







ANNUAL FINANCIAL REPORT Year 2022

18, rue du Quatre Septembre
75002 Paris – France
Email: abc@abc-arbitrage.com
Website : www.abc-arbitrage.com

**ABC arbitrage
Group**



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Disclaimer

This annual 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.

Société ABC arbitrage

Société anonyme au capital de 949 248,62 €
Siège social : 18 rue du Quatre Septembre, 75002 Paris
400 343 182 RCS Paris

Tel. : 33 (0)1 53 00 55 00

Fax : 33 (0)1 53 00 55 01

Email : abc@abc-arbitrage.com

Website : <http://www.abc-arbitrage.com/>



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Management report

ABC arbitrage
Group



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In accordance with [the article L225-100-1 of the French Commercial Code](#), this management report contains the following information :

An objective and exhaustive analysis of the development of the business, the results and the financial situation of the company, in particular its debt situation, with regard to the volume and complexity of the business.	<u>Paragraphs :</u> 1. Business review 1.1 Group activity and profitability 1.2. Activity and statutory accounts
To the extent necessary to understand the development of the business, the results or the situation of the company, the key performance indicators of a financial nature and, where applicable, of a non-financial nature relating to the specific activity of the company, including information on environmental and personnel matters.	<u>Paragraph :</u> 1.1. Group activity and profitability Report 2022 "Non-financial information provided voluntarily" section of the annual financial report
A description of the main risks and uncertainties facing the company.	<u>Paragraph :</u> 3.3. Risk management
When relevant to the measurement of its assets, liabilities, financial condition and profit or loss, indications of its objectives and policy regarding hedging of each major category of planned transactions for which hedge accounting, as well as its exposure to price, credit, liquidity and treasury risks is used. These indications include the company's use of financial instruments.	<u>Paragraph :</u> 3.3. Risk management Consolidated financial statements - § 5. risk factors

1. Business review

1.1 Group activity and profitability

Key consolidated figures for 2022 are presented below:

In EUR million	Dec. 31, 2022 IFRS	Dec. 31, 2021 IFRS	Change
Advisory revenues	-	-	na
Investment Services Fees(1)	27.4	59.9	-54.2%
Net gains at fair value through profit or loss	33.8	4.2	700.5%
Net revenues	61.2	64.1	-4.6%
Payroll costs	(22.9)	(20.7)	10.6%
Occupancy costs	(1.4)	(1.4)	-2.7%
Other expense	(7.2)	(6.4)	12.0%
Other taxes	(0.7)	(0.3)	140.3%
Total costs	(32.1)	(28.8)	11.5%
Income before tax	29.1	35.4	-17.7%
Net income attributable to equity holders	29.2	28.0	4.0%

**Investment Services Fees relate to the services that the Group's management companies bill to Quartys Limited and ABCA Funds Ireland Plc.*

IFRS net revenues amounted to €61.2 million and net income to €29.2 million at December 31, 2022, with an increase of +4.2%.

Return on equity (ROE) in 2022 was 18.03%.

In EUR thousand	Dec. 31, 2022 IFRS	Dec. 31, 2021 IFRS
Equity at January 1	160,024	154,031
Equity at December 31	161,655	160,024

Return on equity	18.0%	17.52%
Gross return on equity	37.9%	40.08%

2022 has been a complex year around the world and in the financial markets. The war in Ukraine, very European from an economic point of view, created major international de-correlations across markets, initially leaving the European continent struggling alone. Indeed the US did not react with the same amplitude to this situation perceived as very European. This situation of significant decorrelation between the US and Europe is relatively rare. Ultimately, global inflation tensions, even beyond energy, drove global indices significantly down. Volatility, the main market parameter favorable to the group's activities, was sustainably above its historical average in 2022. Nonetheless, the M&A market suffered, coherently, from this global situation as the main global indices fell by nearly 20% .

In this rare and complex economic context, the Group has once again demonstrated its expertise with a current activity income of € 61.2 million. ABC arbitrage thus achieved one of its best results ever with a ROE of 18.03% in a financial environment still driven by central banks.

The Investment Service fees include services provided by the Group's asset management companies.

They increased from €59.9 million by December 31, 2021, to €27.4 million by December 31, 2022 (-€32.5 million, -54.2%). This is due to the retroactive effect of the update of the Group's transfer pricing policy (see 1. Accounting principles and methods, highlights of the consolidated financial statements), which also mechanically impacted the net fair value gains through profit or loss which reach €33.8 million by December 31, 2022 vs €4.2 million by December 31, 2021.

Personnel expenses still represent the most significant cost, are up 10% in 2022. These costs are up by 10% in 2022. This increase is mainly due to the increase in the workforce (the average headcount having increased by +9%), as well as a slight increase in compensation broadly coming from the slight increase in the performance of the Group between 2021 and 2022.

This increase resulted mainly from an increase of staff growth because in the opposite there is a decline of compensation in a less favorable performance context.

Occupancy costs are stable and the increase in additional expenses is mainly due to the cost of processing and acquiring information flows (optimization of current resources through one-time start-up costs) and external fees .

1.2. Activity and statutory accounts

ABC arbitrage key figures for 2022 are presented in the table below¹ :

In EUR thousand	Dec. 31, 2022 IFRS	Dec. 31, 2021 IFRS	Change
Income	1,613	1,003	60.79%
Operating income	(6,134)	1,826	-435.97%
Financial income	11,256	46,134	-75.60%
Extraordinary income and expense	808	-	N/A
Net Income	5,614	43,409	-87.07%

¹ Cf. French version on ABC arbitrage website.
ABC arbitrage

The decrease in ABC Arbitrage's profit for the year is mainly due to the decrease in its financial income, which in turn is mainly explained by the provision for impairment of the gross value of ABC Arbitrage Asset Management's shares, due to the decrease in net position this year, see § 1.4 below.

1.3. Research & Development activities

The Group has always invested in Research and Development (R&D). In view of the continuing development of the quantitative management industry, the Group decided to further strengthen this area when it implemented the 'ABC 2022' strategic plan presented in March 2020. This development involves recruitment and technological investments to enable the launch of new projects and the optimisation of existing strategies. The main objectives are to develop the Group's management capacity and build new strategies capable of performing better in sustained low-volatility scenarios generated by central bank interventions. This trend is reinforced by the new business plan Springboard 2025 for the 3 years to come, in which, the staff and research efforts will once again increase to continue developing the strategies launched during ABC 2022 and creating new ones to strengthen the group's ability to produce results.

1.4. Subsidiaries and holdings

General Framework:

ABC arbitrage is the leading holding company of the group. For this reason, it provides transverses services (finance and internal auditing, legal, human resources, communication, etc.) to all of its subsidiaries, itself spread around two categories: asset management and financial instruments trading.

ABC arbitrage Asset Management and ABC arbitrage Asset Management Asia are the group's management companies and are detailed below.

- ABC arbitrage Asset Management develops and executes alternative strategies of *Arbitrage* by using quantitative and systematic models, and trades on main listed world markets. The alternative strategies implemented are a combination of several operations designed to make a profit by taking advantage of the only imperfections likely to appear between the different financial markets. Treated products' selection is done by a mechanical and mathematical intervention method, even a statistical one. The resulting positions and/or exposures may shift very quickly over very short cycles.
- ABC arbitrage Asset Management Asia also executes alternative strategies of *Arbitrage* by using quantitative and systematic models. It is also involved in strategies' research and development but to a lesser extent.

The Quartys Limited company does a business of trading of financial instruments. It is a "investment entity" :

- which has obtained funds from its holding company to provide it with investment management services;
- which activity is to mobilize its own funds in order to maximize profitability (returns in the form of capital gains and/or investment income) by mitigating risk taking;
- which evaluates and assesses the performance of all of its investments on the basis of fair value.

Its added value is therefore based on timely risk allocation through the various strategies selected and their calibration as well as on the quality of the service providers selected.

ABC arbitrage's interests in ABCA Funds Ireland and Quartys Limited, on the basis of the exception of IFRS 10 consolidation's principle, are presented within financial assets measured at fair value through profit and loss.

ABCA Funds Ireland Plc is an alternative investment fund created in 2011, incorporated in Ireland, divided into two sub-funds : ABCA Opportunities Fund and ABCA Reversion Fund.

A list of subsidiaries and holdings can be found in note 3.4. to the parent company financial statements.

Focus on the 2022 fiscal year:

At December 31, 2022, ABC arbitrage is furthering its international expansion strategy to take into account the demands of its partner financial institutions as well as competition and regulatory requirements.

ABC arbitrage has no secondary establishment in France or abroad.

Quartys Limited, a financial instruments trading company, has continued to develop its business, diversifying its portfolio's exposure to financial instruments through allocation changes, reviews of risk parameters and the implementation of new quantitative models. Quartys ended the year with a net profit of €33.2 million, compared with €3.7 million in fiscal year 2021. This significant difference is mainly explained by the retroactive effect of the modification of the Group's transfer pricing policy, quoted in §1 of the 2021 consolidated financial statements (*Exceptional events that impacted 2021 results*).

- ABCA Funds Ireland Plc, an alternative investment fund, had assets of €214 million at December 31, 2022, compared with €358 million at December 31, 2021:

- The ABCA Opportunities sub-fund, designed to partially disconnect itself from volatility, is allocated to 51% for Event Driven strategy, to 39% for ABCA Reversion and to 10% for statistical arbitrage strategy. It performed below expectations in the first half of the year, with a rate of -5%. This is mainly due to a negative economic context impacting its Event Driven strategy. This is mainly due to a high rate of new contract agreements which allow to mitigate this underperformance. In the second half of the year, the overall performance of ABCA Opportunities has slightly improved, thanks to positive announcements over Event Driven strategy's several transactions during the 3rd quarter. Its annual performance level is therefore below that of the previous year: -2% vs. +6.95%. This poor performance (must be related to the significant decorrelation following the war in Ukraine) remains limited compared to the overall context.
- The ABCA Reversion sub-fund, designed to take advantage of volatility, is allocated to 44% for its "mean reversion" short term strategy, to 40% for its "mean reversion" middle term strategy, to 14% for its volatility strategy and to 3% for commodities strategy. It had a start of the year below expectations, with a rate of -6% over the first semester. ABCA Reversion had to navigate adverse conditions related to major geographical decorrelations. However this underperformance has been partially offset by ABCA Reversion funds' short term volatility strategies which have done relatively better (taking advantage of the markets' high volatility all along the second semester). 2022 was characterized by statistical inconsistencies, and unusual behaviors for many indices and assets. The ABCA Reversion funds' annual performance remains low and ends with -3.1%, despite a high volatility context effective for its strategies. In fact the priority has been given to capital protection, despite the potential impacts on overall performance.

The Group maintains its ambition to develop a diversified range of investment funds and to increase its inflows. With this in mind, and on the strength of all the research and development work carried out by ABC arbitrage Asset Management and ABC arbitrage Asset Management Asia Pte Ltd, the capacity of the sub-funds of ABCA Funds Ireland Plc has been increased to enable it to accommodate nearly one billion euros.

ABC arbitrage Asset Management, authorized by the French securities regulator (Autorité des Marchés Financiers – AMF), as a portfolio management company for third parties since 2004 (n°GP-04 00 00 67), as a portfolio management company under Directive 2011/61/ EU, referred to as the AIFM since 22 July 2014, (updated and validated on the 6th December of 2017), is the Group's main investment management company, with expertise in alternative investment funds, discretionary management mandates of financial instruments' portfolio, investment strategy advice and trading in financial instruments with qualified investors and professional clients.

On 23 July 2019, the company obtained approval to manage complex financial instruments (extension of approval) and obtained the market passport in France granted by the AMF on 17 September 2019; it also got authorization to market in Switzerland on 17 July 2019.

In 2022, ABC arbitrage Asset Management's revenues increased from K€ 57,678² to K€ 26,452, a significant decrease of nearly 54%. It should be noted that the retroactive effect of the update of the Group's transfer pricing policy³ represented a positive amount of 33,200 K€. (Excluding the retroactive effect, revenues would be K€ 24,089, an increase of 9.8% between 2022 and 2021 pro forma). This decrease is mainly explained by the retroactive effect of the update of the Group's transfer pricing policy having generated additional billing for services for the years 2015 to 2020.

The management company also continued to invest significantly, especially in people, in order to systematically develop its know-how in equity derivatives, ETFs and digital assets, to maximize its ability to adapt to market conditions and to develop its sales force with a view to increasing the funds entrusted to it.

ABC arbitrage Asset Management incurred a profit of K€ 95 versus K€ 30,079 as of December 31, 2021.

ABC arbitrage Asset Management Asia Pte Ltd, asset manager previously declared as a Registered Fund Management Company (RFMC) by the Monetary Authority of Singapore (MAS), continued to develop the Group's business in Asian markets. As part of its development, ABC arbitrage Asset Management Asia Pte Ltd is now declared as a Registered Licensed Fund Management Company (LFMC) by the MAS, and is now free from restrictions relating to minimum amount of assets under management, among other things.

Its revenue decreased by -47% in 2022, from K€ 2,637 to K€ 1 400. This is largely explained by the retroactive effect of the update of the Group's transfer pricing policy⁴ in 2021, which had impacted of +K€ 1,434 on the revenues for the year 2021 (excluding the retroactive effect, the revenues would have been K€ 1,203, i.e. a 16% increase).

Apart from this retroactive effect, it should be noted that management fees are stable (+M€ 0.06) due to the additional inflow of assets under management. Performance fees, on the other hand, are down compared to 2021 (-0.03 M€) in a more difficult market context.

Its result therefore shows a loss of K€ 1 024 on December 31, 2022, compared to a gain of K€ 704 in 2021 (a decrease of K€ 1,728). Its contribution to the Group is in line with initial expectations, and the structuring efforts currently being made offer good prospects, particularly in terms of increasing the number of employees and know-how.

² When the letter "K" is preceded by a number or a figure it means that the number or figure is expressed in thousands of euros

³ See 1. Accounting principles and methods, highlights of the consolidated financial statements

⁴ See 1. Accounting principles and methods, highlights of the consolidated financial statements

Clients' assets amounted to €365 million at December 31, 2022, compared with 512 million euros at December 31, 2021 (decrease of -28.7%).

Year	2018	2019	2020	2021	2022
Clients' Assets* (excluding external)	384	347	368	512	365

1.5. Human resources

The Group employed an average of 95 people in 2022, compared with 87 in 2021.

In 2022, staff expenses increased by almost 10% versus 2021. This increase is mainly explained by the staff growth, but also due to the compensation part higher in a slightly rising performance context.

With a view to motivating our people over the long term and aligning their interests with those of our shareholders, management has developed various share-based incentive schemes to drive growth by retaining core skills while containing payroll and other fixed costs in a highly competitive environment.

As part of the Step Up 2019 and ABC 2022 plans, the Group carried out the following operations:

Share-based incentive programs:

Name of the plan	Plan	Acquisition date	Acquisition period	Number of shares	Effective acquisition date for granted shares	Number of shares to be granted	Number of shares definitely granted
APE-3.1/2018	Step-up 2019	06/15/2018	2	10,000	2020	0	4,523
APE-3.2/2018	Step-up 2019	06/15/2018	3	10,000	2021	0	6,873
APE-3.3/2018	Step-up 2019	06/15/2018	4	10,000	2022	0	6,903*
APE-3.1/2019	Step-up 2019	06/14/2019	2	30,000	2021	0	28,482
APE-3.2/2019	Step-up 2019	06/14/2019	3	30,000	2022	0	25,260*
APE-3.3/2019	Step-up 2019	06/14/2019	4	30,000	2023	0	24,339*
APE-1.1/2020	ABC 2022	09/17/2020	2	40,000	2022	0	40,000
APE-3.1/2021	ABC 2022	06/11/2021	2	25,000	2023	0	22,944
APE-3.2/2021	ABC 2022	06/11/2021	3	25,000	2024	25,000	Pending
APE-3.3/2021	ABC 2022	06/11/2021	4	25,000	2025	25,000	Pending
APV-4.1/2021	ABC 2022	06/11/2021	2	134,837	2022	0	123,241*
APE-3.1/2022	ABC 2022	06/10/2022	3	110,000	2025	110,000	Pending
APV-4.1/2022	ABC 2022	06/10/2022	2	10,260	2022	10,260	Pending
Total if applicable	N/A	N/A	N/A	490,097	N/A	170,260	282,565

*Taking into account the condition of presence and the results achieved over the period, the number of shares that should be definitively allocated by the end of the second semester of 2023.

Stock options subscription programs:

Name of the plan	Plan	Acquisition date	Acquisition Period	Number of granted options	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	06/16/2017	2	276,000	2019	30-June-2023	50,714	0	40,982
SO-2.2/2017	Step-up 2019	06/16/2017	3	276,000	2020	30-June-2023	50,825	0	84,693
SO-2.3/2017	Step-up 2019	06/16/2017	4	276,000	2021	30-June-2023	54,156	0	125,807
SO-1.1/2018	Step-up 2019	06/15/2018	2	155,000	2020	30-June-2024	59,122	0	20,736
SO-1.2/2018	Step-up 2019	06/15/2018	3	155,000	2021	30-June-2024	59,122	0	64,928
SO-1.3/2018	Step-up 2019	06/15/2018	4	155,000	2022	30-June-2024	59,122	0	82,836*
Total if applicable	N/A	N/A	N/A	1,293,000	N/A	N/A	N/A	0	419,982

For all plans:

No shares will vest if net income is less than €15 million a year and they will vest progressively thereafter on a linear basis.

For example, for APE-3/2021 plan, 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 these plans is deferred 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 €240 thousand, including 36 thousand euros of employer contributions, calculated on the basis of the estimated probable number of shares under various plans, was recognised in respect of fiscal year 2022 (compared to €980 thousand at December 31, 2021). This expense is related both to the initiation of new programs and to the re-assessment of quantities expected to be granted given the programme's progression and the realized incomes.

The loss on share buybacks used amounted to €2,809 thousand (vs €1,272 thousand at December 31, 2021).

Since the company's incorporation in 1995, a total of 10,766,178 new shares, representing 18% of the capital, have been granted to employees in respect of equity instruments that have vested.

1.6. Earnings allocation

As of December 31, 2022, the share capital of ABC arbitrage will therefore be composed of 59,608,879 fully paid-up ordinary shares with a par value of 0.016 euro each, compared with 59,328,039 shares as of December 31, 2021. Two capital increases were carried out on May 6, 2022:

- A first increase was approved by the Board of Directors, following the exercises of **180,320 stock options** that could not be exercised through treasury stock;
- A second increase was approved by the Board of Directors also on May 6, 2022. Employees and managers of the group who are members of the company corporate savings' plan have had the possibility of investing their incentive schemes and profit sharing in ABC arbitrage shares, that has generated the creation of **100,520** new ABC arbitrage shares.

Net consolidated earnings per ordinary share* amounted to €0.49 in 2022.

Profit for 2022 totaled €0.10.

	Dec. 31, 2022
Number of shares issued	59,608,879
Number of common shares outstanding (weighted average)	59,137,038
Number of diluted shares** (weighted average)	59,774,563
Net earning per ordinary share	0.49
Diluted net income per common share	0.49

*The net consolidated earnings per ordinary share is calculated by dividing the net income for the year attributable to common shares by the weighted average number of common shares outstanding during the year.

**The number of diluted shares has been determined by adjusting the net income attributable to ordinary shareholders of the parent entity, as well as the weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares (mainly options and bonus shares granted, as described in §2 above).

As a reminder, the Executive management proposed to the Board of Directors to gradually introduce a quarterly distribution instead of the usual half-yearly distribution for the past 3 years.

Following approval by the General Meeting on 10 June 2022, two distributions of 0.10 euro per share were made in October and December 2022.

Finally, subject to necessary approvals, the Board of Directors had also intended to make an interim dividend payment of €0.10 per share out of FY2022 income during the second half of April 2023 to complete the implementation of the quarterly distribution policy. The Board of Directors confirms this announcement and specifies that an interim dividend of €0.10 will be paid on April 18, 2023, with payment on April 20, 2023.

2. Corporate governance

2.1. Corporate governance and reference Code

The underlying rules of the current governance system are based mainly on common sense and aim to strike an appropriate balance between implementing value added processes for improved security and maintaining the simplicity needed by an organization the size of the ABC arbitrage Group.

Since 2009, the Board of Directors has referred to the Corporate Governance Code for small and mid-sized companies promoted by MiddleNext, which became the Middledenext Corporate Governance Code in September 2016 and has been validated as a reference code by the Autorité des Marchés Financiers (AMF). This code was also revised in September 2021.

The MiddleNext Code can be consulted on the website www.middledenext.com.

ABC arbitrage is an active (participation in various working groups) member of the MiddleNext association. The Group shares the association's belief that each company should adapt best governance practices based on its ownership structure, size and legal form, in order for the governance system to be closely aligned with its corporate practices. Dominique CEOLIN, Chief Executive Officer, is a member of the Board of Directors of Middledenext.

2.2. Board membership

The Board of Directors acts as a forum for exchanging the views and ideas of the management team that runs the company on a day-to-day basis, the main shareholders who make strategic choices as the company's owners, and external advisers who provide the benefit of their own experience and an objective, independent opinion.

This broad range of backgrounds and interests is considered to be the best way for the Board to work effectively and make the right decisions for the company and its various stakeholders.

As of December 31, 2022, the Board of Directors of ABC arbitrage had five members. A non-voting member of the Board of Directors participates on a regular basis to the sessions since the end of 2021.

The percentage of capital owned as a collective shareholding by the employees being below 3%, there is no member elected by the employees. A representative of the works council is invited to all Board meetings with advisory capacity.

The following table lists the other directorships and offices held by the members of the Board:

Name	Gender	Age (GM date)	Nationality	Directorships and other offices	Group	Listed company	Independent Director?
Dominique CEOLIN (Chairman of the Board of Directors)	M	55	French	Chairman and Member of the Board of ABCA AM	Y	N	NO
				Member of the Board of ABCA AM Asia	Y	N	
				Chairman of the Board of Financière WDD	N	N	
				Member of the MEDEF commission on governance*	N	N	
				Member of the Board of Directors of MiddleNext*	N	N	
AUBEPAR INDUSTRIES SE (Director Xavier CHAUDERLOT is Permanent representative of Aubépar Industries SE)	H	59	Belgian	Aubépar Industries SE: Director of Aubépar SE	N	N	NO
				Director of H24 aviation SAS	N	N	
				Member of the Board of Financière de Bailli SA	N	N	
				Chairman of the Supervisory Board of Lehmann Aviation SAS (represented by Xavier CHAUDERLOT)	N	N	
				Member of Strategy Committee of Avel Robotics SAS (represented by Xavier CHAUDERLOT)	N	N	
				Manager of SCI La Source du Roubertou	N	N	
				Xavier CHAUDERLOT: Chairman of Aubépar Industries S.E.	N	N	
				Director of Quartys Ltd	Y	N	
				Manager of SCI Bessard Frères et Fils	N	N	
				Manager of SCI LZ Observatoire	N	N	
				Manager of SCI LZ Raspail	N	N	
				Manager of SCI Immobilière Saint Opportune	N	N	
				Manager of SCI Immobilière Saint Anselme	N	N	

Sabine ROUX de BEZIEUX Director	F	58	French	General Manager of Notus Technologies SAS	N	N	YES
				Member of the Supervisory Board of Banque Transatlantique	N	N	
				Advisor of CESE	N	N	
				Manager of SARL Famille Galiseo	N	N	
				Member of the Supervisory Board of Tarkett	N	Y	
Sophie GUIEYSSE Director	F	60	French	Member of the Compensation Committee Rugby World Cup 2023	N	Y	YES
				Member of the Compensation Committee of the Paris 2024 Olympic Games	N	N	
				Board Member of Promod	N	N	
				Board Member and member of the Compensation Committee of Deezer	N	Y	
				Executive Director of NEOMOUV since september 2022	N	N	
Isabelle MAURY (censor as of 10 June 2022/ Director since 10 June 2022)	F	55	French	Member of the Board of Directors of RCI Banque	N	N	YES
				Censor of Arkéa	N	N	
				Board Member of H2O AM Europe	N	N	
				Board Member of H2O Monaco SAM	N	N	
				Board Member of H2O AM LLP (since January 19, 2023)	N	N	
Jean-François DROUETS	H	60	French	Chairman of Catella Valuation Advisors	N	N	YES
				Member of the steering committee of Catella France	N	N	

ABCA : ABC arbitrage ABCA AM : ABC arbitrage Asset Management ABCA Asia : ABC arbitrage Asset Management Asia

* Only for the Chairman and CEO of ABCA we also indicate the associative mandates to be transparent on the use of his time

The directors have the experience and expertise required to fulfill their duties.

