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Vallourec S.A.

Auditors' report on the consolidated financial statements

Fiscal year ended December 31, 2024

Vallourec S.A.

12 rue de la Verrerie - 92190 Meudon

KPMG S.A., société d'expertise comptable et de commissaires aux comptes inscrite au Tableau de l'Ordre des experts comptables de Paris sous le n° 143008010101 et rattachée à la Compagnie régionale des commissaires aux comptes de Versailles et du Centre.
Société française membre du réseau KPMG constitué de cabinets indépendants affiliés à KPMG International Limited, une société de droit anglais (private company limited by guarantee).

Société anonyme à conseil d'administration
Siège social :
Tour EQHO
2 avenue Gambetta
CS 60055
92066 Paris La Défense Cedex
Capital social : 5 497 100 €
775 726 417 RCS Nanterre

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SAS à capital variable
Société de commissariat aux comptes
Siège social :
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1 place des Saisons
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Auditors' report on the consolidated financial statements

Fiscal year ended December 31, 2024,

To the General Meeting of Vallourec S.A.,

Opinion

In accordance with the assignment entrusted to us by the General Meeting, we have audited the consolidated financial statements of Vallourec S.A. for the fiscal year ended December 31, 2024, as attached to this report.

We certify that the consolidated financial statements are, in accordance with the IFRS framework as adopted by the European Union, regular and sincere and give a true and fair view of the results of operations for the past fiscal year as well as the financial position and assets, at the end of the fiscal year, of the group formed by the entities included in the consolidation.

The opinion expressed above is consistent with the content of 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 evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The responsibilities incumbent upon us under these standards are indicated in the section "Responsibilities of the Auditors with respect to the Audit of the Consolidated Financial Statements" of this report.

Independence

We conducted our audit in compliance with the independence rules set forth by the Commercial Code and the Code of Ethics for Statutory Auditors for the period from January 1, 2024, to the date of issuance of our report, and in particular, we did not provide any services prohibited by Article 5, paragraph 1, of Regulation (EU) No. 537/2014.

Justification of assessments - Key Audit Matters

In accordance with the provisions of Articles L.821-53 and R.821-180 of the Commercial Code relating to the justification of our assessments, we bring to your attention the key audit matters related to the risks of significant anomalies which, in our professional judgment, were the most important for the audit of the consolidated financial statements for the fiscal year, as well as the responses we provided to address these risks.

The assessments thus made are set in the context of the audit of the consolidated financial statements taken as a whole and the formation of our opinion expressed above. We do not express an opinion on individual elements of these consolidated financial statements.

Evaluation of Goodwill and Intangible and Tangible Assets of the CGU "Vallourec South America Tubes"	
Note 4.2 – "Impairment Tests" of the notes to the consolidated financial statements	
Key Audit Matter	Audit response
<p>As of Dec. 31, 2024, the net book value of current and non-current assets of the Cash Generating Unit (CGU) "Vallourec South America Tubes" amounts to €996 million (R\$ 6,402 million), including a net goodwill amounting to €33.7 million.</p> <p>As indicated in Note 4.2 of the consolidated financial statements, an impairment test is performed at least once a year for CGUs that include indefinite-lived assets, i.e., goodwill in the case of the Vallourec group.</p> <p>An impairment test was conducted on Dec. 31, 2024, on the CGU "Vallourec South America Tubes," to which goodwill has been allocated. Non-current assets represent €566 million (R\$ 3,636 million), and current assets represent €430 million (R\$ 2,766 million).</p> <p>The methodology used to perform the impairment test, and the assumptions made, are described in Note 4.2 of the consolidated financial statements, including:</p> <ul style="list-style-type: none"> The projected cash flows used to determine the value in use are those of the five-year strategic plan, which relies on macroeconomic assumptions by market, based on external sources. The perpetual growth rate takes into account, among other things, regional inflation and sales perspectives based on the oil and gas production assumptions assumed in the Announced Pledges Scenario (APS) by the International Energy Agency (IEA) published in 2024. 	<p>As part of our work, we gained an understanding of:</p> <ul style="list-style-type: none"> the process of developing and approving the estimates and assumptions used by Management in the impairment tests, and the procedures for approving the results of these tests by the Board of directors. <p>We:</p> <ul style="list-style-type: none"> Examined the model used to determine the recoverable amount of the CGU "Vallourec South America Tubes"; Reconciled the carrying amount of the assets subject to impairment tests with the consolidated financial statements; Analyzed the consistency of the cash flow forecasts and assumptions prepared by management for the tested CGU with the 2025 budget and the five-year strategic plan approved by the Board of Directors; Verified the arithmetic accuracy of the calculations. <p>With the support of our valuation experts included in the audit team, we:</p> <ul style="list-style-type: none"> Assessed the appropriateness of the various assumptions underlying the cash flow forecasts, in light of the Group's internal data and external sectoral and macroeconomic data, including: Price and volume assumptions by region, which depend particularly on investments in oil and gas exploration and production, Cost evolution forecasts within the framework of the "New Vallourec" strategic plan, and

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The group has also considered issues related to climate change and sustainable development.

We consider the evaluation of goodwill, intangible assets, and property, plant, and equipment of the CGU "Vallourec South America Tubes" to be a key audit matter, given the materiality of these assets in the Group's consolidated financial statements, and the method of determining the value in use, which requires management to exercise judgment and use estimates to forecast the discounted future cash flows used in the tests.

