



2021

Half-Year Results

faurecia
inspiring mobility

Contents

Key figures	3
1. Business review	5
1.1. Notable facts	6
1.2. Main events	7
1.3. Automotive production	9
1.4. Sales	10
1.5. Operating Income	14
1.6. Net income	15
1.7. Financial structure	16
1.8. Outlook	18
2. Consolidated financial statements	19
2.1. Consolidated statement of comprehensive income	20
2.2. Consolidated balance sheet	22
2.3. Consolidated cash flow statement	24
2.4. Consolidated statement of changes in equity	25
2.5. Notes to the consolidated financial statements	26
3. Statement by the person responsible for the 2021 half year financial report	59
Statement by the person responsible for the 2021 half-year financial report	60
4. Statutory Auditors' review report on the interim financial information	61
Statutory auditors' review report on the half-yearly financial information	62

Interim results
 **2021**



Key figures*



* All results presented after application of IFRS 5 for H1 2020 (except cash & cash equivalents and net debt) and H1 2021.

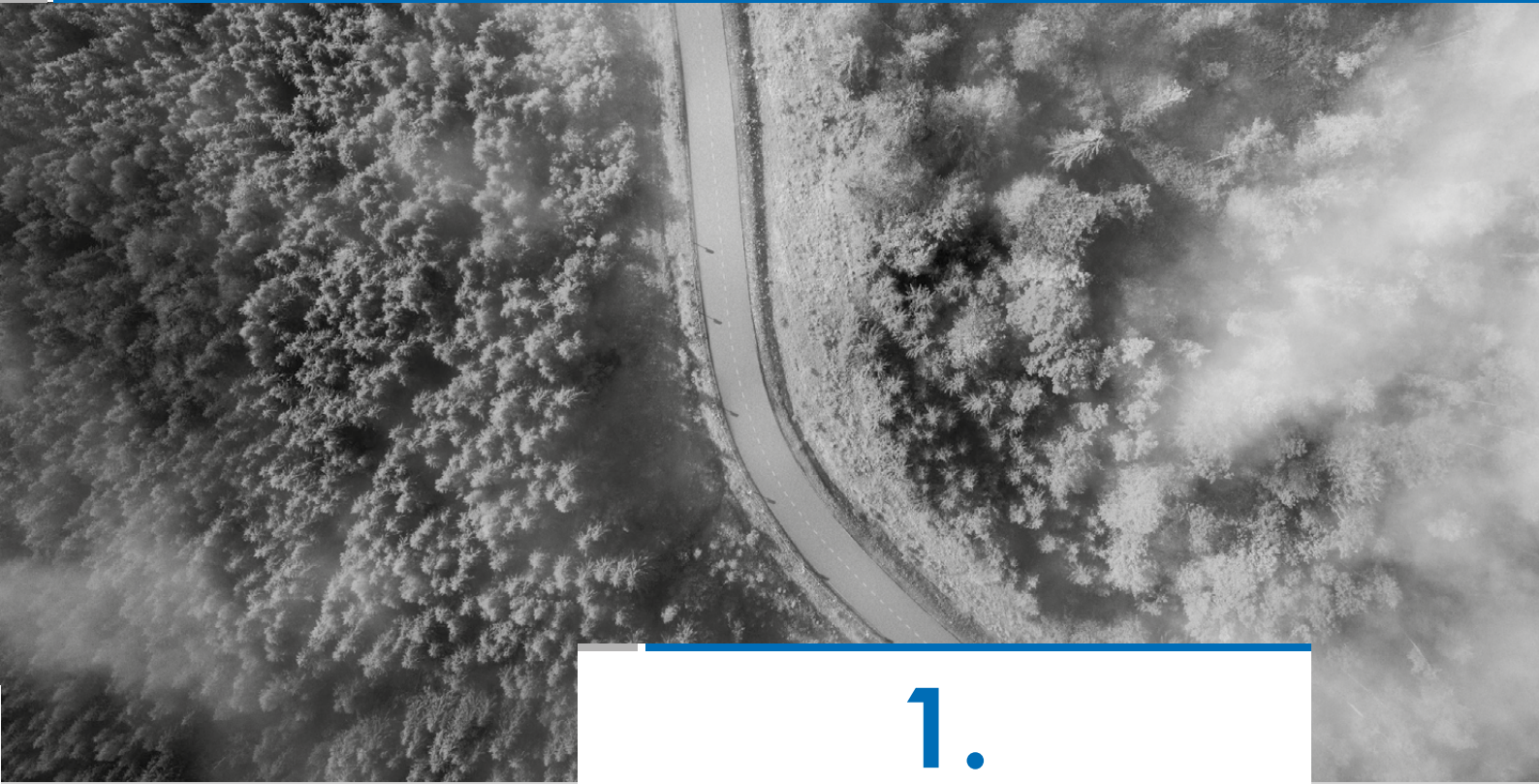
(1) At constant currencies and scope.

(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 18.1 to the consolidated financial statements.





1.

Business review

1.1. Notable facts	6
1.2. Main events	7
1.3. Automotive production	9
1.4. Sales	10
1.4.1. By region	11
1.4.2. By customer	12
1.4.3. By Business Group	13
1.5. Operating Income	14
1.5.1. By region	14
1.5.2. By Business Group	15
1.6. Net income	15
1.7. Financial structure	16
1.7.1. Reconciliation between net cash flow and cash provided by operating and investing activities	16
1.7.2. Net cash flow	16
1.7.3. Net Debt	17
1.8. Outlook	18

1.1. Notable facts

COVID-19

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

SHORTAGE OF ELECTRONICS COMPONENTS

In the first half of 2021, the automotive industry has been significantly impacted by the shortage of semiconductors. This situation was exacerbated by winter storms in Texas in February and a fire disaster at a plant of a major supplier in Japan in March 2021. Global automotive production volume lost due to this shortage is likely to have peaked in the second quarter of 2021 and should ease gradually starting from the end of the third quarter of the year 2021 but bottlenecks are likely to persist until the end of the first half of 2022.

This shortage is reflected in worldwide automotive production that was expected to reach 80.8 million vehicles at the beginning of the year, for the full year, up 14% year-on-year (according to IHS Markit forecast dated January 2021, vehicles segment in line with CAAM for China), and is now expected to reach 78.0 million vehicles (latest IHS Markit forecast dated July 2021), up 10% year-on-year. Most of the 2.8 million volume downward revision is related to the second quarter of the year 2021.

FINANCIAL STATEMENT OF DISCONTINUED ACTIVITIES

On February 18, 2021, Faurecia has signed with the Adler group a Memorandum of Understanding for the sale of the Acoustic Soft Trim business, 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. The finalization of the sale is on going, it necessitates more specifically the preliminary approval of the anti-trust authorities.

In accordance with IFRS 5, net income of discontinued operations presented in the Consolidated statement of comprehensive income amounted to €-30.7 million and corresponds to the operations of the Acoustic Soft Trim business: from January 1, 2021 to June 30, 2021. This activity comprises mainly fixed assets for manufacturing as well as the current assets and liabilities linked to the working capital. The fixed assets have been valued at fair value based on the sale price as defined in the agreements.

The accounting principles and policies applied to discontinued operations are the same as those applied for annual accounts.

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 2.375% 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 announced that it has signed a Memorandum of Understanding for the sale of its Acoustics and Soft Trim (AST) division to the Adler Pelzer group (APG), a worldwide leader in automotive acoustic and thermal components and systems.

The AST business represented sales of €385 million in 2019 within the Interiors Business Group and employs around 1,820 employees in 8 plants and one R&D center, all in Europe.

- 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 2 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 modulable 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.

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

1.3. Automotive production

Worldwide automotive production increased by 30.1% from the first semester 2020 to the first semester of 2021. It increased in Europe (including Russia) by 28.4%, in North America by 32.0%, in Asia by 28.6% (of which an increase of 27.8% in China) and in South America by 61.5%.

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

Volumes (evolution from 2020 to 2021) – source IHS Markit July 2021

	Q1	Q2	H1
Europe	0.7%	86.4%	28.4%
North America	-4.5%	132.2%	32.0%
Asia	32.8%	24.3%	28.6%
China	83.6%	-2.3%	27.8%
South America	3.4%	300.5%	61.5%
Rest of the world	7.1%	62.9%	28.7%
TOTAL	14.0%	54.1%	30.1%

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 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 the first half 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>	H1 2021	Currencies	Scope Effect *	At constant scope & currencies	H1 2020
Product Sales	7,278.2	(277.6)	59.8	1,923.3	5,572.6
Var. <i>(in %)</i>	30.6%	-5.0%	1.1%	34.5%	
Tooling, Prototypes and Other Services	504.3	(18.0)	(0.1)	11.1	511.5
Var. <i>(in %)</i>	-1.4%	-3.5%	0.0%	2.2%	
SALES	7,782.5	(295.6)	59.7	1,934.4	6,084.1
VAR. <i>(in %)</i>	27.9%	-4.9%	1.0%	31.8%	

* Scope effect includes SAS sales of January.

Sales of products (parts, components and R&D sold to manufacturers) reached €7,278.2 million in the first semester 2021 compared to €5,572.6 million in the first semester 2020. This represents an increase by 30.6% on a reported basis and by 34.5% at constant scope & currencies.

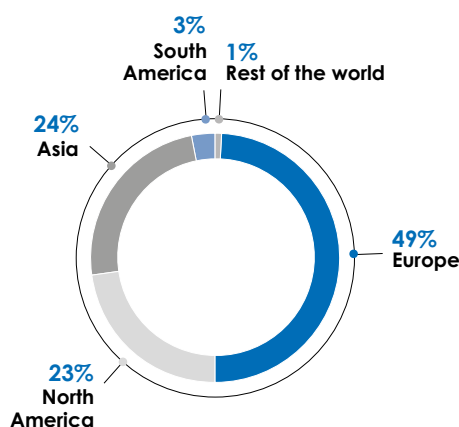
Sales of tooling, prototypes and other services totaled €504.3 million in the first semester 2021 compared to €511.5 million in the first semester 2020. This represents a decrease of 1.4% on a reported basis and an increase of 2.2% at constant scope & currencies.

