

REPORT BEING SUBMITTED BY THE BOARD OF DIRECTORS OF THE COMPANY VIDRALA, S.A., IN RELATION TO THE RESOLUTION REFERRED TO IN AGENDA ITEM SEVEN FOR THE ANNUAL GENERAL MEETING.

1. PURPOSE OF THIS REPORT.

Section 286 of the Spanish Public Limited Companies Act (*Ley de Sociedades Anónimas*), as currently in force, contains requirements that include, among others, one stating that in order to validly pass a resolution to amend Articles of Association, the directors must produce a written report containing justification for that amendment, which along with the full text of the proposed amendment, must be made available to the shareholders in the time and manner established in that section.

Also, section 296 of the Corporate Enterprises Act states that a resolution to allow performance of a capital increase must be passed by the General Meeting, with the requirements established for amendment of Articles of Association.

The purpose of this report is to comply with the provisions from those sections. It has been produced by the Board of Directors of Vidrala, S.A. ("**Vidrala**" or the "**Company**") in order to justify the proposal that will be submitted to the Company's General Meeting for its approval, as agenda item seven, at the meeting called for 2 July 2020 at 12.00 p.m. on first call and for the same time the next day, 3 July 2020, on second call.

2. JUSTIFICATION OF THE PROPOSAL.

The share capital increase that is the subject of this report consists of an amount determined by multiplying (a) the nominal value of each share in Vidrala S.A., which is ONE EURO AND TWO EUROCENTS (€1.02), by (b) the number of new shares in the Company (the "New Shares") as determined by applying the proportion of ONE (1) New Share for every TWENTY (20) shares existing at the time when the capital increase is performed.

It therefore involves offering the Company's shareholders New Shares as bonus shares, issued in a proportion of ONE (1) New Share for every TWENTY (20) shares existing at the time when the capital increase is performed.

The capital increase will be performed by charging to the unrestricted "Voluntary reserves" account, which on 31 December 2019 contained a total amount of €136,511,000.

The Board of Directors believes that the capital increase being proposed to the General Meeting is an operation of high interest for the Company, and it can be justified for three basic reasons:

1. It allows the Company to pay the shareholders while at the same time maintaining the resources needed to fund new projects that will generate shareholder value.

In this way, the Company remains loyal to its objective of creating value for its shareholders.

2. It represents a way to improve the liquidity of the securities of VIDRALA, S.A. traded on the securities market, by increasing its number of outstanding shares.
3. It strengthens the structure of the shareholders' equity, as derived from capitalisation of the reserves.

Based on the reasons expressed above, the Board of Directors is submitting the capital increase operation described to the Annual General Meeting for its approval, to produce the right for shareholders to receive allocation of bonus shares in the proportion of one new share for every TWENTY (20) shares they hold.

The Company's balance sheet as closed on 31 December 2019 will be used as the reference, which will have first been submitted to the Annual General Meeting for its approval.

Given the considerations above, the Board believes it is necessary for the General Meeting, if it agrees to pass the resolution on the share capital increase, to delegate the broad powers described to the Board of Directors, with express authorisation to sub-delegate those powers to any Board members in order to further facilitate the operations.

3. FULL TEXT OF THE PROPOSED RESOLUTION TO AMEND THE ArticleS OF ASSOCIATION, BEING SUBMITTED TO THE ANNUAL GENERAL MEETING FOR ITS DELIBERATION AND DECISION.

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Performance of a capital increase, for an amount that can be determined based on the terms of the resolution, by issuing new ordinary shares with a nominal value of one euro and two eurocents (€1.02) each, with no share premium, all of the same class and series as those currently outstanding, with charging to unrestricted reserves and for the purpose of allocating them as bonus shares to the Company's shareholders in the proportion of one (1) new share for every twenty (20) existing shares. Delegation of powers to the Board of Directors, along with express authorities of sub-delegation, for the purpose of fully or partially performing the capital increase within the limits from this resolution, with the resulting amendment of Article 5 of the Company's Articles of Association, and for requesting admission of the resulting shares for trading on Spain's Securities Markets

Interconnection System and the Bilbao and Madrid Securities Exchanges.

