



# Grifols, S.A.

Annual Accounts  
31 December 2018

Director's Report  
2018

(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**

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We have audited the annual accounts of Grifols, S.A. (the "Company"), which comprise the balance sheet at 31 December 2018, 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 2018, 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**

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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 2018 the Company has recognised non-current investments in Group companies and associates totalling Euros 3,270,828 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"> <li>• 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,</li> <li>• 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.</li> <li>• 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.</li> </ul> <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

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Other information solely comprises the 2018 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 2018 and the content and presentation of the report are in accordance with applicable legislation.

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

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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

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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

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The opinion expressed in this report is consistent with our additional report to the Company's audit committee dated 27 February 2019.

### Contract Period

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At their ordinary general meeting held on 25 May 2018, the shareholders appointed us as auditors for the year ended 31 December 2018.

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 2019

27 February 2019

**GRIFOLS, S.A.**

Annual Accounts  
and Directors' Report for the year

31 December 2018

(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 2018 and 2017**

(Expressed in Euros)

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

<i>Assets</i>	<i>Note</i>	<i>2018</i>	<i>2017</i>
<b>Intangible assets</b>	<b>Note 5</b>	<b>14,534,419</b>	<b>12,911,968</b>
Computer software		14,534,419	12,911,968
<b>Property, plant and equipment</b>	<b>Note 6</b>	<b>22,894,137</b>	<b>19,194,743</b>
Technical installations, machinery, equipment, furniture and other items		16,526,040	11,656,861
Under construction and advances		6,368,097	7,537,882
<b>Investment property</b>	<b>Note 7</b>	<b>54,820,824</b>	<b>56,602,713</b>
Land		7,465,344	7,465,344
Buildings		40,723,584	36,184,109
Investments in adaptation and advances		6,631,896	12,953,260
<b>Non-current investments in Group companies and associates</b>		<b>4,864,254,923</b>	<b>4,872,893,986</b>
Equity instruments	<b>Note 12</b>	3,270,828,231	3,124,452,858
Loans to companies	<b>Note 14</b>	1,593,426,692	1,748,441,128
<b>Non-current investments</b>	<b>Note 14</b>	<b>1,622,650</b>	<b>1,608,091</b>
Other financial assets		1,622,650	1,608,091
<b>Deferred tax assets</b>	<b>Note 21</b>	<b>13,996,465</b>	<b>10,936,470</b>
<b>Total non-current assets</b>		<b>4,972,123,418</b>	<b>4,974,147,971</b>
<b>Inventories</b>		<b>6,223,503</b>	<b>5,216,392</b>
Raw materials and other supplies		6,223,503	5,216,392
<b>Trade and other receivables</b>	<b>Note 14</b>	<b>58,285,542</b>	<b>75,412,980</b>
Trade receivables – current		874,963	1,005,160
Trade receivables from Group companies and associates – current	<b>Note 23</b>	19,526,804	19,485,499
Other receivables		378,527	352,704
Personnel		173,455	117,449
Current tax assets	<b>Note 21</b>	25,911,844	48,155,917
Public entities, other	<b>Note 21</b>	11,419,949	6,296,251
<b>Current investments in Group companies and associates</b>	<b>Note 14</b>	<b>91,209,026</b>	<b>97,473,673</b>
Loans to companies		91,209,026	22,474,552
Other financial assets		--	74,999,121
<b>Current investments</b>	<b>Note 14</b>	<b>4,306</b>	<b>16,033</b>
Other financial assets		4,306	16,033
<b>Prepayments for current assets</b>	<b>Note 15</b>	<b>6,360,153</b>	<b>6,048,768</b>
<b>Cash and cash equivalents</b>		<b>2,432,907</b>	<b>8,948,352</b>
Cash		2,432,907	8,948,352
<b>Total current assets</b>		<b>164,515,437</b>	<b>193,116,198</b>
<b>Total assets</b>		<b>5,136,638,855</b>	<b>5,167,264,169</b>

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



**GRIFOLS, S.A.**  
**Balance Sheets**  
**31 December 2018 and 2017**

(Expressed in Euros)

<i>Equity and Liabilities</i>	<i>Note</i>	<i>2018</i>	<i>2017</i>
<b>Capital and reserves</b>	<b>Note 16</b>	<b>1,719,323,992</b>	<b>1,582,702,913</b>
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		514,890,169	358,660,877
(Treasury stock and equity holdings)		(55,441,210)	(62,422,309)
Profit for the year		329,718,263	341,327,404
(Interim dividend)		(136,747,291)	(122,986,278)
Other equity instruments		12,651,996	13,871,154
<b>Grants, donations and bequests received</b>		<b>112,549</b>	<b>123,265</b>
<b>Total equity</b>		<b>1,719,436,541</b>	<b>1,582,826,178</b>
<b>Non-current payables</b>	<b>Note 19</b>	<b>1,739,694,842</b>	<b>1,679,299,634</b>
Promissory notes		987,249,676	985,248,207
Loans and borrowings		747,069,488	690,441,900
Finance lease payables	<b>Note 8</b>	2,496,750	1,861,931
Other financial liabilities		2,878,928	1,747,596
<b>Group companies and associates, non-current</b>	<b>Note 19</b>	<b>1,512,716,087</b>	<b>1,790,682,269</b>
<b>Deferred tax liabilities</b>	<b>Note 21</b>	<b>1,691,193</b>	<b>1,859,414</b>
<b>Total non-current liabilities</b>		<b>3,254,102,122</b>	<b>3,471,841,317</b>
<b>Current payables</b>	<b>Note 19</b>	<b>39,800,087</b>	<b>17,569,839</b>
Promissory notes		5,333,333	5,244,444
Loans and borrowings		31,296,281	4,653,935
Finance lease payables	<b>Note 8</b>	1,119,117	1,071,228
Other financial liabilities		2,051,356	6,600,232
<b>Group companies and associates, current</b>	<b>Note 19</b>	<b>39,766,089</b>	<b>19,907,750</b>
<b>Trade and other payables</b>	<b>Note 19</b>	<b>83,534,016</b>	<b>75,119,085</b>
Current payables to suppliers		42,530,365	39,404,813
Suppliers, Group companies and associates, current	<b>Note 23</b>	8,032,244	5,290,662
Personnel (salaries payable)		10,100,816	9,872,640
Public entities, other	<b>Note 21</b>	22,870,591	20,550,970
<b>Total current liabilities</b>		<b>163,100,192</b>	<b>112,596,674</b>
<b>Total equity and liabilities</b>		<b>5,136,638,855</b>	<b>5,167,264,169</b>

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 2018 and 2017

A) Statements of Recognised Income and Expense  
for the years ended  
31 December 2018 and 2017

(Expressed in Euros)

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

	Note	2018	2017
<b>Revenues</b>		<b>647,280,993</b>	<b>590,907,263</b>
Services rendered	Note 24	116,197,231	111,327,946
Finance income	Note 13 and 23	52,115,757	39,070,699
Dividends		478,968,005	440,508,618
<b>Self-constructed assets</b>		<b>2,198,881</b>	<b>4,719,071</b>
<b>Supplies</b>		<b>(2,614,325)</b>	<b>(2,357,003)</b>
Raw materials and consumables used	Note 24	(2,577,734)	(2,469,572)
Subcontracted work		(766)	--
Impairment of merchandise, raw materials and other supplies		(35,825)	112,569
<b>Other operating income</b>		<b>6,623,910</b>	<b>6,629,640</b>
Non-trading and other operating income		6,466,963	6,464,412
Operating grants taken to income		156,947	165,228
<b>Personnel expenses</b>		<b>(61,889,453)</b>	<b>(56,966,231)</b>
Salaries and wages		(50,556,677)	(46,867,614)
Employee benefits expense	Note 24	(11,105,836)	(9,931,996)
Provisions		(226,940)	(166,621)
<b>Other operating expenses</b>		<b>(127,386,959)</b>	<b>(122,344,136)</b>
External services		(126,486,261)	(120,778,366)
Taxes		(228,873)	(267,109)
Other operating expenses		(671,825)	(1,298,661)
<b>Amortisation and depreciation</b>	Notes 5, 6 and 7	<b>(13,065,662)</b>	<b>(12,793,942)</b>
<b>Non-financial and other capital grants</b>		<b>14,289</b>	<b>14,289</b>
<b>Impairment and gains/(losses) on disposal of fixed assets</b>		<b>(26,248,587)</b>	<b>(674,446)</b>
Impairment and losses	Note 12	(26,039,347)	(674,446)
Gains/(losses) on disposal and other	Note 7	(209,240)	--
<b>Results from operating activities</b>		<b>424,913,087</b>	<b>407,134,505</b>
<b>Finance income</b>		<b>360,023</b>	<b>412,522</b>
Other third parties	Note 13	3,122	2,913
Capitalised borrowing costs	Note 6	356,901	409,609
<b>Finance costs</b>	Note 18	<b>(137,809,892)</b>	<b>(103,637,249)</b>
Group companies and associates	Note 23	(86,972,977)	(77,098,571)
Other third parties		(50,836,915)	(26,538,678)
<b>Exchange losses</b>	Notes 14 and 19	<b>(712,374)</b>	<b>1,402,235</b>
<b>Net finance cost</b>		<b>(138,162,243)</b>	<b>(101,822,492)</b>
<b>Profit before income tax</b>		<b>286,750,844</b>	<b>305,312,013</b>
<b>Income tax</b>	Note 21	<b>42,967,419</b>	<b>36,015,391</b>
<b>Profit for the year</b>		<b>329,718,263</b>	<b>341,327,404</b>

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 2018 and 2017

A) Statements of Recognised Income and Expense  
for the years ended  
31 December 2018 and 2017

(Expressed in Euros)

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

<i>Note</i>	<i>2018</i>	<i>2017</i>
<b>Profit for the year</b>	<b>329,718,263</b>	<b>341,327,404</b>
<b>Income and expense recognised directly in equity</b>		
Grants, donations and bequests	--	--
Tax effect	--	--
Total income and expense recognised directly in equity	--	--
<b>Amounts transferred to the income statement</b>		
Grants, donations and bequests	(14,289)	(14,289)
Tax effect	3,573	3,573
<b>Total amounts transferred to the income statement</b>	<b>(10,716)</b>	<b>(10,716)</b>
<b>Total recognised income and expense</b>	<b>329,707,547</b>	<b>341,316,688</b>

GRIFOLS, S.A.