Sales totaled €7,782.5 million in the first semester 2021 compared to €6,084.1 million in the first semester 2020. This represents an increase of 27.9% on a reported basis and 31.8% at constant scope & currencies.

1.4.1. By region

(in € millions)	H1 2021	Scope Effect *	H1 2020	Reported	At constant scope & currencies	Automotive Production
Sales						
Europe	3,805.5	35.4	2,941.6	29.4%	29.6%	28.4%
North America	1,780.0	16.7	1,474.5	20.7%	30.8%	32.0%
Asia	1,857.4	7.0	1,470.4	26.3%	28.3%	28.6%
O/w China	1,352.7	7.0	1,023.6	32.2%	32.3%	27.8%
South America	247.2	0.6	156.6	57.9%	94.0%	61.5%
Rest of the world	92.4		41.0	125.3%	115.5%	28.7%
TOTAL	7,782.5	59.7	6,084.1	27.9%	31.8%	30.1%

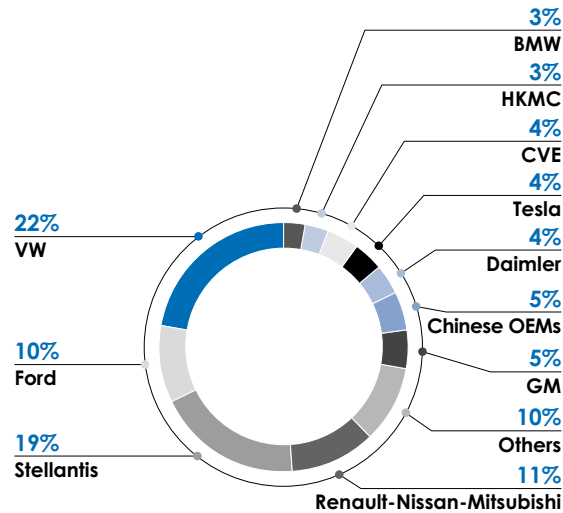
* Scope effect includes SAS sales of January.



Sales by region in the first semester 2021 were as follows:

- in Europe, sales totaled €3,805.5 million (49% of total sales), compared to €2,941.6 million in the first semester 2020. This represents an increase of 29.4% on a reported basis and by 29.6% at constant scope and currencies. This is to be compared to a 28.4% upturn in production market in Europe;
- in North America, sales totaled €1,780.0 million (23% of total sales), compared to €1,474.5 million in the first semester 2020. This represents an increase of 20.7% on a reported basis and by 30.8% at constant scope and currencies. This is to be compared to a 32.0% upturn in production market in North America;
- in Asia, sales totaled €1,857.4 million (24% of total sales), compared to €1,470.4 million in the first semester 2020. This represents an increase of 26.3% on a reported basis and by 28.3% at constant scope and currencies. This is to be compared to a 28.6% upturn in production market in Asia. In China, sales totaled €1,352.7 million, compared to €1,023.6 million in the first semester 2020. This represents an increase of 32.2% on a reported basis and by 32.3% at constant scope and currencies. This is to be compared to a 27.8% upturn in production market in China;
- in South America, sales totaled €247.2 million (3% of total sales), compared to €156.6 million in the first semester 2020. This represents an increase of 57.9% on a reported basis and by 94.0% at constant scope and currencies. This is to be compared to a 61.5% upturn in production market in South America;
- in the rest of the world (mainly South Africa), sales totaled €92.4 million (1% of total sales), compared to €41.0 million in the first semester 2020. This represents an increase of 125.3% on a reported basis and by 115.5% at constant scope and currencies. This is to be compared to a 28.7% upturn in production market in the rest of the world;
- Worldwide sales totaled €7,782.5 million, compared to €6,084.1 million in the first semester 2020. This represents an increase of 27.9% on a reported basis and by 31.8% at constant scope and currencies. This is to be compared to a 30.1% upturn in worldwide automotive production market (source IHS Markit dated July 2021).

1.4.2. By customer



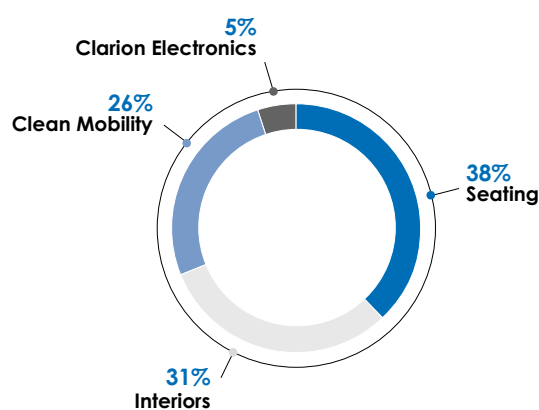
In the first semester 2021, sales to Faurecia four main customers (VW, Stellantis, Renault-Nissan-Mitsubishi, Ford) amounted to €4,820.3 million or 61.9% of sales compared to 62.3% in the first semester 2020:

- sales to the VW group totaled €1,715.6 million. They accounted for 22.0% of Faurecia's total sales. They increased by 36.6% on a reported basis and by 36.0% at constant scope & currencies compared to the first semester 2020;
- sales to the Stellantis group totaled €1,480.1 million. They accounted for 19.0% of Faurecia's total sales. They increased by 41.8% on a reported basis and by 46.9% at constant scope & currencies compared to the first semester 2020;
- sales to the Renault-Nissan-Mitsubishi group totaled €822.1 million. They accounted for 10.6% of Faurecia's total sales. They increased by 20.2% on a reported basis and by 26.0% at constant scope & currencies compared to the first semester 2020;
- sales to the Ford group totaled €802.4 million. They accounted for 10.3% of Faurecia's total sales. They decreased by 0.7% on a reported basis and increased by 7.3% at constant scope & currencies compared to the first semester 2020;
- sales to the Chinese OEMs totaled €432.0 million. They accounted for 5.6% of Faurecia's total sales. They increased by 60.2% on a reported basis and by 61.3% at constant scope & currencies compared to the first semester 2020;
- sales to the General Motors group totaled €385.2 million. They accounted for 5.0% of Faurecia's total sales. They increased by 22.2% on a reported basis and by 31.9% at constant scope & currencies compared to the first semester 2020;
- sales to CVE group totaled €320.5 million. They accounted for 4.1% of Faurecia's total sales. They increased by 43.9% on a reported basis and by 50.5% at constant scope & currencies compared to the first semester 2020;
- sales to Tesla group totaled €291.6 million. They accounted for 3.7% of Faurecia's total sales. They increased by 78.1% on a reported basis and by 78.8% at constant scope & currencies compared to the first semester 2020.

1.4.3. By Business Group

(in € millions)	H1 2021	Scope Effect *	H1 2020	Reported	At constant scope & currencies
Sales					
Seating	2,966.7		2,270.3	30.7%	34.1%
Interiors	2,375.8	59.7	1,836.4	29.4%	31.9%
Clean Mobility	2,040.0		1,646.5	23.9%	29.4%
Clarion Electronics	400.0		330.9	20.9%	27.2%
TOTAL	7,782.5	59.7	6,084.1	27.9%	31.8%

* Scope effect includes SAS sales of January.



Sales by Business Group in the first semester 2021 were as follows:

- Seating totaled €2,966.7 million sales, up 30.7% on a reported basis and 34.1% at constant scope & currencies compared to the first semester 2020;
- Interiors totaled €2,375.8 million sales, up 29.4% on a reported basis and 31.9% at constant scope & currencies compared to the first semester 2020;
- Clean Mobility totaled €2,040.0 million sales, up 23.9% on a reported basis and 29.4% at constant scope & currencies compared to the first semester 2020;
- Clarion Electronics totaled €400.0 million sales, up 20.9% on a reported basis and 27.2% at constant scope & currencies compared to the first semester 2020.

1.5. Operating Income

In the first semester 2021:

- the operating income before amortization of acquired intangible assets totaled €509.8 million, or 6.6% of sales in the first semester 2021, compared to -€99.6 million, or -1.6% of sales in the first semester 2020;
- gross expenditures for R&D totaled €608.5 million, or 7.8% of sales, compared to €590.9 million, or 7.6% of sales in the first semester 2020. The portion of R&D expenditure capitalized amounted to €420.1 million, compared to €409.2 million in the first semester 2020. The R&D capitalization ratio represented 69.0% of total R&D expenditure whereas it represented 69.3% in the first semester 2020;
- the net R&D expenses totaled €181.2 million, or 2.3% of sales in the first semester 2021, compared to €181.7 million, or 3.0% of sales in the first semester 2020;
- selling and administrative expenses totaled to €353.1 million, or 4.5% of sales in the first semester 2021, compared to €354.0 million, or 5.8% of sales in the first semester 2020;
- EBITDA – which represents operating income before depreciation, amortization and provisions for impairment of property, plant and equipment and capitalized R&D expenditures – totaled to €1,108.9 million, or 14.2% of sales in the first semester 2021, to be compared to €513.0 million, or 8.4% of sales in the first semester 2020.

