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Grifols announces comprehensive operational improvement plan including EUR 400 million annualized cost savings initiative

- Grifols positions itself to pursue long-term strategy by reinforcing competitiveness, reducing global cost base, and enhancing organizational accountability, agility, efficiency, and effectiveness
- The plan includes the optimization of plasma costs and operations, streamlining corporate functions, and enhancing other efficiencies across the organization
- Estimated annualized cost savings of approximately EUR 400 million¹, with measures accounting for most or all of the savings expected to be implemented by the fourth quarter of 2023. Due to inventory accounting, most plasma cost savings will be realized in cash beginning in the first half of 2023 but not recognized in the income statement until 2024
- Workforce optimization to be implemented in 2023 will affect approximately 8% of the company's employees, primarily in the U.S. plasma operations
- Estimated one-time restructuring charge of approximately EUR 140 million, to be accrued in the first quarter of 2023
- Grifols also continues to evaluate transactional alternatives to reduce indebtedness

Barcelona, Spain, February 15, 2023 - Grifols today announces a comprehensive operational improvement plan designed to reinforce its competitiveness and build a more streamlined, efficient and cost-effective global organization. Under this new initiative, Grifols will significantly reduce its cost base, improve operational cash flow, drive financial performance, and create a more agile and effective operating model.

The plan focuses on three major areas: optimizing plasma costs and operations, streamlining corporate functions, and enhancing other efficiencies across the organization. Grifols expects to achieve annualized cost savings of approximately EUR 400 million relative to comparable 2022 full year costs. While measures comprising most or all of these savings are expected to be implemented by the fourth quarter of 2023, due to the company's inventory accounting as well as timing of implementation, it is expected that approximately EUR 100 million of savings will be

¹ Compared to 2022 full year figures, before the effect of inflation

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recognized for income statement purposes in 2023. Most of the annualized cost savings will be recognized for income statement purposes in 2024.

This plan will be initiated in the first quarter of 2023 and is expected to be completed through the fiscal year, subject to applicable law and consultation requirements.

As **Steven F. Mayer**, Grifols Executive Chairperson, explains, *“Following an in-depth review of our organizational and cost structures, staffing, processes, facilities, systems, and incentive plans across our global operations, we are convinced that these initiatives are necessary not just to improve our financial performance but also to enable us to become more nimble, more responsive, more decisive, and more effective. This in turn will allow us to become and remain more competitive, which is essential as we pursue our long-term business strategy in a fast-changing environment. The entire management team is committed to sustaining this renewed focus on efficiency, profitability and cash flow and the continued pursuit of our mission to enhance and save the lives of patients throughout the world.”*

The first part of the plan, **optimization of plasma costs and operations**, was designed with the objective of creating the most efficient, contemporary, high quality, and donor-friendly plasma procurement operation in the world. The plan aims to maintain desired plasma volumes while reducing the cash cost per liter of plasma through a set of measures expected to generate annualized savings of at least EUR 300 million relative to full year 2022, including:

- (i) Driving efficiencies in plasma donor centers by creating a more digitized and efficient set of processes to reduce on-site time, increase throughput, and decrease staffing costs and opening hours, while enhancing donor experience
- (ii) Optimizing donor commitment compensation
- (iii) Closing or consolidating underperforming donor centers, with 18 centers having been closed in the fourth quarter of 2022 and several additional centers scheduled to be closed or consolidated in the first half of 2023
- (iv) Creating a leaner, more accountable, and more effective plasma organization through streamlining, delayering, and increasing spans of control, resulting in lower overhead, as well as pivoting to a less costly but more attributable digital marketing strategy

These measures will reduce the U.S. plasma operations workforce by approximately 2,000 positions in 2023.

The second part of the plan is focused on **streamlining corporate functions** covering a broad range of initiatives such as centralizing and automating functions, more fully sharing services across business units, consolidating vendors, streamlining reporting structures, and eliminating duplicative functions and positions, among others. These initiatives will impact close to 300 FTEs, most of whom are in the U.S., with approximately one-third located in Spain.

The third part of the plan, **enhancing other efficiencies across the organization**, will enable the company to reduce operational costs related to, among other things, global procurement, logistics, and facilities, in part due to a real estate rationalization affecting certain offices but not industrial facilities.

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Grifols estimates a one-time charge of approximately EUR 140 million to deliver the cost savings initiatives. The charge will be recognized in the first quarter of fiscal 2023 and is derived mainly from severance payments, advisory fees, and other restructuring activities.

Victor Grifols Deu and **Raimon Grifols Roura**, Grifols co-CEOs, said, *“The COVID-19 pandemic represented an extraordinary challenge and marked an important turning point for many companies around the world. The decisions underscoring our operational improvement plan will ensure the company’s long-term success and continued sustainable value creation for all Grifols’ stakeholders. These decisions, in particular those affecting our people, were not made lightly, and have been accompanied by a determination to invest in our talent through implementation of short- and long-term incentive plans designed to reinforce a performance culture.”* They continued, *“Our organization has successfully managed change before and will continue to do so, guided by our time-honored values of integrity and respect, our absolute commitment to our ESG principles and goals, and an unequalled passion for improving the health and well-being of people around the world.”*

Grifols continues to advance on the execution of its long-term strategy, including its focus on key enabling priorities. These include improving the company’s cash flow and expense profile, reducing debt, capturing commercial opportunities, unlocking Biotest’s substantial value, and streamlining the organization.

As previously disclosed, Grifols also continues to evaluate transactional alternatives to reduce indebtedness while remaining consistent with its overall long-term business strategy. The company does not intend to comment on this process, or on any of the alternatives under consideration, until such time (if any) as an official public announcement is made.

Further detail on both the cost savings initiative and Grifols’ growth strategy will be provided at the publication of the company’s Q4 2022 & Full Year Results on February 28, 2023.

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About Grifols

Grifols is a global healthcare company which was founded in Barcelona in 1909 and is committed to improving the health and well-being of people around the world. Its three main business units – Biopharma, Diagnostic and Bio Supplies – develop, produce and market innovative solutions and services that are sold in more than 110 countries.

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

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

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

The company's class A shares are listed on the Spanish Stock Exchange, where they are part of the Ibex-35 (MCE:GRF). Grifols non-voting class B shares are listed on the Spanish Main Market (MCE:GRF.P) and on the U.S. NASDAQ through ADRs (NASDAQ:GRFS).

For more information about Grifols, please



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