



Grifols, S.A.

Annual Accounts

31 December 2019

Director's Report

2019

(With Independent Auditor's Report Thereon)

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

Independent Auditor's Report on the Annual Accounts

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

To the Shareholders of Grifols, S.A.

REPORT ON THE ANNUAL ACCOUNTS

Opinion

We have audited the annual accounts of Grifols, S.A. (the "Company"), which comprise the balance sheet at 31 December 2019, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes.

In our opinion, the accompanying annual accounts give a true and fair view, in all material respects, of the equity and financial position of the Company at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with the applicable financial reporting framework (specified in note 2 to the accompanying annual accounts) and, in particular, with the accounting principles and criteria set forth therein.

Basis for Opinion

We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Accounts section of our report.

We are independent of the Company in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the annual accounts in Spain pursuant to the legislation regulating the audit of accounts. We have not provided any non-audit services, nor have any situations or circumstances arisen which, under the aforementioned regulations, have affected the required independence such that this has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the annual accounts for the current period. These matters were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverable Amount of Investments in Group Companies

See notes 4 and 12 to the annual accounts

<i>Key Audit Matters</i>	<i>How the Matter was Addressed in Our Audit</i>
<p>As described in the notes to the annual accounts, at 31 December 2019 the Company has recognised non-current investments in Group companies and associates totaling Euros 2.400.917 thousand. The Company performs an annual assessment of the existence of objective evidence of impairment of investments in Group companies and estimates the recoverable amount at reporting date of those entities for which objective evidence of impairment exist.</p> <p>The recoverable amount of these investments is determined by applying valuation techniques that require the Directors' judgement and the use of assumptions and estimates. Due to the uncertainty and judgement associated with these assumptions and estimates, as well as the significance of the carrying amount of the investments in Group companies, we have considered this valuation as a key audit matter.</p>	<p>Our audit procedures comprised the following:</p> <ul style="list-style-type: none"> • assessing the design and implementation of key controls established by the Company with respect to the process of estimating the recoverable amount of investments in Group companies, • the evaluation of criteria used by the Company to assess the existence of objective evidence of impairment of the value of investments in Group companies identified by the Company. • assessing the reasonableness of the methodology and assumptions used by the Company in estimating the recoverable amount of investments in Group companies, in collaboration with our valuation specialists. We have compared the cash flow forecasts estimated in prior years with actual flows obtained by the investees. We have also performed an analysis of the sensitivity of the estimates of recoverable amount to relevant assumptions and judgements, such as the discount rate, expected future growth rate and future cash flows. <p>We have also assessed whether the disclosures in the annual accounts meet requirements of the financial reporting framework applicable to the Company.</p>

Other Information. Directors' Report

Other information solely comprises the 2019 Directors' Report, the preparation of which is the responsibility of the Company's Directors and which does not form an integral part of the annual accounts.

Our audit opinion on the annual accounts does not encompass the directors' report. Our responsibility regarding the information contained in the directors' report is defined in the legislation regulating the audit of accounts, which establishes two different levels for this information:

- a) A specific level applicable to non-financial information, as well as certain information included in the Annual Corporate Governance Report (ACGR), as defined in article 35.2. b) of the Audit Law 22/2015, which consists of merely verifying that this information has been provided in the directors' report, or where applicable, that the reference corresponding to the separate report on non-financial information is included in the directors' report in the format stipulated by legislation and if not, report on this matter.
- b) A general level applicable to the rest of the information included in the directors' report, which consists of assessing and reporting on the consistency of this information with the annual accounts, based on knowledge of the entity obtained during the audit of the aforementioned accounts and without including any information other than that obtained as evidence during the audit. Also, assessing and reporting on whether the content and presentation of this part of the directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described above, we have verified that the directors' report includes a reference stating that the information mentioned in section a) above is presented in the consolidated directors' report of the Grifols Group to which the Company belongs, that the information from the ACGR, mentioned above, is included in the directors' report and that the rest of the information contained in the directors' report is consistent with that disclosed in the annual accounts for 2019 and the content and presentation of the report are in accordance with applicable legislation.

Directors' and Audit Committee's Responsibility for the Annual Accounts

The Directors are responsible for the preparation of the accompanying annual accounts in such a way that they give a true and fair view of the equity, financial position and financial performance of the Company in accordance with the financial reporting framework applicable to the entity in Spain, and for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The audit committee is responsible for overseeing the preparation and presentation of the annual accounts.

Auditor's Responsibilities for the Audit of the Annual Accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing legislation regulating the audit of accounts in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with prevailing legislation regulating the audit of accounts in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the audit committee of Grifols, S.A. regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the entity's audit committee with a statement that we have complied with the applicable ethical requirements, including those regarding independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the audit committee of the entity, we determine those that were of most significance in the audit of the annual accounts of the current period and which are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Additional Report to the Audit Committee

The opinion expressed in this report is consistent with our additional report to the Company's audit committee dated 27 February 2020.

Contract Period

At their ordinary general meeting held on 24 May 2019, the shareholders appointed us as auditors for the year ended 31 December 2019.

Previously, KPMG Auditores, S.L. was appointed for a period of three years from 31 July 1990 to 1992, by consensus of the shareholders at their general meeting, and have been auditing the annual accounts since the year ended 31 July 1990. Grant Thornton, S.L.P. Sociedad Unipersonal was appointed by consensus of the shareholders at their ordinary general meeting as auditor of the annual accounts for the year ended 31 December 2017.

KPMG Auditores, S.L.
Entered in the Spanish Official Register
of Auditors (R.O.A.C.) with number S0702

Grant Thornton, S.L.P. Sociedad Unipersonal
Entered in the Spanish Official Register
of Auditors (R.O.A.C.) with number S0231

(Signed on the original in Spanish)

(Signed on the original in Spanish)

David Hernanz Sayans
Entered in the Spanish Official Register
of Auditors (R.O.A.C.) with number 20236

Carlos Villabona de la Fuente
Entered in the Spanish Official Register
of Auditors (R.O.A.C.) with number 12720

27 February 2020

27 February 2020

GRIFOLS, S.A.

Annual Accounts
and Directors' Report for the year

31 December 2019

(With Independent Auditor's Report Thereon)

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

GRIFOLS, S.A.
Balance Sheets
31 December 2019
(Expressed in Euros)

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

Assets	Note	2019	2018
Intangible assets	Note 5	16,925,512	14,534,419
Computer software		16,425,512	14,534,419
Advances		500,000	-
Property, plant and equipment	Note 6	25,115,955	22,894,137
Technical installations, machinery, equipment, furniture and other items		15,210,413	16,526,040
Under construction and advances		9,905,542	6,368,097
Investment property	Note 7	58,903,680	54,820,824
Land		7,465,329	7,465,344
Buildings		41,169,859	40,723,584
Investments in adaptation and advances		10,268,492	6,631,896
Non-current investments in Group companies and associates		9,616,420,817	4,864,254,923
Equity instruments	Note 12	2,400,917,024	3,270,828,231
Loans to companies	Note 14	7,215,503,793	1,593,426,692
Non-current investments	Note 14	1,641,525	1,622,650
Other financial assets		1,641,525	1,622,650
Deferred tax assets	Note 21	16,717,390	13,996,465
Total non-current assets		9,735,724,879	4,972,123,418
Inventories		7,354,373	6,223,503
Raw materials and other short term supplies		7,354,373	6,223,503
Trade and other receivables		58,278,228	58,285,542
Trade receivables – current	Note 14	2,636,448	874,963
Trade receivables from Group companies and associates – current	Note 23	45,736,628	19,526,804
Other receivables		337,758	378,527
Personnel		178,293	173,455
Current tax assets	Note 21	5,681,793	25,911,844
Public entities, other	Note 21	3,707,308	11,419,949
Current investments in Group companies and associates	Note 14	36,946,301	91,209,026
Loans to group companies and associates		36,946,301	91,209,026
Current investments	Note 12	1,727,432,880	4,306
Other financial assets		1,727,432,880	4,306
Prepayments for current assets	Note 15	20,862,230	6,360,153
Cash and cash equivalents		2,243,907	2,432,907
Cash		2,243,907	2,432,907
Total current assets		1,853,117,919	164,515,437
Total assets		11,588,842,798	5,136,638,855

GRIFOLS, S.A.
Balance Sheets
31 December 2019
(Expressed in Euros)

Equity and Liabilities	Note	2019	2018
Capital and reserves	Note 16	3,117,088,705	1,719,323,992
Capital			
Registered capital		119,603,705	119,603,705
Share premium		910,727,619	910,727,619
Reserves			
Legal and statutory reserves		23,920,741	23,920,741
Other reserves		606,485,037	514,890,169
Treasury stock and equity holdings		(49,584,141)	(55,441,210)
Profit for the year		1,630,265,591	329,718,263
Interim dividend		(136,827,971)	(136,747,291)
Other equity instruments		12,498,124	12,651,996
Valuation adjustments		1,325,574	-
Valuation adjustments available for sale		1,325,574	-
Grants, donations and bequests received		101,832	112,549
Total equity		3,118,516,111	1,719,436,541
Non-current payables	Note 19	4,139,883,126	1,739,694,842
Promissory notes		2,644,914,563	987,249,676
Loans and borrowings		1,491,826,997	747,069,488
Finance lease payables	Note 8	1,827,205	2,496,750
Other financial liabilities		1,314,361	2,878,928
Group companies and associates, non-current	Note 19	4,113,720,823	1,512,716,087
Deferred tax liabilities	Note 21	1,444,100	1,691,193
Total non-current liabilities		8,255,048,049	3,254,102,122
Current payables	Note 19	45,033,795	39,800,087
Promissory notes		3,255,873	5,333,333
Loans and borrowings		23,676,514	31,296,281
Finance lease payables	Note 8	968,316	1,119,117
Other financial liabilities		17,133,092	2,051,356
Group companies and associates, current	Note 19	35,285,923	39,766,089
Trade and other payables	Note 19	134,958,920	83,534,016
Current payables to suppliers		49,579,887	42,530,365
Suppliers, Group companies and associates, current	Note 23	51,028,984	8,032,244
Personnel (salaries payable)		11,108,123	10,100,816
Public entities, other	Note 21	23,241,926	22,870,591
Total current liabilities		215,278,638	163,100,192
Total equity and liabilities		11,588,842,798	5,136,638,855

The accompanying notes form an integral part of the annual accounts.

GRIFOLS, S.A.

**Statements of Changes in Equity
for the years ended
31 December 2019**

**A) Statements of Recognised Income and Expense
for the years ended
31 December 2019**

(Expressed in Euros)

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

	Note	2019	2018
Revenues	Note 24	1,969,511,412	647,280,993
Profit on disposal of investments in group companies	807,651,582	0	
Services rendered	135,580,670	116,197,231	
Finance income	72,454,130	52,115,757	
Dividends	953,825,030	478,968,005	
Self-constructed assets		3,202,422	2,198,881
Supplies		(4,315,201)	(2,614,325)
Raw materials and consumables used	4,453,868	(2,577,734)	
Subcontracted work	--	(766)	
Impairment of merchandise, raw materials and other supplies	138,667	(35,825)	
Other operating income		6,288,070	6,623,910
Non-trading and other operating income	6,176,251	6,466,963	
Operating grants taken to income	111,819	156,947	
Personnel expenses		(68,918,972)	(61,889,453)
Salaries and wages	(55,992,202)	(50,556,677)	
Employee benefits expense	12,647,346	(11,105,836)	
Provisions	(279,424)	(226,940)	
Other operating expenses		(140,959,849)	(127,386,960)
External services	(139,716,025)	(126,486,261)	
Taxes	(43,752)	(228,873)	
Other operating expenses	(1,200,072)	(671,826)	
Amortisation and depreciation	Notes 5, 6 and 7	(12,609,622)	(13,065,662)
Non-financial and other capital grants		14,289	14,289
Impairment and losses on disposal of fixed assets		(2,446,435)	(26,248,587)
Impairment and losses	2,240,733	(26,039,347)	
Losses on disposal and other	(205,702)	(209,240)	
Results from operating activities		1,749,766,114	424,913,086
Finance income		804,810	360,023
Negotiable values and other financial assets	3,783	3,122	
Other third parties	801,027	356,901	
Capitalised borrowing costs	(162,487,055)	(137,809,892)	
Finance costs	Notes 18		
Group companies and associates	(100,006,175)	(86,972,977)	
Other third parties	(62,480,880)	(50,836,915)	
Exchange losses	Notes 14 and 19	(4,529,708)	(712,374)
Net finance cost		(166,211,953)	(138,162,243)
Profit before income tax		1,583,554,161	286,750,843
Income tax	Note 21	46,711,430	42,967,419
Profit for the year		1,630,265,591	329,718,262

The accompanying notes form an integral part of the annual accounts.

GRIFOLS, S.A.

Statements of Changes in Equity
for the years ended
31 December 2019

A) Statements of Recognised Income and Expense
for the years ended
31 December 2019

(Expressed in Euros)

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

	<i>Note</i>	2019	2018
Profit for the year		1,630,265,591	329,718,262
Income and expense recognised directly in equity			
Valuation adjustments available for sale		1,325,574	0
Total income and expense recognised directly in equity		1,325,574	--
Amounts transferred to the income statement			
Grants, donations and bequests		(14,289)	(14,289)
Tax effect		3,572	3,573
Total amounts transferred to the income statement		(10,717)	(10,716)
Total recognised income and expense		1,631,580,448	329,707,546

GRIFOLS, S.A.

Statements of Changes in Equity
for the years ended
31 December 2019

B) Statement of Total Changes in Equity for the year ended
31 December 2019

(Expressed in Euros)

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

	Registered capital	Share premium	Reserves	Treasury stock	Profit for the year	Interim dividend	Other equity instruments	Valuation adjustments available for sale	Grants, donations and bequests received	Total
Balance at 31 December 2018	119,603,705	910,727,619	538,810,910	(55,441,210)	329,718,263	(136,747,291)	12,651,996	--	112,549	1,719,436,541
Recognised income and expense	--	--	--	--	1,630,265,591	--	--	1,325,574	(10,717)	1,631,580,448
Transactions with shareholders or owners										
Net movement in treasury stock	--	--	--	5,857,069	--	--	--	--	--	5,857,069
Interim dividend	--	--	--	--	--	(136,827,971)	--	--	--	(136,827,971)
Restricted share plan (note 18)	--	--	535,405	--	--	--	(153,872)	--	--	381,533
Distribution of profit/(Application of loss) for the period 2018										
Reserves	--	--	91,059,463	--	(91,059,463)	--	--	--	--	--
Dividends	--	--	--	--	(238,658,800)	136,747,291	--	--	--	(101,911,509)
Balance at 31 December 2019	119,603,705	910,727,619	630,405,778	(49,584,141)	1,630,265,591	(136,827,971)	12,498,124	1,325,574	101,832	3,118,516,111

The accompanying notes form an integral part of the annual accounts.

GRIFOLS, S.A.

Statements of Changes in Equity
for the years ended
31 December 2019

B) Statement of Total Changes in Equity for the year ended
31 December 2018

(Expressed in Euros)

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

	Registered capital	Share premium	Reserves	Treasury stock	Profit for the year	Interim dividend	Other equity instruments	Grants, donations and bequests received	Total
Balance at 31 December 2017	119,603,705	910,727,619	382,581,618	(62,422,309)	341,327,404	(122,986,278)	13,871,154	123,265	1,582,826,178
Recognised income and expense	--	--	--	--	329,718,263	--	--	(10,716)	329,707,547
Transactions with shareholders or owners									
Net movement in treasury stock	--	--	--	6,981,099	--	--	--	--	6,981,099
Interim dividend	--	--	--	--	--	(136,747,291)	--	--	(136,747,291)
Restricted share plan	--	--	(318,879)	--	--	--	(1,219,158)	--	(1,538,037)
Other movements	--	--	80,301,167	--	--	--	--	--	80,301,167
Distribution of profit/(Application of loss) for the period 2017									
Reserves	--	--	76,247,004	--	(76,247,004)	--	--	--	--
Dividends	--	--	--	--	(265,080,400)	122,986,278	--	--	(142,094,122)
Balance at 31 December 2018	119,603,705	910,727,619	538,810,910	(55,441,210)	329,718,263	(136,747,291)	12,651,996	112,549	1,719,436,541

The accompanying notes form an integral part of the annual accounts.

GRIFOLS, S.A.

Statements of Cash Flows
for the years ended
31 December 2019

(Expressed in Euros)

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

	2019	2018
Cash flows from operating activities		
Profit for the year before tax	1,583,554,161	286,750,843
Adjustments for:		
Dividend income	(953,825,030)	(478,968,005)
Profit on disposal of investments in group companies	(807,651,582)	--
Impairment	2,240,777	26,039,347
Amortisation and depreciation	12,609,622	13,065,662
Finance income	(73,258,940)	(52,472,658)
Finance costs	162,036,316	110,257,698
Change in fair value of financial instruments	205,702	209,240
Other income and expenses	428,303	1,245,155
Changes in operating assets and liabilities		
Inventories	(1,130,870)	(1,007,111)
Trade and other receivables	(19,801,851)	7,063
Other current assets	(14,502,077)	(311,385)
Trade and other payables	54,496,294	6,523,628
Other current assets and liabilities	--	1,239,165
Other cash flows from operating activities		
Interest paid	(139,633,639)	(98,145,695)
Dividends received	877,413,057	401,693,670
Interest received	72,164,887	52,060,671
Income tax paid received	59,298,107	57,737,477
Cash flows from operating activities	814,643,237	325,924,765
Cash flows from investing activities		
Payments for investments		
Group companies and associates	52,466,809	(28,195,954)
Intangible assets	(7,526,703)	(6,941,270)
Property, plant and equipment	(13,021,000)	(9,694,395)
Other financial assets	(19,427)	(14,561)
Proceeds from sale of investments		
Group companies and associates	(162,360)	177,704
Other financial assets	--	11,727
Cash flows from/(used in) investing activities	31,737,319	(44,656,749)
Cash flows from financing activities		
Proceeds from and payments for financial liability instruments		
Disposal		
Promissory notes	1,675,000,000	--
Loans and borrowings	763,060,834	83,004,887
Group companies and associates		
Group companies and associates	(3,045,890,910)	(91,946,935)
Other debts	--	--
Dividends and interest on other equity instruments paid		
Dividends	(238,739,480)	(278,841,414)
Cash flows used in financing activities	(846,569,556)	(287,783,462)
Net decrease in cash and cash equivalents	(189,000)	(6,515,446)
Cash and cash equivalents at beginning of year	2,432,907	8,948,353
Cash and cash equivalents at year end	2,243,907	2,432,907

The accompanying notes form an integral part of the annual accounts.

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

(1) Nature and Activities of the Company and Composition of the Group

Grifols, S.A. (hereinafter the Company) was incorporated with limited liability under Spanish law on 22 June 1987. Its registered office is in 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.

Its main facilities are located in Sant Cugat del Vallés (Barcelona) and Parets del Vallés (Barcelona).

Grifols, S.A.'s shares are listed on the Barcelona, Madrid, Valencia and Bilbao stock exchanges and on the electronic stock market. As of 2 June 2011 the class B non-voting shares were listed on the NASDAQ (USA) and the Automated Quotation System (SIBE/Continuous Market).

In accordance with prevailing legislation, the Company is the Parent of a Group comprising the Company and the subsidiaries listed in note 12. In accordance with generally accepted accounting principles in Spain, consolidated annual accounts must be prepared to give a true and fair view of the financial position of the Group, the results of operations and changes in its equity and cash flows. Details of investments in Group companies, associates and multi-group are provided in Appendix I.

On 21 February 2020 the Company's board of directors authorised for issue the consolidated annual accounts of Grifols, S.A. and subsidiaries for 2019 prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU), which show consolidated profit attributable to the Parent of Euros 625,146 thousand, total assets 15,542,611 thousand and consolidated equity of Euros 6,845,768 thousand (Euros 596,642 thousand, Euros 12,477,046 thousand and Euros 4,696,604 thousand, respectively, in 2018).