Dominique CEOLIN, Chairman, is a qualified actuary and holds an advanced degree in mathematics and information technology. In 1994, he joined ABN Amro Securities France where he took part in developing the Domestic Arbitrage business. In 1995, he used this experience to help found ABC arbitrage.

Aubépar Industries SE, the historic shareholder, represented by Xavier CHAUDERLOT, co-founder of the Group, is still one of the main shareholders with a little less than 12%. Its representative on the Board combines in-depth knowledge of arbitrage operations with an objective view of the business.

The other members qualify as independent directors based on the definition of MiddleNext's corporate governance code.

Sabine ROUX DE BEZIEUX is a graduate of ESSEC business school and has a degree in accounting and financial studies (DECF). She started her career in CCF's investment banking division before spending 13 years at Arthur Andersen. From 2002 to 2012, she directed her own consulting service, Advanceo, before joining the Board of several listed companies and becoming CEO of Notus Technologies. She has been involved for more than fifteen years in Foundation, first with ARAOK which she co-created in 2005, and then by creating the association "Un Esprit de Famille", which gathers family foundations in France. She is also active in the associative sector, as treasurer of "United Way L'Alliance" and President of "Fondation de la Mer".

Sophie GUIEYSSE, is a graduate of the Ecole Polytechnique and the Ecole Nationale des Ponts et Chaussées. She holds an MBA from the College of Engineers. After a first part of her career dedicated to urban development and public infrastructures within the Ministry of Public Works and ministerial cabinets, she has held the position of Human Resources Director in several large French and international companies such as LVMH, CANAL+ and Richemont. She also has extensive experience as a member of boards of directors and other specialized committees (GO Sport, Rallye Group, TVN (Poland), Maisons du Monde and Compagnie Financière Richemont (Switzerland)). She is also a member of the Remuneration Committees of Deezer and the Paris 2024 Olympic Games and the Rugby World Cup 2023.

Isabelle MAURY holds a Master's degree in Financial Techniques from ESSEC, a DESS in Banking and Finance and a Magister's degree in Modeling Applied to Economics and Management from the University of Paris X.

After starting her career in auditing at Deloitte, she held several operational positions in investment banking within three major banking groups (Crédit Lyonnais, Société Générale, Groupe BPCE - Natixis). She became Risk Director of the Banque Populaire group in 2007 and then of the BPCE group in 2009. She joined its executive committee and was in charge of the group's risk management and governance, directed regulatory programs, ensured relations with supervisory authorities and supervised Natixis' compliance. Founder of IM7 Consulting in 2017, she assists executives through consulting missions to professionalize governance, secure relations with supervisory authorities, support executives in crisis situations and strengthen the efficiency of risk, audit and compliance functions.

Since 2017, she has also been a training speaker at the French Institute of Directors and at Sciences Po.

Jean-François DROUETS is a graduate of HEC business school and has a post-graduate diploma (DESS) in conveyancing law and is a Chartered Surveyor. He is the chairman and founder of Catella Valuation Advisors, a real

estate valuation and consulting firm owned by Swedish Group Catella. He provides the Group with the benefit of his broad business experience.

The Board exercised its right to invite any person of its choice to take part in Board meetings on a consultative basis or as a non-voting member, to provide additional insight. Two non-voting members of the Board of Directors participated in the meetings of the Board of Directors during 2022, namely Isabelle MAURY before she became a Member of the Board during the General Meeting of June 10, 2022, and Jean-François DROUETS who is Censor since General Meeting of June 10, 2022, the end date of his directorship.

A representative of the Works Council, Antoine ROBILLARD, is invited to all Board meetings. Antoine ROBILLARD joined the Group on April 1, 2016 and works as a stock exchange legal expert.

In accordance with the by-laws, each director owns at least one thousand shares of the company.

Application of the principle of equal representation of women and men :

Women account for 60% of Board members. Excluding the founding shareholder directors, women represent 100% of the Board (two in three members). By comparison, following the 2022 general meetings, the average representation of women on company boards was about 46.2% for SBF 120 companies (source: Barometer Ethics & Boards for the French Institute of Directors (IFA), post General Meeting).

Independent directors:

The definition of independent director is the same as set out in recommendation 3 of the MiddleNext Code:

- is not and has not been in the past five years an employee or executive officer of the company or a Group company;
- must not have a significant business relationship with the company or its Group (client, supplier, competitor, banker, etc), and must not have been in such a situation within the last two years;
- is not a major shareholder of the company and do not have a significant percentage of voting rights;
- is not related by close family ties to an executive officer or major shareholder;
- has not been an auditor of the company in the previous six years.

Recommendation N3 of the MiddleNext code of corporate governance, recommends that the Board of Directors includes at least two independent members. Up to 31 December, 2022, the Board of Directors of the company count three independent administrators (as stated in above table).

Term of office:

The choice of four-year terms is suited to the specific needs of the company, within the limits laid out by the law and in line with recommendation no.11 of the MiddleNext code.

Name	Position	Date of first term	Date last elected to the Board	Term ends
Dominique CEOLIN	Director	October 10, 1997	June 14, 2019	AGM held to approve the 2022 financial statements
	Chairman of the Board	October 10, 1997	June 14, 2019	AGM held to approve the 2022 financial statements
Aubépar Industries SE <i>Represented by Xavier CHAUDERLOT</i>	Director	June 1, 2012	June 12, 2020	AGM held to approve the 2023 financial statements
Sabine ROUX de BEZIEUX	Director	Mars 10, 2011	June 14, 2019	AGM held to approve the 2022 financial statements
Sophie GUIEYSSE	Director	June 11, 2021	June 11, 2021	AGM held to approve the 2024 financial statements
Isabelle MAURY	Director	June 10, 2022	June 10, 2022	AGM held to approve the 2025 financial statements

Conflicts of interest and code of conduct:

Dominique CEOLIN is the Chairman and Chief Executive Officer of ABC arbitrage. The Board decided to combine the two roles after making sure that the principles of segregation of executive and supervisory functions would be upheld through sufficient counterweight to his powers and that the combined Chairman/Chief Executive role would not therefore pose a threat to the Group.

The Board asked the compliance officer, Gaëtan FOURNIER, to relate any unusual events or potential conflicts of interest. In 2022, no such events were brought to the Board's attention by the compliance officer, Chairman or any of the directors.

The Charter of the Board explicitly requires all members of the Board to assess whether they are faced with a potential, perceived or actual conflict of interest both as soon as they take up their directorship and throughout their entire term of office, and, if they are, to disclose the situation at the next Board meeting. The director concerned must then abstain from voting on any matters involved with or affected by the conflict.

At the beginning of each Board meeting, the Board assesses the independence of its directors and identifies any potential conflict of interest areas. During this assessment, the directors are required to declare in writing that they are not aware of any conflict of interest that has not already been disclosed to the Board.

Compliance with codes of conduct and regulations is a key concern for Board members in accordance with recommendation 1 and 2 of MiddleNext's code, particularly in view of Directors' deontology and absence of conflict of interest.

This emphasis has been reinforced in view of the growing interest shown in this matter by investors in funds managed by ABC arbitrage Asset Management. In 2022, 51% of investors in number representing 59% of ABCA Funds Ireland share capital sent a due diligence questionnaire to the asset management company, which included questions about whether there had been any investigations or criminal, civil or administrative proceedings involving the company, an affiliated company or any of their key executives or employees over the past five years.

Appointment of directors:

The suitability of potential candidates for election to the Board of Directors is reviewed in a full Board meeting and several meetings are then arranged between the candidate or candidates and the independent directors, without the Chairman being present. Non-voting directors are then appointed by decision of all the members of the Board.

At annual general meetings, each director is proposed for election or re-election in a separate resolution, in accordance with recommendation 10 of MiddleNext's code, to allow shareholders to freely decide on the membership of the Board. The list of candidates for election or re-election to the Board has been posted on the Group's [website](#), along with details of their experience and skills.

2.3. Board practices and procedures

Directors' Charter:

On December 7, 2010, the Board drew up a Directors' Charter setting out the Board's key practices and principles. This Rules of procedure, regularly reviewed, is consistent with the recommendations and criteria provided by the Corporate Governance Code of Middelnext and with the Rules of procedure designed by Middelnext.

The Charter describes the Board's roles and powers, as well as certain specific rules to be adhered to by directors in addition to the relevant provisions of French law and the company's bylaws. This is a purely internal document and under no circumstances does it take precedence over French company law or any related regulations or the relevant provisions of the company's bylaws.

The Directors' Charter can be viewed on the company's website.

The Directors' Charter was updated lately on December 8, 2022. The changes made are in line with the last version of Corporate Governance Code published by Middelnext on September 2021.

Board committees:

Recommendation 7 of the MiddleNext Code requires us to report to you on the special committees created by the Board, namely the Audit Committee, and the Strategy Committee. Members are designated on a case-by-case basis depending on the issues to be addressed. They meet at the request of executive management or any Board member. The creation of CSR committees is in the review, it is developed below.

☐ **Audit Committee**

The Audit Committee is currently composed of three directors, two of them are independents, the chairman since June 10, 2022 is Isabelle MAURY, and the others members are Sabine ROUX DE BÉZIEUX and Aubépar Industries represented by Xavier CHAUDERLOT, an independent member within the meaning of the MiddleNext code, it being specified that the other directors and senior management may join the meetings at the invitation of the Chairman of the Audit Committee .

The duties and functioning of the audit committee were redefined in accordance with the recommendations of the Middelnext code by the Board of Directors and are included in the Audit Committee charter signed in 2019.

Without prejudice to the Board, the Audit Committee has three main missions :

- Firstly, monitoring issues relating to the preparation and control of accounting and financial information. The audit committee monitors the process for preparing financial information and, where appropriate, makes recommendations to ensure its integrity. It examines the Group's draft interim and annual consolidated financial statements, the annual financial statements of ABC arbitrage, as well as the presentation made by management describing the Group's risk exposure and material off-balance sheet as well as the selected accounting options.
- Secondly, the audit committee ensures the existence and effectiveness of internal control systems, internal audit and the management of the most significant risks that the Group may face in the course of its activities. Following the strengthening of its missions on risk monitoring, it carries out at least once a year an overall review of the main risks to which the Group may be exposed.
- Thirdly, the Committee monitors the statutory audit of the Group's annual and half-yearly consolidated financial statements and the company's annual financial statements, ensures the independence of the Statutory Auditors and, more generally, monitors the performance of their assignment.

The members have both financial and accounting expertise and knowledge of the Group's business sector. Their skills and backgrounds enable the Committee to fulfill its mission with the required experience.

The Audit Committee adopted a charter on December 3, 2019 in order to take into account the new missions assigned to it following the audit reform that came into force on June 17, 2016.

The Audit Committee met on March 16, 2023 to review the 2022 financial statements. It was composed of all Committee members. The meeting was also attended by Gaëtan FOURNIER, Secretary General, and Dominique CEOLIN invited by the Chairman of the Audit Committee. The Committee also met on September 15, 2022 to review the 2022 interim financial statements. All the members of the Audit Committee attended. Gaëtan FOURNIER also attended as the Secretary General. Lastly, the Audit Committee met on November 17, 2022 for a session focusing on the internal control system, a review of risk mapping and a study of the statutory auditors' audit plan for the closing of the 2022 financial statements.

The Audit Committee reported to the Board on the conclusion of the auditors and its own work, it also explained to the Board how the statutory audit contributes to the integrity of financial reporting and what role it had played in this process.

This integrity was also verified by the following controls:

- The Group does not entrust mission to the statutory auditors apart from certification of the accounts; The audit committee confirmed with the Group's finance department that they had submitted them every request different from accounts certification.
- The Audit committee has issued a tender for the nomination of a new auditor for the audit of the accounts of the parent company.
- The audit committee checked that the audit firms had indeed submitted their report to the audit committee before issuing their final report. The audit committee discussed with the auditors the key points of the audit and noted that there were no matters requiring particular attention in its internal control system or its accounting system.

During the year 2022, the Audit Committee strived to fulfill its mission to assist and inform the Board of Directors. After each meeting of the Audit Committee, it reported to the Board on its work and summaries and issued recommendations on specific points of attention. These recommendations were discussed within the Board.

In addition to its main tasks, the Audit Committee reported to the Board on :

- The review of the draft of the Annual Financial Report ;
- The review of the financial press releases prepared by the General Management ;
- The review of the Corporate Governance Report ;
- The monitoring of the main risk areas and the internal control system, in particular the updating of the risk mapping ;
- Monitoring the independence of the statutory auditors and getting a written statement from them ;
- The review of the audit approach proposed by the statutory auditors for discussion (fees, process, risks, hedging, etc.) ;
- The review of anti-abuse market procedures and codes of conduct ;
- The cash management monitoring;
- The consistency of the remuneration committee.

The Committee's role, ahead of the Board meetings held to approve the financial statements, is to review a report of all significant events during the period and particularly key issues relating to the financial statements, whether raised internally or by the statutory auditors during their audit work.

At the two meetings held in 2022, in particular, the following points were discussed:

- Overview of the Group's operating activities
 - Analysis of results in relation to the market environment
 - Current strategy
 - Analysis of important events concerning the Group's companies

- Overview and analysis of business risks
- Changes in the operating structure and relationships with the main counterparties
- Accounting, regulatory and tax changes
- Changes in headcount, compensation policy and monitoring of corporate actions
- Ongoing pending litigation
- ABC arbitrage share price
- Distributable income

☐ **Strategy Committee**

The Strategy Committee makes recommendations to the Board of Directors on the overall strategic direction of the Company and the Group, the business development strategy and any other important strategic issues examined by the Board. It also examines in detail any major investment, acquisition, divestment or disposal projects submitted for its review and makes recommendations to the Board as to whether the projects should be approved or rejected.

The Strategy Committee is made up of all directors, who may consult external advisors with specialized knowledge of the matter at hand. The Strategy Committee meets as frequently as necessary to fulfill its remit.

During 2022, the Committee met twice, on February 3 and November 17, in particular to define the outlines of the next “Springboard 2025” business plan.

☐ **CSR Committee**

The Board of Directors has been interested in the issue of the creation of the CSR Committee, in line with the recommendation n°8 of Middledenext's Corporate Governance Code, which recommends companies to establish a specialized Committee in corporate social responsibility (CSR).

Members of the Board Committee gathered on October 14, 2022 to identify the areas of work for a potential CSR Committee in the Group Company ABC arbitrage.

Board meetings:

The Board of Directors, on the basis of the work of the Strategy Committee, defines the overall strategy of the company and the Group and oversees its implementation by executive management. More specifically, the Board plays an active role in the strategic development of subsidiaries of the Parent company. Except for those powers expressly vested in the shareholders in general meeting, the Board of Directors considers and decides on all matters related to the company's affairs, subject to compliance with the corporate purpose.

Board meetings are scheduled several months ahead to enable as many directors as possible to attend. Proposed changes to the timetable are first discussed with the directors in order to take into account directors' prior commitments whenever possible. In 2022, the attendance rate at Board meetings was 96%.

The Board reached a quorum for all of its meetings. After discussions, all decisions were made unanimously.

Board meetings are held at the head office. They may be called by any method, but in practice are usually called by email, fax or verbally. Prior to a meeting, directors receive an agenda and any available preparatory information, according to recommendation N°4 of the MiddleNext code in order for the Directors to collect all the information they need to duly perform their work. All directors are encouraged to take part in the discussions, based on full, synthetic and relevant information, with a focus on the core, mainly strategic, issues.

Minutes of each meeting are drawn up and held in a special register kept at the head office.

As required by article L. 823-17 of the French Commercial Code, the statutory auditors are invited to the meetings held to review the financial statements. They attended the Board of Directors' meeting of September 15, 2022 for the presentation of the audit plan for the approval of the interim half-year accounts, and the Board of Directors' meeting of March 16, 2023 for the approval of 2022 accounts.

The Board of Directors met 9 times in 2022, thereby complying with recommendation 5 of the MiddleNext Code, on: March 17, April 14, April 20, May 6, May 23, June 10, September 15, October 14, and December 8.

Under the share buyback program authorized by the shareholders at their annual general meeting of June 10, 2022, the Chief Executive Officer may not commit the company to amounts in excess of €500,000 without the prior authorization of the Board of Directors. There are no other restrictions on the Chief Executive Officer's powers.

As required by the recommendations 22 of the MiddleNext Code, at its various meetings the Board of Directors discusses the key points for attention and focuses on any developments in this area. The Board also discusses the company's equal opportunity and equal pay policies annually.

Key decisions in 2022:

The Board of Directors reviewed and monitored progress in the company and the Group's various projects. It also discussed the key points for attention set out in the MiddleNext corporate governance code that are relevant to the ABC arbitrage Group.

The Board's main work in 2022 involved:

- Review of the annual and interim financial statements;
- Discussion and approval of financial information for earnings announcements;
- Approval of management reports;
- Taking into account reports from the Audit, Compensation and Strategy Committees;
- Discussion of the Chairman's report on corporate governance and internal control procedures implemented by the company in 2022;
- Review of related-party agreements;
- Preparations for the Annual General Meeting on June 10, 2022;
- Approval of the special report on the share and share-equivalent buyback programme;
- Approval of the report on the resolutions to be submitted to the Annual General Meeting ;
- Approval of the report on stock options and performance share awards;
- Approval of the delegations of authority and powers granted by the Annual General Meeting to the Board of Directors for share issues;
- Implementation of the share buyback programme, block purchases and monitoring of the buyback account;
- Distribution of the final 2021 dividend;
- Vesting of performance shares and definition of new performance share plans;
- Review of the action plan to promote gender equality in the workplace;
- Approval of the 2022 interim financial statements of the Group;
- Distribution of issue premiums in October 2022;
- Distribution of issue premiums in December 2022;
- Decision to introduce or not an additional employee profit-share for 2022;
- Setting directors' fees and variable compensation of executive officers;
- Evaluation of the work of the board of directors;
- Review of the 'vigilance points' of the Middlednext Code;
- Examination of applications for the position of Board member;
- Examination of applications for the mandate of statutory auditors.

Related-parties agreement:

In application of Article L. 22-10-12 of the French Commercial Code, the Board of March 19, 2020, adopted a charter that gives from the one hand to remind the regulatory and legal framework applicable to related-parties agreement, and on the other hand, to formalize the internal procedure of identification of related-parties agreement and evaluation of agreements concluded on normal terms.

This procedure shall apply prior to every conclusion of an agreement which could be qualified as a related-parties agreement and on the occasion of any modification, renewal or resiliation of an agreement, and which allow the identification of any agreement concluded on normal terms.

Board assessment:

In line with Recommendation 13 of the MiddleNext Code, a survey to assess the work of the Board of Directors was sent to the directors. The results of this survey were used as a basis for the discussion held by the directors at the Board meeting of 8 December 2022 on the work of the Board, its committees and the preparation of its work. The Board of Directors thus identified areas for improvement for 2023.

2.4. Directors' fees and executive compensation

This report by the Board of Directors on the ex-post compensation policy for all corporate officers, including directors, for fiscal year 2022 will be submitted to shareholders for approval in accordance with Article L.22-10-8 of the French Commercial Code.

The compensation of the Group's corporate officers is determined in accordance with the principles set out in the Middlednext Corporate Governance code updated in September 2021.

The elements of the compensation policy presented below are the subject of project resolutions submitted for the approval of the Shareholders' Meeting deliberating under the quorum and majority conditions required for Ordinary General Meetings. If the General Meeting does not approve these resolutions, the previous compensation policy, which was previously approved at the General Meeting of 10 June 2022 (Ex ante vote), will continue to apply. The Board of Directors will have to submit for the approval of the next General Meeting a draft resolution presenting a revised compensation policy and indicating the manner in which the shareholders' vote was taken into account and, where applicable, the opinions expressed at the General Meeting.

Regarding the elements of the compensation policy for 2023 (Ex ante vote), an ad hoc report from the Board of Directors will be made available to shareholders alongside the notice of meeting.

Like the Group's employees, executives are subject to the internal policy on the management of conflicts of interest, which includes instructions which employees must follow in order to identify, prevent and manage conflicts of interest.

At the beginning of each meeting, the Board reviews the situation of each of its members to ensure their independence and to identify potential areas of conflict of interest. At this occasion, each Director declares on his or her honor that he or she is not in a situation of conflict of interest that has not already been declared to the Board of Directors.

Compliance with codes of ethics and regulations is at the heart of the concerns of the members of the Board of Directors, in accordance with recommendations No. 1 and No. 2 of the MiddleNext Code, relating respectively to the ethics of Board members and the absence of conflicts of interest.

The compensation policy for executive managers is reviewed each year by the Board of Directors. In this context, the Compensation Committee presents its recommendations to the Board of Directors.

Compensation policy for corporate officers submitted to the ex ante vote of the shareholders pursuant to Article L.22-10-8 of the French Commercial Code at the General Meeting of 10 June 2022 :

The compensation policy respects the social interest and contributes to the company's business strategy and sustainability.

Compensation takes into account the conditions of employment and salary of employees within the company. The compensation policy principles are applied in the same way for both executives and employees : fairly low fixed salary, a performance-related bonus, and performance stock options. The Board applies the seven principles listed by recommendation 16 of MiddleNext corporate governance code for the determination of executive compensation: completeness, balance, benchmark, consistency, readability, measurement and transparency.

Compensation is largely dependent on the Group's performance as measured by net income, thereby taking account of all expenses borne by the shareholders, including executive compensation. In addition, compensation is also determined as a function of each person's operational responsibilities.

Directors' fees:

- **Fixed compensation of the Directors and the Chairman of the Board allocated by the General Meeting of Shareholders**

In accordance with the law, the total amount of directors' compensation is set by the General Meeting. The individual amount of directors' remuneration is set by the Board of Directors usually during the Board meeting of March (for the ex post) and April (for the ex ante) and as much as necessary for.

As a reminder, the Annual General Meeting of June 10, 2022, had decided to set at €120,000 the maximum overall amount of compensation to be allocated to the members of the Board of Directors for the 2022 financial year and subsequent financial years, until further decision, with the Board of Directors being required to vote annually on the individual allocation of these fees.

The Board of Directors has decided to allocate a fixed amount to each kind of meeting. The payment of Directors' fees is based on the actual presence of the representative and takes into account his actual contribution to the work of the board, in accordance with recommendation N°12 of the MiddleNext code.

It should be noted that this compensation policy applies to newly appointed or reappointed corporate officers.

The Board decided to allocate a fixed sum for each type of meeting, based on the grid and pay attendance as follows (excluding separate fees for and specific technical or preparatory work):

Nature of participation	Mesure (U x € 700)	Amount € (€ 700 x U)
Board meeting attended	1	700
other committee meetings or work sessions attended	1	700
shareholders' meeting attended	1	700
audit committee meeting attended	1	700
chairing an risk committee meeting	1	700
audit committee meeting attended / accounts approval meeting attended	2	1,400
Board of Directors meeting attended approving the financial statements	2	1,400
chairing an audit committee meeting / accounts approval meeting	6	4,200
Other		
Responsability package		5,000
Additional responsibility package for chairing audit committee meeting		3,000
Censor receive compensation regardless the type of committee meetings attended		700

The final fees are set after discussion at a Board meeting as some directors may decide to waive all or part of their fees. For example, the Chairman of the Board of Directors, Dominique CEOLIN, has decided to limit the payment of his compensation to 2,000 euros per year.

