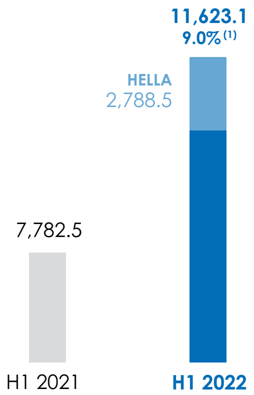
2022
Half-Year Results

FORVIA
·faurecia

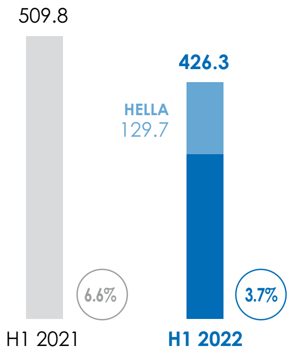
Contents

Interim results 2022

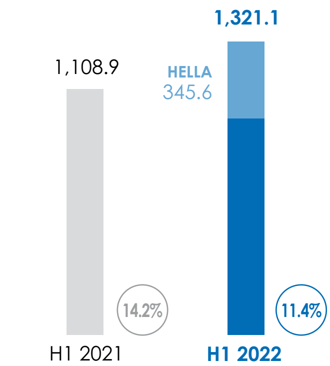
Key figures



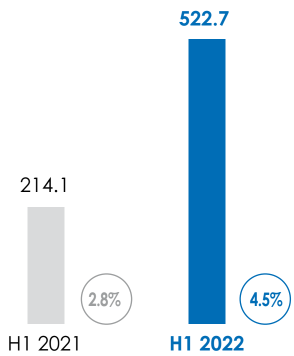
Sales
(in €m)



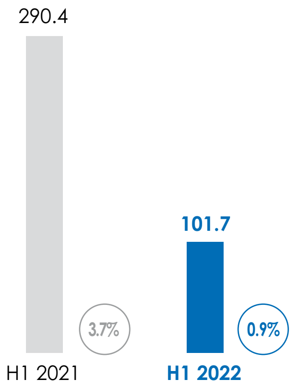
Operating Income [2]
(in €m and as a % of Sales)



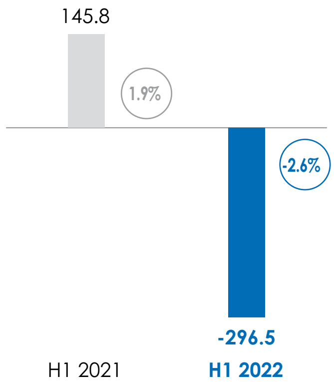
Adjusted EBITDA [3]
(in €m and as a % of Sales)



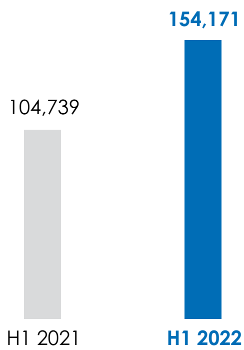
Capital expenditure
(in €m and as a % of Sales)



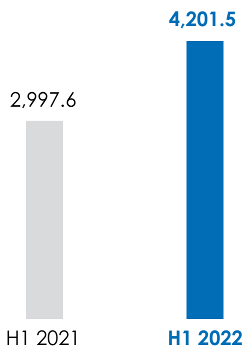
Net Cash Flow
(in €m and as a % of Sales)



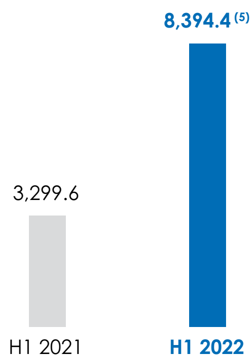
Net income/(loss) attributable
to equity holders
(in €m and as a % of Sales)



Number of employees

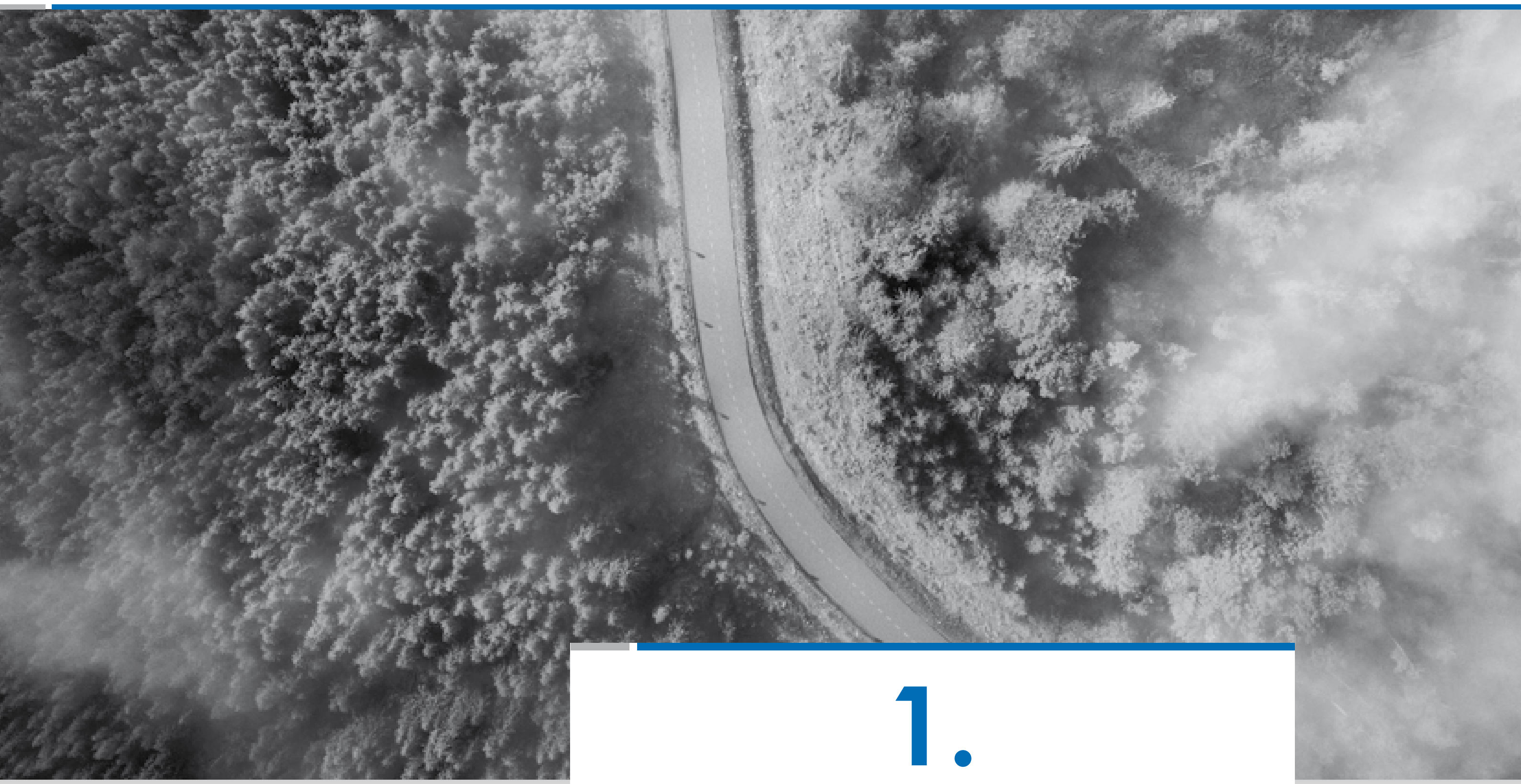


Cash & cash equivalents
(in €m)



Net debt [4]
(in €m)

(1) At constant currencies and scope.
(2) Before amortization of acquired intangible assets (§2.1 to the consolidated financial statements).
(3) Operating income before depreciations and amortizations of assets (§2.3 to the consolidated financial statements).
(4) Note 18.1 to the consolidated financial statements.
(5) HELLA acquisition cash out of €4.9 billion.



1. Business review

1.1. Notable facts

ECONOMICAL CONTEXT LINKED TO COVID-19, SHORTAGE OF ELECTRONICS COMPONENTS AND MILITARY CONFLICT IN UKRAINE

During H1 2022, the worldwide automotive production was penalized by Stop and Gos from OEMs consequent to supply chain disruptions due to the war in Ukraine, by the continued shortage of semiconductors and the Covid-19 restrictions that have been implemented in China during Q2 2022:

- China was strongly penalized by the Covid-related restrictions implemented in April and May in the Shanghai and Changchun areas, with automotive production up only 1,1% in Q2 and a gradual improvement from June onwards;
- Europe was strongly impacted by Stop & Gos related to supply chain disruptions due to the war in Ukraine and the continuous shortage of semiconductors with Q1 automotive production down 17.8% *vs.* last year and an overall drop of 11.8% in the half-year.

The direct exposure of FORVIA (Faurecia and HELLA) in Russia and Ukraine is very limited:

- in Russia, Faurecia's sales represented only around 200 million euros in 2021, *i.e.* 1.3% of Faurecia's total sales, and HELLA's sales represented less than 50 million euros, *i.e.* less than 0.5% of HELLA's total sales;
- in Ukraine, Faurecia and HELLA are not present.

Following the OEM s decisions on their operations in Russia and the uncertainty linked to future operations, the Group has taken drastic measures to close some of its plants and reduce its operations. The detailed accounting impacts are described in Note 6.

Consequently, worldwide automotive production in H1 2022 was down 0.6% at 37.2 million light vehicles *vs* H1 2021 (down 6 million LVs or 14% *vs.* the 43.3 million LVs produced in H1 2019).

HELLA ACQUISITION

On August 14, 2021, Faurecia has announced the signature of agreements concerning the acquisition of a controlling stake of 60% of the shares from the controlling family pool and a public tender cash offer on the remaining 40% shares of HELLA, listed on the Francfort Stock Exchange, for a price of €60 per HELLA share, corresponding to a value of €6.7 billion, for the total number of shares. 19.5% of HELLA shares were tendered in the takeover offer by HELLA shareholders, which has been launched on September 27, 2021 by Faurecia and closed on November 11, 2021.

Following approval from the appropriate regulatory bodies, Faurecia has completed on January 31st, 2022 the acquisition of 79.5% of HELLA, comprising the 60% acquired from the family pool, of which 8.95% were paid through newly issued Faurecia shares and 19.5% as a result of the public tender offer mentioned above. Faurecia has also acquired shares on the market until January 31,2022, representing 2.09% of HELLA shares. Faurecia holds 81.6% of HELLA shares at that date.

The combination of Faurecia and HELLA creates the 7th largest global automotive supplier.

HELLA is a German GmbH & Co. KGaA which governance bodies are organized as follows:

- the General Partner manages HELLA (managed by the Management Board and represented by the CEO of HELLA, Mr. Favre);
- the Supervisory Board has an advisory and supervisory role (consisting of 8 employee representatives and 8 shareholder representatives including 6 from Faurecia);
- the Shareholder Committee is responsible, with the Supervisory Board, for advising and supervising the Management Board (consisting of currently 7 members, one having resigned as from 30 April 2022 – 5 representatives from Faurecia and 2 independent members).

1.2. Main events

January 2022

- Faurecia has announced a partnership with BMW group to integrate the Faurecia Aptoide Automotive App Store in future vehicles. The App Store enable an innovative and seamlessly connected app offering in the new models of the world's leading premium car and motorcycle manufacturer.
- On January 31, 2022, Faurecia announced the closing of the HELLA transaction, in line with the indicative timetable. Faurecia now owns a controlling stake exceeding 80% of the shares of HELLA and will consolidate HELLA in its financial accounts as from February 1, 2022.

  As a result of the transaction, the Hueck and Roepke Family pool received 13,571,385 newly issued shares of Faurecia, thus becoming Faurecia's main shareholder with c. 9% of its share capital.

  The Family pool agreed to be subject to a first lock-up of its Faurecia shares during 18 months as from the closing date and a subsequent lock-up of 12 additional months for the portion of its Faurecia shares exceeding 5% of the Faurecia share capital.

February 2022

- Faurecia has committed to set science-based targets to reach net-zero global emissions by no later than 2050. In line with the Science Based Targets initiative (SBTi) the Group aims to contribute to limit global warming to 1.5°C as aligned with the most ambitious aim of the Paris Agreement.

  With this new commitment to Science Based Targets, which occurs two years after Faurecia launched its CO_2 Neutrality program, the Group is continuing its long-time focus on the environment and climate change. Faurecia will be CO_2 neutral for its internal emissions by 2025 (scopes 1 & 2) and will reduce by 50% its scope 3 emissions by 2030, before reaching net zero by 2050 at the latest. To achieve this goal, the Group is partnering with the right experts to equip its 300 sites globally with efficient systems to reduce energy consumption, to establish on-site and off-site power purchase agreements across its many countries of operations.
- On February 7, 2022, Faurecia launched FORVIA, the new company name combining Faurecia and HELLA, representing the 7th largest automotive technology supplier.

  FORVIA is structured into business units based on the nature of the products and services offered. The integration of HELLA being still ongoing as of June 2022, all its activities are presented as one business unit:

  - Seating (design and manufacture of complete vehicle seats, seating frames and adjustment mechanisms);
  - Interiors (design, manufacture and assembly of instrument panels and complete cockpits, door panels and modules);
  - Clean Mobility (design and manufacture of exhaust systems, solutions for fuel cell electric vehicles, and aftertreatment solutions for commercial vehicles);
  - Clarion Electronics (design and manufacture of display technologies, driver assistance systems and cockpit electronics);
  - HELLA (electronics in vehicle, lighting technologies, lifecycle management).

  Global support functions will be deployed at Group, Business Group, Product & Business Division and Plant levels.

  FORVIA will provide customers with an offer of high technology products and solutions that is organized around 24 differentiating Product Lines and address all the automotive industry megatrends.

March 2022

- Faurecia, selected to partner on the hydrogen fuel cell research project, “Bavarian fleet”, with MAN.

  Faurecia announced that the Company will equip a Bavarian fleet (*Bayern flotte*) of heavy-duty trucks provided by MAN with complete hydrogen storage systems, as part of a state-supported fuel cell research project.

  For this project, backed with about €7 million funding from Bavarian Ministry of Economic Affairs, Regional Development and Energy, Faurecia, part of group FORVIA, will develop and seek certification for a new size of tank perfectly adapted to meet the requirements of heavy-duty vehicles and other applications with intensive use cases. This type of extra-large system can store an increased amount of hydrogen, delivering a higher autonomy. This hydrogen storage system prototype will be developed in the R&D center of Augsburg (Germany).

  Starting mid-2024, five selected customers will test these hydrogen-powered fuel cell trucks in real-life operations for one year, operating in the Bavarian region between Nuremberg and Munich.

April 2022

- The California Energy Commission (CEC) has selected Symbio, Michelin, Faurecia along with GTI and other industry partners, to develop and demonstrate a hydrogen-fueled, regional-haul Class 8 truck, as major contributors to a state-supported hydrogen mobility project.

  The “Symbio H2 Central Valley Express” project, will develop and demonstrate a hydrogen fuel cell truck that matches the performance of a 15-liter diesel truck providing a zero-emission solution for demanding regional-haul trucking operations. This hydrogen truck project strives to support California’s goal to achieve economy wide carbon neutrality by 2045.
- Faurecia has announced a worldwide long-term partnership with Mercedes-Benz group AG to integrate its apps platform, developed in partnership with Aptoide, into the MBUX multimedia system of one of the global suppliers of premium and luxury cars and vans.

  From 2023, the Company will provide a customized app portfolio refreshed multiple times per year to enhance user experience.

  The Faurecia Aptoide apps platform provides maximum security, privacy and control of content. As the centralized point of contact for a full and evolving app portfolio, Faurecia enables new business models with a variety of third parties. The upgradability of the system allows automakers to bring new content and services online faster and in turn help increase vehicle lifetime by keeping the infotainment offer up to date.

