Consolidated Financial Statements
December 31, 2023

Auditors Report to the Audit Committee

March 8, 2024

Introduction

To the Audit Committee of Vallourec,

Pursuant to Article L. 821-63 of the French Commercial Code, we hereby present our report on our audit of the financial statements of Vallourec for the year ended December 31, 2023.

The main items that we wish to bring to your attention are presented on page 3 to 24. Some of the items we have already discussed with the Audit Committee are included in the appendices.

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

As part of our work as Statutory Auditor, it is our responsibility to express an opinion on the financial statements prepared by Management, after having audited them. However, our audit of the annual and consolidated financial statements does not discharge either Management or the Audit Committee of their responsibilities.

This report has been prepared on the basis of the information available at the date when the consolidated financial statements were approved by the Board of Directors.

This report, which is notably intended to bring to your attention those items that in our opinion are important for the performance of the duties of the Audit Committee, does not express an opinion on specific items of the annual or consolidated financial statements.

The content of this report is intended solely for the Audit Committee, and may not be transmitted to third parties other than the competent authorities referred to in Article D.821-198 of the French Commercial Code (H2A and, where applicable, AMF and ACPR), or used or cited for other purposes.

Deloitte & Associés	KPMG S.A.
Veronique Laurent	Alexandra Saastamoinen
Véronique Laurent	Alexandra Saastamoinen

Introduction

Respective roles of external Auditors, Management and the Audit Committee

We have completed our audit of the Company's 2023 consolidated financial statements in accordance with our Audit Plan, and this report sets out, as the basis for discussion at the closing meeting, our significant findings and other matters which we believe should be brought to your attention.

Our audit of the consolidated financial statements was performed, in accordance with French Standards on Auditing, to obtain reasonable, rather than absolute, assurance whether the consolidated financial statements are free of material misstatements whether caused by fraud or error.

The Management should be aware that there is a risk that material errors, fraud, and other illegal acts may exist and may not be detected by an audit performed in accordance with French Standards on Auditing as a result of such factors as: the nature of audit evidence, which is based on the use of testing, much of which is persuasive, rather than absolute; the inherent limitations of internal control and the characteristics of fraud.

An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and their application and significant estimates made by management, evaluating the overall consolidated financial statement presentation, making specific enquiries of management, and obtaining a supporting representation letter from management concerning the effectiveness of internal controls and the representations embodied in the consolidated financial statements, including the notes thereto.

Auditors Independence

Our internal procedures, assuring us that no situation is likely to call into question our independence, allow us to confirm our independence vis-à-vis Vallourec Group, within the meaning of the ethical rules applicable in France. Our respective declaration of Independence to the Chairman of the Audit Committee are presented with appendix.

Report to the Audit Committee

Audit opinion

No change in accounting standards applicable as at January 1st, 2023

The accounting and valuation standards applied by the Group as at December 31, 2023 are consistent with those used in the consolidated financial statements as at December 31, 2022.

No significant new accounting standard expected to be applicable as of January 1st, 2024

Presentation of financial statement in accordance with the European Single Electronic Format (ESEF) with technical limits inherent in the block-tagging of the consolidated financial statements

Based on our materiality level, unrecorded audit differences are, individually or in aggregate, assessed as not significant

Management is responsible for assessing the impact of any misstatement detected during the preparation and audit of the consolidated financial statements, individually and in the aggregate, and determining if such adjustments should be recorded. As required by auditing standards, we must report uncorrected misstatements (other than inconsequential items) to the financial statements.

Uncorrected audit differences represent audit findings for which we do not agree with the amount, classification, presentation or disclosure of items in the financial statements. Uncorrected audit differences are detailed in appendix.

We express an unqualified audit opinion on both consolidated and annual financial statements

Report to the Audit Committee

Going Concern

When preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there are plans to liquidate the company or to cease operations.

As part of our audit conducted in accordance with the professional standards applicable in France, we assess 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.

Management has not identified any issues regarding going concern that would need to be disclosed in the financial statements.

In the course of our work, we have not identified any additional information that needs to be brought to your attention.

However, as specified in Article L.823-10 of the French Commercial Code, our audit does not include assurance of the viability or the quality of management of the affairs of Vallourec.

Report to the Audit Committee

Executive summary

Consolidated & Annual financial statements Management representations

For the purposes of our engagement, we are required to obtain a representation letter from the legal representatives of the entity. For the year ended December 31, 2023, the letter includes specific statements on the following:

- HKM Take or Pay
- Recoverability of Deferred tax assets

Internal control

The nature and extent of the procedures on the internal control have been determined on the basis of the work we have deemed necessary for us to express an opinion on the financial statements, but not for expressing an opinion on the effectiveness of the entity's internal control and we express no opinion on the internal control.

We have not identified any significant deficiencies in the Vallourec company's accounting and financial internal control system.

We have not identified all areas for improvement that might be revealed by a more in-depth examination of the internal control.

Report to the Audit Committee

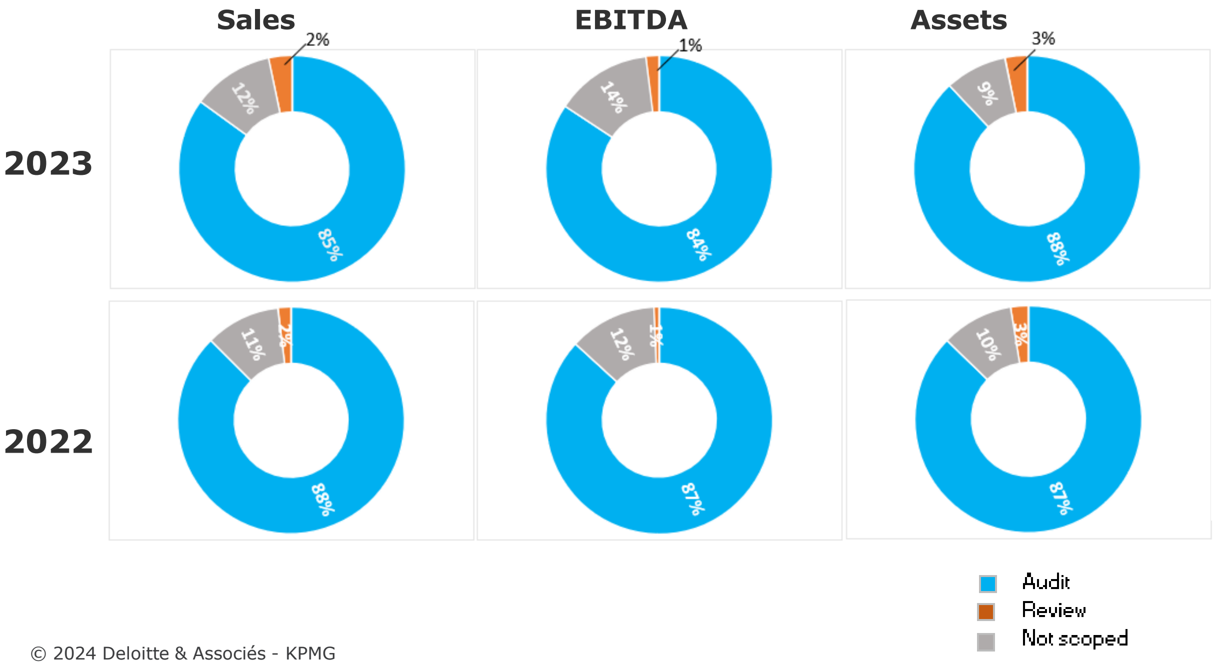
Scope of consolidation and audit

Scope of consolidation

The scope of consolidation is described in Note 10 to the draft financial statements for the year ended December 31, 2023. There are no material change to report in the consolidation perimeter. The analyses performed by management to assess the immateriality of non-consolidated entities taken individually and collectively require no comment on our part.

Scope of audit

The scope of work is determined based on an analysis of risks at the consolidated level. The factors taken into account include quantitative criteria (the contribution of entities included in the scope of consolidation to the consolidated financial statements) and qualitative criteria (the risk that certain consolidated entities may present individually). Additional analysis was conducted on other entities to ensure they do not pose other risks. Where necessary, we have included some of these subsidiaries in the scope of our audit.



Use of audit firms outside the network or external experts for audit purposes

A review is performed by BDO on PTCT in Indonesia and Serimax France (in aggregate 2% of sales, 1% of EBITDA and 3% of total assets) in accordance with our audit instructions. These firms have confirmed to us in writing their independence with respect to your company and we are reviewing their audit files.

Report to the Audit Committee

Summary of uncorrected audit differences

Uncorrected audit differences represent audit findings for which we do not agree with the amount, classification, presentation or disclosure of items in the financial statements and are summarized below.

Audit difference with impact on net result

None

Audit differences without impact on net result

Descriptions In €m	Equity 2022	Assets	Liabilities	Equity 2023
VAD_Invoice related to social plan recognized as trade payables instead of provision				
- Provision			*-2,6*	
- Trade payables			*2,6*	
VAD_Missing value adjustment on raw materials HKM				
- Provision for onerous contracts			*2,9*	
- Depreciation on inventories			*-2,9*	
VSB/VBR/VTI_Invoices recognized as provision instead of trade payables				
- Provision			*3,8*	
- Trade payables			*-3,8*	

➢ **Based on our materiality level, unrecorded audit differences are not significant**

Report to the Audit Committee

Summary of audit focus

		Audit focus	Key audit matters	Other audit risks	Pages
Consolidation	**Key estimates**	**Impairment tests**	✓		12 – 15
		Provisions and contingent liabilities		✓	19 – 20
		Tax		✓	21
	Other audit matters	**Revenue recognition**		✓	
		HKM Take or Pay		✓	17 – 18
		Pension		✓	22
		Management override of control		✓	
Vallourec SA standalone	**Key estimates**	**Impairment tests**	✓		24

We report to you on the result of audit procedures on:

- **Key estimates**

We considered the main accounting principles and valuation methods applied to the consolidated and annual financial statements.

Valuation methods applied by management and requiring, as appropriate, the use of estimates and assumptions, or judgments, are indicated in Note 1.2.4 to the consolidated financial statements.

➢ **Impairment tests assessed as a key audit matter to be detailed in our audit reports.**

- **Others audit matters**

We also report to you on audit focus flagged in our audit approach.

Report to the Audit Committee

Executive summary

Matters	Comments and conclusions
Impairment tests of CGUs (pages 12 to 15) ***(Key audit matter)***	• EH Tubes: due to an overall improvement in Eastern Hemisphere, notably in MEA, €154m of impairment on assets CGU have been reversed as at Dec. 31st, 2023 • North-America: no triggering event • Brazil Tubes: no impairment but limited headroom - CGU to be kept under watchlist • Brazil Mine/forest : no impairment and significant headroom
HKM Take or Pay (pages 17 & 18)	• Following Vallourec decision to terminate the cooperation and supply agreements with HKM in 2021, the arbitration tribunal confirmed in December 2023 the obligation for Vallourec to honor the Supply Agreement until the effective termination date of December 31st 2028. • From 2024, with the closure of VAD, the quantities to be purchased by Vallourec will be trade in their entirety and without transformation. The HKM take-or-pay is then a derivative instrument that must be measured at fair value at each balance sheet date. • As in 2022, management has established a cash flow scenario over 2024 to 2028 on HKM ToP. A loss of €127m has been recorded in 2023.
Provisions (pages 19 et 20)	• Total provision amounts to €450m o/w €253m relates to new Vallourec reorganization measures and €19m relates to former social plans; • 55% of costs are expected to be cash out on 2024. • No other significant increase or release of operating provisions notably at Brazilian side.
Taxes (page 21)	• DTA balances are mainly related to Brazil (€162m over €209m) for which DTA on NOLS are supported by 5 years tax planning.
Pensions (page 22)	• Variation YoY is mainly related to payments made by the Group in Germany in context of the plant closure. • Discount rates used are consistent with our benchmark.

