Company No:
28276

THE MERCHANTS TRUST PLC

REPORT AND ACCOUNTS (unaudited)

Prepared in accordance with s838 of Companies Act 2006 for the period from 1 February 2025 to 31 July 2025

The Merchants Trust PLC

Income Statement

for the six months ended 31st July 2025

	Note	Revenue £	Capital £	Total Return £
				(Note 1)
Gains on investments held at fair value through profit or loss	7	-	22,523,183	22,523,183
Losses on derivatives	8	-	(413,061)	(413,061)
Losses on foreign currencies		-	(76,594)	(76,594)
Income from investments	1	28,835,542	-	28,835,542
Investment management fee	2	(586,159)	(1,088,582)	(1,674,741)
Administrative expenses	3	(647,631)	(2,272)	(649,903)
Profit before finance costs and taxation		**27,601,752**	**20,942,674**	**48,544,426**
Finance costs: interest payable and similar charges	4	(1,045,508)	(1,902,259)	(2,947,767)
Profit on ordinary activities before taxation		**26,556,244**	**19,040,415**	**45,596,659**
Taxation		(234,096)	-	(234,096)
Profit after taxation attributable to ordinary shareholders		**26,322,148**	**19,040,415**	**45,362,563**
Earnings per ordinary share (basic and diluted)	6	**17.73p**	**12.83p**	**30.56p**

The Merchants Trust PLC

Balance Sheet

	Note	As at 31 July 2025 £
Investments held at fair value through profit or loss		973,134,629
Net current assets		17,610,887
Total assets less current liabilities		**990,745,516**
Creditors: amounts falling due after more than one year	9	(117,231,437)
Total net assets		**873,514,079**
Called up share capital	10	37,106,222
Share premium account		228,726,333
Capital redemption reserve		292,853
Capital reserve	11	574,797,367
Revenue reserve	12	32,591,304
Equity shareholders' funds		**873,514,079**
Net asset value per ordinary share		**588.5p**

The net asset value is based on 148,424,887 ordinary shares at 31 July 2025

Signed on behalf of the board of directors on 30.09.2025.

Colin Clark
Chairman

Statement of Changes in Equity

	Note	Called up Share Capital £	Share Premium Account £	Capital Redemption Reserve £	Capital Reserve £	Revenue Reserve £	Total £
Six months ended 31 July 2025							
Net assets at 1 February 2025		37,106,222	228,726,333	292,853	555,756,952	27,939,190	849,821,550
Revenue profit		-	-	-	-	26,322,148	26,322,148
Dividends on ordinary shares	5	-	-	-	-	(21,670,034)	(21,670,034)
Capital profit		-	-	-	19,040,415	-	19,040,415
Net assets at 31 July 2025		**37,106,222**	**228,726,333**	**292,853**	**574,797,367**	**32,591,304**	**873,514,079**

The Merchants Trust PLC

Notes to the Financial Statements
for the six months ended 31st July 2025

1 Allianz Global Investors UK Limited acts as Investment Manager to the company. Details of the services and fee arrangements are given in the latest annual financial report of the company, which is available on the company's website at www.merchantstrust.co.uk.

The Company presents its results and positions under 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102), which forms part of Generally Accepted Accounting Practice ('UK GAAP') issued by the Financial Reporting Council. The financial statements and net asset value have been prepared in accordance with FRS 102 using the same policies as in the preceding annual accounts.

The accounting policies applied for the condensed set of financial statements with regard to measurement and classification are as set out in the company's Annual Report for the year ended 31 January 2025. This is reflective of the Company's application of Sections 11 and 12 of FRS 102, in relation to financial instruments, in full.

Going Concern: The directors believe that it is appropriate to continue to adopt the going concern basis in preparing the financial statements as the assets of the company consist mainly of securities, which are readily realisable and significantly exceed liabilities. Accordingly, the directors believe that the company has adequate financial resources, to continue in operational existence for the foreseeable future. The directors have also considered the risks and consequences of unanticipated shocks on the company, including geopolitical and macroeconomic events and have concluded that the company has the ability to continue in operation and meet its objectives for twelve months after the approval of the financial statements.

