendants' Illinois-based plasma donation centers. They were required to scan at least one fingerprint to donate plasma to track their identity. Plaintiffs allege that Defendants failed to comply with the BIPA's requirements when they collected their fingerprint data. Specifically, they allege that Defendants violated the BIPA by (i) failing to develop a publicly data-retention policy and guidelines for permanently destroying biometric data, and (b) collecting, using, and storing their donors' biometric data without obtaining informed written consent. Defendants, for their part, deny Plaintiffs' allegations, that they have violated the BIPA, they are subject to the BIPA, or that any biometric data of donors were disclosed to any unauthorized third parties.

Defendants had many defenses including the federal preemption, arguments to be made to defeat class certification, and most relevant is that Class Members signed a consent form authorizing the use of fingerprinting as biometric authentication of their identity as part of the automated screening process.

NEXT ACTION: The Parties settled this class action in the amount of US Dollars 16,750,000. At the time of this settlement, discovery was beginning. The Group has covered a total of US Dollars 6,000,000, and the remainder has been funded by the insurer. The Parties agreed to settle this litigation now without any admission or determination of liability or the strength of the Parties' claims and defenses, in order to avoid further risk and expenses to Plaintiffs and the Defendants. The Parties are in the process of providing notice to the class and proceeding with the settlement procedures.

CLASS MEMBERS: The settlement class is 66,822 individuals.

- **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: At the end of February 2023, the Parties agreed to further suspend the proceedings which was granted until 31 August 2023. The companies are continuing to apply efforts to amicably solve technical vicissitudes in order to continue with their commercial relationship (manufacturing and supply agreement) on satisfactory terms for both parties.

- **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),

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the six-month period ended 30 June 2023

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 received verbal information that KIMADIA had been able to source alternative product for an agreeable pricing and that discussions among Hali/Tiba and KIMADIA had not continued on the topic of possible sanctions. However, Grifols is still waiting to obtain written confirmation on the latter or assurance that its possible claim will not occur.

(b) Commitments

• 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 30 June 2023 the Group has settled the 2021 RSU plan for an amount of Euros 2,464 thousand (Euros 9,071 thousand at 30 June 2022 corresponding to the 2020 RSU plan).

This commitment is treated as equity-settled and the accumulated amount recognized at 30 June 2023 as share-based payments cost of employees is Euros 4,914 thousand (Euros 6,221 thousand at 31 December 2022).

• Long-Term Incentive Plan

In May 2023, Board of Directors approved a long-term incentive plan based on the award of stock options as well as Restricted Stock Units (RSU) for certain executive directors, members of the senior management team of Grifols and its affiliates and other employees of the Group.

The plan based on the reward of stock options is subject to the achievement of specific goals and consists of the delivery of a certain number of class A shares of Grifols, S.A. with an exercise price of Euros 8.96 per share. The plan has a total duration of four years, 40% of the options awarded will vest (provided the vesting conditions are met) at the end of the second year of the Plan and the remaining 60% will vest (provided the vesting conditions are met) at the end of the fourth year of the Plan. The Group will allocate the shares that it currently owns in treasury stock or that it may own to cover the needs of the Plan. This commitment is treated as equity-settled and the accumulated amount recognized at 30 June 2023 is Euros 574 thousand.

The plan based on the reward of restricted stock units (RSUs) consists of the delivery of a certain number of restricted stock units which will be settled in cash for the difference between the value of the share on the grant date (Euros 8.96) and the value of the share on the maturity date. The plan has a total duration of four years, 50% of the options rewarded will be settled at the end of the second year of the plan and the remaining 50% at the end of the fourth year of the plan.

(20) Financial Instruments

Classification

A breakdown of financial instruments by nature, category and fair value is as follows:

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the six-month period ended 30 June 2023

	30/06/2023										
	Carrying amount							Fair Value			
	Financial assets at amortised costs	Financial assets at FVTPL	Financial assets at FV to OCI	Hedges	Financial liabilities at amortised costs	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Non-current financial assets	--	7	11,320	--	--	--	11,327	7	--	11,320	11,327
Derivative instruments	--	--	--	28,248	--	--	28,248	--	28,248	--	28,248
Trade receivables	--	--	257,796	--	--	--	257,796	--	257,796	--	257,796
Financial assets measured at fair value	--	7	269,116	28,248	--	--	297,371				
Non-current financial assets	607,080	--	--	--	--	--	607,080				
Other current financial assets	17,681	--	--	--	--	--	17,681				
Trade and other receivables	529,386	--	--	--	--	--	529,386				
Cash and cash equivalents	523,352	--	--	--	--	--	523,352				
Financial assets measured at amortized cost	1,677,499	--	--	--	--	--	1,677,499				
Derivatives instruments	--	(5,878)	--	--	--	--	(5,878)	--	(5,878)	--	(5,878)
Financial liabilities measured at fair	--	(5,878)	--	--	--	--	(5,878)				
Senior Unsecured & Secured Notes	--	--	--	--	(4,572,781)	--	(4,572,781)	(4,222,560)	--	--	(4,222,560)
Promissory Notes	--	--	--	--	(115,301)	--	(115,301)				
Senior secured debt	--	--	--	--	(3,212,353)	--	(3,212,353)	--	(3,323,052)	--	(3,323,052)
Other bank loans	--	--	--	--	(1,136,728)	--	(1,136,728)				
Lease liabilities	--	--	--	--	(990,973)	--	(990,973)				
Other financial liabilities	--	--	--	--	(901,842)	--	(901,842)				
Other non-current debts	--	--	--	--	--	(45)	(45)				
Trade and other payables	--	--	--	--	(821,315)	--	(821,315)				
Other current liabilities	--	--	--	--	--	(215,720)	(215,720)				
Financial liabilities measured at amortized cost	--	--	--	--	(11,751,293)	(215,765)	(11,967,058)				
	1,677,499	(5,871)	269,116	28,248	(11,751,293)	(215,765)	(9,998,066)				

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 their short term.