Report to the Audit Committee

Executive summary

Matters	Comments and conclusions
Liquidity (page 23)	• Net debt amounts to €570m, no mandatory repayment until 2026 • Total liquidity of €1.740m, including planned free-cash-flow on 2024 (Rev1), and without considering any impact of potential refinancing in 2024 • Liquidity of the Group secured for the next 12 months. • Covenant respected at year-end (gearing ratio at 19%)
Valuation of Financial interest in Vallourec Tubes (standalone) (page 24) ***(Key audit matter)***	• Fair value of Vallourec Tubes shares exceeds net book value by € 1 879m enabling to reverse impairment for the totality of remaining € 887m • The impairment reversal is notably sustained by the recovery in Eastern Hemisphere

Key audit matter

Impairment - Overview of Group impairment tests methodology

In accordance with IFRS requirements, the Group compares the Net Book Value (NBV) of its Cash Generating Units (CGU) to their respective Value in Use (ViU) in case of indication that an asset may be impaired

Impairment tests are carried out (i) annually on CGU with Goodwill (Brazil Tubes) and (ii) at other CGU in case of indication that asset may be impaired.

Consistent with prior year, the ViU is determined by discounting projected financial information based on 2024 budget, 2025 to 2028 strategic plan, 2029 to 2031 extrapolations and finally a normative flow.

Forecasts used in impairment tests are derived from the budget 2024 approved by the Executive committee and presented to the Supervisory Board. For the purpose of its impairment tests, Management prepared its DCF in the respective functional currency of each CGU using forward currency exchange rates and convert the impairment test results to euro in the end.

- **In North-America CGU,** although the 2023 budget was not achieved mainly due to a price effect in H2, there is **no trigger event** as the CGU remains highly profitable and the entity's performance remains well in line with expected business plan.

In €.millions	SA Tubes	Mine & Forests
Net book value 31.12.2023	1 135	336
Value in use	1 226	509
Headroom	**91**	**173**

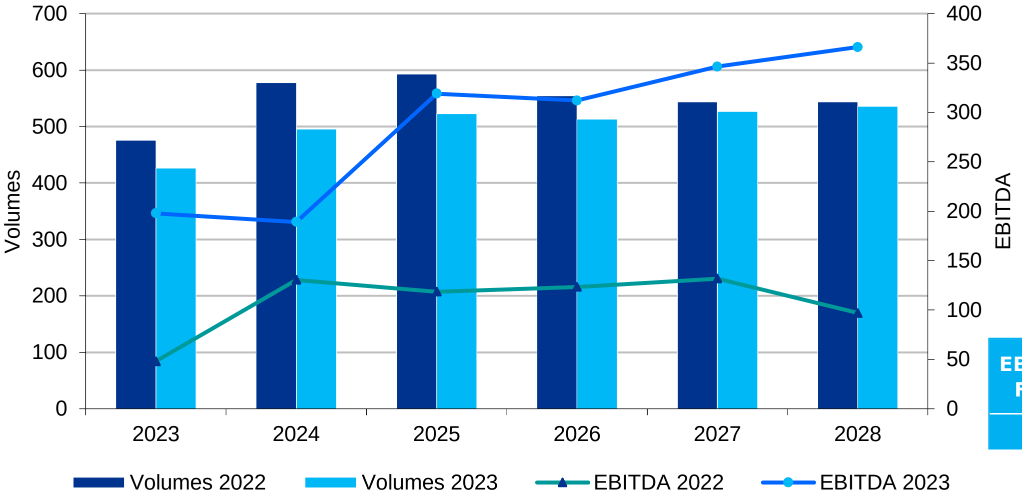
- **No impairment on Brazil Tubes (but to be kept under watchlist) and Mine & Forest CGU.**
- **Due to an overall improvement in Eastern Hemisphere, notably in MEA, €153m of impairment on assets CGU have been reversed (detail in slide 10)**

Key audit matter

Impairment – Eastern Hemisphere (EUR)

As a reminder impairment losses were recorded against EH PP&E in 2014 and in 2020. As of December 31, 2022, accumulated impairment losses related to assets not closed or disposed of, amounted to € 334 m.

Overall performance in Eastern Hemisphere is forecasted to increase thanks to strong growth in EBITDA notably in Middle-East



The "**value over volume**" strategy has already paid off, with a 2023 EBITDA well ahead of budget (+€145m).

As a result, with a better starting point, expected EBITDA has been revised upwards in the 2023 business plan, thanks to higher margins explained by more favorable average selling prices, mix effect and renegotiated contracts, especially in Middle-East.

EBITDA FY23	Volumes	Price/Mix Inflation	Inflation on VC net of savings	EH Fixed costs incl. LMO	Corp. Costs allocation	EBITDA FY28
198	103	170	(48)	(31)	(25)	366

Analysis carried out on assets recoverable value led to reverse in 2023, €153m of impairment loses recognized in prior period

Asset	PPE	Impairment	Working capital	NBV before change in impairment	Value in use	Impairment reversal	Residual Impairment
French industrial assets	146	-78	93	161	161	0	78
Vallourec China	92	-86	-4	2	40	38	48
Other EH	208	-115	274	366	1 993	115	0
						153	

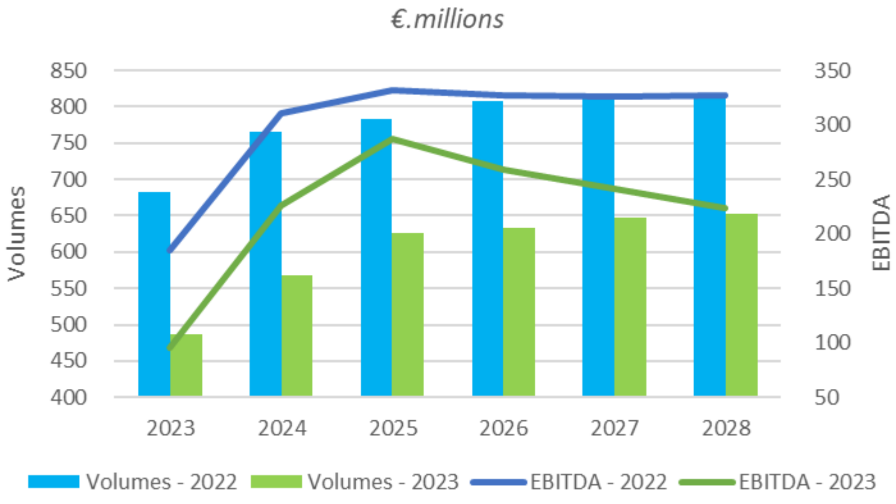
Key audit matter

Impairment – South America - Tubes

No impairment to be recorded but CGU to keep under watchlist

In €.millions	Strategic plan 2024-28	Extrapolation 2029-30	Terminal value	Total ViU
ViU 31.12.2022	508	261	732	**1 501**
Change in parameters	-2	-2	-113	-117
Change in forecasts	135	-82	-212	-158
ViU 31.12.2023	641	177	407	**1 226**
			Net book value	1 135
			Headroom	*91*

Forecasts have been revised downwards in FY23 SP



EBITDA FY23	**Volumes**	**Price/Mix Inflation**	**Inflation on VC net of savings**	**Other**	**EBITDA FY28**
96	122	170	-147	-5	**236**

Parameters in agreement with benchmarks

	2022	2023
WACC	13,8%	14,0%
PGR	3,2%	1,6%

Change in parameters are related to :

- PGR decrease from 3,2% to 1,6%, integrating the impact of the Announced Pledge Scenario released by AIE in 2023,
- WACC increase from 13,8% to 14,0%.

Increase in EBITDA over the strategic plan is supported by better industrial performance and higher volumes

Volumes are expected to growth consistently with industrial performance and driven by:

- Export market (+100kt) : orders increase from IOC and development on New Energies segment (60kt),
- Domestic market (+50kt) : Recovery in market share by Petrobras.

Prices are expected to growth driven by:

- Export market (+5%) : overall prices remain steady driven by LTA in place (Saudi-Arabia)
- Domestic market (+18%) : Prices should improve starting 2026 upon termination of current LTA with Petrobras.

Key audit matter

Impairment - Results

Results as at December 31, 2023 – Sensitivity analysis

	Impairment test					Sensitivity analysis - Headroom in € millions							
Amount in m€ (31.12.2023 Forex)	**Net book value**	**DCF 2024-31**	**Discounted terminal value**	**Value in use**	**Headroom**	**Value in use WACC**		**Value in use PGR**		**Value in use EBITDA %**		**Value in use Platts**	
						+0,5pts	**-0,5pts**	**-0,5pts**	**+0,5pts**	**-5%**	**+5%**	**-5%**	**+5%**
SA Tubes	1 135	815	411	1 226	91	1 187	1 268	1 211	1 243	1 157	1 295		
Mine & Forest	336	298	211	509	173	492	527	498	520			435	586

WACC

- WACCs are 14,0% for Brazil Tubes (13,8% in 2022) and 16,8% for the Forest/Mine (18,1% in 2022).
- Specific WACC have been calculated to reflect the local specificities including a specific risk premiums for each CGU.
- WACC used are between acceptable range determined by KPMG/DTT specialists.

➢ **Sensitivity analysis confirm assessment made by management on SA Tubes and Mine & Forests CGUs**

Other audit matters

Vallourec Brazil

Iron Ore misappropriation

- Vallourec identified deviation of Iron Ore during transportation from Pau Branco mine to Jeceaba
- Investigations have been carried out by Vallourec Corporate with the assistance of external Forensic experts. It indicates that neither local management nor individual professional having a role in internal controls are involved in the case.
- The impact is not material (€0.7m) as of December 31, 2023

Deductibility of royalties expenses - VSB

- Vallourec invoices Royalties to VSB (€12m on annual basis). These expenses are deducted by VSB from taxable result.
- However, some of these Royalties covered patent rights on Connections. However, the basis to calculate Royalties includes products which patent rights expired.
- In this respect the tax deductibility of Royalties could be challenged in part representing a €1.8m tax risk. No provision is recorded.

Eletrobras - VBR

- Between 1977 and 1993 the Brazilian government obliged companies to grant a loan to Eletrobras to be repaid up to 20 years.
- After 20 years Eletrobras repaid the loan, but companies claimed that Eletrobras made errors in its payments
- In 2010, Vallourec filed a Lawsuit claiming a payment of €100m. In 2016 Vallourec won its case, Eletrobras being sentenced to pay €24m. The difference being still under analysis by the Court.
- As of December 31, 2023, both parts agreed to terminate the litigation with a final settlement of €40m.
- Impact in P&L is +€40m and the cash received in 2023.

We agree with management position as at December 31, 2023

Other audit matters

Vallourec Germany – HKM Take or Pay (1/2)

Contractual implication of Take or Pay HKM agreement

- In November 2021, Vallourec decided to terminate the cooperation and supply agreements with HKM, dated 1988, as at December 31st, 2021 with an effective ending date on December 31st, 2028.
- According to this supply agreement, Vallourec is obliged to take its entire share of HKM's production until 12/31/2028. If a shareholder does not accept the quantity allocated to it, it is obliged to reimburse the corresponding fixed costs to HKM ("Take or Pay Obligation").
- Vallourec's billets/slabs quota amounts to 625kT/yr.

