Interim financial report

June 30, 2024

18, rue du Quatre Septembre
75002 Paris - France

Contact - abc@abc-arbitrage.com
Internet - www.abc-arbitrage.com

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ABC
ARBITRAGE

1. Group activity and profitability

The significant figures of the Group's activity are summarised in the table below:

In million euros	June 30, 2024 IFRS	June 30, 2023 IFRS	Change	dec. 31, 2023 IFRS
Advisory revenues	-	-	na	-
Investment Services Fees*	10.2	9.0	13.5%	18.3
Net gains at fair value through profit or loss	12.6	11.2	12.4%	21.0
Net revenues	**22.8**	**20.2**	**12.9%**	**39.3**
Payroll costs	(9.5)	(7.4)	27.7%	(14.6)
Occupancy costs	(0.9)	(0.8)	14.6%	(1.5)
Other expense	(3.6)	(3.4)	5.9%	(7.0)
Other taxes	0.0	0.2	-94.2%	0.2
Total costs	**(14.0)**	**(11.4)**	**22.5%**	**(22.9)**
Income before tax	**8.8**	**8.8**	**0.4%**	**16.4**
Net income attributable to equity holders	**8.9**	**8.8**	**0.4%**	**16.5**

** Management fees include the services invoiced by the Group's management companies to the Quartys Limited and ABCA Funds Ireland Plc structures. Furthermore, due to the application of IFRS 15, management fees do not include non-crystallised performance fees - i.e. neither invoiced nor collected - as of June 30. We do not calculate any performance fees as of June 30, 2024, compared to 0.3 million euros as of June 30, 2023, which had therefore not been recorded, as they were not crystallised.*

In accordance with IFRS standards, the consolidated current operating income as of June 30, 2024 amounts to 22.8 million euros. The consolidated net accounting income is slightly up by 0.4% compared to June 30, 2023 and stands at 8.9 million euros.

The **Return On Equity (*ROE*)** is 5.6% in the first half of 2024, i.e. an annualised ROE of nearly 11.2%, compared to 11.1% annualised as of June 30, 2023.

Macroeconomic context and parameters encountered on the markets:

After a year 2023 marked by market parameters significantly below their historical averages, the first half of 2024 persists in this same trend.
In particular, volatility remains stable at the low points of the 2019 financial year, significantly below the volatilities encountered during the previous Business Plan (BP). The realised volatility when it is still below the low points encountered in 2023 (10.7 in the first half of 2024 compared to 14.0 observed in the first half of 2023).
The mergers and acquisitions sector also remains gloomy with volumes of securities transactions in the same orders of magnitude as those encountered in the first half of 2023.
The consequence of these situations is a significant drop in volumes processed on the markets, as observed in the previous financial year.

Reminder of the general framework:

ABC arbitrage is the holding company that manages the group. As such, it provides cross-functional services, notably through its finance and internal audit, legal, human resources and communication departments to all of its subsidiaries, which are themselves divided into two major areas of expertise: investment entities and asset management companies.

The companies *ABC arbitrage Asset Management* and *ABC arbitrage Asset Management Asia* are the Group's management companies and are presented in more detail below:

- *ABC arbitrage Asset Management* develops and executes alternative strategies known as arbitrage through quantitative and systematic models and operates on the main listed markets worldwide. The alternative strategies implemented are a combination of several operations with the aim of making a profit by taking advantage of only the imperfections that may appear between the different financial markets. The selection of the products traded is done using a mechanical and mathematical, or even statistical, intervention method. The resulting positions and/or exposures can vary very quickly and over cycles that can be very short.
- *ABC arbitrage Asset Management Asia* also executes alternative strategies called arbitrage through quantitative and systematic models. It also researches and develops strategies but in much smaller proportions.

Quartys Limited is engaged in the business of trading in financial instruments. It is an "investment entity"

- which has obtained funds from its parent company for the purpose of providing it with investment management services;
- whose purpose of its activity is to mobilise its own funds with the aim of maximising the profitability (returns in the form of capital gains and/or investment income) / risk-taking couple;
- which evaluates and assesses the performance of all of its investments on the basis of fair value.

Its added value is therefore based on an appropriate allocation of risk through the various strategies selected and calibrated by it as well as on the quality of the selected service providers.

The participation of the *ABC arbitrage* Group in the investment funds *ABCA Funds Ireland* and the company *Quartys Limited*, taking into account the exception to the consolidation principle established by the IFRS 10 standard, is presented in financial assets at fair value through profit or loss.

ABCA Funds Ireland Plc is a qualified Alternative Investment Fund incorporated under Irish law in 2011 and currently comprising two sub-funds: *ABCA Opportunities Fund* and *ABCA Reversion Fund.*.

Achievements for the first half of 2024:

The result for the first half of 2024 is consistent and encouraging in light of the market parameters for this first half. Indeed, we observe that a slight and short-lived improvement in these parameters in the second quarter allowed us to make the most of our historical strategies. Investments in this area are therefore bearing fruit and allowing us greater resilience in these difficult contexts. This explains part of the increase in "*Revenue from Current Activity*", the other part being attributable to the increase in the remuneration of our deposits, in particular on the collateral necessary for the Group's activity, in line with the average interest rates increasing in the first half of 2024 compared to the first half of 2023.

Going into a little more detail:

- The net income of *Quartys Limited*, a financial instruments trading company, amounts to 12 million euros in the first half of 2024 compared to a net profit of 11 million euros in the first half of 2023. This increase is mainly due to the robustness of the quantitative models which have been able to generate substantial gains despite the difficult context described above, highlighting the benefits of research and development, as well as to the interest rates which are positioned on average high and have a favourable impact on the remuneration of the collateral. This increase is directly linked to the context described above.

- *ABCA Funds Ireland Plc*, an Alternative Investment Fund, has 159 million euros in assets as of June 30, 2024:
    - The *ABCA Opportunities fund* (*61 million euros in assets*), designed to partially disconnect from volatility, achieved a positive but weak performance of 0.39% in the first half of 2024. The fund's performance was mixed over the half-year. The performance of the market and Quant M&A strategies remained mixed

during this half-year, influenced on the one hand by the Fed's "*higher for longer*" expectations and the high antitrust risk on several transactions in progress at the end of the half-year. For comparison, the performance of alternative fund indices ranges from +1.17% to +12.29% with a general index at +6.8% over the first half of 2024.