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the six-month period ended 30 June 2023

Financial derivatives

At 30 June 2023 and 31 December 2022 the Group has the following derivatives:

Financial derivatives	Currency	Notional amount at 30/06/2023	Notional amount at 31/12/2022	Thousands of Euros		Maturity
				Value at 30/06/23	Value at 31/12/22	
Cross currency interest rate swap	US Dollar	500,000,000	500,000,000	26,415	35,296	15/10/2024
Cross currency interest rate swap	US Dollar	205,000,000	205,000,000	(229)	3,216	15/10/2024
Energy price swap	Euro / Kwh	--	--	1,258	--	31/12/2032
Foreign exchange rate forward	Swiss Franc	6,000,000	5,500,000	106	71	01/09/2023
Foreign exchange rate forward	Canadian dollar	7,000,000	4,416,667	58	165	2023 y 2024
Foreign exchange rate forward	Japanese Yen	700,000,000	--	344	--	02/08/2023
Foreign exchange rate forward	Pound Sterling	8,000,000	27,100,000	132	805	2023
Foreign exchange rate forward	US Dollar	3,500,000	23,720,000	50	104	2023
Foreign exchange rate forward	Euro	1,935,880	--	111	--	2023
Embedded derivative	Euro	160,000,000	160,000,000	3	2	2024
Total assets (note 10)				28,248	39,659	
Cross currency interest rate swap	US Dollar	205,000,000	205,000,000	(4,779)	(3,990)	15/10/2024
Foreign exchange rate forward	US Dollar	69,900,000	75,300,000	(21)	(600)	2023
Foreign exchange rate forward	Canadian dollar	53,747,118	8,000,001	(153)	(145)	2024 y 2025
Foreign exchange rate forward	Pound Sterling	13,100,000	--	(330)	--	2023
Foreign exchange rate forward	Euro	45,000,000	--	(595)	--	06/07/2023
Embedded derivative	Euro	65,000,000	65,000,000	--	(1)	2024
Total liabilities (note 14)				(5,878)	(4,736)	

The Group has formalized a Power Purchase Agreement (PPA) for the supply of renewable electricity for a period of 10 years on 20% of the production of a photovoltaic farm that came into operation in January 2023.

(21) Transactions with Related Parties

Transactions with related parties are in the Group's ordinary course of business and have been carried out on an arm's length basis.

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the six-month period ended 30 June 2023

The amounts of the Group's transactions with related parties during the six-month period ended 30 June 2023 are as follows:

	Thousands of Euros			
	Associates	Key management personnel	Other related parties	Board of directors of the company
Net sales	207,108	--	--	--
Purchases of inventory	--	--	--	--
Other service expenses	(23)	--	(3,694)	--
Remuneration	--	(7,295)	--	(7,559)
Finance income	--	--	10,785	--
Dividends paid/received	--	--	--	--
	207,085	(7,295)	7,091	(7,559)

The amounts of the Group's transactions with related parties during the six-month period ended 30 June 2022 are as follows:

	Thousands of Euros			
	Associates	Key management personnel	Other related parties	Board of directors of the company
Net Sales	172,549	--	--	--
Purchases of inventory	(28)	--	--	--
Other service expenses	(105)	--	(1,514)	--
Remuneration	--	(8,471)	--	(2,282)
Finance income	--	--	5,828	--
Dividends paid/received	3,750	--	--	--
	176,166	(8,471)	4,314	(2,282)

The amounts of the Group's transactions with related parties during the three months ended 30 June 2023 are as follows:

	Thousands of Euros			
	Associates	Key management personnel	Other related parties	Board of directors of the company
				Not reviewed
Net sales	119,488	--	--	--
Purchases of inventory	--	--	--	--
Other service expenses	--	--	(2,351)	--
Remuneration	--	(3,357)	--	(1,503)
Finance income	--	--	5,123	--
Dividends paid/received	--	--	--	--
	119,488	(3,357)	2,772	(1,503)

Remuneration to company directors includes the remuneration of Mr. Steven Mayer for his position as Executive Chairman of the subsidiary Grifols Share Services North America Inc. and the amounts paid to him by this subsidiary for the termination of his contract with this subsidiary.

GRIFOLS, S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements for the six-month period ended 30 June 2023

The amounts of the Group's transactions with related parties during the three months ended 30 June 2022 are as follows:

	Thousands of Euros			
	Associates	Key management personnel	Other related parties	Board of directors of the company
	Not reviewed			
Net Sales	100,154	--	--	--
Purchases of inventory	(19)	--	--	--
Other service expenses	(85)	--	(1,916)	--
Remuneration	--	(3,649)	0	(1,141)
Finance income	--	--	3,106	--
Dividends paid/received	1,587	0	--	--
	101,637	(3,649)	1,190	(1,141)

On 28 December 2018 the Group sold BPC Plasma and Haema to Scranton Enterprises B.V. (a Grifols shareholder) for US Dollars 538,014 thousand. For the payment of the aforementioned selling price, Scranton entered into a loan agreement dated 28 December 2018 for US Dollars 95,000 thousand (Euros 82,969 thousand) with Grifols Worldwide Operations Limited. The remuneration is 2%+EURIBOR and the maturity date is 28 December 2025.

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, as detailed in note 28(c) to the consolidated annual accounts for the year ended 31 December 2021, certain Company directors and key management personnel have termination benefit commitments.

(22) Subsequent events

There have been no significant events subsequent to the closing of these condensed consolidated interim financial statements.

GRIFOLS, S.A. AND SUBSIDIARIES

Consolidated Management Report

for the six-month period ended June 30, 2023

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

Management Report for the six-month period ended June 30, 2023 should be read in conjunction with the corresponding consolidated interim financial statements and related notes. The comments and analysis included in the report may contain projections and forward-looking considerations that involve risks and uncertainties. Please refer to the legal notice included at the end of the document.

In a semester marked by solid operational and financial execution, Grifols' results have exceeded guidance. The company has made significant progress towards achieving its strategic objectives, aimed at delivering strong financial results, operational excellence, deleveraging, and value creation for all stakeholders.

Grifols' revenue reached EUR 3,225 million in the first semester of 2023, representing an increase of +13.1% cc¹ (+14.8% reported²). Notably, revenue grew +8.8% cc (+7.8% reported) in the second quarter of the year, reaching 1,664 million euros, driven by the growth of its major business units: Biopharma, Diagnostic, and Bio Supplies.