May 2022

- Faurecia, and Veolia have signed a Cooperation and Research Agreement to jointly develop innovative compounds for automotive interior modules, aiming to achieve an average of 30% of recycled content by 2025. Through this partnership, the two companies will accelerate the deployment of breakthrough sustainable interiors solutions implemented in instrument panels, door panels and center consoles in Europe. Veolia will start the production of these secondary raw materials at its existing recycling sites in France starting from 2023.

  In 2011, Faurecia was the first automotive supplier to introduce a complete range of bio-composite cockpit solutions with NAFILean®. More than a decade later and in around 13 million vehicles, these products' CO_2 footprint is 28% lower than that of conventional all-plastic counterparts.
- Faurecia has announced that it has signed power purchase agreements (PPA) with ENGIE and EDP to equip over 150 sites in 22 countries with solar panels.

  This partnership is a major milestone in Faurecia’s roadmap to become CO_2 neutral for its industrial operations (scopes 1 and 2) by 2025.

June 2022

- Faurecia in collaboration with the company Air Flow has been awarded a contract to supply high-capacity hydrogen storage containers for refilling stations in the Zero Emission Valley (ZEV), a project involving HYmpulsion.

  The ZEV project aims to deploy, before the end of 2024, 1,200 fuel cell vehicles and 20 hydrogen stations, including several equipped with electrolyzers to produce hydrogen from renewable electricity without emitting CO_2.

  All press releases related to these events are available on the site www.faurecia.com.

1.3. Automotive production

Worldwide automotive production decreased by 0.6% from the first semester of 2021 to the first semester of 2022. It decreased in Europe (including Russia) by 11.8%, increased in North America by 4.7%, increased in Asia by 2.3% (of which 5.8% in China) and increased in the rest of the world (including South of America) by 3.2%.

The data related to automotive production and volume evolution in the first semester is based on IHS Markit Automotive reported dated July 2022 (vehicles segment in line with CAAM for China).

Automotive production and volume evolution from 2021 to 2022

	Q1	Q2	H1
Europe	-17.8%	-4.9%	-11.8%
North America	-1.4%	11.7%	4.7%
Asia	3.1%	1.3%	2.3%
of which *China*	*10.3%*	*1.1%*	5.8%
Rest of the world	-2.6 %	9.4%	3.2%
TOTAL	**-3.1%**	**2.2%**	**-0.6%**

* *The rest of the world includes South America.*

1.4. Sales

Faurecia's year-on-year sales evolution is made of three components:

- "Currency effect", calculated by applying average currency rates for the period to the sales of the prior year;
- "Scope effect" (acquisition/divestment);
- "Growth at constant scope & currencies".

As "Scope effect", Faurecia presents all acquisitions/divestments, whose sales on an annual basis amount to more than €250 million. Other acquisitions below this threshold are considered as "bolt-on acquisitions" and are included in "Growth are constant currencies".

In the first semester 2022, there was no effect from "bolt-on acquisitions".

(in € million)	H1 2022	Currencies	Scope Effect*	At constant scope & currencies	H1 2021
Product Sales	11,032.3	335.3	2,720.4	698.3	7,278.2
Var. *(in %)*	51.6%	4.6%	37.4%	9.6%	
Tooling, Prototypes and Other Services	590.8	20.0	68.1	(1.7)	504.3
Var. *(in %)*	17.1%	4.0%	13.5%	-0.3%	
SALES	**11,623.1**	**355.4**	**2,788.5**	**696.7**	**7,782.5**
VAR. *(in %)*	**49.3%**	**4.6%**	**35.8%**	**9.0 %**	

* *Scope effect includes HELLA sales from February to June 2022.*

Sales of products (parts, components and R&D sold to manufacturers) reached €11,032.3 million in the first semester 2022 compared to €7,278.2 million in the first semester 2021. This represents an increase of 51.6% on a reported basis and by 9.6% at constant scope & currencies.

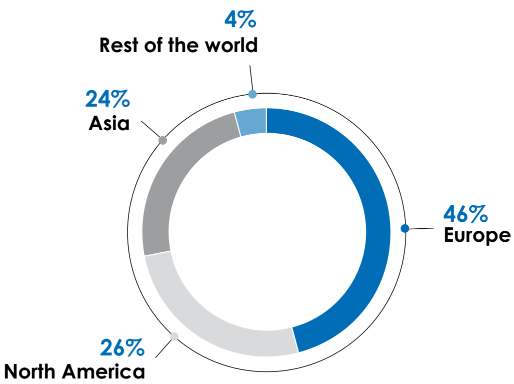
Sales of tooling, prototypes and other services reached €590.8 million in the first semester 2022 compared to €504.3 million in the first semester 2021. This represents an increase of 17.1% on a reported basis and a decrease of 0.3% at constant scope & currencies.

Sales reached €11,623.1 million in the first semester 2022 compared to €7,782.5 million in the first semester 2021. This represents an increase of 49.3% on a reported basis and 9.0% at constant scope & currencies.

1.4.1. Sales by region

(in € million)	H1 2022	Scope Effect*	H1 2021	Reported	At constant scope & currencies	Automotive Production
Sales						
Europe	5,357.4	1,623.5	3,805.5	40.8%	-0.3%	-11.8%
North America	2,972.6	602.0	1,780.0	67.0%	20.8%	4.7%
Asia	2,807.1	526.7	1,857.4	51.1%	14.1%	2.3%
of which *China*	2,170.9	464.8	*1,352.7*	60.5%	*14.6%*	5.8%
Rest of the world	486.0	36.3	339.7	43.1%	22.6%	3.2%
TOTAL	**11,623.1**	**2,788.5**	**7,782.5**	**49.3 %**	**9.0 %**	**-0.6 %**

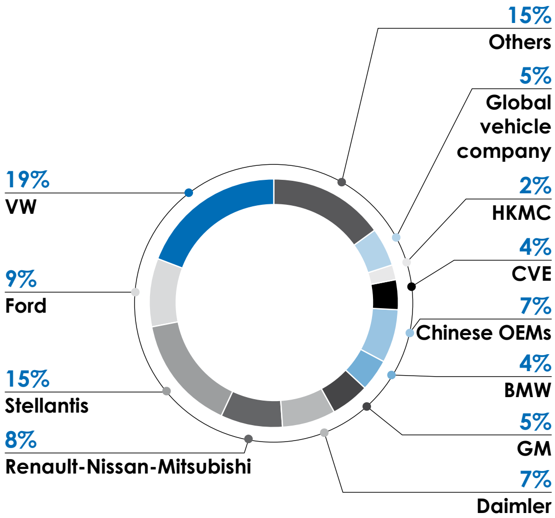
* *Scope effect includes HELLA sales from February to June 2022.*



Sales by region in the first semester 2022 were as follows:

- in Europe, sales reached €5,357.4 million (46.1% of total sales), compared to €3,805.5 million in the first semester 2021. This represents an increase of 40.8% on a reported basis and a decrease by 0.3% at constant scope and currencies. This is to be compared to a 11.8% downturn in production market in Europe;
- in North America, sales reached €2,972.6 million (25.6% of total sales), compared to €1,780 million in the first semester 2021. This represents an increase of 67.0% on a reported basis and by 20.8% at constant scope and currencies. This is to be compared to a 4.7% upturn in production market in North America;
- in Asia, sales reached €2,807.1 million (24.1% of total sales), compared to €1,857.4 million in the first semester 2021. This represents an increase of 51.1% on a reported basis and by 14.1% at constant scope and currencies. This is to be compared to a 2.3% upturn in production market in Asia. In China, sales reached €2,170.9 million, compared to €1,352.7 million in the first semester 2021. This represents an increase of 60.5% on a reported basis and 14.6% at constant scope and currencies. This is to be compared to a 5.8% upturn in production marketin China;
- in the rest of the world (including South America), sales reached €486.6 million (4.2% of total sales), compared to €339,7 million in the first semester 2021. This represents an increase of 43.1% on a reported basis and by 22.6% at constant scope & currencies. This is to be compared to a 3.2% upturn in production market in the rest of the world;
- worldwide sales reached €11,623.1 million compared to €7,782.5 million in the first semester 2021. This represented an increase of 49.3% on a reported basis and by 9.0% at constant scope and currencies. This is to be compared to a 0.6% downturn in worldwide production market (source IHS Markit dated July 2022).

1.4.2. Sales by customer



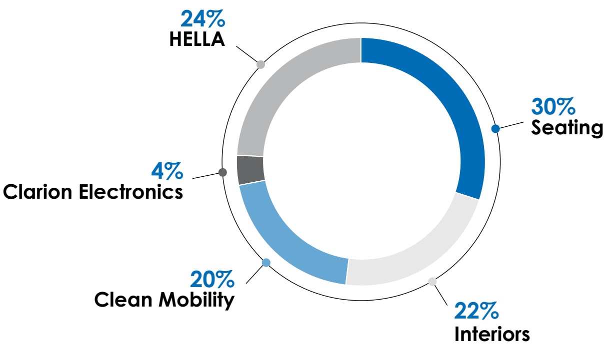
In the first semester 2022, sales to FORVIA four main customers (VW, Stellantis, Renault-Nissan – Mitsubishi, Ford) amounted to €5,880.9 million or 50.6% compared to 61.9% in the first semester 2021:

- sales to the VW group totaled €2,198.8 million. They accounted for 18.9% of FORVIA's total sales. They increased by 27.8% on a reported basis and decreased by 5.4% at constant scope & currencies compared to the first semester 2021;
- sales to the Stellantis group totaled €1,726.0 million, accounting for 14.9% of FORVIA's total sales. They increased by 16.6% on a reported basis and by 6.9% at constant scope & currencies compared to the first semester 2021;
- sales to the Ford group totaled €1,013.6 million. They accounted for 8.7% of FORVIA's total sales. They increased by 26.3% on a reported basis and increased by 16.5% at constant scope & currencies compared to the first semester 2021;
- sales to the Renault-Nissan – Mitsubishi group totaled €942.1 million. They accounted for 8.1% of FORVIA's total sales. They increased by 14.6% on a reported basis and by 0.4% at constant scope & currencies compared to the first semester 2021;
- sales to the Chinese OEMs totaled €816.2 million or 7.0% of FORVIA's total sales. They increased by 88.9% on a reported basis and by 50.1% at constant scope & currencies compared to the first semester 2021;
- sales to the Daimler totaled €790.2 million or 6.8% of FORVIA's total sales. They increased by 174.7% on a reported basis and by 23.7% at constant scope & currencies compared to the first semester 2021;
- sales to a global vehicle company totaled €597.4 million or 5.1% of FORVIA's total sales. They increased by 104.9% on a reported basis and by 30.1% at constant scope & currencies compared to the first semester 2021;
- sales to the General Motors group totaled €596.4 million or 5.1% of FORVIA's total sales. They increased by 54.8% on a reported basis and by 6.3% at constant scope & currencies compared to the first semester 2021;
- sales to the Heavy Trucks (notably Cummins corporation) totaled €483.4 million or 4.2% of FORVIA's total sales. They increased by 50.8% on a reported basis and by 16.5% at constant scope & currencies compared to the first semester 2021.

1.4.3. **Sales by Business Group**

(in € million)	H1 2022	Scope Effect*	H1 2021	Reported	At constant scope & currencies
Sales					
Seating	3,529.9		2,966.6	19.0%	13.6%
Interiors	2,561.5		2,375.8	7.8%	5.0%
Clean Mobility	2,284.8		2,040.0	12.0%	6.7%
Clarion Electronics	458.4		400.0	14.6%	9.2%
HELLA	2,788.5	2,788.5			
TOTAL	**11,623.1**	**2,788.5**	**7,782.5**	**49.3%**	**9.0%**

* *Scope effect includes HELLA sales from February to June 2022.*



In the first semester 2022:

- Seating totaled €3,529.9 million sales, up 19.0% on a reported basis and up 13.6% at constant scope & currencies compared to the first semester 2021;
- Interiors totaled €2,561.5 million sales, up 7.8% on a reported basis and up 5.0% at constant scope & currencies compared to the first semester 2021;
- Clean Mobility totaled €2,284.8 million sales, up 12.0% on a reported basis and up 6.7% at constant scope & currencies compared to the first semester 2021;
- Clarion Electronics totaled €458.4 million sales, up 14.6% on a reported basis and up 9.2% at constant scope & currencies compared to the first semester 2021;
- HELLA totaled €2,788.5 million sales.

1.5. Operating income

In the first semester 2022:

- the operating income before amortization of acquired intangible assets totaled €426.3 million (3.7% of sales), compared to €509.8 million (6.6% of sales) in the first semester 2021;
- gross expenditures for R&D totaled €1,033.9 million, or 8.9% of sales, compared to €608.5 million, or 7.8% of sales in the first semester 2021. The portion of R&D expenditure capitalized amounted to €580.1 million, compared to €420.1 million in the first semester 2021. The R&D capitalization ratio represented 56.1% of total R&D expenditure, whereas it represented 69.0% over the same period in the first semester 2021;
- the net R&D expenses reached €453.2 million (3.9% of sales) compared to €181.2 million in the first semester 2021 (2.3% of sales);
- selling and administrative expenses reached €563.1 million (4.8% of sales), compared to €353.1 million (4.5% of sales) in the first semester 2021;
- Adjusted EBITDA – which represents operating income before depreciation, amortization and provisions for impairment of property, plant and equipment and capitalized R&D expenditures – totaled to €1,321.1 million (11.4% of sales), to be compared to €1,108.9 million (14.2% of sales) in the first semester 2021.

1.5.1. By region

	H1 2022			H1 2021		
(in € million)	Sales	Operating Income	%	Sales	Operating Income	%
Europe	5,357.4	114.5	2.1%	3,805.5	206.0	5.4%
North America	2,972.6	24.6	0.8%	1,780.0	60.6	3.4%
Asia	2,807.1	256.8	9.1%	1,857.4	201.3	10.8%
Rest of the world	486.0	30.4	6.3%	339.7	41.9	12.3%
TOTAL	**11,623.1**	**426.3**	**3.7%**	**7,782.5**	**509.8**	**6.6%**

The operating income decreased by €83.5 million in the first semester 2022 compared to the first semester 2021:

- in Europe, the operating income decreased by €91.5 million, to reach €114.5 million or 2.1% of sales. This is to be compared to €206.0 million or 5.4% of sales in the first semester 2021;
- in North America, the operating income decreased by €36.0 million, to reach €24.6 million or 0.8% of sales. This is to be compared to €60.6 million or 3.4% of sales in the first semester 2021;
- in Asia, the operating income increased by €55.4 million to reach €256.8 million or 9.1% of sales. This is to be compared to €201.3 million or 10.8% of sales in the first semester 2021;
- in the rest of the world (including South America), the operating margin decreased by €11.5 million to reach €30.4 million or 6.3% of sales. This is to be compared to €41.9 million or 12.3% of sales in the first semester 2021.

1.5.2. By Business Group

	H1 2022			H1 2021		
(in € million)	Sales	Operating Income	%	Sales	Operating Income	%
Seating	3,529.9	64.6	1.8%	2,966.6	196.3	6.6%
Interiors Segment	2,561.5	91.0	3.6%	2,375.8	116.7	4.9%
Clean Mobility	2,284.8	151.9	6.6%	2,040.0	197.7	9.7%
Clarion Electronics	458.4	(10.9)	-2.4%	400.0	(0.9)	-0.2%
HELLA	2,788.5	129.7	4.7%			
TOTAL	**11,623.1**	**426.3**	**3.7%**	**7,782.5**	**509.8**	**6.6%**

The operating income in the first semester 2022 compared to the first semester 2021 decreased by €83.5 million:

- Seating operating income amounted to €64.6 million (1.8% of sales) compared to €196.3 million in the first semester 2021 (6.6% of sales);
- Interiors operating income amounted to €91.0 million (3.6% of sales) compared to €116.7 million in the first semester 2021 (4.9% of sales);
- Clean Mobility operating income amounted to €151.9 million (6.6% of sales) compared to €197.7 million in the first semester 2021 (9.7% of sales);
- Clarion Electronics operating income amounted to -€10.9 million (-2.4% of sales) compared to -€0.9 million in the first semester 2021 (-0.2% of sales);
- HELLA operating income amounted to €129.7 million (4.7% of sales).

