First Supplement dated 2 October 2023
to the Base Prospectus dated 15 June 2023

Valeo

Euro 5,000,000,000
Euro Medium Term Note Programme
Due from one month from the date of original issue

This prospectus supplement no. 1 (the "**Prospectus Supplement no. 1**") is supplemental to, and should be read in conjunction with, the base prospectus dated 15 June 2023 (the "**Base Prospectus**") prepared by Valeo, *société européenne* (the "**Issuer**" or "**Valeo**") in connection with its €5,000,000,000 Euro Medium Term Note Programme (the "**Programme**"), which received the approval no. 23-220 on 15 June 2023 from the *Autorité des marchés financiers* (the "**AMF**"). The Base Prospectus as supplemented by this Prospectus Supplement no. 1 constitutes a base prospectus for the purpose of Article 8 of Regulation (EU) 2017/1129, as amended (the "**Prospectus Regulation**"). Terms defined in the Base Prospectus have the same meaning when used in this Prospectus Supplement no. 1.

Application has been made for approval of this Prospectus Supplement no. 1 to the AMF in its capacity as competent authority pursuant to the Prospectus Regulation.

This Prospectus Supplement no. 1 has been prepared pursuant to Article 23 of the Prospectus Regulation for the purpose of updating the sections entitled "Risk Factors", "Documents Incorporated by Reference", "Terms and Conditions of the Notes", "Use of Proceeds", "Recent Developments", "Final Terms" and "General Information" of the Base Prospectus following (i) the publication by the Issuer of its half year financial report (*Rapport Financier Semestriel*) for 2023 and (ii) the revision by the Issuer of its Framework.

Save as disclosed in this Prospectus Supplement no. 1, there has been no other significant new factor, material mistake or material inaccuracy relating to information included in the Base Prospectus which is capable of affecting the assessment of the Notes to be issued under the Programme since the publication of the Base Prospectus. To the extent there is any inconsistency between (a) any statement in this Prospectus Supplement no. 1 or any statement incorporated by reference into the Base Prospectus by this Prospectus Supplement no. 1, and (b) any other statement in or incorporated by reference in the Base Prospectus, the statements in (a) above will prevail.

Copies of this Prospectus Supplement no. 1 will be available on the websites of (a) the AMF (www.amf-france.org) and (b) the Issuer (www.valeo.com) and copies may be obtained, free of charge, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Issuer, and at the specified offices of the Paying Agents.

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AMENDMENTS LINKED TO THE PUBLICATION OF A REVISED FRAMEWORK

On 29 September 2023, the Issuer published a revised version of its Framework. The changes to be made to the Base Prospectus on account of the revised version of the Framework are set out herein in the sections entitled "Risk Factors", "Terms and Conditions of the Notes", "Use of Proceeds" and "Final Terms".

In addition:

- the paragraph entitled "*Notes issued as Green Bonds or Sustainability Linked Notes*" appearing on page vi of the Base Prospectus is amended as follows:

  > "The reference appearing on page vi of the Base Prospectus to "*ISS ESG has issued a Second Party Opinion (as defined in the section "Use of Proceeds" below), dated 20 July 2021, on the Issuer's Framework*." shall be replaced by "*ISS ESG has issued a Second Party Opinion (as defined in the section "Use of Proceeds" below), dated 25 September 2023, on the Issuer's Framework*."; and

- all references to "Green Eligible Projects" throughout the Base Prospectus are hereby deleted and replaced by references to "Eligible Projects".

RISK FACTORS

The risk factor entitled "Sustainability Linked Notes may not be a suitable investment for all investors seeking exposure to assets with sustainability characteristics" appearing in Subparagraph (4) entitled "Risks relating to "Green Bonds" and "Sustainability Linked Notes"" of paragraph (2) entitled "Risks related to the structure and characteristics of a particular issue of Notes" of the section entitled "Risk factors" of the Base Prospectus is hereby deleted in its entirety and replaced by the following:

"*Sustainability Linked Notes may not be a suitable investment for all investors seeking exposure to assets with sustainability characteristics*

In September2023, the Issuer adopted the Framework, in accordance with the Sustainability-Linked Bonds Principles (the "**SLBP**") administered by the International Capital Markets Association (ICMA) and the Sustainability-Linked Loan Principles (the "**SLLP**") administered by the Loan Market Association (LMA). The Framework was reviewed by ISS ESG which provided a Second Party Opinion (as defined under "Use of Proceeds" below) on the relevance and scope of the selected key performance indicators (KPI(s)) and the associated sustainability performance targets (SPTs) and also confirmed the alignment with the SLBP and the SLLP. A second party opinion may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed above and other factors that may affect the value of Sustainability Linked Notes issued under the Programme. A second party opinion would not constitute a recommendation to buy, sell or hold securities and would only be current as of the date it is released. A withdrawal of the Second Party Opinion may affect the value of such Sustainability Linked Notes and/or may have consequences for certain investors with portfolio mandates to invest in sustainability-linked assets. The Issuer does not assume any obligation or responsibility to release any update or revision to the Framework and/or information to reflect events or circumstances after the date of publication of such Framework and, therefore, an update or a revision of the Second Party Opinion may or may not be requested to ISS ESG or other providers of second party opinions.

Moreover, the second party opinion providers and providers of similar opinions and certifications are not currently subject to any specific regulatory or other regime or oversight. Noteholders have no recourse against the Issuer, any of the Dealers or the provider of any such opinion or certification for the contents of any such opinion or certification, which is only current as at the date it was initially issued. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in the Sustainability Linked Notes. Any withdrawal of any such opinion or certification or any such opinion or certification attesting that the Group is not complying in whole or in part with any matters for which such opinion or certification is opining on or certifying on may have a material adverse effect on the value of the Sustainability Linked Notes and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

Furthermore, although the interest rate is subject to a Step Up Option adjustment, and a premium payment may be payable by the Issuer, in certain circumstances specified in the Conditions, such Notes may not satisfy an investor's requirements or any future legal or quasi legal standards for investment in assets with sustainability characteristics. The Notes described above are not being marketed as green bonds since the Issuer expects to use an amount equivalent to the relevant net proceeds for general corporate purposes and therefore the Issuer does not intend to allocate an amount equivalent to the net proceeds specifically to projects or business activities meeting environmental or sustainability criteria, or be subject to any other limitations associated with green bonds.

In addition, the interest rate adjustment in respect of the above-mentioned Step Up Option and the premium payment amount in respect of the Notes depend on a definition of carbon reduction or, as the case may be, sustainable procurement, that may be inconsistent with investor requirements or expectations or other relevant definitions. In each case, the Issuer may or may not request a second party opinion.

If such second party opinion is obtained, however, as there is currently no clearly-defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes a "sustainable" or "sustainability-linked" or equivalently-labelled project or as to what precise attributes are required for a particular project to be defined as "sustainable" or "sustainability-linked" (and, in addition, the requirements of any such label may evolve from time to time), the Sustainability Linked Notes may not meet any or all investor expectations regarding the Sustainability Linked Notes or the Group's targets qualifying as "sustainable" or "sustainability-linked" or that any adverse other impacts will not occur in connection with the Group striving to achieve such targets.

Once the technical screening criteria are established, there is no certainty to what extent the investments planned in the Group's sustainability strategy (also underlying the Sustainability Linked Notes through their link to certain key performance indicators) will be aligned with the EU Sustainable Finance Taxonomy. Investors should make their own assessment as to the suitability or reliability for any purpose whatsoever of any opinion, report or certification of any third party in connection with the offering of Sustainability Linked Notes. Any such opinion, report or certification is not, nor shall it be deemed to be, incorporated in and/or form part of this Base Prospectus."

The risk factor entitled "*Risks that may result from the failure to meet the SPTs*" appearing in Subparagraph (4) entitled "Risks relating to "Green Bonds" and "Sustainability Linked Notes"" of paragraph (2) entitled "Risks related to the structure and characteristics of a particular issue of Notes" of the section entitled "Risk factors" of the Base Prospectus is hereby deleted in its entirety and replaced by the following:

Risks that may result from the failure to meet the SPTs or respect certain annual reporting obligations

Although if the relevant SPT (as defined in the Terms and Conditions of the Notes) is/are not met it will give rise to an interest step up or the payment of a premium as described in Condition 5(e), it will not be an Event of Default under the Sustainability Linked Notes, nor will the Issuer be required to repurchase or redeem any Sustainability Linked Notes in such circumstances. Similarly, the failure of the Issuer to comply with the annual reporting obligations set out in Condition 5(e)(iv) for the years preceding the year in which the Target Observation Date falls, which might give an indication to investors prior to the Target Observation Date as to the likelihood of the relevant SPT being met (and thus the likelihood of an interest step-up or premium being payable on the Step Up Date or the Premium Payment Date (as applicable)) will not be an Event of Default under the Sustainability Linked Notes, nor will it give rise to an interest step up or the payment of a premium as described in Condition 5(e), nor will the Issuer be required to repurchase or redeem any Sustainability Linked Notes in such circumstances. Certain investors may have portfolio mandates or may wish to dispose of their Sustainability Linked Notes and/or the Sustainability Linked Notes may be excluded from any Environmental, Social and Governance (ESG)-related securities or other equivalently-labelled index upon the occurrence of an interest step-up or a premium payment, even if the resulting interest step-up or premium payment has the effect of increasing the yield on the relevant Sustainability Linked Notes which may have material consequences for the future trading prices of the Sustainability Linked Notes and/or the liquidity of the Sustainability Linked Notes.

Furthermore, depending on the Step Up Date specified in the relevant Final Terms, the interest step-up may not be payable in respect of the Interest Period commencing immediately after a Step Up Event nor in respect of every Interest Period following a Step Up Event. Therefore, even if an interest step-up will be payable, the structure of such payment may not meet all investor expectations.

In addition, the failure of the Issuer to achieve any of its SPTs or any such similar sustainability performance targets the Issuer may choose to include in any future financings would not only result in an interest step up or payment of a premium, but could also harm the Issuer's reputation, the consequences of which could, in each case, have a material adverse effect on the Issuer, its business prospects, its financial condition or its results of operations and ultimately its ability to fulfil its payments obligations in respect of the Sustainability Linked Notes.

DOCUMENTS INCORPORATED BY REFERENCE

The section entitled "Documents Incorporated by Reference" of the Base Prospectus is hereby deleted in its entirety and replaced by the following:

"This Base Prospectus should be read and construed in conjunction with the following sections identified in the cross-reference table below of the following documents which have been previously published and have been filed with the *Autorité des marchés financiers* ("**AMF**") as competent authority in France for the purposes of the EU Prospectus Regulation. Such sections shall be incorporated in, and shall be deemed to form part of, this Base Prospectus:

(i) the sections identified in the cross-reference table below of the *2023 Rapport Financier Semestriel* in the French language relating to the Issuer filed with the AMF on 27 July 2023 (the "**2023 HYFR**");

(ii) the sections identified in the cross-reference table below of the 2022 *Document d'enregistrement universel* in the French language relating to the Issuer filed with the AMF on 30 March 2023 under no. D.23-0200, including the audited statutory and consolidated financial statements of the Issuer as at, and for the year ended, 31 December 2022 and the related notes thereto (the "**2022 URD**");

(iii) the sections identified in the cross-reference table below of the 2021 *Document d'enregistrement universel* in the French language relating to the Issuer filed with the AMF on 7 April 2022 under no. D.22-0254, including the audited statutory and consolidated financial statements of the Issuer as at, and for the year ended, 31 December 2021 and the related notes thereto (the "**2021 URD"**);

(iv) the terms and conditions of the notes contained in the base prospectus of the Issuer dated 14 June 2022 which received approval no. 22-211 from the AMF (the "**2022 EMTN Conditions**");

(v) the terms and conditions of the notes contained in the base prospectus of the Issuer dated 14 June 2021 which received approval no. 21-223 from the AMF as well as the Supplement no. 1 dated 23 July 2021, which received approval no. 21-347 from the AMF, (the "**2021 EMTN Conditions**");

(vi) the terms and conditions of the notes contained in the base prospectus of the Issuer dated 5 July 2017 which received visa no. 17-337 from the AMF, (the "**2017 EMTN Conditions**");

(vii) the terms and conditions of the notes contained in the base prospectus of the Issuer dated 7 May 2015 which received visa no. 15-178 from the AMF as well as the Supplement no. 1 dated 9 March 2016, which received visa no. 16-073 from the AMF, (the "**2015 EMTN Conditions**"); and

(viii) the terms and conditions of the notes contained in the base prospectus of the Issuer dated 23 April 2013 which received visa no. 13-174 from the AMF, (the "**2013 EMTN Conditions**" and together with the 2015 EMTN Conditions, the 2017 EMTN Conditions, the 2021 EMTN Conditions and the 2022 EMTN Conditions, the "**Previous EMTN Conditions**").

Free translations in the English language of the 2023 HYFR, the 2022 URD and the 2021 URD are available on the Issuer's website (www.valeo.com). These documents are available for information purposes only and are not incorporated by reference in this Base Prospectus. The only binding versions are the French language versions.

For as long as any Notes are outstanding, this Base Prospectus, any supplement to this Base Prospectus and all documents incorporated by reference into this Base Prospectus may be obtained, free of charge, (i) at the office of the Fiscal Agent and the Paying Agents set out at the end of this Base Prospectus during normal business hours, (ii) at the registered office of the Issuer during normal business hours, and (iii) on the website of the Issuer (www.valeo.com). Provision of such documents does not constitute a representation that such documents have not been modified or superseded in whole or in part as specified above. Written or oral requests for such documents should be directed to the principal office of BNP Paribas in its capacity as Fiscal Agent (as defined in the "Terms and Conditions" of the Notes below) or to the Issuer at its registered office set out at the end of this Base Prospectus. This Base Prospectus and any supplement to this Base Prospectus will also be available on the website of the AMF (www.amf-france.org).

The Final Terms related to Notes admitted to trading on Euronext Paris will be published on the websites of (x) the AMF (www.amf-france.org) and (y) the Issuer (www.valeo.com). If the Notes are admitted to trading on a Regulated Market other than Euronext Paris, the relevant Final Terms will provide whether additional methods of publication are required and what they consist of.

Other than in relation to the documents which are deemed to be incorporated by reference, the information on the websites to which this Base Prospectus (including, for the avoidance of doubt, any information on the websites which appear in the documents incorporated by reference) refers does not form part of this Base Prospectus and has not been scrutinised or approved by the AMF.

