ANNUAL FINANCIAL REPORT
Year 2021

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ABC arbitrage Group

ABC arbitrage Contents

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.

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ANNUAL FINANCIAL REPORT Year 2021

Management report

ABC arbitrage Group

Content - Management Report

1. Business review

Key consolidated figures for 2021 are presented below:

In EUR million	Dec. 31, 2021 IFRS	Dec. 31, 2020 IFRS	Change
Advisory revenues	-	-	*na*
Investment Services Fees(1)	59.9	22.5	*166.3%*
Net gains at fair value through profit or loss(2)	4.2	46.3	*-90.9%*
Net revenues	**64.1**	**68.8**	***-6.8%***
Payroll costs	(20.7)	(25.9)	*-20.3%*
Occupancy costs	(1.4)	(1.4)	*0.0%*
Other expenses	(6.4)	(5.9)	*8.8%*
Other taxes	(0.3)	(0.1)	*114.8%*
Total costs	**(28.8)**	**(33.4)**	***-13.7%***
Income before tax	**35.4**	**35.4**	***-0.2%***
Net income attributable to equity holders	**28.0**	**35.1**	***-20.1%***

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

(2) The Group has agreed with the French tax authorities (as stated in the press release of June 4, 2021) to modify the characteristics of its Transfer Pricing Policy ("TPP"). This change in the TPP results in a more complex comparison of net gains on financial instruments measured at fair value through profit or loss and management fees in the income statement between the 2021 and 2020 financial years.

IFRS net revenues amounted to €64.1 million and net income to €28 million at December 31, 2021, with a decrease of -20.1%.

Return on equity (ROE) in 2021 was 17.5%.

In EUR thousand	Dec. 31, 2021 IFRS	Dec. 31, 2020 IFRS
Equity at January 1, 2021	154,031	139,902
Equity at December 31, 2021	160,024	154,031

Return on equity	**17.52%**	**23.90%**
Gross return on equity	**40.08%**	**45.00%**

Return on equity = (net income / closing equity) x 100.
Gross return on equity = (proprietary trading revenues / closing equity) x 100.
Equity corresponds to shareholders' equity plus provisions adjusted for deferred taxes.

After an atypical year in 2020 from a health and economic point of view, the year 2021 is characterized by a return to a certain normality of the financial market parameters. Volatility in 2021 is back to its historical average of 20% compared to 29% in 2020. The M&A market has regained strong momentum, reaching in particular in the first half 2021 its highest levels of 2016. The successive waves of COVID, unevenly spread over the various geographical areas, have generated statistically unusual situations with unfavorable decorrelation for some of the Group's activities.

In addition, central banks interest rates are still close to zero, which does not allow issuers to return to equity activity (e.g. capital increase). The Group has once again demonstrated its expertise by outperforming the market context with a current activity income of € 64.1 million. ABC arbitrage thus achieved one of its best results ever with a ROE of nearly 18% 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 €22.5 million by December 31, 2020, to €59.9 million by December 31, 2021 (+€37.4 million, +166%). This is due to two main reasons:

- 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;
- The growing volume of assets under management (additional assets in 2021) linked to the increase in new collecting.

Personnel expenses still represent the most significant cost, but are down 20% in 2021.
This decline is due to a lower variable portion of compensation in a less favorable performance context. This correlation is structural in the Group's compensation system. As a reminder, a new compensation system has been implemented in 2020.

The increase in additional expenses (cost of premises, other expenses, etc.) is mainly due to the cost of processing and acquiring information flows (optimization of current resources through one-time start-up costs).

Covid-19 was declared a pandemic by the World Health Organization on March 11, 2020. In 2021, the deployment of vaccines has enabled an economic recovery in several major sectors. However, in the face of the economic disruption caused by this health crisis, the Group took steps from the outset to ensure a viable Business Continuity Plan. As a result, all of the Group's operations have been maintained.

Alert levels have been developed internally, leading to the communication of successive recommendations, the implementation of additional hygiene measures, the tightening of the travel policy to limit risks as much as possible, and the strengthening of the technical set-up so that all employees can work from home under adequate conditions.

After two years of health crisis and restrictions, administrators are confident that business continuity plans can address all ongoing operational risks.

2. Activity and statutory accounts

ABC arbitrage key figures for 2021 are presented below[1] :

In EUR thousand	Dec. 31, 2021 IFRS	Dec. 31, 2020 IFRS	Change
Income	1,003	925	*8.43%*
Operating income	1,826	(2,527)	*172.25%*
Financial income	46,134	14,753	*212.71%*
Extraordinary income and expense	(459)	(51)	*-800.26%*
Net Income	**43,409**	**11,682**	***271.59%***

The increase in ABC Arbitrage's profit for the year is mainly due to the increase in its financial income, which in turn is mainly explained by the reversal of the provision for impairment of the gross value of ABC Arbitrage Asset Management's shares, due to the profit generated this year, see *§ 4* below.

3. Research & Development activity

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.

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

4. Subsidiaries and holdings

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

At December 31, 2021, 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.
It is in a very singular market context after an atypical year in 2020 (explained in paragraph 1. Business Review, which also provides useful information on ABC arbitrage's subsidiaries and holdings), that the Group, once again, demonstrated during the 2021 financial year, its resilience and its ability to adapt and react in order to maintain its strong pillars: capital protection and a performance consistent with the objectives to its clients.

ABC arbitrage has continued its role as the Group's holding company. At the beginning of 2020, and in accordance with the strategic guidelines of the "ABC 2022" plan, it communicated new orientations and a new framework to all its subsidiaries, which remain autonomous in their actions and decisions.
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. However, 2021 was a year with a less favorable pace of activity than 2020,which had been exceptional in every way. As a result, Quartys ended the year with a net profit of €3.7 million, compared with €46 million in fiscal year 2020 (-92%). This significant difference is mainly explained by the retroactive effect of the update of the Group's transfer pricing policy, which negatively impacts the net income of the QTYS trading activity (see *§ Highlights of the consolidated financial statements*).

- ABCA Funds Ireland Plc, an alternative investment fund, had assets of €358 million at December 31, 2021, compared with €289 million at December 31, 2020 :
    - The ABCA Opportunities sub-fund, designed to partially disconnect itself from volatility, performed better than expected in the first half of 2021, with a rate of +6.45% over the first half of 2021. This is mainly due to a favorable environment, with a high rate of new contract announcements and a more stable economic context. The Event Driven strategy was one of the drivers of outperformance in April and May. ABCA Opportunities delivered a steady performance throughout the first half of the year thanks to the diversification effect of its strategies. In the second half of the year, the overall performance of ABCA Opportunities maintained its course. Its annual performance level is therefore well above that of the previous year: +6.95% vs. -3.41%. ABCA Opportunities met expectations. The event driven strategy contributed 73% of the fund's total annual gross performance, followed by the volatility futures strategies (17%), then commodities (8%).
    - The ABCA Reversion sub-fund, designed to take advantage of volatility, had a start of the year below expectations. ABCA Reversion had to navigate particularly adverse conditions combining low volatility across regions and major decorrelation in Asia. Although ABCA Reversion’s performance remained slightly negative over the half year (-2.19%), it was positive over the month of June in a market context comparable to previous months, which validates the fund's highly defensive profile for downside protection in unfavorable market environments. During the second half of 2021, ABCA Reversion remains close to stability, which allows the preservation of capital in an unfavorable environment. ABCA Reversion, however, achieves an annual performance below expectations: -1.39% vs +8.73%. It should be noted that the year 2020 had been particularly favorable to high levels of volatility, which had allowed to achieve such a 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, 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 2021, ABC arbitrage Asset Management's revenues increased from 21,732 K€[2] to 57,678 K€, a significant increase of

[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*

nearly 165%. It should be noted that the retroactive effect of the update of the Group's transfer pricing policy[3] represents a positive amount of 33,200 K€. (Excluding the retroactive effect, revenues would be 24,089 K€, an increase of 10.8%). This growth is mainly explained by the retroactive effect of the update of the Group's transfer pricing policy generating additional billing for services for the years 2015 to 2020.
Apart from this retroactive effect, it should be noted that management fees are up (+0.7 M€[4]) due to the additional inflow of assets under management both via the alternative investment funds managed by ABCA Funds Ireland Plc (see above) and via a new mandate (BESPOKE ALPHA MAC SP) signed in the first half of 2021. Performance fees, however, decreased slightly.
The management company also continued to invest significantly, especially in people, in order to systematically develop its know-how in equity derivatives, ETFs and cryptocurrencies, 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 €30,079 thousand versus a loss of €7,379 thousand as of December 31, 2020.

ABC arbitrage Asset Management Asia Pte Ltd, an asset manager 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.
Its revenue increased by more than 140% in 2021, from 1,090 K€ to 2,637 K€. This is largely explained by the retroactive effect of the update of the Group's transfer pricing policy[5], which has an impact of + 1,434 K€ on the revenues for the year 2021 (excluding the retroactive effect, the revenues would be 1,203 K€, i.e. a 10% increase).
Apart from this retroactive effect, it should be noted that management fees are up (+0.25 M€) due to the additional inflow of assets under management. Performance fees, on the other hand, are down compared to 2020 but remain satisfactory in a less exceptional market context.
Its result therefore shows a gain of 704 K€ at December 31, 2021, compared to a loss of -572 K€ in 2020 (an increase of 1.3 M€). 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.

Clients' assets amounted to €512 million at December 31, 2021, compared with 368 million euro at December 31, 2020 (increase of +39%).

5. Human resources

The Group employed an average of 87 people in 2021, compared with 81 in 2020.

In 2021, personnel expenses decreased by -20.3% compared to 2020, but increased by almost +72.35% compared to 2019. This is because the Group has been working on a new remuneration system, implemented since January 2020, in order to remain in line with the current competition. This work is in line with the logic of maintaining recruitment of quality profiles (continuity of the Added Value program).
At the same time, the average number of employees has increased by 7%, which has an impact on the evolution of the "fixed" part of the remuneration.
The Group's results for 2021 are down compared with last year, as 2020 was an exceptional year with market contexts presenting periods of high volatility. This has automatically led to a downward review of the variable part of the remuneration of Group employees.

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.

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

4 *When the letter "M" is preceded by a number or a figure it means that the number or figure is expressed in millions of euros*

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

As part of the Ambition 2016, 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-3.1/2017	Step-up 2019	16/06/2017	2	68,500	2019	0	23,701
APE-3.2/2017	Step-up 2019	16/06/2017	3	68,500	2020	0	16,196
APE-3.3/2017	Step-up 2019	16/06/2017	4	68,500	2021	0	22,560
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	25,261*
APE-3.3/2019	Step-up 2019	14/06/2019	4	30,000	2023	30,000	Pending
APE-1.1/2020	ABC 2022	17/09/2020	2	40,000	2022	0	40,000*
APE-3.1/2021	ABC 2022	11/06/2021	2	25,000	2023	25,000	Pending
APE-3.2/2021	ABC 2022	11/06/2021	3	25,000	2024	25,000	Pending
APE-3.3/2021	ABC 2022	11/06/2021	4	25,000	2025	25,000	Pending
APV-4.1/2021	ABC 2022	11/06/2021	2	134,837	2022	0	123,241*
Total if applicable	**N/A**	**N/A**	**N/A**	**575,337**	**N/A**	**105,000**	**297,740**

*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 first half of 2022.

