FIRST SEMESTER FINANCIAL REPORT 30-06-2022

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ABC arbitrage Group

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Disclaimer

This first semester report and its constituent parts have been translated from the original French versions. For the purposes of interpretation, the French originals will take precedence over the English translation.

1. Business review

Key consolidated figures for the first half of 2022 are presented below:

In EUR million	30/06/2022 IFRS	30/06/2021 IFRS	Change	31/12/2021 IFRS
Advisory revenues	-	-	na	-
Investment Services Fees*	14.9	46.6	*-68.0%*	59.9
Net gains at fair value through profit or loss**	16.6	(11.5)	*-244.1%*	4.2
Net revenues	***31.5***	***35.1***	***-10.3%***	**64.1**
Payroll costs	(10.6)	(11.1)	*-4.3%*	(20.7)
Occupancy costs	(0.8)	(0.8)	*4.0%*	(1.4)
Other expense	(3.4)	(3.2)	*6.8%*	(6.4)
Other taxes	(0.5)	(0.2)	*161.4%*	(0.3)
Total costs	***(15.3)***	***(15.2)***	***0.4%***	**(28.8)**
Income before tax	**16.2**	**19.9**	***-18.5%***	**35.4**
Net income attributable to equity holders	**16.2**	**16.8**	***-3.7%***	**28.0**

**Management fees include services invoiced by the Group's management companies to Quartys Limited and ABCA Funds Ireland Plc.*

In addition, due to the application of IFRS 15 (as of January 1, 2018), management fees do not include ***performance fees not crystallized*** *- i.e. neither invoiced nor collected - as of June 30. No management fees were recognized as income for the first half of 2022 (compared to €0.7 million for the first half of 2021).*

*** As a reminder, in 2021 the Group agreed with the French tax authorities (as specified in the notes to the 2021 consolidated financial statements) to modify the characteristics of its Transfer Pricing Policy ("TPP"). This change in the TPP resulted in the additional billing of management fees for the years 2015 to 2020 in the amount of €34.6 million in the first half of 2021, and a corresponding decrease in net gains on financial instruments measured at fair value through profit or loss for the same amount.*

In accordance with IFRS standards, consolidated net revenue at 30 June 2022 came to €31.5 million and consolidated net income amounted to €16.2 million, in decrease (-3.6%) compared to 1st half 2021.

Net return (ROE) reached 10.1% for the first half of 2022 alone, representing an annualized ROE of about 20.2%, compared to 21.65% at the end of H1 2021, and 33% at the end of H1 2020.

The first half of 2022 has been a difficult time for the markets. Concerns about the economic implications of the war in Ukraine and the need to accelerate the pace of interest rate hikes to fight rising inflation weighed on both stocks and bonds. Fears of recession increased as consumers were pressured by higher prices and borrowing costs.
The war in Ukraine and the resulting inflationary pressures have created major international market dislocations.
Despite this difficult economic context, the group managed to produce a significant half-year result. This result once again confirms the performance of the group's strategies in a context of high volatility.

In this context, all of the Group's businesses saw their activity increase:

- ABC arbitrage Asset Management SA and ABC arbitrage Asset Management Asia Pte Ltd continued to operate in line with expectations and maintained their management fees at the same level as for 2021.
- ABCA Funds Ireland Plc, an Alternative Investment Fund, had €354 million in assets on 30 June 2022 compared with €358 million on 31 December 2021:
  - The ABCA Opportunities fund, designed to partially disconnect itself from volatility, achieved a negative performance of nearly -5% in H1 2022. This relative underperformance (to be compared with the major international de-correlations following the war in Ukraine) remains very limited in view of the context. Indeed, the main stock market indices for the half-year were strongly negative. For example, the performance of the CAC 40 is -17% and that of the S&P 500 (USD) is -20% for the first half of 2022.
    Finally, it should be noted that the ABCA Opportunities fund has returned to positive performance levels since June 30 (+2.6% for the month of July alone).
  - The ABCA Reversion fund, designed to take advantage of volatility, had a sub-par start to the year. ABCA Reversion had to navigate unfavorable conditions which, despite volatility above its historical average, showed

decorrelation between the different geographical zones. The relative underperformance of ABCA Reversion over the first half of the year amounted to nearly -6%. However, the return to positive performance rates after the close (+0.6% for July 2022 alone) validates the fund's defensive profile. In particular, we recall the demonstration made in 2020 of its qualities in a complex environment.

- Quartys Limited, a financial instruments trading company, ended the first half of the year with a net profit of 16 million euro, compared with a net loss of 12 million euro in the first half of 2021. This difference is entirely due to the change in transfer pricing policy mentioned in §1, Highlights of the consolidated financial statements (exceptional event).

Client assets amount to €438 million at September 1, 2022.

2. Dividend Policy

On the proposal of the Board of Directors, in line with the implementation of a quarterly distribution policy, ABC arbitrage will pay two interim dividends (one before October 31, 2022, the other before December 31, 2022) in the amount of 0.10 euro per share.This decision has been taken in recognition of the fact that this will in no way hinder the group's development needs.