The following table cross-references the pages of the Documents Incorporated by Reference. For the avoidance of doubt, the information requested to be disclosed by the Issuer as a result of Annex 7 of the Commission Delegated Regulation (EU) 2019/980 supplementing the EU Prospectus Regulation, as amended, and not referred to in the cross reference list below is either contained in the relevant sections of this Base Prospectus or is not relevant to the investors. Any information not listed in the cross-reference list but included in the documents incorporated by reference is considered as additional information and is not required by the relevant schedules of the Commission Delegated Regulation (EU) 2019/980 supplementing the EU Prospectus Regulation, as amended.

Information incorporated by reference ***(Annex 7 of the Commission Delegated Regulation (EU) 2019/980)***	**2023 HYFR**	**2022 URD**	**2021 URD**
3. RISK FACTORS			
3.1 A description of the material risks that are specific to the issuer and that may affect the issuer's ability to fulfil its obligations under the securities, in a limited number of categories, in a section headed "Risk Factors".	p. 20	pp. 94 to 103	-
4. INFORMATION ABOUT THE ISSUER			
4.1. History and development of the Issuer			
4.1.1. The legal and commercial name of the issuer.	-	p. 482	-
4.1.2. The place of registration of the issuer, its registration number and legal entity identifier ('LEI').	-	pp. 482 to 483	-
4.1.3. The date of incorporation and the length of life of the issuer, except where the period is indefinite.	-	p. 482	-
4.1.4. The domicile and legal form of the issuer, the legislation under which the issuer operates, its country of incorporation, the address, telephone number of its registered office (or principal place of business if different from its registered office) and website of the issuer, if any, with a disclaimer that the information on the website does not form part of the prospectus unless that information is incorporated by reference into the prospectus.	-	p. 482	-
5. BUSINESS OVERVIEW			
5.1. Principal activities			
5.1.1. A brief description of the issuer's principal activities stating the main categories of products sold and/or services performed.	p.2 pp. 4 and 5 pp. 12 to 13	pp. 10 to 35 pp. 50 to 83	-
5.1.2. The basis for any statements made by the issuer regarding its competitive position.	-	pp. 55, 61, 67, 73, 79	-

Information incorporated by reference *(Annex 7 of the Commission Delegated Regulation (EU) 2019/980)*	**2023 HYFR**	**2022 URD**	**2021 URD**
6. ORGANISATIONAL STRUCTURE			
6.1. If the issuer is part of a group, a brief description of the group and the issuer's position within the group. This may be in the form of, or accompanied by, a diagram of the organisational structure if this helps to clarify the structure.	-	p. 52 pp. 484 to 485	-
6.2. If the issuer is dependent upon other entities within the group, this must be clearly stated together with an explanation of this dependence.	-	pp. 418 to 425 p. 456 pp. 484 to 485	-
7. TREND INFORMATION			
7.1. A description of: (a) any material adverse change in the prospects of the issuer since the date of its last published audited financial statements; and (b) any significant change in the financial performance of the group since the end of the last financial period for which financial information has been published to the date of the registration document. If neither of the above are applicable then the issuer should include (an) appropriate negative statement(s).	-	-	-
9. ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES			
9.1 Names, business addresses and functions within the issuer of the following persons and an indication of the principal activities performed by them outside of that issuer where these are significant with respect to that issuer: (a) members of the administrative, management or supervisory bodies; (b) partners with unlimited liability, in the case of a limited partnership with a share capital.	-	p. 36 pp. 114 to 165	-
10. MAJOR SHAREHOLDERS			
10.1. To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled and by whom and describe the nature of such control and describe the measures in place to ensure that such control is not abused.	p. 17	pp. 469 to 471	-
10.2. A description of any arrangements, known to the issuer, the operation of which may at a subsequent date result in a change of control of the issuer	-	pp. 479 to 480	-
11. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES			
11.1 Historical Financial Information			
11.1.1 Historical financial information covering the latest two financial years (at least 24 months) or such shorter period as the issuer has been in operation and the audit report in respect of each year.	**Condensed interim consolidated financial statements for the**	**Consolidated financial statements** pp. 333 to 431	**Consolidated financial statements** pp.326 to 414

Information incorporated by reference ***(Annex 7 of the Commission Delegated Regulation (EU) 2019/980)***	**2023 HYFR**	**2022 URD**	**2021 URD**
	six months ended June 30, 2023 pp. 21 to 58	**Non consolidated financial statements** pp. 434 to 460	**Non consolidated financial statements** pp. 417 to 441
11.1.3 Accounting standards The financial information must be prepared according to International Financial Reporting Standards as endorsed in the Union based on Regulation (EC) No 1606/2002. If Regulation (EC) No 1606/2002 is not applicable the financial statements must be prepared according to: (a) a Member State's national accounting standards for issuers from the EEA as required by Directive 2013/34/ EU; (b) a third country's national accounting standards equivalent to Regulation (EC) No 1606/2002 for third country issuers. Otherwise the following information must be included in the registration document: (a) a prominent statement that the financial information included in the registration document has not been prepared in accordance with International Financial Reporting Standards as endorsed in the Union based on Regulation (EC) No 1606/2002 and that there may be material differences in the financial information had Regulation (EC) No 1606/2002 been applied to the historical financial information; (b) immediately following the historical financial information a narrative description of the differences between Regulation (EC) No 1606/2002 as adopted by the Union and the accounting principles adopted by the issuer in preparing its annual financial statements.	**Condensed interim consolidated financial statements for the six months ended June 30, 2023** pp. 27 and 28	**Consolidated financial statements** pp. 339 to 341	**Consolidated financial statements** pp. 332 and 333
11.1.4 Where the audited financial information is prepared according to national accounting standards, the financial information must include at least the following:	-	-	-
(a) the balance sheet;	-	p. 435	p. 418
(b) the income statement;	-	p. 434	p. 417
(c) the accounting policies and explanatory notes.	-	pp. 438 to 456	pp. 421 to 438
11.1.5 Consolidated financial statements If the issuer prepared both stand-alone and consolidated financial statements, include at least the consolidated financial statements in the registration document.	pp. 21 to 58	pp. 333 to 431	pp. 326 to 414

Information incorporated by reference ***(Annex 7 of the Commission Delegated Regulation (EU) 2019/980)***	**2023 HYFR**	**2022 URD**	**2021 URD**
11.1.6 The balance sheet date of the last year of audited financial information may not be older than 18 months from the date of the registration document	p. 24	**Consolidated financial statements** p. 335 **Non consolidated financial statements** p.435	-
11.2.1 The historical annual financial information must be independently audited. The audit report shall be prepared in accordance with the Directive 2006/43/EC and Regulation (EU) No 537/2014. Where Directive 2006/43/EC and Regulation (EU) No 537/2014 do not apply, the historical financial information must be audited or reported on as to whether or not, for the purposes of the registration document, it gives a true and fair view in accordance with auditing standards applicable in a Member State or an equivalent standard. Otherwise, the following information must be included in the registration document: (a) a prominent statement disclosing which auditing standards have been applied; (b) an explanation of any significant departures from International Standards on Auditing.	p. 59	**Consolidated financial statements** pp. 426 to 431 **Non consolidated financial statements** pp. 457 to 460	**Consolidated financial statements** pp. 409 to 414 **Non consolidated financial statements** pp.438 to 441
11.2.1(a) Where audit reports on the historical financial information have been refused by the statutory auditors or where they contain qualifications, modifications of opinion, disclaimers or an emphasis of matter, the reason must be given, and such qualifications, modifications, disclaimers or emphasis of matter must be reproduced in full	-	-	-
11.2.2 Indication of other information in the registration document which has been audited by the auditors.	-	-	-
11.3 Legal and arbitration proceedings			
11.3.1 Information on any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past significant effects on the issuer and/or group's financial position or profitability, or provide an appropriate negative statement.	p. 39 pp. 44 and 45	pp. 102 p. 364 pp. 387 to 389	pp. 95 to 96 p. 354 p. 376 to 377

Information incorporated by reference ***(Annex 7 of the Commission Delegated Regulation (EU) 2019/980)***	**2023 HYFR**	**2022 URD**	**2021 URD**
11.4 Significant change in the Issuer's financial position			
11.4.1 A description of any significant change in the financial position of the group which has occurred since the end of the last financial period for which either audited financial information or interim financial information have been published, or provide an appropriate negative statement.	-	-	-
12. MATERIAL CONTRACTS			
12.1 A brief summary of all material contracts that are not entered into in the ordinary course of the issuer's business, which could result in any group member being under an obligation or entitlement that is material to the issuer's ability to meet its obligations to security holders in respect of the securities being issued	-	p. 485	-

The Previous EMTN Conditions are incorporated by reference in this Base Prospectus for the purpose only of further issues of notes to be assimilated (*assimilées*) and form a single series with Notes already issued with the Previous EMTN Conditions.

PREVIOUS EMTN CONDITIONS	
2022 EMTN Conditions	Pages 27 to 80
2021 EMTN Conditions	Pages 27 to 71
2017 EMTN Conditions	Pages 30 to 61
2015 EMTN Conditions	Pages 31 to 61
2013 EMTN Conditions	Pages 28 to 58

TERMS AND CONDITIONS OF THE NOTES

Condition 5(e) in the section entitled "*Terms and Conditions of the Notes*" in the Base Prospectus is hereby deleted in its entirety and replaced by the following, in order to take into account, among other things, (i) the fact that GHG Protocol Standards will be considered in the case of a Recalculation Event, (ii) changes in relation to the Carbon Reduction KPI and (iii) changes in relation to the Sustainable Procurement KPI:

"

(e) Sustainability Linked Notes:

(i) *General*

This Condition 5(e) applies to Fixed Rate Notes, Floating Rate Notes and Fixed/Floating Rate Notes issued by the Issuer in respect of which the applicable Final Terms indicate that the Step Up Option and/or the Premium Payment, as the case may be, is applicable (the "**Sustainability Linked Notes**").

(ii) *Interest Step-Up*

Where a Step Up Option is specified to be applicable in the relevant Final Terms, the Rate of Interest for such Notes will be the Initial Rate of Interest specified in the relevant Final Terms, provided that for any one or more Interest Period(s) commencing on or after the Interest Payment Date following a Step Up Event, if any, and specified as the Step Up Date in the relevant Final Terms, the Rate of Interest (or the applicable Margin, in the event of Floating Rate Notes) shall be increased by the Step Up Margin specified in the applicable Final Terms.

(iii) *Premium Payment*

Where a Premium Payment is specified to be applicable in the relevant Final Terms, the Issuer shall pay in respect of each Note of a Series an amount equal to the Premium Payment Amount on the Premium Payment Date if a Premium Trigger Event has occurred.

(iv) *Reporting*

Until the maturity of the Sustainability Linked Notes and including in the year in which the Target Observation Date falls, the Issuer shall publish on an annual basis within its universal registration document or as a separate document on its website by the end of May in each year:

- a report (the "**Annual Reporting**") containing:
    - o up-to-date information on the performance of the KPIs in the relevant reporting period, including the calculation methodology and baselines where relevant;
    - o any relevant information enabling investors to monitor the ambition of the SPTs including any update in its sustainability strategy or any recent announcements, strategic decisions on the related KPI;
    - o when relevant any re-assessments of KPIs and/or restatement of the SPTs and/or pro-forma adjustments of KPI scope or more generally any information relevant to the analysis of the KPIs and SPTs, including in the context of a Recalculation Event pursuant to Condition 5(e)(vi); and
- a report containing an independent and external verification of the performance of the KPIs by the External Auditor in the relevant reporting period (the "**Assurance Report**").

In relation to the year in which the Target Observation Date falls only and not in relation to any other reporting period, the Issuer shall also publish within its universal registration document or as a separate document on its website by the end of May following the Target Observation Date a verification assurance certificate of the External Auditor in respect of the satisfaction by the Issuer of the applicable SPT (the "**Compliance Certificate**").

(v) *Absence of Event of Default*

Any failure by the Issuer to publish the Annual Reporting or the Assurance Report in any year prior to the year in which the Target Observation Date falls, or the occurrence of a Step-Up Event or a Premium Trigger Event, shall not constitute an Event of Default or a breach of the Issuer's obligations under the Notes.

(vi) *Recalculation of SPT*

In the event of any change, which occurs between the Issue Date of a Series of Sustainability Linked Notes and the Target Observation Date (i) in the Group's perimeter (due to an acquisition, a merger or a demerger or other restructuring (*scission* or *apport partiel d'actifs*), an amalgamation, a consolidation or other form of reorganisation with similar effect, a spin-off, a disposal or a sale of assets); (ii) in or any amendment to any applicable laws, regulations, rules, guidelines and policies relating to the business of the Group; or (iii) to the methodology for calculation of any KPI to reflect changes in the market practice or the relevant market standards (including the GHG Protocol Standard), which, individually or in aggregate, has a significant impact (i.e. results in a change of at least 5 per cent.) on the level of any SPT or any KPI baseline (each, a "**Recalculation Event**"), the relevant SPT may be recalculated in good faith by the Issuer to reflect such change, provided that the Independent External Verifier has independently confirmed that the proposed revision is consistent with the initial level of ambition of the relevant SPT taking into account the Recalculation Event.

By subscribing or acquiring the Notes, each Noteholder accepts and agrees not to be consulted in respect of such changes. Any such change and the resulting recalculation to any SPT will be communicated as soon as reasonably practicable by the Issuer to the Paying Agents and the Calculation Agent and notified to the relevant Noteholders (with a copy to the relevant Representative) in accordance with Condition 14.

Any other changes to the SPT or to any Step Up Margin or to any Premium Payment Amount will be made with the prior approval of the Noteholders in accordance with Condition 11.

In this Condition:

"**CO_2eq**" means carbon dioxide equivalent.

"**External Auditor**" means EY & Associés or, in the event that EY & Associés resigns or is otherwise replaced, such other qualified provider of third party assurance or attestation services chosen among the audit or ESG services firms and appointed by the Issuer.

"**Framework**" means the Issuer's green and sustainability-linked financing framework (as may be amended and/or supplemented from time to time) which is available on the website of the Issuer (https://www.valeo.com/en/bond-investors/).

"**GHG Protocol Standard**" means the document entitled "The Greenhouse Gas Protocol, A Corporate Accounting and Reporting Standard (Revised Edition)" published by the World Business Council for Sustainable Development and the World Resources Institute (as amended and updated from time to time).