1.5.1. By region

(in € millions)	H1 2021			H1 2020		
	Sales	Operating Income	%	Sales	Operating Income	%
Europe	3,805.5	206.0	5.4%	2,941.6	(98.4)	-3.3%
North America	1,780.0	60.6	3.4%	1,474.5	(83.6)	-5.7%
Asia	1,857.4	201.3	10.8%	1,470.4	100.7	6.8%
South America	247.2	30.4	12.3%	156.6	(13.8)	-8.8%
Rest of the world	92.4	11.5	12.4%	41.0	(4.5)	-11.0%
TOTAL	7,782.5	509.8	6.6%	6,084.1	(99.6)	-1.6%

The operating income in the first semester 2021 compared to the first semester 2020 increased by €609.4 million:

- in Europe, the operating income increased by €304.3 million to reach €206.0 million or 5.4% of sales. This is to be compared to -€98.4 million or -3.3% in the first semester 2020;
- in North America, the operating income increased by €144.2 million to reach €60.6 million or 3.4% of sales. This is to be compared to -€83.6 million or -5.7% in the first semester 2020;
- in Asia, the operating income increased by €100.6 million to reach €201.3 million or 10.8% of sales. This is to be compared to €100.7 million or 6.8% in the first semester 2020;
- in South America, the operating income increased by €44.1 million to reach €30.4 million or 12.3% of sales. This is to be compared to -€13.8 million or -8.8% in the first semester 2020;
- in the rest of the world (South Africa), the operating margin increased by €16.0 million to reach €11.5 million or 12.4% of sales. This is to be compared to -€4.5 million or -11.0% in the first semester 2020.

1.5.2. By Business Group

(in € millions)	H1 2021			H1 2020		
	Sales	Operating Income	%	Sales	Operating Income	%
Seating	2,966.7	196.3	6.6%	2,270.3	(22.8)	-1.0%
Interiors	2,375.8	116.7	4.9%	1,836.4	(77.9)	-4.2%
Clean Mobility	2,040.0	197.7	9.7%	1,646.5	10.1	0.6%
Clarion Electronics	400.0	(0.9)	-0.2%	330.9	(9.0)	-2.7%
TOTAL	7,782.5	509.8	6.6%	6,084.1	(99.6)	-1.6%

The operating income in the first semester 2021 compared to the first semester 2020 increased by €609.4 million:

- Seating operating income amounted to €196.3 million or 6.6% of sales, compared to -€22.8 million or -1.0% of sales in the first semester 2020;
- Interiors operating income amounted to €116.7 million or 4.9% of sales, compared to -€77.9 million or -4.2% of sales in the first semester 2020;
- Clean Mobility operating income amounted to €197.7 million or 9.7% of sales, compared to €10.1 million or 0.6% of sales in the first semester 2020;
- Clarion Electronics operating income amounted to -€0.9 million or -0.2% of sales, compared to -€9.0 million or -2.7% of sales in the first semester 2020.

1.6. Net income

The net income Group share is a gain of €145.8 million, or 1.9% of sales in the first semester 2021. This is to be compared to a loss of €432.6 million or -7.1% of sales over the same period in the first semester 2020. It represented an increase of €578.4 million.

In the first semester 2021:

- the amortization of intangible assets acquired represented an expense of €44.5 million compared to an expense of €45.6 million in the first semester 2020;
- the "other non-recurring operating income and expenses" represented an expense of €51.5 million, compared to an expense of €73.3 million in the first semester 2020. This item included €46.0 million in restructuring charges compared to an expense of €89.5 million in the first semester 2020;
- financial income amounted to €22.4 million compared to €12.7 million in the first semester 2020. Financial costs totaled €116.8 million, versus €96.9 million in the first semester 2020;
- other financial income and expense represented an expense of €11.2 million compared to an expense of €21.4 million in the first semester 2020. This expense included €2.1 million from discounting pension benefit liabilities;
- the tax expense reached €81.9 million, compared to €66.8 million in the first semester 2020. It included a charge due to changes in deferred tax assets for €41.4 million;
- the share of net income of associates is a loss of €7.8 million, compared to a loss of €12.0 million in the first semester 2020;
- the net income from discontinued operations is an expense of €30.7 million, compared to an expense of €17.1 million in the first semester 2020;
- net income attributable to minority interests totaled €42.0 million compared to €12.6 million in the first semester 2020. It consists of net income accruing to investors in companies in which Faurecia is not the sole shareholder, mainly in China.

Basic earnings per share from continued operations amounted to €1.31 (diluted net earnings per share at €1.31) compared to -€3.04 in the first semester 2020 (diluted net earnings per share at -€3.04).

1.7. Financial structure

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

<i>(in € millions)</i>	<i>Notes</i>	H1 2021	H1 2020
Recurring net cash flow		290.4	(1,026.5)
Other changes		0.0	0.0
Net cash flow		290.4	(1,026.5)
Acquisitions/Sales of investments and business (net of cash and cash equivalents) from continued activities	2.3	(35.1)	(223.6)
Proceed from disposal of financial assets from continued activities	2.3	0.0	0.0
Other changes from continued activities	2.3	(16.3)	(3.4)
Financing surplus (used) from discontinued operations	2.3	(41.3)	(18.3)
Other changes from discontinued activities		0.0	0.0
Surplus (used) from operating and financing activities	2.3	197.8	(1,271.8)

1.7.2. Net cash flow

The net cash flow was an inflow of €290.4 million compared to a net cash outflow of €1,026.5 million over the same period in the first semester 2020. It can be explained as follows:

- the operating margin before depreciations and amortizations of non-current assets or EBITDA reached €1,108.9 million compared to €513.0 million in the first semester 2020, due to the increase in operating income by €609.4 million and the decrease in depreciation and amortization by €13.4 million;
- restructuring represented cash outflows of €74.4 million compared to €53.6 million in the first semester 2020;
- net financial costs represented cash outflows of €109.4 million, versus €91.7 million in the first semester 2020;
- the change in working capital requirement, including receivables factoring, represented a positive impact of €76.0 million compared to a negative impact of €741.8 million in the first semester 2020. This change consisted in part of an increase in inventories of €217.2 million, a net decrease in trade receivables of €221.8 million, an increase in trade payables of €92.5 million and a negative variation of other trade receivables and payables for €21.1 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 €214.1 million, versus €226.2 million in the first semester 2020;
- capitalized research and development costs represented cash outflows of €309.7 million, versus €302.1 million in the first semester 2020;
- income taxes represented cash outflows of €149.5 million, compared to €108.8 million in the first semester 2020;
- finally, other cash flow items represented €37.4 million in outflows, compared to €15.3 million in outflows in the first semester 2020.

1.7.3. Net Debt

(in € millions)	06/30/2021	12/31/2020
Net debt	3,299.6	3,128.1

The Group's net financial debt stood at €3.299.6 million at June 30, 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 €290.4 million, the purchase of treasury shares for €128.7 million, dividends paid for €159.5 million, the net financial investments and other cash elements outflow of €80.4 million and the negative impact of €93.3 million related to IFRS16.

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 June 30, 2021, this facility was not used and fully available for its total amount;
- a total amount of €3.740 million bonds, of which €1.000 million of bonds maturing in June 2025, €750 million of bonds maturing in June 2026, €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;
- €473.5 million of *Schuldscheindarlehen* (private placement under German law), made of several tranches maturing in December 2022, December 2023 and December 2024 (€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, 2020, this facility was used up to ¥20 billion.

1.8. Outlook

UPGRADED FY 2021 GUIDANCE

Despite continuing uncertainty in H2 related to Covid-19 variant or shortage of semiconductors, Faurecia confirms its FY 2021 sales and operating margin targets and upgrades its FY 2021 net cash flow target to more than €500m (vs. "c. €500m" previously):

- **Sales of at least €16.5 billion and sales outperformance > +600bps;**
- **Operating margin of c. 7% of sales**, close to pre-Covid levels;
- **Net cash flow > €500 million** (vs. c.500m previously) **and net-debt-to-EBITDA ratio < 1.5x at year-end.**

The 2021 guidance assumes worldwide automotive production of at least 39 million vehicles in H2 and no major lockdown impacting production or retail sales in any automotive region during the period.

All 2021 financial targets are based on full year average currency rates of 1.21 for USD/€ and 7.80 for CNY/€.

Even if shortage of semiconductors should continue to weigh on the first half of 2022, Faurecia remains confident that worldwide automotive production should rebound over the next years to meet unsatisfied demand for vehicles and return to pre-Covid production levels.

In this context, Faurecia confirms its 2022 financial targets and 2025 ambition as presented at its recent Capital Market Day in February 2021.



2.

Consolidated financial statements

2.1. Consolidated statement of comprehensive income	20
2.2. Consolidated balance sheet	22
2.3. Consolidated cash flow statement	24
2.4. Consolidated statement of changes in equity	25
2.5. Notes to the consolidated financial statements	26

2.1. Consolidated statement of comprehensive income

<i>(in € million)</i>	Notes	First-Half 2021	First-Half 2020 restated*	Full-Year 2020 restated*
SALES	4	7,782.5	6,084.1	14,444.6
Cost of sales	5	(6,738.4)	(5,648.0)	(12,971.6)
Research and development costs	5	(181.2)	(181.7)	(341.7)
Selling and administrative expenses	5	(353.1)	(354.0)	(712.9)
OPERATING INCOME (BEFORE AMORTIZATION OF ACQUIRED INTANGIBLE ASSETS)	4	509.8	(99.6)	418.4
Amortization of intangible assets acquired in business combinations		(44.5)	(45.6)	(91.7)
OPERATING INCOME (AFTER AMORTIZATION OF ACQUIRED INTANGIBLE ASSETS)		465.3	(145.2)	326.7
Other non-recurring operating income	6	6.7	178.3	180.7
Other non-recurring operating expense	6	(58.2)	(251.6)	(457.2)
Income from loans, cash investments and marketable securities		22.4	12.7	20.9
Finance costs	7	(116.8)	(96.9)	(202.7)
Other financial income and expense	7	(11.2)	(21.4)	(36.3)
INCOME BEFORE TAX OF FULLY CONSOLIDATED COMPANIES		308.2	(324.1)	(167.9)
Taxes	8	(81.9)	(66.8)	(122.3)
<i>of which deferred taxes</i>	8	41.4	1.1	57.6
NET INCOME (LOSS) OF FULLY CONSOLIDATED COMPANIES		226.3	(390.9)	(290.2)
Share of net income of associates	11	(7.8)	(12.0)	(12.8)
NET INCOME FROM CONTINUED OPERATIONS		218.5	(402.9)	(303.0)
Net income from discontinued operations		(30.7)	(17.1)	(18.5)
CONSOLIDATED NET INCOME (LOSS)		187.8	(420.0)	(321.5)
Attributable to owners of the parent		145.8	(432.6)	(378.8)
Attributable to minority interests from continued operations		42.0	12.6	57.3
Attributable to minority interests from discontinued operations		0.0	0.0	0.0
Basic earnings (loss) per share <i>(in €)</i>	9	1.08	(3.16)	(2.75)
Diluted earnings (loss) per share <i>(in €)</i>	9	1.08	(3.16)	(2.75)
Basic earnings (loss) from continued operations per share <i>(in €)</i>	9	1.31	(3.04)	(2.62)
Diluted earnings (loss) from continued operations per share <i>(in €)</i>	9	1.31	(3.04)	(2.62)
Basic earnings (loss) from discontinued operations per share <i>(in €)</i>	9	(0.23)	(0.12)	(0.13)
Diluted earnings (loss) from discontinued operations per share <i>(in €)</i>	9	(0.23)	(0.12)	(0.13)

* Cf. Note 1.B.