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
04/2016	Ambition 2016	14/06/2016	2	373,000	2018	15-june-2022	4.9129	0	24,696
05/2016	Ambition 2016	14/06/2016	3	313,000	2019	15-june-2022	5.1411	0	135,708
06/2016	Ambition 2016	14/06/2016	4	313,000	2020	15-june-2022	5.4617	0	117,993
SO-1.1/2017	Step-up 2019	16/06/2017	2	563,333	2018	30-june-2022	5.0714	0	134,584
SO-1.2/2017	Step-up 2019	16/06/2017	3	563 333	2019	30-june-2022	5.1494	0	286,942
SO-1.3/2017	Step-up 2019	16/06/2017	4	563 334	2020	30-june-2022	5.4825	0	376,306
SO-2.1/2017	Step-up 2019	16/06/2017	2	276,000	2019	30-june-2023	5.1494	0	108,955
SO-2.2/2017	Step-up 2019	16/06/2017	3	276,000	2020	30-june-2023	5.4825	0	73,801
SO-2.3/2017	Step-up 2019	16/06/2017	4	276,000	2021	30-june-2023	5.8156	0	90,571
SO-1.1/2018	Step-up 2019	15/06/2018	2	155,000	2020	30-june-2024	5.9122	0	26,538
SO-1.2/2018	Step-up 2019	15/06/2018	3	155,000	2021	30-june-2024	5.9438	0	91,372
SO-1.3/2018	Step-up 2019	15/06/2018	4	155,000	2022	30-june-2024	6.2994	0	82,830**
Total if applicable	**N/A**	**N/A**	**N/A**	**3,982,000**	**N/A**	**N/A**	**N/A**	**0**	**1,550,296**

** Taking into account the condition of presence and the results achieved over the period, number of SARs that should be definitively allocated by the end of the first half of 2022 and thus become exercisable

Stock Appreciation Rights - SAR:

Name of the plan	Plan	Acquisition date	Acquisition Period	Number of granted units	Exercise period start date	Options expired Date	Exercise adjusted price	Number of units to be granted	Maximum number of units to be exercised
07/2016	Ambition 2016	22/09/2016	2	745,870	2018	22-sept.-2022	5.4089	0	65,460
08/2016	Ambition 2016	22/09/2016	3	745,870	2019	22-sept.-2022	5.7429	0	49,194
09/2016	Ambition 2016	22/09/2016	4	745,870	2020	22-sept.-2022	6.0770	0	41,223
Total if applicable	**N/A**	**N/A**	**N/A**	**2,237,610**	**N/A**	**N/A**	**N/A**	**0**	**155,877**

For all plans:
No shares will vest if net income is less than €12 million a year and they will vest progressively thereafter on a linear basis. In order that 100% of the capital products can be definitively granted, cumulated results must reach :

- 55 million euros for a plan with a 2 years vesting period
- 90 million euros for a plan with a 3 years vesting period
- 125 million euros for a plan with a 4 years vesting period

For example, if net income is €20 million a year over the entire period, 46% shares will vest and if net income is €25 million a year over the entire period, 75% 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 €980 thousand, including 174 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 2021 (compared to €240 thousand at December 31, 2020). 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 €1,272 thousand (vs €603 thousand at December 31, 2020).

Since the company's incorporation in 1995, a total of 10,480,538 new shares, representing 18% of the capital, have been granted to employees in respect of equity instruments that have vested.

6. Earnings allocation

As of December 31, 2021, the share capital of ABC arbitrage will therefore be composed of 59,328,039 fully paid-up ordinary shares with a par value of 0.016 euro each, compared with 58,512,053 shares as of December 31, 2020. This change follows two successive capital increases:

- A first increase was approved by the Board of Directors on July 7, 2021, following the exercise of **332,338 stock options** that could not be exercised through treasury stock;
- A second increase was approved by the Board of Directors on July 29, 2021. This increase follows the 38,279,343 dividends presented to the registrar for subscription (i.e. a reinvestment rate (on the part of the balance of the dividend available for payment in shares) of slightly more than 65%, thus generating the creation of **483,648** new ABC arbitrage shares.

Net consolidated earnings per ordinary share* amounted to €0.48 in 2021.
Profit for 2021 totaled €0.73.

	31/12/2021
Number of shares issued	59,328,039
Number of common shares outstanding (weighted average)	58,709,227
Number of diluted shares** (weighted average)	61,078,712
Net earning per ordinary share	0.48
Diluted net income per common share	0.46

**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 calculated 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, two years ago, the Executive management proposed to the Board of Directors to gradually introduce a quarterly distribution instead of the usual half-yearly distribution.
Following approval by the General Meeting on 11 June 2021, two distributions of 0.10 euro per share were made in October and December 2021.

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 FY2021 income during the first half of April 2022 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 euro will be paid on April 20, 2022, with payment on April 22, 2022.

7. Corporate governance

7.1. 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 Middlenext 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.middlenext.com

ABC arbitrage is an active 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 Middlenext.

7.2. 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, 2021, 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 (Chief executive officer)	M	54	French	Chief Executive Officer of ABCA AM	Y	N	NO (Director and Chairman of the Board)
				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	
David HOEY (Deputy CEO)	M	52	Irish	Member of the Board of ABCA AM	Y	N	NO (not a Director)
				Member of the Board of ABCA Asia	Y	N	
				Member of the Board of ABCA Funds Ireland Plc	N	N	
	H	58	Belgian	**Aubépar Industries SE:** Director of Aubépar SE	N	N	NO

AUBEPAR INDUSTRIES SE (Director Xavier CHAUDERLOT is Permanent representative of Aubépar Industries SE)				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 SC Aubépar Innovations	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	
				Director of Financière de Bailli SA	N	N	
				Manager of SCI Bessard Frères et Fils	N	N	
				Manager of SCI LZ Observatoire	N	N	
				Manager of SCI LZ Assas	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	
Jean-François DROUETS	H	59	French	Chairman of Catella Valuation Advisors	N	N	YES
				Member of the steering committee of Catella France	N	N	
Sabine ROUX de BEZIEUX	F	57	French	General Manager of Notus Technologies SAS	N	N	YES
				Member of the Supervisory Board of Banque Transatlantique	N	N	
				Member of the Supervisory Board of Tarkett	N	Y	
Marie-Ange VERDICKT (until June 11, 2021)	F	59	French	Member of the Supervisory Board of Wavestone, Chairman of the Audit Committee	N	Y	YES
				Member of the Supervisory Board of CapHorn Invest	N	N	
				Member of the Supervisory Board of Interparfums, Chairman of the Audit Committee	N	Y	
				Member of the Board of Directors of Bonduelle SA	N	Y	

Sophie GUIEYSSE (from June 11, 2021)	F	59	French	Member of the Board of Directors of Maisons du monde	N	Y	YES
				Member of the Compensation Committee Rugby World Cup 2023	N	N	
				Member of the Compensation Committee of the Paris 2024 Olympic Games	N	N	
Isabelle MAURY (censor as of October 2021)	F	54	French	Member of the Board of Directors of RCI Banque	N	Y	YES
				Member of the Board of Directors of SG SCF and SG SFH	N	N	
				Member of the Supervisory Board of the Caisse de Crédit Mutuel de Verneuil sur Seine (subject to change)	N	N	
				Director of IM7 Consulting (SASU)	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 14%. 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".

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.

Sophie GUIEYSSE, (member of the Board of Directors since June 11, 2021) 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 the Paris 2024 Olympic Games and the Rugby World Cup 2023.

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 2021, namely Sophie GUIEYSSE before she became a Member of the Board during the General Meeting of June 11, 2021, and Isabelle MAURY from October 2021.

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. She is an independent director of RCI Bank & Services (2019) and Société Générale SCF and Société Générale SFH (2021).

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 40% of Board members. Excluding the founding shareholder directors, women represent 67% of the Board (two in three members). By comparison, following the 2021 general meetings, the average representation of women on company boards was about 45.7% for SBF 120 companies (source: Ethics & Boards for the French Institute of Directors (IFA)).

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.

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 *Represented by Xavier CHAUDERLOT*	Director	June 1, 2012	June 12, 2020	AGM held to approve the 2023 financial statements
Jean-François DROUETS	Director	April 11, 2006	June 14, 2019	AGM held to approve the 2022 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

AGM: Annual General Meeting of Shareholders

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 2021, 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 2021, 46% of investors in number representing 57% 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.

7.3. 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 which are in line with recommendation N°9 of the MiddleNext code.

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 on April 23, 2020. The changes made are in line with the new model of Charter of the board of directors published by Middlenext on April 18, 2020.

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, the Compensation 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.

□ Audit Committee

The Audit Committee is currently composed of two directors, the interim chairman since June 11, 2021 is Aubépar Industries represented by Xavier CHAUDERLOT, and the other member is Sabine ROUX DE BÉZIEUX, 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 MiddleNext 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 17, 2022 to review the 2021 financial statements. It was composed of all Committee members. The meeting was also attended by Gaëtan FOURNIER, Secretary General, the non-voting director and other directors who wished to attend, and Dominique CEOLIN invited by the Chairman of the Audit Committee. The Committee also met on September 14, 2021to review the 2021interim 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 18, 2021for 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 2021 financial statements.

The Audit Committee reported to the Board on the findings of the audit, 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 Group has not renewed or appointed a new auditor.
- 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 2021, 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 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 2021, 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

☐ **Compensation Committee**

This committee's role is to prepare the Board's compensation-related decisions and, more generally, to review compensation policy issues. The aim is to diversify and optimize the Group's compensation policy in order to attract, motivate and retain its executives and employees and thereby preserve and improve the Group's performance.

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 2021, the Committee met once, on February 3 2021. These topics were also discussed at the November 18, 2021 Strategy Committee.

☐ **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 2021, the Committee met twice, on February 3 and November 18.

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 2021, the attendance rate at Board meetings was 98%.

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 meetings at which the Board reviewed and approved the 2019 annual and 2020 interim financial statements, as well as the Board of Directors' meeting of March 17, 2022 for the presentation of the audit plan for the approval of the 2021 accounts.

The Board of Directors met 9 times in 2021, thereby complying with recommendation 5 of the MiddleNext Code, on: March 18, March 29, April 15, April 19, May 21, June 11, July 7, September 16 and December 9.

Under the share buyback program authorized by the shareholders at their annual general meeting of June 11, 2021, 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 2021:

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 2021 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 2021;
- Review of related-party agreements;
- Preparations for the Annual General Meeting on June 11, 2021;
- 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;
- Decision to increase the capital of ABC arbitrage Asset Management;
- Implementation of the share buyback programme, block purchases and monitoring of the buyback account;
- Distribution of the final 2020 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 2021 interim financial statements of the Group;
- Distribution of issue premiums in October 2021;
- Distribution of issue premiums in December 2021;
- Decision to introduce or not an additional employee profit-share for 2021;
- 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 Middlenext Code;
- Examination of applications for the position of Board member.