"**Independent External Verifier**" means Mazars or any other independent accounting or appraisal firm or other independent expert of internationally recognised standing appointed by the Issuer, in each case with the expertise necessary to perform the functions required to be performed by the Independent External Verifier under these Conditions, as determined by the Issuer.

"**Initial Rate of Interest**" means the initial Rate of Interest specified in the relevant Final Terms;

"**KPI**" means key performance indicator and designates the Adjusted Carbon Footprint KPI and the Sustainable Procurement KPI.

"**Adjusted Carbon Footprint KPI**" means the key performance indicator which measures the Issuer's gross carbon footprint across all of its operational activities, its supply chain and the use of products (scopes 1, 2 & 3) minus greenhouse gas emissions ("**GHG**") avoided through the electrification of the Issuer's portfolio. The Issuer's gross carbon footprint includes:

- direct GHG emissions: combustion emissions from stationary sources on sites, emissions from fuel combustion by Group vehicles, direct emissions from non-energy processes;

- indirect GHG emissions: associated with energy consumption, related to the consumption of electricity, steam, compressed air and other sources;

- indirect GHG emissions linked to the purchase of materials used in industrial processes (steel, aluminum, copper, zinc, plastics, electronic components, chemicals and packaging); and

- indirect GHG emissions related to the use of products.

GHG emissions avoided through the electrification of the Issuer's portfolio includes emissions savings generated by the use of the Issuer's products.

The calculation methodology for the Issuer's gross carbon footprint takes into account GHG Protocol for Scope 1&2 and Scope 3 categories (excluding categories 2, 3, 5, 6, 7, 8, 9, 10, 12, 13, 14, 15 of GHG Protocol, which are considered as not material by the Issuer[1]). The Issuer's gross carbon footprint is based on the SBTi approach which evaluates the level of emissions of the Issuer's different products that will need to be downsized by -15% by 2030 compared to 2019.

In relation to the calculation methodology for the Issuer's GHG emissions avoided through the electrification of the Issuer's portfolio, with the help of Emisia (a laboratory spin off of Thessaloniki University, official reviewer for emissions calculations of the EU Commission DG Clima), the Issuer has set up a methodology to calculate the adjusted avoided emissions for the vehicles in which the Issuer contributes directly through the use of its sold technologies in place in the vehicles. This approach evaluates the level of avoided emissions during the use phase of the lifetime of the vehicles taking into account the following parameters:

- mass and electric consumption of the product;

- technical characteristic of the vehicles in which the products are integrated (differentiated evaluation by segment, product lifetime);

- market penetration of the Issuer's products within each vehicle segmentation and world market fleet evolution; and

- annual sold Issuer products taken in account for this calculation.

"**Adjusted Carbon Footprint KPI Condition**" means the SPT Notice sent by the Issuer to the Principal Paying Agent and the Noteholders in accordance with Condition 14 on the SPT Notification Date that the actual CO_2eq emissions related to the Adjusted Carbon Footprint KPI was equal or lower than the applicable Adjusted Carbon Footprint SPT, and therefore the relevant Adjusted Carbon Footprint SPT was met or exceeded, at the Target Observation Date.

"**Adjusted Carbon Footprint KPI Event**" means the failure of the Issuer to satisfy the applicable Adjusted Carbon Footprint SPT or the Adjusted Carbon Footprint KPI Condition.

"**Adjusted Carbon Footprint SPT**" means the objective(s) set out in the relevant Final Terms for the Adjusted Carbon Footprint KPI to be observed on the Target Observation Date with respect to the Issuer's gross carbon footprint minus GHG avoided through the electronification of the Issuer's portfolio, compared to the level in 2019. The Adjusted Carbon Footprint SPT

[1] Even if the Issuer does not integrate those categories in the Adjusted Carbon Footprint KPI, the Issuer does track and report on such CO2 categories. This information is available annually in the Issuer's carbon disclosure project reporting.

will vary based on the maturity of the Sustainability Linked Notes but will be calibrated based on the 2025 or 2030 emissions reduction targets:

(i) Intermediary reduction target: 37.95 million CO2eq tons in 2025

For information purposes only, the Issuer intends to pursue the following objectives, on a best efforts basis, to achieve this intermediary reduction target:

- reducing CO2eq emissions (scope 1 & 2) from 1.1 million tons emitted in 2019 to 0.65 million tons in 2025
- reducing CO2eq emissions (scope 3 upstream) from 9.5 million tons emitted in 2019 to 8.9 million tons in 2025
- reducing CO2eq emissions (scope 3 downstream) from 39 million tons emitted in 2019 to 28.4 million tons in 2025 (including electrification portfolio)

(ii) 2030 reduction target: 27.88 million CO2eq tons in 2030

For information purposes only, the Issuer intends to pursue the following objectives, on a best efforts basis, to achieve this 2030 reduction target:

- reducing CO2eq emissions (scope 1 & 2) from 1.1 million tons emitted in 2019 to 0.28 million tons in 2030
- reducing CO2eq emissions (scope 3 upstream) from 9.5 million tons emitted in 2019 to 8.04 million tons in 2030
- reducing CO2eq emissions (scope 3 downstream) from 39 million tons emitted in 2019 to 19.5 million tons in 2030 (including electrification portfolio)

"**Premium Payment Amount**" means, in respect of each nominal amount of Notes, an amount specified in the applicable Final Terms.

"**Premium Payment Date**" means the date specified as such in the relevant Final Terms.

"**Premium Trigger Event**" means the failure of the Issuer to publish, in relation to the year in which the Target Observation Date falls only and not in relation to any other reporting period, the Annual Reporting, the Assurance Report or the Compliance Certificate by the end of May following the Target Observation Date, or the occurrence of either (i) an Adjusted Carbon Footprint KPI Event or (ii) a Sustainable Procurement KPI Event, as specified in the relevant Final Terms.

"**SBTi**" means the Science Based Targets initiative.

"**SPT**" means the Adjusted Carbon Footprint SPT related to the Adjusted Carbon Footprint KPI or the Sustainable Procurement SPT related to the Sustainable Procurement KPI, as specified in the relevant Final Terms.

"**SPT Notice**" means the notice delivered by the Issuer on the SPT Notification Date to satisfy the Adjusted Carbon Footprint KPI Condition or the Sustainable Procurement KPI Condition (as applicable).

"**SPT Notification Date**" means a Business Day falling no later than forty-five (45) days prior to the Step Up Date or the Premium Payment Date, when the Issuer will notify and report the actual performance related to the applicable SPT.

"**Step Up Date**" means the date specified as such in the relevant Final Terms.

"**Step Up Event**" means the failure of the Issuer to publish, in relation to the year in which the Target Observation Date falls only and not in relation to any other reporting period, the Annual Reporting, the Assurance Report or the Compliance Certificate by the end of May following the Target Observation Date, or the occurrence of either (i) an Adjusted Carbon Footprint KPI Event or (ii) a Sustainable Procurement KPI Event, as specified in the relevant Final Terms.

"**Step Up Margin**" means the amount specified in the relevant Final Terms as being the Step Up Margin.

"**Sustainable Procurement KPI**" means the key performance indicator which measures the percentage of the Issuer's production purchases performed with suppliers which have been subject to the evaluation of their sustainable development practices over the year (in proportion of the amount of purchases). The Sustainable Procurement KPI is defined in the Framework and is structured following a yearly evaluation by the Issuer of a sample of its production and non-production suppliers (representing suppliers from all regions, commodities and segments, and integrates different types of companies (large corporations, small and medium enterprises and so on) on governance, health and safety, environmental and carbon, working conditions and human rights, management of own suppliers and business ethics.

"**Sustainable Procurement KPI Condition**" means the SPT Notice sent by the Issuer to the Principal Paying Agent and the Noteholders in accordance with Condition 14 on the SPT Notification Date that the actual share of production purchases related to the Sustainable Procurement KPI was equal to or higher than the applicable Sustainable Procurement SPT, and therefore the relevant Sustainable Procurement SPT was met or exceeded, at the Target Observation Date.

"**Sustainable Procurement KPI Event**" means the failure of the Issuer to satisfy the applicable Sustainable Procurement SPT or the Sustainable Procurement KPI Condition.

"**Sustainable Procurement SPT**" means the objective(s) set out in the relevant Final Terms for the Sustainable Procurement KPI to be observed on the Target Observation Date with respect to the share of production purchases related to the Sustainable Procurement KPI compared to the level in 2019. The Sustainable Procurement SPT will vary based on the maturity of the Sustainability Linked Notes but will be calibrated based on the Issuer's target to increase the amount of its purchases from which suppliers are subject to the evaluation of their sustainable development practices to 82% in 2025 and to 86% in 2030.

"**Target Observation Date**" means the date associated with a predefined SPT specified in the relevant Final Terms, on which the Issuer's performance of each KPI will be observed and measured against each respective predefined SPT."

Condition 6(b)(ii) in the section entitled "*Terms and Conditions of the Notes*" in the Base Prospectus is hereby deleted in its entirety and replaced by the following, in order to specify that the Premium Payment (if applicable) should be taken into account in the calculation of the Make-whole Redemption Amount:

"

(ii) Make-whole Redemption by the Issuer:

Unless otherwise specified in the relevant Final Terms, the Issuer may, having given:

(A) not less than fifteen (15) nor more than thirty (30) calendar days' notice to the Noteholders in accordance with Condition 14; and

(B) not less than fifteen (15) calendar days before the giving of the notice referred to in paragraph (A) above, notice to the Fiscal Agent, the Calculation Agent, the Make-whole Calculation Agent and such other parties as may be specified in the Final Terms,

(which notices shall be irrevocable and shall specify the date fixed for redemption (each such date, a "**Make-whole Redemption Date**")) redeem the Notes, in whole or in part then outstanding at any time or from time to time prior to their Maturity Date at their relevant Make-whole Redemption Amount.

For the purposes of this Condition, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"**Make-whole Calculation Agent**" means the international credit institution or financial services institution appointed by the Issuer in relation to a Series of Notes, as specified as such in the relevant Final Terms.

"**Make-whole Redemption Amount**" means,

- in respect of any Notes (that are not subject to the Step Up Option and/or Premium Payment) to be redeemed pursuant to Condition 6(b)(ii), an amount calculated by the Make- whole Calculation Agent and equal to the greater of (x) 100 per cent. of the principal amount of the Notes so redeemed and (y) the sum of the then present values of the remaining scheduled payments of principal and interest on such Notes (excluding any interest accrued on the Notes to, but excluding, the relevant Make-whole Redemption Date) discounted to the relevant Make- whole Redemption Date on an annual basis at the Make-whole Redemption Rate plus a Make-whole Redemption Margin, plus in each case, any interest accrued on the Notes to, but excluding, the Make-whole Redemption Date. If the Residual Maturity Call Option is specified in the relevant Final Terms as being applicable, and if the Issuer decides to redeem the Notes pursuant to the Make-whole Redemption by the Issuer before the date specified in the relevant Final Terms as the date from which the Residual Maturity Call Option may be exercised, the Make-whole Redemption Amount will be calculated taking into account the date specified in the relevant Final Terms as the date from which the Residual Maturity Call Option may be exercised and not the Maturity Date.

- in respect of any Notes that are subject to the Step Up Option and/or Premium Payment and are to be redeemed pursuant to Condition 6(b)(ii), an amount calculated by the Make- whole Calculation Agent and equal to the greater of:

  (x) 100 per cent. of the principal amount of the Notes so redeemed and

  (y) the sum of the then present values of the remaining scheduled payments of principal and interest on such Notes, calculated on the basis of:

    (a) if the Step Up Option applies, the Initial Rate of Interest until the Interest Period immediately following the Step Up Date, at which point the Rate of Interest shall be deemed to be the Subsequent Rate of Interest for the calculation of remaining scheduled payments of interest; and/or

    (b) if Premium Payment applies, on the basis that the Premium Payment Amount shall be included in the sum of the remaining scheduled payments of principal,

  discounted to the relevant Make-whole Redemption Date on an annual basis at the Make-whole Redemption Rate plus a Make-whole Redemption Margin, plus in each case, any interest accrued on the Notes to, but excluding, the Make-whole Redemption Date, in each case unless:

    (i) the Make-whole Redemption Date is prior to the Target Observation Date and the Issuer is able to demonstrate that it has already satisfied the relevant SPT by (a) publishing, in relation to the most recent completed reporting period (which shall not be in relation to the year in which the Target Observation Date falls), (x) the Annual Reporting , (y) the Assurance Report and (z) a verification assurance certificate of the External Auditor, prepared at the request of the Issuer for the purposes of the exercise of this Condition 6(b)(ii), confirming the satisfaction by the Issuer of the applicable SPT and (b) providing a notice confirming the satisfaction of the relevant SPT (prior to the Target Observation Date) to the Principal Paying Agent and the Noteholders in accordance with Condition 14; or

    (ii) the Make-whole Redemption Date is after the Target Observation Date and the Issuer is able to demonstrate that it has satisfied the relevant SPT by (a) publishing, in relation to the year in which the Target Observation Date falls only and not in relation to any other reporting period, the Annual Reporting, the Assurance Report and the Compliance Certificate and (b) providing the SPT Notice to the Principal Paying Agent and the Noteholders in accordance with Condition 14 by the end of May following the Target Observation Date,

in which case the sum of the then present values of the remaining scheduled payments of principal and interest on such Notes shall be calculated on the basis of:

(a) if the Step up Option applies, the Initial Rate of Interest for the remaining scheduled payments of interest (including for Interest Periods following the Step Up Date); and/or

(b) if the Premium Payment applies, on the basis that the Premium Payment should not be included in the sum of remaining scheduled payments of principal.

If the Residual Maturity Call Option is specified in the relevant Final Terms as being applicable, and if the Issuer decides to redeem the Notes pursuant to the Make-whole Redemption by the Issuer before the date specified in the relevant Final Terms as the date from which the Residual Maturity Call Option may be exercised, the Make-whole Redemption Amount will be calculated taking into account the date specified in the relevant Final Terms as the date from which the Residual Maturity Call Option may be exercised and not the Maturity Date.

"**Make-whole Redemption Margin**" means the margin specified as such in the relevant Final Terms.

"**Make-whole Redemption Rate**" means (i) the average of the four (4) quotations given by the Reference Dealers of the mid-market annual yield to maturity of the Reference Security on the fourth (4^{th}) Business Day preceding the Make-whole Redemption Date at 11:00 a.m. (Central European Time ("**CET**")) ("**Reference Dealer Quotation**") or (ii) the Reference Screen Rate, as specified in the relevant Final Terms.