Taking into account the shares comprising the share capital existing on the date of the Board of Directors' meeting called to approve the half-year financial statements, these payments each represent a maximum total sum of 5,960,888 euros. These two distributions will be made from distributable profit (including retained earnings).

The schedule for the first payment is as follows:
- date of detachment: Tuesday, October 11, 2022.
- payment: Thursday, October 13, 2022.

The schedule for the second payment is as follows:
- date of detachment: Tuesday, December 6, 2022,
- payment: Thursday, December 8, 2022.

The sum of these two amounts is identical to the payment made at the end of the year for many years. Identified as a high-yield stock, the distributions during the year 2022 will represent a return of nearly 5.6% based on the share price as of December 31, 2021.

3. Outlook

The year 2022 seems to outline the end of the central bank paradigm established since 2012. The size of their balance sheets is still very significant and the ECB's anti-fragmentation stance confirms for the time being the durability of their strong presence in the market ecosystem. The war in Ukraine and the inflationary tensions resulting from past central bank interventions and catalyzed by this war are going to be the key issues in the coming months. The level of volatility, which has been hovering above its historical average since February 2022, illustrates this situation. This volatility allows most of the strategies deployed by the group to produce historically high performance. Nevertheless, geographical decorrelation remains difficult to manage for some of our strategies, in particular for the ABCA Reversion fund. Although performance was significantly better than the financial indices, it was still below the group's expectations in such a context. This, combined with legitimate investor apprehension in this type of situation, makes it unlikely that the ambitions of the "ABC 2022" strategic plan in terms of new assets under management will be achieved.
The group's strong expertise in this type of context should enable the ABCA Reversion and ABCA Opportunities funds to come back to satisfactory levels of performance in the coming months and thus favor a resumption of growth in assets under management. As of September 1, 2022, the average monthly activity rate is thus comparable to that of fiscal year 2021, despite the prohibition of working on Russian stocks and the overall decline in M&A activity. The year 2022 represents the end of the ABC 2022 strategic plan in a context of turbulent markets.
Market parameters should help us finalize the majority of our objectives while maintaining our investments to begin the launch of the next strategic plan to be announced in March 2023.

Balance sheet - assets

In EUR thousand	Note	June 30, 2022 IFRS	Dec. 31, 2021 IFRS
Intangible assets	3.1	41	99
Right-of-use assets - IFRS 16	3.1	4,887	5,385
Property and equipment	3.1	1,015	1,166
Non-current financial assets	3.2	647	630
Deferred tax assets		43	269
Total non-current assets		**6,634**	**7,550**
Financial assets at fair value through profit or loss	3.4	149,065	133,986
Other accounts receivable	3.6	17,723	25,410
Current tax assets		-	-
Cash and cash equivalents		15,601	18,252
Total current assets		**182,388**	**177,649**
TOTAL ASSETS		**189,023**	**185,199**

Balance sheet - liabilities

In EUR thousand	Note	June 30, 2022 IFRS	Dec. 31, 2021 IFRS
Paid-up share capital		954	949
Additional paid-in capital		41,441	39,752
Retained earnings		101,845	91,285
Interim dividend		-	-
Net income		16,216	28,038
Total equity attributable to equity holders	3.3	**160,456**	**160,024**
Provisions	3.7	-	-
Lease liability - IFRS 16 > 1 Y		3,967	4,255
Non-current liabilities		**3,967**	**4,255**
Financial liabilities at fair value through profit or loss	3.4	1	1
Other liabilities Lease liability - IFRS 16 < 1 Y		932	1,133
Other liabilities	3.6	18,235	14,355
Taxes payable		5,431	5,431
Non-current liabilities		**24,600**	**20,920**
TOTAL EQUITY AND LIABILITIES		**189,023**	**185,199**

Statement of income

In EUR thousand	Note	June 30, 2022 IFRS	June 30, 2021 IFRS
Net gain/loss on financial instruments at fair value through profit or loss	**4.1**	16,028	(11,512)
Investments service fees	**4.2**	14,911	46,585
Other revenues	**4.3**	619	150
Administrative expenses	**4.4**	(3,625)	(3,083)
Taxes and duties		(1,081)	(761)
Payroll costs	**4.5**	(9,813)	(10,633)
Depreciation and amortisation expense		(319)	(358)
Depreciation and amortisation expense - IFRS 16		(498)	(509)
OPERATING INCOME		**16,222**	**19,878**
Provision expense	**4.6**	-	-
Interest expense - IFRS 16		(30)	(6)
INCOME BEFORE TAX		**16,192**	**19,872**
Current taxes	**4.7**	(0)	(3,097)
Deferred taxes		24	64
NET INCOME		**16,216**	**16,839**
Attributable to equity holders		16,216	16,839
Attributable to minority interests		-	-
Number of ordinary shares		*59,608,879*	*58,512,053*
Earnings per ordinary share in EUR		*0.27*	*0.29*
Diluted earnings per ordinary share in EUR		*0.27*	*0.28*