    - The *ABCA Reversion fund* (*98 million euros in assets*), designed to take advantage of volatility, posted a slightly negative performance of -0.66% in the first half of 2024. The fund's performance was positive over the first four months of the year, but deteriorated towards the end of the half-year. The Medium Term part of the "*mean reversion*" strategies saw their performance deteriorate due to the lack of opportunities to be seized, and local de-correlations in Asia and Europe. The low level of volatility observed throughout the half-year also weighed on the Short-Term Volatility strategies.

- *ABC arbitrage Asset Management SA* and *ABC arbitrage Asset Management Asia Pte Ltd*, the Group's management companies, saw their management fees decrease mainly due to outflows that took place in 2024. The Group's client outstandings amounted to 322 million euros at the end of the first half of 2024, compared to 343 million euros as of December 31, 2023, and 362 million euros as of June 30, 2023.

The Group's customer outstandings amounts to 313 million euros as of September 1, 2024.

2. Distribution

On the proposal of the Board of Directors, in line with the implementation of a quarterly distribution policy, *ABC arbitrage* will make two interim dividend payments - to be paid before October 31, 2024 and December 31, 2024 respectively - in the amount of 0.10 euro per share each. This decision was taken on the basis that this in no way hinders the Group's development needs.

Taking into account the shares making up the share capital existing on the date of the board of directors meeting closing the half-yearly accounts, these payments each represent a maximum total sum of 5,960,888 euros. These two distributions will be made from distributable profit, including the retained earnings.

The schedule for the first payment is as follows:

- ex-date: Wednesday, October 9, 2024,
- payment: Friday, October 11, 2024.

The schedule for the second payment is as follows:

- ex-date: Tuesday, December 3, 2024,
- payment: Thursday, December 5, 2024.

The sum of these two amounts is identical to the payment made at the end of the year for many years. Identified as a high-yield value, the distributions during the year 2024 will represent a return of more than 7.8% based on the stock price on June 30, 2024.

3. Perspectives

Given the context described, the Group's rate of activity is once again consistent with the opportunities encountered. The development of third-party management activities remains significantly below the objectives for 2023 and 2024 and the revenues from this activity therefore remain marginal in the construction of the Group's rate of activity. Furthermore, ABC arbitrage was able to resume its activities on digital assets after obtaining an extension of approval targeted by the AMF in February 2024, which contributed to the construction of the product of the current activity of the half-year. The Group is also continuing its technological and human investments in line with the objectives presented in 2023. *ABC arbitrage* thus presents a first half close to that of 2023, consistent with the markets encountered but below its ambitions based on volatility which would be at the level of its historical average.

In this context that remains difficult for the Group, and in accordance with the objectives of the Springboard 2025 strategic plan, ABC arbitrage is continuing to implement new strategies that should enable the Group's results to grow in the long term, all other things being equal. The third quarter presented a very short episode of volatility that does not allow for any real change in the Group's working conditions. *ABC arbitrage* is therefore maintaining a pace of activity close to that of 2023 and thus intends to continue to manage its risks and investments in order to focus on building its short-term and medium-term profitability. With its historical know-how and its teams, the Group, confident in its ability to transcend this situation, confirms its commitments to distribute the next interim payments of 10 euro cents per share in October and then in December 2024.

The Board of Directors
September 19, 2024

Consolidated balance sheet - Assets

In thousand euros	Note	June 30, 2024 IFRS	dec. 31, 2023 IFRS
Intangible assets	**3.1**	136	204
Right-of-use assets	**3.1**	3,869	4,079
Property and equipment	**3.1**	1,413	1,349
Non-current financial assets	**3.2**	403	376
Deferred tax assets		91	109
Non-current assets		**5,913**	**6,118**
Financial assets at fair value through profit or loss	**3.3/3.4**	146,705	147,733
Other accounts receivable	**3.5**	10,326	9,043
Current tax assets		-	-
Cash and cash equivalents		10,937	9,217
Current assets		**167,968**	**165,993**
Total Assets		**173,881**	**172,110**

Consolidated balance sheet - Liabilities

In thousand euros	Note	June 30, 2024 IFRS	dec. 31, 2023 IFRS
Paid-up share capital		954	954
Additional paid-in capital		41,441	41,441
Retained earnings		106,688	108,431
Interim dividend		-	(11,898)
Net income		8,858	16,481
Equity attributable to equity holders	**3.6**	**157,941**	**155,409**
Provisions	**3.7**	-	-
Lease liability > 1 year	**3.8**	3,224	3,555
Non-current liabilities		**3,224**	**3,555**
Financial liabilities at fair value through profit or loss	**3.3**	1	1
Other liabilities Lease liability < 1 year	**3.8**	1,322	1,286
Other liabilities	**3.5**	5,916	6,427
Taxes payable		5,476	5,433
Current liabilities		**12,716**	**13,146**
Total Equity and Liabilities		**173,881**	**172,110**

Consolidated statement of income

In thousand euros	Note	Jun 30, 2024 IFRS	Jun 30, 2023 IFRS
Net gain/loss on financial instruments at fair value through profit or loss	**4.1**	12,376	11,092
Investments service fees	**4.2**	10,236	9,019
Other revenues	**4.3**	321	253
Other purchases and external expenses	**4.4**	(3,827)	(3,561)
Taxes and duties		(359)	(428)
Payroll costs	**4.5**	(8,892)	(6,603)
Depreciation and amortisation expenses		(1,004)	(956)
Operating Income		**8,850**	**8,815**
Cost of risk	**4.6**	-	-
Interest expense		(29)	(33)
Income Before Tax		**8,822**	**8,782**
Current taxes	**4.7**	-	-
Deferred taxes		37	38
Net Income		8,858	8,820
Attributable to equity holders		*8,858*	*8,820*
Attributable to minority interests		*-*	*-*

Number of ordinary shares	*59,608,879*	*59,608,879*
Average number of ordinary shares on the market (weighted average)	*59,315,917*	*59,282,636*
Number of ordinary shares to determine the income diluted per share	*59,666,223*	*59,541,993*
Earnings per ordinary share in euros	*0.15*	*0.15*
Diluted earnings per ordinary share in euros	*0.15*	*0.15*