REVENUE EVOLUTION

- **Biopharma**

Biopharma revenues increased by +14.9% cc (+16.7% reported) to 2,698 million euros in the first semester of the year, and by +10.0% cc (+9.1%) to 1,408 million euros in the second quarter. Excluding Biotest, revenues increased by +8.4% cc (+10.2%), reaching 2,441 million euros until June 2023.

The main growth drivers were strong underlying demand for major plasma proteins, a solid plasma supply, and a favorable pricing and product mix. Notably, sales of immunoglobulin, one of the company's strategic plasma proteins, grew by +13.6% cc due to the increased growth of subcutaneous immunoglobulin (SCIG) Xembify[®] (+25.9% cc).

Grifols has continued to strengthen its immunoglobulin franchise, focusing on the rapidly growing immunodeficiencies segment, both primary (PID) and secondary (SID), while maintaining leadership in neurology and acute. The company aims to further drive the growth of its franchise in the U.S. and prioritize certain countries while accelerating the expansion and penetration of Xembify[®]. Notably, Xembify[®]'s commercialization began in Europe in June.

¹ Operational or constant currency (cc) excludes exchange rate variations for the period.

² Reported figures include the impact of exchange rate fluctuations.

GRIFOLS, S.A. AND SUBSIDIARIES

Consolidated Management Report

for the six-month period ended June 30, 2023

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- **Diagnostic**

Diagnostic recorded revenue of EUR 341 million in the first half of 2023, a year-on-year increase of 3.0% cc (+3.7% on a reported basis), and EUR 165 million in the second quarter with a growth of 5.1% cc (+3.3%).

Blood typing solutions' positive performance (+7.0% cc YTD) was noteworthy across key regions. Excluding the commercial true-up of EUR 19 million in recombinant proteins, adjusted revenue declined by 2.4% cc (-2.1% reported) year-to-date.

- **Bio Supplies**

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

PLASMA SUPPLY AND COST PER LITER

Grifols continues to increase plasma supply and effectively reduce its cost per liter (CPL), supporting further margin expansion. In the first semester of 2023, plasma supply increased by +12%, and the cost per liter decreased by -20% compared to the peak in July 2022, representing a sequential improvement in relation to the 15% reduction recorded until March. The main levers were the reduction in donor commitment compensation, which stabilized in the second quarter, and the optimization of the plasma-center network. Going forward, the reduction of other plasma costs, streamlined operations and overhead, lean processes, and digitalization, is expected to lead to further CPL improvement.

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

FINANCIAL RESULTS AND DELEVERAGING

Gross margin increased to 37.6% (36.4% including Biotest) year-to-date. This was driven by a 38.5% margin (37.2% including Biotest) in the second quarter of 2023, up from 36.7% in the previous quarter.

The company is beginning to recognize in the P&L the benefits from the CPL decline that started in the third quarter of 2022. Based on the nine-month lag of the industry's inventory accounting, the CPL improvement will lead to a further sequential margin expansion in the second half of 2023 and FY24.

The total net investments in R&D reached 176.6 million euros (162.5 million euros in the first semester of 2022), representing 5.5% of sales.

Reported EBITDA was 520 million euros in the first semester and 346 million euros in the second quarter (524 million euros and 351 million euros including Biotest). The expansion of the adjusted EBITDA margin in the second quarter of 2023 to 23.4% (21.7% including Biotest) reflects a significant sequential improvement compared to the 21.0% in the first quarter. This improvement was supported by growth across all business units, led by Biopharma, cost savings from the operational improvement plan, and operating leverage.

GRIFOLS, S.A. AND SUBSIDIARIES

Consolidated Management Report

for the six-month period ended June 30, 2023

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The financial result (expenses) was 274.1 million euros in the first half of the year (198.8 million euros in 2022). Grifols has a low exposure to interest rate hikes, as approximately 65% of its debt is at a fixed interest rate.

Reported net profit reached 70 million euros in the second quarter of 2023 (52 million euros including Biotest), contributing to a net profit evolution of -11 million euros (-56 million euros including Biotest) in the first semester. The reported net profit for the semester mainly includes the 140 million euros of non-recurring restructuring costs recognized in the first quarter of the year.

Grifols reiterates its commitment to reducing its debt. Its leverage ratio was 6.9x in the first semester of 2023, and the company maintains the goal of reducing it to 4.0x by the end of 2024. The organic growth of EBITDA will be the main driver of deleveraging, and the company is also advancing on several lines of work and intends to complete at least one deleveraging corporate operation this year.

In this regard, on June 14, Grifols announced a potential deal in China involving Shanghai RAAS with expected proceeds of USD 1.5 billion, while remaining a significant shareholder in the company.

Excluding the impact of IFRS 16³, Grifols' net financial debt stood at 9,421.5 million euros.

As of June 30, 2023, Grifols held a liquidity position of 1,162 million euros and a cash position of 523 million euros.

CORPORATE GOVERNANCE

- **Appointment of Thomas Glanzmann as new executive chairman**

In February, Grifols' Board of Directors appointed Thomas Glanzmann as the new executive chairman of Grifols following the resignation of Steve F. Mayer for personal and health reasons. The new chairman has been a Grifols board member for over 16 years and has served as vice president since 2017, also chairing Grifols' Sustainability Committee since 2020.

- **Strengthening governance with the creation of SELT**

In the first quarter of 2023, Grifols made changes to its executive governance bodies. The Board of Directors consolidated the functions of executive chairman and CEO in Thomas Glanzmann while the Co-CEO office transitioned to the Senior Executive Leadership Team (SELT), led by him and comprising Raimon Grifols, Chief Corporate Officer (CCO); Víctor Grifols Deu, Chief Operating Officer (COO); and Alfredo Arroyo, Chief Financial Officer (CFO).

The responsibilities of SELT include capital allocation, strategy definition, communication, human resources policies, business results, and oversight of key projects and priorities.