Statement of comprehensive income

In EUR thousand	Note	June 30, 2022 IFRS	June 30, 2021 IFRS
Net income		16,216	16,839
Change in foreign exchange		-	-
Remeasurement of available-for-sale assets		-	-
Income tax		-	-
Total other comprehensive income		**-**	**-**
NET INCOME AND OTHER COMPREHENSIVE INCOME		16,216	16,839
Attributable to equity holders		16,216	16,839
Attributable to minority interests		-	-

ABC arbitrage ■ Statement of changes in equity

In EUR thousand	Paid-up share capital	Equity instruments and related reserves	Elimination of treasury shares	Retained earnings and net income	Total equity attributable to equity holders	Total equity
At December 31, 2020	**936**	**47,517**	**(2,545)**	**108,123**	**154,031**	**154,031**
Issue of shares	5	1,728	-	-	1,734	**1,734**
Elimination of treasury shares	-	-	1,981	-	1,981	**1,981**
Appropriation of 2020 net income	8	2,350	-	(15,702)	(13,345)	**(13,345)**
2021 interim dividend	-	(11,843)	-	-	(11,843)	**(11,843)**
Share-based payments	-	-	-	(572)	(572)	**(572)**
Net income for the year 2021	-	-	-	28,038	28,038	**28,038**
At December 31, 2021	**949**	**39,752**	**(563)**	**119,887**	**160,024**	**160,024**
Issue of shares	4	1,689	-	-	1,694	1,694
Elimination of treasury shares	-	-	(3,487)	-	(3,487)	(3,487)
Appropriation of 2021 net income	-	-	-	(11,881)	(11,881)	(11,881)
2022 interim dividend	-	-	-	-	-	-
Share-based payments	-	-	-	(2,110)	(2,110)	(2,110)
Net income for 1st semester 2022	-	-	-	16,216	16,216	16,216
At June 30, 2022	**954**	**41,441**	**(4,050)**	**122,112**	**160,456**	**160,456**

In EUR thousand	Note	June 30, 2022 IFRS	Dec. 31, 2021 IFRS
Net income		**16,216**	**28,038**
Net allocations to provisions		-	-
Net allocations to depreciation and amortisation	**3.1**	319	723
Depreciation and amortisation expense - IFRS 16	**3.1**	528	1,025
Change in deferred taxes		(24)	(156)
Share-based payments - IFRS 2	**3.3.1**	80	806
Net cash provided by operations before changes in working capital		**17,119**	**30,436**
Changes in working capital		**(3,510)**	**3,614**
Net cash provided by operating activities		**13,609**	**34,050**
Net cash used by investing activities		**(127)**	**(707)**
Leases - IFRS 16	**3.1**	(488)	(992)
Interest expense on debt related to leasing activities - IFRS 16	**3.1**	(30)	(13)
Net cash provided by capital transactions	**3.3**	1,694	1 734
Dividends paid	**3.3**	(11,881)	(25,188)
Incoming share-based payments	**3.3**	4,959	3,607
Share-based payments expenses	**3.3**	(10,386)	(3,007)
Net cash used by financing activities		**(16,133)**	**(23,859)**
Net change in cash and cash equivalents		**(2,651)**	**9,484**
Cash and cash equivalents, beginning of period		18,252	8,767
Cash and cash equivalents, enf of period		15,601	18,252

1. Accounting principles and policies

The condensed half-year consolidated financial statements of the ABC arbitrage Group for the six-month period ended 30 June 2022 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union as at 30 June 2022. In particular, the Group's half-year consolidated financial statements have been prepared and are presented in accordance with the provisions of IAS 34 "Interim Financial Reporting".

In accordance with the above-mentioned provision, only a selection of explanatory notes are included in these condensed financial statements. These condensed half-year consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended 31 December 2021, as presented in the Annual Financial Report filed with the AMF on April 29, 2022.

The Group has applied the new standards, amendments and interpretations adopted by the European Union that are compulsory as of January 1, 2022.

Preparation of the financial statements requires ABC arbitrage Group to make estimates and assumptions, which could have an impact on the amounts at which assets, liabilities, income and expenses are stated. The estimates, and the assumptions underlying them, have been made on the basis of other factors considered to be reasonable in the circumstances. They thus serve as the basis for the judgment made in determining the carrying amounts of assets and liabilities that could not be determined directly from other sources.

The definitive amounts that will be stated in ABC arbitrage Group's future financial statements may be different from the amounts currently estimated. These estimates and assumptions are reviewed on a continuous basis.

As the Group's activities are not seasonal or cyclical in nature, the results for the first half of the year are not affected in this way.

The financial statements are presented in thousands of euros (unless otherwise stated), and include the balance sheet, income statement, statement of comprehensive income, statement of changes in equity, cash flow statement and notes.

