

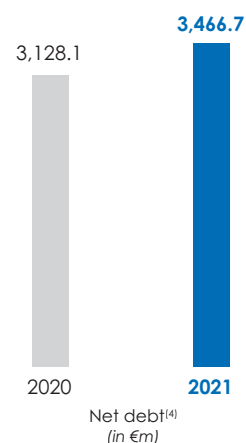
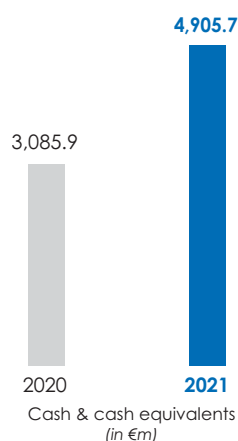
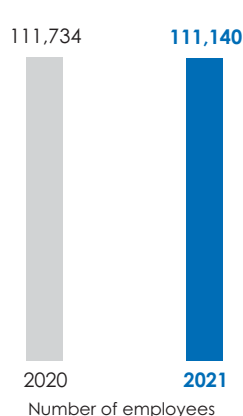
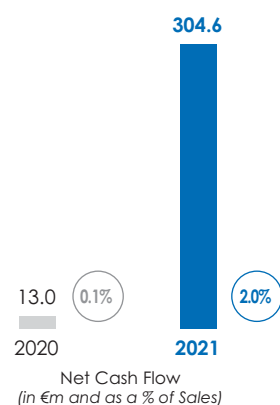
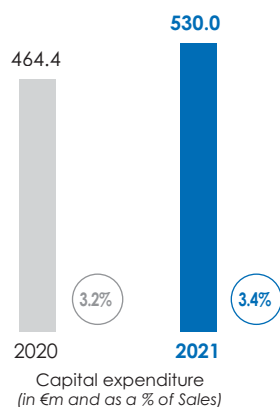
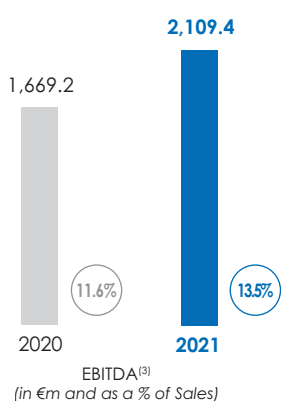
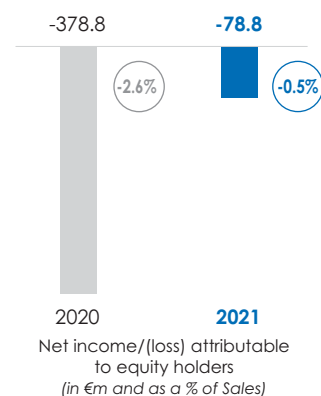
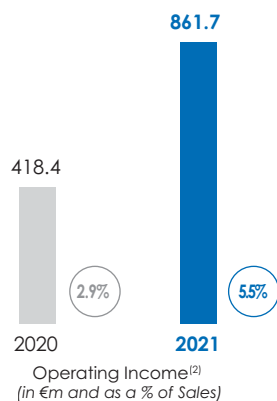
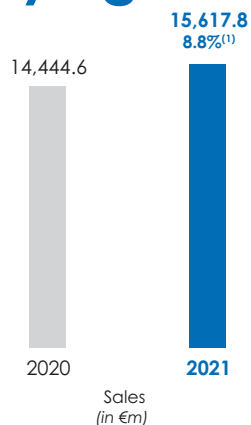
2021 ANNUAL RESULTS

FORVIA
faurecia

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Key figures*



* All results presented after application of IFRS 5 for 2020 and 2021.

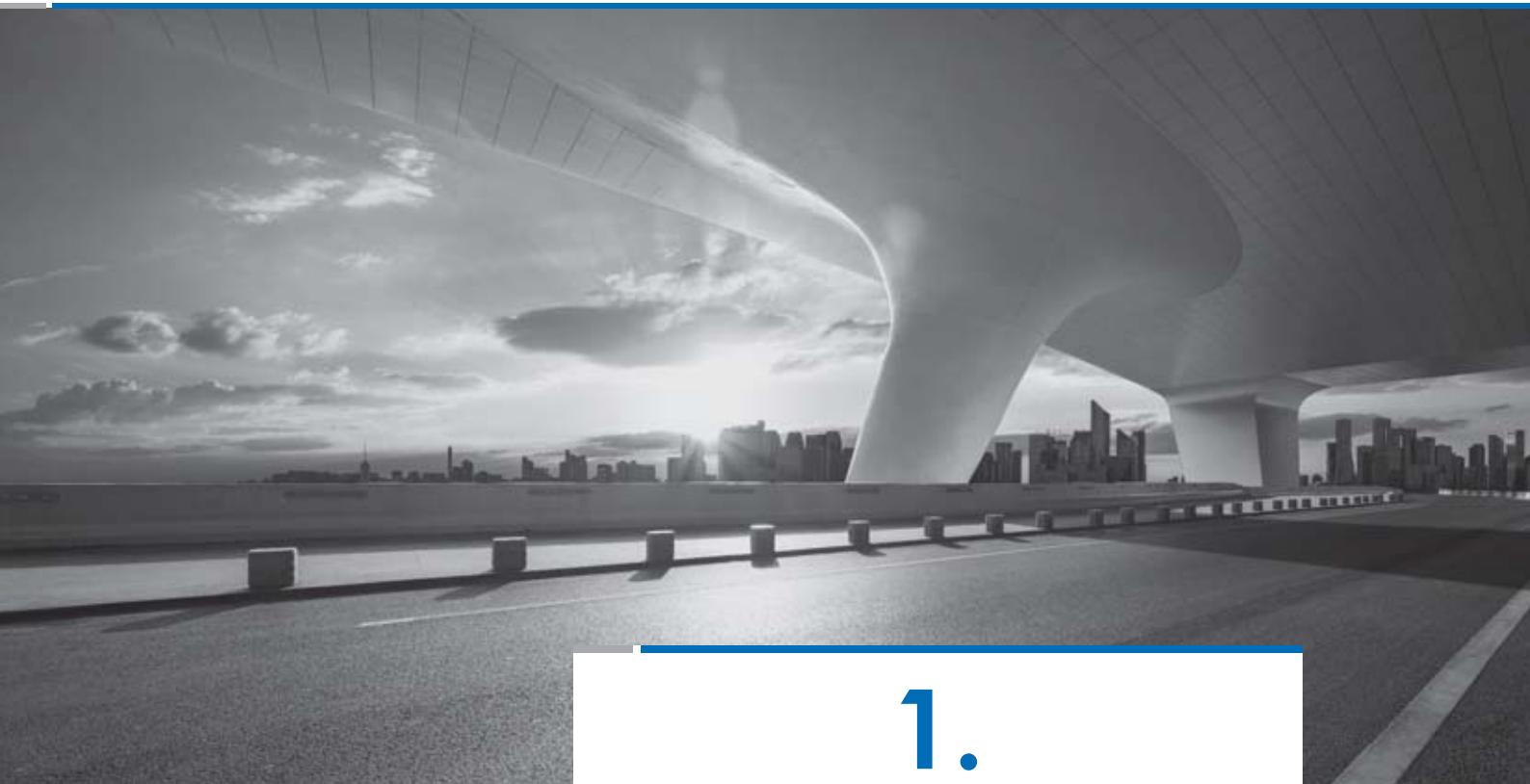
(1) At constant currencies and scope.

(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 26.1 to the consolidated financial statements.





1.

Business review

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1.1. Notable facts

Covid-19

As opposed to previous period, the operations for the year 2021 have not been significantly impacted by the sanitary crisis linked to Covid-19.

SHORTAGE OF ELECTRONICS COMPONENTS

The global shortage of semiconductors has impacted the automotive industry over the entire year 2021. The impact was stronger on the second half than on the first half, that was nevertheless already impacted by climatic conditions in Texas and a fire disaster at one of the major Japanese suppliers of semiconductors. The worldwide automotive production in 2021 amounted to 73.4 million Light Vehicles (LVs), up only 3.8% year-on-year. The difficult situation in the second half 2021, with a very low point in the third quarter (only 15.8 million LVs produced in the quarter, down 19% vs. the third quarter 2020), strongly disrupted our customer's activity during that period, generating unprecedented high volatility in OEM programs and consequent numerous and erratic production Stops & Gos for Faurecia. Volatility in OEM programs, at its peak in september and october, started to normalize as from november 2021.

The shortage of semiconductors is expected to continue at least in the first half 2022 but should gradually ease as from the second half 2022 and the global situation should return to normal in 2023.

DISCONTINUED ACTIVITIES

On October 31st 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, for an enterprise value of €80 million. According to the sale contract, the calculation of prospective price adjustments based on Acoustic Soft Trim accounts on transaction date is ongoing; no significant impact is expected on Group financial statements. On December 31, 2021, the loss on disposal after tax has been booked in "net income of discontinued operations".

In accordance with IFRS 5, net income of discontinued operations presented in the consolidated statement of comprehensive income amounted to €-96.5 million including the operations of the business Acoustic Soft Trim from February 1, 2021 to October 31, 2021 as well as the net loss on disposal related to this activity and the directly incrementable expenses related to the sale.

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 Frankfurt 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 1.09% of HELLA shares. Faurecia holds 80.6% of HELLA shares at that date.

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.

The new Group will become a major technology player focused on six activities. Five of which, Electronics, Lighting, Seating, Interiors, Clean Mobility, will each exceed €3 billion of sales. The newly created Business Group, Lifecycle Solutions, will quickly grow to reach a leading position.

1.2. Main events

January 2021

- Faurecia is extending its collaboration with Microsoft to accelerate the Faurecia group's transition to a fully Cloud-based IT infrastructure and further strengthen Faurecia's agility and resilience.

In 2019, Faurecia started collaborating with Microsoft to build services for the Cockpit of the Future, building personalized, connected and upgradeable services. The transition to a Cloud-based IT infrastructure ensures that Faurecia's product offer is adapted to the use cases of the future.

- Faurecia announced the resignation of Olivia Larmaraud, Grégoire Olivier and Philippe de Rovira from its Board of Directors, with immediate effect on January 12, 2021. All three had been Board members nominated by PSA. These resignations come as a result of the commitments made by PSA and FCA in the context of their merger operation.

After this resignation, the Board of Directors of Faurecia is comprised of 12 Board members of whom 80% are independent (excluding the two Board members representing employees).

Also in accordance with its commitments, PSA converted all of its shareholding in Faurecia into bearer shares thereby losing the associated double voting rights.

- Faurecia announced that following approval from the appropriate regulatory bodies it has completed the acquisition from DAS Corporation of 50% of their joint venture with BAIC, Beijing BAI DAS Automotive System Co., Ltd.

February 2021

- Faurecia announced that it has acquired a majority of CLD, one of China's largest high-pressure tank manufacturers. The transaction will be completed once regulatory approvals are obtained in China.

- On February 3, 2021, an additional issue for €190 million of 2.37% senior notes due 2027 through a private placement. Faurecia priced the New Notes at 100.75% of par, or a yield of 2.26%. The proceeds of the issuance of the New Notes will be used for general corporate purposes.

- Faurecia and Renault group announced their decision to collaborate on hydrogen storage systems for hydrogen light commercial vehicles.

Starting at the end of 2021, Faurecia will supply hydrogen storage systems for a first fleet of light commercial vehicles.

- At its Capital Markets Day held on February 22, Faurecia demonstrated its strong profitable growth potential across each of its Business Groups driven by record order intake and innovation. Faurecia detailed its 2022 financial targets and 2025 ambition for the Group and each of its Business Groups. The Group also highlighted its strong focus on zero emissions hydrogen solutions and its ESG strategy, in particular its CO₂ neutral program.

March 2021

- Stellantis' shareholders approved the conditional distribution of a maximum of 54,297,006 Faurecia ordinary shares (representing 39.3% of the capital) on the basis of 0.017029 ordinary shares of Faurecia for each ordinary share of Stellantis.

This distribution will increase Faurecia's free float to around 85%, significantly enhance its visibility in the capital markets and allow the Group to affirm its strategy as an independent company.

- Palantir Technologies Inc. (NYSE:PLTR) announced it has entered into a six-year strategic partnership with Faurecia, one of the world's leading automotive technology companies, to accelerate its digital transformation and ambition to be CO₂ neutral.

Palantir Foundry was designed to help organizations integrate disparate data sources and make the best possible use of their data. Faurecia will use Palantir's Foundry software to gain further insight into its data, from manufacturing to purchasing, from engineering to finances.

- Faurecia priced the 2029 Green Notes at 2.375%. The Green Notes are the inaugural issue of green bonds under Faurecia's Green Bond Framework established in March 2021.

Faurecia will use the net proceeds of the offering of the Green Notes to finance or refinance, in whole or in part, eligible green projects in accordance with its green bond framework.

- Faurecia announced the construction of a new industry 4.0 platform in the Bourgogne-Franche-Comté region of France for a total cost of €165 million. Employing over 1,000 people in the long term, the new site will produce seats, innovative solutions for reducing vehicle emissions, and hydrogen storage systems.

The new site will be equipped with the latest digital manufacturing technologies and will be a benchmark for CO₂ emissions reduction.

- Stellantis and Faurecia have collaborated to equip its new zero-emission ranges of light commercial vehicles with hydrogen storage systems, as well as fuel cell stacks through Symbio, Faurecia's joint venture with Michelin.

April 2021

- Faurecia signed an exclusive advisory contract with Schneider Electric to procure offsite renewable electricity as part of its CO₂ neutral program. Under the agreement, Faurecia will benefit from Schneider Electric's support in the development and deployment of competitive processes for power purchase agreement sourcing to cover all Faurecia sites in Europe, North America, China and Brazil.
- Faurecia revealed disruptive innovations at the Shanghai Auto Show, designed for the needs of Chinese consumers enabling a safe, comfortable, and connected on-board experience. The Group also showcased ultra-low emissions technologies and zero emissions hydrogen solutions for passenger and commercial vehicles.
- Faurecia successfully completed the final closing of its acquisition of CLD, one of the leading Chinese manufacturers of hydrogen tanks. Headquartered in ShenYang, CLD has around 200 employees and two plants in Liaoning with a capacity of 30,000 tanks per year.

CLD, which has significant growth potential in the China market, has also been recently certified by the Chinese central government as the first domestic producer of Type IV hydrogen tanks. Unlike Type III tanks, which use an aluminum liner instead of a plastic one, Type IV tanks are lighter and thus better suited to mobility applications. Through the acquisition of CLD and thanks to the certification of Type IV tanks, Faurecia will further energize its momentum for hydrogen mobility in China.

May 2021

- Faurecia has been awarded a contract by SAIC to provide hydrogen tanks for a large fleet of commercial vehicles.

This latest award from the largest automobile manufacturer in China enables Faurecia to confirm an order intake of over €250 million lifetime sales to date, on track with the objective to reach the target of €500 million order intake in 2021 for zero emission hydrogen solutions.

- Faurecia signed on May 28 an Amend & Extend agreement of its syndicated credit line, initially signed in December 2014 and already amended in June 2016 and June 2018.

This new agreement increases the total amount of the credit line, which is undrawn, from €1.2 to €1.5 billion, enabling the Group to reinforce its long-term financial resources and flexibility.

The agreement extends the maturity of the credit line to five years, from June 2023 to May 2026, with two one-year extension options until May 2028. It also improves the other terms and conditions of the credit line.

The interest rate of the credit line will vary depending upon the reduction of Faurecia's CO₂ emissions between 2019 and 2025, where the Group aims at being CO₂ neutral for its scopes 1 & 2.

June 2021

- Faurecia has acquired designLED. The Scotland-based company, specialized in advanced backlighting technologies, will strengthen Faurecia's offer for display technologies and enrich its immersive experiences for the Cockpit of the Future
- Faurecia inaugurated a new industrial site in Togliatti, in the Samara region. The city will thus be home to both its largest site in Russia and its regional headquarters, building on the Group's six sites across the country and energizing its momentum for this dynamic market.

This new scalable and modifiable site will enable the Group to expand its industrial capacity and cover all elements of complete seat systems, including covers, foams, and metal welding. It will also be equipped with the latest technologies for CO₂ emissions reduction, in line with the Group's CO₂ neutrality objectives for controlled emissions by 2025.

- Faurecia announced the large success of its first employee share ownership plan, as the subscription period ended on June 25. More than 22% of the employees across 15 countries have expressed their wish to invest in Faur'ESO 2021, marking a large success for a first operation.

July 2021

- Faurecia has announced the creation of a new division to develop and manufacture cutting-edge sustainable and smart materials.

The new division benefits from Interiors' and Faurecia Seating's leading market positions and unique portfolios in materials with ultra-low and negative CO₂ emissions, as well as materials integrating thermal, acoustic and bio-medical technologies.

Leveraging Faurecia's global footprint, the Sustainable Materials division will work across Business Groups and propose a full cockpit low CO₂ and even CO₂ negative materials approach to OEMs in order to support their sustainability objectives. Faurecia capitalizes on its experiences of formulating bio-sourced materials and their transformation expertise including low variability management.

Faurecia is planning to build a dedicated Sustainable Materials R&D Center and a Pilot plant both operational in 2022. This new entity will initially employ 125 engineers and over 400 in 2030.

September 2021

- Faurecia has announced that it has acquired the intellectual property assets of uMist Ltd., a Swedish startup specialized in biomimetic spray technology, to accelerate its technology leadership for commercial vehicles ultra-low emissions.
- Faurecia has selected Swedish steel maker SSAB, to partner for fossil-free high strength steel for use in its Seating Business.

This partnership makes Faurecia the first automotive supplier to explore fossil-free steel with SSAB and marks a major milestone on its CO₂ Neutrality journey. Faurecia has secured SSAB fossil-free steel to start equipping its seating structures from 2026 onwards.

- Faurecia has selected ENGIE to become a partner, supporting Faurecia in its commitment to reach CO₂ neutrality for scopes 1 and 2 by 2025. Under this partnership, ENGIE, a world leader in lowcarbon energy and services, provide energy solutions to be deployed across 100+ Faurecia sites worldwide by mid-2022.

As a new step on Faurecia's CO₂ Neutrality journey, ENGIE accompany Faurecia through the deployment of energy saving equipment & methodology solutions in Europe, China, Brazil & Mexico, enabling 15% reduction of site energy consumption out of a reference of around 600 GWh. Reducing energy consumption by adopting innovative digital solutions for efficiency is in line with the Faurecia's CO₂ Neutrality roadmap and particularly its "Use Less" approach.

- Faurecia has become a member of Entreprises pour l'Environnement (EpE). EpE is a French association bringing together more than 60 French and international companies from all business sectors, willing to better include the environment in their strategy and business decisions. As the world is currently mobilized for the Climate Week, Faurecia's membership marks a new step in the Group's environmental commitment, in particular through its ambitious roadmap towards CO₂ neutrality.
- Faurecia has earned a 2021 Automotive News PACE Award for its IRYStec Perceptual Display Platform Vision (PDP Vision) solution.

October 2021

- Air Liquide and Faurecia has announced, on October 12, the signature of a joint development agreement to design and produce on-board liquid hydrogen storage systems for the automotive industry. Through this technology partnership, the two companies will accelerate the deployment of zero-emission heavy-duty mobility.

November 2021

- Faurecia has announced that it has signed the letter led by the "We Mean Business" coalition calling on the G20 to maintain the 1.5°C commitment of the Paris Agreement.

As such, all members of the "We Mean Business" coalition are committed to achieving net zero emissions by mid-century, consistent with global efforts to limit global warming to 1.5°C. These objectives are in line with Faurecia's CO₂ neutrality trajectory, already validated by SBTi (Science Based Targets initiative).

- Faurecia has successfully placed €1,200 millions of senior sustainability linked notes due to 2027.

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 and as mentioned earlier, 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.

At the next shareholders' meeting, Dr Jürgen Behrend, a former HELLA CEO, will be proposed to join Faurecia's Board of Directors as a representative of the Family pool, underlining its strong commitment to the combined Group's strategy and outlook.

February 2022

- On February 7, 2022, Faurecia launched FORVIA, the new company name combining Faurecia and HELLA, representing the 7th largest automotive technology supplier.

As detailed in a press release issued on that day, FORVIA will be structured around six Business Groups with leading positions, all with full accountability, consolidating Product Lines and Regional Divisions.

Five of them, "Seating", "Interiors", "Clean Mobility", "Electronics" and "Lighting", have sales already exceeding 3 billion euros while the newly-created "Lifecycle Solutions" will grow this segment to a leading position. "Seating", "Interiors", "Clean Mobility" will be based in Nanterre (France) and "Electronics", "Lighting" and "Lifecycle Solutions" will be based in Lippstadt (Germany).

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.

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

1.3. Automotive production

Worldwide automotive production increased by 3.8% from 2020 to 2021. It decreased in Europe (including Russia) by 4.4%, increased in North America by 0.2%, in Asia by 7.4% (of which an increase of 7.0% in China) and in South America by 16.1%.

The data related to automotive production and volume evolution in 2021 is based on IHS Markit Automotive reported dated February 2022 (vehicles segment in line with CAAM for China).

Automotive production and volume evolution from 2020 to 2021

	Q1	Q2	H1	Q3	Q4	H2	FY
Europe	0.7%	83.8%	27.6%	-31.6%	-24.2%	-27.6%	-4.4%
North America	-4.4%	131.4%	31.9%	-26.5%	-14.4%	-20.6%	0.2%
Asia	33.1%	24.9%	29.0%	-11.7%	-4.0%	-7.5%	7.4%
China	83.7%	-3.4%	27.1%	-12.5%	-0.1%	-5.7%	7.0%
South America	3.4%	301.2%	61.6%	-11.5%	-7.8%	-9.5%	16.1%
Rest of the world	16.4%	56.4%	32.5%	4.8%	0.3%	2.4%	15.6%
TOTAL	14.4%	53.8%	30.2%	-18.8%	-10.5%	-14.4%	3.8%

1.4. Sales

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

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

In 2021, there was no effect from "bolt-on acquisitions"; as a result, "Growth at constant currencies" is equivalent to sales growth at constant scope and currencies also presented as organic growth.