2 **Income** – Dividends received on equity shares are accounted for on an ex-dividend basis. Foreign dividends are grossed up at the appropriate rate of withholding tax.

Special dividends are recognised on an ex-dividend basis and treated as a capital or revenue item depending on the facts and circumstances of each dividend. The board reviews special dividends and their treatment at each meeting.

Where the company has elected to receive its dividends in the form of additional shares rather than in cash, the equivalent of the cash dividend is recognised as income. Any excess in the value of the shares received over the amount of the cash dividend is recognised in capital reserves.

Deposit interest receivable is accounted for on an accruals basis.

3 **Investment management fees and administrative expenses** – The investment management fee is calculated on the basis set out in Note 2 to the financial statements and is charged to capital and revenue in the ratio 65:35 to reflect the Board's investment policy and prospective split of capital and revenue returns. The split is reviewed annually. Other administration expenses are charged in full to revenue, except custodian handling charges on investment transactions which are charged to capital. All expenses are recognised on an accrual basis

4 **Investments** - As the company's business is investing in financial assets with a view to profiting from their total return in the form of increases in fair value, financial assets are designated as held at fair value through profit or loss in accordance with FRS 102 Section 11: 'Basic Financial Instruments' and Section 12: 'Other Financial Instruments'. The company manages and evaluates the performance of these investments on a fair value basis in accordance with its investment strategy, and information about the investments is provided on this basis to the board.

Investments held at fair value through profit or loss are initially recognised at fair value. After initial recognition, these continue to be measured at fair value, which for quoted investments is either the bid price or the last traded price depending on the convention of the exchange on which the investment is listed. Gains or losses on investments are recognised in the capital column of the Income Statement. Purchases and sales of financial assets are recognised on the trade date, being the date which the company commits to purchase or sell the assets. Unlisted investments are valued by the Directors based upon the latest dealing prices, stockbrokers' valuations, net asset values, earnings and other known accounting information in accordance with the principles set out by the International Private Equity and Venture Capital Valuation Guidelines issued in December 2022. After initial recognition unquoted stocks are valued by the board on an annual basis.

5 **Derivatives** - Options may be purchased or written over securities held in the portfolio for generating or protecting capital returns, or for generating or maintaining revenue returns.

Where the purpose of the option is the maintenance of capital the premium is treated as a capital item. In accordance with FRS 102 Section 12: 'Other Financial Instruments', options are valued at fair value and are included in current assets or current liabilities in the balance sheet. When an option is closed out or exercised the gain or loss is accounted for as capital.

Where the purpose of the option is the generation of income, the premium is treated as a revenue item. Premiums received on written options are amortised to revenue over the period to expiry. If an option is exercised early unamortised premiums are taken to capital.

6 **Finance costs** – In accordance with the FRS 102 Section 11: 'Basic Financial Instruments' and Section 12 'Other Financial Instruments', long term borrowings are stated at the amortised cost being the amount of net proceeds on issue plus accrued finance costs to date. Finance costs are calculated over the term of the debt on the effective interest rate basis.

Where debt is issued at a premium, the premium is amortised over the term of the debt on the effective interest rate basis.

Finance costs net of amortised premiums are charged to capital and revenue in the ratio 65:35 to reflect the board's investment policy and prospective split of capital and revenue returns.

Dividends payable on the 3.65% cumulative preference stock are classified as an interest expense and are charged in full to revenue.

7 **Taxation** – Where expenses are allocated between capital and revenue, any tax relief obtained in respect of those expenses is allocated between capital and revenue on the marginal basis using the company's effective rate of corporation tax for the accounting period.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax or a right to pay less tax in the future have occurred. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

A deferred tax asset is recognised when it is more likely than not that the asset will be recoverable. Deferred tax is measured on a non-discounted basis at the rate of corporation tax that is expected to apply when the timing differences are expected to reverse.

