

REPORT SUBMITTED BY THE BOARD OF DIRECTORS OF VIDRALA, S.A. FOR THE PURPOSES ENVISAGED IN SECTION 286 OF THE CORPORATIONS ACT IN RELATION TO THE AGREEMENT REFERRED TO IN ITEM FIVE OF THE AGENDA OF THE ORDINARY GENERAL SHAREHOLDERS MEETING.

1.- PURPOSE OF THE REPORT.

Section 286 of the current Corporations Act requires, among other requirements, that the directors make a written report with the justification thereof, which, together with the full text of the proposed amendment, must be made available to shareholders in the time and form mentioned in that provision.

On the other hand, section 318 of the same Corporations Act establishes that the reduction of share capital must be agreed by the General Shareholders Meeting for the requirements of the amendment of Articles of Association.

The purpose of this report is to comply with the aforementioned rules, which are drawn up by the Board of Directors of Vidrala, S.A. ('**Vidrala**' or the '**Company**') to justify the proposal - which is submitted for approval by the Company's General Shareholders Meeting called for April 27, 2021, 12:00 p.m., at first call and the next day, April 28, 2021, at the same time, at second call, under the sixth item of the agenda.

2.- JUSTIFICATION OF THE PROPOSAL.

Sections 144 et seq. of the Corporations Act, which regulate the system of business on the shares themselves, effectively allow them to be acquired, complying, inter alia, with the requirements of section 146 of the aforementioned Act.

To this end, it is proposed that the General Shareholders Meeting approve an agreement that, leaving null and void the resolution adopted by the Ordinary General Shareholders Meeting last year, grants the authorization, with the requirements and limits established in the Act, so that the company, either directly or through companies of its group, may acquire its own shares or, in the latter case, shares issued by the parent company.

However, as a result of the acquisition of treasury shares, there are various mechanisms established in the Act to reduce or eliminate the Company's treasury shares that have been acquired. Therefore there exists the option of either paying for these shares or selling them on the market. In the case of a company with securities admitted to trading on a secondary market, it is impossible to determine a priori the appropriateness of the procedure that, in the interest of the company, should be used for the aforementioned purpose of reducing or eliminating the treasury shares acquired. It is not possible to envisage market conditions at a given time, which could be favorable or unfavorable with regard to a single previously established procedure.

For this reason, it is considered appropriate that the assessment of the circumstances at any given time be made by the Board of Directors, then deciding on the most suitable system.

If the shares acquired were to be repaid, this would give rise to the need to approve a share capital reduction agreement. However, as the assessment of the appropriateness of a financial transaction of these characteristics must be adopted based on market circumstances at any given time, this requires, in the opinion of the Board of Directors, to propose to the General Shareholders Meeting the adoption of a capital reduction agreement, delegating to the Board of Directors the powers necessary to carry it out, including determining the amount of the capital reduction and whether this amount is allocated either to

an unavailable reserve or to a reserve of free disposal, in which case the requirements established by the Act to guarantee creditors must be met.

Ultimately, this share capital reduction agreement aims to provide the company with an appropriate instrument in the interest of it and its shareholders.

3.- FULL TEXT OF THE PROPOSED RESOLUTION SUBMITTED TO THE GENERAL SHAREHOLDERS MEETING.

"FIVE.- Authorization for the Board of Directors to proceed with the derivative acquisition of treasury shares, either directly or through companies of the group, in accordance with sections 146 and 509 of the Corporations Act, rendering the authorization granted by the General Shareholders Meeting of July 2, 2020 null and void; reduction of share capital, if applicable, to repay treasury shares, delegating the necessary powers to the Board.

- 1.- Leaving the resolution adopted at the General Shareholders Meeting of July 2, 2020 null and void, authorize the Company, either directly or through any of its subsidiaries, and for a maximum period of five (5) years from the date this Meeting is held, to be able to acquire, at any time and as many times as it considers appropriate, shares from VIDRALA, S.A., by any of the means allowed under the law, including from profit for the year and/or reserves of free disposal, as well as to be subsequently disposed of or repaid, all in accordance with section 146 and consistent with the Corporations Act.
- 2.- Approve the terms of these acquisitions, which will be as follows:
 - (a) That the par value of the shares acquired either directly or indirectly, in addition to those already held by the acquiring company and its subsidiaries, and, where applicable, the parent company and its subsidiaries, does not exceed ten percent (10%) of the share capital of VIDRALA, S.A., respecting the limitations established for the acquisition of treasury shares by the regulatory authorities of the markets where the shares of VIDRALA, S.A. are admitted to trading.
 - (b) The acquisition, including the shares that the company, or person acting in its own name but on behalf of it, had previously acquired and had in portfolio, does not produce the effect that the equity is less than the share capital plus the unavailable legal or statutory reserves. For these purposes, equity will be considered the amount that is classified as such in accordance with the criteria for preparing the financial statements, reduced by the amount of the benefits attributed directly to it, and increased by the amount of the uncalled subscribed share capital, as well as the amount of the nominal and the share premiums of the subscribed capital that is recognized as a liability.
 - (c) The acquisition price is not less than the nominal price or greater than ten percent (10%) of the share price at the date of its acquisition or, in the case of derivatives, at the date of the contract giving rise to the acquisition. Transactions to acquire treasury shares will comply with the rules and practices of the securities markets.
 - (d) An unavailable reserve is established in equity equivalent to the amount of treasury shares calculated in the asset. This reserve must be maintained until the shares are disposed of.
- 3.- It is expressly authorized that the shares acquired by VIDRALA, S.A. subsidiaries under this authorization may be allocated in whole or in part to their delivery to the Company's workers, employees or directors, when there is a recognized right, either directly or as a result of exercising the option rights that they hold, for the purposes envisaged in section 146 (1) (a) of the Corporations Act.

- 4.- *Reduce the share capital, in order to repay the treasury shares of VIDRALA, S.A. that can be held in its balance sheet, charged with free profits or reserves and for the amount that is appropriate or necessary at any given time, up to the maximum of the treasury shares at any given time.*

- 5.- *Delegate to the Board of Directors the execution of the previous capital reduction agreement, who may carry it out one or more times and within the maximum period of five years from the date this General Shareholders Meeting is held; they may carry out any procedures and give any authorizations that are necessary or required by the Corporations Act and other applicable provisions and, in particular, may delegate these such that, within the period and limits indicated for such enforcement, it establishes the date or dates of the specific capital reduction or reductions and its appropriateness, taking into account the market conditions, the quotation, the financial economic situation of the Company, its cash, reserves and evolution of the company and any other aspect that influences such decision; specifying the amount of the capital reduction; determining the destination of the amount of the reduction, either to an unavailable reserve, or, to reserves of free disposal, providing, where applicable, the guarantees and complying with the legal requirements; adapting article 5 of the Articles of Association to the new figure of the share capital; requesting the exclusion of quotation of the amortized values and, in general, adopting any resolutions that may be necessary, for the purposes of this repayment and the consequent capital reduction, designating the persons who may be involved in its formalization. "*

Llodio, March 23, 2021