<i>(in € millions)</i>	H2 2021	Currencies	Scope Effect	At constant scope & currencies	H2 2020
Product Sales	7,294.5	127.1	0.0	(696.3)	7,863.6
Var in%	-7.2%	1.6%	0.0%	-8.9%	
Tooling. Prototypes and Other Services	540.8	4.8	0.0	39.2	496.8
Var in%	8.8%	1.0%	0.0%	7.9%	
SALES	7,835.3	131.9	0.0	(657.1)	8,360.4
VAR IN%	-6.3%	1.6%	0.0%	-7.9%	

<i>(in € millions)</i>	FY 2021	Currencies	Scope Effect*	At constant scope & currencies	FY 2020
Product Sales	14,572.7	(150.4)	59.7	1,227.2	13,436.3
Var in%	8.5%	-1.1%	0.4%	9.1%	
Tooling. Prototypes and Other Services	1,045.1	(13.2)	0.0	49.9	1,008.3
Var in%	3.6%	-1.3%	0.0%	5.0%	
SALES	15,617.8	(163.6)	59.7	1,277.2	14,444.6
VAR IN%	8.1%	-1.1%	0.4%	8.8%	

* Scope effect includes SAS sales from January 2021.

Sales of products (parts, components and R&D sold to manufacturers) reached €14,572.7 million in 2021 compared to €13,436.3 million in 2020. This represents an increase of 8.5% on a reported basis and 9.1% at constant scope & currencies.

Sales of tooling, prototypes and other services reached €1,045.1 million in 2021 compared to €1,008.3 million in 2020. This represents an increase of 3.6% on a reported basis and 5.0% at constant scope & currencies.

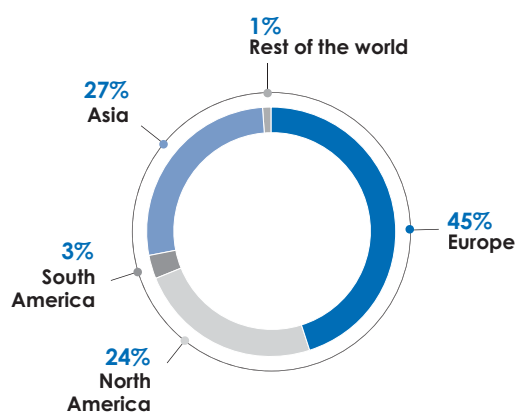
Sales reached €15,617.8 million in 2021 compared to €14,444.6 million in 2020. This represents an increase of 8.1% on a reported basis and 8.8% at constant scope & currencies.

1.4.1. Sales by region

(in € millions)	H2 2021	Scope Effect	H2 2020	Reported	At constant scope & currencies	Automotive Production
Europe	3,190.6	0.0	3,820.9	-16.5%	-16.2%	-27.6%
North America	1,944.7	0.0	2,157.0	-9.8%	-11.3%	-20.6%
Asia	2,309.1	0.0	2,057.7	12.2%	7.7%	-7.5%
O/w China	1,764.7	0.0	1,539.1	14.7%	8.0%	-5.7%
South America	296.2	0.0	241.6	22.6%	19.4%	-9.5%
Rest of the world	94.7	0.0	83.2	13.7%	3.1%	2.4%
TOTAL	7,835.3	0.0	8,360.4	-6.3%	-7.9%	-14.4%

(in € millions)	FY 2021	Scope Effect*	FY 2020	Reported	At constant scope & currencies	Automotive Production
Europe	6,996.1	35.4	6,762.5	3.5%	3.7%	-4.4%
North America	3,724.6	16.7	3,631.5	2.6%	5.8%	0.2%
Asia	4,166.5	7.0	3,528.1	18.1%	16.3%	7.4%
O/w China	3,117.4	7.0	2,562.7	21.6%	17.7%	7.0%
South America	543.5	0.6	398.2	36.5%	48.7%	16.1%
Rest of the world	187.1	0.0	124.3	50.6%	40.2%	15.6%
TOTAL	15,617.8	59.7	14,444.6	8.1%	8.8%	3.8%

* Scope effect includes SAS sales from January 2021.



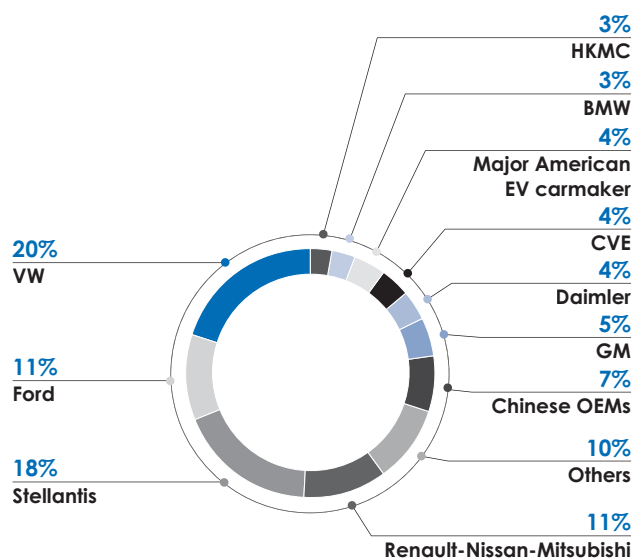
Sales by region in 2021 were as follows:

- in Europe, sales reached €6,996.1 million (45% of total sales), compared to €6,762.5 million in 2020. This represents an increase of 3.5% on a reported basis and 3.7% at constant scope and currencies. This is to be compared to a -4.4% downturn in production market in Europe;
- in North America, sales reached €3,724.6 million (24% of total sales), compared to €3,631.5 million in 2020. This represents an increase of 2.6% on a reported basis and 5.8% at constant scope and currencies. This is to be compared to a 0.2% upturn in production market in North America;

- in Asia, sales reached €4,166.5 million (27% of total sales), compared to €3,528.1 million in 2020. This represents an increase of 18.1% on a reported basis and 16.3% at constant scope and currencies. This is to be compared to a 7.4% upturn in production market in Asia. In China, sales reached €3,117.4 million, compared to €2,562.7 million in 2020. This represents an increase of 21.6% on a reported basis and 17.7% at constant scope and currencies. This is to be compared to a 7.0% upturn in production market in China;
- in South America, sales reached €543.5 million (3% of total sales), compared to €398.2 million in 2020. This represents an increase of 36.5% on a reported basis and 48.7% at constant scope and currencies. This is to be compared to a 16.1% upturn in production market in South America;
- in the rest of the world (mainly South Africa), sales reached to €187.1 million (1% of total sales), compared to €124.3 million in 2020. This represents an increase of 50.6% on a reported basis and 40.2% at constant scope & currencies. This is to be compared to a 15.6% upturn in production market in the rest of the world:

Worldwide sales reached €15,617.8 million, compared to €14,444.6 million in 2020. This represented an increase of 8.1% on a reported basis and 8.8% at constant scope and currencies. This is to be compared to a 3.8% upturn in worldwide automotive production market (source IHS Markit dated February 2022).

1.4.2. Sales by customer



In 2021, sales to Faurecia four main customers (VW, Stellantis, Ford, Renault-Nissan – Mitsubishi) totaled to €9,404.5 million or 60.2% compared to 63.6% in 2020:

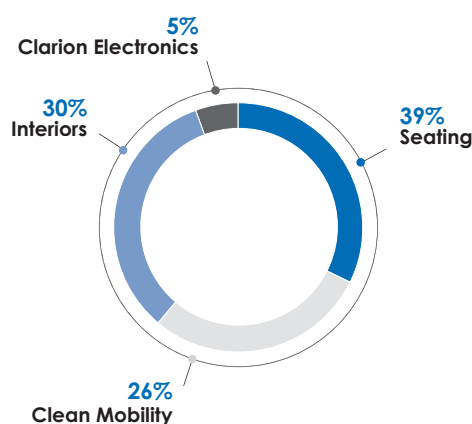
- sales to the VW group totaled €3,122.0 million, accounting for 20.0% of Faurecia's total sales. They increased by 2.4% on a reported basis and by 1.3% at constant scope & currencies compared to 2020;
- sales to the Stellantis group totaled €2,882.1 million, accounting for 18.5% of Faurecia's total sales. They increased by 10.5% on a reported basis and by 12.1% at constant scope & currencies compared to 2020;
- sales to the Ford group totaled 1,743.4 million, accounting for 11.2% of Faurecia's total sales. They decreased by 7.7% on a reported basis and by 4.0% at constant scope & currencies compared to 2020;
- sales to the Renault-Nissan – Mitsubishi group totaled €1,657.1 million, accounting for 10.6% of Faurecia's total sales. They increased by 0.9% on a reported basis and by 3.3% at constant scope & currencies compared to 2020;
- sales to the Chinese OEMs totaled €1,035.4 million, accounting for 6.6% of total sales. They increased by 44.2% on a reported basis and by 39.9% at constant scope & currencies compared to 2020;
- sales to the General Motors group totaled €725.0 million, accounting for 4.6% of total sales. They decreased by 5.0% on a reported basis and by 2.7% at constant scope & currencies compared to 2020;
- sales to a major American EV carmaker totaled €680.1 million, accounting for 4.4% of total sales. They increased by 70.0% on a reported basis and by 67.3% at constant scope & currencies compared to 2020;
- sales to the CVE group (notably Cummins corporation) totaled €642.9 million, accounting for 4.1% of total sales. They increased by 33.3% on a reported basis and by 35.0% at constant scope & currencies compared to 2020.

1.4.3. Sales by Business Group

(in € millions)	H2 2021	Scope Effect	H2 2020	Reported	At constant scope & currencies
Seating	3,082.1		3,288.9	-6.3%	-8.2%
Interiors	2,264.8	0.0	2,498.9	-9.4%	-10.2%
Clean Mobility	2,050.8		2,176.9	-5.8%	-7.8%
Clarion Electronics	437.6		395.7	10.6%	9.3%
TOTAL	7,835.3	0.0	8,360.4	-6.3%	-7.9%

(in € millions)	FY 2021	Scope Effect*	FY 2020	Reported	At constant scope & currencies
Seating	6,048.7		5,559.6	8.8%	9.1%
Interiors	4,640.6	59.7	4,335.2	7.0%	7.7%
Clean Mobility	4,090.9		3,823.3	7.0%	8.2%
Clarion Electronics	837.6		726.5	15.3%	17.5%
TOTAL	15,617.8	59.7	14,444.6	8.1%	8.8%

* Scope effect includes SAS sales from January 2021.



Sales by Business Group in 2021 were as follows:

- Seating totaled €6,048.7 million sales, up 8.8% on a reported basis and up 9.1% at constant scope & currencies compared to 2020;
- Interiors totaled €4,640.6 million sales, up 7.0% on a reported basis and up 7.7% at constant scope & currencies compared to 2020;
- Clean Mobility totaled €4,090.9 million sales, up 7.0% on a reported basis and up 8.2% at constant scope & currencies compared to 2020;
- Clarion Electronics totaled €837.6 million sales, up 15.3% on a reported basis and up 17.5% at constant scope & currencies compared to 2020.

1.5. Operating income

In 2021:

- the operating income before amortization of acquired intangible assets totaled €861.7 million (5.5% of sales), compared to €418.4 million (2.9% of sales) in 2020;
- gross expenditures for R&D totaled €1,218.9 million, or 7.8% of sales, compared to €1,178.1 million, or 8.2% of sales in 2020. The portion of R&D expenditure capitalized amounted to €875.4 million, compared to €836.4 million in 2020. The R&D capitalization ratio represented 71.8% of total R&D expenditure, whereas it represented 71.0% over the same period in 2020;
- the net R&D expenses reached €330.9 million (2.1% of sales) compared to €341.7 million in 2020 (2.4% of sales);
- selling and administrative expenses reached €690.8 million (4.4% of sales), compared to €712.9 million (4.9% of sales) in 2020;
- EBITDA – which represents operating income before depreciation, amortization and provisions for impairment of property, plant and equipment and capitalized R&D expenditures – totaled €2,109.4 million (13.5% of sales), to be compared to €1,669.2 million (11.6% of sales) in 2020.

1.5.1. By region

(in € millions)	H2 2021			H2 2020		
	Sales	Operating Income	%	Sales	Operating Income	%
Europe	3,190.6	86.0	2.7%	3,820.9	183.3	4.8%
North America	1,944.7	(11.8)	-0.6%	2,157.0	116.9	5.4%
Asia	2,309.1	256.3	11.1%	2,057.7	207.7	10.1%
South America	296.2	13.2	4.4%	241.6	8.2	3.4%
Rest of the world	94.7	8.2	8.7%	83.2	1.8	2.2%
TOTAL	7,835.3	351.9	4.5%	8,360.4	517.9	6.2%

(in € millions)	FY 2021			FY 2020		
	Sales	Operating Income	%	Sales	Operating Income	%
Europe	6,996.1	292.0	4.2%	6,762.5	84.9	1.3%
North America	3,724.6	48.8	1.3%	3,631.5	33.4	0.9%
Asia	4,166.5	457.7	11.0%	3,528.1	308.4	8.7%
South America	543.5	43.5	8.0%	398.2	(5.6)	-1.4%
Rest of the world	187.1	19.7	10.5%	124.3	(2.7)	-2.2%
TOTAL	15,617.8	861.7	5.5%	14,444.6	418.4	2.9%

The operating income in 2021 compared to 2020 increased by €443.3 million:

- in Europe, the operating income increased by €207.1 million to reach €292.0 or 4.2% of sales. This is to be compared to €84.9 million or 1.3% in 2020;
- in North America, the operating income increased by €15.4 million to reach €48.8 or 1.3% of sales. This is to be compared to €33.4 million or 0.9% in 2020;
- in Asia, the operating income increased by €149.3 million to reach €457.7 million or 11.0% of sales. This is to be compared to €308.4 million or 8.7% in 2020;

- in South America, the operating income increased by €49.2 million to reach €43.5 million or 8.0% of sales. This is to be compared to €-5.6 million or -1.4% in 2020;
- in the rest of the world (South Africa), the operating margin increased by €22.4 million to reach €19.7 million or 10.5% of sales. This is to be compared to €-2.7 million or -2.2% in 2020. .

1.5.2. By Business Group

<i>(in € millions)</i>	H2 2021			H2 2020		
	Sales	Operating Income	%	Sales	Operating Income	%
Seating	3,082.1	88.4	2.9%	3,288.9	212.4	6.5%
Interiors Segment	2,264.8	73.1	3.2%	2,498.9	111.0	4.4%
Clean Mobility	2,050.8	191.1	9.3%	2,176.9	190.4	8.7%
Clarion Electronics	437.6	(0.7)	-0.1%	395.7	4.1	1.0%
TOTAL	7,835.3	351.9	4.5%	8,360.4	517.9	6.2%

<i>(in € millions)</i>	FY 2021			FY 2020		
	Sales	Operating Income	%	Sales	Operating Income	%
Seating	6,048.7	284.8	4.7%	5,559.6	189.8	3.4%
Interiors Segment	4,640.6	189.9	4.1%	4,335.2	33.1	0.8%
Clean Mobility	4,090.9	388.7	9.5%	3,823.3	200.5	5.2%
Clarion Electronics	837.6	(1.7)	-0.2%	726.5	(5.0)	-0.7%
TOTAL	15,617.8	861.7	5.5%	14,444.6	418.4	2.9%

The operating income in 2021 compared to 2020 increased by €443.3 million:

- Seating operating income amounted to €284.8 million (4.7% of sales) compared to €189.8 million in 2020 (3.4% of sales);
- Interiors operating income amounted to €189.9 million (4.1% of sales) compared to €33.1 million in 2020 (0.8% of sales);
- Clean Mobility operating income amounted to €388.7 million (9.5% of sales) compared to €200.5 million in 2020 (5.2% of sales);
- Clarion Electronics operating income amounted to €-1.7 million (-0.2% of sales) compared to €-5.0 million in 2020 (-0.7% of sales).

1.6. Net income

The net income group share is a loss of €78.8 million, or -0.5% of sales in 2021. This is to be compared to a loss of €378.8 million or -2.6% of sales in 2020. It represented an increase of €300.0 million.

In 2021:

- the amortization of intangible assets acquired represented an expense of €92.6 million compared to an expense of €91.7 million in 2020;
- the "other non-recurring operating income and expenses" represented an expense of €238.5 million, compared to an expense of €276.5 million in 2020. This item included €196.3 million in restructuring charges compared to an expense of €285.5 million in 2020;
- financial income amounted to €32.0 million, compared to €20.9 million in 2020. Financial costs totaled €239.3 million, versus €202.7 million in 2020;
- other financial income and expense represented an expense of €47.2 million compared to an expense of €36.3 million in 2020. This expense included €4.5 million from discounting pension benefit liabilities;
- the tax expense reached €138.8 million, compared to €122.3 million in 2020. It included a charge of 95.0 million due to changes in deferred tax;
- the share of net income of associates is a loss of €24.6 million, compared to a loss of €12.8 million in 2020;
- the net income from discontinued operations is a loss of €96.5 million, compared to a loss of €18.5 million in 2020 ;
- net income attributable to minority interests totaled €95.0 million. It consists of net income accruing to investors in companies in which Faurecia is not the sole shareholder, mainly in China, compared to €57.3 million in 2020.

Basic earnings per share amounted to €-0.57 (diluted net earnings per share at €-0.57) compared to €-2.75 in 2020 (diluted net earnings per share at €-2.75).

1.7. Financial structure

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

<i>(in € millions)</i>	Notes	2021	2020
Net cash flow		304.6	13.0
Acquisitions/Sales of investments and business (net of cash and cash equivalents) from continued activities	2.3	(66.1)	(251.5)
Proceed from disposal of financial assets from continued activities	2.3	0.0	0.0
Other changes from continued activities	2.3	(62.0)	(11.6)
Financing surplus (used) from discontinued operation	2.3	(66.0)	(6.9)
Surplus (used) from operating and financing activities	2.3	110.4	(257.0)

1.7.2. Net cash flow

The net cash flow was an inflow of €304.6 in 2021 compared to a net cash inflow of €13.0 million over the same period in 2020. It can be explained as follows:

- the operating margin before depreciations and amortizations of non-current assets or EBITDA reached €2,109.4 million compared to €1,669.2 million in 2020, due to the increase in operating income by €443.3 million and the decrease in depreciation and amortization by €2.9 million;
- restructuring represented cash outflows of €174.7 million compared to €124.2 million in 2020;
- net financial costs represented cash outflows of €230.3 million, versus €205.3 million in 2020;
- the change in working capital requirement, including receivables factoring, represented a positive impact of €53.0 million compared to a negative impact of €68.5 million in 2020. This change consisted in part of an increase in inventories of €203.0 million, a net increase in trade receivables of €5.0 million, a increase in trade payables of €397.3 million and a negative variation of other trade receivables and payables for €136.3 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 €530.0 million, versus €464.4 million in 2020;
- capitalized research and development costs represented cash outflows of €669.7 million, versus €612.9 million in 2020;
- income taxes represented cash outflows of €242.6 million, compared to €196.2 million in 2020;
- finally, other cash flow items represented €10.8 million in outflows, compared to €15.3 million in inflows in the 2020.

1.7.3. Net Debt

(en € millions)

	12/31/2021	12/31/2020
Net Debt	3,466.7	3,128.1

The Group's net financial debt stood at €3,466.7 million at December 31, 2021 compared to €3,128.1 million at December 31, 2020.

The net debt evolution is mainly impacted by the positive net cash flow evolution of €304.6 million, the purchase of treasury shares for €127.5 million, dividends paid for €201.2 million, the net financial investments and other cash elements inflow of €73.9 million and the negative impact of €240.6 million related to IFRS 16.

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 CO2 emissions reduction for its scopes 1 & 2. As at December 31, 2021, 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 31st of December 2021 the Bridge facility was reduced to €3,400 million, following €2,100 million of prefinancing transactions. No amount was drawn on the Facility at December 31, 2021;

The contemplated refinancing of the facility will be mainly done through bond issues, bank loans, and a rights issue for an amount up to €800 million with preferential subscription right for shareholders;

- 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;
- €909.0 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 December 31, 2021, this facility was used up to ¥20 billion.

1.8. Outlook

2022 guidance for Faurecia standalone reflects strong operating leverage and solid cash flow generation

At this stage and due to the recent closing of the HELLA acquisition, Faurecia is only guiding for its standalone scope. A full-year 2022 guidance for the combined Group (including the consolidation of HELLA as from February 1, 2022) should be released along with Q1 sales figures, on April 28, 2022.

As mentioned earlier, Faurecia's assumption for worldwide automotive production stands at 78.7m LVs with a phasing that anticipates a slight decrease year-on-year in H1 (c. -2%, mostly due to the high base of Q1 2021) and a strong year-on-year increase in H2 (up 17%, eased by the low comparable base of H2 2021 and reflecting the expected gradual easing of semiconductor shortage).

Based on this assumption, Faurecia's standalone full-year 2022 guidance is:

- Sales between €17.5bn and €18bn (vs. €15.6bn in 2021)
- Operating margin between 6% and 7% (vs. 5.5% in 2021), with H2 close to pre-Covid levels
- Net cash flow of c. €500m before HELLA acquisition impact (vs. €317m in 2021)

This guidance:

- Assumes no major lockdown impacting production or retail sales in any automotive region during the year,
- Is based on full year average currency rates of 1.15 for USD/€ and 7.50 for CNY/€,
- Includes inflation on raw materials (net impact in 2022 should not exceed that of 2021) and other costs such as wages, transportation and logistics and energy.

FORVIA is on track to deliver on synergies and ambitions

Cost synergies identified during the pre-closing phase (between August 14, 2021 and January 31, 2022) are now upgraded to above €250 million EBITDA run-rate (vs. above €200 million announced on August 14, 2021) with a P&L impact ramping up from 40% in 2023 to 80% in 2024 and 100% in 2025.

On top of these cost synergies, revenue synergies are expected between €300m and €400m of sales by 2025 and cash-flow optimization is expected to generate around €200m per year on average from 2022 to 2025.

FORVIA's ambition for 2025 and deleveraging trajectory (as announced on August 14, 2021) are fully confirmed:

- 2025 sales above €33 billion
- 2025 operating margin exceeding 8.5% of sales
- 2025 net cash flow of c. €1.75 billion
- Net-debt-to-EBITDA ratio at 1x at year-end 2025

As mentioned earlier, full-year 2022 guidance for the combined Group (Faurecia's accounts consolidating HELLA for 11 months as from February 1, 2022) should be released along with Q1 sales figures, on April 28, 2022.

A Capital Markets Day will be held in H2 2022 that will provide a strategic presentation and detailed financial perspective for FORVIA until 2025.

1

Business review

Outlook



2.