Statement of comprehensive income

In thousand euros	Note	June 30, 2024 IFRS	June 30, 2023 IFRS
Net income		**8,858**	**8,820**
Change in foreign exchange		-	-
Income tax		-	-
Total Other Comprehensive Income		-	-
Net Income and Other Comprehensive Income		8,858	8,820
Attributable to equity holders		*8,858*	*8,820*
Attributable to minority interests		*-*	*-*

Statement of changes in equity

In thousand euros	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 consolidated equity
As of dec. 31, 2022	**954**	**41,441**	**(3,126)**	**122,387**	**161,655**	**161,655**
Issue of shares	-	-	-	-	-	**-**
Elimination of treasury shares	-	-	2,482	-	2,482	**2,482**
Appropriation of 2021 net income	-	-	-	(12,482)	(12,482)	**(12,482)**
Interim dividend for the year 2022	-	-	-	-	-	**-**
Share-based payments	-	-	-	(767)	(767)	**(767)**
Net income for the year 2022	-	-	-	8,820	8,820	**8,820**
As of Jun 30, 2023	**954**	**41,441**	**(644)**	**117,959**	**159,709**	**159,709**
Issue of shares	-	-	-	-	-	**-**
Elimination of treasury shares	-	-	(144)	-	(144)	**(144)**
Appropriation of 2021 net income	-	-	-	12	12	**12**
Interim dividend for the year 2022	-	-	-	(11,898)	(11,898)	**(11,898)**
Share-based payments	-	-	-	70	70	**70**
Net income for the year 2022	-	-	-	7,660	7,660	**7,660**
As of Dec 31, 2023	**954**	**41,441**	**(788)**	**113,803**	**155,409**	**155,409**
Issue of shares	-	-	-	-	-	**-**
Elimination of treasury shares	-	-	(316)	-	(316)	**(316)**
Appropriation of 2022 net income	-	-	-	(5,911)	(5,911)	**(5,911)**
Interim dividend for the year 2023	-	-	-	-	-	**-**
Share-based payments	-	-	-	(99)	(99)	**(99)**
Net income for the year 2023	-	-	-	8,858	8,858	**8,858**
As of Jun 30, 2024	954	41,441	(1,104)	116,651	157,941	157,941

Cash flow statement

In thousand euros	June 30, 2024 IFRS	dec. 31, 2023 IFRS	June 30, 2023 IFRS
Net income	8,858	16,481	8,820
Net allocations to provisions	-	-	-
Net allocations to depreciation and amortisation	409	797	397
Depreciation and amortisation expense	623	1,188	592
Change in deferred taxes	(37)	(77)	(38)
Share-based payments expense - IFRS2	125	250	123
Net cash provided by operations before change in working capital	**9,979**	**18,639**	**9,894**
Change in working capital	**(722)**	**1,342**	**4,641**
Net cash provided by operating activities	**9,257**	**19,981**	**14,535**
Net cash for investing activities	**(816)**	**(1,133)**	**(796)**
Change in debt related to leasing activities - IFRS 16	(294)	(861)	(279)
Interest expense on debt related to leasing activities - IFRS 16	(29)	(66)	(33)
Net cash provided by capital transactions	-	-	-
Dividends paid	(5,911)	(24,368)	(12,482)
Share-based payments income	1,339	3,157	2,953
Share-based payments expense	(1,825)	(1,719)	(1,315)
Net cash for financing activities	**(6,720)**	**(23,857)**	**(11,154)**
Net change in cash and cash equivalents	1,721	(5,010)	2,584
Cash and cash equivalents, beginning of period	*9,217*	*14,226*	*14,226*
Cash and cash equivalents, end of period	*10,937*	*9,217*	*16,810*

1. Accounting principles and policies

The presented period runs from January 1, 2024 to June 30, 2024. The consolidated financial statements are presented in euros.

The financial statements were adopted on September 19, 2024 by the Board of Directors and audited by the Group's two Statutory Auditors: BM&A Partners and Deloitte & Associés.

The ABC arbitrage group's (*hereafter the "Group"*) 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 June 30, 2024.

The standards and interpretations mandatorily applicable from January 1, 2024 have no material impact on the consolidated financial statements of the Group at June 30, 2024.

New IFRS accounting standards amended and in force for the current financial year:

For the current financial year, the Group has applied a number of amendments to IFRS accounting standards published by the IASB.
The adoption of new standards and interpretations adopted by the IASB, which will be mandatory from January 1, 2024, did not have a material impact on disclosures or on the amounts presented in these financial statements.

The following is a list of the IFRS accounting standards amended and in force for the period concerned:

- Amendments to IAS 1:
  - *Classification of Liabilities as Current or Non-Current;*
  - *Classification of Liabilities as Current or Non-Current - Deferral of Effective Date;*
  - *Non-Current Liabilities with Restrictive Covenants;*
- Amendments to IAS 7 and IFRS 7: *Financing Arrangements with Suppliers;*
- Amendment to IFRS 16: *Lease Obligations Arising from a Sale and Leaseback.*

New IFRS accounting standards amended and issued but not yet effective:

At the date of authorisation of these financial statements, the Group has not applied the following new amended IFRS accounting standards, which have been published but are not yet effective[1]:

- Amendments to IAS 1: No Convertibility;
- Amendments to IFRS 9 and IFRS 7: Classification and Measurement of Financial Instruments;
- IFRS 18: *Presentation and Disclosures in Financial Statements;*
- IFRS 19: *Subsidiaries Not Required to Provide Public Information.*

The Group and its activities do not appear to be affected by these amendments and therefore no significant impact is expected when they come into force.

The financial statements are presented in euros, which is the functional currency of the Group's companies.

The preparation of the financial statements may require the Group to make estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses. The estimates and underlying assumptions are based on past experience and other factors considered reasonable in the circumstances.

[1] To date, these texts have not yet been adopted by the European Union.

They serve as a basis for exercising judgement in determining the carrying amounts of assets and liabilities that cannot be obtained 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 information required in the "*Non-financial information provided voluntarily*" section of the Annual Financial Report. This consideration has had no material impact on the judgements and estimates made by the Group.

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

As the group's activities are not seasonal or cyclical, the results for the year are therefore not influenced by it. The parameters encountered on the markets, which are exogenous, are by their very nature random. They are presented in the management report to put the results for each financial year into context.

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.