Other comprehensive income

<i>(in € million)</i>	First-Half 2021	First-Half 2020 restated*	Full-Year 2020 restated*
CONSOLIDATED NET INCOME (LOSS)	187.8	(420.0)	(321.5)
Amounts to be potentially reclassified to profit or loss from continued operations	121.5	(148.9)	(333.3)
Gains (losses) arising on fair value adjustments to cash flow hedges	(2.1)	(16.2)	(2.3)
<i>of which recognized in equity</i>	6.5	(28.2)	(14.3)
<i>of which transferred to net income (loss) for the period</i>	(8.6)	12.0	12.0
Exchange differences on translation of foreign operations	123.1	(137.9)	(331.9)
Tax impact	0.5	5.2	0.9
Amounts not to be reclassified to profit or loss from continued operations	30.1	(6.1)	(38.1)
Actuarial gain/(loss) on post-employment benefit obligations	39.3	(8.0)	(47.3)
Tax impact	(9.2)	1.9	9.2
Other comprehensive income from discontinued operations	6.5	(4.2)	(6.0)
TOTAL COMPREHENSIVE INCOME (EXPENSE) FOR THE PERIOD	345.9	(579.2)	(698.9)
Attributable to owners of the parent	287.8	(578.8)	(736.9)
Attributable to minority interests	58.1	(0.4)	38.0

* Cf. Note 1.B.

2.2. Consolidated balance sheet

Assets

<i>(in € million)</i>	Notes	June 30, 2021	December 31, 2020
Goodwill	10	2,240.7	2,195.9
Intangible assets		2,677.7	2,668.0
Property, plant and equipment		2,732.3	2,813.3
Right-of-use assets		895.8	913.3
Investments in associates	11	170.0	177.4
Other equity interests		71.3	53.8
Other non-current financial assets	12	107.8	104.7
Other non-current assets		96.7	70.5
Deferred tax assets		472.1	475.4
TOTAL NON-CURRENT ASSETS		9,464.5	9,472.3
Inventories, net		1,591.2	1,431.3
Contract assets		321.5	248.0
Trade accounts receivables	13	3,091.3	3,237.1
Other operating receivables		559.6	363.4
Other receivables		937.6	856.4
Other current financial assets		0.1	2.6
Cash and cash equivalents	14	2,997.6	3,091.4
TOTAL CURRENT ASSETS		9,498.9	9,230.2
Assets held for sale		184.9	N/A
TOTAL ASSETS		19,148.3	18,702.5

Liabilities

<i>(in € million)</i>	<i>Notes</i>	June 30, 2021	December 31, 2020
EQUITY			
Capital	15	966.3	966.3
Additional paid-in capital		632.8	632.8
Treasury stock		(147.8)	(19.1)
Retained earnings		1,958.4	2,449.2
Translation adjustments		(149.2)	(254.7)
Net income (loss)		145.8	(378.8)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENTS	15	3,406.3	3,395.7
Minority interests		364.0	331.4
TOTAL SHAREHOLDERS' EQUITY		3,770.2	3,727.1
Non-current provisions	17	454.1	515.3
Non-current financial liabilities	18	4,558.8	4,222.8
Non-current lease liabilities	18	778.9	794.0
Other non-current liabilities		1.9	1.9
Deferred tax liabilities		40.5	82.0
TOTAL NON-CURRENT LIABILITIES		5,834.2	5,616.0
Current provisions	16	247.3	315.4
Current financial liabilities	18	769.4	1,023.1
Current portion of lease liabilities	18	190.2	182.2
Prepayments on customers contracts		826.5	605.7
Trade payables		6,188.1	6,016.4
Accrued taxes and payroll costs		811.9	771.9
Sundry payables		395.2	444.7
TOTAL CURRENT LIABILITIES		9,428.6	9,359.4
Liabilities linked to assets held for sale		115.3	N/A
TOTAL EQUITY AND LIABILITIES		19,148.3	18,702.5

2.3. Consolidated cash flow statement

(in € million)	Notes	First-Half 2021	First-Half 2020 restated*	Full-Year 2020 restated*
I- OPERATING ACTIVITIES				
Operating income (before amortization of acquired intangible assets)		509.8	(99.6)	418.4
Depreciations and amortizations of assets	5.4	599.1	612.6	1,250.8
<i>o/w depreciations and amortizations of R&D assets</i>	5.4	228.3	247.0	518.4
<i>o/w other depreciations</i>		370.8	365.6	732.4
EBITDA		1,108.9	513.0	1,669.2
Operating current and non-current provisions		(37.4)	19.2	11.0
Capital (gains) losses on disposals of operating assets		(5.0)	1.9	2.0
Paid restructuring		(74.4)	(53.6)	(124.2)
Paid finance costs net of income		(109.4)	(91.7)	(205.3)
Other non-recurring operating income and expenses paid		(11.0)	0.7	(3.7)
Paid taxes		(149.5)	(108.8)	(196.2)
Dividends from associates		3.0	6.1	7.3
Change in working capital requirement		76.0	(741.8)	(68.5)
Change in inventories		(217.2)	(144.6)	(137.3)
<i>o/w R&D inventories increase</i>	5.3	(110.1)	(107.3)	(223.8)
<i>o/w R&D inventories decrease</i>		99.8	94.0	194.1
Change in trade accounts receivables		221.8	530.1	(340.2)
Change in trade payables		92.5	(1,184.0)	463.2
Change in other operating receivables and payables		68.8	71.0	(56.9)
Change in other receivables and payables (excl. Tax)		(89.9)	(14.3)	2.7
Operating cash flows from discontinued activities		(32.7)	(8.7)	14.3
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES		768.6	(463.7)	1,105.6
II- INVESTING ACTIVITIES				
Additional property, plant and equipment		(213.2)	(225.2)	(461.2)
Additional intangible assets		(0.9)	(1.0)	(3.2)
Capitalized development costs	5.3	(309.7)	(302.1)	(612.9)
Acquisitions / Sales of investments and business (net of cash and cash equivalents)		(35.1)	(223.6)	(251.5)
Proceeds from disposal of property, plant and equipment		23.1	4.9	37.8
Proceed from disposal of financial assets		0.0	0.0	0.0
Change in investment-related receivables and payables		(10.4)	(47.9)	(38.9)
Other changes		(16.3)	(3.4)	(11.6)
Investing cash flows from discontinued operations		(8.5)	(9.6)	(21.2)
CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES		(570.9)	(808.1)	(1,362.7)
CASH PROVIDED BY (USED IN) OPERATING AND INVESTING ACTIVITIES (I)+(II)		197.8	(1,271.8)	(257.0)
III- FINANCING ACTIVITIES				
Shares issued by Faurecia and fully consolidated companies (net of costs)		2.3	3.2	5.3
Dividends paid to owners of the parent company		(134.8)	0.0	0.0
Dividends paid to minority interests in consolidated subsidiaries		(24.7)	(5.3)	(35.4)
Acquisitions of treasury stocks		(128.7)	0.9	0.9
Debt securities issued and increase in other financial liabilities		674.4	1,890.9	3,062.0
Repayment of debt and other financial liabilities		(627.4)	(278.5)	(1,734.3)
Repayments on lease debts		(97.1)	(78.0)	(169.1)
Financing cash flows from discontinued activities		(2.1)	(1.5)	(4.0)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		(338.0)	1,531.6	1,125.4
IV- OTHER CHANGES IN CASH AND CASH EQUIVALENTS				
Impact of exchange rate changes on cash and cash equivalents		48.8	(57.8)	(96.3)
Net cash flows from discontinued operations		3.1	(4.2)	(5.5)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(88.3)	197.8	766.5
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD		3,085.9	2,319.4	2,319.4
CASH AND CASH EQUIVALENTS AT END OF PERIOD	14	2,997.6	2,517.3	3,085.9

The net cash flow amounts to €290.4 million as of June 30, 2021 and respectively €(1,026.5) million as of June 30, 2020 and €13.0 million as of December 31, 2020.
* Cf. Note 1.B.