- **Exceptional compensation**

No director received any exceptional compensation for the financial year ended December 31, 2022.

- **Absence of benefits**

No director receives any benefits in kind.

General guidelines of ABC arbitrage Compensation

It is reminded that the principles of the remuneration policy are applied in the same way for both executives and employees ((see paragraph "Compensation policy for corporate officers submitted to the ex ante vote of the shareholders pursuant to Article L.22-10-8 of the French Commercial Code at the General Meeting of 10 June 2022" above).

The principles governing executive compensation were first established in the early 2000s and remain unchanged today. Compensation is largely dependent on the Group's performance as measured by net income, thereby taking account of all expenses borne by the shareholders, including executive compensation. In addition, compensation is also determined as a function of each person's operational responsibilities.

Following recommendation 21 of MiddleNext corporate governance's code, the Board takes due care that the executive managers are not allocated an unreasonable proportion of performance shares and performance stock options. Thus, no beneficiary may be granted more than 15% of shares or options under a plan. The final allocation of shares is subject to performance conditions that reflect the Group's medium and long-term interests.

Fixed compensation

Dominique CEOLIN and David HOEY, respectively Chief executive officer and deputy CEO, have resigned from their salaried positions on February 28, 2018. As of this date, there is no longer a combination of an employee and an executive function.

Therefore, all benefits as a salaried employee are not applicable. Corporate officer's fixed compensation for 2022 reaches €210,000 per year for Dominique CEOLIN and €150,000 per year for David HOEY.

Variable compensation

The compensation of the Chairman and Chief Executive Officer is based on the concept of a variable bonus rewarding performance.

The determination of variable compensation for 2022 (including that resulting from company collective agreements) has been proposed by the Board of Directors and approved on the on General Meeting of 10 June 2022, on the following basis:

The variable compensation is indexed to the Group's consolidated net income ("GCNI") calculated as follows:

- If the GCNI is less than €15 million, no variable compensation, other than that resulting from the company's collective agreements, is determined;
- If the GCNI is between €15 million and €22 million: a variable compensation is calculated on a linear basis so that the sum of the total compensation up to a GCNI of €22 million is at most €374,000 for Dominique CEOLIN and €320,000 for David HOEY; and
- If the GCNI exceeds €22 million: 3% of the GNI exceeding €22 million for Dominique CEOLIN and for David HOEY.

The calculation is made in such a way that the variable compensation calculated is itself included in the GCNI. In addition, this compensation is based on a number of both objective (quantitative) and subjective (qualitative) criteria, including the Group's performance, risk-reward profile, quality of management (staff turnover, etc.) and more generally any initiative designed to consolidate the Group's long-term development, and therefore in particular the achievement of the strategic objectives of the ABC 2022 business plan.

Termination benefits

The aim of the contracts signed with the executive officers is to enable a complete or partial change of management to take place without threatening the company's stability. The Board of Directors is careful to ensure that any divergence of perspective with an executive officer will not prevent it from reorganizing the company's management on a basis determined beforehand when both parties shared the same view of the company's interests and their relationship was harmonious.

Effective fiscal 2022, the termination benefit offsets the responsibility and precarity of the executive officer role. An annual amount for termination benefits of €10,000 (ten thousand euros), will be paid annually to Dominique CEOLIN and David HOEY respectively Chief Executive and Managing Director, after the Board of Directors meeting approving the financial statements.

In return, the Board Members expressly waive their right to claim any termination benefits, to any means, except the term of office in vexatious conditions.

Executive officers are not entitled to termination benefits (recommendation 19 of MiddleNext corporate governance's code).

Executive Directors' compensation approval

The General Meeting, Article L.22-10-34 of the French Commercial Code, reviewed and approved the fixed, variable and exceptional compensation granted for the financial year just ended and every benefit of any nature to Dominique CEOLIN, Chief Executive Officer.

In application of "Sapin II" regulation, of "PACTE" law and the decree of 27 November 2019, variable and exceptional compensations of the directors are submitted to earlier audit and ex post verification.

Non-compete clause and compensatory indemnity

Dominique CEOLIN (the executive manager) and David HOEY (the deputy CEO) are executive officers of several ABC arbitrage Group companies, which give them access to expertise, confidential and strategic information and business partners in the arbitrage and alternative investment business. Should they leave the Group for any reason, they may not become involved either personally or through an intermediary in developing or conducting any arbitrage or alternative investment activity or service for their own account or on behalf of third parties that might compete with those activities and services already conducted by an ABC arbitrage Group company on the date of their departure.

The executive manager and the deputy CEO have also undertaken not to use the processes, methods and confidential information obtained during the performance of their duties to the detriment of any ABC arbitrage Group company.

This non-compete clause will apply for a period of ten months after the departure from the ABC arbitrage Group and covers all financial markets in which the Group exploits arbitrage strategies on the date of their departure, including but

not limited to Europe and North America. It also covers all portfolios and clients that the executive managers may manage now or in the future.

In exchange, upon the departure from the Group the executive manager or deputy CEO will be irrevocably entitled to receive compensation in an amount equal to 33% of their average annual gross performance-related bonuses for the last 24 months in office, capped at a gross total of €120,000. This compensation will be in addition to the special bonus received during their term of office as referred to above.

It will be payable monthly in arrears over a period of ten months, provided that the company receives some form of evidence that the executive office has complied with their non-compete undertaking each quarter (French Pole Emploi certificate, payslip, employer's certificate, affidavit).

Pension commitments towards the executive managers

Following recommendation 20 of MiddleNext corporate governance's code, the executive manager is not covered by any company-funded defined contribution or defined benefit pension plans and the Board of Directors has clearly stated that it is opposed to any such benefits being provided.

Attendance fees

The annual general meeting sets the annual amount of attendance fees allowed to members of the Board of Directors.

The Board has decided to set a fixed amount to every type of meetings (see the table above) and to vote annually for individual attribution of individual attendance fees, based on the actual attendance and contribution of every director to the Board's activities, in accordance with recommendation 12 of MiddleNext corporate governance's code.

The CEO accepts each year to limit the payment of his attendance fees to 2,000 euros.

Absence of benefits in kind

The Executive manager and the deputy CEO do not receive benefits.

Options and performance shares grant

The Executive manager and the deputy CEO are eligible for free shares and stock option plans offered by the company to benefit the Group's employees and directors. The free shares or stock options or subscription from which they benefit, are subject to performance criteria set by the Board of Directors.

For information the law no longer authorises to grant executive managers performance shares and stock-option which exceed 10% of custody regardless of the amount of debt, nor of capital products that would lead to exceed these 10%. The Chief executive Dominique CEOLIN cannot benefit from performance shares and/or stock option plans.

Statements of directors' transactions on ABC arbitrage shares

Blackout Periods:

To ensure transparency and prevent insider trading, restrictions apply to directors when trading ABC arbitrage shares. From the first day of the accounting year until the day after the annual financial report is published, and from July 1st to the day after interim results are published, directors are required not to do any transactions on ABC arbitrage shares.

Obligation to report transactions:

Directors' transactions involving the Company's securities must be reported to the Company and to the AMF for their websites. The reporting threshold is €20,000 by calendar year. It concerns equities, debt securities, derivative instruments, and financial instruments related to these securities. Reports have to be submitted to the AMF and ABC arbitrage in the 3 working days after the trade date.

This means that during these periods, the members of the Board, in their capacity as insiders, must refrain, in accordance with the legal provisions, from any transaction on ABC arbitrage securities.

In 2022, directors performed the following trades on the ABC arbitrage securities:

Name	Purchases (in €)	Sales (in €)	Subscriptions (in €)	Number of ABCA Shares held at Dec. 31
Dominique CEOLIN	- €	-€	€262,423	€2,605,158
Financière WDD*	- €	-€	-€	€7,120,473
David HOEY	- €	€77,221	€595,711	€3,468,508
Aubépar Industries et ses filiales	- €	€9,456,787	-€	€7,108,177
Sabine ROUX DE BEZIEUX	- €	-€	-€	€1,000
Sophie GUIEYSSE	- €	-€	-€	€1,000
Isabelle MAURY	- €	-€	-€	€1,000

* Holding 50.01%-owned by Dominique Ceolin

Elements of compensation paid during the financial year 2022 or allocated for the same financial year submitted to the ex post vote of the shareholders at the General Meeting of 9 June 2023

Pursuant to Article L.22-10-8 of the French Commercial Code, the total compensation of executive officers, as described below, is in accordance with the compensation policy adopted at the General Meeting of 10 June 2022.

Directors' fees

Directors' fees paid in 2022 by Group companies amounted to €79,950 broken down as follows:

Name	Position	Directors' fees (€)		
		2022	2021	2020
Dominique CEOLIN	Chairman of ABCA	2,000	2,000	2,000
Aubépar Industries SE représentée par Xavier CHAUDERLOT	Director of ABCA	21,900	19,600	13,300
Jean-François DROUETS	Director of ABCA/Censor	6,000	9,100	9,100
Sabine ROUX de BEZIEUX	Director of ABCA	14,975	16,100	13,300
Sophie GUIEYSSE	Director of ABCA	15,675	8,400	0
Isabelle MAURY	Censor/Director of ABCA	19,400	2,800	0
Marie-Ange VERDICKT	Director of ABCA	0	13,300	14,700
Muriel VIDEMONT DELABORDE	Director of ABCA	0	0	4,900

Executive compensation

- Dominique CEOLIN

In 2022, the compensation allocated and granted in euros to Dominique CEOLIN, Chairman and Chief Executive Officer of the Company, compared to the two previous ones, in respect of his duties as a director or employee of ABC arbitrage companies, excluding non-integrated directors' fees, breaks down as follows:

Dominique CEOLIN Chairman and Chief Executive Officer	Exercice N		Exercice N-1		Exercice N-2	
	Amounts allocated	Amounts granted	Amounts allocated	Amounts granted	Amounts allocated	Amounts granted
Fixed compensation	210 000	210 000	235,200	235,200	228,000	228,000
Variable compensation	318 198	262 400	262,400	383,350	386,500	102,000
Termination without cause benefit	10 000	11 750	20,000	87,500	87,500	25,500
Incentive plan	30 852	30 852	30,852	30,852	30,852	2,028
Profit sharing plan	30 852	29 545	29,544	30,852	30,852	14,600
Other compensation paid as a Member of an other Board	4 000	4 000	4,000	4,000	4,000	4,000
Benefits in kind	0	0	0	0	0	0
Post-retirement benefit obligations	0	0	0	0	0	0
Share grants	0	0	0	0	0	0
Stock-options	0	0	0	0	0	0
Others	0	322 150	35,574	35,574	9,998	9,998
TOTAL	603 902	870 697	617,570	807,328	777,702	386,126

- David HOEY

In 2022, the compensation granted in euros to David HOEY, Deputy Chief Executive Officer of the Company, in respect of his duties as a director or employee of ABC arbitrage companies, excluding non-integrated directors' fees, breaks down as follows:

David HOEY Chief Officer	Exercice N		Exercice N-1		Exercice N-2	
	Amounts allocated	Amounts granted	Amounts allocated	Amounts granted	Amounts allocated	Amounts granted
Fixed compensation	150 000	150 000	175,200	175,200	166,080	166,080
Variable compensation	324 198	268 400	268,400	389,350	386,500	102,000
Termination without cause benefit	10 000	8 750	20,000	87,500	87,500	25,500
Incentive plan	30 852	30 852	30,852	30,852	30,852	2,028
Profit sharing plan	30 852	29 545	29,544	30,852	30,852	14,600
Other compensation paid as a Member of an other Board	2 000	2 000	2,000	2,000	2,000	2,000
Benefits in kind	0	0	0	0	0	0
Post-retirement benefit obligations	0	0	0	0	0	0
Share grants	0	0	0	0	0	0
Stock-options	0	0	0	0	0	0
Others	0	0	10,679	10,679	3,002	3,002
TOTAL	547 902	489 547	536,675	726,433	706,786	315,210

Compensation multiples and changes

In accordance with the provisions of Article L. 22-10-9, I 7° of the French Commercial Code, the table below shows the change over five years in the ratio between the level of compensation of the Chairman and the Deputy Chief Executive Officer and the average and median compensation on a full-time equivalent basis of the employees of the Economic and Social Unit comprising the employees of ABC arbitrage and ABC arbitrage Asset Management, as well as the change in such compensation and performance criteria.

The employees concerned are those of the Economic and Social Unit, i.e. all employees in France who are continuously present over a financial year. Employee compensation includes fixed and variable compensation and bonuses, all paid during the financial year 2022. The same applies to the compensation of executive directors in order to standardize the criteria used to determine these ratios.

Year	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Equity Ratio / Average Compensation Dominique CEOLIN	5.9	5.1	3.7	5.9	6.1
Equity Ratio / Median Compensation Dominique CEOLIN	7.2	6.4	4.4	6.8	6.9
Equity Ratio / Guaranteed minimum wage Dominique CEOLIN	43.3	50.1	24.3	33	31.9
Equity Ratio / Average Compensation David HOEY	2.6	4.5	3	5.1	5.1
Equity Ratio / Median Compensation David HOEY	3.1	5.7	3.7	5.8	5.7
Equity Ratio / Guaranteed minimum wage David HOEY	18.8	44.6	20.1	28.3	26.2
Change in average salary(1)	-21.6%	51.8%	20.0%	9.9%	-3.7%
Change in median salary(1)	-18.8%	44.5%	13.6%	8.5%	3.0%
Consolidated revenue organic growth (1)	-4.5%	-6.4%	85.2%	-7.7%	4.2%

(1) Evolution observed in year N compared to year N-1.

2.5. Table of Delegation of authority and powers to the Board of Directors⁵

General Meeting Date	Nature of delegation	Modalities and limits	End of delegation	Date, terms and conditions of use by the Board of Directors
12/06/2020	Delegation of authority granted to the Board of Directors for the purpose of issuing shares and/or securities giving access to the capital reserved for the Group's employees and corporate officers (resolution no. 20).	The Board of Directors shall determine all the terms and conditions of the operation(s) to be carried out, in particular the subscription price of the new shares. The total amount of the share capital increases may not exceed a nominal amount of 40,000 euros without prejudice to any adjustment made in accordance with Articles L. 228-98 and L. 228-99 of the Commercial Code.	10/06/2022	Used on 06/05/2022 : - issue at par of 100,520 shares with a par value of 0.016 euro - capital increase of € 1,608.32
12/06/2020	Authorisation to grant options to subscribe for or purchase ordinary shares to employees and managers of the company or Group companies (resolution no. 18)	The subscription or purchase price of the shares shall be between 95% and 140% of the average closing price of the share during the 20 trading sessions preceding the granting of each plan. The general meeting expressly waives, in favor of the beneficiaries of the options, the preferential subscription right to the shares that will be issued upon exercise of the options. The total number of options granted may not give the right to subscribe to or purchase a number of shares exceeding 11 million shares.	12/08/2023	Used on 2021/07/07 : - issue at par of 332,338 shares with a par value of 0.016 euro - capital increase of € 5,317.408 Used on 06/05/2022 : - issue at par of 180,320 shares with a par value of 0.016 euro - capital increase of € 2,885.12

⁵ According to the article L225-37-4 3° of the French Monetary and Financial code
ABC arbitrage

12/06/2020	Authorisation given to the Board of Directors to allocate free of charge existing or future ordinary shares of the Company known as performance shares in favor of employees and/or executive officers (resolution n°19)	The total number of free shares distributed may not exceed 3,000,000, including shares already allocated under previous authorisations, and may not represent more than 10% of the company's capital on the date of the Board of Directors' decision. This percentage may not represent more than 30% of the capital when the allocation of performance shares benefits all the company's employees.	12/08/2023	Used: - 40,000 shares conditionally allocated on 17/09/2020 - 75,000 shares conditionally allocated on 11/06/2021 - 134,837 shares conditionally allocated on 11/06/2021 - 110,000 shares conditionally allocated on 10/06/2022 - 10,260 shares conditionally allocated on 10/06/2022
10/06/2022	Authorization granted to the Board of Directors to trade in the company's shares under the terms of article L22-10-62 of the French Commercial Code, duration of the authorization, purposes, terms and conditions, ceiling: share buyback program (resolution no. 15)	The maximum purchase price is set at 12 euros per share. The number of shares acquired by the company may not exceed 10% of its capital stock, adjusted for any transactions affecting the capital stock subsequent to this General Meeting, and without prejudice to the provisions of Article L22-10-62 of the French Commercial Code. The maximum amount that may be repurchased under this program is set at 20 million euros. Full powers are granted to the Board of Directors, with the option of sub-delegation to the Chief Executive Officer, to determine the appropriateness of launching a share buyback program and to determine the terms and conditions thereof, and, accordingly, to place all orders on the stock market or off-market, to enter into all agreements, to draw up all documents, to make all declarations and carry out all formalities, and, in general, to do all that is necessary. For 500,000 or more, outside the liquidity contract, the prior authorization of the Board of Directors is required (18 months).	10/12/2023	Regular use via authorization by the Board of Directors
10/06/2022	Option for payment in cash or in shares of the dividend for the fiscal year ending December 31, 2020 or of future interim dividends, issue price of the shares to be issued, fractional shares, term of the option (resolution no. 4)	The General Meeting resolves that the Board of Directors shall have the power to set the reinvestment price, which may not be lower than a reference price consisting of the average of the prices quoted during the twenty trading sessions preceding the date of the decision to make the shares available for distribution, less the net amount of the dividend paid in respect of the 2020 financial year or any interim dividend that may be decided before the approval of the financial statements for the 2021 financial year, then discounted by no more than 10% and rounded up to the next higher hundredth.	Before 2022 accounts approval	Used on 29/07/2021 : - 483,648 shares created with a par value of €0.016, i.e.
10/06/2022	Authorisation to cancel shares and any other securities giving access to the capital under Article L22-10-62 of the French commercial code; delegation of powers to the Board of Directors; maximum authorization granted (resolution no.16)	The Board of Directors is authorized to cancel, at its sole discretion, on one or more occasions, within the limit of 10% of the share capital calculated on the date of the cancellation decision by 24-month periods, the shares that the Company holds or may hold under Article L22-10-62 of the French commercial code, and to reduce the share capital accordingly in accordance with the legal and regulatory provisions in force.	12/08/2024	Unused
10/06/2022	Delegation of authority to the Board of Directors to decide on the incorporation into the capital of profits, reserves or premiums (resolution no. 17)	The Shareholders' Meeting delegates to the Board of Directors, in accordance with the provisions of Articles L.225-129, L.225-129-2 and L.225-130 of the French Commercial Code, its authority to decide on one or more capital increases, by way of incorporation into the capital of all or part of the reserves, profits or premiums, the capitalization of which will be legally and statutorily possible, to be carried out by the creation and allotment of new bonus shares or by increasing the par value of the existing ordinary shares, or by a combination of these two procedures. The total amount of the capital increases that may be carried out may not exceed EUR 250,000 in nominal value (26 months)	10/08/2024	Unused

10/06/2022	Delegation of authority granted to the Board of Directors to issue shares or any securities giving access to the share capital, while maintaining the shareholders' preferential subscription rights. Terms of the issue and delegation of powers to the Board of Directors; Maximum amount of the issue(resolution no.18)	The total amount of the capital increases that may be carried out may not exceed EUR 250,000 in nominal value, without prejudice to any adjustment made. The shareholders shall have a preferential subscription right to the securities to be issued pursuant to the delegation (26 months).	10/08/2024	Unused
10/06/2022	Delegation of authority granted to the Board of Directors for the purpose of issuing shares and/or securities giving access to the share capital, with cancellation of the shareholders' preferential subscription right, by means of an offer referred to in II of Article L.411-2 of the Monetary and Financial Code (resolution no. 19)	The total amount of share capital increases that may be carried out may not exceed 20% of the share capital per year. The Board of Directors shall determine the issue price of the shares and securities issued, which shall be equal to the weighted average of the prices of the last three stock exchange sessions preceding its determination, less, where applicable, a maximum discount of 10%. (26 months)	10/08/2024	Unused
10/06/2022	Delegation of authority granted to the Board of Directors for the purpose of issuing shares and/or securities giving access to the capital reserved for the Group's employees and corporate officers (resolution no. 20).	The Board of Directors shall determine all the terms and conditions of the operation(s) to be carried out, in particular the subscription price of the new shares. The total amount of the share capital increases may not exceed a nominal amount of 40,000 euros, 2,500,000 common shares, without prejudice to any adjustment made in accordance with Articles L. 228-98 and L. 228-99 of the Commercial Code. (26 months)	10/08/2024	Unused

The General Meeting of June 10, 2022 decided to set at 300,000 euros the overall nominal ceiling for capital increases that may be carried out by virtue of the delegations granted to the Board of Directors in the 18th, 19th and 20th resolutions voted at the said General Meeting, as well as those adopted earlier by the General Meeting of June 12, 2022 in the 18th and 19th resolutions.

2.6. Other information

Attendance at general meetings of shareholders:

All shareholders are entitled to attend general meetings on the basis set out by law and the regulations, regardless of the number of shares held.

In accordance with Article L.225-106 of the French Commercial Code and Article L.22-10-39 of the French Commercial Code, shareholders who are unable to attend the general meeting in person may:

- Give proxy to any legal entity or natural person of their choice including the chairman of the general meeting; or
- Sign and return the proxy form to the company without naming the proxy; or
- Vote by post.

The proxy documents provided for in articles R.225-81 and R.225-83 of the French Commercial Code (including the annual financial statements and a presentation of the proposed resolutions) can be obtained by writing to the company's head office in accordance with the applicable laws and regulations.

The documents to be presented during the meeting (as referred to in article R.225-73-1 of the French Commercial Code) are posted on the company's website (abc-arbitrage.com), at the latest on the 21st day preceding the meeting.

Shareholders may submit written questions to the Board of Directors. To be taken into account, the questions should be sent no later than the fourth day preceding the meeting, in accordance with the applicable laws and regulations.

Shareholders who fulfill the relevant legal and regulatory requirements may ask for resolutions or items to be added to the agenda of the meeting. To be taken into account, any such requests should be sent no later than the twenty-fifth day preceding the meeting, in accordance with the applicable laws and regulations.

Dominique CEOLIN, the Company's Chairman and Chief Executive Officer, meets significant shareholders regularly during the year and not just at General Meetings, in order to create the basis for a productive dialog (recommendation 14 of the MiddleNext Code).

Succession plan

In accordance with the MiddleNext Code (recommendation 17), Dominique CEOLIN, Chairman and Chief Executive Officer, presents details of the Company's succession plan to the Board of Directors once a year.
This plan has been :

- modified during 2022, by the initiation of a new governance of subsidiary ABC arbitrage Asset Management, which entered into force on 1 January 2022
- presented to the board of directors beginning of 2023.

Related-parties agreement

No related-parties agreements were signed nor any agreement between a shareholder holding more than 10% of ABC arbitrage share capital and voting rights or a Director and any of its subsidiaries.

3. Internal control

The purpose of the internal control system implemented by the various Group companies is to:

- Ensure that management decisions, business operations and staff behavior comply with the guidelines set by the company's corporate governance structures, the applicable laws and regulations, and the company's own values, standards and rules;
- Prevent and control risks arising from the company's business operations and the risk of error or fraud;
- Ensure that the accounting, financial and management information provided to the company's corporate governance structures gives a true and fair view of the company's operations and financial position;
- To manage the identified risks.

More generally, the internal control system aims to provide shareholders and investors with reasonable assurance that the strategic objectives set by the Board in agreement with the shareholders will be met with an adequate level of security, control over risks and processes, and compliance with all applicable standards.

Like any control system, it cannot provide absolute assurance that these risks will be totally eliminated.

3.1. Regulations

The ABC arbitrage Group's internal control system is based on the following regulations and standards:

- The regulations and standards applicable to French companies whose shares are traded on a regulated market, in particular the general regulations and internal control guidelines published by the AMF;
- The regulations and standards applicable to French asset management companies, in particular the AMF's general regulations, the Code of Ethics issued by Association Française de Gestion (AFG) and the AIF Rulebook for alternative investment funds.