- Exchange rates, long-term growth rates, and discount rates used.
- Conducted our own sensitivity analyses.

We also:

- Analyzed the consistency of the cash flow forecasts with past performances used in previous impairment tests;
- Compared the tube sales assumptions with public sectoral assumptions for oil and gas production.
- Finally, we assessed the appropriateness of the information provided in this regard in the appendix to the consolidated financial statements.

Specific Verifications

We also carried out, in accordance with professional standards applicable in France, the specific verifications required by legal and regulatory texts of the information relating to the group, provided in the management report of the Board of Directors. We have no comments to make on their sincerity and their consistency with the consolidated financial statements.

Other verifications or information required by legal and regulatory texts

Format of presentation of the consolidated financial statements to be included in the annual financial report

We also carried out, in accordance with the professional standard on the diligence of the statutory auditor relating to annual and consolidated financial statements presented in the European Single Electronic Format, the verification of compliance with this format defined by the European Delegated Regulation No. 2019/815 of December 17, 2018, in the presentation of the consolidated financial statements to be included in the annual financial report mentioned in Article L. 451-1-2 of the Monetary and Financial Code, prepared under the responsibility of the Chief Executive Officer. As these are consolidated financial statements, our diligence includes verifying the compliance of the tagging of these statements with the format defined by the aforementioned regulation.

Based on our work, we conclude that the presentation of the consolidated financial statements to be included in the annual financial report complies, in all significant respects, with the European Single Electronic Format.

Furthermore, it is not our responsibility to verify that the consolidated financial statements that will actually be included by your company in the annual financial report filed with the AMF correspond to those on which we have carried out our work.

Appointment of Auditors

We were appointed statutory auditors of Vallourec S.A. by the General Meeting of June 1, 2006, for KPMG SA and May 23, 2024, for Ernst & Young et Autres.

As of December 31, 2024, KPMG SA was in its 19th year of uninterrupted service and Ernst & Young et Autres in its 1st year of uninterrupted service.

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Responsibilities of Management and Corporate Governance with respect to the Consolidated Financial Statements

Management is responsible for preparing consolidated financial statements that give a true and fair view in accordance with IFRS as adopted by the European Union, and for implementing the internal control it deems necessary to ensure that the consolidated financial statements are free from material misstatement, whether due to fraud or error.

When preparing the consolidated 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 management either intends to liquidate the company or to cease operations.

The audit committee is responsible for overseeing the financial reporting process and monitoring the effectiveness of internal control and risk management systems, as well as, where applicable, internal audit, with respect to the procedures relating to the preparation and processing of accounting and financial information.

The consolidated financial statements were approved by the board of directors.

Responsibilities of the Auditors with respect to the Audit of the Consolidated Financial Statements

Audit Objective and Approach

It is our responsibility to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance that the consolidated financial statements taken as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if it is reasonable to expect that they could, individually or in aggregate, influence the economic decisions that users make based on the financial statements.

As specified by Article L.821-55 of the Commercial Code, our certification mission does not consist of guaranteeing the viability or the quality of the management of your company.

In the context of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit. Additionally:

- They identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and implement audit procedures to address those risks, and gather evidence that they deem sufficient and appropriate to form their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that of one resulting from error, as fraud may involve collusion, falsification, intentional omissions, misrepresentations, or the override of internal control;
- They consider 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 internal control;
- They evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as the related disclosures in the consolidated financial statements;



- They assess the appropriateness of management's use of the going concern basis of accounting and, based on the 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 evidence obtained up to the date of their report, although subsequent events or conditions may cause the company to cease to continue as a going concern. If they conclude that a material uncertainty exists, they draw attention in their report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, they modify their opinion. Their conclusions are based on the evidence obtained up to the date of their report;
- They evaluate the overall presentation of the consolidated financial statements and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Regarding the financial information of entities included in the consolidation scope, they gather evidence that they deem sufficient and appropriate to express an opinion on the consolidated financial statements. They are responsible for the direction, supervision, and performance of the audit of the consolidated financial statements, as well as for the opinion expressed on these statements.

Report to the Audit Committee

We submit to the audit committee a report that presents, among other things, the scope of the audit work and the work program implemented, as well as the conclusions resulting from our work. We also bring to their attention, where applicable, significant weaknesses in internal control that we have identified regarding procedures related to the preparation and processing of accounting and financial information.

Among the elements communicated in the report to the audit committee are the risks of significant anomalies that we consider to have been the most important for the audit of the consolidated financial statements for the fiscal year and which therefore constitute the key audit matters that we must describe in this report.

We also provide the audit committee with the declaration required by Article 6 of Regulation (EU) No. 537-2014 confirming our independence, in accordance with the applicable rules in France as set out in Articles L.821-27 to L.821-34 of the Commercial Code and in the Code of Ethics for Statutory Auditors. Where applicable, we discuss with the audit committee the risks to our independence and the safeguards applied.

Paris La Défense, March 11, 2025

The Statutory Auditors

KPMG SA

Ernst & Young et Autres

Philippe GRANDCLERC

Partner

May KASSIS-MORIN

Partner

Vallourec S.A.

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