2.4. Consolidated statement of changes in equity

(in € millions)	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
						Trans-lation adjust-ments	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)					(432.6)				(432.6)	12.6	(420.0)
Other comprehensive income						(124.2)	(11.0)	(11.0)	(146.2)	(13.0)	(159.2)
Comprehensive income					(432.6)	(124.2)	(11.0)	(11.0)	(578.8)	(0.4)	(579.2)
Capital increase											
2019 dividends										(5.3)	(5.3)
Allocation of free shares					5.4				5.4		5.4
Purchases and sales of treasury stock				0.9						0.9	0.9
Changes in scope of consolidation and other					(0.9)	3.8		0.6	3.5		3.5
Shareholders' equity as of June 30, 2020 before appropriation of net income (loss)	138,035,801	966.3	632.8	(43.8)	2,209.8	(66.2)	(10.2)	(122.7)	3,566.0	321.1	3,887.1
Net income (loss)					53.8				53.8	44.7	98.5
Other comprehensive income						(188.0)	9.6	(33.5)	(211.9)	(6.3)	(218.2)
Comprehensive income					53.8	(188.0)	9.6	(33.5)	(158.1)	38.4	(119.7)
Capital increase									0.0	2.2	2.2
2019 dividends					0.0				0.0	(30.0)	(30.0)
Allocation of free shares					(14.3)				(14.3)		(14.3)
Purchases and sales of treasury stock				24.7						24.7	24.7
Changes in scope of consolidation and other					(22.2)	(0.5)		0.1	(22.6)	(0.3)	(22.9)
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
Net income (loss)					145.8				145.8	42.0	187.8
Other comprehensive income						106.4	(1.6)	37.2	142.0	16.1	158.1
Comprehensive income					145.8	106.4	(1.6)	37.2	287.8	58.1	345.9
Capital increase										2.3	2.3
2020 dividends					(134.8)				(134.8)	(24.5)	(159.3)
Allocation of free shares					7.2				7.2		7.2
Purchases and sales of treasury stock				(128.7)						(128.7)	(128.7)
Changes in scope of consolidation and other					(20.0)	(0.9)			(20.9)	(3.4)	(24.3)
Shareholders' equity as of June 30, 2021 before appropriation of net income (loss)	138,035,801	966.3	632.8	(147.8)	2,225.3	(149.2)	(2.2)	(118.9)	3,406.3	364.0	3,770.2

(1) Of which 3,286,510 treasury stock as of 06/30/2021 and 499,273 treasury stock as of 12/31/2020 — See Note 9.

2.5. Notes to the consolidated financial statements

Contents

NOTE 1	Summary of significant accounting policies	27	NOTE 13	Trade accounts receivables	44
NOTE 2	Change in scope of consolidation and recent events	31	NOTE 14	Cash and cash equivalents	45
NOTE 3	Post-balance sheet events	32	NOTE 15	Shareholders' equity	45
NOTE 4	Information by operating segment	33	NOTE 16	Current provisions and contingent liabilities	47
NOTE 5	Analysis of operating expenses	37	NOTE 17	Non-current provisions and provisions for pensions and other post-employment benefits	49
NOTE 6	Other non recurring operating income and expenses	39	NOTE 18	Net debt	50
NOTE 7	Finance costs and Other financial income and expenses	39	NOTE 19	Financial instruments	54
NOTE 8	Corporate income tax	40	NOTE 20	Hedging of currency and interest rate risks	56
NOTE 9	Earnings per share	41	NOTE 21	Commitments given and contingent liabilities	57
NOTE 10	Goodwill	42	NOTE 22	Related party transactions	58
NOTE 11	Investments in associates	43			
NOTE 12	Other non-current financial assets	44			

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 registered office is located in Nanterre, in the Hauts-de-Seine department of France. The Company is listed on Euronext Paris.

The consolidated financial statements were approved by Faurecia's Board of Directors on July 23, 2021.

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.

The interim consolidated financial statements comply with IAS 34 "Interim Financial Reporting", which permits entities to present condensed information. They should therefore be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2020.

The standards used to prepare the interim consolidated financial statements for the six months ended June 30, 2021 and comparative data for 2020 are those published in the Official Journal of the European Union (OJEU) as of June 30, 2021, whose application was mandatory at that date. All new standards, amendments and revisions to the existing standards, have no significant impact on the Group semester consolidated financial statements. The potential impacts of the IFRS IC decision from May 2021 on attributing benefit to periods of service for a defined benefit plan (IAS 19 Employee Benefits) are currently under analysis by the Group.

Moreover, Faurecia has not undertaken any early application of the new standards, amendments or interpretations whose application is mandatory after June 30, 2021, irrespective of whether or not they are adopted by the European Union.

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

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

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

The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions when measuring certain assets, liabilities, income, expenses accounted for in the financial statements as well as for the evaluation of commitments given and contingent liabilities. These estimates and assumptions are primarily used for measuring pension and other employee benefit obligations as well as for lease liabilities and depreciation of deferred tax assets. They are based on historical experience and other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates and assumptions. These estimations are revised on a regular basis. 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".

1.B Modifications to the previously published consolidated financial statements

IFRS 5 – DISCONTINUED ACTIVITIES

Following the signature with 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 as the net result of the corresponding discontinued activities.

These assets have been presented separately on a line "Assets held for sale" in the consolidated balance sheet and are valued at the lower of its carrying amount or fair value less costs linked to the disposal.

The corresponding liabilities have been presented on a line "Liabilities linked to assets held for sale" in the consolidated balance sheet.

The net income, other comprehensive income and cash flows items of discontinued operations are presented separately in the statement of financial position for all prior periods presented in the financial statements. Assets and liabilities as held for sale are presented in the balance sheet without any restatement from the prior year. 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 will have no impact has been maintained in operating income.

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

Restated consolidated statement of comprehensive income

First-Half 2020

<i>(in € million)</i>	First-Half 2020 published in July 2020	IFRS 5 Impact	First-Half 2020 restated
SALES	6,169.7	(85.6)	6,084.1
OPERATING INCOME (BEFORE AMORTIZATION OF ACQUIRED INTANGIBLE ASSETS)	(113.9)	14.3	(99.6)
NET INCOME (LOSS) OF FULLY CONSOLIDATED COMPANIES	(408.0)	17.1	(390.9)
NET INCOME FROM CONTINUED OPERATIONS	(420.0)	17.1	(402.9)
NET INCOME FROM DISCONTINUED OPERATIONS	0.0	(17.1)	(17.1)
CONSOLIDATED NET INCOME (LOSS)	(420.0)	0.0	(420.0)
Attributable to owners of the parent	(432.6)	0.0	(432.6)
Attributable to minority interests	12.6	0.0	12.6
Basic earnings (loss) per share <i>(in €)</i>	(3.16)	0.00	(3.16)
Diluted earnings (loss) per share <i>(in €)</i>	(3.16)	0.00	(3.16)
Basic earnings (loss) from continued operations per share <i>(in €)</i>	(3.16)	0.12	(3.04)
Diluted earnings (loss) from continued operations per share <i>(in €)</i>	(3.16)	0.12	(3.04)
Basic earnings (loss) from discontinued operations per share <i>(in €)</i>	0.00	(0.12)	(0.12)
Diluted earnings (loss) from discontinued operations per share <i>(in €)</i>	0.00	(0.12)	(0.12)

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 <i>(in €)</i>	(2.75)	0.00	(2.75)
Diluted earnings (loss) per share <i>(in €)</i>	(2.75)	0.00	(2.75)
Basic earnings (loss) from continued operations per share <i>(in €)</i>	(2.75)	0.13	(2.62)
Diluted earnings (loss) from continued operations per share <i>(in €)</i>	(2.75)	0.13	(2.62)
Basic earnings (loss) from discontinued operations per share <i>(in €)</i>	0.00	(0.13)	(0.13)
Diluted earnings (loss) from discontinued operations per share <i>(in €)</i>	0.00	(0.13)	(0.13)

Restated consolidated cash flow statement
First-Half 2020

<i>(in € million)</i>	First-Half 2020 published in July 2020	IFRS 5 Impact	First-Half 2020 restated
I- OPERATING ACTIVITIES			
EBITDA	509.3	3.7	513.0
Change in working capital requirement	(743.5)	1.7	(741.8)
Operating cash flows from discontinued operations	0.0	(8.7)	(8.7)
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES	(463.7)	0.0	(463.7)
II- INVESTING ACTIVITIES			
Investing cash flows from discontinued operations	0.0	(9.6)	(9.6)
CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES	(808.1)	0.0	(808.1)
III- FINANCING ACTIVITIES			
Financing cash flows from discontinued operations	0.0	(1.5)	(1.5)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	1,531.6	0.0	1,531.6
IV- OTHER CHANGES IN CASH AND CASH EQUIVALENTS			
Impact of exchange rate changes on cash and cash equivalents	(57.8)	0.0	(57.8)
Net cash flows from discontinued operations	0.0	(4.2)	(4.2)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	202.0	(4.2)	197.8
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	2,521.5	(4.2)	2,517.3

2 Consolidated financial statements

Notes to the consolidated financial statements

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 February 18, 2021, Faurecia has signed with the Adler group a Memorandum of Understanding for the sale of the Acoustic Soft Trim business, 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. The finalization of the sale is on going, it necessitates more specifically the preliminary approval of the anti-trust authorities.

In accordance with IFRS 5, "net income of discontinued operations" presented in the Consolidated statement of comprehensive income amounts to €(30.7) million and corresponds to the operations of the Acoustic Soft Trim business from January 1, 2021 to June 30, 2021. This activity comprises mainly fixed assets for manufacturing as well as the current assets and liabilities linked to the working capital. The fixed assets have been valued at fair value based on the sale price as defined in the agreements.

The accounting principles and policies applied to discontinued operations are the same as those applied for annual accounts.

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.

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 held at 86.25% and fully consolidated is now held at 30% and is consolidated by equity method since January 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 first half-year operations have not been significantly impacted by the sanitary crisis linked to Covid-19.

SHORTAGE OF ELECTRONICS COMPONENTS

In the first half of 2021, the automotive industry has been significantly impacted by the shortage of semiconductors. This situation was exacerbated by winter storms in Texas in February and a fire disaster at a plant of a major supplier in Japan in March 2021. Global automotive production volume lost due to this shortage is likely to have peaked in the second quarter of 2021 and should ease gradually starting from the end of the third quarter of the year 2021 but bottlenecks are likely to persist until the end of the first half of 2022. This shortage is reflected in worldwide automotive production that was expected to reach 80.8 million vehicles at the beginning of the year, for the full year, up 14% year-on-year (according to IHS Markit forecast dated January 2021, vehicles segment in line with CAAM for China), and is now expected to reach 78.0 million vehicles (latest IHS Markit forecast dated July 2021), up 10% year-on-year. Most of the 2.8 million volume downward revision is related to the second quarter of the year 2021.