Statements of Changes in Equity  
for the years ended  
31 December 2018 and 2017

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
<b>Balance at 31 December 2017</b>	<b>119,603,705</b>	<b>910,727,619</b>	<b>382,581,618</b>	<b>(62,422,309)</b>	<b>341,327,404</b>	<b>(122,986,278)</b>	<b>13,871,154</b>	<b>123,265</b>	<b>1,582,826,178</b>
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)
									--
<b>Balance at 31 December 2018</b>	<b>119,603,705</b>	<b>910,727,619</b>	<b>538,810,910</b>	<b>(55,441,210)</b>	<b>329,718,263</b>	<b>(136,747,291)</b>	<b>12,651,996</b>	<b>112,549</b>	<b>1,719,436,541</b>

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 2018 and 2017**

**B) Statement of Total Changes in Equity for the year ended  
31 December 2017**

(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
<b>Balance at 31 December 2016</b>	<b>119,603,705</b>	<b>910,727,619</b>	<b>278,879,344</b>	<b>(68,710,268)</b>	<b>321,792,932</b>	<b>(122,908,351)</b>	<b>7,945,464</b>	<b>133,981</b>	<b>1,447,464,426</b>
Recognised income and expense	--	--	--	--	341,327,404	--	--	(10,716)	341,316,688
Transactions with shareholders or owners									
Net movement in treasury stock	--	--	--	6,287,959	--	--	--	--	6,287,959
Interim dividend	--	--	--	--	--	(122,986,278)	--	--	(122,986,278)
Restricted share plan	--	--	--	--	--	--	5,925,690	--	5,925,690
Other movements	--	--	91,742	--	--	--	--	--	91,742
Distribution of profit/(Application of loss) for the period 2016									
Reserves	--	--	103,610,532	--	(103,610,532)	--	--	--	--
Dividends	--	--	--	--	(218,182,400)	122,908,351	--	--	(95,274,049)
									--
<b>Balance at 31 December 2017</b>	<b>119,603,705</b>	<b>910,727,619</b>	<b>382,581,618</b>	<b>(62,422,309)</b>	<b>341,327,404</b>	<b>(122,986,278)</b>	<b>13,871,154</b>	<b>123,265</b>	<b>1,582,826,178</b>

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

**GRIFOLS, S.A.**  
**Statements of Cash Flows**  
**for the years ended**  
**31 December 2018 and 2017**

(Expressed in Euros)

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

	2018	2017
<i>Cash flows from operating activities</i>		
<b>Profit for the year before tax</b>	<b>286,750,844</b>	<b>305,312,013</b>
<b>Adjustments for:</b>		
Dividend income	(478,968,005)	(440,508,618)
Impairment	26,039,347	674,446
Amortisation and depreciation	13,065,662	12,793,942
Finance income	(52,472,658)	(39,483,221)
Finance costs	110,257,698	102,908,118
Change in fair value of financial instruments	209,240	--
Other income and expenses	1,245,155	1,535,603
<b>Changes in operating assets and liabilities</b>		
Inventories	(1,007,111)	(663,201)
Trade and other receivables	7,063	(5,194,213)
Other current assets	(311,385)	295,942
Trade and other payables	6,523,628	14,834,285
Other current assets and liabilities	1,239,165	37,077
<b>Other cash flows from operating activities</b>		
Interest paid	(98,145,695)	(93,812,559)
Dividends received	401,693,670	365,509,497
Interest received	52,060,671	38,947,344
Income tax paid (received)	57,737,477	56,129,584
<b>Cash flows from operating activities</b>	<b>325,924,766</b>	<b>319,316,039</b>
<i>Cash flows from investing activities</i>		
<b>Payments for investments</b>		
Group companies and associates	(28,195,954)	(1,349,494,019)
Intangible assets	(6,941,270)	(7,815,892)
Property, plant and equipment	(9,694,395)	(8,122,575)
Investment property	--	(5,618,263)
Other financial assets	(14,561)	(16,850)
<b>Proceeds from sale of investments</b>		
Group companies and associates	177,704	--
Other financial assets	11,727	8,715
<b>Cash flows used in investing activities</b>	<b>(44,656,749)</b>	<b>(1,371,058,884)</b>
<i>Cash flows from financing activities</i>		
<b>Proceeds from and payments for financial liability instruments</b>		
Disposal		
Promissory notes	--	1,000,000,000
Loans and borrowings	83,004,887	686,761,564
Group companies and associates	(91,946,935)	(392,437,491)
Financing costs included on the amortised costs of the debt	--	(28,075,862)
<b>Dividends and interest on other equity instruments paid</b>		
Dividends	(278,841,414)	(218,260,327)
<b>Cash flows from/(used in) financing activities</b>	<b>(287,783,462)</b>	<b>1,047,987,884</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(6,515,445)</b>	<b>(3,754,961)</b>
Cash and cash equivalents at beginning of year	8,948,352	12,703,313
Cash and cash equivalents at year end	2,432,907	8,948,352

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

**GRIFOLS, S.A.****Notes to 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 are provided in Appendix XV.

On 22 February 2019 the Company's board of directors authorised for issue the consolidated annual accounts of Grifols, S.A. and subsidiaries for 2018 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 596,642 thousand, total assets 12,477,046 thousand and consolidated equity of Euros 4,696,604 thousand (Euros 662,700 thousand, Euros 10,920,264 thousand and Euros 3,633,965 thousand, respectively, in 2017).

**(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 2018 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 2018 and results of operations, changes in equity, and cash flows for the year then ended.

The directors consider that the annual accounts for 2018, authorised for issue on 22 February 2019, 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 2018 include comparative figures for 2017, which formed part of the annual accounts approved by shareholders at the annual general meeting held on 25 May 2018.

**(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:

## Notes to the Annual Accounts

(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 2018, 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 2017, approved by the shareholders at their annual general meeting held on 25 May 2018, is as follows:

2017

	<u>Euros</u>
Basis of allocation	
Profit for the year	<u>341,327,404</u>
Distribution	
Voluntary reserve	76,247,004
Mandatory preferred dividend on Class B shares	2,614,251
Dividends	<u>262,466,149</u>
	<u>341,327,404</u>

At the general meeting held on 25 May 2018, 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 26 October 2018 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 2018 income statement, totalling Euros 136,747 thousand, payable on 4 December 2018. 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 statutory requirements demonstrating that sufficient cash was available for distribution of the aforementioned dividend is provided in Appendix XIV.

The proposed distribution of profit for the year ended 31 December 2018 to be submitted to the shareholders for approval at their annual general meeting is as follows:



## GRIFOLS, S.A.

## Notes to the Annual Accounts

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

2018

	<b>Euros</b>
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
	<u>329,718,263</u>

At 31 December 2018 and 2017 non-distributable reserves are as follows:

	<b>2018</b>	<b>2017</b>
Non-distributable reserves		
Legal reserve	23,920,741	23,920,741
Other	3,020	3,020
	<u>23,923,761</u>	<u>23,923,761</u>

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.

**Notes to the Annual Accounts**

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

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.

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.

## Notes to the Annual Accounts

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

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 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.

(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:

	<b>Amortisation method</b>	<b>Rates %</b>
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 a 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.

## Notes to the Annual Accounts

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

## (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) 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:

	<b>Amortisation method</b>	<b>Rates %</b>
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.

## (iii) 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.

## (iv) 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.

## Notes to the Annual Accounts

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

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:

	<u>Amortisation method</u>	<u>Rates %</u>
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).

**Notes to the Annual Accounts**

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

- *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.

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.

**Notes to the Annual Accounts**

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

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.

(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

However, in non-monetary contributions of businesses (including investments in Group companies) to other Group companies, equity investments received are measured at the transaction date at the higher of the carrying amount of the assets and liabilities transferred in the individual annual accounts of the contributing company and the amount representative of the percentage of interest in the equity of the business contributed. Gains or losses deferred in recognised income and expense associated with the assets and liabilities conveyed continue to be recognised in equity but are linked to the investment received.

(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.

**Notes to the Annual Accounts**

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

**(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.

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.



**GRIFOLS, S.A.****Notes to the Annual Accounts**

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

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.

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

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.

(i) Emission allowances

Emission allowances acquired are recognised and measured using the inventories 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.

(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.

**GRIFOLS, S.A.****Notes to the Annual Accounts**

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

**(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., Diagnostic Grifols, S.A., Grifols Movaco, S.A., Biomat, S.A., Grifols International, S.A., Grifols Engineering, S.A., Grifols Viajes S.A., Gri-Cel, S.A., Gripdan Invest, S.L. and VCN Biosciencias, 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.

**GRIFOLS, S.A.****Notes to the Annual Accounts**

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

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 with a debit to receivables from Group companies.

The amount of the debt relating to the subsidiaries is recognised with a credit to payables to 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. 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.

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

## Notes to the Annual Accounts

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

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, other than mergers, spin-offs and non-cash contributions, 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.

## (5) Intangible Assets

a) Details of intangible assets and movement are shown in Appendix I.

b) Fully amortised assets

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

	Euros	
	2018	2017
Computer software	36,335,118	25,376,107

Fully amortised computer software in use at 31 December 2018 and 2017 mainly reflects computer licences.

## Notes to the Annual Accounts

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

**(6) Property, Plant and Equipment**

## (a) General

Details of property, plant and equipment and movement are shown in Appendix II.

## (b) Capitalised borrowing costs

During 2018 the Company has capitalised borrowing costs in investments in progress amounting to Euros 357 thousand (Euros 410 thousand in 2017) (see note 4 (c)).

## (c) Fully depreciated assets

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

	Euros	
	2018	2017
Technical installations and machinery	5,821,895	3,067,451
Other installations, equipment and furniture	7,758,067	4,589,425
Other property, plant and equipment	11,512,576	8,584,218
	25,092,538	16,241,094

## (d) 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**

## (a) General

Details of and movement in investment property are shown in Appendix III.

At 31 December 2018 and 2017 additions comprise the investments incurred to expand the Company's facilities.

