



**Merkanti Holding**  
p.l.c.

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

## **COMPANY ANNOUNCEMENT**

*Reference: (12/2024)*

### **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 30 August, 2024, the board of directors of the Company approved the Company's unaudited interim financial statements for the six (6) month period ended 30 June 2024. 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/wp-content/uploads/2024/08/20240630-Merkanti-Holding-plc-Interim-results31.docx-copy-2024-08-29-08\\_31\\_3436.pdf](https://merkantiholding.com/wp-content/uploads/2024/08/20240630-Merkanti-Holding-plc-Interim-results31.docx-copy-2024-08-29-08_31_3436.pdf)

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Stephanie Sciberras  
For and on behalf of  
Ganado Services Limited  
Company Secretary  
30 August 2024

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## **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 2024, 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") and Merkanti (A) International Limited (94.9%), Merkanti (D) International Limited (94.9%), Altmark Industrie Management GmbH (100%), (together 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, 2024 increased slightly by 1.5% to EUR 552,161 which included a tax benefit during the period, compared to EUR 543,792 in the six months ended June 30, 2023.

Total assets of the Group stood at EUR 103,928,373 as at 30 June, 2024 compared to EUR 109,641,602 as at December 31, 2023

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.

Various global conflicts and other economic challenges continued to cause economic uncertainty during the period though 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**

Subsequent to the period end, on July 3 2024, the Company held a meeting of the holders of its secured bonds due 2026 (ISIN: MT0002291202) ("Bonds"), wherein bondholders were requested "To consider and approve the Proposed Amendments to the terms and conditions of the Bonds consisting primarily of (1) an increase in the interest rate payable on the Bonds from 4.00% to 5.70% per annum and (2) a 7-year extension of the term (maturity date) of the Bonds to 12 August 2033" ("Resolution").

In terms of Section 8.14.1 of the prospectus for the Bonds, the terms and conditions of the Bonds may be amended with the approval of a majority of bondholders holding not less than 66 2/3% in nominal value of the Bonds held by those bondholders present at the Bondholder Meeting. 21,703,000 bonds were represented at the Bondholder Meeting (in person or by proxy) representing 86.8% of the aggregate nominal value of all outstanding Bonds, which constituted a quorum for the transaction of business.

The Company was pleased that an overwhelming 20,452,700 outstanding Bonds voted in favour of the Resolution. Accordingly, the Resolution was approved by bondholders and the proposed amendments to the terms and conditions of the Bonds came into effect on 12 July 2024.

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 2024 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)**

	<b>Unaudited</b>	<b>Audited</b>
	<b>As at 30</b>	<b>As at 31</b>
	<b>June</b>	<b>December</b>
	<b>2024</b>	<b>2023</b>
	<b>€</b>	<b>€</b>
<b>ASSETS</b>		
Cash and cash equivalents	29,580,730	35,694,125
Loans & advances	30,759,279	29,888,514
Investments	7,265,528	8,006,342
Investment property	30,061,508	30,081,000
Property, plant & equipment	1,135,482	1,197,955
Other receivables	5,125,846	4,773,666
<b>Total assets</b>	<b><u>103,928,373</u></b>	<b><u>109,641,602</u></b>
<b>EQUITY AND LIABILITIES</b>		
Capital and reserves attributable to owners of the parent	56,288,464	55,672,082
Non-controlling interests	<u>1,099,037</u>	<u>1,085,334</u>
<b>Total equity</b>	<b><u>57,387,501</u></b>	<b><u>56,757,416</u></b>
Borrowings	24,743,694	24,686,800
Deferred tax liabilities	2,171,553	2,153,622
Other payables	<u>19,625,625</u>	<u>26,043,764</u>
<b>Total liabilities</b>	<b><u>46,540,872</u></b>	<b><u>52,884,186</u></b>
<b>Total equity and liabilities</b>	<b><u>103,928,373</u></b>	<b><u>109,641,602</u></b>

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 30 August 2024 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)**

	<u>Six months ended 30 June</u>	
	<b>2024</b>	<b>2023</b>
	€	€
Interest and similar income	2,053,727	1,807,396
Interest and similar expense	<u>(720,283)</u>	<u>(660,434)</u>
<b>Net interest expense</b>	<b>1,333,444</b>	<b>1,146,962</b>
Fee and commission income	<u>320,550</u>	<u>425,948</u>
<b>Net fee income</b>	<b>320,550</b>	<b>425,948</b>
Rental income from investment property	739,795	1,102,948
Other operating income	<u>1,253,701</u>	<u>1,108,579</u>
<b>Operating income</b>	<b>3,647,490</b>	<b>3,784,437</b>
Administrative expenses	<u>(3,336,109)</u>	<u>(3,219,666)</u>
<b>Profit before tax</b>	<b>311,381</b>	<b>564,771</b>
Income tax (expense) / credit	<u>254,482</u>	<u>(64,356)</u>
<b>Profit for the period</b>	<b>565,863</b>	<b>500,415</b>
(Profit) loss attributable to non-controlling interests	(13,702)	43,377
Profit attributable to owners of the parent company	552,161	543,792
Other comprehensive income:		
Profit for the period	565,863	500,415
Net change in fair valuation of financial assets measured at fair value through other comprehensive income, net of income taxes	64,222	60,511
<b>Total comprehensive income for the period</b>	<b>630,085</b>	<b>560,926</b>

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 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
<b>Balance at 30 June 2023</b>	<b>1,667,333</b>	<b>50,892,669</b>	<b>(527,419)</b>	<b>0</b>	<b>1,575,657</b>	<b>53,608,240</b>	<b>1,623,198</b>	<b>55,231,438</b>
Balance at 1 January 2024	1,667,333	50,892,669	(314,698)	0	3,426,778	55,672,082	1,085,334	56,757,416
Profit for the period	0	0	0	0	552,161	552,161	13,702	565,863
Net changes in fair value	0	0	64,222	0	0	64,222	0	64,222
<b>Balance at 30 June 2024</b>	<b>1,667,333</b>	<b>50,892,669</b>	<b>(250,476)</b>	<b>0</b>	<b>3,978,939</b>	<b>56,288,465</b>	<b>1,099,036</b>	<b>57,387,501</b>

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



**Condensed interim consolidated statements of cash flows (unaudited)**

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	€	€
Net cash flows provided by (used in) operating activities	(6,075,635)	18,307,567
Net cash flows provided by (used in) investing activities	(41,639)	19,053
Net cash flows (used in) financing activities	(88,138)	(79,190)
Exchange rate effect on cash and cash equivalents	92,017	368,509
Net movement in cash and cash equivalents	<u>(6,113,395)</u>	<u>18,615,939</u>
Cash and cash equivalents at the beginning of period	<u>35,694,125</u>	<u>18,453,274</u>
Cash and cash equivalents at end of period	<u>29,580,730</u>	<u>37,069,213</u>

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 2024 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 2024. The comparative amounts reflect the unaudited position of the group as at 30 June 2023.

The preparation of these condensed interim consolidated financial statements is consistent with the accounting policies used in the preparation of the 31 December 2023 audited financial statements.

### 2. Share capital

	30-Jun 2024 €	30-Jun 2023 €
<b>Authorised</b>		
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
<b>Issued and fully paid up</b>		
16,673,333 Ordinary A Shares of €0.10 each (2022: 50,000,000 Ordinary A Shares of €3 each)	1,667,333	1,667,333
1 Ordinary B Share of €0.10 each (2022: 1 Ordinary B Share of €3 each)	0	0
	<u>1,667,333</u>	<u>1,667,333</u>