Disclosure of related-party agreements

Information pursuant to article L.22-10-30 of the French Commercial Code

On February 3, 2021, Vallourec SA (the "**Company**") entered into a related-party agreement with Nippon Steel Corporation ("**NSC**"), which is a shareholder currently holding 14.56% of the Company's share capital and 14.86 % of the voting rights.

This agreement was entered into in the context of the financial restructuring of the Company as contemplated in the agreement in principle entered into between the Company and its main creditors on February 3, 2021, the main terms and conditions of which are described in the press release dated the same date (the "**Financial Restructuring**"). This agreement meets the Company's objectives to rebalance its capital structure by reducing its debt and to secure the necessary liquidity that will enable it to implement its strategic plan in a volatile market environment. It provides in particular:

- A deleveraging of €1,800 million, through:
    - c. €300 million rights issue open to shareholders to be subscribed in cash at a subscription price of €5.66 per share and fully backstopped by the creditors (other than certain commercial banks of the Group, the "**Commercial Banks**") under the revolving credit facilities entered into by the Company ("**RCF**") and the bonds issued by the Company (the "**Bonds**") by way of partial set off of with these claims; the proceeds of such increase in the share capital will be used to partially repay the claims of such creditors under the Bonds and RCF (the "**Rights Issue**");
    - €1,331 million capital increase reserved to creditors (other than the Commercial Banks) under the RCF and the Bonds, at the subscription price of €8.09 per share and to be subscribed by way of partial set off with these claims;
    - €169 million debt write-off by the Commercial Banks, combined with a better fortunes instrument (*instrument de retour à meilleure fortune*) in the form of warrants (*bons de souscription d'actions*) entitling them to subscribe to 11.7% of the share capital (on a fully diluted basis) (each warrant giving right to subscribe to one share, with an exercise period of 5 years, at the exercise price of €10.11);
- A refinancing of the residual debt over 5-years and the securing of significant liquidity, through:
    - €462 million revolving credit facility (unsecured) granted by the Commercial Banks, bearing an annual interest rate of Euribor +5.00%; this revolving credit facility will be subject to a financial gearing covenant that will be tested for the first time on December 31, 2023;
    - €262 million PGE granted by the Commercial Banks;
    - €1,023 million listed senior notes subscribed by way of set off of claims of the creditors (other than the Commercial Banks) under the Bonds and the RCF; these notes will be

governed by the laws of the State of New York, will bear an interest rate of 8.50% per annum, will be unsecured, the terms and conditions of which will be aligned on the 2022 Senior Notes, subject to some adjustments and will be listed on the Euro MTF market in Luxembourg;

- €178 million market guarantees committed for 5 years granted by the Commercial Banks (remunerated at 1% per annum for those with a term not exceeding one year and 1.2% for those with a term of one to two years);

- Interest accrued on the RCF and the Bonds up to February 1, 2021 will be paid in cash on the completion date of the contemplated transactions; interest which will accrue from February 2, 2021 until June 30, 2021 on the RCF and the Bonds will be partly reimbursed, partly converted into capital and partly refinanced and included in the above-mentioned amounts of new debt and equitization.

Such agreement in principle will be implemented as part of a safeguard proceeding opened in respect of the Company, subject to customary conditions (in particular, authorization of the necessary resolutions by the shareholders meeting and approval of the safeguard plan by the Commercial Court of Nanterre) being satisfied or waived.

Under the related-party agreement, NSC undertook, subject to customary conditions:

- to vote in favor of the resolutions necessary for the implementation of the Financial Restructuring;

- to subscribe on a non-reducible basis, *à titre irréductible*, to the Rights Issue in the amount of EUR 35,000,000;

- to keep its Vallourec shares as from February 3, 2021 and for a 6-month period from the completion of the Rights Issue (provided that it is completed); and

- waive its right under the agreement entered into with the Company on February 1, 2016, to propose a candidate to be a member of the Supervisory Board, to the shareholders' meeting resolving on the financial statements for the fiscal year ended 2020.

Given the dilution which will result from the Financial Restructuring, the agreement entered into between NSC and the Company dated February 1, 2016 will expire on the date of completion of the Financial Restructuring.

The purpose of the related party agreement entered into with NSC is to contribute to the success of the Financial Restructuring, thanks to the above-mentioned commitments.

The Supervisory Board has authorized the execution of this agreement at its meeting of January 31, 2021 in accordance with article L.225-86 of the French Commercial Code. This agreement will be submitted for approval to the general meeting to be held on April 20, 2021.

For more information on the Financial Restructuring, please refer to the press release published on February 3, 2021.