## (b) Fully depreciated assets

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

	Euros	
	2018	2017
Buildings	1,031,791	1,031,791
Other installations	15,256,715	13,712,960
	16,288,506	14,744,751

## (c) Income and expenses from investment property

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

## GRIFOLS, S.A.

## Notes to the Annual Accounts

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

	Euros	
	2018	2017
Assignemet for use income (note 23)	16,626,213	15,437,827
Operating expenses		
From income-generating investments	(17,205,701)	(15,548,575)
Net	(579,488)	(110,748)

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

## (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	435,000	6,276,244	6,711,244
Accumulated depreciation	(53,876)	(3,402,262)	(3,456,138)
<b>Carrying amount at 31 December 2018</b>	<b>381,124</b>	<b>2,873,982</b>	<b>3,255,106</b>
<i>Initially recognised at:</i>			
Fair value	435,000	6,057,063	6,492,063
Accumulated depreciation	(45,020)	(3,782,563)	(3,827,583)
<b>Carrying amount at 31 December 2017</b>	<b>389,980</b>	<b>2,274,500</b>	<b>2,664,480</b>

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

	Euros	
	2018	2017
Future minimum payments	3,794,242	3,211,053
Unaccrued finance costs	(178,375)	(277,894)
Present value	3,615,867	2,933,159

## GRIFOLS, S.A.

## Notes to the Annual Accounts

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

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

	Euros			
	2018		2017	
	Minimum payments	Present value	Minimum payments	Present value
Less than one year	1,225,427	1,119,117	1,242,409	1,071,228
One to five years	2,568,815	2,496,750	1,968,644	1,861,931
	3,794,242	3,615,867	3,211,053	2,933,159
Less current portion	(1,225,427)	(1,119,117)	(1,242,409)	(1,071,228)
Total non-current	<b>2,568,815</b>	<b>2,496,750</b>	<b>1,968,644</b>	<b>1,861,931</b>

### (9) Operating Leases - Lessee

At 31 December 2018 and 2017, 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:

Offices located in Sant Cugat del Vallès (Barcelona) and Barcelona, leased from a related party

This contract is valid for a mandatory period of 10 years from 2015 and is automatically renewable for five-year periods from year 10 onwards until 2035.

Offices located in Barcelona, Jesus y Maria, 6 (Barcelona), leased from a third party.

This contract is valid for 5 years from 2011 and is automatically renewable for five-year periods, unless one of the parties, cancels the contract giving notice of 6 months in advance.

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

	Euros	
	2018	2017
Lease payments (recognised as an expense)	9,975,445	9,791,091

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

	Euros	
	2018	2017
Less than one year	6,132,837	6,073,802
One to five years	21,164,966	20,975,109
Over five years	32,100,877	11,304,386
	59,398,680	38,353,297

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)).

**Notes to the Annual Accounts**

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

**(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 supply. 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 4,157 thousand at 31 December 2018 (Euros 3,859 thousand in 2017).

**(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.

Details of financial monetary assets and liabilities in foreign currencies and transactions in foreign currencies are provided in notes 14 (d) and 19 (f).

At 31 December 2018 had the US Dollar weakened by 10% against the Euro, with the other variables remaining constant, post-tax profit would have been Euros 283 thousand lower, mainly as a result of converting payables to Group companies (Euros 96 thousand at 31 December 2017).

**(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.



## Notes to the Annual Accounts

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

## (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. The Company's policy involves contracting borrowings and extending loans to Group companies at variable interest rates.

At 31 December 2018, had interest rates been 10% higher/lower, with the other variables remaining constant, post-tax profit would have been Euros 1,245 thousand lower/higher, mainly because of higher borrowing costs on variable interest debt (Euros 1,098 thousand at 31 December 2017).

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

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

	Euros	
	2018	2017
	Non-current	Non-current
<i>Group companies</i>		
Equity investments	3,287,312,325	3,136,440,705
Impairment	(16,484,094)	(11,987,847)
	<b>3,270,828,231</b>	<b>3,124,452,858</b>
<i>Associates</i>		
Equity investments	--	550,000
Impairment	--	(550,000)
	--	--
Total	<b>3,270,828,231</b>	<b>3,124,452,858</b>

**During 2018 the following 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 investment by the Company in those subsidiaries with employees adhering to this plan, as it is considered as a non-cash contribution from the shareholder totalling Euros 3,755 thousand.
- In 2018 there was a transfer of Progenika Biopharma, S.A.'s shares through a distribution in kind effective 31 December 2018 with a net book value of US Dollars 76,982,493 (Euros 67,724,547). Additionally, Grifols Diagnostics Solutions has transferred two participative loans agreements 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 interests. An amount of Euros 79,523,834 has been recognized in the Company 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 thousands.

**GRIFOLS, S.A.****Notes to the Annual Accounts**

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

- In January 2018 the Company acquired a 50% interest in Aigües de Vilajuïga S.A. for a purchase of shares of 37,500. From the total amount of shares, 37,499 are acquired by Grifols, S.A. and 1 share is acquired by Grifols International, S.A.. The total price amounts Euros 549,985 for Grifols, S.A. and Euros 15 for Grifols International, S.A.. With this new shares acquisition, Aigües de Vilajuïga, S.A. is now 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 the Company Grifols Diagnostic Solutions transferred Singulex shares to Grifols, S.A. through a distribution in kind. The fair value at 31 December 2018 is US Dollars 50 Million (Euros 43,987 thousands). Transfer of three loan agreements with GDS 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 interests. The second transaction done was 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 recognized in the Company as a dividend amounting Euros 77,274,335.

**During 2017 the following 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 2017 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 non-cash contribution from the shareholder totalling Euros 6,327 thousand.
- On 24 July 2017, Grifols acquired an additional 40% interest in Kiro Grifols, S.L. for a purchase price of Euros 12,800 thousand. In September 2014 Grifols subscribed to a capital increase by virtue of which it acquired 50% of Kiro Grifols, S.L.'s economic and voting rights. With this new acquisition, Grifols reached a 90% interest in Kiro Grifols, S.L. The remaining 10% will continue to be held by Socios Fundadores Kiro, S.L. a company wholly owned by cooperatives of the Mondragon Corporation. Associate investment before the acquisition amounting Euros 17,153 thousand, was recognized as group company equity investment.
- The Company subscribed to an increase in the capital of Grifols Colombia Ltda contributing an amount of Euros 433,729.
- The Company subscribed two increases in the capital of Grifols Worldwide Operations Limited (hereinafter GWWO) contributing an amount of Euros 700,000 thousand and 150,000 thousand respectively.
- The Company subscribed to an increase in the capital of Grifols Diagnostic Solutions, Inc (hereinafter GDS) contributing an amount of Euros 469,395 thousand.
- The Company subscribed to an increase in the capital of Grifols India Healthcare Private Ltd. contributing an amount of Euros 597,786.
- In June 2017 the Company acquired a 50% interest in Aigües de Vilajuïga S.A. for a purchase price of Euros 475,000. In October 2017 the Company made an additional capital contribution of Euros 75,000. During 2017 the Company recognised impairment of Euros (550,000) on the investment based on an analysis of its recoverability.
- The Company subscribed to an increase in the capital of Grifols Brasil Ltda contributing an amount of Euros 15,717,504.
- During 2017 the Company recognised impairment of Euros 95.5 thousand on the investment in Grifols Nordic, A.B based on an analysis of its recoverability.
- During 2017 the Company recognised impairment of Euros 28.8 thousand on the investment in Grifols Switzerland, A.G based on an analysis of its recoverability.

(a) Investments in Group companies

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

## GRIFOLS, S.A.

## Notes to the Annual Accounts

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

Subsidiaries' activities comprise the following:

- Industrial activity: consisting of the manufacture, preparation and sale of therapeutic products and other pharmaceutical specialities, particularly haemoderivatives 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 XV 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.).

Grifols Viajes, S.A., Gri-Cel, S.A., VCN Biosciencias, S.L., Kiro Grifols, S.L., Medion Diagnostics GmbH, Grifols Japan K.K., Grifols Switzerland A.G, Grifols Diagnostic Equip Taiwan, Ltd and Aigües de Vilajuïga, S.A. have not been audited.

### (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 IV.

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

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

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

## Notes to the Annual Accounts

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

2017	Euros	
	Loans and receivables	Total
Finance income at amortised cost, Group companies	39,070,699	<b>39,070,699</b>
Finance income at amortised cost	2,913	<b>2,913</b>
Net gains in profit and loss	39,073,612	<b>39,073,612</b>
Total	<b>39,073,612</b>	<b>39,073,612</b>

**(14) Investments and Trade Receivables**

## (a) Investments in Group companies

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

	Euros			
	2018		2017	
	Non-current	Current	Non-current	Current
<i>Group</i>				
Loans	1,593,426,692	57,813,083	1,748,441,128	3,798,908
Dividends pending to recover		--	--	74,999,121
Receivables, tax effect (note 21)		31,253,153	--	18,380,110
Interest		2,142,790	--	144,929
<i>Associates</i>				
Loans		--	--	150,000
Interest		--	--	605
Total	<b>1,593,426,692</b>	<b>91,209,026</b>	<b>1,748,441,128</b>	<b>97,473,673</b>

At 31 December 2018 the Company has three loans with group companies. The two most significant loans amounts Euros 1,607,000 thousand, falling due in 2023 and 2025 with an accrue interest at arm's length basis. The third loan amounts Euros 10,487 thousand and falls due in 2019.

At 31 December 2018 the Company has a balance of Euros 21,847 thousand (Euros 141,441 thousand in 2017) corresponding to cash pooling accounts with Group companies (see note 19 (b)). These receivables accrue interest at a rate of 5.37% (interest rate on the group senior loan plus a spread of 0.75%) and they fall due in 2025 (4.69% interest rate on the group senior loan plus a spread of 0.75% and falling due in 2024 at 31 December 2017).

## (b) Investments

Details of investments are as follows:

## GRIFOLS, S.A.

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

	Euros			
	2018		2017	
	Non-current	Current	Non-current	Current
Deposits and guarantees	1,622,650	4,306	1,608,091	16,033
<b>Total</b>	<b>1,622,650</b>	<b>4,306</b>	<b>1,608,091</b>	<b>16,033</b>

At 31 December 2018 and 2017, Euros 832 thousand of guarantees and deposits are associated with leases with Centurion Real State S.A (formerly Scranton Enterprise B.V.), a related party of Grifols S.A. (see note 23) and Euros 559 thousand correspond to leases arranged with a Group company.