8 **Foreign currency** – In accordance with FRS 102 Section 30: 'Foreign Currency Translation', the company is required to nominate a functional currency, being the currency in which the company predominately operates and in which its expenses are generally paid. The functional and reporting currency is pounds sterling. Transactions in foreign currencies are translated into pounds sterling at the rates of exchange ruling on the date of the transaction. Foreign currency monetary assets and liabilities are translated into sterling at the rates of exchange ruling at the balance sheet date. Profits and losses thereon are recognised in the capital column of the income statement and taken to the capital reserve.

9 **Dividends** – In accordance with FRS 102 Section 32: 'Events After the End of the Reporting Period', any final dividend proposed on ordinary shares is recognised as a liability when approved by shareholders. Interim dividends are recognised only when paid. Dividends are paid from the revenue reserve.

10 **Cash and cash equivalents** – Cash comprises cash in hand and on demand deposits. Cash equivalents include bank overdrafts repayable on demand and short-term, highly liquid investments, that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

11 **Shares repurchased for cancellation and for holding in treasury** - Share capital is reduced by the nominal value of the shares repurchased, and the capital redemption reserve is correspondingly increased in accordance with section 733 Companies Act 2006. The full cost of the repurchase is charged to the capital reserve within gains (losses) on sales of investments. For shares repurchased for holding in treasury, the full cost is charged to the capital reserve.

12 **Shares sold (reissued) from treasury** – Proceeds received from the sale of shares held in treasury are treated as realised profits in accordance with Section 731 of the Companies Act 2006. Proceeds equivalent to the original cost, calculated by applying a weighted average price, are credited to the capital reserve to replenish the profits available for distribution; proceeds in excess of the original cost are credited to the share premium account.

13 **Shares issued** - Share capital is increased by the nominal value of shares issued. The proceeds in excess of the nominal value of shares net of expenses are allocated to the share premium account.

14 **Significant judgements, estimates and assumptions** – In the application of the company's accounting policies, which are described above, the directors are required to make judgements, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. There are no significant judgements, estimates, and assumptions. The investment portfolio currently consists of listed investments and therefore no significant estimates have been made in valuing those securities.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Merchants Trust PLC

Notes to the Financial Statements
for the six months ended 31st July 2025

1. Income

	2025 £
Income from Investments	
Equity dividends from UK investments	20,396,057
Unfranked dividends from UK investments	1,871,322
Equity dividends from overseas investments	5,845,022
	28,112,401
Other Income:	
Deposit interest	219,003
Premiums on derivative contracts	504,138
	723,141
Total Income	**28,835,542**

2. Investment Management Fee

	2025 Revenue £	2025 Capital £	2025 Total £
Investment management fee	586,159	1,088,582	1,674,741
Total	**586,159**	**1,088,582**	**1,674,741**

3. Administrative Expenses

	2025 £
Auditors' remuneration:	
For audit services	24,517
Non-audit services - for certification of loan covenants	2,480
VAT on auditor's remuneration	5,399
	32,396
Directors' fees	81,333
Marketing costs	211,314
Other administration expenses	322,588
	647,631

Transaction charges of £2,272 were charged to capital.

4. Finance Costs: Interest Payable and Similar Charges

	2025 Revenue £	2025 Capital £	2025 Total £
On 4% Perpetual Debenture Stock repayable after more than five years	9,638	17,900	27,538
On 5.875% Secured Bonds repayable after more than five years	318,744	591,953	910,697
On 3.65% Preference Stock repayable after more than five years	21,201	-	21,201
On 2.96% Fixed Rate Notes repayable after more than five years	182,526	338,977	521,503
On 5.91% Fixed Rate Notes A repayable after more than five years	255,807	475,070	730,877
On 5.91% Fixed Rate Notes B repayable after more than five years	257,578	478,359	735,937
Options Debit Interest	14	-	14
	1,045,508	**1,902,259**	**2,947,767**

5. Dividends on Ordinary Shares

Dividends paid on ordinary shares in respect of earnings for each period are as follows:

	2025 £
Dividends on Ordinary Shares of 25p:	
Third interim dividend 7.3p paid 19 March 2025 (2024 - 7.1p)	10,835,017
Final dividend 7.3p paid 29 May 2025 (2024 - 7.1p)	10,835,017
	21,670,034

In accordance with FRS 102 section 32 'Events After the End of the Reporting Period', dividends payable at the period end have not been recognised as a liability. Details of these dividends are set out below.