Consolidated financial statements

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2.1. Consolidated statement of comprehensive income

<i>(in € million)</i>	Notes	2021	2020 restated*
SALES	4	15,617.8	14,444.6
Cost of sales	5	(13,734.4)	(12,971.6)
Research and development costs	5	(330.9)	(341.7)
Selling and administrative expenses	5	(690.8)	(712.9)
OPERATING INCOME (BEFORE AMORTIZATION OF ACQUIRED INTANGIBLE ASSETS)	4	861.7	418.4
Amortization of intangible assets acquired in business combinations	11	(92.6)	(91.7)
OPERATING INCOME (AFTER AMORTIZATION OF ACQUIRED INTANGIBLE ASSETS)		769.1	326.7
Other non-recurring operating income	6	6.0	180.7
Other non-recurring operating expense	6	(244.5)	(457.2)
Income from loans, cash investments and marketable securities		32.0	20.9
Finance costs	7	(239.3)	(202.7)
Other financial income and expense	7	(47.2)	(36.3)
INCOME BEFORE TAX OF FULLY CONSOLIDATED COMPANIES		276.1	(167.9)
Taxes	8	(138.8)	(122.3)
<i>of which deferred taxes</i>	8	95.0	57.6
NET INCOME (LOSS) OF FULLY CONSOLIDATED COMPANIES		137.3	(290.2)
Share of net income of associates	13	(24.6)	(12.8)
NET INCOME FROM CONTINUED OPERATIONS		112.7	(303.0)
NET INCOME FROM DISCONTINUED OPERATIONS	2.1	(96.5)	(18.5)
CONSOLIDATED NET INCOME (LOSS)		16.2	(321.5)
Attributable to owners of the parent		(78.8)	(378.8)
Attributable to minority interests from continued operations	23	95.0	57.3
Attributable to minority interests from discontinued operations		0.0	0.0
Basic earnings (loss) per share (in €)	9	(0.57)	(2.75)
Diluted earnings (loss) per share (in €)	9	(0.57)	(2.75)
Basic earnings (loss) from continued operations per share (in €)	9	0.13	(2.62)
Diluted earnings (loss) from continued operations per share (in €)	9	0.13	(2.62)
Basic earnings (loss) from discontinued operations per share (in €)	9	(0.70)	(0.13)
Diluted earnings (loss) from discontinued operations per share (in €)	9	(0.70)	(0.13)

* Cf. Note 1.C.

Other comprehensive income

<i>(in € million)</i>	Notes	2021	2020 restated*
CONSOLIDATED NET INCOME (LOSS)		16.2	(321.5)
Amounts to be potentially reclassified to profit or loss from continued operations		259.4	(333.3)
Gains (losses) arising on fair value adjustments to cash flow hedges		3.9	(2.3)
<i>of which recognized in equity</i>		10.9	(14.3)
<i>of which transferred to net income (loss) for the period</i>		(7.0)	12.0
Exchange differences on translation of foreign operations		256.6	(331.9)
Tax impact		(1.1)	0.9
Amounts not to be reclassified to profit or loss from continued operations		45.1	(38.1)
Actuarial gain/(loss) on post-employment benefit obligations	25	54.1	(47.3)
Tax impact		(9.0)	9.2
Other comprehensive income from discontinued operations		6.5	(6.0)
TOTAL COMPREHENSIVE INCOME (EXPENSE) FOR THE PERIOD		327.2	(698.9)
Attributable to owners of the parent		196.9	(736.9)
Attributable to minority interests		130.3	38.0

* Cf. Note 1.C.

2.2. Consolidated balance sheet

Assets

<i>(in € million)</i>	Notes	2021	2020
Goodwill	10	2,236.2	2,195.9
Intangible assets	11	2,800.4	2,668.0
Property, plant and equipment	12A	2,802.4	2,813.3
Right-of-use assets	12B	950.9	913.3
Investments in associates	13	150.8	177.4
Other equity interests	14	88.0	53.8
Other non-current financial assets	15	98.0	104.7
Other non-current assets	16	122.3	70.5
Deferred tax assets	8	540.6	475.4
TOTAL NON-CURRENT ASSETS		9,789.6	9,472.3
Inventories, net	17	1,657.6	1,431.3
Contract assets		273.5	248.0
Trade accounts receivables	18	3,468.1	3,237.1
Other operating receivables	19	473.6	363.4
Other receivables	20	1,094.9	856.4
Other current financial assets	30	11.9	2.6
Cash and cash equivalents	21	4,905.7	3,091.4
TOTAL CURRENT ASSETS		11,885.3	9,230.2
TOTAL ASSETS		21,674.9	18,702.5

Liabilities

<i>(in € million)</i>	<i>Notes</i>	2021	2020
EQUITY			
Capital	22	966.3	966.3
Additional paid-in capital		605.2	632.8
Treasury stock		(4.0)	(19.1)
Retained earnings		1,974.7	2,449.2
Translation adjustments		(34.3)	(254.7)
Net income (loss)		(78.8)	(378.8)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENTS		3,429.1	3,395.7
Minority interests	23	386.3	331.4
TOTAL SHAREHOLDERS' EQUITY		3,815.4	3,727.1
Non-current provisions	25	447.3	515.3
Non-current financial liabilities	26	6,333.6	4,222.8
Non-current lease liabilities	26	833.1	794.0
Other non-current liabilities		5.6	1.9
Deferred tax liabilities	8	44.1	82.0
TOTAL NON-CURRENT LIABILITIES		7,663.7	5,616.0
Current provisions	24	288.4	315.4
Current financial liabilities	26	1,018.8	1,023.1
Current portion of lease liabilities	26	198.8	182.2
Prepayments on customers contracts		740.2	605.7
Trade payables	27	6,693.2	6,016.4
Accrued taxes and payroll costs	27	779.1	771.9
Sundry payables	28	477.3	444.7
TOTAL CURRENT LIABILITIES		10,195.8	9,359.4
TOTAL EQUITY AND LIABILITIES		21,674.9	18,702.5

2.3. Consolidated cash flow statement

(in € million)	Notes	2021	2020 restated*
I- OPERATING ACTIVITIES			
Operating income (before amortization of acquired intangible assets)		861.7	418.4
Depreciations and amortizations of assets	5.5	1,247.7	1,250.8
<i>o/w depreciations and amortizations of R&D assets</i>	5.5	487.5	518.4
<i>o/w other depreciations</i>		760.2	732.4
EBITDA		2,109.4	1,669.2
Operating current and non-current provisions		(47.5)	11.0
Capital (gains) losses on disposals of operating assets		(4.1)	2.0
Paid restructuring		(174.7)	(124.2)
Paid finance costs net of income		(230.3)	(205.3)
Other non-recurring operating income and expenses paid		(42.8)	(3.7)
Paid taxes		(242.6)	(196.2)
Dividends from associates		13.5	7.3
Change in working capital requirement		53.0	(68.5)
Change in inventories		(203.0)	(137.3)
<i>o/w R&D inventories increase</i>	5.4	(205.7)	(223.8)
<i>o/w R&D inventories decrease</i>		201.2	194.1
Change in trade accounts receivables		(5.0)	(340.2)
Change in trade payables		397.3	463.2
Change in other operating receivables and payables		18.2	(56.9)
Change in other receivables and payables (excl. Tax)		(154.5)	2.7
Operating cash flows from discontinued activities		(41.9)	14.3
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES		1,392.0	1,105.6
II- INVESTING ACTIVITIES			
Additional property, plant and equipment	12	(528.6)	(461.2)
Additional intangible assets	11	(1.3)	(3.2)
Capitalized development costs	5.4 & 11	(669.7)	(612.9)
Acquisitions/Sales of investments and business (net of cash and cash equivalents)		(66.1)	(251.5)
Proceeds from disposal of property, plant and equipment		33.0	37.8
Proceed from disposal of financial assets		0.0	0.0
Change in investment-related receivables and payables		37.3	(38.9)
Other changes		(62.0)	(11.6)
Investing cash flows from discontinued operations		(24.1)	(21.2)
CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES		(1,281.6)	(1,362.7)
CASH PROVIDED BY (USED IN) OPERATING AND INVESTING ACTIVITIES (I)+(II)		110.4	(257.0)
III- FINANCING ACTIVITIES			
Shares issued by Faurecia and fully consolidated companies (net of costs)		101.7	5.3
Dividends paid to owners of the parent company		(134.8)	0.0
Dividends paid to minority interests in consolidated subsidiaries		(66.4)	(35.4)
Acquisitions of treasury stocks		(127.5)	0.9
Debt securities issued and increase in other financial liabilities		2,512.0	3,062.0
Repayment of debt and other financial liabilities		(479.4)	(1,734.3)
Repayments on lease debts		(205.1)	(169.1)
Financing cash flows from discontinued activities		(2.6)	(4.0)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		1,597.8	1,125.4
IV- OTHER CHANGES IN CASH AND CASH EQUIVALENTS			
Impact of exchange rate changes on cash and cash equivalents		106.2	(96.3)
Net cash flows from discontinued operations		5.5	(5.5)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		1,819.9	766.5
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD		3,085.9	2,319.4
CASH AND CASH EQUIVALENTS AT END OF PERIOD		4,905.7	3,085.9

* Cf. Note 1.C.

The net cash flow amounts to €304.6 million as of December 31, 2021 and €13.0 million as of December 31, 2020.

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, 2020 before appropriation of net income (loss)	138,035,801	966.3	632.8	(44.7)	2,637.9	54.2	0.8	(112.3)	4,135.0	326.8	4,461.8
Net income (loss)					(378.8)				(378.8)	57.3	(321.5)
Other comprehensive income						(312.2)	(1.4)	(44.5)	(358.1)	(19.3)	(377.4)
Comprehensive income					(378.8)	(312.2)	(1.4)	(44.5)	(736.9)	38.0	(698.9)
Capital increase									0.0	2.2	2.2
2019 dividends									0.0	(35.3)	(35.3)
Allocation of free shares					(8.9)				(8.9)		(8.9)
Purchases and sales of treasury stock				25.6					25.6		25.6
Changes in scope of consolidation and other					(23.1)	3.3		0.7	(19.1)	(0.3)	(19.4)
Shareholders' equity as of December 31, 2020 before appropriation of net income (loss)	138,035,801	966.3	632.8	(19.1)	2,227.1	(254.7)	(0.6)	(156.1)	3,395.7	331.4	3,727.1
Restatement IFRS IC decision on IAS 19 ⁽²⁾					9.3				9.3		9.3
Shareholders' equity as of January 1, 2021 restated 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)					(78.8)				(78.8)	95.0	16.2
Other comprehensive income						220.7	2.8	52.2	275.7	35.3	311.0
Comprehensive income					(78.8)	220.7	2.8	52.2	196.9	130.3	327.2
Capital increase									0.0	2.4	2.4
2020 dividends					(134.8)				(134.8)	(68.2)	(203.0)
Allocation of free shares					(9.7)				(9.7)		(9.7)
Purchases and sales of treasury stock				15.1					15.1		15.1
Changes in scope of consolidation and other			(27.6)		(16.4)	(0.3)		0.9	(43.4)	(9.6)	(53.0)
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

(1) Of which 84,171 treasury stock as of 12/31/2021 and 499,273 treasury stock as of 12/31/2020 - See Note 9.

(2) See Note 1A.

2.5. Notes to the consolidated financial statements

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Faurecia S.E. and its subsidiaries ("Faurecia") form one of the world's leading automotive equipment suppliers in four key businesses: Seating, Interiors, Clean Mobility and Clarion Electronics.

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

The consolidated financial statements were approved by Faurecia's Board of Directors on February 18, 2022.

The accounts were prepared on a going concern basis.

Note 1 Summary of significant accounting policies

1.A 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. These standards include International Financial Reporting Standards and International Accounting Standards (IAS), as well as the related International Financial Reporting Interpretations Committee (IFRIC) interpretations.

The standards used to prepare the 2021 consolidated financial statements and comparative data for 2020 are those published in the Official Journal of the European Union (OJEU) as of December 31, 2021, whose application was mandatory at that date. The new standards, amendments and revisions to the existing standards, whose application is mandatory from January 1, 2021, have no significant impact on the Group annual consolidated financial statements. The impacts of the IFRS IC decision from May 2021 on attributing benefit to periods of service for a defined benefit plan (IAS 19) have been integrated in the opening net equity of the period as the amount is not significant at group level (€9.3 million). The analysis of the impact of the IFRS IC decision on SaaS software is on going in order to implement this decision as soon as possible, the impact is expected to be not significant for the Group.

Faurecia has not undertaken any early application of new standards, amendments or interpretations whose application is mandatory after December 31, 2021, irrespective of whether or not they are adopted by the European Union.

The principal accounting policies applied in the preparation of the consolidated financial statements have been consistently applied to all the years presented. The accounting principles applied are given in each note hereafter.

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 when calculating the impairment of property, plant and equipment, right of use, intangible assets and goodwill, 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. 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".

The results of the sensitivity tests carried out on the carrying amounts of goodwill and provisions for pensions and other employee benefits are provided in Notes 10 and 25.2, respectively. In addition, Note 11 "Intangible Assets" describes the main assumptions used for measuring intangible assets.

1.B Consolidation principles

Companies over which the Group exercises significant influence and which are at least 20% owned are consolidated when one or more of the following criteria are met: annual sales of over €20 million, total assets of over €20 million, and debt of over €5 million.

Non-consolidated companies are not material, either individually or in the aggregate.

Subsidiaries controlled by the Group are fully consolidated. Control is presumed to exist when the Group holds more than 50% of a company's voting rights and may also arise as a result of shareholders' agreements.

Subsidiaries are fully consolidated as of the date on which control is transferred to the Group. They are no longer consolidated as of the date that control ceases.

Companies over which the Group exercises significant influence but not control, generally through a shareholding representing between 20% and 50% of the voting rights, are accounted for by the equity method. There is no joint operation in the sense of IFRS 11 within the companies consolidated by equity method.

The Faurecia group's financial statements are presented in euros. Except if specifically specified, amounts are in millions 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 functional currency of foreign subsidiaries is generally their local currency. The assets and liabilities of these companies are translated into euros at the year-end exchange rate and income statement items are translated at the average exchange rate for the year. The resulting foreign exchange gains and losses are recorded in equity.

Balance sheets and net income of Group entities active in hyperinflation economies are restated to take into account the changes in purchasing power of the local currencies using the official indexes at closing date. They are then translated in euros using the exchange rate of the closing date; without restatement of comparative periods in accordance with IAS 21. This is applied in 2020 and 2021 to Group affiliates in Argentina.

However certain companies located outside the euro or the US-dollar zone and which carry out the majority of their transactions in euros or US dollars may, however, use euros or US dollars as their functional currency.

All material inter-company transactions are eliminated in consolidation, including inter-company gains.

The accounting policies of subsidiaries and companies accounted for by the equity method are not significantly different from those applied by the Group.

1.C Modifications to the previously published consolidated financial statements

IFRS 5 – DISCONTINUED ACTIVITIES

Following the signature with the group Adler on February 18, 2021 of a Memorandum of Understanding (MoU) for the sale of the Acoustic Soft Trim business, all the conditions were met from an IFRS point of view to qualify the activity as discontinued, mainly regarding the criteria of being a major line of business and the highly probable character of the sale.

Since February 1, 2021, applying IFRS 5, the corresponding assets and liabilities have been isolated in dedicated lines, and so until October 31, 2021, effective date of the sale of these activities.

Due to the effective sale of these activities on October 31, 2021, there are no assets, as of December 31, 2021 presented separately in a line "Assets held for sale" in the consolidated balance sheet, as well as for the corresponding liabilities presented in a line "Liabilities linked to assets held for sale" in the consolidated balance sheet.

The net income of the corresponding discontinued activities is isolated on a specific line of the income statement for the whole year 2021, and the income statement of the comparative year has been restated the same way. In addition, the other comprehensive income and cash flows items related to the discontinued operations are presented separately in the statement of financial position for the whole year 2021, and the statements of the comparative year have been restated the same way. For these restatements, inter-company transactions other than the ones linked to management fees remain eliminated. The classification of management fees for which the sale of the Acoustic Soft Trim division has no impact has been maintained in operating income. The net impact of this sale is also presented in the net income of discontinued activities.

The restatements of the previously published financial statements for the year 2020 are detailed in the tables below.

Restated consolidated statement of comprehensive income

Full-Year 2020

<i>(in € million)</i>	Full-Year 2020 published in February 2021	IFRS 5 Impact	Full-Year 2020 restated
SALES	14,653.8	(209.2)	14,444.6
OPERATING INCOME (BEFORE AMORTIZATION OF ACQUIRED INTANGIBLE ASSETS)	406.2	12.2	418.4
NET INCOME (LOSS) OF FULLY CONSOLIDATED COMPANIES	(308.7)	18.5	(290.2)
NET INCOME FROM CONTINUED OPERATIONS	(321.5)	18.5	(303.0)
NET INCOME FROM DISCONTINUED OPERATIONS	0.0	(18.5)	(18.5)
CONSOLIDATED NET INCOME (LOSS)	(321.5)	0.0	(321.5)
Attributable to owners of the parent	(378.8)	0.0	(378.8)
Attributable to minority interests	57.3	0.0	57.3
Basic earnings (loss) per share (in €)	(2.75)	0.00	(2.75)
Diluted earnings (loss) per share (in €)	(2.75)	0.00	(2.75)
Basic earnings (loss) from continued operations per share (in €)	(2.75)	0.13	(2.62)
Diluted earnings (loss) from continued operations per share (in €)	(2.75)	0.13	(2.62)
Basic earnings (loss) from discontinued operations per share (in €)	0.00	(0.13)	(0.13)
Diluted earnings (loss) from discontinued operations per share (in €)	0.00	(0.13)	(0.13)

Restated consolidated cash flow statement
Full-Year 2020

<i>(in € million)</i>	Full-Year 2020 published in February 2021	IFRS 5 Impact	Full-Year 2020 restated
I- OPERATING ACTIVITIES			
EBITDA	1,678.8	(9.6)	1,669.2
Change in working capital requirement	(57.4)	(11.2)	(68.5)
Operating cash flows from discontinued operations	0.0	14.3	14.3
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES	1,105.7	0.0	1,105.7
II- INVESTING ACTIVITIES			
Investing cash flows from discontinued operations	0.0	(21.2)	(21.2)
CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES	(1,362.7)	0.0	(1,362.7)
III- FINANCING ACTIVITIES			
Financing cash flows from discontinued operations	0.0	(4.0)	(4.0)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	1,125.4	0.0	1,125.4
IV- OTHER CHANGES IN CASH AND CASH EQUIVALENTS			
Impact of exchange rate changes on cash and cash equivalents	(96.3)	0.0	(96.3)
Net cash flows from discontinued operations	0.0	(5.5)	(5.5)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	772.1	(5.5)	766.5
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	2,319.4	0.0	2,319.4
CASH AND CASH EQUIVALENTS AT END OF PERIOD	3,091.4	(5.5)	3,085.9

Note 2 Change in scope of consolidation and recent events

2.1 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, for an enterprise value of €80 million. According to the sale contract, the calculation of prospective price adjustments based on Acoustic Soft Trim accounts on transaction date is ongoing; no significant impact is expected on group financial statements. On December 31, 2021, the loss on disposal after tax has been booked in "Net income of discontinued operations".

THE LOSS ON DISPOSAL OF ACOUSTIC SOFT TRIM

In accordance with IFRS 10, the gain or loss on disposal of Acoustic Soft Trim is calculated based on the difference between:

- the global sale price, after goodwill and any costs related to the transaction and the estimated liabilities;
- the net equity, as recognized in the consolidated financial statement on October 31, 2021.

DISCONTINUED ACTIVITIES

In accordance with IFRS 5, "net income of discontinued operations" presented in the consolidated statement of comprehensive income amounted to € (96.5) million including the operations of the business Acoustic Soft Trim from February 1, 2021 to October 31, 2021 as well as the net loss on disposal related to this activity and the directly incrementable expenses related to the sale.

2.2 Other changes in scope 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 Metalloprodukcja 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.

2.3 Reminder of change in scope of consolidation introduced in 2020

SAS has been acquired on January 30, 2020 and integrated in the Interiors segment. It was previously held at 50% and consolidated by equity method.

Within the Clean Mobility perimeter, the company Ullit has been fully acquired in January 2020 and is fully consolidated.

For Clarion Electronics perimeter, in Canada, the company Irystec Software Inc. has been fully acquired in April 2020 and is fully consolidated. The company Faurecia Aptoide Automotive, created in October 2019 in Portugal, and held at 50%, is consolidated by equity method since January 1, 2020. In China, the company Changchun Faurecia Xuyang Display Technology Co., Ltd., held at 55%, is fully consolidated since July 2020.

Within the Seating consolidation scope, the company Beijing BAIC Faurecia Automotive Systems Co., Ltd., acquired up to 50% in November 2020, is consolidated by equity method.

2.4 Recent events

COVID-19

As opposed to previous period, the operations for the year 2021 have not been significantly impacted by the sanitary crisis linked to Covid-19.

SHORTAGE OF ELECTRONICS COMPONENTS

The global shortage of semiconductors has impacted the automotive industry over the entire year 2021. The impact was stronger on the second half than on the first half, that was nevertheless already impacted by climatic conditions in Texas and a fire disaster at one of the major Japanese suppliers of semiconductors. The worldwide automotive production in 2021 amounted to 73.4 million Light Vehicles (LVs), up only 3.8% year-on-year. The difficult situation in the second half 2021, with a very low point in the third quarter (only 15.8 million LVs produced in the quarter, down 19% vs. the third quarter 2020), strongly disrupted our customer's activity during that period, generating unprecedented high volatility in OEM programs and consequent numerous and erratic production Stops & Gos for Faurecia. Volatility in OEM programs, at its peak in september and october 2021, started to normalize as from november 2021.

The shortage of semiconductors is expected to continue at least in the first half 2022 but should gradually ease as from the second half 2022 and the global situation should return to normal in 2023.

MERGER OF PEUGEOT S.A. AND FCA TO CREATE THE STELLANTIS GROUP

Within the frame of Peugeot S.A. and FCA merger:

- on January 4, 2021, the Extraordinary Shareholder's Meetings of Peugeot S.A. and FCA have approved the merger of the two groups to create the Stellantis group;
- on January 12, 2021, as committed by Peugeot S.A. and FCA, the Faurecia shares held by Peugeot S.A. have been converted to bearer shares (followed by a conversion to nominative shares) involving the loss of the double voting rights that were attached to them so far, and the three Faurecia Board members representing Peugeot S.A. in Faurecia's Board have resigned at that date;
- on March 8, 2021, Stellantis have approved in the extraordinary shareholders' meeting the distribution of a maximum of 54,297,006 Faurecia ordinary shares (representing 39.3% of Faurecia shares) on the basis of 0.017029 Faurecia ordinary share for each Stellantis share; this distribution has become effective on March 15, 2021.