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 9 December 2021 on the work of the Board, its committees and the preparation of its work. The Board of Directors thus identified areas for improvement for 2022.

7.4. Directors' fees and executive compensation

This report by the Board of Directors on the compensation policy for all corporate officers, including directors, for fiscal year 2021 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 Middlenext 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 11 June 2021, 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.

Like the Group' 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 11 June 2021 :

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.

- 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. Therefore, no beneficiary may be granted more than 15% of shares or options under a plan. The definitive allocation of shares is subject to performance conditions that reflect the Group's medium/long-term interest.

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.

<u>Directors' fees:</u>

- **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 on the recommendation of the Compensation Committee.

As a reminder, the Annual General Meeting of May 31, 2007 had decided to set at €60,000 the maximum overall amount of compensation to be allocated to the members of the Board of Directors for the 2007 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 recommends that the maximum aggregate amount of compensation to be paid to the members of the Board of Directors for fiscal year 2021 and subsequent years be set at €100,000.

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 attendance as follows (excluding separate fees for and specific technical or preparatory work):

- €700 for each Board meeting attended;
- €1,400 for each Board of Directors meeting attended approving the financial statements;
- €700 for each shareholders' meeting attended;
- €700 for active participation in the shareholders' meeting;
- €2,100 for each audit committee meeting attended;
- €3,500 for chairing an audit committee meeting;
- €700 for each compensation committee meeting attended;
- €700 for other committee meetings or work sessions attended.

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, 2021.

- **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 11 June 2021” 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 reaches €235,000 per year for Dominique CEOLIN and €175,000 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 (including that resulting from company collective agreements) is decided by the Board of Directors on the basis of the closed and audited accounts.

The Board of Directors recommends that variable compensation be 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 opinion 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.

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

However, as of 2008, the Board decided to add to the compensation of the CEO[6] a further bonus called "Removal bonus". It equals to 5% of the total fixed remuneration up to a limit of 20,000 euros per year. Paying a percentage of the fixed remuneration in the form of a bonus makes the amounts paid consistent with the executive's commitment over time.

This removal bonus is paid annually and in advance for the termination of any mandate and, in part, for the non-compete clause. In exchange, the executive officer expressly agrees not to claim any benefit upon termination, whatever the cause, except where blatantly unjustified.

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 eighteen 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.

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6 And since the 2018 financial year, also the deputy CEO

The Board has decided to set a fixed amount to every type of meetings 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.

Share Appreciation Rights (SAR) performance related grant

The Executive manager and the deputy CEO are eligible for SAR performance related plans.

Statements of directors' transactions on ABC arbitrage shares

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.

<u>Blackout Periods:</u>

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.

<u>Obligation to report transactions:</u>

In 2021, 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	€27,391.65	€0.00	€345,200.06	2,557,948
Financière WDD*	€2,753,626.79	€0.00	€401,662.90	7,120,473
David HOEY	€368,190.92	€284,665.45	€753,369.79	3,362,147
Aubépar Industries and subsidiaries	€0.00	€54,040.70	€669,404.30	8,465,418
Jean-François DROUETS	€0.00	€0.00	€0.00	10,549
Sabine ROUX DE BEZIEUX	€0.00	€0.00	€0.00	1,000
Sophie GUIEYSSE	€0.00	€0.00	€0.00	N/A**

** Holding 50.01%-owned by Dominique Ceolin*
***First year of mandate*

<u>Elements of compensation paid during the financial year 2021 or allocated for the same financial year submitted to the ex post vote of the shareholders at the General Meeting of 10 June 2022</u>

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 11 June 2021.

Directors' fees

Directors' fees paid in 2021 by Group companies amounted to €68,500 broken down as follows:

Name	Position	Directors' fees (€)		
		2021	2020	2019
Dominique CEOLIN	Chairman of ABCA	2,000	2,000	2,000
Aubépar Industries SE représentée par Xavier CHAUDERLOT	Director of ABCA	19,600	13,300	10,500
Jean-François DROUETS	Director of ABCA	9,100	9,100	6,300
Sabine ROUX de BÉZIEUX	Director of ABCA	16,100	13,300	10,500
Marie-Ange VERDICKT	Director of ABCA	13,300	14,700	8,400
Sophie GUIEYSSE	Director of ABCA	8,400	0	0
Muriel VIDEMONT DELABORDE	Director of ABCA	0	4,900	13,300

Executive compensation

- **Dominique CEOLIN**

In 2021, the compensation 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 directors' fees, breaks down as follows:

In EUR	2021	2020	2019
Fixed compensation (as director)	235,200	228,000	228,000
Termination without cause benefit	20,000	87,500	45,500
Gross variable bonuses	262,400	386,500	182,000
Incentive plan	30,852	30,852	20,262
Profit-sharing plan	29,544	30,852	14,600
Other compensation paid as a Board member	4,000	4,000	4,000
Share-based compensation	35,574	9,998	9,401
Post-employment benefits	0	0	0
Benefits in kind	0	0	0
Total	**617,570**	**777,702**	**503,763**

- **David HOEY**

In 2021, 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 directors' fees, breaks down as follows:

In EUR	2021	2020	2019
Fixed compensation (as director)	175,200	166,080	166,080
Termination without cause benefit	20,000	87,500	45,500

Gross variable bonuses	268,400	386,500	182,000
Incentive plan	30,852	30,852	20,262
Profit-sharing plan	29,544	30,852	14,600
Other compensation paid as a Board member	2,000	2,000	2,000
Share-based compensation	10,679	3,002	66,090
Post-employment benefits	0	0	0
Benefits in kind (car)	0	0	0
Total	**536,675**	**706,786**	**496,532**

For these two executive officers, the compensation in euros **paid for fiscal year 2021**, which also includes compensation for fiscal year 2020, is as follows:

In EUR	Dominique CEOLIN	David HOEY
Fixed compensation (as director)	235,200	175,200
Termination without cause benefit	87,500	87,500
Gross variable bonuses	383,350	389,350
Incentive plan	30,852	30,852
Profit-sharing plan	30,852	30,852
Other compensation paid as a director	4,000	2,000
Share-based compensation	35,574	10,679
Post-employment benefits	0	0
Benefits in kind	0	0
Total	**807,328**	**726,433**

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 2021. The same applies to the compensation of executive directors in order to standardize the criteria used to determine these ratios.

Year	31/12/2021	31/12/2020	31/12/2019	31/12/2018	31/12/2017
Equity Ratio / Average Compensation Dominique CEOLIN	**5.1**	3.7	5.9	6.1	7.3
Equity Ratio / Median Compensation Dominique CEOLIN	**6.4**	4.4	6.8	6.9	8.7
Equity Ratio / Average Compensation David HOEY	**4.5**	3.0	5.1	5.1	7.2
Equity Ratio / Median Compensation David HOEY	**5.7**	3.7	5.8	5.7	8.7
Change in average salary(1)	**51.80%**	19.97%	9.87%	-3.65%	-7.11%
Change in median salary(1)	**44.50%**	13.62%	8.53%	2.96%	0.43%
Consolidated revenue organic growth (1)	**-6.43%**	85.18%	-7.66%	4.17%	-27.85%

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

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 :

All of the items described above will be proposed for renewal for FY 2022.

The only changes proposed are as follows

- a reduction in the fixed salaries of the Chairman and Chief Executive Officer, Dominique CEOLIN (from €235,000 to €210,000) and of the Deputy Chief Executive Officer, David HOEY (from €175,000 to €150,000), due to the termination of their executive mandate within the subsidiary ABC arbitrage asset Management;
- in addition to the quantitative and qualitative criteria mentioned above (see "Variable Compensation"), the Board of Directors may decide to spread out the variable compensation determined and voted on at the Shareholders' Meeting if the Board wishes to grant additional time for the definitive completion of a strategic project, in both quantitative and qualitative terms;
- the increase from €100,000 to €120,000 in the maximum total amount of compensation to be allocated to members of the Board of Directors for the year 2022 and subsequent years.

7.5. Table of Delegation of authority and powers to the Board of Directors[7]

General Meeting Da te	Nature of delegation	Modalities and limits	End of delegation	Date, terms and conditions of use by the Board of Directors
12/06/2020	Authorisation to cancel shares and any other securities giving access to the capital (resolution no.14)	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, and to reduce the share capital accordingly in accordance with the legal and regulatory provisions in force	**12/06/2022**	Unused
12/06/2020	Delegation of authority to the Board of Directors to decide on the incorporation into the capital of profits, reserves or premiums (resolution no. 15)	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.	**12/08/2022**	Unused
12/06/2020	Delegation of authority granted to the Board of Directors to issue shares or any securities giving access to the share	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	**12/08/2022**	Unused

[7] According to the article L225-37-4 3° of the French Monetary and Financial code

	capital, while maintaining the shareholders' preferential subscription rights. (resolution no.16)	a preferential subscription right to the securities to be issued pursuant to the delegation.		
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 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. 17)	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 5%.	**12/08/2022**	Unused
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
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
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.	**12/08/2022**	Unused
11/06/2021	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.	**17/03/2022**	Used for the balance of the 2020 dividend detached in July 2021: 483,648 shares created with a par value of €0.016, i.e. an increase in share capital of €7,738.368
11/06/2021	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. 18)	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.	**11/12/2023**	Regular use via authorization by the Board of Directors

		For 500,000 or more, outside the liquidity contract, the prior authorization of the Board of Directors is required.		

The General Meeting of June 12, 2020 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 15th, 16th, 17th, 18th, 19th and 20th resolutions voted at the said General Meeting.

7.6. 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.
Au cours de l'exercice 2021, ce plan a été modifié par la mise en place d'une nouvelle gouvernance de la filiale ABC arbitrage Asset Management qui est entrée en vigueur au 1er janvier 2022.

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.

8. 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.

8.1. 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.

8.2. Internal control players

Control over the operating departments is exercised by the Finance & Internal Control and Market Risks units.

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. The four-members unit is headed by Gaëtan FOURNIER.

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 department, Finance & Internal Control checks that procedures describing the department'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 departments 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 departments.

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 unit reports directly to executive management, which in turn reports to the Board of Directors.

The unit 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 unit 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 departments 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 departments involved, the Compliance Officer makes sure that the rules are implemented and performs controls.

8.3. Risk assessment

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

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.

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.

► Operational risks

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.

► 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.

► 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.

► 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.

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.

8.4. 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.

8.5. 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.

9. Share performance and share buyback program

On December 31, 2021, issued capital amounted to €949,248.624 divided into 59,328,039 ordinary shares.
Average daily trading volume came to more than 39,717 shares, representing almost €288 thousand a day in value.

ABC arbitrage shares closed the year 2021 at €7.14. The par value of the shares is €0.016.