3.2. Internal control players

Control over the operating team is exercised by the Finance & Internal Control and Market Risks teams.

The boards have full power to request disclosure of the information they wish to obtain. Gaetan FOURNIER, Secretary General and the Chairman and Chief Executive Officer, Dominique CEOLIN can be contacted for risk management and internal control related matters.

► Finance & Internal Control

Finance & Internal Control reports directly to executive management and to the Board of Directors of the asset management company for specific questions. Six team members team are working on it.

It is responsible for drafting and updating documentation describing the resources required to ensure that internal controls are implemented on an efficient, effective and consistent basis. It also organizes and takes part in recurring and periodical controls.

Through regular meetings with each team, Finance & Internal Control checks that procedures describing the team's tasks in the operating process have been issued and are implemented. Given the size of the company, the reports and recommendations for improvement issued by Finance & Internal Control are discussed during formal meetings with the heads of the relevant teams and the management of Group companies.

Finance & Internal Control is also responsible for financial control within the Group. At each reporting date, it reviews and approves the manual or automatic accounting entries made by the operating teams.

Checks are performed through:

- Examinations of accounting vouchers, on a comprehensive or test basis ;
- Analytical reviews.

Its conclusions are set out in formal interim and annual reports that are reviewed by the statutory auditors.

► Market Risks

The four-member Market Risks team reports directly to executive management, which in turn reports to the Board of Directors.

The team is responsible for enforcing strict compliance with the Group's investment rules. If this means unwinding all or part of a position, Market Risks has the power to call a meeting of the investment committee, which will define the action plan and timetable.

The team performs day-to-day second-level controls, with the operating departments scheduling and performing first-level controls.

It ensures that positions are effectively hedged, that trading limits are adhered to, that the trading strategies devised by the market operators are reasonable in light of market intelligence and that potential loss calculations are accurate.

Daily control reports are sent directly to the operating teams and the Board of the asset management company, without going through the department head. A meeting between Market Risks and the heads of the operating teams is scheduled at least once every six weeks.

► Compliance Officer

The Compliance Officer is responsible for making sure that all industry codes of conduct and practice are strictly observed. These rules are designed to guarantee the quality and integrity of the service offering and to promote its development. In liaison with all people and teams involved, the Compliance Officer makes sure that the rules are implemented and performs controls.

3.3. Risk management

The internal control team establishes and monitors a risk map. This mapping details how all the Group's services and infrastructure cover the identified risks.

The mapping is presented and validated annually by the Group's Board of Directors. This presentation includes the methodology and evaluation of every risk assessment.

Two teams take part in the risk management system: the "Market Risks" team and the "Finance and Internal Control" team. All of the monitoring and controls put in place aim to control and find areas for improvement to reduce the risks inherent in the Group's activities. These areas are highlighted through the recommendations issued following the themes of permanent controls.

It is important to emphasize that the various business lines represent the first line of defense in risk management and control.

The nature and extent of risks to which the Group is exposed through its dealings in financial instruments are described below.

The Group's trading exposures ("Trading Exposures") include equities or equity derivatives (such as warrants, "put warrants" and convertible bonds), derivative products such as futures, options and foreign exchange; and collective investment undertakings, the vast majority of which are traded on active markets, which may or may be not regulated, and are referred to collectively as "Financial Instruments". An ensemble of related Trading Exposures constitutes a quantitative model ("Quantitative Model").

A Quantitative Model is designed to take advantage of an unjustified price differential between two financial instruments. The Group qualifies as "unjustified" only those differentials that can be objectively measured by a mathematical or statistical process, without a guarantee of long-term convergence.

Trading Exposures in Financial Instruments may be held in custody, as a creditor or a debtor to a counterparty or in synthetic format (contracts for differences, swaps).

The Group is exposed to a variety of risks: market risks, credit and counterparty risks, liquidity risks, operational risks and other risks.

ABC arbitrage provides subsidiaries with a general risk-management framework that the subsidiaries' boards of directors adhere to when setting their own policy.

The Group oversees the implementation and effectiveness of the controls carried out in its subsidiaries with the support of the executive managers and the control functions (market risk and internal control).

This is because the Group uses leverage as part of its financing agreements with counterparties, allowing it to take larger exposures than would be possible if it were acting alone.

Trading Exposures to Financial Instruments in isolation present a risk of loss of capital. The maximum loss of capital on long Trading Exposures to equities is limited to the fair value of those positions. The maximum loss of capital on long Trading Exposures to future contracts is limited to the notional contract value of those positions. The maximum loss on short Trading Exposures to futures contracts and equities is theoretically unlimited.

► Market risks

Market risk is the risk that the fair value or future cash flows of Trading Exposures will fluctuate because of changes in market prices of Financial Instruments and include notably market price risk, interest rate risk and foreign currency risk.

Equity risk

Equity risk, or price risk, arises mainly due to uncertainty about the future prices of Financial Instruments held. It represents the potential loss that could be incurred by the Group as a result of potential movements in price on its exposures to Financial Instruments.

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

The risk is followed and monitored daily by the "Market Risks" team through the monitoring of alerts on positions and the implementation of stress tests aimed at observing any potential deviation. All alerts are forwarded to the Management Committee, which decides to adjust the limits accordingly.

Interest rate risk

Interest rate fluctuations may have a positive or negative influence on the value of Financial Instruments.

In general, the Trading Positions are composed of approximately equal amounts of long Trading Positions and short Trading Positions and the risk is therefore not material. If a specific Trading Position carries a material interest rate risk, this risk is systematically hedged.

The "Market Risks" team performs a daily calculation of the exchange risk by portfolio of strategies. Alerts are sent, when required, to the Business Units concerned by currency exposure. Note that part of the coverage is automatic (coverage carried out live) and part is manual and carried out at the end of the day for adjustment.

Currency risk

The Group may hold Trading Positions denominated in currencies other than the Group's functional currency. Exchange rate fluctuations against the functional currency may have a positive or negative influence on their value.

Currency risks are systematically hedged by buying or selling the currency (or an exposition to the currency). The only risk is of a secondary nature – that the profit (or loss) realized in a given currency may vary if it is not converted into the functional currency. The Group regularly converts profits (or losses) into the functional currency and its exposure to currency risk is therefore marginal.

The "Market Risks" team performs a daily calculation of the exchange risk by portfolio of strategies. Alerts are sent, when applicable, to the Business Units concerned by currency exposure.

► Operational risks

It is the risk of internal failure. These failures may be related to a hardware problem, or human. Operational risk is the risk of loss due to inadequate or failed internal processes, people and systems.

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 Group's business.

The group has a risk-based approach, listed in its risk mapping to cover all the sensitive elements that could generate an operational failure. Different levels of control are implemented (one, two, three). These checks are regular and their conclusion is subject to a reassessment of these ratings. For example, without being exhaustive, we cite below some controls put in place by different teams to cover these risks.

The configuration of the production universe in which the strategies evolve is based on automated referencing of external official data and information. The "Analysis and Investigation" team monitors and compares internal and external data used by market operators. The "Information System and Development" team as well as the "Market Operators" team, carry out the strategy's testing phases in the dev environment separated from the production universe, which

considerably limits the problems of configuration or of data exploitation. The “Market Risks” team is involved in setting limits applicable to each type of strategy submitted to management committees.

The counterparties, with which the company deals, are subject to compliance tests carried out by the “Execution Support” team in order to regularly check their reliability and their ability to transmit our orders to the market.

Finally, in the occurrence of a business continuity problem, the “Information System and Development” team has set up a “Business continuity and disaster recovery plan” with, in particular, daily data replication.

An operational incident recording and monitoring system is in place. It concerns all types of incidents (human, tool, external). This system aims initially to resolve the incident as quickly as possible. In a second step, a remediation plan is drawn up to recover from a similar incident in the future. A half-yearly presentation is made to the Management Committee.

► Liquidity risk

Liquidity risk is the risk that the Group may not be able to generate sufficient cash resources to settle its obligations in full as they fall due, or can only do so on terms that are materially disadvantageous.

The Group's Trading Exposures consist almost exclusively of highly liquid Financial Instruments quoted on active markets and its obligations mainly comprise the necessity to provide Collateral to support the Group's Trading Positions. The volume of Trading Positions which the Group may enter into is contractually based on the assets transferred as Collateral.

The Group's actual Trading Positions, taking into account existing agreements with Counterparties, is 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.

The group recommends intervention only on very liquid products, otherwise it will be the subject of a decision to be decided during a Management Committee. The “Market Risks” team sets intervention limits designed according to liquidity risk.

► Credit and counterparty risk

This is the risk of a counterparty being unable to honor its contractual obligation to settle a transaction with the Group, due to deterioration in its financial position.

The ABC arbitrage Group deals solely with brokers/dealers (“Brokers”) and credit institutions and investment companies (“Counterparties”).

All of these parties are subject to specific controls by the regulatory authorities in the countries in which they operate to ensure their solvency.

The Group's trading activity mainly comprises financial instruments which are traded on active (if not regulated) markets which predominantly settle via a Central Clearing Party (CCP). The risk of default by Brokers for each and every market trade is therefore considered to be minimal, as the CCP serves to guarantee settlement, and the securities are not delivered until the Broker has made or received payment.

By unwinding transactions in financial instruments, a counterparty acts as depositary, creditor or debtor, or as counterparty to a synthetic product (CFDs, swaps) for the Group. In general the Group's business requirements permit that very little (if any) of its assets are held in Custody. A significant proportion of the assets of the Group transferred to Counterparties are either pledged as a first security interest or transferred as margin (collectively “Collateral”) to support the Trading Positions. The Counterparty may re-use this Collateral for its own account but is required by contract to return the assets or equivalent assets upon first demand.

The risks related to the use of a Counterparty are:

- interruption or discontinuation of services as the Counterparty has the right to amend or discontinue the services;
- increased costs of maintenance of Trading Positions with the Counterparty;
- failure by the Counterparty to return Collateral used due to market events;
- failure by the Counterparty to return sums due as a result of bankruptcy;
- incorrect valuation of Trading Positions held and Collateral transferred to the Counterparty.

The Group manages this counterparty risk through the use of industry standard master agreements, close monitoring of Counterparty credit ratings and diversification of its relationships to spread risk while weighing up the pricing benefits of concentration on larger-scale relationships.

The group mainly operates through regulated markets (clearing house), which limits this risk. Due Diligence questionnaires are pushed before selecting a market intermediary. We carry out concentration tests of its prime brokers, and the counterparties with which the company deals are subject to compliance tests carried out by the Execution Support team in order to regularly check their reliability and their ability to transmit our orders to the market (§ operational risk management). The "Market Risks" team monitors counterparty risk and reviews maximum potential losses through stress tests.

► Other risks

Compliance risk (including legal risk)

Compliance risk is the risk of failure to identify and/or comply properly with the provisions governing the Group's business activities. Such failure can lead to malfunctions, financial loss or sanctions (legal, disciplinary, administrative, etc). An ongoing monitoring system is in place within the Group's legal and tax department.

This risk is monitored by the "Legal and Tax" team, which carries out legal and regulatory monitoring.

The "Legal and Tax" team is in charge of legal and regulatory monitoring. This work enables the "Compliance, Internal Control" team to carry out, with the support of the various business lines, the implementation of regulatory obligations and to monitor and send the various reports inherent to these obligations to the authorities concerned.

In addition, the "Compliance, Internal Control" team supports all of the Group's teams through its advisory function for questions relating to the subject of compliance but also in their awareness of their obligations.

Conflict of interest risk

Conflict of interest risk is the risk of being confronted with situations where the interests of a client or company may conflict with those of another client or with those of a Group company or a Group employee.

To prevent conflict of interest situations, the Group has implemented:

- an internal conflicts of interest policy including guidance to be followed by employees in order to identify, prevent and manage conflicts of interest;
- strict procedures and rules governing the handling of orders and primacy of the client interest.

The Group's asset management companies comply strictly with financial market operating rules and are not permitted to do anything that might contravene the principle of fair and equal treatment of orders. More particularly, orders transmitted to the market are pre-allocated and time and date stamped.

This risk is limited by the presence of a team dedicated to internal control, as well as the establishment of management committees whose purpose is to validate/propose any method of managing strategies outside the usual framework, with the presence of different teams ("Market Risks", "Analysis and Investigations", "Legal and Tax"). More generally, the code of ethics is presented to each new entrant to the group and an annual reminder is issued. Regular controls are put in place to cover this risk.

The group also protects itself against risk by dealing only with professional clients and by providing them annually with its Due Diligence Questionnaire, in which these ethical principles are mentioned.

Note that any potential conflict of interest is referenced in a dedicated register. An analysis note is made by compliance in order to exclude or affirm the alleged conflict of interest.

Risks associated with climate change

In light of its business, ABC arbitrage has not identified any material financial risks associated with the effects of climate change.

The Group is nevertheless aware of its responsibilities and endeavors to adopt eco-friendly practices by taking environmental factors into consideration in routine decisions.

The Group's environmental policy is described in the third section of the CSR Report included in the Annual Financial Report.

As mentioned previously, given its activity, the ABC arbitrage group has not identified any significant financial risk related to the effects of climate change. Nevertheless, the group implements awareness-raising actions, and a CSR task force considers these subjects and anticipates any effects.

3.4. Internal control organization

In order to face with the previously identified risks, the ABC arbitrage Group's internal control system is based on:

Clear, easily accessible staff and line organization charts

The charts provide an overall description of the Group's structure and ensure proper segregation of tasks.

Procedures describing the investment processes

Procedures are drafted by employees in different departments describing data flows, as well as the required documents,

decisions, entries and controls. These procedures reflect the expertise of the asset management company in its core business.

Investment rules

Investment rules are defined by management in association with Market Risks for all new quantitative models. These rules ensure that everyone involved follows the same guidelines with regard to trading limits, maximum potential losses, leverage, etc.

Regular controls are performed to ensure that limits exist, are regularly reviewed and are strictly adhered to.

Bespoke information system

The information system is the cornerstone of the organization structure. Adapted to the specific requirements of the business, it is used to perform a large number of programmed controls and to produce daily management reports. A number of blocks can also be set in the system to limit operational errors in the work processes. The information system was developed and is maintained in-house by the asset management company's IT team.

Permanent audit trail

The entire production and operations chain is recorded and archived in the company's system to provide a full audit trail of all transactions.

Accountability of operations staff

Operating staff are responsible for first-level risk management and control to ensure that they are aware of and observe control and compliance rules as regards risk limits and existing standards.

Segregation of execution and control tasks

Preventing the risk of collusion or accidental error depends on segregating the main line functions. Transaction authorization, processing, recording and accounting functions are therefore clearly divided between the various operating departments. Where a particular function cannot be fully segregated due to the Group's small size, controls are reported directly to the Board or executive management and decisions are taken on a consensus basis.

Restricted delegated authorities

Only the Chief Executive Officer has the power to represent ABC arbitrage. There is a general delegation of authority in his absence and a special delegation of authority from the Chief Executive Officer to a head of department on a needs only basis.

Codes of conduct

It is assumed that all employees may possess sensitive information or may be faced with a conflict of interest. The code of conduct is specifically designed to reduce the risk of such information being used or the conflict of interest arising.

The code of conduct includes specific rules concerning:

- Use of confidential, inside or sensitive information;
- Blackout periods for dealing in the company shares, imposed by ABC arbitrage's management throughout the life of the company to avoid any arguments or the exercise of personal judgment on share dealing during sensitive periods (e.g. before the results are published).

The Group always makes sure that it has sufficient available cash to cope with very difficult market conditions. It has never experienced any financing or credit difficulties.

The Group is based in premises that meet its trading room needs and encourage a seamless information flow.

3.5. Preparation of financial and accounting information

ABC arbitrage prepares separate and consolidated financial statements each year. They are drawn up by Finance & Internal Control, reviewed by the Audit Committee and approved by the Board of Directors.

The ABC arbitrage Group also publishes interim consolidated financial statements.

The statutory auditors have always issued unqualified opinions on the financial statements of the company and the Group.

Led by Finance & Internal Control, the accounting control organization is designed to ensure that ABC arbitrage's information system and associated databases comply with the regulations and, in particular, provide a continuous audit trail.

► Matching and freezing entries

A unique internally-developed "Transactions" module allows information about the type and specific features of each arbitrage transaction (direction, type and description of security traded, trade date, value date, quantity, price, fees and

commissions, Broker's symbol, deposit account, etc.) to be stored at two levels.

The first level is used by market operators to input their transactions. The second level is used by post-market financial operators to validate the transactions based on the confirmation notes received from counterparties.

This module is a dynamic interface between front and back-office teams that also guarantees full segregation between the input and control tasks carried out by the two units.

For all information flows giving rise to an accounting entry, security mechanisms have been developed that prevent any possibility of editing or deleting an entry once it has been validated.

The security mechanisms apply to transaction data entered by the market operators, which cannot be edited once they have been validated by the financial operators (i.e. they match the confirmation notes received from the Brokers).

Similarly, settlement and delivery information and the associated accounting entries cannot be edited, once confirmed and matched against the counterparty's confirmation notes.

All provisional entries are fixed after accounting validation as of a "freeze date".

Lastly, central ledgers are entered monthly in an accounting application approved by the tax authorities and used for the annual closing procedure no later than the end of the following period. The closing procedure is applied to all movements booked in the accounts.

Entries related to non-operating activities are input directly in the accounting application.

► **Creating and editing an account profile**

Only two designated people are authorized to edit (or create) account profiles, one a user and the other an IT team member. They ensure that the account details (number, label, etc.) are accurate and reliable.

► **Accounting input templates**

For automatic accounting entries, debit and credit input templates are pre-completed. The financial operator's validation of the transaction type and designated counterparty generates an accounting flow. These flows cannot be edited downstream because this type of transaction cannot be input manually. Flows are therefore automatically subject to the various desk checks performed by the various operating departments.

For manual entries, which may only be recorded for certain specific transaction types, there are also pre-set debit and credit input templates to guide the operator and limit the available options.

In addition, Finance & Internal Control reviews the accounting treatment of any proposed new or complex transaction and, if necessary, has it validated by the statutory auditors ahead of their audit work.

► **Limitation of menu lists**

All application screens offer the operators pre-set menu lists. These lists are restrictive and help speed up data input, avoid many material errors and prevent data inconsistency. The menu lists are updated dynamically for all users once approved by two responsible persons.

The main data menu lists concerned currencies, securities, choice of accounts proposed depending on the counterparty (clients, brokers, Prime Brokers, etc.) and accounts having an impact on P&L depending on transaction type.

► **Second level controls performed by Finance & Internal Control**

Daily recurring controls are performed by the middle and back offices to check that transactions generated by the management systems have been properly uploaded to the accounting systems.

As mentioned earlier, Finance & Internal Control is responsible for performing second-level controls. This involves validating on a test basis entries booked manually or automatically in the information system by the operating department. Performed at each accounting close prior to the statutory auditors' audit procedures, the control procedures include reconciliations to external vouchers and consistency tests.

The unit reports formally on its control activity and makes sure that the financial statements accurately reflect the accounting entries.

The current internal control system is designed to support the Group's harmonious, profitable growth. It therefore focuses on preventing and controlling risks arising from business activities and, in particular, ensuring that accounting records and the financial statements are reliable and give the shareholders a true and fair view of the company and Group. Management will continue its efforts to improve and upgrade the internal control system whilst bearing in mind that the system cannot provide absolute assurance and that the utmost care must always be taken in this area.

4. ABC arbitrage Shares

4.1. Share performance and share buyback program

On December 31, 2022, issued capital amounted to €953,742 divided into 59,608,879 ordinary shares. Average daily trading volume came to more than 34,718 shares, representing almost €243 thousand a day in value.

ABC arbitrage shares closed the year 2022 at €7.14. The par value of the shares is €0.016.

The General Meeting of June 10, 2022 had set the maximum purchase price at 12 euros per share, subject to adjustments to take account of the impact of transactions affecting the capital.

The number of shares acquired by the company may not exceed 10% of its share capital, adjusted for any capital transactions prior to the June 10, 2022 meeting. The total amount that the company may spend on the purchase of its own shares under the program authorized at the meeting may not exceed 20 million euros. In addition, the Board of Directors' authorisation is required for share buyback transactions representing over €500,000.

Reason for the buybacks	Number of shares purchased	Average price in EUR	% capital	Number of shares sold	Average price in EUR	% capital
For market making	203,349	6.9	0.34%	181,670	7.04	0.30%
For employee share offers carried out in 2022	985,703	6.94	1.65%	195,424	-	0.33%
For future employee share offers	414,752	6.91	0.70%	-	-	-
For cancellation	-	-	-	-	-	-
For allocation on exercise of rights to shares	-	-	-	850,307	5.24	1.43%
For external growth transactions	-	-	-	-	-	-
For the payment of stock dividends	-	-	-	-	-	-
Others	-	-	-	-	-	-

Number of shares	Dec. 31, 2021	Share buyback	Share delivery	Dec. 31, 2022
Treasury stock	60,028	1,400,455	-1,045,731	414,752

From the shares held at December 31, 2021 60,028 shares were fully allocated under stock option plans. During 2022, 195,424 were allocated under performance share plans, 850,307 stock options were exercised.

At December 31, 2022, ABC arbitrage held 414,752 of its own shares.

4.2. Statutory disclosures

Under Article L. 233-13 of the French Commercial Code, the Board of Directors is required to disclose the names of shareholders whose holdings exceed the statutory disclosure thresholds at December 31, 2022. There was no significant change in the shareholding breakdown in 2022:

Name	% of capital	% of voting rights
Aubépar Industries	11.92%	12.02%
Financière WDD*	11.95%	12.04%
Dominique CEOLIN	4.40%	4.43%
Eximium	7.11%	7.17%
David HOEY	5.82%	5.86%
Other Management**	6.10%	6.14%

* Holding company 50.01% owned by Dominique Ceolin

At December 31, 2022, ABC arbitrage held 455,765 treasury shares (0.76% of issued capital), at a gross value of €3,126 thousands euros, against 79,362 treasury shares held in 2021, at a gross value of €563 millions of euros. The free float represented 52% of issued capital at the year-end.

In accordance with the provisions of Article L225-102 of the French Commercial Code, no corporate mutual fund has been set up to hold shares on behalf of members of an employee share ownership plan.

4.3. Dividend policy

The table below shows dividends paid in respect of the last three fiscal years:

In €	2021	2020	2019
Dividend paid	0.40	0.48	0.33

All of these dividends qualified for the 40% tax relief available to individual shareholders resident in France for tax purposes, except for the €0.20 per share in 2021, €0.01214 per share in 2020, €0.20 in 2019. as these amounts are reimbursements of share premiums.

The Annual Shareholders' Meeting of June 10, 2022 approved a 2021 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 of €0.10 per share paid on April, 2022, the total distributions for fiscal 2021 therefore amount to €0.40 per share.

The detachment of this balance of 0.10 euro per ordinary share took place on July 5, 2022, for payment on July 7, 2022. The balance of the dividend, had to be paid in cash, and has deducted from distributable profit.

ABC arbitrage distributed twice €0.10 per share, solely in cash. The ex-dividend dates were October 11, 2022 and December 6, 2022, and the dividends were paid on October 13, 2022 and December 8, 2022.

In view of the number of ABC arbitrage shares qualifying for the payment, the total amount came to €11.8 million.

5. Other elements

5.1. Sponsorship

In today's constantly evolving world, with ambitious and captivating projects, ABC arbitrage wishes to stay aware of others' jobs, passions, adventures. Also to meet other men and women who pilot and live important human adventures : they have in common a kind of personal competition, either through sport or studies. Thinking out of our daily life to discover and share the work, innovations, and the challenge to push oneself to the limits, to view things in a new way, to enrich our own career. These are ABC arbitrage ambitions through these featured projects. It is also an excellent opportunity to promote ABC arbitrage's business.

Under its communication policy, ABC arbitrage is leading an "Ocean race" sponsorship program as the official partnership of the skipper Jean-Pierre Dick (Absolute Dreamer crew), giving him the opportunity to use the visual identity of the Group over his ship and any other means of communication.