Highlight reminder:

As a reminder, with the start of the war in Ukraine which marked the year 2022, the Group had undertaken to settle any remaining exposures with a Russian counterparty. The rapid and effective management of this situation had made it possible to stem any exposure to the risks linked to this conflict. No risk has been materialised since.
The market parameters during the first half of 2024 adopt profiles similar to those we observed at then end of 2023. However, a subtle increase in volatility and volumes traded was observed during the second quarter. The Group thus continues to face the simultaneity of low volatility and M&A activity at relatively low levels, but was able to take advantage of the improvement in parameters at the end of the period. This partly explains the increase of the income from current activity observed. On the other hand, the increase in interest rates had a positive impact on the remuneration of deposits, in particular on the collateral necessary for the Group's activity (*Cf. §3.4. Guarantees granted*).

1.1. Fixed 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 5 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. <u>Right of use</u>

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

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

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

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

1.2. Fair value of financial instruments

The Group's trading exposures (“*Trading Exposures*”) include equities or equity derivatives, such as warrants and convertible bonds, dematerialized digital assets, derivative products such as futures, options, exchange-traded funds or foreign exchange exposures and shares owned in funds (*“Financial instruments”*); 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 (*e.g CFD, 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:

- *Level 1*: unadjusted quoted prices in active markets for identical assets or liabilities;
- *Level 2*: 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 3*: inputs for the asset or liability that are not based on observable market data (*i.e. unobservable inputs*).

Financial assets and liabilities categorised as “*Fair value through profit or loss*” are initially recognised and measured at their fair value and are re-measured 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 the most advantageous, on the valuation date (*i.e. “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 realised. Tax credits linked to equity revenue are included in portfolio revenue.

1.4. Dividend income

Dividend income is recognised on the ex-dividend date.

1.5. Share-based payment

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

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

1.6. Provisions

A provision is recognised when the Group has a legal or constructive obligation as a result of a past event, provided that it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.
When the risk occurs or the expense is incurred, the provision release does not qualify as income as it does not result in a net increase in equity. It is therefore recognised as a reduction of the expense concerned. If the actual expense is lower than the provision and the balance of the provision is no longer required, the surplus then qualifies as income and is booked under the same line item as the original provision charge.

1.7. Corporate income tax

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

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

1.8. Income from investment services fees

In accordance with IFRS 15, which sets out the terms and conditions for recognising revenue from a contractual relationship, we have:

- Intra-group invoicing of management fees due by Quartys Limited in respect of portfolio managers for the right to use and implement strategies.

Then, management fee income from investment fund management and others mandates for which fees are invoiced and can be broken down as follows:

- Management fees monthly calculated based on assets under management, then invoiced and recognised quarterly;
- Performance fees monthly calculated on the performance surplus recorded above the historical maximum, then invoiced and recognised annually, or in the event of exits.

1.9. Financial statement presentation

1.9.1. Consolidation principles

The amendment to IFRS 10 "*Consolidated financial statements*", approved by Regulation (EU) no. 1174/2013, 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*", namely an entity that obtains funds from one or more investors for the purpose of providing investment management services; commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and 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, 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:

- 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;
- 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*".

1.9.2. Earnings per share

Diluted earnings per share is equal to net income for the year divided by the number of shares outstanding at June 30, 2024 plus the impact of all potentially estimated dilutive instruments

1.10. Alternative performance indicators

The group follows the alternative performance indicators, defined below, which are not directly defined by the IFRS standards. These indicators provide additional information that is relevant for shareholders in their analysis of the contribution of the group's two main areas of expertise ("investment entities" and asset management companies) to the Group's results, performance and financial position of the Group, as well as prospective revenue potential.
These indicators are used for internal performance analysis as well. Not being defined by IFRS standards, they are therefore not directly comparable with similarly named indicators from other companies. Furthermore, they are not intended to replace or be presented with greater prominence than the IFRS indicators as presented in the financial statements.

Return on Equity (*ROE*) in percentage. It is used to calculate the financial return on equity. The net return is obtained according to the following calculation:

$$ROE\% = 100 \times (\text{net income} / \text{closing equity})$$

Gross Return in percentage. It calculates the level of profitability of invested sums and capital. The gross return is obtained according to the following calculation:

$$\text{Gross Return}\% = 100 \times (\text{income from current activity} / \text{closing equity})$$

ROE et Gross Return are key indicators representative of the profitability of the investment activity monitored by the Group.

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

2. Consolidation scope and principles

The entities *ABC arbitrage*, *ABC arbitrage Asset Management* and *ABC arbitrage Asset Management Asia* are fully consolidated.

Company	Country	% interest as of Jun 30, 2024	% interest as of Dec 31, 2023	Consolidation method
ABC arbitrage	France	Parent company	Parent company	**Fully consolidated**
ABC arbitrage Asset Management	France	100.0%	100.0%	
ABC arbitrage Asset Management Asia	Singapore	100.0%	100.0%	

ABC arbitrage Asset Management and *ABC arbitrage Asset Management Asia* are the Group's asset management companies.
ABC arbitrage's interest in *Quartys*[2] and in *ABCA Funds Ireland* is presented under financial assets at fair value through profit or loss.

[2] *Taking into account the exception of the consolidation principles established by IFRS 10 "Consolidated financial statements", presented in the note §1.9.1. Consolidation principles*

The percentage interests are as follows:

Company	Country	% interest as of Jun 30, 2024	% interest as of Dec 31, 2023	Consolidation method
Quartys Limited	Ireland	100.0%	100.0%	**Fair value based on net asset value**
ABCA Opportunities Fund	Ireland	69.2%	68.9%	
ABCA Reversion Fund	Ireland	31.1%	26.3%	

The entity *Quarty* trades in financial instruments.

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

- *ABCA Opportunities Fund* had 61 million euros of funds under management, at June 30, 2024.
- *ABCA Reversion Fund* had 98 million euros of funds under management, at June 30, 2024.

ABCA Funds Ireland had total assets of 159 million euros, at June 30, 2024.