³ As of June 2023, the impact of IFRS 16 on the total debt is 991.0 million euros

GRIFOLS, S.A. AND SUBSIDIARIES

Consolidated Management Report

for the six-month period ended June 30, 2023

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

The company is also committed to promoting a performance culture focused on execution, efficiency, effectiveness, and accountability. To achieve this, new short- and long-term incentive plans have been introduced, more aligned with the interests of shareholders.

AGREEMENTS

- **Completion of the ERE at Grifols S.A.**

On March 31, the employment regulation file (ERE) of Grifols S.A. in Spain was concluded, carried out under the framework of the operational improvement plan, which also included staff optimization in the United States, mainly in plasma operations.

The final agreement reached in Spain with the legal representatives of the workers reduced the number of affected people from 92 to 51.

- **Possible transaction with Shanghai RAAS**

On June 14, 2023, Grifols informed regulatory authorities of a possible operation in China that would involve major matters in the shareholding structure of Shanghai RAAS, a company of which Grifols is the largest shareholder, with a 26.2% stake.

As of today, this matter is still in the planning stage and there's certain uncertainty. Upon satisfactory closing of the deal, Grifols is expected to receive \$1.5 bn and remain to be a significant shareholder of Shanghai RAAS.

Grifols will continuously follow subsequent developments and perform the information disclosure obligation in accordance with the relevant provisions.

- **Agreement to guarantee plasma supply in Canada**

In the late second quarter of 2023, Grifols announced an agreement with the local company Canadian Plasma Resources (CPR) to obtain plasma at its centers. This agreement, along with the planned program to establish its own network of plasma centers in Canada, will allow Grifols to meet its commitment with Canadian Blood Services, the country's national authority on blood matters.

Specifically, in September 2022, Grifols announced its collaboration agreement with Canadian Blood Services to establish a fully Canadian supply chain with the aim of progressively reaching the plasma volumes necessary to produce 2.4 million grams of immunoglobulin per year by 2026, helping the country move towards self-sufficiency in essential plasma medicines.

INNOVATION

- **Grifols continues to make progress and meet planned milestones**

Grifols' innovation pipeline maintains solid progress. The company has achieved all planned milestones for the first half of 2023, including the completion of patient enrollment for the PRECIOSA and SPARTA studies in the second quarter of the year. Additionally, Biotest trials continue to advance, with the initiation of the

GRIFOLS, S.A. AND SUBSIDIARIES
Consolidated Management Report
for the six-month period ended June 30, 2023

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Trimodulin ESsCAPE study, which already has its first active centers, and the submission of the Yimmugo® BLA trial to the FDA.

- **Collaborations driving innovation and knowledge**

Grifols has entered into a global collaboration and license agreement with Selagine, a company dedicated to developing new therapies for ocular diseases, to explore the potential of an immunoglobulin eye drop to treat dry eye disease, a condition affecting over 100 million people worldwide.

Upon completion of clinical development and regulatory authorizations, the potential treatment would become Grifols' first indication for an immunoglobulin in an ocular surface disease.

NON-FINANCIAL INFORMATION

COMMITMENT TO THE HUMAN TEAM

- **Workforce, equal opportunities, and diversity**

In the first half of 2023, Grifols' workforce (including Biotest) reached 23,631 people, with a reduction of -10.2% compared to the end of 2022, as planned after the implementation of the operational improvement plan announced in the first quarter of the year.

Specifically, the workforce in the ROW (rest of the world) remained stable at 5,357 people; in Spain, it decreased by -0.8% to 4,191 people; and in the USA, it decreased by -15.8% to 14,083 people.

Grifols is committed to ensuring equal opportunities, values diversity, actively promotes inclusion, and fosters the professional development of its employees.

In the first six months of the year, Grifols continued to advance its Diversity and Inclusion Strategic Plan, in force since 2022, which focuses on gender equity, inclusion of people with disabilities, representation of minorities, and coexistence of different generations and cultures in the workplace. Actions of awareness and training in these areas have been further developed.

During the first half of 2023, significant progress has been made in line with the commitments of the Grifols 2030 Agenda. For instance, the number of women in leadership positions increased by +11% during this period, now representing 41% of the total. Moreover, Grifols' human team includes people from over 90 nationalities and nearly 900 employees with disabilities. As of June 30, 2023, 57% of the workforce is female, and 42% is male.

GRIFOLS, S.A. AND SUBSIDIARIES

Consolidated Management Report

for the six-month period ended June 30, 2023

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

- **Health and physical and mental well-being**

Regarding health and well-being, significant progress has been made in the first half of 2023 within the framework of Grifols' Wellbeing Strategic Plan, in force since 2022, which focuses on the prevention and awareness of cardiovascular risk. The company has implemented various educational actions on healthy and sustainable nutrition, addiction, and alcohol consumption, among others.

Starting in 2023, Grifols has also introduced a new corporate mental health policy to support and safeguard the comprehensive well-being of its human team. Within this context, Grifols has implemented a specific action plan during the first half of the year to monitor various mental health and well-being indicators for employees, provide tools to prevent and manage anxiety and stress, and promote a culture that prevents any discrimination related to mental health.

- **Training, promotion, and talent retention**

The training and development of Grifols' human team are essential to the company. In the first half of 2023, over 2.54 million hours were dedicated to employee training, averaging 137 hours per employee.

Notably, the Talent Program has evolved, with 100 high-potential individuals in the organization following a personalized development plan, which includes job rotations and specific training, including change management and performance evaluation process improvement, among others.

Additionally, in the first half of 2023, two new incentive plans were announced: a short-term incentive plan (STIP) aimed at the entire workforce to reward outstanding performance and a long-term incentive plan (LTIP) based on granting stock options, benefiting approximately 220 Grifols employees, including certain executive directors and members of the senior management. Both incentive plans were ratified at the Ordinary General Shareholders' Meeting held in May.

ENVIRONMENT

- **Advancing commitments**

In the first half of the year, Grifols published the environmental balance for the year 2022 in its Integrated and Sustainability Annual Report. This report fully complies with the requirements and recommendations of the Global Reporting Initiative (GRI), was approved by the Board of Directors of Grifols, and was verified through an independent external audit.