1. Capital increase.

To increase the share capital by the amount determined by multiplying (a) the nominal value of each share in Vidrala S.A., which is ONE EURO AND TWO EUROCENTS (€1.02), by (b) the number of new shares in the Company (the "**New Shares**") as determined by applying the proportion of ONE (1) New Share for every TWENTY (20) shares existing at the time when the capital increase is performed.

For purposes of clarification and as an example, if the share capital amount existing on the date of this resolution is used, the share capital would be increased by the amount of ONE MILLION, THREE HUNDRED AND EIGHTY THOUSAND, FOUR HUNDRED AND NINETEEN EUROS AND FOUR EUROCENTS (€1,380,419.04), by issuing and allocating ONE MILLION, THREE HUNDRED AND FIFTY-THREE THOUSAND, THREE HUNDRED AND FIFTY-TWO (1,353,352) new ordinary shares, each with a nominal value of ONE EURO AND TWO EUROCENTS (€1.02), all belonging to the same single class and series as the rest of the Company's shares, and represented by book entries.

In all cases, the New Shares are being issued at par value, i.e., at their nominal value of ONE EURO AND TWO EUROCENTS (€1.02), with no share premium, and they will be allocated to the Company's shareholders as bonus shares.

The New Shares will be paid up by charging against unrestricted reserves, and they will be allocated to the Company's shareholders at no cost, in a proportion of ONE (1) new share for every TWENTY (20) existing shares they hold.

In accordance with section 311 of the Corporate Enterprises Act (with the consolidated text of that legislation approved by Legislative Royal Decree 1/2010 of 2 July, the capital increase can be incompletely allocated if any beneficiaries of the rights to such allocation of bonus shares fully or partially waive those rights; and therefore if any such waivers occur, the capital will be increased only by the appropriate amount.

2. Recipients.

The totality of the New Shares issued by virtue of this resolution will be allocated to the Company's shareholders as bonus shares, in a proportion of ONE (1) New Share for every TWENTY (20) shares they hold.

The rights to such allocation of bonus shares will be transferable under the same conditions as the shares from which those rights derive.

Those considered as the Company's shareholders for these purposes will be all the natural and legal persons that, at the end of the day immediately prior to the start date of the period for allocation of bonus shares as referred to in the next paragraph,

appear as holders of the Company's shares in the accounting records of the entities affiliated with the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal (a company that uses the trade name IBERCLEAR).

3. Procedure for exercising the right to allocation of bonus shares.

In conformity with section 306.2 of the Corporate Enterprises Act, it will be possible to exercise the rights to allocation of bonus shares within a period of fifteen (15) calendar days counted from the day following publication of the capital increase notice in the Official Bulletin of the Commercial Registries and at the Company's website (www.vidrala.com).

Allocation of the shares resulting from the capital increase can be processed via any of the entities affiliated with the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal (a company that uses the trade name IBERCLEAR).

Once the trading period for the rights to allocation of bonus shares has ended, any New Shares that could not be allocated for reasons not attributable to the Company will be deposited and will remain available to those who can verify that they are the legitimate holders of the corresponding rights to allocation of bonus shares. Once three (3) years have passed after the end of the trading period for the rights to allocation of bonus shares, any New Shares still unallocated can be sold in accordance with section 117 of the Corporate Enterprises Act, at the expense and risk of the interested parties. The net amount obtained from that sale must be deposited with the Bank of Spain or the General Public Depository, to remain available to the interested parties.

4. Unrestricted reserves and balance sheet for reference.

The capital increase will be performed by charging to the unrestricted "Voluntary reserves" account, which on 31 December 2019 contained a total amount of €136,511,000.

The balance sheet that will be used as the basis for the operation will be the one corresponding to 31 December 2019, duly audited and approved by this Annual General Meeting.

5. Rights attached to the new shares.

Beginning on the date when the New Shares are recorded in the accounting records of the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal (a company that uses the trade name IBERCLEAR), they will grant to their holders the same political and economic rights as the rest of the Company's shares. As a result, their holders will be entitled to receive any dividends

for which distribution is resolved after the date when awarding of the shares has been recorded in the register of book entries.