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 up to around 85%, significantly enhancing its visibility in the capital markets and allowing the Group to affirm its strategy as an independent company.

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, 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. The Acoustic Soft Trim business, previously part of the Interiors segment is now classified as activity held for sale (cf. Note 1B).

4.1 Key figures by operating segment

First-Half 2021

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

First-Half 2020

<i>(in € million)</i>	Seating	Interiors restated	Clean Mobility	Clarion Electronics	Other	Total restated
TOTAL SALES	2,282.2	1,876.8	1,649.6	335.5	67.0	6,211.1
Inter-segment eliminations	(11.9)	(40.4)	(3.1)	(4.6)	(67.0)	(127.0)
Consolidated sales	2,270.3	1,836.4	1,646.5	330.9	0.0	6,084.1
Operating income (before amortization of acquired intangible assets)	(22.8)	(77.9)	10.1	(9.0)	0.0	(99.6)
Amortization of intangible assets acquired in business combinations						(45.6)
Operating income (after amortization of acquired intangible assets)						(145.2)
Other non recurring operating income						178.3
Other non recurring operating expenses						(251.6)
Finance costs, net						(84.2)
Other financial income and expenses						(21.4)
Corporate income tax						(66.8)
Share of net income of associates						(12.0)
Net income from continued operations						(402.9)
Net income from discontinued operations						(17.1)
NET INCOME (LOSS)						(420.0)
Segment assets	3,947.0	4,259.8	4,232.0	1,454.0	259.6	14,152.3
Net property, plant and equipment	793.2	1,000.1	957.1	161.9	54.1	2,966.4
Right-of-use assets	214.8	370.1	214.7	60.6	73.1	933.2
Other segment assets	2,939.0	2,889.5	3,060.2	1,231.5	132.4	10,252.6
Investments in associates						155.5
Other equity interests						54.5
Short and long-term financial assets						2,652.8
Tax assets (current and deferred)						727.4
TOTAL ASSETS						17,742.6
Segment liabilities	1,748.4	2,286.3	2,489.1	442.6	208.3	7,174.7
Borrowings						5,574.8
Lease liabilities						984.7
Tax liabilities (current and deferred)						121.3
Equity and minority interests						3,887.1
TOTAL LIABILITIES						17,742.6
Capital expenditure	64.0	77.9	63.9	10.2	9.2	225.2
Depreciation of property, plant and equipment	(66.8)	(86.8)	(78.8)	(12.6)	(3.0)	(248.0)
Depreciation of Right-of-use assets	(28.1)	(35.4)	(23.5)	(6.8)	(6.3)	(100.2)
Impairment of property, plant and equipment	(3.4)	(0.5)	(2.5)	(0.4)	0.0	(6.8)
Headcounts	38,548	34,209	21,083	6,034	2,864	102,738

2 Consolidated financial statements

Notes to the consolidated financial statements

Full-Year 2020

<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

4.2 Sales by operating segment

Sales by operating segment break down as follows:

(in € million)	First-Half 2021		First-Half 2020 restated		Full-Year 2020 restated	
	Consolidated Sales	%	Consolidated Sales	%	Consolidated Sales	%
Seating	2,966.6	38	2,270.3	37	5,559.5	39
Interiors*	2,375.8	31	1,836.5	30	4,335.2	30
Clean Mobility	2,040.1	26	1,646.4	27	3,823.4	26
Clarion Electronics	400.0	5	330.9	6	726.5	5
TOTAL	7,782.5	100	6,084.1	100	14,444.6	100

* Cf. Note 4.1

4.3 Sales by major customer

Sales* by major customer break down as follows:

(in € million)	First-Half 2021		First-Half 2020 restated		Full-Year 2020 restated	
	Consolidated Sales	%	Consolidated Sales	%	Consolidated Sales	%
VW group	1,407.9	18	1,001.1	16	2,417.0	16
Stellantis	1,255.7	16	947.2	16	2,319.8	16
Ford group	693.4	9	725.2	12	1,701.8	12
Renault-Nissan	581.4	7	515.7	8	1,260.7	9
GM	365.3	5	299.1	5	722.3	5
Daimler	272.6	4	227.3	4	433.4	3
BMW	188.8	2	168.2	3	365.2	3
Others	3,017.4	39	2,200.2	36	5,224.4	36
TOTAL	7,782.5	100	6,084.1	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.

Note 5 Analysis of operating expenses

5.1 Analysis of operating expenses by function

(in € millions)	First-Half 2021	First-Half 2020 restated	Full-Year 2020 restated
Cost of sales	(6,738.4)	(5,648.0)	(12,971.6)
Research and development costs	(181.2)	(181.7)	(341.7)
Selling and administrative expenses	(353.1)	(354.0)	(712.9)
TOTAL	(7,272.7)	(6,183.7)	(14,026.2)

5.2 Analysis of operating expenses by nature

<i>(in € million)</i>	First-Half 2021	First-Half 2020 restated	Full-Year 2020 restated
Purchases consumed	(4,572.3)	(3,492.5)	(8,363.0)
External costs	(797.4)	(795.3)	(1,700.2)
Personnel costs	(1,790.4)	(1,631.6)	(3,402.2)
Taxes other than on income	(26.0)	(29.2)	(53.8)
Other income and expenses	478.5	395.1	750.9
Depreciation, amortization and provisions for impairment in value of non-current assets	(599.1)	(612.6)	(1,250.8)
Charges to and reversals of provisions	34.0	(17.6)	(7.1)
TOTAL	(7,272.7)	(6,183.7)	(14,026.2)

5.3 Research and development costs

<i>(in € million)</i>	First-Half 2021	First-Half 2020 restated	Full-Year 2020 restated
Research and development costs, gross	(608.5)	(590.9)	(1,178.1)
Allowance/reversal of depreciation of assets in development	7.2	0.0	0.0
Capitalized development costs	420.1	409.2	836.4
<i>of which in inventory</i>	110.4	107.1	223.5
<i>of which in intangible assets</i>	309.7	302.1	612.9
TOTAL	(181.2)	(181.7)	(341.7)

The development costs recognized in the cost of sales (stock decrease and R&D assets depreciation) amount to €335.3 million as of June 30, 2021, vs €341.0 million as of June 30, 2020 and vs €695.4 million as of December 31, 2020.

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

<i>(in € million)</i>	First-Half 2021	First-Half 2020 restated	Full-Year 2020 restated
Amortization of capitalized development costs	(240.5)	(239.6)	(503.1)
Provisions for impairment of capitalized development costs	12.2	(7.4)	(15.3)
Amortization of other intangible assets	(21.6)	(17.9)	(36.0)
Depreciation of specific tooling	(5.2)	(4.2)	(8.8)
Depreciation and impairment of other property, plant and equipment	(240.1)	(243.3)	(486.2)
Depreciation of Right-of-use assets	(103.9)	(100.2)	(201.4)
TOTAL	(599.1)	(612.6)	(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

(in € million)	First-Half 2021	First-Half 2020 restated	Full-Year 2020 restated
Release of provision for impairment of assets	0.0	0.0	0.2
Gain on disposals of assets	6.2	0.0	1.8
Others ⁽¹⁾	0.5	178.3	178.7
TOTAL	6.7	178.3	180.7

(1) Of which gain on revaluation of SAS shares previously held for €178 million in June 30, 2020 and December 31, 2020.

OTHER NON RECURRING OPERATING EXPENSES

(in € million)	First-Half 2021	First-Half 2020 restated	Full-Year 2020 restated
Other provisions for impairment of assets ⁽²⁾	0.0	(10.4)	(16.7)
Reorganization expenses ⁽¹⁾	(46.0)	(89.5)	(285.5)
Impairment of goodwill ⁽²⁾	0.0	(150.0)	(150.0)
Losses on disposal of assets	0.0	0.0	0.0
Others	(12.2)	(1.7)	(5.0)
TOTAL	(58.2)	(251.6)	(457.2)

(1) As of June 30, 2021, this item includes restructuring costs in the amount of €24.0 million and provisions for impairment in value of assets in the amount of €22.0 million and versus respectively, €77.0 million and €12.5 million as of June 30, 2020 and €222.9 million and €62.6 million as of December 31, 2020.

(2) Of which €150.0 million of impairment of Clarion Electronics' goodwill in June 30, 2020 and December 31, 2020 and €10.4 million of impairment of intangible assets of Clarion Electronics as of June 30, 2020 and €16.1 million of impairment of intangible assets of Clarion Electronics as of December 31, 2020.

RESTRUCTURING

Reorganization costs (€46.0 million) include redundancy and site relocation payments for 1,854 people.

Note 7 Finance costs and Other financial income and expenses

7.1 Finance costs

(in € million)	First-Half 2021	First-Half 2020 restated	Full-Year 2020 restated
Finance costs	(94.4)	(72.2)	(155.3)
Finance costs on leases	(22.4)	(24.7)	(47.4)
TOTAL	(116.8)	(96.9)	(202.7)

7.2 Other financial income and expenses

<i>(in € million)</i>	First-Half 2021	First-Half 2020 restated	Full-Year 2020 restated
Impact of discounting pension benefit obligations	(2.1)	(2.7)	(5.5)
Changes in the ineffective portion of currency hedges	0.1	(0.1)	(0.3)
Changes in fair value of currency hedged relating to debt	(7.9)	(3.4)	2.6
Foreign exchange gains and losses on borrowings	5.9	(8.1)	(10.3)
Hyperinflation impact (Argentina)	(4.4)	(2.5)	(5.4)
Others*	(2.8)	(4.6)	(17.4)
TOTAL	(11.2)	(21.4)	(36.3)

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

Note 8 Corporate income tax

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

<i>(in € million)</i>	First-Half 2021	First-Half 2020 restated	Full-Year 2020 restated
Pre-tax income of consolidated companies	308.2	(324.1)	(167.9)
Theoretical Tax (28,41% in 2021 vs 32,02% in 2020)	87.6	103.8	53.8
Effect of rate changes on deferred taxes recognized on the balance sheet	1.0	(17.8)	(30.1)
Effect of local rate differences*	15.0	(15.6)	9.6
Tax credits	1.6	0.7	3.0
Change in unrecognized deferred tax	(30.2)	(148.8)	(144.6)
Permanent differences & others**	18.3	10.9	(14.0)
Corporate tax recognized	(81.9)	(66.8)	(122.3)

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

** Mainly due to withholding tax.

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

Deferred tax assets are not recognized for tax losses carried forward that are not certain of being utilized. As of June 30, 2021, these assets amounted to €592.8 million, compared with €574.3 million as of December 31, 2020.