3. Notes to the balance sheet

3.1. Intangible assets and property and equipment

Gross value

In thousand euros	Gross values as of Dec 31, 2023	Acquisitions	Retirements & Disposals	Gross values as of Jun 30, 2024
Concessions and similar rights	538	46	-	**583**
Equipments, fixtures and fittings	1,467	32	-	**1,499**
Office and computer equipments, furnitures	5,723	327	-	**6,051**
Total gross value	**7,728**	**405**	**-**	**8,133**

Amortisation and depreciation

In thousand euros	Amortisations Dec 31, 2023	Increase	Decrease	Amortisations Jun 30, 2024
Concessions and similar rights	(334)	(114)	-	**(447)**
Equipments, fixtures and fittings	(1,393)	(12)	-	**(1,405)**
Office and computer equipments, furnitures	(4,448)	(283)	-	**(4,731)**
Total amortisations	**(6,175)**	**(409)**	**-**	**(6,584)**

Net value

In thousand euros	Net values as of Dec 31, 2023	Increase	Decrease	Net values as of Jun 30, 2024
Concessions and similar rights	204	(68)	-	**136**
Equipments, fixtures and fittings	74	20	-	**94**
Office and computer equipments, furnitures	1,275	44	-	**1,319**
Total net value	**1,553**	**(4)**	**-**	**1,549**

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*".

Right of use

In thousand euros	Value ROU as of Dec 31, 2023	Increase	Decrease	Value ROU as of Jun 30, 2024
Right-of-use assets - IFRS 16 - Gross value	6,183	384	(158)	**6,409**
Right-of-use assets - IFRS 16 - Amortisations	(2,104)	(594)	158	**(2,540)**
Total net value	**4,079**	**(210)**	**-**	**3,869**

Fixed assets are depreciated on a straight-line basis over the expected useful life of the asset. Depreciation is charged to the income statement under "*Depreciation, amortisation and provisions*".

Application of IFRS 16 results in the recognition in the balance sheet of rights of use attached to leases entered into by the Group. As of June 30, 2024 these consist of the premises occupied. The consideration for these rights of use is recorded under long-term and short-term financial debt, depending on their maturity.

For the record, *ABC arbitrage* has concluded a new commercial lease as an initial tenant in the early 2022, regarding the office at *18 rue du Quatre Septembre, 75002 Paris*, for a fixed term of 6 years and with effect from January 1, 2022.
In this respect, an asset corresponding to the IFRS 16 right of use was recognised at the end of 2021 for 5.2 million euros in exchange for a rental liability[3]. Following the increase in rent, an additional asset for 274 thousand euros has been recognised. Amortisation of the right of use amounts to 501 thousand euros for 2023.

3.2. Other non-current financial assets

As of June 30, 2024, this item included 403 thousand euros in guaranteed deposits and securities.

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

As of June 30, 2024, 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. Fair value of financial instruments*, is as follows:

In thousand euros	Level 1	Level 2	Level 3	Jun 30, 2024
Financial assets at fair value through profit and loss	3	146,702	-	**146,705**
Financial liabilities at fair value through profit and loss	(1)	-	-	**(1)**
Net Assets/Liabilities at fair value through profit and loss	**2**	**146,702**	**-**	**146,704**

Financial assets at fair value through profit or loss classified in Level 2 correspond to the investments in *Quartys* and the *ABCA Funds Ireland* sub-funds that are not fully consolidated, in accordance with IFRS 10 as detailed in *§1.9.1. Consolidation principles*, but measured at fair value through profit or loss. 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 fair value hierarchy during the first semester of 2024. Moreover, the long and short financial instruments Expositions are detailed in the following note *§5. Risk factors*.

[3] *The discount rate used to value the rental liability is 1.03%.*

Cash and equivalent assets are subject to interest rates that are moving with financial markets benchmark rates, and can be either positive or negative.

As a reminder, at December 31, 2023, these instruments were classified as follows:

In thousand euros	Level 1	Level 2	Level 3	Dec 31, 2023
Financial assets at fair value through profit and loss	3	147,730	-	**147,733**
Financial liabilities at fair value through profit and loss	(1)	-	-	**(1)**
Net Assets/Liabilities at fair value through profit and loss	**2**	**147,730**	**-**	**147,732**

3.4. Guarantees granted

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. Credit and counterparty risk*.

3.5. Other receivables and payables

Due dates of receivables and payables are provided in note *§5.3. Liquidity risk*. Their breakdown is as follows:

Other receivables			Other payables		
In thousand euros	Jun 30, 2024	Dec 31, 2023	Jun 30, 2024	Dec 31, 2023	
Trade receivables	8,587	7,557	(311)	(828)	Trade payables
Deferred revenues	981	758	(14)	(13)	Deferred expenses
Accrued income	-	2	(340)	(314)	Accrued expenses
Taxes and payroll receivables	758	726	(5,253)	(5,271)	Taxes and payroll payables
Total	**10,326**	**9,043**	**(5,916)**	**(6,427)**	

Receivables are essentially constituted by invoices to be established for investment services fees recognised over the first semester 2024. Taxes and payroll receivables are mainly constituted by tax credits and VAT credits, awaiting return. Taxes and payroll payables mainly correspond to bonuses payable to the Group's employees, which represent 2 million euros, and amounts due to social security organisations.

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

3.6. Consolidated equity

3.6.1. *Share-based payment ABC 2022 and Springboard 2025*

Performance share plans alive

Plan name	Business plan	Acquisition date	Acquisition period	Number of shares	Effective acquisition	Shares to be granted	Shares definitively granted
APE-3.2/2021	ABC 2022	11/06/2021	3	25,000	2024	-	17,440
APE-3.3/2021	ABC 2022	11/06/2021	4	25,000	2025	25,000	Pending
APE-3.1/2022	ABC 2022	10/06/2022	3	110,000	2025	95,000	Pending
APE 3.1/2023	Springb. 2025	09/06/2023	3	102,000	2026	87,000	Pending
APV 4.1/2023*	Springb. 2025	09/06/2023	2	17,171	2024	-	11,943
APE 3.1/2024	Springb. 2025	07/06/2024	3	145,000	2027	145,000	Pending
APE 3.2/2024	Springb. 2025	07/06/2024	3	700,000	2027	700,000	Pending
Total				**1,124,171**		**1,052,000**	**29,383**

** Based on actual net income for that period and given the continuing presence requirement, the number of stock options which should be definitively granted by the end of the second semester of 2024.*

Stock options subscription plans alive

Plan name	Business plan	Acquisition date	Acquisition period	Number of options	Exercise start period	Expiration date	Exercise adjusted price	Options to be granted	Remaining options
SO 1.1/2024	Springb. 2025	07/06/2024	5	3,200,000	2029	30/06/2032	7.0000	3,200,000	Pending
Total				**3,200,000**				**3,200,000**	-

For all the plans:

No shares will vest if net income is less than 15 million euros a year and they will vest progressively thereafter on a linear basis. For example, for the APE-3.1/2023 program, if net income is 20 million euros a year over the entire period, 33% shares will vest and if net income is 25 million euros a year over the entire period, 67% 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 147 thousand euros including 22 thousand euros in employer contributions, calculated on the basis of the estimated probable number of shares under various plans, was recognised in respect of the first semester 2024. As a reminder, we accounted for 306 thousand euros in 2023 and 204 thousand euros in 2022. This expense is related only to the programme's progression and the realised income, including the new plans of June 2024.