## (c) Trade and other receivables

Details of trade and other receivables are as follows:

	Euros	
	2018	2017
	Current	Current
<i>Group</i>		
Trade receivables (note 23)	19,526,804	19,485,499
<i>Unrelated parties</i>		
Trade receivables	874,963	1,005,160
Other receivables	378,527	352,704
Personnel	173,455	117,449
Taxation authorities, income tax (note 21)	25,911,844	48,155,917
Public entities, other (note 21)	11,419,949	6,296,251
<b>Total</b>	<b>58,285,542</b>	<b>75,412,980</b>

At 31 December 2018 and 2017 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:

## GRIFOLS, S.A.

## Notes to the Annual Accounts

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

2018	Euros		
	US Dollar	Other	Total
Trade and other receivables			
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

2017	Euros		
	US Dollar	Other	Total
Trade and other receivables			
Trade receivables – current	140,978	--	140,978
Trade receivables from Group companies and associates – current	919,956	564	920,520
Other receivables	6,329	914	7,243
Total current financial assets	1,067,263	1,478	1,068,741
Total financial assets	1,067,263	1,478	1,068,741

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

	Euros			
	2018		2017	
	Settled	Outstanding	Settled	Outstanding
<i>Investments in Group companies</i>				
Loans to Group companies	(1,413)	(31,658)	449,354	(197,159)
Total non-current financial assets	(1,413)	(31,658)	449,354	(197,159)
<i>Trade and other receivables</i>				
Trade receivables – current	(19,174)	19,464	61,990	12,833
Trade receivables from Group companies – current	--	(6,247)	--	(19,935)
<i>Current investments</i>				
Loans to Group companies	39,092	--	(87,231)	--
Total current financial assets	19,918	13,217	(25,241)	(7,102)
Total financial assets	18,505	(18,441)	424,113	(204,261)

## GRIFOLS, S.A.

## Notes to the Annual Accounts

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

**(15) Prepayments**

At 31 December 2018 and 2017 prepayments include advanced payments for insurance premiums and maintenance fees.

**(16) Equity**

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

**(a) Capital**

At 31 December 2018 and 2017 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.

- 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.
- 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 2018 and 2017.

**(b) Share premium**

This reserve is freely distributable.

**(c) Reserves**

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

During 2017 the Company settled the RSUS of 2014 giving rise to an increase of Euros 91,742 in reserves. In 2018

## GRIFOLS, S.A.

## Notes to the Annual Accounts

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

the Company has settled the RSUS of 2015 giving rise to an increase of Euros 318,879 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 2018 and 2017, legal reserve is 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 2018 and 2017 the Company does not have any Class A treasury stock.

Movement in Class B treasury stock during 2017 was as follows:

	<b>Number of Class B shares</b>	<b>Euros</b>
Balance at 1 January 2017	4,730,735	68,710,268
Disposals of Class B shares	(432,929)	(6,287,959)
Balance at 31 December 2017	<b>4,297,806</b>	<b>62,422,309</b>

In March 2017 the Group delivered 432,929 treasury stocks (Class B shares) to eligible employees as compensation for the Restricted Share Unit Retention Plan, of which 198,863 treasury stocks were given to Company employees (see note 16 (d)).

The Parent held Class B treasury stock equivalent 0.6% of its capital at 31 December 2017 (0.7% at 31 December 2016).

Movement in Class B treasury stock during 2018 is as follows:

	<b>Number of Class B shares</b>	<b>Euros</b>
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	<b>3,818,451</b>	<b>55,441,210</b>



**GRIFOLS, S.A.****Notes to the Annual Accounts**

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

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)).

The Parent held Class B treasury stock equivalent to 0.6% of its capital at 31 December 2018 (0.6% at 31 December 2017).

(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 Depositary 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 Depositary Share representing 1 Class B Share).

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

At 31 December 2017, the Company settled the 2014 RSU plan for an amount of Euros 7,303 thousand, of which 3,148 thousand were from the Company.

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

Because this commitment is settled in shares, it is recognised in equity and it totals Euros 12,652 thousand at 31 December 2018 (Euros 13,871 thousand in 2017).

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

### 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 26 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.

## Notes to the Annual Accounts

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

**(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 VI.

## (i) Net losses and gains by financial liability category

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

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

2017	Euros	
	Debts and payables	Total
Finance costs at amortised cost, third parties	(26,538,678)	<b>(26,538,678)</b>
Finance costs at amortised cost, Group companies	(77,098,571)	<b>(77,098,571)</b>
Net losses in profit and loss	(103,637,249)	<b>(103,637,249)</b>
Total	<b>(103,637,249)</b>	<b>(103,637,249)</b>

**(19) Payables and Trade Payables**

## (a) Group companies and associates

Details of Group companies and associates are as follows:

	Euros			
	2018		2017	
	Non-current	Current	Non-current	Current
<i>Group</i>				
Payables	1,512,716,087	--	1,790,682,269	--
Loans received	--	--	--	--
Payables, tax effect (note 21)	--	32,574,660	--	19,907,750
Interest	--	7,191,429	--	--
<i>Associates</i>				
Loans received	--	--	--	--
Total	<b>1,512,716,087</b>	<b>39,766,089</b>	<b>1,790,682,269</b>	<b>19,907,750</b>

## GRIFOLS, S.A.

## Notes to the Annual Accounts

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

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:

	Euros			
	2018		2017	
	Non-current	Current	Non-current	Current
<i>Unrelated parties</i>				
Promissory notes	987,249,676	5,333,333	985,248,207	5,244,444
Loans and borrowings	747,069,488	30,681,772	690,441,900	4,509,164
Interest		614,509	--	144,771
Finance lease payables (note 8)	2,496,750	1,119,117	1,861,931	1,071,228
Payables	2,878,928	2,044,257	1,747,596	6,593,133
Guarantees and deposits received	--	7,099	--	7,099
<b>Total</b>	<b>1,739,694,842</b>	<b>39,800,087</b>	<b>1,679,299,634</b>	<b>17,569,839</b>

On 6 February 2017 the Group refinanced its senior secured debt with the existing lenders and obtained the additional debt required for the acquisition of Hologic for an amount of US Dollars 1,816 million. The new senior debt consists of a Term Loan A ("TLA"), which amounts to US Dollars 2,350 million and Euros 607 million with a 1.75% margin over Libor and Euribor respectively, falling due in 2023 and a quasi-bullet repayment structure, and a Term Loan B ("TLB") totalling US Dollars 3,000 million with a 2.25% margin over Libor, falling due in 2025 and a quasi-bullet repayment structure.

The Company is the borrower of the Term Loan A in Euros, the principal of which amounts to Euros 607 million.

Grifols Worldwide Operations Limited is the borrower of the Term Loan A in US Dollars and for the Term Loan B the borrower is Grifols Worldwide Operations USA, Inc. Both these companies are wholly-owned by the Company.

On 18 April 2017, the Company issued Euros 1,000 million of senior unsecured notes, falling due in 2025 and bearing an annual coupon of 3.20%.

On 5 December 2017 the Company received a fixed-interest rate loan from the European Investment Bank for total of Euros 85 million, falling due in 10 years and with an interest-free period of two years. The loan will be used to support some of the Grifols Group's R&D investments which are mainly focused on searching for new applications for plasmatic proteins.

On September 7, 2018, Grifols obtained a new long-term loan from the European Investment Bank totaling 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 conditions include a fixed interest rate for a tenor of 10 years and a two-year grace period.

At 31 December 2017, "other current financial liabilities" included an amount of Euros 5,000 thousand related to the remaining call option extended by the Group and the shareholders of Progenika with maturity on 2018. This option was executed in June 2018.

**(i) Senior Unsecured Notes**

On 18 April 2017, Grifols, S.A. issued Euros 1,000 million of senior unsecured notes, falling due in 2025 and bearing an annual coupon of 3.20%. These notes have been exchanged with 97.1% of the senior unsecured notes issued in 2014 by Grifols Worldwide Operations Limited, a wholly-owned subsidiary of the Company. On 2 May 2017 the notes have been listed on the Irish Stock Exchange.

## Notes to the Annual Accounts

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

The transaction costs of the senior unsecured notes have amounted to Euros 16.1 million. These finance costs, together with other costs deriving from the debt issue will be taken to profit or loss in accordance with the new effective interest rate. Unamortised financing costs from the senior unsecured notes amount to Euros 12.8 million at 31 December 2018 (Euros 14.8 million at 31 December 2017).

The notes have been issued by Grifols, S.A. and are guaranteed on a senior unsecured basis by subsidiaries of Grifols, S.A. that are guarantors and co-borrowers under the New Credit Facilities agreement. The guarantors are Grifols Worldwide Operations Limited, Biomat USA, Inc., Grifols Biologicals Inc., Grifols Shared Services North America, Inc., Grifols Diagnostic Solutions Inc., Grifols Therapeutics, Inc., Instituto Grifols, S.A. Grifols Worldwide Operations USA, Inc. and Grifols USA, Llc

**(ii) 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

Detail of the maturity of the principal of Term Loan A in Euros at 31 December 2018 is as follows:

	<b>Thousand of Euros</b>
	<b>Principal</b>
Maturity	
2019	30,350
2020	60,700
2021	60,700
2022	341,437
2023	113,813
<b>Total</b>	<b>607,000</b>

The transaction costs of Tranche A of the senior unsecured debt in Euros amount to Euros 11.9 million. These finance costs, together with other costs deriving from the debt issue will be taken to profit or loss in accordance with the new effective interest rate. 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 of the Grifols Group are secured by the Company and other significant Group companies which, in conjunction with Grifols, S.A. represent, in the aggregate, at least 80% of the consolidated assets and consolidated EBITDA of the Group.

## Notes to the Annual Accounts

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

## (c) Other information on payables

## (i) Main characteristics of payables

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

Non-current and current loans and borrowings are presented net of loan arrangement costs, which at 31 December 2018 amount to Euros 7,524 thousand (Euros 9,856 thousand at 31 December 2017).

The Company has extended guarantees to banks on behalf of Group companies for Euros 2,438 thousand at 31 December 2018 (Euros 4,014 thousand at 31 December 2017).