Note 9 Earnings per share

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

	First-Half 2021	First-Half 2020 restated	Full-Year 2020 restated
Number of shares outstanding at year-end ⁽¹⁾	138,035,801	138,035,801	138,035,801
Adjustments:			
■ treasury stock	(3,286,510)	(1,130,994)	(499,273)
■ weighted impact of share issue prorated	0	0	0
Weighted average number of shares before dilution	134,749,291	136,904,807	137,536,528
Weighted impact of dilutive instruments:			
■ free shares attributed	417,397	1,085,144	440,567
■ bonds with conversion option	0	0	0
Weighted average number of shares after dilution	135,166,688	137,989,951	137,977,095

(1) Changes in the number of shares outstanding as of June 30, 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 June 30, 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:

	First-Half 2021	First-Half 2020 restated	Full-Year 2020 restated
Net Income (loss) (in € million)	145.8	(432.6)	(378.8)
Basic earnings (loss) per share	1.08	(3.16)	(2.75)
After dilution	1.08	(3.16)	(2.75)
Net Income (loss) from continued operations (in € million)	176.5	(415.5)	(360.3)
Basic earnings (loss) per share	1.31	(3.04)	(2.62)
After dilution	1.31	(3.04)	(2.62)
Net Income (loss) from discontinued operations (in € million)	(30.7)	(17.1)	(18.5)
Basic earnings (loss) per share	(0.23)	(0.12)	(0.13)
After dilution	(0.23)	(0.12)	(0.13)

Note 10 Goodwill

<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	40.0	0.0	40.0
Provision for impairment	0.0	0.0	0.0
Translation adjustments and other movements	4.8	0.0	4.8
Amount as of June 30, 2021	2,901.2	(660.5)	2,240.7

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 value in use, which is equal to the present value of the net future cash flows expected, and their net market value including costs of disposal.

Breakdown of the net amount of goodwill by operating segment:

<i>(in € million)</i>	June 30, 2021	December 31, 2020
Seating	851.7	850.3
Interiors	506.2	504.7
Clean Mobility	486.5	444.6
Clarion Electronics	396.3	396.3
TOTAL	2,240.7	2,195.9

As of June 30, 2021, the management did not identify any triggering event for a potential impairment. The worldwide automotive market assumptions, based themselves on external information sources, being the basis for the cash flow forecasts for the CGUs within the frame of the 2020 year closing are maintained. They were respectively of 76.6 million of cars in 2021, 82.3 million in 2022 and 85.7 million in 2023.

Note 11 Investments in associates

Investment in associates for continued operations:

As of June 30, 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%	25.2	0.0	9.9	43.3
Faurecia (Liuzhou) Emissions Control Technologies Co., Ltd.	50%	7.4	0.0	6.3	27.8
Faurecia-NHK Co., Ltd	50%	0.0	0.0	83.6	23.6
Teknik Malzeme Ticaret Ve Sanayi A.S	50%	1.7	0.0	7.9	10.9
Symbio	50%	58.8	0.0	1.4	115.0
Total Network Manufacturing LLC	49%	0.4	0.0	46.3	19.4
Detroit Manufacturing Systems, LLC	49%	0.0	0.0	186.7	86.3
Others	-	76.6	(3.0)	171.5	208.0
TOTAL		170.0	(3.0)	513.6	534.3

* Percent of interest held by the Company that owns the shares.

** As the Group share of some company's net equity is negative, it is recorded under liabilities as a provision for contingencies and charges.

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

11.1 Change in investments in associates

<i>(in € million)</i>	First-Half 2021	First-Half 2020	Full-Year 2020
Group share of equity at beginning of period	177.4	240.3	240.3
Dividends	(3.0)	(6.1)	(7.3)
Share of net income of associates	(7.8)	(12.0)	(12.8)
Change in scope of consolidation	0.4	(65.9)	(47.2)
Capital increase	0.0	0.0	7.5
Currency translation adjustments	3.0	(0.8)	(3.1)
Group share of equity at end of period	170.0	155.5	177.4

Note 12 Other non-current financial assets

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

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

(In € million)	June 30, 2021		December 31, 2020	
	Gross	Provisions	Net	Net
Loans with maturity longer than one year	30.1	(6.1)	24.0	38.0
Others	88.6	(4.8)	83.8	66.7
TOTAL	118.7	(10.9)	107.8	104.7

Note 13 Trade accounts receivables

Under trade receivables sale programs, the Group can sell a portion of the receivables of a number of its French, German, North 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 June 30, 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:

(in € million)	June 30, 2021	December 31, 2020
Financing	1,006.9	1,011.0
Guarantee reserve deducted from borrowings	(15.3)	(38.8)
Cash received as consideration for receivables sold	992.0	972.2
Receivables sold and derecognized	(992.0)	(972.2)

Individually impaired trade receivables are as follows:

(in € million)	June 30, 2021	December 31, 2020
Gross total trade receivables	3,112.6	3,267.8
Provision for impairment of receivables	(21.3)	(30.7)
TOTAL	3,091.3	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 June 30, 2021 were €153.4 million, breaking down as follows:

- €81.0 million less than one month past due;
- €13.5 million between one and two months past due;
- €9.8 million between two and three months past due;
- €22.8 million between three and six months past due;
- €26.3 million more than six months past due.

Note 14 Cash and cash equivalents

Cash and cash equivalents include current account balances in the amount of €2,750.8 million (compared to €2,248.8 million in 2020) and short-term investments in the amount of €246.8 million (compared to €842.6 million in 2020), or a total of €2,997.6 million as of June 30, 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 15 Shareholders' equity

15.1 Capital

As of June 30, 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.

As of December 31, 2020, Peugeot S.A. held 39.34% of the capital stock and 56.02% of the voting rights. 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.

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 5 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%. The revocation period has ended on June 25, 2021 and 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 will take 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) will be cancelled to neutralize the dilution.

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.

15.2 Share-based payment

A - 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.

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

The amount recognized for the period is an expense of €5.4 million, compared to €5.4 million in the first semester 2020.

2 Consolidated financial statements

Notes to the consolidated financial statements

Details of the share grant plans as of June 30, 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		Acquisition date	sales date (from)
		reaching the objective	exceeding the objective			dividend rate	Non-transferability discount		
05/28/2019	10/09/2019	762,520	991,900	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	10/09/2023	10/9/2023
06/26/2020	10/22/2020	966,490	1,256,970	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

* 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. 417,397 will be definitely distributed in July 2021. The performance conditions for the plan attributed by the Board of July 19, 2018 have not been met.

Note 16 Current provisions and contingent liabilities

16.1 Current provisions

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

<i>(in € million)</i>	June 30, 2021	December 31, 2020
Restructuring	132.1	180.9
Risks on contracts and customer warranties	58.8	78.3
Litigation	25.5	26.2
Other provisions	30.9	30.0
TOTAL	247.3	315.4

Changes in these provisions during 2021 were as follows:

<i>(in € million)</i>	Amount as of January 1, 2021	Additions	Expenses charged	Reversal*	Sub total changes	Change in scope of consolidation and other changes	Amount as of June 30, 2021
Restructuring	180.9	45.5	(95.9)	0.0	(50.4)	1.6	132.1
Risks on contracts and customer warranties	78.3	1.9	(25.1)	0.0	(23.2)	3.7	58.8
Litigation	26.2	3.3	(3.1)	(1.2)	(1.1)	0.4	25.5
Other provisions	30.0	1.8	(2.0)	(0.6)	(0.8)	1.7	30.9
TOTAL	315.4	52.5	(126.1)	(1.8)	(75.4)	7.3	247.3

* Surplus provisions.

16.2 Contingent liabilities

LITIGATION

As a reminder, on March 25, 2014, the European Commission and the United States Department of Justice, on November 27, 2014, the Competition Commission of South Africa, and on May 19, 2017, the Brazilian competition authority (CADE), initiated inquiries covering certain suppliers of emission control systems on the basis for suspicions of anticompetitive practices in this market. Faurecia was one of the companies covered by these inquiries.

On the status of these inquiries:

- the European Commission has announced to close the case, as communicated by Faurecia on May 2, 2017;
- an agreement has been reached with the CADE for a non material amount and made public on September 5, 2018 putting an end to the inquiry on Faurecia;
- in December 2018, Faurecia has been informed by the United States Department of Justice that it was no more subject to an inquiry;
- an agreement has been reached with the Competition Commission of South Africa for a non material amount and made public on May 18, 2020, putting an end to this enquiry on Faurecia.

On the status of the class actions related to the inquiry of the United States Department of Justice:

- in the United-States, the Group has reached agreements, for non-material amounts, with the plaintiffs to settle all three class actions which were filed in the United States District Court for the Eastern District of Michigan against several suppliers of emissions control systems, including Group affiliates, alleging anticompetitive practices in regard to Exhaust Systems. These agreements have been validated by the court;
- in Canada, two class actions for similar allegations have been filed. They have been subject to agreements for non-material amounts. These agreements are under validation by the court.

