



SOCIETE GENERALE FACTORING

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Communication/Marketing department
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PARTNER FOR YOUR GROWTH

SOCIETE GENERALE FACTORING provides solutions for businesses to finance, manage and guarantee their receivables. Major factoring company on the French market and growing internationally, it is a fully owned subsidiary of the Societe Generale Group.

Founded in 1974, Societe Generale Factoring France has more than 324 employees, mainly based in its metropolitan areas (Paris and Lyon), and Reunion Island. In terms of governance, Societe Generale Factoring France is leading the worldwide factoring business line of the Group.

As a specialist in short term financing and inter-company credit (financing of trade receivables and accounts payables, management and guarantees), Societe Generale Factoring has developed a wide range of products to meet all customer needs, whether small, medium, or large companies, in France or abroad.

Its business expertise and proximity to customers make it a preferred partner for companies seeking innovative financing solutions specifically tailored to fit their needs.

FOREWORD



AURELIEN VIRY,
CHIEF EXECUTIVE OFFICER
Since 01/01/2022

Our corporate purpose

« As a leading European player, Societe Generale Factoring designs and delivers expert and innovative solutions to optimize cash flow, finance and secure the working capital from very small companies to large international groups for a sustainable relationship and growth. We cultivate a demanding, caring and positive entrepreneurial spirit. »

Strong and recognised values

For over 40 years, Societe Generale Factoring has relied on the expertise and commitment of its employees, in order to develop solutions that generate added value for our customers. Innovation is a strong lever that has allowed the company to be recognized within the Group, but also by its peers, particularly within the Factor Chain International Association (FCI).

Rebound of activity in 2021

Despite the impact of the health crisis, factoring remains the main source of short-term financing for companies, ahead of the overdraft. Activity recovered in 2021, driven by large companies and Societe Generale Factoring's performance abroad. In this context, volumes processed by French factors rose by 12.8% vs. 2020 (source: ASF).

A strategy of sustainable growth and customer proximity

We aim to continue our growth through our development both in France and internationally. Our digitalization strategy has been accelerated in order to always better support our customers.

Strengthened group synergies

One of the strategic axes of the Societe Generale group is to develop synergies between the different business lines. We are making a very active contribution to this by strengthening synergies, in particular within Global Transaction & Payment Services (GTPS).

Factoring is a societal activity by nature

Societe Generale Factoring offers financing solutions for SMEs and associations. In particular, they reduce payment delays, which are a major cause of business failures. SMEs can focus on their core business by entrusting Societe Generale Factoring with the management of their customer accounts.

Suppliers in supply chain finance (SCF) operations are generally SMEs. Thanks to this solution, these SMEs benefit from advantageous financial conditions, depending on the quality of the client. In addition, the latter sometimes encourages its suppliers to adopt approaches in line with CSR.

Client satisfaction is a top priority for Societe Generale Factoring

Our latest independent satisfaction survey (October 2021) shows that more than 8 clients out of 10 recommend us and intend to continue working with us.

According to the 2021 survey, Societe Generale Factoring obtained its best overall satisfaction score last year, with 85% of our customers satisfied or very satisfied.