The General Meeting of June 11, 2021 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 11, 2021 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	83,745	7.26	0.14%	82,519	7.25	0.14%
For employee share offers carried out in 2021	346,448	7.11	0.58%	57,915	-	0.10%
For future employee share offers	60,028	7.09	0.10%	-	-	-
For cancellation	-	-	-	-	-	-
For allocation on exercise of rights to shares	-	-	-	645,311	5.59	1.09%
For external growth transactions	-	-	-	-	-	-

For the payment of stock dividends	-	-	-	-	-	-
Others	-	-	-	-	-	-

Number of shares	31/12/2020	Share buyback	Share delivery	31/12/2021
Treasury stock	356,778	406,476	- 703,226	60,028

From the shares held at December 31, 2020 (356,778 shares), 57,915 were allocated under performance share plans, 542,057 under stock option plans, 27,021 under Stock Appreciation Rights, and 76,233 under the possibility of conversion of Incentive plan into ABC arbitrage shares within the Group Savings Plan.
At December 31, 2021, ABC arbitrage held 60,028 of its own shares.

10. 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, 2021.
As specified in the press release of November 25, 2021, the sale of all ABC arbitrage shares held by IPA to Financière WDD has been completed. These shares, held by IPA, were already included in a single Group of shareholders of ABC arbitrage, a Group of shareholders including Financière WDD and IPA. The acquisition of all of the ABC arbitrage shares held by IPA by Financière WDD therefore has no practical impact on the ownership of ABC arbitrage. Therefore, there was no significant change in the shareholding structure in 2021 :

Name	% of capital	% of voting rights
Aubépar Industries	14.27%	14.29%
Financière WDD*	12.00%	12.02%
Dominique CEOLIN	4.34%	4.35%
Eximium	6.41%	6.42%
David HOEY	5.67%	5.67%
Other Management**	4.89%	4.89%

** Holding company 50.01% owned by Dominique Ceolin*
*** Executive management and independent non-executive directors excluding Dominique Ceolin and David Hoey*

At December 31, 2021, ABC arbitrage held 79,362 treasury shares (0.13% of issued capital), at a gross value of €563 thousands euros, against 374,886 treasury shares held in 2020, at a gross value of €2.545 millions of euros.
The free float represented 52.29% 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.

11. Dividend policy

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

In €	2020	2019	2018
Dividend paid	0.48	0.33	0.43

All of these dividends qualified for the 40% tax relief available to individual shareholders resident in France for tax purposes, except for the €0.01214 per share in 2020, €0.20 in 2019, €0.20398 per share in 2018, as these amounts are reimbursements of share premiums.

The Annual Shareholders' Meeting of June 11, 2021 approved a 2020 dividend of €0.18 per share.
Taking into account the two payments of €0.10 per share each, made in October and December 2020, plus an interim dividend of €0.10 per share paid on April 15, 2021, the total distributions for fiscal 2020 therefore amount to €0.48 per share.

The detachment of this balance of 0.18 euro per ordinary share took place on July 13, 2021, for payment on August 3rd, 2021. This transaction is in the nature of a distribution (deduction from distributable profit) for an amount of 0.16786 euro and in the nature of a reimbursement of contributions within the meaning of Article 112 1° of the General Tax Code for 0.01214 euro. For 0.08 euro per share of this remaining dividend, shareholders could receive all or part in ABC arbitrage shares issued at a price of 6.35 euros. The other part of the balance of the dividend, i.e. 0.10 euro per share, had to be paid in cash.
At the end of the option period, 483,648 shares were created (reinvestment rate of 65%) and the dividend paid in cash finally amounted to €7.5 million.

ABC arbitrage distributed twice €0.10 per share, solely in cash. The ex-dividend dates were October 12, 2021 and December 7, 2021, and the dividends were paid on October 14, 2021 and December 9, 2021.
In view of the number of ABC arbitrage shares qualifying for the payment, the total amount came to €11.8 million.

12. Other elements

12.1. 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.

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. Apart from this first sponsorship, the Group wishes to develop a club of young talents in the sports and artistic fields by bringing together 3 other champions in their respective fields.

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 2021 amounts to €93 thousands.

12.2. Payment periods

All trade payables outstanding at December 31, 2021 were payable no later than thirty days from the end of the month.

	Article D.441 I. 1°: Invoices received not paid by 31/12/2021 whose term has expired					Article D.441 I. 1° : Invoices issued not paid by 31/12/2021 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					2					0
Total amount of invoices involved (excluding VAT)	21,415					0	0		0	0
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	30	0
Total amount of invoices excluded (excluding VAT)	123,112	0€
(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

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

On December 31, 2021, we acknowledge the absence of non-deductible expenses mentioned in article 39-4, 4° of the French General Tax Code.

12.4. Post-balance sheet events

The Board of Directors is aware of the current situation in Ukraine and Russia. The Group currently holds an insignificant volume of exposures in Russia. Monitoring is carried out on a daily basis in order to react in the most optimal way to this exceptional situation. The group has stopped all activity, other than the unwinding of residual exposures (complicated by the ongoing sanctions), with Russia.

13. Outlook

To date, It is important to contextualize this outlook with respect to events in Ukraine. After a 10 years record of almost uninterrupted increase in US indices, this war could prevent a return to normalized financial markets by generating an unprecedented inflation and by questioning the exit of the central banks from their endless support programs to the Western economies.

From an ABC arbitrage business perspective, this means a return to a period of sustained volatility, of unknown duration as in March 2020. The major difference with 2020 is, for the time being, the strong decorrelation of markets between geographical areas, with the US economy seemingly less affected than Europe. In this context, the volatility is likely to last for at least a few weeks and this should favor a large part of the Group's activities, even if the sudden changes in the regime of this volatility are, as always, delicate to exploit for the Group. The average pace of activity in the first quarter is close to 80% of the average pace for the 2021 financial year, on a rising trend that should continue with the recent increase in volatility.
In terms of the Asset Management business, the start of capital flight from Europe to seemingly safer areas may make it more difficult to achieve the Group's objectives for the development of this activity, even if it is too early to be conclusive.

In a year 2022 that promises to be complex from a geopolitical point of view, the Group is concentrating on steering its strategies on the markets and on the implementation of its ABC 2022 strategic plan, which is entering its final year to achieve its ambitions. ABC arbitrage has all the assets to produce performances consistent with its historical correlation to volatility and is therefore pursuing its recruitment and investment objectives for 2022.

The Board of Directors
March 17, 2022

Related financial years	2017	2018	2019	2020	2021
● Equity at year-end					
Share capital	929	936	936	936	949
Number of ordinary shares issued	58,051,067	58,512,053	58,512,053	58,512,053	59,328,039
● Business and results for the year					
Turnover before tax	1,848	2,029	1,937	2,249	2,241
Income before tax, profit-sharing, depreciation and provisions	4,471	17,343	26,809	19,849	16,736
Tax on profits	- 67	0	-	290	7,102
Employee Share Ownership	27	92	54	203	180
Income after tax, profit-sharing, depreciation and provisions	1,399	13,108	23,217	11,682	43,409
Distributed income (2) (3)	23,078	25,053	19,271	17,485	17,781
● Earnings per ordinary share					
Income after tax, profit-sharing, but before depreciation and provisions	0.078	0.2948	0.4573	0.3308	0.1594
Income after tax, profit-sharing, depreciation and provisions	0.024	0.224	0.397	0.200	0.732
Dividend per share	0.40	0.43	0.30	0.30	0.30
● Personnel					
Average number of employees	3	9	8	8	10
Amount of payroll	447	1,111	1,018	1,959	1,634
Amounts paid in respect of employee benefits	234	485	333	832	498

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

(2) The amount reported as distributed income 2020 consists of a payment of EUR 0.10 per share distributed in October and December 2021, a third interim payment of EUR 0.10 per share and an amount from the results of EUR 0.16786 per share and a payment from the share premium of EUR 0.01214 . The total distributed is reduced by the number of treasury shares held by the company.

(3) The amount reported as distributed income 2021 consists of a payment of two interim dividends of 0.10 per share distributed in November and December 2021, i.e. 11,786 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 2022, as well as the payment of a balance of 0.15 euro per share, which will be proposed at the General Meeting held to approve the financial statements for the year 2021.

ANNUAL FINANCIAL REPORT Year 2021

Consolidated financial statements

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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, 2021 IFRS	Dec. 31, 2019 IFRS
Intangible assets	**3.1**	99	126
Right-of-use assets - IFRS 16	**3.1**	5,385	932
Property and equipment	**3.1**	1,166	1,392
Non-current financial assets	**3.2**	630	625
Deferred tax assets		269	113
Total non-current assets		**7,550**	**3,188**
Financial assets at fair value through profit or loss	**3.4**	133,986	150,319
Other accounts receivable	**3.6**	25,410	10,569
Current tax assets		-	215
Cash and cash equivalents		18,252	8,767
Total current assets		**177,649**	**169,870**
TOTAL ASSETS		**185,199**	**173,057**

Balance sheet - liabilities

In EUR	Note	Dec. 31, 2021 IFRS	Dec. 31, 2020 IFRS
Paid-up share capital		949	936
Additional paid-in capital		39,752	47,517
Retained earnings		91,285	70,484
Interim dividend		-	-
Net income		28,038	35,093
Total equity attributable to equity holders	**3.3**	**160,024**	**154,031**
Provisions	**3.7**	-	-
Lease liability - IFRS 16 > 1 Y	**1.**	4,255	1,148
Non-current financial liabilities		-	-
Deferred tax liabilities		-	-
Non-current liabilities		**4,255**	**1,148**
Financial liabilities at fair value through profit or loss	**3.4**	1	1
Lease liability - IFRS 16 < 1 Y		1,133	-
Other liabilities	**3.6**	14,355	17,878
Taxes payable		5,431	-
Short-term debt		-	-
Current liabilities		**20,920**	**17,879**
TOTAL EQUITY AND LIABILITIES		**185,199**	**173,057**

Statement of income

In EUR	Note	Dec. 31, 2021 IFRS	Dec. 31, 2020 IFRS
Net gain/loss on financial instruments at fair value through profit or loss	**4.1**	4,134	46,023
Investment services fees	**4.2**	59,921	22,504
Other revenue	**4.3**	287	581
Administrative expenses	**4.4**	(6,249)	(5,769)
Taxes and duties		(1,163)	(734)
Payroll costs	**4.5**	(19,823)	(25,519)
Depreciation and amortisation expense		(723)	(635)
Depreciation and amortisation expense - IFRS 16		(1,013)	(984)
OPERATING INCOME		**35,372**	**35,466**
Provision expense	**4.6**	0	0
Interest expense - IFRS 16		(18)	(27)
INCOME BEFORE TAX		**35,354**	**35,439**
Current taxes	**4.7**	(7,561)	(413)
Deferred taxes		245	67
NET INCOME		**28,038**	**35,093**
Attributable to equity holders		28,038	35,093
Attributable to minority interests		-	-
Number of ordinary shares issued		*59,328,039*	*58,512,053*
Number of ordinary shares outstanding		*58,709,277*	*58,196,061*
Number of shares for the calculation of net income per ordinary share		*61,078,712*	*60,776,321*
Earnings per ordinary share		*0.48*	*0.60*
Diluted earnings per ordinary share		*0.46*	*0.58*

