

VALLOUREC

French limited liability company (*société anonyme*) with a Board of Directors with share capital of €4,745,436.56

**Registered office :
12, rue de la Verrerie – 92190 Meudon**

Registration number : RCS Nanterre 552 142 200

(hereinafter the "Company")

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**Auditor on special benefits' report
in charge for appreciating the modification of special benefits
attached to the Preferred Shares already created**

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Combined Shareholders' Meeting scheduled for May 23, 2024¹

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*This is a free translation of the Auditor on special benefits' report.
This report should be read in conjunction with and construed in accordance with French Law
and Professional Standards applicable in France.*

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To the shareholders of the Company,

In execution of the mission of auditor on special benefits entrusted to us on March 25, 2024 by Order of the President of the Commercial Court of Nanterre concerning the modification of certain characteristics of the T2, T3 and T4 preferred shares already created and issued by the Company, we have prepared this report provided by Articles L. 225-147, L. 228-15 and R. 225-136 of the French Commercial Code.

The proposed operation is presented in the report of the Board of Directors, the text of the draft resolutions and the draft amended articles of association that have been communicated to us by the Company.

It is up to us to assess the special benefits attached to the Preferred Shares resulting from the proposed modification of their terms and conditions. However, it is not for us to judge the appropriateness of granting the special benefits attached to these Preferred Shares, which is subject to the consent of the shareholders.

¹ This date, which is subject to change after the issuance of this report, will not change its substance and will not require it to be updated.

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To this end, we have conducted the due diligence that we considered necessary regarding the professional doctrine of the French *Compagnie Nationale des Commissaires aux Comptes* relating to this mission. These due diligences, which do not constitute an audit or a limited review, are intended to provide complete and objective information on the nature of these special benefits and to ensure that they are neither prohibited by law nor contrary to the interest of the Company.

This report is issued only in the context mentioned above and cannot be used for any other purpose. As our mission ends with the tabling of our report, it is not up to us to update this report to reflect facts and circumstances after the date of signature.

At no time have we found ourselves in any cases of incompatibility, prohibition or forfeiture provided for by law.

Please find our report, which is organized according to the following plan :

1- PRESENTATION OF THE OPERATION

2- DESCRIPTION OF SPECIAL BENEFITS

3- DUE DILIGENCE AND APPRECIATION OF SPECIAL BENEFITS

4- CONCLUSION

Note : The terms used, not defined in this report and whose first letter is capitalized, will have, unless otherwise stipulated, the meaning given to them in the articles of association of the Company.

1- PRESENTATION OF THE OPERATION

1-1 Company concerned

The Company is a French limited liability company (*société anonyme*) with a Board of Directors registered in the Nanterre Trade and Companies Register under number 552 142 200 since February 2, 1989.

The share capital is set at €4,745,436.56, divided into 229.877.070 ordinary shares with a nominal value of €0.02 each ("Ordinary Shares") and 7.394.758 preferred shares with a nominal value of €0.02 each ("Preferred Shares") convertible into Ordinary Shares and comprising :

- ✓ 3.391.713 T2 Shares ;
- ✓ 3.391.715 T3 Shares ;
- ✓ 611.330 T4 Shares.

The Company's ordinary shares are admitted to trading on the Euronext Paris market in compartment A under the code ISIN FR0013506730.

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The Company has the following object, according to Article 3 of its Articles of Association : *"in all countries, either on its own behalf or on behalf of third parties, or in direct or indirect joint ventures with third parties :*

- *all industrial and commercial operations relating to all methods of preparing and manufacturing metals and all materials that may replace them in all their uses, by all known processes and any that may subsequently be discovered ;*
- *and, generally, all commercial, industrial and financial transactions, in real or personal property, directly or indirectly related to the above-mentioned company object."*

1-2 Context, objectives, and modalities of the operation

The proposed operation will be submitted (i) to the special meetings of the holders of the Preferred Shares having to decide on this operation on May 22, 2024 (ii) and to the combined Shareholders' Meeting having to decide among other things this operation on May 23, 2024.

This operation is a technical modification aimed at aligning the terms and conditions of the preferred shares (appended to the Company's articles of association) with the documentation relating to the allocation of Performance-Based Free Shares, which was drawn up by the Board of Directors in accordance with the 10th resolution approved by the Company's Extraordinary General Meeting on 7 September 2021.

This resolution gave full powers to the Board of Directors to set the performance conditions and to determine whether or not the performance conditions had been met in accordance with the provisions of the plan.