Feedback from 2023 and achievement

- In December 2023, the arbitration tribunal confirmed the obligation for Vallourec to honor the Supply Agreement until the effective termination date of December 31st 2028.
- 2023 EBITDA from trading in excess quantities (385KT) was negative by €37m, corresponding to a loss of €96/T. This definitely confirms that HKM is not competitive in this market.
- Thanks to the development of a significant customers portfolio, the take or pay clause of contract was not activated in a single month since September 2022.
- Vallourec further developed this trading activity, signing notably in December 2023 a significant contract for a period of 3 years with NMLK for up to 900kt in total (2024 to 2026).
- TKSE has indicated that it intends to exercise its preemptive rights for the Q4-2024 and the years 2025 and 2026. While the volume is not yet known, Vallourec considers that it is likely to be "sizeable".
- At the same time, feedback from 2023 has enabled Vallourec to better target its market and will refocus on trading with the less negative margins.

in €million	**2023**	
HKM STEEL quota contract (kT)	*587*	
STEEL used by VAD	*172*	*29%*
STEEL resold to RP	*22*	*4%*
ThyssenKrupp pre-emptive rights	*8*	*1%*
OTHER sales of HKM slabs	*385*	*66%*
Slabs COST HKM (€/T)	690	
Slabs ASP (€/T)	*594*	
MARGIN SPOT Slabs sales (€m)	**(37)**	

➔ All these factors have enabled the Group to update the assumptions relating to this contract for the year ended December 31, 2023.

Other audit matters

Vallourec Germany – HKM Take or Pay (2/2)

Updated cash flow on the HKM ToP

- As in 2022, management, with the support of external consultants, has established 3 scenarios: Optimistic, median, pessimistic. We have averaged them below.
- Because there is no truly observable data, each assumption involves a significant degree of judgment from management, in terms of both prices and volumes.
- In our opinion, the most sensitive assumptions are :
  - whether or not Thyssen will exercise its preemptive right, and beyond that, the volumes that could be involved. Indeed, these volumes have a zero margin.
  - The Group's ability to improve sales margins each year, which explains, notably, a CAGR of 1.7% from 2023 to 2028 on slabs ASP €/T.
  - HKM's ability to reduce production costs, in line with shareholder expectations and current plans.

Our sensitivity analyses below have an individual impact comprise between (13)m€ and (32)m€.

Average assumptions for pessimistic, median and optimistic management scenarios

in €	2023E	2024	2025	2026	2027	2028	Total
HKM STEEL quota contract (kT)	587	626	626	626	626	626	
STEEL used by VAD	172	--	--	--	--	--	
STEEL resold to RP (i.e. Vallourec Group)	22	16	16	16	16	16	
ThyssenKrupp pre-emptive rights	8	58	333	333	0	0	
NLMK three-year slab contract		300	240	240	0	0	
OTHER sales of HKM slabs	385	252	37	37	610	610	
Slabs COST HKM (€/T)	690	691	686	685	685	685	
Slabs ASP (€/T)	594	606	620	632	640	645	
Spot Sales Gross Margin (€/T)	(96)	(85)	(66)	(52)	(45)	(40)	
NLMK contract GM (€/T)		(102)	(78)	(58)			
MARGIN SPOT Slabs sales (€m)	**(37)**	**(22)**	**(3)**	**(2)**	**(27)**	**(24)**	(79)
MARGIN NLMK sales (€m)	**--**	**(31)**	**(20)**	**(15)**	**--**	**--**	(66)
OVERALL MARGIN SLAB SALES (€m)	**(37)**	**(53)**	**(22)**	**(17)**	**(27)**	**(24)**	(144)
Discounted (6.5%)		**(51)**	**(20)**	**(15)**	**(22)**	**(18)**	**(127)**

Sensitivity on :	**Impact (m€)**
Slabs cost (+1%)	(32)
Preemptive rights *0,5	(19)
Slabs APS (-1%)	(29)
NLMK - No margin improvment	(13)

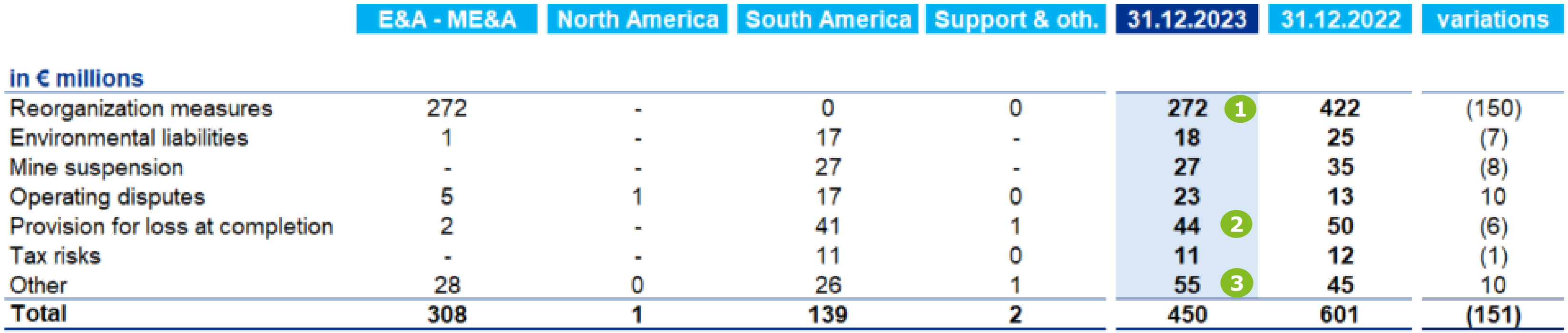
Accounting treatment

- Because it commits Vallourec to acquiring quantities at a price based on the production cost of HKM in order to resell them without transformation (trading), the HKM ToP constitutes a derivative instrument and must be measured at fair value (IFRS 9).
- Consequently, the €127m loss on the HKM contract has been considered as representative of the fair value of the derivative. They were therefore recognized at December 31, 2023 under "Other financial liabilities" in the balance sheet and under "Asset disposals, restructuring costs and non-recurring items" (below EBITDA) in the income statement.

We agree with management positions and its accounting presentation as at December 31, 2023.

Other audit matters

Provisions for risks and charges



in € millions	E&A - ME&A	North America	South America	Support & oth.	31.12.2023	31.12.2022	variations
Reorganization measures	272	-	0	0	272 ①	422	(150)
Environmental liabilities	1	-	17	-	18	25	(7)
Mine suspension	-	-	27	-	27	35	(8)
Operating disputes	5	1	17	0	23	13	10
Provision for loss at completion	2	-	41	1	44 ②	50	(6)
Tax risks	-	-	11	0	11	12	(1)
Other	28	0	26	1	55 ③	45	10
Total	**308**	**1**	**139**	**2**	**450**	**601**	**(151)**

① **Reorganization measures** see next slide.

② **€44m of provision for Loss making orders (onerous contract) "LMO"**

in million euros	Dec. 23	Dec. 22
Vallourec Deutschland	0	27
Vallourec Soluçoes Tubulares do Brasil Ltda	41	13
Tianda Oil Pipe Co. Ltd	1	1
Vallourec Oil and Gas France	2	7
Vallourec Tubes France	0	2
Total	**44**	**50**

The increase in LMO recorded on VSB is mostly due to the execution of the KOC (Kuwait) customer contract following a Vallourec Global negotiation.
Change in VAD is due to the cessation of activity and contracts.

③ **Other provisions** for €55m out of which:

- €26m (+€6m vs. FY22) on Brazilian entities still involved in litigation against the Labour authorities and trade unions over the working conditions of VSB & VMBRA employees.
- €9m (+€4m vs. FY22) on Vallourec Tubes France related to the closure and dismantling of the Saint-Saulve and Deville sites:
  - Saint-Saulve: The land was sold in November 2023, but Vallourec remains contractually responsible for dismantling the site until the end of 2024.
  - Deville: The decision has been taken to dismantle the site before putting it back for sale (planned for Q1 2025).

Other audit matters

Provisions for reorganization measures

€ in millions	31.12.2022	Increase	Provisions used	Provisions not used	31.12.2023	Current	Non-current
Germany - HR costs	316	32	(183)	0	165	81	84
Germany - Non labour costs	17	0	0	0	17	5	12
Germany - Ramp down	0	40	0	0	40	40	0
France (incl. non HR costs)	52	1	(15)	(10)	28	11	17
UK	4	3	(4)	0	3	3	0
Total New Vallourec	**389**	**76**	**(202)**	**(10)**	**253**	**140**	**113**
Napoli	1	0	0	(1)	0	0	0
Focus	7	0	(5)	0	2	2	0
Focus Deville	8	1	(4)	0	5	4	1
Total France	**16**	**1**	**(9)**	**(1)**	**7**	**6**	**1**
Evolution 2023	1	0	(1)	0	0	0	0
Reisholz	7	0	(1)	0	6	3	3
Retention Bonus	6	1	(3)	(1)	3	2	1
Total Germany	**14**	**1**	**(5)**	**(1)**	**9**	**5**	**4**
Brazil	3	2	(5)	0	0	0	0
Tianda	0	0	(0)	0	0	0	0
Vallourec Umbilicals	0	7	(4)	0	3	1	2
Total Other Plans	**3**	**10**	**(9)**	**0**	**3**	**1**	**2**
Total	422	87	(225)	(12)	272	152	120

Other than New Vallourec (€19m)

- Germany: Provisions related to Reisholz and retention bonus are gradually being unwound (still 45 Hc.) for a total of €9m.
- France: Provisions related to Focus Plan remain on track (still 37 Hc.) for a total of €7m. Costs include €2.5m of provision for class action in Deville.
- Vallourec Umbilicals: acquisition in 2023 of BPI's share in Vallourec Umbilicals in order to carry out the bankruptcy of the entity. The full consolidation of Vallourec Umbilicals resulted in a €7m loss and the provision for restructuring amounts to €3m at year-end.

On May 18th 2022, Vallourec announced the launch of the closure process of some European assets (*Germany, Saint-Saulve in France and Bellshil in Scotland*) and further rationalization resulting in a new reorganization measure plan named **New Vallourec**.

New Vallourec - Germany (€222m)

- Plan is on schedule and covers the departure of 749 employees for a total provision of €165m. The increase of +€32m relates to assumption reevaluations due to later than expected departures, mainly for employees with long service within Vallourec, explaining the high individual amounts.
- As there is no activity planned for 2024, provision for the ramp down costs that will be incurred in restoring the site has been made. Provision amounts to €40m and includes HR costs for dismantling (€25m), other non-HR costs (energy & maintenance for €13m) and lease back related to Mülheim (€2m).

New Vallourec - France (€28m)

- Total provision for French entities amounts €28m for c. 140 Hcs, mainly employees on redeployment and redundancy leave.
- Provisions not used for €(10)m relate to assumption reevaluations.
- Cash-out in line with projections and is around 40% until end of 2024 and onwards for the remaining portion with end in 2026.

Other audit matters

Deferred tax assets and liabilities

DT positions in €. Million	DTA	*o/w DTA on Nols*	DTL	Net DTA / (DTL) 12.2023	Net DTA / (DTL) 12.2022	Var.	DTA on Nols not recognized or impaired
BRAZIL (inc. Serimax BR)	162	*80*	0	162	162	(0)	71
US: VMSTAR & VMONE	0	*0*	0	(0)	(37)	37	0
US: Other entities (inc. Serimax NA)	20	*12*	3	17	28	(11)	0
Saudi Arabia	(0)	*0*	0	(0)	15	(15)	0
French tax group (excl. Serimax SAS)	1	*0*	65	(64)	0	(64)	635
VOGUK	0	*0*	0	0	(1)	1	7
Germany	(0)	*0*	(0)	(0)	0	(0)	535
China	17	*9*	0	17	15	2	2
o/w Tianda Oil Pipe Co. Ltd	*11*	*9*	*(0)*	*11*	*12*	*(1)*	*0*
Serimax (w/o Hold, NA, BR)	1	*0*	(0)	1	1	(0)	2
Others	7	*1*	15	(8)	3	(11)	1
Total *(after netting)*	**209**	***102***	**83**	**125**	**186**	**(61)**	**1 251**

US tax group:

- ○ DTL related to PPE's accelerated depreciation previously recognized on VMONE transferred on VMSERV.