(2) Basis of Presentation

(a) True and fair view

The accompanying annual accounts have been prepared on the basis of the accounting records of Grifols, S.A. The annual accounts for 2019 have been prepared in accordance with prevailing legislation and the Spanish General Chart of Accounts to give a true and fair view of the equity and financial position of the Company at 31 December 2019 and results of operations, changes in equity, and cash flows for the year then ended.

The directors consider that the annual accounts for 2019, authorised for issue on 21 February 2020, will be approved with no changes by the shareholders at their annual general meeting.

(b) Comparative information

The balance sheet, income statement, statement of changes in equity, statement of cash flows and the notes thereto for 2019 include comparative figures for 2018, which formed part of the annual accounts approved by the shareholders at the annual general meeting held on 24 May 2019.

(c) Functional and presentation currency

The figures disclosed in the annual accounts are presented in Euros, the Company's functional and presentation currency, rounded off to the nearest Euro.

(d) Critical issues regarding the valuation and estimation of relevant uncertainties and judgements used when applying accounting principles.

Relevant accounting estimates and judgements and other estimates and assumptions have to be made when applying the Company's accounting principles to prepare the annual accounts. A summary of the items requiring a greater degree of judgement or which are more complex, or where the assumptions and estimates made are significant to the preparation of the annual accounts, is as follows:

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

(i) Relevant accounting estimates and assumptions

The Company tests investments in Group companies for impairment on an annual basis when the net value of the investment exceeds the carrying amount of the subsidiary and where indications of impairment exist. Fair value of the investment used as recoverable value is measured based on estimates made by management. The Company generally uses cash flow discounting methods to calculate this value. Cash flow discounting calculations are based on the 5-year projections of the budgets approved by management. The cash flows take into consideration past experience and represent management's best estimate of future market performance. From the fifth year cash flows are extrapolated using individual growth rates. The key assumptions employed to calculate the fair value include growth rates and the discount rate. The estimates, including the methodology used, could have a significant impact on values and impairment.

(ii) Changes in accounting estimates

Although estimates are calculated by the Company's directors based on the best information available at 31 December 2019, future events may require changes to these estimates in subsequent years. Any effect on the annual accounts of adjustments to be made in subsequent years would be recognised prospectively. Grifols, S.A. management does not consider that there are any assumptions or sources of uncertainty that would have a significant risk of resulting in a material adjustment within the next financial year.

(3) Distribution of Profit

The distribution of profit and reserves of the Company for the year ended 31 December 2018, approved by the shareholders at their annual general meeting held on 24 May 2019, is as follows:

2018

	Euros
Basis of allocation	
Profit for the year	329,718,263
Distribution	
Voluntary reserve	91,059,463
Mandatory preferred dividend on Class B shares	2,614,251
Dividends	236,044,549
	<hr/> 329,718,263

At the general meeting held on 24 May 2019, the shareholders of Grifols, S.A. approved the distribution of a mandatory preferred dividend of Euros 0.01 for every Class B share, for a total amount of Euros 2,614,251.

On 25 October 2019 the Company's board of directors approved the distribution of an interim dividend of Euros 0.20 for every class A and B share with a charge to the 2019 income statement, totalling Euros 136,828 thousand, payable on 4 December 2019. The amount distributed did not exceed the profits reported by the Company since the end of the previous reporting period, after deducting the estimated income tax payable on these profits, as required by article 277 of the revised Spanish Companies Act.

The provisional accounting statement prepared in accordance with the legal requirements brought to light the existence of enough liquidity to distribute the mentioned dividend:

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

	Thousands of Euros
Forecast distributable profit for 2019:	
Projected profit after tax until 31/12/2019	827,684
Estimated distributable profit for 2019	827,684
Interim dividends distributed	136,828
Forecast cash for the period from 25 October 2019 to 25 October 2020:	
Projected collections	1,157,200
Projected payments, including interim dividend	(557,000)
Projected cash balances at 25 October 2020	600,200

	Thousands of Euros
Forecast distributable profit for 2018:	
Projected profit after tax until 31/12/2018	258,091
Estimated distributable profit for 2018	258,091
Interim dividends distributed	136,747
Forecast cash for the period from 26 October 2018 to 26 October 2019:	
Projected collections	572,263
Projected payments, including interim dividend	(544,112)
Projected cash balances at 26 October 2019	28,151

The proposed distribution of profit for the year ended 31 December 2019 to be submitted to the shareholders for approval at their annual general meeting is as follows:

	Euros
Basis of allocation	
Profit for the year	1,630,265,591
Distribution	
Voluntary reserve	1,380,207,191
Mandatory preferred dividend on Class B	2,614,251
Dividends	247,444,149
	<u>1,630,265,591</u>

At 31 December 2019 and 2018 non-distributable reserves are as follows:

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	2019	2018
Non-distributable reserves		
Legal reserve	23,920,741	23,920,741
Other	3,020	3,020
	23,923,761	23,923,761

Profit recognised directly in equity cannot be distributed, either directly or indirectly.

(4) Significant Accounting Policies

(a) Business combinations

As the Company applied the third transitional provision of Royal Decree 1514/2007, only those business combinations that occurred on or after 1 January 2008, the date of transition to the Spanish General Chart of Accounts, have been recognised using the acquisition method. Business combinations that occurred prior to that date were recognised in accordance with accounting principles prevailing at that time, taking into account the necessary corrections and adjustments at the transition date.

Business combinations carried out since 1 January 2010 are recognised by applying the acquisition method established in Recognition and Measurement Standard 19 of the Spanish General Chart of Accounts amended by article 4 of Royal Decree 1159/2010, which approves the standards for the preparation of consolidated annual accounts and amends the Spanish General Chart of Accounts.

The Company applies the acquisition method for business combinations, except for mergers, spin-offs and non-monetary contributions of a business between group entities.

The acquisition date is the date on which the Company obtains control of the acquiree.

The cost of the business combination is calculated as the sum of the acquisition-date fair values of the assets transferred, the liabilities incurred or assumed, the equity instruments issued and any consideration contingent on future events or compliance with certain conditions in exchange for control of the acquiree.

The cost of a business combination excludes any payments that do not form part of the consideration given in exchange for the acquiree. Acquisition costs are recognised as an expense when incurred.

The costs of issuing equity and liability instruments are recognised using the measurement criteria applicable to these transactions.

The Company recognises the assets acquired and liabilities assumed at their acquisition-date fair value. Liabilities assumed include any contingent liabilities that represent present obligations arising from past events for which the fair value can be reliably measured. The Company also recognises indemnification assets transferred by the seller at the same time and following the same measurement criteria as the item that is subject to indemnification from the acquiree, taking into consideration, where applicable, the insolvency risk and any contractual limitations on the indemnified amount.

(b) Foreign currency transactions, balances and cash flows

(i) Foreign currency transactions, balances and cash flows

Foreign currency transactions have been translated into Euros using average exchange rates for the prior month for all foreign currency transactions during the current month. This method does not differ significantly from applying the exchange rate at the date of the transaction.

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Monetary assets and liabilities denominated in foreign currencies have been translated into Euros at the closing rate, while non-monetary assets and liabilities measured at historical cost have been translated at the exchange rate prevailing at the transaction date. In the statement of cash flows, cash flows from foreign currency transactions have been translated into Euros using the average exchange rates for the prior month for all flows that occur during the following month. This method does not differ significantly from applying the exchange rate at the date of the transaction.

Exchange gains and losses arising on the settlement of foreign currency transactions and the translation into Euros of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(c) Capitalised borrowing costs

In accordance with the second transitional provision of Royal Decree 1514/2007 enacting the Spanish General Chart of Accounts, the Company has opted to apply this accounting policy to work in progress at 1 January 2008 which will not be available for use, capable of operating or available for sale for more than one year. Until that date, the Company opted to recognise borrowing costs as an expense as they were incurred.

Borrowing costs related to specific and general financing that are directly attributable to the acquisition, construction or production of intangible assets, property, plant and equipment and investment property that will not be available for use, capable of operating or available for sale for more than one year are included in the cost of the asset.

To the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined as the actual borrowing costs incurred. Non-commercial general borrowing costs eligible for capitalisation are calculated as the weighted average of the borrowing costs applicable to the Company's outstanding borrowings during the period, other than those specifically for the purpose of obtaining a qualifying asset and the portion financed using equity. The borrowing costs capitalised cannot exceed the borrowing costs incurred during that period.

The Company begins capitalising borrowing costs as part of the cost of a qualifying asset when it incurs expenditures for the asset, interest is accrued, and it undertakes activities that are necessary to prepare the asset for its intended use, operation or sale, and ceases capitalising borrowing costs when all or substantially all the activities necessary to prepare the qualifying asset for its intended use, operation or sale are complete, even though the necessary administrative permits may not have been obtained. Interruptions in the active development of a qualifying asset are not considered. Nonetheless, restated advances on account are not qualifying assets for the purpose of capitalising borrowing costs.

Capitalised borrowing costs are recognised in the income statement under capitalised borrowing costs.

(d) Intangible assets

Intangible assets are measured at cost or cost of production. Capitalised production costs are recognised under "self-constructed assets" in the income statement. Intangible assets are carried at cost, less any accumulated amortisation and impairment.

Advances on account of fixed assets are initially measured at cost. In subsequent years, advances accrue interest at the supplier's incremental borrowing rate when the period between payment and the receipt of the asset exceeds one year.

Cost of production of intangible assets comprises the purchase price and any costs directly related to production.

Expenditure on activities that contribute to increasing the value of the Company's business as a whole, such as goodwill, trademarks and other similar items generated internally, as well as establishment costs, are recognised as expenses on the income statement when incurred.

(i) Computer software

Computer software acquired and developed by the Company is recognised to the extent that costs can be clearly allocated, expensed and distributed over time to each project, and when there is evidence of technical success and economic viability. Computer software maintenance costs are charged as expenses when incurred.

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(ii) Subsequent costs

Subsequent costs incurred on intangible assets are recognised in profit and loss, unless they increase the expected future economic benefits attributable to the intangible asset.

(iii) Useful life and amortisation rates

Intangible assets with finite useful lives are amortised by allocating the depreciable amount of an asset on a systematic basis over its useful life, by applying the following criteria:

	Depreciation method	Rates %
Computer software	Straight-line	16 - 33

The depreciable amount is the acquisition or production cost of an asset.

The Company considers that the residual value of the assets is zero unless:

- There is a commitment by a third party to purchase the asset at the end of its useful life.
- There is an active market for the intangible asset and:
 - Residual value can be determined by reference to that market; and
 - It is probable that such market will exist at the end of the asset's useful life.

The Company reviews the useful life and amortisation method for intangible assets at each financial year end. Changes to initially established criteria are accounted for as a change in accounting estimates.

(iv) Impairment losses

The Company measures and determines impairment to be recognised or reversed based on the criteria in section (g) Impairment of non-financial assets subject to amortisation or depreciation.

(e) Property, plant and equipment

(i) Initial recognition

Property, plant and equipment are measured at cost of acquisition or production, using the same criteria as for determining the cost of production of intangible assets. Capitalised production costs are recognised under "Self-constructed assets" in the income statement. Property, plant and equipment are carried at cost less any accumulated depreciation and impairment.

The cost of an item of property, plant and equipment includes the estimated costs of its dismantling or removal and restoration of the site on which it is located, provided that the obligation is incurred as a consequence of having used the item.

(ii) Property, plant and equipment swap

Property, plant and equipment acquired in exchange for one or more non-monetary assets or a combination of monetary and non-monetary assets, is recognized for the monetary amount delivered plus the fair value of the non-monetary assets delivered in the transaction, except in those cases in which those that do not have a commercial substance or cannot be measured reliably the fair value of the property, plant and equipment received or the asset delivered.

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The fair value of the asset received should be recognized by reference to the fair value of the asset delivered except in those transactions in which the fair value of the asset received can be determined with greater reliability. In those cases in which the fair value of the asset received or delivered cannot be determined reliably or in which the transaction lacks commercial substance, the acquisition cost is determined by reference to the net book value of the asset delivered, plus, where appropriate, the monetary counterparts paid or pending payment, with the limit of the fair value of the asset received if it were less.

(iii) Depreciation

Property, plant and equipment are depreciated by allocating the depreciable amount of the asset on a systematic basis over its useful life. The depreciable amount is the cost of an asset. The Company determines the depreciation charge separately for each component of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and with a useful life that differs from the remainder of the asset.

Property, plant and equipment are depreciated using the following criteria:

	Depreciation method	Rates %
Technical installations and machinery	Straight-line	10
Other installations, equipment and furniture	Straight-line	4- 10
Other property, plant and equipment	Straight-line	7- 33

The Company reviews useful lives and depreciation methods at each financial year end. Changes to initially established criteria are accounted for as a change in accounting estimates.

(iv) Subsequent costs

Subsequent to initial recognition of the asset, only the costs incurred which increase capacity or productivity or which lengthen the useful life of the asset are capitalised. The carrying amount of parts that are replaced is derecognised. Costs of day-to-day servicing are recognised in profit and loss as incurred.

Replacements of property, plant and equipment that qualify for capitalisation are recognised as a reduction in the carrying amount of the items replaced. Where the cost of the replaced items has not been depreciated independently and it is not possible to determine the respective carrying amount, the replacement cost is used as indicative of the cost of items at the time of acquisition or construction.

(v) Impairment

The Company measures and determines impairment to be recognised or reversed based on the criteria in section (g) Impairment of non-financial assets subject to amortisation or depreciation.

(f) Investment property

The Company classifies property leased to its subsidiaries under this caption. All property is earmarked exclusively for own use or the use of Group companies.

Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment under development until construction or development is complete. Nevertheless, redevelopment work to extend or improve property is classified as investment property.

The Company measures and recognises investment property following the policy for property, plant and equipment. The Company reclassifies property, plant and equipment to investment property when it ceases to use the building in the production or supply of goods or services, for administrative purposes or when it is held to earn rentals or for capital appreciation or both.

Investment property is depreciated applying the following policies:

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	Depreciation method	Rates %
Buildings and other installations	Straight-line	1 - 10

(g) Impairment of non-financial assets subject to amortisation or depreciation

The Company evaluates whether there are indications of possible impairment losses on non-financial assets subject to amortisation or depreciation to verify whether the carrying amount of these assets exceeds the recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and the value in use.

Impairment losses are recognised in the income statement.

At the end of each reporting period the Company assesses whether there is any indication that an impairment loss recognised in prior periods may no longer exist or may have decreased. Impairment losses on goodwill are not reversible. Impairment losses on other assets are only reversed if there has been a change in the estimates used to calculate the recoverable amount of the asset.

A reversal of an impairment loss is recognised in the income statement. The increased carrying amount of an asset attributable to a reversal of an impairment loss may not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised.

After an impairment loss or reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the asset is adjusted in future periods based on its new carrying amount.

However, if the specific circumstances of the assets indicate an irreversible loss, this is recognised directly in losses on the disposal of fixed assets in the income statement.

(h) Leases

(i) Lessor accounting

Leases which, on inception, transfer to third parties substantially all the risks and rewards incidental to ownership of the assets are classified as finance leases, otherwise they are classified as operating leases.

(ii) Lessee accounting

Leases in which, upon inception, the Company assumes substantially all the risks and rewards incidental to ownership are classified as finance leases, otherwise they are classified as operating leases.

- *Finance leases*

At the commencement of the lease term, the Company recognises finance leases as assets and liabilities at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Initial direct costs are added to the asset's carrying amount. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. Interest is expensed using the effective interest method.

Contingent rents are recognised as an expense when it is probable that they will be incurred.

The accounting policies applied to the assets used by the Company by virtue of finance lease contracts are the same as those set out in sections (e) and (f) (Property, plant and equipment or Investment Property).

- *Operating leases*

Lease payments under an operating lease, net of incentives received, are recognised as an expense on a straight-line basis over the lease term.

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Contingent rents are recognised as an expense when it is probable that they will be incurred.

(i) Financial instruments

(i) Classification and separation of financial instruments

Financial instruments are classified on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the economic substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument.

The Company classifies financial instruments into different categories based on the nature of the instruments and the Company's intentions on initial recognition.

(ii) Offsetting principles

A financial asset and a financial liability are offset only when the Company currently has the legally enforceable right to offset the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(iii) Financial assets and financial liabilities held for trading

Financial assets or financial liabilities held for trading are those which are classified as held for trading from initial recognition.

A financial asset or financial liability is classified as held for trading if it:

- Originates or is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- Forms part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking or;
- Is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

Financial assets and financial liabilities held for trading are initially recognised at fair value. Transaction costs directly attributable to the acquisition or issue are recognised as an expense when incurred.

After initial recognition, they are recognised at fair value through profit or loss. Fair value is not reduced by transaction costs incurred on sale or disposal. Accrual interest and dividends are recognised separately.

The Company does not reclassify any financial asset or financial liability into or out of this category while it is recognised in the balance sheet, except when there is a change in the classification of hedging financial instruments.

(iv) Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities at fair value through profit or loss, which comprise derivatives, are initially recognised at fair value and after initial recognition are recognised at fair value through profit or loss.

(v) Loans and receivables

Loans and receivables comprise trade and non-trade receivables with fixed or determinable payments that are not quoted in an active market other than those classified in other financial asset categories. These assets are initially recognised at fair value, including transaction costs, and are subsequently measured at amortised cost using the effective interest method.

Nevertheless, financial assets which have no established interest rate, which mature or are expected to be received in the short term, and for which the effect of discounting is immaterial, are measured at their nominal amount.

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(vi) Available-for-sale financial assets

The Company classifies in this category debt securities and equity instruments which do not qualify for inclusion in the aforementioned categories.

Available-for-sale financial assets are initially recognised at fair value plus transaction costs directly attributable to the acquisition.

After initial recognition, financial assets classified in this category are measured at fair value and any gain or loss is accounted for in income and expenses recognised in equity. On disposal of the financial assets, amounts recognised in equity or the impairment loss are reclassified to profit or loss.

(vii) Investments in Group companies and associates

Group companies are those over which the Company, either directly, or indirectly through subsidiaries, exercises control as defined in article 42 of the Spanish Code of Commerce, or when the companies are controlled by one or more individuals or entities acting jointly or under the same management through agreements or statutory clauses.

Control is the power to govern the financial and operating policies of an entity or business so as to obtain benefits from its activities. In assessing control, potential voting rights held by the Company or other entities that are exercisable or convertible at the end of each reporting period are considered.

Associates are entities over which the Company, either directly, or indirectly through subsidiaries, exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The existence of potential voting rights that are exercisable or convertible at the end of each reporting period, including potential voting rights held by the Company or other entities, are considered when assessing whether an entity has significant influence.

Investments in Group companies and associates are initially recognised at cost, which is equivalent to the fair value of the consideration given, including transaction costs in the case of investments in associates, and are subsequently measured at cost net of any accumulated impairment. The cost of investments in Group companies acquired before 1 January 2010 includes any transaction costs incurred.

If an investment no longer qualifies for classification under this category, it is reclassified as available-for-sale and is measured as such from the reclassification date.

(viii) Non-monetary contributions in exchange for investments in the equity of other companies

The Company recognizes the equity instruments received in exchange for non-monetary contributions as swaps as provided in section e.

(ix) Interest and dividends

Interest is recognised using the effective interest method.

Dividends from investments in equity instruments are recognised when the Company is entitled to receive them. If the dividends are clearly derived from profits generated prior to the acquisition date because amounts higher than the profits generated by the investment since acquisition have been distributed, the carrying amount of the investment is reduced.

Interest and dividend income are classified as revenue when they form part of the Company's ordinary activity.