All the inquiries that have been initiated are now closed.

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

17.1 Non-current provisions

(in € million)

	June 30, 2021	December 31, 2020
Provisions for pensions and other employee obligations	454.1	515.3
■ Pension plan benefit obligations	223.6	267.4
■ Post-retirement benefit obligations	193.0	208.1
■ Long-service awards	27.8	29.5
■ Healthcare costs	9.7	10.3
TOTAL	454.1	515.3

ASSUMPTIONS USED

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

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

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

(in %)

	Euro zone	United Kingdom	USA	Japan
DISCOUNT RATE				
June 30, 2021	1.10%	1.95%	2.37%	0.43%
December 31, 2020	0.65%	1.30%	1.92%	0.32%
June 30, 2020	1.20%	1.65%	2.21%	N/A
INFLATION RATE				
June 30, 2021	1.80%	3.20%	N/A	N/A
December 31, 2020	1.80%	2.95%	N/A	N/A
June 30, 2020	1.80%	2.90%	N/A	N/A

Nota: Iboxx AA rate is the reference to determine the discount rate for the euro zone.

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

Note 18 Net debt

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

18.1 Analysis of net debt

<i>(in € million)</i>	June 30, 2021	December 31, 2020
Bonds	3,696.6	3,106.1
Bank borrowings	788.3	1,076.3
Other borrowings	68.8	30.5
Non-current lease liabilities	778.9	794.0
Non-current derivatives	5.1	9.9
SUB-TOTAL NON-CURRENT FINANCIAL LIABILITIES	5,337.7	5,016.8
Current portion of long term debt	54.4	52.0
Current portion of lease liabilities	190.2	182.2
Short-term borrowings ⁽¹⁾	705.7	963.9
Current derivatives	9.3	7.2
SUB-TOTAL CURRENT FINANCIAL LIABILITIES	959.6	1,205.3
TOTAL FINANCIAL LIABILITIES	6,297.3	6,222.1
Derivatives classified under non-current and current assets	(0.1)	(2.6)
Cash and cash equivalents	(2,997.6)	(3,091.4)
NET DEBT	(3,299.6)	3,128.1
Net cash and cash equivalent	2,997.6	3,091.4
<i>(1) Including bank overdrafts.</i>	31.6	22.7

18.2 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, in order to extend the maturity to five years from that date, or June 24, 2021 and improve its terms and conditions.

On June 15, 2018, Faurecia signed with participating banks a second agreement to extend again the maturity to five years from that date, or June 15, 2023, with two optional one-year extensions that can be exercised in June 2019 and June 2020, subject to agreement of participating banks, and that would extend the maturity respectively to June 2024 and June 2025.

A first one-year extension option has been exercised in June 2019, extending the maturity of this credit facility to June 2024.

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 5 years, i.e. May 2026, with two one-year extension options submitted to the banks' agreement.

As of June 30, 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 June 30, 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.

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 millions of the variable rate tranche of the *Schuldscheindarlehen* with 2022 maturity.

¥30 BILLION CREDIT FACILITY

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

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

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

As of June 30, 2021, the drawn amount was at ¥20 billion, representing €152.2 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 June 30, 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 benefit from the same restrictions as the 2025 bonds.

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

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

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

As of June 30, 2021, the outstanding amount of these 2026 bonds amounted to €750 million.

2027 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 benefit from the same restrictions as 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 June 30, 2021, the outstanding amount of these 2027 bonds amounted to €890 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 benefit from the same restrictions as the 2027 bonds. The bonds are listed on the *Global Exchange Market* of Euronext Dublin.

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

As of June 30, 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 benefit from the same restrictions as the 2028 bonds. The bonds are listed on the *Global Exchange Market* of Euronext Dublin. The costs related to the bond issue are expensed in P&L over the life time of the bonds.

As of June 30, 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 June 30, 2021, the outstanding amount was €559 million.

On June 12, 2020, Fitch had confirmed the BB+ rating of Faurecia, with a negative outlook. On June 19, 2020 Standard & Poor's had downgraded Faurecia rating from BB+ to BB with a stable outlook, and Moody's had downgraded Faurecia rating from Ba1 to Ba2, with a stable outlook. During the first half-year 2021, Standard & Poor's has given a positive outlook to Faurecia on March 15, 2021 and Fitch has improved the outlook from negative to stable on June 4, 2021.

18.3 Analysis of borrowings

As of June 30, 2021, the variable rate borrowings were 20.7% of borrowings before taking into account the impact of hedging.

<i>(in € million)</i>	June 30, 2021	
Variable rate borrowings	1,302.3	20.7%
Fixed rate borrowings	4,995.0	79.3%
TOTAL	6,297.3	100.0%

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

<i>(in € million)</i>	June 30, 2021		December 31, 2020	
Euros	4,641.8	73.7%	4,978.8	80.0%
US Dollars	896.0	14.2%	595.5	9.6%
Japanese Yen	382.3	6.1%	346.8	5.6%
Other currencies	377.2	6.0%	301.0	4.8%
TOTAL	6,297.3	100.0%	6,222.1	100.0%

In the first half of 2021, the weighted average interest rate on gross outstanding borrowings was 3.17%.

Note 19 Financial instruments

19.1 Financial instruments recorded in the balance sheet

	June 30, 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
<i>(In € million)</i>						
Other equity interests	71.3		71.3			71.3
Other non-current financial assets	107.8				107.8	107.8
Trade accounts receivables	3,091.3	3,091.3				0.0
Other operating receivables	559.6	555.7		3.9		3.9
Other receivables and prepaid expenses	937.6	937.6				0.0
Currency derivatives	0.1		0.1			0.1
Interest rate derivatives	0.0					0.0
Cash and cash equivalents	2,997.6		2,997.6			2,997.6
FINANCIAL ASSETS	7,765.3	4,584.6	3,068.9	3.9	107.8	3,180.6
Long-term debt*	4,558.8	2.3		5.1	4,551.4	4,718.0
Non-current lease liabilities	778.9				778.9	778.9
Short-term debt	769.4		9.2		760.2	769.4
Current portion of lease liabilities	190.2				190.2	190.2
Prepayments on customers contracts	826.5	826.5				0.0
Trade payables	6,188.1	6,188.1				0.0
Accrued taxes and payroll costs	811.9	811.9				0.0
Sundry payables	395.2	392.6	0.1	2.5		2.6
<i>Of which Currency derivatives</i>	2.6		0.1	2.5		2.6
FINANCIAL LIABILITIES	14,519.0	8,221.4	9.3	7.6	6,280.7	6,459.1

(1) No financial instruments were transferred between categories in 06/30/2021.

(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 half-year market value (June 30, 2021): for the 2025 bonds quoted 101.52% of par, at €1,015.2 million; for the 2026 bonds quoted 103.60% of par, at €777.0 million; for the 2027 bonds quoted 102.73% of par, at €914.3 million; for the 2028 bonds quoted 105.76% of par, at €740.3 million and for the 2029 green bonds quoted 102.25% of par, at €409.0 million.

	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 € millions)</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
<i>Of which Currency derivatives</i>	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.

Note 20 Hedging of currency and interest rate risks

20.1 Hedging of currency risks

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

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

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

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

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

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

INFORMATION ON HEDGED NOTIONAL AMOUNTS

(in € million) June 30, 2021	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)	18.0	18.0	0.0	0.0
■ inter-company loans in foreign currencies swapped for euros	0.1	(5.7)	549.8	549.8	0.0	0.0
■ cross-currency swaps	0.0	(3.5)	101.0	0.0	101.0	0.0
Cash flow hedges						
■ forward currency contracts	3.4	(2.4)	369.4	369.4	0.0	0.0
■ currency option	0.5	(0.1)	74.2	74.2	0.0	0.0
Not eligible for hedge accounting	0.0	0.0	18.6	18.6	0.0	0.0
	4.0	(11.8)				

* 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.

20.2 Interest-rate hedges

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

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

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

(in € million) June 30, 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	(5.1)	0.0	487.0	0.0
Accrued premiums payable	0.0	0.0	0.0	0.0	0.0
	0.0	(5.1)	0.0	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

The impact of the valuation of the credit risk in the derivatives fair value is not material on the Group financial statements as of June 30, 2021.

Note 21 Commitments given and contingent liabilities

Commitments given

(in € million)	June 30, 2021	December 31, 2020
Future minimum lease payments ⁽¹⁾	142.3	140.0
Debt collateral:		
■ mortgages	2.0	2.0
Other debt guarantees	47.7	30.3
Firm orders for property, plant and equipment and intangible assets	182.7	158.6
Other	1.0	1.1
TOTAL ⁽²⁾	375.7	332.0

(1) Commitments on future lease payments are considering for 2021 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 respectively €5.8 million of commitments as at June 2021 for discontinued activities and €8 million as at December 2020 (mainly firm orders for assets).

Note 22 Related party transactions

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



3.

Statement
by the person responsible
for the 2021 half year
financial report

Statement by the person responsible for the 2021 half-year financial report

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

July 26, 2021

Patrick KOLLER

Chief Executive Officer



4.

Statutory Auditors' review report on the interim financial information

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

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

To the Shareholders,

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

- the review of the accompanying (condensed) half-yearly consolidated financial statements of Faurecia, for the period from January 1, 2021 to June 30, 2021,
- the verification of the information presented in the half-yearly management report.

Due to the global crisis related to the Covid-19 pandemic, the condensed half-yearly consolidated financial statements of this period have been prepared and reviewed under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of our procedures.

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

1. Conclusion on the financial statements

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

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

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

2. Specific verification

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

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

Paris La Défense, July 23, 2021

The Statutory Auditors

French original signed by

MAZARS

Anne-Laure Rousselou

Grégory Derouet

ERNST & YOUNG Audit

Jean-Roch Varon

Guillaume Brunet-Moret





This document is printed in France by an Imprim'Vert certified printer
on PEFC certified paper produced from sustainably managed forest.