France:

- ○ DTA fully depreciated due to historical losses.
- ○ DTL coming from transfer of assets from VMONE to VMSERV and tax payment on behalf of VMSTAR.

Germany: DTA fully depreciated due to historical losses.

Brazilian DTA supported by a 5 years tax planning

In R$	Dec 31, 2023	Dec 31, 2022
DTA on tax loss	794	813
DTA on temp. Differences	243	126
DTA on PP&E temp. Differences	774	814
Total potential DTA in R$	1 811	1 753
Total DTA not recognized in R$	961	850
Total DTA recognized in R$	850	903
Total DTA recognized in €	**161**	**154**

Forecasts (R$)					
2024	***2025***	***2026***	***2027***	***2028***	**TOTAL**
101	*146*	*146*	*142*	*315*	**850**

- Recoverability of VSB DTA supported by a 5 years tax planning with additional profitability forecasted with Bear Paw project.
- 2023 VSB tax result is a R$160m profit
- No expiration of Nols and usage is limited to 30% of taxable income.
- No impact of the on-going tax reform in Brazil

We agree with management positions as at December 31, 2023.

Other audit matters

Pensions

Employee benefits

In €.millions	Germany	France	UK	Other Countries	Total
Discount rate December 31, 2023	**3,2%**	**3,2%**	**4,5%**		
Discount rate December 31, 2022	3,7%	3,7%	4,8%		
Provision December 31, 2022	**74**	**13**	**(21)**	**38**	**105**
("-" = decrease ; "+" = increase)					
Defined benefit obligation	222	15	66	86	**388**
Plan assets	(148)	(2)	(88)	(47)	**(284)**
Charge of the period (PL)	5	1	(1)	5	**11**
Actuarial loss (gain) (OCI)	1	0	6	(1)	**6**
Benefice paid	(17)	(0)	(0)	(3)	**(21)**
Other		0	(0)	1	**1**
Provision December 31, 2023	**64**	**14**	**(17)**	**41**	**102**
Defined benefit obligation	*218*	*14*	*69*	89	***390***
Plan assets	*(154)*	*(0)*	*(86)*	(48)	***(288)***

- **Discount rate as of December 31, 2023 are consistent with our benchmark**
- **No material impact of the pension reform in France**
- **UK Pension surplus**: Management obtained legal opinion assessing that articles of the Scheme Trusts enable the company to use the economic benefit of the surplus.
- Slight decrease in provision mostly explained by **payments made by the Group in Germany** in context of the plant closure.

We agree with management position as at December 31, 2023

Share-based payments

- The total share-based payment expense amount to **€17m**.
- We reviewed the accounting treatment and valuation of :
  - The **7 Management Equity plans** (total of 2.005.303 performance shares) granted by Vallourec in 2023;
  - The impact of the **modification in vesting conditions of MEP** approved by the shareholders meeting;
  - The share capital increase (1,774,642 shares) reserved for employees (Vallourec Invest 2023).

We agree with management position as at December 31, 2023

Other audit matters

Liquidity

Net debt of €570m as of December 31, 2023

in million euros	Dec. 2023	Dec. 2022
Current financial liabilities	**-122**	**-314**
ACC/ACE (1)	*-89*	*-282*
RCF	-	-
Others	*-33*	*-32*
Non current financial liabilities	**-1 348**	**-1 367**
Bonds	*-1 105*	*-1 135*
PGE	*-241*	*-220*
Other loans	*-1*	*-12*
Financial debt	**-1 470**	**-1 681**
Cash and cash equivalents (2)	**900**	**552**
Net debt	**-570**	**-1 130**

(1) ACC / ACE: Brazilian short term credit lines in USD granted by Brazilian banks to support Brazilian exports

(2) Valloürec Tubes: €707m, Brazil: €113, China: €10m

No mandatory repayment until 2026

- PGE (State guaranteed-loan) extended until June 30, 2027

No threat on liquidity for the next 12 months

in million euros	Dec. 2023
Cash and cash equivalents	900
Undrawn RCF	462
Asset backed loan	177
Liquidity	**1 539**
Free Cash flow 2024	**194**
Other	**7**
Liquidity End of 2024 per Rev1*	**1 740**

* *Not considering any impact of potential refinancing in 2024*

Revolving Credit Facility (RCF) maturing in June 2026

- Committed Revolving Credit Facility not drawn at end of December (remaining undrawn RCF of €462m)
- Financial covenant on gearing ratio (limit of 100%) applicable to the RCF with first application on 2023 year-end financial statements
  - ➢ **Covenants respected at year-end (gearing ratio at 19%)**
  - ➢ **Liquidity of the Group secured for the next 12 months**

Key audit matter - Vallourec SA standalone

Valuation of Financial interest in Vallourec Tubes

€.m	FY23	FY22	Var
Europe	2 194	530	1 664
North-America	3 683	3 605	78
Brazil	1 735	1 939	-204
Serimax	79	58	21
CGU recoverable value	**7 691**	**6 132**	**1 559**
Individual assets	1	6	-5
Other assets / liabilities	-328	-277	-51
Net debt	-570	-1 130	560
JV non controlling interests	67	-42	109
Group Equity value	**6 860**	**4 689**	**2 171**
Vallourec Equity	1 012	720	292
VLR Tubes Equity value	**5 849**	**3 969**	**1 880**

€.m	FY23	FY22	Var
Gross value	4 856	4 856	0
Depreciation	0	-887	887
Net book value	**4 856**	**3 969**	**887**

Fair value of Vallourec Tubes shares is assessed based on its Equity value as:

- Vallourec Group Equity Value based on the discounted cash flow used to prepare impairment tests (IAS 36) of Group's CGUs.
- Less Vallourec standalone net asset

Fair value of Vallourec Tubes shares exceeds net book value by € 1 879m enabling to reverse impairment for the totality of remaining € 887m

- The impairment reversal is notably sustained by the recovery in Eastern Hemisphere

We agree with management position.

Appendices to the Auditors Report to the Audit Committee

Correspondence table for the Report to the Audit Committee

Key audit matter on impairment tests

Annual declaration of independence for Audit firms – Deloitte & Associés

Annual declaration of independence for Audit firms – KPMG

Presentation of 2023 Audit Plan to the Audit Committee on November 12th, 2023

Report to the Audit Committee - Appendices

Correspondence table for the Report to the Audit Committee

Article	Information required by Regulation (EU) n° 537/2014	Pages
Article 11 2.a)	Declaration of independence by KPMG and Deloitte	31 – 32
Article 11 2.b)	Identification of each key audit partner involved in the audit	56
Article 11 2.c)	Confirmation of the receipt of a declaration of independence from audit firms outside the network or external experts used by the audit firm	57
Article 11 2.d)	Description of the nature, frequency and extent of communication with the Audit Committee or the body performing equivalent functions within the audited entity, the management body and the administrative or supervisory body of the audited entity, including the dates of meetings with those bodies	37-54-55
Article 11 2.e)	Description of the scope and timing of the audit	45-46-53-54
Article 11 2.f)	Description of the distribution of tasks among the auditors	46-53
Article 11 2.g)	Description of the methodology used, including which categories of the balance sheet have been directly verified and which categories have been verified based on system and compliance testing, including an analysis of any substantial variation in the weighting of system and compliance testing when compared to the previous year	41 to 43
Article 11 2.h)	Disclosure of the quantitative level of materiality applied and, where applicable, the materiality level(s) for particular classes of transactions, account balances or disclosures, and disclosure of the qualitative factors considered when setting the level of materiality	44
Article 11 2.i)	Reporting and explanation of judgments about events or conditions identified in the course of the audit that may cast significant doubt on the entity's ability to continue as a going concern. Summary of all guarantees, letters of support, etc. taken into account when making a going concern assessment	5
Article 11 2.j)	Reporting on any significant deficiencies in the audited entity's or the parent undertaking's internal financial control system, and/or in the accounting system. For each such significant deficiency, the report states whether or not the deficiency in question has been resolved by management	6
Article 11 2.k)	Reporting on any significant matters involving actual or suspected non-compliance with laws and regulations or articles of association, in so far as they are considered to be relevant in order to enable the audit committee to fulfil its tasks	N/A
Article 11 2.l)	Reporting and assessment of the valuation methods applied to the various items in the annual or consolidated financial statements including any impact of changes of such methods	12 to 22
Article 11 2.m)	Explanation of the scope of consolidation and the exclusion criteria applied by the audited entity to the non-consolidated entities, if any, and whether those criteria applied are in accordance with the financial reporting framework	45
Article 11 2.n)	Identification, where applicable, of any audit work performed by third-country auditor(s), statutory auditors other than by members of the same networks as to which the auditors of the consolidated financial statements belong	7
Article 11 2.o)	Indication of whether all requested explanations and documents were provided by the audited entity	6
Article 11 2.p)	Report of any significant difficulties encountered in the course of the audit, any significant matters arising from the audit that were discussed or were the subject of correspondence with management, and any other matters arising from the audit that, in the auditor’s professional judgment, are significant to the oversight of the financial reporting process	N/A
Article 11 3.	Reasons for possible disagreement between the auditors	N/A
Article 5.3.b)	Indication of the tax and valuation services provided by the network of KPMG and the network of Deloitte	N/A

Report to the Audit Committee - Appendices

Key Audit Matter on Impairment

Point clé de l'audit

Au 31 décembre 2023, la valeur nette comptable des actifs courants et non courants de l'unité génératrice de trésorerie (UGT) « Vallourec South America Tubes » s'élève à 1 135 millions d'euros (6 110 millions de BRL).

Le Groupe effectue des tests de dépréciation dès lors qu'il existe un indice de perte de valeur et a minima une fois par an pour les actifs à durée de vie indéterminée, c'est-à-dire pour les UGT comprenant des écarts d'acquisition. La base testée est composée des actifs nets non courants et courants. En ce qui concerne l'UGT « Vallourec South America Tubes », les actifs nets non courants représentent 676 millions d'euros (3 636 millions de BRL), dont 40 millions d'euros d'écart d'acquisition, et les actifs nets courants, 459 millions d'euros (2 474 millions de BRL). A la clôture de l'exercice 2023, un test de perte de valeur a notamment été réalisé pour l'UGT « Vallourec South America Tubes » pour laquelle un écart d'acquisition a été alloué.

Par ailleurs, des tests de pertes de valeur ont également été réalisés pour des actifs spécifiques compris dans l'UGT « Vallourec Eastern Hemisphere Tubes », conduisant à comptabiliser une reprise de dépréciation de 153 millions d'euros pour cet exercice.

Les modalités de mise en œuvre des tests de pertes de valeur, ainsi que les hypothèses retenues, sont décrites en note 4.2 de l'annexe.

Par ailleurs, comme décrit dans le paragraphe « taux de croissance à l'infini » dans la note 4.2 de l'annexe aux comptes consolidés, le taux de croissance à l'infini retenu tient compte des perspectives de production *Oil & Gas* portées par le scénario des engagements annoncés (APS) de l'Agence Internationale de l'Energie (AIE) publié en 2023, scénario qui illustre dans quelle mesure les ambitions et les objectifs annoncés peuvent atteindre les objectifs fixés pour des réductions d'émissions nécessaires à l'atteinte « zéro émission nette » d'ici 2050.

Les prévisions de trésorerie ayant servi de base à la détermination de la valeur d'utilité ont été établies sur la base des éléments disponibles à la date d'arrêté des comptes, dans un contexte de reprise de l'activité *Oil & Gas*. Toutefois, les difficultés à appréhender les perspectives d'avenir persistent notamment en lien avec le contexte inflationniste et son potentiel impact négatif sur les prix des matières premières et de l'énergie, ainsi que l'impact du changement climatique sur le modèle d'affaires.

Dans ce contexte, les réalisations pourront s'écarter de ces estimations et le caractère aléatoire de certaines estimations peut se trouver renforcé.