6. Request for admission to trading.

Request for admission of the New Shares issued by virtue of this resolution on a share capital increase for trading on the Bilbao and Madrid Securities Exchanges, via the Securities Market Interconnection System, after any applicable laws and regulations have been complied with; and authorisation for the Company's Board, with express authority for sub-delegation to one or more members of the Board, to formalise as many documents and carry out as many acts as necessary for that purpose, with full powers and no limitations whatsoever.

7. Amendment of Articles of Association.

To amend Article 5 of the Company's Articles of Association as a result of this resolution on a share capital increase, so that it will reflect the amount resulting from that increase, expressly authorising the Board of Directors to give that Article new wording in relation to the share capital once that increase has been resolved and performed.

8. Performance of the capital increase.

Within a period of one (1) year after the date of this resolution, the Board of Directors will be able to agree to carry out the capital increase and to establish the necessary terms and conditions in relation to any aspects not addressed in this resolution. The above notwithstanding, if the Board of Directors does not consider performance of the capital increase to be appropriate within the indicated time period, it will be able to submit a proposal to Vidrala's General Meeting to revoke it.

Once the trading period for the rights to allocation of bonus shares has ended:

- (a) The New Shares will be allocated to the shareholders that, in conformity with the accounting records kept by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal (Iberclear) and its affiliated entities, hold rights to allocation of bonus shares, in the proportion of ONE (1) New Share for every TWENTY (20) shares existing at the time when the capital increase is performed.
- (b) The Board of Directors will declare closure of the trading period for the rights to allocation of bonus shares, and it will then perform the formal accounting procedures for applying the "Voluntary reserves" in the amount of the capital increase, with that increase being paid up by means of that application.

Also, once the trading period for the rights to allocation of bonus shares has ended, the Board of Directors must pass the appropriate resolutions to amend the Articles of Association so they reflect the new share capital amount, and to request admission of the New Shares to trading.

9. Delegation of powers to the Board of Directors.

In conformity with section 297.1(a) of the Corporate Enterprises Act as currently in force, the Company's Board is authorised, with express authority of sub-delegation, to establish the exact amount of the capital increase and the exact number of New Shares to be issued; to establish the date when the resolution on the capital increase should be fully or partially carried out, within a time period of no more than one year; and to establish any terms or conditions for the capital increase that have not been established by the General Meeting.

The Board of Directors is also being delegated the broadest powers possible, including but not limited to those listed below, and without that list implying any limitation or restriction whatsoever to the authorities that can be most broadly established by law, so that it can:

- (a) Establish the date when the resolution on the capital increase should be carried out, in all cases within a time period of one (1) year counted from the date of its approval.*
- (b) Establish the exact amount of the capital increase and the exact number of New Shares to be issued; and to declare the capital increase as closed and performed.*
- (c) Carry out or perform any act, declaration, or procedure vis-à-vis the Spanish National Securities Market Commission, the companies that govern the securities exchanges, the company Sociedad de Bolsas, S.A., and the company Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal (a company that uses the trade name IBERCLEAR), and any other body, entity, or public or private registry, in order to obtain any required authorisations or verifications and to perform any procedures necessary for full implementation of the resolutions above.*
- (d) Produce, sign, and formalise as many public and private documents as necessary or appropriate to ensure that the new shares issued are admitted to trading on the Bilbao and Madrid Securities Exchanges.*
- (e) Produce and publish any necessary notices or announcements. Carry out any acts necessary or appropriate in order to perform and formalise the capital increase, vis-à-vis any public or private entities and bodies, including those related to declarations and supplementations and correction of defects or omissions that could prevent or hinder the full effectiveness of the preceding resolutions.*
- (f) Agree upon the circumstances for revoking the capital increase in accordance with standard practices for operations of this type, and to*

withdraw or revoke the capital increase if this is permitted by law and advisable for the Company.

- (g) Amend Article 5 of the Articles of Association to adapt it to the new capital figure resulting from determination of the amount of the capital increase and the final number of shares subscribed and paid up.*
- (h) Sub-delegate any or all of the powers granted by virtue of this resolution to one or more members of the Company's Board.*

The directors have produced a report justifying the proposal presented here."

In Llodio, on 28 May 2020