

Grifols, S.A.

Financial Statements
for the year ended
31 December 2021 and
Directors' Report, together with
Independent Auditor's Report

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To the Shareholders of Grifols, S.A.,

Report on the Financial Statements

Opinion

We have audited the financial statements of Grifols, S.A. (the Company), which comprise the balance sheet as at 31 December 2021, and the statement of profit or loss, statement of changes in equity, statement of cash flows and notes to the financial statements for the year then ended.

In our opinion, the accompanying financial statements present fairly, in all material respects, the equity and financial position of the Company as at 31 December 2021, and its results and its cash flows for the year then ended in accordance with the regulatory financial reporting framework applicable to the Company (identified in Note 2-a to the financial statements) and, in particular, with the accounting principles and rules contained therein.

Basis for Opinion

We conducted our audit in accordance with the audit regulations in force in Spain. Our responsibilities under those regulations are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those pertaining to independence, that are relevant to our audit of the financial statements in Spain pursuant to the audit regulations in force. In this regard, we have not provided any services other than those relating to the audit of financial statements and there have not been any situations or circumstances that, in accordance with the aforementioned audit regulations, might have affected the requisite independence in such a way as to compromise our independence.

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 our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Assessment of the recoverable amount of ownership interests in Group companies and associates

Description

As indicated in Note 12 to the accompanying financial statements, the Company has ownership interests in the share capital of Group companies and associates with a carrying amount of EUR 3,983 millions at 31 December 2021.

Each year the Company assesses whether there is any objective evidence of impairment of those ownership interests in Group companies and associates. For the investments for which there are indications of impairment, the Company estimates their recoverable amount on the basis of impairment tests prepared using discounted cash flow-based valuation techniques, in which it employs projections aligned with projected earnings, investments in non-assets current and investments in working capital, as well as other assumptions obtained from each investee's business plan. Also, a discount rate is determined on the basis of the general economic situation and of that of each investee in particular.

The preparation of the aforementioned impairment tests requires the Company's directors to make significant judgements and estimates.

Procedures applied in the audit

Our audit procedures to address this matter included, among others, the evaluation of the criteria used by the Company in the process to assess the existence of objective evidence of impairment of the ownership interests in Group companies and associates.

In addition, for the investments for which there were indications of impairment, we obtained and analysed the impairment tests carried out by the Company and verified their clerical accuracy, analysing, also, the consistency of the future cash flow projections considered in those tests with the most recent business plans prepared by each investee.

In addition, we evaluated the reasonableness of the key assumptions considered in the aforementioned tests (such as revenue growth, cost inflation and the discount rate), and performed a sensitivity analysis of those key assumptions and a review of their consistency with the actual data relating to the performance of the investments held on which the corresponding impairment tests was conducted.

Assessment of the recoverable amount of ownership interests in Group companies and associates

Description

As a result of the foregoing, and of the significance of the carrying amount of the aforementioned ownership interests in Group companies and associates, this matter was determined to be a key matter in our audit.

Procedures applied in the audit

We also involved our internal valuation experts in order to evaluate, mainly, the methodology employed by the Company in the impairment tests conducted, the discount and growth rates considered and the terminal value, expressed in perpetuity growth terms, of the projected future cash flows.

Lastly, we evaluated whether the disclosures included in Notes 4-h.ix and 12 to the accompanying financial statements in connection with this matter were in conformity with those required by the applicable regulatory reporting framework.

Other Matter

The financial statements of Grifols, S.A. for the year ended 31 December 2020 were audited by another auditor who expressed an unqualified opinion on those statements on 25 February 2021.

Other Information: Directors' Report

The other information comprises only the directors' report for 2021, the preparation of which is the responsibility of the Company's directors and which does not form part of the financial statements.

Our audit opinion on the financial statements does not cover the directors' report. Our responsibility relating to the directors' report, in accordance with the audit regulations in force, consists of:

- a) Solely checking that the non-financial information statement, certain information included in the Annual Corporate Governance Report and the Annual Director's Remuneration Report, to which the Spanish Audit Law refers, have been furnished as provided for in the applicable legislation and, if this is not the case, reporting this fact.

- b) Evaluating and reporting on whether the other information included in the directors' report is consistent with the financial statements, based on the knowledge of the entity obtained in the audit of those financial statements, as well as evaluating and reporting on whether the content and presentation of this section of the directors' report are in conformity with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report that fact.

Based on the work performed, as described above, we observed that the information described in section a) above was furnished as provided for in the applicable legislation and that the other information in the directors' report was consistent with that contained in the financial statements for 2021 and its content and presentation were in conformity with the applicable regulations.

Responsibilities of the Directors and of the Audit Committee for the Financial Statements

The directors are responsible for preparing the accompanying financial statements so that they present fairly the Company's equity, financial position and results in accordance with the regulatory financial reporting framework applicable to the Company in Spain, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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 process involved in the preparation and presentation of the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 the audit regulations in force 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 the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditor's report. This description, which is on pages 7 and 8 of this document, forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

European Single Electronic Format

We have examined the digital file in European Single Electronic Format (ESEF) of Grifols, S.A. for 2021, which comprises an XHTML file including the financial statements for 2020, which will form part of the annual financial report.

The directors of Grifols, S.A. are responsible for presenting the annual financial report for 2021 in accordance with the format requirements established in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 ("ESEF Regulation"). For these purposes, the Annual Corporate Governance Report and the Annual Directors' Remuneration Report were included for reference purposes in the directors' report.

Our responsibility is to examine the digital file prepared by the Company's directors, in accordance with the audit regulations in force in Spain. Those regulations require that we plan and perform our audit procedures in order to ascertain whether the content of the financial statements included in the aforementioned file corresponds in full to that of the financial statements that we have audited, and whether those financial statements were formatted, in all material respects, in accordance with the requirements established in the ESEF Regulation.

In our opinion, the digital file examined corresponds in full to the audited financial statements, and these are presented, in all material respects, in accordance with the requirements established in the ESEF Regulation.

Additional Report to the Audit Committee

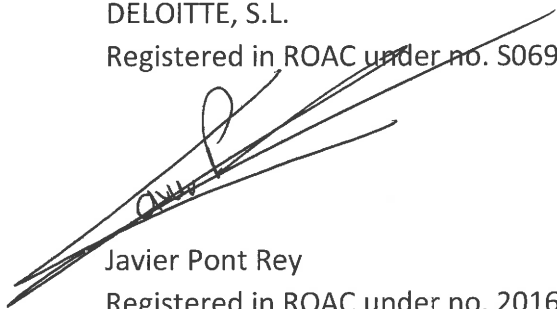
The opinion expressed in this report is consistent with the content of our additional report to the Company's audit committee dated 24 February 2022.

Engagement Period

The Annual General Meeting held on 21 May 2021 appointed us as auditors for a period of three years from the year ended 31 December 2021.

DELOITTE, S.L.

Registered in ROAC under no. S0692

A handwritten signature in black ink, appearing to read 'Javier Pont Rey', is written over a diagonal line that crosses the text of the DELOITTE, S.L. registration information.

Javier Pont Rey

Registered in ROAC under no. 20163

25 February 2022

Appendix to our auditor's report

Further to the information contained in our auditor's report, in this Appendix we include our responsibilities in relation to the audit of the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

As part of an audit in accordance with the audit regulations in force 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 financial statements, 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, but 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 use by the directors 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 financial statements 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the entity's audit committee 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 relevant ethical requirements, including those regarding independence, and we have communicated with it to report on all matters that may reasonably be thought to jeopardise our independence, and where applicable, on the related safeguards.

From the matters communicated with the entity's audit committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and 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.

GRIFOLS, S.A.

Annual Accounts
and Directors' Report for the year

31 December 2021

(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 2021

(Expressed in Thousands of 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>2021</i>	<i>2020</i>
Intangible assets	Note 5	22,129	20,231
Computer software		21,629	19,731
Advances		500	500
Property, plant and equipment	Note 6	38,443	39,958
Land and buildings		11,327	11,415
Technical installations, machinery, equipment, furniture and other items		20,666	22,476
Under construction and advances		6,450	6,067
Investment property	Note 7	72,474	69,055
Land		19,460	19,460
Buildings		41,092	42,200
Investments in adaptation and advances		11,922	7,395
Non-current investments in Group companies and associates		10,960,716	11,349,309
Equity instruments	Note 12	3,983,162	3,947,509
Loans to companies	Note 14	6,977,554	7,401,800
Non-current investments	Note 14	3,620	2,673
Equity instruments		--	1,121
Derivatives	Note 15	2,068	--
Other financial assets		1,552	1,552
Deferred tax assets	Note 22	10,477	18,130
Total non-current assets		11,107,859	11,499,356
Inventories		10,012	8,133
Raw materials and other short term supplies		10,012	8,133
Trade and other receivables	Note 14	91,817	70,662
Trade receivables – current		2,931	1,839
Trade receivables from Group companies and associates – current	Note 24	71,645	41,297
Other receivables		227	119
Personnel		280	208
Current tax assets	Note 22	358	11,967
Public entities, other	Note 22	16,376	15,232
Current investments in Group companies and associates	Note 14	261,483	164,476
Loans to group companies and associates		261,483	164,476
Current investments	Note 14	3,244	9,814
Derivatives	Note 15	3,238	--
Other financial assets		6	9,814
Prepayments for current assets	Note 16	15,688	10,276
Cash and cash equivalents		7,802	2,522
Cash		7,802	2,522
Total current assets		390,046	265,883
Total assets		11,497,905	11,765,239

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

GRIFOLS, S.A.
Balance Sheets
31 December 2021

(Expressed in Thousands of Euros)

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

<i>Equity and Liabilities</i>	<i>Note</i>	<i>2021</i>	<i>2020</i>
Capital and reserves	Note 17	2,549,924	3,064,014
Capital			
Registered capital		119,604	119,604
Share premium		910,728	910,728
Reserves			
Legal and statutory reserves		23,921	23,921
Other reserves		1,790,749	1,974,867
(Treasury stock and equity holdings)		(164,188)	(43,734)
Profit for the year		(140,728)	64,748
Other equity instruments		9,838	13,880
Valuation adjustments		53,018	52,195
Valuation adjustments available for sale		53,018	52,195
Grants, donations and bequests received		82	91
Total equity		2,603,024	3,116,300
Non-current payables	Note 20	3,918,331	4,102,784
Promissory notes		2,553,548	2,644,915
Loans and borrowings		1,363,205	1,456,023
Finance lease payables	Note 8	430	1,058
Other financial liabilities		1,148	788
Group companies and associates, non-current	Note 20	4,605,868	4,364,424
Deferred tax liabilities	Note 22	1,031	1,217
Total non-current liabilities		8,525,230	8,468,425
Current payables	Note 20	154,841	66,052
Promissory notes		110,638	13,103
Loans and borrowings		42,080	50,606
Finance lease payables	Note 8	710	1,056
Other financial liabilities		1,413	1,287
Group companies and associates, current	Note 20	42,584	43,289
Trade and other payables	Note 20	172,226	71,173
Current payables to suppliers		71,538	49,711
Suppliers, Group companies and associates, current	Note 24	15,624	12,402
Personnel (salaries payable)		12,547	6,153
Current tax liabilities	Note 22	68,986	--
Public entities, other	Note 22	3,531	2,907
Total current liabilities		369,651	180,514
Total equity and liabilities		11,497,905	11,765,239

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

GRIFOLS, S.A.
Statement of Profit and Loss for the year ended
31 December 2021

(Expressed in Thousands of Euros)

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

	Note	2021	2020
Revenues	Note 25	424,736	556,123
Services rendered		178,631	160,386
Finance income	Note 13 and 24	240,347	230,510
Dividends		5,758	165,227
Self-constructed assets		3,354	4,654
Supplies		(10,054)	(6,565)
Raw materials and consumables used	Note 25	(9,753)	(6,010)
Impairment of merchandise, raw materials and other supplies		(301)	(555)
Other operating income		7,149	6,014
Non-trading and other operating income		7,126	5,892
Operating grants taken to income		23	122
Personnel expenses		(76,265)	(67,165)
Salaries and wages		(62,846)	(54,229)
Employee benefits expense	Note 25	(13,387)	(12,853)
Provisions	Note 25	(32)	(83)
Other operating expenses		(181,853)	(169,789)
External services		(179,490)	(167,605)
Taxes		(283)	(593)
Other operating expenses		(2,080)	(1,591)
Amortisation and depreciation	Notes 5, 6 and 7	(15,028)	(13,621)
Non-financial and other capital grants		12	14
Impairment and losses on disposal of fixed assets		(40,188)	(7,246)
Impairment and losses	Note 12	(40,187)	(7,246)
Losses on disposals		(1)	--
Results from operating activities		111,863	302,419
Finance income		371	435
From marketable securities and other financial instruments			
Other third parties	Note 13	15	3
Capitalised borrowing costs	Note 6	356	432
Finance costs	Note 19	(291,437)	(275,338)
Group companies and associates	Note 24	(182,964)	(165,762)
Other third parties		(108,473)	(109,576)
Fair value adjustments in financial instruments		4,483	--
Fair value adjustments recognized in profit and loss	Note 15	5,306	--
Transfers of fair value adjustments recognized in equity		(823)	--
Exchange losses	Notes 14 and 20	(1,051)	4,748
Impairment and losses on disposal of financial instruments		555	--
Impairment and losses		555	--
Net finance cost		(287,079)	(270,155)
Profit before income tax		(175,216)	32,264
Income tax	Note 22	34,488	32,484
Profit for the year		(140,728)	64,748

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

GRIFOLS, S.A.
Statement of Profit and Loss for the year ended
31 December 2021

(Expressed in Thousands of Euros)

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

	2021	2020
Profit for the year	(140,728)	64,748
Income and expense recognised directly in equity		
From valuation of financial instruments		
Financial assets at fair value through equity	823	50,869
Total income and expense recognised directly in equity	823	50,869
Amounts transferred to the income statement		
Grants, donations and bequests	(12)	(14)
Tax effect	3	3
Total amounts transferred to the income statement	(9)	(11)
Total recognised income and expense	(139,914)	115,606

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 2021

B) Statement of Total Changes in Equity for the year ended
31 December 2021

(Expressed in Thousands of Euros)

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

	Registered capital	Share premium	Reserves	Treasury stock	Profit for the year	Interim dividend	Other equity instruments	Valuation adjustments available for sale	Grants, donations and bequests received	Total
Balance at 31 December 2020	119,604	910,728	1,998,788	(43,734)	64,748	--	13,880	52,195	91	3,116,300
Recognised income and expense	--	--	--	--	(140,728)	--	--	823	(9)	(139,914)
Transactions with shareholders or owners										
Net movement in treasury stock	--	--	--	(120,454)	--	--	--	--	--	(120,454)
Dividends	--	--	(247,520)	--	--	--	--	--	--	(247,520)
Restricted share plan (note 17)	--	--	1,268	--	--	--	(4,042)	--	--	(2,774)
Profit (losses) distribution										
Reserves	--	--	62,134	--	(62,134)	--	--	--	--	--
Dividends	--	--	--	--	(2,614)	--	--	--	--	(2,614)
Balance at 31 December 2021	119,604	910,728	1,814,670	(164,188)	(140,728)	--	9,838	53,018	82	2,603,024

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 2021

B) Statement of Total Changes in Equity for the year ended
31 December 2020

(Expressed in Thousands of Euros)

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

	Registered capital	Share premium	Reserves	Treasury stock	Profit for the year	Interim dividend	Other equity instruments	Valuation adjustments available for sale	Grants, donations and bequests received	Total
Balance at 31 December 2019	119,604	910,728	630,406	(49,584)	1,630,266	(136,828)	12,498	1,326	102	3,118,518
Recognised income and expense	--	--	--	--	64,748	--	--	50,869	(11)	115,606
Transactions with shareholders or owners										
Net movement in treasury stock	--	--	--	5,850	--	--	--	--	--	5,850
Restricted share plan (note 17)	--	--	1,483	--	--	--	1,382	--	--	2,865
Profit (losses) distribution										
Reserves	--	--	1,493,438	--	(1,493,438)	--	--	--	--	--
Dividends	--	--	(113,230)	--	(136,828)	136,828	--	--	--	(113,230)
Other movements	--	--	(13,309)	--	--	--	--	--	--	(13,309)
Balance at 31 December 2020	119,604	910,728	1,998,788	(43,734)	64,748	--	13,880	52,195	91	3,116,300

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

GRIFOLS, S.A.