Nous avons considéré que l'évaluation de l'écart d'acquisition et des immobilisations incorporelles et corporelles de l'UGT « Vallourec South America Tubes » et des actifs spécifiques compris dans l'UGT « Vallourec Eastern Hemisphere Tubes » est un point clé de l'audit, en raison du poids de ces actifs dans les comptes du Groupe, et du fait que la détermination de leur valeur d'utilité requiert de la part de la Direction l'exercice de jugements et l'utilisation d'estimations dans l'élaboration des prévisions de flux de trésorerie futurs actualisés, utilisées pour la réalisation des tests.

Report to the Audit Committee - Appendices

Key Audit Matter on Impairment

Réponse d’audit apportée

Dans le cadre de nos travaux, nous avons pris connaissance :

- du processus d’élaboration et d’approbation des estimations et hypothèses retenues par la Direction dans le cadre du test de dépréciation, et
- des modalités d’approbation du résultat de ce test par les organes de gouvernance.

Nous avons également apprécié le caractère approprié du modèle retenu pour déterminer la valeur recouvrable de l’UGT l’UGT « Vallourec South America Tubes » et des actifs spécifiques compris dans l’UGT « Vallourec Eastern Hemisphere Tubes », et rapproché des comptes les valeurs nettes comptables des actifs faisant l’objet des tests de dépréciation.

Nous avons obtenu les prévisions de flux de trésorerie et d’exploitation, établies par le Groupe, et vérifié leur cohérence avec le budget 2024, approuvé par le Conseil d’Administration, et les estimations de la Direction à moyen et long-terme.

Nous avons, avec le support de nos experts en évaluation, apprécié au regard de données internes au Groupe et de données externes sectorielles et macroéconomiques le caractère approprié des différentes hypothèses sous-jacentes sur lesquelles se fondent les prévisions de flux de trésorerie et notamment :

- les hypothèses de prix et de volumes par régions qui dépendent notamment des dépenses d’investissements dans les domaines de l’exploration et de la production de pétrole et de gaz,
- les prévisions d’évolution des coûts dans le contexte du plan stratégique « New Vallourec », et
- les taux de change, taux de croissance et taux d’actualisation retenus.

Nous avons aussi :

- analysé la cohérence des prévisions de trésorerie avec les performances passées utilisées dans les précédents tests de dépréciation, les perspectives de marché et les données prévisionnelles présentées au Conseil d’Administration, et
- confronté les hypothèses de croissance de ventes de tubes avec les hypothèses sectorielles publiques de production du Pétrole et Gaz notamment le scénario « APS » de l’AIE, lequel est considéré compatible avec les engagements pris par les Etats signataires des accords de Paris sur les changements climatiques.

Enfin, nous avons effectué nos propres analyses de sensibilité et vérifié l’exactitude arithmétique des calculs ainsi que le caractère approprié des informations présentées dans la note 4.2 de l’annexe aux comptes consolidés.

Report to the Audit Committee - Appendices

Key Audit Matter on Measurement of equity interests and Loans from Vallourec Tubes

Point clé de l’audit

Les titres de participation figurent au bilan au 31 décembre 2023 pour un montant net de 4 856 millions d’euros et représentent le poste le plus important du bilan. Ils correspondent aux titres de la société Vallourec Tubes SAS, sous-holding du groupe Vallourec. Les créances rattachées à des participations s’élèvent quant à elles à 1.701 millions d’euros.

Comme indiqué au paragraphe « Titres de participation » de la note B de l’annexe aux comptes annuels, la Société constitue une provision pour dépréciation lorsque la valeur d’utilité des titres de participations est inférieure à la valeur nette comptable. De la même manière, les créances rattachées sont, le cas échéant, dépréciées lorsque le risque est supérieur à la valeur des titres et que ces derniers ont déjà été dépréciés.

La valeur d’utilité est déterminée sur la base des flux de trésorerie attendus, estimés sur la base du plan stratégique du groupe Vallourec pour les 5 premières années, d’une projection sur les 3 années suivantes et d’une valeur terminale.

L’évaluation réalisée au 31 décembre 2023 a conduit, comme indiqué au paragraphe « Titres de participation » de la note C.1 de l’annexe aux comptes annuels, à comptabiliser une reprise de dépréciation de 887 millions d’euros pour cet exercice.

Les prévisions de trésorerie ayant servi de base à la détermination des valeurs recouvrables ont été établies sur la base des éléments disponibles à la date d’arrêté des comptes, dans un contexte de reprise de l’activité Pétrole et Gaz. Toutefois les difficultés à appréhender les perspectives d’avenir persistent notamment en lien avec le contexte inflationniste et son potentiel impact négatif sur les prix des matières premières et de l’énergie ainsi que l’impact du changement climatique sur le modèle d’affaires.

Dans ce contexte, les réalisations pourront s’écarter de ces estimations et le caractère aléatoire de certaines estimations peut se trouver renforcé.

Nous avons considéré que l’évaluation des titres de participation et des créances rattachées de la société Vallourec Tubes est un point clé de l’audit, en raison du poids de ces actifs dans les comptes de la Société, et du fait que la détermination de la valeur d’utilité de ces titres requiert de la part de la Direction l’exercice de jugements et l’utilisation d’estimations dans l’élaboration des prévisions de flux de trésorerie futurs actualisés, utilisées pour la détermination de cette valeur.

Report to the Audit Committee - Appendices

Key Audit Matter on Measurement of equity interests and Loans from Vallourec Tubes

Réponse d'audit apportée

Dans le cadre de nos travaux, nous avons pris connaissance :

- du processus d'élaboration et d'approbation des estimations et hypothèses retenues par la Direction dans le cadre de la détermination de la valeur d'utilité des titres de la société Vallourec Tubes, et
- des modalités d'approbation des résultats de ce test par les organes de gouvernance.

Nous avons également apprécié le caractère approprié du modèle retenu pour déterminer la valeur d'utilité de ces titres et des créances rattachées.

Nous avons obtenu les prévisions de flux de trésorerie et d'exploitation, établies par la Société, et vérifié leur cohérence avec le budget 2024, approuvé par le Conseil d'Administration, et les estimations de la Direction issues du plan d'affaire.

Nous avons, avec le support de nos experts en évaluation, apprécié au regard de données internes au Groupe et de données externes sectorielles et macroéconomiques le caractère approprié des différentes hypothèses sous-jacentes sur lesquelles se fondent les prévisions de flux de trésorerie et notamment :

- les hypothèses de prix et de volumes par régions qui dépendent notamment des dépenses d'investissements dans les domaines de l'exploration et de la production de pétrole et de gaz naturel,
- les prévisions d'évolution des coûts dans le contexte du plan stratégique « New Vallourec », et
- les taux de change, taux de croissance et taux d'actualisation retenus.

Nous avons aussi analysé la cohérence des prévisions de trésorerie avec les performances passées, les perspectives de marché et les données prévisionnelles présentées au Conseil d'Administration.

Enfin, nous avons (i) effectué nos propres analyses de sensibilité, (ii) vérifié l'exactitude arithmétique des calculs ainsi que (iii) vérifié que la valeur résultant des prévisions de flux de trésorerie a été ajustée du montant de l'endettement net du groupe Vallourec.

Report to the Audit Committee - Appendices

Annual declaration of independence of audit firms - Deloitte & Associés

Annual declaration of independence of the Statutory Auditor for the year ended December 31, 2023

To the Chairman of the Audit Committee,

Pursuant to Article L. 821-63 of the French Commercial Code, we hereby present our annual declaration of independence.

Deloitte & Associés is a member affiliated to the Deloitte international network¹.

Based on the procedures established within our firm, we confirm that we have not identified any situation or risk that could impact our independence in relation your company with respect the year ended December 31, 2023.

Deloitte & Associés, the members of its Executive Committee, the partners, director and managers involved in the audit of your company have complied with the independence rules applicable in France, as set out by Articles L. 821-27 to L. 821-34 of the French Commercial Code and in the French Code of Ethics for the Statutory Auditors.

We will provide to you in a separate letter an update of the information required by Article L. 821-4 of the French Commercial Code with respect to the non-audit services provided by our firm and our network for services other than the certification of financial statements, to your company and to the controlling and controlled entities within the meaning of I and II of Article L. 233-3 of the French Commercial Code.

Veronique Laurent

Véronique Laurent

Partner

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(1) Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms. In France, Deloitte SAS is the member firm of Deloitte Touche Tohmatsu Limited, and professional services are provided by its subsidiaries and affiliates.

Report to the Audit Committee - Appendices

Annual declaration of independence of audit firms - KPMG S.A.

Annual declaration of independence of the Statutory Auditor for the year ended December 31, 2023

To the Chairman of the Audit Committee,

Pursuant to Article L. 821-63 of the French Commercial Code, we hereby present our annual declaration of independence.

We would remind you that KPMG S.A. is a member of KPMG International network.

Based on the procedures established within our firm, we confirm that, except a non-serious situation identified, purpose of our letter communicated on April 4th, 2023, we have not identified any situation or risk that could impact our independence in relation your company with respect the year ended December 31, 2022.

Except this situation, KPMG, the members of its Executive Committee, the partners, director, senior managers and managers involved in the audit of your company have complied with the independence rules applicable in France, as set out by Articles L. 821-27 to L. 821-34 of the French Commercial Code and in the French Code of Ethics for the Statutory Auditors.

We will provide to you in a separate letter an update of the information required by Article L. 821-4 of the French Commercial Code with respect to the non-audit services provided by our firm and our network for services other than the certification of financial statements, to your company and to the controlling and controlled entities within the meaning of I and II of Article L. 233-3 of the French Commercial Code.

Alexandra Saastamoinen

Alexandra Saastamoinen

Partner

Plan for the audit 2023
Presentation to the Audit Committee

November 12th, 2023

Agenda

Introduction

Executive Summary

Audit approach

Changes in business environment

Significant audit risks and Other audit focus

Materiality levels

Audit scope

Appendices

1. Detailed procedures on significant audit risks and other audit focus
2. Detailed audit scope
3. Communication
4. Respective roles

Introduction

- Pursuant to Article L. 823-16 III of the French Commercial Code, we should present to the Audit Committee of Vallourec a report on our audit of the financial statements for the year ending December 31, 2023.

- We hereby present you our audit approach and planning. A full report, including a table with requirements from the European Regulation on Audit, would be delivered to the Audit Committee for the meeting of February 28, 2024.

- Management is responsible for the preparation of the annual and consolidated financial statements. The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, its internal audit, regarding the accounting and financial reporting procedures.

- As part of our work as Statutory Auditor, it is our responsibility to express an opinion on the financial statements prepared by Management, after having audited them. However, our audit of the annual and consolidated financial statements does not discharge either Management or the Audit Committee of their responsibilities.

- This report, which is notably intended to bring to your attention those items that in our opinion are important for the performance of the duties of the Audit Committee, does not express an opinion on specific items of the annual or consolidated financial statements.

- The content of this report is intended solely for the Audit Committee, and may not be transmitted to third parties other than the competent authorities referred to in Article R. 823-21-1 of the French Commercial Code (H3C and, where applicable, AMF and ACPR), or used or cited for other purposes.

Executive Summary

- **Continuous priorities from ESMA and AMF on climate-related information**
- **Materiality** has been set at **€43m** based on revenue which is consistent with prior year
- **The audit scope** covers 87% of revenue, 86% of EBITDA and 91% of assets based on the figures as of September 30, 2023.
- **Key audit matters :**
  - Impairment test notably for EA-MEA PP&E
  - Valuation of investments for Statutory financial statements
- **Main other audit matters :**
  - Deferred tax in Brazil
  - HKM Take-or-pay obligation

Audit approach

- Changes in business and environment
- Audit risks assessment
- Determine materiality
- Scoping
- Conclude on significant risks areas
- Other findings
- Audit reports

Changes in business and environment

The changes in business and environment and their potential impacts are analysed to prepare the audit plan.