(x) Impairment of financial assets

A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and the event or events have an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

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The Company recognises impairment of loans and receivables and debt instruments when estimated future cash flows are reduced or delayed due to debtor insolvency.

For equity instruments, objective evidence of impairment exists when the carrying amount of an asset is uncollectible due to a significant or prolonged decline in its fair value.

Investments in Group companies

Impairment is calculated by comparing the carrying amount of the net investment in the associate with its recoverable amount. The recoverable amount is the higher of value in use and fair value less costs to sell.

Value in use is calculated based on the Company's share of the present value of future cash flows expected to be derived from ordinary activities and from the disposal of the asset. Unless better evidence is available, the investee's equity is taken into consideration, corrected for any unrealised gains existing at the measurement date.

In subsequent years, reversals of impairment losses in the form of increases in the recoverable amount are recognised, up to the limit of the carrying amount that would have been determined for the investment if no impairment loss had been recognised.

The recognition or reversal of an impairment loss is disclosed in the income statement unless it should be recognised in equity.

Impairment of an investment is limited to the amount of the investment, except when contractual, legal or constructive obligations have been assumed by the Company or payments have been made on behalf of the companies. In the latter case, provision is made.

(xi) Financial liabilities

Financial liabilities, including trade and other payables, that are not classified as held for trading or as financial liabilities at fair value through profit or loss are initially recognised at fair value less any transaction costs directly attributable to the issue of the financial liability. After initial recognition, liabilities classified under this category are measured at amortised cost using the effective interest method.

Nevertheless, financial liabilities which have no established interest rate, which mature or are expected to be settled in the short term, and for which the effect of discounting is immaterial, are measured at their nominal amount.

The Company measures financial liabilities at amortised cost provided that reliable estimates of cash flows can be made based on the contractual terms.

(xii) Derecognition and modifications of financial liabilities

The Company derecognises all or part of a financial liability when it either discharges the liability by paying the creditor, or is legally released from primary responsibility for the liability either by process of law or by the creditor. The exchange of debt instruments between the Company and the counterparty or substantial modifications of initially recognised liabilities are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability, provided that the instruments have substantially different terms.

The Company considers the terms to be substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

If the exchange is accounted for as an extinguishment of the financial liability, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

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The difference between the carrying amount of a financial liability, or part of a financial liability, extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(xiii) Reverse factoring

The Company has contracted reverse factoring facilities with various financial institutions to manage payments to suppliers. Trade payables settled under the management of financial institutions are recognised under "trade and other payables" in the balance sheet until they are settled, repaid or have expired.

(j) Own equity instruments held by the Company.

Equity instruments acquired by the Company are shown separately at cost of acquisition as a reduction in capital and reserves in the balance sheet. Any gains or losses on transactions with own equity instruments are not recognised in profit or loss.

Transaction costs related to own equity instruments, including issue costs related to a business combination, are accounted for as a deduction from reserves, net of any tax effect.

(k) Inventories

(i) General

Inventories are measured using the FIFO (first in, first out) method. When the cost of inventories exceeds replacement value, materials are written down to net realisable value.

Inventories are mainly spare parts used to maintain the Company's buildings and facilities.

(ii) Emission allowances

Emission allowances acquired are classified and measured by applying accounting policies.

(l) Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits in financial institutions. They also include other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. An investment normally qualifies as a cash equivalent when it has a maturity of less than three months from the date of acquisition.

(m) Grants

Grants are recorded in recognised income and expense when, where applicable, they have been officially awarded and the conditions attached to them have been met or there is reasonable assurance that they will be received.

The grants that are given to finance specific expenses are registered as income in the same fiscal year than the expense is registered.

(n) Defined contribution plans

The Company recognises the contributions payable to a defined contribution plan in exchange for a service when an employee has rendered service to the Company. The contributions payable are recognised as an expense for employee remuneration and as a liability after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the end of the period, the Company only recognises that excess as an asset (prepaid expense) to the extent that the prepayments will lead to, for example, a reduction in future payments or cash refund.

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(o) Provisions**(i) General criteria**

Provisions are recognised when the Company has a present obligation (legal, contractual, constructive or tacit) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account all risks and uncertainties surrounding the amount to be recognised as a provision and, where the time value of money is material, the financial effect of discounting provided that the expenditure to be made each period can be reliably estimated. The discount rate is a pre-tax rate that reflects the time value of money and the specific risks for which future cash flows associated with the provision have not been adjusted at each reporting date.

If it is not probable that an outflow of resources will be required to settle an obligation, the provision is reversed.

(ii) Provisions for taxes

Provisions for taxes are measured at the estimated amount of tax debt calculated in accordance with the aforementioned criteria. Provision is made with a charge to income tax for the tax expense for the year, to finance costs for the late payment interest, and to other income for the penalty. The effects of changes in estimates of prior years' provisions are recognised according to their nature, unless they involve the correction of an error.

(p) Revenue from the rendering of services

Revenue from the rendering of services is measured at the fair value of the consideration received or receivable.

Practically all services are rendered to Group companies.

(q) Income tax

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

Current tax assets or liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantially enacted at the reporting date.

Current and deferred tax are recognised as income or an expense and included in profit or loss for the year, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different year, directly in equity, or from a business combination.

Government assistance provided in the form of deductions and other tax relief applicable to income tax payable is recognised as a reduction in the income tax expense in the year in which it is accrued.

The Company files consolidated tax returns with its Spanish subsidiaries: Laboratorios Grifols, S.A., Instituto Grifols, S.A., Grifols Movaco, S.A., Biomat, S.A., Grifols International, S.A., Grifols Engineering, S.A., Grifols Viajes S.A., Aigües Minerals de Vilajuiga, S.A., Gripdan Invest, S.L. and VCN Biosciences, S.L.

In addition to the factors to be considered for individual taxation, set out previously, the following factors are taken into account when determining the accrued income tax expense for the companies forming the consolidated tax group:

- Temporary and permanent differences arising from the elimination of profits and losses on transactions between Group companies, derived from the process of determining consolidated taxable income.
- Deductions and credits corresponding to each company forming the consolidated tax group. For these purposes, deductions and credits are allocated to the company that carried out the activity or obtained the profit necessary to obtain the right to the deduction or tax credit.

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Temporary differences arising from the elimination of profits and losses on transactions between tax group companies are allocated to the company which recognised the profit/loss and are valued using the tax rate of that company.

A reciprocal credit and debit arises between the companies that contribute tax losses to the consolidated Group and the rest of the companies that offset those losses. Where a tax loss cannot be offset by the other consolidated Group companies, these tax credits for loss carryforwards are recognised as deferred tax assets using the applicable recognition criteria, considering the tax group as a taxable entity.

The Parent of the Group records the total consolidated income tax payable to Credit with Group companies.

The amount of the debt relating to the subsidiaries is recognised as Debt with Group companies.

(i) Deferred Tax liabilities

Deferred tax liabilities derived from taxable temporary differences are recognised in all cases except where they arise from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable income.

(ii) Deferred Tax assets

Deferred tax assets derived from deductible temporary differences are recognised provided that it is probable that sufficient taxable income will be available against which they can be utilised or when the tax legislation considers the possibility to convert future assets for deferred taxes on receivables in front of the Public Administration.

Nonetheless, assets arising from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable income, are not recognised.

(iii) Measurement

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the years when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted. The tax consequences that would follow from the manner in which the Company expects to recover or settle the carrying amount of its assets or liabilities are also reflected in the measurement of deferred tax assets and liabilities.

(iv) Offset and classification

The Company only offsets tax assets and liabilities if it has a legally enforceable right to offset the recognised amounts and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

Deferred tax assets and liabilities are recognised in the balance sheet under non-current assets or liabilities, irrespective of the expected date of recovery or settlement.

(r) Share-based payment transactions

The Group headed by the Company extends share-based payments to certain employees currently rendering services. The fair value of the services received is calculated by estimating the fair value of the shares extended at the grant date. As the equity instruments granted do not vest until the employees complete a specified period of service, those services are accounted for in the income statement as an expense for the year during the vesting period, with a corresponding increase in other equity instruments. The amount recognised reflects the amount that will be settled once the agreed conditions are met, and will not be revised or remeasured during the vesting period, as the commitment was settled through shares.

The total amount recognised is calculated based on the incentive payable in shares plus a percentage defined by the Company. If an employee leaves his job before the vesting period is completed, only the agreed share-based incentive is received, and the Company can decide whether to pay the incentive in cash or in shares.

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The Company has a share option plan over its own equity instruments for employees of several Group companies, the cost of which is assumed by the Company. The Company recognises the transaction as a contribution to the subsidiary in the form of remuneration for services received settled through equity instruments. In accordance with the aforementioned criteria, the Company therefore recognises the accrued cost of the plan as an increase in the value of the investment in the subsidiary with a credit to other equity instruments.

The Company is paid by the subsidiary for the intrinsic value of the cost assumed. The payment arrangement is recognised separately from the option plan as a return of the investment and with a charge to a loan to Group companies, when the subsidiary's commitment effectively arises.

(s) Classification of assets and liabilities as current and non-current

The Company classifies assets and liabilities in the balance sheet as current and non-current. Current assets and liabilities are determined as follows:

- Assets are classified as current when they are expected to be realised or are intended for sale or consumption in the Company's normal operating cycle, they are held primarily for the purpose of trading, they are expected to be realised within twelve months after the reporting date or are cash or a cash equivalent.
- Liabilities are classified as current when they are expected to be settled in the Company's normal operating cycle, they are held primarily for the purpose of trading, or they are due to be settled within twelve months after the reporting date.

(t) Environmental issues

The Company takes measures to prevent, reduce or repair the damage caused to the environment by its activities.

Expenses derived from environmental activities are recognised as other operating expenses in the period in which they are incurred.

Property, plant and equipment acquired by the Company to minimise the environmental impact of its activity and protect and improve the environment, including the reduction and elimination of future pollution from the Company's activities, are recognised as assets applying the measurement, presentation and disclosure criteria described in section (e) Property, plant and equipment.

(u) Transactions between Group companies

Transactions between Group companies, except those related to mergers, splits and non-cash contributions from business, are recognised at the fair value of the consideration given or received. The difference between this value and the amount agreed is recognised in line with the underlying economic substance of the transaction.

In non-cash contributions to Group companies, the contributor will value its interests at the carrying amount of the equity investments, in the consolidated annual accounts at the date the transaction occurred.

Any difference between the value assigned to the interest received by the contributor and the carrying amount of the investments contributed will be recognised in reserves.

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

(5) Intangible Assets

Details of intangible assets and movement are as follows:

2019	Computer software	Prepayments	Total
Cost at 1 January 2019	55,750,145		55,750,145
Additions	7,026,703	500,000	7,526,703
Disposals	(26,583)	--	(26,583)
Transfers	(213,586)		(213,586)
Cost at 31 December 2019	62,536,679	500,000	63,036,679
Accumulated amortisation at 1 January 2019	(41,215,726)	--	(41,215,726)
Additions	(4,922,023)	--	(4,922,023)
Disposals	26,582	--	26,582
Accumulated amortisation at 31 December 2019	(46,111,167)	--	(46,111,167)
Carrying amount at 31 December 2019	16,425,512	500,000	16,925,512
<hr/>			
2018	Computer software	Prepayments	Total
Cost at 1 January 2018	48,728,356	--	48,728,356
Additions	6,941,270	--	6,941,270
Transfers	80,519	--	80,519
Cost at 31 December 2018	55,750,145	--	55,750,145
Accumulated amortisation at 1 January 2018	(35,816,388)		(35,816,388)
Additions	(5,399,338)		(5,399,338)
Accumulated amortisation at 31 December 2018	(41,215,726)	--	(41,215,726)
Carrying amount at 31 December 2018	14,534,419	--	14,534,419

a) Fully amortised assets

The cost of fully amortised intangible assets in use at 31 December is as follows:

	Euros	
	2019	2018
Computer software	39,173,552	36,335,118

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Fully amortised computer software in use at 31 December 2019 and 2018 mainly reflects computer licences.

(6) Property, Plant and Equipment

Details of property, plant and equipment and movement are as follows:

	Euros				Total
	Technical installations and machinery	Other installations, equipment and furniture	Under construction and advances	Other items	
2019					
Cost at 1 January 2019	8,546,405	21,538,222	6,368,097	22,128,057	58,580,781
Additions	--	--	7,850,509	319,079	8,169,588
Disposals	--	(159,984)	--	(3,405,080)	(3,565,064)
Transfers	1	169,174	(4,313,064)	2,260,935	(1,882,954)
Cost at 31 December 2019	8,546,406	21,547,412	9,905,542	21,302,991	61,302,351
Accumulated depreciation at 1 January 2019	(6,576,790)	(13,515,097)	--	(15,594,757)	(35,686,644)
Additions	(262,134)	(1,181,795)	--	(2,730,013)	(4,173,942)
Disposals	3	131,293	--	3,405,525	3,536,821
Transfers	--	137,371	--	(2)	137,369
Accumulated depreciation at 31 December 2019	(6,838,921)	(14,428,228)	--	(14,919,247)	(36,186,396)
Carrying amount at 31 December 2019	1,707,485	7,119,184	9,905,542	6,383,744	25,115,955
2018					
Cost at 1 January 2018	8,244,329	17,630,336	7,537,882	17,924,168	51,336,715
Additions	295,200	465,364	847,752	3,830,830	5,439,146
Disposals	(875,425)	(1,953)	--	(27,046)	(904,424)
Transfers	882,301	3,444,475	(2,017,537)	400,105	2,709,344
Cost at 31 December 2018	8,546,405	21,538,222	6,368,097	22,128,057	58,580,781
Accumulated depreciation at 1 January 2018	(6,841,933)	(12,156,064)	--	(13,143,975)	(32,141,972)
Additions	(432,678)	(1,359,945)	--	(2,477,828)	(4,270,451)
Disposals	697,821	1,953	--	27,046	726,820
Transfers	--	(1,041)	--	--	(1,041)
Accumulated depreciation at 31 December 2018	(6,576,790)	(13,515,097)	--	(15,594,757)	(35,686,644)
Carrying amount at 31 December 2018	1,969,615	8,023,125	6,368,097	6,533,300	22,894,137

(a) Capitalised borrowing costs

During 2019 the Company has capitalised borrowing costs in investments in progress amounting to Euros 801 thousand (Euros 357 thousand in 2018) (see note 4 (c)).

(b) Fully depreciated assets

Details of the cost of fully depreciated property, plant and equipment in use at 31 December are as follows:

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	Euros	
	2019	2018
Technical installations and machinery	5,908,887	5,821,895
Other installations, equipment and furniture	8,895,689	7,758,067
Other property, plant and equipment	11,014,249	11,512,576
	25,818,825	25,092,538

(c) Insurance

The Company has taken out insurance policies to cover the risk of damage to its property, plant and equipment. These policies amply cover the net carrying amount of the Company's assets.

(7) Investment Property

Details of and movements in investment property have been as follows:

	Euros		
	Land	Buildings and other installations	Investments in adaptation and advances
Cost at 1 January 2019	7,465,344	79,515,286	6,631,896
Additions	--	--	5,652,439
Disposals	(15)	(178,267)	--
Transfers	--	4,112,383	(2,015,843)
Cost at 31 December 2019	7,465,329	83,449,402	10,268,492
Accumulated depreciation at 1 January 2019	--	(38,791,702)	--
Additions	--	(3,513,657)	--
Disposals	--	163,186	--
Transfers	--	(137,370)	--
Accumulated depreciation at 31 December 2019	0	(42,279,543)	0
Carrying amount at 31 December 2019	7,465,329	41,169,859	10,268,492
			58,903,680

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

	Euros			
	Land	Buildings and other installations	Investments in adaptation and advances	Total
Cost at 1 January 2018	7,465,344	71,594,983	12,953,260	92,013,587
Additions	--	749,476	3,862,674	4,612,150
Disposals	--	(223,347)	--	(223,347)
Transfers	--	7,394,174	(10,184,038)	(2,789,864)
Cost at 31 December 2018	<u>7,465,344</u>	<u>79,515,286</u>	<u>6,631,896</u>	<u>93,612,526</u>
Accumulated depreciation at 1 January 2018	--	(35,410,874)	--	(35,410,874)
Additions	--	(3,395,877)	--	(3,395,877)
Disposals	--	14,008	--	14,008
Transfers	--	1,041	--	1,041
Accumulated depreciation at 31 December 2018	0	(38,791,702)	0	(38,791,702)
Carrying amount at 31 December 2018	7,465,344	40,723,584	6,631,896	54,820,824

(a) General

At 31 December 2019 and 2018 additions comprise the investments incurred to expand the Company's facilities and the acquisition of a plot of land in Lliçà de Vall.

(b) Fully depreciated assets

The cost of fully depreciated investment property in use at 31 December is as follows:

	Euros	
	2019	2018
Buildings	1,031,791	1,031,791
Other installations	20,214,905	15,256,715
	21,246,696	16,288,506

(c) Income and expenses from investment property

Details of income and expenses from investment property are as follows:

	Euros	
	2019	2018
Income from assignment of use (note 23)	21,404,970	16,626,213
Operating expenses		
From income-generating investments	(21,302,749)	(17,205,701)
Net	102,221	(579,488)

The Company assigns the use of the premises and installations that it owns and leases from third parties to its Spanish subsidiaries as indicated in notes 9, 10 and 23.

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(d) Insurance

The Company has taken out insurance policies to cover the risk of damage to its investment property. The coverage of these policies is considered sufficient.

(8) Finance Leases - Lessee

The Company has leased the following types of property, plant and equipment and investment property under finance leases:

	Euros		
	Land	Other property, plant and equipment	Total
<i>Initially recognised at:</i>			
Fair value	381,071	3,462,461	3,843,532
Accumulated depreciation	(8,864)	(1,167,562)	(1,176,426)
Carrying amount at 31 December 2019	372,207	2,294,899	2,667,106
<i>Initially recognised at:</i>			
Fair value	435,000	6,276,244	6,711,244
Accumulated depreciation	(53,876)	(3,402,262)	(3,456,138)
Carrying amount at 31 December 2018	381,124	2,873,982	3,255,106

Future minimum lease payments are reconciled with their present value as follows:

	Euros	
	2019	2018
Future minimum payments	2,875,549	3,794,242
Unaccrued finance costs	(80,028)	(178,375)
Present value	2,795,521	3,615,867

Details of minimum payments and the present value of finance lease liabilities, by maturity date, are as follows:

	Euros			
	2019		2018	
	Minimum payments	Present value	Minimum payments	Present value
Less than one year	1,010,925	968,316	1,225,427	1,119,117
One to five years	1,864,624	1,827,205	2,568,815	2,496,750
	2,875,549	2,795,521	3,794,242	3,615,867
Less current portion	(1,010,925)	(968,316)	(1,225,427)	(1,119,117)
Total non-current	1,864,624	1,827,205	2,568,815	2,496,750

Notes to the Annual Accounts

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(9) Operating Leases - Lessee

At 31 December 2019 and 2018, the Company has contracted various office premises and a plot of land under operating leases from third parties and one related party.

The most significant lease contracts are as follows:

Contract with a related party for offices located in Sant Cugat del Vallès (Barcelona) (SC1+SC2+SC3)

The contract period is until 1st March 2040 and it is of compulsory compliance, with five-year tacit renewals. It may be cancelled by giving notice of 6 months in advance.

Contract with a related party for offices located in Sant Cugat del Vallès (Barcelona) (SC4)

This contract is valid until 1st March 2040 and it is of compulsory compliance, with five-year tacit renewals, unless either of the parties cancels the contract giving notice of 6 months in advance after fulfilling the compulsory period.

Operating lease payments have been recognised as an expense for the year as follows:

	Euros	
	2019	2018
Lease payments (recognised as an expense)	9,942,552	9,975,445

Future minimum payments under non-cancellable operating leases are as follows:

	Euros	
	2019	2018
Less than one year	6,280,831	6,132,837
One to five years	21,688,271	21,164,966
Over five years	79,504,026	32,100,877
	<hr/>	
	107,473,128	59,398,680

The Company uses part of these premises for its own use and the rest are assigned for use to its Spanish subsidiaries (see note 7 (c)).