Jean-Pierre Dick has also won the Route du Rhum 2022 destination Guadeloupe in the "Rhum Mono category".

The Group also supports Charly Quivront during competitions or any other events. In return ABC arbitrage's visual identity can be used over Charly Quivront surfboard and any other means of communication.

The Group achieved in 2022 its wish to develop a club of young talents in the sports and artistic fields by bringing together on the basis of common values, other champions in their respective fields, who are:

- Charlotte Liautier, golfer from the Ladies European Tour;
- Adrien Pendaries, golfer from Alps Tour;
- Mathieu Latour, animal photographer, author of the "Regards d'Extinction" project.

ABC arbitrage supports an innovative program of equal opportunities called 'Maison des Jeunes Talents' led by the Fondation Groupe Primonial to enable deserving scholarship students to pass the entrance examinations for France's most prestigious universities, or grandes écoles parisiennes. We hope that the partnership will make it easier for the new generation to earn scientific degrees, thereby helping to enhance France's performance and reputation for excellence in these fields. The Group also hopes to contribute to the development of gender parity in scientific studies and thus participate in the construction of the necessary foundations for future parity in companies, in particular for the COMEX. For this purpose, the Group has chosen to support two young students.

The Group also participated in the Basis.point initiative, a scheme created by the Irish investment fund industry to improve training and educational opportunities for disadvantaged young people in Ireland.

The total amount of partnership in 2022 amounts to €126 thousand.

5.2. Payment periods

All trade payables outstanding at December 31, 2022 were payable no later than thirty days from the end of the month.

	Article D.441 I. 1°: Invoices received not paid by 31/12/2022 whose term has expired					Article D.441 I. 1° : Invoices issued not paid by 31/12/2022 whose term has expired				
	from 1 to 30 days	from 31 to 60 days	from 61 to 90 days	91 days and more	Total (1 day or more)	from 1 to 30 days	from 31 to 60 days	from 61 to 90 days	91 days and more	Total (1 day or more)
(A) Late payment installment										
Number of invoices involved					11					
Total amount of invoices involved (excluding VAT)					108,610	0	0		31,162	
Percentage of total purchases for the year										
Percentage of revenue for the year						0%	0%	0%	0%	0%
(B) Invoices excluded from (A) relating to disputed or unrecognized debts and receivables										
Number of invoices involved					2					
Total amount of invoices excluded (excluding VAT)					20,910					
(C) Reference payment periods used (contractual or legal period - art L441-6 or L443-1 of the French Commercial code)										
Payment periods used to calculate late payments					Legal deadlines: 30 days	Contractual period: 30 days end of month				

5.3. Sumptuary expenditures: Article 223 quater of the French General Tax Code

On December 31, 2022, we acknowledge the absence of non-deductible expenses mentioned in article 39-4, 4° of the French General Tax Code.

5.4. Post-balance sheet events

The first quarter of 2023 saw markets rise significantly, despite the geopolitical and economical context, until the bankruptcies of Silvergate and Silicon Valley Bank during the week of March 6th. The Group has not been directly impacted by the situation of these banks. And, if it's too early to define all the forward looking scenarios around these bankruptcies, the agitation that these situations create, in addition to the other macroeconomic elements (inflationary tensions in particular), reinforce the feeling that the endogenous and exogenous elements are united for an acceleration of activity over the coming months.

6. Outlook

In 2022, ABC arbitrage has closed its strategic plan ABC 2022 for the years 2020, 2021 and 2022. 3 years very different from each other but above all very different from the 6 previous years strongly marked by the *Quantitative Easing* programs led by central banks and rates close to 0. The group had defined quantitative and qualitative objectives, most of which were achieved.

- With €92m, the cumulative net income over the 3 years exceeds the stated objectives, with annual ROE significantly above the threshold of 15%, the level of out-performance defined by the group.
- The dividend policy has been confirmed with a cumulative distribution of €1.29 and a share of added value at more than 40% for the group's employees.
- An evolution of the governance and a new RH policy have been achieved with success.
- Target assets under management ("AUM"), in contrast, has not been achieved, with client assets standing at €365m as at March 1st 2023

On the strength of these findings, the group drew the outlines of "Springboard 2025", the group's business plan for the next three years. This business plan is the result of significant work shared at all levels of the group. This construction was carried out around shareholder constraints and based on the positive and sometimes more difficult experiences of the plan ABC2022. To achieve its new ambitions in a more competitive environment and under constant regulatory pressure, the group will rely on significant recruitment, subject to results, driven quarterly and on continued IT investments.

The main ambitions are based on:

- To generate cumulative net income over 3 years of more than €100m with an annual ROE above 15%.
- To maintain a payout ratio of approximately 80%, implying a potential cumulative distribution of more than €1.3 per share over the three years.
- To develop investment management capacity to facilitate accommodating 1 billion euros of AUM, with €800m from external clients of the group with a profitability above 2% on those external assets.
- To continue with the necessary hires for the group's ambitions, reaching almost 140 employees in 2025 (+33% compared to 2022).
- To continue significant IT investment, in service the group's trading strategies.
- To continue evolving the group's organizational and governance structure to serve productivity.

Regarding the state of the markets, the central banks are gradually ending their intervention, even if the size of their balance sheets and their difficulties in implementing "Quantitative Tightening" still make them leading players on the markets. This development nevertheless suggests that the markets will have to learn to live part of their lives without this systematic support. At the same time, the accelerated rise in interest rates confirms a change in the paradigm of business life and valuation. The recent bankruptcies of Silicon Valley Bank and Silvergate show that this rapid exit from negative rates will not happen without a certain brutality for those who did not anticipate it. The continuation of the war in Ukraine and inflationary processes, including excluding energy, as well as the recent difficulties in the banking sector, contribute to the entropy of the financial world and should keep volatility at a minimum at its historical average. While this may temporarily weigh on M&A activities, it is reasonable to think that ABC arbitrage's expertise could be fully expressed in this type of environment, which is also very competitive.

As during 2022, the first quarter of 2023, the first quarter of the new "Springboard 2025" business plan, presents an average monthly activity rate slightly below the average monthly level of 2021. If this is explained by a calm start at the beginning of the year regarding the M&A segment and by a significant drop in volatility for the first months of 2023, all the endogenous and exogenous elements are gathered for an activity acceleration for the months to come. ABC arbitrage Group therefore approaches this new business plan with full confidence in his ability to continue to produce significant results for the benefit of his stakeholders, customers, employees and shareholders.

The Board of Directors
March 16, 2023



Related financial years	2018	2019	2020	2021	2022
• Equity at year-end					
Share capital	936	936	936	949	954
Number of ordinary shares issued	58,512,053	58,512,053	58,512,053	59,328,039	59,608,879
• Business and results for the year					
Turnover before tax	2,029	1,937	2,249	2,241	1,885
Income before tax, profit-sharing, depreciation and provisions	17,343	26,809	19,849	16,736	25,294
Tax on profits	0	-	290	3,912	-
Employee Share Ownership	92	54	203	180	316
Income after tax, profit-sharing, depreciation and provisions	13,108	23,217	11,682	43,409	5,614
Distributed income (2) (3)	25,053	19,271	17,485	17,781	17,797
• Earnings per ordinary share					
Income after tax, profit-sharing, but before depreciation and provisions	0.295	0.295	0.4573	0.2131	0.4190
Income after tax, profit-sharing, depreciation and provisions	0.224	0.397	0.200	0.732	0.094
Dividend per share	0.43	0.33	0.48	0.40	0.41
• Personnel					
Average number of employees	9	8	8	10	19
Amount of payroll	1,111	1,018	1,959	1,634	3,506
Amounts paid in respect of employee benefits	485	333	832	498	1,377

(1) Data in thousands of euros, except for per share data which are in euros.

(2) The amount reported as distributed income 2021 consists of a payment of EUR 0.10 per share distributed in October and December 2021, and an interim dividends' payment of EUR 0.10 per share in April 2022 and an amount deducted from the results of €0.10, the total distributions for the 2021 financial year therefore amount to €0.40 per share.

(3) The amount reported as distributed income 2022 consists of a payment of two interim dividends of 0.10 per share distributed in October and December 2022, i.e. 11,831 thousand euros, taking into account the treasury shares held at the dates of detachment, plus a third interim dividend of 0.10 euro per share in April 2023, as well as the payment of a balance of 0.11 euro per share, which will be proposed at the General Meeting held to approve the financial statements for the year 2022, on 9 June 2023.



ANNUAL FINANCIAL REPORT Year 2022

Consolidated financial statements

18, rue du Quatre Septembre
75002 Paris - France
Email : abc@abc-arbitrage.com
Internet : www.abc-arbitrage.com

Groupe
ABC arbitrage



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Disclaimer:

*This annual 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.*



Balance sheet - assets

In EUR	Note	Dec. 31, 2022 IFRS	Dec. 31, 2021 IFRS
Intangible assets	3.1	118	99
Right-of-use assets - IFRS 16	3.1	4,771	5,385
Property and equipment	3.1	1,236	1,166
Non-current financial assets	3.2	669	630
Deferred tax assets		79	269
Total non-current assets		6,873	7,550
Financial assets at fair value through profit or loss	3.4	154,175	133,986
Other accounts receivable	3.6	12,051	25,410
Current tax assets		0	0
Cash and cash equivalents		14,226	18,252
Total current assets		180,453	177,649
TOTAL ASSETS		187,326	185,199

Balance sheet - liabilities

In EUR	Note	Dec. 31, 2022 IFRS	Dec. 31, 2021 IFRS
Paid-up share capital		954	949
Additional paid-in capital		41,441	39,752
Retained earnings		101,941	91,285
Interim dividend		(11,831)	-
Net income		29,150	28,038
Total equity attributable to equity holders	3.3	161,655	160,024
Provisions	3.7	-	-
Lease liability - IFRS 16	3.8	4,400	4,255
Non-current financial liabilities		-	-
Deferred tax liabilities		-	-
Non-current liabilities		4,400	4,255
Financial liabilities at fair value through profit or loss	3.4	1	1
Other liabilities	3.8	1,301	1,133
Taxes payable		14,574	14,355
Short-term debt		5,394	5,431
Current liabilities		21,271	20,920
TOTAL EQUITY AND LIABILITIES		187,326	185,199

Statement of income

In EUR	Note	Dec. 31, 2022 IFRS	Dec. 31, 2021 IFRS
Net gain/loss on financial instruments at fair value through profit or loss	4.1	33,711	4,134
Investment services fees	4.2	27,438	59,921
Other revenue	4.3	288	287
Administrative expenses	4.4	(7,501)	(6,249)
Taxes and duties		(1,571)	(1,163)
Payroll costs	4.5	(21,518)	(19,823)
Depreciation and amortisation expense		(673)	(723)
Depreciation and amortisation expense - IFRS 16		(1,018)	(1,013)
OPERATING INCOME		29,156	35,372
Provision expense	4.6	0	0
Interest expense - IFRS 16		(65)	(18)
INCOME BEFORE TAX		29,091	35,354
Current taxes	4.7	(0)	(7,561)
Deferred taxes		60	245
NET INCOME		29,150	28,038
Attributable to equity holders		29,150	28,038
Attributable to minority interests		-	-
<i>Number of ordinary shares</i>		59,608,879	59,328,039
<i>Average earnings per ordinary share</i>		59,137,038	58,709,227
<i>Diluted earnings per ordinary share</i>		59,774,563	61,078,712
<i>Earnings per ordinary share</i>		0.49	0.48
<i>Diluted earnings per ordinary share</i>		0.49	0.46

Statement of comprehensive income

In EUR	Note	Dec. 31, 2022 IFRS	Dec. 31, 2021 IFRS
Net income		29,150	28,038
Change in foreign exchange		0	0
Remeasurement of available-for-sale assets		0	0
Income tax		0	0
Total other comprehensive income		0	0
NET INCOME AND OTHER COMPREHENSIVE INCOME		29,150	28,038
Attributable to equity holders		29,150	28,038
Attributable to minority interests		0	0



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	-	-	-	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	-	-	(2,563)	-	(2,563)	(2,563)
Appropriation of 2021 net income	-	-	-	(11,851)	(11,851)	(11,851)
2022 interim dividend	-	-	-	(11,831)	(11,831)	(11,831)
Share-based payments	-	-	-	(2,968)	(2,968)	(2,968)
Net income for the year	-	-	-	29,150	29,150	29,150
At December 31, 2022	954	41,441	(3,126)	122,387	161,655	161,655



In EUR thousand	Note	Dec. 31, 2022 IFRS	Dec. 31, 2021 IFRS
Net income		29,150	28,038
Net allocations to provisions		-	-
Net allocations to depreciation and amortisation	3.1	673	723
Depreciation and amortisation expense - IFRS 16	3.1	1,083	1,025
Change in deferred taxes		(60)	(156)
Share-based payments - IFRS 2	3.3.1	204	806
Net cash provided by operations before changes in working capital		31,051	30,436
Changes in working capital		(6,648)	3,614
Net cash provided by operating activities		24,403	34,050
Net cash used by investing activities		(890)	(707)
Leases - IFRS 16	3.1	-	(992)
Interest expense on debt related to leasing activities - IFRS 16	3.1	(65)	(13)
Net cash provided by capital transactions	3.3	1,694	1,734
Dividends paid	3.3	(23,682)	(25,188)
Share-based payments in	3.3	5,710	(20,252)
Share-based payments out	3.3	(11,196)	(3,007)
Net cash used by financing activities		(27,538)	(23,859)
Net change in cash and cash equivalents		(4,026)	9,484
Cash and cash equivalents, beginning of period		18,252	8,767
Cash and cash equivalents, end of period		14,226	18,252



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1. Accounting principles and policies

The Group's fiscal year runs from January 1 to December 31, 2022. The consolidated financial statements are presented in euros.

The financial statements were adopted on March 16, 2023 by the Board of Directors and audited by the Group's two Statutory Auditors, Ernst & Young et Autres and Deloitte & Associés.

The ABC arbitrage Group's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the European Union as of December 31, 2022.

The standards and interpretations mandatorily applicable as of January 1, 2022 have no material impact on the consolidated financial statements of ABC arbitrage Group as of December 31, 2022. With regard to the new standards and interpretations adopted by the IASB but not yet applicable as of December 31, 2022, the Group has not anticipated any of the new standards and interpretations (which do not concern the Group and its activities).

The financial statements are presented in euro, which is the functional currency of the Group companies. Where amounts are indicated in thousand euros rounding errors may occur.

Preparation of the financial statements required 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.

In preparing the consolidated financial statements, ABC arbitrage has considered the impact of climate change, particularly in the context of the disclosures required in the "Non-financial information provided voluntarily" section of the annual financial report. This consideration has had no material impact on the judgments and estimates made by the Group.

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, the results for the year are therefore not influenced by it.

The Group takes an industrial approach to its business, focusing on the exclusive design of arbitrage strategies that take advantage of market imbalances in order to help eliminate them and thereby make the market both liquid and efficient. Its main aim is to deliver annual returns within a well-defined risk framework and to invest in the resources needed for sustainable growth.

Highlights in 2022

The 2022 financial year has been marked since February 24 by the war in Ukraine.

ABC arbitrage settled any residual exposures with a Russian counterparty at the start of the half-year, without any significant impact on the result for the period. ABC arbitrage also remains vigilant regarding the economic impacts of the conflict and the repercussions on the financial markets (cf. §5.1 "Market risks").

As a reminder, as indicated in §1. of the consolidated financial statements 2021, a 2021 highlight is important to remember to understand better some variations. The Group has agreed with the French tax authorities (as specified in the press release of June 4, 2021) to modify the characteristics of its Transfer Pricing Policy ("TPP").

This change in the PPT had as consequences in 2021:

- the comparison of net gains on financial instruments measured at fair value through profit or loss and management fees in the income statement between fiscal 2021 and fiscal 2020 is more complex. The additional billing of services for 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* item by the same amount.
- it generates a negative exceptional impact of €3.1 million in the 2021 consolidated financial statements. Indeed, the above-mentioned additional invoicing generates a corporate income tax reminder of €7.5 million (including interest on arrears) for the head of the tax consolidation Group ABC arbitrage (see §4.7), partly offset by a tax saving of €4.4 million within Quartys Limited, which is not directly visible due to the application of the amendment to IFRS 10 "investment entities" (see §1.8.1).

1.1. Assets

1.1.1. Intangible assets and property and equipment

Intangible assets and property and equipment are carried on the balance sheet at cost. They are calculated on a straight-line basis over their expected useful lives.

The amortisation and depreciation periods generally applied by the Group are as follows:

- Intangible assets: 1 to 2 years
- Information systems equipment: 3 to 5 years
- Fixtures and fittings: 5 to 10 years

Amortisation and depreciation charges are recognised in the income statement under "*Depreciation and amortisation expense*".

1.1.2. Right of use - IFRS 16

IFRS 16, relating to leases, requires the lessee to recognize in its balance sheet :

- an asset representing the right to use the leased property and
- a liability representing the lease payment obligation.

Therefore, an asset depreciation expense must be presented separately from the interest expense on the debt in the income statement.

Leases with a term of less than one year and service contracts are not restated.

1.2. Fair value of financial instruments

The Group's trading exposures ("Trading Exposures") include equities or equity derivatives (such as warrants and convertible bonds), dematerialized digital assets, derivative products such as futures, options and foreign exchange; and collective investment undertakings, the vast majority of which are traded on active markets, which may or may not be regulated. An ensemble of related Trading Exposures constitutes a quantitative model ("Quantitative Model").

A Quantitative Model is designed to take advantage of an unjustified price differential between two financial instruments. The Group qualifies as "unjustified" only those differentials that can be objectively measured by a mathematical or statistical process, without a guarantee of long-term convergence.

Trading Exposures in Financial Instruments may be held in custody, as a creditor or a debtor to a counterparty or in synthetic format (contracts for differences, swaps).

Trading Exposures in Financial Instruments are held solely for trading purposes. They are classified as held-for-trading and are recognised in the accounts at fair value through profit or loss.

The fair value hierarchy is comprised of the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2);
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Financial assets and liabilities at fair value through profit or loss are initially recognised and measured at their fair value and are remeasured at fair value in subsequent periods. To measure its financial instrument portfolio, an entity must use the same assumptions that market participants would use to price an asset or liability, assuming they are acting in their own economic best interest. Fair value is defined as the price at which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction on the main market (or if there is no main market, on the most advantageous market) on the valuation date (i.e. an exit price), whether that price is directly observable or estimated using valuation techniques. Furthermore, IFRS 13 states that fair value must include all the risk assumptions that market participants would use.

As part of the application of IFRS 13 and in light of real business conditions for trading financial instruments, the exit price used to measure the financial instrument portfolio is the mid-price between bid and ask, quoted at the time when the financial instruments in the arbitrage transaction were last quoted simultaneously or with the smallest possible interval. If there is no active market for the instrument, fair value is determined using valuation techniques.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

In accordance with IAS 32, cash and securities receivable and deliverable are netted off when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The netting off of such balance sheet items results in a fairer presentation of the Company's financial position. It has no impact on the statement of comprehensive income.

The financial assets and liabilities held for trading purposes are recognised on the balance sheet at fair value under "*Financial assets or liabilities at fair value through profit or loss*". Changes in fair value are recorded in the statement of income for the period as "*Net gains or losses on financial instruments at fair value through profit or loss*".

The Group derecognises a financial asset or liability when the contractual rights to the cash flows from the financial asset or liability expire, or it transfers the rights to the contractual cash flows of the financial asset or liability in a transaction in which substantially all the risks and rewards of ownership of the financial asset or liability are transferred.

1.3. Portfolio revenue

Equity revenue is accounted for when realized. Tax credits linked to equity revenue are included in "*Portfolio revenue*".

1.4. Dividend income

Dividend income is recognised on the ex-dividend date.

1.5. Share-based payment

ABC arbitrage has granted stock options and performance shares to employees. On exercise of stock options, ABC arbitrage issues new shares or sells to employees shares previously acquired by the Group.

IFRS 2 "Share-Based Payment" requires that an expense be recognised equal to the fair value of the services rendered by the employees in return for the equity instruments granted to them.

1.6. Provisions

A provision is recognised when the Group has a legal or constructive obligation as a result of a past event, provided that it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the risk occurs or the expense is incurred, the provision release does not qualify as income as it does not result in a net increase in equity. It is therefore recognised as a reduction of the expense concerned. If the actual expense is lower than the provision and the balance of the provision is no longer required, the surplus then qualifies as income and is booked under the same line item as the original provision charge.

1.7. Corporate income tax

Corporate income tax includes current taxes and adjustments to deferred taxes. Deferred taxes are calculated on all timing differences between the recognition of income and expenses for financial reporting and tax purposes and on consolidation adjustments. Deferred tax assets and liabilities are calculated using the liability method, at the tax rates that are expected to apply when the timing differences reverse. They are not discounted.

The probability of deferred tax assets being recovered is reviewed regularly and may, where necessary, give rise to the derecognition of previously recognised deferred tax assets.

1.8. Financial statement presentation

1.8.1. Consolidation principles

The amendment to IFRS 10 "Consolidated financial statements", approved by Regulation (EU) no. 1174/2013 of November 20, 2013 and published in the EU Official Journal on November 21, 2013, gives a definition of what constitutes an "investment entity" and introduces an exception to the consolidation requirements for subsidiaries of entities meeting that definition. Such investments are required to be measured at fair value through profit or loss.

A parent company shall determine whether it is an investment entity. An investment entity is an entity that: (a) obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services; (b)

commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and (c) measures and evaluates the performance of substantially all of its investments on a fair value basis.

Amendments to IFRS 10 and IAS 28, approved by Regulation (EU) no. 2016/1703 of September 22, 2016, stipulate that only subsidiaries that conduct business related to that of an investment entity parent and that are not investment entities themselves have to be fully consolidated. Accordingly, investment entity subsidiaries must be measured at fair value.

Under the standards, ABC arbitrage is considered as an investment entity, meaning that its investments:

1. in Quartys and ABCA Funds Ireland are presented as financial assets at fair value through profit or loss, since both entities are considered as investment entities due to the nature of their business;
2. in ABC arbitrage Asset Management and ABC arbitrage Asset Management Asia, the Group's asset management companies, remain fully consolidated because both companies provide services related to the Group's asset management business without actually qualifying as an "investment entity".

1.8.2. Earnings per share

Diluted earnings per share is equal to net income for the year divided by the number of shares outstanding at December 31, 2022 plus the impact of all potentially estimated dilutive instruments.

1.8.3. Alternative performance indicators

The group follows the alternative performance indicators, defined below, which are not directly defined by the IFRS standards. These indicators provide additional information that is relevant for shareholders in their analysis of the contribution of the group's two main areas of expertise ("investment entities" and asset management companies) to the Group's results, performance and financial position of the Group, as well as prospective revenue potential.

These indicators are used for internal performance analysis as well. Not being defined by IFRS standards, they are therefore not directly comparable with similarly named indicators from other companies. Furthermore, they are not intended to replace or be presented with greater prominence than the IFRS indicators as presented in the financial statements

Return on Equity (ROE) : It is used to calculate the financial return on equity. The net return is obtained according to the following calculation: $(\text{net income} / \text{closing equity}) \times 100$.

Gross Return : It calculates the level of profitability of invested sums and capital. The gross return is obtained according to the following calculation: $(\text{income from current activity} / \text{closing equity}) \times 100$.

Gross return and ROE are key indicators representative of the profitability of the investment activity monitored by the Group.

The **group's clients outstandings**: also called assets under management corresponds to the value of all the financial assets managed by the Group's management companies. It corresponds to the maximum amount of capital that can be mobilized to finance positions held by clients. This indicator, not directly linked to the financial statements, is a forward-looking indicator of the management fees to be received by the Group.

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 1.8.1), ABC arbitrage's interest in ABCA Funds Ireland and Quartys Limited is presented under financial assets at fair value through profit or loss.