Statements of Cash Flows
for the years ended
31 December 2021

(Expressed in Thousands of Euros)

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

	Note	2021	2020
<i>Cash flows from operating activities</i>			
Profit for the year before tax		(175,216)	32,264
Adjustments for:			
Dividend income	Note 25	(5,758)	(165,227)
Impairment	Note 12	40,187	2,334
Amortisation and depreciation	Notes 5,6 and 7	15,028	13,621
Finance income	Note 13 and 6	(240,718)	(230,942)
Finance costs	Note 19	291,437	274,822
Change in fair value of financial instruments		(4,483)	2,978
Other income and expenses		717	(6,809)
Translation differences		--	88
Changes in operating assets and liabilities			
Inventories		(1,879)	(779)
Trade and other receivables		(28,505)	(7,875)
Other current assets		(5,412)	10,587
Trade and other payables		23,065	(75,152)
Other cash flows from operating activities			
Interest paid		(277,757)	(263,492)
Dividends received	Note 25	5,758	165,227
Interest received		264,045	230,875
Income tax paid received		37,958	29,256
Cash flows from operating activities		(61,533)	11,776
<i>Cash flows from investing activities</i>			
Payments for investments			
Group companies and associates	Note 12	(48,748)	(83,299)
Intangible assets	Note 5	(7,854)	(8,419)
Property, plant and equipment	Note 6 and 7	(10,622)	(36,048)
Proceeds from sale of investments			
Group companies and associates		372,989	300,000
Property, plant and equipment		1	--
Other financial assets		1,676	1,965
Cash flows from investing activities		307,442	174,199
<i>Cash flows from financing activities</i>			
Proceeds from and payments for equity instruments			
Acquisition of own equity instruments	Note 17	(125,703)	--
Proceeds from and payments for financial liability instruments			
Proceeds			
Group companies and associates		241,445	--
Disposal			
Loans and borrowings		(105,233)	(9,333)
Group companies and associates		--	(59,993)
Other payables		(1,004)	(3,141)
Dividends and interest on other equity instruments paid			
Dividends	Note 3	(250,134)	(113,230)
Cash flows used in financing activities		(240,629)	(185,697)
Net increase/decrease in cash and cash equivalents		5,280	278
Cash and cash equivalents at beginning of year		2,522	2,244
Cash and cash equivalents at year end		7,802	2,522

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

GRIFOLS, S.A.**Notes to the Annual Accounts****31 December 2021**

(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 Vallès (Barcelona) and Parets del Vallès (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, associated and multi-group companies listed in Note 12 and the Appendix II. 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.

On 25 February 2022 the Company's board of directors authorised for issue the consolidated annual accounts of Grifols, S.A. and subsidiaries for 2021 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 182,803 thousand, total assets Euros 19,233,835 thousand and consolidated equity of Euros 8,147,035 thousand (Euros 618,546 thousand, Euros 15,274,776 thousand and Euros 6,720,055 thousand, respectively, in 2020).

(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 2021 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 2021 and results of operations, changes in equity, and cash flows for the year then ended.

The directors consider that the annual accounts for 2021, authorised for issue on 25 February 2022, 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 2021 include comparative figures for 2020, which formed part of the annual accounts approved by the shareholders at the annual general meeting held on 21 May 2021.

From 1 January 2021 the Company applied the new criteria of classification and valuation of financial instruments approved in RD 1/2021. These new criteria are disclosed in Note 13 and represent a change with respect to those applied in previous years. Following the regulation in section 6 of the second transitory provision, the Company has decided to apply the new criteria prospectively, considering the facts and circumstances that existed as of January 2021.

GRIFOLS, S.A.**Notes to the Annual Accounts****31 December 2021**

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

As of 1 January 2021, the financial assets, which amounted to Euros 11,569,735 thousand, were classified according to the new criteria:

- Investments in equity instruments of group companies and associates amounting to Euros 3,947,509 thousand have been classified as financial assets at cost.
- Non-current financial investments amounting to Euros 1,121 thousand have been classified as financial assets at fair value through profit or loss.
- The remaining financial assets amounting to Euros 7,621,105 thousand have been classified at amortised cost.

As of 1 January 2021, all the financial liabilities amounting to Euros 8,644,815 thousand have been classified as financial liabilities at amortised cost.

(c) Functional and presentation currency

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

(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:

(i) Relevant accounting estimates and assumptions

The Company tests investments in Group companies for impairment when there are signs that the book value is lower than the recoverable value, understood as the higher amount between the fair value less costs of sales and usage value. The determination of the recoverable value implies the use of 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. The fifth-year cash flows are extrapolated using individual growth rates. The key assumptions employed 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 2021, 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.

GRIFOLS, S.A.

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

(3) Distribution of Profit

The distribution of profit and reserves of the Company for the year ended 31 December 2020, approved by the shareholders at their annual general meeting held on 21 May 2021, is as follows:

	Thousand Euros
Basis of allocation	
Profit for the year	64,748
Voluntary reserves	247,520
	<u>312,268</u>
Distribution	
Voluntary reserve	62,134
Mandatory preferred dividend on Class B	2,614
Dividends	247,520
	<u>312,268</u>

At the general meeting held on 21 May 2021, 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 thousand. Additionally, it was approved a dividend of Euros 0.36 for every Class A and Class B shares from voluntary retained earnings for a total amount of Euros 247,520 thousand.

At the general meeting held on 9 October 2020, 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 thousand.

The proposed distribution of losses for the year ended 31 December 2021 to be submitted to the shareholders for approval at their annual general meeting is as follows:

	Thousand Euros
Basis of allocation	
Losses for the year	(140,728)
Distribution	
Voluntary reserve	(140,728)

At 31 December 2021 and 2020 non-distributable reserves are as follows:

	Thousand Euros	
	2021	2020
Non-distributable reserves		
Legal reserve	23,921	23,921
Other	3	3
	<u>23,924</u>	<u>23,924</u>

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

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(4) Significant Accounting Policies

(a) 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.

(b) 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.

(c) 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.

(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 on the income statement when incurred.

(i) Computer software

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

(ii) Subsequent costs

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

(iii) Useful life and amortisation rates

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

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

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

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

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

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

(iv) Impairment losses

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

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(d) Property, plant and equipment

(i) Initial recognition

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

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

(ii) Property, plant and equipment swap

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

The fair value of the asset received should be recognized by reference to the fair value of the asset delivered except in those transactions in which the fair value of the asset received can be determined with greater reliability.

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

(iii) Depreciation

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

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

	Depreciation method	Rates %
Buildings	Straight-line	2
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.

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(iv) Subsequent costs

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

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

(v) Impairment

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

(e) Investment property

The Company classifies property leased to its subsidiaries under this caption.

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

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

Investment property is depreciated applying the following policies:

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

(f) 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.

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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.

(g) 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 (d) and (e) (Property, plant and equipment or Investment Property).

- *Operating leases*

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

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

(h) Financial instruments

(i) Classification of financial instruments

Financial instruments are classified at the time of their initial recognition as a financial asset, a financial liability or an equity instrument, in accordance with the economic substance of the contractual agreement and with the definitions of financial assets, financial liabilities or equity instruments.

For valuation purposes, the Company classifies financial instruments in the following categories: financial assets and liabilities valued at amortised cost; financial assets and liabilities at fair value through profit or loss, by considering separately those initially designated from those held for trading and those compulsorily valued at fair value through profit or loss; financial assets measured at fair value through equity, by considering separately the equity instruments designated as such from the rest of the financial assets; and financial assets valued at cost.

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The Company classifies a financial asset at amortised cost if it is held in the framework of a business model whose objective is to hold financial assets to obtain contractual cash flows and the contractual terms of the financial asset give rise, on specified dates, to cash flows which are only principal and interest payments on the outstanding principal amount (OPIP).

The Company classifies as a financial asset at fair value through equity those financial assets whose contractual conditions, on specified dates, result in cash flows that are solely receipts of principal and interests on the outstanding principal amount, and they are not held for trading nor classified in the previous category. In this category are also included the investments in equity instruments designated irrevocably by the Company at the time of its initial recognition, as far as they are not held for trading and should not be valued at cost.

The Company classifies as a financial asset at fair value through profit or loss those financial assets held for trading and those financial assets that have not been classified in any of the previous categories. In this category are also included the financial assets that the Company optionally designates at the time of the initial recognition, which otherwise would have been included in another category, as such designation eliminates or significantly reduces a valuation inconsistency or accounting asymmetry.

The Company classifies a financial asset at cost when it is an (i) investment in the equity of group, multigroup and associates (ii) participating loans with contingent interests, either because a fixed or conditional variable interest rate is conditioned to the fulfilment of a milestone in the borrowing company, or because they are calculated exclusively with respect to the evolution of the activity of the aforementioned company.

The Company classifies its financial liabilities at amortised cost.

(ii) Valuation

At the time of initial recognition, the Company values a financial asset at its fair value plus, in the case of a financial asset that is not at fair value through profit or loss, the costs of the transaction that are directly attributable to the acquisition. The transaction costs of financial assets at fair value through profit or loss are taken to results. In order to determine the fair value of financial assets or liabilities, the Company uses market data as much as possible. Based on the factors used for the measurement, the fair values are hierarchized based on the following factors:

- (a) Quoted prices (unadjusted) within current markets for assets or liabilities identical to those under consideration.
- (b) Factors other than the prices considered above that come directly from the asset or liability in question, such as those that may derive directly from the price, or
- (c) Factors not based on data directly from the market.

In the event that the factors used to determine the fair value of an asset or liability are included in different levels of hierarchy, the fair value will be determined in its entirety based on the significant component located at the lowest level of hierarchy.

(iii) 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.

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

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

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After initial recognition, they are recognized at fair value through profit or loss. Changes in the fair value include the component of interest and dividends. The fair value is not reduced by the transaction costs that may be incurred by their eventual sale or disposal by other means.

(v) Financial assets and liabilities at amortised cost

Financial assets and financial liabilities at amortised cost are initially recognized at their fair value, including the transaction costs incurred, and are subsequently measured at amortised cost, using the effective interest method.

(vi) 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 at fair value through profit or loss, unless it is designated at fair value through equity and it is valued as such from the date of reclassification, recognizing any difference in the profit or loss or in equity, respectively.

In non-monetary business contributions to other group companies, including investments in group companies, the equity investments received are valued at the date the operation is carried out, for the amount representing the percentage of participation equivalent to the book value of the net assets of the investment contributed in the consolidated financial statements of the largest group whose parent company is Spanish according to the Standards for the Formulation of Consolidated Annual Accounts, plus transaction costs. Any difference between the book value of the investments received and the book value of the equity elements delivered (or the investment contributed), is recognized in reserves.

The Company recognizes the amount contributed in a capital increase, including the preferential subscription rights acquired, as a higher value of the equity instruments.

However, when the Company does not contribute proportionally to its stake in the issuer, it recognizes the difference as a donation expense.

If the Company receives an asset or group of assets other than cash, the swap criteria previously indicated for non-monetary contributions are applied.

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(vii) Reclassifications of financial instruments

The Company reclassifies a financial asset when the business model for its management is modified or when it meets or no longer meets the aforementioned classification criteria. The Company does not reclassify financial liabilities.

(viii) Derecognition of financial assets

The Company applies the criteria for the derecognition of financial assets to a part of a financial asset or to a part of a group of similar financial assets or to a financial asset or a group of similar financial assets.

Financial assets are derecognized when the rights to receive cash flows related to them have expired or have been transferred and the Company has substantially transferred the risks and rewards derived from their ownership.

(ix) 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.

Impairment of financial assets valued at amortised cost

The loss due to an impairment of financial assets valued at amortised cost is the difference between the book value of the financial asset and the present value of the estimated future cash flows. However, the Company uses the financial assets market value, as long as it is reliable enough to be considered representative of the value to be recovered.

The impairment loss is recognized with charge to profit or loss and it is reversible in subsequent years, if the decrease can be objectively related to an event subsequent to its recognition. However, the reversal of the loss is limited to the amortised cost that the assets had, if the loss due to the impairment in value had not been recorded.

The Company directly reduces the carrying amount of a financial asset when it does not have reasonable expectations of full or partial recovery.

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.

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(x) Derecognition and modifications of financial liabilities

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

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

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

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.

However, the Company may designate the financial guarantee to be measured at fair value through profit or loss.

(xi) 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.

(i) Hedge accounting

Derivative financial instruments are initially recognized following the criteria set forth above for financial assets and liabilities. Derivative financial instruments that do not meet the hedge accounting criteria are classified and valued as financial assets or liabilities at fair value through profit or loss.

(j) Own equity instruments held by the Company

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

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

(k) Inventories

(i) General

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

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

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(ii) Emission allowances

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

(l) Cash and cash equivalents

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

(m) Grants

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

Grants that are given to finance specific expenses are recognised as income in the same year as the finance cost is accrued.

(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.

(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.

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(p) Revenue

(i) 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.

(ii) Interests and dividends

The Company recognizes interests and dividends on financial assets accrued after the acquisition date as income in the profit or loss.

The Company recognizes interests on financial assets valued at amortised cost using the effective interest method and dividends when the Company is entitled to receive them.

In the initial valuation of financial assets, the Company records separately, based on their maturity, the amount of explicit interest accrued and not due at that time, as well as the amount of dividends agreed by the competent authority at the time of the acquisition. As a result, these amounts are not recognized as income in the profit or loss.

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 the acquisition have been distributed, the carrying amount of the investment is reduced. This criterion is applied regardless of the valuation criterion used for the equity instruments, so for equity instruments valued at fair value, the value of the investment is also reduced and an increase in subsequent value in the profit and loss account or in equity is recognized, based on the instruments classification.

The Company recognizes the dividends received by the delivery of an equity element or group of equity elements other than cash, in accordance with the previously indicated criteria. However, if the dividend is received as a business of a group company, the criteria indicated in BOICAC 85 should be applied.

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

(q) Income tax

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

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

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

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

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

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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.

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 under payable to Group companies.

The amount of the debt relating to the subsidiaries is recognised as receivables from Group companies.

(i) Deferred Tax liabilities

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

(ii) Deferred Tax assets

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

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

(iii) Measurement

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

(iv) Offset and classification

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

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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 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 (d) Property, plant and equipment.