(10) Assignment for Use of Premises and Installations

As described in note 7 (c), note 9 and note 23, the Company assigns the use of the premises and installations that it owns and leases from third parties to its Spanish subsidiaries.

Services included in the assignment for use agreements are: surveillance, cleaning of common areas, greeting and messaging, maintenance and water, energy and gas supplies. In order to take advantage of these services, the Spanish subsidiaries will use the premises in accordance with the statutory activity.

Contracts signed with its subsidiaries are renewed automatically on an annual basis and can be cancelled at any time with three months' prior notice. The minimum non-cancellable amount receivable totals Euros 5,351 thousand at 31 December 2019 (Euros 4,157 thousand in 2018).

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

(11) Risk Management Policy

(a) Financial risk factors

The Company's activities are exposed to various financial risks: market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk, and cash flow interest rate risk. The Company's global risk management programme focuses on uncertainty in the financial markets and aims to minimise potential adverse effects on the Company's profits.

The Company's risk management policies are established in order to identify and analyse the risks to which the Company is exposed, establish suitable risk limits and controls, and control risks and compliance with limits. Risk management procedures and policies are regularly reviewed to ensure they take into account changes in market conditions and in the Company's activities. The Company's management procedures and rules are designed to create a strict and constructive control environment in which all employees understand their duties and obligations.

The Group's Audit Committee supervises how management controls compliance with the Group's risk management procedures and policies and reviews whether the risk management policy is suitable considering the risks to which the Group is exposed. This committee is assisted by Internal Audit which acts as supervisor. Internal Audit performs regular and ad hoc reviews of the risk management controls and procedures and reports its findings to the Audit Committee.

(i) Market risk

The Company is not exposed to market risks associated with non-financial assets.

(ii) Currency risk

The Company operates internationally and is therefore exposed to currency risk when operating with foreign currencies, especially with regard to the US Dollar. Currency risk is associated with recognised assets and liabilities, and net investments in foreign operations.

The Company holds several investments in foreign operations, the net assets of which are exposed to currency risk. Currency risk affecting net assets of the Company's foreign operations in US Dollars is mitigated primarily through borrowings in the corresponding foreign currency.

At 31 December 2019 had the US Dollar weakened by 10% against the Euro, with the other variables remaining constant, post-tax profit would have been Euros 37 thousand lower, mainly as a result of converting payables to Group companies (Euros 283 thousand at 31 December 2018).

(iii) Credit risk

The Company's financial assets mainly comprise the trade receivables from and loans to Group companies.

The Company considers that its financial assets are not significantly exposed to credit risk.

(iv) Liquidity risk

The Company applies a prudent policy to cover its liquidity risks based on having sufficient cash, as well as sufficient financing through credit facilities, to settle market positions.

Details of financial liabilities by contractual maturity date are provided in notes 14 and 19 (e).

(v) Cash flow and fair value interest rate risks

Interest rate risk arises on loans extended to Group companies and current and non-current borrowings. Borrowings and loans extended at variable interest rates expose the Company to cash flow interest rate risks. Fixed-rate borrowings expose the Company to fair value interest rate risk.

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

The objective of the management of interest risk is to achieve a balance in the structure of the debt, keeping part of the external resources issued at a fixed rate and covering part of the variable rate debt extending loans to Group companies.

At 31 December 2019, had interest rates been 100 basis points higher/lower, with the other variables remaining constant, post-tax profit would have been Euros 1,859 thousand lower/higher, mainly because of higher borrowing costs on variable interest debt (Euros 1,245 thousand at 31 December 2018).

(12) Investments in Equity Instruments of Group Companies and Associates

Details of investments in equity instruments of Group companies are as follows:

	Euros	
	2019	2018
	Non-current	Non-current
<i>Group companies</i>		
Equity investments	2,419,641,850	3,287,312,325
Impairment	(18,724,826)	(16,484,094)
	2,400,917,024	3,270,828,231
Total	2,400,917,024	3,270,828,231

During 2019 the following main changes to Company investments in equity instruments took place:

- In 2015, for the annual bonus of certain eligible employees, the Group set up a Restricted Share Unit Retention Plan (hereinafter RSU plan) (see note 16). In 2019 the bonuses accrued in the RSU plan during the period were recognised as an investment by the Company in those subsidiaries with employees adhering to this plan, as it is considered as a contribution from the shareholder totalling Euros 4,853 thousand.
- Grifols, S.A. has forgiven two loans to Progenika Biopharma, S.A. The first loan of Euros 7.5 million was on the 27 February 2019. The second loan of US Dollars 5 million was forgiven on the same date.
- Grifols Worldwide Operations, Ltd. Made a distribution in kind to Grifols, S.A. This involved transferring 49% of Interstate Blood Bank, Inc (IBBI) (Plasma Biological Services, LLC, PBS Acquisition Corp., Bio Blood Components, Inc) shares. The carrying amount recognised in Grifols, S.A. amounts to US Dollars 104 million (Euros 90 million).
- As part of the Group's reorganization, Grifols, S.A. has made a contribution in kind to Grifols Shared Services North America, Inc, transferring all IBBI group shares mentioned above. The contribution in kind was registered at the carrying amount of the transferred investment. The transaction amounted to US Dollars 104 million (equivalent to Euros 90 million). This transaction was recorded on the 1 July 2019.
- Distribution in kind (loan with Grifols Brasil, Lda) from Grifols Worldwide Operations, Ltd to Grifols, S.A. on 31 July 2019. The contribution was recognised at carrying amount. An amount of Euros 9 million has been recognised for this transaction. With date 1 October 2019 two loans were forgiven incrementing the amount of the investing of Grifols Brasil in Euros 8,793 thousand.

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- On 2 December 2019 Grifols Worldwide Operations, Ltd. distributed an interim dividend of US Dollars 100 million. A portion of this amount should be recognised as a reduction in the investment as it represents a recovery of part of the investment cost. The portion recognised as a reduction in the investment amounts US Dollars 15 million (Euros 13 million).
- 45% of the participating loan that Grifols Worldwide Operations, Ltd had with Diagnostic Grifols, S.A. had been transferred to Grifols, S.A. (equivalent to Euros 26,230 thousand). The remaining 55% of the participating loan has been transferred to Grifols Shared Services North America, Inc for an amount of Euros 32,060 thousand. Subsequently, a contribution in kind is made to Grifols Diagnostic Solution for the value of the loan.
- Grifols Group aims to reinforce its presence in China. In March 2019, Grifols Group entered into a shares exchange agreement with Shanghai RAAS Blood Products Co. Ltd. (hereinafter SRAAS), through which Grifols Group should deliver 90 shares of its US subsidiary Grifols Diagnostic Solutions Inc. (GDS) (representing 45% of the economic rights and 40% of the voting rights), and in exchange for 1,766 million of SRAAS shares (representing 26.2% of the share capital). Thus, such transaction does not entail a cash flow movement.

The exchange ratio determined upon that date, was estimated using the stock price for SRAAS and discounted cash flows and market multiples for GDS.

Grifols Group will retain the control of GDS through the retention of the 55% of the economic rights and 60% of the voting rights.

As of 30 September 2019, the Grifols Group obtained the authorization from the US agency, "Committee on Foreign Investment in the United States" (CFIUS) and on 13 November 2019, Shanghai RAAS Blood Products, Co. Ltd. obtained the authorization from the Chinese Securities Regulatory Commission (CRSC).

As of 31 December 2019, Grifols, S.A. delivered 90 shares of its subsidiary GDS in exchange of an equity instrument in an associated company (equivalent to 1,766 million of SRAAS shares) because at that date no shares of SRAAS were received. Such contractual right has been classified as an available for sale financial asset.

As a result of the operation described, the Company has recognized under the heading "Other current financial assets" the contractual right classified as an available-for-sale asset amounting to Euros 1,717 million for the fair value of the share delivered, recording a result in the income statement of Euros 807 million for the difference between the mentioned value and the book value of the share delivered.

Finally, the directly attributable costs to the future acquisition of SRAAS were recognized as a Current Asset amounting to EUR 12 million as of 31st December 2019 and are presented under chapter "Prepayments for current assets". Subsequently, such costs will be included in the initial carrying amount at the date of acquisition of SRAAS.

During 2018 the following main changes to Company investments in equity instruments took place:

- In 2015, for the annual bonus of certain eligible employees, the Group set up a Restricted Share Unit Retention Plan (hereinafter RSU plan) (see note 16). In 2018 the bonuses accrued in the RSU plan during the period were recognised as an increase to the investment by the Company in those subsidiaries with employees adhering to this plan, as it is considered as a contribution from the shareholder totalling Euros 3,755 thousand.
- In 2018 Progenika Biopharma, S.A.'s shares were transferred through a distribution in kind at 31 December 2018 with a carrying amount of US Dollars 76,982,493 (Euros 67,724,547). Additionally, Grifols Diagnostics Solutions has transferred two participating loans granted to Progenika Biopharma, S.A. for a total of US Dollars 11,900,332 (Euros 10,487,221) as principal and US Dollars 1,511,917 (Euros 1,321,266) as interest. An amount of Euros 79,523,834 was recognised in the Company's reserves related to the investment in Progenika Biopharma,S.A..
- The Company has subscribed to an increase in the capital of Laboratorios Grifols, S.A. contributing an amount of Euros 18,000 thousand.

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- In January 2018 the Company acquired a 50% interest in Aigües Minerals de Vilajuïga S.A. involving the purchase of 37,500 shares. From the total amount of shares, 37,499 were acquired by Grifols, S.A. and 1 share was acquired by Grifols International, S.A.. The total price amounts to Euros 549,985 for Grifols,S.A. and Euros 15 for Grifols International, S.A.. As a result of this new share acquisition, Aigües Minerals de Vilajuïga, S.A. now forms part of the Group. During 2018 the Company has recognised impairment of Euros (549,985) on the investment based on an analysis of its recoverability.
- In December 2018 Grifols Diagnostic Solutions transferred Singulex shares to Grifols, S.A. through a distribution in kind. The fair value at 31 December 2018 totals US Dollars 50 million (Euros 43,987 thousand). The transfer of three loan agreements took place with Grifols Diagnostics Solutions as a lender and Singulex as the borrower for a total amount of US Dollars 35,849,289 (Euros 31,538,039) as principal and US Dollars 1,988,448 (Euros 1,749,316) as interest. The second transaction was carried out between Grifols, S.A. and Grifols Shared Services North America Inc., with a transfer of shares through a capital contribution. The fair value of Singulex shares and loans has been recognised in the Company as a dividend amounting to Euros 77,274,335.

(a) Investments in Group companies

Details of investments in Group companies are provided in Appendix I.

Subsidiaries' activities comprise the following:

- Industrial activity: consisting of the manufacture, preparation and sale of therapeutic products and other pharmaceutical specialities, particularly hemoderivatives and parenteral solutions, reagents, chemical products for use in laboratories and healthcare centres, and medical-surgical materials, equipment and instruments; the collection and analysis of products of biological origin, and the procurement of human plasma.
- Commercial activity: consisting primarily of the marketing of products manufactured by the industrial Group companies.
- Service activity: comprising the management of business trips for Group companies, the preparation and implementation of engineering projects for both the Group and third parties, and the rendering of centralised services such as accounting, human resources, marketing, etc. This activity also includes the reinsurance of the Group's insurance policies.

The percentage ownerships included in Appendix I reconcile with the voting rights the Company has in its subsidiaries, except for: Grifols Thailand, Ltd. (48% ownership) and Grifols Malaysia Sdn Bhd (30% ownership), in which the Company has majority voting rights through the type of shares it holds in Grifols Thailand, Ltd and a contract entered into with the other shareholder and the pledging of this shareholder's shares in Grifols Malaysia.

(i) Foreign currency

The functional currencies of foreign operations are the currencies of the countries in which they are domiciled, except for Grifols Worldwide Operations Limited, the functional currency of which is the US Dollar.

(b) Other Information

The subsidiaries have been audited/reviewed by the associates of KPMG International in the countries in which they are domiciled, with the exception of Grifols Argentina, S.A. (audited by Alexia Consulting group, S.R.L.) and Grifols Polska Sp.z.o.o. (audited by PKF Consult).

VCN Biosciences, S.L., Kiro Grifols, S.L., Grifols Japan K.K., Grifols Switzerland A.G, Grifols Diagnostic Equip Taiwan, Ltd and Aigües Minerals de Vilajuïga, S.A., Interstate Blood Bank, Inc., Biostest US Corporation, Biomat USA South, Inc. and Grifols Pharmaceutical Technology Co., Ltd. Beijing Branch have not been audited.

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

(13) Financial Assets by Category

(a) Classification of financial assets by category

The classification of financial assets by category and class and a comparison of the fair value and the carrying amount are provided in Appendix II.

(i) Net losses and gains by category of financial asset

Net losses and gains by category of financial asset are as follows:

2019	Euros		
	Loans and receivables	Available for sale financial assets	Total
Finance income at amortised cost, Group companies	72,454,130	--	72,454,130
Finance income at amortised cost	3,783	--	3,783
Profit for disposal	--	807,651,582	807,651,582
Net gains in profit and loss	72,457,913	807,651,582	880,109,495
Total	72,457,913	807,651,582	880,109,495

2018	Euros	
	Loans and receivables	Total
Finance income at amortised cost, Group companies	52,115,757	52,115,757
Finance income at amortised cost	3,122	3,122
Net gains in profit and loss	52,118,879	52,118,879
Total	52,118,879	52,118,879

(14) Investments and Trade Receivables

(a) Investments in Group companies

Details of investments in Group companies and related parties are as follows:

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

	Euros			
	2019		2018	
	Non-current	Current	Non-current	Current
<i>Group</i>				
Loans	7,215,503,793	13,600,000	1,593,426,692	57,813,083
Receivables, tax effect (note 21)		20,910,486		31,253,153
Interest		2,435,815		2,142,790
Total	7,215,503,793	36,946,301	1,593,426,692	91,209,026

At 31 December 2019 the Company has several loans with Group companies. The most significant loans are:

- a) Two participative loans with a Group company at a market interest rate, not due date establish and an amount of Euros 3,194 million.
- b) Loans amounting Euros 4,025 million at a market interest rate (see Appendix VI).

At 31 December 2018 the Company had three loans with Group companies. The two most significant loans amount Euros 1,607,000 thousand (see Appendix VI), with due date 2023 and 2025 at a market interest rate. The third loan amount Euros 10,487 thousand with a due date in 2019.

At 31 December 2019 the Company has a balance of Euros 104 thousand (Euros 21,847 thousand in 2018) corresponding to cash pooling accounts with Group companies (see note 19 (b)). These receivables accrue interest at a rate of 4.33% (interest rate on the Group senior loan plus a spread of 0.75%) and they fall due in 2027 (5.37% interest rate on the Group senior loan plus a spread of 0.75% and falling due in 2025 at 31 December 2018).

(b) Investments

Details of investments are as follows:

	Euros			
	2019		2018	
	Non-current	Current	Non-current	Current
<i>Other current financial assets</i>				
Deposits and guarantees	--	1,727,428,024	--	--
	1,641,525	4,856	1,622,650	4,306
Total	1,641,525	1,727,432,880	1,622,650	4,306

At 31 December 2019 and 2018, Euros 832 thousand of guarantees and deposits are associated with leases with Centurion Real Estate S.A (formerly Scranton Enterprises B.V.), a related party of Grifols S.A. (see note 23) and Euros 559 thousand correspond to leases arranged with a Group company.

"Other current financial assets" includes an amount of euros 1,717 million corresponding to 26.2% shares in Shanghai RAAS Blood Products Co. Ltd. pending to be received (see note 12).

(c) Trade and other receivables

Details of trade and other receivables are as follows:

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

	2019	2018
	Current	Current
<i>Group</i>		
Trade receivables (note 23)	45,736,628	19,526,804
<i>Unrelated parties</i>		
Trade receivables	2,636,448	874,963
Other receivables	337,758	378,527
Personnel	178,293	173,455
Taxation authorities, income tax (note 21)	5,681,793	25,911,844
Public entities, other (note 21)	3,707,308	11,419,949
Total	58,278,228	58,285,542

At 31 December 2019 and 2018 public entities, other predominantly comprise recoverable value added tax. The Company files consolidated VAT and income tax returns.

(d) Amounts denominated in foreign currencies

Details of monetary financial assets denominated in foreign currencies are as follows:

2019	Euros		
	US Dollar	Other	Total
<i>Trade and other receivables</i>			
Trade receivables – current	150,624	--	150,624
Trade receivables from Group companies and associates – current	921,895	--	921,895
Other receivables	4,241	1,168	5,409
<i>Investments in Group companies and others associates, current</i>			
Other financial assets	10,690,423	--	10,690,423
Total current financial assets	11,767,183	1,168	11,768,351
Total financial assets	11,767,183	1,168	11,768,351
2018	Euros		
	US Dollar	Other	Total
<i>Trade and other receivables</i>			
Trade receivables – current	147,664	--	147,664
Trade receivables from Group companies and associates – current	860,756	112	860,868
Other receivables	8,246	1,631	9,877
Total current financial assets	1,016,666	1,743	1,018,409
Total financial assets	1,016,666	1,743	1,018,409

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

Details of exchange differences recognised in profit or loss on financial instruments, distinguishing between settled and outstanding transactions, are as follows:

	Euros			
	2019		2018	
	Settled	Outstanding	Settled	Outstanding
<i>Investments in Group companies</i>				
Loans to Group companies	(635,918)	--	(1,413)	(31,658)
Total non-current financial assets	(635,918)	--	(1,413)	(31,658)
<i>Trade and other receivables</i>				
Trade receivables – current	(20,079)	(147,817)	(19,174)	19,464
Trade receivables from Group companies – current	--	(14,546)	--	(6,247)
<i>Current investments</i>				
Loans to Group companies	8,475		39,092	--
Total current financial assets	(11,604)	(162,363)	19,918	13,217
Total financial assets	(647,522)	(162,363)	18,505	(18,441)

(15) Prepayments

At 31 December 2019 and 2018, prepayments include insurance and maintenance prepayments. Moreover, at 31 December 2019 it includes advanced payments of expenses for the Shanghai RAAS transaction (Euros 12 millions) (see note 12).

(16) Equity

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

(a) Capital

At 31 December 2019 and 2018 the share capital of Grifols S.A. amounts to Euros 119,603,705 and is represented by:

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

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

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

- Each Class B share entitles its holder to receive a minimum annual preferred dividend out of the distributable profits at the end of each year equal to Euros 0.01 per Class B share provided that the aggregate preferred dividend does not exceed the distributable profits for that year and a distribution of dividends has been approved by the Company's shareholders. This preferred dividend is not cumulative if sufficient distributable profits are not obtained in the period.
- Each Class B share holder is entitled to receive, in addition to the above-mentioned preferred dividend, the same dividends and other distributions as for one Grifols ordinary share.

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- Each Class B share entitles the holder to its redemption under certain circumstances, if a takeover bid for all or part of the shares in the Company has been made, except if holders of Class B shares have been entitled to participate in the bid on the same terms as holders of Class A shares. The redemption terms and conditions reflected in the Company's by-laws limit the amount that may be redeemed, requiring that sufficient distributable reserves be available, and limit the percentage of shares to be redeemed in line with the ordinary shares to which the bid is addressed.
- In the event the Company were to be wound up and liquidated, each Class B share entitles the holder to receive, before any amounts are paid to holders of ordinary shares, an amount equal to the sum of (i) the par value of the Class B share, and (ii) the share premium paid for the Class B share when it was subscribed. In addition to the Class B liquidation preference amount, each holder is entitled to receive the same liquidation amount that is paid for each ordinary share. These shares are freely transferable.