Furthermore, external monitoring audits of the Environmental Management System were conducted for companies certified according to the ISO 14001 standard in Spain and the United States, with satisfactory results.

GRIFOLS, S.A. AND SUBSIDIARIES

Consolidated Management Report

for the six-month period ended June 30, 2023

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

In 2022, Grifols made positive progress towards the 2030 Agenda: CO₂ equivalent emissions decreased by -32.8%⁴; energy consumption relative to sales decreased by -14%; renewable electricity consumption reached 26.4%; and implemented savings measures resulted in an -8% reduction in water consumption. The details of Grifols' progress in achieving its 2030 commitments and its corporate Environmental Program 2020-2022, which has already concluded, are included in the report. The report also provides an update on climate-related risks and opportunities following the recommendations of the Task Force for Climate-related Financial Disclosure (TCFD).

• **New Corporate Environmental Program 2023-2026**

In the first half of 2023, Grifols approved its Corporate Environmental Program 2023-2026, which includes around 60 specific actions aimed at further advancing in three key areas: energy efficiency, circular economy, and biodiversity. The development of this program will allow reducing energy consumption by more than 8,000 million kWh and a reduction of over 60,000 tons of CO₂e annually (scopes 1 and 2) with a total investment of more than 26 million euros. The set objectives constitute the roadmap for achieving the corporate objectives set for 2030. Some highlights include:

- Signing Power Purchasing Agreements (PPAs) for renewable electricity in Spain and the USA for 169 million kWh/year.
- Implementing energy efficiency measures at the Biopharma and Diagnostic facilities in Barcelona (Spain).
- Applying artificial intelligence measures in the control systems of the Biopharma plants in Barcelona (Spain) and Clayton (USA).
- Implementing actions to reduce heat energy consumption in GWWO (Ireland) and Biotest (Germany) facilities.
- Reducing water consumption by 39,000 m³ in the Biopharma facilities in Barcelona.
- Reducing +75 tons of plastic waste annually in the Biopharma plants in Barcelona.
- Decreasing ethanol waste in the Biopharma facilities in Germany.
- Maintaining and establishing new biodiversity conservation programs in natural areas owned by Grifols or in their areas of influence, both in Spain and the USA.

• **Key initiatives implemented in the first half**

- Achievement of the Gold conservation certification from the Wildlife Habitat Council in the USA for a protected forest area of 121 hectares in Clayton, housing more than 300 plant and animal species. Conservation programs for bluebirds, bats, and pollinators were some of the elements considered for this certification. Additionally, Grifols will collaborate with the Sèlvans association, sponsoring the conservation of unique forest heritage in an area near Grifols facilities in Barcelona.
- Revalidation of the ZWTL Gold Operations (Zero Waste to Landfill) verification by UL Solutions for the Biopharma facilities in Clayton, where waste management allows more than 99% to be valorized and treated by alternative methods to landfills.

⁴ Data for 2022 vs. 2021 for Scopes 1 and 2.

GRIFOLS, S.A. AND SUBSIDIARIES

Consolidated Management Report

for the six-month period ended June 30, 2023

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- Implementation of a new wastewater treatment plant at the Biopharma facilities in Barcelona. This anaerobic plant treats effluents with a high organic load, reducing the organic load discharged and doubling the current treatment capacity. Moreover, the biogas produced during the treatment is utilized in the steam boilers.

SUSTAINABILITY

- **Recognitions in the first half of 2023**

For the third consecutive year, Grifols has been included in the Bloomberg Gender-Equality Index (GEI) and, for the first time, is part of the IBEX Gender Equality Index. Both milestones highlight the company's efforts to promote gender equality, equity, and diversity and the fundamental human rights among its workforce.

Grifols' performance in recent years has earned recognition as one of the world's most sustainable companies. This is demonstrated by its inclusion and presence in indices such as the Dow Jones Sustainability Index (DJSI) Euro, Euronext Vigeo Europe 120, Euronext Vigeo Eurozone 120, and FTSE4Good Global, among others.

Furthermore, various agencies, such as Standard & Poor's Global Rating, Moody's, Sustainalytics, or ISS, evaluate Grifols' sustainability performance. In this regard, S&P Global has included Grifols in this year's edition of The Sustainability Yearbook, a reference in sustainability matters.

- **Transparency**

As part of its commitment to transparency, Grifols has detailed, for the eighth consecutive year, all payments and other transfers of value related to medicines and healthcare technology made to professionals and organizations in the sector in various European countries defined in the EFPIA scope, including Spain.

In 2022, Grifols made transfers of value in Europe for a total amount of 19.5 million euros, representing a 3% increase compared to 2021. Of this total, 75.9% are transfers of value related to R&D, reaching 14.7 million euros. Transfers of value to healthcare professionals and organizations amounted to 4.7 million euros, with face-to-face interactions in scientific events returning to normalcy after the pandemic.

In addition to Europe, Grifols applies this transparency policy in the United States, as required by the competent authority (Centers for Medicare & Medicaid Services, CMS).

- **Social action**

Grifols extended its commitment to the World Federation of Hemophilia (WFH) humanitarian aid program until 2030 and will donate a minimum of 240 million international units (IU) of coagulation factors (Factor VIII and Factor IX) to the WFH Humanitarian Aid Program from 2022 to 2030. Grifols has been collaborating with the World Federation of Hemophilia since 2014 and, as part of this partnership, has sent coagulation factors to treat hemophilia patients in areas affected by earthquakes in Turkey and Syria. Grifols has also provided medical assistance with other product donations, including saline, glucose, and albumin.

GRIFOLS, S.A. AND SUBSIDIARIES

Consolidated Management Report

for the six-month period ended June 30, 2023

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Grifols also regularly collaborates with Direct Relief, a humanitarian organization working in more than 80 countries to improve the health and lives of people affected by poverty or emergencies. In the first half of 2023, the company donated 2,100 vials of Factor VIII to a humanitarian aid organization in Lebanon, a country facing widespread drug shortages due to its ongoing economic crisis. This donation corresponds to six months of treatment for 350 hemophilia patients.