"**Reference Dealers**" means each of the four banks selected by the Issuer which are primary European government security dealers, and their respective successors, or market makers in pricing corporate bond issues, or such other banks or method of selection of such banks as specified in the Final Terms.

"**Reference Screen Rate**" means the screen rate specified as such in the relevant Final Terms.

"**Reference Security**" means the security specified as such in the relevant Final Terms.

If the Reference Security is no longer outstanding, a Similar Security will be chosen by the Issuer (acting in consultation with the Reference Dealers) at 11:00 a.m. (CET) on the third (3^{rd}) Business Day preceding the Make-whole Redemption Date, quoted in writing by the Issuer to the Make-whole Calculation Agent and published in accordance with Condition 14.

"**Similar Security**" means a reference bond or reference bonds issued by the same issuer as the Reference Security having an actual or interpolated maturity comparable with the remaining term of the Notes that would be published, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes.

"**Subsequent Rate of Interest**" means the Rate of Interest applicable from and including the first day of the Interest Period following the Step Up Date.

The Make-whole Redemption Rate will be published by the Issuer in accordance with Condition 14.

The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Make-whole Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

In the case of a partial redemption of Notes pursuant to this Condition 6(b)(ii), the relevant provisions of Condition 6(b)(i) shall apply *mutatis mutandis*."

USE OF PROCEEDS

The section entitled "*Use of Proceeds*" of the Base Prospectus is hereby deleted in its entirety and replaced by the following, in order to specify the Issuer's updated reporting and verification practices:

"An amount equivalent to the net proceeds of the issue of the Notes will be applied by the Issuer to:

- finance its general corporate activities (including for the financing or the refinancing of its current indebtedness);
- finance or refinance any Eligible Projects, as defined in the Green Financing Framework within the Issuer's green and sustainability-linked financing framework (as may be amended and/or supplemented from time to time, the "**Framework**"), which is available on the Issuer's website (https://www.valeo.com/en/bond-investors/); or
- finance any other particular identified use of proceeds, as specified in the relevant Final Terms.

The Framework further describes the above-mentioned Eligible Projects.

With respect to Eligible Projects, the Issuer will provide allocation and impact reporting on an annual basis until full allocation. In accordance with the Framework, the allocation report will include:

- the list of outstanding Green Bonds and the total amount of outstanding net proceeds of Green Bonds;[2]
- the description of the Eligible Projects to which the Green Bonds have been allocated,
- the aggregate amount of allocation of the net proceeds to the Eligible Projects at the category level;
- the aggregate amount of allocation of the net proceeds to the Eligible Projects by region;
- the proportion of net proceeds used for financing vs. refinancing;
- the balance of any unallocated proceeds invested as per the Issuer's liquidity management policy, including in cash or cash equivalents, or in other liquid marketable instruments;
- any material developments related to the projects financed, including ESG controversies, where feasible and subject to confidentiality considerations. In the case of material developments that impact allocation, the Issuer will publish a revised allocation overview in revised allocation reporting, including external verification as described in the Framework, and
- the environmental impact report to support the allocation report described above and information on the methodology and assumptions used to evaluate the impact of the Eligible Projects.

A verification of the above reporting in relation to the Green Bonds will be conducted by the Issuer's external auditor on an annual basis until proceeds are fully allocated and/or when there is a significant change to the allocation of the proceeds and in each case shall be made publicly available on the Issuer's website (https://www.valeo.com/en/bond-investors/). The external auditor will verify that the proceeds of the Green Bonds are allocated to Eligible Projects.

With respect to Sustainability Linked Notes, until the maturity of the Sustainability Linked Notes and including in the year in which the Target Observation Date falls, the Issuer shall publish on an annual basis within its universal registration document or as a separate document on its website by the end of May in each year[3]:

- Annual Reporting which will include:
    - up-to-date information on the performance of the KPIs in the relevant reporting period, including the calculation methodology and baselines where relevant;
    - any relevant information enabling investors to monitor the ambition of the SPTs including any update in its sustainability strategy or any recent announcements, strategic decisions on the related KPI;

[2] The reporting will cover all green finance instruments, as further described in the Framework.

[3] The reporting will cover all sustainability-linked instruments, as further described in the Framework.

- when relevant any re-assessments of KPIs and/or restatement of the SPTs and/or pro-forma adjustments of KPI scope or more generally any information relevant to the analysis of the KPIs and SPTs, including in the context of a Recalculation Event pursuant to Condition 5(e)(vi); and

o an Assurance Report which will provide an independent and external verification of the performance of the KPIs by the External Auditor in the relevant reporting period.

In relation to the year in which the Target Observation Date falls only and not in relation to any other reporting period, the Issuer shall also publish within its universal registration document or as a separate document on its website by the end of May following the Target Observation Date a Compliance Certificate in respect of the satisfaction by the Issuer of the applicable SPT.

The Issuer has appointed ISS ESG to provide a second party opinion (the "**Second Party Opinion**") on the Framework, assessing its transparency, governance and alignment with the sustainability-linked bond principles of the ICMA and the sustainability-linked loan principles and the green bond principles of the Loan Market Association. This Second Party Opinion is available on the Issuer's website (https://www.valeo.com/en/bond-investors/).

Any amendment to such Second Party Opinion, or any new second party opinion, to be provided following an amendment to the Framework, the publication of a new Framework or in application of any new legislation or regulation, will be made available on the Issuer's website.

As specified in the Framework, the providers of the second party opinion and verification are and will be independent experts. Any such opinion or certification is not, nor should be deemed to be, a recommendation by the Issuer, the Dealers or any other person to buy, sell or hold any such Notes. As a result, neither the Issuer nor the Dealers will be, or shall be deemed, liable for any issue in connection with its content.

Prior to any investment in Notes in which the net proceeds are to be used to finance investments in any Eligible Projects, as further specified in the applicable Final Terms, investors are advised to consult the Framework for further information."

RECENT DEVELOPMENTS

The section entitled "Recent Developments" of the Base Prospectus is hereby completed and includes the following:

On 27 July 2023, the Issuer published the following press release:

VALEO RECORDS OPERATING MARGIN OF 3.2% FOR FIRST-HALF 2023 AND REAFFIRMS ITS FULL-YEAR OBJECTIVES

- Sales of 11.2 billion euros, up by 19%
  - Valeo's leadership position consolidated in both areas of innovation: ADAS (up 26% LFL[(4)]) and powertrain electrification (up 108% LFL)
  - Original equipment sales up 19 % LFL on an adjusted basis[(2)] (up 26% in Q2)
  - Outperformance versus automotive production of 8 pts LFL on an adjusted basis (10 pts in Q2)
  - Strong growth in aftermarket sales, up 5% LFL on an adjusted basis
- Operating margin of 3.2%, up 200 basis points compared with first-half 2022 as adjusted, a further step forward in improving our margins, as set out in our Move Up strategic plan
- Inflation-related negotiations with customers mostly complete
- Time lag of 260 million euro inflow resulting from these negotiations – amount recorded at end-June with cash impact in Q3 – leading to free cash flow of -156 million euros
- Strong business momentum: order intake of 18.8 billion euros, with profitability levels up versus 2022, when profitability was already above the levels set out in the Move Up plan. More than half of these orders are linked to innovations in driving assistance, driven by strong worldwide demand for software defined vehicles and Valeo's strong position in this market
- Financial performance to improve in H2, leading us to reaffirm our 2023 objectives

"In the first half of 2023, our sales rose by 19% to 11.2 billion euros. This performance reflects strong momentum in driving assistance (ADAS) and electrification.

At the end of June, our operating margin stood at 3.2% of sales, an improvement of 200 basis points compared with the same period in 2022. Our margin was lifted by the strong growth in our sales, the success of our cost reduction program, the recovery in our high-voltage electric powertrain business, and the conclusion of negotiations relating to inflation.

Our first half results and the improvement in our financial performance in the second half in line with expectations enable us to reaffirm all of our objectives for full-year 2023.

Lastly, the Group continued to record an excellent business performance in the first half, with order intake reaching 18.8 billion euros. We recorded several particularly strategic orders in the areas of ADAS and electrification. This order intake was recorded at a higher level of profitability than the objective set out in the Move Up strategic plan and the order intake recorded in 2022. The distribution of these orders across the three major regions (the United States, Asia and Europe) reflects Valeo's performance in the global automotive market as a whole.

Once again, I would like to thank all our teams for their commitment."

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(4) *Like for like.*

(2) *Adjusted data: data for first-half 2022 has been adjusted as though the high-voltage electrification business (formerly Valeo Siemens eAutomotive) had been consolidated in the Group's financial statements as of January 1, 2022.*

First-half 2023 key figures

Order intake		H1 2023	H1 2022	Change	H1 2022 (adjusted)*
Order intake*	*(in €bn)*	18.8	16.0	+18 %	-

Income statement		H1 2023	H1 2022	Change	H1 2022 (adjusted)*
Sales	***(in €m)***	**11,212**	**9,419**	**+19 %**	**9,789**
Original equipment sales	*(in €m)*	9,544	7,813	+22 %	8,170
Outperformance***	***(in pts)***	***+3pts***	***+3pts***	***N/A***	-
Aftermarket sales	*(in €m)*	1,167	1,140	+2 %	1,153
R&D expenditure***	*(in €m)*	(1,000)	(893)	+12 %	(984)
	(as a % of	*-8.9 %*	*-9.5 %*	*+0.6 pts*	*10.0 %*
EBITDA*	***(in €m)***	**1,302**	**1,111**	**+17 %**	**1,033**
	(as a % of	***11.6 %***	***11.8 %***	***-0.2 pts***	***10.6 %***
Operating margin excluding share in net earnings of equity-accounted	***(in €m)***	**363**	258	**+41 %**	**117**
	(as a % of	*3.2 %*	***2.7 %***	***+0.5 pts***	***1.2 %***
Share in net earnings of equity-accounted companies	*(in €m)*	4	(76)	N/A	2
Cost of debt	*(in €m)*	(108)	(50)	**+116 %**	(66)
Non-controlling interests and other	*(in €m)*	(34)	(32)	**+6 %**	(30)
Net attributable income (loss)	*(in €m)*	**119**	**(48)**	**N/A**	**(130)**
	(as a % of	***1.1 %***	***-0.5 %***	***+1.6 pts***	***-1.3 %***
Basic earnings per share	*(in €)*	0.5	(0.2)	N/A	-

Statement of cash flows		H1 2023	H1 2022	Change	H1 2022 (adjusted)*
Investments in property, plant and equipment	*(in €m)*	(456)	(307)	+49 %	(345)
Investments in intangible assets	*(in €m)*	(480)	(350)	+37 %	(355)
including capitalized development expenditure	*(in €m)*	*(461)*	*(295)*	*+56 %*	*(298)*
Change in working capital	*(in €m)*	(237)	28	N/A	44
Free cash flow*	***(in €m)***	**(156)**	**179**	**-187 %**	**(4)**

Financial structure		June 30, 2023	Dec. 31, 2022	Change	Dec. 31, 2022 (adjusted)*
Net debt*	*(in €m)*	4,550	**4,002**	+548	-
Leverage ratio (net debt to EBITDA)	*N/A*	1.76	1.67	N/A	-

* *See financial glossary, page 14.*

*** Based on S&P Global Mobility automotive production estimates released on July 14, 2023. (H1 2023 global production growth: 11%).*

*** *For a comprehensive view of Research and Development expenditure, see page 9 of the press release.*

Order intake of 18.8 billion euros, with a profitability level significantly higher than the objective set out in the Move Up strategic plan and that recorded in 2022

In the first half of 2023, Valeo posted an excellent business performance, with order intake[(5)] reaching 18.8 billion euros, i.e., double original equipment sales.

This order intake was recorded at a profitability level significantly higher than that recorded in 2022 (which was already an improvement on the same period in 2021), and the operating margin objective set out in the Move Up plan, paving the way for an acceleration in growth and continued improvement in our margins beyond 2025.

Business momentum was excellent in ADAS, with order intake representing over half of the orders received by the Group, including several particularly strategic orders:

- Thanks to the new, more centralized electrical/electronic vehicle architecture required for software-defined vehicles (SDVs), the size of new ADAS orders is increasing sharply;
- Since 2022, Valeo has received five new orders for high-performance computing units, including two new major partnership agreements in 2023, one with Renault and the other with a North American automaker;
- The partnership with Renault forms part of the tech ecosystem also involving Google (software) and Qualcomm (hardware), which aims to develop the electrical/electronic architecture of next generation vehicles. As part of the partnership, Valeo will supply key electrical and electronic components for the SDV, including the high-performance computing unit (or domain controller), as well as zone controllers, power distribution modules and ADAS components including ultrasonic sensors and driving and parking cameras. Valeo engineers will work close to the Renault sites and collaborate closely with the Renault Software Factory teams on software development. Valeo will also provide onboard application software, such as parking assistance;
- Along with an Asian automaker and an American robotaxi company, Stellantis adopted the third-generation Valeo LiDAR (SCALA 3), whose technical features in terms of resolution and field of vision enable vehicles to reach a high level of automation (level 3). Total orders for the Valeo SCALA 3 LiDAR currently stand at 1 billion euros.

In the field of electrification, the Powertrain Systems Business Group's order intake for high-voltage electrified vehicles amounts to 5 billion euros:

- Orders have been placed by both existing and new customers;
- They concern end-to-end powertrain assemblies and their components (electric motors, inverters, reducers, onboard chargers and DC/DC converters) and include the new 800-volt silicon carbide (SiC) technologies;
- With these new orders, Valeo demonstrates its aim of supporting its customers' electrification in Europe, China and, most recently, North America.

(5) *See financial glossary, page 14.*

Sales up 19 % to 11,212 million euros in first-half 2023, lifted by the acceleration in ADAS and electrification

In the first half of the year, automotive production was up 11%[6] compared with the same period in 2022, thanks to a favorable basis of comparison (low production levels in first-half 2022 due to (i) tensions in the supply chain for electronic components, (ii) the Russia-Ukraine crisis, and (iii) lockdown measures in China) and a low level of new vehicle inventories.