Highlights of the first half :

The first half of 2022 has been impacted since February 24 by the war in Ukraine.
ABC arbitrage closed out all residual exposures with a Russian counterparty at the beginning of the half-year, with no significant impact on the period's results. ABC arbitrage remains vigilant regarding the economic impact of the conflict and the repercussions on the financial markets (see §5.1 "Market risks").

2. Consolidation principles

ABC arbitrage, ABC arbitrage Asset Management and ABC arbitrage Asset Management Asia are fully consolidated.

Company	Country	% interest	Consolidation method
ABC arbitrage	France	Parent company	Fully consolidated
ABC arbitrage Asset Management	France	100,0%	
ABC arbitrage Asset Management Asia	Singapore	100,0%	

ABC arbitrage Asset Management and ABC arbitrage Asset Management Asia are the Group's asset management companies.

In light of the exception to consolidation introduced by IFRS 10 "Consolidated financial statements" (see note 1 of financial statements as at 31 december 2021), ABC arbitrage's interest in ABCA Funds Ireland and Quartys Limited is presented under financial assets at fair value through profit or loss.

As a reminder, ABC arbitrage Asset Management also signed a management mandate with a new professional client for 45 million in early May 2021. As of June 30, 2022, 38 million euros were thus added to client assets.

The interest percentage is as follows:

Company	Country	% interest	Consolidation method
Quartys Limited	Ireland	100.0%	Fair value based on net asset value
ABCA Opportunities Fund	Ireland	63.59%	
ABCA Reversion Fund	Ireland	9.67%	

Quartys Limited trades in financial instruments.

ABCA Funds Ireland plc was incorporated in Ireland in 2011 and established as an umbrella fund with segregated liability between sub-funds:

- At 30 June 2022, ABCA Opportunities Fund had €60 million of funds under management.
- At 30 June 2022, ABCA Reversion Fund had €318 million of funds under management.

Due to cross-holdings, ABCA Funds Ireland had total assets of €354 million.

3. Notes to the balance sheet

3.1. Intangible assets and property and equipment

Gross value

In EUR thousand	Gross Value Dec. 31, 2021	Acquisitions	Retirements/disposals	Gross Value June 30, 2022
Concessions and similar rights	483	7		490
Right-of-use assets - IFRS 16	7,382		(1,860)	5,522
Equipment, fixtures and fittings	1,392			1,392
Vehicules	-			-
Office and computer equipment, furniture	5,303	103		5,406
Total Gross Value	**14,560**	**110**	**(1,860)**	**12,810**

Amortisation and depreciation

In EUR thousand	31/12/2021	Increases	Decreases	30/06/2022
Concessions and similar rights	(384)	(64)	-	(449)
Right-of-use assets - IFRS 16	(1,997)	(498)	1,860	(635)
Equipment, fixtures and fittings	(1,350)	(15)	-	(1,364)
Vehicules	-			-
Office and computer equipment, furniture	(4,179)	(240)	-	(4,419)
Total	**(7,910)**	**(817)**	**1,860**	**(6,867)**

Intangible assets are amortised and property and equipment are depreciated over their estimated useful lives. Amortisation and depreciation expense for the year are reported in the income statement under "*Depreciation and amortisation expense*".

The application, as at 1 January 2019, of IFRS 16 using the simplified retrospective method results in the recognition in the balance sheet of user rights attached to leases entered into by the Group. As at 30 June 2022, these consist of the occupied premises. The counterpart of these rights of use is recorded as long-term and short-term financial debt.

As a reminder, as stated in paragraph 1.1.2 of the consolidated financial statements for the year 2021, ABC arbitrage entered into a new commercial lease as a tenant at the beginning of 2022, concerning the premises located at 18 rue du 4 septembre, 75002 Paris, for a period of 6 years (effective January 1., 2022). An asset corresponding to the IFRS 16 right of use was recognized at the end of 2021 (for €5.2 million) in exchange for a rent liability (the discount rate used to measure the rent liability is 1.03%). Amortization of the right of use amounts to €436,000 for the first half of 2022.

3.2. Other non-current financial assets

At 30 June 2022, this item included €647 thousand in guaranteed deposits and securities.

3.3. Financial assets/liabilities at fair value through profit or loss

At 30 June 2022, the allocation of financial instruments held as assets or liabilities of the Group measured at fair value through the fair value hierarchy as described in Note 1.2 to the financial statements at 31 December 2021 is as follows:

In EUR thousand	Quoted prices in active markets for identical assets or liabilities (Level 1)	Inputs other than quoted prices level 1 that are observable for the asset or liability, either directly or indirectly (Level 2)	Unobservable inputs for the asset or liability (Level 3)	Total
Financial assets at fair value through profit or loss	25	149,040	-	**149,065**
Financial liabilities at fair value through profit or loss	(1)	-	-	**(1)**

Financial assets at fair value through profit or loss classified in Level 2 correspond to the investments in Quartys Limited and the ABCA Funds Ireland Plc sub-funds. These investments are not consolidated, but are measured at fair value through profit or loss, in accordance with IFRS 10 (see Note 1 to the financial statements as at 31 December 2021). These items are classified in Level 2 as the value of the units is not directly observable in an active market, but their net assets comprise exposures to Level 1 financial instruments quoted on active markets, whose prices are directly observable.