GOVERNANCE

EXECUTIVE COMMITTEE – 2021



AURELIEN VIRY*
CHIEF EXECUTIVE OFFICER



PHILIPPE POUGEARD
DEPUTY CEO
HEAD OF BUSINESS



ÉRIC FLOUR
DEPUTY CEO
HEAD OF RESSOURCES



ANETA PÉLÉGRY
GENERAL SECRETARY,
HEAD OF COMPLIANCE



**ARNAUD DE LA
MORANDIÈRE**
HEAD OF RISKS



MARIE-PIERRE DEVIDTS
HEAD OF STRATEGIC DEVELOPMENT,
MARKETING & COMMUNICATION



PIERRE DEMPÈRE
HEAD OF CORPORATE



JÉRÉMIE WILENSKI
HEAD OF STEERING &
TRANSFORMATION



NATHALIE CRABIÉ
HEAD OF FINANCE



LUC HENRY
HEAD OF RETAIL CLIENT
MANAGEMENT



MARIELLE SYLVESTRE
HEAD OF RETAIL COMMERCIAL
DEVELOPMENT



ALAIN DUPEYRON
HEAD OF OPERATIONS



JONATHAN CROFT
CHIEF INFORMATION OFFICER



LUCIE PETYST DE MORCOURT
HEAD OF HUMAN RESOURCES

**succeeded Eric Frachon on January 1, 2022*

BOARD OF DIRECTORS*

Alexandre MAYMAT- Director and Chairman of the board of directors
Éric FRACHON – Chief Executive Officer and Director
Christian BEHAGHEL – Director
Bertrand COZZAROLO - Director
Agnès JOLY - Director
Bruno MAGNIN- Director
Cécile WAYMEL - Director
SOCIETE GENERALE, Director, represented by Benoite ARMAND-PIEYRE

**Composition as at December 31, 2021*

AUDITORS

Deloitte & Associés represented by
Marjorie BLANC-LOURME

Ernst & Young Audit represented by
Vanessa JOLIVALT



KEY FIGURES



6,7 G€

AVERAGE OUTSTANDING



68,5 G€

PURCHASED RECEIVABLES
OF WHICH 41% INTERNATIONAL



4000

CLIENTS



324

EMPLOYEES



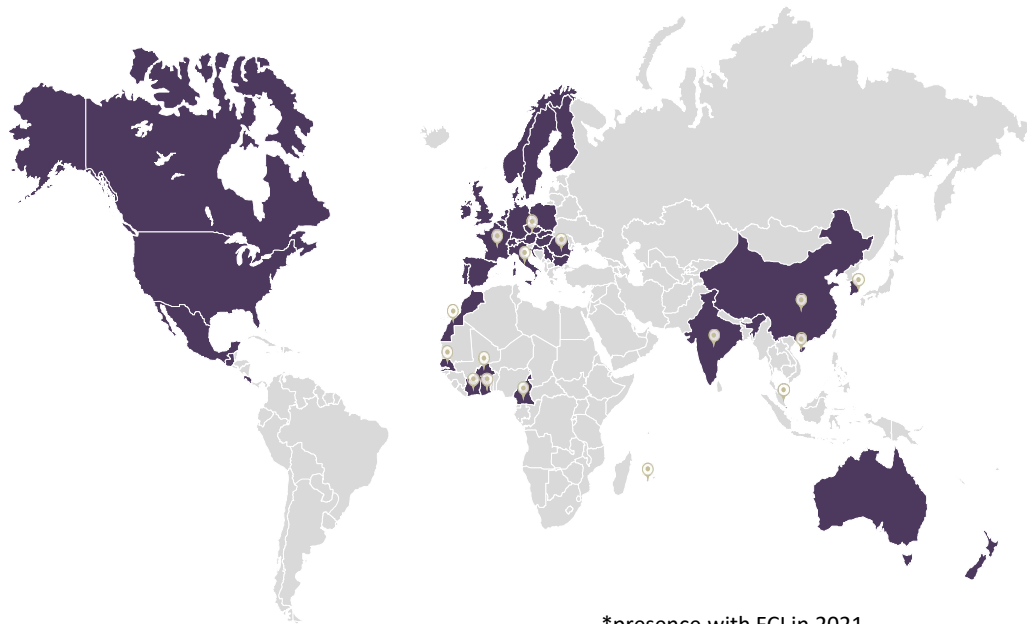
BEST FACTORING SERVICES

AWARDED « BEST FACTORING SERVICES »
IN EUROPE, EMEA & AFRICA

WORLDWIDE SCOPE

EUROPE

- > Austria
- > Belgium
- > Bulgaria
- > Croatia
- > Czech Republic
- > Denmark
- > Finland
- > France
- > Germany
- > Hungary
- > Ireland
- > Italy
- > Luxembourg
- > Netherlands
- > Norway
- > Poland
- > Portugal
- > Romania
- > Serbia
- > Slovakia
- > Spain
- > Sweden
- > Switzerland
- > United Kingdom