1.6. Net income

The net income group share is a loss of €296.5 million, or -2.6% of sales in the first semester 2022. This is to be compared to a gain of €145.8 million or 1.9% of sales over the same period in the first semester 2021. It represented a decrease of €442.3 million.

Over the same period:

- the amortization of intangible assets acquired represented an expense of €94.8 million compared to an expense of €44.5 million in the first semester 2021;
- the "other non-recurring operating income and expenses" represented an expense of €233.2 million, compared to an expense of €51.5 million in the first semester 2021. This item included €154.5 million in restructuring charges compared to an expense of €46.0 million in the first semester 2021.
- financial income amounted to €14.6 million, compared to €22.4 million in the first semester 2021. Financial costs totaled €181.3 million, versus €116.8 million in the first semester 2021;
- other financial income and expense represented an expense of €115.0 million compared to an expense of €11.2 million in the first semester 2021. This expense included €13.7 million from discounting pension benefit liabilities;
- the tax expense reached €49.1 million, compared to €81.9 million in the first semester 2021;
- the share of net income of associates is a loss of €11.9 million, compared to a loss of €7.8 million in the first semester 2021;
- net income attributable to minority interests totaled €52.0 million. It consists of net income accruing to investors in companies in which FORVIA is not the sole shareholder, mainly in China, compared to €42.0 million in the first semester 2021.

Basic earnings per share amounted to -€1.98 (diluted net earnings per share at -€1.98) compared to €1.31 in the first semester 2021 (diluted net earnings per share at €1.31).

1.7. Financial structure

1.7.1. Reconciliation between net cash flow and cash provided by operating and investing activities

(in € million)	Notes	H1 2022	H1 2021
Net cash flow		**101.7**	**290.4**
Acquisitions/Sales of investments and business (net of cash and cash equivalents) from continued activities	2.3	(5,182.0)	(35.1)
Proceed from disposal of financial assets from continued activities	2.3	0.0	0.0
Other changes from continued activities	2.3	517.8	(16.3)
Financing surplus (used) from discontinued operations	2.3	0.0	(41.3)
Surplus (used) from operating and investing activities	**2.3**	**(4,562.5)**	**197.8**

1.7.2. Net cash flow

The net cash flow was an inflow of €101.7 compared to a net cash inflow of €290.4 million over the same period in the first semester 2021. It can be explained as follows:

- the operating margin before depreciations and amortizations of non-current assets or adjusted EBITDA reached €1,321.1 million compared to €1,108.9 million in the first semester 2021, due to the decrease in operating income by €83.5 million and the increase in depreciation and amortization by €295.6 million;
- restructuring represented cash outflows of €93.1 million compared to €74.4 million in the first semester 2021;
- net financial costs represented cash outflows of €182.3 million, versus €109.4 million in the first semester 2021;
- the change in working capital requirement, including receivables factoring, represented a positive impact of €255.9 million compared to a positive impact of €76.0 million in the first semester 2021. This change consisted in part of an increase in inventories of €173.7 million, a net increase in trade receivables of €312.0 million, an increase in trade payables of €625.3 million and a positive variation of other trade receivables and payables for €116.3 million. The evolution of these balance sheet positions was impacted by exchange rate changes;
- capital expenditures on property, plant and equipment and on intangible assets represented cash outflows of €522.7 million, versus €214.1 million in the first semester 2021;
- capitalized research and development costs represented cash outflows of €469.7 million, versus €309.7 million in the first semester 2021;
- income taxes represented cash outflows of €220.1 million, compared to €149.5 million in the first semester 2021;
- finally, other cash flow items represented €12.6 million in inflows, compared to €37.4 million in outflows in the first semester 2021.

1.7.3. **Net Debt**

(in € million)	06/30/2022	12/31/2021
Net Debt	8,394.4	3,466.7

The Group's net financial debt stood at €8,394.4 million at June 30, 2022 compared to €3,466.7 million at December 31, 2021.

The net debt evolution is mainly impacted by the positive net cash flow evolution of €101.7 million, positive impact of shares issued for €1,216.8 million, the acquisition of investments and business for €6,608.7 million (including mainly €4.9 billion cash out of acquisition HELLA shares and €1.2 billion of consolidation of the HELLA net debt as of February 1st), the negative impact of €162.0 million related to IFRS16 and other positive cash elements for €524.5 million.

The main elements of long-term financial resources are:

- our main syndicated credit facility, which has been renegotiated in May 2021. Its amount has been increased from €1,200 to €1,500 million, and its maturity extended to May 2026, with two one-year maturity extension options. The credit facility is now a sustainability-linked credit line, with a margin indexed on the Group's performance in terms of CO_2 emissions reduction for its scopes 1 & 2. As at June 30, 2022, this facility was not used and fully available for its total amount;
- Faurecia signed on August 13, 2021 a fully underwritten bridge loan of €5,500 million in order to secure the financing of the acquisition of HELLA. As of June 30, 2022, the outstanding balance of the bridging loan is 1.7 billion euros, including 100 million euros of Bridge to Equity with a maturity on February 13, 2023 and 1.6 billion euros with maturity on August 13, 2023;
- a total amount of €4,940 million bonds, of which €1,000 million of bonds maturing in June 2025, €750 million of bonds maturing in June 2026, €1,200 million of sustainability-linked bonds maturing in February 2027, €890 million of bonds maturing in June 2027 (of which an additional €190 million issued in February 2021), €700 million of bonds maturing in June 2028, and €400 million of Green Bonds maturing in June 2029 issued in March 2021;
- €1,245.2 million of Schuldscheindarlehen (private placement under German law), made of several tranches maturing in December 2022, December 2023, June and December 2024, January 2026, January 2027 and January 2028 (€226.5 million of the 2022 tranche have been repaid by anticipation in June 2021);
- a 30 billion Japanese yen credit line signed in February 2020 in order to refinance the long-term debt of Clarion Co., Ltd. maturing in February 2026 after a first maturity extension. As at June 30, 2022, this facility was used up to ¥20 billion;
- a total amount of €800 million bonds issued by HELLA of which €300 million maturing in May 2024 and 500M€ maturing in January 2027;
- a 12 billion yen and 10 billion yen notes certificate issued by HELLA maturing respectively in September 2032 and June 2033 respectively.

1.8. Outlook

FORVIA 2022 guidance is based on worldwide automotive production of c. 74 million light vehicles in 2022, *i.e.* c. 37 million light vehicles in H2 2022 (unchanged *vs.* the assumption released on April 26).

Based on this assumption, FY 2022 guidance (including 11 months consolidation of HELLA) as announced on April 26 is confirmed:

- **sales between €23 billion and €24 billion;**
- **operating margin between 4% and 5% of sales;**
- **net cash flow at breakeven.**

  - Sales guidance for the FY 2022 includes c. €1.5 billion from the combined effect of currencies and raw materials.
  - Operating margin guidance for the FY 2022 takes into account momentum in H2 *vs.* H1, driven by increased effectiveness of measures taken to mitigate inflation and improved operational efficiency.
  - Net cash flow guidance for the FY 2022 includes building of a safety stock of around €100m at year-end to secure supplies given energy shortage risks in Europe.

This guidance is based on full-year average currency rates of 1.13 for USD/€ and of 7.20 for CNY/€ assumes no major lockdown impacting production or retail sales in any automotive region in H2 and takes into account the Group's latest update of net impact from cost inflation.

2. Consolidated financial statements

In the financial statements reported thereafter, please note that:

- figures reported for H1 2021 are figures related to Faurecia "stand-alone" as reported in July 2021;
- figures reported for H1 2022 include the major impact of HELLA consolidation since February 1st 2022 (*i.e.* five months in H1 2022).

2.1. Consolidated statement of comprehensive income

(in € million)	*Notes*	First-Half 2022	First-Half 2021	2021
SALES	*4*	**11,623.1**	**7,782.5**	**15,617.8**
Cost of sales	*5*	(10,180.5)	(6,738.4)	(13,734.4)
Research and development costs	*5*	(453.2)	(181.2)	(330.9)
Selling and administrative expenses	*5*	(563.1)	(353.1)	(690.8)
OPERATING INCOME (BEFORE AMORTIZATION OF ACQUIRED INTANGIBLE ASSETS)	*4*	**426.3**	**509.8**	**861.7**
Amortization of intangible assets acquired in business combinations		(94.8)	(44.5)	(92.6)
OPERATING INCOME (AFTER AMORTIZATION OF ACQUIRED INTANGIBLE ASSETS)		**331.5**	**465.3**	**769.1**
Other non-recurring operating income	6	0.8	6.7	6.0
Other non-recurring operating expense	6	(234.0)	(58.2)	(244.5)
Income from loans, cash investments and marketable securities		14.6	22.4	32.0
Finance costs	*7*	(181.3)	(116.8)	(239.3)
Other financial income and expense	*7*	(115.0)	(11.2)	(47.2)
INCOME BEFORE TAX OF FULLY CONSOLIDATED COMPANIES		**(183.4)**	**308.2**	**276.1**
Taxes	*8*	(49.1)	(81.9)	(138.8)
of which deferred taxes	*8*	*94.4*	*41.4*	*95.0*
NET INCOME (LOSS) OF FULLY CONSOLIDATED COMPANIES		**(232.5)**	**226.3**	**137.3**
Share of net income of associates	*11*	(11.9)	(7.8)	(24.6)
NET INCOME FROM CONTINUED OPERATIONS		**(244.4)**	**218.5**	**112.7**
Net income from discontinued operations		0.0	(30.7)	(96.5)
CONSOLIDATED NET INCOME (LOSS)		**(244.4)**	**187.8**	**16.2**
Attributable to owners of the parent		**(296.5)**	**145.8**	**(78.8)**
Attributable to minority interests from continued operations		52.0	42.0	95.0
Attributable to minority interests from discontinued operations		0.0	0.0	0.0
Basic earnings (loss) per share *(in €)*	9	(1.98)	1.08	(0.57)
Diluted earnings (loss) per share *(in €)*	9	(1.98)	1.08	(0.57)
Basic earnings (loss) from continued operations per share *(in €)*	9	(1.98)	1.31	0.13
Diluted earnings (loss) from continued operations per share *(in €)*	9	(1.98)	1.31	0.13
Basic earnings (loss) from discontinued operations per share *(in €)*	9	NA	(0.23)	(0.70)
Diluted earnings (loss) from discontinued operations per share *(in €)*	9	NA	(0.23)	(0.70)

Other comprehensive income

(in € million)	*Notes*	First-Half 2022	First-Half 2021	2021
CONSOLIDATED NET INCOME (LOSS)		(244.4)	187.8	16.2
Amounts to be potentially reclassified to profit or loss from continued operations		**324.4**	**121.5**	**259.4**
Gains (losses) arising on fair value adjustments to cash flow hedges		75.0	(2.1)	3.9
of which recognized in equity		*45.8*	*6.5*	*10.9*
of which transferred to net income (loss) for the period		*29.2*	*(8.6)*	*(7.0)*
Exchange differences on translation of foreign operations		253.9	123.1	256.6
Tax impact		(4.5)	0.5	(1.1)
Amounts not to be reclassified to profit or loss from continued operations		**109.8**	**30.1**	**45.1**
Actuarial gain/(loss) on post-employment benefit obligations		156.1	39.3	54.1
Tax impact		(46.3)	(9.2)	(9.0)
Other comprehensive income from discontinued operations		**0.0**	**6.5**	**6.5**
TOTAL COMPREHENSIVE INCOME (EXPENSE) FOR THE PERIOD		**189.8**	**345.9**	**327.2**
Attributable to owners of the parent		99.2	287.8	196.9
Attributable to minority interests		90.6	58.1	130.3

2.2. Consolidated balance sheet

Assets

(in € million)	Notes	06/30/2022	12/31/2021
Goodwill	10	4,970.0	2,236.2
Intangible assets		4,722.9	2,800.4
Property, plant and equipment		5,088.6	2,802.4
Right-of-use assets		1,150.1	950.9
Investments in associates	11	559.1	150.8
Other equity interests		72.1	88.0
Other non-current financial assets	12	239.7	98.0
Other non-current assets		190.8	122.3
Deferred tax assets		691.5	540.6
TOTAL NON-CURRENT ASSETS		**17,684.8**	**9,789.6**
Inventories, net		2,995.6	1,657.6
Contract assets		283.3	273.5
Trade accounts receivables	13	4,992.6	3,468.1
Other operating receivables		762.6	473.6
Other receivables		1,529.5	1,094.9
Other current financial assets		25.8	11.9
Cash and cash equivalents	14	4,201.5	4,905.7
TOTAL CURRENT ASSETS		**14,790.9**	**11,885.3**
TOTAL ASSETS		**32,475.7**	**21,674.9**

Liabilities

(in € million)	*Notes*	06/30/2022	12/31/2021
EQUITY			
Capital	*15*	1,379.6	966.3
Additional paid-in capital		1,408.7	605.2
Treasury stock		(4.8)	(4.0)
Retained earnings		2,100.6	1,974.7
Translation adjustments		196.9	(34.3)
Net income (loss)		(296.5)	(78.8)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENTS	**15**	**4,784.5**	**3,429.1**
Minority interests		1,739.6	386.3
TOTAL SHAREHOLDERS' EQUITY		**6,524.1**	**3,815.4**
Non-current provisions	*17*	656.3	447.3
Non-current financial liabilities	*18*	9,795.4	6,333.6
Non-current lease liabilities	*18*	1,017.8	833.1
Other non-current liabilities		7.1	5.6
Deferred tax liabilities		631.2	44.1
TOTAL NON-CURRENT LIABILITIES		**12,107.8**	**7,663.7**
Current provisions	*16*	517.6	288.4
Current financial liabilities	*18*	1,566.5	1,018.8
Current portion of lease liabilities	*18*	248.7	198.8
Prepayments on customers contracts		1,009.3	740.2
Trade payables		8,730.0	6,693.2
Accrued taxes and payroll costs		1,190.2	779.1
Sundry payables		581.5	477.3
TOTAL CURRENT LIABILITIES		**13,843.8**	**10,195.8**
TOTAL EQUITY AND LIABILITIES		**32,475.7**	**21,674.9**