The Company's knowledge of its shareholders is based on information provided voluntarily or in compliance with applicable legislation. According to the information available to the Company, there are no interests higher than 10% with voting rights at 31 December 2019 and 2018.

(b) Share premium

This reserve is freely distributable.

(c) Reserves

Details of reserves and movement during the year are shown in Appendix III.

During 2018 the Company settled the 2015 RSU plan causing an increase of Euros 318,879 in reserves. In 2019 the Company has settled the 2016 RSU plan leading to a rise of Euros 535,405 in reserves.

(i) Legal reserve

The legal reserve has been appropriated in compliance with article 274 of the Spanish Companies Act, which requires that companies transfer 10% of profits for the year to a legal reserve until this reserve reaches an amount equal to 20% of share capital. At 31 December 2019 and 2018, the legal reserve represents 20% of share capital.

The legal reserve is not distributable to shareholders and if it is used to offset losses, in the event that no other reserves are available, the reserve must be replenished with future profits.

(ii) Treasury stock and reserve for Company shares

At the ordinary general meeting held on 29 May 2015 the shareholders of the Company agreed to authorise the acquisition of a maximum of treasury stock equivalent to 10% of the Company's share capital at a minimum price equal to the par value of shares and a maximum equal to the price quoted on the stock exchange on the date of acquisition or, where applicable, the price authorised by the Spanish National Securities Market Commission.

This acquisition has been authorised for a period of five years from the date this decision was taken. Shares acquired may be handed over to the Group's employees or directors either directly or as a result of them exercising share options they may hold.

At 31 December 2019 and 2018 the Company does not have any Class A treasury stock.

Movement in Class B treasury stock during 2019 and 2018 was as follows:

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

	Euros	
	Number of Class B shares	Nominal
Balance at 1 January 2018	4,297,806	62,422,309
Disposals of Class B shares	(479,355)	(6,981,099)
Balance at 31 December 2018	<u>3,818,451</u>	<u>55,441,210</u>
Disposals of Class B shares	(403,399)	(5,857,069)
Balance at 31 December 2019	3,415,052	49,584,141

In March 2018 the Group delivered 480,661 treasury stocks (Class B shares) to eligible employees as compensation for the Restricted Share Unit Retention Plan, of which 193,606 treasury stocks were given to Company employees (see note 16 (d)).

In March 2019 the Group delivered 403,339 treasury stocks (Class B shares) to eligible employees as compensation for the Restricted Share Unit Retention Plan, of which 186,814 treasury stocks were given to Company employees (see note 16 (d)).

The Company held Class B treasury stock equivalent 0.5% of its capital at 31 December 2019 (0.6% at 31 December 2018).

(iii) Differences on redenomination of capital to Euros

This reserve is not distributable.

(iv) Voluntary reserves

These reserves are freely distributable.

(d) Other own equity instruments

For the annual bonus, the Group has set up a Restricted Share Unit Retention Plan (RSU Plan), for certain employees. Under this plan, employees can choose to receive up to 50% of their yearly bonus as non-voting Class B ordinary shares (Grifols Class B Shares) or Grifols American Depository Shares (Grifols ADS), and the Company will match this with an additional 50% in RSU.

Grifols Class B Shares and Grifols ADS are valued at bonus grant date.

These RSU will have a vesting period of two years and one day and, subsequently, they will be exchanged for Grifols Class B Shares or Grifols ADS (American Depository Share representing 1 Class B Share).

If an eligible employee leaves the Company or is terminated with cause before the vesting period, they will not be entitled to the additional RSU.

At 31 December 2018, the Company settled the 2015 RSU plan for an amount of Euros 6,662 thousand, of which 2,681 thousand were from the Company.

At 31 December 2019, the Company has settled the 2016 RSU plan for an amount of Euros 5,652 thousand, of which 2,715 thousand are from the Company.

Because this commitment is settled in shares, it is recognised in equity and it totals Euros 12,498 thousand at 31 December 2019 (Euros 12,652 thousand in 2018).

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

(17) Other Provisions, Other Guarantees with Third Parties and Other Contingent Liabilities

(a) Contingencies

Contingent liabilities for bank and other guarantees are disclosed in note 19. The Company does not expect any significant liabilities to arise from these guarantees.

In the event of a takeover, the Company has agreements with 24 employees/directors whereby they can unilaterally rescind their employment contracts with the Company and are entitled to termination benefits ranging from two to five years' salary.

The Company has three contracts with three members of Senior management who will receive a termination benefit ranging from one to two years' salary, depending on the circumstances.

(18) Financial Liabilities by Category

(a) Classification of financial liabilities by category

The classification of financial liabilities by category and class and a comparison of the fair value with the carrying amount are provided in Appendix IV.

(i) Net losses and gains by financial liability category

Net losses and gains by financial liability category are as follows:

		Euros	
2019		Debts and payables	Total
Finance costs at amortised cost, third parties		(62,480,880)	(62,480,880)
Finance costs at amortised cost, Group companies		(100,006,175)	(100,006,175)
Net losses in profit and loss		(162,487,055)	(162,487,055)
Total		(162,487,055)	(162,487,055)

		Euros	
2018		Debts and payables	Total
Finance costs at amortised cost, third parties		(50,836,915)	(50,836,915)
Finance costs at amortised cost, Group companies		(86,972,977)	(86,972,977)
Net losses in profit and loss		(137,809,892)	(137,809,892)
Total		(137,809,892)	(137,809,892)

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

(19) Payables and Trade Payables

(a) Group companies and associates

Details of Group companies and associates are as follows:

	Euros			
	2019		2018	
	Non-current	Current	Non-current	Current
<i>Group</i>				
Payables	4,113,720,823	--	1,512,716,087	--
Payables, tax effect (note 21)	--	20,102,406	--	32,574,660
Interest	--	15,183,517	--	7,191,429
Total	4,113,720,823	35,285,923	1,512,716,087	39,766,089

Details of payables to Group companies do not include trade payables to Group companies, details of which are provided in section d) of this note.

(b) Payables

Details of payables are as follows:

	2019		2018	
	Non-current	Current	Non-current	Current
<i>Unrelated parties</i>				
Promissory notes	2,644,914,563	3,255,873	987,249,676	5,333,333
Loans and borrow ings	1,491,826,997	23,095,616	747,069,488	30,681,772
Interest	--	580,898	--	614,509
Finance lease payables (note 8)	1,827,205	968,316	2,496,750	1,119,117
Payables	1,314,361	17,131,759	2,878,928	2,044,257
Guarantees and deposits received	--	1,333	--	7,099
Total	4,139,883,126	45,033,795	1,739,694,842	39,800,087

On 15 November 2019 the Group concluded the refinancing process of its senior secured debt for Euros 5,800 million. As for Grifols, S.A., the new financing includes Term Loan B for Euros 1,360 million, aimed at institutional investors; the issue of two bonds for Euros 1,675 million (Senior Secured Notes).

In September 2018, Grifols obtained a new non-current loan from the European Investment Bank totalling Euros 85,000 thousand that will be used by Grifols to support its investments in R&D, mainly focused on the search for new therapeutic indications for plasma-derived protein therapies. The financial terms include a fixed interest rate, a maturity of 10 years with a grace period of two years. On 5 December 2017, the Group arranged loans with the same entity and with the same conditions for a total amount of Euros 85,000 thousand. At 31 December 2019, the carrying amount of the loans obtained from the European Investment Bank totalled Euros 159,375 thousand (Euros 170,000 thousand at 31 December 2018).

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On 15 November 2019, as part of Group's debt refinancing process, Grifols, S.A. issued Euros 1,675 million of Senior Secured Notes segmented in two notes of Euros 770 million and Euros 905 million. These notes will mature in 2027 and 2025 and will bear annual interest at rates of 2.25% and 1.625%, respectively. The Notes were admitted to listing on the Irish Stock Exchange.

On 18 April 2017, Grifols, S.A., issued Euros 1,000 million of Senior Unsecured Notes that will mature in 2025 and will bear annual interest at a rate of 3.20%. On 2 May 2017 the Notes were admitted to listing on the Irish Stock Exchange.

There was no movement regarding the Senior Unsecured Notes in 2019.

On 15 November 2019 the Group refinanced its Senior Secured Debt with the existing lenders. For Grifols, S.A. the new senior debt consists of a Term Loan B ("TLB"), which amounts to Euros 1,360 million with a 2.25% margin pegged to Euribor, maturity in 2027 and quasi-bullet amortization structure.

The terms and conditions of the senior secured debt are as follows:

- Tranche B in Euros:
 - Original principal amount of Euros 1,360 million.
 - Applicable margin of 225 basis points (bp) pegged to Euribor.
 - Quasi-bullet amortisation structure.
 - Maturity in 2027.

Tranche B in Euros

Maturity	Currency	Principal
2020	Euros	13,600
2021	Euros	13,600
2022	Euros	13,600
2023	Euros	13,600
2024	Euros	13,600
2025	Euros	13,600
2026	Euros	13,600
2027	Euros	1,264,800
Total		1,360,000

Senior Secured Debt. Euros Term Loan A

On 6 February 2017 the Group refinanced its senior secured debt, with the Company being the borrower of the Term Loan A in Euros, the principal of which amounts to Euros 607 million. The terms and conditions of the Euros Tranche A senior secured debt are as follows:

- Original principal of Euros 607 million
- Applicable margin of 175 basis points (bp) pegged to Euribor
- Quasi-bullet repayment structure
- Maturity in 2023

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

Tranche B in Euros

Maturity	Currency	Principal
2019	Euros	30,350
2020	Euros	60,700
2021	Euros	60,700
2022	Euros	341,437
2023	Euros	113,813
Total		607,000

The transaction costs of Tranche A in euros of the unsecured Senior Debts amounts Euros 11.9 million. The remaining costs at the cancelation date, together with other deriving costs of the issue debt, has been transferred to profit or loss, as consequence of the refinancing process mentioned above. Unamortised financing costs from the Tranche A in Euros amount to Euros 7.5 million at 31 December 2018 (Euros 9.8 million at 31 December 2017).

Both the Senior Term Loans and the Revolving Loans are guaranteed by Grifols, S.A. and certain significant subsidiaries of Grifols, S.A. that together with Grifols, S.A. represent, in the aggregate, at least 80% of the consolidated assets and consolidated EBITDA of the Group.

The Notes have been issued by Grifols S.A. and are guaranteed on a senior secured basis by subsidiaries of Grifols, S.A. that are guarantors and co-borrower under the new credit contract (New Credit Facilities). The guarantors are Grifols Worldwide Operations Limited, Biomat USA, Inc., Grifols Biologicals Inc., Grifols Shared Services North America, Inc., Talecris Plasma Resources, Inc., Grifols Therapeutics, Inc., Instituto Grifols, S.A., Grifols Worldwide Operations USA, Inc., Grifols USA, Llc. and Grifols International, S.A.

(c) Other information on payables

(i) Main characteristics of payables

The terms and conditions of loans and payables are provided in Appendix VI.

Non-current and current loans and borrowings are presented net of loan arrangement costs, which at 31 December 2019 amount to Euros 20,717 thousand (Euros 7,524 thousand at 31 December 2018).

The Company has extended guarantees to banks on behalf of Group companies for Euros 1,480 thousand at 31 December 2019 (Euros 2,438 thousand at 31 December 2018).

(d) Trade and other payables

Details of trade and other payables are as follows:

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

	2019 Current	2018 Current
<i>Group</i>		
Suppliers (note 23)	51,028,984	8,032,244
<i>Related parties</i>		
Suppliers (note 23)	4,878,151	7,531,508
<i>Unrelated parties</i>		
Suppliers	44,701,736	34,998,857
Personnel	11,108,123	10,100,816
Taxation authorities, income tax (note 21)	--	--
Public entities, other (note 21)	23,241,926	22,870,591
Total	134,958,920	83,534,016

(e) Classification by maturity

The classification of financial liabilities by maturity is included in Appendix V.

(f) Amounts denominated in foreign currencies

The Euro value of monetary financial liabilities denominated in foreign currencies is as follows:

	Euros				
	US Dollar	Argentine Peso	Brazilian Real	Other currencies	Total
Trade and other payables	10,471	--	--	--	10,471
Suppliers	6,416,509	84	--	10,393	6,426,986
Suppliers, Group companies	4,937,214	--	365,149	90,583	5,392,946
Other financial liabilities	115	--	--	167	282
 Total current liabilities	 11,364,309	 84	 365,149	 101,143	 11,830,685
 Total financial liabilities	 11,364,309	 84	 365,149	 101,143	 11,830,685

	Euros				
	US Dollar	Argentine Peso	Brazilian Real	Other currencies	Total
Trade and other payables	1,977,100	131	--	33,618	2,010,849
Suppliers	263,364	2	170	582	264,118
Suppliers, Group companies	89	--	--	195	284
 Total current liabilities	 2,240,553	 133	 170	 34,395	 2,275,251
 Total financial liabilities	 2,240,553	 133	 170	 34,395	 2,275,251

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

Details of exchange differences recognised in profit or loss on financial instruments, distinguishing between settled and outstanding transactions, are as follows:

	Euros			
	2019		2018	
	Settled	Outstanding	Settled	Outstanding
<i>Payables to Group companies and associates, non-current</i>				
	(7,994)	167	--	--
Total non-current liabilities	(7,994)	167	--	--
<i>Current payables</i>				
Loans and borrowings	(163,362)	(3,808,623)	(519,706)	(13,638)
<i>Suppliers</i>	83,374	79,006	(80,885)	(34,153)
<i>Group companies</i>				
Suppliers, Group companies	(3,044)	100,613	(65,007)	951
Total current liabilities	(83,032)	(3,629,004)	(665,598)	(46,840)
Total financial liabilities	(91,026)	(3,628,837)	(665,598)	(46,840)

**(20) Late Payments to Suppliers. "Reporting Requirement". Second Additional Provision of Law
31/2014 of 4 December 2014**

The average payment period to suppliers for 2019 is 63 days (64 days for 2018). The total average is obtained by dividing the resulting amount of weighting the number of days between the payment date and the issuance date of each invoice with the total amount of each of the invoices, among total amount of invoices.

During 2019 the Company has made payments of Euros 214,449 thousand (Euros 154,305 thousand at 2018). Outstanding payments at 31 December 2019 total Euros 26,943 thousand (Euros 17,273 thousand for 2018). In 2019 the ratio of paid operations stands at 64 days and the ratio of operations payable stands at 57 days (64 days and 60 days respectively in 2018).

(21) Taxation

Details of balances with public entities are as follows:

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

	Euros			
	2019		2018	
	Non-current	Current	Non-current	Current
Assets				
Deferred tax assets	16,717,390	--	13,996,465	--
Current tax assets	--	5,681,793	--	25,911,844
Value added tax and similar taxes	--	3,707,308	--	11,419,949
Total	16,717,390	9,389,101	13,996,465	37,331,793
Liabilities				
Current tax liabilities			--	--
Deferred tax liabilities	1,444,100	--	1,691,193	--
Social Security	--	1,052,334	--	825,007
Withholdings	--	22,189,592	--	22,045,584
Total	1,444,100	23,241,926	1,691,193	22,870,591

Details by company of intercompany receivables and payables resulting from the tax effect of filing consolidated tax returns are as follows:

	Euros	
	2019	
	Current	Current
Receivables (note 14)		
Instituto Grifols,S.A.	12,968,673	21,748,510
Biomat,S.A.	119,292	298,154
Grifols International,S.A.	2,278,998	3,923,729
Grifols Movaco,S.A.	4,634,899	4,273,654
Grifols Viajes,S.A.	39,957	85,103
Grifols Engineering,S.A.	524,266	614,549
Gripdan Invest, S.L	344,401	309,454
	20,910,486	31,253,153

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

	2019	2018
	Current	Current
Payables (note 19)		
Biomat, S.A.	226,356	241,494
Grifols Viajes, S.A	163,553	14,924
Instituto Grifols, S.A.	9,618,662	8,821,679
Diagnostic Grifols, S.A.	5,610,550	5,524,621
Laboratorios Grifols, S.A.	2,511,866	5,013,503
Grifols Movaco, S.A	607,447	1,035,879
VCN Biosciences S.L	633,847	891,302
Grifols Engineering, S.A.	202,931	148,360
Gripdan Invest, S.L	--	201,909
Aigües Minerals de Vilajuïga	527,194	--
Gri-Cel, S.A	--	10,435,174
Grifols International, S.A.	--	245,815
	20,102,406	32,574,660

Balances receivable and payable at 31 December 2019 and 2018 comprise accrued income tax and value added tax.

The Company has the following main applicable taxes open to inspection by the Spanish taxation authorities:

Tax	<u>Years open to inspection</u>
Income tax	2014-2019
Value added tax	2015-2019
Personal income tax	2015-2019
Capital gains tax	2016-2019
Tax on Economic Activities	2016-2019
Social Security	2016-2019
Non-residents	2016-2019
Customs duties	2016-2019

Under prevailing legislation, taxes cannot be considered to be definitively settled until the returns filed have been inspected by the taxation authorities, or the prescription period has elapsed.

Grifols, S.A., in 2019 has been notified of an inspection for corporate income tax from 2014 to 2016 and VAT and withholding tax from 2015 to 2016.

(a) Income tax

The Company files consolidated tax returns with Instituto Grifols, S.A., Laboratorios Grifols, S.A., Grifols Movaco, S.A., Biomat, S.A., Grifols International, S.A., Grifols Engineering, S.A., Grifols Viajes, S.A., Gripdan Invest, S.L., Aigües Minerals de Vilajuïga and VCN Biosciences, S.L.

A reconciliation of net income and expenses for the year with the taxable income is provided in Appendix VII.

The relationship between the tax income and accounting profit for the year is shown in Appendix VIII.

Details of the tax income recognised in the income statement are as follows:

Notes to the Annual Accounts

31 December 2019

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

	Euros	
	2019	2018
<i>Current tax</i>		
Present year	(43,798,699)	(39,754,655)
	<hr/>	<hr/>
	(43,798,699)	(39,754,655)
<i>Deferred tax</i>		
Source and reversal of temporary differences		
Property, plant and equipment	(223,258)	(185,097)
Investments	--	89,262
Others	982,089	--
Cost of reducing deferred tax assets recognised in prior years	--	170,561
Deductions generated	(4,713,778)	(4,187,460)
Deductions applied	1,521,565	621,300
Adjustment of deductions in prior years	(479,349)	278,670
	<hr/>	<hr/>
	(46,711,430)	(42,967,419)

Details of deferred tax assets and liabilities by type of asset and liability are as follows:

	Euros					
	Assets		Liabilities		Net	
	2019	2018	2019	2018	2019	2018
Property, plant and equipment	85,429	105,692	(1,410,156)	(1,653,677)	(1,324,726)	(1,547,985)
Grants	--	--	(33,944)	(37,516)	(33,944)	(37,516)
Restricted share unit retention plan	1,174,776	1,671,951	--	--	1,174,776	1,671,951
Group Financial Investments	961,527	961,527	--	--	961,527	961,527
Rights to tax deductions and credits	14,495,658	11,257,295	--	--	14,495,658	11,257,295
Total assets/liabilities	16,717,390	13,996,465	(1,444,100)	(1,691,193)	15,273,291	12,305,272

In accordance with prevailing tax legislation in Spain, share-based payments to employees are income tax deductible for the intrinsic amount of the share options when they are exercised, thus giving rise to a deductible temporary difference for the difference between the amount the taxation authorities will admit as a future deduction and the zero carrying amounts of the share-based payments. At the close of the reporting period, the Company estimates the future tax deduction based on the price of the shares at that time. The amount of the tax deduction is recognised as current or deferred income tax with a balancing entry in the income statement.