The key events are detailed on pages 38 to 40.

Significant risk assessment

The significant audit risks are assessed during the audit planning and, if necessary, are re-assessed during the audit. Our audit procedures are designed in order to carry-out the appropriate audit answers to risks identified.

The audit risks are described on pages 41 to 43.

Determine materiality

Materiality has been calculated at €43m based on revenue which is consistent with previous years

Scoping

The audit scope on Vallourec’s subsidiaries is described on page 45.

Based on the figures as of September 30, 2023 the audit scope covers **87% of revenue, 86% of EBITDA (abs) and 91% of assets.**

Final report to the Audit Committee

We draw to the Audit Committee’s attention our conclusion on the significant risks. In particular the Audit Committee should satisfy itself that Management judgements, namely in relation with impairment, are appropriate.

As well as we are required to report to you our observations on the internal control environment and other findings from the audit.

The timing of the audit and our meetings with the Audit Committee are presented on page 54.

Conclusions to be delivered during the Audit Committee of February 28, 2024.

ESMA and AMF priorities

Climate-related matters

For 2023 ESMA and AMF maintain their recommendation to enhance climate-related information with regards to Financial statements and Non-Financial information and **calls for consistency between IFRS financial statements and non-financial information.**

ESMA and AMF ask issuers **to enhance in their Financial Statements disclosures explaining how climate risk have been considered**, the judgements and estimates applied, and the related **uncertainties**.

Information on Climate risks notably impacts impairment tests since it may have material implications in the long-term. Issuers must (i) assess impairment indicators as result of climate risks, (ii) integrate climate risks in impairment analysis with sensitivity scenarii and (iii) disclose uncertainties.

Impact for Vallourec: (i) assess long-term assumption in the light of climate-related commitments, (ii) enhance climate disclosures (sensitivity analyses and uncertainties) and (iii) ensure the overall consistency between risks identified in chapter 5 and other specific communications with financial statements

Other priorities related to IFRS financial statements

Considering the **current macroeconomic environment** introducing an increased level of uncertainty with potential material impact on issuer’s financial position and performance, ESMA and AMF ask for an increased attention and transparency in notes on :

- **Hedge accounting** as it may affect issuers’ ability to apply hedge accounting,
- Increase in interest rates with especially impacts on **Financing and Liquidity risks**, and discount rates retained for **Impairment tests** and **Pension liabilities measurement**

Impact for Vallourec: The impact on impairment test should be assessed. No other material impact expected.

Changes in business environment

Other significant changes in business environment in 2023 are the following:

Countries	**Developments**	**Impact on the audit**
Group	• **Decrease expected in Oil & Gas activities especially in the US following a reduction in volumes and prices, and stable activity in Eastern Hemisphere due to positive price impact** • **Negative impact of inflation** on cost of sales notably raw material and energy prices • Favorable short-term outlook but **lack of visibility on the long term in conjunction with transition to low carbon economy** (business model and product, etc.)	• Difficulty to forecast future cash flows assessed for impairment tests especially on long-term • Adapt the impairment tests sensitivity analysis to consider climate-related risks and commitments in the assumptions used and their relatives' disclosures • Assess whether indications exist that non-financial assets may be impaired, as a result of measures to prevent climate-related risks with a call to consistency with the Group’s objectives of contributing to the Paris agreement, use assumptions reflecting climate-related matters.
	• **New share-based payments plan**	• Value of new share-based payments to be assessed and recorded in accordance with IFRS2
	• Mandatory presentation of a set of financial statements in accordance with **ESEF regulation** in a xHTML file	• Specific review of the financial statements including compliance with ESEF regulation

Changes in business environment

Other significant changes in business environment in 2023 are the following:

Countries	**Developments**	**Impact on the audit**

Europe	• **Vallourec Deutschland closure**
	  • Ramp-down of production activities progressing ahead of schedule
	  • Land sale processes continuing
		• Follow-up on the measurement of the provision for restructuring
		• Measurement of the recoverable value vs net book value of German assets
		• Follow-up on the selling process of Rath and Mülheim

	• **HKM take or pay**	• Assessment of the Take-or-Pay obligation
Brazil	• **Return to full production of the Iron ore Mine** • **Permitting process on-going** to allow access to identified higher-quality reserves	• Assessment of mine useful life in respect with discussion with local authorities on mine extension • Assessment of mine restoration obligation
	• Settlement of the **litigation with Electrobras** (claim issued by Vallourec)	• Accounting treatment of the indemnity received from Electrobras
	• **Deferred tax assets recovery**	• Measurement of deferred tax to be recovered in a reasonable timeframe in respect with available tax planning

Group - Audit risks

🟡 Low exposure
🟠 Medium exposure
🔴 High exposure

✓ Risk or procedure applicable

Audit risks	Key Figures as of September 2023 and main judgments	Business areas exposure						Risk assessment		Audit Procedures	
		Var. vs 2022	Group	Europe	North America	Brazil	Asia Middle-east	Fraud risk	Key Audit Matters	Substantive	Internal control (D&I)
Impairment test PP&E	• Update of impairment test to be carried out on Eastern Hemisphere CGU with no headroom on 2021 and 2022 impairment tests (NBV of c. €200m excluding German assets) • Impairment test on South America in respect with the change in CGU perimeter (mine exclusion) – SA PPE NBV of c. €860m • No triggering event identified on CGU North America • Short term context favorable to Oil & Gas companies but uncertainties on long term in the context of strong ESG targets • Strong volatility in commodities markets and demand for Oil & Gas products	→	🟠	🔴	🟡	🟠	🔴		✓	✓	✓
Management override	• Presumed fraud risk according to auditing standards	→	🟠					✓		✓	✓
Going concern	• Available cash amounts to €1 590m as of September 30, 2023 • No mandatory repayment until June 2026. • No threat on the RCF availability (secured until release of 2023 FS) • Calculation of covenants at end of December 2023	→	🟡							✓	

The Audit approach for each risk is detailed in appendix.

Group - Areas of focus

🟡 Low exposure
🟠 Medium exposure
🔴 High exposure

✓ Risk or procedure applicable

Other audit matter	Key Figures as of September 2023 and main judgments	Business areas exposure						Risk assessment		Audit Procedures	
		Var. vs 2022	Group	Europe	North America	Brazil	Asia Middle-east	Fraud risk	Key Audit Matters	Substantive	Internal control (D&I)
Revenue recognition	Revenue mostly linked to pipes sales: • Pipes sales: c.€3,495m • Long term contracts: c.€145m • Mine: c.€197m	→	🟠	🟠	🟠	🟠	🟠			✓	✓
Inventories	• Raw material: €420m • Semi and finished goods: €945m	→	🟠	🟠	🟠	🟠	🟠			✓	
Onerous contracts	• Provision for loss making orders: €51m • Impact of contract with fix sales prices while cost of sales are impacted by inflation • Assessment of HKM Take or Pay contract	→	🟠	🟠	🟡	🟠	🟠			✓	
Deferred tax assets	• Net DTA: €271m (c.€192m on VSTB, mostly on tax losses)	→	🟠	🟡	🟡	🟠	🟡			✓	
Pensions measurement	• Net liability of €95m (total DBO of €382m vs plan assets of c.€285m) as of June 30, 2023 • €21m pension asset in the UK	→	🟠	🟠	🟡	🟡				✓	
Restructuring	• Impact of restructuring measure to be followed-up at year-end (€369m at end of Q3 2023).	→	🟠	🟠	🟡	🟡				✓	

The Audit approach for each risk is detailed in appendix.

Vallourec SA – Audit risks

🟡 Low exposure
🟠 Medium exposure
🔴 High exposure

✓ Risk or procedure applicable

Other audit matter	Key Figures as of September 2023 and main judgments	Exposure		Risk assessment		Audit Procedures	
		Variation vs 2022	Vallourec SA	Fraud risk	Key Audit Matters	Substantive	Internal control (D&I)
Going concern	• Available cash amounts to €1 590m as of September 30, 2023 • No mandatory repayment until June 2026. • No threat on the RCF availability	→	🟡			✓	
Valuation of investments	• Vallourec is the shareholder of Vallourec Tubes which owns all subsidiaries of Vallourec group • As of December 31, 2022 the net book value of the stake in Vallourec Tubes (€3 889m after depreciation of € 967m) is supported by Vallourec Tubes equity value assessed on a consistent basis with Group impairment tests.	→	🔴		✓	✓	✓

The Audit approach for each risk is detailed in appendix.

Materiality levels

The formulation by the Statutory Auditors of an opinion on the financial statements requires that it obtain assurance that the financial statements taken as a whole are free of material misstatement. This high level of assurance is not absolute because of the limits inherent to an audit. It is accordingly qualified by convention as one of "reasonable assurance."

To assess materiality, the Statutory Auditor considers not only the amount of misstatements, but also their nature and the circumstances of their occurrence. The Statutory Auditor sets a materiality level that allows it to plan and perform the audit and to assess the impact of misstatements identified during the audit, and, where applicable, to assess the impact of uncorrected misstatements on the financial statements.

We consider a misstatement to be material if it, individually or aggregated with other misstatements, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements and we are unable to express an unmodified opinion on them.

The determination of materiality is a matter for the professional judgment by the Statutory Auditors. It is determined during the planning phase of the engagement, and revised if necessary during the course of the audit. In the context of a joint audit, after consultation with each other, the Statutory Auditors set a materiality level for the financial statements as a whole.

The materiality has been estimated on the basis of the revenue and set at €43m for 2023 (€45m in 2022).

In this respect we would inform the Audit Committee of uncorrected misstatements exceeding €2,1m.

The materiality for the audit of the statutory financial statement is €12m and the threshold to identify uncorrected misstatements is €0,6m.

Materiality is revenue based

Materiality of €43m for consolidation

Materiality of €12m for statutory FS

Consolidation threshold for clearly trivial misstatement:

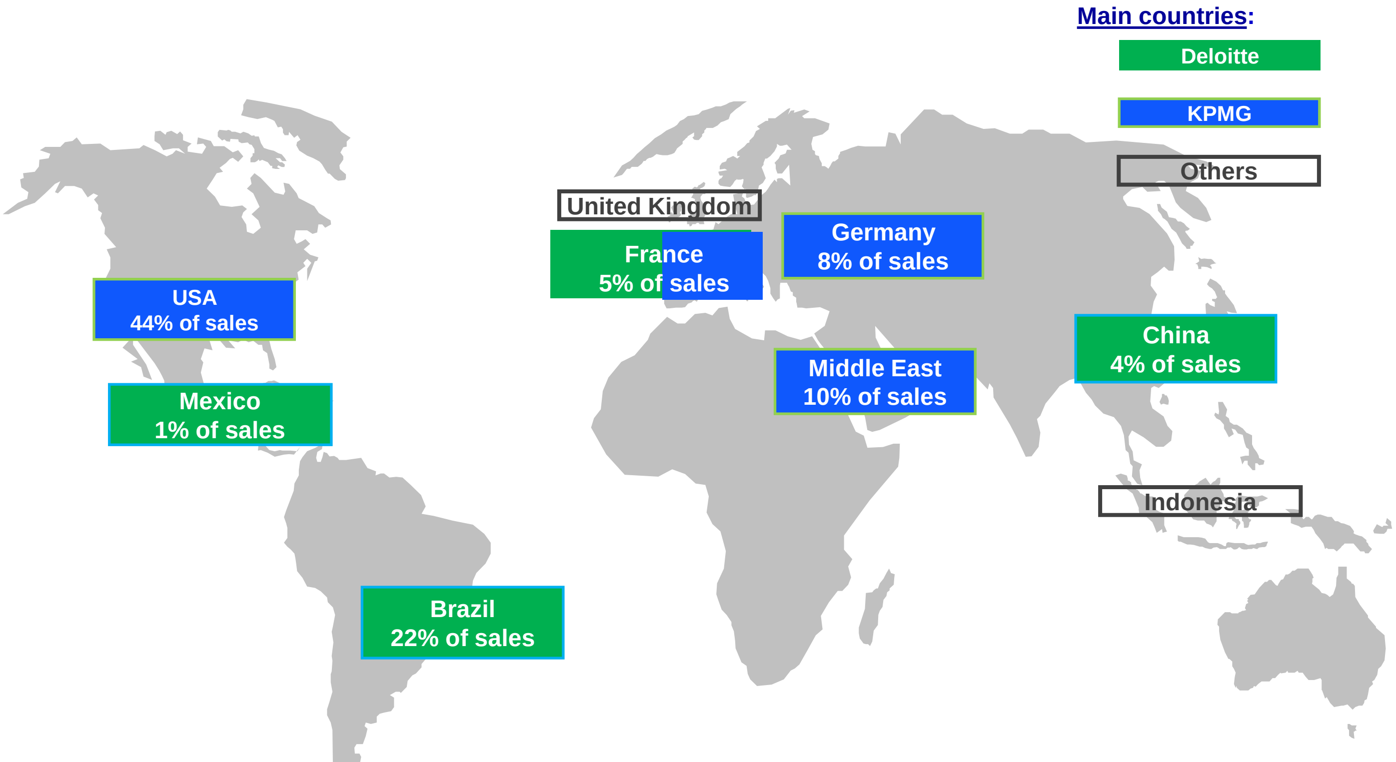
€2,1m

Audit scope

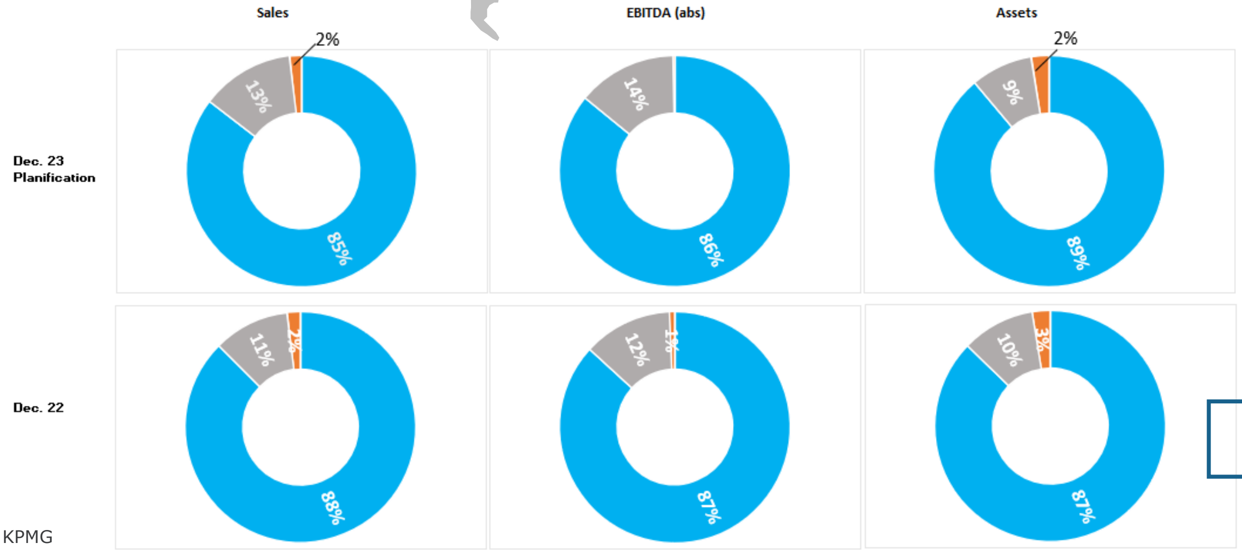
The audit scope is defined based on an analysis of the risks identified in the subsidiaries and the materiality of the contribution of the subsidiaries to the Group financial statements.

The most significant components of the Vallourec Group are in the scope of the joint auditors, except PTCT and Serimax SAS.

The detailed scope is presented in appendix.



Coverage rate per audit scope



- 🟦 Audit
- 🟧 Review
- ⬜ Not scoped

The scope by entity is detailed in appendix.

Audit scope

The table presents the **allocation of audit areas at consolidation level** between joint auditors.

No change compared to 2022.

The significant risk areas are jointly reviewed.

We involve specialists on the following audit focus:

- IT systems
- Impairment
- Financial instruments
- Pension
- Tax

Consolidation activities	Lead Auditor
Consolidation scope	KPMG/Deloitte
Financing	KPMG/Deloitte
Business combinations	KPMG/Deloitte
Intangible assets and goodwill / Impairment tests	KPMG/Deloitte
Investments in equity affiliates / AFS securities	Deloitte
Derivates	Deloitte
Deferred taxes and tax proof	KPMG
Employee benefits	Deloitte
Share-based payments	Deloitte
Restructuring	KPMG
Net debt and financing	Deloitte
Hedging	Deloitte
Intercompany elimination	KPMG
Earnings per share	Deloitte
Statement of changes in equity	KPMG
Statement of cash flows	KPMG
Segment information	KPMG/Deloitte

Appendix

- Audit approach
- Audit scope
- Communication
- Respective roles

Audit approach on Key Audit Matters

Issue	Risk identified	Response
Impairment tests	**<u>Cash generating units (South America and Vallourec Eastern Hemisphere)</u>** • The MTP (Medium term plan) is sensitive to projections of investments from IOC/NOC (quantities & prices), sales mix and exchange rate • The most important part of CGU recoverable value is attributable to the terminal value • Short term context favorable to Oil & Gas companies but uncertainties on long term in the context of strong ESG targets • Strong volatility in commodities markets and demand for Oil & Gas products	• Gain an understanding of the process used to prepare estimates and assumptions made by Management for the impairment tests. • Assess the appropriateness of the model adopted to determine the recoverable amounts of the CGUs. • Analyze key market assumptions accuracy (FX, IOC/NOC expected capex and related sales volumes) by comparison with external sources • Specific focus on company’s forecast consistency with external scenario prepared in accordance with generally accepted ESG targets such as IAE sustainability scenario • Assess MTP assumption (EBITDA, PRI rate, tax rate, capex) through comparison with actual figure and management inquiry • Assess consistency of EBITDA and FCF forecasts with analysts’ presentation and Group’s internal data • Review of actuarial assumptions (WACC, perpetual growth rate) by our expert • Perform sensitivity analysis and verify arithmetical accuracy of the calculation • Reconcile market cap. with Group equity • Review of information provided in notes notably the long-term growth in line with AMF’s recommendation
	<u>CGU Vallourec North America and specific assets:</u> • Management should assess if indication does exist that an asset may be impaired or that an impairment should be reversed • Valuation of some specific assets to be monitored (Vallourec Deutschland)	• Review of triggering events or indication for impairment reversal in line with macroeconomic and management information. • Assessment of recoverable value notably in respect with expected selling price • Assessment of presentation as assets available for sale • Review of sensitivity analysis

Audit approach on risks

Issue	Risk identified	Response
Management override of controls	• In accordance with professional standards, we are required to presume a risk of material misstatement due to fraud related to management override of controls. • This risk may manifest itself through bias in areas of key judgement, management estimates, related party transactions or inappropriate journal entries in the Group accounting records.	• Review the internal control environment with a special focus on the financial reporting process • Review of documentation for key areas of judgment, estimates and potential management bias • Test manual entries recorded directly in the Group accounting records with unusual characteristics • Perform procedures on significant transactions outside the ordinary course of business

Audit approach on risks

Issue	Risk identified	Response
Going concern	- The Group should assess the going concern based on its ability to have sufficient available cash to covers its financial needs for the 12 months following Financial statements approval	- Review of control environment related to preparation of cash flow forecast - Analysis of free cash flow forecasts for 2024 and beyond in respect with available cash - Review of debt maturity - Review of RCF availability - Review of covenant calculation
Revenue recognition	- Vallourec has different activities with specific revenue recognition: pipes delivery (85% of sales), long term contracts (Serimax) and mine sales. - IFRS 15 requires to identify performance obligation (PO) in order record revenue accordingly. The PO identified for pipes delivery is the transfer of control. - The transfer of control itself depends on contractual terms (shipping incoterm, bill & hold agreement, consignment…) agreed with customers. It involves judgements to adjust Company´s revenue in respect with appropriate cut-off to record sales in the correct period.	- Assess internal control on revenue recognition - Review of management assessment on contractual terms (right of return, consignment, buy-back …) and identification of performance obligations - Review of new contracts or amendment in order to assess impact on revenue recognition - Perform substantive tests notably on cut-off

Audit approach on risk

Issue

Risk identified

Response

Inventories

- The group owns significant inventories linked to its activity :
  - Raw material: €492m (€420m in net)
  - Work in progress and semi-finished goods: €570m (€569m in net)
  - Finished goods: €407m (€376m in net)
  - Provision for loss making orders: €51m
- Considering the current uncertain economic context, the Group is still potentially exposed to (i) underactivity meaning that inventories cost formula should integrate an appropriate portion of fixed cost and (ii) lower volumes sold resulting in higher degree of obsolescence and excessive quantities in inventories.
- The economic context increases the risk of loss making orders.

- Assess environment control on inventories measurement
- Ensure that standard production costs are measured using a standard activity
- Perform inventories count to assess existence and completeness held at year-end
- Review of onerous contract in the backlog and inventories with net a realisable value below carrying amount
- Assess inventory allowance in respect with slow moving and obsoleted inventories

Deferred tax

- Significant tax losses incurred in past years.

DT positions in €. million	DTA Gross value	DTA impaired	DTA	DTL	Net DTA / (DTL) 06.2023	Net DTA / (DTL) 12.2022	Var.
BRAZIL (inc. Serimax BR)	338	(156)	182	(0)	182	162	20
US (inc. Serimax NA)	39	0	40	70	(31)	(9)	(22)
Saudi Arabia	10	0	10	(1)	11	15	(4)
French tax group (excl. Serimax SAS)	716	(716)	(0)	1	(1)	0	(1)
o/w Serimax Holding	*4*	*(5)*	*(0)*	*1*	*(1)*	*(1)*	*0*
VOGUK	0	(0)	0	0	(0)	(1)	1
Germany	364	(364)	0	(0)	0	0	0
China	47	(34)	13	(0)	13	15	(2)
o/w Tianda Oil Pipe Co. Ltd	*12*	*(1)*	*11*	*(0)*	*11*	*12*	*(1)*
Serimax (w/o Hold, NA, BR)	7	(6)	1	(0)	1	1	(0)
Others	16	(7)	9	10	(1)	3	(4)
Total *(after netting)*	**1 540**	**(1 287)**	**254**	**80**	**173**	**186**	**(13)**

- DTA are recognized on NOL when recoverability is sustained by future taxable profits arising from tax planning.
- No DTA is recognized in Europe due to adverse economic situation.
- DTA recovery may be delayed due to adverse economic context.

- Assess the control environment on deferred tax.
- Review tax planning assumptions supporting the deferred tax asset position, namely MTP, with a specific focus on Brazil and the US.
- Assessment impact of modification in tax regulation and review impacts on deferred tax positions.
- Perform a retrospective review of the projections used in the prior year assessment and consider the results of this retrospective review in evaluating the current year assumptions.

Audit approach on areas of focus

<table>
<tr><th>Issue</th><th>Risk identified</th><th>Response</th></tr>
<tr>
<td>Hedging</td>
<td>

The Group is notably exposed to USD FX variations since c.40% of sales of non USD companies is invoiced in USD, namely in Brazil and Europe
To mitigate this risk the exposed companies enters into derivatives contract which are recorded using hedge accounting: (i) Hedging instruments in Europe and (ii) ACC/ACE are used in Brazil
The hedge accounting requires to demonstrate hedging relationship and effectiveness. When it is not demonstrated then the fair value of instrument should be recorded in profit and loss.

