



MerkantiHolding
p.l.c.

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

COMPANY ANNOUNCEMENT

Reference: (06/2021)

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 Listing Rules issued by the Listing Authority.

At a board meeting held on 30 August, 2021, the board of directors of the Company approved the Company's unaudited interim financial statements for the six (6) month period ended 30 June 2021. 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>

Name: Dr. Andre Zerafa
For and on behalf of
Ganado Services Limited
Company Secretary
30 August 2021



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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.

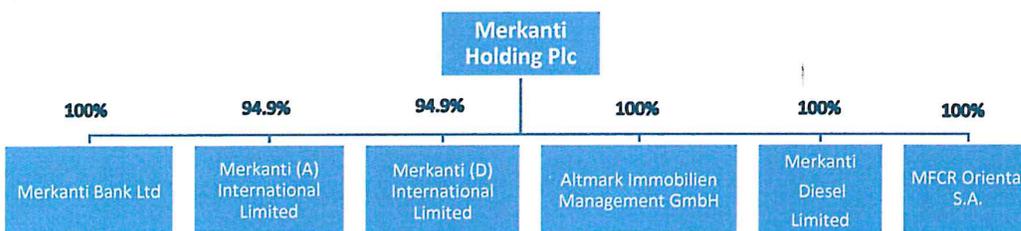
The condensed interim consolidated financial statements included in this report have been extracted from Merkanti Holding p.l.c. and its subsidiaries' (collectively, the "Group") unaudited financial information for the six months ended 30 June 2021, prepared in accordance with International Financial 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 are comprised of the activities of the Bank, the Property Companies and their management company, the litigation finance company and the South American company explained further in the 'Group Performance' section below.

Subsidiaries

The following diagram illustrates the corporate structure of the Group as at 30 June 2021



The Merkanti Holding plc., group is made up of the Merkanti Bank Limited (100%, the “Bank”) Merkanti (A) International Limited (94.9%), Merkanti (D) International Limited (94.9%), Altmark Immobilien Management GmbH (100%), (together the “property companies”), Merkanti Diesel Limited (100%) and MFCR Oriental SA (100%).

Group Performance

The Group’s profit after tax attributable to the owners of the parent for the six-month period ended June 30, 2021 amounted to EUR 336,714 compared to a loss after tax of EUR 160,308 in the six months ended June 30, 2020.

Total assets of the Group stood at EUR 90,109,354 as at 30 June, 2021 compared to EUR 89,145,008 as at December 31, 2020

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.

The COVID-19 pandemic continues to cause unprecedented economic uncertainty and volatility. Although the economic challenges related to COVID-19 have not had an evident impact in terms of late payments or similar adverse developments on the Bank’s credit loan portfolio or the Property Companies rental income, business development was hindered during the period due to the inability to travel, and the Merkanti Group ended the period with substantial amounts of liquidity.

The combination of geopolitical uncertainty and the disruption of certain international supply chains brought about by the COVID-19 crisis caused us to maintain a prudent and cautious approach during the first half of the year with respect to expansion of merchant banking activities and credit loan portfolio development.

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 2021 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 As at 30 June 2021 €	Audited As at 31 December 2020 €
ASSETS		
Cash and cash equivalents	14,434,816	16,316,077
Loans & advances	24,047,145	23,225,562
Investments	14,375,185	14,053,397
Investment properties	32,579,595	32,587,000
Property, plant & equipment	756,313	918,411
Other receivables	3,916,300	2,044,561
Total assets	<u>90,109,354</u>	<u>89,145,008</u>
EQUITY AND LIABILITIES		
Capital and reserves attributable to owners of the parent	51,640,381	51,319,206
Non-controlling interest	<u>1,830,299</u>	<u>1,828,475</u>
Total equity	<u>53,470,680</u>	<u>53,147,681</u>
Borrowings	24,430,650	24,380,571
Deferred tax liabilities	2,153,922	2,133,404
Other payables	<u>10,054,102</u>	<u>9,483,352</u>
Total Liabilities	<u>36,638,674</u>	<u>35,997,327</u>
Total equity and liabilities	<u>90,109,354</u>	<u>89,145,008</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 30 August 2021 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	
	2021	2020
	€	€
Interest and similar income	1,118,215	517,533
Interest and similar expense	(604,465)	(672,762)
Net interest expense	513,750	(155,229)
Fee and commission income	748,062	583,364
Net fee income	748,062	583,364
Rental income from investment property	962,510	882,099
Other operating income	1,024,808	820,009
Operating income	3,249,130	2,130,243
Administrative expenses	(2,906,504)	(2,236,486)
(Loss)/profit before tax	342,626	(106,243)
Income tax expense	(5,912)	(54,065)
(Loss)/profit for the period	336,714	(160,308)
Loss / (profit) attributable to non-controlling interest	(1,824)	(7,747)
(Loss) / profit attributable to owners of the parent company	334,890	(168,055)
Other comprehensive (loss) / income:		
(Loss) / profit for the period	336,714	(160,308)
Net change in fair valuation of financial assets measured at fair value through other comprehensive income, net of income taxes	17,873	25,100
Total comprehensive (loss)/ income for the period	354,587	(135,208)

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 interest €	Total equity €
Balance at 1 January 2020	50,000,000	2,540,000	50,335	0	(1,423,653)	51,166,682	1,878,246	53,044,928
Profit for the period	0	0	0	0	(168,055)	(168,055)	7,747	(160,308)
Net changes in fair value	0	0	25,100	0	0	25,100	0	25,100
Balance at 30 June 2020	50,000,000	2,540,000	75,435	0	(1,591,708)	51,023,727	1,885,993	52,909,720
Balance at 1 January 2021	50,020,000	2,540,000	90,027	(9,599)	(1,321,222)	51,319,206	1,828,475	53,147,681
Profit / (Loss) for the period	0	0	0	4,158	334,890	339,048	1,824	340,872
Net changes in fair value	0	0	(17,873)	0	0	(17,873)	0	(17,873)
Balance at 30 June 2021	50,020,000	2,540,000	72,154	(5,441)	(986,332)	51,640,381	1,830,299	53,470,680

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	
	2021	2020
	€	€
Cash flows from operating activities		
Net cash flows used in operating activities	(1,764,565)	(6,682,851)
Net cash flows provided by investing activities	50,799	2,251,059
Net cash flows provided by financing activities	(75,918)	960,449
Exchange rate effect on cash and cash equivalents	14,850	5,536
Net movement in cash and cash equivalents	<u>(1,774,834)</u>	<u>(3,465,807)</u>
Cash and cash equivalents at the beginning of period	<u>16,209,650</u>	<u>27,293,647</u>
Cash and cash equivalents at end of period	<u>14,434,816</u>	<u>23,827,840</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.



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 2021 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 2021. The comparative amounts reflect the unaudited position of the group as at 30 June 2020.

The preparation of these condensed interim consolidated financial statements is consistent with the accounting policies used in the preparation of the 31 December 2020 audited financial statements.

2. Share capital

	30-Jun 2021 €	30-Jun 2020 €
Authorised, issued and fully paid up 100,000,000 (2020: 100,000,000) Ordinary shares of €1 each	100,000,000	100,000,000
Issued and fully paid up 50,000,000 (2020: 50,000,000) Ordinary shares of €1 each	50,000,000	50,000,000
Issued but not fully paid up shares 20,000 (2020: nil) Ordinary shares of €1 of which €0.25 is paid	20,000	-
	<u>50,020,000</u>	<u>50,000,000</u>