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(u) Transactions between Group companies

Transactions between Group companies, except those related to mergers, spin-offs and non-cash business 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-monetary 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

Details of intangible assets and movement are as follows:

	Thousand Euros			
	Other items	Computer software	Prepayments	Total
2021				
Cost at 1 January 2021	2,977	71,084	500	74,561
Additions	--	7,854	--	7,854
Transfers	--	77	--	77
Cost at 31 December 2021	2,977	79,015	500	82,492
Accumulated amortisation at 1 January 2021	--	(51,353)	--	(51,353)
Amortisations	--	(6,033)	--	(6,033)
Accumulated amortisation at 31 December 2021	--	(57,386)	--	(57,386)
Accumulated impairment at 1 January 2021	(2,977)	--	--	(2,977)
Impairment	--	--	--	--
Accumulated impairment at 31 December 2021	(2,977)	--	--	(2,977)
Carrying amount at 31 december 2021	--	21,629	500	22,129

	Thousand Euros			
	Other items	Computer software	Prepayments	Total
2020				
Cost at 1 January 2020	--	62,537	500	63,037
Additions	2,977	8,418	--	11,395
Transfers	--	129	--	129
Cost at 31 December 2020	2,977	71,084	500	74,561
Accumulated amortisation at 1 January 2020	--	(46,111)	--	(46,111)
Amortisations	--	(5,242)	--	(5,242)
Accumulated amortisation at 31 December 2020	--	(51,353)	--	(51,353)
Accumulated impairment at 1 January 2020	--	--	--	--
Impairment	(2,977)	--	--	(2,977)
Accumulated impairment at 31 December 2020	(2,977)	--	--	(2,977)
Carrying amount at 31 december 2020	--	19,731	500	20,231

GRIFOLS, S.A.

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a) Fully amortised assets

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

	Thousand Euros	
	2021	2020
Computer software	50,593	41,244

Fully amortised computer software in use at 31 December 2021 and 2020 mainly reflects computer licences.

(6) Property, Plant and Equipment

Details of property, plant and equipment and movement are provided in Appendix I.

(a) Capitalised borrowing costs

During 2021 the Company has capitalised borrowing costs in investments in progress amounting to Euros 356 thousand (Euros 432 thousand in 2020) (see Note 4 (c)).

(b) Fully depreciated assets

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

	Thousand Euros	
	2021	2020
Technical installations and machinery	6,127	6,100
Other installations, equipment and furniture	12,207	10,309
Other property, plant and equipment	15,317	12,620
	33,651	29,029

(c) Insurance

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

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

(7) Investment Property

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

	Thousand Euros			Total
	Land	Buildings and other installations	Investments in adaption and advances	
2021				
Cost at 1 January 2021	19,460	87,699	7,395	114,554
Additions	–	535	6,237	6,772
Disposals	–	(20)	–	(20)
Transfers	–	1,348	(1,710)	(362)
Cost at 31 December 2021	19,460	89,562	11,922	120,944
Accumulated amortisation at 1 January 2021	–	(45,499)	–	(45,499)
Amortisations	–	(2,991)	–	(2,991)
Disposals	–	20	–	20
Accumulated amortisation at 31 December 2021	–	(48,470)	–	(48,470)
Carrying amount at 31 December 2021	19,460	41,092	11,922	72,474

	Thousand Euros			Total
	Land	Buildings and other installations	Investments in adaption and advances	
2020				
Cost at 1 January 2020	7,465	83,449	10,268	101,182
Additions	7,777	179	5,883	13,839
Disposals	–	(190)	–	(190)
Transfers	4,218	4,261	(8,756)	(277)
Cost at 31 December 2020	19,460	87,699	7,395	114,554
Accumulated amortisation at 1 January 2020	–	(42,279)	–	(42,279)
Amortisations	–	(3,220)	–	(3,220)
Accumulated amortisation at 31 December 2020	–	(45,499)	–	(45,499)
Carrying amount at 31 december 2020	19,460	42,200	7,395	69,055

(a) General

At 31 December 2021 and 2020 additions comprise the investments incurred to expand the Company's facilities and the acquisition of a plot of land in Lliçà de Vall.

(b) Fully depreciated assets

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

	Thousand Euros	
	2021	2020
Buildings	1,032	1,032
Other installations	30,574	23,704
	31,606	24,736

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(c) Income and expenses from investment property

The Company assigns the use of the premises and installations that it owns and leases from third parties to its Spanish subsidiaries as indicated in Notes 9, 10 and 24.

(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:

	Thousand Euros		Total
	Land	Other property, plant and equipment	
<i>Initially recognised at:</i>			
Fair value	381	3,212	3,593
Accumulated depreciation	(26)	(2,746)	(2,772)
Carrying amount at 31 December 2021	355	466	821
<i>Initially recognised at:</i>			
Fair value	381	3,735	4,116
Accumulated depreciation	(18)	(2,438)	(2,456)
Carrying amount at 31 December 2020	363	1,297	1,660

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

	Thousand Euros	
	2021	2020
Future minimum payments	1,160	2,158
Unaccrued finance costs	(20)	(44)
Present value	1,140	2,114

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

	Thousand Euros			
	2021		2020	
	Minimum payments	Present value	Minimum payments	Present value
Less than one year	725	710	1,085	1,056
One to five years	435	430	1,073	1,058
	1,160	1,140	2,158	2,114
Less current portion	(725)	(710)	(1,085)	(1,056)
Total non-current	435	430	1,073	1,058

(9) Operating Leases - Lessee

At 31 December 2021 and 2020, the Company has contracted various office premises and a plot of land under operating leases from third parties and one related party.

The most significant lease contracts are as follows:

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

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

Contract with a group company for industrial buildings located in Parets del Vallès (Barcelona) (P4)

This contract is valid until 10th May 2026 and it is of compulsory compliance, with five-year tacit renewals, unless either of the parties cancels the contract giving notice of 6 months in advance after fulfilling the compulsory period.

Contract with a group company for the plot in Parets del Vallès (Barcelona) where the construction of buildings P12 and P13 is located

This contract is valid until 10th May 2026 and it is of compulsory compliance, with five-year tacit renewals, unless either of the parties cancels the contract giving notice of 6 months in advance after fulfilling the compulsory period.

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

	Thousand Euros	
	2021	2020
Lease payments (recognised as an expense)	9,763	9,875

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

	Thousand Euros	
	2021	2020
Less than one year	9,867	7,345
One to five years	32,646	20,024
Over five years	63,951	68,422
	106,464	95,791

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

(10) Assignment for Use of Premises and Installations

As described in Note 7 (c), Note 9 and Note 24, the Company assigns the use of the premises and installations that it owns and leases from third parties to its Spanish subsidiaries.

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

Contracts signed with its subsidiaries are renewed automatically on an annual basis and can be cancelled at any time with three months' prior notice. The minimum non-cancellable amount receivable totals Euros 6,481 thousand at 31 December 2021 (Euros 5,608 thousand in 2020).

(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 potentially 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

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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.

Market risk

Market risk is the risk that changes in market prices, for example, exchange rates, interest rates or the prices of equity instruments, affect the Company's subsidiaries revenues or the value of the financial instruments that the Company holds. The objective of managing market risk is to manage and control the Company and its subsidiaries exposure to this risk within reasonable parameters at the same time as optimizing returns.

(i) Market risk

The Company is not exposed to market risks associated with non-financial assets. Even though, the Group is exposed to the price risk affecting raw materials, that is mitigated by the vertical integration of the hemoderivatives business in a highly-concentrated industry.

(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 assets and liabilities denominated in foreign currency, as well as transactions denominated in foreign currency are presented in the Notes 14 and 20.

At 31 December 2021 had the US Dollar weakened by 10% against the Euro, with the other variables remaining constant, post-tax profit would have been Euros 1,406 thousand higher, mainly as a result of converting payables to Group companies (Euros 783 thousand lower at 31 December 2020).

(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.

Regarding the Company's subsidiaries, credit risk is the risk in the event that a customer or counterparty to a financial instrument fails to discharge a contractual obligation, and mainly results from trade receivables and investments in financial assets. At 31 December 2021 the impairment of those assets has not been significant.

(iv) Liquidity risk

Liquidity risk is the risk to not meet the financial obligations as they fall due. Management approach to managing liquidity is to ensure where possible, that the Company always has sufficient liquidity to settle its obligations at the maturity date, both in normal conditions and in times of tension, to avoid incurring unacceptable losses or tarnishing the Group's reputation.

Management manages liquidity risk on a prudent basis, based on availability of cash and sufficient committed unused long-term credit facilities, enabling the Group to implement its business plans and carry out operations using stable and secure sources of financing.

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As explained in Note 12, the Group completed the issuance of two bonds for an amount of Euros 1,400 million and US Dollars 705 million. In 2020, the Group concluded the upside of the multi-currency revolving credit facility from US Dollars 500 million to 1,000 million with maturity in November 2025.

As in previous years, the Group continues with its quarterly program for optimization of working capital, which is mainly based on contracts to sell receivables without recourse.

Details of financial liabilities by contractual maturity date are provided in Notes 14 and 20 (e).

(v) Cash flow and fair value interest rate risks

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

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

At 31 December 2021, had interest rates been 10 basis points higher/lower, with the other variables remaining constant, post-tax profit would have been Euros 1,012 thousand lower/higher, mainly because of higher borrowing costs on variable interest debt (Euros 932 thousand at 31 December 2020).

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

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

	Thousand Euros	
	2021	2020
	Non-current	Non-current
<i>Group companies and Associates</i>		
Equity investments	4,042,550	3,970,502
Impairment	(59,388)	(22,993)
Total	3,983,162	3,947,509

During 2021 the following main changes to Company investments in equity instruments took place:

- In 2015, for the annual bonus of certain eligible employees, the Group set up a Restricted Share Unit Retention Plan (hereinafter RSU plan) (see Note 17). In 2021 the bonuses accrued in the RSU plan during the period were recognised as an investment by the Company in those subsidiaries with employees adhering to this plan, as it is considered as a contribution from the shareholder totalling Euros 2,367 thousand.
- Grifols, S.A. has taken a total of 1 stake of Grifols Viajes, S.A., Grifols, S.A. makes a capital contribution and disburses a monetary contribution of Euros 1 million.

GRIFOLS, S.A.**Notes to the Annual Accounts****31 December 2021**

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- A monetary contribution of Euros 15 million was approved at the general shareholders' meeting of Laboratorios Grifols, S.A. This contribution was made by Grifols, S.A., the shareholder holding 99.99% of the shares in which the Company's share capital was divided at the date of the adoption of the agreement.
- The investment in Grifols Argentina S.A. has been increased by Euros 4,449 thousand, as a result of a debt relief of financial liabilities that the subsidiary held with Grifols, S.A.
- The investment in Grifols Brasil Ltda. has been increased by Euros 20,439 thousand, as a result of a debt relief of financial liabilities that the subsidiary held with Grifols, S.A.
- On 20 April 2021, Grifols, S.A. and the National Service Projects Organization made a capital contribution for the constitution of Grifols Egypt for Plasma Derivatives S.A.E. which amounted to US Dollars 30,000 thousand. Grifols, S.A. contribution was US Dollars 14,700 thousand (Euros 12,154 thousand), obtaining 49% stake of the total share capital. On 16 July 2021, an additional capital increase of US Dollars 45,000 thousand was made, of which Grifols, S.A. contributed in US Dollars 22,050 thousand (Euros 18,300 thousand).

Both shareholders committed to contribute in future capital increases based on their ownership, until the subsidiary has a share capital of US Dollars 300,000 thousand. These increases will be done as far as the subsidiary requires it and with the approval of the shareholders.

- On 24 August 2021, the subsidiary Grifols Switzerland AG was liquidated. Consequently, Grifols S.A. disposed the investment and the related provision, which amounted to Euros 4,015 thousand and Euros 3,846 thousand, respectively.
- On 26 August 2021, Grifols, S.A. acquired the company Grifols Escrow Issuer, S.A. (formerly Tenser Trade, S.A.) with a share capital amounting to Euros 60 thousand in order to make the acquisition of the entire share capital of Tiancheng (Germany) Pharmaceutical Holdings AG worth Euros 1,100 million, which holds 89.88% of the ordinary shares of Biotest AG and 1.08% of the preferred shares. In addition, it will finance the voluntary tender offer for the remaining ordinary and preferred shares of Biotest AG. On the date of approval of these annual accounts, the transaction is subject to regulatory approvals and conditions.

On 5 October 2021, the subsidiary closed the issuance of a senior unsecured corporate bond (Senior Unsecured Notes) in two tranches of Euros 1,400 million and US Dollars 705 million with maturity in 2028. The bonds are guaranteed by Grifols, S.A. and other group companies.

- In 2021, it has been registered an impairment of the investment in Grifols Brasil Ltda amounting Euros 19,201 thousand, Laboratorios Grifols, S.A. amounting Euros 23,185 thousand, and Grifols Viajes, S.A. amounting Euros 325 thousand, and a reversal of impairment in Grifols Nordic AB amounting 2,470 thousand.

During 2020 the following main changes to Company investments in equity instruments took place:

- In 2015, for the annual bonus of certain eligible employees, the Group set up a Restricted Share Unit Retention Plan (hereinafter RSU plan) (see Note 17). In 2020 the bonuses accrued in the RSU plan during the period were recognised as an investment by the Company in those subsidiaries with employees adhering to this plan, as it is considered as a contribution from the shareholder totalling Euros 5,673 thousand.
- Grifols, S.A. has taken a total of 9 stakes of Kiro Grifols, S.L. Grifols, S.A. makes a capital contribution and disburses a monetary contribution of Euros 9 million.

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- A monetary contribution of Euros 17 million was approved at the general shareholders' meeting of Laboratorios Grifols, S.A. This contribution was made by Grifols, S.A., the shareholder holding 99.99% of the shares in which the Company's share capital was divided at the date of the adoption of the agreement.
- Grifols Worldwide Operations, Ltd. made a distribution in kind to the Company for an amount of Euros 300 million, that has been registered as lower value of the investment.
- Grifols Canada Ltd transferred 100% of its shares from Grifols Therapeutics LLC to Grifols Shared North America, Inc., and from this one to Grifols, S.A. This transaction took place on 1 December 2020, and they have been valued at consolidated value for an amount of Euros 1,081 thousand.
- Grifols, S.A. has done a capital contribution of Euros 19,711,278 to GC2, Inc.
- On 30 March 2020, the shares exchange agreement has been closed and Grifols has received Shanghai RAAS Blood Products Co.Ltd. (hereinafter SRAAS) shares corresponding to 26.2% of its share capital in exchange of 45% of Grifols Diagnostic Solutions Inc. (hereinafter GDS). Thus, Grifols becomes the largest shareholder of SRAAS, while maintaining operational, political and economic control of GDS.

Consequently, the balance sheet at 31 December 2020, no longer shows any financial asset related to the contractual right in 2019, but the participation in SRAAS has been registered as an investment in an associate company because GDS exercise significant influence for an amount of Euros 1,807,351 thousand, including the transaction costs (see Note 16). SRAAS' investment has been recognized at the shares value of the closing date of the transaction. The difference between the contractual right value recognized at 31 December 2019 and SRAAS quoted value at 30 March 2020 has been Euros 56,526 thousand, from which a total of Euros 51,692 thousand has been recognised as profit and loss registered directly in Equity and Euros 4,833 thousand has been registered as translation differences in the profit and loss.

- In 2020, it has been registered an impairment of the investment in Grifols Argentina S.A. and the Aigües Minerals de Vilajuïga.

(a) Investments in Group companies

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

Subsidiaries' activities comprise the following:

- Industrial activity: consisting of the manufacture, preparation and sale of therapeutic products and other pharmaceutical specialities, particularly hemoderivatives and parenteral solutions, reagents, chemical products for use in laboratories and healthcare centres, and medical-surgical materials, equipment and instruments; the collection and analysis of products of biological origin, and the procurement of human plasma.

- Commercial activity: consisting primarily of the marketing of products manufactured by the industrial Group companies.

- Service activity: comprising the management of business trips for Group companies, the preparation and implementation of engineering projects for both the Group and third parties, and the rendering of centralised services such as accounting, human resources, marketing, etc. This activity also includes the reinsurance of the Group's insurance policies.