2.3. Consolidated cash flow statement

(in € million)	*Notes*	First-Half 2022	First-Half 2021	2021
I- OPERATING ACTIVITIES				
Operating income (before amortization of acquired intangible assets)		426.3	509.8	861.7
Depreciations and amortizations of assets	5.4	894.9	599.1	1,247.7
o/w depreciations and amortizations of R&D assets	*5.4*	*319.7*	*228.3*	*487.5*
o/w other depreciations		*575.2*	*370.8*	*760.2*
EBITDA adjusted		**1,321.1**	**1,108.9**	**2,109.4**
Operating current and non-current provisions		(16.9)	(37.4)	(47.5)
Capital (gains) losses on disposals of operating assets		5.3	(5.0)	(4.1)
Paid restructuring		(93.1)	(74.4)	(174.7)
Paid finance costs net of income		(182.3)	(109.4)	(230.3)
Other non-recurring operating income and expenses paid		(56.0)	(11.0)	(42.8)
Paid taxes		(220.1)	(149.5)	(242.6)
Dividends from associates		17.1	3.0	13.5
Change in working capital requirement		**255.9**	**76.0**	**53.0**
Change in inventories		(173.7)	(217.2)	(203.0)
o/w R&D inventories increase	*5.3*	*(110.4)*	*(110.1)*	*(205.7)*
o/w R&D inventories decrease		*83.2*	*99.8*	*201.2*
Change in trade accounts receivables		(312.0)	221.8	(5.0)
Change in trade payables		625.3	92.5	397.3
Change in other operating receivables and payables		107.1	68.8	18.2
Change in other receivables and payables (excl. Tax)		9.3	(89.9)	(154.5)
Operating cash flows from discontinued activities		**0.0**	**(32.7)**	**(41.9)**
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES		1,031.2	768.6	1,392.0
II- INVESTING ACTIVITIES				
Additional property, plant and equipment		(510.3)	(213.2)	(528.6)
Additional intangible assets		(12.4)	(0.9)	(1.3)
Capitalized development costs	5.3	(469.7)	(309.7)	(669.7)
Acquisitions/Sales of investments and business (net of cash and cash equivalents)		(5,182.0)	(35.1)	(66.1)
Proceeds from disposal of property, plant and equipment		24.1	23.1	33.0
Proceed from disposal of financial assets		0.0	0.0	0.0
Change in investment-related receivables and payables		38.9	(10.4)	37.3
Other changes		517.8	(16.3)	(62.0)
Investing cash flows from discontinued operations		**0.0**	**(8.5)**	**(24.1)**
CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES		(5,593.7)	(570.9)	(1,281.6)
CASH PROVIDED BY (USED IN) OPERATING AND INVESTING ACTIVITIES (I)+(II)		(4,562.5)	197.8	110.4
III- FINANCING ACTIVITIES				
Shares issued by Faurecia and fully consolidated companies (net of costs)		1,216.8	2.3	101.7
Dividends paid to owners of the parent company		0.0	(134.8)	(134.8)
Dividends paid to minority interests in consolidated subsidiaries		(4.1)	(24.7)	(66.4)
Acquisitions of treasury stocks		(0.9)	(128.7)	(127.5)
Debt securities issued and increase in other financial liabilities		3,603.8	674.4	2,512.0
Repayment of debt and other financial liabilities		(897.2)	(627.4)	(479.4)
Repayments on lease debts		(127.0)	(97.1)	(205.1)
Financing cash flows from discontinued activities		**0.0**	**(2.1)**	**(2.6)**
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		3,791.4	(338.0)	1,597.8
IV- OTHER CHANGES IN CASH AND CASH EQUIVALENTS				
Impact of exchange rate changes on cash and cash equivalents		66.8	48.8	106.2
Net cash flows from discontinued operations		**0.0**	**3.1**	**5.5**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(704.3)	(88.3)	1,819.9
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD		4,905.7	3,085.9	3,085.9
CASH AND CASH EQUIVALENTS AT END OF PERIOD	14	4,201.5	2,997.6	4,905.7

The net cash flow amounts to €101.7 million as of June 30, 2022 and €290.4 million as of June 30, 2021 and €304.6 million as of December 31, 2021.

2.4. Consolidated statement of changes in equity

(in € million)	Number of shares[(1)]	Capital stock	Additional paid-in capital	Treasury Stock	Retained earnings and net income (loss) for the period	Valuation adjustments			Equity attributable to owners of the parent	Minority interests	Total
						Translation adjustments	Cash flow hedges	Actuarial gain/(loss) on post employment benefit obligations			
Shareholders' equity as of January 1, 2021 before appropriation of net income (loss)	**138,035,801**	**966.3**	**632.8**	**(19.1)**	**2,236.4**	**(254.7)**	**(0.6)**	**(156.1)**	**3,405.0**	**331.4**	**3,736.4**
Net income (loss)					145.8				145.8	42.0	187.8
Other comprehensive income						106.4	(1.6)	37.2	142.0	16.1	158.1
Comprehensive income					***145.8***	***106.4***	***(1.6)***	***37.2***	***287.8***	***58.1***	***345.9***
Capital increase									0.0	2.3	2.3
2020 dividends					(134.8)				(134.8)	(24.5)	(159.3)
Allocation of free shares					7.2				7.2		7.2
Purchases and sales of treasury stock				(128.7)					(128.7)		(128.7)
Changes in scope of consolidation and other					(20.0)	(0.9)			(20.9)	(3.4)	(24.2)
Shareholders' equity as of June 30, 2021 before appropriation of net income (loss)	**138,035,801**	**966.3**	**632.8**	**(147.8)**	**2,234.6**	**(149.2)**	**(2.2)**	**(118.9)**	**3,415.6**	**364.0**	**3,779.6**
Net income (loss)					(224.6)				(224.6)	53.0	(171.6)
Other comprehensive income						114.3	4.4	15.0	133.7	19.2	152.9
Comprehensive income					***(224.6)***	***114.3***	***4.4***	***15.0***	***(90.9)***	***72.2***	***(18.7)***
Capital increase									0.0	0.1	0.1
2020 dividends					0.0				0.0	(43.7)	(43.7)
Allocation of free shares					(16.9)				(16.9)		(16.9)
Purchases and sales of treasury stock				143.8					143.8		143.8
Changes in scope of consolidation and other			(27.6)		3.6	0.6		0.9	(22.5)	(6.3)	(28.8)
Shareholders' equity as of December 31, 2021 before appropriation of net income (loss)	**138,035,801**	**966.3**	**605.2**	**(4.0)**	**1,996.7**	**(34.3)**	**2.2**	**(103.0)**	**3,429.1**	**386.3**	**3,815.4**
Net income (loss)					(296.5)				(296.5)	52.0	(244.5)
Other comprehensive income						230.9	66.8	98.0	395.7	38.6	434.3
Comprehensive income					***(296.5)***	***230.9***	***66.8***	***98.0***	***99.2***	***90.6***	***189.8***
Capital increase [(2)]	59,053,539	413.3	803.5						1,216.8		1,216.8
2021 dividends									0.0	(6.2)	(6.2)
Allocation of free shares					9.5				9.5		9.5
Purchases and sales of treasury stock				(0.8)					(0.8)		(0.8)
Changes in scope of consolidation and other					163.0	0.3	(51.1)	(81.6)	30.6	1,268.9*	1,299.5
Shareholders' equity as of June 30, 2022 before appropriation of net income (loss)	**197,089,340**	**1,379.6**	**1,408.7**	**(4.8)**	**1,872.7**	**196.9**	**17.9**	**(86.6)**	**4,784.5**	**1,739.6**	**6,524.1**

(1) Of which 138,471 treasury stock as of 06/30/2022 and 84,171 treasury stock as of 12/31/2021 – See Note 9.
(2) Of which €524.5 million on January 31st 2022 and €692.3 million on June 24, 2022.
** See Note 10A.*

2.5. Notes to the consolidated financial statements

FORVIA comprises the complementary technology and industrial strengths of Faurecia and HELLA, and is the 7th largest global automotive supplier.

Faurecia S.E. is a European company which registered office is located at 23-27, avenue des Champs-Pierreux, 92000 Nanterre (Hauts-de-Seine department) in France. The Company is listed on Euronext Paris.

The consolidated financial statements were approved by Faurecia's Board of Directors on July 22, 2022.

The accounts were prepared on a going concern basis.

Contents

Note 1 Summary of significant accounting policies

1. Accounting principles

The consolidated financial statements of the Faurecia group have been prepared in accordance with International Financial Reporting Standards (IFRS) published by the IASB, as adopted by the European Union and available on the European Commission website.

The interim consolidated financial statements comply with IAS 34 "Interim Financial Reporting", which permits entities to present condensed information. They should therefore be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2021.

The standards used to prepare the interim consolidated financial statements for the six months ended June 30, 2022 and comparative data for 2021 are those published in the Official Journal of the European Union (OJEU) as of June 30, 2022, whose application was mandatory at that date. All new standards, amendments and revisions to the existing standards, have no significant impact on the Group semester consolidated financial statements, more specifically the IAS 37 amendment on cost of fulfilling a contract and the IFRS IC decision on Saas softwares.

Moreover, Faurecia has not undertaken any early application of new standards, amendments or interpretations whose application is mandatory after June 30, 2022, irrespective of whether or not they are adopted by the European Union.

The principal accounting policies considered have been applied consistently to all presented periods. Specifically, the operating margin (before amortization of intangible assets acquired) is the Faurecia group's principal performance indicator. It corresponds to net income of the fully consolidated companies before:

- the amortization of intangible assets acquired in business combinations (customer relationship…);
- other non-recurring operating income and expenses, corresponding to material, unusual and non-recurring items including reorganization costs and early retirement costs, the impact of exceptional events such as the discontinuation of a business, the closure of an industrial site, disposals of non-operating buildings, impairment losses and reversals recorded for property, plant and equipment or intangible assets, as well as other material and unusual losses;
- income on loans, cash investments and marketable securities;
- finance costs;
- other financial income and expenses, which include the impact of discounting the pension benefit obligation and the return on related plan assets, the ineffective portion of interest rate and currency hedges, changes in value of interest rate and currency instruments for which the hedging relationship does not satisfy the criteria set forth in IFRS 9, and gains and losses on sales of shares in subsidiaries;
- taxes.

The Faurecia's group financial statements are presented in euros. Except if specifically specified, amounts are in million of euros; generally, amounts presented are rounded to the closest unit; consequently, the sum of rounded amounts can present non significant differences to the reported total. Moreover, ratios and variances reported are computed with the detailed amounts and not with the rounded amounts.

The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions when measuring certain assets, liabilities, income, expenses accounted for in the financial statements as well as for the evaluation of commitments given and contingent liabilities. These estimates and assumptions are primarily used for measuring pension and other employee benefit obligations as well as for lease liabilities and depreciation of deferred tax assets. They are based on historical experience and other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates and assumptions. These estimations are revised on a regular basis, notably in the recent macro economic context of the military conflict Ukraine (see Note 2.5). Moreover, the Group must exercise judgment in determining whether the criteria for recognizing an asset or group of assets as held for sale are met, pursuant to the provisions of IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations".

Note 2 Change in scope of consolidation and recent events

2.1 Major scope change with HELLA acquisition

On August 14, 2021, Faurecia has announced the signatures of agreements concerning the acquisition of block of control for 60% of the shares from the controlling family pool and a public tender cash offer on the remaining 40% shares of HELLA, group listed on the Frankfort Stock Exchange, for a price of €60 per HELLA share, corresponding to a total value of €6.7 billion, for the total number of shares. 19.5% of HELLA shares were tendered in the takeover offer by HELLA shareholders, which has been launched on September 27, 2021 by Faurecia and closed on November 11, 2021.

Following approval from the appropriate regulatory bodies, Faurecia has completed on January 31, 2022 the acquisition of 79.5% of HELLA, comprising the 60% acquired from the family pool, of which 8.95% were paid through newly issued Faurecia shares and 19.5% as a result of the public tender offer mentioned above. Faurecia also acquired additional shares on the market, representing 2.09% of HELLA shares as of March 18, 2022. As of june 2022, Faurecia holds 81.6% of HELLA shares.

Faurecia has an exclusive control on HELLA, which is fully consolidated (including all its significant affiliates) since February 1st, 2022. The new group combining Faurecia and HELLA is now named FORVIA.

The combination of Faurecia and HELLA will create the 7th largest global automotive supplier, focused on four growth areas, fully aligned with industry megatrends:

- Electric Mobility (incl. hydrogen solutions);
- ADAS & Autonomous Driving;
- Cockpit of the Future;
- Lifecycle Value Management.

2.2 Other changes in scope in 2022

Within the Seating perimeter, in China the companies Xian Faurecia Automotive Parts Co., Ltd. and Changzhou Faurecia Automotive Parts Co., Ltd. have been created and are fully consolidated since February 2022; they are held at 70% by the Group. The company Faurecia (Tianjin) Automotive Systems Co., Ltd. has been created and is fully consolidated since February 2022; it is held at 100%.

For Clarion Electronics perimeter, in Mexico, the company Hitachi Automotive Systems San Juan Del Rio, S.A. de C.V held at 20% and consolidated in equity method had been sold in June 2022.

2.3 Disposal of Acoustic Soft Trim

On October 31, 2021, Faurecia sold to the group Adler its business Acoustic Soft Trim, which manufactures and sells acoustic products and soft trims, with eight plants and one R&D center, all based in Europe, within the Interiors segment. In accordance with the sale and purchase contract, the procedure to determine any potential price adjustments based on Acoustic Soft Trim accounts on transaction date is currently subject to an arbitration initiated by Adler; no significant impact is expected on Group financial statements.

2.4 Reminder of change in scope of consolidation introduced in 2021

Within the Clean Mobility perimeter, in China the company Kaishi Faurecia Aftertreatment Control Technologies Co., Ltd. has been acquired at 35% in March 2021 and is consolidated by equity method and the company Faurecia CLD Safety Technology (Shenyang) Co., Ltd. has been acquired in May 2021 at 65% and is fully consolidated. The company Hongtai Faurecia Composite (Wuhan) Co., Ltd., consolidated by equity method and held at 50%, has been sold in June 2021. In Indonesia, the company PT Faurecia Clean Mobility Indonesia held at 100%, has been created in September 2021 and is fully consolidated. In October 2021, Faurecia has acquired the remaining shares of Faurecia Metalloprodukcia Holding, already held at 70% and fully consolidated. The company's name is now Faurecia Exhaust Russia Holding.

For Clarion Electronics perimeter, in Sweden, the company Faurecia Créo, held at 78.5% is now held at 100% and is fully consolidated. In Malaysia, the company Crystal Precision Sdn, Bhd previously held at 86.25% and fully consolidated, was held at 30% in June 2021 and consolidated by equity method during the first half-year 2021, has been progressively sold between July and December 2021.

Within Seating perimeter, the company Faurecia (Shanghai) Automotive Component Co., Ltd., has been created in February 2021 and is fully consolidated.

The company Faurecia Ré has been acquired at 100% in Luxembourg in May 2021; it is fully consolidated and will be used to manage the insurance policies of the Group.

2.5 Recent events

ECONOMICAL CONTEXT LINKED TO COVID-19, SHORTAGE OF ELECTRONICS COMPONENTS AND MILITARY CONFLICT IN UKRAINE

During H1 2022, the worldwide automotive production was penalized by Stop and Gos from OEMs consequent to supply chain disruptions due to the war in Ukraine, by the continued shortage of semiconductors and the Covid-19 restrictions that have been implemented in China during Q2 2022:

- China was strongly penalized by the Covid-related restrictions implemented in April and May in the Shanghai and Changchun areas, with automotive production up only 1.1% in Q2 and a gradual improvement from June onwards.
- Europe was strongly impacted by Stop & Gos related to supply chain disruptions due to the war in Ukraine and the continuous shortage of semiconductors with Q1 2022 automotive production down 17.8% *vs.* last year and an overall drop of 11.8% in the half-year.

The direct exposure of FORVIA (Faurecia and HELLA) in Russia and Ukraine is very limited:

- in Russia, Faurecia's sales represented only around 200 million euros in 2021, *i.e.* 1.3% of Faurecia's total sales, and HELLA's sales represented less than 50 million euros, *i.e.* less than 0.5% of HELLA's total sales;
- in Ukraine, Faurecia and HELLA are not present.

Following the OEMs decisions on their operations in Russia and the uncertainty linked to future operations, the Group has taken drastic measures to close some of its plants and reduce its operations. The detailed accounting impacts are described in Note 6.

Consequently, worldwide automotive production in H1 2022 was down 0.6% at 37.2 million light vehicles *vs.* H1 2021 (down 6 million LVs or 14% *vs.* the 43.3 million LVs produced in H1 2019).

Note 3 Post-balance sheet events

No significant post-balance sheet events have occurred apart from the events described in 2.5.

Note 4 Information by operating segment

The Group is structured into business units based on the nature of the products and services offered. The integration of HELLA being still ongoing as of June 2022, all its activities are presented as one business unit.

- Seating (design and manufacture of complete vehicle seats, seating frames and adjustment mechanisms);
- Interiors (design, manufacture and assembly of instrument panels and complete cockpits, door panels and modules);
- Clean Mobility (design and manufacture of exhaust systems, solutions for fuel cell electric vehicles, and aftertreatment solutions for commercial vehicles);
- Clarion Electronics (design and manufacture of display technologies, driver assistance systems and cockpit electronics);
- HELLA (electronics in vehicle, lighting technologies, lifecycle management).