The percentage interests are as follows:

Company	Country	% interest	Consolidation method
Quartys Limited	Ireland	100.0%	Fair value based on net asset value
ABCA Opportunities Fund	Ireland	64.9%	
ABCA Reversion Fund	Ireland	19.1%	

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 31 December 2022, ABCA Opportunities Fund had €60 million of funds under management.
- At 31 December 2022, ABCA Reversion Fund had €178 million of funds under management.

Due to cross-holdings, ABCA Funds Ireland had total assets of €214 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 Dec. 31, 2022
Concessions and similar rights	483	170	(80)	573
Equipment, fixtures and fittings	1,392	30	-	1,422
Vehicles	-	-	-	-
Office and computer equipment, furniture	5,303	561	-	5,865
Total gross value	7,178	761	(80)	7,860

Amortization and depreciation

In EUR thousand	Dec. 31, 2021	Increases	Decreases	Dec. 31, 2022
Concessions and similar rights	(384)	(151)	80	(455)
Equipment, fixtures and fittings	(1,351)	(27)	-	(1,377)
Vehicles	-	-	-	-
Office and computer equipment, furniture	(4,178)	(495)	-	(4,673)
Total amortisation and depreciation	(5,913)	(673)	80	(6,506)

Net Value

In EUR thousand	Gross value Dec. 31, 2021	Acquisitions	Retirements /disposals	Gross value Dec. 31, 2022
Concessions and similar rights	99	19	-	118
Equipment, fixtures and fittings	41	3	-	44
Vehicles	-	-	-	-
Office and computer equipment, furniture	1,125	66	-	1,192
Total gross value	1,266	88	-	1,354

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*".

In EUR thousand	Dec. 31, 2021	Increases	Decreases	Dec. 31, 2022
Right-of-use assets - IFRS 16 - Gross value	7,382	404	(1,988)	5,798
Right-of-use assets - IFRS 16 - amortization and depreciation	(1,997)	(1,018)	1,988	(1,026)
Right-of-use assets - IFRS 16 - Net value	5,385	(614)	0	4,771

These items mainly consist of the right to use the group's Paris offices for an amount of 5.2 million euros gross or 4.4 million euros net. At the beginning of 2022, a new 6-year lease was also entered into.

3.2. Other non-current financial assets

At 31 December 2022, this item included €669 thousand in guaranteed deposits and securities.

3.3. Consolidated equity

3.3.1. Share-based payment Step-up 2019 and ABC 2022

Performance Share incentive program:

Name of the plan	Plan :	Acquisition date	Acquisition period	Number of shares	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	0	24 339
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	0	22 944
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 si applicable	N/A	N/A	N/A	490 097	N/A	170 260	282 565

* Based on actual net income for that period and given the continuing presence requirement, number of stock options which should be definitively granted by the end of the first semester of 2023 and thus become exercisable.

Stock options subscription program:

Name of the plan	Plan :	Acquisition date	Name of the plan	Number of granted options	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-Jun-2023	5.0714	0	40 982
SO-2.2/2017	Step-up 2019	16/06/2017	3	276 000	2020	30-Jun-2023	5.0825	0	84 693
SO-2.3/2017	Step-up 2019	16/06/2017	4	276 000	2021	30-Jun-2023	5.4156	0	125 807
SO-1.1/2018	Step-up 2019	15/06/2018	2	155 000	2020	30-Jun-2024	5.9122	0	20 736
SO-1.2/2018	Step-up 2019	15/06/2018	3	155 000	2021	30-Jun-2024	5.9122	0	64 928
SO-1.3/2018	Step-up 2019	15/06/2018	4	155 000	2022	30-Jun-2024	5.9122	0	82 836
Total si applicable	N/A	N/A	N/A	1 293 000	N/A	N/A	N/A	0	419 982

For all the programs :

No shares will vest if net income is less than €15 million a year and they will vest progressively thereafter on a linear basis. For example, for the APE 3/2021 program, 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 these plans is deferred 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 €240 thousands euros including €36 thousand euros in employer contributions, calculated on the basis of the estimated probable number of shares under various plans, was recognised in respect of fiscal year 2022 (compared to €980 thousands in 2021, €240 thousands in 2020 and €193 thousands in 2019 and €563 thousands in 2018). This IFRS 2 expense is related only to the programme's progression and the realized income.

The loss on share buybacks used amounted to €2,809 thousands and was deducted from consolidated equity at 31 December 2022 (vs €1,272 thousands in 2021, €603 thousand at December 31, 2020 and 1,841 thousands in 2019) which reduces the consolidated shareholders' equity.

3.3.2. 2021 Distribution dividend

The Annual Shareholders' Meeting of June 10, 2022 approved a 2021 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 of €0.10 per share paid in April 2022, the total distributions for fiscal 2021 therefore amount to €0.40 per share.

The detachment of this balance of 0.10 euro per ordinary share, for a payment in cash, took place on July 5, 2022, for payment on July 7, 2022. The balance of the dividend was paid only in cash and was fully deducted from the net profit for the year.

3.3.3 Capital increases in the 2022 financial year

In addition, two successive capital increases were carried out on May 6, 2022:

- The first one was decided by the Board of Directors following the exercise of 180,320 stock options that cannot be served through treasury shares
- The second one was decided by the Board of Directors. Employees and directors of the group who are members of the company savings plan have had the possibility of investing their profit-sharing and participation in company shares of ABC arbitrage which created 100,520 new ABC arbitrage shares..

3.3.4. Distribution of share premium

The board of directors of September 15, 2022 resolved to make two deposits of dividends in the amount of €0.10 per share on each payment, solely in cash. The ex-dividend dates were October 11 and December 6, 2022 respectively, and the dividends were paid on October 13 and December 8, 2022. The total amount of these two operations, taking into account the number of ABC arbitrage shares qualifying for the payment, amounted to €11.8 million.

On March 16, 2023, the Board of Directors decided to pay an additional deposit of €0.10 per share, which will take effect on April 18, 2023 for payment on April 20, 2023.

Finally, the Board of Directors will propose to the General Meeting of June 9, 2023 the distribution of a final dividend of €0.11 per share. The total distribution for the 2022 financial year would then be €0.41 per share and would amount to €23.7 million, i.e. a distribution rate of 83%.

At December 31, 2022, ABC arbitrage's share capital amounted to €953,742.064 and was represented by 59,608,879 fully paid ordinary shares with a par value of €0.016 each (as a reminder, ABC arbitrage's share capital at December 31, 2021 was represented by 59,328,039 shares).

3.3.5. Treasury stock

During 2022, ABC arbitrage sold 181,670 shares under the market-making agreement with Kepler Cheuvreux at the average price of 6.91€. At the same time 203,349 have been brought back.

From the shares held at December 31, 2021, 60,028 shares were fully used to serve the payments in shares. During 2022, 195,424 performance shares were granted, and 850,307 stock options were exercised.

At December 31, 2022, ABC arbitrage held 455,765 of its own shares, acquired at a total cost of €3,126 thousand (at December 31, 2021, the company held 79,362 of its own shares, acquired at a total cost of €563 thousand).

At December 31, 2022, ABC arbitrage's share capital was represented by 59,608,879 fully paid ordinary shares with a par value of €0.016 each.

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

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

As of December 31, 2022, the breakdown of financial assets and liabilities measured at fair value through profit or loss using the fair value hierarchy as described in note 1.2 is as follows:

In EUR thousand	Quoted prices in active markets for identical assets or liabilities (Level 1)	Inputs other than quoted prices 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	52	154,124	0	154,175
Financial liabilities at fair value through profit or loss	(1)	0	0	(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 (note 1). 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 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.

As a reminder, at December 31, 2021, these instruments were classified as follows:

In EUR thousand	Quoted prices in active markets for identical assets or liabilities (Level 1)	Inputs other than quoted prices 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	23	133,963	0	133,986
Financial liabilities at fair value through profit or loss	(1)	0	0	(1)

3.5. 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.

3.6. Other receivables and payables

Terms of receivables and payables are provided in note 5.3 Liquidity risk below.

In EUR thousands	Other receivables		Other payables	
	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021
Trade receivables/payables	11,326	24,296	(487)	(964)
Accrued income/expenses	9	516	(453)	(423)
Accrued taxes and payroll costs	716	599	(13,634)	(12,967)
Total	12,051	25,410	(14,574)	(14,355)

Receivables are mainly invoices to be established for management fees related to this financial year.

Accrued taxes mainly comprise tax credits.

Accrued taxes correspond mainly to corporate tax, bonuses payable to employees and amounts due to social security organizations.

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

3.7. Provisions

There is zero provision at December 31, 2022 as at December 31, 2021. 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 in which 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 applicable accounting principles.

3.8 Liabilities representing the lease payment obligation - IFRS16

In EUR million	Dec. 31, 2022 IFRS	Dec. 31, 2021 IFRS
Liabilities representing the lease payment obligation > 1 year - IFRS16	(4,400)	(4,255)
Liabilities representing the lease payment obligation < 1 year - IFRS16	(1,301)	(1,133)
Total	(5,701)	(5,388)

This item is mainly for the Paris group offices (see §3.1 right of use - IFRS 16). At the beginning of 2022, a new 6-year lease was also entered into. The discount rate used to measure the rent liability is 1.03%.

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 €33,711 thousand in 2022 versus €4,134 thousand in 2021. The variation is due to additional invoicing in 2021 linked to the modification of the PPT for the years 2015 to 2020 (see §1. Significant events).

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:

- 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. These net fair value gains themselves include :
 - 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;
 - any other transaction related to revenues or expenses.

4.2. Investment services fees

Investment services fees amounted to €27,438 thousand at December 31, 2022. As of December 31, 2021, they amounted to €59,921 thousand.

Investment services fees relate to the services that the Group's management companies charge to Quartys Limited and ABCA Funds Ireland Plc and the management mandate. The variation is due to the additional invoicing related to the modification of the PPT for the financial years 2015 to 2020 in 2021(see §1. Significant events).

4.3. Other revenue

Other revenue (mainly income from real estate subleases and routine administrative services) amounted to €288 thousand versus €287 thousand during 2021 .

4.4. Administrative expenses

This item totalled €7,501 thousand in 2022 versus €6,249 thousand in 2021.

Administrative expenses principally comprise data mining and processing costs, together with administrative costs(€6,440 thousands in 2022 versus €5,696 thousands in 2021), property and equipment costs related to leases of less than one year in the subsidiaries, and indirect costs: cleaning, maintenance, repairs (€339 thousands in 2022 versus €295 thousands in 2021) and other costs linked to payroll or representation costs (€721 thousands in 2022 versus €257 thousands in 2021).

4.5. Payroll costs

The average number of employees was 95 in 2022 versus 87 in 2021.

Payroll costs include €16,261 thousand in fixed and performance-related compensation together with statutory and discretionary profit-sharing (€15,084 thousand in 2021), payroll taxes of €5,256 thousand (€4,739 thousand in 2021).

Payroll-based taxes amounted to €750 thousand (€740 thousand in 2021).

For information purposes, in view of the performance achieved in 2022, the bonus amounts provisioned for the year amount to €8 million (including social security charges) compared with €7.4 million (including social security charges) in 2021, to which should be added the amount of profit-sharing €2 million in 2022 compared with €1.9 million in 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.

During 2022, the following amounts were granted by Group companies to the directors of the parent company:

In EUR thousands	2022	2021
Directors' fees	360	410
Salary and other benefits	646	571
Directors' benefits	20	21
Profit-sharing plan	62	62
Incentives	62	59
Share-based compensation	6	52
Total	1,156	1,175

4.6. Provision expense

Provision income was zero in 2022 (equal to 2021).

4.7. Corporate income tax

The difference between the theoretical corporate income tax charge determined by applying the standard French tax rate to pre-tax income and the actual tax charge – corresponding to an effective tax rate of -0.21% - can be explained as follows:

	2022	2021
Standard French tax rate	25.00%	26.50%
Impact of permanent differences	0.08%	0.16%
Impact of tax credit	0.00%	-0.68%
Impact of IFRS10 presentation	-28.50%	-2.79%
Impact of temporary differences	3.21%	-4.08%
Effective tax rate	-0.21%	19.10%

ABC arbitrage elected for Group tax relief with ABC arbitrage Asset Management on January 1, 2004.

The tax Group has signed an agreement whereby each member of the Group (subsidiary and parent) recognises in its accounts the income tax that would be payable if it was taxed on a stand-alone basis. The charge is therefore calculated on their own taxable profit after deduction of any prior year losses.

Any tax savings made by the tax Group through the use of tax losses are retained by the parent company and treated as an immediate gain in the year.

As a precaution, given uncertain visibility, deferred tax assets on recorded tax losses are not recognised.

5. Risk factors

The Group is exposed to a variety of risks: market risks, credit and counterparty risks, liquidity risks, operational risks and other risks.

ABC arbitrage provides subsidiaries with a general risk-management framework that the subsidiaries' boards of directors adhere to when setting their own policy.

The Group oversees the implementation and effectiveness of the controls carried out in its subsidiaries with the support of the executive managers and the control functions (market risk and internal control).

This is because the Group uses leverage as part of its financing agreements with counterparties, allowing it to take larger exposures than would be possible if it were acting alone.

Trading Exposures to Financial Instruments in isolation present a risk of loss of capital. The maximum loss of capital on long Trading Exposures to equities is limited to the fair value of those positions. The maximum loss of capital on long Trading Exposures to future contracts is limited to the notional contract value of those positions. The maximum loss on short Trading Exposures to futures contracts and equities is theoretically unlimited.

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

	a.	b.	c.		
In EUR thousands	Gross carrying amount (before netting)	Gross amounts netted in the balance sheet	Net carrying amount [a-b] at Dec. 31, 2022	Financial liabilities at Dec. 31, 2022	Financial liabilities at Dec. 31, 2021
Non-derivative financial instruments	816,824	(410,793)	406,030	154,175	133,986
Derivatives	29,019	(17,337)	11,682		
Unlisted Derivatives	420,281	(825,674)	(405,392)		
Financial assets at fair value through profit or loss	68,342	-	68,342		
Total long positions	1,334,466	(1,253,804)			
Cash and margin accounts	46,997	(549,427)	(502,430)		
Currencies derivatives - Listed	2,084	-	2,084		
Currencies derivatives - Non listed	575,843	(1,984)	573,859		

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

	a.	b.	c.		
In EUR thousands	Gross carrying amount (before netting)	Gross amounts netted in the balance sheet	Net carrying amount [a-b] at Dec. 31, 2022	Financial liabilities at Dec. 31, 2022	Financial liabilities at Dec. 31, 2021
Non-derivative financial instruments	816,824	(410,793)	406,030	154,174	133,985
Derivatives	29,019	(17,337)	11,682		
Unlisted Derivatives	420,281	(825,674)	(405,392)		
Financial assets at fair value through profit or loss	68,342	-	68,342		
Total long positions	1,334,466	(1,253,804)	-		
Cash and margin accounts	46,997	(549,428)	(502,431)		
Currencies derivatives - Listed	2,084	-	2,084		
Currencies derivatives - Non listed	575,843	(1,984)	573,859		

- 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 as of December 31, 2022 is detailed as follows:

Fiscal year	2022	2021
Asia	5%	7%
Euro zone	42%	42%
USA	48%	42%
Other markets	5%	9%
Total	100%	100%

This geographic analysis is determined using the absolute value of the exposures at year-end, broken down by financial market, with the latter Grouped by geographic area.

5.1. Market risks

Market risk is the risk that the fair value or future cash flows of Trading Exposures will fluctuate because of changes in market prices of Financial Instruments and include notably market price risk, interest rate risk and foreign currency risk.

✓ Market risks

Equity risk, or price risk, arises mainly due to uncertainty about the future prices of Financial Instruments held. It represents the potential loss that could be incurred by the Group as a result of potential movements in price on its exposures to Financial Instruments.

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 quantitative 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 31 December 2022, the aggregate VaR of the Trading Exposures of the Group was €209 million (vs €1.5 million at 31 December 2021). The parameters of calculation are a level of confidence of 99%, a “one year historical” methodology and a holding duration of 1 day.

✓ Interest rate risk

Interest rate fluctuations may have a positive or negative influence on the value of Financial Instruments.

In general, the Trading Positions are composed of approximately equal amounts of long Trading Positions and short Trading Positions and the risk is therefore not material. If a specific Trading Position carries a material interest rate risk, this risk is systematically hedged. Consequently, no sensitivity analysis has been disclosed.

✓ Currency risk

The Group may hold Trading Positions denominated in currencies other than the Group's functional currency. Exchange rate fluctuations against the functional currency may have a positive or negative influence on their value.

Currency risks are systematically hedged by buying or selling the currency (or an exposition to the currency). The only risk is of a secondary nature – that the profit (or loss) realized in a given currency may vary if it is not converted into the functional currency. The Group regularly converts profits (or losses) into the functional currency and its exposure to currency risk is therefore marginal.

On December 31, 2022, a 2% rise (fall) in the euro against all currencies would, all other things being equal, have increased (decreased) net assets by €360 thousand.

5.2. Credit and counterparty risk

This is the risk of a counterparty being unable to honor its contractual obligation to settle a transaction with the Group, due to deterioration in its financial position.

The ABC arbitrage Group deals solely with brokers/dealers (“Brokers”) and credit institutions and investment companies (“Counterparties”). All of these parties are subject to specific controls by the regulatory authorities in the countries in which they operate to ensure their solvency.

The Group's trading activity mainly comprises Financial Instruments which are traded on active (if not regulated) markets which predominantly settle via a Central Clearing Party (CCP). The risk of default by Brokers for each and every market trade is therefore considered to be minimal, as the CCP serves to guarantee settlement, and the securities are not delivered until the Broker has made or received payment.

By unwinding transactions in financial instruments, a counterparty acts as depositary, creditor or debtor, or as counterparty to a synthetic product (CFDs, swaps) for the Group. In general the Group's business requirements permits that very little (if any) of its assets are held in Custody. A significant proportion of the assets of the Group transferred to Counterparties are either pledged as a first security interest or transferred as margin (collectively “Collateral”) to support the Trading Positions. The Counterparty may re-use this Collateral for its own account but is required by contract to return the assets or equivalent assets upon first demand if it is no longer needed to support the Trading positions.

The risks related to the use of a Counterparty are:

- interruption or discontinuation of services as the Counterparty has the right to amend or discontinue the services;
- increased costs of maintenance of Trading Positions with the Counterparty;
- failure by the Counterparty to return Collateral used due to market events;
- failure by the Counterparty to return sums due as a result of bankruptcy;
- incorrect valuation of Trading Positions held and Collateral transferred to the Counterparty.

The Group manages this counterparty risk through the use of industry standard master agreements, close monitoring of Counterparty credit ratings and diversification of its relationships to spread risk while weighing up the pricing benefits of concentration on larger-scale relationships.

At year end, the maximum exposure to credit risk is included in the net amounts for financial instruments (note 5).

5.3. Liquidity risks

Liquidity risk is the risk that the Group may not be able to generate sufficient cash resources to settle its obligations in full as they fall due, or can only do so on terms that are materially disadvantageous.

The Group's Trading Exposures consist almost exclusively of highly liquid Financial Instruments quoted on active markets and its obligations mainly comprise the necessity to provide Collateral to support the Group's Trading Positions. The volume of Trading Positions which the Group may enter into is contractually based on the assets transferred as Collateral.

The Group's actual Trading Positions, taking into account existing agreements with Counterparties, is 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 December 31, 2022, the liquidity position was 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*	52	145,780	-	8,343	154,175
Other receivables	460	11,491	100	-	12,051
Deferred tax assets	-	-	-	-	-
Cash and cash equivalents	14,226	-	-	-	14,226
Total current assets	14,738	157,272	100	8,343	180,453
Financial liabilities at fair value through profit or loss	(1)	-	-	-	(1)
Other liabilities	(416)	-2,183	-11,975	-	-14,574
Current tax liabilities	-	-	-5,394	-	-5,394
Short-term borrowings	-	-	-	-	-
Total current liabilities	(417)	-2,183	-17,369	-	-19,969
Net balance	14,321	155,089	-17,270	8,343	160,483

*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 (note 1), 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

Operational risk is the risk of loss due to inadequate or failed internal processes, people and systems.

In 2022, losses due to operational incidents represented 1.2% of revenues (against 0.03% in 2021).

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.

5.5. Other risks

✓ Compliance risk (Including legal risk)

Compliance risk is the risk of failure to identify and/or comply properly with the provisions governing the Group's business activities. Such failure can lead to malfunctions, financial loss or sanctions (legal, disciplinary, administrative, etc). An ongoing monitoring system is in place within the Group's legal and tax department.

✓ Conflict of interest risk

Conflict of interest risk is the risk of being confronted with situations where the interests of a client or company may conflict with those of another client or with those of a Group company or a Group employee.

To prevent conflict of interest situations, the Group has implemented:

- an internal conflicts of interest policy including guidance to be followed by employees in order to identify, prevent and manage conflicts of interest;
- strict procedures and rules governing the handling of orders and primacy of the client interest. The Group's asset management companies comply strictly with financial market operating rules and are not permitted to do anything that might contravene the principle of fair and equal treatment of orders. More particularly, orders transmitted to the market are pre-allocated and time and date stamped.

Transactions between Group companies are carried out on an arm's length basis.

6. Other information

6.1. Related party transactions

There were no material transactions with Aubépar Industries in 2022.

6.2. Events after the closing date

The first quarter of 2023 saw markets rise significantly, despite the geopolitical and economical context, until the bankruptcies of Silvergate and Silicon Valley Bank during the week of March 6th. The Group has not been directly impacted by the situation of these banks. And, if it's too early to define all the forward looking scenarios around these bankruptcies, the agitation that these situations create, in addition to the other macroeconomic elements (inflationary tensions in particular), reinforce the feeling that the endogenous and exogenous elements are united for an acceleration of activity over the coming months.

6.3. Fees paid to the Statutory Auditors

	ERNST & YOUNG ET AUTRES				DELOITTE ET ASSOCIES			
	Amount in EUR (excluding VAT)		%		Amount in EUR (excluding VAT)		%	
	2022	2021	2022	2021	2022	2021	2022	2021
Certification and limited half-yearly examination of the individual and consolidated financial statements and any additional reports	52,722	54,284	50%	44%	52,722	69,169	50%	56%
Other services provided to fully consolidated subsidiaries *	37,582	33,961	50%	50%	37,582	34,365	50%	50%
Other audit-related work	0	0	N/A	N/A	0	0	N/A	N/A
TOTAL	90,304	88,245	50%	46%	90,304	103,534	50%	54%

* Excluding ABC arbitrage Asset Management Asia, whose 2021 financial statements were audited by Crowe Horwath First Trust (€10 thousand of fees).



DELOITTE & ASSOCIES

ERNST & YOUNG et Autres

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

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

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

ABC arbitrage

Year ended December 31, 2022

Statutory auditors' report on the consolidated financial statements

Deloitte & Associés
6, place de la Pyramide
92908 Paris-La Défense
S.A.S. au capital de € 2 188 160
572 028 041

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles et du Centre

ERNST & YOUNG et Autres
Tour First
TSA 14444
92037 Paris-La Défense cedex
S.A.S. à capital variable
438 476 913 R.C.S. Nanterre

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles et du Centre

ABC arbitrage

Year ended 31 December 2022

Statutory auditors' report on the consolidated financial statements

To the Annual General Meeting of ABC arbitrage,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meetings, we have audited the accompanying consolidated financial statements of ABC arbitrage for the year ended December 31, 2022.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2022 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

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

Basis for Opinion

■ Audit Framework

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

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

■ Independence

We conducted our audit engagement in compliance with the independence requirements of the French Commercial Code (*Code de commerce*) and the French Code of Ethics for Statutory Auditors (*Code de déontologie de la profession de commissaire aux comptes*) for the period from January 1, 2022 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014.