## (d) Trade and other payables

Details of trade and other payables are as follows:

	Euros	
	2018	2017
	Current	Current
<i>Group</i>		
Suppliers (note 23)	8,032,244	5,290,662
<i>Related parties</i>		
Suppliers (note 23)	7,531,508	9,186,754
<i>Unrelated parties</i>		
Suppliers	34,998,857	30,218,059
Personnel	10,100,816	9,872,640
Taxation authorities, income tax (note 21)	--	--
Public entities, other (note 21)	22,870,591	20,550,970
<b>Total</b>	<b>83,534,016</b>	<b>75,119,085</b>

## (e) Classification by maturity

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

## (f) Amounts denominated in foreign currencies

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

2018	Euros				Total
	US Dollar	Argentine Peso	Brazilian Real	Other currencies	
Trade and other payables					
Suppliers	1,977,100	131	--	33,618	<b>2,010,849</b>
Suppliers, Group companies	263,364	2	170	582	<b>264,118</b>
Other financial liabilities	89	--	--	195	<b>284</b>
<b>Total current liabilities</b>	<b>2,240,553</b>	<b>133</b>	<b>170</b>	<b>34,395</b>	<b>2,275,251</b>
<b>Total financial liabilities</b>	<b>2,240,553</b>	<b>133</b>	<b>170</b>	<b>34,395</b>	<b>2,275,251</b>

## GRIFOLS, S.A.

## Notes to the Annual Accounts

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

2017	Euros				Total
	US Dollar	Argentine Peso	Brazilian Real	Other currencies	
Trade and other payables					
Suppliers	1,455,143	--	--	1,485	<b>1,456,628</b>
Suppliers, Group companies	665,042	69,160	167,344	634	<b>902,180</b>
Other financial liabilities	140	30	17	358	<b>545</b>
Total current liabilities	<b>2,120,325</b>	<b>69,190</b>	<b>167,361</b>	<b>2,477</b>	<b>2,359,353</b>
Total financial liabilities	<b>2,120,325</b>	<b>69,190</b>	<b>167,361</b>	<b>2,477</b>	<b>2,359,353</b>

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

	Euros			
	2018		2017	
	Settled	Outstanding	Settled	Outstanding
<i>Current payables</i>				
Loans and borrowings	(519,706)	(13,638)	189,772	--
Suppliers	(80,885)	(34,153)	413,180	50,299
<i>Group companies</i>				
Suppliers, Group companies	(65,007)	951	445,428	83,704
Total current liabilities	<b>(665,598)</b>	<b>(46,840)</b>	<b>1,048,380</b>	<b>134,003</b>
Total financial liabilities	<b>(665,598)</b>	<b>(46,840)</b>	<b>1,048,380</b>	<b>134,003</b>

## (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 fiscal year 2018 is 64 days (61 days for fiscal year 2017). 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 2018 the Company has made payments of Euros 154,305 thousand (Euros 166,802 thousand at 2017). Outstanding payments at 31 December 2018 total Euros 17,273 thousand (Euros 13,320 thousand for fiscal year 2017). In 2018 the ratio of paid operations stands at 64 days and the ratio of operations payable stands at 60 days (61 days and 60 days respectively at 2017).

## GRIFOLS, S.A.

## Notes to the Annual Accounts

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

**(21) Taxation**

Details of balances with public entities are as follows:

	Euros			
	2018		2017	
	Non-current	Current	Non-current	Current
Assets				
Deferred tax assets	13,996,465	--	10,936,470	--
Current tax assets	--	25,911,844	--	48,155,918
Value added tax and similar taxes	--	11,419,949	--	6,296,250
<b>Total</b>	<b>13,996,465</b>	<b>37,331,793</b>	<b>10,936,470</b>	<b>54,452,168</b>
Liabilities				
Current tax liabilities	--	--	--	--
Deferred tax liabilities	1,691,193	--	1,859,414	--
Social Security	--	825,007	--	773,591
Withholdings	--	22,045,584	--	19,777,379
<b>Total</b>	<b>1,691,193</b>	<b>22,870,591</b>	<b>1,859,414</b>	<b>20,550,970</b>

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

	Euros	
	2018	2017
	Current	Current
Receivables (note 14)		
Instituto Grifols, S.A.	21,748,510	11,568,411
Grifols Worldwide Operations Spain S.A.	--	438,372
Biomat, S.A.	298,154	178,902
Grifols International, S.A.	3,923,729	1,748,464
Grifols Movaco, S.A.	4,273,654	3,904,790
Grifols Viajes, S.A.	85,103	61,391
Grifols Engineering, S.A.	614,549	230,386
Diagnostic Grifols S.A.	--	--
Gripdan Invest, S.L	309,454	249,394
<b>Total</b>	<b>31,253,153</b>	<b>18,380,110</b>

## GRIFOLS, S.A.

## Notes to the Annual Accounts

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

	Euros	
	2018	2017
	Current	Current
Payables (note 19)		
VCN Biosciencias S.L	891,302	314,995
Biomat, S.A.	241,494	290,009
Grifols Viajes, S.A	14,924	6,631
Instituto Grifols, S.A.	8,821,679	5,123,484
Diagnostic Grifols, S.A.	5,524,621	5,699,196
Laboratorios Grifols, S.A.	5,013,503	4,560,609
Grifols Movaco, S.A	1,035,879	1,061,597
Grifols Worldwide Operations Spain S.A.	--	171,204
Grifols International, S.A.	245,815	--
Grifols Engineering, S.A.	148,360	17,557
Gri-Cel, S.A	10,435,174	2,574,683
Gripdan Invest, S.L	201,909	87,785
	<b>32,574,660</b>	<b>19,907,750</b>

Balances receivable and payable at 31 December 2018 and 2017 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	2014-2018
Value added tax	2015-2018
Personal income tax	2015-2018
Capital gains tax	2015-2018
Tax on Economic Activities	2015-2018
Social Security	2015-2018
Non-residents	2015-2018
Customs duties	2015-2018

There are no tax inspections opened in 2018.

(a) Income tax

The Company files consolidated tax returns with Instituto Grifols, S.A., Laboratorios Grifols, S.A., Diagnostic 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., Gri-Cel, S.A. and VCN Biosciencias, S.L.

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

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

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



## GRIFOLS, S.A.

## Notes to the Annual Accounts

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

	Euros	
	2018	2017
<i>Current tax</i>		
Present year	(39,754,655)	(32,066,557)
	<b>(39,754,655)</b>	<b>(32,066,557)</b>
<i>Deferred tax</i>		
Source and reversal of temporary differences		
Property, plant and equipment	(185,097)	(229,015)
Investments	89,262	(7,221)
Cost of reducing deferred tax assets recognised in prior years	170,561	(67,141)
Deductions generated	(4,187,460)	(3,232,988)
Deductions applied	621,300	1,044,945
Adjustment of deductions in prior years	278,670	(1,457,414)
Adjustment of deferred tax assets and liabilities	--	--
Tax provisions	--	--
	<b>(42,967,419)</b>	<b>(36,015,391)</b>

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

	Euros					
	Assets		Liabilities		Net	
	2018	2017	2018	2017	2018	2017
Property, plant and equipment	105,692	247,735	(1,653,677)	(1,818,326)	(1,547,985)	(1,570,591)
Grants		--	(37,516)	(41,088)	(37,516)	(41,088)
Restricted share unit retention plan	1,671,951	1,340,913	--	--	1,671,951	1,340,913
Group Financial Investments	961,527	961,526	--	--	961,527	961,526
Rights to tax deductions and credits	11,257,295	8,386,296	--	--	11,257,295	8,386,296
Total assets/liabilities	<b>13,996,465</b>	<b>10,936,470</b>	<b>(1,691,193)</b>	<b>(1,859,414)</b>	<b>12,305,272</b>	<b>9,077,056</b>

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:

## GRIFOLS, S.A.

## Notes to the Annual Accounts

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

	Euros	
	2018	2017
Deferred tax assets relating to temporary differences	2,739,170	727,111
Total assets	<b>2,739,170</b>	<b>727,111</b>
Deferred tax liabilities	1,691,193	1,684,327
Net	<b>1,047,977</b>	<b>(957,216)</b>

The commitments from the reversal of deferred tax related to provisions of investments in subsidiaries are not significant.

## (b) Value added tax

Since 1 January 2008, the Company has filed consolidated tax returns with Instituto Grifols, S.A., Laboratorios Grifols, S.A., Diagnostic Grifols, S.A., Grifols Movaco, S.A., Biomat, S.A., Grifols International, S.A., Grifols Engineering, S.A., Grifols Viajes, S.A., Gri-Cel, S.A. (since 2009), Gripdan Invest, S.L. (since 2016) and VCN Biosciencias, 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		
	2018		
	Cost	Accumulated depreciation	Net
Sew age 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
	<b>4,345,710</b>	<b>(1,637,036)</b>	<b>2,708,674</b>

  

Description	Euros		
	2017		
	Cost	Accumulated depreciation	Net
Sew age treatment	494,248	(316,805)	177,443
Water saving	311,022	(248,301)	62,721
Electricity saving	2,836,222	(799,457)	2,036,765
Waste management	125,726	(2,096)	123,630
	<b>3,767,218</b>	<b>(1,366,659)</b>	<b>2,400,559</b>

Environmental expenses amounts to Euros 163,155 in 2018 (Euros 151,120 in 2017).

## Notes to the Annual Accounts

(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 XI.

**(b) Related party transactions**

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

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 2018 the independent members of the Company's board of director's accrued Euros 925 thousand in their capacity as such (Euros 925 thousand in 2017). In 2018, Directors representing shareholders' interests received remuneration of Euros 1,610 thousand (Euros 1,881 thousand in 2017). 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 3,240 thousand and Euros 6,566 thousand, respectively (Euros 2,951 thousand and Euros 5,739 thousand in 2017). 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 fiscal year 2018, the Company has paid insurance premiums for civil liability of directors amounting to Euros 175 thousand (Euros 190 thousand in 2017).