	2025 £
First interim dividend 7.3p paid 22 August 2025 (2024 - 7.2p)	10,835,017
Second interim dividend 7.3p payable 15 November 2025 (2023 - 7.3p)	10,835,017
	21,670,034

The dividends above are based on the number of shares in issue at the period end. However, the dividend payable will be based upon the number of shares in issue on the record date and will reflect any purchase or cancellation of shares by the company settled subsequent to the period end.
All dividends disclosed in the tables have been paid or are payable from the revenue reserves.

6. Earnings per Ordinary Share

	2025 Revenue £	2025 Capital £	2025 Total Return £
Profit after taxation attributable to ordinary shareholders	26,322,148	19,040,415	45,362,563
Earnings per ordinary share (basic and diluted)	**17.73p**	**12.83p**	**30.56p**

The weighted average number of shares in issue during the period was 148,424,887.

7. Fixed Asset Investments

	2025 £
Opening book cost	932,539,443
Opening investment holding gains	21,974,296
Opening market value	**954,513,739**
Additions at cost	172,163,309
Disposals proceeds received	(176,757,045)
Realised gains on investments	14,470,668
Movement in unrealised gains	8,743,958
Market value of investments held at 31 July 2025	**973,134,629**
Closing book cost	943,509,638
Closing investment holding gains	29,624,991
Closing market value	**973,134,629**

Gains on investments	
Gains on investment held at fair value through profit or loss	23,214,626
Transaction costs	(691,443)
Gains on investments	**22,523,183**

8. Derivative Financial Instruments

	2025 £
Opening book cost - derivative financial instruments	(64,125)
Opening investments holding losses: derivative financial instruments	(174,375)
Opening market value	**(238,500)**
Premiums recognised in current period	(407,123)
Realised gains on derivative financial instruments	287,129
Movement in unrealised losses - derivatives	(274,956)
Market value of derivatives held at 31 July 2025	**(633,450)**
Closing book cost - derivative financial instruments	(184,118)
Closing investment holding losses: derivative financial instruments	(449,332)
Closing market value	**(633,450)**

Losses on derivatives	
Gains on derivative financial instruments	12,174
Option premiums and fees	(425,235)
Losses on derivatives	**(413,061)**

9. Other Receivables and Other Payables

	2025 £
Other receivables	
Prepayments	34,569
Accrued income	3,886,535
	3,921,104

Cash and cash equivalents

	2025 £
Cash and cash equivalents	26,439,122
	26,439,122

Other payables: Amounts falling due within one year

	2025 £
Purchases for future settlement	10,909,888
Other payables	1,192,138
Interest on borrowings	13,863
	12,115,889

Creditors: Amounts falling due after more than one year

	2025 £
5.875% Secured Bonds 2029	29,914,883
4% Perpetual Debenture Stock	1,375,000
3.65% Cumulative Preference Stock	1,178,000
Fixed Rate Notes 2052	34,831,477
5.91% Fixed Rate Notes 2040 A	24,963,508
5.91% Fixed Rate Notes 2040 B	24,968,569
	117,231,437

10. Called up Share Capital

	2025 £
Allotted and fully paid	
148,424,887 ordinary shares of 25p (2025 - 148,424,887)	37,106,222

11. Capital Reserves	2025 £
Balance at 1 February 2025	555,756,952
Net gains on investments	22,523,183
Net losses on derivatives	(413,061)
Losses on foreign currencies	(76,594)
Investment management fee (Note 2)	(1,088,582)
Finance costs: interest payable and similar charges (Note 4)	(1,902,259)
Other capital charges	(2,272)
Balance at 31 July 2025	**574,797,367**

12. Revenue Reserve	2025 £
Balance at 1 February 2025	27,939,190
Revenue retained for the period	26,322,148
Ordinary dividends paid during the period	(21,670,034)
Balance at 31 July 2025	**32,591,304**