RISKS

As of June 30, 2023, the Group maintains the same policies and management objectives for financial risks as of December 31, 2022.

Second quarter 2023 net revenue by division and region:

In thousands of euros	Q2 2023			Q2 2022			% vs PY			
	Grifols	Biotest	Grifols incl. Biotest	Grifols	Biotest	Grifols incl. Biotest	Grifols excl. Reported	Biotest At cc*	Grifols incl. Reported	Biotest At cc*
Revenue by Business Unit	1,523,577	139,881	1,663,458	1,444,613	98,287	1,542,900	5.5%	6.5%	7.8%	8.8%
Biopharma	1,267,643	139,881	1,407,524	1,192,095	98,287	1,290,382	6.3%	7.3%	9.1%	10.0%
Diagnostic	165,013	-	165,013	159,687	-	159,687	3.3%	5.1%	3.3%	5.1%
Bio Supplies	40,349	-	40,349	28,806	-	28,806	40.1%	41.1%	40.1%	41.1%
Others & intersegments	50,572	-	50,572	64,025	-	64,025	(21.0%)	(20.6%)	(21.0%)	(20.6%)
Revenue by Country	1,523,577	139,881	1,663,458	1,444,613	98,287	1,542,900	5.5%	6.5%	7.8%	8.8%
US + CANADA	979,313	-	979,313	967,557	1,165	968,722	1.2%	2.0%	1.1%	1.8%
EU	248,529	73,342	321,871	214,521	50,334	264,855	15.9%	15.8%	21.5%	21.5%
ROW	295,735	66,539	362,274	262,535	46,788	309,323	12.6%	15.6%	17.1%	19.8%

* Constant currency (cc) excludes exchange rate fluctuations over the period.

Note: Bio Supplies figures for Q2 2022 differ from Note 5 of the June 2023 Interim Financial Statements as the Directors' Reports discloses management information

First half 2023 net revenue by division and region:

In thousands of euros	H1 2023			H1 2022			% vs PY			
	Grifols	Biotest	Grifols incl. Biotest	Grifols	Biotest	Grifols incl. Biotest	Grifols excl. Reported	Biotest At cc*	Grifols incl. Reported	Biotest At cc*
Revenue by Business Unit	2,967,827	257,119	3,224,946	2,711,805	98,287	2,810,092	9.4%	7.7%	14.8%	13.1%
Biopharma	2,441,096	257,119	2,698,215	2,214,603	98,287	2,312,890	10.2%	8.4%	16.7%	14.9%
Diagnostic	341,488	-	341,488	329,436	-	329,436	3.7%	3.0%	3.7%	3.0%
Bio Supplies	82,615	-	82,615	52,553	-	52,553	57.2%	53.9%	57.2%	53.9%
Others & intersegments	102,628	-	102,628	115,213	-	115,213	(10.9%)	(11.7%)	(10.9%)	(11.7%)
Revenue by Country	2,967,827	257,119	3,224,946	2,711,805	98,287	2,810,092	9.4%	7.7%	14.8%	13.1%
US + CANADA	1,921,960	904	1,922,864	1,815,818	1,165	1,816,983	5.8%	3.4%	5.8%	3.4%
EU	489,123	138,408	627,531	423,289	50,334	473,623	15.6%	15.4%	32.5%	32.4%
ROW	556,744	117,807	674,551	472,698	46,788	519,486	17.8%	17.6%	29.8%	29.8%

* Constant currency (cc) excludes exchange rate fluctuations over the period.

GRIFOLS, S.A. AND SUBSIDIARIES

Consolidated Management Report

for the six-month period ended June 30, 2023

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

ANNEX - NON-GAAP (IFRS-EU) MEASURES RECONCILIATION

Net Revenues by division reported at constant currency for the second quarter of 2023, including Biotest:

<i>In thousands of euros</i>	Q2 2023	Q2 2022	% Var
Reported Net Revenues	1,663,458	1,542,900	7.8%
Variation due to Exchange Rate Effects	15,204		
Net Revenues at Constant Currency	1,678,662	1,542,900	8.8%

<i>In thousands of euros</i>	Q2 2023	Q2 2022	% Var
Reported Biopharma Net Revenues	1,407,524	1,290,382	9.1%
Variation due to Exchange Rate Effects	11,779		
Reported Biopharma Net Revenues at Constant Currency	1,419,303	1,290,382	10.0%

<i>In thousands of euros</i>	Q2 2023	Q2 2022	% Var
Reported Diagnostic Net Revenues	165,013	159,687	3.3%
Variation due to Exchange Rate Effects	2,855		
Reported Diagnostic Net Revenues at Constant Currency	167,868	159,687	5.1%

<i>In thousands of euros</i>	Q2 2023	Q2 2022	% Var
Reported Bio Supplies Net Revenues	40,349	28,806	40.1%
Variation due to Exchange Rate Effects	288		
Reported Bio Supplies Net Revenues at Constant Currency	40,637	28,806	41.1%

Note: Bio Supplies figures for Q2 2022 differ from Note 5 of the June 2023 Interim Financial Statements as the Directors' Reports discloses management information

<i>In thousands of euros</i>	Q2 2023	Q2 2022	% Var
Reported Others & Intersegments Net Revenues	50,572	64,025	(21.0%)
Variation due to Exchange Rate Effects	283		
Reported Other & Intersegments Net Revenues at Constant Currency	50,855	64,025	(20.6%)

<i>In thousands of euros</i>	Q2 2023	Q2 2022	% Var
Reported U.S. + Canada Net Revenues	979,313	968,722	1.1%
Variation due to Exchange Rate Effects	7,145		
U.S. + Canada Net Revenues at Constant Currency	986,458	968,722	1.8%

<i>In thousands of euros</i>	Q2 2023	Q2 2022	% Var
Reported EU Net Revenues	321,871	264,855	21.5%
Variation due to Exchange Rate Effects	(87)		
EU Net Revenues at Constant Currency	321,784	264,855	21.5%

<i>In thousands of euros</i>	Q2 2023	Q2 2022	% Var
Reported ROW Net Revenues	362,274	309,323	17.1%
Variation due to Exchange Rate Effects	8,146		
ROW Net Revenues at Constant Currency	370,420	309,323	19.8%