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

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

■ Fair value measurement of financial instruments

Identified risk	Our response
<p>The ABC arbitrage group develops, implements and proposes stock market arbitrage strategies.</p> <p>As described in the note 1.2 "Fair value of financial instruments" of the consolidated financial statements, Financial instruments at fair value through profit or loss are managed under these strategies relate to equity or equity derivatives, derivatives such as futures, options, currencies and investment fund units.</p> <p>These financial instruments are held by Quartys Limited and sub-funds of ABCA Funds Ireland Plc.</p> <p>Within these entities, as part of the application of IFRS 13 "Fair Value Measurement", the group determines the fair value of a financial instrument as the price "Exit Price" (mid-price between Bid Price and Ask Price). It determined at the last time of common quotation of the securities in an arbitrage model or with the smallest interval of time possible.</p> <p>ABC Arbitrage participations in Quartys Ltd and sub-funds of ABCA Funds Ireland Plc as of 31 December 2022 amount to K€ 154,124 as detailed in note 3.4 "Financial assets and liabilities at market value by result" of the notes to the consolidated financial statements.</p> <p>As part of these investments, your group's exposures on financial instruments and derivatives amounts to K€ 1,334,466 in long positions and K€ 1,253,804 in short positions, as described in Note 5 "Risk factors" of the notes to the consolidated financial statements.</p> <p>Given the importance of the financial instrument portfolios in the group's consolidated financial statements, we consider that the fair value measurement of these instruments used in the context of arbitrage strategies is a key audit matter.</p>	<p>Our work consisted, involving in our team members with special expertise in financial instruments and information systems, and supervising the auditors of Quartys Ltd and ABCA Funds Ireland Plc, to:</p> <ul style="list-style-type: none"> ▶ assess the consistency of the valuation principles of your group's instruments with IFRS 13 "Measurement of fair value"; ▶ analysis of the automated application process that retrieves the prices of the external repositories and calculates the "Exit price"; ▶ assess the data and assumptions of the direction on which the pricing of instruments is based, using the following procedures performed on a sample of instruments in the portfolio: <ul style="list-style-type: none"> ▶ comparing your group's prices with price data from external sources (Bloomberg for example); ▶ in the event of a temporal difference in quotation between the securities composing the arbitrage model, carrying out specific tests consisting of an analysis of the quotation differences.

■ Tax risks and potential related liabilities

Identified risk	Our response
<p>The ABC arbitrage group carries out its stock market arbitrage business from several countries (mainly France and Ireland) and operates in various markets internationally. In the normal course of its activity, the group is therefore subject to numerous specific local regulations, in particular fiscal regulations, potentially carrying risks of interpretation in the terms of application (transfer pricing, withholding taxes, taxes and duties on transactions, etc.).</p> <p>At each closing, your group assesses the tax positions it has taken and their technical justification. We have also taken into account that the Quartys subsidiary, which is measured at fair value in the group's consolidated financial statements, also has tax receivables.</p> <p>We have considered the assessment of tax risks to be a key audit focus due to (i) your group's exposure to such risks in the normal course of business, (ii) the scope of ongoing tax litigation, and (iii) the complex technical analyses required for such assessment, which require the significant exercise of management's judgment.</p> <p>Your group's exposures to tax risks are disclosed in note 3.7 of the notes to the consolidated financial statements.</p> <p>For further details on accounting principles, refer to notes 1.6 and 1.7 of the notes to the consolidated financial statements.</p>	<p>With our French and international tax experts integrated into the audit team, we have:</p> <ul style="list-style-type: none"> ▶ conducted interviews with your group management and local management to assess tax risks and, where applicable, discussions in progress; ▶ consult the recent decisions and correspondence of the companies in your group with the tax authorities; ▶ critically reviewed management's judgments, estimates and positions relating to tax risks and litigation; ▶ analyzed the technical opinions and opinions obtained by your group from its tax advisors and independent tax lawyers; ▶ assessed the likelihood of receipt of these cash flows and assessed the correct application of IFRIC 23 "Uncertainty in Tax Treatments"; ▶ analyzed applicable discount rate and the valuation method used in accordance with IFRS 13 "Fair Value Measurement". <p>Finally, we have reviewed the related information as provided in notes 1.6 "Provisions", 1.7 "Income tax" and 3.7 "Provisions for liabilities and expenses" of the notes to the consolidated financial statements.</p>

Specific Verifications

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

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

Report on Other Legal and Regulatory Requirements

■ Format of preparation of the consolidated financial statements included in the annual financial report

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

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

Due to the technical limitations inherent to the block-tagging of the consolidated financial statements according to the European single electronic format, the content of certain tags of the notes may not be rendered identically to the accompanying consolidated financial statements.

■ Appointment of the Statutory Auditors

We were appointed as statutory auditors of ABC arbitrage by annual general meeting held on May 27, 2009 for Deloitte & Associés and on 1999 for ERNST & YOUNG et Autres.

As at December 31, 2022, Deloitte & Associés was in the 14th year of total uninterrupted engagement, and ERNST & YOUNG et Autres was in the 24^h year of total uninterrupted engagement including 20th years since the securities of the Company were admitted to trading on a regulated market.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

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

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

■ Objectives and audit approach

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

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

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

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- ▶ Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- ▶ Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the consolidated financial statements.
- ▶ Assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- ▶ Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Regarding the financial information of persons or entities included in the consolidation scope, obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

■ Report to the Audit Committee

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

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

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

Paris-La Défense, 21 avril 2023

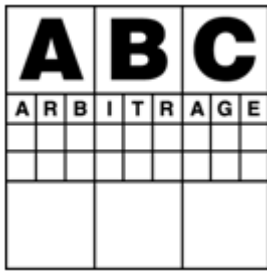
The Statutory Auditors
French original signed by

Deloitte & Associés

ERNST & YOUNG et Autres

Pascal Colin

François Holzman



ANNUAL FINANCIAL REPORT 2022

**Non-financial
information
provided
voluntarily**

18, rue du Quatre Septembre
75002 Paris - France
Email : abc@abc-arbitrage.com
Internet : www.abc-arbitrage.com

**Groupe
ABC arbitrage**

Mainly given the size of the company (average number of employees well below to 500), the Group ABC arbitrage is no longer subject to any disclosure requirements of non-financial information in accordance with the provisions of the article L.226-100-1-2 of the French Commercial Code, and therefore has no obligation to carry it out..

Nevertheless, mindful of its corporate responsibility over social, societal and environmental issue improvements to have a good comprehension regarding the evolution of its results, situation and to be loyal to its mission it has chosen to embody a “positive finance”. The group has made the choice to examine its impacts and publish the non-financial key performance indicators (in particular information related to the environmental and employee issues).

In order to take its approach even further, ABC arbitrage :

- has recruited an employee in charge of CSR issues in 2021 who reports directly to the General Secretary ;
- has set up the workgroup in 2022 dedicated to CSR challenges, which meet at least once per quarter. Open to everyone, it is composed of employees who want to bring their contribution to its subjects. The themes which show particular interests are thorough through working groups “task forces”.
- is creating a RSE committee within its board of directors (expected for 2023).

The societal responsibility of ABC Arbitrage revolves on three main areas:

- A dynamic recruitment management and employee support is its first wealth to create the favorable conditions to their professional development and fulfillment. The group also relies on an attractive incentive remuneration policy joining everyone to ABC arbitrage’s performance and its results. It goes by the willingness to exercise an international activity but to also maintain a strong implementation in France by conviction.
- This research of talents’ development is concerned with diversity and inclusion in every way. The issues of equality between men and women are subject to a particular attention because of the specific difficulties met in the finance and numeric fields.
- The wish to take into consideration environmental aspects in all the decisions. The group is trying to sensitize its employees and stakeholders to environmental respect and endeavors to decrease its direct impact on the environment by different actions. The measurement of the group’s carbon footprint is an integral part of this process to identify the most relevant action levers.

The group precises as it is about investment activities, it has historically kept a total neutrality into the securities selection which are treated through a method of a mechanical and mathematical intervention. For this reason, none environmental criteria take action into the securities selection process on which the market operators treat, only the observed market inconsistencies have an impact on the selection of securities. However, ABC Arbitrage intends to contribute to a sustainable financial system, which takes into account extra-financial environmental, social and governance (ESG) and works in this direction. ABC arbitrage Asset Management has joined the initiative of the United Nations for the promotion and implementation of the Principles for Responsible Investment (UNPRI, UN-supported Principles for Responsible Investment) in July 2022. To give itself the resources to better integrate ESG criteria into its management and investment strategy, ABC Arbitrage Asset Management has equipped itself with the structure needed to an effective and coordinated action thanks to the establishment of a high level committee to set up and supervise the responsible investment policy.

The scope of reporting is as follows:

- Details and information concerning our social responsibility and environmental performance focus mainly on the actions undertaken by ABC arbitrage and ABC arbitrage Asset Management, two French companies that represent 92% of the employees. The relevant and significant indicators related to the other subsidiaries of the group have also been included every time the information was available.
- Employee-related indicators cover the entire workforce (including the operations in Ireland and Singapore).

Please note that the information concerning these issues has been presented on www.abc-arbitrage.com.

Lastly, as a supplement to this non-financial information provided voluntarily, it is important to read the management report, which discusses the significant events of the year and our strategic vision and outlook.

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1. Social information

The employees of the group ABC arbitrage are its first resource, so the group is particularly careful of their welfare and professional fulfillment in all its aspects.

The main principal social indicators are summarized in the table below:

Indicator	Definition/unit of measurement	2022			2021	Change
		France (1)	Internatio nal (2)	TOTAL	TOTAL	100%
Total headcount⁽³⁾	Total number of interns, permanent and fixed term employees	92	8	100	88	14%
Average headcount	Total number of interns, permanent and fixed term employees	88	7	95	87	9%
Headcount by category	Executives as a % of total headcount	98%	100%	100%	100%	0%
	Other employees as a % of total headcount	0%	0%	0%	1%	N/A
Gender balance	% Women	26%	31%	25%	26%	-3%
	% Men	74%	69%	75%	74%	1%
Number of interns during the year	Number of short-term internships	1	0	1	5	-80%
	Number of pre-hire internships	1	0	1	3	-67%
	Percentage of pre-hire internships converted into permanent employment contracts	100%	N/A	N/A	N/A	N/A
New hires	Number of new permanent hires	17	1	18	15	20%
Resignations	Number of resignations during the year	3	0	3	7	-57%
Contractually agreed terminations	Number of contractually agreed terminations during the year	1	0	1	2	-50%
Dismissals	Total number of dismissals	0	0	0	0	N/A
Other⁽⁴⁾	Other contract terminations	4	0	4	3	33%
Average age	Average age of permanent employees	34	38.5	35	36	-4%
Average length of service	Number of years	8.1	6.9	8	9	-11%
Absenteeism⁽⁵⁾	Number of days absenteeism in France (%)	0.8	NC	0.8	0.55	-45%

(1) ABC arbitrage + ABC arbitrage Asset Management

(2) International = Quartys Ltd based in Ireland (two employees) and ABC arbitrage Asset Management Asia Pte Ltd based in Singapore (three employees).

(3) Total headcount includes permanent employees, the apprentice ('Other employees') and the two executive officers.

(4) Other contract terminations correspond to trial period terminations.

(5) Total number of days' absence (including maternity leave) divided by the total number of theoretical working days.

Despite the international nature of its activity, ABC arbitrage always has the willing to maintain a strong implementation in France, which counts 92% of the workforce. Its workforce is made up of many engineers, scientific profiles that the Group strives, at its own level, to keep in France.

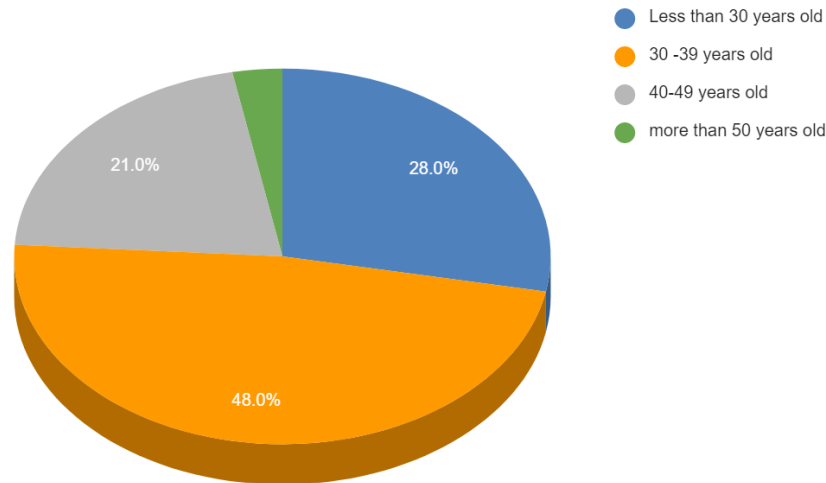
a. Turnover/length of service

In 2022, the group has hired 18 new permanent employees in 2021, representing 18% of the workforce at December, 31 2022, making the decision to combine young employees and technical proven experiences. They reflected our decision to combine recent graduates and veterans with proven technical experience.

This hiring policy encourages the emergence of new ideas and innovation, while capitalizing on the expertise of our most loyal employees.

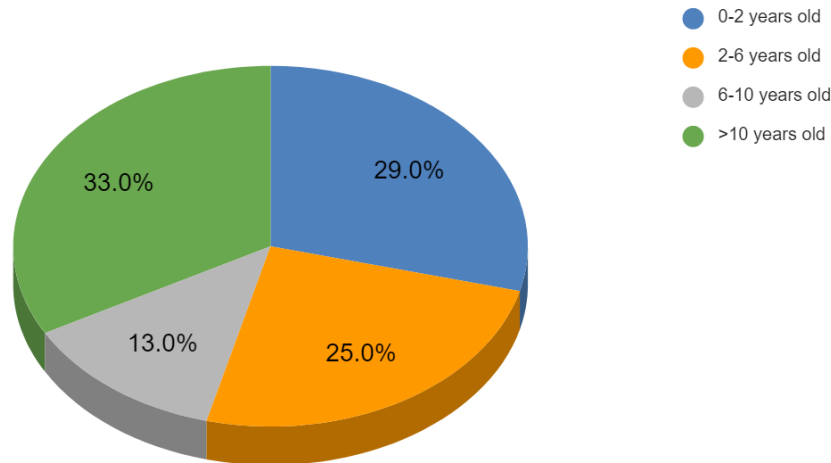
This balance is reflected by the average age of employees (35 years old in average) which shows as the same time the dynamism and the experience of the group. The proportion of under 30s is almost equal to the one over 40s, for about a quarter of the workforce.

Employees by age



Average length of service for employees in the Group stands at 8 years. The group has an experienced and loyal management team (with an average of 18 years of service), most of the employees stay a lot of years.

Employees by seniority



b. Compensation policy

All of the regulatory information required under Article L.225-102 of the French Commercial Code is disclosed in the management report for 2022.

In 2022, personnel costs increased by a little bit more of 10% compared to 2021 . This augmentation compared to N-1 is due to a growth of the workforce but also to a slightly higher variable part of compensation in a context of a slight higher performance. This correlation is structural in the group’s compensation system.

As a reminder, the Group has been working on a new compensation system, implemented in January 2020, in order to stay attractive in the current competition, to better emphasize its skills and to fairly share the wealth created collectively. This work is in line with the logic of maintaining the recruitment of quality profiles without any form of discrimination. At

the beginning of 2020, the management of each Group company set up salary scales by position/department based on objective criteria (internal skill levels, diplomas obtained, number of years of experience and external studies). Following the creation of this scale, each department has implemented increases to bring the fixed salaries of employees in line with the new scale. In total, 88% of employees saw their fixed salary increase in 2020 (89% of women and 87% of men). In addition, the average number of employees has increased by 9% over 2023, which has an impact on the evolution of the "fixed" part of remuneration. An employee saving plan is also available to all employees from the French scope perimeter (i.e. 92% of the workforce).

The willingness to involve teams over the long term and to create a convergence of interests with shareholders is at the heart of management's concerns. The company has developed various capital share-based incentive schemes staggered over time, in order to allow the development of the company by perpetuating the mastery of know-how while containing fixed costs, as much as possible.

This active process is part of the DNA of the group for many years. Convinced by the positive effects of that type of program, it will continue to use these capital incentive products.

All of the information concerning the share-based incentive schemes is presented in the management report. They also benefit from advantages such as holiday bonuses, meal vouchers, etc.

c. Working time organization

The organization of working hours varies according to the functions performed, as all the Group's employees are autonomous executives on a fixed-term contract.

Employees work the hours specified in the collective agreement, which correspond to the legal working hours, unless otherwise stipulated in their employment contracts.

The terms (length of work, schedules, organization, possibility of remote working) are diversified. Indeed, a significant flexibility for the organization of working time subject to business constraints, is granted to the employees who want it. They may also for example freely choose which days are worked remotely or from the company's office, or even benefit of part-time work.

In 2022, there were 3 part-time female employees.

A collective agreement established by the works council, the voluntary employees, the human resources manager and the managers came into force in October 2021, to maintain the possibility of remote working regularly in a "non-covid" context. In compliance with the "rendez vous clause", it was reviewed in April 2022, 6 months after it came into force. The employees feedback confirmed the relevance of this agreement and led to its expansion. Now the agreement allows the employees who want to, to have access to 12 days of telework per month. All confirmed employees benefit from this possibility. This new working method, which allows employees to alternate between working in the office and at home, makes the organization of working hours more compatible with parenthood and improves the work/life balance. All employees have applied to telework under this agreement and all applications have been accepted. The only period during which the employees do not benefit from it, is the one after they are hired in order to foster the training and integration of new employees, but it is very short (3 months on average). During the second semester of 2022, the average number of telework days per employee in France is 67 days per year, which corresponds to 47% of the maximum possible number of days. This reflects a good adoption of this possibility as well as the pleasure that employees have to come to the office. ABC arbitrage provides all the necessary means to telework in good conditions, and an ergonomist can come to the employees' homes on request. A lump sum allowance is also granted each month to all employees concerned to compensate for the costs associated with working at home.

Beyond the flexibility left in the organization of work and the possibility of teleworking, the group intends to promote the reconciliation of professional and personal life as much as possible by not scheduling recurring meetings after 6 p.m., for example. To continue on this matter, the working conditions of pregnant women are adapted: the use of teleworking is possible at the request of the employee and the hours to take public transport are flexible to avoid rush hour. In the event of pregnancy-related requirements, the company is flexible regarding the scheduling hours. Finally, crib reservation contracts allow employees who want to, to benefit from childcare in crèches.

d. Absenteeism

Absenteeism and its reasons are monitored by the human resources department of ABC Arbitrage group. The rate of absenteeism determined in the monitoring of the main indicators corresponds to the ratio between the total number of unplanned days of absence over the total number of theoretical working days (expressed as a percentage). The absenteeism rate of UES (Economical and Social Unity) ABC Arbitrage (0.8%) is well below the average (more than 5 times) for the Banking and Insurance sector (4.12% in 2022 according to absenteeism observatory).

Absences in 2022 are essentially short term absences (i.e. less than three days) were taken mainly for illness or family events. They represent 75% of absences during the year.

In 2022, the average length of an absence within the UES ABCArbitrage is 2.9 days (compared to 23.6 days for 2021 according to the absenteeism observatory).

The very low percentages reflex the positive working environment within the ABC Arbitrage group as well as the actions taken by the group for the welfare of its employees.

e. Employee relations

The collective agreements in force within the Group are mainly based on the agreements relating to profit-sharing, incentive schemes and the fixed rate of pay for days for the French entities. The agreement on fixed term working days was re-signed on October 12, 2021.

Employees can exchange with their manager at any time to share their requests and comments. Each employee also benefits from:

- An annual interview with his manager to discuss his daily life within the company, his areas of progress, his objectives, his career development, his organization and his workload, etc.
- Regular professional interviews. These individual interviews were strengthened following the hiring of the Human Resources Manager (HR) in 2020. In particular, she modified the professional interview framework, in conjunction with the Works council, insisting on work/life balance and workload. In 2022, 18 professional interviews were carried out with the HR department using this new interview framework.

Social dialogue is also based on a consultation process between the employer and its employee representative bodies. It is organized around the Works council. It has attributions both on the economic level (organization and operation of the company, working conditions, professional training, apprenticeship, etc.) and in social and cultural matters, as well as in the field of the protection of the health and safety of the group's employees to improve their working conditions. The Works council is informed and consulted on important decisions to take into account the interests of employees. It meets on average once every two months and at least 6 times a year (7 exactly in 2022).

In addition, a working group on CSR issues is open to everyone. It allows employees who want to, to be informed and to suggest actions on topics related to environmental or social concerns. It is organized around "task forces", which work more especially on certain subjects of interest. In 2022, two permanent "task forces" were created to make proposals on the subjects of energy sobriety on the one hand, and gender equality on the other.

The existence and mode of operation of the CSE, as well as of the CSR working group and the group's CSR approach are communicated and explained to employees, particularly when they join the company. This information is also available to all employees via the ABC arbitrage group's IT tools as well as the display. An Intranet platform is made available to employees. This brings together all the information that is useful for life within the company.

Finally, Social dialogue also takes place regularly through twice-yearly meetings held to present the Group's results. Attendance is mandatory and the meetings provide an opportunity for employees to ask management questions about the company's results, future strategy, etc.

f. Health and safety

The health policy in the workplace goes further than simply complying with changes in the regulations. Indeed, protecting the health of employees is a key priority for the group ABC arbitrage.

Thus, French employers, by unilateral decision, refund 100% of the basic mutual fund and a voluntary flu vaccination campaign is offered each year. Employees who wish are also regular trained to "first aid gestures". In 2022, 10 people benefited from an initiation for first aid and strokes.

The group has reviewed in 2022 the single document for the assessment of professional risks - a document making possible to identify the professional risks linked to the profession exercised within the group with occupational medicine - to ensure the correct sizing of the psychosocial risks linked to the isolation due to the widespread use of the remote working. Training on good gestures and postures at work is also available.

An internal alert procedure allows an employee to reveal a report confidentially (specific mailbox) a crime or an offense, a violation of the law or regulations (e.g. discrimination, harassment) if he knows any.

The prevention of verbal sexist and sexual violence within the company is included in the internal regulation which is reviewed with each new arrival, a display is also produced. Furthermore, the company's internal code of conduct includes harassment (both sexual and moral), reminding what it is and what would be the sanction to be in case of harassment. In addition, the sections of the French labor regarding harassment are displayed in the office. We also have a member of the CSE who is the internal referent for all questions related to harassment.

The ABC Arbitrage group's devotion to the good health of its employees is also reflected by the preventive actions taken such as providing fresh fruit and dried fruit in self-service or offering and taking charge of registration for running races.

For example, several ABC Arbitrage employees took part in the “breath race”, which took place on Sunday September 25, 2022.

No occupational illness was declared in 2022. There was no accident at work either.

g. Training

Training is a key priority for the ABC arbitrage Group. There are three main aspects to our training policy:

- **Technological, regulatory and fiscal training:**

We organize many training courses enabling employees to keep abreast of and to increase their skills in regulatory, fiscal and technological developments. These trainings also include the transmission of transversal knowledge.

- **Core business training:**

Our training policy for our core business is based primarily on mentoring (knowledge transfer) and desk research. There is little or no direct training available for the arbitrage business and what is available tends to focus more on directional strategies rather than arbitrage. We therefore believe that mentoring (know-how transfer) is the best way to train our employees. As regards desk research, we encourage our employees to learn by regularly consulting professional and technical blogs and by reading a lot of technical literature. The company makes the needed resources available by subscribing to professional and technical content and acquiring technical documentation books.

- **Soft skills training:**

A significant portion of the training budget is dedicated to improving employees' soft skills so that they feel more comfortable with their work. In 2022, 76% of the expenditure for training/coaching organizations concerned this type of support (management, assertiveness, public speak, leadership). For example in 2022, all managers were trained in public speaking.

Training requirements are discussed at least once a year with all employees. All requests are reviewed and each manager receives from the human resources department a justified feedback that he/she can convey to the employee.