This distribution has increased Faurecia free float, reaching now more than 90%, significantly enhancing its visibility in the capital markets and allowing the Group to affirm its strategy as an independent company.

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 Frankfurt 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 1.09% of HELLA shares. Faurecia holds 80.6% of HELLA shares at that date.

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.

The new Group will become a major technology player focused on six activities. Five of which, Electronics, Lighting, Seating, Interiors, Clean Mobility, will each exceed €3 billion of sales. The newly created Business Group, Lifecycle Solutions, will quickly grow to reach a leading position.

Note 3 Post-balance sheet events

No significant post-balance sheet events have occurred apart from the events described in 2.4.

Note 4 Information by operating segment

The Group is structured into four business units based on the nature of the products and services offered:

- 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).

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. Acoustic Soft Trim activity, previously integrated in Interiors segment, is restated as discontinued activities (see note 1.C). 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 Accounting principles

Revenue on parts is recognized when the control is transferred to the customer, incidental to ownership of the modules or parts produced. This generally corresponds to when the goods are shipped.

Revenue on tooling is generally recognized at the transfer of control of these toolings to the customer, usually shortly before serial production starts. Development costs are generally recognized as set up costs for the serial parts production and capitalized, they are then not considered as a revenue distinct from product sales, except specific cases depending on the contract with the customer.

Faurecia operates as an agent for monoliths sales, as well as for some cockpit components, these sales are then recorded at net value in the income statement.

Operating margin (before amortization of acquired intangible assets) 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, including finance costs on lease liabilities;
- 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.

4.2 Key figures by operating segment

Full-Year 2021

<i>(in € million)</i>	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

Full-Year 2020 Restated

<i>(in € million)</i>	Seating	Interiors restated	Clean Mobility	Clarion Electronics	Other	Total restated
TOTAL SALES	5,599.3	4,427.9	3,832.2	737.0	108.4	14,704.8
Inter-segment eliminations	(39.8)	(92.6)	(8.9)	(10.5)	(108.4)	(260.2)
Consolidated sales	5,559.5	4,335.2	3,823.4	726.5	0.0	14,444.6
Operating income (before amortization of acquired intangible assets)	189.8	33.0	200.5	(5.0)	0.0	418.4
Amortization of intangible assets acquired in business combinations						(91.7)
Operating income (after amortization of acquired intangible assets)						326.7
Other non-recurring operating income						180.7
Other non-recurring operating expenses						(457.2)
Finance costs, net						(181.8)
Other financial income and expenses						(36.3)
Corporate income tax						(122.3)
Share of net income of associates						(12.8)
Net income from continued operations						(303.0)
Net income from discontinued operations						(18.5)
NET INCOME (LOSS)						(321.5)
Segment assets	4,054.7	4,326.4	4,543.4	1,424.4	208.0	14,557.0
Net property, plant and equipment	778.4	923.5	911.7	144.0	55.7	2,813.3
Right-of-use assets	214.2	350.8	208.3	55.4	84.5	913.3
Other segment assets	3,062.2	3,052.1	3,423.4	1,225.0	67.7	10,830.4
Investments in associates						177.4
Other equity interests						53.8
Short and long-term financial assets						3,252.8
Tax assets (current and deferred)						661.5
TOTAL ASSETS						18,702.5
Segment liabilities	2,143.9	2,612.4	3,281.6	431.2	185.9	8,654.9
Borrowings						5,245.9
Lease liabilities						976.2
Tax liabilities (current and deferred)						98.4
Equity and minority interests						3,727.1
TOTAL LIABILITIES						18,702.5
Capital expenditure	137.3	142.1	141.3	18.6	21.4	460.7
Depreciation of property, plant and equipment	(133.7)	(172.4)	(158.2)	(24.6)	(6.8)	(495.7)
Depreciation of right-of-use assets	(57.9)	(71.5)	(45.7)	(13.1)	(13.2)	(201.4)
Impairment of property, plant and equipment	(6.9)	(19.8)	(4.8)	(0.4)	0.0	(31.9)
Headcounts	42,515	38,270	22,256	5,797	2,896	111,734

4.3 Sales by operating segment

Sales by operating segment break down as follows:

(in € million)	2021		2020 restated	
	Consolidated Sales	%	Consolidated Sales	%
Seating	6,048.7	39	5,559.5	39
Interiors	4,640.6	30	4,335.2	30
Clean Mobility	4,090.9	26	3,823.4	26
Clarion Electronics	837.6	5	726.5	5
TOTAL	15,617.8	100	14,444.6	100

4.4 Sales by major customer

Sales* by major customer break down as follows:

(in € million)	2021		2020 restated	
	Consolidated Sales	%	Consolidated Sales	%
Stellantis	2,503.3	16	2,319.8	16
VW Group	2,493.0	16	2,417.0	16
Ford Group	1,504.4	10	1,701.8	12
Renault-Nissan	1,192.8	8	1,260.7	9
GM	677.2	4	722.3	5
Major American EV carmaker	603.3	4	371.8	3
Daimler	539.8	3	433.4	3
Others	6,103.9	39	5,217.8	36
TOTAL	15,617.8	100	14,444.6	100

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

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4.5 Key figures by geographic area

Sales are broken down by destination region. Other items are presented by the region where the companies involved operate:

2021

<i>(in € million)</i>	France	Germany	Other European countries	North America	South America	Asia	Other countries	Total
Consolidated Sales	1,498.8	1,077.2	4,420.1	3,724.6	543.4	4,166.5	187.1	15,617.8
Net property, plant and equipment	352.8	121.8	840.1	700.5	78.4	683.6	25.2	2,802.4
Right-of-use assets	191.0	46.2	244.7	306.1	3.8	153.3	5.9	950.9
Capital expenditure	88.6	28.4	154.5	119.5	13.3	116.0	8.3	528.6
Headcounts as of December 31	10,513	5,261	36,690	21,592	4,842	30,907	1,335	111,140

2020 restated

<i>(in € million)</i>	France	Germany	Other European countries	North America	South America	Asia	Other countries	Total
Consolidated Sales restated	1,444.2	962.9	4,355.4	3,631.5	398.2	3,528.1	124.3	14,444.6
Net property, plant and equipment	375.7	116.1	903.0	677.6	78.6	641.1	21.1	2,813.3
Right-of-use assets	168.7	45.4	266.9	265.1	8.9	152.0	6.4	913.3
Capital expenditure restated	100.2	21.8	126.2	124.1	11.3	74.0	3.7	461.2
Headcounts as of December 31 restated	11,010	5,805	39,739	20,935	4,846	28,154	1,245	111,734

Note 5 Analysis of operating expenses

5.1 Analysis of operating expenses by function

(in € million)	2021	2020 restated
Cost of sales	(13,734.4)	(12,971.6)
Research and development costs	(330.9)	(341.7)
Selling and administrative expenses	(690.8)	(712.9)
TOTAL	(14,756.1)	(14,026.2)

5.2 Analysis of operating expenses by nature

(in € million)	2021	2020 restated
Purchases consumed	(9,185.2)	(8,363.0)
External costs	(1,682.3)	(1,700.2)
Personnel costs	(3,523.1)	(3,402.2)
Taxes other than on income	(51.3)	(53.8)
Other income and expenses	894.8	750.9
Depreciation, amortization and provisions for impairment in value of non-current assets	(1,247.9)	(1,250.8)
Charges to and reversals of provisions	38.9	(7.1)
TOTAL	(14,756.1)	(14,026.2)

5.3 Personnel costs

(in € million)	2021	2020 restated
Wages and salaries*	(2,778.6)	(2,711.2)
Payroll taxes	(744.5)	(690.9)
TOTAL	(3,523.1)	(3,402.2)
* Of which temporary employee costs.	(274.7)	(239.1)

Details of expenses relating to the Group's free shares plans and pension costs are provided in Notes 22.2 and 25, respectively.

5.4 Research and development costs

(in € million)	2021	2020 restated
Research and development costs, gross	(1,218.9)	(1,178.1)
Allowance/reversal of depreciation of assets in development	12.6	0.0
Capitalized development costs	875.4	836.4
of which in inventory	205.7	223.5
of which in intangible assets	669.7	612.9
TOTAL	(330.9)	(341.7)

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.

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The development costs recognized in the cost of sales (stock decrease and R&D assets depreciation) amount to €701.0 million as of December 31, 2021, vs €695.4 million as of December 31, 2020.

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

<i>(in € million)</i>	2021	2020 restated
Amortization of capitalized development costs	(507.0)	(503.1)
Provisions for impairment of capitalized development costs	19.5	(15.3)
Amortization of other intangible assets	(42.6)	(36.0)
Depreciation of specific tooling	(10.7)	(8.8)
Depreciation and impairment of other property, plant and equipment	(491.8)	(486.2)
Depreciation of right-of-use assets	(215.3)	(201.4)
TOTAL	(1,247.9)	(1,250.8)

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

<i>(in € million)</i>	2021	2020 restated
Release of provision for impairment of assets	0.0	0.2
Gain on disposals of assets	5.8	1.8
Others ⁽¹⁾	0.2	178.7
TOTAL	6.0	180.7

(1) of which gain on revaluation of SAS shares previously held for €178 millions in December 31, 2020.

OTHER NON RECURRING OPERATING EXPENSES

<i>(in € million)</i>	2021	2020 restated
Other provisions for impairment of assets ⁽²⁾	0.0	(16.7)
Reorganization expenses ⁽¹⁾	(196.3)	(285.5)
Impairment of goodwill ⁽²⁾	0.0	(150.0)
Losses on disposal of assets	0.0	0.0
Others ⁽³⁾	(48.2)	(5.0)
TOTAL	(244.5)	(457.2)

(1) As of December 31, 2021, this item includes restructuring costs in the amount of €137.6 million and provisions for impairment in value of assets in the amount of €58.7 million and versus €222.9 million and €62.6 million as of December 31, 2020.

(2) Of which €150.0 million of impairment of Clarion Electronics' goodwill as of December 31, 2020 and €16.1 million of impairment of intangible assets of Clarion Electronics as of December 31, 2020.

(3) Of which €25.6 million in 2021 of costs linked to the acquisition of HELLA.

RESTRUCTURING

Reorganization costs (€196.3 million) include redundancy and site relocation payments for 4,159 people.

Note 7 Finance costs and Other financial income and expenses

7.1 Finance costs

(in € million)	2021	2020 restated
Finance costs	(193.8)	(155.3)
Finance costs on leases	(45.5)	(47.4)
TOTAL	(239.3)	(202.7)

7.2 Other financial income and expenses

(in € million)	2021	2020 restated
Impact of discounting pension benefit obligations	(4.5)	(5.5)
Changes in the ineffective portion of currency hedges	0.2	(0.3)
Changes in fair value of currency hedged relating to debt	0.6	2.6
Foreign exchange gains and losses on borrowings	(1.9)	(10.3)
Hyperinflation impact (Argentina)	(11.5)	(5.4)
Others* ⁽¹⁾	(30.1)	(17.4)
TOTAL	(47.2)	(36.3)

* This item includes amortization of costs related to long-term debts and commissions for non-use of the credit facility.

(1) Of which €11.4 million in 2021 of financial costs linked to the acquisition of HELLA.

Note 8 Corporate income tax

Deferred taxes are recognized using the liability method for temporary differences arising between the tax bases for assets and liabilities and their carrying amounts on the consolidated financial statements. Temporary differences mainly arise from tax loss carryforwards and consolidation adjustments to subsidiaries' accounts.

Deferred taxes are measured using tax rates (and laws) that have been enacted or substantially enacted at the balance sheet date.

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 liabilities are accounted for every taxable temporary differences in relation with investment in subsidiaries, joint ventures and associates unless the Group has the capacity to control the timing of the reversal of temporary differences and if it is probable that they will not be reversed in a predictable future.

In compliance with IFRIC 23, accruals for risk on income tax are part of the income tax within the statement of comprehensive income and of income tax payables within the balance sheet (Note 28).

Corporate income tax can be analyzed as follows:

(in € million)	2021	2020 restated
Current taxes		
■ Current corporate income tax	(233.8)	(179.9)
Deferred taxes		
■ Deferred taxes for the period	95.0	57.6
TOTAL	(138.8)	(122.3)

8.1 Analysis of the tax charge

The effective corporate income tax charge can be reconciled with the theoretical tax charge as follows:

(in € million)	2021	2020 restated
Pre-tax income of consolidated companies	276.1	(167.9)
Theoretical Tax (28.41% in 2021 vs 32.02% in 2020)	(78.4)	53.8
Effect of rate changes on deferred taxes recognized on the balance sheet	(0.2)	(30.1)
Effect of local rate differences*	26.6	9.6
Tax credits	2.5	3.0
Change in unrecognized deferred tax	(91.4)	(144.6)
Permanent differences & others**	2.2	(14.0)
Corporate tax recognized	(138.8)	(122.3)

* The impact of local rate differences mainly relates to Chinese entities.

** Mainly due to withholding tax.

8.2 Analysis of tax assets and liabilities

(in € million)	2021	2020
Current taxes		
■ Assets	211.5	186.1
■ Liabilities	(84.4)	(74.2)
	127.1	111.9
Deferred taxes		
■ Assets*	540.6	475.4
■ Liabilities	(44.1)	(82.0)
	496.5	393.4
* Of which tax assets on tax losses.	157.0	152.4

The Group considers the recovery of the deferred tax net balance as at December 31, 2021, i.e. €496.5 million, as probable.

Changes in deferred taxes recorded on the balance sheet break down as follows:

(in € million)	2021	2020
Amount as at the beginning of the year	393.4	429.7
■ Deferred taxes carried to net income for the period	95.0	57.8
■ Deferred taxes recognized directly in equity*	(9.0)	9.6
■ Effect of currency fluctuations and other movements	27.2	(46.9)
■ Effect of scope variations	(10.1)	(56.9)
Amount at the end of the year	496.5	393.4

* Mainly related to actuarial gains and losses directly recognized in equity.

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8.3 Deferred tax assets and liabilities by nature

<i>(in € million)</i>	2021	2020
Tax asset carryforwards	157.0	152.4
Intangible assets	(245.6)	(328.5)
Other tangible assets and long term assets	68.2	59.7
Pensions	85.2	97.5
Other reserves	8.2	15.0
Stocks	199.0	193.5
Other working capital	224.5	203.7
TOTAL	496.5	393.4
<i>of which deferred tax assets</i>	540.6	475.4
<i>of which deferred tax liabilities</i>	(44.1)	(82.0)

8.4 Impairment of tax asset carryforwards

The ageing of impaired tax asset carryforward is detailed as follows:

<i>(in € million)</i>	2021	2020
N+1	5.6	15.1
N+2	13.2	7.3
N+3	12.7	11.7
N+4	24.5	14.1
N+5 and above	127.5	108.3
Unlimited	450.9	417.8
TOTAL	634.4	574.3

These impaired deferred income tax assets on loss carry forwards are mainly located in France.

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).

	2021	2020
Number of shares outstanding at year-end ⁽¹⁾	138,035,801	138,035,801
Adjustments:		
■ treasury stock	(84,171)	(499,273)
■ weighted impact of share issue prorated	0	0
Weighted average number of shares before dilution	137,951,630	137,536,528
Weighted impact of dilutive instruments:		
■ free shares attributed	0	440,567
■ bonds with conversion option	0	0
Weighted average number of shares after dilution	137,951,630	137,977,095

(1) Changes in the number of shares outstanding as of December 31, 2021, are analyzed as follows:

As of December 31, 2020: Number of Faurecia shares outstanding	138,035,801
change of number of shares	0
As of December 31, 2021: Number of Faurecia shares outstanding	138,035,801

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:

	2021	2020 restated
Net Income (loss) (in € millions)	(78.8)	(378.8)
Basic earnings (loss) per share	(0.57)	(2.75)
After dilution	(0.57)	(2.75)
Net Income (loss) from continued operations (in € millions)	17.7	(360.3)
Basic earnings (loss) per share	0.13	(2.62)
After dilution	0.13	(2.62)
Net Income (loss) from discontinued operations (in € millions)	(96.5)	(18.5)
Basic earnings (loss) per share	(0.70)	(0.13)
After dilution	(0.70)	(0.13)

Note 10 Goodwill

In case of a business combination, the aggregate value of the acquisition is allocated to the identifiable assets acquired and liabilities assumed based on their fair value determined at their acquisition date.

A goodwill is recognized when the aggregate of the consideration transferred and the amount of any non-controlling interest in the acquiree exceed the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. In accordance with IAS 36, goodwill is not amortized but is tested for impairment at least once a year and more often if there is an indication that it may be impaired. For the purpose of impairment testing, goodwill is allocated to cash-generating units (CGUs). A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

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:

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

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.

<i>(in € million)</i>	Gross	Impairment	Net
Amount as of January 1, 2020	2,657.1	(510.7)	2,146.4
Acquisitions	235.3	0.0	235.3
Provision for impairment	0.0	(150.0)	(150.0)
Translation adjustments and other movements	(36.0)	0.2	(35.8)
Amount as of December 31, 2020	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

Breakdown of the net amount of goodwill by operating segment:

<i>(in € million)</i>	2021	2020
Seating	851.8	850.3
Interiors	506.0	504.7
Clean Mobility	475.4	444.6
Clarion Electronics	403.0	396.3
TOTAL	2,236.2	2,195.9

Cash-generating units and impairment tests

Impairment tests are carried out whenever there is an indication that an asset may be impaired. Impairment testing consists of comparing the carrying amount of an asset, or group of assets, with the higher of its market value and value in use. Value in use is defined as the present value of the net future cash flows expected to be derived from an asset or group of assets.

The assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units, or CGUs).

Impairment tests are performed on each group of intangible assets (development costs) and property, plant and equipment attributable to a customer contract. This is done by comparing the aggregate carrying amount of the Group of assets concerned with the present value of the expected net future cash flows to be derived from the contract.

An impairment loss is recorded when the assets' carrying amount is higher than the present value of the expected net future cash flows. A provision is then recorded for losses to completion on loss-making contracts in compliance with IAS 37.

In case of a triggering event, impairment testing is also carried out on general and corporate assets grouped primarily by type of product and geographic area.

The cash inflows generated by the assets allocated to these CGUs are largely interdependent due to the high overlap among various manufacturing flows, optimization of capacity utilization, and centralization of research and development activities.

Manufacturing assets whose closure is planned are tested independently for impairment.

Within the frame of the impairment tests of goodwill and group of CGUs, the cash flow forecasts used to calculate value in use were based on the Group's 2022-2024 forecasts which were drafted in the second semester of 2021. The volume assumptions used in the strategic plan are based on worldwide automotive market assumptions of 78.7 million of cars in 2022, 88.7 million in 2023 and 92 million in 2024, based themselves on external information sources. The impacts of Group commitment on carbon neutrality as well as the consequences of governmental policies linked to the global warming are as well part of the assumptions used for these forecasts provided that these are measurable. In order to take into account the development plan for Clarion Electronics following the acquisition of Clarion in 2019, having as priorities to accelerate the growth on four product lines and an aggressive roadmap for cost competitiveness, the cash flow forecasts used for this activity are based on detailed forecasts for the period 2022-2026.

The main assumption affecting value in use is the level of operating income used to calculate future cash flows and particularly the terminal value. The operating margin assumption for 2024 remains in the range of 8% of sales for the Group as a whole.

Projected cash flows for the last year (2024) have been projected to infinity by applying a growth rate determined based on analysts' trend forecasts for the automotive market. The growth rate applied for the 2021 test was 1.4% (1.4% applied at the end of 2020), except for Clarion Electronics for which 2% has been considered (2% applied at the end of 2020).

Faurecia called on an independent expert to update the weighted average cost of capital used to discount future cash flows. The market parameters used in the expert's calculation are based on a sample of companies operating in the automotive supplier sector. Taking into account these parameters and a market risk premium of 8% on average, the weighted cost of capital used to discount future cash flows was set at 9.3% (on the basis of a range of values provided by the independent expert) in 2021 (9.5% in 2020). This rate was applied for the impairment tests carried out on all of the groups of CGUs, as they all bear the same specific risks relating to the automotive supplier sector and the CGUs multinational operation does not justify using geographically different discount rates except for Clarion Electronics, for which a discount rate of 8.3% has been considered to take into account a slightly different country exposure (8.75% at the end of 2020).

The tests performed as of December 31, 2021 did not show any indication of impairment in goodwill.

The table below shows the sensitivity of the impairment test results to changes in the assumptions used as of December 31, 2021 to determine the value in use of the CGUs groups to which the Group's goodwill is allocated:

Sensitivity <i>(in € million)</i>	Test income (value in use - net carrying value)	Cash flow discount rate +0.5pt	Growth rate to infinity -0.5 pt	Operating margin rate for terminal value -0.5pt	Combination of the 3 factors
Seating	3,504	(378)	(341)	(349)	(983)
Interiors	1,852	(252)	(227)	(236)	(658)
Clean Mobility	3,121	(297)	(267)	(190)	(699)
Clarion Electronics	151	(125)	(105)	(105)	(303)

Note 11 Intangible assets

A. Research and development expenditure

The Faurecia group incurs certain development costs in connection with producing and delivering modules for specific customer orders which are considered as set up costs for the serial parts production and capitalized. In accordance with IAS 38, these development costs are recorded as an intangible asset where the company concerned can demonstrate:

- its intention to complete the project as well as the availability of adequate technical and financial resources to do so;
- how the customer contract will generate probable future economic benefits and the company's ability to measure these reliably;
- its ability to reliably measure the expenditure attributable to the contracts concerned (costs to completion).

These capitalized costs are amortized to match the quantities of parts delivered to the customer, over a period not exceeding five years except under exceptional circumstances.

Research costs, and development costs that do not meet the above criteria, are expensed as incurred.

B. Other intangible assets

Other intangible assets include development and purchase costs relating to software used within the Group –which are amortized on a straight-line basis over a period of between one and three years– as well as patents and licenses, and the intangible assets acquired in business combinations (customer relationship...); these assets are amortized on the corresponding contracts duration.