There were no transfers between the various levels of the hierarchy during the first semester 2022.

Details of Financial instruments to be received and delivered are provided in note 5 "Risks factors".
Cash reserves earn interest at variable rates (which may be negative) indexed to benchmark market rates.

3.4. Guarantees given

Most financial instruments recorded under "*Financial assets at fair value through profit or loss*" have been given as collateral to the institutions that provide the financing, as specified in note 5.2 to the financial statements as at 31 December 2021.

3.5. Other receivables and payments

The terms of receivables and payables are presented in Note 5.3 Liquidity risk below.

In EUR thousand	Other receivables	Other payables
Trade receivables / payables	14,127	(1,195)
Accrued income / expenses	2,621	(8,533)
Accrued taxes and payroll costs	974	(8,507)
Total at June 30, 2022	**17,723**	**(18,235)**
Total at December 31, 2021	*25,410*	*(14,355)*

Accrued expenses comprise €5.9 million of dividends following the decision of the Annual General Meeting of 10 June 2022.The ex-dividend date is scheduled for July 5 for an effective payment on July 7, 2022.

Tax receivables mainly comprise corporate income tax, and dividend tax credits.

Accrued taxes correspond mainly to performance-based remuneration payable to employees, incentive compensation and amounts due to social security organizations.

Trade payables are generally payable within thirty days from the end of the month.

3.6. Consolidated equity

3.6.1. Share-based payment – Ambition 2016 and Step-up 2019 incentive program

Performance Share incentive programme :

Name of the plan	Plan	Acquisition Date	Acquisition Period	Number of shares allocated at the beginning of the plan	Effective acquisition date for granted shares	Number of shares to be granted	Number of shares definitely granted
APE-3.1/2018	Step-up 2019	15/06/2018	2	10,000	2020	0	4,523
APE-3.2/2018	Step-up 2019	15/06/2018	3	10,000	2021	0	6,873
APE-3.3/2018	Step-up 2019	15/06/2018	4	10,000	2022	0	6,903
APE-3.1/2019	Step-up 2019	14/06/2019	2	30,000	2021	0	28,482
APE-3.2/2019	Step-up 2019	14/06/2019	3	30,000	2022	0	25,260
APE-3.3/2019	Step-up 2019	14/06/2019	4	30,000	2023	30,000	Pending
APE-1.1/2020	ABC 2022	17/09/2020	2	40,000	2022	0	40,000
APE-3.1/2021	ABC 2022	11/06/2021	2	25,000	2023	25,000	Pending
APE-3.2/2021	ABC 2022	11/06/2021	3	25,000	2024	25,000	Pending
APE-3.3/2021	ABC 2022	11/06/2021	4	25,000	2025	25,000	Pending
APV-4.1/2021	ABC 2022	11/06/2021	2	134 837	2022	0	123 241*
APE-3.1/2022	ABC 2022	10/06/2022	3	110 000	2025	110 000	Pending
APV-4.1/2022	ABC 2022	10/06/2022	2	10 260	2022	10 260	Pending
Total if applicable	**N/A**	**N/A**	**N/A**	**490,097**	**N/A**	**225,260**	**235,282**

* Taking into account the condition of presence and the results achieved during the period, the number of shares that should be definitively allocated by the end of the 3rd quarter of 2022.

Stock options subscription programme :

Name of the plan	Plan	Acquisition Date	Acquisition period	Number of shares allocated	Exercise period start date	Options expired Date	Exercise adjusted price	Number of options to be granted	Number of unexercised options
SO-2.1/2017	Step-up 2019	16/06/2017	2	276,000	2019	30-june-2023	5.0714	0	50,403
SO-2.2/2017	Step-up 2019	16/06/2017	3	276,000	2020	30-june-2023	5.3825	0	84,693
SO-2.3/2017	Step-up 2019	16/06/2017	4	276,000	2021	30-june-2023	5.7156	0	125,807
SO-1.1/2018	Step-up 2019	15/06/2018	2	155,000	2020	30-june-2024	5.9122	0	20,736
SO-1.2/2018	Step-up 2019	15/06/2018	3	155,000	2021	30-june-2024	5.9122	0	64,928
SO-1.3/2018	Step-up 2019	15/06/2018	4	155,000	2022	30-june-2024	6.1994	0	82,836
Total if applicable	**N/A**	**N/A**	**N/A**	**1,293,000**	**N/A**	**N/A**	**N/A**	**0**	**429,403**

No shares will vest if net income is less than €12 million a year and they will vest progressively thereafter on a linear basis.
For example, for the plan APE-3/2021, if net income is €20 million a year over the entire period, 44% shares will vest and if net income is €25 million a year over the entire period, 72% shares will vest.

The expense related to the plans granted is spread over the vesting period. The corresponding amount recognised in equity is calculated on the basis of the overall plan value determined on the date of grant by the Board of Directors.

