



Merkanti Holding p.l.c.
Aragon House Business Centre
Dragonara Road
St. Julians, STJ 3140
Malta

COMPANY ANNOUNCEMENT

Reference: (08/2023)

Approval of the Company's Interim Financial Statements

This a company announcement issued by Merkanti Holding p.l.c. (C 70823) (the "**Company**") pursuant to the Capital Markets Rules issued by the Malta Financial Services Authority.

At a board meeting held on 31 August, 2023, the board of directors of the Company approved the Company's unaudited interim financial statements for the six (6) month period ended 30 June 2023. A copy of the interim financial statements is attached to this announcement and is also available on the Company's website at: <https://merkantiholding.com/Investor%20Relations/#companyannouncements>



Stephanie Sciberras
For and on behalf of
Ganado Services Limited
Company Secretary
31 August 2023

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Merkanti Holding p.l.c

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Half-Yearly Report – 30 June 2023

Directors' Report

This half-yearly report is being published in terms of Chapter 5 of the Listing Rules of the Listing Authority – Malta Financial Services Authority and the Prevention of Financial Market Abuse Act, 2005.

The condensed interim consolidated financial statements included in this report have been extracted from Merkanti Holding p.l.c. and its subsidiaries' (collectively, the "Group") unaudited financial information for the six months ended 30 June 2023, prepared in accordance with International Financial Reporting Standards as adopted for use in the EU for interim financial statements (International Accounting Standard 34, 'Interim Financial Reporting'). This half-yearly report gives a true and fair view of the assets, liabilities, equity and profit and other comprehensive income of the Group and the undertakings included in the consolidation taken as a whole. This report has not been audited or reviewed by the company's independent auditors.

The Company

Merkanti Holding p.l.c. is a holding and finance company that does not carry on any trading activities apart from raising capital and advancing same to the Group. Accordingly, the company is economically dependent on the Group. The principal activities of the Group comprise the activities of the Bank, the Property Companies and their management company, and will be explained further in the 'Group Performance' section below.

The Merkanti Holding plc. group's material subsidiaries include Merkanti Bank Limited (the "Bank") Altmark Industrie Management GmbH (100%), Merkanti (A) International Limited (94.9%), and Merkanti (D) International Limited (94.9%), (together with Merkanti (A) International Limited, the "Property Companies").

Group Performance

The Group's profit after tax attributable to the owners of the parent for the six-month period ended June 30, 2023 increased almost 35% to EUR 543,792 compared to EUR 403,478 in the six months ended June 30, 2022.

Total assets of the Group stood at EUR 114,575,217 as at 30 June, 2023 compared to EUR 109,511,385 as at December 31, 2022

The Bank is a credit institution licensed by the MFSA under the Banking Act (Chapter 371 of the laws of Malta) that provides merchant banking and trade financing services. The Bank's operations began in February 2016 after the ECB and MFSA approval of the acquisition.

The Property Companies are property holding companies that operate in the industrial real estate leasing sector in Germany. The real estate owned by the Property Companies is currently leased out to a number of tenants, none of whom have delayed payment on their obligations to date.

While the conflict in Ukraine continued to cause economic uncertainty during the year, the challenges related to the conflict did not have a negative impact in terms of late payments, impairments or similar adverse developments on the Bank's credit loan portfolio or the Property Companies' tenants.

The Group continued to maintain a prudent and cautious approach during the period with respect to expansion of merchant banking activities and credit loan portfolio development.

During the period under review, the Group continued to offer all employees the option to work from home or the choice of a hybrid home/office working environment, the Group did not suffer any disruptions to operations.

Recent Business & Corporate Developments

Sparkasse Bank Malta Acquisition

On March 7, 2022, the Company announced that it had entered into an agreement ("SPA") to acquire Sparkasse (Holdings) Malta Ltd. from Anteilsverwaltungssparkasse Schwaz. The transaction was originally expected to close in the second half of 2022, though this forecast was subsequently amended to the first half of 2023.