GRIFOLS, S.A. AND SUBSIDIARIES
Consolidated Management Report
for the six-month period ended June 30, 2023

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

Net Revenues by division reported at constant currency for the second quarter of 2023, excluding Biotest:

<i>In thousands of euros</i>	Q2 2023	Q2 2022	% Var
Reported Net Revenues	1,523,577	1,444,613	5.5%
Variation due to Exchange Rate Effects	14,879		
Net Revenues at Constant Currency	1,538,456	1,444,613	6.5%

<i>In thousands of euros</i>	Q2 2023	Q2 2022	% Var
Reported Biopharma Revenues	1,267,643	1,192,095	6.3%
Variation due to Exchange Rate Effects	11,455		
Reported Biopharma Net Revenues at Constant Currency	1,279,098	1,192,095	7.3%

<i>In thousands of euros</i>	Q2 2023	Q2 2022	% Var
Reported U.S. + Canada Net Revenues	979,313	967,557	1.2%
Variation due to Exchange Rate Effects	7,145		
U.S. + Canada Net Revenues at Constant Currency	986,458	967,557	2.0%

<i>In thousands of euros</i>	Q2 2023	Q2 2022	% Var
Reported EU Net Revenues	248,529	214,521	15.9%
Variation due to Exchange Rate Effects	(58)		
EU Net Revenues at Constant Currency	248,471	214,521	15.8%

<i>In thousands of euros</i>	Q2 2023	Q2 2022	% Var
Reported ROW Net Revenues	295,735	262,535	12.6%
Variation due to Exchange Rate Effects	7,792		
ROW Net Revenues at Constant Currency	303,527	262,535	15.6%

GRIFOLS, S.A. AND SUBSIDIARIES
Consolidated Management Report
for the six-month period ended June 30, 2023

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Net Revenues by division reported at constant currency for the first half of 2023, including Biotest:

<i>In thousands of euros</i>	H1 2023	H1 2022	% Var
Reported Net Revenues	3,224,946	2,810,092	14.8%
Variation due to Exchange Rate Effects	(45,575)		
Net Revenues at Constant Currency	3,179,371	2,810,092	13.1%
<i>In thousands of euros</i>	H1 2023	H1 2022	% Var
Reported Biopharma Net Revenues	2,698,215	2,312,890	16.7%
Variation due to Exchange Rate Effects	(40,640)		
Reported Biopharma Net Revenues at Constant Currency	2,657,575	2,312,890	14.9%
<i>In thousands of euros</i>	H1 2023	H1 2022	% Var
Reported Diagnostic Net Revenues	341,488	329,436	3.7%
Variation due to Exchange Rate Effects	(2,275)		
Reported Diagnostic Net Revenues at Constant Currency	339,213	329,436	3.0%
<i>In thousands of euros</i>	H1 2023	H1 2022	% Var
Reported Bio Supplies Net Revenues	82,615	52,553	57.2%
Variation due to Exchange Rate Effects	(1,753)		
Reported Bio Supplies Net Revenues at Constant Currency	80,862	52,553	53.9%
<i>In thousands of euros</i>	H1 2023	H1 2022	% Var
Reported Others & Intersegments Net Revenues	102,628	115,213	(10.9%)
Variation due to Exchange Rate Effects	(906)		
Reported Other & Intersegments Net Revenues at Constant Currency	101,722	115,213	(11.7%)
<i>In thousands of euros</i>	H1 2023	H1 2022	% Var
Reported U.S. + Canada Net Revenues	1,922,864	1,816,983	5.8%
Variation due to Exchange Rate Effects	(44,993)		
U.S. + Canada Net Revenues at Constant Currency	1,877,871	1,816,983	3.4%
<i>In thousands of euros</i>	H1 2023	H1 2022	% Var
Reported EU Net Revenues	627,531	473,623	32.5%
Variation due to Exchange Rate Effects	(462)		
EU Net Revenues at Constant Currency	627,069	473,623	32.4%
<i>In thousands of euros</i>	H1 2023	H1 2022	% Var
Reported ROW Net Revenues	674,551	519,486	29.8%
Variation due to Exchange Rate Effects	(121)		
ROW Net Revenues at Constant Currency	674,430	519,486	29.8%

GRIFOLS, S.A. AND SUBSIDIARIES
Consolidated Management Report
for the six-month period ended June 30, 2023

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Net Revenues by division reported at constant currency for the first half of 2023, excluding Biotest:

<i>In thousands of euros</i>	H1 2023	H1 2022	% Var
Reported Net Revenues	2,967,827	2,711,805	9.4%
Variation due to Exchange Rate Effects	(46,496)		
Net Revenues at Constant Currency	2,921,331	2,711,805	7.7%

<i>In thousands of euros</i>	H1 2023	H1 2022	% Var
Reported Biopharma Revenues	2,441,096	2,214,603	10.2%
Variation due to Exchange Rate Effects	(41,561)		
Reported Biopharma Net Revenues at Constant Currency	2,399,535	2,214,603	8.4%

<i>In thousands of euros</i>	H1 2023	H1 2022	% Var
Reported U.S. + Canada Net Revenues	1,921,960	1,815,818	5.8%
Variation due to Exchange Rate Effects	(44,993)		
U.S. + Canada Net Revenues at Constant Currency	1,876,967	1,815,818	3.4%

<i>In thousands of euros</i>	H1 2023	H1 2022	% Var
Reported EU Net Revenues	489,123	423,289	15.6%
Variation due to Exchange Rate Effects	(701)		
EU Net Revenues at Constant Currency	488,422	423,289	15.4%

<i>In thousands of euros</i>	H1 2023	H1 2022	% Var
Reported ROW Net Revenues	556,744	472,698	17.8%
Variation due to Exchange Rate Effects	(802)		
ROW Net Revenues at Constant Currency	555,942	472,698	17.6%

GRIFOLS, S.A. AND SUBSIDIARIES
Consolidated Management Report
for the six-month period ended June 30, 2023

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Reconciliation of other figures for the first half of 2023:

