

Grifols and Shanghai RAAS close their strategic alliance in China

- *Grifols controls a 26.20% stake in Shanghai RAAS (economic and voting rights) in exchange for a non-majority share on behalf of Shanghai RAAS (45% economic rights and 40% voting rights) in Grifols' subsidiary, Grifols Diagnostic Solutions (GDS)*
- *Over the past 35 years, Grifols has increasingly expanded its presence in China, which is currently the company's third-largest sales market*
- *This transaction represents a unique opportunity for Grifols to reinforce its global expansion strategy and commercial presence in China, one of the fastest-growing markets for plasma-derived products and transfusion diagnostic solutions*
- *This transaction is the first share swap made in China with shares of a foreign company and a non-state-controlled Chinese listed company*

Barcelona, March 27, 2020.- Grifols (MCE:GRF, MCE:GRF.P, NASDAQ:GRFS), a global healthcare company with a track record of more than 100 years dedicated to enhancing people's health and well-being and a recognized leader in plasma medicines, transfusion diagnostics and pharmaceutical specialties for hospital use, and Shanghai RAAS Blood Products Co. Ltd. (002252.SZ), a leading Chinese company in the plasma-derivatives sector, today announced the closing of their strategic alliance in China.

This transaction will increase the production, sale and development of plasma-derived products and the latest transfusion diagnostic solutions in China in adherence with international quality and safety standards.

Grifols and Shanghai RAAS will work together to ensure that all activities related to the collection of plasma and production of plasma-derived medicines comply with the strictest international quality-control mandates by virtue of the "Strategic Alliance Agreement" signed by both companies.

Through the agreement, Shanghai RAAS will also become the exclusive distributor of Grifols' plasma products and transfusion diagnostics in China.

For Grifols, the agreement offers an opportunity to bolster its international expansion and build on its long-term, sustainable growth.

With sales offices in Shanghai and Beijing, Grifols has operated in the Chinese market since the 1980s. In 2019, the company had a total of 28 registered products: five Bioscience Division products and 23 Diagnostic Division products, of which eight are NAT donor-screening

solutions utilized for blood and plasma donations and 15 are blood-typing solutions. Grifols will continue its efforts to expand its portfolio of registered products in China over the coming years.

At present, China is Grifols' third-largest sales market. It represents the company's largest market for albumin and third most important market for the Diagnostic Division, with the highest sales volume of DG-Gel[®] cards and second-highest sales volume of Procleix[®] NAT Solutions in APAC.

The Chinese market holds tremendous growth potential for Grifols. Guaranteeing the safety of blood donations and transfusions is a top priority for China as part of its ongoing efforts to reform its healthcare system.

Transaction Summary

Following this transaction, Grifols is now the largest shareholder in Shanghai RAAS while maintaining operating, political and economic control over its subsidiary, Grifols Diagnostic Solutions (GDS). Specifically, Grifols will control a 26.20% stake in Shanghai RAAS's capital (economic and voting rights) in exchange for a non-majority share in Grifols Diagnostics Solutions (45% economic and 40% voting rights) on behalf of Shanghai RAAS.

Grifols is Shanghai RAAS' main shareholder, with approximately a 26.20% stake; followed by Creat Group Co. Ltd., with approximately 26.18%; and RAAS China Limited, with approximately 22.78%. The remaining shares are held by institutional investors and minority shareholders.

Based on the current shareholding structure of Shanghai RAAS, Grifols will have three members on the Shanghai RAAS' Board of Directors, which includes a total of nine members. It will also maintain the right of veto for certain decisions such as share issuance, divestment of major assets, mergers, and bylaw amendments, among others; as well as subscription rights in possible capital increases. Two members of Shanghai RAAS will serve on the board of Grifols Diagnostic Solutions, which includes a total of 5 members.

Under the terms of the transaction, Grifols and Shanghai RAAS have signed an Exclusive Strategic Alliance Agreement that establishes international quality and manufacturing standards. To this end, Grifols will appoint an expert to assess and verify compliance of these standards.

Grifols will receive royalties from Shanghai RAAS for technological support and know-how in the field of bioscience and diagnostic for use in China. Grifols will also provide engineering services on a fee basis. Under the agreement, Shanghai RAAS commits to using Grifols Diagnostic Solutions' NAT donor-screening technology in its plasma collection operations.

No external financing was required to fund the transaction. It represented the first equity swap transaction in China between a foreign company and a non-state-controlled listed Chinese company.

Grifols retained Osborne Clarke, S.L.P, Proskauer Rose, L.L.P and JunHe L.L.P. as legal advisors. Nomura serves as the lead financial advisor and China International Capital Corporation Ltd. as the financial advisor for PRC affairs.

The plasma derivatives and transfusion medicine sector in China

China represents 55% of the global albumin market¹, 10% of immunoglobulin¹ (IVIG) and 5% of plasma-derived factor VIII¹.

In terms of per capita consumption of albumin, China ranks 8th in the world, with 325 grams per 1,000 population. This level of consumption is similar to other countries including Germany and Canada, where per capita consumptions are significantly higher than the worldwide average of 173 grams per 1,000 population¹. The total volume of albumin in China expanded by 13.3% over 2012-2018².

In the case of IVIG, per capita consumption stands at 19 grams per 1,000 population¹, below the worldwide average of 28.4 grams per 1,000 population. Its consumption recorded cumulative growth of 10.4%² during the 2013-2018 period.

For its part, China's plasma factor VIII market grew by 24.5% over the 2013-2018 period². Nevertheless, per capita consumption measured in international units (IU) stood at 0.2 IU per 1,000 population¹, whereas the global average stands at 1.9 IU per 1,000 population¹.

China currently has 249 operational plasma centers³ which collected 8.4 million liters of plasma in 2018⁴. Shanghai RAAS owns 41 centers (5 of which are under construction) which represent the second largest network of operational plasma centers in China.

In 2018, China represented a market of 14.9 million in NAT blood-donor analyses and EUR 200 million in in-vitro immunohematology tests⁶.

1 Grifols Global Plasma Industry Database 2017 (values).

2 Data Sources: Institutes of Food and Drug Control.

3 Source: Report released by listed manufacturers. Updated on Oct. 28, 2019.

4 Sources: Annual report released by listed manufacturers; PPTA; National Health Committee(NHC).

5 Source: National Health Committee (NHC).

6 Source: InterChina survey 2017.

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About Grifols

Grifols is a global healthcare company founded in Barcelona in 1909 committed to improving the health and well-being of people around the world. Its four divisions – Bioscience, Diagnostic, Hospital and Bio Supplies – develop, produce and market innovative solutions and services that are sold in more than 100 countries.

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

Grifols, with more than 24,000 employees in 30 countries, is committed to a sustainable business model that sets the standard for continuous innovation, quality, safety and ethical leadership.

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

For more information: www.grifols.com

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