GRIFOLS, S.A.**Notes to the Annual Accounts****31 December 2021**

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The percentage ownerships included in Appendix I reconcile with the voting rights the Company has in its subsidiaries, except for: Grifols Thailand, Ltd. (48% ownership) and Grifols Malaysia Sdn Bhd (49% 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.

(ii) Impairment testing

The recoverable amount of the equity investments with impairment indicators has been determined based on its value in use calculated as the present value of the future cash flows for the next 5 years approved by the management discounted at a discount rate considering the related inherent risk.

Management has determined the gross margin based on past experience and the current situation derived from the COVID-19 pandemic, investments in progress which would imply significant growth in production capacity and its forecast international market development.

Cash flows estimated as of the year in which stable growth in the equity investments has been reached are extrapolated using the estimated growth rates indicated below. Perpetual growth rates are consistent with the forecasts included in industry reports and the countries where the equity investments operate.

The key assumptions used in impairment testing of the equity investments for 2021 were as follows:

- Perpetual growth rate: between 1.5% and 2.5% depending on the countries where the equity investments operate.
- Pre-tax discount rate: between 6.9% and 18.1% depending on the countries where the equity investments operate.

The discount rate used reflects specific risks relating to the equity investments and the countries in which they operate. The main assumptions used for determining the discount rate are as follows:

- Risk free rate: normalized government bonds at 10 years
- Market risk premium: premium based on market research
- Unlevered beta: average market beta
- Debt to equity ratio: average market ratio

In 2021, as a result of the impairment test performed, the Company recorded an impairment of the investments in Grifols Brasil Ltda., Laboratorios Grifols, S.A. and Grifols Viajes, S.A. amounting to Euros 19,201 thousand, Euros 23,185 thousand and Euros 325 thousand, respectively, and reversed Euros 2,470 thousand of the impairment in Grifols Nordic AB.

In the current economic context, the reasonably possible changes considered for equity investments are a variation in the discount rate (+/-50bps), as well as in the estimated perpetual growth rate (+/-50bps).

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The reasonably possible changes in key assumptions considered by management in the calculation of the equity investments recoverable amount would cause their carrying amount to exceed the recoverable amount as follows:

Potential impairment	Perpetual growth rate	Pre-tax discount rate
	-50bps	+50bps
Grifols Brasil Ltda.	0.9%	1.7%
Laboratorios Grifols, S.A.	6.6%	9.6%

(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.).

VCN Biosciencias, S.L., Kiro Grifols, S.L., Grifols Viajes, S.A., Aigües Minerals de Vilajuïga, S.A., Biomat USA South, Inc., Gripdan Invest, S.L., Grifols Japan, K.K., Grifols Korea, Ltd, Grifols Escrow Issuer, S.A., Grifols Middle East & Africa, LLC., Grifols Egypt for Plasma Derivatives, S.A.E. and Plasmavita Healthcare II GmbH. have not been audited.

All the financial assets in investments in equity instruments of group companies and associates have been classified as financial assets at cost.

(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 III.

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

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

2021	Thousand Euros	
	Financial asset at amortised cost	Total
Finance income at amortised cost, Group companies	240,347	240,347
Finance income at amortised cost	15	15
Net gains in profit and loss	240,362	240,362
Total	240,362	240,362

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2020	Thousand Euros	
	Financial asset at amortised cost	Total
Finance income at amortised cost, Group companies	230,510	230,510
Finance income at amortised cost	3	3
Net gains in profit and loss	230,513	230,513
Total	230,513	230,513

(14) Investments and Trade Receivables

(a) Investments in Group companies

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

	Thousand Euros			
	2021		2020	
	Non-current	Current	Non-current	Current
<i>Group</i>				
Loans	6,977,554	150,000	7,401,800	113,600
Receivables, tax effect (note 22)	--	108,726	--	24,435
Interest	--	2,757	--	26,441
Total	6,977,554	261,483	7,401,800	164,476

At 31 December 2021 the Company has several loans with Group companies. The most significant loans are:

- Two subordinated loans with a subsidiary that accrue interest at a market rate, with no due date established and an amount of Euros 3,194 million. The Company will not request the payment of these loans in the short term.
- Loans totalling Euros 3,934 million that accrue interest at a market rate (see Appendix III).

Interest corresponds to the interests on the subordinated loan with Grifols Worldwide Operations Limited.

(b) Investments

Details of investments are as follows:

	Thousand Euros			
	2021		2020	
	Non-current	Current	Non-current	Current
Equity instruments	--	--	1,121	--
Other current financial assets	--	--	--	9,809
Financial instruments derivatives (Note 15)	2,068	3,238	--	--
Deposits and guarantees	1,552	6	1,552	5
Total	3,620	3,244	2,673	9,814

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Equity instruments at 31 December 2020 include the acquisition of Savara, Inc shares that have been sold during 2021.

Financial instruments derivatives at 31 December 2021 includes an exchange rate derivative through profit or loss account that started at 5 October 2021 with financial entities, see Note 15.

At 31 December 2021, Euros 749 thousand (Euros 749 thousand in 2020) of guarantees and deposits are associated with leases with Centurion Real Estate SOCIMI, S.A., a related party of Grifols S.A. (see Note 24) and Euros 559 thousand correspond to leases arranged with a Group company (Euros 559 thousand in 2020).

(c) Trade and other receivables

Details of trade and other receivables are as follows:

	Thousand Euros	
	2021	2020
	Current	Current
<i>Group</i>		
Trade receivables (Note 24)	71,645	41,297
<i>Related parties</i>		
Trade receivables (Note 24)	1,272	--
<i>Unrelated parties</i>		
Trade receivables	1,659	1,839
Other receivables	227	119
Personnel	280	208
Taxation authorities, income tax (Note 22)	358	11,967
Public entities, other (Note 22)	16,376	15,232
Total	91,817	70,662

Taxation authorities, income tax and Public entities, other, at 31 December 2021 and 2020 corresponds almost fully to the recovery of the value added tax. The Company files consolidated VAT and income tax returns and is the head of the consolidation group.

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(d) Amounts denominated in foreign currencies

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

2021	Thousand Euros		
	US Dollar	Other	Total
Trade and other receivables			
Trade receivables – current	153	1	154
Trade receivables from Group companies and associates – current	1,980	3	1,983
Other receivables	5	--	5
Total current financial assets	2,138	4	2,142
Total financial assets	2,138	4	2,142

2020	Thousand Euros		
	US Dollar	Other	Total
Trade and other receivables			
Trade receivables – current	138	--	138
Trade receivables from Group companies and associates – current	1,714	3	1,717
Other receivables	1	--	1
Investments in Group companies and others associates, current			
Other financial assets	9,809	--	9,809
Total current financial assets	11,662	3	11,665
Total financial assets	11,662	3	11,665

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

	Thousand Euros			
	2021		2020	
	Settled	Outstanding	Settled	Outstanding
<i>Trade and other receivables</i>				
Trade receivables – current	(36)	11	141	10
Trade receivables from Group companies – current	311	73	--	(58)
<i>Current investments</i>				
Loans to Group companies	--	--	(343)	--
Available-for-sale assets	--	--	4,833	--
<i>Cash and cash equivalents</i>				
Cash	(939)	1,052	4	(1,052)
Total current financial assets	(664)	1,136	4,635	(1,100)
Total financial assets	(664)	1,136	4,635	(1,100)

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

(15) Derivatives financial instruments

Details of derivatives financial instruments are as follows:

	Thousand US Dollars	Thousand Euros	
		Fair value	
		Assets	
2021	Notional value	Non-current	Current
Derivatives at fair value with changes in profit and loss account			
(a) Exchange rate derivatives			
Foreign currency contracts	500,000	2,068	3,238
Total exchange rate derivatives	500,000	2,068	3,238
Total derivatives at fair value with changes in profit and loss	500,000	2,068	3,238

(a) Foreign currency contracts

On 5 October 2021 the Company entered into an exchange rate swap from fix to fix agreement with some financial entities with due date 15 October 2024. The agreement set the exchange of currency flows EUR-USD under the following terms:

- Grifols, S.A. receives a loan in euros for an amount of Euros 431.6 million with an interest rate of 3.78%.
- Grifols S.A. grants a loan in US dollars for an amount of Dollars 500 million with an interest rate of 4.75%.

On 31 December 2021 the effect on the profit and loss for the change in the fair value of this instrument is a total profit amounting Euros 5,306 thousand and it is recorded as Fair value adjustments in financial instruments disclosure.

(16) Prepayments

At 31 December 2021 and 2020, prepayments include mainly insurance premium and maintenance prepayments.

(17) Equity

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

(a) Capital

At 31 December 2021 and 2020 the share capital of Grifols S.A. amounts to Euros 119,603,705 and is represented by:

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

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- 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 of that year and, subject, according to the commercial law, to the approval of the distribution of dividends 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, S.A. 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 2021 and 2020.

(b) Share premium

This reserve is freely distributable.

(c) Reserves

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

During 2020 the Company settled the 2017 RSU plan causing an increase of Euros 1,483 thousand in reserves. In 2021 the Company has settled the 2018 RSU plan leading to a rise of Euros 1,268 thousand in reserves.

During 2021 the Company distributed a dividend from retained earnings of Euros 247,520 thousand that was approved in the annual general meeting held on 21 May 2021.

(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 2020 and 2021, the legal reserve represents 20% of share capital.

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

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(ii) Treasury stock and reserve for Company shares

At the meeting held on 11 March 2021, the Board of Directors agreed to implement a program to repurchase Grifols' treasury stock (the Buyback Program), in accordance with the authorization granted by Grifols' shareholders at an ordinary general meeting held on 9 October 2020, under point twelve of the agenda.

The Buyback Program was created with the aim of using Grifols' treasury stock (Class A and Class B) as consideration in certain future acquisitions that Grifols may make (as the company has done on previous occasions).

This Buyback Program began on 12 March 2021 and has been in force until 14 June 2021 (both dates included).

Grifols entrusted the execution of the Buyback Program to an independent bank, and therefore Grifols has not exercised any control over the bank's decisions in this regard.

In March 2020 the Group delivered 402,888 treasury stocks (Class B shares) to eligible employees as compensation for the Restricted Share Unit Retention Plan, of which 145,567 were given to Company employees (see Note 17 (d)).

In March 2021 the Group delivered 361,530 treasury stocks (Class B shares) to eligible employees as compensation for the Restricted Share Unit Retention Plan, of which 127,438 were given to Company employees (see Note 17 (d)).

The Company held Class B treasury stock equivalent to 1.3% of its capital at 31 December 2021 (0.4% of capital at 31 December 2020).

Movement in Class A treasury stock during 2021 is as follows (at 31 December 2020 the Company did not held Class A treasury stock):

Number of Class A shares	Thousand Euros		Euros
	Nominal	Average acquisition value	
Balance at 31 December 2020	--	--	--
Acquisitions of Class A shares	3,944,430	89,959	22.81
Disposals of Class A shares	--	--	--
Balance at 31 December 2021	3,944,430	89,959	--

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

Movement in Class B treasury stock during 2021 and 2020 was as follows:

	Number of Class B shares	Thousand Euros	Euros
		Nominal	Average acquisition value
Balance at 1 January 2020	3,415,052	49,584	--
Disposals of Class B shares	(402,888)	(5,850)	--
Balance at 31 December 2020	3,012,164	43,734	--
			--
Acquisitions of Class B shares	2,419,896	35,744	14.77
Disposals of Class B shares	(361,530)	(5,249)	--
Balance at 31 December 2021	5,070,530	74,229	--

(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, they will not be entitled to the additional RSU.

At 31 December 2020, the Company has settled the 2017 RSU plan for an amount of Euros 5,679 thousand, of which 2,378 thousand are from the Company.

At 31 December 2021, the Company settled the 2018 RSU plan for an amount of Euros 7,528 thousand, of which 2,790 thousand were from the Company.

Because this commitment is settled in shares, it is recognised in equity and it totals Euros 9,838 thousand at 31 December 2021 (Euros 13,880 thousand in 2020).

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

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

(a) Contingencies

Contingent liabilities for bank and other guarantees are disclosed in Note 20. The Company does not expect any significant liabilities to arise from these guarantees.

b) Commitments with employees

In the event of a takeover, the Company has agreements with 18 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 3 members of Senior management who will receive a termination benefit ranging from one to two years' salary, depending on the circumstances.

(19) 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 V.

(b) Net losses and gains by financial liability category

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

2021	Thousand Euros	
	Financial liabilities at amortised cost	Total
Finance costs at amortised cost, third parties	(108,473)	(108,473)
Finance costs at amortised cost, Group companies	(182,964)	(182,964)
Net losses in profit and loss	(291,437)	(291,437)
Total	(291,437)	(291,437)

2020	Thousand Euros	
	Financial liabilities at amortised cost	Total
Finance costs at amortised cost, third parties	(109,576)	(109,576)
Finance costs at amortised cost, Group companies	(165,762)	(165,762)
Net losses in profit and loss	(275,338)	(275,338)
Total	(275,338)	(275,338)

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(20) Payables and Trade Payables

(a) Group companies and associates

Details of Group companies and associates are as follows:

	Thousand Euros			
	2021		2020	
	Non-current	Current	Non-current	Current
<i>Group</i>				
Payables	4,605,868	60	4,364,424	--
Payables, tax effect (note 22)	--	25,159	--	29,452
Interest	--	17,365	--	13,837
Total	4,605,868	42,584	4,364,424	43,289

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:

	Thousand Euros			
	2021		2020	
	Non-current	Current	Non-current	Current
<i>Unrelated parties</i>				
Promissory notes	2,553,548	110,638	2,644,915	13,103
Loans and borrowings	1,363,205	41,608	1,456,023	50,078
Interest	--	472	--	528
Finance lease payables (note 8)	430	710	1,058	1,056
Payables	1,148	1,413	788	1,287
Total	3,918,331	154,841	4,102,784	66,052

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

In September 2018, Grifols obtained a new non-current loan from the European Investment Bank totalling Euros 85,000 thousand that will be used by Grifols to support its investments in R&D, mainly focused on the search for new therapeutic indications for plasma-derived protein therapies. The financial terms include a fixed interest rate, a maturity of 10 years with a grace period of two years. On 5 December 2017, Grifols, S.A. arranged loans with the same entity and with the same conditions for a total amount of Euros 85,000 thousand. At 31 December 2021, the carrying amount of the loans obtained from the European Investment Bank totalled Euros 138,125 thousand (Euros 159,375 thousand at 31 December 2020).

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Senior Notes

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

On 2 December 2021, Grifols, S.A. announced a cash tender offer of 100% of the principal amount plus the accrued and unpaid interests of the Senior Secured Notes up to the equivalent in Euros of US Dollars 110,317 thousand. In January 2022, the agreement has been closed, so this amount has been classified as current liability as of 31 December 2021. The detail by maturity of the principal at 31 December 2021 and 2020 is the following:

Maturity	Currency	Thousand Euros	
		2021	2020
		Principal	Principal
2022	Euros	97,535	--
2027	Euros	1,577,465	1,675,000
	Total	1,675,000	1,675,000

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

There was no movement regarding the Senior Unsecured Notes in 2020.

Tranche B in Euros

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

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

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

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At 31 December 2021, the Company has early amortised the amount of Euros 74,246 thousand regarding the Tranche B in Euros. The detail by maturity of the principal at 31 December 2021 and 2020 is the following:

Maturity	Currency	Thousand Euros	
		2021	2020
		Principal	Principal
2021	Euros	--	13,600
2022	Euros	--	13,600
2023	Euros	3,269	13,600
2024	Euros	13,076	13,600
2025	Euros	13,076	13,600
2026	Euros	13,076	13,600
2027	Euros	1,216,058	1,264,800
Total		1,258,555	1,346,400

At 31 December 2021, the Tranche B in US Dollars amounting Euros 2,037,471 thousand and the revolving loan amounting Euros 330,000 thousand, are guaranteed by Grifols, S.A. and certain significant subsidiaries of Grifols, S.A. that together with Grifols, S.A. represent, in the aggregate, at least 70% of the consolidated EBITDA of the Group.