**(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 XIII.

**(b) Supplies**

Details of other supplies used are as follows:

	<b>Euros</b>	
	<b>2018</b>	<b>2017</b>
<i>Other supplies used</i>		
Purchases of spare parts	3,620,670	3,020,202
Change in inventories	(1,042,936)	(550,630)
	<b>2,577,734</b>	<b>2,469,572</b>

## Notes to the Annual Accounts

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

## (c) Employee benefits expense and provisions

Details of employee benefits expense are as follows:

	Euros	
	2018	2017
<i>Employee benefits expense</i>		
Social Security payable by the Company	8,457,327	7,804,286
Defined contribution plan contributions	134,284	125,026
Other employee benefits expenses	2,514,225	2,002,684
Annual contributions	226,940	166,621
	<b>11,332,776</b>	<b>10,098,617</b>

**(25) Employee Information**

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

	Number	
	2018	2017
Technical area	98	84
Administration and other	462	440
General management	59	55
	<b>619</b>	<b>579</b>

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

	Number	
	2018	2017
Technical area	3	1
Administration and other	7	5
General management	--	1
	<b>10</b>	<b>7</b>

At 31 December 2018 and 2017 the distribution by gender of Company personnel and the members of the board of directors is as follows:

## GRIFOLS, S.A.

## Notes to the Annual Accounts

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

	Number			
	2018		2017	
	Female	Male	Female	Male
Technical area	90	16	84	14
Administration and other	155	328	149	310
General management	33	28	26	29
Directors	4	9	4	9
	<b>282</b>	<b>381</b>	<b>263</b>	<b>362</b>

**(26) Audit Fees**

KPMG Auditores, S.L. and Grant Thornton S.L. as co-auditors of the Company's annual accounts for 2018 have invoiced the Company expenses for professional services amounting to a total of Euros 75,635 during the year ended 31 December 2018 (a total of Euros 79,600 in 2017), 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 year ended 31 December 2018 and 2017:

	Euros	
	2018	2017
Audit services	968,700	1,300,790
Other assurance services	493,018	683,110
	<b>1,461,718</b>	<b>1,983,900</b>

The amounts in the above table include the total fees for services rendered in 2018 and 2017, irrespectively of the date of invoice.

During the year ended 31 December 2018 "Other assurance services" includes audit services for the PCAOB, semianual limited review services of the financial statements, and two reports of agreed-upon procedures by KPMG Auditores, S.L. to Grifols, S.A. During the year end 31 December 2017, included the audit services for the PCAOB, semianual limited review services of the financial statements, comfort letters related to Debt issuances and a report of agreed procedures provided by KPMG Auditores, S.L. to the Company. Grifols, S.A.

Other entities affiliated to KPMG International have invoiced the Company expenses for other assurance professional services amounting to Euros 25,000 during the year ended 31 December 2018 (Euros 73,000 during 2017).

**GRIFOLS, S.A.**  
**Details of intangible assets 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.)

	Computer software	<b>Total</b>
Cost at 1 January 2018	48,728,356	48,728,356
Additions	6,941,270	6,941,270
Disposals	--	--
Transfers	80,519	80,519
Irreversible impairment losses	--	--
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)
Disposals	--	--
Accumulated amortisation at 31 December 2018	(41,215,726)	(41,215,726)
<b>Carrying amount at 31 December 2018</b>	<b>14,534,419</b>	<b>14,534,419</b>

This appendix forms an integral part of note 5 to the annual accounts, in conjunction with which it should be read

**GRIFOLS, S.A.**  
**Details of intangible assets and movement**  
**for the year ended 31 December 2017**  
**(Expressed in Euros)**

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

	Computer software	<b>Total</b>
Cost at 1 January 2017	40,837,731	40,837,731
Additions	7,815,892	7,815,892
Disposals	--	--
Transfers	74,733	74,733
Irreversible impairment losses	--	--
Cost at 31 December 2017	48,728,356	48,728,356
Accumulated amortisation at 1 January 2017	(30,480,912)	(30,480,912)
Additions	(5,335,476)	(5,335,476)
Disposals	--	--
Accumulated amortisation at 31 December 2017	(35,816,388)	(35,816,388)
<b>Carrying amount at 31 December 2017</b>	<b>12,911,968</b>	<b>12,911,968</b>

This appendix forms an integral part of note 5 to the annual accounts, in conjunction with which it should be read

**GRIFOLS, S.A.**

**Details of Property, Plant and Equipment 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				<b>Total</b>
	Technical installations and machinery	Other installations, equipment and furniture	Under construction and advances	Other items	
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)
<b>Carrying amount at 31 December 2018</b>	<b>1,969,615</b>	<b>8,023,125</b>	<b>6,368,097</b>	<b>6,533,300</b>	<b>22,894,137</b>

This appendix forms an integral part of note 6 to the annual accounts, in conjunction with which it should be read.



**GRIFOLS, S.A.**

**Details of Property, Plant and Equipment and Movement  
for the year ended 31 December 2017**

**(Expressed in euros)**

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

	Euros				<b>Total</b>
	Technical installations and machinery	Other installations, equipment and furniture	Under construction and advances	Other items	
Cost at 1 January 2017	8,023,698	16,464,708	1,855,271	15,744,731	42,088,408
Additions	116,618	247,360	6,116,195	2,052,011	8,532,184
Disposals	--	(1,400)	--	(2,982)	(4,382)
Transfers	104,013	919,668	(433,584)	130,408	720,505
Cost at 31 December 2017	8,244,329	17,630,336	7,537,882	17,924,168	51,336,715
Accumulated depreciation at 1 January 2017	(6,325,987)	(10,880,573)	--	(10,668,815)	(27,875,375)
Additions	(515,946)	(1,276,894)	--	(2,478,141)	(4,270,981)
Disposals	--	1,403	--	2,981	4,384
Transfers	--	--	--	--	--
Accumulated depreciation at 31 December 2017	(6,841,933)	(12,156,064)	--	(13,143,975)	(32,141,972)
<b>Carrying amount at 31 December 2017</b>	<b>1,402,396</b>	<b>5,474,272</b>	<b>7,537,882</b>	<b>4,780,193</b>	<b>19,194,743</b>

This appendix forms an integral part of note 6 to the annual accounts, in conjunction with which it should be read.

**GRIFOLS, S.A.**

**Details of Investment Property and Movement  
for the year ended 31 December 2018**

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

	Euros			<b>Total</b>
	Land	Buildings and other installations	Investments in adaptation and advances	
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	7,465,344	79,515,286	6,631,896	93,612,526
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)
<b>Carrying amount at 31 December 2018</b>	<b>7,465,344</b>	<b>40,723,584</b>	<b>6,631,896</b>	<b>54,820,824</b>

This appendix forms an integral part of note 7 to the annual accounts, in conjunction with which it should be read.

**GRIFOLS, S.A.**

**Details of Investment Property and Movement  
for the year ended 31 December 2017**

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

	Euros			<b>Total</b>
	Land	Buildings and other installations	Investments in adaptation and advances	
Cost at 1 January 2017	5,296,480	68,413,415	13,480,667	87,190,562
Additions	2,168,864	248,724	3,200,675	5,618,263
Disposals	--	--	--	--
Transfers	--	2,932,844	(3,728,082)	(795,238)
Cost at 31 December 2017	7,465,344	71,594,983	12,953,260	92,013,587
Accumulated depreciation at 1 January 2017	--	(32,223,389)	--	(32,223,389)
Additions	--	(3,187,485)	--	(3,187,485)
Disposals	--	--	--	--
Transfers	--	--	--	--
Accumulated depreciation at 31 December 2017	0	(35,410,874)	0	(35,410,874)
<b>Carrying amount at 31 December 2017</b>	<b>7,465,344</b>	<b>36,184,109</b>	<b>12,953,260</b>	<b>56,602,713</b>

This appendix forms an integral part of note 7 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	--	--	--
Dividends receivable	--	--	--	--	--	--
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
<b>Total</b>	<b>1,595,049,342</b>	<b>1,595,049,342</b>	<b>1,595,049,342</b>	<b>112,167,081</b>	<b>112,167,081</b>	<b>112,167,081</b>
<b>Total financial assets</b>	<b>1,595,049,342</b>	<b>1,595,049,342</b>	<b>1,595,049,342</b>	<b>112,167,081</b>	<b>112,167,081</b>	<b>112,167,081</b>

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 2017  
(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	1,018,730,000	1,000,000,000	4,094,442	4,094,442	4,094,442
Variable rate loans	748,441,128	750,262,128	748,441,128	--	--	--
Dividends receivable	--	--	--	74,999,121	74,999,121	74,999,121
Loans, Tax effect	--	--	--	18,380,110	18,380,110	18,380,110
Deposits and guarantees	1,608,091	1,608,091	1,608,091	16,033	16,033	16,033
Other trade receivables	--	--	--	352,704	352,704	352,704
Trade receivables	--	--	--	20,490,659	20,490,659	20,490,659
Other receivables	--	--	--	117,449	117,449	117,449
<b>Total</b>	<b>1,750,049,219</b>	<b>1,770,600,219</b>	<b>1,750,049,219</b>	<b>118,450,518</b>	<b>118,450,518</b>	<b>118,450,518</b>
<b>Total financial assets</b>	<b>1,750,049,219</b>	<b>1,770,600,219</b>	<b>1,750,049,219</b>	<b>118,450,518</b>	<b>118,450,518</b>	<b>118,450,518</b>

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

APPENDIX V  
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.)

	<b>Euros</b>				
	Legal and statutory reserves	Differences on translation of capital to Euros	Voluntary reserves	Profit for the year	<b>Total</b>
Balance at 1 January 2018	23,920,741	3,020	358,657,857	341,327,404	723,909,022
Recognised income and expense	--	--	--	329,718,263	329,718,263
Net movement in treasury stock	--	--	--	--	--
Other movements	--	--	79,982,288	--	79,982,288
<i>Distribution of profit for 2017</i>					
Reserves	--	--	76,247,004	(76,247,004)	--
Preferred dividend	--	--	--	(2,614,251)	(2,614,251)
Interim dividend	--	--	--	(122,986,278)	(122,986,278)
Dividend	--	--	--	(139,479,871)	(139,479,871)
Balance at 31 December 2018	<b>23,920,741</b>	<b>3,020</b>	<b>514,887,149</b>	<b>329,718,263</b>	<b>868,529,173</b>

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

APPENDIX V  
GRIFOLS, S.A.