*presence with FCI in 2021

AFRICA	AMERICA	ASIA	OCEANIA
<ul style="list-style-type: none"> > Burkina Faso > Cameroon > Ghana > Ivory Coast > Morocco > Reunion Island* > Senegal 	<ul style="list-style-type: none"> > Canada > Costa Rica > Guatemala > Mexico > United States 	<ul style="list-style-type: none"> > China > Hong Kong > India > Singapore > South Korea 	<ul style="list-style-type: none"> > Australia > New-Zeland

Scope of intervention in due respect of International embargoes and sanctions policies



CSR POLICY

« **SOCIETE GENERALE FACTORING** PARTICIPATES TO SOCIETE GENERALE GROUP'S COMMITMENT TO SUPPORTING ITS CORPORATE CLIENTS' TRANSITION TO GREENER AND MORE INCLUSIVE DEVELOPMENT MODELS. »

A CSR policy aligned with that of the Group.

The Group's CSR ambition puts its Corporate Purpose into action: "building together, with our clients, a better and sustainable future through responsible and innovative financial solutions". This ambition is built around the following pillars: Ecological transition, development of territories, culture of responsibility and responsible employer. Each of our employees is fully aware of his or her responsibilities and is made aware of the importance of transparency, compliance, ethics, regulatory requirements and data protection issues.

Some Societe Generale Factoring specific actions

Societe Generale Factoring notably undertook:

To make its IT more responsible by:

- Simplifying the application base;
 - Improving e-accessibility;
 - Having entrusted the management of WEEE to Recyclea
- Societe Generale Factoring pursues its ambitions as a responsible employer by:

- Having set up 3 pro bono days granted to employees who wish to dedicate time to the associations of the Societe Generale Foundation
- Having implemented new diversity, inclusion, disability, & mental health campaigns
- Guaranteeing a high gender equality index (currently at 93)



REPORT OF THE STATUTORY AUDITORS - Extract

ON THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

At the General Meeting of Societe Generale Factoring .

Opinion

In compliance with the engagement entrusted to us by your board of directors and your general meeting, we have audited the annual accounts of Societe Generale Factoring for the year ended December 31, 2021, as they are attached to this report.

We certify that, in the light of French accounting rules and principles, the annual accounts are fairly presented and give a true and fair view of the results of the operations of the past financial year and the financial position and assets of the company at the end of the year.

The opinion expressed above is consistent with the content of our report to the Audit and Internal Control Committee.

Basis of our opinion

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

The responsibilities incumbent on us under these standards are set out in the section "Auditors' responsibilities for auditing the annual accounts" of this report.

Independence

We carried out our audit mission in accordance with the independence rules applicable to us, covering the period from January 1, 2021 to the date of our report, and in particular we did not provide any services prohibited by Article 5 (1) of Regulation (EU) No 537/2014 or the Code of Ethics of the profession of External Auditor.

Specific checks

We have also carried out, in accordance with professional standards applicable in France, the specific verifications required by legal and regulatory texts.

- **Information given in the management report and in the other documents on the financial position and the annual accounts sent to shareholders**

We have nothing to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the board of directors and in the other documents on the financial position and the annual accounts addressed to the shareholders in question, except for the point below.

REPORT OF THE STATUTORY AUDITORS

The sincerity and consistency with the financial statements of the information relating to the payment periods referred to in Article D. 441-4 of the French Commercial Code call on us for the following observation: as indicated in the management report, this information does not include banking and related operations, your company considering that they do not fall within the scope of the information to be produced.

- **Corporate governance information**

We attest to the existence, in the section of the management report of the Board of Directors devoted to corporate governance, of the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Code trade.