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

In accordance with the senior secured debt contract, the Group is subject to compliance with some covenants. At 31 December 2021 and 2020, the Group complies with the covenants in the contract.

(c) Other information on payables

(i) Main characteristics of payables

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

Non-current and current loans and borrowings are presented net of loan arrangement costs, which at 31 December 2021 amount to Euros 17,094 thousand (Euros 20,985 thousand at 31 December 2020).

The Company has extended guarantees to banks on behalf of Group companies for Euros 7,893 thousand at 31 December 2021 (Euros 2,923 thousand at 31 December 2020).

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(d) Trade and other payables

Details of trade and other payables are as follows:

	Thousand Euros	
	2021	2020
	Current	Current
<i>Group</i>		
Suppliers (note 24)	15,624	12,402
<i>Related parties</i>		
Suppliers (note 24)	5,071	7,475
<i>Unrelated parties</i>		
Suppliers	66,467	42,236
Personnel	12,547	6,153
Current tax liabilities	68,986	--
Public entities, other (note 22)	3,531	2,907
Total	172,226	71,173

(e) Classification by maturity

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

(f) Amounts denominated in foreign currencies

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

	2021				Total
	Thousand Euros				
	US Dollar	Chinese Yuan	Brazilian Real	Other currencies	
Suppliers	17,294	--	--	43	17,337
Suppliers, Group companies	315	110	260	52	737
Total current liabilities	17,609	110	260	95	18,074
Total financial liabilities	17,609	110	260	95	18,074

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	2020				
	Thousand Euros				
	US Dollar	Chinese Yuan	Brazilian Real	Other currencies	Total
Short term debt with group companies	2	--	--	(3)	(1)
Suppliers	2,748	13	--	5	2,766
Suppliers, Group companies	299	337	259	29	924
Total current liabilities	3,049	350	259	31	3,689
Total financial liabilities	3,049	350	259	31	3,689

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

	Thousand Euros			
	2021		2020	
	Settled	Outstanding	Settled	Outstanding
<i>Payables to Group companies and associates, non-current</i>	--	--	1	--
Total non-current liabilities	--	--	1	--
<i>Current payables</i>				
Loans and borrowings	(685)	--	292	--
Suppliers	(434)	(358)	438	174
<i>Group companies</i>				
Suppliers, Group companies	(35)	(14)	198	110
Total current liabilities	(1,154)	(372)	928	284
Total financial liabilities	(1,154)	(372)	929	284

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

The average payment period to suppliers for 2021 is 53 days (58 days for 2020). 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 2021 the Company has made payments of Euros 296,970 thousand (Euros 261,945 thousand at 2020). Outstanding payments at 31 December 2021 total Euros 40,019 thousand (Euros 26,428 thousand for 2020). In 2021 the ratio of paid operations stands at 56 days and the ratio of operations payable stands at 32 days (58 days and 54 days respectively in 2020).

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(22) Taxation

Details of balances with public entities are as follows:

	Thousand Euros			
	2021		2020	
	Non-current	Current	Non-current	Current
Assets				
Deferred tax assets	10,477	--	18,130	--
Current tax assets	--	358	--	11,967
Value added tax and similar taxes	--	16,376	--	15,232
Total	10,477	16,734	18,130	27,199
Liabilities				
Deferred tax liabilities	1,031	--	1,217	--
Current tax liabilities	--	68,986	--	--
Value added tax and similar taxes	--	454	--	--
Social Security	--	1,132	--	1,060
Withholdings	--	1,945	--	1,847
Total	1,031	72,517	1,217	2,907

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

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

	Thousand Euros	
	2021	2020
	Current	Current
Receivables (note 14)		
Diagnostic Grifols, S.A.	35	5,629
Instituto Grifols, S.A.	99,791	11,318
Biomat, S.A.	68	111
Grifols International, S.A.	1,783	3,487
Grifols Movaco, S.A.	4,194	2,170
Grifols Viajes, S.A.	410	29
Grifols Engineering, S.A.	247	81
Gripdan Invest, S.L	1,567	1,610
Araclon Biotech, S.L	631	--
	108,726	24,435

	Thousand Euros	
	2021	2020
	Current	Current
Payables (note 20)		
Biomat, S.A.	235	377
Grifols Viajes, S.A	238	88
Instituto Grifols, S.A.	8,553	14,335
Laboratorios Grifols, S.A.	8,002	4,108
Grifols Movaco, S.A	167	7,576
VCN Biosciencias S.L	1,435	1,271
Grifols Engineering, S.A.	307	891
Grifols International, S.A.	128	94
Aigües Minerals de Vilajuïga	301	402
Diagnostic Grifols, S.A.	1,971	--
Araclon Biotech, S.L.	3,822	310
	25,159	29,452

Balances receivable and payable at 31 December 2021 and 2020 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	Years open to inspection
Income tax	2017-2021
Value added tax	2018-2021
Personal income tax	2018-2021
Capital gains tax	2018-2021
Tax on Economic Activities	2018-2021
Social Security	2018-2021
Non-residents	2018-2021
Customs duties	2018-2021

GRIFOLS, S.A.

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

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

Grifols, S.A. and some companies of the consolidated tax group were subject of a tax inspection by the Spanish tax authorities (Agencia Estatal de Administración Tributaria) of the income tax for the fiscal years 2014, 2015 and 2016, and the personal income tax and the value added tax for the fiscal years 2015 and 2016. As a result of the procedure, the Spanish tax authorities issued a tax inspection report, which was signed in accordance by the Group on 8 November 2021.

Regarding the income tax, the aforementioned report adjusted certain transactions and calculations related to deductions to encourage activities, other tax incentives and the deductibility of certain expenses, as well as the valuation of some intercompany transactions, considering different interpretations of the allocation of tax loss carryforwards in different jurisdictions. These adjustments did not entail any sanction, as the tax authorities considered that the Group had made a diligent and reasonable interpretation of the tax legislation.

Concerning the value added tax, the deductibility of certain tax liabilities was adjusted, as well as the application of the special tax regime.

As a result of the tax inspection, the Company adjusted the non-deductible VAT and the income tax in the amount of Euros 63 thousand and Euros 320 thousand, respectively. The differences identified by the Spanish tax authorities were recorded as part of the current tax included in the balance sheet caption "Current tax liabilities" at 31 December 2021.

(a) Income tax

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

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

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

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

	Thousand Euros	
	2021	2020
<i>Current tax</i>		
Present year	(42,299)	(31,783)
	(42,299)	(31,783)
<i>Deferred tax</i>		
Source and reversal of temporary differences		
Property, plant and equipment	(217)	(922)
Financial investments	962	--
Others	626	75
Prior year adjustments	177	--
Deductions generated	(2,587)	(2,824)
Deductions applied	7,805	3,189
Adjustment of deductions in prior years	469	(440)
Other corporate income tax expenses	576	221
	(34,488)	(32,484)

GRIFOLS, S.A.

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

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

	Thousand Euros					
	Assets		Liabilities		Net	
	2021	2020	2021	2020	2021	2020
Property, plant and equipment	68	784	(1,004)	(1,187)	(936)	(403)
Grants	--	--	(27)	(30)	(27)	(30)
Restricted share unit retention plan	900	1,338	--	--	900	1,338
Group Financial Investments	--	962	--	--	0	962
Provisions	962	291	--	--	962	291
Rights to tax deductions and credits	8,547	14,755	--	--	8,547	14,755
Total assets/liabilities	10,477	18,130	(1,031)	(1,217)	9,446	16,913

Grifols, S.A estimates that the total of rights to tax deductions and credits recognized in the balance at 31 December 2021, will recover within 10 years.

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:

	Thousand Euros	
	2021	2020
Deferred tax assets relating to temporary differences	827	1,389
Total assets	827	1,389
Deferred tax liabilities	909	579
Net	(82)	810

(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., Aigües Minerals de Vilajuïga, S.A., Gripdan Invest, S.L. (since 2016) and VCN Biosciences, S.L. (since 2017).

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

(23) 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	Thousand Euros		
	2021		
	Cost	Accumulated depreciation	Net
Sewage treatment	124	(110)	14
Water saving	330	(315)	15
Electricity saving	2,015	(1,357)	658
Waste management	501	(336)	165
Others	2,042	(579)	1,463
	5,012	(2,697)	2,315

Description	Thousand Euros		
	2020		
	Cost	Accumulated depreciation	Net
Sewage treatment	119	(98)	21
Water saving	330	(313)	17
Electricity saving	1,886	(1,243)	643
Waste management	485	(306)	179
Others	1,946	(396)	1,550
	4,766	(2,356)	2,410

Environmental expenses amount to Euros 160 thousand in 2021 (Euros 195 thousand in 2020).

(24) 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 20.

Details of balances by category are provided in Appendix X.

(b) Related party transactions

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

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.

GRIFOLS, S.A.

Notes to the Annual Accounts

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

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

In 2021 the independent members of the Company's board of directors accrued Euros 950 thousand in their capacity as such (Euros 925 thousand in 2020). In 2021, the proprietary director's total accrued remuneration amounted to Euros 965 thousand (Euros 965 thousand in 2020). The members of the Company's board of directors who have a labour relationship with the Company and senior management personnel accrued Euros 2,301 thousand and Euros 7,737 thousand, respectively (Euros 2,876 thousand and Euros 8,196 thousand in 2020). During the fiscal year 2021 other external Directors' accrued remuneration amounted to Euros 200 thousand (Euros 200 thousand in 2020).

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 18).

During 2021, the Company has paid insurance premiums for civil liability of directors amounting to Euros 1,156 thousand (Euros 702 thousand in 2020).

(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.

(25) Income and Expenses

(a) Revenues

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

(b) Supplies

Details of other supplies used are as follows:

	Thousand Euros	
	2021	2020
<i>Other supplies used</i>		
Purchases of spare parts	11,933	7,344
Change in inventories	(2,180)	(1,334)
	9,753	6,010

GRIFOLS, S.A.

Notes to the Annual Accounts

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(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:

	Thousand Euros	
	2021	2020
<i>Employee benefits expense</i>		
Social Security payable by the Company	11,241	10,879
Defined contribution plan contributions	180	163
Other employee benefits expenses	1,966	1,811
Annual contributions	32	83
	13,419	12,936

(26) Employee Information

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

	Number	
	2021	2020
Technical area	128	123
Administration and other	556	539
General management	76	75
	760	737

At 31 December 2021 and 2020 the distribution by gender of Company personnel and the members of the board of directors is as follows:

	Number			
	2021		2020	
	Female	Male	Female	Male
Directors	4	8	4	9
Technical area	98	36	97	32
Administration and other	198	369	181	371
General management	46	35	39	37
	346	448	321	449

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

	Number	
	2021	2020
Technical area	5	5
Administration and other	9	9
	14	14

GRIFOLS, S.A.

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

(27) Audit Fees

In 2021 the Company's annual accounts auditor, Deloitte S.L., invoiced the Company for audit services that amounted a total of Euros 79 thousand (Euros 78 thousand in 2020 by the co-auditors KPMG Auditores S.L. and Grant Thornton S.L., equally divided between the two parties).

During 2021 the fees related to audit services and other services invoiced by the Company's auditor, Deloitte, S.L., or for a company associated to the auditor by control, common property or management to the Company and the associated companies have been the following:

	Thousand Euros
	Fees by Deloitte S.L. or member firms of its network
	2021
Audit services	79
Non-audit services	
Other services required by the regulations	-
Other assurance services	-
Tax services	59
Other services	-
Total professional services	138

The amount of Euros 59 thousand of the table above have been rendered to associated companies to the Company for a controlling relationship.

The amounts in the above table include the total fees for services rendered in 2021 and 2020, irrespectively of the date of invoice.

(28) Subsequent events

In January 2022 the cash tender offer of 100% of the principal amount of the Senior Secured Notes has been closed for an amount of US Dollars 110,317 thousand.

After the closing date and up to the date of authorization for issue of these annual accounts, there has not been any significant subsequent event that may have a significant impact on the Company, except for the event mentioned above.

GRIFOLS, S.A.
Classification of Financial Assets by Category
for the year ended 31 December 2021
(Expressed in Thousand Euros)

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

	Thousand Euros						
	Land	Buildings	Technical installations and machinery	Other installations, equipment and furniture	Under construction and advances	Other items	Total
2021							
Cost at 1 January 2021	7,082	4,391	8,818	26,020	6,067	28,869	81,247
Additions	--	--	--	209	3,431	566	4,206
Disposals	--	--	(2)	(4)	--	(4)	(10)
Transfers	--	--	--	3,052	(3,048)	281	285
Cost at 31 December 2021	7,082	4,391	8,816	29,277	6,450	29,712	85,728
Accumulated amortisation at 1 January 2021	--	(59)	(7,055)	(15,733)	--	(18,442)	(41,289)
Amortisations	--	(87)	(249)	(1,505)	--	(4,163)	(6,004)
Disposals	--	--	--	4	--	4	8
Accumulated amortisation at 31 December 2021	--	(146)	(7,304)	(17,234)	--	(22,601)	(47,285)
Carrying amount at 31 december 2021	7,082	4,245	1,512	12,043	6,450	7,111	38,443

This appendix forms an integral part of Note 6 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 2020
(Expressed in Thousand Euros)

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

	Thousand Euros						Total
	Land	Buildings	Technical installations and machinery	Other installations, equipment and furniture	Under construction and advances	Other items	
2020							
Cost at 1 January 2020	--	--	8,546	21,547	9,906	21,303	61,302
Additions	7,082	4,391	--	2,506	3,195	2,679	19,853
Disposals	--	--	(44)	(12)	--	--	(56)
Transfers	--	--	316	1,979	(7,034)	4,887	148
Cost at 31 December 2020	7,082	4,391	8,818	26,020	6,067	28,869	81,247
Accumulated amortisation at 1 January 2020	--	--	(6,839)	(14,428)	--	(14,919)	(36,186)
Amortisations	--	(59)	(260)	(1,317)	--	(3,523)	(5,159)
Disposals	--	--	44	12	--	--	56
Accumulated amortisation at 31 December 2020	--	(59)	(7,055)	(15,733)	--	(18,442)	(41,289)
Carrying amount at 31 december 2020	7,082	4,332	1,763	10,287	6,067	10,427	39,958

GRIFOLS, S.A.
Information on Group Companies, Associates and others
31 December 2021

(Expressed in Thousand Euros)