These business units are managed by the Group on an independent basis in terms of reviewing their individual performance and allocating resources. The tables below show reconciliation between the indicators used to measure the performance of each segment – notably operating income (before amortization of acquired intangible assets)– and the consolidated financial statements. Borrowings, other operating income and expense, financial income and expenses, and taxes are monitored at the Group level and are not allocated to the various segments. A review of the useful life for the fixed assets has been performed in regard to the climate changes and its regulatory consequences as known at the closing date, more specifically for the Clean Mobility segment, and has not enabled to identify any significant impact for the Group.

4.1 Key figures by operating segment

First-Half 2022

(in € million)	Seating	Interiors	Clean Mobility	Clarion Electronics	HELLA	Other	Total
TOTAL SALES	3,555.8	2,597.0	2,293.2	461.6	2,945.8	60.5	11,914.0
Inter-segment eliminations	(26.0)	(35.5)	(8.4)	(3.2)	(157.3)	(60.5)	(291.0)
Consolidated sales	**3,529.9**	**2,561.5**	**2,284.8**	**458.4**	**2,788.5**	**0.0**	**11,623.1**
Operating income (before amortization of acquired intangible assets)	**64.6**	**91.0**	**151.9**	**(10.9)**	**129.7**	**0.0**	**426.3**
Amortization of intangible assets acquired in business combinations							(94.8)
Operating income (after amortization of acquired intangible assets)							**331.5**
Other non recurring operating income							0.8
Other non recurring operating expenses							(234.0)
Finance costs, net							(166.7)
Other financial income and expenses							(115.0)
Corporate income tax							(49.1)
Share of net income of associates							(11.9)
NET INCOME (LOSS)							(244.4)
Segment assets	**4,852.6**	**4,556.0**	**5,248.9**	**1,621.5**	**9,624.8**	**319.3**	**26,223.2**
Net property, plant and equipment	852.0	848.5	933.0	136.0	2,269.2	49.8	5,088.6
Right-of-use assets	234.5	372.6	233.6	35.8	138.6	134.9	1,150.1
Other segment assets	3,766.1	3,334.9	4,082.3	1,449.7	7,217.0	134.6	19,984.5
Investments in associates							559.1
Other equity interests							72.1
Short and long-term financial assets							4,622.6
Tax assets (current and deferred)							998.6
TOTAL ASSETS							32,475.7
Segment liabilities	**2,674.2**	**2,886.3**	**4,051.4**	**480.9**	**2,350.6**	**210.0**	**12,653.4**
Borrowings							11,361.9
Lease liabilities							1,266.5
Tax liabilities (current and deferred)							669.9
Equity and minority interests							6,524.1
TOTAL LIABILITIES							32,475.7
Capital expenditure	69.8	71.7	55.3	7.2	300.7	5.6	510.3
Depreciation of property, plant and equipment	(76.8)	(89.9)	(84.3)	(10.2)	(188.2)	(3.2)	(452.7)
Depreciation of Right-of-use assets	(34.9)	(40.1)	(25.3)	(6.5)	(12.8)	(9.0)	(128.6)
Impairment of property, plant and equipment	(2.1)	(5.3)	(11.1)	0.0	0.0	(0.3)	(18.9)
Headcounts	44,545	37,008	20,843	5,886	42,465	3,424	154,171

First-Half 2021

(in € million)	Seating	Interiors	Clean Mobility	Clarion Electronics	Other	Total
TOTAL SALES	2,988.1	2,409.2	2,044.9	402.0	55.8	7,900.0
Inter-segment eliminations	(21.4)	(33.3)	(4.9)	(1.9)	(55.8)	(117.5)
Consolidated sales	**2,966.7**	**2,375.8**	**2,040.0**	**400.0**	**0.0**	**7,782.5**
Operating income (before amortization of acquired intangible assets)	**196.3**	**116.7**	**197.7**	**(0.9)**	**0.0**	**509.8**
Amortization of intangible assets acquired in business combinations						(44.5)
Operating income (after amortization of acquired intangible assets)						**465.3**
Other non recurring operating income						6.7
Other non recurring operating expenses						(58.2)
Finance costs, net						(94.4)
Other financial income and expenses						(11.2)
Corporate income tax						(81.9)
Share of net income of associates						(7.8)
Net income from continued operations						**218.5**
Net income from discontinued operations						**(30.7)**
NET INCOME (LOSS)						187.8
Segment assets	**4,128.4**	**4,206.2**	**4,821.3**	**1,467.1**	**240.0**	**14,863.0**
Net property, plant and equipment	792.8	851.5	904.3	134.2	49.5	2,732.3
Right-of-use assets	241.6	315.0	202.1	54.0	83.2	895.8
Other segment assets	3,094.0	3,039.6	3,714.9	1,278.9	107.3	11,234.9
Investments in associates						170.0
Other equity interests						71.3
Short and long-term financial assets						3,178.2
Tax assets (current and deferred)						680.7
Assets held for sale						184.9
TOTAL ASSETS						19,148.3
Segment liabilities	**2,209.2**	**2,537.9**	**3,699.5**	**413.8**	**53.4**	**8,913.7**
Borrowings						5,328.3
Lease liabilities						969.1
Tax liabilities (current and deferred)						51.7
Liabilities linked to assets held for sale						115.3
Equity and minority interests						3,770.2
TOTAL LIABILITIES						19,148.3
Capital expenditure	71.1	81.0	48.7	8.2	4.1	213.2
Depreciation of property, plant and equipment	(68.1)	(85.9)	(77.8)	(10.0)	(3.6)	(245.4)
Depreciation of Right-of-use assets	(31.9)	(35.8)	(22.9)	(6.2)	(7.1)	(103.9)
Impairment of property, plant and equipment	(1.3)	(4.8)	(4.2)	(1.7)	0.0	(12.0)
Headcounts	39,387	36,106	20,311	5,880	3,055	104,739

Full-Year 2021

(in € million)	Seating	Interiors	Clean Mobility	Clarion Electronics	Other	Total
TOTAL SALES	6,091.2	4,706.3	4,101.4	842.0	124.5	15,865.5
Inter-segment eliminations	(42.5)	(65.7)	(10.5)	(4.4)	(124.5)	(247.7)
Consolidated sales	**6,048.7**	**4,640.6**	**4,090.8**	**837.6**	**0.0**	**15,617.8**
Operating income (before amortization of acquired intangible assets)	**284.8**	**189.9**	**388.7**	**(1.7)**	**0.0**	**861.7**
Amortization of intangible assets acquired in business combinations						(92.6)
Operating income (after amortization of acquired intangible assets)						**769.1**
Other non recurring operating income						6.0
Other non recurring operating expenses						(244.5)
Finance costs, net						(207.3)
Other financial income and expenses						(47.2)
Corporate income tax						(138.8)
Share of net income of associates						(24.6)
Net income from continued operations						**112.7**
Net income from discontinued operations						**(96.5)**
NET INCOME (LOSS)						16.2
Segment assets	**4,508.8**	**4,282.5**	**4,887.3**	**1,599.2**	**313.4**	**15,590.9**
Net property, plant and equipment	837.2	839.7	935.0	138.6	52.1	2,802.4
Right-of-use assets	242.2	346.5	234.2	48.0	80.0	950.9
Other segment assets	3,429.3	3,096.2	3,718.1	1,412.6	181.3	11,837.6
Investments in associates						150.8
Other equity interests						88.0
Short and long-term financial assets						5,093.0
Tax assets (current and deferred)						752.0
TOTAL ASSETS						21,674.9
Segment liabilities	**2,392.9**	**2,633.0**	**3,633.5**	**513.4**	**248.1**	**9,420.6**
Borrowings						7,352.4
Lease liabilities						1,031.9
Tax liabilities (current and deferred)						54.4
Equity and minority interests						3,815.4
TOTAL LIABILITIES						21,674.9
Capital expenditure	173.4	178.3	143.1	20.4	13.5	528.6
Depreciation of property, plant and equipment	(140.7)	(175.5)	(160.4)	(19.4)	(6.9)	(502.9)
Depreciation of Right-of-use assets	(66.5)	(73.8)	(47.4)	(13.2)	(14.3)	(215.3)
Impairment of property, plant and equipment	(3.6)	(26.0)	(5.1)	(2.9)	0.0	(37.6)
Headcounts	44,131	36,792	20,954	6,042	3,221	111,140

4.2 Sales by operating segment

Sales by operating segment break down as follows:

(in € million)	First-Half 2022 Consolidated Sales	%	First-Half 2021 Consolidated Sales	%	2021 Consolidated Sales	%
Seating	3,529.9	30	2,966.6	38	6,048.7	39
Interiors	2,561.5	22	2,375.8	31	4,640.6	30
Clean Mobility	2,284.8	20	2,040.1	26	4,090.9	26
Clarion Electronics	458.4	4	400.0	5	837.6	5
HELLA	2,788.5	24	NA	NA	NA	NA
TOTAL	**11,623.1**	**100**	**7,782.5**	**100**	**15,617.8**	**100**

4.3 Sales by major customer

Sales* by major customer break down as follows:

(in € million)	First-Half 2022 Consolidated Sales	%	First-Half 2021 Consolidated Sales	%	2021 Consolidated Sales	%
VW group	1,853.1	16	1,407.9	18	2,493.0	16
Stellantis	1,512.2	13	1,255.7	16	2,503.3	16
Ford group	923.9	8	693.4	9	1,504.4	10
Daimler	727.7	6	272.6	4	539.8	3
Renault-Nissan	700.9	6	581.4	7	1,192.8	8
GM	576.9	5	365.3	5	677.2	4
Global vehicle company	554.6	5	141.5	2	603.3	4
Others	4,774.0	41	3,064.6	39	6,103.9	39
TOTAL	**11,623.1**	**100**	**7,782.5**	**100**	**15,617.8**	**100**

* *The presentation of sales invoiced may differ from that of sales by end customer when products are transferred to intermediary assembly companies.*

Note 5 Analysis of operating expenses

5.1 Analysis of operating expenses by function

(in € million)	First-Half 2022	First-Half 2021	2021
Cost of sales	(10,180.5)	(6,738.4)	(13,734.4)
Research and development costs	(453.2)	(181.2)	(330.9)
Selling and administrative expenses	(563.1)	(353.1)	(690.8)
TOTAL	**(11,196.8)**	**(7,272.7)**	**(14,756.1)**

5.2 Analysis of operating expenses by nature

(in € million)	First-Half 2022	First-Half 2021	2021
Purchases consumed	(6,981.8)	(4,572.3)	(9,185.2)
External costs	(1,289.1)	(797.4)	(1,682.3)
Personnel costs	(2,635.6)	(1,790.4)	(3,523.1)
Taxes other than on income	(34.2)	(26.0)	(51.3)
Other income and expenses	637.3	478.5	894.8
Depreciation, amortization and provisions for impairment in value of non-current assets	(894.9)	(599.1)	(1,247.9)
Charges to and reversals of provisions	1.5	34.0	38.9
TOTAL	**(11,196.8)**	**(7,272.7)**	**(14,756.1)**

5.3 Research and development costs

(in € million)	First-Half 2022	First-Half 2021	2021
Research and development costs, gross	(1,033.9)	(608.5)	(1,218.9)
Allowance/reversal of depreciation of assets in development	0.6	7.2	12.6
Capitalized development costs	580.1	420.1	875.4
of which in inventory	*110.4*	*110.4*	*205.7*
of which in intangible assets	*469.7*	*309.7*	*669.7*
TOTAL	**(453.2)**	**(181.2)**	**(330.9)**

Development costs are usually capitalized in intangible assets as they are considered as set up costs for the serial parts production, and then amortized to match the quantities of parts delivered to the customer, over a period not exceeding five years except under exceptional circumstances. For some specific contracts where the developments works are a separate performance obligation under IFRS 15 the corresponding costs comply with the definition of work in progress and are capitalized in inventory. These inventories are then expensed (cost of sales) when the corresponding revenue is recognized.

The development costs recognized in the cost of sales (stock decrease and R&D assets depreciation) amount to €402.9 million as of June 30, 2022, *vs.* €335.3 million as of June 30, 2021 and €701.0 million as of December 31, 2021.

5.4 Depreciation, amortization and provisions for impairment in value of non-current assets

(in € million)	First-Half 2022	First-Half 2021	2021
Amortization of capitalized development costs	(313.1)	(240.5)	(507.0)
Provisions for impairment of capitalized development costs	(6.6)	12.2	19.5
Amortization of other intangible assets	(20.1)	(21.6)	(42.6)
Depreciation of specific tooling	(4.9)	(5.2)	(10.7)
Depreciation and impairment of other property, plant and equipment	(421.6)	(240.1)	(491.8)
Depreciation of right-of-use assets	(128.6)	(103.9)	(215.3)
TOTAL	**(894.9)**	**(599.1)**	**(1,247.9)**

This table does not include allowances and reversals of provision for non-recurring items.

Note 6 Other non recurring operating income and expenses

Other non recurring operating income and expenses are analyzed as follows:

OTHER NON RECURRING OPERATING INCOME

(in € million)	First-Half 2022	First-Half 2021	2021
Release of provision for impairment of assets	0.0	0.0	0.0
Gain on disposals of assets	0.1	6.2	5.8
Others	0.7	0.5	0.2
TOTAL	**0.8**	**6.7**	**6.0**

OTHER NON RECURRING OPERATING EXPENSES

(in € million)	First-Half 2022	First-Half 2021	2021
Other provisions for impairment of assets	0.0	0.0	0.0
Reorganization expenses[(1)(3)]	(154.5)	(46.0)	(196.3)
Impairment of goodwill	0.0	0.0	0.0
Losses on disposal of assets	0.0	0.0	0.0
Others[(2)(3)]	(79.5)	(12.2)	(48.2)
TOTAL	**(234.0)**	**(58.2)**	**(244.5)**

(1) As of June 30, 2022, this item includes restructuring costs in the amount of €121.6 million and provisions for impairment in value of assets in the amount of €32.9 million versus €24.0 million and €22.0 million as of June 30, 2021 and €137.6 million and €58.7 million as of December 31, 2021.
(2) Of which €41.3 million as of June 30, 2022 and €25.6 million in 2021 of costs linked to the acquisition of HELLA.
(3) Of which €74.0 million as of June 30, 2022 of costs linked to reduction of activities in Russia.

RESTRUCTURING

Reorganization costs (€154.5 million) include redundancy and site relocation payments for 1,583 people.

Note 7 Finance costs and Other financial income and expenses

7.1 Finance costs

(in € million)	First-Half 2022	First-Half 2021	2021
Finance costs	(155.1)	(94.4)	(193.8)
Finance costs on leases	(26.2)	(22.4)	(45.5)
TOTAL	**(181.3)**	**(116.8)**	**(239.3)**

7.2 Other financial income and expenses

(in € million)	First-Half 2022	First-Half 2021	2021
Impact of discounting pension benefit obligations	(13.7)	(2.1)	(4.5)
Changes in the ineffective portion of currency hedges	(0.1)	0.1	0.2
Changes in fair value of currency hedged relating to debt	(11.6)	(7.9)	0.6
Foreign exchange gains and losses on borrowings	(20.4)	5.9	(1.9)
Hyperinflation impact (Argentina and Turkey)	(24.2)	(4.4)	(11.5)
Others*[(1)]	(45.0)	(2.8)	(30.1)
TOTAL	**(115.0)**	**(11.2)**	**(47.2)**

* *This item includes amortization of costs related to long-term debts and commissions for non-use of the credit facility.*
(1) *Of which €23.9 million of financial costs linked to the acquisition of HELLA vs €11.4 million in full year 2021.*

Note 8 Corporate income tax

Corporate income tax can be analyzed as follows:

(in € million)	First-Half 2022	First-Half 2021	2021
Pre-tax income of consolidated companies	(183.4)	308.2	276.1
Theoritical Tax (25.83% in 2022 vs. 28.41% in 2021)	*47.4*	*(87.6)*	*(78.4)*
Effect of rate changes on deferred taxes recognized on the balance sheet	(1.5)	1.0	(0.2)
Effect of local rate differences*	18.2	15.0	26.6
Tax credits	3.6	1.6	2.5
Change in unrecognized deferred tax	(38.0)	(30.2)	(91.4)
Permanent differences & others**	(78.8)	18.3	2.2
Corporate tax recognized	**(49.1)**	**(81.9)**	**(138.8)**

* *The impact of local rate differences mainly relates to Chinese entities.*
** *Mainly due to withholding tax.*

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available in the short or medium term against which the temporary differences or the loss carry forward can be utilized, based on the Group's forecasts.