Intangible assets break down as follows:

<i>(in € million)</i>	Development costs	Software and other	Intangible assets acquired	Total
AMOUNT AS OF JANUARY 1, 2020	2,053.7	75.3	422.0	2,550.9
Additions	624.3	3.2	0.0	627.5
Depreciation and amortization	(509.4)	(36.0)	(91.7)	(637.1)
Funding of provisions	(15.3)	0.0	0.0	(15.3)
Translation adjustments and other	(93.6)	31.7	203.8	141.9
AMOUNT AS OF DECEMBER 31, 2020	2,059.7	74.2	534.1	2,668.0
Additions	671.7	5.6	0.0	677.3
Depreciation and amortization	(507.0)	(42.6)	(92.6)	(642.2)
Funding of provisions	19.5	0.0	0.0	19.5
Translation adjustments and other	24.5	29.0	24.2	77.8
AMOUNT AS OF DECEMBER 31, 2021	2,268.4	66.2	465.8	2,800.4

The book value of development costs allocated to a customer contract as well as the associated specific tooling is compared to the present value of the expected net future cash flows to be derived from the contract based on the best possible estimate of future sales. The volumes taken into account in Faurecia's Business Plans are the best estimates by the Group's Marketing department based on automakers' forecasts when available.

Note 12A Property, plant and equipment

Property, plant and equipment are stated at acquisition cost, or production cost in the case of assets produced by the Group for its own use, less accumulated depreciation.

Maintenance and repair costs are expensed as incurred, except when they increase productivity or prolong the useful life of an asset, in which case they are capitalized.

In accordance with the amended version of IAS 23, borrowing costs on qualifying assets arising subsequent to January 1, 2009 are included in the cost of the assets concerned. The amount is not significant for the period.

Property, plant and equipment are depreciated by the straight-line method over the estimated useful lives of the assets, as follows:

Buildings	20 to 30 years
Leasehold improvements, fixtures and fittings*	10 to 20 years
Machinery, tooling and furniture	3 to 10 years

* For leased buildings, leasehold improvements are depreciated over the same duration than the corresponding right-of-use asset.

Investment grants are recorded as a deduction from the assets that they were used to finance.

(in € million)	Land	Buildings	Plant, tooling and equipment	Specific tooling	Other property, plant and equipment and property, plant and equipment in progress	Total
AMOUNT AS OF JANUARY 1, 2020	110.8	432.3	1,823.1	31.4	599.9	2,997.4
Additions (including own work capital)	0.0	1.1	48.9	6.4	418.7	475.1
Disposals	(4.7)	(62.6)	(168.0)	(3.3)	(24.6)	(263.2)
Depreciation	(0.3)	(52.2)	(392.1)	(8.9)	(53.6)	(507.0)
Non-recurring impairment losses	(0.2)	(2.3)	(26.3)	0.0	(3.1)	(31.9)
Depreciation written off on disposals	1.0	37.1	151.4	3.3	26.1	219.0
Currency translation adjustments	(3.4)	(19.7)	(94.4)	(0.1)	(23.5)	(141.1)
Scope variations & other movements	1.2	51.4	400.2	(0.5)	(387.3)	65.0
AMOUNT AS OF DECEMBER 31, 2020	104.3	385.1	1,742.9	28.5	552.6	2,813.3
Additions (including own work capital)	0.0	1.4	43.9	7.1	476.2	528.6
Disposals	(6.8)	(44.7)	(196.5)	(27.5)	(36.7)	(312.1)
Funding of depreciation, amortization and impairment provisions	(0.5)	(49.6)	(392.5)	(10.7)	(49.6)	(502.9)
Non-recurring impairment losses	(0.6)	(5.2)	(30.7)	0.0	(1.2)	(37.6)
Depreciation written off on disposals	1.7	39.8	190.8	27.5	34.3	294.1
Currency translation adjustments	1.2	13.0	76.6	0.1	12.5	103.4
Scope variations & other movements	(1.8)	32.7	297.0	(0.3)	(411.8)	(84.3)
AMOUNT AS OF DECEMBER 31, 2021	97.5	372.5	1,731.5	24.5	576.4	2,802.4

(in € million)	2021			2020	
	Gross	Depreciation	Net	Gross	Net
Land	106.1	(8.6)	97.5	113.8	104.3
Buildings	1,076.5	(704.0)	372.5	1,096.6	385.1
Plant, tooling and technical equipment	5,007.6	(3,276.1)	1,731.5	4,847.1	1,742.9
Specific tooling	122.4	(97.8)	24.5	156.5	28.5
Other property, plant and equipment & property, plant and equipment in progress	962.6	(386.2)	576.4	931.6	552.6
TOTAL	7,275.2	(4,472.7)	2,802.4	7,145.6	2,813.3

Property, plant and equipment are often dedicated to client programs.

Note 12B Right-of-use assets

Lease contracts are accounted for in the balance sheet, through an asset (representing the right to use the leased asset along the contract duration) and a liability (representing the lease future payments obligation), considering the main following principles:

- exemption of contracts with a duration less than 12 months or which value is below €5,000 (corresponding lease payments are still expensed along the contract lifetime);
- the duration of a contract is equal to its non cancellable duration, except if the Group is reasonably certain to exercise the renewal or cancellation options contractually agreed;
- as long as the contract implicit rate can't be easily determined, the discount rate used is the marginal borrowing rate corresponding to the duration of the lease contract, determined based on the lessee and duration concerned;
- as of the effective date (date at which the leased asset is made available by the lessor), lease contracts as defined per IFRS 16 "Leases" are accounted for:
 - as fixed assets (right of use) for the amount of the lease liability, increased by advanced payments made to lessor, initial costs incurred, as well as estimated dismantling or refurbishment costs that would be paid by Faurecia based on contractual terms if needed, and
 - as lease liability for the amount of discounted lease payment over the contract duration as defined above, using the discount rate defined above,
 - these right of use are depreciated on a linear basis, on the contract duration or by exception on the utility duration, if this one is shorter or if the contract transfers to the lessee the asset property or if a purchase option exists which is reasonably certain to be exercised by Faurecia,
 - cash flows related to the sale and lease back operations are included in the cash flows provided by investing activities.

<i>(in € million)</i>	Land	Buildings	Plant and equipment	Others	Total
AMOUNT AS OF JANUARY 1, 2020	0.2	711.3	77.0	88.5	877.0
New contracts	0.0	142.1	16.9	40.8	199.8
Depreciation	0.0	(144.8)	(18.6)	(42.1)	(205.5)
Funding of impairment provisions	0.0	(1.1)	0.0	0.0	(1.1)
Scope variations & other movements	0.0	54.1	(2.2)	(8.7)	43.1
AMOUNT AS OF DECEMBER 31, 2020	0.2	761.5	73.1	78.5	913.3
New contracts	0.1	123.6	31.8	41.8	197.2
Depreciation	0.0	(152.5)	(22.4)	(40.4)	(215.2)
Funding of impairment provisions	0.0	(1.7)	0.0	(0.1)	(1.8)
Scope variations & other movements	0.0	68.1	(4.3)	(6.3)	57.4
AMOUNT AS OF DECEMBER 31, 2021	0.3	799.0	78.2	73.5	950.9

Note 13 Investments in associates

Investment in associates for continued operations:

As of December 31, 2021

<i>(in € million)</i>	% interest*	Group share of equity**	Dividends received by the Group	Group share of sales	Group share of total assets
Beijing BAIC Faurecia Automotive Systems Co., Ltd	50%	25.4	0.0	22.3	44.5
FAURECIA (LIUZHOU) EMISSIONS CONTROL TECHNOLOGIES Co., Ltd.	50%	8.0	0.0	15.5	34.4
FAURECIA-NHK Co., Ltd	50%	0.0	0.0	145.6	31.4
TEKNIK MALZEME Ticaret Ve Sanayi A.S	50%	0.0	0.0	15.1	9.9
SYMBIO	50%	44.8	0.0	6.8	117.1
Total Network Manufacturing LLC	49%	0.5	0.0	94.5	26.9
DETROIT MANUFACTURING SYSTEMS, LLC	49%	0.0	(0.3)	401.0	100.0
Others	-	72.1	(14.0)	360.5	213.0
TOTAL	-	150.8	(14.3)	1,061.4	577.1

* 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.

Change in investments in associates

<i>(in € million)</i>	2021	2020
Group share of equity at beginning of period	177.4	240.3
Dividends	(14.3)	(7.3)
Share of net income of associates	(24.6)	(12.8)
Change in scope of consolidation	2.0	(47.2)
Capital increase	2.3	7.5
Currency translation adjustments	8.0	(3.1)
Group share of equity at end of period	150.8	177.4

Note 14 Other equity interests

Equity interests correspond to the Group's interests in the capital of non-consolidated companies. They are subject to impairment testing based on the most appropriate financial analysis criteria. An impairment loss is recognized when appropriate. The criteria generally applied are the Group's equity in the underlying net assets and the earnings outlook of the company concerned.

(in € million)	% of share capital	2021		2020
		Gross	Net	Net
Changchun Xuyang Industrial Group	18.8	13.5	13.5	12.1
TactoTek Oy	9.0	6.6	6.6	6.6
Guardknox Cyber Technologies Ltd	7.0	5.4	5.4	5.4
Canatu Oy	8.0	7.0	7.0	7.0
Other		67.2	55.6	22.7
TOTAL		99.6	88.0	53.8

Note 15 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.

(In € million)	2021			2020
	Gross	Provisions	Net	Net
Loans to companies consolidated by equity method and non-consolidated companies	77.9	(5.0)	72.8	35.7
Other loans	26.1	(2.4)	23.7	38.0
Others	3.2	(1.8)	1.5	31.0
TOTAL	107.2	(9.2)	98.0	104.7

Note 16 Other non-current assets

This item includes:

(in € million)	2021	2020
Pension plan surpluses	39.6	24.0
Guarantee deposits and other	82.7	46.5
TOTAL	122.3	70.5

Note 17 Inventories and work-in-progress

Inventories of raw materials and supplies are stated at cost, determined by the FIFO method (First-In, First-Out).

Finished and semi-finished products, as well as work-in-progress, are stated at production cost, determined by the FIFO method. Production cost includes the cost of materials and supplies as well as direct and indirect production costs, excluding overhead not linked to production and borrowing costs.

Work-in-progress includes the costs of specific tooling produced or purchased specifically for the purpose of manufacturing parts or modules for customer orders and which are sold to the customer, i.e. for which the control is transferred to the customer, usually shortly before serial production starts, and specific development work which is sold to customers and corresponding to the definition of work in progress when the contract enables to consider that these developments are a specific performance obligation under IFRS 15. These costs are expensed (cost of sales) over the period in which the corresponding revenue is recognized, i.e. at transfer of control of these development works to the customer.

Inventories of products for which the Group is considered as agent are presented as contract assets and not in inventories.

Provisions are booked for inventories for which the probable realizable value is lower than cost and for slow moving items.

(In € million)	2021			2020
	Gross	Depreciations	Net	Net
Raw materials and supplies	765.0	(127.0)	638.0	484.7
Engineering, tooling and prototypes	621.7	(16.6)	605.1	569.8
Work in progress for production	7.8	0.0	7.8	7.6
Semi-finished and finished products	522.2	(115.5)	406.7	369.2
TOTAL	1,916.7	(259.1)	1,657.6	1,431.3

Note 18 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 America 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 December 31, 2021, 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:

<i>(in € million)</i>	2021	2020
Financing	1,083.6	1,011.0
Guarantee reserve deducted from borrowings	(14.8)	(38.8)
Cash received as consideration for receivables sold	1,068.8	972.2
Receivables sold and derecognized	(1,068.8)	(972.2)

Individually impaired trade receivables are as follows:

<i>(in € million)</i>	2021	2020
Gross total trade receivables	3,491.1	3,267.8
Provision for impairment of receivables	(23.0)	(30.7)
TOTAL	3,468.1	3,237.1

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 December 31, 2021 were €111.0 million, breaking down as follows:

- €49.2 million less than one month past due;
- €17.8 million between one and two months past due;
- €8.5 million between two and three months past due;
- €14.5 million between three and six months past due;
- €21.0 million more than six months past due.

Note 19 Other operating receivables

<i>(In € million)</i>	2021	2020
Down payments	182.6	104.7
Currency derivatives for operations	5.2	10.2
Other receivables ⁽¹⁾	285.8	248.5
TOTAL	473.6	363.4

(1) Including the following amounts for VAT and other tax receivables. 278.5 241.9

Note 20 Other receivables

<i>(in € million)</i>	2021	2020
Short-term portion of loans	46.5	1.9
Prepaid expenses	733.5	619.8
Current taxes	211.5	186.1
Other sundry receivables	103.4	48.6
TOTAL	1,094.9	856.4

In 2021, the receivables *Crédit d'Impôt Recherche* (CIR) have been sold for an amount of €57.2 million vs €56.3 million in 2020.

Note 21 Cash and cash equivalents

Cash and cash equivalents include current account balances in the amount of €2,196.4 million (compared to €2,248.8 million in 2020) and short-term investments in the amount of €2,709.3 million after provision of €0.7 million (compared to €842.6 million in 2020), or a total of €4,905.7 million as of December 31, 2021.

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 22 Shareholders' equity

22.1 Capital

As of December 31, 2021, Faurecia's capital stock totaled €966,250,607 divided into 138,035,801 fully paid-up shares with a par value of €7 each.

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.

Further to the distribution linked to the merger between Peugeot S.A. and FCA (cf. Note 2.4), no shareholder is in a controlling situation of Faurecia as of December 31, 2021.

The capital variance on the period can be analyzed as follows:

	Number of shares	Capital <i>(in € million)</i>
Amount as of January 1, 2021	138,035,801	966.3
Exercise of stock options	-	-
Amount as of December 31, 2021	138,035,801	966.3

EMPLOYEE SHAREHOLDING PLAN: FAUR'ESO

In March 2021, the Group launched a non dilutive employee shareholding plan following the distribution of the Faurecia shares held by Stellantis, named Faur'ESO. The shares are subscribed by beneficiaries either through a corporate mutual fund (the Group's French companies' savings plan) or directly, depending on the country in which the beneficiary is based. Subscribers to the plan will be required to hold the shares or units for five years, except if an early release event occurs.

The purchase price was set at €36.15 on June 22, 2021 and reflects the reference price of €45.18 (volume-weighted average price of Faurecia shares on the Euronext Paris market during the 20 trading days from May 25 to June 21) less a discount of 20%. A total of 2,756,942 shares have been subscribed, corresponding to the maximum number of offered shares; more than 22% of the employees across 15 countries have expressed their wish to invest in Faur'ESO 2021, marking a large success for a first operation. The settlement-delivery of the shares has taken place on July 28, 2021. Faur'ESO being a non-dilutive plan, the 2,756,942 shares acquired within the frame of the shares buy back plan carried out from March 17, 2021 (included) to April 29, 2021 (included) have been cancelled to neutralize the dilution. The variance between the acquisition costs and issuance value of these shares has been allocated to the additional paid in capital.

An amount of €1.8 million reflecting the fair value of the discount granted to employees was expensed in the income statement, corresponding to the value of the discount less the cost of the lock-up requirement for employees, plus the opportunity gain.

22.2 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. For the ESPI plan, the fair value of the shares includes also an assumption for the achievement of the external performance condition which is frozen at grant date. The fair value is recognized in payroll costs on a straight-line basis over the vesting period, with a corresponding adjustment to equity.

The amount recognized for the period for all these plans is an expense of €3.9 million, compared to €15.8 million in the year 2020.

Details of the share grant plans as of December 31, 2021 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:		Performance condition	share market value at grant date (€)	Adjustments			sales date (from)
		reaching the objective	exceeding the objective			dividend rate	Non-transferability discount	Acquisition date	
5/28/2019	10/9/2019	722,220	939,470	2021 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	39.20	2.50%	NA	10/9/2023	10/9/2023
6/26/2020	10/22/2020	909,540	1,183,050	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	1,060,900	1,379,060	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	673,549	673,549	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 July 20, 2017 have been met, the corresponding shares, i.e. 418,876 have been definitely distributed in July 2021. The performance conditions for the plan attributed by the Board of July 19, 2018 have not been met.

22.3 Treasury stock

As of December 31, 2021, Faurecia held 84,171 treasury stock shares.

The cost of the shares held in treasury stock as of December 31, 2021 totaled €4 million, representing an average cost of €46.95 per share.

Note 23 Minority interests

This item corresponds to minority shareholders' interests in the equity of consolidated subsidiaries.

Changes in minority interests were as follows:

<i>(in € million)</i>	2021	2020
Amount as at beginning of the period	331.4	326.8
Increase in minority shareholder interests	2.4	2.2
Other changes in scope of consolidation	(9.6)	(0.3)
Minority interests in net income for the year	95.0	57.3
Dividends allocated to minority interests	(68.2)	(35.3)
Currency translation adjustments	35.3	(19.3)
Amount as the end of the year	386.3	331.4

The minority interests, taken individually, are not considered as significant in comparison to the total net equity.

Note 24 Current provisions and contingent liabilities

24.1 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.

<i>(in € million)</i>	2021	2020
Restructuring	163.8	180.9
Risks on contracts and customer warranties	53.7	78.3
Litigation	35.8	26.2
Other provisions	35.1	30.0
TOTAL	288.4	315.4

Changes in these provisions during 2021 were as follows:

<i>(in € million)</i>	Amount as of January 1, 2021	Additions	Expenses charged	Reversals*	Sub total changes	Change in scope of consolidation and other changes	Amount as of December 31, 2021
Restructuring	180.9	168.5	(190.2)	0.0	(21.7)	4.6	163.8
Risks on contracts and customer warranties	78.3	22.4	(52.3)	(0.3)	(30.2)	5.6	53.7
Litigation	26.2	19.9	(9.3)	(2.7)	7.9	1.7	35.8
Other provisions	30.0	3.2	(4.8)	(0.7)	(2.3)	7.4	35.1
TOTAL	315.4	214.0	(256.6)	(3.7)	(46.3)	19.2	288.4

* Surplus provisions.

24.2 Contingent liabilities

LITIGATION

In 2014 and 2017, antitrust inquiries have been launched by the European Commission, the United States, the South African and the Brazilian competition authorities for suspicions of anticompetitive practices in the market for the supply of emission control systems. Faurecia was one of the companies covered by these inquiries that have all been closed, some of them being settled for non-material amounts.

All (US and Canadian) class actions related to these inquiries have been subject to settlement agreements for non-material amounts that have all been validated by the courts.

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

Note 25 Non-current provisions and provisions for pensions and other post-employment benefits

25.1 Non-current provisions

<i>(in € million)</i>	2021	2020
Provisions for pensions and other employee obligations	447.3	515.3
■ Pension plan benefit obligations	224.9	267.4
■ Post-retirement benefit obligations	186.8	208.1
■ Long-service awards	25.8	29.5
■ Healthcare costs	9.7	10.3
TOTAL	447.3	515.3

CHANGES IN NON-CURRENT PROVISIONS

<i>(in € million)</i>	2021	2020
Amount as at the beginning of the period	515.3	461.6
Restatement IFRS IC decision on IAS 19 (*)	(9.3)	NA
Scope variation	(17.4)	1.4
Other movement	16.3	(11.2)
Allowance (or reversal) of provision	21.8	35.3
Expenses charged to the period	(20.9)	(19.4)
Payment to external funds	(4.4)	(6.6)
Restatement differences	(54.1)	54.3
Amount as at the end of the period	447.3	515.3

(*) Cf. Note 1.A.

25.2 Provisions for pensions and other post-employment benefits

Group employees may receive, in addition to their pensions in conformity with the applicable regulations in the countries where the Group companies employing them are located, additional benefits or post-retirement benefit obligations. The Group offers these benefits through either defined benefits or defined contribution plans. The valuation and accounting methodologies followed by the Group are the following:

- for defined contribution plans, costs are recognized as expenses based on contributions;

- the liability for defined benefit plans is determined on an actuarial basis using the projected unit credit method, according to the agreements effective in each concerned Group company.

The valuation takes into account the probability of employees staying with the Group up to retirement age and expected future salary levels as well as other economic assumptions (such as the inflation rate, the discount rate) for each concerned zone or country. It takes now also into account the 2021 IFRS IC decision on attributing benefit to periods of service. These assumptions are described in Note 25.2.

Benefit obligations are partially funded by contributions to external funds. In cases where the funds are permanently allocated to the benefit plan concerned, their value is deducted from the related liability. An excess of plan assets is only recognized in the balance sheet when it represents future benefits effectively available for the Group.

Periodic pension and other employee benefit costs are recognized as operating expenses over the benefit vesting period.

Actuarial gains and losses on defined benefits plan are recognized in other comprehensive income.

In case of a change in regime, past service costs are fully recognized as operating expenses, the benefits being fully acquired or not.

The expected rate of return of defined benefits plan assets is equal to the discount rate used to value the obligation at the opening of the period. This return is recorded in "Other financial income and expense".

The other long term benefits (during employment period) mainly cover seniority bonuses as well as long-service awards. The obligation is valued using similar methodology, assumptions and frequency as the ones used for post-employment benefits.

BENEFIT OBLIGATIONS

<i>(in € million)</i>	2021	2020
Present value of projected obligations		
■ Pension plan benefit obligations	462.6	489.9
■ Post-retirement indemnities obligations	200.1	222.3
■ Long-service awards	25.8	29.5
■ Healthcare costs	9.7	10.3
TOTAL	698.3	752.0
Value of plan assets:		
■ Provisions booked in the accounts	447.3	515.3
■ External funds (market value) ⁽¹⁾	290.7	260.7
■ Plan surplus ⁽²⁾	(39.6)	(24.0)
TOTAL	698.3	752.0

(1) External funds mainly cover pension plan benefit obligations for €277.3 millions in 2021.

(2) Pension plan surpluses are included in "Other non-current assets".

PENSION BENEFIT OBLIGATIONS

A – Description of the plans

In France, all managerial employees with a salary in tranche C are granted a defined benefit pension scheme, for which the rights acquired as of December 31, 2019 have been frozen, in order to comply with the PACTE law from May 22, 2019. Executive Committee members who have an employment contract with Faurecia S.E. or any of its subsidiaries also benefit from a defined benefit pension scheme for French members and defined contribution pension scheme for foreign members, the rights acquired as of December 31, 2019 in the defined benefit pension scheme for French members have also been frozen, in order to comply with the PACTE law from May 22, 2019.