**Details of Reserves and Profit and movement  
for the year ended 31 December 2017  
(Expressed in Euros)**

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

	<b>Euros</b>				
	Legal and statutory reserves	Differences on translation of capital to Euros	Voluntary reserves	Profit for the year	<b>Total</b>
Balance at 1 January 2017	23,920,741	3,020	254,955,583	321,792,932	600,672,276
Recognised income and expense	--	--	--	341,327,404	341,327,404
Net movement in treasury stock	--	--	--	--	--
Other movements	--	--	91,742	--	91,742
<i>Distribution of profit for 2016</i>					
Reserves	--	--	103,610,532	(103,610,532)	--
Preferred dividend	--	--	--	(2,614,251)	(2,614,251)
Interim dividend	--	--	--	(122,908,351)	(122,908,351)
Dividend	--	--	--	(92,659,798)	(92,659,798)
Balance at 31 December 2017	<b>23,920,741</b>	<b>3,020</b>	<b>358,657,857</b>	<b>341,327,404</b>	<b>723,909,022</b>

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 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>Debts and payables</i>						
Fixed rate Bonds and other marketable securities	987,249,676	985,480,000	987,249,676	5,333,333	5,333,333	5,333,333
Variable rate Loans from group companies	1,512,716,087	1,512,716,087	1,512,716,087	--	--	--
Variable rate loans and borrowings	577,069,488	577,069,488	577,069,488	31,296,281	31,296,281	31,296,281
Fixed rate loans and borrowings	170,000,000	170,000,000	170,000,000			
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
Group companies and associates, current	--	--	--	39,766,089	39,766,089	39,766,089
<i>Trade and other payables</i>						
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
<b>Total</b>	<b>3,252,410,929</b>	<b>3,250,641,253</b>	<b>3,252,410,929</b>	<b>140,229,601</b>	<b>140,229,601</b>	<b>140,229,601</b>
<b>Total financial liabilities</b>	<b>3,252,410,929</b>	<b>3,250,641,253</b>	<b>3,252,410,929</b>	<b>140,229,601</b>	<b>140,229,601</b>	<b>140,229,601</b>

This appendix forms an integral part of note 19 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 2017  
(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>Debts and payables</i>						
Fix rate Bonds and other marketable securities	985,248,207	1,018,730,000	985,248,207	5,244,444	5,244,444	5,244,444
Variable rate Loans from group companies	1,790,682,269	1,790,682,269	1,790,682,269	--	--	--
Variable rate loans and borrowings	690,441,900	690,441,900	690,441,900	4,653,935	4,653,935	4,653,935
Finance lease payables	1,861,931	1,861,931	1,861,931	1,071,228	1,071,228	1,071,228
Other financial liabilities	1,747,596	1,747,596	1,747,596	6,600,232	6,600,232	6,600,232
Group companies and associates, current	--	--	--	19,907,750	19,907,750	19,907,750
<i>Trade and other payables</i>						
Suppliers	--	--	--	39,404,813	39,404,813	39,404,813
Suppliers, Group companies	--	--	--	5,290,662	5,290,662	5,290,662
Other payables	--	--	--	9,872,640	9,872,640	9,872,640
<b>Total</b>	<b>3,469,981,903</b>	<b>3,503,463,696</b>	<b>3,469,981,903</b>	<b>92,045,704</b>	<b>92,045,704</b>	<b>92,045,704</b>
<b>Total financial liabilities</b>	<b>3,469,981,903</b>	<b>3,503,463,696</b>	<b>3,469,981,903</b>	<b>92,045,704</b>	<b>92,045,704</b>	<b>92,045,704</b>

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.)

	<b>Euros</b>						
	<b>2018</b>						
	2019	2020	2021	2022	Subsequent years	Less current portion	<b>Total</b>
<i>Payables</i>							
Group companies and associates	39,766,089	--	--	--	1,512,716,087	(39,766,089)	1,512,716,087
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
<i>Trade and other payables</i>							
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)	--
<b>Total financial liabilities</b>	<b>140,229,600</b>	<b>73,110,320</b>	<b>82,772,181</b>	<b>363,565,376</b>	<b>2,732,963,052</b>	<b>(140,229,600)</b>	<b>3,252,410,929</b>

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 2017  
(Expressed in Euros)**

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

	<b>Euros</b>						
	<b>2017</b>						
	2018	2019	2020	2021	Subsequent years	Less current portion	<b>Total</b>
<i>Payables</i>							
Group companies and associates	19,907,750	--	--	--	1,790,682,269	(19,907,750)	1,790,682,269
Bonds and other marketable securities	5,244,444	--	--	--	985,248,207	(5,244,444)	985,248,207
Loans and borrowings	4,653,935	30,662,732	70,456,711	70,208,516	519,113,941	(4,653,935)	690,441,900
Finance lease payables	1,071,228	752,965	517,791	483,170	108,005	(1,071,228)	1,861,931
Other financial liabilities	6,600,232	993,926	753,670	--	--	(6,600,232)	1,747,596
<i>Trade and other payables</i>							
Suppliers	30,218,059	--	--	--	--	(30,218,059)	--
Suppliers, Group companies	5,290,662	--	--	--	--	(5,290,662)	--
Suppliers, related parties	9,186,754	--	--	--	--	(9,186,754)	--
Personnel	9,872,640	--	--	--	--	(9,872,640)	--
<b>Total financial liabilities</b>	<b>92,045,704</b>	<b>32,409,623</b>	<b>71,728,172</b>	<b>70,691,686</b>	<b>3,295,152,422</b>	<b>(92,045,704)</b>	<b>3,469,981,903</b>

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	Euros			
					Amount received	Total value	Carrying amount Current	Non-current
<b>Group</b>								
Cash pooling (note 19)	EUR	5,3685% (Group senior debt interest rate + 0,75%)		2025	--	1,512,716,087	--	1,512,716,087
<b>Unrelated parties</b>								
Senior Unsecured Notes	EUR	3.20%	26/04/2017	26/04/2025	1,000,000,000	987,249,676	--	987,249,676
Senior Debt. Tranche A	EUR	Euribor + 1,75%	31/01/2017	31/01/2023	607,000,000	599,564,465	28,118,722	571,445,743
European Investment Bank	EUR	2.02%	22/12/2017	22/12/2027	85,000,000	85,000,000	38,137	85,000,000
European Investment Bank	EUR	2.15%	25/09/2018	25/09/2028	85,000,000	85,000,000	481,136	85,000,000
Bankinter	EUR	2,25% (until 2018)	21/11/2014	30/09/2024	10,000,000	6,199,987	996,185	5,203,802
Banco Popular	EUR	Euribor + 2,3%	03/03/2015	04/03/2020	8,000,000	2,078,926	1,662,101	419,943
					795,000,000	777,843,378	31,296,281	747,069,488
					1,795,000,000	3,277,809,141	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.

**Main characteristics of payables for the year ended 31 December 2017**  
**(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	Euros			
					Amount received	Total value	Carrying amount Current	Non-current
<b>Group</b>								
Cash pooling (note 19)	EUR	4,6877% (Group senior debt interest rate + 0,75%)		2024	--	1,790,682,269	--	1,790,682,269
<b>Unrelated parties</b>								
Senior Unsecured Notes	EUR	3.20%	26/04/2017	26/04/2025	1,000,000,000	985,248,207	--	985,248,207
Senior Debt. Tranche A	EUR	Euribor + 1,75%	31/01/2017	31/01/2023	607,000,000	597,165,716	--	597,165,716
European Investment Bank	EUR	2.02%	22/12/2017	22/12/2027	85,000,000	85,000,000	--	85,000,000
Banca March	EUR	Euribor + 4%	10/07/2013	01/08/2018	6,500,000	1,298,962	1,298,962	--
Bankinter	EUR	2,25% (until 2018)	21/11/2014	30/09/2024	10,000,000	7,161,588	964,330	6,197,258
Banco Popular	EUR	Euribor + 2,3%	03/03/2015	04/03/2020	8,000,000	3,705,140	1,626,214	2,078,926
Credit facilities	EUR	1,25% - 2,8%		2018	43,050,000	619,711	619,711	--
					759,550,000	694,951,117	4,509,217	690,441,900
					1,759,550,000	3,470,881,593	4,509,217	3,466,372,376

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

APPENDIX IX  
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.)

	Income statement			Income and expense recognised in equity			Total
	Increases	Decreases	Net	Increases	Decreases	Net	
Income and expenses for the period			329,718,263	14,289	--	14,289	329,732,552
Income tax			(43,254,163)	(3,572)	--	(3,572)	(43,257,735)
Income tax, prior years			286,744				286,744
Profit before income tax			286,750,844	10,716	--	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	--	--	0	2,499,045
originating in prior years	1,534,566	3,650,273	(2,115,707)	--	--	--	(2,115,707)
<b>Tax loss</b>			<b>(156,533,419)</b>			<b>10,716</b>	<b>(156,522,703)</b>

**GRIFOLS, S.A.**

**Reconciliation between net income and expense for the year  
and the tax loss for the year ended 31 December 2017  
(Expressed in Euros)**

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

	Income statement			Income and expense recognised in equity			Total
	Increases	Decreases	Net	Increases	Decreases	Net	
Income and expenses for the period			341,327,404	14,289	--	14,289	341,341,693
Income tax			(34,728,489)	(3,573)	--	(3,573)	(34,732,062)
Income tax, prior years			(1,286,902)				(1,286,902)
Profit before income tax			305,312,013	10,716	--	10,716	305,322,729
Permanent differences							
Individual company	9,896,846	129,304,162	(119,407,316)	--	--	--	(119,407,316)
Tax consolidation adjustments	--	311,204,456	(311,204,456)	--	--	--	(311,204,456)
Temporary differences							
Individual company							
Unrecognised temporary differences (assets)							
originating in current year	297,448	23,265	274,183	(10,716)	--	(10,716)	263,467
originating in prior years	1,069,986	301,221	768,765	--	--	--	768,765
<b>Tax loss</b>			<b>(124,256,811)</b>			<b>--</b>	<b>(124,256,811)</b>

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.)