The purpose of the two proposed amendments is to make explicit provision in the articles of association for the principles set out in the documentation relating to the plan and in the remuneration policy for executive directors approved by the General Meeting of 25 May 2023 and which are included in the remuneration policy for the 2024 financial year. As a reminder, the said remuneration policy specifies that the plan for the free allocation of preferred shares provides for specific procedures for assessing the performance conditions:

- ✓ In the event of a significant transaction involving Vallourec's share capital (subject to certain conditions), satisfaction of the performance condition must be assessed (subject to the completion of the significant transaction) in relation to the higher of the transaction price and the share price following the transaction (see the 2023 universal registration document, page 220 and the 2022 universal registration document, page 318). In this case, the performance condition was satisfied – subject to the completion of the transaction – for the Tranche 2 Shares (only) on 13 March 2024, the trading day following the announcement of the sale by Apollo of its stake to ArcelorMittal, since the Vallourec share price crossed the threshold of €16.19 ;
- ✓ in the event of a distribution by Vallourec, the Board of Directors may take this into account in assessing the performance condition (see the 2023 universal registration document, page 220 and the 2022 universal registration document, page 318).

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2- DESCRIPTION OF SPECIAL BENEFITS

The 29th resolution of the combined Shareholders' Meeting scheduled for May 23, 2024 provides to insert (x) a new section at the end of article 1.3 entitled "Distributions", and (y) a new article 1.4 entitled "Significant Transaction" in the terms and conditions of the Preferred Shares :

✓ **New "distributions" section at the end of article 1.3 :**

" Distributions (or any transaction having the economic effect of a return to shareholders) made by the Company may be taken into account by the Board of Directors for the purposes of assessing the Tranche 2 Performance Condition, the Tranche 3 Performance Condition and the Tranche 4 Performance Condition."

✓ **Addition of a new article " 1.4 Significant Transaction"**

" As an exception to the provisions of Article 1.3, in the event of a significant transaction in the Company's share capital (as detailed in the documents relating to the allocation of the Performance-Based Free Shares), Tranche 2 Performance Condition, Tranche 3 Performance Condition and/or Tranche 4 Performance Condition will be deemed to have been met if the higher of (i) the price of the Company's share on Euronext Paris on the trading day following the publication relating to the significant transaction and (ii) the price of the Company's share in the significant transaction, is at least equal to sixteen euros and nineteen centimes (€16.19) for Tranche 2 Shares, twenty euros and twenty-two centimes (€20.22) for Tranche 3 Shares, and twenty-eight euros and thirty-two centimes (€28.32) for Tranche 4 Shares, without prejudice to the provisions of Article 1.3, which shall remain applicable."

3- DUE DILIGENCE AND APPRECIATION OF SPECIAL BENEFITS

3-1 Due diligence carried out

We conducted the due diligence that we considered necessary regarding the professional doctrine of the French *Compagnie nationale des Commissaires aux comptes* relating to this mission, to assess the special benefits stipulated.

These procedures included :

- ✓ to discuss with the Company's various counsels to learn about the proposed operation and the context, and to analyze the different modalities envisaged, legal and economic ;
- ✓ examine the relevance of the information given by the Board of Directors on the nature and consequences for shareholders of these special benefits attached to the Preferred Shares resulting from the proposed modification of their terms and conditions ;
- ✓ take note of the report of the Board of Directors, the draft text of the resolutions and the draft amended articles of association ;
- ✓ conduct specific due diligence and additional work to assess the proposed modification of the special benefits attached to the Preferred Shares resulting from the proposed modification of their terms and conditions.

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We would like to point out that the mission of Auditor on special benefits is not comparable to a due diligence mission or to an independent expert mission on the valuation of special benefits awarded.

Our mission is solely to enlighten shareholders on the special benefits attached to the Company's Preferred Shares whose modification of the terms and conditions is envisaged and to verify that these special benefits are not contrary to the law, nor to the Company's corporate interest.

3-2 Assessment of special benefits

It is proposed to you to modify the terms and conditions of the Preferred Shares in order to align the terms and conditions of the preferred shares (appended to the Company's articles of association) with the documentation relating to the allocation of Performance-Based Free Shares, which was drawn up by the Board of Directors in accordance with the 10th resolution approved by the Company's Extraordinary General Meeting on 7 September 2021.

This resolution gave full powers to the Board of Directors to set the performance conditions and to determine whether or not the performance conditions had been met in accordance with the provisions of the plan.

The purpose of the two proposed amendments is to make explicit provision in the articles of association for the principles set out in the documentation relating to the plan and in the remuneration policy for executive directors approved by the General Meeting of 25 May 2023 and which are included in the remuneration policy for the 2024 financial year.

In the documents prepared by the Company, the description of the special benefits attached to the Preferred Shares, the modification of certain characteristics of which is envisaged, is satisfactory and the substance of these advantages does not call for any further comment on our part.

Regarding the lawfulness of these benefits, we have ascertained that the special benefits granted are not contrary to the law.

Regarding the social interest, we have no comments, as the proposed amendment aims to align the terms and conditions of the preferred shares (appended to the Company's articles of association) with the documentation relating to the allocation of Performance-Based Free Shares.

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4- CONCLUSION

In conclusion, we have no comment on the modification of the special benefits of certain characteristics of the Preferred Shares already created and issued by the Company.

Paris, March 28, 2024.

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Romain Carrat
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Romain Carrat
Auditor on special benefits