Details of deferred tax assets and liabilities that are expected to be realised or reversed in periods exceeding 12 months are as follows:

Notes to the Annual Accounts

31 December 2019

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

	Euros	
	2019	2018
Deferred tax assets relating to temporary differences	638,408	1,012,382
Total assets	638,408	1,012,382
Deferred tax liabilities	1,142,858	1,430,421
Net	(504,450)	(418,039)

(b) Value added tax

Since 1 January 2008, the Company has filed consolidated tax returns with Instituto Grifols, S.A., Laboratorios Grifols, S.A., Grifols Movaco, S.A., Biomat, S.A., Grifols International, S.A., Grifols Engineering, S.A., Grifols Viajes, S.A., Aigües Minerals de Vilajuïga, S.A., Gripdan Invest, S.L. (since 2016) and VCN Biosciences, S.L. (since 2017).

(22) Environmental Information

Details at 31 December of property, plant and equipment used to minimise the Company's impact on the environment are as follows:

Description	Euros		
	2019		
	Cost	Accumulated depreciation	Net
Sewage treatment	119,058	(87,146)	31,912
Water saving	330,225	(303,235)	26,990
Electricity saving	1,886,096	(1,092,687)	793,409
Waste management	484,827	(274,037)	210,790
Others	1,378,491	(225,841)	1,152,650
	4,198,697	(1,982,946)	2,215,751

Description	Euros		
	2018		
	Cost	Accumulated depreciation	Net
Sewage treatment	141,724	(91,625)	50,099
Water saving	311,021	(275,181)	35,840
Electricity saving	3,375,890	(1,000,843)	2,375,047
Waste management	352,524	(251,644)	100,880
Others	164,551	(17,743)	146,808
	4,345,710	(1,637,036)	2,708,674

Environmental expenses amount to Euros 201,891 in 2019 (Euros 163,155 in 2018).

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

(23) Related Party Balances and Transactions

(a) Related party balances

Details of balances receivable from and payable to Group companies and related parties and the main characteristics are disclosed in notes 14 and 19.

Details of balances by category are provided in Appendix IX.

(b) Related party transactions

Details of the Company's transactions with related parties are provided in Appendix X.

Services are normally negotiated with Group companies to include a mark-up of between 5% and 10%.

The Company contributes 0.7% of pre-tax consolidated profits for each year to a non-profit organisation.

Transactions with other related parties are conducted at arm's length.

(c) Information on the Company's directors and senior management personnel

In 2019 the independent members of the Company's board of director's accrued Euros 925 thousand in their capacity as such (Euros 925 thousand in 2018). In 2019, the proprietary director received remuneration of Euros 1,501 thousand (Euros 1,610 thousand in 2018). The members of the Company's board of directors who have a labour relationship with the Company and senior management personnel received total remuneration of Euros 2,489 thousand and Euros 6,828 thousand, respectively (Euros 3,240 thousand and Euros 6,566 thousand in 2018). During the fiscal year 2019 Directors other external received a remuneration amounting Euros 602 thousand.

Members of the board of directors have not received any loans or advances nor has the Company extended any guarantees on their behalf. The Company has no pension or life insurance obligations with its former or current directors or senior management personnel. In addition, termination benefit commitments are in place for certain Company directors and senior management personnel (see note 17).

During 2019, the Company has paid insurance premiums for civil liability of directors amounting to Euros 326 thousand (Euros 175 thousand in 2018).

(d) Conflicts of interest concerning the directors

The directors of the Company and their related parties have had no conflicts of interest requiring disclosure in accordance with article 229 of the Revised Spanish Companies Act.

(24) Income and Expenses

(a) Revenues

Details of revenues by category of activity and geographical market are shown in Appendix XI.

(b) Supplies

Details of other supplies used are as follows:

Notes to the Annual Accounts

31 December 2019

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

	Euros	
	2019	2018
<i>Other supplies used</i>		
Purchases of spare parts	5,446,070	3,620,670
Change in inventories	(992,202)	(1,042,936)
	4,453,868	2,577,734

(c) Employee benefits expense and provisions

Details of employee benefits expense are as follows:

	Euros	
	2019	2018
<i>Employee benefits expense</i>		
Social Security payable by the Company	9,799,822	8,457,327
Defined contribution plan contributions	150,654	134,284
Other employee benefits expenses	2,696,870	2,514,225
Annual contributions	279,424	226,940
	12,926,770	11,332,776

(25) Employee Information

The average headcount of the Company, distributed by department, is as follows:

	Number	
	2019	2018
Technical area	110	98
Administration and other	496	462
General management	65	59
	671	619

At 31 December 2019 and 2018 the distribution by gender of Company personnel and the members of the board of directors is as follows:

	Number			
	2019		2018	
	Female	Male	Female	Male
Directors	4	9	4	9
Technical area	94	24	90	16
Administration and other	179	356	155	328
General management	35	37	33	28
	312	426	282	381

Notes to the Annual Accounts

31 December 2019

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

The average number of Company employees with disability rating of more than 33% distributed by department, is as follows:

	Number	
	2019	2018
Technical area	3	3
Administration and other	8	7
	11	10

(26) Audit Fees

KPMG Auditores, S.L., and Grant Thornton, S.L.P., as co-auditors of the company's annual accounts at 31 December 2019 have invoiced the Company expenses for professional services amounting total of Euros 76,600 (a total of Euros 75,635 in 2018), to be split in half every year.

Additionally, KPMG Auditores, S.L. has invoiced the Company the following fees for professional service regarding the Company's annual accounts during the years ended 31 December 2019 and 2018:

	Euros	
	2019	2018
Audit services	1,060,352	968,700
Other assurance services	853,800	493,018
	1,914,152	1,461,718

The amounts in the above table include the total fees for services rendered in 2019 and 2018, irrespectively of the date of invoice.

During 2019 this mainly included audit services for the PCAOB, services relating to the limited review of the semi-annual financial statements, comfort letters related to debt issuances and a report on agreed-upon procedures provided by KPMG Auditores, S.L to Grifols, S.A. During 2018 "Other assurance services" include audit services for the PCAOB, services relating to the limited review of the semi-annual financial statements, and two reports on agreed-upon procedures provided by KPMG Auditores, S.L. to Grifols, S.A.

The information relating to non-audit services provided by KPMG Auditores, S.L. to companies controlled by Grifols, S.A. during the year ended 31 December 2019 is shown in the annual consolidated accounts of Grifols S.A. and subsidiaries at 31 December 2019. Moreover, other entities affiliated to KPMG International have invoiced the Company fees for other assurance services amounting to Euros 85,000 for the year ended 31 December 2019 (a total of Euros 25,000 in 2018).

GRIFOLS, S.A.
Directors Report

To the shareholders:

1. Business performance and position of the Company

Grifols, S.A. is a Spanish holding company specialised in the pharmaceutical-clinical sector. It is the Parent of the Grifols Group and its principal activities are as follows:

- Defining action plans and general procedures for the entire Group
- Planning future investments by entering new markets or through product diversification
- Providing support to the various functional areas in each Group company (products division, technical division, marketing/sales division, scientific division, financial division and planning and control division)
- Leasing buildings it owns to Group companies.
- Rendering services to subsidiaries such as personnel recruitment and management, communications and corporate image, IT services and maintenance.

The Company obtains its income from leasing its buildings and rendering services, and through dividends from its subsidiaries.

2. Forecast

The Company's profits could be affected by events related to the activities of its subsidiaries, such as a lack of raw materials for product manufacturing, the arrival of competitor products on the market or regulatory changes in the markets in which it operates.

At the date of authorisation for issue of these annual accounts, the Company has taken the measures it considers appropriate to mitigate any possible effects arising from the aforementioned events.

3. Treasury stock

At 31 December 2019, the Company has treasury stock of Euros 49,584,141, as described in note 16 to the accompanying annual accounts. Transactions involving treasury stock in 2019 are described in note 16 to the accompanying annual accounts.

4. Research and development

The Company does not conduct any research and development activities.

5. Management of financial risks

The Company's financial risk management policy is detailed in note 11 to the accompanying annual accounts.

6. Deferred payments to suppliers

As indicated in note 20 to these annual accounts, and as the average payment period is greater than the maximum period established in late payment legislation, the Company is studying best practices to reduce the average number of days.

7. Non-financial information statement

The non-financial information statement is presented in the consolidated directors' report of the Grifols, S.A and Subsidiaries Group of which the Company forms part, and has been prepared in line with the requirements set out in Law 11/2018 of 28 December 2018 on non-financial information and diversity, approved on 13 December 2018 by the Spanish Congress of Representatives, amending the Spanish Code of Commerce, the Revised Spanish Companies Act approved by Royal Legislative Decree 1/2010 of 2 July 2010 and Spanish Audit Law 22/2015 of 20 July 2015, as regards non-financial information and diversity (under Royal-Decree Law 18/2017 of 24 November 2017).

8. Annual Corporate Governance report

The annual corporate governance report of Grifols, S.A. forms part of this directors' report and is available at www.grifols.es. It is also published as Other Relevant Information on the Spanish National Securities Market Commission (CNMV) website

GRIFOLS, S.A.
Information on Group Companies, Associates and others
31 December 2019
(Expressed in Euros)

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

Ref.	Name	Registered office	Activity	% ownership			Share capital	Reserves	Other equity items	Interim dividend	Profit/(loss) for the year	Total equity	Carrying amount of investment	Dividends received in 2019
				Dir	Ind	Total								
0016	Alikahest, Inc.	United States	Research	--	47,580	47,580	732	5,027,483			(19,841,106)	(14,812,890)	0	--
0017	Kiro Grifols S.L. (formerly Kiro Robotics S.L.)	Spain	Research	90,000	--	90,000	3,000	3,979,894	--	--	(2,917,376)	1,065,518	36,703,050	--
0019	Aradigm Corporation	United States	Research	--	35,130	35,130	--	--	--	--	--	--	0	--
0021	VCN Biosciences, S.L.	Spain	Research	--	81,340	81,340	152,421	599,002	--	--	(1,563,933)	(812,410)	0	--
0029	Progenika Biopharma, S.A.	Spain	Industrial	91,880	8,12	100,000	615,374	27,955,787	--	--	3,593,469	32,164,629	79,619,256	--
0030	Asociación I+D Progenika	Spain	Industrial	--	--	--	--	--	--	--	(0)	(0)	0	--
0032	Instituto Grifols, S.A.	Spain	Industrial	99,998	0,002	100,000	1,537,989	2,507,272	903,611	--	149,255,021	154,203,893	2,441,601	27,790,268
0033	Diagnostic Grifols,s.A.	Spain	Industrial	--	55% economic rights / 60% voting rights	55% economic rights / 60% voting rights	336,560	105,666,860	112,251	--	5,405,132	111,520,803	0	--
0034	Grifols Movaco,S.A.	Spain	Commercial	99,999	0,001	100,000	2,404,601	3,637,786	229,348	--	2,704,933	8,976,668	4,133,974	--
0037	Laboratorios Grifols,S.A.	Spain	Industrial	98,600	1,400	100,000	21,798,360	(3,399,523)	273,317	--	(7,337,899)	11,334,255	83,071,683	--
0039	Gripdan Invest, S.L	Spain	Services	100,000	--	100,000	3,006,000	1,347,668	--	--	1,863,047	6,216,715	24,583,993	1,590,454
0040	Biomat,S.A.	Spain	Industrial	99,900	0,100	100,000	60,110	1,640,405	95,909	--	398,563	2,194,987	155,950	760,635
0041	Grifols International,S.A.	Spain	Commercial	99,998	0,002	100,000	2,860,154	7,603,630	2,286,152	--	18,643,150	31,393,085	5,146,245	12,524,543
0042	Grifols Engineering,S.A.	Spain	Industrial	99,950	0,050	100,000	60,120	1,653,402	52,429	--	548,984	2,314,935	112,519	--
0045	Grifols Viajes,S.A.	Spain	Services	99,900	0,100	100,000	60,110	89,1486	--	--	(507,689)	443,907	60,161	--
0048	Aracdon Biotech, S.L.	Spain	Research	--	75,100	75,100	12,063	9,633,366	--	--	(7,931,998)	1,713,431	0	--
0050	Grifols Worldwide Operations USA Inc.	United States	Industrial	--	100,000	100,000	1	38,217,260	3,236,858	--	1,667,157	43,121,276	0	--
0051	Grifols Chile,S.A.	Chile	Commercial	99,000	--	99,000	385,453	22,787,526	(3,214,361)	--	842,727	20,801,345	385,454	--
0052	Grifols Argentina,S.A.	Argentina	Commercial	95,010	4,990	100,000	955,675	21,513,734	(19,915,870)	--	991,953	3,545,493	3,527,851	--
0054	Logistica Grifols,S.A. de CV	Mexico	Commercial	99,990	0,010	100,000	92,279	3,714,130	(293,013)	--	467,900	3,981,296	235,258	--
0055	Grifols Portugal Productos Farmaceuticos e Hospitalares,Lda.	Portugal	Commercial	0,010	99,990	100,000	511,806	7,580,664	--	--	749,018	8,841,488	0	--
0056	Grifols, s.r.o.	Czech Republic	Commercial	100,000	--	100,000	51,597	13,847,432	705,893	--	1,510,846	16,115,768	51,600	--
0057	Grifols USA, LLC	United States	Commercial	--	100,000	100,000	561,686	(193,565,407)	(3,606,890)	--	118,916,003	(77,694,608)	0	--
0058	Grifols UK,Ltd.	United Kingdom	Commercial	100,000	--	100,000	4,285	5,360,716	(465,319)	--	1,090,542	5,990,224	21,245,329	--
0059	Grifols Italia S.p.A.	Italy	Commercial	100,000	--	100,000	2,496,000	13,644,877	--	--	2,109,784	18,250,661	12,862,540	--
0062	Grifols Brasil,Lda.	Brazil	Commercial	99,996	0,0001	100,000	54,919,116	(1,436,202)	(8,916,099)	--	(1,117,545)	43,449,270	49,838,401	--
0063	Grifols France S.A.R.L.	France	Commercial	99,990	0,010	100,000	657,734	2,644,095	--	--	343,420	3,645,249	657,657	--
0065	Biomat USA,Inc.	United States	Industrial	--	100,000	100,000	0	582,046,922	30,851,598	--	49,747,079	662,645,598	0	--
0066	Activity Company (formerly Squadron Reinsurance Ltd.)	Ireland	Services	--	100,000	100,000	635,000	62,154,229	(2,732,940)	--	8,391,931	68,448,220	0	--
0067	Grifols Biologicals, LLC.	United States	Industrial	--	100,000	100,000	1	118,074,596	30,283,806	--	15,125,888	163,484,291	0	--
0068	Grifols Shared Services North America, Inc. (formerly Grifols Inc.)	United States	Services	100,000	--	100,000	(1)	1,519,563,096	375,651,965	--	601,738,640	2,496,953,699	831,875,062	1,208,937,518
0071	Grifols Asia Pacific Pte. Ltd.	Singapore	Commercial	100,000	--	100,000	362,387	8,539,254	1,107,092	--	1,492,079	11,500,812	792,702	--
0072	Grifols (Thailand),Ltd.	Thailand	Commercial	--	48,000	48,000	61,198	6,627,627	1,686,440	--	372,075	8,747,339	0	--
0074	Grifols Malaysia Sdn Bhd	Malaysia	Commercial	--	30,000	30,000	30,283	2,552,337	(23,699)	--	543,495	3,102,415	0	--

0075	Grifols Polska, Sp.z.o.o.	Poland	Commercial	100,000	--	100,000	10.714	2,507,096	188,430	--	439,380	3,145,620	10,714	--	
0078	Grifols México,S.A. de CV	Mexico	Commercial	99,980	0,020	100,000	461,397	15,227,574	(2,267,024)	--	(622,044)	12,799,903	461,224	--	
0081	Grifols Australia Pty Ltd	Australia	Industrial	100,000	--	100,000	1,695,072	9,648,377	(2,026,234)	--	(192,885)	9,124,330	34,974,212	--	
0084	Medion Diagnostic Grifols AG	Switzerland	Industrial	--	60% voting rights	60% voting rights	2,487,150	2,458,540	(332,279)	--	2,101,345	6,714,756	0	--	
0086	Grifols Colombia, Ltda	Colombia	Commercial	99,990	0,010	100,000	822,620	238,600	(202,472)	--	226,018	1,073,765	576,032	--	
0087	Grifols Nordic AB	Sweden	Commercial	100,000	--	100,000	10,392	2,363,439	(245,845)	--	588,033	2,716,019	2,675,470	--	
0089	Grifols Deutschland,GmbH	Germany	Commercial	100,000	--	100,000	25,000	7,356,520	(796,621)	--	6,734,316	13,319,215	12,770,553	--	
0090	Grifols Therapeutic LLC	United States	Industrial	--	100,000	100,000	(2,885,734)	758,005,120	313,295,046	--	225,703,087	1,294,117,518	0	--	
0091	Talecris Plasma Resources Inc.	United States	Industrial	--	100,000	100,000	7	54,003,421	14,884,456	--	11,739,719	80,627,602	0	--	
0094	Grifols Worldwide Operations Limited	Ireland	Industrial	100,000	--	100,000	1	799,071,789	1,481,465	(89,086,860)	83,715,839	795,182,234	812,190,649	79,284,069	
	Grifols Pharmaceutical Technology (Shanghai) Co., Ltd. (formerly Grifols Pharmaceutical Consulting (Shanghai) Co., Ltd.)	China	Commercial	100,000	--	100,000	1,000,000	6,405,734	(285,942)	--	1,450,567	8,570,359	1,000,000	--	
0097	Grifols Switzerland, AG	Switzerland	Commercial	100,000	--	100,000	81,189	(245,913)	349,399	--	9,982	194,657	169,208	--	
0096	Grifols Diagnostics Solutions Inc (formerly G-C Diagnostics Corp.)	United States	Industrial	--	55% economic rights / 60% voting rights	55% economic rights / 60% voting rights	(7)	3,027,456,337	77,787,656	--	174,386,818	3,279,630,804	0	--	
0098	Grifols (H.K.), Limited	Hong Kong	Commercial	--	55% economic rights / 60% voting rights	55% economic rights / 60% voting rights	37,899,374	26,127,072	7,124,622	--	6,519,099	77,670,167	0	--	
0099	Grifols Japan KK	Japan	Commercial	100,000	--	100,000	354,409	658,930	182,582	--	782,003	1,977,924	708,818	--	
00A1	Grifols Pharmaceutical Technology Co., Ltd, Beijing Branch	China	Commercial	100,000	--	100,000	--	(4,389,998)	205,075	--	(1,162,576)	(5,347,499)	0	--	
00A2	Grifols India Healthcare Private Ltd	India	Commercial	99,984	0,016	100,000	1,688	632,966	(87,986)	--	86,207	632,875	599,086	--	
00A4	Grifols Canadá, Ltd.	Canada	Industrial	--	100,000	100,000	6	26,211,626	(642,204)	--	2,720,951	28,290,380	0	--	
00A5	Grifols Diagnostics Equipment Taiwan Limited	Taiwan	Commercial	100,000	--	100,000	181,343	528,906	78,250	--	149,045	937,544	181,060	--	
00A6	Grifols Innovation and New Technologies Lim	Ireland	Research	--	100,000	100,000	1	52,480,587	(3,089,243)	--	(32,956,028)	16,435,317	0	--	
00A7	AlbaJuna Therapeutics, S.L	Spain	Research	--	49,000	30,000	7,143	4,772,716	--	--	(948,248)	3,831,612	0	--	
00A8	Interstate Blood Bank, Inc.	United States	Industrial	--	100,000	49,190	103,496	21,668,847	(2,279,776)	--	223,085	19,715,652	0	--	
00B1	Singulex, Inc.	United States	Research	--	19,330	--	--	--	--	--	--	0	0	--	
00B2	PBS Acquisition Corp.	United States	Industrial	--	100,000	100,000	(196,180)	(258,983)	455,163	--	--	(0)	0	--	
00B4	Chiquito Acquisition Corp.	United States	Corporate	--	100,000	100,000	0	49,643,573	(2,474,265)	--	2,726,825	49,896,134	0	--	
00B5	Access Biologicals, LLC, and Subsidiaries.	United States	Industrial	--	49,000	49,000	--	--	--	--	--	0	0	--	
00B7	Aigües Minerals Vilajuga	Spain	Industrial	99,990	0,010	100,000	75,000	1,433,959	--	--	(1,526,377)	(17,419)	38,255	--	
00B8	GigaGen Inc.	United States	Industrial	--	43,960	43,960	1,195	18,924,755	--	--	1,955,767	20,881,717	0	--	
00B9	PlasmaVita Healthcare GmbH	Germany	Industrial	--	50,000	50,000	(25,000)	3,724,939	--	--	(2,436,344)	1,263,596	0	--	
00C1	Goetech LLC (D/B/A Medkeeper)	United States	Industrial	--	54,760	54,760	--	44,130,530	4,717,226	--	429,368	49,277,123	0	--	
00C2	Haema AG	Germany	Industrial	--	--	--	15,000,000	33,015,951	(989)	--	4,037,888	52,052,851	0	--	
00C3	Biotest Pharma Corp	United States	Industrial	--	--	--	--	(3,130,842)	96,741,911	1,909,947	--	31,755,465	127,276,481	0	--
00C4	Biotest US Corporation	United States	Services	--	--	--	87,077,673	97,007,293	4,247,484	--	--	188,332,450	0	--	
00C5	Mecwins, S.A.	Spain	Industrial	--	24,990	24,990	126,000	4,672,745	85,581	--	(501,809)	4,382,516	0	--	
00C7	Medcom, S.A.	Spain	Research	--	45,000	45,000	122,449	6,704,139	--	--	(1,438,585)	5,388,004	0	--	

This appendix forms an integral part of note 12 to the annual accounts, in conjunction with which it should be read.