	<b>Euros</b>		
	Profit and loss	Equity	Total
Income and expenses for the period before tax	286,750,844	14,289	286,765,133
Tax at 25%	71,687,711	3,572	71,691,283
Non-taxable income			
Dividends from group companies	(97,613,353)	--	(97,613,353)
Dividends, double taxation (exemption)	(22,128,648)	--	(22,128,648)
Non-deductible expenses			
Donations	2,172,848	--	2,172,848
Provision for investments in group companies	6,652,092	--	6,652,092
Sanctions and fines	161	--	161
Tax-deductible expenses			
Deductions and credits for the current year	(4,187,460)	--	(4,187,460)
Prior years' adjustments	449,230	--	449,230
<b>Taxable income/(tax loss)</b>	<b>(42,967,419)</b>	<b>3,572</b>	<b>(42,963,847)</b>

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 2017  
(Expressed in Euros)**

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

	<b>Euros</b>		
	Profit and loss	Equity	Total
Income and expenses for the period before tax	305,312,013	10,716	305,322,729
Tax at 25%	76,328,003	2,679	76,330,682
Non-taxable income			
Dividends from group companies	(77,801,114)	--	(77,801,114)
Dividends, double taxation (exemption)	(32,326,041)	--	(32,326,041)
Non-deductible expenses			
Donations	2,298,647	--	2,298,647
Provision for investments in group companies	170,388	--	170,388
Sanctions and fines	5,177	--	5,177
Tax-deductible expenses			
Deductions and credits for the current year	(3,232,988)	--	(3,232,988)
Prior years' adjustments	(1,457,463)	--	(1,457,463)
<b>Taxable income/(tax loss)</b>	<b>(36,015,391)</b>	<b>2,679</b>	<b>(36,012,712)</b>

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 2018**  
**(Expressed in Euros)**

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

	<b>Euros</b>				
	Group companies	Associates	Directors	Other related parties	<b>Total</b>
<i>Non-current investments in Group companies</i>					
Loans to companies	1,593,426,692	--	--	--	1,593,426,692
Deposits and guarantees	614,313	--	--	831,996	1,446,309
<b>Total non-current assets</b>	<b>1,594,041,005</b>	<b>--</b>	<b>--</b>	<b>831,996</b>	<b>1,594,873,001</b>
<i>Trade and other receivables</i>					
Trade receivables – current	19,526,804	--	--	--	19,526,804
<i>Current investments in Group companies and associates</i>					
Loans to companies	91,209,026	--	--	--	91,209,026
<b>Total current assets</b>	<b>110,735,830</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>110,735,830</b>
<b>Total assets</b>	<b>1,704,776,835</b>	<b>--</b>	<b>--</b>	<b>831,996</b>	<b>1,705,608,831</b>
Non-current payables to Group companies	1,512,716,087	--	--	--	1,512,716,087
<b>Total non-current liabilities</b>	<b>1,512,716,087</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>1,512,716,087</b>
<i>Current payables to Group companies and associates</i>					
	39,766,089	--	--	--	39,766,089
<i>Trade and other payables (note 20)</i>					
Suppliers	--	--	--	7,531,508	7,531,508
Suppliers, Group companies and associates	8,032,244	--	--	--	8,032,244
<b>Total current liabilities</b>	<b>47,798,333</b>	<b>--</b>	<b>0</b>	<b>7,531,508</b>	<b>55,329,841</b>
<b>Total liabilities</b>	<b>1,560,514,420</b>	<b>--</b>	<b>0</b>	<b>7,531,508</b>	<b>1,568,045,928</b>

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 2017**  
**(Expressed in Euros)**

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

	<b>Euros</b>				
	Group companies	Associates	Directors	Other related parties	Total
<i>Non-current investments in Group companies</i>					
Loans to companies	1,748,441,128	--	--	--	1,748,441,128
Deposits and guarantees	614,313	--	--	831,996	1,446,309
<b>Total non-current assets</b>	<b>1,749,055,441</b>	<b>--</b>	<b>--</b>	<b>831,996</b>	<b>1,749,887,437</b>
<i>Trade and other receivables</i>					
Trade receivables – current	19,485,499	--	--	--	19,485,499
<i>Current investments in Group companies and associates</i>					
Loans to companies	97,323,068	150,605	--	--	97,473,673
<b>Total current assets</b>	<b>116,808,567</b>	<b>150,605</b>	<b>--</b>	<b>--</b>	<b>116,959,172</b>
<b>Total assets</b>	<b>1,865,864,008</b>	<b>150,605</b>	<b>--</b>	<b>831,996</b>	<b>1,866,846,609</b>
Non-current payables to Group companies	1,790,682,269	--	--	--	1,790,682,269
<b>Total non-current liabilities</b>	<b>1,790,682,269</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>1,790,682,269</b>
Current payables to Group companies and associates	19,907,750	--	--	--	19,907,750
<i>Trade and other payables (note 20)</i>					
Suppliers	--	--	462,500	8,997,018	9,459,518
Suppliers, Group companies and associates	5,290,662	--	--	--	5,290,662
<b>Total current liabilities</b>	<b>25,198,412</b>	<b>--</b>	<b>462,500</b>	<b>8,997,018</b>	<b>34,657,930</b>
<b>Total liabilities</b>	<b>1,815,880,681</b>	<b>--</b>	<b>462,500</b>	<b>8,997,018</b>	<b>1,825,340,199</b>

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.)

	<b>Euros</b>				<b>Total</b>
	Group companies	Key management personnel	Directors	Other related parties	
<i>Income</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
<b>Total income</b>	<b>647,280,993</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>647,280,993</b>
<i>Expenses</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	--	6,565,512	3,240,246	--	9,805,758
Finance costs	86,972,977	--	--	--	86,972,977
<b>Total expenses</b>	<b>102,285,272</b>	<b>6,565,512</b>	<b>5,775,246</b>	<b>10,595,124</b>	<b>125,221,154</b>
<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)
<b>Total investments</b>	<b>171,017</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>171,017</b>

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 2017  
(Expressed in Euros)**

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

	<b>Euros</b>				<b>Total</b>
	Group companies	Key management personnel	Directors	Other related parties	
<i>Income</i>					
Licencing income	15,437,827	--	--	--	15,437,827
Other services rendered	95,880,343	--	--	--	95,880,343
Finance income	39,070,699	--	--	--	39,070,699
Dividends	440,508,618	--	--	--	440,508,618
<b>Total income</b>	<b>590,897,487</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>590,897,487</b>
<i>Expenses</i>					
Operating lease expenses	3,581,195	--	--	5,425,609	9,006,804
Contributions to foundations	--	--	--	7,100,268	7,100,268
Other services received	11,612,938	--	2,806,000	939,585	15,358,523
Personnel expenses	--	5,738,519	2,845,872	--	8,584,391
Finance costs	77,098,571	--	--	--	77,098,571
<b>Total expenses</b>	<b>92,292,704</b>	<b>5,738,519</b>	<b>5,651,872</b>	<b>13,465,462</b>	<b>117,148,557</b>
<i>Investments</i>					
Cost of assets acquired					
Buildings and other installations	531,672	--	--	--	531,672
<b>Total investments</b>	<b>531,672</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>531,672</b>

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 2018 and 2017  
(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	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenue from the rendering of services	57,700,659	41,230,851	17,829,911	22,366,688	22,132,062	30,050,248	1,908,386	2,242,332	99,571,018	95,890,119
Licensing income	16,626,213	15,437,827	--	--	--	--	--	--	16,626,213	15,437,827
Finance income	4,940,904	3,978,074	47,177,975	35,092,625	--	--	--	--	52,118,879	39,070,699
Dividends	390,453,411	311,204,455	88,514,594	116,937,641	--	--	--	12,366,522	478,968,005	440,508,618
	<b>469,721,187</b>	<b>371,851,207</b>	<b>153,522,480</b>	<b>174,396,954</b>	<b>22,132,062</b>	<b>30,050,248</b>	<b>1,908,386</b>	<b>14,608,854</b>	<b>647,284,115</b>	<b>590,907,263</b>

This appendix forms an integral part of note 24 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 2017 and 2016  
(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	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenue from the rendering of services	41,230,851	43,495,642	22,366,688	22,096,415	30,050,248	25,997,309	2,242,332	2,611,407	95,890,119	94,200,773
Licencing income	15,437,827	15,067,748	--	--	--	--	--	--	15,437,827	15,067,748
Finance income	3,978,074	20,707,923	35,092,625	--	--	--	--	29,399	39,070,699	20,737,322
Dividends	311,204,455	127,795,046	116,937,641	256,493,977	--	--	12,366,522	4,417,352	440,508,618	388,706,375
	<b>371,851,207</b>	<b>207,066,359</b>	<b>174,396,954</b>	<b>278,590,392</b>	<b>30,050,248</b>	<b>25,997,309</b>	<b>14,608,854</b>	<b>7,058,158</b>	<b>590,907,263</b>	<b>518,712,218</b>

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

**APPENDIX XIV**  
**GRIFOLS, S.A.**  
**Statement of Interim Dividend Liquidity for 2018**  
**(Expressed in Euros)**

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

	<b>Thousands of Euros</b>
Forecast distributable profit for 2018:	
Projected profit after income tax to 31/12/2018	258.091.000
Less, provision required for legal reserve	--
	258.091.000
Estimated distributable profit for 2018	258.091.000
Interim dividend distributed	136.747.291
Forecast cash for the period from 26 October 2018 to 26 October 2019:	
Cash balances at 26 October 2018	--
Projected collections	572.263.000
Projected payments, including interim dividend	(544.112.000)
	28.151.000
Projected cash balances at 26 October 2019	28.151.000

This appendix forms an integral part of note 3 to the annual accounts, in conjunction with which it should be read.



**APPENDIX XIV**  
**GRIFOLS, S.A.**  
**Statement of Interim Dividend Liquidity for 2017**  
**(Expressed in Euros)**

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

	<b>Thousands of Euros</b>
Forecast distributable profit for 2017:	
Projected profit after income tax to 31/12/2017	273.472.000
Less, provision required for legal reserve	--
	273.472.000
Estimated distributable profit for 2017	273.472.000
Interim dividend distributed	122.986.278
Forecast cash for the period from 15 December 2017 to 15 December 2018:	
Cash balances at 15 December 2018	--
Projected collections	475.209.000
Projected payments, including interim dividend	(468.117.000)
	7.092.000
Projected cash balances at 15 December 2018	7.092.000

This appendix forms an integral part of note 3 to the annual accounts, in conjunction with which it should be read.





**GRIFOLS, S.A.**  
**Directors Report**

To the shareholders:

1. Business performance and position of the Company

Grifols, S.A. is a Spanish holding company specialized 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 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 authorization 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 2018, the Company has treasury stock of Euros 55,441,210, as described in note 16 to the accompanying annual accounts. Transactions involving treasury stock in 2018 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](http://www.grifols.es). It is also published Significant Events on the Spanish National Securities Market Commission (CNMV) website

# 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 22 February 2019, pursuant to the requirements of article 253.2 of 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 2018 to 31 December 2018. The annual accounts comprise the documents that precede this certification.

Victor Grifols Roura (signed) President – 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 Mardone (*) Board member	Anna Veiga Lluch (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	

(\*) Absent on a business trip, attended the meeting by conference call and did not express any disconformity with the documentation.