



THE CNMV INITIATES SANCTIONING PROCEEDINGS AGAINST GOTHAM AND GENERAL INDUSTRIAL PARTNERS FOR MARKET MANIPULATION REGARDING GRIFOLS'S SHARES AND FOR THE BREACH OF THE PROVISIONS OF THE MARKET ABUSE REGULATION ON INVESTMENT RECOMMENDATIONS AND AGAINST GRIFOLS FOR DEFECTS IN ITS FINANCIAL INFORMATION AND MANAGEMENT REPORTS

25 September 2024

As a result of the corresponding investigations initiated in January 2024, the Executive Committee of the Spanish National Securities Market Commission (CNMV) agreed, in its session held on 19 September 2024, to launch sanctioning proceedings against Gotham City Research LLC (hereinafter, Gotham) and General Industrial Partners LLP (hereinafter, GIP), as well as against Grifols S.A. (hereinafter, Grifols) on the following terms:

- Gotham and GIP for possibly committing a very serious infringement as defined in Article 297.2.b) of the Spanish Law on Securities Markets and Investment Services (hereinafter LMVSI for its abbreviation in Spanish)¹, as a result of the breach of Article 15 of the MAR², for carrying out market manipulation activities as described in Article 12.1.b) of the aforementioned Regulation, by means of the concerted use of fictitious devices or any other form of deception or contrivance to affect Grifols' share prices, through the report published on 9 January 2024.
- Gotham for possibly committing a minor infringement as defined in Article 310 of the LMVSI, as a result of the breach of the obligations set in paragraph 1, Article 20 of the MAR regarding the objective presentation of investment recommendations and the effective disclosure of its interests or conflicts of interest related to the investment recommendation of Grifols' shares contained in the aforementioned report.
- Grifols for possibly committing a very serious continuous infringement as defined in Article 282.1.b) of the LMVSI, as a result of the submission to the CNMV of regulated financial information with inaccurate or false data or omitting relevant aspects, in conformity with IFRS/IAS, included in the consolidated annual financial reports for the 2021, 2022 and 2023 financial years, and the biannual consolidated financial information for the first half of 2023; in addition to a serious continuous infringement as defined in Article 292.1.f) of the LMVSI, for the inclusion of false or misleading information on the calculation method of certain alternative performance measures (APMs) in the management reports corresponding to the 2021, 2022 and 2023 financial years, and that corresponding to the first half of 2023.

Moreover, the CNMV has forwarded all the information regarding Gotham's and GIP's possible manipulative behaviour to the Spanish Public Prosecutor's Office in case criminal proceedings

¹ Spanish Law 6/2023 of 17 March on Securities Markets and Investment Services (LMVSI for its abbreviation in Spanish).

² Regulation (EU) No 596/2014 of the European Parliament and of the Council on market abuse (market abuse regulation)

were applicable due to the possible breach of Article 284 of the Spanish Criminal Code. In the event of criminal proceedings being initiated, the administrative sanctioning procedure would be suspended until a final judicial decision has been reached.

This statement is hereby released pursuant to the provisions of Article 336 of the LMVSI, without prejudice to the final outcome of the disciplinary proceedings, whereby the parties against which they are brought have all the means to which they are legally entitled to defend their rights.

This resolution has been published upon notification of the interested parties, in line with the provisions of the aforementioned article.

The report published by Gotham on 9 January 2024 regarding the quality of Grifols' information and financial situation, as we are all aware, had a profound impact on Grifols' share price (at the market closing on the day the report was published, Grifols' market capitalisation had fallen by 2,205 million euros, reaching a loss of 3,814 million euros on the same day, before the close). The prior short positioning of the entity associated to Gotham in such security is also known.

Following Gotham's publication of its report on Grifols, the CNMV initiated the corresponding investigations, the preliminary conclusions of which were disclosed to the market on 21 March 2024³.

In its statement of 21 March, the CNMV highlighted, in relation to Grifols' financial information, that it would complete its analysis of legality in the following months and that it would try to provide maximum transparency in the conclusion of its actions, including *"[.../ the initiation of any sanctioning proceedings should it result from the analyses carried out to date or those yet to be finalised, pursuant to Article 336 of the LMVSI"*. With regard to Gotham's actions, the CNMV stated that, at that time, it still had not undertaken a full assessment of its possible liabilities.

This statement is published upon the completion of the investigation of Gotham's actions and the analysis on the legality of Grifols' information, in addition to acting on the CNMV's commitment and the public interest related to Gotham's report, Grifols and its financial statements.

The CNMV has concluded that there are, on one hand, well-founded indications of manipulation of information in Gotham's and GIP's actions by including several biased, false or misleading elements in its report of 9 January and, on the other hand, a breach of the obligations relating to the objective presentation of investment recommendations. With regard to Grifols, while the initiation of sanctioning proceedings has been agreed, the CNMV reiterates all its preliminary conclusions relative to its accounts, which were submitted to the market on 21 March, this fundamentally being:

³ [Public Statement of the CNMV regarding Grifols](#)

- No evidence has been found to conclude that the financial indebtedness represented by Grifols in its annual consolidated financial statements does not correspond to reality or that the consolidation of Haema and BPC was incorrect;
- Grifols' basic accounting figures were not incorrect (excluding the accounting treatment of two specific transactions -Immunotek and SRAAS-, which have been explained and restated separately by the company in the first half of 2024);
- With the exception of these two specific transactions, the larger portion of the misstatements in Grifols' financial statements is related to incomplete explanations, lack of disclosures, unsuitable calculations or presentation of APMs or failure to include related party transactions.
- And, notwithstanding the foregoing, the deficiencies identified in Grifols' regulated financial statements, although complex to assess individually and separately, must be considered significant as a whole. Despite not resulting in material misstatements of the regulated accounting figures, they hindered, in the case of certain financial years, investors' ability to properly understand the issuer's financial position, results and cash flows.