2,400,917,023

953,825,031

GRIFOLS, S.A.
Information on Group Companies, Associates and others
31 December 2018
(Expressed in Euros)

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

Name	Registered office	Activity	% ownership						Profit/(loss) for the year	Total equity	Carrying amount of investment	Dividends received in 2018
			Dir	Ind	Total	Share capital	Reserves	Other equity items				
0016 Alkahest, Inc.	United States	Research	--	47,580	47,580	5,930	14,909,323		(3,404,707)	11,510,547	--	--
0017 Kiro Grifols S.L. (formerly Kiro Robotics S.L.)	Spain	Research	90,000	--	90,000	4,000,000	(2,890,375)	--	(4,629,751)	(3,520,127)	29,953,050	--
0019 Aradigm Corporation	United States	Research	--	35,130	35,130	386,599,127	(382,898,690)	--	(14,425,328)	(10,724,891)	--	--
0021 VCN Biosciences, S.L.	Spain	Research	--	81,340	81,340	152,421	2,104,642	--	(1,505,640)	751,423	--	--
0029 Progenika Biopharma, S.A.	Spain	Industrial	99,998	0	99,998	615,374	15,373,147	--	691,283	16,679,803	67,724,547	--
0030 Asociación I+D Progenika	Spain	Industrial	--	99,998	99,998	196,000	25,636	--	6,724	228,361	--	--
0032 Instituto Grifols, S.A.	Spain	Industrial	99,998	0,002	100,000	1,537,989	16,497,121	717,803	(156,000,000)	169,165,043	31,917,956	2,255,793
0033 Diagnostic Grifols,s.A.	Spain	Industrial	--	100,000	100,000	336,560	42,417,027	106,659	--	4,959,830	47,820,075	296,024,581
0034 Grifols Movaco,S.A.	Spain	Commercial	99,999	0,001	100,000	2,404,601	2,242,284	180,711	--	1,395,502	6,223,098	4,085,334
0037 Laboratorios Grifols,S.A.	Spain	Industrial	99,999	0,001	100,000	21,798,360	5,769,578	267,750	--	(9,169,101)	18,666,588	83,066,117
0039 Gripdan Invest, S.L.	Spain	Services	100,000	--	100,000	3,006,000	1,347,668	--	--	1,590,454	5,944,122	24,583,993
0040 Biomat,S.A.	Spain	Industrial	99,900	0,100	100,000	60,110	1,640,405	95,909	--	761,396	2,557,820	155,950
0041 Grifols International,S.A.	Spain	Commercial	99,998	0,002	100,000	2,860,154	7,090,864	1,882,833	--	12,280,540	24,684,390	4,555,179
0042 Grifols Engineering,S.A.	Spain	Industrial	99,950	0,050	100,000	60,120	745,340	51,805	--	908,061	1,765,327	111,895
0045 Grifols Viajes,S.A.	Spain	Services	99,900	0,100	100,000	60,110	868,448	--	--	23,038	951,596	60,041
0047 Gri-Cel, S.A.	Spain	Research	0,001	99,999	100,000	15,060,102	20,659,751	--	(37,000,000)	27,476,168	26,196,021	1
0048 Araclon Biotech, S.L.	Spain	Research	--	73,220	73,220	11,215	(5,526,789)	--	--	(7,510,565)	(13,026,140)	--
0050 Grifols Worldwide Operations USA Inc.	United States	Industrial	--	100,000	100,000	1	38,010,865	2,351,776	--	206,395	40,569,037	--
0051 Grifols Chile,S.A.	Chile	Commercial	99,000	--	99,000	385,453	23,268,736	(1,878,005)	--	(481,209)	21,294,974	385,454
0052 Grifols Argentina, S.A.	Argentina	Commercial	95,010	4,990	100,000	955,675	21,347,057	(18,159,865)	--	166,676	4,309,544	4,502,857
0054 Logística Grifols,S.A. de CV	México	Commercial	99,990	0,010	100,000	92,279	3,510,951	(514,229)	--	203,179	3,292,181	235,258
0055 Grifols Portugal Productos Farmacéuticos e Hospitalares,Lda.	Portugal	Commercial	0,010	99,990	100,000	511,806	6,977,271	--	--	603,392	8,092,470	--
0056 Grifols, s.r.o.	Czech Republic	Commercial	100,000	--	100,000	51,597	12,754,775	513,215	--	1,092,657	14,412,244	51,600
0057 Grifols USA, LLC	United States	Commercial	--	100,000	100,000	561,686	18,337,886	(11,642,569)	--	92,335,003	99,591,806	--
0058 Grifols UK,Ltd.	United Kingdom	Commercial	100,000	--	100,000	4,285	5,028,843	(833,217)	--	331,875	4,531,786	21,167,620
0059 Grifols Italia,S.p.A.	Italy	Commercial	100,000	--	100,000	2,496,000	11,177,307	--	--	2,467,569	16,140,877	12,862,540
0062 Grifols Brasil,Lda.	Brazil	Commercial	100,000	--	100,000	46,110,919	(1,634,032)	(8,382,373)	--	197,826	36,292,339	41,045,148
0063 Grifols France,S.A.R.L.	France	Commercial	99,990	0,010	100,000	657,734	1,898,302	--	--	745,793	3,301,829	657,657
0065 Biomat USA,Inc.	United States	Industrial	--	100,000	100,000	0	416,196,901	20,958,786	--	74,030,619	511,186,307	--
Squadron Reinsurance Designated Activity Company (formerly Squadron Reinsurance Ltd.)	Ireland	Services	--	100,000	100,000	635,000	55,421,545	(3,906,423)	--	6,732,693	58,882,815	--
0067 Grifols Biologicals, LLC.	United States	Industrial	--	100,000	100,000	1	128,114,113	26,236,952	--	13,733,523	168,084,588	--
Grifols Shared Services North America, Inc. (formerly Grifols Inc.)	United States	Services	100,000	--	100,000	(1)	314,256,737	318,279,023	--	1,943,404,715	2,575,940,473	1,112,596,665
0071 Grifols Asia Pacific Pte. Ltd.	Singapore	Commercial	100,000	--	100,000	362,387	5,898,305	859,613	--	2,640,949	9,761,254	749,709
0072 Grifols (Thailand), Ltd.	Thailand	Commercial	--	48,000	48,000	61,198	6,298,780	837,005	--	371,717	7,568,701	--
0074 Grifols Malaysia Sdn Bhd	Malaysia	Commercial	--	30,000	30,000	30,283	2,086,645	(104,084)	--	465,692	2,478,536	--
0075 Grifols Polska, Sp.z.o.o.	Poland	Commercial	100,000	--	100,000	10,714	2,737,178	153,979	--	(230,082)	2,671,789	10,714

0078	Grifols México,S.A. de CV	Mexico	Commercial	99.980	0.020	100,000	461.397	14.057.296	(3.024.798)	--	1.170.279	12.664.174	461.224	--
0081	Grifols Australia Pty Ltd	Australia	Industrial	100,000	--	100,000	1.695.072	9.248.429	(2.179.314)	--	399.946	9.164.134	34.974.212	--
0084	Medion Diagnostic Grifols AG	Switzerland	Industrial	--	100,000	100,000	2.487.150	1.373.333	(534.290)	--	1.085.202	4.411.395	--	--
0085	Medion Diagnostic GmbH	Germany	Commercial	--	100,000	100,000	1.500.000	(1.005.873)	--	--	494.127	--	--	--
0086	Grifols Colombia, Ltda.	Colombia	Commercial	99.000	1.000	100,000	822.620	(174.762)	(212.407)	--	403.361	838.813	575.032	--
0087	Grifols Nordic AB	Sweden	Commercial	100,000	--	100,000	10.392	1.756.608	(191.156)	--	606.831	2.182.675	1.579.452	--
0089	Grifols Deutschland,GmbH	Germany	Commercial	100,000	--	100,000	25.000	4.349.883	(481.969)	(3.000.000)	6.006.637	6.899.551	12.736.312	7.000.000
0090	Grifols Therapeutic LLC.	United States	Industrial	--	100,000	100,000	(2.885.734)	1.021.551.915	277.750.750	--	204.664.824	1.501.081.755	--	--
0091	Talecris Plasma Resources Inc.	United States	Industrial	--	100,000	100,000	7	41.369.463	13.575.445	--	12.633.967	67.578.882	--	--
0094	Grifols Worldwide Operations Limited	Ireland	Industrial	100,000	--	100,000	1	874.754.772	2.107.588	(45.018.530)	59.019.234	890.863.065	926.044.178	81.514.594
	Grifols Pharmaceutical Technology (Shanghai) Co., Ltd. (formerly Grifols Pharmaceutical Consulting (Shanghai) Co., Ltd.)	China	Commercial	100,000	--	100,000	1.000.000	4.809.708	(326.421)	--	1.596.027	7.079.313	1.000.000	--
0095	Grifols Switzerland, AG	Switzerland	Commercial	100,000	--	100,000	81.189	(242.413)	342.637	--	(3.500)	177.912	169.208	--
0096	Grifols Diagnostics Solutions Inc (formerly G-C Diagnostics Corp.)	United States	Industrial	100,000	--	100,000	37	878.603.861	24.188.992	--	96.268.649	999.061.539	880.982.529	--
0098	Grifols (H.K.), Limited	Hong Kong	Commercial	--	100,000	100,000	37.899.374	21.638.440	5.397.582	--	4.488.632	69.424.028	--	--
0099	Grifols Japan KK	Japan	Commercial	100,000	--	100,000	354.409	572.822	100.707	--	86.108	1.114.045	708.818	--
00A1	Grifols Pharmaceutical Technology Co., Ltd, Beijing Branch	China	Commercial	100,000	--	100,000	--	(3.269.486)	225.392	--	(1.120.512)	(4.164.606)	--	--
00A2	Grifols India Healthcare Private Ltd	India	Commercial	99.990	0.010	100,000	1.688	706.450	(91.170)	--	(74.450)	542.518	599.086	--
00A4	Grifols Canadá, Ltd.	Canada	Industrial	--	100,000	100,000	6	24.473.822	(1.389.826)	--	1.737.805	24.821.807	--	--
00A5	Grifols Diagnostics Equipment Taiwan Limit	Taiwan	Commercial	100,000	--	100,000	181.343	425.574	39.379	--	103.332	749.629	181.060	--
00A6	Grifols Innovation and New Technologies Li	Ireland	Research	--	100,000	100,000	1	76.558.775	(4.100.220)	--	(24.078.167)	48.380.369	--	--
00A7	AlbaJuna Therapeutics, S.L	Spain	Research	--	30,000	30,000	7.143	6.107.818	(2.283.349)	--	3.831.612	--	--	--
00A8	Interstate Blood Bank, Inc.	United States	Industrial	--	49,190	49,190	83.886	7.029.481	1.356.371	--	1.859.161	10.328.900	--	--
00A9	Bio Blood Components Inc.	United States	Industrial	--	48,972	48,972	12.052	9.468.016	686.643	--	2.332.003	12.498.714	--	--
00B1	Singulex, Inc.	United States	Research	--	19,330	19,330	4.169	(275.653.786)	--	48.458	(275.601.159)	--	77.274.335	
00B2	PBS Acquisition Corp.	United States	Industrial	--	100,000	100,000	(196.179)	26.435.246	(300.202)	--	--	25.938.865	--	--
00B3	Plasma Biological Services, LLC.	United States	Industrial	--	48,900	48,900	7.860	(7.912.108)	--	(3.066.334)	266.286	(10.704.296)	--	
00B4	Chiquito Acquisition Corp.	United States	Corporate	--	100,000	100,000	0	48.059.553	(3.386.032)	--	1.588.846	46.262.367	--	--
00B5	Access Biologicals, LLC, and Subsidiaries.	United States	Industrial	--	49,000	49,000	--	--	--	--	--	--	--	--
00B7	Aigüies Minerals Vilajuiga	Spain	Industrial	99.990	0.010	100,000	75.000	36.127	--	--	(1.002.168)	(891.041)	--	--
00B8	GigaGen Inc.	United States	Industrial	--	43.960	43.960	1.172	26.640.662	--	--	789.573	27.431.406	--	--
00B9	PlasmaVita Healthcare GmbH	Germany	Industrial	--	50,000	50,000	10.025	564.262	--	--	(564.887)	9.400	--	--
00C1	Goetech LLC (D/B/A Medkeeper)	United States	Industrial	--	54,760	54,760	--	45.562.218	3.629.296	--	1.778.263	50.969.777	--	--
00C2	Haema AG	Germany	Industrial	--	--	--	15.000.000	34.058.096	(989)	--	(16.122)	49.040.985	--	--
00C3	Biotest Pharma Corp	United States	Industrial	--	--	--	183.148.729	(120.762.497)	(175)	--	31.224.868	93.610.925	--	--
00C4	Biotest US Corporation	United States	Services	--	--	--	87.077.673	97.007.293	546.628	--	--	184.631.594	--	--
00C5	Mecwins, S.A.	Spain	Industrial	--	24,990	24,990	126.000	5.361.642	85.581	--	(498.996)	5.074.227	--	--

This appendix forms an integral part of note 12 to the annual accounts, in conjunction with which it should be read

3.270.828.233 478.968.002

GRIFOLS, S.A.

**Classification of Financial Assets by Category
for the year ended 31 December 2019
(Expressed in Euros)**

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

	Non-current			Current		
	At amortised cost or cost			At amortised cost or cost		
	Carrying amount	Fair value	Total	Carrying amount	Fair value	Total
<i>Loans and receivables</i>						
Fixed rate loans	2,671,600,000	2,671,600,000	2,671,600,000	26,726,239	26,726,239	26,726,239
Variable rate loans	4,543,903,793	4,543,903,793	4,543,903,793	--	--	--
Loans, Tax effect	--	--	--	20,910,485	20,910,485	20,910,485
Deposits and guarantees	1,641,525	1,641,525	1,641,525	4,856	4,856	4,856
Other trade receivables	--	--	--	337,758	337,758	337,758
Trade receivables	--	--	--	48,373,076	48,373,076	48,373,076
Other receivables	--	--	--	178,293	178,293	178,293
Total	7,217,145,318	7,217,145,318	7,217,145,318	96,530,707	96,530,707	96,530,707
<i>Available for sale financial assets</i>						
Other financial assets :						
Other financial assets (note 12)				1,716,732,745	1,716,732,745	1,716,732,745
Total	0	0	0	1,716,732,745	1,716,732,745	1,716,732,745
Total financial assets	7,217,145,318	7,217,145,318	7,217,145,318	1,813,263,452	1,813,263,452	1,813,263,452

This appendix forms an integral part of note 14 to the annual accounts, in conjunction with which it should be read.

GRIFOLS, S.A.

**Classification of Financial Assets by Category
for the year ended 31 December 2018
(Expressed in Euros)**

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

	Non-current			Current		
	At amortised cost or cost			At amortised cost or cost		
	Carrying amount	Fair value	Total	Carrying amount	Fair value	Total
<i>Loans and receivables</i>						
Fixed rate loans	1,000,000,000	1,000,000,000	1,000,000,000	59,955,873	59,955,873	59,955,873
Variable rate loans	593,426,692	593,426,692	593,426,692	--	--	--
Loans, Tax effect	--	--	--	31,253,153	31,253,153	31,253,153
Deposits and guarantees	1,622,650	1,622,650	1,622,650	4,306	4,306	4,306
Other trade receivables	--	--	--	378,527	378,527	378,527
Trade receivables	--	--	--	20,401,767	20,401,767	20,401,767
Other receivables	--	--	--	173,455	173,455	173,455
Total	1,595,049,342	1,595,049,342	1,595,049,342	112,167,081	112,167,081	112,167,081

This appendix forms an integral part of note 13 to the annual accounts, in conjunction with which it should be read.

GRIFOLS, S.A.

**Details of Reserves and Profit and movement
for the year ended 31 December 2019
(Expressed in Euros)**

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

	Euros			
	Legal and statutory reserves	Differences on translation of capital to Euros	Voluntary reserves	Profit for the year
				Total
Balance at 1 January 2019	23,920,741	3,020	514,887,149	329,718,263
Recognised income and expense	--	--	--	1,630,265,591
Reserves	--	--	91,059,463	(91,059,463)
Dividend	--	--	--	(238,658,800)
Other movements			535,405	535,405
Balance at 31 December 2019	23,920,741	3,020	606,482,017	1,630,265,591
				2,260,671,369

This appendix forms an integral part of note 16 to the annual accounts, in conjunction with which it should be read.

GRIFOLS, S.A.

**Details of Reserves and Profit and movement
for the year ended 31 December 2018
(Expressed in Euros)**

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

	Euros			
	Legal and statutory reserves	Differences on translation of capital to Euros	Voluntary reserves	Profit for the year
				Total
Balance at 1 January 2018	23,920,741	3,020	358,657,857	341,327,404
Recognised income and expense	--	--	--	329,718,263
Other movements	--	--	79,982,288	--
Reserves	--	--	76,247,004	(76,247,004)
Preferred dividend	--	--	--	(2,614,251)
Interim dividend	--	--	--	(122,986,278)
Dividend	--	--	--	(139,479,871)
Balance at 31 December 2018	23,920,741	3,020	514,887,149	329,718,263
				868,529,173

This appendix forms an integral part of note 16 to the annual accounts, in conjunction with which it should be read.

GRIFOLS, S.A.