The loss on share buybacks used for the first semester 2024 is 193 thousand euros against 878 thousand euros in 2023 and 2 809 thousand euros in 2022.

3.6.2. Distribution dividend in 2023

The Annual Shareholders' Meeting of June 7, 2024 decided not to distribute a final dividend for 2023. Taking into account the two payments of 0.10 euro per share each, made in October and December 2023, plus an interim dividend of 0.10 euro per share paid in April 2024, the total distributions for fiscal year 2023 therefore amount to 0.30 euro per share.

3.6.3. Distribution of share premium

The Board of Directors on September 19, 2024 resolved to make two (*2*) interim dividends of 0.10 euro per share on each payment, solely in cash. The ex-dividend dates will be October 9 and December 3, 2024 respectively, and the dividends were paid on October 11 and December 5, 2024. The total amount of these two operations, taking into account the number of *ABC arbitrage* shares qualifying for the payment, amounted to 11.9 million euros.

As of June 30, 2024, *ABC arbitrage*'s share capital was established at 953,742 euros and was represented by 59,608,879 fully paid ordinary shares with a par value of 0.016 euro each. As a reminder, share capital at December 31, 2023 was identical.

3.6.4. Treasury stock

During the first semester 2024, under the market-making agreement with *Kepler Cheuvreux*, *ABC arbitrage* sold 114,132 shares at the average price of 4.12 euros and bought back 127,737 shares at the average price of 4.08 euros.

The treasury stock at December 31, 2023, of 68,603 shares has been fully used to serve the payments in shares. 356,819 shares have also been purchased to serve, during the semester, the performance share plans for 17,440 shares and the exercise of reserved offers[4] for 223,551 shares. As of June 30, 2024, the company held 270,974 shares in treasury stock[5] for a gross value of 1 104 thousand euros against 141,541 shares in treasury stock for a gross value of 788 thousand euros at December 31, 2023.

In accordance with IFRS, *ABC arbitrage*'s shares in treasury stock, then held by the Group, are deducted from the consolidated equity.

3.7. Provisions

No provision is accounted for on June 30, 2024 as on December 31, 2023. 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.

Quartys Limited is subject to an audit on its requests for refund of withholding tax sent to the Swiss Federal Tax Administration (Federal Tax Administration - "FTA") for the years 2016 to 2019 and by extension up to and including 2023. The FTA, by means of a decision drafted on August 29, 2024, intends to refuse the refund requests up to 7.4 million Swiss francs million, (i.e. approximately 7.9 million euros). The company will provide the administration with its formal objection by September 30, 2024, the deadline for appealing this decision along with its observations on the matter. Exchanges with the tax administration will follow one another through responses to the observations before entering into various appeals. To date, discussions are still ongoing and the outcome is uncertain. Beyond its own

[4] Subscription of the profit sharing and/or participation using ABC arbitrage shares by the Group's employees.
[5] Including the market-making agreement with Kepler Cheuvreux

assessment, the company has relied on the opinions of its legal and tax advisors. In accordance with IFRIC 23, the company maintains its conclusion that there is no provision for tax risk, as the risk is considered unlikely.

3.8. Liabilities representing the lease payment obligation - IFRS 16

In thousand euros	Jun 30, 2024	Dec 31, 2023
Lease liabilities less than 1 year	(3,224)	(3,555)
Lease liabilities more than 1 year	(1,322)	(1,286)
Total	**(4,546)**	**(4,841)**

Lease liabilities are mainly constituted by debts related to Paris premises, as presented in *§3.1. Intangible assets and property and equipment*. As a reminder, a new 6-years lease was concluded in 2022. The discount rate used to measure the rent liability is 1.03%.

4. Notes to the statement of income

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

Accounting aggregate “Net gains on financial instruments at fair value through profit or loss” equals 12,376 thousand euros at June 30, 2024 against 11,092 thousand euros at June 30, 2023.

Accounting aggregate “Net gains on financial instruments at fair value through profit or loss” include all incomes, expenses and costs directly related to the trading business, mainly net gains at fair value through profit or loss from the company *Quartys* and the sub-funds *ABCA Funds Ireland*, integrated in accordance with IFRS 10. These net gains at fair value include :

- Dividends and dividend compensations;
- 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;
- Gains or loss related to transactions;
- Administrative and general expenses.

The company *Quartys* is the subject of an audit request for early application for tax refund addressed by itself to the Swiss contribution federal government for the years 2016 to 2019 and by extension until the end of the first semester 2024. The exchanges with the Swiss federal government are followed by answers to the various questions asked and comments made, as a beneficial owner for *Quartys*. To date, discussions are still ongoing and the outcome is uncertain.
As specified in paragraph *§3.7. Provisions*, the Group monitors the various risks mentioned and, over and above its own assessment, the Company has relied on the advice of its legal and tax advisors. The company maintains its finding of absence for provision for tax charges, the risk being considered less likely probable than probable.
Nevertheless, in the light of the time that has already elapsed, the difficulty of recovering these amounts in the near future and the recent rise in interest rates which has a non-zero impact, according to IFRS 13 the Group has actualised the amount of the unrecovered debt of 7.9 million euros over 5 years to reflect its fair value at June 30, 2024. It generated an impact of -0.23 million euros to the income statement for the semester, directly included in the line “*Net gain/loss on financial instruments at fair value through profit or loss*”, in completion of the existing provision of -1.35

million euros known at December 31, 2023, in the Quartys accounts, and rising the overall provision to the total of -1.58 million euros.