Deferred tax assets are not recognized for tax losses carried forward that are not certain of being utilized. As of June 30, 2022, these assets amounted to €730.5 million, compared with €634.4 million as of December 31, 2021.

Note 9 Earnings per share

Basic earnings per share are calculated by dividing net income attributable to owners of the parent by the weighted average number of shares outstanding during the year, excluding treasury stock. For the purpose of calculating diluted earnings per share, the Group adjusts net income attributable to owners of the parent and the weighted average number of shares outstanding for the effects of all dilutive potential ordinary shares (including stock options, free shares and convertible bonds).

	First-Half 2022	First-Half 2021	2021
Number of shares outstanding at year-end(1)	**197,089,340**	**138,035,801**	**138,035,801**
Adjustments:			
■ treasury stock	(138,471)	(3,286,510)	(84,171)
■ weighted impact of share issue prorated	(47,052,687)	0	0
Weighted average number of shares before dilution	**149,898,182**	**134,749,291**	**137,951,630**
Weighted impact of dilutive instruments:			
■ free shares attributed	79,409	417,397	0
■ bonds with conversion option	0	0	0
Weighted average number of shares after dilution	**149,977,591**	**135,166,688**	**137,951,630**

(1) *Changes in the number of shares outstanding as of June 30, 2022, are analyzed as follows:*

As of December 31, 2021: Number of Faurecia shares outstanding	***138,035,801***
Change of number of shares	*59,053,539*
As of June 30, 2022: Number of Faurecia shares outstanding	***197,089,340***

The dilutive impact of the bonds was calculated using the treasury stock method.

In relation to stock options, this method consists of comparing the number of shares that would have been issued if all outstanding stock options had been exercised to the number of shares that could have been acquired at fair value.

The potentially dilutive impact of free shares is taken into account considering the number of shares to be distributed for the plans of which the realization of the performance conditions has already been stated by the Board.

Earnings per share

Earnings per share break down as follows:

	First-Half 2022	First-Half 2021	2021
Net Income (loss) *(in € million)*	**(296.5)**	**145.8**	**(78.8)**
Basic earnings (loss) per share	(1.98)	1.08	(0.57)
After dilution	(1.98)	1.08	(0.57)
Net Income (loss) from continued operations *(in € million)*	**(296.5)**	**176.5**	**17.7**
Basic earnings (loss) per share	(1.98)	1.31	0.13
After dilution	(1.98)	1.31	0.13
Net Income (loss) from discontinued operations *(in € million)*	**0.0**	**(30.7)**	**(96.5)**
Basic earnings (loss) per share	NA	(0.23)	(0.70)
After dilution	NA	(0.23)	(0.70)

Note 10A Business Combination – HELLA

Following approval from the appropriate regulatory bodies, Faurecia, through its subsidiary Faurecia Participations GmbH, has acquired 79.5% of the HELLA shares on January 31, 2022 and through additional acquisitions on the market, holds 81.6% of HELLA shares as of June 30, 2022 (see Note 2.1) for a total amount of €5,424.9 million and has the exclusive control over HELLA. Minority interests represent 18.4% of HELLA shares.

HELLA is a major automotive supplier, which develops and manufactures lighting technology and electronics components and systems for the automotive industry. The Group's production and manufacturing sites are located across the globe; its most significant markets are in Europe, the USA and Asia, particularly China. The Company is listed on the Frankfort stock exchange and is based in Lippstadt, Germany. HELLA has achieved in its fiscal year 2021 €6,380 million sales and was employing 36,500 employees.

This business combination was accounted for provisionally at June 30, 2022 as the fair values assigned to the identifiable assets acquired and liabilities assumed and the related goodwill may be amended within the one-year period following the January 2022 acquisition date. The purchase price allocation is being finalized; as of June 30, 2022, out of the purchase price for a 100% basis of €6,714.1 million; €3,994.8 million has been allocated to the net assets acquired, specifically to technology for €554 million, trademark for €410 million and customer relationships for €362 million, and €2,719.2 million to the goodwill.

HELLA accounts have been included in the consolidated financial statements since February 1, 2022. HELLA total contribution to Faurecia's consolidated revenue and operating income (before depreciation of acquired intangible assets) was respectively €2,788.5 million and €129.7 million for the first semester 2022. Would HELLA have been consolidated from January 1st, 2022, its contribution based on a *prorata temporis* of the 5 last consolidated months would amount to €3,346.2 million to the consolidated revenue and €155.7 million to the operating income (before depreciation of acquired intangible assets).

The table below shows a breakdown of the fair value of HELLA assets acquired and liabilities assumed by Faurecia:

(in € million)	**Fair Values**
Intangible assets	1,835.6
Property, plant and equipment	2,121.7
Right-of-use assets	127.1
Other non current assets	601.7
TOTAL NON CURRENT ASSETS	**4,686.1**
Inventories, net	1,081.2
Trade accounts receivable	1,079.1
Other Current assets	1,191.3
O/w deferred tax assets	*199.8*
Cash & cash equivalent	248.2
TOTAL CURRENT ASSETS	**3,599.8**
TOTAL ASSETS	**8,285.9**
Other non current liabilities	0.0
Non current provisions	363.8
Non current financial liabilities	1,176.2
Non current lease liabilities	127.4
TOTAL NON CURRENT LIABILITIES	**1,667.4**
Trade payables	1,168.2
Current liabilities	1,334.3
O/w deferred tax liabilities	*713.8*
Current financial liabilities	94.0
Current portion of lease liabilities	27.2
TOTAL CURRENT LIABILITIES	**2,623.7**
TOTAL LIABILITIES	**4,291.1**
Net acquired assets	**3,994.8**
Goodwill	2,719.2
O/w minority interests	*612.0*
Acquisition cost	**6,714.1**

Note 10B Goodwill

(in € million)	Gross	Impairment	Net
Amount as of January 1, 2021	**2,856.4**	**(660.5)**	**2,195.9**
Acquisitions	28.4	0.0	28.4
Provision for impairment	0.0	(0.0)	(0.0)
Translation adjustments and other movements	11.9	0.0	11.9
Amount as of December 31, 2021	**2,896.7**	**(660.5)**	**2,236.2**
Acquisitions	2,719.2	0. 0	2,719.2
Provision for impairment	0.0	0.0	0.0
Translation adjustments and other movements	14.8	(0.2)	14.6
Amount as of June 30, 2022	**5,630.7**	**(660.7)**	**4,970.0**

The CGU to which goodwill is allocated represents the level within the operating segment at which goodwill is monitored for internal management purposes. The Group has identified the following CGUs (see Note 4):

- Seating;
- Interiors;
- Clean Mobility;
- Clarion Electronics;
- HELLA.

The carrying amount of assets and liabilities thus grouped is compared to the higher of its market value and value in use, which is equal to the present value of the net future cash flows expected, and their net market value including costs of disposal.

Breakdown of the net amount of goodwill by operating segment:

(in € million)	06/30/2022	12/31/2021
Seating	851.9	851.8
Interiors	506.5	506.0
Clean Mobility	489.3	475.4
Clarion Electronics	403.0	403.0
HELLA	2,719.2	NA
TOTAL	**4,970.0**	**2,236.2**

As of June 30, 2022, the management did not identify any triggering event for a potential impairment. The future worldwide automotive market assumptions, based themselves on external information sources, being the basis for the cash flow forecasts for the CGUs within the frame of the 2021 year closing have been adjusted as of June 30, 2022 to take into account the last evolutions (see Note 2.5) without significatively changing the margins presented at that time. They are now respectively of 74.2 million of cars in 2022, 80.5 million in 2023 and 87.4 million in 2024.

Note 11 Investments in associates

Investment in associates for continued operations:

As of June 30, 2022

(in € million)	% interest*	Group share of equity**	Dividends received by the Group	Group share of sales	Group share of total assets
Behr-HELLA Thermocontrol GmbH	41%	50.9	0.0	97.8	183.5
HBPO Beteiligungsgesellschaft mbH	27%	181.6	(6.8)	255.3	167.0
Faurecia-NHK Co., Ltd.	50%	0.0	0.0	70.4	28.2
Teknik Malzeme Ticaret Ve Sanayi A.S.	50%	0.0	0.0	8.1	11.1
Symbio	50%	31.2	0.0	3.2	124.8
Total Network Manufacturing LLC	49%	0.6	0.0	51.4	34.2
Detroit Manufacturing Systems, LLC	49%	0.0	(0.1)	230.0	109.9
Others		294.8	(12.1)	281.1	583.9
TOTAL		**559.1**	**(19.0)**	**997.3**	**1,242.4**

* *Percent of interest held by the company that owns the shares.*
** *As the Group share of some company's net equity is negative, it is recorded under liabilities as a provision for contingencies and charges.*

There is no joint operation in the sense of IFRS 11 within the companies consolidated by equity method.

11.1 Change in investments in associates

(in € million)	First-Half 2022	First-Half 2021	2021
Group share of equity at beginning of period	**150.8**	**177.4**	**177.4**
Dividends	(19.0)	(3.0)	(14.3)
Share of net income of associates	(11.9)	(7.8)	(24.6)
Change in scope of consolidation	433.6	0.4	2.0
Capital increase	1.4	0.0	2.3
Currency translation adjustments	4.2	3.0	8.0
Group share of equity at end of period	**559.1**	**170.0**	**150.8**

Note 12 Other non-current financial assets

Loans and other financial assets are initially stated at fair value and then at amortized cost, calculated using the effective interest method.

Provisions are booked on a case-by-case basis where there is a risk of non-recovery.

	06/30/2022			12/31/2021
(In € million)	Gross	Provisions	Net	Net
Loans to companies consolidated by equity method and non-consolidated companies	111.5	(6.2)	105.3	72.8
Other loans	25.7	(2.4)	23.3	23.7
Others	115.6	(4.5)	111.1	1.5
TOTAL	**252.8**	**(13.1)**	**239.7**	**98.0**

Note 13 Trade accounts receivables

Under trade receivables sale programs, the Group can sell a portion of the receivables of a number of its French, German, North American and other subsidiaries to a group of financial institutions, transferring substantially all of the risks and rewards relating to the receivables sold to the financial institutions concerned.

The following table shows the amount of receivables sold with maturities beyond June 30, 2022, for which substantially all the risks and rewards have been transferred, and which have therefore been derecognized, as well as the financing under these programs:

(in € million)	06/30/2022	12/31/2021
Financing	1,366.8	1,083.6
Guarantee reserve deducted from borrowings	(29.5)	(14.8)
Cash received as consideration for receivables sold	1,337.3	1,068.8
Receivables sold and derecognized	(1,337.3)	(1,068.8)

Individually impaired trade receivables are as follows:

(in € million)	06/30/2022	12/31/2021
Gross total trade receivables	5,028.4	3,491.1
Provision for impairment of receivables	(35.8)	(23.0)
TOTAL	**4,992.6**	**3,468.1**

Given the high quality of Group counterparties, late payments do not represent a material risk. They generally arise from administrative issues.

Late payments as of June 30, 2022 were €224.1 million, breaking down as follows:

- €104.3 million less than one month past due;
- €30.2 million between one and two months past due;
- €27.9 million between two and three months past due;
- €26.9 million between three and six months past due;
- €34.8 million more than six months past due.

Note 14 Cash and cash equivalents

Cash and cash equivalents include current account balances in the amount of €3,947.6 million (compared to €2,196.4 million in 2021) and short-term investments in the amount of €253.9 million (compared to €2,709.3 million after depreciation of €0.7 million in 2021), for a total of €4,201.5 million as of June 30, 2022.

These components include cash at bank, current account balances, marketable securities such as money market and short-term money market funds, deposit and very short term risk free securities that are readily sold or converted into cash. Cash equivalents are investments held for the purpose of meeting short term cash commitments and are subject to an insignificant risk of change in value.

They are measured at fair value and variances are booked through P&L.

Note 15 Shareholders' equity

15.1 Capital

As of June 30, 2022, Faurecia capital stock totaled €1,379,625,380 divided into 197,089,340 fully paid-up shares with a par value of €7 each.

As a consequence of the capital increase with preferential subscription rights and which subscription period was open from June 9th, 2022 to June 17th, 2022 included, 45,482,154 new FAURECIA shares have been subscribed with a par value of €15.50, of which 43,521,870 ordinary new shares on a non-reductible basis and 1,960,284 ordinary new shares on a reductible basis.

The Group's capital is not subject to any external restrictions. Double voting rights are granted to all shares for which a nominative registration can be confirmed, for at least two years in the name of the same shareholder.

15.2 Share-based payment

FREE SHARE GRANT

In 2010, Faurecia implemented a share grant plan for executives of Group companies. These shares are subject to service and performance conditions.

In 2021, Faurecia has implemented a unique long term share grant plan (Executive Super Performance Initiative-ESPI) for the members of the Group Executive Committee. The acquisition period is five years without conservation condition, and the maximum amount is limited to 300% of the yearly fixed wages. These shares are subject to a service and a performance condition, the Total Shareholder Return -TSR, compared to a peer group.

Free shares are measured at fair value by reference to the market price of Faurecia's shares at the grant date, less an amount corresponding to the expected dividends due on the shares but not paid during the vesting period and an amount reflecting the cost of the shares being subject to a lock-up period. The fair value is recognized in payroll costs on a straight-line basis over the vesting period, with a corresponding adjustment to equity.

Details of the share grant plans as of June 30, 2022 are set out in the table below:

Date of Annual Shareholders' Meeting	Date of Board meeting	Maximum number of free shares that can be granted* for: reaching the objective	exceeding the objective	Performance condition	Share market value at grant date *(€)*	Adjustments: dividend rate	Non-transferability discount	Acquisition date	Sales date (from)
6/26/2020	10/22/2020	926,855	1,205,456	2022 after tax income target as stated in strategic plan when granted, Faurecia earning per share growth compared to a reference group of companies and percentage of diversity men-women within the management population	38.68	2.90%	NA	10/22/2024	10/22/2024
5/31/2021	10/25/2021	1,074,916	1,398,310	2023 after tax income target as stated in strategic plan when granted, Faurecia earning per share growth compared to a reference group of companies and percentage of diversity men-women within the management population	42.33	3.60%	NA	10/25/2025	10/25/2025
5/31/2021	7/23/2021	663,887	663,887	ESPI plan: Faurecia share relative performance (TSR) compared to a reference group of companies on a yearly basis; for the CEO, Faurecia share relative performance (TSR) compared to a reference group of companies on average over 5 years (2021-2026)	39.57	3.60%	NA	7/23/2026	7/23/2026

* *Net of free shares granted cancelled.*

The performance conditions for the plan attributed by the Board of October 9, 2019 have been partially met, the corresponding shares (79,409), will be distributed in October 2023. For each of the plans presented above, the number of potential free shares has been adjusted following the capital increase in cash performed in June 2022 (see Note 15.1) in compliance with the rules and after approval of the board, by applying a 1.0788 factor to the initial values.

Furthermore, a long-term variable remuneration (long-term incentive, LTI) has been implemented for HELLA management board before HELLA acquisition by Faurecia. This long term incentive is paid in cash. The performance criteria are based on the return on invested capital (RoIC), the income before tax as well as the performance of the HELLA share (total shareholder return). The LTI base amount is determined for the first fiscal year in the calculation period, as a fixed percentage of the annual fixed salary depending on the RoIC; the long term variable remuneration is based on a calculation period of five fiscal years and payment is made once the calculation period comprising a total of five fiscal years has come to an end. For example, the LTI allocated for the fiscal year 2020/2021 will be paid out at the end of the fiscal year 2024/2025. As these LTI are share-based, their value is recognized according to IFRS2.