Sales (in millions of euros)	As a % of H1 2023 sales	H1 2023	H1 2022	Change	FX	Scope	LFL* change	H1 2022 (adjusted)	LFL change (adjusted)**
Original equipment	85 %	9,544	7,813	+ 22 %	- 2 %	+ 10 %	+14 %	8,170	+19 %
Aftermarket	10 %	1,167	1,140	+ 2 %	- 4 %	+ 2 %	+5 %	1,153	+5 %
Miscellaneous	5 %	501	466	+ 8 %	- 2 %	+ 6 %	+3 %	466	+8 %
Total	**100 %**	**11,212**	**9,419**	**+ 19 %**	**- 2 %**	**+ 9 %**	**+13 %**	**9,789**	**+17 %**

** Like for like[7]*

*** See financial glossary, page 14.*

Total sales for first-half 2023 came in at 11,212 million euros, up 19 % compared with the same period in 2022.

Changes in exchange rates had a negative 2% impact, primarily due to the appreciation of the euro against the Chinese yuan and the Japanese yen.

Changes in Group structure had a positive 9% impact. This mainly resulted from the integration of the high-voltage electric powertrain business within the Powertrain Systems Business Group as of July 1, 2022. Sales for this business came in at 847 million euros in the first half, up 118% compared with the same period in 2022.

On a like-for-like basis, sales advanced by 13 %. On an adjusted basis[4], consolidated sales accelerated, rising 17 % like for like compared with the same period in 2022 (up 23% in the second quarter).

Original equipment sales were up 14 % on a like-for-like basis, lifted by (i) the recovery in global automotive production, (ii) an increase in content per vehicle, notably in ADAS (original equipment sales up 26% like for like), and (iii) compensation from customers for the impact of inflation on our costs. On an adjusted basis[4], original equipment sales grew 19 % (up 26% in the second quarter), driven by growth in the high-voltage electrical powertrain business (up 108% over the period).

Aftermarket sales moved up 5 % on a like-for-like basis, fueled by the increased number and age of vehicles on the road, a more attractive offering with a shift towards more value-added products (transmissions systems kits), and the impact of price increases. On an adjusted basis[4], aftermarket sales rose 5 % like for like compared with the same period in 2022.

"Miscellaneous" sales (tooling and customer contributions to R&D) advanced 3 % like for like.

[6] *Based on S&P Global Mobility automotive production estimates released on July 14, 2023.*

[7] *See financial glossary, page 14.*

In first-half 2023, outperformance of 8 percentage points on an adjusted basis versus global automobile production

Original equipment sales*** (in millions of euros)	As a % of sales	H1 2023	H1 2022	LFL* change	Perf.**	Perf. (adjusted)(5)
Europe & Africa	**49 %**	**4,752**	**3,548**	**+16 %**	**0 pt**	**+9 pts**
Asia, Middle East & Oceania	**30 %**	**2,824**	**2,485**	**+15 %**	**+9 pts**	**+6 pts**
of which Asia (excluding China)	*16 %*	*1,530*	*1,301*	*+21 %*	*+9 pts*	*+12 pts*
o/w China	*14 %*	*1,294*	*1,184*	*+8 %*	*+1 pt*	*0 pts*
North America	**19 %**	**1,784**	**1,614**	**+10 %**	**-2 pts**	**-2 pts**
South America	**2 %**	**184**	**166**	**+10 %**	**0 pts**	**0 pts**
Total	**100 %**	**9,544**	**7,813**	**+14 %**	**+3 pts**	**+8 pts**

** Like for like(8).*

*** Based on S&P Global Mobility automotive production estimates released on July 14, 2023.*

**** Original equipment sales by destination region.*

In the first half of 2023, Valeo posted an outperformance of 8 percentage points (10 percentage points in the second quarter) including the scope effect related to the integration of the high-voltage electric powertrain business (adjusted basis(5)):

- **in Europe and Africa**, the Group recorded an outperformance of 9 percentage points on an adjusted basis, driven by growth in the Comfort & Driving Assistance Systems Business Group (strong growth in ADAS, particularly in the area of front cameras), the Powertrain Systems Business Group on an adjusted basis(5) thanks to the acceleration in the high-voltage electric powertrain business, and the Thermal Systems Business Group, particularly in the field of electrified vehicles (battery cooling systems, dedicated air conditioning systems for electric vehicles, heat pumps, etc.);

- **in Asia**, the Group outperformed automotive production by 6 percentage points on an adjusted basis(5):
    - in Asia (excluding China), Valeo delivered an outperformance of 12 percentage points (on an adjusted basis) thanks to the strong momentum of the Comfort & Driving Assistance Systems, Thermal Systems and Visibility Systems Business Groups in Japan, where the Group posted an outperformance of 12 percentage points (on an adjusted basis);
    - in China, the Group recorded a performance in line with the automotive production. The Comfort & Driving Assistance Systems Business Group reported strong growth in its camera business. The Group is implementing a plan to reposition its customer portfolio over the coming periods to focus on players offering the best growth prospects;

- **in North America**, original equipment sales underperformed automotive production by 2 percentage points on a like-for-like basis, reflecting (i) a temporarily unfavorable vehicle mix on certain key platforms for North American customers in the Visibility Systems Business Group, and (ii) the expiry of a contract with a Japanese automaker in the area of front-end modules affecting the Thermal Systems Business Group. On the other hand, the Group benefited from the ramp-up of

(8) *See financial glossary, page 14.*

several projects in the Comfort & Driving Assistance Systems Business Group (strong growth in ADAS, particularly in front cameras);

- **in South America**, the Group performed in line with global automotive production.

Segment reporting

In first-half 2023, acceleration of ADAS and electric powertrain businesses

The sales performance for the Business Groups reflects the specific product, geographic and customer mix and the relative weighting of the aftermarket in their activity as a whole.

Sales by Business Group	H1 2023	H1 2022	Change in sales	Change in OE	Perf.**	H1 2022 (adjusted	Change in OE sales	Perf. (adjusted)
Comfort & Driving Assistance	2,331	1,958	+19 %	+20 %	+9 pts	1,958	+20 %	+9 pts
Powertrain Systems	3,571	2,549	+40 %	+14 %	+3 pts	2,919	+29 %	+18 pts
Thermal Systems	2,384	2,171	+10 %	+14 %	+3 pts	2,171	+14 %	+3 pts
Visibility Systems	2,816	2,639	+7 %	+11 %	0 pts	2,639	+11 %	0 pts
Other	110	102	+8 %	-16 %	-27 pts	102	-1 %	0 pts
Group	**11,212**	**9,419**	**+19 %**	**+14 %**	**+3 pts**	**9,789**	**+19 %**	**+8 pts**

* *Like for like[(9)].*

*** Based on S&P Global Mobility automotive production estimates released on July 14, 2023. (H1 2023 global production growth: 11%).*

**** Excluding the TCM (Top Column Module) business.*

During the first half, all Business Groups conducted negotiations with customers in an effort to obtain compensation for the effects of inflation, particularly on wages, electronic component prices and energy costs. At this stage, most of the negotiations are complete, with the exception of a few customers with whom Valeo aims to reach an agreement in the second half of the year.

The Comfort & Driving Assistance Systems Business Group recorded an outperformance of 9 percentage points, thanks to strong growth in the main production regions (Europe, North America and China) for ADAS, particularly front cameras, strengthening its position as world leader. In the first half of the year, like-for-like original equipment sales were up by 26% for ADAS and 10% for Reinvention of the interior experience.

The Powertrain Systems Business Group recorded an outperformance of 18 percentage points on an adjusted basis (3 percentage points as reported), after taking into account the high-voltage electric powertrain business, whose original equipment sales rose by 108% during the period.

The Thermal Systems Business Group delivered an outperformance of 3 percentage points. In Europe, the Business Group's performance was powered by the ramp-up of certain platforms for manufacturing high-

(9) *See financial glossary, page 14.*

voltage electrified vehicles (battery cooling systems, dedicated air conditioning systems for electric vehicles, heat pumps, etc.), despite reduced production volumes for certain customers. In China, the Business Group was impacted by the expiry of a front-end modules contract with a Japanese automaker.

The Visibility Systems Business Group performed in line with automotive production. As expected, this performance began to improve in the second quarter (outperforming automotive production by 2 percentage points), thanks to start of production for lighting projects, particularly in Europe, and an improved product mix as component supplies returned to normal.

EBITDA (in millions of euros and as a % of sales by Business	**H1 2023**	H1 2022	**H1 2022 (adjusted)** **	Change (adjusted)
Comfort & Driving Assistance Systems	343 ***14.7%***	300 *15.3%*	300 ***15.3%***	+14 % *-0.6 pts*
Powertrain Systems	411 ***11.5%***	287 *11.3%*	209 ***7.1 %***	+97 % *+4.4 pts*
Thermal Systems	158 ***6.6 %***	162 *7.5 %*	162 ***7.5 %***	-2 *-0.9 pts*
Visibility Systems	372 ***13.2%***	328 *12.4%*	328 ***12.4%***	+13 % *+0.8 pts*
Other*	18	34	34	-47 %
Group	**1,302** ***11.6%***	1,111 *11.8%*	**1,033** ***10.6 %***	**+26 %** *+1.0 pt*

* *Including the Top Column Module business.*

** *See financial glossary, page 14.*

All Business Groups saw their profitability impacted by inflation (wages, electronic components and energy) and are in the process of negotiating price adjustments. At this stage, most of the negotiations are complete, with the exception of a few customers with whom Valeo aims to reach an agreement in the second half of the year.

In accordance with the Move Up strategic plan, **the Comfort & Driving Assistance Systems Business Group** is leveraging its leading-edge ADAS technologies, which are currently seeing robust growth, and higher penetration rates for its new driving assistance solutions. In this environment, Comfort & Driving Assistance Systems posted an EBITDA margin of 14.7%, lifted by sales of ADAS and products related to the reinvention of the interior experience, which reported margins of 16.6% and 10.8%, respectively.

The Powertrain Systems Business Group posted an EBITDA margin of 11.5%, ahead of the recovery trajectory set out in the Move Up strategic plan, in which the Group set itself the objective of achieving an EBITDA margin of 11% for the Powertrain Systems Business Group by 2025.

The Thermal Systems Business Group's margin came out at 6.6%. The Business Group has launched a recovery plan that will enable it to improve its EBITDA margin by around an additional 2 percentage points in the second half compared to the first half of the year. The plan involves (i) finalizing customer negotiations and (ii) reducing costs resulting from multiple production start-ups during the first half of the year in the front-end module activity.

The Visibility Systems Business Group saw its margins expand (EBITDA margin up 0.8 percentage points to 13.2%), thanks in particular to the strong momentum of its aftermarket business.

EBITDA and EBIT margins of 11.6% and 3.2% respectively, up 100 bps and 200 bps respectively compared with first-half 2022 on an adjusted basis

In an environment impacted by production volumes below their pre-crisis levels in the Group's two main regions (Europe and North America), and by rising wages, electronic component prices and energy costs, EBITDA and EBIT margins stood at 11.6% and 3.2% of sales respectively.

		H1 2023	H1 2022	Change	H1 2022 (adjusted)*
Sales	*(in €m)*	**11,212**	**9,419**	*+19 %*	**9,789**
EBITDA*	*(in €m)*	**1,302**	**1,111**	*+17 %*	**1,033**
	(as a % of sales)	*11.6 %*	*11.8 %*	*-0.2 pts*	*10.6 %*
Operating margin**	*(in €m)*	**363**	**258**	*+41 %*	**117**
	(as a % of sales)	*3.2 %*	*2.7 %*	*+0.5 pts*	*1.2 %*
Net attributable income (loss)	*(in €m)*	**119**	**(48)**	*-348 %*	**(130)**
	(as a % of sales)	*1.1 %*	*-0.5 %*	*+1.6 pts*	*-1.3 %*

* *See financial glossary, page 14.*

** *Excluding share in net earnings of equity-accounted companies.*

EBITDA[10] came in at 1,302 million euros, or 11.6% of sales, an improvement of 100 basis points compared with the prior-year period on an adjusted basis.

Operating margin excluding share in net earnings of equity-accounted companies came out at 363 million euros, or 3.2% of sales, up 200 basis points compared with the prior-year period on an adjusted basis.

The increase mainly reflects:

- the outcome of i) improvements in operating efficiency, ii) negotiations to offset the impact of inflation, and iii) the impact of higher sales on operating margin (positive 1.1 percentage point impact);
- lower Research & Development expenditure (positive 1.1 percentage point impact);
- costs resulting from multiple production start-ups during the first half of the year in the Thermal Systems Business Group's front-end module activity (negative 0.2 percentage point impact).

[10] See financial glossary, page 14.

Research and Development

		H1 2023	H1 2022	Change	H1 2022 (adjusted)
Sales	***(in €m)***	**11,212**	**9,419**	***+19 %***	**9,789**
Gross Research and Development expenditure	*(in €m)*	(1,245)	(959)	*+30 %*	(1,042)
	(as a % of sales)	*-11.1 %*	*-10.2 %*	*-0.9 pts*	*-10.6 %*
Capitalized development expenditure	*(in €m)*	461	295	*+56 %*	299
	(as a % of sales)	*4.1 %*	*3.1 %*	*+1.0 pt*	*3.1 %*
Amortization, net of the impact of subsidies and grants, and impairment losses*	*(in €m)*	(272)	(292)	*-7 %*	(302)
	(as a % of sales)	*-2.4 %*	*-3.1 %*	*+0.7 pts*	*-3.1 %*
Subsidies and grants, and other income	*(in €m)*	56	63	*-11 %*	61
Research and Development expenditure	***(in €m)***	**(1,000)**	**(893)**	***+12 %***	**(984)**
	(as a % of sales)	***-8.9 %***	***-9.5 %***	***+0.6 pts***	***10.0 %***
Customer contributions to R&D	*(in €m)*	268	224	*+20 %*	238
Net R&D expenditure	***(in €m)***	**(732)**	**(669)**	***+9 %***	**(746)**
	(as a % of sales)	***-6.5 %***	***-7.1 %***	***+0.6 pts***	***-7.6 %***

** Impairment losses recorded in operating margin only.*

In first-half 2023, the Group continued its Research and Development efforts in order to fulfill the order intake recorded over recent years and in line with its strategy geared toward products incorporating innovative technologies. Gross Research and Development expenditure represented 11.1% of sales (up 0.5 percentage points on 2022 on an adjusted basis), in line with the Group's business and project momentum.

The IFRS impact (the difference between capitalized development expenditure and amortization, net of the impact of subsidies and grants, and impairment losses) increased by 1.8 percentage points year on year on an adjusted basis to a positive 1.7%, reflecting:

- a 1 percentage point increase in capitalization, as a result of the increase in order intake with significantly improved profitability,
- a 0.7 percentage point reduction in amortization on an adjusted basis.