4.2. Investment services fees

Investment services fees totalised 10,236 thousand euros at June 30, 2024 against 9,019 thousand euros at June 30, 2023, and breakdown as follows:

In thousand euros	June 30, 2024 IFRS	June 30, 2023 IFRS
Rights of use and implementation of strategies	8 719	7 225
Asset management fees from internal capital*	547	519
Performance fees from internal capital*	-	-
Income from capital entrusted by Group entities	**9 266**	**7 744**
Asset management fees from external capital	963	1 221
Performance fees from external capital	7	55
Income from capital entrusted by external investors to the Group**	**970**	**1 275**
Income from management fees and similar income	**10 236**	**9 019**

** Commissions arising from the investment of Group entities within the ABCA Funds Ireland structure.*

*** Capital collected within the framework of collective management or management mandates.*

Investment services fees relate to the services that the Group's management companies charge to *Quartys* and *ABCA Funds Ireland* and the management mandate, detailed in note *§1.8. Income from investment services fees*.

4.3. Other revenues

Other revenues totalised 321 thousand euros at June 30, 2024, against 253 thousand euros at June 30, 2023 and are mainly incomes from property subleases and standard administrative services, as well as the impact of positive interest rates on cash held in the administrative accounts.

4.4. Other purchases and external expenses

Other purchases and external expenses totalised 3,825 thousand euros at June 30, 2024, against 3,561 thousand euros at June 30, 2023, and breakdown as follows:

In thousand euros	June 30, 2024	June 30, 2023
Market access related fees	2,295	2,283
Miscellaneous costs (*incl. communication, quotation, sponsoring*)	489	490
Consulting fees and related (*incl. lawyers, administrative*)	265	172
Premises costs*	293	218
Other costs related to personnel or representation expenses	486	398
Total	**3,827**	**3,561**

** Related to the leases inferior to one year in the subsidiaries, with the indirect costs such as cleaning, maintenance, repairs*

4.5. Payroll costs

The average number of employees was 110 during the first semester of 2024 against 105 in 2023.

Payroll costs, including gross amounts for fixed and performance-related compensation, statutory and discretionary profit-sharing, totalised 6.4 million euros at June 30, 2024 against 5.2 million euros at June 30, 2023.

Social security contributions related to these compensations totalised 2.3 million euros at June 30, 2024 against 1.2 million euro at June 30, 2023.

For information purposes, according to the performance realised on the first semester 2024, the total amount allocated for performance-related compensations is 1.6 million euros, including social security contributions, against 0.9 million euros on the first semester 2023.

Parallely, other indirect personnel costs totalised 0.2 million euros at June 30, 2024, as at June 30, 2023. For example, these costs mainly include: contribution for the economic and social committee (*ESC*), restaurant vouchers, inter-company crèches, occupational medicine etc.

The Group does not provide any post-employment benefits[6] and other long-term benefits are provided under defined contribution plans, which do not give rise to a future liability as the Group's only obligation is to make regular contribution payments

4.6. Cost of risk

Cost of risk is null at June 30, 2024 as it was at June 30, 2023.

4.7. Corporate income tax

The difference between the effective tax rate accounted for -0.42% and the theoretical corporate income tax charge determined by applying the standard French tax rate to pre-tax income and the actual tax charge, can be explained as follows:

	June 30, 2024	Dec 31, 2023
Theoretical taxation rate	25.00%	25.00%
Impact of permanent differences	0.51%	0.31%
Impact of tax credit	0.00%	0.00%
Impact of IFRS 10 presentation	-35.35%	-31.40%
Impact of temporary differences	9.42%	5.63%
Effective tax rate	**-0.42%**	**-0.47%**

ABC arbitrage is the parent company of a tax relief group constituted with the company *ABC arbitrage Asset Management* from January 1, 2004.

The tax relief group has signed an agreement whereby the income tax that would be payable are recognised by each member of the group, subsidiary and parent, as 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 relief group through the use of tax losses are retained by the parent company and treated as an immediate gain in the fiscal year.
As a precaution, given uncertain visibility, deferred tax assets on recorded tax losses are not recognised

[6] *Examples: supplementary pensions or health insurance.*

5. Risk factors

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

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 at fair value through profit or loss*" and "*Financial liabilities at fair value through profit or loss*" breakdown as follows:

Net assets position

In thousand euros	Long exposures	Short exposures	Net Assets
Non-derivatives financial instruments	782,274	(339,135)	443,139
Listed derivatives	17,198	(25,701)	(8,503)
Unlisted derivatives	471,621	(898,004)	(426,383)
Financial assets at fair value through profit or loss	72,679	-	72,679
Total financial instruments	**1,343,772**	**(1,262,840)**	**80,932**
Cash and margin accounts	103,261	(220,033)	(116,772)
Listed currencies derivatives	32,144	-	32,144
Unlisted currencies derivatives	246,901	(96,500)	150,401
Total cash and currencies related	**382,306**	**(316,533)**	**65,773**
Financial assets at fair value through profit or loss		**Jun 30, 2024**	**146,705**
Financial assets at fair value through profit or loss		**Dec 31, 2023**	**147,733**

Net liabilities position

In thousand euros	Long exposures	Short exposures	Net Liabilities
Non-derivatives financial instruments	-	-	-
Listed derivatives	-	-	-
Unlisted derivatives	-	-	-
Financial liabilities at fair value through profit or loss	-	-	-
Total financial instruments	**-**	**-**	**-**
Cash and margin accounts	-	(1)	(1)
Listed currencies derivatives	-	-	-
Unlisted currencies derivatives	-	-	-
Total cash and currencies related	**-**	**(1)**	**(1)**
Financial liabilities at fair value through profit or loss		**Jun 30, 2024**	**(1)**
Financial liabilities at fair value through profit or loss		**Dec 31, 2023**	**(1)**

Net assets & liabilities position

In thousand euros	Long exposures	Short exposures	Net Assets/Liab.
Non-derivatives financial instruments	782,274	(339,135)	443,139
Listed derivatives	17,198	(25,701)	(8,503)
Unlisted derivatives	471,621	(898,004)	(426,383)
Financial assets and liabilities at fair value through profit or loss	72,679	-	72,679
Total financial instruments	**1,343,772**	**(1,262,840)**	**80,932**
Cash and margin accounts	103,261	(220,034)	(116,773)
Listed currencies derivatives	32,144	-	32,144
Unlisted currencies derivatives	246,901	(96,500)	150,401
Total cash and currencies related	**382,306**	**(316,534)**	**65,772**
Financial assets & liabilities at fair value through profit or loss		**Jun 30, 2024**	**146,704**
Financial assets & liabilities at fair value through profit or loss		**Dec 31, 2023**	**147,732**

N.B: Long and short exposures mean respectively that the Group acquired an interest for the rise and the fall of the financial instrument price.