In the United States, the two remaining plans, already closed to new participants, were combined as of January 1, 2020. The combined pension plan covers 866 participants.

In Germany, the main defined benefit pension plan still open covers 5,197 participants. The benefit granted is based on the number of years of service, starting after 14 years.

In Japan, the main defined benefit plan covers 1,259 participants. Benefits are based on years of service and paid at the end of the contract or upon reaching the age of 60.

B – 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				
2021	1.15%	1.82%	2.30%	0.38%
2020	0.65%	1.30%	1.92%	0.32%
INFLATION RATE				
2021	1.80%	3.40%	N/A	N/A
2020	1.80%	2.95%	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.

The average duration of the various plans is as follows:

(in number of years)	Euro zone	United Kingdom	USA	Japan
Average duration	15.0	21.5	7.9	8.9

C – Information on external funds

External funds are invested as follows:

(in%)	2021			2020		
	Equities	Bonds	Others	Equities	Bonds	Others
France	26%	66%	8%	24%	68%	8%
United Kingdom	20%	79%	1%	32%	62%	6%
United States	52%	40%	8%	54%	38%	8%
Japan	82%	9%	9%	58%	28%	14%

The fair value of shares and bonds falls in the level 1 category (price quoted in active markets) in 2021.

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D – Provisions for pension liabilities recognized on the balance sheet

(in € million)	2021			2020		
	France	Abroad*	Total	France	Abroad	Total
Amount as at the beginning of the period	179.6	271.9	451.5	164.4	225.1	389.5
Restatement IFRS IC decision on IAS 19 ⁽¹⁾	(9.3)	0.0	(9.3)	NA	NA	NA
Effect of changes in scope of consolidation (provision net of plan surpluses)	(7.3)	(9.2)	(16.5)	0.9	0.5	1.4
Additions	8.8	15.3	24.2	12.8	19.2	32.0
Expenses charged to the provision	(2.4)	(13.6)	(16.0)	(3.6)	(12.6)	(16.2)
Payments to external funds	(2.0)	(2.4)	(4.4)	(1.7)	(4.9)	(6.6)
Actuarial gains/(losses)	3.1	(56.3)	(53.2)	6.7	49.8	56.5
Other movements ⁽¹⁾	(3.4)	(0.7)	(4.1)	0.1	(5.2)	(5.1)
Amount as at the end of the period	167.1	205.1	372.1	179.6	271.9	451.5

(1) Cf. Note 1.A.

* The provision for €205.1 million as of December 31, 2021 relates mainly to Germany (€145.6 million).

E – Changes in pension liabilities

In France, retirement commitments increased by €12.8 million at the closing compared to that of the previous year as detailed below:

(in € million)	2021			2020		
	France	Abroad	Total	France	Abroad	Total
PROJECTED BENEFIT OBLIGATION						
Amount as at the beginning of the period	196.4	515.8	712.3	181.5	487.6	669.1
Restatement IFRS IC decision on IAS 19*	(9.3)	0.0	(9.3)	NA	NA	NA
Service costs	9.1	15.1	24.2	10.8	15.9	26.7
Annual restatement	1.2	5.2	6.4	2.2	7.5	9.7
Benefits paid	(4.8)	(22.1)	(26.9)	(7.0)	(25.3)	(32.3)
Actuarial gains/(losses)	3.1	(38.5)	(35.4)	7.9	46.7	54.6
Other movements (including translation adjustment) ⁽¹⁾	(6.6)	6.6	(0.1)	1.0	(16.6)	(15.6)
Curtailments and settlements	(1.4)	(2.8)	(4.2)	0.0	0.0	0.0
Effect of closures and plan amendments	(4.1)	0.0	(4.1)	0.0	0.0	0.0
Amount as at the end of the period	183.6	479.3	662.9	196.4	515.8	712.3
VALUE OF PLAN ASSETS						
Amount as at the beginning of the period	16.8	243.9	260.7	17.1	262.5	279.6
Projected return on plan assets	0.1	2.2	2.3	0.2	4.2	4.4
Actuarial gains/(losses)	0.0	17.8	17.8	1.2	(3.1)	(1.9)
Other movements (including translation adjustment)	0.0	16.5	16.5	0.0	(11.9)	(11.9)
Employer contributions	2.0	2.4	4.4	1.7	4.9	6.6
Benefits paid	(2.4)	(8.5)	(10.9)	(3.4)	(12.7)	(16.1)
Curtailments and settlements	0.0	0.0	0.0	0.0	0.0	0.0
Effect of closures and plan amendments	0.0	0.0	0.0	0.0	0.0	0.0
Amount as at the end of the period	16.5	274.2	290.7	16.8	243.9	260.7
BALANCE OF PROVISIONS AS AT THE END OF THE PERIOD	167.1	205.1	372.1	179.6	271.9	451.6
TOTAL CHANGE EXPENSED AT THE END OF THE YEAR	8.8	15.3	24.2	12.8	19.2	32.0

* Cf. Note 1.A.

These costs are recognized:

- in operating income for the portion relating to service cost;
- in "Other financial income and expenses" for restatement of vested rights and the projected return on external funds.

The actuarial gains and losses generated have been recorded in "Other comprehensive income" according to IAS 19R. It can be analyzed as follows:

(in € million)	2021		
	France	Abroad	Total
Detail of actuarial gains and losses of the period:			
■ differences linked to financial assumptions	(3.1)	33.9	30.8
■ differences linked to demographic assumptions	0.0	4.6	4.6
■ other differences	0.0	17.8	17.8
TOTAL	(3.1)	56.3	53.2

F – Retirement pension liabilities: sensitivity to changes in the discount rate and in the inflation rate in the main scope

The impact of a 25 basis point increase in the discount rate and in the inflation rate for the projected benefit obligation is as follows:

(in %)	Discount rate +0.25 pts	Inflation rate +0.25 pts
France	(2.3)%	+2.5%
Germany	(4.3)%	+1.3%

25.3 Long-service awards

The Group evaluates its liability for the payment of long-service awards, given to employees based on certain seniority requirements. The Group calculates its liability for the payment of long-service awards using the same method and assumptions as for its pension liability. Provisions for long-service awards have been set aside as follows:

(in € million)	2021	2020
French companies	5.1	6.1
Foreign companies	20.7	23.4
TOTAL	25.8	29.5

25.4 Healthcare costs

In addition to pension plans, some Group companies, mainly in the United States, cover the healthcare costs of their employees.

The related liability can be analyzed as follows:

(in € millions)	2021	2020
Foreign companies	9.7	10.3
TOTAL	9.7	10.3

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The increase of 25 basis points in the discount rate and 1 percentage point in the healthcare cost trend rates would lead to the following variations on the Group's projected benefits obligations:

(in %)	Discount rate +0.25 pts	Healthcare cost trend rate +1 pt
Projected benefit obligation	(3.3)%	+9.1%

Expenses recognized in connection with this liability break down as follows:

(in € millions)	2021	2020
Service cost	0.0	0.0
Interest cost*	(0.3)	(0.4)
TOTAL	(0.3)	(0.4)

* Interest cost is recorded under "Other financial income and expenses".

The Group's financial liabilities fall within the IFRS 9 categories of (i) financial liabilities at fair value through profit or loss, and (ii) other financial liabilities measured at amortized cost.

They are recorded on the following balance sheet items: "Current financial liabilities" and "Non-current financial liabilities" (Note 26), "Accrued taxes and payroll costs" (Note 27) and "Sundry payables" (Note 28).

Financial assets and liabilities are broken down into current and non-current components for maturities at the balance sheet date: under or over a year.

Note 26 Net debt

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

26.1 Analysis of net debt

(in € million)	2021	2020
Bonds	4,891.5	3,106.1
Bank borrowings	1,366.1	1,076.3
Other borrowings	73.0	30.5
Non-current lease liabilities	833.1	794.0
Non-current derivatives	3.0	9.9
SUB-TOTAL NON-CURRENT FINANCIAL LIABILITIES	7,166.7	5,016.8
Current portion of long term debt	122.9	52.0
Current portion of lease liabilities	198.8	182.2
Short-term borrowings ⁽¹⁾	894.5	963.9
Current derivatives	1.4	7.2
SUB-TOTAL CURRENT FINANCIAL LIABILITIES	1,217.6	1,205.3
TOTAL FINANCIAL LIABILITIES	8,384.3	6,222.1
Derivatives classified under non-current and current assets	(11.9)	(2.6)
Cash and cash equivalents	(4,905.7)	(3,091.4)
NET DEBT	3,466.7	3,128.1
Net cash and cash equivalent	4,905.7	3,091.4
(1) Including bank overdrafts.	17.1	22.7

The change in net financial debt during the year is as follows:

<i>(in € million)</i>	Balance as of December 31, 2020	Impact on cash	Translation adjustments	Impact of fair value changes	Change in consolidation scope and other changes	Balance as of December 31, 2021
Bonds	3,106.1	1,757.3	0.0	25.7	2.4	4,891.5
Bank borrowings	1,076.3	691.7	0.5	0.5	(402.9)	1,366.1
Other borrowings	30.5	0.1	2.3	39.8	0.3	73.0
Non-current lease liabilities	794.0	0.0	33.5	0.0	5.6	833.1
Non-current derivatives	9.9	(6.9)	0.0	0.0	0.0	3.0
SUB-TOTAL NON-CURRENT FINANCIAL LIABILITIES	5,016.8	2,442.2	36.3	66.0	(394.6)	7,166.7
Current portion of long term debt	52.0	(331.6)	1.7	0.0	400.8	122.9
Current portion of lease liabilities	182.2	(205.1)	5.9	0.0	215.8	198.8
Short-term borrowings	963.8	(83.1)	7.7	0.0	6.1	894.5
Current derivatives	7.2	0.0	0.0	(5.8)	0.0	1.4
SUB-TOTAL CURRENT FINANCIAL LIABILITIES	1,205.3	(619.8)	15.2	(5.8)	622.7	1,217.6
TOTAL FINANCIAL LIABILITIES	6,222.1	1,822.4	51.5	60.2	228.1	8,384.3
Derivatives classified under non-current and current assets	(2.6)	0.0	0.0	(9.3)	0.0	(11.9)
Cash and cash equivalents	(3,091.4)	(1,674.4)	(106.0)	0.0	(33.9)	(4,905.7)
TOTAL	3,128.1	148.0	(54.5)	50.9	194.2	3,466.7

26.2 Maturities of long-term debt

<i>(in € million)</i>	2023	2024	2025	2026	2027 and beyond	Total
Bonds	0.0	0.0	980.6	753.2	3,157.8	4,891.5
Bank borrowings	420.0	441.3	162.8	252.7	89.3	1,366.1
Other borrowings	72.6	0.3	0.2	0.0	0.0	73.0
Non-current lease liabilities	168.6	140.2	119.0	97.0	308.3	833.1
Non-current derivatives	1.0	2.0	0.0	0.0	0.0	3.0
TOTAL AS OF DECEMBER 31, 2021	662.2	583.7	1,262.5	1,102.9	3,555.4	7,166.7

26.3 Financing

The main components of Faurecia financing are described below:

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.

By the end of May 2021, Faurecia has signed with its banks an Amend & Extend agreement of its syndicated credit line enabling the Group to reinforce its financial flexibility by:

- increasing the amount from €1.2 up to €1.5 billion;
- indexing its costs on Faurecia's environmental performance; The interest rate of the credit line will vary depending upon the achievement of the Group's target of CO₂ neutrality for its scopes 1 & 2;
- extending its maturity to five years, i.e. May 2026, with two one-year extension options submitted to the banks' agreement.

As of December 31, 2021, this facility was not drawn.

This credit facility includes only one covenant, related to consolidated financial ratios: Net debt ⁽¹⁾/EBITDA ⁽²⁾ must be lower than 3.0 (previously 2.79). Compliance with this ratio is a condition affecting the availability of this credit facility. As of December 31, 2021, the Group complied with this ratio.

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.

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 will be refinanced mainly through bonds issues and bank loans, to the exception of the €800 million part to be refinanced through a capital increase.

As of December 31, 2021, the available amount of this credit facility was €3.4 billion, as a consequence of the various pre financing operations of the HELLA acquisition (see below).

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 ESG 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.

(1) Consolidated net debt.

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

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.

As of December 31, 2021, the drawn amount was at ¥20 billion, representing €152.8 million.

In June 2021, the conditions of this credit line have been renegotiated to align the restrictive conditions with the ones of the syndicated credit line of €1.5 billion, more specifically the ratio Net debt/EBITDA, which is now at 3.0.

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 December 31, 2021, 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 December 31, 2021, 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.

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 December 31, 2021, 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 CO₂ 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 December 31, 2021, the outstanding amount of these 2027 bonds amounted to €1,200 million.

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 December 31, 2021, 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 December 31, 2021, the outstanding amount of these 2029 bonds amounted to €400 million.

Finally, during 2021, Faurecia regularly issued commercial papers with a maturity up to one year for investors located mainly in France. As of December 31, 2021, the outstanding amount was €747 million.

During the first half-year 2021, Standard & Poor's has given a positive outlook to Faurecia on March 15, 2021 and Fitch has confirmed the BB+ rating but improved the outlook from negative to stable on June 4, 2021. Following the announcement of the acquisition of HELLA, Moody's has downgraded on August 20, 2021 the outlook from stable to negative, while maintaining the Ba2 grading. On December 9, 2021, S&P has given a stable outlook to its BB grading.

IBOR rates reform: On March 5, 2021 the Financial Conduct Authority (FCA) officially announced the end of the publication of the IBOR rates. This change has no significant impact on the Group financial statements, as the majority of its variable rate financial debt is based on the EURIBOR, which is not impacted by this change. However, Faurecia has anticipated the end of the publication of the rate Libor JPY expected for December 31, 2021, and since September 2021, is applying the Tokyo Overnight Average Rate (TONAR) for the ¥30 billion credit facility in Yen drawn at ¥20 billion.

The Group's global contractual maturity schedule as of December 31, 2021 breaks down as follows:

(in € million)	Carrying Amount			Remaining contractual maturities				
	Assets	Liabilities	Total	0-3 months	3-6 months	6-12 months	1-5 years	>5 years
Other non-current financial assets	98.0		98.0				98.0	
Other non-current assets	122.3		122.3				122.3	
Trade accounts receivables	3,468.1		3,468.1	3,308.0	43.6	116.4		
Cash and cash equivalents	4,905.7		4,905.7	4,905.7				
Interests on:								
2025 Bonds		(1.1)	(105.0)	0.0	(13.1)	(13.1)	(78.8)	0.0
2026 Bonds		(1.0)	(117.2)	0.0	(11.7)	(11.7)	(93.8)	0.0
2027 SLB Bonds		(3.2)	(165.0)	0.0	(16.5)	(16.5)	(132.0)	0.0
2027 Bonds		(0.9)	(126.8)	0.0	(10.6)	(10.6)	(84.6)	(21.1)
2028 Bonds		(1.1)	(183.8)	0.0	(13.1)	(13.1)	(105.0)	(52.5)
2029 Bonds		(0.4)	(71.3)	0.0	(4.8)	(4.8)	(38.0)	(23.8)
Schuldschein		(0.6)	(56.6)	0.0	(5.0)	(9.9)	(40.4)	(1.3)
Other long term borrowings		(0.7)	(23.4)	0.0	(2.3)	(4.7)	(15.4)	(1.0)
Current portion of lease liabilities		(198.8)	(198.8)	(49.7)	(49.7)	(99.4)		
Other current financial liabilities		(831.3)	(831.3)	(257.3)	(511.0)	(63.0)		
Trade accounts payables		(6,693.2)	(6,693.2)	(6,494.4)	(85.8)	(113.0)		
Bonds (excluding interest)								
2025 Bonds		(980.6)	(980.6)				(980.6)	
2026 Bonds		(753.2)	(753.2)				(753.2)	
2027 SLB Bonds		(1,190.5)	(1,190.5)					(1,190.5)
2027 Bonds		(875.2)	(875.2)					(875.2)
2028 Bonds		(695.6)	(695.6)					(695.6)
2029 Bonds		(396.5)	(396.5)					(396.5)
Bank borrowings								
Schuldschein		(906.7)	(906.7)	2.4	0.0	(58.5)	(768.5)	(82.1)
Others		(464.3)	(464.3)	0.0	0.0	(6.7)	(457.6)	0.0
Other borrowings		(258.7)	(258.7)	0.0	0.0	(92.7)	(154.4)	(11.7)
Non-current lease liabilities		(833.1)	(833.1)				(524.8)	(308.3)
Interest rate derivatives	6.6	(3.0)	3.6	6.6	0.0	0.0	(3.0)	0.0
■ o/w cash flow hedges	6.6	(3.0)	3.6	6.6	0.0	0.0	(3.0)	0.0
■ o/w derivatives not qualifying for hedge accounting under IFRS								
Currency hedges	10.5	(8.0)	2.4	2.3	(0.7)	(0.3)	1.4	(0.3)
■ o/w fair value hedges	3.8	(1.0)	2.8	2.8	0.0	0.0	0.0	0.0
■ o/w cash flow hedges	6.5	(7.0)	(0.5)	(0.6)	(0.7)	(0.3)	1.4	(0.3)
■ o/w derivatives not qualifying for hedge accounting under IFRS	0.2	0.0	0.2	0.1	0.1	0.0	0.0	0.0
TOTAL	8,611.1	(15,097.6)	(7,326.4)	1,423.7	(680.6)	(401.5)	(4,008.3)	(3,659.7)

26.4 Analysis of borrowings

As of December 31, 2021, the variable rate borrowings were 24.6% of borrowings before taking into account the impact of hedging.

(in € million)	2021	
Variable rate borrowings	2,066.0	24.6%
Fixed rate borrowings	6,318.3	75.4%
TOTAL	8,384.3	100.0%

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

(in € million)	2021		2020	
Euros	6,579.6	78.5%	4,978.8	80.0%
US Dollars	1,035.7	12.4%	595.5	9.6%
Japanese Yen	380.0	4.5%	346.8	5.6%
Other currencies	389.0	4.6%	301.0	4.8%
TOTAL	8,384.3	100.0%	6,222.1	100.0%

In 2021, the weighted average interest rate on gross outstanding borrowings was 3.11%.

Note 27 Trade payables, accrued taxes and payroll costs

27.1 Trade payables

Faurecia has implemented a reverse factoring program since 2017. This program enables suppliers participating to sell their receivables towards Faurecia to a financial institution (factor), before their contractual payment term. Relations between the parties are structured through two contracts:

- Faurecia suppliers are entering a factoring contract with the factor, for the receivables they have towards Faurecia;
- Faurecia signs a contract with the factor in which Faurecia commits to pay these invoices at the contractual payment term to the factor (once the invoices have been validated).

This program enables the participating suppliers to have their receivables paid on a short term by the factor. Faurecia pays these invoices at their contractual due date to the factor.

The scheme's analysis has led Faurecia to consider that the nature of these invoices was not changed by the implementation of this program. They are therefore still classified as trade payables.

(in € million)	2021	2020
Trade payables	6,693.2	6,016.4
TOTAL	6,693.2	6,016.4

27.2 Accrued taxes and payroll costs

(in € million)	2021	2020
Accrued payroll costs	419.2	414.8
Payroll taxes	140.4	147.5
Employee profit-sharing	31.3	23.1
Other accrued taxes and payroll costs	188.2	186.5
TOTAL	779.1	771.9

Note 28 Sundry payables

(in € million)	2021	2020
Due to suppliers of non-current assets	151.0	112.5
Prepaid income	39.9	44.3
Current taxes	84.4	74.2
Other	195.4	211.2
Currency derivatives for operations	6.6	2.5
TOTAL	477.3	444.7

Note 29 Financial instruments

29.1 Financial instruments recorded in the balance sheet

(In € million)	December 31, 2021		Breakdown by category of instrument ⁽¹⁾			
	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	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 SLB 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.

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	December 31, 2020		Breakdown by category of instrument ⁽¹⁾			
	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
<i>(In € million)</i>						
Other equity interests	53.8		53.8			53.8
Other non-current financial assets	104.7				104.7	104.7
Trade accounts receivables	3,237.1	3,237.1				0.0
Other operating receivables	363.4	353.2		10.2		10.2
Other receivables and prepaid expenses	856.4	856.4				0.0
Currency derivatives	2.6		2.6			2.6
Interest rate derivatives	0.0					0.0
Cash and cash equivalents	3,091.4		3,091.4			3,091.4
FINANCIAL ASSETS	7,709.4	4,446.7	3,147.8	10.2	104.7	3,262.7
Long-term debt*	4,222.8	1.8		9.9	4,211.1	4,357.3
Non-current lease liabilities	794.0				794.0	794.0
Short-term debt	1,023.1		7.2		1,015.9	1,023.1
Current portion of lease liabilities	182.2				182.2	182.2
Prepayments on customers contracts	605.7	605.7				0.0
Trade payables	6,016.4	6,016.4				0.0
Accrued taxes and payroll costs	771.9	771.9				0.0
Sundry payables	444.7	442.2	0.1	2.4		2.5
Of which Currency derivatives	2.5		0.1	2.4		2.5
FINANCIAL LIABILITIES	14,060.8	7,838.0	7.3	12.3	6,203.2	6,359.1

(1) No financial instruments were transferred between categories in 2020.

(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, 2020): for the 2025 bonds quoted 101.68% of par, at €1,016.8 million; for the 2026 bonds quoted 103.97% of par, at €779.8 million; for the 2027 bonds quoted 101.17% of par, at €708.2 million and for the 2028 bonds quoted 105.38% of par, at €737.6 million.

The main measurement methods applied are as follows:

- items accounted for at fair value through profit or loss, as well as hedging instruments, are measured using a valuation technique based on rates quoted on the interbank market, such as Euribor and exchange rates set daily by the European Central Bank;
- financial liabilities are primarily recognized at amortized cost calculated using the effective interest rate method;
- the fair value of trade receivables and payables related to manufacturing and sales operations corresponds to their carrying value given of their very short maturities.