Statement of comprehensive income

In EUR	Note	Dec. 31, 2021 IFRS	Dec. 31, 2020 IFRS
Net income		28,038	35,093
Change in foreign exchange		-	-
Remeasurement of available-for-sale assets		-	-
Income tax		-	-
NET INCOME AND OTHER COMPREHENSIVE INCOME		28,038	35,093
Attributable to equity holders		28,038	35,093
Attributable to minority interests		-	-

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, 2019	**936**	**47,517**	**(1,246)**	**92,695**	**139,902**	**139,902**
Issue of shares	-	-	-	-	-	**-**
Elimination of treasury shares	-	-	(1,298)	-	(1,298)	**(1,298)**
Appropriation of 2019 net income	-	-	-	(7,568)	(7,568)	**(7,568)**
2020 interim dividend	-	-	-	(11,629)	(11,629)	**(11,629)**
Share-based payments	-	-	-	(469)	(469)	**(469)**
Net income for the year	-	-	-	35,093	35,093	**35,093**
At December 31, 2020	**936**	**47,517**	**(2,544)**	**108,122**	**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)**	**119,886**	**160,024**	**160,024**

In EUR thousand	Dec. 31, 2021 IFRS	Dec. 31, 2020 IFRS
Net income	**28,038**	**35,093**
Net allocations to provisions	-	(50)
Net allocations to depreciation and amortisation	723	635
Depreciation and amortisation expense - IFRS 16	1,025	1,011
Change in deferred taxes	(156)	53
Share-based payments - IFRS 2	806	240
Net cash provided by operations before changes in working capital	**30,436**	**36,983**
Changes in working capital	**3,614**	**(12,650)**
Net cash provided by operating activities	**34,050**	**24,333**
Net cash used by investing activities	**(707)**	**(1,028)**
Leases - IFRS 16	(992)	(1,094)
Interest expense on debt related to leasing activities - IFRS 16	(13)	(27)
Net cash provided by capital transactions	1,734	-
Dividends paid	(25,188)	(19,197)
Incoming share-based payments	3,607	
Share-based payments expenses	(3,007)	(2,007)
Net cash used by financing activities	**(23,859)**	**(22,325)**
Net change in cash and cash equivalents	**9,484**	**979**
Cash and cash equivalents, beginning of period	8,767	7,788
Cash and cash equivalents, end of period	18,252	8,767

Contents

1. Accounting principles and policies

The Group's fiscal year runs from January 1 to December 31, 2021. The consolidated financial statements are presented in euros.

The financial statements have been approved 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, 2021.

The standards and interpretations mandatorily applicable as of January 1, 2021 have no material impact on the consolidated financial statements of ABC arbitrage Group as of December 31, 2021. With regard to the new standards and interpretations adopted by the IASB but not yet applicable as of December 31, 2021, 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 "Corporate Social Responsibility" 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.

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 2021

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"). The tax risk described in paragraph 3.7, "Provision for contingencies and losses" in the 2019 and 2020 consolidated financial statements is thus definitively closed.

This change in the PPT has two consequences :
- 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.

The Group has adopted the modified retrospective method as of January 1, 2019 and has restated all its eligible leases, but without restating comparative periods. The income statement and balance sheet have been modified accordingly (amortization of rights of use of recognized assets and interest expense on lease liabilities, liabilities related to rental activities).
These rental assets correspond to occupied premises.
Leases with a term of less than one year and service contracts are not restated.

As a reminder, as specified in paragraph 6.2 of the consolidated financial statements for the year ended December 31, 2018, ABC arbitrage has entered into a commercial lease as a tenant. The lease took effect on January 1, 2016 for a period of six years. 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%.

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), 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.

In addition, IFRIC 23 relating to uncertainty about tax treatments was issued by the IFRS Foundation on 7 June 2017 and is effective from 1 January 2019. This interpretation (which is an integral part of International Financial Reporting Standards - IFRS) clarifies how to recognise and measure income tax when uncertainty exists about the tax treatment to be applied. It is necessary to determine whether it is likely that the treatment chosen will be accepted by the competent authorities, assuming that they will monitor the treatment and have all relevant information. If the likelihood of acceptance of the tax treatment is less than 50% in our interpretation of the standard, this uncertainty shall be reflected in the amount of tax assets and liabilities, based on a method that reflects the best estimate of the outcome of the uncertainty.

This interpretation has had no impact on the Group's equity as at 1 January 2021 and has not led to a change in the presentation of income tax provisions in the balance sheet.

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, 2021 plus the impact of all potentially estimated dilutive instruments.

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	61.26%	
ABCA Reversion Fund	Ireland	3.49%	

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 2021, ABCA Opportunities Fund had €98 million of funds under management.
- At 31 December 2021, ABCA Reversion Fund had €295 million of funds under management.

Due to cross-holdings, ABCA Funds Ireland had total assets of €358 million.

3. Notes to the balance sheet

3.1. Intangible assets and property and equipment

Gross value

In EUR thousand	Gross value Dec. 31, 2020	Acquisitions	Retirements /disposals	Gross value Dec. 31, 2021
Concessions and similar rights	459	150	(126)	483
Right-of-use assets - IFRS 16	1,945	5,444	(7)	7,382
Equipment, fixtures and fittings	1,393	1	(2)	1,392
Vehicles	-	-	-	-
Office and computer equipment, furniture	5,046	319	(62)	5,303
Total gross value	**8,843**	**5,915**	**(197)**	**14,560**

Amortisation and depreciation

In EUR thousand	Dec. 31, 2020	Increases	Decreases	Dec. 31, 2021
Concessions and similar rights	(333)	(177)	126	(384)
Right-of-use assets - IFRS 16	(1,013)	(984)	-	(1,997)
Equipment, fixtures and fittings	(1,323)	(29)	2	(1,350)
Vehicles	-	-	-	-
Office and computer equipment, furniture	(3,724)	(516)	62	(4,179)
Total amortisation and depreciation	**(6,393)**	**(1,707)**	**190**	**(7,910)**

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*".

3.2. Other non-current financial assets

At 31 December 2021, this item included €630 thousand in guaranteed deposits and securities.

3.3. Consolidated equity

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

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-3.1/2017	Step-up 2019	16/06/2017	2	68,500	2019	0	23,701
APE-3.2/2017	Step-up 2019	16/06/2017	3	68,500	2020	0	16,196
APE-3.3/2017	Step-up 2019	16/06/2017	4	68,500	2021	0	22,560
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	25,261*
APE-3.3/2019	Step-up 2019	14/06/2019	4	30,000	2023	30,000	Pending
APE-1.1/2020	ABC 2022	17/09/2020	2	40,000	2022	0	40,000*
APE-3.1/2021	ABC 2022	11/06/2021	2	25,000	2023	25,000	Pending
APE-3.2/2021	ABC 2022	11/06/2021	3	25,000	2024	25,000	Pending
APE-3.3/2021	ABC 2022	11/06/2021	4	25,000	2025	25,000	Pending
APV-4.1/2021	ABC 2022	11/06/2021	2	134,837	2022	0	123,241*
Total if applicable	**N/A**	**N/A**	**N/A**	**575,337**	**N/A**	**105,000**	**297,740**

* 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 2022 and thus become exercisable.

Stock Appreciation Rights - SAR:

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
07/2016	Ambition 2016	22/09/2016	2	745,870	2018	22-sept.-2022	5.4089	0	65,460
08/2016	Ambition 2016	22/09/2016	3	745,870	2019	22-sept.-2022	5.7429	0	49,194
09/2016	Ambition 2016	22/09/2016	4	745,870	2020	22-sept.-2022	6.0770	0	41,223
Total if applicable	**N/A**	**N/A**	**N/A**	**2,237,610**	**N/A**	**N/A**	**N/A**	**0**	**155,877**

Stock options subscription program:

Name of the plan	Plan	Acquisition date	Acquisition Period	Number of granted units	Exercise period start date	Options expired Date	Exercise adjusted price	Number of units to be granted	Maximum number of units to be exercised
04/2016	Ambition 2016	14/06/2016	2	373,000	2018	15-june-2022	4.9129	0	24,696
05/2016	Ambition 2016	14/06/2016	3	313,000	2019	15-june-2022	5.1411	0	135,708
06/2016	Ambition 2016	14/06/2016	4	313,000	2020	15-june-2022	5.4617	0	117,993
SO-1.1/2017	Step-up 2019	16/06/2017	2	563,333	2018	30-june-2022	5.0714	0	134,584
SO-1.2/2017	Step-up 2019	16/06/2017	3	563,333	2019	30-june-2022	5.1494	0	286,942
SO-1.3/2017	Step-up 2019	16/06/2017	4	563,334	2020	30-june-2022	5.4825	0	376,306
SO-2.1/2017	Step-up 2019	16/06/2017	2	276,000	2019	30-june-2023	5.1494	0	108,955
SO-2.2/2017	Step-up 2019	16/06/2017	3	276,000	2020	30-june-2023	5.4825	0	73,801
SO-2.3/2017	Step-up 2019	16/06/2017	4	276,000	2021	30-june-2023	5.8156	0	90,571
SO-1.1/2018	Step-up 2019	15/06/2018	2	155,000	2020	30-june-2024	5.9122	0	26,538
SO-1.2/2018	Step-up 2019	15/06/2018	3	155,000	2021	30-june-2024	5.9438	0	91,372
SO-1.3/2018	Step-up 2019	15/06/2018	4	155,000	2022	30-june-2024	6.2994	0	82,830**
Total if applicable	**N/A**	**N/A**	**N/A**	**3,982,000**	**N/A**	**N/A**	**N/A**	**0**	**1,550,296**

** 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 2022 and thus become exercisable.

No shares will vest if net income is less than €12 million a year and they will vest progressively thereafter on a linear basis. So that 100% of the capitalistic products be definitively granted, the accumulated comprehensive income must reach:

- €55 million for a 2 years vesting plan
- €90 million for a 3 years vesting plan
- €125 million for a 4 years vesting plan

For example, if net income is €20 million a year over the entire period, 51% shares will vest and if net income is €25 million a year over the entire period, 66% 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 €980 million euros (174 of which are employer contributions), calculated on the basis of the estimated probable number of shares under various plans, was recognised in respect of fiscal year 2021 (compared to €240 thousands in 2020 and €193 thousands in 2019). This IFRS 2 expense is related on the one hand to the initiation of new programmes and on the other hand to the programme's progression and the realized income.

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

3.3.2. 2020 Distribution dividend

The Annual Shareholders' Meeting of June 11, 2021 approved a 2020 dividend of €0.18 per share.
Taking into account the two payments of €0.10 per share each, made in October and December 2020, plus an interim dividend of €0.10 per share paid in April 2021, the total distributions for fiscal 2020 therefore amount to €0.48 per share.

The detachment of this balance of 0.18 euro per ordinary share, for which the Board of Directors had chosen payment in cash, took place on July 13, 2021, for payment on August 3, 2021. This transaction is in the nature of a distribution (deduction from distributable profit) for an amount of 0.16786 euro and in the nature of a reimbursement of contributions within the meaning of Article 112 1° of the General Tax Code for 0.01214 euro.