The breakdown of the geographical exposures as of June 30, 2024 is detailed as follows:

Geographical area	Jun 30, 2024	Dec 31, 2023
Europe	42%	41%
North america	41%	44%
Asia	8%	8%
Others	9%	7%
Total	**58%**	**59%**

This geographic analysis is determined using the absolute value of the exposures at closing date, splitted by financial marketplaces, themselves grouped by geographic area.

5.1. Market risk

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.

Instrument related 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 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 of June 30, 2024, the aggregate VaR of the Trading Exposures of the Group was 2.3 million euros as of June 30, 2023. 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 risk is related to the fluctuations of the price or the valuation of a Financial Instrument resulting from a variation of the interest rate.

In most of the "*Quantitative Models*", 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, which is the euro. 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 by an exposition to the currency. The only risk is of second order: that the profit realised in a given currency may vary if it is not converted in euro. The Group regularly converts profits in euro and its exposure to currency risk is therefore marginal.

As of June 30, 2024, a 2% rise in the euro against all currencies would, all other things being equal, have increased net assets by 573 thousand euros. A 2% fall in the euro against all currencies would have had the opposite effect, all other things being equal.

5.2. Credit and counterparty risk

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

The *ABC arbitrage* Group, for these market operations, act mainly as a client of "*Brokers*" and credit institutions and investment companies: the "*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 markets, most of them are regulated, 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 (*e.g: CFD, swaps*) for the Group. In general, Trading Exposures held by a custodian are very tiny. A significant proportion of the assets of the Group transferred to Counterparties are either pledged as a first security interest or transferred as margin (*"Collateral"*) to support the Trading Positions. The Counterparty can 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 - such as agreements on the compensation and the collateral - and a close monitoring of Counterparty credit ratings. Moreover, the Group applies the principle of prudence by building diversified partnerships with banks 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 presented in note *§5. Risk factors*

5.3. 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.

As of June 30, 2024, the liquidity schedule was as follow:

In thousand euros	less than 1 month	between 1 to 3 months	between 3 to 12 months	more than 12 months	Total
Financial assets at fair value through profit and loss*	3	139,556	-	7,147	**146,705**
Other receivables	159	9,818	349	-	**10,326**
Cash and cash equivalents	10,937	-	-	-	**10,937**
Total current assets	**11,099**	**149,374**	**349**	**7,147**	**167,968**
Financial liabilities at fair value through profit and loss	(1)	-	-	-	**(1)**
Lease liability < 1 year	-	-	(1,322)	-	**(1,322)**
Other liabilities	(307)	(2,663)	(2,946)	-	**(5,916)**
Current tax liabilities	(5,476)	-	-	-	**(5,476)**
Total current liabilities	**(5,784)**	**(2,663)**	**(4,268)**	**-**	**(12,716)**
Total net current Assets & Liabilities	**5,315**	**146,710**	**(3,919)**	**7,147**	**155,253**

** Financial assets at fair value through profit and loss classified between one and three months are equity participations in Quartys subsidiary and sub-fund ABCA Funds Ireland, that are presented at fair value following the IFRS 10 reglementation (Cf. note §1.9.1. Consolidation principles), since value of these participations are not recoverable below one month for the parent company ABC arbitrage. However, net assets of these companies are essentially constituted with expositions to level 1 financial instruments listed on active markets, with a liquidity clearly below one month.*

5.4. Operational risk

Operational risk is the risk of loss due to inadequate or failed internal processes, people and systems and can constitute a breach in information systems exposing the company to a cyber-risk.

During the first semester 2024, losses due to operational incidents represented 0.75% of revenues against 0.50% during the first semester 2023.

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 of various nature: legal, disciplinary, administrative, etc.
A permanent regulatory monitoring 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 of the Group 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 concluded under normal market conditions.

6. Complementary information

6.1. Related party transactions

As of June 30, 2024, elements regarding the company *Aubépar Industries* are not significant. Regarding the elements related to the company *Quartys*[7], you can refer to the following notes:

- Mentions of the investments in these companies in note *§3.3. Financial assets and liabilities at fair value through profit or loss*;
- Their net gains at fair value through profit or loss in note *§4.1. Net gains on financial instruments at fair value through profit or loss*;
- Investment services fees invoiced by Group's asset management companies to them in note *§4.2. Investment services fees*;
- Liquidity schedule of the investments in these companies in note *§5.3. Liquidity risk*.

6.2. Post-closing events

Quartys received, on August 30, 2024, a response letter from the Swiss Federal Tax Administration in connection with its requests for reimbursement of withholding tax. The event subsequent to the closing of June 30, 2024 is detailed in paragraph *§3.7. Provisions*. The information has been communicated to the market via a press release on the Septembre 6, 2024. No other post-closing event is to be mentioned.

[7] *Including its investments in the funds ABCA Funds Ireland*

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

ABC ARBITRAGE

Société anonyme

18 RUE DU 4 SEPTEMBRE, PARIS 75002

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

Period from January 1st, 2024 to June 30th, 2024

BM&A

11, rue de Laborde

75008 Paris

S.A.S.au capital de 1 200 000 €

348 461 443 R.C.S. Paris

Société de Commissariat aux Comptes Membre de la compagnie Régionale de Paris

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

Société anonyme

18 RUE DU 4 SEPTEMBRE, PARIS 75002

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

Period from January 1st, 2024 to June 30th, 2024

To the Shareholders,

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

- the review of the accompanying condensed half-yearly consolidated financial statements of ABC arbitrage, for the period from 01/01/2024 to 30/06/2024;
- the verification of the information presented in the half-yearly management report.

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

Conclusion on the financial statements

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

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

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

Specific verification

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

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

September 24th, 2024, Paris and Paris - La Défense

The Statutory Auditors
French original signed by

BM&A	Deloitte & Associés
Pascal RHOUMY	Julien KOSCIEN

Statement by the person responsible for the financial report

I hereby certify that, to the best of my knowledge, the consolidated financial statements for the past six months have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, financial position and results of ABC arbitrage Group, and that the half-yearly activity report presents a true and fair view of the information of significant events occurring during the first six months of the financial year, their impact on the accounts, the main transactions between related parties and that it describes the main risks and the main uncertainties for the remaining six months of the financial year (*referred to in Article 222-6 of the General Regulations of the Autorité des Marchés Financiers*).

Dominique CEOLIN
President - Chief Executive Officer