</td>
<td>

Assess control environment on hedging activities
Review accuracy of hedging relationship and effectiveness
Assess independent measurement of derivatives contracts fair value
Review hedge accounting entries and analyse FX result

</td>
</tr>
<tr>
<td>Pensions valuation</td>
<td>

Vallourec has different defined benefit pension schemes totalling €95m of provision as of June 30, mostly in Germany

<table>
<tr><th>June 30, 2023</th><th>Germany</th><th>France</th><th>UK</th><th>Others</th><th>Total</th></tr>
<tr><td>Defined benefit obligation</td><td>213</td><td>16</td><td>66</td><td>88</td><td>382</td></tr>
<tr><td>Plan assets</td><td>154</td><td>2</td><td>85</td><td>46</td><td>287</td></tr>
<tr><td>Provision</td><td>59</td><td>14</td><td>-20</td><td>42</td><td>95</td></tr>
</table>

An asset is recognised on UK pension scheme because the DBO is lower than plan assets
Restructuring measures in Europe (France and Germany) will impact pension DBO at year end

</td>
<td>

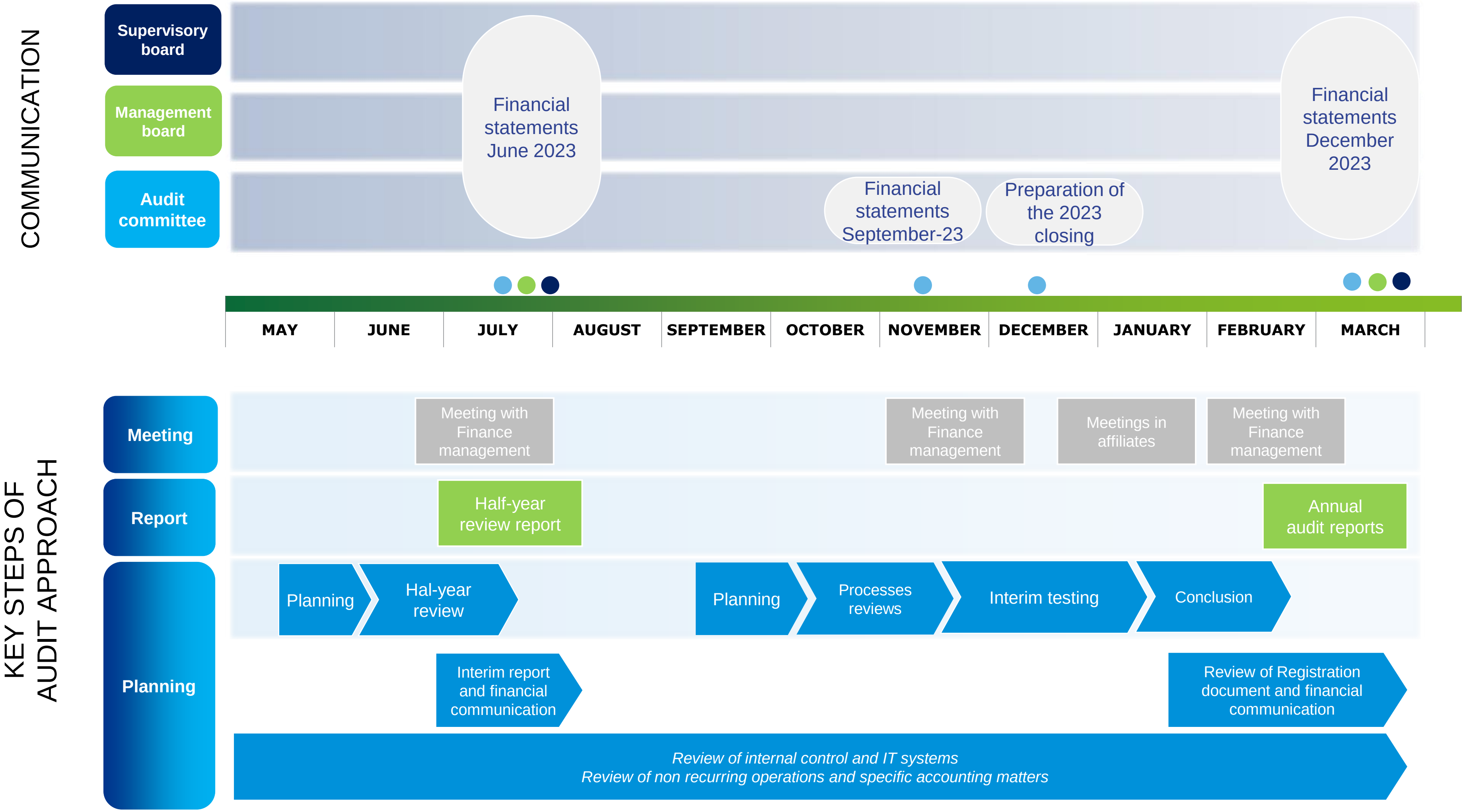
Assess control environment on pensions
Obtain actuarial report and involve actuary expert to validate key actuarial assumptions (discount rate)
Validate data accuracy (headcount, age, salaries…)
Review modification on pension scheme to asses the accounting treatment and its impact
Confirm plan assets value with external valuation report
Review information in notes to financial statements

</td>
</tr>
</table>

Audit scope

Component	Scope	Auditor
Europe & Africa		
Vallourec S.A.	Audit	Deloitte/KPMG
Vallourec Tubes	Audit	Deloitte
Vallourec Deutschland	Audit	KPMG
Vallourec Tubes France	Audit	KPMG
VOG France	Audit	Deloitte
Serimax SAS	Review	BDO
North America		
Vallourec Star	Audit	KPMG
Vallourec USA Corporation	Audit on specific balances	KPMG
South America		
VS Tubulares do Brasil	Audit	Deloitte
Vallourec Tubos do Brasil	Audit	Deloitte
Vallourec Tubos Para Industria	Audit	Deloitte
Vallourec Oil & Gas Mexico SA de CV	Audit on specific balances	Deloitte
Asia & Middle East		
Vallourec Saudi Arabia	Audit	KPMG
Vallourec Middle East FZE	Audit on specific balances	KPMG
Vallourec Al Qahtani Llc	Audit on specific balances	KPMG
Tianda Oil Pipe Co. Ltd	Audit	Deloitte
Vallourec (China) Co. Ltd	Audit on specific balances	Deloitte
P.T. Citra Tubindo	Review	KPMG

Communication



COMMUNICATION

Supervisory board

Management board

Audit committee

Financial statements June 2023

Financial statements September-23

Preparation of the 2023 closing

Financial statements December 2023

● ● ● ● ● ● ● ●

MAY **JUNE** **JULY** **AUGUST** **SEPTEMBER** **OCTOBER** **NOVEMBER** **DECEMBER** **JANUARY** **FEBRUARY** **MARCH**

KEY STEPS OF AUDIT APPROACH

Meeting

Meeting with Finance management

Meeting with Finance management

Meetings in affiliates

Meeting with Finance management

Report

Half-year review report

Annual audit reports

Planning

Planning

Hal-year review

Planning

Processes reviews

Interim testing

Conclusion

Interim report and financial communication

Review of Registration document and financial communication

Review of internal control and IT systems
Review of non recurring operations and specific accounting matters

Respective roles

Management is responsible for:

- the application of accounting principles and methods
- the design, implementation and supervision of controls to prevent and detect errors and fraud, and the implementation of safeguard measures for assets
- the preparation and fair presentation of annual and consolidated financial statements in accordance with the applicable reporting framework [preparation of interim financial statements in accordance with IAS 34]

The Audit Committee monitors (L. 823-19 FCC):

- the process of preparing financial information
- the effectiveness of the internal control and risk management systems relating to the preparation and processing of accounting and financial information and, where appropriate, internal audit
- the performance of their work by the Statutory Auditors
- the independence of the Statutory Auditors:
  - compliance with the provisions on independence
  - approval of non-audit services
  - recommendation on appointment

The Statutory Auditors communicate to the Audit Committee (L. 823-16 FCC):

- the audit plan and the distribution of tasks between the Statutory Auditors
- significant weaknesses in internal control as regards procedures relating to the preparation and processing of financial and accounting information
- the changes needing to be made to the financial statements
- irregularities and inaccuracies identified
- the annual independence declarations, details of the Statutory Auditors’ fees, and information on the non-audit services provided by the Statutory Auditors’ networks
- for financial years commencing on or after June 17, 2016, a separate report in addition to their audit report

Identification of key partners

Deloitte & Associés

1st nomination
Shareholder's meeting June 2006

Véronique Laurent

Key audit partner of Vallourec S.A. since 2018

KPMG Audit

1st nomination
Shareholder's meeting June 2006

Alexandra Saastamoinen

Key audit partner of Vallourec S.A. since 2018

Identification of key partners and other audit firms

Identification of key audit partners (art.11. 2.b)

Name of entity	Audit firm	Partners names
Vallourec S.A.	KPMG	Alexandra Saastamoinen
	DELOITTE	Véronique Laurent
Vallourec Tubes S.A.S.	DELOITTE	Emmanuel Rollin
Vallourec Tubes France S.A.S.	KPMG	Alexandra Saastamoinen
Vallourec Oil and Gas France S.A.S.	DELOITTE	Emmanuel Rollin
Vallourec Deutschland	KPMG	Daniela Engel
Vallourec Star / Vallourec USA Corporation	KPMG	John C. Christopher
VS Tubulares do Brasil / Vallourec Tubos do Brasil / Vallourec Tubos para Industria Ltda	DELOITTE	Marcelo Salvador
Vallourec Oil & Gas Mexico	DELOITTE	Brenda Estrada
Vallourec Saudi Arabia / Vallourec Al Qahtani Llc	KPMG	Syed Imran
Vallourec Middle East FZE	KPMG	Shanil Fawad
Vallourec (China) Co. Ltd / Vallourec Tianda (Anhui) Co. Ltd	DELOITTE	Tracy Lan Ying Mu

Audit work carried out outside the auditors' networks (art 11.2.n)

Entity name	Country	Audit firm	Audit work	as at % of Group EBITDA (abs)	Independence confirmation
Serimax S.A.S.	France	BDO	Review	0,59%	✓
P.T. Citra Tubindo	Indonesia	BDO	Review	1,78%	✓

Fees of the statutory auditors

In k€	2023 KPMG	2023 Deloitte
Statutory audit of parent company and consolidated financial statements		
Issuer	278	278
%	*17%*	*24%*
Fully consolidated subsidiaries	1 179	857
%	*73%*	*74%*
Sub-total	**1 456**	**1 135**
Other non-audit services		
Issuer	75	11
%	*5%*	*0%*
Fully consolidated subsidiaries	79	15
%	*5%*	*1%*
Sub-total	**154**	**26**
TOTAL	**1 611**	**1 161**

- For Deloitte & Associés, the non-audit services primarily relate to procedures conducted within the framework of compliance reviews of tax returns for subsidiaries outside the European Union.
- For KPMG, the non-audit services relate to procedures conducted within the framework of (i) the engagement of an independent third-party entity in relation to CSR information in the management report, and (ii) compliance reviews of tax returns for subsidiaries outside the European Union

This document, prepared for the meeting with the Audit Committee relating to the consolidated accounts for the year ended December 31, 2023, was drafted solely for discussion purposes.

This document and its appendices are confidential and exclusively for your internal use. The full or partial reproduction or disclosure of its content to third parties without our prior written approval is strictly forbidden.

This document does not constitute a formal report expressing an opinion / conclusion on the accounts and may not be considered separately from the verbal comments made at this meeting.

Similarly, the matters relating to internal control do not represent an assessment of or opinion on the design or operation of the internal control system of Vallourec.