- Leverage ratio as per Credit Agreement, including Biotest

<i>In millions of euros except ratio</i>	H1 2023	FY 2022	<i>% Var</i>
Net Financial Debt*	9,422	9,191	2.5%
Adjusted EBITDA LTM as per Credit Agreement	1,361	1,287	5.7%
Leverage Ratio as per Credit Agreement	6.92x	7.14x	

**Excludes the impact of IFRS 16*

- Adjusted EBITDA as per Credit Agreement, including Biotest

<i>In million of euros</i>	H1 2023 LTM	FY 2022	<i>% Var</i>
OPERATING RESULT (EBIT)	672	806	<i>(16.6%)</i>
<i>Depreciation & Amortization</i>	(454)	(415)	9.5%
Reported EBITDA	1,127	1,221	<i>(7.7%)</i>
IFRS 16	(101)	(100)	1.4%
Transaction costs	19	26	<i>(26.4%)</i>
Restructuring costs	171	36	374.5%
Cost savings, operating improvements and synergies on a "run rate"	121	100	21.0%
Other one-offs	24	4	595.5%
Total adjustments	234	66	253.4%
Adjusted EBITDA LTM as per Credit Agreement	1,361	1,287	5.7%

GRIFOLS, S.A. AND SUBSIDIARIES
Consolidated Management Report
for the six-month period ended June 30, 2023

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- **Adjusted EBITDA including Biotest**

<i>In thousand of euros</i>	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2023 LTM	Q2 2022
OPERATING RESULT (EBIT)	243,396	50,629	176,947	201,387	672,359	265,372
<i>Depreciation & Amortization</i>	(107,581)	(122,511)	(117,406)	(106,973)	(454,472)	(100,380)
Reported EBITDA	350,977	173,140	294,353	308,360	1,126,831	365,752
<i>% Net revenue</i>	21.1%	11.1%	17.2%	20.0%	17.4%	23.7%
Restructuring costs	-	139,427	26,231	5,655	171,313	2,268
Transaction costs	9,735	4,515	696	505	15,451	15,310
Diagnostic commercial true-up	-	(18,830)	-	-	(18,830)	-
Access Biologicals gain	-	-	-	-	-	(72,984)
Divestment gain	-	-	-	(14,678)	(14,678)	-
Impairments	-	-	2,700	-	2,700	-
Biotest Next Level project	-	-	13,482	22,341	35,823	14,194
Other non-recurring items	-	-	10,487	-	10,487	-
Total adjustments	9,735	125,112	53,596	13,823	202,266	(41,212)
Adjusted EBITDA	360,712	298,252	347,949	322,183	1,329,097	324,540
<i>% Net revenue</i>	21.7%	19.3%	20.3%	20.9%	20.6%	21.0%

- **Adjusted EBITDA excluding Biotest**

<i>In thousand of euros</i>	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2023 LTM	Q2 2022
OPERATING RESULT (EBIT)	251,243	75,348	173,747	211,271	711,609	266,054
<i>Depreciation & Amortization</i>	(94,936)	(98,296)	(102,226)	(98,047)	(393,505)	(93,950)
Reported EBITDA	346,180	173,644	275,973	309,318	1,105,115	360,004
<i>% Net revenue</i>	22.7%	12.0%	17.7%	21.6%	18.9%	24.9%
Restructuring costs	-	139,427	26,231	5,655	171,313	2,268
Transaction costs	9,735	4,515	696	505	15,451	15,310
Diagnostic commercial true-up	-	(18,830)	-	-	(18,830)	-
Access Biologicals gain	-	-	-	-	-	(72,984)
Divestment gain	-	-	-	(14,678)	(14,678)	-
Impairments	-	-	2,700	-	2,700	-
Other non-recurring items	-	-	10,487	-	10,487	-
Total adjustments	9,735	125,112	40,114	(8,518)	166,443	(55,406)
Adjusted EBITDA	355,915	298,756	316,087	300,800	1,271,558	304,598
<i>% Net revenue</i>	23.4%	21.0%	20.3%	21.0%	21.8%	21.1%

GRIFOLS, S.A. AND SUBSIDIARIES
Consolidated Management Report
for the six-month period ended June 30, 2023

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The facts and/or figures contained in this report that do not pertain to historical data are "forward-looking statements and considerations." Words and expressions such as "believe," "expect," "anticipate," "project," "intend," "should," "seek to achieve," "estimate," "future," and similar expressions, concerning the Grifols group, are used to identify forward-looking statements and considerations. These expressions reflect the assumptions, hypotheses, expectations, and forecasts of the management team as of the date of this report, which are subject to numerous factors that could cause actual results to differ materially. The future results of the Grifols group may be affected by events related to its own activities, such as the lack of raw material supply for the manufacturing of its products, the emergence of competitive products in the market, or changes in the regulations governing the markets where it operates, among others. As of the date of this report, the Grifols group has taken the necessary measures to mitigate the potential effects arising from these events. Grifols, S.A. assumes no obligation to publicly report, review, or update forward-looking statements and considerations to adapt them to events or circumstances occurring after the date of this report, except as expressly required by applicable laws.

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GRIFOLS, S.A. AND SUBSIDIARIES

At their meeting held on 26 July 2023, pursuant to legal requirements, the Directors of Grifols, S.A. authorized for issue the condensed consolidated interim financial statements and consolidated directors' report for the period from 1 January 2023 to 30 June 2023.

Thomas Glanzmann Executive Chairman And Chief Executive Officer	Raimon Grifols Roura Board member	Víctor Grifols Deu Board member
Victor Grifols Roura Chairman of Honour and Board member	Carina Szpilka Lázaro Board member	Tomás Dagà Gelabert Board member
Iñigo Sánchez-Asiaín Mardones Board member	Enriqueta Felip Font Board member	James Costos (**) Board member
Montserrat Muñoz Abellana (*) Board member	Susana González Rodríguez Board member	Nuria Martín Barnés Secretary to the Board

(*) Absent for professional reasons, however, he has previously declared to the Secretary of the Board of Directors that he is in agreement with the Interim Condensed Consolidated Financial Statements.

(**) Absent for health reasons.