Responsibility of the management and persons forming the corporate governance relating to the annual accounts

It is the responsibility of the management to prepare annual accounts presenting a true and fair view in accordance with French accounting rules and principles and to set up the internal control it deems necessary for the preparation of the annual accounts that do not contain any significant anomalies, from fraud or from errors.

When preparing the annual accounts, it is the responsibility of the management to assess the ability of the company to continue to operate, to present in these accounts, when appropriate, the necessary information relating to the continuity of operations and apply the operating accounting policy unless it is intended to wind up the company or to cease trading.

The Audit and Internal Control Committee is responsible for following the process of preparing financial information and for monitoring the effectiveness of the internal control and risk management systems, as well as, where applicable, the internal audit, with respect to procedures relating to the preparation and processing of accounting and financial information.

The annual accounts have been approved by the Board of Directors.

Responsibilities of the auditors relating to the audit of the annual accounts

It is our responsibility to prepare a report on the annual accounts. Our objective is to obtain reasonable assurance that the financial statements taken as a whole do not contain any material misstatements. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit performed in accordance with professional standards will systematically detect any material misstatement.

Anomalies may arise from fraud or error and are considered significant when it can reasonably be expected that they, taken individually or in combination, may influence the economic decisions that account users take in their business based on these anomalies.

As stated in Article L. 823-10-1 of the French Commercial Code, our mission of certification of accounts is not to guarantee the viability or the quality of the management of your company.

REPORT OF THE STATUTORY AUDITORS

As part of an audit conducted in accordance with the professional standards applicable in France, the statutory auditor exercises his professional judgment throughout this audit.

In addition:

- ▶ he identifies and assesses the risks that the annual accounts contain material misstatements, whether from fraud or error, defines and implements audit procedures to address these risks, and collects evidence that he considers sufficient and appropriate to base his opinion.

The risk of not detecting a significant anomaly from fraud is higher than that of a significant misstatement resulting from an error, as the fraud may involve collusion, forgery, voluntary omissions, misrepresentation or circumventing internal control;

- ▶ he checks upon the internal control relevant to the audit in order to define appropriate audit procedures in the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the internal control;

- ▶ he assesses that the accounting methods used are appropriate and that the accounting estimates made by management are reasonable, as well as the information concerning them provided in the annual accounts;

- ▶ he assesses that the management's application of the operating accounting policy is appropriate and, depending on the evidence gathered, the existence of significant uncertainty related to events or circumstances likely impact the company's ability to continue operating.

This assessment is based on the information collected up to the date of his report, although it is mentioned that subsequent circumstances or events could later jeopardize the continuity of operations.

If he concludes that there is significant uncertainty, he draws the attention of the readers of his report to the information provided in the annual accounts about this uncertainty or, if this information is not provided or is not relevant, he formulates a qualified certification or a refusal to certify;

- ▶ he assesses the overall presentation of the annual accounts and assesses whether the annual accounts reflect the underlying transactions and events so as to give a true and fair view.

Report to the audit and Internal Control committee

We provide the audit committee with a report that outlines, among other things, the scope of the audit work and the work program implemented, as well as the conclusions arising from our work. We also inform, where appropriate, the significant weaknesses of internal control that we have identified with respect to the procedures relating to the preparation and processing of accounting and financial information.

Among the elements disclosed in the report to the Audit Committee are the risks of material misstatement, which we consider to have been the most important for the audit of the financial statements for the year and which therefore constitute the key points of the audit, which it is our responsibility to describe in this report.

REPORT OF THE STATUTORY AUDITORS

We also provide the audit committee with the declaration provided for in Article 6 of Regulation (EU) No 537-2014 confirming our independence within the meaning of the rules applicable in France as laid down in particular by Articles L. 822 -10 to L. 822-14 of the French Commercial Code and in the Code of Ethics of the profession of statutory auditor. Where appropriate, we discuss with the audit committee the risks to our independence and the safeguards applied.