For 0.08 euro per share of this remaining dividend, shareholders could receive all or part in ABC arbitrage shares issued at a price of 6.35 euros. The other part of the balance of the dividend, i.e. 0.10 euro per share, had to be paid in cash. At the end of the option period, 483,648 shares were created (reinvestment rate of 65%) and the cash payment finally amounted to 7.5 million euros.

3.3.3. Distribution of share premium

The Combined General Meeting of June 11, 2021 resolved to make two distributions of share premium in the amount of €0.10 per share on each payment, solely in cash. The ex-dividend dates were October 12 and December 7, 2021 respectively, and the dividends were paid on October 14 and December 9, 2021. 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.

At December 31, 2021, ABC arbitrage's share capital amounted to €949,248.624 and was represented by 59,328,039 fully paid ordinary shares with a par value of €0.016 each (compared with 936,192.848 euros divided into 58,512,053 shares at December 31, 2020).

3.3.4. Treasury stock

During 2021, ABC arbitrage sold 82,519 shares under the market-making agreement with Kepler Cheuvreux. At the same time 83,745 have been brought back.

From the shares held at December 31, 2020 (356,778 shares), 57,915 were allocated under performance share plans, 542,057 under stock option plans, 27,021 under Stock Appreciation Rights, and 76,233 under the possibility of conversion of Incentive plan into ABC arbitrage shares within the Group Savings Plan.

At December 31, 2021, ABC arbitrage held 79,362 of its own shares, acquired at a total cost of €563 thousand (at December 31, 2020, the company held 374,886 of its own shares, acquired at a total cost of €2,545 thousand).

At December 31, 2021, ABC arbitrage's share capital was represented by 59,328,039 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, 2021, 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	23	133,963	0	**133,986**
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 2021.

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, 2020, 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	8	150,310	0	**150,319**
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 thousand	Other receivables	Other payables
Trade receivables/payables	24,296	(964)
Accrued income/expenses	250	(423)
Accrued taxes and payroll costs	599	(12,967)
Total at December 31, 2021	**25,410**	**(14,355)**
Total at December 31, 2020	*10,569*	*(17,878)*

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

In EUR thousand	
Total provisions at December 31, 2020	**0**
Provisions utilized in 2021	0
Provision reversal in 2021	0
Charge to provisions in 2021	0
Total provisions at December 31, 2021	0

The activities carried out by ABC Arbitrage Group companies have a very broad international scope, either directly or indirectly on behalf of third parties. As a result, each subsidiary is constantly exposed to the uncertainties and changes in the tax and regulatory environment of the countries 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.

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 €4,134 thousand in 2021 versus €46,023 thousand in 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:

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

4.2. Investment services fees

Investment services fees amounted to €59,921 thousand at December 31, 2021. As of December 31, 2020, they amounted to €22,504 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, as well as the additional invoicing related to the modification of the PPT for the financial years 2015 to 2020 (see §1. Significant events).

4.3. Other revenue

Other revenue (mainly income from real estate subleases and routine administrative services) amounted to €287 thousand versus €581 thousand during 2020 (including a reversal of a provision for impairment of accrued income related to a former procedure).

4.4. Administrative expenses

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

This item totalled €6,249 thousand in 2021 versus €5,769 thousand in 2020.

4.5. Payroll costs

The average number of employees was 87 in 2021 versus 81 in 2020.

Payroll costs include €15,084 thousand in fixed and performance-related compensation together with statutory and discretionary profit-sharing (€18,300 thousand in 2020), payroll taxes of €4,739 thousand (€7,219 thousand in 2020).

Payroll-based taxes amounted to €740 thousand (€455 thousand in 2020).

For information purposes, in view of the performance achieved in 2021, the bonus amounts provisioned for the year amount to €7.4 million (including social security charges) compared with €10.7 million (including social security charges) in 2020, to which should be added the amount of profit-sharing €1.9 million in 2021 compared with €2.4 million in 2020.

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 2021, the following amounts were granted by Group companies to the directors of the parent company:

In EUR	
Directors' fees	410,400
Salary and other benefits	570,800
Profit-sharing plan	61,704
Incentives	59,090
Share-based compensation	52,252

4.6. Provision expense

Provision income was zero in 2021 (equal to 2020).

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 +19.10% - can be explained as follows:

Standard French tax rate	**26.50%**
Impact of permanent differences	0.16%
Impact of tax credit	(0.68)%
Impact of IFRS10 presentation	(2.79)%
Impact of temporary differences	(4.08)%
Effective tax rate	**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 utilisation of tax losses are retained by the parent company and treated as an immediate gain in the year.

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:

<table>
<tr><th rowspan="2">In EUR thousands</th><th>a.</th><th>b.</th><th>c.</th><th rowspan="2">Financial liabilities at Dec. 31, 2021</th><th rowspan="2">Financial liabilities at Dec. 31, 2020</th></tr>
<tr><th>Gross carrying amount (before netting)</th><th>Gross amounts netted in the balance sheet</th><th>Net carrying amount [a-b] at Dec. 31, 2021</th></tr>
<tr><td>Non-derivative financial instruments</td><td>534,158</td><td>(340,532)</td><td>193,626</td><td rowspan="8">133,986</td><td rowspan="8">150,319</td></tr>
<tr><td>Derivatives</td><td>17,195</td><td>(11,934)</td><td>5,261</td></tr>
<tr><td>Unlisted Derivatives</td><td>372,455</td><td>(555,243)</td><td>(182,788)</td></tr>
<tr><td>Financial assets at fair value through profit or loss</td><td>70,327</td><td>-</td><td>70,327</td></tr>
<tr><td>Total long positions</td><td>994,135</td><td>(907,709)</td><td></td></tr>
<tr><td>Cash and margin accounts</td><td>54,698</td><td>(215,549)</td><td>(160,851)</td></tr>
<tr><td>Currencies derivatives - Listed</td><td>4,091</td><td>-</td><td>4,091</td></tr>
<tr><td>Currencies derivatives - Non listed</td><td>208,573</td><td>(4,252)</td><td>204,322</td></tr>
</table>

In EUR thousands	a. Gross carrying amount (before netting)	b. Gross amounts netted in the balance sheet	c. Net carrying amount [a-b] at Dec. 31, 2021	Financial liabilities at Dec. 31, 2021	Financial liabilities at Dec. 31, 2020
Non-derivative financial instruments	-	-	-		
Derivatives	-	-	-		
Unlisted Derivatives	-	-	-		
Total short positions	-	-		**(1)**	**(1)**
Cash and margin accounts	-	(1)	(1)		
Currencies derivatives - Listed	-	-	-		
Currencies derivatives - Non listed	-	-	-		

In EUR thousands	a. Gross carrying amount (before netting)	b. Gross amounts netted in the balance sheet	c. Net carrying amount [a-b] at Dec. 31, 2021	Financial liabilities at Dec. 31, 2021	Financial liabilities at Dec. 31, 2020
Non-derivative financial instruments	534,158	(340,532)	193,626		
Derivatives	17,195	(11,934)	5,261		
Unlisted Derivatives	372,455	(555,243)	(182,788)		
Financial assets at fair value through profit or loss	70,327	-	70,327		
Total long positions	**994,135**	**(907,709)**		**133,985**	**150,318**
Cash and margin accounts	54,698	(215,551)	(160,852)		
Currencies derivatives - Listed	4,091	-	4,091		
Currencies derivatives - Non listed	208,573	(4,252)	204,322		

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, 2021 is detailed as follows:

Fiscal year	2021	2020
Asia	**7%**	**9%**
Euro zone	**42%**	**45%**
USA	**42%**	**38%**
Other markets	**9%**	**8%**
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 2021, the aggregate VaR of the Trading Exposures of the Group was €1.5M (vs €6.5M at 31 December 2020). 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, 2021, a 2% rise (fall) in the euro against all currencies would, all other things being equal, have increased (decreased) net assets by €71 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, 2021, 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*	23	126,127	-	7,836	133,986
Other receivables	504	24,441	466	-	25,410
Deferred tax assets	-	-	-	-	-
Cash and cash equivalents	18,252	-	-	-	18,252
Total current assets	**18,779**	**150,568**	**466**	**7,836**	**177,649**
Financial liabilities at fair value through profit or loss	(1)	-	-	-	(1)
Other liabilities	(957)	(9,707)	(3,690)	-	(14,355)
Current tax liabilities	-	-	(5,431)	-	(5,431)
Short-term borrowings	-	-	-	-	-
Total current liabilities	**(959)**	**(9,707)**	**(9,121)**	**-**	**(19,787)**
Net balance	**17,820**	**140,861**	**(8,655)**	**7,836**	**157,861**

**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 2021, losses due to operational incidents represented 0.03% of revenues (against 5.4% in 2020) .

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.

✓ *Brexit*
The referendum on the accession of the United Kingdom ("UK") to the European Community took place on June 23, 2016, and british people have voted in favor of leaving the European Union ("EU") (Brexit).
After postponing several times the withdrawal agreement of the United Kingdom ("UK"), it entered into force on January 1, 2021. The law of the European Union has therefore ceased to apply in the United Kingdom since January 1, 2021.
Despite the unfavorable health and political context, negotiations between the United Kingdom and the European Union resulted on December 24, 2020 in a trade and cooperation agreement excluding financial services for a period of 18 months from January 1, 2021.

The Group:
- does not have a permanent establishment or business operations in the UK;
- does not commercialise products in the UK;
- does not deploy personnel to the UK (save for infrequent business travel);
- contracts little services from the UK, yet maintains counterparty relationships with UK Credit Institutions (CI's) for financing services.

The Group’s companies have already signed the new necessary contracts in early 2019, and these contracts will permit business continuity for all the Group’s activities without significant impact.
The Group has also taken into account the consequences of Brexit in the short, medium and long term in the assumptions and estimates used to prepare the annual financial statements.

6. Other information

6.1. Related party transactions

There were no material transactions with Aubépar Industries in 2021.

6.2. Events after the closing date

The military operations in Ukraine, which began on February 24, 2022, and the sanctions taken against Russia and Belarus by many countries have and will have an impact on the world economy. At the balance sheet date, the Group had an insignificant volume of exposure to a Russian counterparty. These residual exposures are monitored on a daily basis in order to react in the most optimal way to this exceptional situation. The group has stopped all activity, other than the unwinding of residual exposures (complicated by the ongoing sanctions), with Russia.

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)		%	
	2021	2020	2021	2020	2021	2020	2021	2020
Certification and limited half-yearly examination of the individual and consolidated financial statements and any additional reports	54,284	38,037	44%	50%	69,169	38,037	56%	50%
Other services provided to fully consolidated subsidiaries *	33,961	30,434	50%	50%	34,365	30,434	50%	50%
Other audit-related work	0	0	N/A	N/A	0	0	N/A	N/A
TOTAL	**88,245**	**68,471**	**46%**	**50%**	**103,534**	**68,471**	**54%**	**50%**

** Excluding ABC arbitrage Asset Management Asia, whose 2021 financial statements were audited by Crowe Horwath First Trust (€7 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 regulation 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 31 December 2021

Statutory auditors’ report on the consolidated financial statements

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

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

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

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

ABC arbitrage

Year ended 31 December 2021

Statutory auditors' report on the consolidated financial statements

To the Shareholders of ABC arbitrage,

Opinion

In compliance with the engagement entrusted to us by your Annual General meeting, we have audited the accompanying consolidated financial statements of ABC arbitrage for the year ended 31 december 2021.