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

Name	Registered office	Activity	% ownership			Share capital	Reserves	Other equity items	Interim dividend	Profit/(loss) for the year	Total equity	Carrying amount of investment ⁽¹⁾	Dividends received in 2021
			Dir	Ind	Total								
Alkahest, Inc.	United States	Research	--	100.000	100.000	37,768	(89,797)	(5,501)	--	(76,547)	(134,077)	--	--
Kiro Grifols S.L (anterior Kiro Robotics S.L.)	Spain	Research	90.000	--	90.000	3	6,681	--	--	(3,408)	3,276	45,703	--
Aradigm Corporation	United States	Research	--	35.130	35.130	--	--	--	--	--	--	--	--
VCN Biosciences, S.L.	Spain	Research	--	86.827	86.827	216	2,183	--	--	(1,666)	733	--	--
Progenika Biopharma, S.A.	Spain	Industrial	100.000	--	100.000	615	34,205	--	--	2,587	37,407	79,619	--
Instituto Grifols, S.A.	Spain	Industrial	99.998	0.002	100.000	1,538	175,326	1,212	--	114,282	292,358	2,750	--
Diagnostic Grifols,s.a.	Spain	Industrial	--	55% (derechos económicos)/ 60% (derechos económicos)/ voto)	55% (derechos económicos)/ 60% (derechos económicos)/ voto)	337	119,203	123	--	2,951	122,614	--	--
Grifols Movaco,S.A.	Spain	Commercial	99.999	0.001	100.000	2,405	13,055	327	--	13,179	28,966	4,232	--
Laboratorios Grifols,S.A.	Spain	Industrial	98.600	1.400	100.000	21,798	10,626	274	--	(20,853)	11,845	91,888	--
Gripdan Invest, S.L	Spain	Services	100.000	--	100.000	3,006	3,378	--	--	2,482	8,866	24,584	--
Biomat,S.A.	Spain	Industrial	99.900	0.100	100.000	60	2,439	96	--	735	3,330	156	--
Grifols International,S.A.	Spain	Commercial	99.998	0.002	100.000	2,860	46,996	3,429	--	8,875	62,160	6,289	--
Grifols Engineering,S.A.	Spain	Industrial	99.950	0.050	100.000	60	2,149	52	--	977	3,238	113	--
Grifols Viajes,S.A.	Spain	Services	99.900	0.100	100.000	60	1,429	--	--	(1,095)	394	735	--
Araclon Biotech, S.L.	Spain	Research	--	75.850	75.850	12	5,606	--	--	(4,507)	1,111	--	--
Grifols Worldwide Operations USA Inc.	United States	Industrial	--	100.000	100.000	--	41,218	3,045	--	1,712	45,975	--	--
Grifols Chile,S.A.	Chile	Commercial	99.000	--	99.000	385	24,016	(5,948)	--	251	18,704	385	--
Grifols Argentina,S.A.	Argentina	Commercial	95.010	4.990	100.000	956	27,768	(22,117)	--	1,982	8,589	7,209	--
Logística Grifols,S.A. de CV	Mexico	Commercial	99.990	0.010	100.000	92	4,465	(630)	--	140	4,067	235	--
Grifols Portugal Productos Farmacéuticos e Hospitalares,Lda.	Portugal	Commercial	0.010	99.990	100.000	512	7,960	--	--	1,158	9,630	--	--
Grifols, s.r.o.	Czech Republic	Commercial	100.000	--	100.000	52	6,860	527	--	880	8,319	52	--
Grifols USA, LLC	United States	Commercial	--	100.000	100.000	562	45,541	578	--	109,865	156,546	--	--
Grifols UK,Ltd.	United Kingdom	Commercial	100.000	--	100.000	4	7,936	(116)	--	1,376	9,200	21,426	--
Grifols Italia,S.p.A.	Italy	Commercial	100.000	--	100.000	2,496	6,257	--	--	1,759	10,512	5,316	--
Grifols Brasil,Lda.	Brazil	Commercial	99.9996	0.0001	100.000	75,265	(2,745)	(20,042)	--	(6,550)	45,928	51,076	--
Grifols France,S.A.R.L.	France	Commercial	99.990	0.010	100.000	658	4,182	--	--	1,050	5,890	658	--
Biomat USA, Inc.	United States	Industrial	--	76.210	76.210	--	1,111,652	28,655	--	29,302	1,169,609	--	--
Squadron Reinsurance Designated Activity Company (anterior Squadron Reinsurance Ltd.)	Ireland	Services	--	100.000	100.000	635	77,589	(2,964)	--	9,235	84,495	--	--
Grifols Biologicals, LLC.	United States	Industrial	--	100.000	100.000	--	148,327	29,811	--	14,314	192,452	--	--
Grifols Shared Services North America, Inc.(anterior Grifols Inc.)	United States	Services	100.000	--	100.000	--	2,179,385	368,767	--	50,555	2,598,707	1,214,815	--
Grifols Asia Pacific Pte. Ltd.	Singapore	Commercial	100.000	--	100.000	362	11,442	1,080	--	1,395	14,279	885	--
Grifols (Thailand), Ltd.	Thailand	Commercial	--	48.000	48.000	61	7,355	658	--	420	8,494	--	--
Grifols Malaysia Sdn Bhd	Malaysia	Commercial	--	49.000	30.000	30	4,427	(48)	--	1,365	5,774	--	--

⁽¹⁾ The acquisition cost of certain investments might be modified in specific circumstances, although the Company considers that they will not occur, but in any case their impact would not be significant.

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

Name	Registered office	Activity	% ownership			Share capital	Reserves	Other equity items	Interim dividend	Profit/(loss) for the year	Total equity	Carrying amount of investment ⁽¹⁾	Dividends received in 2021
			Dir	Ind	Total								
Grifols Polska, Sp.z.o.o.	Poland	Commercial	100.000	--	100.000	11	3,180	--	--	556	3,747	11	--
Grifols México, S.A. de CV	Mexico	Commercial	99.980	0.020	100.000	461	15,852	(3,632)	--	40	12,721	461	--
Grifols Australia Pty Ltd	Australia	Industrial	100.000	--	100.000	1,695	9,870	(1,814)	--	345	10,096	34,974	--
Medion Grifols Diagnostic AG	Switzerland	Industrial	--	55% (derechos económicos)/ 60% (derechos voto)	55% (derechos económicos)/ 60% (derechos voto)	2,487	6,838	236	--	3,599	13,160	--	--
Grifols Colombia, Ltda.	Colombia	Commercial	99.990	0.010	100.000	823	513	(447)	--	(43)	846	575	--
Grifols Nordic AB	Sweden	Commercial	100.000	--	100.000	10	3,196	(196)	--	393	3,403	5,145	--
Grifols Deutschland, GmbH	Germany	Commercial	100.000	--	100.000	25	6,950	(679)	--	6,301	12,597	7,091	--
Grifols Therapeutic LLC.	United States	Industrial	--	100.000	100.000	(2,886)	819,979	302,969	--	177,893	1,297,955	--	--
Talecris Plasma Resources Inc.	United States	Industrial	--	76.210	100.000	--	14,240	14,443	--	(2,524)	26,159	--	--
Grifols Worldwide Operations Limited	Ireland	Industrial	100.000	--	100.000	--	365,860	15,176	11,302	19,963	412,301	512,306	--
Grifols Pharmaceutical Technology (Shanghai) Co., Ltd. (anterior Grifols Pharmaceutical Consulting (Shanghai) Co., Ltd.)	China	Commercial	100.000	--	100.000	1,000	9,703	612	--	2,276	13,591	1,000	--
Grifols Diagnostics Solutions Inc (anterior G-C Diagnostics Corp.)	United States	Industrial	--	55% (derechos económicos)/ 60% (derechos voto)	55% (derechos económicos)/ 60% (derechos voto)	--	3,406,287	57,190	--	130,932	3,594,409	--	--
Grifols (H.K.), Limited	Hong Kong	Commercial	--	55% (derechos económicos)/ 60% (derechos voto)	55% (derechos económicos)/ 60% (derechos voto)	37,899	38,303	6,507	--	3,145	85,854	--	--
Grifols Japan K.K.	Japan	Commercial	100.000	--	100.000	354	2,178	(39)	--	1,075	3,568	709	--
Grifols Pharmaceutical Technology Co., Ltd. Beijing Branch	China	Commercial	--	100.000	100.000	--	(6,871)	(450)	--	(1,799)	(9,120)	--	--
Grifols India Healthcare Private Ltd	India	Commercial	99.984	0.016	100.000	2	749	(93)	--	884	1,542	601	--
Grifols Canada, Ltd.	Canada	Industrial	100.000	--	100.000	--	3,934	(1,108)	(604)	1,566	3,788	2,074	--
Grifols Diagnostics Equipment Taiwan Limited	Taiwan	Commercial	100.000	--	100.000	181	951	198	--	67	1,397	181	--
Grifols Innovation and New Technologies Limited	Ireland	Research	--	100.000	100.000	--	305,313	6,365	--	(86,348)	225,330	--	--
AlbaJuna Therapeutics, S.L	Spain	Research	--	49.000	49.000	10	1,919	24	--	(1,559)	394	--	--
Interstate Blood Bank, Inc.	United States	Industrial	--	76.210	100.000	103	45,936	(1,244)	--	(3,563)	41,232	--	--
Singulex, Inc.	United States	Research	--	19.330	19.330	--	--	--	--	--	--	--	--
Chiquito Acquisition Corp.	United States	Corporate	--	100.000	100.000	--	60,094	(2,680)	--	3,145	60,559	--	--
Access Biologicals, LLC. and Subsidiaries.	United States	Industrial	--	49.000	49.000	5,215	--	--	--	17,416	22,631	--	--
Aigües Minerals Vilajuïga, S.A.	Spain	Industrial	99.990	0.010	100.000	75	1,699	--	--	(1,508)	266	38	--
GigaGen Inc.	United States	Industrial	--	100.000	43.960	1	5,676	335	--	(4,350)	1,662	--	--
Plasmavita Healthcare GmbH	Germany	Industrial	--	50.000	50.000	25	2,412	20,000	--	2,178	24,615	--	--
Goetech LLC (D/B/A Medkeeper)	United States	Industrial	--	100.000	100.000	--	47,005	5,374	--	3,112	55,491	--	--
Mecwins, S.A.	Spain	Industrial	--	24.990	24.990	141	7,799	112	--	(682)	7,370	--	--
Biomat USA South, Inc.	United States	Industrial	--	76.210	100.000	--	--	--	--	--	--	--	--
Medcom, S.A.	Spain	Research	--	45.000	45.000	--	--	--	--	--	--	--	--
Plasmavita Healthcare II GmbH	Austria	Industrial	--	50.000	50.000	35	(1,105)	6,100	--	63	5,093	--	--
Shanghai RAAS Blood Products Co. Ltd.	China	Corporate	26.200	--	26.200	844,139	2,246,682	336,803	--	166,933	3,594,557	1,807,351	5,758
Grifols Korea Co., Ltd	South Korea	Commercial	100.000	--	100.000	75	(3)	19	--	1,210	1,301	73	--
Grifols Canada Therapeutics Inc. (anterior Green Cross Biotherapeutics, Inc)	Canada	Industrial	100.000	--	100.000	(983)	388,295	30,400	--	(3,292)	414,420	19,711	--
Grifols Laboratory Solutions Inc.	United States	Commercial	--	100.000	100.000	--	1,409	(63)	--	(2,621)	(1,275)	--	--
Grifols Middle East & Africa LLC	Egypt	Services	99.990	0.010	100.000	30	--	(5)	--	(142)	(117)	30	--
Biomat Newco, Corp.	United States	Industrial	--	87.100	87.100	--	481,498	4,659	--	--	486,157	--	--
Biomat Holdco, LLC.	United States	Services	--	100.000	100.000	--	63,952	8,161	--	--	72,113	--	--

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

Name	Registered office	Activity	% ownership			Share capital	Reserves	Other equity items	Interim dividend	Profit/(loss) for the year	Total equity	Carrying amount of investment ⁽¹⁾	Dividends received in 2021
			Dir	Ind	Total								
Grifols Bio North America, LLC.	United States	Industrial	--	100.000	100.000	--	--	6	--	338	344	--	--
Grifols Escrow Issuer, S.A.	Spain	Services	100.000	--	100.000	60	--	--	--	(17,397)	(17,337)	60	--
Grifols Pyrenees Research Center, S.L.	Andorra	Industrial	--	80.000	80.000	--	--	--	--	--	--	--	--
Prometic Plasma Resources, Inc.	Canada	Industrial	--	100.000	100.000	--	--	--	--	--	--	--	--
Grifols Egypt for Plasma Derivatives (S.A.E.)	Egypt	Industrial	49.000	--	49.000	66,178	--	--	--	(1,191)	64,987	32,645	--
											<u>3,983,162</u>	<u>5,758</u>	

⁽¹⁾ The acquisition cost of certain investments might be modified in specific circumstances, although the Company considers that they will not occur, but in any case their impact would not be significant.

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GRIFOLS, S.A.
Information on Group Companies, Associates and others
31 December 2020

(Expressed in Thousand Euros)

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

Name	Registered office	Activity	% ownership			Share capital	Reserves	Other equity items	Interim dividend	Profit/(loss) for the year	Total equity	Carrying amount of investment ⁽¹⁾	Dividends received in 2020
			Dir	Ind	Total								
Alkahest, Inc.	United States	Research	--	100.000	100.000	37,768	(85,142)	1,927	--	(4,655)	(50,102)	--	--
Kiro Grifols S.L (anterior Kiro Robotics S.L.)	Spain	Research	90.000	--	90.000	3	11,062	--	--	(4,381)	6,684	45,703	--
Aradigm Corporation	United States	Research	--	35.130	35.130	--	--	--	--	--	--	--	--
VCN Biosciences, S.L.	Spain	Research	--	86.827	86.827	216	3,972	--	--	(1,789)	2,399	--	--
Progenika Biopharma, S.A.	Spain	Industrial	100.000	--	100.000	615	31,549	--	--	2,656	34,820	79,619	--
Instituto Grifols, S.A.	Spain	Industrial	99.998	0.002	100.000	1,538	148,868	1,095	(125,000)	151,458	177,959	2,634	124,998
Diagnostic Grifols,s.A.	Spain	Industrial	--	55% (derechos económicos)/ 60% (derechos voto)	55% (derechos económicos)/ 60% (derechos voto)	337	111,072	117	--	8,131	119,657	--	--
Grifols Movaco,S.A.	Spain	Commercial	99.999	0.001	100.000	2,405	6,343	277	--	6,712	15,737	4,182	--
Laboratorios Grifols,S.A.	Spain	Industrial	98.600	1.400	100.000	21,798	6,263	273	--	(10,636)	17,698	100,072	--
Gripdan Invest, S.L	Spain	Services	100.000	--	100.000	3,006	3,211	--	--	167	6,384	24,584	--
Biomat,S.A.	Spain	Industrial	99.900	0.100	100.000	60	2,039	96	--	400	2,595	156	--
Grifols International,S.A.	Spain	Commercial	99.998	0.002	100.000	2,860	26,247	3,040	--	20,750	52,897	5,901	--
Grifols Engineering,S.A.	Spain	Industrial	99.950	0.050	100.000	60	2,202	53	--	(54)	2,261	113	--
Grifols Viajes,S.A.	Spain	Services	99.900	0.100	100.000	60	384	--	--	45	489	60	--
Araclon Biotech, S.L.	Spain	Research	--	75.100	75.100	12	1,701	--	--	(6,090)	(4,377)	--	--
Grifols Worldwide Operations USA Inc.	United States	Industrial	--	100.000	100.000	--	39,884	(377)	--	1,333	40,840	--	--
Grifols Chile,S.A.	Chile	Commercial	99.000	--	99.000	385	23,630	(3,810)	--	386	20,591	385	--
Grifols Argentina,S.A.	Argentina	Commercial	95.010	4.990	100.000	956	22,506	(21,236)	--	643	2,869	2,760	--
Logística Grifols,S.A. de CV	Mexico	Commercial	99.990	0.010	100.000	92	4,182	(819)	--	283	3,738	235	--
Grifols Portugal Productos Farmacéuticos e Hospitalares,Lda.	Portugal	Commercial	0.010	99.990	100.000	512	8,330	--	--	(370)	8,472	--	--
Grifols, s.r.o.	Czech Republic	Commercial	100.000	--	100.000	52	5,155	100	--	1,705	7,012	52	10,232
Grifols USA, LLC	United States	Commercial	--	100.000	100.000	562	(74,649)	(9,071)	--	120,190	37,032	--	--
Grifols UK,Ltd.	United Kingdom	Commercial	100.000	--	100.000	4	6,451	(711)	--	1,484	7,228	21,335	--
Grifols Italia,S.p.A.	Italy	Commercial	100.000	--	100.000	2,496	3,955	--	--	2,302	8,753	5,316	11,800
Grifols Brasil,Lda.	Brazil	Commercial	99.9996	0.0001	100.000	54,919	(2,554)	(21,363)	--	(191)	30,811	49,838	--
Grifols France,S.A.R.L.	France	Commercial	99.990	0.010	100.000	658	2,988	--	--	1,194	4,840	658	--
Biomat USA,Inc.	United States	Industrial	--	100.000	100.000	--	631,794	(22,850)	--	(19,802)	589,142	--	--
Squadron Reinsurance Designated Activity Company (anterior Squadron Reinsurance Ltd.)	Ireland	Services	--	100.000	100.000	635	70,546	(8,969)	--	7,361	69,573	--	--
Grifols Biologicals, LLC.	United States	Industrial	--	100.000	100.000	--	133,200	15,612	--	15,127	163,939	--	--
Grifols Shared Services North America, Inc.(anterior Grifols Inc.)	United States	Services	100.000	--	100.000	--	2,115,970	172,365	--	63,416	2,351,751	1,213,294	1,934
Grifols Asia Pacific Pte. Ltd.	Singapore	Commercial	100.000	--	100.000	362	10,031	61	--	1,411	11,865	840	--
Grifols (Thailand), Ltd.	Thailand	Commercial	--	48.000	48.000	61	6,965	884	--	431	8,341	--	--
Grifols Malaysia Sdn Bhd	Malaysia	Commercial	--	30.000	30.000	30	3,096	(281)	--	1,331	4,176	--	--