Research and Development expenditure represented 8.9% of sales versus 10.0% during the same period in 2022 on an adjusted basis.

Net Research and Development expenditure (after taking into account customer contributions in an amount of 732 million euros, versus 746 million euros for the same period in 2022 on an adjusted basis) represented 6.5% of sales, in line with the Move Up strategic plan, which sets the objective of around 6.5% of sales in 2025.

The share in net earnings of equity-accounted companies represented income of 4 million euros.

Operating income came to 349 million euros and includes other income and expenses for a net negative amount of 18 million euros, or a negative 0.2% of sales.

In an environment marked by a sharp rise in interest rates, the refinancing of Valeo's debt led to a 108 million euro increase in the cost of debt over the period. Other financial items represented an expense of 24 million euros.

The effective tax rate came out at 30%.

The Group recorded net attributable income of 119 million euros for the period, or 1.1% of sales, after deducting non-controlling interests in an amount of 34 million euros. This represents an improvement of 240 basis points compared with the prior-year period on an adjusted basis.

Return on capital employed (ROCE[11]) and **return on assets** (ROA[8]) stood at 15% and 9%, respectively.

Time lag on 260 million euro inflow resulting from customer negotiations – amount recorded in the first half with cash impact at the beginning of the third quarter – leading to free cash flow of -156 million euros for first-half 2023

(in millions of euros)	**H1 2023**	**H1 2022**	**H1 2022 (adjusted)[9]**
EBITDA[9]	**1,302**	**1,111**	**1,033**
Investment in property, plant and equipment	(456)	*(350)*	(345)
Investment in intangible assets	(480)	*(307)*	(355)
including capitalized development expenditure	*(461)*	*(295)*	*(298)*
Change in working capital	(237)	28	44
Income tax	(97)	(139)	(144)
Other*	(188)	(164)	(237)
Free cash flow [9]	**(156)**	**179**	**(4)**
Net financial expenses	(119)	(64)	(67)
Dividends	(114)	(119)	(119)
Other financial items	(18)	(216)	(216)
Net cash flow[9]	**(407)**	**(220)**	**(406)**

** Of which net payments for the principal portion of lease liabilities (IFRS 16 impact) + restructuring costs + pension obligations for a total amount of 118 million euros in first-half 2023 (90 million euros in first-half 2022, as adjusted).*

In first-half 2023, the Group's **free cash flow** consumption totaled 156 million euros, mainly reflecting:

- the contribution of EBITDA[12] in an amount of 1,302 million euros, up 269 million euros compared with the prior-year period on an adjusted basis;
- 456 million euros in investments in property, plant and equipment, and 480 million euros in investments in intangible assets (including 461 million euros in capitalized development expenditure) in connection with strong sales growth;
- a short-term increase in working capital requirement of 237 million euros, attributable in particular to the time lag on an inflow resulting from customer negotiations, recorded in the first half with cash impact in the third quarter;
- tax payments for 97 million euros.

Net cash flow[9] amounted to a negative 407 million euros, mainly reflecting:

- net interest of 119 million euros;
- 92 million euros in dividends paid to Valeo shareholders and 22 million euros in dividends paid to non-controlling shareholders of Group subsidiaries.

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(11) *See financial glossary, page 14.*

(12) *See financial glossary, page 14.*

Capital allocation to reduce net debt[13]

Net debt stood at 4,550 million euros at June 30, 2023 versus 4 billion euros at December 31, 2022.

At June 30, 2023, **the leverage ratio** (net debt/EBITDA) came out at 1.76x EBITDA calculated over a rolling 12-month period and **the gearing ratio** (net debt/stockholders' equity) stood at 127% of equity.

Valeo has a robust financial structure:

- On January 11, 2023, Valeo redeemed the 500 million euro bond issued in 2017 under the Euro Medium Term Note (EMTN) financing program;
- On April 11, 2023, the Group also redeemed tranches 1 and 2 of the *Schuldschein* loan (German private placement) issued in 2019 for nominal amounts of 115 million euros and 221 million euros, respectively;
- At June 30, 2023:
    - the Group had drawn an amount of 3.35 billion euros (down 500 million euros compared with December 31, 2022) under its Euro Medium Term Note (EMTN) financing program capped at 5 billion euros;
    - the average maturity of gross long-term debt stood at 3.0 years, stable compared with December 31, 2022;
    - Valeo had available cash of 1.7 billion euros, undrawn credit lines totaling 1.7 billion euros, and bridge-to-bond financing in the form of undrawn credit lines totaling 650 million euros with a maturity of 12 months (as from July 2022) and two six-month extension options exercisable at Valeo's discretion. The first six-month extension option was exercised in June 2023, extending the maturity of these lines to January 2024.

Divestiture of non-strategic assets

As part of its Move Up strategic plan, Valeo aims to divest some 500 million euros’ worth of non-strategic assets.

At June 30, 2023, under this disposal program:

- several disposal agreements were signed or concluded for a total value of around 80 million euros;
- negotiations are currently at an advanced stage for several disposals representing a total value of around 120 million euros;
- plans have been initiated for other asset disposals worth around 300 million euros.
- The Group aims to sign agreements for all of these disposals by the end of the year

[13] *See financial glossary, page 14.*

Continued improvement in operating margin in the second half in line with expectations, annual objectives reaffirmed

	2022	2022 (adjusted)*	2023 guidance**	Move Up 2025
Sales (in billions of euros)	**20.0**	**20.4**	**22.0 - 23.0**	**~ 27.5**
EBITDA (as a % of sales)	**12.0%**	**11.4%**	**11.5 % - 12.3 %**	**~ 14.5%**
Operating margin (as a % of sales)	**3.2%**	**2.4%**	**3.2 % - 4.0 %**	**~ 6.5%**
Free cash flow	**€388m**	**€205m**	**> €320m**	**~ €0.8bn - €1bn**

** 2022 data has been adjusted to include the integration of the high-voltage business (formerly Valeo Siemens eAutomotive) within the Powertrain Systems Business Group as of January 1, 2022.*

*** Based on S&P Global Mobility automotive production estimates released on July 14, 2023.*

Upcoming events

Third-quarter 2023 sales: October 26, 2023

Highlights

ESG

On March 31, Valeo announced that it had published its 2022 Universal Registration Document. Click here

On May 24, Valeo held its 2023 General Shareholders' Meeting. Click here

Industrial partnership

On January 4, NTT Data, Valeo and Embotech announced that they had formed a consortium to provide automated parking solutions. Click here

On February 14, BMW and Valeo announced that they had engaged in a strategic cooperation to co-develop the next-generation Level 4 automated parking experience. Click here

On May 17, ZutaCore and Valeo presented their new solution for cooling of data centers at Dell Technologies World 2023. Click here

On May 23, Renault Group and Valeo announced that they had signed a partnership in Software Defined Vehicle development. Click here

On May 29, Valeo and DiDi Autonomous Driving announced that they had reached a strategic cooperation and investment agreement to jointly develop safety solutions for robotaxis. Click here

On June 14, at VivaTech 2023 in Paris, Valeo and Equans signed a partnership agreement to meet the challenges facing cities. Click here

Products/technologies and patents

On January 3, Valeo announced that it would be taking part in the 2023 Consumer Electronics Show (CES) in Las Vegas between January 3 and January 8, 2023. Click here

On January 12, Valeo announced that it would be taking part in the 16th Auto Expo 2023 Components at Pragati Maidan in New Delhi, India from January 12 to January 15, 2023. Click here

On March 7, Valeo celebrated 100 years of innovating and constantly striving to make mobility simpler, safer and more sustainable. Click here

On March 20, Valeo announced that it would be taking part in the 2023 Taipei Cycle Show in Taiwan between March 22 and March 25, 2023. Click here

On March 23, Valeo received an Innovation award in the "Infrastructure and Vehicle Improvement" category from *Sécurité routière* – the French national road safety authority – for its new Everguard™ silicone wiper blades. Click here

On March 27, Valeo announced that it had been named Supplier of the Year in the Advanced Driver Assistance Systems (ADAS) category by General Motors at a ceremony held on March 23, 2023. Click here

On March 28, Valeo announced that it was the number one French patent filer with the European Patent Office (EPO), with 588 patent applications filed in 2022. Click here

On March 30, Valeo announced it had signed two new major contracts for its third-generation LiDAR. Click here

On April 11, Valeo announced it would be participating for the first time, from April 12 to April 14, 2023, in the Laval Virtual trade show, during which it presented its innovations in the field, both for accelerating the design of solutions and for in-vehicle applications. Click here

On April 14, Valeo announced it would be participating in Auto Shanghai 2023, where presented its latest technologies for smarter, safer and greener mobility. Click here

On April 21, Valeo announced it would be presenting its composite solutions at JEC World 2023, from April 25 to 27, for the third consecutive year. Click here

On May 4, at the Car Symposium 2023 (May 3-4, 2023) in Bochum, Germany, leading market participants discussed the key trends in the automotive industry. Christophe Périllat, Valeo Chief Executive Officer, was invited to give a keynote on the "Next Steps to the Green Car". Click here

On May 11, Valeo received awards from three major customers for its aftermarket business. Click here

On May 16, Valeo's LiDAR technology received two new awards. Click here

On June 8, Valeo announced that it would be presenting its solutions for greener, safer and affordable mobility at the SIA Powertrain show, held in Paris on June 14 and 15. Click here

On June 15, Valeo announced it would be presenting at the Eurobike 2023 trade show, held from June 21 to 25 in Frankfurt. Click here

On June 21, Valeo received an award from Auto Plus for Ineez, a simple electric charging solution adapted to every use. Click here

On June 22, Valeo announced it would be taking part in Rematec, the world's leading remanufacturing trade show for industry professionals, which took place from June 27 to 29 in Amsterdam. Click here

On June 29, Valeo announced the launch of Canopy, the first wiper blade designed to reduce CO_2 emissions. Click here

Financial glossary

Order intake corresponds to business awarded by automakers during the period to Valeo, and to joint ventures and associates based on Valeo's share in net equity, (except Valeo Siemens eAutomotive, for which 100% of orders are taken into account), less any cancellations, based on Valeo's best reasonable estimates in terms of volumes, selling prices and project lifespans. Unaudited indicator.

Like for like (or LFL): the currency impact is calculated by multiplying sales for the current period by the exchange rate for the previous period. The Group structure impact is calculated by (i) eliminating, for the current period, sales of companies acquired during the period, (ii) adding to the previous period full-year sales of companies acquired in the previous period, and (iii) eliminating, for the current period and for the comparable period, sales of companies sold during the current or comparable period.

Operating margin including share in net earnings of equity-accounted companies corresponds to operating income before other income and expenses.

Adjusted data: data for first-half 2022 has been adjusted as though the high-voltage electrification business (formerly Valeo Siemens eAutomotive) had been consolidated in the Group's financial statements as of January 1, 2022. To calculate year-on-year changes in sales on an adjusted basis, first-half 2022 figures have been adjusted as though the high-voltage electric business had been consolidated in the Group's financial statements as of January 1, 2022.

ROCE, or return on capital employed, corresponds to operating margin (including share in net earnings of equity-accounted companies) divided by capital employed (including investments in equity-accounted companies), excluding goodwill.

ROA, or return on assets, corresponds to operating income divided by capital employed (including investments in equity-accounted companies), including goodwill.

EBITDA corresponds to (i) operating margin before depreciation, amortization and impairment losses (included in the operating margin) and the impact of government subsidies and grants on non-current assets, and (ii) net dividends from equity-accounted companies.

Free cash flow corresponds to net cash from operating activities (excluding changes in non-recurring sales of receivables and net payments for the principal portion of lease liabilities) after taking into account acquisitions and disposals of property, plant and equipment and intangible assets.

Net cash flow corresponds to free cash flow less (i) cash flows in respect of investing activities, relating to acquisitions and disposals of investments and to changes in certain items shown in non-current financial assets, (ii) cash flows in respect of financing activities, relating to dividends paid, treasury share purchases and sales, interest paid and received, and acquisitions of equity interests without a change in control, and (iii) changes in non-recurring sales of receivables.

Net debt comprises all long-term debt, liabilities associated with put options granted to holders of non-controlling interests, short-term debt and bank overdrafts, less loans and other long-term financial assets, cash and cash equivalents and the fair value of derivative instruments hedging the foreign currency and interest rate risks associated with these items.