Paris-La Défense, May 10, 2022
The statutory auditors

DELOITTE & ASSOCIÉS
MARJORIE BLANC-LOURME

ERNST & YOUNG AUDIT
VANESSA JOLIVALT

FINANCIAL REPORT- BALANCE SHEET

ASSETS (KEUR)	31-12-2021	31-12-2020
LOANS DUE FROM CREDIT INSTITUTIONS	479 594	691 143
TRANSACTIONS WITH CLIENTS	10 400 792	8 968 815
BONDS AND OTHER LONG-TERM SECURITIES	-	14 315
INTANGIBLE FIXED ASSETS	94	54
TANGIBLE FIXED ASSETS	19 925	18 284
OTHER ASSETS	1 899	2 261
ADJUSTMENT ACCOUNTS	4 668	3 582
ADJUSTMENT ACCOUNTS	12 556	6 553
TOTAL	10 919 527	9 705 007

LIABILITIES (KEUR)	31-12-2021	31-12-2020
DUE TO CREDIT INSTITUTIONS	9 163 8887	7 822 177
TRANSACTIONS WITH CLIENTS	1 493 252	1 661 052
DEBTS REPRESENTED BY A SECURITY	15 902	15 159
OTHER LIABILITIES	30 573	21 016
REGULARISATION ACCOUNT	32 641	34 536
PROVISIONS FOR RISKS AND CHARGES	1 862	1 118
EQUITY	181 408	149 948
CAPITAL	14 400	14 400
RESERVES	135 547	124 680
RETAINED EARNINGS	469	1
RESULT	30 992	10 867
TOTAL	10 919 527	9 705 007

FINANCIAL REPORT- OFF BALANCE SHEET

OFF BALANCE SHEET (KEUR)	31-12-2021	31-12-2020
COMMITMENTS GIVEN		
GUARANTEE COMMITMENTS	1 556 318	1 148 599
COMMITMENTS RECEIVED		
FINANCING COMMITMENTS	157 933	277 299
GUARANTEE COMMITMENTS	3 005 715	2 675 999

FINANCIAL REPORT- INCOME STATEMENT

INCOME STATEMENT IN (KEUR)	31-12-2021	31-12-2020
+ FINANCING COMMISSIONS	65 601	68 380
+ INCOME FROM INTERBANK TRANSACTIONS	17 620	11 107
- EXPENSES ON INTERBANK TRANSACTIONS	-16 674	-23 252
+ SERVICE COMMISSIONS	48 266	49 545
+ COMMISSIONS (PRODUCTS)	18 240	7 827
- COMMISSIONS (EXPENSES)	-15 775	-12 758
+ OTHER BANKING INCOME	1 213	519
- OTHER BANKING EXPENSES	-48	-1 886
NET BANKING INCOME	118 444	99 482
- GENERAL OPERATING EXPENSES	-64 947	-62 147
- ALLOCATIONS TO DEPRECIATION AND PROVISIONS FOR DEPRECIATION ON TANGIBLE AND INTANGIBLE ASSETS	-7 353	-7663
GROSS OPERATING PROFIT/LOSS	46 144	29 671
+/- COST OF RISK	-724	-12 708
OPERATING PROFIT/LOSS	45 420	16 963
+/- GAINS OR LOSSES ON FIXED ASSETS	0	0
PRE-TAX PROFIT/LOSS	45 420	16 963
+/- NON-RECURRING PROFIT/LOSS	0	0
- CORPORATION TAX	-14 429	-6 096
NET EARNINGS	30 992	10 867

EXPLANATORY NOTES

On the balance sheet and the income statement

Annual accounts ended december 31, 2021

Societe Generale Factoring, factoring subsidiary of Societe Generale, offers companies solutions for managing, financing and guaranteeing their trade receivables.

Accounting rules, methods and principles

The financial statements of Societe Generale Factoring have been prepared in accordance with the provisions of the Accounting Chart for Credit Institutions, ANC Regulation No. 2014-07 on the accounts of companies in the banking sector. All amounts are indicated in KEUR. The information presented in the notes to the annual financial statements focuses on those that are relevant and material in relation to the financial statements of Societe Generale Factoring, its activities and the circumstances in which they occurred during the period.