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Name	Registered office	Activity	% ownership			Share capital	Reserves	Other equity items	Interim dividend	Profit/(loss) for the year	Total equity	Carrying amount of investment ⁽¹⁾	Dividends received in 2020
			Dir	Ind	Total								
Grifols Polska, Sp.z.o.o.	Poland	Commercial	100.000	--	100.000	11	2,946	(15)	--	238	3,180	11	--
Grifols México,S.A. de CV	Mexico	Commercial	99.980	0.020	100.000	461	14,606	(4,200)	--	1,246	12,113	461	--
Grifols Australia Pty Ltd	Australia	Industrial	100.000	--	100.000	1,695	9,455	(1,938)	--	414	9,626	34,974	--
Medion Grifols Diagnostic AG	Switzerland	Industrial	--	55% (derechos económicos)/ 60% (derechos voto)	55% (derechos económicos)/ 60% (derechos voto)	2,487	4,560	(319)	--	2,279	9,007	--	--
Grifols Colombia, Ltda.	Colombia	Commercial	99.990	0.010	100.000	823	454	(356)	--	59	980	575	--
Grifols Nordic AB	Sweden	Commercial	100.000	--	100.000	10	2,951	(112)	--	244	3,093	2,675	--
Grifols Deutschland,GmbH	Germany	Commercial	100.000	--	100.000	25	4,442	(1,001)	(4,400)	6,908	5,974	7,056	14,049
Grifols Therapeutic LLC.	United States	Industrial	--	100.000	100.000	(2,886)	791,754	204,322	--	209,719	1,202,909	--	--
Talecris Plasma Resources Inc.	United States	Industrial	--	100.000	100.000	--	65,743	10,548	--	(6,249)	70,042	--	--
Grifols Worldwide Operations Limited	Ireland	Industrial	100.000	--	100.000	--	391,890	(23,988)	11,302	(26,029)	353,175	512,244	--
Grifols Pharmaceutical Technology (Shanghai) Co., Ltd. (anterior Grifols Pharmaceutical Consulting (Shanghai) Co., Ltd.)	China	Commercial	100.000	--	100.000	1,000	7,856	(500)	--	1,846	10,202	1,000	--
Grifols Switzerland, AG	Switzerland	Commercial	100.000	--	100.000	81	(236)	350	--	8	203	169	--
Grifols Diagnostics Solutions Inc (anterior G-C Diagnostics Corp.)	United States	Industrial	--	55% (derechos económicos)/ 60% (derechos voto)	55% (derechos económicos)/ 60% (derechos voto)	--	3,201,843	(207,469)	--	224,025	3,218,399	--	--
Grifols (H.K.), Limited	Hong Kong	Commercial	--	55% (derechos económicos)/ 60% (derechos voto)	55% (derechos económicos)/ 60% (derechos voto)	37,899	32,646	932	--	5,657	77,134	--	--
Grifols Japan K.K.	Japan	Commercial	100.000	--	100.000	354	1,441	65	--	737	2,597	709	--
Grifols Pharmaceutical Technology Co., Ltd. Beijing Branch	China	Commercial	100.000	--	100.000	--	(5,553)	339	--	(1,319)	(6,533)	--	--
Grifols India Healthcare Private Ltd	India	Commercial	99.984	0.016	100.000	2	719	(170)	--	30	581	599	--
Grifols Canada, Ltd.	Canada	Industrial	100.000	--	100.000	--	2,319	(1,398)	(604)	1,615	1,932	2,016	--
Grifols Diagnostics Equipment Taiwan Limited	Taiwan	Commercial	100.000	--	100.000	181	678	54	--	273	1,186	181	--
Grifols Innovation and New Technologies Limited	Ireland	Research	--	100.000	100.000	--	100,950	(8,344)	--	(57,009)	35,597	--	--
AlbaJuna Therapeutics, S.L	Spain	Research	--	49.000	49.000	10	5,709	--	--	(1,369)	4,350	--	--
Interstate Blood Bank, Inc.	United States	Industrial	--	100.000	100.000	103	19,618	(2,696)	--	(1,953)	15,072	--	--
Singulex, Inc.	United States	Research	--	19.330	19.330	--	--	--	--	--	--	--	--
Chiquito Acquisition Corp.	United States	Corporate	--	100.000	100.000	--	52,374	(7,084)	--	7,720	53,010	--	--
Access Biologicals, LLC. and Subsidiaries.	United States	Industrial	--	49.000	49.000	3,998	--	--	--	15,940	19,938	--	--
Aigües Minerals Vilajuïga, S.A.	Spain	Industrial	99.990	0.010	100.000	75	3,408	--	--	(1,709)	1,774	38	--
GigaGen Inc.	United States	Industrial	--	43.960	43.960	1	16,952	--	--	(2,273)	14,680	--	--
Plasmavita Healthcare GmbH	Germany	Industrial	--	50.000	50.000	25	1,043	20,000	--	757	21,825	--	--
Goetech LLC (D/B/A Medkeeper)	United States	Industrial	--	100.000	100.000	--	45,104	1,238	--	1,901	48,243	--	--
Mecwins, S.A.	Spain	Industrial	--	24.990	24.990	126	4,673	86	--	(502)	4,383	--	--
Biomat USA South, Inc.	United States	Industrial	--	100.000	100.000	--	--	--	--	--	--	--	--
Medcom, S.A.	Spain	Research	--	45.000	45.000	122	3,997	--	--	(245)	3,874	--	--
Plasmavita Healthcare II GmbH	Austria	Industrial	--	50.000	50.000	35	(305)	3,000	--	(800)	1,930	--	--
Shanghai RAAS Blood Products Co. Ltd.	China	Corporate	26.200	--	26.200	844,139	2,246,682	4,562	--	139,459	3,234,842	1,807,351	2,214
Grifols Korea Co., Ltd	South Korea	Commercial	100.000	--	100.000	--	--	--	--	--	--	--	--
Green Cross Biotherapeutics, Inc.	Canada	Industrial	--	100.000	100.000	(983)	389,191	(1,957)	--	(14,205)	372,046	19,711	--
Green Cross America, Inc.	United States	Industrial	--	100.000	100.000	21,252	14,522	--	--	5,392	41,166	--	--
Grifols Laboratory Solutions Inc.	United States	Commercial	--	100.000	100.000	--	--	--	--	--	--	--	--
											3,947,507	165,227	

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GRIFOLS, S.A.
Classification of Financial Assets by Category
for the year ended 31 December 2021
(Expressed in Thousand Euros)

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

	Thousand Euros					
	Non-current			Current		
	Carrying amount	Fair value	Total	Carrying amount	Fair value	Total
<i>Financial assets at amortised cost</i>						
Loans						
Fixed rate loans	2,525,000	2,525,000	2,525,000	150,000	150,000	150,000
Variable rate loans	4,452,554	4,452,554	4,452,554	2,757	2,757	2,757
Loans, Tax effect	--	--	--	108,726	108,726	108,726
Trade receivables	--	--	--	74,576	74,576	74,576
Deposits and guarantees	1,552	1,552	1,552	6	6	6
Other trade receivables	--	--	--	227	227	227
Other receivables	--	--	--	280	280	280
Total	6,979,106	6,979,106	6,979,106	336,572	336,572	336,572
<i>Financial assets at fair value with changes through profit and loss account</i>						
Derivatives	2,068	2,068	2,068	3,238	3,238	3,238
Total	2,068	2,068	2,068	3,238	3,238	3,238
Total financial assets	6,981,174	6,981,174	6,981,174	339,810	339,810	339,810

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GRIFOLS, S.A.
Classification of Financial Assets by Category
for the year ended 31 December 2020
(Expressed in Thousand Euros)

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

	Thousand Euros					
	Non-current			Current		
	Carrying amount	Fair value	Total	Carrying amount	Fair value	Total
<i>Financial assets at amortised cost</i>						
Loans						
Fixed rate loans	2,575,000	2,575,000	2,575,000	100,000	100,000	100,000
Variable rate loans	4,826,800	4,826,800	4,826,800	40,041	40,041	40,041
Loans, Tax effect	--	--	--	24,435	24,435	24,435
Trade receivables	--	--	--	43,136	43,136	43,136
Deposits and guarantees	1,552	1,552	1,552	5	5	5
Other financial assets	--	--	--	9,809	9,809	9,809
Other trade receivables	--	--	--	119	119	119
Other receivables	--	--	--	208	208	208
Total	7,403,352	7,403,352	7,403,352	217,753	217,753	217,753
<i>Financial assets at fair value with changes through profit and loss account</i>						
Equity instruments	1,121	1,121	1,121	--	--	--
Total	1,121	1,121	1,121	--	--	--
Total financial assets	7,404,473	7,404,473	7,404,473	217,753	217,753	217,753

GRIFOLS, S.A.

Details of Reserves and Profit and movement

for the year ended 31 December 2021

(Expressed in Thousand Euros)

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

	Thousand Euros				
	Legal and statutory reserves	Differences on translation of capital to Euros	Voluntary reserves	Profit for the year	Total
Balance at 1 January 2021	23,921	3	1,974,864	64,748	2,063,536
Recognised income and expense	--	--	--	(140,728)	(140,728)
Distribution 2020 profit					
Reserves	--	--	62,134	(62,134)	--
Dividend	--	--	0	(2,614)	(2,614)
Dividend	--	--	(247,520)	--	(247,520)
Other movements	--	--	1,268	--	1,268
Balance at 31 December 2021	23,921	3	1,790,746	(140,728)	1,673,942

GRIFOLS, S.A.

**Details of Reserves and Profit and movement
for the year ended 31 December 2020**

(Expressed in Thousand Euros)

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

	Thousand Euros				
	Legal and statutory reserves	Differences on translation of capital to Euros	Voluntary reserves	Profit for the year	Total
Balance at 1 January 2020	23,921	3	606,482	1,630,266	2,260,672
Recognised income and expense	--	--	--	64,748	64,748
Distribution 2019 profit					
Reserves	--	--	1,493,438	(1,493,438)	--
Dividend	--	--	(113,230)	(136,828)	(250,058)
Other movements	--	--	(11,826)	--	(11,826)
Balance at 31 December 2020	23,921	3	1,974,864	64,748	2,063,536

GRIFOLS, S.A.

**Details of Financial Liabilities by Category
for the year ended 31 December 2021
(Expressed in Thousand Euros)**

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

2021	Thousand Euros					
	Non-current			Current		
	Carrying amount	Fair value	Total	Carrying amount	Fair value	Total
<i>Liabilities at amortised cost</i>						
Bonds and other marketable securities						
Fixed rate	2,553,548	2,674,866	2,553,548	110,638	110,638	110,638
Loans with Group companies						
Variable rate Loans	4,605,868	4,605,868	4,605,868	17,424	17,424	17,424
Loans, tax effect	--	--	--	25,160	25,160	25,160
Loans and borrowings						
Fixed rate	116,875	116,875	116,875	21,250	21,250	21,250
Variable rate	1,246,330	1,246,330	1,246,330	20,830	20,830	20,830
Finance lease payables	430	430	430	710	710	710
Other financial liabilities	1,148	1,148	1,148	1,413	1,413	1,413
Trade and other payables						
Suppliers	--	--	--	71,538	71,538	71,538
Suppliers, Group companies	--	--	--	15,624	15,624	15,624
Other payables	--	--	--	12,547	12,547	12,547
Total financial liabilities	8,524,199	8,645,517	8,524,199	297,134	297,134	297,134

GRIFOLS, S.A.

**Details of Financial Liabilities by Category
for the year ended 31 December 2020
(Expressed in Thousand Euros)**

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

2020	Thousand Euros					
	Non-current			Current		
	Carrying amount	Fair value	Total	Carrying amount	Fair value	Total
<i>Liabilities at amortised cost</i>						
Bonds and other marketable securities						
Fixed rate	2,644,915	2,705,437	2,644,915	13,103	13,103	13,103
Loans with Group companies						
Variable rate Loans	4,364,424	4,364,224	4,364,424	13,837	13,837	13,837
Loans, tax effect	--	--	--	29,452	29,452	29,452
Loans and borrowings						
Fixed rate	138,125	138,125	138,125	21,250	21,250	21,250
Variable rate	1,317,898	1,317,898	1,317,898	29,356	29,356	29,356
Finance lease payables	1,058	1,058	1,058	1,056	1,056	1,056
Other financial liabilities	788	788	788	1,287	1,287	1,287
Trade and other payables						
Suppliers	--	--	--	49,711	49,711	49,711
Suppliers, Group companies	--	--	--	12,402	12,402	12,402
Other payables	--	--	--	6,153	6,153	6,153
Total financial liabilities	8,467,208	8,527,530	8,467,208	177,607	177,607	177,607

GRIFOLS, S.A.

Classification of Financial Liabilities by Maturity
for the year ended 31 December 2021
(Expressed in Thousand Euros)

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

	Thousand Euros							Less current portion	Total Non Current
	2022	2023	2024	2025	2026	Subsequent years	2021		
<i>Loans</i>									
Bonds and other marketable securities	110,638	--	--	1,822,748	--	730,800	(110,638)	2,553,548	
Loans and borrowings	42,080	22,752	32,427	31,387	31,345	1,245,294	(42,080)	1,363,205	
Finance lease payables	710	388	21	21	--	--	(710)	430	
Other financial liabilities	1,413	573	521	54	--	--	(1,413)	1,148	
Group companies and associates	42,584	--	--	--	--	4,605,868	(42,584)	4,605,868	
<i>Trade and other payables</i>									
Suppliers	71,538	--	--	--	--	--	(71,538)	--	
Suppliers, Group companies	15,624	--	--	--	--	--	(15,624)	--	
Personnel	12,547	--	--	--	--	--	(12,547)	--	
Total financial liabilities	297,134	23,713	32,969	1,854,210	31,345	6,581,962	(297,134)	8,524,199	

GRIFOLS, S.A.