Appendices

<u>Second-quarter 2023 figures</u>

Sales by type

Sales (in millions of euros)	As a % of Q2 2023 sales	Q2 2023	Q2 2022	Change	FX	Scope	LFL* change	Q2 2022 (adjusted)	LFL* change (adjusted)
Original equipment	86 %	4,907	3,881	+26 %	-4 %	+11 %	+19 %	4,038	+26 %
Aftermarket	10 %	552	561	-2 %	-6 %	+2 %	+3 %	567	+4 %
Miscellaneous	4 %	271	224	+21 %	-3 %	+10 %	+15 %	225	+22 %
Total	**100 %**	**5,730**	**4,666**	**+23 %**	**-4 %**	**+10 %**	**+17 %**	**4,830**	**+23 %**

** Like for like.*

Sales by destination region

Original equipment sales*** (in millions of euros)	As a % of sales	Q2 2023	Q2 2022	LFL* change	Perf.**	Perf.** (adjusted)
Europe & Africa	**50 %**	**2,459**	**1,781**	**+17 %**	**+3 pts**	**+17 pts**
Asia, Middle East & Oceania	**29 %**	**1,415**	**1,184**	**+25 %**	**+8 pts**	**+9 pts**
of which Asia (excluding China)	*15 %*	*753*	*638*	*+24 %*	*+10 pts*	*+12 pts*
o/w China	*13 %*	*662*	*546*	*+27 %*	*+7 pts*	*+6 pts*
North America	**19 %**	**937**	**824**	**+16 %**	**+1 pt**	**+1 pt**
South America	**2 %**	**96**	**92**	**+7 %**	**0 pts**	**0 pts**
Total	**100 %**	**4,907**	**3,881**	**19 %**	**+3 pts**	**+10 pts**

** Like for like.*

*** Based on S&P Global Mobility automotive production estimates released on July 14, 2023.*

**** By destination region.*

Sales by Business Group

Sales by Business Group (in millions of euros)	Q2 2023	Q2 2022	Change in sales	Change in OE sales	Perf.**	Q2 2022 (adjusted)	Change in OE sales (adjusted)*	Perf.** (adjusted)
Comfort & Driving Assistance Systems***	1,172	983	+19 %	+24 %	+8 pts	983	+24 %	+8 pts
Powertrain Systems	1,830	1,238	+48 %	+19 %	+3 pts	1,402	+42 %	+26 pts
Thermal Systems	1,239	1,092	+13 %	+21 %	+5 pts	1,092	+21 %	+5 pts
Visibility Systems	1,440	1,283	+12 %	+18 %	+2 pts	1,283	+18 %	+2 pts
Other	49	70	-30 %	-24 %	+40 pts	70	-24 %	+40 pts
Group	**5,730**	**4,666**	**+23 %**	**+19 %**	**+3 pts**	**4,830**	**+26 %**	**+10 pts**

** Like for like.*

*** Based on S&P Global Mobility automotive production estimates released on July 14, 2023. (Q2 2023 global production growth: 16%)*

**** Excluding the TCM (Top Column Module) business.*

First-half 2023 figures

Original equipment sales by customer

Customers	H1 2023	H1 2022
German	33 %	30 %
Asian	31 %	31 %
American	17 %	19 %
French	13 %	14 %
Other	6 %	6 %
Total	**100 %**	**100 %**

Original equipment sales by region

Production regions	H1 2023	H1 2022
Western Europe	31 %	31 %
Eastern Europe & Africa	18 %	15 %
China	16 %	16 %
Asia excluding China	15 %	16 %
United States & Canada	7 %	8 %
Mexico	11 %	12 %
South America	2 %	2 %
Total	**100 %**	**100 %**
Asia and emerging	**62 %**	**61 %**

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On 18 August 2023, the Issuer published the following press release:

VALEO ANNOUNCES THE SALE OF ITS PROPULSION SYSTEMS BUSINESS IN RUSSIA TO NPK AVTOPRIBOR

As part of its decision to divest its production activities in Russia, Valeo announced today that it has signed an agreement with NPK Avtopribor for the sale of all of Valeo's production assets of its Powertrain Systems business in Russia. Completion of this transaction is subject to obtaining the necessary regulatory approvals. It will enable the 158 Russian employees in this business to keep their jobs. This sale will be carried out without any capital gain or loss. Valeo will also have a buyback option for 10 years, which can be activated from the 6th yea.

Valeo's sales in Russia previously represented less than 1% of Group sales, and the related assets were depreciated in 2022 for a total amount of 43 million euros.

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On 30 August 2023, the Issuer published the following press release:

VALEO SHOWCASES ITS TECHNOLOGIES FOR THE SOFTWARE-DEfiNED VEHICLE AND THE FUTURE OF MOBILITY AT IAA MOBILITY 2023 - HALL A2 STAND C10

From September 4 to 8, 2023, Valeo will be in Munich at IAA Mobility, one of the most important industry meetings for stakeholders in the mobility, sustainability and technology fields.

Do not miss:

- **4/09 at 11:00 - Press Conference, Christophe Périllat - CEO, Hall A2/Stand C10**

- **6/09 at 11: 15 - "Decarbonization and circular economy in the mobility industry: a collective responsibility to accelerate further" Keynote, Christophe Périllat - CEO, Hall A1**

- **7/09 - press trip to Valeo site in Wemding, Bavaria (contact us for more information)**

As a technology company with a unique positioning at the epicenter of the revolutions shaping mobility and as a world leader in technologies defining its future, Valeo is committed to making greener and safer mobility affordable around the world. Valeo will present on its booth Hall A2/C10 its solutions, from hardware to software, to support the transformation of the industry.

Valeo offers a complete range of solutions for all electrification levels, from low voltage 48V to high voltage. With standard and modular platforms, Valeo supports the electrification of mobility for cars but also bikes, two- and three-wheelers or light 4-wheelers. At IAA Mobility 2023, Valeo will present its new 6-in-1 eAxle, bringing together the inverter, on-board charger, DC/DC converter, power distribution unit, eMotor and reducer, leveraging Valeo hardware and software expertise to offer optimum integration and use. Also, Clean Motion will be present on Valeo booth with EVIG, a three-wheeled droid conceived by Clean Motion and powered by Valeo e-access powertrain and solar panels. EVIG offers optimised last-mile deliveries in urban environments thanks to its lightest weight to cargo volume on the market and flexible cargo space as well as to its connectivity enabled services."

As electrification cannot be efficient without a strong thermal management, Valeo provides the best technology to secure the battery performance, life time and safety as well as to enable the comfort of passengers while minimizing the impact on the range. Valeo will present in Munich its efficient compact and centralized Smart Heat Pump. Thanks to its efficient software and full integration of refrigerant & coolant components, it simplifies the system integration and frees up more space under the hood.

Future cars will differentiate by seamless connectivity, intuitive user experience, and valuable automated driving and parking features. With its focus on protecting occupants and creating a comfortable interior, Valeo will display on its stand, the Cocoon, showing our cutting-edge products in ADAS and interior experience for a safe and enjoyable journey, with software at its core.

As a world leader in the ADAS domain, Valeo offers the widest portfolio of perception technologies in the industry and all the technologies to meet the challenges of the software defined vehicle. For example, Valeo develops a full stack of AI-based software for signal processing, computer vision, data fusion, and vehicle control. This software stack will be hosted in a central domain controller, complemented by zone controllers, all also offered by Valeo. In collaboration with BMW and Deutsche Telekom, Valeo will present a **tele-operation demonstration on its booth**, with the opportunity to tele-operate a car remotely for parking manoeuvers. This shows the potential for new kinds of services like tele-operated Valet parking services.

Today, lighting expands outside and inside the vehicle, to improve signaling and safety, to improve the driving experience, but also to strengthen communication and branding. Here as well, hardware and software technologies are the backbone of Valeo's solutions. Valeo, world leader in visibility systems, has developed **the digital twin to help our clients manage multi LED lighting characteristics, integrate vehicle specification and deliver in real time a holistic design visualization**.

Finally, Valeo is committed to being carbon neutral in 2050 and to preserving natural resources by embracing circular economy principles. This starts at the product conception phase by making the right material, technology and design choices. At IAA Mobility 2023, Valeo will present **Canopy**, **the first wiper designed to reduce CO2 emissions by 61%** compared to a Valeo wiper blade representative of the majority of wiper blades commercialized in the European market(*) and **PURELIGHT**, **a disruptive concept of headlamp designed with bio-sourced materials and additive manufacturing** that allows repair and re-use of materials to minimize its weight and extend its life cycle.

(*) The Valeo Canopy Flat Blade, with a specific rubber and packaged in cardboard box enables a CO2 emission reduction of 61% compared to a Valeo Flat Blade product representative of the majority of commercialized wiper blades in the European market, produced in Asia, with a synthetic rubber and marketed in a plastic packaging

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On 4 September 2023, the Issuer published the following press release:

VALEO LAUNCHES VALEO ANSWER, ITS OFFER FOR SOFTWARE SOLUTIONS AND SERVICES ON DEMAND

The automotive industry is facing its biggest revolution as cars become more electric and more intelligent. To accommodate these new trends, cars include more software and car manufacturers are moving from a hardware-based architecture to a software-based architecture, the Software Defined Vehicle.

Valeo has more than 30 years of experience in providing our clients with embedded software solutions for safer, cleaner and affordable mobility, as well as to update and personalize functions of the car throughout its entire lifecycle. Today, more than 40% of our 20,000 engineers are dedicated to software and systems.

At IAA Mobility 2023, **Valeo launches anSWer, a new offer of software as a product and as a service**. This new open, scalable and modular offer includes best-in-class applications, middleware and services to our customers:

1. **End-user applications**: relying on Valeo's recognized expertise in the fields of ADAS, intelligent lighting, electric powertrain and thermal management, **Valeo anSWer includes best-in-class applications for all mobility players**. Valeo is already a world leader in ADAS, providing the full stacks of perception, fusion, planning and a wide portfolio of proven driving and parking features.

2. **Middleware software**: enabling communication between applications and the SOC, it ensures the system works as a whole. **Valeo anSWer includes tailoring solutions** for today's connected vehicles to achieve best in class performance in terms of safety, cybersecurity and over-the-air updates. **Valeo anSWer adopts an agnostic and unique open-source software approach**, interfacing with the entire software ecosystem, with a broad range of operating systems, with all our customers and the main players of the automotive and tech industries.

3. **Services to our OEM customers**: offering services of our experienced teams to support the OEMs **in software architecture design, integration, validation, testing and maintenance**.

Valeo anSWer provides software stacks as building blocks for leading applications, applications support packages and middleware as a service. Our services for integrations, testing and validation as well as maintenance ensure the function and security for the lifetime of the vehicle.

Valeo's offer is unbundled and flexible. It is also agnostic, offering our client flexibility on SOC choice and Valeo supports Open Community: Open Source collaboration of non-differentiating software.

Leveraging the expertise of our global team of software experts with a lean footprint, our innovative new applications bring the latest features to maximize synergies with Valeo hardware but can also be experienced independently. Our clients will be able to choose Valeo's software with or without hardware, with a dedicated software license (contract).

Christophe Périllat, CEO Valeo explains "*For more than 30 years, Valeo has been enabling new functions in all our domains of expertise: electrification, ADAS, thermal management and lighting. We have forged long-lasting and robust alliances with prominent international OEMs and tech players and our solutions have contributed to make mobility smarter and safer. As our industry evolves, we want to leverage our strong positioning ro seize today's tremendous market opportunities and better meet the changing needs of our customers. With Valeo anSWer, we will keep on supporting our clients in all their projects with our software and hardware solutions, together or separately*."

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On 4 September 2023, the Issuer published the following press release:

MOBILEYE AND VALEO LAUNCH PARTNERSHIP FOR WORLD-CLASS IMAGING RADARS

On 4 September 2023 at IAA Mobility 2023 in Munich, Mobileye and Valeo announced a new partnership to deliver software-defined best-in class imaging radars for next-generation driver assist and automated driving features.

By joining forces, Mobileye and Valeo can quickly bring a promising new technology to automakers worldwide that enables more intelligent vehicles. As a key part of sensing systems for automated driving, imaging radar will be an enabling element for more advanced hands-off ADAS solutions and eyes-off automated driving features on highways and urban streets.

"*Mobileye and Valeo's Imaging radar collaboration significantly advances a new and exciting phase in automotive safety and performance*," said Nimrod Nehushtan, Mobileye's Executive Vice President of Business Development and Strategy. "*In this collaboration, automakers gain access to the latest cutting edge technology from Mobileye that they can trust will exceed industry expectations as we have proven before, while benefiting from the customization, industrialization, testing and support capabilities brought by Valeo. Our collaboration to deliver imaging radar to automakers benefits the industry, and ultimately, drivers globally*."

Marc Vrecko, President of Valeo's Comfort and Driving Assistance Systems Business Group said: "*This partnership reinforces the strong relationship between Valeo and Mobileye. We are proud to collaborate together on imaging radar technology, which will be essential in the future of autonomous mobility. This is a great illustration of Valeo's technological leadership in ADAS and of its capability to produce innovative technologies at scale. This collaboration will contribute to Valeo's commitment to offer affordable, smarter and safer mobility.* "

Mobileye's imaging radars use advanced architecture, including Massive MIMO (multiple-input, multiple-output) antenna design, a high-end radio frequency design developed in-house, and high-fidelity sampling – all enabling accurate object detection and higher dynamic range. Thanks to an integrated system-on-chip design that maximizes processor efficiency, and world-leading algorithms for interpreting radar data, the imaging radar delivers a detailed, four-dimensional image of surroundings up to 300 meters away and beyond. With a 140-degree field-of-view at medium range and 170-degree field-of-view in close range, the radar enables more accurate detection of pedestrians, vehicles or obstructions that other sensors might miss – even on crowded urban streets.

Mobileye has already seen high market interest for its Imaging radar from the industry as automakers look to expand the operational design domains (ODD) of their automated driving features. Valeo has simultaneously received indications of strong demand from the market for imaging radar that achieves optimal performance.

Valeo, world leader in Advanced Driver Assistance Systems (ADAS), has been developing and mass-producing radar technologies since 2006. Valeo will lead the system design of the new imaging radar product by integrating Mobileye's groundbreaking imaging radar technology and corresponding software and algorithms embedded in the Mobileye Radar chipset into Valeo's automotive software and hardware radar solutions. Valeo will meet and adapt to the latest and most stringent software and hardware requirements from automotive players, including functional safety, cybersecurity, fast communication protocols with vehicle networks, electromagnetic robustness, and validation of overall system performance and endurance during vehicle lifetime. Leveraging Valeo's expertise in producing the latest automotive technologies at scale and its global industrial footprint, the complete Imaging radar solution will be produced by Valeo.

This new partnership expands Mobileye and Valeo successful collaboration on front-facing cameras and other driver assist solutions. Since 2015, the partners have delivered more than 15 million Smart Front Cameras worldwide.

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On 11 September 2023, the Issuer published the following press release:

VALEO AT BUSWORLD EUROPE 2023 TO PRESENT ITS SUSTAINABLE THERMAL MANAGEMENT SOLUTIONS - HALL 6 BOOTH 609

From October 7 to 12, 2023, Valeo will be at Busworld Europe, the world's largest event for buses and coaches taking place in Brussels, to showcase its innovative thermal management technologies for buses of all sizes and drive types.

Valeo is committed to developing solutions for greener mobility and a world leader in technologies to reduce CO2 emissions and improve comfort on board for buses and coaches. At Busworld Europe 2023, Valeo will focus on thermal management systems for buses worldwide - thermal comfort without compromise, maximum safety and fleet-efficient solutions with zero emissions.

The shift towards low-carbon mobility and subsequent fast growing market share of electrically powered buses has a significant impact on vehicle development and powertrain-related systems, including the heating and air conditioning systems.

The fast-growing electrification of mobility – particularly in public transport – requires high-performance mobile energy storage systems that enhance travel comfort. In Brussels, Valeo will showcase its **E-Cooler** solution, allowing a range of **battery temperature management** models with a maximum cooling capacity of 10 kW, an optimal solution for a wide range of applications. Depending on the requirement, the E-Cooler protects the battery from overheating during charging and discharging, cools it while driving at higher outside temperatures and heavy loads. An additional heating function even warms up the sensitive batteries if necessary to restore the optimum temperature range.