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 2021 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 independence requirements of the French Commercial Code (Code de commerce) and the French Code of Ethics (Code de déontologie) for statutory auditors for the period from 1 January 2021 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.

Justification of Assessments - Key Audit Matters

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

It is in this complex and evolving context that, 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.

- Tax risks and various related liabilities

Risk identified	Our response
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.). At each closing, the group assesses the tax positions it has taken and their technically justified nature, in particular with regard to pending litigation. We considered that the assessment of tax risks constitutes a key audit matter because of (i) the group's exposure to this type of risk in the normal course of its activities, (ii) the scope of the dispute tax in progress and (iii) the complex technical analysis required for such an assessment, which require the significant exercise of management's judgment. The group's exposure to tax risks is presented in note 3.7 of the appendix to the consolidated financial statements. For more details on accounting principles, refer to Notes 1.6 and 1.7 of the consolidated financial statements appendixes.	With our French and international tax experts integrated into the audit team, we have: • conducted interviews with Group management and local departments to assess tax risks and, where applicable, discussions in progress; • consulted recent decisions and correspondence between Group companies and tax authorities; • carried out a critical examination of management judgments, estimates and positions relating to tax risks and disputes; • analyzed the technical opinions and opinions obtained by the Group from its tax advisers and independent tax lawyers, in particular for the aforementioned dispute; • assessed the correct application of the IFRIC 23 interpretation "Uncertainty over income tax treatments" applicable as of January 1, 2019 and the justification for the absence of a provision at December 31, 2021. Finally, we have examined the associated information as provided in Notes 1.6 “Provisions”, 1.7 “Income tax” and 3.7 “Provisions” of the consolidated financial statements appendixes

- Financial instruments at fair value through profit or loss

Risk identified	Our response

The ABC arbitrage group develops, implements and proposes market arbitrage strategies.
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 managed under these strategies relate to equities or equity derivatives, derivatives such as futures, options, currencies or investment fund units Quartys Ltd and the sub-funds of ABCA Funds Ireland Plc hold these instruments.
Within these entities, in the application of IFRS 13 "Fair Value Measurement", the ABC arbitrage group determine the fair value of a financial instrument as the "Exit price" (mid-price between Bid Price and Ask Price). It is determined at the last time of common quotation of the securities in an arbitrage model or with the smallest interval of time possible.
 	
ABC Arbitrage participations in Quartys Ltd and sub-funds of ABCA Funds Ireland Plc as of December 31, 2021 amounts for k€ 133,963 as detailed in note 3.4 “Financial assets/liabilities at fair value through profit or loss” of the consolidated financial statements.
 	
As part of these investments, ABC arbitrage group's exposures on financial instruments and derivatives amounts for k€ 994,135 in long positions and k€907,709 in short positions, as described in note 5 “Risk factors” of the financial statements.
 	
Given the importance of the financial instrument portfolios in ABC arbitrage'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.
	o 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:
	o Assess the coherence of the group valuation principles with IFRS 13 standards;
	o analyse the automated application process that retrieves the prices of the external repositories and calculates the "Mid price";
	o 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:
	    o comparison of prices used by the group with price data from external sources (Bloomberg for example);
	    o in the event of a temporary difference in the quotation between the securities making up the arbitrage model, to carry out specific tests consisting in analyzing the rating differences and assessing the validity of the prices retained by the group.

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 Board of Directors’s management report.

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

Report on Other Legal and Regulatory Requirements

- Format of presentation of the consolidated financial statements intended to be 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 the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the financial statements intended to be 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 responsibility of the chief executive officer , complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of 17 December 2018.

Based on the work we have performed, we conclude that the presentation of the financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

- Appointment of the Statutory Auditors

We were appointed as statutory auditors of ABC arbitrage by the annual general meeting held on 2009 for DELOITTE & ASSOCIES and on 1999 for ERNST & YOUNG et Autres, taking into account acquisitions or mergers of firms that took place prior to these dates.

As at 31 December 2021 DELOITTE & ASSOCIES was in the 13th year of total uninterrupted engagement and ERNST & YOUNG et Autres was in the 23rd year of total uninterrupted engagement (which are 19th year since 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 risks 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 taken 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.

- Obtains 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, if any, significant deficiencies 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 such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code (Code de commerce) and in the French Code of Ethics (Code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense Cedex, 27/04/2022
The Statutory Auditors
French original signed by

Deloitte & Associés	ERNST & YOUNG et Autres
Pascal Colin	François Holzman

ANNUAL FINANCIAL REPORT 2021

Corporate Social Responsibility Report

Social, environmental and social responsibility

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. Nevertheless, mindful of its corporate responsibility over social, societal and environmental issue improvements, the Group made the choice to present this information to its shareholders. Also, in order to take its approach even further, ABC arbitrage has recruited an employee in charge of CSR issues in 2021.

Our social, environmental and societal responsibility involves two main areas:

- Active recruitment management and employee support:
  Our hiring policy focuses on diversity, without any form of discrimination, while the key aspects of our employee support policy are skills development and incentive-based compensation policies that combines the performance and results of ABC arbitrage.

- Taking environmental and societal considerations into account in our day-to-day decisions:
  We seek to raise employee awareness of environmentally responsible practices and to reduce our direct impact on the environment through the initiatives described below.

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 93% of the employees.
- 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 since the company's creation.

Lastly, as a supplement to this CSR report, it is important to read the management report, which discusses the significant events of the year and our strategic vision and outlook.

Contents

1. Societal information

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 organisations affected by the company's activity

We aim to fulfill our corporate social responsibility by taking into account the expectations of our stakeholders (mainly shareholders and employees), with whom we foster an open and frank dialogue:

- Employees can pass on their requests, suggestions and comments to their managers at any time. Each employee also benefits from
  - an annual interview with their manager in order to discuss their daily life within the company, their areas of progress, their objectives, their career development, etc
  - regular professional interviews. These individual interviews were reinforced following the hiring of the Human Resources Manager (HRM) in September 2020. She modified the professional interview framework, in conjunction with the CSE, by emphasizing work/life balance and workload. At the end of February 2022, 48 professional interviews have been conducted with the HRM since the template was revised.

  In addition, a dialogue exists between the Group and its employee representative bodies (see §2.e below). Finally, an intranet platform is available to employees. This platform contains all the information they need to work within the company.

- 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.

But our role in society and our relations with our stakeholders are not confined to our shareholders and employees. Our community involvement also involves facilitating entry in the workplace, links with educational institutions and membership in professional working Groups:

- Employees regularly take part in engineering school forums (such as the CentraleSupelec forum in November 2021), technology conferences and also universities to promote the Group and its activities, forge relationships with students and identify future talent. Internships are offered to students on a regular basis and provide a reservoir of talent for future recruitment. In 2021, 67% of pre-hire interns were hired on permanent contracts 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 Primonial[8] to enable deserving

[8] 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

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 grandes écoles parisiennes.
Four professionals who went through a demanding school curriculum are supporting them as their mentor. They offer moral support and academic assistance (general methodology and knowledge) and give them a first introduction to professional life.
They advise them to find internships, jobs, by having them benefit from their network and knowledge of the business world.
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.

    ○ 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). Since 2018, ABC arbitrage has supported the new project of Jean-Pierre Dick, the Easy-to-fly. He made up an 8-meters-long sailing catamaran. Every year, employees and investors are invited to experience a day of sailing with Jean-Pierre Dick and his team.

    ○ The Group have also been supporting 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.

- The Group got involved since 2017 with French artists to promote art and culture in the company. ABC arbitrage is aware that it contributes to creativity, inspiration and energy, and also arouses social interactions and sharing, promoting well-being of employees.
    ○ Art photographs are exposed in the cafeteria and are changed every 3 months. Employees participate in the selection of these photos using a survey platform.
    ○ 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.

- 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.

- 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 organisational 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 Middlenext 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 2021. 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.

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.
Once this context is reminded, it is important to specify that, without it being formally written, the social and environmental dimensions are an integral part of the criteria for selecting a service provider. As an example, the relationships mentioned in §1.b above demonstrate this, but we could also cite the choice of our DataCenters for which high energy efficiency, the source of electricity and the local presence of maintenance teams, as well as the consumption and electrical output of the equipment used, are criteria that are observed when making our decision.

d. 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.

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 ILO[9] 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 index[10] for each country. For information, Ireland is in second position in this index and Singapore in eleventh position, while France is only in twenty-sixth position. These three countries are classified in the highest category "very high human development".

[9] International Labor Organization

[10] 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

2. Social information

Key employee data are summarized in the table below:

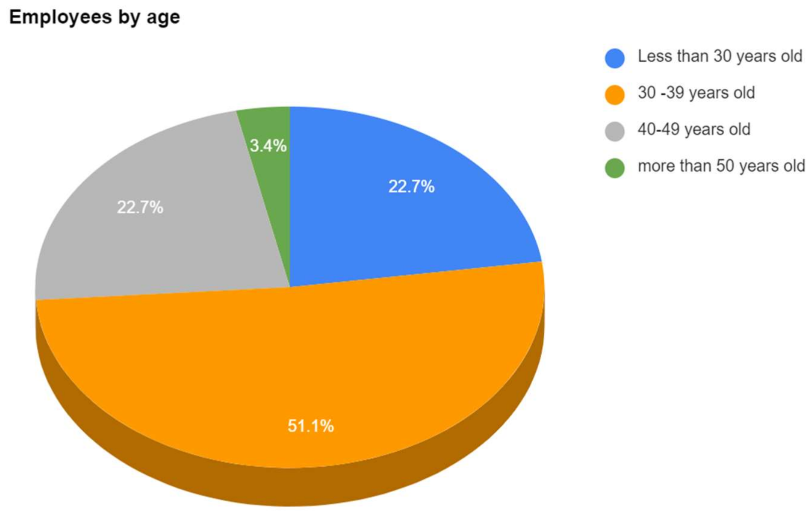
Indicator	Definition/unit of measurement	2021			2020	Change
		France (1))	International (2)	TOTAL	TOTAL	100%
Total headcount(3)	Total number of interns, permanent and fixed term employees	82	6	**88**	**84**	5%
Average headcount	Total number of interns,permanent and fixed term employees	82	5	**87**	**81**	7%
Headcount by category	Executives as a % of total headcount	99%	100%	**100%**	**100%**	0%
	Other employees as a % of total headcount	1%	0%	**1%**	**0%**	N/A
Gender balance	% Women	26%	33%	26%	24%	9%
	% Men	74%	67%	74%	76%	-3%
Number of interns during the year	Number of short-term internships	5	0	**5**	**4**	25%
	Number of pre-hire internships	3	0	**3**	**2**	N/A
	Percentage of pre-hire internships converted into permanent employment contracts	67%	N/A	**N/A**	**N/A**	N/A
New hires	Number of new permanent hires	13	2	**15**	**14**	7%
Resignations	Number of resignations during the year	7	0	**7**	**4**	75%
Contractually agreed terminations	Number of contractually agreed terminations during the year	2	0	**2**	**3**	-33%
Dismissals	Total number of dismissals	0	0	**0**	**0**	N/A
Other(4)	Other contract terminations	2	1	**3**	**1**	N/A
Average age	Average age of permanent employees	36	37	**36**	**35**	3%
Average length of service	Number of years	9	8	**9**	**9**	0%
Absenteeism (5)	Number of days absenteeism in France (%)	0.66	NC	**0.66**	**1.78**	-63%

(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.