Classification of Financial Liabilities by Maturity
for the year ended 31 December 2020
(Expressed in Thousand Euros)

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

	Thousand Euros							Total Non Current
	2021	2022	2023	2024	2025	Subsequent years	Less current portion	
<i>Loans</i>								
Bonds and other marketable securities	13,103	--	--	--	--	2,644,915	(13,103)	2,644,915
Loans and borrowings	50,606	32,941	32,920	32,799	31,756	1,325,607	(50,606)	1,456,023
Finance lease payables	1,056	691	367	--	--	--	(1,056)	1,058
Other financial liabilities	1,287	529	102	103	54	--	(1,287)	788
Group companies and associates	43,289	--	--	--	--	4,364,424	(43,289)	4,364,424
<i>Trade and other payables</i>								
Suppliers	42,230	--	--	--	--	--	(42,230)	--
Suppliers, Group companies	12,402	--	--	--	--	--	(12,402)	--
Suppliers, related parties	7,475	--	--	--	--	--	(7,475)	--
Other creditors	6	--	--	--	--	--	(6)	--
Personnel	6,153	--	--	--	--	--	(6,153)	--
Total financial liabilities	177,607	34,161	33,389	32,902	31,810	8,334,946	(177,607)	8,467,208

GRIFOLS, S.A.

Main characteristics of payables for the year ended 31 December 2021

(Expressed in Thousand Euros)

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

2021	Loan	Currency	Interest rate	Grant date	Maturity	Thousand Euros		
						Amount received	Book Value	
							Current	Non-current
Group								
	Cash pooling (note 20)	EUR	4,42% (Group senior debt interest rate + 0,75%)		2027	--	--	4,605,868
						--	--	4,605,868
Unrelated parties								
	Senior Unsecured Notes	EUR	3.20%	26/04/2017	26/04/2025	1,000,000	--	993,284
	Senior Secured Notes	EUR	2.25%	15/11/2019	15/11/2027	770,000	30,391	730,800
	Senior Secured Notes	EUR	1.63%	15/11/2019	15/02/2025	905,000	67,144	829,464
	European Investment Bank	EUR	2.02%	22/12/2017	22/12/2027	85,000	10,625	53,125
	European Investment Bank	EUR	2.15%	25/09/2018	25/09/2028	85,000	10,625	63,750
	Tranche B	EUR	Euribor + 2.25%	15/11/2019	15/11/2027	1,360,000	(2,784)	1,244,244
	Bankinter	EUR	1.82% - 1.76%	21/11/2014	30/09/2024	10,000	1,060	2,086
	Other	EUR			2022	--	25	--
	Factoring, BBVA	EUR			2022	--	22,057	--
						4,215,000	139,143	3,916,753
	Total					4,215,000	139,143	8,522,621

GRIFOLS, S.A.

Main characteristics of payables for the year ended 31 December 2020

(Expressed in Thousand Euros)

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

2020	Loan	Currency	Interest rate	Grant date	Maturity	Thousand Euros		
						Amount received	Book Value	
							Current	Non-current
Group								
	Cash pooling (note 19)	EUR	3,722% (Group senior debt interest rate + 0,75%)		2027	--	--	4,364,424
						--	--	4,364,424
Unrelated parties								
	Senior Unsecured Notes	EUR	3.20%	26/04/2017	26/04/2025	1,000,000	--	991,270
	Senior Secured Notes	EUR	2.25%	15/11/2019	15/11/2027	770,000	--	759,702
	Senior Secured Notes	EUR	1.63%	15/11/2019	15/02/2025	905,000	--	893,943
	European Investment Bank	EUR	2.02%	22/12/2017	22/12/2027	85,000	10,625	63,750
	European Investment Bank	EUR	2.15%	25/09/2018	25/09/2028	85,000	10,625	74,375
	Tranche B	EUR	Euribor + 2.25%	15/11/2019	15/11/2027	1,360,000	10,663	1,314,752
	Bankinter	EUR	2,25% - 1.93%	21/11/2014	30/09/2024	10,000	1,039	3,146
	Other	EUR			2021	--	529	--
	Factoring, BBVA	EUR			2021	--	17,125	--
						4,215,000	50,606	4,100,938
	Total					4,215,000	50,606	8,465,362

GRIFOLS, S.A.

Reconciliation between net income and expense for the year
and the tax loss for the year ended 31 December 2021
(Expressed in Thousand Euros)

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

2021	Thousand Euros						
	Income Statement			Income and expense recognised in equity			Total
	Increases	Decreases	Net	Increases	Decreases	Net	
Income and expenses for the period			(140,728)			12	(140,716)
Income tax			(41,803)			(3)	(41,806)
Income tax, prior years			6,739			--	6,739
Other income tax			576			--	576
Losses before income tax			(175,216)			9	(175,207)
Permanent differences							
Individual company	24,688	5,471	19,217	--	--	--	19,217
Tax consolidation adjustments	23,510	--	23,510	--	--	--	23,510
Temporary differences							
Individual company							
Originating in current year	599	--	599	--	--	--	599
Originating in prior years	1,035	7,120	(6,085)	--	--	--	(6,085)
Tax loss			(137,975)			9	(137,966)

GRIFOLS, S.A.

Reconciliation between net income and expense for the year
and the tax loss for the year ended 31 December 2020
(Expressed in Thousand Euros)

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

2020	Thousand Euros						
	Income Statement			Income and expense recognised in equity			Total
	Increases	Decreases	Net	Increases	Decreases	Net	
Income and expenses for the period			64,748			14	64,762
Income tax			(32,265)			(3)	(32,269)
Income tax, prior years			(440)				(440)
Other income tax			221				221
Profit before income tax			32,264			11	32,275
Permanent differences							
Individual company	11,965	40,234	(28,269)	--	--	--	(28,269)
Tax consolidation adjustments	3,500	124,997	(121,497)	--	--	--	(121,497)
Temporary differences							
Individual company							
Originating in current year	3,991	209	3,782	--	--	--	3,782
Originating in prior years	2,429	2,824	(395)	--	--	--	(395)
Tax loss			(114,115)			11	(114,104)

GRIFOLS, S.A.
Details of income tax expense/(tax income) related to profit/(loss)
for the year ended 31 December 2021
(Expressed in Thousand Euros)

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

	Thousand Euros	
	Profit and loss	Total
Income and expenses for the period before tax	175,216	175,216
Tax at 25%	(43,804)	(43,804)
Non-taxable income		
Dividends, double taxation (exemption)	(1,224)	(1,224)
Non-deductible expenses		
Donations	1,845	1,845
Deductions and credits for the current year	(2,587)	(2,587)
Prior years' adjustments	177	177
Provision of financial fixed assets	10,060	10,060
Other corporate tax expenses (other territories)	576	576
Adjustment of deductions in prior years	469	469
Taxable income/(tax loss)	(34,488)	(34,488)

GRIFOLS, S.A.
Details of income tax expense/(tax income) related to profit/(loss)
for the year ended 31 December 2020
(Expressed in Thousand Euros)

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

	Thousand Euros	
	Profit and loss	Total
Income and expenses for the period before tax	32,264	32,264
Tax at 25%	8,066	8,066
Non-taxable income		
Dividends, double taxation (exemption)	(10,058)	(10,058)
Dividends from group companies	(31,249)	(31,249)
Non-deductible expenses		
Donations	2,798	2,798
Sanctions and fines	1	1
Deductions and credits for the current year	(2,890)	(2,890)
Provision of financial fixed assets	1,067	1,067
Other corporate tax expenses (other territories)	221	221
Adjustment of deductions in prior years	(440)	(440)
Taxable income/(tax loss)	(32,484)	(32,484)

GRIFOLS, S.A
Related Party Balances
for the year ended 31 December 2021
(Expressed in Thousand Euros)

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

	Thousand Euros				
	Group companies	Associates	Directors	Other related parties	Total
<i>Non-current investments in Group companies</i>					
Loans to companies	6,977,554	--	--	--	6,977,554
Deposits and guarantees	559	--	--	749	1,308
Total non-current assets	6,978,113	--	--	749	6,978,862
<i>Trade and other receivables (note 14)</i>					
Trade receivables – current	67,925	3,720	--	1,272	72,917
<i>Current investments in Group companies and associates</i>					
Loans to companies	261,483	--	--	--	261,483
Total current assets	329,408	3,720	--	1,272	334,400
Total assets	7,307,521	3,720	--	2,021	7,313,262
Non-current payables to Group companies	4,605,868	--	--	--	4,605,868
Total non-current liabilities	4,605,868	--	--	--	4,605,868
Current payables to Group companies and associates	42,584	--	--	--	42,584
<i>Trade and other payables (note 21)</i>					
Suppliers	--	--	--	5,071	5,071
Suppliers, Group companies and associates	15,624	--	--	--	15,624
Total current liabilities	58,208	--	--	5,071	63,279
Total liabilities	4,664,076	--	--	5,071	4,669,147

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

GRIFOLS, S.A
Related Party Balances
for the year ended 31 December 2020
(Expressed in Thousand Euros)

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

	Thousand Euros				
	Group companies	Associates	Directors	Other related parties	Total
<i>Non-current investments in Group companies</i>					
Loans to companies	7,401,800	--	--	--	7,401,800
Deposits and guarantees	559	--	--	749	1,308
Total non-current assets	7,402,359	--	--	749	7,403,108
<i>Trade and other receivables (note 14)</i>					
Trade receivables – current	41,297	--	--	--	41,297
<i>Current investments in Group companies and associates</i>					
Loans to companies	164,476	--	--	--	164,476
Total current assets	205,773	--	--	--	205,773
Total assets	7,608,132	--	--	749	7,608,881
Non-current payables to Group companies	4,364,424	--	--	--	4,364,424
Total non-current liabilities	4,364,424	--	--	--	4,364,424
Current payables to Group companies and associates	43,289	--	--	--	43,289
<i>Trade and other payables (note 21)</i>					
Suppliers	--	--	--	7,475	7,475
Suppliers, Group companies and associates	12,402	--	--	--	12,402
Total current liabilities	55,691	--	--	7,475	63,166
Total liabilities	4,420,115	--	--	7,475	4,427,590

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

GRIFOLS, S.A.
Related Party Transactions
for the year ended 31 December 2021
(Expressed in Thousand Euros)

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

2021	Thousand Euros					Total
	Group companies	Associates	Key management personnel	Directors	Other related parties	
<i>Income</i>						
Licencing income	25,924	--	--	--	--	25,924
Other services rendered	141,512	3,705	--	--	7,326	152,543
Finance income	240,347	--	--	--	--	240,347
Dividends	--	5,758	--	--	--	5,758
Total income	407,783	9,463	--	--	7,326	424,572
<i>Expenses</i>						
Operating lease expenses	3,910	--	--	--	5,332	9,242
Other services received	15,053	--	--	--	3,963	19,016
Remunerations	--	--	7,737	4,416	--	12,153
Financial instruments	182,964	--	--	--	--	182,964
Total expenses	201,927	--	7,737	--	9,295	223,375
<i>Investments</i>						
Cost of assets acquired	185	--	--	--	--	185
Total investments	185	--	--	--	--	185

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

GRIFOLS, S.A.
Related Party Transactions
for the year ended 31 December 2020
(Expressed in Thousand Euros)

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

2020

	Thousand Euros					Total
	Group companies	Associates	Key management personnel	Directors	Other related parties	
<i>Income</i>						
Licencing income	22,430	--	--	--	--	22,430
Other services rendered	137,956	--	--	--	--	137,956
Finance income	230,510	--	--	--	--	230,510
Dividends	165,227	--	--	--	--	165,227
Total income	556,123	--	--	--	--	556,123
<i>Expenses</i>						
Operating lease expenses	3,915	--	--	--	5,138	9,053
Other services received	11,908	--	--	--	10,344	22,252
Remunerations	--	--	8,196	4,966	--	13,162
Financial instruments						
Financial expenses	165,762	--	--	--	--	165,762
Total expenses	181,585	--	8,196	4,966	15,482	210,229
<i>Investments</i>						
Cost of assets acquired						
Buildings and other installations	355	--	--	--	--	355
Income of assets acquired						
Buildings and other installations	(185)	--	--	--	--	(185)
Total investments	170	--	--	--	--	170

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 2021 and 2020
(Expressed in Thousand Euros)
(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

	Thousand Euros									
	Domestic		Rest of European Union		United States		Rest of the world		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Revenue from the rendering of services	62,597	56,155	35,673	29,409	47,889	50,300	6,548	2,093	152,707	137,957
Licencing income	25,924	22,430	--	--	--	--	--	--	25,924	22,430
Dividends	--	124,998	--	36,081	--	1,934	5,758	2,214	5,758	165,227
Finance income	28	21	240,319	230,489	--	--	--	--	240,347	230,510
	88,549	203,604	275,992	295,979	47,889	52,234	12,306	4,307	424,736	556,124

This appendix forms an integral part of Note 25 to the annual accounts, in conjunction with which it should be read.

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

GRIFOLS S.A. Directors' Report

To the shareholders:

1. Business performance and position of the Company

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

- Defining action plans and general procedures for the entire Group.
- Planning future investments by entering new markets or through product diversification.
- Providing support to the various functional areas in each Group company (products division, technical division, marketing/sales division, scientific division, financial division and planning and control division).
- Leasing owned 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 authorisation for issue of these annual accounts, the Company has taken the measures it considers appropriate to mitigate any possible effects arising from the afore mentioned events.

3. Treasury stock

At 31 December 2021, the Company has treasury stock of Euros 164,188 thousand, as described in note 17 of the accompanying annual accounts. Transactions involving treasury stock in 2021 are described in note 17 of 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

The average payment period to the Company's suppliers for 2021 is 53 days, which is below the maximum period of 60 days established by the transitional arrangement set out in the Spanish Law 15/2010. Regarding the payments made after the regulatory deadline, the Company is studying the best practices to reduce the average number of days.

7. Financial instruments use

On 5 October 2021 the Company entered into an exchange rate swap from fix to fix agreement with some financial entities with due date 15 October 2024. The agreement set the exchange of currency flows EUR-USD under the following terms:

- Grifols, S.A. receives a loan in euros for an amount of Euros 431.6 million with an interest rate of 3.78%.
- Grifols S.A. grants a loan in US dollars for an amount of Dollars 500 million with an interest rate of 4.75%.

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

GRIFOLS S.A.
Directors' Report

8. 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).

9. Annual Corporate Governance report and Annual Report on Remuneration of Directors

The Annual Corporate Governance Report and the Annual Report on Remuneration of Directors of Grifols, S.A. forms part of this Directors' report and is available at www.grifols.es. It is also published as Other Relevant Information on the Spanish National Securities Market Commission (CNMV) website.

10. Subsequent events

In January 2022 the cash tender offer of 100% of the principal amount of the Senior Secured Notes has been closed for an amount of US Dollars 110,317 thousand.

After the closing date and up to the date of authorization for issue of this Directors' report, there has not been any significant subsequent event that may have a significant impact on the Company, except for the event mentioned above.

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

At their meeting held on 25 February 2022, 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 2021 to 31 December 2021. The annual accounts and Directors' report comprise the documents that precede this certification.

Victor Grifols Roura
(signed)
Chairman – Board
Member

Raimon Grifols Roura
(signed)
Chief Executive Officer

Víctor Grifols Deu
(signed)
Chief Executive Officer

Carina Szpilka Lázaro
(signed)
Board member

Tomás Dagà Gelabert
(signed)
Board member

Thomas Glanzmann
(signed)
Vice-Chairman

Iñigo Sánchez-Asiain
Mardones
(signed)
Board member

Enriqueta Felip Font
(signed)
Board member

James Costos
(signed)
Board member

Steven F. Mayer
(signed)
Board member

Belen Villalonga
Morenés
(signed)
Board member

Marla E. Salmon
(signed)
Board member

Nuria Martin Barnés
(signed)
Secretary to the Board