**Details of Financial Liabilities by Category
for the year ended 31 December 2019
(Expressed in Euros)**

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

	Euros					
	Non-current			Current		
	Carrying amount	Fair value	Total	Carrying amount	Fair value	Total
<i>Debts and payables</i>						
Bonds and other marketable securities						
Fixed rate	2,644,914,563	2,755,727,342	2,644,914,563	3,255,873	3,255,873	3,255,873
Loans with Group companies						
Fixed rate	--	--		35,285,923	35,285,923	35,285,923
Variable rate Loans	4,113,720,823	4,113,720,823	4,113,720,823	--	--	--
Loans and borrowings						
Fixed rate	159,375,000	159,375,000	159,375,000	--	--	--
Variable rate	1,332,451,997	1,332,451,997	1,332,451,997	23,676,514	23,676,514	23,676,514
Finance lease payables	1,827,205	1,827,205	1,827,205	968,316	968,316	968,316
Other financial liabilities	1,314,361	1,314,361	1,314,361	17,133,092	17,133,092	17,133,092
Trade and other payables						
Suppliers	--	--	--	49,579,887	49,579,887	49,579,887
Suppliers, Group companies	--	--	--	51,028,984	51,028,984	51,028,984
Other payables	--	--	--	11,108,123	11,108,123	11,108,123
Total financial liabilities	8,253,603,949	8,364,416,728	8,253,603,949	192,036,712	192,036,712	192,036,712

This appendix forms an integral part of note 18 to the annual accounts, in conjunction with which it should be read.

GRIFOLS, S.A.

**Details of Financial Liabilities by Category
for the year ended 31 December 2018
(Expressed in Euros)**

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

	Euros					
	Non-current			Current		
	Carrying amount	Fair value	Total	Carrying amount	Fair value	Total
<i>Debts and payables</i>						
Bonds and other marketable securities						
Fixed rate	987,249,676	985,480,000	987,249,676	5,333,333	5,333,333	5,333,333
Loans with Group companies						
Fixed rate	--	--	--	39,766,089	39,766,089	39,766,089
Variable rate Loans from group companies	1,512,716,087	1,512,716,087	1,512,716,087	--	--	--
Loans and borrowings						
Fixed rate	170,000,000	170,000,000	170,000,000	--	--	--
Variable rate	577,069,488	577,069,488	577,069,488	31,296,281	31,296,281	31,296,281
Finance lease payables	2,496,750	2,496,750	2,496,750	1,119,117	1,119,117	1,119,117
Other financial liabilities	2,878,928	2,878,928	2,878,928	2,051,356	2,051,356	2,051,356
Trade and other payables						
Suppliers	--	--	--	42,530,365	42,530,365	42,530,365
Suppliers, Group companies	--	--	--	8,032,244	8,032,244	8,032,244
Other payables	--	--	--	10,100,816	10,100,816	10,100,816
Total financial liabilities	3,252,410,929	3,250,641,253	3,252,410,929	140,229,601	140,229,601	140,229,601

This appendix forms an integral part of note 18 to the annual accounts, in conjunction with which it should be read.

GRIFOLS, S.A.

**Classification of Financial Liabilities by Maturity
for the year ended 31 December 2019
(Expressed in Euros)**

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

	Euros						Total
	2019						Non Current
	2020	2021	2022	2023	Subsequent years	Less current portion	
Payables							
Bonds and other marketable securities	3,255,873	--	--	--	2,644,914,563	(3,255,873)	2,644,914,563
Loans and borrowings	23,676,514	33,357,157	33,400,868	33,445,008	1,391,623,964	(23,676,514)	1,491,826,997
Finance lease payables	968,316	949,285	577,504	300,416	--	(968,317)	1,827,204
Other financial liabilities	17,133,092	884,616	429,744	--	--	(17,133,092)	1,314,360
Group companies and associates	35,285,923	--	--	--	4,113,720,823	(35,285,923)	4,113,720,823
Trade and other payables							
Suppliers	44,701,736	--	--	--	--	(44,701,736)	--
Suppliers, Group companies	51,028,984	--	--	--	--	(51,028,984)	--
Suppliers, related parties	4,878,151	--	--	--	--	(4,878,151)	--
Personnel	11,108,123	--	--	--	--	(11,108,123)	--
Total financial liabilities	192,036,712	35,191,058	34,408,116	33,745,424	8,150,259,350	(192,036,713)	8,253,603,947

This appendix forms an integral part of note 19 to the annual accounts, in conjunction with which it should be read.

GRIFOLS, S.A.

**Classification of Financial Liabilities by Maturity
for the year ended 31 December 2018
(Expressed in Euros)**

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

	Euros						Total
	2018						Non current
	2019	2020	2021	2022	Subsequent years	Less current portion	
Payables							
Bonds and other marketable securities	5,333,333	--	--	--	987,249,676	(5,333,333)	987,249,676
Loans and borrowings	31,296,281	70,609,426	81,071,323	362,641,833	232,746,906	(31,296,281)	747,069,488
Finance lease payables	1,119,117	890,374	862,194	493,799	250,383	(1,119,117)	2,496,750
Other financial liabilities	2,051,356	1,610,520	838,664	429,744	--	(2,051,356)	2,878,928
Group companies and associates	39,766,089	--	--	--	1,512,716,084	(39,766,089)	1,512,716,084
Trade and other payables							
Suppliers	34,924,182	--	--	--	--	(34,924,182)	--
Suppliers, Group companies	8,032,244	--	--	--	--	(8,032,244)	--
Suppliers, related parties	7,606,181	--	--	--	--	(7,606,181)	--
Personnel	10,100,817	--	--	--	--	(10,100,817)	--
Total financial liabilities	140,229,600	73,110,320	82,772,181	363,565,376	2,732,963,049	(140,229,600)	3,252,410,926

This appendix forms an integral part of note 19 to the annual accounts, in conjunction with which it should be read.

GRIFOLS, S.A.**Main characteristics of payables for the year ended 31 December 2019
(Expressed in Euros)**

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

Loan	Currency	Interest rate	Grant date	Maturity	Amount received	Euros	
						Book Value	
						Current	Non-current
<u>Group</u>							
Cash pooling (note 19)	EUR	4,3271% (Group senior debt interest rate + 0,75%)		2027	--	--	4,113,720,823
							4,113,720,823
<u>Unrelated parties</u>							
Senior Unsecured Notes	EUR	3.20%	26/04/2017	26/04/2025	1,000,000,000		995,425,552
Senior Secured Notes	EUR	2.25%	15/11/2019	15/11/2027	770,000,000	--	758,212,423
Senior Secured Notes	EUR	1.63%	15/11/2019	15/02/2025	905,000,000	--	891,276,586
European Investment Bank	EUR	2.02%	22/12/2017	22/12/2027	85,000,000	11,149,039	74,375,000
European Investment Bank	EUR	2.15%	25/09/2018	25/09/2028	85,000,000	--	85,000,000
Tranche B	EUR	2.25%	15/11/2019	15/11/2027	1,360,000,000	11,039,590	1,328,266,281
Bankinter	EUR	2,25% - 1.93%	21/11/2014	30/09/2024	10,000,000	1,016,989	4,185,716
Banco Popular	EUR	2.00%	03/03/2015	04/03/2020	--	419,891	--
Other	EUR			2020	--	51,005	--
					4,215,000,000	23,676,514	4,136,741,558
					4,215,000,000	23,676,514	8,250,462,381

This appendix forms an integral part of note 19 to the annual accounts, in conjunction with which it should be read

GRIFOLS, S.A.**Main characteristics of payables for the year ended 31 December 2018
(Expressed in Euros)**

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

Loan	Currency	Interest rate	Grant date	Maturity	Amount received	Euros	
						Book Value	
						Current	Non-current
<u>Group</u>							
Cash pooling (note 19)	EUR	5,3685% (Group senior debt interest rate + 0,75%)		2024	--	--	1,512,716,087
<u>Unrelated parties</u>							
Senior Unsecured Notes	EUR	3.20%	26/04/2017	26/04/2025	1,000,000,000	--	987,249,676
Senior Debt. Tranche A	EUR	Euribor + 1,75%	31/01/2017	31/01/2023	607,000,000	28,118,722	571,445,743
European Investment Bank	EUR	2.02%	22/12/2017	22/12/2027	85,000,000	38,137	85,000,000
European Investment Bank	EUR	2.15%	25/09/2018	25/09/2028	85,000,000	481,136	85,000,000
Bankinter	EUR	2,25% (until 2018)	21/11/2014	30/09/2024	10,000,000	996,185	5,203,802
Banco Popular	EUR	Euribor + 2,3%	03/03/2015	04/03/2020	8,000,000	1,662,101	419,943
						1,795,000,000	31,296,281
						1,795,000,000	31,296,281
							3,247,035,251

This appendix forms an integral part of note 19 to the annual accounts, in conjunction with which it should be read

GRIFOLS, S.A.

**Reconciliation between net income and expense for the year
and the tax loss for the year ended 31 December 2019
(Expressed in Euros)**

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

	Euros					
	Income statement			Income and expense recognised in equity		
	Increases	Decreases	Net	Increases	Decreases	Net
Income and expenses for the period			1,630,265,591			14,289
Income tax			(46,232,081)			(3,572)
Income tax, prior years			(479,350)			--
Profit before income tax			1,583,554,161			10,717
Permanent differences						
Individual company	10,092,616	1,719,415,835	(1,709,323,219)	--	--	--
Tax consolidation adjustments	2,361,745	42,665,900	(40,304,155)	--	--	--
Temporary differences						
Individual company						
Unrecognised temporary differences (assets)						
originating in current year	--	2,247,452	(2,247,452)	--	--	--
originating in prior years	981,548	1,769,420	(787,872)	--	--	--
Tax loss			(169,108,537)			10,717
						(169,097,820)

This appendix forms an integral part of note 21 to the annual accounts, in conjunction with which it should be read

GRIFOLS, S.A.

**Reconciliation between net income and expense for the year
and the tax loss for the year ended 31 December 2018
(Expressed in Euros)**

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

	Euros						
	Income statement			Income and expense recognised in equity			
	Increases	Decreases	Net	Increases	Decreases	Net	
Income and expenses for the period			329,718,263		--	14,289	329,732,552
Income tax			(43,254,163)		--	(3,573)	(43,257,736)
Income tax, prior years			286,744			--	286,744
Profit before income tax			286,750,844		--	10,716	286,761,560
Permanent differences							
Individual company	13,207,303	165,788,929	(152,581,626)	--	--	--	(152,581,626)
Tax consolidation adjustments	22,093,101	313,179,076	(291,085,975)	--	--	--	(291,085,975)
Temporary differences							
Individual company							
Unrecognised temporary differences (assets)							
originating in current year	2,541,435	42,390	2,499,045	--	--	--	2,499,045
originating in prior years	1,534,566	3,650,273	(2,115,707)	--	--	--	(2,115,707)
Tax loss			(156,533,419)		--	10,716	(156,522,703)

This appendix forms an integral part of note 21 to the annual accounts, in conjunction with which it should be read

GRIFOLS, S.A.

**Details of income tax expense/(tax income) related to profit/(loss)
for the year ended 31 December 2019
(Expressed in Euros)**

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

	Euros	
	Profit and loss	Total
Income and expenses for the period before tax	1.583.554.161	1.583.554.161
Tax at 25%	395.888.540	395.888.540
Non-taxable income		
Dividends, double taxation (exemption)	(227.789.783)	(227.789.783)
Dividends from group companies	(10.666.475)	(10.666.475)
Other non-taxable income	(201.912.895)	(201.912.895)
Non-deductible expenses		
Donations	2.523.113	2.523.113
Sanctions and fines	41	41
Non-deductible expenses	(121.027)	(121.027)
Deductions and credits for the current year	(4.713.328)	(4.713.328)
Provision of financial fixed assets	559.733	559.733
Prior years' adjustments	(479.349)	(479.349)
Taxable income/(tax loss)	(46.711.430)	(46.711.430)

This appendix forms an integral part of note 21 to the annual accounts, in conjunction with which it should be read

GRIFOLS, S.A.

**Details of income tax expense/(tax income) related to profit/(loss)
for the year ended 31 December 2018
(Expressed in Euros)**

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

	Euros	
	Profit and loss	Total
Income and expenses for the period before tax	286.750.844	286.750.844
Tax at 25%	71.687.711	71.687.711
Non-taxable income		
Dividends, double taxation (exemption)	(22.128.648)	(22.128.648)
Dividends from group companies	(97.613.353)	(97.613.353)
Non-deductible expenses		
Donations	2.172.848	2.172.848
Sanctions and fines	161	161
Deductions and credits for the current year	(4.187.460)	(4.187.460)
Provision of financial fixed assets	6.652.092	6.652.092
Non recognized tax credits on prior years	6.652.092	6.652.092
Prior years' adjustments	449.230	449.230
Taxable income/(tax loss)	(42.967.419)	(42.967.419)

This appendix forms an integral part of note 21 to the annual accounts, in conjunction with which it should be read

GRIFOLS, S.A.
Related Party Balances
for the year ended 31 December 2019
(Expressed in Euros)

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

	Euros			
	Group companies	Associates	Directors	Other related parties
				Total
<i>Non-current investments in Group companies</i>				
Loans to companies	7,215,503,793	--	--	--
Deposits and guarantees	558,618	--	--	831,996
Total non-current assets	7,216,062,411	--	--	7,216,894,407
<i>Trade and other receivables (note 14)</i>				
Trade receivables – current	45,736,628	--	--	--
<i>Current investments in Group companies and associates</i>				
Loans to companies	47,636,724		--	--
Total current assets	93,373,352	--	--	--
Total assets	7,309,435,763	--	--	831,996
				7,310,267,759
 <i>Non-current payables to Group companies</i>				
	4,113,720,823	--	--	--
Total non-current liabilities	4,113,720,823	--	--	--
 <i>Current payables to Group companies and associates</i>				
	35,285,923	--	--	--
<i>Trade and other payables (note 21)</i>	--			
Suppliers	--	--	--	4,699,977
Suppliers, Group companies and associates	51,028,984	--	--	--
Total current liabilities	86,314,907	--	0	4,699,977
Total liabilities	4,200,035,730	--	0	4,699,977
				4,204,735,707

This appendix forms an integral part of note 23 to the annual accounts, in conjunction with which it should be read.

GRIFOLS, S.A.
Related Party Balances
for the year ended 31 December 2018
(Expressed in Euros)

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

	Euros			
	Group companies	Associates	Directors	Other related parties
				Total
<i>Non-current investments in Group companies</i>				
Loans to companies	1,593,426,692	--	--	--
Deposits and guarantees	614,313	--	--	831,996
Total non-current assets	1,594,041,005	--	--	1,593,426,692
<i>Trade and other receivables</i>				
Trade receivables – current	19,526,804	--	--	--
<i>Current investments in Group companies and associates</i>				
Loans to companies	91,209,026		--	--
Total current assets	110,735,830	--	--	110,735,830
Total assets	1,704,776,835	--	--	831,996
Non-current payables to Group companies	1,512,716,087	--	--	--
Total non-current liabilities	1,512,716,087	--	--	--
<i>Current payables to Group companies and associates</i>				
Suppliers	39,766,089	--	--	--
Suppliers, Group companies and associates	8,032,244	--	--	--
Total current liabilities	47,798,333	--	--	7,531,508
Total liabilities	1,560,514,420	--	--	55,329,841
				1,568,045,928

This appendix forms an integral part of note 23 to the annual accounts, in conjunction with which it should be read.

GRIFOLS, S.A.

**Related Party Transactions
for the year ended 31 December 2019
(Expressed in Euros)**

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

	Euros				
	Group companies	Key management personnel	Directors	Other related parties	Total
<i>Income</i>					
<i>Net Sales</i>					
Licencing income	21,404,970	--	--	--	21,404,970
Other services rendered	114,175,700	--	--	--	114,175,700
Finance income	72,454,130	--	--	--	72,454,130
Dividends	953,825,030	--	--	--	953,825,030
Total income	1,161,859,830	--	--	--	1,161,859,830
<i>Expenses</i>					
<i>Net Purchase</i>					
Operating lease expenses	3,758,500	--	--	7,104,329	10,862,829
Contributions to foundations	--	--	--	--	0
Other services received	12,297,704	--	219,614	5,585,790	18,103,108
Remunerations	--	6,828,337	5,517,139	--	12,345,476
Financial instruments					
Finance costs	100,006,175	--	--	--	100,006,175
Total expenses	116,062,379	6,828,337	5,736,753	12,690,119	141,317,588
<i>Investments</i>					
Cost of assets acquired					
Buildings and other installations	694,202	--	--	--	694,202
Income of assets acquired					
Buildings and other installations	--	--	--	--	--
Total investments	694,202	--	--	--	694,202

This appendix forms an integral part of note 23 to the annual accounts, in conjunction with which it should be read.

GRIFOLS, S.A.

**Related Party Transactions
for the year ended 31 December 2018
(Expressed in Euros)**

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

	Euros				
	Group companies	Key management personnel	Directors	Other related parties	Total
<i>Income</i>					
<i>Net Sales</i>					
Licencing income	16,626,213	--	--	--	16,626,213
Other services rendered	99,571,018	--	--	--	99,571,018
Finance income	52,115,757	--	--	--	52,115,757
Dividends	478,968,005	--	--	--	478,968,005
 Total income	647,280,993	--	--	--	647,280,993
<i>Expenses</i>					
<i>Net Purchase</i>					
Operating lease expenses	3,707,540	--	--	5,468,710	9,176,250
Contributions to foundations	--	--	--	4,282,050	4,282,050
Other services received	11,604,755	--	2,535,000	844,364	14,984,119
Personnel expenses					
Compensation	--	6,565,512	3,240,246	--	9,805,758
Financial Instruments					
Finance costs	86,972,977	--	--	--	86,972,977
 Total expenses	102,285,272	6,565,512	5,775,246	10,595,124	125,221,154
<i>Investments</i>					
Cost of assets acquired					
Buildings and other installations	348,621	--	--	--	348,621
Income of assets acquired					
Buildings and other installations	(177,604)	--	--	--	(177,604)
 Total investments	171,017	--	--	--	171,017

This appendix forms an integral part of note 23 to the annual accounts, in conjunction with which it should be read.

GRIFOLS, S.A.

**Details of Revenues by Category of Activity and Geographical Market
for the years ended
31 December 2019 and 2018
(Expressed in Euros)**

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

	Euros									
	Domestic		Rest of European Union		United States		Rest of the world		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Revenue from the rendering of services	49,972,811	57,700,659	26,175,034	17,829,911	36,182,605	22,132,062	1,845,250	1,908,386	114,175,699	99,571,018
Licencing income	21,404,970	16,626,213	--	--	--	--	--	--	21,404,971	16,626,213
Dividends	42,665,900	390,453,411	79,284,068	88,514,594	831,875,062	--	--	--	953,825,030	478,968,005
Finance income	1,043,203	4,940,904	71,346,400	47,177,975	--	--	64,527,000	--	72,454,130	52,118,879
Profit on disposal of investments in group companies	807,651,582	--	--	--	--	--	--	--	807,651,582	0
	922,738,466	469,721,187	176,805,502	153,522,480	868,057,667	22,132,062	1,909,777	1,908,386	1,969,511,412	647,284,115

This appendix forms an integral part of note 24 to the annual accounts, in conjunction with which it should be read.

GRIFOLS, S.A.

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

At their meeting held on 21 February 2020, pursuant to the requirements of article 253.2 pf the Revised Spanish Companies Act and article 37 of the Spanish Code of commerce, the Directors of Grifols, S.A. authorised for issue the annual accounts and directors' report for the period from 1 January 2019 to 31 December 2019. The annual accounts comprise the documents that precede this certification.

Victor Grifols Roura (signed) Chairman – Board Member	Raimon Grifols Roura (signed) Chief Executive Officer	Víctor Grifols Deu (signed) Chief Executive Officer
Carina Szpilka Lázaro (signed) Board member	Tomás Dagà Gelabert (signed) Board member	Thomas Glanzmann (signed) Vice-Chairman
Iñigo Sánchez-Asiaín Mardones (signed) Board member	Enriqueta Felip Font (signed) Board member	Luis Isasi Fernández de Bobadilla (signed) Board member
Steven F. Mayer (signed) Board member	Belen Villalonga Morenés (signed) Board member	Marla E. Salmon (signed) Board member
Ramón Riera Roca (signed) Board Member	Nuria Martín Barnés (signed) Secretary to the Board	