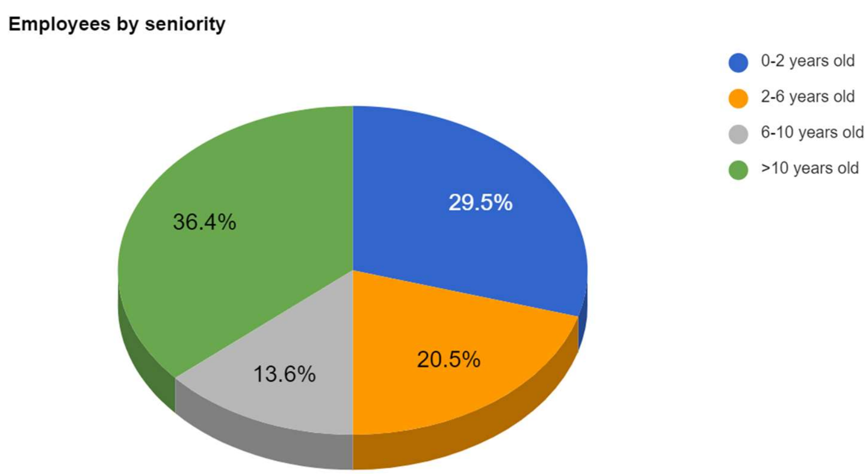
a. Turnover/length of service

Fifteen new permanent employees joined the Group in 2021, representing 17% of the workforce at the end of the year. 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.

Attesting to our forward-looking vision, the average age of our employees is relatively young (36) and 22.7% are aged under 30.



Average length of service for employees in the Group stands at 9 years (equal to 2020). However, the company has an experienced, loyal management team, with an average of 18 years of service. These employees lead younger associates who fall into three categories: "6 to 10 years" representing 13.6% of the employees, "2 to 6 years" representing 20.5% of the employees, and "less than 2 years", representing 29.5%, as shown in the chart below.
This organization offers us the energy and momentum we need to drive growth.



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 2021.

In 2021, personnel costs are down by approximately -20% compared to 2020 (exceptional year) and up by approximately 72% compared to 2019. This decrease vs. N-1 is due to a lower variable part of remuneration in a less favorable performance context. This correlation is structural in the Group's compensation system. As a reminder:

- The Group has been working on a new compensation system, to be implemented as of January 2020, in order to remain in the current competition. This work is in line with the logic of maintaining the recruitment of quality profiles (continuity of the Added Value program) 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 7% over 2021, which has an impact on the evolution of the "fixed" part of remuneration.

The desire 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 share-based incentive schemes to drive growth by retaining core skills while containing payroll and other fixed costs in a highly competitive environment.
This process was initiated by the company well before the 2008 crisis and the G20 recommendations Despite the additional cost measures taken by various governments, we are still convinced that they have a role to play and we will continue to use them, albeit to a lesser extent.

All of the information concerning the share-based incentive schemes is presented in the management report.

c. Working time organisation

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.
Where possible, subject to business constraints, employees are granted considerable flexibility in their working hours. They may also opt to work part-time.
In 2021, there were three part-time female employees and one part-time male employee.

Concerning remote working, the company has put in place during the last quarter of 2020 an action plan to study the possibility of remote working on a regular basis in a context "outside COVID". This action plan was carried out in agreement with the Works Council. Within this framework, 9 workshops were carried out with the voluntary employees in order to take into account their wishes, remarks and fears. Each workshop was conducted with the manager of the team concerned, the HR manager and a member of the Works Council.
This work has resulted in a collective agreement coming into force in October 2021. It allows employees who wish to have access to 10 days of telework per month. It is planned to review the situation after six months and to adapt the rules according to employees' feedback.
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.
99% of employees have applied to telework under this agreement and all applications have been accepted. 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.

d. Absenteeism

Absenteeism and the reasons are monitored by the human resources department. The absenteeism indicator is the ratio between the number of days of absence and the total number of theoretical working days expressed as a percentage.
Short-term absences in 2021 (i.e. less than three days), were taken mainly for illness or family events. They represent 85% of absences during the year.
These very low percentages attest to the positive workplace environment nurtured across the Group, as well as to the initiatives undertaken to enhance employee well-being.

e. Employee relations

Social dialogue is based on a process of consultation between employer and employees (or their representatives). This dialogue is organised around the Economic and Social Committee which gathers the Works Council and the Health and Safety Committee.

The Economic and Social Committee, plays a business role (company organization and practices, working conditions, vocational training, apprenticeship, etc.) as well as a social and cultural role. The Committee also protects the health and safety of Group employees and tries to improve their working conditions. They meet once every two months whenever possible, at least six times a year (6 times exactly in 2021).

The Economic and Social Committee is informed and consulted when major decisions are made in order to take employees' interests into consideration. Employees are informed about them and the way they work, particularly upon first joining the company. The information is also available to everyone on the ABC arbitrage electronic documents and on displays.

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.

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, and a new agreement on teleworking was signed on August 31, 2021 and came into force in October 2021.
An employee savings plan is also available to employees in France (95% of employees).

f. Health and safety

Our policy on health in the workplace goes further than simply complying with changes in the regulations. Protecting the health of our people is a key priority for ABC arbitrage.

The Group pays 100% of the basic cost of their top-up health plan. A voluntary flu vaccination campaign is offered each year. A voluntary seasonal flu vaccination campaign is offered every year, and in 2021 the Group reviewed the single occupational risk assessment document - a document that identifies the occupational risks associated with the jobs carried out within the Group with the help of the occupational health department - to add psychosocial risks associated with the isolation caused by the widespread use of remote working in the context of the health crisis of the last two years.

ABC arbitrage is very attentive to the well-being of our people, which is reflected in various initiatives:

- Maximum flexibility in working hours subject to business constraints;
- Provision of childcare facilities;
- Balancing work and personal life (for example, by not scheduling recurring meetings after 6.00 p.m.);
- A pleasant, ergonomic working area; recently renovated by an interior designer, and a welcoming cafeteria;
- Training on gestures and good postures at work;
- The provision of fresh fruit and dried fruits;
- The provision of a room for yoga class.
- The provision of a resting area in case of need.
- There were no occupational illnesses reported during 2021. There were no work-related accidents either ;
- Working conditions for pregnant women are adapted: remote working is possible at the employee's request and schedules are adjusted to take public transport. In the event of requirements linked to a pregnancy, the company is flexible regarding the planning of working hours;
- The prevention of verbal, sexist and sexual violence in the company is included in the internal regulations, which are reviewed with each new employee and posted.

In addition to the workplace emergency responders, a number of employees are also trained in basic first aid.

To ensure employee safety in the COVID 19 context, the company has always favored remote working. For employees who needed to come to work, a maximum physical presence gauge was implemented based on government recommendations.
Think tanks on remote working were set up to discuss ways of optimizing everyone's daily life. The positive and spontaneous initiatives of employees have been supported and encouraged, illustrated by festive virtual exchange moments, such as video-conference drinks or coffees, to maintain and strengthen human contact and work towards the integration of new arrivals.
Sports and Yoga classes by videoconference have also been set up in 2021, as well as virtual team building activities (e.g.: E-escape game) to keep the connection.

g. Training

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

- Technological, regulatory and fiscal training:

We organize many training courses enabling employees to keep abreast of 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 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.

- Soft skills training:

Soft skills training: a significant portion of the training budget is dedicated to improving employees' soft skills so that they feel more comfortable in their work. In 2021, 58% of the expenditure for training/coaching organizations concerned this type of support (management, assertiveness, emotional management). For example, in 2021, all managers were trained in emotional intelligence in order to improve their daily management practices.

Attesting to this commitment to training and mentoring, certain interns completing their programme are offered pre-employment assignments.

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, whether cultural or generational, by hiring and integrating employees from a wide variety of backgrounds.

We endeavour 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.

Meanwhile, the Group ensures the gender equity within the Board of Directors. Besides the historical founders, women represent 40% of the Board of Directors (67% of Independent Directors).

3. Environmental information

Given the nature of our business, the ABC arbitrage Group does not have any direct or material impact on the environment.

We are nonetheless aware of our responsibility and we endeavour to respect the environment in the conduct of our business activities, by taking environmental considerations into account in our day-to-day decisions.

a. General environmental policy

Our environmental policy aims to minimize the direct impacts of our internal activities on the environment through strict management of the natural and energy resources needed in our business.

In our business, which is based on statistical and mathematical techniques, we select financial instruments to trade in by entirely neutral methods. Market inefficiencies are the only consideration that affects our decisions and we do not apply any environmental screens in our selection process.
In order to continue to integrate more dimensions into its environmental policy, ABC arbitrage has decided to carry out its carbon footprint in 2021. The aim is to identify areas for reducing greenhouse gas emissions.

Although the ABC arbitrage Group's environmental footprint is very limited, employee awareness is raised through regular email reminders about good environmental practices (turning off computer screens and office light in the evening, only printing documents when strictly necessary, using the various recycling bins, etc.); and encouragement to recycle and manage waste as described below.

b. Pollution and 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 2021, the company has been able to recycle 154 kg of waste, i.e. 7,073 coffee capsules (106 kg), 1,667 cups (10 kg), 445 plastic bottles (9 kg), 475 caps (2 kg), 295 batteries (6 kg), 146 light bulbs (7 kg), 163 cans (5 kg), 14 glass bottles… and this despite a predominantly remote working context. 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, garden benches and washing machine parts for example, etc.
- 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;
- Printers (of which the number is very limited, the entire workforce sharing just two printers located in central points) are configured to print with recycled paper;

- 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: Proxité and Simplon - donations made via HelloZack, schools etc.).

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 public transport for their commute.

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. Sustainable use of resources

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

- Energy, which for us mainly means electricity. The Group recalls the mechanism settled to reduce the use of electricity and air conditioning in its offices when moving its French subsidiaries to the Centorial in 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.

- 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.

Nevertheless, the Group has embarked on a process to measure its carbon footprint. This measurement will take into account digital usage, communication, purchasing and support services, energy consumption and waste management, as well as the emissions associated with various aspects of the professional lives of its employees.
The main idea is to identify and understand what collective measures can be taken to be more virtuous.
The assessment will be certified to guarantee its quality and compliance with the Bilan Carbone® method of the French Agency for Ecological Transition (ADEME). *Hello Carbo*, the service provider selected in the framework of this approach, also allows employees who so wish to calculate their personal footprint. Beyond the figure obtained, the important thing is to be able to identify the most impactful actions and to participate in raising collective awareness on these subjects.

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