As a result of this willingness for training and transferring knowledge, the ABC Arbitrage group offers periodically to trainees “pre-hiring” missions at the end of their cycle. A proposal was thus made in 2022.

h. Equal opportunity

In its hiring and human resources management process, the ABC arbitrage Group refuses any and all forms of discrimination, in particular as regards nationality, culture, gender or disability. On the contrary, we embrace all our diversity, in all its forms by integrating employees with different backgrounds.

We endeavor to hire motivated, skilled employees who will integrate effortlessly into the existing team and create an intelligent working relationship between people from a broad variety of backgrounds. Most importantly, we encourage ambition, provided it benefits the Group as a whole.

With regard to gender equality in the workplace, ABC arbitrage has drawn up an action plan based on a diagnosis of nine areas of action (recruitment and access to employment, qualifications, classification, remuneration, professional training, promotion and professional mobility, safety at work, working conditions, and the work-life balance). The actions defined, in conjunction with the CSE, are a priority for the company and are part of the daily fight against all forms of discrimination. To go further, a “task force” from the RSE group has been constituted in 2022 to make a situational analysis and to make new proposals on this subject, if needed.

The group makes sure to respect gender equality within its Board of Directors. Taking into account historical founding shareholders directors, women represent 60% of the Board of Directors (100% of independent directors).

i. Working environment

ABC Arbitrage has made the choice to establish its Parisian offices in downtown, where restaurants, shops, art galleries etc. are closed and among the best areas accessible by public transport of the capital. Likewise the offices in Singapore and Dublin are respectively in downtown or accessible easily by public transport.

The company has also focused on the establishment of ergonomic workspaces, renovated by an interior decorator architect with pleasant living spaces (cafeteria, etc.). A resting room is also available for the employees.

For several years, the group has been committed alongside French artists to promote art and culture within the company. The group is convinced that this contributes to creativity, inspiration and stimulates social interactions and sharing thus promoting the well being of its employees :

- Art photographs are displayed in the cafeteria and are regularly renewed. Since the end of 2022, the photographs of Mathieu Latour, a talent sponsored by ABC Arbitrage, have been displayed in the Parisian premises.
- Finally, in every meeting room, accessible to visitors and employees, is exhibited permanently, an original piece of art especially created for ABC arbitrage around chemicals features : oxygen, zinc, carbon, gold, etc. In addition to the mural created (a live performance for 10 days in 2018) by artists within the parisian premises.

j. Corporate life and integration

In order to offer its employees a rich and fulfilling professional life the ABC arbitrage group regularly offers them the opportunity to meet around events and unifying activities to promote team building.

The Human Resources department organizes integration mornings for new employees to help them to familiarize themselves with the history, culture and values of the group. It is also a moment of exchange with the managers who come to present themselves and the organization of their team. In 2022, 2 integration mornings were held.

During the trial period, new employees systematically have 2 meetings with the members of the Human Resources department to monitor their integration. At the end of their trial period, new employees meet individually with all members of management to exchange. A breakfast is also planned with Dominique CEOLIN and CEO of ABC Arbitrage.

Several initiatives give the opportunity to the employees to get to know better their colleagues from other teams. For example, "mix" lunches are organized every week with those who want to participate. Employees can also be proactive in setting up initiatives.

Every year, employees and investors are also invited to enjoy a unique sailing experience alongside Jean-Pierre Dick and his team (see part 2.e) .

Finally, the CSE organizes many friendly events ("galette des rois", ski, weekends etc?) and offers a certain number of advantages for the employees (Christmas gift card, Skilleos subscription, which includes more than 1,400 online courses in many areas, sports and leisure package etc.).

The group's employees are the best witnesses to the positive working environment : all the opinions of ABC Arbitrage employees posted on professional social networks (Glassdoor, Indeed) in 2022 gave it the maximum rating (5 stars).

2. Societal information

The group aims to undertake its societal responsibility by taking into consideration the stakeholders' expectations with whom discussion is opened.

a. Local, economic and social impact of our business

Since the outset, we have contributed to local development on our own scale, not only as an employer but also through our business activities by bringing liquidity to the markets and contributing to the development of the financial industry.

An arbitrage is a combination of transactions designed to take advantage of imperfections between different financial markets. It ensures that prices are identical in all markets at any given time. It creates smooth flows between the various markets and provides them with liquidity. Through our business, we contribute on our own scale to maintaining useful, efficient markets and compliance with regulations. It enables small retail investors to gain access to the market and acquire financial instruments at their fair value.

However, our contribution to society is not confined to our role in the financial markets. We have always redistributed the value we create to our employees and shareholders and also to the State in the form of different taxes and social contributions.

b. Relations with people or organizations affected by the company's activity

Regularly, high-quality financial reporting keeps investors and shareholders informed of the Group's results and key trends. In addition to the annual shareholders' meeting, regular press releases are issued to keep shareholders informed. Our website (www.abc-arbitrage.com) and email contact address (actionnaires@abc-arbitrage.com) are also available for obtaining any information they may need.

The entities of the group are very careful to meet the expectations of the investors. They implement investment strategies with the highest standards and strict processes to maintain capital. All the elements relating to environmental, social and quality of governance (ESG) criteria are grouped together in a "Due Diligence" questionnaire. These elements include the axes of social responsibility of the ABC Arbitrage group (CSR) including aspects of diversity and inclusion, respect for

private life and work life balance, codes of conduct, respect for the environment etc. This document is accessible on the extranet for the current clients of ABC Arbitrage Asset Management and for prospects (only if they are considered as professional client) who carry out a “due diligence” analysis, at the beginning of the relationship. It is updated when significant changes occur. Finally, an email address and a contact from the website (<https://am.abc-arbitrage.com/>) are also available for any further information.

c. Subcontracting and suppliers

The use of subcontractors is restricted to the preparation of pay statements, social security filings as well as certain general services and administrative acts.

The number of suppliers related to the activity (mainly financial data suppliers) is reduced as well as the choice offered to the company. Other suppliers are called upon for items that are not directly linked to the Group's business activity. However, ABC Arbitrage maintains a lasting and trusting relationship with its suppliers. When it's possible, quality products with better environmental or social performance are preferred, even though it is not formally written. For example, we could quote the choice of our Data Centers for which the energy efficiency, the source of the electricity, the local presence of a maintenance team, as well as the consumption and electrical efficiency of the equipment used were taken into account in our choice.

d. Associative commitments

The ABC Arbitrage group and its entities actively participate in the development of the industry of which it is part, through several associative commitments :

- ABC arbitrage is an active member of MiddleNext and, along with the other midcaps listed on the market, share the belief that we need to tailor corporate governance practices to the needs of different organizational structures, for example based on ownership structure or size, in order to create an informal governance system suited to the company's practices. Dominique CEOLIN, Chairman and CEO of ABC arbitrage was also appointed Chairman of MiddleNext from June 2018 to June 2020 (since then Dominique CEOLIN is no longer Chairman of this association but nevertheless remains a member of its Board of Directors) and other employees of the Group also provide assistance and insight on topics known and practiced in their daily lives.
In this difficult health context, ABC Arbitrage also made its main meeting room available free of charge for the holding of several face-to-face Middlednext conferences, thus making it possible to respect gauges and barrier gestures.
- ABC arbitrage Asset Management renewed its memberships in AFG (Association Française de la Gestion Financière) in 2022. This association represents and defends professionals' interest in portfolio management for third parties. It brings to memberships constant support into legal, fiscal, economical, accountant and technical areas. The AFG is also a mobilizer of ideas for the profession about 'portfolio management techniques' evolutions, research, protection and allocation of savings.
- Finally, as part of the group's strategic plan - “ABC 2022” - and faithful to the mission it has given itself to embody the group's “Positive finance” slogan, ABC Arbitrage Asset Management, as a management, joined in July 2022 the United Nations initiative for the promotion and implementation of Principles for Responsible Investment (UNPRI, UN-supported Principles for Responsible Investment). Through this voluntary approach, ABC Arbitrage Asset Management thus intends to pursue its commitment to contribute to a sustainable financial system, which takes into account the extra-financial Environmental, Social and Governance (ESG) criteria.

e. Relationships with other people or organizations

The role of the ABC Arbitrage Group in society and the relationships it maintains with its stakeholders does not stop with its employees, shareholders, investors and suppliers. Indeed, the group is careful to develop and maintain quality relationships with all stakeholders interested in the company's activity.

- The group's societal action also takes the form of professional integration, links with educational establishments or professional working groups. Company employees regularly take part in engineering school forums (such as the Trium forum October 2022 and CentraleSupelec in November 2022) as well as technological conferences and speak at universities in order to promote the group and its professions, to establish relationships with students and to identify future talents. Pre-hiring internships and summer internships are regularly offered to students. These internships are a real recruitment pool for the group. In 2022, 100% of pre-employment interns were hired on permanent contract at the end of their internship.
- In today's constantly evolving world, with ambitious and captivating projects, ABC arbitrage wishes to stay aware of others' jobs, passions, adventures. Also to meet other men and women who pilot and live important human adventures : they have in common a kind of personal competition, either through sport or studies. Thinking out of our daily life to discover and share the work, innovations, and the challenge to push oneself to the limits, to view things in a new way, to enrich our own career. These are ABC arbitrage ambitions through these featured projects :

- Continuously since the school year 2014/2015, funding was provided to the Maison des Talents, an innovative program of equal opportunities led by the Fondation Groupe Primonial⁶ to enable deserving women scholarship students (two girls are sponsored by ABC arbitrage during each school year) to pass the entrance examinations for France's most prestigious universities, or parisian prestigious universities grandes.
Two young girls are sponsored every year by employees of the group who choose to be their godmothers and godfathers from ABC Arbitrage, who support them through psychological support (moral support), academic support (methodology and general culture) or even an introduction to professional life (discovery of the company), depending on the needs. They can also facilitate the search for internships and jobs, by allowing their sponsored girls to benefit from their network and their knowledge of the professional world.
- Under its communication policy, ABC arbitrage has been leading for several years a sponsorship program as "official partnership" of the skipper Jean-Pierre Dick (Absolute Dreamer crew). From 2018 to 2022, ABC arbitrage has supported the project of Jean-Pierre Dick, the Easy-to-fly. He made up an 8-meters-long sailing catamaran. 2022 marked the return of Jean-Pierre Dick to the traditional circuit, still supported by ABC arbitrage He also won the "Route du Rhum".
- In the past, the Group also participated in the Basis.point initiative, a scheme created by the Irish investment fund industry to improve training and educational opportunities for disadvantaged young people in Ireland. The Group continue to support this initiative.
- In addition to its historical partnerships, the group also sponsors 4 athletes and artists of the future as part of a program called "Young Multi-talented of ABC Arbitrage" (YMTA) :
 - The surfer Charly Quivront during high-performance competitions and any other sporting events in which he has taken part since 2016.
 - Adrien Pendaries and Charlotte Liautier, both professional golfers, also joined ABC arbitrage since the end of 2021.
 - Mathieu Latour, photographer whose project "Regards d'extinction" should be published in a book and accompanied by new photos still to be taken and exhibitions to come, since 2022.

f. Fair business practices

ABC arbitrage is listed on a regulated market. Consequently, immediately upon signing an employment contract, employees undertake to comply with all internal control procedures as regards dealing in ABC arbitrage shares and, more generally, the legislation and regulations on preventing insider trading. Similarly, ABC arbitrage Asset Management is a portfolio management company and its business is therefore regulated, subject to authorisation and supervised by the Autorité des Marchés Financiers (AMF). Employees undertake to comply with all of the mandatory rules and regulations governing asset management activities, particularly the primacy of the client's interests and the fight against bribery and money-laundering and terrorism.

More generally, internal control and risk management procedures have been described in the management report.

Lastly, ABC arbitrage pledges to uphold human rights, including those covered by the main ILO⁷ conventions. The ABC arbitrage Group operates in countries where democracy and human rights are promoted and monitored. The ABC arbitrage Group's foreign operations have been based on essentially operational criteria, but also with particular attention paid to the human development index⁸ for each country. For information, Ireland is in eighth position in this index and Singapore in twelfth position, while France is only in twenty-eighth position. These three countries are classified in the highest category "very high human development".

3. Environmental information

Given the nature of our business, the ABC arbitrage Group does not have any direct or material impact on the environment. The group is nevertheless aware of its responsibility and endeavour to minimize the impact of its activities on the environment and to rigorously use the natural and energy resources that are essential to it. It thus endeavours to respect the environment in the conduct of our business activities, by taking environmental considerations into account in its operational decisions on the one hand and by awareness-raising actions on the other.

⁶ Integrated into the Fondation de France, this new corporate foundation takes over and brings together all the commitment and sponsorship actions carried out until now by the various entities of the Primonial Group. The Fondation Groupe Primonial will take over and continue the actions of the Fondation Financière de l'Échiquier, including the "Maisons des jeunes talents", a program designed to house and support scholarship students admitted to preparatory classes for the grandes écoles in Paris

⁷ International Labor Organization

⁸ Human Development Index (HDI), determined by the United States as part of the development program, for more details :

<https://hdr.undp.org/en/content/human-development-index-hdi>

a. Carbon footprint

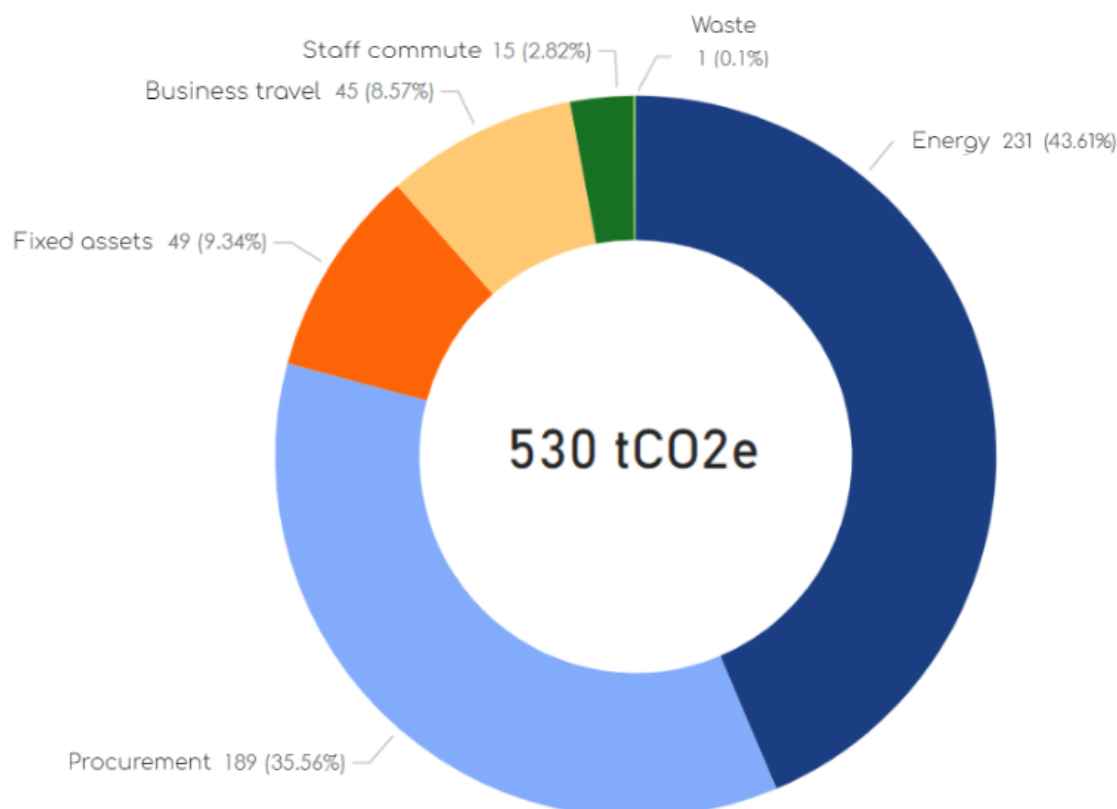
To continue to integrate more dimensions in its environmental policy, ABC arbitrage decided in 2021 to measure its carbon footprint. Beyond the figure obtained, the group wants to identify and understand what collective possible measures can be done to reduce the emissions associated with its activity and to participate in collective awareness on these subjects.

The group renewed the exercise in 2022 with the support of Carbone 4 society. The ABC arbitrage carbon footprint was calculated with a maximum requirement from a methodological point of view, especially on the following points:

- The footprint measurement covers all scopes (1,2 and 3, namely the direct emissions generated by the activity, the emissions associated with the consumption of electricity and heat and the indirect emissions) and all the relevant emission items, to cover a scope which aims to be exhaustive. Only emissions associated with its investment portfolio were excluded from this calculation. Due to the technicality of this subject, they will be estimated separately. The carbon footprint thus takes into account the uses of digital technology, purchases and support services, energy consumption and waste management, emissions associated with various aspects of the professional life of its employees (home-work travel, etc.). .) or depreciation.
- It is based on the most up-to-date emission factors and monetary ratios that reflect the state of knowledge. Physical data was systematically preferred to monetary data when available.
- Measures of contributions to the financing of low-carbon projects have not been taken into account in the calculation, which aims to count for all of the emissions associated with the group's activity. Indeed, such projects can induce avoided or "negative" emissions but cannot "cancel" operational emissions.
- Uncertainty levels have been assessed for the different emission items.

ABC arbitrage estimate its carbon footprint for the 2022 year as following:

- **177 tCO₂e for scopes 1 et 2** ((direct emissions generated by the activity and emissions associated with the consumption of electricity and heat). These emissions are related to the "combustion" part of the energy used for its various sites.
- **530 tCO₂e for all 3 scopes**, excluding issues associated with its investment portfolio, **which** break down as follows:



- Concerning the uncertainties, it has been shown that the emissions appear within a range, the upper limit of which could reach 600 tCO₂e. These uncertainties concern, for example, the emission factors and monetary ratios applied to purchases, for which the exact carbon footprint of the organizations supported or produced is not known.

Level of uncertainty	Sources of activity data	Part of data by level of uncertainty
Very low	<div>Mesure directe (EU ETS sites)</div> <div>Electricity (France)</div>	7%
Low	<div>Electricity (Excluding France)</div> <div>Transports (In km)</div>	48%
Moderate	<div>Capital assets (In square meters or tonnes)</div>	1%
Strong	<div>Capital assets (In unit)</div>	8%
Very strong	<div>Monetary key figures</div>	36%

FE mainly used to estimate scope 1

FE mainly used to estimate scope 2

FE mainly used to estimate scope 3

b. Pollution and waste management

A particular attention is focused on encouraging recycling and good waste management. Various waste management mechanisms are available to employees:

- Recycling points for batteries, light bulbs, coffee capsules, small electronic and electrical appliances, cups, cans, plastic bottle stoppers, pens are provided in the communal areas (coffee area and reprography area); the company 'Les Joyeux Recycleurs' collects the waste and donates 5 cents to the integration association Ares Atelier (Paris, 18th) for each kilogram of waste. During 2022, the company has been able to recycle 264 kg of waste, i.e. 11 217 coffee capsules (168 kg), 2 250 cups (14 kg), 900 plastic bottles (18 kg), 325 caps (1 kg), 277 cans (8 kg), 69 glass bottles, 5 cartridges (4kg), 20 pens (1 kg). The company 'Les Joyeux Recycleurs' then proceeds to the recycling of the waste; the coffee capsules are thus transformed into cans & scooters for the aluminum part and compost for the coffee grounds, the cups into coat hangers or garden benches for example, etc. Beyond waste management strictly speaking, this detailed monitoring of waste enables targeted actions;
- The cups and containers made available to employees are made of biodegradable materials, but above all are only used in case of "emergency", every employee was given a mug and bottle of water also made of biodegradable materials (water fountains are made available to limit consumption of plastic bottles);
- Each office has a paper and cardboard recycling bin;
- The number of printers is very limited (the entire workforce sharing just two printers located in central points) are configured to print with recycled paper. The work is largely dematerialized ;
- Used toner cartridges are collected by a waste service provider;
- We attempt to find a useful outlet for our used computer equipment (given away to employees, non-profit organizations: Proximité and Simplon - donations made via HelloZack, schools etc.).

It should also be noted that voluntary drop-off points are made available to employees for hazardous waste such as batteries or light bulbs. Thus, 295 batteries (14 kg) and 17,446 bulbs (9 kg) were collected in 2022.

In addition, measures have been taken to prevent and reduce air emissions. For example, we took the considered decision to locate our offices in central Paris as it helps to encourage employees to use their bicycle or public transport for their commute. ABC arbitrage wishes to encourage green transport and also provides its employees with bicycle parking spaces.

Employees are made aware of environmental risks and they are encouraged to Group their business meetings together to the extent possible in order to reduce business travel, to take the train rather than fly when distance permits, and to make maximum use of new technologies such as video or audio conferencing.

c. Energy sobriety

In 2022, ABC arbitrage tied to [Ecowatt](#), the electricity weather forecast, developed by the French electricity transmission system operator (RTE) and the Environment and Energy Management Agency (ADEME), to take concrete action in favor of the safety of supply in France and thus reduce the risk of power cuts during the winter.

By signing the Ecowatt Charter, the group has thus committed to reducing its energy consumption and has worked to develop responses adapted to the different levels of alert. The group is prepared to react quickly to reduce even more its consumption in the case of an orange or red alert and to relay the alert in order to help create a citizen momentum around the reduction of electricity consumption.

The concrete translation of these commitments on energy consumption will be measured and monitored over time.

d. Sustainable use of resources

Given its activity, the Group's consumption of raw materials is restricted to:

- The energy consumption. The Group recalls the mechanism settled to reduce the use of electricity in its offices when moving its French subsidiaries to the Centorial (beginning of 2010). Outside of the programmed time bands (corresponding to our business needs), manual intervention is required to activate one hour of lighting and has to be reset each time. This complies with the legal requirements on the lighting of business premises. In 2022, the group increased its efforts even more on this matter (see previous point).
- The paper consumption on which the Group makes constant efforts. The Group's processes are increasingly digitized, which significantly reduces the use of paper impressions. The digitization of our financial reports are part of this dynamic, as every Board of Directors, the e-consent campaign or the use of the Votaccess portal for the Annual Assembly preparation...
- Lastly, water consumption is minimal, and its cost is included in the property rental. Accordingly, we do not produce detailed data on our water consumption.

e. Awareness rising

Several actions to raise awareness of environmental issues were carried out in 2022:

- a monthly ESG Internal Newsletter was sent to all employees. It covers the significant developments on CSR and ESG issues, both internally and externally.
- at the very beginning of the year, the calculation of ABC arbitrage's first carbon footprint for the year 2021 was an opportunity to discuss impactful items;
- two teams of ABC arbitrage competed for 3 weeks to meet the greatest number of ecological challenges thanks to the "[My Little Planet](#)" challenge, starting on May 30. During this edition, 612 challenges were carried out for the planet by the 22 players of the "Positive Impact" league of the group;
- awareness-raising operations around the theme of food were carried out during sustainable development weeks (information sharing, vegetarian lunches, insect tasting, etc.) from September 18 to October 8, 2022;
- in November, the entire management took part in a "Fresque du Climat" workshop, led by an employee of ABC arbitrage
- e-mails recalling good practices (turning off computer screens and office lights in the evening, limiting paper printing, encouraging recycling, etc.) are regularly sent to employees.

4. A quick peek

ABC arbitrage asset management, as a management company, is a signatory of the United Nations initiative for the promotion and implementation of principles for responsible investment ((UNPRI, UN-supported Principles for Responsible Investment).

Signatory of:



ABC arbitrage is a collaborator of Ecowatt, the electricity weather forecast, developed by the French electricity transmission system operator (RTE) and the Environment and Energy Management Agency (ADEME), the group has thus committed to reducing its energy consumption and has worked to develop responses adapted to the different levels of alert.



Find more information on our commitments on the dedicated page of our website: "Our coups de cœur"!



[What we do](#) [Who we are](#) [Funds](#) [Careers](#) [Shareholders](#) [Engagements](#) [Contact](#)

[Q](#) [EN](#) ▼

Our 'coups de cœur'

The charters and codes of ethics, as well as the details of the professional equality index are also available on our website!

www.abc-arbitrage.com