With the exception of one member of the HELLA management board, for whom the LTI regulations described above were also applied in the fiscal year 2019/20, LTI allocated for fiscal years up to and including fiscal year 2019/20 do not include the performance of the HELLA share as a performance criteria and their calculation period comprises only a total of four fiscal years.

There are currently 4 plans on going and one additional plan that has vested but not yet been paid out as of 30 June 2022, with the following valuation:

Plan	Grant date	Vesting date	Debt as at 06/30/2022 *(M€)*
LTI 18/19 (non share based)	May 31, 2019	May 31, 2022	0.6
LTI 19/20 (non share based)	May 31, 2019	December 31, 2022	0.5
LTI 19/20 (share based)	May 31, 2019	December 31, 2023	0.0
LTI 20/21 (share based)	May 31, 2020	December 31, 2024	4.0
LTI 21/22 (share based)	May 31, 2021	December 31, 2025	0.0

The amount recognized for the period for all these plans is an expense of €15.2 million, compared to €5.4 million for the first half-year 2021.

Note 16 Current provisions and contingent liabilities

16.1 Current provisions

A provision is recorded when Group Executive Management has decided to streamline the organization structure and announced the program to the employees affected by it or their representatives, when relevant.

(in € million)	06/30/2022	12/31/2021
Restructuring	251.8	163.8
Risks on contracts and customer warranties	137.5	53.7
Litigation	59.6	35.8
Other provisions	68.7	35.1
TOTAL	**517.6**	**288.4**

Changes in these provisions during 2022 were as follows:

(in € million)	Amount as of January 1, 2022	Additions	Expenses charged	Reversals*	Sub total changes	Change in scope of consolidation and other changes	Amount as of June 30, 2022
Restructuring	163.8	121.7	(100.9)	0.0	20.9	67.2	251.8
Risks on contracts and customer warranties	53.7	82.0	(92.2)	(0.2)	(10.4)	94.1	137.5
Litigation	35.8	10.8	(9.1)	(0.3)	1.4	22.4	59.6
Other provisions	35.1	19.5	(0.4)	0.0	19.1	14.5	68.7
TOTAL	**288.4**	**234.0**	**(202.6)**	**(0.5)**	**31.0**	**198.1**	**517.6**

* *Surplus provisions.*

16.2 Contingent liabilities

LITIGATION

There are no claims or litigation in progress or pending that are likely to have a material impact on the Group's consolidated financial position.

Note 17 Non-current provisions and provisions for pensions and other post-employment benefits

17.1 Non-current provisions

(in € million)	06/30/2022	12/31/2021
Provisions for pensions and other employee obligations	**656.3**	**447.3**
■ Pension plan benefit obligations	444.8	224.9
■ Post-retirement benefit obligations	165.0	186.8
■ Long-service awards	37.8	25.8
■ Healthcare costs	8.6	9.7
TOTAL	**656.3**	**447.3**

ASSUMPTIONS USED

The Group's obligations under these plans are determined on an actuarial basis, using the following assumptions:

- retirement age between 62 and 65 for employees in France;
- staff turnover assumptions based on the economic conditions specific to each country and/or Group company;
- mortality assumptions specific to each country;
- estimated future salary levels until retirement age, based on inflation assumptions and forecasts of individual salary increases for each country;
- the expected long-term return on external funds;
- discount and inflation rates (or differential) based on local conditions.

The main actuarial assumptions used in the past two years to measure the pension liability are as follows:

(in %)	Euro zone	United Kingdom	USA	Japan
DISCOUNT RATE				
June 30, 2022	**3.40%**	**3.51%**	**4.25%**	**0.73%**
December 31, 2021	1.15%	1.82%	2.30%	0.38%
June 30, 2021	1.10%	1.95%	2.37%	0.43%
INFLATION RATE				
June 30, 2022	**2.00%**	**3.50%**	**N/A**	**N/A**
December 31, 2021	1.80%	3.40%	N/A	N/A
June 30, 2021	1.80%	3.20%	N/A	N/A

Nota: the discount rate for the euro zone was determined on the basis of yields on prime corporate bonds for a maturity corresponding to the duration of the obligations. Prime corporate bonds are defined as bonds awarded one of the top two ratings by a recognized rating agency (for example, bonds rated AA or AAA by Moody's or Standard & Poor's).

In the United States, the pension benefit obligations are not sensitive to the inflation rate.

Note 18 Net debt

The Group's financial liabilities are generally measured at amortized cost using the effective interest method.

18.1 Analysis of net debt

(in € million)	06/30/2022	12/31/2021
Bonds	5,780.1	4,891.5
Bank borrowings	3,940.8	1,366.1
Other borrowings	74.5	73.0
Non-current lease liabilities	1,017.8	833.1
Non-current derivatives	0.0	3.0
SUB-TOTAL NON-CURRENT FINANCIAL LIABILITIES	**10,813.2**	**7,166.7**
Current portion of long term debt	353.0	122.9
Current portion of lease liabilities	248.7	198.8
Short-term borrowings(1)	1,130.0	894.5
Current derivatives	83.5	1.4
SUB-TOTAL CURRENT FINANCIAL LIABILITIES	**1,815.2**	**1,217.6**
TOTAL FINANCIAL LIABILITIES	**12,628.4**	**8,384.3**
Derivatives classified under non-current and current assets	(32.5)	(11.9)
Cash and cash equivalents	(4,201.5)	(4,905.7)
NET DEBT	**8,394.4**	**3,466.7**
Net cash and cash equivalent	4,201.5	4,905.7
(1) Including bank overdrafts	*25.6*	*17.1*

18.2 Financing

The main components of Faurecia financing are described below; financing components at HELLA GmbH & Co. KGaA are also described below as a consequence of HELLA acquisition (see notes 2.1 & 10.A).

SYNDICATED CREDIT FACILITY

On December 15, 2014, Faurecia signed a syndicated credit facility, with a five-year maturity, for an amount of €1,200 million. This credit facility was renegotiated on June 24, 2016, then on June 15, 2018 in order to extend the maturity to five years from that date. In May 2021, Faurecia has signed with its banks an Amend & Extend agreement of this syndicated credit line enabling the Group to increase the amount up to €1,500 million, as well as indexing its costs on Faurecia's environmental performance, the interest rate varying depending upon the achievement of the Group's target of CO_2 neutrality for its scopes 1 & 2, and to extend its maturity to five years, *i.e.* May 2026, with two one-year extension options submitted to the banks' agreement.

As of June 30, 2022, this facility was not drawn.

On April 26, 2022 Faurecia has proactively renegotiated its covenant for its bank credit lines (ratio Net debt(1)/adjusted EBITDA(2)) and which compliance is a condition affecting the availability of this credit facility. The level of this ration will not be tested for June 30, 2022 and will be at 3.75x for December 31, 2022 (instead of 3.0x) before coming back to 3.0x from June 30, 2023 onwards.

This credit facility includes some restrictive clauses on asset disposals (disposal representing over 35% of the Group's total consolidated assets requires the prior approval of banks representing two-thirds of the syndicate) and on the debt level of some subsidiaries.

(1) Consolidated net debt.

(2) Operating income before depreciation of intangible assets acquired plus depreciation, amortization and funding of provisions for impairment of property, plant and equipment and intangible assets, corresponding to the past 12 months.

SYNDICATED CREDIT FACILITY HELLA

On June 1, 2015, HELLA signed a syndicated credit facility, with a five-year maturity with two extension options, for an amount of €450 million. A first one-year extension option has been exercised in April 2016, extending the maturity of this credit facility to June 2021. A second one-year extension option has been exercised in April 2017, extending the maturity of this credit facility to June 2022.

This credit facility was renegotiated on August 16, 2021, to extend the maturity to June 3, 2023, and adjust its terms and conditions.

As of June 30, 2022, this facility was not drawn.

SYNDICATED BRIDGE LOAN

On August 13, 2021, Faurecia signed a syndicated confirmed bridge loan for an amount of €5.5 billion in order to secure the financing of the HELLA acquisition, this credit facility being refinanced mainly through bonds issues and bank loans, to the exception of the €800 million part to be refinanced through a capital increase (bridge to equity).

On January 26, 2022 Faurecia has drawn €2.9 billion on this bridge loan, of which €500 million corresponding to a three years loan granted by the banks of the syndicated bridge loan.

On April 26, 2022 Faurecia has proactively renegotiated its covenant for its bank credit lines (ratio Net debt[1]/adjusted EBITDA[2]) and which compliance is a condition affecting the availability of this credit facility. The level of this ration will not be tested for June 30, 2022 and will be at 3.75x for December 31, 2022 (instead of 3.0x) before coming back to 3.0x from June 30, 2023 onwards.

On April 27, 2022 Faurecia has canceled €500 million of the bridge loan.

On June 27, 2022 Faurecia has paid back €700 million of the bridge to equity loan, as a consequence of the capital increase launched on June 3, 2022.

As of June 30, 2022, the bridge loan was drawn up to €1.7 billion of which €100 million for the bridge to equity with a maturity on Faurecia's hand on February 13, 2023 and €1.6 billion with a maturity on Faurecia's hand on August 13, 2023.

The fees linked to the implementation of this facility have been partially expensed on the period.

SCHULDSCHEINDARLEHEN

Faurecia has signed on December 17, 2018 a private placement under German Law (*Schuldscheindarlehen*) for a total amount of €700 million. This transaction is structured into several tranches in EUR and USD, at fixed and variable rates, with maturities of 4, 5 and 6 years, *i.e.* December 2022, 2023 and 2024. €378 million have been received on December 20, 2018 and the remaining amount has been received in early January 2019. The USD tranches have been partially converted in EUR resources through long term cross-currency swaps.

This private placement has been used to finance the acquisition of Clarion Co., Ltd.

On June 21, 2021 Faurecia has reimbursed by anticipation €226.5 million of the variable rate tranche of the Schuldscheindarlehen with 2022 maturity.

Faurecia has signed on December 17, 2021 a private placement under German Law (*Schuldscheindarlehen*) including ESR performance criteria for a total amount of €700 million. This transaction is structured into several tranches in EUR and USD, at fixed and variable rates, with maturities of 2.5, 4, 5 and 6 years, *i.e.* July 2024 and January 2026, 2027 and 2028. €435 million have been received on December 22, 2021 and the remaining amount has been received in early January 2022. The USD tranches have been partially converted in EUR resources through long term cross-currency swaps.

This private placement is part of the prefinancing of the acquisition of HELLA.

¥30 BILLION CREDIT FACILITY

On February 7, 2020, Faurecia has signed a credit facility in yen for an amount of ¥30 billion, with a five-year maturity, aiming at refinancing on a long term basis the debt of Clarion Co., Ltd. The credit facility comprises two tranches of ¥15 billion each, one being a loan and the other one a renewable credit line.

The proceeds of this credit line have enabled Clarion Co., Ltd. to reimburse most of its bank debts.

The maturity of the credit line has been extended from February 2025 to February 2026 by exercising the first extension option.

(1) Consolidated net debt.

(2) Operating income before depreciation of intangible assets acquired plus depreciation, amortization and funding of provisions for impairment of property, plant and equipment and intangible assets, corresponding to the past 12 months.

On April 26, 2022, Faurecia has proactively renegotiated its covenant for its bank credit lines (ratio Net debt(1)/adjusted EBITDA(2)) and which compliance is a condition affecting the availability of this credit facility. The level of this ration will not be tested for June 30, 2022 and will be at 3.75x for December 31, 2022 (instead of 3.0x) before coming back to 3.0x from June 30, 2023 onwards.

As of June 30, 2022, the drawn amount was at ¥20 billion, representing €140.8 million.

2024 BONDS HELLA

On May 17, 2017, HELLA issued bonds for an amount of €300 million due May 17, 2024, carrying annual interest of 1.00%, payable on May 17 each year, as from May 17, 2018.

The proceeds of these bonds have been used to redeem the €300 million bonds due September 07, 2017, carrying annual interest of 1.25%, issued in March 2014.

The bonds are listed on the Luxembourg Stock Exchange. The costs related to the bond issue are expensed in P&L over the lifetime of the bonds.

2025 BONDS

On March 8, 2018, Faurecia issued bonds for an amount of €700 million due June 15, 2025, carrying annual interest of 2.625%, payable on June 15 and December 15 each year, as from June 15, 2018.

These bonds include a covenant restricting the additional indebtedness if the EBITDA after certain adjustments is lower than twice the gross interest costs, and restrictions on the debt similar to those of the syndicated credit loan.

The proceeds of these bonds have been used to redeem the €700 million bonds due June 15, 2022, carrying annual interest of 3.125%, issued in March and April 2015.

The bonds are listed on the Global Exchange Market of Euronext Dublin (previously Irish Stock Exchange). The costs related to the bond issue are expensed in P&L over the life time of the bonds.

An additional issue for €300 million of these 2025 bonds has been done on July 31, 2020. These additional bonds have been issued at 97.50% of the par, which corresponds to a yield to maturity of 3.18%.

As of June 30, 2022, the outstanding amount of these 2025 bonds amounted to €1,000 million.

2026 BONDS

On March 27, 2019, Faurecia issued bonds for an amount of €500 million due June 15, 2026, carrying annual interest of 3.125%, payable on June 15 and December 15 each year, as from June 15, 2019.

These bonds are subject to the same restrictions than the 2025 bonds.

The proceeds of these bonds have been used to finance the acquisition of Clarion Co., Ltd.

The bonds are listed on the Global Exchange Market of Euronext Dublin. The costs related to the bond issue are expensed in P&L over the life time of the bonds.

In order to prefinance the acquisition of 50% of SAS shares, an additional issue for €250 million of these 2026 bonds has been performed on October 31, 2019. These additional bonds have been issued at 104.50% of the par, which corresponds to a return at issuance of 2.40%.

As of June 30, 2022, the outstanding amount of these 2026 bonds amounted to €750 million.

2027 2.375% BONDS

On November 27, 2019, Faurecia issued bonds for an amount of €700 million due June 15, 2027, carrying annual interest of 2.375%, payable on June 15 and December 15 each year, as from June 15, 2020.

These bonds are subject to the same restrictions than the 2026 bonds.

The proceeds of these bonds have been used to refinance the €700 million bonds due June 15, 2023 carrying annual interest of 3.625%, issued on April 1, 2016.

This refinancing has been done through a tender offer through which 2023 bond holders could exchange their bonds against new 2027 bonds. The rate of exchange has reached 76%. The bonds that were not tendered in this offer have been redeemed in accordance with the offering memorandum. The settlement of these two operations has taken place respectively on November 25 and November 28, 2019.

(1) Consolidated net debt.

(2) Operating income before depreciation of intangible assets acquired plus depreciation, amortization and funding of provisions for impairment of property, plant and equipment and intangible assets, corresponding to the past 12 months.

The bond premium for bonds tendered in the offer is amortized over the duration of the new 2027 bonds; the bond premium for bonds redeemed by anticipation has been expensed in the year 2019.

On February 3, 2021, an additional issue for €190 million of these 2027 bonds has been performed via a private placement. These bonds have been issued at 100.75% of the par, which corresponds to a return at issuance of 2.26%.

The bonds are listed on the Global Exchange Market of Euronext Dublin. Costs related to the bond issue are expensed in P&L over the life time of the bonds.

As of June 30, 2022, the outstanding amount of these 2027 bonds amounted to €890 million.

2027 SLB 2.75% BONDS

On November 10, 2021, Faurecia issued bonds for an amount of €1,200 million due February 15, 2027, carrying annual interest of 2.75%, payable on June 15 and December 15 each year, as from June 15, 2022.

These bonds are subject to the same restrictions than the 2029 bonds and base the 2025 objectives of CO_2 emission reduction on scope 1 & 2, on the "Sustainable Linked Financing Framework" published in October 2021 and approved by the ISS ESG. The non compliance to these objectives involves a step up of the bonds interest in 2026.