Moreover, with limited electrical energy available from traction batteries, innovative and efficient HVAC solutions for buses are needed. A strategic leader in this market, Valeo's innovations provide a comfortable interior climate for passengers and efficient solutions for fleet owners whatever the weather conditions, the size of the vehicle, its powertrain type, the mode (urban, suburban or long-distance) and the duration of the journey.

The all-electric rooftop air conditioner REVO®-E HP R744, Valeo's latest air conditioning system for buses with alternative engines will be presented at Busworld 2023. With a compact, reversible heat pump, this system cools and heats the interior of the electric vehicle efficiently and with low energy consumption. The unique dynamic de-icing on demand enables energy-saving heat pump operation even at cold outside temperatures lower than 5°C. The system is operated with the natural refrigerant R744. The chemical properties of this refrigerant and the specially developed control system enable it to be used at ambient temperatures from -20° to +50°C. The electronic control includes a holistic thermal management with its own developed software, which always operates the system at the optimal operating point. This means that the cooling/heating capacity is generated according to demand and available energy, so that the maximum coefficient of performance is always achieved.

The system impresses with a further significant reduction in noise emissions and weight, as well as a simplified refrigeration circuit. The integration of the compressor made it possible to achieve a compact system design, low refrigerant charge and low energy consumption. The refrigerant circuit is maintenance-free, durable components ensure low life cycle costs. The integrated battery cooling module keeps the battery at a constant temperature, which extends its service life and ensures greater efficiency. The new REVO®-E HP R744 has the same interface as Valeo's REVO® classic system. For the vehicle manufacturer, this offers the greatest possible flexibility in installation and product mix. The system is a "plug & play" unit that can even be delivered to the customer pre-filled.

The technologies developed by Valeo ensure the right air flows while consuming a minimum of energy and using recoverable energy. Bus air-conditioning specialist and pioneer in e-heating, Valeo will be presenting a **high-voltage heater for electric buses that steplessly regulates the heat output via an integrated control unit**. This is done either by controlling the water outlet temperature or by limiting the maximum heating output or power consumption. With this function, the high-voltage heater Thermo HV, which has been in series production since June 2023, can also be actively integrated into the thermal management of the vehicle and the overall efficiency of the system can be increased. With a voltage range of 450-850 VDC, the Thermo HV provides a consistently high heat output of 12kW. Its 12kW/800V model is considered unrivaled. In addition, it is CAN-capable and transmits important operating data to the vehicle system via an intelligent diagnostic function.

Valeo has become a leading manufacturer of high-end water pumps, covering a wide range of applications, for buses and trucks, agricultural and construction machinery, off-highway and commercial vehicles. Also displayed in the Valeo booth, the smart **SPump family** will present the best solution for **almost any application with cooling or heating circuits in the vehicle interior or for components, e.g. batteries**. Versions with PWM and CAN feature variable speed control, save energy, reduce noise emission and always provide outstanding performance required for electrically powered vehicles. The SPump S120 and S200 are the lightest weight and most compact circulation pumps of their kind within the product family. The 500W variant impresses with a high flow rate at high counter pressure. With an extended ambient temperature range of up to 95°C at the highest level of reliability, the SPump is the best solution for water pumps in comfort application and component cooling worldwide.

All these innovations are controlled by electronic and software programs developed by Valeo, that always operate the system at the optimal operating point, to ensure that existing energy resources are put to the best use, thereby significantly extending the range of electric buses.

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On 14 September 2023, the Issuer published the following press release:

VALEO RECEIVES THE JURY'S PRIZE AT THE ZEPROS AWARDS DE L'AUTO FOR ITS ENGAGEMENT AND ACTIONS IN TERMS OF SUSTAINABLE DEVELOPMENT, CSR AND REMANUFACTURING

Valeo has received the Jury's Prize for the sixth edition of the Zepros Awards, organized by the Zepros media group to honor automotive entrepreneurs. This award recognizes Valeo's actions to accelerate the transition towards a sustainable mobility, and in particular its commitment to sustainable development, Corporate Social Responsibility (CSR) and remanufacturing.

The automotive industry has embarked on the biggest transformation in its history to meet the challenges of global warming. Through its Cap 50 plan, Valeo is committed to reducing the carbon footprint of its entire value chain. Its goal is to contribute to carbon neutrality through 2050 and to have cut its total emissions by 45% by 2030[*].

The technologies produced by Valeo are governed by four principles linked to circularity, the "4Rs": robust design, repair, remanufacturing and recycle. Remanufacturing is a cornerstone of Valeo's environmental strategy.

In line with its global sustainable development plan, Valeo has launched the "I Care 4 the Planet" aftermarket program, which identifies initiatives to limit the impact of its activities on the planet, and help its professional partners contribute to a more sustainable aftermarket.

Thanks to its 40 years of expertise, Valeo remanufactures around one million parts every year, and this volume is set to double by 2030. This target will be met through the launch of more than 550 references on existing products categories, and also thanks to the expansion of ranges of renovations on more technical product categories.

In addition to its remanufacturing activity, Valeo also offers products designed for a greater sustainability from the start. Canopy is the first windscreen wiper designed to reduce CO_2 emissions by 61% compared with a Valeo blade, which is representative of the majority of blades sold on the European market[**]. This performance has been verified by Bureau Veritas, an independent body. Canopy is a wiper made from over 80% natural, renewable or recycled materials such as cane sugar, vegetable oils and carbon black from recycled tyres. An increased proportion of recycled materials is also used in other Canopy wiper blade components such as metal structures and end clips Canopy is packaged in 100% cardboard, fully recyclable and printed with solvent-free, water-based inks.

Marlène Carrias-Iked, VP Strategic Management, Digital & Innovation – Valeo Service: "*We are honoured to receive the Zepros Jury Award. This is a recognition of Valeo's commitment to reducing its impact on the environment. The decarbonisation of mobility must go hand in hand with greater circularity and the conservation of resources, including in the after-sales sector*".

Valeo and the seven other winners of this year's Zepros Awards were honoured on stage at the Elysées Biarritz in Paris on 12 September.

* *Taking into account the emissions savings generated by Valeo electrification technologies fitted to customers' vehicles.*

** *The Valeo Canopy Flat Blade, with a specific rubber and packaged in cardboard box enables a CO_2 emission reduction of 61% compared to a Valeo Flat Blade product representative of the majority of commercialized wiper blades in the European market, produced in Asia, with a synthetic rubber and marketed in a plastic packaging.*

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On 18 September 2023, the Issuer published the following press release:

VALEO ANNOUNCES AN EMPLOYEE SHARE OFFERING

Valeo is launching once again this year its share subscription offering reserved for Group employees. This operation, offered to around 94,000 employees eligible for the offer in 22 countries, aims to associate them over the long term with the Group's results and development. As of today, one employee out of two holds directly or indirectly shares of Valeo. The capital increase and the delivery of Valeo shares in the framework of the offer are expected to take place on November 15, 2023. The main terms and conditions of this operation are detailed below.

ISSUER

Valeo, a French Société Européenne with a share capital of EUR 243 501 944 having its registered office at 100 rue de Courcelles – 75017 Paris – France, and registered in the trade registry of Paris under number 552 030 967 (the "Company")

Listed on Euronext Paris (France)

ISIN code: FR0013176526 FR

PURPOSE OF THE OFFERING

This plan is part of the development of the employee shareholding policy of Valeo in France and abroad with the goal of involving employees in the performance and development of the Group.

CONTEXT OF THE OFFER – SECURITIES OFFERED

The offer is proposed pursuant to Articles L. 3332-18 et seq. of the French Labor Code, in the context of the French Group savings plan (plan d'épargne de groupe, PEG) and the International group savings plan (plan d'épargne de groupe international, PEGI) of Valeo. The subscription of shares is made on the basis of the Company's shareholder's authorization given by the 25th resolution of the General meeting of shareholders held on May 24, 2023. Employees subscribing to the offering outside of France will benefit from the grant of shares for free on the basis of 26th resolution of the General meeting of shareholders of May 24, 2023.

The share subscription offering covers a maximum of 1,200,000 Valeo shares with a nominal value of EUR 1 per share.

The shares will bear immediate dividend entitlements and will be fully fungible with existing shares upon their issuance.

SUBSCRIPTION TERMS

<u>Beneficiaries of the offering</u>

The offering is open to employees having seniority of at least three months, acquired consecutively or not, between January 1, 2022 and the last day of the subscription period with a Valeo Group company member of the PEG or the PEGI, as the case may be. The scope of implementation of the offering comprises the following countries: France, Belgium, Brazil, China, Czech Republic, Egypt, Germany, Hungary, India, Ireland, Italy, Japan, Malaysia, Mexico, Poland, Romania, South Korea, Spain, Thailand, Turkey, Tunisia and USA.

The offer is also open in France to former employees in retirement or pre-retirement and who have kept assets in the PEG since their departure from the group.

<u>Subscription formula</u>

Employees may subscribe shares either through the company shareholding fund (fonds commun de placement d'entreprise, FCPE) "Shares4U Relais 2023" intended to merge with the FCPE "Valeorizon" after the approval of the Supervisory board of the FCPE and of the AMF, or, in some countries, through direct shareholding. The employee's investment will fluctuate in the same manner as the price of the Valeo share, both as it increases or decreases..

The share subscription allows employees subscribing in the context of the PEG to benefit from a matching contribution from their employer.

Outside of France, employees will be awarded conditional shares for free according to the terms and conditions of the plan rules adopted by the Company. The free shares are existing shares of Valeo are repurchased by the Company.

<u>Custody of shares – Exercise of voting rights</u>

Subscription is carried out through an FCPE or, in certain countries, by direct shareholding.

When the shares are subscribed through an FCPE, the voting rights are exercised by the elected members of the Supervisory Board (Conseil de surveillance) of the FCPE.

With regard to the shares subscribed for directly, the voting rights are exercised by the subscribers.

<u>Subscription price</u>

The subscription price was set on September 15, 2023 at 14.24 euros. It corresponds to the average of opening prices of Valeo shares on 20 trading days from August 18, 2023 to September 14, 2023 inclusive, after a discount of 20%.

<u>Subscription period</u>

The beneficiaries may subscribe to the offering from September 18, 2023 (inclusive) to October 6, 2023 (inclusive).

<u>Lock-up of the shares</u>

Subject to specific provisions applicable in certain countries, the FCPE units as well as the shares subscribed directly will be subject to a locked period of 5 years as provided for in the PEG (up to May 31, 2028 inclusive) and the PEGI (up to June 30, 2028 inclusive, and for Belgium until November 15, 2028 inclusive), except in the event of a case providing for early release as provided for in Articles L. 3332-25 and R. 3324-22 of the French Labor Code, and as applicable in different countries of implementation of the offering.

CAPITAL INCREASE AND LISTING OF SHARES

The capital increase and the delivery of Valeo shares under the offer are expected to take place on November 15, 2023. An application for listing on Euronext Paris of the Valeo shares issued in the context of this offering will be filed as soon as possible following the capital increase on the same line of listing as the existing shares.

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FINAL TERMS

Items 18 and 19 of Part A of the section entitled "*Pro Forma Final Terms for use in connection with issues of securities with a denomination of at least €100,000 to be admitted to trading on an EEA regulated market*" of the Base Prospectus is deleted and replaced by the following:

"18.	Step Up Option	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Step Up Event:	[Adjusted Carbon Footprint KPI Event]/[Sustainable Procurement KPI Event] [(i) [Adjusted Carbon Footprint SPT]/[Sustainable Procurement SPT][s]: [●] (ii) Target Observation Date: [●][14]]
	(ii) Step Up Margin:	[●] per cent. per annum
	(iii) Step Up Date:	[●]
19.	Premium Payment	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Premium Trigger Event:	[Adjusted Carbon Footprint KPI Event]/[Sustainable Procurement KPI Event] [(i) [Adjusted Carbon Footprint SPT]/[Sustainable Procurement SPT]: [●] (ii) Target Observation Date: [●][15]]
	(ii) Premium Payment Amount:	[●] per Note of [●] Specified Denomination
	(iii) Premium Payment Date	[●]"

[14] 31 December 2025 or 31 December 2030

[15] 31 December 2025 or 31 December 2030

GENERAL INFORMATION

The paragraph (5) of the section entitled "General Information" of the Base Prospectus is deleted and replaced by the following:

(5) *No significant change in the financial performance or financial position of the Issuer or the Group*

There has been no significant change in the financial performance or financial position of the Issuer or the Group since 30 June 2023.

The paragraph (7) of the section entitled "General Information" of the Base Prospectus is deleted and replaced by the following:

(7) *Legal and arbitration proceedings*

Save as disclosed in this Base Prospectus (including the Documents Incorporated by Reference), there have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the period of 12 months prior to the date of this Base Prospectus which, to the Issuer's knowledge, may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer or the Group.

The paragraph (11) of the section entitled "General Information" of the Base Prospectus is deleted and replaced by the following:

(11) *Statutory auditors*

Ernst & Young et Autres, 1/2, place des Saisons, 92400 Courbevoie – Paris La Défense, France and Mazars, Exaltis - 61, rue Henri Régnault, 92400 Courbevoie, France have audited and rendered unqualified audit reports on the consolidated financial statements of the Issuer for the two financial years ended 31 December 2022 and 31 December 2021 and issued a limited review report on the half-year financial information of the Issuer for the period ended 30 June 2023. Ernst & Young et Autres and Mazars are members of the French professional body *Compagnie Régionale des Commissaires aux Comptes de Versailles*.

PERSON RESPONSIBLE FOR THE INFORMATION GIVEN IN THIS PROSPECTUS SUPPLEMENT NO. 1

Person responsible for this Prospectus Supplement no. 1

Christophe Périllat, Chief Executive Officer.

Declaration by the person responsible for this Prospectus Supplement no. 1

I declare, to the best of my knowledge, that the information contained in this Prospectus Supplement no. 1 is in accordance with the facts and contains no omission likely to affect its import.

Paris, 2 October 2023

Valeo

100, rue de Courcelles
75017 Paris Cedex 17 France

Duly represented by Christophe Périllat
Chief Executive Officer

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

This Prospectus Supplement no. 1 has been approved on 2 October 2023 by the AMF in its capacity as competent authority under Regulation (EU) 2017/1129.

The AMF has approved this Prospectus Supplement no. 1 after having verified that the information it contains is complete, coherent and comprehensible within the meaning of Regulation (EU) 2017/1129.

This approval should not be considered as a favourable opinion on the Issuer and on the quality of the Notes described in this Prospectus Supplement no. 1.

This Prospectus Supplement no. 1 has been given the following approval number: 23-415.