In accordance with IFRS 2, an expense of €96 thousand, calculated on the basis of the estimated probable number of shares in the various programs mentioned above, was therefore recognised in the first half of 2022 (compared with €980 thousand in 2021 and €255 thousand in the first half of 2021). This expense is related both to the initiation of new programs and to the progress of existing programs and the results achieved.

The loss realized on share buybacks used during the first half of 2022 amounted to €1,940 thousand (compared with €1,272 thousand in 2021 and €810 thousand in the first half of 2021).

3.6.2. Dividends distribution

The Annual Shareholders' Meeting of June 10, 2022 approved a 2021 final dividend of €0.10 per share.
Taking into account the two payments of €0.10 per share each made in October and December 2021, plus an interim dividend paid in April, 2022, the total distribution for fiscal year 2021 therefore amounts to €0.40 per share.

The detachment of 0.10 euro per ordinary share took place on July 5, 2022, with payment on July 7, 2022.
0.10 per ordinary share was detached on July 5, 2022 and paid on July 7, 2022. The balance of the dividend was paid in cash only and was taken in full from net income for the year 2021.

As of June 30, 2022, the share capital amounted to 953,742 euros divided into 59,608,879 ordinary shares with a par value of €0.016 each (as a reminder, the capital at December 31, 2021 was composed of 59,328,039 shares).
Two consecutive capital increases were carried out during the first half of 2022:

- A first increase was approved by the Board of Directors on April 30, 2022 following the exercise of **180,320 stock options** that could not be exercised via treasury shares;
- A second increase was approved by the Board of Directors on May 6, 2022. The employees and managers of the Group who are members of the company savings plan had the possibility to request the acquisition of ABC arbitrage shares, which resulted in the creation of **100,520 new ABC arbitrage shares**.

3.6.3. Treasury stock

During the first half of 2022, ABC arbitrage sold 75,920 shares under the market-making agreement with Kepler Cheuvreux, at an average price of €7.28. At the same time, 93,967 have been repurchased.

The 60,028 shares held in treasury at December 31, 2021 were used in full for share-based payments.
During the first half of 2022, 72,163 performance shares were granted and 840,886 stock options were exercised.

At June 30, 2022, ABC arbitrage held 584,815 of its own shares, acquired at a total cost of €4,050 thousand (at December 31, 2021, the company held 79,362 of its own shares, acquired at a total cost of €563 thousand).

In accordance with IFRS, treasury stock is deducted from equity.

3.7. Provisions

In EUR thousand	
Total provisions at December 31, 2021	0
Provisions used in S1 2022	0
Provision reversal in S1 2022	0
Charge to provisions in S1 2022	0
Total provisions at June 30, 2022	0

The activities carried out by ABC arbitrage Group companies have a very broad international scope, either directly or indirectly on behalf of third parties. As a result, each subsidiary is constantly exposed to the uncertainties and changes in the tax and regulatory environment of the countries where it is domiciled. The Group monitors these risks (in particular those relating to transfer prices, withholding taxes, taxes and duties on transactions) and regularly assesses them at fair value in accordance with current accounting principles. In this respect, no provision has been recorded in the accounts as of June 30, 2022.

4. Notes to the statement of income

4.1. Net gains on financial instruments at fair value through profit or loss

Net gains on financial instruments at fair value through profit or loss amounted to €+16,028 thousand at June 30, 2022 versus €-11,512 thousand at June 30, 2021. The difference is directly related to the implementation of the new Transfer Pricing Policy in 2021.[1]

Net gains on financial instruments at fair value through profit or loss include all incomes, expenses and costs directly related to the trading business, namely:

- ⇨ dividends and manufactured dividends;
- ⇨ gains and losses on disposal of Financial Instruments at fair value through profit or loss;
- ⇨ changes in fair value of Financial Instruments held or due;
- ⇨ interest income and expenses;
- ⇨ financial Instrument securities carrying or lending costs;
- ⇨ foreign exchange gains and losses;
- ⇨ the net gains at fair value through profit or loss of Quartys Limited and the ABCA Funds Ireland Plc sub-funds recognised in accordance with IFRS 10; and
- ⇨ any other transaction related to revenues or expenses.

4.2. Investment services fees

Investment services fees amounted to €14,911 thousand at June 30, 2022. On June 30, 2021, they amounted to €46,585 thousand.

Investment services fees relate to the services invoiced by the Group's management companies to Quartys Limited and ABCA Funds Ireland Plc. and the management agreement. As a reminder, the financial statements at June 30, 2021 include additional invoicing of 34.6 million euros related to the modification of the TPP for the years 2015 to 2020 ((see §1. Highlights of the first half" of the notes to the 2021 consolidated financial statements).

Furthermore, and as a reminder, in accordance with IFRS 15 - relating to revenue cognition and applicable to financial years beginning on or after January 1, 2018 - performance fees cannot be recognised in the half-year financial statements. Indeed, these performance fees, since they are not crystallized, are subject to various factors such as market volatility which prevent the conclusion that it is highly probable that a cancellation of this income cannot occur.