In July 2023, jointly with Anteilsverwaltungssparkasse Schwaz, the Company entered into an agreement to mutually terminate the SPA to acquire Sparkasse (Holdings) Malta Ltd. Consequently, the transaction will not close. The reason for the termination was not related to any aspect of the regulatory approval process but instead was related to timing and the change in global interest rate policy.

The termination of the SPA did not materially impact the financial results of the Company. However, as a result of the termination, the Company impaired minored capitalized costs associated with the transaction in the first half of 2023.


Change in Nominal Value per Share

In June 2022, pursuant to an Extraordinary General Meeting in which, among other things, amendments to the Company's Memorandum and Articles of Association were approved such that the nominal value of all of the Company's shares decreased from EUR 3.00 to EUR 0.10, with the difference being allocated to a non-distributable reserve. There was no change in the Company's Total Equity as a result of this change, though the composition of the elements which constitute the Company's Total Equity are now different after the decrease became effective in the second half of 2022.

Directors' statement pursuant to Listing Rule 5.75.3

We hereby confirm that to the best of our knowledge:

1. The condensed half-yearly report gives a true and fair view of the interim consolidated financial position of the group as at 30 June 2023 and of its financial performance, cash flows and changes in equity for the period then ended in accordance with International Financial Reporting Standards as adopted by the EU applicable to Interim Financial Reporting (IAS 34).
2. The interim Director's report includes a fair review of the information required in terms of Listing Rule 5.81.



Mario P. Galea
Director



Samuel S. Morrow
Director and Chief Executive Officer

Registered office:
Merkanti Holding p.l.c
Aragon House Business Centre
Dragonara Road
St. Julians
STJ 3140
Malta

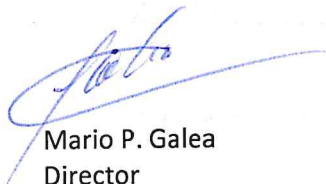
**Condensed interim consolidated statements of financial position (unaudited)**

	Unaudited	Audited
	As at 30	As at 31
	June	December
	2023	2022
	€	€
ASSETS		
Cash and cash equivalents	37,278,847	23,630,994
Loans & advances	29,009,782	25,498,117
Investments	11,507,647	23,826,190
Investment properties	30,916,433	30,965,000
Property, plant & equipment	1,316,313	1,389,777
Other receivables	4,546,195	4,201,307
Total assets	<u>114,575,217</u>	<u>109,511,385</u>
EQUITY AND LIABILITIES		
Capital and reserves attributable to owners of the parent	53,608,239	53,003,937
Non-controlling interests	1,623,199	1,666,575
Total equity	<u>55,231,438</u>	<u>54,670,512</u>
Borrowings	24,634,720	24,580,198
Deferred tax liabilities	2,294,655	2,226,127
Other payables	32,414,404	28,034,548
Total Liabilities	<u>59,343,779</u>	<u>54,840,873</u>
Total equity and liabilities	<u>114,575,217</u>	<u>109,511,385</u>

Cash and cash equivalents include loans and advances to banks

The notes on page 9 are an integral part of this condensed interim consolidated financial information.

The condensed interim consolidated financial information on pages 5 to 9 were authorised for issue by the board of directors on 31 August 2023 and were signed on its behalf by:


Mario P. Galea
Director


Samuel S. Morrow
Director and Chief Executive Officer

**Condensed interim consolidated statements of profit and loss and
other comprehensive (loss) income (unaudited)**

	Six months ended 30 June	
	2023	2022
	€	€
Interest and similar income	1,807,396	1,254,552
Interest and similar expense	(660,434)	(611,615)
Net interest expense	1,146,962	642,937
Fee and commission income	425,948	1,072,035
Net fee income	425,948	1,072,035
Rental income from investment property	1,102,948	860,038
Other operating income	1,108,579	1,563,407
Operating income	3,784,437	4,138,417
Administrative expenses	(3,219,666)	(3,361,471)
Profit before tax	564,771	776,946
Income tax expense	(64,356)	(111,465)
Profit for the period	500,415	665,481
(Profit) / loss attributable to non-controlling interests	43,377	(262,003)
Profit attributable to owners of the parent company	543,792	403,478
Other comprehensive income:		
Profit for the period	500,415	665,481
Net change in fair valuation of financial assets measured at fair value through other comprehensive income, net of income taxes	60,511	215,171
Total comprehensive income for the period	560,926	880,652