The proceeds of these bonds have been used to pre finance the acquisition of HELLA.

The bonds are listed on the Global Exchange Market of Euronext Dublin. The costs related to the bond issue are expensed in P&L over the life time of the bonds.

As of June 30, 2022, the outstanding amount of these 2027 bonds amounted to €1,200 million.

2027 BONDS HELLA

On September 3, 2019, HELLA issued bonds for an amount of €500 million due January 26, 2027, carrying annual interest of 0.50%, payable on January 26 each year, as from January 26, 2020.

The proceeds of these bonds have been used to redeem the €500 million bonds due January 24, 2020, carrying annual interest of 2.375%, issued in January 2013.

The bonds are listed on the Luxembourg Stock Exchange. The costs related to the bond issue are expensed in P&L over the lifetime of the bonds.

2028 BONDS

On July 31, 2020, Faurecia issued bonds for an amount of €700 million due June 15, 2028, carrying annual interest of 3.75%, payable on June 15 and December 15 each year, as from December 15, 2020.

These bonds are subject to the same restrictions than the 2027 bonds. The bonds are listed on the Global Exchange Market of Euronext Dublin.

The costs related to the bond issue are expensed in P&L over the life time of the bonds.

As of June 30, 2022, the outstanding amount of these 2028 bonds amounted to €700 million.

GREEN BONDS 2029

Faurecia issued on March 22, 2021 green bonds for an amount of €400 million due June 15, 2029, carrying annual interest of 2.375%. The proceeds will be used to finance or refinance the Group's investments in the hydrogen mobility, for both hydrogen storage and distribution systems and in fuel cell stacks and systems through Symbio, its joint venture with Michelin. The Green Bond Framework has been reviewed by ISS ESG, environmental rating agency.

These bonds are subject to the same restrictions than the 2028 bonds. The bonds are listed on the Global Exchange Market of Euronext Dublin. The costs related to the bond issue are expensed in P&L over the life time of the bonds.

As of June 30, 2022, the outstanding amount of these 2029 bonds amounted to €400 million.

LOAN FACILITIES HELLA IN YEN

On September 17, 2002, HELLA issued a notes certificate for an amount of JPY 12 billion due September 17, 2032, carrying annual interest of JPY 3.50%, payable on March 17 and September 17 each year, as from March 17, 2003.

On June 16, 2003, HELLA signed a loan for an amount of JPY 10 billion due June 20, 2033, carrying annual interest of USD 4.02%, payable on June 20 and December 20 each year, as from December 20, 2003.

Finally, during the first half-year 2022, Faurecia regularly issued commercial papers with a maturity up to one year for investors located mainly in France. As of June 30, 2022, the outstanding amount was €930 million.

During the first half-year 2022, Standard & Poor's has downgraded its outlook from stable to negative to Faurecia on May 24, 2022 to its BB grading.

18.3 Analysis of borrowings

As of June 30, 2022, the variable rate borrowings were 39.5% of borrowings before taking into account the impact of hedging.

(in € million)	06/30/2022	
Variable rate borrowings	4,987.4	39.5%
Fixed rate borrowings	7,641.0	60.5%
TOTAL	**12,628.4**	**100%**

Borrowings, taking into account foreign exchange swaps, break down by repayment currency as follows:

(in € million)	06/30/2022		12/31/2021	
Euros	10,599.2	83.9%	6,579.6	78.5%
US Dollars	1,211.5	9.6%	1,035.7	12.4%
Japanese yen	423.5	3.4%	380.0	4.5%
Other currencies	394.2	3.1%	389.0	4.6%
TOTAL	**12,628.4**	**100%**	**8,384.3**	**100.0%**

In 2022, the weighted average interest rate on gross outstanding borrowings was 2.59%.

Note 19 Financial instruments

19.1 Financial instruments recorded in the balance sheet

	06/30/2022		Breakdown by category of instrument[(1)]			
(In € million)	Balance Sheet Carrying amount	Carrying amount not defined as financial instruments	Financial assets/ liabilities at fair value through profit or loss [(2)]	Financial assets/ liabilities at fair value through equity [(2)]	Assets and liabilities at amortized cost	Financial assets/ liabilities measured at fair value
Other equity interests	72.1		72.1			72.1
Other non-current financial assets	239.7			6.7	233.0	239.7
of which Interest rate derivatives	*6.7*			*6.7*		*6.7*
Trade accounts receivables	4,992.6	4,992.6				0.0
Other operating receivables	762.6	737.1	0.2	25.3		25.5
Other receivables and prepaid expenses	1,529.5	1,529.5				0.0
Currency derivatives	25.9		0.8	25.1		25.9
Cash and cash equivalents	4,201.5		4,201.5			4,201.5
FINANCIAL ASSETS	**11,823.9**	**7,259.2**	**4,274.6**	**57.1**	**233.0**	**4,564.7**
Long-term debt*	9,795.4	2.3			9,793.1	8,666.4
Non-current lease liabilities	1,017.8				1,017.8	1,017.8
Short-term debt	1,566.5		83.5		1,483.0	1,566.5
Current portion of lease liabilities	248.7				248.7	248.7
Prepayments on customers contracts	1,009.3	1,009.3				0.0
Trade payables	8,730.0	8,730.0				0.0
Accrued taxes and payroll costs	1,190.2	1,190.2				0.0
Sundry payables	581.5	542.5	0.1	38.9		39.0
of which Currency derivatives	*39.0*		*0.1*	*38.9*		*39.0*
FINANCIAL LIABILITIES	**24,139.4**	**11,474.3**	**83.6**	**38.9**	**12,542.6**	**11,538.4**

(1) No financial instruments were transferred between categories in 06/30/2022.
(2) All of the instruments in this category are financial assets or liabilities designated as measured on initial recognition.
** The fair value of the bonds, excluding accrued interest, was established on the basis of the year-end market value (June 30, 2022): for the 2024 HELLA bonds quoted 97.56% of par, at €292.7 million; for the 2025 bonds quoted 86.48% of par, at €864.8 million; for the 2026 bonds quoted 83.92% of par, at €629.4 million; for the 2027 bonds quoted 75.00% of par, at €667.5 million; for the 2027 bonds SL quoted 78.02% of par, at €936.2 million; for the 2027 HELLA bonds quoted 87.50% of par, at €437.5 million; for the 2028 bonds quoted 77.64% of par, at €543.4 million and for the 2029 green bonds quoted 70.49% of par, at €282.0 million.*

(In € million)	12/31/2021 Balance Sheet Carrying amount	Carrying amount not defined as financial instruments	Breakdown by category of instrument[(1)] Financial assets/ liabilities at fair value through profit or loss[(2)]	Financial assets/ liabilities at fair value through equity[(2)]	Assets and liabilities at amortized cost	Financial assets/ liabilities measured at fair value
Other equity interests	88.0		88.0			88.0
Other non-current financial assets	98.0				98.0	98.0
Trade accounts receivables	3,468.1	3,468.1				0.0
Other operating receivables	473.6	468.5	0.3	4.8		5.1
Other receivables and prepaid expenses	1,094.9	1,094.9				0.0
Currency derivatives	5.3		3.6	1.7		5.3
Interest rate derivatives	6.6			6.6		6.6
Cash and cash equivalents	4,905.7		4,905.7			4,905.7
FINANCIAL ASSETS	**10,140.2**	**5,031.5**	**4,997.6**	**13.1**	**98.0**	**5,108.7**
Long-term debt*	6,333.6	2.1		3.0	6,328.5	6,449.4
Non-current lease liabilities	833.1				833.1	833.1
Short-term debt	1,018.8		1.4		1,017.4	1,018.8
Current portion of lease liabilities	198.8				198.8	198.8
Prepayments on customers contracts	740.2	740.2				0.0
Trade payables	6,693.2	6,693.2				0.0
Accrued taxes and payroll costs	779.1	779.1				0.0
Sundry payables	477.3	470.7	0.2	6.4		6.6
of which Currency derivatives	*6.6*		*0.2*	*6.4*		*6.6*
FINANCIAL LIABILITIES	**17,074.1**	**8,685.3**	**1.6**	**9.4**	**8,377.8**	**8,507.1**

(1) No financial instruments were transferred between categories in 2021
(2) All of the instruments in this category are financial assets or liabilities designated as measured on initial recognition.
** The fair value of the bonds, excluding accrued interest, was established on the basis of the year-end market value (December 31, 2021): for the 2025 bonds quoted 101.5% of par, at €1,015.3 million; for the 2026 bonds quoted 102.66% of par, at €769.9 million; for the 2027 bonds quoted 100.63% of par, at €895.6 million; for the 2027 bonds SL quoted 99.22% of par, at €1,190.7 million; for the 2028 bonds quoted 104.85% of par, at €733.9 million and for the 2029 green bonds quoted 101.06% of par, at €404.3 million.*

Note 20 Hedging of currency and interest rate risks

20.1 Hedging of currency risks

Currency risks relating to the commercial transactions of the Group's subsidiaries are managed centrally by Faurecia using forward purchase and sale contracts and options as well as foreign currency financing. Faurecia manages the hedging of currency risks on a central basis, through the Group Finance and Treasury department, which reports to the Executive Management. Hedging decisions are made by a Market Risk Management Committee that meets on a monthly basis.

Currency risks on forecasted transactions are hedged on the basis of estimated cash flows determined when budgets are prepared, validated by Executive Management; these forecasts are updated on a regular basis. The related derivatives are classified as cash flow hedges when there is a hedging relationship that satisfies the IFRS 9 criteria.

Subsidiaries with a functional currency different from the euro are granted inter-company loans in their operating currencies. Although these loans are refinanced in euros and eliminated in consolidation, they contribute to the Group's currency risk exposure and are therefore hedged through foreign exchange swaps or financing in the concerned currency.

The effective portion of changes in the fair value of instruments used to hedge future revenues is recorded in equity and taken to operating income when the hedged revenues are received.

Changes in the fair value of instruments used to hedge trade receivables and payables are recorded as operating income or expense.

The portion of the change in fair value of these hedges that is ineffective (time value of the hedges) is recorded under "Other financial income and expenses" together with changes in the fair value of instruments used to hedge other receivables and payables except for the changes in the fair value of cash flow hedges which are recorded in amounts to be potentially reclassified to profit or loss.

INFORMATION ON HEDGED NOTIONAL AMOUNTS

(in € million)	Carrying amount			Maturities		
06/30/2022	**Assets**	**Liabilities**	**Notional amount***	**< 1 year**	**1 to 5 years**	**> 5 years**
Fair value hedges						
■ forward currency contracts	0.2	(0.1)	79.2	79.2	0.0	0.0
■ inter-company loans in foreign currencies swapped for euros	0.8	(11.5)	898.6	898.6	0.0	0.0
■ cross-currency swaps	25.1	(71.7)	392.0	7.4	300.7	83.9
Cash flow hedges						
■ forward currency contracts	23.8	(38.3)	1,453.4	1,290.2	163.2	0.0
■ currency option	1.5	(0.6)	164.8	164.8	0.0	0.0
Not eligible for hedge accounting	0.0	0.0	21.4	21.4	0.0	0.0
	51.4	**(122.2)**				

* *Notional amounts based on absolute values.*

(in € million)	Carrying amount			Maturities		
12/31/2021	**Assets**	**Liabilities**	**Notional amount***	**< 1 year**	**1 to 5 years**	**> 5 years**
Fair value hedges						
■ forward currency contracts	0.1	(0.2)	62.5	62.5	0.0	0.0
■ inter-company loans in foreign currencies swapped for euros	3.6	(0.8)	535.0	535.0	0.0	0.0
■ cross-currency swaps	1.7	(0.6)	135.5	0.0	106.0	29.5
Cash flow hedges						
■ forward currency contracts	3.7	(5.6)	486.0	486.0	0.0	0.0
■ currency option	1.2	(0.9)	188.8	188.8	0.0	0.0
Not eligible for hedge accounting	0.2	0.0	25.3	25.3	0.0	0.0
	10.5	**(8.0)**				

* *Notional amounts based on absolute values.*

20.2 Interest-rate hedges

Faurecia manages the hedging of interest rate risks on a central basis. Such management is implemented through the Group Finance and Treasury department, which reports to the Executive Management. Hedging decisions are made by a Market Risk Management Committee that meets on a monthly basis.

Changes in the fair value of interest rate hedges are recorded directly in "Other financial income and expenses" when the hedging relationship cannot be demonstrated under IFRS 9, or where the Group has elected not to apply hedge accounting principles.

The table below shows the Group's interest rate position, with assets, liabilities and derivatives broken down into fixed or variable rates. Financial assets include cash and cash equivalents and interest rate hedges include interest rate swaps as well as in-the-money options.

(in € million)	Carrying amount		Notional amounts by maturity		
June 30, 2022	**Assets**	**Liabilities**	**< 1 year**	**1 to 5 years**	**> 5 years**
Interest rate options	0.0	0.0	0.0	0.0	0.0
Variable rate/fixed rate swaps	6.7	0.0	350.0	137.0	0.0
Accrued premiums payable	0.0	0.0	0.0	0.0	0.0
Swaption	0.0	0.0	0.0	0.0	0.0
	6.7	**0.0**	**350.0**	**137.0**	**0.0**

(in € million)	Carrying amount		Notional amounts by maturity		
December 31, 2021	**Assets**	**Liabilities**	**< 1 year**	**1 to 5 years**	**> 5 years**
Interest rate options	0.0	0.0	0.0	0.0	0.0
Variable rate/fixed rate swaps	0.0	(3.0)	0.0	487.0	0.0
Accrued premiums payable	1.4	0.0	0.0	0.0	0.0
Swaption	6.6	0.0	700.0	0.0	0.0
	8.0	**(3.0)**	**700.0**	**487.0**	**0.0**

The impact of the valuation of the credit risk in the derivatives fair value is not material on the Group financial statements as of June 30, 2022.

Note 21 Commitments given and contingent liabilities

Commitments given

(in € million)	06/30/2022	12/31/2021
Future minimum lease payments	83.0	124.0
Debt collateral:		
■ mortgages	2.2	2.1
Other debt guarantees	111.0	94.5
Firm orders for property, plant and equipment and intangible assets	347.0	142.0
Other	1.0	1.0
TOTAL	**544.2**	**363.6**

Note 22 Related party transactions

Transactions with consolidated entities are eliminated by the consolidation process. Faurecia's business relations with non-consolidated or Equity consolidated entities are considered as non-significant.

3.

Statement by the person responsible for the 2022 half-year financial report

Statement by the person responsible for the 2022 half-year financial report

I hereby declare that, to the best of my knowledge, the condensed interim consolidated financial statements for the past six-month period have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of the company Faurecia and the consolidated companies making up the Group. I further declare that, to the best of my knowledge, the accompanying interim management report provides a true and fair view of the material events that occurred in the first six months of the financial year and their impact on the financial statements, as well as of the main related-party transactions, and sets out a description of the principal risks and uncertainties for the remaining six months of the year.

July 25, 2022

Patrick KOLLER

Chief Executive Officer

4.

Statutory Auditors' review report on the interim financial information

Statutory auditors’ review report on the half-yearly financial information

This is a free translation into English of the statutory auditors’ review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group’s half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Shareholder’s meeting and in accordance with the requirements of article L. 451-1-2 III of the French monetary and financial code (*code monétaire et financier*), we hereby report to you on:

- the review of the accompanying (condensed) half-yearly consolidated financial statements of Faurecia, for the period from January 1, 2022 to June 30, 2022;
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements were prepared under the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – standard of the IFRS as adopted by the European Union applicable to interim financial information.

2. Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review.

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

Paris La Défense, July 22, 2022

The Statutory Auditors

French original signed by

MAZARS		ERNST & YOUNG Audit	
Anne-Laure Rousselou	Grégory Derouet	Jean-Roch Varon	Guillaume Brunet-Moret

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