Capital assets and depreciations

• Intangible assets managed internally

Computer studies generated internally relating to a project using the classical method or agile method are immobilized, each time the overall cost of the project or the release concerned exceeds 50 KEUR.

• Other capital assets - depreciations

Apart from internally generated fixed assets, intangible fixed assets are mainly consisting of external computer software. Intangible assets are amortized on a straight-line basis over 4 years, except in the case of a large-scale structuring project for the company whose duration of use is extended to 7 years.

Receivables and depreciation credit risk

• Doubtful receivables

In line with the new definition of the doubtful (NDOD) and with the IFRS principles, SGF has reviewed and improved the classification of its doubtful on the following elements:

- The simplification of the classification in line with the management status of the files:
 - ✓ disappearance of the following categories: non-performing doubtful, simple contentious and non-performing contentious;
 - ✓ simple correspondence with the stage IFRS 9.
 - The principle of contagion: a debtor classified as defaulting / doubtful by the entity in charge of credit risk monitoring (PCRU), is considered in default throughout the Group and all its exposures are subject to a systematic downgrading (principle of uniqueness of the rating).
 - The criterion of the arrears of payment ("DPD") applied daily for the identification of the default is the basis for determining the unpaid of more than 90 days.
 - The return to the healthy status of a third party with the respect of a probationary period.
 - The abolition of tolerance on public bodies.
- Consequently, the receivables included in this item are now broken down into doubtful or contentious receivables with the distinction of those relating to clients or debtors.

EXPLANATORY NOTES

- **Depreciations on healthy receivables – portfolio basis**

Without waiting for a proven credit risk to have individually affected one or more receivables or liabilities and in order to provide better information with regard to its activity, SGF recognises a provision for credit risk on healthy undegraded assets, up to the amount of the credit losses it expects to suffer over the next one year.

- **Depreciations on doubtful receivables – debtors**

Most receivables are secured under a credit insurance policy, which allows SGF to receive compensation in the event of declared insolvency. The depreciation rate, for these claims, is equal to 100% of the amount excluding VAT of the residual risk, after taking into account the guarantee.

Receivables that are not the subject of any guarantee are depreciated (for their amount excluding taxes) according to the recovery rate actually recorded for debtors "in bonis" (application of a statistical method) and 95% for debtors who have been the subject of collective proceedings.

- **Depreciations on doubtful receivables – clients**

Client cases are sent to the litigation service and recorded as non-performing doubtful when the risk of non-payment is ascertained.

Commissions

The service commission that remunerates all factoring services is applied ad valorem to the amount of transferred invoices.

The advance or financing commission remunerates the funding granted by Societe Generale Factoring to its clients.

Post-closing events

A new Chief Executive Officer took up his duties at SGF on 1 January 2022.

Since mid-February 2022, uncertainties weighing on the economic and financial environment have increased given the sharp increase in tensions between Russia and Western countries due the situation in Ukraine.

SGF in conjunction with the Group ensures constant and close monitoring of the situation and strictly complies with the regulations in force. It diligently implements the necessary measures to strictly apply, as soon as it is published, international sanctions.

SGF specifies today that it has no direct exposure to Russia, Belarus or Ukraine or to counterparties with these 3 countries.

On March 15, 2022, the company recorded the relocation of its head office, which will take place during the 4th quarter of 2022.

(1) According to the rules n°2002-03 of december 12th, 2002 of the emergency comitee of CNC, compromised debtor doubtfull receivables include, besides receivable in legal action, all the receivables included in the doubtful outstanding since more than one year (i.e 455 days before theoretical term).

**THE FUTURE
IS YOU**  **SOCIETE GENERALE**
Factoring

Societe Generale Factoring

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SA with share capital of 14 400 000 €

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