

6.2 Statutory Auditors' Report on the Consolidated Financial Statements

For the year ended December 31, 2022

This is a free translation into English of the Statutory Auditor's Report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.

The Statutory Auditor's Report includes information required by European regulations and French law, such as information regarding the appointment of the Statutory Auditor or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General Meeting of Vallourec,

Opinion

In compliance with the engagement entrusted to us at your Annual Meeting of Shareholders, we have audited the accompanying consolidated financial statements of Vallourec (hereinafter, "the Company") for the year ended December 31, 2022.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31st, 2022 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

AUDIT FRAMEWORK

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

INDEPENDENCE

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for statutory auditors for the period from January 1st, 2022 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) N° 537/2014.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Valuation of goodwill, intangible assets and property, plant and equipment of cash generating unit ("CGU") "Vallourec Eastern Hemisphere Tubes"

Note 4.2 "Impairment tests" to the consolidated financial statements

| Key Audit Matter | Audit approach |
|---|--|
| <p>As at December 31st, 2022, the carrying amount of cash generating unit ("CGU") "Vallourec Eastern Hemisphere Tubes" was €474 million.</p> <p>The Group carries out impairment tests on assets as soon as an indication of impairment has been identified, and at least once a year for assets with infinite useful life, meaning on CGU to which goodwill had been allocated. Net book value of assets includes both non-current and current assets, i.e. €178 million, including €2 million of goodwill, and €296 million respectively.</p> <p>As at December 31st, 2022, an impairment tests was in particular performed on CGU "Vallourec Eastern Hemisphere Tubes" to which a goodwill had been allocated.</p> <p>Impairment testing methods and assumptions are described in Note 4.2 to the consolidated financial statements.</p> <p>As described in paragraph "long-term growth" of the Note 4.2. to the consolidated financial statements, the perpetual growth rate used takes into account of Oil & Gas production outlook in line with the sustainable development scenario (SDS) published in 2021, by the International Energy Agency (IEA) and compatible with the Paris Agreement.</p> <p>Cash forecasts used to determine recoverable amounts are based on available data at the date of the closing of the accounts, in the context of an upturn in the oil and gas market. However, uncertainties remain when considering future outlook, particularly in connection with the inflationary context which may adversely impact raw materials and energy prices as well as the impact of climate change on Company's business model.</p> <p>Consequently, actual figures may differ significantly from these estimates and the random nature of certain estimates may be increased.</p> <p>We believe that the valuation of goodwill, intangible assets and property, plant and equipment of CGU "Vallourec Eastern Hemisphere Tubes" is a key audit matter, given the materiality of these assets on the consolidated financial statements of the Group, and also given the fact that determining their recoverable amounts requires management to make judgements and use estimates to forecast the discounted future cash flows used in the tests.</p> | <p>During our work, we gained an understanding of:</p> <ul style="list-style-type: none"> ● the process used to prepare and approve the estimates and assumptions made by Management for the impairment tests, ● procedures for approving the results of these tests by the governance entities. <p>We also assessed the appropriateness of the model adopted to determine the recoverable amounts of the CGUs and reconciling the net book value of assets to consolidated financial statements.</p> <p>We have obtained the cash flow and operating forecasts prepared by the Group for each CGU tested and have assessed their consistency with 2023 budget, approved by the Board of Directors, and mid-long term Management's estimates as set out in the business plan.</p> <p>With the assistance of our valuation experts, we assessed the appropriateness of the various assumptions underlying the cash flow forecasts, particularly with respect to the Group's internal data and external industry and macroeconomic data analyses, including:</p> <ul style="list-style-type: none"> ● prices and volumes assumptions by region that depend, in particular, on investments in exploration and production of oil and natural gas, ● forecasts of changes in costs in the context of the "New Vallourec" strategic plan, and ● exchange rates, growth rates and discount rates used. <p>We also assessed:</p> <ul style="list-style-type: none"> ● the consistency of cash flow forecasts with past performance used in the previous impairment tests, market outlook, and the forward-looking data presented to the Company's Board of Directors; ● compared the long-term pipe growth sales assumptions with the publicly available Oil & Gas segment information, in particular assumptions relating to "SDS" scenario from the IEA considered to be compatible with the Paris Agreement. <p>Lastly, we performed our own sensitivity analyses and verified the arithmetical accuracy of the calculations as well as the appropriateness of the information presented in Note 4.2 to the consolidated financial statements.</p> |

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the Group's information given in the Board of Directors' management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial performance report required under Article L.225-102-1 of the French Commercial Code (Code de commerce) is included in the information on the Group provided in the management report. In accordance with the provisions of Article L.823-10 of the French Commercial Code, we have not verified the fair presentation and the consistency with the consolidated financial statements of the information provided in the non-financial performance report, for which a report is issued by an independent third party.

Report on other Legal and Regulatory Requirements

FORMAT OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS INTENDED TO BE INCLUDED IN THE ANNUAL FINANCIAL REPORT

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic reporting format, that the presentation of the consolidated financial statements to be included in the annual financial report mentioned in Article L.451-1-2, I of the French Monetary and Financial Code (*Code monétaire et financier*), prepared under the responsibility of the Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation N° 2019/815 of December 17th, 2018.

As it relates to consolidated financial statements, our work includes verifying that the tagging of these consolidated financial statements complies with the format defined in the aforementioned delegated regulation.

Based on the work we have performed, we conclude that the presentation of the consolidated financial statements to be included in the annual financial report complies, in all material respects, with the European single electronic format.

Due to the inherent technical limitations of block tagging the consolidated financial statements as required by the European Single Electronic Format, the content in the notes to which certain block tags have been applied maybe not be displayed in exactly the same way as in the statements accompanying this report.

However, it is not our responsibility to verify that the consolidated financial statements that will ultimately be included by your company in the annual financial report filed with the French financial markets authority (AMF) are in agreement with those on which we have performed our work.

APPOINTMENT OF THE STATUTORY AUDITORS

We were appointed as Statutory Auditors of Vallourec at the Annual General Meeting held on June 1st, 2006 for both audit firms.

As at December 31st, 2022, KPMG S.A. was in its 17th year of uninterrupted engagement and Deloitte & Associés in its 21st year of uninterrupted engagement given the succession of mandates between legal entities of the Deloitte network.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and where applicable, the internal audit, regarding accounting and financial reporting procedures.

The consolidated financial statements have been approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

OBJECTIVES AND AUDIT APPROACH

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgement throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for the audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the consolidated financial statements;
- Assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion on these consolidated financial statements.

REPORT TO THE AUDIT COMMITTEE

We submit a report to the Audit Committee, which includes a description of the scope of the audit and the audit programme implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgement, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore key audit matters that we are required to describe in this audit report.

We also provide the Audit Committee with the statement required under Article 6 of Regulation (EU) no. 537/2014 confirming our independence within the meaning of the rules applicable in France as set out in Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for statutory auditors. Where appropriate, we discuss with the Audit Committee any risks that may bear on our independence, and the related safeguards.

Paris-La-Défense, April 6th, 2023

The Statutory Auditors

KPMG S.A.
Alexandra Saastamoinen

Deloitte & Associés
Véronique Laurent