4.3. Other revenue

Other revenue comprises revenue from subletting premises and administrative services amounted to €619 thousand versus €150 thousand at June 30, 2021.

4.4. Administrative expenses

Administrative expenses principally comprise data mining and processing costs, together with administrative and communications costs.

This amounted €3,625 thousand at June 30, 2022 versus €3,083 thousand at June 30, 2021.

4.5. Payroll costs

The Group's average number of employees increased slightly to 90 in the first half of 2022.

Fixed and variable salaries, as well as profit-sharing and incentive schemes, amounted to €7,524 thousand (compared to €7,987 thousand at 30 June 2021), social security contributions decreased to €2,290 thousand (compared to €2,647 thousand at 30 June 2021).

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[1] As a reminder, during 2021 the Group has agreed with the French tax authorities to modify the characteristics of its Transfer Pricing Policy ("TPP"). This change in the TPP will make it more difficult to compare net gains on financial instruments measured at fair value through profit or loss and management fees in the income statement between the first half of 2021 and the first half of 2022. In 2021, the additional billing for services rendered in the years 2015 to 2020 will increase the Management fees item by €34.6 million and reduce the Net gains on financial instruments measured at fair value through profit or loss by the same amount. (see § "§1. Highlights of the first half" in the notes to the 2021 consolidated financial statements).

Payroll-based taxes rose to €505 thousand (€467 thousand at 30 June 2021).
For information, in view of the excellent performance achieved this half-year, the amount of performance-based remuneration provisioned for the first half of 2022 amounts to €4.6 million (including social security charges) compared to €6.2 million (including social security charges) in the first half of 2021.

The Group does not provide any post-employment benefits (supplementary pensions or health insurance). Other long-term benefits are provided under defined contribution plans, which do not give rise to a future liability as the Group's only obligation is to make regular contribution payments.

4.6. Provision expense

Provision income is equal to 0 at June 30, 2022 (as in the first half of 2021).

4.7. Corporate income tax

Taking into account the exception to the consolidation principle established by IFRS 10 "Consolidated financial statements", the income tax expense of companies whose consolidation method is the "net asset value at fair value" no longer appears on a specific line but is directly included in the item "Net gains on financial instruments measured at fair value through profit and loss".

5. Risk factors

The Group is exposed to the same risks as those described in the notes to the consolidated financial statements for the year ended 31 December 2021.

Exposures recorded as financial assets and liabilities at fair value through profit or loss break down as follows:

In EUR thousands	a. Gross carrying amount (before netting)	b. Gross amounts netted in the balance sheet	c. Net carrying amount [a-b] at June 30, 2022	Financial assets at June 30, 2022	Financial assets at Dec. 31, 2021
Non-derivative financial instruments	720,654	(408,773)	311,881		
Derivatives	13,120	(56,434)	(43,314)		
Unlisted Derivatives	528,845	(763,140)	(234,296)		
Financial assets at fair value through profit or loss	66,547	-	66,547		
Total long positions	**1,329,165**	**(1,228,347)**		**149,065**	**133,986**
Cash and margin accounts	58,153	(399,936)	(341,783)		
Currencies derivatives - Listed	59,939	(0)	59,939		
Currencies derivatives - Non listed	331,696	(1,607)	330,090		

In EUR thousands	a. Gross carrying amount (before netting)	b. Gross amounts netted in the balance sheet	c. Net carrying amount [a-b] at June 30, 2022	Financial liabilities at June 30, 2022	Financial liabilities at Dec. 31, 2021
Non-derivative financial instruments	-	-	-		
Derivatives	-	-	-		
Unlisted Derivatives	-	-	-		
Total short positions	**-**	**-**		**(1)**	**(1)**
Cash and margin accounts	-	(1)	(1)		
Currencies derivatives - Listed	-	-	-		
Currencies derivatives - Non listed	-	-	-		

In EUR thousands	a. Gross carrying amount (before netting)	b. Gross amounts netted in the balance sheet	c. Net carrying amount [a-b] at June 30, 2022	Financial assets & liabilities at June 30, 2022	Financial assets & liabilities at Dec. 31, 2021
Non-derivative financial instruments	720,654	(408,773)	311,881		
Derivatives	13,120	(56,434)	(43,314)		
Unlisted Derivatives	528,845	(763,140)	(234,296)		
Financial assets at fair value through profit or loss	66,547	-	66,547		
Total	**1,329,165**	**(1,228,347)**		**149,063**	**133,985**
Cash and margin accounts	58,153	(399,937)	(341,784)		
Currencies derivatives - Listed	59,939	(0)	59,939		
Currencies derivatives - Non listed	331,696	(1,607)	330,090		

a. Long Trading Exposures means that the Group has acquired an interest in the increase in the price of a Financial Instrument.
b. Short Trading Exposures means that the Group has acquired an interest in the decrease in the price of a Financial Instrument.