The notes on page 9 are an integral part of this condensed interim consolidated financial information

Condensed interim consolidated statements of changes in equity (unaudited)

	Share Capital €	Contributed reserve €	Fair Value reserve €	Translation reserve €	Retained earnings €	Total €	Non- controlling interests €	Total equity €
Balance at 1 January 2022	50,020,002	2,540,000	48,706	971	(664,866)	51,944,813	1,784,600	53,729,413
Profit for the period	0	0	0	13,141	403,478	416,619	262,003	678,622
Net changes in fair value	0	0	(215,171)	0	0	(215,171)	435	(214,736)
Balance at 30 June 2022	50,020,002	2,540,000	(166,465)	14,112	(261,388)	52,146,261	2,047,038	54,193,299
Balance at 1 January 2023	1,667,333	50,892,669	(587,930)	0	1,031,865	53,003,937	1,666,575	54,670,512
Profit / (Loss) for the period	0	0	0	0	543,792	543,792	(43,377)	500,415
Net changes in fair value	0	0	60,511	0	0	60,511	0	60,511
Balance at 30 June 2023	1,667,333	50,892,669	(527,419)	0	1,575,657	53,608,240	1,623,198	55,231,438

The notes on page 9 are an integral part of this condensed interim consolidated financial information.

Condensed interim consolidated statements of cash flows (unaudited)

	six months ended 30 June	
	2023	2022
	€	€
Cash flows from operating activities		
Net cash flows used in operating activities	18,307,567	3,922,095
Net cash flows provided by investing activities	19,053	1,644,394
Net cash flows provided by financing activities	(79,190)	(72,422)
Exchange rate effect on cash and cash equivalents	368,509	17,388
Net movement in cash and cash equivalents	18,615,939	5,511,455
Cash and cash equivalents at the beginning of period	18,453,274	14,506,207
Cash and cash equivalents at end of period	37,069,213	20,017,663

Cash and cash equivalents include loans and advances to banks and other financial institutions.

The notes on page 9 are an integral part of this condensed interim consolidated financial information.



Notes to the condensed interim financial statements

1. Basis of preparation

This condensed interim consolidated financial information for the six-month period ended 30 June 2023 has been prepared in accordance with International Accounting Standard 34, 'Interim financial reporting' and in terms of the Malta Financial Services Authority Listing Rules 5.81 to 5.84.

The financial information has been extracted from the group's unaudited interim financial statements for the six-month period ended 30 June 2023. The comparative amounts reflect the unaudited position of the group as at 30 June 2022.

The preparation of these condensed interim consolidated financial statements is consistent with the accounting policies used in the preparation of the 31 December 2022 audited financial statements.

2. Share capital

	30-Jun 2023 €	30-Jun 2022 €
Authorised		
33,333,334 Ordinary A Shares of €3 each (2021: 100,000,000 Ordinary A Shares of €1 each)	100,000,002	100,000,002
33,333,334 Ordinary B Shares of €3 each (2021: Nil)	100,000,002	100,000,002
Issued and fully paid up		
16,673,333 Ordinary A Shares of €0.10 each (2022: 50,000,000 Ordinary A Shares of €3 each)	1,667,333	50,019,999
1 Ordinary B Share of €0.10 each (2022: 1 Ordinary B Share of €3 each)	0	3
Issued but not fully paid up shares		
In 2021, 20,000 Ordinary shares of €1 of which €0.25 is paid	0	0
	1,667,333	50,020,002