The impact of financial instruments on income:

(in € million)	2021			
	Impact Income	Breakdown by category of instrument		
		Financial assets/ liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Instruments derivatives
Translation differences on commercial transactions	19.7	19.7		
Income on loans, cash investments and marketable securities	32.0	32.0		
Finance costs	(239.3)		(239.3)	
Other financial income and expenses	(47.2)		(48.0)	0.8
Net income (expenses)	(234.8)	51.7	(287.3)	0.8

(in € million)	2020 restated			
	Impact Income	Breakdown by category of instrument		
		Financial assets/liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Instruments derivatives
Translation differences on commercial transactions	(6.3)	(6.2)		(0.1)
Income on loans, cash investments and marketable securities	20.9	20.9		
Finance costs	(202.7)		(202.7)	
Other financial income and expenses	(36.3)		(38.5)	2.2
Net income (expenses)	(224.4)	14.7	(241.2)	2.1

As of December 31, 2021, movements in provisions for impairment break down as follows by category of financial asset:

(in € million)	Balance as of January 1, 2021	Additions	Utilizations	Reversals (surplus provisions)	Change in scope of consolidation and other changes	Balance as of
						December 31, 2021
Doubtful accounts	(30.7)	(13.7)	22.0	0.0	(0.7)	(23.0)
Shares in non-consolidated companies	(10.0)	(0.0)	0.2	0.0	(1.8)	(11.6)
Non-current financial assets	(21.4)	(2.9)	10.8	0.0	4.2	(9.3)
Other receivables	(12.7)	(0.0)	0.2	0.0	(0.4)	(12.9)
TOTAL	(74.8)	(16.6)	33.3	0.0	1.3	(56.8)

29.2 Financial instruments – fair value hierarchy

The Group's financial instruments that are measured at fair value break down as follows by level of fair value measurement: Level 1 (prices quoted in active markets) for short-term cash investments and Level 2 (measured using a valuation technique based on rates quoted on the interbank market, such as Euribor and exchange rates set daily by the European Central Bank) for currency and interest rate instruments.

Note 30 Hedging of currency and interest rate risks

30.1 Transactions in foreign currencies and derivatives

Transactions in foreign currencies are converted at the exchange rate prevailing on the transaction date. Receivables and payables are converted at the year-end exchange rate. Resulting gains or losses are recorded in the income statement as operating income or expenses for operating receivables and payables, and under "Other financial income and expenses" for other receivables and payables.

Faurecia uses derivative instruments traded on organized markets or purchased over the counter from first-rate counterparties to hedge currency and interest rate risks. They are recorded at fair value in the balance sheet.

30.2 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.

2021

Currency exposure (in € million)	USD	CZK	CNY	RUB	GBP	PLN	MXN	JPY
Trade receivables (net of payables)	41.5	(19.4)	(1.9)	12.2	58.5	(16.3)	(47.8)	26.5
Financial assets (net of liabilities)*	228.6	(1.3)	10.1	(30.9)	(83.3)	0.0	(0.1)	118.7
Forecast transactions**	138.2	(98.0)	45.4	40.3	(84.4)	(75.6)	(22.4)	32.0
Net position before hedging	408.3	(118.8)	53.5	21.6	(109.2)	(92.0)	(70.4)	177.3
Currency hedges	(441.6)	99.9	(3.2)	26.7	67.3	116.5	49.9	(132.0)
Net position after hedging	(33.3)	(18.9)	50.3	48.3	(41.8)	24.6	(20.5)	45.3

* Including inter-company financing.

** Commercial exposure anticipated over the next 6 months.

2020

Currency exposure (in € million)	USD	CZK	CNY	RUB	GBP	PLN	MXN	JPY
Trade receivables (net of payables)	33.9	(35.9)	37.9	19.0	10.1	(15.3)	(62.0)	5.9
Financial assets (net of liabilities)*	243.1	0.0	9.9	(29.0)	(88.6)	0.0	(9.0)	86.1
Forecast transactions**	107.3	(56.8)	15.3	8.7	1.1	(68.1)	(47.8)	13.4
Net position before hedging	384.3	(92.7)	63.1	(1.3)	(77.4)	(83.4)	(118.8)	105.4
Currency hedges	(311.1)	45.3	(19.5)	22.5	100.2	68.0	19.0	(107.6)
Net position after hedging	73.2	(47.4)	43.6	21.2	22.8	(15.4)	(99.8)	(2.2)

* Including inter-company financing.

** Commercial exposure anticipated over the next 6 months.

Hedging instruments are recognized in the balance sheet at fair value. Fair value is determined based on measurements confirmed by banking counterparties.

Information on hedged notional amounts

(in € million) December 31, 2021	Carrying amount			Maturities		
	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.

(in € million) December 31, 2020	Carrying amount			Maturities		
	Assets	Liabilities	Notional amount*	< 1 year	1 to 5 years	> 5 years
Fair value hedges						
■ forward currency contracts	0.0	(0.1)	10.2	10.2	0.0	0.0
■ Inter-company loans in foreign currencies swapped for euros	2.6	(0.3)	468.3	468.3	0.0	0.0
■ cross-currency swaps	0.0	(6.8)	97.8	0.0	97.8	0.0
Cash flow hedges						
■ forward currency contracts	9.9	(2.2)	349.1	349.1	0.0	0.0
■ currency option	0.3	(0.3)	40.5	40.5	0.0	0.0
Not eligible for hedge accounting	0.0	(0.1)	9.1	9.1	0.0	0.0
	12.8	(9.8)				

* Notional amounts based on absolute values.

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The sensitivity of Group income and equity as of December 31, 2021 to a fluctuation in exchange rates against the euro is as follows for the main currencies to which the Group is exposed:

Currency exposure	USD	CZK	CNY	RUB	GBP	PLN	MXN	JPY
2021	1.13	24.86	7.19	85.30	0.84	4.60	23.14	130.38
Currency fluctuation scenario (depreciation of currency/EUR)	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Exchange rate after currency depreciation	1.19	26.10	7.55	89.57	0.88	4.83	24.30	136.90
Impact on pre-tax income <i>(in € millions)</i>	(2.59)	1.04	0.05	(0.33)	(1.97)	0.82	2.40	(1.77)
Impact on other comprehensive income <i>(in € millions)</i>	8.87	(4.64)	(0.32)	0.00	0.00	(4.64)	(0.03)	0.79

These impacts reflect (i) the effect on the income statement of currency fluctuations on the year-end valuation of assets and liabilities recognized on the balance sheet, net of the impact of the change in the intrinsic value of hedging instruments (both those qualifying and not qualifying as fair value hedges) and (ii) the effect on equity of the change in the intrinsic value of hedging instruments for derivatives qualifying as cash flow hedges.

30.3 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.

<i>(in € million)</i> 2021	Under 1 year		1 to 2 years		2 to 5 years		More than 5 years		Total	
	Fixed rate	Variable Rate	Fixed rate	Variable Rate	Fixed rate	Variable Rate	Fixed rate	Variable Rate	Fixed rate	Variable Rate
Financial assets		4,917.6								4,917.6
Financial liabilities	(261.6)	(924.0)	(283.0)	(422.8)	(2,255.9)	(681.7)	(3,517.9)	(37.5)	(6,318.3)	(2,066.0)
Net position before hedging	(261.6)	3,993.7	(283.0)	(422.8)	(2,255.9)	(681.7)	(3,517.9)	(37.5)	(6,318.3)	2,851.6
Interest rate hedges	0.0	0.0	(398.6)	398.6	(137.0)	137.0	29.6	(29.6)	(506.0)	506.0
Net position after hedging	(261.6)	3,993.7	(681.5)	(24.3)	(2,392.9)	(544.7)	(3,488.3)	(67.1)	(6,824.3)	3,357.6

<i>(in € million)</i> 2020	Under 1 year		1 to 2 years		2 to 5 years		More than 5 years		Total	
	Fixed rate	Variable Rate	Fixed rate	Variable Rate	Fixed rate	Variable Rate	Fixed rate	Variable Rate	Fixed rate	Variable Rate
Financial assets		3,094.0								3,094.0
Financial liabilities	(183.7)	(1,055.5)	(320.9)	(226.5)	(1,485.8)	(509.2)	(2,440.5)	0.0	(4,430.9)	(1,791.2)
Net position before hedging	(183.7)	2,038.5	(320.9)	(226.5)	(1,485.8)	(509.2)	(2,440.5)	0.0	(4,430.9)	1,302.8
Interest rate hedges	0.0	0.0	(226.5)	226.5	(531.8)	531.8	0.0	0.0	(758.3)	758.3
Net position after hedging	(183.7)	2,038.5	(547.4)	0.0	(2,017.6)	22.6	(2,440.5)	0.0	(5,189.2)	2,061.1

Cross-currency swaps variable/fixed rate are included in the above detailed position, but their value in the balance sheet as well as the notional amounts are included in the corresponding table for currency hedging instruments in Note 30.2 and not in the interest rate hedging instruments hereafter.

The main components of the fixed rate debt are:

- bonds maturing in June 2025, issued in March 2018 and July 2020 for a total amount of €1,000 million;
- bonds maturing in June 2026, issued in March and October 2019 for a total amount of €750 million;
- bonds maturing in June 2027, issued in November 2019 for a total amount of €700 million;
- bonds maturing in February 2027, issued in November 2021 for a total amount of €1,200 million;
- bonds maturing in June 2028, issued in July 2020 for a total amount of €700 million;
- green bonds maturing in June 2029, issued in March 2021 for a total amount of €400 million;
- a part of the *Schuldscheindarlehen* (see Note 26.3) issued in December 2018 and in December 2021.

The majority of interest rate derivatives as of December 31, 2021 aim at hedging the variable part of the *Schuldscheindarlehen* against an interest rate increase.

The notional amounts of the Group's interest rate hedges break down as follows:

(in € million) December 31, 2021	Carrying amount		Notional amounts by maturity		
	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

(in € million) December 31, 2020	Carrying amount		Notional amounts by maturity		
	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	(9.9)	0.0	713.5	0.0
Accrued premiums payable	0.0	0.0	0.0	0.0	0.0
	0.0	(9.9)	0.0	713.5	0.0

A part of the Group borrowings being at variable rates as stated in Note 26.4, a rise in short-term rates would therefore have an impact on financial expense.

The sensitivity tests performed, assuming a 100 bp increase in average interest rates compared to the rate curve as of December 31, 2021 show that the effect on net financial expense (before taxes) would not be significant, taking into account the profile of the Group's borrowings and derivatives in place as of December 31, 2021.

30.4 Counterpart risk on derivatives

Faurecia's counterparty risk connection with its derivatives is not significant as the majority of its derivatives are arranged with banks with strong ratings that form part of its banking pool. The consideration of derivatives compensation agreements existing with counterparts, is summarized as follows:

	(a)	(b)	(c) = (a) - (b)	(d) Related amounts not set off in the balance sheet (not fulfilling IAS 32 compensation criteria)		(e) = (c) - (d)
	Gross amount value (before compensation)	Gross amounts compensated (according to IAS 32)	Net amounts presented in the balance sheet	Financial instruments	Collaterals received	Net amount
Financial assets as of December 31, 2021 <i>(in € million)</i>						
Derivatives	18.5		18.5	13.9		4.6
Other financial instruments						
TOTAL	18.5	0.0	18.5	13.9	0.0	4.6

	(a)	(b)	(c) = (a) - (b)	(d) Related amounts not set off in the balance sheet (not fulfilling IAS 32 compensation criteria)		(e) = (c) - (d)
	Gross amount value (before compensation)	Gross amounts compensated (according to IAS 32)	Net amounts presented in the balance sheet	Financial instruments	Collaterals received	Net amount
Financial liabilities as of December 31, 2021 <i>(in € million)</i>						
Derivatives	11.0		11.0	13.9		(2.9)
Other financial instruments						
TOTAL	11.0	0.0	11.0	13.9	0.0	(2.9)

Note 31 Commitments given and contingent liabilities

Commitments given

<i>(in € million)</i>	2021	2020
Future minimum lease payments ⁽¹⁾	124.0	140.0
Debt collateral:		
■ mortgages	2.1	2.0
Other debt guarantees	94.5	30.3
Firm orders for property, plant and equipment and intangible assets	142.0	158.6
Other	1.0	1.1
TOTAL ⁽²⁾	363.6	332.0

(1) Commitments on future lease payments are considering only obligations not reflected in the lease liability, such as payments on contracts corresponding to exemption criteria allowed by IFRS 16 and considered by the Group as well as future payments on signed contracts which execution has not yet started.

(2) Of which €8 million of commitments for discontinued activities as at December 2020 (mainly firm orders for assets).

Future minimum lease payments break down as follows:

<i>(in € million)</i>	2021	2020
N+1	15.6	13.1
N+2	10.0	8.2
N+3	9.7	7.9
N+4	9.6	8.0
N+5 and above	79.0	102.9
TOTAL	124.0	140.0

Expiry dates of mortgages and guarantees:

<i>(in € million)</i>	2021
■ less than a year	81.5
■ 1 to 5 years	2.0
■ more than 5 years	13.1
TOTAL	96.6

Note 32 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.

Note 33 Management compensation

Total compensation for 2021 awarded to the members of the Board of Directors and the Group Executive Committee serving in this capacity as at December 31, 2021 amounted to €12,647,356 including directors' fees of €864,629 compared with the 2020 figures of €14,293,985 and €703,000 respectively.

Note 34 Fees paid to the Statutory Auditors

(in € million)	EY				Mazars			
	Amount (excl.VAT)		%		Amount (excl.VAT)		%	
	Exercice 2021	Exercice 2020	Exercice 2021	Exercice 2020	Exercice 2021	Exercice 2020	Exercice 2021	Exercice 2020
AUDIT								
Statutory and contractual audits								
Issuer	0.9	0.9	17.0%	18.4%	0.7	0.7	15.2%	15.7%
Fully consolidated companies	3.6	3.3	68.2%	70.9%	3.6	3.8	73.9%	81.7%
SUB TOTAL	4.5	4.2	85.2%	89.3%	4.3	4.6	89.1%	97.4%
Other services								
Issuer	0.4	0.2	7.2%	4.3%	0.4	0.1	8.9%	2.6%
Fully consolidated companies	0.4	0.3	7.6%	6.4%	0.1	0.0	2.1%	0.0%
SUB TOTAL	0.8	0.5	14.8%	10.7%	0.5	0.1	10.9%	2.6%
TOTAL	5.3	4.7	100.0%	100.0%	4.9	4.7	100.0%	100.0%

The fees invoiced by the Statutory Auditors for the diligences performed for the specific publications of Peugeot S.A. within the frame of its merger with FCA have been validated and covered by Peugeot S.A. and are therefore not part of the figures given in the above table.

Other services provided by EY to the Company and its subsidiaries mainly relate to issuance of statements as independent auditors, contractual audit reports, procedures in connection with divestment projects, consultations and comfort letters in connection with a financing operation.

Other services provided by Mazars to the Company and its subsidiaries mainly relate to issuance of statements as independent auditors, verification of the non-financial statement included in management report, contractual audit reports, procedures in connection with divestment projects, consultations and comfort letters in connection with a financing operation.

Note 35 Dividends

The Board of Directors has decided to propose to the next Annual Shareholders' Meeting a dividend of €1.00 per share.

List of consolidated companies as of December 31, 2021

	Country	Interest of (%)	Stake (%) ⁽¹⁾
I - FULLY CONSOLIDATED COMPANIES			
Faurecia	France	Holding	Holding
South Africa			
Faurecia Interior Systems South Africa (Pty), Ltd	South Africa	100	100
Faurecia Interior Systems Pretoria (Pty), Ltd	South Africa	100	100
Faurecia Emission Control Technologies South Africa (CapeTown) (Pty), Ltd	South Africa	100	100
Germany			
Faurecia Autositze GmbH ^(a)	Germany	100	100
Faurecia Automobiltechnik GmbH ^(a)	Germany	100	100
Faurecia Automotive GmbH ^{(a) (b)}	Germany	100	100
Faurecia Innenraum Systeme GmbH ^(a)	Germany	100	100
Faurecia Emissions Control Technologies, Germany GmbH ^(a)	Germany	100	100
Hug Engineering GmbH ^(a)	Germany	100	100
Clarion Europa GmbH	Germany	100	100
SAS Autosystemtechnik GmbH ^(a)	Germany	100	100
SAS Autosystemtechnik Verwaltungs GmbH ^(a)	Germany	100	100
Faurecia Participations GmbH	Germany	100	100
Argentina			
Faurecia Sistemas De Escape Argentina S.A.	Argentina	100	100
Faurecia Argentina S.A.	Argentina	100	100
SAS Automotriz Argentina S.A.	Argentina	100	100
Austria			
Faurecia Angell-Demmel GmbH	Austria	100	100
Belgium			
Faurecia Automotive Belgium	Belgium	100	100
Brazil			
Faurecia Automotive do Brasil, Ltda	Brazil	100	100
FMM Pernambuco Componentes Automotivos, Ltda	Brazil	51	100
SAS Automotive Do Brazil Ltda.	Brazil	100	100
Canada			
Faurecia Emissions Control Technologies Canada, Ltd	Canada	100	100
Irystec Software Inc.	Canada	100	100
China			
Faurecia Exhaust Systems Changchun Co., Ltd	China	51	100
Changchun Faurecia Xuyang Automotive Seat Co., Ltd	China	60	100
Faurecia - GSK (Wuhan) Automotive Seating Co., Ltd	China	51	100
Faurecia (Wuxi) Seating Components Co., Ltd	China	100	100
Faurecia Tongda Exhaust Systems Wuhan Co., Ltd	China	50	100
Faurecia Honghu Exhaust Systems Shanghai, Co., Ltd	China	66	100
Faurecia (Changchun) Automotive Systems Co., Ltd	China	100	100
Faurecia Emissions Control Technologies Development (Shanghai) Co., Ltd	China	100	100
Faurecia (Shanghai) Automotive Systems Co., Ltd	China	100	100
Faurecia (Qingdao) Exhaust Systems Co., Ltd	China	100	100
Faurecia (China) Holding Co., Ltd	China	100	100
Faurecia (Guangzhou) Automotive Systems Co., Ltd	China	100	100
Faurecia Emissions Control Technologies (Chongqing) Co., Ltd	China	72.5	100
Faurecia Emissions Control Technologies (Yantai) Co., Ltd.	China	100	100
Faurecia (Chengdu) Emissions Control Technologies Co., Ltd	China	51	100
Faurecia (Nanjing) Automotive Systems Co., Ltd	China	100	100

(1) Cumulated percentages of interest for fully consolidated companies.

(a) Application of sec.264 (3) HGB (German Commercial Code).

(b) Application of sec.291(2) HGB (German Commercial Code).

2 Consolidated financial statements

List of consolidated companies as of December 31, 2021

	Country	Interest of (%)	Stake (%) ⁽¹⁾
Faurecia (Shenyang) Automotive Systems Co., Ltd	China	100	100
Faurecia (Wuhan) Automotive Components Systems Co., Ltd	China	100	100
Changchun Faurecia Xuyang Interior Systems Co., Ltd	China	60	100
Chengdu Faurecia Limin Automotive Systems Co., Ltd	China	100	100
Faurecia (Yancheng) Automotive Systems Co., Ltd	China	100	100
CSM Faurecia Automotive Parts Co., Ltd	China	50	100
Faurecia NHK (Xiangyang) Automotive Seating Co., Ltd	China	51	100
Faurecia Emissions Control Technologies (Beijing) Co., Ltd	China	100	100
Faurecia Emissions Control Technologies (Nanchang) Co., Ltd	China	51	100
Faurecia Emissions Control Technologies (Ningbo) Co., Ltd.	China	100	100
Faurecia Emissions Control Technologies (Foshan) Co., Ltd	China	51	100
Foshan Faurecia Xuyang Interior Systems Co., Ltd	China	60	100
Faurecia PowerGreen Emissions Control Technologies (Shanghai) Co., Ltd	China	100	100
Faurecia Emissions Control Technologies (Ningbo Hangzhou Bay New District) Co., Ltd	China	66	100
Shanghai Faurecia Automotive Seating Co., Ltd	China	55	100
Changsha Faurecia Emissions Control Technologies Co., Ltd	China	100	100
Dongfeng Faurecia Automotive Interior Co., Ltd	China	50	100
Borgward Faurecia (Tianjin) Auto Systems Co., Ltd	China	51	100
Faurecia Exhaust Systems (Shanghai) Co., Ltd	China	100	100
Faurecia (Jimo) Emissions Control Technologies Co., Ltd	China	100	100
Faurecia (Tianjin) Emission Control Technologies Co., Ltd	China	51	100
Faurecia Yinlun (Weifang) Emission Control Technologies Co., Ltd	China	52	100
Tianjin Faurecia Xuyang Automotive System Co., Ltd	China	60	100
Dongfeng Faurecia Emissions Control Technologies Co., Ltd	China	50	100
Faurecia (Changshu) Automotive System Co., Ltd	China	55	100
Faurecia (Liuzhou) Automotive Seating Co., Ltd	China	50	100
Faurecia Clarion Electronic Fengcheng Co., Ltd	China	100	100
Shenzhen Faurecia Automotive Parts Co., Ltd	China	70	100
Faurecia (Hangzhou) Automotive Systems Co., Ltd	China	100	100
Faurecia (Liuzhou) Automotive Interior Systems Co.,Ltd	China	50	100
Faurecia Clarion Electronic Foshan Co., Ltd	China	100	100
Faurecia Chongqing Zhuotong Automotive Interior Systems Co.,Ltd	China	50	100
Shanghai Faurecia Automotive Seating component Co., Ltd	China	55	100
Parrot Automotive Shenzhen	China	100	100
HUG Engineering Shanghai Co., Ltd	China	100	100
Faurecia Clarion Electronics (Dongguan) Co. Ltd.	China	100	100
Faurecia Clarion Electronics (Xiamen) Co. Ltd.	China	100	100
Chengdu Faurecia Xuyang Automotive Seat Co., Ltd	China	60	100
Zhejiang Faurecia Interior & Exterior Systems Co., Ltd	China	100	100
SAS Automotive Systems (Shanghai) Co., Ltd.	China	100	100
Faurecia Clarion Electronic Chongqing Ltd	China	100	100
Changchun Faurecia Xuyang Display Technology Co., Ltd.	China	55	100
Nanjing Faurecia Emission Control Technology Co., Ltd	China	66	100
Faurecia (Shanghai) Automotive Component Co., Ltd	China	100	100
Faurecia (Jiaxing) Automotive Systems Co., Ltd.	China	100	100
Faurecia CLD Safety Technology (Shenyang) Co., Ltd.	China	65	100
Faurecia Clarion (Wuhan)	China	51	100
Coagent Global Limited	China	100	100
Faurecia Clarion Electronics Asia Pacific Limited	China	100	100
Chang Ming Co., Ltd.	China	82.9	100
Clarion (H.K.) Industries Co., Ltd	China	100	100
China Taiwan			
Covatech Inc.	China Taiwan	82.9	100
Clarion (Taiwan) Manufacturing Co., Ltd	China Taiwan	100	100

(1) Cumulated percentages of interest for fully consolidated companies.