The breakdown of the geographical exposures is detailed as follows:

Fiscal year	30/06/2022	31/12/2021	31/12/2020
Asia	**8%**	**7%**	**9%**
Europe	**39%**	**42%**	**45%**
USA	**42%**	**42%**	**38%**
Other markets	**11%**	**9%**	**8%**
Total	**100%**	**100%**	**100%**

This geographic analysis is determined using the absolute value of the exposures at the reporting date, broken down by financial market, with the latter grouped by geographic area.

5.1. Market risks

The risk is never related to an unfavourable movement in market prices, for example, a stock market crash, but can arise from an unfavourable event related to one of the above operations. By definition, the risks on arbitrage models are not interdependent. The Group hedges risks by spreading them across the greatest possible number of transactions, financial instrument types and geographic areas.

As at 30 June 2022, the aggregate VaR of the Trading Exposures of the Group was €2.8 M. The parameters of calculation are a level of confidence of 99%, a “one year historical” methodology and a holding duration of 1 day.

At June 30, 2022, a 2% rise (fall) in the euro against all currencies would, all other things being equal, have increased (decreased) net assets by €68 thousand.

5.2. Credit and counterparty risk

The Group manages this counterparty risk through the use of industry standard master agreements (netting and collateral agreements), by closely monitoring counterparties' credit ratings on a daily basis and a diversification of its banking relationships to spread risk while weighing up the pricing benefits of concentration on larger-scale relationships.

The maximum exposure to credit risk is included in the net amounts for financial instruments (note 5).

5.3. Liquidity risks

The Group's actual Trading Positions, taking into account existing agreements with Counterparties, are constantly monitored to ensure that the Group benefits from considerable flexibility in conducting its business as well as substantial liquid reserves. In addition, given the highly liquid nature of the Trading Positions, the Group can alleviate the need for Collateral by reducing the volume of Trading Positions.

At June 30, 2022, the liquidity position is as follows:

In EUR thousand	Less than one month	One to three months	Three to twelve months	More than twelve months	Total
Financial assets at fair value through profit or loss*	25	140,777	-	8,263	149,065
Other receivables	2,944	13,820	958	-	17,723
Deferred tax assets	-	-	-	-	-
Cash and cash equivalents	15,601	-	-	-	15,601
Total current assets	**18,570**	**154,597**	**958**	**8,263**	**182,388**
Financial liabilities at fair value through profit or loss	(1)	-	-	-	(1)
Other liabilities	(8,788)	(3,198)	(6,237)	(13)	(18,235)
Current tax liabilities	-	-	(5,431)	-	(5,431)
Short-term borrowings	-	-	-	-	-
Total liabilities	**(8,789)**	**(3,198)**	**(11,668)**	**(13)**	**(23,668)**
Net balance	**9,781**	**151,399**	**(10,710)**	**8,250**	**158,720**

**Financial assets at fair value through profit or loss classified as between one and three months correspond to the investments in Quartys Limited and the ABCA Funds Ireland Plc sub-funds, which are shown at fair value in accordance with IFRS 10, since ABC arbitrage is unable to recover their value in less than one month. By contrast, the net assets of these companies are mainly composed of exposures to Level 1 financial instruments traded on active markets and convertible into cash in much less than one month.*

5.4. Operational risk

This risk is managed upstream by ensuring that position taking is guided by written procedures and a rigorous internal control process. However, these procedures and controls cannot provide absolute assurance that operational losses will not occur and due care is taken at all times as this is a structural risk in the arbitrage business.

At June 30, 2022, losses due to operational incidents represented 1.29% of revenues (versus 0% at 30 June 2021).

DELOITTE & ASSOCIES

ERNST & YOUNG et Autres

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

ABC arbitrage

Period from January to June 30, 2022

Statutory auditors' review report

on the half-yearly financial statements

DELOITTE & ASSOCIES
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572 028 041 RCS Nanterre

Société de Commissariat aux Comptes inscrite à la Compagnie Régionale de Versailles et du Centre

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S.A.S. à capital variable
438 476 913 R.C.S. Nanterre

Société de Commissariat aux Comptes inscrite à la Compagnie Régionale de Versailles et du Centre

ABC ARBITRAGE

Period from January to June 30,2022

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

To the Shareholders,

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

- the review of the accompanying condensed half-yearly consolidated financial statements of ABC arbitrage, for the period from 01/01/2022 to 30/06/2022.
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the board of directors . Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

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

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

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

2. Specific verification

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

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

Paris-La Défense, September 23, 2022

The Statutory Auditors
French original signed by

DELOITTE & ASSOCIES	ERNST & YOUNG et Autres
Pascal Colin	François Holzman

ABC arbitrage — Statement by the person responsible for the First-Half Financial Report 2022

I hereby certify that, to the best of my knowledge, the condensed consolidated financial statements for the past six months have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, financial position and results of ABC arbitrage Group, and that the half-yearly activity report presents a true and fair view of the information referred to in Article 222-6 of the General Regulations of the Autorité des Marchés Financiers.

Dominique CEOLIN
President - Chief Executive Officer