	Country	Interest of (%)	Stake (%) ⁽¹⁾
South Korea			
Faurecia Korea, Ltd	South Korea	100	100
FCM Yeongcheon	South Korea	100	100
FAS Yeongcheon	South Korea	100	100
Denmark			
AMMINEX Emissions Technology AS	Denmark	91.5	100
Spain			
Asientos de Castilla Leon, S.A.	Spain	100	100
Asientos del Norte, S.A.	Spain	100	100
Faurecia Asientos Para Automovil España, S.A.	Spain	100	100
Faurecia Sistemas De Escape España, S.A.	Spain	100	100
Tecnoconfort	Spain	50	100
Asientos de Galicia, S.L.	Spain	100	100
Faurecia Automotive España, S.L.	Spain	100	100
Faurecia Interior System España, S.A.	Spain	100	100
Faurecia Interior System SALC España, S.L.	Spain	100	100
Valencia Modulos de Puertas, S.L.	Spain	100	100
Faurecia Emissions Control Technologies, Pamplona, S.L.	Spain	100	100
Incalplas, S.L.	Spain	100	100
Faurecia Holding España S.L.	Spain	100	100
SAS Autosystemtechnik S.A.	Spain	100	100
United States			
Faurecia Emissions Control Systems NA, LLC	United States	100	100
Faurecia Automotive Seating, LLC	United States	100	100
Faurecia USA Holdings, Inc.	United States	100	100
Faurecia Emissions Control Technologies, USA, LLC	United States	100	100
Faurecia Interior Systems, Inc.	United States	100	100
Faurecia Madison Automotive Seating, Inc.	United States	100	100
Faurecia Interiors Louisville, LLC	United States	100	100
Faurecia Interior Systems Saline, LLC	United States	100	100
Faurecia Mexico Holdings, LLC	United States	100	100
FNK North America, Inc.	United States	100	100
Faurecia North America, Inc.	United States	100	100
Hug Engineering Inc.	United States	100	100
Faurecia DMS	United States	100	100
Clarion Corporation of America	United States	100	100
SAS Automotive Usa Inc.	United States	100	100
France			
Faurecia Sièges d'Automobile	France	100	100
Faurecia Industries	France	100	100
ECSA - Etudes Et Construction de Sièges pour l'Automobile	France	100	100
Siedoubs	France	100	100
Sielest	France	100	100
Siemar	France	100	100
Faurecia Seating Flers	France	100	100
Faurecia Investments	France	100	100
Trecia	France	100	100
Faurecia Automotive Holdings	France	100	100
Faurecia Intérieur Industrie	France	100	100
Faurecia Systèmes d'Echappement	France	100	100
Faurecia Services Groupe	France	100	100
Faurecia Exhaust International	France	100	100
Faurecia Exhaust Russia Holding	France	100	100
Faurecia Smart Technologies	France	100	100
Faurecia Ventures	France	100	100
Faurecia Automotive Composites	France	100	100

(1) Cumulated percentages of interest for fully consolidated companies.

2 Consolidated financial statements

List of consolidated companies as of December 31, 2021

	Country	Interest of (%)	Stake (%) ⁽¹⁾
Hambach Automotive Exteriors	France	100	100
Hennape Six	France	100	100
Faurecia Clarion Electronics Europe S.A.S.	France	100	100
Clarion Europe S.A.S	France	100	100
SAS Automotive France S.A.S.U.	France	100	100
SAS Logistics France S.A.S.U	France	100	100
Cockpit Automotive Systems Rennes S.A.S.U	France	100	100
Ullit	France	100	100
Great Britain			
Faurecia Automotive Seating UK, Ltd	Great Britain	100	100
Faurecia Midlands, Ltd	Great Britain	100	100
SAI Automotive Fradley, Ltd	Great Britain	100	100
SAI Automotive Washington, Ltd	Great Britain	100	100
Faurecia Emissions Control Technologies UK, Ltd	Great Britain	100	100
Design LED Products, Ltd	Great Britain	100	100
Hungary			
Faurecia Emissions Control Technologies, Hungary Kft	Hungary	100	100
Clarion Hungary Electronics Kft.	Hungary	100	100
India			
Faurecia Automotive Seating India Private, Ltd	India	100	100
Faurecia Emissions Control Technologies India Private, Ltd	India	74	100
Faurecia Interior Systems India Private, Ltd	India	100	100
Clarion India Pvt, Ltd	India	100	100
Indonesia			
PT Faurecia Clean Mobility Indonesia	Indonesia	100	100
Israel			
Faurecia Security Technologies	Israel	100	100
Italy			
Faurecia Emissions Control Technologies, Italy SRL	Italy	100	100
Hug Engineering Italia S.r.l.	Italy	100	100
Japan			
Faurecia Japan K.K.	Japan	100	100
Faurecia Howa Interiors Co., Ltd	Japan	50	100
Faurecia Clarion Electronics Co., Ltd.	Japan	100	100
Clarion Sales and Marketing Co., Ltd	Japan	100	100
Luxembourg			
Faurecia Ré	Luxembourg	100	100
Morocco			
Faurecia Équipements Automobiles Maroc	Morocco	100	100
Faurecia Automotive Systems Technologies	Morocco	100	100
Faurecia Automotive Industries Morocco SARL	Morocco	100	100
Mexico			
Faurecia Sistemas Automotrices de Mexico, S.A. de C.V.	Mexico	100	100
Servicios Corporativos de Personal Especializado, S.A. de C.V.	Mexico	100	100
Faurecia Howa Interior Mexico, S.A. de C.V.	Mexico	51	100
Electronica Clarion, S.A. de C.V.	Mexico	100	100
SAS Automotive Systems S.A. De C.V.	Mexico	100	100
Netherlands			
ET Dutch Holdings B.V.	Netherlands	100	100
Faurecia Emissions Control Technologies Netherlands B.V.	Netherlands	100	100
Hug Engineering B.V.	Netherlands	100	100

(1) Cumulated percentages of interest for fully consolidated companies.

	Country	Interest of (%)	Stake (%) ⁽¹⁾
Poland			
Faurecia Automotive Polska S.A.	Poland	100	100
Faurecia Walbrzych S.A.	Poland	100	100
Faurecia Grojec R&D Center S.A.	Poland	100	100
Faurecia Gorzow S.A.	Poland	100	100
Faurecia Legnica Decoration S.A.	Poland	100	100
Portugal			
Faurecia - Assentos de Automovel, Lda	Portugal	100	100
SASAL	Portugal	100	100
Faurecia - Sistemas De Escape Portugal, Lda	Portugal	100	100
EDA - Estofagem de Assentos, Lda	Portugal	100	100
Faurecia Sistemas de Interior de Portugal, Componentes Para Automoveis S.A.	Portugal	100	100
SAS Automotive De Portugal Unipessoal Ltda.	Portugal	100	100
Czech Republic			
Faurecia Exhaust Systems, S.R.O.	Czech Republic	100	100
Faurecia Automotive Czech Republic, S.R.O.	Czech Republic	100	100
Faurecia Interior Systems Bohemia, S.R.O.	Czech Republic	100	100
Faurecia Components Pisek, S.R.O.	Czech Republic	100	100
Faurecia Interiors Pardubice, S.R.O.	Czech Republic	100	100
Faurecia Emissions Control Technologies Mlada Boleslav, S.R.O.	Czech Republic	100	100
Faurecia Plzen S.R.O.	Czech Republic	100	100
SAS Autosystemtechnik S.R.O.	Czech Republic	100	100
Romania			
Faurecia Romania S.R.L.	Romania	100	100
Euro Auto Plastic Systems S.R.L.	Romania	50	100
Russia			
OOO Faurecia Interior Luga	Russia	100	100
OOO Faurecia Metalloprodukcja Exhaust Systems	Russia	100	100
OOO Faurecia Automotive Development	Russia	100	100
OOO Faurecia Automotive Solutions	Russia	100	100
Slovakia			
Faurecia Automotive Slovakia SRO	Slovakia	100	100
SAS Automotive S.R.O.	Slovakia	100	100
Sweden			
Faurecia Interior Systems Sweden AB	Sweden	100	100
Faurecia CREO	Sweden	100	100
Switzerland			
Hug Engineering AG	Switzerland	100	100
Faurecia Switzerland Sàrl	Switzerland	100	100
Faurecia Switzerland Group AG	Switzerland	100	100
Thailand			
Faurecia Interior Systems (Thailand) Co., Ltd	Thailand	100	100
Faurecia Emissions Control Technologies, Thailand Co., Ltd	Thailand	100	100
Faurecia & Summit Interior Systems (Thailand) Co., Ltd	Thailand	50	100
Clarion Asia (Thailand) Co., Ltd	Thailand	100	100
Tunisia			
Société Tunisienne D'Équipements d'Automobile	Tunisia	100	100
Faurecia Informatique Tunisie	Tunisia	100	100
Turkey			
Faurecia Polifleks Otomotiv Sanayi Ve Ticaret Anonim Sirketi	Turkey	100	100
SAS Otosistem Teknik Ticaret Ve Limited Sirketi	Turkey	100	100
Uruguay			
Faurecia Automotive Del Uruguay, S.A.	Uruguay	100	100
Vietnam			
Faurecia Interior Systems (Vietnam) Co., Ltd	Vietnam	100	100

(1) Cumulated percentages of interest for fully consolidated companies.

2 Consolidated financial statements

List of consolidated companies as of December 31, 2021

	Country	Interest of (%)	Stake (%) ⁽¹⁾
II - COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD			
China			
Changchun Xuyang Faurecia Acoustics & Soft Trim Co., Ltd	China	40	40
Jinan Jidao Auto Parts Co., Ltd	China	50	50
Changchun Faurecia Xuyang Automotive Components Technologies R&D Co., Ltd	China	45	45
Dongfeng Faurecia (Wuhan) Automotive Parts Sales Co., Ltd	China	50	50
Qinhuangdao WKW-FAD Automotive Interior Parts Co., Ltd	China	50	50
Dongfeng Faurecia (Xiangyang) Emissions Systems Co., Ltd	China	50	50
Faurecia Liuzhou Automotive Seating Sales Co., Ltd	China	50	50
Chongqing Guangneng Faurecia Interior Systems Co., Ltd	China	50	50
Faurecia (Liuzhou) Emissions Control Technologies Co., Ltd.	China	50	50
Wuhan Clarion Kotei Software Technology Co., Ltd	China	25	25
Beijing BAIC Faurecia Automotive Systems Co., Ltd	China	50	50
Kaishi Faurecia Aftertreatment Control Technologies Co., Ltd.	China	35	35
Spain			
Componentes de Vehiculos de Galicia, S.A.	Spain	50	50
Copo Iberica, S.A.	Spain	50	50
United States			
Detroit Manufacturing Systems, LLC	United States	49	49
DMS leverage lender, LLC	United States	49	49
DMS Toledo, LLC	United States	49	49
Total Network Manufacturing LLC	United States	49	49
France			
Automotive Performance Materials (APM)	France	50	50
Symbio	France	50	50
India			
NHK F. Krishna India Automotive Seating Private, Ltd	India	19	19
Basis Mold India Private Limited	India	38	38
Italy			
Ligneos Srl	Italy	50	50
Japan			
Faurecia - NHK Co., Ltd	Japan	50	50
Malaysia			
Clarion (Malaysia) Sdn. Bhd.	Malaysia	45	45
Mexico			
GMD Stamping Mexico S.A. de C.V.	Mexico	49	49
Hitachi Automotive Systems San Juan Del Rio, S.A. de C.V.	Mexico	20	20
Portugal			
Vanpro Assentos, Lda	Portugal	50	50
Faurecia Aptoide Automotive, Lda	Portugal	50	50
Turkey			
Teknik Malzeme Ticaret Ve Sanayi AS	Turkey	50	50

(1) Cumulated percentages of interest for fully consolidated companies.



3.

Statutory auditors' report on the consolidated financial statements

For the year ended December 31, 2021

Statutory auditors' report on the consolidated financial statements

This is a translation into English of the statutory auditor's report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditor's report includes information required by European regulations and French law, such as information about the appointment of the statutory auditor or verification of the information concerning the Group presented in the management report and other documents provided to shareholders.

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

To the shareholders,

Opinion

In compliance with the engagement entrusted to us by your annual general meeting we have audited the accompanying consolidated financial statements of Faurecia for the year ended December 31st, 2021.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31st, 2021 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

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

Basis for Opinion

Audit Framework

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

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

Independence

We conducted our audit engagement in compliance with the independence requirements of the French Commercial Code (*Code de commerce*) and the French Code of Ethics for Statutory Auditors (*Code de déontologie de la profession de commissaire aux comptes*) for the period from January 1st, 2021 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014.

Emphasis of matter

We draw your attention to the Note 1. A to the consolidated financial statements, which describes the impact of the IFRS IC decision on attributing benefit to periods of service for a defined benefit plan (IAS 19) have been integrated in the opening net equity of the period. Our opinion is not modified in respect of this matter.

Justification of Assessments - Key Audit Matters

Due to the global crisis related to the COVID-19 pandemic, the financial statements for this period have been prepared and audited under special circumstances. Indeed, this crisis and the exceptional measures taken in the context of the health emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties regarding their future prospects. Some of these measures, such as travel restrictions and remote working, have also had an impact on companies' internal organization and on the performance of audits.

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

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

Impairment testing of goodwill

(Note 10 "Goodwill" to the consolidated financial statements)

Risk identified

The carrying amount of goodwill amounts to €2,236.2m at December 31, 2021. Goodwill is allocated to the four groups of cash generating units (CGUs) corresponding to the Group's operating segments: Seating, Clean Mobility, Interiors and Clarion Electronics.

In accordance with IAS 36, goodwill is not amortized but is tested for impairment at least once a year and more often if there is an indication that it may be impaired.

For the purpose of impairment testing, goodwill is allocated between groups of CGUs. A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, as described in Note 10 to the consolidated financial statements.

Impairment tests are performed to compare the carrying amount of assets and liabilities by group of CGUs with the higher of their value in use (equal to the present value of the net future cash flows expected) and their fair value including costs of disposal. For a given group of CGUs, an impairment loss is recognized whenever its value then determined falls below its carrying amount.

The cash flow forecasts used to calculate value in use were based on the Group's 2022-2026 forecasts for Clarion Electronics and on the Group's 2022-2024 forecasts for the other three group of CGU. Those forecasts were established during 2021 last semester. The volume assumptions used in the forecasts are based on external information sources.

As mentioned in Note 10 to the consolidated financial statements, impairment test performed as of December 31, 2021 confirmed goodwill value accounted for in the balance sheet for Seating, Clean Mobility, Interiors and Clarion Electronics.

We considered the measurement of the recoverable amount of goodwill to be a key audit matter for the following reasons:

- the amount of goodwill recorded in the consolidated financial statements is material;
- defining the inputs to be used to perform impairment tests requires a high degree of judgment and estimation from management, in particular as regards future cash flows, discount rates (WACC) and long-term growth rates, which are inherently impacted by the economic environment and in particular by the crisis evolutive context related to Covid-19 and the shortage of electronics components.

Our response

We assessed the method used by management to determine the recoverable amount of each group of CGUs in order to assess its compliance with IAS 36.

With asset valuation experts part of the audit team, we assessed the key assumptions used by management to determine projected future cash flows and, in particular:

- reconciled the components taken in the impairment tests of each group of CGU with the consolidated financial statements;
- compared the key assumptions used to determine the recoverable amount for the group of CGUs, such as assumptions related to the volume for the global automotive market considered by the Group in the Covid-19 and the shortage of electronics components crisis context, applied discount rate and perpetual growth rate with independent market data;
- analyzed the consistency of projected future cash flows with historical data;
- reperformed the calculations and reconciled the main forecasts data including 2022-2026 forecasts data for Clarion Electronics and 2022-2024 forecasts data for the three other group of CGUs with the data used in impairment testing;
- performed sensitivity analyses on the recoverable amounts calculated by management, in particular with regard to discount rates and operating income to estimate their effects and assumptions related to the volume for the global automotive market considered by the Group.

We also assessed the appropriateness of the disclosures on goodwill provided in the notes to the consolidated financial statements.

Accounting and recoverability of development costs

(Notes 10 and 11 to the consolidated financial statements)

Risk identified

Net capitalized development costs amount to €2,268.4m at December 31, 2021.

In accordance with IAS 38, development costs incurred in connection with producing and delivering modules for specific customer orders are recorded as an intangible asset pursuant to the conditions set out in Note 11 to the consolidated financial statements.

These capitalized costs are amortized to match the quantities of parts delivered to the customer, over a period not exceeding five years except under exceptional circumstances.

Research costs, and development costs that do not meet the above criteria, are expensed as incurred pursuant to the conditions set out in Note 11 to the consolidated financial statements.

As mentioned in the note 10 to the consolidated financial statements, the capitalized development costs are tested for impairment whenever there is an indication that they may be impaired. Impairment tests involve comparing the carrying amount of the tangible and intangible assets allocated to a customer contract with the present value of the net future cash flows expected to be derived from the contract, considering the best estimates of the future sales.

We considered the accounting and recoverability of development costs to be a key audit matter for the following reasons:

- the amount of capitalized development costs in the consolidated financial statements is material;
- defining the inputs to be used to perform impairment tests requires a high degree of judgment and estimation from management, in particular as regards future cash flows, discount rates and the expected gross margin per customer contract, which are inherently impacted by the crisis evolutive context related to Covid-19 and the shortage of electronics components.

Our response

With regard to the capitalization of development costs:

- we obtained an understanding of the procedures implemented by management to determine the eligibility of development costs for capitalization and analyzed their compliance with IAS 38;
- we performed certain specific testing on a sample of customer contracts to evaluate whether the related development costs were eligible for capitalization in compliance with IAS 38.

With regard to the measurement of the recoverable amount of capitalized development costs:

- we made inquiries of management about any indications of impairment.
- we obtained an understanding of the method used by management to determine the recoverable amount of these assets and assessed the consistency of performed calculations;
- we assess the consistency of the key assumptions used by management to determine projected future cash flows including assumptions considered by management in the Covid-19 and the shortage of electronics components crisis context, for a sample of customer contracts subject to an impairment test and, in particular:
 - reconciled the components of the carrying amount of these assets allocated to a customer contract with the consolidated financial statements,
 - compared, with asset valuation experts, the key assumptions used, such as discount rates, with independent market data,
 - reconciled, on a sample basis, the data specific to each customer contract, such as projected delivery quantities and negotiated unit price per product, with the customer contract or observable external data, where applicable taking into account ongoing negotiations.

We also assessed the appropriateness of the disclosures provided on development costs in the notes to the consolidated financial statements.

Accounting and recoverability of deferred tax assets

(Note 8 "Corporate Income Tax" to the consolidated financial statements)

Risk identified	Our response
<p>Deferred tax assets amount to €540.6m in the balance sheet at December 31, 2021, while deferred tax liabilities amount to €44.1m.</p> <p>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 carryforward can be utilized, based on the Group's forecasts.</p> <p>The assessment of the ability to recover net deferred tax assets as of December 31, 2021 (€496.5m) is based on the Group's forecasts for the long-term recovery of tax losses.</p> <p>The Group's ability to recover deferred tax assets is assessed by management at the end of the year.</p> <p>We considered the accounting and the recoverability of deferred tax assets to be a key audit matter due to the importance of the assumptions and judgments used by management to recognize these assets, especially in the crisis evolutive context related to Covid-19 and the shortage of electronics components and considering the materiality of their amounts in the consolidated financial statements.</p>	<p>We assessed the consistency of the assumptions used by management to recognize and measure deferred tax assets and their compliance with IAS 12.</p> <p>With the support of our tax experts, we assessed the probability that the Group will be able to utilize the tax loss carryforwards currently recognized in its balance sheet, in particular with regard to:</p> <ul style="list-style-type: none"> ■ deferred tax liabilities existing in the same tax jurisdiction that may be used to offset existing tax loss carryforwards, prior to their expiry date; ■ the ability of the Group companies concerned to generate future taxable profit against which the existing tax loss carryforwards can be utilized. <p>We also assessed the consistency with the forecasts of the main data and assumptions on which taxable income projections considered in the Covid-19 and the shortage of electronics components crisis context and underlying the accounting and recoverability of deferred tax assets relating to tax loss carryforwards are based.</p> <p>Lastly, we also assessed the appropriateness of the disclosures on deferred tax assets provided in the notes to the consolidated financial statements.</p>

Specific verifications

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

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

We attest that the consolidated non-financial statement required by Article L. 225-102-1 of the French Commercial Code (*Code de commerce*) is included in the information relating to the Group given in the management report, it being specified that, in accordance with Article L. 823-10 of said Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein.

Report on other legal and regulatory requirements

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

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by statutory auditor regarding the annual and consolidated financial statements prepared in the European single electronic format, that the preparation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (*Code monétaire et financier*), prepared under the Chief Executive Officer's responsibility, complies with the single electronic format defined in Commission Delegated Regulation (EU) No. 2019/815 of December 17, 2018. Regarding consolidated financial statements, our work includes verifying that the tagging thereof complies with the format defined in the above-mentioned regulation.

On the basis of our work, we conclude that the preparation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the consolidated financial statements that will ultimately be included by your Company in the annual financial report filed with the AMF (*Autorité des marchés financiers*) agree with those on which we have performed our work.

Appointment of the Statutory Auditor

We were appointed Statutory Auditors of Faurecia by the Annual General Meetings held on May 28, 2019 for MAZARS and on June 17, 1983 for ERNST & YOUNG Audit.

At December 31, 2021, MAZARS and ERNST & YOUNG and Young were respectively in their third year and the thirty-nine year of total uninterrupted engagement (which is the twenty-third year since securities of the Company were admitted to trading on a regulated market).

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

The consolidated financial statements were approved by the Board of Directors.

Statutory auditor's responsibilities for the audit of the consolidated financial statements

Objectives and audit approach

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

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

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

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

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

Report to the Audit Committee

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

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

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France as set out in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics for Statutory Auditors (*Code de déontologie de la profession de commissaire aux comptes*). Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Courbevoie and Paris-La Défense, February 21, 2022

The Statutory Auditors

MAZARS

Anne-Laure Rousselou Grégory Derouet

ERNST & YOUNG Audit

Jean-Roch Varon Guillaume Brunet-Moret





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